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PROCEEDINGS AND DEBATES OF THE 104th CONGRESS, SECOND SESSION

SENATE—*Wednesday, July 31, 1996*

The Senate met at 9 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Holy Lord God, we admit that we often try to live our lives within the narrow, limited dimensions of our own wisdom and strength. As a result, we order our lives around our own abilities and skills and miss the adventure of life You have prepared for us. We confess to You all the things we do not attempt; the courageous deeds we contemplate but are afraid we cannot do, the gracious thoughts we do not express; the forgiveness we feel, but do not communicate. Forgive us, Lord, for settling for a life which is a mere shadow of what You have prepared for us, forgetting that You are able to do in and through us what we could never do by ourselves.

Plant in us the vivid picture of what You are able to do with lives like ours, and give us the gift of new excitement about living life by Your triumphant power in the name of our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able Senator from Idaho is recognized.

SCHEDULE

Mr. CRAIG. Mr. President, this morning the Senate will immediately turn to the consideration of S. 1936, the Nuclear Waste Policy Act. The bill will be considered under a previous unanimous-consent agreement that limits the bill to eight first-degree amendments with 1 hour of debate equally divided on each. Following disposition of that bill, the Senate will resume consideration of the transportation appropriations bill which will also be considered under an agreement limiting first-degree amendments to that bill. Following disposition of those bills, the Senate may also be asked to turn to consideration of the VA-HUD appropriations bill. Therefore, Senators can expect a full legislative day with rollcall votes expected throughout the day and into the evening in order to complete action on the bills just mentioned or any other items cleared for action.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, the leadership time is reserved.

NUCLEAR WASTE POLICY ACT OF 1996

The PRESIDING OFFICER (Mr. INHOFE). The Chair lays before the Senate S. 1936, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1936) to amend the Nuclear Waste Policy Act of 1982.

The Senate resumed consideration of the bill.

AMENDMENT NO. 5055

Mr. MURKOWSKI. Mr. President, I call up amendment No. 5055 which is at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI] proposes an amendment numbered 5055.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. MURKOWSKI. Mr. President, this amendment will solve a pressing environmental problem, a major environmental problem in our Nation, a problem that is looming as a liability to the taxpayers, and this will end an era of irresponsible delay.

This major environmental issue is simple to understand. That is, do we want 80 nuclear waste dumps in 41 States serving 110 commercial reactors and defense sites across the country—near our neighbors, our schools and populated cities? Or do we want just one in the remote, unpopulated Nevada desert where we tested and exploded nuclear weapons for decades?

Mr. President, I am going to yield some time on the amendment to the distinguished Senator from South Carolina, the Senate President pro tempore, Senator THURMOND, without losing my right to the floor.

Mr. THURMOND. I thank the able Senator from Alaska.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise today in strong support of S. 1936, the Nuclear Waste Policy Act of 1996. In 1982, Congress passed the Nuclear Waste Policy Act, which directed the Department of Energy to develop a permanent repository for highly radioactive waste from nuclear powerplants and defense facilities. This act was amended in 1987 to limit DOE's repository development activities to a single site at Yucca Mountain, NV. Since 1983, electric consumers have been taxed almost $12 billion to finance the development of a permanent storage site. Despite DOE's obligation to take title to spent nuclear fuel in 1998, a permanent repository at Yucca Mountain will not be ready to accept this waste until the year 2010, at the earliest.

Mr. President, a July 16, 1996, Washington Post editorial states that the nuclear waste storage situation is not yet a fully urgent problem. I believe that it is a fully urgent problem. Currently, nuclear waste is stored in 41 States at facilities that were never intended for long-term storage. At least 23 nuclear reactors are nearing full storage capacity for their spent fuel. According to a Washington Post article from December 31, 1995, every day, 6 more tons of high-level radioactive waste pile up at the Nation's 109 nuclear powerplants, a total of some 30,000 tons of spent fuel rods so far. If it were all shaped into midsize cars, it would fill every parking space at the Pentagon—twice over—with material that will be dangerous for centuries. And there's nowhere for it to go.

On July 23, 1996, the U.S. Court of Appeals for the District of Columbia Circuit correctly ruled that DOE must begin disposing of this waste by 1998. Unless we designate an appropriate storage site soon, DOE will be unable to safely fulfill this obligation. Without a central interim site, DOE may be forced to use existing DOE facilities that are unsuitable for waste storage. Or, if DOE continues to evade its obligation to store waste by 1998, facility operators may then have to expand onsite storage at an additional cost to ratepayers. Powerplants may have to close down, adversely affecting the reliability of electric services and depleting funding for the Federal disposal program. Because DOE will fail to provide an appropriate facility for this waste on time, we must designate a temporary central storage site immediately. Anything less would be irresponsible and dangerous to the environment.

The most logical location for an interim site is Yucca Mountain. Transportation of spent nuclear fuel is a delicate undertaking, so it is sensible to locate an interim facility as near to the likely permanent facility as is possible. We have already spent 13 years and $6 billion to find a permanent repository site and conduct development activities at Yucca Mountain. Designating a central interim storage facility and continuing to develop a permanent repository at Yucca Mountain is our most reasonable course of action.

S. 1936 provides a safe, efficient, and responsible means for reaching this objective. I would like to commend Senator CRAIG and Senator MURKOWSKI for their excellent work on this bill, and I urge my colleagues to vote in favor of final passage.

Mr. President, I yield the floor. Again, I thank the Senator from Alaska.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair and I thank my good friend and colleague for his support in addressing once and for all the issue of high-level nuclear waste in this country.

Mr. President, I think it is significant to reflect that at last we have in our extended debate with our good friends from Nevada basically broken the filibuster on this issue. Today the Senate is going to have the chance to debate the issue and reach conclusions. We are demonstrating, I think, that we do have the courage to address this difficult problem, recognizing that it is one of the major environmental issues before the U.S. Senate.

Two weeks ago Senator CRAIG, Senator JOHNSTON, and I stood on this floor and said the Government had an obligation to take this spent fuel. Of course, some disagreed with us. Some argued that the Government had no such obligation. But a curious thing happened last week. A Federal appeals court unanimously ruled the Government does, indeed, have an obligation to take the spent fuel; as a matter of fact, a statutory obligation.

Mr. President, this is a landmark decision, because it makes it imperative for us to pass this bill today. The situation has radically changed since our last vote.

I appeal to my colleagues, if you did not vote with us last time, there is a good reason to vote with us today. That reason is very simple: The court unanimously ruled that the Government does have an obligation to take the spent fuel. Again, Mr. President, that is a statutory obligation. The courts have confirmed our contention that the Federal Government has the obligation to take spent commercial fuel.

Failure to pass this bill and build an interim repository means the Government will have to take the fuel and put it somewhere else, or simply pay the damages. The court has not specified the amount of the damages yet because, technically, the Government has not yet broken its promise. But the damages could run into the billions of dollars if the Government reneges on its obligation. If we do not build an interim repository in Nevada, the Government might have to store the fuel at other Federal facilities around the Nation.

The interesting thing about this problem, Mr. President, you simply cannot just throw spent fuel up in the air and defer the decision about where to store it. It has to come down somewhere. It has to be stored somewhere. Perhaps it will be the naval fuel storage facility in Connecticut, or maybe Rocky Flats or Fort St. Vrain in Colorado, or maybe the Pinellas plant in Florida, or maybe in Ohio, Portsmouth, Mound or Fernald, or maybe West Valley in New York, or perhaps Paducah in Kentucky, or perhaps it will be in Hanford on the Columbia River, which flows through Oregon and Washington.

Therefore, Senators, I appeal to you, those from Connecticut, Colorado, Florida, Ohio, New York, Kentucky, Oregon, those who did not vote with us for cloture on the motion to proceed, you might want to reexamine your position in light of the recent court decision, which simply states the Federal Government has to take it. The court has said the Government must take the spent fuel. As I have said, it has to go somewhere. If you are saying no to Nevada, you may be saying yes to your own State. You are certainly saying yes to someplace else.

Last night I received a letter from Secretary of Energy O'Leary that criticizes Senate bill 1936 because it provides for the Department of Energy to begin accepting waste in 1999 and not 1998. I repeat, Mr. President, last night we did receive a letter from the Secretary criticizing Senate bill 1936 because it provides for the DOE to begin accepting waste in 1999, not 1998. This criticism is almost humorous in light of the fact that the current administration would not provide for the acceptance of waste at a central facility until the year 2010 at the earliest. Even under the most optimistic scenario, the Department of Energy would be in breach of its contract for 12 years.

Further, the letter is inconsistent on its face because it then proceeds to criticize Senate bill 1936 for providing unrealistic schedules. It seems the administration believes our bill would provide an interim storage facility both too late or perhaps too soon.

Senate bill 1936 provides a valid, realistic plan for the construction of a safe, centralized interim storage facility. I have personally sent over four letters to the President over the last 18 months asking for his plan if he opposed any legislation pending before this body. I have received only support for the status quo.

Again, I repeat, if you were not with us before, you have reason to be with us today. The court's decision has made it clear that the status quo is not an acceptable option.

Now, Mr. President, I make a few comments for the benefit of those Senators who did not vote with us 2 weeks ago. That is, very realistically, the ratepayers in your State are getting ripped off. They paid for something, and they are not getting anything in return. Instead of saving more for their children's college fund or saving for their dream home, consumers paid into the nuclear waste fund through their individual electric bill. They paid somewhere in the neighborhood of almost $12 billion. They have paid this money with the expectation that the Government would live up to their part of the bargain and remove the waste as it promised. But the Government simply has not performed. The waste is still there. It is near the homes, near the schools, it is near the neighborhoods. The opponents of this legislation are working to keep the status quo, and to keep the waste where it is.

I want to again run down the list of States where those Senators did not vote with us, or at least one of the Senators did, and repeat how much the consumers of those States have spent for the nuclear waste fund. The State of Arkansas has contributed $266 million into that fund, and they receive 33 percent of their electric power from nuclear energy; California, $645 million has been paid by the ratepayers, they receive 26 percent of their electricity from nuclear power; Connecticut, $429 million paid in, and they receive 73 percent of their power from nuclear energy.

It is rather interesting, as well, because I was reminded by my friend from Idaho that we build various submarines in Connecticut; after they are decommissioned they are cut up, and various parts of the reactors go to Hanford, where they are buried, and the fuel goes to Idaho, where they are currently stored. The point is, Mr. President, we all have an interest in this issue of what to do with nuclear waste.

Florida, $557 million from ratepayers, for receiving 18 percent on nuclear energy; Massachusetts, $319 million paid by the ratepayers, 14 percent dependent on nuclear energy; Maryland, $257 million, 24 percent of their power is nuclear; New York, $734 million ratepayers in New York have paid into the fund and they are 28 percent dependent on nuclear energy; Ohio, $253 million has been paid in, 7 percent dependent on nuclear energy; Wisconsin, $336 million paid by the ratepayer, 23 percent of their energy comes from nuclear.

There are other States with no nuclear plants that, nevertheless, depend on nuclear power from neighboring States, and they have also paid into that fund. Those States are: Delaware, $29 million; Indiana, $288 million; Iowa, $192 million; Kentucky, $81 million; New Mexico, $32 million; North Dakota, $11 million; Rhode Island, $8 million. Mr. President, that adds up to a total of $4.537 billion. That is a lot of money to throw away without results. That is not our money, Mr. President; that was money collected from Americans to deal with nuclear waste.

Do we really want to tell consumers from those States that after allowing this money to be taken from their electric bills, we are not going to use that money to solve the nuclear waste problem? Do we want to tell consumers that we are going to make them pay, once again, for additional waste storage at reactor sites, or that we will expose them and all taxpayers to tremendous liabilities arising out of the court cases I mentioned earlier? The extent of these liabilities are very difficult to estimate, but we know they are going to be high.

There are yet other reasons to join us in supporting this amendment, and I appeal to my colleagues. After the 65-to-34 cloture vote on the motion to proceed to Senate bill 1936 2 weeks ago, we received many constructive suggestions for improving the bill.

Amendment No. 5055 would replace the text of Senate bill 1936 with new language and incorporate these changes. The most important of the changes are as follows:

A role for the EPA. The amendment provides that the Environmental Protection Agency shall issue standards for the protection of the public from releases of radioactive materials from a permanent nuclear waste repository. The Nuclear Regulatory Commission is required to base its licensing determination on whether the repository can be operated in accordance with EPA's radiation protection standards.

Another issue was transportation routing. The amendment includes the language of an amendment that was filed by Senator MOSELEY-BRAUN, which provides for further assurance of the safe transportation of these materials by requiring the Secretary of Energy to use routes that minimize, to the maximum practical extent, transportation through populated and sensitive environmental areas.

Elimination of civil service exemption. As requested by Senator GLENN, the amendment strikes the provisions in title VII that would have exempted the nuclear waste program from civil service laws and regulations.

Elimination of train inspection limitation. The amendment includes language provided by Senator PRESSLER that strikes any reference to who shall perform inspections of trains. This is to address concerns that the language in Senate bill 1936 would change existing law with regard to train inspections.

Clarify scope of the Department of Transportation training standards. The amendment clarifies that the Nuclear Regulatory Commission has primary authority for the training of workers in nuclear-related activities. However, the Department of Transportation is authorized to promulgate worker safety training standards for removal and transportation of spent fuel if it finds that there are gaps in the NRC regulations.

Next, Mr. President, is elimination of permanent disposal research provisions. This amendment eliminates the section requiring the Department of Energy to establish an office to study new technologies for the disposal of nuclear waste.

Elimination of budget priorities. This amendment eliminates a section providing that the Secretary must prioritize funds appropriated to the nuclear waste program to the construction of the interim storage facility. This provision, obviously, is no longer needed in light of DOE's reevaluation of its budget requirements for the program.

Elimination of direct reference to Chalk Mountain route. The amendment eliminates the reference to the map outlining the heavy haul route through Nellis Air Force Base. The amendment simply provides that the DOE must use heavy haul to transport casks from the intermodal transfer facility at Caliente, NV, and does not specify any particular route.

Remove failure to finalize viability assessment as a trigger for raising size of phase 2. Senate bill 1936 provides that phase 2 of the interim storage facility will be no larger than the 40,000 metric tons of spent fuel, but provides a series of triggers that will allow the Department of Energy to expand the facility to 60,000 metric tons.

The amendment eliminates DOE's failure to complete a viability assessment of the permanent repository in 1998 as a trigger, making the first trigger the license application for the permanent repository in the year 2002.

Limitation and clarification of "preliminary decisionmaking" language. The amendment clarifies that the prelicensing construction activities authorized by 203(e)(1) are the only construction activities that will be considered to be "preliminary decisionmaking" activities.

Further, the amendment corrects this section by indicating that the use of the existing E-Mad facility at the interim storage site for emergency fuel handling in phase 1 is considered to be a preliminary decisionmaking activity. Senate bill 1936 mistakenly refers to use of facilities use authorized another section, which was the entire interim storage facility.

Mr. President, we believe these changes, in addition to those already made in Senate bill 1936, provide additional assurance that the construction and the operation of an integrated management system will be carried out with the utmost sensitivity to environmental and safety concerns.

However, Senate bill 1936 will still allow the Department of Energy to resolve this urgent environmental problem by meeting its obligation to store and dispose of spent fuel and nuclear waste in a timely manner.

Obviously, I urge my colleagues to consider the merits of this amendment and support final passage of Senate bill 1936.

Mr. JOHNSTON. Mr. President, I understand that there may be some ambiguity in the unanimous-consent request and that it may give 4 hours to the distinguished Senator from Alaska and 4 hours to the less distinguished Senator from Louisiana. I think that would really be a good way to do it, but, unfortunately, my friends from Nevada are insistent that they be granted equal time.

So I ask unanimous consent that, to the extent there is ambiguity, the Senator from Alaska have his 4 hours, and the other 4 hours be under the control of the distinguished senior Senator from Nevada.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, I believe it would be appropriate to defer to our colleagues from Nevada at this time.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 7 minutes 36 seconds.

Mr. MURKOWSKI. I am sure that my friend from Louisiana, as well as Senator CRAIG, would like to be heard from. But I think we should perhaps go to the other side at this time.

The PRESIDING OFFICER. The Senator from Nevada, [Mr. REID] is recognized.

Mr. REID. Will the Chair advise the Senator from Nevada when he has used 10 minutes?

The PRESIDING OFFICER. Yes.

Mr. REID. Mr. President, the substitute is nothing more than a regurgitation of S. 1936. It changes absolutely nothing. It is just a rearranging of words. That is all it is. There are no constructive suggestions. It answers none of the questions that have been propounded by a number of Senators on this issue.

There has been the term used that the ratepayers are being ripped off. Mr. President, the only rip-off occurring to the taxpayers of this country would be if this travesty, S. 1936, is allowed to pass.

The substitute offered by my friend from Alaska does not address any of the substantive problems regarding the underlying legislation. This is still bad legislation, unnecessary legislation, and still very dangerous legislation. This is effectively at least the third substitute for the original bill, S. 1271. We went from S. 1271 to S. 1936 to the chairman's substitute, and now to this substitute amendment. They are all the same. There are no changes. Changing the number of the legislation will not help the substantive aspect of this legislation.

As each of the earlier versions were shown to be seriously flawed, a cosmetic substitute was offered. This amendment contains that same failed strategy—change the number and talk about the great changes in the bill. A loose examination—not a close examination—a loose examination indicates that there are literally no changes. None of these substitutes have addressed the fundamental flaws of the proposed legislation.

This version, as well as the previous one, tramples on our environment, our safety, and our health laws. There has been nothing done to answer why this legislation is necessary. It is not. There has been nothing to indicate why the risk standard is 400 percent higher than any other risk standard. There is nothing to answer why we preempt Federal law. There is nothing to answer how you are going to handle the difficult transportation problems. There is nothing to answer the most—and it is so interesting that there is never a word from the proponents of this legislation about the report to Congress from the Secretary of Energy that was filed this year by the Nuclear Waste Technical Review Board where they said, "Is there urgent technical need for centralized storage of commercial spent fuel?" And the answer is clearly no. The board "sees no compelling technical or safety reason to move spent fuel to a centralized storage facility. The methods now used to store spent fuel at reactor sites are safe and will remain safe for decades to come."

There has never been a response to this except legislate them out of business. That is what this legislation does. If you do not agree with the proponents of the powerful nuclear lobby, then legislate them out of business. That is what they have done here.

It is also quite interesting that they have done nothing to address the results of a court case last year. They come and talk about a spin. They should sign on to one of the Presidential campaigns. The court case does not help their case. The court case settles the contractual dispute between Michigan-Indiana Power and the Department of Energy. We will talk about that later.

But in the briefs filed by the power utilities they did not even seek to relieve these people who gave the decision. There is nothing wrong with the decision. We have an amendment that is going to incorporate the results of that opinion into this legislation—but anything to confuse and to get the ideas of the powerful nuclear lobby in the eyes of the public with full-page ads in newspapers all over the country. Who pays for that?

Mr. President, I think that we should recognize that every environmental group in America—not those that are to the left nor those to the right—every environmental group in America is opposed to this legislation; is opposed to this amendment.

Public Citizen yesterday came out because it was a letter sent to Senators by the other side saying we should pass this nuclear waste bill because EPA's authority has been restored. Wrong again—false advertising. And it explains why.

Another group, National Resources Defense Council:

> On behalf of the quarter million members of the National Resources Defense Council, I am writing you to urge you to oppose 1936 and the amendment. It would curtail a broad range of environmental health and safety laws. It would quadruple allowable radiation standards for waste storage. It would exacerbate the risk of transportation of nuclear waste throughout the country. Please vote no on 1936.

Before turning this over to my colleague from Nevada, Mr. President, I want to refer to part of a letter that was sent to all Senators last week. Here is part of the language from it.

> S. 1936 is a bill only a polluter could love. The measure attacks the Environmental Protection Agency, curtails Federal environmental regulations, preempts State laws . . .

And I should have a little editorial "exempts Federal laws.

> . . . and sets a repository standard that allows four times the radiation exposure of current regulations. Oppose S. 1936.

That says it all.

I yield to my colleague from Nevada. I reserve the remainder of my time.

Mr. MURKOWSKI. Mr. President, I yield 6 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 6 minutes.

Mr. JOHNSTON. I thank my colleague.

Mr. President, this may be the last bill that I will floor manage as a U.S. Senator. It happens to be on a subject matter that it has fallen my lot to deal with for some 20 years now—dealing with nuclear waste. It is a lot that has fallen to me because of jurisdictions on the committees of which I have been involved.

I have not enjoyed being in opposition to my friends from Nevada who have done an absolutely marvelous job with an absolutely bankrupt case in my view which means that the people of Nevada to the extent they agree with their Nevada Senators ought to be greatly appreciative of the excellent job they have done, as I say, with a weak case. When I say a weak case, Mr. President, the amazing thing to me is that Nevada can be so opposed to having a nuclear waste site when at the same time they have been so anxious to have a nuclear test site for exploding nuclear bombs because with nuclear bombs all they did was dig a hole and shoot the bombs underground—some even as low as the water table—hundreds of these nuclear tests that involved all of the radioactivity materials that are present in nuclear waste: Thorium, cesium 137, strontium 90, plutonium—all of these daughter elements of a nuclear explosion, the same thing as you have in nuclear wastes. Nevada was not only willing to have these nuclear tests but anxious to have the nuclear tests.

As chairman of the Energy and Water Appropriations Subcommittee I sit shoulder to shoulder with my friends from Nevada, the Senators from Nevada, in seeking more nuclear tests. My motive was that I thought we ought to have reliability and safety in our nuclear arsenal and, therefore, a few years ago I proposed that. My friends from Nevada argued the same thing and also argued the economy of Nevada in seeking additional tests.

Mr. President, when you have these explosions which leave a cavity in the ground with all of these—cesium, strontium, et cetera—in the cavity, it is not sealed over by a waste package. We hope and we believe that these waste packages may be good for 10,000 years, even if they were thrown somewhere where they had exposure to the water. We think that the waste package itself is going to be sufficient. And, moreover, in Yucca Mountain the waste packages will be buried some 200 meters above the water table. So it is many times better, if you are concerned about the contamination of the ground and the water, it is many times better to have a nuclear waste site such as Yucca Mountain than it is to have a test site.

That is common sense—absolutely common sense—because, on the one hand, you have the explosion, some in the water table, and hundreds of these explosions. On the other hand, you have a Yucca Mountain which is 200 meters that is more than 600 feet above the water table in one of the driest places on the face of the Earth.

So we start with that, Mr. President. That is why I say my colleagues from Nevada have an exceedingly weak case.

On the question of the pending amendment, to say that it eviscerates the role of EPA is just not correct. We set the standard at 100 millirems which is the same standard that you have for the International Commission on Radiological Protection, the National Council on Radiation Protection and Measurements, the United States Nuclear Regulatory Commission, the Environmental Protection Agency, and the International Atomic Energy Agency. That is where we get the 100 millirems.

What we say is, if EPA believes that poses an unreasonable risk to health and safety, we give to EPA the right, the duty, and the mandate to set it at such level as they think will protect health and safety.

So, Mr. President, that argument simply does not hold water.

Moreover, I would say, Mr. President, that, again to compare it to the nuclear test site, it is exceedingly more safe than the nuclear test site.

We have upwards of 40,000 metric tons of nuclear waste in some 70 sites around the country. If we do not put away this waste in an interim storage facility, then it will take, according to testimony before the Energy and Natural Resources Committee, some $5 billion to build what we call dry cask storage, which, according to the Court of Appeals of the District of Columbia in a decision just last week, is the responsibility of the Federal Government. So what we are dealing with on this interim storage facility is a $5 billion bill to the United States of America.

We are told in letters from the administration that if we build this interim storage facility, we may have to move the waste twice.

Not so, Mr. President. The present legislation on which we will vote very clearly states that you may not begin construction on the interim facility until and unless the repository, that is, the underground facility, is declared to be suitable, or I think the word is viable, which is a defined word in the legislation. So that not until 1998, when the nuclear waste administrator says he can and will make that decision, may you begin construction on the interim facility. So by that time we will know whether or not this is a suitable facility for the repository.

Why do we say pick the facility now and begin construction? Simply because we have about 2½ or 3 years of what we call long-lead-time items which are necessary before you begin construction—such things as the environmental impact statement, the design, picking the routes of transportation. Those things can and should be done at this point so as to save the billions of dollars that are involved.

We urge Senators to vote for the pending amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MURKOWSKI. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MURKOWSKI. Mr. President, recognizing there is time on the other side, I anticipate a vote on the pending amendment at the conclusion of the Senators from Nevada speaking on this amendment, because I think our time has just about expired.

How much time do we have?

The PRESIDING OFFICER. The Senator is correct. Time has expired.

Mr. MURKOWSKI. I thank the Chair. So all Senators should be advised that will be—I guess the Senators from Nevada can give us a better idea, but I would imagine 15 or 20 minutes.

Mr. BRYAN. May I inquire of the Chair as to how much time remains?

The PRESIDING OFFICER. The Senators from Nevada have 24 minutes remaining.

Mr. BRYAN. I thank the Chair.

Mr. President, let me just make a couple of preliminary observations.

Our good friend, the distinguished senior Senator from South Carolina, rose this morning to express his strong support for this legislation. I say with great affection and great respect that the irony of his position could not have been more acute. In this morning's Energy Daily, we read that the State of South Carolina, the State that he has so ably represented and defended since 1954, has filed suit against the Department of Energy because they are concerned about safety standards as it relates to the shipment of foreign nuclear fuel into the State of South Carolina.

I guess I would have to repeat, Mr. President, an old expression that I think would be understood down home: "What's sauce for the goose ought to be sauce for the gander." I respect and greatly admire the Senator's concern about the health and safety of his own State. I just wish he shared that same perspective in terms of the health and safety of the entire Nation, because that is one of the principal objections we have to this piece of legislation.

Let me in the time that I have try to address the issues that were so fundamental to the debate in S. 1936, because, as my senior colleague has pointed out, with respect to the core issues nothing has changed. There has been some language that has been massaged, but nothing has been changed.

Let me take my colleagues for a great leap through the bill itself. We have expressed strong opposition, not on behalf of Nevada but on behalf of the Nation, to a piece of legislation that would effectively emasculate major pieces of the environmental legislation that affects all Americans. The National Environmental Policy Act provides the framework for making major policy decisions that affect the environment, and nobody denies that the legislation before us, the siting of an interim storage facility, has profound implications in terms of its impact.

So here is what we have in the act itself under section 204. OK, first of all, and I paraphrase, it says, "The National Environmental Policy Act shall apply." That is like saying the Constitution and the Bill of Rights shall apply. And then it goes on to say that such environmental impact statements shall not consider the need for interim storage, the time of the initial availability of interim storage, any alternatives to the storage, any alternatives to design criteria, the environmental impacts of the storage beyond the initial term.

We are talking about something that lasts tens of thousands of years, and they are talking about something that would be limited to the initial term of the license, which is a matter of years.

Then they go on to deprive the court of jurisdiction to review the environmental impact statement as it is being developed, and then goes on to say, in what is the height of arrogance—our colleagues have railed against the costs that have been incurred over the years in seeking a solution to the disposition of high-level nuclear waste. Much of those costs have been incurred as a result of unrealistic time lines generated by the zeal of the nuclear utility industry in America. The storage of interim waste has been for more than 30 years their Holy Grail. That is what they want, and the only reason we are having this debate today is because the nuclear utilities want interim storage. But the irony and the ultimate travesty that I refer to is, after talking about the environmental policy act, it goes on to say none of the activities carried out pursuant to this paragraph shall delay or otherwise affect the development or construction, licensing or operation.

So, yes, the Constitution and the Bill of Rights by way of analogy would apply, but the amendments that all of us rely upon for our protection, by way of analogy, would not apply here.

So far as the contention has been made that there has been an effort to address environmental concerns, that is simply false. And I will not take the time at this point, but we will discuss it in more detail.

The letter sent by the Administrator of the Environmental Protection Agency makes a very compelling argument. So for the purposes of this act, we, in effect, wipe out the National Environmental Policy Act.

Let me go on and talk about the standards because we have talked a good bit about that.

The standards that we are concerned about are the radioactive exposure standards. Nowhere in the world, for no other project on the face of the Earth is a radiation standard—if I could get that chart—no other place in the world do we have a radiation standard that proposes 100 millirems from a single source. No place.

The EPA safe drinking water standard is 4; the WIPP standard is 15. Let me refresh my colleague's memory. In this Congress, this year, our distinguished colleague from New Mexico got up, and properly so, expressed concern about EPA's ability to establish standards for the WIPP facility, the repository for transuranic waste.

The National Academy of Sciences has recommended between 10 and 30 millirems of exposure. What do we have in Nevada? Mr. President, 100 millirems. That is just simply unconscionable. That is simply unconscionable.

Oh, yes, they say, the EPA is brought back into the process. Not as one would expect it. That is the standard unless they are able to disprove that 100 millirems would have no adverse impact on health and safety, another concern raised by the EPA, which makes no equivocation at all about the fact that that presents a public health risk. Every Member in this body, whatever his or her view is on an interim storage facility, should be concerned as Americans about what is being done with respect to this provision.

Moreover, the EPA is restricted and the NRC is restricted in terms of how to apply the standards. We will talk a little bit more about that during the course of this debate. The National Academy of Sciences has indicated, as one example, that there are health and safety concerns for 10,000 years and beyond. The statute we are being asked to consider in this very amendment would limit the ability to consider this only to the first 1,000 years. That is not the most critical time. It is after 1,000 years that the canisters are supposed to fail and then it migrates into the underground repository itself.

I could go on and on. We have talked about the preemption. Make no mistake, I say to my colleagues, this amendment in effect preempts the environmental laws of America, all of these provisions here. I will not take time to read all of them because we are under some time constraints on this amendment. Look at them: Federal Land Policy Act, RCRA, clean air, clean water, Superfund. None of those apply if they are in conflict with the provisions of this act, none. This is simply an outrage, whatever one's view is about transporting nuclear waste across the country, and much more will be said about that later.

The fiscal impact of this has been discussed. I want to comment briefly on this. It has been clear since the very beginning of the Nuclear Waste Policy Act of 1982, that the fundamental premise of that act, as contained in all the provisions, indicates the first and primary responsibility from a financial point of view will be the utilities' themselves. That is the first and foremost responsibility. This amendment very cleverly changes that.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 14 minutes remaining.

Mr. BRYAN. It very cleverly changes that. Remember the premise in the 1982 Nuclear Policy Act itself was the responsibility will be that of the utilities, in terms of the financial responsibility. Repeatedly—over and over again.

The responsibility goes far beyond the initial licensing period. We are talking about something that lasts for tens of thousands of years. But this is why this is the nuclear industry bailout or relief act. What they have done is limited the liability of the utility by saying, until 2002, the maximum amount that can be contributed into the nuclear waste fund, a fund that is generated by a 1 mill levy on each kilowatt hour of energy generated, will be 1 mill.

The people who have looked at that, the General Accounting Office and others, have concluded that the fund currently is underfunded between $4 and $8 billion. It gets better. After the year 2002, the utilities' liability is further limited to the amount of the annual appropriation. So there is nothing that is being done with respect to the long-term implications of this piece of legislation, in terms of the storage of nuclear wastes.

Let me be clear that by the year 2033, for the utilities, nuclear utilities that are currently licensed, those licensing periods expire. What this means is that the American taxpayer, people who have never received 1 kilowatt of nuclear-generated power, will pick up the balance. Let me be clear on that. Historically, since the establishment of the Nuclear Waste Policy Act, it has been the financial responsibility of the utilities to handle the storage, the financial responsibility. This now changes dramatically and there are limitations—the 1 mill limitation and, after the year 2002, only the amount that is appropriated. This year, for example, that would have been roughly one-third of a mill. The balance all shifts to the taxpayer. So, you talk about an unfunded mandate on the American taxpayer, this is it.

Let me respond briefly to a couple of comments that were made, and I know our time will conclude. First of all, our friend from Louisiana makes the point that Nevada has hosted the Nevada test site and nuclear detonations have occurred there for many years. I hope none of us is going to be penalized because Nevada, as part of the national defense effort beginning during the height of the cold war in the 1950's, agreed to accept the Nevada test site. That was part of our national defense effort and Nevadans assumed that responsibility, and proudly so.

Now, with respect to the amount of radioactivity generated, all the tests conducted out there would amount to less than 1 ton. That would be the cumulative impact of all of that radioactivity. What we are talking about——

Mr. JOHNSTON. Will the Senator yield at that point?

Mr. BRYAN. Yes.

Mr. JOHNSTON. You are speaking of the radioactivity released to the air at this point, are you not?

Mr. BRYAN. No. We are referring to the total volume of radioactivity, underground as well.

Mr. JOHNSTON. It amounts to how much?

Mr. BRYAN. One ton.

Mr. JOHNSTON. One ton?

Mr. BRYAN. Yes.

The point I am trying to make is, by way of comparison, we are talking about tens of thousands of metric tons, so the degree of risk is immeasurably greater as a result.

Let me turn next to the question of the lawsuit. Much has been made of the lawsuit. The lawsuit changes absolutely nothing, as my colleague pointed out. In point of fact, what the lawsuit said is there is an obligation on the part of the Department of Energy, and we look to the provisions of the contract to determine how that liability will be ascertained. At no time—and I emphasize—at no time was it contended by the utilities that there would be a need to commence some type of transportation on February 1, 1988. In point of fact, in the briefs, the legal briefs filed by the utilities, they make it very clear that they do not assert that there should be a mandatory injunction requiring the transfer of anything, or the movement of anything on January 31, 1998. What they say, and our amendment that we will offer later indicates that, is that becomes a matter of contract adjudication, depending upon the nature of the delay. I believe it is fair to point out the Secretary of Energy makes that point in her letter, that the lawsuit changes nothing. It is a smokescreen. The utilities did not seek nor does the lawsuit decision require the transport of anything on January 31, 1988. At most it would require an adjustment of the fees paid by utilities into the nuclear waste fund, to the extent that they incur additional costs to expand that storage.

I might say, parenthetically, the Senators from Nevada have introduced legislation to that effect for the last 7 years. So the lawsuit means absolutely nothing.

It is plain the ratepayers are not getting what they paid for. Let me say that certainly is not the fault of the citizens of Nevada. Frankly, it is the fault of the way the nuclear utilities themselves have constantly tried to jam unrealistic deadlines, to make politics rather than science the determiner of this program. The original program suggested we should search the country, find the best site, send three sites, after they have been studied, to the President of the United States, and have the President make the determination. That did not occur. Politics—politics intervened, nuclear politics. The folks in the Northeast, and understandably, said we do not want granite in the study, so they were taken out of the equation.

The folks in the Southeast, I can understand, said, "My gosh, we don't want salt domes." So what happened in 1987—and no scientist worthy of the description of scientist would ever contend that from a scientific point of view, forcing all of the study to occur at a single site is the best from a scientific perspective, and the fact they have encountered technical problems dealing with health and safety certainly is not the fault of Nevadans.

Frankly, the decision to embark upon nuclear energy carried with it certain risks for the utilities, and part of that risk is the financial responsibility of dealing with the waste.

So I simply say to my colleagues that none of the provisions that relate to the heart and core of our concerns—the National Environmental Policy Act, the preemption provisions, the standards or the fiscal impact for the American taxpayers—not a single provision in this new amendment changes the impact from the debate that we had in S. 1936, and none of my colleagues should be misled as a result.

May I inquire as to how much time I have left?

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator has 5 minutes 53 seconds.

Mr. BRYAN. I reserve the remainder of my time.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada, [Mr. REID], is recognized.

Mr. REID. Mr. President, there has been a suggestion by my friend, the senior Senator from Louisiana, that this is a bankrupt case, the defense of S. 1936, the opposition to S. 1936. Mr. President, the exact opposite is true. For example, the opposition to S. 1936 is supported by the President of the United States. He has done it vocally and in writing. The case is supported by the Secretary of Energy. There is a letter that will be entered into the RECORD where she vehemently disagrees with not only the underlying legislation but the amendment. No one can ever think that the Secretary of Energy would do anything to assist this Senator from Nevada. This Senator and the Secretary of Energy have been in a longstanding dispute over various issues, but her letter is direct and to the point that not only is the legislation bad, but the amendment is bad.

The Environmental Protection Agency Administrator sent a letter that is succinct, to the point, that outlines why the legislation is bad and why the amendment is bad.

The Council for Environmental Quality opposes this legislation. The Nuclear Waste Technical Review Board is opposed to what they are trying to do, and, as we talked about before, all environmental organizations.

Mr. President, let me say that the only case for S. 1936 is a powerful nuclear industry. They are the only supporters of this legislation.

The Senators from Nevada have indicated that we would not require a rollcall vote on this amendment. We have been told that the advocates of this amendment want a vote on it. I can only speak for this Senator, but this amendment does not help anything. I say to all my colleagues, it does not help anything in the underlying legislation, and it does not hurt it. It is just as bad after you adopt it as before.

My colleagues can go ahead and vote for this if they want. It makes absolutely no difference, because the ultimate test of this legislation will come on final passage when we will determine whether or not the President of the United States is going to have to oppose this legislation by veto and whether the request, the pleas by the President, the Secretary of Energy, the Vice President of the United States, the Environmental Protection Agency, the Council for Environmental Quality, the Nuclear Waste Technical Review Board and all environmental organizations are going to land on deaf ears.

I reserve the remainder of our time on this amendment.

The PRESIDING OFFICER. The Senators from Nevada still have 2 minutes 56 seconds. Who yields time?

Mr. REID. I reserve the 2 minutes 56 seconds to the underlying bill.

Parliamentary inquiry, Mr. President. Can we reserve the time on the other amendments on the bill itself?

The PRESIDING OFFICER. The Chair will state to the Senator the time will continue to roll unless the Senator seeks unanimous consent to stop the time.

Mr. REID. Mr. President, I ask unanimous consent that all time be no longer counted against the opponents of this amendment and that, if there is going to be a rollcall, we have it.

The PRESIDING OFFICER. Is there objection?

Mr. MURKOWSKI. That is fine. We would like a rollcall vote. I have asked for the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to amendment No. 5055. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Hampshire [Mr. GREGG] is necessarily absent.

Mr. FORD. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 86, nays 12, as follows:

[Rollcall Vote No. 256 Leg.]

YEAS—86

Abraham
Akaka
Ashcroft
Bennett
Bingaman
Bond
Bradley
Breaux
Brown
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Coverdell
Craig
D'Amato
DeWine
Dodd
Domenici
Dorgan
Exon
Faircloth
Feingold
Feinstein
Ford
Frahm
Frist
Gorton
Graham
Gramm
Grams
Grassley
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Lautenberg
Leahy
Levin
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Murkowski
Murray
Nickles
Nunn
Pressler
Robb
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wellstone
Wyden

NAYS—12

Baucus
Biden
Boxer
Bryan
Conrad
Daschle
Lieberman
Moynihan
Pell
Pryor
Reid
Rockefeller

NOT VOTING—2

Glenn
Gregg

The amendment (No. 5055) was agreed to.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I ask unanimous consent that there be a quorum call, which I am going to suggest, and that the time not run against either the proponents or the opponents of this legislation.

The PRESIDING OFFICER. Is there objection?

Mr. MURKOWSKI. Mr. President, I object. I ask that the time run equally.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I commend the Senators who are working on this very important legislation. They have been doing an excellent job. I have the impression they are going to make good progress today. I thank, again, the Nevada Senators for their reasonableness in a very difficult situation.

The sooner we can finish this legislation, the better, so that we can move on to very important issues that are pending, such as the transportation appropriations and the VA/HUD appropriations bill. Conference reports are beginning to come back now.

I thank the Democratic leader for his cooperation in bringing this issue to this point.

PROVIDING FOR THE ADJOURNMENT OF BOTH HOUSES

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of House Congressional Resolution 203, the adjournment resolution, which was received from the House; further, that the resolution be considered and agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 203) was considered and agreed to, as follows:

H. CON. RES. 203

Resolved by the House of Representatives (the Senate concurring), That, in consonance with section 132(a) of the Legislative Reorganization Act of 1946, when the House adjourns on the legislative day of Thursday, August 1, 1996, Friday, August 2, 1996, or Saturday, August 3, 1996, pursuant to a motion made by the Majority Leader or his designee, it stand adjourned until noon on Wednesday, September 4, 1996, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Thursday, August 1, 1996, Friday, August 2, 1996, Saturday, August 3, 1996, or Sunday, August 4, 1996, pursuant to a motion made by the Majority Leader or his designee in accordance with this resolution, it stand recessed or adjourned until noon on Tuesday, September 3, 1996, or until such time on that day as may be specified by the Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

Mr. LOTT. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NUCLEAR WASTE POLICY ACT OF 1996

The Senate continued with the consideration of the bill.

Mr. REID. Mr. President, I yield such time as the Senator from Minnesota, Senator WELLSTONE, may use up to one-half hour.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for up to one-half hour.

AMENDMENT NO. 5037

(Purpose: To protect the taxpayer by ensuring that the Secretary of Energy does not accept title to high-level nuclear waste and spent nuclear fuel unless protection of public safety or health or the environment so require)

Mr. WELLSTONE. Mr. President, I call up amendment 5037.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. WELLSTONE) proposes an amendment numbered 5037.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 85 of the bill, strike lines 13 through 15 and insert in lieu thereof the following:

"(a) Notwithstanding any other provision of this Act (except subsection (b) of this section) or contract as defined in section 2 of this Act, the Secretary shall not accept title to spent nuclear fuel or high-level nuclear waste generated by a commercial nuclear power reactor unless the Secretary determines that accepting title to the fuel or waste is necessary to enable the Secretary to protect adequately the public health or safety, or the environment. To the extent that the federal government is responsible for personal or property damages arising from such fuel or waste while in the federal government's possession, such liability shall be borne by the federal government."

Mr. WELLSTONE. Mr. President, most of the time that I am on the floor I do not really use notes, or at least I do not use notes extensively. I think today what I want to try to do is read what I think is a kind of brief that I want to argue for this amendment.

Most of the debate on S. 1936 will be about the environmental policy ramifications of the bill. I know we will learn a great deal about that today. While these are important points—I view them as very important points—there is another very significant part of this debate. I am referring to the implications of this bill for the taxpayers, particularly future taxpayers.

I hope that if my colleagues are not able to listen to the statement, that their staffs will and that these words will be given serious consideration.

As you will soon see, this bill would perpetuate a flawed policy that has set up the future taxpayers of America, I fear, for a potentially infinite liability.

Mr. President, section 302 of the Nuclear Waste Policy Act of 1982, subsection (a), paragraph 4, states what has long been accepted as nuclear waste policy, that nuclear utilities shall pay a fee into a fund to "ensure full cost recovery" for costs associated with the nuclear waste program. Indeed, an earlier version of this very bill, introduced as S. 1271, recited in its findings section the same basic premise: "While the Federal Government has the responsibility to provide for the centralized interim storage and permanent disposal of spent nuclear fuel and high-level radioactive waste to protect the public health and safety and the environment"—I agree with that—"the cost of such storage and disposal should be the responsibility of the generators and owners of such waste and spent fuels."

Mr. President, once you understand that simple basic and longstanding premise, you cannot help but be confused by the policy we have been pursuing for years and which is strengthened in the bill before us. That policy is to provide for the transfer of title to high-level nuclear waste from the utility to the taxpayer.

Mr. President, could I have order in the Chamber? I would appreciate it if you would ask the discussion to be off the floor.

The PRESIDING OFFICER. All discussions will be taken into the cloakroom.

Mr. WELLSTONE. Mr. President, let me explain. As I have already described, the full cost of the waste disposal program is to be borne by the generators of that waste. To implement this idea, Congress created the nuclear waste fund in the Treasury. The nuclear waste fund is supplied by a fee paid by the nuclear utilities, which is really the ratepayer. That fee is specified in the 1982 act to be equal to "one mill," which is one-tenth of one cent per kilowatt-hour of electricity generated.

The 1982 act further gave the Secretary of Energy the authority to adjust the fee if she or he found it necessary to "ensure full cost recovery." As you can readily see, when a commercial nuclear powerplant ceases to generate electricity, it ceases to pay into the nuclear waste fund. In the next 15 to 20 years, as our current nuclear plants age, more and more of these plants will stop generating power, and the flow of money into the nuclear waste fund will begin to dry up. When no more money is flowing into the fund in the form of fees, we will know how much money we will have to pay for the full cost of the disposal program.

Now, we must ask the question: Will we have enough money? Will all those fees aggregated in the nuclear waste fund, plus interest paid out as necessary to meet the actual progress of the program, be sufficient to cover all the actual costs of storing high-level nuclear waste until it is no longer a threat to public health and safety and the environment, perhaps as long as 10,000 years? Are we going to be able to cover the cost?

I will share with you the opinions of the experts on that question in a moment, but first let me tell you who is stuck with the tab if the nuclear waste fund is not sufficient. Because our nuclear waste policy provides for title to the waste to transfer from the utility to the Federal Government, which translates into taxpayers—it is you and me, or at least our families in the future—who are going to be stuck with the bill. You see, it is the transfer of the tab which the nuclear utilities are really working for.

Moving the waste in Nevada is important to them, but I am not sure that is the real prize. What they really want is to be free and clear of the stuff because they know that there is a fair chance that disposal costs will be greater than what they are currently saying it will be. When their plants are shut down and they no longer pay the fee into the fund, they want to make sure that the taxpayer cannot come back to them to pony up some more. If the Department of Energy holds title, the waste is no longer the utility's problem, but it is the taxpayers' problem, and it is a potentially huge one.

Let us see if this is a real problem. After all, Mr. President, if everybody agrees that the fund will be adequate, then there will not be any taxpayer liability to worry about.

Mr. President, could I have order, please, on the floor, and could I ask my colleagues to please cease discussion?

The PRESIDING OFFICER. The Senate will be in order.

Mr. WELLSTONE. Mr. President, the question then becomes whether there will be a real problem. After all, if everybody agrees that the fund will be adequate, the question is whether there is going to be any taxpayer liability to worry about. The Nuclear Waste Technical Review Board in its March 1996 report to the Congress states:

> In a discussion of costs, however, the board believes a more important question is whether the nuclear waste fund is adequate to pay the cost of disposal as well as previously unanticipated long-term storage. Although the Department of Energy has not yet made a new formal determination of the fund's adequacy, in a presentation before this board, analysts who conducted an independent function and management review of the Yucca Mountain project suggested that the nuclear waste fund as currently projected would be deficient by $3 to $5 billion.

In a June 1990 report, the General Accounting Office estimated, depending on varying inflation rates and numbers of repositories needed, a potentially huge shortfall—up to $77 billion. The report states:

> Unless careful attention is given to its financial condition, the nuclear waste program is susceptible to future budget shortfalls. Without a fee increase, the civilian waste part of the program may already be underfunded by at least $2.4 billion in discounted 1998 dollars.

That is the GAO report of 1990.

Now, Mr. President, in fairness—and I am trying to present a rigorous analysis for my colleagues—there is no consensus on whether the fund will be adequate. The Department of Energy believes that it will be. The nuclear industry likewise is quite adamant that the fund will be sufficient. But, of course, estimating fund adequacy is a very complicated matter, and reasonable people can have different views.

There are two basic elements to determine if the fund will be adequate. First, there is a total lifetime cost estimate for the disposal program. Depending on how far out you wish to run it, this could require making estimates for thousands of years. DOE's latest life cycle cost estimate—this is September 1995—estimates costs for only 88 years, from the beginning of the program in 1983 through the expected end year of the program, which is 2071, when the repository is decommissioned. This, of course, assumes that the repository is built, loaded, and closed on schedule, I might add, a very questionable assumption.

Cost estimates also depend on the elements of the program, including whether there will be both an interim facility and a permanent repository. In the Department of Energy's 1995 estimate, it is assumed that the program will only include a permanent repository. They were not even talking about the interim storage facility.

The second element to determine fund sufficiency has to do with the supply side of the question: how much money will be put into the fund through fees. Because the fees are based on generation of electricity, this estimate is inextricably tied up with the life expectancies of existent nuclear powerplants and their level of electricity generation. What if the plants do not get relicensed? What if they shut down prematurely because of economic considerations or safety issues associated with aging reactors? So far, no plant has lasted to the end of its license. That is a point worth emphasizing. What if the plants have long outages and thus generate less power? The Department of Energy assumes all plants operate for their full 40-year license with no renewal and that their generating efficiency improves over time.

In the end, Mr. President, I think we all have to realize that any estimate of fund adequacy is tentative at best. As Daniel Dreyfus, Director of the Office of Civilian Radioactive Waste Management of DOE, put it last April, addressing the adequacy of the fee to ensure a sufficient fund:

> Any such fee adequacy analysis must, of course, be based upon a number of assumptions about the near and long term future. Some of the most important are the projected rate of expenditure from the fund which in turn impacts the interest credits accruing from the unspent balance, the assumed future rates of interest and inflation, and the assumed number of kilowatts of nuclear power still to be generated and sold. Significant deviations from these could result in errors in either direction that would warrant changes in the fee.

Mr. President, what my amendment would do—we now have established that the fund, which is the utility companies' fund, may not be sufficient, and some believe we are headed for a significant shortfall. The evidence is irrefutable on that point.

Here is where we get to the crux of my amendment. If there is a shortfall, who is going to pay for it? The answer is that the owner of the waste, the title holder, will pay for the shortfall. If title transfers to the Department of Energy, the taxpayers in this country are going to be on the hook. It is the taxpayers who are going to end up having to pay the costs.

The amendment I offer today would protect the taxpayer from such an uncertain fate. My amendment would simply prevent the Department of Energy from accepting title to the waste unless accepting title was necessary to protect the public health and safety and the environment. For people concerned about liability for damage from an accident caused by DOE once the waste is in the Government's possession, my amendment would ensure that the DOE is, indeed, liable for such damages.

All this amendment does is protect taxpayers from shouldering the burden of waste disposal costs after the fund runs out. That burden should remain with the utilities. That was the intention and that is the way it ought to be. We do not know the cost over 10,000 years, and this transfer of title through the sleight of hand transfers a huge potential unfunded liability to taxpayers in this country.

I have heard my colleagues argue that ratepayers and taxpayers are indistinguishable. That is not true. In other words, some folks seem to believe that changing the law to make sure that the utilities pay for the outyear liability is pretty much the same as if the taxpayer is directly on the hook for it as current law and this bill would have it.

That is simply not so. Ratepayers are people who currently use nuclear-generated power. Taxpayers are everybody. All ratepayers are taxpayers but not all taxpayers currently use nuclear-generated power. Ratepayers are a subset of taxpayers. Ask people in northern Minnesota whether they ought to be held as liable for a fund shortfall as, for example, somebody in the Twin Cities. Ask somebody in Montana if they feel they should pay as much for waste disposal as somebody in a more heavily nuclear State.

Mr. President, this bill, as I have stated already, would provide for title to transfer to the taxpayer. That is what this bill is about. I think that is a very flawed premise in this bill. While that is also part of the current law, the bill throws in a new twist. Under S. 1936, title transfers even sooner than under current law. Current law has title transferring when DOE accepts the waste for permanent disposal. In other words, title does not transfer until we actually have a permanent place to put it. S. 1936, however, does not wait. This bill puts the taxpayer on the hook as soon as the Department of Energy takes it off the utility's hands for interim storage.

That is what this is about. As I have already indicated, the level of the fee is integral to any estimate of fund sufficiency. Current law allows the Secretary of Energy to adjust that fee, if necessary, to ensure fund sufficiency. Despite the General Accounting Office and other estimates, this bill would remove that authority, effectively freezing the one-mill fee, which has never been changed or pegged to inflation in statutory language. Thus, even if the Department of Energy does ultimately estimate that the fund will experience a shortfall, the Secretary cannot even act to prevent it to protect taxpayers from accepting the liability.

Finally, Mr. President, this bill would require a significant up-front expenditure from the fund to pay for construction of an interim storage facility, something that was not considered by the DOE in its latest assessments of fund sufficiency. As has already been explained, interest buildup from the unspent fund balances is a key component ensuring fund sufficiency. With large early expenditures, there will obviously be less interest accumulated and the fund will be less able to cover long-term costs.

This amendment is all about responsibility. It is all about making sure that costs are allocated to those who should bear them. It is all about deciding who should be on the hook when shaky estimates of costs well into the next century and beyond prove, as they invariably do, to be off the mark. We do not know what the costs are going to be. The estimates are very shaky. Yet what we are doing through this bill is essentially transferring all of the liability to taxpayers in this country.

Less than a month ago, in discussing this issue on the floor of the Senate, one of the chief sponsors of the bill, the Senator from Idaho, said, "It is irresponsible to shirk our responsibility to protect the environment and the future for our children and grandchildren." I could not agree with him more. But protecting our children and grandchildren also means protecting their wallets, as I am sure he would agree. We have spent an enormous amount of time and effort in the past few years cutting the deficit and moving toward a balanced budget, in large part to protect future generations. Let us have some consistency. Let us keep that goal in mind. Let us not stick future generations of taxpayers with a potentially enormous liability. Let the title to nuclear waste stay with those who generate it. That is what this amendment says.

It is simple. It is straightforward.

Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 12 minutes and 11 seconds.

AMENDMENT NO. 5037, AS MODIFIED

Mr. WELLSTONE. Mr. President, I may reserve the remainder of my time but, before I do, if I could, I ask my amendment be modified to effect the changes in page and line at the desk, necessary because of the adoption of the amendment of Senator MURKOWSKI.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 5037), as modified, as follows:

> On page 52 of the bill, as amended by Murkowski amendment No. 5055, strike lines 15 through 16 and insert in lieu thereof the following:
>
> "(a) Notwithstanding any other provision of this Act (except subsection (b) of this section) or contract as defined in section 2 of this Act, the Secretary shall not accept title to spent nuclear fuel or high-level nuclear waste generated by a commercial nuclear power reactor unless the Secretary determines that accepting title to the fuel or waste is necessary to enable the Secretary to protect adequately the public health or safety, or the environment. To the extent that the Federal Government is responsible for personal or property damages arising from such fuel or waste while in the Federal Government's possession, such liability shall be borne by the Federal Government."

Mr. MURKOWSKI. I believe we have a half hour on our side, Mr. President?

The PRESIDING OFFICER. That is correct.

Mr. MURKOWSKI. It is my intention to yield to the distinguished Senator from Louisiana 15 minutes and the Senator from Minnesota 5, the Senator from Idaho 5, and I will use the other 5 at the conclusion. And that takes care of our side.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, the amendment of the Senator from Minnesota is based upon two profoundly wrong assumptions. The first assumption is that the Federal Government, acting through this Congress, has the right to take away vested rights of American citizens or American corporations. It is such an item of Hornbook law—and I might add fundamental fairness—that vested rights are enforceable in the courts, that it hardly seems worthwhile to argue that. Nevertheless, having said it is not worthwhile to argue it, let me just quote from the Winstar decision of the U.S. Supreme Court, decided July 1, 1996, in which it says:

> The Federal Government, as sovereign, has the power to enter contracts that confer vested rights, and the concomitant duty to honor those rights. . ..
>
> If we allowed the government to break its contractual promises without having to pay compensation, such a policy would come at a high cost in terms of increased default premiums in future government contracts and increased disenchantment with the government generally.

I could quote other equally persuasive language from this decision.

Mr. WELLSTONE. Will the Senator yield just for a moment?

Mr. JOHNSTON. Yes.

Mr. WELLSTONE. First of all, if the industry and DOE are correct, and the fund is sufficient, there would be no shortfall and there would be no damages; is that correct? The estimates of the industry is that the fund is sufficient, and if that is the case, there would be no shortfall and therefore there would be no damages.

If, in fact, there were damages—let me just ask the Senator to respond to the first question.

Mr. JOHNSTON. No, the Senator is wrong. First of all, damages would not be paid from the nuclear waste fund. Damages would have to be paid from the judgment fund, provided elsewhere.

Mr. WELLSTONE. But Senator, by the very estimates you have made, by the very estimates that the utility companies have made, there would be no damages because you have said that the fund is sufficient. So there would be no damages.

Mr. JOHNSTON. I have not said the fund is sufficient. DOE has said the fund is sufficient. And many nuclear utilities do not believe it is sufficient. But the sufficiency of the fund has nothing to do with the damages to which a utility would be entitled. The fund could be more than sufficient and a utility would be entitled to damages based upon whether the Government had violated a vested right.

Mr. WELLSTONE. I thank the Senator.

Mr. JOHNSTON. Would the Senator agree with me, first of all, the Government has no right to violate a vested right of the utilities?

Mr. WELLSTONE. My response would be, if it was decided by the courts that this amendment improperly breaches preexisting contracts, then presumably the utilities would be able to recover damages from the Government. However, I want to point out one more time that if the industry and the DOE are correct, that the fund is sufficient, there would be no shortfall and therefore there would be no damages. That would be up to the courts to decide.

Mr. JOHNSTON. Let us take this one at a time. You agree with me the Government has no right to take away vested rights, and would be liable for the violation?

Mr. WELLSTONE. I have said, unless they pay damages. But I have also made it clear the courts would decide that and I have also made it clear that by the very estimates of the utility industry, this is the very question that is in doubt, that there would be no damages because there would be no shortfall.

Mr. JOHNSTON. Mr. President, the Senator has answered my first question, which I think there is only one answer to, and that is the Government cannot violate contractual rights.

The second question is what is the duty of the Federal Government with respect to nuclear waste? It so happens that the Court of Appeals for the District of Columbia has decided that very question definitively and clearly on July 23, 1996. Here is what they have said. I hope the Senator from Minnesota will not leave. What the decision said, and it is very clear:

> Thus we hold that section 302(a)(5)(B) creates an obligation in DOE, reciprocal to the utilities' obligation to pay, to start disposing of spent nuclear fuel no later than January 31, 1998.

Let me repeat that:

> . . . we hold that the Nuclear Waste Policy Act creates an obligation in DOE . . . to start disposing of the spent nuclear fuel no later than January 31, 1998.

What the decision does is delineates between the duty of the Federal Government to accept title, which the court clearly says is dependent upon the completion of a nuclear repository, and the duty to dispose of the spent nuclear fuel on January 31, 1998, which is an absolute duty.

So, come January 31, 1998, the Federal Government must dispose of this nuclear waste, whether or not the facility is complete. And, if the amendment of the Senator from Minnesota were agreed to, it would have nothing to do with the obligation of the Federal Government to pay damages. The obligation of the Federal Government to pay damages and the sufficiency of the nuclear waste fund are two separate things. If, on January 31, 1998, the repository is not complete, and it will not be complete, and there are utilities which must build their own dry cask storage at their own expense, I believe it is clear, based on this decision of the court of appeals, that the Federal Government would have to pay damages. Where they would pay the damages from—I believe it would have to come from the damage fund and not from this, the nuclear waste fund, but that would be a separate item for the court to decide.

But the point is, it is very clear that this amendment cannot succeed in doing what the Senator from Minnesota says. The Senator from Minnesota says that this amendment takes the burden off the taxpayers—off the ratepayers, and puts it on the utilities.

Mr. President, that cannot be. The utilities have vested rights, recognized by the Supreme Court as late as July of this year. This very month, the Supreme Court has reiterated a very longstanding principle of law, which is that vested rights cannot be taken away by this Congress or by the courts. The utilities have a vested right to have the Federal Government dispose of their waste by January 31, 1998. You simply cannot take away that duty.

I ask the distinguished Senator from Minnesota if he agrees with my interpretation of the court of appeals' decision rendered last week in that the Federal Government has an unqualified duty "to start disposing of the spent nuclear fuel no later than January 31, 1998"? Does the Senator agree with that?

Mr. WELLSTONE. The court decision only deals with the statute, and we are changing law. I was out during part of the Senator's presentation, and I think the part of the finding of the court that you did not read I will read when I have time. So I will come back to it.

Mr. JOHNSTON. I am reading right here:

> Thus, we hold that the Nuclear Waste Policy Act creates an obligation in DOE to start disposing of the spent nuclear fuel no later than January 31, 1998.

Is there any disagreement with what I read in the decision?

Mr. WELLSTONE. I don't disagree with that.

Mr. JOHNSTON. And the Senator would not disagree you can't take away that right legislatively, can you?

Mr. WELLSTONE. This doesn't take away this right legislatively.

Mr. JOHNSTON. Then how in the world can the Senator say they are transferring the duty of disposing of nuclear waste from the Federal Government or the taxpayers and giving that to the utilities?

Mr. WELLSTONE. There is a basic distinction. You are talking about possession, and I am talking about title. I did not say there wasn't a commitment to change this in terms of possession. I read the findings of the original legislation, and I am telling you that when we had the original findings, the original bill, it was made very clear that, in fact, when it comes to title and when it comes to the actual liability of paying for this, this should be paid for by people who benefit from nuclear power, not by taxpayers across the country. Period.

Mr. JOHNSTON. The decision of the court of appeals makes clear that they have a vested right to the title passing as of the time that the nuclear repository is built and not until that time, but they have the duty to dispose of the waste January 31, 1998.

Is the Senator saying that their duty to dispose of the waste does not involve any responsibility, any duty to pay damages?

Mr. WELLSTONE. Let me just read from the decision to put this to rest and the part you did not read:

> In addition, contrary to DOE's assertions, it is not illogical for DOE to begin to dispose of SNF by the 1998 deadline and, yet, not take title to the SNF until a later date.

Mr. JOHNSTON. What is the difference in liability between having the duty to dispose of and in taking title?

Mr. WELLSTONE. Dispose of has to do with possession, and title has to do with who pays for it. As a matter of fact, let me read for you, as long as this is on your time and not on my time, let me read for you—

Mr. JOHNSTON. Well, I don't want—

Mr. WELLSTONE. The original findings of the bill that you wrote.

Mr. JOHNSTON. I have limited time remaining. Mr. President, what the Senator is saying is so illogical. We have established that the Federal Government has the duty to dispose of spent nuclear fuel, and the Senator is saying that that duty carries with it no responsibility to pay damages, no financial responsibility; that that somehow stays with the title.

Mr. President, that is just not so. What the court said in the court of appeals' decision is that they are withholding the remedy until January 31, 1998, because the Federal Government would not have defaulted until that time. That is when the duty of the Federal Government to dispose of the waste ripens, January 31, 1998.

We cannot come in here and say, "Well, we're going to pass that duty on to the utilities because they are somehow at fault." Mr. President, that is just so clearly not the law. I believe that it is simply not an argument that bears any weight at all.

Mr. WELLSTONE. Will the Senator yield 1 minute?

Mr. JOHNSTON. I will yield on your time.

Mr. WELLSTONE. I appreciate it.

Mr. JOHNSTON. On your time?

Mr. WELLSTONE. That is right, for 1 minute. This does not say the Federal Government does not have the responsibility to take the waste. That is not this amendment. The Senator mischaracterizes this amendment. That is a straw-man or straw-person argument. This amendment deals with the whole question of liability.

Mr. JOHNSTON. No; it does not——

Mr. WELLSTONE. In the very court decision the Senator cited, the court did not find this to be illogical; they made that distinction. I am not arguing the Federal Government should not take responsibility. I believe we should live up to that responsibility. This is a question of whether or not taxpayers should have to pay for the liability of it.

Mr. JOHNSTON. First of all, the Senator's amendment does not mention liability.

Mr. WELLSTONE. This is not on my time.

Mr. JOHNSTON. Or the taxpayers. It simply says who has title and the fact that title and responsibility are not the same thing. I reserve the remainder of my time.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Alaska.

Mr. MURKOWSKI. I yield 5 minutes to Senator GRAMS from Minnesota.

Mr. GRAMS. Mr. President, I want to follow up on what the Senator from Louisiana was saying.

Just last week, the courts reaffirmed what the Congress and also the Nation's taxpayers have known since 1982 when this contract, this agreement was worked out, and that is, the Department of Energy has the legal obligation to begin accepting nuclear waste by January 31, 1998.

This ruling by the D.C. Circuit Court of Appeals, the second highest court in the land, marked a historic transformation in the nuclear waste debate. We are no longer discussing whether or not DOE has a responsibility to accept the waste, but how quickly we can move toward the final disposal solution.

As my colleagues know, the roadblocks have not been environmental or technological, only political. After nearly 15 years, and at a cost to the Nation's electric consumers of $12 billion, the courts appear to have finally cleared that path.

So why are some of our colleagues still trying to raise new obstacles? Is it because they are opposed to finding a real resolution to this environmental crisis?

I cannot believe anyone would want to see nuclear waste continue to pile up in some 35 States, 41 if you include waste produced by the Government. Many of those States' utility commissioners argue that the ratepayer had paid for the waste to be removed and stored at a single permanent site. It was the DOE's failure to live up to its end of the bargain that led to the highly publicized lawsuit against DOE.

The three circuit court judges concurred with the States' opinion and rejected the DOE's attempt to "rewrite the law." Even so, some of our colleagues want to rewrite that law today. Such amendments reject the mandatory obligation of the DOE to take title to the spent fuel in 1998. They are merely an attempt to rewrite the law under the guise that somehow ratepayers are different than taxpayers.

By vilifying those customers who are served by nuclear power facilities, the opponents of nuclear power hope to refocus the debate. Hiding behind the cloak of so-called taxpayer protection, they refuse to acknowledge the fact that moving forward with a permanent disposable program is the best way to avoid a taxpayer bailout.

In fact, entities as diverse as the National Association of Regulatory Utility Commissioners and the utilities themselves have calculated that enactment of S. 1936 would save $5 billion to $10 billion to the U.S. taxpayers/ratepayers.

What I find most disturbing is this false differentiation of electric customers served by nuclear utilities from the rest of the public. The idea that somehow these Americans reaped the benefit of low-cost power for years and are now somehow trying to get out of their obligation to pay for the waste is an affront to the citizens of this country.

Over the last decade and a half, Minnesotans have paid nearly $250 million in exchange for the unmet promises that the DOE would permanently store our State's nuclear waste. Again, the Nation has paid $12 billion, nationwide, into the nuclear waste trust fund. I believe the ratepayers have now lived up to their end of the bargain and met their financial obligation. It is the DOE that has not.

But what about those who have benefited indirectly from nuclear power? I am referring to the customers served by utilities that themselves do not own nuclear generating stations but that from time to time do purchase the low-cost nuclear power. Aren't these the same taxpayers that opponents of this bill are seeking to protect? Yet don't these individuals share some of the responsibility? This issue is clearly explained in the letter that I received from Minnesota Department of Public Service Commissioner Kris Sanda. Commissioner Sanda wrote:

> For reliability reasons, our Nation's electrical grid is divided into several regional power pools. The Mid-Continent Power Pool serves our home state [of Minnesota, as well as] North and South Dakota, Nebraska, Iowa, portions of Montana and Wisconsin . . .
>
> In addition to ensuring the reliable delivery of electrical energy, MAPP [as it is called] serves as a clearinghouse for spot and intermediate term market for energy and capacity transactions . . .
>
> There are certain times of day and seasons of the year when energy from those plants is sold by [a nuclear generating facility] to other utilities in MAPP . . .

So in other words, other areas of the country receive this power.

> It is without question . . . that all Minnesotans benefit from [NSP's] nuclear facilities, regardless of which utility provides their power . . .
>
> The same is true for virtually all consumers across the country, even those whose primary utility does not use nuclear fuel to generate electricity.

Therefore, responsibility for funding a permanent storage site is clearly shared by all of the Nation's power consumers. And Congress has the responsibility for ensuring that DOE builds an environmentally sound facility.

Finally, Mr. President, I think it is important that our vote to reject this amendment will send a clear message that we reject these attempts by the antinuclear forces to portray as villains the electric consumers served by nuclear generating stations. I urge my colleagues to support final passage of S. 1936.

Mr. MURKOWSKI. How much time do we have?

The PRESIDING OFFICER. The Senator has 11 minutes.

Mr. MURKOWSKI. Does the Senator from Minnesota wish to——

Mr. WELLSTONE. A quick response to the Senator from Minnesota.

Mr. MURKOWSKI. This is on the time of the Senator from Minnesota.

Mr. WELLSTONE. That is correct. I will take my 11 minutes now, if it is all right.

First, a quick response. This amendment has nothing to do with the Federal Government living up to its commitment to take the waste. I am in favor of that. This amendment has to do with who pays the cost over 10,000 years; it has to do with tax liability. You cannot mix apples and oranges.

Let me just yield to the Senator from Nevada for 1 minute, please.

Mr. BRYAN. I thank the Senator.

I call my colleagues' attention to this. Under the Nuclear Waste Policy Act, the Department of Energy and the utilities entered into a contract. It is the contractual liability that becomes the issue as a result of the court's decision that the senior Senator from Louisiana referenced.

Under the contract provision, the remedy is spelled out. If the delays are unavoidable, there is no liability in a financial sense. The schedule for receiving shipment is adjusted accordingly. If it is determined that the Department of Energy has been responsible for the delay, an adjustment is made with respect to the fees that are paid into the nuclear waste trust fund. So those are the remedies that are provided. I thank the Senator from Minnesota for yielding me time.

Mr. WELLSTONE. How much time is remaining for this Senator?

The PRESIDING OFFICER. The Senator has 2 minutes.

Mr. MURKOWSKI. I yield 5 minutes to the Senator from Idaho, Senator CRAIG.

Mr. CRAIG. Mr. President, I thank my chairman for yielding, and let me thank him for the work he has done on this legislation and the effort that has been put forth by the senior Senator from the State of Louisiana, to bring us to where we are at this moment.

I do not oftentimes do this, but I think it is time to speak to the citizens of Minnesota, because their Senator has produced an amendment that in my opinion reverses a longstanding Government policy. This amendment purports to release the Government from its obligation to take the waste.

The Senator from Minnesota calls this a taxpayers' protection amendment. What he does not tell us is that it would nail the ratepayer, the ratepayers of his State. For instance, it would force the people of Minnesota who have already paid over $229 million into the waste fund to pay millions more to build more storage sites at their reactors. Minnesotans have already paid twice. I believe the Wellstone amendment, if the courts upheld it, would force Minnesotans, who get 31 percent of their electricity from nuclear power, to pay again and again and again.

Last week, the U.S. Court of Appeals ruled that DOE has an obligation, and that has been thoroughly debated by the Senator from Minnesota and the Senator from Louisiana. It is very clear what the court said. The obligation exists. We will decide when the time comes that you have the responsibility to take it how you will take it.

This amendment, in my opinion, is unfair and it changes the rules in the middle of the game. It damages tremendously the citizens of the State of Minnesota who have already invested heavily in what they believed was the Government's role in taking care of this waste issue. In fact, the courts held that the Congress cannot change the contractual obligations of the Government, precisely because it would not be fair. If we were to be able to do something like this, no one would ever sign a contract with the Federal Government. Let me repeat: No one would ever sign a contract with the Federal Government if the Congress could come along, willy-nilly after the fact, and change the rules.

This amendment is little more than an effort to kill the bill—I do not think there is any doubt about it—that is the source of 22 percent of our Nation's electrical power and 31 percent of the electrical power for the State of Minnesota. That would be, in my opinion, one of the worst environmental votes we could make.

Minnesota nuclear power plants have reduced Minnesota's carbon dioxide emissions by 3 million metric tons in 1995, and by 55 million metric tons from 1973 to today. Last year, nuclear power in Minnesota displaced 118,000 tons of sulfur dioxide and 53,000 tons of nitrogen oxide.

Following Senator WELLSTONE's prescription, if that is what the Congress chooses to do and what becomes law, could result in more emissions of acid rain and more carbon emissions than the climate could tolerate.

Somehow we have to also talk about the tremendous advantage the citizens of Minnesota have received from the clean source of power, 31 percent of their power, the electrical power. Now, today, we are insisting by this legislation, a process that allows us to adhere to what the courts have said is our contractual relationship with the ratepayers of our country who receive the benefits of nuclear power, and to do something positive for the environment, to do something that will say this country is going to be responsible in the management of high-level nuclear waste in a way that is optimum science, in a way that maximizes our pledge and our responsibility to the citizens of this country.

I hope my colleagues will vote with me in tabling the Wellstone amendment. We need not kill the process. We need not stick the citizens of Minnesota with additional millions and millions of dollars where they are going to be forced to either build additional storage facilities or turn their lights out.

I yield back the balance of my time.

Mr. WELLSTONE. Mr. President, I speak, too, to the people of Minnesota, but will speak first of all to the Senator from Idaho.

Mr. MURKOWSKI. How much time is left on the other side?

The PRESIDING OFFICER. The Senator from Minnesota has 2 minutes, the Senator from Alaska has 6½ minutes.

Mr. WELLSTONE. I will take 1 minute to respond.

The Senator wants it both ways. First he says the utility companies are absolutely right, the fund is sufficient to cover the costs. Now he is saying the ratepayers of Minnesota will have to pay all this additional money with his scare stories.

First the utility companies say this fund is sufficient to pay the cost. So, if that is the case, Senator, there will be no additional cost. But if the fund is not sufficient, over 10,000 years, then, Mr. President, the question is, who pays the costs? People in Minnesota believe that, as a matter of fact, the people who benefit pay the cost.

I come from a State with a standard of fairness. Nobody wants to see an unfunded liability transferred by sleight of hand to taxpayers everywhere all across this country, period.

As far as the environment is concerned, Senator, since you were a bit personal and I will not be too personal, I would be pleased to match my environmental record with your environmental record for the citizens of Minnesota to look at any day.

I reserve the balance of my time.

Mr. JOHNSTON. Will the Senator yield 1 minute?

Mr. MURKOWSKI. I yield 1 minute to the Senator from Louisiana and 1 minute to the Senator from Idaho.

Mr. JOHNSTON. Mr. President, I think the Senator from Minnesota has another fundamental misconception and that is the question of the sufficiency of the fund.

DOE has said they believe the fund is sufficient to build the repository. To quote them, "The preliminary assessment which is still under management review, indicates the fee is adequate to ensure total cost recovery." That means for building the repository. That is what DOE says. I, frankly, think it is probably not going to be sufficient, in my own view, but that is what they say.

No one has said that the fund is sufficient to cover both the cost of damages to Northern States of power and other utilities all around the country and to also build the repository. That is paying twice—paying to the utilities for their own, what we call dry cask storage, and also building the repository at Yucca Mountain or wherever in the country they decide to build it.

That is the fundamental misconception, Mr. President. If you have these damages caused by the delay that Congress puts in, then clearly the fund will not be sufficient to pay for that.

Mr. MURKOWSKI. I yield to the Senator from Idaho.

How much time is remaining?

The PRESIDING OFFICER. Five minutes remains.

Mr. MURKOWSKI. I yield 2 minutes.

Mr. CRAIG. I thank my chairman for yielding.

This is not a question of whether the fund is sufficient. I agree with the Senator from Louisiana. I have spent an awful lot of time studying, and when push comes to shove, obviously the amendment that the Senator from Minnesota would inject into it, the question becomes, is it sufficient or not?

What I am talking about are utilities in Minnesota who no longer have storage facilities and had relied on the Government to take the high-level waste that they were paying for. My guess is that if this Senator's amendment passes, that comes into question.

Do you turn the power off or do you build additional storage facility?

Mr. WELLSTONE. Will the Senator yield?

Mr. CRAIG. No, I will not yield. The Senator has his own time.

My point is simply this: If you have changed the contractual relationship, then you have changed the obligations. If you do that, somebody else has to pay. Who has been paying in Minnesota? The ratepayers. Who would pay under the amendment of the Senator from Minnesota? The ratepayers. That is what I believe thorough study of this amendment would cause if it were to become law.

Mr. MURKOWSKI. Mr. President, I think it is important to recognize we had a very clear understanding. A deal was made, the ratepayers would pay a fee and the Government would take title of the waste, period. That was the arrangement.

We cannot and we should not at this time revisit this decision in an attempt to retroactively change the deal. That is basically the basis for the amendment from my friend from Minnesota.

Mr. President, the decision that the Government would undertake the obligation to take title was made in a previous Nuclear Waste Policy Act and is part of the contract. The utility ratepayers have paid the fees under the contract, and again the Government simply has to live up to its end of the bargain.

The Government already has title to large amounts, large amounts of spent fuel and waste that will be stored in these facilities. As a practical matter, the Government will be the deep pocket for liability for these facilities, even if did not take title to civilian fuel.

We have competition and the realization that competition brings increased uncertainty to the electrical industry. That is just a fact of business. The utilities are the corporate entities and they cease to exist. That is the reason why the Government agreed, wanted and felt compelled to take title to spent fuel in the first place. The Government will own and operate these facilities. It is unfair now for the utility ratepayers to be on the hook for a liability for facilities that they have simply no control over.

So I, again, suggest to the Senator from Minnesota that the Minnesota ratepayers have already paid twice. The Wellstone amendment, if the Court upheld it, would force Minnesotans who get, I might add, 31 percent of their electric energy from nuclear power, to pay again and again and again.

If Minnesota were to lose its dependence on nuclear energy, what would be the alternative? I think the Senator from Idaho indicated that, last year, nuclear power in Minnesota displaced 118,000 tons of sulfur dioxide, 53,000 tons of nitrogen oxide, and there is simply no other alternative, if Minnesota were to lose its dependence on nuclear energy, other than to generate power from fossil fuel.

It is fair to say that, again, Minnesota nuclear power plants have reduced Minnesota's carbon dioxide emissions by 3 million metric tons by 1995 and, I think, 55 million metric tons since 1973. What is the alternative to this if we don't have the nuclear capability that so many—roughly a third—Minnesota residents depend on?

Mr. President, has all time expired on the amendment?

The PRESIDING OFFICER. The Senator's time has expired. The Senator from Minnesota has 1 minute remaining.

Mr. WELLSTONE. Has the Senator completed his remarks?

The PRESIDING OFFICER. Yes.

Mr. WELLSTONE. Mr. President, this amendment has nothing to do with the Government's obligation to take possession of the waste. I think the Government should. But if the fund is insufficient, somebody will have to pay for that shortfall, and that somebody is the person who holds title to the waste. DOE will have possession under my amendment, but the utilities will retain the title.

My colleagues have confused this. Of course, DOE will have possession. But the utilities will pay the title. This is not, Minnesotans and all the people across the country, about turning the lights off. That is not what this amendment is about, and my colleagues know it. It is about making sure that taxpayers don't get stuck with this unfunded liability.

The PRESIDING OFFICER. All time has expired.

Mr. DOMENICI. Mr. President, I move to table the pending amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Minnesota [Mr. WELLSTONE].

The clerk will call the roll.

The assistant legislative clerk called the roll.

The PRESIDING OFFICER (Mr. ASHCROFT). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 83, nays 17, as follows:

[Rollcall Vote No. 257 Leg.]

YEAS—83

Abraham
Ashcroft
Bennett
Biden
Bingaman
Bond
Bradley
Breaux
Brown
Bumpers
Burns
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
DeWine
Dodd
Domenici
Dorgan
Faircloth
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Lautenberg
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Murkowski
Nickles
Nunn
Pressler
Pryor
Robb
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—17

Akaka
Baucus
Boxer
Bryan
Byrd
Daschle
Exon
Feingold
Harkin
Leahy
Moynihan
Murray
Pell
Reid
Rockefeller
Wellstone
Wyden

The motion to lay on the table the amendment (No. 5037) was agreed to.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5051

Mr. MURKOWSKI. Mr. President, I call up an amendment, No. 5051, which is at the desk. I ask it be stated.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI] proposes an amendment numbered 5051.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike section 501 and insert in lieu thereof the following:

"SEC. 501. COMPLIANCE WITH OTHER LAWS.

"If the requirements of any Federal, State, or local law (including a requirement imposed by regulation or by any other means under such a law) are inconsistent with or duplicative of the requirements of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) or of this Act, the Secretary shall comply only with the requirements of the Atomic Energy Act of 1954 and of this Act in implementing the integrated management system.".

Mr. MURKOWSKI. Mr. President, this amendment contains the language previously filed by Senator CHAFEE as amendment No. 4834. This amendment originally suggested by Senator CHAFEE would soften the existing preemption language in the bill to clarify that only when another Federal, State, or local law is inconsistent, that is, when another Federal, State, or local law is inconsistent or duplicative with this act, then this act will govern. Otherwise, all previous applications of both State and Federal environmental or safety statutes continue to apply.

What we have attempted to do here is craft an amendment to ensure that there will be adequate oversight of all Federal and State and local laws, unless they are an obstacle to carrying out the act, because the act itself stipulates that there shall be an interim storage site at Yucca Mountain under specific conditions. Some have expressed concern that this language could be interpreted to provide preemption of other laws in cases where complying with those laws were simply inconvenient or impractical. That is not the case, and it does, I think, strain the interpretation of the bill.

However, in order to address these questions, we are offering this amendment that was suggested by Senator CHAFEE. This language provides the Department of Energy must comply—they must comply—again, with all Federal, State, and local laws unless those laws are inconsistent with or duplicative of the requirements of S. 1936. There is an effort to, if you will, disguise by generalities the intent of this bill. But it mandates compliance, again, with all Federal, State, and local laws unless they are inconsistent or duplicative, duplicate the requirements.

The Nuclear Waste Policy Act of 1996 contains a carefully crafted regulatory scheme that applies to this one unique nuclear waste storage facility. Think about that: This is consistent because there is no other such facility in the country. So the policy act contains words crafted relative to the regulatory proposal that applies to only this one, unique, nuclear waste storage facility. Since we have no other, this is designed specifically for this facility. So there is no applicability to any other facility.

Our general Federal, State and local laws are intended to apply to every situation generically. So it is only appropriate that we clarify that where those general laws conflict with this very specific law that we are designing for this interim storage site, that we have carefully drafted, with the input of many concerned people, the provisions of this law, of this act, will control the process.

The vast majority of other laws will certainly not be subject to being superseded and will be complied with. A suggestion that the Department of Energy should be forced to attempt to comply with laws that conflict with this act will simply open it up to spending years of litigation on which provisions apply and is simply a recipe, Mr. President, for unnecessary delays at the ratepayers' and taxpayers' expense and I think would provide full employment for a significant number of lawyers in this country.

So I think as we attempt to address the merits of this amendment, we recognize that this is designed to address concerns that somehow this legislation, as crafted, will not cover adequately all Federal, State and local laws of an environmental nature that are, obviously, designed for the protection of the public.

Mr. President, I retain the remainder of my time and ask if my good friends from Nevada would like to have some time running. If there is any other Senator here who would like to be heard on this amendment, I would appreciate it if they will advise the staff, and we will attempt to accommodate them on time.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Mr. President, I yield myself 15 minutes.

Mr. President, I believe it will be helpful for our colleagues and staffs listening in, because these two amendments have been described in the abstract. I acknowledge and confess that it has been a number of years since I attended law school, but I must say, not even a flyspeck lawyer could make a meaningful distinction between these two provisions.

Let me read them, because they are quite simple. Under the language of the amendment that was offered earlier today and was approved by the body, section 501 deals with compliance with other laws. So here is the present state of the legislation as we debate it. It is only a couple of paragraphs, so I think it important it be understood:

> If the requirements of any law are inconsistent with or duplicative of the requirements of the Atomic Energy Act and this Act, the Secretary shall comply only with the requirements of the Atomic Energy Act and this Act in implementing the integrated management system.
>
> Any requirement of a State or political subdivision of a State is preempted (1) if complying with such requirement and a requirement of this Act is impossible; (2) that such requirement, as applied or enforced, is an obstacle to accomplishing or carrying out this Act or regulation under this Act.

So, in effect, what the bill currently does is it bifurcates, it makes reference to Federal laws and then it talks about State preemption. But the operative language with respect to Federal law under the current state of the bill is that if any requirement of any law is inconsistent with the provisions of this act, it shall not apply.

By any plain reading of the language that is contained, any reasonable interpretation, that is, in point of fact, a Federal preemption.

The second part of the existing bill deals specifically with State preemption and has those two provisions. If it is impossible, then you don't have to comply with it and, second, if it is an obstacle to accomplishing or carrying out the act, you don't have to comply with it.

Here is the so-called amendment that changes all of that, that solves it that deals with the issue. Section 501, which is the amendment offered by our friend from Alaska, says as follows:

> If the requirement of any Federal, State or local law, including a requirement imposed by regulation or by any other means under such law, are inconsistent with or duplicative to the requirements of the Atomic Energy Act or of this Act, the Secretary shall comply only with the requirements of the Atomic Energy Act of 1954 and this Act in implementing the integrated management system.

Mr. President, I say to my colleagues, it could not be clearer. One does not have to go to law school to understand that if any other provision of the law is inconsistent with this bill, it does not apply.

What provisions are we talking about? We are talking about the entire framework of the environmental laws in America that have been enacted since the early 1970's. And lest this debate be deemed to be of a partisan nature—and I assure my colleagues it is not—many of those provisions were enacted under the Presidency of Richard Nixon.

Here is what we wipe out: If, for example, the Clean Air Act is inconsistent with the bill that we are going to be asked to vote on for final passage later on today, the entire Clean Air Act does not apply.

If the Clean Water Act has any provision that is inconsistent with the provisions of this act, it does not apply.

If the Superfund law has any provision inconsistent with the provisions of the bill that we are being asked to vote on, it does not apply.

If the National Environmental Policy Act contains any provision that is inconsistent with the provisions of the bill that we are going to be asked to vote on, it does not apply.

If FLPMA, the Federal Land Policy and Management Act, has any provision inconsistent with this bill, it does not apply.

Think about that for a moment. This is truly a nuclear utility's dream. In effect, these provisions that are the framework of our environmental policy in America, most of which have been enacted over the past two decades, that none of these, not a one, not one has any force of law whatsoever if it is deemed to be in conflict with the provisions of this act.

I know that a number of my colleagues have been persuaded, and I regret that fact, that there is a great urgency and imperative to move nuclear waste. This is all, in my opinion, part of a fabricated, as the Washington Post concluded, contrived argument. They have been at this now for 16 years.

If we were looking at the CONGRESSIONAL RECORD of this very week in 1980, my colleagues, I think, would be surprised, because the thrust of the argument is identical: "Hey, we've got to have this, we've got to have it right away. Waive the acts, waive the laws, we have to get this going."

In point of fact, I call this to my colleagues' attention. CONGRESSIONAL RECORD, July 28, 1980, 16 years ago:

> Mr. President, this bill deals comprehensively with the problem of civilian nuclear waste.

That sounds familiar.

> It is an urgent problem—

That kind of sounds familiar, too, doesn't it?

> Mr. President, for this Nation. It is urgent, first, because we are running out of reactor space at reactors for storage of the fuel, and if we do not build what we call away-from-reactor storage—

That is a little different. We call it interim storage now, but away-from-reactor storage is the same basic concept—

> and begin that soon, we could begin shutting down civilian nuclear reactors in this country as soon as 1983, those predictions coming from the Nuclear Regulatory Commission and the Department of Energy.

That is 1980.

As of 1983, 13 years ago, not a single nuclear utility in America has shut down because it has run out of space. So when we use "contrived" and "fabricated," that is precisely the language to describe it.

That is why every environmental organization in America that I am aware of has examined the preemption sections and have concluded that it would be bad, bad public policy. From the Sierra Club to public-interest groups to Citizen Awareness to the League of Conservation Voters, and many, many more.

So I hear my colleagues often talk about this, the proponents of this bill, that this is an important piece of environmental legislation. Let me be clear. This is an important piece of environmental legislation, yes, because it would be a disaster repealing, by implication and by expressed language, all of the provisions that have been enacted for more than a quarter of a century as it relates to this process.

So that is why in a letter that has been sent to the Democratic leader, the administrator of the Environmental Protection Agency, Ms. Browner, has specifically referenced the fact that this would be a preemption.

I quote her letter when she indicates:

> EPA is also concerned with provisions of S. 1936 and the substitute amendments—

The one that we are addressing right now—

> which preempt the environmental protections provided by other environmental statutes. Section 501 in the bill and amendment preempts all Federal, state, and local environmental laws applicable to the Yucca Mountain facility if they are inconsistent with or duplicative of the [specific piece of legislation we are talking about].

So I think that the colleagues who want to say to themselves, well, in this debate who has more credibility with respect to whether or not this is preemption? The agency under the law, the Environmental Protection Agency's Administrator has been very clear. It is clearly a preemption. The environmental organizations in America who have looked at this all have concluded that it is a preemption and, for that reason, would be an environmental disaster.

But may I say, just plain ordinary English, just read it. It could not be clearer. "If the requirements of any Federal, State, or local law (including a requirement imposed by regulation or by any other means under such a law) are inconsistent with or duplicative of the requirements of the Atomic Energy Act * * * or of this Act, the Secretary shall comply only"—only—"with the requirements of the Atomic Energy Act * * * and of this Act * * *."

So, Mr. President, I think it is beyond refutation, beyond argument. Why is that important? My colleague from Nevada, in a moment, will expand upon one aspect of that, and that is the transportation issue.

Let me just say, to give a little flavor of this, that it is contemplated, under this piece of legislation that would create an interim storage facility, that 85,000 metric tons of fuel would be shipped from existing commercial reactors and transported to the Nevada test site in Nevada. That is about 6,200 shipments by truck, about 9,400 by rail. Some have indicated those numbers understate the amount.

Each truck cask weighs 25 tons, each rail cask up to 125 tons. Each rail cask—that is the one that is 125 tons—contains the radiological equivalent, in terms of long-life radiation, of 200 Hiroshima bombs. So when we refer to this as a "mobile Chernobyl," this nuclear waste is rolling through your community. My colleague will address that in more detail. Fifty-one million Americans live within 1 mile of one of the rail or highway transportation routes that would be involved in the transshipment of these 85,000 metric tons.

I may say that my friend from a previous life—the distinguished occupant of the chair—his State knows well the circumstance because his predecessors, in the aftermath of Three Mile Island, were very much involved in a debate because much of that waste would have gone through the St. Louis metropolitan area.

I just say that the transportation route which I know my friend fully understands contemplates 6,000 shipments that will move through St. Louis, just to cite one particular State and a large metropolitan area that would be exposed to this risk. Let me just repeat, before yielding to my colleague, that each one of those rail casks, 125 tons, with the radioactive equivalent of 200 Hiroshima-sized bombs—now, admittedly, the truck casks are slightly different; they are 25 tons—so let us say that each one of those shipments roughly would contain the equivalent of 40 Hiroshima-sized bombs in terms of the amount of long-lived nuclear radiation that would be involved.

So when we are talking about preempting all of these laws, this is not just a law school or academic or esoteric issue. This is something that has been designed by Democrats and Republicans alike over a quarter of a century and is designed to protect Americans everywhere—everywhere. We are talking about 43 States that would be involved in this transportation route. So I know that many of our colleagues have heard our arguments and are perhaps weary of them.

But let me urge them to look at these preemption provisions. They are antienvironment. They are opposed by every environmental organization in America. We are not just talking about some technical, abstract proposition. We are talking about the full panoply of environmental laws designed to protect all Americans. Very clearly, what the amendment offered by the Senator from Alaska would do, it would do the same, in my view, as the language in the present bill and simply say that, if any of these provisions conflict in any way with the provisions of this act, they simply are to be ignored and set aside.

I reserve the remainder of my time, and yield the floor.

Mr. MURKOWSKI. We have one-half hour remaining. Senator JOHNSTON has indicated that he would like to respond very briefly for 2 minutes, and then I intend to recognize the Senator from North Carolina for approximately 5 minutes.

The PRESIDING OFFICER. The Senator has 24 minutes remaining.

Mr. JOHNSTON. I thank my colleague for yielding.

I want to briefly reply to a statement that was made a little earlier by the Senator from Nevada, quoting me a few years back saying that nuclear powerplants were running out of space. The fact of the matter is, that statement was true.

What has happened since that time is two things. First, there has been a regulatory and technological change in allowing what is called reracking or a greater density of nuclear rods in the swimming pools, using more boron and a change in licensing.

The change in licensing, obviously, was not under the control of the utilities, and they have allowed that. I might say that is now at its maximum. Some would say that the NRC is flirting with the safety question by allowing such density of reracking.

But, in addition to that, Mr. President, some utilities have been forced to buy their own dry cask storage at great expense. The Surry VA nuclear plant has been required to do so, the Calvert Cliffs plant in Maryland has been required to do so, and Northern States Power in Minnesota has been required to do so.

As mentioned earlier, according to the decision just rendered by the D.C. Court of Appeals, that will become, on January 31, 1998, the responsibility of the Federal Government to pay for.

That is really what is at issue here in the interim storage. That is, if we do not build interim storage, then the Federal Government is going to have to pay for the dry cask storage on site for a host of utilities, not just the three which have it now, but for a host of utilities all around the country.

So, ratepayers and taxpayers will be paying twice, first, with the nuclear waste fee, and, second, with the damages which will be assessed to the Federal Government to pay for the dry cask storage. That $5 billion additional fee for damages to the Federal Government can and should be avoided. That is what we seek to do in this legislation. I thank my colleague.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. FAIRCLOTH. Mr. President, if ever we have had a commonsense solution to a complex problem come through the Senate, it is S. 1936. It is a sensible way to deal with the high-level radioactive waste that has been accumulating in 110 commercial nuclear units throughout the country.

Regrettably, Mr. President, this bill has been met with wave after wave of opposition based on emotion and ulterior motives rather than the true scientific facts of what we are dealing with.

It is now time for this Senate to stand up and make workable decisions using the facts, those facts that we know and have been proven, and ignoring the conflicting rhetoric, no matter how loudly it is expressed.

As chairman of the Subcommittee on Clean Air, Wetlands, Private Property and Nuclear Safety, I am fully confident S. 1936 is a proper approach that will ensure the storage, disposal, and transportation of spent nuclear fuel and will be accomplished under all necessary safety requirements.

Mr. President, it has been brought up that safety is not really the issue here. Opponents wish to use safety as a stalking horse, because by keeping spent fuel in a state of uncertainty, they can argue that no more nuclear plants should be built and current plants should be closed.

The strategy is very simple: Confuse the debate when you do not have a legitimate argument. This is really not about disposal of spent fuel. What we are really talking about here is the future of nuclear energy as a generator of power in this Nation.

The Federal Government has a legal responsibility to take the utilities' spent fuel. This is a legal responsibility. Last week, the U.S. Court of Appeals for the District of Columbia Circuit ruled the Department of Energy must begin accepting this waste by January 1, 1998, an obvious ruling considering the clear requirements of the Nuclear Waste Policy Act of 1982. It seems that just about everybody understands this except the Department of Energy.

Taxpayers are not paying for spent fuel disposal. Fulfilling their part of the bargain, electric utility customers have contributed $12 billion into the nuclear waste fund, $344 million from North Carolina alone. Now, it is time for the Federal Government to live up to its part of the bargain.

Utilities do not have enough onsite spent fuel storage space to permit electrical production to continue for the entire life of their plants, which is 40 years, and possibly many, many more. The Federal Government has to fulfill its responsibility and start taking the spent fuel.

If we continue to accept delays, inexcusable delays that have plagued this program, the same utility customers will be forced to pay twice and finance the expansion or new construction at existing plants to store spent fuel. Those who advocate delaying centralized storage believe it is better, instead, to store spent fuel at 110 nuclear units around the country than in one area. If ever there was a false idea as to the safety of storing it, it is to have it in 110 different locations.

Mr. President, let me address the concern that has been raised about the transportation of nuclear fuel. The Federal Government currently transports spent fuel from foreign research reactors in the name of reducing the risk of proliferation. We do it very well. The Navy moves spent fuel for temporary storage in Idaho, and utilities transport fuel between stations. Transporting and storing fuel is one of the few things we do very well.

There is absolutely no reason for any further delay, and there are many compelling reasons to move forward. We must pass S. 1936 to demonstrate fiscal responsibility and to fulfill the promises made by the U.S. Government on which, in good faith, the Nation's electrical utility customers have relied.

Once again, let me repeat, this is not about the waste. It is not about the disposal of nuclear waste. It is about the future of nuclear energy in this country. That is what the opposition is fighting.

The PRESIDING OFFICER. The Senator from Idaho controls 15 minutes and 45 seconds, and the other side has 15 minutes.

Mr. REID. Mr. President, if anyone has any question about where the money is on this issue, where the big lobbyists stand, all we need to do is walk out this set of doors to my right prior to the next vote being called and you will find a sea of lobbyists. This is one of the heaviest lobbying jobs we have ever seen.

There are always promises about this bill, through the various incarnations of the legislation, that it is going to get better. Mr. President, 1271 was introduced. They said it was not quite good enough and tried to make it better. Thereafter, 1936 was introduced and they said it was a better bill. Now we have a number of substitutes that allegedly will make it better. None of them make it better.

I have been a member of the Environment and Public Works Committee my entire time in the Senate. I love working on that committee. I have served as chairman of the subcommittee that dealt with chemicals and pesticides. We held significant hearings on a drug called Alar, put on apples, grapes, cherries, to prolong their lifetime. It was poisonous. It made people sick, we believed, and is no longer used. We had hearings on lawn chemicals, fungicides.

Mr. President, I am, almost for lack of a better word, offended by someone saying that this amendment will ease the environmental laws. The environmental laws are preempted. They take away all the Federal laws, laws we have worked on. I cannot imagine, for example, the chairman of the full committee thinking that legislation like this is good, legislation that I know he has fought for on a bipartisan basis, including the Clean Water Act, Clean Air Act, Safe Drinking Water Act, Superfund—these laws are all preempted by S. 1936.

My colleague, the Senator from Nevada, did a good job of explaining why this does not answer the problems. It is as bad with this amendment as without the amendment.

We have talked about this legislation being unnecessary, and it is unnecessary. The Nuclear Waste Technical Review Board is not biased toward either side. A group of 12 scientists, eminent scientists, said that transportation of nuclear waste at this time is unnecessary and wrong. Their conclusions were driven by careful and objective examinations of all the issues. They concluded that centralization of spent nuclear fuel, high-level nuclear waste, makes no technical sense, no safety sense, or financial sense.

They found that there is no need for off-site interim storage. They also decided that transportation under this bill is extremely risky. Why do they say that? They say it because it doesn't permit what is absolutely necessary—that is, planning and preparation to make sure that the public health and safety is protected during this massive undertaking.

Mr. President, we are not talking only about the people of Nevada, we are talking about the residents of 43 States. Nobody ever responds to the transportation issue. People are concerned in this Chamber about garbage being hauled across State lines. I don't know how many sponsors there are on the legislation, but I am one of those that think there should be some rules about transporting garbage. Well, this is real garbage. This is real garbage. This is worse than any plastics, or paper, or hazardous waste that you might throw in the garbage. This is real garbage.

In the past, we have had roughly 100 shipments per year of nuclear waste, but they have gone short distances, and most of these were between various places in the eastern part of the United States in reprocessing facilities.

Mr. President, this legislation is a concern to people all over the country. I received in my office a letter from someone in St. Louis, MO. I did not ask for the letter. I got it in the mail. A resident of St. Louis, MO, sent to me in the mail a newspaper from St. Louis. It is dated the middle of June. This newspaper is the Riverfront Times. One of the lead stories in this publication is "Gateway to the Waste, Not to the West."

This article says a number of things. One of the things it says is this:

> No matter how slim the odds of an accident, the potential consequences of such a move are cataclysmic. Under the plan, tons of radioactive materials would likely pass through the St. Louis area by either truck or rail a few times a week for the next 30 years.

We guess about 6,000 truck and train loads would pass through this site.

The article goes on to say:

> Each cask would contain the radiological equivalent of 200 Hiroshima bombs. Altogether, the nuclear dunnage would be enough to kill everybody on earth.

That is why people all over the country are concerned about this nuclear poison. "Safety last" is the hallmark of this legislation. This is not a Nevada issue; it is a national issue. Why? It is a national issue because we have train wrecks that have occurred all over the United States.

Look at these pictures. Here is one in Ledger, MT. If you want to talk about a wreck, this is a real wreck. This is a mutilated train outside Ledger, MT. We also had one thousands of miles away, a recent train wreck that occurred in Corona, CA. This closed down I-15 for about 4 days, off and on, which is the main road between Los Angeles, CA, and Las Vegas, NV. Fire burned for a long period of time.

Also, Mr. President, we had a train wreck that occurred in Alabama a little over a year ago. Some of the people watching this will remember. A barge, in effect, nicked this train trestle, and the next time the train went through, it did not go all the way through. It dumped people in the river, killed people.

People are concerned about transportation, and they should be concerned about transportation, because we have been told by those who know that we should not be transporting nuclear waste. There is no need to do it. The Nuclear Technical Review Board said there is no reason to do it. They are 12 nonpartisan scientists who are trying to do the best thing for the country.

Mr. President, this spent nuclear fuel—we talk about Nevada, but it originates someplace. We have here a chart that we will talk about later. It shows the funnel effect of transportation. Thousands, tens of thousands of loads of spent nuclear fuel will be shipped and eventually wind up in a tiny spot in Nevada. But in the process of getting there, these thousands of shipments will go into 43 different States.

Mr. President, these shipments start somewhere. They don't start in Nevada. We don't have nuclear fuel. This is a risk to all States of the United States, not just Nevada. The industry and the sponsors of this bill would like you to believe that transportation is risk free. Well, it isn't. There have been truck and train accidents involving all kinds of things, including nuclear waste. We have been fortunate that there has not been a great dispersion of this nuclear poison. There will be more accidents because there will be tens of thousands of more loads of this.

The industry will tell you that the probability of an accident is not great. Well, probabilities have an inevitable result, and if you push them long enough, the adverse will occur. The day before Chernobyl, the probability of such an accident was extremely low. The accident happened and the consequences were enormous. Now, the probability of another one is much more significant than it was. The same potential exists here.

Mr. President, under this legislation, as the Nuclear Technical Review Board said, we have not made the necessary investments to assure capable responses to accidents. I talked about a few of these train wrecks. We know that if they are moved, they are subject to terrible violation. We know that the casks have been developed to be protective of fire. Yes, fire for 30 minutes.

We know that recently—in fact, last year—we had a train that burned for 4 days. What will a cask do that is safe for 30 minutes of exposure to fire at temperatures of 1475 degrees? Well, it is pretty tough to understand that when we know that diesel fuel burns at an average temperature of 1800 degrees.

Most of the trucks and trains use diesel fuel. Diesel fuel has had occurrences where the heat was 3200 degrees Fahrenheit. So why only 30 minutes? Why 1475 degrees? It simply will not protect us, Mr. President. They also say, well, you can get in a wreck—they have a little film in the industry, which they will show you. You will see this truck firing down and the cask shoots off of it. Well, the casks are safe if the accident occurs if you are only going 30 miles an hour. If you are going faster, you have big problems. The cask will break, and you are in trouble.

I don't know how many would think that this train accident here occurred when the train was going 30 miles an hour. The damage to this vehicle had to have occurred at more than 30 miles an hour. We all know—because we have watched trains go by—that trains do go 30 miles an hour once in a while, but not very often. So having protection at 30 miles an hour simply doesn't do the trick.

We have residents, Mr. President, along this route—over 50 million of them—within a mile of where this poison is going to be carried. The term "mobile Chernobyl" has been coined for this legislation, and rightfully so. A trainload of waste may not contain the potential that Chernobyl provided—with death and destruction in its wake, and people are still dying from that —but the risk is still there.

People know the risk of this poison. This is something that we have talked about early on, about people waiting after one of these accidents to find out what dreaded disease they are going to get. The odds are that they will get something. We have had that experience in Nevada. We know that the above-ground nuclear tests made a lot of people sick, Mr. President. Most of the downwinders were in east-central Nevada and southern Utah. They got real sick. So transportation is something that has not been answered, it has not been responded to, and it should, because transportation of nuclear waste is something that we simply do not know how to do yet.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho, [Mr. CRAIG] is recognized. The Senator from Idaho has 15 minutes 16 seconds.

Mr. CRAIG. What remains on the other side?

The PRESIDING OFFICER. The Senator from Nevada has 2 minutes 11 seconds remaining.

Mr. CRAIG. Mr. President, will you signal me when I have spoken for 10 minutes?

Mr. President, we have heard a series of statements by my colleague from Nevada that I think the least you could say about is that they were subtly inflammatory. The worst you can say about them is that they are shocking; alarming. The only problem is, if they were true, they might be that. But they are not true. Science argues it, the law argues it, and the facts argue it. There is nothing worse than a picture of a train wreck which my colleague from Nevada has put forth; very dramatic.

If there had been a cask of spent nuclear fuel in the middle of that train wreck, it would still be there and it would be whole and it would be unbreached. That is the evidence. While my colleague from Nevada would argue that these tests are at 30 miles an hour, what it shows is that, in speeds in excess of 150 miles an hour, there might be a potential of breach. My colleague from Nevada is right. You rarely see a train that moves less than 30, although I have never seen one moving at 150.

Mr. REID. Mr. President, will the Senator yield for a question?

Mr. CRAIG. I am happy to yield for a question; a question, not a statement, or I will take my time back. Thank you.

Mr. REID. Will the Senator inform me and the rest of the Senate where the 150 miles an hour information comes from?

Mr. CRAIG. The 150 miles an hour we talk about in relation to the science that was developed to an "unyielding surface." I believe that is the term that is used in the test. That was the result of the calculation which was a product of Sandia National Laboratory, so, I guess I could say, from the best engineers in the country who know how to look at the science and the engineering involved and come up with those calculations.

The most I can say—and I think my colleagues deserve to hear this—is that the language that has been offered and the statements that have been offered this afternoon by my colleague from Nevada as it relates to transportation are simply misleading.

By the way, when you talk of Chernobyl or you talk of Hiroshima and you talk of explosions, casks do not explode, period. There is no one in the scientific field today who would make that argument. If they were breached, they would release radioactivity, but they do not explode, and it is unfair to in any way paint the verbal picture that that kind of risk would be involved.

What the paper from Missouri did not say was that waste now traffics through St. Louis, MO, and it has for a good number of years in its route across the country to the State of Idaho, or to other States where the waste ultimately finds a temporary storage destination.

So for this to be something new in the city of St. Louis is not true. What is important to say about it is that in all the years that it has been trafficked by our Federal Government, there have been no accidents that resulted in any radioactive spill. That is what is important to understand here. I think that is the issue that is so critical as we debate this.

The amendment we have before us is very clear. It says that DOE must comply with all Federal, State, and local laws unless they are inconsistent, or duplicative with the requirements of S. 1936.

My colleagues from Nevada could list all of the Federal laws in the country; every one of them. You can just pick and pull. The point is that, if they are duplicative, then we have already met the test. Why ask somebody to repeat and repeat again only for the exercise, the futility, if you have already made the determination? Would we list all of the defense laws in the country? Pick any law you want. That is not the issue.

The issue is the question of compliance being responsible, being environmentally safe, and humanly safe. I must say that, based on the record that we have already demonstrated in this country by the transporting of the high-level waste of the Defense Department, we have a spotless record.

So it is impossible to argue unless you really wish to only characterize this for the purposes of a motion.

Mr. BRYAN. Will the Senator yield?

Mr. CRAIG. I have no more time to yield. Thank you.

In this issue, emotion sometimes works and scare sometimes works, and I understand that. I have no concern about that. The citizens of my State are very frustrated, as I know the citizens of the State of Nevada are. But what the citizens of Idaho have to admit is that in the years that nuclear waste has been transported to Idaho or through Idaho there has never been a spill. It has been transported safely. Idaho has been concerned about it and has repeatedly checked on it, and as a result of all of that, it has been done in a very safe way.

The Hazardous Materials Transportation Act that S. 1936 complies to, the responsibility that States and authorities have under that act and that the local communities have under that act to assure the safest of transportation, is exactly what we are achieving here. It is my intent, and it is the intent of the Senator from Alaska and the Senator from Louisiana, to assure this Senate that within the capacity of the law and in the capacity of science and engineering today, this is safe. History proves it to be safe. There is no way to argue an example where it has failed or has been unsafe.

At this time, I would like to yield 1 minute to my colleague from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. I thank my colleague for yielding, Mr. President.

I simply wanted to quote from the Nuclear Waste Technical Review Board of March 1996 on the question of transportation risk. The Technical Review Board has been quoted by both sides here today, but this bears directly on the question. It says:

> The Nation has more than three decades of experience transporting both civilian and DOE-owned spent fuel. In 1997, 471 shipments were made, 444 of which were by truck. In the 1980's, 100 to 200 such shipments were typically made each year. Numerous analyses have been performed in recent years concerning the transportation risks associated with shipping spent fuel. The result of these analyses all show very low levels of risk under both normal and accident conditions. The safety record has been very good and corroborates the low risks estimated analytically. In fact, during the decades that spent fuel has been shipped, no accident has caused a radioactive release.

Again, from the Nuclear Waste Technical Review Board of March 1996.

Mr. MURKOWSKI. How much time is remaining?

The PRESIDING OFFICER. The Senator from Alaska has 6 minutes, and the other side has 1 minute left.

Mr. MURKOWSKI. I will make a relatively short statement.

Mr. President, again I would like to refer specifically to what this amendment does and what it does not do.

The amendment simply states that if there are provisions of law that are inconsistent with specific terms of this bill, then this bill is applicable. This bill will govern.

Now, the Senators from Nevada would ask that the Department of Energy attempt to comply with inconsistent laws.

I can only assume that they ask this because they know it is impossible to do. That is a catch-22. That is simply a recipe for delay, a recipe for additional expense, a recipe for additional litigation and full employment for a lot of lawyers. Instead, we offer a responsible provision which clarifies that while the Department of Energy will comply with this act, if any Federal, State, or local law is not in conflict with this act, those laws will be complied with.

I reiterate—this is a unique, one-of-a-kind facility. That is why we are here today. We are designing laws to fit this facility. That is why we are debating this legislation. It is not designed to do anything more than address this facility. Other laws are designed for a broad breadth of activities. This is unique. It contains a carefully crafted regulatory program, as I have said, governing this facility only. The position of the Senators from Nevada, I think, results in confusion and attempts to thwart the will of Congress as expressed in this very unique piece of legislation designed for one thing.

Let me just mention the transportation aspect because I have had an opportunity to observe transportation of high-level nuclear waste in Great Britain, in France, and Sweden. To suggest that American technology cannot safely develop a system and casks necessary to transport this waste is simply unrealistic. It is moving by rail in France. One can go into a nuclear plant and see cars on the sidings that were designed to carry the casks. It is moved in Scandinavia by special ships that have been built that traverse the shores of Sweden unescorted. They are in casks. They are specially crewed from the standpoint of the training, but it is not Government employees, it is a shipping line, and they have a proven record of safety.

We have seen this high-level nuclear waste moved in Europe by highway in casks with appropriate measures. If Members will recall, there was a thought given a few years ago to the utilization of a Boeing 747-400 to move high-level waste from the Orient to Europe, primarily because the Japanese were interested in bringing their waste back to France for reprocessing. So you would be basically moving waste that contains plutonium. The question quite legitimately came up, can you design a cask to withstand a free fall at 30,000 feet? And the answer was, yes, it can be done. It will cost a good deal of money.

What we are talking about here is a realization that we have moved this material for an extended period of time throughout Europe. We have moved it in the United States to a lesser degree. But if we adopt this legislation and if Yucca is the interim site for a repository, to suggest that we cannot move it safely defies realism, defies the experience that other countries have had, and I think it sells American technology short.

I see no other Senator at this time who desires to speak, and I reserve the remainder of my time pending the disposition of the pending amendment.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Nevada [Mr. BRYAN] is recognized.

Mr. BRYAN. I thank the Senator.

Let me respond briefly. The Senator from Idaho was unable to respond to my question because of time limitations, but he was going on at some length as to why the Senators from Nevada would insist that there, in effect, be a duplicative experience when the law already covered it.

A point I want to make very emphatically is the Senator from Idaho is quoting from only a part of the preemption language. The preemption language, in effect, says that if the requirements of any Federal, State, or local law are inconsistent with—inconsistent with—or duplicative. So the point I made, I think, is a telling one and one that is irrefutable, in my opinion, namely that all of these environmental laws that we talked about, if there is a conflict, do not apply.

I must say that in terms of public policy, putting aside one's view for the moment of how you feel about nuclear waste and any urgency that may or may not be present, what a disastrous public policy it is to wipe out the environmental laws, and that is why every environmental organization has opposed this language and that is why the Environmental Protection Agency has strongly resisted it.

Let me talk a moment about the casks, and we will talk a lot more about transportation later on in this debate. The senior Senator from Louisiana cites the numbers that have been shipped around the country. I am sure he is absolutely accurate. But we are talking about something of a scale and dimension unprecedented anywhere in the world—85,000 metric tons, 16,000 shipments. We are not talking about 100. We are talking about 16,000 shipments. The Nuclear Regulatory Commission claims that the cask design will fail in 6 of every 1,000 rail accidents. Built into this, the laws of probability tell us that with the heightened and elevated volume, you are going to have an accident and a failure.

Finally, I would just like to say with respect to the casks, what has driven this entire debate about nuclear waste over the years is how to do it cheaper, how to do it faster. That is where the nuclear utilities are coming from. And so the new casks that are going to be used to store this have not yet been designed and they will be less expensive and subject to less rigorous standards.

The PRESIDING OFFICER. The Senators' time has expired.

The Senator from Alaska has 1 minute and 6 seconds.

Mr. MURKOWSKI. Has all time expired?

The PRESIDING OFFICER. All time of the Senators from Nevada has expired.

Mr. MURKOWSKI. I say to my friend relative to his reference to an unprecedented scale which he suggests will occur, that factually is just not so. As a matter of fact, the French alone have moved 30,000 metric tons of spent fuel—that is spent nuclear fuel. This is the same amount we currently have, or approximately the same amount we have in the United States today.

I remind my colleagues of one other thing. While it is true we do not have support from the environmental movement in this country, the reality is that most of those groups are opposed to the generation of power by nuclear energy. What they do not do is recognize the obligation that since we are nearly 22 percent dependent on nuclear energy, we are going to have to meet the demand with something else. Nuclear power opponents want to terminate the industry, by not allowing the States to have the availability of storage under State licenses. So when one looks at the environmental concern, you have to recognize the environmentalists are not really meeting their obligation, and that is to come up with an alternative.

The PRESIDING OFFICER. The Senator's time has expired.

All time has expired.

Mr. MURKOWSKI. Mr. President, it would be my intention to ask for a voice vote on this amendment unless there is an objection.

The PRESIDING OFFICER. Is there an objection? If not, the question occurs on agreeing to Murkowski amendment No. 5051.

The amendment (No. 5051) was agreed to.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5048

Mr. MURKOWSKI. Mr. President, I call up amendment numbered 5048 which is at the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI] proposes an amendment numbered 5048.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike subsections (h) through (i) of section 201 and insert in lieu thereof the following—

"(h) BENEFITS AGREEMENT.—

"(1) IN GENERAL.—The Secretary shall offer to enter into an agreement with the City of Caliente and Lincoln County, Nevada concerning the integrated management system.

"(2) AGREEMENT CONTENT.—Any agreement shall contain such terms and conditions, including such financial and institutional arrangements, as the Secretary and agreement entity determine to be reasonable and appropriate and shall contain such provisions as are necessary to preserve any right to participation or compensation of the City of Caliente and Lincoln County, Nevada.

"(3) AMENDMENT.—An agreement entered into under this subsection may be amended only with the mutual consent of the parties to the amendment and terminated only in accordance with paragraph (4).

"(4) TERMINATION.—The Secretary shall terminate the agreement under this subsection if any major element of the integrated management system may not be completed.

"(5) LIMITATION.—Only 1 agreement may be in effect at any one time.

"(6) JUDICIAL REVIEW.—Decisions of the Secretary under this section are not subject to judicial review.

"(i) CONTENT OF AGREEMENT.—

"(1) SCHEDULE.—In addition to the benefits to which the City of Caliente and Lincoln County is entitled to under this title, the Secretary shall make payments under the benefits agreement in accordance with the following schedule:

BENEFITS SCHEDULE

[Amounts in millions]

Event	Payment
(A) Annual payments prior to first receipt of spent fuel	$2.5
(B) Annual payments beginning upon first spent fuel receipt	5
(C) Payment upon closure of the intermodal transfer facility	5

"(2) DEFINITIONS.—For purposes of this section, the term—

"(A) 'spent fuel' means high-level radioactive waste or spent nuclear fuel; and

"(B) 'first spent fuel receipt' does not include receipt of spent fuel or high-level radioactive waste for purposes of testing or operational demonstration.

"(3) ANNUAL PAYMENTS.—Annual payments prior to first spent fuel receipt under paragraph (1)(A) shall be made on the date of execution of the benefits agreement and thereafter on the anniversary date of such execution. Annual payments after the first spent fuel receipt until closure of the facility under paragraph (1)(C) shall be made on the anniversary date of such first spent fuel receipt.

"(4) REDUCTION.—If the first spent fuel payment under paragraph (1)(B) is made within 6 months after the last annual payment prior to the receipt of spent fuel under paragraph (1)(A), such first spent fuel payment under paragraph (1)(B) shall be reduced by an amount equal to 1⁄12 of such annual payment under paragraph (1)(A) for each full month less than 6 that has not elapsed since the last annual payment under paragraph (1)(A).

"(5) RESTRICTIONS.—The Secretary may not restrict the purposes for which the payments under this section may be used.

"(6) DISPUTE.—In the event of a dispute concerning such agreement, the Secretary shall resolve such dispute, consistent with this Act and applicable State law.

"(7) CONSTRUCTION.—The signature of the Secretary on a valid benefits agreement under this section shall constitute a commitment by the United States to make payments in accordance with such agreement under section 401(c)(2).".

Mr. MURKOWSKI. Mr. President, this amendment is an effort to clarify the issue of consideration to be provided to Lincoln County, NV. Specifically, it clarifies that assistance money provided to Lincoln County, NV, may be provided to the city of Caliente, NV. Caliente is within Lincoln County and is the actual site of the intermodal transfer facility authorized by the bill. The intermodal transfer facility is where the cask containing spent nuclear fuel would be offloaded from the trains and placed upon the heavy-haul trucks for the final leg of transport to the interim storage facility at the Nevada site. These can be the off highway type, heavy rigs that operate on very, very large tires and make virtually no footprint. That technology is well known. That equipment, off highway, is used in large mineral excavations and various other large commercial earth moving activities that are of an off-highway nature.

Caliente is northeast of the Nevada test site. The reason for it being selected as the intermodal transfer is that point avoids the transportation of casks through the Las Vegas area.

The elected officials of the city of Caliente, in Lincoln County, have taken what I consider to be a very reasonable, very practical approach, a conservative approach to the storage of this nuclear waste in Nevada. I think they recognize the inevitability. In spite of the difficulty with our concerns of our friends from Nevada, this waste has to go somewhere. You just cannot throw it up in the air and expect it to stay there. Nevada is the preferred site, it is a site where we have had over 50 years of nuclear testing of various types, where it has been expressed on this floor we have had test nuclear explosions that have taken place actually below the water table. So clearly, as we look at the alternative, the Nevada test site is the logical site for the interim repository.

So I think what we see here is that Lincoln County, the city of Caliente, has recognized the inevitability of this and they have simply attempted to ensure that the interests of their citizens are protected, and I think that is an obligation that we have. They have maintained, throughout the process, that disposition, despite a series of legal attacks, some rather harsh, on their right to represent their citizens and their freedom of speech by the State of Nevada.

I ask unanimous consent the text of a petition, signed by 286 citizens of the city of Caliente, Lincoln County, supporting this position be printed in the RECORD.

There being no objection, the text of the petition was ordered to be printed in the RECORD, as follows:

We the undersigned, support recommendations for maximizing benefits and minimizing risks as outlined in the City of Caliente/Lincoln County Nevada Joint Resolution 1-95. As residents of the State of Nevada, the United States Constitution provides that if the Nuclear Waste Policy Act is going to be amended to allow transportation of spent fuel rods through Lincoln County and the City of Caliente, we are entitled to provide input to any such proposals. Such input would request oversight of safety issues and receipt of benefits that may be associated to any transportation and/or storage facilities located within Lincoln County.

Mr. MURKOWSKI. I was going to read, "We the undersigned support recommendations" and the rest of the statement, but it is cut off by the Xerox machine, so we will try to get that and enter it into the RECORD. I appreciate the President's willingness to have that printed in the RECORD.

In conclusion, I certainly commend the citizens of Caliente and Lincoln County as a whole. I urge the pending amendment be adopted. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Nevada [Mr. BRYAN] is recognized.

Mr. BRYAN. Mr. President, I yield myself 2 minutes.

Mr. President, let me respond. It is true some citizens of Caliente embraced this. From the time of the Old Testament, there are some who are prepared to forfeit their birthright for a pottage of lentils. I must say, I believe my friends and neighbors in Caliente, those who have advocated this project, are misled and misadvised.

I simply point out if 286 becomes the standard, I am sure we could get 286 Alaskans or Louisianians or others to embrace this. It is part of the nuclear energy industry's attempt to, in effect, buy it. Caliente is a wonderful community. It has endured tremendous hardship in recent years. When I was Governor they wanted to have an incinerator and import hazardous wastes to be incinerated. These are folks who are absolutely desperate. I vetoed that legislation. The present Governor has done similarly.

I understand and sympathize with the economic plight of my fellow Nevadans who live in Caliente, but I must say they have been used and badly used by the nuclear industry with this promise about putting a little money out. For my senior colleague and I, this is not about money, this is about public health and safety of 1.8 million people, and there can be no compromise on that issue. That represents the broad public view in Nevada.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada [Mr. REID] is recognized.

Mr. REID. Mr. President, the Nuclear Waste Technical Review Board, in March 1996, recognized the problems with transportation. They recognized, as the senior Senator from Louisiana indicated, that there have been small loads of nuclear waste that traveled very short distances. But they go on to say—and that is the whole point, that they are in effect legislated out of business, because they said, "the Board sees no technical or safety reason to move spent fuel to a centralized storage facility."

Caliente of course means hot. It is not because it is hot weather. It is because they have hot water in the ground there. That is how this town got its name. The city of Caliente represents 0.05 percent of the people of the State of Nevada, 0.05 percent. They are desperate. We have 17 counties in Nevada. There is no county that is in more desperate economic condition.

Their mineral abilities are gone. Their agricultural interests are very sparse. A lot of land is owned by the Federal Government. And they have really struggled. Caliente was a railroad town. The railroad, in effect, has moved out on them. It does not stop there anymore. People who used to work for the railroads do not work there anymore. It is in deep, deep economic depression.

Senator BRYAN talked about one thing they wanted. They also wanted to start a cyanide plant there. They will take anything, I am sorry to say, they are so desperate for money.

Caliente represents, I think, a subject we want to talk about here. Caliente is remote. It is about 150 miles from Las Vegas. Nevada is, surprisingly, the most urban State in America. Mr. President, 90 percent of the people, approximately, live in urban areas, the Reno-Las Vegas areas. Only about 10 percent of the people live in rural Nevada, as we remember it. We have a lot of areas in Nevada that are lonely.

We have the loneliest road in America in Nevada. But Nevada is not the only place that has remote areas. Utah, eastern Utah is extremely remote. I have driven through parts of Colorado that are as remote as any place in Nevada ever was, as are parts of Arizona and New Mexico. The reason I mention that is we need to understand that not only is transportation a problem for the safety of carrying these canisters—and I say to my friend from Idaho, the 150 mile an hour—they may have run a test at 150 miles an hour, I do not know about that. But I do know the canisters have been certified by the Nuclear Regulatory Commission to this point for 30 miles an hour and for burning for 30 minutes. That is fact. So the 150 miles an hour, I do not know where that came from. They may have run some tests. But certification is for burning at 1,475 degrees for 30 minutes and speeds of 30 miles an hour.

We are concerned about unforeseeable accidents. We have pictures of train wrecks, Ledger, MT, Vernon, CA, Alabama. All over the country they have about 600 train wrecks a year. Most of them, thank Heavens, are not bad, but some are disastrous, like the one that burned for 4 days last year, like the one that closed the freeway between Las Vegas and Los Angeles for 4 days. So we have bad train wrecks.

I am not talking about what I am going to say in just a few minutes, because of what took place with TWA, and what took place in Atlanta with the bomb.

I talked about this 3 weeks ago prior to these horrible incidents. I want the RECORD to show I spoke earlier about these and other threats before these tragic event at the Olympics and TWA incident off the coast of New York.

No one wants to exploit the pain, the suffering, and the anguish of those people. Those of us who serve in the Congress, especially serve the western part of the United States, we seemingly live on airplanes. So, when these accidents happen, we all look inward.

But I must speak to the threat of terrorism, because the nationwide transport of spent nuclear fuel will provide targets of inconceivable attraction to terrorists, both foreign and, I am sorry to say, domestic; we have people who are terrorists within our own country, as indicated in the Oklahoma City bombing and probably in the Atlanta Olympic bombing.

We have enemies and they are not all outside the boundaries of this country. For whatever reason, though, these enemies detest parts of our country, and the foreign operations detest what our country stands for and its values. Our very freedoms are threatened. They dwell on hitting points of interest to the American public. That is why the White House is such a target. That is why this building is such a target. That is why we have a police force of almost 2,000 men and women who protect the people who work in these buildings and the tourists who come to this Capitol complex. That is why the Capitol Police have animals that sniff out explosives, animals that are around at all times looking at cars that come in and out, sniffing to find out if there are explosives. We have bomb detection units. We have bomb disassembly units. All over this Capitol complex, there are plainclothes officers protecting the people who come into this building.

There are people who would do anything to cause terror to this country. So, Mr. President, we have to eliminate whatever we can that allows them targets.

There are many clandestine foreign interests. We know that. Some are led by leaders of countries. They want to publicize their existence and promote their goals through outrageous acts of blatant terror and destruction. What better stage could be set for any of these enemies of our country than a trainload or a truckload of the most hazardous substance known to man, clearly and predictably moving through our free and open society?

You cannot move a 125-ton object on a train that is full of nuclear waste without having it marked and without notifying people it is coming through. These shipments, of necessity, must pass through our most populated centers, which provides opportunity for a successful attack for a terrorist to strike terror and public confidence in our form of Government.

Earlier today, I talked about something I received in the mail from St. Louis. It is a newspaper called Gateway to the Waste. It talks about how in St. Louis they are afraid of nuclear shipments there.

Each cask would contain a radiological equivalent of 200 Hiroshima bombs. All together the nuclear tonnage would be enough to kill everybody on Earth. These shipments would not only pass through populated centers but through remote and inaccessible territory. Remember, I say to my colleagues of the Senate, that the accident that occurred in Arizona occurred in a very remote area. A person went out there undetected and simply took some tools and took the track apart. When the train came over, the tracks spread and death and destruction was in its wake.

The opportunity to inflict widespread contamination to engender real health risk to millions of Americans is apparent. And people say, "Oh, no one would do that."

What happened in Japan? Sarin gas was collected and dispersed. They did not do a very good job. They only wound up killing dozens of people and causing respiratory problems and other forms of illness to hundreds and hundreds of people. That was a failure, even though they caused death and destruction to that many people. If they had done it right, it would have killed thousands.

We must prepare for the realities accompanying a massive transportation campaign that would be required to consolidate nuclear waste at a repository site. We must deter our enemies through readiness and competent response before we undertake this dangerous program.

One of the things the Nuclear Waste Technical Review Board said is we are not ready for this. The Governors' Association hired some people to conduct a test to see how the State of Nevada—this was not done by the State of Nevada, but the Governors' Association did it to find out how Nevada is prepared—now remember, Nevada has dealt with things nuclear before with aboveground and underground nuclear testing—how we would deal with nuclear waste transportation through Nevada if something went wrong. We are not ready, not even close. If we are not ready, you can imagine how other States are. We must assure our citizens we only have to undertake this dangerous venture once. It is paramount we do it right the first time.

There is a growing danger in this country from both domestic and international terrorism. Exposure of this substance can lead to immediate sickness. It is much worse than sarin gas. Early death, and for less acute exposure, to years of anxiety and uncertainty as the exposed populations wait helplessly for the first onset of thyroid cancer, bone cancer, leukemia, liver and kidney cancer, and on and on.

We know that we must be prepared, and we are not prepared. The comprehensive assessment of its capacity to respond and manage a radiological incident in Nevada did not work out well. That is the way it is all over the country.

Mr. President, why are we concerned about terrorist incidents? We have weapons that are almost unbelievable. Most of us in this Chamber have gone shooting with a shotgun. We know how big a shotgun shell is.

Here we have a shell not even double the size of a shotgun shell, and this is a shaped charge warhead terrorist tool. it is 1½ inches in diameter and 4 inches long and, as described by scientists, it kind of works like a watermelon. When you squeeze the seed of a watermelon it squeezes the liner material and squirts out. This will pierce 5 inches of steel. That is what this chart shows.

Mr. President, if the Presiding Officer wanted to buy a weapon to spread terrorism around the United States, he could do it. It might take you a week, 2 weeks, but if you have money, you can buy from an arms dealer. I have pictured one weapon. We have lots of other weapons we can show, but this one weapon is a Russian version of a portable antitank weapon. This weapon is pretty accurate. At 330 yards, you can hit a target the size of my fingers here. It weighs 15 pounds. That is all it weighs. This weapon is a little more powerful than the one I just showed you, because this will fire 330 yards. It will go through 16 inches of steel.

The typical rail canister of nuclear waste is about 4 inches of steel plus some lead and some water. A piece of cake for this weapon that I just showed you.

But, Mr. President, weapons are all over, easy to pick up and purchase, weapons weighing 16 pounds, 22 pounds, penetrating up to 3 feet of steel.

You might say, no one could afford this. These weapons you can buy for $5,000, $10,000. That is all they cost. Buy a few shells with them. These are antiarmor weapons.

The reason, Mr. President, we should be concerned about this is that all nuclear waste is funneled into one small part of our country. It starts out this big with tens of thousands of shipments, but the more it goes, by the time it gets to Colorado, the circle is that big, and all through these parts of the country, Mr. President, you keep narrowing the scope. It is becoming easier and easier the farther west you go, the more remote it becomes, and the more concentrated volume of nuclear waste will be shipped there.

If I were a terrorist organization, this would be a piece of cake. These weapons will fire up to 300 to 400 yards. They are in very remote areas. You can go places in Nevada, Arizona, and Colorado where people do not go for days. Along those railroad tracks, you can be out there, camp, and all you are going to be interrupted by are the trains coming by. That is why they have been unable to catch the person in Arizona because he could have been gone for a day before the tracks separated, or longer.

So what are we going to do? I think what we should do is do what the Nuclear Waste Technical Review Board did and say, let us not subject the world and the country to the spread of this nuclear poison. We have not invested in the transportation planning. And the preparations are absolutely necessary for the safe transportation of this dangerous material through our heartland.

We have not addressed the spectrum of threats to safe transportation and not developed a transportation process that guards against these threats and are not ready to meet the emergencies that could develop because of a nuclear accident or a terrorist act. The Nuclear Waste Technical Review Board recognizes our lack of readiness. That is one of the reasons they argued against the transportation program proposed by this legislation. The lack of readiness, preparedness and careful planning is one of the main reasons I urge my colleagues to vote against this ill-conceived, unnecessary and premature approach to managing nuclear waste for our country.

Mr. President, we are talking about a substance that is the most poisonous substance known to man. We have been told by preeminent scientists, Dr. John E. Cantlon, Michigan State University; Dr. Clarence R. Allen, California Institute of Technology; John Arendt, of Arendt Associates; Dr. Gary Brewer, University of Michigan; Dr. Jared Cohon, Yale University; Dr. Edward Cording, University of Illinois, and on and on.

These people, 12 in number, are eminent scientists with no political agenda, scientists saying we are not ready to move this stuff. It is safe to leave it where it is. Leave it where it is. So we should leave it where it is.

This legislation is unnecessary. It is being pushed by the nuclear lobby. That is why it is being done, to save the nuclear industry money and pass the expense off to American taxpayers.

They are always in a rush—always in a rush. It took us many years before the permanent repository. We got it where science would control what went on. Lawsuits had to be filed. Legislation had to be passed. But that is not fast enough for them. Now they do not want to wait for science, which will come back and tell us in 1998 how the Yucca site is going to be. They are unwilling to wait for that because they want to save a buck.

They want to save a buck by passing the responsibility off to the Federal Government way ahead of time and, in the process, making this country vulnerable to accident by rail or car, and opening our country to more terrorist acts. The terror we have known in the past pales any time we think about what could happen if a terrorist was able to penetrate one of these nuclear shipments.

The PRESIDING OFFICER. Who yields time?

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. I thank the Chair. I would like to comment about the remarks made by my good friend from Nevada relative to the concern we all have, the legitimate concern we have over terrorism. He makes the case that, you know, there is a terrorist threat and therefore we ought to leave it where it is.

Let us look at where it is, Mr. President. The chart behind me shows it is in 41 States. There are 81 sites out there. Is it logical to assume that we are better off to leave it there where it is exposed in 41 States at 81 sites or put it in one place—one place—out in the Nevada desert, where we have had over a period of some 50 years extensive nuclear tests, time and time again, an area where it is concentrated and can be supervised and guarded, namely, the one site in Nevada?

It just does not make sense if you are going to argue the merits of terrorism to have it all over the country, as I have indicated on this chart—41 States, 81 sites—or put it in one place where you can monitor, you can control it, you can guard it. You can take the necessary steps to ensure that the threat from terrorism is at a minimum.

I do not know an awful lot about ballistics, Mr. President, but I know something about a shotgun because I hunt ducks. I cannot comprehend a type of a shotgun that can go 300 yards and pierce through 5 inches of steel. What I do know is what the Department of Energy has supplied us with. They have done eight sabotage studies.

One of those included a 4,000-pound ammonium nitrate bomb that was similar in size, same makeup of what was used in the Oklahoma Federal building. They placed it in a container to see if they could pierce the cask. It was not breached, Mr. President.

Another test—unfortunately, they are not able to disclose this type of technology because it is a black program, but they stated that this device was 30 times larger than an antitank weapon. Although this weapon made a small hole in the container, there was no significant release of radioactivity. Make no mistake about it, if there is a puncture, it is not going to blow up.

The suggestion was made, you are going to have the equivalent of so many times of Hiroshima; if you are going to penetrate that cask, the radioactive material can come out. But it is very, very heavy. As a consequence, its tendency is to remain in the immediate area. But the point is, these casks are designed to withstand, if you will, the exposures associated with an accident, whether it be a railroad, whether it be a ship, or whether it be a highway.

I would like to turn a little bit to attitudes prevailing in Nevada. As I indicated earlier, we have some 268 signatures from Caliente. I have been able to obtain the completed Xerox of the one that I started on earlier, Mr. President, and was cut off. I think it is important to read what these people said, and that has been inserted in the RECORD.

> We the undersigned, support recommendations for maximizing benefits and minimizing risks as outlined in the city of Caliente/Lincoln County Nevada joint resolution 1–95. As residents of the State of Nevada, the United States Constitution provides that, if the Nuclear Waste Policy Act is going to be amended to allow transportation of spent fuel rods through Lincoln County and the city of Caliente, we are entitled to provide input to any such proposals. Such input would request oversight of safety issues and receipt of benefits that may be associated to any transportation and/or storage facility located within Lincoln County.

That is the point of this amendment, Mr. President, to provide that assistance.

Mr. President, I ask unanimous consent that a letter from the International Association of Fire Chiefs, dated July 26, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERNATIONAL ASSOCIATION OF
FIRE CHIEFS,
Fairfax, VA, July 26, 1996.

Hon. FRANK H. MURKOWSKI,
Chairman, Energy and Natural Resources Committee, U.S. Senate, Washington, DC.

DEAR CHAIRMAN MURKOWSKI: The International Association of Fire Chiefs (IAFC) fully supports S. 1936 and urges its prompt passage.

Nuclear fuel has been accumulating and temporarily stockpiled since 1982 at numerous staging locations throughout the United States. The stockpiling of nuclear waste in so many removed locales renders them most vulnerable to potential sabotage and terrorist attacks. A plan to remove this nuclear fuel and coordinate its transport to a single secure designated interim storage facility at Yucca Flat, NV, in accordance with prudent planning, training, and preparation can be a safe, logical and acceptable alternative.

S. 1936 offers a plan to remove this spent fuel and coordinate its transport to a single secure interim storage facility. With proper planning, training and preparation, this spent fuel can be transported safely and efficiently over the nation's railways and highways.

We appreciate your leadership on this difficult but important issue.

Very truly yours,

ALAN CALDWELL,
Director, Government Relations.

Mr. MURKOWSKI. It states:.

DEAR CHAIRMAN MURKOWSKI: The International Association of Fire Chiefs (IAFC) fully supports S. 1936 and urges its prompt passage.

Nuclear fuel has been accumulating and temporarily stockpiled since 1982 at numerous staging locations throughout the United States. The stockpiling of nuclear waste in so many removed locales renders them most vulnerable to potential sabotage and terrorist attacks.

That is what I said before. Do you want it over here in the 41 States in over 80 sites? The fire chiefs say, no, put it in one site.

A plan [they further say] to remove this nuclear fuel and coordinate its transport to a single secure designated interim storage facility at Yucca Flat, NV, in accordance with prudent planning, training, and preparation can be a safe, logical and acceptable alternative. Senate bill 1936 offers a plan to remove this spent fuel, coordinate its transport to a single secure interim storage facility. With proper planning, training and preparation, this spent fuel can be transported safely and efficiently over the Nation's railways and highways.

It is signed by Alan Caldwell, director, government relations, from the International Association of Fire Chiefs.

Here is a petition, Mr. President, to the President of the United States, signed by 600 workers associated with the Nevada test site. I previously entered the specific petition and narrative in the RECORD, but let me read what it says. This is signed by over 600 workers at the Nevada test site.

We who have signed this petition live in the State of Nevada. Many of us work at the Nevada Test Site. Some of us work on the Yucca Mountain project.

The [Nevada Test Site], an area larger than the State of Rhode Island, was chosen as a nuclear weapons testing site by President Truman. Its dry climate and remote location made it ideal for weapons testing 45 years ago. Those same factors make the NTS ideal for storing high level nuclear waste and spent nuclear fuel. There is now, in southern Nevada, a resident work force that is well trained and experienced in dealing with nuclear materials. We, who are part of that work force, believe the NTS presents a solution for the United States for the temporary and permanent storage of high level nuclear waste and spent nuclear fuel. It is a well secured site, it is remote, it has already been utilized for nuclear purposes, it has an experienced and well-trained work force and we as Nevada workers, want it.

We urge you to work with Congress to make the NTS the solution to this Nation's nuclear waste dilemma.

There you have it, Mr. President.

How much time is remaining?

The PRESIDING OFFICER. The Senator from Alaska has 17 minutes 8 seconds.

Mr. MURKOWSKI. I read the following letter from the Southern Nevada Building & Construction Trade Council, dated July 23, a letter to Senator CARL LEVIN.

DEAR SENATOR LEVIN: I am writing to thank you for your support of Senate Bill 1936 and I urge you to continue that support.

I am a representative of the many working men and women of Nevada who strongly support the passage of S. 1936.

Although we more often than not support the positions of Senator Harry Reid and Senator Richard Bryan, our views on this particular issue differ significantly from theirs. On behalf of my members I urge you to continue your support of S. 1936, as reflected by your recent vote in favor of cloture. We sincerely thank you for your position.

As way of introduction, I am President of the Southern Nevada Building and Construction Trades Council, Vice President of the Nevada AFL–CIO, and serve as an appointee of Nevada Governor Bob Miller to the Nevada Commission on Nuclear Projects. I have followed the nuclear waste issue in Nevada for many years. My years of experience at the Nevada Test Site goes back to a time when Nevada elected officials actually sought the opportunity to store high-level waste at the Test Site.

The 18,000 craftsmen that I represent, as well as over 100,000 members of the Nevada AFL–CIO, feel strongly that the Yucca Mountain Project is safe and can be good for Nevada. We recognize, perhaps better than most, the importance of health and safety in dealing with high-level waste and nuclear materials. We have dealt with it for many years and as the workers handling this material we have the most to lose if this program is not safely run. Based upon our past experience in Nevada, we have a great deal of confidence that this facility will be safe.

Nevadans are pragmatic people and I believe that, contrary to statements made by some Nevada officials, many if not most Nevadans would not contest the location of this facility in Nevada. Remember that we have tested over 900 nuclear devices in the Nevada desert with little local opposition. Like the nuclear weapons testing program the nuclear waste program is essentially a non-issue among rank and file Nevadans. We find it extremely difficult to imagine that you could possibly find a more willing political climate anywhere else in the United States for this type of facility.

We understand that you may have been asked, by members of the Nevada delegation, to oppose legislative efforts to move the nuclear material storage program forward. An immense amount of scientific study has been conducted at Yucca Mountain and it has conclusively found the location to be a superior one for this type of facility. Some officials from Nevada have made a concerted effort, using every conceivable means, to thwart this scientific and environmental program.

Enclosed you will find petitions signed by many Nevadans who support passage of this legislation. We intend to meet with the White House shortly to express our position and to transmit the petitions. Our message to the President will be: Move this program forward—do not allow partisan politics to stand in the way of a solution to this problem. Any other approach would be both bad politics and bad public policy.

As a fellow American, a fellow Democrat, and as a representative of the working men and women of Nevada, I urge your continued support of S. 1936.

It is signed by Frank Caine, president of the Southern Nevada Building Construction & Trade Council.

Mr. CONRAD. Will the Senator yield?

Mr. MURKOWSKI. I do not attempt to speak, obviously, for the people in Nevada. That is the job of the Senators from Nevada. I do think it represents a significant voice to be heard and to be brought to the floor.

I yield on the Senator's time.

The PRESIDING OFFICER. The Senator from North Dakota has no time.

Mr. MURKOWSKI. I yield very briefly for a question if it is on my time because we are running short.

Mr. CONRAD. I have been increasingly concerned about the notion of the terrorist threat, and I am very interested in the answer of the Senator from Alaska.

It strikes this Senator, when you are talking about 100 different locations in the shipment of nuclear fuel from around the country to a single spot, that the risk of a terrorist threat increases dramatically; I just ask the Senator from Alaska, in talking to security people—in fact, I talked to Secret Service people about when the President is most vulnerable, and they told me they believe the President or anybody that they are guarding is most vulnerable when they are in transit. In fact, they feel they are most vulnerable when they are getting in or out of the vehicle.

I was thinking how that relates to the circumstances we face here. We saw that with President Reagan and the assassination attempt when he was getting into a vehicle. Rabin was assassinated when he was getting into a limousine, because you know where a person is, you know where they will be, that is when they are most vulnerable.

It strikes me that the same thing may be the case with respect to the transporting of these materials, and I am interested in the reaction of the Senator from Alaska to that.

Mr. MURKOWSKI. If I may respond to the Senator from North Dakota, that is the very point we are talking about. Terrorism is a threat, but we have this currently in 41 States at 81 sites, and the ability to secure those sites from terrorism in its current form is much more difficult than having it in one central spot, because that is where it will be permanently stored, either until Yucca Mountain has a permanent repository or, during the interim, until the permanent repository is set.

What we are looking at here is one site, one storage capability, one set of experienced personnel to guard against terrorist activity, as opposed to the chart, which I will again leave for the Senator to view, 41 States and 81 sites.

It just simply makes sense. The Senator from North Dakota was not here when I entered into the RECORD a letter from the International Association of Fire Chiefs which simply says:

> . . . so many removed locales renders them most vulnerable to potential sabotage and terrorists attacks. A plan to remove this nuclear fuel and coordinate its transport to a single secure designated interim storage facility at Yucca Flat, NV, in accordance with prudent planning, training, and preparation can be a safe, logical and acceptable alternative.

So this is the very concern we are talking about. Obviously, you are not going to store in these sites forever. That is a given. You have to take it out of these sites at some point in time. The Federal Government has collected almost $12 billion from the ratepayers. It has entered into a contractual agreement. We are talking about reneging on the agreement, basically, if we don't go ahead with it, and leaving it where it is for an undetermined period of time until then you decide to move it. It is inevitable that you are going to move it. We are talking about here—once you move it, the threat of terrorist activities associated with it are much reduced because you don't have that number of sites in that exposure in the 41 States.

So the logic, I think, speaks for itself. I think, from the standpoint of terrorism, exposure is less dramatic if you have it at one site where it is easier to secure.

I think my time has about expired.

The PRESIDING OFFICER (Ms. SNOWE). The Senator has 8 minutes remaining.

Mr. CONRAD. Might I ask my colleague to yield me some time so I might pursue this?

Mr. BRYAN. How much time does my friend require?

Mr. CONRAD. A couple of minutes.

Mr. MURKOWSKI. How much time remains on the other side?

The PRESIDING OFFICER. There are 9 minutes 50 seconds remaining.

Mr. BRYAN. I yield 3 minutes to the Senator from North Dakota.

Mr. CONRAD. Madam President, I can understand, with respect to a terrorist threat, that if you had it at one site, it is easier to guard and secure than at 81 sites. What really raises questions, at least in my mind, is when this material is in transit, because now you are not talking about 81 sites, you are talking about an infinite number of places where you are vulnerable to some kind of terrorist threat. So, to me, it is not a question of 81 sites versus 1 site, it is a question of being in transit from 81 sites to 1 known place. If I were trying to put myself in the position of a terrorist, and I knew that all this material has to go through a series of locations to arrive at one destination, that makes it very vulnerable to a terrorist attack. So the question I really have is, aren't you most vulnerable when this material is in transit?

Mr. MURKOWSKI. I respond by asking my friend from North Dakota, is it not inevitable that at some point in time, in order to meet the contractual commitment, you are going to have to move this anyway?

Mr. CONRAD. Yes.

Mr. MURKOWSKI. So it is still going to be vulnerable to terrorist attacks.

Mr. CONRAD. I think, without question, my own view is that, obviously, this material is going to have to be moved at some point. But, on the other hand, perhaps the technology will be developed that would allow you to deal with this material at those locations and not have to be transporting it to a single site in one place in the country, where you are vulnerable. It would seem that it would be easy for a terrorist to look at the map and say, "Here are the sites it is coming from, and here is the one place on the map it is going to." You could draw a series of sequential rings and, with a high degree of confidence, know this material is going to pass through there, and you are, in that way, highly vulnerable to a terrorist threat.

Mr. MURKOWSKI. Madam President, the Senator from——

Mr. BRYAN. On whose time is the Senator from Alaska responding?

Mr. MURKOWSKI. On my own time. First of all, the Senator from North Dakota is suggesting that we dispose of it on-site somehow through advanced technology. That suggests reprocessing, which we don't allow. So that is basically a nonalternative. Some people suggest that is somewhat unfortunate because, in France, they do reprocess, reinject. They don't bury the plutonium like we do. They put it back in the reactors and burn it.

Now, the inevitability of the question of whether or not you leave it where it is and subject yourself to the potential terrorist exposure in 41 States and 81 sites—that suggests that you are not going to have the same degree of security and experience in all these sites because you cannot possibly cover that many sites. So you put it at the one site in Nevada where you can provide the security. So the terrorism exposure in Nevada is, for all practical purposes, eliminated. Your exposure is shipping them, granted. That is why the casks are designed as they are designed.

As I said in an earlier statement, the Army has tested a device 30 times larger than an antitank weapon, and although it made a small hole in the cask, there was no release of radioactivity. So you can't eliminate the entire risk, but you can eliminate, to a large degree, the technical design—this is a heavy thing; the terrorists are not going to run off with it. They have to do something very significant. Obviously, there is going to be security associated with the movement. I think we are talking about 10,000 casks. I defer to the Senator from Louisiana who, I think, wants to address the Senate.

Mr. JOHNSTON. Madam President, I appreciate my colleague yielding to me. They have done studies on these shippings, and what they have found is that upward of 10,000 to 20,000 shipments have already been made. They say numerous analyses have been performed in recent years concerning transportation risks associated with shipping spent fuel. The results of these analyses all show very little risk under both normal and accident conditions. The safety record has been very good in corroboration of the low-risk estimate analytically. In fact, during the decades that spent fuel has been shipped, no accident has caused a radioactive release. What they have done is they have made models both on the computer and they have done actual tests. For example, there was a chart up there that showed that they hit a cask at 80 miles an hour with a train, and they dropped them from buildings and all that. In none of these was there a risk.

I might add that we ship nuclear warheads all the time. We don't ship those actually in these kind of casks. Frankly, I don't know how they ship them, but they are not sealed off as these casks are. They have gone to the extent—in one instance, they said a shipping cask has been subjected to attack by explosives to evaluate the cask and spent fuel response to a device 30 times larger than an antitank weapon. They attacked one of these with a weapon 30 times larger than an antitank weapon. The device would carve approximately a 3-inch diameter hole through the cask wall that contained spent fuel, and it was estimated to cause a release of about one-third of an ounce. "No transportation"—this is a quote—"can be identified that would impose anywhere near the energy per unit volume caused by this explosive attack."

So even if you get a weapon 30 times larger than an antitank weapon and attack the cask with it, all it does is have a release of about one-third of an ounce. So I submit to my colleague that, I guess you can postulate some accident where some meteorite might come down and happen to hit a railroad train in just the right way and somehow that could harm somebody. But they have postulated about every conceivable risk, including a weapon 30 times larger than an antitank weapon, and they postulate only one-third of an ounce of release—that, plus the fact that there has never been a release of radioactivity in 4 decades of these transportations, from 10,000 to 20,000 shipments in this country alone, not to mention those around the world.

I would say there are things to worry about. But I honestly do not believe that transportation is one of them.

Mr. CONRAD. Let me ask my colleague.

Mr. REID. Madam President, I would be happy to yield to my friend, but I want to respond directly to the statements made by the Senator from Louisiana.

This is pure doubletalk. The fact of the matter is that the weapon that they used to test was a device designed to destroy reinforced concrete pillars and piers. The weapon was not designed to destroy a structure like a nuclear waste canister. In fact, the weapon used for testing performed its military mission so poorly that our military forces abandoned this device for a better design. The weapon used, even though it was not much good, did perforate the canister. The hole is small, and there was leakage, but it was not a great deal of leakage.

But everyone looking at this knows that the weapon that has been used—any of the weapons that I have on this chart are manufactured all over the world—would perforate this thing like that—16 inches of steel, 36 inches of steel, 28 inches of steel.

This is, in all due respect to the Senator from Louisiana, who is a tremendous advocate for the nuclear industry, part of their doubletalk. They have not been willing to test these canisters the way they should be tested, and the Nuclear Regulatory Commission has said to this point that all they have to do is to be able to withstand a maximum of 30 miles an hour and a fire for 30 minutes. That is totally inadequate not only for accidents, but for terrorist activities.

I yield now to my friend from North Dakota.

Mr. CONRAD. Madam President, I thank my friend from Nevada.

I just go back to this question. It does strike me, given the rise of terrorist activity not only in this country but around the world, that when you put in motion from 80 different sites around the country, from 41 States, thousands of these casks headed for one location, that if you were a terrorist organization—it would take very little calculation to figure out where this is most vulnerable—you would have the potential here for a terrorist organization when this stuff is most vulnerable, when it is in motion, when it is in transit, to attack either a train or a truck and get possession of this material and thereby be able to threaten dozens of cities in America.

I must say, when I have talked to security people—again, I talked to a person who was in the Secret Service—with respect to when they think something that they are guarding is most vulnerable, they said without question it is when it is in transit, when it is on the move. That is when it is the most vulnerable.

Mr. JOHNSTON. Madam President, will the Senator yield?

Mr. CONRAD. Yes.

Mr. JOHNSTON. Is the Senator suggesting that we leave it permanently at the 70-plus sites around the country?

Mr. CONRAD. No. This Senator is suggesting that maybe we ought to revisit the question of reprocessing in this country. That is an alternative. Maybe we ought to consider various other technological alternatives that may present themselves. I am just raising the question. With what is going on in terms of terrorist threats abroad and in this country, are we doing a wise thing by setting up a circumstance in which this material starts to move from 80 sites around the country to one defined location in America? That troubles me.

I really am struggling myself with the question of how to respond to that. I must say it has made me rethink the whole question of reprocessing. I wonder sometimes if we have made wise choices in this country.

Mr. JOHNSTON. If I may answer that, because the Senator is a very thoughtful Senator and it is a fair question.

First of all, let me say, on the issue of reprocessing, you would need a central facility for reprocessing anyway. So that does not solve the transportation problem.

Second, I would say to my friend that the studies that have been done—and you have four decades of experience with transportation of this fuel with never a radioactive release, plus you have a lot of postulated accidents. For example, they have taken actual accidents and made the studies of what that would have done to nuclear waste had it been involved. In one, in April 1982, there was a three-vehicle collision involving a gasoline truck trailer, a bus, and an automobile which occurred in a tunnel in which 88,000 gallons of gasoline caught fire and burned for 2 hours and 42 minutes. For 40 minutes the fire was at 1,900 degrees Fahrenheit. If a nuclear waste canister had been involved in this accident, it would have suffered no significant impact damage, and the fire would not have breached the canister. There would have been no radiological hazard. The spent fuel in the canister would not have reached temperatures high enough to cause fuel cladding to fail.

We go on here to other postulated accidents. A train containing both vinyl chloride and petroleum—the tanker cars derailed and caught fire. The fire burned for several days and moved over a large area. There were two explosions. Had nuclear waste canisters been on the train, they would not have sustained any damage from the explosion. They might have been exposed to the petroleum fire for a period ranging from 82 hours to 4 days. Even so, the canisters themselves would not have been breached.

Mr. CONRAD. Will the Senator yield?

Mr. BRYAN. Madam President, we have just a little time left.

Mr. CONRAD. I would like to conclude with this question.

My understanding is that those are accident scenarios. What concerns this Senator is a terrorist scenario when terrorists launch an attack on these materials when they are in transit and most vulnerable. I must say that I think it is something that we have to be concerned about.

Mr. JOHNSTON. The point is this, though: They have tested it with weapons 30 times bigger than antitank weapons with direct hits. That caused a breach. Only a third of an ounce comes out. There are many, many much more lucrative targets, by orders of magnitude more lucrative for terrorists, everything from chemicals that travel throughout the country every day, from LP gas to others which are many, many times easier to breach and would cause a much bigger problem. The essential thing is that nuclear waste is not a volatile matter.

Mr. BRYAN. Madam President, I say to my colleague that this is on my time.

How much time is left?

The PRESIDING OFFICER. Approximately 2 minutes.

Mr. BRYAN. If the Senator uses his own time, I have no problem with it. But I am not prepared to yield any more time.

Mr. JOHNSTON. I would be finished in just a moment.

Mr. MURKOWSKI. Madam President, I ask unanimous consent that the other side have 2 more minutes total and that we may have 1 minute on this side.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JOHNSTON. Madam President, nuclear waste traveling the country is, first of all, solid in form. It is sealed in a cask that, as I say, if you get a direct hit by something 30 times more powerful than an antitank weapon, what do you get? You get a third of an ounce of release. What does that do? It does not explode. It is not gaseous. It does not get down to the water supply. It is, as these matters go, relatively benign.

And, even so, you cannot imagine a situation other than a terrorist attack where there is any release at all.

So I submit that there are a lot of things to worry about, but transportation is not one of them.

Mr. MURKOWSKI. If I may, Madam President, take the last 30 seconds in response to the Senator from North Dakota, we have seen in Europe the movement of over 30,000 tons of high-level nuclear waste in countries that are exposed to terrorism at a far greater theoretical sense than the United States. There has never been one instance of a terrorist activity associated with movement by rail, highway, or ship. Terrorists are not going to necessarily look at terrorizing a shipment when they can move into nerve gas and weapons disposals that are moving across this country—all types of material that are associated with weapons—where they can create an incident of tremendous annihilation on a population.

This is very difficult because it is secure, in a cask; it is guarded; and it has been proven it has moved through other countries, particularly Great Britain, France, in Scandinavia, and to some extent starting in Japan. So there is a risk associated with everything. But we have not had terrorist activity in this area because there are other more suitable sites.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair.

Mr. President, I appreciate the statement of the senior Senator from North Dakota, his expression of concern about the vulnerability that we have to terrorism. It is a fact of life in 20th century America. All of us apprehend, lament, and regret it, but it is a very real fact. I must say, just as the bad guys in the Old West always knew where the stagecoach was most vulnerable—it was not when it was at the office; it was not when it was being unloaded at the bank—it was out on the road, so too when we are talking about thousands and thousands of miles of rail and highway shipments. There are so many places that a terrorist could find a point of vulnerability. The concerns that my colleague from North Dakota mentioned I believe are very real and very genuine, so I thank him very much for his explanation.

Let me just make one other point here. It is something we constantly hear about, that this bill will result automatically in not 109 sites but 1 site. Mr. President, that is just absolutely false, absolutely false. Each of the nuclear reactors that are currently generating power have spent fuel rods contained in the pools. They remain there at least for 5 years. If we assume that every reactor in the country is going to close, which is certainly not the predicate of the Nuclear Regulatory Commission, under the current existing licenses some nuclear utilities would remain open at least until the year 2033. So all this bill would do in terms of concentrating storage would add not 109 but you would have 110 sites, namely the new facility that they have proposed to construct at the Nevada test site for interim storage.

So this ad, I know, the nuclear utilities love. They spend millions of dollars in advertisements in magazines and publications that give one the impression, wow, if we just opened up this facility at the Nevada test site there will not be nuclear waste stored any place in the country.

That is wrong.

May I inquire as to how much more time the Senator from Nevada has?

The PRESIDING OFFICER (Mr. HELMS). All time has expired.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I ask for a voice vote on the amendment.

The PRESIDING OFFICER. The question occurs on agreeing to amendment No. 5048 offered by the Senator from Alaska.

The amendment (No. 5048) was agreed to.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments to the bill?

Mr. REID. Mr. President, if I could just confer for a few minutes with my friend from Alaska and inform the rest of the Senate, what we are trying to work out now—and we do not know we can do it, but we are trying to—on this side we have three amendments. We want to vote on one of those amendments, a recorded vote. We would like that, if it is OK—we have a Democratic conference that is starting at 4. We would like to do that at 3:30 and then have final passage at approximately 5 o'clock and dispose of the other amendments in the interim by voice vote.

I have spoken to the Senator from Alaska. I know he has to confer with others to see if that can be worked out. Otherwise, we can do something else. In the meantime, we will go ahead and offer an amendment.

Mr. MURKOWSKI. Mr. President, I conferred with the Senator from Nevada and my colleague, Senator JOHNSTON, and I want to check with our leadership.

It is my understanding the next amendment will be offered by the Senators from Nevada, and they would want a rollcall vote on that amendment?

Mr. REID. No, the next amendment, we will offer and talk about it a little bit and have a voice vote.

Mr. MURKOWSKI. Voice vote. The one after that you would like—

Mr. REID. The one after that we would—

Mr. MURKOWSKI. Might I ask whether the Senators intend to use their full 30 minutes?

Mr. REID. We would be willing to work out something after this so the time is equally balanced.

Mr. MURKOWSKI. I will entertain then the amendment that is about to be offered that would require simply a voice vote, and that will give me an opportunity to check with the leadership on this side and then respond to the Senators concerning their proposal.

I thank the Chair and yield to my colleague from Nevada.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BRYAN. I thank the Chair.

AMENDMENT NO. 5075

(Purpose: To specify contractual obligations between DOE and waste generators)

Mr. BRYAN. I send an amendment numbered 5075 to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

Mr. MURKOWSKI. If I may interrupt, I assume there is acknowledgement that the Senators contemplate a voice vote prevailing on our side?

Mr. BRYAN. That is correct. We are not requesting that a rollcall vote occur with respect to amendment 5075.

Mr. MURKOWSKI. The voice vote that the Senators are proposing, they are assuming we would prevail?

Mr. REID. I would say to my friend from Alaska, he has not heard the argument yet. He may be persuaded.

Mr. MURKOWSKI. I will take my chances.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. BRYAN] proposes an amendment numbered 5075.

Mr. BRYAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

"SEC. . CONTRACT DELAYS.

"(a) UNAVOIDABLE DELAYS BY CONTRACT HOLDER OR DEPARTMENT.—Notwithstanding any other provision of this Act, neither the Department nor the contract holder shall be liable under a contract executed under Section 302(a) of the Nuclear Waste Policy Act of 1982 for damages caused by failure to perform its obligations thereunder, if such failure arises out of causes beyond the control and without the fault or negligence of the party failing to perform. In the event circumstances beyond the reasonable control of the contract holder or the Department—such as acts of God, or of the public enemy, acts of Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather—cause delay in scheduled delivery, acceptance or transport of spent nuclear fuel and/or high-level radioactive waste, the party experiencing the delay will notify the other party as soon as possible after such delay is ascertained and the parties will readjust their schedules, as appropriate, to accommodate such delay.

"(b) AVOIDABLE DELAYS BY CONTRACT HOLDER OR DEPARTMENT.—Notwithstanding any other provision of this Act, in the event of any delay in the delivery, acceptance or transport of spent nuclear fuel and/or high-level nuclear waste to or by the Department under contracts executed under Section 302(a) of the Nuclear Waste Policy Act of 1982 caused by circumstances within the reasonable control of either the contract holder or the Department or their respective contractors or suppliers, the charges and schedules specified by this contract will be equitably adjusted to reflect any estimated additional costs incurred by the party not responsible for or contributing to the delay.

"(c) REMEDY.—Notwithstanding any other provision of this Act, the provisions of subsections (a) and (b) of this Section shall constitute the only remedy available to contract holders or the Department for failure to perform under a contract executed under Section 302(a) of the Nuclear Waste Policy Act of 1982.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair.

Mr. President, let me just take a moment because this deals with a provision that we believe clarifies the situation in light of the court decision over which most comment has been had.

What this amendment does is simply incorporate into the bill provisions that exist in the contract. My colleagues will recall that under the Nuclear Waste Policy Act of 1982, the Department of Energy was directed to enter into contracts with the various utilities that were involved in generating high-level nuclear waste, and so what we have done, my colleague and I from Nevada, is to have incorporated verbatim other than perhaps in the context there may be some grammatical changes, but verbatim the remedies that are provided in those contracts. They are found in article 9 of the contract, and the contract provides what occurs if a delay, referring to the delay of the opening of the repository, is unavoidable delay, and subparagraph (b) deals with avoidable delays.

So there has been talk that somehow this court case now casts a different light on everything, and as the Secretary of Energy indicated in her letter to each of us, that case absolutely has no impact on the debate. It is true that the court indicated there was an obligation on the Department of Energy but refrained from determining what the remedy was, and it is our view that the remedy is contained in the contract that the parties entered into. So we offer the amendment in that spirit.

I must say that I believe one of the biggest scams being perpetrated upon us in this bill is the provision which deals with the shifting of liability from the utilities to the general taxpayer. Mr. President, 1982 is the genesis of our current nuclear waste policy. It was absolutely clear at the time that law was enacted that the financial responsibility for the disposal of nuclear waste rested upon the utilities, those that generated it. "Generators, owners of high-level radioactive waste and spent nuclear fuel have the primary responsibility to provide for and the responsibility to pay the costs of interim storage of such waste and spent fuel until such time as the fuel is accepted by the Secretary of Energy." And then it goes on to talk about a number of instances throughout this particular act that it is the primary responsibility of the industry, the utilities.

Mr. President, this bill that has been introduced turns that concept upside down, totally upside down. Here is what is done under section 501 of the amendment that we are debating currently. It says that until the year 2002—I beg your pardon. I misquoted. I cited 501. It is section 401. It says until the year 2002, the maximum that can be assessed against the utilities, which is done on the basis of kilowatt-hours generated —one mill currently is the assessment for each kilowatt-hour. It says under this bill by statute now the maximum that can be levied against utilities is one mill. The General Accounting Office and others have concluded that even if no interim storage is added to the agenda or the responsibility of the Department of Energy, we are currently underfunded to the extent of about $4 billion a year.

In plain and simple terms, that means the American taxpayer is going to pick up that liability, that responsibility, and that is fundamentally wrong. However you feel about nuclear energy, however you feel about how nuclear waste ought to be disposed of, it ought not to be cast upon the American taxpayer. These utilities are private sector utilities. They make a substantial amount of money. That is their right. But it ought not to be shifted on us. So I think that needs to be pointed out, No. 1.

No. 2, it gets even more clever. After the year 2002, the only amount that can be assessed against each utility is whatever their proportionate cost is, to the total amount of money that is appropriated by the Congress for nuclear waste. If we use the current year, for example, we would be talking about a third of a mill. That is something that is just, in my view, unconscionable. Not only has the General Accounting Office concluded there is a shortfall, but in a recent study that was commissioned by the Department called A Special Management and Financial Review, a report that came out in 1995, they point out that there is a shortfall, depending on whether you take a conservative or more expansive view, of anywhere from $4 to $15 billion.

So what is being done here is changing fundamentally who pays for this disposal of nuclear waste. Is it the utilities? That was the original premise of the law in 1982. These are private utilities, generating profits for their investors and shareholders. Or is that liability now to be shifted to the general taxpayer? That is what this bill does, it shifts that liability because it is clear, even if you take the length of time without renewal at all, these utilities will ultimately, by the year 2033, if the licenses are not extended, those utilities will cease generating electrical power. Therefore they will cease contributing into the fund. But the problem of the storage of high-level nuclear waste continues.

It is, to some extent, a crude analogy to the situation we have with our Social Security fund. Currently, more money is coming into that fund than is necessary to pay the recipients of Social Security. We all know sometime after the turn of the century, because of changing demographics, that changes rather dramatically. So, too, with this nuclear waste fund because, as these utilities go off line, some of them are scheduled, if they do not get an extension of their license, to cease operation in the year 2000, others in the year 2006 and, intermediately to the year 2033—but the waste just does not disappear. It becomes a financial responsibility for someone and that is why it is necessary to generate surpluses in the nuclear waste fund in order to deal with the storage problem later on. So I think my colleagues need to look at the budget implications of this. Because, in effect, we create an unfunded liability for the Federal taxpayers the way this bill is currently drafted.

Let me return to the specifics of the amendment just one more time before reserving my time and yielding whatever time my colleague may take to comment on this issue. That is to say, what we are saying amplifies the decision of the court, simply specifying what the remedy is. The remedy is that the delay is unavoidable. They simply have to reschedule the shipments. If the delay is deemed avoidable, that is if there is some culpability, then there is readjustment on the amount of fees the nuclear utilities pay into the trust fund. I must say I believe that is fair.

My colleague and I, from Nevada, have long recognized that, indeed, if the high-level nuclear waste repository is not available by the year 1998, if additional on-site storage is necessitated, then, indeed, the utilities would be entitled to a credit against any additional costs for interim storage that they would incur, and that is the thrust of this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, on behalf of Senator MURKOWSKI I yield myself 5 minutes.

This is sort of a version 2 of the Wellstone amendment, in that it seeks to take the rights of utilities and, secondarily, the rights of ratepayers of utilities, and abolish those by legislative fiat—which simply cannot be done. The rights of utilities and, indeed, the rights of the ratepayers of those utilities, have been fixed by the Nuclear Waste Policy Act of 1982 as amended by amendments in 1987 and by contracts between the utilities and the Department of Energy. The contracts between the utilities and the Department of Energy contain two provisions in article IX which relate to delays: A, involve unavoidable delay by purchaser or DOE, and, B, involve avoidable delays by purchaser or DOE. And those sections, A, and B, are part of the contracts between the utilities and DOE, set out, in part, the relative rights in the event of those delays.

What the Senator from Nevada would attempt to do is take those two existing provisions of contracts and state that those are the exclusive remedies, thereby leaving out another provision of those same contracts. Another provision of those same contracts in article XI says:

> Nothing in this contract shall be construed to preclude either party from asserting its rights and remedies under the contract or at law.

In other words, the present contracts in article XI state that nothing precludes the assertion of the rights both under the contract and at law. What they would do is take that provision out and say that those sections, A and B, that I just read, are the exclusive remedies.

Mr. President, that is clever, but what the court has said last week is that "We hold that the Nuclear Waste Policy Act creates an obligation in DOE to start disposing of the spent nuclear fuel no later than January 31, 1998."

That is the law, decided only last week. And what the Senator from Nevada would say, that notwithstanding what the court has said we are going to write that out of this, and the exclusive remedy is that which he has just stated in his amendment, which is only part of what the contract says, I repeat—it is absolutely settled law that this Congress, under our Constitution, may not take away vested rights. When someone has a right under the law, the Congress cannot come in and take it away without subjecting themselves to damages.

Again, quoting from the Winstar case, and this is from July 1996, this very month, the Supreme Court says:

> Congress may not simply abrogate a statutory provision obligating performance without breaching the contract and rendering itself liable for damages. Damages are always the default remedy for breach of contract.

They go on to quote in a footnote:

> Every breach of contract gives the injured party a right to damages against the party in breach unless the parties by agreement vary the rules. The award of damages is the common form of relief for breach of contract. Virtually any breach gives the injured party a claim for damages.

Mr. President, this is not a surprising new precedent of the Court. It is a principle of law as old as John Marshall and the Supreme Court and the Constitution. So for my friends from Nevada to come along and say the exclusive remedy is subsections (A) and (B) of his amendment, I will not say it is ludicrous, Mr. President, out of respect for my colleagues, but let's say that the argument does not have any weight and is totally contrary to that which is settled law of the U.S. Supreme Court.

Mr. President, at this time, I yield 5 minutes, or such time as the Senator from Washington requires.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, there are some occasions in this body in which a bit of institutional memory is truly of value. And, in my case, I have a memory which has been reinforced by reading the CONGRESSIONAL RECORD of the creation of the Nuclear Waste Policy Act of 1982.

Interestingly enough, the managers on both sides of the party aisle here were Members of that Congress. But the distinguished Senator from Louisiana, I believe, was perhaps the most knowledgeable Member of the body at that time, as he is today, on this particular subject.

More than 14 years ago, in April 1982 when this bill was being debated, this is what the Senator from Louisiana said:

> The bill before the Senate today requires the Federal Government to undertake definitive and specific actions to assume the responsibility for nuclear waste disposal which existing law reserves to it. We can attempt to avoid this responsibility in the context of this particular Congress, but we will never finally escape the necessity of enacting legislation very similar to this bill. It is a task that no one but Congress can perform.

The Senator from Louisiana went on to say:

> The aim of this bill is to provide congressional support which will force the executive branch to place before Congress and the public real solutions to our nuclear waste management problems. A schedule for Federal actions which could lead to a site specific application for a license for the disposition of nuclear waste in deep geologic formations is established in title IV.

The Senator from Louisiana was, obviously, an optimist at that point, as were all of those who overwhelmingly supported him in passing that bill, this Senator included.

I cannot imagine that the Senator from Louisiana, whose bill included this deadline referred to by the District of Columbia Circuit Court of Appeals last week "beginning not later than January 31, 1998, the Federal Government will dispose of the high-level radioactive waste or spent nuclear fuel involved," I cannot imagine the Senator from Louisiana anticipated that we would have made so little progress by the date upon which we are debating this bill. He was convinced, and we were convinced, that by this year, we would certainly know what we were going to do with this nuclear waste on a temporary basis and be much further along the road to finding a long-term solution for the problem.

As a consequence of an overoptimistic view of what might happen then, we have collected from utilities of the United States some $12 billion. We have spent close to $6 billion of that attempting to characterize a permanent nuclear waste repository in Nevada, but we are certainly nowhere near as close to reaching a conclusion to this challenge as we expected to be in 1982 when we passed this bill, and we spent more money on it, money that comes out of the pockets of American citizens in their utility bills.

Given that degree of frustration, given the almost infinite ability of those who oppose any major decision of this nature to delay that decision through bureaucratic requirements, through court tests and the like, we now have been faced with the necessity of finding at least a temporary repository for this nuclear waste to meet the very requirements that we laid down in 1982. That, obviously, is what this bill is designed to do.

In fact, by saying that we ought to begin by December 31 of 1998, even the sponsors of the bill already have let some time slip by. But, Mr. President, at this point, with the failure to meet the schedule that we wanted to meet in 1982, with the expenditure of literally billions of dollars, with this nuclear waste piling up in various plants in 34 States, with the real challenge of what to do with our defense nuclear waste, it is simply time to reach at least an interim decision.

I expect that the Senators from Nevada, and many other Senators as well, are firm in the belief that wherever the temporary storage site is located will end up being the permanent storage site. I suspect that may very well be true, but I do believe that we are far enough along this road that it is appropriate for the Congress to make that decision and to make that decision now.

The waste is there, the environmental threat is there, the physical dangers are there, the necessity to gather it together in one place is there. We know enough now about the policy to be able to make that decision to be there. We are simply carrying out under the leadership of the Senator from Alaska and the Senator from Louisiana the very policies that this Congress and a former President of the United States felt to be appropriate policies in 1982, and in doing so, we will save the taxpayers money, we will help the environment, we will help our overall safety, and we will, one hopes, allow the Senator from Louisiana to retire, as he has regrettably chosen to do, from the Senate knowing that he has completed the job that he started in 1982 or earlier.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. How much time remains on both sides?

The PRESIDING OFFICER. The Senator from Alaska has control of 17 minutes; the Senators from Nevada have control of 20 minutes, 39 seconds.

Mr. REID. I am wondering if we could have a vote on this amendment and go to something else?

Mr. MURKOWSKI. I would be very pleased to. Is that the wish of the Senator from Nevada?

Mr. REID. Yes.

Mr. MURKOWSKI. I yield back the remainder of our time.

Mr. REID. That is, on this amendment that is true.

Mr. MURKOWSKI. Both sides are willing to yield back the remainder of their time and ask for a voice vote.

The PRESIDING OFFICER. With all time being yielded back on the amendment, the question now is on agreeing to the amendment.

The amendment (No. 5075) was rejected.

Mr. JOHNSTON. I move to reconsider the vote.

Mr. MURKOWSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. REID. Mr. President, I wonder if the Senator from Alaska has the unanimous consent agreement that was being typed up for our submission?

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Alaska.

Mr. MURKOWSKI. On behalf of the leader, I ask unanimous consent that the vote occur on or in relation to the amendment number 5073 at 3:30 p.m. today, and notwithstanding the agreement of July 24, the vote occur on final passage of S. 1936 at 4:55, and that paragraph 4 of rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. I thank my colleagues from Nevada for expediting the process.

Mr. REID. I say to my friend from Alaska, I think it would be appropriate the time would be equally divided between now and 3:30 on the amendment offered by the Senators from Nevada. I ask unanimous consent that that be the case.

Mr. MURKOWSKI. That is agreeable.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the Chair.

AMENDMENT NO. 5073

(Purpose: To specify contractual obligations between DOE and waste generators)

Mr. BRYAN. Mr. President, I send amendment No. 5073 to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

> The Senator from Nevada [Mr. BRYAN] proposes amendment numbered 5073.

Mr. BRYAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> At the appropriate place in the bill, insert the following new provisions:
>
> **"SEC. . COMPLIANCE WITH OTHER LAWS.**
>
> "Notwithstanding any other provision of this Act, the Secretary shall comply with all Federal laws and regulations in developing and implementing the integrated management system.
>
> **"SEC. . COMPLIANCE WITH NATIONAL ENVIRONMENTAL POLICY ACT.**
>
> "(a) NATIONAL ENVIRONMENTAL POLICY ACT OF 1969.—Notwithstanding any other provision of this Act, the Secretary shall comply with all requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) in developing and implementing the integrated management system.
>
> "(b) JUDICIAL REVIEW.—Notwithstanding any other provision of this Act, any agency action relating to the development or implementation of the integrated management system shall be subject to judicial review."

Mr. BRYAN. Mr. President, much has been said over the past few hours today and earlier during the course of our discussion of S. 1936 about what I consider one of the most serious defects of this piece of legislation in that it emasculates the environmental protections that have been drafted for more than a quarter of a century, most of which with bipartisan support and in effect says with respect to this particular issue they shall not apply.

So what we are doing is we are giving people an opportunity, our colleagues an opportunity, to express themselves on the environmental issue, very, very simple.

The first part of this amendment says:

> Notwithstanding any other provision of this Act, the Secretary shall comply with all Federal laws and regulations in developing and implementing the integrated management system.

My colleagues will recall the section 501 under the current provisions, as amended, is very convoluted and says:

> If the requirements of any Federal, State, or local law (including a requirement imposed by regulation or by any other means under such a law) are inconsistent with or duplicative of the requirements of the Atomic Energy Act . . . or of this Act, the Secretary shall comply only with the requirements of the Atomic Energy Act of 1954 and of this Act. . . .

This Mr. President, makes it very, very clear. If you do not want all of these environmental laws preempted, this is the way to correct it. Straightforward, no ifs, ands, or buts: Notwithstanding any other provision of this act, the Secretary shall comply with all Federal laws and regulations in developing and implementing the integrated management system.

I note for my colleagues, because the two Senators from Nevada have been involved in this issue now for the last 14 years, we made a policy judgment not to include State law so it could not be asserted that this was an indirect effort to allow the Nevada legislature to implement some type of barrier that would make this impossible.

So this is straightforward. It does not get any cleaner, it does not get any clearer, and does not get any easier to understand. If you are truly opposed to preempting all of these laws, this is the amendment that does it.

If you also believe that there is a purpose in America for the National Environmental Policy Act, this amendment provides for the full application and judicial review. Under the current bill the provisions say on the one hand that the Environmental Policy Act will apply, and then go on to say at some considerable length, but it shall not apply to the various citing alternatives. I will provide that.

Section 204, subsection (f) says the National Environmental Policy Act shall apply. Then you get down into subsection (B).

> Such Environmental Impact Statement shall not consider —
>
> (i) the need for interim storage. . .
>
> (ii) the time of the initial availability of the interim storage. . .
>
> (iii) any alternatives to the storage of [nuclear waste].

* * * * *

> (v) any alternatives to the design criteria. . .
>
> (vi) the environmental impacts of the storage [beyond the period of initial licensure].

You will recall the National Academy of Sciences said those should consider 10,000 years and beyond.

This bill would limit it to just the period of time of the initial licensure. And so, Mr. President, this is a clean, straightforward attempt to say that the full array of provisions under the National Environmental Policy Act shall apply.

Let me just say that the Council on Environmental Quality—that is the council that was established when Congress passed the National Environmental Policy Act in 1969— went on to say—and I quote from the letter. "S. 1936"—that is essentially what we are dealing with:

> S. 1936 renders the NEPA process meaningless by precluding the incorporation of NEPA's core values which are necessary for making informed and timely decisions essential for protecting public health, safety and environmental quality. Consequently, the bill all but locks into place both interim and permanent storage sites by giving decisionmakers no reasonable options * * *

It is that same rationale that has caused the Administrator of the Environmental Protection Agency, to point out that in effect we do not have the provisions of the National Environmental Policy Act under the provisions of the bill as now constituted.

So, Mr. President, I think we can make this very clear and very simple. If Senators want these environmental laws to apply, if they believe that the Environmental Policy Act ought to be applicable to this very critical decision, in which we all agree that we are dealing with material that is not just kind of messy, kind of unpleasant, to be a little bit difficult and inconvenient to clean up, we are talking about stuff that is deadly for tens of thousands of years, the highest kind of risk to public health and safety. Yet, the nuclear industry, and its supporters, have the audacity to emasculate the application of the environmental laws and in effect try to reduce the impact of the National Environmental Policy Act to a hollow and pale facsimile of what the law provides in terms of protections for various policy initiatives, et cetera. Mr. President, I reserve the remainder of my time and yield the floor.

Mr. MURKOWSKI. Mr. President, we now have how much time?

The PRESIDING OFFICER. The Senator has 16½ minutes.

Mr. MURKOWSKI. It is my intention to speak for about 4 minutes and give the Senator from Louisiana about 8 minutes, and then reserve the balance of my time.

Mr. President, this is another innocuous-sounding amendment which, in reality, is a bonanza for lawyers, and there are a lot of lawyers in this country. We have general laws in this country to cover situations that Congress did not specifically consider. The courts understand that. So when there is a conflict between a general law and a specific law enacted with a particular facility or purpose in mind, the court follows the specific law.

With this act we are considering, the specific conditions to apply to specific nuclear waste repositories—an interim repository and a permanent repository. What the amendment of the Senator from Nevada attempts to do is to provide broadly written, general laws with the same standing as the specific directions we are providing in this bill. Theirs is an amendment, Mr. President, carefully crafted to confuse the courts, confound the legal process, and enrich the lawyers.

This amendment is going to delay the process leading to a responsible solution to the nuclear waste problem. I implore my colleagues to avoid this trap. That is what it is. This is an antienvironmental amendment.

Let me repeat that, Mr. President. This is an antienvironmental amendment. It does not address, obviously, the problem we have with the nuclear waste. If you want to solve a huge environmental problem in this country, you want to oppose this amendment.

If this amendment prevails, Mr. President, the Department of Energy is going to be mired in litigation. It will be mired in red tape. It will be mired in delay. We are simply not going to be able to get there from here with a responsible answer to this problem. Taxpayer dollars are going to be squandered in litigation if this amendment is adopted. The problem of nuclear waste will continue to persist, and, as a consequence, we will be right back to zero.

I retain the balance of my time and yield 7 or 8 minutes to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I thank my colleague for yielding. Mr. President, if you want to frustrate any ability to have a nuclear waste repository, vote for this amendment, because, to be sure, this would make it impossible to build.

Now, Mr. President, this has been advertised as an attempt only to make this subject to the same environmental laws that every other process has. Not so, Mr. President. Under the present Administrative Procedures Act, there is an appeal to the courts only for a final agency action. That is section 704 of the Administrative Procedures Act.

What this amendment would do is to say that any agency action related to the development or implementation of the management system shall be subject to judicial review—any agency action.

So, Mr. President, I guess anything that the agency does, whether it is a major Federal action or not, whether it is a final agency action, would be subject to judicial review. They would be able to go to court. If you wake up in the morning and purchase a cup of coffee, I guess that is some kind of agency action, not final, but subject to judicial review. It would mean it would be impossible to do anything under this system.

Mr. President, much has been made of the fact that environmental impact statements have been waived here. The fact of the matter is, Mr. President, existing legislation presently calls for a waiver of virtually every provision already contained herein. For example, Mr. President, we state that such environmental impact statement shall not consider any alternatives to the storage of spent nuclear fuel at the interim storage facility.

Now, why did we put that in the initial legislation back in 1982? Why did we bring it forward in 1987? And why do we have it here? Because, Mr. President, there are endless alternatives to storage of spent nuclear fuel.

You can shoot it into space and into the sun. That has been seriously suggested. You can send it down to the ocean bottom and bury it in the deep mud down there. You can have detonation underground in caverns. You can reprocess in light-water reactors, you can reprocess in liquid light-water reactors, you can have other space launches, deep bore holes in the Earth. Mr. President, all of these alternatives. But this language would have to be evaluated under the National Environmental Policy Act, notwithstanding the fact that Congress has spoken very clearly on the need for a nuclear waste repository.

Mr. President, this would endlessly delay this matter by having to do very expensive studies on matters which have already been rejected by the Congress. Another provision on which the law already provides no need for a NEPA statement is an alternative to the site of the facility as designated by the Secretary. The site here is Yucca Mountain.

Now, the Congress has clearly spoken in naming Yucca Mountain. That is why we have said in previous legislation that you did not need to do an alternative NEPA statement to examine, for example, the granite in Maine or the different kind of geologic formations in Washington, for example, or the salt domes in Mississippi. There are potential sites all over this country and, but for the waiver of a NEPA statement, you would have to go and revisit each of these facilities all over the country, each of these locations. That is, in each of these cases, the law already provides for a waiver of the NEPA statement to consider these various alternatives.

The same is true for the alternatives to the design. The same is true for the need for the interim storage facility.

Mr. President, rather than bring forward some new series of waivers, we are really bringing forward what existing law provides and has already been waived as part of the Nuclear Waste Policy Act.

Mr. President, it is not too much to say that if we adopted this amendment you would never be able to build a repository in the United States or an interim facility because you would put on endless requirements for NEPA statements on matters to examine sites all over the United States, to examine alternatives to repository disposal and interim disposal, on matters that would be very expensive to investigate and very difficult to prove, and would take many, many years to determine.

Most especially, Mr. President, by providing that there would be appeal from any agency action as opposed to final agency action, final agency action appeals are provided in this legislation, but interim agency actions are not. If you made all agency actions appealable, it would simply be impossible to have a repository.

The PRESIDING OFFICER (Mr. COVERDELL). The time of the Senator has expired.

Mr. REID. Would the Chair advise the Senator from Nevada how much time we have.

The PRESIDING OFFICER. The Senator's side has 12 minutes, and the other side has 8 minutes.

Mr. REID. I want to yield to my friend from California, but prior to that, I want to discuss a number of things.

First, this is a good deal for the proponents of this bill. They want to waive all the environmental laws, and they are saying the reason is because people might want to appeal, they might be protecting their rights, which is what you can do in this country.

That is why we have NEPA. That is why we have all the laws set forth in the chart behind us.

I also want to drop back a few minutes, Mr. President. The senior Senator from North Dakota was here. He was concerned about terrorism, but because we were running out of time on an amendment, we could not respond to his concern. I want to take a few minutes to respond to him. I hope if the Senator is not listening, his staff is, because this is, I think, extremely important to the question he asked.

We have here a letter from the Blue Ridge Environmental Defense League. Among other things, they say in this letter, dated July 29, 1996—what they are basically explaining is that nuclear waste is dangerous and terrorists will get to the nuclear shipments, and they proved it.

> Two shipments arrived at the Military Ocean Terminal at Sunny Point in North Carolina, were loaded onto rail cars, and then transported overland to SRS. We were able to track both of these shipments from their ports of origin in Denmark, Greece, France, and Sweden across the Atlantic to North Carolina to SRS.

These shipments cannot be kept secret so long as we live in a free society.

> Our actions were peaceful, but we proved that determined individuals, on a shoestring budget, can precisely track international and domestic shipments of strategic materials. In the wake of Oklahoma City and Atlanta, the dangers posed by domestic or international terrorists armed with explosives makes the transport of highly radioactive spent nuclear fuel too dangerous to contemplate for the foreseeable future.

I ask unanimous consent that the letter dated July 29 from the Blue Ridge Environmental Defense League be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BLUE RIDGE ENVIRONMENTAL
DEFENSE LEAGUE,
Marshall, NC, July 29, 1996.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: The Nuclear Waste Policy Act of 1996 (S. 1936) would place in jeopardy the lives of millions of American citizens by transporting 15,638 casks of highly radioactive material over railways and highways of this nation. This attempt at a quick-fix for the nuclear waste dilemma would cause more problems than it attempts to solve. The people who would bear the greatest burden would be the 172 million Americans who live nearest the transportation corridors. S. 1936 is a legislative short-circuit that will make us less secure as a nation and which will dump the costs of emergency response on the states and local governments.

The Blue Ridge Environmental Defense League began in 1984: our work takes us throughout the southeast. Since 1994 we have observed the international shipments of spent nuclear fuel (SNF) from foreign research reactors (FRR) to a disposal site at the Savannah River Site (SRS) in South Carolina. Two shipments arrived at the Military Ocean Terminal at Sunny Point (MOTSU) in North Carolina, were loaded onto rail cars, and then transported overland to SRS. We were able to track both of these shipments from their ports of origin in Denmark, Greece, France, and Sweden across the Atlantic to North Carolina to SRS. We observed the fuel shipment when they arrived at MOTSU. We watched the SNF transfer from ship to train and followed it through the countryside of coastal North and South Carolina. Our reason for doing this was to alert people along the transport route about the shipments through their communities. We rented a light plane and flew out over the SNF ships when they reached the three-mile limit. Television news cameras accompanied us and transmitted pictures for broadcast on the evening news. If we can track such shipments, anyone can. These shipments cannot be kept secret so long as we live in a free society. Our actions were peaceful but we proved that determined individuals on a shoestring budget can precisely track international and domestic shipments of strategic materials. In the wake of Oklahoma City and Atlanta the dangers posed by domestic or international terrorists armed with explosives make the transport of highly radioactive spent nuclear fuel too dangerous to contemplate for the foreseeable future.

Our work in North Carolina, Tennessee, and Virginia takes us to many rural communities. Emergency management personnel in these areas are dedicated volunteers, but they are unprepared for nuclear waste. Volunteer fire departments in rural counties are very good at putting out house fires and brush fires. While serving as a volunteer fire fighter in Madison County, NC, I had the privilege of working with these men and women. We took special training to handle propane tank emergencies utilizing locally-built water pumper trucks. More sophisticated training or equipment was prohibitively expensive and beyond our financial means. Traffic control is a consideration at an emergency scene. Any fire or accident tends to draw a crowd. Onlookers arrive as soon as the fire department—sometimes sooner in remote areas. There are always traffic jams reducing traffic flow to a one-lane crawl day or night, fair weather or foul. The remote river valleys and steep grades of Appalachia are legendary. At Saluda, NC the steepest standard gauge mainline railroad grade in the United States drops 253 feet/mile (4.8% grade). The CSX and Norfolk Southern lines trace the French Broad River Valley and the Nolichucky Gorge west through the Appalachian Mountains along remote stretches of rivers famous among whitewater rafters for their steep drops and their distance from civilization. The Norfolk Southern RR crosses the French Broad River at Deep Water Bridge where the mountains rise 2,200 feet above the river. These are the transport routes through western North Carolina that will be used for high level nuclear waste transport as soon as 1998 according to S. 1936.

County emergency management personnel are entrusted with early response to hazards to the public in western North Carolina communities. When we asked about their readiness to respond to a nuclear transport accident, they answered professionally saying, "We'll just go out there and keep people away until state or federal officials arrive." This may be the best that can be done while a fire burns or radiation leaks from a damaged cask. In a recent interview, one western NC emergency coordinator said, "There is no response team anywhere in this part of the state and, for the foreseeable future, there is no money in local budgets to equip us with any first response to radioactive spills."

The concerns of local officials reflect their on-the-scene responsibility while state officials, faced with limited budgets and staff, make plans based on current bureaucratic realities. The Nuclear Waste Policy Act and Amendments of 1982 and 1987 place large-scale nuclear transportation scenarios decades in the future. This fact and the limited resources of existing emergency planning departments make the timeline for preparation for nuclear accident response completely inadequate for shipments beginning as soon as 1998. In North Carolina's Division of Emergency Management, the lead REP planner has four staffers and a whole state to cover. It is not possible under these circumstances, to be ready with credible emergency response plans, training, and equipment in two years.

I am asking you to oppose this expensive and dangerous legislation which would place an unfair and unnecessary financial burden on communities and which would place at risk the health and safety of millions of American citizens.

Respectfully,

LOUIS ZELLER.

Mr. REID. Mr. President, we also know that they are running roughshod over environmental laws in this country—"they" being the proponents of this legislation. We have here a statement from Public Citizen, which says, "If you believe in environmental standards, don't vote for S. 1936. S. 1936 severely weakens environmental standards by carving loopholes in the National Environmental Policy Act"—that is what we call NEPA—"eliminating licensing standards, forbidding the EPA from raising radiation release standards."

Mr. President, we received from the President of the United States office late last night a reiteration of why he believes this legislation is bad and why it should be voted down. Among other things said in this letter from John Hilly, assistant to the President of the United States, it says:

> The bill undermines environmental laws and processes. Americans deserve full public health protection. Yet, this bill renders the National Environmental Policy Act meaningless, undermines EPA and the Nuclear Regulatory Commission regulatory process for public protection from radiation exposure.

It is a good deal the proponents have—just wipe out the environmental laws and say we have to get rid of nuclear waste. The powerful nuclear lobby has been willing to run roughshod over the lives of Americans for too many years. It is time we stopped it. There is a permanent repository being characterized in Nevada. The only reason they want to go with the interim storage is to save money. It is not going fast enough for them. They don't care about environmental laws. They care about the bottom line, the dollar amount. They are making tons of money.

Mr. President, on this chart are the companies pushing this. Look, Mr. President, at the percent of net income relative to revenue: 20 percent of their revenues come from nuclear power. Here is 17.25 percent, 17.7 percent, 20.5 percent, 22.75 percent, and 25 percent. They are raking in the money. But it is not enough. They want to make more. They don't care about the rights and liberties of Americans that are protected with the laws called Clean Air, Clean Water, Superfund, and other such laws.

I understand my friend from California has a question.

Mrs. BOXER. I do. I would like to address a couple of questions. First, I want to thank both of you for your courage. I think Senator REID has shown us that there is a lot of power behind this particular bill—economic power—and it is always difficult to stand up against that. So my thanks to you for doing that. That is why we need people like you in the U.S. Senate. Your team leadership has been noticed by many throughout this great country.

I want to also thank Senator CONRAD and Senator REID for talking about the issue of terrorism, because having to close our eyes to the terrorist threat after what we have been through is—I can't even fathom it. I think Senator CONRAD was correct to bring this up. The answer from Senator REID, I found, to be very illuminating.

This is my basic question: Did we not have in this Senate, over many years, a lot of struggles and fights to win passage of the very legislation that would be waived in this act, and wasn't that struggle and that fight a bipartisan one, where we came together, from different parties sometimes, and sometimes with different viewpoints, to pass the Clean Air Act and the Clean Water Act?

Mr. REID. I respond to my friend from California that most of this legislation began during the period of Richard Nixon.

Mrs. BOXER. That is correct.

Mr. REID. Take clean water. The reason the Clean Water Act was initiated is because the Cuyahoga River in Ohio caught fire, not once, but three times. After the third fire, people around the country started saying, "Maybe we should do something about this." I respond to my friend from California that when the Clean Water Act was initiated, 80 percent of the rivers and streams in America were polluted. Now, some 25 years later, those numbers have almost reversed. Approximately 80 percent of the streams and rivers in America—you can swim in them and drink out of them. They are in pretty good shape. It is not perfect. We have a long way to go, but we have done pretty well.

Mrs. BOXER. Let me say that I have the honor and privilege of serving with my friend, Senator REID, on the Environment Committee, and that is what brought me to the floor today.

I ask Senator BRYAN this question: Is it not true that the waste that will be moved throughout this country and placed in this repository is dangerous waste that could last between thousands of years to even a million years or millions of years?

Mr. BRYAN. The Senator from California is correct. This is among the most dangerous material on the face of the Earth. We are talking not about something that would be a problem for 5, 10, 15, 20 years, even 2 or 3 lifetimes. The whole thrust of the bill that is before us is to cut corners, try to save a few bucks here, to impose artificial deadlines that can never be met, all to the disadvantage of public health and safety.

Very seldom do you hear the nuclear utilities talk about doing something to protect public health and safety. It is always, "This costs too much," "Delay this a little bit," "It would be inconvenient or difficult." The whole thrust of these laws is a balancing of public health and safety, and the fact that it may take a little longer, it may be a little more difficult, was a bipartisan consensus, as my senior colleague pointed out, during the term of Richard Nixon. NEPA was enacted in 1969, the first year he served as President. It was a bipartisan consensus in America. This legislation would shatter that and subject those who would be affected by this decision—at least 51 million people along the transportation routes—to a lower standard of protection for public health and safety.

Mrs. BOXER. The point of my question is that here we have the most dangerous elements known to humankind. And of all the things we should be doing, it seems to me, when we decide on a repository, is to make sure that every one of those acts is complied with—Clean Air, Clean Water, National Environmental Policy Act, Community Right to Know, Safe Drinking Water Act—and that is why I am so strongly supportive of the Senators' amendment.

All of the response about being duplicative and inconsistent—I respect my friends on the other side of the debate, but we have a difference in the way we view the public interest. I have nothing but respect for those who hold a different view. But I say this: If it is duplicative and there is even one question about it, why not vote for this amendment and be doubly sure, if you will, that our people are protected from the most harmful elements known to humankind? I thank my colleague for yielding, and I yield back my time to him.

The PRESIDING OFFICER. The Chair advises that all the time of the Senator from Nevada has expired. There are 8 minutes remaining on the other side.

The Chair recognizes the Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair. I observe, for the benefit of my friend from California, for whom I have the utmost and fondest regard, that accepting this amendment means her State gets considered as a possible alternative for interim storage. The State of California currently has approximately 1,319 metric tons of high-level nuclear waste that is stored in California. It is estimated that, by the year 2010, there will be 2,639 metric tons.

So the point is, if we leave it where it is, which is what we will do with the amendment offered by my friends from Nevada, waste is simply going to stay where it is. As a consequence, at some point in time somebody will have to do something with it. To do something with it implies you have to move it. We have heard fear, fear, fear. We move money in armored cars. We used to move it in stagecoaches. We protected it. We protect it in armored cars. We will protect waste, if you will, in casks. This movement is not just helter-skelter.

They have moved, in Europe, 30,000 metric tons of high-level nuclear waste. They moved it safely. That does not mean an accident could not happen or that a terrorist activity could not happen. But they have moved it. It has not been designed, if you will, to be easily lifted. It is very, very heavy and very difficult. The containers are built to maintain a degree of security unknown in any other type of engineering device.

So while there is a risk associated with all aspects of this, there is also a reality of inconsistency in this amendment because the Senator from Nevada indicated that by permitting one repository in Nevada as a permanent repository, he has acknowledged that the material has to get there somehow.

So you have the potential risk, if you will, if you simply say we are going for a permanent repository and we are not going to consider an interim repository. The stuff has to move anyhow. There is a risk associated with movement.

Mrs. BOXER. Will the Senator yield?

Mr. MURKOWSKI. I am sorry. I have a limited time, in all due respect to my friend from California.

Adopting a NEPA process open to alternatives opens up new areas for consideration.

There is behind us the map showing all of the places other than a Nevada test site that could be used for an interim central storage facility. You can see them. They are all over the country.

If you say yes to this amendment, you may be saying yes to nuclear waste storage in your State or near your State. The possibilities include New York, Hawaii, Connecticut, Washington, Maine, Iowa, California, Montana, North Dakota, South Dakota, Arkansas, Wisconsin, Oregon, and others. There are potential locations in 40 other States of about 605,000 square miles; 20 percent of the continental United States. You have to put it somewhere.

So what we have here is an effort by the Senators from Nevada that may sound reasonable at first glance but it sets this whole process back 15 or 20 years. It allows all the decisions we are making today to be reconsidered. It allows them all to be challenged in the courts. It guarantees further delay, further gridlock, further stalemate, and it will, therefore, force the ratepayers in all of these States not to pay once but to pay twice, to continue to pay into the nuclear waste fund and to build new interim reactor storage sites because some of them are full at this time.

This is a giant loophole for the Government to use in avoiding its promise to store and handle waste. It is an effort to derail the process.

Senate bill 1936 does not—and I emphasize "does not"—exempt the establishment of an interim or final repository for NEPA. Instead, it requires an EIS for both the interim and permanent repository. We require it.

Furthermore, S. 1936 is consistent with NEPA and the Executive Order 12114 which implements NEPA. NEPA and the Executive order clearly anticipates the situation we have here. There are some decisions of policy that are within the agency's power to affect. There are others that are not. Congress may properly reserve some decisions for itself and allow other decisions to be considered in the NEPA process. Otherwise, we would never get anything done around here.

Senate bill 1936 identifies six decisions that are appropriate for congressional consideration only. These six decisions involve whether we need a repository, when we need a repository, and where the repository should be built. So it is whether, when, and where. These are fundamental decisions of policy.

I say to my colleagues that there are some things that we have the responsibility to decide and decisions that we are paid to make. These are some policies that we alone must determine, and that is our job.

If we adopt this amendment, we are being irresponsible because it will simply put off the process, put into the courts and delay beyond this administration to sometime in the future, and we will never address it.

What this amendment would do is to throw all of the cards back up in the air again as if to say Congress has made the tough decisions and cast the tough votes, but we are going to ignore all of that and revisit all of these decisions that we have already made.

Mr. President, if we are going to allow the agencies to revisit all of the decisions of Congress, either through NEPA or some other means, then there is no need for us to be here. We might as well go home because there is nothing for us to do.

So do not be fooled by this amendment. This is an amendment designed to derail responsible action to address nuclear waste in a repository. It looks reasonable at first glance, but it merely is a means to upset the applecart and put us back to where we were in 1980.

Mr. President, I yield all of my remaining time.

I move to table the pending amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alaska to lay on the table the amendment of the Senator from Nevada. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 73, nays 27, as follows:

[Rollcall Vote No. 258 Leg.]

YEAS—73

Abraham
Ashcroft
Bennett
Biden
Bingaman
Bond
Brown
Burns
Byrd
Campbell
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
DeWine
Dodd
Domenici
Dorgan
Exon
Faircloth
Frahm
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kerrey
Kerry
Kyl
Leahy
Levin
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Murkowski
Nickles
Nunn
Pressler
Robb
Roth
Santorum
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—27

Akaka
Baucus
Boxer
Bradley
Breaux
Bryan
Bumpers
Chafee
Daschle
Feingold
Feinstein
Ford
Glenn
Harkin
Kennedy
Kohl
Lautenberg
Lieberman
Moynihan
Murray
Pell
Pryor
Reid
Rockefeller
Sarbanes
Wellstone
Wyden

The motion to lay on the table the amendment (No. 5073) was agreed to.

Mr. MURKOWSKI. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table. The motion to lay on the table was agreed to.

Mr. KERRY. Mr. President, I supported the motion to table the Bryan amendment to S. 1936 not because it included a requirement that the Department of Energy comply with the National Environmental Policy Act [NEPA] in the establishment of an interim storage facility at the Nevada nuclear test site—language which I support—but because it also included unjustifiably sweeping judicial review language. While I support judicial review of all final agency actions, this provision goes well beyond final rulemakings and would be unnecessarily burdensome and costly to both the Federal Government and the private sector. In my judgment, should this bill become law over my objections, this judicial review could cause the entire process of establishing the repository to grind to a halt.

Congress passed NEPA in 1969 to ensure that Federal agencies integrate environmental values—as well as social, economic, and technical factors—in the decisionmaking process. Section 102 of NEPA requires environmental impact statements [EIS] for proposed major Federal actions which would significantly affect the quality of the human environment. The EIS process includes alternatives analysis in which reasonable alternatives to the proposed action are explored in an effort to present clear choices to decisionmakers and the public, and to ensure that the most environmentally sound course of action is taken.

S. 1936 limits or eliminates the application of a number of NEPA's health and environmental standards with respect to the establishment of a temporary waste repository. For example, in order to expedite the interim repository's opening it waives any regulations for the protection of public health and the environment if the regulations would delay or affect the development, licensing, construction or operation of the interim storage facility.

I strongly believe that any facility in the United States designed to store spent nuclear fuel should be required to comply with NEPA. Therefore, I wholeheartedly support the first half of the Bryan amendment which instructs the Secretary of Energy to comply with all NEPA requirements.

My concern with the Bryan amendment stems from its language which would add sweeping judicial review provisions to this bill. It would subject to judicial review any agency action relating to the development or implementation of the integrated management system. I firmly support judicial review for all final agency actions. However, I am concerned that including any and all agency actions, not just final actions, may produce innumerable interlocutory judgments.

The cost to taxpayers likely would be very high, and the repository to be established under the terms of this bill likely would be drowned in a sea of redtape. That is not in our Nation's best interests despite the capable efforts of the Senators from Nevada to do everything in their power to prevent or delay the establishment and operation of a repository in their State. Once our Government makes a decision to establish a repository for nuclear wastes which is badly needed—although I do not believe we are ready to make that decision with the confidence we should have for a step of this consequence—we should not deliberately set up the effort to fail by tying it in legal and procedural knots.

It appears unlikely that any additional amendments to this bill will be offered or approved that would restore the applicability of NEPA provisions. Therefore, because the legislation exempts the repository establishment process from the application of NEPA and other environmental statutes, I will oppose final passage of S. 1936. I am hopeful this bill in its current form will not be enacted. The President has said he will veto it in this form, and I would urge him to do so.

But, Mr. President, I wish to emphasize that I do not take this stance with enthusiasm. Our Nation needs a repository for nuclear waste. We should not continue ad infinitum to store it temporarily at the sites where it has been produced. That is neither safe nor prudent. Our Government needs to redouble its efforts to reach a conclusion about the establishment of a permanent repository, and it needs to do that with alacrity.

Unfortunately, this legislation to create a temporary repository is not the answer. Establishing a temporary facility necessarily brings difficult problems that would not be present with a permanent facility. Exempting the facility and the process of establishing it from environmental laws and safeguards is unacceptable.

It is not inconceivable, even if quite unlikely, that these problems can be remedied this year in a way that would permit me to support this legislation. The first requirement is that the process be subjected to compliance with environmental laws and regulations. This could be accomplished in a conference committee. If it is not, I will continue to oppose it.

But if its flaws are not adequately repaired, and the bill either is not finally passed by the Congress or is vetoed by the President, the 105th Congress needs to begin grappling early and seriously with this matter. I hope when it does so, Mr. President, that it will take a different and more responsible course than has been taken in the current Congress.

SECTION 101(g)

Mr. LEVIN. Mr. President, at page 9, lines 20–23 of the manager's substitute amendment, section 101(g) provides that "subject to subsection (f), nothing in this Act shall be construed to subject the United States to financial liability for the Secretary's failure to meet any deadline for the acceptance or emplacement of spent nuclear fuel or high-level radioactive waste. * * *" Is it the manager's intention that this language prevent contract holders from recovering damages or other financial relief from the Government on account of DOE's failure to comply with the 1998 deadline established in section 302(a) of the Nuclear Waste Policy Act of 1982?

Mr. MURKOWSKI. It is not the manager's intention that section 101(g) limit in any way the rights of contract holders, their ratepayers, or those agencies of the State governments that represent ratepayers, from enforcing any right they might have, including the right to hold the Federal Government liable financially, under the 1982 act and the contracts executed pursuant thereto. Section 101(g) is expressly subject to section 101(f), which makes clear that rights conferred by section 302(a) of the Nuclear Waste Policy Act of 1982 or by the contracts executed thereunder are not affected by this bill, including section 101(g). To the extent that act or the contracts established a 1998 deadline and the DOE fails to meet that deadline, it is not the manager's intent that the substitute amendment in any way restrict the relief available to those damaged by the failure to meet the deadline.

Mr. LEVIN. Is it correct then that the manager does not intend that the amendment would restrict the scope of remedies available to the plaintiffs in the litigation in which the Court of Appeals of the District of Columbia has recently held that the 1998 deadline is a binding obligation of the Federal Government?

Mr. MURKOWSKI. That is correct. It is not the manager's intent that the language of section 101(g) proscribe the court of appeals or any other court from awarding monetary relief or other financial remedies to those who have paid fees to the Government under the 1982 act and the contracts, or those who will incur additional expense on account of the DOE's failure to comply with any right conferred by 1982 act or the contracts.

Mr. LEVIN. If a deadline were imposed by the Nuclear Waste Policy Act of 1996, as reflected by the substitute amendment, as well as by the Nuclear Waste Policy of 1982 or the contracts executed thereunder, is it the manager's intention that section 101(g) would proscribe financial liability for failure to meet the deadline to the extent it is imposed by the 1982 act? For instance, if DOE were to fail to commence the acceptance and emplacement of spent nuclear fuel and high level radioactive waste by November 30, 1999 or thereafter, would the amendment proscribe a court from imposing financial liability on DOE if a court ruled that DOE's inaction constituted a failure to comply with the deadline established in section 302(a) of the Nuclear Waste Policy Act of 1982 and the contracts?

Mr. MURKOWSKI. It is not the manager's intention that section 101(g) limit the rights or remedies available under the Nuclear Waste Policy Act of 1982 or the contracts executed thereunder. If a failure by DOE to comply with any deadline established in the amendment also constituted a failure to comply with a deadline established by the 1982 act or a contract under that act, it is not the manager's intent that section 101(g) modify the right of any contract holder to seek any and all remedies otherwise available for the violation of the 1982 act or for breach of the contract. It is the manager's intention that section 101(f) preserve all of those rights, regardless of whether the same or a similar obligation is expressed in the Nuclear Waste Policy Act of 1996.

Mr. LEVIN. With respect to a deadline imposed for the first time in the Nuclear Waste Policy Act of 1996, is it the manager's intention that section 101(g) proscribe a court order that the Secretary of Energy comply with such deadline, or granting relief other than money damages to contract holders?

Mr. MURKOWSKI. It is not the manager's intent that section 101(g) proscribe anything other than financial liability for failure to meet a deadline imposed by the Nuclear Waste Policy Act of 1996. To the extent other forms of relief are available for the government's failure to comply with a deadline imposed by the amendment, the manager does not intend that such a remedy be prohibited.

Mr. LEVIN. Is it the manager's intention that section 101(g) limit the liability of the United States for anything other than a failure to meet a deadline? For instance, if the Nuclear Waste Policy Act of 1996 imposes an obligation which is not a deadline, such as the requirement to reimburse contract holders for transportable storage systems if DOE uses such systems as part of the integrated management system, is it the manager's intention that that obligation not constitute a financial liability of the United States?

Mr. MURKOWSKI. It is not the manager's intention that section 101(g) limit the liability of the Federal Government for anything other than a deadline. The manager does not intend that any other obligation imposed by the Nuclear Waste Policy Act of 1996 be affected by section 101(g).

Mr. GLENN. Mr. President, when I first saw the Nuclear Waste Policy Act, S. 1271, I was very surprised at its apparent disregard to the rights of citizens and the protection of the environment. It appeared to me that proponents of that bill wanted to ignore those issues, all in the name of removing a burden from the nuclear industry. I can understand the desire to make the Federal Government live up to its promises, but not at the expense of the environment or citizen's rights.

The bill, as originally written, contained provisions for prohibiting the Environmental Protection Agency from performing its legislatively mandated function of defining standards for radiation releases from the permanent or interim radioactive waste repository. Congress established what appeared to be a limit which disregarded scientific and public input on appropriate limits. Particularly galling was the prohibition of public input and EPA involvement in standard setting.

Other issues of concern included: First, opening the door to reprocessing, called conditioning in the original bill; second, running rough-shod over the citizens of States through which the radioactive waste would be transported; and third, gutting Civil Service laws for a particular DOE office.

I filed several amendments, in an attempt to correct provisions of the bill that in my view would result in unfair treatment or inadequate protection of citizens and the environment. Several of those provisions have been corrected, or at least modified. I am pleased to see that, in the latest version of the bill, the EPA and the NRC have been brought back into the process, albeit somewhat awkwardly. These two agencies are charged with responsibilities for setting standards for protection of the public, workers, and the environment from produced radioactive materials, which includes those found in nuclear reactors or radioactive waste repositories.

I am very disturbed, however, with the legislatively imposed standard of 100 mrem per year to the average person in the vicinity of Yucca Mountain. I understood that EPA and NRC have the responsibility and authority to establish radiation dose limits and standards. I certainly would not substitute my limited knowledge on the effects of exposure to radioactive materials, for that of the EPA and NRC. I doubt if there are any others in this Chamber who would be qualified to do that, either. We should leave it to the experts, at EPA and NRC, as well as to the public, instead of imposing an arbitrary standard of our own. It is claimed that EPA and NRC have veto rights in this bill. However, the bill's wording is such, that instead of giving the agencies the responsibility for establishing a standard, they are required to adhere to our standard, unless they determine that our standard constitutes an "unreasonable risk to health and safety." What constitutes "unreasonable risk"? How will EPA or NRC determine what is "reasonable" and what isn't in terms of risk? That is a subjective judgment, and it is an invitation to extensive litigation on that judgment. At the same time, the bill limits judicial review of rulemaking based on the 100 mrem standard.

I am also concerned that our limit is significantly higher than limits imposed for other nuclear activities. Why is this so? Is it because someone has been told that we can't design a repository to tougher standards? Is this what health and safety regulation has come to? Don't set a standard that the National Academy of Sciences suggests you should set—their report suggests a much lower number than 100 mrem/yr. for exposure—instead let's pick one that the engineers say they can easily meet today—despite the fact that the repository will be around, maybe, for thousands of years.

I understand that there is disagreement among scientists about the effects of low-level radiation. The EPA sets a limit of 25 mrem, and the NRC has historically set 25 mrem around nuclear power plants. International standards setting bodies have also allowed dose limits for waste storage of 15 to 25 percent of the 100 mrem total limit.

The EPA has also opposed the legislatively mandated limit, in letters to Senate Committees and individual Senators. I have also been informed that EPA is going to issue their dose limits in the very near future. [Draft within a month.] I want to know what they say in this regard before I set a congressionally imposed limit, which may or may not meet our best scientific judgment.

Beyond this, Mr. President, the philosophy behind this bill is one that is seriously questionable. The bill presumes that a permanent deep geologic burial site of nuclear waste is the most suitable solution to the waste problem and then sets up a structure that will inevitably lead to pressures to make the interim site the site of the permanent facility, and with legislated safety standards for the permanent repository.

I simply do not believe that we now have the technology or engineering knowledge to credibly design and construct a permanent repository that can meet acceptable safety standards for tens of thousands of years. If we did have this ability and understanding, then it would not be necessary to contort our environmental laws and regulatory oversight as this bill does. Until we get closer to being able to design and construct a repository with appropriate safety standards, there is no reason why we cannot continue to have monitored retrievable surface storage of these dangerous materials. The level of risk is not greater than that posed by the construction of a central interim facility requiring continuing transportation of radioactive materials from all over the country. Accordingly, Mr. President, I am opposed to the passage of this bill.

Mr. KERREY. Mr. President, I would like to take this opportunity to explain my opposition to S. 1936. We can, and we must, seek a responsible and permanent solution to the important problem of high-level nuclear waste storage. In that light, I have supported, and will continue to support, a permanent geologic repository. What I do not support is designating the location of an interim storage site before we have determined the viability of the Yucca Mountain permanent repository. I have three major objections to that policy.

First, it exerts a growing pressure to name Yucca Mountain as a permanent repository. The pressure to move nuclear waste to Yucca Mountain continues to increase. The premature decision to authorize the storage of tens of thousands of metric tons of nuclear waste at the site only adds to the pressure to push blindly down this course. The American people need to be confident that the final decisions regarding the permanent repository are based on sound science and not political expediency. The American people deserve a credible, deliberative policymaking process. They must have faith that the location of the permanent repository is based on a fair and balanced consideration of environmental, health and safety issues. Mandating the location of a interim site at this time undermines the public confidence in this process.

My second concern is that the interim site may become the de facto permanent site. If for either scientific or political reasons, the work on the construction of the permanent repository stops, who will be motivated to move the waste from temporary storage in Nevada to a permanent repository in another State? The nuclear waste at the interim site will, at that point, be of concern to very few. Those who were responsible for generating that waste will have no moral, legal, or financial responsibility for that waste. I submit that the policy options available at that time will be rather limited.

This brings me to my third, and most important, concern. If, despite the inertia at work, another site for a permanent repository were named, it would set up an unacceptable situation. We would have moved the waste from Yucca Mountain to another, yet to be named, location. Nebraska is a major corridor to Yucca Mountain. Under no circumstances will I vote for a bill that sets up the possibility of the Nation's nuclear waste passing though my State twice. Simply stated, it is unnecessary to subject the public to the risk and expense of transporting this waste twice.

That summarizes the irony of S. 1936, regardless of what the final deposition of the permanent repository at Yucca Mountain, we have errored. If Yucca Mountain is found to be a viable location, we have unnecessarily undermined the credibility of the scientific studies. If Yucca Mountain is not a viable site, we are given a no-win situation. We either allow the interim site to become the de facto permanent site or we once again move high-level nuclear waste to another location.

Why does the Senate chose this road with no winning outcomes? Are we reacting to a crisis that does not exist? For years the operators of commercial nuclear power plants have stated that on-site storage was safe. All evidence supports this position, and I believe them. Current on-site storage is not a permanent solution, but by the same token, it does not present a crisis.

The alternative to the no-win course outlined in S. 1936 is quite simple. We wait until the completion of the viability study at Yucca Mountain in 1998. At that time we can consider the policy options available based on sound science and hard evidence. We will not have locked ourselves into narrow policy options or have undermined the credibility of the process through premature decision making. The geologic repository will be designed to store high-level nuclear waste for 10,000 years. Yet, this body can not wait 2 years to base public policy decisions on sound science and a credible process.

Mrs. MURRAY. Mr. President, I intend to support S. 1936, as amended. However, I would also like to express my reservations about portions of this bill.

I supported cloture and I appreciate my colleagues from Nevada agreeing to allow this bill to move forward. It is critical that we proceed with the business we have to complete prior to adjournment; namely, 13 appropriations bills. I hold no grudges against my sincere colleagues from Nevada for their use of Senate rules to delay this bill. Were I in their shoes, I too would likely use every parliamentary device available to me to prevent enactment of this bill.

It is because I do not want to be in their shoes that I support this bill. I, and many of my constituents, are concerned that there may be a renewed effort to place either an interim or a permanent nuclear waste repository in Washington, at Hanford, adjacent to the Columbia River. As many who have dealt with this issue over the years know, Hanford, a Texas site, and Yucca Mountain were the winners in the permanent repository selection process. So, for the health of my constituents, I support development of Yucca Mountain.

Conversely, it is also that fear for my constituents that makes me most nervous about S. 1936. While I appreciate the improvements made about Environmental Protection Agency authority regarding radiation release and exposure standards, I am worried about the bill's easing of some environmental and health standards. It is not unlikely that someday we in Washington may have the rest of the Nation decide that Hanford radiation standards could be lessened in order to foist some new batch of nuclear waste upon us. So, I am leery of such provisions in this bill and am pleased that the authors continue to make improvements.

I also am frustrated that the U.S. Government has made a commitment to some of its citizens, to ratepayers, to the nuclear industry, to store nuclear waste by 1998. Maybe we should not have made such a commitment or collected fees to follow through on that commitment. But we did. It is time to act on that commitment—even if it means so doing with this imperfect vehicle.

Mr. President, this is a very difficult issue for me. I care about my State, I care about the ratepayers' money being spent on this never-ending project to get nuclear waste in a permanent geologic repository, I care about the health of all people, including Nevadans, and I care about fairness. I agree with many of the arguments made by my colleagues, Senators BRYAN and REID. Therefore, I will support any amendments that address my concerns. In the end though, I will support S. 1936 in its final form.

Ms. MOSELEY-BRAUN. Mr. President, on balance, I support S. 1936. It is not a perfect bill, but it is a reasonable bill, and I do not believe that the United States can afford further, indefinite delays.

The decision before the Senate is, in part, about the suitability of Yucca Mountain, the risks associated with the transportation of spent nuclear fuel, and the legacy of spent nuclear fuel created by our nuclear industry.

The issues that flow from a decision to open an interim facility near Yucca Mountain, however, are as important as the site decision itself. My own State of Illinois, with 13 reactors, has more nuclear plants than any other State. For 36 years, waste has been building up, and the volume continues to grow. With our excellent network of highways and railways, Illinois also faces issues associated with interstate shipments of spent fuel destined for a permanent repository.

There will never be a perfect disposal site for spent nuclear fuel. The fuel is dangerously radioactive, and remains so for hundreds of thousands of years. Whether it is placed in deep geologic storage, sunk beneath the ocean, drilled far into the earth, or shot it into space, every approach poses risks to humans and the environment, and none will ever completely eliminate the dangers of this substance.

Without a perfect solution, however, we are forced to choose the next best option: A location where the waste will have the least potential adverse impact on human health. Ideally, such a site is in an unpopulated area, away from threats to underground water, away from animal habitats, and in a place where it poses the least environmental risk and where we are assured of maximum security protection.

Illinois, home to over 11 million people, is not such a site. Yet, over 5,000 tons of spent fuel are housed at temporary locations scattered throughout my State. Most of these locations are in northern Illinois, near great concentrations of people. The fuel rods are stored in underwater pools, a method never meant to be permanent. While the pools pose no imminent risk, and will likely remain safe for the foreseeable future, they do not ensure complete safety, maximum security, or long-term protection of the environment. And the volume of waste at these sites will continue to accumulate as spent fuel is removed from nuclear plants.

For Illinois, there are no perfect answers, there are only options, and each option has its problems. If a Western waste disposal site is opened, Illinois, because of its key role in our national transportation system, faces a future of literally thousands of shipments of nuclear waste across the State. The other alternative is even less palatable—keeping large amounts of deadly waste at Illinois nuclear power plans for perhaps 100 years and beyond, in facilities never designed for long-term safety and security, located too close to people, too close to groundwater, and quite frankly, too close for comfort.

My conclusion is that spent nuclear fuel cannot remain in Illinois. Illinois is not suitable for the medium and long-term storage of nuclear waste, and should not have to risk inadvertently becoming a de facto permanent site because Congress fails to act.

Congress has debated this issue for 14 years. Illinois ratepayers have paid more than $1.5 billion to help finance the construction of a permanent disposal site in Yucca Mountain. Despite the billions received, the Federal Government has made little progress, and Yucca Mountain is not expected to open until 2010 or later. Meanwhile, space runs out in Illinois beginning in 2001. If Congress fails to act, utilities will be required to build additional storage space at reactor sites, and ratepayers will foot the bill, essentially paying twice for the storage of this waste.

I am concerned about transportation. While I have been assured by the city of Chicago and the Illinois Department of Nuclear Safety, both of which have excellent hazardous waste transportation programs, that spent fuel shipments pose no risk to the general public, we must remain as vigilant as possible on this issue.

These fuel shipments must be handled in a manner that meets the highest safety standards and does not put Illinoisans or other Americans at risk. That's why I offered an amendment to this bill that would hold the Department of Energy and the Department of Transportation accountable for these shipments, and directs the Department of Energy to select routes that avoid heavily populated areas and environmentally sensitive areas. I thank the chairman and ranking member of the committee for accepting these amendments. I do believe, however, that more should be done to further improve transportation safety, and I hope Congress will revisit this issue in the very near future.

It is worth remembering that if this bill is enacted this year, there will be no immediate cross-country exodus of spent fuel. The Nuclear Waste Technical Review Board recognizes that "even if passed into law now, none of the proposals before Congress would enable the operations of a centralized facility before 2002." Additionally, the process of licensing and developing a large interim facility, and the transportation infrastrucutre that goes with it, has been estimated to take 5 to 7 years. Furthermore, it is not expected that the Department of Energy will meet several deadlines in this bill.

Even if S. 1936 is promptly enacted, spent fuel will remain where it is for quite some time. Each decade of delay, however, adds 20,000 metric tons to storage capacity. Beyond 2020, nearly 85,000 metric tons of spent fuel will have been generated. And that is exactly why the Nuclear Waste Techical Review Board recommends that action must begin now on a Federal facility, so that full scale operations can begin by 2010 when reactors begin shutting down in large numbers.

Mr. President, this debate is not about whether nuclear power should ever have been pursued as an energy option. That has long since been decided. We cannot wave the magic wand, nor turn back the clock. Nuclear power is here, and nuclear waste must be dealt with.

Our decision on dealing with nuclear waste will never be perfect, because it cannot be perfect. But, it is a decision that must be made. If we fail to act, Congress will send a message to the American people that the nuclear waste problems created by our generation are best resolved, and best financed, by our children and our grandchildren. That is neither right, nor fair, and that is why I am voting in favor of S. 1936. I urge my colleagues to do likewise.

NUCLEAR WASTE AND THE BUDGET

Mr. DOMENICI. Mr. President, I want to take a moment to congratulate the senior senator from Idaho, the chairman and ranking minority member of the Senate Energy and Natural Resources Committee and the majority leader on this bill. All of these Senators deserve a great deal of credit for getting this controversial bill pulled together and scheduled for Senate action in a year when the calendar is working against us. I also want to congratulate the Senators from Nevada. This is a difficult issue. I may disagree with them, but I respect the effort and vigor they have put into their opposition to this bill.

The Nuclear Waste Policy Act required electric utilities to contract with the Department of Energy to take title and ultimately dispose of nuclear waste generated by these utilities in exchange for a fee on nuclear-generated electricity. The Department of Energy's view is that they do not have obligation to take this waste until the development of an operational interim storage facility or a permanent repository.

The Clinton administration has shown incredible bad faith on its part to honor these contracts. While the administration has argued that there is no obligation to take the waste in 1998, it continues to collect fees from electric utilities pursuant to its contracts with these utilities. The Clinton administration has threatened to veto legislation, last year during consideration of the Energy and Water Development Appropriations bill and this year during consideration of this legislation, providing an interim storage facility that would provide DOE with the means to meets its contractual responsibilities while a permanent repository is being developed. Although the administration has professed support for development of a permanent repository, the President has not provided the leadership necessary to gain the funding or the changes in the law that will be necessary to ensure an operational disposal facility will be developed. For example, in his most recent budget request, the President proposed to reduce spending for the nuclear waste program over the next 6 years.

When DOE indicated it would not accept responsibility for the utilities' nuclear waste in 1998, the electric utility industry took them to court. The United States Federal Court of Appeals for the D.C. Circuit recently sided with the utilities on the question of the Federal Government's obligation and concluded that the Federal Government has an obligation to accept title for this waste in 1998 that is reciprocal to the utilities' obligation to pay. The court clearly rejected DOE's argument that its obligation was contingent on the development of an interim or permanent repository.

S. 1936 will allow the Federal Government to honor that commitment. It provides for an interim storage facility to meet the Federal Government's commitment to take this waste and sets forth a process that will allow the Federal Government to study, evaluate, and develop a safe and environmentally-sound permanent repository for nuclear waste.

Earlier versions of this legislation included provisions that would have violated the Budget Act. Senators CRAIG, MURKOWSKI, and JOHNSTON have written a bill that does not violate the Budget Act. It is fully paid for over the 10-year period as required by the Act. The bill, however, will result in a $600 million annual increase in direct spending and the deficit beginning in 2003. This direct spending would be available to fund program management, interim storage, transportation, and development of a permanent repository. It pays for this increased spending over the 10-year period by accelerating the payment of fees by electric utilities. Although the bill does not technically violate the pay-as-you-go rule over the 10-year period, it meets this requirement by shifting future payments by utilities into the 10-year budget window.

This bill provides direct spending authority that will be available to fund all aspects of the nuclear waste disposal program. I understand the very strong arguments for this spending authority, but as Budget Committee chairman I am constantly confronted with very compelling arguments on why we should increase spending for numerous programs.

In this instance, particularly considering the Appeals Court's decision, clearly the Federal Government has an obligation to take title to this waste in 1998. DOE's argument was that it had no obligation because no disposal facility was available. The Court discarded this view and interpreted disposal to be a very broad term that included temporary storage of nuclear waste.

Viewing the tremendous effort that went into getting an agreement for consideration of this bill, I decided not to pursue an amendment that would have limited the increase in direct spending to what is needed to develop an interim storage facility. If this legislation is not enacted, I intend to pursue modifications to this legislation to limit the increase in direct spending to what is necessary to provide for the interim storage of this waste. I think a very strong case can be made that the Government has a binding contractual obligation to provide for the interim storage of this waste and that is clearly supported by the court's opinion.

Mr. ROCKEFELLER. Mr. President, I oppose the Nuclear Waste Policy Act, and I would like to share some of my reasons with my colleagues.

First, the Senate should not be ramming through a bill to designate an interim storage site just when a comprehensive, sophisticated process is well underway to come up with a permanent site or solution. This legislation basically says the Senate knows better—it says the Senate should take the place of scientists and experts, choosing Nevada as the so-called interim site and presumably paving the way for the same location to be used forever.

I do not think this is the time whatsoever for the Senate to make this decision—it's a misuse of power, it contradicts other policies that Congress has put on the books, and it could trigger all kinds of unfortunate consequences, including the possibility of a very serious accident.

This bill, S. 1936, violates current law, the 1987 Nuclear Waste Policy Act amendments. Under the 1987 law, DOE is not allowed to begin construction of an interim storage facility until the NRC has granted a construction license for the permanent site. Also, that law stated that no more than 10,000 metric tons of waste could be stored at the interim site before the permanent site began operating, and no more than 15,000 metric tons after that. But S. 1936 authorizes an interim site storage capacity far greater than either of these levels—40,000 metric tons after phase two, which will be increased to 60,000 metric tons if Yucca Mountain falls behind schedule.

In 1987, Congress was saying that it would be unwise to ship nuclear waste across the country to a temporary above-ground storage site until a permanent site gets built. The same is true now. It still isn't smart. But, under this bill, the waste would be shipped to the Nevada interim storage site anyway, before the studies have been completed to certify whether or not Yucca Mountain is the place to be a permanent repository of nuclear waste.

Some say this isn't true, that there is a safeguard in the bill. But, while the bill requires DOE to stop construction on the interim site if the President determines that Yucca Mountain is unsuitable as the permanent repository, there's a catch. If Yucca Mountain isn't found suitable, the bill will require that the interim site be built in Nevada anyway unless the President picks an alternative site within 18 months. This alternate site must then also be approved by Congress within 2 years after that. Leaving aside the idea that we should designate nuclear waste sites on objective criteria rather than strict timetables, does anybody believe another site will be found in 18 months? Or that Congress will approve another site 2 years after that? I'm not betting on it.

Why all this pressure to act on the bill before us, S. 1936? From everything I have seen, there is no overwhelming case, for safety or related reasons, to force the transportation and placement of this waste into an interim site. The nonpartisan Nuclear Waste Technical Review Board issued a report saying that there is no compelling technical or safety reason to move spent fuel to a centralized facility for the next few years. And the Nuclear Regulatory Commission has said that the waste could safely remain at the current sites for far longer than that in dry cask storage facilities. In short, this waste doesn't have to be moved now.

In fact, it is even conceivable that science may ultimately lead to the rejection of a single repository, because of the dangers of transporting waste and progress being made in developing alternatives. The Senate should not be intervening, singling out Nevada, and short-circuiting what could be a safer, sounder, and less costly solution.

And there are a number of safety concerns that argue against this bill. Experts have raised concerns about the radiation exposure standard in this bill, and I think we should question the preemption of several key environmental laws, such as the Clean Water Act and the National Environmental Policy Act.

Transportation of this waste also is a major concern, and reason enough to reject this legislation. If the plan in this bill goes forward, we will see the transport of up to 60,000 tons of nuclear waste by road and rail from nuclear facilities around the Nation to this interim storage site. These mobile nuclear waste sites will travel through West Virginia and 42 other States. I have been told that 50 million people live within 1 mile of the proposed transportation routes that would be used.

In West Virginia, we have no nuclear facilities. We have no spent fuel. We have no nuclear waste. And we have no storage problem. But, under this bill, West Virginians will have nuclear waste being shipped through the State. I do not want to be alarmist, but I do have concerns that West Virginia and the other 42 States have not had adequate time to develop the necessary transportation safety plans, and are not ready to handle the possible accidents that may occur. I don't know how many of my colleagues have spent time in southern West Virginia, but the mountains and roads there will not be friendly to rescue efforts if one of these trains goes off the tracks. Under this bill, the zeal of some to force this premature interim storage facility into Nevada may raise risks for protecting the people and the environment in places like West Virginia.

Mr. President, this is an unnecessary bill that forces Nevada to prematurely take the Nation's nuclear waste and become America's so-called interim storage site. It looks like a set-up to becoming the permanent storage facility, not as a result of the promised objective and scientific process, but as a result of political pressure and an eagerness to dump a problem onto a lone State. It uses a radiation exposure standard that looks questionable and undermines environmental laws in ways that could be dangerous. It threatens to expose millions of Americans to the risks of transporting and storing this waste.

The Senate has no business passing this bill. The President has made it clear he will veto the bill, wisely insisting on the completion of the kind of process that should be used to make decisions as monumental as where, when, and how to transport and locate nuclear waste. The Senate should defer to that process as well, and resist this idea of singling out one State in such an insensitive and heavy-handed manner.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I wonder if my colleague from Alaska and my colleagues from Nevada will listen to a question, which is, as I understand it, the plan now is to go to third reading immediately and vote on final passage at 4:55?

Mr. MURKOWSKI. Mr. President, in response to my colleague from Louisiana, that is the plan that has been agreed to.

Mr. REID. It is my understanding there will be general debate until that time, that we each have an amendment left, and it is my understanding neither the proponents of the legislation nor the opponents of the legislation are going to offer the last amendments they have in order, and that the time will be evenly divided between now and 4:55 for general debate on the legislation.

Mr. MURKOWSKI. That is my understanding, Mr. President.

Mr. JOHNSTON. I wonder if we can advance that by unanimous consent.

Mr. President, if it is in order and agreeable with my colleague from Alaska, I ask unanimous consent that we move immediately to third reading, and that the time between now and 4:55 for final passage be equally divided between the Senator from Alaska and the senior Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. I thank the Chair.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Who yields time?

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I wonder if I may have the Chair identify the time that will be divided on either side.

The PRESIDING OFFICER. The Senator from Alaska has 30 minutes; the Senator from Nevada 31 minutes.

Mr. BRYAN. Mr. President, the Senate is not in order. I did not hear the inquiry of the Senator from Alaska.

The PRESIDING OFFICER. The Senator is correct. The Senate will come to order. I ask that all audible conversations be removed to the Cloakroom.

The Chair recognizes the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, as I understand it—I was distracted as well—we have about 30 minutes.

The PRESIDING OFFICER. The Senator from Alaska has just over 30 minutes.

Mr. MURKOWSKI. I thank the Chair. I inquire among Senators on this side as to how much time they need. I think the Senator from Wyoming requests time. How much time does he need?

Mr. SIMPSON. Mr. President, I think 5 to 7 minutes will be quite adequate.

Mr. MURKOWSKI. The Senator from Idaho, I know, is going to request time, 10 or 15. The Senator from Louisiana. I am going to yield myself 5 minutes at this time, and I will attempt to accommodate—why don't I just go ahead with the Senator from Wyoming now and allot him 5 minutes. I yield 5 minutes to my good friend, the Senator from Wyoming, who, unfortunately, will be departing this body at some point in time.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I do richly commend my friend, Senator MURKOWSKI. I have watched him doggedly work in this area. There are many who have done so much in this area over the years: Senator JOHNSTON from Louisiana; I was involved with it as chairman of the Subcommittee on Nuclear Regulations; Senator Gary Hart, and back through the years.

The problem with nuclear waste storage is a most serious and complex one. I cannot tell you how tired I am of the people on both sides who are extremists in the area; those who are the "Hell, no, we won't glow" group and the "nobody's ever been killed" group. Somewhere between those two groups is sanity.

I think we are finally on the track of doing something sensible. The mere mention of nuclear waste sends shivers up the spine of many people. I discovered that when I came to the Senate and joined the Nuclear Regulatory Subcommittee. That is what happens when one utters, "All right, I'll take an assignment no one else wants." I did that a couple of times, and I got Immigration and Nuclear Regulations and Veterans Affairs, so cursed with business three times in some ways. I have enjoyed those issues, but they are filled with emotion, fear, guilt and racism, all three of them.

So here we have this entire issue that has been a continuing victim of gross misinformation, reprehensible scare tactics, particularly in the 17 years since Three Mile Island, and certainly people deserve to know more of exactly what we are dealing with.

The waste products resulting from many good and beneficial uses of nuclear elements are not just going to go away. It is a little late for protesters just to run around the streets with signs saying, "Don't put it here, don't put it there."

Wastes of varying levels of activities are piling up at thousands of sites across this country from sources like universities, nuclear powerplants, vital medical procedures conducted at hospitals and even dismantled Soviet missiles. Much of this waste is sitting—sitting—in or near highly populated areas which face potential threats with regard to earthquake, tornado, and hurricanes.

The specific problem the bill addresses is the disposal of high-level nuclear waste from powerplants, the spent-fuel rods that are left over after years of generating electricity. Back in 1982—incidentally, the same year Cal Ripken's playing streak started—Congress passed the law. I was involved in that. In essence, it said we will make a deal with the nuclear power consumers in this country. We said the Federal Government would provide a place for storing the spent-fuel rods, but the consumers had to pay for it.

Since that law has passed, those fees, plus interest, have provided $11 billion; $6 billion has already been spent, some of it for unrelated purposes, and still construction of the disposal site has not even started.

We are running out of time. No more time for placards, no more time for running through the streets, no more time for standing out on the highway, because here is where we are: There are 109 active commercial powerplants in 35 States providing 20 percent of the country's electricity. For the most part, the spent-fuel rods produced in those facilities are there on site in pools under 30 feet of demineralized water. If the water were to drain away for any reason because of some structural defect from natural disaster, the rods would reheat and eventually melt down. These pools were never designed for long-term storage. Yet, because of the strength of the political opposition to a permanent site—I can understand all the reasons—we run the risk of jeopardizing the health of millions of Americans. A typical nuclear powerplant produces 30 tons of spent fuel.

The PRESIDING OFFICER. The Chair advises the Senator that his 5 minutes have expired.

Mr. SIMPSON. I ask for an additional 2 minutes.

The PRESIDING OFFICER. The Senator will proceed.

Mr. SIMPSON. A typical nuclear powerplant produces 30 tons of spent fuel every year. Right now more than 30,000 metric tons of spent fuel are being stored at 75 sites across this country. And 23 reactors will run out of room in their storage pools by 1998. By 2010, a total of 78 reactors will be out of storage space for their spent fuel and have about 45,000 tons of metric tons of spent fuel.

It is very important we get the waste out of these inappropriate and unsafe locations into a technologically sound, permanent storage site. It is also very important for every person in this country to realize that it is perfectly possible and technically feasible to transport and store this waste with very little risk to human health or the environment.

I point out the Department of Energy has been transporting nuclear waste from the weapons facilities under its jurisdictions for 30 years without a single incident of environmental or human harm.

It is crucial to get on with the business and get on with the work of an efficient and safe system for civilian nuclear waste before the risks we have been dodging with our current haphazard setups catch up with us.

I applaud the work of Senators MURKOWSKI and CRAIG and JOHNSTON, their bipartisan effort through the years. They have a realistic piece of legislation which finally allows the Federal Government to live up to its commitment to provide a safe, secure, and centralized location for the storage of the most radioactive of the nuclear waste. It also provides the money and Federal assistance for training State and local personnel in safety and emergency procedures. It is a very important bill and a good compromise, and good work all around. I am very pleased to support it and encourage my colleagues to do the same. I thank very much the Senator from Alaska.

Mr. MURKOWSKI. Madam President, I believe the other side wants to speak. I retain the remainder of our time.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER (Mrs. FRAHM). The Senator from Nevada.

Mr. BRYAN. Madam President, how much time remains under the control of the Senator from Nevada?

The PRESIDING OFFICER. The Senator from Nevada has 30 minutes.

Mr. BRYAN. I thank the Chair. I, at this point, will allocate myself 10 minutes of that time and ask the Chair to inform me when I have used that.

Madam President, it has been a number of weeks we have been discussing the high-level nuclear waste issue. And I think it is time to put this into some perspective.

In 1980, some 16 years ago, debate on the floor of the Senate indicated that there was a great urgency and immediacy to take action, that there was a crisis, that indeed, if nothing were done, if we did not get the interim storage, what was called MRS storage, nuclear reactors around the country would have to shut down by 1983.

I offer that interesting piece of history as a footnote because the debate today is in almost identical respect the same debate that occurred this very week on July 28, 1980. This is a contrived and fabricated crisis.

Let me begin by pointing out what the Nuclear Waste Technical Review Board—this is a board that was created by act of Congress in 1987. And the Nuclear Waste Technical Review Board has concluded that there is no need for interim storage at this time. And that is a conclusion which they have endorsed. Anyone who has any question about it, this is the document. So all of this debate is at best premature and in our view totally unnecessary.

When you look at the substance of the legislation, what is occurring is an absolute travesty. The major environmental provisions that protected Americans with bipartisan support for more than 2 decades are simply wiped out, simply wiped out. We have just had a debate. The National Environmental Policy Act, designed to apply to circumstances such as this, for all intents and purposes, has been eviscerated by the nuclear utilities in their zeal to get interim storage.

Let me just cite two specific references. Among the things that the Environmental Policy Act would ordinarily consider would be the environmental impacts of the storage of spent fuel and high-level radioactive waste for the period of foreseeable danger —thousands of years. This piece of legislation would restrict the application of NEPA, the Environmental Policy Act, to the initial term of licensure of about 30 years.

Nothing has occurred to date that would establish a design criteria for such facility. Ordinarily the Environmental Policy Act would consider the alternatives to the design criteria. That is now wiped out. NEPA cannot consider design criteria, cannot consider the application for longer periods of time of health hazards. So we have a major piece of environmental legislation wiped out.

Preemption. The amendment offered by our friends from the other side has put us in the situation in which all Federal laws that are inconsistent with this act are wiped out. And we have gone through a whole litany of them.

We have the National Environmental Policy Act, FLPMA, clean air, clean water, all of those, if they are inconsistent, they do not apply. So forget environmental laws when it comes to siting an interim storage. That is simply an outrage, Madam President, no matter how one feels about nuclear energy or whether one believes there ought to be some type of interim storage.

With respect to standards, nowhere in the world—nowhere —is a radioactive standard of 100 millirems established by statute—nowhere. And 100 millirems would be at least 24 times the standard for the safe drinking water, would be at least six times-plus the standard set for the WIPP facility. I must say, this is all laid out right here. So, 100 millirems.

Why in God's name, for the most dangerous stuff on the face of the Earth, would we mandate by statute a 100-millirem standard, and then say to the EPA, well, you know, if you can prove that that is unsafe, then you can change it. We do not do that. I mean, if this were a straight-up deal, if this were not some contrived wish list by the nuclear utilities, the EPA would be designated as finding a standard and establishing it. No other place in the world.

The National Academy of Sciences was asked in a piece of legislation approved in 1992—the energy bill—was asked to come back and make a report with respect to a standard. And what they said is that the safety standard, in terms of radioactive exposure—this is the "Technical Bases For Yucca Mountain Standards." This is the product of the National Academy of Sciences. And what they said is, it should be somewhere between 10 and 30 millirems.

How can you justify it? How can you justify that? And indeed when you look at the Environmental Protection Agency, here is what our Administrator tells us.

> S. 1936 and the substitute amendments establish a Congressionally set overall performance standard of 100 millirems a year to the average person in the general vicinity for Yucca Mountain nuclear waste repository for 1000 years. Although the substitute amendments allow EPA to challenge the 100 millirem a year standard, EPA believes the standard is inappropriate because it is less protective than other U.S. standards and international advisory board recommendations for a single source. Furthermore . . . the actual risk to public health and the environment will occur well after 1,000 years. . . .

And the limitation that is imposed in this legislation applies only to 1,000 years.

So again, public health and safety be dammed. Anything that helps the nuclear utilities, that is what we are going to buy into.

Madam President, that is just an absolutely indefensible matter of public policy. I must say that no other place in the world establishes such a standard. We are frequently cited to the international sanctioning bodies. And although 100 millirems is referenced in those standards, never is it referenced for single source.

It indicates here that most other countries have endorsed the principle of apportionment of the total allowed radiation dose. So no—no—standards that exist in the world, to the best of our knowledge, would propose 100 millirems from a single source.

Finally, on the standards issue, I must say, clearly what drives that decision, as well as every provision in this bill, is to make it easier to lower public health and safety standards, to make it less costly. And the public health, and the consequences of those persons, would be effectively by and large ignored.

My colleague is going to talk a good bit about transportation, but we are talking about 85,000 metric tons. We are talking about 16,000 shipments or more, traveling across the rail corridors in America, as well as our highway system, and 51 million Americans live within 1 mile of that. Each of those railroad casks weigh 125 tons, and the consequence of the hazardous cargo in terms of radioactivity would be the equivalent of 200 bombs dropped at Hiroshima. We are not just talking about Nevadans at risk. If you ship it by way of cask and highway cargo, you are talking about the equivalent of 40 bombs.

Finally, and we have tried to make this point albeit it is a difficult thing to explain, in effect this is a financial bailout of the nuclear power industry. Since the very enactment of the Nuclear Waste Policy Act of 1982, its fundamental premise has been that the utilities are the ones that get the profit, they are the ones that generate the waste, they have the financial responsibility. Through a series of significant changes, albeit somewhat subtle, a cap or a ceiling or a limitation is placed on the amount that the utilities will be required to contribute.

Now, to the year 2002, it is 1 mill based upon each kilowatt of power generated. After the year 2002, it will become no more than the amount of the appropriation each year. In 2003, we would be talking one-third of a mill, the balance all left to the taxpayer to pick up.

Madam President, I simply say, No. 1, this debate is unnecessary, this bill is unnecessary, and that comes from a body of eminent scientists impaneled as a result of legislation enacted by this body. The National Environmental

Policy Act is, in effect, gutted as a consequence of the restrictions placed upon it. All other Federal environmental laws are preempted. The standards that are set are so high as to constitute a clear and present danger to public health and safety. The Environmental Protection Agency agrees, as do others.

Ultimately the taxpayer, not the utility, will pick up the bill if this bill becomes law.

I reserve the remainder of my time.

Mr. MURKOWSKI. I yield 6 minutes to my friend from Louisiana.

Mr. JOHNSTON. Mr. President, in the original form of our bill, we provided for 100 millirem radioactivity limit from the repository. However, because our friends from Nevada stated the EPA should have a role here, we amended that. The present bill now on third reading provides, if EPA finds that the 100 millirem would not be consistent with health or safety, they may set it at another level and, indeed, whatever they would set under the Administrative Procedure Act would be final unless that level is arbitrary and capricious.

Madam President, we have provided here for the role of EPA to make the health and safety determination. Why did we set it at 100 millirems to begin with? Because that is the level set by the International Commission on Radiological Protection, the National Council on Radiation Protection and Measurements, the U.S. Nuclear Regulatory Commission, and indeed the EPA in its radiation protection guidance for exposure of the general public, 1994, as well as the International Atomic Agency.

Beyond that, the 100 millirems is a commonsense level because there is more than 100 millirems difference in the natural exposure of someone in Washington, DC, which is about 345 millirems, and Montana, Wyoming, or Colorado, where the average exposure exceeds 450 millirems, so that if you live in an average place in the United States or if you live in Washington, DC, you would get a higher exposure by flying to Denver, CO, or Butte, MT, Cody, WY, or you name it, and living there than living here.

I remind my colleagues, Madam President, there has never been the slightest warning of EPA or of any nuclear radiation body to say it is dangerous to live in one of those mountain States where the millirem activity per year exceeds what we provide in this bill. If EPA should so decide, they may set the standard elsewhere.

Madam President, Nevada is the right choice. Nevada is one of the most remote places on Earth, Yucca Mountain. It is one of the driest places on Earth, and, Madam President, that area has been polluted by over 500 nuclear tests which have been not sealed off from the environment. Those nuclear tests have provided all of the radiation byproducts that are contained in nuclear waste, including cesium 137, iodine 131, strontium 90, americium 243, technicium 99, plutonium 241. You name it, if it is in nuclear waste, it is contained already in the Nevada test site.

Need I remind my colleagues that our two colleagues from Nevada have been steadfast in wanting not less tests but more tests at the Nevada test site. Those tests have not been sealed off from the environment. Indeed, some of those tests have been right in the water table.

What is the defense of my colleague from Nevada when we say, how could you on the one hand want nuclear bomb tests and on the other hand not want these rods which are in canisters, and those canisters are nonleak canisters that I believe would be valid and provide protection for 10,000 years? The answer is, well, they are only 1 ton. I guess that is somewhere between 2,000 and, if you use a long ton, 2,200 pounds of nuclear material.

Now, Madam President, a ton of radioactive material not sealed off from the environment is many thousands of times what you would expect in any leakage which might occur thousands of years from now from one of these containers. The containers designed to hold these nuclear waste rods are designed to last hundreds and thousands of years. We would imagine they would last, frankly, 10,000 years. That has not been proved. I do not state that as a fact. That is what we speculate. But, certainly, hundreds of years without any leakage whatever. Yet the Nevada test site now already has 1 ton of all these radioactive products which are not sealed off from the water supply, not sealed off from the ground around it, but where unprotected blasts took place in the ground.

Madam President, if there is ever a place in the country to store the nuclear waste, it is adjacent to that Nevada test site. That is why, Madam President, the Congress chose in 1987 Yucca Mountain. That is why it is the right place to store this waste today.

Mr. MURKOWSKI. Madam President, how much time is remaining on this side?

The PRESIDING OFFICER. The Senator has 16 minutes, and the other side has 19 minutes.

Mr. REID. Madam President, the Senator from Louisiana is a brilliant man. He knows all the procedures here. He certainly knows basic mathematics. Basic mathematics indicates that 1 ton in the ground, spread out over a significant distance under the ground, is certainly much different than 70,000 tons stacked on top of the ground—significantly different. So we need to hear no more, I believe, about the Nevada test site.

Madam President, S. 1936 guts the existing law of its environmental safety provisions and forces the Federal Government to take responsibility for the waste and liabilities of the nuclear power industry. The nuclear power industry has been extremely clever in spending their money to generate this argument, because they recognize that the nuclear power facilities don't last forever. In fact, most are being phased out right now. They want no responsibility for the garbage they have generated. They want to shift the ball to the Federal Government. That is what this legislation is about. It is also about corporate welfare at its very, very worst. It will needlessly expose people across America to the risk of nuclear accidents.

S. 1936 is proposed because the nuclear industry wants to transfer the risk and responsibilities and their legitimate business expenses to the American taxpayer. The interim storage facility is not needed. In accordance with the charter of the Nuclear Waste Technical Review Board, in March of this year, I repeat, it found no compelling safety or technical reason to accelerate the centralization of spent nuclear fuel. Implementation of dry cask storage at generator sites is feasible, cheap, and relatively safe.

We have talked at great length, and will talk some more, about how unsafe it is to transport this product around the country. There is no need to do that; it is safe where it is. It will be even safer with dry cask storage. If it is properly implemented—and that is fairly easy to do—the investment will double its return by storing the material in certified multipurpose canisters so the material is ready for shipment at some later time.

Operating costs for onsite dry cask storage, according to Mr. Dreyfuss' office, amounts to only about $1 million per year per site. Capital costs for onsite storage include preparation of placement site and canisterization of spent fuel. Storing spent fuel in multipurpose canisters means that the marginal onsite capitalization costs are only a few million dollars. Implementing onsite storage at all sites needing some additional storage space, would require less than $60 million for capitalization and less than $30 million per year for their operation. This is compared to the multibillions of dollars they are talking about for interim storage. So onsite storage could be maintained for about 40 years before equalling the construction cost of interim storage at the test site, as estimated by the sponsors of this bill. There is simply no compelling need to rush into centralized interim storage. It is simply wrong.

Madam President, we have talked about terrorism. We talked about it because it is something we should talk about. I referred, briefly, at the end of the last amendment that was offered, to a statement that we received, without solicitation, from the Blue Ridge

Environmental Defense League, located in North Carolina. The letter says a number of things. We have admitted it into the RECORD. Let me refer specifically to some of the things contained in this extremely important communication.

These shipments of nuclear waste cannot be kept secret so long as we live in a free society. And we do.

> Our actions were peaceful—

Peaceful following around these nuclear waste shipments.

> —but we proved that determined individuals on a shoestring budget—

Not paid for by terrorists with huge amounts of money, because some terrorist groups are supported by foreign governments.

> —can precisely track international and domestic shipments of strategic materials. In the wake of Oklahoma City and Atlanta, the dangers posed by domestic or international terrorists armed with explosives make the transport of highly radioactive spent nuclear fuel too dangerous to contemplate for the foreseeable future.

They go on to say that their work is in North Carolina, Tennessee, and Virginia. They have determined that the emergency management personnel in these areas are dedicated volunteers, but they are unprepared for nuclear waste.

> Volunteer fire departments in rural counties are very good at putting out house fires and brush fires—

And the person writing this letter knows that because he has worked in these volunteer fire departments. They say, among other things:

> The remote river valleys and steep grades of Appalachia are legendary. In Saluda, North Carolina, the steepest standard gauge mainline railroad grade in the United States drops 253 feet per mile, 4.8 percent grade. The CSX and Norfolk Southern Lines trace the French Broad River Valley and the Nolchucky Gorge west through the Appalachian Mountains along remote stretches of rivers famous among whitewater rafters for their steep drops and their distance from civilization. The Norfolk Southern Railroad crosses the French Broad River at Deep Water Bridge where the mountains rise 2,200 feet above the river. These are the transport routes through western North Carolina that will be used for high-level nuclear waste as soon as 1998 according to S. 1936.

They say:

> When we asked [the emergency response teams in North Carolina about their readiness to respond to a nuclear transport accident, they answered professionally, saying, "We'll just go out there and keep people away until State or Federal officials arrive."

Well, another western North Carolina coordinator said:

> There is no response team anywhere in this part of the State, and, for the foreseeable future, there is no money in local budgets to equip us with any first response to radioactive spills.

In closing, Louis Zeller tells us:

> I am asking you to oppose this expensive and dangerous legislation which would place an unfair and unnecessary financial burden on communities and which would place at risk the health and safety of millions of American citizens.

Madam President, this legislation is unnecessary. It opens the doors to added terrorism, and it only further frightens our communities. Madam President, the President of the United States and others in the Federal Government have stated they oppose this legislation. We have a letter from the Director of the Department of Energy, a Cabinet-level officer. She should know about nuclear waste; she worked in the nuclear industry previously. She says, without equivocation, that this is bad legislation. "The bill does not solve," she says, "a fundamental problem posed by the Indiana-Michigan Power Company case, namely, that the Department must begin to dispose of nuclear waste. Instead, the bill threatens to repeat the same mistakes made in the past." She goes on to say other things, but basically that this is bad legislation.

Hazel O'Leary and I have not always been on the same side of the debates. She is someone who is head of the Department of Energy, a Cabinet-level officer, formerly in the nuclear industry, and she says this is bad legislation. Also, our head of the department that oversees environmental laws, Carol BROWNER, has written a letter dated last night saying, "I am writing to inform you that the Environmental Protection Agency opposes this legislation, S. 1936, and all the amendments. S. 1936 and the substitute amendment are a concern to the EPA because they limit consideration of public health and environmental standards in order to expedite the repository's opening. EPA is also concerned about the preemption. It takes away Federal laws."

Madam President, this legislation is a travesty. It has big bucks behind it. We have not had the opportunity to have people in chauffeur-driven limousines come and lobby Members of the Senate. We have not had the opportunity to have people stand in the halls and lobby against this legislation. We have a grassroots organization, like the people from the Blue Ridge Environmental Defense League, who stand up for what is right in this country.

What is right in this country is to oppose this legislation. It would curtail a broad range of health and safety laws, it would quadruple the allowable radiation standards for waste storage, and it would exacerbate the risk of transporting nuclear waste throughout the country. For these and many other reasons, I call upon my colleagues—I beg my colleagues—to vote against this legislation. It is the most antienvironmental legislation in this Congress, and to say that, you say it all.

I reserve the remainder of our time.

Mr. MURKOWSKI. It is our understanding that we have 16 minutes.

Mr. PRESSLER. Mr. President, I rise today to express my support for S. 1936, the Nuclear Waste Policy Act, and to congratulate my colleagues Senator FRANK MURKOWSKI, chairman of the Committee on Energy and Natural Resources, and Senator LARRY CRAIG, vice-chairman of the Subcommittee on Energy Research and Development, for all their hard work on this bill. I am proud to be a cosponsor of this legislation.

As chairman of the Committee on Commerce, Science, and Transportation, I have a particular interest in the transportation aspect of this legislation. Clearly, we will need a special transportation system to safely transfer nuclear waste to a centralized storage facility as mandated by S. 1936.

Already, there are some tough laws in place. Shipments of spent nuclear fuel and other commercial or defense-related high level radioactive waste must adhere to very strict standards before the waste can move on America's highways or railroads. S. 1936 will strengthen these standards.

It's important to point out that under the current regulation monitoring process, the Federal Government and the nuclear industry have transported thousands of shipments of nuclear waste without any release of radioactive material. That's an impeccable safety record. This legislation takes additional steps to maintain an already safe environment for the transportation and storage of spent nuclear fuel.

Let me set the record straight even further. As part of the Nuclear Waste Policy Act, the Department of Energy promised to begin transporting commercial spent fuel to a Federal management facility in 1998. To solidify this promise, contracts were signed between the Federal Government and utilities that own the Nation's nuclear power plants. S. 1936 reaffirms that commitment.

S. 1936 would not weaken current law—it improves it. Spent fuel shipments would still be regulated by the Hazardous Materials Transportation Act and other transportation regulations that have protected us for the past 30 years.

To ensure safety in every step of the transportation network, the Nuclear Regulatory Commission [NRC] already has established demanding regulations on the packaging and transportation of radioactive materials.

Spent nuclear fuel rods are transported in heavy steel containers. Before these can be approved by the NRC, manufacturers must demonstrate that each container design can withstand a number of hypothetical accident conditions, including being dropped from 30 feet onto a flat, unyielding surface; falling onto a vertical steel spike; being engulfed in a 1,475 degree Fahrenheit fire for 30 minutes; and being submerged under 3 feet of water for 8 hours. The same container also must withstand a separate immersion test in 50 feet of water for 8 hours.

Mr. President, I challenge any other transportation container to measure up to these rigorous tests. Again, these are the tests required under existing law. The containers that meet these tests are some of the most rugged on Earth, and rightfully so.

The Department of Transportation also has responsibility for regulating many aspects of radioactive waste shipments. Shippers are required to file a written route plan that includes the origin and destination of each shipment, preapproved routes to be used, estimated arrival times and emergency telephone numbers in each State a shipment will enter. The principal intent of DOT routing guidelines is to reduce the time in transit.

The agency requires tractor-trailer shipments to use preferred highway routes, such as interstate highways and bypasses that divert them away from highly populated areas. States also may propose alternate routes to the interstate highway system. In fact, at least 10 States already have established alternate routes. Potentially affected States and localities must be consulted in the process of designating alternate routes.

The Transportation Department also requires that shippers notify the Governor 7 days in advance of material being transported through the State. To ensure the safety of these shipments, the Department of Energy has developed a satellite-based system that allows continuous tracking and communications with all DOE shipments.

Mr. President, recent shipments of foreign research reactor fuel from Sunny Point, NC to the Savannah River site in South Carolina provide a perfect example of the safeguards which are in place for spent fuel transportation. In moving this fuel, the Energy Department worked closely with State and local officials on training and planning. They practiced everything—from preparing routine shipping procedures to testing emergency response systems. The Nuclear Waste Policy Act would require DOE to provide similar funding and technical assistance for State, tribal and local training and planning activities in advance of any actual commercial spent fuel shipments.

Mr. President, there is no disputing that transportation is one of the most important issues in our consideration of S. 1936. It is an essential component of an integrated nuclear waste management program.

Clearly, as I have outlined today, nuclear waste can be transported safely and efficiently. A comprehensive plan already is in place to ensure this. To maximize safety, the plan directs shipments away from metropolitan areas whenever possible. It allows for the selection of the most direct and safest routes. It provides training to national, State and local officials so that they are ready to respond in the event of an emergency.

We know that accidents happen, Mr. President. That is why S. 1936 builds on the existing regulatory framework that, to date, has protected this Nation during more than 2,400 shipments of commercial spent nuclear fuel.

I urge my colleagues to take a close look at this program. Many of my constituents have expressed their interest in nuclear waste transportation. Fortunately, there is good news to report to them. We have a safe, well-coordinated system. It ensures the safety of nuclear waste transportation by relying on the expertise of the Nuclear Regulatory Commission, the Department of Transportation and the Department of Energy, as well as the State and local governments. S. 1936 builds on the system to enhance protection of our citizens and our environment.

I urge my colleagues to support this legislation. By passing S. 1936, we can take the final steps towards ensuring that nuclear waste is managed in the safest possible manner.

SECTION 203

Mr. President, I see the distinguished chairman of the Energy and Natural Resources Committee on the floor. My colleague has been very helpful in addressing a concern I had with certain provisions in Section 203 of S. 1936. I appreciate Chairman MURKOWSKI's attention to this matter.

Mr. MURKOWSKI. I thank the Senator from South Dakota. The Senator has raised some understandable concerns regarding requirements for the transportation of spent nuclear fuel.

Mr. PRESSLER. I would like to further question my colleague regarding the transportation training standards addressed in this bill. In particular, section 203 (g) would require the Secretary of Transportation to issue regulations establishing training standards applicable to workers directly involved in the removal and transportation of spent nuclear fuel and high-level radioactive waste. New language, as proposed by the chairman on my behalf, would also require that an employer possess evidence of satisfaction of these training standards before an individual could be employed in such activity. As chairman of the Senate Committee on Commerce, Science, and Transportation, I believe this provision is consistent with existing law, as set forth in Section 5107 of title 49 of the United States Code (49 U.S.C. 5107), which details requirements for the training of employees engaged in hazardous materials transportation. I would ask the chairman if this interpretation is correct?

Mr. MURKOWSKI. The Senator from South Dakota is correct. I defer to my colleague's judgement and expertise, as chairman of the committee with jurisdiction over the transportation of hazardous materials. I might also add that this provision is not meant to prejudice in any way the means by which the training requirements are satisfied.

Mr. PRESSLER. I thank the Senator from Alaska for clarifying this matter for me. Again, I greatly appreciate his willingness to work with me to resolve this matter. I urge my colleagues to support final passage of S. 1936.

Mr. MURKOWSKI. Mr. President, when the Senate debated the motion to proceed. I suggested that S. 1936 was the answer to nuclear waste and that the editorial page of the Washington Post was the answer to parakeet waste.

I would not insult parakeets by suggesting that would be a good use of the letter from the Administrator of the EPA or the Chair of the CEQ.

The statements made in these letters are inaccurate and simply the shrill hysteria of those who believe that if you repeat a lie often enough, someone might believe you.

The administration, sadly, has demonstrated that they are incapable or unwilling to address this issue, and have now resorted to misstatement, mischaracterization, and distortion to prevent Congress from exercising the leadership the administration has abandoned.

Far from being an assault on our environmental laws, this legislation reaffirms our commitment to the environment, and the health and safety of the American people.

Now, turning specifically to the letters—EPA says we preempt laws in S. 1936:

> The substitute the Senate just overwhelmingly adopted does not preempt environmental statutes. EIS requirements are consolidated, but a full EIS is required.

EPA says section 204(i) of our bill prevents the NRC from issuing regulations to protect public health under certain circumstances. This is inflammatory and misleading:

> Section 204(i) simply says that the storage of commercial spent fuel, that the NRC will regulate under our bill, does not need to wait while the NRC writes regulations for other forms of nuclear wastes including naval reactor and defense wastes.

EPA says section 205(d)(3)(C) prevents NRC from making important determinations:

> All our bill says is that the NRC is not required to assume that the records of waste disposal, security measures, and the natural and engineered barriers will be insufficient to prevent future human intrusion. Without this provision, DOE would have to prove a negative.

Turning now to the letter from CEQ:

The CEQ's letter asserts S. 1936 "Dismantles the EIS process under NEPA," by removing the requirement that DOE conduct an "alternatives analysis" on the selection of an interim storage site.

The CEQ's letter entirely misses the point:

> This legislation requires an EIS to be prepared by the NRC as part of its licensing process because Congress is today rendering its judgment about the need for interim storage and the location of the site, we say that these decisions need not be duplicated in the NRO process.
>
> I would add that our legislation does not preclude the President from performing an alternatives analysis in selecting an interim storage site other than Nevada, if he determines that the permanent repository at Yucca Mountain is not viable.
>
> There is an EIS. It can be challenged in court, and public safety and the environment is protected.

The EPA letter says the 100 millirem standard is inappropriate:

> EPA is given the authority to change the 100 millirem standard if it determines it constitutes an unreasonable risk to public health/saftey. What are they complaining about?
>
> There are no valid scientific studies which suggest a release of 100 millirem per year poses any health risk. The probability of adverse health consequences has not been shown to be any less from a zero dose than from a 100 millirem dose.
>
> There is at least a 100 millirem difference between a person living on the east coast and Western States. If you move from Washington to Denver, you would receive 100 or more additional millirem from natural sources. EPA doesn't have a problem with that.
>
> You get 100 extra millirem by living in the White House, a stone building with natural radiation. Is EPA saying the White House is unsafe for the President?

Madam President, I think it is appropriate to note that these letters simply represent an action by the administration to delay what has been delayed for 15 years. There are no positive recommendations in spite of the fact that the committee and myself personally have requested in three letters to the President that if he opposes specific portions of this legislation, he come up with alternatives. Those letters, for all practical purposes, have been ignored. Clearly, this administration simply wishes to put this off to somebody else's watch, and that is irresponsible for the administration. It is irresponsible to duck the issue at this time.

I yield 5 minutes to my friend from Idaho and retain the remainder of my time.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President, let me thank the chairman for the time and thank my colleague, the senior Senator from Louisiana, who has worked so closely with us in the last year to produce and bring to the floor this legislation.

I first introduced this legislation in September of 1995 as S. 1271. We worked our way through the process with hearings held, of course, before the Energy and Natural Resources Committee in December with additional hearings in March and in May.

Finally, we have been able to craft and bring to the floor what I believe and what I call—because I think it is fair to call it that—probably one of the most comprehensive environmental bills that has come before the Congress this year.

Our Nation's high-level nuclear waste has an answer now that is responsible, fair, and environmentally friendly and is supported by a very large majority of this body and the U.S. House of Representatives.

Today, high-level nuclear waste and highly radioactive used nuclear fuel is accumulating in over 80 sites in 41 States. You have heard our colleagues come to the floor and talk about their concern and the seriousness that this accumulation brings to these individual States.

Today, we stand before you responsible to our country and to our Government in assuring that we will be able to comply with the Nuclear Waste Policy Act of 1982 to meet the court examinations and to be able to do what our country expected us to do to facilitate this legislation. We have all worked closely together in a strong bipartisan way to assure that we could produce the ultimate legislation that would pass. However, in doing all of this, S. 1936 contains many important clarifications and changes that deal with concerns raised regarding the details of the legislation amongst most of our Members. As a result of that, I think we can hopefully today produce a vote and a work product that the U.S. House of Representatives will take as we reconvene in September.

The issue is clear, and the proposal we have before you is direct. It does not violate any environmental laws, and yet directs our country to move responsibly and decisively to resolve an issue that has plagued our country for well over two decades. I hope that today our colleagues in a final vote on this issue will vote in very large numbers to assure that we move forward on this issue.

Let me cover one other detailed topic. It is frustrating to me as the two Senators from Nevada have come to the floor on several occasions over the last week and a half to talk about the reality of a 100-millirem test and how, for some reason, this in some way questioned the integrity of a site and the development of a deep geological repository at Yucca Mountain. Let me quote from the Nevada Administrative Code, section 459.335. This is the code that governs 153 facilities in the State of Nevada. It says this: "The total effective dose equivalent to any member of the public from its licensed and registered operation does not exceed 100 millirems per year, not including contribution from the disposal by the licensee of radioactive material in sanitary sewage," and so on and so forth.

The point I am making here—and this chart clearly spells it out—is that the standards that we have established, the standards that come from the GAO audit, the standards that the State of Nevada, the very State the two Senators are from and arguing today, argues this. It argues right here that 153 facilities in the State of Nevada that use radioactive material cannot exceed the very standard that we are saying Yucca Mountain cannot exceed.

I hope, once and for all, that we do not shake the scare tree, that we look at the facts and we look at the statistics, and they are very clear. Whether it is proposed EPA guidance of 1995, whether it is the Nuclear Regulatory Commission limit, whether it is the proposed DOE limit, whether it is the State of Nevada, or whether it is Yucca Mountain, what we are talking about here is an international standard well accepted by all of the professionals in the field and accepted by the State of Nevada, by the State government of Nevada and, obviously, by State politicians in Nevada.

Why do they arrive at that standard? Because that is the national standard. That is the international standard that clearly says this is an acceptable level.

Madam President, I recognize my time is up.

Mr. MURKOWSKI. Let me yield time to the Senator from Idaho to conclude his remarks.

Mr. CRAIG. I thank my chairman for yielding to me.

Let me close with this thought. It has been a long, hard effort. It took an awful lot of very talented people involved.

Let me thank Karen Hunsicker, David Garman, Gary Ellsworth, and Jim Beirne of the Energy and Natural Resources staff for the tremendous work that they have done and for the expertise they themselves have developed, the cooperative effort they have had in working with all of the staffs in a bipartisan manner.

Let me thank once again our chairman, Frank Murkowski, and also the senior Senator from the State of Louisiana, Bennett Johnston, for his dedicated effort over several decades to assure that there would be a safe and responsible solution to the management of high-level nuclear waste, and we are clearly on the threshold of allowing that to happen.

I hope in the end once this makes it to our President's desk that he will read the bill—read the bill—and look at the changes we have made. I think in doing so this President will say that we have been responsible to our country and to the State of Nevada in promulgating legislation that can deal with a very important national issue.

Mr. JOHNSTON. Madam President, will the Senator yield to me for a quick comment to endorse what he has said about the good staff work.

Let me add to that great staff work Sam Fowler, Bob Simon, and Ben Cooper on our side, who have really done an outstanding job as well.

Mr. MURKOWSKI. Madam President, how much time is remaining on our side?

The PRESIDING OFFICER. Eight minutes.

Mr. MURKOWSKI. I yield to the Senator from Wyoming 3 minutes that he requested.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Thank you very much. Madam President, I wanted to rise in support of this bill before it is voted on. I have been involved in it for some time not only here but in Wyoming, and I just wanted to kind of generally share some thoughts that I have. We have talked about it a great deal. We probably have talked about it more than we really needed to.

Nevertheless, there has been a great deal of detail naturally, as there should be. But it seems to me that there are some basic things that most of us do understand and most of us accept, and I think that is where we are.

First, we have nuclear waste. We have to do something about it. It is there. It is stored all over the country in a number of sites—I think 80. Clearly, it is more difficult to ensure safety that way than it is if we put it in a place that we can ensure safety. We are going to have more. We need to be prepared for that.

The ratepayers have paid to do something about it. They have paid, I think, somewhere near $12 billion. We spent $5 billion already in preparing this spot. There is not much to show for that. Yet, we need to make sure that there is. It makes sense, it seems to me, to move to the permanent site with an intermediate site that we have for storage. We have been through that intermediate storage thing for several years. We have been unsuccessful in doing it.

Transportation is, in fact, something that is the highest of scientific study and I think as safe as anything can be. There are always risks.

I have been disappointed this whole time of dealing with the storage of nuclear waste. Opponents in the press talk about nuclear waste dumps. They are not dumps. They are high-tech storage, as high tech as we can be.

It is also true that the Government has agreed to storage in 1998. Let us do it.

So even though that is very nontechnical, Madam President, I think those are about the basic ideas we have to understand. Most of us know we have to do something about it. This bill gives us the opportunity to live up to the challenges we have and to do the things we have to do.

I thank the Senator for the time.

Mr. MURKOWSKI. Madam President, how much time is remaining on our side?

The PRESIDING OFFICER. The Senator has 5 minutes.

Mr. MURKOWSKI. I thank the Chair.

Mr. BRYAN. May I inquire of the Chair how much time we have on our side?

The PRESIDING OFFICER. The Senator from Nevada has 9 minutes.

Mr. BRYAN. Madam President, I yield myself 4 minutes.

I have tried purposely to keep the focus on the issues, but I must say that my friend from Idaho has spoken and my friend from Wyoming has just spoken, and they obviously reach a different conclusion as to the urgency of the need than does the scientific community, which has specifically rejected the need.

Let me say with great respect to them, if they disagree, they have the right under the law to volunteer their States as sites for interim storage. That is permissible.

I find some irony in the fact they are eager to have it come to us in Nevada and yet suggest that their own State would not be available.

There is another irony. Late last week, another letter was circulated that raised some concerns about the interstate shipment of trash, and this letter goes on to say, in part:

> It is important that Congress pass interstate legislation this year. Cities and towns all across the Nation are being forced to take trash from other States. Many States have tried to restrict the shipments.

The letter goes on to say:

> But every time they do, they have been challenged in court and their laws have been overturned as a violation of the commerce clause of the Constitution. It is clear that States cannot protect themselves, their residents or their land from being spoiled by out-of-State waste. We need Federal legislation to empower States and communities with the authority to manage solid waste within their borders. Without legislation, they will have to continue to accept unwanted trash.

Does anybody see a disconnect or an inconsistency? Here they are talking about trash, and many of my colleagues who have ventured forth in the Chamber and who have expressed support for this legislation have gotten greatly exercised about the trash issue. You cannot have it both ways. My colleague and I have signed on to this letter because we understand the concerns. You can be concerned about trash but not the most dangerous, lethal trash known to mankind, high-level nuclear waste.

Finally, let me just say that we have talked about the standards ad nauseam. I think it just one more time needs to be pointed out that the National Academy of Sciences—these are the scientists which this body asked to make recommendations about standards—reported and concluded that the standards in terms of radioactive exposure should be from 10 to 30 millirems.

That is their view. They are scientists. Nobody—I repeat, nobody—in the world has set a 100-millirem standard, and to point out that those who are charged under our law with the responsibility of enforcing and administering the environmental laws, the Environmental Protection Agency, through Carol Browner, the Council on Environmental Quality, the President of the United States, the Department of Energy, all have urged a no vote on this piece of legislation.

Now, I guess what they do not have in common with some of the advocates is that they are not supporting the view of the nuclear industry. This is special interest legislation at its worst. There is no groundswell for this legislation. The nuclear industry and its phalanx of lobbyists who ply these halls every day with enormous amounts of money and power and influence, they are the ones who are driving this debate by creating a contrived and fabricated crisis that purports to call out for a legislative response.

That is simply not the case. There is no need. The damage that we do to our Nation's environmental laws and to people across America that can be affected by this is unconscionable—unconscionable. No environmental organization in America—none—supports this legislation. All oppose the irreparable damage it would do to our environmental laws. And no agency charged by law at the Federal level to enforce the environmental standards supports this legislation. All have concluded that to do so would be irreparable, do irreversible damage to our environment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from Alaska.

Mr. CRAIG addressed the Chair.

Mr. MURKOWSKI. I would ask at the conclusion of the debate time for the yeas and nays on final passage.

Mr. CRAIG. Will the Senator yield to me one moment?

Mr. MURKOWSKI. I yield to my friend from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. I thank my chairman for yielding.

I apologize. Some of the people who work the most closely with us we often forget. I want the RECORD to show that Nils Johnson on my staff, who has worked on this issue for a good number of years with me and the staff of the committee, was a tremendous asset through all of this debate.

I thank the Senator very much.

Mr. MURKOWSKI. Again, Madam President, may I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The yeas and nays were ordered.

Mr. MURKOWSKI. I thank the Chair.

Madam President, as we approach the final minutes prior to voting, I would like to very briefly refute some of the specific claims that have been made in the Chamber in the debate. These claims, of course, have had to do with transportation, safety, cask integrity, radiation, the application of environmental laws, and, of course, finally, the issue of just who benefits from this legislation.

The issue of transportation and safety and cask integrity is important, and there has been every effort to describe that the transportation of used fuel is something that has a risk. But the opponents of this legislation talk about it as if it represents some novel and untested approach, and these statements are not true.

We have been moving spent fuel both in the United States and around the world for decades. There have been over 20,000 movements of spent fuel around the world over the last 40 years; 30,000 tons have been moved in France alone. That is equal to what we have in storage. So it can be moved, and it can be moved safely because it is designed to be moved safely.

This bill, S. 1936, includes new measures, new training and new assistance to make the movement even safer. The fact is nuclear materials will be transported with or without the passage of this bill. Spent fuel, foreign research reactor fuel, naval fuel, and other radioactive materials are being transported every day in the United States.

Another example is we build submarines on the east coast in Connecticut, but when the sub has served its useful life, the fuel is removed and taken to Idaho. The sub is cut up. The reactor compartment is buried in Hanford, WA. So we all have an interest in this, and we must address responsibly a solution.

Another claim I want to refute has to do with the generalization that has been made on the floor of the Senate that somehow we are waiving the application of environmental laws that are needed to protect the public health and safety. S. 1936 requires the NRC to prepare environmental impact statements, or EIS's, as part of a decision to license a central interim storage facility, and the EIS's must include the impact of transporting the used fuel to the interim storage facility.

There is also judicial review. S. 1936 requires the DOE to submit an EIS on construction and operation of the repository.

It is clear, Madam President, S. 1936 does not trample environmental laws as has been charged on this floor. This is a unique facility. None like it has ever been developed anywhere in the world.

So the regulatory licensing program for a permanent facility contained in S. 1936 is designed to protect public health and safety without reliance upon other laws.

With respect to NEPA, we recognize Congress has decided that we will build an interim site in Nevada, and we do not let the NEPA process revisit the decision that Congress has already made. That is what we are saying. NEPA applies. We are simply saying NEPA does not have to revisit the decision of policy that we are making here today.

The last claim I am compelled to refute is on the issue of timing. Opponents say S. 1936 claims that there is no need to tackle the issue now, that it is a waste of time.

That does not sound like anything other than Washington bureaucracy: Let's defer the decision. Let's not take action. Let's keep spending money without results. Let's maintain the status quo. Let's promote the stalemate. Let's maintain the gridlock."

For 15 years we have collected billions of dollars. We have expended $6 billion and we go nowhere. We have a chance to go somewhere today.

But the Washington bureaucracy wants to say: "Let's keep taking the consumers' money, but not provide them with nuclear waste removal services we promised them in return. Let's ignore the recent court cases and let us stick it to the taxpayers who will have to pay the damages."

Our opponents would have you believe the Government has no responsibility. But the recent court decision has blown our opponents' arguments out of the water. The Federal Government has a responsibility. Failure to live up to that responsibility will have significant consequences, so said the court. And it said so unanimously.

Finally, the fifth issue I must refute is the issue of just who benefits from the legislation. The other side has tried to paint this bill as one of exclusively benefiting the nuclear power lobby. But I have letters from 23 States, written by Governors and attorneys general, urging the Congress to pass and the President to sign the bill. We have letters from Governors, Governor Lawton Chiles of Florida and others, relative to that matter.

We have broad support for this bill across the political spectrum. Ours is a bipartisan effort, Democrats, Republicans, liberals, conservatives. We are supported by unions as well, the Electrical Workers Union, Utility Workers, AFL–CIO, Joiners and Carpenters. The fire chiefs in Nevada have indicated support of this. As have many Nevadans—I have already entered that in the RECORD.

Our constituents should not have to pay twice for nuclear waste services. We do not have to create 80 waste dumps, including some in populated areas or sitting just outside national parks, when one will do. We do not have to settle for further delay, further stalemate and further gridlock. We can avoid multibillion-dollar damages against the taxpayer for the Government's failure to address a problem that a recent court case says is Government's responsibility. We can do that. It is the right thing to do for the consumers and electric ratepayers, for the environment, for public health and safety, and I urge we pass Senate bill 1936.

Madam President, at this time I would like to thank my dear friend and colleague, Senator JOHNSTON, who has been involved in this much longer than I, for his steadfast commitment to what is responsible and what is right for the country, to finally address our responsibility. I thank my friend, LARRY CRAIG, who introduced this legislation initially, and Senator DOMENICI, Senator GRAMM, Senator THURMOND, Senator SIMPSON, Senator FAIRCLOTH, Senator GORTON. I recognize Senator THOMAS, as well as my two colleagues, Senator BRYAN and Senator REID. I know what a tough thing this is for your State.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MURKOWSKI. Let me thank the staff as well. I would like to thank the Energy Committee staff, including Gregg Renkes, Gary Ellsworth, Jim Beirne, Karen Hunsicker, David Garman, David Fish and Betty Nevitt, as well as Nils Johnson from Senator CRAIG's office, and the minority staff, Ben Cooper, Sam Fowler and Bob Simon.

I yield the floor.

Mr. REID. Madam President, I apologize for being rude but we have a Member who needs to vote and that is why we need to stick with the program.

If anyone believes in environmental standards, you must vote against this bill. This bill will ultimately open the door for the greatest nuclear waste transportation project in human history, sending thousands and thousands of tons of the Nation's radioactive waste onto the roads and rails. Last year we had 2,500 accidents on rail that only involved trains, and 6,000 accidents at railroad crossings over the last year.

Madam President, in the last 10 years, 26,354 accidents occurred with damage to track, structure or equipment in excess of $6,300 dollars. There were 60,553 accidents at railroad crossings.

This bill is bad, bad, bad, if you support environmental standards. If you oppose corporate welfare, vote against this. The court decision helps our cause. That is why we offered an amendment to that effect. They keep coming back saying it was a unanimous opinion. We agree. Three judges said they have to follow the contract they entered into. We agree with that.

Hazel O'Leary is not only the Secretary of the Department of Energy, she is also a corporate lawyer. She said that decision does not affect what the DOE is going to do. In fact, she says, if this bill passes it will, again, harm what the decision did.

So, Madam President, if you believe in returning authority to the States, vote against this bill. If you oppose Government taking private property, vote against this bill. Homeowners along transportation routes may well find their property values reduced as a result of nuclear waste trains and trucks passing by, and that is an understatement. No mechanism exists in S. 1936 to compensate homeowners in such a circumstance. If you believe in public participation in regulatory proceedings, vote against this bill. If you believe in a rational nuclear waste policy, vote against this bill.

If you believe that the nuclear industry is entitled to lavish taxpayer-financed benefits from the Federal Government at the expense of public health and safety, then you should vote for this legislation.

We ask Senators to vote against this legislation. This is the most anti-environmental legislation of this Congress and that says a great deal because this is known as the most anti-environmental Congress in the history of this country.

Mr. MURKOWSKI. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. I ask we proceed with the vote. The yeas and nays have been ordered.

I ask for the regular order.

The PRESIDING OFFICER. The Senators from Nevada yield back their time?

Mr. REID. We will. We have. We do.

The PRESIDING OFFICER. All time having been yielded back, the question is, Shall the bill pass?

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The PRESIDING OFFICER (Mr. ABRAHAM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 63, nays 37, as follows:

[Rollcall Vote No. 259 Leg.]

YEAS—63

Abraham
Ashcroft
Bennett
Bond
Brown
Burns
Cochran
Cohen
Coverdell
Craig
D'Amato
DeWine
Domenici
Faircloth
Frahm
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Jeffords
Johnston
Kassebaum
Kempthorne
Kohl
Kyl
Leahy
Levin
Lott
Lugar
Mack
McCain
McConnell
Moseley-Braun
Murkowski
Murray
Nickles
Nunn
Pressler
Robb
Roth
Santorum
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner

NAYS—37

Akaka
Baucus
Biden
Bingaman
Boxer
Bradley
Breaux
Bryan
Bumpers
Byrd
Campbell
Chafee
Coats
Conrad
Daschle
Dodd
Dorgan
Exon
Feingold
Feinstein
Ford
Glenn
Inouye
Kennedy
Kerrey
Kerry
Lautenberg
Lieberman
Mikulski
Moynihan
Pell
Pryor
Reid
Rockefeller
Sarbanes
Wellstone
Wyden

The bill (S. 1936), as amended, was passed, as follows:

S. 1936

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Nuclear Waste Policy Act of 1982 is amended to read as follows:

"SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

"(a) SHORT TITLE.—This Act may be cited as the 'Nuclear Waste Policy Act of 1996'.

"(b) TABLE OF CONTENTS.—

"Sec. 1. Short title and table of contents.
"Sec. 2. Definitions.

"TITLE I—OBLIGATIONS

"Sec. 101. Obligations of the Secretary of Energy.

"TITLE II—INTEGRATED MANAGEMENT SYSTEM

"Sec. 201. Intermodal transfer.
"Sec. 202. Transportation planning.
"Sec. 203. Transportation requirements.
"Sec. 204. Interim storage.
"Sec. 205. Permanent repository.
"Sec. 206. Land withdrawal.

"TITLE III—LOCAL RELATIONS

"Sec. 301. Financial assistance.
"Sec. 302. On-site representative.
"Sec. 303. Acceptance of benefits.
"Sec. 304. Restrictions on use of funds.
"Sec. 305. Land conveyances.

"TITLE IV—FUNDING AND ORGANIZATION

"Sec. 401. Program funding.
"Sec. 402. Office of Civilian Radioactive Waste Management.
"Sec. 403. Federal contribution.

"TITLE V—GENERAL AND MISCELLANEOUS PROVISIONS

"Sec. 501. Compliance with other laws.
"Sec. 502. Judicial review of agency actions.
"Sec. 503. Licensing of facility expansions and transshipments.
"Sec. 504. Siting a second repository.
"Sec. 505. Financial arrangements for low-level radioactive waste site closure.
"Sec. 506. Nuclear Regulatory Commission training authorization.
"Sec. 507. Emplacement schedule.
"Sec. 508. Transfer of title.
"Sec. 509. Decommissioning pilot program.
"Sec. 510. Water rights.

"TITLE VI—NUCLEAR WASTE TECHNICAL REVIEW BOARD

"Sec. 601. Definitions.
"Sec. 602. Nuclear Waste Technical Review Board.
"Sec. 603. Functions.
"Sec. 604. Investigatory powers.
"Sec. 605. Compensation of members.
"Sec. 606. Staff.
"Sec. 607. Support services.
"Sec. 608. Report.
"Sec. 609. Authorization of appropriations.
"Sec. 610. Termination of the board.

"TITLE VII—MANAGEMENT REFORM

"Sec. 701. Management reform initiatives.
"Sec. 702. Reporting.
"Sec. 703. Effective date.

"SEC. 2. DEFINITIONS.

"For purposes of this Act:

"(1) ACCEPT, ACCEPTANCE.—The terms 'accept' and 'acceptance' mean the Secretary's act of taking possession of spent nuclear fuel or high-level radioactive waste.

"(2) AFFECTED INDIAN TRIBE.—The term 'affected Indian tribe' means any Indian tribe—

"(A) whose reservation is surrounded by or borders an affected unit of local government, or

"(B) whose federally defined possessory or usage rights to other lands outside of the reservation's boundaries arising out of congressionally ratified treaties may be substantially and adversely affected by the locating of an interim storage facility or a repository if the Secretary of the Interior finds, upon the petition of the appropriate governmental officials of the tribe, that such effects are both substantial and adverse to the tribe.

"(3) AFFECTED UNIT OF LOCAL GOVERNMENT.—The term 'affected unit of local government' means the unit of local government with jurisdiction over the site of a repository or interim storage facility. Such term may, at the discretion of the Secretary, include other units of local government that are contiguous with such unit.

"(4) ATOMIC ENERGY DEFENSE ACTIVITY.—The term 'atomic energy defense activity' means any activity of the Secretary performed in whole or in part in carrying out any of the following functions:

"(A) Naval reactors development.

"(B) Weapons activities including defense inertial confinement fusion.

"(C) Verification and control technology.

"(D) Defense nuclear materials production.

"(E) Defense nuclear waste and materials byproducts management.

"(F) Defense nuclear materials security and safeguards and security investigations.

"(G) Defense research and development.

"(5) CIVILIAN NUCLEAR POWER REACTOR.—The term 'civilian nuclear power reactor' means a civilian nuclear power plant required to be licensed under section 103 or 104 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2133, 2134(b)).

"(6) COMMISSION.—The term 'Commission' means the Nuclear Regulatory Commission.

"(7) CONTRACTS.—The term 'contracts' means the contracts, executed prior to the date of enactment of the Nuclear Waste Policy Act of 1996, under section 302(a) of the Nuclear Waste Policy Act of 1982, by the Secretary and any person who generates or holds title to spent nuclear fuel or high-level radioactive waste of domestic origin for acceptance of such waste or fuel by the Secretary and the payment of fees to offset the Secretary's expenditures, and any subsequent contracts executed by the Secretary pursuant to section 401(a) of this Act.

"(8) CONTRACT HOLDERS.—The term 'contract holders' means parties (other than the Secretary) to contracts.

"(9) DEPARTMENT.—The term 'Department' means the Department of Energy.

"(10) DISPOSAL.—The term 'disposal' means the emplacement in a repository of spent nuclear fuel, high-level radioactive waste, or other highly radioactive material with no foreseeable intent of recovery, whether or not such emplacement permits recovery of such material for any future purpose.

"(11) DISPOSAL SYSTEM.—The term 'disposal system' means all natural barriers and engineered barriers, and engineered systems and components, that prevent the release of radionuclides from the repository.

"(12) EMPLACEMENT SCHEDULE.—The term 'emplacement schedule' means the schedule established by the Secretary in accordance with section 507(a) for emplacement of spent nuclear fuel and high-level radioactive waste at the interim storage facility.

"(13) ENGINEERED BARRIERS AND ENGINEERED SYSTEMS AND COMPONENTS.—The terms 'engineered barriers' and 'engineered systems and components', mean man-made components of a disposal system. These terms include the spent nuclear fuel or high-level radioactive waste form, spent nuclear fuel package or high-level radioactive waste package, and other materials placed over and around such packages.

"(14) HIGH-LEVEL RADIOACTIVE WASTE.—The term 'high-level radioactive waste' means—

"(A) the highly radioactive material resulting from the reprocessing of spent nuclear fuel, including liquid waste produced directly in reprocessing and any solid material derived from such liquid waste that contains fission products in sufficient concentrations; and

"(B) other highly radioactive material that the Commission, consistent with existing law, determines by rule requires permanent isolation, which includes any low-level radioactive waste with concentrations of radionuclides that exceed the limits established by the Commission for class C radioactive waste, as defined by section 61.55 of title 10, Code of Federal Regulations, as in effect on January 26, 1983.

"(15) FEDERAL AGENCY.—The term 'Federal agency' means any Executive agency, as defined in section 105 of title 5, United States Code.

"(16) INDIAN TRIBE.—The term 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community of Indians recognized as eligible for the services provided to Indians by the Secretary of the Interior because of their status as Indians including any Alaska Native village, as defined in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c)).

"(17) INTEGRATED MANAGEMENT SYSTEM.—The term 'integrated management system' means the system developed by the Secretary for the acceptance, transportation, storage, and disposal of spent nuclear fuel and high-level radioactive waste under title II of this Act.

"(18) INTERIM STORAGE FACILITY.—The term 'interim storage facility' means a facility designed and constructed for the receipt, handling, possession, safeguarding, and storage of spent nuclear fuel and high-level radioactive waste in accordance with title II of this Act.

"(19) INTERIM STORAGE FACILITY SITE.—The term 'interim storage facility site' means the specific site within area 25 of the Nevada test site that is designated by the Secretary and withdrawn and reserved in accordance with this Act for the location of the interim storage facility.

"(20) LOW-LEVEL RADIOACTIVE WASTE.—The term 'low-level radioactive waste' means radioactive material that—

"(A) is not spent nuclear fuel, high-level radioactive waste, transuranic waste, or by-product material as defined in section 11 e.(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2014(e)(2)); and

"(B) the Commission, consistent with existing law, classifies as low-level radioactive waste.

"(21) METRIC TONS URANIUM.—The terms 'metric tons uranium' and 'MTU' mean the amount of uranium in the original unirradiated fuel element whether or not the spent nuclear fuel has been reprocessed.

"(22) NUCLEAR WASTE FUND.—The terms 'Nuclear Waste Fund' and 'waste fund' mean the nuclear waste fund established in the United States Treasury prior to the date of enactment of this Act under section 302(c) of the Nuclear Waste Policy Act of 1982.

"(23) OFFICE.—The term 'Office' means the Office of Civilian Radioactive Waste Management established within the Department prior to the date of enactment of this Act under the provisions of the Nuclear Waste Policy Act of 1982.

"(24) PROGRAM APPROACH.—The term 'program approach' means the Civilian Radioactive Waste Management Program Plan, dated May 6, 1996, as modified by this Act, and as amended from time to time by the Secretary in accordance with this Act.

"(25) REPOSITORY.—The term 'repository' means a system designed and constructed under title II of this Act for the geologic disposal of spent nuclear fuel and high-level radioactive waste, including both surface and subsurface areas at which spent nuclear fuel and high-level radioactive waste receipt, handling, possession, safeguarding, and storage are conducted.

"(26) SECRETARY.—The term 'Secretary' means the Secretary of Energy.

"(27) SITE CHARACTERIZATION.—The term 'site characterization' means activities, whether in a laboratory or in the field, undertaken to establish the geologic condition and the ranges of the parameters of a candidate site relevant to the location of a repository, including borings, surface excavations, excavations of exploratory facilities, limited subsurface lateral excavations and borings, and in situ testing needed to evaluate the licensability of a candidate site for the location of a repository, but not including preliminary borings and geophysical testing needed to assess whether site characterization should be undertaken.

"(28) SPENT NUCLEAR FUEL.—The term 'spent nuclear fuel' means fuel that has been withdrawn from a nuclear reactor following irradiation, the constituent elements of which have not been separated by reprocessing.

"(29) STORAGE.—The term 'storage' means retention of spent nuclear fuel or high-level radioactive waste with the intent to recover such waste or fuel for subsequent use, processing, or disposal.

"(30) WITHDRAWAL.—The term 'withdrawal' has the same definition as that set forth in section 103(j) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1702(j)).

"(31) YUCCA MOUNTAIN SITE.—The term 'Yucca Mountain site' means the area in the State of Nevada that is withdrawn and reserved in accordance with this Act for the location of a repository.

"TITLE I—OBLIGATIONS

"SEC. 101. OBLIGATIONS OF THE SECRETARY OF ENERGY.

"(a) DISPOSAL.—The Secretary shall develop and operate an integrated management system for the storage and permanent disposal of spent nuclear fuel and high-level radioactive waste.

"(b) INTERIM STORAGE.—The Secretary shall store spent nuclear fuel and high-level radioactive waste from facilities designated by contract holders at an interim storage facility pursuant to section 204 in accordance with the emplacement schedule, beginning not later than November 30, 1999.

"(c) TRANSPORTATION.—The Secretary shall provide for the transportation of spent nuclear fuel and high-level radioactive waste accepted by the Secretary. The Secretary shall procure all systems and components necessary to transport spent nuclear fuel and high-level radioactive waste from facilities designated by contract holders to and among facilities comprising the Integrated Management System. Consistent with the Buy American Act (41 U.S.C. 10a–10c), unless the Secretary shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, all such systems and components procured by the Secretary shall be manufactured in the United States, with the exception of any transportable storage systems purchased by contract holders prior to the effective date of the Nuclear Waste Policy Act of 1996 and procured by the Secretary from such contract holders for use in the integrated management system.

"(d) INTEGRATED MANAGEMENT SYSTEM.—The Secretary shall expeditiously pursue the development of each component of the integrated management system, and in so doing shall seek to utilize effective private sector management and contracting practices.

"(e) PRIVATE SECTOR PARTICIPATION.—In administering the Integrated Management System, the Secretary shall, to the maximum extent possible, utilize, employ, procure and contract with, the private sector to fulfill the Secretary's obligations and requirements under this Act.

"(f) PRE-EXISTING RIGHTS.—Nothing in this Act is intended to or shall be construed to modify—

"(1) any right of a contract holder under section 302(a) of the Nuclear Waste Policy Act of 1982, or under a contract executed prior to the date of enactment of this Act under that section; or

"(2) obligations imposed upon the Federal Government by the United States District Court of Idaho in an order entered on October 17, 1995 in United States v. Batt (No. 91–0054–S–EJL).

"(g) LIABILITY.—Subject to subsection (f), nothing in this Act shall be construed to subject the United States to financial liability for the Secretary's failure to meet any deadline for the acceptance or emplacement of spent nuclear fuel or high-level radioactive waste for storage or disposal under this Act.

"TITLE II—INTEGRATED MANAGEMENT SYSTEM

"SEC. 201. INTERMODAL TRANSFER.

"(a) ACCESS.—The Secretary shall utilize heavy-haul truck transport to move spent nuclear fuel and high-level radioactive waste from the mainline rail line at Caliente, Nevada, to the interim storage facility site.

"(b) CAPABILITY DATE.—The Secretary shall develop the capability to commence rail to truck intermodal transfer at Caliente, Nevada, no later than November 30, 1999. Intermodal transfer and related activities are incidental to the interstate transportation of spent nuclear fuel and high-level radioactive waste.

"(c) ACQUISITIONS.—The Secretary shall acquire lands and rights-of-way necessary to commence intermodal transfer at Caliente, Nevada.

"(d) REPLACEMENTS.—The Secretary shall acquire and develop on behalf of, and dedicate to, the City of Caliente, Nevada, parcels of land and right-of-way within Lincoln

County, Nevada, as required to facilitate replacement of land and city wastewater disposal facilities necessary to commence intermodal transfer pursuant to this Act. Replacement of land and city wastewater disposal activities shall occur no later than November 30, 1999.

"(e) NOTICE AND MAP.—Within 6 months of the date of enactment of the Nuclear Waste Policy Act of 1996, the Secretary shall—

"(1) publish in the Federal Register a notice containing a legal description of the sites and rights-of-way to be acquired under this subsection; and

"(2) file copies of a map of such sites and rights-of-way with the Congress, the Secretary of the Interior, the State of Nevada, the Archivist of the United States, the Board of Lincoln County Commissioners, the Board of Nye County Commissioners, and the Caliente City Council.

Such map and legal description shall have the same force and effect as if they were included in this Act. The Secretary may correct clerical and typographical errors and legal descriptions and make minor adjustments in the boundaries.

"(f) IMPROVEMENTS.—The Secretary shall make improvements to existing roadways selected for heavy-haul truck transport between Caliente, Nevada, and the interim storage facility site as necessary to facilitate year-round safe transport of spent nuclear fuel and high-level radioactive waste.

"(g) LOCAL GOVERNMENT INVOLVEMENT.—The Commission shall enter into a Memorandum of Understanding with the City of Caliente and Lincoln County, Nevada, to provide advice to the Commission regarding intermodal transfer and to facilitate on-site representation. Reasonable expenses of such representation shall be paid by the Secretary.

"(h) BENEFITS AGREEMENT.—

"(1) IN GENERAL.—The Secretary shall offer to enter into an agreement with the City of Caliente and Lincoln County, Nevada concerning the integrated management system.

"(2) AGREEMENT CONTENT.—Any agreement shall contain such terms and conditions, including such financial and institutional arrangements, as the Secretary and agreement entity determine to be reasonable and appropriate and shall contain such provisions as are necessary to preserve any right to participation or compensation of the City of Caliente and Lincoln County, Nevada.

"(3) AMENDMENT.—An agreement entered into under this subsection may be amended only with the mutual consent of the parties to the amendment and terminated only in accordance with paragraph (4).

"(4) TERMINATION.—The Secretary shall terminate the agreement under this subsection if any major element of the integrated management system may not be completed.

"(5) LIMITATION.—Only one agreement may be in effect at any one time.

"(6) JUDICIAL REVIEW.—Decisions of the Secretary under this section are not subject to judicial review.

"(i) CONTENT OF AGREEMENT.—

"(1) SCHEDULE.—In addition to the benefits to which the City of Caliente and Lincoln County is entitled to under this title, the Secretary shall make payments under the benefits agreement in accordance with the following schedule:

"BENEFITS SCHEDULE

"(Amounts in millions)

"Event	Payment
"(A) Annual payments prior to first receipt of spent fuel	$2.5
"(B) Annual payments beginning upon first spent fuel receipt	5
"(C) Payment upon closure of the intermodal transfer facility	5

"(2) DEFINITIONS.—For purposes of this section, the term—

"(A) 'spent fuel' means high-level radioactive waste or spent nuclear fuel; and

"(B) 'first spent fuel receipt' does not include receipt of spent fuel or high-level radioactive waste for purposes of testing or operational demonstration.

"(3) ANNUAL PAYMENTS.—Annual payments prior to first spent fuel receipt under paragraph (1)(A) shall be made on the date of execution of the benefits agreement and thereafter on the anniversary date of such execution. Annual payments after the first spent fuel receipt until closure of the facility under paragraph (1)(C) shall be made on the anniversary date of such first spent fuel receipt.

"(4) REDUCTION.—If the first spent fuel payment under paragraph (1)(B) is made within 6 months after the last annual payment prior to the receipt of spent fuel under paragraph (1)(A), such first spent fuel payment under paragraph (1)(B) shall be reduced by an amount equal to 1/12 of such annual payment under paragraph (1)(A) for each full month less than six that has not elapsed since the last annual payment under paragraph (1)(A).

"(5) RESTRICTIONS.—The Secretary may not restrict the purposes for which the payments under this section may be used.

"(6) DISPUTE.—In the event of a dispute concerning such agreement, the Secretary shall resolve such dispute, consistent with this Act and applicable State law.

"(7) CONSTRUCTION.—The signature of the Secretary on a valid benefits agreement under this section shall constitute a commitment by the United States to make payments in accordance with such agreement under section 401(c)(2).

"(j) INITIAL LAND CONVEYANCES.—

"(1) CONVEYANCES OF PUBLIC LANDS.—One hundred and twenty days after enactment of this Act, all right, title and interest of the United States in the property described in paragraph (2), and improvements thereon, together with all necessary easements for utilities and ingress and egress to such property, including, but not limited to, the right to improve those easements, are conveyed by operation of law to the County of Lincoln, Nevada, unless the county notifies the Secretary of the Interior or the head of such other appropriate agency in writing within 60 days of such date of enactment that it elects not to take title to all or any part of the property, except that any lands conveyed to the County of Lincoln under this subsection that are subject to a Federal grazing permit or lease or a similar federally granted permit or lease shall be conveyed between 60 and 120 days of the earliest time the Federal agency administering or granting the permit or lease would be able to legally terminate such right under the statutes and regulations existing at the date of enactment of this Act, unless Lincoln County and the affected holder of the permit or lease negotiate an agreement that allows for an earlier conveyance.

"(2) SPECIAL CONVEYANCES.—Notwithstanding any other law, the following public lands depicted on the maps and legal descriptions dated October 11, 1995, shall be conveyed under paragraph (1) to the County of Lincoln, Nevada:

Map 10: Lincoln County, parcel M, industrial park site.

Map 11: Lincoln County, parcel F, mixed use industrial site.

Map 13: Lincoln County, parcel J, mixed use, Alamo Community Expansion Area.

Map 14: Lincoln County, parcel E, mixed use, Pioche Community Expansion Area.

Map 15: Lincoln County, parcel B, landfill expansion site.

"(3) CONSTRUCTION.—The maps and legal descriptions special conveyances referred to in paragraph (2) shall have the same force and effect as if they were included in this Act. The Secretary may correct clerical and typographical errors in the maps and legal descriptions and make minor adjustments in the boundaries of the sites.

"(4) EVIDENCE OF TITLE TRANSFER.—Upon the request of the County of Lincoln, Nevada, the Secretary of the Interior shall provide evidence of title transfer.

"SEC. 202. TRANSPORTATION PLANNING.

"(a) TRANSPORTATION READINESS.—The Secretary shall take those actions that are necessary and appropriate to ensure that the Secretary is able to transport safely spent nuclear fuel and high-level radioactive waste from sites designated by the contract holders to mainline transportation facilities, using routes that minimize, to the maximum practicable extent consistent with Federal requirements governing transportation of hazardous materials, transportation of spent nuclear fuel and high-level radioactive waste through populated areas, beginning not later than November 30, 1999, and, by that date, shall, in consultation with the Secretary of Transportation, develop and implement a comprehensive management plan that ensures that safe transportation of spent nuclear fuel and high-level radioactive waste from the sites designated by the contract holders to the interim storage facility site beginning not later than November 30, 1999.

"(b) TRANSPORTATION PLANNING.—In conjunction with the development of the logistical plan in accordance with subsection (a), the Secretary shall update and modify, as necessary, the Secretary's transportation institutional plans to ensure that institutional issues are addressed and resolved on a schedule to support the commencement of transportation of spent nuclear fuel and high-level radioactive waste to the interim storage facility no later than November 30, 1999. Among other things, such planning shall provide a schedule and process for addressing and implementing as necessary, transportation routing plans, transportation contracting plans, transportation training in accordance with section 203, and public education regarding transportation of spent nuclear fuel and high-level radioactive waste, and transportation tracking programs.

"SEC. 203. TRANSPORTATION REQUIREMENTS.

"(a) PACKAGE CERTIFICATION.—No spent nuclear fuel or high-level radioactive waste may be transported by or for the Secretary under this Act except in packages that have been certified for such purposes by the Commission.

"(b) STATE NOTIFICATION.—The Secretary shall abide by regulations of the Commission regarding advance notification of State and local governments prior to transportation of spent nuclear fuel or high-level radioactive waste under this Act.

"(c) TECHNICAL ASSISTANCE.—The Secretary shall provide technical assistance and funds to States, units of local government, and Indian tribes through whose jurisdiction the Secretary plans to transport substantial amounts of spent nuclear fuel or high-level radioactive waste for training for public safety officials of appropriate units of local government. The Secretary shall also provide technical assistance and funds for training directly to national nonprofit employee organizations which demonstrate experience in implementing and operating worker health and safety training and education programs and demonstrate the ability to reach and involve in training programs target populations of workers who are or will be directly engaged in the transportation of spent nuclear fuel and high-level radioactive waste, or emergency response or post-emergency response with respect to such transportation. Training shall cover procedures required for safe routine transportation of these materials, as well as procedures for dealing with emergency response situations, and shall be consistent with any training standards established by the Secretary of Transportation in accordance with subsection (g). The Secretary's duty to provide technical and financial assistance under this subsection shall be limited to amounts specified in annual appropriations.

"(d) PUBLIC EDUCATION.—The Secretary shall conduct a program to educate the public regarding the transportation of spent nuclear fuel and high-level radioactive waste, with an emphasis upon those States, units of local government, and Indian tribes through whose jurisdiction the Secretary plans to transport substantial amounts of spent nuclear fuel or high-level radioactive waste.

"(e) COMPLIANCE WITH TRANSPORTATION REGULATIONS.—Any person that transports spent nuclear fuel or high-level radioactive waste under the Nuclear Waste Policy Act of 1986, pursuant to a contract with the Secretary, shall comply with all requirements governing such transportation issued by the Federal, State and local governments, and Indian tribes, in the same way and to the same extent that any person engaging in that transportation that is in or affects interstate commerce must comply with such requirements, as required by section 5126 of title 49, United States Code.

"(f) EMPLOYEE PROTECTION.—Any person engaged in the interstate commerce of spent nuclear fuel or high-level radioactive waste under contract to the Secretary pursuant to this Act shall be subject to and comply fully with the employee protection provisions of 49 United States Code 20109 and 49 United States Code 31105.

"(g) TRAINING STANDARD.—(1) No later than 12 months after the date of enactment of the Nuclear Waste Policy Act of 1996, the Secretary of Transportation, pursuant to authority under other provisions of law, in consultation with the Secretary of Labor and the Commission, shall promulgate a regulation establishing training standards applicable to workers directly involved in the removal and transportation of spent nuclear fuel and high-level radioactive waste. The regulation shall specify minimum training standards applicable to workers, including managerial personnel. The regulation shall require that the employer possess evidence of satisfaction of the applicable training standard before any individual may be employed in the removal and transportation of spent nuclear fuel and high-level radioactive waste.

"(2) If the Secretary of Transportation determines, in promulgating the regulation required by paragraph (1), that regulations promulgated by the Commission establish adequate training standards for workers, then the Secretary of Transportation can refrain from promulgating additional regulations with respect to worker training in such activities. The Secretary of Transportation and the Commission shall work through their Memorandum of Understanding to ensure coordination of worker training standards and to avoid duplicative regulation.

"(3) The training standards required to be promulgated under paragraph (1) shall, among other things deemed necessary and appropriate by the Secretary of Transportation, include the following provisions—

"(A) a specified minimum number of hours of initial off site instruction and actual field experience under the direct supervision of a trained, experienced supervisor;

"(B) a requirement that onsite managerial personnel receive the same training as workers, and a minimum number of additional hours of specialized training pertinent to their managerial responsibilities; and

"(C) a training program applicable to persons responsible for responding to and cleaning up emergency situations occurring during the removal and transportation of spent nuclear fuel and high-level radioactive waste.

"(4) There is authorized to be appropriated to the Secretary of Transportation, from general revenues, such sums as may be necessary to perform his duties under this subsection.

"SEC. 204. INTERIM STORAGE.

"(a) AUTHORIZATION.—The Secretary shall design, construct, and operate a facility for the interim storage of spent nuclear fuel and high-level radioactive waste at the interim storage facility site. The interim storage facility shall be subject to licensing pursuant to the Atomic Energy Act of 1954 in accordance with the Commission's regulations governing the licensing of independent spent fuel storage installations, which regulations shall be amended by the Commission as necessary to implement the provisions of this Act. The interim storage facility shall commence operation in phases in accordance with subsection (b).

"(b) SCHEDULE.—(1) The Secretary shall proceed forthwith and without further delay with all activities necessary to begin storing spent nuclear fuel and high-level radioactive waste at the interim storage facility at the interim storage facility site by November 30, 1999, except that:

"(A) The Secretary shall not begin any construction activities at the interim storage facility site before December 31, 1998.

"(B) The Secretary shall cease all activities (except necessary termination activities) at the Yucca Mountain site if the President determines, in his discretion, on or before December 31, 1998, based on a preponderance of the information available at such time, that the Yucca Mountain site is unsuitable for development as a repository, including geologic and engineered barriers, because of a substantial likelihood that a repository of useful size, cannot be designed, licensed, and constructed at the Yucca Mountain site.

"(C) No later than June 30, 1998, the Secretary shall provide to the President and to the Congress a viability assessment of the Yucca Mountain site. The viability assessment shall include—

"(i) the preliminary design concept for the critical elements of the repository and waste package,

"(ii) a total system performance assessment, based upon the design concept and the scientific data and analysis available by June 30, 1998, describing the probable behavior of the respository in the Yucca Mountain geologic setting relative to the overall system performance standard set forth in section 205(d) of this Act,

"(iii) a plan and cost estimate for the remaining work required to complete a license application, and

"(iv) an estimate of the costs to construct and operate the repository in accordance with the design concept.

"(D) Within 18 months of a determination by the President that the Yucca Mountain site is unsuitable for development as a repository under subparagraph (B), the President shall designate a site for the construction of an interim storage facility. If the President does not designate a site for the construction of an interim storage facility, or the construction of an interim storage facility at the designated site is not approved by law within 24 months of the President's determination that the Yucca Mountain site is not suitable for development as a repository, the Secretary shall begin construction of an interim storage facility at the interim storage facility site as defined in section 2(19) of this Act. The interim storage facility site as defined in section 2(19) of this Act shall be deemed to be approved by law for purposes of this section.

"(2) Upon the designation of an interim storage facility site by the President under paragraph (1)(D), the Secretary shall proceed forthwith and without further delay with all activities necessary to begin storing spent nuclear fuel and high-level radioactive waste at an interim storage facility at the designated site, except that the Secretary shall not begin any construction activities at the designated interim storage facility site before the designated interim storage facility site is approved by law.

"(c) DESIGN.—

"(1) The interim storage facility shall be designed in two phases in order to commence operations no later than November 30, 1999. The design of the interim storage facility shall provide for the use of storage technologies, licensed, approved, or certified by the Commission for use at the interim storage facility as necessary to ensure compatibility between the interim storage facility and contract holders' spent nuclear fuel and facilities, and to facilitate the Secretary's ability to meet the Secretary's obligations under this Act.

"(2) The Secretary shall consent to an amendment to the contracts to provide for reimbursement to contract holders for transportable storage systems purchased by contract holders if the Secretary determines that it is cost effective to use such transportable storage systems as part of the integrated management system, provided that the Secretary shall not be required to expend any funds to modify contract holders' storage or transport systems or to seek additional regulatory approvals in order to use such systems.

"(d) LICENSING.—

"(1) PHASES.—The interim storage facility shall be licensed by the Commission in two phases in order to commence operations no later than November 30, 1999.

"(2) FIRST PHASE.—No later than 12 months after the date of enactment of the Nuclear Waste Policy Act of 1996, the Secretary shall submit to the Commission an application for a license for the first phase of the interim storage facility. The Environmental Report and Safety Analysis Report submitted in support of such license application shall be consistent with the scope of authority requested in the license application. The license issued for the first phase of the interim storage facility shall have a term of 20 years. The interim storage facility licensed in the first phase shall have a capacity of not more than 15,000 MTU. The Commission shall issue a final decision granting or denying the application for the first phase license no later than 16 months from the date of the submittal of the application for such license.

"(3) Second Phase.—No later than 30 months after the date of enactment of the Nuclear Waste Policy Act of 1996, the Secretary shall submit to the Commission an application for a license for the second phase interim storage facility. The license for the second phase facility shall authorize a storage capacity of 40,000 MTU. If the Secretary does not submit the license application for construction of a respository by February 1, 2002, or does not begin full spent nuclear fuel receipt operations at a repository by January 17, 2010, the license shall authorize a storage capacity of 60,000 MTU. The license application shall be submitted such that the license can be issued to permit the second phase facility to begin full spent nuclear fuel receipt operations no later than December 31, 2002. The license for the second phase shall have an initial term of up to 100 years, and shall be renewable for additional terms upon application of the Secretary.

"(e) Additional Authority.—

"(1) Construction.—For purposes of complying with this section, the Secretary may commence site preparation for the interim storage facility as soon as practicable after the date of enactment of the Nuclear Waste Policy Act of 1996 and shall commence construction of each phase of the interim storage facility subsequent to submittal of the license application for such phase except that the Commission shall issue an order suspending such construction at any time if the Commission determines that such construction poses an unreasonable risk to public health and safety or the environment. The Commission shall terminate all or part of such order upon a determination that the Secretary has taken appropriate action to eliminate such risk.

"(2) Facility use.—Notwithstanding any otherwise applicable licensing requirement, the Secretary may utilize any facility owned by the Federal Government on the date of enactment of the Nuclear Waste Policy Act of 1996 within the boundaries of the interim storage facility site, in connection with an imminent and substantial endangerment to public health and safety at the interim storage facility prior to commencement of operations during the second phase.

"(3) Emplacement of fuel and waste.—Subject to subsection (i), once the Secretary has achieved the annual acceptance rate for spent nuclear fuel from civilian nuclear power reactors established pursuant to the contracts executed prior to the date of enactment of the Nuclear Waste Policy Act of 1996, as set forth in the Secretary's annual capacity report dated March, 1995 (DOE/RW-0457), the Secretary shall accept, in an amount not less than 25 percent of the difference between the contractual acceptance rate and the annual emplacement rate for spent nuclear fuel from civilian nuclear power reactors established under section 507(a), the following radioactive materials—

"(A) spent nuclear fuel or high-level radioactive waste of domestic origin from civilian nuclear power reactors that have permanently ceased operation on or before the date of enactment of the Nuclear Waste Policy Act of 1996;

"(B) spent nuclear fuel from foreign research reactors, as necessary to promote non-proliferation objectives; and

"(C) spent nuclear fuel, including spent nuclear fuel from naval reactors, and high-level radioactive waste from atomic energy defense activities.

"(f) National Environmental Policy Act of 1969.—

"(1) Preliminary decisionmaking activities.—The Secretary's and President's activities under this section, including, but not limited to, the selection of a site for the interim storage facility, assessments, determinations and designations made under section 204(b), the preparation and submittal of a license application and supporting documentation, the construction of a facility under paragraph (e)(1) of this section, and facility use pursuant to paragraph (e)(2) of this section shall be considered preliminary decisionmaking activities for purposes of judicial review. The Secretary shall not prepare an environmental impact statement under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) or any environmental review under subparagraph (E) or (F) of such Act before conducting these activities.

"(2) Environmental impact statement.—

"(A) Final decision.—A final decision by the Commission to grant or deny a license application for the first or second phase of the interim storage facility shall be accompanied by an Environmental Impact Statement prepared under section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). In preparing such Environmental Impact Statement, the Commission—

"(i) shall ensure that the scope of the Environmental Impact Statement is consistent with the scope of the licensing action; and

"(ii) shall analyze the impacts of the transportation of spent nuclear fuel and high-level radioactive waste to the interim storage facility in a generic manner.

"(B) Considerations.—Such Environmental Impact Statement shall not consider—

"(i) the need for the interim storage facility, including any individual component thereof;

"(ii) the time of the initial availability of the interim storage facility;

"(iii) any alternatives to the storage of spent nuclear fuel and high-level radioactive waste at the interim storage facility;

"(iv) any alternatives to the site of the facility as designated by the Secretary in accordance with subsection (a);

"(v) any alternatives to the design criteria for such facility or any individual component thereof, as specified by the Secretary in the license application; or

"(vi) the environmental impacts of the storage of spent nuclear fuel and high-level radioactive waste at the interim storage facility beyond the initial term of the license or the term of the renewal period for which a license renewal application is made.

"(g) Judicial Review.—Judicial review of the Commission's environmental impact statement under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) shall be consolidated with judicial review of the Commission's licensing decision. No court shall have jurisdiction to enjoin the construction or operation of the interim storage facility prior to its final decision on review of the Commission's licensing action.

"(h) Waste Confidence.—The Secretary's obligation to construct and operate the interim storage facility in accordance with this section and the Secretary's obligation to develop an integrated management system in accordance with the provisions of this Act, shall provide sufficient and independent grounds for any further findings by the Commission of reasonable assurance that spent nuclear fuel and high-level radioactive waste will be disposed of safely and on a timely basis for purposes of the Commission's decision to grant or amend any license to operate any civilian nuclear power reactor under the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.).

"(i) Storage of Other Spent Nuclear Fuel and High-Level Radioactive Waste.—No later than 18 months following the date of enactment of the Nuclear Waste Policy Act of 1996, the Commission shall, by rule, establish criteria for the storage in the interim storage facility of fuel and waste listed in subparagraph (e)(3) (A) through (C), to the extent such criteria are not included in regulations issued by the Commission and existing on the date of enactment of the Nuclear Waste Policy Act of 1996. Following establishment of such criteria, the Secretary shall seek authority, as necessary, to store fuel and waste listed in subparagraph (e)(3) (A) through (C) at the interim storage facility. None of the activities carried out pursuant to this subsection shall delay, or otherwise affect, the development, construction, licensing, or operation of the interim storage facility.

"(j) Savings Clause.—The Commission shall, by rule, establish procedures for the licensing of any technology for the dry storage of spent nuclear fuel by rule and without, to the maximum extent possible, the need for site-specific approvals by the Commission. Nothing in this Act shall affect any such procedures, or any licenses or approvals issued pursuant to such procedures in effect on the date of enactment.

"SEC. 205. PERMANENT REPOSITORY.

"(a) Repository Characterization.—

"(1) Guidelines.—The guidelines promulgated by the Secretary and published at part 960 of title 10, Code of Federal Regulations are annulled and revoked and the Secretary shall make no assumptions or conclusions about the licensability of the Yucca Mountain site as a repository by reference to such guidelines.

"(2) Site characterization activities.—The Secretary shall carry out appropriate site characterization activities at the Yucca Mountain site in accordance with the Secretary's program approach to site characterization. The Secretary shall modify or eliminate those site characterization activities designed only to demonstrate the suitability of the site under the guidelines referenced in paragraph (1).

"(3) Schedule date.—Consistent with the schedule set forth in the program approach, as modified to be consistent with the Nuclear Waste Policy Act of 1996, no later than February 1, 2002, the Secretary shall apply to the Commission for authorization to construct a repository. If, at any time prior to the filing of such application, the Secretary determines that the Yucca Mountain site cannot satisfy the Commission's regulations applicable to the licensing of a geologic repository, the Secretary shall terminate site characterization activities at the site, notify Congress and the State of Nevada of the Secretary's determination and the reasons therefor, and recommend to Congress not later than 6 months after such determination, further actions, including the enactment of legislation, that may be needed to manage the Nation's spent nuclear fuel and high-level radioactive waste.

"(4) Maximizing capacity.—In developing an application for authorization to construct the repository, the Secretary shall seek to maximize the capacity of the repository, in the most cost-effective manner, consistent with the need for disposal capacity.

"(b) REPOSITORY LICENSING.—Upon the completion of any licensing proceeding for the first phase of the interim storage facility, the Commission shall amend its regulations governing the disposal of spent nuclear fuel and high-level radioactive waste in geologic repositories to the extent necessary to comply with this Act. Subject to subsection (c), such regulations shall provide for the licensing of the repository according to the following procedures:

"(1) CONSTRUCTION AUTHORIZATION.—The Commission shall grant the Secretary a construction authorization for the repository upon determining that there is reasonable assurance that spent nuclear fuel and high-level radioactive waste can be disposed of in the repository—

"(A) in conformity with the Secretary's application, the provisions of this Act, and the regulations of the Commission;

"(B) without unreasonable risk to the health and safety of the public; and

"(C) consistent with the common defense and security.

"(2) LICENSE.—Following substantial completion of construction and the filing of any additional information needed to complete the license application, the Commission shall issue a license to dispose of spent nuclear fuel and high-level radioactive waste in the repository if the Commission determines that the repository has been constructed and will operate—

"(A) in conformity with the Secretary's application, the provisions of this Act, and the regulations of the Commission;

"(B) without unreasonable risk to the health and safety of the public; and

"(C) consistent with the common defense and security.

"(3) CLOSURE.—After emplacing spent nuclear fuel and high-level radioactive waste in the repository and collecting sufficient confirmatory data on repository performance to reasonably confirm the basis for repository closure consistent with the Commission's regulations applicable to the licensing of a repository, as modified in accordance with this Act, the Secretary shall apply to the Commission to amend the license to permit permanent closure of the repository. The Commission shall grant such license amendment upon finding that there is reasonable assurance that the repository can be permanently closed—

"(A) in conformity with the Secretary's application to amend the license, the provisions of this Act, and the regulations of the Commission;

"(B) without unreasonable risk to the health and safety of the public; and

"(C) consistent with the common defense and security.

"(4) POST-CLOSURE.—The Secretary shall take those actions necessary and appropriate at the Yucca Mountain site to prevent any activity at the site subsequent to repository closure that poses an unreasonable risk of—

"(A) breaching the repository's engineered or geologic barriers; or

"(B) increasing the exposure of individual members of the public to radiation beyond the release standard established in subsection (d)(1).

"(c) MODIFICATION OF REPOSITORY LICENSING PROCEDURE.—The Commission's regulations shall provide for the modification of the repository licensing procedure, as appropriate, in the event that the Secretary seeks a license to permit the emplacement in the repository, on a retrievable basis, of spent nuclear fuel or high-level radioactive waste as is necessary to provide the Secretary with sufficient confirmatory data on repository performance to reasonably confirm the basis for repository closure consistent with applicable regulations.

"(d) REPOSITORY LICENSING STANDARDS.—The Administrator of the Environmental Protection Agency shall, pursuant to authority under other provisions of law, issue generally applicable standards for the protection of the public from releases of radioactive materials or radioactivity from the repository. Such standards shall be consistent with the overall system performance standard established by this subsection unless the Administrator determines by rule that the overall system performance standard would constitute an unreasonable risk to health and safety. The Commission's repository licensing determinations for the protection of the public shall be based solely on a finding whether the repository can be operated in conformance with the overall system performance standard established in paragraph (1), applied in accordance with the provisions of paragraph (2), and the Administrator's radiation protection standards. The Commission shall amend its regulations in accordance with subsection (b) to incorporate each of the following licensing standards:

"(1) ESTABLISHMENT OF OVERALL SYSTEM PERFORMANCE STANDARD.—The standard for protection of the public from release of radioactive material or radioactivity from the repository shall prohibit releases that would expose an average member of the general population in the vicinity of the Yucca Mountain site to an annual dose in excess of 100 millirems unless the Commission determines by rule that such standard would constitute an unreasonable risk to health and safety and establishes by rule another standard which will protect health and safety. Such standard shall constitute an overall system performance standard.

"(2) APPLICATION OF OVERALL SYSTEM PERFORMANCE STANDARD.—The Commission shall issue the license if it finds reasonable assurance that for the first 1,000 years following the commencement of repository operations, the overall system performance standard will be met based on a probabilistic evaluation, as appropriate, of compliance with the overall system performance standard in paragraph (1).

"(3) FACTORS.—For purposes of making the finding in paragraph (2)—

"(A) the Commission shall not consider catastrophic events where the health consequences of individual events themselves can be reasonably assumed to exceed the health consequences due to the impact of the events on repository performance;

"(B) for the purpose of this section, an average member of the general population in the vicinity of the Yucca Mountain site means a person whose physiology, age, general health, agricultural practices, eating habits, and social behavior represent the average for persons living in the vicinity of the site. Extremes in social behavior, eating habits, or other relevant practices or characteristics shall not be considered; and

"(C) the Commission shall assume that, following repository closure, the inclusion of engineered barriers and the Secretary's post-closure actions at the Yucca Mountain site, in accordance with subsection (b)(4), shall be sufficient to—

"(i) prevent any human activity at the site that poses an unreasonable risk of breaching the repository's engineered or geologic barriers; and

"(ii) prevent any increase in the exposure of individual members of the public to radiation beyond the allowable limits specified in paragraph (1).

"(4) ADDITIONAL ANALYSIS.—The Commission shall analyze the overall system performance through the use of probabilistic evaluations that use best estimate assumptions, data, and methods for the period commencing after the first 1,000 years of operation of the repository and terminating at 10,000 years after the commencement of operation of the repository.

"(e) NATIONAL ENVIRONMENTAL POLICY ACT.—

"(1) SUBMISSION OF STATEMENT.—Construction and operation of the repository shall be considered a major Federal action significantly affecting the quality of the human environment for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). The Secretary shall submit an environmental impact statement on the construction and operation of the repository to the Commission with the license application and shall supplement such environmental impact statement as appropriate.

"(2) CONSIDERATIONS.—For purposes of complying with the requirements of the National Environmental Policy Act of 1969 and this section, the Secretary shall not consider in the environmental impact statement the need for the repository, or alternative sites or designs for the repository.

"(3) ADOPTION BY COMMISSION.—The Secretary's environmental impact statement and any supplements thereto shall, to the extent practicable, be adopted by the Commission in connection with the issuance by the Commission of a construction authorization under subsection (b)(1), a license under subsection (b)(2), or a license amendment under subsection (b)(3). To the extent such statement or supplement is adopted by the Commission, such adoption shall be deemed to also satisfy the responsibilities of the Commission under the National Environmental Policy Act of 1969, and no further consideration shall be required, except that nothing in this subsection shall affect any independent responsibilities of the Commission to protect the public health and safety under the Atomic Energy Act of 1954. In any such statement or supplement prepared with respect to the repository, the Commission shall not consider the need for a repository, or alternate sites or designs for the repository.

"(f) JUDICIAL REVIEW.—No court shall have jurisdiction to enjoin issuance of the Commission repository licensing regulations prior to its final decision on review of such regulations.

"SEC. 206. LAND WITHDRAWAL.

"(a) WITHDRAWAL AND RESERVATION.—

"(1) WITHDRAWAL.—Subject to valid existing rights, the interim storage facility site and the Yucca Mountain site, as described in subsection (b), are withdrawn from all forms of entry, appropriation, and disposal under the public land laws, including the mineral leasing laws, the geothermal leasing laws, the material sale laws, and the mining laws.

"(2) JURISDICTION.—Jurisdiction of any land within the interim storage facility site and the Yucca Mountain site managed by the Secretary of the Interior or any other Federal officer is transferred to the Secretary.

"(3) RESERVATION.—The interim storage facility site and the Yucca Mountain site are reserved for the use of the Secretary for the construction and operation, respectively, of the interim storage facility and the repository and activities associated with the purposes of this title.

"(b) LAND DESCRIPTION.—

"(1) BOUNDARIES.—The boundaries depicted on the map entitled 'Interim Storage Facility Site Withdrawal Map', dated March 13, 1996, and on file with the Secretary, are established as the boundaries of the Interim Storage Facility site.

"(2) BOUNDARIES.—The boundaries depicted on the map entitled 'Yucca Mountain Site Withdrawal Map', dated July 9, 1996, and on file with the Secretary, are established as the boundaries of the Yucca Mountain site.

"(3) NOTICE AND MAPS.—Within 6 months of the date of the enactment of the Nuclear Waste Policy Act of 1996, the Secretary shall—

"(A) publish in the Federal Register a notice containing a legal description of the interim storage facility site; and

"(B) file copies of the maps described in paragraph (1), and the legal description of the interim storage facility site with the Congress, the Secretary of the Interior, the Governor of Nevada, and the Archivist of the United States.

"(4) NOTICE AND MAPS.—Concurrent with the Secretary's application to the Commission for authority to construct the repository, the Secretary shall—

"(A) publish in the Federal Register a notice containing a legal description of the Yucca Mountain site; and

"(B) file copies of the maps described in paragraph (2), and the legal description of the Yucca Mountain site with the Congress, the Secretary of the Interior, the Governor of Nevada, and the Archivist of the United States.

"(5) CONSTRUCTION.—The maps and legal descriptions of the interim storage facility site and the Yucca Mountain site referred to in this subsection shall have the same force and effect as if they were included in this Act. The Secretary may correct clerical and typographical errors in the maps and legal descriptions and make minor adjustments in the boundaries of the sites.

"TITLE III—LOCAL RELATIONS

"SEC. 301. FINANCIAL ASSISTANCE.

"(a) GRANTS.—The Secretary is authorized to make grants to any affected Indian tribe or affected unit of local government for purposes of enabling the affected Indian tribe or affected unit of local government—

"(1) to review activities taken with respect to the Yucca Mountain site for purposes of determining any potential economic, social, public health and safety, and environmental impacts of the integrated management system on the affected Indian tribe or the affected unit of local government and its residents;

"(2) to develop a request for impact assistance under subsection (c);

"(3) to engage in any monitoring, testing, or evaluation activities with regard to such site;

"(4) to provide information to residents regarding any activities of the Secretary, or the Commission with respect to such site; and

"(5) to request information from, and make comments and recommendations to, the Secretary regarding any activities taken with respect to such site.

"(b) SALARY AND TRAVEL EXPENSES.—Any salary or travel expense that would ordinarily be incurred by any affected Indian tribe or affected unit of local government may not be considered eligible for funding under this section.

"(c) FINANCIAL AND TECHNICAL ASSISTANCE.—

"(1) ASSISTANCE REQUESTS.—The Secretary is authorized to offer to provide financial and technical assistance to any affected Indian tribe or affected unit of local government requesting such assistance. Such assistance shall be designed to mitigate the impact on the affected Indian tribe or affected unit of local government of the development of the integrated management system.

"(2) REPORT.—Any affected Indian tribe or affected unit of local government may request assistance under this section by preparing and submitting to the Secretary a report on the economic, social, public health and safety, and environmental impacts that are likely to result from activities of the integrated management system.

"(d) OTHER ASSISTANCE.—

"(1) TAXABLE AMOUNTS.—In addition to financial assistance provided under this subsection, the Secretary is authorized to grant to any affected Indian tribe or affected unit of local government an amount each fiscal year equal to the amount such affected Indian tribe or affected unit of local government, respectively, would receive if authorized to tax integrated management system activities, as such affected Indian tribe or affected unit of local government taxes the non-Federal real property and industrial activities occurring within such affected unit of local government.

"(2) TERMINATION.—Such grants shall continue until such time as all such activities, development, and operations are terminated at such site.

"(3) ASSISTANCE TO INDIAN TRIBES AND UNITS OF LOCAL GOVERNMENT.—

"(A) PERIOD.—Any affected Indian tribe or affected unit of local government may not receive any grant under paragraph (1) after the expiration of the 1-year period following the date on which the Secretary notifies the affected Indian tribe or affected unit of local government of the termination of the operation of the integrated management system.

"(B) ACTIVITIES.—Any affected Indian tribe or affected unit of local government may not receive any further assistance under this section if the integrated management system activities at such site are terminated by the Secretary or if such activities are permanently enjoined by any court.

"SEC. 302. ON-SITE REPRESENTATIVE.

"The Secretary shall offer to the unit of local government within whose jurisdiction a site for an interim storage facility or repository is located under this Act an opportunity to designate a representative to conduct on-site oversight activities at such site. The Secretary is authorized to pay the reasonable expenses of such representative.

"SEC. 303. ACCEPTANCE OF BENEFITS.

"(a) CONSENT.—The acceptance or use of any of the benefits provided under this title by any affected Indian tribe or affected unit of local government shall not be deemed to be an expression of consent, express, or implied, either under the Constitution of the State or any law thereof, to the siting of an interim storage facility or repository in the State of Nevada, any provision of such Constitution or laws to the contrary notwithstanding.

"(b) ARGUMENTS.—Neither the United States nor any other entity may assert any argument based on legal or equitable estoppel, or acquiescence, or waiver, or consensual involvement, in response to any decision by the State to oppose the siting in Nevada of an interim storage facility or repository premised upon or related to the acceptance or use of benefits under this title.

"(c) LIABILITY.—No liability of any nature shall accrue to be asserted against any official of any governmental unit of Nevada premised solely upon the acceptance or use of benefits under this title.

"SEC. 304. RESTRICTIONS ON USE OF FUNDS.

"None of the funding provided under this title may be used—

"(1) directly or indirectly to influence legislative action on any matter pending before Congress or a State legislature or for any lobbying activity as provided in section 1913 of title 18, United States Code;

"(2) for litigation purposes; and

"(3) to support multistate efforts or other coalition-building activities inconsistent with the purposes of this Act.

"SEC. 305. LAND CONVEYANCES.

"(a) CONVEYANCES OF PUBLIC LANDS.—One hundred and twenty days after enactment of this Act, all right, title and interest of the United States in the property described in subsection (b), and improvements thereon, together with all necessary easements for utilities and ingress and egress to such property, including, but not limited to, the right to improve those easements, are conveyed by operation of law to the County of Nye, Nevada, unless the county notifies the Secretary of Interior or the head of such other appropriate agency in writing within 60 days of such date of enactment that it elects not to take title to all or any part of the property, except that any lands conveyed to the County of Nye under this subsection that are subject to a Federal grazing permit or lease or a similar federally granted permit or lease shall be conveyed between 60 and 120 days of the earliest time the Federal agency administering or granting the permit or lease would be able to legally terminate such right under the statutes and regulations existing at the date of enactment of this Act, unless Nye County and the affected holder of the permit or lease negotiate an agreement that allows for an earlier conveyance.

"(b) SPECIAL CONVEYANCES.—Notwithstanding any other law, the following public lands depicted on the maps and legal descriptions dated October 11, 1995, and on file with the Secretary shall be conveyed under subsection (a) to the County of Nye, Nevada:

Map 1: Proposed Pahrump industrial park site.

Map 2: Proposed Lathrop Wells (gate 510) industrial park site.

Map 3: Pahrump landfill sites.

Map 4: Amargosa Valley Regional Landfill site.

Map 5: Amargosa Valley Municipal Landfill site.

Map 6: Beatty Landfill/Transfer Station site.

Map 7: Round Mountain Landfill site.

Map 8: Tonopah Landfill site.

Map 9: Gabbs Landfill site.

"(c) CONSTRUCTION.—The maps and legal descriptions of special conveyances referred to in subsection (b) shall have the same force and effect as if they were included in this Act. The Secretary may correct clerical and typographical errors in the maps and legal descriptions and make minor adjustments in the boundaries of the sites.

"(d) EVIDENCE OF TITLE TRANSFER.—Upon the request of the County of Nye, Nevada, the Secretary of the Interior shall provide evidence of title transfer.

"TITLE IV—FUNDING AND ORGANIZATION

"SEC. 401. PROGRAM FUNDING.

"(a) CONTRACTS.—

"(1) AUTHORITY OF SECRETARY.—In the performance of the Secretary's functions under this Act, the Secretary is authorized to enter into contracts with any person who generates or holds title to spent nuclear fuel or high-level radioactive waste of domestic origin for the acceptance of title and possession, transportation, interim storage, and disposal of such waste or spent fuel. Such contracts shall provide for payment of annual fees to the Secretary in the amounts set by the Secretary pursuant to paragraphs (2) and (3). Except as provided in paragraph (3), fees assessed pursuant to this paragraph shall be paid to the Treasury of the United States and shall be available for use by the Secretary pursuant to this section until expended. Subsequent to the date of enactment of the Nuclear Waste Policy Act of 1996, the contracts executed under section 302(a) of the Nuclear Waste Policy Act of 1982 shall continue in effect under this Act: *Provided*, That the Secretary shall consent to an amendment to such contracts as necessary to implement the provisions of this Act.

"(2) ANNUAL FEES.—

"(A) for electricity generated by civilian nuclear power reactors and sold between January 7, 1983, and September 30, 2002, the fee under paragraph (1) shall be equal to 1.0 mill per kilowatt-hour generated and sold. For electricity generated by civilian nuclear power reactors and sold on or after October 1, 2002, the aggregate amount of fees collected during each fiscal year shall be no greater than the annual level of appropriations for expenditures on those activities consistent with subsection (d) for that fiscal year, minus—

"(i) any unobligated balance collected pursuant to this section during the previous fiscal year; and

"(ii) the percentage of such appropriation required to be funded by the Federal Government pursuant to section 403,

The Secretary shall determine the level of the annual fee for each civilian nuclear power reactor based on the amount of electricity generated and sold, except that the annual fee collected under this subparagraph shall not exceed 1.0 mill per kilowatt-hour generated and sold.

"(B) EXPENDITURES IF SHORTFALL.—If, during any fiscal year on or after October 1, 2002, the aggregate amount of fees assessed pursuant to subparagraph (A) is less than the annual level of appropriations for expenditures on those activities specified in subsection (d) for that fiscal year, minus—

"(i) any unobligated balance collected pursuant to this section during the previous fiscal year; and

"(ii) the percentage of such appropriations required to be funded by the Federal Government pursuant to section 403,

the Secretary may make expenditures from the Nuclear Waste Fund up to the level of the fees assessed.

"(C) RULES.—The Secretary shall, by rule, establish procedures necessary to implement this paragraph.

"(3) ONE-TIME FEE.—For spent nuclear fuel or solidified high-level radioactive waste derived from spent nuclear fuel, which fuel was used to generate electricity in a civilian nuclear power reactor prior to January 7, 1983, the fee shall be in an amount equivalent to an average charge of 1.0 mill per kilowatt-hour for electricity generated by such spent nuclear fuel, or such solidified high-level waste derived therefrom. Payment of such one-time fee prior to the date of enactment of the Nuclear Waste Policy Act of 1996 shall satisfy the obligation imposed under this paragraph. Any one-time fee paid and collected subsequent to the date of enactment of the Nuclear Waste Policy Act of 1996 pursuant to the contracts, including any interest due pursuant to such contracts, shall be paid to the Nuclear Waste Fund no later than September 30, 2002. The Commission shall suspend the license of any licensee who fails or refuses to pay the full amount of the fee referred to in this paragraph on or before September 30, 2002, and the license shall remain suspended until the full amount of the fee referred to in this paragraph is paid. The person paying the fee under this paragraph to the Secretary shall have no further financial obligation to the Federal Government for the long-term storage and permanent disposal of spent fuel or high-level radioactive waste derived from spent nuclear fuel used to generate electricity in a civilian power reactor prior to January 7, 1983.

"(4) ADJUSTMENTS TO FEE.—The Secretary shall annually review the amount of the fees established by paragraphs (2) and (3), together with the existing balance of the Nuclear Waste Fund on the date of enactment of the Nuclear Waste Policy Act of 1996, to evaluate whether collection of the fee will provide sufficient revenues to offset the costs as defined in subsection (c)(2). In the event the Secretary determines that the revenues being collected are either insufficient or excessive to recover the costs incurred by the Federal Government that are specified in subsection (c)(2), the Secretary shall propose an adjustment to the fee in subsection (c)(2) to ensure full cost recovery. The Secretary shall immediately transmit the proposal for such an adjustment to both houses of Congress.

"(b) ADVANCE CONTRACTING REQUIREMENT.—

"(1) IN GENERAL.—

"(A) LICENSE ISSUANCE AND RENEWAL.—The Commission shall not issue or renew a license to any person to use a utilization or production facility under the authority of section 103 or 104 of the Atomic Energy Act of 1954 (42 U.S.C. 2133, 2134) unless—

"(i) such person has entered into a contract under subsection (a) with the Secretary; or

"(ii) the Secretary affirms in writing that such person is actively and in good faith negotiating with the Secretary for a contract under this section.

"(B) PRECONDITION.—The Commission, as it deems necessary or appropriate, may require as a precondition to the issuance or renewal of a license under section 103 or 104 of the Atomic Energy Act of 1954 (42 U.S.C. 2133, 2134) that the applicant for such license shall have entered into an agreement with the Secretary for the disposal of spent nuclear fuel and high-level radioactive waste that may result from the use of such license.

"(2) DISPOSAL IN REPOSITORY.—Except as provided in paragraph (1), no spent nuclear fuel or high-level radioactive waste generated or owned by any person (other than a department of the United States referred to in section 101 or 102 of title 5, United States Code) may be disposed of by the Secretary in the repository unless the generator or owner of such spent fuel or waste has entered into a contract under subsection (a) with the Secretary by not later than the date on which such generator or owner commences generation of, or takes title to, such spent fuel or waste.

"(3) ASSIGNMENT.—The rights and duties of contract holders are assignable.

"(c) NUCLEAR WASTE FUND.—

"(1) IN GENERAL.—The Nuclear Waste Fund established in the Treasury of the United States under section 302(c) of the Nuclear Waste Policy Act of 1982 shall continue in effect under this Act and shall consist of—

"(A) the existing balance in the Nuclear Waste Fund on the date of enactment of the Nuclear Waste Policy Act of 1996; and

"(B) all receipts, proceeds, and recoveries realized under subsections (a), and (c)(3) subsequent to the date of enactment of the Nuclear Waste Policy Act of 1996, which shall be deposited in the Nuclear Waste Fund immediately upon their realization.

"(2) USE.—The Secretary may make expenditures from the Nuclear Waste Fund, subject to subsections (d) and (e), only for purposes of the integrated management system.

"(3) ADMINISTRATION OF NUCLEAR WASTE FUND.—

(A) IN GENERAL.—The Secretary of the Treasury shall hold the Nuclear Waste Fund and, after consultation with the Secretary, annually report to the Congress on the financial condition and operations of the Nuclear Waste Fund during the preceding fiscal year.

"(B) AMOUNTS IN EXCESS OF CURRENT NEEDS.—If the Secretary determines that the Nuclear Waste Fund contains at any time amounts in excess of current needs, the Secretary may request the Secretary of the Treasury to invest such amounts, or any portion of such amounts as the Secretary determines to be appropriate, in obligations of the United States—

"(i) having maturities determined by the Secretary of the Treasury to be appropriate to the needs of the Nuclear Waste Fund; and

"(ii) bearing interest at rates determined to be appropriate by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturities of such investments, except that the interest rate on such investments shall not exceed the average interest rate applicable to existing borrowings.

"(C) EXEMPTION.—Receipts, proceeds, and recoveries realized by the Secretary under this section, and expenditures of amounts from the Nuclear Waste Fund, shall be exempt from annual apportionment under the provisions of subchapter II of chapter 15 of title 31, United States Code.

"(d) BUDGET.—The Secretary shall submit the budget for implementation of the Secretary's responsibilities under this Act to the Office of Management and Budget annually along with the budget of the Department of Energy submitted at such time in accordance with chapter 11 of title 31, United States Code. The budget shall consist of the estimates made by the Secretary of expenditures under this Act and other relevant financial matters for the succeeding 3 fiscal years, and shall be included in the budget of the United States Government.

"(e) APPROPRIATIONS.—The Secretary may make expenditures from the Nuclear Waste Fund, subject to appropriations, which shall remain available until expended.

"SEC. 402. OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT.

"(a) ESTABLISHMENT.—There hereby is established within the Department of Energy an Office of Civilian Radioactive Waste Management. The Office shall be headed by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be compensated at the rate payable for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

"(b) FUNCTIONS OF DIRECTOR.—The Director of the Office shall be responsible for carrying out the functions of the Secretary under this Act, subject to the general supervision of the Secretary. The Director of the Office shall be directly responsible to the Secretary.

"SEC. 403. FEDERAL CONTRIBUTION.

"(a) ALLOCATION.—No later than one year from the date of enactment of the Nuclear Waste Policy Act of 1996, acting pursuant to section 553 of title 5, United States Code, the Secretary shall issue a final rule establishing the appropriate portion of the costs of managing spent nuclear fuel and high-level radioactive waste under this Act allocable to the interim storage or permanent disposal of spent nuclear fuel and high-level radioactive waste from atomic energy defense activities and spent nuclear fuel from foreign research reactors. The share of costs allocable to the management of spent nuclear fuel and high-level radioactive waste from atomic energy defense activities and spent nuclear fuel from foreign research reactors shall include—

"(1) an appropriate portion of the costs associated with research and development activities with respect to development of an interim storage facility and repository; and

"(2) as appropriate, interest on the principal amounts due calculated by reference to the appropriate Treasury bill rate as if the payments were made at a point in time consistent with the payment dates for spent nuclear fuel and high-level radioactive waste under the contracts.

"(b) APPROPRIATION REQUEST.—In addition to any request for an appropriation from the Nuclear Waste Fund, the Secretary shall request annual appropriations from general revenues in amounts sufficient to pay the costs of the management of spent nuclear fuel and high-level radioactive waste from atomic energy defense activities and spent nuclear fuel from foreign research reactors, as established under subsection (a).

"(c) REPORT.—In conjunction with the annual report submitted to Congress under section 702, the Secretary shall advise the Congress annually of the amount of spent nuclear fuel and high-level radioactive waste from atomic energy activities and spent nuclear fuel from foreign research reactors, requiring management in the integrated management system.

"(d) AUTHORIZATION.—There is authorized to be appropriated to the Secretary, from general revenues, for carrying out the purposes of this Act, such sums as may be necessary to pay the costs of the management of spent nuclear fuel and high-level radioactive waste from atomic energy defense activities and spent nuclear fuel from foreign research reactors, as established under subsection (a).

"TITLE V—GENERAL AND MISCELLANEOUS PROVISIONS

"SEC. 501. COMPLIANCE WITH OTHER LAWS.

"If the requirements of any Federal, State, or local law (including a requirement imposed by regulation or by any other means under such a law) are inconsistent with or duplicative of the requirements of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) or of this Act, the Secretary shall comply only with the requirements of the Atomic Energy Act of 1954 and of this Act in implementing the integrated management system.

"SEC. 502. JUDICIAL REVIEW OF AGENCY ACTIONS.

"(a) JURISDICTION OF THE UNITED STATES COURTS OF APPEALS.—

"(1) ORIGINAL AND EXCLUSIVE JURISDICTION.—Except for review in the Supreme Court of the United States, and except as otherwise provided in this Act, the United States courts of appeals shall have original and exclusive jurisdiction over any civil action—

"(A) for review of any final decision or action of the Secretary, the President, or the Commission under this Act;

"(B) alleging the failure of the Secretary, the President, or the Commission to make any decision, or take any action, required under this Act;

"(C) challenging the constitutionality of any decision made, or action taken, under any provision of this Act; or

"(D) for review of any environmental impact statement prepared or environmental assessment pursuant to the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to any action under this Act or alleging a failure to prepare such statement with respect to any such action.

"(2) VENUE.—The venue of any proceeding under this section shall be in the judicial circuit in which the petitioner involved resides or has its principal office, or in the United States Court of Appeals for the District of Columbia Circuit.

(b) DEADLINE FOR COMMENCING ACTION.—A civil action for judicial review described under subsection (a)(1) may be brought no later than 180 days after the date of the decision or action or failure to act involved, as the case may be, except that if a party shows that he did not know of the decision or action complained of (or of the failure to act), and that a reasonable person acting under the circumstances would not have known, such party may bring a civil action no later than 180 days after the date such party acquired actual or constructive knowledge or such decision, action, or failure to act.

"(c) APPLICATION OF OTHER LAW.—The provisions of this section relating to any matter shall apply in lieu of the provisions of any other Act relating to the same matter.

"SEC. 503. LICENSING OF FACILITY EXPANSIONS AND TRANSSHIPMENTS.

"(a) ORAL ARGUMENT.—In any Commission hearing under section 189 of the Atomic Energy Act of 1954 (42 U.S.C. 2239) on an application for a license, or for an amendment to an existing license, filed after January 7, 1983, to expand the spent nuclear fuel storage capacity at the site of a civilian nuclear power reactor, through the use of high-density fuel storage racks, fuel rod compaction, the transshipment of spent nuclear fuel to another civilian nuclear power reactor within the same utility system, the construction of additional spent nuclear fuel pool capacity or dry storage capacity, or by other means, the Commission shall, at the request of any party, provide an opportunity for oral argument with respect to any matter which the Commission determines to be in controversy among the parties. The oral argument shall be preceded by such discovery procedures as the rules of the Commission shall provide. The Commission shall require each party, including the Commission staff, to submit in written form, at the time of the oral argument, a summary of the facts, data, and arguments upon which such party proposes to rely that are known at such time to such party. Only facts and data in the form of sworn testimony or written submission may be relied upon by the parties during oral argument. Of the materials that may be submitted by the parties during oral argument, the Commission shall only consider those facts and data that are submitted in the form of sworn testimony or written submission.

"(b) ADJUDICATORY HEARING.—

"(1) DESIGNATION.—At the conclusion of any oral argument under subsection (a), the Commission shall designate any disputed question of fact, together with any remaining questions of law, for resolution in an adjudicatory hearing only if it determines that—

"(A) there is a genuine and substantial dispute of fact which can only be resolved with sufficient accuracy by the introduction of evidence in an adjudicatory hearing; and

"(B) the decision of the Commission is likely to depend in whole or in part on the resolution of such dispute.

"(2) DETERMINATION.—In making a determination under this subsection, the Commission—

"(A) shall designate in writing the specific facts that are in genuine and substantial dispute, the reason why the decision of the agency is likely to depend on the resolution of such facts, and the reason why an adjudicatory hearing is likely to resolve the dispute; and

"(B) shall not consider—

"(i) any issue relating to the design, construction, or operation of any civilian nuclear power reactor already licensed to operate at such site, or any civilian nuclear power reactor to which a construction permit has been granted at such site, unless the Commission determines that any such issue substantially affects the design, construction, or operation of the facility or activity for which such license application, authorization, or amendment is being considered; or

"(ii) any siting or design issue fully considered and decided by the Commission in connection with the issuance of a construction permit or operating license for a civilian nuclear power reactor at such site, unless—

"(I) such issue results from any revision of siting or design criteria by the Commission following such decision; and

"(II) the Commission determines that such issue substantially affects the design, construction, or operation of the facility or activity for which such license application, authorization, or amendment is being considered.

"(3) APPLICATION.—The provisions of paragraph (2)(B) shall apply only with respect to licenses, authorizations, or amendments to licenses or authorizations, applied for under the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) before December 31, 2005.

"(4) CONSTRUCTION.—The provisions of this section shall not apply to the first application for a license or license amendment received by the Commission to expand onsite spent fuel storage capacity by the use of a new technology not previously approved for use at any nuclear power plant by the Commission.

"(c) JUDICIAL REVIEW.—No court shall hold unlawful or set aside a decision of the Commission in any proceeding described in subsection (a) because of a failure by the Commission to use a particular procedure pursuant to this section unless—

"(1) an objection to the procedure used was presented to the Commission in a timely fashion or there are extraordinary circumstances that excuse the failure to present a timely objection; and

"(2) the court finds that such failure has precluded a fair consideration and informed resolution of a significant issue of the proceeding taken as a whole.

"SEC. 504. SITING A SECOND REPOSITORY.

"(a) CONGRESSIONAL ACTION REQUIRED.—The Secretary may not conduct site-specific activities with respect to a second repository unless Congress has specifically authorized and appropriated funds for such activities.

"(b) REPORT.—The Secretary shall report to the President and to Congress on or after January 1, 2007, but not later than January 1, 2010, on the need for a second repository.

"SEC. 505. FINANCIAL ARRANGEMENTS FOR LOW-LEVEL RADIOACTIVE WASTE SITE CLOSURE.

"(a) FINANCIAL ARRANGEMENTS.—

"(1) STANDARDS AND INSTRUCTIONS.—The Commission shall establish by rule, regulation, or order, after public notice, and in accordance with section 181 of the Atomic Energy Act of 1954 (42 U.S.C. 2231), such standards and instructions as the Commission may deem necessary or desirable to ensure in the case of each license for the disposal of low-level radioactive waste that an adequate bond, surety, or other financial arrangement (as determined by the Commission) will be provided by a licensee to permit completion of all requirements established by the Commission for the decontamination, decommissioning, site closure, and reclamation of sites, structures, and equipment used in conjunction with such low-level radioactive waste. Such financial arrangements shall be provided and approved by the Commission, or, in the case of sites within the boundaries of any agreement State under section 274 of the Atomic Energy Act of 1954 (42 U.S.C. 2021), by the appropriate State or State entity, prior to issuance of licenses for low-level radioactive waste disposal or, in the case of licenses in effect on January 7, 1983, prior to termination of such licenses.

"(2) BONDING, SURETY OR OTHER FINANCIAL ARRANGEMENTS.—If the Commission determines that any long-term maintenance or monitoring, or both, will be necessary at a site described in paragraph (1), the Commission shall ensure before termination of the license involved that the licensee has made available such bonding, surety, or other financial arrangements as may be necessary to ensure that any necessary long-term maintenance or monitoring needed for such site will be carried out by the person having title and custody for such site following license termination.

"(b) TITLE AND CUSTODY.—

"(1) AUTHORITY OF SECRETARY.—The Secretary shall have authority to assume title and custody of low-level radioactive waste and the land on which such waste is disposed of, upon request of the owner of such waste and land and following termination of the license issued by the Commission for such disposal, if the Commission determines that—

"(A) the requirements of the Commission for site closure, decommissioning, and decontamination have been met by the licensee involved and that such licensee is in compliance with the provisions of subsection (a);

"(B) such title and custody will be transferred to the Secretary without cost to the Federal Government; and

"(C) Federal ownership and management of such site is necessary or desirable in order to protect the public health and safety, and the environment.

"(2) PROTECTION.—If the Secretary assumes title and custody of any such waste and land under this subsection, the Secretary shall maintain such waste and land in a manner that will protect the public health and safety, and the environment.

"(c) SPECIAL SITES.—If the low-level radioactive waste involved is the result of a licensed activity to recover zirconium, hafnium, and rare earths from source material, the Secretary, upon request of the owner of the site involved, shall assume title and custody of such waste and the land on which it is disposed when such site has been decontaminated and stabilized in accordance with the requirements established by the Commission and when such owner has made adequate financial arrangements approved by the Commission for the long-term maintenance and monitoring of such site.

"SEC. 506. NUCLEAR REGULATORY COMMISSION TRAINING AUTHORIZATION.

"The Commission is authorized and directed to promulgate regulations, or other appropriate regulatory guidance, for the training and qualifications of civilian nuclear power plant operators, supervisors, technicians, and other appropriate operating personnel. Such regulations or guidance shall establish simulator training requirements for applicants for civilian nuclear power plant operator licenses and for operator requalification programs; requirements governing Commission administration of requalification examinations; requirements for operating tests at civilian nuclear power plant simulators, and instructional requirements for civilian nuclear power plant licensee personnel training programs.

"SEC. 507. EMPLACEMENT SCHEDULE.

"(a) The emplacement schedule shall be implemented in accordance with the following:

"(1) Emplacement priority ranking shall be determined by the Department's annual 'Acceptance Priority Ranking' report.

"(2) The Secretary's spent fuel emplacement rate shall be no less than the following: 1,200 MTU in fiscal year 2000 and 1,200 MTU in fiscal year 2001; 2,000 MTU in fiscal year 2002 and 2,000 MTU in fiscal year 2003; 2,700 MTU in fiscal year 2004; and 3,000 MTU annually thereafter.

"(b) If the Secretary is unable to begin emplacement by November 30, 1999 at the rates specified in subsection (a), or if the cumulative amount emplaced in any year thereafter is less than that which would have been accepted under the emplacement rate specified in subsection (a), the Secretary shall, as a mitigation measure, adjust the emplacement schedule upward such that within 5 years of the start of emplacement by the Secretary,

"(1) the total quantity accepted by the Secretary is consistent with the total quantity that the Secretary would have accepted if the Secretary had began emplacement in fiscal year 2000, and

"(2) thereafter the emplacement rate is equivalent to the rate that would be in place pursuant to subsection (a) above if the Secretary had commenced emplacement in fiscal year 2000.

"SEC. 508. TRANSFER OF TITLE.

"(a) Acceptance by the Secretary of any spent nuclear fuel or high-level radioactive waste shall constitute a transfer of title to the Secretary.

"(b) No later than 6 months following the date of enactment of the Nuclear Waste Policy Act of 1996, the Secretary is authorized to accept all spent nuclear fuel withdrawn from Dairyland Power Cooperative's La Crosse Reactor and, upon acceptance, shall provide Dairyland Power Cooperative with evidence of the title transfer. Immediately upon the Secretary's acceptance of such spent nuclear fuel, the Secretary shall assume all responsibility and liability for the interim storage and permanent disposal thereof and is authorized to compensate Dairyland Power Cooperative for any costs related to operating and maintaining facilities necessary for such storage from the date of acceptance until the Secretary removes the spent nuclear fuel from the La Crosse Reactor site.

"SEC. 509. DECOMMISSIONING PILOT PROGRAM.

"(a) AUTHORIZATION.—The Secretary is authorized to establish a Decommissioning Pilot Program to decommission and decontaminate the sodium-cooled fast breeder experimental test-site reactor located in northwest Arkansas.

"(b) FUNDING.—No funds from the Nuclear Waste Fund may be used for the Decommissioning Pilot Program.

"SEC. 510. WATER RIGHTS.

"(a) NO FEDERAL RESERVATION.—Nothing in this Act or any other Act of Congress shall constitute or be construed to constitute either an express or implied Federal reservation of water or water rights for any purpose arising under this Act.

"(b) ACQUISITION AND EXERCISE OF WATER RIGHTS UNDER NEVADA LAW.—The United States may acquire and exercise such water rights as it deems necessary to carry out its responsibilities under this Act pursuant to the substantive and procedural requirements of the State of Nevada. Nothing in this Act shall be construed to authorize the use of eminent domain by the United States to acquire water rights for such lands.

"(c) EXERCISE OF WATER RIGHTS GENERALLY UNDER NEVADA LAWS.—Nothing in this Act shall be construed to limit the exercise of water rights as provided under Nevada State laws.

"TITLE VI—NUCLEAR WASTE TECHNICAL REVIEW BOARD

"SEC. 601. DEFINITIONS.

"For purposes of this title—

"(1) CHAIRMAN.—The term 'Chairman' means the Chairman of the Nuclear Waste Technical Review Board.

"(2) Board.—The term 'Board' means the Nuclear Waste Technical Review Board continued under section 602.

"SEC. 602. NUCLEAR WASTE TECHNICAL REVIEW BOARD.

"(a) CONTINUATION OF THE NUCLEAR WASTE TECHNICAL REVIEW BOARD.—The Nuclear Waste Technical Review Board, established under section 502(a) of the Nuclear Waste Policy Act of 1982 as constituted prior to the date of enactment of the Nuclear Waste Policy Act of 1996, shall continue in effect subsequent to the date of enactment of the Nuclear Waste Policy Act of 1996.

"(b) MEMBERS.—

"(1) NUMBER.—The Board shall consist of 11 members who shall be appointed by the President not later than 90 days after December 22, 1987, from among persons nominated by the National Academy of Sciences in accordance with paragraph (3).

"(2) CHAIR.—The President shall designate a member of the Board to serve as Chairman.

"(3) NATIONAL ACADEMY OF SCIENCES.—

"(A) NOMINATIONS.—The National Academy of Sciences shall, not later than 90 days after December 22, 1987, nominate not less than 22 persons for appointment to the Board from among persons who meet the qualifications described in subparagraph (C).

"(B) VACANCIES.—The National Academy of Sciences shall nominate not less than 2 persons to fill any vacancy on the Board from among persons who meet the qualifications described in subparagraph (C).

"(C) NOMINEES.—

"(i) Each person nominated for appointment to the Board shall be—

"(I) eminent in a field of science or engineering, including environmental sciences; and

"(II) selected solely on the basis of established records of distinguished service.

"(ii) The membership of the Board shall be representatives of the broad range of scientific and engineering disciplines related to activities under this title.

"(iii) No person shall be nominated for appointment to the Board who is an employee of—

"(I) the Department of Energy;

"(II) a national laboratory under contract with the Department of Energy; or

"(III) an entity performing spent nuclear fuel or high-level radioactive waste activities under contract with the Department of Energy.

"(4) VACANCIES.—Any vacancy on the Board shall be filled by the nomination and appointment process described in paragraphs (1) and (3).

"(5) TERMS.—Members of the Board shall be appointed for terms of 4 years, each such term to commence 120 days after December 22, 1987, except that of the 11 members first appointed to the Board, 5 shall serve for 2 years and 6 shall serve for 4 years, to be designated by the President at the time of appointment, except that a member of the Board whose term has expired may continue to serve as a member of the Board until such member's successor has taken office.

"SEC. 603. FUNCTIONS.

"The Board shall limit its evaluations to the technical and scientific validity solely of the following activities undertaken directly by the Secretary after December 22, 1987—

"(1) site characterization activities; and

"(2) activities of the Secretary relating to the packaging or transportation of spent nuclear fuel or high-level radioactive waste.

"SEC. 604. INVESTIGATORY POWERS.

"(a) HEARINGS.—Upon request of the Chairman or a majority of the members of the Board, the Board may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Board considers appropriate. Any member of the Board may administer oaths or affirmations to witnesses appearing before the Board. The Secretary or the Secretary's designee or designees shall not be required to appear before the Board or any element of the Board for more than twelve working days per calendar year.

"(b) PRODUCTION OF DOCUMENTS.—

"(1) RESPONSE TO INQUIRES.—Upon the request of the Chairman or a majority of the members of the Board, and subject to existing law, the Secretary (or any contractor of the Secretary) shall provide the Board with such records, files, papers, data, or information that is generally available to the public as may be necessary to respond to any inquiry of the Board under this title.

"(2) EXTENT.—Subject to existing law, information obtainable under paragraph (1) may include drafts of products and documentation of work in progress.

"SEC. 605. COMPENSATION OF MEMBERS.

"(a) IN GENERAL.—Each member of the Board shall be paid at the rate of pay payable for level III of the Executive Schedule for each day (including travel time) such member is engaged in the work of the Board.

"(b) TRAVEL EXPENSES.—Each member of the Board may receive travel expenses, including per diem in lieu of subsistence, in the same manner as is permitted under sections 5702 and 5703 of title 5, United States Code.

"SEC. 606. STAFF.

"(a) CLERICAL STAFF.—

"(1) AUTHORITY OF CHAIRMAN.—Subject to paragraph (2), the Chairman may appoint and fix the compensation of such clerical staff as may be necessary to discharge the responsibilities of the Board.

"(2) PROVISIONS OF TITLE 5.—Clerical staff shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 3 of such title relating to classification and General Schedule pay rates.

"(b) PROFESSIONAL STAFF.—

"(1) AUTHORITY OF CHAIRMAN.—Subject to paragraphs (2) and (3), the Chairman may appoint and fix the compensation of such professional staff as may be necessary to discharge the responsibilities of the Board.

"(2) NUMBER.—Not more than 10 professional staff members may be appointed under this subsection.

"(3) TITLE 5.—Professional staff members may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so appointed may receive pay in excess of the annual rate of basic pay payable for GS–18 of the General Schedule.

"SEC. 607. SUPPORT SERVICES.

"(a) GENERAL SERVICES.—To the extent permitted by law and requested by the Chairman, the Administrator of General Services shall provide the Board with necessary administrative services, facilities, and support on a reimbursable basis.

"(b) ACCOUNTING, RESEARCH, AND TECHNOLOGY ASSESSMENT SERVICES.—The Comptroller General and the Librarian of Congress shall, to the extent permitted by law and subject to the availability of funds, provide the Board with such facilities, support, funds and services, including staff, as may be necessary for the effective performance of the functions of the Board.

"(c) ADDITIONAL SUPPORT.—Upon the request of the Chairman, the Board may secure directly from the head of any department or agency of the United States information necessary to enable it to carry out this title.

"(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

"(e) EXPERTS AND CONSULTANTS.—Subject to such rules as may be prescribed by the Board, the Chairman may procure temporary and intermittent services under section 3109(b) of title 5 of the United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS–18 of the General Schedule.

"SEC. 608. REPORT.

"The Board shall report not less than two times per year to Congress and the Secretary its findings, conclusions, and recommendations.

"SEC. 609. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated for expenditures such sums as may be necessary to carry out the provisions of this title.

"SEC. 610. TERMINATION OF THE BOARD.

"The Board shall cease to exist not later than one year after the date on which the Secretary begins disposal of spent nuclear fuel or high-level radioactive waste in the repository.

"TITLE VII—MANAGEMENT REFORM

"SEC. 701. MANAGEMENT REFORM INITIATIVES.

"(a) IN GENERAL.—The Secretary is directed to take actions as necessary to improve the management of the civilian radioactive waste management program to ensure that the program is operated, to the maximum extent practicable, in like manner as a private business.

"(b) AUDITS.—

"(1) STANDARD.—The Office of Civilian Radioactive Waste Management, its contractors, and subcontractors at all tiers, shall conduct, or have conducted, audits and examinations of their operations in accordance with the usual and customary practices of private corporations engaged in large nuclear construction projects consistent with its role in the program.

"(2) TIME.—The management practices and performances of the Office of Civilian Radioactive Waste Management shall be audited every 5 years by an independent management consulting firm with significant experience in similar audits of private corporations, engaged in large nuclear construction projects. The first such audit shall be conducted 5 years after the enactment of the Nuclear Waste Policy Act of 1996.

"(3) COMPTROLLER GENERAL.—The Comptroller General of the United States shall annually make an audit of the Office, in accordance with such regulations as the Comptroller General may prescribe. The Comptroller General shall have access to such books, records, accounts, and other materials of the Office as the Comptroller General determines to be necessary for the preparation of such audit. The Comptroller General shall submit to the Congress a report on the results of each audit conducted under this section.

"(4) TIME.—No audit contemplated by this subsection shall take longer than 30 days to conduct. An audit report shall be issued in final form no longer than 60 days after the audit is commenced.

"(5) PUBLIC DOCUMENTS.—All audit reports shall be public documents and available to any individual upon request.

"(c) VALUE ENGINEERING.—The Secretary shall create a value engineering function within the Office of Civilian Radioactive Waste Management that reports directly to the Director, which shall carry out value engineering functions in accordance with the usual and customary practices of private corporations engaged in large nuclear construction projects.

"(d) SITE CHARACTERIZATION.—The Secretary shall employ, on an on-going basis, integrated performance modeling to identify appropriate parameters for the remaining site characterization effort and to eliminate studies of parameters that are shown not to affect long-term repository performance.

"SEC. 702. REPORTING.

"(a) INITIAL REPORT.—Within 180 days of enactment of this section, the Secretary shall report to Congress on its planned actions for implementing the provisions of this Act, including the development of the Integrated Waste Management System. Such report shall include—

"(1) an analysis of the Secretary's progress in meeting its statutory and contractual obligation to accept title to, possession of, and delivery of spent nuclear fuel and high-level radioactive waste beginning no later than November 30, 1999, and in accordance with the acceptance schedule;

"(2) a detailed schedule and timeline showing each action that the Secretary intends to take to meet the Secretary's obligation under this Act and the contracts;

"(3) a detailed description of the Secretary's contingency plans in the event that the Secretary is unable to meet the planned schedule and timeline; and

"(4) an analysis by the Secretary of its funding needs for fiscal years 1996 through 2001.

"(b) ANNUAL REPORTS.—On each anniversary of the submittal of the report required by subsection (a), the Secretary shall make annual reports to the Congress for the purpose of updating the information contained in such report. The annul reports shall be brief and shall notify the Congress of—

"(1) any modifications to the Secretary's schedule and timeline for meeting its obligations under this Act;

"(2) the reasons for such modifications, and the status of the implementation of any of the Secretary's contingency plans; and

"(3) the Secretary's analysis of its funding needs for the ensuing 5 fiscal years.

"SEC. 703. EFFECTIVE DATE.

"This Act shall become effective one day after enactment.".

Mr. MURKOWSKI. I move to reconsider the vote.

Mr. BRYAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VISIT TO THE SENATE BY THE HONORABLE HOSNI MUBARAK, PRESIDENT OF EGYPT

Mr. HELMS. Mr. President, I present to the Senate of the United States, the distinguished and honorable President of Egypt, Hosni Mubarak.

[Applause.]

RECESS

Mr. HELMS. Mr. President, I ask unanimous consent that the Senate stand in recess in honor of President Hosni Mubarak, so Members might meet our friend from Egypt.

There being no objection, the Senate, at 5:21 p.m., recessed until 5:25 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer.

Mr. WARNER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. HATFIELD. Mr. President, I ask unanimous consent that Dr. Jonelle Rowe, a fellow on Senator FRIST's staff, be granted floor privileges today, July 31, 1996, during the consideration of the fiscal year 1997 Transportation appropriations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. I suggest the absence of a quorum.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (H.R. 3675) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1997, and for other purposes.

The Senate resumed consideration of the bill.

Mr. DORGAN. Mr. President, I had given notice that I would offer one additional amendment. I say to the ranking member and the manager that I will not offer that amendment, but I do want to speak for just a couple of minutes while we are waiting for another Senator to come to offer an amendment. I think that will probably be good news to them because they want to move the bill along, and they do not want me to offer another amendment.

I want to describe, as you are waiting for Senator BAUCUS and others, what I was going to offer the amendment on. I want Members of the Senate to understand that we are going to be dealing with this issue in a day or so.

Here is the issue. It is very simple. It is something most Senators have not heard of, but it is something that went on late last night here in the Senate in a deal between the Senate and the House, I am told. There is a bill that is traveling with the minimum wage that is called the Small Business Job Protection Act that gives some benefits to small business. Of course, it is not just benefits for small business. Included in that bill was a provision repealing something called section 956A of the Internal Revenue Code.

What is 956A? It is a provision of the law that was passed in 1993 to close a corporate tax loophole by which corporations move investments and U.S. jobs overseas, and avoid paying taxes here at home. In 1993, that loophole was closed by something that was proposed by President Clinton and supported by the Congress: 956A. It says that you cannot start a manufacturing plant overseas, earn a lot of money, and pay no taxes back home.

My point is that in 1993 a tax loophole was closed. It had benefited some of the largest corporations in the country. It said to them, if you move your investments and jobs overseas, we will give you a special tax break that is not available to small businesses operating in this country. And they moved their jobs overseas. They earn income overseas and pay no taxes in this country on income. They invest it in passive assets abroad in foreign countries, and pay no income tax here.

We closed that tax loophole. Guess what? There are some folks in this Chamber and the House that have been working late at night to reopen that loophole. I know it is only a few hundred million dollars, but it is a few hundred million dollars in favors to some of the largest corporations in this country.

I have worked for couple of years trying to get some money to deal with Indian child abuse—a million dollars, two million dollars. I have told my colleagues before that I have been in an office where there is a stack of papers that high on the floor of complaints of sexual abuse and violence against children that have not even been investigated because there is not enough money. We do not have enough money to do things like that. We are simply short of money.

But when it comes to late night in this place, in the conference, there is enough money to give a $235 million tax break to corporations and say, if you want a tax break to move your jobs overseas, we will sweeten it up; we will give you a big, juicy tax loophole.

That is going to be put in the bill in conference. I am told the deal was struck last night between the chairmen of the two committees working late last night.

I venture to say that there is not another Member of the Senate who knows about it, and it probably does not mean a lot to some. It will mean something to those people who are going to lose their jobs in this country because we make it juicier for corporations to move jobs overseas. We decide to give a huge tax break to firms which move jobs overseas. And it will mean that some people in this country are going to lose their good-paying jobs. It is going to mean that we are out several hundred million dollars because we now have a new tax break that we thought we had closed in 1993. It is going to mean that small businesses that operate in this country are going to be forced to compete with large multinational firms at a greater disadvantage.

This is coming to the Senate, and it is stuck in a bill called the Small Business Job Protection Act. It ought to be against the law to use a title like that when it includes provisions like this.

You are going to hear more from me if it is true that the conference has accepted this and is going to bring it to the floor of the Senate. I am told a deal was made last night.

I could name some large corporations on the floor—but I will not at this moment—that have been moving around this town saying, "Reopen, please, for us this tax loophole. We want to benefit from it. We want to move our jobs overseas. We want to invest our money overseas. Reopen this loophole."

We have folks jumping for joy to see if they cannot accommodate those who want another tax loophole done in the dead of night without the knowledge of people in this Chamber and the other Chamber. Most of them do not know much about 956A—and done with hundreds of millions of dollars at a time when we cannot get $0.5 million or $1 million to deal with critical issues of child abuse on Indian reservations. They cannot even get them investigated. But there is plenty of money to do this.

I will tell you, if I sound upset about this stuff, I am, because this sort of thing should not go on in this town. If you want to debate restoring a tax loophole, then let us debate it on the floor of the Senate. We repealed it 3 years ago. Now the folks want to go out and open it up again. Let us debate that on the floor of the Senate and see if you get one vote.

How many want to stand up in the Senate and say, "Yes, we would like to restore a new tax loophole. Count us in. We want to go home and brag about creating a new tax loophole which benefits some of the biggest corporations in this country so they can move their jobs overseas".

I want to know one Senator who wants to go home and brag about that in August. I bet there is not one who would do it, not one who would want to vote on this, so you do not have to vote on it because it is done under cover of darkness, slipped in a bill that is called the Small Business Job Protection Act. You talk about mismanagement.

There is nothing about small business job protection in any of this. This is not job protection—shipping jobs overseas. It is not small business when you are talking about the biggest businesses in the country.

So I would say if tomorrow this conference report comes back to the floor of the Senate, you are going to hear a lot about this, and I am going to ask: Who is the person that said, "Count me in, count me in at a time when we are tightening our belts wanting to lead the charge to open up a new tax loophole. Sign me up for that"? I want to find the Member of the Senate or the House who says, "Yes, that is me. That is what I stand for," because I think this is an outrage.

I think that there are a lot of people who think they can do it simply because if they do it in conference, we do not get a chance to vote on it separately. Do you know something? It was not put in the Senate bill. They were going to put it in the Senate bill, but they did not do it because I think they knew I was going to force a vote on it. So they put it in the House bill and packaged up a rule so they do not have to vote on it.

The result is that nobody in conference who tries to push this sort of sweet deal—so that big business move jobs overseas—nobody has to vote on it. So they get the job done for their friends worth hundreds of millions of dollars and do not have to vote on it, therefore, and do not have to go home and raise their hand and say, "It was me. I am the one who stood for spending several hundred millions opening up a new tax loophole that benefits large profitable corporations."

I just urge that if this deal is not done—I am told it was done last night—if it is not done, rethink it, because somebody is going to live with the consequences, and somebody is going to have to stand up and say, "I am the one who believed we ought to open up new tax loopholes."

That is not what we ought to be doing. We ought to be closing tax loopholes.

We ought not be doing things to ship jobs overseas. We ought to keep jobs at home.

You talk about a perversion of constructive thought about economics. This is a perversion.

So I will not offer the amendment. I was going to offer a motion to instruct conferees. I do not think at this moment that is something that will accomplish what I want. I guess what I would like to do is simply serve notice to Members of the Senate that if there is a vote in conference on this, I hope conferees will stand up and be counted.

If this comes to the floor in this bill, I hope it comes to the floor in a circumstance where we can have a good aggressive fight about it. I know they are going to wrap it up in conference and tie the bow and try to jam it through here so we do not have a chance to discuss this, but it is not going to go through here without some of us asking questions: For whom is this done? Who does it benefit? Who did it? Why did they do it? And how on Earth do they think this benefits this country if you are concerned about jobs and opportunity in this country?

Mr. President, I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I thank the Senator from North Dakota.

Despite the fact that I heartily agree with him, I hardly think that there are many in this Chamber or many across the country who would think it is a good idea to facilitate the exportation of jobs. That is about the silliest thing we can do, and, frankly, I think it has hurt America severely by providing ease of transportation, transmission, and relocation of jobs that used to be in America that we thought were relatively menial, low-skilled jobs that today would be very nice to have in our country.

The Senator's point is an excellent one, and I regret that we at this point cannot accommodate him, but I think the message is clear to those who are going to be on the conference committee that they ought to pay attention because it will be remembered for a long time to come if they ignore the opportunity to cut that flow.

I thank the Senator very much.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, momentarily I am going to be offering an amendment to correct a mistake the Treasury Department and Department of Transportation made in calculating allocation of highway funds.

I see my very good friend from Virginia is in the Chamber. He is a very valuable member, ranking member of the authorizing subcommittee and wishes to make a statement on this, and I should like to yield to my good friend from Virginia, Senator WARNER.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I know full well the Senator did not mean to call me ranking member. I do believe we have had a small matter of an election, and I am now the chairman.

Mr. BAUCUS. Excuse me. I am sorry.

Mr. WARNER. In any event, the distinguished Senator from Montana and I have worked together on many, many things over many, many years, and we will continue, in all probability, to work together.

The point I wish to make is that when the Senator from Montana has the opportunity to present the amendment to the Senate, I wish to be recorded in opposition for the following reasons. There is nothing that I have witnessed in my period here in the Senate that is more divisive than the highway allocation formulas.

Mr. President, I do not know—I think I do know, but for the moment I do not have before me the documentation—who devised this formula years ago, but I know it requires many, many bureaucrats and many, many pages of reference material for even those in the Department of Transportation responsible for this allocation formula to figure it out.

I think it is incumbent upon the Congress next year as a part of the ISTEA reauthorization, in which I hope to play an active role, to revise this formula so: First, it is simple and can be understood and all States know the various factors that are taken into consideration to make the allocation; and: second, that it is fair.

Right now there are donor States and donee States. The donor State is a State in which the receipts from sales of gasoline in that State go to the highway trust fund and then the allocation from the highway trust fund comes back and that State gets a sum less than the total of the receipts paid by its constituents and such others that may avail themselves of the fuel in that State. Now, donees get a greater sum than the total of their revenues from the sale of gasoline as a Federal tax. So the time has come to reconcile this ancient formula with reality and with fairness.

What is the present problem? The Senator from Montana I think quite properly brings before the Senate the fact that someone—and I am not pointing an accusing finger of malice aforethought—misapplied a regulation, a rule or something.

As a result, Mr. President, we have 19 States, my State being one of the 19, which received an incorrect sum of money. In the case of Virginia, it is $10,488,000, a sum of money which is greater than Virginia was entitled to under the complicated formula to which I have referred had that formula been properly administered by the unknown bureaucrat. And 18 other States are in a similar situation—Arizona, Arkansas, California—$65 million for California—Colorado, Indiana, Louisiana, Massachusetts—I will not go on. They are here. I will put them in the RECORD. I so ask unanimous consent. I will name Oregon, Mr. President, the State of the distinguished chairman of the committee.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPARISON OF PROPOSED FY 1997 OBLIGATION LIMITATION BASED ON ESTIMATED FY 1997 APPROPRIATIONS

States	90 percent of payments estimated @ $2.6B	90 percent of payments estimated @ $1.5B + $135M	Difference
Alabama	316,954	317,760	806
Alaska	174,987	184,165	9,178
Arizona	238,340	233,851	(4,189)
Arkansas	196,398	189,800	(6,598)
California	1,490,847	1,424,889	(65,958)
Colorado	195,996	195,439	(557)
Connecticut	309,047	324,870	15,823
Delaware	67,550	71,008	3,458
District of Columbia	72,833	76,652	3,819
Florida	692,919	695,436	2,517
Georgia	511,466	528,744	17,278
Hawaii	106,597	112,055	5,458
Idaho	94,626	99,588	4,962
Illinois	592,113	604,958	12,845
Indiana	380,999	362,901	(18,098)
Iowa	178,942	181,124	2,182
Kansas	178,921	188,082	9,161
Kentucky	282,885	293,063	10,178
Louisiana	258,683	243,528	(15,155)
Maine	79,641	83,564	3,923
Maryland	260,348	258,343	(2,005)
Massachusetts	597,481	628,817	31,336
Michigan	488,272	463,353	(24,919)
Minnesota	247,475	228,404	(19,071)
Mississippi	194,751	193,413	(1,338)
Missouri	389,783	384,254	(5,529)
Montana	132,763	139,726	6,963
Nebraska	121,326	127,538	6,212
Nevada	99,084	99,599	515
New Hampshire	74,635	78,457	3,822
New Jersey	417,115	438,472	21,357
New Mexico	147,746	155,494	7,748
New York	912,361	959,076	46,715
North Carolina	427,763	420,165	(7,598)
North Dakota	88,859	93,409	4,550
Ohio	598,477	558,927	(42,550)
Oklahoma	246,635	245,416	(1,219)
Oregon	195,536	196,960	1,424
Pennsylvania	655,910	637,515	(18,395)
Rhode Island	74,195	78,086	3,891
South Carolina	248,779	258,338	9,559
South Dakota	97,350	102,456	5,106
Tennessee	363,093	353,238	(9,855)
Texas	1,132,043	1,105,498	(26,545)
Utah	112,946	115,506	2,560
Vermont	68,516	72,024	3,508
Virginia	381,449	370,961	(10,488)
Washington	283,047	297,892	14,845
West Virginia	137,862	144,921	7,059
Wisconsin	286,718	279,676	(7,042)
Wyoming	97,018	101,986	4,968
Puerto Rico	71,920	75,603	3,683
Subtotal	16,072,000	16,072,000	0
Administration	532,000	532,000	0
Federal lands	426,000	426,000	0
Allocation reserve	620,000	620,000	0
Total	17,650,000	17,650,000	0

Note: Estimated apportionments prepared by HPP–21

Mr. WARNER. Now, my position is that this correction should be done in the course of our consideration of the revision of this formula next year during ISTEA. Owing to the clear conscience of the distinguished chairman of the committee, the distinguished ranking member from New Jersey, the distinguished ranking member of the Environment Committee, our chairman, and indeed backup from well-informed staff, we decided not to do this amendment last night—I among others objected—as a managers' amendment—and I commend the managers of this bill for not trying to do this—which results in a considerable loss of money to 19 States.

The Senator has every right to do it as an amendment to the pending bill. Technically, I suppose it is legislation on this bill. I intend to vote, however the vote is taken, in opposition because I think the better course of action is to deal with this correction next year. These sums of money will not affect the ability of the several States, 50 of them, to go forward with their highway programs. My State, although it has been told it is going to get the $10 million, has made certain plans to expend this $10 million, and it will require a certain perturbation in the planning to take $10 million out of the budget for this year. And 18 other States will similarly be subjected to deducting from their highway budgets this sum of money. So that, to me, is the more equitable and more fair way to deal with this question. That would enable all the other Senators, many of whom are learning, presumably for the first time at this moment, knowledge of this problem.

The other reason I feel it should be done this way, and with due respect to the distinguished ranking member of the committee, the Senator from Montana, is we do not have before us—at least I do not—any letter from the Department of Transportation explaining to Senators exactly how this happened. Perhaps the Senator from Montana can articulate the problem in more detail. But it seems to me the Senate should have before it certain documentation from the Secretary of Transportation explaining how this happened and the need for it to be corrected by the Congress. It is apparent that the Secretary of Transportation has made the decision he cannot do it administratively within the executive branch, but it requires the Congress to act.

So I have concluded my remarks and, at such time as the distinguished Senator from Montana wishes, he can put the amendment forward. I hope other Senators will find the opportunity to speak on it. I yield the floor. I thank my colleague.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I appreciate the statement the chairman of the Subcommittee on Transportation of the Environment and Public Works Committee made. I understand the Senator's position, namely that although a mistake is made, and there is not anybody who disputes that a mistake was made, the point is the mistake could be corrected next year when Congress takes up reauthorization of the highway bill, the so-called ISTEA.

The problem with that is very simple. First of all, this is a mistake. This is not a formula question. When ISTEA comes up next year, this Congress will deal with the formula under which the highway funds are disbursed. This is not a formula question—not a formula question. This is correcting an administrative error the Department of Transportation and, more precisely, the Department of Treasury made. It is a simple correction.

I might also say the mistake that was made, and nobody disputes the mistake was made, is not a donor-donee question. The mistake distributes the dollars inappropriately to some States and does not distribute dollars inappropriately to other States, irrespective of the donor-donee question. This has nothing to do with donor-donee issues. It has nothing to do with the formula.

One more point which I think is even more salient is this. The States in question here would not receive this money, if the mistake is not corrected, until fiscal 1997. So they are not going to be receiving any money this year, calendar 1996. They are not going to be receiving any money next year until after the fiscal year begins on October 1, 1997. So this is the appropriate time to correct the mistake, that is, before States would otherwise receive their money. It is a lot easier to correct a mistake before a State or somebody receives money than it is afterward. I know full well the States that receive their money, if they were to receive their money incorrectly next year, they are not going to be very likely to give it back.

I think, therefore, for all those reasons, the appropriate place to correct the mistake—nobody disputes the mistake was made—is right now. Just do it quickly and easily. Then, next year, this Congress will engage in a full battle royal, I know, over the allocation of highway funds.

For those reasons, I think this is more appropriate that the correction be made here and now, simply, rather than putting it off to next year.

Mr. HATFIELD. Will the Senator yield?

Mr. BAUCUS. I am glad to yield to the chairman of the Appropriations Committee.

Mr. HATFIELD. I discussed this matter with the Senator from Virginia, and I believe the Senator is willing to enter into a time agreement on this amendment of 1 hour, equally divided.

Mr. BAUCUS. Fine.

Mr. HATFIELD. I ask unanimous consent an hour limitation be given to the Baucus amendment.

The PRESIDING OFFICER. Is there objection?

Mr. HATFIELD. Mr. President, I withdraw the request.

The PRESIDING OFFICER. The request is withdrawn.

Mr. BAUCUS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUTENBERG. Mr. President, we are going to be waiting for a few minutes for other Senators who wish to speak to arrive. I would like to take a few minutes during that wait to lend my support to the amendment that will be offered by the distinguished Senator from Montana. I think it is well-intentioned, and I think the amendment is fair.

The one thing I want to be certain of is that this amendment is not going to be perceived as a formula fight, because that should not be. This is a correction. It corrects the fact that the Department of Treasury misinterpreted the revenue reports that were put into a new format. The unfortunate result is that the Treasury Department grossly overstated the amount of gas tax receipts to the highway trust fund during 1994.

This error is acknowledged by the Treasury Department and by the Federal Highway Administration. Unfortunately, the FHWA is required by law to base a certain category of highway fund allocations on the Treasury's formal estimates, whether or not they are correct.

So, what the Baucus amendment seeks to do is correct the allocations made as a result of Treasury's error. And the amendment, I must say to my colleagues who were in the Chamber or who might hear us, the amendment will not deny any State the full 90 percent of the payments they are due through the Federal aid to highways formula program. What this amendment will do is to set these payments at 90 percent of what the States actually paid, rather than 90 percent of the Treasury's erroneous estimates.

We heard from the distinguished Senator from Virginia about the interest that he and the Senator from Montana have in terms of examining the formula. We will have a chance to do that, I assure you, at length, I believe. But we ought not to try to do it here, and that is not what is being attempted. Unfortunately, the impact of correcting this mistake results in certain States getting more and others getting less than they would otherwise receive if this correction were not adopted.

When reviewing this amendment, I hope that the Members will keep in mind that the bill before us provides an increase of $100 million in the overall obligation limit for the Federal Aid Highway Program, from $17.55 billion to $17.65 billion, a $100 million increase. This increase is going to help all States in meeting their transportation needs. While it is unfortunate that the legislation is required to correct this mistake, the Federal Highway Administration assures us that absent this bill language, the Secretary does not have the administrative authority to correct these highway allocations and bring them into conformity with what we now know to be the actual gas tax receipts.

I hope our Members will support this amendment. It is the right thing to do; it is the fair thing to do. The amendment is not an attempt to pick anyone's pocket in the dark of night.

Mr. President, I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Montana.

AMENDMENT NO. 5141

(Purpose: To require the calculation of Federal-aid highway apportionments and allocations for fiscal year 1997 to be determined so that States experience no net effect from a credit to the Highway Trust Fund made in correction of an accounting error made in fiscal year 1994)

Mr. BAUCUS. Mr. President, I have an amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 5141.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in title III, insert the following:

SEC. 3 . CALCULATION OF FEDERAL-AID HIGHWAY APPORTIONMENTS AND ALLOCATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), for fiscal year 1997, the Secretary of Transportation shall determine the Federal-aid highway apportionments and allocations to a State without regard to the approximately $1,596,000,000 credit to the Highway Trust Fund (other than the Mass Transit Account) of estimated taxes paid by States that was made by the Secretary of the Treasury for fiscal year 1995 in correction of an accounting effort made in fiscal year 1994.

(b) ADJUSTMENTS FOR EFFECTS IN 1996.—The Secretary of Transportation shall, for each State—

(1) determine whether the State would have been apportioned and allocated an increased or decreased amount for Federal-aid highways for fiscal year 1996 if the accounting error referred to in subsection (a) had not been made (which determination shall take into account the effects of section 1003(c) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1921)); and

(2) after apportionments and allocations are determined in accordance with subsection (a)—

(A) adjust the amount apportioned and allocated to the State for Federal-aid highways for fiscal year 1997 by the amount of increase or decrease; and

(B) adjust accordingly the obligation limitation for Federal-aid highways distributed to the State under this Act.

(c) NO EFFECT ON 1996 DISTRIBUTIONS.—Nothing in this section shall affect any apportionment, allocation, or distribution of obligation limitation, or reduction thereof, to a State for Federal-aid highways for fiscal year 1996.

(d) EFFECTIVE DATE.—This section shall take effect on September 30, 1996.

Mr. BAUCUS. Mr. President, this is a very simple technical correction amendment. Very simply, it corrects a mistake that the Department of the Treasury made. The administration tells us, incredibly, they need legislative authority to correct the mistake. This amendment simply does that legislatively, it corrects that mistake.

Nobody disputes that a mistake was made—nobody. The administration admits it, and the Senators who have spoken on this issue also admit it was a mistake.

What was the mistake? The mistake is very simple. Essentially, in 1994, the Treasury failed to credit the Highway Trust Fund with about $1.5 billion, an administrative error, a bureaucratic error. The Treasury then corrected that error in 1995, credited the Highway Trust Fund with the 1994 mistake, that is, the $1.5 billion and also continued to collect revenues in 1995, as they should.

The problem is the extra bump, the additional revenue in 1995, that is not only the revenue to be collected properly in 1995 but also the additional $1.5 billion credit because the mistake was made in 1994, that additional bump skewed the formulas, because the formulas are based upon the revenue that was received in 1995; that is, the formula's distribution for future years is based upon the 1995 receipts.

The Department of Transportation has written us a letter saying that they cannot correct this mistake administratively and cannot, by their own administrative procedures, correct this error. They say it has to be made by legislation. It is a pure and simple error, pure and simple mistake. I think it is appropriate at this time to correct the mistake.

I might say, Mr. President, this is not a donor-donee question. This has nothing to do with the claim that some States have that they are so-called donee States, that is, their citizens are contributing more dollars in gasoline taxes in the Highway Trust Fund than they are receiving in highway formula distributions. This is not that issue. In fact, the mistake that the Treasury made results in a misallocation which is totally independent of the donee-donor issue—totally independent; it has nothing to do with it.

I remind my colleagues who might think this is an allocation question, that this might be, "Oh, here we go again, one of those battles where States are trying to get more money for themselves," this is not that issue.

We will have an opportunity to deal with that question next year. Why next year? Because next year the Congress is due to reauthorize the highway bill, ISTEA. The States have been dealing with the formula under ISTEA for the past several years. The last ISTEA was passed in 1991. Here we are in 1996. The next ISTEA 6 years later will be passed in 1997. That is the opportunity and the place to figure out what the proper formula is in distribution of highway funds.

There will be a lot of good arguments made by a lot of Senators as to what that formula should be. A lot of factors go into it. Obviously, population density, miles traveled, population growth—a whole host of factors. And next year the Congress will dig down deep, try to figure out which factors, which indicators make the most sense, and we can deal with that issue then.

That is the time, next year, to deal with the formula. It certainly is not here on the floor of the Senate at the end of July, this is not the time to deal with the highway allocation formula. This is not a formulation, this is simply correcting a mistake which everyone agrees was a mistake and should be corrected.

Some might ask, "Gee, why don't we take up this mistake and correct this mistake next year when we take up the highway bill?" The answer to that is very simple, Mr. President. It is this: The maldistributions, the unjust-enrichment distributions that will be allocated under this mistake will not occur this year in 1996, they will occur in the next fiscal year, 1997. So those States who unjustly are enriched by a clerical bureaucratic mistake will not be receiving any funds until after October 1 of next year, 1997.

So now is the time to correct the mistake; that is, before States receive money they should not receive and before States do not receive money that they should receive. Now is the time to correct the mistake.

Sure as we are here tonight, Mr. President, we know next year after October of 1997—and ISTEA will certainly come up later than October of next year, that is the new highway bill as we deal with the new allocation formula—States are not going to want to give back money they improperly receive. They already will have received the dollars. So now is the time in 1996 to correct the mistake so States are in a lot better position to deal with what is proper here.

I might say, too, Mr. President, that 19 States benefited by this mistake; 31 States were injured, harmed by this mistake. The amendment I am offering simply returns us to the status quo. It does not tilt the formula any way, one way or the other. It is totally a restoration of the status quo; that is, a total correction of a mistake that was made, which means under this amendment 31 States will be better off, 19 States will be worse off, compared with where they would be if the mistake were not corrected. The amendment here simply again is to correct the mistake. I would like to read the names of the States, Mr. President, which will benefit under this amendment, that is, returned to the status quo, that is, States which will then be receiving what they are supposed to be receiving under the ISTEA bill, the highway bill. Here are the States: Alabama, Alaska—so if you are one of these States, you are a State that is being unjustly, unfairly harmed by a bureaucratic error. This amendment would add dollars back to correct that mistake so we are back to the status quo.

Again: Alabama, Alaska, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maine, Massachusetts, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oregon, Rhode Island, South Carolina, South Dakota, Utah, Vermont, Washington, West Virginia, and Wyoming. I might also add, Puerto Rico would be in that list as well.

Very simply, I will sum up, Mr. President, by saying this is an attempt to correct a mistake. Everyone admits it is a mistake. This is not a donee-donor question. Now is the proper time to correct the mistake because funds have not yet been allocated. They will not be allocated—under the mistake—until 1997, fiscal 1997. That is beginning October 1 of next year.

So now is the time to correct it. The issue of how we allocate disbursements should be addressed when we take up the highway bill next year. I have given the names of the States that will be benefited under this amendment. Again, they are States who are harmed by the mistake but to be returned to the status quo. Thirty-one States in that category.

Mr. President, I see the chairman of the committee, my very good friend, JOHN CHAFEE on the floor. And he also supports this amendment for the correction for the States. I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I support the amendment by the ranking member of the Senate Environment and Public Works Committee, the distinguished Senator from Montana.

Mr. President, the amendment by the Senator from Montana corrects an accounting error made by the Department of the Treasury in 1994.

There may be some confusion as to whether under this amendment States will receive full credit for contributions made to the highway trust fund. Under the Baucus amendment the States will receive full credit for all contributions made to the highway trust fund but they will receive that credit in the year that they were actually collected rather than when they were recorded on the Treasury ledger.

I would like to emphasize that this is not an attempt to rewrite the highway funding formula under the so-called ISTEA, the Interstate Transportation Act. This is not a highway trust fund formula amendment. And I do think it is very, very unfortunate that the clerical error has resulted in confusion, and indeed understandable irritation for Members of this body. Frankly, Mr. President, I greatly wish it had never occurred so that we would not be here trying to straighten things out.

I realize that some Members of this body believe that the formulas that distribute highway funds are not fair or appropriate. And that is a legitimate concern. Members will have their chance to make their case for changes in the formula next year when we reauthorize the highway program. The Environment and Public Works Committee plans to commence hearings on the reauthorization of the so-called ISTEA in September of this year. We will continue those hearings next year. We want to get on with this bill. We have to get on with it next year. At that time we definitely will have arguments over the formula and what should go into it.

The Senator from Montana ticked off some of those items. For example, should we count the amount of interstate highway mileage, the State's population, the miles driven, the amount of highway trust fund contributions, the number of deficient bridges? All of those are legitimate things to consider when we deal with the formula.

That will be a very healthy debate, I can guarantee everybody here, because you have donor States who put in more than they get back and you have donee States that receive more than they put in. Legitimately, the States that put in more are distressed. And the States that put in less think that, well, this is a National Highway System so you should not get back exactly what you put in. That is OK. We will debate that vigorously.

But I do believe that it is unfortunate and not appropriate, when we are trying to straighten out a bureaucratic error, to change the current formula that has been agreed to, was agreed to by Congress in 1991. The distribution of funds in the highway program structure are issues that must be debated on the merits, as I said, when we reauthorize the basic legislation.

Some would say, "Well, OK, if you want to straighten out this problem, wait until next spring when you deal with the highway reauthorization. Why do we take it up now?" We are taking it up now because the problem that we are talking about will be compounded if we wait. Now is the time, difficult though it might be. Some might say, "Oh, well, in the list that the Senator from Montana read off, Rhode Island will get back some money that they should have gotten, and others will have to restore some of the extra money that they received." As I say, we wish that all had not occurred. But if we wait, the problem, as I say, will become more difficult.

I would like to raise, Mr. President, a concern regarding the public perception of this issue. Failure to approve the amendment by the Senator from Montana will mean that an accounting error will generate more than $1 billion in false spending authority. This situation obviously will be difficult to explain to taxpayers when they are concerned about reining in Federal spending. Moreover, unless it is corrected, this error will create the image of an irresponsible Federal Government which cannot correct an error. So I hope we will support this amendment and get on with it, difficult though it might be. I thank the Chair.

Mr. GRASSLEY. Mr. President, I rise in support of the amendment being offered by Senator BAUCUS, and my colleagues Senator CHAFEE and DOMENICI. Due to the error by the Treasury Department, my home State of Iowa stands to lose $2,182,000 from the highway trust fund. This amendment would correct the Treasury Department's error, restoring the money.

I understand that the Treasury Department did not correctly credit $1.6 billion to the highway trust fund in fiscal year 1994. The Treasury then corrected this error in fiscal year 1995. However, by not correctly attributing the funds to fiscal year 1994, the Treasury action is adversely affecting the distribution of highway funds to 31 States in fiscal year 1997. This is unfair. These States are being unfairly penalized through no fault of their own. They are being penalized by an error by the Treasury Department.

I urge my fellow Senators to join the Senator from Montana, myself, and the other cosponsors of this amendment to correct this error. It is the right thing to do.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I am somewhat puzzled by this debate because what has happened is that the error has been corrected. No one is saying that there is a problem in the allocation in the bill before us. What we are seeing here is an effort to use an appropriations bill to try to go back and impose a change on a formula which this year is fair to correct a problem which it is asserted existed last year.

Let me remind my colleagues of how we came to this point. The apportionment of highway dollars to States is based in part on the actual motor fuel taxes collected in the State. And the law says that the most recent data available will be used.

In fiscal year 1996, the most recent data available was an estimate of fiscal year 1994 collections. The Secretary of the Treasury certified that that was the data that was available. On the basis of that data and the law, an allocation was made. The Department of the Treasury was late in reporting the 1994 actual data collection to the Department of Transportation and therefore they relied on the data that was available at that time. What we are being asked to do now is to go back and change a formula which has already been adjusted.

In listening to our colleague from Rhode Island, one would get the view that the current appropriations bill before us has an unfair allocation of funds under ISTEA or an allocation which is based on old data. But unless I am wrong—and I would be happy to be corrected—that is not the case.

No one is asserting that this appropriations bill in any way is in error in allocating funds. What is instead being asserted is, that since the most recent data available when this was done last year was the estimated 1994 data, which therefore under law was used, that if the actual 1994 data had been available, that the funding formulas would have generated a different result. Are we, Mr. President, every year, going to go back and second-guess the formula? Or are we going to follow the law?

Now we have one of these things that, from time-to-time, happens, where by going back and changing the base-year data, more States benefit than lose. The bottom line is that no one here has asserted that the Secretary of the Treasury or the Secretary of Transportation did not comply with the law. The law says that the allocation will be based on the most recent data available. It was based on the most recent data available last year.

No one asserts that the current formula is wrong. But what is being asserted is that, using data that was not available last year, we could go back and reallocate these funds and take an allocation which this year no one disputes is a fair allocation, but we would go back and take money away from States in a formula that no one argues is unfair, to basically allocate funds, not according to the law last year, since the estimated 1994 data was the most recent year available, but according to how it would have been allocated if data had been available which was not available.

Here is my point: I think you can argue endlessly on these things, but I do not think this is the place where the argument should occur. This is an appropriations bill. Obviously, what we have here is an attempt to change the allocation. The amendment changes an allocation, which no one disputes as being valid, to try to reallocate funds from last year.

It is true that nobody here would dispute that if the actual 1994 data was available last year, instead of the estimate, the allocation might have been different. But it was not. The law says very clearly that the allocation is based on the most recent data available. I believe if we are going to deal with this issue, we need to deal with it when we are reauthorizing ISTEA, and we need to deal with it not just for this year but we ought to set out a principle. I think it makes absolutely no sense to simply go back and say, if data had been available then, which was not available, the allocation might have been different, and therefore take a year where no one disputes the allocation and reallocate the money, because 31 States will benefit and only 19 States will lose. I hope we will table this amendment because it clearly is legislating on an appropriations bill. I think if we start opening these formulas up to this kind of debate, it is going to make it very, very difficult for us to be able to pass these appropriations bills. I am not at this point ready to give a time limit on this bill. I think we should vote on tabling it, and then I think we will want to look at second-degree amendments.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I want to enter into the RECORD a couple of letters from the administration which document that a mistake was made. The first is a memorandum from the Department of Treasury. I would like to read several portions of it without reading it in detail.

In fiscal 1994 an accounting error, described in greater detail below, resulted in a $1.590 billion misallocation of excise taxes against the Highway Trust Fund. This misallocation of excise taxes was corrected in fiscal year 1995.

Another portion reads:

This change led to a misinterpretation of the information provided to FMS on the IRS Quarterly Certification and resulted in a misallocation of excise taxes between the Highway Trust Fund and General Fund in Fiscal Year 1994. This misallocation of excise taxes was corrected in Fiscal Year 1995, debiting the General Fund and crediting the Highway Trust Fund in the amount of $1.590 billion. Procedures have been implemented to assure that future adjustments to the Highway Trust Fund occur in an accurate and timely manner.

I ask unanimous consent that this document be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, DC, July 31, 1996.

Memorandum to: Senator John H. Chafee, Chairman, Environment and Public Works Committee, U.S. Senate, Washington, DC.

From: Linda L. Robertson, Assistant Secretary (Legislative Affairs and Public Liaison).

Subject: Correcting the misallocation of excise taxes between the highway trust fund and the general fund.

In Fiscal Year 1994, an accounting error, described in greater detail below, resulted in a $1.590 billion misallocation of excise taxes, against the Highway Trust Fund (HTF). This misallocation of excise taxes was corrected in Fiscal Year 1995.

The initial transfer of receipts to the Highway Trust Fund is based upon monthly estimates provided to Financial Management Services (FMS) by the Office of Tax Analysis. Subsequently, FMS uses the IRS Quarterly Certification of "actual" liability to adjust the Highway Trust Fund balance for any difference between amounts initially transferred and "actual" quarterly liability. This adjustment is referred to as the "Correcting Adjustment."

At the request of OTA, the format of the IRS Quarterly Certifications used to make correcting adjustments to the Highway Trust Fund was changed. This change led to a misinterpretation of the information provided to FMS on the IRS Quarterly Certification and resulted in a misallocation of excise taxes between the Highway Trust Fund and the General Fund in Fiscal Year 1994. This misallocation of excise taxes was corrected in Fiscal Year 1995, debiting the General Fund and crediting the Highway Trust Fund in the amount of $1.590 billion. Procedures have been implemented to assure that future adjustments to the Highway Trust Fund occur in an accurate and timely manner.

Mr. BAUCUS. Mr. President, very clearly, the Department of Treasury admits the error, a $1.590 billion miscalculation. To review this, so that Senators understand how this procedure works, by law, there is a 2-year time lag, which means that because a mistake was made in 1994, by definition, 1996 allocations were not made in advance of what the formula would otherwise require, because in 1994, almost $1.6 billion was not credited to the highway trust fund. In 1996, the formula was based upon the amount that is in the 1994 account. Since the 1994 account was deficient by $1.6 billion, by definition, States were not overpaid in 1996. So no States were overpaid in 1996.

Again, as I said, by law, the allocation is made 2 years after the account is so-called certified. Well, in 1995, after the mistake was discovered, not only were normal 1995 accounts received from States and the highway trust fund credited with the usual amount it should have been, but in addition to that, the mistake—the $1.6 billion—was added on top of the 1995 account, which overstated 1997 payments. So the correction we are trying to make here today is a combination of 1994 and 1995, the underpayment in 1994, as well as the overpayment in 1995, which determine the State allocations in fiscal years 1996 and 1997.

I might add, Mr. President, I have another letter from the Department of Transportation—actually, from the Federal Highway Administration, signed by Rodney Slater, Administrator.

It states in part that it is unable to administratively make the correction. I can read portions of that, but Senators may read the letter. It is a little bit technical and bureaucratic. But the long and short of it is that they admit the mistake and explain what would have happened had the mistake not occurred. They state that it has to be corrected by legislation.

I listened with great curiosity to the arguments of the Senator from Texas. He, in a sense, was saying that because the 1994 allocation was determined as it was, and the mistake was made, we should close our eyes and be blind to any mistake that might have been made. He is saying, by law, the 1996 allocation should be determined by what the 1994 receipts are, and a mistake was made, but do not look at the mistake because that is what the law said in 1994.

Mr. President, we are only saying that everyone admits it was a mistake. The Department of Treasury documents it was a mistake, as does the Department of Transportation. Senator WARNER was on the floor not long ago and also admitted the mistake.

I guess the real question is, if it is a mistake, do we correct it or not? That is the issue. Very simply, if a mistake is made, should it be corrected, or should it not be corrected?

I submit, Mr. President, to ask the question is to answer it. Of course, we should correct the mistake. That is what normal, civilized human beings do—correct mistakes.

The other argument I have heard is, well, gee, even if a mistake was made, don't correct it now, correct it next year. Well, we all know, Mr. President, one of the greatest problems that we as human beings have is procrastinating, putting off what we can do now.

Here we are tonight. Let us correct this mistake. We could, I suppose, take it up next year when ISTEA comes up. But ISTEA is the highway bill. The highway bill battle is to determine what the allocation should be. We are not arguing what the allocation should be. That is an argument that Senators will engage in next year, in 1997.

I might also say—repeating myself—if we don't correct the mistake now, next year the States will receive dollars they should not receive, and they are not very likely to want to send the dollars back, even though they know they should.

We are really put to a test here, Mr. President. The real test is: Are we going to live up to our word or not? I might say, particularly, as Senators, that is really the issue here. Sure, if a State is unjustly enriched, it is kind of fun to get the extra dollars. But if it is unjustly enriched because of a mistake, we all know we should not accept those dollars, and we should correct the mistake, according to the formula and understanding that we all had when we passed the highway bill in 1991.

So that is really the deeper underlying question here tonight. Are we Senators going to live up to our word? Or are we going to be greedy and take advantage of a mistake that was made, even though we know that is not fair, that is not the right thing to do? That is the deep underlying question here tonight that we have to ask ourselves.

I say, Mr. President, that it is very clear. I am surprised that we are debating this. I am surprised that this amendment was not automatically accepted. It was a mistake. We are not in a highway allocation fight tonight. This is not a donor-donee issue. We all know it is better to correct something sooner than later. So let us correct it tonight.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, let me reiterate that there is no mistake involved here. In fact, nobody has said there is a mistake involved here.

Mr. BAUCUS. Will the Senator yield for a question?

Mr. GRAMM. Let me make my point, and then I will be happy to. Here are the facts: ISTEA says that the allocation of funds among States shall be based on the most recent data available. That is what it says. The most recent data available, provided by the Treasury Department, was the data which was, in fact, provided under the law.

In fact, if you will read the letter sent to Senator BAUCUS, basically that letter makes it clear that it is the Department of Transportation's position that it does not have authority to use anything other than the official accounts of the trust fund maintained by the Department of the Treasury in calculating apportionments among the States.

Here is the point. When the Treasury gave their estimate, they gave that estimate based on the best data they had available and required by the law. It is true that, if you go back after the fact and take data that they did not have that they could have had, you could have allocated funds differently. But to call that an error is simply a misuse of the English language. The Department of Transportation used the best estimate they had based on the data they had.

Now, what the Senator from Montana is trying to do is to say that, because they did not have data then which they now have, that we should now go back and alter allocations. No one disputes that the 1997 formula, which is in the bill before us, is based on the newest data, which no one disputes as being the best available data that apparently everyone is satisfied with, no one says that the allocation of funds in this bill are in any way unfair for fiscal year 1997. If they do, I have not heard it.

But what the Senator is saying is that because the Treasury did not have final 1994 data in 1996 when they did the estimate, and because they gave the best data available, complied with the letter and the spirit of the law, that knowing now what that data turned out to be after the fact that we could go back last year and rewrite the formula.

Clearly, ISTEA provides no authority whatsoever to do that, and what is being sought here is rewriting ISTEA. This is legislation on an appropriations bill. This is taking an allocation for 1997, that no one disputes as being valid, and changing it to reallocate funds to reflect an allocation that would have occurred had the Department of Transportation had data which was not available.

It seems to me that this is gamesmanship that we can engage in endlessly. Let me give you an example.

Next year we may have the final 1995 data. Next year we might even have the 1996 data. It would be possible for this Senator or any other Senator next year to stand up and say, "When the allocation was done for 1997, the Department of the Treasury relied on 1995 data, but actually, if they had known what the 1996 tax collections would have been, they could have had a different allocation."

My point being, this amendment could be offered every single year because there is a lag in available data that the Treasury is able to provide the Department of Transportation to do these estimates. What we have done in the past is simply each year made the fairest estimate that we could make. But I am not aware that we have ever gone back retroactively and said, if Treasury had had newer data and if they had provided it to the Department of Transportation data that we now know but was not known then, could not have been known then, that last year's allocation could be rewritten.

I hope my colleagues will understand and agree with me that next year this same amendment could be offered because next year we will have the actual data for the next year in this series—1995–1996. We could stand up and argue that the actual allocation in the bill before us—not last year—is wrong because it is based on 1995 data which is the best data available but that next year when we get 1996 data it might produce a different allocation.

The point is that while 31 States in fact do benefit, some very slightly, by this reallocation, this amendment could be offered every single year to every Department of Transportation allocation of funds under ISTEA because each year we get a new data point. You could take that data point which was not available when the funds were allocated by the formula, but, if it had been available, the allocation would have been different.

Do we want to do this every single year? Am I to stand up next year when the 1996 data is available and say had we known in writing in the 1997 allocation what the actual 1996 data was, which we do not know today, that the allocation would have been different and Texas would have gotten more money and, therefore, I want to go back retroactively and take money in the 1998 bill away from some other State, perhaps Montana, to give to Texas?

I think this is a very, very bad precedent, and it is something that could be done every single year. That is the point. I hope that we will not do this because we are setting a precedent that it seems to me simply leaves chaos in the allocation of these funds.

I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, the Senator from Texas—by the way, one of the biggest beneficiaries of this bureaucratic snafu, his State, gets more dollars as a result of this bureaucratic snafu than almost any other State.

Mr. GRAMM. That is not correct. California loses the most dollars under your amendment.

Mr. BAUCUS. I said one of the most. I did not say "the."

He is saying that, under the law, the allocation is made according to the best data available. The fact is the data was available and is available in 1994. Do you know what happened? Some bureaucrat punched the wrong keys. So the allocation was put over to the general fund instead of the highway trust fund. The data is always available. It is collected. Just some bureaucrat, somebody, made a mistake and punched the wrong buttons in the computer. So the allocations from States, gasoline receipts from States, a portion of it, was put in the wrong account. It was put in the general fund, not the trust fund. The data was available.

More importantly, I am astounded at the argument of the Senator from Texas. The Senator from Texas who rails against bureaucracy, who rails against the Federal Government, is standing here tonight basically standing up for the bureaucratic "snafu protection act." As he says, if a bureaucrat makes a mistake, we do not correct it. If the bureaucrat makes a mistake, we do not correct it, and we do not come back here on the floor and try to correct the mistake. I am astounded, absolutely astounded, that the Senator from Texas would stand up and say we should let a bureaucrat who makes a snafu continue the effect of that mistake and do not correct the mistake even though the result is $1.6 billion of unfairly distributed highway trust funds.

That is essentially what he is saying. Essentially that is what he is saying. Do not correct the mistake. If we come back here next year and find a mistake, we should not correct it.

I hope we do not come back here next year and correct this mistake again. The Department of Treasury has said, and I take them at that their word, in a memo they sent up to us here tonight, "Procedures have been implemented to assure that future adjustments to the highway trust fund occur in an accurate and timely manner."

Now no one can guarantee they will not make a mistake again. I would guess tonight there are a lot of red-faced folks over there in the Department of Treasury perhaps watching this debate saying, "Oh, my gosh, how do we make that mistake? How in the world did that happen? Boy, don't we have egg on our face." It is true they do. They made a booboo, a $1.6 billion mistake.

So all we are saying is let us correct it. The Senator is wrong when he says this is an allocation fight tonight. It is not that. Nobody who is listening to this debate believes it is. Nobody who is listening to this debate believes the argument that this is an allocation fight. This is simply an effort to correct a mistake. That is all it is, pure and simple.

Now somebody can come up with some kind of sophistry, argument, turn on the tail and come back around, and so forth, to try to confuse people. This Senator is not trying to confuse anybody. This Senator is trying to very plainly ask the Senate to correct a mistake that was made—and this is another point, Mr. President—so that when we go into ISTEA next year there is a better taste in people's mouths; that Senators will be more inclined to know that the base is fair.

I tell you, Mr. President, if this mistake is not corrected, there is going to be a lot of bitterness in that debate next year as we begin to try to figure out what the correct allocation is because Senators will know that a mistake that should have been corrected was not corrected and we are starting off basically with a base that is the result of a big snafu and that snafu is compounded every cycle.

I do not think we want that. I think we want to start off on a level playing field, and the level playing field will be the restoration of what the formula is supposed to be and that will be the case if this mistake is corrected.

Mr. President, I ask unanimous consent to add Senators GRASSLEY and BINGAMAN as cosponsors to the pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, I do not know that we are gaining very much in dragging this dead cat back and forth across the table here, but let me go back to the point which I think is relevant.

Where is this snafu? I see no documentation of a snafu.

Let me go back and outline exactly what the law says and how it works and make clear what the Senator is calling a bureaucratic snafu, the pressing of a button by a mindless, nameless bureaucrat. If the Senator has data to show that, if the Senator has documentation to show that a bureaucrat pushed the wrong button, this Senator would like to see it. But I do not have it.

Now, here is what I understand the facts to be. Under ISTEA, the Department of Treasury, based on the newest data available to them, gives an estimate to the Department of Transportation as to how much in highway trust funds is collected by States.

When this estimate was given for last year's appropriation, the Department of Treasury did not have the final 1994 data, as I understand it. If someone has evidence to the contrary, I would like to see it. But based on everything that I have seen, based on all the correspondence that is available, the Treasury Department, based on the newest data they had, gave an estimate of tax collections by State to the Department of Transportation, which, based on that data, which at that point, to the best of my knowledge or anyone else's knowledge, was the best data that was available, on the basis of that data the Department of Transportation allocated funds in last year's appropriations bill which in fact we voted on and it became law and the funds were allocated.

What is being called a snafu here is that based on the best data they had last year, the Department of the Treasury made an estimate, and if they had data that is now available 1 year later they would have made a different estimate and the allocation formula would have been different. But that is not a snafu. Basically, they were using the best data they had last year just as we are using the best data we have this year.

My point is that it is distinctly possible, in fact probable, likely, that next year when we have 1995 and 1996 data we will find the allocation used for 1997 would have been different had we had this data, which we did not have this year.

The point being each and every year we can go back and second-guess last year's estimate based on data that the estimators did not have. I would be able, if we set this principle, to offer an amendment to next year's appropriation based on actual data that will be available next year which is not available this year to say that the formula this year would have been different had we had another year of data. And it will be. Invariably it will be.

There is no mistake in the current allocation based on the newest and best estimate we have, but what the Senator from Montana is saying is 'that the estimate made last year was made on the data which was available then. I do not know that he is arguing a conspiracy by the Treasury. I hear the word snafu, pressed the wrong button, but I do not have any data to substantiate that, and I would be willing to look at it if there is data. But based on everything they knew, the Treasury made an estimate last year, and on the basis of that estimate we allocated money.

Based on everything they know this year, they made an estimate, and we are allocating money again. But if we are going to go back and change this year's formula based on new data that was not available last year, why can we not do that next year and the next year and the next year?

The whole purpose of this system is to take the best data available and allocate funds on the basis of it. That is what, based on all the information that I have, the Department of the Transportation did. And relying on this data—and the law requires the Department of Transportation to rely on this data—they allocated funds. Now the Senator is saying a year later that if we had had new data that has since become available, the allocation would be different. He is right. But the point is the same will be true next year about this year. The same will be true year after next about next year. If we are going to get into a situation where every year we are going to look back at the last allocation based on data that was not available when the allocation was made, we are going to be able to reestimate everything.

Was it a snafu that the estimate they had last year based on the best data turned out not to be right when they got the final data? I do not think it was a snafu. It was an estimate based on what they had. It is no more a snafu than the data we are using this year, when next year we have an additional year, will clearly be different. And by the same logic I could stand up here and say it was a snafu last year. Based on the data the Treasury had last year, we had an allocation of money, but now 1 year later with actual data they did not have, I want to go back and reestimate the allocation.

I think we are inviting chaos if we go down this road because we could do it every single year. Was the estimate last year more inaccurate than the estimate this year will turn out to be? I do not know. Maybe it was. Maybe it will be less inaccurate than the estimate this year will turn out to be. The point is, the law requires the use of the best available data. Based on everything I know, that was done.

The Senator talks about snafus, about pushing the wrong key on the computer. I do not know about any of those things. I see no documentation whatsoever. All I have seen documentation on is that, based on the best data they had, the Treasury made an estimate. We allocated funds on it. Now that they have another year of data, if they were making the estimate today, it would be different.

That is like saying, if I am predicting what is going to happen next year, that it is a snafu that I have imperfect knowledge relative to what I will have next year after I have lived out the year. I do not call that a snafu. I simply call it having to make decisions on the best data that is available.

I think this is a fundamental issue. I think many of my colleagues started this debate saying there was a mistake made in last year's estimation because they did not have data which we now have. It just so happens, in that mistake, 31 States gain and 19 States lose. The point is the exact same facts will exist next year and the next year and the next year and the next year, and maybe it will be other States who will gain next year and other States who will lose. But we are creating a chaotic situation if we are going to try to go back each year and redo last year's formula, based on data that was not available last year.

That is why, while this is not be-all and end-all of the planet, this is a bad principle and it is a principle we are going to end up refighting every year.

In fact, if we start down this road, we might as well have a 1-year lag of collecting the money to allocate it because we are going to end up, every single year, rewriting this formula. Because every Senator is going to check the allocation based on the new data that will be available next year, reestimate the allocation this year, and all those who will gain are going to stand up, as our dear colleague is saying, and say, "There was a snafu. Somebody pushed the wrong computer key. Somebody made a mistake. They predicted the future and the future turned out to be different, and therefore we ought to go back and correct that."

The point is, that is not how the system works. If we are going to do that, we are going to create chaos, and that is why I hope we will not do it.

Mr. MACK. Mr. President, I am here today to oppose the amendment being offered even though my State, Florida, would marginally benefit from its passage.

This amendment is said to correct a bureaucratic error—a mistake which resulted in many donee States receiving for 1 year less than what they thought they were entitled to under the law.

Well, it is extremely hard for me to be sympathetic to this argument. I know a good number of States—donor States—who, for the last 5 years, feel they got far less than that amount to which they were entitled. They would call the formulas enacted in law during ISTEA a mistake.

I believe the amendment now being considered appropriately highlights the problems that result from a muddled, inefficient, and overly bureaucratic Federal highway program.

So, not only is it my intention to oppose this amendment tonight, but it is my intention to be a leader in the fight next year to move our Nations' transportation program away from the Federal highway program that exists today.

It is high time to harness the ingenuity of State officials and local governments, the entrepreneurialism of private industry, and the strength of the financial markets to enhance the Nation's transportation infrastructure. It is time to recognize that the national interest may be best served by allowing States to assume the primary role in transportation uninhibited by Federal mandates, the redistribution of States gas tax dollars.

I look forward to working with my colleagues next year to return the primary role in transportation to our States.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I do not want to prolong this either, but I would much rather read facts into the RECORD than sit here in a quorum call. So I will correct the misinformation we just heard from the Senator from Texas.

The Senator from Texas is trying to imply this is an error in estimating the highway trust fund, it is not a bureaucratic error. I would like to address that by reading the memorandum to the chairman of the committee from the Department of the Treasury, dated today.

There is a little bit of bureaucratese in here, but, if you listen closely, you can tell this is not an estimate problem, it is a bureaucratic problem. I will read from the beginning.

> In fiscal year 1994, an accounting error, described in greater detail below—

It did not say an error in estimating, in estimating receipts. It says "an accounting error." An accounting error was made—

> Resulted in a $1.590 billion misallocation of excise taxes against the Highway Trust Fund. . . .

Then it says:

> This misallocation of excise taxes was corrected in Fiscal Year 1995.

Then going on:

> The initial transfer of receipts to the Highway Trust Fund is based upon monthly estimates provided to Financial Management Services . . . by the Office of Tax Analysis. Subsequently, FMS uses the IRS Quarterly Certification of "actual" liability to adjust the Highway Trust Fund balance for any difference between accounts initially transferred and "actual" quarterly liability. This adjustment was referred to as the "Correcting Adjustment."

More importantly:

> At the request of OTA, [that is the Office of Tax Analysis, in the Treasury] the format of the IRS Quarterly Certifications used to make correcting adjustments to the Highway Trust Fund was changed.

I will repeat that statement.

> At the request of OTA, the format of the IRS Quarterly Certifications used to make correcting adjustments to the Highway Trust Fund was changed.

The format was changed.

> This [format] change led to a misinterpretation of the information provided to FMS on the IRS Quarterly Certification and resulted in a misallocation of excise taxes between the Highway Trust Fund and the General Fund in Fiscal Year 1994.

The problem is not a miscalculation of the estimates. It was a mistake made because of a change in format. Somebody over there did not understand the new format and took the data, the correct data, but put it in the wrong account.

> This misallocation of excise taxes was corrected in Fiscal Year 1995, debiting the General Fund and crediting the Highway Trust Fund in the amount of $1.590 billion. Procedures have been implemented to assure that future adjustments to the Highway Trust Fund occur in an accurate and timely manner.

This has nothing to do with what the right estimate is, nothing at all. This has everything to do with just a bureaucratic mistake in misinterpreting a new format, that is all this is. It is very clearly a clerical, bureaucratic error. It is not an error in estimating tax receipts, not at all. It is an error made in computing the adjustments that were made between the Highway Trust Fund and the General Fund. That is all this is, stated clearly by the Department of the Treasury. That is the technical argument.

The basic argument, Mr. President, is: Here we are. This is the end of July. This is 1996. What special is going on right now in America? It is the Olympics. In the world? It is the Olympics down in Atlanta, where people compete fairly. They compete according to the rules, and there are winners and losers, according to the rules. Certainly Senators, if they want, can take advantage of a mistake, take advantage of something that is unfairly given to them at the expense of somebody else. Or they can live by the rules, live by the rules and not take advantage of an ill-begotten gain but rather say, yes, that is not fair, let us correct this, when the real battle on highway allocation of trust funds is next year when Congress takes up the transportation bill.

That is what this is all about, very simply, very plainly. Are we going to correct a mistake or are those Senators who are enriched by the mistake going to take advantage of that mistake? Or are they going to say, yes, a mistake is made, let us correct the mistake and let us go on.

I made a point earlier, which I think is one worth remembering. That is, if this mistake is not corrected, it is going to sour the debate next year when Congress takes up the highway bill, because Senators are going to know the debate begins not with what it was supposed to be, not as was determined by the 1991 highway bill. Rather, it would be based as a result of a bureaucratic snafu, and I do not think we want that. I think we want to correct the mistake.

I urge my colleagues to just basically correct the mistake and get ready for the battle next year when we take up the highway bill in earnest, because that is the proper place to do all that.

Mr. President, I ask unanimous consent the letter, dated July 31, 1996, from Linda Robertson to Senator CHAFEE, be printed in the RECORD, and I yield the floor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C., July 31, 1996.

Memorandum to: Senator JOHN H. CHAFEE, Chairman, Environment and Public Works Committee, U.S. Senate, Washington, DC.

From: Linda L. Robertson, Assistant Secretary, (Legislative Affairs and Public Liaison).

Subject: Correcting the misallocation of excise taxes between the highway trust fund and the general fund.

In Fiscal Year 1994, an accounting error, described in greater detail below, resulted in a $1.590 billion misallocation of excise taxes, against the Highway Trust Fund (HTF). This misallocation of excise taxes was corrected in Fiscal Year 1995.

The initial transfer of receipts to the Highway Trust Fund is based upon monthly estimates provided to Financial Management Services (FMS) by the Office of Tax Analysis. Subsequently, FMS uses the IRS Quarterly Certification of "actual" liability to adjust the Highway Trust Fund balance for any difference between amounts initially transferred and "actual" quarterly liability. This adjustment is referred to as the "Correcting Adjustment."

At the request of OTA, the format of the IRS Quarterly Certifications used to make correcting adjustments to the Highway Trust Fund was changed. This change led to a misinterpretation of the information provided to FMS on the IRS Quarterly Certification and resulted in a misallocation of excise taxes between the Highway Trust Fund and the General Fund in Fiscal Year 1994. This misallocation of excise taxes was corrected in Fiscal Year 1995, debiting the General Fund and crediting the Highway Trust Fund in the amount of $1.590 billion. Procedures have been implemented to assure that future adjustments to the Highway Trust Fund occur in an accurate and timely manner.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, one of the things I always try to tell my children is you should never debate about facts. You go look up facts, you debate about ideas, you debate about what they mean.

Our dear colleague from Montana just quoted from correspondence that, so far as I can determine in talking to the majority and the minority side, no one else has.

What I would like to propose is this—and I would like to have a copy of it. What I would like to propose is that we set this amendment aside to give all of us an opportunity to talk to the Treasury Department in the morning and ascertain exactly what the facts are so that we can debate tomorrow where we all are dealing with the same facts.

We are all, obviously, entitled to our ideas. Jefferson once said good people with the same facts are going to disagree. But what I think is important that we do is that we be certain that we are all dealing with the same facts. What I will promise my colleague is that I will, obviously, read this memo, and I will talk tomorrow to the Treasury Department to ascertain exactly what happened.

All of the documentation that I have that was made available to my office by the Department of Transportation shows that this simply was a best available estimate, which, obviously, is different now that we have additional data, as you would expect it to be. But I would certainly be willing to look at additional information from the Treasury Department. I think probably the best thing to do is to set this amendment aside and give us all an opportunity to talk to the Treasury Department to try to ascertain what the facts are. That would be my suggestion.

Mr. BENNETT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, to say that it is a complex issue is an understatement. I am not sure everybody on this floor fully understands what we are debating. But let me tell you what I do understand about it, and I welcome the comments of either of the managers or the author of the amendment.

We appropriate trust funds 2 years after we receive them. For instance, whatever we took in in the trust fund in 1994 is actually allocated to the States in 1996. That is my understanding. As I say, I invite anybody to correct anything I say. I just want everyone to understand what we are talking about.

So whatever the Treasury Department takes in in gasoline taxes, which is called the trust fund, in 1994, is allocated for use in 1996. So in 1994, apparently the Treasury Department made an error and took in $1.5 billion more than they said they were going to have, and rather than try to correct the error at the time it was made, they said, "Well, we will just save this until next year. We'll put it in the 1995 allocation."

Now, bear in mind that when you are allocating money in 1995, you are talking about money that the States are going to get in 1996, simply because we appropriate money a year in advance.

Mr. BAUCUS. Mr. President, if I might, a slight correction, 1995 is in 1997.

Mr. BUMPERS. Please feel free to interrupt.

Mr. BAUCUS. The 1995 determination affects the 1997 allocation, 2 years later.

Mr. BUMPERS. Say that again, please.

Mr. BAUCUS. The allocation made to States is determined by the receipts received 2 years earlier. So 1994 determines 1996, and the amount in the trust fund in 1995 determines 1997.

Mr. BUMPERS. You appropriate the money in 1995 for 1996, don't you?

Mr. BAUCUS. Yes.

Mr. BUMPERS. That is correct?

Mr. BAUCUS. That is correct.

Mr. BUMPERS. That is right, you allocate it 2 years later than the Treasury Department receives it. But the basic problem here is that the Treasury Department underestimated by $1.5 billion 1994 receipts.

So when it came time to appropriate the money from the trust fund in 1995, it was appropriated, not realizing the fact that they had $1.5 billion more than they thought they had. So this year, 1996, the States got an allocation of 1994 trust funds that was $1.5 billion short—$1.6 billion, to be precise.

Here is my problem. My State tells me that by the time the $1.5 billion error had been discovered, everybody knew it, and the great State of Arkansas got less money in 1996 than we were entitled to, and we were told that we would get it made up in 1997, which is the bill we are debating here tonight, the 1997 bill.

So the 1997 money is being allocated here this evening and, lo and behold, an amendment is offered that would cause my State to be about $6.5 million short. Now, that is not a lot of money to a very many people. However, in the State of Arkansas, $6.5 million is a pretty good hunk of change.

So Arkansas got less money in 1996 than we were supposed to get. We did not get our share of that $1.5 billion. And now they are taking it away from us again in 1997.

So, as I say, that is my understanding so far. And on that basis, of course, I do not have any choice but to vote against the Senator from Montana's amendment. I am hoping that a lot of other people will do likewise.

I also note that the managers of this bill would like to get this thing done tonight so they can get out of here. I do not want to slow things up. But I would like, when all this conversation ends over here, to have somebody to comment on the things I have said, either refute the statement I made that we got less money in 1996 than we were supposed to get, or that we got more. But you should not penalize my State in 1997 and give us less money if we got penalized last year. That is what we call a double whammy. And it is not right and it is not fair.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, at 7:45 I will make a motion to table the Baucus amendment and ask for the yeas and nays at that time. I say that at this point in order to give Members due warning and opportunity to return to the Hill. And I say this. We will make no other compensation for people being off the Hill until we finish this bill tonight.

Everybody ought to be alert to the fact we may have votes at any time, and we are not going to delay a vote henceforth. But this vote will be called at 7:45. I, at that point, will make a motion to table. Mr. President, I ask unanimous consent that I be recognized at that time to make that motion.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HATFIELD. I thank the Chair and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—CONFERENCE REPORT TO ACCOMPANY H.R. 3603

Mr. HATFIELD. Mr. President, on behalf of the leader, I propound a unanimous-consent agreement adopting the conference report accompanying H.R. 3603. This has been cleared on both sides.

I ask unanimous consent that when the conference report accompanying H.R. 3603, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for Fiscal Year 1997, is received in the Senate, that it be considered as having been agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

The Senate continued with consideration of the bill.

AMENDMENT NO. 5142

(Purpose: To transfer previously appropriated funds among highway projects in Minnesota)

Mr. LAUTENBERG. Mr. President, I ask unanimous consent to set aside the current amendment, and I send an amendment to the desk on behalf of Senator WELLSTONE and ask for its consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG], for Mr. WELLSTONE, proposes an amendment numbered 5142.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in title IV, insert the following:

SEC. 4. TRANSFER OF FUNDS AMONG MINNESOTA HIGHWAY PROJECTS.

(A) IN GENERAL.—Such portions of the amounts appropriated for the Minnesota highway projects described in subsection (b) that have not been obligated as of December 31, 1996, may, at the option of the Minnesota Department of Transportation, be made available to carry out the 34th Street Corridor Project in Moorhead, Minnesota, authorized by section 149(a)(5)(A)(iii) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100–17; 101 Stat. 181) (as amended by section 340(a) of the National Highway System Designation Act of 1995 (Public Law 104–59; 109 Stat. 607)).

(b) PROJECTS.—The Minnesota highway projects described in this subsection are—

(1) the project for Saint Louis County authorized by section 149(a)(76) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100–17; 101 Stat. 192); and

(2) the project for Nicollet County authorized by item 159 of section 1107(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 2056).

Mr. LAUTENBERG. Mr. President, this amendment has been cleared by both sides. We are prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5142) was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. HATFIELD. I move to table the motion.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5143

(Purpose: To provide conditions for the implementation of regulations issued by the Secretary of Transportation that require the sounding of a locomotive horn at highway-rail grade crossings)

Mr. LAUTENBERG. Mr. President, I send an amendment to the desk on behalf of Senator WYDEN of Oregon and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG], for Mr. WYDEN, for himself and Mr. KERRY and Mrs. MOSELEY-BRAUN, proposes an amendment numbered 5143.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . TRAIN WHISTLE REQUIREMENTS.

No funds shall be made available to implement the regulations issued under section 20153(b) of title 49, United States Code, requiring audible warnings to be sounded by a locomotive horn at highway-rail grade crossings, unless—

(1) in implementing the regulations or providing an exception to the regulations under section 20153(c) of such title, the Secretary of Transportation takes into account, among other criteria—

(A) the interests of the communities that have in effect restrictions on the sounding of a locomotive horn at highway-rail grade crossings as of July 30, 1996; and

(B) the past safety record at each grade crossing involved; and

(2) whatever the Secretary determines that supplementary safety measures (as that term is defined in section 20153(a) of title 49, United States Code) are necessary to provide an exception referred to in paragraph (1), the Secretary—

(A) having considered the extent to which local communities have established public awareness initiatives and highway-rail crossing traffic law enforcement programs allows for a period of not to exceed 3 years, beginning on the date of that determination, for the installation of those measures; and

(B) works in partnership with affected communities to provide technical assistance and to develop a reasonable schedule for the installation of those measures.

Mr. WYDEN. Mr. President, the purpose of this amendment is to give local communities time to work with the Department of Transportation and the Federal Railroad Administration to find grade crossing safety mechanisms that meet their needs.

Without this amendment, the Federal Government, beginning in November of this year, will impose a one-size-fits-all standard on every community in America with a railroad grade crossing. Many communities have banned the blowing of train whistles. But the Federal Government would preempt these local laws and impose a requirement that trains begin blowing their whistles within one quarter mile of any crossing that does not have the most expensive grade crossing safety equipment.

Without this amendment, every community in America that doesn't have the fancy, top-of-the-line grade crossing safety gates will be forced to go out and immediately spend upwards of $300,000+ to install this equipment, or face Federal preemption. This means small communities of several hundred will have to find $300,000 for this equipment, or see their local train whistle bans preempted by the Federal Government.

Under current law, on November 2 of this year, all towns without complex and expensive grade safety requirements will be required to lift their train whistle bans. What this means for some towns in Oregon and across the country, is that day and night the communities are going to be barraged with train whistles.

These communities are essentially being blackmailed by cacophony into raising taxes and putting up exorbitant amounts of money to install highly sophisticated safety measures—when in many cases, much simpler measures would have the same desired results.

My friends, there is a better way to do this. Safety is paramount, but under these train whistle requirements, what we are seeing is cookie-cutter solutions to safety that may not be appropriate for all communities.

Many communities can make substantial improvements in safety through public education, highway markings, and signage, but right now it looks like their only choice is a costly four quadrant gates—otherwise, they are going to be doomed to whistling trains.

The original legislation, while placing an important emphasis on train safety, left out one key issue and that is community involvement in the decision making on train whistle bans.

My very simple amendment would encourage the Department of Transportation to work with communities to develop effective local solutions.

First, the Department would be required to take into account the interests of affected communities and the past safety record at the grade crossing involved when determining how to implement safety requirements.

Second, where the Department determines that a grade crossing is not sufficiently safe, my amendment requires them to work in partnership with communities to develop reasonable safety requirements.

In Oregon, there are two communities in particular that are concerned about the train whistle ban requirements, Pendleton and the Dalles. In these communities, trains may pass through certain neighborhoods every few minutes. Trains are required to blow their whistles one-quarter mile before reaching a grade crossing. Clearly this is a recipe for chaos.

I think that it is important that the Department of Transportation work with these communities to develop effective and timely safety measures, instead of mandating costly and perhaps unnecessary grade crossing equipment or threaten them with nonstop whistles.

My amendment will do just this and I urge the Senate to support its inclusion in this legislation.

Ms. MOSELEY-BRAUN. Mr. President, this amendment provides important direction to the Department of Transportation with regard to the implementation of a provision of the Swift Rail Development Act of 1994.

Under this 1994 law, the Federal Government is required to develop regulations that direct trains to sound their whistles at all hours of the day and night at most at-grade railroad crossings around the country, unless the local communities can afford to act on a specified list of alternatives. The Swift Rail Development Act will require trains to blow their whistles at approximately 168,000 railroad crossings in the U.S. and more than 9,900 in Illinois—including about 2,000 in the Chicago area and 1,000 in Cook County alone.

This provision was inserted into the 1994 law without debate or discussion. Communities had no input into the process, even though it will be communities that will be most affected.

I am acutely aware of the need to improve the safety of railroad crossings. A recent tragedy in my home State involving a train and a school bus in Fox River Grove, IL, killed seven children and shattered the lives of many more families. According to statistics published by the Department of Transportation, someone is hit by a train every 90 minutes. In 1994, there were nearly 2,000 injuries and 615 fatalities caused by accidents at railroad crossings around the country. Clearly, ensuring the safety of our rail crossings is imperative.

The Swift Rail Development Act mandates that trains sound their whistles at every railroad crossing around the country that does not conform to specific safety standards. It does not take into consideration the affect of this action on communities, nor does it require the Department of Transportation to take into consideration the past safety records at affected at-grade crossings.

Requiring trains to blow their whistles at every crossing would have a considerable affect on people living near these crossings. It is unclear, however, that there would be a commensurate improvement in safety. In Fox River Grove, for example, the engineer blew his whistle as he approached the road crossing, but the school bus did not move.

At many railroad crossings in Illinois and elsewhere, accidents never or rarely occur, while some crossings are the sites of frequent tragedies. Just as we do not impose the same safety mandates on every traffic intersection in the country, we should not universally require trains to blow their whistles at every railroad crossing in the country.

When transportation officials decide to make safety improvements at a highway intersection, they consider a wide range of factors, including its accident history, traffic patterns, and conditions in the surrounding area. Every intersection is a case study. There are guidelines, but not inflexible rules.

The approach to railroad crossing safety should be no less reasoned. The train whistle should be one tool in the transportation safety official's regulatory repertoire; it should not be the only one. Because every community has a different history and different needs, I do not believe that a one-size-fits-all, top-down approach to railroad crossing safety is appropriate.

In Dupage County, IL, for example, there are 159 public railroad crossings. In 1994, there were accidents at only 18 of these crossings, and 45 have not experienced an accident in at least 40 years. On one of METRA's commuter rail lines, 64 trains per day pass through 35 crossings. In the last 5 years, there have been a total of three accidents and one fatality along the entire length of this corridor.

Every one of the crossings on this METRA commuter line has a whistle ban in place to preserve the quiet of the surrounding communities. The imposition of a Federal train whistle mandate on this line would, therefore, have a considerable negative impact on the quality of life of area residents. The safety benefits, on the other hand, would, at best, be only marginal.

METRA's Chicago to Fox Lake line has 54 crossings and is used by 86 trains per day. A whistle ban is in place on 37 of these crossings. Between 1991 and 1995, there were a total of 13 accidents on this line, with five injuries and one fatality.

In Des Plaines, IL, one of my constituents reports that she lives near five crossings. In the last 11 years, there has been only one accident at any of these crossings. She will hear a train whistle at least 64 times per day and night.

In Arlington Heights, IL, there are four crossings in the downtown area about 300 feet away from one another. 5,400 residents live within one-half mile of downtown, and 3,500 people commute to the area every day for work. Sixty-three commuter and four freight trains pass through Arlington Heights every weekday between the hours of 5:30 am and 1:15 am.

Train whistles are blown at nearly 150 decibels, and depending on the weather, they can be heard for miles. According to one Burlington Northern railroad conductor, a train traveling from Downers Grove, IL to La Vergne, IL—a distance of approximately 12 miles—would have to blow its whistle 124 times. 144 trains travel this route every day.

Mr. President, the residents of these communities, and others across Illinois and the country, are confused by the 1994 law that will require train whistles to sound at all hours of the day and night in their communities—in some cases hundreds of times per day—at railroad crossings that have not experienced accidents in decades, if ever.

Under a Federal train whistle mandate, home-owners in many of these communities would experience a decline in their property values, or an increase in their local taxes in order to pay for expensive safety improvements. The 1994 law, in this respect, represents either a taking of private property value, or an unfunded mandate on local communities.

The train whistle mandate places the entire burden on the community. Trains will keep rolling through quiet, densely populated towns at all hours of the night, and both the railroads and the passengers will experience no disruptions.

In aviation, by contrast, airline flights are routinely routed to minimize the disturbance to surrounding communities. Flight curfews are established, and restrictions are placed on certain types of aircraft in efforts to minimize the disruption to area residents. These restrictions place burdens on airlines, passengers, and the communities; it is a joint effort.

The pending amendment provides the Department of Transportation with important direction on how to implement the train whistle law in a more rational and flexible manner. It directs the Secretary of Transportation to consider the interests of affected communities, as well as the past safety records at affected railroad crossings. The concerns of local communities must be heard—not just the sounds of train whistles.

It also addresses safety concerns. In situations where railroad crossings are determined not to meet the supplementary safety requirements, communities will have up to a maximum of 3 years to install additional safety measures before the train whistle mandate takes affect. In these situations, the Department of Transportation will work in partnership with affected communities to develop a reasonable schedule for the installation of additional safety measures.

Mr. President, I have been concerned about the implementation of the Swift Rail Development Act since Karen Heckmann, one of my constituents, first brought it to my attention more than a year ago. Since that time, I have spoken and met with mayors, officials, and constituents from Illinois communities, and visited areas that would be most severely affected. In response to their concerns, I have written several letters to, and met with Transportation Secretary Peña and other officials numerous times, and have been working with the Department of Transportation to ensure that they implement the 1994 law in a manner that both works for communities and protects safety.

This amendment provides important congressional direction to the Department of Transportation that is consistent with the ongoing discussions that I, and other members of Congress, continue to have with the Department. I urge all of my colleagues to vote for this important amendment.

Mr. KERRY. Mr. President, today I was pleased to join with Senator WYDEN to cosponsor an amendment concerning an issue of great importance to a number of my constituents. Many of them have contacted me about the 1994 Swift Rail Development Act [SRDA]. As you know, the SRDA allows for Federal preemption of local train whistle bans so that all trains would begin sounding their whistles one-quarter mile before reaching any grade crossing.

My home State of Massachusetts has 88 grade crossings in some 27 communities whose whistle bans would be preempted by this law. Many of these communities have good safety record: From January 1988 through June 1994, the Federal Railroad Administration [FRA] noted 34 accidents involving one fatality and 15 injuries at these crossings. Some of these communities are strongly opposed to Federal preemption of their whistle bans.

Their concerns were not allayed by FRA officials at a meeting that took place in Beverly on October 25, 1995 to discuss the SRDA. A member of my staff reported that many who attended desired outright repeal of the SRDA. As Christopher Smallhorn of Beverly Farms wrote:

> I doubt your representative will transmit to you the feeling of frustration and anger taken away by those taxpayers attending the meeting.

A sampling of my correspondence from other constituents reveals that others share Mr. Smallhorn's concerns. John J. Evans from Beverly Farms wrote:

> This proposed new regulation * * * will render my home uninhabitable as my house sits between two grade crossings.

Fay Senner wrote:

> The safety at these railway crossings is a local issue and one that we have been able to manage effectively in the 150 years that railroads have been a part of life in Acton.

Scott and Sharon Marlow of Andover wrote:

> My daughter was born with a cardiac muscle defect and I do not even want to think about the anguish loud whistle blasts would have caused my family or any other family with a heart condition.

William C. Mullin, chairman of the Acton Board of Selectmen, wrote:

> If train whistles once again pierce the peace and quiet of our community, the anger of our residents will be quickly felt.

Richard and Nancy Silva of Beverly wrote:

> The horn blowing will change the value of our home and add more stress in an already stressful environment.

Diane M. Allen, chairman of the Wilmington Board of Selectmen, wrote:

> We do not wish to have the Federal government set unjustifiable standards for our local roads nor do we want those decisions of our duly elected officials to be overridden by the Federal government.

Nevertheless, the safety of railroad grade crossings is clearly a real issue, as the October 1995 school bus accident in Illinois sadly illustrates.

The FRA has released a study showing that accidents occurred at fewer than 6 percent of the Nation's grade crossings where whistle bans are in effect. A one-size-fits-all approach is therefore not appropriate. I am thus proud to cosponsor this amendment, which contains a more sensible strategy for dealing with this issue, and I compliment the Senator from Oregon and his staff for bringing it before the Senate.

Knowing the impact that the SRDA is having on communities and constituents in both Massachusetts and other States, I look forward to working with the FRA and my colleagues to ensure the safety of grade crossings without hurting the quality of life in our communities. I urge my colleagues to join in supporting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5143) was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. HATFIELD. I move to table the motion.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I indicate at this point, that with one exception, we have completed all the Members' amendments that we know about and were part of the unanimous-consent agreement we reached last night, which means the only amendments we have left, namely, two relevant amendments for Senator LOTT, six amendments on terrorism for Senator LOTT, and the McCain amendment, as I understand it, and the Biden amendments, five of them on antiterrorism. We are about ready to have a completion of the Bradley amendment.

We have completed all but the antiterrorism issue. Mr. President, first of all, it is not relevant to this bill in terms of it being legislative action on an appropriation. I am very hopeful that we can have an agreement reached to remove that encumbrance to completing this bill and having final passage.

I believe that is the only other vote that we will have to have on this bill. We can do that following the vote that we are about ready to take up, on a tabling motion of the Baucus amendment.

I urge any Member or any Member's staff person who has knowledge of these amendments that we had included in our unanimous-consent agreement, if they have any different viewpoint, or if they have any question, they better address those questions during the next vote and come to Senator LAUTENBERG and my desk here to go over the list to make sure they have been taken care of in our efforts to cover the remaining business.

Otherwise, we will proceed to end in a couple of colloquies for the other two amendments, and hopefully by that time the leadership can give us some indication of what kind of an agreement may have been reached at a meeting that began at 6 o'clock tonight relating to the issue of antiterrorism.

AMENDMENT NO. 5141

Mr. HATFIELD. With that, Mr. President, under the unanimous consent, I move to table the Baucus amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table, the amendment No. 5141.

The yeas and nays were ordered.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 42, nays 57, as follows:

[Rollcall Vote No. 260 Leg.]

YEAS—42

Abraham
Ashcroft
Bond
Boxer
Breaux
Brown
Bumpers
Campbell
Coats
Cochran
Coverdell
DeWine
Faircloth
Feingold
Feinstein
Frist
Glenn
Graham
Gramm
Grams
Hatfield
Helms
Hutchison
Inhofe
Johnston
Kohl
Kyl
Levin
Lott
Lugar
Mack
McCain
Mikulski
Nickles
Nunn
Robb
Santorum
Sarbanes
Specter
Thompson
Warner
Wellstone

NAYS—57

Akaka
Baucus
Bennett
Biden
Bingaman
Bradley
Bryan
Burns
Byrd
Chafee
Cohen
Conrad
Craig
D'Amato
Daschle
Dodd
Domenici
Dorgan
Exon
Ford
Frahm
Gorton
Grassley
Gregg
Harkin
Hatch
Heflin
Hollings
Inouye
Jeffords
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Lautenberg
Leahy
Lieberman
McConnell
Moseley-Braun
Moynihan
Murkowski
Murray
Pell
Pressler
Reid
Rockefeller
Roth
Shelby
Simon
Simpson
Smith
Snowe
Stevens
Thomas
Thurmond
Wyden

NOT VOTING—1

Pryor

The motion to lay on the table the amendment (No. 5141) was rejected.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

The Senator from Oregon.

Mr. HATFIELD. Mr. President, we have one colloquy to be delivered on the floor between Senator BRADLEY and the leader, Senator LOTT. Then we have the possibility of another perfecting amendment, or an amendment dealing with the subject we have just failed to table; we have a Cohen amendment to be dispensed with, and then we are ready for third reading.

AMENDMENT NO. 5141

The PRESIDING OFFICER. The pending question is the Baucus amendment. Is there further debate on the Baucus amendment?

Mr. HATFIELD. I ask unanimous consent to temporarily lay aside the amendment at the moment to engage in a colloquy.

The PRESIDING OFFICER. Is there objection?

Mr. COATS. Mr. President, reserving the right to object, I will not object to proceed with business outside the scope of the Baucus amendment, but I want to preserve the right to offer or to join with others in offering an amendment on that subject. So I just want to put Members on notice that this bill is not going to go forward until we have that opportunity to do so.

Mr. HATFIELD. Mr. President, I think I indicated the other part of the business was to complete that issue, so we are not cutting off anybody's right to offer an amendment.

Mr. BIDEN. Mr. President, will the Senator yield for a comment?

Mr. HATFIELD. Yes.

Mr. BIDEN. Mr. President, I have placed, I think, three or four spots for amendments.

Mr. HATFIELD. Five.

Mr. BIDEN. Five spots. I want to report that due to the great work of the full committee, Senator HATCH and I have elements of a bipartisan agreement on terrorism, and as a consequence of that I am not going to offer any of the amendments on this legislation.

Mr. HATFIELD. I thank the Senator. That will also affect five or six other amendments on both sides.

Mr. BIDEN. I understand they have placed five or six slots based on that. I do not think there will be any amendments on terrorism on this legislation.

Mr. HATFIELD. Senator BRADLEY.

The PRESIDING OFFICER. Without objection, the Baucus amendment is set aside.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I have an amendment that deals with newborns and insurance coverage for newborns, a bill that Senator KASSEBAUM and I introduced last year. It is a bill that had been improved greatly with the help of Senator FRIST and Senator DEWINE and a bill that I care deeply about.

Mr. LOTT. Mr. President, will the Senator from New Jersey yield?

Mr. BRADLEY. I am pleased to yield to the majority leader.

Mr. LOTT. I would like to say I have been aware of this issue the Senator from New Jersey is discussing. There was an attempt made earlier to get it cleared for unanimous consent. We did not get that done. But I want to tell the Senator I will be glad to work with him to get this issue considered the first week in September. I think it is something that we should take up and have an opportunity to consider. In order to help expedite this legislation but also because I think he has a good point, I want to make the further statement I will work with him to get that accomplished.

Mr. BRADLEY. I thank the majority leader for his statement and his commitment, and I will not pursue the amendment based on what he has said. I think that Senator FRIST of Tennessee concurs.

I simply want the Senate to know that this is an enormously important issue in terms of children who are born and forced out of the hospital in the first 24 hours instead of the first 48 hours, and we hope to revisit this issue when we come back in September.

I am prepared to yield to Senator FRIST if he has anything to say on this amendment.

Mr. FRIST. Thank you, Mr. President. I would just like to say that we have worked long and hard on this bill, the Newborn's and Mother's Health Protection Act of 1996. It is a bill we worked on in a bipartisan way and provides a safe haven for mothers with young children. I am delighted the majority leader——

The PRESIDING OFFICER. The Senator will withhold. The Senate will be in order. The Senator from Tennessee deserves to be heard. The Senate will be in order.

Mr. FRIST. Thank you, Mr. President.

This bill does provide a safe haven for mothers and young children over a 48-hour period. It is a bill we have worked on in a bipartisan way, and do appreciate the consideration the majority leader has given to take this up after Labor Day.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I think we have two final technical amendments to dispose of?

Mr. LAUTENBERG. That is correct. We are also reviewing a matter with the Senator from Maine and the Senator from New Hampshire. I hope we will be able to have that resolved.

Mr. HATFIELD. I believe the Senator from Maine said he would withdraw his?

Mr. CHAFEE. No, I do not believe that is correct.

Mr. HATFIELD. OK, let us do the technical amendments.

AMENDMENTS NOS. 5144 AND 5145, EN BLOC

Mr. LAUTENBERG. Mr. President, I have a technical correction to the bill that simply changes the wording without changing any sums; and one that makes reference to direct loans. We have cleared this with both sides. I send them to the desk for their consideration.

The PRESIDING OFFICER. Is there objection to considering the amendments en bloc? Without objection, the clerk will report the amendments.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. LAUTENBERG] proposes amendments numbered 5144 and 5145, en bloc.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 5144

(Purpose: To make a technical correction)

On page 19, strike lines 10 through 12 and insert "For the cost of direct loans, $8,000,000, as authorized by 23 United States Code 108."

AMENDMENT NO. 5145

(Purpose: To make a technical correction to the bill)

On page 60, line 20, strike "103-311" and insert "103-331".

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendments, en bloc.

The amendments (Nos. 5144 and 5145), en bloc, were agreed to.

Mr. LAUTENBERG. Mr. President, I move to reconsider the vote.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I might indicate following any action to be taken on the subject of the Baucus amendment, we are ready for third reading of the bill and final passage. I thank the Senators on the antiterrorism amendments, of which we had 11, for reaching an agreement to not pursue them on this particular bill but to have them as a matter of business to be taken up at a later time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I move, after final passage, the Senate insist on its amendments, request a conference with the House on the disagreeing votes of the two Houses, and the Chair appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving the right to object, I cannot hear what the Senator has asked for in his request.

Mr. HATFIELD. I will repeat. It would be to move ahead on the premise we are going to pass this bill in final passage in a few moments, and to go ahead and appoint the conferees.

Mr. BYRD. Mr. President, I have to object. That is getting a little ahead of the game.

The PRESIDING OFFICER. Objection is heard.

Mr. BYRD. The only reason I do object, I think that request should wait, I say this with apologies to my dear friend, until the final vote on the bill occurs.

The PRESIDING OFFICER. Who seeks recognition?

Mr. FORD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. Mr. President, I simply rise to inquire of the Senator from Oregon when we might expect final passage on the legislation? I have a couple of young children who go to bed at 9 o'clock, and it would be kind of nice to get home.

It appears we are through the end of the amendment process. I had a couple of amendments that I referenced that I did not offer. I wanted to expedite the process of this legislation. But if we are near completion, I wonder if the Senator can inform us when he can expect final passage.

Mr. HATFIELD. Mr. President, I will respond that we have a piece of unfinished business before we can go to third reading. The Baucus amendment was not tabled, and we have not disposed of that amendment. There is a process now, I am hoping, of finding some accommodation in order to dispose of the Baucus amendment.

The Senator from North Dakota certainly made a correct point. We should have had this bill passed yesterday. If we are going to do the HUD-VA and independent agencies tomorrow, Friday and Saturday, we have to get this bill behind us. So consequently, we are waiting for that occasion to accommodate the Senators who have an interest in that. As soon as that resolved issue is brought to us, we will do that and third reading.

Mr. DORGAN. I appreciate the Senator's response. None of us enjoy waiting. On behalf of the Senator from Connecticut, Mr. LIEBERMAN, who has a young daughter who expects to wait up for him as well, to the extent we can move ahead, I think all of us would appreciate it.

Mr. HATFIELD. I might say, we have a parliamentary situation beyond an accommodation here to the Senators. We are in a parliamentary situation. We cannot go to third reading until there is a final disposition of either adopting the Baucus amendment or modifying the Baucus amendment. So that is where we are locked in.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I thank the chairman of the Subcommittee on Transportation and the ranking member for their efforts. I believe we are about ready to wrap up this very important appropriations bill. There are good-faith negotiations underway right now. I am hopeful in the next few minutes we will have an agreement on how to deal with the Baucus-Gramm matter. I think we have a reasonable suggestion that can be agreed to. Certainly we hope so.

Then when that is done, we will be able to go to third reading and final passage of the transportation appropriations bill tonight. There has been some suggestion that we carry this over until tomorrow, but as we know, things have a way of growing overnight.

The chairman and the ranking member are absolutely right, as we are very close to completing this appropriations bill. So if Members will be patient a few more minutes, I think we can get it completed and go to final passage.

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, for the information of all Senators, we will go tomorrow morning at 9:30 immediately to the reconciliation bill, which is the welfare package. Under the rules I think there are 10 hours allowed for that. Some of that time may be yielded back. So we would spend the bulk of the day tomorrow on that issue with the vote coming sometime late tomorrow afternoon. I believe the Democratic leader would appreciate it coming later on in the afternoon. We will work with him to get a time that meets with his needs.

Then we would go to some conference reports that may be available. Recorded votes may be requested on those—legislative appropriations, D.C. appropriations. Then we would hope to take up the HUD-VA appropriations bills tomorrow night, and stay with that until we have other conference reports that may be available.

There has been an agreement reached and the conferees' signatures acquired on the health insurance reform package. Senator KASSEBAUM, Senator KENNEDY, many others have done a lot of good work on that. So we should be able to take up that health insurance package on Friday.

I understand agreement has also been reached on the safe drinking water conference report, which is a very important bill. And we have sort of a deadline on that one. If we do not act on it by Friday, there is some $725 million that would move over into another fund. So really good work is being done.

Also, there has been a press conference this afternoon with regard to the terrorism task force efforts. We have had our colleagues on both sides of the aisle working with the Chief of Staff and the White House. And they had announced earlier this afternoon, or about 2 hours ago, that they had made substantial progress. We believe we can take up an agreed-to package on the terrorism issue hopefully tomorrow or Friday.

So a lot of good work has been done today. We will have this final vote here hopefully in just a few minutes and begin with welfare reform in the morning. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

The Senate continued with consideration of the bill.

Mr. COHEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 5146

(Purpose: To prevent the Department of Transportation from penalizing Maine or New Hampshire for non-compliance with federal vehicle weight limitations)

Mr. COHEN. Mr. President, on behalf of myself, Senator SNOWE, Senator SMITH, and Senator GREGG, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maine [Mr. COHEN], for himself, Ms. SNOWE, Mr. SMITH, and Mr. GREGG, proposes an amendment numbered 5146.

Mr. COHEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert at the appropriate place:

No funds appropriated under this act shall be used to levy penalties prior to September 1, 1997 on the States of Maine or New Hampshire based on non-compliance with federal vehicle weight limitations.

Mr. COHEN. Mr. President, this is an amendment that pertains to the States of Maine and New Hampshire, dealing with weight limit for trucks.

We have worked in close conjunction with the Senator from New Jersey, the Senator from Montana, and the Senator from Rhode Island. They have agreed that the amendment should be adopted. It would defer imposition of penalties or the use of funds to impose penalties prior to September 1, 1997.

That is acceptable to both sides.

Mr. LAUTENBERG. Mr. President, I think this is a good solution to a difficult problem. I commend the Senators from New Hampshire and Maine for their cooperation here. We accept it on this side.

Mr. HATFIELD. Mr. President, the amendment has been one of long standing on our list. I am happy to be able to dispose of it.

It has been cleared, as indicated by the Senator from Maine, by the authorizing committees, by the ranking member, as well as the chairman of the authorizing committee, and has been cleared by the two managers.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5146) was agreed to.

Mr. LAUTENBERG. I move to reconsider the vote.

Mr. HATFIELD. I move to table the motion.

The motion to lay on the table was agreed to.

Mr. LAUTENBERG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. GRAMM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 5147 TO AMENDMENT NO. 5141

Mr. GRAMM. Mr. President, I send a second-degree amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Texas [Mr. GRAMM], for himself, Mr. BOND, Mr. COATS, Mr. ABRAHAM, Mr. FAIRCLOTH, Mrs. HUTCHISON, Mr. LEVIN, and Mr. WARNER, proposes an amendment numbered 5147 to Amendment No. 5141.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, add the following:

SEC. . Prior to September 30, 1996, the Secretary of the Treasury and the Secretary of Transportation shall conduct a review of the reporting of excise tax data by the Department of the Treasury to the Department of Transportation for fiscal year 1994 and its impact on the allocation of Federal-aid highways.

If the President certifies that all of the following conditions are met:

1. A significant error was made by Treasury in its estimate of Highway Trust Fund revenues collected in fiscal year 1994;

2. The error is fundamentally different from errors routinely made in such estimates in the past;

3. The error is significant enough to justify that fiscal year 1997 apportionments and allocations of Highway Trust Funds be adjusted; and finds that the provision in B appropriately corrects these deficiencies, then subsection B will be operative.

(b) CALCULATION OF FEDERAL-AID HIGHWAY APPORTIONMENTS AND ALLOCATIONS.—

(1) IN GENERAL.—Except as provided in paragraph (2), for fiscal year 1997, the Secretary of Transportation shall determine the Federal-aid highway apportionments and allocations to a State without regard to the approximately $1,596,000,000 credit to the Highway Trust Fund (other than the mass Transit Account) of estimated taxes paid by States that was made by the Secretary of the Treasury for fiscal year 1995 in correction of an accounting error made in fiscal year 1994.

(2) ADJUSTMENTS FOR EFFECTS IN 1996.—The Secretary of Transportation shall, for each State—

(A) determine whether the State would have been apportioned and allocated an increased or decreased amount for Federal-aid highways for fiscal year 1996 if the accounting error referred to in paragraph (1) had not been made (which determination shall take into account the effects of section 1003(c) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1921)); and

(B) after apportionments and allocations are determined in accordance with paragraph (1)—

(i) adjust the amount apportioned and allocated to the State for Federal-aid highways for fiscal year 1997 by the amount of the increase or decrease; and

(ii) adjust accordingly the obligation limitation for Federal-aid highways distributed to the State under this Act.

(3) NO EFFECT ON 1996 DISTRIBUTIONS.—Nothing in this section shall affect any apportionment, allocation, or distribution of obligation limitation, or reduction thereof, to a State for Federal-aid highways for fiscal year 1996.

(4) EFFECTIVE DATE.—This section shall take effect on September 30, 1996.

Mr. GRAMM. Mr. President, I think we have put together a good compromise here. It sets up three conditions that have to be met. It mandates that the Secretary of the Treasury and the Secretary of Transportation will look at the issue, which has been raised by our colleague from Montana, and if they make three findings concerning its significance—if the President, based on their study, makes those three findings, then the provision of the Senator from Montana will be offered in the bill. The Senator from Montana has agreed to this amendment. I thank him for working with us on this.

Mr. BAUCUS. Mr. President, this is an accommodation to allow us to proceed with the bill. I think it meets the objective of the Senator from Texas, and as to another look at the degree to which there is an accounting clerical error, it is also significant. It is my view that it is. It is altogether appropriate that we crafted the amendment in a way so that the Senators who were concerned about this issue are better reassured that this error was, in fact, made.

Second, it accommodates our interests because it is quite clear that an error was made, and I feel quite confident that the administration, in reexamining this, will make the proper certification. Nevertheless, it helps us get a little better record and a better sense of what actually did happen here. That suits the interests of all Senators all the way around.

I thank my colleague from Texas for helping craft this amendment. I urge its adoption.

Mr. COATS. Mr. President, I think it is also important to understand why some of us are so sensitive on issues like this. Coming from a donor State, a State that over the years has consistently contributed substantially more to the highway trust fund than it receives back, we are sensitive about any changes in formulas that result in a further loss of funds to our State.

Now, it appears that a technical error was made and not a formula change. The resulting formula change corrects that area rather than being a formula designed to benefit some States at the expense of others. I think a number of us who come from those donor States—and 16 of the 19 States affected here that lose money are donor States—felt that we needed a certification as to the validity of that particular technical error and the fact that this proposal by the Senator from Montana corrects that error in the correct fashion. So the certification here will allow us to receive that information.

I think it will leave us with some feeling that we are adopting the right procedures here in terms of certifying the accuracy of this.

So I thank the Senator from Montana for his willingness to work with us. I particularly thank the Senator from Texas for his ability to discern and take a complex issue and put it into understandable amendment form in a fairly short amount of time. I thank him for his efforts.

Mr. LEVIN. Mr. President, let me also thank the Senator from Texas, the Senator from Indiana, the Senator from Montana, and others for working on the second-degree amendment.

I have a question of the Senator from Texas.

Does the second-degree amendment make any change in the underlying formula?

Mr. GRAMM. No.

Mr. LEVIN. Let me add one comment and one thought to what the Senator from Indiana said. All but three or four of the States which would lose money if this allocation were made according to the amendment are States which already are ahead of the game. They are donee States—three or four. Those of us that are donor States, so-called, there are 20 of us. When we look at this kind of amendment and see that, it obviously makes us somewhat skeptical. Again, most of the States by far that would be on the giving end are the same States that already are, under the formula, on the giving end. That may be a coincidence. It may be that the alleged error happened to work out that way.

But I want to join the Senator from Indiana in expressing the sensitivity of the States that already give much more than they get back under the formula.

My question to the Senator from Texas is this: Can he state for the Record what those three findings are?

Mr. GRAMM. Let me get back the copy of the amendment.

The three findings are—let me make it clear because I want to be certain, given what the Senator from Indiana said, we are not making the judgment here of whether or not an error was made. It is my belief that probably is not the case, as the Senator from Montana believes that it was the case. We are setting up objective criteria to have a judgment, so we are not prejudging that based on anything we say here.

Let me just read it.

> The Secretary of the Treasury and the Secretary of Transportation shall conduct a review of the reporting of excise tax data by the Department of Treasury to the Department of Transportation for FY '94 and its impact on the allocation of Federal aid highways.
>
> If the President certificates that all of the following conditions are met:
>
> 1. A significant error was made by Treasury in its estimate of highway trust fund revenues collected in FY '94;
>
> 2. The error is fundamentally different from errors routinely made in such estimates in the past;
>
> 3. The error is significant enough to justify that FY '97 apportionments and allocations of highway trust funds be adjusted; and finds that provisions in B—

That is the Baucus amendment.

> appropriately corrects these deficiencies, then subsection B—

Which is the Baucus amendment.

> will be operative.

Mr. LEVIN. I thank the Senator.

I ask unanimous consent that I be added as a cosponsor to that second-degree amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I ask on behalf of the Senator from Virginia, Senator WARNER, that he be added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I join in thanking my colleague from Montana for his willingness to work with us on this amendment.

Mr. COATS. Mr. President, I would also like to add my name as a cosponsor to the Gramm amendment, if I am not already on it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further debate on the amendment? If not, the question is on agreeing to the second-degree amendment of the Senator from Texas.

The amendment (No. 5147) was agreed to.

The PRESIDING OFFICER. The question is now on the underlying Baucus amendment, the first-degree amendment.

The amendment (No. 5141) was agreed to.

Mr. LAUTENBERG. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SHILOH INTERCHANGE

Mr. BURNS. Mr. President, I would like to discuss the importance of the Shiloh Interchange in Billings, MT.

ISTEA authorized this project for $11 million. However, since that authorization the cost of the project has increased by an additional $3 million. The Senator from Oregon is aware of the request I have made to include an additional $3 million for this project.

Mr. HATFIELD. Yes, you have requested additional funds for this project. However, criteria established in the One-hundred-and-fourth Congress by the Transportation Appropriations Subcommittee of the House precludes me from being able to accommodate the Senator from Montana's request.

The subcommittee has an ironclad rule that no highway projects which are not authorized be included for funding under the appropriations bill. In addition, no increases above the authorized levels will be included. Given the level of single-purpose projects included in ISTEA the ability of the Appropriations Committee to accomodate the Senator's request has been severely reduced, and such adjustments need to be made in the authorizing legislation.

Mr. BURNS. I appreciate the Chairman's clarification and consideration. Have any non-authorized levels for highway projects been included in either the FY96 law or the current bill being considered by the Senate?

Mr. HATFIELD. No, there are no increases above the authorized level in the fiscal year 1996 act or the fiscal year 1997 bill currently under consideration.

Mr. BURNS. I thank the Chairman, and I yield the floor.

SURFACE TRANSPORTATION BOARD

Mr. BURNS. Mr. President, as we focus upon the Transportation budget for the upcoming fiscal year, I would like to discuss with you a number of points regarding the Surface Transportation Board [STB] in light of the ICC Termination Act.

The statutorily mandated time frames have been complied with in the latest merger.

The STB should assign a priority to the handling of old cases. For example, those cases pending more than 3 or 4 years before the effective date of the ICC Termination Act. In addition, the STB's own release as to its recent public vote in the Union Pacific/Southern Pacific merger, it was indicated that considerable weight was given to the managerial judgment of the applicants. Since that application had been pending prior to the effective date of the ICC Termination Act, similar treatment should be given to the other long-pending cases.

The STB's policy should be based on the widest perspective as to railroad proposals, be they mergers, constructions, line extensions, or rates, that will benefit area-wide economies in addition to the applicants themselves. Also, the Board should encourage rail proposals compatible with the requirements of appropriate environmental laws and should continue its policy of promoting competition in rail transportation which I believe will benefit the consumer.

Mr. HATFIELD. The Senator's points are well-taken. Long-pending cases of this type should be decided promptly. Such action would be particularly warranted with rail proposals that will benefit area-wide economies, promote competition, or foster the objectives of our environmental laws. I would hope that such public interest considerations would merit early resolution.

Mr. BURNS. I thank the Chairman.

MICHIGAN TRANSIT PROJECTS IN THE TRANSPORTATION APPROPRIATIONS BILL, FISCAL YEAR 1997

Mr. LEVIN. Mr. President, my colleague from Michigan and I would like to join the distinguished chairman of the Senate Appropriations Committee in a brief colloquy regarding Michigan transit projects in the bill before the Senate.

We are seeking to resolve the differences between the House and Senate Appropriations Committee reports on Transportation appropriations for fiscal year 1997 that relate to section 3 bus and bus facility funding for Michigan. Hopefully, the proposal from the Michigan Department of Transportation, as embodied in the chart below, can be useful to the conference committee when it meets. I ask unanimous consent that the chart be inserted into the record following our discussion.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. LEVIN. We have sent the chart to the Michigan House Members whose districts are affected. Because of the short time, explicit support for this arrangement has not been received from all of them. However, this distribution appears to be a fair compromise between the House and the Senate committees report language. Barring any significant objection from Michigan's House Members, I urge the conferees to retain the total Senate funding level of $20 million provided for section 3 transit projects and accommodate the distribution in the chart.

I would hope that the distinguished chairman of the Senate Appropriations Committee would do his utmost to preserve the Senate level in conference. As the Senator from Oregon is aware, his State is a donor State like Michigan, and as such, receives less than an even return on the gas taxes contributed into the Highway Trust Fund, from which transit funds are derived. Though that return was improved by ISTEA for highways, States like Michigan, and I suspect Oregon, continue to be significant donor States on transit projects. This formula matter must be addressed when Congress next takes up reauthorization of ISTEA.

Mr. HATFIELD. I appreciate the interest of the Senators and their input in helping to recommend a resolution of the differences between the House and Senate report language on transit projects in Michigan.

Mr. ABRAHAM. I fully support the remarks of my fellow Michigan Senator regarding the unfair distribution of transit funds, and how the Senate must insist on the higher total funding level of $20 million for the State of Michigan. However, I wish to further elaborate on the distribution of these funds within the State of Michigan.

The Michigan Department of Transportation has provided our offices with a project by project breakdown of this distribution, which Senator LEVIN has introduced. Per the fiscal year 1996 Transportation Appropriations Conference report, the full $1.23 million final project funding is recommended for the Lansing Intermodal Facility. Furthermore, we, in coordination with the Michigan Department of Transportation [MDOT], recommend that at least $1.8 million be appropriated for the Grand Rapids Area Transit Authority, and at least $900,000 to the Kalamazoo Transit Authority for buses and an intermodal facility. Finally, MDOT believes that as a start-up project, no more than $764,000 is needed for the Dearborn Intermodal Facility. No more than the remaining $7.13 million, in our coordinated opinion with MDOT, should be appropriated to MDOT for statewide distribution. There are other projects enumerated in the MDOT proposal, which melds the House and Senate marks, which we also believe deserve the designated level of support.

Mr. President, I would ask the chairman of the Appropriations Committee whether he cares to comment on this proposal?

Mr. HATFIELD. Considering the extensive discussions I know the two Senators from Michigan have conducted with their State and local governments over this proposal, I wish to assure both Senators that I will make every effort to ensure their proposal is given full consideration in conference discussions with the House.

EXHIBIT 1

Transit agency	Description	Federal funds
Lansing	Facility	$1,230,000
SMART	Buses and facility	1,800,000
GRATA	Facility	1,800,000
Flint	Facility	1,800,000
Kalkaska	Facility	576,000
Kalamazoo	Buses and facility	900,000
DDOT	Buses and facility	2,000,000
Dearborn	Intermodal facility	764,000
Detroit	Intermodal facility	2,000,000
Subtotal		12,870,000
Total		20,000,000

ADVANCED TECHNOLOGY BUS

Mrs. BOXER. Mr. President, I would like to ask the esteemed chairman of the Senate Appropriations Committee, Senator HATFIELD, if he would yield to a question regarding the transportation appropriations bill.

Mr. HATFIELD. I would be pleased to yield to the Senator from California.

Mrs. BOXER. Thank you. I first want to personally praise the distinguished chairman for this appropriations bill which does so much to enhance the safety and infrastructure investment in our Nation's transportation systems. I know the Senator is a long-time supporter of renewable energy technologies and transportation which uses clean fuels that preserve air quality in our Nation's cities.

I am particularly pleased at the committee's decision to approve the President's request for funding the Advanced Technology Transit Bus [ATTB]. This project, under development in Los Angeles, uses the expertise of our defense aerospace industry to build a next-generation transit bus that will run on a variety of clean fuels, will provide considerable maintenance savings to our transit agencies and will provide conveniences for disabled passengers.

The committee included by request for $13.1 million in bus discretionary funding to deploy five bus prototypes for transit agencies participating in the project across the country. The President had also requested $6.5 million in his budget to complete the research program under the National Planning and Research budget of the Federal Transit Administration. The committee fully funded the President's request for Transit Planning and Research, but did not specifically refer to the Advanced Technology Transit Bus. As the chairman knows, the prototype development will be dependent on the completion of the research phase.

I ask the chairman whether the Transportation Appropriations committee report excludes support for the ATTB research funding? In addition, since fuel cell technology is one of the propulsion systems proposed for the ATTB, would some funding for the Fuel Cell Transit Bus Program also be available to the ATTB project?

Mr. HATFIELD. I assure my colleague from California that the committee report does not mean the committee does not support research funding for the ATTB. I point out that the report also states that the committee has not earmarked projects mentioned in the House report that are not listed in this report. This action is taken without prejudice to final decisions on project funding that will be made in conference. The fuel cell component of the ATTB is an important part of the project, and I will make every effort to ensure that it is considered for funding.

Mrs. BOXER. I thank the Senator for his support for the research and deployment of the Advanced Technology Transit Bus.

Mrs. FEINSTEIN. I would like to engage in a colloquy with the chairman of the committee to clarify the subcommittee's intent with respect to the committee report language relating to the BART–SFO extension.

Specifically, I would like to address the stipulation contained in the committee report that would prevent the Federal Transit Administration from entering into a full funding grant agreement for the BART–SFO extension until all litigation regarding the project has been resolved. I have very strong concerns that this requirement could result in indefinite delays in the project. Further, I understand Secretary Peña, Governor Wilson, and the Federal Transit Administration [FTA] share these same concerns.

I understand it is not the chairman's intent with this report language to kill this project. Further, the chairman does not intend to impose any restrictions on the BART–SFO extension that have not previously been demanded of this and other transit projects seeking full funding grant agreements from the FTA.

I have a July 30 letter from Secretary Peña stating that the language contained in the committee report could encourage lawsuits and further that he would prefer not to see this language included. I understand the chairman does not intend to encourage frivolous lawsuits with this language, and further, I understand in speaking with the chairman that I can be assured this committee report language will be revised during the conference negotiations with the House to reflect the chairman's intent to move ahead with this project.

Mr. HATFIELD. That is my understanding.

Mrs. BOXER. I ask the President if the chairman would yield to another question.

Mr. HATFIELD. I would be happy to yield to the senator from California.

Mrs. BOXER. We appreciate the chairman's past support for this project and knows he understands the value of providing key connections for transit with other modes of travel, such as airports. We also appreciate his concerns over local participation in the decision-making for such a project. We would like to remind the chairman that this project has been on the local ballots and approved by our voters on three previous occasions. It enjoys wide community support. We understand from the county counsel of San Mateo County that as of July 16, 1996, any new initiative petition would be too late to qualify for the November 1996 ballot.

Is it the chairman's understanding that the committee report language will not necessitate another vote in 1996 if the time for qualifying such initiative has expired?

Mr. HATFIELD. That is my understanding. I thank the Senators for bringing their concerns to me.

DIGITAL BRITE RADAR INDICATOR TOWER EQUIPMENT (DBRITE) AT THE GAINESVILLE-ALACHUA REGIONAL AIRPORT

Mr. MACK. Mr. President, I would like to engage the Chairman in a brief colloquy on critical issues affecting the Gainesville-Alachua Regional Airport and the State of Florida.

Mr. HATFIELD. I would be pleased to engage in a colloquy with the Senator from Florida on this matter.

Mr. MACK. I would first like to thank the Chairman for his leadership and the fine work of his subcommittee in keeping the highways, railways and airways of this Nation safe and effective in meeting the transportation needs of our citizens.

Mr. HATFIELD. I thank my friend and colleague.

Mr. MACK. I believe you are aware, Mr. Chairman, of the situation confronting the Gainesville-Alachua Regional Airport in their effort to obtain a radar upgrade and the installation of a DBRITE system.

Gainesville was one of four airports specified by Congress in the reports accompanying the fiscal year 1988 and fiscal year 1990 Transportation appropriation bills to receive radar upgrades. To date, all but Gainesville have received radar upgrades. I find it very frustrating that the FAA has not fully implemented the direction in these reports. At the time the FAA requested the DBRITE system, they considered it a crucial safety factor for air traffic utilizing the Ocala, Gainesville, and north Florida region. Now, as a contract tower with 35 percent less manpower, this system appears even more essential. The DBRITE system would provide local controllers with real time pictures of all air traffic in the North Central Region, complementing the capacities and coverage of Jacksonville Airport.

I noted this year's Transportation Appropriations Committee Report contains language encouraging the FAA to honor prior commitments. Accordingly, Mr. Chairman, as it has now been almost 8 years since Congress allocated funds for Gainesville's DBRITE system, I would expect the FAA to take heed of this language and provide this much needed system to Gainesville-Alachua Regional Airport.

Mr. HATFIELD. Mr. President, I can sympathize with the frustration expressed by the junior Senator from Florida on behalf of the Gainesville/Ocala communities and regional airport. If the FAA had recognized a legitimate need which still exists, I certainly think it appropriate for the FAA to move forward in the delivery of the DBRITE system for the Gainesville-Alachua Regional Airport.

Mr. MACK. Mr. President, as an additional matter, I would like to bring to the chairman's attention another problem confronting the Gainesville-Alachua Regional Airport Authority and the surrounding areas and communities in finalizing their eligible FAA noise grant funding.

I have been informed that as a result of judicial inverse condemnation proceedings, the city was forced to acquire certain properties and relocate former owners and occupants from certain sites covered by Federal Aviation Regulations, Part 150, Airport Noise Compatibility. This action required significant financial commitments from the local authorities, the city of Gainesville, and the Regional Airport Authority which these parties were apparently led to believe would be eligible for reimbursement through the AIP Noise Grant Program.

Would you not concur, Mr. Chairman, that this matter warrants FAA consideration?

Mr. HATFIELD. Mr. President, I can assure the Senator from Florida that I certainly think this is a matter which the FAA should carefully review. And, I look forward to working with him to bring both these matters to a resolution before the Congress finalizes the fiscal year 1997 legislation.

VTS 2000 COLLOQUY

Mr. JOHNSTON. I would like to engage into a colloquy with the distinguished chairman and ranking member of the Transportation Appropriations Subcommittee. Mr. President, I would like to commend the Transportation Appropriations Subcommittee on its committee report which provides funding to complete the final development of the Vessel Traffic System [VTS] 2000. This is a system that is necessary to enhance the safety and environmental quality of our country's vital ports and waterways. In the recent past, and quoted in the committee's report, the GAO has estimated the cost of establishing these VTS Systems at the originally envisioned 17 ports at a cost of up to $310 million. Through a competitive bidding process and the widespread use of commercial off-the-shelf and non-developmental equipment, the estimated costs have now been dramatically reduced. In fact, recent estimates of the costs are well below those estimated by the GAO—now less than $200 million. And that number could be substantially reduced depending on what type of systems are implemented as part of VTS 2000.

Mr. LAUTENBERG. I appreciate my colleague's remarks. The VTS 2000 program was one that we considered very carefully during markup of the Transportation appropriations bill this year. I believe that the VTS 2000 system provides great promise in promoting the safety and environmental protection of our Nation's waterways. The conference committee will indeed consider very carefully during our deliberations these cost issues you have just raised.

Mr. BREAUX. Mr. President, I would like to associate myself with the remarks made by my colleagues regarding the VTS 2000 system. The study which was recently published by the Marine Board of the National Research Council concluded that "there is a compelling national interest in protecting the environment and in providing safe and efficient ports and waterways." and that "VTS can be a significant factor in enhancing the safety and efficiency of ports and waterways . . .". Establishing VTS systems at our Nation's important ports and waterways is absolutely vital. Also, I agree with my colleague that the estimated cost to produce and field the systems has been dramatically reduced. In addition, I would like to highlight the fact that the estimated annual costs to operate the system once it has been deployed have also been greatly reduced. Whereas some have estimated the annual operating costs of a VTS system to be $65 million, the Coast Guard now believes that those costs will be only $42 million per year for installation at all proposed posts, which includes the $20 million currently being spent annually on five operational ports. I would also note that there are a variety of creative ways to meet those annual operating obligations which should be fully reviewed once a final VTS system is proposed.

Mr. LAUTENBERG. Mr. President, I appreciate the very knowledgeable comments of Senator BREAUX. He is correct that there are significant potential cost reductions in both the establishment and operation of the VTS 2000 system. Both of my colleagues can rest assured that I will keep these issues clearly in focus as we deliberate the fiscal year 1997 Transportation appropriations bill in conference with the other body.

Mr. HATFIELD. I also appreciate the very knowledgeable comments of both of my distinguished colleagues from Louisiana. Maintaining the safety and environmental quality of this Nation's waterways remain critically important objectives of this subcommittee. The important cost issues raised by the Senators from Louisiana should be carefully considered by the conference committee as well as the completion of a final VTS system.

MID-AMERICA AVIATION RESOURCE CONSORTIUM

Mr. NICKLES. Senator HATFIELD, I strongly support the Senate report language which opposes the House's earmark of $1,700,000 for the Mid-America Aviation Resource Consortium [MARC]. In order to fund the facility in Minnesota, the House transferred funds out of the air traffic controller training program from the FAA Academy in Oklahoma City. This is an imprudent transfer of funds to a program which has not received the necessary support to continue.

I refer my colleagues to the conference report that accompanied the fiscal year 1996 bill which stated, "The conferees agree to provide $250,000 for continued support of the Mid-America Aviation Resource Consortium as proposed by the House, but intend that this be the final year of Federal support for this facility unless requested in the President's budget." Funding for this facility was not requested in the President's fiscal year 1997 budget.

I would like to include in the RECORD a letter from Mr. Richard Sanford, director of the Florida Aviation Management Development Associates, an FAA contractor, to Senator MACK which references the reallocation of $1.7 million in the House bill. Mr. Sanford writes, "This action, taken against the wishes of the FAA, effectively reduces the [FAA Academy's] budget and directly decrements $1.7 million from a competitively awarded instructional services contract held by the University of Oklahoma. I am very concerned that this action serves to penalize desired academic/business partnerships in the interests of supporting a consortium whose members have neither competed for the business nor are the FAA's preferred instructional service provider(s)."

I urge Senate conferees on the fiscal year 1997 transportation appropriations bill to insist upon the Senate position.

Mr. HATFIELD. Senator NICKLES, I appreciate your interest in this important issue and your strong commitment to safety training at the FAA. I oppose the House effort to reallocate $1,700,000 from the FAA Academy to MARC and will remind conferees of the intention of the fiscal year 1996 conference report to terminate funding for MARC. Finally, I will urge the fiscal year 1997 conference to maintain the position outlined in the Senate provision.

Mr. NICKLES. I ask unanimous consent the letter from Mr. Sanford be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FAMDA, A JOINT VENTURE,
Palm Coast, FL, July 10, 1996.

Senator CONNIE MACK,
Hart Office Building,
Washington, DC.

DEAR SENATOR MACK: The Federal Aviation Administration has elected to model partnerships between the Government, academia, and business by awarding both technical and non-technical instructional services contracts to organizations featuring such partnerships. In the technical training area, the partnership with the FAA at the FAA Academy in Oklahoma City is shared by the University of Oklahoma with American Systems Corporation as a subcontractor. In the non-technical area, Florida Aviation Management Development Associates (FAMDA), a joint venture between the University of Central Florida and American Systems Corporation (ASC) supports the Center for Management Development (CMD) in Palm Coast, Florida.

A short time ago, the House Appropriations Subcommittee signed out their appropriations bill which, among other things, directed the reallocation of $1.7M originally budgeted to support instructional activities at the FAA Academy in Oklahoma City to the Mid-America Aviation Research Consortium (MARC), a group of educational institutions which have positioned themselves to provide technical training support to the FAA. This action, taken against the wishes of the FAA, effectively reduces the Academy budget and directly decrements $1.7M from a competitively awarded instructional services contract held by the University of Oklahoma. I am very concerned that this action serves to penalize desired academic/business partnerships in the interests of supporting a consortium whose members have neither competed for the business nor are the FAA's preferred instructional services provider(s). I am also mindful that this same flawed strategy could be applied to the Center for Management Development in Palm Coast to the detriment of the University of Central Florida and ASC.

Senator Don Nickles is leading an effort to restore the $1.7M in funding to the FAA Academy and, ultimately, the University of Oklahoma. I urge you to lend your support to his efforts and favorably resolve this issue in conference. I have attached information which may provide additional insight on this issue.

Thank you for your continued support of CMD and the FAMDA joint venture.

Sincerely,

RICHARD M. SANFORD,
Managing Director.

Mr. KERRY. This is a good bill, Mr. President, responsibly and carefully assembled by the distinguished chairman, the ranking Democratic member, the subcommittee and its staff. I compliment them on their work and support its passage.

Even so, Mr. President, due to the very difficult budget environment in which we are laboring, this bill does not do complete justice to what I believe are vital transportation infrastructure needs, a reality on which I believe I could find considerable agreement with the chairman and ranking member. For example, Massachusetts and other States need more funding for mass transit and passenger rail than the committee could provide.

Federal funding for Amtrak has declined by approximately one-quarter since 1995. This year, the Senate bill appropriates $592 million for Amtrak for 1997 which is $130 million more than the House provided. I commend the committee for at least including this amount for Amtrak because the House's amount is a slow-motion death penalty. The capital-intensive nature of passenger rail makes it unlikely to survive as a viable transportation mode without some kind of Government support. And I do not know why we find that surprising. We heavily subsidize scheduled air travel, general aviation, and highways. It is entirely appropriate—and beneficial to our Nation—that we subsidize passenger rail.

The United States still falls short among the nations of the world in per capita spending on passenger rail—behind such countries as Belarus, Botswana, and Guinea, not to mention the nations of Western Europe. It is my hope that the Senate position on funding for Amtrak will be sustained in the conference committee to resolve the differences between the bills passed by the House and the Senate. And as a member of the Senate Commerce Committee, which has reported legislation to restructure Amtrak in order to place it on a path toward greater fiscal stability and accountability, I am very hopeful that we can enact reauthorization legislation before the end of the 104th Congress.

I strongly support the Senate actions to fund the Northeast Corridor Improvement Project [NECIP] which is vital to reducing congestion in the corridor and which, in turn, will result in important environmental, energy and employment benefits. We must move ahead with track work, upgrading maintenance facilities and completion of the electrification of the northern section as soon as possible. The $200 million in funding this legislation provides for NECIP will enable this important work to move forward. Again, I urge the members of the Committee who will be conferees to insist on the Senate position on NECIP in the conference committee. I would like to express my gratitude to Chairman HATFIELD and Ranking Member LAUTENBERG for their continuing and dependable support of NECIP.

Another area of special importance to Massachusetts is mass transit. I cannot avoid being disappointed by this bill's funding level for mass transit operating assistance. Recent cuts in funding have had a devastating effect on mass transit systems in my State. In Massachusetts, statutory caps are imposed on the amount of funding transit authorities can receive from State and local sources. Therefore, cuts in Federal assistance have a direct, immediate, and unavoidable impact on service to seniors, workers and students in my State. Having voiced my concern, I do want to acknowledge that I realize this problem is not attributable to the will of the subcommittee, its chairman, or its ranking member.

My constituents living and working in the Boston area are very appreciative for the funding included in the bill for the South Boston Piers Transitway, which is a critical component of the State Implementation Plan to comply with Clean Air Act requirements, and is anticipated to serve 22,000 riders daily. The transitway will be integrated with the extensive network of transit, commuter rail and bus service at South Station.

I also appreciate support for the restoration of historic Union Station in Springfield, MA, which will allow for the consolidation of regional transportation services in western Massachusetts in a single intermodal facility for local bus lines, intercity bus systems, trains, taxis, and limousine service. The restoration of the facility will be accompanied by renovation of the facility to accommodate commercial tenancy.

Also welcome is the committee's recommended funding for the development of the Cape Cod Intermodal Center which will accommodate intercity buses, regional buses, local shuttles, intercity trains, Amtrak summer tour trains, and bicyclists and will provide connections to the steamship authority's Hyannis terminal and to Barnstable Municipal Airport.

Once again, I thank the chairman and ranking member, who have labored conscientiously and diligently to do as much good in the transportation arena for the Nation and its people as possible under the budget restrictions imposed on them. I also want to acknowledge with appreciation the work of the staff with whom I am familiar, Pat McCann, Peter Rogoff, and Anne Miano. I offer my strongest encouragement to the conferees the Senate will name to work out differences between the House-passed and Senate-passed bills. This is a good bill, and I fervently hope the conference agreement will contain its best features. It matters to the nation and its people in 1996, and it will matter in the future.

Mrs. BOXER. Mr. President, I would like to speak today in support of the transportation appropriations bill for fiscal year 1997.

I commend the leadership of the Transportation Subcommittee, Chairman HATFIELD and ranking member, Senator LAUTENBERG, for their hard work in fashioning a program of infrastructure investment and safety enhancement with such little resources available to the subcommittee under this budget.

This bill makes considerable improvements over the House-passed legislation. These improvements will provide better air quality, better mobility for our citizens and safer skies. The recent tragedies from the air disasters from Florida and New York sadly underscored the fact that we have not done all that we can to make our skies safer.

I represent a State with 32 commercial airports, including at least half a dozen international airports, that handle more than 123 million passengers a year. So, I have a particularly strong interest in being sure that aviation security is our highest priority in air travel.

As a member of the House Government Operations Committee that held extensive hearings on the Pan Am Flight 103 disaster in 1989, and later as Chair of its Subcommittee on Government Activities and Transportation, I strongly urged greater attention to aviation security.

I want to also add my thanks to the chairman for the increased funding for aviation safety. Funding in the bill will add 250 more air traffic controllers and provide needed investment in our airways infrastructure, including $1.46 billion in airport improvement program funding. The House provided only $1.3 billion, a cut of $150 million from this year's level.

I am particularly pleased that the Senate committee provided the full amount requested by the President for the northern California TRACON. This is the regional radar facility for air traffic. The Senate's funding of the $8.7 million requested keeps this facility on track for commissioning in November 2000.

The Senate bill also provides $3.1 million for the precision approach path indicators, a state-of-the-art navigational systems for our airports. This funding will enable the Los Angeles company which manufactures this equipment to keep their production lines open.

I also believe ocean traffic safety will be enhanced by a provision that would prohibit funds to prohibit the Coast Guard from implementing regulations that would permit vessels to operate with a narrower margin of safety between Santa Barbara and San Francisco. This is a high-traffic area, particularly for oil tankers. The provision prohibits a vessel traffic safety fairway which is less than 5 miles wide. I authored a similar provision as a Member of the House. It makes good sense.

On enhancing trade, the Senate could do no better than its support for the Alameda transportation corridor. The Senate Appropriations Committee's support for the Alameda corridor project was our last major hurdle for moving this major trade project forward.

Last year in the National Highway System bill, we declared the project a "high priority corridor," eligible for a Federal loan. We worked with the President's top financing and transportation experts to fashion a loan package, and the President requested the $59 million appropriation to pay the subsidy cost for a $400 million loan for the $2 billion project.

The House supported that program, and now we have the Senate on board. The House and Senate approach the loan in different ways. Although this is not the approach that I would have recommended, Senator HATFIELD preferred using part of the funds provided under the State infrastructure bank program to provide a direct Federal loan for the project instead of the House's plan under the Federal Railroad Administration's loan guarantee program.

We can work out the best approach in conference. But there is no doubt that the House and Senate, Democrat and Republican, mayors of Long Beach and Los Angeles and the Governor of California and the President of the United States all support $59 million in Federal seed money to build this project. It will eliminate more than 200 intersections with the rail link to the largest port complex in the United States, the ports of Los Angeles and Long Beach. It will provide a modern gateway to Pacific Rim trade for our exporters across the country.

The Senate bill provides $234 million more for transit than the House bill, including $134 million more for local rail systems. Each weekday more than 6.8 million commuters use some form of transit, eliminating the need for more than 1,000 lanes of urban highways. I think that is a good investment in terms of improved air quality and economic productivity for our people.

The bill provides needed transit investment for California communities, including $5.5 million for a new transit center for Stockton which will anchor its major downtown redevelopment plans and $2.5 million to consolidate several, duplicative transit operations around Lake Tahoe into an efficient system using the latest in intelligent transportation technology. The bill provides $3 million for the Los Angeles Neighborhood Initiative and $600,000 for a new multimodal transit center in Thousand Oaks.

I am particularly pleased at the committee's decision to approve the President's request for funding the advanced technology transit bus. This project, under development in Los Angeles, uses the expertise of our defense aerospace industry to build a next-generation transit bus that will run on a variety of clean fuels, will provide considerable maintenance savings to our transit agencies and will provide conveniences for disabled passengers.

The committee included my request for $13.1 million in bus discretionary funding to deploy five bus prototypes for transit agencies participating in the project across the country.

Do I agree with everything in this bill? No, of course not. We do not meet the President's request for operating money for the Federal Aviation Administration. On the transit side, I am troubled by the freeze on operating assistance and the low funding for our major fixed rail transit projects in San Francisco and Los Angeles.

I am particularly concerned over the language in the Committee Report for the Bay Area Rapid Transit project to link up with San Francisco International Airport. I appreciate the chairman's generosity in personally meeting with me and Senator FEINSTEIN to hear our request for funding. Although the committee provided $20 million for the Bay Area rails program, it included harsh and overly restrictive report language.

I believe it is well within reason to restrict Federal funding until BART has presented a detailed financing plan and met all local funding commitment criteria. However, to hold up a full funding grant agreement "until all litigation regarding this project is resolved" is highly unrealistic. This language must send a chill down the spine of every major transit general manager. What project is next? Lawsuits are not uncommon on any public works project, and there are legal avenues already available particularly to address the environmental impact issues.

I ask unanimous consent to have printed in the RECORD a letter from Mr. Gordon Linton, administrator of the Federal Transit Administration, in this regard.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT
OF TRANSPORTATION,
FEDERAL TRANSIT ADMINISTRATION,
Washington, DC, July 31, 1996.

Hon. MARK O. HATFIELD,
Chairman, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN HATFIELD: I write to express concern about language in the Senate report accompanying the fiscal year 1997 U.S. Department of Transportation and Related Agencies Appropriations Act that would prohibit the Federal Transit Administration (FTA) from executing a Full Funding Grant Agreement or issuing a Letter of No Prejudice for the Bay Area Transit District's extension to San Francisco International Airport (the "SFO extension") "until all litigation" against the project "has been resolved . . ." For the reasons presented below, I respectfully request that this language be deleted in conference.

First, let me emphasize that, for good reason, no such directive has been applied to any fixed guideway project in FTA's thirty-five year history. All large transit projects, like all large public works projects, are inevitably the subject of some litigation. We cannot expect otherwise. Indeed, all Federal transit grantees undertaking new starts set aside contingency line items in their budgets to finance the litigation they can and should anticipate in the ordinary course of business. Resolution of such litigation often takes many years.

The language in the Senate report would require than a $1.2 billion investment in economic growth, congestion mitigation, and enhanced mobility for the Bay Area somehow proceed with no grievances against the project from contractors, suppliers, property owners, competing providers of transportation, or interested parties opposing the project. Whatever the intent, the language would hold the BART SFO extension hostage to any party making a claim—whether meritorious of spurious—against the project for the purpose of extracting money or other concessions from BART and Federal and local taxpayers.

Second, notwithstanding the persistent threats of environmental litigation against the SFO extension, both FTA and BART have every confidence in the adequacy of our environmental studies for this project and in our compliance with the National Environmental Policy Act (NEPA), the California Environmental Quality Act (CEQA), and all other applicable Federal and local environmental law and regulations. Let me assure you that there has never been a transit project that was the subject of NEPA and CEQA documents so thorough and voluminous as those for this project.

Finally, the selection of the locally preferred alternative for the SFO extension was the result of a very open, vigorous, and lengthy debate. Clearly, not everyone will be pleased with the tough decisions that must be made to pursue a project so vital and visible as this one; such is the nature of the transportation industry and the legacy of the Federal transit program's reliance on local decisionmaking to best serve a locality's needs. Litigation against a project ought to stand or fall on its own merits in the courts; it ought not be allowed to skew the orderly, even-handed development of legislation for the Fedreal transportation programs.

I have sent a similar letter to Congressman Wolf. Please let me know if I can be of any assistance in this matter.

Sincerely,

GORDON I. LINTON.

Mrs. BOXER. I look forward to continued conversations with the chairman and BART officials to bring some better understanding of their respective concerns before the Senate completes a conference report on the bill.

I also look forward to further conversations on how we can increase funding for the Los Angeles Red Line extension. The $55 million provided in the bill will have a serious impact on the project's construction schedule. The amount is about a third of the President's request. The shortfall could lead to $300 million in cost increases from delays. More than 5,000 jobs would be lost. Ultimately, this shortfall will lead to slower highway speeds and costly delays that our stressed Los Angeles highway network and its commuters can hardly sustain.

We still have more work to do in conference to improve the infrastructure investments for California. Overall, the Senate bill provides greater help for my State, and I am hopeful these last few differences can be settled so we can send the bill to the President for his signature.

Mrs. MURRAY. Mr. President, I rise today in strong support of the transportation appropriations bill. I want to applaud Senators HATFIELD and LAUTENBERG for their strong leadership over an area of increased competition for fewer dollars.

This legislation though, is bittersweet, as it marks the final transportation bill for Chairman HATFIELD. My neighbor to the south has been a compassionate champion for our Nation's infrastructure. The loss to this body and the Pacific Northwest will be felt for a very long time.

The State of Washington has witnessed tremendous growth over the last decade, accompanied by traffic congestion on roads that have not kept pace with this region's large influx of residents. I am pleased that this bill seeks to accommodate much of that growth within the Puget Sound region.

The committee has included funds which support a commuter rail service between the cities of Everett, Seattle, and Tacoma. This line would form the foundation for a larger regional transit service in the Puget Sound that is set for a vote this November. This commuter service would operate trains on existing track between the most heavily populated centers of Washington State.

The committee also included funding to aid commuters traveling from suburban cities to downtown Seattle. These funds will enable King County Metro to connect the cities of Kenmore, Redmond, Renton, Tukwila, and Auburn with Seattle, through smaller neighborhood buses that meet larger commuter buses heading into the city.

Further, I am thrilled that the bill has included funds that support a comprehensive transportation solution to congestion around the Kingdome and new baseball stadium. Together with King County, the city of Seattle, the Washington State Department of Transportation, the Port of Seattle, the Baseball Stadium Public Facilities District and Burlington Northern-Santa Fe Railroad, these dollars will create a transit center facilitating access for both transit and pedestrians through the area.

Last, Mr. President, I wanted to commend the committee for allowing Wenatchee to finish construction on the Chelan-Douglas Multimodal Center. The city of Wenatchee and Link Transit Systems have been working on the Multimodal Transportation Center project for 3 years. These funds will finish construction on the project and improve pedestrian and bicycle access.

All of these projects utilize several different modes of transportation to more quickly and efficiently move our growing population. I appreciate the committee's hard work in light of difficult budget choices and urge my colleagues' support of this critical appropriations bill.

Mr. DOMENICI. Mr. President, I rise in support of the Department of Transportation and Related Agencies appropriations bill for fiscal year 1997.

I commend the distinguished chairman of the Appropriations Committee for bringing us a balanced bill considering the current budget constraints.

The Senate reported bill provides $12.6 billion in new budget authority [BA] and $12.3 billion in new outlays to fund the programs of the Department of Transportation, including federal aid highway, mass transit, and aviation activities.

When outlays from prior-year budget authority is taken into account, the bill totals $12.6 billion in BA and $36.1 billion in new outlays.

The subcommittee is essentially at its 602(b) allocation in both BA and outlays.

The Senate reported bill is $184 million in outlays below the President's 1997 request. The bill does provide for the President's request of $250 million for state infrastructure banks.

The Senate reported bill is $240 million in BA below the House version of the bill. Both House and Senate bills provide the same amount of outlays.

Mr. President, I ask unanimous consent that a table displaying the Budget Committee scoring of this bill be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TRANSPORTATION SUBCOMMITTEE—SPENDING TOTALS—SENATE-REPORTED BILL—FISCAL YEAR 1997

[In millions of dollars]

	Budget authority	Outlays
Defense discretionary:		
Outlays from prior-year BA and other actions completed		37
H.R. 3675, as reported to the Senate		
Scorekeeping adjustment		
Subtotal defense discretionary		37
Nondefense discretionary:		
Outlays from prior-year BA and other actions completed		23,748
H.R. 3675, as reported to the Senate	11,950	11,668
Scorekeeping adjustment		
Subtotal nondefense discretionary	11,950	35,416
Mandatory:		
Outlays from prior-year BA and other actions completed		
H.R. 3675, as reported to the Senate	608	602
Adjustment to conform mandatory programs with Budget Resolutions assumptions	−3	
Subtotal mandatory	605	602
Adjusted bill total	12,555	36,055
Senate Subcommittee 602(b) allocation:		
Defense discretionary		37
Nondefense discretionary	11,950	35,416
Violent crime reduction trust fund		
Mandatory	605	602
Total allocation	12,555	36,055
Adjusted bill total compared to Senate Subcommittee 602(b) allocation:		
Defense discretionary		
Nondefense discretionary		
Violent crime reduction trust fund		
Mandatory		
Total allocation		

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. DOMENICI. Mr. President, I support the bill and urge its adoption.

Mr. HATFIELD. Mr. President, I know of no further amendments to be offered.

I ask for third reading of the bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read for the third time, the question is, Shall the bill pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Louisiana [Mr. JOHNSTON], the Senator from Arkansas [Mr. PRYOR], and the Senator from Illinois [Mr. SIMON], are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 95, nays 2, as follows:

[Rollcall Vote No. 261 Leg.]

YEAS—95

Abraham
Akaka
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Bradley
Breaux
Brown
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Exon
Faircloth
Feingold
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Murray
Nickles
Nunn
Pell
Pressler
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wellstone
Wyden

NAYS—2

Kyl
McCain

NOT VOTING—3

Johnston
Pryor
Simon

The bill (H.R. 3675), as amended, was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Now, Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives on the disagreeing votes of the two Houses, and the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. HATFIELD, Mr. DOMENICI, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. SHELBY, Mr. LAUTENBERG, Mr. BYRD, Mr. HARKIN, Ms. MIKULSKI and Mr. REID conferees on the part of the Senate.

Mr. HATFIELD. Mr. President, I want to call attention to a matter relating to one of our staff people, Pat McCann, who is the staff director for the majority party. He is a very interesting person who has been on this committee, the transportation subcommittee, for 13 years. It is illustrative of another matter, and that is how our committee must operate on a bipartisan basis.

When we bring a bill to the floor we have to have comanagers, in which the ranking member and whoever he or she may be, a Democrat and a Republican, and the Chair, have to have agreed to the bill and therefore present a united front. I say this is unusual about committees in the Senate, but we are the only committee that has to report bills by law. We have to keep this country going and, therefore, we have to report 13 bills, come whatever may.

I happened to be chairing the Appropriations Committee in a previous cycle, from 1981 to 1987. I, at that time, had an opportunity to hire on the committee Pat McCann, as the Republican majority at that time. But subsequent chairmen of that committee, the full committee, Senator Stennis and Senator BYRD, followed the same pattern that I followed and that is that we do not wipe out our staff in each election cycle, because they are truly professionals, serving both sides of the committee. So Pat McCann continued on in that professional role.

My immediate predecessor, Senator LAUTENBERG, now the ranking member, as the chairman of that subcommittee, continued Pat McCann, and Anne Miano, our assistant staff director, was hired by Senator D'AMATO when he chaired that particular subcommittee. As it was with Peter Rogoff, who is now the staff director for the minority. They continued all through these various changes of party and majorityship.

So I not only pay tribute to Pat McCann for his faithful service, totally professional service that he has provided the committee, but to all the staff on our particular committee.

I thank also at this time the outstanding work of Senator LAUTENBERG. We could not have brought this bill to the floor without Senator LAUTENBERG's leadership, and we could not have resolved the many conflicts and problems that we faced in this committee.

Again, I say to Anne Miano, Peter Rogoff, Pat McCann that we only are able to do this when we have this kind of staff. We look good, and at the same time we have to realize it is more than just our charming personalities. It is the fine work of staff that has made possible the producing of this bill.

So I just want to call attention to Pat's leaving of the Senate. He is going to move through the conference with us. By the time we get that conference report back here, he will probably be up in the balcony, up in the gallery. I hope he is not editorializing verbally up there as we proceed with the conference report, because I expect it to be of such quality that we will be able to pass it with a voice vote within a very, very brief time.

I thank the Chair.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I, too, want to add some words of commendation and appreciation to the staff, particularly on this occasion when Pat McCann will have seen the last transportation appropriations bill that he is going to have to work on. I reminded him, sometime he is going to look back here, where it is a quarter to 10 at night, he has not had dinner, has not seen his family, he has not been able to watch the Olympics, how much he is going to miss this place. He started to weep, and I could see a tear fall down his cheek, but he will be strong.

On a serious note, Pat's service has been truly exemplary of bipartisanship. He came to me as a Republican, stayed with me as a Republican and left as a Republican. That is really bipartisan. But we have worked very well together—again, trying to be serious, Pat and Peter, the two senior people on each of the subcommittee staffs, the majority and the minority, have given loyal service wherever and whenever called upon to do so.

We are going to miss Pat. He brings a special touch and a good sense of humor and knows the subject extremely well, and he had the good judgment to send his daughter to college in New Jersey. Princeton, of course, is a nice place to have a child. Mine didn't go there. He felt it was too close to dad or too close to home. Pat has been a marvelous, marvelous influence on staff and on Members as well.

So it is with other members. Peter Rogoff is really busy these days. We learned the difference between being in the majority and being in the minority. It is numbers of people that you have to do the job. Peter has been a very able assistant throughout this.

I thank also Anne Miano. I have gotten to know Anne over the years and watched her approach motherhood and do that very well, while also staying on top of the work she has here.

Joyce Rose who has been helpful, Carole Geagley and Mike Brennan, his first time on the bill. To all the staff, my deepest appreciation and thanks for a good job.

When I look at how complicated things are right now and see how sparse the funding for major, significant programs has become, we just dealt with over 37 billion dollars' worth of funding, very important transportation programs dealing with aviation, highways, rail, Coast Guard, and I think have done it with balance and with consideration for the value of all of the programs.

That resulted, Mr. President, from the influence of Senator HATFIELD, his leadership, his constancy, his conscientious belief that things have to be right among all, not just a few. It has enabled me to feel very good and feel like a full partner, though in the minority status and throughout the negotiation and the planning and the hearings and the markup of this bill.

So, we note with a degree of sadness, though he will be here with other bills, this is the last time that we will have Senator HATFIELD's valued hand as chairman. I hope, too, the conference will go through on a voice vote and, as a tribute to MARK HATFIELD, perhaps I can call on the goodness of the hearts of our colleagues to do it just that way.

As a friend, as a leader, as an outstanding citizen and American, MARK HATFIELD has been an enlightenment for many of us and particularly for me in the years I have had a chance to work with him.

We close this bill hoping our colleagues are satisfied with the job we have tried to do as best we can. I thank the Chair.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business, with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATIONS OF ADM. JAY L. JOHNSON, U.S. NAVY, TO BE ADMIRAL

Mr. THURMOND. Mr. President, this is a joint statement by Senator NUNN and myself on behalf of the Committee on Armed Services.

Today, the Armed Services Committee voted unanimously to favorably report the nomination of Adm. Jay Johnson for reappointment to the grade of admiral and assignment as the Chief of Naval Operations.

The vote followed both a closed session and an open hearing of the Committee on Armed Services in which the Members considered information provided by the Department of Defense relevant to admiral Johnson's qualifications to be Chief of Naval Operations.

During the hearing, Admiral Johnson discussed his attendance at Tailhook. In addressing the Committee he stated, "While I can't change the past, I can—and did—learn from it; so did the rest of the Navy. I was cautioned by the Secretary of the Navy for not being proactive in monitoring the conduct of junior officers and not taking effective action to prevent misconduct at Tailhook '91. Because I was there and have seen and felt first hand how much Tailhook hurt our great Navy, I am even more committed to ensuring that such an atmosphere will never again be tolerated."

Information provided by the Department of Defense relevant to the nomination is available at the Committee Office for review personally by Senators.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, July 30, the Federal debt stood at $5,183,982,827,241.61.

On a per capita basis, every man, woman, and child in America owes $19,532.86 as his or her share of that debt.

FULL HONOR REVIEW AND AWARD CEREMONY FOR SENATOR SAM NUNN

Mr. WARNER. Mr. President, history will record Senator SAM NUNN's distinguished public service with many chapters. There are, I am certain, more to come covering future challenges he will accept.

None, however, will be more important, more meaningful to him, than his ever vigilant concern for the men and women of all ranks of the armed services.

I can attest to his work, for I was privileged to serve on the Armed Services Committee for 6 years, when Senator NUNN was chairman, as the ranking Republican.

We were partners and a very high degree of bipartisanship prevailed among all members.

One of the many tributes to his service on this committee was paid to Senator NUNN on July 12, 1996, with a Trooping of the Colors by the troops for their chairman.

I ask unanimous consent to have printed in the RECORD remarks made on this memorable auspicious occasion.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FULL HONOR REVIEW AND AWARD CEREMONY FOR SENATOR SAM NUNN

AWARD NARRATIVE

For exceptional and outstanding service as Chairman, Ranking Member, and Member of the Armed Services Committee of the United States Senate from 1972 through 1996.

Senator Nunn has been the leading legislative voice on national security issues during a period of extraordinary change and challenge for the Department of Defense. With his unparalleled knowledge of national defense and foreign policy issues, his contributions to the security and well-being of our Nation are profound. His clear and eloquent voice has focused public debate on defining the vital interests of the United States, and promoted a strong defense and peace for future generations.

Senator Nunn has taken the initiative in authoring and sustaining legislation that has strengthened the morale and welfare of our men and women in uniform and their families, including the Nunn-Warner increases in military pay and benefits in 1980 to put the All-Volunteer Force on a sound footing, the Persian Gulf benefits package for the men and women who fought in Operation Desert Storm, and the post-cold-war transition benefits for military personnel, Department of Defense civilians, and defense industry employees.

Senator Nunn co-authored the Nunn-Lugar Cooperative Threat Reduction Program which has reduced significantly the threat of nuclear war by providing incentives for the states of the former Soviet Union to dismantle their arsenals.

Senator Nunn played a critical role in the development of the Department of Defense Reorganization Act of 1986, creation of the combatant command for special operation forces, enactment of the Federal Acquisition Streamlining Act of 1994, establishment of cooperative acquisition programs with our NATO allies, passage of legislation to facilitate cost savings through the closing of military bases, and in the development of the annual National Defense Authorization Acts.

At the request of President Clinton, he accompanied former President Jimmy Carter and retired General Colin Powell to Haiti during the 1994 crisis, where he helped to achieve an agreement that averted a military confrontation.

Senator Nunn has consistently articulated his views in a bipartisan manner that recognizes and sustains the traditional values of military service, duty, and patriotism. His achievements and dedication represent the highest traditions of government and public service, and reflects great credit upon himself, the Department of Defense, and the Congress of the United States. For these and his many other contributions, I take great pleasure in presenting Sam Nunn the Department of Defense Medal for Distinguished Public Service. [Applause]

Secretary Perry: Less than a mile up the Potomac River from here on Roosevelt Island are inscribed these words of President Theodore Roosevelt: "In popular government, results worth having can be achieved only by men who can combine worthy ideals with practical good sense." For more than two decades, our government has been blessed with the worthy results achieved by a man known for combining worthy ideals with practical good sense. That man is Senator Sam Nunn.

Worthy ideals and practical good sense are the hallmarks of each of Sam Nunn's many achievements. In 1991, Senator Nunn had the practical good sense that the world would be a much safer place if the thousands of nuclear weapons in the former Soviet Union were dismantled and safeguarded. He combined that practical good sense with worthy ideals, and along with Senator Richard Lugar, created the Nunn-Lugar program. This program has been a remarkable success.

Perhaps the most compelling Nunn-Lugar success story is centered on the Ukrainian town of Pervomaysk, which once housed 700 nuclear warheads, all of them aimed at targets in the United States. I have visited Pervomaysk four times in the last two years. The first visit was in March 1994, just after we signed the Trilateral Agreement, when I looked down into a nuclear missile silo and saw the missile, then saw the first batch of warheads on the way out. On my fourth visit this June, I joined the defense ministers of Ukraine and Russia in planting sunflower seeds at the site. By harvest time, that former missile field will be a productive sunflower field.

Thanks to the vision of Senator Sam Nunn, over 4,000 nuclear warheads have been removed from deployment and more than 700 bombers and ballistic missile launchers have been dismantled. Ukraine is now nuclear-weapons free. Kazakstan is already weapons free and Belarus will be nuclear weapons free by the end of the year.

The worthy ideals and common sense that lie behind the Nunn-Lugar program, are emblematic of Senator NUNN's entire career in the U.S. Senate. He has applied these traits to making America safer and stronger. He was the unsung hero of the Goldwater-Nichols Act. Sam never minded being unsung, but I think today we ought to sing him. And—

[Applause]

—I believe the Goldwater-Nichols Act is perhaps the most important defense legislation since World War II. It dramatically changed the way that America's forces operate by streamlining the command process and empowering the Chairman of the Joint Chiefs of Staff and the unified commanders. These changes paid off in the resounding success of our forces in Desert Storm, in Haiti, and today, in Bosnia. Sam Nunn provided much of the thinking and logic behind the legislation and was the persuasive force behind its passage into law. I will always think of it as the Goldwater-Nichols-Nunn legislation.

Throughout his career, Senator Nunn left his mark throughout the U.S. Armed Forces. In the 1970's and the 1980's, he championed the stealth technology that helped win the Gulf War. In the 1990's, he led the fight for acquisition reform, ensuring that our forces get the best equipment, at the best price, at the quickest time. And he's been a strong advocate of making the most use of the Guard and Reserve and their unique talents and resources.

And nobody—I mean nobody—has done more for our men and women in uniform than Sam Nunn. He knows that they are the ones we count on to keep our country safe. And he's worked tirelessly to help build our quality force. Thanks to his efforts, we now have the best force in our history and the best force in the world. I have seen that quality force in action everywhere I've traveled. I've seen it at the DMZ in Korea, on the carriers in the Med and along the zone of separation in Bosnia.

I visited our IFOR troops in early January. It was the day after we opened up the Pontoon Bridge over the Sava River on the Bosnia border. The tanks and the Bradleys were rolling across the bridge and General Nash, General Joulwan, General Shalikaskvili and I decided that our entry to Bosnia would be on foot. And we decided to walk across the Sava River bridge from Croatia into Bosnia. Halfway across, we met some of the combat engineers who built the bridge, still working on finishing up some of the details. One of them was Sergeant First Class Kidwell, who stepped forward and said his enlistment was up and he wanted to reenlist. After all he and his comrades had been through to build this bridge—the bitter cold, the flooding of epic proportions, the danger of land mines—this sergeant still wanted to reenlist.

And so we swore him in for another four years in the Army, right there in the middle of the Sava River bridge. And I can tell you I have never been more proud of our Armed Forces than at that moment. And that moment—[Applause]—that moment is a tribute to Sam Nunn and to the quality force he has fought to build.

Today, the Department of Defense is thanking Senator Nunn, through his Distinguished Public Service Award. And to this award, I want to add my personal thanks. Three-and-a-half years ago, as I was considering whether or not to return to public service and to Washington, I consulted Senator Nunn. He urged me to accept the job as Deputy Secretary of Defense, and he talked about the exciting opportunities to improve the security of our country. And as I weighed my decision, one of the big pluses in my thinking was the opportunity to work with a public servant as intelligent, thoughtful, and courageous as Sam Nunn.

Well, this is Sam Nunn's last year in the U.S. Senate, but his influence will last for decades to come. He influenced the Senate and the Department of Defense. He's influenced the Nation. He leaves a magnificent legacy; a legacy of wisdom, tenacity, vision, and patriotism; a legacy which will make our world a better and safer world for our children and our grandchildren. Thank you, Senator Nunn.

[Applause]

General Shalikashvili: Senator Nunn, Mrs. Nunn, distinguished guests, let me begin by congratulating these magnificent soldiers, sailors, airmen, marines, and coast guardsmen standing in front of you.

[Applause]

My thanks to you. You've really made this day very, very special.

Now, in ancient times, the purpose of parades was for soldiers to come together in a very formal way to honor a man of very great status. And that very much is the purpose of this ceremony today—to honor a most remarkable man and to thank him for 24 years of service in the U.S. Senate.

President Theodore Roosevelt had a favorite admonishment—a warning really—a warning that you cannot spread patriotism too thin. Surely, as much as any American alive today, Sam Nunn has painted a picture—a vibrant canvas of patriotism—a canvas unstained by partisanship or personal gain, or even personal pride. But painted, instead, with broad brush strokes of wisdom, of conscience, of love for his country and of heartfelt love for the men and women in uniform. He has sat through year after year, for over two decades, of endless hearings and briefings, of going on trip after trip, listening to the needs and requests from our country's senior military and defense officials—always patiently, always with the courtliness for which he's so well known. And always it has been with the dedication to ensure that our policies are correct, that are plans are well-conceived, and that our military has the resources to remain the finest and most capable military in the world.

It has been said of him, that on issues of national security, Sam Nunn is the E.F. Hutton of the Hill. Well, actually, he's bigger than that. People not only eavesdropped to hear his views, they sought his views. [Applause]

There is an old saying that if you want peace, then you must understand war. It is a dictum that Sam Nunn has spent his career heeding—to the great benefit of his fellow Americans and of every American that's worn the uniform during his 24 years in the Senate.

I, for one, will greatly miss his counsel, his support, and his friendship and his unyielding efforts to maintain the Armed Services Committee as a serious body where issues of national security receive a fair and open hearing, and where wisdom and conscience, rather than partisanship, rule.

Senator Nunn, on behalf of the Joint Chiefs of Staff and on behalf of every man and woman in uniform, I thank you and I salute you. And I also suspect, indeed, I sincerely hope, that your voice and your counsel and your service will remain a national asset for a long, long time to come. My thanks to you. [Applause]

Senator NUNN: Secretary Perry, General Shalikashvili, members of the Joint Chiefs, Department of Defense personnel, Chairman Thurmond, my colleagues in the Senate and House and staffs—we should never forget them—distinguished ambassadors, men and women of our military service, members of my family and many friends.

From the bottom of my heart, I thank you for this great honor, for this medal and for this ceremony. Colleen and I will cherish this day, this parade, this ceremony, and we will remember it forever. Chairman Carl Vinson, my great-uncle, upon the christening of the nuclear aircraft carrier named in his honor, stated, "My star has reached its zenith." I feel that way today, Secretary Perry, General Shali and all of you gathered here.

Secretary Perry and General Shali, your remarks were so laudatory that I may change my mind and follow in the footsteps of Senator Strom Thurmond by becoming a write-in candidate for the U.S. Senate. [Applause]

Congress has no higher responsibility than its duty under our Constitution to provide for the common defense. That is our constitutional charge. During my quarter century in the Senate, my greatest sense of satisfaction has been working with our outstanding men and women in uniform that serve our Nation all over the world, as well as the personnel in the Department of Defense. To those who proudly marched in today's parade and to your comrades in arms who are on duty around the world—those of us in the Congress of the United States, and I think I can speak for everyone on both sides of the aisle, we are very proud of you and we are very proud of your families and we are proud of the job you do for the American people.

When I look around this audience, I feel like a pupil standing with gratitude before his mentors, his teachers and his heroes.

Secretary of Defense Bill Perry is all three. He has matched his technological genius with his dedicated commitment to the well-being of our men and women that serve our Nation in uniform. His personal integrity and his ability to explain complex issues in understandable terms is particularly valued by those of us whose VCRs are always blinking at 12 o'clock. [Laughter]

Secretary Perry's ability to judge character and leadership is exemplified in his choice of General Shalikashvili to head our Nation's armed forces. General Shali, we are grateful for your outstanding career and most of all we are grateful for your leadership of our military and for your example to the young people in the military and all young Americans.

When I see here today the Under Secretary for Acquisition and the Vice Chairman of the Joint Chiefs, I am reminded of 1977 when then Air Force Colonel Paul Kaminski and his assistant, then Major Joe Ralston, were driving Arnold Punaro and me on a cloak-and-dagger route to see the then highly-classified Stealth fighter at a clandestine location which could not be mentioned to anyone. The reason the F-117 stayed secret so long is that these guys couldn't find the base. [Laughter]

We ended up calling for help at a McDonalds' pay phone. There was, however, no doubt about their ability to keep a secret. Perhaps, that is why they are such good leaders today.

When I see retired General James Hollingsworth, my dear friend, in the audience, it brings back memories of his outstanding leadership in Korea and his leadership in the fundamental strengthening of our NATO posture at a very crucial time in our history. Thank you, Holly.

When I see one of my great friends and teachers, Jim Schlesinger, former "Secretary of Everything," I am reminded of his enormous contributions to our national security for the last four decades. Jim continues to be America's intellectual "pillar of iron" on matters of national security and foreign policy.

I also think back today to the courageous leadership of General David Jones, former Chairman of the Joint Chiefs; General Shy Meyer, the head of the U.S. Army; as well as Admiral Bill Crowe, now Ambassador, in leading the way toward fundamental Department of Defense reorganization which has paid off big-time as Secretary Perry has already mentioned. I also recall my good friend, the late General Dick Ellis, who as commander of the Strategic Air Command, prepared the foundation for much of the work I have done in risk reduction and nonproliferation. John Warner remembers that well because he was my partner in that endeavor.

I am reminded of industry giants like David Packard who recently passed away and others like him in industry today—many of whom are in this audience—who have led the way in making America the technological superpower of the world.

I think today of our excellent Committee staff who have assisted me and the Senate for the last 24 years, indeed, assisted all of us in the Congress, led by Staff Directors like Ed Braswell, Frank Sullivan, Rhett Dawson, Jim Roche, Jim McGovern, Carl Smith, Pat Tucker, Dick Reynard, Les Brownlee and, of course, Arnold Punaro, who likes to be called general. These staff directors and those who serve with them are the unsung heroes of America's military strength. They work day and night. They are assisted every day by outstanding people on our personal staffs. Many of those are here today. I will not try to call all of their names, but I am indebted to them and they know it.

There are two important footnotes to every national security improvement in which I have been involved. First, I take full responsibility for my mistakes and my bad ideas. No one else is responsible for those. But all of my good ideas were inspired by our men and women in uniform like those who stand so proudly here today. I have been the beneficiary of the leadership, guidance, advice and support of Senators like Senator

John Stennis, Senator Scoop Jackson, and Senator Robert Byrd, as well as my other colleagues on the Armed Services and Appropriations Committees and my many friends in the House of Representatives. That's the first footnote.

My second footnote, I believe, is of some relevance in this era of unfortunate but increasing political party warfare. And that's what it is. Each time I have been involved in a major national security initiative, it has been with a Republican partner.

From Barry Goldwater and Strom Thurmond on defense reorganization; to John Warner on risk reduction and pay and benefits for our troops; to Bill Cohen on special operations and low intensity conflict and demirving our missiles; and to Dick Lugar and Pete Domenici on preventing the spread of weapons of mass destruction.

Every major improvement in defense during my time in the Senate has been the result of a few Senators and House Members of both parties putting our Nation's security before partisan politics. [Applause.]

I submit, ladies and gentlemen, that there is no serious problem facing America today that can be solved by one political party. The American people recognize that and it is time for those of us in Washington to recognize that. [Applause.]

I could go on and on, but most of the parades I have attended were as an enlisted man standing at parade rest so the time has come for self-imposed cloture. [Laughter.]

Thomas Jefferson once said, "The blood of martyrs is the seed of freedom's tree." America's independence and our continued freedom have rested for 220 years on this premise. Freedom is in greater supply around the world today thanks to the United States and our allies—our allies played a big role and we should never forget that—but it comes at no small price in terms of required courage and commitment.

To the men and women in uniform and to all those who serve our Nation, I will leave the Senate keenly aware of what every American should remember. Our sense of security depends on your vigilance and your discipline. Our prosperity depends on your sacrifice. Our dreams and our children's dreams depend on your sleepless nights. And our freedom to live our lives in freedom depends on your willingness to risk yours.

May God bless each of you and all of those who serve America in the cause of freedom.

Mr. WARNER. Mr. President, I rise today to recognize the dedication, public service, and patriotism that personified the life of Capt. John William Kennedy, U.S. Air Force. Lieutenant Kennedy, or Jack as he was better known, was reported as missing in action on August 16, 1971, in South Vietnam. He was presumed killed in action on July 16, 1978, and finally confirmed as having been killed in action in May of this year.

Jack was born here in Washington, DC, but grew up in nearby Arlington, VA. He graduated from the Virginia Military Institute in 1969. While at VMI, he was the 1969 Southern Conference 160-pound wrestling champion, a member of the VMI honor court, and was inducted into the VMI sports hall of fame in 1980.

In October 1970, a year after entering the Air Force, Jack graduated from pilot training at Craig FBI in Selma, AL, and was awarded the Undergraduate Pilot Training Office Training Award for being tops in his class. He then attended O–2A pilot training at Hurlburt Field, Eglin AFB, FL, and was thereafter assigned to the 20th Tactical Air Support Squadron [PACAF] in South Vietnam.

Unfortunately, Jack's promising young career was tragically ended while Captain Kennedy was flying on a visual reconnaissance mission over the Quangtin Province in South Vietnam. On August 16, 1971, radio contact with Jack's O–2A aircraft was lost. A search effort was initiated, but no crash site or radio contacts or witnesses were uncovered. U.S. Army intelligence reports indicated that the 31st North Vietnamese Regiment was in the area at this time.

In 1993, over 20 years later, remains were found at a crash site in Quangtin Province. The DNA from these bone fragments were positively identified as a match with Jack's mother in 1995, and Captain Kennedy's remains were returned to the United States in late June 1996. On Friday, August 2, a funeral is scheduled for Captain Kennedy in the Old Post Chapel on Fort Myer, and internment with full military honors will follow at Arlington National Cemetery.

For his remarkable, yet short career, Lieutenant Kennedy was awarded the Distinguished Flying Cross, the Purple Heart, the Air Medal with two oak leaf clusters, the National Defense Service Medal, the Vietnam Service Medal, and the Republic of Vietnam Campaign Medal.

Capt. John Kennedy was the embodiment of an American hero. A true patriot and a superb Air Force officer who served with courage and integrity, he lost his life during one of the most intense and demanding periods in our Nation's history. His mother, who lives in Lake Ridge, VA, and his brother, Dan, who many of us know from his efforts on the Hill as Bechtel's representative, should be proud of Jack and what he accomplished during his short life. I am thankful that Jack's fate has been determined, and that he has now been returned home for a proper burial.

TRIBUTE TO SETH J. DIAMOND

Mr. BURNS. Mr. President, Montana suffered a large loss on Friday afternoon. A plane crash in the northwest corner of our State claimed the life of three men, Seth Diamond, Ken Kohli, and Al Hall. Seth lived in Missoula, MT, and Ken and Al lived in Cour d'Alene, ID.

Over the last few years, my staff and I had the pleasure of getting to know Seth Diamond. As a representative of the timber community in the intermountain West, I had many opportunities to work with Seth. Whether we were working on changing the way our Government deals with the Endangered Species Act or working in issues related to forest health and management, Seth was there with fresh ideas on how to solve hotly contested issues. It was Seth's sense of fairplay that gave him such a good standing with groups on both ends of the natural resource management spectrum. I valued and respected his comments and advice.

Seth Diamond was born in Philadelphia and grew up on Long Island, NY. He received an undergraduate degree from Duke and a wildlife biology masters from Virginia Polytechnic Institute and State University. In 1988, Seth found his way to Montana as a biologist for the U.S. Forest Service. He worked on the Lewis and Clark National Forest out of Choteau, MT.

The West is truly an unique area. Most believe you have to grow up in the West to appreciate our way of life and feel a strong commitment to protecting the businesses that have made Montana economically and culturally what it is today. It amazes me that a kid who grew up on the east coast could come to Montana and work to keep the wood products industry a part of Montana's economy, but most importantly believe it is vital to the wellbeing of Montana. Seth did just that.

Montana's resource dependent communities owe a great debt to Seth. He worked to achieve a common goal of providing jobs for families and protecting a renewable resource.

In addition to his commitment to Montana, Seth was a proud family man. He is survived by his wife, Carol, and children Kale, Laura, and Jesse Lynn. They and the rest of the Diamond family have Phyllis' and my prayers.

Montana is a richer place today because of the work and dedication of Seth Diamond. I feel fortunate to have been given an opportunity to consider him a friend.

Mr. President, I yield the floor.

FOREIGN OIL CONSUMED BY U.S.? HERE'S THE WEEKLY BOX SCORE

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending July 26, the United States imported 7,500,000 barrels of oil each day, the same amount imported during the same week a year ago.

Americans relied on foreign oil for 53.9 percent of their needs last week, and there are no signs that the upward spiral will abate. Before the Persian Gulf war, the United States obtained about 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil—by U.S. producers using American workers?

Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the United States—now 7,500,000 barrels a day.

SALUTING THE ALABAMA NSSC DIRECTORS ASSOCIATION

Mr. HEFLIN. Mr. President, in 1981, the Alabama Association of Retired Senior Volunteer Program [RSVP] project directors developed a proposal requesting State funding for their projects as a supplement to their Federal budgets. During State budget negotiations, the funding was also extended to Alabama's Senior Companion and Foster Grandparent projects, marking the beginning of a collaboration among senior service corps programs in my State that has continued for 15 years.

As a State association known as the Alabama National Senior Service Corps Directors Association, these three programs—RSVP, Senior Companion, and Foster Grandparents—have worked together to secure other funding. The Senior Corps' 35 State projects receive more than a quarter million dollars annually from the State budget to cover costs related to volunteers. These funds have been used to establish several programs, including a public housing mentoring program and training programs in prescription and over-the-counter drug misuse. The funds have also been used to conduct free community intergenerational workshops at sites throughout the State. The association also contracts with the IRS to provide tax counseling services for the elderly.

The association is now seeking Medicaid waiver funding and hopes to soon venture into the arena of private sector funding. Project directors have taken the first step toward seeking private sector support by incorporating as a 501(c)(3) organization.

I am pleased to congratulate and commend the Alabama National Senior Service Corps Directors Association for developing an array of outstanding programs and for providing a model that illustrates the power and potential of these kinds of partnerships in providing important services to our senior citizens.

THE MENTALLY ILL AND THE HEALTH INSURANCE BILL

Mr. DOMENICI. Mr. President, today I was informed by the chairman of Labor, Health and Human Services, Senator NANCY KASSEBAUM, that the conferees on the health insurance bill were not going to include—with reference to the mentally ill in this country—were not going to include even the compromise which had been offered to them that has been pending for the last 2 or 3 weeks. Frankly, the U.S. Senate voted overwhelmingly to rid this country of a terrible, terrible plight, the discrimination against the mentally ill in insurance coverage in this country. And not only the discrimination but the lack of fairness and parity of coverage.

I say publicly now to the business community of the United States, in particular the large companies, some of which are self-insured—I do not say this very often—but "Shame, shame on you. Shame on you." It is a very simple proposition of parity that is not going to cost very much and will say to the 5 million severely mentally ill Americans and their families that they are not going to be treated any longer like second-rate, if not third-rate, citizens.

All we asked of them in our compromise Senator WELLSTONE and I submitted was that if you are going to cover mental illness, if you are going to cover mental illness, that you must include two things: One, the same lifetime cap that is total coverage, and the same annual allowable per year as you include in insurance for everyone else.

Let me repeat, that amendment did not require any kind of insurance. It did not dictate coinsurance, deductibility or anything. So companies could still tailor mental health coverage. If they are concerned about abuses, they can write the abuses out before they even offer them.

All we asked for was the simple proposition to get started recognizing the discrimination that is in our current situation. That is to say, those who are mentally ill, do not cover them with $50,000 for life while you cover cancer patients with $1 million, do not cover the mentally ill with a $100,000 total lifetime if you cover those who have tuberculosis or have serious heart trouble with $500,000 or $1 million. Just parity, total coverage for total lifetime. On an annual basis, do not say to those who are mentally ill, you can only collect $10,000 a year maximum where you have $100,000 or $50,000 for others.

I truly believe there is a total lack of willingness to understand the nature of this problem. This problem is a blight on America, a blight on our insurance companies, and a blight on the business community who continues to resist moving in the direction of parity.

I want to thank those companies in the United States that already cover the mentally ill. And there are many. And I can say they are not running around complaining about the extraordinary costs. As a matter of fact, if this amendment, the one we told them we would settle for, were adopted, the increases are almost insignificant according to the Congressional Budget Office, because there are not a lot of people who will reach those limits. It is just to make sure we do not say to them, you are second-rate citizens.

If you have insurance, your parents bought insurance, they cover somebody in their family with schizophrenia, they did not get the shock of their life that after they have spent $100,000 they have no more for the rest of their life and look around at their neighbor who had a heart condition and they get $1 million worth of coverage. No.

I am not sure where we are going to end up. But I can say that a counteroffer was proposed, and I regret to say it was tantamount to a whole menu of options. And if you have a menu of options, you are going to get nothing, you are going to dump the mentally ill where they are already being dumped.

So I hope that they will reconsider this decision. I, for one, am prepared to look, at this moment, at any way I can—I am not sure I can succeed—but at any way I can to make it hard to pass that bill. And any way I can find to make it impossible to pass that bill, I will do it. I am not sure on this conference I will accomplish a great deal, but we will make some noise about it because there is no need for this decision to go this way.

If those on the business side will look at the proposed amendment that was offered in lieu of the Senate-passed amendment, if they can come forth and tell me and tell those who support it how it will hurt them, how it is going to cost them, what their problems are, then I would be willing to say indeed they are trying to do something fair.

Thus far, I think it is stubbornness, I think it is totally shameful, and I, for one, have been a staunch supporter of making sure we do not put undue burdens on business. It is a joke to say they do not want any additional mandates when the whole bill is a mandate. The whole bill is a mandate. We mandate insurance companies and businesses to pay for people with preexisting conditions which is going to cost billions of dollars, and they do not talk about that. There is no excuse.

I, for one, believe we have made a reasonable case. We have been more than fair. The millions of Americans suffering from this disgraceful discrimination are willing to accept a foot in the door, a little bit, just a start, and we get the door slammed right on them.

Obviously, we have a lot of work to do, but any conferees that are unaware of the decision to give the mentally ill people of this country nothing in this conference report, maybe they ought to start with the conferees. That is what they are about to do.

Mr. WELLSTONE. I say that the Senator from New Mexico spoke with great eloquence and power, and speaks for me.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:30 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, with an amendment, in which it requests the concurrence of the Senate:

S. 640. An act to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3846. An act to amend the Foreign Assistance Act of 1961 to authorize the provision of assistance for microenterprises, and for other purposes.

H.R. 3870. An act to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency.

At 3:58 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 740. An act to confer jurisdiction on the United States Court of Federal Claims with respect to land claims of Pueblo of Isleta Indian Tribe.

H.R. 885. An act to designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the "Oscar Garcia Rivera Post Office Building."

H.R. 1734. An act to reauthorize the National Film Preservation Board, and for other purposes.

H.R. 1786. An act to regulate fishing in certain waters of Alaska.

H.R. 2391. An act to amend the Fair Labor Standards Act of 1938 to provide compensatory time for all employees.

H.R. 2700. An act to designate the building located at 8302 FM 327, Elmendorf, Texas, which houses operations of the United States Postal Service, as the "Amos F. Longoria Post Office Building".

H.R. 3118. An act to amend title 38, United States Code, to reform eligibility for health care provided by the Department of Veterans Affairs.

H.R. 3139. An act to redesignate the United States Post Office building located at 245 Centereach Mall on Middle Country Road in Centereach, New York, as the "Rose Y. Caracappa United States Post Office Building."

H.R. 3198. An act to reauthorize and amend the National Geologic Mapping Act of 1992, and for other purposes.

H.R. 3215. An act to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

H.R. 3287. An act to direct the Secretary of the Interior to convey the Crawford National Fish Hatchery to the city of Crawford, Nebraska.

H.R. 3435. An act to make technical amendments to the Lobbying Disclosure Act of 1995.

H.R. 3546. An act to direct the Secretary of the Interior to convey the Walhalla National Fish Hatchery to the State of South Carolina.

H.R. 3557. An act to direct the Secretary of the Interior to convey the Marion National Fish Hatchery and the Claude Harris National Aquacultural Research Center to the State of Alabama.

H.R. 3586. An act to amend title 5, United States Code, to strengthen veterans' preference, to increase employment opportunities for veterans, and for other purposes.

H.R. 3680. An act to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva Conventions to provide criminal penalties for certain war crimes.

H.R. 3735. An act to amend the Foreign Assistance Act of 1961 to reauthorize the Development Fund for Africa under chapter 10 of part 1 of that act.

H.R. 3768. An act to designate a United States Post Office to be located in Groton, Massachusetts, as the "Augusta 'Gusty' Hornblower United States Post Office."

H.R. 3815. An act to make technical corrections and miscellaneous amendments to trade laws.

H.R. 3834. An act to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office."

H.R. 3867. An act to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the Act, and for other purposes.

H.R. 3868. An act to extend certain programs under the Energy Policy and Conservation Act through September 30, 1996.

H.J. Res. 166. Joint resolution granting the consent of Congress to the Mutual Aid Agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 142. Concurrent resolution regarding the human rights situation in Mauritania, including the continued practice of chattel slavery.

H. Con. Res. 155. Concurrent resolution concerning human and political rights and in support of a resolution of the crisis in Kosova.

H. Con. Res. 191. Concurrent resolution to recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II.

At 5:54 p.m., a message from the House of Representatives, delivered by Ms. Goetz, on of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2297. An act to codify without substantive change laws related to transportation and to improve the United States Code.

At 7:34 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 885. An act to designate the United States Post Office building located at 153 East 110th Street, New York, New York, as the "Oscar Garcia Rivera Post Office Building"; to the Committee on Governmental Affairs.

H.R. 1734. An act to reauthorize the National Film Preservation Board, and for other purposes; to the Committee on the Judiciary.

H.R. 1786. An act to regulate fishing in certain waters of Alaska; to the Committee on Energy and Natural Resources.

H.R. 2297. An act to codify without substantive change laws related to transportation and to improve the United States Code; to the Committee on the Judiciary.

H.R. 2700. An act to designate the building located at 8302 FM 327, Elmendorf, Texas, which houses operations of the United States Postal Service, as the "Amos F. Longoria Post Office Building"; to the Committee on Governmental Affairs.

H.R. 3118. An act to amend title 38, United States Code, to reform eligibility for health care provided by the Department of Veterans Affairs; to the Committee on Veterans' Affairs.

H.R. 3198. An act to reauthorize and amend the National Geologic Mapping Act of 1992, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 3287. An act to direct the Secretary of the Interior to convey the Crawford National Fish Hatchery to the city of Crawford, Nebraska; to the Committee on Environment and Public Works.

H.R. 3546. An act to direct the Secretary of the Interior to convey the Walhalla National Fish Hatchery to the State of South Carolina; to the Committee on Environment and Public Works.

H.R. 3557. An act to direct the Secretary of the Interior to convey the Marion National Fish Hatchery and the Claude Harris National Aquacultural Research Center to the State of Alabama; to the Committee on Environment and Public Works.

H.R. 3586. An act to amend title 5, United States Code, to strengthen veterans' preference, to increase employment opportunities for veterans, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 3768. An act to designate a United States Post Office to be located in Groton, Massachusetts, as the "Augusta 'Gusty' Hornblower United States Post Office"; to the Committee on Governmental Affairs.

H.R. 3815. An act to make technical corrections and miscellaneous amendments to trade laws; to the Committee on Finance.

H.R. 3846. An act to amend the Foreign Assistance Act of 1961 to authorize the provision of assistance for microenterprises, and for other purposes; to the Committee on Foreign Relations.

H.R. 3867. An act to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the Act, and for other purposes; to the Committee on Labor and Human Resources.

The following concurrent resolutions were read and referred as indicated:

H. Con. Res. 142. Concurrent resolution regarding the human rights situation in Mauritania, including the continued practice of chattel slavery; to the Committee on Foreign Relations.

H. Con. Res. 155. Concurrent resolution concerning human and political rights and in support of a resolution of the crisis in Kosova; to the Committee on Foreign Relations.

H. Con. Res. 191. Concurrent resolution to recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II; to the Committee on the Judiciary.

The following bill, previously received from the House of Representatives for the concurrence of the Senate, was read the first and second times by unanimous consent and referred as indicated:

H.R. 3665. An act to transfer to the Secretary of Agriculture the authority to conduct the census of agriculture; to the Committee on Governmental Affairs.

MEASURES PLACED ON THE CALENDAR

The following measure was read the first and second times by unanimous consent and placed on the calendar:

H.R. 3868. An act to extend certain programs under the Energy Policy and Conservation Act through September 30, 1996.

MEASURE READ THE FIRST TIME

The following measure was read the first time:

H.R. 2391. An act to amend the Fair Labor Standards Act of 1938 to provide compensatory time for all employees.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–3573. A communication from the Assistant Secretary of Legislative Affairs, Department of State, transmitting, pursuant to law, the report on the program recommendations of the Riyadh Accountability Review Board; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 1311. A bill to establish a National Fitness and Sports Foundation to carry out activities to support and supplement the mission of the President's Council on Physical Fitness and Sports, and for other purposes (Rept. No. 104–340).

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, with amendments:

S. 1735. A bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States (Rept. No. 104–341).

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, without amendment:

S. 1840. A bill to amend the Federal Trade Commission Act to authorize appropriations for the Federal Trade Commission (Rept. No. 104–342).

By Mr. HATCH, from the Committee on the Judiciary:

Report on the Activities of the Committee on the Judiciary of the U.S. Senate During the 103d Congress (Rept. No. 104–343).

By Mrs. KASSEBAUM, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 1643. A bill to amend the Older Americans Act of 1965 to authorize appropriations for fiscal years 1997 through 2001, and for other purposes (Rept. No. 104–344).

By Mrs. KASSEBAUM, from the Committee on Labor and Human Resources, without amendment:

S. Con. Res. 52. A bill to recognize and encourage the convening of a National Silver Haired Congress (Rept. No. 104–345).

By Mr. McCAIN, from the Committee on Indian Affairs, without amendment:

S. 1869. A bill to make certain technical corrections in the Indian Health Care Improvement Act, and for other purposes (Rept. No. 104–346).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation:

Thomas Hill Moore, of Florida, to be a Commissioner of the Consumer Product Safety Commission for a term of 7 years from October 26, 1996.

(The above nominations were reported with the recommendation that he be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. THURMOND, from the Committee on Armed Services:

The following-named officers for promotion in the Naval Reserve of the United States to the grade indicated under title 10, United States Code, section 5912:

UNRESTRICTED LINE

To be rear admiral

Rear Adm. (1h) James Wayne Eastwood, [redacted] U.S. Naval Reserve.

Rear Adm. (1h) John Edwin Ker [redacted] U.S. Naval Reserve.

Rear Adm. (1h) John Benjamin Totushek, [redacted] U.S. Naval Reserve.

RESTRICTED LINE

To be rear admiral

Rear Adm. (1h) Robert Hulburt Weidman, Jr. [redacted] U.S. Naval Reserve.

STAFF CORPS

To be rear admiral

Rear Adm. (1h) M. Eugene Fussell [redacted], U.S. Naval Reserve.

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under the provisions of section 601(a), Title 10, United States Code:

To be lieutenant general

Maj. Gen. Carlton W. Fulford, Jr. [redacted]

The following-named colonel of U.S. Marine Corps for promotion to the grade of brigadier general, under the provisions of section 624 of Title 10, United States Code:

To be brigadier general

Col. Arnold Fields [redacted] USMC.

The following-named officer, on the active duty list, for promotion to the grade of brigadier general in the U.S. Marine Corps in accordance with section 5046 of title 10, United States Code:

Theodore G. Hess [redacted]

The following-named colonels of the U.S. Marine Corps for promotion to the grade of brigadier general, under the provisions of section 624 of title 10, United States Code:

To be brigadier general

Col. Robert R. Blackman, Jr. [redacted] USMC.

Col. William G. Bowdon III [redacted] USMC.

Col. James T. Conway, [redacted] USMC.

Col. Keith T. Holcomb, [redacted] USMC.

Col. Harold Mashburn, Jr. [redacted] USMC.

Col. Gregory S. Newbold, [redacted] USMC.

The following-named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. John B. Sams, Jr [redacted] U.S. Air Force.

The following-named officer for appointment in the Reserve of the Air Force, to the grade indicated, under title 10, United States Code, sections 8374, 12201, and 12212:

To be brigadier general

Col. Christopher J. Luna [redacted] Air National Guard of the United States.

The following-named officer for promotion in the Regular Air Force of the United States to the grade indicated under title 10, United States Code, section 624:

To be brigadier general

Col. Gilbert J. Regan [redacted] U.S. Air Force.

The following-named brigadier generals of the U.S. Marine Corps Reserve for promotion to the grade of major general, under the provisions of section 5898 of title 10, United States Code:

To be major general

Brig. Gen. John W. Hill, [redacted] USMCR.

Brig. Gen. Dennis M. McCarthy, [redacted] USMCR.

The following-named colonel of the U.S. Marine Corps for promotion to the grade of brigadier general, under the provisions of section 624 of title 10, United States Code:

To be brigadier general

Col. Guy M. Vanderlinden [redacted] USMC.

The following-named officers for promotion in the Regular Army of the United

States to the grade indicated under title 10, United States Code, sections 611(a) and 624:

To be major general

Brig. Gen. Michael W. Ackerman [redacted]
Brig. Gen. Frank H. Akers, Jr. [redacted]
Brig. Gen. Leo J. Baxter [redacted]
Brig. Gen. Roy E. Beauchamp [redacted]
Brig. Gen. Kenneth R. Bowra [redacted]
Brig. Gen. Kevin P. Byrnes [redacted]
Brig. Gen. Michael A. Canavan [redacted]
Brig. Gen. Robert T. Clark [redacted]
Brig. Gen. Michael L. Dodson [redacted]
Brig. Gen. Robert B. Flowers [redacted]
Brig. Gen. Peter C. Franklin [redacted]
Brig. Gen. Thomas W. Garrett [redacted]
Brig. Gen. Emmitt E. Gibson [redacted]
Brig. Gen. David L. Granger [redacted]
Brig. Gen. David R. Gust [redacted]
Brig. Gen. Mark R. Hamilton [redacted]
Brig. Gen. Patricia R.P. Hickerson [redacted]
Brig. Gen. Robert R. Ivany [redacted]
Brig. Gen. Joseph K. Kellogg, Jr. [redacted]
Brig. Gen. John M. LeMoyne [redacted]
Brig. Gen. John M. McDuffie [redacted]
Brig. Gen. Freddy E. McFarren [redacted]
Brig. Gen. Mario F. Montero, Jr. [redacted]
Brig. Gen. Stephen T. Rippe [redacted]
Brig. Gen. John J. Ryneska [redacted]
Brig. Gen. Robert D. Shadley [redacted]
Brig. Gen. Edwin P. Smith [redacted]
Brig. Gen. John B. Sylvester [redacted]
Brig. Gen. Ralph G. Wooten, [redacted]

The following-named Army Medical Corps Competitive Category officers for appointment in the Regular Army of the United States to the grade of brigadier general under the provisions of title 10, United States Code, sections 611(a) and 624(c):

To be brigadier general

Col. Ralph O. Dewitt, Jr. [redacted] U.S. Army.
Col. Kevin C. Kiley, [redacted] U.S. Army.
Col. Michael J. Kussman [redacted] U.S. Army.
Col. Darrel R. Porr [redacted] U.S. Army.

The following-named Army Medical Corps Competitive Category officer for appointment in the Regular Army of the United States to the grade of brigadier general under the provisions of title 10, United States Code, sections 611(a) and 624(c):

To be brigadier general

Col. Mack C. Hill [redacted] U.S. Army.

The following-named officer for appointment to the grade of lieutenant general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. David L. Benton [redacted]

The following-named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Frank B. Campbell [redacted] U.S. Air Force.

The following-named officer for reappointment to the grade of lieutenant general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. Lester L. Lyles [redacted]

The following-named officer for appointment to the grade of lieutenant general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Patrick K. Gamble [redacted]

The following-named officer for appointment to the grade of lieutenant general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Roger G. DeKok [redacted]

The following-named officer for reappointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. Charles T. Robertson [redacted] U.S. Air Force.

The following-named officers for appointment in the Reserve of the Air Force, to the grade indicated, under the provisions of title 10, United States Code, sections 8373, 8374, 12201, and 12212:

To be major general

Brig. Gen. Keith D. Bjerke [redacted] Air National Guard.
Brig. Gen. Edmond W. Boenisch, Jr. [redacted], Air National Guard.
Brig. Gen. Stewart R. Byrne [redacted] Air National Guard.
Brig. Gen. John H. Fenimore V [redacted] Air National Guard.
Brig. Gen. Johnny J. Hobbs [redacted] Air National Guard.
Brig. Gen. Stephen G. Kearney [redacted] Air National Guard.
Brig. Gen. William B. Lynch [redacted] Air National Guard.

To be brigadier general

Col. Brian E. Barents [redacted] Air National Guard.
Col. George P. Christakos [redacted] Air National Guard.
Col. Walter C. Corish, Jr., [redacted] Air National Guard.
Col. Fred E. Ellis [redacted] Air National Guard.
Col. Frederick D. Feinstein [redacted] Air National Guard.
Col. William P. Gralow [redacted] Air National Guard.
Col. Douglas E. Henneman [redacted] Air National Guard.
Col. Edward R. Jayne II [redacted] Air National Guard.
Col. Raymond T. Klosowski [redacted] Air National Guard.
Col. Fred N. Larson [redacted] Air National Guard.
Col. Bruce W. Maclane, [redacted] Air National Guard.
Col. Ronald W. Mielke, [redacted] Air National Guard.
Col. Frank A. Mitolo, [redacted]
Col. Frank D. Rezac, [redacted]
Col. John P. Silliman, Jr. [redacted]
Col. George E. Wilson III [redacted]

The following-named officer for reappointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, sections 601 and 5033:

CHIEF OF NAVAL OPERATIONS

To be admiral

Adm. Jay L. Johnson, [redacted]

The following-named officer for appointment to the grade of general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be general

Lt. Gen. Howell M. Estes III, [redacted]

The following U.S. Army National Guard officer for promotion in the Reserve of the Army to the grade indicated under title 10, United States Code, sections 3385, 3392 and 12203(a):

To be major general

Brig. Gen. Gerald A. Rudisill, Jr. [redacted]

The following-named officer for promotion in the Regular Air Force of the United States to the grade indicated under title 10, United States Code, section 624:

To be brigadier general

Col. Garry R. Trexler [redacted]

*Everett Alverez, Jr., of Maryland, to be a Member of the Board of Regents of the Uniformed Services University of the Health Sciences for a term expiring May 1, 1999.

*Alberto Aleman Zubieta, a citizen of the Republic of Panama, to be Administrator of the Panama Canal Commission

The following named officer for appointment to the grade of lieutenant general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. Eric K. Shinseki [redacted]

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (Selectee) Lyle G. Bien [redacted]

(The above nominations were reported with the recommendation that they be confirmed.)

Mr. THURMOND. Mr. President, for the Committee on Armed Services, I report favorably the attached listing of nominations. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator, since these names have already appeared in the RECORDS of May 17, 1996, June 3, 18, and July 9, 11, 1996, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of May 17, 1996, June 3, 18, and July 9, 11, 1996, at the end of the Senate proceedings.)

**In the Air Force there are 31 promotions to the grade of lieutenant colonel (list begins with Gregory O. Allen) (Reference No. 1132).

**In the Navy there are 170 promotions to the grade of captain (list begins with William S. Adsit) (Reference No. 1133).

**In the Navy there are 304 promotions to the grade of captain (list begins with Johnny P. Albus) (Reference No. 1134).

**In the Air Force there are 2,525 promotions to the grade of lieutenant colonel and below (list begins with Derrick K. Anderson) (Reference No. 1135).

In the Navy there are 317 promotions to the grade of captain (list begins with Michael P. Agor)

**In the Army there is 1 promotion to the grade of lieutenant colonel (Wayne E. Anderson) (Reference No. 1165).

**In the Air Force there are 13 promotions to the grade of colonel and below (list begins with Stephen D. Chiabotti) (Reference No. 1188).

**In the Marine Corps there are 2 promotions to the grade of lieutenant colonel and below (list begins with Richard L. West) (Reference No. 1189).

**In the Navy there are 10 appointments to the grade of ensign (list begins with Anthony L. Evangelista) (Reference No. 1190).

**In the Marine Corps there is 1 posthumous appointment to the grade of lieutenant colonel (John J. Canney) (Reference No. 1195).

**In the Army there are 200 promotions to the grade of lieutenant colonel (list begins with Ann L. Bagley) (Reference No. 1196).

**In the Army there are 423 promotions to the grade of major (list begins with James W. Baik) (Reference No. 1197).

Total: 3,742.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. WYDEN (for himself, Ms. SNOWE, and Mrs. BOXER):

S. 2004. A bill to modify certain provisions of the Health Care Quality Improvement Act of 1986; to the Committee on Labor and Human Resources.

By Mr. WYDEN:

S. 2005. A bill to prohibit the restriction of certain types of medical communications between a health care provider and a patient; to the Committee on Labor and Human Resources.

By Mr. HATCH (for himself, Mr. BIDEN, Mr. THURMOND, and Mr. GRASSLEY):

S. 2006. A bill to clarify the intent of Congress with respect to the Federal carjacking prohibition; read the first time.

By Mr. BIDEN (for himself, Mr. HATCH, Mr. LEAHY, Mr. KOHL, Mr. GRASSLEY, Mrs. BOXER, Ms. MIKULSKI, and Ms. MOSELEY-BRAUN):

S. 2007. A bill to clarify the intent of Congress with respect to the Federal carjacking prohibition; read the first time.

By Mr. DASCHLE (for himself, Mr. ROCKEFELLER, Mr. KERRY, Mr. WELLSTONE, Ms. MIKULSKI, Mr. BYRD, Mr. DODD, Mr. CONRAD, Mr. INOUYE, Mr. PELL, Mr. SIMON, Mr. FEINGOLD, Mr. BREAUX, Mrs. BOXER, Mr. DORGAN, Mrs. FEINSTEIN, Mr. GLENN, Mr. HARKIN, Mr. ROBB, and Mr. KENNEDY):

S. 2008. A bill to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. ASHCROFT:

S.J. Res. 58. A joint resolution proposing an amendment to the Constitution of the United States relative to granting power to the States to propose constitutional amendments; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. WYDEN (for himself, Ms. SNOWE, and Mrs. BOXER):

S. 2004. A bill to modify certain provisions of the Health Care Quality Improvement Act of 1986; to the Committee on Labor and Human Resources.

By Mr. WYDEN:

S. 2005. A bill to prohibit the restriction of certain types of medical communications between a health care provider and a patient; to the Committee on Labor and Human Resources.

THE PATIENT COMMUNICATIONS PROTECTION ACT OF 1996

Mr. WYDEN. Mr. President, I rise today to introduce two new bills which I believe will help more fully inform patients and consumers about the health care choices they face, and safeguard the most critical relationship between care giver and patient.

The first bill, which I introduce with my colleagues Senator SNOWE and Senator BOXER, is the Health Care Quality Improvements Act of 1996. It amends and improves the 1986 public law which created the national practitioner databank, an informational resource maintained by the Department of Health and Human Services which is a compendium of State disciplinary actions and civil malpractice case judgments against caregivers. As of this year, some 86,000 caregivers are listed in this taxpayer-supported databank. Currently, this informational resource is accessible only by hospitals, insurance plans, and State boards of medicine and health care licensing. The legislation introduced by Senator SNOWE and me, today, would for the first time allow public access to critically important databank records. Caregivers who have had at least three reportable incidents in their files would have their entire databank records opened to the public. This legislation also would create an Internet site on the World Wide Web allowing easier access for publicly accessible information.

The second bill, the Patient Communications Protection Act of 1996, would make illegal provisions in some contracts between caregivers and health plans which restrict communications between caregivers and their patients. Too often, I believe, these contract provisions limit the free and necessary communications of information to patients regarding their medical condition and all possible modalities of treatment. This legislation, while upholding the right of plans to work with physicians to improve the overall quality of care within a health plan, clearly restricts plans from impeding the free flow of medical information between State-licensed caregivers and patient.

The Health Care Quality Improvements Act is endorsed by a number of groups including Families USA, Consumer Action, the National Association of Health Data Organizations, and the United Seniors Health Cooperative.

The Patient Communications Protection Act is supported by the Oregon Medical Association, the American Association of Retired Persons, the Center for Patient Advocacy, Citizen Action, the Consumers Union, and the American College of Emergency Physicians.

Mr. President, I ask unanimous consent that the text of the bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 2004

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Health Care Quality Improvement Act Amendments of 1996".

SEC. 2. STANDARDS FOR PROFESSIONAL REVIEW ACTIONS.

Section 412(a) of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11112(a)) is amended in the matter after and below paragraph (4) by adding at the end the following sentence: "A motion for summary judgment that such standards have been met shall be granted unless, considering the evidence in the light most favorable to the opposing party, a reasonable finder of fact could conclude that the presumption has been so rebutted. The decision on such a motion may be appealed as of right, without regard to whether the motion is granted or denied, and the courts of appeals (other than the United States Court of Appeals for the Federal Circuit) have jurisdiction of appeals from such decisions of the district courts.".

SEC. 3. REQUIRING REPORTS ON MEDICAL MALPRACTICE DATA.

(a) IN GENERAL.—Section 421 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11131) is amended—

(1) by striking subsections (a) and (b);

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(3) by inserting before subsection (d) (as so redesignated) the following subsections:

"(a) IN GENERAL.—

"(1) REQUIREMENT OF REPORTING.—Subject to the subsequent provisions of this subsection, each person or entity which makes payment under a policy of insurance, self-insurance, or otherwise in settlement (or partial settlement) of, or in satisfaction of a judgment in, a medical malpractice action or claim shall report, in accordance with section 424, information respecting the payment and circumstances thereof.

"(2) PAYMENTS BY PRACTITIONERS.—The persons to whom the requirement of paragraph (1) applies include a physician or other licenses healthcare practitioner who makes a payment described in such paragraph and whose acts or omissions are the basis of the action or claim involved. The preceding sentence is subject to paragraph (3).

"(3) REFIND OF FEES.—With respect to a physician or other licensed health care practitioner whose acts or omissions are the basis of an action or claim described in paragraph (1), the requirement of such paragraph shall not apply to a payment described in such paragraph if—

"(A) the payment is made by the physician or practitioner as a refund of fees for the health services involved, and

"(B) the payment does not exceed the amount of the original charge for the health services.

"(4) DEFINITION OF ENTITY AND PERSON.—For purposes of this section, the term 'entity' includes the Federal Government, any State or local government, and any insurance company or other private entity; and the term 'person' includes Federal officers and employees.

"(b) INFORMATION TO BE REPORTED.—The information to be reported under subsection

(a) by a person or entity regarding a payment and an action or claim includes the following:

"(1)(A) The name of each physician or other licensed health care practitioner whose acts or omissions were the basis of the action or claim; and (to the extent authorized under title II of the Social Security Act) the social security account number assigned to the physician or practitioner.

"(B) The medical field of the physician or practitioner, including as applicable the medical specialty.

"(C) The date on which the physician or practitioner was first licensed in the medical field involved, and the number of years the physician or practitioner has been practicing in such field.

"(D) If the physician or practitioner could not be identified for purposes of subparagraph (A)—

"(i) a statement of such fact and an explanation of the inability to make the identification, and

"(ii) the name of the hospital or other health services organization (as defined in section 431) for whose benefit the payment was made.

"(2) The amount of the payment.

"(3) The name (if known) of any hospital or other health services organization with which the physician or practitioner is affiliated or associated.

"(4)(A) A statement that describes the acts or omissions and injuries or illnesses upon which the action or claim was based, that specifies whether an action was filed, and if an action was filed, that specifies whether the action was a class action.

"(B) A statement by the physician or practitioner regarding the action or claim, if the physician or practitioner elects to make such a statement.

"(C) If the payment was made without the consent of the physician or practitioner, a statement specifying such fact and the reasons underlying the decision to make the payment without such consent.

"(5) Such other information as the Secretary determines is required for appropriate interpretation of information reported under this section.

"(c) CERTAIN REPORTING CRITERIA; NOTICE TO PRACTITIONERS.—

"(1) REPORTING CRITERIA.—The establishing criteria under section 424(a) for reports under this section, the Secretary shall establish criteria regarding statements under subsection (b)(4). Such criteria shall include—

"(A) criteria regarding the length of each of the statements,

"(B) criteria regarding the notice required by paragraph (2) of this subsection, and

"(C) such other criteria as the Secretary determines to be appropriate.

"(2) NOTICE OF OPPORTUNITY TO MAKE STATEMENT.—In the case of an entity that prepares a report under subsection (a)(1) regarding a payment and an action or claim, the entity shall notify any physician or practitioner identified under subsection (b)(1)(A) of the opportunity to make a statement under subsection (b)(4)(B). Criteria under paragraph (1)(B) of this subsection shall include criteria regarding the date by which the reporting entity is to provide the notice and the date by which the physician or practitioner is to submit the statement to the entity.".

(b) DEFINITION OF HEALTH SERVICES ORGANIZATION.—Section 431 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11151) is amended—

(1) by redesignating paragraphs (5) through (14) as paragraphs (6) through (15), respectively; and

(2) by inserting after paragraph (4) the following paragraph:

"(5) The term 'health services organization' means an entity that, directly or through contracts, provides health services. Such term includes hospitals; health maintenance organizations and other health plans; and health care entities (as defined in paragraph (4)).".

(c) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—The Health Care Quality Improvement Act of 1986 (42 U.S.C. 11101 et seq.) is amended—

(A) in section 411(a)(1), in the matter preceding subparagraph (A), by striking "431(9)" and inserting "431(10)";

(B) in section 421(d) (as redesignated by subsection (a)(2) of this section), by inserting "person or" before "entity";

(C) in section 422(a)(2)(A), by inserting before the comma at the end the following: ", and (to the extent authorized under title II of the Social Security Act) the social security account number assigned to the physician"; and

(D) in section 423(a)(3)(A), by inserting before the comma at the end the following: ", and (to the extent authorized under title II of the Social Security Act) the social security account number assigned to the physician or practitioner".

(2) APPLICABILITY OF REQUIREMENTS TO FEDERAL ENTITIES.—

(A) Section 432 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11152) is amended—

(i) by striking subsection (b); and

(ii) by redesignating subsection (c) as subsection (b).

(B) Section 432 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11133) is amended by adding at the end the following subsection:

"(e) APPLICABILITY TO FEDERAL FACILITIES AND PHYSICIANS.—

"(1) IN GENERAL.—Subsection (a) applies to Federal health facilities (including hospitals) and actions by such facilities regarding the competence or professional conduct of Federal physicians to the same extent and in the same manner as such subsection applies to health care entities and professional review actions.

"(2) RELEVANT BOARD OF MEDICAL EXAMINERS.—For purposes of paragraph (1), the Board of Medical Examiners to which a Federal health facility is to report is the Board of Medical Examiners of the State within which the facility is located.".

(C) Section 425 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11135) is amended by adding at the end the following subsection:

"(d) APPLICABILITY TO FEDERAL HOSPITALS.—This section applies to Federal hospitals to the same extent and in the same manner as such subsection applies to other hospitals.".

SEC. 4. REPORTING OF SANCTIONS TAKEN BY BOARDS OF MEDICAL EXAMINERS.

Section 422(a) of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11132(a)) is amended—

(1) in paragraph (1)(A), by striking "which revokes or suspends" and inserting "which denies, revokes, or suspends"; and

(2) in paragraph (2)—

(A) in subparagraph (B), by striking "(if known)" and all that follows and inserting "for the action described in paragraph (1)(A) that was taken with respect to the physician or, if known, for the surrender of the license,";

(B) by redesignating subparagraph (C) as subparagraph (E); and

(C) by inserting after subparagraph (B) the following subparagraphs:

"(C) the medical field of the physician, if known, including as applicable the medical specialty,

"(D) the date on which the physician was first licensed in the medical field, and the number of years the physician has been practicing in such field, if known, and".

SEC. 5. REPORTING OF CERTAIN PROFESSIONAL REVIEW ACTIONS TAKEN BY HEALTH CARE ENTITIES.

Section 423(a)(3) of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11133(a)(3)) is amended—

(1) in subparagraph (B), by striking "and" after "surrender,";

(2) by redesignating subparagraph (C) a subparagraph (E); and

(3) by inserting after subparagraph (B) the following subparagraphs:

"(C) the medical field of the physician, if known, including as applicable the medical specialty,

"(D) the date on which the physician was first licensed in the medical field, and the number of years the physician has been practicing in such field, if known, and".

SEC. 6. FORM OF REPORTING.

Section 424 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11134) is amended by adding at the end the following subsection:

"(d) ADDITIONAL REQUIREMENTS.—Not later than 30 days after the effective date for this subsection under section 11 of the Health Care Quality Improvement Act Amendments of 1996, the information reported under sections 421, 422(a), and 423(b) shall be available (to persons and entities authorized in this Act to receive the information) in accordance with the following:

"(1) The methods of organizing the information shall include organizing by medical field (and as applicable by medical specialty).

"(2) With respect to medical malpractice actions reported under section 421(b)(4)(A), the methods of organizing shall specify whether the action was a class action.".

SEC. 7. DUTY TO OBTAIN INFORMATION.

Part B of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11131 et seq.) is amended by inserting after section 425 the following section:

"SEC. 425A. DUTY OF BOARDS OF MEDICAL EXAMINERS TO OBTAIN INFORMATION.

"(a) IN GENERAL.—Effective 2 years after the date of the enactment of the Health Care Quality Improvement Act Amendments of 1996, it is the duty of each Board of Medical Examiners to request from the Secretary (or the agency designated under section 424(b)) information reported under this part concerning a physician—

"(1) at the time the physician submits the initial application for a physician's license in the State involved, and

"(2) at each time the physician submits an application to continue in effect the license, subject to subsection (d).

A Board of Medical Examiners may request information reported under this part concerning a physician at other times.

"(b) FAILURE TO OBTAIN INFORMATION.—With respect to an action for mandamus or other cause of action against a Board of Medical Examiners, a Board which does not request information respecting a physician as required under subsection (a) is presumed to have knowledge of any information reported under this part to the Secretary with respect to the physician.

"(c) RELIANCE ON INFORMATION PROVIDED.—With respect to a cause of action against a

Board of Medical Examiners, each Board of Medical Examiners may rely upon information provided to the Board under this title, unless the Board has knowledge that the information provided was false.

"(d) State Option Regarding Continuation of Licenses.—

"(1) Establishment of electronic system for transmission of data.—After consultation with the States, the Secretary shall establish a system for electronically transmitting information under this part to States that elect to install equipment necessary for participation in the system. The system shall possess the capability to receive transmissions of data from such States.

"(2) State option regarding electronic system.—With respect to compliance with subsection (a)(2) (relating to applications to continue in effect physicians' licenses), if a State is participating in the system under paragraph (1) and provides the Board of Medical Examiners of the State with access to the system, the Board may elect, in lieu of complying with subsection (a)(2), to comply with paragraph (3) of this subsection.

"(3) Description of option.—For purposes of paragraph (2), a Board of Medical Examiners is complying with this paragraph if—

"(A) through the system under paragraph (1), the Board annually transmits to the Secretary (or the agency designated under section 424(b)) data identifying all individuals who hold a valid physician's license issued by the Board, without regard to whether the licenses are expiring, and

"(B) after receiving from the Secretary (or such agency) a list of physicians under paragraph (4)(B), the Board complies with paragraph (5).

"(4) Identification by Secretary of relevant physicians.—After receiving data under paragraph (3)(A) from a Board of Medical Examiners, the Secretary (or the agency designated under section 424(b)) shall—

"(A) from among the physicians identified through the data, determine which of such physicians has been the subject of information reported under this part, and the State in which the incidents involved occurred, and

"(B) provide to the Board, through the system under paragraph (1), a list of the physicians who have been such subjects, which list specifies for each physician the States in which the incidents involved occurred.

"(5) Request by State of information on relevant physicians.—For purposes of paragraph

(3)(B), a Board of Medical Examiners of a State is complying with this paragraph if, after receiving the list of physicians under paragraph (4)(B), the Board promptly—

(A) identifies which of the physicians has had, for purposes of paragraph (4), an incident in another State, and

(B) requests for the Secretary (or the agency) information reported under this part concerning each of the physicians so identified.".

SEC. 8. ADDITIONAL PROVISIONS REGARDING ACCESS TO INFORMATION; MISCELLANEOUS PROVISIONS.

(a) Access to Information.—Section 427(a) of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11137(a)) is amended to read as follows:

"(a) Access Regarding Licensing, Employment, and Clinical Privileges.—The Secretary (or the agency designated under section 424(b)) shall, upon request, provide information reported under this part concerning a physician or other licensed health care practitioner to—

"(1) State licensing boards, and

"(2) hospitals and other health services organizations—

"(A) that have entered (or may be entering) into an employment or affiliation relationship with the physician or practitioner, or

"(B) to which the physician or practitioner has applied for clinical privileges or appointment to the medical staff.".

(b) Fees.—Section 427(b)(4) of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11137(b)(4)) is amended to read as follows:

"(4) Fees.—In disclosing information under subsection (a) or section 426, the Secretary may impose fees in amounts reasonably related to the costs of carrying out the duties of the Secretary regarding the information reported under this part (including the functions specified in section 424(b) with respect to the information), except that a fee may not be imposed for providing a list under section 425A(d)(4)(B) to any Board of Medical Examiners. Such fees are available to the Secretary (or, in the Secretary's discretion, to the agency designated under section 424(b)) to cover such costs. Such fees remain available until expended.".

(c) Additional Disclosures of Information.—Section 427 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11137) is amended by adding at the end the following subsection:

"(e) Availability of Information to Public.—

"(1) In general.—Not later than 30 days after the effective date for this subsection under section 11 of the Health Care Quality Improvement Act Amendments of 1996, and every 3 months thereafter, the Secretary shall, except as provided in paragraph (2), make available to the public all information reported under sections 421, 422(a), and 423(b). For such purpose, the information shall be published as a separate document whose principal topic is such information, and in addition the information shall be made available through the method described in paragraph (3).

"(2) Limitations.—In the case of a physician or other licensed health care practitioner with respect to whom one or more incidents have been reported under sections 421, 422(a), and 423(b), the following applies:

"(A) Information may not be made available under paragraph (1) if, subject to subparagraph (B), the aggregate number of discrete incidents reported under such sections is not more than 2.

"(B) A discrete incident reported under section 421 may not be counted under subparagraph (A) if the payment for the medical malpractice action or claim involved was less than $25,000.

"(C) If the number of discrete incidents counted under subparagraph (A) is 3 or more, the resulting availability of information under paragraph (1) with respect to such practitioner shall include information reported on all the discrete incidents that were so counted. Such availability may not include information on any incident not counted by reason of subparagraph (B).

"(D) Of the information reported under section 421, the following information may not be made available under paragraph (1) (regardless of the number of discrete incidents counted under subparagraph (A) and regardless of the amount of the payments involved):

"(i) The social security account number of the physician or practitioner.

"(ii) Information disclosing the identity of any patient involved in the incidents involved.

"(iii) With respect to information that the Secretary requires under section 421(b)(5) (if any)—

"(I) the home address of the physician or practitioner, and

"(II) the number assigned to the physician or practitioner by the Drug Enforcement Administration.

"(iv) Information not required to be reported under such section.

"(3) Use of internet.—For purposes of paragraph (1), the method described in this paragraph is to make the information involved available to the public through the telecommunications medium known as the World Wide Web of the Internet. The Secretary, acting through the Administrator of the Health Resources and Services Administration, shall provide for the establishment of a site on such medium, and shall update the information maintained through such medium not less frequently than once every 3 months.

"(4) Dissemination; fees.—The Secretary shall disseminate each publication under paragraph (1) to public libraries without charge. In providing the publication to other entities, and in making information available under paragraph (3), the Secretary may impose a fee reasonably related to the costs of the Secretary in carrying out this subsection. Such fees are available to the Secretary (or, in the Secretary's discretion, to the agency designated under section 424(b)) to cover such costs. Such fees remain available until expended.".

(d) Conforming Amendments.—Section 427 of the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11137) is amended—

(1) in subsection (b)(1), in the first sentence, by striking "Information reported" and inserting the following: "Except for information disclosed under subsection (e), information reported"; and

(2) in the heading for the section, by striking "**MISCELLANEOUS PROVISIONS**" and inserting the following: "**ADDITIONAL PROVISIONS REGARDING ACCESS TO INFORMATION; MISCELLANEOUS PROVISIONS**".

SEC. 9. OTHER MATTERS.

The Health Care Quality Improvement Act of 1986 (42 U.S.C. 11101 et seq.) is amended—

(1) by redesignating part C as part D; and

(2) by inserting after part B the following part:

"PART C—OTHER MATTERS REGARDING IMPROVEMENT OF HEALTH CARE QUALITY

"SEC. 428. PROHIBITION AGAINST SETTLEMENT WITHOUT CONSENT OF PRACTITIONER.

"(a) Prohibition.—With respect to a physician or other licensed health care practitioner whose acts or omissions are the basis of a medical malpractice action or claim, an entity may not make a payment described in section 421(a)(1) without the written consent of the physician or practitioner, subject to subsection (b).

"(b) Exceptions.—Subsection (a) shall not apply with respect to a payment by an entity regarding an action or claim, subject to subsection (c)—

"(1) if the payment is made in satisfaction of a judgment in a court of competent jurisdiction,

"(2) if, with respect to the action or claim, the physician or other licensed health care practitioner involved enters a process of alternative dispute resolution, and the process has been concluded or any of the individuals involved has terminated participation in the process,

"(3)(A) the entity delivers directly, or makes a reasonable effort to deliver through the mail, a written notice to the physician or practitioner involved providing the information specified in subsection (c), and

"(B) a 30-day period elapses, at the conclusion of which the entity has a reasonable belief that the physician or practitioner does not object to the payment.

"(c) CRITERIA REGARDING NOTICE.—For purposes of subsection (b)(3) regarding a written notice to a physician or practitioner—

"(1) the notice shall be considered to have been delivered if the notice was delivered to the home or business address of the physician or practitioner, and to the attorney (if any) representing the physician or practitioner in the action or claim involved,

"(2) the notice shall be considered to have been delivered directly if the notice was delivered personally by the entity involved or by an agent of the entity,

"(3) the entity shall be considered to have made a reasonable effort to deliver the notice through the mail if the entity provided the notice through certified mail, with return receipt requested,

"(4) the information specified in this paragraph for the notice is that the entity intends to make the payment involved; that the physician or practitioner has a legal right to prohibit the payment; and that such right expires in 30 days, with a specification of the date on which the right expires, and

"(5) the 30-day period begins on the date on which the notice is delivered directly to the physician or practitioner, or on the seventh day after the date on which the notice is posted, as the case may be.

"(d) CIVIL MONEY PENALTY.—An entity that makes a payment in violation of subsection (a) shall be subject to a civil money penalty of not more than $10,000 for each such payment involved. Such penalty shall be imposed and collected in the same manner as civil money penalties under subsection (a) of section 1128A of the Social Security Act are imposed and collected under that section.

"SEC. 429. EMPLOYMENT TERMINATION OF PHYSICIAN.

"(a) REQUIREMENT OF ADEQUATE NOTICE AND HEARING.—

"(1) IN GENERAL.—A health services organization may not terminate the employment of a physician, and may not terminate a contract with a physician for the provision of health services, unless adequate notice and hearing procedures have been afforded the physician involved.

"(2) APPLICABILITY.—Section 412(a)(3) applies in lieu of paragraph (1) in the case of an employment termination that is a professional review action. (With respect to the preceding sentence, paragraph (1) does apply to an employment termination that is an action described in subparagraph (A) of section 431(10) or in the other subparagraphs of such section.)

"(b) SAFE HARBOR.—

"(1) IN GENERAL.—A health services organization is deemed to have met the adequate notice and hearing requirement of subsection (a) with respect to the employment of, or a contract of, a physician if the conditions described in paragraphs (2) through (4) are met (or are waived voluntarily by the physician).

"(2) NOTICE OF PROPOSED ACTION.—Conditions under paragraph (1) are that the physician involved has been given notice stating—

"(A)(i) that the health services organization proposes to take action to terminate the employment or contract,

"(ii) reasons for the proposed action,

"(B)(i) that the physician has the right to request a hearing on the proposed action,

"(ii) any time limit (of not less than 30 days) within which to request such a hearing, and

"(C) a summary of the rights in the hearing under paragraph (4).

"(3) NOTICE OF HEARING.—Conditions under paragraph (1) are that, if a hearing is requested on a timely basis under paragraph (2)(B), the physician involved must be given notice stating—

"(A) the place, time, and date, of the hearing, which date shall not be less than 30 days after the date of the notice, and

"(B) a list of the witnesses (if any) expected to testify at the hearing on behalf of the health services organization.

"(4) CONDUCT OF HEARING AND NOTICE.—Conditions under paragraph (1) are that, if a hearing is requested on a timely basis under paragraph (2)(B)—

"(A) subject to subparagraph (B), the hearing shall be held (as determined by the health services organization)—

"(i) before arbitrator mutually acceptable to the physician involved and the health services organization,

"(ii) before a hearing officer who is appointed by the organization and who is not in direct economic competition with the physician, or

"(iii) before a panel of individuals who are appointed by the organization and are not in direct economic competition with the physician,

"(B) the right to the hearing may be forfeited if the physician fails, without good cause, to appear,

"(C) in the hearing the physician has the right—

"(i) to representation by an attorney or other person of the physician's choice,

"(ii) to have a record made of the proceedings, copies of which may be obtained by the physician upon payment of any reasonable charges associated with the preparation thereof,

"(iii) to call, examine, and cross-examine witnesses,

"(iv) to present evidence determined to be relevant by the hearing officer, regardless of its admissibility in a court of law, and

"(v) to submit a written statement at the close of the hearing, and

"(D) upon completion of the hearing, the physician has the right—

"(i) to receive the written recommendation of the arbitrator, officer, or panel, including a statement of the basis for the recommendations, and

"(ii) to receive a written decision of the health services organization, including a statement of the basis for the decision.

"(c) RULE OF CONSTRUCTION.—A health services organization's failure to meet the conditions described in paragraphs (2) through (4) of subsection (b) shall not, in itself, constitute failure to meet the standards of subsection (a).".

SEC. 10. DEFINITIONS.

Section 431(6) of the Health Care Quality Improvement Act of 1986, as redesignated by section 3(b)(1) of this Act, is amended by inserting before the period the following: "(except that such term means an institution described in such paragraph (1) (without regard to such paragraph (7)) if, under applicable State or local law, the institution is permitted to operate without being licensed or otherwise approved as a hospital)".

SEC. 11. EFFECTIVE DATES.

(a) INCORPORATION OF TEXT OF AMENDMENTS.—The amendments described in this Act are made upon the date of the enactment of this Act.

(b) SUBSTANTIVE EFFECT.—Except as provided in subsection (c)(1) and subsection (d), and except as otherwise provided in this Act—

(1) the amendments made by this Act take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act; and

(2) prior to the expiration of such period, the Health Care Quality Improvement Act of 1986, as in effect on the day before such date of enactment, continues in effect.

(c) REGULATIONS.—

(1) IN GENERAL.—With respect to the amendments made by this Act, the Secretary of Health and Human Services may issue regulations pursuant to such amendments before the expiration of the period specified in subsection (b)(1), and may otherwise take appropriate action before the expiration of such period to prepare for the responsibilities of the Secretary to the amendments.

(2) ABSENCE OF FINAL RULE.—The final rule for purposes of paragraph (1) may not take effect before the expiration of the period specified in subsection (b)(1), and the absence of such a rule upon such expiration does not affect the provisions of subsection (b).

(d) TRANSITIONAL PROVISIONS REGARDING MALPRACTICE PAYMENTS BY PERSONS.—With respect to the reporting of information under section 421 of the Health Care Quality Improvement Act of 1986, the following applies:

(1) The requirement of reporting by persons under section 421(a)(1) of such Act (as amended by section 3(a) of this Act) takes effect 180 days after the date of the enactment of this Act.

(2) The requirement of reporting by persons applies to payments under such section 421(a)(1) made before, on, or after such date of enactment.

(3)(A) The information received by the Secretary of Health and Human Services on or before August 27, 1993, pursuant to regulations requiring reports from persons (in addition to reports from entities) shall be maintained in the same manner as the information was maintained prior to such date, and shall be available in accordance with the regulations in effect under such Act prior to such date (which regulations remain in effect unless a provision of this Act takes effect pursuant to this section and requires otherwise).

(B) Subparagraph (A) takes effect on the date of the enactment of this Act.

S. 2005

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; FINDINGS.

(a) SHORT TITLE.—This Act may be cited as the "Patient Communications Protection Act of 1996".

(b) FINDINGS.—Congress finds the following:

(1) Patients need access to all relevant information to make appropriate decisions, with their physicians, about their health care.

(2) Restrictions on the ability of physicians to provide full disclosure of all relevant information to patients making health care decisions violate the principles of informed consent and practitioner ethical standards.

(3) The offering and operation of health plans affect commerce among the States. Health care providers located in one State serve patients who reside in other States as well as that State. In order to provide for uniform treatment of health care providers and patients among the States, it is necessary to cover health plans operating in one

State as well as those operating among the several States.

SEC. 2. PROHIBITION OF INTERFERENCE WITH CERTAIN MEDICAL COMMUNICATIONS.

(a) IN GENERAL.—

(1) PROHIBITION OF CERTAIN PROVISIONS.—Subject to paragraph (2), an entity offering a health plan (as defined in subsection (d)(2)) may not include any provision that prohibits or restricts any medical communication (as defined in subsection (b)) as part of—

(A) a written contract or agreement with a health care provider,

(B) a written statement to such a provider, or

(C) an oral communication to such a provider.

"(2) CONSTRUCTION.—Nothing in this section shall be construed as preventing an entity from exercising mutually agreed upon terms and conditions not inconsistent with paragraph (1), including terms or conditions requiring caregivers to participate in, and cooperate with, all programs, policies, and procedure developed or operated by the person, corporation, partnership, association, or other organization to ensure, review, or improve the quality of health care.

(3) NULLIFICATION.—Any provision described in paragraph (1) is null and void.

(b) MEDICAL COMMUNICATION DEFINED.—In this section, the term "medical communication" means a communication made by a health care provider with a patient of the provider (or the guardian or legal representative of such patient) with respect to the patient's physician or mental condition or treatment options.

(c) ENFORCEMENT THROUGH IMPOSITION OF CIVIL MONEY PENALTY.—

(1) IN GENERAL.—Any entity that violates paragraph (1) of subsection (a) shall be subject to a civil money penalty of up to $15,000 for each violation. No such penalty shall be imposed solely on the basis of an oral communication unless the communication is part of a pattern or practice of such communications and the violation is demonstrated by a preponderance of the evidence.

(2) PROCEDURES.—The provisions of subsections (c) through (l) of section 1128A of the Social Security Act (42 U.S.C. 1320a-7a) shall apply to civil money penalties under paragraph (1) in the same manner as they apply to a penalty or proceeding under section 1128A(a) to a penalty or proceeding under section 1128A(a) of such Act.

(d) DEFINITIONS.—For purposes of this section:

(1) HEALTH CARE PROVIDER.—The term "health care provider" means anyone licensed under State law to provide health care services, including a practitioner such as a nurse anesthetist or chiropractor who is so licensed.

(2) HEALTH PLAN.—The term "health plan" means any public or private health plan or arrangement (including an employee welfare benefit plan) which provides, or pays the cost of, health benefits, and includes an organization of health care providers that furnishes health services under a contract or agreement with such a plan.

(3) COVERAGE OF THIRD PARTY ADMINISTRATORS.—In the case of a health plan that is an employee welfare benefit plan (as defined in section 3(1) of the Employee Retirement Income Security Act of 1974), any third party administrator or other person with responsibility for contracts with health care providers under the plan shall be considered, for purposes of this section, to be an entity offering such health plan.

(e) NON-PREEMPTION OF STATE LAW.—A State may establish or enforce requirements with respect to the subject matter of this section, but only if such requirements are consistent with the Act and are more protective of medical communications than the requirements established under this section.

(g) EFFECTIVE DATE.—Subsection (a) shall take effect 180 days after the date of the enactment of this Act and shall apply to medical communications made on or after such date.

By Mr. HATCH (for himself, Mr. BIDEN, Mr. THURMOND, and Mr. GRASSLEY):

S. 2006. A bill to clarify the intent of Congress with respect to the Federal carjacking prohibition.

THE CARJACKING CORRECTION ACT OF 1996

Mr. HATCH. Mr. President, I rise to introduce the Carjacking Correction Act of 1996. This bill adds an important clarification to the Federal carjacking statute, which is to provide that a rape committed during a carjacking should be considered a serious bodily injury.

I am pleased to be joined in this effort by the ranking member of the Judiciary Committee, Senator BIDEN. He has long been a leader in addressing the threat of violence against women, and our partnership in enacting the Violence Against Women Act is evidence of strong bipartisan outrage at every incident of assault or domestic violence.

This correction to the law is necessitated by the fact that at least one court has held that under the Federal carjacking statute, rape would not constitute a serious bodily injury. Few crimes are as brutal, vicious, and harmful to the victim than rape. Yet, under this interpretation, the sentencing enhancement for such injury may not be applied to a carjacker who brutally rapes his victim.

In my view, Congress should act now to clarify the law in this regard. The bill we introduce today would do this by specifically including rape as serious bodily injury under the statute.

I want to thank Representative JOHN CONYERS, the ranking member of the House Judiciary Committee, who brought this matter to my attention and is leading the effort in the House for passage of this legislation.

I urge my colleagues to support swift passage of this bill.

By Mr. DASCHLE (for himself, Mr. ROCKEFELLER, Mr. KERRY, Mr. WELLSTONE, Ms. MIKULSKI, Mr. BYRD, Mr. DODD, Mr. CONRAD, Mr. INOUYE, Mr. PELL, Mr. SIMON, Mr. FEINGOLD, Mr. BREAUX, Mrs. BOXER, Mr. DORGAN, Mrs. FEINSTEIN, Mr. GLENN, Mr. HARKIN, Mr. ROBB, and Mr. KENNEDY):

S. 2008. A bill to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida, and for other purposes; to the Committee on Veterans Affairs.

THE AGENT ORANGE BENEFITS ACT OF 1996

Mr. DASCHLE. Mr. President, today, with 19 of my colleagues, I am introducing the Agent Orange Benefits Act of 1996. This legislation is an important step toward easing the burden of innocent, indirect victims of our country's use of agent orange during the Vietnam war. The bill would extend health care and related benefits, including a monthly monetary allowance, to Vietnam veterans' children suffering from spina bifida—a serious neural tube birth defect that requires lifelong care.

This bill is a necessary followup to the Agent Orange Act of 1991, which I coauthored with Senators KERRY and Cranston and Representative LANE EVANS and which unanimously passed the Senate. Among other things, the Agent Orange Act required the Department of Veterans Affairs [VA] to contract with the Institute of Medicine [IOM], which is part of the National Academy of Sciences [NAS], to conduct a scientific review of all evidence pertaining to exposure to agent orange and other herbicides used in Vietnam and the subsequent occurrence of disease and other health-related conditions. The law required an initial report, which was issued by NAS in 1993, followed by biennial updates for 10 years. The first update was published by NAS last March.

In accordance with the law, Vietnam veterans are not required to prove exposure to agent orange; the law presumes that all military personnel who served in Vietnam were exposed to agent orange. The Secretary is to provide presumptive disability compensation for diseases suffered by Vietnam veterans whenever he determines, based on all credible evidence, including the congressionally mandated NAS reports, that a positive association exists between exposure and the occurrence of such diseases in humans. For purposes of this law, a positive association must be found to exist whenever credible evidence for an association is equal to or outweighs the credible evidence against the association.

We have been struggling for decades to provide compensation and health care for Vietnam veterans—and, if warranted, their children—for health problems associated with exposure to agent orange. Since 1985, Vietnam veterans have been eligible for free VA health care for conditions believed to be related to exposure to agent orange. Vietnam veterans are also eligible for presumptive disability compensation for several diseases, including chloracne and various cancers, associated with exposure to agent orange or other herbicides used in Vietnam. Most recently, in response to the March NAS report, the Secretary of Veterans Affairs awarded service-connected disability compensation for prostate cancer and acute and subacute peripheral neuropathy.

An area of key concern to Vietnam veterans has been what they believe to be a high rate of birth defects in the children born to them since their service in Vietnam. The Agent Orange Act of 1991 specifically mandated that the area of reproductive disorders and birth defects be given special attention to determine whether or not compensatory action is warranted. The March NAS report showed new evidence suggesting a link between exposure to agent orange and the occurrence of spina bifida in Vietnam veterans' children. The report also noted that there is growing evidence, though not as strong as the evidence on spina bifida at this point, suggestive of an increase in other birth defects among Vietnam veterans' children.

In response to the NAS report, the Secretary of Veterans Affairs assembled an interdepartmental task force, which consulted with interested veterans' service organizations and experts in spina bifida, to review the NAS findings and make policy recommendations to the Secretary.

In May, the Secretary delivered to the President several policy recommendations based on the VA's review of the NAS report. These included recommendations to add prostate cancer and acute and subacute peripheral neuropathy to the list of presumptive diseases, and, if authority were granted, to treat spina bifida in veterans' children in the same manner. The VA does not currently have the authority to provide benefits to veterans' children. Subsequently, President Clinton announced that the administration would propose legislation to provide an appropriate remedy for Vietnam veterans' children who suffer from spina bifida. This bill reflects that effort.

Clearly, the Government's responsibility does not end once veterans return from war. Effects of combat, even those passed down through reproductive disorders, are a direct result of our decisions to place our Nation's men and women in harm's way. We have a moral responsibility to help veterans whose children suffer from spina bifida and to meet those children's health care needs.

It should be noted that spina bifida is a devastating, irreversible birth defect resulting from the failure of the spine to properly close early in pregnancy. It requires lifelong medical treatment, and the cost of caring for a child with spina bifida can be financially devastating for families. While spina bifida affects approximately one of every 1,000 newborns in the United States, a study of Vietnam veterans that was included in the NAS report showed three spina bifida cases in a group of only 792 infants of Vietnam veterans—a statistically significant result.

The Agent Orange Benefits Act of 1996 would provide health care, limited vocational rehabilitation, and a monthly stipend to Vietnam veterans' children with spina bifida based on the severity of each child's condition. It includes the provision of essential medical care and case management services to coordinate health and social services for the child.

Unfortunately, the NAS report confirmed what Vietnam veterans have long feared: the Vietnam war continues to claim innocent victims. Nothing can erase the physical and psychological wounds of the war, but, by providing limited benefits to affected children, the Agent Orange Benefits Act of 1996 will allow us to heal some of the lingering scars from Vietnam.

The NAS report also serves as a valuable reminder that the impact of any war is felt decades beyond the final shots. Just as reproductive disorders and birth defects in their children have been among Vietnam veterans' greatest health concerns, health problems in their children is of great concern to veterans who served in the Gulf war. We must be prepared to learn from the scientific effort on agent orange and apply these lessons to the effort to discover the true health effects of environmental hazards on the men and women who served in the Gulf and on their children. Based on the NAS report's findings related to spina bifida in the children of Vietnam veterans, the VA is establishing a reproductive outcomes research center to investigate potential environmental hazards of military service. I look forward to seeing those efforts come to fruition, and I am hopeful they will help us provide answers to the many outstanding questions in this area.

I applaud the President and Secretary Jesse Brown, along with my colleagues who have been committed to this fight for years, for working together to develop a proposal that adequately addresses the needs of these children and their families, and for providing modest compensation for a wrong that can never fully be righted.

With the passage of this legislation, we can begin to fulfill our promise to these most innocent victims and their families. Vietnam veterans' families have suffered for decades and now live with the pain of knowing that their military service may have jeopardized the health and welfare of their children. The very least we can do is ease their burden by providing this limited assistance and care.

Mr. President, I ask unanimous consent that the text of the bill, a summary of the bill, a letter of support from the administration, and a table from the NAS report that explains the four-tiered classification system for agent orange-related illnesses, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2008

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REFERENCES TO TITLE 38, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

SEC. 2. BENEFITS FOR THE CHILDREN OF VIETNAM VETERANS WHO ARE BORN WITH SPINA BIFIDA.

(a) SHORT TITLE.—This section may be cited as the "Agent Orange Benefits Act of 1996."

(b) ESTABLISHMENT OF NEW CHAPTER 18.—Part II is amended by inserting after chapter 17 the following new chapter:

"CHAPTER 18—BENEFITS FOR THE CHILDREN OF VIETNAM VETERANS WHO ARE BORN WITH SPINA BIFIDA

"Sec.
"1801. Purpose.
"1802. Definitions.
"1803. Health care.
"1804. Vocational training.
"1805. Monetary allowance.
"1806. Effective date of Awards.

SEC. "1801. PURPOSE.

"The purpose of this chapter is to provide for the special needs of certain children of Vietnam veterans who were born with the birth defect spina bifida, possibly as the result of the exposure of one or both parents to herbicides during active service in the Republic of Vietnam during the Vietnam era, through the provision of health care, vocational training, and monetary benefits.

"SEC. 1802. DEFINITIONS.

"For the purposes of this chapter—

"(1) The term 'child' means a natural child of a Vietnam veteran, regardless of age or marital status, who was conceived after the date on which the veteran first entered the Republic of Vietnam during the Vietnam era.

"(2) The term 'Vietnam veteran' means a veteran who, during active military, naval, or air service, served in the Republic of Vietnam during the Vietnam era.

"(3) The term 'spina bifida' means all forms of spina bifida other than spina bifida occulta.

"SEC. 1803. HEALTH CARE.

"(a) In accordance with regulations the Secretary shall prescribe, the Secretary shall provide such health care under this chapter as the Secretary determines is needed to a child of a Vietnam veteran who is suffering from spina bifida, for any disability associated with such condition.

"(b) The Secretary may provide health care under this section directly or by contract or other arrangement with a health care provider.

"(c) For the purposes of this section—

"(1) the term 'health care' means home care, hospital care, nursing home care, outpatient care, preventive care, habilitative and rehabilitative care, case management, and respite care, and includes the training of appropriate members of a child's family or household in the care of the child and provision of such pharmaceuticals, supplies, equipment, devices, appliances, assistive technology, direct transportation costs to and from approved sources of health care authorized under this section, and other materials as the Secretary determines to be necessary.

"(2) the term 'health care provider' includes, but is not limited to, specialized spina bifida clinics, health-care plans, insurers, organizations, institutions, or any other entity or individual who furnishes health care services that the Secretary determines are covered under this section.

"(3) the term 'home care' means outpatient care, habilitative and rehabilitative care, preventive health services, and health-related services furnished to an individual in the individual's home or other place of residence.

"(4) the term 'hospital care' means care and treatment for a disability furnished to an individual who has been admitted to a hospital as a patient.

"(5) the term 'nursing home care' means care and treatment for a disability furnished to an individual who has been admitted to a nursing home as a resident.

"(6) the term 'outpatient care' means care and treatment of a disability, and preventive health services, furnished to an individual other than hospital care or nursing home care.

"(7) the term 'preventive care' means care and treatment furnished to prevent disability or illness, including periodic examinations, immunizations, patient health education, and such other services as the Secretary determines are necessary to provide effective and economical preventive health care.

"(8) the term 'habilitative and rehabilitative care' means such professional, counseling, and guidance services and treatment programs (other than vocational training under section 1804 of this title) as are necessary to develop, maintain, or restore, to the maximum extent, the functioning of a disabled person.

"(9) the term 'respite care' means care furnished on a intermittent basis in a Department facility for a limited period to an individual who resides primarily in a private residence when such care will help the individual to continue residing in such private residence.

"SEC. 1804. VOCATIONAL TRAINING.

"(a) Pursuant to such regulations as the Secretary may prescribe, the Secretary may provide vocational training under this section to a child of a Vietnam veteran who is suffering from spina bifida if the Secretary determines that the achievement of a vocational goal by such child is reasonably feasible.

"(b)(1) If a child elects to pursue a program of vocational training under this section, the program shall be designed in consultation with the child in order to meet the child's individual needs and shall be set forth in an individualized written plan of vocational rehabilitation.

"(2)(A) Subject to subparagraph (B) of this paragraph, a vocational training program under this subsection shall consist of such vocationally oriented services and assistance, including such placement and post-placement services and personal and work adjustment training, as the Secretary determines are necessary to enable the child to prepare for and participate in vocational training or employment.

"(B) A vocational training program under this subsection—

"(i) may not exceed 24 months unless, based on a determination by the Secretary that an extension is necessary in order for the child to achieve a vocational goal identified (before the end of the first 24 months of such program) in the written plan formulated for the child, the Secretary grants an extension for a period not to exceed 24 months;

"(ii) may not include the provision of any loan or subsistence allowance or any automobile adaptive equipment; and

"(iii) may include a program of education at an institution of higher learning only in a case in which the Secretary determines that the program involved is predominantly vocational in content.

"(c)(1) A child who is pursuing a program of vocational training under this section who is also eligible for assistance under a program under chapter 35 of this title may not receive assistance under both of such programs concurrently but shall elect (in such form and manner as the Secretary may prescribe) under which program to receive assistance.

"(2) The aggregate period for which a child may receive assistance under this section and chapter 35 of this title may not exceed 48 months (or the part-time equivalent thereof).

"SEC. 1805. MONETARY ALLOWANCE.

"(a) The Secretary shall pay a monthly allowance under this chapter to any child of a Vietnam veteran for disability resulting from spina bifida suffered by such child.

"(b) The amount of the allowance paid under this section shall be based on the degree of disability suffered by a child as determined in accordance with such schedule for rating disabilities resulting from spina bifida as the Secretary may prescribe. The Secretary shall, in prescribing the rating schedule for the purposes of this section, establish three levels of disability upon which the amount of the allowance provided by this section shall be based. The allowance shall be $200 per month for the lowest level of disability prescribed, $700 per month for the intermediate level of disability prescribed, and $1,200 per month for the highest level of disability prescribed.

"(c)(1) Whenever there is an increase in benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)), the Secretary shall, effective on the date of such increase in benefit amounts, increase each rate of allowance under this section, as such rates were in effect immediately prior to the date of such increase in benefits payable under title II of the Social Security Act, by the same percentage as the percentage by which such benefit amounts are increased.

"(2) Whenever there is an increase in the rates of the allowance payable under this section, the Secretary shall publish such rates in the Federal Register.

"(3) Whenever such rates are so increased, the Secretary may round such rates in such manner as the Secretary considers equitable and appropriate for ease of administration.

"(d) Notwithstanding any other provision of law, receipt by a child of an allowance under this section shall not impair, infringe, or otherwise affect the right of such child to receive any other benefit to which the child may otherwise be entitled under any law administered by the Secretary, nor shall such receipt impair, infringe, or otherwise affect the right of any individual to receive any benefit to which he or she is entitled under any law administered by the Secretary that is based on the child's relationship to such individual.

"(e) Notwithstanding any other provision of law, the allowance paid to a child under this section shall not be considered income or resources in determining eligibility for or the amount of benefits under any Federal or federally assisted program.

"SEC. 1806. EFFECTIVE DATE OF AWARDS.

"Effective date for an award for benefits under this chapter shall be fixed in accordance with the facts found, but shall not be earlier than the date of receipt of application therefor.".

(c) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1996.

(d) CLERICAL AMENDMENT.—The tables of chapters before part I and at the beginning of part II are each amended by inserting after the item referring to chapter 17 the following new item:

"18. Benefits for children of Vietnam veterans who are born with spina bifida .... 1801".

SEC. 3. CLARIFICATION OF ENTITLEMENT FOR BENEFITS FOR DISABILITY RESULTING FROM TREATMENT OR VOCATIONAL SERVICES PROVIDED BY DEPARTMENT OF VETERANS AFFAIRS.

(a) Section 1151 is amended—

(1) by striking out the first sentence and inserting in lieu thereof the following:

"(a) Compensation under this chapter and dependency and indemnity compensation under chapter 13 of this title shall be awarded for qualifying additional disability to or death of a veteran in the same manner as if such additional disability or death were service-connected. For purposes of this section, additional disability or death is qualifying only if it was not the result of the veteran's willful misconduct and—

"(1) it was caused by hospital care, medical or surgical treatment, or examination furnished the veteran under any law administered by the Secretary, either by a Department employee or in a Department facility as defined in section 1701(3)(A) of this title, where the additional disability or death proximately resulted—

"(A) from carelessness, negligence, lack of proper skill, error in judgment, or similar instance of fault on the part of the Department in furnishing the hospital care, medical or surgical treatment, or examination; or

"(B) from an event not reasonably foreseeable; or

"(2) it was incurred as a proximate result of the provision of training and rehabilitation services by the Secretary (including by a service-provider used by the Secretary for such purpose under section 3115 of this title) as part of an approved rehabilitation program under chapter 31 of this title."; and

(2) in the second sentence—

(A) by redesignating that sentence as subsection (b);

(B) by striking out ", aggravation," both places it appears; and

(C) by striking out "sentence" and substituting in lieu thereof "subsection".

(b) The amendments made by subsection (a) shall govern all administrative and judicial determinations of eligibility for benefits under section 1151 of title 38, United States Code, made with respect to claims filed on or after the date of enactment of this Act, including those based on original applications and applications seeking to reopen, revise, reconsider, or otherwise readjudicate on any basis claims for benefits under section 1151 of that title or predecessor provisions of law.

AGENT ORANGE BENEFITS FOR VIETNAM VETERANS' CHILDREN SUFFERING FROM SPINA BIFIDA

The Agent Orange Act of 1996 would extend health care and related benefits, including a monthly monetary allowance, to Vietnam veterans' children suffering from spina bifida—a serious neural tube birth defect that requires life-long care—provided the children were conceived after the veterans began their service in Vietnam.

BACKGROUND

A March National Academy of Sciences (NAS) report cited new evidence that supports a link between exposure to Agent Orange and the occurrence of spina bifida in children of veterans who served in Vietnam. This report was required by the Agent Orange Act of 1991.

Since 1985, Vietnam veterans have been eligible for free VA health care for conditions believed to be related to exposure to Agent Orange. Veterans' disability compensation for several Agent Orange-related illnesses—including non-Hodgkin's lymphoma, soft-tissue sarcoma, Hodgkin's disease, chloracne, respiratory cancers, and multiple myeloma—has been awarded as a result of either congressional or VA action, some of which was based on a 1993 NAS report. Earlier this year, Secretary Brown and the President, in response to the March NAS report, extended service-connected benefits to veterans suffering from prostate cancer and acute and subacute peripheral neuropathy.

Reproductive disorders and birth defects in their children have been among veterans' greatest Agent Orange-related health concerns. This legislation is necessary because, while the VA has recommended that spina bifida in veterans' offspring be service-connected, the VA does not currently have the authority to extend health care or other benefits to children of veterans.

COST

CBO has not yet provided an estimate for this proposal. However, costs would be offset by overturning the *Gardner* case, which would limit the VA's liability for non-malpractice-related injuries occurring in VA facilities. This non-controversial provision was included in Democratic and Republican budget proposals for FY 96. Excess savings would be directed to deficit reduction.

ROLE OF THE NATIONAL ACADEMY OF SCIENCES

The Agent Orange Act of 1991 directed the VA to contract with the National Academy of Sciences to conduct for 10 years biennial, comprehensive evaluations of the scientific and medical information regarding the health effects of exposure to Agent Orange and other herbicides used in Vietnam.

The first report, "Veterans and Agent Orange: Health Effects of Herbicides Used in Vietnam," was published in 1993. It created the following categories to classify the level of association between certain health conditions and exposure to Agent Orange: Category I ("sufficient evidence of an association"); category II ("limited/suggestive evidence of an association"); category III ("inadequate/insufficient evidence to determine whether an association exists"); category IV ("limited/suggestive evidence of NO association").

Following the 1993 report, the VA began to compensate Vietnam veterans suffering from three diseases in categories I and II that had not been service-connected through previous congressional or administrative action: porphyria cutanea tarda, respiratory cancers, and multiple myeloma.

The 1996 update, which was issued in March, confirmed many of the findings in the 1993 report, and found new evidence to link spina bifida in veterans' children with exposure to Agent Orange. The NAS panel placed "spina bifida in offspring" in category II, supporting a connection between birth defects and military service. The NAS report currently places birth defects other than spina bifida in category III.

After reviewing the NAS report and other information, the VA has recommended that all remaining conditions in categories I and II, including spina bifida, be service-connected.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC, July 5, 1996.

Hon. CHRISTOPHER S. (KIT) BOND,
Chairman, Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am pleased to share with you a copy of legislation we provided earlier today to Senator Daschle. This legislation, the "Agent Orange Benefits Act of 1996," would provide benefits to certain children of Vietnam veterans who are born with the birth defect spinal bifida. Enacting this legislation is a Presidential priority.

Under Public Law 102-4, and with the benefit of a National Academy of Sciences report, I determined that a positive association exists between the exposure of Vietnam veterans to herbicides (such as a Agent Orange) and spinal bifida in their children. In approving this determination, the President promised to submit "an appropriate remedy" for these veterans' children. This legislation fulfills that commitment. It provides for health care, vocational training, and monthly monetary allowance for these children.

As set forth in the legislation, the Administration proposes to offset the costs associated with these new benefits with a savings proposal that would effectively reverse the U.S. Supreme Court decision in Gardner v. Brown which held that monthly VA disability compensation must be paid for any additional disability or death attributable to VA medical treatment even if VA was not negligent in providing that care.

Enactment of this legislation is a top Presidential priority. I strongly urge the Senate to include it in the earliest appropriate legislative vehicle.

Thank you for your assistance in ensuring prompt and immediate action on this important legislation.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the presentation of this letter.

Sincerely,

JESSE BROWN.

EXECUTIVE SUMMARY

TABLE 1-1—UPDATED SUMMARY OF FINDINGS IN OCCUPATIONAL, ENVIRONMENTAL, AND VETERANS STUDIES REGARDING THE ASSOCIATION BETWEEN SPECIFIC HEALTH PROBLEMS AND EXPOSURE TO HERBICIDES

Sufficient evidence of an association

Evidence is sufficient to conclude that there is a positive association. That is, a positive association has been observed between herbicides and the outcome in studies in which chance, bias, and confounding could be ruled out with reasonable confidence. For example, if several small studies that are free from bias and confounding show an association that is consistent in magnitude and direction, there may be sufficient evidence for an association. There is sufficient evidence of an association between exposure to herbicides and the following health outcomes: Soft-tissue sarcoma; Non-Hodgkin's lymphoma; Hodgkin's disease; Chlorance.

Limited/suggestive evidence of an association

Evidence is suggestive of an association between herbicides and the outcome but is limited because chance, bias, and confounding could not be ruled out with confidence. For example, at least one high-quality study shows a positive association, but the results of other studies are inconsistent. There is limited/suggestive evidence of an association between exposure to herbicides and the following health outcomes: Respiratory cancers (lung, larynx, trachea); Prostate cancer; Multiple myeloma; Acute and subacute peripheral neuropathy (new disease category); Spina bifida (new disease category); Porphyria cutanea tarda (category change in 1996).

Inadequate/insufficient evidence to determine whether an association exists

The available studies are of insufficient quality, consistency, or statistical power to permit a conclusion regarding the presence or absence of an association. For example, studies fail to control for confounding, have inadequate exposure assessment, or fail to address latency. There is inadequate or insufficient evidence to determine whether an association exists between exposure to herbicides and the following health outcomes: Hepatobiliary cancers; Nasal/nasopharyngeal cancer; Bone cancer; Female reproductive cancers (cervical, uterine, ovarian); Breast cancer; Renal cancer; Testicular cancer; Leukemia; spontaneous abortion; Birth defects (other than spina bifida); Neonatal/infant death and stillbirths; Low birthweight; Childhood cancer in offspring; Abnormal sperm parameters and infertility; cognitive and neuropsychiatric disorders; Motor/coordination dysfunction; Chronic peripheral nervous system disorders; Metabolic and digestive disorders (diabetes, changes in liver enzymes, lipid abnormalities, ulcers); Immune system disorders (immune suppression and autoimmunity); Circulatory disorders; Respiratory disorders; Skin cancer (category change in 1996).

Limited/suggestive evidence of no association

Several adequate studies, covering the full range of levels of exposure that human beings are known to encounter, are mutually consistent in not showing a positive association between exposure to herbicides and the outcome at any level of exposure. A conclusion of "no association" is inevitably limited to the conditions, level of exposure, and length of observation covered by the available studies. In addition, the possibility of a very small elevation in risk at the levels of exposure studied can never be excluded. There is limited/suggestive evidence of no association between exposure to herbicides and the following health outcomes: Gastrointestinal tumors (stomach cancer, pancreatic cancer, colon cancer, rectal cancer); Bladder cancer; Brain tumors.

Note: "Herbicides" refers to the major herbicides used in Vietnam: 2,4-D (2,4-dichlorophenoxyacetic acid); 2,4,5-T (2,4,5-trichlorophenoxyacetic acid) and its contaminant TCDD (2,3,7,8-tetrachlorodibenzo-*p*-dioxin); cacodylic acid; and picloram. The evidence regarding association is drawn from occupational and other studies in which subjects were exposed to a variety of herbicides and herbicide components.

Mr. BYRD. Mr. President, I am proud to cosponsor the legislation introduced by the able Democratic leader, Senator DASCHLE, which provides health care and assistance to the children of Vietnam veterans who suffer from spina bifida. This legislation provides the needed authority for the Department of Veterans Affairs to treat these children for their service-connected disabilities arising from their father's exposure to agent orange during the Vietnam conflict. This is an unprecedented but appropriate action, since scientific research is now sufficiently sophisticated to allow us to understand the effects of toxic exposures on ourselves and on future generations.

As a result of the Agent Orange Act of 1991, the Department of Veterans Affairs and the National Academy of Sciences have at regular intervals reviewed the ongoing research on Agent Orange exposure. The report update issued this spring found "limited/suggestive evidence" linking the birth defect spina bifida to agent orange exposure. The report notes that all three epidemiologic studies reviewed suggest an association between herbicide exposure and increased risk of spina bifida in offspring. It further notes that in contrast to most other diseases, for which the strongest data have been from occupationally exposed workers, these studies focused on Vietnam veterans. All the studies were judged to be of relatively high quality, although they did suffer from some methodologic limitations.

On the basis of this finding, Secretary Jesse Brown recommended that a service connection be granted to Vietnam veterans' children with spina bifida. It is the right decision, and I applaud him for it. The research and the legislation are long overdue for families that have been struggling for some twenty years. Some one has observed that "procrastination is the thief of time." These children and their families have already lost time, lost long years of doubt and wondering, of financial hardship that they bore alone because the government procrastinated in investigating and acknowledging its role in this tragedy. The legislation introduced today by Senator DASCHLE attempts to correct that injustice, and I commend him for it. The poet Edward Young (1683–1796) has said: "Be wise today; 'tis madness to defer." Support this legislation, take responsibility for the tragic aftermath of our involvement in Vietnam, and take care of these children.

Mr. KERRY. Mr. President, I am pleased to join my distinguished colleague from South Dakota, Senator DASCHLE, in cosponsoring the Agent Orange Benefits Act of 1996. This bill takes another crucial step forward in repaying our debt to those who have served their country and are still suffering as a result of their service in Vietnam many years ago. In May, President Clinton announced that legislation would be proposed to aid Vietnam veterans' children who suffer from the disease spina bifida. This bill fulfills that commitment by recognizing and accepting natural responsibility for one of the serious health care needs of veterans' families that stem from the tragic effects of agent orange.

Senator DASCHLE and I and many others have worked for the past decade to try to bring to a fair and just resolution the questions surrounding agent orange and the effects it has had on the men and women who faithfully served this country. I know that there is still controversy about the effects of agent orange. There may always be controversy, just as there may always be controversy about the Vietnam war itself. But we must set aside the controversy—or put it behind us—to enable suffering children to receive the care and treatment they need when that suffering can be followed back to a service person's exposure to agent orange.

After years of hard work, I believe we have reached an acceptable consensus on the effects of agent orange through numerous studies—and independent scientific reviews of the many studies—which have been made on the effects of this dangerous chemical that contains deadly dioxin. I might add that it has been 30 years since agent orange was sprayed in Vietnam and we must stop debating over the bias of each individual analyzing the information. As I said back in May of 1988, "It is offensive to veterans to tell them that there is not enough 'scientific evidence' to justify compensation * * * The evidence is in their own bodies, and even worse, in the bodies of their children."

We have made great strides in reaching a consensus in some areas of health care for Vietnam veterans. Since 1985, Vietnam veterans have been eligible for free health care from the Veterans Administration for conditions that are related to exposure to agent orange. Veterans' disability compensation has been awarded to veterans affected by several agent orange-related illnesses including non-Hodgkins lymphoma, soft tissue sarcoma, Hodgkin's disease, chloracne, respiratory cancers, multiple myeloma, and, most recently, prostate cancer and acute and subacute peripheral neuropathy.

Today, Mr. President, we are addressing a particularly heinous effect of agent orange—an effect that unfortunately will carry the legacy of the Vietnam war to yet another generation. The bill we are introducing today would extend health care and related benefits to children of Vietnam veterans who suffer from spina bifida, a serious neural tube birth defect that requires life-long care—provided, of course, the children were conceived after the veterans began their service in Vietnam.

The National Academy of Sciences released a report in March of this year, citing new evidence supporting the link between exposure to agent orange and the occurrence of spina bifida in children of veterans who served in Vietnam. This report, Mr. President, warrants our action.

Both the President and the Secretary of Veterans Affairs, Jesse Brown, have asked that spina bifida in veterans' offspring be considered service connected. However, the VA currently does not have the authority to extend the health care and other related benefits to these children that they so greatly need. This bill will grant the VA the necessary authority to finally start providing needed care to these children who are suffering.

Mr. President, these are children whose misery stems from physical damage caused to one of their parents who was fighting for this country in Vietnam. We should do no less than provide them with the care and treatment they need. We must not make some of the children of our Vietnam veterans the last victims of the Vietnam war. I urge my colleagues to support this bill.

By Mr. ASHCROFT:

S.J. Res. 58. A joint resolution proposing an amendment to the Constitution of the United States relative to granting power to the States to propose constitutional amendments; to the Committee on the Judiciary.

STATE-INITIATED CONSTITUTIONAL AMENDMENT JOINT RESOLUTION

Mr. ASHCROFT. Mr. President, I rise this afternoon to talk about first principles, about fundamental truths, about a battle that helped give birth to a nation. The amendment I have sent to the desk represents an effort to restore the federal system conceived by the Framers over two centuries ago by giving the States the capacity to initiate constitutional reforms.

In considering my remarks earlier this morning, I was reminded of a trip my family and I made several years ago when I was Governor of the State of Missouri. In 1989, we were extended an opportunity to visit the site where the Continental Army, led by Gen. Atemas Ward, fought to seize Bunker Hill on the Charlestown peninsula.

It was a moving experience. One cannot help but recall the monument, dedicated by Daniel Webster, that stands as a tribute to the lives that were lost. I recommend the trip to both Members and the viewing audience alike.

I must confess, however, that the expansive field you will find fails to fully capture the raw carnage that visited Bunker Hill in June of 1775. Close to 2,000 lives were lost in less than 2 hours. And, while General Howe's regulars were masters of the peninsula at the end of the day, the casualties they sustained were more than twice that of the American militia.

Historians, Mr. President, have come to record Bunker Hill as a bloody if indecisive contest, an early salvo in a conflict which Dr. Jonathan Rossie has characterized as a "glorious cause." Glorious, if warfare can be called that, because the issue that animated the colonists that day was freedom, for themselves and generations yet to come; God, courage, and posterity were their invisible allies.

And as I reflect on those events, I cannot help but wonder what has become of the first principles for which our forefathers fought? What has become of the fundamental truths that compelled those great patriots up that hill, bayonets flashing, voices shouting "push on, push on."

For that battle outside of Boston helped give birth to a nation, a constitutional republic that was the first of its kind. A system where, as Madison suggested in "Federalist" No. 46, "the federal and state governments are in fact but different agents of the people, constituted with different powers, and designed for different purposes."

Unfortunately, Mr. President, Madison's vision is being lost. Judicial activism, Federal intervention, and past constitutional reforms have led to a gradual erosion of State power. In particular, the passage of the 16th and 17th amendments have had a disastrous effect on the capacity of the States to check Federal expansion. The former, establishing the income tax, gave the central government a virtually unlimited spending power, while the latter, providing for the direct election of Senators, worked to undermine the Senate's contemplated role as the protector of State autonomy.

One of the single, greatest challenges we face as a country and as a Congress, is addressing the constitutional imbalance that has arisen from the convergence of these trends. Allowing the States to initiate amendments on issues ranging from a balanced budget to congressional term limits would do just that.

The operation of the proposed amendment is as simple as its intent is clear. Whenever two-thirds of the States propose an amendment, in identical terms, it is submitted to the Congress for review. If two-thirds of both Houses fail to disapprove the amendment during the session in which it is received, the proposal is then forwarded to the States for ratification by three-fourths of the legislatures thereof.

If adopted, the proposed amendment would have tremendous value on several different fronts. First, it would force the cold corridors of power on the Potomac to respond to the will of the people—no more mandates, no more deficits, no more careerist in the Congress. Similarly, the amendment would allow the States to once again share the constitutional agenda of the Nation. And finally, it would provide a potential for addressing the problems of federalism in a context which could conceivably augment State power.

In Gregory versus Ashcroft, Justice O'Connor opined that "in the tension between Federal and State power lies the promise of liberty." And so it does. I believe reconstituting the federal system of which Madison wrote must become conservatives' new glorious cause. This amendment is a measured, moderate step toward achieving that end. For these reasons, Mr. President, I beg its adoption.

ADDITIONAL COSPONSORS

S. 334

At the request of Mr. McCONNELL, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 334, a bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to encourage States to enact a Law Enforcement Officers' Bill of Rights, to provide standards and protection for the conduct of internal police investigations, and for other purposes.

S. 729

At the request of Mr. BAUCUS, the name of the Senator from Minnesota [Mr. GRAMS] was added as a cosponsor of S. 729, a bill to provide off-budget treatment for the Highway Trust Fund, the Airport and Airway Trust Fund, the Inland Waterways Trust Fund, and the Harbor Maintenance Trust Fund, and for other purposes.

S. 1744

At the request of Mr. INOUYE, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 1744, a bill to permit duty free treatment for certain structures, parts, and components used in the Gemini Telescope Project.

S. 1838

At the request of Mr. FAIRCLOTH, the name of the Senator from Oklahoma [Mr. INHOFE] was added as a cosponsor of S. 1838, a bill to require the Secretary of the Treasury to mint and issue coins in commemoration of the centennial anniversary of the first manned flight of Orville and Wilbur Wright in Kitty Hawk, North Carolina, on December 17, 1903.

S. 1873

At the request of Mr. INHOFE, the name of the Senator from Montana [Mr. BURNS] was added as a cosponsor of S. 1873, a bill to amend the National Environmental Education Act to extend the programs under the Act, and for other purposes.

S. 1885

At the request of Mr. INHOFE, the names of the Senator from Tennessee [Mr. FRIST] and the Senator from Hawaii [Mr. INOUYE] were added as cosponsors of S. 1885, a bill to limit the liability of certain nonprofit organizations that are providers of prosthetic devices, and for other purposes.

S. 1938

At the request of Mr. BOND, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 1938, a bill to enact the model Good Samaritan Act Food Donation Act, and for other purposes.

S. 1951

At the request of Mr. FORD, the name of the Senator from Kentucky [Mr. McCONNELL] was added as a cosponsor of S. 1951, a bill to ensure the competitiveness of the United States textile and apparel industry.

S. 1963

At the request of Mr. ROCKEFELLER, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1963, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 1987

At the request of Mr. FAIRCLOTH, the name of the Senator from Utah [Mr. BENNETT] was added as a cosponsor of S. 1987, a bill to amend titles II and XVIII of the Social Security Act to prohibit the use of social security and medicare trust funds for certain expenditures relating to union representatives at the Social Security Administration and the Department of Health and Human Services.

SENATE JOINT RESOLUTION 57

At the request of Mr. ASHCROFT, the name of the Senator from Texas [Mrs. HUTCHISON] was added as a cosponsor of Senate Joint Resolution 57, a joint resolution requiring the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law.

SENATE CONCURRENT RESOLUTION 64

At the request of Mr. INOUYE, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of Senate Concurrent Resolution 64, a concurrent resolution to recognize and honor the Filipino World War II veterans for their defense of democratic ideals and their important contribution to the outcome of World War II.

AMENDMENTS SUBMITTED

THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

BAUCUS (AND OTHERS) AMENDMENT NO. 5141

Mr. BAUCUS (for himself, Mr. BINGAMAN, Mr. GRASSLEY, and Mr. REID) proposed an amendment to the bill (H.R. 3675) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1997, and for other purposes; as follows:

At the appropriate place in title III, insert the following:

SEC. 3 . CALCULATION OF FEDERAL-AID HIGHWAY APPORTIONMENTS AND ALLOCATIONS.

(a) IN GENERAL.—Except as provided in subsection (b), for fiscal year 1997, the Secretary of Transportation shall determine the Federal-aid highway apportionments and allocations to a State without regard to the approximately $1,596,000,000 credit to the Highway Trust Fund (other than the Mass Transit Account) of estimated taxes paid by States that was made by the Secretary of the Treasury for fiscal year 1995 in correction of an accounting error made in fiscal year 1994.

(b) ADJUSTMENTS FOR EFFECTS IN 1996.—The Secretary of Transportation shall, for each State—

(1) determine whether the State would have been apportioned and allocated an increased or decreased amount for Federal-aid highways for fiscal year 1996 if the accounting error referred to in subsection (a) had not been made (which determination shall take into account the effects of section 1003(c) of the Intermodal Surface Transportation efficiency Act of 1991 (Public law 1002–240; 105 Stat. 1921)); and

(2) after apportionments and allocations are determined in accordance with subsection (a)—

(A) adjust the amount apportioned and allocated to the State for Federal-aid highways for fiscal year 1997 by the amount of the increase or decrease; and

(B) adjust accordingly the obligation limitation for Federal-aid highways distributed to the State under this Act.

(c) NO EFFECT ON 1996 DISTRIBUTIONS.—Nothing in this section shall affect any apportionment, allocation, or distribution of obligation limitation, or reduction thereof, to a State for Federal-aid highways for fiscal year 1996.

(d) EFFECTIVE DATE.—This section shall take effect on September 30, 1996.

WELLSTONE AMENDMENT NO. 5142

Mr. LAUTENBERG (for Mr. WELLSTONE) proposed an amendment to the bill, H.R. 3675, supra; as follows:

At the appropriate place in title IV, insert the following:

SEC. 4 . TRANSFER OF FUNDS AMONG MINNESOTA HIGHWAY PROJECTS.

(a) IN GENERAL.—Such portions of the amounts appropriated for the Minnesota highway projects described in subsection (b) that have not been obligated as of December 31, 1996, may, at the option of the Minnesota Department of Transportation, be made available to carry out the 34th Street Corridor Project in Moorhead, Minnesota, authorized by section 149(a)(5)(A)(iii) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100–17; 101 Stat. 181) (as amended by section 340(a) of the National Highway System Designation Act of 1995 (Public Law 104–59; 109 Stat. 607)).

(b) PROJECTS.—The Minnesota highway projects described in this subsection are—

(1) the project for Saint Louis County authorized by section 149(a)(76) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100–17; 101 Stat. 192); and

(2) the project for Nicollet County authorized by item 159 of section 1107(b) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 2056).

WYDEN (AND OTHERS) AMENDMENT NO. 5143

Mr. LAUTENBERG (for Mr. WYDEN, for himself, Mr. KERRY, and Ms. MOSELEY-BRAUN) proposed an amendment to the bill, H.R. 3675, supra; as follows:

At the appropriate place, insert the following new section:

SEC. . TRAIN WHISTLE REQUIREMENTS.

No funds shall be made available to implement the regulations issued under section 20153(b) of title 49, United States Code, requiring audible warnings to be sounded by a locomotive horn at highway-rail grade crossings, unless—

(1) in implementing the regulations or providing an exception to the regulations under section 20153(c) of such title, the Secretary of Transportation takes into account, among other criteria—

(A) the interests of the communities that have in effect restrictions on the sounding of a locomotive horn at highway-rail grade crossings as of July 30, 1996; and

(B) the past safety record at each grade crossing involved; and

(2) whenever the Secretary determines that supplementary safety measures (as that term is defined in section 20153(a) of title 49, United States Code) are necessary to provide an exception referred to in paragraph (1), the Secretary—

(A) having considered the extent to which local communities have established public awareness initiatives and highway-rail crossing traffic law enrollment programs allows for a period of not to exceed 3 years, beginning on the date of that determination, for the installation of those measures; and

(B) works in partnership with affected communities to provide technical assistance and to develop a reasonable schedule for the installation of those measures.

LAUTENBERG AMENDMENTS NOS. 5144–5145

Mr. LAUTENBERG proposed two amendments to the bill, H.R. 3675, supra; as follows:

AMENDMENT NO. 5144

On page 19, strike lines 10 through 12 and insert "For the cost of direct loans, $8,000,000, as authorized by 23 United States Code 108."

AMENDMENT NO. 5145

On page 60, line 20, strike "103–311" and insert "103–331".

COHEN (AND OTHERS) AMENDMENT NO. 5146

Mr. COHEN (for himself, Ms. SNOWE, Mr. SMITH, and Mr. GREGG) proposed an amendment to the bill, H.R. 3675, supra; as follows:

Insert at the appropriate place:

"No funds appropriated under this act shall be used to levy penalties prior to September 1, 1997 on the States of Maine or New Hampshire based on non-compliance with federal vehicle weight limitations".

GRAMM (AND OTHERS) AMENDMENT NO. 5147

Mr. GRAMM (for himself, Mr. BOND, Mr. COATS, Mr. ABRAHAM, Mr. FAIRCLOTH, Mrs. HUTCHISON, Mr. LEVIN, Mr. WARNER, and Mr. HELMS) proposed an amendment to amendment No. 5141 proposed by Mr. BAUCUS to the bill, H.R. 3675, supra; as follows:

At the end of the amendment, add the following:

SEC. . Prior to September 30, 1996, the Secretary of the Treasury and the Secretary of Transportation shall conduct a review of the reporting of excise tax data by the Department of the Treasury to the Department of Transportation for fiscal year 1994 and its impact on the allocation of Federal aid highways.

If the President certifies that all of the following conditions are met:

1. A significant error was made by Treasury in its estimate of Highway Trust Fund revenues collected in fiscal year 1994;

2. The error is fundamentally different from errors routinely made in such estimates in the past;

3. The error is significant enough to justify that fiscal year 1997 apportionments and allocations of highway trust funds be adjusted; and finds that the provision in B appropriately corrects these deficiencies, then subsection B will be operative.

(b) CALCULATION OF FEDERAL-AID HIGHWAY APPORTIONMENTS AND ALLOCATIONS.—(1) IN GENERAL.—Except as provided in paragraph (2), for fiscal year 1997, the Secretary of Transportation shall determine that Federal-aid highway apportionments and allocations to a State without regard to the approximately $1,596,000,000 credit to the Highway Trust Fund (other than the Mass Transit Account) of estimated taxes paid by States that was made by the Secretary of the Treasury for fiscal year 1995 in correction of an accounting error made in fiscal year 1994.

(2) ADJUSTMENTS FOR EFFECTS IN 1996.—The Secretary of Transportation shall, for the State—

(A) determine whether the State would have been apportioned and allocated an increased or decreased amount for Federal-aid highways for fiscal year 1996 if the accounting error referred to in paragraph (1) had not been made (which determination shall take into account the effects of section 1003(c) of the Intermodal Surface Transportation Efficiency Act of 1991 (Public Law 102–240; 105 Stat. 1921)); and

(B) after apportionments and allocations are determined in accordance with paragraph (1)—

(i) adjust the amount apportioned and allocated to the State for Federal-aid highways for fiscal year 1997 by the amount of the increase or decrease; and

(ii) adjust accordingly the obligation limitation for Federal-aid highways distributed to the State under this Act.

(3) NO EFFECT ON 1996 DISTRIBUTIONS.—Nothing in this section shall affect any apportionment, allocation, or distribution of obligation limitation, or reduction thereof, to a State for Federal-aid highways for fiscal year 1996.

(4) EFFECTIVE DATE.—This section shall take effect on September 30, 1996.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. MURKOWSKI. Mr. PRESIDENT. I ask unanimous consent that the Committee on Armed Services be authorized to meet at the following times on Wednesday, July 31, 1996:

9:45 a.m. in executive session, to consider certain pending military nominations;

11:15 a.m. in open session, to consider the nomination of Lieutenant General Howell M. Estes III, USAG for appointment to the grade of general and to be Commander-in-Chief, United States Space Command/Commander-in-Chief, North American Aerospace Defense Command;

1:30 p.m. in open session, to consider the nomination of Admiral Jay L. Johnson, USN for reappointment to the grade of admiral and to be Chief of Naval Operations; and

3:30 p.m. in executive session, to consider certain pending military nominations.

The Presiding Officer. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be granted permission to meet to consider the nominations of Nils J. Diaz, and Edward McGaffigan, Jr., each nominated by the President to be a Member of the Nuclear Regulatory Commission, Wednesday, July 31, 1996, immediately following the first vote, in the President's Room.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, July 31, 1996, at 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, July 31, 1996, at 10:00 a.m. to hold a hearing on "Losing Ground on Drugs: The Erosion of America's Borders."

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, July 31, 1996, at 2:00 p.m., to hold a hearing on judicial nominees.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet in executive session during the session of the Senate on Wednesday, July 31, 1996, at 9:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, July 31, 1996 at 9:30 a.m. to hold an open hearing on Intelligence Matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERNATIONAL FINANCE

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Subcommittee on International Finance of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, July 31, 1996, to conduct a hearing on H.R. 361, "The Export Administration Act of 1996."

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

MORE THAN A ROOF

• Mr. SIMON. Mr. President, for many years I have had the privilege of knowing Ed Marciniak, now president of the Institute of Urban Life at Loyola University, who chairs the City Club of Chicago's committee on the future of public housing in Chicago.

He had a commentary on public housing that was published in Commonwealth, which is really more of a commentary on poverty and urban life and what we ought to do. He says:

> The average income of families living in Chicago's public housing is $2,500. Broadly speaking, a fatal flaw of these projects is that they provide tenant families with little else than space: little in the way of opportunity or incentive to better themselves and their children. In most cities the high-rise projects, often with as many inhabitants as a small town, house not a single teacher, nurse, firefighter, manager, technician, or civil servant and offer few role models for the children, few standard-setters for the adults, and scant motivation to become self-sufficient.

Recently Congress has approved a pilot project called Moving to Opportunity. Marciniak points out that it was based on a model in Chicago. He writes:

> Moving to Opportunity was modeled on a successful program sponsored by Chicago's Leadership Council for Metropolitan Open Communities. Since 1976, the Council has used federal funds to screen and then relocate more than 6,000 public housing families, most of them female-headed, into privately owned apartments, half of them in suburbs. By bidding good-by to public housing, most of the families not only bettered their living conditions but also greatly improved their children's opportunities. Among the suburban children only 5 percent dropped out of school, 54 percent attended college, and 27 percent found jobs. When people's expectations were raised and standards established, many started living up to them. Residential mobility made a difference.

I have had a chance to observe this program and it is a great step forward.

With a little creativity and sensitivity we can do much better in this country.

What is required is that we recognize that we have to do something to address the problems of those who are the least successful now in our society. They lack success not because of lack of ability in most cases, but because they find themselves trapped.

We have to open that trap.

Mr. President, I ask that the article from Commonweal be printed in the Record.

The article follows:

MORE THAN A ROOF—PROMISING MOVES IN PUBLIC HOUSING

(By Ed Marciniak)

Not long ago, I attended a national housing conference where a featured panelist was a woman introduced as a longtime resident of public housing. She herself then noted, matter-of-factly, that she had lived in public housing for forty-five years. For me, that admission was mind-blowing. Even more startling, however, was the realization that her remark had not caused even a ripple of surprise among the subsidized-housing professionals in the audience. Nonchalantly, they had come to accept public housing's way of life as a given for which they felt no personal responsibility.

It's unlikely that informed members of the general public are so complacent, whether as taxpayers concerned with the costs or as citizens aware of the pathologies associated with much public housing. People in the know are beginning to insist that government subsidies must not only meet their recipients' immediate needs but must be oriented toward helping them become self-supporting. Recent developments in and around Chicago, the area I know best, confirm that most public housing clients, the poorest of the urban poor, have not given up. Many have already helped themselves escape the trap that public housing has become. We now know that there are ways of giving them a chance to do so that have been tested, at least on a small scale, and found workable. These approaches deserve to be better known and more broadly applied. But, as will be seen, many questions need to be asked and answered.

In a bipartisan effort, Congress is currently overhauling the U.S. Housing Act of 1937. Despite its noble purpose and promising beginnings with scattered, low-rise public housing, that legislation has produced something of a monster. Today the U.S. Department of Housing and Urban Development [HUD} finances some 1.4 million apartments owned and managed by local hosing authorities. Another 1. 5 million privately owned units are federally subsidized through rent vouchers of one kind or another. Taking into account these programs and a host of others sponsored by HUD, the department has become the nation's largest slumlord.

But the problem is not primarily the numbers or costs. Our giant high-rise public housing projects have become ghettos for the urban poor: conglomerations riddled with drugs, gangs, crime, and poverty, peopled by far too high a proportion of single-family households, some now in their third and fourth generation. The average income of families living in Chicago's public housing is $2,500. Broadly speaking, a fatal flaw of these projects is that they provide tenant families with little else than space: little in the way of opportunity or incentive to better themselves and their children. In most cities the high-rise projects, often with as many inhabitants as a small town, house not a single teacher, nurse, firefighter, manager, technician, or civil servant and offer few role models for the children, few standard-setters for the adults, and scant motivation to become self-sufficient.

In recognition of these realities, Congress has persuaded HUD to begin dismantling these housing projects by giving residents, through rent vouchers, the option of living in privately owned housing in mixed-income neighborhoods; by scattering low-rise public housing throughout the city and its suburbs; by tearing down vacant high rises instead of rebuilding them; by using HUD dollars to attract other investment in additional housing for families of low and moderate income; and by stricter screening of a applicants and the prompt eviction of lawbreakers who are drug dealers or gang leaders. In April, HUD Secretary Henry G. Cisneros released a report on "The Transformation of America's Public Housing," reporting these and other steps HUD is taking to ensure "long-term recovery."

Congress has approved, though as a pilot project, a "Moving to Opportunity" initiative, which offers public housing families a chance to move to scattered-site public housing in the city or the suburbs. This modestly funded program, already in operation in Baltimore, Boston, Los Angeles, New York, and elsewhere, is being evaluated by its success or failure in escorting families into the urban mainstream. Important data will be collected about families who become home owners or leaseholders paying conventional rents. What were the bridges or escalators they used to leave public housing? Who provided the ladders of opportunity? Are the relocated families now in better housing? How many stayed in the suburbs, how many moved back to the city?

"Moving to Opportunity" was modeled on a successful program sponsored by Chicago's Leadership Council for Metropolitan Open Communities. Since 1976, the Council has used federal funds to screen and then relocate more than 6,000 public housing families, most of them female-headed, into privately owned apartments, half of them in suburbs. By bidding good-by to public housing, most of the families not only bettered their living conditions but also greatly improved their children's opportunities. Among the suburban children, only 5 percent dropped out of school, 54 percent attended college, and 27 percent were enrolled in a four-year college. As for the parents, 75 percent found jobs. When people's expectations were raised and standards established, many started living up to them. Residential mobility made a difference.

This good news is part of a larger movement toward depopulation of Chicago's family projects; occupancy has decreased from 137,000 in 1980 to 80,000 in 1995. More importantly, the council's work reflects a growing awareness among government and private funders of antipoverty programs of the need to find answers for certain key, long-neglected questions. How do people shed chronic dependency to achieve self-sufficiency? How do we reverse the nation's poverty rate, which declined in the 1970s and early 1980s but has been inching up ever since? How is the underclass turned into a working class?

Accordingly, the role of the private sector serving poverty-engulfed neighborhoods is also under scrutiny. Churches, social service agencies, youth clubs, and counseling centers are being asked to link short-term aid to more lasting improvement, to do more than collect the statistics on Sunday attendance, on youngsters who use the gym, on Christmas baskets, on kids in day care, on midnight basketball, or on mothers in self-improvement classes. Funders want to know whether and how their dollars made a difference: How many of the families were no longer on public aid? What percentage of the teen-agers finished high school? How many adults found jobs?

Similar questions can be and are now being asked about the persistence of homelessness. How did it happen that the homeless were made the immediate responsibility of local housing officials? Many of the homeless are jobless or the victims of a family break-up. Many were evicted from mental health institutions and dumped mercilessly on city streets. Some are vagabonds, down-and-outers addicted to drugs and/or alcohol. All may qualify as homeless, but what they desperately need encompasses a lot more than a space to live in.

Too often, of course, discussion of such problems devolves into ideological debates, focused on "Who is to blame?" rather than on "What is to be done?" On homelessness, however, as with public housing, there are pragmatic initiatives in play. An example is Deborah's Place in Chicago, a shelter for homeless women but with a difference. From day one, the purpose of Deborah's Place has been to help the women return to a more normal lifestyle—a job, a family, or, in case of need, to a caring institution that matches the woman's special problem. At three different locations, each with a staged program, Deborah's Place works to "help women leave the streets and shelters behind for new lives of independence, productivity, and well-being." As clients move up and out, they leave room and time for other women to be assisted.

On ending joblessness, strategy can also make a difference. Suburban Job Link, with offices in Chicago's South Lawndale community and suburban Bensenville, uses a unique method for promoting upward mobility. On contract with relatively job-rich suburban employers, the organization buses workers to temporary jobs that often lead to "working interviews" for applicants who want to demonstrate their potential to fill entry-level positions. Factory owners and other employers are invited to hire any worker full-time without a fee, thus supplying the missing rung on a stepladder to year-round employment. Through its "no-charge" arrangement, Job Link will place 1,000 "temps" into regular jobs with benefits in the next twelve months. Finally, it continues to bus the newly hired until they arrange transportation on their own, through a car pool, for example. As a not-for-profit, Job Link is funded by government and foundation grants and by its own earned income.

Another strategic point of entry for encouraging upward mobility has to do with school choice. Over the past decade it has become evident that nonpublic schools, especially those under religious sponsorship, have been remarkably successful in easing not only children but also their low-income parents into the urban mainstream. Nearly one of every four youngsters enrolled in an elementary or secondary school in Chicago attends a nonpublic school. Now, hundreds of scholarships to attend Catholic, Lutheran, and Episcopal schools are given to youngsters who live in the Cabrini Green, Henry Horner, Rockwell Gardens, and other public housing projects. The aid covers only part of the tuition, requiring parents or guardians to pay the balance and fees.

Though statistics are not available, it is our experience that the decision by a public housing family to enroll children in a private school is often the first step that eventually leads to an apartment in the private housing market. The choice made by a deserted mother, taken at personal sacrifice, is rewarded and reinforced when she sees that her child is in fact making educational progress; she is likely to strive even harder to climb out of poverty in order to continue sending her child to the school of her choice.

A final example—useful even though at present it is a matter of aspiration rather than achievement—returns to a housing program. It will be operative in 1997 when Chicago's Lawson YMCA finishes rehabilitating its twenty-five-story building to provide 583 single-occupancy rooms. The difference here lies in the overall aim, which is not just to provide livable space for otherwise homeless persons but also to help people who are homeless, jobless, and difficult-to-employ get jobs, preferably within walking distance, and become self-sufficient. The YMCA staff will work, for example, with people who are recovering from substance abuse by concentrating aggressively on job training and job getting. Success will be measured not just by occupancy rates but, more importantly, by the number who have moved to independent living.

As with the other examples, the virtue of the YMCA initiative lies in its responding not just to today's need but also to tomorrow's challenge. To paraphrase columnist Robert J. Samuelson, the United States struggles through a soul-searching transition from an era of entitlement to an era of responsibility.•

MODEL EMPLOYMENT PROGRAMS FOR EX-OFFENDERS

• Mr. CAMPBELL. Mr. President, I take this opportunity to recognize the continued outstanding accomplishments of a model employment program for ex-offenders in my home State of Colorado.

The Golden Door program, founded and developed by Bill Coors, president of the Coors Brewing Co., was implemented 28 years ago this month. The goal of Golden Door is to provide ex-offenders with a comprehensive program for reentry into society with a focus on employment. In addition to an employment opportunity targeting people with limited employment skills, the Golden Door program offers an education, training in personal finances, general counseling, and the stability that allows people to successfully maintain a job.

Eighty percent of the participants in the Golden Door program complete it successfully and move on to assume full-time positions within the corporation. While this kind of opportunity is somewhat rare, Colorado has proven that the concept can be effectively duplicated, proving profitable to the sponsoring business, the community and the participants.

Bill Coors' vision for a better community and a second change for people has left the State of Colorado with his legacy of philanthropic efforts and a solid example to which businesses, small and large alike, can aspire. It was in 1994 that I first called the attention of Congress to the Golden Door program, commending its good will and success. I also used that opportunity to express my support for the Targeted Jobs Tax Credit—now the Work Opportunity Tax Credit—initiative, a program designed to assist smaller businesses in employing people of similar target groups.

Since then, a variety of other legislative action has been taken to encourage the successful reentry of ex-offenders into society. Employment training is being institutionalized in prisons, and Congress is working to safeguard the continuation of these programs as we move through the legislative process.

In addition to highlighting the ongoing success of Golden Door and the Nation's concern over reducing the rate of recidivism, I would like to recognize a sister program to Golden Door called Gateway Through the Rockies, a community partnership to reduce criminal recidivism. The El Paso County, CO, Sheriff's Department recently kicked off Gateway to provide inmates nearing release with a comprehensive program of education, counseling, work experience, social skills training and post-release support. Modeled after Golden Door, Gateway offers ex-offenders a second chance at no cost to taxpayers.

Golden Door and Gateway Through the Rockies are shining examples of how communities and businesses can work together toward improving the quality of life for the community, while drastically reducing the cost we now incur by simply shuffling people in and out of the penal system. On July 11 of this year, my colleague, Senator GRAHAM, stated in a Senate floor statement that in Florida, "the recidivism rate among those prisoners who have been through our prison industry program is one-fifth of the recidivism rate of the population as a whole." These figures are impressive. It is my hope that in our effort to practice fiscal responsibility and become a less intrusive and yet more responsive government, we would make practical decisions regarding that segment of our community that has paid its debt and is capable of making a positive contribution. Programs serving as this segue simply makes sense.

Mr. President, I would like to state my commitment to encouraging such programs and exploring potential legislative initiatives to facilitate community partnerships to reduce recidivism. Again, my thanks to all of the individuals, organizations and businesses for their ground-breaking contributions to community-based programs in Colorado and across the country.•

CITY CAB CO.

• Mr. LEVIN. Mr. President, I rise to honor City Cab Co. on its 68th anniversary. City Cab Co. is the Nation's oldest African-American taxicab association.

On July 17, 1928, a group of ambitious African-American taxi drivers met in Detroit to discuss the possibility of starting a nonprofit corporate association because they were not accepted at the major cab company. Two weeks later, City Cab Co. was founded with nine charter members. City Cab membership has grown over the last 68 years, and as the company has remained in the city since its inception, it has become closely involved with the community. City Cab has transported children with special needs to and from school for over 30 years free of charge. This year, an anniversary gala will benefit these children further with proceeds going to scholarship fund.

City Cab has shown the people of Detroit what it means to be a supportive partner of the community. I know my Senate colleagues join me in congratulating City Cab Co. on its 68th anniversary.•

THE GATHERING STORM

• Mr. BRYAN. Mr. President, I urge my colleagues to read an article by Maj. Gen. Edward J. Philbin, which I ask be printed in the RECORD. In the wake of downsizing our national defense apparatus, we will come to rely even more on the capabilities of United States' Reserve Forces. As Members of Congress, we should take it upon ourselves to insure that guard and reserve units are prepared to carry this mission well into the next century.

The article follows:

[From National Guard, June 1996]

THE GATHERING STORM

(By Maj. Gen. Edward J. Philbin (ret.))

Recently, I was conducting experiments on the aerodynamic behavior of low-altitude, low-velocity spherical bodies at the Andrews Air Force Base golf course. Like all weather-wary flyers, I kept a suspicious eye on the mutating cloud formations overhead. Across the initially cloudless, blue sky crept wisps of white, which slowly burgeoned into rising silver cloud towers, the pinnacles fattening into great overhanging mushrooms of gold and purple. Progressively, the sky was darkened by a great sea of these forbidding gray thunderstorms. And then, these "duty boomers" unleashed a lightning barrage, which generated peals of thunder, followed by a monsoon-like deluge of water.

With apologies to Winston Churchill for appropriating one of his titles, I was struck by the similarity between this atmospheric spectacle and the acerbic treatment accorded the Army Guard since Operation Desert Shield/Desert Storm almost six years ago. At that time an orchestrated public affairs attack on the Army Guard was launched, concentrating on the three roundout brigades federalized on November 30, 1990. The most popular target of abuse was Georgia's 48th Infantry Brigade, roundout to the 24th Infantry Division, because of its alleged post-mobilization ineptitude at the National Training Center (NTC). The fact that the 48th Brigade had, before mobilization, been consistently evaluated as combat ready by the 24th Infantry Division was ignored. Also ignored was the 48th's call-up 3½ months after its parent division was alerted for Gulf deployment. Also never mentioned was the fact that, despite all the obstacles placed in its path at the NTC, the 48th was revalidated as combat ready in 91 calendar days, which was just one day more than scheduled, and on the very day the cease-fire went into effect. During those 91 days, the 48th Infantry Brigade spent only 65 days actually training.

Despite these facts, the 48th has been continually flogged and castigated by the media for "failure" to deploy to the combat area. With relentless determination, the media have published a rash of articles emphasizing fictional failings rather than positive accomplishments of the 48th, concluding that since the 48th "couldn't hack it," then none of the Army Guard "can hack it." This World War II tactic relies on the theory that "if you tell a big enough lie, and tell it often enough, most people will eventually believe it." The audience for which this propaganda is intended is the members of Congress in the hope they will relegate the Army National Guard to a state constabulary.

The Reserve Officers Association (ROA), in its May issue of the ROA National Security Report, published the written testimony of Richard Davis, General Accounting Office (GAO), which was presented at a hearing before Senator John McCain (R-Arizona). Davis, among other things, claimed that "at least one reserve component has not sufficiently adapted to the new challenges [of regional dangers rather than a global Soviet threat] and therefore may not be prepared to carry out its assigned missions." Guess which one? It's the Army National Guard. Davis went on to state that (1) the "Army National Guard has considerable excess combat forces" while the "big Army" hungers for more combat support units; (2) "the ability of some Army National Guard combat brigades to be ready for early deployment missions * * * is highly uncertain," suggesting that Army National Guard roles and missions should be "modified;" and (3) the Air National Guard force dedicated to continental air defense "* * * is not needed today" and eliminating them would free "considerable funds" for better use. Since this issue will be resolved cooperatively with the United States Air Force and the Congress, no further comment will be made here.

Davis, whose resumé is devoid of any hint of military experience, grounded his opinion upon the alleged military deficiencies of the three Army National Guard brigades, federalized for the Gulf War. However, those three brigades met the Army's deployability criteria, but were never given the mission to deploy and no sealift was ever requested or scheduled for them. I repeat: All three roundout brigades and the three additional Guard battalions (Texas, Alabama and South Carolina) met the readiness deployability criteria established by the Army Mobilization and Operations Planning System (AMOPS) on the first day of federalization.

The truth, obscured by the slanderous billingsgate that has been spewed on the Army Guard, is that Operation Desert Shield/Desert Storm was a significant success for the Army National Guard as well as the "big Army." Army Guard volunteers filled critical positions early in the crisis. It was successful in rapidly deploying 60 COL/LTC level commands to SWA, all of which made a significant contribution to Operation Desert Storm/Desert Shield.

Due to years of preparation, Army Guard units were ready for federalization and were successful. All Army Guard units were at their respective mobilization stations within 72 hours of federalization. More than 97 percent of ARNG units met or exceeded deployability criteria when federalized. Sixty-seven percent of all Army Guard units deployed within 45 days of being federalized. The primary obstacle to an even earlier deployment was unavailability of sealift and airlift.

Almost 100 percent of the Army Guard soldiers called-up reported for active duty and more than 94 percent of the units' soldiers were deployable. Of the unit troops, only six percent (3,974 of 62,411) were ineligible for deployment under statutory provisions and DoD guidelines.

Before federalization, the combat readiness of the Army National Guard was at an historic high. The Army Guard demonstrated its ability to alert, federalize and rapidly deploy to the theater of operations (CENTCOM)—reports to the contrary notwithstanding.

Did Mr. Davis (B.S. degree in accounting; M.S. in business administration) consider any of these data in arriving at the apocalyptic conclusions about the Army National Guard's military prowess? If he did, he didn't mention it in his written or oral testimony. But his oral testimony was liberally buttressed with statements such as: "I think," "I believe," "it's my opinion," but no evidence was given.

Our "good friends" in the ROA never mentioned these facts to their readers. Nor did ROA mention that for various reasons a considerable portion of the Army Reserve is not deployable. Probably that is the reason the Army Reserve is energetically blocking the path of Army Reservists who wish to transfer to the Army Guard. ROA claims that the purpose of its National Security Report is to inform Reservists of the facts of readiness issues. Yet, ROA publishes only material that denigrates the Army Guard. The motive may be found in the following excerpt from a commentary printed beside the Davis testimony:

"Anyone reading carefully between the lines of the articles contained in this month's NSR will become aware of the riptides and undercurrents that can impact negatively on the future size and role of the Reserves if we (ROA) are not careful. The problem is that many Reserve officers assigned to units feel they do not have to join ROA in order to take advantage of the benefits of the highly effective legislative work ROA does on their behalf on Capitol Hill."

Sounds more like a membership drive than a crusade for the truth.

ROA followed Mr. Davis' fantasy with two other articles presented as if they were hot-off-the-press news flashes: "21st Century Force: A Federal Army and a Militia" and "The State Militia." In fact, as the Brits say, they were "mutton dressed up as lamb," having been written in 1993 at the Army War College's Strategic Studies Institute, by COL Charles Heller, who was an Army Reserve advisor.

Heller's first article blames the "inordinate influence" of the AGAUS and NGAUS for the "big Army's" alleged difficulty in structuring a stronger Total Army. Not surprisingly, he paints the Army Reserve and ROA as more responsive to and supportive of the "big Army." Predictably, Heller alleges that the Army Reserve call-up and its service in the Gulf War were exemplary, while Army Guard combat maneuver elements required, "lengthy post-mobilization training and then [did] not deploy to the Gulf." Heller concludes that, "the Total Army should be organized into two components—a federal Army (Active Army and the U.S. Army Reserve) and a militia (the state Army National Guard.") He stops short, just barely, of advocating equipping the Army Guard with horses, lances and swords.

Heller proposes that the Army Reserve be made responsible for the Federal Emergency Management Agency (FEMA). That's very interesting, since the ROA leadership, which published Heller's musings, now professes to have utterly no interest in seeking new jobs for the Army Reserve. Yet, they feverishly sought and probably still seek passage of the Laughlin Bill (H.R. 1646), which would have interjected the Army Reserve into the National Guard's constitutional state mission.

Very solicitous of the National Guard's welfare, Heller worries that the Army Guard will have no time to train adequately for both the state and federal mission, alleging without explanation that the Army Guard failed in the Gulf deployment and in the Los Angeles riots. He proposes of that the Army Guard should concentrate on the state mission. He also advocates USAR involvement in the state, as well as the federal, mission in a contradiction in his argument, which in his exuberance to redesign the Army Guard, he ignores.

His opinions and conclusions are heuristic, self-serving, internally contradictory and unsupported by any evidence. All of these allegations are refuted by the actual performance of the Army Guard in the Gulf War. But Heller performs a valuable service by raising an extremely important question: Why have two Army Reserve components? Why, indeed? Certainly, the constitutional framers recognized, as did George Washington, the need to establish a full-time standing army and accordingly gave Congress the power to raise and support armies—and only standing armies were contemplated by that particular language. The Founding Fathers never intended and the sovereign states *never* granted the federal government the power to organize and maintain a federal militia over which the states would have no control. They recognized the necessity of a well-regulated militia and, in the Militia Clause of the Constitution (Art. I, Sec. 8, Cl. 16), they made provisions accordingly. It is under this clause that the militia and its modern counterpart, the National Guard, have developed.

A propaganda storm has been gathering and thickening around the Army National Guard since the Gulf War. These libels are intended to generate thunderous doubt about the capability of the Army Guard to perform its federal mission; to generate lightning bolts of criticism of the Army Guard from the Congress and ultimately to create a legislative deluge in which the Army Guard will sink into oblivion. This storm has been energized by the hunger of the National Guard would-be competitors to co-opt our missions and the share of the federal military budget that supports these missions.

There are two ways to deal with an imminent thunderstorn. One way is to huddle under an umbrella, close your eyes to the lightning, put your fingers in your ears to mute the thunder and hope for survival. The other way is to seed the clouds with a defusing substance like silver iodide, dissipate their destructive energy and make them vanish. The time may be at hand when supporters of the National Guard must resort to the defusing technique, which might very well answer, once and for all, Heller's question. Why have two Army Reserve components?

Why, indeed, when the United States Constitution authorizes only one—the National Guard.

Note: As this article was being written, troops of the 48th Brigade were packing up to once again deploy to the NTC. On April 23, Mr. Davis' GAO Division notified DoD that it was initiating, on its own authority, a review of "Roles, Missions, Functions and Costs of the Army Guard and Army Reserve." Be assured that the NGAUS will be scrutinizing both events for any signs of dissembling.•

LAKE SUPERIOR STATE UNIVERSITY

• Mr. LEVIN. Mr. President, I rise today to honor Lake Superior State University on the 50th anniversary of its founding. The University has a long and interesting history.

In 1822, Colonel Hugh Brady established a fort in Sault Ste. Marie along the Saint Mary's River. The fort was later named after Colonel Brady, its first commanding officer. In 1866, Fort Brady was rebuilt to protect the State lock and canal from invasion or destruction. In 1892, Fort Brady was moved to a nearby hill-top because increased commercial shipping raised the value of river-front property.

During World War II, Fort Brady saw a lot of action as over 20,000 troops were stationed there for training. The Army used the winters of the region to condition its snowshoe troops for warfare in northern Europe. At the end of World War II, Fort Brady was placed on inactive status.

After Fort Brady's closing, local businessmen and officials were prompted to find a way to keep the recently renovated buildings and property in use. At the same time that residents were working to keep Fort Brady functioning, the Sault branch of the Michigan College of Mining and Technology (currently Michigan Technological University) was being inundated with applications from war veterans. It was quickly decided that moving the school to Fort Brady would solve both problems.

In 1946, the Michigan College of Mining and Technology opened with a class of 272. The Sault Ste. Marie branch offered classes in chemical, electrical, and mechanical engineering and in forestry. Michigan State University assisted in the founding of a general studies program that offered liberal arts credits for the first 2 years of course work that were transferrable to other institutions.

In 1966, the college was renamed Lake Superior State College. The State Board of Education accorded the College 4-year status and authorized it to grant baccalaureate degrees. The College's first class of 4-year students graduated in 1967. The College separated from Michigan Technological

University in 1970, and on November 4, 1987, Governor James Blanchard signed legislation changing Lake Superior State from a College to a University.

Over its 50 years, the University has grown steadily and currently has an enrollment of approximately 3,500 students. Lake Superior State has maintained the school's small personal atmosphere, while achieving national recognition for accomplishments such as winning three NCAA division 1 hockey titles. In the field of academics, the school is particularly known for the quality of its criminal justice and nursing programs.

Over the past 50 years, Lake Superior State University has prepared thousands of students, including several members of my Senate staff, to contribute to the State of Michigan and the Nation. I know my Senate colleagues will join me in honoring Lake Superior State University on its 50 years of service to the community.•

TRIBUTE TO HARRIET TRUDELL

• Mr. REID. Mr. President, I rise today to honor one of Nevada's living legends, Harriet Trudell. Harriet has had many titles during her life, from democratic activist, human rights advocate, lobbyist, feminist, campaign manager, and champion of the poor, to mother and grandmother. To me, Harriet is both a valued friend and a trusted advisor. To her country and the State of Nevada, she is a courageous and tireless fighter who can always be counted on to tell it like it is.

For more than 20 years, Harriet has been a key player in the public arena, both in Nevada and across the Nation. She is an invaluable asset to all of the many organizations and groups to which she has lent her energy, her fervor, and her skill. Harriet has a strong voice, a quick mind, and a political acumen which she uses to great effect for those who often lack a voice in our society. Both her compassion and her outrage at injustice drive her to organize, inspire, and fight, long after most would have been exhausted. From marching in protest down "the Strip" in Las Vegas, to addressing the State legislature or lobbying Members of Congress, Harriet sticks to her convictions and never gives up the fight.

Over the years, whether she was serving on my staff or for another organization, Harriet has fought for those in our society who are so often forgotten. Whenever there is a social issue confronting Congress, I can always expect a phone call from Harriet to remind me of my obligations. She is a champion of women, children, minorities, and the poor. When tough decisions have to be made, Harriet is there serving as our conscience. Even when her causes are politically unpopular, she steadfastly speaks out for justice.

It is my pleasure to speak today in tribute to Harriet Trudell—a Nevadan and a patriot—and congratulate her on being selected for a well-deserved honor by the Southern Nevada Women's Political Caucus. Nevada and the Nation owe Harriet Trudell a debt of gratitude.•

TRIBUTE TO JOSH WESTON

• Mr. LAUTENBERG. Mr. President, I rise today to pay tribute to Josh Weston who is retiring as chief executive officer of Automatic Data Processing. It's been said that you can't judge a businessman by intentions, but by results. If that's true, then we can only judge Josh Weston as an incredible success. Josh joined ADP in 1970, and he has far exceeded the high expectations I had for him.

During his 14 years as chairman and chief executive officer of ADP, Josh's leadership accelerated ADP's already extraordinary record of excellence. In the words of Wall Street Stock analyst James A. Meyer, "This company is so well managed that it's the envy of everyone on Wall Street."

Josh has decided that it's time to pass on his mantle at ADP, and he leaves a legacy that was not only good for ADP, its staff, clients, and shareholders, but for our country. His extraordinary talent for management will serve as a model to be studied by managers across our corporate society.

ADP has grown phenomenally since two friends and I joined together in the early 1950's. It went public in 1961 and continued to grow and prosper; in fact, ADP is the only public company in the Nation to achieve consistent, record growth in earnings and revenue for 139 quarters—nearly 35 years. In the most recent quarter, which ended on March 31, ADP earned a net $143.9 million. Earnings grew 15 percent and revenue 20 percent.

Yet, ADP's success goes far beyond the debit and credit columns. It currently has 350,000 clients, prepares checks for 19 million, and enjoys a financial history which has made investors, many of them ordinary ADP employees, financially secure. In addition, ADP provides jobs for 5,000 New Jerseyans and employs 29,000, worldwide.

Much of this success is due to the leadership of Josh Weston over the past 14 years. He did it by following and building upon ADP's established formula for success: striving to master new technology, to improve efficiency, to attract outstanding staff, to make profits every employee's responsibility, and to develop new products and markets .

But perhaps most importantly, ADP has always invested in the morale, skills and training of its employees. These valuable men and women are ADP's greatest resource, and Josh never failed to recognize this fact. In fact, in a recent article in the Newark Star Ledger, Josh credited "teamwork" as the key to ADP's success.

Although an extremely successful businessman, Josh has always believed that we make a living by what we gain, but we make a life by what we give. And Josh's contributions to his community are considerable. The numerous Pro Bono Boards on which he has been active include Chairman of Boys Town of Jerusalem; Chairman of Mountainside Hospital; Vice-Chairman of the Tri-State United Way; New Jersey Symphony Orchestra; Atlantic Health System; WNET/Channel 13; I Have a Dream Foundation; Montclair Art Museum; Montclair State University Business School; New Jersey Quality Education Commission; National Conference of Christians and Jews; New Jersey University of Medicine and Dentistry; etc. This sampling undeniably demonstrates Josh's breadth and depth of commitment.

For the past 14 years, Josh Weston and ADP have been a great team, but Josh has decided that it's time to relinquish the CEO title to ADP's current president and chief operating officer, Art Weinbach. As usual, Josh made an excellent decision.

Management gurus John Clemens and Douglas Mayer once noted, "From a management viewpoint, Shakespeare's King Lear is a tragedy because Lear failed to understand two managerial concepts: the need to select competent successors and the need to let go." Josh undeniably understands these concepts. However, ADP will miss his vision and vitality. Josh Weston is not just a businessman or an executive; his record of accomplishment, his commitment to his customers and his loyalty to his employees distinguishes him as a true leader.

I am proud to call him a friend, and I wish him the best as he goes on to other challenges.•

GEN. COLIN POWELL

• Mr. SIMON. Mr. President, few would dispute the fact that one of the most distinguished and highly respected public servants in our lifetime is Gen. Colin Powell.

I read in Carl Rowan's column of a speech he gave at a commencement at Bowie State University.

I contacted General Powell to obtain a copy of it, and I have just read his remarks for the second time.

They are common sense. They are compassionate. They are forward-looking.

A significant part of his remarks, in my opinion, is what he has to say about affirmative action.

Affirmative action can be abused like any good thing can be abused. His comments should be spread much more widely than simply to this graduating class.

I ask that Gen. Colin Powell's remarks be printed in the CONGRESSIONAL RECORD.

The remarks follow:

REMARKS OF GEN. COLIN POWELL

I can never speak at a commencement such as this without the years peeling away as I drift back into a reverie of my own commencement some 38 years ago. The world you have educated yourselves for is so very, very different from the world that I started in those many years ago.

I graduated as the Cold War was deepening, as lethal arsenals of nuclear weapons were growing ever more ominous. The world in 1958 that I entered was a world that seemed on the verge of gloom and despair. For most of my years as a soldier, for most of those 35 years, I participated in a death struggle of survival between the forces of Communism and the evil empire, and the forces of good, the forces of democracy, that we represented. It was a long, long struggle, a struggle that dominated most of my life.

I can still remember the commission I got at my ROTC graduation in 1958. It was signed by Dwight Eisenhower, and the mission they gave Lt. Powell at that time was simple. "Lt. Powell go to Germany. Take command of 40 soldiers. Find the City of Frankfurt. Go to the east of the City of Frankfurt. You'll find the Iron Curtain. Lt. Powell, with your 40 soldiers, guard a small section of the Iron Curtain. In the time of war, don't let the Russian Army come through. Got it?" "Yes, sir. Got it." And I did that for two years, successfully preventing World War II from breaking out.

The years went by, and 28 years later, I got a new commission. This time from Ronald Reagan, and he made me a Lieutenant General of Infantry And they gave me 75,000 proud American soldiers to command. And 28 yeas later, my mission was, "General Powell, with your 75,000 soldiers, you'll be in Germany, find the city of Frankfurt. Go the east of the city of Frankfurt. Guard a slightly wider section of the Iron Curtain this time. Try to do as good a job as you did when you were a Lieutenant."

During your years here at Bowie, that Cold War came to an end. The arsenals of nuclear weapons are being dismantled. The Soviet Union has broken into 15 individual nations, each seeking its own way down a difficult path of learning how democracy works, mastering the mysteries of free enterprise and market economic system. Communism lies discredited, its few remaining adherents cling to the corpse of a dead ideology.

This historic reconciliation that has taken place between East and West has changed the old Cold War map that used to be red and blue with an Iron Curtain between the colors into a new kind of map, a map full of mosaic pieces, different colors as new nations and old nations seek to find a new way in a different kind of world, a world structured as a world trading system as opposed to a world in conflict.

This reconciliation that took place between the Soviet Union and us is matched by other historic reconciliations that have taken place around the world in recent years. In the Middle East, the peace process is moving forward that we hope will be successful in finally bringing peace to that troubled part of the world.

In South Africa, Nelson Mandela who was on trial when I graduated from college and who spent 27 years in prison, is now the president of his country. And in his triumph, he killed the evil ideology of Apartheid.

In our own hemisphere, as I think back just seven years to when I was National Security Advisor to the President of the United States and we had all kinds of problems here in Haiti, in Nicaragua, and Honduras and El Salvador and Panama and now, all of those nations are moving forward down the road to democracy with elected civilian leaders; all of them save one, Cuba. But Cuba cannot withstand the winds of historic change that are sweeping across our hemisphere. In Asia, the pattern is the same as we watch the Philippines and India, the Southeast Asia tiger, Vietnam, even China, emerging into this new world trading system.

You are entering a world where our former adversaries, those that we were in conflict with for all these decades, have now become our economic competitors as well as becoming our new markets, new opportunities for us.

It is not a world without problems or conflicts. Bosnia, Liberia, North Korea, and other places of tragedy remind us on our television sets every evening of the dangers that will lurk ahead. Yet, I want you to see this as a time of hope and optimism because our value systems have prevailed.

There is no cross-border war anywhere in the world today. No nation is fighting with any other nation across a national border. American troops on this Memorial Day are not at war. Instead, they are conducting peacekeeping operations. In Bosnia they are even working alongside Russian soldiers who were once their sworn enemies.

The world that you are entering to make your contribution will increasingly be structured not by armies staring at each other across iron or bamboo curtains. Instead, it will be structured by free world trade, by the power of the information and technology revolutions, by the instantaneous flow of capital, data, ideas, values. The cellular telephone, the fax machine and the Internet are breaking down all the old Cold War boundaries that once divided people.

What will not change is the responsibility that America will have to burden the very difficult, difficult task of world leadership. We have power that is trusted. We are still a beacon of freedom, and we are still an example of what can be achieved, what can be accomplished when free people are allowed to determine their own destiny.

With the end of the Cold War, we have now turned inward here in America to start to deal with those vexing problems that, perhaps, we overlook while we were worrying about nuclear warfare and World War III. We look inward and know that we need a more rapidly growing economy to provide good, well-paying jobs for all Americans. We know that we have to do something about the problems of violence on our streets and violence in our schools. We have to do something about an education system, while it serves you well, it is not structured to serve all our youngsters well.

We must do something about the scourge of drugs that threatens to wipe out an entire generation of young people. We will have to deal with the breakdown that has occurred in the norms of civility within our society which have led to such public and political rancor that causes us to wonder what kind of a society we are becoming. We must do something about the racial separation that exists in our nation and keeps us from the dream of an integrated society that Dr. King set out for us.

In some ways, the new world that we face will be more complex and demanding than the old world, both here and abroad. But despite the challenges, incredible opportunities await you in this new world, opportunities that await educated people. The education you received here, the additional education you must acquire in whatever field of endeavor you enter—because in this increasingly technical and competitive world, success will go to those who realize that education must now become a lifelong pursuit.

America will not be going back to smokestack industries. The corporate restructuring that you see taking place allow us to be more competitive, more agile, more ready to deal with the challenges of a world economic system. You each face the prospect of several different careers in several different companies in different places around the country and around the world as you go about your working career.

America has changed in so many, many wonderful ways since my graduation in 1958. When I graduated as a black man, I was, by law, a second-class citizen. When I graduated in 1958, the Declaration of Independence and the Bill of Rights didn't fully apply to me. I entered at that time perhaps the only institution in America that permitted a black person to rise in an integrated setting limited only by my own willingness to work hard and my dreams and ambition. And that institution was the United States Army.

The Army led the nation, and the nation followed. The young Captain Powell who was once refused service at a lunch counter in Georgia, when I came home from Vietnam after a year of fighting for my country, that Captain Powell was able to become General Powell, the Chairman of the Joint Chiefs of Staff for the Armed Forces of United States.

But I didn't do it alone. I climbed on the backs of the those who came before me and those who broke the trail, the Buffalo soldiers and Tuskegee Airmen, and the other black military pioneers. I climbed on the backs of men and women who knew that they served a country that was not yet prepared to serve them. But they did it anyway because they had faith in what the future held for them and for their country.

I benefited from the sacrifices of Dr. Martin Luther King, Jr. and Jesse and Rosa and Andrew and so many, many others—black and white—who were determined to build an America that would be faithful to the dreams of its founding fathers. The men and women who are honored along with me today, your teachers and parents and family members who are present today, they struggled as well.

We succeeded because we worked hard, we believed in ourselves, and because we believed in the fundamental goodness of the American people and we believed in the redemptive potential of our society; and we did it all for you. We now expect you to do even more. We expect you to climb higher. We expect you to take advantage of the marvelous opportunities that are before you, opportunities that were not there for us. We expect you to let your shoulders be used by those who still search for success, who wonder if the dream is still there for them. Because you see, the struggle is not yet over. We're not where we have got to be. We're not where we want to be. We have a great America. We can make it a greater America.

There are those who say, "Well, you know, we can stop now. America is a color blind society." But it isn't yet. There are those who say, "We have a level playing field." But we don't yet. There are those who say that, "All you need is to climb up on your own boot straps." But there are too many Americans who don't have boots, much less boot straps.

A few—a few Horatio Alger stories, not enough to give hope to our fellow citizens who still live in the despair of racism, who are trapped in tightening circles of poverty and poor education, who wonder if compassion and caring are still the pillars of the American dream. There are those who rail against Affirmative Action. They rail against Affirmative Action preferences, while they have lived an entire life of preference. There are those who do not understand that the progress we have achieved over the past generation must be continued if we wish to bless future generations.

And so, Colin Powell believes in Affirmative Action.

I believe it has been good for America, and I know that we can design Affirmative Action Programs that will satisfy the Constitutional requirements, because what we want is Affirmative Action that provides access for all Americans to the opportunities that rightfully belong to all Americans.

In my travels around the country since retirement, I have visited with many corporate leaders, and I have been pleased to see how committed American industry is to Affirmative Action. They understand that we cannot waste any human potential. They understand that in the future that is ahead they must have diverse work forces. They must be prepared to operate in a world trading environment that is increasingly minority, as we would call it, becoming a majority.

I'm very, very proud of what I've seen in American corporate life. In one case, one company leader said to me, "We don't care what the government does with respect to Affirmative Action. We believe in it. We believe it's the right thing to do. We are going to continue to move forward."

Affirmative Action finds and prepares qualified people for entry into the education system and into the work force. We must resist misguided government efforts that seek to shut it all down, efforts such as the California Civil Rights Initiative which poses as an Equal Opportunity Initiative, but which puts at risk every outreach program. It sets back the gains made by women, and puts the brakes on expanding opportunities for people who are in need.

I don't speak about Affirmative Action from an academic sense. I speak from experience. In the military, we worked hard to include all Americans. We used Affirmative Action to reach out to those who were qualified, but who were often overlooked or ignored as a result of indifference or inertia. We used Affirmative Action in the military to create the level playing field and to create the color blind environment that so many people speak of.

We didn't wait for it to happen. We made it happen in the military. We created an environment where advancement came from performance and a striving for excellence and not from color or gender. But first we had to open the gates to let people in. As a result, we produced an Armed Force rich in its diversity and the very, very best in the world, a reflection of what all of America should look like. So we have to keep it up. We have to commit ourselves. There is no alternative.

When one black man graduates, at the same time, 100 black men are going to jail. We still need Affirmative Action.

When half of all African American men between the ages of 24 and 35 years of age are without full-time employment, we still need Affirmative Action. When half of all black children live in poverty, we need Affirmative Action as well as quality education systems and a thriving economy to produce the good jobs, the good jobs that free enterprise and capitalism can produce, the jobs that at the end of day are the only solution to the problems we face.

Some people will say that Affirmative Action stigmatizes the recipients. Nonsense. Affirmative Action provides access for the qualified. And for anybody who feels stigmatized, go get A's instead of C's. Knock them dead. And then—I tell the story in my book about when I was a young Lieutenant and one of my commanding officers back then in the late '50s came up to me and said, "Powell, you're doing great. You're one of best black Lieutenants I've ever known." And I just said, "Thank you, sir." And I said to myself silently, "That ain't going to be good enough. You may have a stereotype of me, but I intend to be the best Lieutenant you ever saw." And I will—for the way to handle stereotypes and stigmatism is to let it be somebody else's problem. You just perform and do your very, very best.

Because you see, the Army put me in an environment where I could be a winner, and I wanted to be a winner. Beautiful graduates before me this morning are all winners. You have benefited from the sacrifices of those who went before you. You have worked hard. And today, you receive your reward. You are filled by the love and by the dreams of your parents and families. You are nourished by the education you have received from the dedicated teachers here present who have given you the priceless gift of learning.

We expect you to go forth and prosper and contribute to the economic growth of this nation. We expect you to lead a life of service to your community and to serve those who have not had the advantages that you have. You are people of accomplishment. You are now role models. Each of you must find a way to reach down and back to help someone in need, someone in pain, someone who wonders if anybody cares, somebody who wonders if the American dream is still there for them.

In order to have a complete life, make sure you share your time, your talent, and your treasure with these who are less fortunate. We expect you to raise strong families. We expect you to raise children who are inspired to do even better than you are. Marry well, and marry for life. Be parents of value. Teach your children the difference between right and wrong. Teach your children the place of God in their lives.

Teach your children the value of hard work and education. Teach them to love. Teach them to be tolerant. Teach them to be proud of their heritage, their color. And teach them to respect their fellow citizens who may look different but who are not different.

Teach them to respect themselves, to believe in themselves. Teach them, above all, to believe in America as you must believe in America. America, a noisy, noisy country, the noise has a name. It's called "democracy." Democracy as we argue with each other to find the correct way forward. America, a wonderful place. A place with problems, problems that are now yours to solve and not just to curse, because we are a good people. We want to do the right thing. We must have faith in ourselves. We are, as Lincoln put it, "The last, best hope of earth."

I am so proud of you today, so very, very proud. Go forth now to make this a better land. Go forth to find your destiny. Go forth to find happiness. Go forth on your American journey. Go forth with my congratulations and with God's blessings. Have a great life. Thank you.•

NOMINATION OF NINA GERSHON

• Mr. MOYNIHAN. Mr. President, yesterday, by unanimous consent the Senate confirmed the nomination of Magistrate Judge Nina Gershon for the position of U.S. District Judge for the Eastern District of New York. I recommended Judge Gershon to President Clinton on July 11, 1995 and the President nominated her on October 18, 1995.

The Senate has confirmed a judge of impeccable credentials. She has been a magistrate court judge since 1976 and was chosen chief U.S. magistrate judge for the Southern District in January of 1992. Indeed, Judge Gershon has the distinction of being the first chief magistrate judge for the Southern District. Nina Gershon has shown herself to be an extremely able and well-respected magistrate. And I am confident that she will serve the Eastern District of New York with equal dedication.

Throughout the nomination process she has had bipartisan support and I thank the leaders for bringing her nomination forward.•

RENEWABLE TECHNOLOGIES RESEARCH AND DEVELOPMENT

• Mr. AKAKA. Mr. President, I want to express my support of Jeffords-Roth-Leahy renewable energy amendment. This amendment will restore funding for the Department of Energy solar and renewable energy research and development program to the amount appropriated in fiscal year 1996.

I want to thank Senator JEFFORDS for offering this amendment because I believe that our country's renewable energy program is at an important watershed. With support from Congress and the Federal Government, our Nation can forge ahead in developing reliable and cost-effective renewable technologies. We can also position our renewable energy industry to capture its share of the rapidly expanding market of solar and other renewable technologies. And, we can expand power generation capacity in an environmentally responsible manner.

In recent years, energy efficiency and renewable energy programs have been remarkably successful and have created a new industry capable of world leadership in a very important technology sector. Energy efficient technologies are generating billions of dollars of consumer energy savings and new business opportunities and play an important role in job creation, according to a study by energy expert Daniel Yergin. If we retreat from this promising growth industry, as we did throughout the decade of 1980s, our international competitors will quickly carve up a market that will exceed a billion dollars by the turn of the century.

We should not reduce funding for renewable R&D and allow this initiative to sputter and stall. We must move forward, as other countries are doing, and make essential investments in technologies that will create new jobs, open export markets, and promote a healthy environment. This is the choice we have made in approving this amendment.

At stake is our ability to compete in an international energy market that will experience explosive growth in the decades ahead. Many countries cannot afford to meet the growing energy demand by building, operating, and maintaining centralized power plants and the costly infrastructure associated with them. The flexibility offered by renewable technologies is a natural fit for the developing world.

Countries around the world are also making conscious strategic decisions to endorse and adopt renewable energy as a mainstay of their energy policy. These policies may lead to the amelioration of problems associated with global climate change.

The past decade was a period of unparalleled success in the drive to reduce the cost of solar and renewable technologies. Some are at the verge of becoming cost competitive with conventional energy sources. This trend will continue to improve in the years ahead. As these technologies become more and more cost competitive, the rate at which these technologies are integrated into the energy grid will steadily increase.

What is at stake is the ability of a young, dynamic industry to capture the world markets for renewable technologies so that Americans can hold their share of rewarding, high paying jobs. That is what the Jeffords amendment is all about. If we are to move into the future with a strong economy and a healthy environment, renewable energy technologies must be a part of our investment strategy for the future.

Although the value of U.S. renewable energy exports exceeds a quarter of a billion dollars, the U.S. renewable energy industry is barely penetrating the expanding world market for renewable energy technologies. This is a result of a weak commitment to renewable energy research, development, and export promotion.

Compared with seven other leading trading nations, the United States ranks lowest in resources allocated to solar and renewable export promotion, according to a 1992 Department of Energy report.

National Science Foundation data confirms that the U.S. investment in R&D is in decline. Since 1987, Federal R&D investments have dropped steadily in real terms. Since 1992, industry R&D has stagnated. And today, less than one-third of private R&D is dedicated to research; the rest is being spent on product and process development.

I support the Jeffords amendment because I want to reverse this trend. Frankly, I would have preferred higher spending levels for solar and renewable programs, but this is not realistic given the budget constraints we face. Unless we maintain a reasonable funding level for these programs, we will continue to lose ground and should not be surprised if other countries outcompete U.S. industry in this rapidly expanding market.

Finally, there are important energy security reasons for supporting this amendment. U.S. oil imports are at record levels, are continuing to grow, and could reach 60 percent of consumption by the year 2005. Oil imports that high would contribute nearly $90 billion to the trade deficit. According to a recent Department of Commerce analysis, this level of oil imports constitutes a threat to U.S. economic security. Persian Gulf countries are projected to control 70 percent of the global market for oil by the year 2010, making world oil markets increasingly unstable.

Renewable energy technologies will lead to significant movement toward alleviating some of the potential negative consequences of our continuing and increasing reliance on imported oil.•

TRIBUTE TO THE EXPERIMENTAL AIRCRAFT ASSOCIATION ON THE OCCASION OF THE 43D ANNUAL "FLY IN" IN OSHKOSH, WISCONSIN, AUGUST 1, 1996

• Mr. FEINGOLD. Mr. President, I rise today to salute the 160,000 international members of the Experimental Aircraft Association, based in Oshkosh, Wisconsin, on the opening day of their 43rd annual "Fly In" convention, the single largest aviation event of its kind in the world.

Mr. President, the Fly In, held at the Wittman Regional Airport in Oshkosh, is the stage for 12,000 experimental aircraft, vintage warplanes, showplanes, ultralights and rotorcraft. More than 700 exhibitors will present examples of cutting edge aviation technology, and more than 500 workshops, seminars and forums will feature many of the leading figures in aviation passing along their knowledge and experience on subjects covering the whole spectrum of flight.

More than 800,000 people from all over the world will attend the Fly In.

This year's program includes a salute to test pilots, the people who strap into the latest aviation designs and push them as far and as fast and as high as they can possibly go, pushing the performance envelope in the continuous quest for better aircraft. There will also be a salute to Korean War and Vietnam War veterans.

Mr. President, the Fly In is a terrific show, but it is only part of the ongoing work of the EAA.

The Experimental Aircraft Association works both to preserve aviation's heritage and promote its future. If you are interested in designing, building, restoring, maintaining or flying airplanes, or if you simply take pleasure in watching aircraft perform, the EAA offers something for you through programs at the state, regional, national and international level, all aimed at making flying safer, more enjoyable and more accessible for anyone interested.

The EAA supports a foundation dedicated to the education, history and development of sport flying. It maintains a large collection of aircraft, a portion of which is on display at the EAA Air Adventure Museum in Oshkosh. EAA has created the Young Eagles program to give a free flight experience to young people, and there's a scholarship program for young people interested in aviation careers.

All this began, Mr. President, in January, 1953, a little less than 50 years after the Wright brothers flew at Kitty Hawk. Paul Poberezny and a group of flying enthusiasts met at Milwaukee's Curtiss Wright field, now known as Timmerman Field. The first Fly In was held nine months later at Curtiss Wright, drawing fewer than 40 people and a handful of aircraft.

Mr. Poberezny was elected the group's first president, and he held that post until 1989, when his son, Tom, took the reins. For the first 11 years of its existence, EAA was run out of the basement of Mr. Poberezny's home in Hales Corners, Wisconsin, near Milwaukee. Now it operates from its headquarters in Oshkosh.

Mr. President, flight has fascinated the human race for centuries. Less than a century ago, powered flight became a reality. Sixty-six years later, we landed on the moon. Still, the wonder of traveling among the clouds remains, and that spirit, along with the inventiveness and daring of pilots, designers and engineers, is nurtured by the Experimental Aircraft Association.•

IT'S TIME TO END DEFERRAL

• Mr. DORGAN. Mr. President, it's time to end the perverse $2.2 billion U.S. jobs export subsidy called deferral that our Tax Code provides to big U.S. companies that move their manufacturing plants and U.S. jobs to tax havens abroad, and then ship back their tax-haven products into the United States for sale. Since 1979, we have lost about 3 million good-paying manufacturing jobs in this country, in part, because of this ill-advised subsidy.

Presidents Kennedy, Nixon, and Carter all tried to curb this misguided tax subsidy. In 1975, the Senate voted to end it. In 1987, the House voted to stop it. But in each case, high-powered lobbyists for the big corporations were able to derail it before such action could be enacted and signed into law.

In July, Robert McIntyre, Director of the Citizens for Tax Justice, offered compelling testimony in support of the effort to pull the plug on this misguided tax break at a recent Families First forum on paycheck security issues. He thoroughly debunks the lobbyist-driven myths that repealing this $2.2 billion U.S. jobs export subsidy will somehow prevent large U.S. multinational firms from competing in the global economy. I think that you will find his testimony provides an excellent perspective on this subject, and I hope that you will read it.

I ask that the text of Mr. McIntyre's recent testimony be printed in the RECORD.

The material follows:

STATEMENT OF ROBERT S. MCINTYRE, DIRECTOR, CITIZENS FOR TAX JUSTICE, IN SUPPORT OF LEGISLATION TO CURB TAX SUBSIDIES FOR EXPORTING JOBS

Citizens for Tax Justice strongly supports legislation to limit current federal tax deferrals that subsidize the export of American jobs. Such reform legislation is embodied in S. 1355, Senator Byron Dorgan's "American Jobs and Manufacturing Preservation Act." Similar legislation has been approved by the House of Representative in the past. We urge the full Congress to pass S. 1355 and send it to the President to sign.

TAX BREAKS FOR EXPORTING JOBS SHOULD BE ELIMINATED—WE SHOULDN'T PAY OUR COMPANIES TO MAKE GOODS FOR THE AMERICAN MARKET IN FOREIGN COUNTRIES

In its 1990 annual report, the Hewlett-Packard company noted: "As a result of certain employment and capital investment actions undertaken by the company, income from manufacturing activities in certain countries is subject to reduced tax rates, and in some cases is wholly exempt from taxes, for years through 2002." In fact, said Hewlett-Packard's report, "the income tax benefits attributable to the tax status of these subsidiaries are estimated to be $116 million, $88 million and $57 million for 1990, 1989 and 1988, respectively."

This is not an isolated instance. An examination of 1990 corporate annual reports that we undertook a few years ago provided the following additional examples.[1]

Footnotes at end of article.

Baxter International noted that it has "manufacturing operations outside the U.S. which benefit from reductions in local tax rates under tax incentives that will continue at least through 1997." Baxter said that its tax savings from these (and its Puerto Rican) operations totaled $200 million from 1988 to 1990.[2]

Pfizer reported that the "[e]ffects of partially tax-exempt operations in Puerto Rico and reduced rates in Ireland" amounted to $125 million in tax savings in 1990, $106 million in 1989 and $95 million in 1988.

Schlering-Plough said that it "has subsidiaries in Puerto Rico and Ireland that manufacture products for distribution to both domestic and foreign markets. These subsidiaries operate under tax exemption grants and other incentives that expire at various dates through 2018."

Becton Dickinson reported $43 million in "tax reductions related to tax holidays in various countries" from 1988 to 1990.

Beckman noted: "Certain income of subsidiaries operating in Puerto Rico and Ireland is taxed at substantially lower income tax rates," worth more than $7 million a year to the company over the past two years.

Abbot Laboratories pegged the value of "tax incentive grants related to subsidiaries in Puerto Rico and Ireland" at $82 million in 1990, $79 million in 1989 and $76 million in 1988.

Merck & Co. noted that "earnings from manufacturing operations in Ireland [were] exempt from Irish taxes. The tax exemption expired in 1990; thereafter, Irish earnings will be taxed at an incentive rate of 10 percent."

In fact, under current law, American companies often are taxed considerably less if they move their manufacturing operations to an overseas "tax haven" such as Singapore, Ireland or Taiwan, and then import their products back into the United States for sale.

HOW WE SUBSIDIZE THE EXPORT OF AMERICAN JOBS

The tax incentive for exporting American jobs results from current tax rules that:

1. allow companies to "defer" indefinitely U.S. taxes on repatriated profits earned by their foreign subsidiaries; and
2. allow companies to use foreign tax credits generated by taxes paid to non-tax haven countries to offset the U.S. tax otherwise due on repatriated profits earned in low- or no-tax foreign tax havens.

S. 1355 WOULD END THIS WRONG-HEADED SUBSIDY

Why should the United States tax code give companies a tax incentive to establish jobs and plants in tax-haven countries, rather than keeping or expanding their plants and jobs in the United States? Why should our tax code make tax breaks a factor in decisions by American companies about where to make the products they sell in the United States?

Why indeed? We believe that this tax break for overseas plants should be ended. Profits earned by American-owned companies from sales in the United States should be taxed—whether the products are Made in the USA or abroad.

S. 1355 would end the current tax break for exporting jobs—by taxing profits on goods that are manufactured by American companies in foreign tax havens and imported back into the United States. It would achieve this result by (1) imposing current tax on the "imported property income" of foreign subsidiaries of U.S. corporations; and (2) adding a new separate foreign tax credit limitation for imported property income earned by U.S. companies, either directly or through foreign subsidiaries.[3]

legislation identical to S. 1355 was passed by the House in 1987. Unfortunately, at that time the reform provision was dropped in conference at the insistence of the Reagan administration.

SPURIOUS ARGUMENTS AGAINST CURBING SUBSIDIES FOR EXPORTING JOBS

Of course, Congress has heard loud complaints from lobbyists for companies that benefit from the current tax breaks for exporting jobs. Some have apparently argued that their companies will be at a competitive disadvantage in foreign markets if this legislation were approved. But since the bill applies only to sales in U.S. markets, that argument makes no sense.

Lobbyists also have asserted that if American multinationals have to pay U.S. taxes on their profits from U.S. sales for foreign-made goods, they might be disadvantaged compared to foreign-owned companies selling products in the United States. Perhaps. But as the House concluded in 1987, it would be far better "to place U.S.-owned foreign enterprises who produce for the U.S. market on a par with similar or competing U.S. enterprises" rather than worrying about "placing them on a par with purely foreign enterprises."[4]

Finally, lobbyists have made the spurious point that overall, foreign affiliates of U.S. companies have a negative trade balance with the United States, that is, they move more goods and services out of the United States than they export back in. To which, one might answer, so what?

After all, S. 1355 does not deal with all foreign affiliates of U.S. companies. Rather, it deals only with U.S.-controlled foreign subsidiaries that produce goods for the American market in tax-haven countries.[5] When U.S. companies shift what would otherwise be domestic production to these foreign subsidiaries it most certainly does not improve the U.S. trade balance; it hurts it.[6]

CONCLUSION

American companies may move jobs and plants to foreign locations in order to make goods for the U.S. market for many reasons—such as low wages or lack of regulation—that the tax code can do little about. But we should not provide an additional inducement for such American-job-losing moves through our income tax policy.

American multinationals should pay income taxes on their U.S.-related profits from foreign production. Such income should not be more favorably treated by our tax code than profits from producing goods here in the United States. We urge Congress to approve the provisions of S. 1355.

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[1] Several of the companies mentioned here apparently have been lobbying hard against S. 1355.

[2] Many companies do not separate the tax savings from their Puerto Rican and foreign tax-haven activities in their annual reports.

[3] "Imported property income means income . . . derived in connection with manufacturing, producing, growing, or extracting imported property; the sale, exchange, or other disposition of imported property; or the lease, rental, or licensing of imported property. For the purpose of the foreign tax credit limitation, income that is both imported property income and U.S. source income is treated as U.S. source income. Foreign taxes on that U.S. source imported property income are eligible for crediting against the U.S. tax on foreign source import[ed] property income. Imported property does not include any foreign oil and gas extraction income or any foreign oil-related income.

"The bill defines 'imported property' as property which is imported into the United States by the controlled foreign corporation or a related person." House Committee on Ways and Means, "Report on Title X of the Omnibus Budget Reconciliation Act of 1987," in House Committee on the Budget, Omnibus Budget Reconciliation Act of 1987, House Rpt. 100-391, 100th Cong., 1st Sess., Oct. 26, 1987, pp. 1103–04.

[4] Id.

[5] Companies that manufacture abroad in non-tax-haven countries generally would not be affected by the bill, since they still will get foreign tax credits for the foreign taxes they pay.

[6] Foreign affiliates of U.S. companies that produce goods for foreign markets—not addressed by Senator Dorgan's bill—may well have a negative trade balance with the United States, insofar as they transfer property from their domestic parent to be used in overseas manufacturing. But it would obviously be far better for the U.S. trade balance—and for American jobs—if those final products were manufactured completely in the United States and exported abroad, rather than having much of the manufacturing process occur overseas. To assert that foreign manufacturing operations by American companies helps the U.S. trade balance is to play games with statistics.

For example, suppose an American company was making $100 million in export goods in the U.S. for foreign markets. Now, suppose it moves the assembly portion of that manufacturing process overseas, where half the value of the final products is produced. At this point, instead of $100 million in exports, there are only $50 million. America has thus lost exports and jobs—even though the foreign affiliate itself has a negative trade balance with the United States. For better or worse, however, S. 1355, does not address this situation.●

THE RUSSIAN ELECTIONS

• Mr. LEAHY. Mr. President, on June 16, something happened that has tremendous implications for the American people and for people everywhere. On that day, Russia, which just a few years ago was the greatest threat to democracy in the world, held a democratic election to select its President.

That alone, Mr. President, is reason to celebrate. Despite calls from people across the Russian political spectrum who still do not understand what democracy is about to cancel the election, the Russian government stuck by its commitment to democracy—

No decisions were taken by secretive Politburos.

Parties representing the full spectrum of political sentiment participated. Candidates crisscrossed that vast country making promises to win the votes of ordinary people.

And in the end, most stunning of all, there was a graceful concession speech by the losing candidate, the leader of the Communist party that only a little while ago we regarded as the personification of tyranny, committing the party to challenge irregularities in the election "in the courts, not in the streets."

Mr. President, this was not a perfect election. There were irregularities. There may well have been instances of ballot box stuffing. I was quite concerned about the extent to which media coverage of the election appeared to favor one candidate. But it also occurred to me that, if I were a newspaperman covering an election in which one major party had a record of advancing democracy and the freedoms associated with it and the other had a 70-year history of suppressing the freedom of newspapers like mine, I might have tended to advocacy rather than neutrality too. That is not an excuse, but despite the irregularities, there is general agreement that the will of the Russian people was heard in this election.

The Russian people voted for democracy, and the tremendous significance of that should not be lost on anyone. Despite all of the hardship they are experiencing. Despite the crime and corruption. Despite their loss of empire. Despite the fact that the standard-bearer of the forces of democracy has made many mistakes, the brutal war in Chechnya being the most egregious, and is in poor health.

The Russian people voted for freedom. Freedom to speak their minds. Freedom to associate. As ultra-nationalist Vladimir Zhirinovsky, who is not someone I admire, put it in explaining why he would not support the communists: freedom to decide where to spend his vacation. For some, it came down to things as simple as that, things which we take for granted.

Mr. President, the world has changed profoundly in the last decade. Communism as a world force is gone. Whatever the future may bring in terms of the distribution of power in the world, the age of ideological confrontation between communism and democracy is over. While there remain many aggressive forces in the world, I cannot help but feel that the world will be a safer place when its two greatest powers are both committed to democracy and the protection of individual rights.

And I think we owe credit to President Clinton, Secretary of State Christopher, and Deputy Secretary Talbott. Over the past 3 years, they have braved the attacks by those, including some in this chamber, who cannot bring themselves to give up their cold war notions about evil empires and would have us focus only on the vestiges of the old and ugly in Russia and ignore all that is new and promising.

Where do we go from here? As the ranking member of the Foreign Operations Subcommittee, I have watched as funding for foreign assistance has been slashed over the past 18 months, including assistance to Russia. Assistance to Russia is being phased out over the next 2 years, even though it is obvious that it is going to take the Russian people at least another decade to be able to take control of their own lives instead of expecting the government to do it for them, and that our assistance would be valuable to them.

President Yeltsin has won the support of his people to continue reform. But the Russian economy remains a shambles. The Russian Government has no money to finance its reforms. Crime is rampant. There are still pensioners on the streets of Moscow hawking pairs of children's rubber boots in order to survive.

Aid from the United States cannot possibly solve these problems directly. The problems are so immense that only the Russian people working together will be able to.

But what our aid can do is show them the way. Most Russians still have only a faint notion of what a market economy offers. Most also still carry the perceptions drilled into them by their Soviet masters that Americans are their enemies.

I have not been fully satisfied with the results of our aid program in Russia. There has been confusion, a lack of strategic thinking, and boilerplate approaches that did not fit the unique conditions there. Too much of the money has ended up in the pockets of American contractors, without enough to show for it.

But some programs have given the Russian people hope for a better future. People-to-people exchanges are an example of how we can help change old ways of thinking. I believe the thousands of exchanges of ordinary citizens that we have sponsored over the last 4 years played a role in President Yeltsin's victory. Farmer-to-farmer programs. Business exchange programs. Academic exchange programs. Civic organization development projects. They have shown the Russian people what is possible.

Americans have learned from these exchanges too. We have learned that the Russian people are not ogres. Like us, they are mostly worried about the welfare of their families. But they are learning for the first time that it is possible to have a system of government whose primary aim is the defense of individual rights, and which actually serves them.

Mr. President, there remains much to criticize in Russia. The democracy that exists there is fragile, and the future unpredictable. The future is far from predictable. There will continue to be setbacks, and instances when Russia behaves in ways that are inconsistent with international norms. I have been horrified by the brutality of the Russian military in Chechnya. While it has been reassuring to see the outpouring of protest against this barbarity by the Russian people themselves, President Yeltsin and his security advisors need to recognize that Chechnya's future is not going to be decided by bombing its people into submission.

Having said that, let us today recognize how much has changed for the better in Russia compared to just a few years ago. And I hope we will also reaffirm our commitment to support reform in Russia. We know how to put our aid dollars to good use there, and there is much good yet to be done.•

YEAR-ROUND SCHOOLS

• Mr. SIMON. Mr. President, recently a friend of mine, Gene Callahan, sent me an editorial from the Evansville Courier suggesting that Evansville look at year-round schools.

The reality is the whole Nation should do that.

We take the summer months off, in theory, so that our children can go out and harvest the crops. That made sense a century ago and maybe even 60 years ago, but it does not make sense today.

If we increased the school year from 180 days to 210, we would still be far behind Japan's 243 days and Germany's 240 days. And simply adding that 30 days would mean the equivalent of 2 additional years of school by the time the 12th grade is finished. But in reality it would be more than that. Any fourth grade teacher will tell you that part of the first weeks of teaching in the fourth grade is revisiting what students learn in the third grade. The three month lapse makes it more difficult for students starting in the fourth grade.

But suggesting year-round schools is not going to be simple. We will have to pay teachers more. We will have to air condition school rooms. In essence, what we will have to do is to make the priority out of education that we must, if we are to be a competitive Nation with the rest of the world.

One not so incidental result of that would be that our students would be better prepared, we would gradually reduce our illiteracy rate, and because students will have more opportunity upon graduation and would not be in the streets in the summer months, the crime rate is likely to drop some. The drop is not likely to be dramatic, but it would help.

I commend the editors of the Evansville Courier.

Mr. President, I ask that the editorial from the Courier be printed in the RECORD.

The editorial follows:

[From the Evansville Courier, June 17, 1996]

TAKE ANOTHER LOOK AT YEAR-ROUND SCHOOL

The Evansville-Vanderburgh School Corp. has good cause to consider starting the school year in mid-August—test-readiness of children is a valid concern in both home and classroom. And in our view, the same argument weighs for future consideration of a year-round school calendar.

The school administration has recommended that the School Board approve a calendar that moves up the beginning of school by eight school days, in great part to allow students more time to prepare for state performance testing.

The ISTEP tests have been given in the spring, but beginning in the fall, they will be administered the last week in September and first week of October. With students returning from a three-month vacation, it will be a challenge for teachers to get them up to school speed in time for the tests. The earlier start would buy time for students and teachers.

The premise here—that students returning from a long summer vacation are not prepared to take a test—seems just cause for consideration of year-round school, such as the plan that will be tried at Lincoln Elementary School on an experimental basis.

In fact, children no longer need a three-month vacation; they no longer need to be off that long to work in the fields.

Three months away from school is counterproductive to learning. As a result, valuable learning time is needed each fall to reacquaint children with learning and to refresh what they learned the previous year.

The School Board should approve the administration's recommendation for the earlier school start, and then ask itself if the same rationale doesn't justify a serious look at year-round school.●

EXECUTIVE SESSION

NOMINATION OF FRANK R. ZAPATA, OF ARIZONA, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF ARIZONA

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nomination on the Executive Calendar: Calendar No. 677, the nomination of Frank Zapata, to be U.S. District Judge for the District of Arizona.

I further ask unanimous consent that the nomination be confirmed, the motion to reconsider be laid upon the table, and the President be immediately notified of the Senate's action.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nomination was considered and confirmed, as follows:

Frank R. Zapata, of Arizona, to be United States District Judge for the District of Arizona.

NOMINATION OF ANN D. MONTGOMERY, OF MINNESOTA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF MINNESOTA

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate proceed to consider the following nomination on the Executive Calendar: Calendar No. 512, the nomination of Ann Montgomery to be U.S. District Judge for the District of Minnesota.

I further ask unanimous consent that the nomination be confirmed, the motion to reconsider be laid upon the table, and the President be immediately notified of the Senate's action.

The PRESIDING OFFICER. Is there objection?

Mrs. HUTCHISON. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Would the Senator from Texas wish to state her reason for the objection? Mr. President, could we get the attention of the Senator from Texas?

Mr. President, I have to say, if we are going to start playing this game—I have been urging my colleagues to cooperate not 1 day, not 2 days, not a week, not 2 weeks, but ever since the majority leader got elected to that position, every day. The majority leader has done an extraordinary job of working with me.

But I must tell you, that kind of act is going to end our cooperation pretty fast. That is unreasonable, not acceptable. And to not even respond. I have helped the Senator from Texas as late as last week. I worked very hard to get her legislation passed and sent over to the House. We got it done. We got it done. We would not have gotten it done. And this is the thanks we get, and this is the kind of cooperation we get in return.

Mr. President, it is going to be a long 2 days here and, I must say, an even longer month in September if all the cooperation is expected to come from this side. So we are going to have a lot more to say about this. And before we go into any other unanimous-consent agreements we are going to have a good discussion about what kind of reciprocity there is in this institution. But that is very disappointing and very unacceptable. I yield the floor.

LEGISLATIVE SESSION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPEAL OF TRADING WITH INDIANS ACT

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3215 which was received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3215) to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

TRADING WITH INDIANS ACT REPEAL

Mr. KYL. Mr. President, I rise in very strong support of this legislation, H.R. 3215, to repeal the Trading with Indians Act. I would note that the Senate has twice approved measures to repeal this 19th century law—in November 1993, and again last October as part of a bill making technical corrections in Indian laws.

Mr. President, I want to begin by thanking the chairman of the Indian Affairs Committee, JOHN MCCAIN, who joined me in sponsoring the Senate companion bill, S. 199, and who encouraged his committee to incorporate it into last year's technical corrections measure. I also want to commend Congressman J.D. HAYWORTH for championing the legislation in the House on behalf of his native American constituents. Without his active support, it is safe to say that the House would not have acted on the measure this year.

When the Trading with Indians Act was enacted in 1834, it had a very legitimate purpose: to protect native Americans from being unduly influenced by Federal employees.

But, a law that started out with good intentions more than a century ago has become unnecessary, and even counterproductive, today. It established an absolute prohibition against commercial trading with Indians by employees of the Indian Health Service and Bureau of Indian Affairs. The problem is that the prohibition does not merely apply to employees, but to family members as well. It extends to transactions in which a Federal employee has an interest, either in his or her own name, or in the name of another person, including a spouse, where the employee benefits or appears to benefit from such interest.

The penalties for violations can be severe: a fine of not more than $5,000, or imprisonment of not more than 6 months, or both. The act further provides that any employee who is found to be in violation should be terminated from Federal employment.

This all means that employees could be subject to criminal penalties or fired from their jobs, not for any real or perceived wrongdoing on their part, but merely because they are married to individuals who do business on an Indian reservation. The nexus of marriage is enough to invoke penalties. It means, for example, that an Indian Health Service employee whose spouse operates a small business on a reservation could be fined, imprisoned, or fired. It means that a family member could not apply for a small business loan without jeopardizing the employee's job.

The legislation before us today will correct that injustice without subjecting native Americans to the kind of abuse that prompted enactment of the law 160 years ago. The protection that the Trading with Indians Act originally offered can now be provided under the Standards of Ethical Conduct for Government Employees. The intent here is to provide adequate safeguards against conflicts of interest, while not unreasonably denying individuals and their families the ability to live and work—and create jobs—in their communities.

Both Health and Human Services Secretary Donna Shalala and Interior Department Assistant Secretary Ada Deer have expressed support for the legislation to repeal the 1834 act. Secretary Shalala, in a letter dated November 17, 1993, noted that repeal could improve the ability of IHS to recruit and retain medical professional employees in remote locations. It is more difficult for IHS to recruit and retain medical professionals to work in remote reservation facilities if their spouses are prohibited from engaging in business activities with the local Indian residents, particularly since employment opportunities for spouses are often very limited in these locations.

Let me cite one very specific case in which the law has come into play. The case, which surfaced a couple of years ago, involved Ms. Karen Arviso, who served as the Navajo area IHS health promotion and disease prevention coordinator. Ms. Arviso was one of those people who played a particularly critical role during the outbreak of the hantavirus in the Navajo area at the time. She put in long hours traveling to communities across the reservation in an effort to educate people about this mysterious disease.

Instead of thanks for her dedication and hard work, Ms. Arviso received a notice that she was to be fired because her husband applied for a small business loan from the Bureau of Indian Affairs. The Trading with Indians Act would require it. What sense does that make?

Mr. President, repeal of the Trading with Indians Act is long overdue. I urge the Senate to pass this legislation again today, and finally send it on to the President for his signature.

Mr. McCAIN. Mr. President, I rise today to express my support for H.R. 3215 a bill to repeal certain provisions of laws relating to trading with Indians and to urge its immediate adoption. I am pleased to be joined by Senator JOHN KYL in sponsoring S. 199, the Senate companion to H.R. 3215 to repeal the Trading with Indians Act.

H.R. 3215 would address a longstanding problem in Indian policy. I have worked extensively with my colleagues from Arizona, Senator KYL and Congressman HAYWORTH, to repeal the Trading with Indians Act. The Trading with Indians Act was originally enacted in the 1800's to protect Indians from unscrupulous Indian agents and other Federal employees. The prohibitions in the Trading with Indians Act were designed to prevent Federal employees from using their positions of trust to engage in private business deals that exploited Indians. These prohibitions carried criminal penalties including a fine of up to $5,000 and removal from Federal employment. As time has passed, it has become apparent that the law is doing more harm than good.

The Trading With Indians Act has had significant adverse impacts on employee retention in the Indian Health Service [IHS] and the Bureau of Indian Affairs [BIA]. The problems stemming from the Trading with Indians Act are well-documented. The way that the law is written allows for the conviction of a Federal employee even when the employee is not directly involved in a business deal with an Indian or an Indian tribe. Because the prohibitions in the Trading with Indians Act apply to the spouses of IHS and BIA employees, the adverse impacts are far-reaching. For example, if a spouse of an IHS employee is engaged in a business that is wholly unrelated to the BIA or the IHS and does not transact business with the BIA or the IHS, the spouse is still in violation of the Trading with Indians Act. Employee retention in often rural and economically depressed Indian communities is difficult enough without the additional deterrent of an outdated prohibition to force out productive and experienced employees who might otherwise stay. The act even prohibits Indians from the same tribe from engaging in business agreements or contracts entirely unrelated to the scope of the Federal employee's employment. Because the act applies to agreements between all BIA and IHS employees and all Indians regardless of their proximity or range of influence, it would prohibit a BIA or IHS employee on the Navajo reservation in Arizona from selling his car to a Penobscot Indian from Maine.

As tribal governments become more sophisticated and more Indian people become better educated and able to adequately protect themselves against unscrupulous adversaries, the Federal Government must respect these changes by repealing outdated and paternalistic laws which are still on the books. Respect for Indian sovereignty demands that the relics of paternalism fall away as tribal governments expand and grow toward self-reliance and independence. It is clear that although this statute served an admirable purpose in the 1800's, it has become anachronistic and should be repealed. The important policies reflected in the Trading with Indians Act are now covered by the Standards of Ethical Conduct for Employees of the Executive Branch. The Standards of Ethical Conduct for Employees of the Executive Branch adequately protects the Indian people and tribes served and provides simple guidelines to follow for all Federal employees when it comes to contracts with Indian people and Indian tribes.

I would like to express my appreciation for the work of Senator KYL and Congressman HAYWORTH in the development of this bill and I urge my colleagues to support passage of H.R. 3215. I ask unanimous consent that the statement of Senator KYL be included in the RECORD immediately following my remarks.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the bill be deemed read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3215) was deemed read the third time and passed.

MEASURE READ THE FIRST TIME—H.R. 2391

Mr. GRASSLEY. Mr. President, I understand that H.R. 2391 has arrived from the House. I now ask for its first reading.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2391) to amend the Fair Labor Standards Act of 1938 to provide compensatory time for all employees.

Mr. GRASSLEY. Mr. President, I now ask for its second reading.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. Mr. President, I object on behalf of the Democrat party.

The PRESIDING OFFICER. Objection is heard.

AUTHORIZING CONSTRUCTION OF SMITHSONIAN INSTITUTION NATIONAL AIR AND SPACE MUSEUM DULLES CENTER

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Rules Committee be discharged from further consideration of S. 1995, and, further, that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1995) to authorize construction of the Smithsonian Institution National Air and Space Museum Dulles Center at Washington Dulles International Airport, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the bill be deemed read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The bill (S. 1995) was deemed read the third time and passed, as follows:

S. 1995

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONSTRUCTION OF MUSEUM CENTER.

The Board of Regents of the Smithsonian Institution is authorized to construct the Smithsonian Institution National Air and Space Museum Dulles Center at Washington Dulles International Airport.

SEC. 2. LIMITATION ON USE OF FUNDS.

No appropriated funds may be used to pay any expense of the construction authorized by section 1.

MUTUAL AID AGREEMENT BETWEEN BRISTOL, VA, AND BRISTOL, TN

Mr. GRASSLEY. I ask unanimous consent that the Senate now proceed to the consideration of House Joint Resolution 166 which was received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 166) granting consent of Congress to the mutual aid agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. GRASSLEY. I ask unanimous consent that the resolution be deemed read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at their appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The joint resolution (H.J. Res. 166) was deemed read the third time, and passed.

MEASURE READ THE FIRST TIME—S. 2006

Mr. GRASSLEY. Mr. President, it is my understanding S. 2006, introduced today by Senator HATCH, is at the desk and I ask for its first reading.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2006), to clarify the intent of Congress with respect to the Federal carjacking prohibition.

Mr. GRASSLEY. I now ask for its second reading, and I object to my own request on behalf of the Senators on the Democratic side of the aisle.

The PRESIDING OFFICER. The objection is heard.

The bill will be read the second time on the next legislative day.

MEASURE READ FOR THE FIRST TIME—S. 2007

Mr. FORD. Mr. President, I understand that S. 2007, introduced today by Senator BIDEN, is at the desk and I ask for its first reading.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2007) to clarify the intent of Congress with respect to the Federal carjacking prohibition.

Mr. FORD. Now, Mr. President, I ask for its second reading, and I will object to my own request on behalf of Senators on the Republican side of the aisle.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be read for the second time on the next legislative day.

ORDERS FOR THURSDAY, AUGUST 1, 1996

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:30 a.m. on Thursday, August 1; that immediately following the prayer, the Journal of proceedings be deemed approved to date; the morning hour be deemed to have expired; the time for the two leaders be reserved for their use later in the day, and the Senate immediately proceed to the consideration of the conference report to accompany H.R. 3734, the reconciliation bill, with the reading of the report having been waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. GRASSLEY. Tomorrow morning the Senate will begin consideration of the reconciliation bill under a statutory 10-hour time limitation. It is hoped the Senate will be able to yield back some of that time to allow us to complete action on that important conference report in a reasonable amount of time.

Senators can expect votes throughout the day and into the evening, and the Senate may also be asked to consider any other appropriation matters or conference reports that become available.

ORDER FOR ADJOURNMENT

Mr. GRASSLEY. As long as there is no further business to come before the Senate tonight, I ask the Senate stand in adjournment under the previous order following my own remarks and the remarks of Senator WELLSTONE.

The PRESIDING OFFICER. Without objection, it is so ordered.

ELECTRONIC FUNDS TRANSFER PAYMENTS

Mr. GRASSLEY. Mr. President, I want to take a few minutes to announce a temporary tax victory for small business taxpayers. The IRS has made a failed attempt to implement new rules for payroll tax deposits. These rules would require many employers to make their biweekly payroll tax deposits electronically.

On July 12, I authored a letter to Treasury Secretary Rubin and IRS Commissioner Margaret Milner Richardson. This letter discussed problems that employers and banks are having in understanding new payroll tax deposit rules and methods.

First, my letter asks Secretary Rubin to address specific questions posed by employers and their banks. Employers and their banks have a growing series of questions about the new procedures. Many of these center around the degree of access that IRS has to bank customers' accounts. Second, the letter reminds the Secretary that he has authority under the law to provide some regulatory relief for small businesses.

Mr. President, I ask unanimous consent that the text of my letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, July 12, 1996.
Secretary ROBERT E. RUBIN,
Department of the Treasury,
Washington, DC.

DEAR SECRETARY RUBIN: This letter is to express our great concern of the impact upon small businesses and their banks of new Electronic Fund Transfer (EFT) rules. We hope that you will act in accordance with Congressional intent to ensure that the regulations do not create hardships for small businesses. We also wish that you will answer specific questions posed by our constituents working in the banking industry.

SMALL BUSINESS CONCERNS

Because the current EFT rules create new and significant burdens for small businesses, and because the tax code specifically allows for exceptions from the EFT rules for small businesses, we request that you take immediate action to clarify the necessary exceptions well in advance of the January 1, 1997 effective date.

Small employers presently utilize the Federal tax deposit (FTD) coupon system and their local bank to make periodic payroll tax deposits with the Federal government. Internal Revenue Code Section 6302(h) seeks to reduce paperwork by replacing the FTD coupon system with an electronic fund transfer system. However, Congress intended, as set out in section 6302(h) and its legislative history, that the regulations prescribe exemptions and alternatives to the EFT rules for small businesses. To date, these exemptions and alternatives have not been promulgated.

As a result, employers and their banks are confused. The current regulations seem to require EFT compliance by all employers that had made employment tax deposits exceeding $50,000 in 1995. In anticipation of the approaching effective date, the Internal Revenue Service has begun the process of educating employers of their new EFT compliance requirements. Nonetheless, small and rural employers know that the Congress intended that they be exempt, and they are eager to see the intended exemptions.

In part, the legislative history of the new law prescribes the following.

"The Committee [on Finance] intends that the regulations do not create hardships for small businesses."

"The provision grants the Secretary considerable flexibility in drafting the regulations and, the Committee [on Finance] urges the Secretary to take into account the needs of small employers, including possible exemptions for the very smallest of businesses from the new electronic transfer system."

Small businesses will suffer unintended hardships if your agency is unable to clarify the exemptions in advance of the effective date. It seems that many small businesses will need their banks to affect these new EFT transactions. Because their banks may view this as a new and different service, those banks may find it necessary to require small businesses to pay added fees. Also, because EFT transactions can involve a new variety of either debit or credit transactions, some small business persons are adverse to allowing the IRS the ability to deduct funds from their business accounts without what some may deem as an adequate "paper trail". Employers that do not need to comply should be spared the anxiety of the rule change.

Again, since the tax code anticipates exemptions for small and rural businesses, we request that you act promptly to define those exemptions in order to spare these employers the expense and anxiety of attempting to comply. Because employer penalties are involved, and the compliance date is approaching, we think that this requires your immediate attention.

BANK CONCERNS

Small businesses are not the only ones concerned about the pending EFT rules. Although Iowa banks support efforts to modernize our banking system and increase the use of EFT, they have commented on potential problems arising from implementation of these regulations. Since small businesses are not governed by Internal Revenue Service Regulation E (except sole proprietorships), banks question whether proper notice and disclosure requirements will be in place. The following are a list of unanswered questions raised by banks.

(1) What degree of access to bank customers' accounts is provided to the Internal Revenue Service? Do the regulations give the Internal Revenue Service open access to a bank customer's account? What protections are in place to guard against unfettered access and use of information in the customer's account?

(2) A business may authorize a specific transfer to be made for the purpose of paying depository taxes. However, if penalties are assessed by the Internal Revenue Service, would the bank then have the authority or requirement to withdraw additional monies without the customer's approval from the customer's bank account to pay these penalties?

(3) Who is responsible for notifying businesses of transactions involving the bank account?

Iowa banks maintain that these are only several of many unanswered questions about the practical applications of the new regulations. Small businesses, banks, and the Internal Revenue Service all have an interest in assuring the proper and appropriate implementation of the regulations. Properly promulgating efficient and effective regulations that do not devastate either small businesses or banks requires cooperation amongst all of the parties concerned. Two of the three interested parties, small businesses and banks, have expressed important and pressing concerns. We believe that these questions and concerns should be addressed before implementing regulations that pose unnecessary or burdensome requirements on small business taxpayers or their banks.

Thank you in advance for your prompt and considerate attention to these matters. Because taxpayers in our state are eager to clarify these new rules, and because of the coming effective date of January 1, 1997, we would appreciate your efforts to make your response to us before August 23, 1996.

Sincerely,

CHARLES E. GRASSLEY,
United States Senator.
GREG GANSKE,
Member of Congress.

Mr. GRASSLEY. Mr. President, 2 weeks ago, Secretary Rubin responded by letter that he appreciated my efforts to inform him of the problems, and that he was reviewing the matter.

Today, IRS Commissioner Margaret Milner Richardson announced that the IRS was suspending the 10 percent penalty for 6 months. The IRS had originally intended employers who had deposited $50,000 or more last year to begin to follow the new electronic funds rules by January 1, 1997. Now, though employers are still encouraged to comply, no penalty will be imposed for failure to change deposit methods until after July 1, 1997.

Mr. President, though only a temporary reprieve, this is a victory for small business employers, and I am proud of my part.

I welcome the efforts of Treasury and IRS to make a better second try at educating taxpayers. In my view, taxpayers are the consumers of the services provided by Treasury and the IRS. I think that good customer service sometimes includes a good second try.

I am also enthusiastic about the potential for Electronic Funds Transfers or EFT. For large and medium sized employers, EFT could become more efficient and cost effective than the present coupon FTD system. Some small businesses may realize similar economies. Other small businesses should be allowed alternatives.

The Treasury Department has also said that it will soon be responding to the questions that were posed in my letter. The response will be in the form of answers to some of the most common questions.

Though that response is still forthcoming, I think that the will allay some of the fears that employers and banks have posed. In part, the IRS seems to have simply done a poor job in its initial effort at education. However, I am waiting for the official response before determining how completely or adequately it answers all of my concerns.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

A BROKEN AGREEMENT ON A JUDICIAL NOMINATION

Mr. WELLSTONE. Mr. President, earlier tonight, at the time of our last vote, I was notified that we had an agreement—and let us call it kind of a code of honor—that Ann Montgomery, a very fine judge, who will be a great judge on the Federal district court in Minnesota, would be confirmed here tonight in the Senate.

Mr. President, for really many, many months now, picking up with intensity in the last several months and the last several weeks, I have been in intensive discussions with the majority leader, whom I think has been operating in very good faith. I felt as if I had received a very firm commitment from him—I believe his word is his bond—that while there had been some "soft hold" put on Judge Montgomery, actually at the beginning of this week or by the middle of this week—it was to be tonight—we would move her nomination forward.

Mr. President, much to my amazement, after we had an agreement with a clear understanding that this would happen, at the last second one of my colleagues, the Senator from Texas, Senator HUTCHISON, objects. And when the minority leader, Senator DASCHLE, asks her why, there is no response at all.

Mr. President, let me just say that it is my firm hope that tomorrow we will have this resolved, and if a Senator has a "soft hold" on Judge Montgomery, then we should—and I certainly hope the majority leader will do this. I feel as if he had made the commitment to move this nomination forward. Then let us move this forward for a vote.

I did not ask for unanimous consent. If we need to have a vote, I would be pleased to debate with any Senator the merits of this nomination. Judge Montgomery has received just outstanding support and unbelievable recommendations from across the broadest possible spectrum of the legal community; support from myself and support from my colleague, Senator GRAMS from Minnesota.

So, Mr. President, let me just be crystal clear about it. What is so unfortunate is that here you have a fine judge who has been waiting to be district judge, has been waiting and waiting and waiting and waiting. I was just, I say to my colleague from Iowa, picking up the phone to call her. I had just dialed it to say, "I want you to know the long wait is over. Tonight will be the night. Tell your family. Tell your children."

This is outrageous. And I would appreciate it if my colleagues would have the courage to simply defend whatever positions they take, not just announce a hold at the last second and then have nothing to say.

Mr. President, I am confident that we will resolve this. I believe the majority leader has given me his word. I think his word is good. I know it is good. But I have to say to my colleagues, whomever they are—I know it is not the Senator from Iowa—if you have a soft hold and you want to keep it anonymous, that is one of the procedures that is so outrageous to people in the country. We will just move this forward, and we will have debate, and we will have a vote.

Mr. President, I am really disappointed for Judge Montgomery tonight. I am absolutely determined that this will be resolved by the end of this week. I will do everything I can as a Senator from Minnesota, will use every bit of knowledge that I know about this process and this Senate, and every bit of leverage I have to make sure that this eminently qualified woman becomes a U.S. district court judge.

I hope we can work in the spirit of collegiality. I certainly did not see that tonight.

Mr. President, I yield the floor.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 9:30 a.m., Thursday, August 1, 1996.

Thereupon, the Senate, at 10:09 p.m., adjourned until Thursday, August 1, 1996, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate July 31, 1996:

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. DAVID J. MCCLOUD [redacted]

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. FREDERICK E. VOLLRATH [redacted]

CONFIRMATION

Executive nomination confirmed by the Senate July 31, 1996:

THE JUDICIARY

Frank R. Zapata, of Arizona, to be U.S. District Judge for the District of Arizona.

HOUSE OF REPRESENTATIVES—*Wednesday, July 31, 1996*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. HEFLEY].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 31, 1996.

I hereby designate the Honorable JOEL HEFLEY to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

As the rain waters the grass and the crops bring forth their fruit, and the light of the Sun makes clear the path and Your Spirit, O God, flows from on high, so nourish our spirits and make clear our path this day. Without Your light, O gracious God, and without the nurture of Your abiding presence, how will we know the way and the truth. So we pray, O God, that Your blessings will abound in our hearts and minds and spirits that we will be Your people and do those good things that honor You and serve people in their need. This is our earnest prayer. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mrs. SCHROEDER. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mrs. SCHROEDER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 302, nays 85, answered "present" 1, not voting 45, as follows:

[Roll No. 373]

YEAS—302

Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Borski
Boucher
Brewster
Browder
Bryant (TN)
Bryant (TX)
Bunning
Burr
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Conyers
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
DeLay
Dellums
Deutsch
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Eshoo
Ewing
Farr
Fawell
Fields (LA)
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gilchrest
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hobson
Hoekstra
Hoke
Holden
Hostettler
Houghton
Hoyer
Hyde
Inglis
Jackson-Lee (TX)
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Lantos
Largent
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lightfoot
Linder
Lipinski
LoBiondo
Lofgren
Lucas
Luther
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
Meek
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Morella
Murtha
Myers
Myrick
Nadler
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Olver
Orton
Owens
Oxley
Packard
Parker
Pastor
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Rahall
Rangel
Reed
Regula
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Roybal-Allard
Royce
Salmon
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schumer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stark
Stearns
Stenholm
Stokes
Studds
Stump
Stupak
Tanner
Tate
Tauzin
Tejeda
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torres
Towns
Traficant
Upton
Velazquez
Vucanovich
Walker
Walsh
Wamp
Watt (NC)
Waxman
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Williams
Wilson
Woolsey
Wynn
Zeliff

NAYS—85

Abercrombie
Baldacci
Becerra
Bonior
Brown (CA)
Brown (FL)
Brown (OH)
Bunn
Clay
Clyburn
Collins (IL)
Costello
Deal
DeFazio
DeLauro
Doyle
Durbin
English
Ensign
Evans
Everett
Fattah
Fazio
Filner
Foglietta
Fox
Funderburk
Gephardt
Geren
Gibbons
Green (TX)
Gutierrez
Gutknecht
Hall (OH)
Hastings (FL)
Hefner
Heineman
Hilliard
Hinchey
Hutchinson
Jackson (IL)
Jacobs
Jefferson
Jones
Kennedy (RI)
LaFalce
Latham
Levin
Lewis (GA)
Lewis (KY)
Lowey
Maloney
McDermott
McNulty
Menendez
Neal
Oberstar
Pallone
Payne (NJ)
Pickett
Pomeroy
Poshard
Ramstad
Rose
Rush
Sabo
Sanders
Schroeder
Scott
Skaggs
Stockman
Taylor (MS)
Thompson
Torkildsen
Vento
Visclosky
Volkmer
Ward
Waters
Watts (OK)
Weller
Wise
Wolf
Yates
Zimmer

ANSWERED "PRESENT"—1

Harman

NOT VOTING—45

Ackerman
Bono
Brownback
Burton
Chapman
Clayton
Coleman
Collins (MI)
Coyne
Diaz-Balart
Dornan
Engel
Flake
Ford
Frank (MA)
Gillmor
Gonzalez
Gunderson
Hilleary
Horn
Hunter
Istook
Kanjorski
Lincoln
Livingston
Longley
McCrery
McDade
Meehan
Moorhead
Moran
Ortiz
Pelosi
Pombo
Richardson
Riggs
Roth
Serrano
Sisisky
Spratt
Talent
Taylor (NC)
Torricelli
Young (AK)
Young (FL)

□ 1021

So the Journal was approved.

The result of the vote was announced as above recorded.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. HEFLEY). Will the gentleman from Ohio [Mr. CHABOT] come forward and lead the House in the Pledge of Allegiance.

Mr. CHABOT led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

> H.R. 3663. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the Council of the District of Columbia to authorize the issuance of revenue bonds with respect to water and sewer facilities, and for other purposes.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

> H.R. 3816. An act making appropriations for energy and water development for the fiscal year ending September 30, 1997, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 3816) "An act making appropriations for energy and water development for the fiscal year ending September 30, 1997, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. DOMENICI, Mr. HATFIELD, Mr. COCHRAN, Mr. GORTON, Mr. MCCONNELL, Mr. BENNETT, Mr. BURNS, Mr. JOHNSTON, Mr. BYRD, Mr. HOLLINGS, Mr. REID, Mr. KERREY, and Mrs. MURRAY to be conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1260) "An act to reform and consolidate the public and assisted housing programs of the United States, and to redirect primary responsibility for these programs from the Federal Government to States and localities, and for other purposes," agrees to a conference asked by the House of Representatives on the disagreeing votes of the two Houses thereon, and appoints Mr. D'AMATO, Mr. MACK, Mr. FAIRCLOTH, Mr. BOND, Mr. SARBANES, Mr. KERRY, and Ms. MOSELEY-BRAUN to be the conferees on the part of the Senate.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain fifteen 1-minutes per side.

REFORM WELFARE NOW

(Mr. CHABOT asked and was given permission to address the House for 1 minute.)

Mr. CHABOT. Mr. Speaker, in 1992, Bill Clinton portrayed himself as a new Democrat. One of the things that was supposed to set him apart from the old Democrats was the belief shared by many people of goodwill that the welfare system was a mess, that it was broken and needed to be fixed.

After two vetoes, we are now told that Bill Clinton may finally be prepared to sign a welfare reform package. If that is true, it is a very positive development. America needs, no, Americans demand serious, genuine welfare reform, and I frankly do not care who gets the credit. I do not care if it is the Republican Party or the new Democrats or the old Democrats or the blue dogs or the yellow dogs or the man on the moon. That part of it does not matter and does not change the fact that we desperately need to change welfare so that it honors family and it honors work. Mr. Speaker, reforming welfare is the right thing to do, it is the commonsense thing to do, and I say let us get it done now, no matter who gets credit for it.

COMMEMORATING THE F-111

(Mr. PETE GEREN of Texas asked and was given permission to address the House for 1 minute.)

Mr. PETE GEREN of Texas. Mr. Speaker, I rise to commemorate the end of an era in U.S. aviation history. This past weekend at a ceremony in Fort Worth, TX, the F-111 was retired and officially named the "Aardvark," the nickname given it by the pilots that flew it. This ceremony commemorated the accomplishments of this great aircraft from its first flight in 1964 to its honorable service in the gulf war and its revolutionary impact on military aviation technology around the world.

The F-111 served this Nation in the war in Vietnam, the bombing of terrorist targets in Libya, and during Operation Desert Storm. In November 1966, the F-111 set a record for the longest low-level supersonic flight, and it was the first tactical aircraft to fly across the Atlantic Ocean without refueling.

Additionally, the F-111 was the first plane equipped with swing wing technology that allowed it to take off and land on a short 2,000-foot runway while still being able to reach supersonic speeds at a variety of altitudes with wings swept back.

Mr. Speaker and my colleagues, join me in celebrating the men and women who built this great aircraft, a bird that served our Nation and the free world for over 30 years and now takes its place among other great Texas built military aircraft like the B-24 Liberator and the B-58 Hustler.

PRESIDENT SHOULD SIGN WELFARE REFORM BILL

(Mr. CHRYSLER asked and was given permission to address the House for 1 minute.)

Mr. CHRYSLER. Mr. Speaker, welfare cases in Michigan are down significantly, but more importantly, parents are working to provide for their own families in setting examples for their children to follow. Currently the State of Michigan is waiting on 76 additional waivers from the President to fully implement their welfare plan.

The enactment of the Personal Responsibility and Work Opportunity Act would largely end the need for these waivers and allow Michigan to proceed with their reforms, truly helping the disabled and the people that need our help in restoring the basic human dignity and pride that comes from bringing home a paycheck and providing care for your family.

However, if the President fails to approve these reforms for the third time, it is the children who will suffer and these children should not be left hostage any longer to elected officials breaking their promises.

Mr. Speaker, I urge the President to sign the welfare reform today and truly end welfare as we know it.

PRESIDENTIAL CANDIDATES SHOULD FOCUS ON REAL ISSUES, NOT NEGATIVE CAMPAIGN ADS

(Mr. SANDERS asked and was given permission to address the House for 1 minute.)

Mr. SANDERS. Mr. Speaker, at a time when this country has the lowest voter turnout of any major country and millions of Americans are giving up on the political process, it is imperative that the presidential candidates in this election focus their attention on the real issues facing the middle class and the working families and not devote their energy to negative 30-second television ads.

□ 1030

This country has some terribly serious problems, and the American people want to hear those problems discussed. For example, why does this Nation have the most unfair distribution of wealth and income of all industrialized nations on Earth? Why is the gap between the rich and the poor growing wider while the middle class continues to shrink?

What do we do to reverse the trend by which real wages for working people continue to decline and today are 16 percent less than they were 20 years ago with workers now working longer and longer hours just to provide for their families?

What do we do about the reality that most of the new jobs that are being created are poverty level jobs? Let us talk about the real issues.

CHILDREN ARE WAITING FOR WELFARE REFORM

(Mr. BARTLETT of Maryland asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT of Maryland. Mr. Speaker, how much longer should America wait before we rescue the millions of children who are trapped in poverty by the current welfare system?

Shouldn't we be encouraging work, marriage, and family instead of discouraging them?

How many more children, communities, and cities must we lose to poverty and violence before we say enough is enough?

When it comes to welfare reform, President Clinton has become the maybe man.

Maybe he'll end welfare as we know it and maybe he won't.

Should we trust what the President has said?

Or should we judge the President by what he's done?

The President's record on welfare is two vetoes and delays and denials of waivers for States to pursue innovative solutions.

This week Congress will pass welfare reform for the third time.

Will the third time prove the charm . . . or will the President strike out? The children are waiting.

A NEW WAR ON TERRORISM

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, America's communities are being terrorized by lunatics. Our law enforcement officers are the ones who are on the front line trying to bring back some tranquility to America's public places. Our law enforcement officers today look like Wyatt Earp. They really do not have any more technology than Wyatt Earp had except they have a car instead of a horse. We could fix that.

We have all sorts of cold war technology taxpayers have paid for that should be opened up to law enforcement and move out there so we fight crime much smarter. If we could trace everything in the world, we ought to be able to trace explosives, and we know how to trace explosives.

It is outrageous that this Congress might think about going home before we deal with this issue. One of the primary reasons for the Congress, according to the Constitution, is to deal with the domestic tranquility. Let us deal with that before we adjourn. Let us open up that wonderful storehouse of research and development that we have paid for for the cold war for this new war on terrorism.

COMMONSENSE WELFARE REFORM

(Mrs. SEASTRAND asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SEASTRAND. Mr. Speaker, when President Bill Clinton says that the welfare system is broken, he's absolutely right. Every year, the Government spends more and more money on welfare.

Today, Government spends 1,600 percent more on welfare than they did in 1950 while the population of this country has only increased 72 percent.

Mr. Speaker, it all boils down to common sense.

Common sense tells us that welfare has been a colossal failure—as President Clinton says, the system is broken. Common sense also tells that money is simply not the answer—welfare may give people money but it takes away something far more precious.

It is now time for this Government to exercise a little common sense of its own. Congress will soon give the President a genuine welfare reform package. It is real; it is common sense; and it honors the basic values of work, family, and personal responsibility.

We hope that Bill Clinton will do the right thing and sign commonsense welfare reform.

THE ISSUE OF TERRORISM

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, this Friday Congress is scheduled to go into recess, but I do not think we should be recessing unless we address or until we address the issue of terrorism. I have to tell you that right now my constituents in the phone calls to my office are overwhelming that people are concerned and want the Congress and the President to get together on a bipartisan basis to address the issue.

It is not something that is just in other countries now. Clearly, because of the TWA crash, because of the explosion in Atlanta at the Olympics, people feel, and I think rightly so, that they cannot be safe and that we need to address the issue of terrorism.

Basically, the President this week convened a bipartisan leadership meeting to discuss the steps that are necessary to fight against terrorism. As was mentioned by some of the previous speakers, we do have certain tools at hand which we really have not used and we can use on the Federal basis to try to get at the problem.

Mentioned was the expanding the power to use wire tapping, also certain tracers or taggants, as they are called in explosives. These things need to be addressed, and we have to do them before we recess.

THE WELFARE REFORM BILL

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, last night, each Member had the August 12 issue of the New Republic delivered to our offices.

As everyone knows, the New Republic is a very liberal magazine.

Yet this magazine had a lead editorial entitled "Sign It," urging the President to sign the welfare reform bill.

The President earlier vetoed a welfare reform bill that passed the Senate 87 to 12.

The current bill passed the Senate 74 to 24 and passed by a very large margin in this House.

The New Republic says this bill "will, finally, start the process by which America's underclass problem can be solved."

The editors said the block grant structure of this bill "is likely to point the way to ending the 'culture of poverty.'"

This is a really significant endorsement, Mr. Speaker.

The New Republic ended its editorial with these words:

> The continuing agony of the underclass is destroying our cities, our race relations, our sense of civility, our faith in the possibilities of government. It's worth taking some risks to end it.

I urge the President to sign the welfare reform bill.

TERRORISM

(Mr. DURBIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DURBIN. Mr. Speaker, the image of terrorism are ingrained in our minds. What was often seen as someone else's problem is now our problem.

If America is being terrorized without and within, this Congress should not be terrorized by special interest groups opposed to legislation which would protect us. When Congress passed its antiterrorism bill, the gun lobby opposed a provision which would have required tracer particles in explosives so that law enforcement could track the source of terrorist bombs. Sadly, more than 200 Members of Congress bowed to the NRA and voted to deny the FBI this important tool to fight terrorism.

Now we are being asked to pass additional antiterrorism legislation in light of the recent tragedies. But the gun lobby has once again made it clear that it will oppose any effort to put tracers in explosives.

As America would not be intimidated by terrorists, this Congress should not be intimidated by the gun lobby. Before we go home this week, let us pass an antiterrorism bill that will protect American families, not protect special interest groups.

LEGITIMATE WELFARE REFORM

(Mr. ENSIGN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ENSIGN. Mr. Speaker, using common sense, would we set up a welfare system that told a pregnant teenage mom, Listen, do not live with your parents; we will get you an apartment; do not get a job; do not save any money; you can have any man live with you except for the father of the child and, by the way, if you want more money, have another child out of wedlock?

Let us put party politics aside here. Let us let the American people win for the first time in a long time. Let us pass this legitimate welfare reform bill that we have on the House floor today.

If you are an able-bodied American, you are going to be required to work. We are going to provide child care money for you to transition from welfare to work, and we are going to provide job training.

We have a program in Las Vegas called Opportunity Village. It is a program for mentally disabled people. We have enough compassion in Las Vegas to help people that are mentally disabled get into a job. Let us have enough compassion on welfare recipients to help them get into a job.

THE NRA

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, if you are involved in a hit-and-run accident today, the police can trace the paint on your car to the exact day it was painted, to where it was painted, to the gallon of paint used and where that car was sold and who owns it.

Today if you use your phone in the commission of a crime, they can trace your calls back to that. But if you blow up the World Trade Center or you blow up the TWA airline or you blow up the park in Atlanta, the NRA will not let them trace the powder in those explosives back to the point of purchase and manufacture to expedite the investigation of who those people were that engaged in this terrorism against American cities and against American citizens. That is an outrage.

A few months ago, 200 Members in this Congress voted to deny the alcohol, tobacco bureau the efforts to make that investigation, the FBI to make those investigations. We should now understand that these tools should be available to the FBI. They should be available to the alcohol, tobacco bureau. They should be available for the investigation to protect American lives.

PRESIDENT CLINTON ON WELFARE REFORM

(Mr. BAKER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAKER of California. Mr. Speaker, speaking to the National Governor's Association 2 weeks ago, Bill Clinton sounded like a Republican. He talked about getting tough on irresponsible fathers; he talked about cutting redtape; he talked about work; he talked about strong families; he even talked about imposing time limits on welfare benefits.

This week, Congress will send the White House the third welfare reform bill that addresses all the concerns raised by the President. It will have real work requirements and real time limits. It is genuine welfare reform; it is common sense; and it will move people from dependence to work and independence.

As Bill Clinton said in one of his radio addresses: "No challenge is more important than replacing our broker welfare system." Mr. Speaker, he's right. But changing something as big and as entrenched as the welfare system requires commitment, it requires honesty, and it requires that politicians keep their promises. We can only hope Bill Clinton will do the right thing and sign the bill.

A POLITICAL ANSWER TO TERRORISM

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, the No. 1 question I was asked when I talked to my constituents on the phone last night and this morning is, why the heck would anyone oppose putting taggants, little tracers in explosives so that we can find those who commit terrorism.

There is no good answer. There is no good substantive answer. There is a political answer.

The reason this House is not going to address the issue of putting taggants, tracers explosives is three letters: NRA.

We all know it is the right thing to do. In fact, at all the hearings our committee held, there were only two groups of people who were against putting these taggants in explosives. Those were either explosive manufacturers or the gun lobby. But the NRA is making a serious mistake here.

The average gun owner does not agree with it. The average gun owner, who has a few hunting rifles or, in the city, carries a gun around for self-defense, they do not see that it is the NRA's business that explosives are tagged so we can find terrorists.

Congress, get with it. Stand up to the NRA and let our law enforcement be able to trace explosives with taggants.

GENUINE WELFARE REFORM

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, liberal Democrats love to portray themselves as the great champions of America's children. The President has even threatened to veto welfare reform for the third time unless, and I quote, it "protects children."

For the last year, Bill Clinton has stood in the way of genuine welfare reform. He seems incapable of showing any determined leadership on any of the pressing social or economic issues facing this Nation. When he does act, he always hides behind children or some other alleged victim.

If Bill Clinton were truly concerned about children and those in need, he would have kept the promises he made in his campaign. He would have kept his promise to end welfare as we know it. He would have kept his promise to balance the budget in 5 years. The list of broken promises goes on and on.

The children of America don't need pandering they need a President who is willing to stand by his word, do the right thing, and sign commonsense welfare reform.

THE SPIRIT OF THE OLYMPICS

(Mr. LEWIS of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Georgia. Mr. Speaker, yesterday I attended the reopening of the Olympic Centennial Park in Atlanta. Tens of thousands of people, from all over the country and the world, turned out for a memorial service in honor of those killed and injured in the bomb blast that exploded early Saturday morning, shattering the tranquility of the Olympic games. They also turned out to demonstrate that they will not bow to the fear and intimidation of terrorism.

Mr. Speaker, the Olympic games represent the best of the human spirit, and in many ways the response of the people in Atlanta to this vicious act truly represented the Olympic spirit. Yesterday, the people of Atlanta, of Georgia, of our Nation, and the world came together in prayer and solidarity. It was a beautiful and moving experience to be in a crowd representing the true brotherhood of nations.

Mr. Speaker, I want to take this opportunity to commend the many people who acted heroically in the wake of this terrorist attack: the medical personnel, the law enforcement officials and the thousands of volunteers who averted an even greater disaster.

Make no mistake, Mr. Speaker, the person who carried out this hideous crime will be found and prosecuted to the full extent of the law. In the meantime, we in the Congress should do everything in our power to pass legislation that will protect our citizens from such attacks in the future.

□ 1045

WELFARE SHOULD NOT BE A WAY OF LIFE

(Mr. BASS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BASS. Mr. Speaker, between 1965 and 1994 $5.4 trillion has been spent on welfare. Federal, State, and local welfare spending rose from $158 billion in 1975 to $324 billion in 1993.

Now, my colleagues may think that welfare is thought of as providing short-term relief. Well, the fact is that the average stay on welfare today is 13 years.

Now, since 1950 the population of the United States has increased 72 percent, from 151 million to 260 million. At the same time, total welfare spending by Federal, State, and local governments has increased by 1,623 percent.

Mr. Speaker, today the House will pass a historic welfare reform bill that requires work and personal responsibility and lifts families from lives of despair and hopelessness.

Mr. Speaker, welfare should not be a way of life. Commonsense welfare reform will help end the vicious cycle of welfare dependency.

Mr. Speaker, I urge the President to sign this historic welfare proposal.

LET US DO THE JOB RIGHT ON ANTITERRORISM LEGISLATION

(Ms. McKINNEY asked and was given permission to address the House for 1 minute.)

Ms. McKINNEY. Mr. Speaker, as a Member of Congress from the Metro-Atlanta area I, like the rest of the Nation, was horrified by the senseless bombing of innocent civilians at the Olympic Park.

As Americans, we have had a false sense of security that we are somehow immune to terrorism on our soil. However, Mr. Speaker, we have always had terrorist acts committed against Americans in the United States—we just did not call it terrorism.

Whether it was lynchings, church burnings, abortion clinic bombings, and now attacks by antigovernment groups, terrorism has, unfortunately, always been with us.

Mr. Speaker, it is time now that we dealt with all terrorist acts head on. Although the House passed the President's antiterrorism bill, it was watered-down to the point where it is almost ineffectual.

Now we have an opportunity to reintroduce the antiterrorism tools stripped from the legislation. Let us do the job right this time.

THIS IS THE SPIRIT OF THE OLYMPICS

(Mr. MANZULLO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MANZULLO. Mr. Speaker, Theodore Roosevelt once said the credit belongs to the one who is actually in the arena and who spends time in a worthy cause. This is the spirit of the Olympics.

Shining examples of this indomitable spirit are Judy Wilmarth from Leaf River, IL, and Stephanie Brooks from Algonquin, IL. Judy helped carry the Olympic torch in Illinois, chosen because of her devotion to service to the needy and distribution of food. Fourteen-year old Stephanie Brooks is competing in the Paralympics in Atlanta. She is qualified for the 50- and the 100-meter free style and the 50-meter butterfly swimming events. She competes in these games as an elite athlete. These accomplishments stand in the face of the fact that Stephanie was born with spina bifida which has caused her to lose the use of her legs.

Mr. Speaker, let me take this opportunity to salute these two Olympic champions: Judy Wilmarth and Stephanie Brooks.

FOLLOWING THE ORDERS OF THE NATIONAL RIFLE ASSOCIATION MUST STOP

(Mrs. LOWEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. LOWEY. Mr. Speaker, it is time to give law enforcement officials the tools they need to prevent terrorist attacks in America. The Republican leadership must schedule a vote immediately on stronger measures to fight terrorism.

These proposals—requiring taggants in explosives and enhanced wiretapping authority—are absolutely critical in the war against terrorism.

These provisions should already be law, but were dropped from the original antiterrorism bill that Congress passed earlier this year.

They were dropped because this Republican Congress followed the orders of the National Rifle Association and took them out.

That was unacceptable then and it is unacceptable now.

Speaker GINGRICH must not allow the NRA to hold up swift passage of tough antiterrorism legislation. The Republican leadership must choose the safety and welfare of the American people over the objections of the NRA. This Republican Congress has spent the last 17 months following the orders of the NRA and it must stop.

Congress must take a united stand against terrorism both foreign and domestic now. We must make it very clear that we will use all the resources at our disposal to prevent and punish acts of terror.

NOT ONE LOGICAL REASON FOR THE PRESIDENT NOT TO SIGN CONGRESS' THIRD WELFARE REFORM BILL

(Mr. SMITH of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Texas. Mr. Speaker, our children are our country's most precious resource. They are the hope of the future. But today many children will grow up in a cycle of poverty and dependence, and that is a tragedy, Mr. Speaker.

Many of us came to Congress on a promise to do something about the failed welfare state. We want to end dependency, we want to encourage personal responsibility, we want to honor work so that welfare does not become a way of life.

President Clinton has already vetoed two welfare reform bills despite the promise during his campaign to, "end welfare as we know it." the jury is still out on whether or not the President will sign Congress' third effort to reform the welfare system. Personally, I cannot imagine one logical reason why Mr. Clinton would not sign the current bill.

Mr. Speaker, it is a good bill. It is based on common sense. It honors work, family, and personal responsibility.

WE MUST NOT LEAVE FOR AUGUST RECESS WITHOUT PROVIDING ANTITERRORISM LEGISLATION

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, I was in Atlanta this past weekend, and I felt the aftershocks of the pipe bomb explosion in Centennial Park. The true spirit of the games, the athletes, and the spectators shone through, and everyone agreed that the games must go on and that we should not bow to hostile acts of terror; but people also felt equally strongly that Congress must act to prevent this violence.

The American people do not feel safe, and part of that is because we are good at catching criminals after the fact, but we are not good at preventing them from acting.

The American people want the Government to have the tools that it needs to prevent these bombings. President Clinton has asked the Congress this week to act on much-needed antiterrorism proposals like putting tracers in explosives, in gunpowder, a tool that is needed to be able to prevent acts of terror; but the NRA is opposed to these tracers. Their opposition is wrong.

We cannot in good faith leave for the August recess without passing legislation that will give the Federal Government the tools that it needs to stop terrorism in this country. We need and we must act in good faith. We must leave in August and provide people with the peace of mind that they need so that we can keep this country free of terrorism.

CONGRESS PROVIDED ANTITERRORISM RESOURCES; THE ADMINISTRATION SITS ON ITS HANDS

(Mr. MICA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICA. Mr. Speaker, I was absolutely astounded this morning to learn that this administration was provided $80 million within the last 2 years to establish a terrorism center, and it has sat on its hands for the last 24 months and not done anything to institute action against terrorism. This Congress has already provided resources; this administration has not done a thing about this. I was stunned to find this out.

Now, the FBI can find time and resources to hand over and provide files on Republicans. The FBI, as I learned in shock last weekend when the gentleman from Pennsylvania [Mr. CLINGER] came to the floor, can send agents to harass our witnesses in congressional hearings, but they cannot find the time and the resources that this Congress gave them to fight terrorism.

We must act together to fight terrorism and we have provided the resources.

WE SHOULD NOT RECESS UNTIL WE ACT ON TERRORISM

(Mrs. MALONEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MALONEY. Mr. Speaker, domestic terrorism is becoming the greatest threat to our domestic tranquility. It marred the Olympics, it horrified us in Oklahoma City and with the World Trade Center, and it may have destroyed TWA Flight 800.

That tragedy touched me deeply and personally. Three nights before the tragedy I spent the evening with my neighbor and friend Judith Connelly Delouvier, who was on that flight. Three days later she was dead. She will never see her two children and husband again.

Her family deserves action now. We should not recess until we take legislative action on tracing explosives; we must take on the NRA; we must work on programmatic changes.

Mr. Speaker, we should not recess until we act on terrorism. We cannot wait until September.

IN FIGHTING ANTITERRORISM WE MUST ALSO PROTECT OUR CIVIL LIBERTIES

(Mr. McINTOSH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McINTOSH. Mr. Speaker, let me rise and say I agree we need to take action in order to address antiterrorism in this country. We have all been horrified by the bombing at the Olympics and among our civil aeronautics. I want to urge the President to go ahead and spend that $80 million and build the antiterrorism center at the FBI so that Americans can be safer in our travel.

Second, we need to also protect civil liberties in this country, and I am troubled by President Clinton's request for secret wiretap authority. As my colleagues know when the President has 900 FBI files in the White House basement on his political opponents and still refuses to release the list of 200,000 Americans that he keeps track of in his big brother database, I am not sure that we can trust him with more authority to wiretap Americans who may be innocent of any crime.

We need to work to fight terrorism, but we also need to protect civil liberties in this country and make sure that we are not giving our Government authority to harass innocent Americans.

SUPPORT H.R. 43, THE BOMBING PREVENTION ACT

(Ms. SLAUGHTER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, the United States suffered a terrible loss with the recent bombing in Centennial Park in Atlanta. We lost our innocence and our faith it will never happen here. It is becoming increasingly probable that black or smokeless powder was involved in the construction of this deadly pipe bomb.

I have introduced legislation during the last two Congresses that would help identify the perpetrators of this act. The Bombing Prevention Act, H.R. 43, would avert future deaths, save lives, and prevent families and our Nation as a whole from going through the anguish that terrorism leaves in its wake.

Specifically, my bill would require every person who purchases explosives including more than five pounds of black or smokeless powder to hold a Federal permit. They would have to provide their name and address to the vendor, and indicate the purpose of the explosives purchase. This information would be invaluable to law enforcement officials investigating terrorism. Under current law, any purchase of less than 50 pounds of black powder is exempt from Federal oversight. This is crazy—50 pounds can unleash dreadful destruction.

It would be a crime in itself if this Congress were to adjourn on Friday and go home without addressing this issue that has terrified every American from sea to shining sea.

ANTITERRORISM IS A BIPARTISAN MATTER

(Mr. KINGSTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KINGSTON. Mr. Speaker, as my colleagues know, last Friday I was on my way to Atlanta, and I was told to go see Tom Davis who was the FBI agent in charge of Centennial Park because his father-in-law, Floyd Thaxton, works for us in our State's Bureau office. Well, needless to say something dramatically changed in the early hours of the morning, and I was unable to see Mr. Davis, who was one of the heroes and was injured by the bomb, but led the successful evacuation of many, many people.

☐ 1100

Mr. Speaker, Mr. Davis is a hero to us. In his honor, I have to refute some of the things that are going on on this terrorism discussion today. I have the vote list on the terrorism bill, and many of the speakers today from the Democratic side voted against the only terrorism bill we had.

To my knowledge, none of them offered amendments. There may have been a few, but it is kind of interesting to hear these people talking about we need a terrorist bill by the end of the week, and yet they had their chance. For a year and a half we debated this, and most of them did not offer amendments. Just about all of them voted no. I have a copy of the vote list, it is kind of interesting, it is almost rollcall, from the people we have been hearing from.

We have to work on a bipartisan basis. We want to continue working with the President. We want to solve this problem. We owe it to the Tom Davises of the world.

MEDICARE AND MEDICAID HAS DRASTICALLY REDUCED THE POVERTY RATE FOR AMERICA'S SENIOR CITIZENS

(Mr. GENE GREEN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GENE GREEN of Texas. In quick response, Mr. Speaker, to my colleague, the gentleman from Georgia, he knows who controls the rules on the floor. If we could have submitted amendments we probably would, but the Committee on Rules typically has closed rules, and the gentleman's colleague from Georgia prohibited them with his amendment, most of them.

What I am really here to talk about this week, we are celebrating the 31st anniversary of Medicare. We are looking back on a time that has seen drastic reductions in the number of seniors in poverty. As a result of Medicare, the poverty rate among America's senior citizens has dropped from 30 percent in 1966 to 12 percent in 1993. Before 1966 only 51 percent of American seniors had health insurance. Today, thanks to Medicare, 99 percent of America's seniors have health car.

This is a program that America needs, not only in 1965, but today and tomorrow. Contrary to sentiments expressed by my Republican colleagues, Medicare should not be allowed to wither on the vine or be limited to pay for tax cuts, or, as one of our former colleagues said, "I was there fighting the fight voting against Medicare, 1 out of 12, because we knew it would not work in 1965."

Celebrating Medicare's 31st birthday this week, we as Democrats are taking actions to ensure its success in the future.

REQUEST FOR PERMISSION TO ADDRESS THE HOUSE FOR 1 MINUTE AND TO USE EXHIBIT

Mr. DOGGETT. Mr. Speaker, I ask unanimous consent to address the House 1 minute and for use of this chart.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. VOLKMER. Mr. Speaker, pursuant to rule XXX, I object to the gentleman's use of the exhibit.

The SPEAKER pro tempore (Mr. HEFLEY). This objection is not debatable.

Pursuant to rule XXX, the question is: Shall the gentleman from Texas [Mr. DOGGETT] be permitted to use the exhibit?

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. VOLKMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 386, nays 28, answered "present" 2, not voting 17, as follows:

[Roll No. 374]

YEAS—386

Abercrombie
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Brownback
Bryant (TX)
Bunn
Burr
Burton
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
DeFazio
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Engel
English
Ensign
Eshoo
Evans
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilliard
Hinchey
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hoyer
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
Lantos
Largent
Latham
LaTourette
Laughlin
Leach
Levin
Lewis (CA)
Lewis (GA)
Linder
Lipinski
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Mollohan
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Nadler
Neal
Nethercutt
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff

NAYS—28

Allard
Bentsen
Bryant (TN)
Bunning
Buyer
Collins (GA)
Combest
Deal
Everett
Ewing
Geren
Greene (UT)
Hastert
Hilleary
Lazio
Lewis (KY)
Lightfoot
McKeon
Molinari
Murtha
Neumann
Norwood
Pombo
Schaefer
Shadegg
Souder
Weller
Zimmer

ANSWERED "PRESENT"—2

Hoke
LaHood

NOT VOTING—17

Ackerman
Callahan
Chapman
Collins (IL)
Collins (MI)
DeLauro
Flake
Ford
Gunderson
Hunter
Lincoln
Livingston
McDade
Richardson
Riggs
Roth
Young (FL)

□ 1122

Mr. BUYER, Ms. GREENE of Utah, and Mr. ALLARD changed their vote from "yea" to "nay."

Messrs. SPRATT, BALDACCI, PORTMAN, and FLANAGAN changed their vote from "nay" to "yea."

So the gentleman was permitted to use the exhibit in question.

The result of the vote was announced as above recorded.

Mr. WISE. Mr. Speaker, I move to reconsider the vote that was just taken.

MOTION TO TABLE OFFERED BY MR. CASTLE

Mr. CASTLE. Mr. Speaker, I move to lay the motion to reconsider the vote on the table.

The SPEAKER pro tempore (Mr. HEFLEY). The question is on the motion offered by the gentleman from Delaware [Mr. CASTLE] to lay on the table the motion to reconsider the vote offered by the gentleman from West Virginia [Mr. WISE].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CASTLE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 232, noes 181, not voting 20, as follows:

[Roll No. 375]

AYES—232

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Doggett
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McHugh
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Petri
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Upton
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Zeliff
Zimmer

NOES—181

Abercrombie
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Berman
Bevill
Bishop
Blumenauer
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clement
Clyburn
Coleman
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Dooley
Doyle
Durbin
Edwards
Engel
Evans
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E.B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pickett
Pomeroy
Poshard
Rahall
Rangel
Reed
Rivers
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wise
Woolsey
Wynn
Yates

NOT VOTING—20

Ackerman
Chapman
Collins (IL)
Collins (MI)
de la Garza
Eshoo
Farr
Fields (TX)
Flake
Ford
Gunderson
Jones
Lincoln
McDade
McInnis
Richardson
Riggs
Roth
Vucanovich
Young (FL)

☐ 1140

Ms. SLAUGHTER changed her vote from "aye" to "no".

So the motion to table the motion to reconsider was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Texas [Mr. DOGGETT] is recognized for 1 minute and is permitted to use the exhibit.

MOTION TO ADJOURN

Mr. VOLKMER. Mr. Speaker, I have a privileged motion at the desk.

The SPEAKER pro tempore. The Clerk will report the motion.

The clerk read as follows:

Mr. VOLKMER moves that the House do now adjourn.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. VOLKMER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 76, noes 344, not voting 13, as follows:

[Roll No. 376]

AYES—76

Abercrombie
Beilenson
Bishop
Blumenauer
Bonior
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Clay
Clyburn
Collins (MI)
Conyers
Coyne
DeFazio
Dellums
Dicks
Dingell
Engel
Fazio
Filner
Foglietta
Frank (MA)
Frost
Gephardt
Hastings (FL)
Hilliard
Hinchey
Hoyer
Jefferson
Johnson, E. B.
Johnston
Kennedy (MA)
Kennedy (RI)
LaFalce
Lantos
Lewis (GA)
Lowey
Maloney
Manton
Markey
Martinez
Matsui
McDermott
McNulty
Meek
Millender-McDonald
Miller (CA)
Mink
Moakley
Neal
Oberstar
Obey
Olver
Owens
Pastor
Payne (NJ)
Pomeroy
Rangel
Reed
Rush
Sabo
Schroeder
Serrano
Slaughter
Spratt
Stark
Stokes
Thompson
Torricelli
Towns
Volkmer
Waters
Watt (NC)
Waxman
Wilson

NOES—344

Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Blute
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clayton
Clement
Clinger
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Eshoo
Evans
Everett
Ewing
Fattah
Fawell
Fields (LA)
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Geren
Gibbons

Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lucas
Luther
Manzullo
Martini
Mascara
McCarthy
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
Meehan
Menendez
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Nethercutt
Neumann
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Paxon
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Regula
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schumer
Scott
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Traficant
Upton
Velazquez
Vento
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff
Zimmer

NOT VOTING—13

Berman
Bliley
Boehlert
Chapman
Collins (IL)
Farr
Flake
Ford
Gunderson
McDade
Richardson
Shuster
Young (FL)

□ 1159

Messrs. CUMMINGS, JACKSON of Illinois, GEJDENSON, DORNAN, MORAN, GUTIERREZ, BENTSEN, and WISE changed their vote from "aye" to "no."

So the motion was rejected.

The result of the vote was announced as above recorded.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 203. Concurrent resolution providing for an adjournment of the two Houses.

The SPEAKER pro tempore. The gentleman from Texas [Mr. DOGGETT] is recognized for 1 minute and he may use the chart.

TERRORIST LEGISLATION

Mr. DOGGETT. Mr. Speaker, America takes justifiable pride in the strength and determination of our Olympic athletes. America respects the strength and determination of the criminal investigators who are seeking to determine who and how these incidences were caused by. But now America has good cause to ask whether this Congress has the strength and determination to deal with terrorists.

Chemical markers called taggants could allow investigators of terrorist bombings to trace bomb materials and more quickly identify terrorists. But unfortunately, the same lobby group that stripped this provision from the antiterrorist legislation in the spring is now trying to block antiterrorist legislation again.

Their senseless slogan now appears to be, "bombs don't kill people, people with bombs kill people," and those bombers have the right to remain anonymous.

Let us not side with these special interest lobbyists to protect the bombers. Enact antiterrorist legislation now.

MOTION TO ADJOURN

Mr. SKAGGS. Mr. Speaker, I offer a privileged motion.

The SPEAKER pro tempore (Mr. HEFLEY). The Clerk will report the motion.

The Clerk read as follows:

Mr. SKAGGS moves that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion to adjourn offered by the gentleman from Colorado [Mr. SKAGGS].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SKAGGS. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 57, noes 357, not voting 19, as follows:

[Roll No. 377]

AYES—57

Bonior
Brown (CA)
Brown (FL)
Brown (OH)
Clay
Clyburn
Coleman
Collins (MI)
Conyers
Coyne
DeFazio
Dellums
Dicks
Dingell
Engel
Fazio
Filner
Foglietta
Gephardt
Hastings (FL)
Hinchey
Hoyer
Jefferson
Johnson, E. B.
Kennedy (MA)
LaFalce
Lantos
Lewis (GA)
Markey
Matsui
McDermott
McNulty
Meek
Millender-McDonald
Mink
Moakley
Neal
Oberstar
Obey
Olver
Owens
Pastor
Payne (NJ)
Pomeroy
Schroeder
Skaggs
Slaughter
Stockman
Thompson
Torres
Torricelli
Towns
Volkmer
Waters
Watt (NC)
Waxman
Wilson

NOES—357

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clayton
Clement
Clinger
Coble
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Eshoo
Evans
Everett
Ewing
Fattah
Fawell
Fields (LA)
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton

Manzullo
Martinez
Martini
Mascara
McCarthy
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
Meehan
Menendez
Metcalf
Meyers
Mica
Miller (CA)
Miller (FL)
Minge
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Nethercutt
Neumann
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Paxon
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Traficant
Upton
Velazquez
Vento
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff
Zimmer

NOT VOTING—19

Bachus
Buyer
Chapman
Coburn
Collins (IL)
Farr
Flake
Ford
Gunderson
Hayes
Hunter
Hutchinson
Klink
LaTourette
McDade
Richardson
Sabo
Williams
Young (FL)

□ 1221

Mr. DAVIS changed his vote from "aye" to "no."

So the motion was rejected.

The result of the vote was announced as above recorded.

WAIVING REQUIREMENT OF CLAUSE 4(B) OF RULE XI WITH RESPECT TO CONSIDERATION OF A CERTAIN RESOLUTION

Mr. McINNIS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 492 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 492

Resolved, That the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to a resolution reported before August 1, 1996, providing for consideration or disposition of a conference report to accompany the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

MOTION TO ADJOURN

Mr. BONIOR. Mr. Speaker, I offer a preferential motion.

The SPEAKER pro tempore (Mr. HEFLEY). The Clerk will report the motion.

The Clerk read as follows:

Mr. BONIOR moves that the House do now adjourn.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan [Mr. BONIOR].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. BONIOR. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 50, nays 350, answered "present" 1, not voting 32, as follows:

[Roll No. 378]

YEAS—50

Abercrombie
Bonior
Brown (OH)
Clay
Clyburn
Collins (MI)
Conyers
Coyne
Dellums
Dicks
Dingell
Engel
Fazio
Filner
Foglietta
Frank (MA)
Gephardt
Hastings (FL)
Hinchey
Hoyer
Jefferson
Johnson, E. B.
Johnston
Kennedy (MA)
LaFalce
Lantos
Lewis (GA)
McDermott
McNulty
Millender-McDonald
Miller (CA)
Mink
Moakley
Neal
Oberstar
Olver
Pastor
Payne (NJ)
Rush
Schroeder
Slaughter
Stockman
Thompson
Towns
Velazquez
Volkmer
Waters
Watt (NC)
Waxman
Wilson

NAYS—350

Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brown (FL)
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clayton
Clement
Clinger
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Costello
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLauro
Deutsch
Diaz-Balart
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fields (LA)
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hunter
Hyde
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (CT)
Johnson (SD)
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McHale
McHugh
McInnis
McKeon
McKinney
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Mollohan
Moorhead
Morella
Murtha
Myers
Myrick
Nadler
Nethercutt
Ney
Norwood
Nussle
Obey
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Paxon
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Riggs
Rivers
Roberts
Roemer
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torres
Traficant
Upton
Vento
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff
Zimmer

ANSWERED "PRESENT"—1

DeFazio

NOT VOTING—32

Brown (CA)
Buyer
Chapman
Collins (IL)
Cooley
Cox
DeLay
Dickey
Flake
Ford
Fox
Gekas
Goodling
Gunderson
Hayes
Hutchinson
Istook
Johnson, Sam
LaTourette
McDade
McIntosh
Montgomery
Moran
Neumann
Owens
Richardson

Rogers	Torkildsen	Williams
Souder	Torricelli	Young (FL)

□ 1243

Mr. BUNN of Oregon changed his vote from "yea" to "nay."

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. FOX of Pennsylvania. Mr. Speaker, on rollcall No. 378, I was in the Banking Committee hearing and I did not hear the pager. Had I been present, I would have voted "Nay."

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from Colorado [Mr. McINNIS] is recognized for 1 hour.

Mr. McINNIS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. McINNIS. Mr. Speaker, House Resolution 492 is an extremely narrow resolution. The proposed rule merely waives the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House for a resolution reported from the committee before August 1, 1996, which provides for consideration or disposition of a conference report to accompany H.R. 3734, The Personal Responsibility and Work Opportunity Act.

This narrow, short-term, waiver will only apply to special rules providing for the consideration or disposition of a conference report to accompany the bill H.R. 3734, nothing else.

Mr. Speaker, House Resolution 492 was reported by the Committee on Rules by unanimous voice vote. The distinguished Member, Mr. MOAKLEY, stated in the Committee on Rules that he had no objections to this rule. The committee recognized the need for expedited procedures to bring the welfare reform conference report forward as soon as possible.

Mr. Speaker, I include the following extraneous material for the RECORD:

[From the U.S. News & World Report, June 3, 1996]

THE END OF WELFARE AS WE KNOW IT?

(By David Whitman)

Bertha Bridges is still waiting for the end of welfare as she knows it. Bridges and her three children have been on and off welfare since the early 1980s, and she has been unable to hold a job in recent years because school administrators often call several times a week to ask her to pick up her disruptive, severely depressed 13-year-old son for fighting and disobeying teachers.

Seventeen months after U.S. News first interviewed her for a cover story on welfare reform, matters have only worsened for the Detroit resident. Several weeks ago her son let three strangers into her house, and they promptly stole Bridges's money, jewelry, clothing, dishes and videocassette recorder. Her son is now back in a psychiatric hospital, his younger sister is starting to imitate him by refusing to complete school assignments and Bridges doesn't know where to turn for help. "I'm living a nightmare," she says.

Last week, President Clinton and Bob Dole jousted to claim the title of welfare abolitionist—and to deny the other guy credit for overhauling a welfare system that still does little to encourage self-reliance. But while the candidates feud, many of the 4.6 million families on Aid to Families with Dependent Children are living out nightmares like that of Bridges.

Clinton claims that waivers granted by his administration to 38 states to conduct demonstration programs have led to a quiet revolution. "The state-based reform we have encouraged," he said in his May 18 radio address, "has brought work and responsibility back to the lives of 75 percent of the Americans on welfare." Yet according to federal statistics, only 13 percent of AFDC adults participated in any education, training or work program in a typical month in 1994, up a hair from 12 percent in 1992. At present, less than 1 in 100 AFDC parents toils each month in workfare programs in exchange for a relief check, a number that has remained constant since Clinton came to office.

Thanks largely to an improved economy, the number of Americans on AFDC—12.8 million—was 9 percent lower in January than three years earlier. Yet the rolls are still at historically high levels, and 1 in 5 American children still lives below the poverty line. In 1992, 13.5 percent of the nation's children received AFDC; in 1995, 13.4 percent of the country's children did so. One in seven kids in the United States is now on the dole.

According to the Department of Health and Human Services, 75 percent of AFDC recipients could be affected in an average month by at least one provision of the 61 waivers granted by the Clinton administration. That seems to be the basis for the president's claim that his waivers have reintroduced work and responsibility to the vast majority of AFDC recipients. But many of the waivers are for modest reforms. Such as allowing recipients to keep more earned income before their welfare checks are reduced.

The most far-reaching waivers permit states to impose time limits, usually two years. On how long a family can receive AFDC. According to a soon-to-be-released study by the Center for Law and Social Policy (CLASP), HHS has authorized 11 states to run statewide programs with full-family cash-aid cutoffs and two more states' applications are pending.

Awaiting results. It is too early to tell whether the new time limits will fundamentally alter welfare. Since it takes years for recipients to use up their cash aid, time limits so far have affected few families. With the exception of Chicago, none of the nation's 10 largest cities is in a full-family time-limit state—and the new CLASP report indicates that 91 percent of AFDC recipients in Illinois are exempt from the time limits because they apply there only to families whose youngest child is 13 or older.

Other states provide narrower exemptions and extensions than Illinois but still have protective loopholes. One of the biggest: HHS has insisted that no state can remove a family from the AFDC rolls if the mother has complied with program rules and failed to find a job despite her best efforts.

CLASP's Mark Greenberg worries that the new time limits could throw many needy women and children off welfare. "If there are visible catastrophes," he says, "other states may be reluctant to move forward. But if the catastrophes are largely invisible, the nation's safeguards for protecting children will start to unravel." In Washington, meanwhile, the politicians are still fiddling.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I did make the statement that I had no objection to the rule. That was based on the promise that we were going to have the bill at 8 p.m. last night. But we do not have the bill, so I do object to this rule.

Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. WARD].

Mr. WARD. Mr. Speaker, I have here a presentation.

Ms. DELAURO. Mr. Speaker, pursuant to rule XXX, I object to the gentleman's use of the exhibit.

The SPEAKER pro tempo. Does the gentleman plan to use this exhibit?

Mr. WARD. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. Pursuant to rule XXX, the question is: Shall the gentleman from Kentucky [Mr. WARD] be permitted to use the exhibit?

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. DELAURO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

PARLIAMENTARY INQUIRY

Mr. WELDON of Pennsylvania. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WELDON of Pennsylvania. Mr. Speaker, under paragraph 803 of Jefferson's Rules there is a provision, section 10, that states that no dilatory motion shall be entertained by the Speaker.

This particular section of the rules is very explicit. It goes through to proclaim that the clause was adopted in 1890 to make permanent a principle already enunciated in a ruling of the Speaker, who had declared that the "object of a parliamentary body is action, not stoppage of action."

Mr. Speaker, we have seen several motions to adjourn, one of which was offered by a colleague who then voted against that motion to adjourn.

We now have the second case, Mr. Speaker, of a chart being put up that is blank, that in fact has no substance.

The Speaker, has declined on a number of occasions in the history of this body or refused to allow procedures to continue that in effect stop the orderly process of business in this body.

I ask the Speaker, to rule on that section that, in fact, prohibits dilatory action. I ask the Speaker to rule on the parliamentary stature of an attempt to basically stop the action of the House through what in my opinion may be considered as a dilatory action under this particular rule of the operations of this body.

POINT OF ORDER

Mr. DOGGETT. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. DOGGETT. Mr. Speaker, a vote is in order. This is not really even a legitimate parliamentary inquiry. I raise a point of order that with a vote already under way, this parliamentary inquiry is out of order and would ask that the Chair proceed with the vote previously ordered.

The SPEAKER pro tempore. The Chair is prepared to address the inquiry made by the gentleman from Pennsylvania [Mr. WELDON].

The rule XXX question is not a motion. The rule XXX question is in the nature of a point of order.

The gentlewoman from Connecticut [Ms. DELAURO] objects to the vote on the ground that a quorum is not present and makes the point of order that a quorum is not present.

Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 351, nays 53, answered "present" 2, not voting 27, as follows:

[Roll No. 379]

YEAS—351

Abercrombie
Ackerman
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Beilenson
Bereuter
Bevill
Bilbray
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (FL)
Brown (OH)
Brownback
Bryant (TX)
Bunn
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (MI)
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cummings
Danner
Davis
de la Garza
DeFazio
DeLay
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Engel
English
Eshoo
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilliard
Hinchey
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hoyer
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E.B.
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
Lantos
Largent
Latham
LaTourette
Laughlin
Leach
Lewis (CA)
Lewis (GA)
Lincoln
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McIntosh
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Poshard
Pryce
Quillen
Quinn
Rahall
Reed
Regula
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanford
Sawyer
Saxton
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stenholm
Stokes
Studds
Stupak
Talent
Tanner
Tate
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornton
Thurman
Torres
Upton
Velazquez
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Waxman
Weldon (PA)
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Young (AK)
Zeliff

NAYS—53

Allard
Baldacci
Ballenger
Bentsen
Bilirakis
Bryant (TN)
Bunning
Buyer
Collins (GA)
Combest
Cubin
Cunningham
Deal
DeLauro
Ensign
Geren
Greene (UT)
Hastert
Hilleary
Hoke
Johnson (CT)
Johnson, Sam
Lazio
Levin
Lewis (KY)
Lightfoot
Linder
McInnis
McKeon
Packard
Pombo
Radanovich
Ramstad
Rangel
Sanders
Scarborough
Schaefer
Shadegg
Souder
Stockman
Stump
Tauzin
Thornberry
Tiahrt
Torkildsen
Towns
Traficant
Vento
Watts (OK)
Weldon (FL)
Weller
Yates
Zimmer

ANSWERED "PRESENT"—2

Everett
LaHood

NOT VOTING—27

Barr
Barton
Berman
Brown (CA)
Burr
Chapman
Chenoweth
Collins (IL)
Dickey
Flake
Ford
Gibbons
Greenwood
Gunderson
Hayes
Hunter
Longley
Martinez
McDade
Meyers
Moran
Portman
Richardson
Roth
Roukema
Torricelli
Young (FL)

☐ 1309

Ms. DELAURO changed her vote from "yea" to "nay."

Ms. FURSE, Ms. RIVERS, Mr. HALL of Ohio, and Mr. SPENCE changed their vote from "nay" to "yea."

So the gentleman was permitted to use the exhibit in question.

The result of the vote was announced as above recorded.

Mr. MCDERMOTT. Mr. Speaker, I move that we reconsider the vote.

MOTION TO TABLE OFFERED BY MR. LARGENT

Mr. LARGENT. Mr. Speaker, I move to lay the motion to reconsider on the table.

The Speaker pro tempore (Mr. HEFLEY). The question is on the motion offered by the gentleman from Oklahoma [Mr. LARGENT] to lay on the table the motion to reconsider the vote offered by the gentleman from Washington [Mr. MCDERMOTT].

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MCDERMOTT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 239, noes 172, not voting 22, as follows:

[Roll No. 380]

AYES—239

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Christensen
Chrysler
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
de la Garza
Deal
DeLay
Diaz-Balart
Dickey
Doggett
Doolittle
Dornan
Dreier
Duncan
Dunn
Durbin
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Gutknecht
Hall (TX)
Hamilton

Hancock
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Heineman
Herger
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Molinari
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Peterson (MN)
Petri
Pombo
Porter
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Scott
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Thomas
Thornberry
Thornton
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Young (AK)
Zeliff
Zimmer

NOES—172

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (NE)
Barrett (WI)
Becerra
Beilenson
Berman
Bevill
Bishop
Blumenauer
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (MI)
Conyers
Costello
Coyne
Cramer
Cummings
Danner
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Dooley
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
LaFalce
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Montgomery
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Pickett
Pomeroy
Poshard
Rangel
Reed
Rivers
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Serrano
Skaggs
Skelton
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weller
Woolsey
Wynn
Yates

NOT VOTING—22

Bentsen
Chenoweth
Clinger
Collins (IL)
Flake
Ford
Gekas
Greenwood
Gunderson
Hayes
Hilleary
Hoke
Hunter
Klink
Lantos
McDade
Meyers
Portman
Richardson
Seastrand
Taylor (NC)
Young (FL)

□ 1330

Mr. POMBO changed his vote from "no" to "aye."

So the motion to table the motion to reconsider was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. PORTMAN. Mr. Speaker, due to a previous speaking commitment located off Capitol Hill earlier today, I missed votes on rollcall No. 379, to permit the use of an exhibit, and rollcall No. 380, to table the motion to reconsider. Had I been present, I would have voted "yes" on rollcoll No. 379 and "yes" on rollcall No. 380.

PERSONAL EXPLANATION

Mrs. CHENOWETH. Mr. Speaker, on Wednesday, July 31, I was unavoidably detained and missed rollcall votes 379 and 380.

Had I been here, I would have voted: "yea" on rollcall 379 and "yea" on rollcall 380.

Mr. MOAKLEY. Mr. Speaker, reclaiming time I yielded to the gentleman from Kentucky [Mr. WARD], I yield myself such time as I may consume.

I thank my colleague and my friend, the gentleman from Colorado [Mr. McINNIS], for yielding me the customary half hour.

Mr. Speaker, today, we are considering this rule waiving the two-thirds requirement for same day consideration because my Republican colleagues didn't finish the welfare bill until midnight last night.

And last evening, I agreed to this two-thirds rule because I was told this welfare bill would be available by 8 last night.

But, Mr. Speaker, we did not get the bill until quarter of one in the morning and that is completely unacceptable. Because, Mr. Speaker, this issue is very very important and 434 Members of Congress are going to be asked to vote on this enormous bill and the ink isn't even dry yet.

This bill is no small potatoes. It represents a major change in our welfare system which will affect millions and millions of Americans, most of those Americans, Mr. Speaker, are children.

For that reason I think no amount of time is too much. We have a very serious responsibility to the 9 million children who are supported by aid to families with dependent children and those children are depending on us to do it right.

I urge my colleagues to oppose this two-thirds rule. Congress hasn't had anywhere enough time to consider this bill and it will affect far too many children to be rushed through the Congress.

Mr. Speaker, I reserve the balance of my time.

Mr. McINNIS. Mr. Speaker, I yield myself such time as I may consume.

First of all, I am pleased to announce that we now understand that the President is going to have a press conference here in about 8½ minutes where he will announce that he is in support of this bill. I am also pleased to announce they have located Leon Panetta, so we can now proceed to the substance of this issue that we have sitting right here in front of us.

The substance is very simple. That is, we have to change welfare in this country. The welfare bill originally went out of here with bipartisan support. It is going to go to the President of the United States with bipartisan support, and it is going to be signed by the President.

The gentleman from Massachusetts brings up a valid point. The problem is it is somewhat exaggerated. The gentleman shows a huge bill over there, as that is the bill that has been given to him in the last several hours or early this morning to read. That is correct. That particular bill was given to him. But about 99.9 percent of that bill is what has been previously contained.

The only changes really were twofold: First, on the family cap and, second, dealing with Medicaid. So that probably consumes maybe 20, 30 pages out of that entire bill. Yes, we have asked that Members here on the House floor take time this morning during their workday to read that 20 to 40 pages or whatever was necessary to be briefed by their staff.

We are trying to get this bill to the President. For the first time in a long time, we have general agreement on a major, major issue. We have got Democrat and Republican support on the House side. We have got Democrat and Republican support on the Senate side. We have got a Democratic President that is willing to sign it.

That means that we should expedite the movement of this bill. That means that this rule should pass. By the way, upstairs this bill was voted out of committee on a unanimous vote, no dissension upstairs. I think it is now an appropriate time for us to move on, pass this rule so that we can get to the meat of the conference committee report and send this bill to the President for signature.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, I thank the gentleman for yielding the time to me.

Mr. Speaker, it is not any great pleasure that I come here today to be able to address the rule that is now before us. This is a rule that, when we as Democrats were in the majority, known as basically martial law, that we only used at the end of the session, usually the last 3 days, in order to facilitate the passage of conference reports in those last few days. Yet under this leadership and this majority, this year alone this martial law type of rule has been in effect longer than any time if you added up all of my previous 19 years here.

So in 1 year, this year, this session, we have used it more than I did in the previous 19 years. Now, that tells me a little bit about the running of the House and procedures in the House. This is not necessary. This rule is not necessary. If we follow the normal rules of the House, the rule to take up the welfare bill, it would be reported in a day, be taken up tomorrow in the normal course, be passed. The welfare bill will be taken up and passed. But for some reason or other, it has been dictated by on high, and that is what I did say, dictated by on high, the majority, the Speaker and the floor leader, the leadership of the Republicans have decided we are going to do it today.

They wanted to do it early this morning. They wanted to do this right away before any of us even had a chance to look at the bill.

The chairman, the ranking member of the committee has a copy of the bill there, and there is a copy right over here. I dare say on the gentleman's side and my side there is not 10 percent of the Members that have even read that bill. Now, they have a general idea of what is in it, but that is all.

A lot of them were willing to vote for it because I talked to Members on both sides. They are willing to vote for it, either for or against it this morning without knowing the details. Just the idea of what is in there.

That gives me a great deal of concern, that we have here representatives of the people in the U.S. House of Representatives that are willing to vote on a far-reaching piece of legislation that will impact on millions of people and yet doing it without knowing exactly what is in it. That gives me a great deal of concern about the Members of the U.S. House of Representatives, not as great a deal as the policy that is being followed of, again, dictating to the Members of the House. That is basically what we are seeing here, is a dictatorial policy, autocratic. The leadership knows better than anybody else. We are going to do it their way or no way, and that is what we are up against today.

It is that policy that I think has led us to a lack of bipartisanship in this House. It is the Republican leadership, in my opinion, Speaker GINGRICH, Floor Leader DICK ARMEY, that are responsible for the highly partisanship feeling that pervades this House today. It is not only just on this side. It is on the majority side, too. I hear it constantly, about the partisanship. Yet everybody stands up and says, We ought to be bipartisan; we need to be bipartisan.

How can we be bipartisan when the hand is never reached out to the other side to say, hey, what can we do together on this. That hand is never reached out. Instead, it is just like this legislation, this rule, it is dictated from above. It is toned down. Take it or leave it. That is the way it is. There is no bipartisanship. There is no attempt to be bipartisan in this House.

I hope that somewhere between now and the end of this session the majority leadership under the Speaker would see fit to not be so autocratic, not to be so dictatorial, but to reach out that hand to Members on this side and say, let us work together the rest of the year on legislation and let us be bipartisan. There is not much bipartisanship here today.

Mr. McINNIS. Mr. Speaker, I yield myself such time as I may consume.

First of all, to the gentleman from Missouri, I wanted to caution him a little on the utilization of the word "dictatorship." I do not think that adds to the comity on the floor. I think we should approach those kind of terms with some trepidation.

Let me address the other point. That is, I do not want the gentleman from Missouri, because I have great respect for the gentleman, to continue to use inaccurate facts. The gentleman stated to our body here that when they were in control we did not see these kind of rules until the end of the session. I do not know why this keeps coming up, but time after time after time, when we deal with a rule, Mr. Speaker, we have to repudiate that. I have got the facts right here. I would be happy, if the gentleman would like to come over here, we will show him the statistics.

Let me cover very briefly 1993. It was not near the end of the session when his side utilized this rule. In fact, it was in February, in March, in March, in March, in March, in March, in March, and then, of course, we had some throughout the rest of the session, too. I just want to make sure that we are accurate on our facts.

The final thing I would caution the gentleman from Missouri, his statements about this is not bipartisan. In fact, I think this bill right here, No. 1, both Democrats and Republicans and unaffiliated and reform party people from across this country acknowledge that welfare needs to be changed. The system does not work. All of the incentive on this system is to stay on it, not to get off it. The system helps people that do not need help and does not help the people that really do need help.

Since I have been up here, I do not think I know such a major piece of legislation that has had more joint effort. Certainly the last 3 or 4 hours, I was somewhat amused when the gentleman said this morning, this morning escaped from us because, frankly, there was a lot of partisanship delay this morning. But we have gotten past that.

The bill itself, the substance of this bill is a bipartisan product, a Democrat and Republican product. Certainly. It has been brought up by the Republican leadership. It is a Republican part of our contract. It was one of our biggest efforts, but we have had lots of help and we have appreciated that.

☐ 1345

It is bipartisan, and at 2 o'clock and 15 minutes, the President of this country is going to hold a press conference where we anticipate that he is going to agree to sign this bill.

Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FOX].

Mr. FOX of Pennsylvania. Mr. Speaker, I thank the gentleman from Colorado [Mr. McINNIS] for extending the time because today, Mr. Speaker, we have an opportunity to pass a stark welfare reform that requires work and personal responsibility and lifts families from lives of despair and hopelessness. I think we should especially look to the fact that for able-bodied individuals this Congress and this Government will make sure that we have job training and job placement for the able-bodied, and for those that truly are in need, just seeking it, we will be there.

The fact is that on child nutrition programs we are talking about block-granting the States, which is a great benefit because right now on child nutrition programs we are spending 15 percent to administer those programs, and the States, only 5 percent for administration. With the extra 10 percent they will receive from the Federal Government, they must feed more children more meals by our great standards. The States will follow the Federal standards.

On child support enforcement, we are going to make sure that all of those individuals and families that do not now have, for many deadbeat dads and other parents, the funds they need to make sure that the children are protected. They will have to adopt in each State programs like they have in Maine where they had 21,000 people who had not paid their child support; and when they said they could lose their driver's license, they in fact, 95 percent within 30 days, paid their child support payment.

So we see a program that is going to become more modern, more sensitive, and make sure that we take care of those in need, and we make sure that the welfare reform that we have crafted here is bipartisan and worthy of the votes of both sides of the aisle in both Chambers and, hopefully, as well, with our President.

Mr. MOAKLEY. Mr. Speaker, I yield back the balance of my time.

Mr. McINNIS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON H.R. 3734, PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

Mr. SOLOMON, from the Committee on Rules, submitted a privileged report (Rept. No. 104–729) on the resolution (H. Res. 495) waiving points of order against the conference report to accompany the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997, which was referred to the House Calendar and ordered to be printed.

Mr. SOLOMON. Mr. Speaker, I call up the resolution (H. Res. 495) waiving points of order against the conference report to accompany the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 495

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The yeas and nays shall be considered as ordered on the question of adoption of the conference report and on any subsequent conference report or motion to dispose of an amendment between the houses on H.R. 3734. Clause 5(c) of rule XXI shall not apply to the bill, amendments thereto, or conference reports thereon.

The SPEAKER pro tempore (Mr. HEFLEY). The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I might consume. During consideration of the resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, this rule waives all points of order against the conference report to accompany H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and against its consideration.

Additionally, the rule provides that the conference report shall be considered as read. The rule also orders the yeas and nays on the adoption of the conference report and on any subsequent conference report or motion to dispose of an amendment between the Houses.

Finally, the rule provides that the provisions of clause 5(c) of rule XXI requiring a three-fifths vote on any income tax rate increase shall not apply to the bill, amendments thereto, or to the conference report thereon.

Mr. Speaker, this rule is customary for conference reports. I urge support for the rule in order that we might send this legislation on to the President swiftly, since he now has decided he is going to sign this vital piece of legislation.

Mr. Speaker, in March 1995, I called up the rule that provided for consideration of the first welfare reform bill. Sixteen months, two bills, and two Presidential vetoes later we stand on the precipice of enacting real comprehensive, compassionate welfare reform legislation.

Throughout the passionate debate on this subject we have held firm on our principles to enact a reform to the Nation's welfare system which requires work, which imposes time limits on benefits for welfare recipients, and which allows for innovative State solutions to help the underprivileged in our communities. We have not departed from these principles throughout the confusing dialog with the President. These principles are embodied in the conference agreement before the House today.

Mr. Speaker, these principles are not implemented in a vacuum. The conference package addresses concerns associated with a radical overhaul of the Nation's welfare programs.

First and foremost, it should be made perfectly clear that this bill takes care of unfortunate people who are disabled, and able-bodied people are taken care of as well on a temporary basis, but the key word is temporary. After being taken care of on a limited basis, these people are going to have to go to work.

The legislation contains valuable reforms to the food stamp program, designed to curb fraud and abuse and requiring work for those food stamps.

The agreement authorizes $22 billion in child care funding over the next 6 years, which is more than $3 billion over current law.

Finally, the legislation contains tough measures to crack down on deadbeat dads who abrogate their moral responsibility to their children; and, Mr. Speaker, in contrast to the bold and honest proposals that Congress has put forward to reform welfare, the President has acted with characteristic temerity.

The alleged welfare reform that the Clinton administration says it has achieved is in actuality a fraud. It just is not there, and the savings show it. The President asserts that he has achieved a degree of welfare reform by granting waivers from his bureaucrats for States to experiment in this area.

The reality is that we have heard testimony on this floor from State after State that the waiver process is that thoughtful and experimental governors must troop to Washington DC, hat in hand, and request permission to reform low-income programs at home. The waiver request is then subject to endless debate by bureaucrats and subject to negotiation and even change by the Federal departments involved.

Mr. Speaker, my State of New York has several waiver requests pending for low-income programs, and New York certainly needs flexibility for budgetary purposes, and we are being stonewalled by this administration because none of those waivers have been granted in a State that is overburdened with welfare problems today. Thankfully, this Byzantine procedure will be relegated to the dust bin of history upon enactment of this legislation. The citizens of the States, in whom I have the utmost confidence, will be finally free to use local solutions to help low-income families in their neighborhoods.

Mr. Speaker, I was raised to treat the less fortunate in our society with compassion, as most Americans are. The way to effect change for those who suffer in poverty is certainly not additional handouts and entrapment in the current cycle of dependency that has bred second- and third- and now fourth-generation welfare recipients. Rather, we should emphasize welfare as a temporary boost from despair to the sense of self-worth inherent in work.

Mr. Speaker, that is what we ought to be doing, that is what we can do here today. This legislation gives the single moms and kids, who are the vast majority of welfare recipients, an opportunity to escape a life of relying on government benefits. A vote against this package is a vote to deny kids on welfare hope to escape a life of welfare dependency.

Mr. Speaker, this House will today once again pass comprehensive welfare reform by a wide bipartisan margin. The Senate is likely to do the same before we recess this Friday. I sincerely hope the President lives up to his announcement a few minutes ago and agrees with the bipartisan majorities in both houses of Congress and overwhelming public sentiment and he signs the legislation into law. If he does, the status quo goes out the window, and finally, we are going to do something about this ever, ever-increasing welfare load in our country.

I strongly urge passage of the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Washington [Mr. McDermott].

Mr. McDERMOTT. Mr. Speaker, we started this Congress with the majority indicating that they were going to follow new procedures, and they made a big show of all the rules changes we were going to have, but here we are ramming through the biggest change of policy toward children in this country with a bill that has been in our hands for a little more than 12 hours.

This 1,200- or 1,500-page bill was delivered to the Members of Congress last night at 1 o'clock in the morning. All that is being characterized as partisan fighting out here is basically a resistance to having something like this rammed through the Congress with a lot of good rhetoric wrapped around it, but the facts belie what is being said.

Now, the gentleman from New York [Mr. Solomon] has started to debate the bill and said this is a bill about work, but if my colleagues take this bill, and they go to page 80 under section 415, it is the section called waivers, and if my colleagues can wade through this language, and I will read it for them:

> Except as provided in subparagraph (B), if any waiver granted to a State under section 1115 of this Act or otherwise which relates to the provision of assistance under a State plan under this part (as in effect on September 30, 1996) is in effect as of the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the amendments made by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (other than by section 103(c) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996) shall not apply with respect to the State before the expiration.

Let me tell my colleagues what that means. That means that in 43 States there is no requirement for work. Every bit of work requirement in this bill is a fraud because with that waiver on page 80, section 415, we allow any State who has a waiver now in effect, and there are 43 of them in, if they are in effect, they can waive the work requirements.

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There are only seven places in the United States making up 5 percent of the welfare load; that is Alaska, Idaho. Rhode Island, Kansas, Kentucky, New Mexico, and Nevada that do not have waivers. If we read that section further, all they have to do is get a waiver from the Federal Government and those seven States can be out. There is no requirement for work in this bill, because they write all the perfect language, spend 50 pages saying work, work, work, and then at the bottom, they give a waiver. If there is a waiver, Mr. Speaker, in their State, their State does not have to provide a job.

Let me tell the Members what it is like in Washington State, because I know the situation there. We have 100,000 people on public assistance. We have 125,000 people who have been drawing unemployment benefits. That is 225,000 people in the State of Washington who do not have work.

If tomorrow, with this bill passed, every one of them showed up and said, "I want a job," the State of Washington could say, "We do not have any responsibility for you. We have a waiver. The State of Washington has a waiver." Even if they were going to be responsible, even if the State of Washington said, "We really care about these 225,000 people and their families," last year, and the State of Washington, Members have to remember, is the fifth most rapidly growing State economically. We are at the top in this country. In our State last year we provided 44,000 new jobs.

Mr. Speaker I urge people to vote against this bill. It is bad. It is a fraud.

Mr. SOLOMON. I yield myself such time as I may consume.

I am a little concerned, Mr. Speaker, I want to take just a minute to tell the gentleman, I think he is on the Committee on Ways and Means. As a matter of fact, at 12 o'clock last night this report was filed. There were those of us who were here and saw to it that the report was delivered to the minority at that hour. However, earlier in the day, in the morning yesterday, this report was complete and given to the minority. I do not know why the gentleman from Washington did not see it. His own staff on the Committee on Ways and Means had possession of this report, so the gentleman should have done his due diligence and he would have had that information.

Mr. Speaker, let me just say one thing about the work requirements. I am a little concerned with the bill, because it has been watered down so much. As a matter of fact, when the bill left this House we had a family cap, which meant young girls that continue to have baby after baby after baby could not just continue to have more and more and more welfare benefits given to them. Unfortunately, that was dropped. A phrase was put in that would allow States to opt in, or rather, would allow States to opt out, as opposed to opting in.

Let me tell the Members what happens in a State like New York State, where we have had for years now the Cadillac of welfare programs and the Cadillac of Medicaid programs, whereby New York State has exercised their option to opt in for all of these various programs above and beyond the base coverages for welfare and Medicaid.

In our State, we do not stand any chance of being able to change that law, so if we had arranged to have them be able to opt in, as opposed to opt out, then we could have expected some real change. So I am concerned about that, but we will live to fight that battle another day.

Mr. Speaker, as the gentleman's President is saying, this is a work-for-welfare program. I am surprised to hear the gentleman from Washington try to refute that.

Mr. CAMP. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Michigan.

Mr. CAMP. Mr. Speaker, I thank the chairman of the committee for yielding to me.

Mr. Speaker, I know there has been some issue raised regarding the waivers for the work requirement. The waivers are all drawn more strictly than current law. I think that is an important point to make. The waivers that have been given by the administration are more strict than current law. The current waivers do not apply to the percentage work requirement in the legislation. I think that is another important point to make. I thank the gentleman for yielding to me.

Mr. SOLOMON. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. Coleman].

Mr. COLEMAN. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, I think it is important to point out, regardless of the politics of welfare reform, the issue ought to be what does the bill do. Regardless of whether or not a past President or a sitting President would sign or veto a bill, it should have nothing to do with the legislative branch priority and prerogative to pass good legislation.

Mr. Speaker, I know many have worked long and hard on this bill and others like it over the past year and a half and longer. In fact, the discussion of welfare reform has been debated since I came here 14 years ago. I need to say, however, to my colleagues that it is not enough to play the politics with welfare reform that we are attempting to do today.

I certainly do not intend to support welfare reform and then go home and applaud myself and tell people, are you not proud we have welfare reform? We have to look at what we are doing to children. More than 1 million children will be thrown off the welfare rolls.

What kind of Nation is it that says, "We care about what is in front of your name: Documented child, undocumented child, poor child, rich child"? What difference does that make to a great Nation? I submit to the Members, it should make none. All of us here in this country understand that we ought to care for children regardless of their station in life, regardless of the country from which they came. To suggest that we should do this in this legislation is plain wrong.

I know all of the 50 States are greatly benevolent. By the way, that reminds me, why did we take over this program in the 1960's in the first place up here at the Federal level? As I recall, we had a patchwork, quiltwork of 50 different programs, some good to the poor, some bad to the poor, some harsh, causing people, of course, to migrate from State to State, based upon the benefits that they or their children could receive during tough economic times.

This legislation also does not deal with tough economic issues the way it should.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 5 minutes to the distinguished gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, let me thank the gentleman from Massachusetts [Mr. MOAKLEY] for giving me an opportunity to speak out on this. I am going to say what is on everybody's mind. It is just so close to the election, I suppose, on both sides of the aisle we get blinded about substance in our concern as to what is it that the pollsters really want.

A lot of concern has been in the White House and on the Hill as to whether or not the President would breach his promise to change welfare as we know it. I would think that the chairman of the Committee on Rules, notwithstanding how diligently the Committee on Rules has worked on this legislation, would have to agree that there is no urgency in terms of Members understanding the work that was done in conference. This is not an unusual thing, unless it has something to do with the fact that we are going into recess, and that this will be a political issue back home.

Other than that, it seems to me if we are talking about millions of children, children who would be Democrat, Republican, Christians, Jews, black, white, Americans, and certainly the lesser among us, that all of us would want to make certain that we are doing the right thing; and really, not even push the President into making a hasty decision, when at least the last position he took was that he appreciated the direction in which the legislation was going and he saw some imperfections which could be worked out.

But it was he who said that he wanted to change welfare as we know it. What is welfare? What is this obsession about putting people to work? Everyone agrees if you are able to work, you should be working. Every taxpayer should be angry and annoyed to find people slipping back on their responsibilities and not working.

Are we talking about just women, or are we talking about women that have children? I pause, because it is not a rhetorical question. The bills that I know of say aid for dependent children. I think what we are saying, I would say to the gentleman from New York [Mr. SOLOMON], is that that child will be held responsible for any conduct that we politically do not like about the mother.

We are going even further, not as far as the gentleman would like, but I think even the President agrees with the gentleman's posture, that if after 5 years or 4 or 3 or 2 or whatever the Governors decide, I think the minimum is 2 years, that if for any reason at all, there are no jobs available, and if the mother played by the rules, signed up, went into training, did all of the American things in order to show that she wanted to maintain her dignity, she wanted her family not to stay on welfare, she wanted to go into the private sector and contribute, if all of those things are established, it is my understanding it really does not make any difference. Playing by the rules does not make a difference, in election years, because we said it does not make any difference what the heck you have tried to do; the question is, are you working.

Quite frankly, I believe that the mother could vote with her feet if she does not like the situation employment-wise. I am mean enough to be with you. I am a politician, too. My problem is the child. What did the child have to do with the fact that the mother wanted to work, did not want to work, jobs were there, jobs were not there? Do Members know what the political question is? The Republicans will throw 2 million people, children, into poverty, and my President will only throw 1 million into poverty.

Mr. Speaker, I do not want to get involved in religion around here, but there is not a denomination of people that do not believe that the helpless of this country—just being an American means you are supposed to help them. You do not send a 2-year-old child or a 2-month-old child out to get a job. Someone has to be responsible. Someone has to be responsible for that child. Do not ask the child for its identification, and ask whether or not it is a citizen. Do not ask the child whether, by choice, the mother is a bum. Do not ask the child what the unemployment statistics are. As Americans we believe in taking care of our children.

This is a political bill. It should not be passed into law. It should not be passed here. The President should not sign it if you do shove it down his throat.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Jacksonville, FL, Mrs. TILLIE FOWLER, who has been a real leader in this effort.

Mrs. FOWLER. Mr. Speaker, the American welfare system was intended to be a safety net for those who fall on hard times. Unfortunately, it has become an overgrown bureaucracy which perpetuates dependency and denies people the chance to live the American dream.

I am pleased the President has just announced that he would sign the Republican welfare bill. We knew when it got this close to the election this President would choose the path of political expediency, as he always does. But this legislation is not about saving money, it is about saving hope and saving lives while reforming a broken system and while preserving the safety net.

This bill encourages work and independence and discourages illegitimacy. I urge my colleagues to vote for fairness, compassion, and responsibility, and pass a conference agreement on H.R. 3437.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from California, the Honorable GEORGE MILLER, the ranking member on the Committee on Resources.

Mr. MILLER of California. Mr. Speaker, today is a serious and sad day. Not only are we presented with a welfare bill by the Republicans that for the first time in history does a great deal of harm to children in this country, but we have learned in the last few minutes that the President of the United States, Mr. Clinton, now says that he will sign that bill.

This is a President who, along with the First Lady, have spent much of their public life trying to help children. Now he says he will sign a bill that, for the first time, knowingly, he knowingly, he has been presented the evidence by his own Cabinet, he has been presented the evidence by the Urban Institute and others, that will knowingly put somewhere around 1 million children who are currently not into poverty, into poverty.

Almost half of those children are in families that are working, where people get up and they go to work every day. But at the end of the year, they are poor. This bill puts those children into poverty. That cannot be a proper purpose of the U.S. Congress, and that cannot be a proper endorsement for the President of the United States.

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It is against the interest of our children. Yes, this program was started many years ago to try and save the children. For many, many years we have lifted those children out of poverty, not as well as we have done for the seniors, but it was a national goal.

This bill now for the first time, again knowingly, the evidence is in front of us, and yet we are being asked to make a decision to reverse that trend and to once again put children into poverty. They can lose their benefits under this with nobody having offered their parents a chance to work or requiring them to do so, because in the 11th hour those same Governors who boasted about their desire to put people to work came in and got loopholes put into this bill so they do not have to meet the very standards that they said they were prepared to change this program from welfare to work.

So how did they achieve the budget savings, then? They achieved the budget savings by going after children, by going after women. I grew up, and I think most people in this country believe that when you said women and children first, what you were saying is you wanted to care for those individuals. This legislation suggests that they will be the first to be harmed and that is what this legislation allows.

I appreciate all of the theory in the legislation, but the fact of the matter is every time that the pedal meets the road here, what we see is that in fact they are sacrificed. These children now pay to provide the $60 billion in savings that the majority says that they want. We cannot allow that to happen. this President should be demanding that this bill simply do no harm to those children. You can get all of the welfare reform you want and still do no harm to the children. But unfortunately this President has joined the Republicans now in making the children the very victims of the system he said he wanted to reform.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HEFLEY). The Chair will make a brief statement in clarification of his response to the parliamentary inquiry propounded by the gentleman from Pennsylvania [Mr. WELDON] during the consideration of House Resolution 492.

In that response, the Chair merely intended to indicate that, in the discretion of the Chair, the objection by the gentlewoman from Connecticut under rule XXX was not then a dilatory motion.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in response to the previous speaker for whom I have a great deal of respect, he came to this body about 20 years ago and I do not know what experience he had in previous government, but when he is critical of the Governors of these States, I look at my own Governor, Gov. George Pataki. He is probably one of the most knowledgeable people in America today about what it means about jamming things down the throats that we do here in Washington, sending it back to the States and local government.

George Pataki was a town mayor before he became a State assemblyman in the lower house and then before he became a State senator and now Governor. Believe me, he knows what unfunded mandates mean to a State like ours where we have seen job after job after job chased out of our State because we just could not afford to do the things for business and industry that were necessary because of the terrible welfare burden. That is all changing now and it will change with the adoption of this legislation. We are once and for all going to be able to let those people who have the experience, those people down at the local levels of government who have to deal with the welfare recipients day in and day out, let them come up with the solutions. That is what this debate is all about.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Columbus, OH [Ms. PRYCE], a member of the Committee on Rules.

Ms. PRYCE. Mr. Speaker, I thank the distinguished chairman of the Rules Committee for yielding me this time. I rise in strong support of this fair rule to bring about real welfare reform.

Mr. Speaker, a generation ago, Americans began a much-celebrated war on poverty in the hope of creating a Great Society. But nearly 30 years and more than $5 trillion later, what we are left with is a failed welfare system that has deprived hope, diminished opportunity, and literally destroyed precious lives. Our country, and the future generations of Americans who will lead her, deserve a better system.

Today we will consider a conference report that replaces a welfare system debilitated by strict Federal control with a system based on innovation and flexibility at the State and local level. Instead of promoting dependency and illegitimacy, this conference agreement is built on the dignity of work and the enduring strength of families. By taking the Federal bureaucracy out of welfare, this legislation promotes creative solutions closer to home and offers a real sense of hope to the truly needy and the less fortunate.

Mr. Speaker, despite the comments we will hear today, this is a compassionate bill. Helping those who by no fault of their own have fallen on hard times is the right thing to do. This bill responds to that in the finest American tradition. But when we help people that are able-bodied, when we just hand them a check, those people who make little or no effort to help themselves, we risk destroying the American spirit and undermining our society at large.

This conference agreement represents a true bipartisan attempt to change welfare as we know it. I hope the President will not shy away again from this historic opportunity for change.

In closing, Mr. Speaker, I urge my colleagues to have the courage to set aside the status quo, to think of the children and families of this Nation and to embrace real reform. I urge a "yes" vote on both sides of the aisle for this rule and the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Florida [Mrs. MEEK].

Mrs. MEEK of Florida. Mr. Speaker, both times I have risen, I have risen in strong opposition to the rule and I will be doing so, I feel, to the conference report.

Mr. Speaker, I do not think many people in this Congress really understand the effects of welfare. I think that the system should be reformed. I am sure that there are many people who still abuse this system. We have not yet changed to any great extent the enforcement, to be sure, that people who do not deserve welfare are on it and those who are abusing it get punished for being so.

Mr. Speaker, I contend that this conference report does not meet the needs of the people they are hoping that it will meet. We are still going to have hungry children, children who are not taken care of by their States. I served as a State legislator. We still did not give matching funds for the funds that the Federal Government gave us. Now that we are cutting the funds, are they going to do any better? My answer is no.

The real world will teach everyone in this Congress that you are hurting children. It seems to me that you are doing it deliberately because many of us have said to you and shown you evidence that it is going to do it. OMB has done it. Several agencies with whom you have great credibility have shown the same. It permits the States to experiment with our children in order to save $40 to $60 billion in Federal funds. Why save it when you are losing your main human resources, your children?

Almost one-third of these cuts come from mistreating the children of immigrants. Do you feel that the legal immigrant children in this country should be treated any less? Would you want your children to be treated any less than when they go down to get health care and they tell them they cannot be treated because their parents have been here 16 years or more paying taxes into the American Government, their sons and daughters have gone to war for this country? Are you going to say to those children, No, you can't get any more treatment. Go to the State. Go to the county. When they get to the counties and they get to the States, there is no money. I have been there and I know there is none.

The Republican majority is going to ban food stamps and SSI for some children, particularly those that are disabled and those that are poor. It bars Medicaid for legal immigrants. Is that going to make them any less ill because we are barring it in this bill which we are using here in a vacuum? We have done perhaps no impact study. We do not know how this is going to impact on States like Florida and California. I say, Mr. Speaker, that this is wrong and that the Republican majority should realize what they are doing. Otherwise in the end the people will speak, and I hope they do.

Mr. Speaker, I rise in strong opposition to the rule and the conference report itself. This rule is designed to prevent both the Members and the public from learning the details of this fatally flawed bill.

This bill permits the States to experiment with our children in order to save $60 billion in Federal funds. Almost one-third of these cuts—$18 billion—come from treating the children of immigrants more harshly than other children.

The Republican majority bans food stamps and supplemental security income payments for virtually all legal immigrants. The bill bars Medicaid for legal immigrants who are elderly or disabled.

These immigrants the Republican majority wants to penalize are legally here. They played by the rules. They meet every requirement of the law. They live and work hard; they pay taxes; they serve in the military. They will not vanish simply because the majority passes this bill.

What will happen is that these costs now paid by the Federal Government will be unfairly shifted to States like Florida, and counties like Dade, that have a high number of legal immigrants.

Let me give the House a concrete idea of how unfair this bill really is. My own State of Florida estimates that it will lose more than $300 million a year in Federal funds because of this bill.

Who ends up paying? My constituents in Dade County and the State of Florida.

The bill instructs States to deny school lunches to undocumented immigrants. The chairman of the Dade County School Board says that one-quarter of the children in the Dade schools were born in a foreign country. The Dade County schools would have to collect information from every single child in order to determine which ones can get subsidized lunches. The Republican majority is trying to balance the budget and cut taxes for the wealthy by creating local paperwork and higher local taxes.

It is wrong and it is unfair for the Republican majority to force State and local governments—meaning our taxpayers back home—to pay for legal immigrant residents who are in this country because they complied with the immigration laws that previous Congresses have enacted.

I urge my colleagues to vote against this rule and against the conference report.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, one of my colleagues just approached me, and they said they hope the American people that might be watching on C-SPAN would ask the question of all of us: Are you satisfied with the status quo?

That seems to be what I hear from the other side of the aisle, even though the President is going to sign this bill, that they are satisfied with the status quo. The people I represent are not satisfied with that status quo.

Mr. Speaker, I yield 1 minute to the gentleman from Erie, PA [Mr. ENGLISH], one of the outstanding freshman Members of this body.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in strong support of this rule and in strong support of this conference report, the most sweeping welfare reform legislation this country has seen since the Great Society.

As Franklin Delano Roosevelt warned in the late 1930's, giving permanent aid to anyone destroys them. By creating an underclass culture of poverty, dependency, and violence, we have been destroying the very people we have been claiming to help. How many more families will be trapped in the current welfare system while we waste time in Washington?

I am delighted to see that the President has indicated he may support this conference report, which will require for the first time ever able-bodied welfare recipients to work for their benefits. Every family receiving welfare must work within 2 years or lose benefits, and lifetime benefits are limited to 5 years.

This is a balanced, mainstream approach that links welfare rights to personal responsible behavior. I urge the House to adopt this rule and lay the groundwork for passage of this conference report.

Mr. SOLOMON. Mr. Speaker, I yield such time as he may consume to the gentleman from Sanibel, FL [Mr. GOSS].

Mr. GOSS. Mr. Speaker, I rise in strong support of this rule and this bill because we all know that the era of big government is indeed over.

Mr. Speaker, I thank my friend, the distinguished chairman of the Rules Committee, for yielding me this time. The wisdom of SOLOMON has been in great demand these last few days, and once again he has delivered a fair and workable rule to this body. Our Rules Committee labored diligently yesterday evening and this morning to accommodate both the strong desire of the majority of Americans that we end welfare as we know it—and the legitimate efforts that have been underway among Members of Congress and the administration to negotiate a final product. For that reason, we brought two rules, in order to give the conferees as much time as possible to complete their work while getting welfare reform to the President this week. This rule allows the House to consider a milestone bill—one that lays to rest 30 years of big-government policies that have cost $5.5 trillion but failed to win the war on poverty. I must say I am disturbed by the hand-wringing and demagoguery that is emanating from some members of the minority. Their assurances that they do want to reform welfare, but they just don't want to do it in this way, ring quite hollow. Remember that they had the opportunity when they controlled both Houses of Congress and the White House for 2 years—an opportunity they refused to capitalize on. So now, with a President who has pledged to end welfare as we know it, and a congressional majority committed to dismantling the Big Brother, Washington-knows-best bureaucracy that has made welfare a dependency trap—we are finally going to make welfare reform happen. I am sorry that the ultraliberal wing of the Democrat Party in this House is having trouble with that result—but it's one the American people are demanding. If those in the minority succeed in their carefully orchestrated attempt to delay enactment of this bill, I suspect they will have to answer to their constituents for denying poor Americans a fighting chance to break out of poverty and become productive members of this society. Mr. Speaker, this legislation unleashes the creativity of our States to solve problems or poverty at home. It unshackles them from the burdens of costly and micromanaging Federal regulation—while providing significant resources for children and job programs. It allows those precious Federal dollars that are so desperately needed by our Nation's poor to bypass the grossly inefficient Federal bureaucracy. And it emphasizes work for those who can, along with compassion for those who can't. This is a balanced bill—and it's time for the defenders of the status quo to get with the program and heed the words of the President. Support this rule and the bill.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the chairman of the Rules Committee just said if people are opposed to this rule and this bill that they are for status quo. That is absolutely incorrect.

The people who are opposed to this bill are opposed to it because it puts another 1 million children into poverty and does not go far enough.

Mr. Speaker, I yield 3 minutes to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, this bill, this conference report that we will soon vote on, represents the biggest change to our social policy in the last 60 years. We have moved from the New Deal to the New Frontier to the Great Society, and now hopefully to the fair deal.

Where have we gone in this debate over the last year? We started with H.R. 4, a bill that I think was terrible for this Nation and for our children, that was mean to our children, that was unfair to the people that we wanted to give skills to go to work, that was not fair to our parents who had children home from child care. That bill has been vastly changed. Just recently we voted for a bill to come out of the House, and 30 of us Democrats voted to move the process along and improve the bill in the Senate and House conference, where it has been improved, and I will vote to support this conference.

President Clinton deserves credit for his willingness to sign this bill, and he deserves praise for his determination to change previous bills that were mean to children and that did not give the resources to our workers to stay off welfare.

Let us move forward in a bipartisan way to continue to modify what can be a better and better bill, through Executive order, through legislative change, and through bipartisan work. Let us march forward together, Democrats and Republicans, to change the status quo and move to the fair deal for our taxpayers, and for those recipients of welfare and those children that are being raised from generation to generation in welfare. We can work together. We can and must work together for the recipients of welfare and for the taxpayers of this country.

Again, President Clinton will sign this bill, according to all the reports, and he has indicated a willingness to work in a bipartisan way. I am glad that the President changed the first bill, H.R. 4. I am glad that the President vetoed those initial bills that were mean to children and were not fair to get people permanently off welfare.

I hope to continue to work across this middle aisle, Democrats and Republicans, reaching out to join hands and to claim back a system for the taxpayer and the American people and our children, so that we do have the biggest change in social policy in the last 60 years, moving from the New Deal to the fair deal for our taxpayers.

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Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume to say that my good friend from Boston, MA, Mr. MOAKLEY, made the statement that he is not for the status quo but he is opposed to this bill. We hear that so many times, but, but, but, but, but. Nobody is ever ready to put themselves on the line for welfare reform. Today we have it.

Mr. Speaker, I yield 2 minutes to the gentleman from Claremont, CA, Mr. DAVID DREIER, my good friend and member of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I rise in strong support of this rule and the conference report. The gentleman from New York [Mr. SOLOMON] is absolutely right when he says that it is very easy to find things in this measure which we do not all support.

I admit I have some concerns about some provisions as they impact my State of California. But the fact of the matter is, ending welfare as we know it is what the President said that he wanted to do when he was a candidate back in 1992. My friend, the gentleman from Illinois [Mr. MANZULLO], just reminded me that it has gotten to the point where a Republican Congress has been able to do what a Democratic Congress did not do in the first 2 years of the President's term, and that is end welfare as we know it.

So we have finally gotten to the point where we are looking at the fact that over the last 3 decades we have expended $5.3 trillion on welfare payments of all kinds and we have seen the poverty rate move from 14.7 percent to 15.1 percent. So everyone, Democrats and Republicans alike, as the gentleman from New York [Mr. SOLOMON] just said, and the gentleman from Massachusetts [Mr. MOAKLEY], our friend from south Boston, acknowledges he does not want to support the status quo and we must change the welfare system.

Now, earlier today, when the chairman of the Subcommittee on Human Resources, the gentleman from Florida [Mr. SHAW], was before the Committee on Rules, he talked about the fact that we will most likely, in the 105th Congress, need to make some sort of modification to this measure, but if we defeat this conference report there will be no welfare reform.

We have gotten a measure, and the President has finally gotten to the point where he has agreed to sign it. That is why, as my friend, the gentleman from Indiana [Mr. ROEMER], said, we need to move ahead with bipartisan support so we can try our darnedest to address a system which is broke.

There are many more things that need to be done. Entitlement reform is something that is important, so that we are not simply, as many are labeling this thing, attacking those who are less fortunate. We need to realize that this measure is designed not just to help those taxpayers who are shouldering the responsibility but also to do everything we can to help people get out of that generational cycle of dependence.

Support the rule and support the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

It has been referred to some people on my side as being for the status quo. Two weeks ago we voted for the Tanner-Castle bill, which was a reform bill. It had much more reform than this. So it is not that we are for the status quo. We want a real reform bill. This is not it.

Mr. Speaker, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I think that the conference report will pass and, therefore, there will be reform because the majority of our Members truly think they are reforming the welfare system. But reforming the welfare system means that we would have provisions in there that would ensure we were decreasing dependency, we would encourage work and we would be supportive to families. Those kind of structures are not present.

I know everyone has good intentions, and certainly reform is because we are trying to reduce a big deficit, because we know already the amount of money we spend on welfare is really insignificant to the total amount that we spend. If we wanted to reduce the budget, we would be reforming other things. Like the gentleman has just said, entitlements would be that issue.

Hopefully, we can understand that those of us who will vote against this are really making a statement. We care about children too much to rob Paul to pay Peter. We are not willing to rob children of their opportunity and their future in order to provide other people an opportunity to live.

Also we say we are about teenage pregnancy prevention, and yet this House last month had the opportunity just to appropriate $30 million to prevent teenage pregnancy. We know over a half million young people become pregnant every year. We spend annually $6.5 billion, yet we will not put a small amount of money to encourage young people to do the positive behavior activity so they will not lead a life of dependency.

We say we want to decrease dependency. We want to give kids stepping stones, but we put these stumbling blocks in their way. Mr. Speaker, this is not supportive of children, and I give no bad intents to anyone, but this conference bill, and I hope I am wrong, I hope I am wrong. I hope, indeed, millions of children do not suffer, but I could not vote in good conscience for a bill that I am not assured of that.

Reform means encouraging young people for support, decreasing dependency and making provisions for work. Vote against this conference bill.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Egan, IL, Mr. DON MANZULLO, an outstanding Member.

Mr. MANZULLO. Mr. Speaker, in the last 31 years this country has spent over $5.4 trillion on the welfare system, and what do we have to show for it? We have generation after generation locked in a seemingly endless cycle of destitution and poverty. They are the lost forgotten statistics, dependent on the Federal entitlement trap that strips them of their dignity, destroys families, damages our work ethic, and destroys the self-esteem of those trapped in the system.

Cruelty is allowing this destructive system to continue. By passing this welfare reform bill we will restore hope and opportunity by making work, and not welfare, a way of life.

Our current welfare system has not only failed those in the system, but it has also failed those who have been supporting it, the hard working taxpayer. It has failed the forgotten American, the one who gets up in the morning, packs a lunch, sends the kids off to school. That person is working harder than ever to make ends meet, and the typical American family is paying over $3,400 a year in taxes for welfare payments to perpetuate a failed system.

Mr. Speaker, we should pass this bill and pass it swiftly.

Mr. SOLOMON. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Kansas [Mrs. MEYERS], one of the truly outstanding Members of this body, who is retiring at the end of this year. She has been such a great Member, and we are going to miss her.

Mrs. MEYERS of Kansas. Mr. Speaker, I thank the gentleman for those comments.

Mr. Speaker, I support this rule and urge my colleagues to support it. The Personal Responsibility Act is a good start toward reforming our welfare system. Because of the block grant, the entitlement nature of the program is ended.

We ask able-bodied people between 18 and 50 who receive food stamps to do some work for their benefits. We reform the SSI program to help stop monthly checks from going to prisoners and checks that were going to healthy children. And we finally tell recent immigrants that the promise of America does not automatically include a welfare check.

But many issues remain unaddressed, and I believe the most serious is the ever-increasing illegitimacy rate. In 1994, one-third of our children were born into homes where no father ever lived. And by the year 2000, 80 percent of minority children and 40 percent of all children in this country will be born out of wedlock.

Unfortunately, the conference report does nothing to require that fathers be identified. States who currently do nothing to identify fathers can continue to do nothing, and those States who continue to reward teenage pregnancy can continue to do so.

Finally, there is no effort to enforce a family cap, even though we know that the family cap has reduced a drop in additional children in New Jersey, where it is now statewide policy.

To repeat, this bill is a good start, but I believe we cannot reform our welfare system until we address the growth in illegitimacy. The link between our ever-increasing illegitimacy rates and the growth in AFDC rolls are not casual. They are cause and effect. Why is it too much to ask that children have two responsible adults as parents? Sadly, we continue to encourage the opposite.

A previous speaker said that the cost of welfare was very modest in this country. The cost of AFDC alone, I am not talking about SSI or illegal aliens or legal aliens or anything else, just AFDC, is $70 billion a year because it is $16 billion a year AFDC, it is one-fourth of Medicaid, half of food stamps, about a third of housing plus all of the training and day care programs. It is between $70 and $80 billion a year.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. FATTAH].

Mr. FATTAH. Mr. Speaker, I rise in opposition to the rule. This rule and this bill, this conference committee, is built on the biggest lie that has ever been told to the American people, and that is that we are spending too much as a country to help poor people.

There is no calculation that any legitimate analysis of a Federal budget would tell us that we spent $5 trillion on the war on poverty. It is all made up out of whole cloth. It includes items like the Pell grants and all kinds of other programs, and education. The AFDC payments are about a little more than one penny out of every dollar that this Government spends to help poor children.

We have gotten everybody convinced that we are spending just too much money on poor people, and now we have convinced them that Speaker GINGRICH and the Republican majority are coming to help these poor children, that this is just a major effort to really help poor children, and cutting $60 billion is just the best way to help them find their way to the American dream.

This rule, this conference committee, the Washington Post in its editorial today said it was a bad idea. They said it was a defining moment of where this country was headed. And there will be Members who will come to the floor today, because they want to be reelected and will vote for it, but out into the future there will be days that they will truly regret that they did not have the courage to stand up and oppose this hideous proposal.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the former governor of Delaware, MIKE CASTLE, one of the people that probably knows best about the real problems or how this ought to be dealt with, and who knows that one of the reasons the welfare system in this country has failed miserably is because we inside the beltway have tried to dictate back to the States and local governments.

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I support the rule and the bill. We stand today at a historic divide, a defining moment that separates the past from the future, one which pits personal responsibility, work, and State flexibility against the largely failed welfare policies and practices of the past. Today marks a turning point for all of us, the Congress, our constituents, and perhaps most importantly, those welfare recipients.

I am pleased that the bipartisan Castle-Tanner reform proposal has provided some very positive changes and provisions that will help shame welfare reform for the better. Perhaps the most important provision we helped retain was current law on guaranteeing Medicaid eligibility to all welfare recipients and those who may be eligible in the future. Also, the food stamp optional block grants and the child welfare block grants were dropped, thus retaining minimum Federal standards and preserving these national safety nets.

On balance, we have achieved what we can all support. With this legislation we have finally begun the process by which America's underclass problem can be solved, and break a generational cycle and culture of dependency and poverty.

Congress is now the shepherd of welfare reform, not the President, and it is up to us to review and improve upon this proposal. I, for one, stand ready and committed to revisit it, if need be, to make sure welfare reform is going to work.

Mr. Speaker, we stand today at a historic divide, a defining moment that separates the past from the future; one which pits personal responsibility, work, and State flexibility against the largely failed welfare policies and practices of the past. Today marks a turning point for all of us—the Congress, our constituents, and perhaps most importantly, those welfare recipients.

Just as our Nation was formed, we stand ready to forward a bold experiment in reforming our Nation's welfare system. But like most experiments, we will most certainly have to revisit our decisions. Though we have tried, there may not be enough resources for children's care, or to adequately fund the work program that is the centerpiece of this legislation. There most likely will be economic downturns that force Governors and the Congress to reevaluate. States may require more flexibility in meeting the stringent work requirements. There are innumerable potential pitfalls.

As a coauthor of the bipartisan Castle-Tanner welfare reform proposal, JOHN TANNER and I have helped forward some very positive changes and provisions that will help shape reform welfare for the better.

Perhaps the most important provision I helped retain was current law on guaranteeing Medicaid eligibility to all welfare recipients, and those who may be eligible in the future. The food stamp optional block grant and the child welfare block grant were dropped, thus retaining minimum Federal standards and preserving these national safety nets.

Protecting children in families that lose cash assistance is a high priority. Although I would have preferred mandatory in-kind assistance after a 5-year time limit on cash assistance, I am mostly satisfied that a provision could be added that would ensure that States can utilize Federal funds from the social services block grant for the care of the child. Furthermore, we were successful in ensuring that a higher State maintenance of effort on State spending could be included in the conference report. We also were successful in including language that would require that Congress review in 3 years the work program to ensure its success. Last, Castle-Tanner has had a moderating impact on the burdens that the noncitizen provisions will put on our Nation's future citizens, primarily in the health care area. While Castle-Tanner included stronger protections for children and families under the cash block grant, increased funding for the welfare-to-work programs, significantly smaller food stamp cuts, and less severe immigrant cuts, its fingerprints can be readily identifiable on this conference report.

Nevertheless, on balance, we have achieved what we all can support: with this legislation, we have finally begun the process by which America's underclass problem can be solved, and break a generational cycle and culture of dependency and poverty.

This is not a perfect experiment, but then experiments usually aren't. Congress is now the shepard of welfare reform—not the President—and it is up to us to review and improve upon this proposal. I, for one, stand ready and committed to revisit this as it is implemented, and as we gain empirical evidence that our effort can be successful in making work pay more than welfare. And only then will we be truly able to say that we have "ended welfare as we know it." It's worth taking some risks to end it.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina [Mr. CLYBURN].

Mr. CLYBURN. Mr. Speaker, I rise today in opposition to the conference agreement. Being a slightly better option than the House passed version of the bill does not mean this is a good piece of legislation.

Welfare should be a temporary transition from welfare to work. Unfortunately this is 1996, an election year, and we have entered the "silly season." Rather than being a constructive debate, the welfare reform debate has become, for the most part silly talk of budgetary savings and time limits—not helping those in need of assistance learn how to help themselves.

I think the designers of this legislation have forgotten a valuable lesson: If you give a man a fish, you feed him for a day but if you teach that man how to fish, he can feed himself for a lifetime.

This conference report would consist of a check for 2 years and then a requirement for work programs for only 50 percent of families receiving welfare payments—6 years from now.

The Republicans have forgotten the parable about feeding a family for a lifetime but instead have decided that it is much cheaper to write a check to a welfare family than provide the necessary training to ensure that another check never has to be written to that family.

And under the guise of welfare reform even these checks are becoming smaller. Under the House passed version of this conference agreement the average annual cut per food stamp household in South Carolina would be $265, and this cut would grow to $394 by 2002. Under the Senate version of the bill, food stamp households in South Carolina stand to lose even more. While it is not clear what the actual cut would be for South Carolina families under the conference agreement, it is clear that my State's most vulnerable households would be between the proverbial rock and a hard place with little or no hope of any training to help them lift themselves permanently out of poverty.

With the talk of personal responsibility being tossed around, I find it ironic that at the same time our Nation's most vulnerable families are being required to do more for themselves, our States are being asked to do even less.

In this conference agreement, unlike the Tanner-Castle substitute bill I supported earlier this month, States are required to spend only 75 percent of what they spent in 1994 in return for a block grant check from the Federal Government. At the same time, it is projected that as a result of this legislation 8,170 children in my state of South Carolina will be pushed into pvoerty.

I urge my colleagues not to support this agreement. Although it may be the lesser of two evils, it is not the best we can do nor is it the best we can afford to do.

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Mr. HALL of Ohio. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, the politic thing to do today is to get in the well of the House and hit your gavel down and say I am against the deadbeat on welfare, and I am right with you for welfare reform. As America watches those of us who have a difference of opinion, we will get castigated and accused as supporting those who would not work. But I come today to oppose this rule.

I hope that those who have goodwill and understand what America is all about will realize that I believe in welfare reform but I do not believe in putting 1 million children in the streets. I do not believe in a weak work program where States will not have the work to give to those who are on welfare. I do not believe in a shortened contingency fund so that, when the 5 years comes, those who have not been able to bridge themselves out of welfare will not have the support that they need.

I do not believe in sending legal immigrants into war, but yet when they need a helping hand this Nation will say you can fight for us but we do not have any support for you and your children. I do not believe in dispossessing the disabled. I do not believe in denying SSI benefits to 300,000 children.

Oh, we could be politic today and many will do that. But it does not matter to me because there are people in this country who need our help. This is a bad welfare reform. Vote against it.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if my colleagues want to take child abuse out of the welfare families, the best thing to do is to bring these people up out of the poverty system and given them meaningful jobs. That is what this legislation is meant to do.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. WELDON], someone I am very proud of because he gave up a very lucrative medical practice to come here and try to do something for America.

Mr. WELDON of Florida. Mr. Speaker, I thank the distinguished gentleman for yielding, and it has been a pleasure for me to be here and advocate for the people in my district, who have been calling out for welfare reform for many years.

Mr. Chairman, they know that the current welfare system is broken. The people in my district know that the rate of poverty has not decreased since welfare has been enacted. The average stay on welfare is 13 years, and today illegitimacy rates among many welfare families approach 50 percent.

Mr. Speaker, I rise in strong support of the bill, and strong support of this rule. H.R. 734 will truly finally end welfare as we know it.

It did not take a Republican Congress to end welfare as we know it. This bill makes welfare a helping hand, not a lifetime handout. It places 5-year limits on collecting AFDC benefits. For hardship cases States can exempt 20 percent of their case load from the 5-year limit, and able-bodied people must work after 2 years or lose their benefits.

It cuts taxpayer financed welfare for noncitizens and felons. It returns power and flexibility to the States. It ends numerous redundancies within the welfare system by giving block grants to the States and rewards States for moving families from welfare to work.

It seeks to halt the rising illegitimacy rates. Moms are encouraged for the first time to identify the father or risk losing benefits by as much as 25 percent. It increases efforts to make deadbeat dads pay child support. And these, of course, are men who father children but then have shirked their financial responsibility for caring for them.

It gives cash rewards to the top five States who make the most successful improvement in reducing illegitimacy. As we know, fatherlessness is linked to high juvenile crime rates, high drug abuse rates, and declining educational performance. Support the rule and support the bill.

Mr. Speaker, I rise in strong support of H.R. 3734 the Personal Responsibility and Work Opportunity Act. This historic welfare reform bill will end welfare as we know it. During the past 30 years, taxpayers have spent $5 trillion on failed welfare programs. What kind of return have the taxpayers received on their investment? The rate of poverty has not decreased at all. Furthermore, the average length of stay on welfare is 13 years. Today's illegitimacy rate among welfare families is almost 50 percent and crime continues to run rampant. Current programs have encouraged dependency, trapped people in unsafe housing, and saddled the poor with rules that are antiwork and antifamily. Clearly, those trapped in poverty and the taxpayers deserve better.

This bill overhauls our broken welfare system. This plan makes sure welfare is not a way of life; stresses work not welfare; stops welfare to felons and most noncitizens; restores power and flexibility to the States; and offers States incentives to halt the rise in illegitimacy.

By imposing a 5-year lifetime limit for collecting AFDC, this bill guarantees that welfare is a helping hand, not a lifetime handout. Recognizing the need for helping true hardship cases, States would be allowed to exempt up to 20 percent of their caseload from the 5-year limit. In addition, H.R. 3734 for the first time ever requires able bodied welfare recipients to work for their benefits. Those who can work must do so within 2 years or lose benefits. States will be required to have at least 50 percent of their welfare recipients working by 2002. To help families make the transition from welfare to work, the legislation provides $4.5 billion more than current law for child care.

Under this bill future entrants into this country will no longer be eligible for most welfare programs during their first 5 years in the United States. Felons will not be eligible for welfare benefits, and State and local jails will be given incentives to report felons who are skirting the rules and receiving welfare benefits.

Our current system has proven that the one-size-fits-all welfare system does not work. H.R. 3734 will give more power and flexibility to the States by ending the entitlement status of numerous welfare programs by block granting the money to the States. No longer will States spend countless hours filling out the required bureaucratic forms hoping to receive a waiver from Washington to implement their welfare program. States will also be rewarded for moving families from welfare to work.

Finally, this bill addresses the problem of illegitimacy in several ways. H.R. 3734 authorizes a cash reward for the five States most successful in reducing illegitimacy. It also strengthens child support enforcement provisions and requires States to reduce assistance by 25 percent to individuals who do not cooperate in establishing paternity. Lastly, this bill mandates an appropriation grant of $50 million annually to fund abstinence education programs combating teenage pregnancy and illegitimacy.

The sad state of our current welfare system and the cycles of poverty and hopelessness it perpetuates are of great concern to me. I believe this bill goes to the heart of reforming the welfare system by encouraging and helping individuals in need become responsible for themselves and their family. I wholeheartedly support this bill because it makes welfare a helping hand in times of trouble, not a hand out that becomes a way of life. I truly believe that this reform will give taxpayers a better return on their investment in helping those in need.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Maine [Mr. LONGLEY], another outstanding new Member of this body. I particularly like him because he is a former Marine.

Mr. LONGLEY. Mr. Speaker, I want to compliment the gentleman from New York [Mr. SOLOMON], chair of the Committee on Rules, and also members of the committee for bringing this important legislation to the floor, bringing this rule to the floor. This has been delayed far too long.

This is a bill that is about child abuse. It is drug abuse. It is crime and violence and the fact that, for too many Americans who are trapped in this system, the American dream has become the American nightmare.

I do not argue with the fact that the welfare system is a hand in need to those who need it. But for too many it has become a prison. This is about women and children who are suffering under this system as well as the social workers and the law enforcement officers who are forced to deal with the ramifications of the aspects of the system that do not work.

Mr. Speaker, for too long we have been delaying this. We have delayed this vote for most of the day. The fact of the matter is that welfare reform is at the door. It has been knocking for almost 30 years, and it is finally here today. This afternoon, hopefully, it will be voted on and we will send it to a President who will endorse it. I think that is a tremendous accomplishment for the people of this country.

I would also say it is a first step. The system has become so complex between the different aspects of service and how they are available to help people, that even the people running the system have difficulty understanding it, let alone those who have need for assistance. So, it is a first step in the direction of reform, in the direction of providing an American dream for more Americans and getting rid of the American nightmare.

Mr. SOLOMON. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. SMITH], an outstanding Member who has dealt with the immigration problem in this country.

Mr. SMITH of Texas. Mr. Speaker, I rise in strong support of the rule and the Personal Responsibility Act. Welfare has harmed our children, families, and taxpayers. It has created a culture of dependency that saps people's desire to better their lives. And welfare has undermined America's longstanding immigration policy.

America has always welcomed new citizens with the energy and commitment to come to our shores to build a better future. We've always ensured that immigrants are self-reliant—not dependent on American taxpayers for support. Since 1917, noncitizens who have become public charges after they enter the United States have been subject to deportation.

Welfare undermines this policy and harms immigrants. Rather than promoting hard work, welfare tempts immigrants to come to America to live off the American taxpayer. Noncitizen SSI recipients have increased 580 percent over the past 12 years, and will cost American taxpayers $5 billion this year alone.

H.R. 3734 restores America's historic immigrants policy and ends the cruel welfare trap. It ensures that sponsors, not taxpayers, will support new immigrants who fall on hard times. Just as deadbeat dads should support the children they bring into this world, deadbeat sponsors should support the immigrants they bring into our country.

I urge my colleagues to support this rule and vote for this bill.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the gentleman from Savannah, GA [Mr. KINGSTON].

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from New York for yielding.

It is interesting we have heard from the Democrats a number reasons why they are not going to support this bill today. One of their reasons was they have not had time to look at it. I am a relatively new Member of Congress. I have been here 4 years. We have been debating welfare for 4 years. I know that for a fact. I have been here. If they have not read the bill by now and have not been following the debate, that is not the fault of the Republican Congress.

The second reason they say that is that welfare does not cost that much. If you add in all the Federal Government welfare programs, the cost is $345 billion, which is ore than we spend on defense. I am not sure what they consider money if $345 billion is not. We spent $5 trillion since LBJ's Great Society programs, and that is enough money. That is more than we spent on World War II.

The final reason they are saying is that it is cruel to children. Nothing is more cruel than having a welfare system that traps children in poverty, that makes children and families break up, that makes them live in housing projects where the dad cannot be at home, where there is high drug use, where there are teenage dropout rates and teenage drug abuse. I do not see why they think that is compassion.

Our program sends $4 billion more on child care than the Democrat proposal. And that is using their frame of thinking that is more compassion than what they have. Welfare reform is family friendly. Welfare should not be a life style. It should be something that society gives people a temporary helping hand, not a permanent handout, not a hammock forever to swing in but a temporary safety net so that people can get back into the socioeconomic mainstream and enjoy the American dream just like the rest of us.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to begin by reminding my colleagues of one very important fact. Today 9 million children depend upon Aid to Families With Dependent Children for their survival. When we are talking about reforming welfare, we are talking about these 9 million American children, and we need to be very, very careful on what changes we make.

Mr. Speaker, this is not to say that I am opposed to welfare reform. In fact, I am very much in favor of welfare reform. I have seen too many children growing up surrounded by violence. I have seen too many fathers completely abandon their responsibilities. And I have seen too many single mothers too dejected and overwhelmed to look for jobs.

These days being poor is not what it used to be. It used to be that families stuck together. It used to be if you worked hard enough you could support your family. But, Mr. Speaker, unfortunately times have changed.

I agree with the editorial in the August 12 issue of the New Republic which says that, although our current welfare system may not have created the current underclass, it certainly sustains it. I agree that welfare reform is one of the most important issues that we can take up in this Congress. Today's Boston Globe says that under this bill, poverty will grow with welfare done on the cheap. We need to be very careful, Mr. Speaker, how we change AFDC and not do it on the cheap.

This bill, Mr. Speaker, is not the way to do it. I hoped that after this bill came out of conference, I would be able to support it. But after looking at it, I cannot because, Mr. Speaker, I cannot vote for a bill that will push 1 million additional children below the poverty level. I cannot vote for a bill that may not guarantee health care to poor children and a conference committee that cuts food stamps. I cannot vote for a bill that will provide no protection for bad times. If there is a recession, millions of people will be completely destitute. And, Mr. Speaker, I cannot vote for a bill that allows States to take at least one-half of their Federal money and spend it on something other than children.

This Gingrich welfare bill, Mr. Speaker, is too tough on children. It is weak on work, and it is soft on deadbeat parents. Mr. Speaker, as I said, two out of every three people on welfare is a child, and we have a responsibility to those children. We have a responsibility to make sure that under no circumstances whatsoever will they be hurt. We have a responsibility, Mr. Speaker, to make sure that their health and their safety is placed far above any jockeying for political advantage.

So I urge my colleagues to oppose this rule and oppose the conference committee bill and I yield back the balance of my time.

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Mr. SOLOMON. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, did I hear the gentleman right when he said, the Gingrich welfare bill? Is that not strange? I thought it was the Gingrich-Clinton welfare bill, because the President has just announced he is going to sign the bill. Mr. Speaker, colleagues, I would just say to you, what is compassionate about locking poor people into a lifetime of welfare dependency? That is what this debate is all about. If you are really sincere, if you really care about poor people in America, do something for them. Change the status quo which has failed miserably.

I see my good friend, the gentleman from Texas [Mr. STENHOLM], sitting over here, came here with me 18 years ago. He came before the Committee on Rules about an hour or so ago and he said, JERRY, this a bipartisan bill. He said, we Democrats have had input to it. It is a compromise. It is a step in the right direction.

Mr. Speaker, what I was hearing is, no more ifs, ands and buts. This is the compromise. This is the step in the right direction we need to move in.

Let us vote for this bill now. Vote for the rule and the bill and let us get on with trying to change the welfare system in America for the good of the poor.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. RIGGS). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 5 of rule XV, the Chair will reduce to 5 minutes the minimum period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution.

The vote was taken by electronic device, and there were—yeas 259, nays 164, not voting 10, as follows:

[Roll No. 381]

YEAS—259

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Dickey
Dicks
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
McCollum
McCrery
McDermott
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NAYS—164

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Blumenauer
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dingell
Dixon
Doggett
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Mascara
Matsui
McCarthy
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Pomeroy
Rahall
Rangel
Reed
Rivers
Roybal-Allard
Rush

Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—10

Flake
Ford
Gunderson
Houghton
Jefferson
McDade
Richardson
Roth
Shaw
Young (FL)

☐ 1521

Mrs. KENNELLY and Mr. JOHNSON of South Dakota changed their vote from "yea" to "nay."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. RIGGS). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MOAKLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 281, nays 137, not voting 15, as follows:

[Roll No. 382]

YEAS—281

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Costello
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Deal
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kennelly
Kim
King
Kingston
Kleczka
Klug
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Lipinski
LoBiondo
Longley
Lucas
Luther
Manzullo
Martini
Mascara
McCarthy
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Morella
Myers
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Thomas
Thornberry
Tiahrt
Torkildsen
Torricelli
Traficant
Upton
Volkmer
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wolf
Young (AK)
Zeliff
Zimmer

NAYS—137

Abercrombie
Ackerman
Andrews
Baldacci
Barrett (WI)
Becerra
Beilenson
Berman
Bevill
Blumenauer
Bonior
Borski
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Coyne
Cummings
Davis
de la Garza
DeFazio
DeLauro
Dellums
Dixon
Doggett
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Foglietta
Frank (MA)
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Green (TX)
Gutierrez
Hastings (FL)
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Klink
LaFalce
Lantos
Lewis (GA)
Lofgren
Lowey
Maloney
Manton
Markey
Martinez
Matsui
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Pomeroy
Rahall
Rangel
Reed
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Stark
Stokes
Studds
Stupak
Taylor (NC)
Tejeda
Thompson
Thornton
Thurman
Torres
Towns
Velazquez
Vento
Visclosky
Ward
Waters
Watt (NC)
Waxman
Wise
Woolsey
Wynn
Yates

NOT VOTING—15

Cox
Flake
Ford
Gunderson
Hayes
Houghton
Knollenberg
Linder
Livingston
McDade
Myrick
Richardson
Roth
Stearns
Young (FL)

☐ 1530

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. KNOLLENBERG. Mr. Speaker, on rollcall No. 382. I was in the Rayburn Room. The beeper and the bells failed to function and I missed the above vote. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. HOUGHTON. Mr. Speaker, I was inadvertently delayed while attending an International Relations Committee hearing with Secretary Christopher, and missed voting on rollcalls No. 381 and No. 382. Had I been there, I would have voted "yea" on 381 and "yea" on 382.

Mr. KASICH. Mr. Speaker, pursuant to House Resolution 495, I call up the conference report on the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 495, the conference report is considered as having been read.

(For conference report and statement, see Proceedings of the House of Tuesday, July 30, 1996, at page 20382.)

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] and the gentleman from Minnesota [Mr. SABO] will each be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. ROBERTS], the distinguished chairman of the Committee on Agriculture.

Mr. ROBERTS. Mr. Speaker, I thank the gentleman for yielding time to me, and I thank my colleagues for their reluctant attention.

Mr. Speaker, in a year that has been described by many as one of gridlock and finger-pointing and wheel-spinning and even-numbered year partisan rhetoric, we are about to achieve a remarkable accomplishment. This House and the Senate, and now finally the President, have responded to the American public. Simply put, this conference report represents real accomplishment, real welfare reform.

We urged the President to sign this conference report. He has. There are good reasons why. Seventy-five percent of the food stamp reforms in this conference report represent the same things that were proposed by this administration. I do not care whether we are talking about budget savings, the work requirement, the program simplification, the tougher penalties for fraud and abuse, or keeping the program at the Federal level as we go through the welfare reform transition. We have tried to work with the administration. We have done that. The President will sign the bill.

Mr. Speaker, this road has not been easy. We have been working in this House for 18 months. The very first hearing held by me in the Committee on Agriculture was on fraud and abuse, and the critical and urgent need for reform of the Food Stamp Program. The new Inspector General at the Department of Agriculture showed a videotape of organized crime members trading food stamps for cash, and eventually using that cash for drugs and guns. That tape made national news, and it confirmed the suspicions of many taxpayers and citizens.

Following that hearing, our late colleague and dear friend, the chairman of the subcommittee, Bill Emerson, held four extensive hearings and formulated the principles that guided the reform that is now before us.

First, the original Republican plan was to make sure that as we go through welfare reform, no one would go hungry, that we would keep a reformed Food Stamp Program as a safety net so food can and will be provided while States are undergoing this transition.

Second, we wanted to eliminate as much paperwork and redtape and regulation as possible. We wanted to harmonize the welfare and the Food Stamp Program requirements. This bill does that.

Third, having seen the program costs soar from $12 to $27 billion in 10 years, regardless of how the economy has performed, we wanted to take the program off of automatic pilot. We have done that.

Fourth, the food stamps must not be a disincentive to work. In this bill, able-bodied participants, those from ages of 18 to 50 with no dependents, no kids, no children, only the able-bodied, these folks, less than 2 percent of those on food stamps, they must work in private sector jobs and not be rewarded for not working.

Fifth, after hearing firsthand from the Inspector General, we tightened the controls on waste and abuse. We stopped the trafficking with increased and tough penalties.

Mr. Speaker, these principles do represent real reform of the Food Stamp Program. All are incorporated in the conference agreement. I urge my colleagues to vote "yes."

I want to thank my colleagues for a tremendous team effort, more especially the gentleman from Ohio [Mr. KASICH], more especially the gentleman from Texas [Mr. ARCHER], more especially the gentleman from Pennsylvania [Mr. GOODLING], and more especially, underscored three times, the gentleman from Florida [Mr. SHAW], who said the work we have accomplished is significant. We have true reform. We have a real welfare reform bill. But now the work really starts. This bill is not perfect. We have a lot ahead of us and a lot of challenges. I urge a "yes" vote on the conference report.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Speaker, I am happy today for several reasons. I think Congress has come together with the administration to take a step forward on certainly what is a pressing national social problem. That is welfare reform. We started out, as the previous speaker said, almost 2 years ago to try to bring together something that could be signed and enacted into law so we could actually change the system that is broken, according to everyone who has observed it, and actually do something about it now.

I want to thank the gentleman from Florida [Mr. SHAW], the gentleman from Ohio [Mr. KASICH], the gentleman from Minnesota [Mr. SABO], and many others here. I particularly want to thank the gentleman from Delaware, MIKE CASTLE, who came together with me to put together something that would be bipartisan so we could get off of this partisan gridlock that we have been suffering from.

Mr. Speaker, in our motion to instruct conferees we asked for two or three things: One, a safety net for kids. That has been accomplished with Medicaid and food stamps. The safety net is there for children. The unfunded mandate problem has been partially taken care of, with the States being allowed to continue with waivers, and also because the Medicaid situation is intact, there will not be a lot of costs transferred to county hospitals across our country. We also asked that savings go to the debt. That has not been accomplished, but as the previous speaker said, we will continue to work on that.

The most important difference between the conference agreement and the two bills that have previously been vetoed, in my judgment, is that we protect innocent children. This bill no longer treats a 4-year-old child like he or she is a 24-year-old irresponsible adult. To me that was critical. That is not a part of welfare reform. That is just compassionate public policy. This bill has done that.

I once again thank the Republican conferees for their hard work, the gentleman from Florida [Mr. SHAW] and others. I also urge a "yes" vote. Let us make this a red letter day.

Mr. CAMP. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Speaker, I rise in support of this legislation, and want to associate myself with the statement of the chairman of the Committee on Agriculture, the gentleman from Kansas [Mr. ROBERTS], particularly as it applied to the Food Stamp Program. My opposition and stated principle in the last round of this bill before it went to conference was expressing a concern of what it did to innocent children in that regard. I rise in support. It has been corrected, and I support the conference agreement.

Mr. Speaker, as someone who has advocated a "tough love" approach to welfare reform legislation, this goes a long way toward reforming our broken welfare system as we return the system to its original purpose—a temporary safety net, not a way of life.

Furthermore, as a pioneer in the battle to also reform our child support enforcement system, I am very pleased to see that the reforms I have been pushing for almost 4 years now—which represent the heart and soul of the U.S. Interstate Commission on Child Support's final report—have been included in the package before us today.

Ensuring that these child support enforcement reforms were included in this bill acknowledges what I've been saying for years: Effective reform of our interstate child support enforcement laws must be an integral component of any welfare reform plan that the 104th Congress sent to President Clinton.

Research has found that somewhere between 25 and 40 percent of welfare costs go to support mothers and children who fall onto the welfare rolls precisely because these mothers are not receiving the legal, court-ordered support payments to which they are rightfully entitled.

With the current system spending such a large portion of funding on these mothers, children are the first victims, and the taxpayers who have to support these families are the last victims.

The plan before us also puts teeth into the laws that require unwed mothers to establish paternity of their children at the hospital, thereby laying the groundwork for claiming responsibility for their actions and families.

The core of the welfare reforms incorporated into this bill are clearly defined work requirements for welfare beneficiaries—which is essential to moving people off of the welfare rolls—strict time limits—thereby giving welfare recipients a strong incentive to find a job—and more flexibility for States to design welfare programs that fit the needs of their people.

In addition, this welfare reform plan protects the safety net for children by including a rainy day fund to help the families in States suffering from recession or economic downturns.

The enhanced flexibility that States will receive under this plan is meritorious, provided that the safety net is maintained in order to protect families who truly need temporary assistance—not a lifetime of handouts generation after generation.

For example, while I support the concept of giving States more flexibility in designing their own welfare programs, I am very pleased to see that this bill contains strong maintenance of effort provisions which will require States to continue their commitment to the Nation's safety net.

Under no circumstances should a block grant reform allow States to simply administer welfare or any other program using only Federal moneys—this bill avoids that problem with its tough maintenance of effort language.

I was very distressed by the fact that House version of this bill opened a significant loophole in the Food Stamp Program by giving States the option of using block grants for this critically-important aspect of our Nation's safety net.

Given that I was deeply concerned about giving a blank check to the Governors for the Food Stamp Program would result in innocent children going hungry, I opposed the House plan last week.

But again I am very pleased to see that, once again, the Senate has saved the House of Representatives from itself by rejecting this proposal, and successfully retaining its position on this issue in the final bill.

Additionally, this legislation does take a modest step in the right direction by allowing States to use their own money, or social services block grant funds—to provide families on welfare with vouchers—instead of cash benefits—to pay for essential services needed by the family, that is, medicine, baby food, diapers, school supplies—if a State has terminated the family's cash benefits as part of its sanction program.

This is the right thing to do because even if a welfare recipient is playing by all of the rules and has not found a job when the time limits become effective, the use of vouchers for services plays an important role in helping the family and its children keep their head above the water-line.

There should be no question that we must enact strong welfare reform legislation this year. The American people are correctly demanding that we restore the notion of individual responsibility and self-reliance to a system that has run amok over the past 20 years.

Although I have strongly supported some welfare reforms that have been described as "tough love" measures for several years now, I want to reiterate that my goal has always been to require self-reliance and responsibility, while ensuring that innocent children do not go hungry and homeless as a result of any Federal action.

Finally, I am most supportive of the improvements the conference gave to the Medicaid Program. This is an enlightened and humane response to genuine medical needs.

Mr. Speaker, this bill is not perfect. But, it represents the first major reform of our broken-down welfare system in generations. We have been given a historic opportunity that I hope and trust we will not squander. We owe no less to our children. I urge my colleagues to join me in voting for final passage of this monumental reform package.

Mr. CAMP. Mr. Speaker. I yield myself such time us I may consume.

Mr. Speaker, I rise in support of the conference agreement.

Today, the Congress is again presented with the opportunity to adopt meaningful welfare reform. Over the past 19 months, my colleagues and I have written, debated, and adopted proposals to reform our current welfare system. Our efforts, however, were twice vetoed by the President.

Since launching the war on poverty in 1965, over $5 trillion has been spent to eliminate poverty in America. Some 31 years later and despite billions and billions of dollars, poverty in America has worsened and our children grow and mature in an environment with little hope and opportunity.

The proposal before us today reforms a welfare system that has trapped millions in a cycle of poverty. Our current welfare system punishes families and children by rewarding irresponsibility, illegitimacy and destroying self-esteem. For too long, the Federal Government has defended the current system and turned away as millions of families and children became trapped in a cycle of despair, dependence, and disappointment.

This bill accomplishes several important goals. First, it time limits welfare to 5 years. The Federal and State governments have an obligation to assist those in need but our current system has become a way of life instead of a temporary helping hand for those experiencing hard times.

Second, our bill requires work. The Washington welfare system has also robbed recipients of their self-esteem by merely providing a check. This proposal requires each recipient to work for their benefits, thereby instilling the pride of employment and allowing each recipient to earn a paycheck. This sense of accomplishment and independence increases the individual's self-esteem and often influences the children who can see firsthand the benefits of a strong work ethic. For those continuing to experience hard times, however, the bill allows States to exempt up to 20 percent of the welfare caseload from the time limit.

Most importantly our bill helps those families and individuals working to improve their lives. We provide more funding for child care than current law and more than requested by the President. This funding is extremely important in allowing families to work while ensuring their children receive the proper care. We also protect our children by ensuring eligibility for Medicaid. For those families moving from welfare to work, we continue assistance so they don't have to worry about losing health care coverage if their incomes increase.

Compassion is not the sole property of Washington and our bill creates a Federal-State partnership in meeting the needs of welfare recipients. States will have the power and opportunity to design and implement new innovative programs that best meet the needs of residents. I urge my colleagues to support the conference report.

Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. SHAW] be allowed to control the time and to yield.

The SPEAKER pro tempore (Mr. RIGGS). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentlewoman from Washington [Ms. DUNN], a member of the Committee on Ways and Means.

Ms. DUNN of Washington. Mr. Speaker, this is a good bill. I am very pleased that the President has announced that he is going to sign this bill. I want to commend Members on both sides of the aisle for their hard work. We have worked for a long time to put a good bill together.

To those who are concerned with protecting the children, so were we. We spent a lot of time, a lot of thought, a lot of effort on protecting the children. We have come up with a bill that in the child care portion of the bill provides over $4 billion more to help those mothers who are trying to get off welfare into the workplace, with the peace of mind to know their children will be taken care of, $4 billion more than in the current welfare system.

On the child support portion of the legislation, where we all know that in this Nation today $34 billion are owed, ordered by the court to be paid to custodial parents, we have tightened up this system. Those children are often the children that go on welfare—30 percent of their parents leave the State to avoid paying money to support their own flesh-and-blood children. We have solved this problem. So it is my great joy to say support this bill, and thanks for all the help.

Mr. SABO. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Speaker, we all agree that the welfare system does not work for the welfare recipients and for the taxpayers. The challenge we face as lawmakers is to improve the system so we can invest in getting families off welfare and into jobs that pay a liveable wage, and also to answer the "what ifs". What if a mother on welfare cannot find a job? What if she is not earning enough to take care of her family? What if she cannot find child care for her 6-year-old?

Unfortunately, this conference report will not ensure families can live on the jobs that they get, that they will earn a liveable wage, and this conference has made sure that it does not answer our "what ifs". It kicks families off of assistance, even if parents are trying hard to find a job. It does not even invest in the education and training parents need to get jobs that pay an actual liveable wage.

Even though the House and Senate agreed that single parents with kids under 11 should not leave their children home alone if there is no child care, the majority went ahead without discussion and lowered that age to under 6.

☐ 1545

How many of my colleagues would leave their 6-year-old home alone?

I ask my colleagues, do not take this vote lightly. Do not leave any child behind. The lives of millions of children are at stake. It will be too late tomorrow if the what-ifs are not answered today.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GOODLING], the chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Speaker, as I have said many times, you cannot fix something, you cannot change something unless you first admit it is broken and first admit that you need to change it. Finally, both sides of the aisle came forward and indicated that we do have a broken system, that we have as a matter of fact put millions of Americans into a bind and took away their opportunity to ever have a chance at the American dream.

Now, the tough part then came as to how do you fix it. Of course we had differing opinions. Our committee started out with the idea that welfare must be a safety net, not a way of life; there must be a very clear emphasis on work and on getting those on welfare into work. There must be a strong measure to stop abuses of the system. We need to return power and flexibility to the States. Welfare should not encourage, it should discourage destructive personal behavior that contributes so clearly not only to welfare dependence but to a host of social problems.

Mr. Speaker, this is a good, balanced welfare reform bill. We have been very generous in providing money for child care. We have protected the nutrition program. We have established strong work requirements. And we have at long last addressed the tremendous problem of out-of-wedlock births and absentee fathers.

Mr. Speaker, I commend all those who have worked so hard to bring about this welfare reform effort. I want to especially mention from the Committee on Economic and Educational Opportunities, the gentleman from California [Mr. CUNNINGHAM], the gentleman from Delaware [Mr. CASTLE], the gentleman from Arkansas [Mr. HUTCHINSON], the gentleman from Missouri [Mr. TALENT], and the gentlewoman from Kansas [Mrs. MEYERS]. I strongly support the legislation. I urge all to vote for it because at long last we move forward in transforming welfare to a program of work and opportunity.

Mr. SABO. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Speaker, I rise in support of this conference report. In doing so, I want to pay particular thanks to the gentleman from Florida [Mr. SHAW] for making this an inclusive conference, at least from the perspective of those of us on this side of the aisle, and also the gentleman from Louisiana [Mr. MCCRERY] and the gentleman from Delaware [Mr. CASTLE]. They have been very good to work with, at least in listening to those of us on this side of the aisle who had major problems with previous bills before the House and thought we had constructive suggestions of how to make it better. We were listened to, and many of the proposals we made are included, of which we are grateful.

To those that suggest that somehow the State waivers portion of this is contrary to the best interest of the work programs of somehow guts work requirements, I only suggest that they read the bill. Read the language which is available, and they will see. Far from gutting it, it makes it much more workable.

For States like mine, Texas, Utah, Michigan, and others that have already begun experimenting with work programs, this bill, I believe, allows those States and all of us who are interested in making this bill work as we say we wish it to, it allows the flexibility to allow States to experiment, to do pilot projects and pilot programs. In this case it is already happening in my State.

Some of the concerns that we had with unfunded mandates, they have been alleviated as best as can be possible under a conference report. For that we are grateful. In the area of health care providers, protection of children, this is moved in the direction that we feel is much, much more preferable than the bill that originally passed the House.

While this welfare reform conference report is far from perfect, it is clearly preferable to continuing the current system and preferable to welfare legislation considered earlier.

For these reasons I support the welfare reform conference report. I am extremely pleased that the President has agreed to sign it, and I commend those who have worked so hard for so long in order to bring us to this day.

Mr. Speaker, while some of the comments I've heard this afternoon have tended toward the hyperbolic, it truly is the case that the importance of what we are doing today should not be minimized. When this welfare reform proposal is signed into law, the status quo will be fundamentally changed.

This kind of change does not happen by chance. More people than I can mention deserve credit, but in addition to the obvious leadership of President Clinton, Chairman SHAW, and other members of the leadership, I want to express my thanks for the bipartisan efforts of MIKE CASTLE, JOHN TANNER, JOHN CHAFEE, SANDY LEVIN, NANCY JOHNSON, and others.

One of the major reasons I opposed previous welfare reform proposals, and specifically the bill that was most recently before the House, was because of the restrictions it would have placed on the State of Texas. Earlier this year I worked extensively with Governor Bush and the White House to obtain approval of the Texas welfare waiver which includes the best plans of our State for moving people from welfare to work.

President Clinton already has approved waivers allowing 41 States to implement innovative programs to move welfare recipients to work. The House's welfare reform bill would have restricted those State reform initiatives by imposing work mandates that are less flexible than States are implementing. Over 20 States would have been required to change their work programs to meet the mandates in that earlier House bill or face substantial penalties from the Federal Government.

The conference report now allows States that are implementing welfare waivers to go forward with those efforts. Specifically, the conference report allows those States to count individuals who are participating in State-authorized work programs in meeting the work participation rates in the bill, even work programs which otherwise do not meet the Federal mandates in the bill.

I know that some of my colleagues on my side of the aisle have been critical of the State waiver provisions included in this conference report. I must respectfully and forcefully disagree with that sentiment and say that in virtually all cases, I think that conversations with officials from their own States would lead them to supporting this waiver provision.

I am convinced that these various State plans are precisely the best experiments for determining how to put people to work. Frankly, I think the State plans generally are more realistic about the work requirements and are more solidly grounded in the possible, rather than the hypothetical.

Some of us around here have gotten carried away with our rhetoric about being tough on work by getting into a bidding war over who can have work requirements that sound tougher. Our rhetoric about being tough on work has led us to impose work requirements in this bill that virtually no State can implement.

The only work requirements that are meaningful are the work requirements that actually can be met by States. When I have said that previous welfare reform bills were weak on work, I have meant that the bills would not give States the resources to put welfare recipients into work.

The mandates in the bill passed by the House would force States such as Texas to make changes in the plans passed by the State legislature or face severe penalties from the Federal Government.

The important State waiver change included in the conference report gives States necessary additional flexibility in implementing programs to move welfare recipients to work even if they don't meet the mandates in this bill.

The additional flexibility that this bill gives to States in developing work programs will reduce the pressure on States to cut benefits or restrict eligibility for assistance in order to meet the work requirements of the bill. The Congressional Budget Office has reported that States would be forced to tighten eligibility for assistance to needy families or by reducing the size of benefits in order to offset the unfunded mandate in the work programs. Members who are concerned about the impact that welfare reform will have on children should strongly support giving States this flexibility and reducing the unfunded mandates.

Despite some reservations I have about this conference report, I believe it is critical that welfare reform be enacted this year. Failure to do so will signal yet another wasted opportunity to make critically needed reforms. We should enact this conference report and fix the current system now, moving towards a system that better promotes work and individual responsibility.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Nevada [Mr. ENSIGN], a valued member of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. ENSIGN. I thank the chairman for yielding me the time, and I thank him for all the work he has done on behalf of the welfare recipients in the country.

Mr. Speaker, today is truly independence day for welfare recipients. It is the first day to redefine compassion in America. In Las Vegas, we have a program known as Opportunity Village. It is an incredible program for the mentally disabled. It is a public-private partnership. The primary premise for the program is that it is compassionate enough to care enough about mentally disabled people to where the community works together to find these people jobs.

It is an incredible situation to walk down there and to see the joy that these people have in being able to work every day so that they do not become a drain on society. They feel good about themselves. Today is the first day welfare recipients are going to start feeling good about themselves, and the children are going to start feeling good about their parents.

My mom, when I was young, was divorced, supporting three kids, with very little money, just virtually no child support. I watched her every single day get up and go to work. She taught me a work ethic that has carried through my entire life with myself and my brother and sister. We have robbed that of welfare families. This bill starts giving that work ethic back to the American people.

The Wall Street Journal did a poll. Ninety-five percent of all presidents of companies had their first job by the time they were 12 years of age. Compassion, work ethic, today; vote for this bill. It is a good bill for America, and today is a great day for America.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Speaker, someday more politicians will approach tough decisions such as welfare reform with more care and integrity. This is not that day. Someday politicians will place children above politics. This is not that day. Someday politicians will place truth above personal gain. This is not that day.

Too many Democrats and Republicans will run for reelection on this so-called welfare reform legislation. The truth is this bill does nothing to train mothers for work, to develop jobs, to help recipients become independent. This bill is welfare fraud, not welfare reform. This bill penalizes poor working families and will drive more children into poverty. Only time will reveal the shame of what happened this day, and only history will record the blatant lack of courage to simply do the right thing.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Florida [Mrs. MEEK].

Mrs. MEEK of Florida. Mr. Speaker, let no one fool you. This bill is not about reforming welfare. It is not about that. It is about saving money and trying your very best to influence the American public that we have balanced the budget. I would not mind this. I want to see welfare reform. But this is not the way to do it. What we are doing here is hurting children. Every time I stand here, I talk about that. These are all children. The conference report did much worse than the Senate. You allow the States, and I come from a State that will, you are allowing a State to cut 25 percent of their 1994 spending levels without any penalty. When the Florida legislature gets ready to cut, they are going to cut this particular program. The parents of children ages 6 to 11 will have to work without assurance of child care at all. Who is going to take care of the children? Are they going to run all over the world and get into trouble? Yes. The transfer of funds from transfer assistance to work, the Senate bill did better than that. The conference bill allows them to divert funds.

I am hoping that people listen to this bill because what this conference bill does is worse than the Senate bill and it should not be passed. Mr. Speaker, this is a travesty to the American public.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a distinguished member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. I thank the gentleman from Florida for yielding me the time and commend him on his extraordinary leadership now over 4 years in getting this bill to the President.

Mr. Speaker, this bill is about work, responsibility, hope, and opportunity. I wish I had the time here today to answer some of the concerns that have been raised about day care and jobs and all of those things. I think this bill addresses them. But I would like to discuss two issues that have not received much attention but are integral to our underlying goal of helping families become self-sufficient: Child support enforcement and Medicaid.

First, I am very pleased to say that this bill retains current eligibility standards for families on Medicaid. All families now on Medicaid will continue to get Medicaid. Furthermore, all families in the future that meet today's criteria will continue to get Medicaid even if their State redefines their welfare program with more constricted criteria.

Regarding the Medicaid transition period, under current law when a family leaves the welfare rolls to work, they are guaranteed 1 year's transitional Medicaid benefit. In the future, this will be absolutely true. We retain current law in this regard. Medical coverage is often one of the biggest barriers to families leaving welfare, especially since lower paying jobs are less likely to have employer-provided health coverage. By keeping the transition period policy constant, we are enabling families to go to work without worrying about losing their medical benefit.

Second, this bill contains landmark child support provisions. Today in America 3.7 million custodial parents are poor; of those 3.7 million, fully three-quarters receive no child support. Of those who have child support orders in place, which is only 34 percent of the women, only 40 percent receive the payment they should receive. This is catastrophic for women and children, and this bill fixes that system, an enormous advance for women and children and a way off welfare.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Florida [Mrs. THURMAN].

Mrs. THURMAN. I thank the gentleman from Minnesota for yielding me this time.

Mr. Speaker, I rise today to congratulate my friends from the other side of the aisle for their wisdom in adopting the position of the bipartisan Castle-Tanner coalition in maintaining the Federal commitment to food stamps.

My colleagues were right to eliminate the optional block grant that would have forced States to turn away hungry families with children. They were right to modify the Kasich food stamp amendment in favor of a provision that provides assistance to laid-off and downsized workers.

Of course, I still believe it would have been more beneficial if this bill realized that people who cannot find jobs still need to eat. But my colleagues have come a long way, and it is significant improvement over the first attempt at welfare reform. I am happy that my friends from the other side of the aisle listened to us and made these important changes along with others such as Medicaid coverage and vouchers. I look forward to the opportunity for us to continue in a bipartisan spirit to look at the future of these programs and to ensure that people that we are trying to help to get to work are able to do so.

My colleagues so aptly put in a provision so that we do a review every 3 years. We need to make sure we follow through with that.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Florida [Mr BILIRAKIS], a valued member of the Committee on Commerce.

Mr. BILIRAKIS. Mr. Speaker, as representatives of the people we do not get as many opportunities as we would like to do something that would truly help improve the lives of the people we serve. This bill presents us with just such an opportunity. This conference report is more than just a prescription for much needed welfare reform, however. It is what I hope will be the first step in our bipartisan efforts to improve the public assistance programs on which disadvantaged families depend.

After all, welfare as we know it means more than AFDC. It includes food stamps, housing assistance and energy assistance, and it includes medical assistance. That is right. For millions of Americans, Medicaid is welfare. That is because income assistance alone is not sufficient to meet the pressing needs of disadvantaged families.

For States, too, Medicaid is welfare. In fact, it makes up the largest share of State public assistance funding. As a share of State budgets, Medicaid is four times larger than AFDC.

□ 1600

If President Clinton does the right thing and signs this welfare reform bill into law, Medicaid will still be caught up in the choking bureaucratic red tape of Federal control, and that is why the Medicaid Program must be restructured if States are to fully succeed in making public assistance programs more responsible and effective.

Mr. Speaker, I commend my colleagues on both sides of the aisle for their commitment to true welfare reform, and I look forward to continuing our efforts to making all sources of public assistance work better for those who need a helping hand up.

Mr. SABO. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Speaker, I rise in strong opposition to this deadly and Draconian piece of garbage which will do nothing to reform the conditions of poverty and unemployment suffered by our Nation's most vulnerable.

As I listen to the debate on the floor of this body today, I felt compelled to make clear to the American people exactly what this bill will do to our Nation's families and our Nation's future. Despite the deceptive rhetoric that we have heard on the floor today, let us be clear—at its core, this bill unravels a 60-year guarantee of a basic human safety net for our Nation's poorest and most vulnerable children and their families.

The President and many Members of the 104th Congress have decided to cut welfare as they know it—to children, immigrants and the poorest Americans—but they have left intact welfare as we know it—welfare to America's largest corporations. We cannot and must not balance the budget on the backs of the least of these.

Mr. Speaker, I have heard Members on this floor urge support of this deadly measure, cloaking its defense in terms like "This is for the good of the poor." How can this be anything but bad for the poor, when we know that in my Home State of Illinois alone, 55,800 children will be pushed below the poverty line as a result of this bill, and 1.3 million children will be similarly impacted nationwide.

Please know, Mr. Speaker, that I will not join demopublicans and republicrats in this mean-spirited attack. you can rest assured that I will work to continue to provide equal protection under the law for our Nation's poor, our disabled, our immigrants and our children.

Posturing tough on welfare mothers is viewed as good politics at least by a press corps that admires cynicism. But ending welfare as I know it is a good idea if done well. So before you push more poor kids and their mothers out on the streets let's apply "Two Years and You're Off" to dependent corporations and find a real jobs program for all Americans. Perhaps conservative Republicans and Democrats and posturing Presidents should begin to beat up on the welfare king for a change.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Mr. Speaker, this conference report is dangerous and unrealistic. I do not believe the American people will tolerate a policy of ending support to a single mom who has played by the rules, tried to find a job for 2 years and could not.

Our unemployment rate is over 5 percent, and that does not include millions of welfare recipients. This conference report does not require the Government to create jobs. The result will be the world's wealthiest nation putting families out on the street to fend for themselves. Will we tolerate destitution and call it reform?

Republicans say the States will solve these problems. Already Philadelphia, as reported yesterday in the paper, has stopped providing shelter beds for single homeless people due to Federal and State welfare cuts. I am not predicting that Republican welfare reform will put people out on the street. I am pointing out that it already has.

Oppose this conference report.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Delaware [Mr. CASTLE], who has done a great deal in this conference in bringing the two sides together.

Mr. CASTLE. Mr. Speaker, I cannot thank the gentleman from Florida [Mr. SHAW] enough. At a time when somebody had to listen, he did. We do not always do that in this building, and it is just a tremendous honor to him that we are passing this bill today.

I thank the gentleman from Tennessee, Congressman JOHN TANNER, not a finer person to work with I know in the House, who acted in a bipartisan way when I think we needed that in order to bring this bill into line.

I thank the President, who I understand is going to sign this legislation. I believe he is doing the right thing for a variety of reasons.

I believe the safety net was put back into place that we have talked about in several ways in the area of Medicaid, food stamps, and the ability of States to set up voucher systems after 5 years. I think they can deal with that.

I have believed strongly, in my fight for welfare reform for 12 years now, that this is the opportunity. Everyone talks about this in a very draconian sense. I believe this is opportunity for women, for children, in some instances for men, and for families. It is opportunity because we are going to take people who have not had a true chance to live the American life in terms of their education and background and we are giving them that chance.

It is an experiment. We may have to come back to it, but I congratulate everybody.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentleman from South Carolina [Mr. CLYBURN].

Mr. CLYBURN. Mr. Speaker, I thank the ranking member for yielding me this time.

Mr. Speaker, 2 years and you are out is not a bad proposition in and of itself, but in this bill it relies on that tried-and-true adage if you give a man a fish you may feed him for a day, if you teach a man how to fish he may feed himself for a lifetime.

In this bill, Mr. Speaker, only 50 percent of those 2-years-and-you-are-outers can reasonably expect any chance at training. In this era of personal responsibility, this legislation asks our most vulnerable citizens to do more, but our States are being required to do less.

Mr. Speaker, this is not the best we can do, and it is not the best we can afford. I urge a no vote, Mr. Speaker.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished new mom from Arkansas, Mrs. LINCOLN.

Mrs. LINCOLN. Mr. Speaker, I thank the gentleman for yielding me this time and for his kind remarks.

I think we can find that no one will argue that our current welfare system needs changed and today we have the opportunity to pass legislation that will hopefully move our Nation's low-income citizens from passively accepting a welfare check to actively earning a paycheck.

Welfare reform has been one of my top priorities since first coming to Congress, especially reform of the SSI disability program or the crazy check problem.

I have worked diligently with members of the Blue Dog Coalition, with the Chairman of the Subcommittee on Human Resources, the task force, and with Members of both sides of the aisle to find a reasonable solution to those who truly need SSI assistance and welfare reform, hoping we can crack down on the abuse in the system while making provisions for those who need it.

Although this conference report is not a perfect bill, it represents a significant improvement over our status quo. No one should get something for nothing, and if the American people are going to be generous with their tax dollars, they should get something in return.

Mr. Speaker, this legislation provides responsible reform through the three main goals we started with: State flexibility, personal responsibility, and work. I urge my colleagues to support this provision, a lot of hard work in a bipartisan spirit.

Mr. SHAW. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. GOODLATTE].

Mr. GOODLATTE. Mr. Speaker, I thank the gentleman for yielding me this time, for his fine work on this bill, and I rise in strong support of the welfare reform conference report.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Speaker, I thank the ranking member of the Committee on the Budget for yielding me this time.

I intend to vote against this conference report. The Urban Institute tells us that over a million children will be put into poverty as a result of this legislation. We are told by our own Republican Congressional Budget Office that it is underfunded insofar as the work requirements.

If indeed we want our people on welfare to go to work, is it not fair to expect that there will be dollars there to provide them jobs, not to cut them adrift after 2 years without any cash support whatsoever?

That is what the consequence of this bill will do. It will force people out on the streets, literally, with no cash assistance whatsoever and without the promise of any assistance in finding jobs.

The women on welfare want to work. Look at any study that has been issued. These studies tell us that over 60 percent of the young mothers on welfare are out there looking for jobs and half of them do find them and they get off welfare. These people who say that the women stay there 13 years on welfare are simply not telling the truth.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the gentlewoman from North Carolina [Mrs. MYRICK], the former mayor of Charlotte.

Mrs. MYRICK. Mr. Speaker, the President's decision to sign this welfare reform bill is really great news for working Americans and for people in need. The welfare bill will really reform and empower the States to be creative in solving their own problems and it will help end the cycle of dependency and poverty, which really truly helps millions of children with a decent fulfilling future.

As a former mayor, I know firsthand these ideas work because we had pilot programs in our area where we were moving people out of public housing and into home ownership and off of welfare with child care help and really giving them their dignity back again.

It is a sin not to help someone who genuinely, truly needs that help through no fault of their own, but it is also a sin to help people who do not need help. So this bill is going to encourage that personal responsibility that we are all so proud of and give people their dignity back.

Mr. SABO. Mr. Speaker, I yield 1 minute to the distinguished gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I rise to support this legislation. I believe this bill is clearly an improvement over the current system.

I voted against the previous GOP bills because I believed they inadequately protected children and were weak on work. Unlike those bills, this conference report does not deprive kids on Medicaid of their health care coverage.

The conference report allows States to provide vouchers for children's necessities when their parents reach the time limit on benefits. The conference report removes the optional food stamp block grant and provides families with high rent or utility bills an adjustment for more grocery money than the earlier House versions allowed. I remain concerned that funding for job training may not be adequate yet, and that may need to be addressed in the future.

A lot of us have worked hard to improve the various welfare reform proposals we have considered. Real welfare reform has meaningful protections for children, has a tough work requirement and demands personal responsibility. While this bill is not perfect, it fits those parameters and begins a process of reforming welfare.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. MCCRERY], a most valuable member of the Subcommittee on Human Resources of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I thank the chairman of the subcommittee for yielding me this time and congratulate him on the great work in getting this welfare reform bill to the floor today. I also commend the President today for agreeing to sign this most historic bill.

I want to talk for just a second about a part of the bill that I helped write, and I have gotten several calls today and yesterday, and some of my colleagues have, regarding the SSI for children's provisions in this bill.

I want to assure all those teachers who brought this problem to my attention and to the attention of other of my colleagues this is being taken care of in this welfare reform bill. We do away with a very subjective qualifying criteria that allows children to qualify for a disability when they really should not be on the program and replaces it with very definitive medical criteria that will be much, much superior to the current system.

So I want to thank the gentlewoman from Arkansas, BLANCHE LAMBERT LINCOLN, the gentleman from Wisconsin, GERALD KLECZKA, and others who helped me to bring to the attention of this body the very serious problems with the SSI disability for children.

Mr. SABO. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FARR].

In addition, Mr. Speaker, I ask unanimous consent to yield the remainder of the time on our side to the gentleman from Florida [Mr. GIBBONS] and that Mr. GIBBONS be permitted to manage that time and to yield time to others.

The SPEAKER pro tempore (Mr. MCINNIS). Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The SPEAKER pro tempore. The gentleman from California [Mr. FARR] is recognized for 1 minute.

Mr. FARR of California. Mr. Speaker, everybody in this Congress wants welfare reform. That is not the debate. But not everybody in the Congress wants to shift the cost from Federal Government to local government.

We usually ask ourselves as lawmakers to look before we leap. I do not think we have done that here on the welfare reform bill. We have asked to be quoted by Governors, but Governors do not administer welfare, communities do. Counties and cities do. Has anyone asked the mayors and county supervisors? Well, I did.

In California we are going to shift 230,000 people who are legal residents of the United States who are disabled. They are cut off. They live in our community. Where are they going to go? What will this bill do to help them?

This bill goes on. It hurts the people in our neighborhoods, people who go to school with our children. What can we do with a bill that hurts children, that hurts the disabled, that hurts the elderly? In the Congress of the richest Nation in the world, what we can do is vote "no" on this bill and say we can do a better job.

We want welfare reform, but a welfare reform bill that just plows the problem on the community is not reform at all. I ask for a "no" vote.

Mr. Speaker, I insert the following material for the RECORD:

COUNTY OF SANTA CRUZ,
HEALTH SERVICES AGENCY,
Santa Cruz, CA, July 17, 1996.

Re recommendation to oppose H.R. 3507 and S. 1795 denying eligibility for federal programs for legal immigrants.

Hon. SAM FARR,
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN FARR: On behalf of Santa Cruz County, we are asking for your assistance and intervention in deleting from H.R. 3507 and S. 1795, requirements which deny eligibility for federal programs to legal immigrants. These two bills are moving forward under the heading of welfare reform and in their present form, are expected to save the Federal government $23 billion over seven years. At least $9 billion of this total would be achieved by eliminating services to legal immigrants in California. Santa Cruz County with less than 1% of the state's population, because of its population history, dependence on agriculture and demographics, expects an adverse financial impact far in excess of its population share.

While the federal budget will experience some relief, the budgets of local governments, especially over-taxed budgets such as Santa Cruz's, will be severely impacted. These important issues demand thoughtful, coordinated planning and implementation to assure the least negative impact on those taxpayers who fund local government services and those residents who look to local government for care.

These two legislative proposals, regardless of their noble intent, will savage local government and cause severe personal and societal disruption. For these reasons, we urge that you oppose these measures as long as they contain these unacceptable provisions which deny eligibility for legal immigrants.

Very truly yours,
CHARLES MOODY,
Health Services Administrator.
WILL LIGHTBOURNE,
Human Resources Agency Administrator.

CALIFORNIA LEGISLATURE,
Sacramento, CA, July 18, 1996.

Hon. SAM FARR,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE FARR: We are writing to convey major concerns raised by the most recent proposed welfare legislation currently being considered by Congress.

SERVICES FOR AGED AND DISABLED LEGAL IMMIGRANTS

Denying Federal benefits to legal immigrants disproportionately harms California communities. Over 230,000 non-citizen legal immigrants currently receive SSI in California, excluding refugees. This aid is provided to the aged, blind and disabled, who could not support themselves by going to work if their SSI benefits ended. Under H.R. 3507, SSI and Food Stamps would be denied to non-citizens already legally residing in California as well as to new legal entrants, unlike the immigration reform legislation currently under consideration in Congress, which permits continued benefits for existing legal residents.

The proposed bar on SSI and Food Stamps for all legal immigrants, and the denial of other Federal means-tested programs to new legal entrants for their first five years in the country would have a devastating effect on California's counties, which are obligated to be the providers of last resort. It is estimated that these proposed changes would result in costs of $9 billion to California's counties over a seven-year period. At a minimum, the very elderly, those too disabled to become citizens and those who become disabled after they arrive in this country should be exempted from the prohibition on SSI—if for no other reason than to lessen to counties the indefensible cost of shifting care from the Federal government to local taxpayers for a needy population admitted under U.S. immigration laws.

PROTECTION OF CHILDREN

While we agree that welfare dependence should not be encouraged as a way of life, it is essential in setting time limits on aid that adequate protections be provided for children once parents hit these time limits. Some provision must be made for vouchers or some other mechanism by which the essential survival needs of children such as food can be met. The Administration has suggested this sort of approach as a means of ensuring adequate protection for children whose parents hit time limits on aid.

California's child poverty rate was 27 percent for 1992 through 1994, substantially above the national rate of 21 percent. H.R. 4, which was vetoed by the President, would have caused an additional 1.5 million children to become poor. Though estimates have not been produced for H.R. 3507, it is likely that it also would result in a significant additional number of children falling below the poverty level.

ADEQUATE FUNDING FOR CHILD CARE

Funds provided for child care are essential to meet the needs of parents entering the work force while on aid and leaving aid as their earnings increase. For California to meet required participation rates, about 400,000 parents would have to enter the work force and an additional 100,000 would have to increase their hours of work. Even if only 15 percent of these parents need a paid, formal child care arrangement, California will need nearly $300 million per year in new child care funds.

Thank you for your consideration of these concerns. If your staff have any questions about these issues, they can contact Tim Gage at (916) 324-0341.

Sincerely,
Bill Lockyer,
President Pro Tempore, California Senate.
RICHARD KATZ,
Democratic Floor Leader, California Assembly.

NATIONAL IMMIGRATION LAW CENTER—OVERVIEW OF CURRENT LAW AND WELFARE REFORM IMMIGRANT RESTRICTIONS—104TH CONGRESS

	Current Law	Welfare Reform Reconciliation Act of 1996 (H.R. 3734) as passed by the House	Personal Responsibility, Work Opportunity Act of 1966 (H.R. 3734) as passed by the Senate	Differences/Comments
Programs barred to most legal immigrants including current residents	None	Denied until citizenship: SSI, Food Stamps, and Medicaid.	Denied until Citizenship: SSI, and Food Stamps.	Medicaid: House bars Medicaid to most legal immigrants. Senate imposes lesser restrictions on immigrant access to Medicaid. The Senate Medicaid provisions affect about half as many people after six years.
		Current recipients: phased in over one year. Exemptions Refugees, asylees, withholding of deportation during 1st 5 years only. Veterans and family members. Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters. Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased.	Current recipients: phased in over one year. Exemptions Refugees, asylees withholding of deportation during 1st 5 years only. Veterans and family members. Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters. Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased.	Refugees/Asylees: Most refugees and asylees have been here more than five years and would be subject to the bar.
State option to bar current legal residents and future legal immigrants.	States may not discriminate against legal immigrants in the provision of assistance.	Programs: State have option to bar both current residents and new immigrants from: AFDC, title XX, and all entirely state funded means-tested programs.	Programs: State option to bar both current residents and new immigrants from: Medicaid, AFDC, title XX, and all entirely state funded means-tested programs.	Identical provisions. The definitions of "means-tested" programs was deleted from the Senate bill because of the "Byrd rule".

NATIONAL IMMIGRATION LAW CENTER—OVERVIEW OF CURRENT LAW AND WELFARE REFORM IMMIGRANT RESTRICTIONS—104TH CONGRESS—Continued

	Current Law	Welfare Reform Reconciliation Act of 1996 (H.R. 3734) as passed by the House	Personal Responsibility, Work Opportunity Act of 1966 (H.R. 3734) as passed by the Senate	Differences/Comments
Five Year prospective bar (on future legal immigrants).	None.	Provision: Bars AFDC and most federal means tested programs to legal immigrants who come after date of enactment for 1st 5 years after entering the U.S. Exceptions: Emergency Medicaid. Immunizations & testing and treatment of the symptoms of communicable diseases. Short-term non-cash disaster relief. School Lunch Act programs. Child Nutrition Act programs. Title IV foster care and adoption payments. Higher education loans & grants. Elementary & Secondary Education Act. Head Start. TPA. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life or safety.	Provision: Bars AFDC and most federal means tested programs to legal immigrants who come after date of enactment for 1st 5 years after entering the U.S. Exceptions: Emergency Medicaid. Immunization & testing and treatment of communicable disease if necessary to prevent the spread of such disease. Short-term non-cash disaster relief. School Lunch Act programs. Child Nutrition Act programs. Certain other emergency food and commodity programs. Title IV foster care and adoption payments. Higher education loans & grants (including those under the Public Health Services Act). Elementary & Secondary Education Act. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life or safety.	Communicable Diseases: House permits doctors to be reimbursed for treating symptoms of communicable diseases even if the disease later turns out not to have been communicable. Nutrition: Senate permits food banks and others who administer emergency food programs to avoid spending volunteer resources to verify citizenship. Head Start and ITPA: House does not restrict legal immigrant access to these programs. Student Assistance Under the Public Health Services Act: These programs were added to the Senate bill by floor amendment sponsored by Senator Paul Simon (D-IL). The definition of "means-tested" programs was deleted from the Senate bill due to the "Byrd rule."
Programs restricted by deeming (impacts most family-based immigrants).	AFDC, Food Stamps, and SSI.	Provision: Virtually all federal means-tested program must deem future immigrants.	Provision: Virtually all federal means-tested programs must deem future immigrants.	Identical provisions.
		Exempted programs: Same programs exempted from deeming as from the 5-year prospective bar (see above).	Exempted programs: Same programs exempted from deeming as from the 5-year prospective bar (see above).	Neither bill exempts non-profit organizations from burdensome verification requirements (as does the Senate immigration bill).
		State and local programs: Programs that are entirely state funded may deem (or ban) current legally resident immigrants as well as future legal immigrants (except for those exempt from federal deeming and programs that are equivalent to federal programs exempted from deeming).	State and local programs; Programs that are entirely state funded may deem (or ban) current legally resident immigrants as well as future legal immigrants (except for those exempt from federal deeming and programs that are equivalent to federal programs exempted from deeming).	
Length of deeming period/ retroactivity.	3 years (SSI 5 years until 10/1/96).	Current residents: same as current law.	Current residents: same as current law.	Identical provisions.
		Future immigrants: until citizenship unless an exemption applies (e.g. 40 quarters).	Future immigrants: until citizenship unless one of the exemptions applies (e.g. 40 quarters).	
Immigrants exempt from deeming.	Disabled after entry (SSI only).	Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters.	Immigrants who work 40 "qualifying quarters" (as defined for Title II Social Security) and did not receive any means-tested assistance in any of those quarters.	Identical provisions.
	Sponsor is receiving Food Stamps (Food Stamps only).	Minor children get credit for quarters worked by parents; spouses get credit for work if still remarried or if working spouse is deceased.	Minor children get credit for quarters worked by parents; spouses get credit for work if still married or if working spouse is deceased.	About half of the legal immigrants who will be cut off of SSI under these bills have been in the U.S. more than ten years.
		Veterans, exempt from SSI, Medicaid and Food Stamp bar, are not exempt from deeming.	Veterans, exempt from SSI, Medicaid and Food Stamp bar, are not exempt from deeming.	There is no exemption for battered spouses or children in either bill.
Affidavits of support provision.	Affidavits of support are unenforceable against the sponsor.	Enforceable to recover money spent on most means-tested programs.	Enforceable to recover money spent on most means-tested programs.	The requirement that only the petitioner may be the sponsor precludes all other close relatives from obligating themselves to support the immigrant.
		Sponsor liable for benefits used until citizenship, unless immigrant works 40 "qualifying quarters" is credited for work of spouse or parent. For definition of "qualifying quarter," see Immigrants Exempt from Deeming above.	Sponsor liable for benefits used until citizenship, unless immigrant works 40 "qualifying quarters" is credited for work of spouse or parent. For definition of "qualifying quarter," see Immigrants Exempt from Deeming above.	This entire section was deleted from the Senate bill because of the Byrd rule.
		Enforceable against sponsor by sponsored immigrant or government agencies until 10 years after receipt of benefits. Sponsor fined up to $5,000 for failure to notify when sponsor moves.	Enforceable against sponsor by sponsored immigrant or government agencies until 10 years after receipt of benefits. Sponsor fined up to $5,000 for failure to notify when sponsor moves.	
		Only the petitioner may qualify as a sponsor.	Only the petitioner may qualify as a sponsor.	
Treatment of "Not qualified" immigrants.	Eligibility of classes of immigrants the INS does not plan to deport varies by program.	Definition: "Not qualified" = all but LPR, refugee, granted asylum, deportation withheld, parolee for > 1 year.	Definition: "Not qualified" = all but LPR, refugee, granted asylum, deportation withheld, parolee for > 1 year.	Child Nutrition: The House would require the schools, churches, charities, and clinics that operate school lunch programs and WIC clinics to verify immigration status and turn away ineligible children. The Senate exempts child nutrition programs from these requirements.
	Undocumented immigrants ineligible for cash assistance and all major federal programs. Exemptions include: emergency Medicaid, public health, child nutrition, Child care, child protection, and maternal care, emergency services.	Prohibition: Not qualified barred from: Social Security (affects new applicants only), unemployment, all federal needs-based programs, and any governmental grant, contract, loan, or professional or commercial license (nonimmigrants may receive license or contract related to visa.)	Prohibition: Not qualified barred from: Social Security (affects new applicants only), unemployment, all federal needs-based programs, and any governmental grant, contract, loan, or professional or commercial license (nonimmigrants may receive license or contract related to visa.)	
		Exceptions: Emergency Medicaid. Short-term emergency relief. Immunizations and testing and treatment of the symptoms of communicable diseases.	Exceptions: Emergency Medicaid. Short-term emergency relief. Immunizations and testing and treatment of communicable disease if necessary to prevent the spread of such disease. School Lunch Act programs. Child Nutrition Act programs. Certain other emergency food and commodity programs.	No Battered Women's Exception: Beneficiaries of the Violence Against Women Act (VAWA) self-petitioning provisions are treated the same as persons who are unlawfully in the U.S.
		Current recipients of housing or community development funds. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life, or safety.	Current recipients of housing or community development funds. At AG discretion, community programs (such as soup kitchens) that do not condition assistance on individual income or resources and are necessary to protect life, or safety.	
		State and Local Programs: Immigrants who are not lawfully present may not participate in state or locally funded programs unless the state passes a law after enactment affirmatively providing for such eligibility (state has no option to provide assistance to "not qualified" immigrants who are here lawfully).	State and Local Programs: Immigrants who are not lawfully present may not participate in state or locally funded programs unless the state passes a law after enactment affirmatively providing for such eligibility (state has no option to provide assistance to "not qualified" immigrants who are here lawfully).	

NATIONAL IMMIGRATION LAW CENTER—OVERVIEW OF CURRENT LAW AND WELFARE REFORM IMMIGRANT RESTRICTIONS—104TH CONGRESS—Continued

	Current Law	Welfare Reform Reconciliation Act of 1996 (H.R. 3734) as passed by the House	Personal Responsibility, Work Opportunity Act of 1966 (H.R. 3734) as passed by the Senate	Differences/Comments
Verification and reporting.	Agencies such as battered women's shelters, hospitals, and law enforcement agencies may keep immigration information confidential if they feel such confidentiality is advisable given their mission. For example, a law enforcement agency may assure a timid witness that he or she will not be deported as a result of coming forward to report a crime.	No Confidentiality: No state or local entity may "in any way" restrict the flow of information to the INS.	No Confidentiality: No state or local entity may "in any way" restrict the flow of information to the INS.	Identical provisions.
		Required Verification: All federal, state and local agencies that administer non-exempt federal programs must verify immigrant eligibility "to the extent feasible" through a computerized database. Required Reporting: SSI, Housing, and AFDC agencies must make quarterly reports to INS providing the name and other identifying information of persons known to be unlawfully in the U.S.	Required Verification: All federal, state and local agencies that administer non-exempt federal programs must verify immigrant eligibility "to the extent feasible" through a computerized database. Required Reporting: SSI, Housing, and AFDC agencies must make quarterly reports to INS providing the name and other identifying information of persons known to be unlawfully in the U.S.	The no confidentiality provision endangers witness protection programs and all other endeavors in which confidentiality is necessary to encourage cooperation or participation.

Mr. SHAW. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Speaker, I thank the gentleman for yielding me this time and for his hard work on this very historic and very important legislation.

This legislation curtails food stamp fraud, it limits the access of resident aliens to welfare programs, which just might persuade some visitors to our country who did not come here to work to return home, but, more importantly, it is another step in the process of devolving or sending social services back to the States and getting control back in the hands of local managers who are closer to the problems of the poor.

It addresses a fundamental fairness issue in American society, and that is the resentment of working individuals toward able-bodied individuals who refuse to get off the dole. Most importantly, in my mind, it addresses the problem of welfare dependency and welfare pathology in this country, which has led to soaring rates of family disintegration, illegitimacy in American society, and the other consequences, like youth crime.

This is indeed an historic day in this body and a very, very important piece of legislation, in my view the most important legislation we will enact in the 104th Congress.

☐ 1615

Mr. GIBBONS. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, let me say first of all that there are some good things in this legislation that could have and should have become law without being tied to the rest of this fundamentally flawed package. The President has made a mistake in endorsing this legislation and the Congress will make a mistake in passing it.

Essentially, Mr. Speaker, this legislation reduces assets that we need to help those who are the most vulnerable in our society. Seventy percent of all the people on welfare are infants and children. The rest are so disabled one way or another, and they cannot make a go of it. This bill reduces their assets, reduces the assets of the people who we are trying to help to improve and better their situation.

For some reason that we do not thoroughly understand, the bottom three-fifths of all the people in the United States have not made any progress in the last 20 years, economically speaking. The bottom one-fifth have lost 18 percent of their resources that are available to them. This bill further exacerbates that problem and will hurt infants and children. It should not become law. It should be vetoed.

Mr. SHAW. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Connecticut [Mr. SHAYS], a member of the Committee on the Budget.

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, politicians are elected by adults to represent the children. We need to save our children from crippling national debt, Government debt. We need to make sure that our trust funds, like Medicare, are there for our children. And most importantly, we need to enable, we need to help our children become independent citizens of this great and magnificent country. This bill helps to transform our caretaking, social and corporate welfare state into a caring opportunity society.

I extend tremendous admiration to the gentleman from Florida, [Mr. SHAW] for not giving into those who wanted to weaken the bill so that it would end up not doing anything. We have a caring bill that does this. In the final analysis, it is not what you do for your children but what you have taught them to do for themselves that will make them successful human beings.

It ends this caretaking society and moves toward a caring society where we teach our children and the adults who raise our children how to grow the seeds, how to have the food.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, what time is it? It is time for us to get on with our conventions. We better get on with the Democratic Convention and Republican Convention. What do we want to say that we are for? Reform. What is a nagging sore in everyone's problem? Welfare. People who do not work.

What is the bill all about? Well, the bill is supposed to be to protect children. I heard the previous speaker say that. He said that this child will be cut off of welfare if the mother does not get a job in 2, 3, 4 or 5 years. He did not say it, but I know he read the bill.

The winners in this are the Governors. There is nothing to tell the Governors what to do, and they will be the losers in the long run, but not as bad as the children. They can do what they want with immigrants and with little kids because for 60 years we have said there is a safety net for children. But not before this election.

Who won? Bob Dole? Oh, yes, he said it already. He shoved this one down the President's throat. Three strikes and the President would have been out so he wins because what the heck, he forced the issue.

And who is another winner? My President. He is a winner. He has removed this once again. Everything you come up with, my President says, oh, no you do not. And so here again he is a winner.

So when we look at it, this is a big political victory. The Democrats are happy in the White House. The Republicans are happy because they made him do it. The Governors are happy. They begged for the opportunity to do it their way after all. They are closer to the problem. And the only losers we have now are the kids.

The got no one there to protect them. The religious leaders came out. Obviously they are not as highly registered as some other people, but they said do not do this to our children. They are the weakest. They cannot vote. If my colleagues do not like their mothers and their fathers and their neighborhoods, then get involved in education and job training and make them work. But there are winners and losers and the kids are the losers.

Mr. SHAW. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. ARCHER], the distinguished chairman of the Committee on Ways and Means.

Mr. ARCHER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, the only way we can change people's behavior is by changing the system. Franklin Roosevelt warned that giving permanent aid to anyone destroys them. By creating a culture of poverty and a culture of violence, we have destroyed the very people we are claiming to help. Can any serious person argue that the federalization of poverty by Washington has worked?

Government, since 1965, has spent over $5 trillion on welfare, more than we have spent on all the wars that we have fought in this century. And we have lost the war on poverty. With this bill, we can begin to win the war.

We need to come to the realization that dollars alone will not solve the problem. We need to give unemployed people hope and equip them for work so they will be better able to help themselves. As our colleague, the gentleman from Oklahoma, J.C. WATTS, says, they are eagles waiting to soar.

Today we will ask those now receiving welfare to make a deal with the taxpayer. We will provide you with temporary help to get you through the hard times and we will help you feed your family and get the training you need, and in exchange, we ask that you commit yourself to find a job and move back into the economy.

I am pleased to see that the President has finally agreed to join us in our fight to overhaul the broken-down welfare system. It has been a long, arduous road since 1988 when Ronald Reagan first made the effort to do something about work fare and finally we are here.

Mr. President, the poor have suffered long enough and now we have the opportunity to change it all and help the hard-working taxpayers as well.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Speaker, we all can be proud of the record that many of us have in working on this bill to protect children. Eight months ago we had a welfare conference report on the floor that would have blocked foster care or would have made foster care a block grant, and also food stamps. Today's legislation retains the Federal guarantee for these services.

Eight months ago we had Federal welfare legislation on this floor that would have cut severely disabled children by 25 percent. Today we do not have that flawed two-tiered system.

Eight months ago we considered legislation that would have denied millions of Americans Medicaid because they lost welfare eligibility. Today's legislation, the legislation before us, guarantees continual health coverage for those who are currently entitled to these services.

Eight months ago we voted on legislation that would have underfunded child care. This bill has $4.5 billion in it for child care.

I am not suggesting the legislation is perfect. Most legislation is not perfect. But I predict we will be back on this very floor finding more answers and better answers than we have today. If that is there, I will be involved in these changes. But today we have to decide if this legislation as a whole represents an improvement over the status quo. My answer is: Yes, it does.

While some of the changes here being suggested pose risks, so does the current system. Welfare is clearly broken, offering more dependence than opportunity. We can vote today to at least begin to transform the welfare system. Today we can begin welfare reform, those of us who have worked hard over the months to make the bill, working with those who have had the bill. We now have the bill. We should vote for the bill and get on with welfare reform.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DELAY], the distinguished Republican whip.

Mr. DELAY. Mr. Speaker, I am very pleased to hear that President Clinton has endorsed the welfare bill that will pass the House today. Clearly, the time has come to end welfare as we know it. The welfare system as we know it has been a disaster. The only thing great about the Great Society was the great harm it has caused our children.

With this bill, Mr. Speaker, we make commonsense changes long requested by the American people.

Common sense dictates that able-bodied people work.

Common sense dictates that only Americans should receive welfare benefits in this country.

Common sense dictates that incentives to keep families together.

Common sense dictates that welfare should not be a way of life.

Now liberal Democrats will vainly challenge these simple truths, and even the President could not help himself and has challenged some of these truths, but time and experience has proven them wrong. Welfare has not worked for the people it was supposed to help. Everybody knows that fact. Now is the time to change that system. Some well-meaning people will once again make the claim that welfare reform is mean-spirited. Well, I disagree.

We reform welfare not out of spite but out of compassion. We change this system not because we want to hurt people, but because we want to help people help themselves. And we change this system not to throw children into the streets, but to give children a greater chance to realize the American dream and still maintain a safety net for those truly in need.

Mr. Speaker, I am proud of this Congress for the great work on this historic legislation, and I am pleased that President Clinton has agreed to finally live up to his campaign promise.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. NADLER].

Mr. NADLER. Mr. Speaker, I am saddened that today it seems clear that this House will abdicate its moral duty and knowingly vote to allow children to go hungry in America. Sadly, our President, a member of the Democratic Party, the party of Franklin Roosevelt and John Kennedy and Lyndon Johnson, will sign this bill.

Does this bill allocate sufficient funds to provide employment for people who want to work? No.

Does this bill provide adequate child care so parents can leave their children in a safe environment and earn a living? No.

Does this bill ensure that people leaving welfare can take their kids to a doctor when they get sick? No.

Does this bill do anything to raise wages so people who work hard to play by the rules will not have to see their children grow up in poverty? No.

Does this bill reduce the value of food stamps for children of the poorest working people to push these children into poverty and hunger? Yes.

Mr. Speaker, I know that scapegoating poor children is politically popular this year, but it is not right. We must stand up for our country's children. I urge my colleagues to reject this immoral legislation.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS].

Mr. LEWIS of Georgia. Mr. Speaker, the bill we are considering today is a bad bill. I will vote against it and I urge all people of conscience to vote against it. It is a bad bill because it penalizes children for the actions of their parents. This bill, Mr. Speaker, will put 1 million more children into poverty. How, how can any person of faith, of conscience vote for a bill that puts a million more kids into poverty. Where is the compassion, where is the sense of decency, where is the heart of this Congress. This bill is mean, it is base, it is downright low down.

We are a great nation. We put a man on the Moon. We have learned to fly through the air like a bird and swim like a fish in the sea. We are the world's only superpower. We did not do this by running away—by giving up. As a nation, as a people—as a government—we met our challenges—we won.

This bill gives up—it throws in the towel. We cannot run away from our challenges—our responsibilities—and leave them to the States. That is not the character of a great nation. I ask you, Mr. Speaker, What does it profit a great nation to conquer the world, only to lose it's soul? Mr. Speaker, this bill is an abdication of our responsibility and an abandonment of our morality. It is wrong, just plain wrong.

It was Hubert Humphrey, who said:

> We can judge a society by how it treats those in the dawn of life, our children, those in the twilight of life, our elderly and those in the shadow of life, the sick and the disabled.

I agree with Hubert Humphrey, my colleagues. What we are doing here today is wrong.

I say to you, all of my colleagues, you have the ability, you have the capacity, you have the power to stop this assault, to prevent this injustice. Your vote is your voice. Raise your voice for the children, for the poor, for the disabled. Do what you know in your heart is right. Vote "no."

□ 1630

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN].

Mr. LEVIN. Mr. Speaker, the status quo is gone.

The current system does not meet the American values of work, opportunity, responsibility, and family.

We have been wrestling for a long time with what should replace it.

The key always has been the linkage of welfare to work, within a definite time structure, and with sensitivity to the children of the parent who needs to break out of a cycle of dependency, for her/his good, for the child's and for the taxpayer.

The challenge has been to find a new balance, that combines State flexibility with national interest.

The first two bills vetoed by the President failed to address effectively work and dealt insensitively with children.

If the AFDC entitlement was going to be replaced by a block grant—which was already beginning to happen through Federal waivers—after the vetoes we successfully pressured the Republican majority to make substantial improvements in day care, health care, benefits for severely disabled children and to retain the basic structure of foster care, food stamps and the school lunch program.

In a word, this is a different bill than those vetoed by the President.

The bill before us is at its very weakest in two areas essentially unrelated to AFDC—food stamps and legal immigrants. Reform was needed in these areas, but surely not punishment nor a mere search for dollars, as was true of the majority's approach.

The question is whether the defects in those areas should sink changes in our broken welfare system.

On balance, I believe it is better to proceed today with reforms in the welfare system, with a commitment to return on a near tomorrow to the defects in this bill.

I hope in the next session there will be a Congress willing to address these legitimate concerns with President Clinton.

Mr. SHAW. Mr. Speaker, I yield 30 seconds to the distinguished gentleman from Louisiana [Mr. HAYES], a valued member of the Committee on Ways and Means.

Mr. HAYES. Mr. Speaker, folks at home simply wonder if they can tell the difference between a disabled veteran from a real war and someone who has become disabled because of a fake war on poverty, converting food stamps into drugs, why cannot the Government. They want to know, if they can tell the difference between a young woman whose husband has walked out on them, leaving them a child with no recourse, and a teen who becomes pregnant because of a system that rewards it, why cannot the Government?

Today this body answers that it can tell the difference. The Senate can tell the difference. And I am very pleased to understand that the President is going to sign the bill that allows people at home to at least know we have that judgment to make that difference.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Speaker, I rise in support of the bill.

America's welfare system is at odds with the core values Americans believe in: Responsibility, work, opportunity, and family. Instead of rewarding and encouraging work, it does little to help people find jobs, and penalizes those who go to work. Instead of strengthening families and instilling personal responsibility, the system penalizes two-parent families, and lets too many absent parents off the hook.

Instead of promoting self-sufficiency, the culture of welfare offices seems to create an expectation of dependence rather than independence. And the very ones who hate being on welfare are desperately trying to escape it.

As a society we cannot afford a social welfare system without obligations. In order for welfare reform to be successful, individuals must accept the responsibility of working and providing for their families. In the instances where benefits are provided, they must be tied to obligations. We must invest our resources on those who value work and responsibility. Moreover, we must support strict requirements which move people from dependence to independence. Granting rights without demanding responsibility is unacceptable.

The current system undermines personal responsibility, destroys self-respect and initiative, and fails to move able-bodied people from welfare to work. Therefore, a complete overhaul of the welfare system is long overdue. We must create a different kind of social safety net which will uphold the values our current system destroys. It must require work, and it must demand responsibility.

Today, the House will take a historic step as it moves toward approving a welfare reform conference report which takes significant steps to end welfare as we know it. The bill is not perfect. But, at the insistence of the President and congressional Democrats, significant improvements to require work and protect children have been made. It is because of these important changes that I will vote in favor of this bill.

This bill requires all recipients to work within 2 years of receiving benefits. The bill requires teen parents to live at home or in a supervised setting, and teaches responsibility by requiring school or training attendance as a condition of receiving assistance.

When the House Ways and Means Committee marked up its first welfare bill 1½ years ago, Democrats proposed an amendment to exempt mothers of young children from work requirements if they had no safe place for their children to stay during the day. The amendment was defeated by a unanimous Republican vote. I am pleased that the conference report prohibits States from penalizing mothers of children under 6 if they cannot work because they cannot find child care.

A year and a half ago, Ways and Means Committee Republicans defeated Democratic amendments to strengthen child support enforcement provisions, because committee Republicans felt those sanctions were "too hard" on deadbeat dads. I am pleased that this conference report includes every provision in the President's child support enforcement proposal, the toughest crackdown on deadbeat parents in history.

A year and a half ago, the Republican welfare bill included a child nutrition block grant that would have caused thousands of children in Maryland to lose school lunches—for some of those children, the only meal they would receive in a day. I am pleased that the conference report maintains the guarantee of school meals for our neediest kids.

As recently as last week, the House Republican bill eliminated the guarantee of food stamps for poor children and assistance for children who had been neglected or abused. I am pleased that this bill prohibits the block grants which dismantle food stamp and child protection assistance.

Like many Americans, I continue to have concerns about some of the provisions in this bill. We must be certain that both the Federal and State governments live up to their responsibilities to protect children who may lose assistance through no fault of their own. We must make sure that legal immigrants, who have paid taxes and in some cases defended the United States in our armed services, are not abandoned in their hour of need. And it is not enough to move people off of welfare—we must move them into jobs that make them self-sufficient and contributing members of society.

This bill supports the American values of work and personal responsibility. It has moved significantly in the direction of the welfare reform proposals made by Congressman DEAL and Congressmen TANNER and CASTLE, both of which I supported. I applaud this important step to end welfare as we know it, and intend to vote in favor of this bill.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, just hearing my colleague, the gentleman from Georgia, JOHN LEWIS, speak so passionately, I think should move anyone who listened to his speech. Over 30 years ago it was JOHN LEWIS who was fighting against States rights, States rights meaning justice dependent on geography. How you were treated depended on what State you lived in.

And yet our Republican friends who are offering this welfare reform, as they call it, are willing to embrace States rights; what their block grant plan means is that again justice will depend on geography. In my State of Rhode Island, over 40,000 kids in poverty are going to be put at a disadvantage under the block grant system because when you take away the money that is entitled to kids based upon their poverty, you leave it to the whim of the States.

I can tell you, each State is under pressure to lower the bar so that you can squeeze people even more. This is wrong.

When Mr. SHAW and Mr. ARCHER say that dollars will not do it alone, I want to ask the Republicans, what are they going to substitute when a poor child needs food, what are they going to substitute for the money that they are supposed to be providing through these programs?

Mr. SHAW. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding the time.

I rise in opposition to the welfare bill. If this bill passed today, it will be a victory for the political spin artists and a defeat for the infants and children of America.

We all agree that the welfare system must be reformed. But we must make sure that that reform reduces poverty, not bashes poor people. The cuts in this bill will diminish the quality of life of children in poor families in America and will have a devastating impact on the economy of our cities.

Food and nutrition cuts will result in increased hunger. Local government will be forced to pay for the Federal Government's abdication of responsibility. How can a country as great as America ignore the needs of America's infants and children who are born into poverty?

The Bible tells us that to minister to the needs of God's children is an act of worship; to ignore those needs is to dishonor the God who made them.

Mr. Speaker, let us not go down that path today.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. TOWNS].

Mr. TOWNS. Mr. Speaker, vote no on this pain and shame that we are inflicting on young people, a garbage bill.

This agreement along with the other vetoed welfare bills amount to nothing short of a rollcall of pain and shame that will be dumped on those Americans who are clearly in need of a social service safety net.

And to add to that pain, legal immigrants will bear 40 percent of the cuts in welfare even though they make up only 5 percent of the population receiving welfare benefits.

No one is satisfied with the way welfare policy is constructed or practiced. The Federal Government doesn't like it; the local administrators don't like it; the social workers don't like it; the majority of the taxpayers don't like it and the recipients don't like it. There is no doubt that the welfare system in this country needs to be changed. Clearly reform is necessary. However, the overall scope of the proposed reforms will victimize those Americans most in need of assistance.

I urge a "no" vote on this conference agreement.

Mr. GIBBONS. Mr. Speaker, I yield 45 seconds to the gentlewoman from Florida [Ms. BROWN].

Ms. BROWN of Florida. Mr. Speaker, this was a bad House bill, a bad Senate bill and the conference report did not fix it. It is still bad.

You can judge a great society by how it treats its children, its senior citizens. This bill guts our future. I urge my colleagues to vote against it.

Mr. Speaker, I rise to oppose this conference report. The House welfare reform bill was a bad bill, the Senate bill was a bad bill and the conference report does not fix it. This legislation is so bad that it can't be fixed.

This bill will have a horrible impact on the children in my State. In Florida, at least 235,000 children would be denied benefits under this legislation. In Florida alone, 48,000 would be pushed deeper into poverty. Children will be hungrier if this bill becomes law.

In Florida, 111,926 children would be denied aid in the year 2005 because of the 5 year time limit. In Florida, 42,714 babies would be denied cash aid in the year 2000 because they were born to families already on welfare. In the year 2000, 80,667 children in Florida would be denied benefits if the State froze its spending on cash assistance at the 1994 levels.

In addition to the travesty this bill does to our children, this bill will pull the rug out from under our seniors who are legal immigrants. For a State like Florida whose population has such a large number of legal immigrants, the impact will be extremely high.

There is another troubling aspect of this bill we need to look at. No victim of domestic violence, no matter how abused nor how desperate, could know that if she left her abusive spouse, that she would be able to rely upon cash assistance for herself or for her children—even for a short period of time until she was able to secure employment.

I have always believed that the sign of a great society is how well it treats its most vulnerable—children and seniors. Our children are America's future. This bill prevents the future generation from meeting its potential to contribute to American society and instead dooms today's poor children to deeper poverty and no chance to take their place as productive members of our society.

Mr. SHAW. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I come over here to do something I have never done before; that is, to trespass on the Democrat side. I hope that they will give me their understanding in my doing so, because I do not do it out of smugness or arrogance. I do it out of coming together.

We have heard a lot of name calling, a lot of rhetoric, a lot of sound bites that we have heard all through this debate. We have come down a long road together. It was inevitable that the present welfare system was going to be put behind us.

Today we need to bring to closure an era of a failed welfare system. I say that and I say that from this side of the aisle because I know that the Democrats agree with the Republicans. This is not a Republican bill that we are shoving down your throats. We are going to get a lot of Democratic support today. I think the larger the support, the more chance there is for this to really work and work well.

The degree of the success that we are going to have is going to be a victory for the American people, for the poor. It is not going to be a victory for one political party. It is time now for us to put our hands out to one another and to come together to solve the problems of the poor.

Without vision, the people will perish. Unfortunately, we have not had vision in our welfare system now for many, many years. It has been allowed to sit stagnant. We have piled layer upon layer of humanity on top of each other. We have paid people not to get married. We have paid people to have children out of marriage. We have paid people not to work.

This is self-destructive behavior. We know that. We all agree with that.

I know we have heard many, many speakers: My friend, the gentleman from Georgia, JOHN LEWIS, thinking that we are going the wrong way; my friend, the gentleman from New York, CHARLIE RANGEL, saying that we are going the wrong way.

I also see some of my colleagues who have fought for different changes within the welfare bill within the Subcommittee on Human Resources of the Committee on Ways and Means, now coming to closure, where they do not believe this is a perfect bill. And I can stand here and say it is not a perfect bill, but it is as good as this Congress can do. It is as good as we can come together.

We have included the Governors in balancing out their interests and in seeing what they have been successful with and how they feel that they can be successful. We have talked to many of the Members on the Democrats' side, and to my Republican colleagues I say, we are not through. We have another long road ahead of us. We need to get to a technical corrections bill as we see problems arise within this bill that we are going to be passing today.

It was unexpected to hear that the President was going to endorse this bill and announced his signature of it. But let us now be patient with each other. Let us work with each other and let us bring this awful era of a failed welfare system to closure.

Mr. GIBBONS. Mr. Speaker, I yield the balance of my time to the gentleman from Maryland [Mr. CARDIN].

The SPEAKER pro tempore (Mr. MCINNIS) The gentleman from Maryland [Mr. CARDIN] is recognized for 2½ minutes.

Mr. CARDIN. Mr. Speaker, I thank the gentleman from Florida [Mr. GIBBONS] for yielding me the time.

Let me say to my friend, the gentleman from Florida [Mr. SHAW], first, congratulations on a job very well done and come on back over on this side of the aisle a little bit more frequently. I think that if we would have started working together in a bipartisan spirit, we could have had a better bill today, and we could have gotten here a little bit sooner. But I thank the gentleman very much for the way in which he has provided leadership on this issue. I know it has been heartfelt, and I know he has worked very, very hard.

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Mr. Speaker, I support the conference report because I think it is important that we return welfare to what it was originally intended to be, and that is a transitional temporary program to help those people that are in need. The current system does not do that. We cannot defend the current system.

But let me make it clear to my colleagues, the bill before us is a far better bill than the bill that was originally brought forward by the Republicans 2 years ago, the bill that was vetoed twice by the President. We have a better bill here today.

It is a bill that provides for major improvement in child support enforcement, something all of us agreed to; provides protective services for our children, which was not in the original bill; provides health insurance to people coming off of welfare, something that is very important; day care services, another important ingredient that people are going to get off welfare to work. Food stamps are in much better condition than the bill that was vetoed by the President. There is a Federal contingency fund in case of a downturn of our economy, and we have maintenance of effort requirements on our States so we can assure that there are certain minimum standards that are met in protecting people in our society.

The bottom line is that this bill is better than the current system.

It could have been better, and I regret that. I am not sure there is enough resources in this bill to make sure that people get adequate education and job training in order to find employment, and I look forward to working with the gentleman from Florida [Mr. SHAW] to make sure that this becomes a reality.

But I do urge my colleagues to support the conference report because bottom line: It is far better than the current system.

Yes, we are going to take a risk to get people off of welfare to work, but the current system is not fair either to the welfare recipient or the taxpayer.

This conference report is far better, and I urge my colleagues to support it.

Mr. SHAW. Mr. Speaker, I yield the balance of my time to the distinguished gentleman from Ohio [Mr. KASICH], chairman of the Committee on the Budget.

The SPEAKER pro tempore (Mr. MCINNIS) The gentleman from Ohio is recognized for 5¾ minutes.

Mr. KASICH. Mr. Speaker, I would like to initially congratulate the gentleman from Florida [Mr. SHAW] for his relentlessness in being able to pursue welfare reform and he deserves the lion's share of the credit, along with the gentleman from Texas [Mr. ARCHER], who has done an outstanding job, and although I do not see him on the floor, our very able staff director, Ron Haskins, who has probably lived with this bill for about a decade, feeling passionately about the need to reform welfare.

As my colleagues know, it was pretty amazing today to watch the President of the United States come on television and say that he was going, in fact, to sign this welfare bill. The reason why it is so amazing today is that because the American people, during all of my adult lifetime, have said that they want a system that will help people who cannot help themselves, but they want a system that is going to ask the able-bodied to get out and begin to work themselves. This has been delayed and put off, with a million excuses as to why we could not get it done.

I just want to suggest to my friends who are in opposition, and I respect their opposition; many of them just did not talk; many of them were not able to talk, as they were beaten in the civil right protests in this country. I respect their opposition. But the simple fact of the matter is that this program was losing public support.

Mr. Speaker, the cynicism connected to this program from the folks who get up and go to work every day for a living, and I do not mean the most fortunate, I mean those mothers and fathers who have had to struggle for an entire lifetime to make ends meet, they have never asked for food stamps, the have never asked for welfare, they have never asked for housing, and they are struggling. They are counting their nickels. They do not take the bus transfer because it costs a little extra money, and they walk instead so they can save some more money to educate their children. These people were becoming cynical, they were being poisoned in regard to this system, and they were demanding change.

Mr. Speaker, we all know here, as we have watched the Congress, the history of Congress over the decades, that when the American people speak, we must deliver to them what they want. They said they wanted the Vietnam war over. It took a decade, but they got it, and public cynicism and lack of support was rising against this program. It was necessary to give the people a program they could support.

But I also want to say that the American people have never, if I could be so bold as to represent a point of view, have never said that those who cannot help themselves should not be helped. That is Judio-Christianity, something that we all know has to be rekindled. Our souls must once again become attached to one another, and the people of this country and Judeo-Christianity siad it is a sin not to help somebody who needs help, but it is equally a sin to help somebody who needs to learn how to help themselves.

But I say to my friends who oppose this bill:

This is about the best of us. This is about having hopes and dreams. After 40 or 50 years of not trusting one another in our neighborhoods and having to vacate our power and our authority to the central government, to the Washington bureaucrats, this is now about reclaiming our power, it is about reclaiming our money, it is about reclaiming our authority, it is about rebuilding our community, it is about rebuilding our families, it is about cementing our neighborhoods, and it is about believing that all of us can march to that State capitol, that all of us can go into the community organizations and we can demand excellence, we can demand compassion, and that we can do it better.

We marched 30, 40 years ago because we thought people were not being treated fairly, and we march today for the very same reason. What I would say, and maybe let me take it back and say many of my friends marched. I was too young, but I watched, and I respect it. What I would suggest at the end of the day, however, is that we all are going to have to stand up for those who get neglected in reform, but frankly this system is going to provide far more benefits, far more hope, restore the confidence in the American people that we have a system that will help those that cannot help themselves and at the same time demand something from able-bodied people who can. It will benefit their children, it will help the children of those who go to work.

America is a winner in this. The President of the United States has recognized that. He has joined with this Congress, and I think we have a bipartisan effort here to move America down the road towards reclaiming our neighborhoods and helping America.

And I would say to my friends, we will be bold enough and humble enough when we see that mistakes are being made, to be able to come back and fix them; but let us not let these obstacles stand in the way of rebuilding this program based on fundamental American values. Support the conference report.

Mr. BENTSEN. Mr. Speaker, I rise in support of this welfare reform conference report. This bill is far from perfect, but it does move us down the road toward reforming the welfare system to help families in need.

I have long advocated and agree with provisions requiring work and encouraging self-sufficiency and personal responsibility.

This legislation is an improvement over more extreme earlier bills. It includes necessary provisions which I and others fought for during the last 2 years because they are important to working families, children, and fast-growing states such as Texas. It provides some transitional health care benefits and child care assistance. It retains the Federal guarantee of health care and nutritional assistance for children. It eliminates the Republicans' proposal to raise taxes on working families by cutting the earned income tax credit. It provide a safety net, albeit minimal, for high growth states such as Texas, Florida, and California and for recessions. It lets States give noncash vouchers to families whose welfare eligibility has expired, so they can buy essentials for children. None of these provisions were contained in previous so-called welfare reform.

While I am supporting this legislation, I am troubled by the elimination of benefits for legal immigrants who have participated in the workforce and paid taxes. Harris County, TX, which I represent, currently faces a measles epidemic. Future prohibitions on Medicaid for such instances would result in the State and county facing tremendous cost increases. I have no doubt that Congress will be forced to revisit this issue in part at the behest of States as we may be creating huge unfunded mandates. Unfortunately, while this bill contains many positive reforms which I support, it also contains many misguided provisions for which the only motivation is monetary, not public policy.

Mrs. FOWLER. Mr. Speaker, the American welfare system was intended to be a safety net for those who fall on hard times. Unfortunately, it has become an overgrown bureaucracy which perpetuates dependency and denies people a real chance to live the American dream.

I am pleased that President Clinton has just announced he would sign the Republican welfare bill. We knew that when it got this close to the election, this President would choose the path of political expediency, as he always does.

This legislation is not about saving money, it is about saving hope and saving lives, while reforming a broken system and preserving the safety net.

The bill encourages work and independence, and discourages illegitimacy. I urge my colleagues to vote for fairness, compassion, and responsibility. Pass the conference agreement on H.R. 3437.

Mrs. SMITH of Washington. Mr. Speaker, I strongly support the Personal Responsibility and Work Opportunity Act of 1996 (H.R. 3734). This landmark piece of welfare reform legislation emphasizes responsibility and compassion. It provides a helping hand and not a handout. Americans today want a future filled with hope. Parents want to be able to take care of themselves and their children. They want to teach their kids how to take responsibility for their lives.

This legislation reverses welfare as we know it. Today, the average length of stay for families on welfare in 13 years. The cycle of dependency must stop.

Congress' welfare reform legislation also has tough work requirements. Families must work within 2 years or lose their benefits. Work is the beginning of dignity and personal responsibility. Single mothers who desire to work but cannot leave their children home alone will be provided with child care assistance. In fact, the Personal Responsibility and Work Opportunity Act provides $14 billion in guaranteed child care funding.

Two parent families are encouraged through this plan. It takes two people to make a baby. Strong paternity requirements and tough child support measures ensure that deadbeat parents will take responsibility for their actions.

This welfare reform package is estimated to save the American taxpayers $56.2 billion over the next 6 years. It is a balanced approach that gives the States more autonomy and flexibility in crafting solutions. The Personal Responsibility and Work Opportunity Act promotes work while also guaranteeing families adequate child care, medical care, and food assistance. It is compassionate while promoting the dignity of Americans through an honest day's work. I urge my colleagues to support this bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to speak out against a great injustice, an injustice that is being committed against our Nation's children, defenseless, nonvoting, children, I am referring of course to the conference agreement on H.R. 3734, the Personal Responsibility and Work Opportunity Act.

We speak so often in this House about family values and protecting children. At the same time however, my colleagues on the other side of the aisle, have presented a welfare reform bill that will effectively eliminate the Federal guarantee of assistance for poor children in this country for the first time in 60 years and will push millions more children into poverty.

A recent study by the Urban Institute estimated that the welfare legislation passed by the House would increase the number of children in poverty by 1.1 million, or 12 percent. The analysis estimated that families on welfare would lose, on average, about $1,000 a year once the bill is fully implemented. More than a fifth of American families with children would be affected by the legislation.

This partisan legislation is antifamily and antichild. The Republican bill continues to be weak on work and hard on families. Without adequate funding for education, training, child care and employment, most of our Nation's poor will be unable to avoid or escape the welfare trap. Even before the adoption of amendments increasing work in committee, the Congressional Budget Office [CBO] estimated that the Republican proposal is some $9 billion short of what would be needed in fiscal years 1999 through 2002 to provide adequate money for the States to carry out the work program.

Furthermore, the increase in the minimum work hours requirement, without a commemsurate increase in child care funding, will make it almost impossible for States to provide child care for families making the transition from welfare to work. True welfare reform can never be achieved and welfare dependency will never be broken, unless we provide adequate education, training, child care, and jobs that pay a living wage.

I am particularly concerned that, like the House bill, the conference agreement prohibits using cash welfare block grant funds to provide vouchers for children in families who have been cut off from benefits because of the 5-year limit. We must not abandon the children of families whose benefits are cut off. We must continue to ensure that they will be provided for and not punished for the actions of their parents.

Many more children will be hurt by the bill's denial of benefits to legal immigrants. Low-income legal immigrants would be denied aid provided under major programs such as SSI and food stamps. States would also have the option of denying Medicaid to legal immigrants. They would also be denied assistance under smaller programs such as meals-on-wheels to the homebound elderly and prenatal care for pregnant women. Under this bill, nearly half a million current elderly and disabled beneficiaries who are legal immigrants would be terminated from the SSI Program. Similarly, the Congressional Budget Office estimated that under the House bill, which is similar to the conference agreement, approximately 140,000 low-income legal immigrant children who would be eligible for Medicaid under current law would be denied it under this legislation. Most of these children are likely to have no other health insurance. I cannot believe we would pass legislation that would result in even one more child being denied health care that could prevent disease and illness.

This bill also changes the guideline under which nonimmigrant children qualify for benefits under the SSI Program.

As a result, the CBO estimates that by 2002, some 315,000 low-income disabled children who would qualify for benefits under current law would be denied SSI. This represents 22 percent of the children that would qualify under current law. The bill would reduce the total benefits the program provides to disabled children by more than $7 billion over 6 years.

Mr. Speaker, mandatory welfare-to-work programs can get parent off welfare and into jobs, but only if the program is well designed and is given the resources to be successful. The GOP bill is punitive and wrongheaded. It will not put people to work, it will put them on the street. Any restructuring of the welfare system must move people away from dependency toward self-sufficiency. Facilitating the transition off welfare requires job training, guaranteed child care, and health insurance at an affordable price.

We cannot expect to reduce our welfare rolls if we do not provide the women of this Nation the opportunity to better themselves and their families through job training and education, if we do not provide them with good quality child care and, most importantly, if we do not provide them with a job.

Together, welfare programs make up the safety net that poor children and their families rely on in times of need. We must not allow the safety net to be shredded. We must keep our promises to the children of this Nation. We must ensure that in times of need they receive the health care, food, and general services they need to survive. I urge my colleagues to oppose this dangerous legislation and to live up to our moral responsibility to help the poor help themselves.

Mr. BLILEY. Mr. Speaker, it is with pleasure that I take this opportunity to address the welfare reform conference report before us today. This measure will do exactly what its name promises: promote personal responsibility and work opportunity for disadvantaged Americans. More important, it will replace the despair of welfare dependency with the pride of independence.

This measure is critical to welfare reform initiatives taking place in the States. In my State, the Virginia Independence Program has already helped two-thirds of all eligible welfare recipients find meaningful jobs and restore hope to their lives.

This legislation will enable Virginia to continue its highly successful statewide reform program. And it will allow other States to create similar initiatives—without having to waste time and money seeking a waiver from the Federal Government.

I am also proud of the role that the Commerce Committee has played in crafting this landmark initiative. Although the Medicaid reform plan designed by the Nation's Republican and Democrat Governors is not a part of this legislation, the conference report does include important Medicaid provisions.

In particular, the conference report guarantees continued coverage for all those who are eligible under the current AFDC Program. It also ensures that eligible children will not lose the health coverage they need. And it requires adult recipients to comply with work requirements in order to remain eligible for Medicaid benefits.

Mr. Speaker, I would like to close by congratulating all those who helped to shape this historic measure. It deserves our full support, and it should be signed by the President.

Mr. COSTELLO. Mr. Speaker, today this body will take a large step in making sweeping reform in our welfare system. By passing the welfare reform agreement, we move toward a system that emphasizes work and independence—a new system that represents real change and expanded opportunity. Although this bill is not perfect, it is our best chance in years to enact welfare reform that represents an opportunity to improve the current system.

Sadly, our current system hurts the very people it is designed to protect by perpetuating a cycle of dependency. For those stuck on welfare, the system is not working. It is clear that we cannot and should not continue with the status quo. The status quo has fostered an entire culture of poverty. Our current system does little to help poor individuals move from welfare to work.

It is clear the best antipoverty program is a job. To that end, this bill encourages work. It requires welfare recipients to work after 2 years and imposes a 5-year lifetime limit on welfare benefits. The bill turns Aid to Families with Dependent Children [AFDC] into a block grant program, allowing States to create their own unique welfare programs to best serve their residents. The bill maintains health care benefits for those currently receiving Medicaid because of their AFDC eligibility and provides $14 billion for child care so parents can go to work without worrying about the health and safety of their children. In addition, this bill preserves the earned income tax credit which has been successful in helping working families.

Mr. Speaker, I voted against the Republican welfare reform bill when it was before this House. That bill represented a drastic departure from the actual intent of welfare—to help the most vulnerable in our society in their time of need. The House bill eliminated the safety net of Medicaid and food stamps for many children. It was mean in spirit and should not have passed. The conference agreement that is before us today, however, is much more reasonable. Children will have the guarantee of health care coverage through Medicaid even as their parents transition to work. Further, unlike the House bill, States will not be able to opt out of the Federal Food Stamp Program. The conference agreement is a far better bill than the measure passed by the House. It is a bold, yet compassionate step in helping foster independence.

I am pleased the President has indicated he will sign this bill into law. I applaud the President—who has worked on this issue for years, even before it was politically fashionable—for continuing to insist that the bill be improved before signing it into law. While the President and I agree that this bill is by no means perfect, it is a good starting point. We can begin the process of moving toward a system that encourages and rewards work for all able-bodied citizens.

Mr. TORRES. Mr. Speaker, I rise in opposition to this antifamily, antichildren bill. There are so many parts of this bill that should concern us. I could stand here all day and describe, in detail, how this bill falls short of our shared goal of welfare reform.

For example, consider the effects on our Nation's most unfortunate children. I say unfortunate because these children are being sacrificed by election year politics simply because they came from poor families. Their already difficult lives will be made impossible due to food stamp reductions, loss of SSI assistance, and no guarantee of Federal assistance when time runs out for them and their families. The effect will be to drown an additional 1.1 million children in poverty.

Like I said, I could go on and on. But, I won't waste your time discussing what we all know: that block grants aren't responsive to a changing economy and inadequate child-care provisions make welfare-to-work a very difficult journey.

I will tell you what this so-called reform will mean to California, and how my State is being asked to absorb 40 percent of the proposed cuts. Why? Because California is home to the largest immigrant population in our country and this bill denies legal immigrants Federal assistance. It does not take much to do the math and understand the consequences of denying food stamps, supplemental security income, or Medicaid to our legal immigrant population. There are no exceptions for children or the elderly, regardless of the situation.

The needs of these taxpaying, legal residents will not vanish because the Federal Government looks the other way. The children will still be hungry, the elderly will still get sick, and the disabled will still have special needs. Someone will have to provide these services, and it will be our cities and counties who are forced to pick up the tab. And for California, the bill will be approximately $9 billion over 7 years.

My district of Los Angeles County is home to some 3 million foreign-born residents. County officials estimate that denying SSI to legal immigrants could cost the county as much as $236 million per year in general relief assistance. More importantly, this translates into no Federal assistance for the elderly or disabled children.

These costs would continue to rise with the loss of Medicaid coverage for legal immigrants. More than 830,000 legal immigrants in California would lose Medicaid coverage, including 286,000 children. Overall, the total number of uninsured persons in California would rise from 6.6 million to 7.4 million. Under this bill, these people would turn to county hospitals for care. And the costs of that care will be shifted to local governments already operating on shoe string budgets. In Los Angeles County, this could mean as much as $240 million per year.

To say this is unfair is an understatement. Legal residents, who play by the rules and contribute over $90 billion a year in taxes, do not deserve this. They deserve what they earn; to be treated with the same care and provided with the same services enjoyed by the rest of the tax-paying community.

I encourage my colleagues to oppose these short-sighted cuts and unfair rule changes: Say no to a bad deal and vote against this report.

Mr. ORTON. Mr. Speaker, I am pleased to rise in support of this welfare reform bill. I commend this Congress for creating a flexible reform bill that will allow Utah and other innovative States to continue their successful welfare reform efforts.

My greatest concerns during the course of the welfare reform debate have been to transform the system to a work-based system, to ensure that States like Utah have the flexibility to continue their successful reform efforts, and to protect innocent children. I have worked diligently with colleagues on both sides of the aisle to craft a bill that accomplishes these goals, and I am pleased to say that Congress has finally passed a bill that achieves them.

I am extremely pleased that this bill contains a provision that allows Utah to continue its successful welfare reform efforts. Under the bill that passed the House 2 weeks ago, Utah would have had to change its program to meet the restrictive Federal requirements contained in the bill. Moreover, CBO estimated that the earlier bill imposed $13 billion in unfunded costs on States unless they restricted eligibility or decreased assistance to those in need. Both the National Governors' Association and the State of Utah expressed concerns about these unfunded costs. I worked with members of the conference committee to address these concerns, and now we have a bill that really is flexible.

The bill that passed the House today contained several of the provisions proposed by myself and others who have worked over recent months to find bipartisan common ground on welfare reform. For instance, this conference report is much more flexible than the earlier House bill because it allows States with waivers to use their own participation definition in meeting Federal work participation requirements. It also reduces the unfunded costs in the bill substantially. Unlike the House version, the conference report maintains current protections against child abuse, guarantees that children do not lose their Medicaid health care coverage as a result of the bill, and provides States with the option to provide noncash assistance to children whose parents have reached the time limit. Finally, it improves upon maintenance of effort provisions and enforcement of work participation rates.

It wasn't long ago that we were debating H.R. 4, an extreme proposal that would have eliminated 23 child protection programs like foster care and child abuse protection and replaced them with a block grant that contained $2.7 billion less funding than provided under current law. H.R. 4 would have eliminated nutrition programs like school lunch, school breakfast, the Summer Food and Adult Care Food Program, the Women, Infants and Children Program, and the Homeless Children Nutrition Program, and replaced them with two block grants that provided $6.6 billion less funding for nutrition than provided under current law. Although claims were made that there were no cuts to certain popular programs like school lunch, the truth was a State would have to eliminate or severely reduce all other programs in order to fully fund these high profile programs.

Even in the House version of welfare reform passed 2 weeks ago, children could have lost their Medicaid coverage as the result of the bill; current child abuse protections were eliminated and States were prohibited from providing noncash assistance to children whose parents have reached the time limit. I am pleased that the conference report has corrected these provisions and protected children.

Previous bills, which I opposed, treated 4-year-old children like 40-year-old deadbeats. This bill is far better for children and far more flexible for States than any of the other welfare reform proposals that have been passed by this Congress. We finally have a bill that should be signed into law.

Mr. TANNER. Mr. Speaker, there is virtually universal agreement that our current welfare system is broken and must be dramatically overhauled. Americans are a compassionate people, eager to lend a helping hand to hard workers experiencing temporary difficulties and especially to children who are victims of circumstances beyond their control. But Americans also are a just people, expecting everyone to contribute as they are able and to take responsibility for themselves and their families. It is the balancing of these two concerns that makes correcting our welfare system a challenge, but a challenge which must be met.

This welfare reform conference report is far from perfect, but it clearly is preferable to continuing the current system and preferable to welfare legislation considered earlier this Congress. For these reasons, we support the welfare reform conference report and have encouraged the President to sign it.

We have opposed previous welfare reform proposals because we believed that they offered empty, unsustainable promises of moving welfare recipients to work. Additionally, earlier bills were seriously deficient in their protections for children and other truly vulnerable populations. We have decided to support this final conference report because it is considerably better than the welfare reform bill (H.R. 4) appropriately vetoed by the President last year and it also makes significant improvements to the bill passed by the House last week. The conference committee agreed with our proposals giving States additional flexibility in moving welfare recipients to work, allowing States to use block grant funds to provide vouchers, and providing other protections for children.

This conference report incorporates several improvements proposed by the National Governors' Association to H.R. 4 in its final form. it provides $4 billion more funding for child care that will assist parents transitioning to work. It doubles the contingency fund for States facing larger welfare rolls caused by economic downturns. The latest bill returns to a guaranteed status children eligible for school lunch and child abuse prevention programs. The reductions in benefits for disabled children contained in last year's H.R. 4 are eliminated, and greater allowances are made for hardship cases, increasing the hardship exemption from the benefit time limits to 20 percent of a State's caseload.

Several changes proposed in the Castle-Tanner alternative were subsequently made to the bill passed by the House in July. The amount States must spend on child care was increased. Additionally, States will be required to assess the needs of welfare applicants and prepare an individual responsibility contract outlining a plan to move to work. Also, an increase in the State maintenance of effort for States that fail to meet the participation rates was added to the bill. All of these changes strengthen the effort of moving welfare recipients to work.

The conference report further improved the bill. The conferees adopted our suggestions providing additional State flexibility in developing work programs and adding additional protections for children. We were disappointed that the conference did not incorporate constructive suggestions that were made regarding penalties for failure to meet work requirements and, unfortunately, an authorization for additional work funds was eliminated because of parliamentary "Byrd rule" considerations in the Senate. On balance, however, the conference report produced a bill that is significantly better than the bill passed by the House.

President Clinton already has approved waivers allowing 41 States to implement innovative programs to move welfare recipients to work. The House's Welfare Reform bill would have restricted those State reform initiatives by imposing work mandates that are less flexible than States are implementing. Over 20 States would have been required to change their work programs to meet the mandates in that earlier House bill or face substantial penalties from the Federal Government.

The conference report now allows States that are implementing welfare waivers to go forward with those efforts. Specifically, the conference report allows those States to count individuals who are participating in State-authorized work programs in meeting the work participation rates in the bill, even work programs which otherwise do not meet the Federal mandates in the bill.

States such as Tennessee and Texas that have just received waivers will be permitted to begin implementing these reforms and States like Utah and Michigan which have a track record in moving welfare recipients into self-sufficiency will be able to continue their programs. We will work to ensure that States will continue to have this flexibility when their waivers expire if the State plan is successful.

Another key goal we have maintained throughout the debate is protecting innocent children. The earlier House bill would have treated a 4-year-old child the same as a 24-year-old deadbeat by prohibiting States from using block grant funds to provide vouchers after the time limit for benefits to the parents had expired. The conference report reverses this extreme position. In addition, the conference report moderates the impact of the food stamp cuts on children by maintaining a guaranteed status for children and by increasing the housing deduction to $300 a month for families with children.

Third, we have been concerned about the impact of health coverage to individuals and payments to health providers as a result of welfare reform. The House bill effectively would have denied Medicaid to thousands of individuals, removing $9 billion of Medicaid assistance from the health care system and resulting in a cost shift to health care providers that would affect the cost, availability, and quality of care of to everyone. While the correction is less than we had hoped, the conference report effectively reduces this cost shift to health care providers by more than half. The conference report also contains language very similar to the Castle-Tanner bill continuing current Medicaid eligibility rules for AFDC-related populations, ensuring that no one loses health care coverage as a result of welfare reform.

As we began by saying, this conference report is far from perfect and we continue to have concerns about the impact of several provisions. Although the report provides States with additional flexibility in implementing work programs, the work provisions in the bill still may impose unfunded mandates on States that will make it more difficult to move welfare recipients to work. Given the unfunded mandates in the bill, the provisions penalizing States for failing to meet participation rates by reducing funding to the State are counterproductive. The contingency fund in the conference report, while much stronger than the contingency fund in H.R. 4, will not be sufficient to respond to a severe national or regional recession.

The conference report contains a requirement that Congress review the impact of the bill 3 years. This review process will allow Congress to make a number of changes that we feel certain will be necessary to fulfill successful welfare reform.

Despite these reservations, we believe that it is critical that welfare reform be enacted this year. Failure to do so will signal yet another wasted opportunity to make critically needed reforms. We should enact this conference report and fix the current system now, moving toward a system that better promotes work and individual responsibility.

Mr. ROYCE. Mr. Speaker, as I was reading the papers this morning I noticed some stories that claimed that this welfare reform proposal is not such a big change—that its significance has been overrated. That all sides are coming to a consensus and it's not such a big deal after all.

In the short term, that's how it may look. But in the long term, we are making a fundamental change to the status quo—we've gone beyond questioning the failed policies of the past—we are implementing a whole new approach. We are beginning to replace the welfare state with an opportunity society.

Ideas have consequences and bad ideas have bad consequences. The Great Society approach may have been well-intentioned, but the impact was tragic. We have done a disservice to those who have fallen into the welfare trap. The incentives have been all wrong and the logic backward.

We need a welfare system that saves families, rather than breaking them. And that's what this bill does.

Our welfare system has deprived people of hope, diminished opportunity and destroyed lives. Go into our inner cities and you will find a generation fed on food stamps but starved of nurturing and hope. You'll meet young teens in their third pregnancy. You'll meet fatherless children. You'll talk to sixth graders who don't know how many inches are in a foot. And you'll talk to first-graders who don't know their ABC's.

It's time for Washington to learn from its past mistakes. It's time to reform our welfare system, to encourage families to stay together and to put recipients back to work.

That's what our plan does. Four years ago, President Clinton promised to end welfare as we know it, and I am pleased that he has committed to sign our bill into law.

Our plan calls for sweeping child support enforcement. We end welfare for those who won't cooperate on child support. We strengthen provisions to establish paternity. We force young men to realize they will be required to provide financial support for their children by requiring States to establish an automated State registry to track child support information.

One of the key elements of our welfare reform bill is ending fraudulent welfare payments to prisoners and illegal immigrants—saving $22 billion.

Each year, millions of taxpayer dollars are illegally sent to prisoners in State and local jails through the Supplemental Security Income Program. In fact, in one case, infamous "Freeway Killer" William Bonin illegally collected SSI benefits for 14 years while on San Quentin's death row.

This bill removes the Washington-based intermeddling and bureaucratic micromanagement that has resulted in welfare programs that build a welfare population but do not relieve the suffering of those who are poor. We do not want to maintain the poor, we want to transform them. That's exactly what this bill would do.

Mr. SABO. Mr. Speaker, today we will debate legislation to radically change our welfare system. We will hear a lot about the fundamental principles that should govern the way we help those truly in need. And while I agree with those who say our welfare system must work better for the American people, we need to remember that something much more profound than rhetoric is at stake.

There is no denying that we should encourage work and parental responsibility. And I have long argued that States and localities can deliver some services better than we can at the Federal level. But, there are also other principles that we need to remember when we discuss welfare.

We need to remember that the safety net for vulnerable people is fundamentally important to our society. There has long been widespread support among Americans of all political views that the Government should help people who are too sick, too old or too young to help themselves—particularly when they don't have families who can take care of them. This is why the safety net was developed in the first place and has had the continued support of Republicans such as Richard Nixon and Ronald Reagan as well as Democrats.

I congratulate the Republican majority for its attempts to reform welfare, but I believe this legislation fails in many ways. Simply labeling this bill welfare reform cannot disguise the fact that it shreds the national safety net for millions of vulnerable people.

The Urban Institute has estimated that 1.1 million children will be pushed into poverty because of this legislation. More than a fifth of American families with children will be hurt by it. They also note that almost half of the families affected by this bill are already employed.

The provision to cut off food stamps after 3 months for unemployed people without dependents is unprecedented and unnecessarily harsh. These are some of the most vulnerable people in our country. Under this measure, even if they are trying to find work, if they don't succeed they will go hungry.

And, personally, I find the treatment of legal immigrants mystifying. My parents were immigrants. They, like many others, came to this country, worked hard, and contributed to their community. Today's immigrants are no different. They come to this country, they work hard, and they pay taxes. If they should fall upon hard times, why shouldn't we help them just like we help each other? Under the terms of this bill we aren't allowed to help them. They lose food stamps and SSI even if they have been paying taxes and living legally in this country for years. And new immigrants will be denied Medicaid.

Equally as disturbing as this bill's reduction in its Federal commitment to a national safety net is the pressure it puts on States to reduce their commitments to help vulnerable people. The reduction in State match set by the bill and the flexibility to shift 30 percent of basic block grant moneys to other uses will exacerbate pressures within State governments to pull their own resources out of these programs. That combined with the cuts in Federal dollars will lead to a sharp reduction in resources available for needed services and benefits.

The logical end result of all these interactions is significant cost-shifting to local governments. Because of the deep cut in Federal resources and potential reductions in State support, localities will need to spend more of their own funds to help move people from welfare to work and to provide needed services while that process is occurring. Many local officials including the Republican mayor of New York, Rudolph Giuliani, have expressed alarm at the hundreds of millions of dollars in additional costs their cities and residents will have to bear. Clearly, this will mean higher property taxes for working families all over the country.

We should reform our welfare system. But we must do it in a way that does not simply shift costs and that does not abandon the safety net for people who are truly in need. Unfortunately, Mr. Speaker, this bill badly fails that test and America will be the worse for it. We can and should do better.

Mr. CLAY. Mr. Speaker, I condemn both the process and the substance of the Republican conference agreement on welfare. As the 104th Congress draws to a close, the Republican majority has not wavered from its autocratic role of this institution nor from its vicious indifference to our Nation's poor and infirm.

Like my other Democratic colleagues, I was systematically denied any meaningful role on that conference. The time and location of conference negotiations have been a closely-held secret among Republicans. This most antidemocratic process is an affront to the people of the 1st Congressional District of Missouri who send me here to represent their concerns on all matters of political discourse. Time and time again, this new Republican majority has interfered with my ability to fully represent the interests of my constituents.

As a matter of policy and substance, this conference report is an evil charade. From the outset, I had little expectation that the final product of the conference would mean reasonable, viable, and compassionate welfare reform. After all, both the House and Senate bill contained unrealistic work requirements, woeful funding for meaningful workfare, and the very real risk of throwing millions of children into poverty.

The Republican majority has no real interest in truly reforming welfare. Then real objective is to steal $60 billion from antipoverty and antihunger programs in order to help finance their tax cuts and other gifts to the wealthy—Robin Hood in reverse. I can think of no more desperate, shameful act than to use the poor, especially children and the elderly, in a game of political chicken.

Mr. Speaker, I cannot in good conscience support a welfare reform bill that will punish those who, through no fault of their own, must turn to their Government for help in times of need.

Mr. CUNNINGHAM. Mr. Speaker, I proudly rise to support the conference report for H.R. 3734, the Personal Responsibility and Work Opportunity Act.

As chairman of the House Subcommittee on Early Childhood, Youth and Families, as a former teacher and coach, and as a dad, I understand the need to take into account the needs and interests of children. I cannot imagine a policy that is crueler to children than the current welfare system. Certainly it was born of the good intention to help the poor. But in the name of compassion, we have unleashed an unmitigated disaster upon America. Today's welfare system rewards and encourages the destruction of families, and childbirth out of wedlock. It penalizes work and learning. It poisons our communities and our country with generation after generation of welfare dependency. It robs human beings of hope and life and any opportunities at the American Dream.

In the name of compassion, and with good intentions, the welfare status quo is mean and extreme to children. It is mean and extreme to families. It is mean and extreme to the hard-working Americans who foot the bill.

Thus, without a doubt, we must replace this mean, extreme, and failed system of welfare dependency with work, hope, and opportunity. We can and must do better as Americans. And we will, by adopting this compassionate, historic legislation.

Our measure makes welfare a way up, not a way of life. It replaces Washington-knows-best with local control and responsibility. It replaces a system that rewards illegitimacy and destroys families, with a family-friendly fighting chance at the American Dream.

Now, President Clinton promised in his 1992 campaign to end welfare as we know it. He also made several other promises, including starting his administration with middle class tax relief. Unfortunately, the President has not kept his promises. He raised taxes. And twice, he has vetoed legislation to fulfill his own promise to end welfare. The President who pledged to end welfare as we know it has twice vetoed legislation to end welfare for illegal aliens.

Let me speak for a moment about illegal aliens. Illegal immigration is breaking our treasury, burdening California, and trying America's patience. It is wrong for our welfare system to provide lavish benefits for persons in America in violation of our laws.

I am proud that the Personal Responsibility and Work Opportunity Act ends welfare for illegal aliens. It ends eligibility for Government programs for illegal aliens. It ends the taxpayer-funded red carpet for illegal aliens. Our plan is to send a clear message to those who jump our borders, violate our laws, and reside in America illegally: Go home. Stop freeloading off of hard-working American taxpayers.

Let me address the matter of legal immigrants. America is a beacon of hope and opportunity for the world. That is why we continue to have the most generous system of legal immigration that history has ever known. It is in America's interest to invite those who want to work for a better life, and have a fighting chance at the American Dream. But we will not support those who come to America to be dependent upon our social safety net. Thus, our legislation places priority on helping American citizens first, and represents the values held by Americans.

For we are determined to liberate families from welfare dependency and get them work and a chance at the American Dream. We understand that for many single parents, child care can make the difference between being able to work or not. That's why or bill provides more and better child care, with less bureaucracy and redtape, and more choices and resources for parents striving for a better life.

Here are the facts: This conference report provides $22 billion for child care over 7 years. That amounts to $4.5 billion over current law, and $1.7 billion more than President Clinton's plan recommends. And we dramatically increase resources for child care quality improvement. By investing in quality child care, we provide more families the opportunity to be free from welfare dependency and to strive for the American Dream.

In the end, this bill is what is about the best of America. We are a compassionate people, united by common ideals of freedom and opportunity. The great glory of this land of opportunity is the American Dream. Families trapped by welfare, and especially their children, have had this dream deferred. We can do better. And we do, through this legislation, because this is America. I urge the adoption of the conference report on H.R. 3734.

Mr. BILIRAKIS. Mr. Speaker, I would like to join in supporting the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. As representatives of the people, we do not get as many opportunities as we would like to do something that will truly help improve the lives of the people we serve.

This bill presents us with just such an opportunity.

The landmark welfare reform plan before us today will bring education, training, and jobs to low-income Americans. It will replace welfare dependence with economic self-reliance. And it will create more hopeful futures for the children of participants.

This conference report is more than just a prescription for much-needed welfare reform. It is what I hope will be the first step in our bipartisan efforts to improve the public assistance programs on which disadvantaged families depend.

Last February, the Nation's Republican and Democrat Governors unanimously endorsed welfare and Medicaid reform plans. And although the conference report before us today will give States the tools they need to improve their public assistance programs, our work is not done.

After all, welfare as we know it means more than AFDC. It includes food stamps, housing assistance, and energy assistance. And it includes medical assistance.

That's right—for millions of Americans, Medicaid is welfare. That is because income assistance alone is not sufficient to meet the pressing needs of disadvantaged families.

For States, too, Medicaid is welfare. In fact, it makes up the largest share of State public assistance funding. As a share of State budgets, Medicaid is four times larger than AFDC.

If President Clinton does the right thing and signs this welfare reform bill into law, Medicaid will still be caught up in the choking bureaucratic redtape of Federal control. That is why the Medicaid program must be restructured if States are to fully succeed in making public assistance programs more responsive and effective.

I commend my colleagues on both sides of the aisle for their commitment to true welfare reform. And I look forward to continuing our efforts to making all sources of public assistance work better for those who need a helping hand up.

Thank you.

Mr. REED. Mr. Speaker, today's vote is about change. Today we begin the move from a status quo that no one approves of to a reformed and improved welfare system. Our current welfare system traps too many families in a cycle of dependency and does little to encourage or help such individuals find employment. Both welfare recipients and taxpayers lose if the status quo is maintained.

I have repeatedly stated that meaningful welfare reform should move recipients to work and protect children. Just 2 weeks ago, I supported a bipartisan welfare plan, authored by Republican Representative Michael Castle and Democratic Representative John Tanner, which I believe met these goals.

The conference agreement on H.R. 3734 is not perfect, but it is a good first step into an era of necessary welfare reform. This legislation contains many useful and necessary improvements over the previous welfare proposals put forth by the Republican majority. In fact, this legislation has moved several steps closer to the Castle-Tanner bill.

The agreement ensures that low-income mothers and children retain their Medicaid eligibility; provides increased child care funding; removes the optional food stamp block grant; removes the adoption and foster care block grant; and allows States to use a portion of their Federal funding to provide assistance to children whose families have been cut off welfare because of the 5-year time limit.

While this legislation attempts to protect children from the shortcomings and failures of their parents, it does not fulfill all of my goals for welfare reform. I am concerned that H.R. 3734 fails to provide adequate Federal resources for States to implement work programs, nor does it contain adequate resources for States and individuals in the event of a severe recession.

In addition, the legislation makes cuts in food stamps for unemployed individuals willing to work and contains legal immigrant provisions that will deny access by legal immigrant children to SSI, food stamps, and other benefits. These concerns should be rectified by this and subsequent Congresses. I am committed to realizing this goal, and therefore, I am pleased that the President plans to propose legislation to repeal many of these provisions.

Furthermore, several States are currently working on plans to reform their welfare reform systems. We must ensure that these efforts are accommodated by this legislation.

This is the first Republican proposal which adequately acknowledges the need to protect children, while emphasizing work. Rhode Island, through the work of a coalition of State officials, business leaders, and advocacy groups, has crafted a welfare reform plan that also accomplishes these goals. Should H.R. 3734 prove detrimental to Rhode Island or the children of Rhode Island, I will work to make necessary changes to further strengthen the Nation's welfare reform efforts.

Mr. GOODLATTE. Mr. Speaker, I rise in strong support of this conference report. Despite the slanderous accusations by the advocates of the current welfare state, our welfare reform plan is compassionate and humane, two adjectives rarely used to describe the current welfare program.

Our welfare reform plan ends welfare as a way of life and gives back welfare recipients their self-worth. By replacing welfare with work, current recipients will realize that they have talents in which to make a productive and self-reliant life. They are so used to the government providing for them that they never believed they could provide for themselves and their families.

We know this transition isn't going to be easy; nothing worth having is easy. That is why our welfare reform plan continues government assistance as long as they are making a good-faith effort to be a productive member of society.

We separate from bona fide eligible welfare candidates those who have been convicted of a felony or those that refuse to become citizens. For too long, those that have been trying to make their own way but are suppressed by the big thumb of government have been represented by those welfare recipients that make the headlines. By denying convicted felons and noncitizens taxpayer-funded assistance we take away the scourge previously associated with all welfare benefits. We create a new benevolent program and therefore a positive and refreshing atmosphere for its recipients.

Along with increased sense of self-worth that necessarily comes with a pay check that isn't a donation comes a greater sense of personal responsibility. Our reform promotes self-responsibility in an attempt to half rising illegitimacy rates. Once we diminish illegitimacy we can truly end the cycle of dependency created by our current welfare state.

As a condition for benefit eligibility, a mother must identify the father. This will ensure that single parents get the support they need and remind fathers that their children is their responsibility, not the State's.

Our welfare reform plan gives power and flexibility back to the States. I think this is the provision that gives the proponents of the current welfare state the most heartburn. The block grants give the power and flexibility once enjoyed by big government advocates to our Nation's Governors and State legislatures. Non longer will Washington power brokers be able to dictate who gets and how much they get. Rather, those who know the solutions for their unique challenges won't have to wait for bureaucratic approval to put their programs in action.

Mr. Speaker, not only is this reform plan historic, it is futuristic. This plan ends welfare as we know it and helps us see a society which encourages all of its members to be productive and self-reliant.

Mr. FRANKS of Connecticut. Mr. Speaker, this welfare reform conference bill brings us one step closer to fixing a welfare system that has been broken and in need of major repairs. We have had a welfare system that has caused generations of American citizens to live in poverty and become consumed by a condition of hopelessness and despair. We have had a welfare system that has created dependency upon a monthly stipend instead of employment as a viable solution to overcome poverty.

I strongly believe in the American dream where each individual is given the opportunity to work, provide for their family, and participate in our society. The current welfare system has taken that dream away from too many Americans.

The conference committee bill represents the change that will place the welfare program back into the hands of the States so that States can implement programs that best fit the needs of their welfare constituents. The bill will reinforce the American principle in which parents are responsible for the well-being of their children. Welfare recipients will be required to identify the absent father, and all able-bodied parents will be expected to work to provide for the needs of their children. The bill strengthens child support enforcement so that absent fathers will be located and required to pay child support.

The conference committee bill encourages States to implement the debit card for disbursement of welfare funds and food stamps. No longer will welfare recipients be able to use welfare funds to purchase illegal drugs. The bill will bring greater accountability in the spending of American taxpayer's money.

This conference committee bill will lead to greater self-sufficiency. The bill will give families who have had to live in poverty a new chance for a better life and an opportunity to participate in the American dream.

I urge support for the conference committee bill.

Mrs. COLLINS of Illinois. Mr. Speaker, I have heard of a rush to anger and a rush to judgment. What we have here is a rush to the floor. We're told an agreement on a conference committee report to H.R. 3734 was made near midnight last night. I haven't seen the conference report and don't know what's in the conference agreement. I read what's in the National Journal's Congress Daily/A.M. edition and the Congressional Quarterly's House Action Reports "Conference Summary." The Congressional Quarterly Action Report includes the disclaimer that they haven't seen the conference agreement report either, but prepared a morning briefing anyway, using information provided by committee staff. Well, excuse me.

I don't consider it appropriate to rely only on some nebulous statement written by someone who hasn't read the report before casting my vote on behalf of my constituents. I want to have a copy of the legislation available and that's why we have the rule that we don't vote on a conference agreement the same day it is reported.

In my 23 years in the Congress, I have been accustomed to reading and studying legislation before I cast my vote on behalf of the Seventh District of Illinois, a responsibility I take very seriously. The House has rules governing debate, rules designed to keep us from rushing to judgment. Those rules dictate that we don't vote on conference reports the same day they are filed so that we have time to study the provisions. That's why there is a two-thirds majority vote requirement to overturn that rule.

So why are we being asked to waive the time requirement and go immediately to a vote on this conference report? We are told we will have 1 hour of debate on the rule that will give us 1 hour of debate to consider a special rule to waive the two-thirds vote requirement. Why? Because once again the Gingrich Republicans are trying to force legislation through the process without adhering to the safeguards established to protect the American people and the legislative process.

I object to this rule and urge my colleagues to defeat this rule so that America has a chance to look at what we are being asked to approve as new changes, major revisions really, in the provisions and control of public assistance programs that provide a safety net for the needy and vulnerable among us. I owe it to my constituents to study legislation and weigh the measure before casting my vote for them. Let's get back to reasoned debate, let's follow the rules, just like we are going to ask the recipients of the benefits provided or denied under this bill to follow. Let's stop changing the rules as it suits the desires of the Gingrich Republicans. I urge my colleagues to defeat this motion to change the rules. I yield back the balance of my time.

Mr. BLUMENAUER. Mr. Speaker, there is perhaps no more urgent issue in America today than ending welfare dependency.

In place of a welfare program built around welfare checks, we need a program built around helping people get paychecks. We need to move people toward work and independence. And we need to be tough on work and protective of children.

When the work on welfare reform started last year, the Republican proposals were weak on work, tough on kids, and the President was right to veto them.

Unfortunately, the bill before us today, while a significant improvement on the earlier versions, still falls short in both regards.

On work, the bill is, in fact, too weak, for it underfunds employment assistance by $13 billion. According to the Congressional Budget Office, a $13 billion shortfall is a guarantee that no State can meet the employment requirements in this bill. So we have missed an opportunity to make these poor families self-supporting.

On children, the bill is, in fact, too weak in its child care provisions; it is too harsh in the manner children are punished for the failures of their parents; and it is far too extreme in its potential to push an additional 1 million children into poverty.

I am also deeply concerned by the fundamental premise of this legislation. There are many Governors, in many States, who today are sincerely committed to using a welfare block grant to raise the well-being and quality of life of people within their States. And as I listen to them, I hear a haunting echo of a situation which occurred some years ago when many well-intended State legislators, myself included, voted to transition the mentally ill in Oregon into mainstream society. The concept seemed solid, as the welfare block grant seems to many Governors. But when the 1980's recession hit Oregon, the commitments we made to the mentally ill—similar in so many ways to the commitment the Governors today are making to their welfare recipients—simply came undone. And today, many years later, the mentally ill of Oregon still live on the streets, and Oregon's neighborhoods and local governments are struggling under the burden of serving this neglected population.

This, Mr. Speaker, is what I fear we face when the next recession rumbles through this land. When times get tough, and resources grow scarce, and the contingency funds are drawn down, who will be hurt the most? Will it be our schools? Our ports? Our highway funds? Our economic competitiveness programs? Or will it be those who are struggling to find a route out of poverty?

I fear without adequate planning, safeguards, standards, and funding, welfare reform will likewise turn into a nightmare not just for the poor, but for the people in our community ill-equipped to deal with the consequences of another experiment that backfires.

Mr. POSHARD. Mr. Speaker, I rise in support of this conference agreement on welfare reform. This is truly an important moment in my legislative career and in the history of the House. I trust our judgement today will be proven wise in years to come.

I have supported welfare reform with my work and with my votes during this session. I voted for the bill proposed by my colleague from Georgia, Congressman DEAL, and for the bill most recently proposed by a bipartisan coalition led by Congressmen CASTLE and TANNER.

By voting for those bills, and opposing the bills which were passed but vetoed by the President, we have been able to move toward a sensible middle ground, a tough yet humane bill which is worthy of our support. I will enter into the RECORD at this point a number of improvements which helped earn my support for this legislation.

Unlike the House bill, the Conference Agreement forces states wanting to transfer funds between block grants to transfer those funds specifically into child care and social services block grants.

The Agreement allows states the flexibility to implement pilot welfare programs like the one being put into place in Illinois. [A part of the Castle-Tanner Plan] However, states many use federal funds to provide vouchers and health and food stamp benfits to children through the five year time limitation mandated in the bill. After that, states have the option of continuing benefits in the form of a voucher.

The Conference Agreement provides additional flexibility in meeting the work requirements by allowing states that are implementing plans under federal waivers to count individuals who are participating in work programs under the waiver in meeting the work participation rates in the bill, even if the hours of work or the definition of work in the state plan do not meet the mandates in the bill.

The Agreement does not include the House provision that would have prohibited states from using block grant funds to make cash payments to families that have an additional child while on welfare.

Unlike the House bill, the Conference Agreement does not give states the option to receive food assistance in the form of a block grant, instead of under the regular Food Stamp program. The bill retains the current Food Stamp program. [A major part of the Castle-Tanner Plan]

The Conference Agreement decreased the amount cut from the Food Stamp program by $2.3 billion. (The Agreement cuts the Food Stamp program by $23.3 billion over six years.)

Tightens SSI eligibility criteria to restrict eligibility to children who meet the medical listings. However, individualized functional assessment and references to maladaptive behavior are repealed. [Criteria contained in Castle-Tanner Plan] All children meeting medical listings will be eligible for SSI benefits.

The House bill restricted Food Stamps benefits for able-bodied, unemployed adults who have no dependent and who are between the ages of 18 and 50—limiting Food Stamp benefits for this group to three months over their lifetime up to age 50. The Agreement provides such individuals with Food Stamps for three months out of every three years, with the possibility of another three months within that period. [Moved closer to the Castle-Tanner Plan]

Under the agreement, all families currently receiving welfare and Medicaid benefits will continue to be eligible for the Medicaid program. In addition, there is a one year transition period for Medicaid for those transitioning into the workforce.

The Conference Agreement does not deny Medicaid benefits for legal immigrants retroactively and applies the ban on benefits for five years instead of until citizenship to legal immigrants.

The Agreement retains the current Family Preservation and Support program, which is a preventive program designed to teach improved parenting skills before a child must be removed to foster care. The House bill would have replaced the program with a block grant.

The Agreement includes $500 million more than the House bill for a fund to reward states that are effective in moving people from welfare to work, preserving two-parent families, and reducing the out-of-wedlock births.

I come from a rural area. I know times can be tough. But I also grew up on a farm where we worked for everything we ever had, and where we took care of each other. Most of the people I represent in the 19th district have similar backgrounds. They know that jobs can be lost or families can break apart and that we need to look after our neighbor. But they also want that neighbor to take responsibility for their behavior and for them to look for work if they're able.

This bill helps us respect those old-fashioned traditions in a modern world. It helps us move people from welfare to work, helps us save money in the program, and gives the states the flexibility to meet the needs of their people.

We should be prepared to revisit this bill if in fact children are left behind as some critics fear. But today, we should embrace this proposal with courage and faith, confident that we are changing not only the construct but also the culture of welfare.

Mr. DURBIN. Mr. Speaker, I rise in support of reforming the welfare system. As the American people know, the current welfare system is in desperate need of reform. For public aid recipients trapped in the system, for those who exploit the welfare system, and for the taxpayers who foot the bills, an overhaul of welfare in America is a high priority.

The fundamental problem with our current system is that for many people welfare becomes more than a helping hand; it becomes a way of life. For some who enroll in the primary welfare program, Aid to Families with Dependent Children [AFDC], welfare becomes a trap they cannot escape. Some are afraid to lose the health benefits they receive through Medicaid. Others are unable to secure child care to enable them to go to work. We must eliminate these barriers and chart a clear path for welfare recipients to go after a paycheck instead of a welfare check. Welfare should be viewed as temporary assistance, not a lifestyle.

I believe welfare benefits should be cut off for recipients who are unwilling to pursue work, education or training. I also believe we must strengthen child support enforcement. Billions of dollars in child support payments go uncollected each year. By establishing paternity at birth and pursuing deadbeat parents, we can reduce the number of families impoverished by the failure of non-custodial parents to fulfill their financial responsibilities.

The legislation before the House today makes many of the changes needed to reform the welfare system. It will move people from welfare to work, and it provides child care funding and Medicaid to help people make the move from a welfare check to a paycheck. It maintains nutritional guarantees. And it includes child support provisions to press deadbeat parents to meet their responsibilities so their children do not end up on welfare.

This legislation is better than the Gingrich bill which I opposed 2 weeks ago. The Gingrich bill eliminated the Federal guarantee of nutritional assistance. The Gingrich bill denied Medicaid to legal immigrants. The Gingrich bill denied benefits to children born to parents on welfare. And the Gingrich bill did not allow States to provide vouchers for children when their parents exceeded time limits. The legislation before us today does not include any of these problems.

This legislation is also far better than the Gingrich bill I opposed last year. Last year's Gingrich bill would have block-granted and reduced funding for the nutrition program for Women, Infants and Children; school lunches and breakfasts; and the Child and Adult Care Food Program. It would have eliminated the critical nutrition, education and health services that are an important part of the WIC program's effectiveness in increasing the number of healthy births. It would have eliminated the assurance of food assistance for many children, leaving many of them without enough food to eat. And it would have eliminated the assurance of sound nutrition standards for these programs.

Last year's Gingrich bill also would have eliminated the guarantee of Medicaid coverage for millions of women and children on AFDC. It would have terminated most Federal day care programs and replaced them with a block grant to States. It would have cut overall child care funding and caused many families to be denied day care assistance. Without day care, many parents would be forced to quit their jobs and enter the welfare system. It also would have eliminated many of the health and safety standards that have previously been required of day care providers receiving Federal funds, and put many children's lives at risk. And it would have cut funding for foster care, adoption assistance, child abuse prevention and treatment and related services, and turned these programs over to the States in a block grant. Today's bill does not contain these enormous flaws.

The legislation before the House today is far from perfect. It has significant problems that must be corrected, and I will work with the President to ensure that these problems are effectively addressed. I support effective requirements on the sponsors of legal immigrants who apply for benefits, but I do not believe that people who live legally in our country should be treated unfairly. The legislation before the House today is unfair to legal immigrants who play by the rules and contribute to the progress of our country, just as all of our ancestors have done. And the legislation before us today cuts nutritional assistance too deeply, which will be harmful to children and may force some working families to continue to choose between paying the rent and putting food on the table.

I will vote for the legislation that is now before the House because it makes many of the changes that must be made to change welfare from a way of life to a helping hand. And I will work with the President to correct the problems in this legislation that have nothing to do with welfare reform.

Mr. FAZIO of California. Mr. Speaker, I rise to express my support for the conference agreement before us and to voice my gratitude to the many members of the Democratic Caucus who have worked long and hard over the last 2 years on this difficult issue.

These members, including XAVIER BECERRA, LYNN WOOLSEY, JOHN TANNER, CHARLIE STENHOLM, SANDY LEVIN, BOB MATSUI, MARTIN SABO, and many, many others, have worked long and hard to improve the welfare reform bill that we are considering today. They have increased the awareness of their colleagues and have worked for a whole range of improvements which have moderated some of the bill's original provisions. I truly appreciate their efforts.

While this conference agreement isn't perfect, it represents a step in the right direction. This agreement acknowledges the view that welfare should be a second chance for those in need, not a way of life.

This agreement sets a 5-year time limit on receiving benefits, includes tough welfare-to-work requirements, and allows States to decide how best to meet the needs of their citizens.

I am pleased to see that the conference agreement moved toward the President's position on a number of important issues, especially the removal of a provision that would have allowed States to opt out of the food stamp program. This will help keep the nutritional safety net intact for our kids. In addition, I am pleased that strong child support enforcement provisions have been included in this agreement.

The agreement that we're voting on today is the first step toward a much-needed overhaul of our welfare system. It stresses both fiscal and personal responsibility and it breaks the cycle of dependence.

I urge my colleagues to support this conference agreement.

Mr. STOKES. Mr. Speaker, I rise in opposition to H.R. 3734, the Personal Responsibility and Work Opportunity Act, a bill which would dramatically overhaul our Nation's welfare system.

On July 18, 1996, I joined with 170 of my colleagues to show my staunch opposition to H.R. 3734. After reviewing the product of the conference committee, my position remains unchanged.

During this session of Congress, our Republican colleagues assured us a family friendly Congress. They promised us that our children would be protected from harm. However, this bill is not about helping our families, nor is it about saving our children. The primary purpose of this bill is to achieve more than $61 billion in budget cuts. And unfortunately, those who will suffer most from this legislation will be those who need assistance the most, our children, and the poor.

Seven months ago, President Clinton was forced to veto a welfare bill which, much like the bill before us today, would place an alarming number of children into poverty. According to the Urban Institute, H.R. 3734 would push 1.5 million children into poverty. I appeal to President Clinton to veto this measure which abandons the Federal commitment and safety net that protects America's children.

H.R. 3734 slashes more than $61 billion over 6 years in welfare programs. This bill guts funding for the Food Stamp Program, cuts into the SSI protections for disabled children, drastically cuts child nutrition programs, and slashes benefits for legal immigrants. Mr. Speaker, I find these reductions in quality of life programs appalling.

Mr. Speaker, I believe most of us agree that our Nation's welfare system is in the need of reform. But do we reform the system by denying benefits to legal immigrants who, despite working hard and paying taxes, fall upon hard times? How can we demand that welfare recipients work 30 hours a week, yet provide inefficient job training and job services—essential components in contributing to longevity in the workplace? In short, how can we justify punishing children and their families simply because they are poor?

If we are truly to talk about the reform of welfare, if we are going to talk about increasing opportunities for our low-income residents, we cannot expect productive changes for our community by taking away from those who already have very little.

Mr. Speaker, I can understand and support a balanced and thoughtful approach to addressing the reform of our Nation's welfare system. However, I cannot support this legislation which would shatter the lives of millions of our Nation's poor.

The pledge to end welfare as we know it is not a mandate to act irresponsibly and without compassion. On behalf of America's children and the poor, I urge my colleagues to vote against H.R. 3734.

Mrs. COLLINS of Illinois. Mr. Speaker, I rise in opposition to the conference agreement on H.R. 3734, legislation that revises our current law providing welfare to needy children, individuals, and families in America. This welfare revision does little more than poke holes in the safety net that is called welfare. In my opinion, this legislation is a desperate—and unsuccessful—attempt to claim reform when it is an illogical revision. Change merely for change's sake can lead to chaos, damage, and injury.

This bill reportedly contains changes to our welfare system that will ensure insecurity and forecast fear on the part of the many vulnerable, loving parents out there trying their best to provide for their children a safe, secure, and nurturing environment.

Some of my constituents in the Seventh District of Illinois are among the poorest of the Nation. For the 23½ years that I have served in this body, I have fought strong and sometimes bitter battles for the benefit of the vulnerable, the disenfranchised, the young, old, disabled, and poor. That is what I hope to be remembered for when I retire from the House at the end of the year.

So, I feel I have an obligation to rise today in opposition to the conference agreement developed in the 11th hour by a few secretly selected Members of Congress. I continue to be concerned that we are applying Band-Aid policy and control instead of prevention and early intervention. The funds provided in current law attempt to address, and/or remedy, the symptoms of poverty: joblessness, hunger, domestic violence, child abuse and neglect, illiteracy; but until and unless we set about strategically to address the causes, we go far short of adequate to eradicate the problem and then wonder why we are losing the fight.

I was contacted this morning by the Day-Care Council of Illinois, located in Chicago, who reminded me that President Franklin Roosevelt, under whose leadership the safety net for our most vulnerable children and families was established some 60 years ago once said: "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

We do too little when we take away the Federal oversight of funds that are channeled into State and local coffers in the form of block grants; reduce the Food Stamp program in the name of budget deficit; deny benefits to legal immigrants; and make children-having-children continue to live in housing environments that failed them as teenage parents instead of supporting communities in their efforts to provide stable, dependable support systems. Whether that support is supplied by the teen parent's biological or substitute parent, or a publicly funded shelter, should be the decision of that child-parent, not the Federal Government.

Block granting welfare benefits is likely to block grant suffering. I can only hope that if this legislation passes, sufficient Federal criteria and oversight can make them work. The States have asked for block grants and will be called upon to demonstrate that they can act responsibly to all vulnerable populations in a non-discriminatory manner. My fear and recollection of contemporary history is that many of them will not.

On the issue of Medicaid eligibility, until and unless Congress can achieve meaningful health care reform to provide for universal access to health care financing, there must be Medicaid eligibility for the unemployed, uninsured families who receive public assistance. The well-being of our children is what public welfare should be all about; and we should focus on how best we can prevent and protect the vulnerable children of our Nation from experiencing poverty and despair, against hunger and sickness, and against fear and helplessness.

I urge my colleagues to reject this rush to agreement. I yield back the balance of my time.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in opposition to the welfare conference agreement. This bill is an outrage. It constitutes the latest chapter in the right wing majority's all-out attack on children and the poor.

Let's get real. Less than 2 percent of Federal dollars are spent on assisting poor women and children. Yet radicals are ramming a bill down our throats that does nothing more than single out and punish children in the name of deficit reduction.

Many on the other side of the aisle are under the false assumption that all we need to do to eliminate poverty is take food and money away from poor people. But I have news for you—this sink or swim approach will not work. According to the Urban Institute this bill would push 1.1 million children into poverty and eliminate their ability to count on basic income support.

The worse tragedy of all is that this cruel bill comes up short on jobs. Cutting financial assistance to poor families without money for job creation, job training and day care will not force recipients to swim but cause millions of poor children to drown.

The real problem is that in poor areas like the one I represent, there simply are not enough jobs for people. In fact in some areas in NYC there are 14 applicants for every one fast-food job.

Let's end this charade. I implore my colleagues, on both sides of the aisle, to support fairness and basic decency and reject this heartless legislation.

Mr. HASTERT. Mr. Speaker, today I join a bipartisan majority of the House to return our Nation's welfare system to what it was meant to be: a hand-up, not a hand-out.

Almost everyone I talk with understands that our current welfare system is inefficient, unfair and damaging to those it is supposed to help. We all agree that helping those who by no fault of their own have fallen on hard times is the right thing to do. But the current system doesn't do that. It traps families in a cycle of hopelessness and despair—destroying initiative and responsibility.

The historic welfare reform bill we passed today is based upon the principle that welfare should not be a way of life and that we should promote work instead of welfare. It also recognizes that we in Illinois are better able to help the poor without the interference of huge, inflexible, Washington bureaucracies. We need a plan based upon Illinois values and Illinois needs, not on a Washington bureaucrat's regulations.

Can any serious person argue that the federalization of poverty by Washington has worked? The idea that just spending more and more money and handing people government checks is the answer to poverty is a cruel hoax on both the needs and the taxpayers who are trying to help them. We have spent $5.4 trillion dollars since Lyndon Johnson began the 'War on Poverty.' Despite this enormous commitment by the American people, an amount greater than our entire national debt, the result has been more broken families, exploding illegitimacy, a drug epidemic that is destroying generations, rising crime rates and schools that are war zones. By creating a culture of poverty, we have destroyed the very people we have sought to help.

The welfare reform package provides $4.5 billion in increased child care funding which will enable parents to return to work, and attacks the unacceptable 50 percent illegitimacy rate for families on welfare by strengthening efforts to identify fathers and force them to pay child support.

This legislation is an important acknowledgment that the moral health of America is no less important than its military or economic strength. We cannot have a healthy moral environment to raise children in our communities when 12-year-olds are having babies, 15-year-olds are killing each other, 17-year-olds are dying of AIDS, and 18-year-olds are graduating without diplomas. Our accomplishment today helps restore the moral health of this great Nation.

Eighteen months ago, the new Republican Congress set out to reform the destructive welfare system. We asked ourselves whether we had the courage to tackle this difficult issue and give our children hope, rather than an endless cycle of dependency. We knew we would face a chorus of special interests who benefittre the status quo and would accuse us of being cruel and heartless. But we listened to the common sense of the American people who see through the misinformation and distortion and we kept our promise. I am pleased that President Clinton finally joined our cause today and agreed to sign this long overdue reform.

Mrs. MORELLA. Mr. Speaker, I rise in support of the Personal Responsibility and Work Opportunity Act.

In charting the course of welfare reform, we have come a long way since the introduction of welfare reform legislation in the 103d Congress. The Congress passed a bill 16 months ago that would have hurt children, allowed States to abdicate their responsibility without any maintenance of effort requirement, and cut funding for job training, child care, child nutrition, and work programs. I voted against the original House-passed bill because its cuts were too extreme. The bipartisan bill before us today incorporates the improvements of the original conference report, the Governors' recommendations, and the most critical improvements contained in the castle-tanner bill that I helped to draft. For too long families have been discouraged from working by our welfare system. Unlike the original bill, the bill before us today will help welfare recipients and their children build a better future because recipients will be working, equipped with the training, and child care they need to be successful.

I support welfare reform that moves recipients from welfare to work and encourages personal responsibility. This legislation does that, allowing States to try new approaches that meet the needs of their recipients. States are already experimenting with welfare reform. Forty States have waivers given by this administration, and the results are encouraging.

In giving leeway and dollars to States, however, we must protect children. This legislation does that by maintaining the current child welfare and foster care entitlement for children. Previous versions of welfare reform had converted this critical safety net into a block grant, and I strongly encouraged my colleagues to retain the entitlement status of child protective services. This bill also contains kinship care language modeled after legislation that I have introduced. This language insures that State plans for foster care and adoption assistance protect families and use adult relatives as the preferred placement for children separated from their parents when such relatives meet child protection standards.

This legislation also includes the original Women's caucus child support enforcement provisions. We will soon be able to finally crack down on deadbeat parents by enacting penalties with real teeth and establishing Federal registries to help track deadbeats.

This legislation also maintains the link between Medicaid and welfare. The children of any family eligible for AFDC as of July 1, 1996, will remain eligible for Medicaid whether or not their family continues to receive welfare benefits, and States may also continue Medicaid eligibility for parents who are no longer eligible for AFDC. This legislation also provides families with Medicaid coverage for a year after they leave welfare for work.

This legislation does not convert child nutrition programs, the WIC Program, or the food stamp program into block grants to States, unlike previous welfare legislation. Instead of reducing the earned income tax credit as previous legislation did, this legislation incorporates the administration's recommendations to expand it.

I have actively urged my colleagues to increase child care funding in welfare reform. Following up on a meeting with Department of Health and Human Services Secretary Donna Shalala, I, along with members of the Congressional Caucus for Women's Issues, sent a letter to the House leadership urging them to provide States with more child care resources, to maintain the health and safety standards set by States, and to give States the flexibility to allow women with children under 6 to work 20-hour workweeks. I am pleased that all of these recommendations have been included in this legislation. This bill directs $20 billion to child care spending over the next 6 years—an increase of $3.5 billion in child spending over 6 years. These child care funds will allow women to enter the work force and help States to meet their work force participation requirements.

I remain concerned about the food stamp cuts contained in this legislation. Last month, I voted against the Kasich amendment that added these cuts. I also worry about the restrictive prohibitions on benefits for legal immigrants. As this legislation is enacted, I will carefully monitor the effects of these provisions with the intent of remedying them legislatively if necessary.

Today's vote marks a historic opportunity to change our welfare system so that we move families into work while maintaining a safety net to protect our Nation's children. It also marks the willingness of this legislative body to incorporate important changes, and I thank my colleagues for incorporating many of the changes I have requested.

Mr. GILLMOR. Mr. Speaker, I am happy to vote for this conference report H.R. 3734 reforming our Nation's outdated welfare system. The current welfare program has been the biggest social and financial failure in the history of the country. We are replacing it with a program of hope and responsibility.

It is a good thing we have Presidential elections occasionally. The President, who is now in an election, has said he will sign welfare reform after vetoing it two times before.

Over the past 30 years more than $5 trillion has been spent on welfare. That figure is more than the national debt. During that time the poverty rate went up, not down. More children are in poverty, more families have broken up than before the current program was adopted.

The American people have consistently said they believe in helping others and that there should be a safety net in society. They also do not want this help to be wasted on outdated formulas. This bill restores the promise of hope for the families on welfare and the trust between taxpayers and the managers of our welfare program.

In the final analysis, it is clear Republican leadership was necessary to finally tackle this problem. I am happy we were able to lead the President to reform instead of standing in the way.

Ms. MCCARTHY. Mr. Speaker, I would like to submit for the record the following letter from the National Conference of State Legislatures [NCSL] regarding welfare reform. As past president of NCSL, I understand first hand the concerns they raise about meeting the work requirements in H.R. 3734 without adequate Federal funding and the potential cost shifts the welfare reform proposal places on States. I supported H.R. 3734 with similar concerns and look forward to working with State legislators during the 105th Congress to see that these concerns are addressed:

NATIONAL CONFERENCE
OF STATE LEGISLATURES,
Washington, DC July 31, 1996.

Hon. KAREN MCCARTHY,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE MCCARTHY: The National Conference of State Legislatures (NCSL) has long sought federal legislation reforming our welfare system and now urges your support for the conference agreement on H.R. 3734. This legislation builds on the numerous state legislative welfare reform efforts of the past decade and on federal waivers granted in recent years.

We particularly are pleased with the creation of block grants for cash assistance and child care and the programmatic and administrative flexibility they may bring. The inclusion of increased child care funding, establishment of a contingency fund, preservation of child welfare entitlements and preservation of state legislative authority over block grant funds are notable achievements and represent key provisions recommended and sought by NCSL. We are further gratified with the inclusion of several policy options, such as the state option to provide Medicaid to legal immigrants and refugees, recognition of the need for adequate transition time, restructuring of child support collection systems and initiatives as well as an exemption for states from electronic benefit transfer liabilities.

We remain particularly concerned about work participation requirements and a related array of policy mandates and sanctions. These will be troublesome. The flexibility needed in the work participation area is missing. Furthermore, the Congressional Budget Office has repeatedly warned of the multi-billion dollar shortfall in federal funding for work efforts. We recommend that Congress and the Administration collaborate with state legislators and others to review and evaluate work requirements, state experiences with these requirements, funding needs and worker placement and job retention accomplishments commencing with the 105th Congress.

We continue to question policy changes in H.R. 3734 regarding income security accessibility for legal immigrants and refugees. We remain convinced that H.R. 3734 will produce unfunded mandates and cost shifts to state and local governments of unacceptable proportions. We strongly recommend that Congress and the Administration immediately begin an analysis and review of state experiences regarding income security program availability for legal immigrant populations, particularly children, the elderly and the disabled. Those provisions of H.R. 3734 regarding legal immigrants should be tested against the intent and objectives of S. 1, the Unfunded Mandate Reform Act of 1995, and Executive Order 12875. This recommended review and analysis should involve state legislators and other officials.

H.R. 3734 represents a number of policy compromises. It also offers states new opportunities to manage a welfare system most Americans agree needs restructuring and redirection. Despite some of its aforementioned shortcomings, we encourage your support for H.R. 3734 and urge you to work with state legislators to ensure its success.

Sincerely,

MICHAEL E. BOX,
Majority Chairman, Alabama House, President, NCSL.
JAMES J. LACK,
State Senator, New York, Immediate Past President, NCSL.

Mr. BISHOP. Mr. Speaker, I rise today in support of H.R. 3734, the Balanced Budget Reconciliation/Welfare Reform Act. We must set forth a vision for our country. We want an America that gives all Americans the chance to live out their dreams and achieve their God-given potential. We want an America that is still the world's strongest force for peace and freedom. And we want an America that comes together around our enduring values instead of drifting apart.

For the past 4 years, President Clinton and the Democrats in Congress have worked for a responsible, commonsense agenda to revitalize core American values: work, personal responsibility, opportunity, and a stronger family and community life for everyone. We are on the right track, and we must make sure the country continues moving toward an economically secure, militarily strong, more compassionate, and a more fiscally responsible future.

Our country is at a historic crossroads. We can go to the left and return to an irresponsible non-sense agenda that is antiwork, antiopportuntiy, antifamily and that breeds insecurity, dependency, and despair. We can go to the right and abruptly and cynically abandon our commitment to a safety net for children, seniors, and the disabled. Or we can go straight ahead, following the leadership of President Clinton—each of us, individually and all of us collectively as a Nation—in the direction of prudence and responsibility.

Welfare reform is a monumental example. While there are those who fear that going forward to implement welfare reform will destroy the safety net of security for poor children, seniors, and the disabled, I believe that not to go forward would cause us to aimlessly drift farther away from the core American values of work, personal responsibility, opportunity, stronger families and communities. By going forward with welfare reform, we are ridding ourselves of a system that does not conform to our Nation's guiding principles and replacing it with a new system which will provide the essential tools recipients need to move from welfare to work.

This is the beginning of a process that can transform welfare into an opportunity rather than a way of life.

It is about giving a hand-up rather than a hand-out.

It is about requiring and rewarding work while providing access to job skills and expanded job opportunities.

It is about providing essential child care and health care to give working families a sense of security about the well-being of their children.

It is about cracking down on deadbeat parents and those who abuse the system—but not on innocent children.

It is about creating a welfare system that makes sense.

This means a system that maintains a fair, efficient, and responsible safety net for individuals and families in critical need and one which empowers people to move out of the shadows of poverty and into a bright new day of productivity and hope.

As one who has worked on welfare reform for many years—first in the Georgia General Assembly, where I helped write the PEACH (Positive Employment and Community Help) program, our State's innovative welfare-to-work plan. And now in Congress—I know how challenging changing the status quo can be.

The proposals originally pushed by Republicans were too weak on work and too tough on children and families. They would have block granted and drastically underfunded the food stamp and school lunch programs; denied Medicaid to our most vulnerable citizens; and would have failed to provide adequate funding for work programs and child care.

With the strong leadership and perseverance of President Clinton and congressional Democrats, we fought them. And we succeeded. When faced with the realization that Americans want a system that promotes work and responsibility but not the mean-spirited proposals they were pushing, the Republicans conceded.

The law we finally enacted is certainly not perfect. It goes too far in cutting nutritional assistance and cuts off aid to legal immigrants who have worked hard and paid taxes. It has its shortcomings and uncertainties. These we must resolve and correct. I plan to work with the President and the Members of this body to do just that.

Passing this legislation is not enough. We must now make sure all Americans have the skills they need to get jobs. We must now make sure that jobs are available so all Americans can go to work. We must now make sure that all Americans are empowered with the tools they need to help themselves to realize their dreams and achieve their God-given potential. We must ensure that the American value of personal responsibility as embodied in this bill will not be a stumbling block but a stepping-stone to a better quality of life for all Americans.

Again, I urge my colleagues to support this bill.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to House Resolution 495, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 328, nays 101, not voting 5, as follows:

[Roll No. 383]

YEAS—328

Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brownback
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLay
Deutsch
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fazio
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lowey
Lucas
Luther
Manton
Manzullo
Martini
Mascara
McCarthy
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
Meehan
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Orton
Oxley
Packard
Pallone
Parker
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Ramstad
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Rose
Roth
Roukema
Royce
Salmon
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torricelli
Traficant
Upton
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Zeliff
Zimmer

NAYS—101

Abercrombie
Barrett (WI)
Becerra
Beilenson
Berman
Blumenauer
Bonior
Brown (CA)
Brown (FL)
Brown (OH)
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Coyne
Cummings
DeLauro
Dellums
Diaz-Balart
Dixon
Engel
Eshoo
Evans
Farr
Fattah
Fields (LA)
Filner
Foglietta
Frank (MA)
Gephardt
Gibbons
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kennedy (MA)
Kennedy (RI)
LaFalce
Lantos
Lewis (GA)
Lofgren
Maloney
Markey
Martinez
Matsui
McDermott
McKinney
McNulty
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Nadler
Oberstar
Olver
Ortiz
Owens
Pastor
Payne (NJ)
Pelosi
Rahall
Rangel
Ros-Lehtinen
Roybal-Allard
Rush
Sabo
Sanders
Schroeder
Schumer
Scott
Serrano
Slaughter
Stark
Stokes
Studds
Tejeda
Thompson
Torres
Towns
Velazquez
Waters
Watt (NC)
Waxman
Williams
Woolsey
Yates

NOT VOTING—5

Flake
Ford
Gunderson
McDade
Young (FL)

☐ 1710

Mr. SCHUMER changed his vote from "yea" to "nay."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SHAW. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous matter on the conference report on H.R. 3734.

The SPEAKER pro tempore (Mr. ARMEY). Is there objection to the request of the gentleman from Florida?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3603, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–730) on the resolution (H. Res. 496) waiving points of order against the conference report to accompany the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3517, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–731) on the resolution (H. Res. 497) waiving points of order against the conference report to accompany the bill (H.R. 3517) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3230, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–732) on the resolution (H. Res. 498) waiving points of order against the conference report to accompany the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 1715

INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 489 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 489

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2823) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes. The first reading of the bill shall be dispensed with. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Resources. After general debate the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment recommended by the Committee on Resources now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute printed in the Congressional Record and numbered 1 pursuant to clause 6 of rule XXIII. That amendment shall be considered as read. No other amendment shall be in order except a further amendment printed in the report of the Committee on Rules to accompany this resolution, which may be offered only by Representative Miller of California or his designee, shall be considered as read, shall be debatable for one hour equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. EWING) The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, the Rules Committee last week found itself in an unusual situation: A request for modified closed rule on a bill reported from the Resources Committee—although the Ways and Means Committee also had jurisdiction over a portion. As you know, bills reported from the Resources Committee are traditionally considered under open rules. So what's different about H.R. 2823, the International Dolphin Conservation Program Act? Most importantly, this bill would essentially codify an international agreement between 12 nations known as the Declaration of Panama. Any significant changes to the language of H.R. 2823 and that agreement is lost. It is worth mentioning that the negotiations that produced this agreement could serve as a model for environmental policymaking because just about every viewpoint in the tuna/dolphin debate was represented at the table. These negotiations not only involved the governments of 12 nations, but they also included representatives from the environmental community and the fishing industry. The result is a package that enjoys unusually broad support: From the administration and Vice President AL GORE to the Resources Committee Chairman DON YOUNG. From Greenpeace to the tuna fishermen.

In recognition of the fragile nature of this agreement, the Rules Committee has reported a modified closed rule that allows for a vote on the bill, preceded by an amendment to be offered by the gentleman from California [Mr. MILLER] or his designee, and one motion to recommit, with or without instructions. It had originally been the intention of the Rules Committee to allow a vote on a full substitute, but the minority specifically requested that the Miller amendment be made in order instead. The rule was agreed to in committee with voice vote without dissent.

Mr. Speaker, if you cherish the dolphin populations of the eastern Pacific, as I do, then you will agree it is vital that we move forward with this legislation. During the coming debate, you will hear differing viewpoints on how this legislation may impact dolphins—the administration's experts, the Resources Committee, and the Center for Marine Conservation all happen to believe that this bill will save dolphins' lives, and do so more effectively than current law—I think that's pretty good credentials. H.R. 2823 backs up that claim by mandating that every tuna boat operating in the eastern Pacific carry an observer to certify that not a single dolphin was killed when the tuna nets were hauled up. Even one dolphin death would prevent the entire catch from being sold in the United States as Dolphin safe. Under today's standards American consumers do not have this kind of guarantee. However, this proposal is not just about saving dolphins; it's about preserving endangered marine species like the sea turtles, as well as billfish and juvenile tunas. In Florida, we certainly treasure our dolphins—but we also take special care to protect other marine populations, and I am pleased that H.R. 2823 will address the eastern Pacific ecosystem as a whole, not just one aspect of it. You will hear the argument that one of the techniques allowed under this agreement, encirclement—with divers that release any dolphins before they are caught in the net, is harmful. But those who put forth this argument might not mention the enormous damage done by so-called safe fishing methods such as log sets and school sets. As the Resources Committee's report says:

> The bycatch of other marine species associated with these two fishing techniques is significantly higher than the bycatch associated with the encirclement technique. School sets generate approximately 10 times the amount of bycatch and log sets generate approximately 100 times the bycatch of juvenile tunas and other marine species.

So the message should be clear: If you want to protect dolphins, turtles, and other marine life, you should support this rule and vote for the International Dolphin Conservation Program Act.

Mr. Speaker, I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I thank the gentleman from Florida [Mr. GOSS] for yielding the customary half hour debate time to me; and I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from Florida has explained, this is a modified closed rule for the consideration of H.R. 2823, the International Dolphin Conservation Program Act.

Even though we do not prefer rules that are this restrictive, and of course our colleagues who are now in the majority always railed bitterly against them when we were in the majority, it appears that the nature of this debate probably does not require a completely open rule.

On the other hand, it is also proper to point out that with a bill so narrow in scope as this one, it is difficult to understand why we need a rule with such strict limits.

In any case, we should support this rule. It should provide for adequate discussion of the principal controversy at issue here.

Mr. Speaker, the dolphin protection bill has created a great deal of controversy within the environmental community which was, after all, responsible for calling our attention to the serious problem of the slaughter of dolphins by the tuna fishing industry in the first place. If it had not been for several environmental organizations, the public would not have known about the way the dolphins were routinely trapped and killed by the giant nets used by tuna fleets.

But thanks to many organizations that are deeply concerned about the fate of our entire marine ecosystem, Congress passed legislation embargoing all tuna caught by that method, known as encirclement.

Because of that embargo, other big tuna-fishing countries felt the economic pressure, and after meeting with U.S. officials to develop a voluntary international agreement, pledged to adopt safer fishing methods. These new techniques have been dramatically successful. The result is that dolphin mortality has declined from over 100,000 in 1991 to a little bit more than 3,000 in 1995.

Because of that success, the United States, several environmental groups and 11 other nations met in Panama last year to develop a binding international agreement, the terms of which are reflected in H.R. 2823, that rewards these efforts by lifting the United States embargo. The agreement and the bill would also reward any batch of tuna caught without a single dolphin death, to be verified by on-board observers, with the dolphin-safe label that is so important commercially.

Mr. Speaker, H.R. 2823 has bipartisan support in the Congress. It has been endorsed by the Clinton administration, which helped negotiate the binding international agreement to lock in the dramatic reductions in dolphin deaths that have been achieved and to protect other marine species that are unfortunately threatened by alternative tuna fishing practices.

That so-called Declaration of Panama was signed by 12 nations in October 1995. Environmentalists believe, some environmentalists, not all, that this enforceable international agreement is the only way to protect marine resources for the long term. We cannot, they believe, continue to act alone. It would be impossible to protect dolphins and other species if we did.

Again, Mr. Speaker, this is a modified closed rule and one that might better have been somewhat less restrictive or limited. But we hope the terms of the rule will not prevent us from hearing all of the arguments about this legislation. We are supportive of the rule. We think it is a fair rule.

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I yield 3 minutes to the gentleman from greater San Dimas, CA [Mr. DREIER], the distinguished vice chairman of the Committee on Rules.

Mr. DREIER. I thank my friend from Sanibel, FL, the distinguished chairman of the Subcommittee on Legislative and Budget Process, for yielding me this time, and I rise in strong support of this rule.

Mr. Speaker, I am one who enjoys consuming seafood but I am not particularly fond of tuna. But I am very supportive of this measure because it has been a long time in coming.

We have just had a great deal of excitement around here over the last several hours as we have brought about with, I think, 328 votes a bipartisan agreement on welfare reform, but the bipartisanship that exists on that, as the gentleman from Florida [Mr. GOSS] implied, pales in comparison when we look at the parties who are involved in this very important agreement who have disagreed on many, many issues in the past.

The fact of the matter is while my friend, the gentleman from California [Mr. BEILENSON], said that we in the past would rail about rules that are like this, this rule is very clear in that we are dealing with 12 nations who were part of this negotiating process and as he knows under fast track negotiating authority, which this Congress has had in the past but does not have now, we have seen agreement struck where there would be simply an up-or-down vote on measures, and that is the direction in which we are headed with this rule, because we do have, I think, an important environmental concern that is being addressed here and also for other friends of ours in Latin America.

I was talking with some people at the Mexican Embassy and they have been very anxious about this because they want to see us move ahead and proceed with what is a very important agreement not only for the consumers in the United States and Mexico but also for those in the tuna industry and those who are concerned, as we all are, about the safety of dolphins. So when we look at the World Wildlife Federation, at DON YOUNG, I know they do not always come together on issues, I believe that this is a great day as we continue the bipartisan spirit that was in evidence just a few minutes ago. About 6 hours ago the bipartisan spirit was not as in evidence here in the House of Representatives, but I am convinced that when we move to final passage on this rule and the measure that that great bipartisan spirit will be alive and well.

Mr. BEILENSON. Mr. Speaker, I yield 8 minutes to the gentleman from California [Mr. MILLER], the distinguished ranking member of the Committee on Resources.

Mr. MILLER of California. Mr. Speaker, this legislation that we have begun debating here today, H.R. 2823, the International Dolphin Conservation Program Act, I believe, is a declaration of surrender by this Congress to those who insist that American environmental and labor standards must be destroyed on the altar of free trade.

□ 1730

H.R. 2823 is a complete capitulation to those who believe that U.S. consumers have no rights and our trade competitors must have all the rights when it comes to product disclosure.

This is a bad bill: bad environmental policy, bad trade policy, and bad foreign policy. It does precisely what we were told NAFTA and GATT would not do. It demands that our own laws governing the environment, worker safety, species protection, and a consumer's right to know be sacrificed.

Less than a decade ago, millions of American consumers, led by schoolchildren of this Nation, demanded the creation of dolphin protection programs because of the needless slaughter of hundreds of thousands of marine mammals by tuna fishermen. We passed the Dolphin Protection Act. We required that tuna sold in the United States be dolphin safe.

The U.S. tuna industry, at enormous expense, complied with those requirements, relocated their ships and processing plants, and produced dolphin safe tuna. Those efforts have had a dramatic success. Dolphin deaths last year were a little less than 3,600, compared to 100,000 or more a few years ago.

The dolphin protection law has worked, but the bill before us today would renounce the very program that has achieved the goals we sought when the dolphin protection law was enacted.

Why on Earth would we so grievously weaken the very law that has worked so well? Not on behalf of American consumers, not on behalf of dolphin protection, not on behalf of those interests, but rather on behalf of Mexico, Venezuela, Colombia, and other nations who are trying a little environmental blackmail, and to date it seems to be working.

Those very countries that have continued to fish in violation of the dolphin safe law now demand of this Nation that we weaken our laws so they can sell dolphin unsafe tuna in U.S. supermarkets under a label that the consumer has come to understand as meaning dolphin safe, a label that was enacted by this Congress. This Congress should not now become a party to this deception of that label, and a deception that this act would bring about with respect to the American consumer.

H.R. 2823 implements an international agreement, the Panama Agreement, which was negotiated behind closed doors by five Washington-based environmental organizations and the government of Mexico. This agreement makes major changes to long-standing laws protecting dolphins and informing our consumers.

But let us remember it was negotiated without the knowledge of any elected Member of Congress or other interested parties with a decades-long history on this issue.

It was negotiated without consideration of the American tuna canning companies who in 1990 responded to the demands from our schoolchildren, their parents, and consumers nationwide, and some of the same environmental groups who secretly negotiated this deal. They did it by voluntarily announcing that they would no longer purchase and sell tuna caught by harming dolphins.

It was negotiated without the participation and approval of dozens of environmental organizations with millions of members nationwide who vigorously disagree that this is the best way to protect dolphins, and who strongly support the Studds amendment that will be offered later to retain the current dolphin safe label.

The legislation was drafted with the help of lobbyists hired by the Mexican Government, and presented to the Committee on Resources with the caveat that no amendments could be accepted if they were unacceptable to Mexico. Since when did we start negotiating in this fashion? Since when did we start negotiating in a fashion where privately negotiated agreements are now brought to the Congress and we are told that somehow they are the same as a treaty or an agreement between this Nation and other nations, but this Congress cannot be engaged in the process of amendment?

There are some very serious problems with this legislation. The most important is that it would do exactly what proponents of the trade agreement pledged these pacts would not do: drive down American environmental standards through pressure from countries that do not want to meet those same standards. That is the goal, pure and simple.

Let us be clear. The driving force behind this legislation is Mexico, which does not want to meet the standards of the dolphin safe label that is on every can of tuna sold in this country. Mexico wants to open the floodgates to nonsafe tuna and to desecrate the integrity of the label that has led through consumer preferences.

If we do not accede to this undermining effort, Mexico and other nations tell us that they will abandon their commitment to this agreement, to fishing dolphin safe, and deliberately resume the slaughter of dolphins. These nations, and many other trading partners, are waiting to see how the U.S. Congress responds to this threat.

This legislation responds by capitulation. We are going to hear a lot of assertions about this legislation, how sensitive it is to dolphins, how it would not allow damage to be done to dolphins. Before Members vote I urge them to consider the following:

This legislation, as currently written, the supporters will tell us that this bill does not allow more dolphins to be killed; that it reduces the number of dolphin deaths. But the fact is, H.R. 2823 allows the number of dolphin deaths to rise by almost 30 percent. There is nothing in this bill about keeping dolphin deaths at today's historic low level. This bill is about allowing more dolphin deaths.

They say that their bill does not allow dolphins to be hurt. Under H.R. 2823, dolphins may be regularly encircled, harassed, and injured. The bill imposes no limit on the amount of injury that could be imposed on dolphins, as long as the dolphins do not actually die in the nets.

We will hear the proponents say that the environmentalists support this legislation. The fact of the matter is that over 80 grassroots environmental organizations vigorously oppose this bill and support the Studds amendment. By contrast, what we have are five Washington-based environmental groups that secretly negotiated this agreement with Mexico who are now supporting it.

Since when is this Congress obligated to accept, unamended, the products of negotiation by environmental organizations and foreign governments?

Lastly, the supporters of this legislation argue that we cannot change the bill because to do so would be to renounce international agreements and damage American credibility. The fact is, there is no international agreement. There is no treaty. This is about going to the negotiations on a possible treaty. This bill requires that we change U.S. law as a condition of going to those negotiations.

It is worth noting that the United States is the only country that is required to make these kinds of changes, to change domestic consumer protection laws to conform with this agreement.

I would hope that the Members of this Congress would see through this effort by Mexico to essentially abolish the dolphin safe protection that we currently have on the books, and would support the Studds amendment that will allow for the protection of the label, the protection of consumer knowledge, and provide for the protection of the dolphins.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. SAXTON], chairman of the Subcommittee on Fisheries, Wildlife and Oceans.

Mr. SAXTON. Mr. Speaker, first let me thank and commend the Committee on Rules, led by the gentleman from New York [Mr. SOLOMON] and the gentleman from Florida [Mr. GOSS], for bringing this rule to the floor. Let me also commend my friend from Maryland, Mr. GILCHREST, who was the author of this bill, who I think did a very fine job.

Mr. Speaker, when I was sitting in my office of the first day of this session, press reporters called and said, "How do you think it is going to be serving with a Democrat President, because in your term of being here you have always been able to communicate with and serve with Republican Presidents?" I said, "It will be my goal to find places and issues upon which the President the Democrat President, and I can agree."

This is one of those issues. This is President Clinton's initiative. And as chairman, of the Subcommittee on Fisheries, Wildlife and Oceans, I am pleased to have been able to support a Clinton administration initiative.

I would also just like to point out to the gentleman from California [Mr. MILLER], who used some fairly harsh phrases, phrases like capitulation, and phrases like weakening the law, environmental blackmail, dolphin unsafe tuna, deception, secret negotiations, lobbyists hired by Mexico, I would just say to my friend from California those characterizations of this bill are misleading, untrue, and patently false.

There is not any truth to any of those assertions and that is why I rise in support of this rule and its granting of a modified closed rule to govern debate on H.R. 2823. I realize the Committee on Resources has traditionally requested open rules, but in this case it provides for a total, including the rule, of 4 hours of debate. I believe it is certainly a rule which merits our support.

Let me just in closing say, Mr. Speaker, that this bill is supported by the following organizations. Listen to this. Greenpeace, the Center for Marine Conservation, the Environmental Defense Fund, the World Wildlife Fund, the National Wildlife Federation, and the American Sports Fishing Association, to say nothing of the Clinton administration, and the AFL–CIO.

This is a good rule, it is a good bill, and I urge passage of the rule.

Mr. BEILENSON. Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume to say that I have two remaining speakers, which I will call on. I have admonished them that this is the rule and they are going to focus on the rule and the merits of the rule and how it might affect the substance. Once we get through that, I hope we can get to a quick oral vote.

Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Maryland [Mr. GILCHREST], the author of this bill.

Mr. GILCHRIST. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I would like to say very quickly that I appreciate the Committee on Rules understanding the nature of this international agreement to bring forth this type of rule that does allow for one opposing view, but the importance of the agreement underscores the fact that we, as the basic author of the agreement, the United States is the basic author of the agreement, we have not given up any sovereignty whatsoever. We have encouraged other nations, other international nations to better manage the marine ecosystem.

In response to the gentleman from California, I want to make three quick points. As far as his statement in reference to this bill being, this legislation being debated and formulated behind closed doors by people who are fanatics about open trade, well, first, labor groups that are supporting this legislation, environmental groups that are supporting this legislation opposed NAFTA and GATT.

This legislation was created in the full light of day at public hearings in this U.S. Congress. Legislation that was adopted that we are now dealing with was not created by extreme environmental groups without any background in the marine biological sciences. We tapped the best scientists in this country to come up with the best management scheme so that we could not only, as an individual country, the United States, manage our marine ecosystem, but so that we preserved it for generations to come and, by the way, ensure that dolphin deaths were down, hopefully, in a few years, to zero.

We tapped marine biologists with some of the best background that this country has ever seen, and they are the ones that have come to this unanimous consensus that if we are going to deal on this tiny little planet, that by the year 2096 is going to have a population of 17 billion people, and we have 5.5 billion people right now, we had better begin to learn how to get along with our neighbors.

If we are going to deal with a much more complicated regime as global climate change, and we have to deal with our neighbors and create international agreements, we had better understand that the best way to do that is not demagoging an issue but dealing with the matters that people are concerned about, such as dolphin safe tuna. We know that.

We are going to ensure that those dolphin safe labels on every one of those tuna cans reflect that no dolphins were killed or hurt. We are going to ensure that we as a Nation can work with other countries about environmental issues.

☐ 1745

So I know that the gentleman from Florida [Mr. GOSS] says that this is a debate about the rule, and I support the rule 1,000 percent, and I would urge the entire Congress to support this rule.

Mr. GOSS. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from California [Mr. CUNNINGHAM], who is an author of this bill in its original version and was also, interestingly enough, the most fierce representative for his tuna fishermen of anyone I have ever met. Out of that has come this good legislation, and I congratulate him for that.

Mr. CUMMINGHAM. Mr. Speaker, it was characterized that some fly-by-night groups got together and put this thing together. At the Inter-American Tropical Tuna Commission, the IATTC, a La Jolla, CA-based organization, 35 scientists got together and developed the most effective bycatch reduction program ever implemented. It saved dolphin and brought down the numbers. The "dolphin safe" label now used in U.S. markets takes a much higher ecological toll on marine life.

Those who read their Congressional Monitor read that tuna fisherman cannot label their tuna "dolphin safe." That is not the case. Many American consumers still mistakenly believe that the Nation's "dolphin safe" policies and product labels worked. U.S. fishermen have to have observers on board. None of these other Nations do.

If the Studds-Miller agreement goes back, all of the other Nations that have signed aboard this agreement will no longer be required to have observers. They are going to go on and kill dolphin. Why not? They can sell it abroad. This ties other Nations that the United States has no control over to a "dolphin safe" policy.

This is going to save dolphin. And why? Fish from sets of nets where 100 percent of encircled dolphins are released unharmed will qualify as "dolphin safe." No tuna will be labeled safe unless absolutely no dolphins are killed. It has to have 100 percent verification on site as the fish are caught.

Trying to comply with current law, the no-encirclement policy, some skippers have to fish immature tuna. That is killing our future. And that is why we have such broad support in this. It actually enhances the tuna and the crop for later years.

The amendment being offered by the gentleman from Massachusetts [Mr. STUDDS] and the gentleman from California [Mr. MILLER] will destroy the most effective dolphin bycatch resolution. That is why I support this rule, Vice President GORE, and who are the other people who have supported this? The AFL–CIO.

The gentleman from California [Mr. MILLER] said it is destroying our legal policy. If we look at President Clinton, Vice President GORE, five of the administration groups and all five major environmental groups support this because it is going to help save dolphin; and we support that. And when we can come together as a body and throw out the extremes on both sides and arrive somewhere in the middle, work with industry, work with environmental groups, that is good.

Why is the Panama agreement important? Because it does tie those 12 nations to the same observation, the same requirements that the United States has to go through today.

This Congress must support dolphin conservation, the fishermen who perfected their fishing techniques, and the scientists who worked with them to achieve these many accomplishments.

Mr. Speaker, I thank the gentleman from Maryland [Mr. GILCHREST] and the gentleman from Illinois [Mr. PORTER] for their hard work in the face of a lot of lobbying from groups with misinformation. And I would like to thank them for sticking to principle and believing in what they are trying to do.

Mr. Speaker, I have a letter from the President of the United States supporting this legislation, and I would like to submit it for the RECORD.

Mr. BEILENSON. Mr. Speaker, I yield such time as he may consume to the gentleman from American Samoa [Mr. FALEOMAVAEGA].

Mr. FALEOMAVAEGA. Mr. Speaker, American Samoa is in the middle of the South Pacific Ocean, and fishing has been the life blood of Samoans for thousands of years. While today's commercial canning operations bear little resemblance to my father's subsistence fishing, we continue to use the same resource, the Pacific Ocean.

The Samoans are also known as the voyagers, and countless generations ago, my forefathers, using Samoa and Tonga as a base, expanded the known world to include the island groups now known as French Polynesia, which includes the Island of Tahiti, the Cook islands, the Hawaiian Islands, and many of the smaller islands in between. We learned well the ways of the ocean, including who our friends are.

In my lifetime, I have had the opportunity over the years to share the experiences of my ancestors. As a youth I traveled extensively on the waters of the Pacific in vessels voyaging between Tokelau and the Manu's islands. I have even traveled on a purse seiner for 400 miles from Samoa to the southern Tongan Islands. I was also invited to sail on the famous *Hokule'a*, a historical Polynesian sailing canoe built by native Hawaiians and constructed so as to be the same in size and configuration as the ancient sailing canoes. With Nainoa Thompson as our first Polynesian navigator in 200 years, we voyaged on the *Hokule'a* from the Island of Rangiroa in French Polynesia to Hawaii, utilizing noninstrument navigational methods, sailing by the movement of the stars, the ocean waves, and the flight of birds.

During this voyage, I had the opportunity to experience firsthand the interaction among those who live in the sea and those who live on and above it. I developed a greater appreciation for all living things, and confirmed the gentle, helpful nature of dolphins.

In fact, the experience I got from being at sea for weeks at a time is that the dolphins were always there, and I can share with my colleagues that the dolphins are just like humans. Dolphins have been sacred to the Polynesians as far back as our legends recount our history. Ancient Polynesians would rather starve than kill a dolphin.

When people are at sea under sail for weeks, dolphins are of tremendous psychological benefit. I have experienced lack of movement in the doldrums and the intense heat of the tropics, and I can understand how the dolphins would have given early Polynesian travelers a sense of hope. My voyage on the *Hokule'a* gave me an opportunity to contemplate that perhaps the reason God created dolphins was to provide psychological support for sailors at sea.

Samoan legend and modern news reporting all confirm today's common knowledge about dolphins: They are of no threat to mankind, and have on occasions saved the lives of their fellow mammals. In return mankind has hunted them down, killing over 100,000 per year, not for sustenance, but because tuna swim under them.

When this was brought to the attention of the U.S. public, we rose in outrage and put enough economic pressure on the tuna industry to change its methods of fishing. And you have already heard, dolphin deaths have dropped from over 100,000 per year to 3,300 in 1995. This is a significant achievement, and we consumers are to be commended.

Congress did its part as well, placing an embargo on tuna that is caught by methods which harm dolphins, and by enacting legislation which permits the use of the all-familiar "dolphin safe" label.

Part of the underlying problem is that tuna in the eastern tropical Pacific Ocean swim under schools of dolphin, and one easy, quick way to catch tuna in the eastern Pacific is to chase dolphins until they are too exhausted to swim any further. Then the dolphins, and the tuna under them, are encircled in a net. It is this chasing and netting procedure that causes the harm to the dolphins.

In the western Pacific Ocean, the tuna do not always swim under schools of dolphin, and tuna are found through the use of modern techniques, including helicopters and sonar. By netting schools of tuna which are not swimming under dolphins, the problem is solved: Consumers get their canned tuna, and no dolphins are killed in the process.

Now, under pressure from foreign governments, it is being proposed that the current statutory and regulatory system be changed. My colleagues will recall that when we debated the implementing legislation for GATT and the proposed World Trade Organization, many of us pointed out the economic and policy difficulties which passage of the legislation would create. This is an example of the kind of problems we knew we would encounter under regulations of the World Trade Organization, or the WTO.

Today we are being told that our dolphin safe embargo is in violation of the WTO rules, and that if we do not remove our embargo, the United States will be forced to pay significant fines. today we are being asked to forget a sound fisheries management policy that has reduced dolphin kills by 96 percent; we are being asked to forget the sound policy of using the attraction of the consumer market in the United States to alter the behavior of nations less concerned with the preservation of life; and instead we are being asked to give in to the foreign interests.

H.R. 2823 is a bad idea because it rewards those who have the worst record in the killing of dolphins. This bill is nothing more than giving in to blackmail. What the foreign governments are saying is that unless we lift the embargo on canned tuna, they will allow the slaughter of hundreds of thousands of dolphins to resume. If this isn't blackmail—I don't know what is!

Lifting the embargo constitutes only part of the bill. This will also perpetrate a fraud on the American consumer. H.R. 2823 changes the definition of dolphin safe to allow chasing, injury, harassment, encirclement, and capture of dolphins as long as no dolphins are observed dead in the nets. This definition allows tuna which have been caught by encirclement to be sold as dolphin safe in the U.S. market. This, Mr. Speaker, constitutes consumer fraud.

This canneries in American Samoa were the first to announce they would no longer purchase tuna caught in association with dolphin. In large measure, this decision resulted in a marked decrease in the killing of dolphins worldwide—from a high of 115,000 in 1986 to less than 4,000 in 1995. Lifting the tuna embargo on Mexico and changing the definition of dolphin safe will confuse American consumers and undermine the integrity of an American industry which is currently struggling to survive.

Lifting the embargo will also encourage what is left of the U.S. tuna industry to move to foreign countries in which businesses do not have to comply with any of the regulations that apply to U.S. companies located in our States and territories. U.S.-flagged purse seiners and tuna canning facilities in the United States must comply with the higher U.S. standards placed on U.S. companies by Federal law. Most foreign countries do not require the same high environmental and labor standards as the United States, and this works to the disadvantage of U.S. citizens and businesses because it puts pressure on U.S. companies to move overseas to be more competitive. There is proof that this movement to overseas locations is occurring. As a matter of policy, we should be encouraging businesses to locate and expand in the United States, not move to foreign soil.

In 1983, 28.3 million pounds of foreign canned tuna entered the U.S. market above the quota. By 1991, this amount had increased to 237.2 million pounds—a more than eight-fold increase. In 1991, canned tuna from U.S. plants accounted for approximately 50 percent of the U.S. market. By 1993, our market share had been reduced to approximately 39 percent.

Mr. Speaker, lifting the embargo on tuna caught by foreign nations will drive the last nail into the coffin of what remains of the U.S. tuna industry. Thailand, the Philippines, Indonesia, Taiwan, Sri Lanka, and other countries are already able to export their canned tuna to the United States without having to comply with any of the safety, health, or environmental regulations that apply to U.S. companies.

Adding additional countries to this list will have a devastating effect on the largest industry in American Samoa. It is believed that approximately 80 percent of our private-sector employment is associated with the catching, cleaning, canning, and shipping of tuna. Needless to say, closure of these plants would devastate the economy of American Samoa.

Mr. Speaker, now is not the time to turn back the clock. Dolphin deaths worldwide have been reduced by 96 percent because of tough dolphin safe laws in the United States and Europe. The foreign businesses which are behind this harmful bill insist the U.S. change its law to unload their hard-to-market dolphin unsafe tuna in the lucrative U.S. dolphin safe market. This makes a mockery of the term dolphin safe.

Unfortunately, the dolphins cannot be here to make a case for themselves. A few of us are here in the Chamber today to speak on their behalf, and I want to say on behalf of the millions of dolphins at risk, the day will come when mankind will be held accountable for its actions.

This should be an easy vote. By voting against this bill, you will be voting for the dolphins, for U.S. fishermen, for the U.S. boat owners, for the U.S. tuna canners, and against foreign interests. Let us not be governed by foreign interests. Save the dolphins and kill the Gilchrest legislation.

Mr. Speaker, I submit the following for the RECORD:

BOGUS CLAIMS ABOUT TUNA-DOLPHIN BILL

DEAR COLLEAGUE: As the House prepares to debate H.R. 2823, the International Dolphin Act, you should know the truth behind several misimpressions frequently conveyed by supporters of the legislation. A careful examination of the facts provides overwhelming justification for the Studds "Truth in Dolphin-Safe Labelling Amendment."

H.R. 2823 supporters say: "This bill doesn't allow more dolphins to be killed. It will reduce the number of dolphin deaths."

But the fact is: H.R. 2823 allows the number of dolphin deaths to rise by over 30 percent!

H.R. 2823 supporters say: "Our bill doesn't allow dolphins to be hurt."

But the fact is: dolphins may be regularly encircled, harassed and injured under the provisions of the bill!

H.R. 2823 supporters say: "Environmentalists support this bill."

The fact is: over 80 grassroots environmental organizations vigorously oppose this bill and support the Studds amendment. By contrast, only the five environmental groups that secretly negotiated this agreement with Mexico support the bill.

H.R. 2823 supporters say: "We must support this bill, and we can't change this bill, because we would renounce an international treaty and damage American credibility."

The fact is: no treaty has yet been negotiated, just an agreement to negotiate a treaty! This bill requires that we change U.S. law as a condition of negotiating the international agreement. The U.S. is the only country required to change its domestic consumer protection laws to conform to the pre-treaty agreement.

Congress must not perpetuate a fraud on American consumers. "Dolphin Safe" must mean that dolphins are not injured or killed in the hunt for tuna, which is what our constituents believe it means. H.R. 2823 allows an increase in dolphin deaths and the unlimited injuring and harassment of dolphins. That is not "Dolphin Safe."

Support the Studds amendment to keep the "Dolphin Safe" label honest for American consumers.

□ 1800

Mr. GOSS. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. GILCHREST].

Mr. GILCHREST. Mr. Speaker, I would like to submit for the RECORD a letter supporting this legislation from the Maritime Trades Department of the AFL–CIO, the Vice President of the United States that supports this legislation, and a list of scientists that had concern about the tuna-dolphin issue. I would like to submit these for the RECORD.

Very quickly, the gentleman from American Samoa said we were pressured into this legislation by foreign powers. I want to say that we were pressured into this legislation by the marine ecosystem that needs our help in managing those scarce resources.

The ancient Polynesians had values that we should reflect today. The world is much different today than it was during the ancient Polynesians' courageous efforts across the high seas. We want to retain the values of the ancient Polynesians. That is why we are trying to manage the ecosystem on an international basis.

The last point, 10,000 to 40,000 dolphins are killed now in the western tropical Pacific. We are trying to eliminate that down to zero with our legislation.

Mr. Speaker, I include for the RECORD the correspondence to which I referred:

[From the Maritime Trades Department, AFL–CIO]

H.R. 2823 WOULD GIVE U.S. TUNA INDUSTRY A LEVEL PLAYING FIELD

Shortly the House of Representatives will take up H.R. 2823, the International Dolphin Conservation Program Act of 1996, legislation designed to provide a level playing field for the American tuna fishing industry. The Maritime Trades Department, AFL–CIO (MTD), representing affiliates that include fishermen and tuna cannery workers among their ranks, urges Congress to adopt this measure without amendment.

American tuna fishermen have been disadvantaged by amendments to the Marine Mammal Protection Act and Dolphin Protection Consumer Information Act. Since 1992, they have been singularly barred from encircling dolphins during tuna harvesting. This restriction has had the paradoxical effect of forcing off the high seas American boats and crews, who were responsible for developing dolphin saving techniques in the harvesting process. As a result, many American-flag tuna vessels have been sold and placed under convenience registries with less experienced foreign crews that don't share similar environmental concerns. Domestic tuna canneries have been denied sufficient product to operate economically and have experienced periodic shutdowns.

Enactment of H.R. 2823 would help generate conditions conducive to increased participation of American tuna vessels in the Eastern Tropical Pacific. It also provides adequate supplies of quality tuna to enable domestic tuna canneries in California and Puerto Rico to operate full-time. In the process, hundreds of American fishing and related canning jobs will be restored and maintained.

The bill, introduced by Congressman Wayne Gilchrest, also provides strong environmental benefits that underscore longtime congressional interest in eliminating dolphin mortality resulting from tuna harvesting. H.R. 2823 accomplishes this goal through an international regime for protecting dolphins, including observers and other monitoring, verification and tracking of catch, research and enforcement. Moreover, the bill requires reductions in the allowable dolphin mortality rate to a level that guarantees recovery of dolphin stocks. The act also calls for shipboard observers to be responsible for monitoring bycatch of all species, with the goal of reducing total bycatch.

On balance, H.R. 2823 creates an environment that will enhance opportunities for American tuna industry workers, while enhancing international efforts to make tuna harvesting safe for dolphin and other fish species. The MTD urges your support for this legislation.

THE VICE PRESIDENT,
Washington, DC, June 3, 1996.

Hon. WAYNE T. GILCHREST,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE GILCHREST: I am writing to thank you for your leadership on the International Dolphin Conservation Program Act, H.R. 2823. As you know, the Administration strongly supports this legislation, which is essential to the protection of dolphins and other marine life in the Eastern Tropical Pacific.

In recent years, we have reduced dolphin mortality in the Eastern Tropical Pacific tuna fishery far below historic levels. Your legislation will codify an international agreement to lock these gains in place, further reduce dolphin mortality, and protect other marine life in the region. This agreement was signed last year by the United States and 11 other nations, but will not take effect unless your legislation is enacted into law.

As you know, H.R. 2823 is supported by major environmental groups, including Greenpeace, the World Wildlife Fund, the National Wildlife Federation, the Center for Marine Conservation, and the Environmental Defense Fund. The legislation is also supported by the U.S. fishing industry, which has been barred from the Eastern Tropical Pacific tuna fishery.

Opponents of this legislation promote alternative fishing methods, such as "log fishing" and "school fishing," but these are environmentally unsound. These fishing methods involve unacceptably high by-catch of juvenile tunas, billfish, sharks, endangered sea turtles and other species, and pose long-term threats to the marine ecosystem.

I urge your colleagues to support this legislation. Passage of this legislation this session is integral to ensure implementation of an important international agreement that protects dolphins and other marine life in the Eastern Tropical Pacific.

Sincerely,

AL GORE.

LETTER FROM CONCERNED SCIENTISTS ON THE TUNA/DOLPHIN PROBLEM

We the undersigned scientists recognize the achievements made over the last twenty years to reduce dolphin mortality in the Eastern Tropical Pacific purse seine fishery for yellowfin tuna as well as efforts by U.S. and international scientists to improve the data and estimates of abundance and recruitment for dolphin stocks incidentally taken in this fishery. Specifically, dolphin mortality in this fishery has declined dramatically from 423,678 in 1972 to 4,095 in 1994.

We support efforts domestically and internationally to continue progress to reduce and eliminate dolphin mortality in this fishery. Further, we strongly believe that sound resource management and conservation depend upon reliable science and take into consideration the conservation and management of the ecosystem as a whole. The Declaration of Panama signed, on October 4, by the United States and eleven other nations takes significant steps in this regard. The scientific merits of the Panama Declaration are notable.

First, the Panama Declaration establishes conservative species/stock specific annual dolphin mortality limits at 0.2% to 0.1% of the minimum population estimate (N_{min}) up to 2001 and less than 0.1% of N_{min} thereafter. One way to approach the question of how much mortality dolphin populations can sustain and remain stable or increase is to express harvest as a proportion of net recruitment (i.e. as a proportion of the number of animals added to the population each year minus those that died). Recent estimates of recruitment are 2–6% per year. The Panama Declaration's annual species/stock specific mortality limits are set such a low level as to probably result in substantial increases in dolphin populations in the Eastern Pacific Ocean.

Second, the Panama Declaration establishes for the first time measures aimed at protecting other marine life caught incidentally in the eastern pacific tuna fishery, and represents an important first step towards efforts to reduce bycatch in commercial fisheries and sound ecosystem management.

Third, the Panama Declaration places greater emphasis on science-based management and conservation of tuna, dolphin, and other marine life in the Eastern Tropical Pacific through provisions that strengthen the existing scientific review process; promotes greater interaction between the scientific communities of the nations participating in the eastern Pacific tuna fishery; and places greater reliance on scientific data to inform the conservation and management of the fishery and the incidental take of dolphins and marine life in the fishery.

As scientists, we fully support these scientific principles which provide the basis for the Panama Declaration, and believe that they represent a scientifically sound approach to the management of the tuna fishery and conservation of dolphins.

Sincerely,

Ken Norris, Ph.D., Professor Emeritus, University of California Santa Cruz.

John H. Prescott, Director Emeritus, New England Aquarium, former Chair, Committee of Scientific Advisors, U.S. Marine Mammal Commission.

Lloyd F. Lowry, Ph.D., Marine Mammal Scientist, Alaska Department of Fish and Game.

William E. Evans, Ph.D., President of the Texas Institute of Oceanography, Professor of Wildlife and Fishery of Sciences, Texas A & M University.

David Challinor, Ph.D., Science Advisor National Zoo, Smithsonian Institution.

J. Lawrence Dunn, VMD, Staff Veterinarian, Mystic Marinelife Aquarium.

Daniel P. Costa, Ph.D., Professor of Biology, University of California, Santa Cruz.

Dayton L. Alverson, Ph.D., Natural Resource Consultants.

Terry Samansky, Director of Marine Mammals, Marine World Africa USA.

Edwin S. Skoch, Professor of Biology, John Carroll University, Ecotoxicology & Marine Animal Research Lab.

Brad Fenwick, Professor, Kansas State University, College of Veterinary Medicine.

Wendy Blanshard, Veterinarian, Sea World Enterprises, Surfer's Paradise, Australia.

Sarah Lister, DVM, Johns Hopkins University.

Kathryn J. Frost, Ph.D., Marine Mammal Scientist, Alaska Department of Fish and Game.

Graham Worthy, Ph.D., Professor of Marine Biology, Texas A & M University.

George Woodwell, Ph.D., Past President, Ecological Society of America, Woods Hole Research Center.

David St. Aubin, Ph.D., Researcher, Mystic Marinelife Aquarium.

Jeff Boehm, Vice President Research and Veterinarian Services, Shedd Aquarium.

William Y. Brown, Ph.D., Researcher, Hagler Bailly.

Sarah Paynter, Ph.D., Lecturer, Johns Hopkins University and National Aquarium in Baltimore.

Gwen Griffith, DVM, President, Alliance of Veterinarians for the Environment.

Cecile Gaspar, DVM, Dolphin Quest, Moorea-French Polynesia.

Scott Nachbar, DVM, Aquarium of Niagra Falls.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentleman from American Samoa [Mr. FALEOMAVAEGA].

Mr. FALEOMAVAEGA. Mr. Speaker, I appreciate the sentiments expressed by my good friend from Maryland concerning the legislation. But I think as a point of observation that I would like to share with the gentleman about the movement of tuna, not only as a migratory fish, but the fact that the way tuna is being caught in the eastern Pacific is quite different than the problems that we face in the western Pacific, the problems we have along the coastlines, the Latin American countries where the tuna tend to come up closer to the dolphins.

I do not know if it is because of the current or the warmth of the water, whatever it is, that causes this difference in how the tuna survives when it moves, quite different than from the way that we catch tuna in the western Pacific.

The fact is that the tuna tends to go lower in depth and so that when we do the purse seining, the dolphins are not as much affected as opposed to the problems we face in the eastern Pacific.

This is the predicament that we find ourselves under. The fact that because of the differences in temperature, whatever it is, that causes the tuna, the eastern Pacific tuna to go up a little closer to the dolphins so we obviously end up with a very difficult problem there, where our friends from Mexico and other countries that have the tendency, when they do catch the tuna under the dolphins, the dolphins definitely are more affected by it as compared to the problems that we have in the western Pacific.

I say to my good friend while I can appreciate his observations of how my forefathers have given a real sense of appreciation not only for the ocean environment, but the fact that here one of the most beautiful mammals in the world that we see and putting them on a sacrificial altar for the name of expediency and saying that tuna is more important than dolphins, I submit to the gentleman from Maryland, I could not disagree with him more on this issue.

Mr. GILCHREST. Mr. Speaker, will the gentleman yield?

Mr. FALEOMAVAEGA. I yield to the gentleman from Maryland.

Mr. GILCHREST. Mr. Speaker, I understand the nature of the difference between the way in which tuna and dolphins act in the eastern tropical Pacific. We have reduced the dolphin kill in the eastern tropical Pacific to a little over 3000. We have not reduced the kill of dolphins in the western tropical Pacific where we have no management ability.

Mr. GOSS. Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I yield 4 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. speaker, the Gilchrest approach offers the dolphin a better chance than the alternatives. Let me say that the Studds approach is also in my judgment a good alternative, but this one is much better because we would not be going it alone. Internationally we would be supported by many countries using the approach of WAYNE GILCHREST.

Mr. Speaker, the argument is very simple. If fleets do not receive some reward for their changed behavior soon, they will revert to their old and easier ways of fishing. Dolphin casualties are going to rise. Under this proposal, we are going to keep international monitoring programs all in effect. This legislation is critical for both the environmental and international communities. I hope my colleagues will support this bill that is fair, is necessary. It is moderate and has broad support.

Mr. Speaker, who can be greener than AL GORE, the Vice President of the United States who supports this bill?

This bill is the next step in the process of minimizing the impact of tuna fishing on dolphin populations in the marine ecosystem. In 1972, over 400,000 dolphins died in tuna nets. Last year that number was just over 3,000. The Saxton-Gilchrest bill, of which I am a cosponsor, locks into a place a 99 percent improvement in environmental protection.

Dolphin protection in international waters cannot be carried out by the United States alone. If we go the alternative route, everyone will say, there goes the United States, on its own again. We have to rely upon commitments of several fishing nations to cooperate with us to protect dolphins. With Mexico we have worked very well on this issue. There is a lot of progress. We cannot risk losing this important international coalition. If we do, the United States runs the risk of never being a leader in dolphin protection. then what would happen would be anarchy and more whaling deaths and there would be a whole upsurge of commercialism rather than environmentalism dictating what we should do.

The changes promoted by this bill will give incentives to make tuna fishing less wasteful of nontarget fish and as safe as ever for dolphins. This bill guarantees through the best observer program in the world that every time a net is deployed only tuna that is truly dolphin safe will receive this label. This dolphin-safe certification would be given to any haul of tuna in which no dolphins were killed or seriously injured.

Although there are reasonable concerns from my colleagues that dolphins will be stressed by this fishing technique, this bill that we are supporting, the Saxton-Gilchrest bill, calls for a study on dolphin stress so that we can finally make some solid conclusions about this issue.

The United States must continue to hold the firm line on compliance with sound fishing. This is why this bill will use the same tough trade measures that push countries to improve their fishing methods in the first place.

It is important that we implement the Panama Declaration to reward the efforts taken by our trading partners. if we fail to implement this agreement, there is reason to fear that our trading partners will return to their old ways of fishing. If this happens, dolphin mortality levels will rise.

This bill again is supported by the Clinton administration, National Wildlife Federation, Environmental Defense Fund, World Wildlife Fund, Greenpeace, and 12 nations have agreed to an unprecedented level of marine life protection. I think this is a good bill. It is a good, appropriate step in the interest of sustainable fishing, dolphin protection and the marine ecosystem. I think it has already been stressed that the maritime trade unions of the AFL–CIO support this bill. They have issued a statement.

Mr. Speaker, let us support this bill, but let us say that the approach that the gentleman from Massachusetts [Mr. STUDDS] has proposed I think is a good approach, but not hardly as good as this one that we are pursuing today. Let us give bipartisanism and environmental protection a very strong vote.

Mr. BEILENSON. Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

I would like to point out that this has been an almost full hour debate on the rule. I think we have come to the conclusion that this is a very good rule and it is going to lead to some very fine debate, when we get to the debate on this subject, which we are all looking forward to.

I am personally pleased that we have made such great progress in dolphin protection. Six years ago, when there was a merchant marine and fisheries committee, there was some disagreement that led to a better solution. Further disagreements have led to better solutions. This shows that democracy works, this Congress works, and I am proud to be part of it.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. EWING). Pursuant to House Resolution 489 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for consideration of the bill, H.R. 2823.

☐ 1811

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2823) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes, with Mr. COLLINS of Georgia in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from New Jersey [Mr. SAXTON] and the gentleman from Massachusetts [Mr. STUDDS] each will control 30 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I thank the Chair for making in order the consideration of this bill, H.R. 2823, which would codify the Panama Declaration. This bill has been the subject of scrutiny by several committees: The Committee on Resources and, of course, our Subcommittee on Fisheries, Wildlife and Oceans, the Committee on Ways and Means, as well as the Committee on Commerce.

Our distinguished chairman, the gentleman from Alaska, DON YOUNG, and the gentleman from Massachusetts, GERRY STUDDS, have both expressed their reluctance to reopen the dolphin-safe tuna issue. They remember the rhetorical battle of the merchant marine and fisheries committee on which we all served, and I remember that battle as well.

The Gilchrest bill will lead 12 nations that currently fish in the eastern tropical Pacific or the ETC to a binding agreement to conserve and protect the entire ecosystem, including dolphins.

The alternative is an increase in school and log sets which result in killing sharks, endangered sea turtles, billfish, and baby tunas.

These pictures exemplify what it is that we are trying to protect. We have endangered Olive Ridley turtles. We have sharks. We have wahoo and billfish and, of course, juvenile or baby tuna. These are all species that we are trying to protect pursuant to this act.

Opponents of the Gilchrest bill will make several arguments. First, they will argue that the change in the status quo will lead to the wholesale slaughter of dolphins in the eastern tropical Pacific. We will show that that is not true.

☐ 1815

Second, Mr. Chairman, opponents of the Gilchrest bill will also argue that the status quo will serve the purpose of saving the dolphins. We believe that is not true. Opponents will also claim that this bill will somehow undermine NAFTA, which we also believe is untrue.

So let me just start with the first issue. The first issue with regard to the Gilchrest bill will be that it is a change in the status quo and it will lead to the wholesale slaughter of dolphins. To me this is a disingenuous argument.

In fact, other nations are currently setting on dolphins; in other words, fishing for tuna under dolphins, in the eastern tropical Pacific, as the regular tuna harvesting method. That is going on today, and there is a large-scale slaughter of dolphins today by other countries.

These fishermen have refined their harvesting techniques so that a sizable reduction, however, in dolphin mortality has resulted from hundreds of thousands of dolphin deaths annually to just about 4,500 dolphin deaths today. Scientists say that this is about 4,500 out of a total of more than 9 million dolphin deaths.

These 11 nations, Belize, Columbia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, Vanuatu, and Venezuela have all negotiated with the Clinton administration in good faith to set up the framework for a binding agreement to cap dolphin mortality in the eastern tropical Pacific.

Mr. Chairman, the result of these negotiations is the Panama Declaration, and the enactment of this bill is the enactment of our promises under that declaration. The linchpin to the Panama Declaration, on which neither our State Department nor other nations will compromise, is the change in the dolphin safe definition. Without this change, the Panama Declaration, the international treaty, falls apart and so does our chance for a binding international marine conservation agreement to protect dolphins and other marine life.

The opponents also will argue that the Gilchrest bill, that the status quo will better serve the same purpose. Actually that is false. The status quo will no longer exist if the Panama Declaration is scuttled, and other countries will revert to their old practices.

The current agreement under which these nations, known as the LaJolla Agreement, is 100 percent voluntary on the part of all nations. These nations have shown that they will walk away from the voluntary conservation measures outlined in LaJolla without this agreement.

As a matter of fact, in fairness to the opponents, I delayed the subcommittee markup to ensure that all members had an opportunity to express their concerns and have them addressed. The international community expressed its determined disagreement, and I had to personally spend hours meeting with representatives of Latin American countries who threatened to walk away from this process.

The gentleman from Massachusetts [Mr. STUDDS] has an amendment that he will offer at the appropriate time. When we begin debate on the Studds amendment, I will discuss in detail why it will cause the demise of many more dolphins in the eastern tropical Pacific, also known as the ETP, than currently occurs.

Third, as I pointed out, the opponents will also suggest that this somehow is related to NAFTA. They will further claim that if this bill is approved, the United States is telling the world that we will weaken our own environmental laws to avoid violating

NAFTA. I voted against NAFTA, and I can assure my colleagues that this bill is not related to NAFTA at all. That assertion is way off the mark. We are changing the law, yes; but we are not, we are not in any way, weakening it. We are strengthening it by enticing other countries already setting on dolphins or fishing on dolphins to participate in this binding international agreement that will reduce dolphin mortality even further.

Let me just repeat. A binding agreement will reduce dolphin mortality even further. Remember the current agreement is voluntary, not binding, and these countries can walk away from it at any time. The NAFTA agreement does not wash, the NAFTA argument does not wash, and neither does the assertion that we are weakening our environmental laws. I cannot fathom how a binding agreement to reduce dolphin mortalities in the ETP can be portrayed as anything, anything but a stunning environmental accomplishment.

At the close of general debate I will be offering a managers amendment that, like the Gilchrest bill, is wholeheartedly supported by the Clinton administration. It is also supported by Green Peace, the American Tuna Owners Association, the Center for Marine Conservation, the Environmental Defense Fund, the World Wildlife Fund, the National Wildlife Federation, the Seafarers International Union, and the American Sportfishing Association.

I will explain the substitute further at that time and urge all Members to do the right thing for all marine creatures in the eastern tropical Pacific and to vote yes.

Mr. Chairman, I reserve the balance of my time.

Mr. MILLER of California. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, in an effort to make concessions to foreign fishing interests, the Clinton administration and other proponents of H.R. 2823 are tampering with the standards set under the authority of one of our most fundamental and successful environmental laws, the Marine Mammal Protection Act of 1972. This bill permits the number of dolphin deaths to actually increase up to 5,000 annually and has no provisions, in my opinion, to enforce this limit or specify how this number should decrease over time. I believe it leaves a gaping loophole, with no limitations on injuring or harassing dolphins so long as there are no observed mortalities.

I think also the American people have the right to know that this bill, in my opinion, has not been subject to proper debate and consideration. I know that my colleague from New Jersey talked about the action that took place in the Committee on Resources, but the bill was not referred to the Committee on Commerce which has in the past considered numerous bills relating to the labeling of tuna. Also, I am skeptical that adequate observer coverage can occur on a set by set basis as proposed by this bill, much less that a single observer could monitor nets that are up to a mile long and a hundred feet deep for potential dolphin fatalities.

Proponents are suggesting that bycatch is an important consideration, and I strongly support the need to address bycatch issues for tuna fishing, but by means other than a shifting of fishing effort to practices which place dolphins at risk. This bill provides no alternative to dolphin sets with a failure to ensure that bycatch mitigation research is done. Setting on logs and debris under which tuna aggregate will continue as two other major commercial tuna species, the skipjack and bigeye tunas are traditionally caught under logs and debris and are not typically found with dolphins. Setting on dolphins is not a real solution to the bycatch issue, and H.R. 2823 does address this.

This bill is yet another rollback of environmentalist legislation, and the threat this bill poses to dolphins is very real in my opinion.

Mr. SAXTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland [Mr. GILCHREST], the author of the bill.

Mr. GILCHREST. Mr. Chairman, I thank the gentleman for yielding this time to me.

What I would like to explain to the Members that will be voting here in the next hour or so is that we have a piece of legislation that has been put together in the light of day by numerous interested parties, by the fishermen who want to catch their fair share of fish, by scientists who understand the complexity of the nature of the marine ecosystem, by elected officials in the United States that want to ensure jobs and ensure environmental quality and ensure the sovereignty of the United States. This bill has absolutely nothing to do with reneging on our environmental policies, this bill has nothing to do with violating the label so consumers understand that they are eating dolphin safe tuna.

Mr. Chairman, this is a bill that puts the best of American together, to join us with 11 other nations to understand the nature of limited resources and a bulging population. This bill understands the nature of trying to get international agreement on sensitive environmental issues. This bill is a first step to understand the nature of complex environmental issues such as global warming that we will have to sit down at the table and find agreements on.

Now the issue here is encirclement, the issue here is encirclement that deals with purse seine nets, and yes, those purse seine nets since the 1950's have killed hundreds and thousands of dolphins in the eastern tropical Pacific, and yes, the United States placed an embargo on that type of encirclement, the United States placed a gear restriction so that we would not import tuna where dolphins were killed. But there are still not only dolphins being killed in the pursuit of tuna, there are tens of thousands of sharks as bycatch. There are immature tuna being caught in other methods that will never stand the chance to spawn, and so the tuna population will continue to diminish.

So we have gotten together in the light of day in LaJolla, CA some years ago to try to figure out, we, as intelligent human beings, trying to figure out how we can manage our resources, feed the world and sustain the environmental marine ecosystem for generations to come.

Now a speaker earlier talked about the Polynesians and their values for life, both human and animal, fish species, mammals and so on. Those same values of respecting life on planet Earth are an inherent part of this piece of legislation, and so encircling dolphins the way it used to be, encircling tuna the way it used to be, killed tens of thousands of dolphins.

In this new method, which is not an end-all to this scheme of things, we are not going to adopt this legislation and have this agreement with 12 other countries and not continue to pursue to understand the nature of how to catch tuna without killing one dolphin. We are continuing to study this issue. We encircle the dolphins.

I say to my colleagues, Now imagine a boat with a circle around the back of that boat, and you have encircled the tuna fish that are swimming underneath these dolphins. The boat stops with a licensed observer on board, and then the back of the net drops down. Into that circle, into that net, go members of that tuna boat to chase the dolphins and the other marine mammals out of that net, and the net drops down below the surface of the water. And until all the dolphins are out of the net, that net does not get pulled and the tuna do not get processed on board ship.

This is not a perfect solution. There is no utopia on planet Earth. We must manage our limited resources with the technology that is available to us at this moment, and in my judgment the technology to reduce dolphin deaths, the technology to ensure the honesty of labeling dolphin safe tuna is this legislation.

So I will encourage my colleagues, as painful as it is to the gentleman from Massachusetts and the gentleman from California, and I very rarely vote against these two gentlemen when it comes to environmental issues, but I would encourage my colleagues to vote against the Miller-Studds amendment and vote for this legislation.

Mr. MILLER of California. Mr. Chairman, I yield 3 minutes to the gentleman from American Samoa [Mr. FALEOMAVAEGA].

Mr. FALEOMAVAEGA. Mr. Chairman, at some point in time in this debate the gentleman from Massachusetts, I know, will be offering an amendment to the pending legislation, and for that reason I rise in support of the amendment of the gentleman from Massachusetts [Mr. STUDDS] which will continue the meaningful standard of current Federal law on the use of the dolphin safe label.

Mr. Chairman, it was through a public outcry beginning over a decade ago that Congress responded in 1990 with the dolphin safe label we see on all tuna sold in the United States. American consumers wanted to purchase canned tuna, but they were not willing to do so if it meant killing over 100,000 dolphins per year. It was through a grass roots belief that dolphins should be protected that the dolphin safe label was born.

□ 1830

Throughout this period, Mr. Chairman, Mexican fishermen have wanted to catch tuna by encircling dolphins and selling it to consumers in the United States. The Gilchrest bill would give foreign interests greater access to our markets and remove the incentives to the tuna industry to stay in the United States. That is not good policy for anyone but the foreign fishing fleets and foreign canners.

Mr. Chairman, today, in a misplaced effort to comply with the foreign trade agreement, supporters of this bill propose changing the definition of dolphin-safe so dolphins can be chased and encircled in the catching of tuna, and the tuna can still be sold in the United States under the dolphin-safe label.

Mr. Chairman, I am opposed to this legislation and, quite frankly, even with the Studds amendment, but I do not believe that the bill adequately protects the dolphin stocks. Without the Studds amendment, Mr. Chairman, the consumers will not have that choice because they will not be able to tell dolphin-safe tuna from dolphin-unsafe tuna.

H.R. 2823 is not the solution, Mr. Chairman, to the dolphin issue I would choose, but the Studds amendment is the tolerable option. I urge my colleagues to vote for the Studds amendment when it is brought before the floor for consideration.

Mr. SAXTON. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Chairman, I rise in strong support of this bill. I wish to congratulate the gentleman from Maryland [Mr. GILCHREST] for all his hard work on it, for the thoroughness with which he took this challenging assignment on, for the openness of the process, for the methodical manner in which this final product was developed. WAYNE GILCHREST is a class act.

The choice we face in this debate is between ideological purity and practical impact. The purists want to push an approach to fishing in which no dolphins will ever become entangled in tuna nets. That sounds good, and we would all feel good voting for it, having demonstrated our purity. There is only one problem: that is, the practical impact that vote would have.

If we vote down this bill or amend it, we walk away from an international agreement that has been enormously successful in saving dolphins. Dolphin deaths have dropped from over 400,000 in the 1970's to less than 4,000 last year. The agreement will continue to move us toward reducing mortality to zero. The agreement would fall apart. Other countries would go back to their old means of fishing, and dolphin mortality would increase again if we voted other than for the Gilchrest bill.

Not only that, bycatch of other species such as sea turtles would increase. So our choice is to vote for this bill and accept a small and declining level of dolphin mortality, or to pretend to purity and cause the death of dolphins and other sea creatures.

The gentleman from Maryland [Mr. GILCHREST], as one would expect, has taken the moderate approach. It has won the support of even such immoderate groups as Greenpeace.

Some of my friends are for this bill. People ask me, what about your friends? I point out some of my friends are for this bill, and some of my friends are not so enthusiastic. But let me tell the Members about my friends that are for this bill: The National Wildlife Federation, the Environmental Defense Fund, Greenpeace, World Wildlife Fund, Center for Marine Conservation, our good friends in the maritime trades department of the AFL–CIO, the American Sport Fishing Association, the American Tuna Boat Owners. The Washington Post twice has editorialized in support of this Gilchrest bill, and so has the New York Times and the Houston Chronicle.

Seasoned observers who care deeply about this process have all examined very carefully the Gilchrest proposal, and they have urged us, the Representatives of the American people, to vote for it. I proudly identify with my colleague, the gentleman from Maryland [Mr. GILCHREST], and I enthusiastically support this bill and urge my colleagues to do likewise.

Mr. MILLER of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to respond to a couple of things that have been said here. The suggestion is that somehow, if we engage the legislation as it is currently written, that somehow that will lead to a reduction in the dolphin death rate from what we have today. The fact of the matter is the legislation allows for almost a 30 percent increase in dolphin deaths under this bill.

It also does not address and in fact would allow for the first time, under the guise of being dolphin-safe, the harassment, the hunting, capture, and killing, the attempt to harass, hunt, capture, or kill, marine mammals. We would not allow this, and this is not allowed for any other mammal, any other kind of fisheries under the law. But the fact of the matter is that is what happens.

What we do know, and one of the reasons that we have this legislation, is because the encirclement, the harassing, and the stress on the dolphins has taken a toll on them. Yet somehow we condone that, and we suggest that that is in fact dolphin-safe, when in fact all the scientists agreed when we wrote this law that that was not dolphin-safe. In fact, Greenpeace, which is supporting the Gilchrest approach here, I believe has never changed their position, that there should be an end to the encirclement of dolphins. But in fact, that is sanctioned under this legislation.

My colleagues keep referring to their friends who are supporting this legislation. I would like to point out that the Sierra Club, the American Society for the Prevention of Cruelty to Animals, the Earth Island Institute, the Humane Society of the United States, Friends of the Earth, the International Brotherhood of Teamsters, the American Humane Association, those organizations that have dedicated their entire existence to the humane treatment of animals, to ending the slaughter of animals, mammals and wildlife, oppose this legislation.

Again, by denigrating the label, by suggesting that these activities will be allowed, that the increased killing of dolphins will be allowed, and somehow trying to present to the same American consumer that has now been making a decision for many, many years that when they buy a can of tuna that is sold in the United States, that in fact the label of dolphin-safe means dolphin-safe, now we are going to pull a trick on them. We are going to pull a trick. We are going to tell them that dolphin-safe means dolphin-safe, but it does not. It means we can encircle, and we can harass, and we can maim, and we can injure, and we can in fact increase the number of dolphins that are killed.

The current system, with all of these bandits out there fishing the way they want, the current system has dramatically reduced the measured kill in dolphins some 95, 97 percent. Yet we are told now under the new regime what we have to do is allow these people to kill more dolphins.

Then we are going to kid the schoolchildren that led the crusade in this country for dolphin-safe tuna, for the consumers, for the packaging companies that complied with this and made a decision, made an investment, we are going to con all of them that now somehow this legislation is really dolphin-safe and better for the dolphins, in spite of the language in the legislation that allows the dolphins to be put under much more stress, to be injured, and to be maimed, in direct contradiction of the Marine Mammal Protection Act.

These are exactly the acts that are prohibited and for which these mammals are protected, but in the case of the dolphin, they will no longer have that protection. I am sure my colleagues on the other side, the colleagues supporting this legislation, would not suggest that we do away with that protection for marine mammals. But somehow, because of the insistence of Mexico that they need to do this, and I do not see Mexico volunteering not to take juvenile tuna in their coastal waters. They did not put that in this agreement. The only thing we put in this agreement is changing how American consumers are going to be able to depend upon a label and what this label means.

My colleagues say we have to change the method in which we fish for dolphins because it has an impact on juvenile tuna. But most of the juvenile tuna is taken within the coastal waters of Mexico, and it is exempt from this agreement.

Our trade negotiators, our State Department, constantly continue to sell the American market cheap. In one agreement after another, we constantly give away the integrity of the market, and, in this case, the integrity of our consumer protection, the integrity of our environmental laws, the integrity of our workplace, the integrity of the jobs for our workers.

Somehow we do not appreciate the real value of this market. The reason they are banging on the door for this agreement, and this is not a treaty, as people on the other side have suggested. This is about an agreement to go forward to negotiations for an agreement. But what we have is America unilaterally agreeing to change its basic consumer protection laws.

Mexico, however, is free to continue to take all the juvenile tuna they want, probably far in excess of anything that will be dealt with by the current system. So I would just hope that our colleagues would understand that there are a lot of suggestions about what this bill will do, but the language of the bill itself simply is contradictory to those representations.

Mr. Chairman, I reserve the balance of my time.

Mr. SAXTON. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Chairman, I love the dolphin. I am privileged to, when I go home in Florida, wake up every morning and watch the dolphin frolic in my front yard. Fortunately, commercial fishing in my area of the world does not include the capture or the harassment of dolphin, so maybe I should stay out of this fight.

But I do love the species, and I think it is important that we begin to get an international agreement on the preservation of that species. I wish there were a perfect way to solve this problem, but there is not. I think the Gilchrest bill is a realistic bill and does the proper type of conservation of this particular species.

There is, as I say, with the technology that we have now and the knowledge that we have now, and the fact that we do not have an international agreement on the preservation of the dolphin, it leads me to believe that the Gilchrest bill goes in the right direction. Quite often we strike out in our attempts to do good by taking unilateral action. I believe we can do even better if we take international action, because these are international waters we are dealing with. This is a migratory species that moves about quite rapidly.

I think, attacking this conservation matter, and the fact that such people as Greenpeace, whose credentials are beyond dispute as far as the species is concerned, are endorsing it, I think it is the wisest action to take. I say that, having great respect for the gentleman from Massachusetts [Mr. STUDDS] and the gentleman from California [Mr. MILLER] and their position. But I find that it is best in my judgment to go for the Gilchrest proposal.

Mr. SAXTON. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, why support this bill? First of all, the United States has fallen under an encumbrance of having to have observers on a boat. This is in light of they have actually reduced the number of thousands of dolphins killed down to 4,000. My colleague, the gentleman from California, says first of all the number increased 20 percent. Then just a minute ago he said it increased 30 percent, which we need to know what it is. I can tell the Members what it is. It goes from 4,000 to 5,000. Let me tell the Members why.

Currently, currently the other nations that are involved or have the restrictions on them can go out and kill thousands of dolphin at will. But because of this agreement, the Panama Agreement, they fall under the same umbrella that we do. Fishermen have gone down to 4,000. Dolphin-safe does not have to be dolphin-safe under this current law.

Under this bill, we will know that 100 percent of the tuna under as dolphin-safe label will be dolphin-safe, because every single boat will have an observer, not just U.S. boats, but all 12 of the other nations. Why would my friends oppose that? The gentleman from New York, Mr. SHERRY BOEHLERT, called it "ideological purity." We have some of those on our side. I recognize that. I think both groups need to moderate their positions.

□ 1845

I think that has been done by the gentleman from Maryland [Mr. GILCHREST], the gentleman from New Jersey [Mr. SAXTON], the gentleman from New York [Mr. BOEHLERT], people that are known for their environmental record, and on your side as well, I would say to the gentleman from California [Mr. MILLER].

I do not apply any motive to this. I think the gentleman has a purely intensive feeling about his support of his own amendment.

Let us take a look at the groups that support this. Earth Island. They have made millions of dollars managing the dolphin-safe label, managing the dolphin-safe label from Starkist.

Fact. Earth Island, who makes millions of dollars from this, is generating fundraising dollars for their efforts. It is an economical issue for them. But yet on the other side we have the Vice President of the United States; AL GORE, who is your champion for the environment. If we have any radical group on our side, it is the AFL–CIO. They endorse this. But on the other side we have the gentleman from New York [Mr. BOEHLERT], the gentleman from Maryland [Mr. GILCHREST], the gentleman from New Jersey [Mr. SAXTON], and many others who normally vote with a green vote. Because they feel that this is an honest effort to protect a resource that under the current conditions, you catch turtles because you fish for immature tuna, and you catch swordfish and the rest of it, and all that bycatch is wasted; killed. This method prevents that. It also saves the resource for future generations. That is why the President and AL GORE and many Members on your side of the aisle support this bill, as well as on our side.

I would ask the gentleman in good faith, and I think he knows I am sincere in this. I truly believe that this will save dolphins. I think it will help our fishermen. I think it will move Mexico in not just this but in other ways. Already Mexico has worked very closely with us on our sports fishermen's rights and moved in that generation. Unless we adopt international agreements and enforce them, and I will work with the gentleman to make sure that these are enforced, then I think that we have slipped backwards.

Mr. MILLER of California. Mr. Chairman, I yield myself 1 minute, just to say that the AFL–CIO does not support this legislation. We just spoke to them.

We have member unions of the AFL–CIO that support this legislation and we in fact have members of the AFL–CIO that support our version, the Studds amendment, of that same legislation. We just got off the phone to their representative. We both have constituents, just as you have environmental organizations on both sides.

The point is that these same nations that are now making this threat in fact today are not going out and killing tens of thousands, hundreds of thousands of dolphins, but they are threatening to. They are threatening to go out and act in a completely irresponsible fashion unless the U.S. Congress goes along with this attempt to get us to dupe the American consumers about the nature of the dolphin-safe label and the tuna which they buy.

Mr. Chairman, I reserve the balance of my time.

Mr. SAXTON. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado [Mr. SKAGGS].

Mr. SKAGGS. Mr. Chairman, I support this bill. I believe its enactment is necessary if we are going to continue to make progress in reducing dolphin mortality associated with fishing for tuna.

I, like many of my colleagues, always have cause to pause for a moment before challenging the position of my friends and colleagues from Massachusetts and California on an issue like this. Certainly it is disconcerting to have words like "conned" and "duped" thrown into the debate. I think everybody here is in agreement about our basic objective, which is reducing dolphin mortality. It is evident that opinions are divided about how to pursue that objective, and so there is a division of opinion about this bill.

I respect those that question the bill's approach, because I know that what they are primarily seeking here is what I am seeking, and that is reducing to the minimum, as efficiently as we can, the deaths of dolphins. We all remember the horrifying pictures of dolphins dying in fishermen's nets. That brought the public clamor that got us the very major progress that we have made to date in this issue.

The improvement that has been made is largely the result of the La Jolla Agreement. That agreement has brought much reduction in dolphin mortality. But last year, as has been discussed, a dozen tuna fishing nations, including the United States, met to try to build on that agreement and put together a binding international agreement to replace the strictly voluntary La Jolla Agreement.

The result of those talks was the framework agreement known as the Panama Declaration. It is the purpose of this bill to implement that agreement in order to strengthen international conservation programs and set the stage for a further reduction in dolphin mortality. We need to support this legislation in order to be able to keep that international cohesion together in support of a goal that I think all Members share.

Mr. Chairman, I support this bill. I believe that its enactment is necessary if we are to continue to make progress in reducing dolphin mortality associated with fishing for tuna.

I think everyone here agrees that further reducing dolphin mortality should be the goal. But it's evident that opinions are divided about how we should pursue that objective—and as a result there are divisions of opinion about this bill. I respect those who have questions about this bill's approach, because I think that what's primarily involved here is an honest difference of opinion over the specific legislation, not a fundamental difference over its objectives.

We all remember the horrifying images of dolphins dying in fishermen's nets. Those scenes rightly brought a public clamor for urgent action. And, since then we've made real progress. In fact, dolphin mortality in the eastern tropical Pacific has been cut by better than 90 percent.

This improvement is to a large extent the result of an informal, voluntary agreement—known as the La Jolla Agreement—among countries whose nationals fish in the eastern Pacific.

However, while this agreement has brought much improvement, more attention has gone to the U.S. law setting criteria for labeling tuna as "dolphin safe"—criteria based on fishing practices rather than on dolphin mortality.

Last year, a dozen tuna-fishing nations—including the United States—met in Panama to develop a binding international agreement to replace the strictly voluntary La Jolla Agreement. The result of those talks is a new framework agreement, known as the Panama Declaration. The purpose of this bill is to implement that declaration, in order to strengthen international conservation programs and to set the stage for further reducing dolphin mortality.

As we consider this legislation, we should keep in mind what the Panama Declaration provides, because it goes beyond previous agreements in several important ways.

Under the Panama Declaration, there would for the first time be a firm, binding international commitment to the goal of completely eliminating dolphin loss resulting from tuna fishing in the eastern Pacific Ocean. In addition, the declaration would provide new, effective protection for individual dolphin species—biologically-based mortality caps that will provide important new safeguards for the most depleted dolphin populations. And the Panama declaration provides for the world's strongest dolphin monitoring program, with independent observers on every fishing boat.

Implementation of the Panama Declaration depends upon the changes in U.S. law that would be made by this bill. Among other things, these changes will lift restrictions on access to our markets for tuna caught in compliance with the new agreement, including revision of the standard for use of the "dolphin safe" label. That change in the "dolphin safe" label seems to be the most controversial part of the bill, but it is an essential part and should be approved.

Remember, under the current law that a "dolphin safe" label on a can of tuna doesn't necessarily mean that no dolphins died in connection with the catch of the fish. Instead, it simply means that the fishermen did not use a school of dolphins as their guide for setting their nets. If that condition is met, the "dolphin safe" label can be applied even if dolphin mortality in fact has occurred. By contrast, under the Panama Declaration—as implemented by H.R. 2823—the term "dolphin safe" may not be used for any tuna caught in the eastern Pacific Ocean by a purse seine vessel in a set in which a dolphin mortality occurred—as documented by impartial, independent observers.

In other words, it's not true that this bill would destroy the meaning of the "dolphin safe" label—it would make its meaning more specific and more accurate, by imposing a no-mortality standard, while providing for further study of the effects of dolphin-encirclement and a mechanism to again stop that fishing technique if it's determined to have an adverse impact on dolphins. I think this is a desirable change in the law.

Furthermore, fishing can't be truly "dolphin safe" unless it's safe for the ecosystem. Because it focuses on fishing methods, not dolphin mortality, the current labeling law has had serious unintended consequences. Some of the "dolphin safe" methods tend to result in a catch of primarily juvenile tuna—harmful to the viability of the fishery—or result in numerous catches of other species such as endangered sea turtles or billfish.

In fact, it well may be better for the ocean ecosystem for tuna fishermen to set their nets on dolphins and then to release the dolphins safely when the tuna are harvested—something that is strongly discouraged by the current labelling standard.

So, Mr. Chairman, this is a good bill, one that represents a win-win situation for all. It's supported by the administration and the U.S. fishing industry as well as by environmental and conservation groups, including the National Wildlife Federation, the World Wildlife Fund, the Environmental Defense Fund, the Center for Marine Conservation, and Greenpeace. It deserves the support of the House.

Mr. TORKILDSEN. Mr. Chairman, I rise in strong support of H.R. 2823, the International Dolphin Conservation Program Act, sponsored by Mr. GILCHREST. This bill is vital to the protection of dolphins, sharks, endangered sea turtles, and other creatures of our marine ecosystem.

This bill is supported by such well-known environmental advocates as Greenpeace, World Wildlife Fund, the Center for Marine Conservation, and the Environmental Defense Fund.

H.R. 2823 is better for dolphins because it locks into place binding international legal protections for dolphins in the eastern tropical Pacific [ETP]. Currently, dolphin protection in the ETP is voluntary. Many nations seek to protect dolphins in order to sell tuna in the U.S. market.

The nations that fish for tuna in the eastern tropical Pacific have developed new fishing methods to reduce dolphin mortality. As a result of these efforts, dolphin mortality has dropped from 125,000 in 1991 to 3,300 last year, just 0.2 percent of the population. This is a level more than four times lower than that recommended by the National Research Council to allow recovery of dolphins. This bill sets aggressive mortality limits, with the goal of reducing dolphin mortality to zero.

Under the Gilchrest bill the "dolphin safe" definition is based on actual dolphin mortality. If a dolphin dies as a result of harvesting tuna, then that tuna will not be permitted into the United States and onto our shelves. Currently, despite the label on cans of tuna that it is dolphin safe, there has been shown to be some dolphin mortality in even log and school sets of tuna harvests. H.R. 2823 assures consumers that no dolphins died in the catch of labeled tuna.

Despite the current embargo, existing law has been ineffective in changing fishing practices of foreign fleets in the ETP; in fact, approximately 50 percent of sets by the foreign fleet are on dolphin schools despite the embargo.

H.R. 2823 implements the Panama Declaration, and international agreement to reduce dolphin mortality in the eastern tropical Pacific Ocean and to be bound by the conservation and management measures enacted by the Inter-American Tropical Tuna Commission [IATTC]. Without the Gilchrest bill the signers to the Panama Declaration will walk away from the agreement and we will risk all protections of dolphin throughout the region.

A vote for this bill is a vote for the marine environment. The Gilchrest bill contains tough provisions that require tuna fishermen to protect dolphins, sea turtles, sharks, and bill fish. Under current methods of fishing, hundreds of endangered sea turtles and thousands of sharks die every year. The Gilchrest bill provides for protections of these species while simultaneously strengthening international dolphin protections.

This bill is supported by the administration, Greenpeace, World Wildlife Fund, the Center for Marine Conservation, and the Environmental Defense Fund. While important environmental advocates like the Sierra Club and the Humane Society oppose this legislation, I feel this bill is a good compromise in protecting dolphins, sea turtles, and sharks throughout the eastern tropical Pacific Ocean.

I urge my colleagues to support H.R. 2823 and vote to protect dolphins in the ETP. I yield back the balance of my time.

Mr. McDERMOTT. Mr. Chairman, last year the United Nations adopted a new treaty to assure the conservation of fish caught in international waters, known as the Agreement on the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks.

This new treaty, which was recently ratified by Congress with bipartisan support, seeks to reverse the depletion of fish and other marine life that has resulted from unsustainable fishing practices and the lack of effective international management.

The need for this new treaty is painfully obvious. Many of our most important fisheries have been depleted, undermining the economic well-being of coastal communities worldwide. Similarly, the wasteful bycatch of marine life in many fisheries poses a major threat to biodiversity.

The legislation we are debating today, H.R. 2823, the International Dolphin Conservation Program Act, and the Panama Agreement upon which it is premised, represents the most far-reaching attempt to date to implement the conservation mandates of the new treaty. If enacted by Congress, it will create a model for the management of high seas fisheries around the world.

H.R. 2823 advances several of the new, important conservation objectives of the U.N. treaty. For example, like the U.N. treaty, it prevents overfishing by requiring the establishment of catch limits based on a precautionary approach. Like the U.N. treaty, it also requires steps to minimize the wasteful by catch of all forms of marine wildlife. Like the U.N. treaty, it assures transparency in the management of fisheries in the eastern Pacific, so that all interested stakeholders can effectively participate in the management process; and like the U.N. treaty, it secures international cooperation in the conservation of marine resources.

H.R. 2823 recognizes that unilateral measures alone cannot succeed in conserving fisheries that are prosecuted in international waters. It builds upon the recent, important work by the United Nations aimed at the sustainable management of world fisheries.

H.R. 2823 is our best hope of assuring healthy fisheries as well as dolphin protection in the eastern Pacific Ocean. I urge my colleagues to support this legislation.

Mr. CRANE. Mr. Chairman, I am pleased to rise today in support of H.R. 2823. This is a unique opportunity to approve legislation that would put us in compliance with our international obligations, use multilateral standards for the imposition of sanctions instead of unilateral standards that violate the GATT, and meet our environmental concerns over dolphin mortality.

This bill was referred to the Ways and Means Committee to address its trade aspects. We reported it out as approved by the Resources Committee, without further amendment.

I support the bill because it would replace the current use of United States unilateral standards as a trigger for an import ban of tuna caught with purse seine nets with multilateral standards agreed to as part of the Panama Declaration. If countries are in compliance with the multilateral standard for the fishing of yellowfin tuna, then the import ban would not apply.

Any use of unilateral standards for the imposition of sanctions is troubling. In fact, a GATT panel has found our current law to violate our international obligations. Instead, enforcement actions are most effective when they are based on international consensus, as this bill would establish. Such consensus is more constructive to effective management of the ETP tuna fishery by all countries concerned. I believe that these standards will serve as a positive incentive to reduce dolphin mortality, while, at the same time, putting the United States in compliance with international agreements.

The Studds amendment, however, would put the Panama Declaration at risk and would threaten all we have achieved. Adoption of this language would invite a serious challenge under the WTO and would discourage our trading partners from adopting more environmentally sound fishing methods. Far from achieving increased protection for dolphins, the amendment would undo the progress we have already made.

Proof of the benefits of H.R. 2823, without the Studds amendment, is the fact that this legislation is supported by the administration and key environmental groups such as the National Wildlife Federation, the Center for Marine Conservation, the Environmental Defense Fund, Greenpeace, and the World Wildlife Fund. In addition, our tuna fishing industry supports the bill, and our trading partners have indicated that they believe implementation of the bill would put us in compliance with our international obligations. With such a strong and diverse coalition behind this bill, we should strongly support this bill.

Mr. OXLEY. Mr. Chairman, I rise today in strong support of H.R. 2823, the International Dolphin Conservation Program Act. Among other things, this legislation implements the Declaration of Panama, agreed to by a dozen different nations, including the United States. As a strong proponent of free and fair trade, I think this represents a good example of how we can work together with out trading partners to achieve our shared goal of preserving the Earth's precious resources.

H.R. 2823 includes several provisions within the jurisdiction of the Committee on Commerce. H.R. 2823 provides for implementation of the declaration in an effort to increase international participation in activities to reduce the number of dolphins and other marine mammals that die each year as a result of tuna fishing techniques. This bill would also modify the definition of "dolphin safe" for the purpose of labeling tuna products sold in the United States, and alter current regulations on the importation of tuna products. Also, the bill would make misuse of the "dolphin safe" label an unfair and deceptive trade practice under section 5 of the Federal Trade Commission Act.

In short, this legislation will help the United States achieve its environmental goals by implementing a reasonable agreement reached by the United States and its trading partners. It is supported by Republicans and Democrats alike, some environmental groups, and the Clinton administration. I would also like to take this opportunity to thank the gentleman from Alaska [Mr. YOUNG] for his support and willingness to work with the Commerce Committee to expedite consideration of this legislation. I urge all of my colleagues to support this legislation.

Mr. BILBRAY. Mr. Chairman, we are here today to make a decision on an issue of great importance first and foremost to our marine environment, but also to the process by which we will craft the environmental and public health policies of the future. We have a choice between the status quo, which would focus solely on one issue at the expense of others which are equally important, and a comprehensive, forward-looking agreement which will carry strong dolphin and marine protection policies well into the next century. If we are truly interested in progressive, outcome-based environmental policy, then H.R. 2823 must serve as a cornerstone of that policy foundation.

Over the last decade, great strides have been made in reducing dolphin mortality rates in the eastern tropical Pacific [ETP], as a result of improved and innovative tuna fishing methods pioneered by the U.S. tuna fleet, and stepped-up levels of on-vessel observer monitoring. These improvements were reflected in the landmark La Jolla Agreement of 1992, a voluntary resolution entered into by a number of tuna fishing nations, including the United States, Mexico, and several Latin American countries. This agreement established strict and declining levels of annual dolphin mortality rates, requiring that an annual overall rate of less than 5,000 be achieved by 1999, which is less than 0.1 percent of the estimated total dolphin population. This program has been so effective that it has already achieved a rate of below 4,000 annually, which is considered by scientists to be below levels of biological significance. I have an article that elaborates further on this point, Mr. Chairman, which I would ask to be entered into the RECORD along with my statement, but I would like to read one passage from it at this point. These remarks come from Dr. James Joseph, who is the director of the Inter-American Tropical Tuna Commission [IATTC]:

> Joseph said the dolphin mortality rate is now so low that it cannot affect the survival of any of the dolphin species "The dolphins increase at a rate of from 2.5% to 3.5% per year. The mortality for every (dolphin) stock is less than one-tenth of 1 percent," he said. In other words, a great many more young dolphins are born and survive each year than die in tuna nets. There are about 9.5 million dolphins in Eastern Pacific populations in all, and none of their several species—including common, spinner, and spotted—is endangered. "We continue to take the approach that we can bring it (dolphin mortality) lower, and we continue to work in that direction. It is essential that we keep all of the countries involved in the fishery cooperating in our program," Joseph said.

The La Jolla Agreement also required that observers be posted on each licensed vessel, which were each assigned strict dolphin mortality limits [DML]. To date, the signatories have continued to operate in good faith to protect dolphin in the course of harvesting tuna under this nonbinding agreement; however, some nations had openly considered dropping out of the La Jolla Agreement and the Inter-American Tropical Tuna Commission, its umbrella organization, because despite the advances made in reducing dolphin mortality rates, U.S. law had not been changed to lift the existing embargoes on tuna imported into the United States. However, H.R. 2823, if enacted, would provide the incentives for these other fishing nations to want to remain involved in the IATTC and continue to fish for tuna in a dolphin-sensitive fashion, rather than "leaving the table" and reverting to older and more dolphin-unsafe fishing methods.

In addition to this threat of retreat from vastly improved dolphin protection practices, biological problems of significant dimensions have arisen as a result of alternative "nondolphin" fishing methods now in use due to the existing restrictions to setting tuna nets "on dolphin". Such methods include setting nets around tuna attracted to floating objects—log fishing—or around free-swimming schools of fish—school fishing. While these methods do reduce direct contact with dolphin, they create other problems. Studies indicate that up to 25 percent of volume of these harvest methods is "bycatch" of other species, including high volumes of sharks, billfish, and other pelagics, endangered sea turtles, and immature tuna. These young tuna are not market-ready, and are largely dead by the time they are returned to the sea. This wasteful depletion of juvenile tuna poses a serious threat to maintaining healthy, long-term populations of yellowfin tuna, in addition to stressing the populations of these other sensitive species.

Conversely, setting tuna nets "on dolphin" creates little bycatch other than the dolphin themselves. While this was problematic—and lethal—for dolphin in past years, recent improvements in tuna harvest methods, such as the "backing down" procedure, in which the edge of the nets are allowed to swim below the surface, affording dolphins the opportunity to leave the net, have served to greatly minimize the threat to dolphin. In addition, small boats and a number of divers are often deployed within the net to assist dolphin out of danger.

However, the problem of bycatch underscores a policy dilemma, as to how best to manage our marine resources on an "ecosystem" basis, rather than channeling all our energy and resources into "single population" strategies. While it is clearly essential that we continue to work to reduce dolphin mortality rates toward zero, this cannot and should not occur at the expense of other parts of our ocean biosystem, Fortunately, in H.R. 2823, we have a long-term solution before us today which will resolve the challenges, both environmental and economic, which we now face.

In October 1995, 12 nations, including the United States, met in Panama to craft a binding international agreement to protect dolphin and other species in the eastern tropical Pacific. Five major environmental organizations were instrumental in developing this agreement, which been dubbed the Panama Declaration. The declaration will establish a permanent mortality limit, with the goal of zero dolphin mortality in that fishery. It will set mortality caps for individual species of dolphin, and provide for individual vessel accountability by establishing strict per vessel mortality caps. Just as important, the Panama Declaration provides greater study of and protection for other now at risk from "bycatch", and increase internationally enforceable monitoring systems to ensure compliance by participating nations who wish to fish in the ETP.

The Panama Declaration, which will be codified into law by enactment of H.R. 2823, creates a binding and enforceable process to ensure continued declining rates of dolphin mortality, while for the first time adopting an "ecosystem-based" approach to ocean resource management. While there is absolutely no question that dolphin populations must and will continue to be protected and strengthened under the progressive strategies of this legislation, we can no longer ignore the potentially harmful problems which have been inadvertently created by our existing "dolphin-safe" policies. The Panama Declaration, in the form of H.R. 2823, should be codified into law, in order to ensure that we manage our marine resources to protect all species, in a sound and science-based manner. We must reject efforts, however well-intended, to reinforce the status quo, and move swiftly to enact the provisions of this legislation. H.R. 2823, which I have cosponsored along with a great number of my colleagues from both sides of the aisle, is the vehicle to achieve this, and I would urge all my colleagues to lend their support to this progressive measure.

This is more than sound ocean resources management. It is a blueprint for how we should proceed on future environmental strategy matters. This is an opportunity for us to move beyond the outdated "single species" approach of years past, and embrace more comprehensive, inclusive, and effective multispecies conservation management style. We have to be able to see the whole picture, and assemble our strategies accordingly. The increased loss of other marine life and sensitive species to "bycatch" under existing law has to date been largely overlooked, and is a looming biological threat which certainly merits the same levels of concern and proper scientific attention as has our dolphin population.

These unintended consequences are indeed troubling, and will be comprehensively addressed by the Panama Declaration and H.R. 2823. We have created the technology and the incentives to keep dolphin mortality at insignificant and declining levels, which will be reinforced and locked in by H.R. 2823. However, protection for the dolphin is not the "end of the story" for conserving our ocean environment. It is also not the end of our responsibilities. As we have done with other strategies, we must take a comprehensive approach to marine conservation as well, in order to identify and understand these threats, and take action on them before they reach a crisis point.

If we are truly interested in progressive, outcome-based environmental policy, guided by science, then we should embrace this bipartisan proposal, which is supported by the U.S. tuna fleet, the Clinton administration, and a number of major environmental groups. As we move into the next century, we should lead with an environmental strategy which reflects the level of scientific knowledge we have now, not what we knew 15 or 20 years ago. This bill keeps dolphins safe, and will help us avoid future problems with marine conservation. I urge all my colleagues to support H.R. 2823, the International Dolphin Conservation Act of 1996.

[From the San Diego Union Tribune, June 7, 1996]

SCIENTIST HAILED FOR SAVING DOLPHINS

(By Steve La Rue)

Dolphin deaths in tuna fishing nets have declined by about 98 percent since 1986 in the Eastern Pacific Ocean, and a San Diego marine scientist will get a large share of the credit tonight when he receives San Diego Oceans Foundation's highest award.

The annual Roger Revelle Perpetual Award will be presented to James Joseph, director of the La Jolla-based Inter-American Tropical Tuna Commission since 1969.

With Joseph at the helm, the eight-nation commission has mounted a sustained effort to reduce drowning deaths of dolphins in tuna fishing nets. Its success could help unlock a decades-old environmental dispute and end a U.S. embargo on tuna caught by boats from Mexico and other countries that look for the popular fish under dolphin schools.

Large tuna often swim under schools of dolphins in the Eastern Pacific Ocean for reasons that are not entirely understood. Fishing boats historically have encircled these surface-swimming schools with their nets, cinched the nets shut at the bottom, then reeled in their catch.

Air-breathing dolphins drowned in vast numbers, because they were snared in the nets and dragged under water. An estimated 133,174 dolphins died this way in 1986, but the total fell to an estimated 3,274 last year, according to the commission.

The decline has come through a variety of measures, including placement of observers on every tuna boat in the Eastern Pacific, newer equipment for some boats, better training of tuna crews and captains, special attention to individual boats with high-dolphin kills and other measures.

Joseph said the dolphin mortality level is now so low that it cannot affect the survival of any of the dolphin species.

The dolphins increase at a rate of from 2.5 to 3.5 percent per year. The mortality for every (dolphin) stock as a percentage of every stock is less than one-tenth of 1 percent,'' he said.

In other words, a great deal more young dolphins are born and survive each year than die in tuna nets. There are about 9.5 million dolphins in Eastern Pacific populations in all, and none of their several species—including common, spinner and spotted dolphins—is endangered.

''We continue to take the approach that we can bring it lower, and we continue to work in that direction. It is essential that we keep all of the countries involved in this fishery cooperating in our program,'' Joseph said.

Commission members include Costa Rica, France, Nicaragua, Panama, the United States; the Pacific island-nation of Vanuatu and Venezuela.

Frank Powell, executive director of Hubbs-Sea World Research Institute and last year's award winner, praised Joseph in a prepared statement as ''A first-class biologist who has devoted his entire career to the ocean. He has been instrumental in reducing the number of dolphin fatalities related to tuna fishing.''

The award—a wood sculpture of a garibaldi fish that remains in Scripps Bank's La Jolla office—will be present tonight at the San Diego Oceans Foundation benefit dinner.

The foundation is a volunteer organization committed to preserving San Diego's bays and ocean waters. The Roger Revelle Perpetual Award is named for the late scientist who was founder of UCSD and director of the Scripps Institution of Oceanography.

Lowering the dolphin kill also was a prelude to the introduction of proposed federal legislation to allow tuna caught by setting nets around dolphin schools to be sold in the United States as ''dolphin-safe''—but only if the commission's on-board observers certify that no dolphins were killed.

Under current law, no tuna can be sold as ''dolphin-safe'' is this country if they are caught by setting nets around dolphin schools.

The issue also has split environmental groups. Greenpeace, the Center for Marine Conservation, the Environmental Defense Fund, and the National Wildlife Federation support the proposed law. The Earth Island Institute, the Sierra Club, the Human Society of the United States, and the American Society for the Prevention of Cruelty to Animals oppose it.

Because of the current law and other factors, the U.S. tuna fishing fleet, which once numbered 110 vessels and was prominent in San Diego, has shrunk to 40 vessels operating in the Western Pacific and 10 in the Eastern Pacific.

The Earth Island Institute said in a statement that the legislation would allow ''Foreign tuna stained by the blood of dolphins to be sold on U.S. supermarket shelves'' and allow ''chasing, harassing, injuring, and encircling dolphins as long as no dolphins were 'observed' being killed outright.''

Mrs. COLLINS of Illinois. Mr. Chairman, H.R. 2823, the International Dolphin Act, lowers tough U.S. standards, governing the use of the "dolphin safe" label on tuna sold in our country, to accommodate foreign fishermen and foreign governments.

In its present form, this bill should be opposed. Not only will it lead to the killing of more dolphins, but it will also break a promise that the House of Representatives made to the American public 4 years ago concerning the North American Free Trade Agreement and other trade agreements with which we comply.

At that time, I brought to the floor a resolution which promised the American public that the United States would not weaken any of its domestic environmental laws, laws protecting public health and safety, or consumer protection laws in order to meet our international trade obligations. That resolution passed the House unanimously.

The bill we are considering breaks that promise we made to the American people. This legislation weakens standards that have been in effect for 6 years governing use of the "dolphin safe" label on tuna sold in the United States.

Current U.S. standards prohibit the chasing, harassing, or injuring of dolphin, in order for tuna to be labeled "dolphin safe." These prohibitions have been in the Marine Mammal Protection Act since 1972.

However, H.R. 2823 says the "dolphin safe" label could be used as long as no dolphins are killed during the setting of a tuna net. As a result, this bill would let tuna be labeled as "dolphin safe", even though the fishermen who catch it may be in violation of the Marine Mammal Protection Act.

Why are we making these changes in longstanding U.S. policy? It is simply because Mexico and other South American governments are pushing for it.

Our first priority should be our promises to American consumers, not the concerns of foreign governments and foreign fishermen.

Proponents of this legislation say we need to change our standards to bring the United States into compliance with our trade obligations. That simply is not true.

This bill goes far beyond what is needed to comply with trade agreements to which we are a party. Mexico and other governments are simply using our trade agreements as an excuse to force other changes in U.S. law that are not justified and should not be made.

Mr. Chairman, an amendment will be offered later by the gentleman from Massachusetts [Mr. STUDDS] which reiterates current U.S. policy on the use of the "dolphin safe" label. The amendment would not change, however, those provisions of the bill designed to bring the U.S. into compliance with trade agreements.

Mr. Chairman, I urge my colleagues to vote for the amendment of the gentleman from Massachusetts. Unless the gentleman's amendment is adopted, the bill should be defeated.

Mr. STARK. Mr. Chairman, When Congress considered NAFTA, this Congress received the unqualified assurance from Ambassador Kantor that U.S. environmental laws and standards would not be lowered if Congress approved the agreement.

Well—here we are—about to do just that as we consider the Gilchrest bill and its changes to the "Dolphin Safe" label.

After an outcry from Americans, many of them school children, U.S. tuna companies announced in 1990 that they would not buy tuna caught while harming dolphins. The U.S. tuna fleets moved to the waters of the western Pacific nations where the tuna do not swim with the dolphins. The Dolphin Protection Consumer Information Act, 1990, codified that tuna harvested with large scale nets is not "Dolphin Safe."

H.R. 2823 lowers our labeling standards and misleads the American consumers. It would allow tuna to be labeled "dolphin safe" even though it was caught with encirclement techniques that we know killed and injured hundreds of thousands of dolphins before environmental laws and industry practices changed fishing techniques.

H.R. 2823 would allow tuna to be certified "dolphin safe" merely if an observer didn't see any dolphins die. However, nothing in this bill would preclude severely injured dolphins to be dumped back into the sea to die.

American children deserve "dolphin safe" labels that they can take at face value—one that means what it says. We have a labeling system that consumers requested and have come to rely on. Altering the meaning of the label is nothing short of fraud perpetrated on America's kids!

I urge you to support the Studds amendment which would protect the "dolphin safe" label.

Mr. MILLER of California. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. SAXTON. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the amendment in the nature of a substitute printed in the CONGRESSIONAL RECORD as No. 1 is considered as an original bill for the purpose of amendment and is considered read.

The text of the amendment in the nature of a substitute is as follows:

H.R. 2823

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the ''International Dolphin Conservation Program Act''.

(b) REFERENCES TO MARINE MAMMAL PROTECTION ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Marine Mammal Protection Act of 1972 (16 U.S.C. 1361 et seq.).

SEC. 2. PURPOSE AND FINDINGS.

(a) Purpose.—The purposes of this Act are—

(1) to give effect to the Declaration of Panama, signed October 4, 1995, by the Governments of Belize, Colombia, Costa Rica, Ecuador, France, Honduras, Mexico, Panama, Spain, the United States of America, Vanuatu, and Venezuela, including the establishment of the International Dolphin Conservation Program, relating to the protection of dolphins and other species, and the conservation and management of tuna in the eastern tropical Pacific Ocean;

(2) to recognize that nations fishing for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortality associated with that fishery; and

(3) to eliminate the ban on imports of tuna from those nations that are in compliance with the International Dolphin Conservation Program.

(b) Findings.—The Congress finds the following:

(1) The nations that fish for tuna in the eastern tropical Pacific Ocean have achieved significant reductions in dolphin mortalities associated with the purse seine fishery from hundreds of thousands annually to fewer than 5,000 annually.

(2) The provisions of the Marine Mammal Protection Act of 1972 that impose a ban on imports from nations that fish for tuna in the eastern tropical Pacific Ocean have served as an incentive to reduce dolphin mortalities.

(3) Tuna canners and processors of the United States have led the canning and processing industry in promoting a dolphin-safe tuna market.

(4) 12 signatory nations to the Declaration of Panama, including the United States, agreed under that Declaration to require that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000, with a commitment and objective to progressively reduce dolphin mortality to a level approaching zero through the setting of annual limits.

SEC. 3. DEFINITIONS.

Section 3 (16 U.S.C. 1362) is amended by adding at the end the following new paragraphs:

"(28) The term 'International Dolphin Conservation Program' means the international program established by the agreement signed in La Jolla, California, in June 1992, as formalized, modified, and enhanced in accordance with the Declaration of Panama, that requires—

"(A) that the total annual dolphin mortality in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean not exceed 5,000, with the commitment and objective to progressively reduce dolphin mortality to levels approaching zero through the setting of annual limits;

"(B) the establishment of a per-stock per-year mortality limit for dolphins, for each year through the year 2000, of between 0.2 percent and 0.1 percent of the minimum population estimate;

"(C) beginning with the year 2001, that the per-stock per-year mortality of dolphin not exceed 0.1 percent of the minimum population estimate;

"(D) that if the mortality limit set forth in subparagraph (A) is exceeded, all sets on dolphins shall cease for the fishing year concerned;

"(E) that if the mortality limit set forth in subparagraph (B) or (C) is exceeded sets on such stock and any mixed schools containing members of such stock shall cease for that fishing year;

"(F) in the case of subparagraph (B), to conduct a scientific review and assessment in 1998 of progress toward the year 2000 objective and consider recommendations as appropriate; and

"(G) in the case of subparagraph (C), to conduct a scientific review and assessment regarding that stock or those stocks and consider further recommendations;

"(H) the establishment of a per-vessel maximum annual dolphin mortality limit consistent with the established per-year mortality caps; and

"(I) the provision of a system of incentives to vessel captains to continue to reduce dolphin mortality, with the goal of eliminating dolphin mortality.

"(29) The term 'Declaration of Panama' means the declaration signed in Panama City, Republic of Panama, on October 4, 1995.".

SEC. 4. AMENDMENTS TO TITLE I.

(a) Authorization for Incidental Taking.—Section 101(a)(2) (16 U.S.C. 1371(a)(2)) is amended as follows:

(1) By inserting after the first sentence "Such authorizations may also be granted under title III with respect to the yellowfin tuna fishery of the eastern tropical Pacific Ocean, subject to regulations prescribed under that title by the Secretary without regard to section 103.".

(2) By striking the semicolon in the second sentence and all that follows through "practicable".

(b) Documentary Evidence.—Section 101(a) (16 U.S.C. 1371(a)) is amended by striking so much of paragraph (2) as follows subparagraph (A) and as precedes subparagraph (C) and inserting:

"(B) in the case of yellowfin tuna harvested with purse seine nets in the eastern tropical Pacific Ocean, and products therefrom, to be exported to the United States, shall require that the government of the exporting nation provide documentary evidence that—

"(i) the tuna or products therefrom were not banned from importation under this paragraph before the effective date of the International Dolphin Conservation Program Act;

"(ii) the tuna or products therefrom were harvested after the effective date of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin Conservation Program, such harvesting nation is either a member of the Inter-American Tropical Tuna Commission or has initiated (and within 6 months thereafter completed) all steps (in accordance with article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission) necessary to become a member of that organization;

"(iii) such nation is meeting the obligations of the International Dolphin Conservation Program and the obligations of membership in the Inter-American Tropical Tuna Commission, including all financial obligations;

"(iv) the total dolphin mortality permitted under the International Dolphin Conservation Program will not exceed 5,000 in 1996, or in any year thereafter, consistent with the commitment and objective of progressively reducing dolphin mortality to levels approaching zero through the setting of annual limits and the goal of eliminating dolphin mortality; and

"(v) the tuna or products therefrom were harvested after the effective date of the International Dolphin Conservation Program Act by vessels of a nation which participates in the International Dolphin Conservation Program, and such harvesting nation has not vetoed the participation by any other nation in such Program.".

(c) Acceptance of Evidence Coverage.—Section 101 (16 U.S.C. 1371) is amended by adding at the end the following new subsections:

"(d) Acceptance of Documentary Evidence.—The Secretary shall not accept documentary evidence referred to in section 101(a)(2)(B) as satisfactory proof for purposes of section 101(a)(2) if—

"(1) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary to allow a determination of compliance with the International Dolphin Conservation Program;

"(2) the government of the harvesting nation does not provide directly or authorize the Inter-American Tropical Tuna Commission to release complete and accurate information to the Secretary in a timely manner for the purposes of tracking and verifying compliance with the minimum requirements established by the Secretary in regulations promulgated under subsection (f) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)); or

"(3) after taking into consideration this information, findings of the Inter-American Tropical Tuna Commission, and any other relevant information, including information that a nation is consistently failing to take enforcement actions on violations which diminish the effectiveness of the International Dolphin Conservation Program, the Secretary, in consultation with the Secretary of State, finds that the harvesting nation is not in compliance with the International Dolphin Conservation Program.

"(e) Exemption.—The provisions of this Act shall not apply to a citizen of the United States who incidentally takes any marine mammal during fishing operations outside the United States exclusive economic zone (as defined in section 3(6) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1802(6))) when employed on a foreign fishing vessel of a harvesting nation which is in compliance with the International Dolphin Conservation Program.".

(d) Annual Permits.—Section 104(h) is amended to read as follows:

"(h) Annual Permits.—(1) Consistent with the regulations prescribed pursuant to section 103 and the requirements of section 101, the Secretary may issue an annual permit to a United States vessel for the taking of such marine mammals, and shall issue regulations to cover the use of any such annual permits.

"(2) Annual permits described in paragraph (1) for the incidental taking of marine mammals in the course of commercial purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean shall be governed by section 304, subject to the regulations issued pursuant to section 302.".

(e) Revisions and Funding Sources.—Section 108(a)(2) (16 U.S.C. 1378(a)(2)) is amended as follows:

(1) By striking "and" at the end of subparagraph (A).

(2) By adding at the end the following:

"(C) discussions to expeditiously negotiate revisions to the Convention for the Establishment of an Inter-American Tropical Tuna Commission (1 UST 230, TIAS 2044) which will incorporate conservation and management provisions agreed to by the nations which have signed the Declaration of Panama;

"(D) a revised schedule of annual contributions to the expenses of the Inter-American Tropical Tuna Commission that is equitable to participating nations; and

"(E) discussions with those countries participating or likely to participate in the International Dolphin Conservation Program, to identify alternative sources of funds to ensure that needed research and other measures benefiting effective protection of dolphins, other marine species, and the marine ecosystem;".

(f) Repeal of NAS Review.—Section 110 (16 U.S.C. 1380) is amended as follows:

(1) By redesignating subsection (a)(1) as subsection (a).

(2) By striking subsection (a)(2).

(g) Labeling of Tuna Products.—Paragraph (1) of section 901(d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(1)) is amended to read as follows:

"(1) It is a violation of section 5 of the Federal Trade Commission Act for any producer, importer, exporter, distributor, or seller of any tuna product that is exported from or offered for sale in the United States to include on the label of that product the term 'Dolphin Safe' or any other term or symbol that falsely claims or suggests that the tuna contained in the product was harvested using a method of fishing that is not harmful to dolphins if the product contains any of the following:

"(A) Tuna harvested on the high seas by a vessel engaged in driftnet fishing.

"(B) Tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets unless the tuna is considered dolphin safe under paragraph (2).

"(C) Tuna harvested outside the eastern tropical Pacific Ocean by a vessel using purse seine nets unless the tuna is considered dolphin safe under paragraph (3).

"(D) Tuna harvested by a vessel engaged in any fishery identified by the Secretary pursuant to paragraph (4) as having a regular and significant incidental mortality of marine mammals.".

(h) Dolphin Safe Tuna.—(1) Paragraph (2) of section 901(d) of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)(2)) is amended to read as follows:

"(2)(A) For purposes of paragraph (1)(B), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if the vessel is of a type and size that the Secretary has determined, consistent with the International Dolphin Conservation Program, is not capable of deploying its purse seine nets on or to encircle dolphins, or if the product meets the requirements of subparagraph (B).

"(B) For purposes of paragraph (1)(B), a tuna product that contains tuna harvested in the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if the product is accompanied by a written statement executed by the captain of the vessel which harvested the tuna certifying that no dolphins were killed during the sets in which the tuna were caught and the product is accompanied by a written statement executed by—

"(i) the Secretary or the Secretary's designee;

"(ii) a representative of the Inter-American Tropical Tuna Commission; or

"(iii) an authorized representative of a participating nation whose national program meets the requirements of the International Dolphin Conservation Program,

which states that there was an observer approved by the International Dolphin Conservation Program on board the vessel during the entire trip and documents that no dolphins were killed during the sets in which the tuna concerned were caught.

"(C) The statements referred to in clauses (i), (ii), and (iii) of subparagraph (B) shall be valid only if they are endorsed in writing by each exporter, importer, and processor of the product, and if such statements and endorsements comply with regulations promulgated by the Secretary which would provide for the verification of tuna products as dolphin safe.".

(2) Subsection (d) of section 901 of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(d)) is amended by adding the following new paragraphs at the end thereof:

"(3) For purposes of paragraph (1)(C), tuna or a tuna product that contains tuna harvested outside the eastern tropical Pacific Ocean by a vessel using purse seine nets is dolphin safe if—

"(A) it is accompanied by a written statement executed by the captain of the vessel certifying that no purse seine net was intentionally deployed on or to encircle dolphins during the particular voyage on which the tuna was harvested; or

"(B) in any fishery in which the Secretary has determined that a regular and significant association occurs between marine mammals and tuna, it is accompanied by a written statement executed by the captain of the vessel and an observer, certifying that no purse seine net was intentionally deployed on or to encircle marine mammals during the particular voyage on which the tuna was harvested.

"(4) For purposes of paragraph (1)(D), tuna or a tuna product that contains tuna harvested in a fishery identified by the Secretary as having a regular and significant incidental mortality or serious injury of marine mammals is dolphin safe if it is accompanied by a written statement executed by the captain of the vessel and, where determined to be practicable by the Secretary, an observer participating in a national or international program acceptable to the Secretary certifying that no marine mammals were killed in the course of the fishing operation or operations in which the tuna were caught.

"(5) No tuna product may be labeled with any reference to dolphins, porpoises, or marine mammals, unless such product is labeled as dolphin safe in accordance with this subsection.".

(i) Tracking and Verification.—Subsection (f) of section 901 of the Dolphin Protection Consumer Information Act (16 U.S.C. 1385(f)) is amended to read as follows:

"(f) Tracking and Verification.—The Secretary, in consultation with the Secretary of the Treasury, shall issue regulations to implement subsection (d) not later than 3 months after the date of enactment of the International Dolphin Conservation Program Act. In the development of these regulations, the Secretary shall establish appropriate procedures for ensuring the confidentiality of proprietary information the submission of which is voluntary or mandatory. Such regulations shall, consistent with international efforts and in coordination with the Inter-American Tropical Tuna Commission, establish a domestic and international tracking and verification program that provides for the effective tracking of tuna labeled under subsection (d), including but not limited to each of the following:

"(1) Specific regulations and provisions addressing the use of weight calculation for purposes of tracking tuna caught, landed, processed, and exported.

"(2) Additional measures to enhance observer coverage if necessary.

"(3) Well location and procedures for monitoring, certifying, and sealing holds above and below deck or other equally effective methods of tracking and verifying tuna labeled under subsection (d).

"(4) Reporting receipt of and database storage of radio and facsimile transmittals from fishing vessels containing information related to the tracking and verification of tuna, and the definition of sets.

"(5) Shore-based verification and tracking throughout the transshipment and canning process by means of Inter-American Tropical Tuna Commission trip records or otherwise.

"(6) Provisions for annual audits and spot checks for caught, landed, and processed tuna products labeled in accordance with subsection (d).

"(7) The provision of timely access to data required under this subsection by the Secretary from harvesting nations to undertake the actions required in paragraph (6) of this subsection.

The Secretary may make such adjustments as may be appropriate to the regulations promulgated under this subsection to implement an international tracking and verification program that meets or exceeds the minimum requirements established by the Secretary under this subsection.".

SEC. 5. AMENDMENTS TO TITLE III.

(a) Heading.—The heading of title III is amended to read as follows:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM".

(b) Findings.—Section 301 (16 U.S.C. 1411) is amended as follows:

(1) In subsection (a), by amending paragraph (4) to read as follows:

"(4) Nations harvesting yellowfin tuna in the eastern tropical Pacific Ocean have demonstrated their willingness to participate in appropriate multilateral agreements to reduce, with the goal of eliminating, dolphin mortality in that fishery. Recognition of the International Dolphin Conservation Program will assure that the existing trend of reduced dolphin mortality continues; that individual stocks of dolphins are adequately protected; and that the goal of eliminating all dolphin mortality continues to be a priority.".

(2) In subsection (b), by amending paragraphs (2) and (3) to read as follows:

"(2) support the International Dolphin Conservation Program and efforts within the Program to reduce, with the goal of eliminating, the mortality referred to in paragraph (1);

"(3) ensure that the market of the United States does not act as an incentive to the harvest of tuna caught with driftnets or caught by purse seine vessels in the eastern tropical Pacific Ocean that are not operating in compliance with the International Dolphin Conservation Program;".

(c) International Dolphin Conservation Program.—Section 302 (16 U.S.C. 1412) is amended to read as follows:

"SEC. 302. AUTHORITY OF THE SECRETARY.

"(a) Regulations To Implement Program Regulations.—(1) The Secretary shall issue regulations to implement the International Dolphin Conservation Program.

"(2)(A) Not later than 3 months after the date of enactment of this section, the Secretary shall issue regulations to authorize and govern the incidental taking of marine mammals in the eastern tropical Pacific Ocean, including any species of marine mammal designated as depleted under this Act but not listed as endangered or threatened under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), by vessels of the United States participating in the International Dolphin Conservation Program.

"(B) Regulations issued under this section shall include provisions—

"(i) requiring observers on each vessel;

"(ii) requiring use of the backdown procedure or other procedures equally or more effective in avoiding mortality of marine mammals in fishing operations;

"(iii) prohibiting intentional deployment of nets on, or encirclement of, dolphins in violation of the International Dolphin Conservation Program;

"(iv) requiring the use of special equipment, including dolphin safety panels in nets, monitoring devices as identified by the International Dolphin Conservation Program, as practicable, to detect unsafe fishing conditions before nets are deployed by a tuna vessel, operable rafts, speedboats with towing bridles, floodlights in operable condition, and diving masks and snorkels;

"(v) ensuring that the backdown procedure during the deployment of nets on, or encirclement of, dolphins is completed and rolling of the net to sack up has begun no later than 30 minutes after sundown;

"(vi) banning the use of explosive devices in all purse seine operations;

"(vii) establishing per vessel maximum annual dolphin mortality limits, total dolphin mortality limits and per-stock per-year mortality limits, in accordance with the International Dolphin Conservation Program;

"(viii) preventing the intentional deployment of nets on, or encirclement of, dolphins after reaching either the vessel maximum annual dolphin mortality limits, total dolphin mortality limits, or per-stock per-year mortality limits;

"(ix) preventing the fishing on dolphins by a vessel without an assigned vessel dolphin mortality limit;

"(x) allowing for the authorization and conduct of experimental fishing operations, under such terms and conditions as the Secretary may prescribe, for the purpose of testing proposed improvements in fishing techniques and equipment (including new technology for detecting unsafe fishing conditions before nets are deployed by a tuna vessel) that may reduce or eliminate dolphin mortality or do not require the encirclement of dolphins in the course of commercial yellowfin tuna fishing;

"(xi) authorizing fishing within the area covered by the International Dolphin Conservation Program by vessels of the United States without the use of special equipment or nets if the vessel takes an observer and does not intentionally deploy nets on, or encircle, dolphins, under such terms and conditions as the Secretary may prescribe; and

"(xii) containing such other restrictions and requirements as the Secretary determines are necessary to implement the International Dolphin Conservation Program with respect to vessels of the United States.

"(C) The Secretary may make such adjustments as may be appropriate to the requirements of subparagraph (B) that pertain to fishing gear, vessel equipment, and fishing practices to the extent the adjustments are consistent with the International Dolphin Conservation Program.

"(b) CONSULTATION.—In developing regulations under this section, the Secretary shall consult with the Secretary of State, the Marine Mammal Commission and the United States Commissioners to the Inter-American Tropical Tuna Commission appointed under section 3 of the Tuna Conventions Act of 1950 (16 U.S.C. 952).

"(c) EMERGENCY REGULATIONS.—(1) If the Secretary determines, on the basis of the best scientific information available (including that obtained under the International Dolphin Conservation Program) that the incidental mortality and serious injury of marine mammals authorized under this title is having, or is likely to have, a significant adverse effect on a marine mammal stock or species, the Secretary shall take actions as follows—

"(A) notify the Inter-American Tropical Tuna Commission of the Secretary's findings, along with recommendations to the Commission as to actions necessary to reduce incidental mortality and serious injury and mitigate such adverse impact; and

"(B) prescribe emergency regulations to reduce incidental mortality and serious injury and mitigate such adverse impact.

"(2) Prior to taking action under paragraph (1) (A) or (B), the Secretary shall consult with the Secretary of State, the Marine Mammal Commission, and the United States Commissioners to the Inter-American Tropical Tuna Commission.

"(3) Emergency regulations prescribed under this subsection—

"(A) shall be published in the Federal Register, together with an explanation thereof; and

"(B) shall remain in effect for the duration of the applicable fishing year; and

The Secretary may terminate such emergency regulations at a date earlier than that required by subparagraph (B) by publication in the Federal Register of a notice of termination, if the Secretary determines that the reasons for the emergency action no longer exist.

"(4) If the Secretary finds that the incidental mortality and serious injury of marine mammals in the yellowfin tuna fishery in the eastern tropical Pacific Ocean is continuing to have a significant adverse impact on a stock or species, the Secretary may extend the emergency regulations for such additional periods as may be necessary.

"(d) RESEARCH.—The Secretary shall, in cooperation with the nations participating in the International Dolphin Conservation Program and with the Inter-American Tropical Tuna Commission, undertake or support appropriate scientific research to further the goals of the International Dolphin Conservation Program. Such research may include but shall not be limited to any of the following:

"(1) Devising cost-effective fishing methods and gear so as to reduce, with the goal of eliminating, the incidental mortality and serious injury of marine mammals in connection with commercial purse seine fishing in the eastern tropical Pacific Ocean.

"(2) Developing cost-effective methods of fishing for mature yellowfin tuna without deployment of nets on, or encirclement of, dolphins or other marine mammals.

"(3) Carrying out stock assessments for those marine mammal species and marine mammal stocks taken in the purse seine fishery for yellowfin tuna in the eastern tropical Pacific Ocean, including species or stocks not within waters under the jurisdiction of the United States.

"(4) Studying the effects of chase and encirclement on the health and biology of dolphin and individual dolphin populations incidentally taken in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean. There are authorized to be appropriated to the Department of Commerce $1,000,000 to be used by the Secretary, acting through the National Marine Fisheries Service, to carry out this paragraph. Upon completion of the study, the Secretary shall submit a report containing the results of the study, together with recommendations, to the Congress and to the Inter-American Tropical Tuna Commission.

"(5) Determining the extent to which the incidental take of nontarget species, including juvenile tuna, occurs in the course of purse seine fishing for yellowfin tuna in the eastern tropical Pacific Ocean, the geographic location of the incidental take, and the impact of that incidental take on tuna stocks, and nontarget species.

The Secretary shall include a description of the annual results of research carried out under this subsection in the report required under section 303.".

(d) REPORTS.—Section 303 (16 U.S.C. 1414) is amended to read as follows:

"SEC. 303. REPORTS BY THE SECRETARY.

"Notwithstanding section 103(f), the Secretary shall submit an annual report to the Congress which includes each of the following:

"(1) The results of research conducted pursuant to section 302.

"(2) A description of the status and trends of stocks of tuna.

"(3) A description of the efforts to assess, avoid, reduce, and minimize the bycatch of juvenile yellowfin tuna and other nontarget species.

"(4) A description of the activities of the International Dolphin Conservation Program and of the efforts of the United States in support of the Program's goals and objectives, including the protection of dolphin populations in the eastern tropical Pacific Ocean, and an assessment of the effectiveness of the Program.

"(5) Actions taken by the Secretary under subsections (a)(2)(B) and (d) of section 101.

"(6) Copies of any relevant resolutions and decisions of the Inter-American Tropical Tuna Commission, and any regulations promulgated by the Secretary under this title.

"(7) Any other information deemed relevant by the Secretary.".

(e) PERMITS.—Section 304 (16 U.S.C. 1416) is amended to read as follows:

"SEC. 304. PERMITS.

"(a) IN GENERAL.—(1) Consistent with section 302, the Secretary is authorized to issue a permit to a vessel of the United States authorizing participation in the International Dolphin Conservation Program and may require a permit for the person actually in charge of and controlling the fishing operation of the vessel. The Secretary shall prescribe such procedures as are necessary to carry out this subsection, including, but not limited to, requiring the submission of—

"(A) the name and official number or other identification of each fishing vessel for which a permit is sought, together with the name and address of the owner thereof; and

"(B) the tonnage, hold capacity, speed, processing equipment, and type and quantity of gear, including an inventory of special equipment required under section 302, with respect to each vessel.

"(2) The Secretary is authorized to charge a fee for issuing a permit under this section. The level of fees charged under this paragraph may not exceed the administrative cost incurred in granting an authorization and issuing a permit. Fees collected under this paragraph shall be available, subject to appropriations, to the Under Secretary of Commerce for Oceans and Atmosphere for expenses incurred in issuing permits under this section.

"(3) After the effective date of the International Dolphin Conservation Program Act, no vessel of the United States shall operate in the yellowfin tuna fishery in the eastern tropical Pacific Ocean without a valid permit issued under this section.

"(b) PERMIT SANCTIONS.—(1) In any case in which—

"(A) a vessel for which a permit has been issued under this section has been used in the commission of an act prohibited under section 305;

"(B) the owner or operator of any such vessel or any other person who has applied for or been issued a permit under this section has acted in violation of section 305; or

"(C) any civil penalty or criminal fine imposed on a vessel, owner or operator of a vessel, or other person who has applied for or been issued a permit under this section has not been paid or is overdue, the Secretary may—

"(i) revoke any permit with respect to such vessel, with or without prejudice to the issuance of subsequent permits;

"(ii) suspend such permit for a period of time considered by the Secretary to be appropriate;

"(iii) deny such permit; or

"(iv) impose additional conditions or restrictions on any permit issued to, or applied for by, any such vessel or person under this section.

"(2) In imposing a sanction under this subsection, the Secretary shall take into account—

"(A) the nature, circumstances, extent, and gravity of the prohibited acts for which the sanction is imposed; and

"(B) with respect to the violator, the degree of culpability, any history of prior offenses, and other such matters as justice requires.

"(3) Transfer of ownership of a vessel, by sale or otherwise, shall not extinguish any permit sanction that is in effect or is pending at the time of transfer of ownership. Before executing the transfer of ownership of a vessel, by sale or otherwise, the owner shall disclose in writing to the prospective transferee the existence of any permit sanction that will be in effect or pending with respect to the vessel at the time of transfer.

"(4) In the case of any permit that is suspended for the failure to pay a civil penalty or criminal fine, the Secretary shall reinstate the permit upon payment of the penalty or fine and interest thereon at the prevailing rate.

"(5) No sanctions shall be imposed under this section unless there has been a prior opportunity for a hearing on the facts underlying the violation for which the sanction is imposed, either in conjunction with a civil penalty proceeding under this title or otherwise.".

(f) PROHIBITIONS.—Section 305 is repealed and section 307 (16 U.S.C. 1417) is redesignated as section 305, and amended as follows:

(1) In subsection (a):

(A) By amending paragraph (1) to read as follows:

"(1) for any person to sell, purchase, offer for sale, transport, or ship, in the United States, any tuna or tuna product unless the tuna or tuna product is either dolphin safe or has been harvested in compliance with the International Dolphin Conservation Program by a country that is a member of the Inter-American Tropical Tuna Commission or has initiated steps, in accordance with Article V, paragraph 3 of the Convention establishing the Inter-American Tropical Tuna Commission, to become a member of that organization;".

(B) By amending paragraph (2) to read as follows:

"(2) except in accordance with this title and regulations issued pursuant to this title as provided for in subsection 101(e), for any person or vessel subject to the jurisdiction of the United States intentionally to set a purse seine net on or to encircle any marine mammal in the course of tuna fishing operations in the eastern tropical Pacific Ocean; or".

(C) By amending paragraph (3) to read as follows:

"(3) for any person to import any yellowfin tuna or yellowfin tuna product or any other fish or fish product in violation of a ban on importation imposed under section 101(a)(2);".

(2) In subsection (b)(2), by inserting "(a)(5) and" before "(a)(6)".

(3) By striking subsection (d).

(g) REPEAL.—Section 306 is repealed and section 308 (16 U.S.C. 1418) is redesignated as section 306, and amended by striking "303" and inserting in lieu thereof "302(d)".

(h) CLERICAL AMENDMENTS.—The table of contents in the first section of the Marine Mammal Protection Act of 1972 is amended by striking the items relating to title III and inserting in lieu thereof the following:

"TITLE III—INTERNATIONAL DOLPHIN CONSERVATION PROGRAM

"Sec. 301. Findings and policy.
"Sec. 302. Authority of the Secretary.
"Sec. 303. Reports by the Secretary.
"Sec. 304. Permits.
"Sec. 305. Prohibitions.
"Sec. 306. Authorization of appropriations.".

SEC. 6. AMENDMENTS TO THE TUNA CONVENTIONS ACT.

(a) MEMBERSHIP.—Section 3(c) of the Tuna Conventions Act of 1950 (16 U.S.C. 952(c)) is amended to read as follows:

"(c) at least one shall be either the Director, or an appropriate regional director, of the National Marine Fisheries Service; and".

(b) ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.—Section 4 of the Tuna Conventions Act of 1950 (16 U.S.C. 953) is amended to read as follows:

"SEC. 4. GENERAL ADVISORY COMMITTEE AND SCIENTIFIC ADVISORY SUBCOMMITTEE.

"The Secretary, in consultation with the United States Commissioners, shall:

"(1) Appoint a General Advisory Committee which shall be composed of not less than 5 nor more than 15 persons with balanced representation from the various groups participating in the fisheries included under the conventions, and from nongovernmental conservation organizations. The General Advisory Committee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and shall be given full opportunity to examine and to be heard on all proposed programs of investigations, reports, recommendations, and regulations of the commission. The General Advisory Committee may attend all meetings of the international commissions to which they are invited by such commissions.

"(2) Appoint a Scientific Advisory Subcommittee which shall be composed of not less than 5 nor more than 15 qualified scientists with balanced representation from the public and private sectors, including nongovernmental conservation organizations. The Scientific Advisory Subcommittee shall advise the General Advisory Committee and the Commissioners on matters including the conservation of ecosystems; the sustainable uses of living marine resources related to the tuna fishery in the eastern Pacific Ocean; and the long-term conservation and management of stocks of living marine resources in the eastern tropical Pacific Ocean. In addition, the Scientific Advisory Subcommittee shall, as requested by the General Advisory Committee, the United States Commissioners or the Secretary, perform functions and provide assistance required by formal agreements entered into by the United States for this fishery, including the International Dolphin Conservation Program. These functions may include each of the following:

"(A) The review of data from the Program, including data received from the Inter-American Tropical Tuna Commission.

"(B) Recommendations on research needs, including ecosystems, fishing practices, and gear technology research, including the development and use of selective, environmentally safe and cost-effective fishing gear, and on the coordination and facilitation of such research.

"(C) Recommendations concerning scientific reviews and assessments required under the Program and engaging, as appropriate, in such reviews and assessments.

"(D) Consulting with other experts as needed.

"(E) Recommending measures to assure the regular and timely full exchange of data among the parties to the Program and each nation's National Scientific Advisory Committee (or equivalent).

"(3) Establish procedures to provide for appropriate public participation and public meetings and to provide for the confidentiality of confidential business data. The Scientific Advisory Subcommittee shall be invited to have representatives attend all nonexecutive meetings of the United States sections and the General Advisory Subcommittee and shall be given full opportunity to examine and to be heard on all proposed programs of scientific investigation, scientific reports, and scientific recommendations of the commission. Representatives of the Scientific Advisory Subcommittee may attend meetings of the Inter-American Tropical Tuna Commission in accordance with the rules of such Commission.

"(4) Fix the terms of office of the members of the General Advisory Committee and Scientific Advisory Subcommittee, who shall receive no compensation for their services as such members.".

SEC. 7. EQUITABLE FINANCIAL CONTRIBUTIONS.

It is the sense of the Congress that each nation participating in the International Dolphin Conservation Program should contribute an equitable amount to the expenses of the Inter-American Tropical Tuna Commission. Such contributions shall take into account the number of vessels from that nation fishing for tuna in the eastern tropical Pacific Ocean, the consumption of tuna and tuna products from the eastern tropical Pacific Ocean and other relevant factors as determined by the Secretary.

SEC. 8. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect upon certification by the Secretary of State to the Congress that a binding resolution of the Inter-American Tropical Tuna Commission, or another legally binding instrument, establishing the International Dolphin Conservation Program has been adopted and is in effect.

The CHAIRMAN. No other amendment shall be in order except a further amendment printed in House Report 104–708, which may be offered only by the gentleman from California [Mr. MILLER] or his designee, shall be considered read, shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent, and shall not be subject to amendment.

AMENDMENT OFFERED BY MR. STUDDS

Mr. STUDDS. Mr. Chairman, I offer an amendment made in order under the rule.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment offered by Mr. STUDDS: In section 901(d)(2)(B) of the Dolphin Protection Consumer Information Act (as proposed to be amended by section 4(h)(1) of the amendment in the nature of a substitute made in order as original text), insert ", chased, harassed, injured, or encircled with nets" after "killed" in each of the places it appears.

The CHAIRMAN. Pursuant to House Resolution 489, the gentleman from Massachusetts [Mr. STUDDS] and a Member opposed each will control 30 minutes.

The Chair recognizes the gentleman from Massachusetts [Mr. STUDDS].

Mr. STUDDS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, let me begin by stating most emphatically that I would very much prefer not to be standing here debating this issue or offering this amendment. I have very little doubt that by now every Member in this Chamber, and there must be at least six of them, and those who are watching, are thoroughly confused about how best to save dolphins. Apparently, so are the environmental groups, and, quite frankly, so am I.

Nonetheless, I offer this amendment because the one portion of this debate that should not be confusing is the definition of the word "safe," notwithstanding the fact that people in this city have been always able to take short English words and euphemize the meaning out of them. When I grew up, safe meant secure from danger, harm or evil. That is what the dictionary says it means.

Under this bill, safe would permit doing all kinds of things to dolphins, including seriously injuring them, and as long as no one actually noticed it happening, they might even be able to kill them. This legislation would define as safe a process that stops dolphins from feeding, separates mothers from their calves, injures animals, and allows them to be chased for hours until they are unable to swim any longer. We can only hope that the Committee on the Judiciary does not get a hold of this reasoning the next time it takes up reform of the criminal code.

For three of the four debates during which we have had strong bipartisan support for legislation protecting dolphins from the extraordinary slaughter that occurred in this fishery, I had the honor of chairing the subcommittee of jurisdiction. We passed the law requiring truth in tuna labeling because American consumers, American voters, and American schoolchildren demanded it. They made it clear that they did not want to endorse the selling of a product whose harvesting caused any harm to dolphins. Since its enactment in 1972, the Marine Mammal Protection Act has prohibited any, quote, attempt to harass, hunt, capture or kill any marine mammal, unquote.

Again, it is illegal under current law to harass, hunt, capture or kill any marine mammal. That language is in the law because we know that these activities are not safe from marine mammals.

Those who support the labeling change in this bill, I am sure, would not allow whale-watching vessels in my district to harass whales and separate mothers from nursing calves and then market those cruises as safe for whales. I suspect they would not allow Mr. YOUNG's oil companies to conduct exploratory drilling that disrupts the feeding behavior of whales and then call the oil whale-safe.

Two years ago, some of the environmental groups that are supporting this bill blocked regulations allowing dolphin-feeding cruises in Florida and in Texas because they were convinced that the harassment of dolphins was not safe.

The double standard in this bill, put there for Mexico's sake, violates in my judgment the integrity of everything we on both sides of this aisle have worked to achieve over the last 20 years.

The amendment is simple. It did not get read but it would have taken less time to read it than to designate it. It simply adds after the word "killed," and I quote, "chased, harassed, injured or encircled with nets." You cannot do any of those things under our amendment and call it dolphin safe.

The amendment leaves intact the provisions of the bill that lift the embargoes on tuna. It leaves intact the remainder of the international agreement. But it retains honest information for American consumers, and that is all it does.

Not long ago we held a debate on this floor about truth in nutrition labeling. Right now there is a bipartisan effort under way in both Chambers to establish simple labels on clothing and sporting goods that would inform consumers if those products were made by child labor. Labeling means something to consumers. It means trust.

The American people know what the word "safe" means. If we cannot be honest about the meaning, then we should probably get rid of the label. Perhaps we could call it "good for Mexico," or "NAFTA-consistent," or "caught under international guidelines," but we should not call it safe for dolphins, because by any standard, semantic or otherwise, it is not.

Let me once again remind my colleagues that the amendment does not address the international agreement. it does not address the embargo. It simply says that we retain the sanctity and the meaning of the label "dolphin-safe" which has been so successful as it is now in current law, which says that if they want to use that label on imported tuna, they not only have to demonstrate that that tuna was caught in a way that did not kill dolphins but did not involve chasing, harassing, injuring, or encircling with nets the aforementioned dolphins.

Like the gentleman from Florida [Mr. GIBBONS], I too have communed with my own dolphins on this matter and, as I have in the past, I can assure my colleagues that in unequivocally dolphin ways they have made it very clear to me that they support this amendment. That is pretty tough. I know the gentleman from Alaska is going to suggest that these may be a regional dialect in question here, and that dolphins in other parts of the country may be saying something different, but I rather doubt that.

I am also prepared to stipulate, as suggested by the gentleman from New York, that the gentleman from Maryland is a class act. I think I made that observation myself even before the gentleman from New York [Mr. BOEHLERT] did. I have no doubt whatsoever about that. I wish there were more like him in this Chamber.

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Mr. Chairman, I reserve the balance of my time.

Mr. SAXTON. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from New Jersey [Mr. SAXTON] will control 30 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, I yield such time as he may consume to the gentleman from Alaska [Mr. YOUNG].

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, I usually agree with my esteemed colleague from Massachusetts on fishery issues. He and I have worked together for 24 years and rarely do we disagree on the issues of fisheries. I must oppose his amendment, though, because the Gilchrest bill implements the Panama Declaration, as discussed in general debate, which locks into place binding conservation management measures for dolphin and other marine life.

This bill is supported, as has been said before, by five environmental organizations, the American Tunaboat

Owners, the National Fisheries Institute, the Seafarers' International Union, the California Federation of Labor, the United Industrial Workers, the American Sportfishing Association, and the Clinton administration, although that gives me some reservation.

Mr. Chairman, H.R. 2823 recognizes the international voluntary compliance with the Inter-American Tropical Tuna Commission's dolphin conservation program, which has been in place for the past 4 years. This bill incorporates provisions into U.S. law to continue the international cooperation and compliance.

Over the last couple of months, Mr. GILCHREST has worked to address the concerns of the opponents to H.R. 2823. However, the definition of dolphin-safe has kept the two sides from reaching an agreement.

The amendment being offered by Mr. STUDDS was offered at subcommittee markup by Congressman FARR and was defeated. The Studds-Miller amendment will keep the current dolphin-safe definition which will continue to outlaw the use of fishing practices with the lowest bycatch, despite technological breakthroughs which have reduced dolphin mortality by 97 percent.

The proponents of this amendment will tell you that by keeping the current dolphin-safe definition, it will protect dolphins. However, the Studds-Miller amendment will not end the encirclement of dolphins by foreign fishermen in the eastern tropical Pacific Ocean. Since the adoption of the embargo in 1992, the number of dolphin sets has not decreased. Approximately 50 percent of sets by foreign fleets are on dolphin schools despite the embargo. The Studds-Miller amendment also promotes fishing practices which have a high bycatch of juvenile tuna, billfish, sea turtles and sharks.

Mr. Chairman, H.R. 2823 promotes conservation and management measures based on science. It does not promote the protection of one species over the needs of other marine species. This legislation protects dolphins and other marine life.

The Studds-Miller amendment, on the other hand, will jeopardize the progress made in reducing dolphin mortalities in the eastern tropical Pacific Ocean and do nothing to protect other marine life. Finally, the amendment will negate all of the international cooperation and compliance envisioned in the Panama Declaration.

Therefore, I ask my colleagues to vote against the Studds-Miller amendment. I think it will actually cut this bill.

Mr. STUDDS. Mr. Chairman, I find it difficult to believe the gentleman from Alaska has been here for 24 years given his appearance, but we will have to take his word for it.

Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Chairman, I rise in strong support of the Studds amendment. This amendment does one thing, it protects the integrity of the "dolphin safe" label.

Now, it is really very simple. The rest of the world would like to get into our market, they would like to sell their product under the label "dolphin safe," but without this amendment and under this bill, tuna fisheries could chase, harass, injure dolphins and still get the benefit of the "dolphin safe" label.

Now, maybe in this bill we should have a "dolphin less-safe" label or a "dolphin almost-safe" label, but if we want the consumers to rely on the "dolphin safe" label, we must pass the Studds amendment because we simply do not know what the effects are of chasing and harassing these mammals. However, marine mammal biologists believe that the trauma that dolphins endure under this type of encirclement does lead to the diminishment of the dolphin populations.

I would remind my colleagues that our first obligation is to the U.S. consumer, not, not to the Mexican Government. We cannot allow our domestic consumer protection laws and environmental laws to be held hostage.

Please join me and the millions of Americans who want the opportunity to choose the type of tuna they are buying. They want to know that "dolphin safe" means "dolphin safe." Support the Studds amendment. Make this bill significantly better.

Mr. SAXTON. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Chairman, first let me thank my colleague from New Jersey for yielding me this time and thank him for his leadership on this issue.

Mr. Chairman, I rise in support of H.R. 2823 and against the Miller-Studds amendment. I first want to compliment my colleague from Maryland, Mr. GILCHREST, for his leadership on this legislation. He has done a great job in bringing this issue forward, which would implement the Panama Declaration by opening up the U.S. market to tuna caught in compliance with the Tuna Commission Program, which would reduce dolphin mortality, lessen the bycatch of other forms of marine life and sustain dolphin and fish populations for the future.

Mr. Chairman, people are most concerned with the practice of dolphin encirclement by fishing vessels. The rate of dolphin mortality under the Panama Declaration has dramatically declined because of the declaration's goals to strictly limit any deaths, provide tunaboat crew training, and require internationally trained observers on all tuna vessels. This bill requires that the annual mortality rate be further reduced to less than a fraction of 1 percent of the dolphin population, leading to the elimination of dolphin mortalities altogether. The "dolphin-safe" label is preserved because certified inspectors aboard ship guarantee that no dolphins were killed.

We should not forget that other methods of catching tuna kill other sea life. Tuna have been known to swim near logs and debris close to shorelines. Fishermen who cast their nets to catch these tuna don't kill dolphins, but they do kill a huge bycatch of sharks, endangered sea turtles, and juvenile tuna whose survival is crucial to tuna prosperity years from now.

Because of the progress made through an international effort led by the United States, we have negotiated an agreement among all the countries that have fishing vessels in the eastern Pacific. Dolphin conservation gains have come as a result of more careful fishing and international cooperation, and we must continue with this progress by passing H.R. 2823.

Mr. Chairman, I urge my colleagues to defeat this amendment that would compromise this bill. Let us pass H.R. 2823. It is in the interest of the environment, and I urge my colleagues to support the legislation.

Mr. STUDDS. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. FARR].

Mr. FARR of California. Mr. Chairman, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Chairman, I rise in support of the Studds amendment and let me tell my colleagues why. There is a problem that I think the author, the gentleman from Maryland [Mr. GILCHREST], is trying to address. We all want to address that problem, and that is the problem of bycatch. But the bill, as written, really does not do that without harming dolphins, and that is why the Studds amendment makes the bill a better bill.

It is very simple. In America we have what we call truth in labeling. For 6 years U.S. consumers have been buying tuna in the stores that say that it is dolphin safe. We all know what the word "safe" means, our constituents know what it means, school kids know what it means. They are confident that tuna labeled as "dolphin safe" has not been caught in a way that harms dolphins.

The amendment that the gentleman from Massachusetts [Mr. STUDDS] is offering only puts 6 words into law. If the bill goes through right now, however, dolphins that are chased and die can be labeled "dolphin safe." Dolphins that are harassed and die can be labeled "dolphin safe." Dolphins that are injured or encircled with nets and die can be labeled as "dolphin safe."

That is not truth in labeling, and that is the problem here. We need to have truth in labeling.

I urge my colleagues, add these 6 words to this bill to make it a good bill, to make it a better bill, to make it a bill we can all vote for and support, because that is what the American people want. They do not want us in Congress to play tricks with labels on cans in order to enhance an industry that fishes way offshore from here.

Changing the definition of "dolphin safe" now without a sound scientific basis for that decision not only risks undercutting the progress we have made in the last decade to protect dolphins, but it also misleads the American consumers.

Vote "yes" on this simple amendment. Restore order to this bill.

Mr. SAXTON. Mr. Chairman, I yield 8 minutes to the gentleman from Maryland [Mr. GILCHREST] who was the first to point out to me that this bill not only protects dolphins, but it also protects sea turtles, sharks, and billfish.

Mr. GILCHREST. Mr. Chairman, I thank the gentleman from New Jersey for yielding me this time, and I thank the gentleman from Massachusetts for his applause.

Mr. Chairman, if we could just look at this photograph over here for a second, what I want to try to display to my colleagues is the present condition of the marine ecosystem under the present law.

When we talk about bycatch, that means discarded fish, that means discarded marine mammals, that means discarded reptiles, that means discarded turtles, sea turtles, many of which are endangered.

If we look at this picture, up in the right-hand corner we will see sharks that are discarded in the present process of fishing techniques.

If we look at this photograph here, we will see in this trough immature tuna that will not be able to spawn, that will not sustain the population.

The basic point I want to get across here is that we need to find new methods of fishing, new techniques. Unless we change what we are doing at the present time, and unless we have an agreement with other countries to try to preserve and sustain the resources of our coastal oceans, we cannot do it alone.

Mr. SAXTON. Mr. Chairman, will the gentleman yield?

Mr. GILCHREST. I yield to the gentleman from New Jersey.

Mr. SAXTON. Mr. Chairman, I just want the gentleman to explain perhaps to Members who are not on the committee why it is that fishing on log sets and why it is that fishing on schools of tuna produces a larger bycatch than the proposed method of fishing on dolphins.

Mr. GILCHREST. Mr. Chairman, reclaiming my time, I will try to in 60 seconds educate people on encirclement, log sets, and tuna sets, if I can.

Basically, encirclement the way we did it in the past was bad. We had an embargo, we ended it, we reduced the dolphin kills from 100,000 a year down to under 4,000 a year. That is what we are trying to do here.

Log sets. Tuna, for some strange reason, will swim under something. If they do not swim under dolphins like mature tuna fish do, they will swim under logs. Now, we have a lot of immature tuna that swim under logs. We do not have any dolphins there, but when they encircle the tuna and catch them in these big nets, not only do they catch tuna fish, but what we see in these pictures here is they catch many more marine species.

These species are under stress because they are being discarded. They are not being used.

Mr. SAXTON. Mr. Chairman, if the gentleman would continue to yield. This is an important point.

If we prohibit fishing on dolphins, which we now believe we can do much safer than we used to, then we not only permit fishing on log sets and permit fishing on schools, but we encourage those fishermen who would normally be fishing in a safer way on dolphins to go fish on log sets and on schools where we get this higher bycatch.

Mr. GILCHREST. The whole reason for this particular legislation is threefold: to reduce the number of dolphins killed, to reduce the number of marine species that are killed in the process of catching tuna, and to set up an agreement that we are sponsoring to ensure the sustainability of the marine ecosystem. We can then open the door to a number of other environmental agreements, including global warming.

What I want to do is to talk briefly on some of the charges that the other side has made.

Last year there were 3,300 dolphins killed in the eastern tropical Pacific. That is down 99 percent from what it was. That is using this particular technique.

Why do we have in our bill a maximum, maximum, of 5,000 dolphins killed? That is because there will be more fishers in the fishery, so we need to have some reasonable number. Five thousand dolphins killed is biologically insignificant as assessed by some of the best scientists in the world. One of them is from the National Oceanic and Atmospheric Administration, a woman named Elizabeth Edwards, who says that is biologically insignificant.

We understand that. We do not accept the 5,000 number. We will continue to work toward zero.

Here is what Dr. Edwards says about the study, that the process that we are trying to get into law stresses dolphins to the degree that it harms them. She says, "In particular the 5 reviewers were unanimous in their opinion that the study failed to confirm the stated conclusion that dolphins were experiencing acute continuous stress."

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So I wanted to dismiss that accusation that the encirclement, where you allow the dolphins to get out, which is what we are doing, causes stress that harms the dolphin. There is no evidence to that effect. The Center for Marine Conservation, one of our more sophisticated, respected environmental groups around the country, says arguably stress is not found to lead to species decline, the stress that they experience in this encirclement. And understand, we do not want to encircle dolphins. This is not the last step in this process. This international agreement does not end the way we catch tuna fish.

This international agreement by the United States, by the environmental groups such as Greenpeace, Center for Marine Conservation, we want to continue to use the expertise of the United States to find ways to ensure the sustainability of the marine ecosystem and reduce dolphin kills to zero and some day hopefully end encirclement entirely. But we cannot do it alone. We need this international agreement. I want to point out one other thing. IATTC is showing an increase in dolphin population.

Now, the comment that we are importing tuna fish for the purpose of doing something for the benefit of Mexico or Mexican fishermen, and we are not concerned about the death of dolphins. Well, I want to say something. In our bill, on every single boat there will be, there must be, observers in order to sell that tuna fish into the United States. So we will know, however unfortunate it might be, every single dolphin death. And we will know that because we have observers on board those boats. Since we have observers on those boats, we recognize in the past year there has been 3,300 dolphin deaths, but we know that, and we are trying to reduce that.

Now, the present regime, before this legislation goes into effect, we are getting much of our tuna fish, if not most of our tuna fish, from the western tropical Pacific, where there are no observers on those boats, and it is fundamentally understood. It is fundamentally understood that from 10,000 to 40,000 dolphins are killed a year. We have no control over that. Do we want to have dolphin kills without anybody to observe those dolphin deaths and then quite likely import that tuna, can it in the United States, and then label it dolphin safe? I would much rather have an understanding as to the number of dolphin deaths and a continuous effort to reduce those dolphin deaths.

Mr. Chairman, I urge my colleagues to oppose the Miller-Studds amendment and to support the legislation. It is an international agreement of very positive proportions so that we can continue down the road as a planet, as a world population that is continuing to increase to have some sense of understanding together as a global community to sustain the limited resources that are essential for the food of this planet.

Mr. STUDDS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to correct one thing. The gentleman from Maryland may be right or he may be wrong, but he is simply asserting something without documentation. There has only been one study to date that we know on the effect of encirclement of dolphins, and I am holding it in my hand. It is from the Journal of Pathophysiology, and it has the imposing title of "Adrenocortical Color Darkness and Correlates as Indicators of Continuous Acute Premortem Stress in Chased and Purse-seine Captured Male Dolphins." So there. I want the record to reflect that, done by the National Marine Fisheries Service, the only study we have suggests, does not assert, suggests to the contrary.

Now, the dolphins as usual speak for themselves. There are two species that have been consistently, over time, chased and netted in this fishery: The eastern spinner dolphin and the northern offshore spotted dolphin. I do not know which one the gentleman is communing with. According to the National Marine Fisheries Service, these two populations are at less than 20 percent of their original size. This is an indisputable fact due to the 8 million deaths that have taken place over the last 20 years.

Now, we have been enormously successful in reducing these deaths, as most people have mentioned speaking on both sides of this issue, but, and this is a large "but," in spite of the much observed lower level of dolphin deaths these two dolphin populations are now growing. The fact is worth repeating. Although dolphin deaths have dropped from approximately 100,000 annually to about 3,600, we see no increase in these populations.

Many biologists believe that the constant injury and harassment of these animals is preventing the recovery of the populations. I do not pretend to assert that as fact. I have been quite open from the beginning that I do not know. But I suggest that no one else here knows either. Insofar as we have any study to suggest that the contrary may be true, to assert something on the floor of this hallowed institution does not make it so, and in this case it might be that a little bit of humility and caution might be in order.

Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I urge my colleagues to support the amendment offered by the gentleman from Massachusetts [Mr. STUDDS]. Consumers have a right to know that "dolphin safe" means that dolphins were not harassed or killed. That is what the label has meant for the last 6 years.

Under the Studds amendment, tuna can be sold in the United States regardless of whether it was caught using safe techniques, but it could not be labeled "dolphin safe" unless it meets the standard that every American consumer has relied upon and should be able to continue to rely upon.

It is hard to believe that chasing dolphins by speedboats and helicopters until they are too exhausted to escape and then encircled in a purse-seine net can be considered safe. At worst, the netted dolphins face the risk of crushed bones, loss of fins, or suffocation in the nylon nets. At the very least, mortal injuries may ensue from separation of mothers from their calves or the severe stress caused by this harassment which may have detrimental effects.

One study suggests that there may be immediate effects of stress on these animals or long-term effects on the population as a whole, as indicated by the reduced pregnancy rates from heavily fished areas. There are signs that netting dolphins may have adverse effects, with the stress being one possible cause.

All of which may not necessarily go observed as the dolphins also sink or survive the experience only to die later. Meaning that the change to the "dolphin safe" label would render it worthless as now observed, and I quote, "observed," mortalities occurred during the netting.

The bottom line is that the only true safe method to fish for tuna is to remove dolphins from the equation. The public knows this and so do over 80 environmental groups that support this amendment. That is why I voted for the current definition of dolphin safe in 1990 under the Dolphin Protection Consumer Information Act.

At Mexico's request in 1991, a GATT panel found that trade embargoes on tuna imports under the authority of the Marine Mammal Protection Act did not meet with trade obligations. But the dolphin-safe label was not an issue before the GATT dispute panel; only the embargo itself. There is no legitimate trade conflict with the dolphin-safe label. The Studds amendment will continue to preserve the dolphin-safe label, which is an integral part of dolphin protection.

Mr. Chairman, I include the following "Dear Colleague" letter for the RECORD.

SAVE THE "DOLPHIN SAFE" LABEL

DEAR COLLEAGUE: H.R. 2823, "The International Dolphin Conservation Program Act" will change U.S. law and allow tuna caught by methods that injure and terrorize dolphins to be labeled "Dolphin Safe." The bill's proponents admit that under H.R. 2823, the number of dolphins that will be killed could rise. In fact, H.R. 2823 specifically permits a 25% increase in the number of dead dolphins.

This legislation would perpetuate a fraud on American consumers.

Consumers have a right to know that "Dolphin Safe" means that dolphins were not harassed or killed. That is what the label has meant for the past 6 years.

Under the Studds amendment, tuna can be sold in the United States regardless of whether it was caught using safe techniques. But it could not be labelled "Dolphin Safe" unless it meets the standard that every American consumer has relied upon and should be able to continue to rely on.

WHAT THE "DOLPHIN SAFE" LABEL MEANS

H.R. 2823 (Gilchrest)	Studds Amendment
Dolphins can be encircled, harassed, injured and tuna can still be called Dolphin Safe); 25% increase in dolphin mortality allowed.	Current law: no harassing techniques, no dolphin injuries, no dolphin deaths; non-safe tuna may be sold without the label.

If we can't save dolphins, at least we can save the label.

Support the "Dolphin Safe" Label: Support the Studds Truth in Labelling Amendment.

Sincerely,

SAM FARR.
FRANK PALLONE, Jr.

Mr. SAXTON. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. GILCHREST] for purposes of responding to the author of the amendment.

Mr. GILCHREST. Mr. Chairman, in response to the assertion of the gentleman from Massachusetts, let me respond to the study that was done on stress by Dr. Elizabeth Edwards of the National Oceanic and Atmospheric Administration. This is what she said about the study concerning stress in dolphins:

"While all five reviewers felt that post-mortem examination of one or more physiological or histological samples taken from dolphins killed during purse-seining might well provide some indication of types and amounts of stress the animals may have experienced prior to death, none of the reviewers," talking about the study that was done, "none of the reviewers felt that the body of work described in this paper presented any convincing evidence. In particular, the reviewers" of the study "were unanimous in their opinion that the study failed to confirm the stated conclusion * * *"

Mr. SAXTON. Mr. Chairman, I yield 2 minutes to the gentleman from San Diego, CA [Mr. BILBRAY].

Mr. BILBRAY. Mr. Chairman, I regretfully have to oppose the Studds amendment, and I would like to clarify that. I oppose the amendment because it locks us into the old concepts of species management that might have served us well in the seventies and the eighties, but is totally deficient for the latter part of the nineties and going into the next century.

Mr. Chairman, one of the great accomplishments that we are seeing this decade is the movement from single-species management to multispecies management when it comes to environmental protection. This amendment would lead us back into single-species management.

Mr. Chairman, I do not think anyone who originally supported this legislation meant to endanger sensitive marine species or to encourage, if not mandate, fishing practices that would directly and negatively impact different species, including endangered species. The loss of endangered sea turtles as a result of the present alternative to this legislation, H.R. 2823, the main bill, was, I think, totally unforeseen back in the 1970's and the 1980's, and new science says that we need to address this.

Now, Mr. Chairman, I do not want to make this a battle between Flipper and the Ninja Turtles; that we are going to have to choose between porpoises and billfish, or dolphins and endangered turtles. I think there is a proper way to do this, and one of the ways is to direct our fishing practices in a manner that would facilitate protection of multiple species, as H.R. 2823 would do. This amendment would strike that concept and move us back to the era of the 1970's and 1980's; the old concept that we will only look at one species rather than the entire environment.

Mr. Chairman, I ask that my colleagues consider the fact that both Vice President GORE and Greenpeace, among others, recognize that it is time to move forward and be more progressive and more global in our approach to ocean species management. America must lead, but we cannot do this alone, and species management cannot be done appropriately when focused only on one species or subspecies. This amendment would move us back to that position, that would hamstring us in addressing these protection issues in a comprehensive manner.

So I would ask the supporters of the motion to recognize its unintentional but negative impact to endangered marine species, and to reflect on the facts which are that this Studds amendment does not address the concerns that we need to address to definitely protect dolphins and other ocean animals.

Mr. SAXTON. Mr. Chairman, I yield 3 minutes to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of this bill H.R. 2823, the International Dolphin Conservation Program Act and in opposition to the amendment offered by the gentleman from California [Mr. MILLER] and the gentleman from Massachusetts [Mr. STUDDS].

I think this is an exceptional bill providing an international solution to an international problem, and that is the regulation of tuna fishing in the open seas. It is a good bill and reflects a good compromise among a lot of competing interests. But, I think we need to start by putting it in historical perspective.

In the mid-1970's, dolphin mortality rates were clearly at unacceptable levels. Over 500,000 dolphins were being killed each year in pursuit of tuna stocks. So in response to this unacceptable loss of life among the dolphin population, 5 years ago the United States placed an embargo on the importation of tuna caught using primitive encirclement measures.

But as has been pointed out in this debate, in recent years tuna fishermen have developed new and innovative methods which enable them to capture tuna without ensnaring dolphins at the same time. We have tough new monitoring procedures that have been instituted and international oversight responsibility has been strengthened.

Over time, these procedures have become increasingly internationalized, first through voluntary compliance with the La Jolla Agreement, then through permanent binding procedures set forth in the Panama Declaration.

By implementing the Panama Declaration, H.R. 2823 brings us along in the next step as the gentleman from Maryland has suggested, the next step in this evolutionary process. It locks in the reforms of the Panama Declaration and strengthens compliance procedures. The bill also provides incentives needed for other nations to remain in compliance by providing those nations who abide by the agreement with access to their most important tuna market, the United States.

It was this issue with Mexico and my work with the United States-Mexico Interparliamentary Conference that brought me first to this issue.

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Make no mistake about it, these market incentives are absolutely critical to the continued success of the program. The procedures required under the Panama Declaration are costly: onboard observers on all tuna boats, individual boat licensing, and use of nets and divers to ensure the safety of the dolphin population.

But let us be blunt. Without the U.S. market as an incentive, these nations are certain to revert to destructive fishing practices of the past and just export to the markets that they can, and we will end up with dolphin kill ratios as high as we had in the 1970's and 1980's. If we do not act today and enact this legislation without amendment, what we have left is a dolphin-safe label but no dolphins.

As has been pointed out, this bill does more than protect dolphins. It provides an effective method to conserve total marine ecosystem in the eastern Pacific. The fishing practices encouraged by proposed alternative legislation result in an unreasonably excessive bycatch of a number of different species, including endangered sea turtles, sharks, billfish, and large numbers of tuna and other fish species. In fact, the fishing procedures advocated by the opponents to this bill are likely to endanger the long-term health of tuna stocks themselves.

We need this bill. We can do it. We can have tuna fishing, and we can protect dolphins. We have the technology to preserve the marine ecosystem and protect the dolphin. Let us do it. Let us implement the legislation of the Panama Declaration. Keep the dolphin and the marine ecosystem safe. I urge support for the bill and opposition to the Studds amendment.

Mr. STUDDS. Mr. Chairman, now that English is about to become the official language and we have La Jolla and Saint Diego, I guess I should yield to the gentlewoman from Saint Frank or Saint Francis, whatever that will become once we become English speaking.

Mr. Chairman, I yield 3 minutes to the distinguished gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Chairman, I thank the gentleman for yielding and rise in support of his amendment.

It is a wonderful thing in the House of Representatives that we are expressing all of this concern for the dolphin. Hopefully, this will carry over to the human species as well.

Mr. Speaker, as I said, I rise in opposition to the legislation as it is and in the hopes that our colleagues will vote in support of the Studds amendment. As has been said, in 1990, environmental, animal and consumer activists won a victory with the advent of the dolphin-safe label for commercially sold tuna. No product can be labeled dolphin-safe if the tuna is caught by chasing, harassing or netting dolphins. The issue before the house tonight is about what can be labeled dolphin-safe.

The dolphin-safe label has worked to preserve dolphin populations. After Congress adopted its ban of imported tuna caught using enclosure nets in 1992, the dolphin mortality rate dropped from 100,000 per year to less than 3,000, as has been indicated.

The bill before us would change the meaning of dolphin-safe to allow activities that would include highspeed chases with boats and helicopters, the separation of mothers from their calves, the withholding of food from trapped schools and the deliberate injury of dolphins to prevent the school from escape.

I call to the attention of my colleagues this chart which compares what the dolphin-safe label means.

Under the bill, it means this. Under the public view, dolphin-safe means this. We have got to keep faith with the public in our truth-in-labeling.

In fact almost any fishing activity would be termed dolphin-safe provided that no dolphins were observed to die during the catch. Dolphin populations have been depleted by as much as 80 percent. The dolphin-safe label stopped this trend and has proved one of the most successful consumer initiatives in

U.S. history. Americans care about what is left of our natural resources and the threatened creatures who inhabit them.

The Studds amendment maintains the integrity of the dolphin-safe sticker to the definition of the label. Dolphin-safe must mean that dolphins are safe and not injured or killed in the hunt for tuna.

H.R. 2823 allows an increase in the dolphin deaths and unlimited injury and harassment of dolphin. That is by no means dolphin-safe.

Mr. Chairman, I urge our colleagues to support the Studds amendment which would enable us to keep the promise made to the American people. The trade agreements would not result in the weakening of U.S. environmental laws. At the same time, it would help us live up to those trade obligations and protect dolphins. I urge an "aye" vote on the Studds amendment.

Mr. SAXTON. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. GILCHREST] who is busy reerecting some visual aids.

Mr. GILCHREST. Mr. Chairman, I thank the gentleman for yielding the time.

If I may, the gentleman from California asked me to get my own chart so I will not use the chart that the gentlewoman from California [Ms. PELOSI] used just a second ago. What I would like to do, when we looked at the chart from Ms. PELOSI, the fine gentlewoman from California, she showed us a dolphin sort of beat up and said that that is what is going to happen under our bill, and then a dolphin that looked really healthy and find and not beat up. That is what would happen with their bill and their dolphin-safe bill.

What I want to explain though, just another point, existing law, 10,000–40,000 dolphins are killed that are not observed. Many likely are killed in the process of catching tuna fish that are sold in the United States because we do not observe those deaths as dolphin-safe with the label.

What we want to do is put an observer on every single boat, every single time they fish for dolphins, every single time they fish for tuna, and they cannot sell that tuna in the United States unless they have a licensed observer on board. We want to protect the system, protect the truth in labeling. Vote against the Studds amendment.

Mr. STUDDS. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MILLER] so that he may politely but devastatingly respond to the gentleman from Maryland.

Mr. MILLER of California. Mr. Chairman, the chart is terribly graphic and makes the point. We will have observers on the boat. What observers can observe is dolphins being, for example, encircled, harassed, hunted down, maimed, and injured. Under that bill that is what is allowed.

Under current law, that is not allowed, that is not allowed. And to be sold on supermarket shelves, the tuna that results cannot be sold as dolphin-safe. What we are saying is, you can have your ocean management techniques, you can try your bycatch, you can do all of those things. But when it results in a dolphin being maimed, being harassed and being chased and being stressed and being exhausted, do not try to tell the American consumer that that is dolphin-safe.

What the Studds amendment says is let the consumer choose. Let the consumer choose. They can choose the existing can of tuna with the existing label under the Studds amendment that they know is dolphin-safe. Or they can choose some pale imitation that lets you kill an increased number of dolphins, lets you harass, lets you encircle, lets you stress, lets you harm, lets you maim, all with observers.

The American people do not want observers to this activity. They want an end to this activity. That is what the Studds amendment allows to happen.

Mr. STUDDS. Mr. Chairman, I yield myself 30 seconds.

I observe no further requests for time on this side. If the gentleman has the right to close and intends to use it, I trust he will do it with humane brevity. I challenge the gentleman to prove to a certainty that anything that can be said has not already been said.

With that in mind and secure in the feeling that what has been said on behalf of the amendment far outweighs in subtlety and in strength and in humor and goodwill that which has been said in opposition to the amendment, I confidently, quietly, and quickly yield back the balance of my time.

Mr. SAXTON. Mr. Chairman, I yield myself such time as I may consume for purposes of closing debate.

Mr. Chairman, I think the gentleman is right. Much of what has been said has been said. It is pretty obvious to me that the weight of the arguments in opposition to the gentleman's amendment are strong and heavy and that we should move to a vote, hopefully directly to final passage.

Just let me close by summarizing. A vote in favor of final passage and previously to that, I suppose, against the Studds amendment enables the United States to join with 11 other countries to put in place fishing methods agreed to by those 12 countries that will protect dolphins, protect sea turtles, protect sharks, protect billfish, and protect juvenile tuna. That is what the gentleman from California [Mr. BILBRAY] was referring to when he talked about multispecies management.

It is true, I suspect, that if we were to reject this bill and in so doing enact the Studds amendment, I suppose that unilaterally we could protect dolphins in 1 country out of the 12. My understanding is that that includes presently something in the neighborhood of six to eight fishing boats on the west coast of the United States. That is what we would be regulating, six to eight boats in one country as opposed to many boats in a dozen countries.

In addition to that, Mr. Chairman, I would just like to point out, once again, that it would be unusual for the major environmental groups, including the National Wildlife Federation, the Environmental Defense Fund, Greenpeace, the World Wildlife Fund, the Center for Marine Conservation, and others to join with this chairman of the Subcommittee on Fisheries, Wildlife and Oceans and the Clinton administration and variety of labor groups in supporting final passage of this bill, if it were subject to all of the charges that have been made by some of the opponents.

Obviously, we hope that this bill passes. As one who has been a supporter of marine wildlife and aqua wildlife all of my career, along with many other Members, such as Mr. GILCHREST and others from both sides, we believe on a bipartisan basis that this bill deserves to be passed, should be passed, and will implement a very important international agreement.

Mr. Chairman, I ask Members on both sides of the aisle for strong bipartisan support and encourage a "no" vote on the Studds amendment and obviously a "yes" vote on final passage.

Mr. OLVER. Mr. Chairman, this amendment offers American consumers exactly what we know they want. It took American citizens more than two decades to get the Congress to end the slaughter of dolphins and adopt dolphin-safe labeling of tuna.

The terrible pictures of herds of dead dolphins in a sea of red are practically gone from memory. It's been great environmental success.

Without the Studds amendment the underlying bill moves us backward. No, it doesn't mean that we'll return to the days of mass dolphin slaughter, but it does mean that dolphins will be chased, harassed, and encircled.

Perhaps there is no mammal more symbolic of American's love and concern for animals—than the dolphin.

As this Congress desperately attempts to recast itself in the wake of its poor environmental record—no vote is easier and will please such a broad spectrum of the American public than the Studds amendment.

Recently, this Congress has voted for consumer-friendly right-to-know provisions in several bills.

Yet today, this bill aims to confuse the dolphin-safe label and deceive the American public.

Americans want to know which tuna has been caught without risks to dolphins.

The dolphin-safe label ought to mean what it says.

Finally, I believe it's fair to say that no one in recent memory in this body has done so much to protect so many of one individual species than my colleague from Massachusetts.

We should honor his 20 years of work and expertise by supporting the Studds amendment.

If Studds does not pass—we could be faced with another tuna boycott until the American public can be sure that dolphin-safe labels are telling the truth.

Ms. ESHOO. Mr. Chairman, I rise in support of this important and necessary amendment, and I thank Representatives STUDDS and MILLER for all of their efforts to protect our planet's ocean life and our Nation's consumers.

Mr. Chairman, this amendment is simple: It protects dolphins from being chased, harassed, injured, or encircled with nets by tuna fishermen.

It's necessary because the underlying legislation would allow unlimited harassment and injuring of dolphins, so long as no more than 5,000 are actually killed in the eastern tropical Pacific each year. Despite increased deaths and injury to dolphins, tuna caught under the provisions of the underlying legislation could still be labeled in the United States as dolphin-safe. That's not acceptable. In my view, there should be zero dolphin deaths associated with our dolphin-safe label.

Seven years ago, 100,000 dolphins were slaughtered each year. As a result of the U.S. tuna industry's voluntary policy of refusing to purchase tuna caught while harming or killing dolphins, that number has dropped to approximately 3,200—an impressive 97 percent.

The Studds amendment retains the integrity of the dolphin safe label by ensuring that dolphins are not harassed while fishing for tuna. Although H.R. 2823, even if improved by the Studds/Miller amendment, would condone more dolphin deaths than are associated with the current U.S. dolphin safe label, it would actually result in fewer dolphin deaths worldwide. This is because only 5,000 deaths total would be permitted, and only those foreign fishermen that fish in compliance with the 5,000 limit would be able to sell their tuna to the U.S. market.

Consumers need to know that dolphin safe means what it says. The Studds amendment although imperfect, helps move us in that direction.

Mr. Chairman, I urge my colleagues to support the Studds amendment, support the wishes of the American consumer, and support the dolphins.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. STUDDS].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. STUDDS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 161, noes 260, not voting 12, as follows:

[Roll No. 384]

AYES—161

Abercrombie
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Berman
Bilirakis
Blumenauer
Blute
Bonior
Borski
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bunn
Campbell
Chabot
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dixon
Doggett
Dornan
Doyle
Durbin
Engel
Ensign
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flanagan
Foglietta
Foley
Forbes
Frank (MA)
Franks (NJ)
Frost
Furse
Gejdenson
Gephardt
Goodling
Gordon
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hilliard
Hinchey
Holden
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Jones
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kleczka
Klink
LaHood
Lantos
Lewis (GA)
Lipinski
Lofgren
Lowey
Maloney
Manton
Markey
Martini
Mascara
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Meyers
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Ney
Oberstar
Obey
Olver
Owens
Pallone
Payne (NJ)
Pelosi
Poshard
Rahall
Rangel
Reed
Rivers
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sanford
Schiff
Schroeder
Schumer
Scott
Shays
Slaughter
Smith (NJ)
Spratt
Stark
Stokes
Studds
Stupak
Taylor (MS)
Thornton
Torres
Torricelli
Velazquez
Vento
Visclosky
Volkmer
Wamp
Ward
Waters
Watt (NC)
Waxman
Weller
Wilson
Wise
Woolsey
Wynn
Yates
Zimmer

NOES—260

Ackerman
Allard
Archer
Armey
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Beilenson
Bentsen
Bereuter
Bevill
Bilbray
Bishop
Bliley
Boehlert
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Bryant (TX)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Diaz-Balart
Dickey
Dicks
Dingell
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
English
Everett
Ewing
Fawell
Fields (TX)
Fowler
Fox
Franks (CT)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Johnston
Kasich
Kelly
Kennelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaFalce
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Livingston
LoBiondo
Longley
Lucas
Luther
Manzullo
Matsui
McCarthy
McCollum
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Parker
Pastor
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Richardson
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sawyer
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shuster
Sisisky
Skaggs
Skeen
Skelton
Smith (MI)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (NC)
Tejeda
Thompson
Thornberry
Thurman
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Watts (OK)
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Williams
Wolf
Young (AK)
Zeliff

NOT VOTING—12

Bachus
Brownback
Flake
Ford
Hastert
Martinez
McCrery
McDade
Serrano
Thomas
Towns
Young (FL)

□ 2000

Mr. ARCHER changed his vote from "aye" to "no."

Ms. VELÁZQUEZ, Mr. RAHALL, and Mr. HOLDEN changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. FOX of Pennsylvania) having assumed the chair, Mr. COLLINS of Georgia, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, have had under consideration the bill (H.R. 2823) to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific

Ocean, and for other purposes, pursuant to House Resolution 489, he reported the bill back to the House with the amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SAXTON. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 316, noes 108, not voting 9, as follows:

[Roll No. 385]

AYES—316

Ackerman
Allard
Archer
Armey
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bono
Borski
Boucher
Brewster
Browder
Brown (FL)
Bryant (TN)
Bryant (TX)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clement
Clinger
Clyburn
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fazio
Fields (LA)
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Ganske
Gekas
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson-Lee (TX)
Johnson (CT)
Johnson, Sam
Johnston
Jones
Kasich
Kelly
Kennelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Livingston
LoBiondo
Longley
Lucas
Luther
Manton
Manzullo
Martini
Mascara
Matsui
McCarthy
McCollum
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
Meek
Metcalf
Mica
Miller (FL)
Minge
Mink
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Parker
Pastor
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Roybal-Allard
Royce
Salmon
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Scott
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Torkildsen
Torres
Traficant
Upton
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Yates
Young (AK)
Zeliff

NOES—108

Abercrombie
Andrews
Baldacci
Barcia
Barrett (WI)
Bilirakis
Bonior
Brown (CA)
Brown (OH)
Bunn
Campbell
Chabot
Clay
Clayton
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Deal
DeFazio
DeLauro
Dellums
Dornan
Doyle
Durbin
Engel
Eshoo
Evans
Farr
Fattah
Filner
Foglietta
Frank (MA)
Franks (NJ)
Furse
Gejdenson
Gephardt
Gutierrez
Hilliard
Hinchey
Jackson (IL)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kildee
Kleczka
Klink
Lantos
Lewis (GA)
Lipinski
Lofgren
Lowey
Maloney
Markey
McKinney
McNulty
Meehan
Menendez
Meyers
Millender-McDonald
Miller (CA)
Moakley
Murtha
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Owens
Pallone
Payne (NJ)
Pelosi
Poshard
Rivers
Rose
Rush
Sabo
Sanders
Sanford
Schroeder
Schumer
Serrano
Smith (NJ)
Spratt
Stark
Stokes
Studds
Taylor (MS)
Thurman
Tiahrt
Torricelli
Velazquez
Vento
Volkmer
Waters
Watt (NC)
Waxman
Woolsey
Wynn
Zimmer

NOT VOTING—9

Bachus
Brownback
Flake
Ford
Martinez
McCrery
McDade
Towns
Young (FL)

□ 2020

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. THOMAS. Mr. Speaker, On Wednesday, July 31, 1996, I missed vote No. 384, the Studds substitute to the International Dolphin Conservation Program Act. Had I been present I would have voted "no". I was detained as I was taking part in the public announcement with all of my colleagues who negotiated the final agreement on the health care reform bill.

GENERAL LEAVE

Mr. GILCHREST. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill just passed.

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Is there objection to the request of the gentleman from Maryland?

There was no objection.

TEAMWORK FOR EMPLOYEES AND MANAGERS ACT OF 1995—VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore. The unfinished business is the further consideration of the veto message of the President on the bill (H.R. 743) to amend the National Labor Relations Act to allow labor management cooperative efforts that improve economic competitiveness in the United States to continue to thrive, and for other purposes.

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that the veto message of the President, together with the accompanying bill, H.R. 743, be referred to the Committee on Economic and Educational Opportunities.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 123, ENGLISH LANGUAGE EMPOWERMENT ACT OF 1996

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. 104–734) on the resolution (H. Res. 499) providing for consideration of the bill (H.R. 123) to amend title 4, United States Code, to declare English as the official language of the Government of the United States, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.R. 3754, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1997

Mr. PACKARD submitted the following conference report and statement on the bill (H.R. 3754) making appropriations for the legislative branch for the fiscal year ending September 30, 1997, and for other purposes:

CONFERENCE REPORT (H. REPT. 104–733)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3754) "making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 20, 23, and 24.

That the House recede from its disagreements to the amendments of the Senate numbered 1, 2, 6, 10, 11, 12, 13, 14, 17, 18, and 19, and agree to the same.

Amendment Numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,750,000*; and the Senate agree to the same.

Amendment Numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$69,356,000*; and the Senate agree to the same.

Amendment Numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$33,437,000*; and the Senate agree to the same.

Amendment Numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$2,782,000*; and the Senate agree to the same.

Amendment Numbered 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$24,532,000*; and the Senate agree to the same.

Amendment Numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$9,753,000*; and the Senate agree to the same.

Amendment Numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment, insert: *$1,310,000*; and the Senate agree to the same.

Amendment Numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 314. (A) Upon enactment into law of this Act, there shall be established a program for providing the widest possible exchange of information among legislative branch agencies with the long range goal of improving information technology planning and evaluation. The Committee on House Oversight of the House of Representatives and the Committee on Rules and Administration of the Senate are requested to determine the structure and operation of this program and to provide appropriate oversight. All of the appropriate offices and agencies of the legislative branch as defined below shall participate in this program for information exchange, and shall report annually on the extent and nature of their participation in their budget submissions to the Committee on Appropriations of the House of Representatives and the Committee on Appropriations of the Senate.

(B) As used in this section—

(1) the term "offices and agencies of the legislative branch" means the office of the Clerk of the House, the office of the Secretary of the Senate, the office of the Architect of the Capitol, the General Accounting Office, the Government Printing Office, the Library of Congress, the Congressional Research Service, the Congressional Budget Office, the Chief Administrative Officer of the House of Representatives, and the Sergeant at Arms of the Senate; and

(2) the term "technology" refers to any form of computer hardware and software; computer-based systems, services, and support for the creation, processing, exchange, and delivery of information; and telecommunications systems, and the associated hardware and software, that provide for voice, data, or image communication.

And the Senate agree to the same.

Amendment Numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows:

In lieu of the of the first section number named in said amendment, insert: *315*; and the Senate agree to the same.

Amendment Numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the of the first section number named in said amendment, insert: *316* and at the end of the matter proposed by said amendment, insert the following:

Sec. 317. For payment to Jo Ann Emerson, widow of Bill Emerson, late a Representative from the State of Missouri, $133,600.

And the Senate agree to the same.

RON PACKARD,
CHARLES H. TAYLOR,
DAN MILLER,
ROGER F. WICKER,
BOB LIVINGSTON,
RAY THORNTON,
JOSÉ SERRANO,
VIC FAZIO,
DAVID R. OBEY,
Managers on the Part of the House.

CONNIE MACK,
ROBERT F. BENNETT,
BEN NIGHTHORSE
CAMPBELL,
MARK O. HATFIELD,
PATTY MURRAY,
BARBARA A. MIKULSKI,
ROBERT C. BYRD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes on the two Houses on the amendments of the Senate to the bill (H.R. 3754) making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

TITLE I—CONGRESSIONAL OPERATIONS

SENATE

Amendment No. 1: Appropriates $441,208,000 for the operations of the Senate, and contains several administrative provisions. Inasmuch as the amendment relates solely to the Senate and in accord with long practice under which each body determines its own housekeeping requirements and the other concurs without intervention, the managers on the part of the House, at the request of the managers on the part of the Senate, have receded to the Senate amendment.

HOUSE OF REPRESENTATIVES

The managers on the part of the House, with the concurrence of the managers on the part of the Senate, support the policy of disposing of excess House computer equipment for the use of elementary and secondary schools, comparable to the program established by the Senate. The House managers note that, under current statute, the Committee on House Oversight has the authority to make such dispositions.

JOINT ITEMS

JOINT COMMITTEE ON INAUGURAL CEREMONIES OF 1997

Amendment No. 2: Deletes $950,000, and related provisions, appropriated for the Joint Committee on Inaugural Ceremonies of 1997 as proposed by the House and inserts $950,000, together with related provisions, appropriated for the Joint Committee on Inaugural Ceremonies of 1997 as proposed by the Senate. These funds are provided in accordance with Senate Concurrent Resolutions 47 and 48, 104th Congress, agreed to in the Senate on March 20, 1996.

JOINT ECONOMIC COMMITTEE

Amendment No. 3: Appropriates $2,750,000 for the Joint Economic Committee instead of $3,000,000 as proposed by the House and $750,000 as proposed by the Senate. The conferees agree that the long term need for this committee should be reviewed and expect the funding to be phased down to zero in the future.

CAPITOL POLICE BOARD

CAPITOL POLICE

SALARIES

Amendment No. 4: Appropriates $69,356,000 for the salaries and related personnel expenses of the Capitol Police instead of $68,392,000 as proposed by the House and $70,132,000 as proposed by the Senate. The conferees believe that the information and systems that support Capitol Police financial management processes are in need of improvement. To some extent, the transfer of payroll/personnel recordkeeping to the National Finance Center will lead to significant improvement in the reliability and accuracy of financial data, but other accounting and management information systems also require attention.

Amendment No. 5: Provides $33,437,000 to the Sergeant at Arms of the House of Representatives, to be disbursed by the Chief Administrative Officer of the House, for the Capitol Police assigned to the House rolls instead of $32,927,000 as proposed by the House and $34,213,000 as proposed by the Senate.

Amendment No. 6: Provides $35,919,000 to the Sergeant at Arms and Doorkeeper of the Senate, to be disbursed by the Secretary of the Senate, for the Capitol Police assigned to the Senate rolls as proposed by the Senate instead of $35,465,000 as proposed by the House.

GENERAL EXPENSES

Amendment No. 7: Appropriates $2,782,000 for general expenses of the Capitol Police instead of $2,685,000 as proposed by the House and $2,880,000 as proposed by the Senate. The additional funds provided above the House bill are provided for vehicle replacement.

CONGRESSIONAL BUDGET OFFICE

SALARIES AND EXPENSES

Amendment No. 8: Appropriates $24,532,000 for salaries and expenses, Congressional Budget Office, instead of $24,288,000 as proposed by the House and $24,775,000 as proposed by the Senate.

ARCHITECT OF THE CAPITOL

CAPITOL BUILDINGS AND GROUNDS

CAPITOL BUILDINGS

Amendment No. 9: Appropriates $23,255,000 for Capitol buildings, Architect of the Capitol as proposed by the House instead of $23,555,000 as proposed by the Senate.

The conferees note that the Capitol Police, due to legislation enacted in the District of Columbia Appropriations Act for Fiscal Year 1996, will inherit the D.C. canine facility located at Blue Plains at a site adjacent to the Botanic Garden plant nursery. In the meantime, through a reprogramming of funds made available by the Committees on Appropriations, the Capitol Police canine operation was relocated, on July 24, 1996, to a site adjacent to the buildings, training grounds, and kennels they will occupy when the D.C. canine operation vacates. This recent Capitol Police relocation was accomplished within a few months of learning of extremely hazardous conditions at the former location, and includes new kennels, training grounds, temporary office and classroom buildings, and other facilities necessary to continue this very important security program. The Committees on Appropriations have been advised that the space being developed for the D.C. canine operation will be completed by February 27, 1997. The conferees expect that the Architect of the Capitol and the Capitol Police will make the necessary arrangements to move into those quarters immediately upon their availability. In the meantime, the conferees believe that the Architect of the Capitol should survey the need for renovations at the D.C. canine facility. If it is determined that renovations are necessary, the Committees on Appropriations will entertain a request to reprogram funds based upon the receipt of adequate engineering estimates, plans, and design documentation.

HOUSE OFFICE BUILDINGS

The managers on the part of the House, with the concurrence of the managers on the part of the Senate, direct that all employees displaced by the custodial contract at the Ford House Office Building will be absorbed in available vacant positions and expect every effort to be made to place them in positions of equal or comparable pay.

SENATE OFFICE BUILDINGS

Amendment No. 10: Appropriates $39,640,000, of which $3,200,000 shall remain available until expended, for the operations of the Senate office buildings. Inasmuch as the amendment relates solely to the Senate and in accord with long practice under which each body determines its own housekeeping requirements and the other concurs without intervention, the managers on the part of the House, at the request of the managers on the part of the Senate, have receded to the Senate amendment.

TITLE II—OTHER AGENCIES

LIBRARY OF CONGRESS

SALARIES AND EXPENSES

Amendment No. 11: Provides $216,007,000 for salaries and expenses, Library of Congress as proposed by the Senate instead of $215,007,000 as proposed by the House. The conferees agree with the Senate report language regarding the deputy Librarian of Congress.

Amendment No. 12: Earmarks $928,800 for the operation of the American Folklife Center as proposed by the Senate.

ADMINISTRATIVE PROVISIONS

Amendment No. 13: Deletes a provision proposed by the House and stricken by the Senate authorizing account-to-account transfers, subject to approval, of funds appropriated in the bill to the Library of Congress.

Amendment No. 14: Provides a two-year authorization for the American Folklife Center as proposed by the Senate.

ARCHITECT OF THE CAPITOL

LIBRARY BUILDINGS AND GROUNDS

STRUCTURAL AND MECHANICAL CARE

Amendment No. 15: Appropriates $9,753,000 for structural and mechanical care, Library buildings and grounds, Architect of the Capitol instead of $9,003,000 as proposed by the House and $10,453,000 as proposed by the Senate. These funds include $750,000 above the House bill for an uninterruptible power supply. The conferees note that the additional amounts provided were not included in the budget request transmitted to the Congress.

Amendment No. 16: Provides that $1,310,000 shall remain available until expended for structural and mechanical care, Library buildings and grounds instead of $560,000 as proposed by the House and $1,910,000 as proposed by the Senate.

GENERAL ACCOUNTING OFFICE

SALARIES AND EXPENSES

The conferees agree that funding included for the General Accounting Office contract audit services is $8,000,000.

TITLE III—GENERAL PROVISIONS

Amendment No. 17: Deletes a provision proposed by the House and stricken by the Senate regarding dynamic macroeconomic scoring of certain spending and revenue legislation.

Amendment No. 18: Authorizes law enforcement personnel of the Capitol Police to elect to receive compensatory time off in lieu of overtime compensation in excess of the maximum for their work period as proposed by the Senate.

Amendment No. 19: Makes a date change in section 316 of Public Law 101–302 regarding Senate artwork as proposed by the Senate.

Amendment No. 20: Deletes a provision proposed by the Senate that the Government Printing Office shall be considered an agency and the Public Printer shall be considered the head of the agency for purposes of sections 801(b)(2)(B) and 801(b)(2)(C), respectively, of the National Energy Conservation Policy Act.

Amendment No. 21: Changes a section number and amends a provision inserted by the Senate regarding technology planning, evaluation, development, and management in the legislative branch. The conference agreement requests the Senate Committee on Rules and the Committee on House Oversight to oversee a program for providing the widest possible exchange of information among legislative branch agencies with the long range goal of improving information technology planning and evaluation.

The conferees note that the Committee on House Oversight and the Senate Committee on Rules and Administration have begun a process to develop a common information system. The Clerk of the House and the Secretary of the Senate have been called upon to coordinate the project with the oversight of those Committees and to ultimately propose the standards for a legislative branch wide information system to the Committees for approval.

An open exchange of technology, projects, plans and developments is crucial to the success of a legislative branch wide information system. The conferees expect, therefore, that the following organizations will be relied upon to participate and assist in this effort: the Clerk of the House, the Chief Administrative Officer of the House, the office of the Secretary of the Senate, the Sergeant at Arms of the Senate, the Library of Congress, the Government Printing Office, House Information Resources, the Senate Computer Center, the General Accounting Office, the Congressional Budget Office, and the office of the Architect of the Capitol.

Section 209 of the Legislative Branch Appropriations Act, 1996, directed the Library of Congress to develop a plan and supporting analyses for this system. In so doing, the Library identified the major programs under development in various parts of the legislative branch as well as a significant amount of duplication. The process begun by the oversight committees will enable the strengths of each program to be recognized and integrated into a system that will benefit Congress as a whole.

Amendment No. 22: Retains a provision proposed by the Senate, amended to change a section number, that amends section 3303 of Title 5, United States Code, together with technical and conforming amendments, regarding recommendations made by Senators and Representatives for applicants to the competitive service.

Amendment No. 23: Deletes a provision proposed by the Senate regarding an electronic information system. The managers on the part of the House and Senate agree that the Congressional Research Service, upon the request of the Senate Committee on Rules and Administration, and in consultation with the Secretary of the Senate and the heads of the appropriate offices and agencies of the legislative branch, shall coordinate the development of an electronic congressional legislative information and document retrieval system to provide for the legislative information needs of the Senate through the exchange and retrieval of information and documents among legislative branch offices and agencies. The managers on the part of the House and the Senate also agree that the Library of Congress shall assist the Congressional Research Service in supporting the Senate in this effort, and shall provide technical staff and resources as may be necessary.

Amendment No. 24: Deletes a provision inserted by the Senate regarding employment limitations under section 207(e) of title 18, United States Code.

Amendment No. 25: Retains a provision proposed by the Senate, amended to change a section number, that amends Chapter 1 of title 17, United States Code, to exempt from infringement of copyright the reproduction or distribution of certain publications in specialized formats exclusively for use by blind or other persons with disabilities. In addition, the conferees, at the request of the managers on the part of the House, have inserted a provision that provides the traditional death gratuity for the widow of Bill Emerson, late a Representative from the State of Missouri.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1997 recommended by the Committee of Conference, with comparisons to the fiscal year 1996 amount, the 1997 budget estimates, and the House and Senate bills for 1997 follow:

New budget (obligational) authority, fiscal year 1996	$2,187,356,000
Budget estimates of new (obligational) authority, fiscal year 1997	2,339,421,000
House bill, fiscal year 1997	1,681,311,000
Senate bill, fiscal year 1997	2,165,081,000
Conference agreement, fiscal year 1997	2,165,097,600
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1996	−22,258,400
Budget estimates of new (obligational) authority, fiscal year 1997	−174,323,400
House bill, fiscal year 1997	+483,786,600
Senate bill, fiscal year 1997	+16,000

Ron Packard,
Charles H. Taylor,
Dan Miller,
Roger F. Wicker,
Bob Livingston,
Ray Thornton,
José Serrano,
Vic Fazio,
David R. Obey,
Managers on the Part of the House.
Connie Mack,
Robert F. Bennett,
Ben Nighthorse Campbell,
Mark O. Hatfield,
Patty Murray,
Barbara A. Mikulski,
Robert C. Byrd,
Managers of the Part of the Senate.

PROVIDING FOR DISPOSAL OF PUBLIC LANDS IN SUPPORT OF MANZANAR HISTORIC SITE

Mr. HANSEN. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the bill (H.R. 3006) to provide for disposal of public lands in support of the Manzanar Historic Site in the State of California, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

Mr. MILLER of California. Mr. Speaker, reserving the right to object, I yield to the gentleman from California [Mr. Lewis] to explain the purpose of the bill.

Mr. LEWIS of California. I appreciate the gentleman yielding.

Mr. Speaker, responding to the gentleman from California, this bill is designed to add additional land to the Manzanar Historic Site. I think the House knows that that was a major location whereby Americans of Japanese descent were interned during World War II, and it is combined with a rather fantastic environmental project taking place between the country of Inyo and the Los Angeles Department of Water and Power.

Mr. MILLER of California. I thank the gentleman.

Mr. Speaker, further reserving the right to object, I yield to the gentleman from California [Mr. Matsui].

Mr. MATSUI. I thank the gentleman from California for yielding.

Mr. Speaker, I thank the gentleman from California [Mr. Lewis] for leading the way on this piece of legislation. We really appreciate all he has done as well as, of course, the gentleman from Utah [Mr. Hansen], the gentleman from Alaska [Mr. Young], the gentleman from California [Mr. Miller], and the gentleman from New Mexico [Mr. Richardson].

I just want to thank all the gentlemen for all the help on behalf of the Japanese-American community.

Mr. LEWIS of California. Mr. Speaker, if the gentleman will yield further under his reservation, I must say I very much appreciate the cooperation of my colleague from California as well, all of my colleagues from California. This is a very important measure.

Mr. MATSUI. Mr. Speaker, I am extremely pleased that we are moving forward tonight with this important legislation, H.R. 3006, the Owens River Valley Environmental Restoration and Manzanar Land Transfer Act of 1996. This bill will allow us to complete the process of creating a National Historic Site on the grounds of the former Manzanar Internment Camp.

During World War II, 11,000 Americans of Japanese ancestry were confined at the Manzanar Internment Camp. These individuals were some of the over 120,000 Japanese-Americans interned at 10 sites throughout the United States.

The National Park Service determined in the 1980's that of the 10 former internment camps, Manzanar was best suited to be preserved and to thus serve as a reminder to Americans of the glaring violation of civil rights that the internment represented. As a result, the 102d Congress passed Public Law 102–248 establishing a national historic site at Manzanar.

H.R. 3006 will finish this process by allowing the Federal Government to obtain the Manzanar site through a land exchange with the Los Angeles Department of Water and Power [LADWP], which currently owns the property. The parties that would be involved in this land transfer—LADWP, the National Park Service, the Bureau of Land Management, and Inyo County—reached agreement in February on a land exchange that can occur rapidly once our legislation is passed. All of these parties strongly support this legislation.

When completed, the Manzanar National Historic Site will stand as powerful testimony to the tragedy of the internment. Through its ability to educate future generations of Americans, the site will make an important contribution to our efforts to prevent any group in the United States from ever suffering such a widespread abrogation of its constitutional liberties.

I want to express my deep gratitude to my colleague, Jerry Lewis, for his hard work in introducing this legislation and moving it forward. In addition, I deeply appreciate the assistance of the Resources Committee, particularly Chairman Don Young and the ranking minority member George Miller, as well as Jim Hansen and Bill Richardson, chairman and ranking minority member of the National Parks, Forests and Lands Subcommittee respectively.

I also want to thank Sue Embrey and the other members of the Manzanar National Historic Site Advisory Commission. Their tireless commitment to the realization of the Manzanar NHS has been the critical force behind this effort. Finally, we could not have reached this stage without the help of Director of the National Park Service Roger Kennedy, the regional staff of the National Park Service and Bureau of Land Management, the Los Angeles Department of Water and Power [LADWP], and Inyo County.

I look forward to working with my colleagues in this body and in the Senate to achieve final passage of this important bill.

Mr. MILLER of California. Mr. Speaker, H.R. 3006 will facilitate the disposal of certain public lands for the benefit of the Manzanar National Historic Site by revoking some outdated public land withdrawals. It is our understanding that these lands, which the BLM has identified for disposal, will then be used in an exchange for lands owned by the city of Los Angeles which are inside the boundary of the Manzanar National Historic Site. In addition, the bill expands the Boundaries of the Manzanar National Historic Site to include an additional 300 acres of land that has been found to have important archaeological elements.

This is a good initiative that is supported by the administration, and on a bipartisan basis by Members of the California delegation. We support the bill and have no objection to its consideration today.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3006

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TERMINATION OF WITHDRAWALS.

(a) UNAVAILABILITY OF CERTAIN LANDS.—The Congress, by enacting the Act entitled "An Act to establish the Manzanar National Historic Site in the State of California, and for other purposes", approved March 3, 1992 (106 Stat. 40; Public Law 102–248), (1) provided for the protection and interpretation of the historical, cultural, and natural resources associated with the relocation of Japanese-Americans during World War II and established the Manzanar National Historic Site in the State of California, and (2) authorized the Secretary of the Interior to acquire lands or interests therein within the boundary of the Historic Site by donation, purchase with donated or appropriated funds, or by exchange. The public lands identified for disposal in the Bureau of Land Management's Bishop Resource Area Resource Management Plan that could be made available for exchange in support of acquiring lands within the boundary of the Historic Site are currently unavailable for this purpose because they are withdrawn by an Act of Congress.

(b) TERMINATION OF WITHDRAWAL.—To provide a land base with which to allow land exchanges in support of acquiring lands within the boundary of the Manzanar National Historic Site, the withdrawal of the following described lands is terminated and such lands shall not be subject to the Act of March 4, 1931 (chap. 517; 46 Stat. 1530):

MOUNT DIABLO MERIDIAN

Township 2 North, Range 26 East

Section 7:

North half south half of lot 1 of southwest quarter, north half south half of lot 2 of southwest quarter, north half south half southeast quarter,

Township 4 South, Range 33 East

Section 31:

Lot 1 of southwest quarter, northwest quarter northeast quarter, southeast quarter;

Section 32:

Southeast quarter northwest quarter, northeast quarter southwest quarter, southwest quarter southeast quarter,

Township 5 South, Range 33 East

Section 4:

West half of lot 1 of northwest quarter, west half of lot 2 of northwest quarter,

Section 5:

East half of lot 1 of northeast quarter, east half of lot 2 of northeast quarter,

Section 9:

Northwest quarter southwest quarter northeast quarter,

Section 17:

Southeast quarter northwest quarter, northwest quarter southeast quarter,

Section 22:

Lot 1 and 2,

Section 27:

Lot 2, west half northeast quarter, southeast quarter northwest quarter, northeast quarter southwest quarter, northwest quarter southeast quarter,

Section 34:

Northeast quarter, northwest quarter, southeast quarter,

Township 6 South, Range 31 East

Section 19:

East half northeast quarter southeast quarter.

Township 6 South, Range 33 East

Section 10:

East half southeast quarter;

Section 11:

Lot 1 and 2, west half northeast quarter, northwest quarter, west half southwest quarter, northeast quarter southwest quarter;

Section 14:

Lots 1 thru 4, west half northeast quarter, southeast quarter northwest quarter, northeast quarter southwest quarter, northwest quarter southeast quarter.

Township 7 South, Range 32 East

Section 23:

South half southwest quarter;

Section 25:

Lot 2, northeast quarter northwest quarter.

Township 7 South, Range 33 East

Section 30:

South half of lot 2 of northwest quarter, lot 1 and 2 of southwest quarter,

Section 31:

North half of lot 2 of northwest quarter, southeast quarter northeast quarter, northeast quarter southeast quarter.

Township 8 South, Range 33 East

Section 5:

Northwest quarter southwest quarter.

Township 13 South, Range 34 East

Section 1:

Lots 43, 46, and 49 thru 51.

Section 2:

North half northwest quarter southeast quarter southeast quarter.

Township 11 South, Range 35 East

Section 30:

Lots 1 and 2, east half northwest quarter, east half southwest quarter, and west half southwest quarter southeast quarter.

Section 31:

Lot 8, west half west half northeast quarter, east half northwest quarter, and west half southeast quarter.

Township 13, South, Range 35 East

Section 18:

South half of lot 2 of northwest quarter, lot 1 and 2 of southwest quarter, southwest quarter northeast quarter, northwest quarter southeast quarter;

Section 29:

Southeast quarter northeast quarter, northeast quarter southeast quarter.

Township 13 South, Range 36 East

Section 17:

Southwest quarter northwest quarter, southwest quarter;

Section 18:

South half of lot 1 of northwest quarter, lot 1 of southwest quarter, northeast quarter, southeast quarter;

Section 19:

North half of lot 1 of northwest quarter, east half northeast quarter, northwest quarter northeast quarter;

Section 20:

Southwest quarter northeast quarter, northwest quarter, northeast quarter southwest quarter, southeast quarter;

Section 28:

Southwest quarter southwest quarter;

Section 29:

East half northeast quarter;

Section 33:

Northwest quarter northwest quarter, southeast quarter northwest quarter.

Township 14 South, Range 36 East

Section 31:

Lot 1 and 2 of southwest quarter, southwest quarter southeast quarter.

aggregating 5,630 acres, more or less.

(c) AVAILABILITY OF LANDS.—Upon enactment of this Act, the lands specified in subsection (b) shall be open to operation of the public land laws, including the mining and mineral leasing laws, only after the Secretary of the Interior has published a notice in the Federal Register opening such lands.

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, after line 4, insert the following:

SEC. 2. ADDITIONAL AREA.

Section 101 of Public Law 102–248 is amended by inserting in subsection (b) after the second sentence "The site shall also include an additional area of approximately 300 acres as demarcated as the new proposed boundaries in the map dated March 8, 1996, entitled 'Manzanar National Historic Site Archaeological Base Map'."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended so as to read: "A bill to provide for disposal of public lands in support of the Manzanar National Historic Site in the State of California, and for other purposes."

A motion to reconsider was laid on the table.

TRANSFERRING JURISDICTION OF FEDERAL PROPERTY LOCATED IN THE DISTRICT OF COLUMBIA

Mr. HANSEN. Mr. Speaker, I ask unanimous consent for the immediate consideration in the House of the bill (H.R. 2636) to transfer jurisdiction over certain parcels of Federal real property located in the District of Columbia, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

Mr. MILLER of California. Mr. Speaker, reserving the right to object, and I shall not object, I yield to the gentleman from Utah [Mr. HANSEN].

Mr. HANSEN. Mr. Speaker, I rise in support of this piece of legislation.

Mr. MILLER of California. Mr. Speaker, further reserving the right to object, I just want to mention that this legislation was introduced by our colleague the gentleman from Minnesota [Mr. OBERSTAR]. I want to thank the gentleman from Utah for his cooperation.

Mr. Speaker, H.R. 2636, introduced by our colleague, Mr. OBERSTAR, authorizes a three-way transfer of jurisdiction over several parcels of land among the Architect of the Capitol, the Secretary of the Interior, and the District of Columbia. In addition to facilitating management of these parcels, this transfer is being done for the purpose of setting aside a parcel of land adjacent to the Capitol Grounds for the proposed Japanese-American Patriotism Memorial. The memorial will honor the patriotic efforts of Japanese-Americans in World War II.

It is our understanding that the parties involved support this transfer and we have no objection to the passage of the bill.

Mr. MATSUI. Mr. Speaker, I rise to express my strong support for this important legislation and my great pleasure that it is before us this evening. H.R. 2636 is needed to facilitate the construction of a Memorial honoring the patriotism of Japanese Americans during World War II here in our nation's Capital.

In 1992, Congress passed Public Law 102–502, authorizing the construction of this Memorial on federal property. Under the terms of the legislation, the Memorial will involve virtually no Federal costs. All construction and major maintenance costs will be paid by private funds. The National Japanese American Memorial Foundation, formerly the Go For Broke National Veterans Association, has already begun this fundraising effort.

Land currently owned by the Architect of the Capitol has been selected as a site for the Memorial. However, in order for the construction of the Memorial to proceed, the land must be transferred to the National Park Service. H.R. 2636 would direct such a transfer to occur. In exchange, the Architect of the Capitol would obtain a parcel of land adjacent to the Hart Senate Office Building that is more integral to the Capitol grounds.

It is critically important for the land exchange to occur this year. The 1992 authorizing legislation and other applicable law require that construction on the Memorial begin by 1999. Until the land is transferred, the approval process for the Memorial's design can not begin. Because of the many agencies involved, this approval process will almost definitely consume the next three years.

33,000 Americans of Japanese Ancestry served in the military during World War II. The all Japanese American 100th Infantry Battalion/442nd Regimental Combat Team was the most decorated unit in military history for its size and length of service—700 members of the unit gave their lives. When completed, this Memorial will pay tribute to the immeasurable sacrifice made by these individuals as well as the many other contributions that Japanese-Americans made to the war effort.

This effort would not have reached this stage without the hard work and assistance of several individuals. The leadership of my friend and former colleague Norm Mineta in achieving the passage of the original 1992 legislation as well as his important role in developing this legislation was absolutely essential. In addition, I am extremely grateful to the sponsor of H.R. 2636, JIM OBERSTAR and also to Chairman of the Transportation and Infrastructure Committee, BUD SHUSTER. I also deeply appreciate the assistance of the Resources Committee, particularly Chairman DON YOUNG and the Ranking Minority Member GEORGE MILLER, as well as JIM HANSEN and BILL RICHARDSON, chairman and ranking minority member of the National Parks, Forests and Lands Subcommittee respectively.

The Board and staff of the National Japanese American Memorial Foundation has also been critical to this effort. I would note particularly the Foundation's Chairman Emeritus William Marutani, its Chairman Mo Marumoto, Honorary Co-Chair Etsu Mineta Masaoka and Executive Director George Wakiji.

I look forward to working with my colleagues in this body and in the Senate to achieve final passage of this important bill.

Mr. MILLER of California. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

The Clerk read the bill, as follows:

H.R. 2636

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PURPOSE.

It is the purpose of this Act—

(1) to assist in the effort to timely establish within the District of Columbia a national memorial to Japanese American patriotism in World War II; and

(2) to improve management of certain parcels of Federal real property located within the District of Columbia, by transferring jurisdiction over such parcels to the Architect of the Capitol, the Secretary of the Interior, and the Government of the District of Columbia.

SAC. 2. TRANSFERS OF JURISDICTION.

(a) IN GENERAL.—Effective on the date of the enactment of this Act and notwithstanding any other provision of law, jurisdiction over the parcels of Federal real property described in subsection (b) is transferred without additional consideration as provided by subsection (b).

(b) SPECIFIC TRANSFERS.—

(1) TRANSFERS TO SECRETARY OF THE INTERIOR.—

(A) IN GENERAL.—Jurisdication over the following parcels is transferred to the Secretary of the Interior:

(i) That triangle of Federal land, including any contiguous sidewalks and tree space, that is part of the United States Capitol Grounds under the jurisdiction of the Architect of the Capitol bound by D Street, N.W., New Jersey Avenue, N.W., and Louisiana Avenue, N.W., in Square W632 in the District of Columbia, as shown on the Map Showing Properties Under Jurisdiction of the Architect of the Capitol, dated November 8, 1994.

(ii) That triangle of Federal land, including any contiguous sidewalks and tree space, that is part of the United States Capitol Grounds under the jurisdiction of the Architect of the Capitol bound by C Street, N.W., First Street, N.W., and Louisiana Avenue, N.W., in the District of Columbia, as shown on the Map Showing Properties Under Jurisdiction of the Architect of the Capitol, dated November 8, 1994.

(B) LIMITATION.—The parcels transferred by subparagraph (A) shall not include those contiguous sidewalks abutting Louisiana Avenue, N.W., which shall remain part of the United States Capitol Grounds under the jurisdiction of the Architect of the Capitol.

(C) CONSIDERATION AS MEMORIAL SITE.—The parcels transferred by clause (i) of subparagraph (A) may be considered as a site for a S6201 national memorial to Japanese American patriotism in World War II.

(2) TRANSFERS TO ARCHITECT OF THE CAPITOL.—Jurisdiction over the following parcels is transferred to the Architect of the Capitol:

(A) That portion of the triangle of Federal land in Reservation No. 204 in the District of Columbia under the jurisdiction of the Secretary of the Interior, including any contiguous sidewalks, bound by Constitution Avenue, N.E., on the north, the branch of Maryland Avenue, N.E. running in a northeast direction on the west, the major portion of Maryland avenue, N.E., on the south, and 2nd Street, N.E., on the east, including the contiguous sidewalks.

(B) That irregular area of Federal land in Reservation No. 204 in the District of Columbia under the jurisdiction of the Secretary of the Interior, including any contiguous sidewalks, northeast of the real property described in subparagraph (A) bound by Constitution Avenue, N.E., on the north, the branch of Maryland Avenue, N.E., running to the northeast on the south, and the private property on the west known as lot 7 in square 726.

(C) The two irregularly shaped medians lying north and east of the property described in subparagraph (A), located between the north and south curbs of Constitution Avenue, N.E., west of its intersection with Second Street, N.E., all as shown in Land Record No. 268, dated November 22, 1957, in the Office of the Surveyor, District of Columbia, in Book 138, Page 58.

(D) All sidewalks under the jurisdiction of the District of Columbia abutting on and contiguous to the land described in subparagraphs (A), (B), and (C).

(3) TRANSFERS TO DISTRICT OF COLUMBIA.—Jurisdiction over the following parcels is transferred to the Government of the District of Columbia:

(A) That portion of New Jersey Avenue, N.W., between the northernmost point of the intersection of New Jersey Avenue, N.W., and D Street, N.W., and the northernmost point of the intersection of New Jersey Avenue, N.W., and Louisiana Avenue, N.W., between squares 631 and W632, which remains Federal property.

(B) That portion of D Street, N.W., between its intersection with New Jersey Avenue, N.W., and its intersection with Louisiana Avenue, N.W., between Squares 630 and W632, which remains Federal property.

SEC. 3. MISCELLANEOUS.

(A) COMPLIANCE WITH OTHER LAWS.—Compliance with this Act shall be deemed to satisfy the requirements of all laws otherwise applicable to transfers of jurisdiction over parcels of Federal real property.

(b) LAW ENFORCEMENT RESPONSIBILITY.—Law enforcement responsibility for the parcels of Federal real property for which jurisdiction is transferred by section 2 shall be assumed by the person acquiring such jurisdiction.

(c) UNITED STATES CAPITOL GROUNDS.—

(1) DEFINITION.—The first section of the Act entitled "An Act to define the United States Capitol Grounds, to regulate the use thereof, and for other purposes", approved July 31, 1946 (40 U.S.C. 193a), is amended to include within the definition of the United States Capitol Grounds the parcels of Federal real property described in section 2(b)(2).

(2) JURISDICTION OF CAPITOL POLICE.—The United States Capitol Police shall have jurisdiction over the parcels of Federal real property described in section 2(b)(2) in accordance with section 9 of such Act of July 31, 1946 (40 U.S.C. 212a).

(e) EFFECT OF TRANSFERS.—A person relinquishing jurisdiction over a parcel of Federal real property transferred by section 2 shall not retain any interest in the parcel except as specifically provided by this Act.

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 4, line 12, strike "S6201".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3006 and H.R. 2636, the bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Utah?

There was no objection.

☐ 2030

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. FOX of Pennsylvania). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

SPECIAL CEREMONY FOR STEPHEN D. BAKRAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan [Mr. STUPAK] is recognized for 5 minutes.

Mr. STUPAK. Mr. Speaker, I would like to call to your attention and that of the U.S. House of Representatives a special ceremony that will be held this Friday, August 2, in Wells, MI, in my congressional district.

On Friday, the family of Navy aviation Radioman Second Class Stephen D. Bakran will gather at the gardens of Rest Memorial Park in Wells, MI, as his remains are laid to rest.

It is the tradition of our Nation to honor our war dead. What makes the ceremony for Airman Bakran so special is the fact that this important closure for the family comes more than five decades after this young man was killed in action.

From Navy officials and other sources, we know that Stephen Bakran was part of a special bombing squadron on a unique mission assigned to the U.S.S. *Ranger*, CV–4, the first ship built from the keel up as an aircraft carrier.

Stephen Bakran came to be aboard the *Ranger* after enlisting in the Navy on June 27, 1941, only weeks after his graduation from high school.

The eldest son in a Catholic family of 11 children, Stephen is remembered by family, friends, teachers, and others as an honest, hard working, caring individual.

The son of Croatian immigrants, Stephen is recalled in his role as a money earner for the family on his paper route, a dutiful son working in the family garden or tending the farm animals, and a responsible sibling changing and washing diapers of his younger brothers and sisters.

Airman Bakran is part of the first U.S. carrier based mission launch against Nazi-held Norway. Code named Operation Leader, the planes of the mission sank Nazi shipping and caused other damage at the cost of two SBD-5 Dauntless scout bombers. One of these bombers that were downed claimed the lives of Stephen Bakran and his pilot, Lieutenant Clyde A. Tucker, Jr. of Alexandria, LA.

Reports say that Stephen Bakran was still firing his machine gun as his plane went down on October 4, 1943.

Although the Navy listed Stephen Bakran and Clyde Tucker as killed in action, it was not until 1990 that a Norwegian diving club and a Norwegian historical research vessel found the wreckage of the aircraft off the coast of Bodo, Norway, in 150 feet of water.

It was not until July of 1993 that divers were able to locate and recover the two aviators. The remains of Clyde Tucker were identified in 1994 and are buried in Arlington National Cemetery. However, DNA tests did not conclusively identify the remains of Stephen Bakran until this year.

I am pleased that I was able to assist the family by working with our military officials during the identification process, and now I am extremely grateful to everyone, including those who helped to find, identify and transport Steve Bakran back to his family where they will be able to find a final resting place for this fallen warrior.

Today as we watch other families struggle with the tragedies of the disappearance of loved ones in a dark watery grave, we find comfort in witnessing that the search for our military missing in action never ends and the door of hope, hope that they may be found, never closes.

Mr. Speaker, let us remember the Bakran family in our thoughts and prayers on Friday. I regret that I will not be able to attend the funeral, as I will be here attending to legislative business. The Bakran family, the Wells and Escanaba community will be at Steve's funeral, but my family will join the Bakran family in a final salute to our World War II Navy veteran who is laid to rest.

TRIBUTE TO JACK HENNING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. BROWN] is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, I rise today to pay tribute to the life and career of John F. "Jack" Henning.

On Tuesday, July 30, 1996, yesterday, the California labor movement bid a fond farewell to their top leader for the past 26 years. Mr. Henning, at the age of 80 years, retired as executive secretary-treasurer of the California Labor Federation, AFL–CIO.

Born in San Francisco, where he was raised in a blue collar family, Jack earned a college degree in English literature at St. Mary's College. Mr. Henning's rise in labor unions began in the 1940's, when he held jobs in a pipe and steel plant; and in 1949, he began working at the California Labor Federation, initially as a senior staffer. Mr. Henning has also served as Director of the California Department of Industrial Relations in the early 1960's, where I worked closely with him in my role as a member of the State Assembly Committee on Industrial Relations.

He also worked as Under Secretary of Labor in both the Kennedy and Johnson administrations, where again I worked closely with him as a Member of Congress and a member of the Committee on Education and Labor. In addition to his already distinguished career, Mr. Henning was also the Ambassador to New Zealand from 1967 to 1969, where again I visited with him on my first trip to Anarctica, and a Regent of the University of California from 1977 to 1989.

After Mr. Henning returned home from New Zealand, he took the helm of the California Labor Federation, and for the past 26 years never faced an opponent for the post.

Throughout his career in the labor union movement, which he began as a young man in 1938, he was heralded as a master orator, "thundering from the political left against what he regards as the scourge of unbridled capitalism." Mr. Henning has been a champion of the working poor and underclass, fighting to increase their standard of living. Mr. Henning was instrumental in the passage of the California Agricultural Labor Relations Act of 1975, which gave farm workers the right to organize and bargain collectively, as he was in sponsoring an initiative in 1988 which regulated workplace health and safety for the state's workers.

During his farewell address, he called upon those to his political right to visit any major U.S. city and "see what capital has done to the poor, see the centers of wealth and the mansions and the corporate wealth, and then see the impoverished . . . homeless, beggers at the table of wealth." One of his many accomplishments has been preventing restaurant owners from counting tips as part of the minimum wage.

Jack Henning has left behind a career in the labor union movement in which his contributions will not be forgotten. His tough negotiating skills along with his ability to sway people with his orations, have provided labor employees with better working conditions. He has truly been an inspiration to me and to others who are fighting to protect the jobs and lives of the citizens of California.

Mr. Speaker, I ask my colleagues to join me in commending Jack Henning on his dedicated service to the California Labor Federation and to the workers of the State of California.

ECONOMIC GROWTH UNDER CLINTON ADMINISTRATION HAS BEEN ANEMIC

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DREIER] is recognized for 5 minutes.

Mr. DREIER. Mr. Speaker, I rise this evening to comment on a statement that was made throughout the debate on this historic welfare reform measure that was passed. I am pleased to see that we did it in a bipartisan way, but both sides of the aisle, very appropriately, accurately stated that as we look at reducing welfare we are going to be faced with an economy that will not have enough jobs for those people out there who are going to be moving off of welfare.

That is a very legitimate concern because economic growth under this administration has been anemic. In fact, it has been lower than 21 of the last 30 years.

Now, I believe, Mr. Speaker, that it is very important for us to follow up the very historic welfare reform legislation which we passed today with an economic growth plan that increases savings and investment, which will lead to higher rates of productivity, increase worker wages and the creation of more private sector jobs.

The reason for the anemic growth that we have seen is that productivity growth is too low. Productivity is too low because we are not investing enough in both physical capital and human capital. Unfortunately, this administration is responsible for low productivity growth because the tax and regulatory burden has been way too great.

Every year since Bill Clinton took office, taxes have been higher and family income has been lower than when he got elected. In fact, as we all have come to find out, the average family has a tax burden which is in excess of 38 percent.

Under the Clinton administration the cost of complying with Federal regulations has also been very high. It averages $1,000 per household. Obviously, we all know that regulation increases the cost of employing workers, and thus acts as a tax on job creation and employment.

Now, this administration is responsible for low productivity growth because the President has fought our efforts to reform the education system that we have. Unfortunately, this administration, due to it, government spending on education, as we all know, has gone way up, while the performance, the school performance and student achievement have remained static and are leaving young Americans ill equipped to function in today's increasingly competitive global economy.

What Congress can do to increase productivity and long-term capital economic growth is very, very key, and there are more than a few items that we can do to address them. Obviously, the first that comes to mind for virtually everyone is balance the budget.

We have been very committed to a balance budget, and we know what that will create. It obviously increases domestic savings, it lowers interest rates, and increases overall investment, and we know that that would be a very, very key and beneficial item as we look towards addressing this concern of anemic economic growth and slow productivity.

Another one that is very key is to decrease the tax burden on investment. Now, so often these things are mislabeled as a tax cut on the rich, but every shred of empirical evidence, Mr. Speaker, has demonstrated that it will in fact be beneficial in job creation and economic growth.

A capital gains tax cut will make more venture capital available for emerging technologies as we charge toward the millennium. We know how important that is. We know that job creation is emanating from the private sector and the small business sector of our economy.

□ 2045

We also need, in looking at the technological changes that are made, we need to make the research and development tax credit permanent so that this incentive that we need for encouraging innovation in new technologies is there.

We also need to do what we can to increase the skills of the workforce in this country, improving basic education through school choice, increasing local control and reducing the bureaucracy; creating tax deferred or tax-free education savings account similar to individual retirement accounts, something that this administration admittedly has talked about, but has not acted upon. And we have tried responsibly to move ahead with that and have not gotten much support from the administration. We have not cut spending on education, nor should we continue to throw money at what is a wasteful, broken system.

We need also to enact significant regulatory reform. The explosion of new regulation we have seen since 1988 has raised the cost of labor and capital, created barriers to the formation of new companies and jobs, and raised the cost of employing Americans.

The higher cost of employment, in turn, means that in a competitive economy the return to labor in the form of wages is greatly reduced. The regulatory burden needs to be rolled back, not only to allow wages to rise, but also to decrease the cost of hiring workers. And remember, again we are trying to address the concern that many have raised that will follow on with reforming the welfare structure.

We also need to have a modest increase in the long-term growth rate, which can have a dramatic impact on the standard of living here in the United States. A 1 percent increase in long-term economic growth would mean 6 million new jobs created over an 8-year-period, $700 billion more in tax revenue, enough to balance the budget by the year 2002 without any spending cuts, and also Social Security would remain solvent for 30 more years if we were to have just a 1 percent increase in long-term economic growth.

Also, 200,000 new small businesses would be created over a 4-year period.

With that, I am convinced, Mr. Speaker, that we could go a long way towards addressing the concerns that have been raised by Members on both sides of the aisle that will following the wake of reforming the welfare system, but it must be done, it must be done as expeditiously as possible. Unleash this economy and let us do it now.

PENSIONS MUST BE PROTECTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts [Mr. TORKILDSEN] is recognized for 5 minutes.

Mr. TORKILDSEN. Mr. Speaker, I rise this evening to discuss an issue important to every American: protecting pensions.

Pensions represent security and independence for all working Americans. As Americans have come to rely on Social Security, they also have every right to expect their pensions will be there when they retire.

This Congress has made great strides in enacting a balanced budget. Finally, Republicans and most Democrats agree that the budget must be balanced in the next 6 years. How we actually get to a balanced budget is still being debated, but at least there is bipartisan agreement to balance the budget.

The issue of pensions became a part of last year's budget battle. While I supported the balanced budget, I voted for the motion to instruct conferees that would have ensured workers' pensions throughout America. The reason we needed to instruct conferees was that the act proposed allowing some businesses to tap into so-called excess pension funds. While under this proposal, these funds would need to be used in other employee benefit accounts, cutting pension accounts for any reason could place workers' retirements at risk. The investment market is simply too volatile.

In many cases these were not "excess" pension funds at all, but were simply the value that inflation had added to the pension funds. If anything, these excess funds should only be used for cost-of-living adjustments for retirees. That is why I voted to instruct conferees to protect workers' pensions.

A study done by the Pension Guaranty Corporation reported that plans with excess funding could become underfunded with an economic downturn, such as a drop in interest rates or market shifts. While businesses must make up any shortfalls, this weakens their overall financial health. This just is not worth the risk.

It is critical that Congress protect these pensions for workers as it did when the Tax Reform Act of 1986 was passed. Congress recognized that employers have an obligation to ensure their employees' pensions. This obligation is critical in the 1990's.

When the budget was signed into law by President Clinton, it contained no changes that would allow any corporate raid on pensions. I will continue my work to protect workers' pensions. These funds were earned by retirees and they must be there when they need them.

AMERICA IS IN NEED OF PRAYER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. DORNAN] is recognized for 5 minutes.

Mr. DORNAN. Mr. Speaker, I had the opportunity to put in that section of the RECORD we call the Extension of Remarks a beautiful, thoughtful, short exposition by the Reverend Joseph Wright. He is not from my State. It was given to me by one of the outside institutions around this place, the lovely Rita Warren of Massachusetts, who goes through all the hoops around here to get permission to have a Passion Play on the East Steps of our beautiful U.S. Capitol every Easter week; and I noticed she is starting to worry about what is happening to our country, vis-a-vis what Reverend Billy Graham or the Holy Father in Rome has said.

So I notice that she has her Passion Play out on the steps with a figure of Jesus and all of his beautiful sayings as the Prince of Peace that can save our world. But she asked me, since she had given me this recitation by Reverend Wright if I could not read it on the floor of the House, as well as put it in.

So for Rita Warren, I will do that, Mr. Speaker. The following is excerpted from a prayer in the Kansas house. This was delivered on the floor of the Kansas legislature, courageous Bob Dole's home State, on January 23 by Joe Wright of Central Christian Church, Wichita.

We have ridiculed the absolute truth of God's word and called it pluralism.

We have worshiped false gods and called it multiculturalism.

We have endorsed perversion and called it alternative lifestyle or diversity.

We have exploited the poor and called it the lottery.

We have neglected the needy and called it self-preservation.

We have rewarded laziness and called it welfare.

We have killed the pre-born and called it choice.

We have neglected to discipline our children and have called it building self-esteem.

We have abused power and called it political savvy.

We have coveted our neighbor's possessions and called it ambition.

We have polluted the airwaves with profanity and pornography and called it freedom of expression.

We have ridiculed the time-honored values of our forefathers and called it enlightenment.

We have indoctrinated our children and called it education.

We have censored God from our public life and called it religious freedom.

We have prevented our citizens from defending themselves and called it gun control.

We have allowed violent criminals to be released to prey on society and called it compassion or rehabilitation.

We have imprisoned the innocent and let the guilty go free and called it justice.

Indeed America is in much need of prayer.

And in my concluding minute, let me point out, Mr. Speaker, that the RU-486 pill, about to emerge on the American market, has been called by Thomas Grenchik, director of the archdiocesan Pro-Life Office as a child-pesticide. He says Clinton has another anticipated victory in his campaign to kill the pre-born.

"At the President's direction," Mr. Grenchik says, "the Food and Drug Administration has strong-armed the use of RU–486 from its European owner and, as promised, will ramrod the approval of this child-pesticide at all costs."

It goes on to describe this panel of experts on July 19, way out of town in Gaithersburg with a 6–0 vote, two abstaining, on unleashing this child-pesticide.

RU–486, also known by its generic name mifepristone, is taken first and causes the uterine lining to break down and slough off. Then misoprostol, a prostaglandin that stimulates uterine contractions, is taken 2 days later, a complicated procedure requiring several medical visits, precise drug doses, and monitoring.

In an editorial in "L'Osservatore Romano," the Vatican newspaper, it was condemned as an abortion pill, "the pill of Cain, the monster that cynically kills one's brother"; and in this editorial, a moral theologian writes that the pill's anticipated approval in the United States is an important victory for what it termed, and this is in Rome, the "abortion party" led by the Population Council and the International Planned Parenthood Federation.

So the battle goes on, Mr. Speaker, and let us hope that people go into this with their eyes open and that we do not have a delayed time bomb of the thalidomide problem here. Yes, as Reverend Joe Wright says, America is certainly a Nation in need of prayer.

As Billy Graham said in our beautiful Rotunda when he received, unanimously from both the Senate and the House, the Congressional Gold Medal, America is a Nation on the brink of self-destruction.

ACTIONS TO MARKET ABORTION PILL ARE DENOUNCED

The archdiocesan pro-life director denounced this week's government actions that would soon put the abortion-inducing pill RU–486 on the American market.

Thomas Grenchik, director of the archdiocesan Pro-Life Office, said that President Clinton "has another anticipated victory in his campaign to kill" the unborn. "At the president's direction, the Food and Drug Administration has strong-armed the use of RU–486 from its European owner and, as promised, will ramrod the approval of this child-pesticide at all costs."

A panel of scientific experts recommended July 19 that the FDA here in Washington allow the controversial abortion-inducing pill to be marketed in the United States.

Following a public hearing in Gaithersburg, the FDA's Reproductive Health Drugs Advisory Committee voted 6–0 that the benefits of the RU–486/misoprostol regimen for terminating early pregnancies outweigh its risks. Two members of the panel abstained.

RU–486, also known by its generic name mifepristone, is taken first and causes the uterine lining to break down and slough off. Misoprostol, a prostaglandin that stimulates uterine contractions, is taken two days later. The procedure requires several medical visits, precise drug dosage and monitoring.

An editorial in the July 22 issue of L'Osservatore Romano, the Vatican newspaper, condemned the abortion pill as "the pill of Cain, the monster that cynically kills one's brother."

The editorial, signed by Father Gino Concetti, a moral theologian, said the pill's anticipated approval in the United States was an important victory for what it termed the "abortion party" led by the Population Council and the International Planned Parenthood Federation.

At the hearing, the Population Council, a New-York based research organization that holds the U.S. patent rights to RU–486, presented clinical data from two French trials involving 2,480 women and preliminary safety data from U.S. trials involving 2,100 women.

More than 30 individuals also testified during the open portion of the meeting.

The French data showed the medical abortion procedure to be 95 percent effective. However, panelists also heard that women participating in the clinical trials experienced painful contractions of the uterus as well as nausea, vomiting, diarrhea, pelvic pain and spasm, and headache.

In some cases where the chemical combination failed to produce an abortion, women then had surgical abortions; others completed their pregnancies and delivered babies with deformities.

According to an FDA statement after the panel decision, "a very small percentage of patients in the clinical trials required hospitalizations, surgical treatment or transfusions."

Dr. Mark Louviere, a Waterloo, Iowa, emergency room physician who said he is a supporter of legalized abortion, told FDA panelists that he treated a participant in the Planned Parenthood of Iowa trial who lost more than half of her blood volume and nearly died.

"I am concerned that all of the true complications of RU-486 are not being reported to both the media and to the FDA," he said, adding that he also fears the use of RU-486 "by physicians without appropriate follow-up."

"The FDA approval process is moving at an unheard-of-pace to approve this deadly drug combination, leaving many concerns about safety unresolved," said Wanda Franz, a developmental psychologist at West Virginia University and president of the National Right to Life Committee, in a statement from the group's Washington office.

"Respect for human life and women's health, not developing human 'pesticides,' should be at the center of the FDA's concern when advancing new drugs,' said Judie Brown, president of the American Life League, in a statement from the organization's headquarters in Stafford, VA.

RU-486 was developed by the French company Roussel Uclaf, and has been taken by more than 200,000 European women since 1989. In 1994, Roussel Uclaf signed over U.S. rights to the Population Council, which filed the FDA application in March.

In deciding on drug applications, the federal agency usually has followed the recommendations of its advisory committees. If RU-486 is approved by the FDA, the drug would be sold by Advances in Health Technology, a company set up for that purpose last year, and could be available in the United States next year.

REPORT ON RESOLUTION WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO SAME DAY CONSIDERATION OF RESOLUTION REPORTED BY COMMITTEE ON RULES

Mr. GOSS (during the special order of the gentleman from Georgia [Mr. KINGSTON] from the Committee on Rules, submitted a privileged report (Rept. No. 104-735) on the resolution (H. Res. 500) waiving a requirement of clause 4(b) of rule XI with respect to consideration of a certain resolution reported from the Committee on Rules, which was referred to the House Calendar and ordered to be printed.

A DIFFERENT VISION OF AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Georgia [Mr. KINGSTON] is recognized for 60 minutes as the designee of the majority leader.

Mr. KINGSTON. Mr. Speaker, I wanted to talk tonight about a different vision of America, a vision that we are not really seeing from the Washington bureaucracy, but one that this Congress is trying to form and trying to achieve and move our Nation towards.

We have asked ourselves some fundamental questions: What kind of America do we want? Do we want an America where illegal drug use is up? Do we want an America where taxes are up and wages are down? Do we want an America where welfare traps families and despairs generation after generation? And do we want an America where illegal immigration is up? And do we want one where a White House has more scandals than Hollywood has disaster films?

Look at that vision of America. That is somehow what many of the Washington bureaucrats see and administer today.

Think about another kind of America. Would we like one that has stronger and safer families through a real fight against crime and illegal drugs? Do we want an America where there are more opportunities through lower taxes, higher wages, better jobs and more free time? Do we want an American where illegal immigration is down and English is truly our common and unifying language? Do we want an America where welfare is replaced by work? And do we want an America where the White House is the moral leader of the country, not just the political issues.

These are the things that we are going to talk about tonight, and I have with me our esteemed colleague from Pennsylvania, Mr. CURT WELDON.

Mr. WELDON, if you have any comments, let me yield to you.

Mr. WELDON of Pennsylvania. Mr. Speaker, I thank the gentleman for yielding, and I am pleased to join with him this evening in a portion of his special order. As he knows, I will be taking a special order following this to discuss our defense bill that will be on the floor this week. But I thought it very important to highlight the key areas the gentleman has raised that are really, I think, going to frame the debate as we move into the final 3 months of the election cycle into September and October and talk about what is the status of this country today in five key areas and what is the vision for the future and which party and which candidate can offer the best vision for America.

I start out by saying to the gentleman and my friend, I ran for office and got involved in public life because of drug use in my hometown and my county. I come from a town that was one of our most distressed communities in Pennsylvania. I was born and raised, the youngest of nine children, there, was active in the community a number of ways, including the volunteer fire company and the Red Cross and the Boy Scout troop, and was upset because our town had become the national headquarters of one of the five largest motorcycle gangs in America.

That gang controlled all the drug trafficking along the east coast of this country. They had 65 members living there, and the national president lives there and because we were just a small town, we had no resources of coping with the problem of drug abuse.

We have continuously seen since that point in time, approximately 20 years ago, a declining use of drugs in America. During the era of Ronald Reagan and George Bush, we saw a marked decrease in the use of drugs in this country.

The gentleman has some factual information that he might want to insert in the RECORD. My understanding is that in the past 3 years the use of drugs in this country has in fact reversed, and we are now seeing an increase in the amount of drug use by 14-year-old's. Is that correct?

Mr. KINGSTON. You have made a very good point. For 11 straight years, until 1992, illegal drug use fell in all categories of drugs except, for some reason, heroin, but everything else had fallen.

□ 2100

Now, since 1992, when a lot of these drug education programs and a lot of the interdiction programs and enforcement programs were cut, under the Clinton administration drug use has gone back up to the extent now that, just to give some numbers, marijuana use among teenagers has dropped, excuse me, has since 1992 increased 137 percent amongst 12- and 13-year-olds. Now, for 14- to 15-year-olds there has been a 200 percent increase.

Of the graduating class of 1995, statistically half of the will have experienced some sort of illegal drug, and a drug like LSD which we really had not been talking about at all in recent years is now back strong on the streets and LSD use has increased 62 percent since 1992.

One of the things that we have been fighting is the fact that the President had slashed the funding for the Office of National Drug Control Policy by 80 percent. I am on the Treasury-Post Office Committee. We are doing everything we can to work with General McCaffrey, the new drug czar, to restore much of this funding and do everything we can, but along with government funding there are some other things that we can do to fight drugs.

And I do believe in these interdiction programs. I do believe in local policing in States like Georgia where, for example, the police opened up a satellite station in the middle of one of the biggest housing projects, where they had the high drug use and they had crime and teenage dropout and teenage pregnancy problems. As a result of them doing that, the children got to know the police officers. The families came out of the house and the streets got to be safe. And in Statesboro, GA, in that high crime area, drug use has dropped.

That is the sort of thing that we are trying to encourage with our budget is local policies to fight drugs.

Mr. WELDON of Pennsylvania. The gentleman makes an excellent point. Two key considerations here. First of all, while the administration puts out the rhetoric of being concerned about drug use and supposedly doing something about it, the facts and this is typically the case throughout this administration, just do not bear out the rhetoric.

As the gentleman and my friend pointed out, the office of Drug Enforcement Administration reporting to the White House has in fact been cut by, I think the figure used was 84 percent. In fact, it has been decimated. But this President, knowing that he can use perception as opposed to substance, in his last State of the Union Speech appointed one of this Nation's heroes, General Barry McCaffrey, to head up the drug effort because he wanted to give the people the perception that he in fact is really doing something substantive. So he appoints a genuine hero in this country, whom all of us have the highest respect for and whom all of us want to help, while at the same time he is decimating the funding to allow the programs under the control of that individual and that agency in fact to go forward.

Furthermore, perceptually, this administration has created a casual atmosphere about drug use. That casual atmosphere then gets translated to our teenagers across the country, and they then think maybe it is okay to do some drugs or limited use and we see the numbers start to go up, as our colleague has pointed out. We saw descending use of drugs in this country for the previous 12 years, and in the last 3 years we have seen an increase in drug use by the use of this country.

While we cannot blame any one person for that, we can look at the factors that may in fact be causing that increase and the fact that we have to be doing more substantively to deal with that increase. As the gentleman points out, that is one of the issues that we have been fighting to have as a top priority for the past 2 years since the Republican Party has controlled this institution.

Mr. KINGSTON. I want to conclude this section of our five-part discussion with this comment. Two other things we want to do with drugs is to have severe penalties, pressure; if you are pushing drugs to school kids on basketball courts or playgrounds, you go to jail. You stay in jail. We need to have that.

Then finally for the addicts, why not have a 24-hour a day hotline that says if a drug addict says I am ready to kill myself, I have hit bottom, I want to bounce back up, give a 24-hour hotline that we will get you help the next day, we will get you help on the spot, because once an individual has made up his or her mind to kick the habit, then they are the easiest to cure.

We are going to talk again about in a second on illegal immigration, but in the meantime let me yield to the distinguished chairman of the Committee on Rules, Mr. SOLOMON.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I just came from a Committee on Rules meeting and heard what my colleagues were doing on this proliferation of drug use in America. It is such a sad, sad thing. The gentleman over here from Pennsylvania [Mr. WELDON] mentioned casual attitude. Let me tell how bad that casual attitude is coming out of the White House and what is happening to our children and our grandchildren.

Seventy-five percent of all violent crime in America today that is committed against women and children, 75 percent that is committed against women and children are drug-related. What has this casual attitude done? It is the most pathetic thing. Today among 12- and 13-year olds, marijuana use is up 137 percent. And in the 14- and 15-year-old range, it is up 200 percent. Among young adults, it has doubled just in the last four years. The worst part of it is these kinds of drugs today, because of this casual attitude coming out of the White House and other places, means that drugs now are being used as weapons against women and children. A drug like Rohypnol, for instance, is used as a weapon where, after young women have been plied with marijuana or with alcohol, they have had a Rohypnol tablet slipped into their drink. It renders them unconscious, but awake, so that they cannot defend themselves but they can see what is going on when the rape is taking place. This is a whole new generation that is now exposed to this.

When we compare this to Nancy Reagan's "Just Say No" and Ronald Reagan when he sponsored, when he approved my legislation which had random drug testing for our military, we had use of drugs in our military that was running at 25 percent back in the early 1980s, and once we implemented that random drug testing system, it dropped to 4.5 percent. Drug use all over America began to drop.

Now look what has happened. It has turned around and it is just ruining these kids. Is a terrible thing.

I thank the gentleman for bringing this to our attention and we need to focus on this all the way. There better be a change at the White House in this casual attitude.

Mr. KINGSTON. Mr. Speaker, I wanted to go on to the next topic that Mr. WELDON and I wanted to bring up, the subject of illegal immigration.

First, let me recognize Mr. BOB EHRLICH of Maryland, who is here with us tonight. Before I yield to the gentleman, let me throw out some statistics on how bad the illegal immigration problem is, because most Americans know that we have a lot of illegal aliens in America but they do not know how extensive the problem is.

There are an estimated 4.5 million illegal aliens in America now, that is about the size of the State of Indiana; 300,000 new illegal aliens come each year and so the problem is getting bigger and bigger. In many cases, they are using false documents to get American welfare benefits, American jobs and so forth, and it is displacing people and putting a further tax drain on us.

One of the huge tax drains is in the Federal penal system where right now approximately 22 percent of the prisoners in the Federal penitentiaries are illegal aliens, and about 80 percent of them are violent offenders which are the most expensive to incarcerate.

We have a lot of direct and indirect costs because of the strain of illegal aliens, but one of them is now that school systems must offer not just bilingual education but multi-lingual education. In Seattle, for example, there are 75 different languages spoken in the school system; in Los Angeles, 80; 100 in Chicago.

Now, we are all sons and daughters of immigrants, most of us sons and daughters of legal immigrants. But what they did when they came to America is they learned American culture and they learned English as our common language. They did not turn their back on the home country great traditions. Savannah, GA, where I live, has ethnic celebrations all through the year, because we have a strong ethnic heritage. We want to keep that in mind and celebrate it.

I know where I was raised, not in Savannah but in Athens, GA, a lot of Cuban families came after Castro took over and in most of their homes they spoke Spanish. But their children were raised in the school systems where they learned English. Now those children are in very good jobs because they were not trained to be special. They were trained—well, I take that back. They were trained to be special because all Americans are special. But now our school systems have all these ridiculous requirements. I have heard that the voting ballot in California is in seven different languages. Can you imagine voting but not knowing English?

I yield to the gentleman from Maryland [Mr. EHRLICH].

Mr. EHRLICH. Mr. Speaker, the gentleman said an awful lot of truth here. It really speaks to the fact that we are a multi-ethnic culture and we revel in that fact.

The gentleman just recited that fact, but we are one culture. And that one culture has a common language, which is English. Of course, the English bill will certainly dominate the debate on this floor over the next couple days. But I know the gentleman has put it very well. What better means to you achieve economic mobility in this country other than by a common language? Does it make any sense that any other options—look what is happening in Quebec right to the north?

Multi-ethnic but one single culture, that is the way to the American dream. That is the way to economic prosperity. That is certainly the message that should go out from this Congress.

Mr. KINGSTON. If you will remember the biblical story about the tower of Babel, the story is that the villagers decided to build a tower to heaven. And the Lord did not want that done and, as a preemptive measure, gave them all different languages. And then they could not work together, and they broke up and they started all the other nations.

I am not saying that we cannot work with each other when we speak different languages, but the fact is, it is interesting that thousands and thousands of years ago, in a Bible story we all learned as children, the way to break up a nation was to have different languages. I believe, to say it in a positive light, the way to unify America further is having one common language. Today there are 320 languages spoken in the United States of America.

Mr. WELDON of Pennsylvania. Mr. Speaker, on the issue of immigration, again, this administration wants to create the perception among the American people that Republicans do not care, that we are not sensitive, that we are not compassionate. And we have to rise up and we have to shout as loud as we can the facts, because that is not the case.

What we are trying to do is to stop the abuse. I think the best case that I can point to of what is going haywire in this country was brought to my attention by a good friend and colleague from California, ELTON GALLEGLY, who has been the leader in this Congress in terms of immigration. ELTON GALLEGLY showed me a brochure, I think it was the last session of Congress, printed in Spanish, paid for by the U.S. taxpayers.

This four-page brochure was being handed out in southern California to anyone who was Spanish speaking that needed health care. And what it said was that if you are pregnant, you can go to any hospital within the jurisdiction of the brochure being given out, I think it was Orange County, and you can get prenatal care, postnatal care, and have the cost of delivering your child borne by the taxpayers of this country.

If you are a young Mexican mother and you know in a brochure printed in your native language that you can come across the border to America, where health care is the best in the world, and you can go to any hospital and have your prenatal care provided, your baby delivered and your postnatal care provided, what are you going to do? You are going to do everything you can to come across that border.

Here is the real rub. The person also knows, the mother also knows when that child is born in America, guess what, that child is an American citizen. Even though that child is born to an illegal immigrant in this country, that child becomes a full U.S. citizen with the same rights as any other child born here.

But what really bothered me about this brochure, which should bother every Member of this institution, was a paragraph in the bottom of the third page that said, you cannot be turned into the immigration service even if you are here illegally.

□ 2115

Now we wonder why we have an immigration problem. Here is a brochure printed by the taxpayers of this country in Spanish given to people all over the southern part of California and in Mexico, and we wonder why they are all coming across the border. We just cannot continue to be the health care resource center for the world. That is what we are talking about, immigration reform that stops that.

Mr. KINGSTON. Well, let me give some numbers on that:

1996 taxpayers will spend $26 billion to provide welfare benefits to noncitizens which includes 11 billion in Medicaid benefits, which is basically free insurance, health care, free health care; 4.4 billion in Supplemental Security Income, which is up, incidentally, 825 percent.

Now remember we are just talking about noncitizens.

There is 2.9 billion in food stamps; 2.3 billion in Aid to Families with Dependent Children; 3.89 billion in housing cash assistance and other subsidies. And that is from a Harvard University study; that is not exactly, you know, a conservative group up there. But this is putting an additional tax strain on American middle class taxpayers.

I believe we need to strengthen our border patrols. We need to crack down on deportation of criminals aliens. We need to have sponsorship, legally binding; so if you want to bring your family member or whoever in, fine, but you need to be responsible for that person to make sure he or she is independent of government benefits.

We also need to protect American jobs. There are a lot of American jobs that have been displaced.

Then finally tomorrow this House will vote on English-first as a language. I believe we have enough votes to pass it. I think the President is probably going to veto it, but I am not discouraged because the liberal Governor of Georgia vetoed it two or three times himself. Finally this year, because of election year pressures, he signed it. As we saw today with welfare, our President is very sensitive to election year pressures, and maybe we can get his attention on it.

Mr. EHRLICH. If the gentleman will yield, I think the message is well taken.

I hear this term sensitivity used in this House so much. But I never hear that term used in the context of the American taxpayer.

The gentleman cited an interesting statistic early on; I think it bears repeating. The gentleman, I believe, said that 22 percent of the population in the Federal penal system in this country, is illegal aliens; is that correct?

Mr. KINGSTON. That is absolutely correct.

Mr. EHRLICH. This free ride on the American taxpayer has to end. That is the bottom line to illegal drugs. That is the bottom line to illegal immigration. That is the bottom line to reforming our legal immigration system. That is the bottom line to welfare reform as we have discussed. It is the bottom line to almost every issue in this town because, as the gentleman just said, working Americans are just tired of it. They are tired of the free ride.

We have a very hospitable people in this country. We are a Nation of immigrants, as the gentleman has said. We are sensitive to the concerns and the plights of people. But at some point this Congress has to say:

You know what, folks? You know what, world? There is a limit to what we can do, and we expect you to abide by our laws.

Mr. KINGSTON. Our compassion does not rule out common sense, and we have to just put a little bit more common sense in it. Just as we have said, we are going to address this illegal immigration, this English-first issue. This Congress is going to move in that direction.

The other thing that we all mention is $26 billion is the direct cost of illegal immigration. There are other indirect costs, but that tax strain is further adding to the third issue that we wanted to discuss. That is the fact that this Congress, this Republican agenda, wants to have for our middle class citizens lower taxes, higher wages and more free time.

I am going to show you some of the statistics on taxes, but right now we know that the average middle class family is paying 38 percent of the total household income in taxes, which basically means the second income earner is working for the government. That is just, you know, what is happening.

Right now we all work until May 7 to have the tax-free independence. So from January 1 to May 7 every year, people are working just to pay the IRS and State and local taxes.

Now, if you add on the cost of government regulations and other taxes, you are going until July 3d for Independence Day.

Now people will say, well, what are you talking about? Let me show you this chart.

This is a gas pump. On $1.20 for a gallon of gas—fortunately I am paying a little bit less in Georgia, but I know the folks in Maryland, they all are paying more than $1.20. But on a $1.20 gallon of gas, 56 cents goes to taxes, and that includes—I am just going to read:

FICA tax, corporate income tax, individual tax, capital gains tax, customs, ad valorem taxes, State taxes, corporate income, unemployment taxes, motor fuel taxes, excise taxes, used oil disposal taxes, business property taxes, pipeline throughput taxes. It is ridiculous. When people buy 10 gallons worth of gas, they are paying $5.60. They do not even think about taxes on top of what has already been taken out of their paycheck.

Now let us talk about a bottle of beer, 43 cents on a dollar bottle—well a little over a dollar, but 43 cents on a bottle of beer goes to taxes, basically the same kind of thing.

On a loaf of bread there are 118 different taxes that you and I and our families pay when we go to the grocery store to buy a loaf of bread. Hidden in the cost of that bread are 118 different taxes. That is why the middle class families are working their tails off. The harder they work, the less time they have because the more taxes they have to pay, and we do not have that family fellowship that we so desperately need to impart values to our next generation.

Mr. EHRLICH. That is why the middle class in this country is nervous. When working folks get nervous, this place feels it. The gentleman has raised a very interesting point. The gentleman talked about, what was it, 120 different taxes on a loaf of bread?

Mr. KINGSTON. One hundred eighteen.

Mr. EHRLICH. One hundred eighteen. But when we go to the grocery store, what do we see? One price, one price. We never think about it.

And I love this term "takehome pay." What does takehome pay mean to you, to the average person?

Well, after you work until what, July 3d this year, you get your takehome pay. You work the rest of the year for yourself; right?

Mr. KINGSTON. Well now, actually your direct tax burden—you work from January 1 to May 7, and then the indirect tax in regulatory burden, you go on to July 3d.

Mr. EHRLICH. But the rest of the year you are really not taking home the rest of your paycheck because, despite your takehome pay, you take your takehome pay, your cash, and you go out and you buy things which are taxes.

So I think we really need to understand the dramatic way in which taxes impact the average working person in this country.

Mr. KINGSTON. Now to give my colleagues an idea of the Federal Government Washington command control bureaucracy view on taxes versus drugs, when we talked about earlier 13- and 14-year-olds using marijuana higher than ever before, I think, in history, but it is up anywhere from 137 to 200 percent depending on what age group in that 12-to-14 range, here is what we have fighting drugs.

Now this chart, I hope you can see it. The DEA has 6,700 employees, and that is to fight drugs. The Border Patrol, immigration folks, 5,800 employees. So that is what we have got. You know, we will just round this up and say about 13,000 employees for fighting drugs and illegal immigration.

For the IRS we have 111,000 employees. Now, of those 111,000 employees, for every 3,000 citizens of America there is one criminal investigator.

So what we are saying is, no, we cannot fight drugs, we cannot fight illegal immigration, but we can audit you, and we can make sure that you are paying your taxes, and people should pay their taxes, and IRS should be able to collect it.

But it shows a disproportionate value rendered when you have 110,000 IRS employees versus 13,000 Border Patrol and drug enforcement.

Mr. EHRLICH. If the gentleman will yield, it reflects the values that have held sway in this town for at least 30 to 40 years. That is exactly what it reflects.

I know the gentleman is very anxious to talk about the topic of the day, the issue of the day, welfare reform.

Mr. KINGSTON. I am. But before we leave that, I do want to get one other thing on taxes.

There was a big discussion about the Clinton tax increase went to balancing the budget 1993, when Clinton passed the largest tax increase in the history of America, $245 billion. That money did not go into deficit reduction. That money went into more Federal Government.

Now, you know, the thinking that Americans do not deserve tax relief right after the President just passed such a huge tax credit—what the Republican Party was trying to do was basically say we want to give you back some of the money that the President took from you in 1993, and one of those was a $500 per child tax credit.

So, working person, and I love to tell the story about John Johnson who works for UPS, U-P-S, in my district, and he said to me:

You know, I make pretty good money. I do a lot of overtime. I worked hard. My wife is a school teacher, and between the two of us we do OK. But we have got three kids. And at the end of the month we are not able to go down to Florida or go up to Atlanta and see a Braves game or do some of the nice things because we have got to buy a new set of tires, a new dryer. We have got to spend money on groceries, and so forth, and we cannot get ahead.

And this is a real story.

Now, with the $500 per child tax credit, he and his wife could have had $1,500 in their pocket that they could have spent any way they wanted to. And I think they know how to do it a heck of a lot better than Washington bureaucrats.

Mr. EHRLICH. If the gentleman will yield, what is so dangerous, what is so radical, and my favorite term in this Congress, what is so extreme about working people in this country taking home just a little bit more money? And I think I have the answer to that question: Class warfare works in elections.

How much class warfare do we see on this floor every day? How many times do we hear this phrase, the rich, the rich? And you know what? Those folks you just mentioned in your district, they are rich. They do not know it.

Mr. KINGSTON. Yes, they are, because under the liberal Washington definition of rich, that means you hold a job and you pay taxes.

You know another thing: marriage tax penalty. Two people living together doing everything that a married couple does pay less taxes than if they go down to the chapel and get a ring around their finger. That is absurd. Marriage is the key foundation block of the family in America, and here the first thing we do right off the bat is tell a couple:

Hey, it is cheaper to live together than it is to get married.

Mr. EHRLICH. If the gentleman will yield, what is the basic fabric of the free enterprise system in America? Small business people, small businessmen, and particularly small business women. Yet, we make it extremely difficult for these small business folks, who create 80 to 85 percent of the jobs in this country, to transfer their small businesses to the next generation. We punish success.

Of course, that is what class warfare is all about, punishing success. And I rally think it is incumbent upon this Congress—and now we have been joined by the President of the freshman class, the gentleman from California [Mr. RADANOVICH], and I know he has very strong views on this issue, being a business man himself.

We make it for some reason part of the political atmosphere in this country to practice this class warfare, generation warfare to make that person who is making $25,000 a year jealous of that person making $38,000 a year, which is not the way it is supposed to be. Yet every day in this House we hear from across the aisle:

Class warfare.

Tired of it.

Mr. KINGSTON. I have a friend of mine named Ted Fox, and Ted says this is what Congress' basic mentality is, that it is the three of us right here. We are walking down the street together, and one had more money than the other two. The other two could vote to take your money, and it would be morally fine and justified.

□ 2130

That is exactly, that is the whole left-wing premise: It is okay to steal, as long as you vote it as law in Congress. That is their whole mentality.

I want to yield to the gentleman from California [Mr. RADANOVICH] because he has been involved in so many of these good changes we have done. First, I want to say this, the idea behind class warfare is a loser. You are just bashing people.

The other day we had a leading Democrat say in the CONGRESSIONAL RECORD, and I will give you both and anybody else interested a copy of this, that the employer-employee relationship is similar to the jailer and prisoner relationship or the slave and the master relationship. That was from a leading Democrat, in one of the pro-family debates we were having.

Mr. Speaker, I yield to the gentleman from California [Mr. RADANOVICH].

Mr. RADANOVICH. My thanks to the gentleman from Georgia, Mr. Speaker, I was interested in the debate and wanted to come down and share the gentleman's comments and concerns.

In my perception, I think, of what we have seen in the brief year and a half and a little bit more that we have been in Washington as freshmen, it has been one of continual amazement in our dialog with the American people and how we think our Government relates to society in general, and how we are coming up against some pretty old ideas that have been around town for the last 40 years about government and its relationship with the people, as if that is the only relationship that is in America today.

It kind of epitomizes the Great Society and some of the ways of thinking of the last 40 years, in that the only relationship in America is Americans, with their government, and that there is only a two-way street there.

In coming to Washington and having to develop ideas on how to solve complex problems, like the deficit that we have, the up to $200 billion deficit and $5 trillion worth of debt, we have to begin to think in terms of other relationships that comprise America; that there are other institutions out there that are perhaps fundamentally more suited to the solving of some of our society's problems.

So when we get people coming on the House floor debating class warfare and this idea that there is a pot with only so much in it and you have to divvy it up among the people in the United States, and the only relationship that Americans have is with their Government, they are some of the ideas we have to begin to defuse. In so doing, we have to remind the American people that there are other institutions out there that are perhaps more suited to taking up the responsibilities that we have seen fit over the last 40 years to assume.

There are family units, there is business, legitimate business, and there are religious and civic institutions. Some of those jobs that government is doing right now are far more suited to these other institutions. Rather than get into this dialog about there being finite resources and we have to promote class warfare to get our piece of the pie, and that government should be involved in doing all these things and that is the only way we are going to solve our problem, I think what we need to do is to speak in terms of what other institutions in this country are better suited to solving these problems. If we were thinking in those terms we would probably not be $5 trillion in debt right now.

Mr. KINGSTON. I will say one thing, Mr. Speaker, that we all who are parents know the joy of holding our own child for the first time. You can hold your nephew or niece, you can hold a friend's baby, and you can love that baby and go to bat for him time and time again and care for him very deeply, but when you hold your own baby it is a whole new ball game.

The difference is we have Washington bureaucrats, and as well-minded as they may be about the children in California, in Maryland, in Georgia, and I am sure they love them to death, and I am sure they would never use children as political pawns, but the fact is the folks in Georgia, California, and Maryland love our kids a heck of a lot better than Washington bureaucrats, regardless of how great they may be up here.

WELFARE

Mr. Speaker, we want to move to our next topic, which ties into the family. It ties into the tax burden. That is that of welfare. The gentleman from Maryland [Mr. EHRLICH] had mentioned that earlier. I could tell he was chomping at the bit. I need to congratulate the two gentlemen for their leadership on this issue, because it is truly because their freshman class has been so persistent when the President has twice vetoed welfare reform, and you two have fought hard to bring it back to the floor time and time again.

Mr. Speaker, I am disappointed the President vetoed welfare twice, but that is part of the process. The fact is in our American system, hey, it is 3 months away from election, and he is going to sign it. He is going to sign it for that reason. I understand that, and I will not complain about it if we get a bill and we help get children out of the poverty trap, so they can enjoy the social and economic mainstream.

Mr. EHRLICH. If the gentleman will continue to yield, once we think about getting some other bills on which we have had vetoes in the past, maybe a clean products liability bill, maybe we can get that signed. The president of the class is here and I know he would love that.

Before I begin my remarks on welfare, I have to be maybe the first in the entire House to congratulate my friend on his engagement, the gentleman from California [Mr. RADANOVICH]. I am very proud of the gentleman, and so is my wife.

Welfare reform. It is a great day, a great day for America. Substance triumphs over politics: Real work requirements, real reform of our legal immigration system, real time limits. It really leads into what the gentleman from California [Mr. RADANOVICH] was talking about just 2 minutes ago: what institutions do when we realize finally that government cannot do everything; that $5 trillion to $6 trillion in debt has made us at this point a permanent debtor nation, and we all know no superpower can live on for very long being a permanent debtor nation.

What institutions will take over for government? One is the private sector: jobs, real work, a quid pro quo for the Federal taxpayer. You want hard-earned tax money to live? Fine. It is a legitimate thing for government to do, to provide temporary assistance to folks. No one argues that. It should not be generational, it should not be multigenerational. Look what it has done to the society.

What is part of the answer? Work. The very foundation, the philosophical foundation of our welfare bill, which is quite similar to what the President vetoed last year, is work.

Mr. RADANOVICH. Mr. Speaker, if the gentleman will continue to yield, it also is fair in saying too that when we are dealing with generations of people who are used to being on the welfare rolls, we have to be concerned a little more about conscience-building among those ranks to get them off. Work is a moral responsibility. It really is not something that government should be teaching right now.

Every citizen in this country has the obligation of work, but it is very hard to instill those values, being a government institution. That is why block granting and getting these ideas away from government and starting to think about religious and civic institutions instilling those morals, and in the business institutions learning to work, so people go out and get the job and get the satisfaction of a day's pay for a day's work. It will be a wonderful thing. Government cannot teach those things.

Mr. KINGSTON. One of the things that is dear to the heart of every American citizen, Mr. Speaker, and particularly Virginia legislators, because it has the first House of Burgesses, which was the first legislative body in America, Jamestown, as the gentleman recalls from our history, the Jamestown Colony, many of the people who came over had their job classification as gentlemen. They thought they were coming to America, to the streets of gold, and so forth, the land of opportunity. They did not realize it had a work requirement to it. As a result, I think half of the crew perished that first and very harsh winter. Then Captain John Smith said, all right, there is going to be a new game. Everybody is going to work. When they did, the colony survived.

What we are saying is that if you are able to work, you are going to be required to work, and you are going to be better for it because you can join the socioeconomic mainstream. President Clinton loves to tell the story about the little boy who says, "The best thing about my Mama being off welfare is because when people ask me what she does, I can say she has a job," so we are very much in line, here.

Mr. Speaker, I wanted to recognize the gentleman from Arizona [Mr. SHADEGG], who is here to join us, and I will yield to the gentleman.

Mr. EHRLICH. Mr. Speaker, we have our classmate outnumbered, 3 to 1. The gentleman from Arizona [Mr. SHADEGG] is a good friend of all of us and a great leader in our class. Before he speaks, I just want to say one thing.

All of us go back to our districts every weekend and talk to our constituents. That is part of the job. The modern House has evolved into that. It is such an important part of our jobs. Housing policy is a major issue in my district, particularly a settlement in Baltimore, which I know my friends in the class know about too well; welfare reform, personal responsibility as a concept.

What I see as the common denominator to all these issues is just a working class interest in having people work. It is a working class resentment toward those who will not, not cannot, but will not. I see it time and time again in comments from people I represent who stop me in shopping malls, gas stations, the hardware store, wherever, and they say, "We work very hard to send our kids to school, to pay our mortgage, to buy our car. We do everything, EHRLICH, you want us to do. Yet we see in the newspaper every day people who will not who are rewarded for it."

Mr. KINGSTON. Mr. Speaker let me apologize to the gentleman who I said earlier was from Nevada. We have so many good-looking freshmen faces that sometimes I just assume they are from all out West somewhere, and throw all those categories out there. I apologize, and I yield to the gentleman from Arizona.

Mr. SHADEGG. No apology necessary, Mr. Speaker. I am just pleased to join you all in celebrating what I think is a great victory for America today.

Today really is not a day for partisanship, it is a day for celebration. The truth is all across America, Americans understand that the welfare system we have, though well-intended, simply is not working. It is not working for the Americans that are at work and paying taxes, now paying taxes of close to half of their income, supporting those people. It is not working for them.

But even more importantly, the welfare system that we have created in this Nation, out of a desire to help our fellow man and our fellow women and the poor children in this country, simply is not benefiting them. I think the beauty of it, and it is well put in the gentleman's quote about the young boy who says, "Now I can say that my mother has a job, or is not on welfare any longer," is the benefit for those people who are right now trapped in the system.

In a way, God created us to respond to incentives. The incentives in the current system are very bad. The incentives encourage people not to go back to work. They encourage people to have multiple illegitimate births. They encourage people to engage in lifestyles which are self-destructive.

All Americans recognize that there ought to be a safety net there to help those in need, but the safety net we have built has become not only a safety net but a trap. People try to climb out of that net and are caught up in it. Indeed, they spend way too long in it. It destroys them, it destroys their self-respect, and it destroys their families.

What we have done with this welfare bill, and I commend the President. I do not really care what his reasons are. He opposed it twice before. Now he has joined us. The bottom line point is we are going to make America better. We are fulfilling his promise to end welfare as we know it, because way back 3 years ago when he made that promise Americans understood welfare as we know it was a failure.

Now we are embarked on a program which will redesign welfare in America to help those that need help, but not just help them at their down point in their lives, help them get back into the job market, help them make themselves productive citizens again, help them attain back that point in their lives when they can respect what they do and when they can feel good about it, and when they can hold their head high and become participants in this economy and in the great experiment which is America, which is that we are going to reward initiative, that we are going to reward hard work. That is what this Nation was built on.

We have been cutting a whole block of Americans out from under that dream, saying to them, "No, you really cannot work. We know you are not able to work, so we are going to take care of you." That is not an answer, and that is not giving them hope, it is not giving them a future.

I just think it is a tremendous day to celebrate the fact that we are in fact revising a failed system and making the Nation better, not only for the people trapped in the system but for those of us who are picking up the tab, as well.

Mr. KINGSTON. Mr. Speaker, we now have with us another freshman, the gentleman from Washington, Mr. RANDY TATE, and I will attribute him to the State of Washington, rightly or wrongly. I know it is west of the Mississippi.

Mr. TATE. I would like to thank the gentleman from Georgia, Mr. Speaker. To folks out in the real Washington, this is an exciting day. To me welfare reform is not about balancing the budget. It has nothing to do with that, from my perspective. It is about helping people that are trapped in a system that has destroyed their self-esteem, that is taking their initiative away, that has trapped families and hurt children. We have spent, I have heard that number many times, $5 trillion since the 1960s. If we put that in real dollars, that is more than we spent fighting the Japanese and Germans during World War II, and we won that battle.

Everyone agrees welfare has failed. President Clinton said just right here during his State of the Union that this is the year to end welfare as we know it. Today, in the House of Representatives, we began to end welfare as we know it, not for the sake of balancing the budget, not sitting there and counting beans. It is about helping people. That is what this whole debate is about, breaking down the system to make it work for people again, to help families, to help moms, to help dads, to help kids have a better future.

□ 2145

Mr. EHRLICH. The gentleman has really brought up the fifth topic of the evening, which is words and actions.

Mr. KINGSTON. Before going to the fifth topic, I want to make it very abundantly clear for the record that we would not be in a position of having a welfare bill today if not for the action of the freshman class and the leadership of the 4 of you and many of your colleagues, because I can say this having come the previous term. We all talked about welfare, we never could get a bill on the floor of the House. You have been persistent.

I would like to say also, I do not think there is anything extreme about saying able-bodied people who can work would be required to work, and I do not think there is anything extreme about getting people out of the poverty trap, and I do not think there is anything extreme about saying to noncitizens, you cannot have our welfare benefits if that is the reason you have come into the country.

I know your class has caught lots of criticism, but this victory today belongs to your class. I think that is very important.

Mr. RADANOVICH. If the gentleman would yield, I would like to add to that comment and appreciate the sentiment. Before saying what I am going to say, there are two things that need to be said. One is that it does not matter who gets credit for this, it passed and it was good for America. So it does not make any difference if the President gets credit or Congress gets credit.

However, having said that, I would say one thing, and that is during the dark times of late December, early January, when we were struck in the middle of a Government shutdown, when the freshmen were getting a lot of flak for standing on resolve and keeping certain people to their word, this is the fruit of that.

I think that I am not at all out of line to say that had we not gone through a Government shutdown, we would not have had the President of the United States in the Chamber saying that the era of big Government is over and we would not have a President in here signing welfare reform that changes welfare as we know it simply because he knew that there were people in the House of Representatives that were going to keep him to his word, come heck or high water.

I think that that needs to be said. We are seeing the fruits of that shutdown. I know it is a tough subject, I know it is not what people want to go back to and talk about, but the American people know that that was absolutely necessary in order to get the changes that we are beginning to see the fruit of now.

Mr. EHRLICH. The President of the class just used the word "fortitude," and the word "integrity" gets brought up, and the word "consistency." Now you are joined by 4 freshman, the gentleman from Georgia is really surrounded; five actually with the gentleman from California [Mr. BILBRAY]. There is a quote right next to the gentleman. One of the President's closest advisers made that quote recently, I believe on Larry King Live, in February 1996. It is really interesting for the freshmen and certainly for the nonfreshmen in this Congress to look at quotes like this and wonder what is meant.

I know when I go back home on weekends, people come up to me, and I get a lot of credit for doing the easiest thing in the world, what no politician should get credit for in any legislative body anywhere, which is keeping his or her word. We should not get credit for it, yet we all get credit for it every weekend, every day, and in talking to my colleagues, I know we do. It is somewhat of a symbol of how far we have fallen, and this institution has fallen, our profession. We hate to admit it now, but we are full-time politicians, Members of Congress.

"For this President, words are actions." Mr. Stephanopoulos, words are not actions. Words are cheap, words are meaningless. Words, whether it is the State of the Union, these words we are speaking tonight, if they are not backed up with real actions, are without meaning.

I know the gentleman from Arizona is chomping at the bit over there.

Mr. SHADEGG. If the gentleman will yield, let me just make this point. If Mr. Stephanopoulos said this, "For this President, words are actions," it pretty well defines the situation. I guess then saying that we should end welfare as we know it means that you have ended it. And yet in the first 3 years of this administration, nothing changed for America, not until the rubber hit the road, not until the votes were cast on the floor of this House to actually change the welfare system as written in the law did anything meaningful ever happen.

I would like to add one point to that. The victory, while it may been driven in part by the freshman class, as our colleague from Georgia has just pointed out, it was really driven by Main Street, America. This today was and is, and I guess we can claim victory today because the President has come forward and to his credit he has said he will sign this bill, that is victory for Main Street, America, because the values that freshmen have been advocating, the ideas of changing welfare to make it work for all Americans, those in the system and those paying for the system, those ideas came not from freshmen, they came from Main Street, America. They came from the people that we went to and asked what they wanted to see happen in this country and they want change. That is the point.

Mr. BILBRAY. If the gentleman will yield, I think the word was used quite appropriately, "integrity." There are those that have been in this town for a long time who think that the freshmen and the new majority is somehow radical because we have brought with us from mainstream America the concept of integrity, that words without commitment, words without action, words that are said without the intent to perform lack integrity. And yet there are those in Washington who are terrified of the 73 freshmen who came here and said, I will not sacrifice either my integrity personally or the integrity of the commitment to the people of the United States. Frankly, I have to sort of chuckle at the fact that Washington is so terrified of a group that is finally bringing some integrity to the House floor.

I want to say this about the welfare reform. I served as the chairman of San Diego County, which has a welfare system larger than 32 States in the Union. We in 1978 proposed a concept that at that time they called cruel and mean-spirited. That concept in 1978 was workfare. Every bureaucrat and every obstructionist tried to stop us from executing a concept that would bring dignity back into the public assistance programs. When we were fighting on things like welfare fraud, as an administrator I looked at it, at the cards and said "There is not even a picture on the ID. Let's put a picture on the ID." Common sense. Washington said no, because they said it would violate the privacy of the welfare recipient.

These are just a few of many stories where every time you try to do something right with welfare, Washington stood in the way. Tonight we finally brought the integrity of the system before the American people and said if you want to promise that we are going to change welfare as we know it, then you have got to have the guts to change it.

Mr. KINGSTON. Let me reclaim the time just to remind everybody we have about 4 minutes left. So if each of you want to have a closing statement of 1 minute each.

Mr. EHRLICH. Just to back up what the gentleman from California had to say, I know the gentleman has another quote right next to him: "The President has kept all the promises he meant to keep."

What does that mean? The American people deserve to know what that means. They deserve to know when the President makes a promise which promise he means and which promise he does not mean. I do not care if you are liberal, conservative, Republican, Democrat. Your words should have meaning. Your words should have, as the gentleman said, integrity behind them if you sit in any legislative body, particularly the Congress of the United States.

Mr. TATE. I could not agree more. What does that mean? Are there promises you did not mean to keep, Mr. President? That is the question that I think is quite clear. The President did not mean to keep his tax cut for the middle class because he never provided a plan to do that. He never meant to balance the budget.

We had to bring him kicking and screaming all the way to the dance, so to speak, all the way to actually provide a plan finally, 3 years into his term, and, lastly, welfare reform today. It was not until the last moment, after he had already vetoed it twice, did he finally agree to sign welfare reform.

So I think I know exactly what it meant. Say one thing when you run, do another thing when you get elected. That is not what this Republican Congress is all about.

Mr. BILBRAY. I think the sad part about it is America and this Congress knows that if it was not election year, we would not have gotten three-quarters of Congress supporting what the American people are demanding. We operate a welfare system in this society that we would not do to our own children. But we justify it under the guise of being merciful. It would be illegal for us to do to our own children what we do on welfare. We pay underage children to live alone and send them a check. If you and I did that to our own children, it would not only be child abandonment, it would be child abuse.

But there are those here who claim they care about the children and hide behind the words they care about the children when in fact what they are doing is government-subsidized child abuse.

Tonight we had a great victory, and the American people had the great victory of making politics work for the American people, changing the system. I worry that without the American people keeping a clear message in the next election, that there are those who will try to go back to the old, worn-out, corrupt systems of the old Washington rather than moving forward with the integrity of the new majority.

Mr. Kingston. Let me reclaim the time just to yield to the president of the freshman class that has made all these changes possible. We are closing our discussion of illegal immigration, drug use, higher wages, lower taxes and, of course, welfare reform. I yield to the gentleman from California [Mr. RADANOVICH].

Mr. RADANOVICH. I thank the gentleman. My final words are promises made, promises kept; the promise to the American people that until we start keeping word and following through in Washington, it will be a long time even then before they begin to feel the results on Main Street, America. This is really truly where is happens. That is the commitment that we intend to keep to the American people.

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from Arizona [Mr. SHADEGG], the gentleman from Washington [Mr. TATE], the gentleman from California [Mr. BILBRAY], the gentleman from California [Mr. RADANOVICH], the gentleman from Pennsylvania [Mr. WELDON], and the Gentleman from Maryland [Mr. EHRLICH] for participating in this special order.

IN SUPPORT OF CONFERENCE REPORT ON H.R. 3230, NATIONAL DEFENSE AUTHORIZATION ACT

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Under the Speaker's announced policy of May 12, 1995, the gentleman from Pennsylvania [Mr. WELDON] is recognized for 60 minutes.

Mr. WELDON of Pennsylvania. Mr. Speaker, I will attempt to not take the entire hour, but I did want to rise this evening first of all to commend my colleagues for the excellent work they did in discussing the message of the Republican Party, and not just the Republican Party but, as evidenced by the vote on the welfare reform bill today, the overwhelming majority of Members of this institution. In fact, on the final vote there were 98 Democrats who voted for the bill and 98 who opposed it. So it truly was a bipartisan effort.

While there is much perceptual criticism of the Republicans in the Congress this year, the fact is that most of our initiatives have passed with bipartisan support and our colleagues on the other side have joined us.

That leads me to my point of discussion tonight, which is also bipartisan and which I expect to hit the House floor tomorrow, and that is the final conference report on the defense authorization bill for 1997.

Mr. Speaker, I rise as the chairman of the Subcommittee on Research and Development for the House Committee on National Security and one of the conferees who chaired two of the panels with the Senate in deliberating the final conference report that will come before us tomorrow.

Let me start out by saying, Mr. Speaker, that I think it is a good bill. It is not everything that I had wanted. I will talk about some of the weaknesses that I think we did not get in this bill, but all in all it is a good piece of legislation that deserves the support from a bipartisan standpoint of the majority of the Members of this institution.

But I want to start off by clearing up some misconceptions. The President and certain members of his administration and some on the other side in the more liberal wing of the Democratic Party have gone around the country talking about the Republicans wanting to have massive plus-ups in defense spending and that in fact the Republicans are giving the Pentagon programs that they really do not want, that we are just about buying more weapons systems and that we really are not concerned about the human problems that people in this country face.

Let me start out by saying, Mr. Speaker, that I come to this body as a public school teacher. I taught for 7 years in the public schools of Pennsylvania. I ran a chapter 1 program for 3 years in one of my depressed communities like West Philadelphia, then worked for a corporation running their training department and ran for office as the mayor of my hometown. All of those things I did to try to help people and to try to make a difference.

In my 10 years in Washington, I have tried to exercise in every possible way through my votes and my actions support and compassion for those needs that ordinary people have. In fact, I take great pride this year in the fact that, working with my colleague the gentleman from New York, RICK LAZIO, after Speaker GINGRICH had asked RICK and I to cochair an effort dealing with anti-poverty initiatives, that we were able to plus-up the funding for the community services block grant program in the appropriate appropriations bill on the House floor by $100 million.

This money goes directly to a network of 1100 community action agencies nationwide that basically is totally consistent with the Republican philosophy of empowering people locally to solve the problems of the poor. This plus-up in funding did not get much play in the national media. It was the single largest plus-up in the community services block grant program in the history of that program, which dates back to prior to the 1980's.

□ 2200

In fact, these CAA's nationwide leverage, on average, $2 to $3 of private money for every $1 of public money we put in. So it is a tremendous investment in helping local folks through the nonprofit CAA's nationwide solve the problems of poverty and ways that we can work to empower people who have the greatest needs.

That is just one example of the kinds of things that this Congress has done that have largely been ignored by the American media in its rush to embrace the liberal wing of the Democrat Party and this President, who talk a good game but do not seem to follow through with the deeds that match their rhetoric.

I say that, Mr. Speaker, because we have also heard the rhetoric coming out of both the White House and the liberal wing of the Democratic Party that somehow we have dramatically increased defense spending. I want to get to that point because that is the topic of my special order tonight. Again, the facts do not bear that out.

The analysis that I use, Mr. Speaker, is to take defense spending and compare it today versus what we were spending back in the 1960's. I pick the time period of the 1960's because we were at relative peace in the world. It was after Korea and it was before Vietnam. John Kennedy, a Democrat, was our President. He believed in a strong defense for our country and worked hard to maintain our national security interests.

During John Kennedy's tenure, Mr. Speaker, we were spending about 9 percent of our country's gross national product on the military. We were spending about 55 cents of every Federal dollar that we take in in terms of taxes on the defense of this country—55 cents of every Federal dollar and 9 percent of our total gross national product.

This year's defense budget that will be finally approved tomorrow, in the final conference report that we will vote on, will see us spend less than 3 percent of our gross national product on the military and about 16 cents of the total Federal dollar that we take in this year.

Now, those are glaring differences, Mr. Speaker; 9 percent of our GNP in the 1960's versus 3 percent of our GNP today; 55 cents of every Federal dollar in the 1960s versus 16 cents of the Federal dollar that we take in today.

In addition to those numbers, Mr. Speaker, we have to let the American people know that there are some differences in today's environment. First of all, we have an all-volunteer military. We no longer have the draft. We pay those people who join the services a much higher salary and, in fact, a much larger percentage of our military personnel today are married and they have kids. So we have added housing costs, we have cost-of-living increases, we have a much larger health care system.

The quality of life for our service personnel today is dramatically improved over what it was back in the 1960's and, in fact, a much larger percentage of that lesser amount of Federal money is going for the quality of life for those men and women who serve in the various branches of our Armed Services.

So, in fact, while we have decreased the percentage of Federal spending on our national defense, we in fact, Mr. Speaker, are spending more of today's defense dollar on the quality-of-life issues for our men and women who serve in the military.

We have over the past 8 and 9 years made dramatic cuts in defense spending. Now, these were not all done at the suggestion of President Clinton. I am not here to say that tonight. In fact, some of these cuts were proposed under the Bush administration because the world was changing. And, in fact, many of those cuts I supported, but nowhere near the draconian cuts that are taking place today.

Those cuts, Mr. Speaker, that were proposed during the Bush administration were based on threat assessments that we were given from the situations that existed around the world that threatened American Security Interests and our allies' security interests. Today's dollars that we spend on the military are largely not spent based on threat assessments, they are largely determined by numbers pulled out of the air.

The Clinton administration, in fact, just pulled a number out of the air and said this is what we are going to spend on defense, in spite of the fact that when Les Aspin served as Secretary of Defense and completed his bottom-up review, he said we would need enough money to be able to fund the support for two simultaneous conflicts.

The General Accounting Office has said on the record that there is no way, given the Clinton administration numbers, that we could ever come close to funding up two simultaneous operations.

So, in fact, Mr. Speaker, the numbers that we are basing our defense budget on today are not based on reality, they are not even based on the philosophy that this administration established for our military leaders, and that was established in the bottom-up review headed up by then-Secretary of Defense Les Aspin.

What is more ironic, Mr. Speaker, with where we are today is that in dramatically cutting defense spending over the past 3 years, by the most significant cuts in the last 50 years in this country in terms of our military, we have seen 1 million men and women lose their jobs.

Now, Mr. Speaker, the defense budget is not a jobs bill. It is not like public works projects and it is not designed to ultimately just employ people, but we have to understand the irony of what is occurring in the country today, Mr. Speaker, and I want to point it out.

We have the Clinton administration over the past 3 years cutting defense spending by draconian amounts, resulting in the forced layoffs and cutbacks in defense industries and subcontractors that have caused 1 million men and women to lose their jobs in America.

Now, Mr. Speaker, the irony here is that most of those 1 million men and women were union employees. They were members of the United Auto Workers, the International Association of Machinists, the IUE, the electrical workers. They were involved in the building trades who worked in our bases and in our facilities.

So the bulk of the 1 million men and women who lost their jobs over the past 3 years, caused by this administration's actions, were union personnel. Not only did they lose their jobs, and all across this country, Mr. Speaker, we know of hundreds of thousands of our constituents who are out of work today who were employed at defense plants and subcontracting machine shops and subcontracting companies, but the irony is that the national AFL-CIO this year is forcing from every union employee in this country a $39 assessment. That $39 assessment is being taken out of the pockets of union personnel who work in defense plants to defeat Republican Members who have supported the dollars to fund their jobs.

Now, that has to be the ultimate irony. I look particularly at one plant, McDonnell-Douglas. My understanding is they have 8,000 union employees. Mr. Speaker, if we look at the amount of assessment that the AFL-CIO has levied on those defense workers working for McDonnell-Douglas, it amounts to over $300,000, and that money is being targeted not to people who are voting against their jobs, but it is being targeted to support the ideals of the Democratic Congressional Campaign Committee, and only to target freshmen Republican Members, most of whom supported a more robust defense budget which in effect provided the dollars for those very jobs.

That is the ultimate irony, Mr. Speaker. And all of this money is being taken from those rank-and-file union workers without their support and without their ability to determine where that money should be spent, in spite of the fact that in the 1994 elections, 40 percent of the rank-and-file union workers in this country voted for Republican candidates.

Mr. Speaker, that is outrageous; yet we have not heard one national labor leader in Washington talk about the Clinton elimination of 1 million union jobs in this country.

We are now in the process, Mr. Speaker, of taking that message to every plant in this Nation. And why are we going to do that? Because this President will go to every one of those plants and stand up on the podium next to the CEO and the union leader and talk about the jobs that are there, and he will talk about what his administration is doing to keep those workers employed.

Yet this administration, in concert with the national AFL-CIO leadership, is in fact targeting, through forced contributions, funds to eliminate those freshman Members who have largely voted for the defense funding level that we are going to have on this floor tomorrow. To me, Mr. Speaker, that is outrageous.

Now, the further hypocrisy of this administration, Mr. Speaker, is that last year the Congress, bipartisan support, plussed up defense spending by about $5.5 billion above the President's mark. We did not pull that number out of the air, Mr. Speaker, we took it from the recommendations of the Joint Chiefs of Staff. They are not political appointees, they are career servants of the military, whose command responsibilities are to protect the lives of our troops.

We met with them and, based upon their advice, we funded the Defense Department funding levels to the requests that they gave us. Actually they wanted more money than we could provide.

This year, Mr. Speaker, when the President again chose in a draconian way to cut defense spending, we brought in the service chiefs, and the service chiefs were very candid. They said the budget proposed was unacceptable.

In fact, Mr. Speaker, when the House Committee on National Security had the four service chiefs in front of us, it was the late Admiral Boorda, the CNO of the Navy, and a very fine leader of our naval forces who said publicly, when asked if he had the ability to provide a wish list for additional funds, where would he put those dollars, and he replied back to us, Congressmen, there is no wish list. These priorities that I will give you are absolutely essential to protect the sailors under my command.

We then went to the Commandant of the Marine Corps and when the Commandant, General Krulak, had his chance to respond, he likewise said, look Congressmen and Congresswomen, I am not going to make any bones about what we need here. My warriors need additional funding, and the request I give you is going to be real.

To every last one of the four service chiefs, they gave us the dollar amounts that they need to support the internationalist escapades of this administration around the world; to fund the operations in Somalia, to fund the $3 to $4 billion we are currently spending in Bosnia, the $2 to $3 billion we are spending in Haiti, the escapades that the President is committing our men and women all over the world. These four leaders told us the dollar amounts that they felt were absolutely necessary to meet the requirements of quality of life and protection of these troops.

Mr. Speaker, the bill that we will provide tomorrow will begin to do that. It will not completely provide the support they requested from us, because we cannot get additional dollars in this budget environment where we are committed to balancing the budget over a set period of time. We do not have additional money to put into the military. Therefore, we have to make do with this plus-up that we are providing.

Now, here is the outrage again, Mr. Speaker, the outrage that I feel every day I serve in this body. This President criticized this Congress last year for plussing up defense spending over his request. When Secretary Perry came before our committee this year, he had a chart showing the amount of defense spending that the Clinton administration would provide.

In that chart, it was a line graph, he showed a flattening out of the cuts in the acquisition programs to buy new equipment and he said that the Clinton administration was taking steps to stop the decline and that decline, in fact, stopped in 1996.

I said to the Secretary of Defense, this is an outrage. It is the most outrageous presentation I have seen from a Secretary of Defense. Why? Because here we had the Secretary of Defense, who last year joined with President Clinton in criticizing us for plussing up defense spending, now this year taking credit for what they criticized us for doing last year.

That same thing will happen this year, Mr. Speaker. My prediction is that with all the criticisms from the White House and from the Secretary of Defense, they in fact will accept the final bill that we pass, the funding will be provided, and then this President will go to every one of those plants and every one of those bases, and this President will take credit for those items that we funded through a bipartisan action of this Congress that he opposed and criticized us for.

It even gets worse than that, Mr. Speaker. The hypocrisy coming from the White House is unbelievable. The B-2 bomber is a perfect case in point. Let me say, Mr. Speaker, that some would say you are just down here as a Republican hawk who supports every defense weapon system and that is why you are mad at President Clinton.

□ 2045

That is not the case. Let me give the example of the B-2. I have opposed the B-2 bomber for the last 3 years, Mr. Speaker, even though I chair the National Security Research and Development Subcommittee. My party leadership, as you know, has supported the B-2 bomber; in fact, the majority of my colleagues on the Republican side support the B-2 bomber.

I felt it was great technology, but we cannot afford it. Given the budget numbers that we have to work with, we cannot afford to spend money on a program that we cannot continue. Therefore, over the past 3 years I have consistently, in committee and on the House floor, opposed money for the B-2.

Now this President, Mr. Speaker, has said that he too opposes the B-2 bomber, just like he has criticized us for plussing up defense spending. But after the President signed the defense appropriation bill last year, which had B-2 funding in it, what did this President do? He went out to southern California and he went to the plant where the B-2 bomber is manufactured and he gave a speech with the head of the union and the head of the company standing on both sides of him and what did he say? He said to those workers, I am here to support building one more B-2 bomber. And then he went on to say, and I have authorized the commission of a study that is going to be done that will determine whether or not we need more deep strike bombing capabilities.

Now, there is the President, who supposedly was against the B-2, had criticized this Congress for funding it, now out at the plant where the program is under way taking credit for it and, furthermore, leaving all of these workers in southern California believing that somehow this President is having a change of heart and leaving the option out there that perhaps there will be a change, and after the election is over, somehow will reverse and we will start building more B-2's.

In fact, the President told these workers that that study will be released at end of November. Which oh, by the way, Mr. Speaker, is a couple of weeks after the Presidential election.

All of those B-2 workers, Mr. Speaker, are union employees. Where is the outrage from the national leadership? There is none.

The hypocrisy of this administration on defense programs is mind boggling.

One final example, Mr. Speaker, this President went before AIPAC, a national association of Jews in America who support Israel as much as I do. He went before AIPAC, they had a thousand or so people here in the Capital, and he gave a very commanding speech about our relationship with Israel and especially Israel's national security. And during that speech, he pledged publicly that he would move forward with a bold new defense program called Nautilus.

This new missile defense technology would protect the Israeli people from the threat of a Russian Katyusha rocket being launched into Israel, like we saw the Scuds launched in there during Desert Storm. That speech was met with thunderous applause as the AIPAC members stood up and applauded President Clinton for his bold words of support for protecting the Israeli people.

But again, Mr. Speaker, we have to look beyond the rhetoric and the words. In fact, Mr. Speaker, as I said the next day after I read the text of the President's speech, the Clinton administration for the past 3 years has zeroed out funding for the high energy laser program each year. In fact, this year they put $3 million in their budget request to kill the program totally. That was in January.

Mr. Speaker, the high energy laser program is Nautilus. So here we had a President standing before thousands of supporters of Israel's protection and freedom, getting rave reviews and cheers, not telling these same people that he has tried to kill that program 3 straight years. Only because of the Congress' action, Democrats and Republicans alike, was the high energy laser program kept intact and can we now fully fund that tomorrow in the bill that we will bring before this body.

In fact, Mr. Speaker, there was no request by this administration for funding for the Nautilus program at all this year. Now that is outrageous. The President gave a speech; the President said he was for the program. There was never a request given to this body or our committee for funding the Nautilus program.

We funded it. Democrats and Republicans working together made sure the full funding for Nautilus is in this bill. And tomorrow we vote on it and it will be there.

My bill, Mr. Speaker, in fact, is a good bill. It provides for the quality-of-life issues that are important for our service people. It provides for a pay raise. The first year of the Clinton administration he did not even request a pay raise for our troops. He wanted them to forgo a pay raise; send them to Somalia or Bosnia or Haiti, but do not give them a pay raise. Extend the deployments. Have them go 6, 8, 9, 12 months, but do not give them a pay raise. We found the money in the Congress to fully fund the pay raise the first couple of years of the Clinton administration.

In this year's bill, Mr. Speaker, that we will vote on tomorrow, a pay raise for our troops is consistent with other Federal employees. We have also provided funds for a COLA for our retired military employees.

We have also, Mr. Speaker, taken aggressive steps to deal with those human issues of impact aid to affect those school districts where kids of people who are in the military go to school to make sure we take care of those extra costs associated with the sons and daughters of our enlisted personnel.

We have also, Mr. Speaker, gone to great lengths to provide for the quality-of-life support for our men and women in the military. And much of the increase that we provide, over the President's request that he has criticized us for, will go for day care centers, will go for family housing, will go for cost-of-living adjustments for those men and women serving this country around the world.

They are justified. They are right, and they are supported by an overwhelmingly bipartisan group of this body and the other body. I am happy to say they are in the bill.

Mr. Speaker, our defense bill that we will finally enact tomorrow with the help of our colleagues also does some other things. In my particular area of concern, there are some new initiatives. For instance, we fully fund our laboratories. The laboratories allow us to maintain state-of-the-art research on new technologies. That, in fact, is a key part of the R&D portion of our conference report tomorrow. We fund our national science and technology initiative to make sure that our universities are continuing to do research in new technologies, in new materials, to make sure that we are always on the cutting edge.

The bill that we enact tomorrow, Mr. Speaker, and we will vote on tomorrow, does some other things that are very important. It provides a whole new oceans partnership initiative that Congress and PAT KENNEDY and I offer. This new initiative, Mr. Speaker, again bipartisan, allows the Navy to take the lead in bringing together all of our Federal agencies that do oceanographic research to better coordinate the dollars that we spend and provide new partnerships with the private sector with academic institutions like Woods Hole and Scripps and those other facilities around the country that are looking at the environmental impact of our oceans and what needs to be done to protect coral reefs and our ocean ecosystems.

Much of the work that we are seeing off the coast of New York in searching for those remains of TWA flight 800 are being done with the Navy, because of the extensive capabilities the Navy has. And there is a whole new initiative in tomorrow's bill to further enhance the Navy's capability in the area of oceanographic work, oceanographic mapping, and ocean partnership activities.

Mr. Speaker, we have also taken great steps forward to keep in place a dual-use initiative so that we encourage the military to use dual use wherever possible, so it is not just benefitting the military but it is also benefitting civilian life so that wherever we can take a technology, use it for the military, but also have civilian benefit, that we provide the dollars to make those kinds of things happen. That is a major part of our bill that we will be voting on tomorrow.

But, Mr. Speaker, the real purpose of my special order tonight is to focus on what I think are the two major threats that we face as a Nation, both of which are addressed in this bill and both of which the leadership has come not from 1600 Pennsylvania Avenue, but rather from this body.

Democrats and Republicans working together have crafted a bill that has allowed us to address the two major threats that we face as a Nation. These threats are critical, they are real, and we see evidence of them as we just look around the world today.

The first is terrorism, and we see it every day in every possible aspect of our society and our lives, whether it be in the air, on the ground, or whatever. It is a major problem and a major concern. The other is missile proliferation.

Those are the two major threats, Mr. Speaker, that we see emerging around the world which this bill directly addresses and they both involve weapons of mass destruction, whether they be the use of chemical, biological, nuclear or conventional arms.

How did we address that, Mr. Speaker? Despite, again, the words and the rhetoric coming out of the White House because of the downing of the TWA and because of the bombing of our troops in Saudi Arabia, it was this Congress, Mr. Speaker, that in the last 2 years plussed up funding under Republican leadership for chemical and biological research and development.

My subcommittee and our full committee and the final conference in last year's bill and this year's bill plussed up funding in that area so that our military spends more money and more focus on the threat from chemical, biological, nuclear and conventional weapons of mass destruction. It is money that has been in the bill since we started this process last January; not money that we put in because of the TWA incident or because of the Saudi Arabia bombing. Money that we put in because the hearings that we held last fall and this winter showed that the administration was not requesting enough dollars. Well, we met the shortfall and we put the money in.

We put the money in another area where the President was quick to criticize our actions. Now though, changing his course, he wants to have a huge meeting at the White House about what can we do about the threat of terrorism and chemical and biological weapons. Again, because the media's focus is there, the President is there. Well, this Congress has been there long before the media was focused on these kinds of incidents.

Mr. Speaker, we also provide additional funding for what is being called Nunn-Lugar Two. We did not accept everything that SAM NUNN and RICHARD LUGAR wanted in the other body, but we took their recommendations dealing with terrorism and disposal of nuclear weapons in Russia and other former Soviet States and we modified and changed it and we modified the domestic side, so that we have a robust program to assist our towns and cities in dealing with terrorist acts around the country.

Now, again, Mr. Speaker, these are not new issues. I introduced a piece of legislation three sessions ago that would have required FEMA to establish a computerize inventory of every possible resource that a city mayor, a fire chief, or an incident command scene coordinator could have at his or her disposal if a mass incident occurred, whether it be the World Trade Center bombing or the Oklahoma City bombing or some other incident. FEMA has still not acted on that request. That is in our bill tomorrow.

Mr. Speaker, that will be part of the requirement; that FEMA working with the DOD and other Federal agencies has to computerize every resource that this Federal Government provides that could be brought to use in the case of a disaster in our cities, our towns, our rural areas, wherever it might be. And it is about time that took place. That did not come about because the White House said it was important; it came about because this Congress took the action.

Mr. Speaker, we also provide a new thrust for local emergency response personnel. Our portion that we forced through the conference process on the House side and agreed to by the other body provides dollars to train local emergency response personnel, firefighters, EMT's, paramedics, police officers, so that when they are called upon to respond to disasters involving terrorist acts and terrorist weapons, they know what they are dealing with and they can respond accordingly. Those plus-ups are in this bill. They are valid and they are worthy of our support tomorrow.

Last week in one of our other appropriation bills we plussed up money, $5 million, for a local emergency responder, so it adds to that effort that we have already approved in this body.

Mr. Speaker, we go a long way to addressing the issue of responding to terrorist acts and to better equip not just our military, but to better equip those civilian entities around the country that are the first responders in these types of situations.

The bill also, Mr. Speaker, addresses the second major threat that we face as a Nation, and that is the threat of missile proliferation. Mr. Speaker, around the world, there is a mad rush by scores of countries to develop new capabilities in terms of missile technology and these new capabilities, Mr. Speaker, present real challenges for the United States and our allies.

□ 2230

We, to look at Israel and see the concern of just those very antiquated Scuds being fired and the damage they caused during the Desert Storm. In fact, Mr. Speaker, the only major loss of life from one single incident in Desert Storm to American troops was caused by an Iraqi Scud missile being fired into one of our barracks.

If we would have developed and deployed systems that we know we have the capability of putting into place today, perhaps we could have prevented those kinds of incidents from ever occurring.

The threat of missile proliferation is more real than it has ever been and countries around the world today are developing capabilities that we have never seen before.

This Congress, Mr. Speaker, has taken the effort to plus up funding in the area of defending our country against a missile attack. There has been a lot of misinformation, Mr. Speaker. The liberal media and the White House basically rails against missile spending, saying we should not be spending this money. We have not been talking about building new offensive weapons. We are not talking about building MX missiles. What we are talking about, Mr. Speaker, is defense, protecting the American people, our troops and our allies against an accidental or deliberate launch by one or two missiles.

Today, Mr. Speaker, we have no such capability. Our troops are vulnerable and our people are vulnerable. What we want to do in this Congress is, we want to deploy those technologies that we know are available today and will be available over the next several years.

It is the single biggest area of disagreement with this administration, how fast and how much we should be developing and deploying missile defense systems for the troops, for our allies and for the people of this country.

The Clinton administration would have us believe that the world is rosy. Again, the President has misinformed the American people. Remember what we heard earlier about words. Words seem to be everything in this White House. Actions and facts seem to fall by the wayside.

On two occasions, Mr. Speaker, the President of the United States has stood at this podium right behind me in the State of the Union speech and he has said to the American people, as he bit his lip, that the children of America can sleep well tonight because for the first time in 20 or 30 years, there are no Russian offensive missiles pointed at America's children.

During the past year, Mr. Speaker, we have totally refuted what the President said, not by Republican experts but by his own personnel working in the military.

First of all, Mr. Speaker, during a series of 14 hearings we held in this session of the Congress, we had the experts from the Air Force, from the intelligence community come in and tell us on the record there is no way for us to verify whether or not the Russians have retargeted their offensive weapons. We have no way of verifying that. The President has no way of verifying it because our intelligence community cannot verify it. But the President made the statement.

The second thing is, Mr. Speaker, if we even could verify that, our targeting experts have said on the record that we can retarget an offensive missile in less than 30 seconds. Why then would the President say this? Because the President wants to create this impression that somehow all is so well and somehow the American people do not have to worry.

Let me make a point here, Mr. Speaker, I am not a reactionary alarmist. In fact, I probably do more work with the Russians that any other Member of the Congress. I will talk about those initiatives again tonight.

Since my undergraduate degree in Russian studies and since my days in speaking the Russian language and in my numerous visits to Russia, I have worked in helping them with their energy needs, their environmental needs, and, in fact, I am right now setting up a new initiative that the Speaker has tasked me to do with Mr. Vladimir Lukin, chairman of the International Affairs Committee for the Russian Duma, that will have Members of this Congress and the Russian Duma come together for the first time in a real way on an ongoing basis. It will be an institutional process that will last beyond Members.

Right now I am working with the ambassador of Russia to help develop a new technology transfer center in America for Russian technology. I put money in the defense bill, Mr. Speaker, this year for $20 million of joint Russian-American missile defense technology so that we work with the Russians, so that we do not try to squirrel one up on them.

I was the one last year who opposed those in my party who wanted to offer an amendment on the defense bill last year that would have forced the President to abrogate the ABM treaty. Mr. Speaker, I am not some rabid conservative who thinks that perhaps the Russian government is still the evil empire.

I want the same ultimate objective that I think Bill Clinton wants. I want the same ultimate objective that I think Strobe Talbott wants; that is, a free, democratic Russia to succeed with free markets and security and less of a threat to America and the rest of the world.

But there is one key difference, Mr. Speaker. I am willing to go to the Russians when there are problems that we have to confront them with and confront them openly. This administration's pattern has been to ignore reality and in effect to try to bury or brush over or create a perception that there are no problems there.

We all know that Russia is going through problems of severe internal turmoil. We were all happy that Boris Yeltsin won the presidential election a few short weeks ago. And we are all happy the Duma is committed to working with him.

Mr. Speaker, there is one very important fact we have to keep in mind. The leadership in the Russian military today is the same leadership that was there during the Soviet Communist domination. Perestroika and glasnost has not come with the Russian military. In fact, Mr. Speaker, I obtained a document earlier this year that was published by one of the leading Russian think tanks, the Institute for Defense Analysis, it was published by a gentleman of the name of Anton Surikov. It is called the Surikov document.

This document, which was briefed to the former defense minister Pavel Grazhdye and the current chief of command for the Russian military, General Kalesnakov, has some very interesting material in it that every American and every one of our colleagues should read.

It says in it that in the end America is always going to be an enemy of Russia. In the end America is always going to be a threat to Russia's sovereignty. In the the end, the Russian government should look to establish linkages with emerging rogue Islamic nations and it names them. It names Libya. It names Iraq, Syria as those allies of Russia that should be nurtured and where technology should be transferred to benefit a mutual relationship.

This is not put out by some American think tank. This is an internal document published within Russia.

Mr. Speaker, I am not here to say that every Russian believes this because they do not. Boris Yeltsin does not believe this, I firmly believe. But there are people in the Russian military who still believe this, and this President and this administration do not want to call them on that. That is what is so outrageous.

Mr. Speaker, we have seen some evidence of that. Last year about this time there was a transfer of accelerometers and gyroscopes that went from Russia to Iraq. Why is that so important? Mr. Speaker, gyroscopes and the accelerometers and the gyroscopes that were retrieved by the Jordanian intelligence agency and the Israeli intelligence agency could only be used for one purpose: They are so sophisticated that their only purpose is to be used in long range missiles; that is, short range Scuds, long range missiles, long range missiles that ultimately could pose a threat to the U.S.

Now these missiles, these devices, the accelerometers and the gyroscopes were going from Russia to Iraq. The Washington Post, in December, reported the story on the front page, that the Jordanians and Israelis had intercepted these devices.

I asked the administration to give me a briefing on it. I got some remark that it was too early.

I was in Moscow in January, and I met with our ambassador at the time, Ambassador Pickering, who is a fine gentleman and I think doing a great job in Moscow. I said to him, Mr. Ambassador, what is the response of the Russian government to the fact that we have intercepted these devices being transferred to Iraq, because it is a direct violation of the Missile Technology Control Regime. The MTCR, which is very complicated, is basically an arms control agreement that we brought Russia into that says they will not transfer technology involving missiles to another rogue Nation. This is a clear violation.

When I asked the ambassador what the Russian response was, he said, Congressman, we have not asked them yet. I said, What do you mean you have not asked them yet. We have not requested them yet. We have not officially asked the Russians why and how these materials were being transferred from Russia to Iraq.

I came back to the U.S. and I asked the question again and again. In fact, I wrote to the President in late February. I did not get a response until April 3. The President's response to me was, Mr. Congressman, we have asked the Russians for a full explanation and they have promised us they will get it to us. I have asked when and we have no answer.

But the important point, Mr. Speaker, is, that is a violation of an arms control agreement that this administration maintains is the cornerstone of our relationship with Russia.

Now, if we are not going to hold nations accountable when they violate arms control agreements that this President feels are the cornerstone of our relationship, how can we expect the Russian people to have any respect for us? We cannot, because they do not. Missile technology is being transferred around the world.

I am not saying it is being done openly by the Russian government, because I do not think they would do that. But it is happening. The rise of the Mafia in Russia that has stolen nuclear material, nuclear fissile material, that has transferred technology, that has gained control of certain elements of the arms control system in Russia, is spreading around the world and this administration is not taking aggressive steps to deal with that. This Congress is. This Congress is dealing in reality, Mr. Speaker.

And we are not doing it in such a way to tweak the Russians. Everything I have talked about is to do it holding the leadership's hands in Russia, to show them that we want to work with them. We want Russia to succeed. We are not about getting an edge up on that. We do not want to gain an advantage over Russia. But we do want to provide a protection for our people that we do not have that the Russian people have had for the past 15 years.

Mr. Speaker, under the ABM treaty, each country is allowed to have one missile defense system. The Russians have one. They have had it for 15 years. They have upgraded it four times. We have none.

We have none because the liberals in this city have never wanted the U.S. to be able to achieve its rightful place in providing a defensive system to protect the people of America.

Mr. Speaker, that is outrageous. We are not talking about offensive missiles. We are not talking about killing people. We are talking about a defensive system that Russia already has.

Mr. Speaker, I hope this becomes a major issue in this year's presidential race because this President is totally and completely vulnerable on the issue of arms control and our relations with not just Russia but those nations developing missile technology. This Congress is doing something about that. This Congress does not wait until Israel gets hit by some Scuds and it goes before AIPAC and makes a big speech and then tries to put money in. This Congress looks at the facts.

This Congress has deliberated, Democrats and Republicans, and based on the threat as we understand it, has said we are not doing enough to protect the American people and our troops.

In fact, Mr. Speaker, it has become somewhat outrageous. Last year the commanding officer for our troops in South Korea wrote to General Shalikashvili, the commander's name is General Luck. General Luck is charged by the people of this country with the responsibility of protecting the lives of our sons and daughters who are in South Korea today. General Luck wrote to General Shalikashvili and he said, I need to have a theater missile defense system as soon as possible, because I feel that my troops are vulnerable and I need you to give me a deployment as soon as you can give it to me. The system he is talking about, Mr. Speaker, is not national missile defense. It is not the new variation of protecting our own country. It is theater missile defense, which this President has said publicly he supports.

It is called THAAD. The Navy version is called Navy Upper Tier. Now this President has come out and said he supports theater missile defense. This Congress supports theater missile defense. But in this year's defense bill, Mr. Speaker, that we are now implementing, the 1996 defense bill, we put two specific dates in that bill for deploying THAAD and Navy Upper Tier.

Never once did this President or the Secretary of Defense or any general come to us and tell us those dates were unattainable. Never once did they say, do not put them in there, we cannot meet them. The dates were 2000 and 2001, the earliest possible dates for having systems in place to protect our troops.

☐ 2245

This President signed that bill into law in February of this year. Within a week of signing that bill into law, his people came before the Congress and said: We are going to restructure the program, we are not going to be able to meet those dates, we are not going to obey the law. We are going to slip the THAAD program until 2006. We are going to slip the program requested by the general in charge of our troops in South Korea by 6 years, even though it is law and even though this President signed that bill into law, and even though this President never objected to that date, and even though the commander in chief of our troops over there says it is vitally important we have them in place.

We have no recourse, Mr. Speaker. We are suing the President in Federal court right now to get him to abide like the law like we all have to do.

There are major areas of disagreement, Mr. Speaker, between this Congress and that White House in terms of national missile defense, theater missile defense, and cruise missile defense. Unfortunately, we have an administration that waits until the right media opportunity, the APAC speech, the Scud attack, the Saudi attack, the TWA bombing, and then raises its hands, calls a press conference, invites people to stand behind the President, and then all of a sudden there is concern that we are going to do something to solve the problem.

Yet all along while this Congress is in a very deliberate way providing the dollars to meet those very threats and needs, this President and his people are criticizing this Congress and attempting to make the case to the American people of providing funds to meet threats that do not exist.

Mr. Speaker, to me as someone who devotes the bulk of my time to both national security and Russian relations, it is outrageous, and I am not going to stand for it. I am going to use every possible opportunity I have for the next 3 months to expose this administration for the hypocrisy that occurs every day. Whether it is the lack of enforcement of arms control agreements, whether it is the lack of calling the Chinese on the transfer of ring magnets to Pakistan, or whether it is the M–11 missile technology transfers, or whether it is the accelerometers and gyroscopes going from Russia to Iraq, we are going to call this administration.

But that is not enough, Mr. Speaker, because the world is dangerous. The Russians are hurting for cash right now. In our bill tomorrow we are going to provide some dollars to help them dismantle nuclear weapons, and I will stand up and I will support that on the floor, as I have done repeatedly, but that is not enough.

In the rush of the Russians to try to find new markets, they are now offering for market sale their most sophisticated offensive strategic weapons. These are long-range weapons. The SS–25 is what they are technically referred to: These missiles have a range of 10,000 kilometers, which means that these missiles can hit any city in the United States from any place in Russia.

Now, Mr. Speaker, I am not here to say tonight that I think Russia is going to launch a SS–25 at America, so I do not want my liberal friends to go out saying, "There goes WELDON, scaring the American people." I am not saying that. There is a possibility of a rogue event occurring. The Russian military has tremendous problems with morale—underpaid, finding proper housing. They have got problems with crime. But I still have some degree of confidence in the Russian military's control of their systems.

We are not talking about that, Mr. Speaker. What we are talking about is taking a SS–25 launcher, and we know the Russians have over 400 of them, they are all mobile, they are on the back of a truck, you can drive them any place. They are on rubber tires. You can drive them through the country, and the CIA has said on the record it would be possible to move one of those launchers out of Russia without our surveillance camera detecting it.

Here is the rub, Mr. Speaker, I do not really think that the threat comes from Iraq developing its own long-range missile. I do not think it is going to come from Libya developing its own long-range missile. What I think is going to happen is one of those nations will pay the right price to buy one of those mobile launched SS–25 systems that is currently being marketed for space launch purposes.

Now the Russians tell us that they are controlling the launches, that they are all going to occur on their soil, even though they originally wanted to have a launch capacity in both Brazil and South Africa until we objected. But the point is, at some point in time in the future, mark my works, Mr. Speaker, there will be an incident involving a transfer of one of those launch systems, and when that occurs, we have no protection.

Mr. Speaker, we have no system in this country today to protect the American people. If we are threatened, we have nothing we can do except offensively go in and attempt to take that missile launcher out, if we know in advance it is going to occur.

That is where the threat is, Mr. Speaker, and that does not even include the threat coming from North Korea and China. The Chinese are now on their latest variation of the CSS–5A. This missile has a range of 13,000 kilometers. We know it can hit any city in America.

Now the Clinton administration tells us we do not need missile defense because we have the ABM Treaty and therefore, since Russia is part of the ABM Treaty, we do not have to worry about Russia attacking us. China is not and never was a signatory to the ABM Treaty. There is no prohibition in China, and their offensive weapons today have the capacity to hit any city in the United States. North Korea is developing the Tae Po Dong and the Tae Po Dong II. These missiles will eventually have the range, very shortly, in a matter of years, of hitting Hawaii and Alaska.

Again the outrage, Mr. Speaker. Instead of this President talking honestly to the American people about the threat, what did he have the intelligence community do? In a threat assessment that was leaked to two Democrats last December before it was done, even though General O'Neill was the customer for that threat assessment, this administration said in their intelligence report there is no threat to the continental United States that we have to worry about for the next 10 to 15 years.

Now the intelligence community is going back now and kind of rethinking what they said there, but here is the important thing. Here is an administration that would go to this length, in terms of disagreeing between the Congress and the White House over missile defense initiatives, to say no threat to the continental United States. In other words, forget about Alaska and Hawaii. Because they are not a part of the continental United States, we are not going to worry about the North Koreans having the capability of hitting Hawaii or parts of Alaska.

Mr. Speaker, that is outrageous. This administration said that, and this administration has sold that to Members of Congress and the American people. Thank goodness this Congress has not bought it.

Mr. Speaker, our bill tomorrow provides full funding for missile defense in response to what the President's own ballistic missile defense organization said it could use. We did not go out and put money into programs just because we felt they are important, and I have no programs anywhere near my district in this area at all. We went to General O'Neill, who ran the President's own operation up until he retired last month, and said where would you put the dollars, and that is where we put the money.

But this President, Mr. Speaker, is not providing honest information to the American people about reality today, reality in terms of the threat and reality in terms of what we should be doing to protect the American people and our troops. Here we are putting our troops around the world, yet not giving them the protection they need through capabilities that we have technically available today.

There are two major provisions that were deleted from the final conference bill that I am very disappointed with. The first would have prevented the administration from making any changes to the ABM Treaty in terms of adding in other nations without the advice and consent of the U.S. Senate. To me that is outrageous.

This administration right now is over in Geneva negotiating changes to the ABM Treaty. They want to bring in other former Soviet states. Why is that so significant? Because when we want to modify that treaty, we do not just have to get Russia's approval, we have got to get Belorussia's approval, Ukraine's approval, Kazakhstan's approval, Tadzhikistan's approval, none of whom have offensive nuclear weapons.

When I was over in Geneva as the only Member of Congress to visit the discussions and the negotiations taking place this year, for 2½ hours I sat across from the chief Russian negotiator General Kotunov. He is a hardliner, but a decent person. We had a frank discussion. Sitting next to me was our chief American negotiator, Stanley Riveles. I looked General Kotunov right in the eye and I said:

"General, tell me, why does Russia want to amend the treaty to bring in all of these other countries? They do not have offensive weapons, they do not have offensive missiles."

He said, "Congressman, you are asking that question of the wrong person. I have not raised the issue of multilateralizing the treaty. You should be asking that of the person sitting next to you.

Mr. Speaker, I cannot believe that our administration would be so beholden to an arms control treaty that they would want to involve other countries so it would be more difficult for us to amend that treaty down the road. That is what I feel this administration is doing, and I feel that is wrong. It is also certainly wrong without the advice and consent of the Senate. We had to remove that language from the bill because this President threatened to veto it, and the Senate would not go along with us.

The second thing we had to remove from this bill was on further discussions in Geneva relative to demarcation. Now there are not many people who understand the demarcation issue because, to be honest with you, I cannot understand it fully myself. But I can tell you what is going on.

This administration, unlike the previous 12 years of administrations dealing with Russia, has interpreted the ABM Treaty in such a way to require us to go in and negotiate systems that we have never before felt came under the terms of the ABM Treaty. This administration is right now about to give us an agreement, probably in October, that will limit our ability to fully develop our Navy upper-tier theater missile defense system. We call it dumbing-down our technology. There is no reason for it, Mr. Speaker.

The previous two administrations set a standard that this Congress, Democrats and Republicans, agreed to. It is called the demonstrated standard in terms of where the ABM Treaty applies. This administration went over to Geneva and opened up a whole new can of worms, and so we are going to negotiate an agreement with the Russians on what is or is not allowed in terms of theater missile defense systems; the bottom line being, we are going to further limit, self-limit and self-impose, limitations on our own capabilities.

It reminds me of what we did with the Patriot system. A lot of us saw the Patriot used during Desert Storm and we thought what a great system. Do you know, Mr. Speaker, that system was dumbed-down? That system was originally designed to take out planes and not missiles. We had a change at the eleventh hour because of the missiles coming into Israel.

Is that what is going to happen here? Are we going to wait until something happens, and then let the President have a major national press conference and pound the table and talk about his commitment to missile defense for our troops? Are we going to wait until we have a missile land in South Korea and then say that we are working hard on this new initiative? Are we going to wait until we have a Third World nation get a capability that threatens our sovereignty and then say we are going to move ahead?

That is not what this Congress is doing. This Congress is taking steps to protect our troops and to protect our American people in spite of this administration. I just hope that as this year goes on our colleagues join with us in telling the message of truth about what is happening to our national security.

THE DEFENSE NEEDS OF OUR NATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine [Mr. LONGLEY] is recognized for 5 minutes.

Mr. LONGLEY. Mr. Speaker, I recognize that the hour is late and I will only speak but for a few minutes, but I was in my office listening to the gentleman from Pennsylvania, and was very struck by his remarks, and felt that it would be appropriate to perhaps follow along with what the gentleman from Pennsylvania has been saying. He is a fellow member of the Committee on National Security, but he is making some very important points. It was a masterful summary of the provisions of the defense conference report that we will be discussing in the House tomorrow, but, more importantly, the focus on the reality of the problems, the threats that confront us as a Nation, and the issues and how they affect our defense and national security could not have been better stated.

I want to particularly make reference to his comments in the light of the unfortunate incident of barely 2 weeks ago, the downing of TWA Flight 800. I think that we are all greatly sorry that that aircraft was downed in the manner that it was. But I have to say very honestly that I think we do know what caused the aircraft to come down, and I am very concerned that we seem to be somewhat afraid of actually stating the reason.

From all circumstances, and again I have no particular knowledge, but from all the circumstantial evidence it appears very clear that this aircraft was taken down by an act of sabotage.

Again, it has not been proven yet, but the suggestion is very strong that it was some form of an altitude detonated device that sent 230 innocent men women and children to their deaths in the Atlantic off of Long Island.

□ 2300

To the extent that that is true, I think as a Nation we need to be looking at our defense bill, not only in the context of that terrible, tragic accident, but also in the context of the prior bombing of the Dhahran barracks barely another 2 weeks prior to that, where another 19 or 20 young Americans lost their lives in Saudi Arabia, and then going back to last November in Riyadh and the attack, again, on innocent Americans, the five that were killed in that maintenance facility in Saudi Arabia.

One of the things that is becoming very clear about the previous two attacks is that they were well-planned and very sophisticated and required a high level of training and expertise to be carried out. I am advised, for instance, that the bomb that destroyed the facility in Riyadh was timed to detonate at precisely noon, or roughly during the time of noon prayer, when any non-American personnel were likely to be at the nearby mosque for noon prayers; or that the bomb that detonated the barracks in Dhahran was actually a very sophisticated mix of military and commercial grade explosives, well over 5,000 to 10,000 pounds of explosives, again, that were structured in a highly sophisticated and detailed manner designed, in effect, and executed by professionals.

Again, we do not know yet the answer to TWA Flight 800, but it is very clear that many of the terrorist groups in the Middle East who have taken credit, small or large, for the prior attacks are also invoking their name in the context of TWA Flight 800.

To that extent, it is a serious, serious issue that I hope this Congress will demand very honest and candid answers to; because to the extent that there is a connection between these three incidents, to the extent that they document a very serious threat that is being mounted against this country, then I think that while it is appropriate that we be engaging in a discussion of what security measures are appropriate and how we might best protect ourselves as a Nation, as a group of innocent people, concerned with the danger that might be raised against innocent men and women and children, then it is also appropriate that we consider, to the extent that it is possible to do so, from whence these attacks have arisen; what is the cause, who were the perpetrators, why are innocent men and women and children and American servicemen and women being targeted in the manner they are being targeted?

I also say this with reference to my service in Desert Storm and as a veteran of that conflict. I am very much aware of the fact that 95 percent of our seaborne traffic, our military support that supported American troops in Desert Storm and Saudi Arabia, transited into the Persian Gulf through the Straits of Hormuz, past the three islands that are currently occupied by the country of Iran, islands that have been fortified with chemical weapons, islands that have been fortified with antiship and anti-air missiles, and islands the sovereignty over which has been claimed by a country that openly proclaims its intentions of driving the United States from the Middle East, driving the United States from the Persian Gulf, and in effect, asserting control over the tremendous oil resources of that region and threatening the economic lifeblood of the western and free world, including the United States.

Mr. Speaker, I have tried to raise several very important questions. I think they are very serious in the context of the prior tour de force that was conducted by the gentleman from Pennsylvania, Mr. WELDON, relating to our defense needs and the method in which we have attempted to address them in the upcoming conference report.

RECESS

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). Pursuant to clause 12 of rule I, the House stands in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 2 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 2343

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. TAYLOR of North Carolina) at 11 o'clock and 43 minutes p.m.

CONFERENCE REPORT ON H.R. 3103, HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mr. HASTERT submitted the following conference report and statement on the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes.

CONFERENCE REPORT (H. REPT. 104–736)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3103), to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, having met, after full and free conference, and agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Health Insurance Portability and Accountability Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—HEALTH CARE ACCESS, PORTABILITY, AND RENEWABILITY

Subtitle A—Group Market Rules

PART 1—PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

Sec. 101. Through the Employee Retirement Income Security Act of 1974.

"PART 7—GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

"Sec. 701. Increased portability through limitation on preexisting condition exclusions.
"Sec. 702. Prohibiting discrimination against individual participants and beneficiaries based on health status.
"Sec. 703. Guaranteed renewability in multiemployer plans and multiple employer welfare arrangements.
"Sec. 704. Preemption; State flexibility; construction.
"Sec. 705. Special rules relating to group health plans.
"Sec. 706. Definitions.
"Sec. 707. Regulations.
Sec. 102. Through the Public Health Service Act.

"TITLE XXVII—ASSURING PORTABILITY, AVAILABILITY, AND RENEWABILITY OF HEALTH INSURANCE COVERAGE

"PART A—GROUP MARKET REFORMS

"SUBPART 1—PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

"Sec. 2701. Increased portability through limitation on preexisting condition exclusions.
"Sec. 2702. Prohibiting discrimination against individual participants and beneficiaries based on health status.

"SUBPART 2—PROVISIONS APPLICABLE ONLY TO HEALTH INSURANCE ISSUERS

"Sec. 2711. Guaranteed availability of coverage for employers in the group market.
"Sec. 2712. Guaranteed renewability of coverage for employers in the group market.
"Sec. 2713. Disclosure of information.

"SUBPART 3—EXCLUSION OF PLANS; ENFORCEMENT; PREEMPTION

"Sec. 2721. Exclusion of certain plans.
"Sec. 2722. Enforcement.
"Sec. 2723. Preemption; State flexibility; construction.

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TITLE I—HEALTH CARE ACCESS, PORTABILITY, AND RENEWABILITY

Subtitle A—Group Market Rules

PART 1—PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

SEC. 101. THROUGH THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new part:

"PART 7—GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

"SEC. 701. INCREASED PORTABILITY THROUGH LIMITATION ON PREEXISTING CONDITION EXCLUSIONS.

"(a) LIMITATION ON PREEXISTING CONDITION EXCLUSION PERIOD; CREDITING FOR PERIODS OF PREVIOUS COVERAGE.—Subject to subsection (d), a group health plan, and a health insurance issuer offering group health insurance coverage, may, with respect to a participant or beneficiary, impose a preexisting condition exclusion only if—

"(1) such exclusion relates to a condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the enrollment date;

"(2) such exclusion extends for a period of not more than 12 months (or 18 months in the case of a late enrollee) after the enrollment date; and

"(3) the period of any such preexisting condition exclusion is reduced by the aggregate of the periods of creditable coverage (if any, as defined in subsection (c)(1)) applicable to the participant or beneficiary as of the enrollment date.

"(b) DEFINITIONS.—For purposes of this part—

"(1) PREEXISTING CONDITION EXCLUSION.—

"(A) IN GENERAL.—The term 'preexisting condition exclusion' means, with respect to coverage, a limitation or exclusion of benefits relating to a condition based on the fact that the condition was present before the date of enrollment for such coverage, whether or not any medical advice, diagnosis, care, or treatment was recommended or received before such date.

"(B) TREATMENT OF GENETIC INFORMATION.—Genetic information shall not be treated as a condition described in subsection (a)(1) in the absence of a diagnosis of the condition related to such information.

"(2) ENROLLMENT DATE.—The term 'enrollment date' means, with respect to an individual covered under a group health plan or health insurance coverage, the date of enrollment of the individual in the plan or coverage or, if earlier, the first day of the waiting period for such enrollment.

"(3) LATE ENROLLEE.—The term 'late enrollee' means, with respect to coverage under a group health plan, a participant or beneficiary who enrolls under the plan other than during—

"(A) the first period in which the individual is eligible to enroll under the plan, or

"(B) a special enrollment period under subsection (f).

"(4) WAITING PERIOD.—The term 'waiting period' means, with respect to a group health plan and an individual who is a potential participant or beneficiary in the plan, the period that must pass with respect to the individual before the individual is eligible to be covered for benefits under the terms of the plan.

"(c) RULES RELATING TO CREDITING PREVIOUS COVERAGE.—

"(1) CREDITABLE COVERAGE DEFINED.—For purposes of this part, the term 'creditable coverage' means, with respect to an individual, coverage of the individual under any of the following:

"(A) A group health plan.

"(B) Health insurance coverage.

"(C) Part A or part B of title XVIII of the Social Security Act.

"(D) Title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928.

"(E) Chapter 55 of title 10, United States Code.

"(F) A medical care program of the Indian Health Service or of a tribal organization.

"(G) A State health benefits risk pool.

"(H) A health plan offered under chapter 89 of title 5, United States Code.

"(I) A public health plan (as defined in regulations).

"(J) A health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)).

Such term does not include coverage consisting solely of coverage of excepted benefits (as defined in section 706(c)).

"(2) NOT COUNTING PERIODS BEFORE SIGNIFICANT BREAKS IN COVERAGE.—

"(A) IN GENERAL.—A period of creditable coverage shall not be counted, with respect to enrollment of an individual under a group health plan, if, after such period and before the enrollment date, there was a 63-day period during all of which the individual was not covered under any creditable coverage.

"(B) WAITING PERIOD NOT TREATED AS A BREAK IN COVERAGE.—For purposes of subparagraph (A) and subsection (d)(4), any period that an individual is in a waiting period for any coverage under a group health plan (or for group health insurance coverage) or is in an affiliation period (as defined in subsection (g)(2)) shall not be taken into account in determining the continuous period under subparagraph (A).

"(3) METHOD OF CREDITING COVERAGE.—

"(A) STANDARD METHOD.—Except as otherwise provided under subparagraph (B), for purposes of applying subsection (a)(3), a group health plan, and a health insurance issuer offering group health insurance coverage, shall count a period of creditable coverage without regard to the specific benefits covered during the period.

"(B) ELECTION OF ALTERNATIVE METHOD.—A group health plan, or a health insurance issuer offering group health insurance coverage, may elect to apply subsection (a)(3) based on coverage of benefits within each of several classes or categories of benefits specified in regulations rather than as provided under subparagraph (A). Such election shall be made on a uniform basis for all participants and beneficiaries. Under such election a group health plan or issuer shall count a period of creditable coverage with respect to any class or category of benefits if any level of benefits is covered within such class or category.

"(C) PLAN NOTICE.—In the case of an election with respect to a group health plan under subparagraph (B) (whether or not health insurance coverage is provided in connection with such plan), the plan shall—

"(i) prominently state in any disclosure statements concerning the plan, and state to each enrollee at the time of enrollment under the plan, that the plan has made such election, and

"(ii) include in such statements a description of the effect of this election.

"(4) ESTABLISHMENT OF PERIOD.—Periods of creditable coverage with respect to an individual shall be established through presentation of certifications described in subsection (e) or in such other manner as may be specified in regulations.

"(d) EXCEPTIONS.—

"(1) EXCLUSION NOT APPLICABLE TO CERTAIN NEWBORNS.—Subject to paragraph (4), a group health plan, and a health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion in the case of an individual who, as of the last day of the 30-day period beginning with the date of birth, is covered under creditable coverage.

"(2) EXCLUSION NOT APPLICABLE TO CERTAIN ADOPTED CHILDREN.—Subject to paragraph (4), a group health plan, and a health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion in the case of a child who is adopted or placed for adoption before attaining 18 years of age and who, as of the last day of the 30-day period beginning on the date of the adoption or placement for adoption, is covered under creditable coverage. The previous sentence shall not apply to coverage before the date of such adoption or placement for adoption.

"(3) EXCLUSION NOT APPLICABLE TO PREGNANCY.—A group health plan, and health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion relating to pregnancy as a preexisting condition.

"(4) LOSS IF BREAK IN COVERAGE.—Paragraphs (1) and (2) shall no longer apply to an individual after the end of the first 63-day period during all of which the individual was not covered under any creditable coverage.

"(e) CERTIFICATIONS AND DISCLOSURE OF COVERAGE.—

"(1) REQUIREMENT FOR CERTIFICATION OF PERIOD OF CREDITABLE COVERAGE.—

"(A) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, shall provide the certification described in subparagraph (B)—

"(i) at the time an individual ceases to be covered under the plan or otherwise becomes covered under a COBRA continuation provision,

"(ii) in the case of an individual becoming covered under such a provision, at the time the individual ceases to be covered under such provision, and

"(iii) on the request on behalf of an individual made not later than 24 months after the date of cessation of the coverage described in clause (i) or (ii), whichever is later.

The certification under clause (i) may be provided, to the extent practicable, at a time consistent with notices required under any applicable COBRA continuation provision.

"(B) CERTIFICATION.—The certification described in this subparagraph is a written certification of—

"(i) the period of creditable coverage of the individual under such plan and the coverage (if any) under such COBRA continuation provision, and

"(ii) the waiting period (if any) (and affiliation period, if applicable) imposed with respect to the individual for any coverage under such plan.

"(C) ISSUER COMPLIANCE.—To the extent that medical care under a group health plan consists of group health insurance coverage, the plan is deemed to have satisfied the certification requirement under this paragraph if the health insurance issuer offering the coverage provides for such certification in accordance with this paragraph.

"(2) DISCLOSURE OF INFORMATION ON PREVIOUS BENEFITS.—In the case of an election described in subsection (c)(3)(B) by a group health plan or health insurance issuer, if the plan or issuer enrolls an individual for coverage under the plan and the individual provides a certification of coverage of the individual under paragraph (1)—

"(A) upon request of such plan or issuer, the entity which issued the certification provided by the individual shall promptly disclose to such requesting plan or issuer information on coverage of classes and categories of health benefits available under such entity's plan or coverage, and

"(B) such entity may charge the requesting plan or issuer for the reasonable cost of disclosing such information.

"(3) REGULATIONS.—The Secretary shall establish rules to prevent an entity's failure to provide information under paragraph (1) or (2) with respect to previous coverage of an individual from adversely affecting any subsequent coverage of the individual under another group health plan or health insurance coverage.

"(f) SPECIAL ENROLLMENT PERIODS.—

"(1) INDIVIDUALS LOSING OTHER COVERAGE.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:

"(A) The employee or dependent was covered under a group health plan or had health insurance coverage at the time coverage was previously offered to the employee or dependent.

"(B) The employee stated in writing at such time that coverage under a group health plan or health insurance coverage was the reason for declining enrollment, but only if the plan sponsor or issuer (if applicable) required such a statement at such time and provided the employee with notice of such requirement (and the consequences of such requirement) at such time.

"(C) The employee's or dependent's coverage described in subparagraph (A)—

"(i) was under a COBRA continuation provision and the coverage under such provision was exhausted; or

"(ii) was not under such a provision and either the coverage was terminated as a result of loss of eligibility for the coverage (including as a result of legal separation, divorce, death, termination of employment, or reduction in the number of hours of employment) or employer contributions towards such coverage were terminated.

"(D) Under the terms of the plan, the employee requests such enrollment not later than 30 days after the date of exhaustion of coverage described in subparagraph (C)(i) or termination of coverage or employer contribution described in subparagraph (C)(ii).

"(2) FOR DEPENDENT BENEFICIARIES.—

"(A) IN GENERAL.—If—

"(i) a group health plan makes coverage available with respect to a dependent of an individual,

"(ii) the individual is a participant under the plan (or has met any waiting period applicable to becoming a participant under the plan and is eligible to be enrolled under the plan but for a failure to enroll during a previous enrollment period), and

"(iii) a person becomes such a dependent of the individual through marriage, birth, or adoption or placement for adoption,

the group health plan shall provide for a dependent special enrollment period described in subparagraph (B) during which the person (or, if not otherwise enrolled, the individual) may be enrolled under the plan as a dependent of the individual, and in the case of the birth or adoption of a child, the spouse of the individual may be enrolled as a dependent of the individual if such spouse is otherwise eligible for coverage.

"(B) DEPENDENT SPECIAL ENROLLMENT PERIOD.—A dependent special enrollment period under this subparagraph shall be a period of not less than 30 days and shall begin on the later of—

"(i) the date dependent coverage is made available, or

"(ii) the date of the marriage, birth, or adoption or placement for adoption (as the case may be) described in subparagraph (A)(iii).

"(C) NO WAITING PERIOD.—If an individual seeks to enroll a dependent during the first 30 days of such a dependent special enrollment period, the coverage of the dependent shall become effective—

"(i) in the case of marriage, not later than the first day of the first month beginning after the date the completed request for enrollment is received;

"(ii) in the case of a dependent's birth, as of the date of such birth; or

"(iii) in the case of a dependent's adoption or placement for adoption, the date of such adoption or placement for adoption.

"(g) USE OF AFFILIATION PERIOD BY HMOs AS ALTERNATIVE TO PREEXISTING CONDITION EXCLUSION.—

"(1) IN GENERAL.—In the case of a group health plan that offers medical care through health insurance coverage offered by a health maintenance organization, the plan may provide for an affiliation period with respect to coverage through the organization only if—

"(A) no preexisting condition exclusion is imposed with respect to coverage through the organization,

"(B) the period is applied uniformly without regard to any health status-related factors, and

"(C) such period does not exceed 2 months (or 3 months in the case of a late enrollee).

"(2) AFFILIATION PERIOD.—

"(A) DEFINED.—For purposes of this part, the term 'affiliation period' means a period which, under the terms of the health insurance coverage offered by the health maintenance organization, must expire before the health insurance coverage becomes effective. The organization is not required to provide health care services or benefits during such period and no premium shall be charged to the participant or beneficiary for any coverage during the period.

"(B) BEGINNING.—Such period shall begin on the enrollment date.

"(C) RUNS CONCURRENTLY WITH WAITING PERIODS.—An affiliation period under a plan shall run concurrently with any waiting period under the plan.

"(3) ALTERNATIVE METHODS.—A health maintenance organization described in paragraph (1) may use alternative methods, from those described in such paragraph, to address adverse selection as approved by the State insurance commissioner or official or officials designated by the State to enforce the requirements of part A of title XXVII of the Public Health Service Act for the State involved with respect to such issuer.

"SEC. 702. PROHIBITING DISCRIMINATION AGAINST INDIVIDUAL PARTICIPANTS AND BENEFICIARIES BASED ON HEALTH STATUS.

"(a) IN ELIGIBILITY TO ENROLL.—

"(1) IN GENERAL.—Subject to paragraph (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not establish rules for eligibility (including continued eligibility) of any individual to enroll under the terms of the plan based on any of the following health status-related factors in relation to the individual or a dependent of the individual:

"(A) Health status.

"(B) Medical condition (including both physical and mental illnesses).

"(C) Claims experience.

"(D) Receipt of health care.

"(E) Medical history.

"(F) Genetic information.

"(G) Evidence of insurability (including conditions arising out of acts of domestic violence).

"(H) Disability.

"(2) NO APPLICATION TO BENEFITS OR EXCLUSIONS.—To the extent consistent with section 701, paragraph (1) shall not be construed—

"(A) to require a group health plan, or group health insurance coverage, to provide particular benefits other than those provided under the terms of such plan or coverage, or

"(B) to prevent such a plan or coverage from establishing limitations or restrictions on the amount, level, extent, or nature of the benefits or coverage for similarly situated individuals enrolled in the plan or coverage.

"(3) CONSTRUCTION.—For purposes of paragraph (1), rules for eligibility to enroll under a plan include rules defining any applicable waiting periods for such enrollment.

"(b) IN PREMIUM CONTRIBUTIONS.—

"(1) IN GENERAL.—A group health plan, and a health insurance issuer offering health insurance coverage in connection with a group health plan, may not require any individual (as a condition of enrollment or continued enrollment under the plan) to pay a premium or contribution which is greater than such premium or contribution for a similarly situated individual enrolled in the plan on the basis of any health status-related factor in relation to the individual or to an individual enrolled under the plan as a dependent of the individual.

"(2) CONSTRUCTION.—Nothing in paragraph (1) shall be construed—

"(A) to restrict the amount that an employer may be charged for coverage under a group health plan; or

"(B) to prevent a group health plan, and a health insurance issuer offering group health insurance coverage, from establishing premium discounts or rebates or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

"SEC. 703. GUARANTEED RENEWABILITY IN MULTIEMPLOYER PLANS AND MULTIPLE EMPLOYER WELFARE ARRANGEMENTS.

"A group health plan which is a multiemployer plan or which is a multiple employer welfare arrangement may not deny an employer whose employees are covered under such a plan continued access to the same or different coverage under the terms of such a plan, other than—

"(1) for nonpayment of contributions;

"(2) for fraud or other intentional misrepresentation of material fact by the employer;

"(3) for noncompliance with material plan provisions;

"(4) because the plan is ceasing to offer any coverage in a geographic area;

"(5) in the case of a plan that offers benefits through a network plan, there is no longer any individual enrolled through the employer who lives, resides, or works in the service area of the network plan and the plan applies this paragraph uniformly without regard to the claims experience of employers or any health status-related factor in relation to such individuals or their dependents; and

"(6) for failure to meet the terms of an applicable collective bargaining agreement, to renew a collective bargaining or other agreement requiring or authorizing contributions to the plan, or to employ employees covered by such an agreement.

"SEC. 704. PREEMPTION; STATE FLEXIBILITY; CONSTRUCTION.

"(a) CONTINUED APPLICABILITY OF STATE LAW WITH RESPECT TO HEALTH INSURANCE ISSUERS.—

"(1) IN GENERAL.—Subject to paragraph (2) and except as provided in subsection (b), this part shall not be construed to supersede any provision of State law which establishes, implements, or continues in effect any standard or requirement solely relating to health insurance issuers in connection with group health insurance coverage except to the extent that such standard or requirement prevents the application of a requirement of this part.

"(2) CONTINUED PREEMPTION WITH RESPECT TO GROUP HEALTH PLANS.—Nothing in this part shall be construed to affect or modify the provisions of section 514 with respect to group health plans.

"(b) SPECIAL RULES IN CASE OF PORTABILITY REQUIREMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the provisions of this part relating to health insurance coverage offered by a health insurance issuer supersede any provision of State law which establishes, implements, or continues in effect a standard or requirement applicable to imposition of a preexisting condition exclusion specifically governed by section 701 which differs from the standards or requirements specified in such section.

"(2) EXCEPTIONS.—Only in relation to health insurance coverage offered by a health insurance issuer, the provisions of this part do not supersede any provision of State law to the extent that such provision—

"(i) substitutes for the reference to '6-month period' in section 701(a)(1) a reference to any shorter period of time;

"(ii) substitutes for the reference to '12 months' and '18 months' in section 701(a)(2) a reference to any shorter period of time;

"(iii) substitutes for the references to '63' days in sections 701(c)(2)(A) and 701(d)(4)(A) a reference to any greater number of days;

"(iv) substitutes for the reference to '30-day period' in sections 701(b)(2) and 701(d)(1) a reference to any greater period;

"(v) prohibits the imposition of any preexisting condition exclusion in cases not described in section 701(d) or expands the exceptions described in such section;

"(vi) requires special enrollment periods in addition to those required under section 701(f); or

"(vii) reduces the maximum period permitted in an affiliation period under section 701(g)(1)(B).

"(c) RULES OF CONSTRUCTION.—Nothing in this part shall be construed as requiring a group health plan or health insurance coverage to provide specific benefits under the terms of such plan or coverage.

"(d) DEFINITIONS.—For purposes of this section—

"(1) STATE LAW.—The term 'State law' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

"(2) STATE.—The term 'State' includes a State, the Northern Mariana Islands, any political subdivisions of a State or such Islands, or any agency or instrumentality of either.

"SEC. 705. SPECIAL RULES RELATING TO GROUP HEALTH PLANS.

"(a) GENERAL EXCEPTION FOR CERTAIN SMALL GROUP HEALTH PLANS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) for any plan year if, on the first day of such plan year, such plan has less than 2 participants who are current employees.

"(b) EXCEPTION FOR CERTAIN BENEFITS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage) in relation to its provision of excepted benefits described in section 706(c)(1).

"(c) EXCEPTION FOR CERTAIN BENEFITS IF CERTAIN CONDITIONS MET.—

"(1) LIMITED, EXCEPTED BENEFITS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) in relation to its provision of excepted benefits described in section 706(c)(2) if the benefits—

"(A) are provided under a separate policy, certificate, or contract of insurance; or

"(B) are otherwise not an integral part of the plan.

"(2) NONCOORDINATED, EXCEPTED BENEFITS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) in relation to its provision of excepted benefits described in section 706(c)(3) if all of the following conditions are met:

"(A) The benefits are provided under a separate policy, certificate, or contract of insurance.

"(B) There is no coordination between the provision of such benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor.

"(C) Such benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor.

"(3) SUPPLEMENTAL EXCEPTED BENEFITS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage) in relation to its provision of excepted benefits described in section 706(c)(4) if the benefits are provided under a separate policy, certificate, or contract of insurance.

"(d) TREATMENT OF PARTNERSHIPS.—For purposes of this part—

"(1) TREATMENT AS A GROUP HEALTH PLAN.—Any plan, fund, or program which would not be (but for this subsection) an employee welfare benefit plan and which is established or maintained by a partnership, to the extent that such plan, fund, or program provides medical care (including items and services paid for as medical care) to present or former partners in the partnership or to their dependents (as defined under the terms of the plan, fund, or program), directly or through insurance, reimbursement, or otherwise, shall be treated (subject to paragraph (2)) as an employee welfare benefit plan which is a group health plan.

"(2) EMPLOYER.—In the case of a group health plan, the term 'employer' also includes the partnership in relation to any partner.

"(3) PARTICIPANTS OF GROUP HEALTH PLANS.—In the case of a group health plan, the term 'participant' also includes—

"(A) in connection with a group health plan maintained by a partnership, an individual who is a partner in relation to the partnership, or

"(B) in connection with a group health plan maintained by a self-employed individual (under which one or more employees are participants), the self-employed individual,

if such individual is, or may become, eligible to receive a benefit under the plan or such individual's beneficiaries may be eligible to receive any such benefit.

"SEC. 706. DEFINITIONS.

"(a) GROUP HEALTH PLAN.—For purposes of this part—

"(1) IN GENERAL.—The term 'group health plan' means an employee welfare benefit plan to the extent that the plan provides medical care (as defined in paragraph (2) and including items and services paid for as medical care) to employees or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise.

"(2) MEDICAL CARE.—The term 'medical care' means amounts paid for—

"(A) the diagnosis, cure, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body,

"(B) amounts paid for transportation primarily for and essential to medical care referred to in subparagraph (A), and

"(C) amounts paid for insurance covering medical care referred to in subparagraphs (A) and (B).

"(b) DEFINITIONS RELATING TO HEALTH INSURANCE.—For purposes of this part—

"(1) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise and including items and services paid for as medical care) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer.

"(2) HEALTH INSURANCE ISSUER.—The term 'health insurance issuer' means an insurance company, insurance service, or insurance organization (including a health maintenance organization, as defined in paragraph (3)) which is licensed to engage in the business of insurance in a State and which is subject to State law which regulates insurance (within the meaning of section 514(b)(2)). Such term does not include a group health plan.

"(3) HEALTH MAINTENANCE ORGANIZATION.—The term 'health maintenance organization' means—

"(A) a Federally qualified health maintenance organization (as defined in section 1301(a) of the Public Health Service Act (42 U.S.C. 300e(a))),

"(B) an organization recognized under State law as a health maintenance organization, or

"(C) a similar organization regulated under State law for solvency in the same manner and to the same extent as such a health maintenance organization.

"(4) GROUP HEALTH INSURANCE COVERAGE.—The term 'group health insurance coverage' means, in connection with a group health plan, health insurance coverage offered in connection with such plan.

"(c) EXCEPTED BENEFITS.—For purposes of this part, the term 'excepted benefits' means benefits under one or more (or any combination thereof) of the following:

"(1) BENEFITS NOT SUBJECT TO REQUIREMENTS.—

"(A) Coverage only for accident, or disability income insurance, or any combination thereof.

"(B) Coverage issued as a supplement to liability insurance.

"(C) Liability insurance, including general liability insurance and automobile liability insurance.

"(D) Workers' compensation or similar insurance.

"(E) Automobile medical payment insurance.

"(F) Credit-only insurance.

"(G) Coverage for on-site medical clinics.

"(H) Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

"(2) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED SEPARATELY.—

"(A) Limited scope dental or vision benefits.

"(B) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

"(C) Such other similar, limited benefits as are specified in regulations.

"(3) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS INDEPENDENT, NONCOORDINATED BENEFITS.—

"(A) Coverage only for a specified disease or illness.

"(B) Hospital indemnity or other fixed indemnity insurance.

"(4) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS SEPARATE INSURANCE POLICY.—Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act), coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided to coverage under a group health plan.

"(d) OTHER DEFINITIONS.—For purposes of this part—

"(1) COBRA CONTINUATION PROVISION.—The term 'COBRA continuation provision' means any of the following:

"(A) Part 6 of this subtitle.

"(B) Section 4980B of the Internal Revenue Code of 1986, other than subsection (f)(1) of such section insofar as it relates to pediatric vaccines.

"(C) Title XXII of the Public Health Service Act.

"(2) HEALTH STATUS-RELATED FACTOR.—The term 'health status-related factor' means any of the factors described in section 702(a)(1).

"(3) NETWORK PLAN.—The term 'network plan' means health insurance coverage offered by a health insurance issuer under which the financing and delivery of medical care (including items and services paid for as medical care) are provided, in whole or in part, through a defined set of providers under contract with the issuer.

"(4) PLACED FOR ADOPTION.—The term 'placement', or being 'placed', for adoption, has the meaning given such term in section 609(c)(3)(B).

"SEC. 707. REGULATIONS.

"The Secretary, consistent with section 104 of the Health Care Portability and Accountability Act of 1996, may promulgate such regulations as may be necessary or appropriate to carry out the provisions of this part. The Secretary may promulgate any interim final rules as the Secretary determines are appropriate to carry out this part.".

(b) ENFORCEMENT WITH RESPECT TO HEALTH INSURANCE ISSUERS.—Section 502(b) of such Act (29 U.S.C. 1132(b)) is amended by adding at the end the following new paragraph:

"(3) The Secretary is not authorized to enforce under this part any requirement of part 7 against a health insurance issuer offering health insurance coverage in connection with a group health plan (as defined in section 706(a)(1)). Nothing in this paragraph shall affect the authority of the Secretary to issue regulations to carry out such part.".

(c) DISCLOSURE OF INFORMATION TO PARTICIPANTS AND BENEFICIARIES.—

(1) IN GENERAL.—Section 104(b)(1) of such Act (29 U.S.C. 1024(b)(1)) is amended in the matter following subparagraph (B)—

(A) by striking "102(a)(1)," and inserting "102(a)(1) (other than a material reduction in covered services or benefits provided in the case of a group health plan (as defined in section 706(a)(1))),"; and

(B) by adding at the end the following new sentences: "If there is a modification or change described in section 102(a)(1) that is a material reduction in covered services or benefits provided under a group health plan (as defined in section 706(a)(1)), a summary description of such modification or change shall be furnished to participants and beneficiaries not later than 60 days after the date of the adoption of the modification or change. In the alternative, the plan sponsors may provide such description at regular intervals of not more than 90 days. The Secretary shall issue regulations within 180 days after the date of enactment of the Health Insurance Portability and Accountability Act of 1996, providing alternative mechanisms to delivery by mail through which group health plans (as so defined) may notify participants and beneficiaries of material reductions in covered services or benefits.".

(2) PLAN DESCRIPTION AND SUMMARY.—Section 102(b) of such Act (29 U.S.C. 1022(b)) is amended—

(A) by inserting "in the case of a group health plan (as defined in section 706(a)(1)), whether a health insurance issuer (as defined in section 706(b)(2)) is responsible for the financing or administration (including payment of claims) of the plan and (if so) the name and address of such issuer;" after "type of administration of the plan;"; and

(B) by inserting "including the office at the Department of Labor through which participants and beneficiaries may seek assistance or information regarding their rights under this Act and the Health Insurance Portability and Accountability Act of 1996 with respect to health benefits that are offered through a group health plan (as defined in section 706(a)(1))" after "benefits under the plan".

(d) TREATMENT OF HEALTH INSURANCE ISSUERS OFFERING HEALTH INSURANCE COVERAGE TO NONCOVERED PLANS.—Section 4(b) of such Act (29 U.S.C. 1003(b)) is amended by adding at the end (after and below paragraph (5)) the following:

"The provisions of part 7 of subtitle B shall not apply to a health insurance issuer (as defined in section 706(b)(2)) solely by reason of health insurance coverage (as defined in section 706(b)(1)) provided by such issuer in connection with a group health plan (as defined in section 706(a)(1)) if the provisions of this title do not apply to such group health plan.".

(e) REPORTING AND ENFORCEMENT WITH RESPECT TO CERTAIN ARRANGEMENTS.—

(1) IN GENERAL.—Section 101 of such Act (29 U.S.C. 1021) is amended—

(A) by redesignating subsection (g) as subsection (h), and

(B) by inserting after subsection (f) the following new subsection:

"(g) Reporting by Certain Arrangements.—The Secretary may, by regulation, require multiple employer welfare arrangements providing benefits consisting of medical care (within the meaning of section 706(a)(2)) which are not group health plans to report, not more frequently than annually, in such form and such manner as the Secretary may require for the purpose of determining the extent to which the requirements of part 7 are being carried out in connection with such benefits.".

(2) Enforcement.—

(A) In general.—Section 502 of such Act (29 U.S.C. 1132) is amended—

(i) in subsection (a)(6), by striking "under subsection (c)(2) or (i) or (l)" and inserting "under paragraph (2), (4), or (5) of subsection (c) or under subsection (i) or (l)"; and

(ii) in the last 2 sentences of subsection (c), by striking "For purposes of this paragraph" and all that follows through "The Secretary and" and inserting the following:

"(5) The Secretary may assess a civil penalty against any person of up to $1,000 a day from the date of the person's failure or refusal to file the information required to be filed by such person with the Secretary under regulations prescribed pursuant to section 101(g).

"(6) The Secretary and".

(B) Technical and conforming amendment.—Section 502(c)(1) of such Act (29 U.S.C. 1132(c)(1)) is amended by adding at the end the following sentence: "For purposes of this paragraph, each violation described in subparagraph (A) with respect to any single participant, and each violation described in subparagraph (B) with respect to any single participant or beneficiary, shall be treated as a separate violation.".

(3) Coordination.—Section 506 of such Act (29 U.S.C. 1136) is amended by adding at the end the following new subsection:

"(c) Coordination of Enforcement with States with Respect to Certain Arrangements.—A State may enter into an agreement with the Secretary for delegation to the State of some or all of the Secretary's authority under sections 502 and 504 to enforce the requirements under part 7 in connection with multiple employer welfare arrangements, providing medical care (within the meaning of section 706(a)(2)), which are not group health plans.".

(f) Conforming Amendments.—

(1) Section 514(b) of such Act (29 U.S.C. 1144(b)) is amended by adding at the end the following new paragraph:

"(9) For additional provisions relating to group health plans, see section 704.".

(2)(A) Part 6 of subtitle B of title I of such Act (29 U.S.C. 1161 et seq.) is amended by striking the heading and inserting the following:

"Part 6—Continuation Coverage and Additional Standards for Group Health Plans".

(B) The table of contents in section 1 of such Act is amended by striking the item relating to the heading for part 6 of subtitle B of title I and inserting the following:

"Part 6—Continuation Coverage and Additional Standards for Group Health Plans".

(3) The table of contents in section 1 of such Act (as amended by the preceding provisions of this section) is amended by inserting after the items relating to part 6 the following new items:

"Part 7—Group Health Plan Portability, Access, and Renewability Requirements

"Sec. 701. Increased portability through limitation on preexisting condition exclusions.

"Sec. 702. Prohibiting discrimination against individual participants and beneficiaries based on health status.

"Sec. 703. Guaranteed renewability in multiemployer plans and multiple employer welfare arrangements.

"Sec. 704. Preemption; State flexibility; construction.

"Sec. 705. Special rules relating to group health plans.

"Sec. 706. Definitions.

"Sec. 707. Regulations.".

(g) Effective Dates.—

(1) In general.—Except as provided in this section, this section (and the amendments made by this section) shall apply with respect to group health plans for plan years beginning after June 30, 1997.

(2) Determination of creditable coverage.—

(A) Period of coverage.—

(i) In general.—Subject to clause (ii), no period before July 1, 1996, shall be taken into account under part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as added by this section) in determining creditable coverage.

(ii) Special rule for certain periods.—The Secretary of Labor, consistent with section 104, shall provide for a process whereby individuals who need to establish creditable coverage for periods before July 1, 1996, and who would have such coverage credited but for clause (i) may be given credit for creditable coverage for such periods through the presentation of documents or other means.

(B) Certifications, etc.—

(i) In general.—Subject to clauses (ii) and (iii), subsection (e) of section 701 of the Employee Retirement Income Security Act of 1974 (as added by this section) shall apply to events occurring after June 30, 1996.

(ii) No certification required to be provided before June 1, 1997.—In no case is a certification required to be provided under such subsection before June 1, 1997.

(iii) Certification only on written request for events occurring before October 1, 1996.—In the case of an event occurring after June 30, 1996, and before October 1, 1996, a certification is not required to be provided under such subsection unless an individual (with respect to whom the certification is otherwise required to be made) requests such certification in writing.

(C) Transitional rule.—In the case of an individual who seeks to establish creditable coverage for any period for which certification is not required because it relates to an event occurring before June 30, 1996—

(i) the individual may present other credible evidence of such coverage in order to establish the period of creditable coverage; and

(ii) a group health plan and a health insurance issuer shall not be subject to any penalty or enforcement action with respect to the plan's or issuer's crediting (or not crediting) such coverage if the plan or issuer has sought to comply in good faith with the applicable requirements under the amendments made by this section.

(3) Special rule for collective bargaining agreements.—Except as provided in paragraph (2), in the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, part 7 of subtitle B of title I of Employee Retirement Income Security Act of 1974 (other than section 701(e) thereof) shall not apply to plan years beginning before the later of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) July 1, 1997.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement of such part shall not be treated as a termination of such collective bargaining agreement.

(4) Timely regulations.—The Secretary of Labor, consistent with section 104, shall first issue by not later than April 1, 1997, such regulations as may be necessary to carry out the amendments made by this section.

(5) Limitation on actions.—No enforcement action shall be taken, pursuant to the amendments made by this section, against a group health plan or health insurance issuer with respect to a violation of a requirement imposed by such amendments before January 1, 1998, or, if later, the date of issuance of regulations referred to in paragraph (4), if the plan or issuer has sought to comply in good faith with such requirements.

SEC. 102. THROUGH THE PUBLIC HEALTH SERVICE ACT.

(a) In General.—The Public Health Service Act is amended by adding at the end the following new title:

"TITLE XXVII—ASSURING PORTABILITY, AVAILABILITY, AND RENEWABILITY OF HEALTH INSURANCE COVERAGE

"Part A—Group Market Reforms

"Subpart 1—Portability, Access, and Renewability Requirements

"SEC. 2701. INCREASED PORTABILITY THROUGH LIMITATION ON PREEXISTING CONDITION EXCLUSIONS.

"(a) Limitation on Preexisting Condition Exclusion Period; Crediting for Periods of Previous Coverage.—Subject to subsection (d), a group health plan, and a health insurance issuer offering group health insurance coverage, may, with respect to a participant or beneficiary, impose a preexisting condition exclusion only if—

"(1) such exclusion relates to a condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the enrollment date;

"(2) such exclusion extends for a period of not more than 12 months (or 18 months in the case of a late enrollee) after the enrollment date; and

"(3) the period of any such preexisting condition exclusion is reduced by the aggregate of the periods of creditable coverage (if any, as defined in subsection (c)(1)) applicable to the participant or beneficiary as of the enrollment date.

"(b) Definitions.—For purposes of this part—

"(1) Preexisting condition exclusion.—

"(A) In general.—The term 'preexisting condition exclusion' means, with respect to coverage, a limitation or exclusion of benefits relating to a condition based on the fact that the condition was present before the date of enrollment for such coverage, whether or not any medical advice, diagnosis, care, or treatment was recommended or received before such date.

"(B) Treatment of genetic information.—Genetic information shall not be treated as a condition described in subsection (a)(1) in the absence of a diagnosis of the condition related to such information.

"(2) Enrollment date.—The term 'enrollment date' means, with respect to an individual covered under a group health plan or health insurance coverage, the date of enrollment of the individual in the plan or coverage or, if earlier, the first day of the waiting period for such enrollment.

"(3) LATE ENROLLEE.—The term 'late enrollee' means, with respect to coverage under a group health plan, a participant or beneficiary who enrolls under the plan other than during—

"(A) the first period in which the individual is eligible to enroll under the plan, or

"(B) a special enrollment period under subsection (f).

"(4) WAITING PERIOD.—The term 'waiting period' means, with respect to a group health plan and an individual who is a potential participant or beneficiary in the plan, the period that must pass with respect to the individual before the individual is eligible to be covered for benefits under the terms of the plan.

"(c) RULES RELATING TO CREDITING PREVIOUS COVERAGE.—

"(1) CREDITABLE COVERAGE DEFINED.—For purposes of this title, the term 'creditable coverage' means, with respect to an individual, coverage of the individual under any of the following:

"(A) A group health plan.

"(B) Health insurance coverage.

"(C) Part A or part B of title XVIII of the Social Security Act.

"(D) Title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928.

"(E) Chapter 55 of title 10, United States Code.

"(F) A medical care program of the Indian Health Service or of a tribal organization.

"(G) A State health benefits risk pool.

"(H) A health plan offered under chapter 89 of title 5, United States Code.

"(I) A public health plan (as defined in regulations).

"(J) A health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e)).

Such term does not include coverage consisting solely of coverage of excepted benefits (as defined in section 2791(c)).

"(2) NOT COUNTING PERIODS BEFORE SIGNIFICANT BREAKS IN COVERAGE.—

"(A) IN GENERAL.—A period of creditable coverage shall not be counted, with respect to enrollment of an individual under a group health plan, if, after such period and before the enrollment date, there was a 63-day period during all of which the individual was not covered under any creditable coverage.

"(B) WAITING PERIOD NOT TREATED AS A BREAK IN COVERAGE.—For purposes of subparagraph (A) and subsection (d)(4), any period that an individual is in a waiting period for any coverage under a group health plan (or for group health insurance coverage) or is in an affiliation period (as defined in subsection (g)(2)) shall not be taken into account in determining the continuous period under subparagraph (A).

"(3) METHOD OF CREDITING COVERAGE.—

"(A) STANDARD METHOD.—Except as otherwise provided under subparagraph (B), for purposes of applying subsection (a)(3), a group health plan, and a health insurance issuer offering group health insurance coverage, shall count a period of creditable coverage without regard to the specific benefits covered during the period.

"(B) ELECTION OF ALTERNATIVE METHOD.—A group health plan, or a health insurance issuer offering group health insurance, may elect to apply subsection (a)(3) based on coverage of benefits within each of several classes or categories of benefits specified in regulations rather than as provided under subparagraph (A). Such election shall be made on a uniform basis for all participants and beneficiaries. Under such election a group health plan or issuer shall count a period of creditable coverage with respect to any class or category of benefits if any level of benefits is covered within such class or category.

"(C) PLAN NOTICE.—In the case of an election with respect to a group health plan under subparagraph (B) (whether or not health insurance coverage is provided in connection with such plan), the plan shall—

"(i) prominently state in any disclosure statements concerning the plan, and state to each enrollee at the time of enrollment under the plan, that the plan has made such election, and

"(ii) include in such statements a description of the effect of this election.

"(D) ISSUER NOTICE.—In the case of an election under subparagraph (B) with respect to health insurance coverage offered by an issuer in the small or large group market, the issuer—

"(i) shall prominently state in any disclosure statements concerning the coverage, and to each employer at the time of the offer or sale of the coverage, that the issuer has made such election, and

"(ii) shall include in such statements a description of the effect of such election.

"(4) ESTABLISHMENT OF PERIOD.—Periods of creditable coverage with respect to an individual shall be established through presentation of certifications described in subsection (e) or in such other manner as may be specified in regulations.

"(d) EXCEPTIONS.—

"(1) EXCLUSION NOT APPLICABLE TO CERTAIN NEWBORNS.—Subject to paragraph (4), a group health plan, and a health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion in the case of an individual who, as of the last day of the 30-day period beginning with the date of birth, is covered under creditable coverage.

"(2) EXCLUSION NOT APPLICABLE TO CERTAIN ADOPTED CHILDREN.—Subject to paragraph (4), a group health plan, and a health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion in the case of a child who is adopted or placed for adoption before attaining 18 years of age and who, as of the last day of the 30-day period beginning on the date of the adoption or placement for adoption, is covered under creditable coverage. The previous sentence shall not apply to coverage before the date of such adoption or placement for adoption.

"(3) EXCLUSION NOT APPLICABLE TO PREGNANCY.—A group health plan, and health insurance issuer offering group health insurance coverage, may not impose any preexisting condition exclusion relating to pregnancy as a preexisting condition.

"(4) LOSS IF BREAK IN COVERAGE.—Paragraphs (1) and (2) shall no longer apply to an individual after the end of the first 63-day period during all of which the individual was not covered under any creditable coverage.

"(e) CERTIFICATIONS AND DISCLOSURE OF COVERAGE.—

"(1) REQUIREMENT FOR CERTIFICATION OF PERIOD OF CREDITABLE COVERAGE.—

"(A) IN GENERAL.—A group health plan, and a health insurance issuer offering group health insurance coverage, shall provide the certification described in subparagraph (B)—

"(i) at the time an individual ceases to be covered under the plan or otherwise becomes covered under a COBRA continuation provision,

"(ii) in the case of an individual becoming covered under such a provision, at the time the individual ceases to be covered under such provision, and

"(iii) on the request on behalf of an individual made not later than 24 months after the date of cessation of the coverage described in clause (i) or (ii), whichever is later.

The certification under clause (i) may be provided, to the extent practicable, at a time consistent with notices required under any applicable COBRA continuation provision.

"(B) CERTIFICATION.—The certification described in this subparagraph is a written certification of—

"(i) the period of creditable coverage of the individual under such plan and the coverage (if any) under such COBRA continuation provision, and

"(ii) the waiting period (if any) (and affiliation period, if applicable) imposed with respect to the individual for any coverage under such plan.

"(C) ISSUER COMPLIANCE.—To the extent that medical care under a group health plan consists of group health insurance coverage, the plan is deemed to have satisfied the certification requirement under this paragraph if the health insurance issuer offering the coverage provides for such certification in accordance with this paragraph.

"(2) DISCLOSURE OF INFORMATION ON PREVIOUS BENEFITS.—In the case of an election described in subsection (c)(3)(B) by a group health plan or health insurance issuer, if the plan or issuer enrolls an individual for coverage under the plan and the individual provides a certification of coverage of the individual under paragraph (1)—

"(A) upon request of such plan or issuer, the entity which issued the certification provided by the individual shall promptly disclose to such requesting plan or issuer information on coverage of classes and categories of health benefits available under such entity's plan or coverage, and

"(B) such entity may charge the requesting plan or issuer for the reasonable cost of disclosing such information.

"(3) REGULATIONS.—The Secretary shall establish rules to prevent an entity's failure to provide information under paragraph (1) or (2) with respect to previous coverage of an individual from adversely affecting any subsequent coverage of the individual under another group health plan or health insurance coverage.

"(f) SPECIAL ENROLLMENT PERIODS.—

"(1) INDIVIDUALS LOSING OTHER COVERAGE.—A group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:

"(A) The employee or dependent was covered under a group health plan or had health insurance coverage at the time coverage was previously offered to the employee or dependent.

"(B) The employee stated in writing at such time that coverage under a group health plan or health insurance coverage was the reason for declining enrollment, but only if the plan sponsor or issuer (if applicable) required such a statement at such time and provided the employee with notice of such requirement (and the consequences of such requirement) at such time.

"(C) The employee's or dependent's coverage described in subparagraph (A)—

"(i) was under a COBRA continuation provision and the coverage under such provision was exhausted; or

"(ii) was not under such a provision and either the coverage was terminated as a result of loss of eligibility for the coverage (including as a result of legal separation, divorce, death, termination of employment, or reduction in the number of hours of employment) or employer contributions towards such coverage were terminated.

"(D) Under the terms of the plan, the employee requests such enrollment not later than 30 days after the date of exhaustion of coverage described in subparagraph (C)(i) or termination of coverage or employer contribution described in subparagraph (C)(ii).

"(2) FOR DEPENDENT BENEFICIARIES.—

"(A) IN GENERAL.—If—

"(i) a group health plan makes coverage available with respect to a dependent of an individual,

"(ii) the individual is a participant under the plan (or has met any waiting period applicable to becoming a participant under the plan and is eligible to be enrolled under the plan but for a failure to enroll during a previous enrollment period), and

"(iii) a person becomes such a dependent of the individual through marriage, birth, or adoption or placement for adoption,

the group health plan shall provide for a dependent special enrollment period described in subparagraph (B) during which the person (or, if not otherwise enrolled, the individual) may be enrolled under the plan as a dependent of the individual, and in the case of the birth or adoption of a child, the spouse of the individual may be enrolled as a dependent of the individual if such spouse is otherwise eligible for coverage.

"(B) DEPENDENT SPECIAL ENROLLMENT PERIOD.—A dependent special enrollment period under this subparagraph shall be a period of not less than 30 days and shall begin on the later of—

"(i) the date dependent coverage is made available, or

"(ii) the date of the marriage, birth, or adoption or placement for adoption (as the case may be) described in subparagraph (A)(iii).

"(C) NO WAITING PERIOD.—If an individual seeks to enroll a dependent during the first 30 days of such a dependent special enrollment period, the coverage of the dependent shall become effective—

"(i) in the case of marriage, not later than the first day of the first month beginning after the date the completed request for enrollment is received;

"(ii) in the case of a dependent's birth, as of the date of such birth; or

"(iii) in the case of a dependent's adoption or placement for adoption, the date of such adoption or placement for adoption.

"(g) USE OF AFFILIATION PERIOD BY HMOS AS ALTERNATIVE TO PREEXISTING CONDITION EXCLUSION.—

"(1) IN GENERAL.—A health maintenance organization which offers health insurance coverage in connection with a group health plan and which does not impose any preexisting condition exclusion allowed under subsection (a) with respect to any particular coverage option may impose an affiliation period for such coverage option, but only if—

"(A) such period is applied uniformly without regard to any health status-related factors; and

"(B) such period does not exceed 2 months (or 3 months in the case of a late enrollee).

"(2) AFFILIATION PERIOD.—

"(A) DEFINED.—For purposes of this title, the term 'affiliation period' means a period which, under the terms of the health insurance coverage offered by the health maintenance organization, must expire before the health insurance coverage becomes effective. The organization is not required to provide health care services or benefits during such period and no premium shall be charged to the participant or beneficiary for any coverage during the period.

"(B) BEGINNING.—Such period shall begin on the enrollment date.

"(C) RUNS CONCURRENTLY WITH WAITING PERIODS.—An affiliation period under a plan shall run concurrently with any waiting period under the plan.

"(3) ALTERNATIVE METHODS.—A health maintenance organization described in paragraph (1) may use alternative methods, from those described in such paragraph, to address adverse selection as approved by the State insurance commissioner or official or officials designated by the State to enforce the requirements of this part for the State involved with respect to such issuer.

"SEC. 2702. PROHIBITING DISCRIMINATION AGAINST INDIVIDUAL PARTICIPANTS AND BENEFICIARIES BASED ON HEALTH STATUS.

"(a) IN ELIGIBILITY TO ENROLL.—

"(1) IN GENERAL.—Subject to paragraph (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, may not establish rules for eligibility (including continued eligibility) of any individual to enroll under the terms of the plan based on any of the following health status-related factors in relation to the individual or a dependent of the individual:

"(A) Health status.

"(B) Medical condition (including both physical and mental illnesses).

"(C) Claims experience.

"(D) Receipt of health care.

"(E) Medical history.

"(F) Genetic information.

"(G) Evidence of insurability (including conditions arising out of acts of domestic violence).

"(H) Disability.

"(2) NO APPLICATION TO BENEFITS OR EXCLUSIONS.—To the extent consistent with section 701, paragraph (1) shall not be construed—

"(A) to require a group health plan, or group health insurance coverage, to provide particular benefits other than those provided under the terms of such plan or coverage, or

"(B) to prevent such a plan or coverage from establishing limitations or restrictions on the amount, level, extent, or nature of the benefits or coverage for similarly situated individuals enrolled in the plan or coverage.

"(3) CONSTRUCTION.—For purposes of paragraph (1), rules for eligibility to enroll under a plan include rules defining any applicable waiting periods for such enrollment.

"(b) IN PREMIUM CONTRIBUTIONS.—

"(1) IN GENERAL.—A group health plan, and a health insurance issuer offering health insurance coverage in connection with a group health plan, may not require any individual (as a condition of enrollment or continued enrollment under the plan) to pay a premium or contribution which is greater than such premium or contribution for a similarly situated individual enrolled in the plan on the basis of any health status-related factor in relation to the individual or to an individual enrolled under the plan as a dependent of the individual.

"(2) CONSTRUCTION.—Nothing in paragraph (1) shall be construed—

"(A) to restrict the amount that an employer may be charged for coverage under a group health plan; or

"(B) to prevent a group health plan, and a health insurance issuer offering group health insurance coverage, from establishing premium discounts or rebates or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

"SUBPART 2—PROVISIONS APPLICABLE ONLY TO HEALTH INSURANCE ISSUERS

"SEC. 2711. GUARANTEED AVAILABILITY OF COVERAGE FOR EMPLOYERS IN THE GROUP MARKET.

"(a) ISSUANCE OF COVERAGE IN THE SMALL GROUP MARKET.—

"(1) IN GENERAL.—Subject to subsections (c) through (f), each health insurance issuer that offers health insurance coverage in the small group market in a State—

"(A) must accept every small employer (as defined in section 2791(e)(4)) in the State that applies for such coverage; and

"(B) must accept for enrollment under such coverage every eligible individual (as defined in paragraph (2)) who applies for enrollment during the period in which the individual first becomes eligible to enroll under the terms of the group health plan and may not place any restriction which is inconsistent with section 2702 on an eligible individual being a participant or beneficiary.

"(2) ELIGIBLE INDIVIDUAL DEFINED.—For purposes of this section, the term 'eligible individual' means, with respect to a health insurance issuer that offers health insurance coverage to a small employer in connection with a group health plan in the small group market, such an individual in relation to the employer as shall be determined—

"(A) in accordance with the terms of such plan,

"(B) as provided by the issuer under rules of the issuer which are uniformly applicable in a State to small employers in the small group market, and

"(C) in accordance with all applicable State laws governing such issuer and such market.

"(b) ASSURING ACCESS IN THE LARGE GROUP MARKET.—

"(1) REPORTS TO HHS.—The Secretary shall request that the chief executive officer of each State submit to the Secretary, by not later December 31, 2000, and every 3 years thereafter a report on—

"(A) the access of large employers to health insurance coverage in the State, and

"(B) the circumstances for lack of access (if any) of large employers (or one or more classes of such employers) in the State to such coverage.

"(2) TRIENNIAL REPORTS TO CONGRESS.—The Secretary, based on the reports submitted under paragraph (1) and such other information as the Secretary may use, shall prepare and submit to Congress, every 3 years, a report describing the extent to which large employers (and classes of such employers) that seek health insurance coverage in the different States are able to obtain access to such coverage. Such report shall include such recommendations as the Secretary determines to be appropriate.

"(3) GAO REPORT ON LARGE EMPLOYER ACCESS TO HEALTH INSURANCE COVERAGE.—The Comptroller General shall provide for a study of the extent to which classes of large employers in the different States are able to obtain access to health insurance coverage and the circumstances for lack of access (if any) to such coverage. The Comptroller General shall submit to Congress a report on such study not later than 18 months after the date of the enactment of this title.

"(c) SPECIAL RULES FOR NETWORK PLANS.—

"(1) IN GENERAL.—In the case of a health insurance issuer that offers health insurance coverage in the small group market through a network plan, the issuer may—

"(A) limit the employers that may apply for such coverage to those with eligible individuals who live, work, or reside in the service area for such network plan; and

"(B) within the service area of such plan, deny such coverage to such employers if the issuer has demonstrated, if required, to the applicable State authority that—

"(i) it will not have the capacity to deliver services adequately to enrollees of any additional groups because of its obligations to existing group contract holders and enrollees, and

"(ii) it is applying this paragraph uniformly to all employers without regard to the claims experience of those employers and their employees (and their dependents) or any health status-related factor relating to such employees and dependents.

"(2) 180-DAY SUSPENSION UPON DENIAL OF COVERAGE.—An issuer, upon denying health insurance coverage in any service area in accordance *with paragraph (1)(B), may not offer coverage in the small group market within such service area for a period of 180 days after the date such coverage is denied.*

"(d) APPLICATION OF FINANCIAL CAPACITY LIMITS.—

"(1) IN GENERAL.—A health insurance issuer may deny health insurance coverage in the small group market if the issuer has demonstrated, if required, to the applicable State authority that—

"(A) it does not have the financial reserves necessary to underwrite additional coverage; and

"(B) it is applying this paragraph uniformly to all employers in the small group market in the State consistent with applicable State law and without regard to the claims experience of those employers and their employees (and their dependents) or any health status-related factor relating to such employees and dependents.

"(2) 180-DAY SUSPENSION UPON DENIAL OF COVERAGE.—A health insurance issuer upon denying health insurance coverage in connection with group health plans in accordance with paragraph (1) in a State may not offer coverage in connection with group health plans in the small group market in the State for a period of 180 days after the date such coverage is denied or until the issuer has demonstrated to the applicable State authority, if required under applicable State law, that the issuer has sufficient financial reserves to underwrite additional coverage, whichever is later. An applicable State authority may provide for the application of this subsection on a service-area-specific basis.

"(e) EXCEPTION TO REQUIREMENT FOR FAILURE TO MEET CERTAIN MINIMUM PARTICIPATION OR CONTRIBUTION RULES.—

"(1) IN GENERAL.—Subsection (a) shall not be construed to preclude a health insurance issuer from establishing employer contribution rules or group participation rules for the offering of health insurance coverage in connection with a group health plan in the small group market, as allowed under applicable State law.

"(2) RULES DEFINED.—For purposes of paragraph (1)—

"(A) the term 'employer contribution rule' means a requirement relating to the minimum level or amount of employer contribution toward the premium for enrollment of participants and beneficiaries; and

"(B) the term 'group participation rule' means a requirement relating to the minimum number of participants or beneficiaries that must be enrolled in relation to a specified percentage or number of eligible individuals or employees of an employer.

"(f) EXCEPTION FOR COVERAGE OFFERED ONLY TO BONA FIDE ASSOCIATION MEMBERS.—Subsection (a) shall not apply to health insurance coverage offered by a health insurance issuer if such coverage is made available in the small group market only through one or more bona fide associations (as defined in section 2791(d)(3)).

"SEC. 2712. GUARANTEED RENEWABILITY OF COVERAGE FOR EMPLOYERS IN THE GROUP MARKET.

"(a) IN GENERAL.—Except as provided in this section, if a health insurance issuer offers health insurance coverage in the small or large group market in connection with a group health plan, the issuer must renew or continue in force such coverage at the option of the plan sponsor of the plan.

"(b) GENERAL EXCEPTIONS.—A health insurance issuer may nonrenew or discontinue health insurance coverage offered in connection with a group health plan in the small or large group market based only on one or more of the following:

"(1) NONPAYMENT OF PREMIUMS.—The plan sponsor has failed to pay premiums or contributions in accordance with the terms of the health insurance coverage or the issuer has not received timely premium payments.

"(2) FRAUD.—The plan sponsor has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage.

"(3) VIOLATION OF PARTICIPATION OR CONTRIBUTION RULES.—The plan sponsor has failed to comply with a material plan provision relating to employer contribution or group participation rules, as permitted under section 2711(e) in the case of the small group market or pursuant to applicable State law in the case of the large group market.

"(4) TERMINATION OF COVERAGE.—The issuer is ceasing to offer coverage in such market in accordance with subsection (c) and applicable State law.

"(5) MOVEMENT OUTSIDE SERVICE AREA.—In the case of a health insurance issuer that offers health insurance coverage in the market through a network plan, there is no longer any enrollee in connection with such plan who lives, resides, or works in the service area of the issuer (or in the area for which the issuer is authorized to do business) and, in the case of the small group market, the issuer would deny enrollment with respect to such plan under section 2711(c)(1)(A).

"(6) ASSOCIATION MEMBERSHIP CEASES.—In the case of health insurance coverage that is made available in the small or large group market (as the case may be) only through one or more bona fide associations, the membership of an employer in the association (on the basis of which the coverage is provided) ceases but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor relating to any covered individual.

"(c) REQUIREMENTS FOR UNIFORM TERMINATION OF COVERAGE.—

"(1) PARTICULAR TYPE OF COVERAGE NOT OFFERED.—In any case in which an issuer decides to discontinue offering a particular type of group health insurance coverage offered in the small or large group market, coverage of such type may be discontinued by the issuer in accordance with applicable State law in such market only if—

"(A) the issuer provides notice to each plan sponsor provided coverage of this type in such market (and participants and beneficiaries covered under such coverage) of such discontinuation at least 90 days prior to the date of the discontinuation of such coverage;

"(B) the issuer offers to each plan sponsor provided coverage of this type in such market, the option to purchase all (or, in the case of the large group market, any) other health insurance coverage currently being offered by the issuer to a group health plan in such market; and

"(C) in exercising the option to discontinue coverage of this type and in offering the option of coverage under subparagraph (B), the issuer acts uniformly without regard to the claims experience of those sponsors or any health status-related factor relating to any participants or beneficiaries covered or new participants or beneficiaries who may become eligible for such coverage.

"(2) DISCONTINUANCE OF ALL COVERAGE.—

"(A) IN GENERAL.—In any case in which a health insurance issuer elects to discontinue offering all health insurance coverage in the small group market or the large group market, or both markets, in a State, health insurance coverage may be discontinued by the issuer only in accordance with applicable State law and if—

"(i) the issuer provides notice to the applicable State authority and to each plan sponsor (and participants and beneficiaries covered under such coverage) of such discontinuation at least 180 days prior to the date of the discontinuation of such coverage; and

"(ii) all health insurance issued or delivered for issuance in the State in such market (or markets) are discontinued and coverage under such health insurance coverage in such market (or markets) is not renewed.

"(B) PROHIBITION ON MARKET REENTRY.—In the case of a discontinuation under subparagraph (A) in a market, the issuer may not provide for the issuance of any health insurance coverage in the market and State involved during the 5-year period beginning on the date of the discontinuation of the last health insurance coverage not so renewed.

"(d) EXCEPTION FOR UNIFORM MODIFICATION OF COVERAGE.—At the time of coverage renewal, a health insurance issuer may modify the health insurance coverage for a product offered to a group health plan—

"(1) in the large group market; or

"(2) in the small group market if, for coverage that is available in such market other than only through one or more bona fide associations, such modification is consistent with State law and effective on a uniform basis among group health plans with that product.

"(e) APPLICATION TO COVERAGE OFFERED ONLY THROUGH ASSOCIATIONS.—In applying this section in the case of health insurance coverage that is made available by a health insurance issuer in the small or large group market to employers only through one or more associations, a reference to 'plan sponsor' is deemed, with respect to coverage provided to an employer member of the association, to include a reference to such employer.

"SEC. 2713. DISCLOSURE OF INFORMATION.

"(a) DISCLOSURE OF INFORMATION BY HEALTH PLAN ISSUERS.—In connection with the offering of any health insurance coverage to a small employer, a health insurance issuer—

"(1) shall make a reasonable disclosure to such employer, as part of its solicitation and sales materials, of the availability of information described in subsection (b), and

"(2) upon request of such a small employer, provide such information.

"(b) INFORMATION DESCRIBED.—

"(1) IN GENERAL.—Subject to paragraph (3), with respect to a health insurance issuer offering health insurance coverage to a small employer, information described in this subsection is information concerning—

"(A) the provisions of such coverage concerning issuer's right to change premium rates and the factors that may affect changes in premium rates;

"(B) the provisions of such coverage relating to renewability of coverage;

"(C) the provisions of such coverage relating to any preexisting condition exclusion; and

"(D) the benefits and premiums available under all health insurance coverage for which the employer is qualified.

"(2) FORM OF INFORMATION.—Information under this subsection shall be provided to small employers in a manner determined to be understandable by the average small employer, and shall be sufficient to reasonably inform small employers of their rights and obligations under the health insurance coverage.

"(3) EXCEPTION.—An issuer is not required under this section to disclose any information that is proprietary and trade secret information under applicable law.

"SUBPART 3—EXCLUSION OF PLANS; ENFORCEMENT; PREEMPTION

"SEC. 2721. EXCLUSION OF CERTAIN PLANS.

"(a) EXCEPTION FOR CERTAIN SMALL GROUP HEALTH PLANS.—The requirements of subparts 1 and 2 shall not apply to any group health plan (and health insurance coverage offered in connection with a group health plan) for any plan

year if, on the first day of such plan year, such plan has less than 2 participants who are current employees.

"(b) LIMITATION ON APPLICATION OF PROVISIONS RELATING TO GROUP HEALTH PLANS.—

"(1) IN GENERAL.—The requirements of subparts 1 and 2 shall apply with respect to group health plans only—

"(A) subject to paragraph (2), in the case of a plan that is a nonfederal governmental plan, and

"(B) with respect to health insurance coverage offered in connection with a group health plan (including such a plan that is a church plan or a governmental plan).

"(2) TREATMENT OF NONFEDERAL GOVERNMENTAL PLANS.—

"(A) ELECTION TO BE EXCLUDED.—If the plan sponsor of a nonfederal governmental plan which is a group health plan to which the provisions of subparts 1 and 2 otherwise apply makes an election under this subparagraph (in such form and manner as the Secretary may by regulations prescribe), then the requirements of such subparts insofar as they apply directly to group health plans (and not merely to group health insurance coverage) shall not apply to such governmental plans for such period except as provided in this paragraph.

"(B) PERIOD OF ELECTION.—An election under subparagraph (A) shall apply—

"(i) for a single specified plan year, or

"(ii) in the case of a plan provided pursuant to a collective bargaining agreement, for the term of such agreement.

An election under clause (i) may be extended through subsequent elections under this paragraph.

"(C) NOTICE TO ENROLLEES.—Under such an election, the plan shall provide for—

"(i) notice to enrollees (on an annual basis and at the time of enrollment under the plan) of the fact and consequences of such election, and

"(ii) certification and disclosure of creditable coverage under the plan with respect to enrollees in accordance with section 2701(e).

"(c) EXCEPTION FOR CERTAIN BENEFITS.—The requirements of subparts 1 and 2 shall not apply to any group health plan (or group health insurance coverage) in relation to its provision of excepted benefits described in section 2791(c)(1).

"(d) EXCEPTION FOR CERTAIN BENEFITS IF CERTAIN CONDITIONS MET.—

"(1) LIMITED, EXCEPTED BENEFITS.—The requirements of subparts 1 and 2 shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) in relation to its provision of excepted benefits described in section 2791(c)(2) if the benefits—

"(A) are provided under a separate policy, certificate, or contract of insurance; or

"(B) are otherwise not an integral part of the plan.

"(2) NONCOORDINATED, EXCEPTED BENEFITS.—The requirements of subparts 1 and 2 shall not apply to any group health plan (and group health insurance coverage offered in connection with a group health plan) in relation to its provision of excepted benefits described in section 2791(c)(3) if all of the following conditions are met:

"(A) The benefits are provided under a separate policy, certificate, or contract of insurance.

"(B) There is no coordination between the provision of such benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor.

"(C) Such benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor.

"(3) SUPPLEMENTAL EXCEPTED BENEFITS.—The requirements of this part shall not apply to any group health plan (and group health insurance coverage) in relation to its provision of excepted benefits described in section 27971(c)(4) if the benefits are provided under a separate policy, certificate, or contract of insurance.

"(e) TREATMENT OF PARTNERSHIPS.—For purposes of this part—

"(1) TREATMENT AS A GROUP HEALTH PLAN.—Any plan, fund, or program which would not be (but for this subsection) an employee welfare benefit plan and which is established or maintained by a partnership, to the extent that such plan, fund, or program provides medical care (including items and services paid for as medical care) to present or former partners in the partnership or to their dependents (as defined under the terms of the plan, fund, or program), directly or through insurance, reimbursement, or otherwise, shall be treated (subject to paragraph (2)) as an employee welfare benefit plan which is a group health plan.

"(2) EMPLOYER.—In the case of a group health plan, the term 'employer' also includes the partnership in relation to any partner.

"(3) PARTICIPANTS OF GROUP HEALTH PLANS.—In the case of a group health plan, the term 'participant' also includes—

"(A) in connection with a group health plan maintained by a partnership, an individual who is a partner in relation to the partnership, or

"(B) in connection with a group health plan maintained by a self-employed individual (under which one or more employees are participants), the self-employed individual,

if such individual is, or may become, eligible to receive a benefit under the plan or such individual's beneficiaries may be eligible to receive any such benefit.

"SEC. 2722. ENFORCEMENT.

"(a) STATE ENFORCEMENT.—

"(1) STATE AUTHORITY.—Subject to section 2723, each State may require that health insurance issuers that issue, sell, renew, or offer health insurance coverage in the State in the small or large group markets meet the requirements of this part with respect to such issuers.

"(2) FAILURE TO IMPLEMENT PROVISIONS.—In the case of a determination by the Secretary that a State has failed to substantially enforce a provision (or provisions) in this part with respect to health insurance issuers in the State, the Secretary shall enforce such provision (or provisions) under subsection (b) insofar as they relate to the issuance, sale, renewal, and offering of health insurance coverage in connection with group health plans in such State.

"(b) SECRETARIAL ENFORCEMENT AUTHORITY.—

"(1) LIMITATION.—The provisions of this subsection shall apply to enforcement of a provision (or provisions) of this part only—

"(A) as provided under subsection (a)(2); and

"(B) with respect to group health plans that are nonfederal governmental plans.

"(2) IMPOSITION OF PENALTIES.—In the cases described in paragraph (1)—

"(A) IN GENERAL.—Subject to the succeeding provisions of this subsection, any nonfederal governmental plan that is a group health plan and any health insurance issuer that fails to meet a provision of this part applicable to such plan or issuer is subject to a civil money penalty under this subsection.

"(B) LIABILITY FOR PENALTY.—In the case of a failure by—

"(i) a health insurance issuer, the issuer is liable for such penalty, or

"(ii) a group health plan that is a nonfederal governmental plan which is—

"(I) sponsored by 2 or more employers, the plan is liable for such penalty, or

"(II) not so sponsored, the employer is liable for such penalty.

"(C) AMOUNT OF PENALTY.—

"(i) IN GENERAL.—The maximum amount of penalty imposed under this paragraph is $100 for each day for each individual with respect to which such a failure occurs.

"(ii) CONSIDERATIONS IN IMPOSITION.—In determining the amount of any penalty to be assessed under this paragraph, the Secretary shall take into account the previous record of compliance of the entity being assessed with the applicable provisions of this part and the gravity of the violation.

"(iii) LIMITATIONS.—

"(I) PENALTY NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No civil money penalty shall be imposed under this paragraph on any failure during any period for which it is established to the satisfaction of the Secretary that none of the entities against whom the penalty would be imposed knew, or exercising reasonable diligence would have known, that such failure existed.

"(II) PENALTY NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No civil money penalty shall be imposed under this paragraph on any failure if such failure was due to reasonable cause and not to willful neglect, and such failure is corrected during the 30-day period beginning on the first day any of the entities against whom the penalty would be imposed knew, or exercising reasonable diligence would have known, that such failure existed.

"(D) ADMINISTRATIVE REVIEW.—

"(i) OPPORTUNITY FOR HEARING.—The entity assessed shall be afforded an opportunity for hearing by the Secretary upon request made within 30 days after the date of the issuance of a notice of assessment. In such hearing the decision shall be made on the record pursuant to section 554 of title 5, United States Code. If no hearing is requested, the assessment shall constitute a final and unappealable order.

"(ii) HEARING PROCEDURE.—If a hearing is requested, the initial agency decision shall be made by an administrative law judge, and such decision shall become the final order unless the Secretary modifies or vacates the decision. Notice of intent to modify or vacate the decision of the administrative law judge shall be issued to the parties within 30 days after the date of the decision of the judge. A final order which takes effect under this paragraph shall be subject to review only as provided under subparagraph (E).

"(E) JUDICIAL REVIEW.—

"(i) FILING OF ACTION FOR REVIEW.—Any entity against whom an order imposing a civil money penalty has been entered after an agency hearing under this paragraph may obtain review by the United States district court for any district in which such entity is located or the United States District Court for the District of Columbia by filing a notice of appeal in such court within 30 days from the date of such order, and simultaneously sending a copy of such notice by registered mail to the Secretary.

"(ii) CERTIFICATION OF ADMINISTRATIVE RECORD.—The Secretary shall promptly certify and file in such court the record upon which the penalty was imposed.

"(iii) STANDARD FOR REVIEW.—The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence as provided by section 706(2)(E) of title 5, United States Code.

"(iv) APPEAL.—Any final decision, order, or judgment of the district court concerning such review shall be subject to appeal as provided in chapter 83 of title 28 of such Code.

"(F) FAILURE TO PAY ASSESSMENT; MAINTENANCE OF ACTION.—

"(i) FAILURE TO PAY ASSESSMENT.—If any entity fails to pay an assessment after it has become a final and unappealable order, or after the court has entered final judgment in favor of

the Secretary, the Secretary shall refer the matter to the Attorney General who shall recover the amount assessed by action in the appropriate United States district court.

"(ii) NONREVIEWABILITY.—In such action the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(G) PAYMENT OF PENALTIES.—Except as otherwise provided, penalties collected under this paragraph shall be paid to the Secretary (or other officer) imposing the penalty and shall be available without appropriation and until expended for the purpose of enforcing the provisions with respect to which the penalty was imposed.

"SEC. 2723. PREEMPTION; STATE FLEXIBILITY; CONSTRUCTION.

"(a) CONTINUED APPLICABILITY OF STATE LAW WITH RESPECT TO HEALTH INSURANCE ISSUERS.—

"(1) IN GENERAL.—Subject to paragraph (2) and except as provided in subsection (b), this part and part C insofar as it relates to this part shall not be construed to supersede any provision of State law which establishes, implements, or continues in effect any standard or requirement solely relating to health insurance issuers in connection with group health insurance coverage except to the extent that such standard or requirement prevents the application of a requirement of this part.

"(2) CONTINUED PREEMPTION WITH RESPECT TO GROUP HEALTH PLANS.—Nothing in this part shall be construed to affect or modify the provisions of section 514 of the Employee Retirement Income Security Act of 1974 with respect to group health plans.

"(b) SPECIAL RULES IN CASE OF PORTABILITY REQUIREMENTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the provisions of this part relating to health insurance coverage offered by a health insurance issuer supersede any provision of State law which establishes, implements, or continues in effect a standard or requirement applicable to imposition of a preexisting condition exclusion specifically governed by section 701 which differs from the standards or requirements specified in such section.

"(2) EXCEPTIONS.—Only in relation to health insurance coverage offered by a health insurance issuer, the provisions of this part do not supersede any provision of State law to the extent that such provision—

"(i) substitutes for the reference to '6-month period' in section 2701(a)(1) a reference to any shorter period of time;

"(ii) substitutes for the reference to '12 months' and '18 months' in section 2701(a)(2) a reference to any shorter period of time;

"(iii) substitutes for the references to '63' days in sections 2701(c)(2)(A) and 2701(d)(4)(A) a reference to any greater number of days;

"(iv) substitutes for the reference to '30-day period' in sections 2701(b)(2) and 2701(d)(1) a reference to any greater period;

"(v) prohibits the imposition of any preexisting condition exclusion in cases not described in section 2701(d) or expands the exceptions described in such section;

"(vi) requires special enrollment periods in addition to those required under section 2701(f); or

"(vii) reduces the maximum period permitted in an affiliation period under section 2701(g)(1)(B).

"(c) RULES OF CONSTRUCTION.—Nothing in this part shall be construed as requiring a group health plan or health insurance coverage to provide specific benefits under the terms of such plan or coverage.

"(d) DEFINITIONS.—For purposes of this section—

"(1) STATE LAW.—The term 'State law' includes all laws, decisions, rules, regulations, or other State action having the effect of law, of any State. A law of the United States applicable only to the District of Columbia shall be treated as a State law rather than a law of the United States.

"(2) STATE.—The term 'State' includes a State (including the Northern Mariana Islands), any political subdivisions of a State or such Islands, or any agency or instrumentality of either.

"PART C—DEFINITIONS; MISCELLANEOUS PROVISIONS

"SEC. 2791. DEFINITIONS.

"(a) GROUP HEALTH PLAN.—

"(1) DEFINITION.—The term 'group health plan' means an employee welfare benefit plan (as defined in section 3(1) of the Employee Retirement Income Security Act of 1974) to the extent that the plan provides medical care (as defined in paragraph (2)) and including items and services paid for as medical care) to employees or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise.

"(2) MEDICAL CARE.—The term 'medical care' means amounts paid for—

"(A) the diagnosis, cure, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body,

"(B) amounts paid for transportation primarily for and essential to medical care referred to in subparagraph (A), and

"(C) amounts paid for insurance covering medical care referred to in subparagraphs (A) and (B).

"(3) TREATMENT OF CERTAIN PLANS AS GROUP HEALTH PLAN FOR NOTICE PROVISION.—A program under which creditable coverage described in subparagraph (C), (D), (E), or (F) of section 2701(c)(1) is provided shall be treated as a group health plan for purposes of applying section 2701(e).

"(b) DEFINITIONS RELATING TO HEALTH INSURANCE.—

"(1) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise and including items and services paid for as medical care) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer.

"(2) HEALTH INSURANCE ISSUER.—The term 'health insurance issuer' means an insurance company, insurance service, or insurance organization (including a health maintenance organization, as defined in paragraph (3)) which is licensed to engage in the business of insurance in a State and which is subject to State law which regulates insurance (within the meaning of section 514(b)(2) of the Employee Retirement Income Security Act of 1974). Such term does not include a group health plan.

"(3) HEALTH MAINTENANCE ORGANIZATION.—The term 'health maintenance organization' means—

"(A) a Federally qualified health maintenance organization (as defined in section 1301(a)),

"(B) an organization recognized under State law as a health maintenance organization, or

"(C) a similar organization regulated under State law for solvency in the same manner and to the same extent as such a health maintenance organization.

"(4) GROUP HEALTH INSURANCE COVERAGE.—The term 'group health insurance coverage' means, in connection with a group health plan, health insurance coverage offered in connection with such plan.

"(5) INDIVIDUAL HEALTH INSURANCE COVERAGE.—The term 'individual health insurance coverage' means health insurance coverage offered to individuals in the individual market, but does not include short-term limited duration insurance.

"(c) EXCEPTED BENEFITS.—For purposes of this title, the term 'excepted benefits' means benefits under one or more (or any combination thereof) of the following:

"(1) BENEFITS NOT SUBJECT TO REQUIREMENTS.—

"(A) Coverage only for accident, or disability income insurance, or any combination thereof.

"(B) Coverage issued as a supplement to liability insurance.

"(C) Liability insurance, including general liability insurance and automobile liability insurance.

"(D) Workers' compensation or similar insurance.

"(E) Automobile medical payment insurance.

"(F) Credit-only insurance.

"(G) Coverage for on-site medical clinics.

"(H) Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

"(2) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED SEPARATELY.—

"(A) Limited scope dental or vision benefits.

"(B) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

"(C) Such other similar, limited benefits as are specified in regulations.

"(3) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS INDEPENDENT, NONCOORDINATED BENEFITS.—

"(A) Coverage only for a specified disease or illness.

"(B) Hospital indemnity or other fixed indemnity insurance.

"(4) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS SEPARATE INSURANCE POLICY.—Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act), coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided to coverage under a group health plan.

"(d) OTHER DEFINITIONS.—

"(1) APPLICABLE STATE AUTHORITY.—The term 'applicable State authority' means, with respect to a health insurance issuer in a State, the State insurance commissioner or official or officials designated by the State to enforce the requirements of this title for the State involved with respect to such issuer.

"(2) BENEFICIARY.—The term 'beneficiary' has the meaning given such term under section 3(8) of the Employee Retirement Income Security Act of 1974.

"(3) BONA FIDE ASSOCIATION.—The term 'bona fide association' means, with respect to health insurance coverage offered in a State, an association which—

"(A) has been actively in existence for at least 5 years;

"(B) has been formed and maintained in good faith for purposes other than obtaining insurance;

"(C) does not condition membership in the association on any health status-related factor relating to an individual (including an employee of an employer or a dependent of an employee);

"(D) makes health insurance coverage offered through the association available to all members regardless of any health status-related factor relating to such members (or individuals eligible for coverage through a member);

"(E) does not make health insurance coverage offered through the association available other than in connection with a member of the association; and

"(F) meets such additional requirements as may be imposed under State law.

"(4) COBRA CONTINUATION PROVISION.—The term 'COBRA continuation provision' means any of the following:

"(A) Section 4980B of the Internal Revenue Code of 1986, other than subsection (f)(1) of such section insofar as it relates to pediatric vaccines.

"(B) Part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, other than section 609 of such Act.

"(C) Title XXII of this Act.

"(5) EMPLOYEE.—The term 'employee' has the meaning given such term under section 3(6) of the Employee Retirement Income Security Act of 1974.

"(6) EMPLOYER.—The term 'employer' has the meaning given such term under section 3(5) of the Employee Retirement Income Security Act of 1974, except that such term shall include only employers of two or more employees.

"(7) CHURCH PLAN.—The term 'church plan' has the meaning given such term under section 3(33) of the Employee Retirement Income Security Act of 1974.

"(8) GOVERNMENTAL PLAN.—(A) The term 'governmental plan' has the meaning given such term under section 3(32) of the Employee Retirement Income Security Act of 1974 and any Federal governmental plan.

"(B) FEDERAL GOVERNMENTAL PLAN.—The term 'Federal governmental plan' means a governmental plan established or maintained for its employees by the Government of the United States or by any agency or instrumentality of such Government.

"(C) NONFEDERAL GOVERNMENTAL PLAN.—The term 'nonfederal governmental plan' means a governmental plan that is not a Federal governmental plan.

"(9) HEALTH STATUS-RELATED FACTOR.—The term 'health status-related factor' means any of the factors described in section 2702(a)(1).

"(10) NETWORK PLAN.—The term 'network plan' means health insurance coverage of a health insurance issuer under which the financing and delivery of medical care (including items and services paid for as medical care) are provided, in whole or in part, through a defined set of providers under contract with the issuer.

"(11) PARTICIPANT.—The term 'participant' has the meaning given such term under section 3(7) of the Employee Retirement Income Security Act of 1974.

"(12) PLACED FOR ADOPTION DEFINED.—The term 'placement', or being 'placed', for adoption, in connection with any placement for adoption of a child with any person, means the assumption and retention by such person of a legal obligation for total or partial support of such child in anticipation of adoption of such child. The child's placement with such person terminates upon the termination of such legal obligation.

"(13) PLAN SPONSOR.—The term 'plan sponsor' has the meaning given such term under section 3(16)(B) of the Employee Retirement Income Security Act of 1974.

"(14) STATE.—The term 'State' means each of the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

"(e) DEFINITIONS RELATING TO MARKETS AND SMALL EMPLOYERS.—For purposes of this title:

"(1) INDIVIDUAL MARKET.—

"(A) IN GENERAL.—The term 'individual market' means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

"(B) TREATMENT OF VERY SMALL GROUPS.—

"(i) IN GENERAL.—Subject to clause (ii), such terms includes coverage offered in connection with a group health plan that has fewer than two participants as current employees on the first day of the plan year.

"(ii) STATE EXCEPTION.—Clause (i) shall not apply in the case of a State that elects to regulate the coverage described in such clause as coverage in the small group market.

"(2) LARGE EMPLOYER.—The term 'large employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 51 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(3) LARGE GROUP MARKET.—The term 'large group market' means the health insurance market under which individuals obtain health insurance coverage (directly or through any arrangement) on behalf of themselves (and their dependents) through a group health plan maintained by a large employer.

"(4) SMALL EMPLOYER.—The term 'small employer' means, in connection with a group health plan with respect to a calendar year and a plan year, an employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year.

"(5) SMALL GROUP MARKET.—The term 'small group market' means the health insurance market under which individuals obtain health insurance coverage (directly or through any arrangement) on behalf of themselves (and their dependents) through a group health plan maintained by a small employer.

"(6) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of this subsection—

"(A) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as 1 employer.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small or large employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) PREDECESSORS.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

"SEC. 2792. REGULATIONS.

"The Secretary, consistent with section 104 of the Health Care Portability and Accountability Act of 1996, may promulgate such regulations as may be necessary or appropriate to carry out the provisions of this title. The Secretary may promulgate any interim final rules as the Secretary determines are appropriate to carry out this title.".

(b) APPLICATION OF RULES BY CERTAIN HEALTH MAINTENANCE ORGANIZATIONS.—Section 1301 of such Act (42 U.S.C. 300e) is amended by adding at the end the following new subsection:

"(d) An organization that offers health benefits coverage shall not be considered as failing to meet the requirements of this section notwithstanding that it provides, with respect to coverage offered in connection with a group health plan in the small or large group market (as defined in section 2791(e)), an affiliation period consistent with the provisions of section 2701(g).".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, part A of title XXVII of the Public Health Service Act (as added by subsection (a)) shall apply with respect to group health plans, and health insurance coverage offered in connection with group health plans, for plan years beginning after June 30, 1997.

(2) DETERMINATION OF CREDITABLE COVERAGE.—

(A) PERIOD OF COVERAGE.—

(i) IN GENERAL.—Subject to clause (ii), no period before July 1, 1996, shall be taken into account under part A of title XXVII of the Public Health Service Act (as added by this section) in determining creditable coverage.

(ii) SPECIAL RULE FOR CERTAIN PERIODS.—The Secretary of Health and Human Services, consistent with section 104, shall provide for a process whereby individuals who need to establish creditable coverage for periods before July 1, 1996, and who would have such coverage credited but for clause (i) may be given credit for creditable coverage for such periods through the presentation of documents or other means.

(B) CERTIFICATIONS, ETC.—

(i) IN GENERAL.—Subject to clauses (ii) and (iii), subsection (e) of section 2701 of the Public Health Service Act (as added by this section) shall apply to events occurring after June 30, 1996.

(ii) NO CERTIFICATION REQUIRED TO BE PROVIDED BEFORE JUNE 1, 1997.—In no case is a certification required to be provided under such subsection before June 1, 1997.

(iii) CERTIFICATION ONLY ON WRITTEN REQUEST FOR EVENTS OCCURRING BEFORE OCTOBER 1, 1996.—In the case of an event occurring after June 30, 1996, and before October 1, 1996, a certification is not required to be provided under such subsection unless an individual (with respect to whom the certification is otherwise required to be made) requests such certification in writing.

(C) TRANSITIONAL RULE.—In the case of an individual who seeks to establish creditable coverage for any period for which certification is not required because it relates to an event occurring before June 30, 1996—

(i) the individual may present other credible evidence of such coverage in order to establish the period of creditable coverage; and

(ii) a group health plan and a health insurance issuer shall not be subject to any penalty or enforcement action with respect to the plan's or issuer's crediting (or not crediting) such coverage if the plan or issuer has sought to comply in good faith with the applicable requirements under the amendments made by this section.

(3) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—Except as provided in paragraph (2)(B), in the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, part A of title XXVII of the Public Health Service Act (other than section 2701(e) thereof) shall not apply to plan years beginning before the later of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) July 1, 1997.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement of such part shall not be treated as a termination of such collective bargaining agreement.

(4) TIMELY REGULATIONS.—The Secretary of Health and Human Services, consistent with section 104, shall first issue by not later than April 1, 1997, such regulations as may be necessary to carry out the amendments made by this section and section 111.

(5) LIMITATION ON ACTIONS.—No enforcement action shall be taken, pursuant to the amendments made by this section, against a group

health plan or health insurance issuer with respect to a violation of a requirement imposed by such amendments before January 1, 1998, or, if later, the date of issuance of regulations referred to in paragraph (4), if the plan or issuer has sought to comply in good faith with such requirements.

(d) MISCELLANEOUS CORRECTION.—Section 2208(1) of the Public Health Service Act (42 U.S.C. 300bb–8(1)) is amended by striking "section 162(i)(2)" and inserting "5000(b)".

SEC. 103. REFERENCE TO IMPLEMENTATION THROUGH THE INTERNAL REVENUE CODE OF 1986.

For provisions amending the Internal Revenue Code of 1986 to provide for application and enforcement of rules for group health plans similar to those provided under the amendments made by section 101(a), see section 401.

SEC. 104. ASSURING COORDINATION.

The Secretary of the Treasury, the Secretary of Health and Human Services, and the Secretary of Labor shall ensure, through the execution of an interagency memorandum of understanding among such Secretaries, that—

(1) regulations, rulings, and interpretations issued by such Secretaries relating to the same matter over which two or more such Secretaries have responsibility under this subtitle (and the amendments made by this subtitle and section 401) are administered so as to have the same effect at all times; and

(2) coordination of policies relating to enforcing the same requirements through such Secretaries in order to have a coordinated enforcement strategy that avoids duplication of enforcement efforts and assigns priorities in enforcement.

Subtitle B—Individual Market Rules

SEC. 111. AMENDMENT TO PUBLIC HEALTH SERVICE ACT.

(a) IN GENERAL.—Title XXVII of the Public Health Service Act, as added by section 102(a) of this Act, is amended by inserting after part A the following new part:

"PART B—INDIVIDUAL MARKET RULES

"SEC. 2741. GUARANTEED AVAILABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE TO CERTAIN INDIVIDUALS WITH PRIOR GROUP COVERAGE.

"(a) GUARANTEED AVAILABILITY.—

"(1) IN GENERAL.—Subject to the succeeding subsections of this section and section 2744, each health insurance issuer that offers health insurance coverage (as defined in section 2791(b)(1)) in the individual market in a State may not, with respect to an eligible individual (as defined in subsection (b)) desiring to enroll in individual health insurance coverage—

"(A) decline to offer such coverage to, or deny enrollment of, such individual; or

"(B) impose any preexisting condition exclusion (as defined in section 2701(b)(1)(A)) with respect to such coverage.

"(2) SUBSTITUTION BY STATE OF ACCEPTABLE ALTERNATIVE MECHANISM.—The requirement of paragraph (1) shall not apply to health insurance coverage offered in the individual market in a State in which the State is implementing an acceptable alternative mechanism under section 2744.

"(b) ELIGIBLE INDIVIDUAL DEFINED.—In this part, the term 'eligible individual' means an individual—

"(1)(A) for whom, as of the date on which the individual seeks coverage under this section, the aggregate of the periods of creditable coverage (as defined in section 2701(c)) is 18 or more months and (B) whose most recent prior creditable coverage was under a group health plan, governmental plan, or church plan (or health insurance coverage offered in connection with any such plan);

"(2) who is not eligible for coverage under (A) a group health plan, (B) part A or part B of title XVIII of the Social Security Act, or (C) a State plan under title XIX of such Act (or any successor program), and does not have other health insurance coverage;

"(3) with respect to whom the most recent coverage within the coverage period described in paragraph (1)(A) was not terminated based on a factor described in paragraph (1) or (2) of section 2712(b) (relating to nonpayment of premiums or fraud);

"(4) if the individual had been offered the option of continuation coverage under a COBRA continuation provision or under a similar State program, who elected such coverage; and

"(5) who, if the individual elected such continuation coverage, has exhausted such continuation coverage under such provision or program.

"(c) ALTERNATIVE COVERAGE PERMITTED WHERE NO STATE MECHANISM.—

"(1) IN GENERAL.—In the case of health insurance coverage offered in the individual market in a State in which the State is not implementing an acceptable alternative mechanism under section 2744, the health insurance issuer may elect to limit the coverage offered under subsection (a) so long as it offers at least two different policy forms of health insurance coverage both of which—

"(A) are designed for, made generally available to, and actively marketed to, and enroll both eligible and other individuals by the issuer; and

"(B) meet the requirement of paragraph (2) or (3), as elected by the issuer.

For purposes of this subsection, policy forms which have different cost-sharing arrangements or different riders shall be considered to be different policy forms.

"(2) CHOICE OF MOST POPULAR POLICY FORMS.—The requirement of this paragraph is met, for health insurance coverage policy forms offered by an issuer in the individual market, if the issuer offers the policy forms for individual health insurance coverage with the largest, and next to largest, premium volume of all such policy forms offered by the issuer in the State or applicable marketing or service area (as may be prescribed in regulation) by the issuer in the individual market in the period involved.

"(3) CHOICE OF 2 POLICY FORMS WITH REPRESENTATIVE COVERAGE.—

"(A) IN GENERAL.—The requirement of this paragraph is met, for health insurance coverage policy forms offered by an issuer in the individual market, if the issuer offers a lower-level coverage policy form (as defined in subparagraph (B)) and a higher-level coverage policy form (as defined in subparagraph (C)) each of which includes benefits substantially similar to other individual health insurance coverage offered by the issuer in that State and each of which is covered under a method described in section 2744(c)(3)(A) (relating to risk adjustment, risk spreading, or financial subsidization).

"(B) LOWER-LEVEL OF COVERAGE DESCRIBED.—A policy form is described in this subparagraph if the actuarial value of the benefits under the coverage is at least 85 percent but not greater than 100 percent of a weighted average (described in subparagraph (D)).

"(C) HIGHER-LEVEL OF COVERAGE DESCRIBED.—A policy form is described in this subparagraph if—

"(i) the actuarial value of the benefits under the coverage is at least 15 percent greater than the actuarial value of the coverage described in subparagraph (B) offered by the issuer in the area involved; and

"(ii) the actuarial value of the benefits under the coverage is at least 100 percent but not greater than 120 percent of a weighted average (described in subparagraph (D)).

"(D) WEIGHTED AVERAGE.—For purposes of this paragraph, the weighted average described in this subparagraph is the average actuarial value of the benefits provided by all the health insurance coverage issued (as elected by the issuer) either by that issuer or by all issuers in the State in the individual market during the previous year (not including coverage issued under this section), weighted by enrollment for the different coverage.

"(4) ELECTION.—The issuer elections under this subsection shall apply uniformly to all eligible individuals in the State for that issuer. Such an election shall be effective for policies offered during a period of not shorter than 2 years.

"(5) ASSUMPTIONS.—For purposes of paragraph (3), the actuarial value of benefits provided under individual health insurance coverage shall be calculated based on a standardized population and a set of standardized utilization and cost factors.

"(d) SPECIAL RULES FOR NETWORK PLANS.—

"(1) IN GENERAL.—In the case of a health insurance issuer that offers health insurance coverage in the individual market through a network plan, the issuer may—

"(A) limit the individuals who may be enrolled under such coverage to those who live, reside, or work within the service area for such network plan; and

"(B) within the service area of such plan, deny such coverage to such individuals if the issuer has demonstrated, if required, to the applicable State authority that—

"(i) it will not have the capacity to deliver services adequately to additional individual enrollees because of its obligations to existing group contract holders and enrollees and individual enrollees, and

"(ii) it is applying this paragraph uniformly to individuals without regard to any health status-related factor of such individuals and without regard to whether the individuals are eligible individuals.

"(2) 180-DAY SUSPENSION UPON DENIAL OF COVERAGE.—An issuer, upon denying health insurance coverage in any service area in accordance with paragraph (1)(B), may not offer coverage in the individual market within such service area for a period of 180 days after such coverage is denied.

"(e) APPLICATION OF FINANCIAL CAPACITY LIMITS.—

"(1) IN GENERAL.—A health insurance issuer may deny health insurance coverage in the individual market to an eligible individual if the issuer has demonstrated, if required, to the applicable State authority that—

"(A) it does not have the financial reserves necessary to underwrite additional coverage; and

"(B) it is applying this paragraph uniformly to all individuals in the individual market in the State consistent with applicable State law and without regard to any health status-related factor of such individuals and without regard to whether the individuals are eligible individuals.

"(2) 180-DAY SUSPENSION UPON DENIAL OF COVERAGE.—An issuer upon denying individual health insurance coverage in any service area in accordance with paragraph (1) may not offer such coverage in the individual market within such service area for a period of 180 days after the date such coverage is denied or until the issuer has demonstrated, if required under applicable State law, to the applicable State authority that the issuer has sufficient financial reserves to underwrite additional coverage, whichever is later. A State may provide for the application of this paragraph on a service-area-specific basis.

"(e) MARKET REQUIREMENTS.—

"(1) IN GENERAL.—The provisions of subsection (a) shall not be construed to require that

a health insurance issuer offering health insurance coverage only in connection with group health plans or through one or more bona fide associations, or both, offer such health insurance coverage in the individual market.

"(2) CONVERSION POLICIES.—A health insurance issuer offering health insurance coverage in connection with group health plans under this title shall not be deemed to be a health insurance issuer offering individual health insurance coverage solely because such issuer offers a conversion policy.

"(f) CONSTRUCTION.—Nothing in this section shall be construed—

"(1) to restrict the amount of the premium rates that an issuer may charge an individual for health insurance coverage provided in the individual market under applicable State law; or

"(2) to prevent a health insurance issuer offering health insurance coverage in the individual market from establishing premium discounts or rebates or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

"SEC. 2742. GUARANTEED RENEWABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE.

"(a) IN GENERAL.—Except as provided in this section, a health insurance issuer that provides individual health insurance coverage to an individual shall renew or continue in force such coverage at the option of the individual.

"(b) GENERAL EXCEPTIONS.—A health insurance issuer may nonrenew or discontinue health insurance coverage of an individual in the individual market based only on one or more of the following:

"(1) NONPAYMENT OF PREMIUMS.—The individual has failed to pay premiums or contributions in accordance with the terms of the health insurance coverage or the issuer has not received timely premium payments.

"(2) FRAUD.—The individual has performed an act or practice that constitutes fraud or made an intentional misrepresentation of material fact under the terms of the coverage.

"(3) TERMINATION OF PLAN.—The issuer is ceasing to offer coverage in the individual market in accordance with subsection (c) and applicable State law.

"(4) MOVEMENT OUTSIDE SERVICE AREA.—In the case of a health insurance issuer that offers health insurance coverage in the market through a network plan, the individual no longer resides, lives, or works in the service area (or in an area for which the issuer is authorized to do business) but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals.

"(5) ASSOCIATION MEMBERSHIP CEASES.—In the case of health insurance coverage that is made available in the individual market only through one or more bona fide associations, the membership of the individual in the association (on the basis of which the coverage is provided) ceases but only if such coverage is terminated under this paragraph uniformly without regard to any health status-related factor of covered individuals.

"(c) REQUIREMENTS FOR UNIFORM TERMINATION OF COVERAGE.—

"(1) PARTICULAR TYPE OF COVERAGE NOT OFFERED.—In any case in which an issuer decides to discontinue offering a particular type of health insurance coverage offered in the individual market, coverage of such type may be discontinued by the issuer only if—

"(A) the issuer provides notice to each covered individual provided coverage of this type in such market of such discontinuation at least 90 days prior to the date of the discontinuation of such coverage;

"(B) the issuer offers to each individual in the individual market provided coverage of this type, the option to purchase any other individual health insurance coverage currently being offered by the issuer for individuals in such market; and

"(C) in exercising the option to discontinue coverage of this type and in offering the option of coverage under subparagraph (B), the issuer acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for such coverage.

"(2) DISCONTINUANCE OF ALL COVERAGE.—

"(A) IN GENERAL.—Subject to subparagraph (C), in any case in which a health insurance issuer elects to discontinue offering all health insurance coverage in the individual market in a State, health insurance coverage may be discontinued by the issuer only if—

"(i) the issuer provides notice to the applicable State authority and to each individual of such discontinuation at least 180 days prior to the date of the expiration of such coverage, and

"(ii) all health insurance issued or delivered for issuance in the State in such market are discontinued and coverage under such health insurance coverage in such market is not renewed.

"(B) PROHIBITION ON MARKET REENTRY.—In the case of a discontinuation under subparagraph (A) in the individual market, the issuer may not provide for the issuance of any health insurance coverage in the market and State involved during the 5-year period beginning on the date of the discontinuation of the last health insurance coverage not so renewed.

"(d) EXCEPTION FOR UNIFORM MODIFICATION OF COVERAGE.—At the time of coverage renewal, a health insurance issuer may modify the health insurance coverage for a policy form offered to individuals in the individual market so long as such modification is consistent with State law and effective on a uniform basis among all individuals with that policy form.

"(e) APPLICATION TO COVERAGE OFFERED ONLY THROUGH ASSOCIATIONS.—In applying this section in the case of health insurance coverage that is made available by a health insurance issuer in the individual market to individuals only through one or more associations, a reference to an 'individual' is deemed to include a reference to such an association (of which the individual is a member).

"SEC. 2743. CERTIFICATION OF COVERAGE.

"The provisions of section 2701(e) shall apply to health insurance coverage offered by a health insurance issuer in the individual market in the same manner as it applies to health insurance coverage offered by a health insurance issuer in connection with a group health plan in the small or large group market.

"SEC. 2744. STATE FLEXIBILITY IN INDIVIDUAL MARKET REFORMS.

"(a) WAIVER OF REQUIREMENTS WHERE IMPLEMENTATION OF ACCEPTABLE ALTERNATIVE MECHANISM.—

"(1) IN GENERAL.—The requirements of section 2741 shall not apply with respect to health insurance coverage offered in the individual market in the State so long as a State is found to be implementing, in accordance with this section and consistent with section 2746(b), an alternative mechanism (in this section referred to as an 'acceptable alternative mechanism')—

"(A) under which all eligible individuals are provided a choice of health insurance coverage;

"(B) under which such coverage does not impose any preexisting condition exclusion with respect to such coverage;

"(C) under which such choice of coverage includes at least one policy form of coverage that is comparable to comprehensive health insurance coverage offered in the individual market in such State or that is comparable to a standard option of coverage available under the group or individual health insurance laws of such State; and

"(D) in a State which is implementing—

"(i) a model act described in subsection (c)(1),

"(ii) a qualified high risk pool described in subsection (c)(2), or

"(iii) a mechanism described in subsection (c)(3).

"(2) PERMISSIBLE FORMS OF MECHANISMS.—A private or public individual health insurance mechanism (such as a health insurance coverage pool or programs, mandatory group conversion policies, guaranteed issue of one or more plans of individual health insurance coverage, or open enrollment by one or more health insurance issuers), or combination of such mechanisms, that is designed to provide access to health benefits for individuals in the individual market in the State in accordance with this section may constitute an acceptable alternative mechanism.

"(b) APPLICATION OF ACCEPTABLE ALTERNATIVE MECHANISMS.—

"(1) PRESUMPTION.—

"(A) IN GENERAL.—Subject to the succeeding provisions of this subsection, a State is presumed to be implementing an acceptable alternative mechanism in accordance with this section as of July 1, 1997, if, by not later than April 1, 1997, the chief executive officer of a State—

"(i) notifies the Secretary that the State has enacted or intends to enact (by not later than January 1, 1998, or July 1, 1998, in the case of a State described in subparagraph (B)(ii)) any necessary legislation to provide for the implementation of a mechanism reasonably designed to be an acceptable alternative mechanism as of January 1, 1998, (or, in the case of a State described in subparagraph (B)(ii), July 1, 1998); and

"(ii) provides the Secretary with such information as the Secretary may require to review the mechanism and its implementation (or proposed implementation) under this subsection.

"(B) DELAY PERMITTED FOR CERTAIN STATES.—

"(i) EFFECT OF DELAY.—In the case of a State described in clause (ii) that provides notice under subparagraph (A)(i), for the presumption to continue on and after July 1, 1998, the chief executive officer of the State by April 1, 1998—

"(I) must notify the Secretary that the State has enacted any necessary legislation to provide for the implementation of a mechanism reasonably designed to be an acceptable alternative mechanism as of July 1, 1998; and

"(II) must provide the Secretary with such information as the Secretary may require to review the mechanism and its implementation (or proposed implementation) under this subsection.

"(ii) STATES DESCRIBED.—A State described in this clause is a State that has a legislature that does not meet within the 12-month period beginning on the date of enactment of this Act.

"(C) CONTINUED APPLICATION.—In order for a mechanism to continue to be presumed to be an acceptable alternative mechanism, the State shall provide the Secretary every 3 years with information described in subparagraph (A)(ii) or (B)(i)(II) (as the case may be).

"(2) NOTICE.—If the Secretary finds, after review of information provided under paragraph (1) and in consultation with the chief executive officer of the State and the insurance commissioner or chief insurance regulatory official of the State, that such a mechanism is not an acceptable alternative mechanism or is not (or no longer) being implemented, the Secretary—

"(A) shall notify the State of—

"(i) such preliminary determination, and

"(ii) the consequences under paragraph (3) of a failure to implement such a mechanism; and

"(B) shall permit the State a reasonable opportunity in which to modify the mechanism (or *to adopt another mechanism) in a manner so that may be an acceptable alternative mechanism or to provide for implementation of such a mechanism.*

"(3) FINAL DETERMINATION.—If, after providing notice and opportunity under paragraph (2), the Secretary finds that the mechanism is not an acceptable alternative mechanism or the State is not implementing such a mechanism, the Secretary shall notify the State that the State is no longer considered to be implementing an acceptable alternative mechanism and that the requirements of section 2741 shall apply to health insurance coverage offered in the individual market in the State, effective as of a date specified in the notice.

"(4) LIMITATION ON SECRETARIAL AUTHORITY.—The Secretary shall not make a determination under paragraph (2) or (3) on any basis other than the basis that a mechanism is not an acceptable alternative mechanism or is not being implemented.

"(5) FUTURE ADOPTION OF MECHANISMS.—If a State, after January 1, 1997, submits the notice and information described in paragraph (1), unless the Secretary makes a finding described in paragraph (3) within the 90-day period beginning on the date of submission of the notice and information, the mechanism shall be considered to be an acceptable alternative mechanism for purposes of this section, effective 90 days after the end of such period, subject to the second sentence of paragraph (1).

"(c) PROVISION RELATED TO RISK.—

"(1) ADOPTION OF NAIC MODELS.—The model act referred to in subsection (a)(1)(D)(i) is the Small Employer and Individual Health Insurance Availability Model Act (adopted by the National Association of Insurance Commissioners on June 3, 1996) insofar as it applies to individual health insurance coverage or the Individual Health Insurance Portability Model Act (also adopted by such Association on such date).

"(2) QUALIFIED HIGH RISK POOL.—For purposes of subsection (a)(1)(D)(ii), a 'qualified high risk pool' described in this paragraph is a high risk pool that—

"(A) provides to all eligible individuals health insurance coverage (or comparable coverage) that does not impose any preexisting condition exclusion with respect to such coverage for all eligible individuals, and

"(B) provides for premium rates and covered benefits for such coverage consistent with standards included in the NAIC Model Health Plan for Uninsurable Individuals Act (as in effect as of the date of the enactment of this title).

"(3) OTHER MECHANISMS.—For purposes of subsection (a)(1)(D)(iii), a mechanism described in this paragraph—

"(A) provides for risk adjustment, risk spreading, or a risk spreading mechanism (among issuers or policies of an issuer) or otherwise provides for some financial subsidization for eligible individuals, including through assistance to participating issuers; or

"(B) is a mechanism under which each eligible individual is provided a choice of all individual health insurance coverage otherwise available.

"SEC. 2745. ENFORCEMENT.

"(a) STATE ENFORCEMENT.—

"(1) STATE AUTHORITY.—Subject to section 2746, each State may require that health insurance issuers that issue, sell, renew, or offer health insurance coverage in the State in the individual market meet the requirements established under this part with respect to such issuers.

"(2) FAILURE TO IMPLEMENT REQUIREMENTS.—In the case of a State that fails to substantially enforce the requirements set forth in this part with respect to health insurance issuers in the State, the Secretary shall enforce the requirements of this part under subsection (b) insofar as they relate to the issuance, sale, renewal, and offering of health insurance coverage in the individual market in such State.

"(b) SECRETARIAL ENFORCEMENT AUTHORITY.—The Secretary shall have the same authority in relation to enforcement of the provisions of this part with respect to issuers of health insurance coverage in the individual market in a State as the Secretary has under section 2722(b)(2) in relation to the enforcement of the provisions of part A with respect to issuers of health insurance coverage in the small group market in the State.

"SEC. 2746. PREEMPTION.

"(a) IN GENERAL.—Subject to subsection (b), nothing in this part (or part C insofar as it applies to this part) shall be construed to prevent a State from establishing, implementing, or continuing in effect standards and requirements unless such standards and requirements prevent the application of a requirement of this part.

"(b) RULES OF CONSTRUCTION.—Nothing in this part (or part C insofar as it applies to this part) shall be construed to affect or modify the provisions of section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144).

"SEC. 2747. GENERAL EXCEPTIONS.

"(a) EXCEPTION FOR CERTAIN BENEFITS.—The requirements of this part shall not apply to any health insurance coverage in relation to its provision of excepted benefits described in section 2791(c)(1).

"(b) EXCEPTION FOR CERTAIN BENEFITS IF CERTAIN CONDITIONS MET.—The requirements of this part shall not apply to any health insurance coverage in relation to its provision of excepted benefits described in paragraph (2), (3), or (4) of section 2791(c) if the benefits are provided under a separate policy, certificate, or contract of insurance.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, part B of title XXVII of the Public Health Service Act (as inserted by subsection (a)) shall apply with respect to health insurance coverage offered, sold, issued, renewed, in effect, or operated in the individual market after June 30, 1997, regardless of when a period of creditable coverage occurs.

(2) APPLICATION OF CERTIFICATION RULES.—The provisions of section 102(d)(2) of this Act shall apply to section 2743 of the Public Health Service Act in the same manner as it applies to section 2701(e) of such Act.

Subtitle C—General and Miscellaneous Provisions

SEC. 191. HEALTH COVERAGE AVAILABILITY STUDIES.

(a) STUDIES.—

(1) STUDY ON EFFECTIVENESS OF REFORMS.—The Secretary of Health and Human Services shall provide for a study on the effectiveness of the provisions of this title and the various State laws, in ensuring the availability of reasonably priced health coverage to employers purchasing group coverage and individuals purchasing coverage on a non-group basis.

(2) STUDY ON ACCESS AND CHOICE.—The Secretary also shall provide for a study on—

(A) the extent to which patients have direct access to, and choice of, health care providers, including specialty providers, within a network plan, as well as the opportunity to utilize providers outside of the network plan, under the various types of coverage offered under the provisions of this title; and

(B) the cost and cost-effectiveness to health insurance issuers of providing access to out-of-network providers, and the potential impact of providing such access on the cost and quality of health insurance coverage offered under provisions of this title.

(3) CONSULTATION.—The studies under this subsection shall be conducted in consultation with the Secretary of Labor, representatives of State officials, consumers, and other representatives of individuals and entities that have expertise in health insurance and employee benefits.

(b) REPORTS.—Not later than January 1, 2000, the Secretary shall submit to the appropriate committees of Congress a report on each of the studies under subsection (a).

SEC. 192. REPORT ON MEDICARE REIMBURSEMENT OF TELEMEDICINE.

The Health Care Financing Administration shall complete its ongoing study of medicare reimbursement of all telemedicine services and submit a report to Congress on medicare reimbursement of telemedicine services by not later than March 1, 1997. The report shall—

(1) utilize data compiled from the current demonstration projects already under review and gather data from other ongoing telemedicine networks;

(2) include an analysis of the cost of services provided via telemedicine; and

(3) include a proposal for medicare reimbursement of such services.

SEC. 193. ALLOWING FEDERALLY-QUALIFIED HMOS TO OFFER HIGH DEDUCTIBLE PLANS.

Section 1301(b) of the Public Health Service Act (42 U.S.C. 300e(b)) is amended by adding at the end the following new paragraph:

"(6) A health maintenance organization that otherwise meets the requirements of this title may offer a high-deductible health plan (as defined in section 220(c)(2) of the Internal Revenue Code of 1986).".

SEC. 194. VOLUNTEER SERVICES PROVIDED BY HEALTH PROFESSIONALS AT FREE CLINICS.

Section 224 of the Public Health Service Act (42 U.S.C. 233) is amended by adding at the end the following subsection:

"(o)(1) For purposes of this section, a free clinic health professional shall in providing a qualifying health service to an individual be deemed to be an employee of the Public Health Service for a calendar year that begins during a fiscal year for which a transfer was made under paragraph (6)(D). The preceding sentence is subject to the provisions of this subsection.

"(2) In providing a health service to an individual, a health care practitioner shall for purposes of this subsection be considered to be a free clinic health professional if the following conditions are met:

"(A) The service is provided to the individual at a free clinic, or through offsite programs or events carried out by the free clinic.

"(B) The free clinic is sponsoring the health care practitioner pursuant to paragraph (5)(C).

"(C) The service is a qualifying health service (as defined in paragraph (4)).

"(D) Neither the health care practitioner nor the free clinic receives any compensation for the service from the individual or from any third-party payor (including reimbursement under any insurance policy or health plan, or under any Federal or State health benefits program). With respect to compliance with such condition:

"(i) The health care practitioner may receive repayment from the free clinic for reasonable expenses incurred by the health care practitioner in the provision of the service to the individual.

"(ii) The free clinic may accept voluntary donations for the provision of the service by the health care practitioner to the individual.

"(E) Before the service is provided, the health care practitioner or the free clinic provides written notice to the individual of the extent to which the legal liability of the health care practitioner is limited pursuant to this subsection (or in the case of an emergency, the written notice is provided to the individual as soon after the

emergency as is practicable). If the individual is a minor or is otherwise legally incompetent, the condition under this subparagraph is that the written notice be provided to a legal guardian or other person with legal responsibility for the care of the individual.

"(F) At the time the service is provided, the health care practitioner is licensed or certified in accordance with applicable law regarding the provision of the service.

"(3)(A) For purposes of this subsection, the term 'free clinic' means a health care facility operated by a nonprofit private entity meeting the following requirements:

"(i) The entity does not, in providing health services through the facility, accept reimbursement from any third-party payor (including reimbursement under any insurance policy or health plan, or under any Federal or State health benefits program).

"(ii) The entity, in providing health services through the facility, either does not impose charges on the individuals to whom the services are provided, or imposes a charge according to the ability of the individual involved to pay the charge.

"(iii) The entity is licensed or certified in accordance with applicable law regarding the provision of health services.

"(B) With respect to compliance with the conditions under subparagraph (A), the entity involved may accept voluntary donations for the provision of services.

"(4) For purposes of this subsection, the term 'qualifying health service' means any medical assistance required or authorized to be provided in the program under title XIX of the Social Security Act, without regard to whether the medical assistance is included in the plan submitted under such program by the State in which the health care practitioner involved provides the medical assistance. References in the preceding sentence to such program shall as applicable be considered to be references to any successor to such program.

"(5) Subsection (g) (other than paragraphs (3) through (5)) and subsections (h), (i), and (l) apply to a health care practitioner for purposes of this subsection to the same extent and in the same manner as such subsections apply to an officer, governing board member, employee, or contractor of an entity described in subsection (g)(4), subject to paragraph (6) and subject to the following:

"(A) The first sentence of paragraph (1) applies in lieu of the first sentence of subsection (g)(1)(A).

"(B) This subsection may not be construed as deeming any free clinic to be an employee of the Public Health Service for purposes of this section.

"(C) With respect to a free clinic, a health care practitioner is not a free clinic health professional unless the free clinic sponsors the health care practitioner. For purposes of this subsection, the free clinic shall be considered to be sponsoring the health care practitioner if—

"(i) with respect to the health care practitioner, the free clinic submits to the Secretary an application meeting the requirements of subsection (g)(1)(D); and

"(ii) the Secretary, pursuant to subsection (g)(1)(E), determines that the health care practitioner is deemed to be an employee of the Public Health Service.

"(D) In the case of a health care practitioner who is determined by the Secretary pursuant to subsection (g)(1)(E) to be a free clinic health professional, this subsection applies to the health care practitioner (with respect to the free clinic sponsoring the health care practitioner pursuant to subparagraph C)) for any cause of action arising from an act or omission of the health care practitioner occurring on or after the date on which the Secretary makes such determination.

"(E) Subsection (g)(1)(F) applies to a health care practitioner for purposes of this subsection only to the extent that, in providing health services to an individual, each of the conditions specified in paragraph (2) is met.

"(6)(A) For purposes of making payments for judgments against the United States (together with related fees and expenses of witnesses) pursuant to this section arising from the acts or omissions of free clinic health professionals, there is authorized to be appropriated $10,000,000 for each fiscal year.

"(B) The Secretary shall establish a fund for purposes of this subsection. Each fiscal year amounts appropriated under subparagraph (A) shall be deposited in such fund.

"(C) Not later than May 1 of each fiscal year, the Attorney General, in consultation with the Secretary, shall submit to the Congress a report providing an estimate of the amount of claims (together with related fees and expenses of witnesses) that, by reason of the acts or omissions of free clinic health professionals, will be paid pursuant to this section during the calendar year that begins in the following fiscal year. Subsection (k)(1)(B) applies to the estimate under the preceding sentence regarding free clinic health professionals to the same extent and in the same manner as such subsection applies to the estimate under such subsection regarding officers, governing board members, employees, and contractors of entities described in subsection (g)(4).

"(D) Not later than December 31 of each fiscal year, the Secretary shall transfer from the fund under subparagraph (B) to the appropriate accounts in the Treasury an amount equal to the estimate made under subparagraph (C) for the calendar year beginning in such fiscal year, subject to the extent of amounts in the fund.

"(7)(A) This subsection takes effect on the date of the enactment of the first appropriations Act that makes an appropriation under paragraph (6)(A), except as provided in subparagraph (B)(i).

"(B)(i) Effective on the date of the enactment of the Health Insurance Portability and Accountability Act of 1996—

"(I) the Secretary may issue regulations for carrying out this subsection, and the Secretary may accept and consider applications submitted pursuant to paragraph (5)(C); and

"(II) reports under paragraph (6)(C) may be submitted to the Congress.

"(ii) For the first fiscal year for which an appropriation is made under subparagraph (A) of paragraph (6), if an estimate under subparagraph (C) of such paragraph has not been made for the calendar year beginning in such fiscal year, the transfer under subparagraph (D) of such paragraph shall be made notwithstanding the lack of the estimate, and the transfer shall be made in an amount equal to the amount of such appropriation.".

SEC. 195. FINDINGS; SEVERABILITY.

(a) FINDINGS RELATING TO EXERCISE OF COMMERCE CLAUSE AUTHORITY.—Congress finds the following in relation to the provisions of this title:

(1) Provisions in group health plans and health insurance coverage that impose certain preexisting condition exclusions impact the ability of employees to seek employment in interstate commerce, thereby impeding such commerce.

(2) Health insurance coverage is commercial in nature and is in and affects interstate commerce.

(3) It is a necessary and proper exercise of Congressional authority to impose requirements under this title on group health plans and health insurance coverage (including coverage offered to individuals previously covered under group health plans) in order to promote commerce among the States.

(4) Congress, however, intends to defer to States, to the maximum extent practicable, in carrying out such requirements with respect to insurers and health maintenance organizations that are subject to State regulation, consistent with the provisions of the Employee Retirement Income Security Act of 1974.

(b) SEVERABILITY.—If any provision of this title or the application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstance shall not be affected thereby.

TITLE II—PREVENTING HEALTH CARE FRAUD AND ABUSE; ADMINISTRATIVE SIMPLIFICATION

SEC. 200. REFERENCES IN TITLE.

Except as otherwise specifically provided, whenever in this title an amendment is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to that section or other provision of the Social Security Act.

Subtitle A—Fraud and Abuse Control Program

SEC. 201. FRAUD AND ABUSE CONTROL PROGRAM.

(a) ESTABLISHMENT OF PROGRAM.—Title XI (42 U.S.C. 1301 et seq.) is amended by inserting after section 1128B the following new section:

"FRAUD AND ABUSE CONTROL PROGRAM

"SEC. 1128C. (a) ESTABLISHMENT OF PROGRAM.—

"(1) IN GENERAL.—Not later than January 1, 1997, the Secretary, acting through the Office of the Inspector General of the Department of Health and Human Services, and the Attorney General shall establish a program—

"(A) to coordinate Federal, State, and local law enforcement programs to control fraud and abuse with respect to health plans,

"(B) to conduct investigations, audits, evaluations, and inspections relating to the delivery of and payment for health care in the United States,

"(C) to facilitate the enforcement of the provisions of sections 1128, 1128A, and 1128B and other statutes applicable to health care fraud and abuse,

"(D) to provide for the modification and establishment of safe harbors and to issue advisory opinions and special fraud alerts pursuant to section 1128D, and

"(E) to provide for the reporting and disclosure of certain final adverse actions against health care providers, suppliers, or practitioners pursuant to the data collection system established under section 1128E.

"(2) COORDINATION WITH HEALTH PLANS.—In carrying out the program established under paragraph (1), the Secretary and the Attorney General shall consult with, and arrange for the sharing of data with representatives of health plans.

"(3) GUIDELINES.—

"(A) IN GENERAL.—The Secretary and the Attorney General shall issue guidelines to carry out the program under paragraph (1). The provisions of sections 553, 556, and 557 of title 5, United States Code, shall not apply in the issuance of such guidelines.

"(B) INFORMATION GUIDELINES.—

"(i) IN GENERAL.—Such guidelines shall include guidelines relating to the furnishing of information by health plans, providers, and others to enable the Secretary and the Attorney General to carry out the program (including coordination with health plans under paragraph (2)).

"(ii) CONFIDENTIALITY.—Such guidelines shall include procedures to assure that such information is provided and utilized in a manner that

appropriately protects the confidentiality of the information and the privacy of individuals receiving health care services and items.

"(iii) QUALIFIED IMMUNITY FOR PROVIDING INFORMATION.—The provisions of section 1157(a) (relating to limitation on liability) shall apply to a person providing information to the Secretary or the Attorney General in conjunction with their performance of duties under this section.

"(4) ENSURING ACCESS TO DOCUMENTATION.—The Inspector General of the Department of Health and Human Services is authorized to exercise such authority described in paragraphs (3) through (9) of section 6 of the Inspector General Act of 1978 (5 U.S.C. App.) as necessary with respect to the activities under the fraud and abuse control program established under this subsection.

"(5) AUTHORITY OF INSPECTOR GENERAL.—Nothing in this Act shall be construed to diminish the authority of any Inspector General, including such authority as provided in the Inspector General Act of 1978 (5 U.S.C. App.).

"(b) ADDITIONAL USE OF FUNDS BY INSPECTOR GENERAL.—

"(1) REIMBURSEMENTS FOR INVESTIGATIONS.—The Inspector General of the Department of Health and Human Services is authorized to receive and retain for current use reimbursement for the costs of conducting investigations and audits and for monitoring compliance plans when such costs are ordered by a court, voluntarily agreed to by the payor, or otherwise.

"(2) CREDITING.—Funds received by the Inspector General under paragraph (1) as reimbursement for costs of conducting investigations shall be deposited to the credit of the appropriation from which initially paid, or to appropriations for similar purposes currently available at the time of deposit, and shall remain available for obligation for 1 year from the date of the deposit of such funds.

"(c) HEALTH PLAN DEFINED.—For purposes of this section, the term 'health plan' means a plan or program that provides health benefits, whether directly, through insurance, or otherwise, and includes—

"(1) a policy of health insurance;

"(2) a contract of a service benefit organization; and

"(3) a membership agreement with a health maintenance organization or other prepaid health plan.".

(b) ESTABLISHMENT OF HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT IN FEDERAL HOSPITAL INSURANCE TRUST FUND.—Section 1817 (42 U.S.C. 1395i) is amended by adding at the end the following new subsection:

"(k) HEALTH CARE FRAUD AND ABUSE CONTROL ACCOUNT.—

"(1) ESTABLISHMENT.—There is hereby established in the Trust Fund an expenditure account to be known as the 'Health Care Fraud and Abuse Control Account' (in this subsection referred to as the 'Account').

"(2) APPROPRIATED AMOUNTS TO TRUST FUND.—

"(A) IN GENERAL.—There are hereby appropriated to the Trust Fund—

"(i) such gifts and bequests as may be made as provided in subparagraph (B);

"(ii) such amounts as may be deposited in the Trust Fund as provided in sections 242(b) and 249(c) of the Health Insurance Portability and Accountability Act of 1996, and title XI; and

"(iii) such amounts as are transferred to the Trust Fund under subparagraph (C).

"(B) AUTHORIZATION TO ACCEPT GIFTS.—The Trust Fund is authorized to accept on behalf of the United States money gifts and bequests made unconditionally to the Trust Fund, for the benefit of the Account or any activity financed through the Account.

"(C) TRANSFER OF AMOUNTS.—The Managing Trustee shall transfer to the Trust Fund, under rules similar to the rules in section 9601 of the Internal Revenue Code of 1986, an amount equal to the sum of the following:

"(i) Criminal fines recovered in cases involving a Federal health care offense (as defined in section 982(a)(6)(B) of title 18, United States Code).

"(ii) Civil monetary penalties and assessments imposed in health care cases, including amounts recovered under titles XI, XVIII, and XIX, and chapter 38 of title 31, United States Code (except as otherwise provided by law).

"(iii) Amounts resulting from the forfeiture of property by reason of a Federal health care offense.

"(iv) Penalties and damages obtained and otherwise creditable to miscellaneous receipts of the general fund of the Treasury obtained under sections 3729 through 3733 of title 31, United States Code (known as the False Claims Act), in cases involving claims related to the provision of health care items and services (other than funds awarded to a relator, for restitution or otherwise authorized by law).

"(D) APPLICATION.—Nothing in subparagraph (C)(iii) shall be construed to limit the availability of recoveries and forfeitures obtained under title I of the Employee Retirement Income Security Act of 1974 for the purpose of providing equitable or remedial relief for employee welfare benefit plans, and for participants and beneficiaries under such plans, as authorized under such title.

"(3) APPROPRIATED AMOUNTS TO ACCOUNT FOR FRAUD AND ABUSE CONTROL PROGRAM, ETC.—

"(A) DEPARTMENTS OF HEALTH AND HUMAN SERVICES AND JUSTICE.—

"(i) IN GENERAL.—There are hereby appropriated to the Account from the Trust Fund such sums as the Secretary and the Attorney General certify are necessary to carry out the purposes described in subparagraph (C), to be available without further appropriation, in an amount not to exceed—

"(I) for fiscal year 1997, $104,000,000,

"(II) for each of the fiscal years 1998 through 2003, the limit for the preceding fiscal year, increased by 15 percent; and

"(III) for each fiscal year after fiscal year 2003, the limit for fiscal year 2003.

"(ii) MEDICARE AND MEDICAID ACTIVITIES.—For each fiscal year, of the amount appropriated in clause (i), the following amounts shall be available only for the purposes of the activities of the Office of the Inspector General of the Department of Health and Human Services with respect to the medicare and medicaid programs—

"(I) for fiscal year 1997, not less than $60,000,000 and not more than $70,000,000;

"(II) for fiscal year 1998, not less than $80,000,000 and not more than $90,000,000;

"(III) for fiscal year 1999, not less than $90,000,000 and not more than $100,000,000;

"(IV) for fiscal year 2000, not less than $110,000,000 and not more than $120,000,000;

"(V) for fiscal year 2001, not less than $120,000,000 and not more than $130,000,000;

"(VI) for fiscal year 2002, not less than $140,000,000 and not more than $150,000,000; and

"(VII) for each fiscal year after fiscal year 2002, not less than $150,000,000 and not more than $160,000,000.

"(B) FEDERAL BUREAU OF INVESTIGATION.—There are hereby appropriated from the general fund of the United States Treasury and hereby appropriated to the Account for transfer to the Federal Bureau of Investigation to carry out the purposes described in subparagraph (C), to be available without further appropriation—

"(i) for fiscal year 1997, $47,000,000;

"(ii) for fiscal year 1998, $56,000,000;

"(iii) for fiscal year 1999, $66,000,000;

"(iv) for fiscal year 2000, $76,000,000;

"(v) for fiscal year 2001, $88,000,000;

"(vi) for fiscal year 2002, $101,000,000; and

"(vii) for each fiscal year after fiscal year 2002, $114,000,000.

"(C) USE OF FUNDS.—The purposes described in this subparagraph are to cover the costs (including equipment, salaries and benefits, and travel and training) of the administration and operation of the health care fraud and abuse control program established under section 1128C(a), including the costs of—

"(i) prosecuting health care matters (through criminal, civil, and administrative proceedings);

"(ii) investigations;

"(iii) financial and performance audits of health care programs and operations;

"(iv) inspections and other evaluations; and

"(v) provider and consumer education regarding compliance with the provisions of title XI.

"(4) APPROPRIATED AMOUNTS TO ACCOUNT FOR MEDICARE INTEGRITY PROGRAM.—

"(A) IN GENERAL.—There are hereby appropriated to the Account from the Trust Fund for each fiscal year such amounts as are necessary to carry out the Medicare Integrity Program under section 1893, subject to subparagraph (B) and to be available without further appropriation.

"(B) AMOUNTS SPECIFIED.—The amount appropriated under subparagraph (A) for a fiscal year is as follows:

"(i) For fiscal year 1997, such amount shall be not less than $430,000,000 and not more than $440,000,000.

"(ii) For fiscal year 1998, such amount shall be not less than $490,000,000 and not more than $500,000,000.

"(iii) For fiscal year 1999, such amount shall be not less than $550,000,000 and not more than $560,000,000.

"(iv) For fiscal year 2000, such amount shall be not less than $620,000,000 and not more than $630,000,000.

"(v) For fiscal year 2001, such amount shall be not less than $670,000,000 and not more than $680,000,000.

"(vi) For fiscal year 2002, such amount shall be not less than $690,000,000 and not more than $700,000,000.

"(vii) For each fiscal year after fiscal year 2002, such amount shall be not less than $710,000,000 and not more than $720,000,000.

"(5) ANNUAL REPORT.—Not later than January 1, the Secretary and the Attorney General shall submit jointly a report to Congress which identifies—

"(A) the amounts appropriated to the Trust Fund for the previous fiscal year under paragraph (2)(A) and the source of such amounts; and

"(B) the amounts appropriated from the Trust Fund for such year under paragraph (3) and the justification for the expenditure of such amounts.

"(6) GAO REPORT.—Not later than January 1 of 2000, 2002, and 2004, the Comptroller General of the United States shall submit a report to Congress which—

"(A) identifies—

"(i) the amounts appropriated to the Trust Fund for the previous two fiscal years under paragraph (2)(A) and the source of such amounts; and

"(ii) the amounts appropriated from the Trust Fund for such fiscal years under paragraph (3) and the justification for the expenditure of such amounts;

"(B) identifies any expenditures from the Trust Fund with respect to activities not involving the medicare program under title XVIII;

"(C) identifies any savings to the Trust Fund, and any other savings, resulting from expenditures from the Trust Fund; and

"(D) analyzes such other aspects of the operation of the Trust Fund as the Comptroller General of the United States considers appropriate.".

SEC. 202. MEDICARE INTEGRITY PROGRAM.

(a) ESTABLISHMENT OF MEDICARE INTEGRITY PROGRAM.—Title XVIII is amended by adding at the end the following new section:

"MEDICARE INTEGRITY PROGRAM

"SEC. 1893. (a) ESTABLISHMENT OF PROGRAM.—There is hereby established the Medicare Integrity Program (in this section referred to as the 'Program') under which the Secretary shall promote the integrity of the medicare program by entering into contracts in accordance with this section with eligible entities to carry out the activities described in subsection (b).

"(b) ACTIVITIES DESCRIBED.—The activities described in this subsection are as follows:

"(1) Review of activities of providers of services or other individuals and entities furnishing items and services for which payment may be made under this title (including skilled nursing facilities and home health agencies), including medical and utilization review and fraud review (employing similar standards, processes, and technologies used by private health plans, including equipment and software technologies which surpass the capability of the equipment and technologies used in the review of claims under this title as of the date of the enactment of this section).

"(2) Audit of cost reports.

"(3) Determinations as to whether payment should not be, or should not have been, made under this title by reason of section 1862(b), and recovery of payments that should not have been made.

"(4) Education of providers of services, beneficiaries, and other persons with respect to payment integrity and benefit quality assurance issues.

"(5) Developing (and periodically updating) a list of items of durable medical equipment in accordance with section 1834(a)(15) which are subject to prior authorization under such section.

"(c) ELIGIBILITY OF ENTITIES.—An entity is eligible to enter into a contract under the Program to carry out any of the activities described in subsection (b) if—

"(1) the entity has demonstrated capability to carry out such activities;

"(2) in carrying out such activities, the entity agrees to cooperate with the Inspector General of the Department of Health and Human Services, the Attorney General, and other law enforcement agencies, as appropriate, in the investigation and deterrence of fraud and abuse in relation to this title and in other cases arising out of such activities;

"(3) the entity complies with such conflict of interest standards as are generally applicable to Federal acquisition and procurement; and

"(4) the entity meets such other requirements as the Secretary may impose.

In the case of the activity described in subsection (b)(5), an entity shall be deemed to be eligible to enter into a contract under the Program to carry out the activity if the entity is a carrier with a contract in effect under section 1842.

"(d) PROCESS FOR ENTERING INTO CONTRACTS.—The Secretary shall enter into contracts under the Program in accordance with such procedures as the Secretary shall by regulation establish, except that such procedures shall include the following:

"(1) Procedures for identifying, evaluating, and resolving organizational conflicts of interest that are generally applicable to Federal acquisition and procurement.

"(2) Competitive procedures to be used—

"(A) when entering into new contracts under this section;

"(B) when entering into contracts that may result in the elimination of responsibilities of an individual fiscal intermediary or carrier under section 202(b) of the Health Insurance Portability and Accountability Act of 1996; and

"(C) at any other time considered appropriate by the Secretary,

except that the Secretary may continue to contract with entities that are carrying out the activities described in this section pursuant to agreements under section 1816 or contracts under section 1842 in effect on the date of the enactment of this section.

"(3) Procedures under which a contract under this section may be renewed without regard to any provision of law requiring competition if the contractor has met or exceeded the performance requirements established in the current contract.

The Secretary may enter into such contracts without regard to final rules having been promulgated.

"(e) LIMITATION ON CONTRACTOR LIABILITY.—The Secretary shall by regulation provide for the limitation of a contractor's liability for actions taken to carry out a contract under the Program, and such regulation shall, to the extent the Secretary finds appropriate, employ the same or comparable standards and other substantive and procedural provisions as are contained in section 1157.".

(b) ELIMINATION OF FI AND CARRIER RESPONSIBILITY FOR CARRYING OUT ACTIVITIES SUBJECT TO PROGRAM.—

(1) RESPONSIBILITIES OF FISCAL INTERMEDIARIES UNDER PART A.—Section 1816 (42 U.S.C. 1395h) is amended by adding at the end the following new subsection:

"(l) No agency or organization may carry out (or receive payment for carrying out) any activity pursuant to an agreement under this section to the extent that the activity is carried out pursuant to a contract under the Medicare Integrity Program under section 1893.".

(2) RESPONSIBILITIES OF CARRIERS UNDER PART B.—Section 1842(c) (42 U.S.C. 1395u(c)) is amended by adding at the end the following new paragraph:

"(6) No carrier may carry out (or receive payment for carrying out) any activity pursuant to a contract under this subsection to the extent that the activity is carried out pursuant to a contract under the Medicare Integrity Program under section 1893. The previous sentence shall not apply with respect to the activity described in section 1893(b)(5) (relating to prior authorization of certain items of durable medical equipment under section 1834(a)(15)).".

SEC. 203. BENEFICIARY INCENTIVE PROGRAMS.

(a) CLARIFICATION OF REQUIREMENT TO PROVIDE EXPLANATION OF MEDICARE BENEFITS.—The Secretary of Health and Human Services (in this section referred to as the "Secretary") shall provide an explanation of benefits under the medicare program under title XVIII of the Social Security Act with respect to each item or service for which payment may be made under the program which is furnished to an individual, without regard to whether or not a deductible or coinsurance may be imposed against the individual with respect to the item or service.

(b) PROGRAM TO COLLECT INFORMATION ON FRAUD AND ABUSE.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to report to the Secretary information on individuals and entities who are engaging in or who have engaged in acts or omissions which constitute grounds for the imposition of a sanction under section 1128, 1128A, or 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the medicare program under title XVIII of such act for which there is a sanction provided under law. The program shall discourage provision of, and not consider, information which is frivolous or otherwise not relevant or material to the imposition of such a sanction.

(2) PAYMENT OF PORTION OF AMOUNTS COLLECTED.—If an individual reports information to the Secretary under the program established under paragraph (1) which serves as the basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than any amount paid as a penalty under section 1128B of the Social Security Act), the Secretary may pay a portion of the amount collected to the individual (under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986 to payments to individuals providing information on violations of such Code).

(c) PROGRAM TO COLLECT INFORMATION ON PROGRAM EFFICIENCY.—

(1) ESTABLISHMENT OF PROGRAM.—Not later than 3 months after the date of the enactment of this Act, the Secretary shall establish a program under which the Secretary shall encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the medicare program.

(2) PAYMENT OF PORTION OF PROGRAM SAVINGS.—If an individual submits a suggestion to the Secretary under the program established under paragraph (1) which is adopted by the Secretary and which results in savings to the program, the Secretary may make a payment to the individual of such amount as the Secretary considers appropriate.

SEC. 204. APPLICATION OF CERTAIN HEALTH ANTI-FRAUD AND ABUSE SANCTIONS TO FRAUD AND ABUSE AGAINST FEDERAL HEALTH CARE PROGRAMS.

(a) IN GENERAL.—Section 1128B (42 U.S.C. 1320a–7b) is amended as follows:

(1) In the heading, by striking "MEDICARE OR STATE HEALTH CARE PROGRAMS" and inserting "FEDERAL HEALTH CARE PROGRAMS".

(2) In subsection (a)(1), by striking "a program under title XVIII or a State health care program (as defined in section 1128(h))" and inserting "a Federal health care program (as defined in subsection (f))".

(3) In subsection (a)(5), by striking "a program under title XVIII or a State health care program" and inserting "a Federal health care program".

(4) In the second sentence of subsection (a)—

(A) by striking "a State plan approved under title XIX" and inserting "a Federal health care program", and

(B) by striking "the State may at its option (notwithstanding any other provision of that title or of such plan)" and inserting "the administrator of such program may at its option (notwithstanding any other provision of such program)".

(5) In subsection (b), by striking "title XVIII or a State health care program" each place it appears and inserting "a Federal health care program".

(6) In subsection (c), by inserting "(as defined in section 1128(h))" after "a State health care program".

(7) By adding at the end the following new subsection:

"(f) For purposes of this section, the term 'Federal health care program' means—

"(1) any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government (other than the health insurance program under chapter 89 of title 5, United States Code); or

"(2) any State health care program, as defined in section 1128(h).".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1997.

SEC. 205. GUIDANCE REGARDING APPLICATION OF HEALTH CARE FRAUD AND ABUSE SANCTIONS.

Title XI (42 U.S.C. 1301 et seq.), as amended by section 201, is amended by inserting after section 1128C the following new section:

"GUIDANCE REGARDING APPLICATION OF HEALTH CARE FRAUD AND ABUSE SANCTIONS

"SEC. 1128D. (a) SOLICITATION AND PUBLICATION OF MODIFICATIONS TO EXISTING SAFE HARBORS AND NEW SAFE HARBORS.—

"(1) IN GENERAL.—

"(A) SOLICITATION OF PROPOSALS FOR SAFE HARBORS.—Not later than January 1, 1997, and not less than annually thereafter, the Secretary shall publish a notice in the Federal Register soliciting proposals, which will be accepted during a 60-day period, for—

"(i) modifications to existing safe harbors issued pursuant to section 14(a) of the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. 1320a–7b note);

"(ii) additional safe harbors specifying payment practices that shall not be treated as a criminal offense under section 1128B(b) and shall not serve as the basis for an exclusion under section 1128(b)(7);

"(iii) advisory opinions to be issued pursuant to subsection (b); and

"(iv) special fraud alerts to be issued pursuant to subsection (c).

"(B) PUBLICATION OF PROPOSED MODIFICATIONS AND PROPOSED ADDITIONAL SAFE HARBORS.—After considering the proposals described in clauses (i) and (ii) of subparagraph (A), the Secretary, in consultation with the Attorney General, shall publish in the Federal Register proposed modifications to existing safe harbors and proposed additional safe harbors, if appropriate, with a 60-day comment period. After considering any public comments received during this period, the Secretary shall issue final rules modifying the existing safe harbors and establishing new safe harbors, as appropriate.

"(C) REPORT.—The Inspector General of the Department of Health and Human Services (in this section referred to as the 'Inspector General') shall, in an annual report to Congress or as part of the year-end semiannual report required by section 5 of the Inspector General Act of 1978 (5 U.S.C. App.), describe the proposals received under clauses (i) and (ii) of subparagraph (A) and explain which proposals were included in the publication described in subparagraph (B), which proposals were not included in that publication, and the reasons for the rejection of the proposals that were not included.

"(2) CRITERIA FOR MODIFYING AND ESTABLISHING SAFE HARBORS.—In modifying and establishing safe harbors under paragraph (1)(B), the Secretary may consider the extent to which providing a safe harbor for the specified payment practice may result in any of the following:

"(A) An increase or decrease in access to health care services.

"(B) An increase or decrease in the quality of health care services.

"(C) An increase or decrease in patient freedom of choice among health care providers.

"(D) An increase or decrease in competition among health care providers.

"(E) An increase or decrease in the ability of health care facilities to provide services in medically underserved areas or to medically underserved populations.

"(F) An increase or decrease in the cost to Federal health care programs (as defined in section 1128B(f)).

"(G) An increase or decrease in the potential overutilization of health care services.

"(H) The existence or nonexistence of any potential financial benefit to a health care professional or provider which may vary based on their decisions of—

"(i) whether to order a health care item or service; or

"(ii) whether to arrange for a referral of health care items or services to a particular practitioner or provider.

"(I) Any other factors the Secretary deems appropriate in the interest of preventing fraud and abuse in Federal health care programs (as so defined).

"(b) ADVISORY OPINIONS.—

"(1) ISSUANCE OF ADVISORY OPINIONS.—The Secretary, in consultation with the Attorney General, shall issue written advisory opinions as provided in this subsection.

"(2) MATTERS SUBJECT TO ADVISORY OPINIONS.—The Secretary shall issue advisory opinions as to the following matters:

"(A) What constitutes prohibited remuneration within the meaning of section 1128B(b).

"(B) Whether an arrangement or proposed arrangement satisfies the criteria set forth in section 1128B(b)(3) for activities which do not result in prohibited remuneration.

"(C) Whether an arrangement or proposed arrangement satisfies the criteria which the Secretary has established, or shall establish by regulation for activities which do not result in prohibited remuneration.

"(D) What constitutes an inducement to reduce or limit services to individuals entitled to benefits under title XVIII or title XIX within the meaning of section 1128B(b).

"(E) Whether any activity or proposed activity constitutes grounds for the imposition of a sanction under section 1128, 1128A, or 1128B.

"(3) MATTERS NOT SUBJECT TO ADVISORY OPINIONS.—Such advisory opinions shall not address the following matters:

"(A) Whether the fair market value shall be, or was paid or received for any goods, services or property.

"(B) Whether an individual is a bona fide employee within the requirements of section 3121(d)(2) of the Internal Revenue Code of 1986.

"(4) EFFECT OF ADVISORY OPINIONS.—

"(A) BINDING AS TO SECRETARY AND PARTIES INVOLVED.—Each advisory opinion issued by the Secretary shall be binding as to the Secretary and the party or parties requesting the opinion.

"(B) FAILURE TO SEEK OPINION.—The failure of a party to seek an advisory opinion may not be introduced into evidence to prove that the party intended to violate the provisions of sections 1128, 1128A, or 1128B.

"(5) REGULATIONS.—

"(A) IN GENERAL.—Not later than 180 days after the date of the enactment of this section, the Secretary shall issue regulations to carry out this section. Such regulations shall provide for—

"(i) the procedure to be followed by a party applying for an advisory opinion;

"(ii) the procedure to be followed by the Secretary in responding to a request for an advisory opinion;

"(iii) the interval in which the Secretary shall respond;

"(iv) the reasonable fee to be charged to the party requesting an advisory opinion; and

"(v) the manner in which advisory opinions will be made available to the public.

"(B) SPECIFIC CONTENTS.—Under the regulations promulgated pursuant to subparagraph (A)—

"(i) the Secretary shall be required to issue to a party requesting an advisory opinion by not later than 60 days after the request is received; and

"(ii) the fee charged to the party requesting an advisory opinion shall be equal to the costs incurred by the Secretary in responding to the request.

"(6) APPLICATION OF SUBSECTION.—This subsection shall apply to requests for advisory opinions made on or after the date which is 6 months after the date of enactment of this section and before the date which is 4 years after such date of enactment.

"(c) SPECIAL FRAUD ALERTS.—

"(1) IN GENERAL.—

"(A) REQUEST FOR SPECIAL FRAUD ALERTS.—Any person may present, at any time, a request to the Inspector General for a notice which informs the public of practices which the Inspector General considers to be suspect or of particular concern under the medicare program under title XVIII or a State health care program, as defined in section 1128(h) (in this subsection referred to as a 'special fraud alert').

"(B) ISSUANCE AND PUBLICATION OF SPECIAL FRAUD ALERTS.—Upon receipt of a request described in subparagraph (A), the Inspector General shall investigate the subject matter of the request to determine whether a special fraud alert should be issued. If appropriate, the Inspector General shall issue a special fraud alert in response to the request. All special fraud alerts issued pursuant to this subparagraph shall be published in the Federal Register.

"(2) CRITERIA FOR SPECIAL FRAUD ALERTS.—In determining whether to issue a special fraud alert upon a request described in paragraph (1), the Inspector General may consider—

"(A) whether and to what extent the practices that would be identified in the special fraud alert may result in any of the consequences described in subsection (a)(2); and

"(B) the volume and frequency of the conduct that would be identified in the special fraud alert.".

Subtitle B—Revisions to Current Sanctions for Fraud and Abuse

SEC. 211. MANDATORY EXCLUSION FROM PARTICIPATION IN MEDICARE AND STATE HEALTH CARE PROGRAMS.

(a) INDIVIDUAL CONVICTED OF FELONY RELATING TO HEALTH CARE FRAUD.—

(1) IN GENERAL.—Section 1128(a) (42 U.S.C. 1320a–7(a)) is amended by adding at the end the following new paragraph:

"(3) FELONY CONVICTION RELATING TO HEALTH CARE FRAUD.—Any individual or entity that has been convicted for an offense which occurred after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, under Federal or State law, in connection with the delivery of a health care item or service or with respect to any act or omission in a health care program (other than those specifically described in paragraph (1)) operated by or financed in whole or in part by any Federal, State, or local government agency, of a criminal offense consisting of a felony relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct.".

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 1128(b) (42 U.S.C. 1320a–7(b)) is amended to read as follows:

"(1) CONVICTION RELATING TO FRAUD.—Any individual or entity that has been convicted for an offense which occurred after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, under Federal or State law—

"(A) of a criminal offense consisting of a misdemeanor relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct—

"(i) in connection with the delivery of a health care item or service, or

"(ii) with respect to any act or omission in a health care program (other than those specifically described in subsection (a)(1)) operated by or financed in whole or in part by any Federal, State, or local government agency; or

"(B) of a criminal offense relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct with respect to any act or omission in a program (other

than a health care program) operated by or financed in whole or in part by any Federal, State, or local government agency.".

(b) INDIVIDUAL CONVICTED OF FELONY RELATING TO CONTROLLED SUBSTANCE.—

(1) IN GENERAL.—Section 1128(a) (42 U.S.C. 1320a–7(a)), as amended by subsection (a), is amended by adding at the end the following new paragraph:

"(4) FELONY CONVICTION RELATING TO CONTROLLED SUBSTANCE.—Any individual or entity that has been convicted for an offense which occurred after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, under Federal or State law, of a criminal offense consisting of a felony relating to the unlawful manufacture, distribution, prescription, or dispensing of a controlled substance.".

(2) CONFORMING AMENDMENT.—Section 1128(b)(3) (42 U.S.C. 1320a–7(b)(3)) is amended—

(A) in the heading, by striking "CONVICTION" and inserting "MISDEMEANOR CONVICTION"; and

(B) by striking "criminal offense" and inserting "criminal offense consisting of a misdemeanor".

SEC. 212. ESTABLISHMENT OF MINIMUM PERIOD OF EXCLUSION FOR CERTAIN INDIVIDUALS AND ENTITIES SUBJECT TO PERMISSIVE EXCLUSION FROM MEDICARE AND STATE HEALTH CARE PROGRAMS.

Section 1128(c)(3) (42 U.S.C. 1320a–7(c)(3)) is amended by adding at the end the following new subparagraphs:

"(D) In the case of an exclusion of an individual or entity under paragraph (1), (2), or (3) of subsection (b), the period of the exclusion shall be 3 years, unless the Secretary determines in accordance with published regulations that a shorter period is appropriate because of mitigating circumstances or that a longer period is appropriate because of aggravating circumstances.

"(E) In the case of an exclusion of an individual or entity under subsection (b)(4) or (b)(5), the period of the exclusion shall not be less than the period during which the individual's or entity's license to provide health care is revoked, suspended, or surrendered, or the individual or the entity is excluded or suspended from a Federal or State health care program.

"(F) In the case of an exclusion of an individual or entity under subsection (b)(6)(B), the period of the exclusion shall be not less than 1 year.".

SEC. 213. PERMISSIVE EXCLUSION OF INDIVIDUALS WITH OWNERSHIP OR CONTROL INTEREST IN SANCTIONED ENTITIES.

Section 1128(b) (42 U.S.C. 1320a–7(b)) is amended by adding at the end the following new paragraph:

"(15) INDIVIDUALS CONTROLLING A SANCTIONED ENTITY.—(A) Any individual—

"(i) who has a direct or indirect ownership or control interest in a sanctioned entity and who knows or should know (as defined in section 1128A(i)(6)) of the action constituting the basis for the conviction or exclusion described in subparagraph (B); or

"(ii) who is an officer or managing employee (as defined in section 1126(b)) of such an entity.

"(B) For purposes of subparagraph (A), the term 'sanctioned entity' means an entity—

"(i) that has been convicted of any offense described in subsection (a) or in paragraph (1), (2), or (3) of this subsection; or

"(ii) that has been excluded from participation under a program under title XVIII or under a State health care program.".

SEC. 214. SANCTIONS AGAINST PRACTITIONERS AND PERSONS FOR FAILURE TO COMPLY WITH STATUTORY OBLIGATIONS.

(a) MINIMUM PERIOD OF EXCLUSION FOR PRACTITIONERS AND PERSONS FAILING TO MEET STATUTORY OBLIGATIONS.—

(1) IN GENERAL.—The second sentence of section 1156(b)(1) (42 U.S.C. 1320c–5(b)(1)) is amended by striking "may prescribe)" and inserting "may prescribe, except that such period may not be less than 1 year)".

(2) CONFORMING AMENDMENT.—Section 1156(b)(2) (42 U.S.C. 1320c–5(b)(2)) is amended by striking "shall remain" and inserting "shall (subject to the minimum period specified in the second sentence of paragraph (1)) remain".

(b) REPEAL OF "UNWILLING OR UNABLE" CONDITION FOR IMPOSITION OF SANCTION.—Section 1156(b)(1) (42 U.S.C. 1320c–5(b)(1)) is amended—

(1) in the second sentence, by striking "and determines" and all that follows through "such obligations,"; and

(2) by striking the third sentence.

SEC. 215. INTERMEDIATE SANCTIONS FOR MEDICARE HEALTH MAINTENANCE ORGANIZATIONS.

(a) APPLICATION OF INTERMEDIATE SANCTIONS FOR ANY PROGRAM VIOLATIONS.—

(1) IN GENERAL.—Section 1876(i)(1) (42 U.S.C. 1395mm(i)(1)) is amended by striking "the Secretary may terminate" and all that follows and inserting "in accordance with procedures established under paragraph (9), the Secretary may at any time terminate any such contract or may impose the intermediate sanctions described in paragraph (6)(B) or (6)(C) (whichever is applicable) on the eligible organization if the Secretary determines that the organization—

"(A) has failed substantially to carry out the contract;

"(B) is carrying out the contract in a manner substantially inconsistent with the efficient and effective administration of this section; or

"(C) no longer substantially meets the applicable conditions of subsections (b), (c), (e), and (f).".

(2) OTHER INTERMEDIATE SANCTIONS FOR MISCELLANEOUS PROGRAM VIOLATIONS.—Section 1876(i)(6) (42 U.S.C. 1395mm(i)(6)) is amended by adding at the end the following new subparagraph:

"(C) In the case of an eligible organization for which the Secretary makes a determination under paragraph (1), the basis of which is not described in subparagraph (A), the Secretary may apply the following intermediate sanctions:

"(i) Civil money penalties of not more than $25,000 for each determination under paragraph (1) if the deficiency that is the basis of the determination has directly adversely affected (or has the substantial likelihood of adversely affecting) an individual covered under the organization's contract.

"(ii) Civil money penalties of not more than $10,000 for each week beginning after the initiation of procedures by the Secretary under paragraph (9) during which the deficiency that is the basis of a determination under paragraph (1) exists.

"(iii) Suspension of enrollment of individuals under this section after the date the Secretary notifies the organization of a determination under paragraph (1) and until the Secretary is satisfied that the deficiency that is the basis for the determination has been corrected and is not likely to recur.".

(3) PROCEDURES FOR IMPOSING SANCTIONS.—Section 1876(i) (42 U.S.C. 1395mm(i)) is amended by adding at the end the following new paragraph:

"(9) The Secretary may terminate a contract with an eligible organization under this section or may impose the intermediate sanctions described in paragraph (6) on the organization in accordance with formal investigation and compliance procedures established by the Secretary under which—

"(A) the Secretary first provides the organization with the reasonable opportunity to develop and implement a corrective action plan to correct the deficiencies that were the basis of the Secretary's determination under paragraph (1) and the organization fails to develop or implement such a plan;

"(B) in deciding whether to impose sanctions, the Secretary considers aggravating factors such as whether an organization has a history of deficiencies or has not taken action to correct deficiencies the Secretary has brought to the organization's attention;

"(C) there are no unreasonable or unnecessary delays between the finding of a deficiency and the imposition of sanctions; and

"(D) the Secretary provides the organization with reasonable notice and opportunity for hearing (including the right to appeal an initial decision) before imposing any sanction or terminating the contract.".

(4) CONFORMING AMENDMENTS.—Section 1876(i)(6)(B) (42 U.S.C. 1395mm(i)(6)(B)) is amended by striking the second sentence.

(b) AGREEMENTS WITH PEER REVIEW ORGANIZATIONS.—Section 1876(i)(7)(A) (42 U.S.C. 1395mm(i)(7)(A)) is amended by striking "an agreement" and inserting "a written agreement".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to contract years beginning on or after January 1, 1997.

SEC. 216. ADDITIONAL EXCEPTION TO ANTI-KICKBACK PENALTIES FOR RISK-SHARING ARRANGEMENTS.

(a) IN GENERAL.—Section 1128B(b)(3) (42 U.S.C. 1320a–7b(b)(3)) is amended—

(1) by striking "and" at the end of subparagraph (D);

(2) by striking the period at the end of subparagraph (E) and inserting "; and"; and

(3) by adding at the end the following new subparagraph:

"(F) any remuneration between an organization and an individual or entity providing items or services, or a combination thereof, pursuant to a written agreement between the organization and the individual or entity if the organization is an eligible organization under section 1876 or if the written agreement, through a risk-sharing arrangement, places the individual or entity at substantial financial risk for the cost or utilization of the items or services, or a combination thereof, which the individual or entity is obligated to provide.".

(b) NEGOTIATED RULEMAKING FOR RISK-SHARING EXCEPTION.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary of Health and Human Services (in this subsection referred to as the "Secretary") shall establish, on an expedited basis and using a negotiated rulemaking process under subchapter 3 of chapter 5 of title 5, United States Code, standards relating to the exception for risk-sharing arrangements to the anti-kickback penalties described in section 1128B(b)(3)(F) of the Social Security Act, as added by subsection (a).

(B) FACTORS TO CONSIDER.—In establishing standards relating to the exception for risk-sharing arrangements to the anti-kickback penalties under subparagraph (A), the Secretary—

(i) shall consult with the Attorney General and representatives of the hospital, physician, other health practitioner, and health plan communities, and other interested parties; and

(ii) shall take into account—

(I) the level of risk appropriate to the size and type of arrangement;

(II) the frequency of assessment and distribution of incentives;

(III) the level of capital contribution; and

(IV) the extent to which the risk-sharing arrangement provides incentives to control the cost and quality of health care services.

(2) PUBLICATION OF NOTICE.—In carrying out the rulemaking process under this subsection,

the Secretary shall publish the notice provided for under section 564(a) of title 5, United States Code, by not later than 45 days after the date of the enactment of this Act.

(3) TARGET DATE FOR PUBLICATION OF RULE.—As part of the notice under paragraph (2), and for purposes of this subsection, the 'target date for publication' (referred to in section 564(a)(5) of such title) shall be January 1, 1997.

(4) ABBREVIATED PERIOD FOR SUBMISSION OF COMMENTS.—In applying section 564(c) of such title under this subsection, '15 days' shall be substituted for '30 days'.

(5) APPOINTMENT OF NEGOTIATED RULEMAKING COMMITTEE AND FACILITATOR.—The Secretary shall provide for—

(A) the appointment of a negotiated rulemaking committee under section 565(a) of such title by not later than 30 days after the end of the comment period provided for under section 564(c) of such title (as shortened under paragraph (4)), and

(B) the nomination of a facilitator under section 566(c) of such title by not later than 10 days after the date of appointment of the committee.

(6) PRELIMINARY COMMITTEE REPORT.—The negotiated rulemaking committee appointed under paragraph (5) shall report to the Secretary, by not later than October 1, 1996, regarding the committee's progress on achieving a consensus with regard to the rulemaking proceeding and whether such consensus is likely to occur before one month before the target date for publication of the rule. If the committee reports that the committee has failed to make significant progress towards such consensus or is unlikely to reach such consensus by the target date, the Secretary may terminate such process and provide for the publication of a rule under this subsection through such other methods as the Secretary may provide.

(7) FINAL COMMITTEE REPORT.—If the committee is not terminated under paragraph (6), the rulemaking committee shall submit a report containing a proposed rule by not later than one month before the target publication date.

(8) INTERIM, FINAL EFFECT.—The Secretary shall publish a rule under this subsection in the Federal Register by not later than the target publication date. Such rule shall be effective and final immediately on an interim basis, but is subject to change and revision after public notice and opportunity for a period (of not less than 60 days) for public comment. In connection with such rule, the Secretary shall specify the process for the timely review and approval of applications of entities to be certified as provider-sponsored organizations pursuant to such rules and consistent with this subsection.

(9) PUBLICATION OF RULE AFTER PUBLIC COMMENT.—The Secretary shall provide for consideration of such comments and republication of such rule by not later than 1 year after the target publication date.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to written agreements entered into on or after January 1, 1997, without regard to whether regulations have been issued to implement such amendments.

SEC. 217. CRIMINAL PENALTY FOR FRAUDULENT DISPOSITION OF ASSETS IN ORDER TO OBTAIN MEDICAID BENEFITS.

Section 1128B(a) (42 U.S.C. 1320a–7b(a)) is amended—

(1) by striking "or" at the end of paragraph (4);

(2) by adding "or" at the end of paragraph (5); and

(3) by inserting after paragraph (5) the following new paragraph:

"(6) knowingly and willfully disposes of assets (including by any transfer in trust) in order for an individual to become eligible for medical assistance under a State plan under title XIX, if disposing of the assets results in the imposition of a period of ineligibility for such assistance under section 1917(c),".

SEC. 218. EFFECTIVE DATE.

Except as otherwise provided, the amendments made by this subtitle shall take effect January 1, 1997.

Subtitle C—Data Collection

SEC. 221. ESTABLISHMENT OF THE HEALTH CARE FRAUD AND ABUSE DATA COLLECTION PROGRAM.

(a) IN GENERAL.—Title XI (42 U.S.C. 1301 et seq.), as amended by sections 201 and 205, is amended by inserting after section 1128D the following new section:

"HEALTH CARE FRAUD AND ABUSE DATA COLLECTION PROGRAM

"SEC. 1128E. (a) GENERAL PURPOSE.—Not later than January 1, 1997, the Secretary shall establish a national health care fraud and abuse data collection program for the reporting of final adverse actions (not including settlements in which no findings of liability have been made) against health care providers, suppliers, or practitioners as required by subsection (b), with access as set forth in subsection (c), and shall maintain a database of the information collected under this section.

"(b) REPORTING OF INFORMATION.—

"(1) IN GENERAL.—Each Government agency and health plan shall report any final adverse action (not including settlements in which no findings of liability have been made) taken against a health care provider, supplier, or practitioner.

"(2) INFORMATION TO BE REPORTED.—The information to be reported under paragraph (1) includes:

"(A) The name and TIN (as defined in section 7701(a)(41) of the Internal Revenue Code of 1986) of any health care provider, supplier, or practitioner who is the subject of a final adverse action.

"(B) The name (if known) of any health care entity with which a health care provider, supplier, or practitioner, who is the subject of a final adverse action, is affiliated or associated.

"(C) The nature of the final adverse action and whether such action is on appeal.

"(D) A description of the acts or omissions and injuries upon which the final adverse action was based, and such other information as the Secretary determines by regulation is required for appropriate interpretation of information reported under this section.

"(3) CONFIDENTIALITY.—In determining what information is required, the Secretary shall include procedures to assure that the privacy of individuals receiving health care services is appropriately protected.

"(4) TIMING AND FORM OF REPORTING.—The information required to be reported under this subsection shall be reported regularly (but not less often than monthly) and in such form and manner as the Secretary prescribes. Such information shall first be required to be reported on a date specified by the Secretary.

"(5) TO WHOM REPORTED.—The information required to be reported under this subsection shall be reported to the Secretary.

"(c) DISCLOSURE AND CORRECTION OF INFORMATION.—

"(1) DISCLOSURE.—With respect to the information about final adverse actions (not including settlements in which no findings of liability have been made) reported to the Secretary under this section with respect to a health care provider, supplier, or practitioner, the Secretary shall, by regulation, provide for—

"(A) disclosure of the information, upon request, to the health care provider, supplier, or licensed practitioner, and

"(B) procedures in the case of disputed accuracy of the information.

"(2) CORRECTIONS.—Each Government agency and health plan shall report corrections of information already reported about any final adverse action taken against a health care provider, supplier, or practitioner, in such form and manner that the Secretary prescribes by regulation.

"(d) ACCESS TO REPORTED INFORMATION.—

"(1) AVAILABILITY.—The information in the database maintained under this section shall be available to Federal and State government agencies and health plans pursuant to procedures that the Secretary shall provide by regulation.

"(2) FEES FOR DISCLOSURE.—The Secretary may establish or approve reasonable fees for the disclosure of information in such database (other than with respect to requests by Federal agencies). The amount of such a fee shall be sufficient to recover the full costs of operating the database. Such fees shall be available to the Secretary or, in the Secretary's discretion to the agency designated under this section to cover such costs.

"(e) PROTECTION FROM LIABILITY FOR REPORTING.—No person or entity, including the agency designated by the Secretary in subsection (b)(5) shall be held liable in any civil action with respect to any report made as required by this section, without knowledge of the falsity of the information contained in the report.

"(f) COORDINATION WITH NATIONAL PRACTITIONER DATA BANK.—The Secretary shall implement this section in such a manner as to avoid duplication with the reporting requirements established for the National Practitioner Data Bank under the Health Care Quality Improvement Act of 1986 (42 U.S.C. 11101 et seq.).

"(g) DEFINITIONS AND SPECIAL RULES.—For purposes of this section:

"(1) FINAL ADVERSE ACTION.—

"(A) IN GENERAL.—The term 'final adverse action' includes:

"(i) Civil judgments against a health care provider, supplier, or practitioner in Federal or State court related to the delivery of a health care item or service.

"(ii) Federal or State criminal convictions related to the delivery of a health care item or service.

"(iii) Actions by Federal or State agencies responsible for the licensing and certification of health care providers, suppliers, and licensed health care practitioners, including—

"(I) formal or official actions, such as revocation or suspension of a license (and the length of any such suspension), reprimand, censure or probation,

"(II) any other loss of license or the right to apply for, or renew, a license of the provider, supplier, or practitioner, whether by operation of law, voluntary surrender, non-renewability, or otherwise, or

"(III) any other negative action or finding by such Federal or State agency that is publicly available information.

"(iv) Exclusion from participation in Federal or State health care programs (as defined in sections 1128B(f) and 1128(h), respectively).

"(v) Any other adjudicated actions or decisions that the Secretary shall establish by regulation.

"(B) EXCEPTION.—The term does not include any action with respect to a malpractice claim.

"(2) PRACTITIONER.—The terms 'licensed health care practitioner', 'licensed practitioner', and 'practitioner' mean, with respect to a State, an individual who is licensed or otherwise authorized by the State to provide health care services (or any individual who, without authority holds himself or herself out to be so licensed or authorized).

"(3) GOVERNMENT AGENCY.—The term 'Government agency' shall include:

"(A) The Department of Justice.

"(B) The Department of Health and Human Services.

"(C) Any other Federal agency that either administers or provides payment for the delivery of health care services, including, but not limited to the Department of Defense and the Veterans' Administration.

"(D) State law enforcement agencies.

"(E) State medicaid fraud control units.

"(F) Federal or State agencies responsible for the licensing and certification of health care providers and licensed health care practitioners.

"(4) HEALTH PLAN.—The term 'health plan' has the meaning given such term by section 1128C(c).

"(5) DETERMINATION OF CONVICTION.—For purposes of paragraph (1), the existence of a conviction shall be determined under paragraph (4) of section 1128(i).".

(b) IMPROVED PREVENTION IN ISSUANCE OF MEDICARE PROVIDER NUMBERS.—Section 1842(r) (42 U.S.C. 1395u(r)) is amended by adding at the end the following new sentence: "Under such system, the Secretary may impose appropriate fees on such physicians to cover the costs of investigation and recertification activities with respect to the issuance of the identifiers.".

Subtitle D—Civil Monetary Penalties

SEC. 231. SOCIAL SECURITY ACT CIVIL MONETARY PENALTIES.

(a) GENERAL CIVIL MONETARY PENALTIES.—Section 1128A (42 U.S.C. 1320a-7a) is amended as follows:

(1) In the third sentence of subsection (a), by striking "programs under title XVIII" and inserting "Federal health care programs (as defined in section 1128B(f)(1))".

(2) In subsection (f)—

(A) by redesignating paragraph (3) as paragraph (4); and

(B) by inserting after paragraph (2) the following new paragraph:

"(3) With respect to amounts recovered arising out of a claim under a Federal health care program (as defined in section 1128B(f)), the portion of such amounts as is determined to have been paid by the program shall be repaid to the program, and the portion of such amounts attributable to the amounts recovered under this section by reason of the amendments made by the Health Insurance Portability and Accountability Act of 1996 (as estimated by the Secretary) shall be deposited into the Federal Hospital Insurance Trust Fund pursuant to section 1817(k)(2)(C).".

(3) In subsection (i)—

(A) in paragraph (2), by striking "title V, XVIII, XIX, or XX of this Act" and inserting "a Federal health care program (as defined in section 1128B(f))",

(B) in paragraph (4), by striking "a health insurance or medical services program under title XVIII or XIX of this Act" and inserting "a Federal health care program (as so defined)", and

(C) in paragraph (5), by striking "title V, XVIII, XIX, or XX" and inserting "a Federal health care program (as so defined)".

(4) By adding at the end the following new subsection:

"(m)(1) For purposes of this section, with respect to a Federal health care program not contained in this Act, references to the Secretary in this section shall be deemed to be references to the Secretary or Administrator of the department or agency with jurisdiction over such program and references to the Inspector General of the Department of Health and Human Services in this section shall be deemed to be references to the Inspector General of the applicable department or agency.

"(2)(A) The Secretary and Administrator of the departments and agencies referred to in paragraph (1) may include in any action pursuant to this section, claims within the jurisdiction of other Federal departments or agencies as long as the following conditions are satisfied:

"(i) The case involves primarily claims submitted to the Federal health care programs of the department or agency initiating the action.

"(ii) The Secretary or Administrator of the department or agency initiating the action gives notice and an opportunity to participate in the investigation to the Inspector General of the department or agency with primary jurisdiction over the Federal health care programs to which the claims were submitted.

"(B) If the conditions specified in subparagraph (A) are fulfilled, the Inspector General of the department or agency initiating the action is authorized to exercise all powers granted under the Inspector General Act of 1978 (5 U.S.C. App.) with respect to the claims submitted to the other departments or agencies to the same manner and extent as provided in that Act with respect to claims submitted to such departments or agencies.".

(b) EXCLUDED INDIVIDUAL RETAINING OWNERSHIP OR CONTROL INTEREST IN PARTICIPATING ENTITY.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

(1) by striking "or" at the end of paragraph (1)(D);

(2) by striking ", or" at the end of paragraph (2) and inserting a semicolon;

(3) by striking the semicolon at the end of paragraph (3) and inserting "; or"; and

(4) by inserting after paragraph (3) the following new paragraph:

"(4) in the case of a person who is not an organization, agency, or other entity, is excluded from participating in a program under title XVIII or a State health care program in accordance with this subsection or under section 1128 and who, at the time of a violation of this subsection—

"(A) retains a direct or indirect ownership or control interest in an entity that is participating in a program under title XVIII or a State health care program, and who knows or should know of the action constituting the basis for the exclusion; or

"(B) is an officer or managing employee (as defined in section 1126(b)) of such an entity;".

(c) MODIFICATIONS OF AMOUNTS OF PENALTIES AND ASSESSMENTS.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)), as amended by subsection (b), is amended in the matter following paragraph (4)—

(1) by striking "$2,000" and inserting "$10,000";

(2) by inserting "; in cases under paragraph (4), $10,000 for each day the prohibited relationship occurs" after "false or misleading information was given"; and

(3) by striking "twice the amount" and inserting "3 times the amount".

(d) CLARIFICATION OF LEVEL OF KNOWLEDGE REQUIRED FOR IMPOSITION OF CIVIL MONETARY PENALTIES.—

(1) IN GENERAL.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)) is amended—

(A) in paragraphs (1) and (2), by inserting "knowingly" before "presents" each place it appears; and

(B) in paragraph (3), by striking "gives" and inserting "knowingly gives or causes to be given".

(2) DEFINITION OF STANDARD.—Section 1128A(i) (42 U.S.C. 1320a-7a(i)), as amended by subsection (h)(2), is amended by adding at the end the following new paragraph:

"(7) The term 'should know' means that a person, with respect to information—

"(A) acts in deliberate ignorance of the truth or falsity of the information; or

"(B) acts in reckless disregard of the truth or falsity of the information,

and no proof of specific intent to defraud is required.".

(e) CLAIM FOR ITEM OR SERVICE BASED ON INCORRECT CODING OR MEDICALLY UNNECESSARY SERVICES.—Section 1128A(a)(1) (42 U.S.C. 1320a-7a(a)(1)), as amended by subsection (b), is amended—

(1) in subparagraph (A) by striking "claimed," and inserting "claimed, including any person who engages in a pattern or practice of presenting or causing to be presented a claim for an item or service that is based on a code that the person knows or should know will result in a greater payment to the person than the code the person knows or should know is applicable to the item or service actually provided,";

(2) in subparagraph (C), by striking "or" at the end;

(3) in subparagraph (D), by striking the semicolon and inserting ", or"; and

(4) by inserting after subparagraph (D) the following new subparagraph:

"(E) is for a pattern of medical or other items or services that a person knows or should know are not medically necessary;".

(f) SANCTIONS AGAINST PRACTITIONERS AND PERSONS FOR FAILURE TO COMPLY WITH STATUTORY OBLIGATIONS.—Section 1156(b)(3) (42 U.S.C. 1320c-5(b)(3)) is amended by striking "the actual or estimated cost" and inserting "up to $10,000 for each instance".

(g) PROCEDURAL PROVISIONS.—Section 1876(i)(6) (42 U.S.C. 1395mm(i)(6)), as amended by section 215(a)(2), is amended by adding at the end the following new subparagraph:

"(D) The provisions of section 1128A (other than subsections (a) and (b)) shall apply to a civil money penalty under subparagraph (B)(i) or (C)(i) in the same manner as such provisions apply to a civil money penalty or proceeding under section 1128A(a).".

(h) PROHIBITION AGAINST OFFERING INDUCEMENTS TO INDIVIDUALS ENROLLED UNDER PROGRAMS OR PLANS.—

(1) OFFER OF REMUNERATION.—Section 1128A(a) (42 U.S.C. 1320a-7a(a)), as amended by subsection (b), is amended—

(A) by striking "or" at the end of paragraph (3);

(B) by striking the semicolon at the end of paragraph (4) and inserting "; or"; and

(D) by inserting after paragraph (4) the following new paragraph:

"(5) offers to or transfers remuneration to any individual eligible for benefits under title XVIII of this Act, or under a State health care program (as defined in section 1128(h)) that such person knows or should know is likely to influence such individual to order or receive from a particular provider, practitioner, or supplier any item or service for which payment may be made, in whole or in part, under title XVIII, or a State health care program (as so defined);".

(2) REMUNERATION DEFINED.—Section 1128A(i) (42 U.S.C. 1320a-7a(i)) is amended by adding at the end the following new paragraph:

"(6) The term 'remuneration' includes the waiver of coinsurance and deductible amounts (or any part thereof), and transfers of items or services for free or for other than fair market value. The term 'remuneration' does not include—

"(A) the waiver of coinsurance and deductible amounts by a person, if—

"(i) the waiver is not offered as part of any advertisement or solicitation;

"(ii) the person does not routinely waive coinsurance or deductible amounts; and

"(iii) the person—

"(I) waives the coinsurance and deductible amounts after determining in good faith that the individual is in financial need;

"(II) fails to collect coinsurance or deductible amounts after making reasonable collection efforts; or

"(III) provides for any permissible waiver as specified in section 1128B(b)(3) or in regulations issued by the Secretary;

"(B) differentials in coinsurance and deductible amounts as part of a benefit plan design as long as the differentials have been disclosed in writing to all beneficiaries, third party payers, and providers, to whom claims are presented and as long as the differentials meet the standards as defined in regulations promulgated by the Secretary not later than 180 days after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996; or

"(C) incentives given to individuals to promote the delivery of preventive care as determined by the Secretary in regulations so promulgated.".

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to acts or omissions occurring on or after January 1, 1997.

SEC. 232. PENALTY FOR FALSE CERTIFICATION FOR HOME HEALTH SERVICES.

(a) IN GENERAL.—Section 1128A(b) (42 U.S.C. 1320a–7a(b)) is amended by adding at the end the following new paragraph:

"(3)(A) Any physician who executes a document described in subparagraph (B) with respect to an individual knowing that all of the requirements referred to in such subparagraph are not met with respect to the individual shall be subject to a civil monetary penalty of not more than the greater of—

"(i) $5,000, or

"(ii) three times the amount of the payments under title XVIII for home health services which are made pursuant to such certification.

"(B) A document described in this subparagraph is any document that certifies, for purposes of title XVIII, that an individual meets the requirements of section 1814(a)(2)(C) or 1835(a)(2)(A) in the case of home health services furnished to the individual.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to certifications made on or after the date of the enactment of this Act.

Subtitle E—Revisions to Criminal Law

SEC. 241. DEFINITIONS RELATING TO FEDERAL HEALTH CARE OFFENSE.

(a) IN GENERAL.—Chapter 1 of title 18, United States Code, is amended by adding at the end the following:

"§24. Definitions relating to Federal health care offense

"(a) As used in this title, the term 'Federal health care offense' means a violation of, or a criminal conspiracy to violate—

"(1) section 669, 1035, 1347, or 1518 of this title;

"(2) section 287, 371, 664, 666, 1001, 1027, 1341, 1343, or 1954 of this title, if the violation or conspiracy relates to a health care benefit program.

"(b) As used in this title, the term 'health care benefit program' means any public or private plan or contract, affecting commerce, under which any medical benefit, item, or service is provided to any individual, and includes any individual or entity who is providing a medical benefit, item, or service for which payment may be made under the plan or contract.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 2 of title 18, United States Code, is amended by inserting after the item relating to section 23 the following new item:

"24. Definitions relating to Federal health care offense.".

SEC. 242. HEALTH CARE FRAUD.

(a) OFFENSE.—

(1) IN GENERAL.—Chapter 63 of title 18, United States Code, is amended by adding at the end the following:

"§1347. Health care fraud

"Whoever knowingly and willfully executes, or attempts to execute, a scheme or artifice—

"(1) to defraud any health care benefit program; or

"(2) to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any health care benefit program,

in connection with the delivery of or payment for health care benefits, items, or services, shall be fined under this title or imprisoned not more than 10 years, or both. If the violation results in serious bodily injury (as defined in section 1365 of this title), such person shall be fined under this title or imprisoned not more than 20 years, or both; and if the violation results in death, such person shall be fined under this title, or imprisoned for any term of years or for life, or both.".

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 63 of title 18, United States Code, is amended by adding at the end the following:

"1347. Health care fraud.".

(b) CRIMINAL FINES DEPOSITED IN FEDERAL HOSPITAL INSURANCE TRUST FUND.—The Secretary of the Treasury shall deposit into the Federal Hospital Insurance Trust Fund pursuant to section 1817(k)(2)(C) of the Social Security Act (42 U.S.C. 1395i) an amount equal to the criminal fines imposed under section 1347 of title 18, United States Code (relating to health care fraud).

SEC. 243. THEFT OR EMBEZZLEMENT.

(a) IN GENERAL.—Chapter 31 of title 18, United States Code, is amended by adding at the end the following:

"§669. Theft or embezzlement in connection with health care

"(a) Whoever knowingly and willfully embezzles, steals, or otherwise without authority converts to the use of any person other than the rightful owner, or intentionally misapplies any of the moneys, funds, securities, premiums, credits, property, or other assets of a health care benefit program, shall be fined under this title or imprisoned not more than 10 years, or both; but if the value of such property does not exceed the sum of $100 the defendant shall be fined under this title or imprisoned not more than one year, or both.

"(b) As used in this section, the term 'health care benefit program' has the meaning given such term in section 1347(b) of this title.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 31 of title 18, United States Code, is amended by adding at the end the following:

"669. Theft or embezzlement in connection with health care.".

SEC. 244. FALSE STATEMENTS.

(a) IN GENERAL.—Chapter 47 of title 18, United States Code, is amended by adding at the end the following:

"§1035. False statements relating to health care matters

"(a) Whoever, in any matter involving a health care benefit program, knowingly and willfully—

"(1) falsifies, conceals, or covers up by any trick, scheme, or device a material fact; or

"(2) makes any materially false, fictitious, or fraudulent statements or representations, or makes or uses any materially false writing or document knowing the same to contain any materially false, fictitious, or fraudulent statement or entry,

in connection with the delivery of or payment for health care benefits, items, or services, shall be fined under this title or imprisoned not more than 5 years, or both.

"(b) As used in this section, the term 'health care benefit program' has the meaning given such term in section 1347(b) of this title.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 47 of title 18, United States Code, is amended by adding at the end the following new item:

"1035. False statements relating to health care matters.".

SEC. 245. OBSTRUCTION OF CRIMINAL INVESTIGATIONS OF HEALTH CARE OFFENSES.

(a) IN GENERAL.—Chapter 73 of title 18, United States Code, is amended by adding at the end the following:

"§1518. Obstruction of criminal investigations of health care offenses

"(a) Whoever willfully prevents, obstructs, misleads, delays or attempts to prevent, obstruct, mislead, or delay the communication of information or records relating to a violation of a Federal health care offense to a criminal investigator shall be fined under this title or imprisoned not more than 5 years, or both.

"(b) As used in this section the term 'criminal investigator' means any individual duly authorized by a department, agency, or armed force of the United States to conduct or engage in investigations for prosecutions for violations of health care offenses.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 73 of title 18, United States Code, is amended by adding at the end the following new item:

"1518. Obstruction of criminal investigations of health care offenses.".

SEC. 246. LAUNDERING OF MONETARY INSTRUMENTS.

Section 1956(c)(7) of title 18, United States Code, is amended by adding at the end the following:

"(F) Any act or activity constituting an offense involving a Federal health care offense.".

SEC. 247. INJUNCTIVE RELIEF RELATING TO HEALTH CARE OFFENSES.

(a) IN GENERAL.—Section 1345(a)(1) of title 18, United States Code, is amended—

(1) by striking "or" at the end of subparagraph (A);

(2) by inserting "or" at the end of subparagraph (B); and

(3) by adding at the end the following:

"(C) committing or about to commit a Federal health care offense.".

(b) FREEZING OF ASSETS.—Section 1345(a)(2) of title 18, United States Code, is amended by inserting "or a Federal health care offense" after "title)".

SEC. 248. AUTHORIZED INVESTIGATIVE DEMAND PROCEDURES.

(a) IN GENERAL.—Chapter 223 of title 18, United States Code, is amended by adding after section 3485 the following:

"§3486. Authorized investigative demand procedures

"(a) AUTHORIZATION.—(1) In any investigation relating to any act or activity involving a Federal health care offense, the Attorney General or the Attorney General's designee may issue in writing and cause to be served a subpoena—

"(A) requiring the production of any records (including any books, papers, documents, electronic media, or other objects or tangible things), which may be relevant to an authorized law enforcement inquiry, that a person or legal entity may possess or have care, custody, or control; or

"(B) requiring a custodian of records to give testimony concerning the production and authentication of such records.

"(2) A subpoena under this subsection shall describe the objects required to be produced and prescribe a return date within a reasonable period of time within which the objects can be assembled and made available.

"(3) The production of records shall not be required under this section at any place more

than 500 miles distant from the place where the subpoena for the production of such records is served.

"(4) Witnesses summoned under this section shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

"(b) SERVICE.—A subpoena issued under this section may be served by any person who is at least 18 years of age and is designated in the subpoena to serve it. Service upon a natural person may be made by personal delivery of the subpoena to him. Service may be made upon a domestic or foreign corporation or upon a partnership or other unincorporated association which is subject to suit under a common name, by delivering the subpoena to an officer, to a managing or general agent, or to any other agent authorized by appointment or by law to receive service of process. The affidavit of the person serving the subpoena entered on a true copy thereof by the person serving it shall be proof of service.

"(c) ENFORCEMENT.—In the case of contumacy by or refusal to obey a subpoena issued to any person, the Attorney General may invoke the aid of any court of the United States within the jurisdiction of which the investigation is carried on or of which the subpoenaed person is an inhabitant, or in which he carries on business or may be found, to compel compliance with the subpoena. The court may issue an order requiring the subpoenaed person to appear before the Attorney General to produce records, if so ordered, or to give testimony concerning the production and authentication of such records. Any failure to obey the order of the court may be punished by the court as a contempt thereof. All process in any such case may be served in any judicial district in which such person may be found.

"(d) IMMUNITY FROM CIVIL LIABILITY.—Notwithstanding any Federal, State, or local law, any person, including officers, agents, and employees, receiving a summons under this section, who complies in good faith with the summons and thus produces the materials sought, shall not be liable in any court of any State or the United States to any customer or other person for such production or for nondisclosure of that production to the customer.

"(e) LIMITATION ON USE.—(1) Health information about an individual that is disclosed under this section may not be used in, or disclosed to any person for use in, any administrative, civil, or criminal action or investigation directed against the individual who is the subject of the information unless the action or investigation arises out of and is directly related to receipt of health care or payment for health care or action involving a fraudulent claim related to health; or if authorized by an appropriate order of a court of competent jurisdiction, granted after application showing good cause therefor.

"(2) In assessing good cause, the court shall weigh the public interest and the need for disclosure against the injury to the patient, to the physician-patient relationship, and to the treatment services.

"(3) Upon the granting of such order, the court, in determining the extent to which any disclosure of all or any part of any record is necessary, shall impose appropriate safeguards against unauthorized disclosure.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 223 of title 18, United States Code, is amended by inserting after the item relating to section 3485 the following new item:

"3486. Authorized investigative demand procedures.".

(c) CONFORMING AMENDMENT.—Section 1510(b)(3)(B) of title 18, United States Code, is amended by inserting "or a Department of Justice subpoena (issued under section 3486 of title 18)," after "subpoena".

SEC. 249. FORFEITURES FOR FEDERAL HEALTH CARE OFFENSES.

(a) IN GENERAL.—Section 982(a) of title 18, United States Code, is amended by adding after paragraph (5) the following new paragraph:

"(6) The court, in imposing sentence on a person convicted of a Federal health care offense, shall order the person to forfeit property, real or personal, that constitutes or is derived, directly or indirectly, from gross proceeds traceable to the commission of the offense.".

(b) CONFORMING AMENDMENT.—Section 982(b)(1)(A) of title 18, United States Code, is amended by inserting "or (a)(6)" after "(a)(1)".

(c) PROPERTY FORFEITED DEPOSITED IN FEDERAL HOSPITAL INSURANCE TRUST FUND.—

(1) IN GENERAL.—After the payment of the costs of asset forfeiture has been made and after all restoration payments (if any) have been made, and notwithstanding any other provision of law, the Secretary of the Treasury shall deposit into the Federal Hospital Insurance Trust Fund pursuant to section 1817(k)(2)(C) of the Social Security Act, as added by section 301(b), an amount equal to the net amount realized from the forfeiture of property by reason of a Federal health care offense pursuant to section 982(a)(6) of title 18, United States Code.

(2) COSTS OF ASSET FORFEITURE.—For purposes of paragraph (1), the term "payment of the costs of asset forfeiture" means—

(A) the payment, at the discretion of the Attorney General, of any expenses necessary to seize, detain, inventory, safeguard, maintain, advertise, sell, or dispose of property under seizure, detention, or forfeited, or of any other necessary expenses incident to the seizure, detention, forfeiture, or disposal of such property, including payment for—

(i) contract services;

(ii) the employment of outside contractors to operate and manage properties or provide other specialized services necessary to dispose of such properties in an effort to maximize the return from such properties; and

(iii) reimbursement of any Federal, State, or local agency for any expenditures made to perform the functions described in this subparagraph;

(B) at the discretion of the Attorney General, the payment of awards for information or assistance leading to a civil or criminal forfeiture involving any Federal agency participating in the Health Care Fraud and Abuse Control Account;

(C) the compromise and payment of valid liens and mortgages against property that has been forfeited, subject to the discretion of the Attorney General to determine the validity of any such lien or mortgage and the amount of payment to be made, and the employment of attorneys and other personnel skilled in State real estate law as necessary;

(D) payment authorized in connection with remission or mitigation procedures relating to property forfeited; and

(E) the payment of State and local property taxes on forfeited real property that accrued between the date of the violation giving rise to the forfeiture and the date of the forfeiture order.

(3) RESTORATION PAYMENT.—Notwithstanding any other provision of law, if the Federal health care offense referred to in paragraph (1) resulted in a loss to an employee welfare benefit plan within the meaning of section 3(1) of the Employee Retirement Income Security Act of 1974, the Secretary of the Treasury shall transfer to such employee welfare benefit plan, from the amount realized from the forfeiture of property referred to in paragraph (1), an amount equal to such loss. For purposes of paragraph (1), the term 'restoration payment' means the amount transferred to an employee welfare benefit plan pursuant to this paragraph.".

SEC. 250. RELATION TO ERISA AUTHORITY.

Nothing in this subtitle shall be construed as affecting the authority of the Secretary of Labor under section 506(b) of the Employee Retirement Income Security Act of 1974, including the Secretary's authority with respect to violations of title 18, United States Code (as amended by this subtitle).

Subtitle F—Administrative Simplification

SEC. 261. PURPOSE.

It is the purpose of this subtitle to improve the medicare program under title XVIII of the Social Security Act, the medicaid program under title XIX of such Act, and the efficiency and effectiveness of the health care system, by encouraging the development of a health information system through the establishment of standards and requirements for the electronic transmission of certain health information.

SEC. 262. ADMINISTRATIVE SIMPLIFICATION.

(a) IN GENERAL.—Title XI (42 U.S.C. 1301 et seq.) is amended by adding at the end the following:

"PART C—ADMINISTRATIVE SIMPLIFICATION

"DEFINITIONS

"SEC. 1171. For purposes of this part:

"(1) CODE SET.—The term 'code set' means any set of codes used for encoding data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes.

"(2) HEALTH CARE CLEARINGHOUSE.—The term 'health care clearinghouse' means a public or private entity that processes or facilitates the processing of nonstandard data elements of health information into standard data elements.

"(3) HEALTH CARE PROVIDER.—The term 'health care provider' includes a provider of services (as defined in section 1861(u)), a provider of medical or other health services (as defined in section 1861(s)), and any other person furnishing health care services or supplies.

"(4) HEALTH INFORMATION.—The term 'health information' means any information, whether oral or recorded in any form or medium, that—

"(A) is created or received by a health care provider, health plan, public health authority, employer, life insurer, school or university, or health care clearinghouse; and

"(B) relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual.

"(5) HEALTH PLAN.—The term 'health plan' means an individual or group plan that provides, or pays the cost of, medical care (as such term is defined in section 2791 of the Public Health Service Act). Such term includes the following, and any combination thereof:

"(A) A group health plan (as defined in section 2791(a) of the Public Health Service Act), but only if the plan—

"(i) has 50 or more participants (as defined in section 3(7) of the Employee Retirement Income Security Act of 1974); or

"(ii) is administered by an entity other than the employer who established and maintains the plan.

"(B) A health insurance issuer (as defined in section 2791(b) of the Public Health Service Act).

"(C) A health maintenance organization (as defined in section 2791(b) of the Public Health Service Act).

"(D) Part A or part B of the medicare program under title XVIII.

"(E) The medicaid program under title XIX.

"(F) A medicare supplemental policy (as defined in section 1882(g)(1)).

"(G) A long-term care policy, including a nursing home fixed indemnity policy (unless the Secretary determines that such a policy does not provide sufficiently comprehensive coverage of a

benefit so that the policy should be treated as a health plan).

"(H) An employee welfare benefit plan or any other arrangement which is established or maintained for the purpose of offering or providing health benefits to the employees of 2 or more employers.

"(I) The health care program for active military personnel under title 10, United States Code.

"(J) The veterans health care program under chapter 17 of title 38, United States Code.

"(K) The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), as defined in section 1072(4) of title 10, United States Code.

"(L) The Indian health service program under the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.).

"(M) The Federal Employees Health Benefit Plan under chapter 89 of title 5, United States Code.

"(6) INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION.—The term 'individually identifiable health information' means any information, including demographic information collected from an individual, that—

"(A) is created or received by a health care provider, health plan, employer, or health care clearinghouse; and

"(B) relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual, and—

"(i) identifies the individual; or

"(ii) with respect to which there is a reasonable basis to believe that the information can be used to identify the individual.

"(7) STANDARD.—The term 'standard', when used with reference to a data element of health information or a transaction referred to in section 1173(a)(1), means any such data element or transaction that meets each of the standards and implementation specifications adopted or established by the Secretary with respect to the data element or transaction under sections 1172 through 1174.

"(8) STANDARD SETTING ORGANIZATION.—The term 'standard setting organization' means a standard setting organization accredited by the American National Standards Institute, including the National Council for Prescription Drug Programs, that develops standards for information transactions, data elements, or any other standard that is necessary to, or will facilitate, the implementation of this part.

"GENERAL REQUIREMENTS FOR ADOPTION OF STANDARDS

"SEC. 1172. (a) APPLICABILITY.—Any standard adopted under this part shall apply, in whole or in part, to the following persons:

"(1) A health plan.

"(2) A health care clearinghouse.

"(3) A health care provider who transmits any health information in electronic form in connection with a transaction referred to in section 1173(a)(1).

"(b) REDUCTION OF COSTS.—Any standard adopted under this part shall be consistent with the objective of reducing the administrative costs of providing and paying for health care.

"(c) ROLE OF STANDARD SETTING ORGANIZATIONS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), any standard adopted under this part shall be a standard that has been developed, adopted, or modified by a standard setting organization.

"(2) SPECIAL RULES.—

"(A) DIFFERENT STANDARDS.—The Secretary may adopt a standard that is different from any standard developed, adopted, or modified by a standard setting organization, if—

"(i) the different standard will substantially reduce administrative costs to health care providers and health plans compared to the alternatives; and

"(ii) the standard is promulgated in accordance with the rulemaking procedures of subchapter III of chapter 5 of title 5, United States Code.

"(B) NO STANDARD BY STANDARD SETTING ORGANIZATION.—If no standard setting organization has developed, adopted, or modified any standard relating to a standard that the Secretary is authorized or required to adopt under this part—

"(i) paragraph (1) shall not apply; and

"(ii) subsection (f) shall apply.

"(3) CONSULTATION REQUIREMENT.—

"(A) IN GENERAL.—A standard may not be adopted under this part unless—

"(i) in the case of a standard that has been developed, adopted, or modified by a standard setting organization, the organization consulted with each of the organizations described in subparagraph (B) in the course of such development, adoption, or modification; and

"(ii) in the case of any other standard, the Secretary, in complying with the requirements of subsection (f), consulted with each of the organizations described in subparagraph (B) before adopting the standard.

"(B) ORGANIZATIONS DESCRIBED.—The organizations referred to in subparagraph (A) are the following:

"(i) The National Uniform Billing Committee.

"(ii) The National Uniform Claim Committee.

"(iii) The Workgroup for Electronic Data Interchange.

"(iv) The American Dental Association.

"(d) IMPLEMENTATION SPECIFICATIONS.—The Secretary shall establish specifications for implementing each of the standards adopted under this part.

"(e) PROTECTION OF TRADE SECRETS.—Except as otherwise required by law, a standard adopted under this part shall not require disclosure of trade secrets or confidential commercial information by a person required to comply with this part.

"(f) ASSISTANCE TO THE SECRETARY.—In complying with the requirements of this part, the Secretary shall rely on the recommendations of the National Committee on Vital and Health Statistics established under section 306(k) of the Public Health Service Act (42 U.S.C. 242k(k)), and shall consult with appropriate Federal and State agencies and private organizations. The Secretary shall publish in the Federal Register any recommendation of the National Committee on Vital and Health Statistics regarding the adoption of a standard under this part.

"(g) APPLICATION TO MODIFICATIONS OF STANDARDS.—This section shall apply to a modification to a standard (including an addition to a standard) adopted under section 1174(b) in the same manner as it applies to an initial standard adopted under section 1174(a).

"STANDARDS FOR INFORMATION TRANSACTIONS AND DATA ELEMENTS

"SEC. 1173. (a) STANDARDS TO ENABLE ELECTRONIC EXCHANGE.—

"(1) IN GENERAL.—The Secretary shall adopt standards for transactions, and data elements for such transactions, to enable health information to be exchanged electronically, that are appropriate for—

"(A) the financial and administrative transactions described in paragraph (2); and

"(B) other financial and administrative transactions determined appropriate by the Secretary, consistent with the goals of improving the operation of the health care system and reducing administrative costs.

"(2) TRANSACTIONS.—The transactions referred to in paragraph (1)(A) are transactions with respect to the following:

"(A) Health claims or equivalent encounter information.

"(B) Health claims attachments.

"(C) Enrollment and disenrollment in a health plan.

"(D) Eligibility for a health plan.

"(E) Health care payment and remittance advice.

"(F) Health plan premium payments.

"(G) First report of injury.

"(H) Health claim status.

"(I) Referral certification and authorization.

"(3) ACCOMMODATION OF SPECIFIC PROVIDERS.—The standards adopted by the Secretary under paragraph (1) shall accommodate the needs of different types of health care providers.

"(b) UNIQUE HEALTH IDENTIFIERS.—

"(1) IN GENERAL.—The Secretary shall adopt standards providing for a standard unique health identifier for each individual, employer, health plan, and health care provider for use in the health care system. In carrying out the preceding sentence for each health plan and health care provider, the Secretary shall take into account multiple uses for identifiers and multiple locations and specialty classifications for health care providers.

"(2) USE OF IDENTIFIERS.—The standards adopted under paragraphs (1) shall specify the purposes for which a unique health identifier may be used.

"(c) CODE SETS.—

"(1) IN GENERAL.—The Secretary shall adopt standards that—

"(A) select code sets for appropriate data elements for the transactions referred to in subsection (a)(1) from among the code sets that have been developed by private and public entities; or

"(B) establish code sets for such data elements if no code sets for the data elements have been developed.

"(2) DISTRIBUTION.—The Secretary shall establish efficient and low-cost procedures for distribution (including electronic distribution) of code sets and modifications made to such code sets under section 1174(b).

"(d) SECURITY STANDARDS FOR HEALTH INFORMATION.—

"(1) SECURITY STANDARDS.—The Secretary shall adopt security standards that—

"(A) take into account—

"(i) the technical capabilities of record systems used to maintain health information;

"(ii) the costs of security measures;

"(iii) the need for training persons who have access to health information;

"(iv) the value of audit trails in computerized record systems; and

"(v) the needs and capabilities of small health care providers and rural health care providers (as such providers are defined by the Secretary); and

"(B) ensure that a health care clearinghouse, if it is part of a larger organization, has policies and security procedures which isolate the activities of the health care clearinghouse with respect to processing information in a manner that prevents unauthorized access to such information by such larger organization.

"(2) SAFEGUARDS.—Each person described in section 1172(a) who maintains or transmits health information shall maintain reasonable and appropriate administrative, technical, and physical safeguards—

"(A) to ensure the integrity and confidentiality of the information;

"(B) to protect against any reasonably anticipated—

"(i) threats or hazards to the security or integrity of the information; and

"(ii) unauthorized uses or disclosures of the information; and

"(C) otherwise to ensure compliance with this part by the officers and employees of such person.

"(e) ELECTRONIC SIGNATURE.—

"(1) STANDARDS.—The Secretary, in coordination with the Secretary of Commerce, shall adopt standards specifying procedures for the electronic transmission and authentication of signatures with respect to the transactions referred to in subsection (a)(1).

"(2) EFFECT OF COMPLIANCE.—Compliance with the standards adopted under paragraph (1) shall be deemed to satisfy Federal and State statutory requirements for written signatures with respect to the transactions referred to in subsection (a)(1).

"(f) TRANSFER OF INFORMATION AMONG HEALTH PLANS.—The Secretary shall adopt standards for transferring among health plans appropriate standard data elements needed for the coordination of benefits, the sequential processing of claims, and other data elements for individuals who have more than one health plan.

"TIMETABLES FOR ADOPTION OF STANDARDS

"SEC. 1174. (a) INITIAL STANDARDS.—The Secretary shall carry out section 1173 not later than 18 months after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, except that standards relating to claims attachments shall be adopted not later than 30 months after such date.

"(b) ADDITIONS AND MODIFICATIONS TO STANDARDS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall review the standards adopted under section 1173, and shall adopt modifications to the standards (including additions to the standards), as determined appropriate, but not more frequently than once every 12 months. Any addition or modification to a standard shall be completed in a manner which minimizes the disruption and cost of compliance.

"(2) SPECIAL RULES.—

"(A) FIRST 12-MONTH PERIOD.—Except with respect to additions and modifications to code sets under subparagraph (B), the Secretary may not adopt any modification to a standard adopted under this part during the 12-month period beginning on the date the standard is initially adopted, unless the Secretary determines that the modification is necessary in order to permit compliance with the standard.

"(B) ADDITIONS AND MODIFICATIONS TO CODE SETS.—

"(i) IN GENERAL.—The Secretary shall ensure that procedures exist for the routine maintenance, testing, enhancement, and expansion of code sets.

"(ii) ADDITIONAL RULES.—If a code set is modified under this subsection, the modified code set shall include instructions on how data elements of health information that were encoded prior to the modification may be converted or translated so as to preserve the informational value of the data elements that existed before the modification. Any modification to a code set under this subsection shall be implemented in a manner that minimizes the disruption and cost of complying with such modification.

"REQUIREMENTS

"SEC. 1175. (a) CONDUCT OF TRANSACTIONS BY PLANS.—

"(1) IN GENERAL.—If a person desires to conduct a transaction referred to in section 1173(a)(1) with a health plan as a standard transaction—

"(A) the health plan may not refuse to conduct such transaction as a standard transaction;

"(B) the insurance plan may not delay such transaction, or otherwise adversely affect, or attempt to adversely affect, the person or the transaction on the ground that the transaction is a standard transaction; and

"(C) the information transmitted and received in connection with the transaction shall be in the form of standard data elements of health information.

"(2) SATISFACTION OF REQUIREMENTS.—A health plan may satisfy the requirements under paragraph (1) by—

"(A) directly transmitting and receiving standard data elements of health information; or

"(B) submitting nonstandard data elements to a health care clearinghouse for processing into standard data elements and transmission by the health care clearinghouse, and receiving standard data elements through the health care clearinghouse.

"(3) TIMETABLE FOR COMPLIANCE.—Paragraph (1) shall not be construed to require a health plan to comply with any standard, implementation specification, or modification to a standard or specification adopted or established by the Secretary under sections 1172 through 1174 at any time prior to the date on which the plan is required to comply with the standard or specification under subsection (b).

"(b) COMPLIANCE WITH STANDARDS.—

"(1) INITIAL COMPLIANCE.—

"(A) IN GENERAL.—Not later than 24 months after the date on which an initial standard or implementation specification is adopted or established under sections 1172 and 1173, each person to whom the standard or implementation specification applies shall comply with the standard or specification.

"(B) SPECIAL RULE FOR SMALL HEALTH PLANS.—In the case of a small health plan, paragraph (1) shall be applied by substituting '36 months' for '24 months'. For purposes of this subsection, the Secretary shall determine the plans that qualify as small health plans.

"(2) COMPLIANCE WITH MODIFIED STANDARDS.—If the Secretary adopts a modification to a standard or implementation specification under this part, each person to whom the standard or implementation specification applies shall comply with the modified standard or implementation specification at such time as the Secretary determines appropriate, taking into account the time needed to comply due to the nature and extent of the modification. The time determined appropriate under the preceding sentence may not be earlier than the last day of the 180-day period beginning on the date such modification is adopted. The Secretary may extend the time for compliance for small health plans, if the Secretary determines that such extension is appropriate.

"(3) CONSTRUCTION.—Nothing in this subsection shall be construed to prohibit any person from complying with a standard or specification by—

"(A) submitting nonstandard data elements to a health care clearinghouse for processing into standard data elements and transmission by the health care clearinghouse; or

"(B) receiving standard data elements through a health care clearinghouse.

"GENERAL PENALTY FOR FAILURE TO COMPLY WITH REQUIREMENTS AND STANDARDS

"SEC. 1176. (a) GENERAL PENALTY.—

"(1) IN GENERAL.—Except as provided in subsection (b), the Secretary shall impose on any person who violates a provision of this part a penalty of not more than $100 for each such violation, except that the total amount imposed on the person for all violations of an identical requirement or prohibition during a calendar year may not exceed $25,000.

"(2) PROCEDURES.—The provisions of section 1128A (other than subsections (a) and (b) and the second sentence of subsection (f)) shall apply to the imposition of a civil money penalty under this subsection in the same manner as such provisions apply to the imposition of a penalty under such section 1128A.

"(b) LIMITATIONS.—

"(1) OFFENSES OTHERWISE PUNISHABLE.—A penalty may not be imposed under subsection (a) with respect to an act if the act constitutes an offense punishable under section 1177.

"(2) NONCOMPLIANCE NOT DISCOVERED.—A penalty may not be imposed under subsection (a) with respect to a provision of this part if it is established to the satisfaction of the Secretary that the person liable for the penalty did not know, and by exercising reasonable diligence would not have known, that such person violated the provision.

"(3) FAILURES DUE TO REASONABLE CAUSE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a penalty may not be imposed under subsection (a) if—

"(i) the failure to comply was due to reasonable cause and not to willful neglect; and

"(ii) the failure to comply is corrected during the 30-day period beginning on the first date the person liable for the penalty knew, or by exercising reasonable diligence would have known, that the failure to comply occurred.

"(B) EXTENSION OF PERIOD.—

"(i) NO PENALTY.—The period referred to in subparagraph (A)(ii) may be extended as determined appropriate by the Secretary based on the nature and extent of the failure to comply.

"(ii) ASSISTANCE.—If the Secretary determines that a person failed to comply because the person was unable to comply, the Secretary may provide technical assistance to the person during the period described in subparagraph (A)(ii). Such assistance shall be provided in any manner determined appropriate by the Secretary.

"(4) REDUCTION.—In the case of a failure to comply which is due to reasonable cause and not to willful neglect, any penalty under subsection (a) that is not entirely waived under paragraph (3) may be waived to the extent that the payment of such penalty would be excessive relative to the compliance failure involved.

"WRONGFUL DISCLOSURE OF INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION

"SEC. 1177. (a) OFFENSE.—A person who knowingly and in violation of this part—

"(1) uses or causes to be used a unique health identifier;

"(2) obtains individually identifiable health information relating to an individual; or

"(3) discloses individually identifiable health information to another person,

shall be punished as provided in subsection (b).

"(b) PENALTIES.—A person described in subsection (a) shall—

"(1) be fined not more than $50,000, imprisoned not more than 1 year, or both;

"(2) if the offense is committed under false pretenses, be fined not more than $100,000, imprisoned not more than 5 years, or both; and

"(3) if the offense is committed with intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain, or malicious harm, fined not more than $250,000, imprisoned not more than 10 years, or both.

"EFFECT ON STATE LAW

"SEC. 1178. (a) GENERAL EFFECT.—

"(1) GENERAL RULE.—Except as provided in paragraph (2), a provision or requirement under this part, or a standard or implementation specification adopted or established under sections 1172 through 1174, shall supersede any contrary provision of State law, including a provision of State law that requires medical or health plan records (including billing information) to be maintained or transmitted in written rather than electronic form.

"(2) EXCEPTIONS.—A provision or requirement under this part, or a standard or implementation specification adopted or established under sections 1172 through 1174, shall not supersede a contrary provision of State law, if the provision of State law—

"(A) is a provision the Secretary determines—

"(i) is necessary—

"(I) to prevent fraud and abuse;

"(II) to ensure appropriate State regulation of insurance and health plans;

"(III) for State reporting on health care delivery or costs; or

"(IV) for other purposes; or

"(ii) addresses controlled substances; or

"(B) subject to section 264(c)(2) of the Health Insurance Portability and Accountability Act of 1996, relates to the privacy of individually identifiable health information.

"(b) PUBLIC HEALTH.—Nothing in this part shall be construed to invalidate or limit the authority, power, or procedures established under any law providing for the reporting of disease or injury, child abuse, birth, or death, public health surveillance, or public health investigation or intervention.

"(c) STATE REGULATORY REPORTING.—Nothing in this part shall limit the ability of a State to require a health plan to report, or to provide access to, information for management audits, financial audits, program monitoring and evaluation, facility licensure or certification, or individual licensure or certification.

"PROCESSING PAYMENT TRANSACTIONS BY FINANCIAL INSTITUTIONS

"SEC. 1179. To the extent that an entity is engaged in activities of a financial institution (as defined in section 1101 of the Right to Financial Privacy Act of 1978), or is engaged in authorizing, processing, clearing, settling, billing, transferring, reconciling, or collecting payments, for a financial institution, this part, and any standard adopted under this part, shall not apply to the entity with respect to such activities, including the following:

"(1) The use or disclosure of information by the entity for authorizing, processing, clearing, settling, billing, transferring, reconciling or collecting, a payment for, or related to, health plan premiums or health care, where such payment is made by any means, including a credit, debit, or other payment card, an account, check, or electronic funds transfer.

"(2) The request for, or the use or disclosure of, information by the entity with respect to a payment described in paragraph (1)—

"(A) for transferring receivables;

"(B) for auditing;

"(C) in connection with—

"(i) a customer dispute; or

"(ii) an inquiry from, or to, a customer;

"(D) in a communication to a customer of the entity regarding the customer's transactions, payment card, account, check, or electronic funds transfer;

"(E) for reporting to consumer reporting agencies; or

"(F) for complying with—

"(i) a civil or criminal subpoena; or

"(ii) a Federal or State law regulating the entity.".

(b) CONFORMING AMENDMENTS.—

(1) REQUIREMENT FOR MEDICARE PROVIDERS.—Section 1866(a)(1) (42 U.S.C. 1395cc(a)(1)) is amended—

(A) by striking "and" at the end of subparagraph (P);

(B) by striking the period at the end of subparagraph (Q) and inserting "; and"; and

(C) by inserting immediately after subparagraph (Q) the following new subparagraph:

"(R) to contract only with a health care clearinghouse (as defined in section 1171) that meets each standard and implementation specification adopted or established under part C of title XI on or after the date on which the health care clearinghouse is required to comply with the standard or specification.".

(2) TITLE HEADING.—Title XI (42 U.S.C. 1301 et seq.) is amended by striking the title heading and inserting the following:

"TITLE XI—GENERAL PROVISIONS, PEER REVIEW, AND ADMINISTRATIVE SIMPLIFICATION".

SEC. 263. CHANGES IN MEMBERSHIP AND DUTIES OF NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS.

Section 306(k) of the Public Health Service Act (42 U.S.C. 242k(k)) is amended—

(1) in paragraph (1), by striking "16" and inserting "18";

(2) by amending paragraph (2) to read as follows:

"(2) The members of the Committee shall be appointed from among persons who have distinguished themselves in the fields of health statistics, electronic interchange of health care information, privacy and security of electronic information, population-based public health, purchasing or financing health care services, integrated computerized health information systems, health services research, consumer interests in health information, health data standards, epidemiology, and the provision of health services. Members of the Committee shall be appointed for terms of 4 years.";

(3) by redesignating paragraphs (3) through (5) as paragraphs (4) through (6), respectively, and inserting after paragraph (2) the following:

"(3) Of the members of the Committee—

"(A) 1 shall be appointed, not later than 60 days after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, by the Speaker of the House of Representatives after consultation with the minority leader of the House of Representatives;

"(B) 1 shall be appointed, not later than 60 days after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, by the President pro tempore of the Senate after consultation with the minority leader of the Senate; and

"(C) 16 shall be appointed by the Secretary.";

(4) by amending paragraph (5) (as so redesignated) to read as follows:

"(5) The Committee—

"(A) shall assist and advise the Secretary—

"(i) to delineate statistical problems bearing on health and health services which are of national or international interest;

"(ii) to stimulate studies of such problems by other organizations and agencies whenever possible or to make investigations of such problems through subcommittees;

"(iii) to determine, approve, and revise the terms, definitions, classifications, and guidelines for assessing health status and health services, their distribution and costs, for use (I) within the Department of Health and Human Services, (II) by all programs administered or funded by the Secretary, including the Federal-State-local cooperative health statistics system referred to in subsection (e), and (III) to the extent possible as determined by the head of the agency involved, by the Department of Veterans Affairs, the Department of Defense, and other Federal agencies concerned with health and health services;

"(iv) with respect to the design of and approval of health statistical and health information systems concerned with the collection, processing, and tabulation of health statistics within the Department of Health and Human Services, with respect to the Cooperative Health Statistics System established under subsection (e), and with respect to the standardized means for the collection of health information and statistics to be established by the Secretary under subsection (j)(1);

"(v) to review and comment on findings and proposals developed by other organizations and agencies and to make recommendations for their adoption or implementation by local, State, national, or international agencies;

"(vi) to cooperate with national committees of other countries and with the World Health Organization and other national agencies in the studies of problems of mutual interest;

"(vii) to issue an annual report on the state of the Nation's health, its health services, their costs and distributions, and to make proposals for improvement of the Nation's health statistics and health information systems; and

"(viii) in complying with the requirements imposed on the Secretary under part C of title XI of the Social Security Act;

"(B) shall study the issues related to the adoption of uniform data standards for patient medical record information and the electronic exchange of such information;

"(C) shall report to the Secretary not later than 4 years after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996 recommendations and legislative proposals for such standards and electronic exchange; and

"(D) shall be responsible generally for advising the Secretary and the Congress on the status of the implementation of part C of title XI of the Social Security Act."; and

(5) by adding at the end the following:

"(7) Not later than 1 year after the date of the enactment of the Health Insurance Portability and Accountability Act of 1996, and annually thereafter, the Committee shall submit to the Congress, and make public, a report regarding the implementation of part C of title XI of the Social Security Act. Such report shall address the following subjects, to the extent that the Committee determines appropriate:

"(A) The extent to which persons required to comply with part C of title XI of the Social Security Act are cooperating in implementing the standards adopted under such part.

"(B) The extent to which such entities are meeting the security standards adopted under such part and the types of penalties assessed for noncompliance with such standards.

"(C) Whether the Federal and State Governments are receiving information of sufficient quality to meet their responsibilities under such part.

"(D) Any problems that exist with respect to implementation of such part.

"(E) The extent to which timetables under such part are being met.".

SEC. 264. RECOMMENDATIONS WITH RESPECT TO PRIVACY OF CERTAIN HEALTH INFORMATION.

(a) IN GENERAL.—Not later than the date that is 12 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Labor and Human Resources and the Committee on Finance of the Senate and the Committee on Commerce and the Committee on Ways and Means of the House of Representatives detailed recommendations on standards with respect to the privacy of individually identifiable health information.

(b) SUBJECTS FOR RECOMMENDATIONS.—The recommendations under subsection (a) shall address at least the following:

(1) The rights that an individual who is a subject of individually identifiable health information should have.

(2) The procedures that should be established for the exercise of such rights.

(3) The uses and disclosures of such information that should be authorized or required.

(c) REGULATIONS.—

(1) IN GENERAL.—If legislation governing standards with respect to the privacy of individually identifiable health information transmitted in connection with the transactions described in section 1173(a) of the Social Security Act (as added by section 262) is not enacted by the date that is 36 months after the date of the enactment of this Act, the Secretary of Health and Human Services shall promulgate final regulations containing such standards not later

than the date that is 42 months after the date of the enactment of this Act. Such regulations shall address at least the subjects described in subsection (b).

(2) PREEMPTION.—A regulation promulgated under paragraph (1) shall not supercede a contrary provision of State law, if the provision of State law imposes requirements, standards, or implementation specifications that are more stringent than the requirements, standards, or implementation specifications imposed under the regulation.

(d) CONSULTATION.—In carrying out this section, the Secretary of Health and Human Services shall consult with—

(1) the National Committee on Vital and Health Statistics established under section 306(k) of the Public Health Service Act (42 U.S.C. 242k(k)); and

(2) the Attorney General.

Subtitle G—Duplication and Coordination of Medicare-Related Plans

SEC. 271. DUPLICATION AND COORDINATION OF MEDICARE-RELATED PLANS.

(a) TREATMENT OF CERTAIN HEALTH INSURANCE POLICIES AS NONDUPLICATIVE.—Section 1882(d)(3)(A) (42 U.S.C. 1395ss(d)(3)(A)) is amended—

(1) in clause (iii), by striking "clause (i)" and inserting "clause (i)(II)"; and

(2) by adding at the end the following:

"(iv) For purposes of this subparagraph, a health insurance policy (other than a medicare supplemental policy) providing for benefits which are payable to or on behalf of an individual without regard to other health benefit coverage of such individual is not considered to 'duplicate' any health benefits under this title, under title XIX, or under a health insurance policy, and subclauses (I) and (III) of clause (i) do not apply to such a policy.

"(v) For purposes of this subparagraph, a health insurance policy (or a rider to an insurance contract which is not a health insurance policy) is not considered to 'duplicate' health benefits under this title or under another health insurance policy if it—

"(I) provides health care benefits only for long-term care, nursing home care, home health care, or community-based care, or any combination thereof,

"(II) coordinates against or excludes items and services available or paid for under this title or under another health insurance policy, and

"(III) for policies sold or issued on or after the end of the 90-day period beginning on the date of enactment of the Health Insurance Portability and Accountability Act of 1996) discloses such coordination or exclusion in the policy's outline of coverage.

For purposes of this clause, the terms 'coordinates' and 'coordination' mean, with respect to a policy in relation to health benefits under this title or under another health insurance policy, that the policy under its terms is secondary to, or excludes from payment, items and services to the extent available or paid for under this title or under another health insurance policy.

"(vi)(I) An individual entitled to benefits under part A or enrolled under part B of this title who is applying for a health insurance policy (other than a policy described in subclause (III)) shall be furnished a disclosure statement described in clause (vii) for the type of policy being applied for. Such statement shall be furnished as a part of (or together with) the application for such policy.

"(II) Whoever issues or sells a health insurance policy (other than a policy described in subclause (III)) to an individual described in subclause (I) and fails to furnish the appropriate disclosure statement as required under such subclause shall be fined under title 18, United States Code, or imprisoned not more than 5 years, or both, and, in addition to or in lieu of such a criminal penalty, is subject to a civil money penalty of not to exceed $25,000 (or $15,000 in the case of a person other than the issuer of the policy) for each such violation.

"(III) A policy described in this subclause (to which subclauses (I) and (II) do not apply) is a medicare supplemental policy or a health insurance policy identified under 60 Federal Register 30880 (June 12, 1995) as a policy not required to have a disclosure statement.

"(IV) Any reference in this section to the revised NAIC model regulation (referred to in subsection (m)(1)(A)) is deemed a reference to such regulation as revised by section 171(m)(2) of the Social Security Act Amendments of 1994 (Public Law 103–432) and as modified by substituting, for the disclosure required under section 16D(2), disclosure under subclause (I) of an appropriate disclosure statement under clause (vii).

"(vii) The disclosure statement described in this clause for a type of policy is the statement specified under subparagraph (D) of this paragraph (as in effect before the date of the enactment of the Health Insurance Portability and Accountability Act of 1996) for that type of policy, as revised as follows:

"(I) In each statement, amend the second line to read as follows:

'THIS IS NOT MEDICARE SUPPLEMENT INSURANCE'.

"(II) In each statement, strike the third line and insert the following: **'Some health care services paid for by Medicare may also trigger the payment of benefits under this policy.'**.

"(III) In each statement not described in subclause (V), strike the boldface matter that begins **'This insurance'** and all that follows up to the next paragraph that begins **'Medicare'**.

"(IV) In each statement not described in subclause (V), insert before the boxed matter (that states **'Before You Buy This Insurance'**) the following: **'This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance.'**.

"(V) In a statement relating to policies providing both nursing home and non-institutional coverage, to policies providing nursing home benefits only, or policies providing home care benefits only, amend the sentence that begins 'Federal law' to read as follows: 'Federal law requires us to inform you that in certain situations this insurance may pay for some care also covered by Medicare.'.

"(viii)(I) Subject to subclause (II), nothing in this subparagraph shall restrict or preclude a State's ability to regulate health insurance policies, including any health insurance policy that is described in clause (iv), (v), or (vi)(III).

"(II) A State may not declare or specify, in statute, regulation, or otherwise, that a health insurance policy (other than a medicare supplemental policy) or rider to an insurance contract which is not a health insurance policy, that is described in clause (iv), (v), or (vi)(III) and that is sold, issued, or renewed to an individual entitled to benefits under part A or enrolled under part B 'duplicates' health benefits under this title or under a medicare supplemental policy.".

(b) CONFORMING AMENDMENTS.—Section 1882(d)(3) (42 U.S.C. 1395ss(d)(3)) is amended—

(1) in subparagraph (C)—

(A) by striking "with respect to (i)" and inserting "with respect to", and

(B) by striking ", (ii) the sale" and all that follows up to the period at the end; and

(2) by striking subparagraph (D).

(c) TRANSITIONAL PROVISION.—

(1) NO PENALTIES.—Subject to paragraph (3), no criminal or civil money penalty may be imposed under section 1882(d)(3)(A) of the Social Security Act for any act or omission that occurred during the transition period (as defined in paragraph (4)) and that relates to any health insurance policy that is described in clause (iv) or (v) of such section (as amended by subsection (a)).

(2) LIMITATION ON LEGAL ACTION.—Subject to paragraph (3), no legal action shall be brought or continued in any Federal or State court insofar as such action—

(A) includes a cause of action which arose, or which is based on or evidenced by any act or omission which occurred, during the transition period; and

(B) relates to the application of section 1882(d)(3)(A) of the Social Security Act to any act or omission with respect to the sale, issuance, or renewal of any health insurance policy that is described in clause (iv) or (v) of such section (as amended by subsection (a)).

(3) DISCLOSURE CONDITION.—In the case of a policy described in clause (iv) of section 1882(d)(3)(A) of the Social Security Act that is sold or issued on or after the effective date of statements under section 171(d)(3)(C) of the Social Security Act Amendments of 1994 and before the end of the 30-day period beginning on the date of the enactment of this Act, paragraphs (1) and (2) shall only apply if disclosure was made in accordance with section 1882(d)(3)(C)(ii) of the Social Security Act (as in effect before the date of the enactment of this Act).

(4) TRANSITION PERIOD.—In this subsection, the term "transition period" means the period beginning on November 5, 1991, and ending on the date of the enactment of this Act.

(d) EFFECTIVE DATE.—(1) Except as provided in this subsection, the amendment made by subsection (a) shall be effective as if included in the enactment of section 4354 of the Omnibus Budget Reconciliation Act of 1990.

(2)(A) Clause (vi) of section 1882(d)(3)(A) of the Social Security Act, as added by subsection (a), shall only apply to individuals applying for—

(i) a health insurance policy described in section 1882(d)(3)(A)(iv) of such Act (as added by subsection (a)), after the date of the enactment of this Act, or

(ii) another health insurance policy after the end of the 30-day period beginning on the date of the enactment of this Act.

(B) A seller or issuer of a health insurance policy may substitute, for the disclosure statement described in clause (vii) of such section, the statement specified under section 1882(d)(3)(D) of the Social Security Act (as in effect before the date of the enactment of this Act), without the revision specified in such clause.

Subtitle H—Patent Extension

SEC. 281. PATENT EXTENSION.

(a) IN GENERAL.—Any owner on the date of the enactment of this Act of the right to market a non-steroidal anti-inflammatory drug that—

(1) contains a patented active agent,

(2) has been reviewed by the Federal Food and Drug Administration for a period of more than 96 months as a new drug application, and

(3) was approved as safe and effective by the Federal Food and Drug Administration on January 31, 1991,

shall be entitled, for the 2-year period beginning on February 28, 1997, to exclude others from making, using, offering for sale, selling, or importing into the United States such active agent, in accordance with section 154(a)(1) of title 35, United States Code.

(b) INFRINGEMENT.—Section 271 of title 35, United States Code, shall apply to the infringement of the entitlement provided under subsection (a) to the same extent as such section applies to infringement of a patent.

(c) NOTIFICATION.—Not later than 30 days after the date of the enactment of this Act, any *owner granted an entitlement under subsection (a) shall notify the Commissioner of Patents and Trademarks and the Secretary for Health and Human Services of such entitlement. Not later than 7 days after the receipt of such notice, the Commissioner and the Secretary shall publish an appropriate notice of the receipt of such notice.*

(d) OFFSET.—An owner described in subsection (a) shall pay the amount of $10,000,000 to the Secretary of Health and Human Services in each of the fiscal years 1997 and 1998 as a condition for being eligible to qualify for the entitlement under subsection (a). As a further condition for eligibility, such owner shall enter into a legally binding agreement with the Secretary of Health and Human Services which shall provide a means for ensuring that the entitlement under subsection (a) shall not create any net costs to the States under the medicaid program under title XIX of the Social Security Act.

TITLE III—TAX-RELATED HEALTH PROVISIONS

SEC. 300. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Medical Savings Accounts

SEC. 301. MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

"SEC. 220. MEDICAL SAVINGS ACCOUNTS.

"(a) DEDUCTION ALLOWED.—In the case of an individual who is an eligible individual for any month during the taxable year, there shall be allowed as a deduction for the taxable year an amount equal to the aggregate amount paid in cash during such taxable year by such individual to a medical savings account of such individual.

"(b) LIMITATIONS.—

"(1) IN GENERAL.—The amount allowable as a deduction under subsection (a) to an individual for the taxable year shall not exceed the sum of the monthly limitations for months during such taxable year that the individual is an eligible individual.

"(2) MONTHLY LIMITATION.—The monthly limitation for any month is the amount equal to 1/12 of—

"(A) in the case of an individual who has self-only coverage under the high deductible health plan as of the first day of such month, 65 percent of the annual deductible under such coverage, and

"(B) in the case of an individual who has family coverage under the high deductible health plan as of the first day of such month, 75 percent of the annual deductible under such coverage.

"(3) SPECIAL RULE FOR MARRIED INDIVIDUALS.—In the case of individuals who are married to each other, if either spouse has family coverage—

"(A) both spouses shall be treated as having only such family coverage (and if such spouses each have family coverage under different plans, as having the family coverage with the lowest annual deductible), and

"(B) the limitation under paragraph (1) (after the application of subparagraph (A) of this paragraph) shall be divided equally between them unless they agree on a different division.

"(4) DEDUCTION NOT TO EXCEED COMPENSATION.—

"(A) EMPLOYEES.—The deduction allowed under subsection (a) for contributions as an eligible individual described in subclause (I) of subsection (c)(1)(A)(iii) shall not exceed such individual's wages, salaries, tips, and other employee compensation which are attributable to such individual's employment by the employer referred to in such subclause.

"(B) SELF-EMPLOYED INDIVIDUALS.—The deduction allowed under subsection (a) for contributions as an eligible individual described in subclause (II) of subsection (c)(1)(A)(iii) shall not exceed such individual's earned income (as defined in section 401(c)(1)) derived by the taxpayer from the trade or business with respect to which the high deductible health plan is established.

"(C) COMMUNITY PROPERTY LAWS NOT TO APPLY.—The limitations under this paragraph shall be determined without regard to community property laws.

"(5) COORDINATION WITH EXCLUSION FOR EMPLOYER CONTRIBUTIONS.—No deduction shall be allowed under this section for any amount paid for any taxable year to a medical savings account of an individual if—

"(A) any amount is contributed to any medical savings account of such individual for such year which is excludable from gross income under section 106(b), or

"(B) if such individual's spouse is covered under the high deductible health plan covering such individual, any amount is contributed for such year to any medical savings account of such spouse which is so excludable.

"(6) DENIAL OF DEDUCTION TO DEPENDENTS.—No deduction shall be allowed under this section to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

"(c) DEFINITIONS.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—

"(A) IN GENERAL.—The term 'eligible individual' means, with respect to any month, any individual if—

"(i) such individual is covered under a high deductible health plan as of the 1st day of such month,

"(ii) such individual is not, while covered under a high deductible health plan, covered under any health plan—

"(I) which is not a high deductible health plan, and

"(II) which provides coverage for any benefit which is covered under the high deductible health plan, and

"(iii)(I) the high deductible health plan covering such individual is established and maintained by the employer of such individual or of the spouse of such individual and such employer is a small employer, or

"(II) such individual is an employee (within the meaning of section 401(c)(1)) or the spouse of such an employee and the high deductible health plan covering such individual is not established or maintained by any employer of such individual or spouse.

"(B) CERTAIN COVERAGE DISREGARDED.—Subparagraph (A)(ii) shall be applied without regard to—

"(i) coverage for any benefit provided by permitted insurance, and

"(ii) coverage (whether through insurance or otherwise) for accidents, disability, dental care, vision care, or long-term care.

"(C) CONTINUED ELIGIBILITY OF EMPLOYEE AND SPOUSE ESTABLISHING MEDICAL SAVINGS ACCOUNTS.—If, while an employer is a small employer—

"(i) any amount is contributed to a medical savings account of an individual who is an employee of such employer or the spouse of such an employee, and

"(ii) such amount is excludable from gross income under section 106(b) or allowable as a deduction under this section,

such individual shall not cease to meet the requirement of subparagraph (A)(iii)(I) by reason of such employer ceasing to be a small employer so long as such employee continues to be an employee of such employer.

"(D) LIMITATIONS ON ELIGIBILITY.—

"For limitations on number of taxpayers who are eligible to have medical savings accounts, see subsection (i).

"(2) HIGH DEDUCTIBLE HEALTH PLAN.—

"(A) IN GENERAL.—The term 'high deductible health plan' means a health plan—

"(i) in the case of self-only coverage, which has an annual deductible which is not less than $1,500 and not more than $2,250,

"(ii) in the case of family coverage, which has an annual deductible which is not less than $3,000 and not more than $4,500, and

"(iii) the annual out-of-pocket expenses required to be paid under the plan (other than for premiums) for covered benefits does not exceed—

"(I) $3,000 for self-only coverage, and

"(II) $5,500 for family coverage.

"(B) SPECIAL RULES.—

"(i) EXCLUSION OF CERTAIN PLANS.—Such term does not include a health plan if substantially all of its coverage is coverage described in paragraph (1)(B).

"(ii) SAFE HARBOR FOR ABSENCE OF PREVENTIVE CARE DEDUCTIBLE.—A plan shall not fail to be treated as a high deductible health plan by reason of failing to have a deductible for preventive care if the absence of a deductible for such care is required by State law.

"(3) PERMITTED INSURANCE.—The term 'permitted insurance' means—

"(A) Medicare supplemental insurance,

"(B) insurance if substantially all of the coverage provided under such insurance relates to—

"(i) liabilities incurred under workers' compensation laws,

"(ii) tort liabilities,

"(iii) liabilities relating to ownership or use of property, or

"(iv) such other similar liabilities as the Secretary may specify by regulations,

"(C) insurance for a specified disease or illness, and

"(D) insurance paying a fixed amount per day (or other period) of hospitalization.

"(4) SMALL EMPLOYER.—

"(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 50 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) CERTAIN GROWING EMPLOYERS RETAIN TREATMENT AS SMALL EMPLOYER.—The term 'small employer' includes, with respect to any calendar year, any employer if—

"(i) such employer met the requirement of subparagraph (A) (determined without regard to subparagraph (B)) for any preceding calendar year after 1996,

"(ii) any amount was contributed to the medical savings account of any employee of such employer with respect to coverage of such employee under a high deductible health plan of such employer during such preceding calendar year and

such amount was excludable from gross income under section 106(b) or allowable as a deduction under this section, and

"(iii) such employer employed an average of 200 or fewer employees on business days during each preceding calendar year after 1996.

"(D) SPECIAL RULES.—

"(i) CONTROLLED GROUPS.—For purposes of this paragraph, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 employer.

"(ii) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(5) FAMILY COVERAGE.—The term 'family coverage' means any coverage other than self-only coverage.

"(d) MEDICAL SAVINGS ACCOUNT.—For purposes of this section—

"(1) MEDICAL SAVINGS ACCOUNT.—The term 'medical savings account' means a trust created or organized in the United States exclusively for the purpose of paying the qualified medical expenses of the account holder, but only if the written governing instrument creating the trust meets the following requirements:

"(A) Except in the case of a rollover contribution described in subsection (f)(5), no contribution will be accepted—

"(i) unless it is in cash, or

"(ii) to the extent such contribution, when added to previous contributions to the trust for the calendar year, exceeds 75 percent of the highest annual limit deductible permitted under subsection (c)(2)(A)(ii) for such calendar year.

"(B) The trustee is a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

"(C) No part of the trust assets will be invested in life insurance contracts.

"(D) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(E) The interest of an individual in the balance in his account is nonforfeitable.

"(2) QUALIFIED MEDICAL EXPENSES.—

"(A) IN GENERAL.—The term 'qualified medical expenses' means, with respect to an account holder, amounts paid by such holder for medical care (as defined in section 213(d)) for such individual, the spouse of such individual, and any dependent (as defined in section 152) of such individual, but only to the extent such amounts are not compensated for by insurance or otherwise.

"(B) HEALTH INSURANCE MAY NOT BE PURCHASED FROM ACCOUNT.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply to any payment for insurance.

"(ii) EXCEPTIONS.—Clause (i) shall not apply to any expense for coverage under—

"(I) a health plan during any period of continuation coverage required under any Federal law,

"(II) a qualified long-term care insurance contract (as defined in section 7702B(b)), or

"(III) a health plan during a period in which the individual is receiving unemployment compensation under any Federal or State law.

"(C) MEDICAL EXPENSES OF INDIVIDUALS WHO ARE NOT ELIGIBLE INDIVIDUALS.—Subparagraph (A) shall apply to an amount paid by an account holder for medical care of an individual who is not an eligible individual for the month in which the expense for such care is incurred only if no amount is contributed (other than a rollover contribution) to any medical savings account of such account holder for the taxable year which includes such month. This subparagraph shall not apply to any expense for coverage described in subclause (I) or (III) of subparagraph (B)(ii).

"(3) ACCOUNT HOLDER.—The term 'account holder' means the individual on whose behalf the medical savings account was established.

"(4) CERTAIN RULES TO APPLY.—Rules similar to the following rules shall apply for purposes of this section:

"(A) Section 219(d)(2) (relating to no deduction for rollovers).

"(B) Section 219(f)(3) (relating to time when contributions deemed made).

"(C) Except as provided in section 106(b), section 219(f)(5) (relating to employer payments).

"(D) Section 408(g) (relating to community property laws).

"(E) Section 408(h) (relating to custodial accounts).

"(e) TAX TREATMENT OF ACCOUNTS.—

"(1) IN GENERAL.—A medical savings account is exempt from taxation under this subtitle unless such account has ceased to be a medical savings account. Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

"(2) ACCOUNT TERMINATIONS.—Rules similar to the rules of paragraphs (2) and (4) of section 408(e) shall apply to medical savings accounts, and any amount treated as distributed under such rules shall be treated as not used to pay qualified medical expenses.

"(f) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) AMOUNTS USED FOR QUALIFIED MEDICAL EXPENSES.—Any amount paid or distributed out of a medical savings account which is used exclusively to pay qualified medical expenses of any account holder shall not be includible in gross income.

"(2) INCLUSION OF AMOUNTS NOT USED FOR QUALIFIED MEDICAL EXPENSES.—Any amount paid or distributed out of a medical savings account which is not used exclusively to pay the qualified medical expenses of the account holder shall be included in the gross income of such holder.

"(3) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—

"(A) IN GENERAL.—If any excess contribution is contributed for a taxable year to any medical savings account of an individual, paragraph (2) shall not apply to distributions from the medical savings accounts of such individual (to the extent such distributions do not exceed the aggregate excess contributions to all such accounts of such individual for such year) if—

"(i) such distribution is received by the individual on or before the last day prescribed by law (including extensions of time) for filing such individual's return for such taxable year, and

"(ii) such distribution is accompanied by the amount of net income attributable to such excess contribution.

Any net income described in clause (ii) shall be included in the gross income of the individual for the taxable year in which it is received.

"(B) EXCESS CONTRIBUTION.—For purposes of subparagraph (A), the term 'excess contribution' means any contribution (other than a rollover contribution) which is neither excludable from gross income under section 106(b) nor deductible under this section.

"(4) ADDITIONAL TAX ON DISTRIBUTIONS NOT USED FOR QUALIFIED MEDICAL EXPENSES.—

"(A) IN GENERAL.—The tax imposed by this chapter on the account holder for any taxable year in which there is a payment or distribution from a medical savings account of such holder which is includible in gross income under paragraph (2) shall be increased by 15 percent of the amount which is so includible.

"(B) EXCEPTION FOR DISABILITY OR DEATH.—Subparagraph (A) shall not apply if the payment or distribution is made after the account holder becomes disabled within the meaning of section 72(m)(7) or dies.

"(C) EXCEPTION FOR DISTRIBUTIONS AFTER MEDICARE ELIGIBILITY.—Subparagraph (A) shall not apply to any payment or distribution after the date on which the account holder attains the age specified in section 1811 of the Social Security Act.

"(5) ROLLOVER CONTRIBUTION.—An amount is described in this paragraph as a rollover contribution if it meets the requirements of subparagraphs (A) and (B).

"(A) IN GENERAL.—Paragraph (2) shall not apply to any amount paid or distributed from a medical savings account to the account holder to the extent the amount received is paid into a medical savings account for the benefit of such holder not later than the 60th day after the day on which the holder receives the payment or distribution.

"(B) LIMITATION.—This paragraph shall not apply to any amount described in subparagraph (A) received by an individual from a medical savings account if, at any time during the 1-year period ending on the day of such receipt, such individual received any other amount described in subparagraph (A) from a medical savings account which was not includible in the individual's gross income because of the application of this paragraph.

"(6) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—For purposes of determining the amount of the deduction under section 213, any payment or distribution out of a medical savings account for qualified medical expenses shall not be treated as an expense paid for medical care.

"(7) TRANSFER OF ACCOUNT INCIDENT TO DIVORCE.—The transfer of an individual's interest in a medical savings account to an individual's spouse or former spouse under a divorce or separation instrument described in subparagraph (A) of section 71(b)(2) shall not be considered a taxable transfer made by such individual notwithstanding any other provision of this subtitle, and such interest shall, after such transfer, be treated as a medical savings account with respect to which such spouse is the account holder.

"(8) TREATMENT AFTER DEATH OF ACCOUNT HOLDER.—

"(A) TREATMENT IF DESIGNATED BENEFICIARY IS SPOUSE.—If the account holder's surviving spouse acquires such holder's interest in a medical savings account by reason of being the designated beneficiary of such account at the death of the account holder, such medical savings account shall be treated as if the spouse were the account holder.

"(B) OTHER CASES.—

"(i) IN GENERAL.—If, by reason of the death of the account holder, any person acquires the account holder's interest in a medical savings account in a case to which subparagraph (A) does not apply—

"(I) such account shall cease to be a medical savings account as of the date of death, and

"(II) an amount equal to the fair market value of the assets in such account on such date shall be includible if such person is not the estate of such holder, in such person's gross income for the taxable year which includes such date, or if such person is the estate of such holder, in such holder's gross income for the last taxable year of such holder.

"(ii) SPECIAL RULES.—

"(I) REDUCTION OF INCLUSION FOR PRE-DEATH EXPENSES.—The amount includible in gross income under clause (i) by any person (other than the estate) shall be reduced by the amount of qualified medical expenses which were incurred by the decedent before the date of the decedent's death and paid by such person within 1 year after such date.

"(II) DEDUCTION FOR ESTATE TAXES.—An appropriate deduction shall be allowed under section 691(c) to any person (other than the decedent or the decedent's spouse) with respect to amounts included in gross income under clause (i) by such person.

"(g) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1998, each dollar amount in subsection (c)(2) shall be increased by an amount equal to—

"(1) such dollar amount, multiplied by

"(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which such taxable year begins by substituting 'calendar year 1997' for 'calendar year 1992' in subparagraph (B) thereof.

If any increase under the preceding sentence is not a multiple of $50, such increase shall be rounded to the nearest multiple of $50.

"(h) REPORTS.—The Secretary may require the trustee of a medical savings account to make such reports regarding such account to the Secretary and to the account holder with respect to contributions, distributions, and such other matters as the Secretary determines appropriate. The reports required by this subsection shall be filed at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.

"(i) LIMITATION ON NUMBER OF TAXPAYERS HAVING MEDICAL SAVINGS ACCOUNTS.—

"(1) IN GENERAL.—Except as provided in paragraph (5), no individual shall be treated as an eligible individual for any taxable year beginning after the cut-off year unless—

"(A) such individual was an active MSA participant for any taxable year ending on or before the close of the cut-off year, or

"(B) such individual first became an active MSA participant for a taxable year ending after the cut-off year by reason of coverage under a high deductible health plan of an MSA-participating employer.

"(2) CUT-OFF YEAR.—For purposes of paragraph (1), the term 'cut-off year' means the earlier of—

"(A) calendar year 2000, or

"(B) the first calendar year before 2000 for which the Secretary determines under subsection (j) that the numerical limitation for such year has been exceeded.

"(3) ACTIVE MSA PARTICIPANT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'active MSA participant' means, with respect to any taxable year, any individual who is the account holder of any medical savings account into which any contribution was made which was excludable from gross income under section 106(b), or allowable as a deduction under this section, for such taxable year.

"(B) SPECIAL RULE FOR CUT-OFF YEARS BEFORE 2000.—In the case of a cut-off year before 2000—

"(i) an individual shall not be treated as an eligible individual for any month of such year or an active MSA participant under paragraph (1)(A) unless such individual is, on or before the cut-off date, covered under a high deductible health plan, and

"(ii) an employer shall not be treated as an MSA-participating employer unless the employer, on or before the cut-off date, offered coverage under a high deductible health plan to any employee.

"(C) CUT-OFF DATE.—For purposes of subparagraph (B)—

"(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the cut-off date is October 1 of the cut-off year.

"(ii) EMPLOYEES WITH ENROLLMENT PERIODS AFTER OCTOBER 1.—In the case of an individual described in subclause (I) of subsection (c)(1)(A)(iii), if the regularly scheduled enrollment period for health plans of the individual's employer occurs during the last 3 months of the cut-off year, the cut-off date is December 31 of the cut-off year.

"(iii) SELF-EMPLOYED INDIVIDUALS.—In the case of an individual described in subclause (II) of subsection (c)(1)(A)(iii), the cut-off date is November 1 of the cut-off year.

"(iv) SPECIAL RULES FOR 1997.—If 1997 is a cut-off year by reason of subsection (j)(1)(A)—

"(I) each of the cut-off dates under clauses (i) and (iii) shall be 1 month earlier than the date determined without regard to this clause, and

"(II) clause (ii) shall be applied by substituting '4 months' for '3 months'.

"(4) MSA-PARTICIPATING EMPLOYER.—For purposes of this subsection, the term 'MSA-participating employer' means any small employer if—

"(A) such employer made any contribution to the medical savings account of any employee during the cut-off year or any preceding calendar year which was excludable from gross income under section 106(b), or

"(B) at least 20 percent of the employees of such employer who are eligible individuals for any month of the cut-off year by reason of coverage under a high deductible health plan of such employer each made a contribution of at least $100 to their medical savings accounts for any taxable year ending with or within the cut-off year which was allowable as a deduction under this section.

"(5) ADDITIONAL ELIGIBILITY AFTER CUT-OFF YEAR.—If the Secretary determines under subsection (j)(2)(A) that the numerical limit for the calendar year following a cut-off year described in paragraph (2)(B) has not been exceeded—

"(A) this subsection shall not apply to any otherwise eligible individual who is covered under a high deductible health plan during the first 6 months of the second calendar year following the cut-off year (and such individual shall be treated as an active MSA participant for purposes of this subsection if a contribution is made to any medical savings account with respect to such coverage), and

"(B) any employer who offers coverage under a high deductible health plan to any employee during such 6-month period shall be treated as an MSA-participating employer for purposes of this subsection if the requirements of paragraph (4) are met with respect to such coverage.

For purposes of this paragraph, subsection (j)(2)(A) shall be applied for 1998 by substituting '750,000' for '600,000'.

"(j) DETERMINATION OF WHETHER NUMERICAL LIMITS ARE EXCEEDED.—

"(1) DETERMINATION OF WHETHER LIMIT EXCEEDED FOR 1997.—The numerical limitation for 1997 is exceeded if, based on the reports required under paragraph (4), the number of medical savings accounts established as of—

"(A) April 30, 1997, exceeds 375,000, or

"(B) June 30, 1997, exceeds 525,000.

"(2) DETERMINATION OF WHETHER LIMIT EXCEEDED FOR 1998 OR 1999.—

"(A) IN GENERAL.—The numerical limitation for 1998 or 1999 is exceeded if the sum of—

"(i) the number of MSA returns filed on or before April 15 of such calendar year for taxable years ending with or within the preceding calendar year, plus

"(ii) the Secretary's estimate (determined on the basis of the returns described in clause (i)) of the number of MSA returns for such taxable years which will be filed after such date,

exceeds 600,000 (750,000 in the case of 1999). For purposes of the preceding sentence, the term 'MSA return' means any return on which any exclusion is claimed under section 106(b) or any deduction is claimed under this section.

"(B) ALTERNATIVE COMPUTATION OF LIMITATION.—The numerical limitation for 1998 or 1999 is also exceeded if the sum of—

"(i) 90 percent of the sum determined under subparagraph (A) for such calendar year, plus

"(ii) the product of 2.5 and the number of medical savings accounts established during the portion of such year preceding July 1 (based on the reports required under paragraph (4)) for taxable years beginning in such year,

exceeds 750,000.

"(3) PREVIOUSLY UNINSURED INDIVIDUALS NOT INCLUDED IN DETERMINATION.—

"(A) IN GENERAL.—The determination of whether any calendar year is a cut-off year shall be made by not counting the medical savings account of any previously uninsured individual.

"(B) PREVIOUSLY UNINSURED INDIVIDUAL.—For purposes of this subsection, the term 'previously uninsured individual' means, with respect to any medical savings account, any individual who had no health plan coverage (other than coverage referred to in subsection (c)(1)(B)) at any time during the 6-month period before the date such individual's coverage under the high deductible health plan commences.

"(4) REPORTING BY MSA TRUSTEES.—

"(A) IN GENERAL.—Not later than August 1 of 1997, 1998, and 1999, each person who is the trustee of a medical savings account established before July 1 of such calendar year shall make a report to the Secretary (in such form and manner as the Secretary shall specify) which specifies—

"(i) the number of medical savings accounts established before such July 1 (for taxable years beginning in such calendar year) of which such person is the trustee,

"(ii) the name and TIN of the account holder of each such account, and

"(iii) the number of such accounts which are accounts of previously uninsured individuals.

"(B) ADDITIONAL REPORT FOR 1997.—Not later than June 1, 1997, each person who is the trustee of a medical savings account established before May 1, 1997, shall make an additional report described in subparagraph (A) but only with respect to accounts established before May 1, 1997.

"(C) PENALTY FOR FAILURE TO FILE REPORT.—The penalty provided in section 6693(a) shall apply to any report required by this paragraph, except that—

"(i) such section shall be applied by substituting '$25' for '$50', and

"(ii) the maximum penalty imposed on any trustee shall not exceed $5,000.

"(D) AGGREGATION OF ACCOUNTS.—To the extent practical, in determining the number of medical savings accounts on the basis of the reports under this paragraph, all medical savings accounts of an individual shall be treated as 1 account and all accounts of individuals who are married to each other shall be treated as 1 account.

"(5) DATE OF MAKING DETERMINATIONS.—Any determination under this subsection that a calendar year is a cut-off year shall be made by the Secretary and shall be published not later than October 1 of such year.

(b) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (15) the following new paragraph:

"(16) MEDICAL SAVINGS ACCOUNTS.—The deduction allowed by section 220."

(c) EXCLUSIONS FOR EMPLOYER CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

(1) EXCLUSION FROM INCOME TAX.—The text of section 106 (relating to contributions by employer to accident and health plans) is amended to read as follows:

"(a) GENERAL RULE.—Except as otherwise provided in this section, gross income of an employee does not include employer-provided coverage under an accident or health plan.

"(b) CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—

"(1) IN GENERAL.—In the case of an employee who is an eligible individual, amounts contributed by such employee's employer to any medical savings account of such employee shall be treated as employer-provided coverage for medical expenses under an accident or health plan to the extent such amounts do not exceed the limitation under section 220(b)(1) (determined without regard to this subsection) which is applicable to such employee for such taxable year.

"(2) NO CONSTRUCTIVE RECEIPT.—No amount shall be included in the gross income of any employee solely because the employee may choose between the contributions referred to in paragraph (1) and employer contributions to another health plan of the employer.

"(3) SPECIAL RULE FOR DEDUCTION OF EMPLOYER CONTRIBUTIONS.—Any employer contribution to a medical savings account, if otherwise allowable as a deduction under this chapter, shall be allowed only for the taxable year in which paid.

"(4) EMPLOYER MSA CONTRIBUTIONS REQUIRED TO BE SHOWN ON RETURN.—Every individual required to file a return under section 6012 for the taxable year shall include on such return the aggregate amount contributed by employers to the medical savings accounts of such individual or such individual's spouse for such taxable year.

"(5) MSA CONTRIBUTIONS NOT PART OF COBRA COVERAGE.—Paragraph (1) shall not apply for purposes of section 4980B.

"(6) DEFINITIONS.—For purposes of this subsection, the terms 'eligible individual' and 'medical savings account' have the respective meanings given to such terms by section 220.

"(7) CROSS REFERENCE.—

"For penalty on failure by employer to make comparable contributions to the medical savings accounts of comparable employees, see section 4980E.".

(2) EXCLUSION FROM EMPLOYMENT TAXES.—

(A) RAILROAD RETIREMENT TAX.—Subsection (e) of section 3231 is amended by adding at the end the following new paragraph:

"(10) MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS.—The term 'compensation' shall not include any payment made to or for the benefit of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106(b)."

(B) UNEMPLOYMENT TAX.—Subsection (b) of section 3306 is amended by striking "or" at the end of paragraph (15), by striking the period at the end of paragraph (16) and inserting "; or", and by inserting after paragraph (16) the following new paragraph:

"(17) any payment made to or for the benefit of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106(b)."

(C) WITHHOLDING TAX.—Subsection (a) of section 3401 is amended by striking "or" at the end of paragraph (19), by striking the period at the end of paragraph (20) and inserting "; or", and by inserting after paragraph (20) the following new paragraph:

"(21) any payment made to or for the benefit of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106(b)."

(3) EMPLOYER CONTRIBUTIONS REQUIRED TO BE SHOWN ON W-2.—Subsection (a) of section 6051 is amended by striking "and" at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting ", and", and by inserting after paragraph (10) the following new paragraph:

"(11) the amount contributed to any medical savings account (as defined in section 220(d)) of such employee or such employee's spouse."

(4) PENALTY FOR FAILURE OF EMPLOYER TO MAKE COMPARABLE MSA CONTRIBUTIONS.—

(A) IN GENERAL.—Chapter 43 is amended by adding after section 4980D the following new section:

"SEC. 4980E. FAILURE OF EMPLOYER TO MAKE COMPARABLE MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS.

"(a) GENERAL RULE.—In the case of an employer who makes a contribution to the medical savings account of any employee with respect to coverage under a high deductible health plan of the employer during a calendar year, there is hereby imposed a tax on the failure of such employer to meet the requirements of subsection (d) for such calendar year.

"(b) AMOUNT OF TAX.—The amount of the tax imposed by subsection (a) on any failure for any calendar year is the amount equal to 35 percent of the aggregate amount contributed by the employer to medical savings accounts of employees for taxable years of such employees ending with or within such calendar year.

"(c) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

"(d) EMPLOYER REQUIRED TO MAKE COMPARABLE MSA CONTRIBUTIONS FOR ALL PARTICIPATING EMPLOYEES.—

"(1) IN GENERAL.—An employer meets the requirements of this subsection for any calendar year if the employer makes available comparable contributions to the medical savings accounts of all comparable participating employees for each coverage period during such calendar year.

"(2) COMPARABLE CONTRIBUTIONS.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'comparable contributions' means contributions—

"(i) which are the same amount, or

"(ii) which are the same percentage of the annual deductible limit under the high deductible health plan covering the employees.

"(B) PART-YEAR EMPLOYEES.—In the case of an employee who is employed by the employer for only a portion of the calendar year, a contribution to the medical savings account of such employee shall be treated as comparable if it is an amount which bears the same ratio to the comparable amount (determined without regard to this subparagraph) as such portion bears to the entire calendar year.

"(3) COMPARABLE PARTICIPATING EMPLOYEES.—For purposes of paragraph (1), the term 'comparable participating employees' means all employees—

"(A) who are eligible individuals covered under any high deductible health plan of the employer, and

"(B) who have the same category of coverage.

For purposes of subparagraph (B), the categories of coverage are self-only and family coverage.

"(4) PART-TIME EMPLOYEES.—

"(A) IN GENERAL.—Paragraph (3) shall be applied separately with respect to part-time employees and other employees.

"(B) PART-TIME EMPLOYEE.—For purposes of subparagraph (A), the term 'part-time employee' means any employee who is customarily employed for fewer than 30 hours per week.

"(e) CONTROLLED GROUPS.—For purposes of this section, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 employer.

"(f) DEFINITIONS.—Terms used in this section which are also used in section 220 have the respective meanings given such terms in section 220."

(B) CLERICAL AMENDMENT.—The table of sections for chapter 43 is amended by adding after the item relating to section 4980D the following new item:

"Sec. 4980E. Failure of employer to make comparable medical savings account contributions."

(d) MEDICAL SAVINGS ACCOUNT CONTRIBUTIONS NOT AVAILABLE UNDER CAFETERIA PLANS.—Subsection (f) of section 125 of such Code is amended by inserting "106(b)," before "117".

(e) TAX ON EXCESS CONTRIBUTIONS.—Section 4973 (relating to tax on excess contributions to individual retirement accounts, certain section 403(b) contracts, and certain individual retirement annuities) is amended—

(1) by inserting "MEDICAL SAVINGS ACCOUNTS," after "ACCOUNTS," in the heading of such section,

(2) by striking "or" at the end of paragraph (1) of subsection (a),

(3) by redesignating paragraph (2) of subsection (a) as paragraph (3) and by inserting after paragraph (1) the following:

"(2) a medical savings account (within the meaning of section 220(d)), or", and

(4) by adding at the end the following new subsection:

"(d) EXCESS CONTRIBUTIONS TO MEDICAL SAVINGS ACCOUNTS.—For purposes of this section, in the case of medical savings accounts (within the meaning of section 220(d)), the term 'excess contributions' means the sum of—

"(1) the aggregate amount contributed for the taxable year to the accounts (other than rollover contributions described in section 220(f)(5)) which is neither excludable from gross income under section 106(b) nor allowable as a deduction under section 220 for such year, and

"(2) the amount determined under this subsection for the preceding taxable year, reduced by the sum of—

"(A) the distributions out of the accounts which were included in gross income under section 220(f)(2), and

"(B) the excess (if any) of—

"(i) the maximum amount allowable as a deduction under section 220(b)(1) (determined without regard to section 106(b)) for the taxable year, over

"(ii) the amount contributed to the accounts for the taxable year.

For purposes of this subsection, any contribution which is distributed out of the medical savings account in a distribution to which section 220(f)(3) applies shall be treated as an amount not contributed."

(f) TAX ON PROHIBITED TRANSACTIONS.—

(1) Section 4975 (relating to tax on prohibited transactions) is amended by adding at the end of subsection (c) the following new paragraph:

"(4) SPECIAL RULE FOR MEDICAL SAVINGS ACCOUNTS.—An individual for whose benefit a medical savings account (within the meaning of section 220(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a medical savings account by reason of the application of section 220(e)(2) to such account."

(2) Paragraph (1) of section 4975(e) is amended to read as follows:

"(1) PLAN.—For purposes of this section, the term 'plan' means—

"(A) a trust described in section 401(a) which forms a part of a plan, or a plan described in section 403(a), which trust or plan is exempt from tax under section 501(a),

"(B) an individual retirement account described in section 408(a),

"(C) an individual retirement annuity described in section 408(b),

"(D) a medical savings account described in section 220(d), or

"(E) a trust, plan, account, or annuity which, at any time, has been determined by the Secretary to be described in any preceding subparagraph of this paragraph."

(g) FAILURE TO PROVIDE REPORTS ON MEDICAL SAVINGS ACCOUNTS.—

(1) Subsection (a) of section 6693 (relating to failure to provide reports on individual retirement accounts or annuities) is amended to read as follows:

"(a) REPORTS.—

"(1) IN GENERAL.—If a person required to file a report under a provision referred to in paragraph (2) fails to file such report at the time and in the manner required by such provision, such person shall pay a penalty of $50 for each failure unless it is shown that such failure is due to reasonable cause.

"(2) PROVISIONS.—The provisions referred to in this paragraph are—

"(A) subsections (i) and (l) of section 408 (relating to individual retirement plans), and

"(B) section 220(h) (relating to medical savings accounts)."

(h) EXCEPTION FROM CAPITALIZATION OF POLICY ACQUISITION EXPENSES.—Subparagraph (B) of section 848(e)(1) (defining specified insurance contract) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding at the end the following new clause:

"(iv) any contract which is a medical savings account (as defined in section 220(d)).".

(i) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the last item and inserting the following:

"Sec. 220. Medical savings accounts.

"Sec. 221. Cross reference.".

(j) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

(k) MONITORING OF PARTICIPATION IN MEDICAL SAVINGS ACCOUNTS.—The Secretary of the Treasury or his delegate shall—

(1) during 1997, 1998, 1999, and 2000, regularly evaluate the number of individuals who are maintaining medical savings accounts and the reduction in revenues to the United States by reason of such accounts, and

(2) provide such reports of such evaluations to Congress as such Secretary determines appropriate.

(l) STUDY OF EFFECTS OF MEDICAL SAVINGS ACCOUNTS ON SMALL GROUP MARKET.—The Comptroller General of the United States shall enter into a contract with an organization with expertise in health economics, health insurance markets, and actuarial science to conduct a comprehensive study regarding the effects of medical savings accounts in the small group market on—

(1) selection, including adverse selection,

(2) health costs, including any impact on premiums of individuals with comprehensive coverage,

(3) use of preventive care,

(4) consumer choice,

(5) the scope of coverage of high deductible plans purchased in conjunction with such accounts, and

(6) other relevant items.

A report on the results of the study conducted under this subsection shall be submitted to the Congress no later than January 1, 1999.

Subtitle B—Increase in Deduction for Health Insurance Costs of Self-Employed Individuals

SEC. 311. INCREASE IN DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—

"(A) IN GENERAL.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the applicable percentage of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.

"(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined under the following table:

"For taxable years beginning in calendar year—	***The applicable in percentage is—***
1997	*40 percent*
1998 through 2002	*45 percent*
2003	*50 percent*
2004	*60 percent*
2005	*70 percent*
2006 or thereafter	*80 percent.".*

(b) EXCLUSION FOR AMOUNTS RECEIVED UNDER CERTAIN SELF-INSURED PLANS.—Paragraph (3) of section 104(a) is amended by inserting "(or through an arrangement having the effect of accident or health insurance)" after "health insurance".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

Subtitle C—Long-Term Care Services and Contracts

PART I—GENERAL PROVISIONS

SEC. 321. TREATMENT OF LONG-TERM CARE INSURANCE.

(a) GENERAL RULE.—Chapter 79 (relating to definitions) is amended by inserting after section 7702A the following new section:

"SEC. 7702B. TREATMENT OF QUALIFIED LONG-TERM CARE INSURANCE.

"(a) IN GENERAL.—For purposes of this title—

"(1) a qualified long-term care insurance contract shall be treated as an accident and health insurance contract,

"(2) amounts (other than policyholder dividends, as defined in section 808, or premium refunds) received under a qualified long-term care insurance contract shall be treated as amounts received for personal injuries and sickness and shall be treated as reimbursement for expenses actually incurred for medical care (as defined in section 213(d)),

"(3) any plan of an employer providing coverage under a qualified long-term care insurance contract shall be treated as an accident and health plan with respect to such coverage,

"(4) except as provided in subsection (e)(3), amounts paid for a qualified long-term care insurance contract providing the benefits described in subsection (b)(2)(A) shall be treated as payments made for insurance for purposes of section 213(d)(1)(D), and

"(5) a qualified long-term care insurance contract shall be treated as a guaranteed renewable contract subject to the rules of section 816(e).

"(b) QUALIFIED LONG-TERM CARE INSURANCE CONTRACT.—For purposes of this title—

"(1) IN GENERAL.—The term 'qualified long-term care insurance contract' means any insurance contract if—

"(A) the only insurance protection provided under such contract is coverage of qualified long-term care services,

"(B) such contract does not pay or reimburse expenses incurred for services or items to the extent that such expenses are reimbursable under title XVIII of the Social Security Act or would be so reimbursable but for the application of a deductible or coinsurance amount,

"(C) such contract is guaranteed renewable,

"(D) such contract does not provide for a cash surrender value or other money that can be—

"(i) paid, assigned, or pledged as collateral for a loan, or

"(ii) borrowed,

other than as provided in subparagraph (E) or paragraph (2)(C),

"(E) all refunds of premiums, and all policyholder dividends or similar amounts, under such contract are to be applied as a reduction in future premiums or to increase future benefits, and

"(F) such contract meets the requirements of subsection (g).

"(2) SPECIAL RULES.—

"(A) PER DIEM, ETC. PAYMENTS PERMITTED.—A contract shall not fail to be described in subparagraph (A) or (B) of paragraph (1) by reason of payments being made on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payments relate.

"(B) SPECIAL RULES RELATING TO MEDICARE.—

"(i) Paragraph (1)(B) shall not apply to expenses which are reimbursable under title XVIII of the Social Security Act only as a secondary payor.

"(ii) No provision of law shall be construed or applied so as to prohibit the offering of a qualified long-term care insurance contract on the basis that the contract coordinates its benefits with those provided under such title.

"(C) REFUNDS OF PREMIUMS.—Paragraph (1)(E) shall not apply to any refund on the death of the insured, or on a complete surrender or cancellation of the contract, which cannot exceed the aggregate premiums paid under the contract. Any refund on a complete surrender or cancellation of the contract shall be includible in gross income to the extent that any deduction or exclusion was allowable with respect to the premiums.

"(c) QUALIFIED LONG-TERM CARE SERVICES.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified long-term care services' means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, and maintenance or personal care services, which—

"(A) are required by a chronically ill individual, and

"(B) are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

"(2) CHRONICALLY ILL INDIVIDUAL.—

"(A) IN GENERAL.—The term 'chronically ill individual' means any individual who has been certified by a licensed health care practitioner as—

"(i) being unable to perform (without substantial assistance from another individual) at least 2 activities of daily living for a period of at least 90 days due to a loss of functional capacity,

"(ii) having a level of disability similar (as determined under regulations prescribed by the Secretary in consultation with the Secretary of Health and Human Services) to the level of disability described in clause (i), or

"(iii) requiring substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment.

Such term shall not include any individual otherwise meeting the requirements of the preceding sentence unless within the preceding 12-month period a licensed health care practitioner has certified that such individual meets such requirements.

"(B) ACTIVITIES OF DAILY LIVING.—For purposes of subparagraph (A), each of the following is an activity of daily living:

"(i) Eating.

"(ii) Toileting.

"(iii) Transferring.

"(iv) Bathing.

"(v) Dressing.

"(vi) Continence.

A contract shall not be treated as a qualified long-term care insurance contract unless the determination of whether an individual is a chronically ill individual takes into account at least 5 of such activities.

"(3) MAINTENANCE OR PERSONAL CARE SERVICES.—The term 'maintenance or personal care services' means any care the primary purpose of which is the provision of needed assistance with any of the disabilities as a result of which the individual is a chronically ill individual (including the protection from threats to health and safety due to severe cognitive impairment).

"(4) LICENSED HEALTH CARE PRACTITIONER.—The term 'licensed health care practitioner' means any physician (as defined in section 1861(r)(1) of the Social Security Act) and any registered professional nurse, licensed social worker, or other individual who meets such requirements as may be prescribed by the Secretary.

"(d) AGGREGATE PAYMENTS IN EXCESS OF LIMITS.—

"(1) IN GENERAL.—If the aggregate of—

"(A) the periodic payments received for any period under all qualified long-term care insurance contracts which are treated as made for qualified long-term care services for an insured, and

"(B) the periodic payments received for such period which are treated under section 101(g) as paid by reason of the death of such insured,

exceeds the per diem limitation for such period, such excess shall be includible in gross income without regard to section 72. A payment shall not be taken into account under subparagraph (B) if the insured is a terminally ill individual (as defined in section 101(g)) at the time the payment is received.

"(2) PER DIEM LIMITATION.—For purposes of paragraph (1), the per diem limitation for any period is an amount equal to the excess (if any) of—

"(A) the greater of—

"(i) the dollar amount in effect for such period under paragraph (4), or

"(ii) the costs incurred for qualified long-term care services provided for the insured for such period, over

"(B) the aggregate payments received as reimbursements (through insurance or otherwise) for qualified long-term care services provided for the insured during such period.

"(3) AGGREGATION RULES.—For purposes of this subsection—

"(A) all persons receiving periodic payments described in paragraph (1) with respect to the same insured shall be treated as 1 person, and

"(B) the per diem limitation determined under paragraph (2) shall be allocated first to the insured and any remaining limitation shall be allocated among the other such persons in such manner as the Secretary shall prescribe.

"(4) DOLLAR AMOUNT.—The dollar amount in effect under this subsection shall be $175 per day (or the equivalent amount in the case of payments on another periodic basis).

"(5) INFLATION ADJUSTMENT.—In the case of a calendar year after 1997, the dollar amount contained in paragraph (4) shall be increased at the same time and in the same manner as amounts are increased pursuant to section 213(d)(10).

"(6) PERIODIC PAYMENTS.—For purposes of this subsection, the term 'periodic payment' means any payment (whether on a periodic basis or otherwise) made without regard to the extent of the costs incurred by the payee for qualified long-term care services.

"(e) TREATMENT OF COVERAGE PROVIDED AS PART OF A LIFE INSURANCE CONTRACT.—Except as otherwise provided in regulations prescribed by the Secretary, in the case of any long-term care insurance coverage (whether or not qualified) provided by a rider on or as part of a life insurance contract—

"(1) IN GENERAL.—This section shall apply as if the portion of the contract providing such coverage is a separate contract.

"(2) APPLICATION OF 7702.—Section 7702(c)(2) (relating to the guideline premium limitation) shall be applied by increasing the guideline premium limitation with respect to a life insurance contract, as of any date—

"(A) by the sum of any charges (but not premium payments) against the life insurance contract's cash surrender value (within the meaning of section 7702(f)(2)(A)) for such coverage made to that date under the contract, less

"(B) any such charges the imposition of which reduces the premiums paid for the contract (within the meaning of section 7702(f)(1)).

"(3) APPLICATION OF SECTION 213.—No deduction shall be allowed under section 213(a) for charges against the life insurance contract's cash surrender value described in paragraph (2), unless such charges are includible in income as a result of the application of section 72(e)(10) and the rider is a qualified long-term care insurance contract under subsection (b).

"(4) PORTION DEFINED.—For purposes of this subsection, the term 'portion' means only the terms and benefits under a life insurance contract that are in addition to the terms and benefits under the contract without regard to long-term care insurance coverage.

"(f) TREATMENT OF CERTAIN STATE-MAINTAINED PLANS.—

"(1) IN GENERAL.—If—

(A) an individual receives coverage for qualified long-term care services under a State long-term care plan, and

"(B) the terms of such plan would satisfy the requirements of subsection (b) were such plan an insurance contract,

such plan shall be treated as a qualified long-term care insurance contract for purposes of this title.

"(2) STATE LONG-TERM CARE PLAN.—For purposes of paragraph (1), the term 'State long-term care plan' means any plan—

"(A) which is established and maintained by a State or an instrumentality of a State,

"(B) which provides coverage only for qualified long-term care services, and

"(C) under which such coverage is provided only to—

"(i) employees and former employees of a State (or any political subdivision or instrumentality of a State),

"(ii) the spouses of such employees, and

"(iii) individuals bearing a relationship to such employees or spouses which is described in any of paragraphs (1) through (8) of section 152(a)."

(b) RESERVE METHOD.—Clause (iii) of section 807(d)(3)(A) is amended by inserting "(other than a qualified long-term care insurance contract, as defined in section 7702B(b))" after "insurance contract".

(c) LONG-TERM CARE INSURANCE NOT PERMITTED UNDER CAFETERIA PLANS OR FLEXIBLE SPENDING ARRANGEMENTS.—

(1) CAFETERIA PLANS.—Section 125(f) is amended by adding at the end the following new sentence: "Such term shall not include any product which is advertised, marketed, or offered as long-term care insurance."

(2) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 (relating to contributions by employer to accident and health plans), as amended by section 301(c), is amended by adding at the end the following new subsection:

"(c) INCLUSION OF LONG-TERM CARE BENEFITS PROVIDED THROUGH FLEXIBLE SPENDING ARRANGEMENTS.—

"(1) IN GENERAL.—Effective on and after January 1, 1997, gross income of an employee shall include employer-provided coverage for qualified long-term care services (as defined in section 7702B(c)) to the extent that such coverage is provided through a flexible spending or similar arrangement.

"(2) FLEXIBLE SPENDING ARRANGEMENT.—For purposes of this subsection, a flexible spending arrangement is a benefit program which provides employees with coverage under which—

"(A) specified incurred expenses may be reimbursed (subject to reimbursement maximums and other reasonable conditions), and

"(B) the maximum amount of reimbursement which is reasonably available to a participant for such coverage is less than 500 percent of the value of such coverage.

In the case of an insured plan, the maximum amount reasonably available shall be determined on the basis of the underlying coverage."

(d) CONTINUATION COVERAGE RULES NOT TO APPLY.—

(1) Paragraph (2) of section 4980B(g) is amended by adding at the end the following new sentence: "Such term shall not include any plan substantially all of the coverage under which is for qualified long-term care services (as defined in section 7702B(c))."

(2) Paragraph (1) of section 607 of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new sentence: "Such term shall not include any plan substantially all of the coverage under which is for qualified long-term care services (as defined in section 7702B(c) of such Code)."

(3) Paragraph (1) of section 2208 of the Public Health Service Act is amended by adding at the end the following new sentence: "Such term shall not include any plan substantially all of the coverage under which is for qualified long-term care services (as defined in section 7702B(c) of such Code)."

(e) CLERICAL AMENDMENT.—The table of sections for chapter 79 is amended by inserting after the item relating to section 7702A the following new item:

"Sec. 7702B. Treatment of qualified long-term care insurance.".

(f) EFFECTIVE DATES.—

(1) GENERAL EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this section shall apply to contracts issued after December 31, 1996.

(B) RESERVE METHOD.—The amendment made by subsection (b) shall apply to contracts issued after December 31, 1997.

(2) CONTINUATION OF EXISTING POLICIES.—In the case of any contract issued before January 1, 1997, which met the long-term care insurance requirements of the State in which the contract was sitused at the time the contract was issued—

(A) such contract shall be treated for purposes of the Internal Revenue Code of 1986 as a qualified long-term care insurance contract (as defined in section 7702B(b) of such Code), and

(B) services provided under, or reimbursed by, such contract shall be treated for such purposes as qualified long-term care services (as defined in section 7702B(c) of such Code).

In the case of an individual who is covered on December 31, 1996, under a State long-term care plan (as defined in section 7702B(f)(2) of such Code), the terms of such plan on such date shall be treated for purposes of the preceding sentence as a contract issued on such date which met the long-term care insurance requirements of such State.

(3) EXCHANGES OF EXISTING POLICIES.—If, after the date of enactment of this Act and before January 1, 1998, a contract providing for long-term care insurance coverage is exchanged solely for a qualified long-term care insurance contract (as defined in section 7702B(b) of such Code), no gain or loss shall be recognized on the exchange. If, in addition to a qualified long-term care insurance contract, money or other property is received in the exchange, then any gain shall be recognized to the extent of the sum of the money and the fair market value of the other property received. For purposes of this paragraph, the cancellation of a contract providing for long-term care insurance coverage and reinvestment of the cancellation proceeds in a qualified long-term care insurance contract within 60 days thereafter shall be treated as an exchange.

(4) ISSUANCE OF CERTAIN RIDERS PERMITTED.—For purposes of applying sections 101(f), 7702, and 7702A of the Internal Revenue Code of 1986 to any contract—

(A) the issuance of a rider which is treated as a qualified long-term care insurance contract under section 7702B, and

(B) the addition of any provision required to conform any other long-term care rider to be so treated,

shall not be treated as a modification or material change of such contract.

(5) APPLICATION OF PER DIEM LIMITATION TO EXISTING CONTRACTS.—The amount of per diem payments made under a contract issued on or before July 31, 1996, with respect to an insured which are excludable from gross income by reason of section 7702B of the Internal Revenue Code of 1986 (as added by this section) shall not be reduced under subsection (d)(2)(B) thereof by reason of reimbursements received under a contract issued on or before such date. The preceding sentence shall cease to apply as of the date (after July 31, 1996) such contract is exchanged or there is any contract modification which results in an increase in the amount of such per diem payments or the amount of such reimbursements.

(g) LONG-TERM CARE STUDY REQUEST.—The Chairman of the Committee on Ways and Means of the House of Representatives and the Chairman of the Committee on Finance of the Senate shall jointly request the National Association of Insurance Commissioners, in consultation with representatives of the insurance industry and consumer organizations, to formulate, develop, and conduct a study to determine the marketing and other effects of per diem limits on certain types of long-term care policies. If the National Association of Insurance Commissioners agrees to the study request, the National Association of Insurance Commissioners shall report the results of its study to such committees not later than 2 years after accepting the request.

SEC. 322. QUALIFIED LONG-TERM CARE SERVICES TREATED AS MEDICAL CARE.

(a) GENERAL RULE.—Paragraph (1) of section 213(d) (defining medical care) is amended by striking "or" at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

"(C) for qualified long-term care services (as defined in section 7702B(c)), or".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (D) of section 213(d)(1) (as redesignated by subsection (a)) is amended by inserting before the period "or for any qualified long-term care insurance contract (as defined in section 7702B(b))".

(2)(A) Paragraph (1) of section 213(d) is amended by adding at the end the following new flush sentence:

"In the case of a qualified long-term care insurance contract (as defined in section 7702B(b)), only eligible long-term care premiums (as defined in paragraph (10)) shall be taken into account under subparagraph (D)."

(B) Paragraph (2) of section 162(l) is amended by adding at the end the following new subparagraph:

"(C) LONG-TERM CARE PREMIUMS.—In the case of a qualified long-term care insurance contract (as defined in section 7702B(b)), only eligible long-term care premiums (as defined in section 213(d)(10)) shall be taken into account under paragraph (1)."

(C) Subsection (d) of section 213 is amended by adding at the end the following new paragraphs:

"(10) ELIGIBLE LONG-TERM CARE PREMIUMS.—

"(A) IN GENERAL.—For purposes of this section, the term 'eligible long-term care premiums' means the amount paid during a taxable year for any qualified long-term care insurance contract (as defined in section 7702B(b)) covering an individual, to the extent such amount does not exceed the limitation determined under the following table:

"In the case of an individual with an attained age before the close of the taxable year of:	**The limitation is:**
40 or less	$200
More than 40 but not more than 50	375
More than 50 but not more than 60	750
More than 60 but not more than 70	2,000
More than 70	2,500.

"(B) INDEXING.—

"(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 1997, each dollar amount contained in subparagraph (A) shall be increased by the medical care cost adjustment of such amount for such calendar year. If any increase determined under the preceding sentence is not a multiple of $10, such increase shall be rounded to the nearest multiple of $10.

"(ii) MEDICAL CARE COST ADJUSTMENT.—For purposes of clause (i), the medical care cost adjustment for any calendar year is the percentage (if any) by which—

"(I) the medical care component of the Consumer Price Index (as defined in section 1(f)(5)) for August of the preceding calendar year, exceeds

"(II) such component for August of 1996.

The Secretary shall, in consultation with the Secretary of Health and Human Services, prescribe an adjustment which the Secretary determines is more appropriate for purposes of this paragraph than the adjustment described in the preceding sentence, and the adjustment so prescribed shall apply in lieu of the adjustment described in the preceding sentence.

"(11) CERTAIN PAYMENTS TO RELATIVES TREATED AS NOT PAID FOR MEDICAL CARE.—An amount paid for a qualified long-term care service (as defined in section 7702B(c)) provided to an individual shall be treated as not paid for medical care if such service is provided—

"(A) by the spouse of the individual or by a relative (directly or through a partnership, corporation, or other entity) unless the service is provided by a licensed professional with respect to such service, or

"(B) by a corporation or partnership which is related (within the meaning of section 267(b) or 707(b)) to the individual.

For purposes of this paragraph, the term 'relative' means an individual bearing a relationship to the individual which is described in any of paragraphs (1) through (8) of section 152(a). This paragraph shall not apply for purposes of section 105(b) with respect to reimbursements through insurance.".

(3) Paragraph (6) of section 213(d) is amended—

(A) by striking "subparagraphs (A) and (B)" and inserting "subparagraphs (A), (B), and (C)", and

(B) by striking "paragraph (1)(C)" in subparagraph (A) and inserting "paragraph (1)(D)".

(4) Paragraph (7) of section 213(d) is amended by striking "subparagraphs (A) and (B)" and inserting "subparagraphs (A), (B), and (C)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 323. REPORTING REQUIREMENTS.

(a) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

"SEC. 6050Q. CERTAIN LONG-TERM CARE BENEFITS.

"(a) REQUIREMENT OF REPORTING.—Any person who pays long-term care benefits shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth—

"(1) the aggregate amount of such benefits paid by such person to any individual during any calendar year,

"(2) whether or not such benefits are paid in whole or in part on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payments relate,

"(3) the name, address, and TIN of such individual, and

"(4) the name, address, and TIN of the chronically ill or terminally ill individual on account of whose condition such benefits are paid.

"(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

"(1) the name of the person making the payments, and

"(2) the aggregate amount of long-term care benefits paid to the individual which are required to be shown on such return.

The written statement required under the preceding sentence shall be furnished to the individual on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.

"(c) LONG-TERM CARE BENEFITS.—For purposes of this section, the term 'long-term care benefit' means—

"(1) any payment under a product which is advertised, marketed, or offered as long-term care insurance, and

"(2) any payment which is excludable from gross income by reason of section 101(g).".

(b) PENALTIES.—

(1) Subparagraph (B) of section 6724(d)(1) is amended by redesignating clauses (ix) through (xiv) as clauses (x) through (xv), respectively, and by inserting after clause (viii) the following new clause:

"(ix) section 6050Q (relating to certain long-term care benefits),".

(2) Paragraph (2) of section 6724(d) is amended by redesignating subparagraphs (Q) through (T) as subparagraphs (R) through (U), respectively, and by inserting after subparagraph (P) the following new subparagraph:

"(Q) section 6050Q(b) (relating to certain long-term care benefits),".

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new item:

"Sec. 6050Q. Certain long-term care benefits.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits paid after December 31, 1996.

PART II—CONSUMER PROTECTION PROVISIONS

SEC. 325. POLICY REQUIREMENTS.

Section 7702B (as added by section 321) is amended by adding at the end the following new subsection:

"(g) CONSUMER PROTECTION PROVISIONS.—

"(1) IN GENERAL.—The requirements of this subsection are met with respect to any contract if the contract meets—

"(A) the requirements of the model regulation and model Act described in paragraph (2),

"(B) the disclosure requirement of paragraph (3), and

"(C) the requirements relating to nonforfeitability under paragraph (4).

"(2) REQUIREMENTS OF MODEL REGULATION AND ACT.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to any contract if such contract meets—

"(i) MODEL REGULATION.—The following requirements of the model regulation:

"(I) Section 7A (relating to guaranteed renewal or noncancellability), and the requirements of section 6B of the model Act relating to such section 7A.

"(II) Section 7B (relating to prohibitions on limitations and exclusions).

"(III) Section 7C (relating to extension of benefits).

"(IV) Section 7D (relating to continuation or conversion of coverage).

"(V) Section 7E (relating to discontinuance and replacement of policies).

"(VI) Section 8 (relating to unintentional lapse).

"(VII) Section 9 (relating to disclosure), other than section 9F thereof.

"(VIII) Section 10 (relating to prohibitions against post-claims underwriting).

"(IX) Section 11 (relating to minimum standards).

"(X) Section 12 (relating to requirement to offer inflation protection), except that any requirement for a signature on a rejection of inflation protection shall permit the signature to be on an application or on a separate form.

"(XI) Section 23 (relating to prohibition against preexisting conditions and probationary periods in replacement policies or certificates).

"(ii) MODEL ACT.—The following requirements of the model Act:

"(I) Section 6C (relating to preexisting conditions).

"(II) Section 6D (relating to prior hospitalization).

"(B) DEFINITIONS.—For purposes of this paragraph—

"(i) MODEL PROVISIONS.—The terms 'model regulation' and 'model Act' mean the long-term care insurance model regulation, and the long-term care insurance model Act, respectively, promulgated by the National Association of Insurance Commissioners (as adopted as of January 1993).

"(ii) COORDINATION.—Any provision of the model regulation or model Act listed under clause (i) or (ii) of subparagraph (A) shall be treated as including any other provision of such regulation or Act necessary to implement the provision.

"(iii) DETERMINATION.—For purposes of this section and section 4980C, the determination of whether any requirement of a model regulation or the model Act has been met shall be made by the Secretary.

"(3) DISCLOSURE REQUIREMENT.—The requirement of this paragraph is met with respect to any contract if such contract meets the requirements of section 4980C(d).

"(4) NONFORFEITURE REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to any level premium contract, if the issuer of such contract offers to the policyholder, including any group policyholder, a nonforfeiture provision meeting the requirements of subparagraph (B).

"(B) REQUIREMENTS OF PROVISION.—The nonforfeiture provision required under subparagraph (A) shall meet the following requirements:

"(i) The nonforfeiture provision shall be appropriately captioned.

"(ii) The nonforfeiture provision shall provide for a benefit available in the event of a default in the payment of any premiums and the amount of the benefit may be adjusted subsequent to being initially granted only as necessary to reflect changes in claims, persistency, and interest as reflected in changes in rates for premium paying contracts approved by the Secretary for the same contract form.

"(iii) The nonforfeiture provision shall provide at least one of the following:

"(I) Reduced paid-up insurance.

"(II) Extended term insurance.

"(III) Shortened benefit period.

"(IV) Other similar offerings approved by the Secretary.

"(5) CROSS REFERENCE.—

"For coordination of the requirements of this subsection with State requirements, see section 4980C(f)."

SEC. 326. REQUIREMENTS FOR ISSUERS OF QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.

(a) IN GENERAL.—Chapter 43 is amended by adding at the end the following new section:

"SEC. 4980C. REQUIREMENTS FOR ISSUERS OF QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.

"(a) GENERAL RULE.—There is hereby imposed on any person failing to meet the requirements of subsection (c) or (d) a tax in the amount determined under subsection (b).

"(b) AMOUNT.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) shall be $100 per insured for each day any requirement of subsection (c) or (d) is not met with respect to each qualified long-term care insurance contract.

"(2) WAIVER.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that payment of the tax would be excessive relative to the failure involved.

"(c) RESPONSIBILITIES.—The requirements of this subsection are as follows:

"(1) REQUIREMENTS OF MODEL PROVISIONS.—

"(A) MODEL REGULATION.—The following requirements of the model regulation must be met:

"(i) Section 13 (relating to application forms and replacement coverage).

"(ii) Section 14 (relating to reporting requirements), except that the issuer shall also report at least annually the number of claims denied during the reporting period for each class of business (expressed as a percentage of claims denied), other than claims denied for failure to meet the waiting period or because of any applicable preexisting condition.

"(iii) Section 20 (relating to filing requirements for marketing).

"(iv) Section 21 (relating to standards for marketing), including inaccurate completion of medical histories, other than sections 21C(1) and 21C(6) thereof, except that—

"(I) in addition to such requirements, no person shall, in selling or offering to sell a qualified long-term care insurance contract, misrepresent a material fact; and

"(II) no such requirements shall include a requirement to inquire or identify whether a prospective applicant or enrollee for long-term care insurance has accident and sickness insurance.

"(v) Section 22 (relating to appropriateness of recommended purchase).

"(vi) Section 24 (relating to standard format outline of coverage).

"(vii) Section 25 (relating to requirement to deliver shopper's guide).

"(B) MODEL ACT.—The following requirements of the model Act must be met:

"(i) Section 6F (relating to right to return), except that such section shall also apply to denials of applications and any refund shall be made within 30 days of the return or denial.

"(ii) Section 6G (relating to outline of coverage).

"(iii) Section 6H (relating to requirements for certificates under group plans).

"(iv) Section 6I (relating to policy summary).

"(v) Section 6J (relating to monthly reports on accelerated death benefits).

"(vi) Section 7 (relating to incontestability period).

"(C) DEFINITIONS.—For purposes of this paragraph, the terms 'model regulation' and 'model Act' have the meanings given such terms by section 7702B(g)(2)(B).

"(2) DELIVERY OF POLICY.—If an application for a qualified long-term care insurance contract (or for a certificate under such a contract for a group) is approved, the issuer shall deliver to the applicant (or policyholder or certificateholder) the contract (or certificate) of insurance not later than 30 days after the date of the approval.

"(3) INFORMATION ON DENIALS OF CLAIMS.—If a claim under a qualified long-term care insurance contract is denied, the issuer shall, within 60 days of the date of a written request by the policyholder or certificateholder (or representative)—

"(A) provide a written explanation of the reasons for the denial, and

"(B) make available all information directly relating to such denial.

"(d) DISCLOSURE.—The requirements of this subsection are met if the issuer of a long-term care insurance policy discloses in such policy and in the outline of coverage required under subsection (c)(1)(B)(ii) that the policy is intended to be a qualified long-term care insurance contract under section 7702B(b).

"(e) QUALIFIED LONG-TERM CARE INSURANCE CONTRACT DEFINED.—For purposes of this section, the term 'qualified long-term care insurance contract' has the meaning given such term by section 7702B.

"(f) COORDINATION WITH STATE REQUIREMENTS.—If a State imposes any requirement which is more stringent than the analogous requirement imposed by this section or section 7702B(g), the requirement imposed by this section or section 7702B(g) shall be treated as met if the more stringent State requirement is met.".

(b) CONFORMING AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end the following new item:

"Sec. 4980C. Requirements for issuers of qualified long-term care insurance contracts."

SEC. 327. EFFECTIVE DATES.

(a) IN GENERAL.—The provisions of, and amendments made by, this part shall apply to contracts issued after December 31, 1996. The provisions of section 321(f) (relating to transition rule) shall apply to such contracts.

(b) ISSUERS.—The amendments made by section 326 shall apply to actions taken after December 31, 1996.

Subtitle D—Treatment of Accelerated Death Benefits

SEC. 331. TREATMENT OF ACCELERATED DEATH BENEFITS BY RECIPIENT.

(a) IN GENERAL.—Section 101 (relating to certain death benefits) is amended by adding at the end the following new subsection:

"(g) TREATMENT OF CERTAIN ACCELERATED DEATH BENEFITS.—

"(1) IN GENERAL.—For purposes of this section, the following amounts shall be treated as an amount paid by reason of the death of an insured:

"(A) Any amount received under a life insurance contract on the life of an insured who is a terminally ill individual.

"(B) Any amount received under a life insurance contract on the life of an insured who is a chronically ill individual.

"(2) TREATMENT OF VIATICAL SETTLEMENTS.—

"(A) IN GENERAL.—If any portion of the death benefit under a life insurance contract on the life of an insured described in paragraph (1) is sold or assigned to a viatical settlement provider, the amount paid for the sale or assignment of such portion shall be treated as an amount paid under the life insurance contract by reason of the death of such insured.

"(B) VIATICAL SETTLEMENT PROVIDER.—

"(i) IN GENERAL.—The term 'viatical settlement provider' means any person regularly engaged in the trade or business of purchasing, or taking assignments of, life insurance contracts on the lives of insureds described in paragraph (1) if—

"(I) such person is licensed for such purposes (with respect to insureds described in the same subparagraph of paragraph (1) as the insured) in the State in which the insured resides, or

"(II) in the case of an insured who resides in a State not requiring the licensing of such persons for such purposes with respect to such insured, such person meets the requirements of clause (ii) or (iii), whichever applies to such insured.

"(ii) TERMINALLY ILL INSUREDS.—A person meets the requirements of this clause with respect to an insured who is a terminally ill individual if such person—

"(I) meets the requirements of sections 8 and 9 of the Viatical Settlements Model Act of the National Association of Insurance Commissioners, and

"(II) meets the requirements of the Model Regulations of the National Association of Insurance Commissioners (relating to standards for evaluation of reasonable payments) in determining amounts paid by such person in connection with such purchases or assignments.

"(iii) CHRONICALLY ILL INSUREDS.—A person meets the requirements of this clause with respect to an insured who is a chronically ill individual if such person—

"(I) meets requirements similar to the requirements referred to in clause (ii)(I), and

"(II) meets the standards (if any) of the National Association of Insurance Commissioners for evaluating the reasonableness of amounts paid by such person in connection with such purchases or assignments with respect to chronically ill individuals.

"(3) SPECIAL RULES FOR CHRONICALLY ILL INSUREDS.—In the case of an insured who is a chronically ill individual—

"(A) IN GENERAL.—Paragraphs (1) and (2) shall not apply to any payment received for any period unless—

"(i) such payment is for costs incurred by the payee (not compensated for by insurance or otherwise) for qualified long-term care services provided for the insured for such period, and

"(ii) the terms of the contract giving rise to such payment satisfy—

"(I) the requirements of section 7702B(b)(1)(B), and

"(II) the requirements (if any) applicable under subparagraph (B).

For purposes of the preceding sentence, the rule of section 7702B(b)(2)(B) shall apply.

"(B) OTHER REQUIREMENTS.—The requirements applicable under this subparagraph are—

"(i) those requirements of section 7702B(g) and section 4980C which the Secretary specifies as applying to such a purchase, assignment, or other arrangement,

"(ii) standards adopted by the National Association of Insurance Commissioners which specifically apply to chronically ill individuals (and, if such standards are adopted, the analogous requirements specified under clause (i) shall cease to apply), and

"(iii) standards adopted by the State in which the policyholder resides (and if such standards are adopted, the analogous requirements specified under clause (i) and (subject to section 4980C(f)) standards under clause (ii), shall cease to apply).

"(C) PER DIEM PAYMENTS.—A payment shall not fail to be described in subparagraph (A) by reason of being made on a per diem or other periodic basis without regard to the expenses incurred during the period to which the payment relates.

"(D) LIMITATION ON EXCLUSION FOR PERIODIC PAYMENTS.—

"For limitation on amount of periodic payments which are treated as described in paragraph (1), see section 7702B(d)."

"(4) DEFINITIONS.—For purposes of this subsection—

"(A) TERMINALLY ILL INDIVIDUAL.—The term 'terminally ill individual' means an individual who has been certified by a physician as having an illness or physical condition which can reasonably be expected to result in death in 24 months or less after the date of the certification.

"(B) CHRONICALLY ILL INDIVIDUAL.—The term 'chronically ill individual' has the meaning given such term by section 7702B(c)(2); except that such term shall not include a terminally ill individual.

"(C) QUALIFIED LONG-TERM CARE SERVICES.—' The term 'qualified long-term care services' has the meaning given such term by section 7702B(c).

"(D) PHYSICIAN.—The term 'physician' has the meaning given to such term by section 1861(r)(1) of the Social Security Act (42 U.S.C. 1395x(r)(1)).

"(5) EXCEPTION FOR BUSINESS-RELATED POLICIES.—This subsection shall not apply in the case of any amount paid to any taxpayer other than the insured if such taxpayer has an insurable interest with respect to the life of the insured by reason of the insured being a director, officer, or employee of the taxpayer or by reason of the insured being financially interested in any trade or business carried on by the taxpayer.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to amounts received after December 31, 1996.

SEC. 332. TAX TREATMENT OF COMPANIES ISSUING QUALIFIED ACCELERATED DEATH BENEFIT RIDERS.

(a) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS TREATED AS LIFE INSURANCE.—Section 818 (relating to other definitions and special rules) is amended by adding at the end the following new subsection:

"(g) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS TREATED AS LIFE INSURANCE.—For purposes of this part—

"(1) IN GENERAL.—Any reference to a life insurance contract shall be treated as including a reference to a qualified accelerated death benefit rider on such contract.

"(2) QUALIFIED ACCELERATED DEATH BENEFIT RIDERS.—For purposes of this subsection, the term 'qualified accelerated death benefit rider' means any rider on a life insurance contract if the only payments under the rider are payments meeting the requirements of section 101(g).

"(3) EXCEPTION FOR LONG-TERM CARE RIDERS.—Paragraph (1) shall not apply to any rider which is treated as a long-term care insurance contract under section 7702B.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall take effect on January 1, 1997.

(2) ISSUANCE OF RIDER NOT TREATED AS MATERIAL CHANGE.—For purposes of applying sections 101(f), 7702, and 7702A of the Internal Revenue Code of 1986 to any contract—

(A) the issuance of a qualified accelerated death benefit rider (as defined in section 818(g) of such Code (as added by this Act)), and

(B) the addition of any provision required to conform an accelerated death benefit rider to the requirements of such section 818(g),

shall not be treated as a modification or material change of such contract.

Subtitle E—State Insurance Pools

SEC. 341. EXEMPTION FROM INCOME TAX FOR STATE-SPONSORED ORGANIZATIONS PROVIDING HEALTH COVERAGE FOR HIGH-RISK INDIVIDUALS.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to list of exempt organizations) is amended by adding at the end the following new paragraph:

"(26) Any membership organization if—

"(A) such organization is established by a State exclusively to provide coverage for medical care (as defined in section 213(d)) on a not-for-profit basis to individuals described in subparagraph (B) through—

"(i) insurance issued by the organization, or

"(ii) a health maintenance organization under an arrangement with the organization,

"(B) the only individuals receiving such coverage through the organization are individuals—

"(i) who are residents of such State, and

"(ii) who, by reason of the existence or history of a medical condition—

"(I) are unable to acquire medical care coverage for such condition through insurance or from a health maintenance organization, or

"(II) are able to acquire such coverage only at a rate which is substantially in excess of the rate for such coverage through the membership organization,

"(C) the composition of the membership in such organization is specified by such State, and

"(D) no part of the net earnings of the organization inures to the benefit of any private shareholder or individual.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 342. EXEMPTION FROM INCOME TAX FOR STATE-SPONSORED WORKMEN'S COMPENSATION REINSURANCE ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 501 (relating to list of exempt organizations), as amended by section 341, is amended by adding at the end the following new paragraph:

"(27) Any membership organization if—

"(A) such organization is established before June 1, 1996, by a State exclusively to reimburse its members for losses arising under workmen's compensation acts,

"(B) such State requires that the membership of such organization consist of—

"(i) all persons who issue insurance covering workmen's compensation losses in such State, and

"(ii) all persons and governmental entities who self-insure against such losses, and

"(C) such organization operates as a nonprofit organization by—

"(i) returning surplus income to its members or workmen's compensation policyholders on a periodic basis, and

"(ii) reducing initial premiums in anticipation of investment income."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

Subtitle F—Organizations Subject to Section 833

SEC. 351. ORGANIZATIONS SUBJECT TO SECTION 833.

(a) IN GENERAL.—Section 833(c) (relating to organization to which section applies) is amended by adding at the end the following new paragraph:

"(4) TREATMENT AS EXISTING BLUE CROSS OR BLUE SHIELD ORGANIZATION.—

"(A) IN GENERAL.—Paragraph (2) shall be applied to an organization described in subparagraph (B) as if it were a Blue Cross or Blue Shield organization.

"(B) APPLICABLE ORGANIZATION.—An organization is described in this subparagraph if it—

"(i) is organized under, and governed by, State laws which are specifically and exclusively applicable to not-for-profit health insurance or health service type organizations, and

"(ii) is not a Blue Cross or Blue Shield organization or health maintenance organization.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 1996.

Subtitle G—IRA Distributions to the Unemployed

SEC. 361. DISTRIBUTIONS FROM CERTAIN PLANS MAY BE USED WITHOUT ADDITIONAL TAX TO PAY FINANCIALLY DEVASTATING MEDICAL EXPENSES.

(a) IN GENERAL.—Section 72(t)(3)(A) is amended by striking "(B),".

(b) DISTRIBUTIONS FOR PAYMENT OF HEALTH INSURANCE PREMIUMS OF CERTAIN UNEMPLOYED INDIVIDUALS.—Paragraph (2) of section 72(t) is amended by adding at the end the following new subparagraph:

"(D) DISTRIBUTIONS TO UNEMPLOYED INDIVIDUALS FOR HEALTH INSURANCE PREMIUMS.—

"(i) IN GENERAL.—Distributions from an individual retirement plan to an individual after separation from employment—

"(I) if such individual has received unemployment compensation for 12 consecutive weeks under any Federal or State unemployment compensation law by reason of such separation,

"(II) if such distributions are made during any taxable year during which such unemployment compensation is paid or the succeeding taxable year, and

"(III) to the extent such distributions do not exceed the amount paid during the taxable year for insurance described in section 213(d)(1)(D) with respect to the individual and the individual's spouse and dependents (as defined in section 152).

"(ii) DISTRIBUTIONS AFTER REEMPLOYMENT.—Clause (i) shall not apply to any distribution made after the individual has been employed for at least 60 days after the separation from employment to which clause (i) applies.

"(iii) SELF-EMPLOYED INDIVIDUALS.—To the extent provided in regulations, a self-employed individual shall be treated as meeting the requirements of clause (i)(I) if, under Federal or State law, the individual would have received unemployment compensation but for the fact the individual was self-employed.".

(c) CONFORMING AMENDMENT.—Subparagraph (B) of section 72(t)(2) is amended by striking "or (C)" and inserting ", (C), or (D)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 1996.

Subtitle H—Organ and Tissue Donation Information Included With Income Tax Refund Payments

SEC. 371. ORGAN AND TISSUE DONATION INFORMATION INCLUDED WITH INCOME TAX REFUND PAYMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall, to the extent practicable, include with the mailing of any payment of a refund of individual income tax made during the period beginning on February 1, 1997, and ending on June 30, 1997, a copy of the document described in subsection (b).

(b) TEXT OF DOCUMENT.—The Secretary of the Treasury shall, after consultation with the Secretary of Health and Human Services and organizations promoting organ and tissue (including eye) donation, prepare a document suitable for inclusion with individual income tax refund payments which—

(1) encourages organ and tissue donation;

(2) includes a detachable organ and tissue donor card; and

(3) urges recipients to—

(A) sign the organ and tissue donor card;

(B) discuss organ and tissue donation with family members and tell family members about the recipient's desire to be an organ and tissue donor if the occasion arises; and

(C) encourage family members to request or authorize organ and tissue donation if the occasion arises.

TITLE IV—APPLICATION AND ENFORCEMENT OF GROUP HEALTH PLAN REQUIREMENTS

Subtitle A—Application and Enforcement of Group Health Plan Requirements

SEC. 401. GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended by adding at the end the following new subtitle:

"Subtitle K—Group Health Plan Portability, Access, and Renewability Requirements

"Chapter 100. Group health plan portability, access, and renewability requirements.

"CHAPTER 100—GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

"Sec. 9801. Increased portability through limitation on preexisting condition exclusions.
"Sec. 9802. Prohibiting discrimination against individual participants and beneficiaries based on health status.
"Sec. 9803. Guaranteed renewability in multiemployer plans and certain multiple employer welfare arrangements.
"Sec. 9804. General exceptions.
"Sec. 9805. Definitions.
"Sec. 9806. Regulations.

"SEC. 9801. INCREASED PORTABILITY THROUGH LIMITATION ON PREEXISTING CONDITION EXCLUSIONS.

"(a) LIMITATION ON PREEXISTING CONDITION EXCLUSION PERIOD; CREDITING FOR PERIODS OF PREVIOUS COVERAGE.—Subject to subsection (d), a group health plan may, with respect to a participant or beneficiary, impose a preexisting condition exclusion only if—

"(1) such exclusion relates to a condition (whether physical or mental), regardless of the cause of the condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the enrollment date;

"(2) such exclusion extends for a period of not more than 12 months (or 18 months in the case of a late enrollee) after the enrollment date; and

"(3) the period of any such preexisting condition exclusion is reduced by the length of the aggregate of the periods of creditable coverage (if any) applicable to the participant or beneficiary as of the enrollment date.

"(b) DEFINITIONS.—For purposes of this section—

"(1) PREEXISTING CONDITION EXCLUSION.—

"(A) IN GENERAL.—The term 'preexisting condition exclusion' means, with respect to coverage, a limitation or exclusion of benefits relating to a condition based on the fact that the condition was present before the date of enrollment for such coverage, whether or not any medical advice, diagnosis, care, or treatment was recommended or received before such date.

"(B) TREATMENT OF GENETIC INFORMATION.—For purposes of this section, genetic information shall not be treated as a condition described in subsection (a)(1) in the absence of a diagnosis of the condition related to such information.

"(2) ENROLLMENT DATE.—The term 'enrollment date' means, with respect to an individual covered under a group health plan, the date of enrollment of the individual in the plan or, if earlier, the first day of the waiting period for such enrollment.

"(3) LATE ENROLLEE.—The term 'late enrollee' means, with respect to coverage under a group health plan, a participant or beneficiary who enrolls under the plan other than during—

"(A) the first period in which the individual is eligible to enroll under the plan, or

"(B) a special enrollment period under subsection (f).

"(4) WAITING PERIOD.—The term 'waiting period' means, with respect to a group health plan and an individual who is a potential participant or beneficiary in the plan, the period that must pass with respect to the individual before the individual is eligible to be covered for benefits under the terms of the plan.

"(c) RULES RELATING TO CREDITING PREVIOUS COVERAGE.—

"(1) CREDITABLE COVERAGE DEFINED.—For purposes of this part, the term 'creditable coverage' means, with respect to an individual, coverage of the individual under any of the following:

"(A) A group health plan.

"(B) Health insurance coverage.

"(C) Part A or part B of title XVIII of the Social Security Act.

"(D) Title XIX of the Social Security Act, other than coverage consisting solely of benefits under section 1928.

"(E) Chapter 55 of title 10, United States Code.

"(F) A medical care program of the Indian Health Service or of a tribal organization.

"(G) A State health benefits risk pool.

"(H) A health plan offered under chapter 89 of title 5, United States Code.

"(I) A public health plan (as defined in regulations).

"(J) A health benefit plan under section 5(e) of the Peace Corps Act (22 U.S.C. 2504(e).

Such term does not include coverage consisting solely of coverage of excepted benefits (as defined in section 9805(c)).

"(2) NOT COUNTING PERIODS BEFORE SIGNIFICANT BREAKS IN COVERAGE.—

"(A) IN GENERAL.—A period of creditable coverage shall not be counted, with respect to enrollment of an individual under a group health plan, if, after such period and before the enrollment date, there was a 63-day period during all of which the individual was not covered under any creditable coverage.

"(B) WAITING PERIOD NOT TREATED AS A BREAK IN COVERAGE.—For purposes of subparagraph (A) and subsection (d)(4), any period that an individual is in a waiting period for any coverage under a group health plan or is in an affiliation period shall not be taken into account in determining the continuous period under subparagraph (A).

"(C) AFFILIATION PERIOD.—

"(i) IN GENERAL.—For purposes of this section, the term 'affiliation period' means a period which, under the terms of the health insurance coverage offered by the health maintenance organization, must expire before the health insurance coverage becomes effective. During such an *affiliation period, the organization is not required to provide health care services or benefits and no premium shall be charged to the participant or beneficiary.*

"(ii) BEGINNING.—Such period shall begin on the enrollment date.

"(iii) RUNS CONCURRENTLY WITH WAITING PERIODS.—Any such affiliation period shall run concurrently with any waiting period under the plan.

"(3) METHOD OF CREDITING COVERAGE.—

"(A) STANDARD METHOD.—Except as otherwise provided under subparagraph (B), for purposes of applying subsection (a)(3), a group health plan shall count a period of creditable coverage without regard to the specific benefits for which coverage is offered during the period.

"(B) ELECTION OF ALTERNATIVE METHOD.—A group health plan may elect to apply subsection (a)(3) based on coverage of any benefits within each of several classes or categories of benefits specified in regulations rather than as provided under subparagraph (A). Such election shall be made on a uniform basis for all participants and beneficiaries. Under such election a group health plan shall count a period of creditable coverage with respect to any class or category of benefits if any level of benefits is covered within such class or category.

"(C) PLAN NOTICE.—In the case of an election with respect to a group health plan under subparagraph (B), the plan shall—

"(i) prominently state in any disclosure statements concerning the plan, and state to each enrollee at the time of enrollment under the plan, that the plan has made such election, and

"(ii) include in such statements a description of the effect of this election.

"(4) ESTABLISHMENT OF PERIOD.—Periods of creditable coverage with respect to an individual shall be established through presentation of certifications described in subsection (e) or in such other manner as may be specified in regulations.

"(d) EXCEPTIONS.—

"(1) EXCLUSION NOT APPLICABLE TO CERTAIN NEWBORNS.—Subject to paragraph (4), a group health plan may not impose any preexisting condition exclusion in the case of an individual who, as of the last day of the 30-day period beginning with the date of birth, is covered under creditable coverage.

"(2) EXCLUSION NOT APPLICABLE TO CERTAIN ADOPTED CHILDREN.—Subject to paragraph (4), a group health plan may not impose any preexisting condition exclusion in the case of a child who is adopted or placed for adoption before attaining 18 years of age and who, as of the last day of the 30-day period beginning on the date of the adoption or placement for adoption, is covered under creditable coverage. The previous sentence shall not apply to coverage before the date of such adoption or placement for adoption.

"(3) EXCLUSION NOT APPLICABLE TO PREGNANCY.—For purposes of this section, a group health plan may not impose any preexisting condition exclusion relating to pregnancy as a preexisting condition.

"(4) LOSS IF BREAK IN COVERAGE.—Paragraphs (1) and (2) shall no longer apply to an individual after the end of the first 63-day period during all of which the individual was not covered under any creditable coverage.

"(e) CERTIFICATIONS AND DISCLOSURE OF COVERAGE.—

"(1) REQUIREMENT FOR CERTIFICATION OF PERIOD OF CREDITABLE COVERAGE.—

"(A) IN GENERAL.—A group health plan shall provide the certification described in subparagraph (B)—

"(i) at the time an individual ceases to be covered under the plan or otherwise becomes covered under a COBRA continuation provision,

"(ii) in the case of an individual becoming covered under such a provision, at the time the individual ceases to be covered under such provision, and

"(iii) on the request on behalf of an individual made not later than 24 months after the date of cessation of the coverage described in clause (i) or (ii), whichever is later.

The certification under clause (i) may be provided, to the extent practicable, at a time consistent with notices required under any applicable COBRA continuation provision.

"(B) CERTIFICATION.—The certification described in this subparagraph is a written certification of—

"(i) the period of creditable coverage of the individual under such plan and the coverage under such COBRA continuation provision, and

"(ii) the waiting period (if any) (and affiliation period, if applicable) imposed with respect to the individual for any coverage under such plan.

"(C) ISSUER COMPLIANCE.—To the extent that medical care under a group health plan consists of health insurance coverage offered in connection with the plan, the plan is deemed to have satisfied the certification requirement under this paragraph if the issuer provides for such certification in accordance with this paragraph.

"(2) DISCLOSURE OF INFORMATION ON PREVIOUS BENEFITS.—

"(A) IN GENERAL.—In the case of an election described in subsection (c)(3)(B) by a group health plan, if the plan enrolls an individual for coverage under the plan and the individual provides a certification of coverage of the individual under paragraph (1)—

"(i) upon request of such plan, the entity which issued the certification provided by the individual shall promptly disclose to such requesting plan information on coverage of classes and categories of health benefits available under such entity's plan, and

"(ii) such entity may charge the requesting plan or issuer for the reasonable cost of disclosing such information.

"(3) REGULATIONS.—The Secretary shall establish rules to prevent an entity's failure to provide information under paragraph (1) or (2) with respect to previous coverage of an individual from adversely affecting any subsequent coverage of the individual under another group health plan or health insurance coverage.

"(f) SPECIAL ENROLLMENT PERIODS.—

"(1) INDIVIDUALS LOSING OTHER COVERAGE.—A group health plan shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:

"(A) The employee or dependent was covered under a group health plan or had health insurance coverage at the time coverage was previously offered to the employee or individual.

"(B) The employee stated in writing at such time that coverage under a group health plan or health insurance coverage was the reason for declining enrollment, but only if the plan sponsor (or the health insurance issuer offering health insurance coverage in connection with the plan) required such a statement at such time and provided the employee with notice of such requirement (and the consequences of such requirement) at such time.

"(C) The employee's or dependent's coverage described in subparagraph (A)—

"(i) was under a COBRA continuation provision and the coverage under such provision was exhausted; or

"(ii) was not under such a provision and either the coverage was terminated as a result of loss of eligibility for the coverage (including as a result of legal separation, divorce, death, termination of employment, or reduction in the number of hours of employment) or employer contributions towards such coverage were terminated.

"(D) Under the terms of the plan, the employee requests such enrollment not later than 30 days after the date of exhaustion of coverage described in subparagraph (C)(i) or termination of coverage or employer contribution described in subparagraph (C)(ii).

"(2) FOR DEPENDENT BENEFICIARIES.—

"(A) IN GENERAL.—If—

"(i) a group health plan makes coverage available with respect to a dependent of an individual,

"(ii) the individual is a participant under the plan (or has met any waiting period applicable to becoming a participant under the plan and is eligible to be enrolled under the plan but for a failure to enroll during a previous enrollment period), and

"(iii) a person becomes such a dependent of the individual through marriage, birth, or adoption or placement for adoption,

the group health plan shall provide for a dependent special enrollment period described in subparagraph (B) during which the person (or, if not otherwise enrolled, the individual) may be enrolled under the plan as a dependent of the individual, and in the case of the birth or adoption of a child, the spouse of the individual may be enrolled as a dependent of the individual if such spouse is otherwise eligible for coverage.

"(B) DEPENDENT SPECIAL ENROLLMENT PERIOD.—The dependent special enrollment period under this subparagraph shall be a period of not less than 30 days and shall begin on the later of—

"(i) the date dependent coverage is made available, or

"(ii) the date of the marriage, birth, or adoption or placement for adoption (as the case may be) described in subparagraph (A)(iii).

"(C) NO WAITING PERIOD.—If an individual seeks coverage of a dependent during the first 30 days of such a dependent special enrollment period, the coverage of the dependent shall become effective—

"(i) in the case of marriage, not later than the first day of the first month beginning after the date the completed request for enrollment is received;

"(ii) in the case of a dependent's birth, as of the date of such birth; or

"(iii) in the case of a dependent's adoption or placement for adoption, the date of such adoption or placement for adoption.

"SEC. 9802. PROHIBITING DISCRIMINATION AGAINST INDIVIDUAL PARTICIPANTS AND BENEFICIARIES BASED ON HEALTH STATUS.

"(a) IN ELIGIBILITY TO ENROLL.—

"(1) IN GENERAL.—Subject to paragraph (2), a group health plan may not establish rules for eligibility (including continued eligibility) of any individual to enroll under the terms of the plan based on any of the following factors in relation to the individual or a dependent of the individual:

"(A) Health status.

"(B) Medical condition (including both physical and mental illnesses).

"(C) Claims experience.

"(D) Receipt of health care.

"(E) Medical history.

"(F) Genetic information.

"(G) Evidence of insurability (including conditions arising out of acts of domestic violence).

"(H) Disability.

"(2) NO APPLICATION TO BENEFITS OR EXCLUSIONS.—To the extent consistent with section 9801, paragraph (1) shall not be construed—

"(A) to require a group health plan to provide particular benefits (or benefits with respect to a specific procedure, treatment, or service) other than those provided under the terms of such plan; or

"(B) to prevent such a plan from establishing limitations or restrictions on the amount, level, extent, or nature of the benefits or coverage for similarly situated individuals enrolled in the plan or coverage.

"(3) CONSTRUCTION.—For purposes of paragraph (1), rules for eligibility to enroll under a plan include rules defining any applicable waiting periods for such enrollment.

"(b) IN PREMIUM CONTRIBUTIONS.—

"(1) IN GENERAL.—A group health plan may not require any individual (as a condition of enrollment or continued enrollment under the plan) to pay a premium or contribution which is greater than such premium or contribution for a similarly situated individual enrolled in the plan on the basis of any factor described in subsection (a)(1) in relation to the individual or to an individual enrolled under the plan as a dependent of the individual.

"(2) CONSTRUCTION.—Nothing in paragraph (1) shall be construed—

"(A) to restrict the amount that an employer may be charged for coverage under a group health plan; or

"(B) to prevent a group health plan from establishing premium discounts or rebates or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

"SEC. 9803. GUARANTEED RENEWABILITY IN MULTIEMPLOYER PLANS AND CERTAIN MULTIPLE EMPLOYER WELFARE ARRANGEMENTS.

"(a) IN GENERAL.—A group health plan which is a multiemployer plan (as defined in section 414(f)) or which is a multiple employer welfare arrangement may not deny an employer continued access to the same or different coverage under such plan, other than—

"(1) for nonpayment of contributions;

"(2) for fraud or other intentional misrepresentation of material fact by the employer;

"(3) for noncompliance with material plan provisions;

"(4) because the plan is ceasing to offer any coverage in a geographic area;

"(5) in the case of a plan that offers benefits through a network plan, because there is no longer any individual enrolled through the employer who lives, resides, or works in the service area of the network plan and the plan applies this paragraph uniformly without regard to the claims experience of employers or a factor described in section 9802(a)(1) in relation to such individuals or their dependents; or

"(6) for failure to meet the terms of an applicable collective bargaining agreement, to renew a collective bargaining or other agreement requiring or authorizing contributions to the plan, or to employ employees covered by such an agreement.

"(b) MULTIPLE EMPLOYER WELFARE ARRANGEMENT.—For purposes of subsection (a), the term 'multiple employer welfare arrangement' has the meaning given such term by section 3(40) of the Employee Retirement Income Security Act of 1974, as in effect on the date of the enactment of this section.

"SEC. 9804. GENERAL EXCEPTIONS.

"(a) EXCEPTION FOR CERTAIN PLANS.—The requirements of this chapter shall not apply to—

"(1) any governmental plan, and

"(2) any group health plan for any plan year if, on the first day of such plan year, such plan has less than 2 participants who are current employees.

"(b) EXCEPTION FOR CERTAIN BENEFITS.—The requirements of this chapter shall not apply to any group health plan in relation to its provision of excepted benefits described in section 9805(c)(1).

"(c) EXCEPTION FOR CERTAIN BENEFITS IF CERTAIN CONDITIONS MET.—

"(1) LIMITED, EXCEPTED BENEFITS.—The requirements of this chapter shall not apply to any group health plan in relation to its provision of excepted benefits described in section 9805(c)(2) if the benefits—

"(A) are provided under a separate policy, certificate, or contract of insurance; or

"(B) are otherwise not an integral part of the plan.

"(2) NONCOORDINATED, EXCEPTED BENEFITS.—The requirements of this chapter shall not apply to any group health plan in relation to its provision of excepted benefits described in section 9805(c)(3) if all of the following conditions are met:

"(A) The benefits are provided under a separate policy, certificate, or contract of insurance.

"(B) There is no coordination between the provision of such benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor.

"(C) Such benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor.

"(3) SUPPLEMENTAL EXCEPTED BENEFITS.—The requirements of this chapter shall not apply to any group health plan in relation to its provision of excepted benefits described in section 9805(c)(4) if the benefits are provided under a separate policy, certificate, or contract of insurance.

"SEC. 9805. DEFINITIONS.

"(a) GROUP HEALTH PLAN.—For purposes of this chapter, the term 'group health plan' has the meaning given to such term by section 5000(b)(1).

"(b) DEFINITIONS RELATING TO HEALTH INSURANCE.—For purposes of this chapter—

"(1) HEALTH INSURANCE COVERAGE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'health insurance coverage' means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer.

"(B) NO APPLICATION TO CERTAIN EXCEPTED BENEFITS.—In applying subparagraph (A), excepted benefits described in subsection (c)(1) shall not be treated as benefits consisting of medical care.

"(2) HEALTH INSURANCE ISSUER.—The term 'health insurance issuer' means an insurance company, insurance service, or insurance organization (including a health maintenance organization, as defined in paragraph (3)) which is licensed to engage in the business of insurance in a State and which is subject to State law which regulates insurance (within the meaning of section 514(b)(2) of the Employee Retirement Income Security Act of 1974, as in effect on the date of the enactment of this section). Such term does not include a group health plan.

"(3) HEALTH MAINTENANCE ORGANIZATION.—The term 'health maintenance organization' means—

"(A) a Federally qualified health maintenance organization (as defined in section 1301(a) of the Public Health Service Act (42 U.S.C. 300e(a))),

"(B) an organization recognized under State law as a health maintenance organization, or

"(C) a similar organization regulated under State law for solvency in the same manner and to the same extent as such a health maintenance organization.

"(c) EXCEPTED BENEFITS.—For purposes of this chapter, the term 'excepted benefits' means benefits under one or more (or any combination thereof) of the following:

"(1) BENEFITS NOT SUBJECT TO REQUIREMENTS.—

"(A) Coverage only for accident, or disability income insurance, or any combination thereof.

"(B) Coverage issued as a supplement to liability insurance.

"(C) Liability insurance, including general liability insurance and automobile liability insurance.

"(D) Workers' compensation or similar insurance.

"(E) Automobile medical payment insurance.

"(F) Credit-only insurance.

"(G) Coverage for on-site medical clinics.

"(H) Other similar insurance coverage, specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

"(2) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED SEPARATELY.—

"(A) Limited scope dental or vision benefits.

"(B) Benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

"(C) Such other similar, limited benefits as are specified in regulations.

"(3) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS INDEPENDENT, NONCOORDINATED BENEFITS.—

"(A) Coverage only for a specified disease or illness.

"(B) Hospital indemnity or other fixed indemnity insurance.

"(4) BENEFITS NOT SUBJECT TO REQUIREMENTS IF OFFERED AS SEPARATE INSURANCE POLICY.—Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act), coverage supplemental to the coverage provided under chapter 55 of title 10, United States Code, and similar supplemental coverage provided to coverage under a group health plan.

"(d) OTHER DEFINITIONS.—For purposes of this chapter—

"(1) COBRA CONTINUATION PROVISION.—The term 'COBRA continuation provision' means any of the following:

"(A) Section 4980B, other than subsection (f)(1) thereof insofar as it relates to pediatric vaccines.

"(B) Part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1161 et seq.), other than section 609 of such Act.

"(C) Title XXII of the Public Health Service Act.

"(2) GOVERNMENTAL PLAN.—The term 'governmental plan' has the meaning given such term by section 414(d).

"(3) MEDICAL CARE.—The term 'medical care' has the meaning given such term by section 213(d) determined without regard to—

"(A) paragraph (1)(C) thereof, and

"(B) so much of paragraph (1)(D) thereof as relates to qualified long-term care insurance.

"(4) NETWORK PLAN.—The term 'network plan' means health insurance coverage of a health insurance issuer under which the financing and delivery of medical care are provided, in whole or in part, through a defined set of providers under contract with the issuer.

"(5) PLACED FOR ADOPTION DEFINED.—The term 'placement', or being 'placed', for adoption, in connection with any placement for adoption of a child with any person, means the assumption and retention by such person of a legal obligation for total or partial support of such child in anticipation of adoption of such child. The child's placement with such person terminates upon the termination of such legal obligation.

"SEC. 9806. REGULATIONS.

"The Secretary, consistent with section 104 of the Health Care Portability and Accountability Act of 1996, may promulgate such regulations as

may be necessary or appropriate to carry out the provisions of this chapter. The Secretary may promulgate any interim final rules as the Secretary determines are appropriate to carry out this chapter."

(b) CLERICAL AMENDMENT.—The table of subtitles of such Code is amended by adding at the end the following new item:

"Subtitle K. Group health plan portability, access, and renewability requirements."

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after June 30, 1997.

(2) DETERMINATION OF CREDITABLE COVERAGE.—

(A) PERIOD OF COVERAGE.—

(i) IN GENERAL.—Subject to clause (ii), no period before July 1, 1996, shall be taken into account under chapter 100 of the Internal Revenue Code of 1986 (as added by this section) in determining creditable coverage.

(ii) SPECIAL RULE FOR CERTAIN PERIODS.—The Secretary of the Treasury, consistent with section 104, shall provide for a process whereby individuals who need to establish creditable coverage for periods before July 1, 1996, and who would have such coverage credited but for clause (i) may be given credit for creditable coverage for such periods through the presentation of documents or other means.

(B) CERTIFICATIONS, ETC.—

(i) IN GENERAL.—Subject to clauses (ii) and (iii), subsection (e) of section 9801 of the Internal Revenue Code of 1986 (as added by this section) shall apply to events occurring after June 30, 1996.

(ii) NO CERTIFICATION REQUIRED TO BE PROVIDED BEFORE JUNE 1, 1997.—In no case is a certification required to be provided under such subsection before June 1, 1997.

(iii) CERTIFICATION ONLY ON WRITTEN REQUEST FOR EVENTS OCCURRING BEFORE OCTOBER 1, 1996.—In the case of an event occurring after June 30, 1996, and before October 1, 1996, a certification is not required to be provided under such subsection unless an individual (with respect to whom the certification is otherwise required to be made) requests such certification in writing.

(C) TRANSITIONAL RULE.—In the case of an individual who seeks to establish creditable coverage for any period for which certification is not required because it relates to an event occurring before June 30, 1996—

(i) the individual may present other credible evidence of such coverage in order to establish the period of creditable coverage; and

(ii) a group health plan and a health insurance issuer shall not be subject to any penalty or enforcement action with respect to the plan's or issuer's crediting (or not crediting) such coverage if the plan or issuer has sought to comply in good faith with the applicable requirements under the amendments made by this section.

(3) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—Except as provided in paragraph (2), in the case of a group health plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the later of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) July 1, 1997.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

(4) TIMELY REGULATIONS.—The Secretary of the Treasury, consistent with section 104, shall first issue by not later than April 1, 1997, such regulations as may be necessary to carry out the amendments made by this section.

(5) LIMITATION ON ACTIONS.—No enforcement action shall be taken, pursuant to the amendments made by this section, against a group health plan or health insurance issuer with respect to a violation of a requirement imposed by such amendments before January 1, 1998, or, if later, the date of issuance of regulations referred to in paragraph (4), if the plan or issuer has sought to comply in good faith with such requirements.

SEC. 402. PENALTY ON FAILURE TO MEET CERTAIN GROUP HEALTH PLAN REQUIREMENTS.

(a) IN GENERAL.—Chapter 43 of the Internal Revenue Code of 1986 (relating to qualified pension, etc., plans) is amended by adding after section 4980C the following new section:

"SEC. 4980D. FAILURE TO MEET CERTAIN GROUP HEALTH PLAN REQUIREMENTS.

"(a) GENERAL RULE.—There is hereby imposed a tax on any failure of a group health plan to meet the requirements of chapter 100 (relating to group health plan portability, access, and renewability requirements).

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure shall be $100 for each day in the noncompliance period with respect to each individual to whom such failure relates.

"(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period—

"(A) beginning on the date such failure first occurs, and

"(B) ending on the date such failure is corrected.

"(3) MINIMUM TAX FOR NONCOMPLIANCE PERIOD WHERE FAILURE DISCOVERED AFTER NOTICE OF EXAMINATION.—Notwithstanding paragraphs (1) and (2) of subsection (c)—

"(A) IN GENERAL.—In the case of 1 or more failures with respect to an individual—

"(i) which are not corrected before the date a notice of examination of income tax liability is sent to the employer, and

"(ii) which occurred or continued during the period under examination,

the amount of tax imposed by subsection (a) by reason of such failures with respect to such individual shall not be less than the lesser of $2,500 or the amount of tax which would be imposed by subsection (a) without regard to such paragraphs.

"(B) HIGHER MINIMUM TAX WHERE VIOLATIONS ARE MORE THAN DE MINIMIS.—To the extent violations for which any person is liable under subsection (e) for any year are more than de minimis, subparagraph (A) shall be applied by substituting '$15,000' for '$2,500' with respect to such person.

"(C) EXCEPTION FOR CHURCH PLANS.—This paragraph shall not apply to any failure under a church plan (as defined in section 414(e)).

"(c) LIMITATIONS ON AMOUNT OF TAX.—

"(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED EXERCISING REASONABLE DILIGENCE.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that the person otherwise liable for such tax did not know, and exercising reasonable diligence would not have known, that such failure existed.

"(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN CERTAIN PERIODS.—No tax shall be imposed by subsection (a) on any failure if—

"(A) such failure was due to reasonable cause and not to willful neglect, and

"(B)(i) in the case of a plan other than a church plan (as defined in section 414(e)), such failure is corrected during the 30-day period beginning on the 1st date the person otherwise liable for such tax knew, or exercising reasonable diligence would have known, that such failure existed, and

"(ii) in the case of a church plan (as so defined), such failure is corrected before the close of the correction period (determined under the rules of section 414(e)(4)(C)).

"(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures which are due to reasonable cause and not to willful neglect—

"(A) SINGLE EMPLOYER PLANS.—

"(i) IN GENERAL.—In the case of failures with respect to plans other than specified multiple employer health plans, the tax imposed by subsection (a) for failures during the taxable year of the employer shall not exceed the amount equal to the lesser of—

"(I) 10 percent of the aggregate amount paid or incurred by the employer (or predecessor employer) during the preceding taxable year for group health plans, or

"(II) $500,000.

"(ii) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this subparagraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

"(B) SPECIFIED MULTIPLE EMPLOYER HEALTH PLANS.—

"(i) IN GENERAL.—In the case of failures with respect to a specified multiple employer health plan, the tax imposed by subsection (a) for failures during the taxable year of the trust forming part of such plan shall not exceed the amount equal to the lesser of—

"(I) 10 percent of the amount paid or incurred by such trust during such taxable year to provide medical care (as defined in section 9805(d)(3)) directly or through insurance, reimbursement, or otherwise, or

"(II) $500,000.

For purposes of the preceding sentence, all plans of which the same trust forms a part shall be treated as 1 plan.

"(ii) SPECIAL RULE FOR EMPLOYERS REQUIRED TO PAY TAX.—If an employer is assessed a tax imposed by subsection (a) by reason of a failure with respect to a specified multiple employer health plan, the limit shall be determined under subparagraph (A) (and not under this subparagraph) and as if such plan were not a specified multiple employer health plan.

"(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

"(d) TAX NOT TO APPLY TO CERTAIN INSURED SMALL EMPLOYER PLANS.—

"(1) IN GENERAL.—In the case of a group health plan of a small employer which provides health insurance coverage solely through a contract with a health insurance issuer, no tax shall be imposed by this section on the employer on any failure which is solely because of the health insurance coverage offered by such issuer.

"(2) SMALL EMPLOYER.—

"(A) IN GENERAL.—For purposes of paragraph (1), the term 'small employer' means, with respect to a calendar year and a plan year, an

employer who employed an average of at least 2 but not more than 50 employees on business days during the preceding calendar year and who employs at least 2 employees on the first day of the plan year. For purposes of the preceding sentence, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 employer.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

"(C) PREDECESSORS.—Any reference in this paragraph to an employer shall include a reference to any predecessor of such employer.

"(3) HEALTH INSURANCE COVERAGE; HEALTH INSURANCE ISSUER.—For purposes of paragraph (1), the terms 'health insurance coverage' and 'health insurance issuer' have the respective meanings given such terms by section 9805.

"(e) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a) on a failure:

"(1) Except as otherwise provided in this subsection, the employer.

"(2) In the case of a multiemployer plan, the plan.

"(3) In the case of a failure under section 9803 (relating to guaranteed renewability) with respect to a plan described in subsection (f)(2)(B), the plan.

"(f) DEFINITIONS.—For purposes of this section—

"(1) GROUP HEALTH PLAN.—The term 'group health plan' has the meaning given such term by section 9805(a).

"(2) SPECIFIED MULTIPLE EMPLOYER HEALTH PLAN.—The term 'specified multiple employer health plan' means a group health plan which is—

"(A) any multiemployer plan, or

"(B) any multiple employer welfare arrangement (as defined in section 3(40) of the Employee Retirement Income Secrurity Act of 1974, as in effect on the date of the enactment of this section).

"(3) CORRECTION.—A failure of a group health plan shall be treated as corrected if—

"(A) such failure is retroactively undone to the extent possible, and

"(B) the person to whom the failure relates is placed in a financial position which is as good as such person would have been in had such failure not occurred."

(b) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding after the item relating to section 4980C the following new item:

"Sec. 4980D. Failure to meet certain group health plan requirements."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures under chapter 100 of the Internal Revenue Code of 1986 (as added by section 401 of this Act).

Subtitle B—Clarification of Certain Continuation Coverage Requirements

SEC. 421. COBRA CLARIFICATIONS.

(a) PUBLIC HEALTH SERVICE ACT.—

(1) PERIOD OF COVERAGE.—Section 2202(2) of the Public Health Service Act (42 U.S.C. 300bb–2(2)) is amended—

(A) in subparagraph (A)—

(i) by transferring the sentence immediately preceding clause (iv) so as to appear immediately following such clause (iv); and

(ii) in the last sentence (as so transferred)—

(I) by striking "an individual" and inserting "a qualified beneficiary";

(II) by striking "at the time of a qualifying event described in section 2203(2)" and inserting "at any time during the first 60 days of continuation coverage under this title";

(III) by striking "with respect to such event,"; and

(IV) by inserting "(with respect to all qualified beneficiaries)" after "29 months";

(B) in subparagraph (D)(i), by inserting before ", or" the following: "(other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary by reason of chapter 100 of the Internal Revenue Code of 1986, part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or title XXVII of this Act)"; and

(C) in subparagraph (E), by striking "at the time of a qualifying event described in section 2203(2)" and inserting "at any time during the first 60 days of continuation coverage under this title".

(2) NOTICES.—Section 2206(3) of the Public Health Service Act (42 U.S.C. 300bb–6(3)) is amended by striking "at the time of a qualifying event described in section 2203(2)" and inserting "at any time during the first 60 days of continuation coverage under this title".

(3) BIRTH OR ADOPTION OF A CHILD.—Section 2208(3)(A) of the Public Health Service Act (42 U.S.C. 300bb–8(3)(A)) is amended by adding at the end thereof the following new flush sentence:

"Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continuation coverage under this title.".

(b) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) PERIOD OF COVERAGE.—Section 602(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1162(2)) is amended—

(A) in the last sentence of subparagraph (A)—

(i) by striking "an individual" and inserting "a qualified beneficiary";

(ii) by striking "at the time of a qualifying event described in section 603(2)" and inserting "at any time during the first 60 days of continuation coverage under this part";

(iii) by striking "with respect to such event"; and

(iv) by inserting "(with respect to all qualified beneficiaries)" after "29 months";

(B) in subparagraph (D)(i), by inserting before ", or" the following: "(other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary by reason of chapter 100 of the Internal Revenue Code of 1986, part 7 of this subtitle, or title XXVII of the Public Health Service Act)"; and

(C) in subparagraph (E), by striking "at the time of a qualifying event described in section 603(2)" and inserting "at any time during the first 60 days of continuation coverage under this part".

(2) NOTICES.—Section 606(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166(a)(3)) is amended by striking "at the time of a qualifying event described in section 603(2)" and inserting "at any time during the first 60 days of continuation coverage under this part".

(3) BIRTH OR ADOPTION OF A CHILD.—Section 607(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1167(3)) is amended by adding at the end thereof the following new flush sentence:

"Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continuation coverage under this part.".

(c) INTERNAL REVENUE CODE OF 1986.—

(1) PERIOD OF COVERAGE.—Section 4980B(f)(2)(B) of the Internal Revenue Code of 1986 is amended—

(A) in the last sentence of clause (i)—

(i) by striking "at the time of a qualifying event described in paragraph (3)(B)" and inserting "at any time during the first 60 days of continuation coverage under this section";

(ii) by striking "with respect to such event"; and

(iii) by inserting "(with respect to all qualified beneficiaries)" after "29 months";

(B) in clause (iv)(I), by inserting before ", or" the following: "(other than such an exclusion or limitation which does not apply to (or is satisfied by) such beneficiary by reason of chapter 100 of this title, part 7 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, or title XXVII of the Public Health Service Act)"; and

(C) in clause (v), by striking "at the time of a qualifying event described in paragraph (3)(B)" and inserting "at any time during the first 60 days of continuation coverage under this section".

(2) NOTICES.—Section 4980B(f)(6)(C) of the Internal Revenue Code of 1986 is amended by striking "at the time of a qualifying event described in paragraph (3)(B)" and inserting "at any time during the first 60 days of continuation coverage under this section".

(3) BIRTH OR ADOPTION OF A CHILD.—Section 4980B(g)(1)(A) of the Internal Revenue Code of 1986 is amended by adding at the end thereof the following new flush sentence:

"Such term shall also include a child who is born to or placed for adoption with the covered employee during the period of continuation coverage under this section.".

(d) EFFECTIVE DATE.—The amendments made by this section shall become effective on January 1, 1997, regardless of whether the qualifying event occurred before, on, or after such date.

(e) NOTIFICATION OF CHANGES.—Not later than November 1, 1996, each group health plan (covered under title XXII of the Public Health Service Act, part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974, and section 4980B(f) of the Internal Revenue Code of 1986) shall notify each qualified beneficiary who has elected continuation coverage under such title, part or section of the amendments made by this section.

TITLE V—REVENUE OFFSETS

SEC. 500. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Company-Owned Life Insurance

SEC. 501. DENIAL OF DEDUCTION FOR INTEREST ON LOANS WITH RESPECT TO COMPANY-OWNED LIFE INSURANCE.

(a) IN GENERAL.—Paragraph (4) of section 264(a) is amended—

(1) by inserting ", or any endowment or annuity contracts owned by the taxpayer covering any individual," after "the life of any individual", and

(2) by striking all that follows "carried on by the taxpayer" and inserting a period.

(b) EXCEPTION FOR CONTRACTS RELATING TO KEY PERSONS; PERMISSIBLE INTEREST RATES.—Section 264 is amended—

(1) by striking "Any" in subsection (a)(4) and inserting "Except as provided in subsection (d), any", and

(2) by adding at the end the following new subsection:

"(d) SPECIAL RULES FOR APPLICATION OF SUBSECTION (a)(4).—

"(1) EXCEPTION FOR KEY PERSONS.—Subsection (a)(4) shall not apply to any interest paid or accrued on any indebtedness with respect to policies or contracts covering an individual who is a key person to the extent that

the aggregate amount of such indebtedness with respect to policies and contracts covering such individual does not exceed $50,000.

"(2) INTEREST RATE CAP ON KEY PERSONS AND PRE-1986 CONTRACTS.—

"(A) IN GENERAL.—No deduction shall be allowed by reason of paragraph (1) or the last sentence of subsection (a) with respect to interest paid or accrued for any month beginning after December 31, 1995, to the extent the amount of such interest exceeds the amount which would have been determined if the applicable rate of interest were used for such month.

"(B) APPLICABLE RATE OF INTEREST.—For purposes of subparagraph (A)—

"(i) IN GENERAL.—The applicable rate of interest for any month is the rate of interest described as Moody's Corporate Bond Yield Average-Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto, for such month.

"(ii) PRE-1986 CONTRACTS.—In the case of indebtedness on a contract purchased on or before June 20, 1986—

"(I) which is a contract providing a fixed rate of interest, the applicable rate of interest for any month shall be the Moody's rate described in clause (i) for the month in which the contract was purchased, or

"(II) which is a contract providing a variable rate of interest, the applicable rate of interest for any month in an applicable period shall be such Moody's rate for the third month preceding the first month in such period.

For purposes of subclause (II), the taxpayer shall elect an applicable period for such contract on its return of tax imposed by this chapter for its first taxable year ending on or after October 13, 1995. Such applicable period shall be for any number of months (not greater than 12) specified in the election and may not be changed by the taxpayer without the consent of the Secretary.

"(3) KEY PERSON.—For purposes of paragraph (1), the term 'key person' means an officer or 20-percent owner, except that the number of individuals who may be treated as key persons with respect to any taxpayer shall not exceed the greater of—

"(A) 5 individuals, or

"(B) the lesser of 5 percent of the total officers and employees of the taxpayer or 20 individuals.

"(4) 20-PERCENT OWNER.—For purposes of this subsection, the term '20-percent owner' means—

"(A) if the taxpayer is a corporation, any person who owns directly 20 percent or more of the outstanding stock of the corporation or stock possessing 20 percent or more of the total combined voting power of all stock of the corporation, or

"(B) if the taxpayer is not a corporation, any person who owns 20 percent or more of the capital or profits interest in the employer.

"(5) AGGREGATION RULES.—

"(A) IN GENERAL.—For purposes of paragraph (4)(A) and applying the $50,000 limitation in paragraph (1)—

"(i) all members of a controlled group shall be treated as 1 taxpayer, and

"(ii) such limitation shall be allocated among the members of such group in such manner as the Secretary may prescribe.

"(B) CONTROLLED GROUP.—For purposes of this paragraph, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as members of a controlled group.".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to interest paid or accrued after October 13, 1995.

(2) TRANSITION RULE FOR EXISTING INDEBTEDNESS.—

(A) IN GENERAL.—In the case of—

(i) indebtedness incurred before January 1, 1996, or

(ii) indebtedness incurred before January 1, 1997 with respect to any contract or policy entered into in 1994 or 1995,

the amendments made by this section shall not apply to qualified interest paid or accrued on such indebtedness after October 13, 1995, and before January 1, 1999.

(B) QUALIFIED INTEREST.—For purposes of subparagraph (A), the qualified interest with respect to any indebtedness for any month is the amount of interest (otherwise deductible) which would be paid or accrued for such month on such indebtedness if—

(i) in the case of any interest paid or accrued after December 31, 1995, indebtedness with respect to no more than 20,000 insured individuals were taken into account, and

(ii) the lesser of the following rates of interest were used for such month:

(I) The rate of interest specified under the terms of the indebtedness as in effect on October 13, 1995 (and without regard to modification of such terms after such date).

(II) The applicable percentage of the rate of interest described as Moody's Corporate Bond Yield Average-Monthly Average Corporates as published by Moody's Investors Service, Inc., or any successor thereto, for such month.

For purposes of clause (i), all persons treated as a single employer under subsection (a) or (b) of section 52 of the Internal Revenue Code of 1986 or subsection (m) or (o) of section 414 of such Code shall be treated as 1 person. Subclause (II) of clause (ii) shall not apply to any month before January 1, 1996.

(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (B), the applicable percentage is as follows:

For calendar year:	***The percentage is:***
1996	*100 percent*
1997	*90 percent*
1998	*80 percent.*

(3) SPECIAL RULE FOR GRANDFATHERED CONTRACTS.—This section shall not apply to any contract purchased on or before June 20, 1986, except that section 264(d)(2) of the Internal Revenue Code of 1986 shall apply to interest paid or accrued after October 13, 1995.

(d) SPREAD OF INCOME INCLUSION ON SURRENDER, ETC. OF CONTRACTS.—

(1) IN GENERAL.—If any amount is received under any life insurance policy or endowment or annuity contract described in paragraph (4) of section 264(a) of the Internal Revenue Code of 1986—

(A) on the complete surrender, redemption, or maturity of such policy or contract during calendar year 1996, 1997, or 1998, or

(B) in full discharge during any such calendar year of the obligation under the policy or contract which is in the nature of a refund of the consideration paid for the policy or contract,

then (in lieu of any other inclusion in gross income) such amount shall be includible in gross income ratably over the 4-taxable year period beginning with the taxable year such amount would (but for this paragraph) be includible. The preceding sentence shall only apply to the extent the amount is includible in gross income for the taxable year in which the event described in subparagraph (A) or (B) occurs.

(2) SPECIAL RULES FOR APPLYING SECTION 264.—A contract shall not be treated as—

(A) failing to meet the requirement of section 264(c)(1) of the Internal Revenue Code of 1986, or

(B) a single premium contract under section 264(b)(1) of such Code,

solely by reason of an occurrence described in subparagraph (A) or (B) of paragraph (1) of this subsection or solely by reason of no additional premiums being received under the contract by reason of a lapse occurring after October 13, 1995.

(3) SPECIAL RULE FOR DEFERRED ACQUISITION COSTS.—In the case of the occurrence of any event described in subparagraph (A) or (B) of paragraph (1) of this subsection with respect to any policy or contract—

(A) section 848 of the Internal Revenue Code of 1986 shall not apply to the unamortized balance (if any) of the specified policy acquisition expenses attributable to such policy or contract immediately before the insurance company's taxable year in which such event occurs, and

(B) there shall be allowed as a deduction to such company for such taxable year under chapter 1 of such Code an amount equal to such unamortized balance.

Subtitle B—Treatment of Individuals Who Lose United States Citizenship

SEC. 511. REVISION OF INCOME, ESTATE, AND GIFT TAXES ON INDIVIDUALS WHO LOSE UNITED STATES CITIZENSHIP.

(a) IN GENERAL.—Subsection (a) of section 877 is amended to read as follows:

"(a) TREATMENT OF EXPATRIATES.—

"(1) IN GENERAL.—Every nonresident alien individual who, within the 10-year period immediately preceding the close of the taxable year, lost United States citizenship, unless such loss did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle B, shall be taxable for such taxable year in the manner provided in subsection (b) if the tax imposed pursuant to such subsection exceeds the tax which, without regard to this section, is imposed pursuant to section 871.

"(2) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of paragraph (1), an individual shall be treated as having a principal purpose to avoid such taxes if—

"(A) the average annual net income tax (as defined in section 38(c)(1)) of such individual for the period of 5 taxable years ending before the date of the loss of United States citizenship is greater than $100,000, or

"(B) the net worth of the individual as of such date is $500,000 or more.

In the case of the loss of United States citizenship in any calendar year after 1996, such $100,000 and $500,000 amounts shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting '1994' for '1992' in subparagraph (B) thereof. Any increase under the preceding sentence shall be rounded to the nearest multiple of $1,000.".

(b) EXCEPTIONS.—

(1) IN GENERAL.—Section 877 is amended by striking subsection (d), by redesignating subsection (c) as subsection (d), and by inserting after subsection (b) the following new subsection:

"(c) TAX AVOIDANCE NOT PRESUMED IN CERTAIN CASES.—

"(1) IN GENERAL.—Subsection (a)(2) shall not apply to an individual if—

"(A) such individual is described in a subparagraph of paragraph (2) of this subsection, and

"(B) within the 1-year period beginning on the date of the loss of United States citizenship, such individual submits a ruling request for the Secretary's determination as to whether such loss has for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle B.

"(2) INDIVIDUALS DESCRIBED.—

"(A) DUAL CITIZENSHIP, ETC.—An individual is described in this subparagraph if—

"(i) the individual became at birth a citizen of the United States and a citizen of another country and continues to be a citizen of such other country, or

"(ii) the individual becomes (not later than the close of a reasonable period after loss of United States citizenship) a citizen of the country in which—

"(I) such individual was born,

"(II) if such individual is married, such individual's spouse was born, or

"(III) either of such individual's parents were born.

"(B) LONG-TERM FOREIGN RESIDENTS.—An individual is described in this subparagraph if, for each year in the 10-year period ending on the date of loss of United States citizenship, the individual was present in the United States for 30 days or less. The rule of section 7701(b)(3)(D)(ii) shall apply for purposes of this subparagraph.

"(C) RENUNCIATION UPON REACHING AGE OF MAJORITY.—An individual is described in this subparagraph if the individual's loss of United States citizenship occurs before such individual attains age 18½.

"(D) INDIVIDUALS SPECIFIED IN REGULATIONS.—An individual is described in this subparagraph if the individual is described in a category of individuals prescribed by regulation by the Secretary."

(2) TECHNICAL AMENDMENT.—Paragraph (1) of section 877(b) of such Code is amended by striking "subsection (c)" and inserting "subsection (d)".

(c) TREATMENT OF PROPERTY DISPOSED OF IN NONRECOGNITION TRANSACTIONS; TREATMENT OF DISTRIBUTIONS FROM CERTAIN CONTROLLED FOREIGN CORPORATIONS.—Subsection (d) of section 877, as redesignated by subsection (b), is amended to read as follows:

"(d) SPECIAL RULES FOR SOURCE, ETC.—For purposes of subsection (b)—

"(1) SOURCE RULES.—The following items of gross income shall be treated as income from sources within the United States:

"(A) SALE OF PROPERTY.—Gains on the sale or exchange of property (other than stock or debt obligations) located in the United States.

"(B) STOCK OR DEBT OBLIGATIONS.—Gains on the sale or exchange of stock issued by a domestic corporation or debt obligations of United States persons or of the United States, a State or political subdivision thereof, or the District of Columbia.

"(C) INCOME OR GAIN DERIVED FROM CONTROLLED FOREIGN CORPORATION.—Any income or gain derived from stock in a foreign corporation but only—

"(i) if the individual losing United States citizenship owned (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), at any time during the 2-year period ending on the date of the loss of United States citizenship, more than 50 percent of—

"(I) the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(II) the total value of the stock of such corporation, and

"(ii) to the extent such income or gain does not exceed the earnings and profits attributable to such stock which were earned or accumulated before the loss of citizenship and during periods that the ownership requirements of clause (i) are met.

"(2) GAIN RECOGNITION ON CERTAIN EXCHANGES.—

"(A) IN GENERAL.—In the case of any exchange of property to which this paragraph applies, notwithstanding any other provision of this title, such property shall be treated as sold for its fair market value on the date of such exchange, and any gain shall be recognized for the taxable year which includes such date.

"(B) EXCHANGES TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to any exchange during the 10-year period described in subsection (a) if—

"(i) gain would not (but for this paragraph) be recognized on such exchange in whole or in part for purposes of this subtitle,

"(ii) income derived from such property was from sources within the United States (or, if no income was so derived, would have been from such sources), and

"(iii) income derived from the property acquired in the exchange would be from sources outside the United States.

"(C) EXCEPTION.—Subparagraph (A) shall not apply if the individual enters into an agreement with the Secretary which specifies that any income or gain derived from the property acquired in the exchange (or any other property which has a basis determined in whole or part by reference to such property) during such 10-year period shall be treated as from sources within the United States. If the property transferred in the exchange is disposed of by the person acquiring such property, such agreement shall terminate and any gain which was not recognized by reason of such agreement shall be recognized as of the date of such disposition.

"(D) SECRETARY MAY EXTEND PERIOD.—To the extent provided in regulations prescribed by the Secretary, subparagraph (B) shall be applied by substituting the 15-year period beginning 5 years before the loss of United States citizenship for the 10-year period referred to therein.

"(E) SECRETARY MAY REQUIRE RECOGNITION OF GAIN IN CERTAIN CASES.—To the extent provided in regulations prescribed by the Secretary—

"(i) the removal of appreciated tangible personal property from the United States, and

"(ii) any other occurrence which (without recognition of gain) results in a change in the source of the income or gain from property from sources within the United States to sources outside the United States,

shall be treated as an exchange to which this paragraph applies.

"(3) SUBSTANTIAL DIMINISHING OF RISKS OF OWNERSHIP.—For purposes of determining whether this section applies to any gain on the sale or exchange of any property, the running of the 10-year period described in subsection (a) shall be suspended for any period during which the individual's risk of loss with respect to the property is substantially diminished by—

"(A) the holding of a put with respect to such property (or similar property),

"(B) the holding by another person of a right to acquire the property, or

"(C) a short sale or any other transaction.

"(4) TREATMENT OF PROPERTY CONTRIBUTED TO CONTROLLED FOREIGN CORPORATIONS.—

"(A) IN GENERAL.—If—

"(i) an individual losing United States citizenship contributes property to any corporation which, at the time of the contribution, is described in subparagraph (B), and

"(ii) income derived from such property was from sources within the United States (or, if no income was so derived, would have been from such sources),

during the 10-year period referred to in subsection (a), any income or gain on such property (or any other property which has a basis determined in whole or part by reference to such property) received or accrued by the corporation shall be treated as received or accrued directly by such individual and not by such corporation. The preceding sentence shall not apply to the extent the property has been treated under subparagraph (C) as having been sold by such corporation.

"(B) CORPORATION DESCRIBED.—A corporation is described in this subparagraph with respect to an individual if, were such individual a United States citizen—

"(i) such corporation would be a controlled foreign corporation (as defined in 957), and

"(ii) such individual would be a United States shareholder (as defined in section 951(b)) with respect to such corporation.

"(C) DISPOSITION OF STOCK IN CORPORATION.—If stock in the corporation referred to in subparagraph (A) (or any other stock which has a basis determined in whole or part by reference to such stock) is disposed of during the 10-year period referred to in subsection (a) and while the property referred to in subparagraph (A) is held by such corporation, a pro rata share of such property (determined on the basis of the value of such stock) shall be treated as sold by the corporation immediately before such disposition.

"(D) ANTI-ABUSE RULES.—The Secretary shall prescribe such regulations as may be necessary to prevent the avoidance of the purposes of this paragraph, including where—

"(i) the property is sold to the corporation, and

"(ii) the property taken into account under subparagraph (A) is sold by the corporation.

"(E) INFORMATION REPORTING.—The Secretary shall require such information reporting as is necessary to carry out the purposes of this paragraph."

(d) CREDIT FOR FOREIGN TAXES IMPOSED ON UNITED STATES SOURCE INCOME.—

(1) Subsection (b) of section 877 is amended by adding at the end the following new sentence: "The tax imposed solely by reason of this section shall be reduced (but not below zero) by the amount of any income, war profits, and excess profits taxes (within the meaning of section 903) paid to any foreign country or possession of the United States on any income of the taxpayer on which tax is imposed solely by reason of this section."

(2) Subsection (a) of section 877, as amended by subsection (a), is amended by inserting "(after any reduction in such tax under the last sentence of such subsection)" after "such subsection".

(e) COMPARABLE ESTATE AND GIFT TAX TREATMENT.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Subsection (a) of section 2107 is amended to read as follows:

"(a) TREATMENT OF EXPATRIATES.—

"(1) RATE OF TAX.—A tax computed in accordance with the table contained in section 2001 is hereby imposed on the transfer of the taxable estate, determined as provided in section 2106, of every decedent nonresident not a citizen of the United States if, within the 10-year period ending with the date of death, such decedent lost United States citizenship, unless such loss did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(2) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—

"(A) IN GENERAL.—For purposes of paragraph (1), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is so treated under section 877(a)(2).

"(B) EXCEPTION.—Subparagraph (A) shall not apply to a decedent meeting the requirements of section 877(c)(1).".

(B) CREDIT FOR FOREIGN DEATH TAXES.—Subsection (c) of section 2107 is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) CREDIT FOR FOREIGN DEATH TAXES.—

"(A) IN GENERAL.—The tax imposed by subsection (a) shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any foreign country in respect of any property which is included in the gross estate solely by reason of subsection (b).

"(B) LIMITATION ON CREDIT.—The credit allowed by subparagraph (A) for such taxes paid to a foreign country shall not exceed the lesser of—

"(i) the amount which bears the same ratio to the amount of such taxes actually paid to such foreign country in respect of property included in the gross estate as the value of the property included in the gross estate solely by reason of subsection (b) bears to the value of all property subjected to such taxes by such foreign country, or

"(ii) such property's proportionate share of the excess of—

"(I) the tax imposed by subsection (a), over

"(II) the tax which would be imposed by section 2101 but for this section.

"(C) PROPORTIONATE SHARE.—For purposes of subparagraph (B), a property's proportionate share is the percentage of the value of the property which is included in the gross estate solely by reason of subsection (b) bears to the total value of the gross estate.".

(C) EXPANSION OF INCLUSION IN GROSS ESTATE OF STOCK OF FOREIGN CORPORATIONS.—Paragraph (2) of section 2107(b) is amended by striking "more than 50 percent of" and all that follows and inserting "more than 50 percent of—

"(A) the total combined voting power of all classes of stock entitled to vote of such corporation, or

"(B) the total value of the stock of such corporation,".

(2) GIFT TAX.—

(A) IN GENERAL.—Paragraph (3) of section 2501(a) is amended to read as follows:

"(3) EXCEPTION.—

"(A) CERTAIN INDIVIDUALS.—Paragraph (2) shall not apply in the case of a donor who, within the 10-year period ending with the date of transfer, lost United States citizenship, unless such loss did not have for 1 of its principal purposes the avoidance of taxes under this subtitle or subtitle A.

"(B) CERTAIN INDIVIDUALS TREATED AS HAVING TAX AVOIDANCE PURPOSE.—For purposes of subparagraph (A), an individual shall be treated as having a principal purpose to avoid such taxes if such individual is so treated under section 877(a)(2).

"(C) EXCEPTION FOR CERTAIN INDIVIDUALS.—Subparagraph (B) shall not apply to a decedent meeting the requirements of section 877(c)(1).

"(D) CREDIT FOR FOREIGN GIFT TAXES.—The tax imposed by this section solely by reason of this paragraph shall be credited with the amount of any gift tax actually paid to any foreign country in respect of any gift which is taxable under this section solely by reason of this paragraph.".

(f) COMPARABLE TREATMENT OF LAWFUL PERMANENT RESIDENTS WHO CEASE TO BE TAXED AS RESIDENTS.—

(1) IN GENERAL.—Section 877 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) COMPARABLE TREATMENT OF LAWFUL PERMANENT RESIDENTS WHO CEASE TO BE TAXED AS RESIDENTS.—

"(1) IN GENERAL.—Any long-term resident of the United States who—

"(A) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

"(B) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country,

shall be treated for purposes of this section and sections 2107, 2501, and 6039F in the same manner as if such resident were a citizen of the United States who lost United States citizenship on the date of such cessation or commencement.

"(2) LONG-TERM RESIDENT.—For purposes of this subsection, the term 'long-term resident' means any individual (other than a citizen of the United States) who is a lawful permanent resident of the United States in at least 8 taxable years during the period of 15 taxable years ending with the taxable year during which the event described in subparagraph (A) or (B) of paragraph (1) occurs. For purposes of the preceding sentence, an individual shall not be treated as a lawful permanent resident for any taxable year if such individual is treated as a resident of a foreign country for the taxable year under the provisions of a tax treaty between the United States and the foreign country and does not waive the benefits of such treaty applicable to residents of the foreign country.

"(3) SPECIAL RULES.—

"(A) EXCEPTIONS NOT TO APPLY.—Subsection (c) shall not apply to an individual who is treated as provided in paragraph (1).

"(B) STEP-UP IN BASIS.—Solely for purposes of determining any tax imposed by reason of this subsection, property which was held by the long-term resident on the date the individual first became a resident of the United States shall be treated as having a basis on such date of not less than the fair market value of such property on such date. The preceding sentence shall not apply if the individual elects not to have such sentence apply. Such an election, once made, shall be irrevocable.

"(4) AUTHORITY TO EXEMPT INDIVIDUALS.—This subsection shall not apply to an individual who is described in a category of individuals prescribed by regulation by the Secretary.

"(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this subsection, including regulations providing for the application of this subsection in cases where an alien individual becomes a resident of the United States during the 10-year period after being treated as provided in paragraph (1).".

(2) CONFORMING AMENDMENTS.—

(A) Section 2107 is amended by striking subsection (d), by redesignating subsection (e) as subsection (d), and by inserting after subsection (d) (as so redesignated) the following new subsection:

"(e) CROSS REFERENCE.—

"For comparable treatment of long-term lawful permanent residents who ceased to be taxed as residents, see section 877(e).".

(B) Paragraph (3) of section 2501(a) (as amended by subsection (e)) is amended by adding at the end the following new subparagraph:

"(E) CROSS REFERENCE.—

"For comparable treatment of long-term lawful permanent residents who ceased to be taxed as residents, see section 877(e).".

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to—

(A) individuals losing United States citizenship (within the meaning of section 877 of the Internal Revenue Code of 1986) on or after February 6, 1995, and

(B) long-term residents of the United States with respect to whom an event described in subparagraph (A) or (B) of section 877(e)(1) of such Code occurs on or after February 6, 1995.

(2) RULING REQUESTS.—In no event shall the 1-year period referred to in section 877(c)(1)(B) of such Code, as amended by this section, expire before the date which is 90 days after the date of the enactment of this Act.

(3) SPECIAL RULE.—

(A) IN GENERAL.—In the case of an individual who performed an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)) before February 6, 1995, but who did not, on or before such date, furnish to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of such act, the amendments made by this section and section 512 shall apply to such individual except that the 10-year period described in section 877(a) of such Code shall not expire before the end of the 10-year period beginning on the date such statement is so furnished.

(B) EXCEPTION.—Subparagraph (A) shall not apply if the individual establishes to the satisfaction of the Secretary of the Treasury that such loss of United States citizenship occurred before February 6, 1994.

SEC. 512. INFORMATION ON INDIVIDUALS LOSING UNITED STATES CITIZENSHIP.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6039E the following new section:

"SEC. 6039F. INFORMATION ON INDIVIDUALS LOSING UNITED STATES CITIZENSHIP.

"(a) IN GENERAL.—Notwithstanding any other provision of law, any individual who loses United States citizenship (within the meaning of section 877(a)) shall provide a statement which includes the information described in subsection (b). Such statement shall be—

"(1) provided not later than the earliest date of any act referred to in subsection (c), and

"(2) provided to the person or court referred to in subsection (c) with respect to such act.

"(b) INFORMATION TO BE PROVIDED.—Information required under subsection (a) shall include—

"(1) the taxpayer's TIN,

"(2) the mailing address of such individual's principal foreign residence,

"(3) the foreign country in which such individual is residing,

"(4) the foreign country of which such individual is a citizen,

"(5) in the case of an individual having a net worth of at least the dollar amount applicable under section 877(a)(2)(B), information detailing the assets and liabilities of such individual, and

"(6) such other information as the Secretary may prescribe.

"(c) ACTS DESCRIBED.—For purposes of this section, the acts referred to in this subsection are—

"(1) the individual's renunciation of his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

"(2) the individual's furnishing to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

"(3) the issuance by the United States Department of State of a certificate of loss of nationality to the individual, or

"(4) the cancellation by a court of the United States of a naturalized citizen's certificate of naturalization.

"(d) PENALTY.—Any individual failing to provide a statement required under subsection (a) shall be subject to a penalty for each year (of the 10-year period beginning on the date of loss of United States citizenship) during any portion of which such failure continues in an amount equal to the greater of—

"(1) 5 percent of the tax required to be paid under section 877 for the taxable year ending during such year, or

"(2) $1,000,

unless it is shown that such failure is due to reasonable cause and not to willful neglect.

"(e) INFORMATION TO BE PROVIDED TO SECRETARY.—Notwithstanding any other provision of law—

"(1) any Federal agency or court which collects (or is required to collect) the statement under subsection (a) shall provide to the Secretary—

"(A) a copy of any such statement, and

"(B) the name (and any other identifying information) of any individual refusing to comply with the provisions of subsection (a),

"(2) the Secretary of State shall provide to the Secretary a copy of each certificate as to the loss of American nationality under section 358 of the Immigration and Nationality Act which is approved by the Secretary of State, and

"(3) the Federal agency primarily responsible for administering the immigration laws shall provide to the Secretary the name of each lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) whose status as such has been revoked or has been administratively or judicially determined to have been abandoned.

Notwithstanding any other provision of law, not later than 30 days after the close of each calendar quarter, the Secretary shall publish in the Federal Register the name of each individual losing United States citizenship (within the meaning of section 877(a)) with respect to whom the Secretary receives information under the preceding sentence during such quarter.

"(f) REPORTING BY LONG-TERM LAWFUL PERMANENT RESIDENTS WHO CEASE TO BE TAXED AS RESIDENTS.—In lieu of applying the last sentence of subsection (a), any individual who is required to provide a statement under this section by reason of section 877(e)(1) shall provide such statement with the return of tax imposed by chapter 1 for the taxable year during which the event described in such section occurs.

"(g) EXEMPTION.—The Secretary may by regulations exempt any class of individuals from the requirements of this section if he determines that applying this section to such individuals is not necessary to carry out the purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by inserting after the item relating to section 6039E the following new item:

"Sec. 6039F. Information on individuals losing United States citizenship.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) individuals losing United States citizenship (within the meaning of section 877 of the Internal Revenue Code of 1986) on or after February 6, 1995, and

(2) long-term residents of the United States with respect to whom an event described in subparagraph (A) or (B) of section 877(e)(1) of such Code occurs on or after such date.

In no event shall any statement required by such amendments be due before the 90th day after the date of the enactment of this Act.

SEC. 513. REPORT ON TAX COMPLIANCE BY UNITED STATES CITIZENS AND RESIDENTS LIVING ABROAD.

Not later than 90 days after the date of the enactment of this Act, the Secretary of the Treasury shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report—

(1) describing the compliance with subtitle A of the Internal Revenue Code of 1986 by citizens and lawful permanent residents of the United States (within the meaning of section 7701(b)(6) of such Code) residing outside the United States, and

(2) recommending measures to improve such compliance (including improved coordination between executive branch agencies).

Subtitle C—Repeal of Financial Institution Transition Rule to Interest Allocation Rules

SEC. 521. REPEAL OF FINANCIAL INSTITUTION TRANSITION RULE TO INTEREST ALLOCATION RULES.

(a) IN GENERAL.—Paragraph (5) of section 1215(c) of the Tax Reform Act of 1986 (Public Law 99-514, 100 Stat. 2548) is hereby repealed.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SPECIAL RULE.—In the case of the first taxable year beginning after December 31, 1995, the pre-effective date portion of the interest expense of the corporation referred to in such paragraph (5) of such section 1215(c) for such taxable year shall be allocated and apportioned without regard to such amendment. For purposes of the preceding sentence, the pre-effective date portion is the amount which bears the same ratio to the interest expense for such taxable year as the number of days during such taxable year before the date of the enactment of this Act bears to 366.

And the Senate agree to the same.

BILL ARCHER,
BILL THOMAS,
TOM BLILEY,
MICHAEL BILIRAKIS,
WILLIAM F. GOODLING,
H.W. FAWELL,
HENRY HYDE,
BILL MCCOLLUM,
J. DENNIS HASTERT,
Managers on the Part of the House.

BILL ROTH,
NANCY LANDON KASSEBAUM,
TRENT LOTT,
TED KENNEDY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

TITLE I.—HEALTH CARE ACCESS, PORTABILITY, AND RENEWABILITY

I. STRUCTURE

House bill

The House bill would amend the Internal Revenue Code (IRC) and the Employee Retirement Income Security Act of 1974 (ERISA), and includes free-standing provisions.

Senate amendment

The Senate amendment includes free-standing provisions.

Conference agreement

The conference agreement adds new provisions to the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Services (PHS) Act, and the Internal Revenue Code (IRC).

II. AVAILABILITY AND PORTABILITY OF GROUP HEALTH PLANS

Current law

Current federal law does not impose any requirements on employers to provide or contribute toward the health insurance coverage of their employees or their employees' dependents. However, specific federal requirements do apply to existing employer-sponsored health plans (e.g., fiduciary, notification and disclosure requirements under ERISA and COBRA continuation coverage, non-discrimination requirements under ERISA and the Internal Revenue Code.)

House bill

The House bill would provide for federal requirements on group health plans (and insurers and health maintenance organizations (HMOs) selling to such plans) relating to portability, the use of preexisting medical condition, and discrimination based on health status.

Senate amendment

The Senate amendment would provide for federal requirements on group health plans, health plan issuers (entities licensed by the state to offer a group or individual health plan) and employee health benefit plans, relating to portability, the use of preexisting medical conditions, and discrimination based on health status.

Conference agreement

The conference agreement provides for federal requirements on group health and health insurance issuers offering group health insurance coverage relating to portability, access, and renewability.

A. DEFINITIONS

(Also see item IX below.)

Current law

Section 5000(b)(1) of the Internal Revenue Code (IRC) defines a group health plan as a plan (including a self-insured plan) of, or contributed to by, an employer (including a self-employed person) or employee organization to provide health care (directly or otherwise) to the employees, former employees, the employer, others associated or formerly associated with the employer in a business relationship, or their families.

Section 607(1) of ERISA defines a group health plan as an employee welfare benefit plan providing medical care to participants or beneficiaries directly or through insurance, reimbursement, or otherwise.

Church plans are excluded from federal requirements on existing employer plans such as ERISA's requirements on employee health benefit plans and COBRA continuation coverage requirements under the IRC and ERISA.

House bill

Group health plan means an employee welfare benefit plan to the extent that the plan provides medical care employees and their dependent directly or through insurance, reimbursement, or otherwise, and includes a group health plan within the meaning of section 5000(b)(1) of the IRC.

The provisions of this subtitle (other than those relating to individual coverage) apply to group health plans with 2 or more participants as current employees on the first day of the plan year.

The requirements would not apply to church plans unless such plans met the exemption for multiple employer health plans under subtitle c (see item V). For purposes of applying the provisions related to qualified prior coverage (II(B) below), a group health plan could elect to disregard periods of coverage of an individual under a church plan that is not subject to this subtitle.

Governmental plans could elect not to be a group health plan covered under the subtitle. For purposes of applying the provisions related to qualified prior coverage, a group health plan could elect not to include coverage under a governmental plan that elected to be excluded from this subtitle's requirements.

Senate amendment

Employee health benefit plan means any employee welfare benefit plan, governmental plan, or church plan, or any health benefit plan under section 5(e) of the Peace Corps Act, that provides or pays for health benefit for participants or beneficiaries whether directly, through a group health plan offered by a health plan issuer (see item III(A) below), or otherwise.

Conference agreement

The conference agreement defines a group health plan as an employee welfare benefit plan to the extent that the plan provides medical care to employees or their dependents directly or through insurance, reimbursement, or otherwise. Both governmental and church plans are included, but certain plans with limited coverage are excluded.

The portability and guaranteed availability provisions (other than those relating to individual coverage) apply to group health plans with 2 or more participants who are active employees on the first day of the plan year. These provisions would apply to nonfederal governmental plans, unless they elected to be excluded as described below, and to church and governmental plans. (See section III(B)(3) below for exceptions from availability, renewability, and portability requirements for group health plans and group health insurance coverage for certain benefits.)

Nonfederal governmental plans could elect not to be a group health plan covered under the amendments to the PHS. An election would apply for a single specified plan year, or, in the case of a plan provided pursuant to a collective bargaining agreement, for the term of such agreement. If a nonfederal governmental plan makes this election, it must notify enrollees of the fact and consequences of the election. The plan must still provide certification and disclosure of creditable coverage under the plan to enrollees who leave the plan, for purposes of portability.

Upon request, Medicare, Medicaid, a program of the Indian Health Service or a tribal organization, and military-sponsored health care programs must also provide notice of previous creditable coverage to individuals who leave such coverage.

B. PORTABILITY OF COVERAGE FOR PREVIOUSLY COVERED INDIVIDUALS

Current law

No provision.

House bill

The House bill would provide that in general, a group health plan and an insurer or HMO offering health insurance coverage in connection with a group health plan would have to reduce any preexisting condition limitation period by the length of the aggregate period of prior coverage. Prior coverage would not qualify under this provision if there was more than a 60-day break in coverage under a group health plan. (Waiting periods would not be considered a break in coverage.) Qualified coverage would include coverage of the individual under a group health plan, health insurance coverage, Medicare, Medicaid, Tricare, a program of the Indian Health Service, and State health insurance coverage or risk pool, and coverage under the Federal Employees Health Benefit Program (FEHBP).

Senate amendment

The Senate Amendment is similar. An employee benefit plan or a health plan issuer offering a group health plan would have to reduce any preexisting condition limitation period by 1 month for each month for which the person was in a period of previous qualifying coverage. This provision would not apply if there was a break of more than 30 days. (Waiting periods would not be considered a break in coverage.) Previous qualifying coverage includes enrollment under an employee health benefit plan, group health plan, individual health plan, or under a public or private health plan established under federal or state law.

Conference agreement

The conference agreement provides that in general, group health plans, and health insurance issuers offering group health insurance coverage, would have to reduce any preexisting condition limitation period by the length of the aggregate period of prior creditable coverage. Prior coverage would not qualify under this provision if there was a break in coverage under a group health plan that was longer than a 63-day period. (Waiting periods and affiliation periods would not be considered a break in coverage.) Creditable coverage includes coverage of the individual under a group health plan (including a governmental or church plan), health insurance coverage (either group or individual insurance), Medicare, Medicaid, military-sponsored health care, a program of the Indian Health Service, a State health benefits risk pool, the FEHBP, a public health plan as defined in regulations, and any health benefit plan under section 5(e) of the Peace Corps Act. An individual would establish a creditable coverage period through presentation of certifications describing previous coverage, or through other procedures specified in regulations to carry out this provision. The conferees intend that creditable coverage includes short-term, limited coverage.

1. Method for establishing qualified coverage periods

Current law

No provision.

House bill

The House bill would provide that a group health plan or insurer or HMO offering health insurance coverage in connection with a group health plan could determine qualified coverage periods without regard to the specific benefits offered, referred to as the standard method. Alternatively, it could make such determination on a benefit-specific basis and not include as a qualified coverage period a specific benefit that had not been included at the end of the most recent period of coverage. If this alternative method were to be used, the group plan or insurer would be required to state prominently in any disclosure statements and to each enrollee at the time of enrollment that such a method of determining qualifying coverage was being used, and include a description of the effect of this method. The plan, insurer, or HMO would request a certification from prior plan administrators, insurers, or HMOs which discloses the plan statement related to health benefits under the plan or other detailed benefit information on the benefits available under the previous plan or coverage. The entity providing the certification could charge the reasonable cost for providing the benefit information to the requesting plan or insurer.

Senate bill

The Senate Amendment would provide that an employee health benefit plan or health plan issuer offering a group plan could impose a limitation or exclusion of benefits relating to the treatment of a preexisting condition only to the extent that such service or benefit was not previously covered under the plan in which the participant or beneficiary was enrolled immediately prior to enrollment in the plan involved.

Conference agreement

The conference agreement provides that a group health plan, and issuer offering group health insurance coverage, could determine creditable coverage periods without regard to the specific benefits covered during the period. Alternatively, it could make such determination based on several classes or categories of benefits, as specified in regulations. A group health plan and issuer would be required to count a period of creditable coverage with respect to any class or category of benefits if any level of benefits is provided. This alternative would have to be used uniformity for all participants and beneficiaries.

It is the intent of the conferees that the alternate method be available to account for significant differences in benefits. For example, the inclusion versus exclusion of a category of benefits such as pharmaceuticals could be considered a difference in classes of benefits. Similarly, significant differentials in deductibles could be considered differences in classes of benefits, but the alternative method would not apply to small differences in deductibles, such as $250 versus $200. The alternative method would not apply for differences in specific services or treatments.

If the alternate method were to be used, the group health plan and issuer would be required to state prominently in any disclosure statements that such a method of determining qualifying coverage was being used, and would be required to include a description of the effect of this election. A group health plan using the alternate method would be required to notify each enrollee at the time of enrollment that the plan had made such an election, and describe the effect. An issuer would be required to notify each employer at the time of offer or sale of the coverage.

2. Certification of prior coverage

Current law

No provision.

House bill

The House bill would require the plan administrator of a group health plan, or the insurer or HMO offering health insurance coverage to a group plan, on request made on behalf of an individual covered or previously covered within the past 18 months under the plan or coverage, to provide for a certification of the period of coverage of the individual under the plan and of the waiting period (if any) imposed.

Senate amendment

The Senate Amendment would require an employee health plan to provide documentation of coverage to participants and beneficiaries whose coverage was terminated under the plan. As specified by regulation, the duty of an employee health benefit plan to verify previous qualifying coverage would be discharged when such plan provided documentation to the participant or beneficiary including the following information: (1) the dates that the person was covered under the plan; and (2) the benefits and costs-sharing arrangement available to the person under the plan.

Conference agreement

The conference agreement requires the group health plan, and health insurance issuer offering group health insurance coverage, to provide a certification of the period of creditable coverage under the plan, the coverage under any applicable COBRA continuation provision, and waiting period (if any) (and affiliation period if applicable) imposed on the individual. This certification would have to be provided when the individual ceases to be covered under the plan or otherwise becomes covered under a COBRA continuation provision, after any COBRA continuation coverage ceases, and on the request of an individual not later than 24 months after coverage ceased. The certification may be provided, to the extent practicable, at a time consistent with notices required under any applicable COBRA continuation provision. A group health plan offering medical care through health insurance coverage would not be required to provide certification if the health insurance issuer provides certification.

If a group health plan or health insurance issuer elects the alternative method of crediting coverage, the plan or issuer would request, from prior entities providing coverage, information on coverage of classes and categories of benefits available under the previous plan or coverage. The entity providing the certification could charge the reasonable cost for providing such information to the requesting plan or insurer. The Secretary is required to establish rules to prevent an entity's failure to provide information on health benefits under previous coverage from adversely affecting any subsequent coverage under another group health plan or health insurance coverage.

C. RESTRICTIONS ON USE OF PRE-EXISTING CONDITION LIMITATION PERIOD

Current law

No provision.

House bill

The House bill would restrict the use of preexisting condition limitation periods in group health plans and in plans offered by insurers and HMOs to group health plans.

Senate amendment

The Senate Amendment is similar but would apply to employee health benefit plans and group plans offered by health plan issuers.

Conference agreement

The conference agreement restricts the use of preexisting conditions limitation exclusions by group health plans and health insurance issuers offering group health insurance coverage.

1. Definition of preexisting condition

Current law

No provision.

House bill

The House bill would define a preexisting condition to be a condition, regardless of the cause of condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-months ending on the day before the effective date of the coverage or the earliest date upon which such coverage would have been effective if no waiting period was applicable, whichever was earlier. Genetic information would not be considered a preexisting condition, so long as the treatment of the condition to which the information was applicable had not been sought in the 6-month period just described.

Senate amendment

The Senate Amendment provides a similar definition of preexisting condition. It does not include the genetic information language.

Conference agreement

The conference agreement defines a preexisting condition exclusion to be a limitation or exclusion of benefits relating to a condition, whether physical or mental, based on the fact that the condition was present before the enrollment date, whether or not any medical advice, diagnosis, care, or treatment was recommended or received before that date. Genetic information would not be considered a condition in the absence of a diagnosis of the condition related to such information.

2. Restrictions on limitation period

Current law

No provision.

House bill

The House bill would prohibit a group health plan, and an insurer or HMO offering health insurance coverage in connection with a group health plan from imposing a preexisting condition limitation period in excess of 12 months, or 18 months in the event of a late enrollment. A preexisting condition limitation period could not be applied to a newborn, adopted child, or child placed for adoption, so long as the individual became covered within 30 days of birth or adoption or placement for adoption. Preexisting condition limitation periods would not apply to pregnancies. An HMO could impose an eligibility period as an alternative to a preexisting condition limitation period but only if it did not exceed 60 days for timely enrollment and 90 days for late enrollment. An HMO could use alternative methods to address adverse selection as approved by state regulators.

Senate amendment

The Senate Amendment includes a similar provision, but with respect to affiliation periods of an HMO, would specify that during such a period the plan could not be required to provide health care services or benefits and no premium could be charged to the participant or beneficiary.

Conference agreement

The conference agreement permits a group health plan and health insurance issuers to impose a preexisting condition exclusion if the exclusion relates to a condition (whether physical or mental), regardless of the cause of condition, for which medical advice, diagnosis, care, or treatment was recommended or received within the 6-month period ending on the enrollment date. The exclusion could extend to not more than 12 months (18 months for late enrollees) after the enrollment date. The exclusion would be reduced by the aggregate of the periods of creditable coverage. Enrollment date is defined as the date of enrollment in the plan or coverage or, if earlier, the first day of the waiting period for such enrollment.

Any waiting period or affiliation period would run concurrently with any preexisting condition exclusion period. A preexisting condition limitation period could not be applied to a newborn, an adopted child or child placed for adoption under age 18, so long as the individual becomes covered under creditable coverage within 30 days of birth or adoption or placement for adoption. These exceptions for newborns and certain adopted children would not apply if the individual had a break in coverage longer than a 63-day period. Preexisting condition exclusions could not apply to pregnancies.

A group health plan offering health insurance coverage through an HMO, or an HMO which offers health insurance coverage in connection with a group health plan, may impose an affiliation period only if no preexisting condition exclusion is imposed, the period is imposed uniformly without regard to health status, and does not exceed 2 months for timely enrollment and 3 months for late enrollment. It is the intent of the conferees that any affiliation period would apply to all new enrollees and beneficiaries. During the affiliation period, the HMO could not be required to provide health care services or benefits and no premium could be charged to the participant or beneficiary. The affiliation period would begin on the enrollment date and would run concurrently with any other applicable waiting period under the plan. An HMO could use alternative methods to address adverse selection as approved by state regulators.

D. PROHIBITING EXCLUSIONS BASED ON HEALTH STATUS (ACCESS)

Current law

Under section 510 of ERISA, an employee benefit plan may not discriminate against a particular beneficiary for exercising any right to which he or she is entitled under the provisions of an employee benefit plan. Section 105(h) of the IRC prohibits discrimination in favor of highly compensated individuals by self-insured employer health plans.

House bill

Except as specified below, a group health plan, and an insurer or HMO offering coverage in connection with a plan, cannot exclude an employee or his or her beneficiary from being (or continuing to be enrolled) as a participant or beneficiary under the plan based on health status. Health status includes, with respect to an individual, medical condition, claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of domestic violence), or disability. A group health plan and an insurer or HMO offering coverage in connection with a group health plan cannot require a premium or contribution which is greater than such premium or contribution for a similarly situated participant or beneficiary solely on the basis of health status. It can, however, very the premium or contribution based on factors that are not directly related to health status (such as scope of benefits, geographic area of resident, or wage levels).

The House bill provides that nothing is intended to affect the premium rates an insurer or HMO could charge an employer for health insurance coverage provided in connection with a group health plan.

A group health plan (or insurer or HMO providing coverage in connection to a group plan) could establish premium discounts or modify otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

Senate amendment

Except as specified below, a health plan issuer offering a group health plan may not decline to offer whole group coverage to a group purchaser desiring to purchase the coverage. An employee health benefit plan or a health plan issuer offering a group health plan could not condition eligibility, enrollment, or premium contribution requirements based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability (including conditions arising out of domestic violence), genetic information, or disability.

The bill does not include a specific rule of construction relating to premium rates charged to group health plans other than a prohibition of premium contribution requirements based on health status.

A group health plan (or insurer of HMO providing coverage in connection to a group plan) could establish premium discounts or modify otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

Conference agreement

Except as specified below, a group health plan, and a health insurance issuer offering group health insurance coverage, cannot establish rules for eligibility (including continued eligibility) of an individual to enroll under the terms of the plan based on any of the following health-related factors in relation to the individual or a dependent of the individual: health status, medical condition (including both physical and mental illness), claims experience, receipt of health care, medical history, genetic information, evidence of insurability (including conditions arising out of domestic violence), or disability.

The inclusion of evidence of insurability in the definition of health status is intended to ensure, among other things, that individuals are not excluded from health care coverage due to their participation in activities such as motorcycling, snowmobiling, all-terrain vehicle riding, horseback riding, skiing and other similar activities.

It is the intent of the conferees that a plan cannot knowingly be designed to exclude individuals and their dependents on the basis of health status. However, generally applicable terms of the plan may have a disparate impact on individual enrollees. For example, a plan may exclude all coverage of a specific condition, or may include a lifetime cap on all benefits, or a lifetime cap on specific benefits. Although individuals with the specific condition would be adversely affected by an exclusion of coverage for that condition, and individuals with serious illnesses may be adversely affected by a lifetime cap on all or specific benefits, such plan characteristics would be permitted as long as they are not directed at individual sick employees or dependents.

The Conference agreement does not require a group health plan or health insurance coverage to provide particular benefits other than those provided under the terms of the plan or coverage. Nor does it prevent any plan or coverage from establishing limitations or restrictions on the amount, level, extent, or nature of the benefits or coverage for similarly situated individuals enrolled in the plan or coverage. Rules defining any applicable waiting periods for enrollment may not be established based on health status related factors.

It is the intent of the conferees that a plan or coverage cannot single out an individual based on the health status or health status related factors of that individual for denial of a benefit otherwise provided other individuals covered under the plan or coverage. For example, the plan or coverage may not deny coverage for prescription drugs to a particular beneficiary or dependent if such coverage is available to other similarly situated individual covered under the plan or coverage. However, the plan or coverage could deny coverage for prescription drugs to all beneficiaries and dependents. The term "similarly situated" means that a plan or coverage would be permitted to vary benefits available to different groups of employees, such as full-time versus part-time employees or employees in different geographic locations. In addition, a plan or coverage could have different benefit schedules for different collective bargaining units.

The conference agreement provides that a group health plan and an issuer offering group coverage cannot require a premium or contribution which is greater than such premium or contribution for a similarly situated individual enrolled in the plan on the basis of any health status-related factor relating to the individual or to any individual enrolled under the plan as a dependent of the individual. It does not restrict the amount that an employer may be charged for coverage under a group health plan. The group health plan and health insurance issuer may establish premium discounts or rebates, or modify otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

The conferees intend that these provisions preclude insurance companies from denying coverage to employers based on health status and related factors that they have traditionally used. In addition, this provision is meant to prohibit insurers or employers from excluding employees in a group from coverage or charging them higher premiums based on their health status and other related factors that could lead to higher health costs. This does not mean that an entire group cannot be charged more. But it does preclude health plans from singling out individuals in the group for higher premiums or dropping them from coverage altogether.

1. Exceptions to the non-discrimination requirement

Current law

No provision.

House bill

No provision for group health plans (i.e., the plans of the employer). See item III(B) below on requirements on insurers and HMOs.

Senate amendment

Exceptions are provided to health plan issuers with respect to enrollment in the event that: (1) the health plan ceases to offer coverage to any additional group purchasers; or (2) the issuer can demonstrate to the state insurance regulator that to enroll new people would impair its financial or provider capacity. See item III–B(3) below.

Conference agreement

See item III(B) below on requirements for health plan issuers offering group health insurance coverage.

E. ENROLLMENT OF ELIGIBLE INDIVIDUALS WHO LOSE OTHER COVERAGE

Current law

No provision.

House bill

The House bill would require group health plans to permit an uncovered employee (or uncovered dependent) otherwise eligible for coverage to enroll under at least one benefit option if certain conditions are met: (1) the person was already covered when the plan was previously offered; (2) the person stated in writing at such time that another source of coverage was the reason for declining enrollment; (3) the person lost coverage as a result of a loss of eligibility or termination from or reduction in hours of employment; and (4) the person requested enrollment within 30 days after the date of the coverage's termination.

If a group health plan offered dependent coverage, it could not require, as a condition of coverage as a dependent, a waiting period applicable to: (1) a newborn, (2) adopted child or child placed for adoption, or (3) a spouse, at the time of marriage if the person had met any applicable waiting period.

Enrollment of a participant's beneficiary would be considered to be timely if a request for enrollment were made within 30 days of the date family coverage was first made available or, in the case of a newborn or adoption or placement for adoption, within 30 days of that event; and in the case of marriage, within 30 days of the date of the marriage, if family coverage was available.

Senate amendment

The Senate Amendment would require employee health benefit plans to provide for special enrollment periods extending for a reasonable time after certain qualifying events to permit the participant to change individual or family basis of coverage or to enroll in the plan if coverage would have otherwise been available. The qualifying events would be: (1) changes in family status affecting eligibility under a plan including marriage, separation, divorce, death, birth, or placement of a child for adoption; (2) changes in employment status that would otherwise cause the loss of eligibility for coverage (other than COBRA continuation coverage); or (3) changes in employment status of a family member that results in a loss of eligibility under a group, individual, or employee health benefit plan.

The special enrollment period would have to ensure that a child born or placed for adoption was deemed covered as of the date of birth or placement so long as the child was enrolled within 30 days.

Conference agreement

The conference agreement requires special enrollment periods for certain individuals losing other coverage and for certain dependent beneficiaries. It requires group health plans, and health insurance issuers offering group health insurance coverage, to permit eligible employees or dependents who lose other coverage to enroll under the terms of the plan if each of the following conditions is met: (1) the employee or dependent was already covered when the plan was previously offered; (2) the employee stated in writing at such time that another source of coverage was the reason for declining enrollment, but only if the plan sponsor or issuer required such a statement and provided the employee with notice of this requirement; (3) the person was covered under COBRA continuation coverage which was exhausted, or coverage was not under a COBRA continuation provision and was terminated as a result of a loss of eligibility for the coverage (including as a result of legal separation, divorce, death, termination of employment, or reduction in hours of employment) or termination of employer contributions towards such coverage; and (4) the person requested enrollment not later than 30 days after the loss of other coverage.

If a group health plan offers dependent coverage, it must offer a dependent special enrollment period for persons becoming a dependent through marriage, birth, or adoption or placement for adoption. The dependent special enrollment period must last for not less than 30 days. The dependent may be enrolled as a dependent of the individual. If the individual is eligible for enrollment, but not enrolled, the individual may also enroll at this time. Moreover, in the case of the birth or adoption of a child, the spouse of the individual also may be enrolled as a dependent of the individual if the spouse is otherwise eligible for coverage but not already enrolled. If an individual seeks to enroll a dependent during the first 30 days of a dependent special enrollment period, the coverage would become effective as of the date of birth, of adoption or placement for adoption, or, in the case of marriage, not later than the first day of the first month beginning after the date the completed request for enrollment was received.

F. APPLICABILITY OF RENEWAL REQUIREMENTS TO MULTIPLE EMPLOYER ARRANGEMENTS

Current law

Under section 3(37) of ERISA, a multiemployer plan is one in which more than one employer contributes and which is established through a collective bargaining agreement. (Such plans are commonly found in unionized sectors of the building and construction, publishing, and entertainment trades, and the lumber, maritime, retail, food, hotel, and restaurant industries.) Under section 3(40) of ERISA, a multiple employer welfare arrangement (MEWA) is an employee welfare benefit plan or any other arrangement which offers or provides health benefits and meets additional criteria, (e.g., it must offer such benefits to the employees of 2 or more employers). There is no provision or definition under current law for "multiple employer health plans."

House bill

Such plans could not deny an employer who employees are covered under the plan or arrangement continued access to the same or different coverage except: (1) for cause (e.g., nonpayment of premiums, fraud, and noncompliance with plan provisions); (2) because the plan is not offering coverage in a geographic area; or (3) due to a failure to meet the terms of an applicable collective bargaining agreement. Certain collectively bargained arrangements and "multiple employer health plans" (MEHPs) would be required to meet specific requirements relating to the nondiscrimination requirements. (MEHPs are established under this bill (see item V below) and are generally non-fully-insured MEWAs that meet certain requirements excepting them from state regulation.)

Senate amendment

No provision. (Note that the rules regarding group and individual health plans (e.g., guaranteed renewal, nondiscrimination, and portability) or state laws not preempted by the Senate Amendment also apply to health plans offered by health plan issuers to a purchasing cooperative. See item VIII below).

Conference agreement

The conference agreement provides that a group health plan which is a multiemployer plan or a multiple employer welfare arrangement may not deny an employer continued access to the same or different coverage under the terms of such plan except: (1) for nonpayment of contributions; (2) for fraud; (3) for noncompliance with plan provisions; (4) because the plan is ceasing to offer any coverage in a geographic area; (5) in the case of a network plan, there is no longer any individual enrolled through the employer who lives, resides, or works in the service area of the network plan, and the plan applies this provision uniformly without regard to claims experience or health status-related factors; or (6) due to a failure to meet the terms of an applicable collective bargaining agreement, to renew a collective bargaining agreement or other agreement requiring or authorizing contributions to the plan, or to employ employees covered by such an agreement.

G. ENFORCEMENT OF GROUP HEALTH PLAN REQUIREMENTS

Current law

Federal requirements on existing group health plans are enforced through various laws, including ERISA, the Public Health Service (PHS) Act, the IRC, and Medicare.

House bill

The House bill would provide for enforcement of the federal group health plan availability and portability requirements through the IRC, ERISA, and through civil monetary penalties imposed through the Secretary of Health and Human Services

Senate amendment

The Senate Amendment would provide for enforcement of the federal group health plan availability and portability requirements through the Secretary of Labor, in consultation with the Secretary of Health and Human Services using ERISA civil enforcement provisions.

Conference agreement

The conference agreement provides for enforcement of the federal group health plan availability and portability requirements through the IRC, ERISA, and through civil monetary penalties imposed through the Secretary of Health and Human Services (HHS).

1. Enforcement through COBRA provisions of IRC

Current law

Plans that fail to comply with the IRC COBRA provision are subject to an excise tax of $100 per day per violation. The tax is not applied where the failure was determined to be unintentional or if the failure was corrected within 30 days. An overall limitation on the tax applies in the event of an unintentional failure.

House bill

The House bill would provide that noncomplying plans and insurers and HMOs selling to group health plans would be subject to an excise tax of $100 per day per violation enforced through the COBRA provisions of the IRC. Penalties would not be assessed if the failure was determined to be unintentional or a correction was made within 30 days. No tax could be imposed on a noncomplying insurer or HMO subject to state insurance regulation if the Secretary of Health and Human Services (HHS) determined that the state had an effective enforcement mechanism. In the case of a group health plan of a small employer that provided coverage solely through a contract with an insurer or HMO, no tax would be imposed upon the employer if the failure was solely because of the product offered by the insurer or HMO. No tax penalty would be assessed for a failure under this provision if a sanction had been imposed under ERISA or by the Secretary of HHS.

Senate amendment

No provision.

Conference agreement

See Title IV.

2. Enforcement through ERISA

Current law

Under section 502 of ERISA, employee benefit plans that fail to comply with applicable requirements can be sued for relief and be subject to civil money penalties, and can be sued to recover any benefits due under the plan. Section 504 of ERISA provides the Secretary of Labor with investigative authority to determine whether any person is out of compliance with the law's requirements. Section 506 provides for coordination and responsibility of agencies in enforcement. Section 510 prohibits a health plan from discriminating against a participant or beneficiary for exercising any right under the plan.

House bill

The House bill would provide that ERISA sanctions apply to group health plans by deeming the provisions of subtitle A and subtitle D (insofar as it is applicable to this subtitle) to be provisions of title I of ERISA. Such sanctions also would apply to an insurer or HMO that was subject to state law in the event that the Secretary of Labor determined that the state had not provided for enforcement of the above provisions of this Act. Sanctions would not apply in the event that the Secretary of Labor established that none of the persons against whom the liability would be imposed knew, or exercising reasonable diligence, would have known that a failure existed, or if the noncomplying entity acted within 30 days to correct the failure. In no case would a civil money penalty be imposed under ERISA for a violation for which an excise tax under the COBRA enforcement provisions was imposed or for which a civil money penalty was imposed by the Secretary of HHS.

Senate amendment

The Senate Amendment would provide that for employee health benefit plans, the Secretary would be required to enforce the reform standards established by the bill in the same manner as provided under sections 502, 504, 506, and 510 of ERISA. (See item IV(I) below for enforcement provisions relating to health plan issuers and group health plans sold to employers and others.)

Conference agreement

The conference agreement provides that provisions with respect to group health plans would be enforced under Title I of ERISA as under current law. The Secretary of Labor would not enforce the provisions of Title I applicable to health insurance issuers. However, private right of action under part V of ERISA would apply to such issuers. Enforcement of provisions with respect to health insurance issuers generally would be limited to civil remedies established under the PHS Act amendments (as described in the following subsection).

The conference agreement provides that a state may enter into an agreement with the Secretary for delegation to the state of some or all of the Secretary's authority under sections 502 and 504 of ERISA to enforce the requirements of this part in connection with MEWAs providing medical care which are not group health plans.

3. Enforcement through civil money penalties

Current law

No provision.

House bill

The House bill would provide that a group health plan, insurer, or HMO that failed to meet the above requirements would be subject to a civil money penalty. Rules similar to those imposed under the COBRA penalties would apply. The maximum amount of penalty would be $100 for each day for each individual with respect to which a failure occurred. In determining the penalty amount, the Secretary of HHS would have to take into account the previous record of compliance of the person being assessed with the applicable requirements of this subtitle, the gravity of the violation, and the overall limitations for unintentional failures provided under the IRC COBRA provisions. No penalty could be assessed if the failure was not intentional or if the failure was corrected within 30 days. A procedure would be available for administrative and judicial review of a penalty assessment. Collected penalties would be paid to the Secretary of HHS and would be available for the purpose of enforcing the provisions with respect to which the penalty was imposed.

The authority for the Secretary of HHS to impose civil money penalties would not apply to enforcement with respect to any entity which offered health insurance coverage and which was an insurer or HMO subject to state regulation by an applicable state authority if the Secretary of HHS determined that the state had established an effective enforcement plan. In no case would a civil money penalty be imposed under this provision for a violation for which an excise tax under COBRA or civil money penalty under ERISA was assessed.

Senate amendment

No provision.

Conference agreement

The conference agreement provides that each state may require that health insurance issuers that issue, sell, renew, or offer health insurance coverage in the state in the small or large group markets meet the Act's requirements. In the case of a determination by the Secretary of HHS that a state has failed to substantially enforce a provision or provisions of part A with respect to health insurance issuers in the state, the Secretary would enforce such provision or provisions insofar as they relate to the issuance, sale, renewal, and offering of health insurance coverage in connection with group health plans in the state. Secretarial enforcement would apply only in the absence of state enforcement and with respect to group health plans that are nonfederal governmental plans.

In the case of a failure by a health insurance issuer, the issuer is liable for any penalty. In the case of failure by a group health plan that is a nonfederal governmental plan, the plan is liable if it is sponsored by 2 or more employers; otherwise the employer is liable. Rules similar to those imposed under the COBRA penalties would apply. The maximum amount of penalty for noncompliance would be $100 per day per individual. In determining the penalty amount, the Secretary of HHS would have to take into account the previous record of compliance and the gravity of the violation. No penalty could be assessed if the failure was not intentional or if the failure was corrected within 30 days. A procedure would be available for administrative and judicial review of a penalty assessment. Collected penalties would be paid to the Secretary of HHS and would be available for the purpose of enforcing the provisions with respect to which the penalty was imposed.

4. Coordination in administration

Current law

Section 506 of ERISA provides for coordination of other federal agencies (e.g., the Internal Revenue Service) with the Department of Labor in enforcing ERISA.

House bill

The House bill would require the Secretaries of Treasury, Labor, and HHS to issue regulations that are not duplicative to carry out this subtitle. The bill would require these regulations to be issued in a manner that assures coordination and nonduplication in their activities under this subtitle.

Senate amendment

No provision.

Conference agreement

The conference agreement provides that the Secretaries of Treasury, Labor, and HHS would ensure, through execution of an interagency memorandum of understanding, that regulations, rulings, and interpretations are administered so as to have the same effect at all times. It requires the Secretaries to coordinate enforcement policies for the same requirements to avoid duplication of enforcement efforts and assign priorities in enforcement.

It is the intent of the conferees that the committees of jurisdiction should work together to assure the coordination of policies under this Act. Such coordination is considered necessary to maintain consistency in the IRC, ERISA, and the PHS Act.

III. AVAILABILITY, PORTABILITY, AND RENEWABILITY REQUIREMENTS ON INSURERS, HMOS, AND ISSUERS OF HEALTH PLANS IN THE GROUP MARKET

Current law

The McCarran Ferguson Act of 1945 (P.L. 79–15) exempts the business of insurance from federal antitrust regulation to the extent that it is regulated by the states and indicates that no federal law should be interpreted as overriding state insurance regulation unless it does so explicitly. Section 514(b)(2)(A) of ERISA leaves to the states the regulation of insurance. (Employee benefit plans are not insurance and are regulated by the federal government.)

House bill

The House bill would establish federal requirements on insurers and HMOs selling in the group market to provide for guaranteed availability of health insurance coverage.

Senate amendment

The Senate Amendment is similar but would apply requirements to health plan issuers offering plans in the group market.

Conference agreement

The conference agreement establishes federal requirements on health insurance issuers offering group health insurance coverage to provide for guaranteed availability of health insurance coverage.

A. DEFINITIONS

Current law

No provision.

House bill

The House bill would define insurer to mean an insurance company, insurance service, or insurance organization which is licensed to engage in the business of insurance in a state and which (except for the purposes of individual health insurance availability provisions of this subtitle) is subject to state law which regulates insurance within the meaning of section 514(b)(2)(A) of ERISA.

The House bill would define a health maintenance organization to mean (a) a federally qualified HMO, (b) an organization recognized under state law as an HMO, or (c) a similar organization regulated under state law for solvency in the same manner and extent as an HMO, if (other than for the purposes of individual health insurance availability provisions of the bill) it is subject to state law which regulates insurance within the meaning of section 514(b)(2) of ERISA.

Under the House bill, a bona fide association would be defined as an association which (a) has been actively in existence for at least 5 years; (b) has been formed and maintained in good faith for purposes other than obtaining insurance; (c) does not condition membership in the association on health status; (d) makes health insurance coverage offered through the association available to any individual who is a member (or dependent of a member) of the association at the time the coverage is initially issued; (e) does not make health insurance coverage offered through the association available to any member who is not a member (or dependent of a member) of the association at the time coverage is initially issued; (f) does not impose preexisting condition exclusions consistent with the requirements of this bill relating to group health plans; and (g) provides for renewal and continuation of coverage consistent with the requirements of this bill.

Senate amendment

The Senate Amendment would define health plan issuer as any entity that is licensed (prior to or after the date of enactment of this Act) by a state to offer a group health plan or an individual health plan.

The Senate Amendment does not use the terms health maintenance organization, or bona fide association.

Conference agreement

The conference agreement defines a health insurance issuer as an insurance company, insurance service, or insurance organization, including an HMO, which is licensed to engage in the business of insurance in a state and which is subject to state law which regulates insurance within the meaning of section 514(b)(2) of ERISA. A group health plan is not a health insurance issuer.

An HMO is: (a) a federally qualified HMO, (b) an organization recognized under state law as an HMO, or (c) a similar organization regulated under state law for solvency in the same manner and extent as an HMO.

A bona fide association is an association which: (a) has been actively in existence for at least 5 years; (b) has been formed and maintained in good faith for purposes other than obtaining insurance; (c) does not condition membership in the association on any health status-related factor; (d) makes health insurance coverage offered through the association available to any member, or individuals eligible for coverage through such member, regardless of any health status-related factor; (e) does not make health insurance coverage offered through the association available other than in connection with a member of the association; and (f) meets additional requirements as may be imposed under state law.

B. GUARANTEED AVAILABILITY OF COVERAGE

Current law

No provision.

House bill

The House bill would require each insurer or HMO offering health insurance coverage in the small group market to accept every small employer in the state that applied for coverage and to accept for enrollment under such coverage every eligible individual who applied for enrollment during the initial enrollment period in which the individual first became eligible for the group coverage. No restriction could be imposed on an eligible individual based on his or her health status. An eligible individual is determined in accordance with the terms of the plan consistent with all applicable state laws.

Senate amendment

The Senate Amendment would require a health plan issuer offering a group health plan to accept the whole group desiring to purchase the coverage. A health plan issuer offering a group health plan could not condition eligibility, continuation of eligibility, enrollment, or premium contribution requirements based on health status. (Health status is defined the same as under the House bill.)

Conference agreement

The conference agreement requires each health insurance issuer that offers health insurance coverage in the small group market in a state to accept every small employer in the state that applies for coverage, and to accept for enrollment under such coverage every eligible individual who applies for enrollment during the period in which the individual first became eligible to enroll under the terms of the group health plan. The health plan issuer may not impose restrictions on any eligible individual being a participant or beneficiary based on his or her health status, or the health status of dependents. An eligible individual is determined in accordance with the terms of the plan, as provided by the health insurance issuer under the rules of the issuer which are uniformly applicable in a state to small employers in the small group market, and consistent with all applicable state laws governing the issuer and market.

1. Scope of requirement

Current law

No provision.

House bill

The House bill provides that the guaranteed availability requirement apply to the small group market only. Small groups are those with 2 to 50 employees.

Senate amendment

The Senate Amendment provides that the guaranteed availability requirement apply to all health plan issuers and group health plans.

Conference agreement

The conference agreement provides that the guaranteed availability requirement applies to the small group market only. Small groups are those with 2 to 50 employees on a typical business day.

To assure access in the large group market, the conference agreement provides that the Secretary of HHS request that the chief executive officer of each state submit a report on the access of large employers to health insurance coverage and the circumstances for lack of access to coverage, if any, of large employers, and classes of employers. The Secretary shall request the reports not later than December 31, 2000 and every 3 years thereafter. Based on the state reports and other information, the Secretary would be required to prepare a report for Congress, every 3 years, describing the access to health insurance for large employers, and classes of employers in each state. The Secretary may include recommendations to assure access.

In addition, the Comptroller General will submit to Congress not later than 18 months after the date of enactment of this act, a report on access of classes of large employers to health insurance coverage in the different states, and the circumstances for lack of access, if any.

2. Restrictions on preexisting condition limitation periods

Current law

No provision.

House bill

The House bill would provide for the same restrictions on the use of preexisting condition limitations by each insurer and HMO that offers health insurance coverage in connection with a group health plan as those described in above item II–(C).

Senate amendment

The Senate amendment would provide for the same restrictions on the use of preexisting condition limitations by health plan issuers as described in above item II–(C).

Conference agreement

The conference agreement provides us for the same restrictions on the use of preexisting condition limitations by each health insurance issuer that offers group health insurance coverage as those described in above item II–(C).

3. Exceptions to guaranteed availability

Current law

No provision.

House bill

The House bill would provide that an HMO or an insurer offering coverage in the small group market through a network plan could: (1) limit employers for such coverage to those with eligible individuals whose place of employment or residence was in the plan's or HMO's service area; (2) limit the individuals who might be enrolled to those whose place of residence or employment was within the service area; (3) within the service area, deny coverage if the plan or HMO demonstrated lack of capacity to deliver services adequately, but only if it was applying the capacity limit to all employers without regard to the group's claims experience or the health status of its participants and beneficiaries. Those denying coverage on the basis of capacity could not offer small groups coverage in the service area for 180 days. Similar exceptions would apply in the event of financial capacity limits.

Senate amendment

The Senate amendment would provide that a health plan issuer offering a group health plan could cease offering coverage to group purchasers if (1) the plan ceased to offer coverage to any additional group purchasers, and (2) the issuer could demonstrate to the applicable certifying authority that its financial or provider capacity would be impaired if the issuer were required to offer coverage to additional group purchasers. Such an issuer would be prohibited from offering coverage for 6 months or until the issuer could demonstrate that the capacity was adequate, whichever was later. An issuer would only be eligible for this exception if it offered coverage on a first-come-first-served basis or other basis established by a state to ensure a fair opportunity to enroll and avoid risk selection.

Conference agreement

The conference agreement provides that a health insurance issuer offering coverage in the small group market through a network plan could: (1) limit employers for such coverage to those with eligible individuals who live, work, or reside in the service area for the network plan; (2) within the service area, deny coverage to small employers if the issuer has demonstrated, if required, to the applicable state authority, the lack of capacity to deliver services adequately to additional groups, but only if it was applying the capacity limit to all employers uniformly without regard to claims experience or any health status-related factor. An issuer denying coverage on the basis of capacity could not offer coverage in the small group market in the service area for 180 days.

A health insurance issuer may deny coverage in the small group market if the issuer has demonstrated, if required, to the applicable state authority, that it does not have the financial reserves necessary to underwrite additional coverage. The issuer would be required to apply the financial capacity limit to all employers in the small group market in the state, consistent with applicable state law, and without regard to claims experience or health status-related factors. An issuer denying coverage on the basis of financial capacity could not offer coverage in the small group market in the service area for 180 days or until the issuer has demonstrated, if required, to the applicable state authority, that it has adequate capacity, whichever is later. A State may provide for determination of adequate capacity on a service-area-specific basis. It is the intent of the conferees that an issuer denying coverage on the basis of capacity limitations may demonstrate compliance if enrollment is provided on a first-come first-serve basis, or other state approved method.

The conference agreement imposes requirements for renewal and continuation on issuers offering health insurance plans to bona fide associations, but does not require these issuers to guarantee issue of the coverage offered to bona fide associations. The conferees do not intend the provision to mean that issuers of coverage to an association have to offer a particular association plan to any other employer. Thus issuers offering coverage to associations are not required to guarantee issue the association's plan to other small employers. Nondiscrimination rules would apply to these association plans, and no employee or dependent could be excluded from coverage on the basis of any health status-related factor.

The conference agreement provides exceptions to the availability, renewability and portability requirements for group health plans and group health insurance coverage for certain benefits, sometimes under certain conditions. First, these requirements would not apply to provision of certain excepted benefits including: coverage only for accident, or disability insurance, or any combination thereof; coverage issued as a supplement to liability insurance; liability insurance; workers' compensation or similar insurance; automobile medical payment insurance; credit-only insurance; coverage for onsite medical clinics; and, other similar coverage, as specified in regulations, under which benefits for medical care are secondary or incidental to other insurance benefits.

Second, if the following benefits are (a) provided under a separate policy, certificate, or contract or insurance, or (b) if the benefits are otherwise not an integral part of the plan, the requirements would not apply to: limited scope dental or vision benefits; benefits for long-term care, nursing home care, home health care, community-based care, or any combination thereof; or, similar limited benefits as specified in regulations.

Third, if the following benefits: (a) are provided under a separate policy, certificate, or contract of insurance; (b) there is no coordination between the provision of these benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor; and (c) such benefits are paid with respect to an event without regard to whether benefits are provided for that event under any group health plan maintained by the same plan sponsor, the requirements would not apply to: coverage only for a specified disease or illness, or hospital indemnity or other fixed indemnity insurance.

Fourth, if the following benefits are provided under a separate policy, certificate, or contract of insurance, the requirements would not apply to: Medicare supplemental health insurance; coverage supplemental to coverage provided under military health care; and, similar supplemental coverage provided to coverage under a group health plan.

4. Exceptions for failure to meet participation or contribution rules

Current law

No provision.

House bill

The House bill would provide that an exception to the guaranteed availability requirement would apply in the case of any group health plan which failed to meet the participation or contribution rules of the insurer or HMO. Such participation and contribution rules would have to be uniformly applicable and in accordance with state law.

Senate amendment

No provision.

Conference agreement

The conference agreement provides that an exception to the guaranteed availability requirement would apply in the case of any group health plan which failed to meet the participation or contribution rules of the health insurance issuer. Such participation and contribution rules would have to be in accordance with state law.

C. GUARANTEED RENEWABILITY

Current law

No provision.

House bill

The House bill would provide that regardless of the size of the group, insurers and HMOs would be required to renew or continue in force coverage at the option of the covered employer with certain exceptions.

Senate amendment

The Senate provision is similar but at the option of the group purchaser.

Conference agreement

The conference agreement provides that a health insurance issuer offering group health insurance coverage in the small or large group market would be required to renew or continue in force coverage at the option of the plan sponsor of the plan.

1. Exceptions to guaranteed renewability of group coverage

Current law

No provision.

House bill

The House bill would provide exceptions to the guaranteed renewability requirement for: nonpayment of premiums, fraud, violation of participation and contribution rules, termination of the plan in a state or geographic area, or the employer moved outside the service area (but only if this last provision was applied uniformly without regard to health status). Exceptions to guaranteed renewability would also apply in the event that the insurer or plan no longer offered a particular type of coverage but only if prior notice was provided, the employer was given the chance to buy another plan offered by the insurer or HMO, and the termination was applied uniformly without regard to health status or insurability. An exception would also apply in the event of discontinuance of all coverage, but only if certain conditions were met. In this instance, the insurer or HMO could not market small and/or large group coverage for 5 years.

Senate amendment

The Senate Amendment is similar. It would include as exceptions to the guaranteed renewability requirement the loss of eligibility of COBRA continuation coverage, and failure of a participant or beneficiary to meet requirements for eligibility for coverage under the group health plan that are not prohibited by this subtitle.

A network plan could deny continued participation under the plan to participant or beneficiaries who did not live, reside, or work in an area in which the plan was offered, but only if the denial was applied uniformly, without regard to health status or insurability.

The provisions relating to discontinuation of a plan or of coverage in general are similar to the House bill.

Conference agreement

The conference agreement provides exceptions to the guaranteed renewability requirement for one or more of the following: (1) nonpayment of premiums; (2) fraud; (3) violation of participation or contribution rules; (4) termination of coverage in the market in accordance with applicable state law, as outlined below; (5) for network plans, no enrollees connected to the plan live, reside, or work in the service area of the issuer, or area for which the issuer is authorized to do business, and, in the case of the small group market only if the issuer would deny enrollment to the plan under regulations governing guaranteed availability of coverage; (6) for coverage made available to bona fide associations, if membership in the association ceases, but only if coverage is terminated uniformly without regard to any health status-related factor relating to any covered individual.

Exceptions to guaranteed renewability would also apply if the issuer or plan no longer offered a particular type of group coverage in the small or large group market so long as the issuer, in accordance with applicable state law: (1) provided prior notice to each plan sponsor and participants and beneficiaries; (2) gave the plan sponsor the chance to purchase all (or, in the case of the large group market, any) other plans offered by the issuer in such market; and (3) applied the termination uniformly without regard to the claims experience of the sponsors or any health status-related factor to any participants or beneficiaries covered or new participants or beneficiaries who may become eligible for such coverage.

An exception would also apply in the event of discontinuance of all coverage, but only if certain conditions were met. In this instance, the issuer could not offer coverage in the market and state involved for 5 years.

Issuers would be permitted to modify the health insurance coverage for a product offered to a group health plan in the large group market, and in the small group market if the modification was effective on a uniform basis among group health plans with that product.

For example, the conferees intend that issuers could uniformly modify the terms of treatment for particular conditions among group health plans within a type of coverage. An exception would apply to coverage available in the small group market only through 1 or more bona fide associations. Issuers could modify a product offered to a group plan in the large group market.

See section B(3) above for exceptions from availability, renewability, and portability requirements for certain benefits.

D. DISCLOSURE OF INFORMATION BY HEALTH PLAN ISSUERS

Current law

Section 101 of ERISA requires covered plans to furnish summary plan descriptions and other information and notices to plan participants and the Secretary of Labor. Section 104 of ERISA requires covered plans to file certain information with the Secretary of Labor and to furnish certain information to plan participants.

House bill

The House bill does not include a provision.

Senate amendment

The Senate Amendment would require that in connection with the offering of any group health plan to a small employer (defined under state law or, if not so defined, one with not more than 50 employees), that a health plan issuer make a reasonable disclosure as part of its solicitation and sales materials of certain information, such as the provisions of the plan concerning the right of the issuer to change premium rates and the factors that could affect such changes, the provision of the plan relating to renewability and any preexisting condition provisions, and descriptive information about the plan's benefits and premiums. The information would have to be understandable by the average small employer and sufficiently accurate and comprehensive to reasonably inform employers, participants, and beneficiaries of their rights and obligations under the plan. These requirements would not apply to proprietary and trade secret information under applicable law and do not preempt state reporting and disclosure requirements.

The Senate Amendment would amend section 104(b)(1) of ERISA relating to the summary plan description to provide that if there is a modification or change described in the summary plan description that is a material reduction in covered services or benefits provided, a summary of such changes would have to be furnished to participants within 60 days after the date of its adoption. Alternatively, plans sponsors could provide such a description at regular intervals of not more than 90 days. The bill requires the Secretary of Labor to issue regulations providing alternative mechanisms to delivering by mail through which employee benefit plans may notify participants of material reductions in covered services. It further amends the summary plan description provisions of ERISA to require the inclusion of certain information.

Conference agreement

The conference agreement requires a health plan issuer offering any health insurance coverage to a small employer to make a reasonable disclosure of the availability of information as part of its solicitation and sales materials. At the small employer's request, the issuer must provide the provisions of the plan concerning the right of the issuer to change premium rates and the factors that could affect such changes, the provisions of the plan relating to renewability and any preexisting condition provisions, and the benefits and premiums under all health insurance coverage for which the employer is qualified. The information would have to be understandable by the average small employer and sufficient to reasonably inform small employers of their rights and obligations under the health insurance coverage. These requirements would not apply to proprietary and trade secret information under applicable law.

The conference agreement would amend section 104(b)(1) of ERISA relating to the summary plan description to provide that if there is a material reduction in covered services or benefits, a summary of such changes would have to be furnished to participants within 60 days after the date of its adoption. Alternatively, plan sponsors could provide a description at regular intervals of not more than 90 days. The conference agreement requires the Secretary of Labor to issue regulations within 180 days of enactment of this Act which would provide for alternative mechanisms, besides delivery by mail, through which employee benefit plans may notify participants of material reductions in covered services. It further amends the summary plan description provisions of ERISA to require the inclusion of certain information.

The conference agreement would amend section 101 of ERISA to permit the Secretary, in accordance with regulations prescribed by the Secretary, to require MEWAs that provide medical care benefits, but are not group health plans, to report, not more frequently than annually, in such form and manner as the Secretary may require to determine the extent to which the requirements of this part are being carried out.

E. STATE FLEXIBILITY

Current law

The McCarran Ferguson Act of 1945 (P.L. 79-15) exempts the business of insurance from federal antitrust regulation to the extent that it is regulated by the states and indicates that no federal law should be interpreted as overriding state insurance regulation unless it does so explicitly. Section 514 of ERISA leaves to the states the regulation of insurance. (Employee benefit plans are not insurance and are regulated by the federal government.)

House bill

The House bill would provide that unless preempted by section 514 of ERISA, state laws would not be preempted that (1) related to matters not specifically addressed in subtitles A and B, or (2) that required insurers or HMOs to: (a) impose a limitation or exclusion of benefits relating to the treatment of a preexisting condition for periods shorter than specified in the bill, (b) allowed persons to be considered to be in a period of previous qualifying coverage if they experienced a lapse in coverage greater than 60 days, or (c) had a look-back provision shorter than 6 months.

Senate amendment

The Senate Amendment does not include "related to matters not specifically addressed in subtitles A and B." The Senate Amendment would provide that unless preempted by section 514 of ERISA, state laws would not be preempted that (1) required health plan issuers to impose a limitation or exclusion of benefits relating to the treatment of a preexisting condition for periods that are shorter than specified in the bill; (2) allowed individuals, participants, and beneficiaries to be considered in a period of previous qualifying coverage if such person experienced a lapse in coverage that was greater than the 30-days provided under this bill; or (3) required issuers to have a lookback period shorter than provided for under this subtitle.

Conference agreement

The conference agreement provides that any provision of state law which establishes, implements, or continues in effect any standard or requirement solely relating to health insurance issuers in connection with health insurance coverage would not be superseded unless the state standard or requirement prevents the application of a federal requirement of this part. Nothing in this part of the Act would affect or modify the provisions of section 514 of ERISA with respect to group health plans.

The conferees intend the narrowest preemption. State laws which are broader than federal requirements would not prevent the application of federal requirements. For example, states may require guaranteed availability of coverage for groups of more than 50 employees, or for groups of 1.

The conference agreement provides special rules in the case of portability requirements. State laws applicable to a preexisting condition exclusion which differ from the standards or requirements specified in this part would be superseded except if they: (1) shorten the lookback period in determination of a preexisting condition limitation (from 6 months to any shorter period of time); (2) shorter the length of a preexisting condition limitation exclusion (from 12 months, or 18 months for late enrollees, to any shorter period); (3) lengthen the break in coverage time from 63 days to any greater number; (4) lengthen the time for enrollment of newborns, or certain children adopted or placed for adoption, from 30 days to any greater number; (5) prohibit the imposition of any preexisting condition exclusions in cases not described, or expand the exclusions described; (6) require additional special enrollment periods; (7) reduce the maximum period permitted in an affiliation period.

A group health plan or health insurance coverage is not required to provide specific benefits other than those provided under the terms of such plan or coverage.

IV. INDIVIDUAL MARKET RULES

Current law

The individual health insurance market is currently regulated by the states. As of December, 1995, 11 states required that individual insurers write policies on a guaranteed issue basis; 16 states required guaranteed renewal; and 22 states limited the use of preexisting condition limitation periods.

House bill

The House bill would provide for federal requirements to guarantee availability of individual health insurance coverage to certain qualified individuals with prior group coverage, without limitation or exclusion of benefits, and to guarantee renewability of individual health insurance coverage.

Senate amendment

Similar.

Conference agreement

The conference agreement provides for federal requirements to guarantee availability of individual health insurance coverage to certain qualified individuals with prior group coverage, without limitation or exclusion of benefits, and to guarantee renewability of individual health insurance coverage.

A. GUARANTEED AVAILABILITY OF INDIVIDUAL HEALTH INSURANCE COVERAGE

Current law

No provision.

House bill

The House bill would include goals that any qualifying individual would be able to obtain qualifying coverage and that qualifying individuals would receive credit for prior coverage toward the new coverage's preexisting condition exclusion period, if any. If states fail to implement programs meeting these goals, a federal fall back requirement would take effect requiring that each individual insurer enroll all eligible individuals and that such persons receive credit for their prior coverage toward any preexisting condition limitation period. (See item IV(D) below on exceptions for network plans and HMOs.)

The House bill would require that any preexisting condition exclusion period be reduced by the length of the aggregate period of qualified prior coverage. To determine qualified coverage, the plan could choose one of two alternatives: (1) it could disregard specific benefits covered and include all periods of coverage from qualified sources; or (2) it could examine prior coverage on a benefit-specific basis, and exclude from qualified coverage any specific benefits not covered under the most recent prior plan. If the second method were chosen, plans would be required to disclose this procedure at the time of enrollment or sale of the plan.

Senate amendment

The Senate Amendment would provide that all health plan issuers that issue or renew individual health plans must enroll all eligible individuals except if the insurer demonstrates that it would have financial problems, or, that its ability to service individuals already enrolled in the plan would diminish if new enrollees were allowed to join the plan. In these cases, the insurer would be prohibited from enrolling new individuals for a period of 6 months, or, if later, when the insurer could demonstrate that they could properly service new entrants. An insurer would have to enroll individuals on a first-come-first-served basis, or other basis determined by the state, to be eligible for this limitation. States implementing guaranteed availability programs meeting certain requirements would be excepted from the federal requirements.

The Senate amendment would provide that a health plan issuer may not impose a limitation or exclusion of benefits on benefits that were covered under prior health plans.

Conference agreement

The conference agreement provides that each health insurance issuer that offers health insurance coverage in the individual market in a state may not decline to offer coverage to, or deny enrollment of an eligible individual and may not impose any preexisting condition exclusions with respect to such coverage. This requirement will not apply in States with acceptable alternative mechanisms as described in section IV(E) below. In addition, in States without an acceptable alternative mechanism, a health insurance issuer may limit the coverage offered as described in section IV(C).

B. QUALIFYING/ELIGIBLE INDIVIDUALS

Current law

No provision.

House bill

The House bill would provide that qualifying individuals are individuals: with 18 or more months of qualified coverage periods; with most recent prior coverage from a group health plan, governmental plan, or church plan; ineligible for group health coverage, Medicare Parts A or B, Medicaid, and without individual coverage; not terminated from most recent prior coverage for nonpayment of premiums or fraud; who, if eligible for continuation coverage under COBRA or similar state program, elected and exhausted this coverage; and who applied for individual coverage not more than 60 days after the last day of coverage under a group plan, or the termination date of COBRA benefits.

Senate amendment

Similar, but individual would have to apply for individual coverage not more than 30 days after the last day of coverage under a group plan.

Conference agreement

The conference agreement defines eligible individuals as individuals: with 18 or more months of aggregate creditable coverage; with most recent prior coverage from a group health plan, governmental plan, or church plan (or health insurance coverage offered in connection with any such plan); ineligible for group health coverage, Medicare Parts A or B, Medicaid (or any successor program), and without any other health insurance coverage; not terminated from their most recent prior coverage for nonpayment of premiums or fraud; and who, if eligible for continuation coverage under COBRA or a similar state program, elected and exhausted this coverage.

C. QUALIFYING COVERAGE

Current law

No provision.

House bill

The House bill would require coverage with an actuarial value of benefits not less than the weighted average actuarial value of the benefits provided by all the individual health insurance coverage (excluding coverage issued under this section) during the previous year, issued by: (1) the insurer or HMO in the state; or (2) all insurers and HMOs in the state. Requires that the actuarial value of benefits be calculated based on a standardized population and a set of standardized utilization and cost factors.

Senate amendment

No provision.

Conference agreement

The conference agreement requires individual health insurance issuers to offer coverage to eligible individuals under all policy forms with exceptions. First, a health insurance issuer may not offer coverage under all policy forms if the state is implementing an acceptable alternative mechanism (see section IV(E) below). If a state is not implementing an acceptable alternative mechanism, the health insurance issuer may elect to limit the policy forms offered to eligible individuals so long as it offers at least two different policy forms of health insurance coverage both of which are designed for, made generally available and actively marketed to, and enroll both eligible and other individuals by the issuer. In addition, the 2 policy forms must meet one of the following: (1) the 2 policy forms have the largest and next to the largest premium volume; or (2) the 2 policy forms are representative of individual health insurance coverage by the issuer. An issuer must apply the election uniformly to all eligible individuals in the state for that issuer, and the election will be effective for policies offered for not less than 2 years.

The 2 representative policy forms would include a lower and higher-level of coverage, each of which has benefits substantially similar to other individual health insurance coverage offered by the issuer in the state. The lower-level policy form would have benefits with an actuarial value at least 85 percent, but not greater than 100 percent of a weighted average benefit. The higher-level policy form would have benefits with an actuarial value: (1) at least 15 percent greater than the actuarial value of the lower-level policy form; and (2) between 100 and 120 percent of the weighted average benefit. Both products must include benefits substantially similar to other individual health insurance coverage offered by the issuer in the state. The weighted average may be either: (1) the average actuarial value of the benefits from individual coverage provided by the issuer; or (2) the average actuarial value of the benefits from individual coverage provided by all issuers in the state. The weighted average will be based on coverage provided during the previous year and exclude coverage of eligible individuals. Actuarial values will be calculated based on a standardized population and a set of standardize utilization and cost factors.

Network plans may limit coverage to those who live, reside, or work within the service area for the network plan. Within the service area for the plan, the issuer may deny coverage to individuals if the issuer has demonstrated, if required, to the applicable state authority that it will not have the capacity to deliver services adequately to additional individual enrollees. Denial must be made uniformly to individuals without regard to any health status-related factor and without regard to whether the individuals are eligible individuals. Upon denial, the issuer may not offer coverage in the individual market within the service area for 180 days. Similar rules apply for financial capacity limits.

D. GUARANTEED RENEWAL

Current law

No provision.

House bill

The House bill would require that individual coverage is renewable at the option of the individual except for: nonpayment; fraud; termination of all individual coverage by the insurer or HMO, or termination of coverage in a geographic area in the case of network or HMO plan; movement of the individual outside the insurer's service area; termination of the particular type of coverage by the insurer or HMO, after the insurer has provided 90 day notice, offered the option to purchase any other coverage, and acted without regard to health status or insurability; discontinuation of all individual coverage by the insurer or HMO, after 180 days notice; uniform modification of all health plans within the individual's type of coverage.

Senate amendment

The Senate Amendment would require that individual coverage is renewable at the option of the individual except for: nonpayment; fraud; termination of the particular type of coverage by the insurer or HMO, which has provided 90 day notice, offered the option to purchase any other coverage, and acted without regard to health status or insurability; termination of all individual coverage by the insurer or HMO, after 180 days notice, and prohibition against market reentry for 5 years; change such that the individual lives or works outside the insurer's service area but only if denial of coverage is applied uniformly without regard to the health status or insurability of the individual.

Conference agreement

The conference agreement provides that a health insurance issuer that provides individual health insurance coverage to an individual must renew or continue in force such coverage at the option of the individual. It provides exceptions to the guaranteed renewability requirement for one or more of the following: (1) nonpayment of premiums or untimely payment; (2) fraud; (3) termination of coverage in the market (as outlined below) in accordance with applicable state law; (4) for network plans, the individual no longer lives, resides, or works in the service area of the issuer, or area for which the issuer is authorized to do business but only if coverage is terminated uniformly without regard to any health status-related factor; (5) for coverage made available to bona fide associations, if membership in the association ceases, but only if the coverage is terminated uniformly without regard to any health status-related factor.

An issuer may discontinue a particular type of coverage in the individual market only if the issuer: (1) provides prior notice to each covered individual; (2) offers each individual the option to purchase any other individual health insurance coverage offered by the issuer for individuals; and (3) acts uniformly without regard to any health status-related factor of enrolled individuals or individuals who may become eligible for such coverage. An issuer may elect to discontinue offering all health insurance coverage in the individual market in a state only if certain conditions are met. In this case, the issuer could not issue coverage in the market and state involved for 5 years. Issuers could modify the health insurance coverage for a policy form offered to individuals in the individual market so long as the modification was consistent with state law and was effective on a uniform basis among all individuals with that policy form.

In the case of health insurance coverage that is made available by a health insurance issuer in the individual market to individuals only through one or more associations, the issuer would be required to meet the Act's requirements related to individuals.

Health insurance issuers in the individual market must provide certifications of coverage in the same manner as health insurance issuers in the small group market.

E. OPTIONAL STATE PROGRAMS/STATE FLEXIBILITY

1. In general

Current law

No provision.

House bill.

The House bill would provide that a state may establish public or private mechanisms to meet the goals of guaranteed availability of coverage. The chief executive officer of the state must notify the Secretary of HHS if the state elects to use state mechanisms. Under a state mechanism, a state may define qualified coverage as coverage with benefits not less than the weighted average actuarial value of the benefits provided by all the individual health insurance coverage (excluding coverage issued under this section) during the previous year, issued by: the insurer or HMO in the state; or all insurers and HMOs in the state. The state may elect to establish qualified coverage for all insurers and HMOs in the state after it has established qualified coverage for each insurer or HMO.

State mechanisms could include one or more, or a combination of: health insurance coverage pools or programs authorized or established by the state; mandatory group conversion policies; guaranteed issue of one or more plans; or open enrollment by one or more insurers or HMOs. This list is not exclusive.

A state with a health insurance coverage pool or risk pool in effect on March 12, 1996, which offers qualified coverage, would automatically be considered to have met the Federal access objectives.

In general, states would have until July 1, 1997 to implement a state program. States without a regular legislative session between January 1, 1997 and June 30, 1997 would have a deadline of July 1, 1998.

Senate amendment

Similar. The Senate Amendment would provide that a state may adopt alternative public or private mechanisms to provide access to affordable health benefits for eligible individuals. The Governor of the state must notify the Secretary of Health and Human Services that the state has adopted an alternative mechanism which achieves the goals of portability and renewability, and that the state intends to implement this mechanism.

State mechanisms could include guaranteed issue, open enrollment by one or more health plan issuers, high-risk pools, mandatory conversion policies, or any combination of these mechanisms. A state high risk pool would meet the portability and renewability requirements if it is: (a) open to eligible individuals; (b) limits preexisting condition waiting periods; and (c) is consistent with premium rates and covered benefits in the National Association of Insurance Commissioners (NAIC) Model Health Plan for Uninsurable Individuals Act. States which adopt a NAIC model act, including group to individual market portability provisions that meet the Federal portability and renewability goals, would not be subject to federal rules.

A state may notify the Secretary, within 6 months after enactment of this Act, that state alternate mechanism(s) would meet portability and renewability goals. The Secretary would not determine if the state mechanism meets the goals until 12 months after the initial state notification, or January 1, 1998, whichever is later. The Secretary would not make a determination until January 1, 1999 for states without legislative sessions within the 12 months after enactment of this Act.

Conference agreement

The conference agreement provides that a state may implement an acceptable alternative mechanism that is designed to provide access to health benefits for individuals. This mechanism must: (1) provide a choice of health insurance coverage to all eligible individuals; (2) not impose any preexisting condition exclusions; and (3) include at least one policy form of coverage that is comparable to either comprehensive health insurance coverage offered in the individual market in the state or a standard option of coverage available under the group or individual health insurance laws in the state. If a state elects to implement the following mechanisms, the state must also meet the preceding requirements. These mechanisms are: (1) the NAIC Small Employer and Individual Health Insurance Availability Model Act (as it applies to individual health insurance coverage) or the Individual Health Insurance Portability Model Act; (2) a qualified high risk pool that meets certain specified requirements; or (3) other mechanisms that provide for risk adjustment, risk spreading, or a risk spreading mechanism (by an issuer or among issuers or policies of an issuer), or otherwise provide some financial subsidies for participating insurers or eligible individuals, or, alternatively, a mechanism under which each eligible individual is provided a choice of all individual health insurance coverage otherwise available.

Examples of potential alternative mechanisms include health insurance coverage pools or programs, mandatory group conversion policies, guaranteed issue of one or more plans of individual health insurance coverage, or open enrollment by one or more health insurance issuers, or a combination of such mechanisms.

A state is presumed to be implementing an acceptable alternative mechanism as of January 1, 1998, by not later than July 1, 1997, the chief executive officer of the state notifies the Secretary that the state has enacted any necessary legislation as of January 1, 1998 and provides the Secretary with information needed to review the mechanism and its implementation, or proposed implementation. The state must provide this information to the Secretary every 3 years to continue to be presumed to have an acceptable alternative mechanism. If a state submits notice and information after July 1, 1997, and the Secretary makes no determination within 90 days, the mechanism will be considered acceptable after 90 days.

F. CONSTRUCTION/PREEMPTION

Current law

No provision.

House bill

The House bill would provide that states are not prevented from: (1) implementing guaranteed availability mechanisms before the deadline; (2) continuing state mechanisms that were in effect before the enactment of this act; (3) offering guaranteed availability of coverage that is not qualifying coverage; or (4) offering guaranteed availability of coverage to individuals who are not qualifying individuals

Senate amendment

The Senate Amendment would provide that states are not required to replace or dissolve high risk pools or other similar state mechanisms which are designed to provide individuals in those states with access to health benefits.

Conference agreement

The conference agreement provides that nothing in this part would prevent a state from establishing, implementing, or continuing in effect standards and requirements unless they prevent the application of a requirement in this part. Nothing in this part would affect or modify the provisions of section 514 of ERISA.

G. FEDERAL RULES (FALLBACK OR IN ABSENCE OF STATE ALTERNATIVE)

Current law

No provision.

House bill

The House bill would provide that the Secretary of HHS notify a state that federal rules would apply if: (1) the state has not elected to use a state mechanism; or (2) if the Secretary finds, after consultation with state officials, that the state mechanism would not meet the federal availability goals, and the state has had reasonable opportunity to change or implement a state mechanism to meet the goals.

Federal rules would provide that each insurer or HMO which issues individual health insurance coverage in the state would have to offer qualifying coverage to qualifying individuals, and credit prior coverage toward any preexisting condition exclusion periods. In addition, no individual could be refused coverage based on health status. Network plans or HMOs could refuse coverage to individuals who did not reside or work in the plan's service area, or if network or financial capacity limits would be exceeded. Federal rules would cease to apply if the state implements a mechanism designed to meet the federal goals of availability.

Senate amendment

The Senate Amendment would provide that federal standards would apply if the state does not notify the Secretary of HHS of its intent to implement state mechanisms, or if the Secretary finds that the state mechanism fails to: (1) offer coverage to eligible individuals; (2) prohibit preexisting condition limitations or exclusions for benefits covered under previous health plans; (3) offer eligible individuals a choice of individual health plans, including at least one comprehensive plan, or a plan comparable to a standard option plan available under the group or individual health insurance laws of the state; or (4) implement a risk spreading mechanism, cross subsidy mechanism, risk adjustment mechanism, rating limitation or other mechanism designed to reduce the variation in costs of coverage for eligible individuals and other plans offered by the carrier or available in the state.

The bill would waive the requirement for a risk spreading mechanism if all individual health plans available in the market are also available to eligible individuals.

It would provide that if the Secretary determines that the state alternative mechanism fails to meet the above criteria, or if the state mechanism is no longer being implemented, the Secretary would have to notify the Governor of the failure to meet the goals of portability and renewability, and permit the state to come into compliance. Federal individual health plan portability rules would apply if the state still does not meet these criteria. Under these rules, a plan issuer could not, with respect to an eligible individual, decline to offer coverage to or deny enrollment of the individual or impose a limitation or exclusion of benefits, otherwise available under the plan, for which coverage was available under the group health plan or employee health benefit plan in which the person was previously enrolled. (This would not prevent a health plan issuer from establishing premium discounts or modifying otherwise applicable copayments or deductibles in return for adherence to programs of health promotion or disease prevention.)

Future adoptions of a state mechanism would be subject to the same procedures of: (1) notification of the Secretary; and (2) determination of satisfaction of criteria for compliance, except in the cases of adoption of the NAIC model or high risk pool.

Conference agreement

The conference agreement provides that if the Secretary finds that the state mechanism is not acceptable or is no longer being implemented, the Secretary must notify the state of the preliminary determination and consequences of failure to implement an acceptable mechanism. The state will have a reasonable opportunity to modify the mechanism, or adopt a new mechanism. If the Secretary finds that the state mechanism is not acceptable, or is not being implemented, the Secretary must notify the state of the effective date of federal requirements for guaranteed availability. Each issuer would then be required to guarantee issue health insurance coverage to any individual, but could limit coverage to 2 policy forms as outlined in section IV(C) above. Secretarial authority would be limited to determinations based only on whether a state mechanism is not an acceptable alternative mechanism or is not being implemented. It is the intent of Congress that the risk adjustment, risk spreading, risk spreading mechanism and financial subsidization standards provide meaningful financial protection and assistance for eligible individuals, both in the case of a state alternative system and alternative coverage provided under section 2741(c).

H. CONSTRUCTION (PREMIUMS, MARKET REQUIREMENTS, ASSOCIATION COVERAGE AND MARKETING)

Current law

No provision.

House bill

The House bill would provide that insurers or HMOs are free to determine the premiums for individual health insurance coverage under applicable state law. Insurers or HMOs which only insure groups or associations would not be required to offer individual health insurance coverage. Insurers or HMOs that offer conversion policies in connection with a group health plan would not be required to offer individual coverage. Insurers or HMOs that offer coverage only in connection with a group health plan or in connection with individuals based on affiliation with one or more bona fide associations would not be considered to be offering individual coverage.

A state could require that insurers or HMOs offering individual coverage actively market this coverage.

Senate bill

The Senate Amendment is similar but did not include a provision relating to associations.

Conference agreement

Premiums that an issuer may charge an individual for individual health insurance coverage are not restricted by the conference agreement, but must comply with state law. The health insurance issuer may establish premium discounts or rebates, or modify otherwise applicable copayments or deductibles in return for adherence to programs of health promotion and disease prevention.

Under the conference agreement, health insurance issuers offering health insurance coverage in connection with group health plans, or through one or more bona fide associations, or both, are not required to offer health insurance coverage in the individual market. A health insurance issuer offering group health coverage is not considered to be a health insurance issuer offering individual health insurance coverage solely because the issuer offers a conversion policy.

I. ENFORCEMENT OF REQUIREMENTS ON INDIVIDUAL INSURERS, HMO'S, AND HEALTH PLAN ISSUERS

Current law

Under section 502 of ERISA, employee benefit plans that fail to comply with applicable requirements can be sued for relief and be subject to civil money penalties, and can be sued to recover any benefits due under the plan. Section 504 of ERISA provides the Secretary of Labor with investigative authority to determine whether any person is out of compliance with the law's requirements. Section 506 provides for coordination and responsibility of agencies in enforcement. Section 510 prohibits a health plan from discriminating against a participant or beneficiary for exercising any right under the plan.

House bill

Noncomplying insurers and HMOs would be subject to enforcement through federal civil money penalties (in the same manner as imposed above (see item II(G)) but only in the event that the Secretary of HHS has determined that the state in which the insurer or HMO is selling coverage is not providing for enforcement.

Senate amendment

Noncomplying individual health plans offered by a health plan issuer would be subject to state enforcement. Each state would require each individual health plan issued, sold, renewed, or offered for sale or operated in the state by a health plan issuer to meet the Act's standards pursuant to an enforcement plan filed with the Secretary of Labor. The state would be required to submit such information as required by the Secretary demonstrating effective implementation of the enforcement plan. In the event that the state failed to substantially enforce the Act's standards and requirements, the Secretary of Labor, in consultation with the Secretary of HHS, would implement an enforcement plan. Issuers would then be subject to civil enforcement as provided under sections 502, 504, 506 and 510 of ERISA. The Secretary of Labor could issue such regulations as needed to carry out this Act.

Conference agreement

Each state may require health insurance issuers that issue, sell, renew, or offer health insurance coverage in the individual market to meet the requirements under this part with respect to such issuers. If a state fails to substantially enforce the federal requirements, the Secretary will provide enforcement in the same manner as in the small group market (see section II(G) above).

V. MULTIPLE EMPLOYER POOLING ARRANGEMENTS

A. CLARIFICATION OF DUTY OF THE SECRETARY OF LABOR TO IMPLEMENT CURRENT LAW PROVIDING FOR EXEMPTIONS FROM STATE REGULATION OF MULTIPLE EMPLOYER HEALTH PLANS (MEHPS)

Current law

Section 3(40) of ERISA defines a multiple employer welfare benefit plan, or any other arrangement which offers or provides health benefits and meets additional criteria, (e.g., it must offer such benefits to the employees or 2 or more employers and cannot be a plan established under a collective bargaining agreement, a rural electric cooperative, or rural telephone cooperative association). Two or more trades or businesses, whether or not incorporated, are deemed a single employer and thus not a MEWA if such trades or businesses are within the same control group.

Section 514 of ERISA treats fully-insured MEWAs differently from those that are not fully-insured (i.e., that are partly or fully-insured). With respect to a fully-insured MEWA, a state may apply and enforce its insurance laws (section 514(b)(6)(A)(i)). With respect to a not-fully-insured MEWA, a state may apply and enforce its insurance laws so long as such laws or regulations are not inconsistent with ERISA (section 514(b)(6)(A)(ii). Section 514(b)(6)(B) provides that the Department of Labor (DOL) may issue an exemption from state law with respect to non-fully-insured MEWAs. (No such exemptions have been issued.)

House bill

The House bill would add a new Part 7 (Rules Governing State Regulation of Multiple Employer Health Plans) to Title I of ERISA.

It would define the following terms: insurer, fully-insured, HMO, participating employer, sponsor, and state insurance comissioner. The House bill would define a multiple employer health plan as a MEWA which provides medical care and which is or has been exempt under section 514(b)(6)(B) of ERISA.

The bill clarifies the conditions under which multiple employer health plans (MEHPs)—non-fully-insured multiple employer arrangements providing medical care—may apply for an exemption from certain state laws. In provides that only certain legitimate association health plans and other arrangements (described below) which are not fully insured are eligible for an exemption. This is accomplished by clarifying the duty of the Secretary of Labor to implement the provisions of current law section 514(b)(6)(B) to provide exemption from state law for MEHPS.

The bill would establish criteria which a not fully-insured arrangement must meet to qualify for an exemption and thus become a MEHP. The Secretary could grant an exemption to an arrangement only if: (1) a complete application has been filed, accompanied by the filing fee of $5,000; (2) the application demonstrates compliance with requirements established in new sections 703 and 704 described below; (3) the Secretary finds that the exemption is administratively feasible, not adverse to the interests of the individuals covered under it, and protective of the rights and benefits of the individuals covered under the arrangement, and (4) all other terms of the exemption are met (including financial, actuarial, reporting, participation, and such other requirements as may be specified as a condition of the exemption). The application must include: (1) identifying information about the arrangement and the states in which it will operate; (2) evidence that ERISA's bonding requirements will be met; (3) copies of all plan documents and agreements with service providers; (4) a funding report indicating that the reserve requirements of new section 705 will be met, that contribution rates will be adequate to cover obligations, and that a qualified actuary (a member in good standing of the American Academy of Actuaries or an actuary meeting such other standards the Secretary considers adequate) has issued an opinion with respect to the arrangement's assets, liabilities, and projected costs; and (5) any other information prescribed by the Secretary. Exempt arrangements must notify the Secretary of any material changes in this information at any time, must file annual reports with the Secretary, and must engage a qualified actuary.

In addition, the bill would provide for a class exemption from section 514(b)(6)(B)(ii) of ERISA for large MEHPs that have been in operation for at least five years on the date of enactment. An arrangement would qualify for this class exemption if, in addition to all other requirements: (1) at the time of application for exemption; the arrangement covers at least 1,000 participants and beneficiaries, or has at least 2,000 employees of eligible participating employers ; (2) a complete application has been filed and is pending; and (3) the application meets requirements established by the Secretary with respect to class exemptions. Class exemptions would be treated as having been granted with respect to the arrangement unless the Secretary provide appropriate notice that the exemption has been denied.

1. Requirements relating to MEHP sponsors, board of trustees, plan operations, and covered persons

The House bill would establish eligibility requirements for MEHPs. Applications must comply with requirements established by the Secretary. They must demonstrate that the arrangement's sponsor has been in existence for a continuous period of at least 5 years and is organized and maintained in good faith, with a constitution and by laws specifically starting its purpose and providing for at least annual meetings, as a trade association, an industry association, a professional association, or a chamber of commerce (or similar business group, including a corporation or similar organization that operates on a cooperative basis within the meaning of section 1381 of the IRC) for purposes other than that of obtaining or providing medical care. Also, the applicant must demonstrate that the sponsor is established as a permanent entity, has the active support of its members, and collects dues from its members without conditioning such on the basis of the health status or claims experience of plan participants or beneficiaries or on the basis of the member's participation in the MEHP.

The bill would require that the arrangement be operated, pursuant to a trust agreement, by a "board of trustees" which has complete fiscal control and which is responsible for all operations of the arrangement. The board of trustees must develop rules of operation and financial control based on a three-year plan of operation which is adequate to carry out the terms of the arrangement and to meet all applicable requirements of the exemption and Title I of ERISA.

With respect to covered persons, the bill would require that all employers who are association members be eligible for participation under the terms of the plan. Eligible individuals of such participating employers cannot be excluded from enrolling in the plan because of health status (as required under section 103 of the Act as described in item I-(B) above). The rules also stipulate that premium rates established under the plan with respect to any particular participating employer cannot be based on the claims experience of the particular employer.

2. Additional entities eligible to be MEHPs

In addition to the associations described above, certain other entities would be provided eligibility to seek an exemption as MEHPs under section 514(b)(6)(B). These include (1) franchise networks (section 703(b)), (2) certain existing collectively bargained arrangements which fail to meet the statutory exemption criteria (section 703(c)), and (3) certain arrangements not meeting the statutory exemption criteria for single employer plans (section 703(d)). (Section 709 of ERISA, added by section 166 of this subtitle, also makes eligible certain church plans electing to seek an exemption.)

3. Other requirements for exemption

The House bill would require a MEHP to meet the following additional requirements: (1) its governing instruments must provide that the board of trustees serves as the named fiduciary and plan administrator, that the sponsor serves as plan sponsor, and that the reserve requirements of new section 705 are met; (2) the contribution rates must be adequate, and (3) any other requirements set out in regulations by the Secretary of Labor must be met.

4. Maintenance of reserves

The House bill would require that MEHPs establish and maintain reserves sufficient for unearned contributions, benefit liabilities incurred but not yet satisfied, and for which risk of loss has not been transferred, expected administrative costs, and any other obligations and margin for error recommended by the qualified actuary. The minimum reserves must be no less than 25% of expected incurred claims and expenses for the year or $400,000, whichever is greater. The Secretary may provide additional requirements relating to reserves and excess/stop loss coverage and may provide adjustments to the levels of reserves otherwise required to take into account excess/stop loss coverage or other financial arrangements. The bill provides for an alternative means of compliance in which the Secretary could permit an arrangement to substitute, for all or part of the requirements of this section, such security, guarantee, hold-harmless arrangement, or other financial arrangement as the Secretary of Labor determined to be adequate to enable the arrangement to fully meet its financial obligations on a timely basis.

5. Notice requirements for voluntary termination

The House bill would provide that, except as permitted in new section 707 below, a MEHP may terminate only if the board of trustees provides 60 days advance written notice to participants and beneficiaries and submits to the Secretary a plan providing for timely payment of all benefit obligations.

6. Corrective actions and mandatory termination

The House bill would require a MEHP to continue to meet the reserve requirements even if its exemption is no longer in effect. The board of trustees must quarterly determine whether the reserve requirements of new section 705 (as described above) are being met and, if they are not, must, in consultation with the qualified actuary, develop a plan to ensure compliance and report such information to the Secretary. In any case where a MEHP notifies the Secretary that it has failed to meet the reserve requirements and corrective action has not restored compliance, and the Secretary of Labor determines that the failure will result in a continuing failure to pay benefit obligations, the Secretary may direct the board to terminate the arrangement and take action needed to ensure that the arrangement's affairs are resolved in a manner which will result in timely provision of all benefits for which the arrangement is obligated.

7. Temporary application of state laws

a. Provides for exclusion of arrangements from the small group market in any state upon the state's certification of guaranteed access to health insurance coverage in such state (i.e, state opt-out). Provides that a state which certifies to the Secretary that it provides guaranteed access to health coverage may deny a MEHP the right to offer coverage in the small group market (or otherwise regulate such MEHP with respect to such coverage), except as described below. The certification triggering the state opt-out could be in effect no longer than 3 years.

A state is considered to provide such guaranteed access, if (1) the state certifies that at least 90% of all state residents are covered by a group health plan or otherwise have health insurance coverage, or (2) the state has, in the small group market, provided for guaranteed issue of at least one standard benefits package and for rating reforms designed to make health insurance coverage more affordable. In states without such guaranteed access, MEHPs could offer coverage in the small group market in the state as long as they met the standards set forth in Part 7 (as established by this subtitle).

b. Provides for exceptions to the exclusion of MEHPs from state small group markets. Provides a limited exception to the state opt out for certain large, multi-state arrangements. The State opt out would not apply to new and existing MEHPs that meet the following criteria: (1) the sponsor operates in a majority of the 50 states and in at least 2 of the regions of the country; (2) the arrangement covers or will cover at least 7,500 participants and beneficiaries; and (30 at the time the application to become a MEHP is filed, the arrangement does not have pending against it any enforcement action by the state. In addition, the state opt out would not apply in a state in which an arrangement meeting the MEHP standards operates on March 6, 1996, to the extent a state enforcement action is not pending against such an entity at the time an application for an exemption is made.

The above two exceptions do not apply to any state which, as of January 1, 1996, either (1) has enacted a law providing for guaranteed issue of fully community rated individual health insurance coverage offered by insurers and HMOs, or (2) requires insurers offering group health coverage to reimburse insurers offering individual coverage for losses resulting from their offering individual coverage on an open enrollment basis. Regulations may also provide for an exemption to the application of state law for certain single industry plans.

c. Premium tax assessment authority with respect to new arrangements. Provides that a state could assess new association-based MEHPs (formed after March 6, 1996) nondiscriminatory state premium taxes set at a rate no greater than that applicable to any insurer or health maintenance organization offering health insurance coverage in the state. MEHPs existing as of March 6, 1996 would remain exempt from state premium taxes. However, if they expanded into a new state, the state could apply the above rule.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

VI. State Authority Over Non-Exempt MEWAS

Current law

Under section 514(6)(A) of ERISA, a state may apply and enforce state insurance laws with respect to a MEWA so long as the law or regulation is not inconsistent with ERISA.

House bill

The House bill would provide that states have the authority under ERISA to regulate without limitation non-fully-insured MEWAs which are not provided an exemption under new Part 7 of ERISA (see item V above). In other words, states can continue to regulate MEWAs that are not MEHPs.

Senate amendment

No provision.

Conference agreement

the conference agreement does not include the House provision.

VII. Additional MEWA and Related Provisions

A. CLARIFICATION OF TREATMENT OF SINGLE-EMPLOYER ARRANGEMENTS

Current law

Section 3(40) of ERISA defines a MEWA and specifies the conditions under which two or more trades or businesses shall be deemed a single employer, if such trades or businesses are within the same control group.

Common control could not be based on an interest of less than 25%.

House bill

The House bill would modify the treatment of certain single employer arrangements under section 3(40) of ERISA. The treatment of a single employer plan as being excluded from the definition of a MEWA (and thus from state law) is clarified by defining the minimum interest required for two or more entities to be in "common control" as a percentage which cannot be required to be greater than 25%. Also a plan would be considered a single employer plan if less than 25% of the covered employees are employed by other participating employers.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

B. CLARIFICATION OF TREATMENT OF CERTAIN COLLECTIVELY-BARGAINED ARRANGEMENTS

Current law

Under section 3(40) of ERISA, a MEWA is defined not to include any plan or arrangement which is established or maintained under or pursuant to one or more agreements which the Secretary finds to be collective bargaining agreements, or by a rural electric cooperative. (No such Secretarial finding has ever been issued).

House bill

The House bill would establish the conditions under which multiemployer and other collectively-bargained arrangements are exempted from the MEWA definition, and thus exempt from state law. Amends the definition of a MEWA to exclude a plan or arrangement which is established or maintained under or pursuant to a collective bargaining arrangement (as described in the National Labor Relations Act, the Railway Labor Act, and similar state public employee relations laws). It then specifies additional conditions which must be met for such a plan to be a statutorily excluded collectively bargained arrangement and thus not a MEWA.

These conditions include: (1) The plan cannot utilize the services of any licensed insurance agent or broker to solicit or enroll employers or pay a commission or other form of compensation to certain persons that is related to the volume or number of employers or individuals solicited or enrolled in the plan; (2) a maximum 15 percent rule applies to the number of covered individuals in the plan who are not employees (or their beneficiaries) within a bargaining unit covered by any of the collective bargaining agreements with a participating employer or who are not present or former employees (or their beneficiaries) of sponsoring employee organizations or employers who are or were a party to any of the collective bargaining agreements (provides for a higher maximum in the case of certain plans or arrangements in existence as of the date of enactment); and (3) the employee organization or other entity sponsoring the plan or arrangement must certify annually to the Secretary the plan has met the previous requirements.

If the plan or arrangement is not fully insured, it must be a multiemployer plan meeting specific requirements of the Labor Management Relations Act (i.e., the requirement for joint labor-management trusteeship under section 302(c)(5)(B)).

If the plan or arrangement is not in effect as of the date of enactment, the employee organization or other entity sponsoring the plan or arrangement must have existed for at least 3 years or have been affiliated with another employee organization in existence for at least 3 years, or demonstrates to the Secretary that certain of the above requirements have been met.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

C. TREATMENT OF CHURCH PLANS

Current law

Section 4(b)(2) of ERISA exempts from its requirements church plans that do not elect to participate in qualified pension plans under the IRC.

House bill

The House bill would add a new section 709 to ERISA treating certain church plans (including a church, convention or association of churches or similar organization) as a MEWA and permitting such plans to voluntarily elect to apply to the Department of Labor for an exemption from state laws that would otherwise apply to a MEWA under section 514(b)(6)(B) and in accordance with new ERISA Part 7. An exempted church plan would, with certain exceptions, have to comply with the provisions of ERISA Title I in order to receive an exception from state law. The election to be covered by ERISA would be irrevocable. A church plan is covered under this section if the plan provides benefits which include medical care and some or all of the benefits are not fully insured. (Certain provisions of ERISA, such as its COBRA continuation coverage requirements, would not apply to the church plans described herein.)

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

D. ENFORCEMENT PROVISIONS RELATING MEWAS

Current law

MEWAs are subject to ERISA's enforcement and other provisions of title I.

House bill

The House bill would amend ERISA to establish enforcement provisions relating to the multiple employer elements of the bill: (1) a civil penalty would apply for failure of MEWAs to file registration statements; (2) state enforcement would be authorized through Federal courts with respect to violations by multiple employer health plans, subject to the existence of enforcement agreements between the states and the federal government; (3) willful misrepresentation that an entity is an exempted MEWA or collectively-bargained arrangement could result in criminal penalties; (4) cease activity orders could be issued for arrangements found to be neither licensed, registered, or otherwise approved under State insurance law, or operating in accordance with the terms of an exemption granted by the Secretary under new part 7; and (5) provides that each MEHP require its fiduciary or board of trustees to comply with the required claims procedure under ERISA.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

E. COOPERATION BETWEEN FEDERAL AND STATE AUTHORITIES

Current law

Section 506 of ERISA provides for coordination between the Department of Labor and other federal agencies in the enforcement of ERISA. The Secretary is authorized to use the facilities or services of the states, with the consent of the affected departments, agencies, or establishments in enforcing ERISA.

House bill

The House bill would amend section 506 of ERISA to specify State responsibility with respect to self-insured MEHPs and voluntary health insurance associations (VHIAs). A State could enter into an agreement with the Secretary for delegation to the State of some or all of the Secretary's authority to enforce provisions of ERISA applicable to exempted MEHPs or to VHIAs. The Secretary would be required to enter into the agreement if the Secretary determined that delegation to the State would not result in a lower level or quality of enforcement. However, if the Secretary delegated authority to a State, the Secretary could continue to exercise such authority concurrently with the State. The Secretary would be required to provide enforcement assistance to the States with respect to MEWAs.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

F. FILING AND DISCLOSURE REQUIREMENTS FOR MEWAS OFFERING HEALTH BENEFITS

Current law

ERISA provides for certain reporting and disclosure requirements.

House bill

The reporting and disclosure requirements of ERISA would be amended to require MEWAs offering health benefits to file with the Secretary a registration statement within 60 days before beginning operations (for those starting on or after January 1, 1997) and no later than February 15 of each year. In addition, MEWAs providing medical care would be required to issue to participating employers certain information including summary plan descriptions, contribution rates, and the status of the arrangement (whether fully-insured or an exempted self-insured plan).

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

G. SINGLE ANNUAL FILING FOR ALL PARTICIPATING EMPLOYERS

Current law

Section 110 of ERISA provides for alternative methods of compliance with reporting and disclosure requirements to those specified in previous sections of the law.

House bill

This section would amend ERISA's section 110 to provide for a single annual filing for all participating employers of fully insured MEWAs.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

H. EFFECTIVE DATES/TRANSITION RULES

Current law

No provision.

House bill

The House bill would provide that in general, the amendments made by this title would be effective January 1, 1998. In addition, the Secretary would be required to issue all regulations needed to carry out the amendments before January 1, 1998.

The bill would provide for transition rules for self-insured MEWAs which meet the requirements of Part 7 and which are in operation as of the effective date so that those applying to the Secretary for an exemption from State regulation are deemed to be excluded for a period not to exceed 18 months unless the Secretary denies the exemption or finds the MEWAs application deficient, provided that the arrangement does not have pending against it an enforcement action by a state. The Secretary could revoke the exemption at any time if it would be detrimental to the interests of individuals covered under the Act.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

VIII. VOLUNTARY HEALTH INSURANCE ASSOCIATIONS/HEALTH PLAN PURCHASING COOPERATIVES (HPPCs)

Current law

While the states regulate insurance sold to purchasing cooperatives, a purchasing cooperative that is also a MEWA is also regulated under ERISA. Under ERISA, a state may apply and enforce its insurance laws with respect to fully-insured MEWAs.

As of December 1995, 15 states had enacted laws relating to voluntary purchasing alliances/cooperatives.

House bill

The House bill would add a new subsection (d) to section 514 of ERISA defining under ERISA voluntary health insurance associations and establishing federal requirements for such associations. Associations meeting these requirements would be exempt from specific state laws.

Senate amendment

The Senate Amendment would provide for limited exemptions from state laws for health insurance purchasing cooperatives that meet the requirements established by this section.

Conference agreement

The conference agreement does not include the House or Senate provision.

A. DEFINITIONS/NATURE OF ORGANIZATION

Current law

No provision.

House bill

The House bill would define a voluntary health insurance association as a multiple employer welfare arrangement, maintained by a qualified association, under which all medical benefits are fully-insured, under which no employer is excluded as a participating employer (subject to minimum participation requirements of an insurer), under which the enrollment requirements of section 103 of the Act apply (see item II above), under which all health insurance coverage options are aggressively marketed, and under which the health insurance coverage is provided by an insurer or HMO to which the laws of the state in which it operates apply.

A qualified association would be an association in which the sponsor of the association is, and has been (together with its immediate predecessor, if any) for a continuous period of not less than 5 years, organized and maintained in good faith, with a constitution and bylaws specifically stating its purpose, as a trade association, an industry association, a professional association, or a chamber of commerce (or similar business group), for substantial purposes other than that of obtaining or providing medical care, is established as a permanent entity which receives the active support of its members and meets at least annually, and collects dues without conditioning such dues on the basis of the health status or claims experience of plan participants or beneficiaries or on the basis of participation in a VHIA.

A "small employer" would be defined as one who employs at least 2 but fewer than 51 employees on a typical business day in the year.

Senate amendment

The Senate Amendment would define a "health plan purchasing cooperative" or HPPC to mean a group of employees or a group of individuals and employers that, on a voluntary basis and in accordance with this section, form a cooperative for the purpose of purchasing an individual health plan or group health plans offered by health plan issuers.

An HPPC could not: (a) perform any activity relating to the licensing of health plan issuers; (b) assume financial risk directly or indirectly (that is, it would have to be fully-insured); (c) establish eligibility, enrollment, or premium contribution requirements for individual participants or beneficiaries based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, genetic information, or disability; (d) operate on a for-profit or other basis where the legal structure of the cooperative permits profits to be made and not returned to the members of the cooperative, or (e) perform any other activities that conflict or are inconsistent with the performance of its duties under this Act. A for-profit cooperative could be formed by a nonprofit organization or organizations in which: (1) membership in such organization is not based on health status, medical condition, claims experience, receipt of health care, medical history, evidence of insurability, genetic information, or disability and (2) that accepts as members all employers or individuals on a first-come, first-serve basis, subject to any established limit on the maximum size of an employer that may become a member.

Conference agreement

The conference agreement does not include the House or Senate provision.

B. CERTIFICATION

Current law

No provision.

House bill

No provision.

Senate agreement

The Senate Amendment would provide that a state certify a group as a HPPC if it appropriately notifies the state and the Secretary of Labor that it wants to form a HPPC under the requirements of this section. The state would be required to determine in a timely fashion whether the group is in compliance with the section's requirements and to oversee the operations of the HPPC to ensure continued compliance with the requirements. Each certified HPPC would have to register with the Secretary of Labor.

If a state failed to implement a HPPC certification program in accordance with this Act's standards, the Secretary of Labor would certify and oversee the HPPCs in that state.

However, the Secretary would not certify a HPPC if, upon submission of an application of the state to the Secretary, the Secretary determined that a state law was in effect on the date of enactment of this Act providing that all small employers in the state had a means readily available that ensured: (a) that individuals and employees had a choice of multiple, unaffiliated health plan issuers; (b) that health plan coverage was subject to state premium rating requirements that were not based on the health and other risk factors described above and that contained a mandatory minimum loss ratio; (c) that comparative health plan materials were disseminated (including information about cost, quality, benefits, and other information); and that (d) the state program otherwise met the objectives of this Act.

A HPPC operating in more than one state would be certified by the state in which the cooperative was domiciled. States could enter into cooperative agreements for the purpose of overseeing a HPPC's operation. A HPPC would be considered to be domiciled in the state in which most of the members of the HPPC reside.

Conference agreement

The conference agreement does not include the Senate provision.

C. STRUCTURE AND RESPONSIBILITIES OF ORGANIZATION

Current law

No provision.

House bill

The House bill would provide that VHIAs and qualified associations meet certain conditions (described in items VIII(A) and VIII(D)) to qualify as a VHIA and therefore for exemption from state insurance laws.

Senate amendment

The Senate Amendment would provide for the following requirements for HPPCs:

I. Board of Directors.—Requires each HPPC to be governed by a board of directors that would be responsible for ensuring the performance of the HPPC. The board would have to be composed of a cross-section of representatives of employers, employees, and individuals participating in the HPPC. The board members could not be compensated but could receive reimbursement for reasonable and necessary expenses incurred in performing their HPPC responsibilities.

2. Membership and marketing area.—Permits a HPPC to establish limits on the maximum size of employers who could become members and to determine whether to allow individuals to be members. Once membership limits were established, the HPPC would be required to accept all employers (or individuals) residing within the area served by the HPPC who met the membership requirements on a first-come, first-served basis, or on another basis established by the state to ensure equitable access to the HPPC.

3. Duties and responsibilities.—Requires a HPPC to: (a) objectively evaluate potential health plan issuers and enter into agreements with multiple, unaffiliated ones, except that this requirement would not apply in regions, such as remote or frontier areas, where compliance was not possible; (b) enter into agreements with employers and individuals who become members; (c) participate in

any program of risk-adjustment or reinsurance, or any similar program established by the state; (d) prepare and disseminate comparative health plan materials concerning the plans offered through the HPPC; (e) broadly solicit and actively market to all eligible employers and individuals residing within the service area; and (f) act as an ombudsman for enrollees.

4. Permissible activities.—Permits a HPPC to perform other functions as needed to further the purposes of this Act, such as: (a) collecting and distributing premiums and performing other administrative functions; (b) collecting and analyzing surveys of satisfaction; (c) charging fees for membership and participation fees to issuers; (d) cooperating with (or accepting as members) employers who provide health benefits directly but only for the purpose of negotiating with providers; and (5) negotiating with health care providers and health plan issuers.

5. Limitation on cooperative activities.—see item VIII(A) above.

6. Conflict of interest.—Prohibits any individual, partnership, or corporation from serving on the HPPC board, being employed by or receiving compensation from the HPPC, or initiating or financing a HPPC if such individual, partnership, or corporation (a) fails to discharge the duties and responsibilities in a manner that is solely in the interest of the members; or (b) derives personal benefit from the sale of, or financial interest in, health plans, services, or products sold through the HPPC. However, a HPPC could contract with third parties to provide administrative, marketing, consultive, or other services.

Conference agreement

The conference agreement does not include the House or Senate provision.

D. PREEMPTION OF STATE LAWS

Current law

Section 514(a) of ERISA preempts state laws relating to employee benefit plans. Section 514(b)(2) of ERISA provides that state laws apply in the case of the regulation of insurance.

House bill

The House bill would amend section 514 of ERISA to preempt the following state laws: (1) laws that preclude an insurer or HMO from offering health insurance coverage under VHIAs; (2) laws that preclude an insurer or HMO from setting premium rates under a VHIA based on the claims experience of the VHIA (except the VHIA's premium rates could not vary on the basis of any particular employer's claims experience); (3) laws that require coverage in connection with a VHIA to include specific items or services of medical care or that require an insurer or HMO offering coverage in connection with a VHIA to include specific item or services consisting of medical care, except to the extent that such state laws prohibit an exclusion for a specific disease in such coverage. This preemption of mandated benefits would apply only with respect to those items and services specified in a list which would be prescribed in regulations by the Secretary of Labor.

In general, states would be able to apply their laws if they had in place guaranteed access measures meeting certain conditions. A state which certified to the Secretary that it provided "guaranteed access" to health coverage could deny a VHIA the right to offer coverage in the small group market (or otherwise regulate such VHIA with respect to such coverage), except as described below. (The certification could not be in effect for more than 3 years.)

A state would be considered to provide such guaranteed access, if (1) it certified that at least 90% of all state residents were covered by a group health plan or otherwise had health insurance coverage, or (2) that it had, in the small group market, provided for guaranteed issue of at least one option of coverage and for small group rating reforms designed to make health insurance coverage more affordable. However, an exception to this provision would apply for certain large, multi-state arrangements that demonstrated to the Secretary that it met the following criteria. In other words, state laws would not apply if: (1) the VHIA sponsor operates in a majority of the 50 states and in at least 2 of the regions of the country; (2) the arrangement covers or will cover (in the case of new VHIAs) at least 7,500 participants and beneficiaries; and (3) under the terms of the arrangement, either the qualified association does not exclude from membership any small employer in the state, or the arrangement accepts every small employer in the state that applies for coverage. In addition, state laws would not apply in a state in which a VHIA operated on March 6, 1996 and under the terms of the arrangement, either the qualified association does not exclude from membership any small employer in the state, or the arrangement accepts every small employer in the state that applies for coverage.

The exemption from state laws for multistate plans and existing plans would not apply to any state which, as of January 1, 1996, either (1) had enacted a law providing for guaranteed issue of fully community rated individual health insurance coverage offered by insurers and HMOs, or (2) required insurers offering group health coverage to reimburse insurers offering individual coverage for losses resulting from their offering individual coverage on an open enrollment basis. In other words, such states could apply their insurance laws.

Senate amendment

The Senate Amendment would provide that HPPCs that meet the requirements of this Act would be exempt from state fictitious group laws.

A health plan issuer offering a group or individual health plan through a HPPC meeting the requirements of this Act would be required to comply with all otherwise applicable state rating requirements if the plan were to be offered outside the cooperative except a state would be required to permit an issuer to reduce its premiums negotiated with a HPPC to reflect savings derived from administrative costs, marketing costs, profit margins, economies of scale, or other factors. However, such premium reductions could not be based on the health status, demographic factors, industry type, duration, or other indicators of risk of HPPC members.

Health plan issuers offering coverage through the HPPC would be required to comply with state mandated benefit laws. However, in states that have enacted laws authorizing alternative benefit plans for small employers, such issuers could offer such small employer plan through a HPPC.

Conference agreement

The conference agreement does not include the House or Senate provision.

E. RULES OF CONSTRUCTION

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate Amendment would provide that nothing in this section should be construed to: (1) require that a state organize, operate, or create HPPCs; (2) otherwise establish HPPCs; (3) require individuals, plan sponsors, or employers to purchase coverage through a HPPC; (4) preempt a state from requiring licensure for individuals who are involved in directly supplying advice or selling health plans on behalf of a HPPC; (5) require that a HPPC be the only type of purchasing arrangement permitted to operate in a state; (6) confer authority upon a state that the state would not otherwise have to regulate health plan issuers or employee health benefit plans; (7) confer authority upon a state (or the federal government) that it would not otherwise have to regulate group purchasing arrangements, coalitions, association plans, or similar entities that do not desire to become a HPPC; or (8) except as specifically provided for above, prevent the application of state laws and regulations otherwise to health plan issuers offering coverage through a HPPC.

Conference agreement

The conference agreement does not include the Senate provision.

F. ENFORCEMENT THROUGH ERISA

Current law

Part 4 of subtitle B of title I of ERISA provides for fiduciary responsibilities, including the fiduciary duties of a plan sponsor and prohibited transactions; part 5 provides for administration and enforcement, including criminal and civil penalties.

House bill

The House bill contains no specific provision (but as MEWAs, VHIAs would be subject to ERISA requirements including those related to fiduciary responsibilities and administration and enforcement, including enforcement of the new VHIA rules as added by this subtitle.)

Senate amendment

The Senate Amendment would provide that for enforcement purposes only, that parts 4 and 5 of subtitle B of title I of ERISA apply to a HPPC as if such plan were an employee benefit plan.

Conference agreement

The conference agreement does not include the Senate provision.

IX. ADDITIONAL DEFINITIONS/OTHER PROVISIONS

Current law

Section 3 of ERISA defines numerous terms relating to pension and employee welfare benefit plans.

House bill

The House bill:

A. Defines the following terms: group health plan, including treatment of governmental and church plans, and defines Medicaid, medicare, and the Indian Health Service programs as group health plans.

B. Incorporates specific ERISA definitions such as beneficiary, participant, employee, and employer.

C. Provides additional definitions including applicable state authority, bona fide association, COBRA continuation provision, health insurance coverage, health maintenance organization, health status, individual health insurance coverage, insurer, medical care network plan, and waiting period.

D. Provides for the treatment of partnerships.

E. Provides definitions related to markets and small employers, including individual market, large group market, small employer and small group market.

Senate bill

The Senate Amendment:

A. Defines an employee health benefit plan to include a governmental or church plan. An employee health benefit plan is not a group health plan, individual plan, or a health plan. Provides different definition for group health plan.

B. Similarly incorporates many ERISA definitions such as that for beneficiary, participant, employee, and employer.

C. Defines group purchaser and health plan issuer.

Conference agreement

The conference agreement:

A. Defines under ERISA the following terms relating to health insurance: health insurance coverage, health insurance issuer, health maintenance organization, group health insurance coverage, and excepted benefits. Also defines placed for adoption.

B. Defines under PHS Act the following terms relating to health insurance: health insurance coverage, health insurance issuer, health maintenance organization, group health insurance coverage, and excepted benefits.

C. Defines under the PHS Act: state, applicable state authority, state law, beneficiary, and bona fide association. Also, provides definitions under the PHS Act relating to markets and small employers for: large group market, small employer, and small group market.

D. Provides definitions under ERISA and the PHS Act relating to portability for: preexisting condition exclusion, enrollment date, late enrollee, waiting period, creditable coverage, and affiliation period.

E. Defines under ERISA and the PHS Act group health plan, medical care, COBRA continuation provision, and health status-related factor.

The definition of medical care is intended to parallel that of the IRC using current law, and is intended to be broad enough to encompass the services of Christian Science practitioners, nurses, and sanatoriums and nursing facilities.

F. Amends ERISA to provide for the treatment of partnerships.

G. Incorporated in the PHS Act specific ERISA definitions such as employee, employer, beneficiary, church plan, governmental plan, participant, plan sponsor.

H. Provides definitions under the PHS Act for federal governmental plan, nonfederal governmental plan, and placed for adoption.

X. EFFECTIVE DATES

Current law

No provision.

House bill

The House bill, except as otherwise provided, would apply with respect to (a) group health plans, and health insurance coverage offered in connection with group health plans, for plan years beginning on or after January 1, 1998; (b) individual health insurance coverage issued, renewed, in effect, or operated on or after July 1, 1998. The bill would require the Secretaries of HHS, Treasury, and Labor to jointly establish rules regarding the treatment of certain coverage periods before the applicable effective dates, and would require the 3 Secretaries to issue such regulations on a timely basis.

Senate amendment

The Senate Amendment, except as otherwise provided, (a) with respect to group health plans, would apply to plans offered, sold, issued, renewed, in effect, or operated on or after January 1, 1997; (b) with respect to individual health plans, would apply to plans offered, sold, issued, renewed, in effect, or operated on or after the date that is 6 months after enactment or January 1, 1997, whichever is later; and (c) with respect to employee health benefit plans, would apply on the first day of the first plan year beginning on or after January 1, 1997, whichever is later.

Conference agreement

The conference agreement, except as otherwise provided, would apply with respect to (a) group health plans, and health insurance coverage offered in connection with group health plans, for plan years beginning after July 1, 1997; (b) individual health insurance coverage offered, sold, issued, renewed, in effect, or operated after July 1, 1997. In general, group health plans and health plan issuers would be required to issue certifications of coverage for periods of coverage after July 1, 1996; actual certifications need not be issued before October 1, 1996. A special rule directs the Secretaries to provide for a process whereby individuals who need to establish creditable coverage for periods before July 1, 1996 may be given credit through the presentation of documents or other means. A special rule would apply to collective bargaining agreements.

A good faith compliance provision is provided with respect to a transition period.

XI. HEALTH COVERAGE AVAILABILITY STUDIES

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate Amendment would require the Secretary of HHS, in consultation with the Secretary of Labor, representatives of state officials, consumers, and other representatives of individuals and entities that have expertise in health insurance and employee benefits, to conduct a three-part study and prepare and submit reports. (A) By January 1, 1998, the Secretary would be required to prepare and submit to Congress an evaluation of the various mechanisms used to ensure the availability of reasonably priced health coverage and whether standards that limit premium variations would further the purposes of this Act. (B) No later than January 1, 1999, the Secretary would be required to prepare and submit to Congress a report concerning the effectiveness of provisions of the Act and various state laws in ensuring the availability of reasonably priced health coverage. (C) No later than January 1, 1998, the Secretary would be required to prepare and submit to Congress a report (1) evaluating the extent to which patients have direct access to, and choice of, health care providers, as well as the opportunity to utilize providers outside of the network, under the various types of coverage offered under the provisions of this Act; (2) evaluating the cost to the insurer of providing out-of-network access to providers and the feasibility of offering out-of-network access under all plans offered under this Act; and (3) evaluating the percent of premium used for medical care administration of the various types of coverage offered.

Conference agreement

The conference agreement requires the Secretary of HHS, in consultation with the Secretary of Labor, representatives of state officials, consumers, and other representatives of individuals and entities that have expertise in health insurance and employee benefits, to conduct two studies by January 1, 2000. The first study, on the effectiveness of federal and state reforms, would examine the availability of reasonably priced health coverage to employers purchasing group coverage and individuals purchasing coverage on a non-group basis. The second study, on access and choice, would examine the extent to which patients have direct access to, and choice of, health care providers, including specialty providers, within a network plan, as well as the opportunity to use providers outside of the network plan, under the various types of coverage offered under the provisions of this title. This study will also examine the cost and cost-effectiveness to health insurance issuers of providing access to out-of-network providers, and the potential impact of providing such access on the cost and quality of health insurance coverage offered under provisions of this title.

XII. REIMBURSEMENT OF TELEMEDICINE

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate amendment would direct the Health Care Financing Administration (HCFA) to complete its ongoing study of reimbursement of all telemedicine services and submit a report to Congress with a proposal for reimbursement of fee-for-service medicine by March 1, 1997. The report would be required to use data compiled from the current demonstration projects already under review and gather data from other ongoing telemedicine networks, and include an analysis of the cost of services provided via telemedicine.

Conference agreement

The conference agreement directs the HCFA to complete its ongoing study of Medicare reimbursement of all telemedicine services and submit a report to Congress on reimbursement of telemedicine services by March 1, 1997. The report would be required to use data compiled from the current demonstration projects already under review and gather data from other ongoing telemedicine networks, include an analysis of the cost of services provided via telemedicine, and include a proposal for Medicare reimbursement of telemedicine services.

XIII. HMOS AND MEDICAL SAVINGS ACCOUNTS (MSAS)

Current law

Under the Public Health Service Act, federally qualified HMOs may require enrollees to pay only nominal copayments and a reasonable deductible if services are obtained from an out-of-network provider.

House bill

No provision, but see Title III, Subtitle A on Medical Savings Accounts.

Senate amendment

The PHS Act would be amended to allow federally-qualified HMOs, at the request of the HMO member, to charge a deductible to the HMO member if he or she has an MSA.

Provides that it is the sense of the Committee on Labor and Human Resources that the establishment of MSAs should be encouraged as part of any health insurance reform legislation passed by the Senate through the use of tax incentives relating to contributions to, the income growth of, and the qualified use of, such accounts.

Provides that it is the sense of the Senate that Congress should take measures to further the purposes of this Act, including any necessary changes to the Internal Revenue Code to encourage groups and individuals to obtain health coverage, and to promote access, equity, portability, affordability, and security of health benefits.

Conference agreement

The conference agreement amends the PHS Act to allow federally qualified HMOs to offer a high-deductible health plan as defined in the IRC. All other requirements of the federal HMO Act remain in effect.

XIV. VOLUNTEER SERVICES PROVIDED BY HEALTH PROFESSIONALS AT FREE CLINICS

See report language for Title II.

XV. FINDINGS; SEVERABILITY

Current law

No provision.

House bill

The House bill would provide that Congress finds: (1) that group health plans and health insurance coverage that impose preexisting conditions impact the ability of employees to seek employment in interstate commerce and thereby impedes such commerce; (2) that health insurance coverage is commercial in nature and is in and affects interstate commerce; (3) that it is a necessary and proper exercise of congressional authority to impose requirements on group health plans and health insurance coverage to promote commerce among states; and (4) that Congress intends however to defer to the states to the maximum extent practicable in carrying out requirements with respect to insurers and HMOs that are subject to state regulation, consistent with ERISA.

Senate amendment

The Senate Amendment would provide that if any provision of the Act or application of a provision of the Act to any person or circumstance is held to be unconstitutional, the remainder of the Act and the application of the provisions of such to any person or circumstances would not be affected.

Conference agreement

The conference agreement provides that Congress finds: (1) that group health plans and health insurance coverage that impose preexisting conditions impact the ability of employees to seek employment in interstate commerce and thereby impedes such commerce; (2) that health insurance coverage is commercial in nature and is in and affects interstate commerce; (3) that it is a necessary and proper exercise of congressional authority to impose requirements under this title on group health plans and health insurance coverage, including coverage offered to individuals previously covered under group health plans, to promote commerce among states; and (4) that Congress intends to defer to the states, to the maximum extent practicable, in carrying out such requirements with respect to insurers and HMOs that are subject to state regulation, consistent with ERISA.

The conference agreement provides that if any provision of this title or application of such provision to any person or circumstance is held to be unconstitutional, the remainder of this title and the application of the provisions of such to any person or circumstances would not be affected.

XVI. COBRA CLARIFICATIONS

Current law

Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99–272) amends the Internal Revenue Code (IRC), ERISA, and the Public Health Service Act to require employers who provide group health plans with 20 or more employees to offer continuation coverage to employees and their dependents who experience specific qualifying events, including changes in job or family status. In general, when a covered employee experiences termination or reductions in hours of employment, the continued coverage of the employee and any qualified beneficiaries is for 18 months. For other qualifying events (e.g., death, divorce, legal separation, and child turns age of majority under the plan), the duration of coverage is 3 years. The Omnibus Budget Reconciliation Act of 1989 (P.L. 10–239) provides that if a covered employee is determined to be disabled under the Social Security Act at the time in which he or she terminates or reduces hours of employment, then the employee is eligible for 29 months of continued coverage.

House bill

No provision.

Senate amendment

The Senate Amendment would amend the PHS Act, ERISA, and the IRC to provide for clarifications of COBRA continuation requirements. Provides that individuals who have disabled family members or who become disabled at any time during their coverage under an initial COBRA period (the first 18 months) be able to extend their coverage for the additional 11 month period currently available only to workers who are disabled at the time they lose their coverage.

Provides that newborns and children who are placed for adoption may be covered immediately under a parent's COBRA policy.

Conference agreement

See Title IV, Subtitle B.

XVII. SENSE OF THE COMMITTEE REGARDING MEDICARE

Current law

No provision.

House bill

No provision.

Senate amendment

The Committee on Labor and Human Resources notes that the Medicare trustees concluded in their 1995 report that: (i) the Medicare program is unsustainable in its present form; (ii) that the hospital insurance trust fund will only be able to pay for benefits for about 7 years and is severely out of financial balance in the long run; and (iii) the Public Trustees recommended that the problems be urgently addressed on a comprehensive basis including a review of the program's financing methods, benefit provisions, and delivery mechanisms. The provision expresses the sense of the Committee that the Senate should take up measures necessary to reform the Medicare program, to provide increased choice for seniors, and to respond to the findings of the Public Trustees by protecting the short term solvency and long-term sustainability of the Medicare program.

Conference agreement

The conference agreement does not include the Senate provision.

XVIII. PARITY FOR MENTAL HEALTH SERVICES

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate Amendment would prohibit an employee health benefit plan, or a health plan issuer offering a group health plan or individual health plan from imposing treatment limitations or financial requirements on the coverage of mental health services if similar requirements are not imposed on coverage for services for other conditions.

It would provide for a rule of construction that the preceding should not be construed as prohibiting an employee health benefit plan or a health plan issuer offering a group or individual health plan from requiring preadmission screening prior to the authorization of services covered under the plan or from applying other limitations that restrict coverage for mental health services to those services that are medically necessary.

Conference agreement

The conference agreement does not include the Senate provision.

XIX. WAIVER OF FOREIGN COUNTRY RESIDENCE WITH RESPECT TO INTERNATIONAL MEDICAL GRADUATES

Current law

The Immigration and Nationality Technical Corrections Act of 1994 provides for a waiver of the requirement that nonimmigrant international medical graduates entering as J exchange visitors return to their country of nationality for two years before being eligible to return to the U.S. The provision applies to aliens admitted to the U.S. before June 1, 1996.

House bill

No provision.

Senate bill

The Senate Amendment would extend waivers for the requirement that nonimmigrant international medical graduates entering as J exchange visitors return to their country of nationality for two years before being eligible to return to the U.S. through June 1, 2002.

It would amend provisions related to federally requested waivers requested by an interested U.S. agency on behalf of certain aliens.

Conference agreement

The conference agreement does not include the Senate provision.

XX. ORGAN AND TISSUE DONATION INFORMATION INCLUDED WITH INCOME TAX REFUND PAYMENTS

Current law

No provision.

House bill

No provision.

Senate bill

The Senate Amendment would require the Secretary of Treasury to include with any payment of a refund of individual income tax made during the period beginning on February 1, 1997 through June 30, 1997, a copy of the document developed in consultation with the Secretary of HHS and organizations promoting organ and tissue donation which encourages organ and tissue donation. The document would also include a detachable organ and tissue donor card, and would urge recipients to sign the card, discuss organ and tissue donations with family members, and encourage family members to request or authorize organ and tissue donation if the occasion arises.

Conference agreement

The conference agreement does not include the Senate provision.

XXI. SENSE OF THE SENATE REGARDING ADEQUATE HEALTH CARE COVERAGE FOR ALL CHILDREN AND PREGNANT WOMEN

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate Amendment provides that the Senate finds that the health care coverage of mothers and children in the United States is unacceptable, with more than 9.3 million children and 500,000 expectant mothers having no health insurance, in addition to there being high levels of infant and maternal mortality and other enumerated indicators of inadequate access to care.

The Senate Amendment provides that it is the sense of the Senate that the issue of adequate health care for our mothers and children is important to the future of the United States, and in consideration of the importance of such issue, the Senate should pass health care legislation that will ensure health care coverage for all of the United States' pregnant women and children.

Conference agreement

The conference agreement does not include the Senate provision.

XXII. SENSE OF THE SENATE REGARDING AVAILABLE TREATMENTS

Current law

No provision.

House bill

No provision.

Senate amendment

The Senate Amendment provides that it is the sense of the Senate that patients deserve to know the full range of treatments available to them and Congress should thoughtfully examine these issues to ensure that all patients get the care they deserve.

Conference agreement

The conference agreement does not include the Senate provision.

XXIII. RULE OF CONSTRUCTION

Current law

No provision.

House bill

The House bill would provide that nothing in this title or any amendment made by it may be construed to require (or to authorize any regulation that requires) the coverage of any specific procedure, treatment, or service under a group health plan or health insurance coverage.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision, but see section III(E).

TITLE II—PREVENTING HEALTH CARE FRAUD AND ABUSE: ADMINISTRATIVE SIMPLIFICATION; MEDICAL LIABILITY REFORM

1. Fraud and abuse control program

(Subtitle A of title II of the House bill; title V of the Senate amendment.)

I. IN GENERAL

A. FRAUD AND ABUSE CONTROL PROGRAM

(Section 201 of the House bill; section 501 of the Senate amendment.)

Current law

Currently, the investigation and prosecution of fraud related to Federal health programs is the responsibility of the Department of Health and Human Services (DHHS), the FBI and the Department of Justice. The DHHS Office of Inspector General investigates Federal cases of fraud regarding Medicare, Medicaid, and the Maternal and Child Health Block Grant programs and is authorized by the Secretary to impose civil monetary penalties and program exclusions on fraudulent providers. The FBI can investigate both Federal and private payer cases of fraud but cannot impose sanctions. Both the Office of Inspector General and the FBI refer investigative findings to the Department of Justice which may prosecute persons for violations of federal criminal laws. State Medicaid fraud control units are responsible for the investigation, prosecution, or referral for prosecution, of fraudulent activities associated with State Medicaid programs.

House bill

The Secretary of the Department of Health and Human Services (acting through the Office of the Inspector General) and the Attorney General would be required to jointly establish a national health care fraud and abuse control program to coordinate Federal, State and local law enforcement to combat fraud with respect to health plans. To facilitate the enforcement of this fraud and abuse control program the Secretary and Attorney General would be authorized to conduct investigations, audits, evaluations and inspections relating to the delivery of and payment for health care, and would be required to arrange for the sharing of data with representatives of public and private third party payers. This program, implemented by guidelines issued by the Secretary and the Attorney General, would also facilitate the enforcement of applicable Federal statutes relating to health care fraud and abuse, and would provide for the provision of guidance to health care providers through the issuance of safe harbors, advisory opinions and special fraud alerts.

The Secretary and Attorney General would consult with and share data with representatives of health plans. Guidelines issued by the Secretary and Attorney General would ensure the confidentiality of information furnished by health plans, providers and others, as well as the privacy of individuals receiving health care services. The Inspector General would retain all current authorities.

For purposes of this section the term "health plan" means a plan or program that provides health benefits through insurance or otherwise. Such plans include health insurance policies, contracts of service benefit organizations, and membership agreements with health maintenance organizations or other prepaid health plans.

The Health Care Fraud and Abuse Control Account would be established as an expenditure account within the Federal Hospital Insurance (HI) Trust Fund. Amounts equal to monies derived from the coordinated health care anti-fraud and abuse programs from the imposition of civil money penalties, fines, forfeitures and damages assessed in criminal, civil or administrative health care cases, along with any gifts or bequests would be transferred into the Medicare HI trust fund from the U.S. Treasury. There are appropriated from the HI trust fund to the Account such sums as the Secretary and the Attorney General certify are necessary to carry out certain functions, subject to specified limits to each fiscal year beginning with 1997.

There would be appropriated from the general fund of the U.S. Treasury to the Fraud and Abuse Account for transfer to the FBI certain funds, subject to fiscal year limitations, for specified functions. These functions include prosecuting health care matters, investigations, audits of health care programs and operations, inspections and other evaluations, and provider and consumer education regarding compliance with fraud and abuse provisions. Specified amounts in the Account would also be available to carry out the Medicare Integrity Program. The Secretary and the Attorney General would be required to submit a joint annual report to Congress on the revenues and expenditures, and the justification for such disbursements from the Health Care Fraud and Abuse Control Account.

Senate amendment

Similar.

Conference agreement

The conference agreement includes the House provision with an amendment adding a requirement that the Comptroller General submit to Congress a report for certain fiscal years regarding amounts deposited in the Hospital Insurance Trust Fund under this section. The conference agreement also includes a provision regarding the availability of recoveries and forfeitures for purposes of certain provisions of the Employee Retirement Income Security Act of 1974.

B. MEDICARE INTEGRITY PROGRAM

(Section 202 of the House bill; section 502 of the Senate amendment.)

Current law

Currently Medicare's program integrity functions are subsumed under Medicare's general administrative budget. These functions are performed, along with general claims processing functions, by insurance companies under contract with the Health Care Financing Administration.

House bill

Establishes a Medicare Integrity Program under which the Secretary would promote the integrity of the Medicare program by entering into contracts with eligible private entities to carry out certain activities. These activities would include the following: (1) review of activities of providers of services or other individuals and entities furnishing items and services for which payment may be made under the Medicare program, including medical and utilization review and fraud review, (2) audit of cost reports, (3) determinations as to whether payment should not be, or should not have been, made by reason of Medicare as secondary payor provisions and recovery of payments that should not have been made, (4) education of providers of services, beneficiaries and other persons with respect to payment integrity and benefit quality assurance issues, and (5) developing and updating a list of durable medical equipment pursuant to section 1834(a)(15) of the Social Security Act. An entity is eligible to enter into a contract under this program if it meets certain requirements, including demonstrating to the Secretary that the entity's financial holdings, interests, or relationships will not interfere with its ability to perform the required functions.

Senate amendment

Similar except for differences in applicable conflict of interest requirements with regard to entities eligible to enter into contracts under this program.

Conference agreement

The conference agreement includes the House provision with a modification of the applicable conflict of interest requirements for eligible entities and assurance that current contractors meeting applicable requirements may compete for contracts on new program integrity activities.

C. BENEFICIARY INCENTIVE PROGRAMS

(Section 203 of the House bill; section 503 of the Senate amendment.)

Current law

No provision.

House bill

The Secretary would be required to provide an explanation of Medicare benefits with respect to each item or service for which payment may be made, without regard to whether a deductible or coinsurance may be imposed with respect to the item or service.

This provision would require the Secretary, within three months after enactment of this bill, to establish a program to encourage individuals to report to the Secretary information on individuals and entities who are engaging or who have engaged in acts or omissions that constitute grounds for sanctions under sections 1128, 1128A, or 1128B of the Social Security Act, or who have otherwise engaged in fraud and abuse against the Medicare program. If an individual reports information to the Secretary under this program that serves as a basis for the collection by the Secretary or the Attorney General of any amount of at least $100 (other than amounts paid as a penalty under section 1128B), the Secretary may pay a portion of the amount collected to the individual, under procedures similar to those applicable under section 7623 of the Internal Revenue Code of 1986.

The Secretary would be required, within three months after enactment of this bill, to establish a program to encourage individuals to submit to the Secretary suggestions on methods to improve the efficiency of the Medicare program. If the Secretary adopts a suggestion and savings to the program result, the Secretary would make a payment to the individual of an amount the Secretary considers appropriate.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

D. APPLICATION OF CERTAIN HEALTH ANTI-FRAUD AND ABUSE SANCTIONS TO FRAUD AND ABUSE AGAINST FEDERAL HEALTH CARE PROGRAMS

(Section 204 of the House bill; section 504 of the Senate amendment.)

Current law

Section 1128B provides for certain criminal penalties for convictions of Medicare and Medicaid (and certain other state health care programs) program-related fraud.

House bill

This provision would extend certain criminal penalties for fraud and abuse violations under the Medicare and Medicaid programs to similar violations in Federal health care programs generally. The term "Federal health care program" would mean any plan or program that provides health benefits, whether directly, through insurance, or otherwise which is funded directly, in whole or in part by the United States Government (other than the Federal Employee Health Benefit Program, Chapter 89 of Title 5 of the United States Code). The term also would include any state health care program, which under section 1128(h), includes Medicaid, the Maternal and Child Health Services Block Grant Program and the Social Services Block Grant Program.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

E. GUIDANCE REGARDING APPLICATION OF HEALTH CARE FRAUD AND ABUSE SANCTIONS

(Section 205 of House bill, section 505 of Senate amendment.)

Current law

The 1987 Medicare and Medicaid Patient and Program Protection Act specified various payment practices which, although potentially capable of including referrals of business under Medicare or State health care programs, are protected from criminal prosecution or civil sanction under the anti-kickback provisions of the law. The 1987 law also established authority for the Secretary to promulgate regulations specifying additional payment practices, known as "safe harbors," which will not be subject to sanctions under the fraud and abuse provisions.

House bill

The Secretary would publish an annual notice in the Federal Register soliciting proposals for modifications to existing safe harbors and new safe harbors. After considering such proposals the Secretary, in consultation with the Attorney General, would issue final rules modifying existing safe harbors and establishing new safe harbors, as appropriate. The Inspector General would submit an annual report to Congress describing the proposals received, as well as the action taken regarding the proposals. The Secretary, in considering proposals, may consider a number of factors including the extent to which the proposals would affect access to health care services, quality of care services, patient freedom of choice among health care providers, competition among health care providers, ability of health care facilities to provide services in medically underserved areas or to medically underserved populations, and the like.

The Secretary of Health and Human Services would publish the first notice in the Federal Register soliciting proposals for new or modified safe harbors no later than January 1, 1997.

The Secretary would issue written advisory opinions regarding what constitutes prohibited remuneration under section 1128B(b), whether an arrangement or proposed arrangement satisfies the criteria for activities which do not result in prohibited remuneration, what constitutes an inducement to reduce or limit services to individuals entitled to benefits, and, whether an activity constitutes grounds for the imposition of civil or criminal sanctions under sections 1128, 1128A or 1128B. Advisory opinions would be binding as to the Secretary and the party requesting the opinion.

Any person would be able to request the Inspector General to issue a special fraud alert informing the public of practices which the Inspector General considers to be suspect or of particular concern under the Medicare program or a State health care program, as defined in section 1128(h) of the Social Security Act. After investigation of the subject matter of the request, and, if appropriate, the Inspector General would issue a special fraud alert in response to the request, published in the Federal Register.

Senate amendment

Identical to the House bill provisions regarding the issuance of safe harbors and special fraud alerts. However, provides for the issuance of "interpretative rulings" instead of "advisory opinions" by the Secretary.

Conference agreement

The conference agreement includes the House provision with modifications to the advisory opinion provisions. The Secretary will be required to issue to a party requesting an advisory opinion within 60 days and the advisory opinion provisions will apply to requests made for opinions on or after the date which is 6 months after the date of enactment of this section and before the date which is 4 years after such date of enactment.

II. REVISION TO CURRENT SANCTIONS FOR FRAUD AND ABUSE

(Subtitle B of the House bill; subtitle B of the Senate amendment.)

A. MANDATORY EXCLUSION FROM PARTICIPATION IN MEDICARE AND STATE HEALTH CARE PROGRAMS

(Section 211 of the House bill; section 511 of the Senate amendment.)

Current law

Section 1128 of the Social Security Act authorizes the Secretary to impose mandatory and permissive exclusions of individuals and entities from participation in the Medicare program, Medicaid program and programs receiving funds under the Maternal and Child Health Service Block Grant, or the Social Services Block Grant. Mandatory exclusions are authorized for convictions of criminal offenses related to the delivery of health care services under Medicare and State health care programs, as well as for convictions relating to patient abuse in connection with the delivery of a health care item or service. In the case of an exclusion under the mandatory exclusion authority the minimum period of exclusion could be no less than 5 years, with certain exceptions. Permissive exclusions are authorized for a number of offenses relating to fraud, kickbacks, obstruction of an investigation, and controlled substances, and activities relating to license revocations or suspensions, claims for excessive charges or unnecessary services, and the like. Thee are no specified minimum periods of exclusion under the permissive exclusion authority.

Under Section 1128A of the Social Security Act civil monetary penalties may be imposed for false and fraudulent claims for reimbursement under the Medicare and State health care programs.

Under section 1128B, upon conviction of a program-related felony, an individual may be fined not more than $25,000 or imprisoned for not more than five years, or both.

House bill

The provision would require the Secretary to exclude individuals and entities from Medicare and State health care programs who have been convicted of felony offenses relating to health care fraud for a minimum five year period. The Secretary would also retain the discretionary authority to exclude individuals from Medicare and State health care programs who have been convicted of misdemeanor criminal health care fraud offenses, or who have been convicted of a criminal offense relating to fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct in programs (other than health care programs) funded in whole or part by any Federal, State or local agency.

The Secretary would also be required to exclude individuals and entities from Medicare and State health care programs who have been convicted of felony offenses relating to controlled substances for a minimum five year period. The Secretary would retain the discretionary authority to exclude individuals from Medicare and State health care programs who have been convicted of misdemeanor offenses relating to controlled substances.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

B. ESTABLISHMENT OF MINIMUM PERIOD OF EXCLUSION FOR CERTAIN INDIVIDUALS AND ENTITIES SUBJECT TO PERMISSIVE EXCLUSION FROM MEDICARE

(Section 212 of the House bill; section 512 of the Senate amendment.)

Current law

See above.

House bill

This section would establish a minimum period of exclusion for certain permissive exclusions from participation in Medicare and State health care programs.

For convictions of misdemeanor criminal health care fraud offenses, criminal offenses relating to fraud in non-health care Federal or State programs, convictions relating to obstruction of an investigation of health care fraud offenses, and convictions of misdemeanor offenses relating to controlled substances, the minimum period of exclusion would be three years, unless the Secretary determines that a longer or shorter period is appropriate, due to aggravating or mitigating circumstances.

For permissive exclusions from Medicare or State health care programs due to the revocation or suspension of a health care license of an individual or entity, the minimum period of exclusion would not be less than the period during which the individual's or entity's license was revoked or suspended.

For permissive exclusions from Medicare or State health care programs due to exclusion from any Federal health care program or State health care program for reasons bearing on an individual's or entity's professional competence of financial integrity, the minimum period of exclusion would not be less than the period the individual or entity is excluded or suspended from a Federal or State health care program.

For permissive exclusions from Medicare or State health care programs due to a determination by the Secretary that an individual or entity has furnish items or services to patients substantially in excess of the needs of such patients or of a quality which fails to meet professionally recognized standards of health care, the period of exclusion would be not less than one year.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

C. PERMISSIVE EXCLUSION OF INDIVIDUALS WITH OWNERSHIP OR CONTROL INTEREST IN SANCTIONED ENTITIES

(Section 213 of the House bill; section 513 of the Senate amendment.)

Current law

See above.

House bill

Under this provision an individual who has a direct or indirect ownership or control interest in a sanctioned entity and who knows or should know of the action constituting the basis for the conviction or exclusion, or who is an officer or managing employee of such an entity, may also be excluded from participation in Medicare and State health care programs by the Secretary if the entity has been convicted of an offense listed in section 1129(a) or (b)(1), (2) or (3) or otherwise excluded from program participation. Under this provision, the culpable individual would also be subject to program exclusion, even if not initially convicted or excluded.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

D. SANCTIONS AGAINST PRACTITIONERS AND PERSONS FOR FAILURE TO COMPLY WITH STATUTORY OBLIGATIONS

(Section 214 of the House bill; section 514 of the Senate amendment.)

Current law

See above.

House bill

Under this provision the Secretary may exclude a practitioner or person who has failed to comply with certain statutory obligations relating to quality of health care for such period as the Secretary may prescribe, except that such period shall be not less than one year.

The Secretary, in making his determination that a practitioner or person should be sanctioned for failure to comply with certain statutory obligations relating to quality of health care, will no longer be required to prove that the individual was either unwilling or unable to comply with such obligations.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

E. INTERMEDIATE SANCTIONS FOR MEDICARE HEALTH MAINTENANCE ORGANIZATIONS

(Section 215 of the House bill; section 515 of the Senate amendment.)

Current law

A contract between the Secretary and a Medicare Health Maintenance Organization (HMO) is generally for a 1 year term, with an option for automatic renewal. However, the Secretary may terminate any such contract at any time, after reasonable notice and an opportunity for a hearing, if the Medicare HMO has failed substantially to carry out the contract, or is carrying out the contract in a manner inconsistent with the efficient and effective administration of the requirements of section 1876 of the Social Security Act, or if the Medicare HMO no longer substantially meets the statutory requirements contained in Section 1876(b), (c), (e) and (f).

House bill

Under this section the Secretary may terminate a contract with a Medicare Health Maintenance Organization (HMO) or may impose certain intermediate sanctions on the organization if the Secretary determines that the Medicare HMO has failed substantially to carry out the contract; is carrying out the contract in a manner substantially inconsistent with the efficient and effective administration of this section; or, if the Medicare HMO no longer substantially meets the statutory requirements contained in Section 1876(b), (c), (e) and (f) of the Social Security Act.

If the basis for the determination by the Secretary that intermediate sanctions should be imposed on an eligible organization is other than that the organization has failed substantially to carry out its contract with the Secretary, then the Secretary may apply intermediate sanctions as follows: civil money penalties of not more than $25,000 for each determination if the deficiency that is the basis of the determination has directly adversely affected (or has the substantial likelihood of adversely affecting) an individual covered under the organization's contract; civil money penalties or not more than $10,000 for each week of a continuing violation; and suspension of enrollment of individuals until the Secretary is satisfied that the deficiency has been corrected and is not likely to recur.

Whenever the Secretary seeks to either terminate a Medicare HMO contract or impose intermediate sanctions on such an organization, the Secretary must do so pursuant to a formal investigation and under compliance procedures which provide the organization with a reasonable opportunity to develop and implement a corrective action plan to correct the deficiencies that were the basis of the Secretary's adverse determination. In making a decision whether to impose sanctions the Secretary is required to consider aggravating factors such as whether an entity has a history of deficiencies or has not taken action to correct deficiencies the Secretary has brought to their attention. The Secretary's compliance procedures must also include notice and opportunity for a hearing (including the right to appeal an initial decision) before the Secretary imposes any sanction or terminates the contract of a Medicare HMO, and there must not be any unreasonable or unnecessary delay between the finding of a deficiency and the imposition of sanctions.

Under this section each risk-sharing contract with a Medicare HMO must provide that the organization will maintain a written agreement with a utilization and quality control peer review organization or similar organization for quality review functions.

The amendments made by this section would apply to contract years beginning on or after January 1, 1996.

Senate amendment

Same as the House bill provision except specifies a different effective date, i.e., January 1, 1997.

Conference agreement

The Conference agreement includes the House provision, but with an effective date of January 1, 1997.

F. ADDITIONAL EXCEPTION TO ANTI-KICKBACK PENALTIES FOR RISK-SHARING ARRANGEMENTS

(Section 216 of the House bill; section 516 of the Senate amendment.)

Current law

The anti-kickback provision in section 1128B(b) contains several exceptions. These exceptions include discounts or other reductions in price obtained by a provider of services or other entity under Medicare or a State health care program if the reduction in price is properly disclosed and appropriately reflected in the costs claimed or charges made by the provider or entity under Medicare or a State health care program; any amount paid by an employer to an employee for employment in the provision of covered items or services; any amount paid by a vendor of goods or services to a person authorized to act as a purchasing agent for a group of individuals or entities under specified conditions; a waiver of any co-insurance under Part B of Medicare by a federally qualified health care center with respect to an individual who qualifies for subsidized services under a provision of the Public Health Service Act; and any payment practice specified by the Secretary as a safe harbor exception.

House bill

This section would add a new exception to the anti-kickback provisions allowing remuneration between an eligible organization under section 1876 and an individual or entity providing items or services pursuant to a written agreement between an eligible organization under section 1876 and the individual or entity. Remuneration would also be allowed between an organization and an individual or entity if a written agreement places the individual or entity at substantial financial risk for the cost or utilization of the items or services which the individual or entity is obligated to provide. The risk arrangement may be provided through a withhold, capitation, incentive pool, per diem payment or other similar risk arrangement. This amendment would apply to acts of omissions occurring after January 1, 1997.

Senate amendment

Similar. However, the House provision specifically lists two permissible risk arrangements, i.e., incentive pools, and per diem payments, which are not listed in the Senate provision, and the Senate provision provides for the issuance of regulations by the Secretary, in consultation with the Attorney General, to define substantial financial risk as necessary to protect program or patient abuse.

Conference agreement

The conference agreement includes the House provision with modifications to the definition of allowable remuneration. In addition, the conference agreement adds a provision setting forth a negotiated rulemaking process for standards relating to the new exception to the anti-kickback penalties added by this section.

G. CRIMINAL PENALTY FOR FRAUDULENT DISPOSITION OF ASSETS IN ORDER TO OBTAIN MEDICAID BENEFITS

(Section 217 of the House bill.)

Current law

Under section 1128B, upon conviction of a program-related felony, an individual may be fined not more than $25,000 or imprisoned for not more than five years or both.

House bill

This provision would add a new crime to the list of prohibited activities under section 1128B of the Social Security Act for cases where a person knowingly and willfully disposes of assets by transferring assets in order to become eligible for benefits under the Medicaid program, if disposing of the assets results in the imposition of a period of ineligibility.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

III. DATA COLLECTION

(Subtitle C of the House bill; subtitle C of the Senate amendment.)

A. ESTABLISHMENT OF THE HEALTH CARE FRAUD AND ABUSE DATA COLLECTION PROGRAM

(Section 221 of the House bill; section 521 of the Senate amendment.)

Current law

No provision.

House bill

The Secretary of Health and Human Services would be required to establish a national health care fraud and abuse data collection program for reporting final adverse actions (not including settlements in which no findings of liability have been made) against health care providers, suppliers, or practitioners.

Each government agency and health plan would, on a monthly basis, report any final adverse action taken against a health care provider, supplier, or practitioner. Certain information would be included in the report, including a description of the acts or omissions and injuries upon which the final adverse action was taken. The Secretary would, however, protect the privacy of individuals receiving health care services.

The Secretary would, by regulation, provide for disclosure of the information about adverse actions, upon request, to the health care provider, supplier, or licensed practitioner and provide procedures in the case of disputed accuracy of the information. Each government agency and health plan is required to report corrections of information already reported about any final adverse action taken against a health care provider, supplier, or practitioner in such form and manner that the Secretary prescribes by regulation.

The information in the database would be available to Federal and State government agencies and health plans. The Secretary may approve reasonable fees for the disclosure of information in the data base (other than with respect to requests by Federal agencies). The amount of such a fee shall be sufficient to recover the full costs of operating the data base.

No person or entity would be held liable in any civil action with respect to any report made as required by this section, unless the person or entity knows the information is false.

The Secretary may impose appropriate fees on physicians to cover the costs of investigation and recertification activities with respect to the issuance of identifiers for physicians who furnish services for which Medicare payments are made.

Senate amendment

Similar with one additional provision requiring that the Secretary implement this section in such a manner as to avoid duplication with the reporting requirements established for the National Practitioner Data Bank.

Conference agreement

The conference agreement includes the House provision with a modification directing the Secretary to implement this section so as to avoid duplication with the reporting requirements of the National Practitioner Data Bank under the Health Care Quality Improvement Act of 1986.

IV. CIVIL MONETARY PENALTIES

(Subtitle D of the House bill; subtitle D of the Senate amendment.)

A. SOCIAL SECURITY ACT CIVIL MONETARY PENALTIES

(Section 231 of the House bill; section 531 of the Senate amendment.)

Current law

Under Section 1128A of the Social Security Act civil monetary penalties may be imposed for false and fraudulent claims for reimbursement under the Medicare and State health care programs.

House bill

The Medicare and Medicaid program provisions providing for civil monetary penalties for specified fraud and abuse violations would apply to similar violations involving other Federal health care programs. Federal health care programs would include any health insurance plans or programs funded, in whole or part, by the Federal government, such as CHAMPUS. Civil monetary penalties and assessments received by the Secretary would be deposited into the Health Care Fraud and Abuse Control Account established under this Act.

Any person who has been excluded from participating in Medicare or a State health care program and who retains a direct or indirect ownership or control interest in an entity that is participating in a program under Medicare or a State health care program, and who knows or should know of the action constituting the basis for the exclusion, or who is an officer or managing employee of such an entity, would be subject to a civil monetary penalty of not more than $10,000 for each day the prohibited relationship occurs.

Amends the civil monetary penalty provisions of Section 1128A(a) by increasing the amount of a civil money penalty from $2,000 to $10,000 for each item or service involved. Also increases the assessment which a person may be subject to from "not more than twice the amount" to "not more than three times the amount" claimed for each such item or service in lieu of damages sustained by the United States or a State agency because of such claim.

Adds two practices to the list of prohibited practices for which civil money penalties may be assessed. The first occurs when a person engages in a pattern or practice of presenting a claim for an item or service based on a code that the person knows or should know will result in greater payments than appropriate. The second is the practice whereby a person submits a claim or claims that the person knows or should know is for a medical item or service which is not medically necessary.

The sanction against practitioners and persons who fail to comply with certain statutory obligations is changed from an amount equal to "the actual or estimated cost" of the medically improper or unnecessary services provided, to "up to $10,000 for each instance of medically improper or unnecessary services provided.

The procedural provisions outlined in Section 1128A, such as notice, hearings, and judicial review rights, would apply to civil monetary penalties assessed against Medicare Health Maintenance Organizations in the same manner as they apply to civil monetary penalties assessed against health care providers generally.

This provision also adds a new practice to the list of prohibited practices for which civil monetary penalties could be assessed. Any person who offers remuneration to an individual eligible for benefits under Medicare or a State health care program that such individual knows or should know is likely to influence such individual to order or received from a particular provider, practitioner or supplier any item or service reimbursable under Medicare or a State health care program would be subject to the various civil monetary penalties, assessments and exclusion provisions of section 1128A of the Social Security Act.

The term "remuneration" is defined to include the waiver of part or all of coinsurance and deductible amounts, as well as transfers of items or services for free, or for other than fair market value. There would be exceptions to this definition. The waiver of part or all of coinsurance and deductible amounts would not be considered remuneration under this section if the waiver is not offered as part of any advertisement or solicitation, the person does not routinely waive coinsurence or deductible amounts, and the person either waives the coinsurance and deductible amounts because the individual is in financial need, or fails to collect the amounts after reasonable collection efforts, or provides for a permissible waiver under regulations issued by the Secretary. In addition, the term remuneration would not include differentials in coinsurance and deductible amounts as part of a benefit plan design if the differentials have been disclosed in writing to all beneficiaries, third party payors, and providers, and if the differentials meeting the standards defined in the Secretary's regulations. Remuneration would also not include incentives given to individuals to promote the delivery of preventive care under the Secretary's regulations.

The effective date of these provisions is January 1, 1997.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision. The conferees do not intend that the language of section 231(d) create any new standard for coverage of a claim. The intent is to assure that a proper evaluation by a practitioner is completed and evidence of treatment need is established before services are delivered for which claims are submitted. The conferees recognize that under current law the reasonableness of a service provided by a non-medical practitioner, including a practitioner of alternative medicine, in judged by the application of principles particular to such non-medical health care professions. For example, the provision and reasonableness of chiropractic services under Medicare is judged by the application of chiropractic principles.

There is significant concern regarding the impact of the anti-fraud provisions on the practice of complementary or alternative medicine and health care. The practice of complementary or alternative medical or health care practice itself would not constitute fraud.

The conferees do not intend to penalize the exercise of medical judgment of health care treatment choices made in good faith and which are supported by significant evidence or held by a respectable minority of those providers who customarily provide similar methods of treatment. The Act is not intended to penalize providers simply because of a professional difference of opinion regarding diagnosis or treatment.

A sanction is not intended for providers who submit claims they know will not be considered reimbursable as medically necessary services, but who are required to submit the claims because their patients need to document that Medicare will not reimburse the service. In submitting such claims, providers shall notify carriers that a claim is being submitted solely for purpose of seeking reimbursement from secondary payers.

Moreover, the conferees intend that a penalty will be imposed on presentation of a claim that is false or fraudulent. No sanction is intended for providers who simply inform beneficiaries that are particular service is not covered by Medicare. Moreover, nothing in this section is intended to supersede the limitation on liability provisions established under Section 1879 of the Social Security Act.

In addition, the conferees intend, with respect to allowable remuneration, that this provision not preclude the provision of items and services of nominal value, including, for example, refreshments, medical literature, complimentary local transportation services, or participation in free health fairs.

B. CLARIFICATION OF LEVEL OF INTENT REQUIRED FOR IMPOSITION OF SANCTIONS

(Section 232 of the House bill.)

Current law

Civil monetary penalties may be imposed for seeking reimbursement under the Medicare and Medicaid programs for items of services not provided or for services provided by someone who is not a licensed physician, whose license was obtained through misrepresentation, or who misrepresented his or her qualification as a specialist, or where the claim is otherwise fraudulent. Civil penalties may also be sought for presenting a claim due for payments which are in violation of (1) contracts payment due to assignment of a patient, (2) agreements with state agencies limiting permitted charges, (3) agreements with participating physicians or suppliers, and (4) agreements with providers of services. Civil monetary penalties may also be sought against persons who provide false or misleading information that could reasonably be expected to influence a decision to discharge a person from a hospital. A person is subject to these provisions if he or she presented a claim and he or she "knows or should have known" that the claim fell into one of the categories listed above.

House bill

This provision adds a requirement, similar to the False Claims Act, that a person is subject to this provision when the person "knowingly" presents a claim that the person "knows or should know" falls into one of the prohibited categories. Thus, an assessment under this provision would only be made where a person had actual knowledge that he or she had submitted a claim or had provided false or misleading information, and where the person had actual knowledge of the fraudulent nature of the claim, acted in deliberate ignorance, or acted in reckless disregard of the truth or falsity of the information. The requirement that a person "knowingly" present a claim or "knowingly" make a false or misleading statement which influences discharge would prevent charging persons who inadvertently perform these acts.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision, but this provision has been added to the section of this bill entitled "Social Security Act Civil Monetary Penalties", above.

C. PENALTY FOR FALSE CERTIFICATION FOR HOME HEALTH SERVICES

(Section 233 of the House bill.)

Current law

No provision.

House bill

This provision would add an additional civil monetary penalty of not more than three times the amount of the payments, or $5,000, whichever is greater, for a physician who certifies that an individual meets all of Medicare's requirements to receive home health care while knowing that the individual does not meet all such requirements. This provision would apply to certifications made on or after the date of enactment of this Act.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

V. REVISIONS TO CRIMINAL LAW

(Subtitle E of the House bill; subtitle E of the Senate amendment.)

A. DEFINITIONS RELATING TO FEDERAL HEALTH CARE OFFENSE

(Section 241 of the House bill; section 542 of the Senate amendment.)

Current law

No provision.

House bill

This provision defines the term "Federal health care offense" to include violations of, or criminal conspiracies to violate, section 669, 1035, 1347 or 1518 of Title 18 of the United States Code, or section 287, 371, 664, 666, 1001, 1027, 1341, 1343, or 1954 of this title, if the violation or conspiracy relates to a health care benefit program. A "health care benefit program" is any public or private plan affecting commerce under which any medical benefit, item or service is provided to any individual, and includes any individual or entity providing such a medical benefit, item or service for which payment may be made under the plan.

Senate amendment

The Senate amendment defines "Federal health care offense" as a violation of, or a criminal conspiracy to violate section 1128B of the Social Security Act, section 1347 of this title, and sections 287, 371, 664, 666, 669, 1001, 1027, 1341, 1343, or 1954 of this title if the violation or conspiracy relates to health care fraud.

Conference agreement

The conference agreement includes the House provision.

B. HEALTH CARE FRAUD

(Section 242 of the House bill; section 541 of the Senate amendment.)

Current law

Depending on the facts of a particular case, criminal penalties may be imposed on persons engaged in health care fraud under federal mail and wire fraud statutes, the False Claims Act, false statement statues, money laundering statutes, racketeering, and other related laws.

House bill

Under this provision criminal penalties would be imposed for knowingly executing or attempting to execute a scheme or artifice (1) to defraud any health care benefit program; or (2) to obtain, by means of false or fraudulent pretense, money or property owned by, or under the custody or control of, any health care benefit program. Penalties include fines and up to 10 years imprisonment. If the violation results in serious bodily injury, the person may be imprisoned up to 20 years. If the violation results in death, the person may be imprisoned for life.

Senate amendment

Similar. However, the Senate provision provides that the crime be commended "willfully" as well as knowingly, and the penalties are listed as "any term of years" if the violation results in serious bodily injury. The Senate provision also provides that criminal fines imposed under this section be deposited into the Federal Hospital Insurance Trust Fund.

Conference agreement

The conference agreement includes the House provision with a modification specifying that the standard of intent will be "knowingly and willfully".

There has been significant concern regarding the impact of the anti-fraud provisions on the practice of complementary and alternative medicine and health care. The practice of complementary, alternative, innovative, experimental or investigational medical or health care itself would not constitute fraud. The conferees intend that this proposal not be interpreted as a prohibition of the practice of these types of medical or health care. The Act is not intended to penalize a person who exercises a health care treatment choice or makes a medical or health care judgment in good faith simply because there is a difference of opinion regarding the form of diagnosis or treatment. Nor does this provision in general prohibit plans from covering specific types of treatment. Whether certain complementary and alternative practices will be covered is and should be a decision left to health care plan administrators.

C. THEFT OR EMBEZZLEMENT

Section 243 of the House bill; section 546 of the Senate amendment)

Current law

No provision.

House bill

Criminal penalties would be imposed for embezzling, stealing, or otherwise without authority knowingly converting or intentionally misapplying any of the moneys, funds, securities, premiums, credits, property, or other assets of a health care benefit program. A person convicted under this provision would be subject to a fine under Title 18 of the United States Code, or imprisoned not more than 10 years, or both. If the value of property does not exceed $100, the defendant would be fined or imprisoned not more than one year, or both.

Senate amendment

Requires that this crime be committed "willfully", and the person convicted is subject to a fine under this title or imprisonment of not more than 10 years, or both.

Conference agreement

The conference agreement includes the House provision with a modification specifying that the standard of intent will be "knowingly and willfully".

D. FALSE STATEMENTS

(Section 244 of the Hose bill; section 544 of the Senate amendment.)

Current law

The Federal false statements provision at 18 U.S.C. §1001 generally prohibits false statements with regard to any matter within the jurisdiction of a Federal department or agency.

House bill

Criminal penalties would be imposed for knowingly falsifying, concealing, or covering up by any trick, scheme, or device a material fact, or making false, fictitious, or fraudulent statements or representations, or making or using any falsewriting or document knowing the same to contain any false, fictitious, or fraudulent statement or entry in any matter involving a health care benefit program. A person convicted under this provision may be punished by the imposition of fines under title 18 of the United States Code, or by imprisonment of not more than 5 years, or both.

Senate amendment

Contains additional elements of the crime of false statements, including the words "willfully" and "materially". The House bill language specifying that the false statements be "in connection with the delivery of or payment for health care benefits, items, or services" does not appear in the Senate amendment provision.

Conference agreement

The conference agreement includes the House provision with a modification specifying that the standard of intent will be "knowingly and willfully".

E. OBSTRUCTION OF CRIMINAL INVESTIGATIONS OF HEALTH CARE OFFENSES

(Section 245 of the House bill; section 545 of the Senate amendment.)

Current law

Under current law, criminal penalties are imposed for obstructing, delaying or preventing the communication of information to law enforcement officials regarding the violation of criminal statues by using bribery, intimidation, threats, corrupt persuasion, or harassment.

House bill

Criminal penalties would be imposed for willfully preventing, obstructing, misleading, delaying or attempting to prevent, obstruct, mislead or delay the communication of information or records relating to a Federal health care offense to a criminal investigator. A person convicted under this provision could be punished by the imposition of fines under title 18 of the United States Code or by imprisonment of not more than 5 years, or both. Criminal investigator would mean any individual duly authorized by a department, agency, or armed force of the United States to conduct or engage investigations for prosecution for violations of health care offenses.

Senate amendment

Similar, with only minor drafting differences.

Conference agreement

The conference agreement includes the House provision.

F. LAUNDERING OF MONETARY INSTRUMENTS

(Section 246 of the House bill; section 547 of the Senate amendment.)

Current law

The current Federal money laundering provision is found at 18 U.S.C. §1956(c)(7), but does not include money laundering as related to health care fraud.

House bill

An act or activity constituting a Federal health care offense would be considered a "specified unlawful activity" for purposes of the prohibition on money laundering, so that any person who engages in money laundering in connection with a Federal health care offense would be subject to existing criminal penalties.

Senate amendment

Similar, with only minor drafting differences.

Conference agreement

The conference agreement includes the House provision.

G. INJUNCTIVE RELIEF RELATING TO HEALTH CARE OFFENSES

(Section 247 of the House bill; section 543 of the Senate amendment.)

Current law

Depending on the facts of a particular case, injunctive relief may be imposed on persons who are committing or about to commit health care fraud under federal racketeering statutes and other related laws.

House bill

If a person is violating or about to commit a Federal health care offense, the Attorney General of the United States could commence a civil action in any Federal court to enjoin such a violation. If a person is alienating or disposing of property or intends to alienate or dispose of property obtained as a result of a Federal health care offense, the Attorney General could seek to enjoin such alienation or disposition, or could seek a restraining order to prohibit the person from withdrawing, transferring, removing, dissipating or disposing of any such property or property of equivalent value and appoint a temporary receiver to administer such restraining order.

Senate amendment

Similar.

Conference agreement

The conference agreement includes the House provision.

H. AUTHORIZED INVESTIGATIVE DEMAND PROCEDURES

(Section 248 of the House bill; section 548 of the Senate amendment.)

Current law

No provision.

House bill

This provision would establish procedures for the Attorney General to make investigative demands in cases regarding health care fraud. Under this section, the Attorney General could issue a summons for records and/or a witness to authenticate the records.

Administrative summons would be authorized for investigations of any scheme to defraud an health care benefit program in connection with the delivery of or payment for health care. This section would provide for service of a subpoena and enforcement of a subpoena in all United States courts, as well as a grant of immunity to persons responding to a subpoena from civil liability for disclosure of such information.

The provision would also provide that health information about an individual that is disclosed under this section may not be used in, or disclosed to any person for use in any administrative, civil, or criminal action or investigation directed against the individual who is the subject of the information unless the action or investigation arises out of, and is directly related to, receipt of health care of payment for health care or action involving a fraudulent claim related to health, or if good cause is shown.

Senate amendment

Contains additional language relating to testimony by a custodian of records, the production of records, witness fees, and administrative summons.

Conference agreement

The conference agreement includes the House provision with an amendment to include Senate bill language relating to testimony by a custodian of records.

I. FORFEITURES FOR FEDERAL HEALTH CARE OFFENSES

(Section 249 of the House bill; section 542 of the Senate amendment.)

Current law

Depending on the facts of a particular case, criminal forfeiture may be imposed on persons convicted under federal money laundering statutes, racketeering statutes, and other related laws.

House bill

A court imposing a sentence on a person convicted of a Federal health care offense could order the person to forfeit all real or personal property that is derived, directly or indirectly, from proceeds traceable to the commission of the offense. After payment of the costs of asset forfeiture have been made, the Secretary of the Treasury would deposit into the Federal Hospital Insurance Trust Fund an amount equal to the net amount realized from the forfeiture of property by reason of a federal health care offense.

Senate amendment

Identical.

Conference agreement

The conference agreement includes the House provision.

J. RELATION TO ERISA AUTHORITY

(Section 250 of the House bill.)

Current law

The Employee Retirement Income Security Act of 1974 sets forth comprehensive requirements for employee pension and welfare benefit plans, including reporting and disclosure requirements and fiduciary standards for trustees and fiduciaries; pension plans are also subject to funding, participation, and vesting requirements.

House bill

The provision states that nothing in this subtitle (Revisions to Criminal law), shall affect the authority of the Secretary of Labor under section 506(b) of ERISA to detect and investigate civil and criminal violations related to ERISA.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

2. Administrative simplification

(Sections 251 and 252 of subtitle F of title II of the House bill.)

Current law

No provision.

House bill

The bill would provide that the purpose of the subtitle was to improve the Medicare and Medicaid programs, and the efficiency and effectiveness of the health care system, by encouraging the development of health information network through the establishment of standards and requirements for the electronic transmission of certain health information. Amends title XI of the Social Security Act by adding Part C—Administrative Simplification.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

A. DEFINITIONS

(New section 1171 of the Social Security Act.)

Current law

No provision.

House bill

The bill would provide definitions for this part of the Act including the following: clearinghouse, code set, coordination of benefits, health care provider, health information, health plan, individually identifiable health information, standard, and standard setting organization.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision with an amendment to exclude a definition for coordination of benefits and clarifies the definition of health plan.

B. GENERAL REQUIREMENTS FOR ADOPTION OF STANDARDS

(New section 1172 of the Social Security Act.)

Current law

No provision.

House bill

The bill would require that any standard or modification of a standard adopted would apply to the following: (1) a health plan, (2) a clearinghouse, or (3) a health care provider, but only to the extent that the provider was conducting electronic transactions referred to in the bill. The bill would require that any standard or modification of a standard adopted must reduce the administrative cost of providing and paying for health care. The standard setting organization would be required to develop or modify any standard or modification adopted. The Secretary could adopt a standard or modification of a standard that was different from any standard developed by such organization if the different standard or modification was promulgated in accordance with rulemaking procedures and would substantially reduce administrative costs to providers and plans. The Secretary would be required to establish specifications for implementing each of the standards and modifications adopted. The standards adopted would be prohibited from requiring disclosure of trade secrets or confidential commercial information by a participant in the health information network. In complying with the requirements of this part, the Secretary would be required to rely on the recommendations of the Health Information Advisory Committee established by the bill, and consult with appropriate Federal and State agencies and private organizations.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision with a modification that requires the Secretary to rely on the recommendations of the National Committee on Vital and Health Statistics. The standard-setting organization should consult with the National Uniform Billing Committee, the National Uniform Claim Committee, the Working Group for Electronic Data Interchange, and the American Dental Association.

C. STANDARDS FOR INFORMATION TRANSACTIONS AND DATA ELEMENTS

New section 1173 of the Social Security Act.)

Current law

No provision.

House bill

The bill would require the Secretary to adopt appropriate standards for financial and administrative transactions and data elements exchanged electronically that are consistent with the goals of improving the operation of the health care system and reducing administrative costs. Financial and administrative transactions would include claims, claims attachments, enrollment and disenrollment, eligibility, health care payment and remittance advice, premium payments, first report of injury, claims status, and referral certification and authorization. Standards adopted by the Secretary would be required to accommodate the needs of different types of health care providers.

The Secretary would be required to adopt standards providing for a standard unique health identifier for each individual, employer, health plan, and health care provider for use in the health care system. The Secretary would be required to establish security standards that (1) take into account the technical capabilities of record systems to maintain health information, the costs of security measures, the need for training persons with access to health information, the value of audit trails in computerized record systems used, and the needs and capabilities of small health care providers and rural health care providers; and (2) ensure that a clearinghouse, if it is part of a larger organization, has policies and security procedures which isolate the activities of such service to prevent unauthorized access to such information by such larger organization. The Secretary would be required to establish standards and modifications to such standards regarding the privacy of individually identifiable health information that is in the health information network. The Secretary, in coordination with the Secretary of Commerce, would be required to adopt standards specifying procedures for the electronic transmission and authentication of signatures, compliance with which would be deemed to satisfy Federal and State statutory requirements for written signatures with respect to the transactions specified by the bill. This part would not be construed to prohibit the payment of health care services or health plan premiums by debit, credit, payment card or numbers, or other electronic means. The Secretary would be required to adopt standards for determining the financial liability of health plans when health benefits are payable under two or more health plans, the sequential processing of claims, and other data elements for individuals who have more than one health plan.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

The conferees recognize that certain uses of individually identifiable information are appropriate, and do not compromise the privacy of an individual. Examples of such use of information include the transfer of information when making referrals from primary care to specialty care, and the transfer of information from a health plan to an organization for the sole purpose of conducting health care-related research. As health plans and providers continue to focus on outcomes research and innovation, it is important that the exchange and aggregated use of health care data be allowed.

The conference agreement includes a modification that this part would not be construed to regulate the payment of health care services or health care premiums by debit, credit, payment card or other electronic means.

D. TIMETABLES FOR ADOPTION OF STANDARDS

(New section 1174 of the Social Security Act.)

Current law

No provision.

House bill

The bill would require the Secretary to adopt standards relating to the transactions, data elements of health information, security and privacy by not later than 18 months after the date of enactment of the part, except that standards relating to claims attachments would be required to be adopted not later than 30 months after enactment.

The Secretary would be required to review the adopted standards and adopt additional or modified standards as appropriate, but not more frequently than once every 6 months, except during the first 12-month period after the standards are adopted unless the Secretary determines that a modification is necessary in order to permit compliance with the standards. The Secretary would also be required to ensure that procedures exist for the routine maintenance, testing, enhancement, and expansion of code sets.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision with a modification that the Secretary would be required to adopt additional or modified standards not more frequently than 12 months.

E. REQUIREMENTS

(New section 1175 of the Social Security Act.)

Current law

No provision.

House bill

The bill would establish that if a person desires to conduct a financial or administrative transaction with a health plan as a standard transaction, (1) the health plan may not refuse to conduct such transaction as a standard transaction, (2) the health plan may not delay such transaction, or otherwise adversely affect, or attempt to adversely affect, the person or the transaction on the grounds that the transaction is a standard transaction, and (3) the information transmitted and received in connection with the transaction would be required to be in a form of standard data elements for health information. Health plans could satisfy the transmission of information by directly transmitting standard data elements of health information, or submitting nonstandard data elements to a clearinghouse for processing in to standard data elements and transmission. Not later than 24 months after the date on which standard or implementation specification was adopted or established under this part, each person to which the standard applied would be required to comply with the standard or specification. Small health plans, determined by the Secretary, would be required to comply not later than 36 months after standards were adopted.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

F. GENERAL PENALTY FOR FAILURE TO COMPLY WITH REQUIREMENTS AND STANDARDS

(Section 1176 of the Social Security Act.)

Current law

No provision.

House bill

The bill would require the Secretary to impose on any person who violates a provision under the bill a penalty of not more than $100 for each such violation of a specific standard or requirement, except that the total amount imposed on the person for all such violations during a calendar year would not exceed $25,000. A penalty would not be imposed if it was established that the person liable for the penalty did not know, and by exercising reasonable diligence would not have known, that such person violated the provision. A penalty would not be imposed if (1) the failure to comply was due to reasonable cause and not willful neglect, and (2) the failure to comply with corrected during the 30-day period beginning on the first date the person liable for the penalty knows, or would have known, that the failure to comply occurred.

Senate amendment

No provision.

Conference agreement.

The conference agreement includes the House provision.

G. WRONGFUL DISCLOSURE OF INDIVIDUALLY IDENTIFIABLE HEALTH INFORMATION

(New section 1177 of the Social Security Act.)

Current law

No provision.

House bill

The bill would define the offense of wrongful disclosure of individually identifiable health information as instances when a person who knowingly (1) uses or causes to be used a unique health identifier violation of a provision in this part, (2) obtains individually identifiable health information relating to an individual in violation of a provision in this part, or (3) discloses individually identifiable health information to another person in violation of this part. A person committing such an offense would be required to (1) be fined not more than $50,000, imprisoned not more than 1 year, or both; (2) if the offense was committed under false pretenses, be fined not more than $100,000, imprisoned not more than 5 years, or both; and (3) if the offense was committed with intent to sell, transfer, or use individually identifiable health information for commercial advantage, personal gain, or malicious harm, fined not more than $250,000, imprisoned not more than 10 years, or both.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

H. EFFECT ON STATE LAW

(New section 1178 of the Social Security Act.)

Current law

No provision.

House bill

The bill would require that a provision, requirement, or standard provided by the bill supersede any contrary provision of state law, including a provision of state law that required medical or health plan records (including billing information) to be maintained or transmitted in written rather that electronic form. A provision under the bill would not supersede a contrary provision of state law if the provision of state law (1) was more stringent than the requirements of the bill with respect to privacy or individually identifiable health information, or (2) was a provision the Secretary determined was necessary to prevent fraud and abuse with respect to controlled substances or for other purposes.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision with a modification, that the provision would not supersede a contrary State law only if the Secretary determines that the State law (1) is necessary to prevent fraud and abuse; (2) to ensure appropriation State regulation of insurance and health plans; (3) for state reporting on health care delivery or costs, or for other purposes; or (4) addresses controlled substances.

The conference agreement also includes the requirement that any standard adopted under this part would not apply to the following: (1) the use or disclosure of information for authorizing, processing, clearing, settling, billing, transferring, collecting, or reconciling a payment for, health plan premiums or health care, where such payment is made by means of a credit, debit, or other payment card, or by an account, check, electronic funds transfer or other such means; (2) the use or disclosure of information relating to a payment described above for transferring receivables, resolving customer disputes or inquiries, auditing, supplying a statement to a consumer of a financial institution regarding the customer's account with such an institution, reporting to customer reporting agencies, or complying with a civil or criminal subpoena or a Federal or State law regulating financial institutions.

The conferees do not intend to exclude the activities of financial institutions or their contractors from compliance with the standards adopted under this part if such activities would be subject to this part. However, conferees intend that this part does not apply to use or disclosure of information when an individual utilizes a payment system to make a payment for, or related to, health plan premiums or health care. For example, the exchange of information between participants in a credit card system in connection with processing a credit card payment for health care would not be covered by this part. Similarly sending a checking account statement to an account holder who uses a credit or debit card to pay for health care services, would not be covered by this part. However, this part does apply if a company clears health care claims, the health care claims activities remain subject to the requirements of this part.

I. CHANGES IN MEMBERSHIP AND DUTIES OF NATIONAL COMMITTEE ON VITAL AND HEALTH STATISTICS

(Section 253 of the House bill.)

Current law

No provision.

House bill

The bill would amend the membership and duties of the National Committee on Vital and Health Statistics, authorized under section 306(k) of the Public Health Service Act, as amended, by increasing the number of members to 18. The committee would be required to (1) provide assistance and advice to the Secretary on issues related to health statistical and health information; health with complying with the requirements of the bill; (2) study the issues related to the adoption of uniform data standards for patient medical record information and electronic exchange of such information; (3) report to the Secretary not later than 4 years after enactment of the Health Coverage Availability and Affordability Act of 1996, and annually thereafter, recommendations and legislative proposals for such standards and electronic exchange; and (4) be generally advising the Secretary and the Congress on the status of the future of the health information network. The committee would be required, not later than 1 year after enactment, to report to Congress, health care providers, health plans, and other entities using the health information network regarding (1) the extent to which entities using the network were meeting the standards adopted and working together to form an integrated network that meets the needs of its users; (2) the extent to which entities were meeting the privacy and security standards, and the types of penalties assessed for noncompliance; (3) whether the federal and state governments were receiving information of sufficient quality to meet their responsibilities; (4) any problems that exist with implementation of the network; and (5) the extent to which timetables established by under this part of the bill were being met.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision.

The conference agreement also includes a requirement that the Secretary submit detailed recommendations on standards with respect to the privacy of individually identifiable health information not later than 12 months after enactment. The recommendations would be required to address at least: (1) the rights an individual should have relating to individually identifiable health information; (2) the procedures that should be established for the exercise of such rights; and (3) the uses and disclosures of such information that should be authorized or required. The Secretary would be required to consult with the Attorney General, and the National Committee on Vital and Health Statistics for carrying out this requirement. If Congress fails to enact privacy legislation, the Secretary is required to develop standards with respect to privacy of individually identifiable health information not later than 42 months from the date of enactment.

The conferees recognize that industry experts are essential to the membership of the National Committee on Vital and Health Statistics. It is the conferees' intent that the Committee select representatives from the insurer, HMO, provider, employer, accreditation communities, and a representative from the Workgroup for Electronic Data Interchange (WEDI).

The conferees recognize that technological innovation with respect to electronic transmission of health-care related transactions is progressing rapidly in the marketplace. The conferees do not intend to stifle innovation in this area. Therefore, the conferees intend that the Committee take into account private sector initiatives.

3. Duplication and coordination of Medicare-related plans

(Subtitle G of title II of the House bill.)

A. DUPLICATION AND COORDINATION OF MEDICARE-RELATED PLANS

(Section 281 of House bill.)

Current law

Many Medicare beneficiaries purchase private health insurance to supplement their Medicare coverage. These individually purchased policies are known as Medigap policies. The Omnibus Budget Reconciliation Act of 1990 (OBRA 1990, P.L. 101–508) provided for a standardization of Medigap policies. OBRA also substantially modified the antiduplication provision contained in law. The intent of the OBRA 1990 anti-duplication provision was to prohibit sales of duplicative Medigap policies. However, the statutory language applied, with very limited exceptions, to all "health insurance policies" sold to Medicare beneficiaries. Observers noted that this provision could thus apply to a broad range of policies including hospital indemnity plans, dread disease policies, and long-term care insurance policies.

The Social Security Amendments of 1994 (P.L. 103–432) included a number of technical modifications to the Medigap statute, including modifications to the anti-duplication provisions contained in section 1882(d)(3) of the Act. Under the revised language, it is illegal to sell or issue the following policies to Medicare beneficiaries: (i) a health insurance policy with knowledge that is duplicates Medicare or Medicaid benefits to which a beneficiary is otherwise entitled; (ii) a Medigap policy, with knowledge that the beneficiary already has a Medigap policy; or (iii) a health insurance policy (other than Medigap) with knowledge that it duplicates private health benefits to which the beneficiary is already entitled.

A number of exceptions to these prohibitions are established. The sale of a medigap policy is not in violation of the provisions relating to duplication of Medicaid coverage if: (i) the State Medicaid program pays the premiums for the policy; (ii) in the case of qualified Medicare beneficiaries (QMBs), the policy includes prescription drug coverage; or (iii) the only Medicaid assistance the individual is entitled to is payment of Medicare Part B premiums.

The sale of a health insurance policy (other than a Medigap policy) that duplicates private coverage is not prohibited if the policy pays benefits directly to the individual without regard to other coverage. Further, the sale of a health insurance policy (other than a Medigap policy to an individual entitled to Medicaid) is not in violation of the prohibition relating to selling of a policy duplicating Medicare or Medicaid, if the benefits are paid without regard to the duplication in coverage. This exception is conditional on the prominent disclosure of the extent of the duplication, as part of or together with, the application statement.

P.L. 103–432 provided for the development by the National Association of Insurance Commissioners (NAIC) of disclosure statements describing the extent of duplication for each of the types of private health insurance policies. Statements were to be developed, at a minimum, for policies paying fixed cash benefits directly to the beneficiary and policies limiting benefits to specific diseases. The NAIC identified 10 types of health insurance policies requiring disclosure statements and developed statements for them. These were approved by the Secretary and published in the *Federal Register* on June 12, 1995.

House bill

The provision would modify the anti-duplication provisions. The requirement for obtaining a written application statement would be limited to the sale of Medigap policies to persons already having Medigap policies.

Anti-duplicative provisions would specifically state that a policy which pays benefits to or on behalf of an individual without regard to other health benefit coverage would not be considered to duplicate any health benefits under Medicare, Medicaid, or a health insurance policy. Further, such policies would be excluded from the sales prohibitions.

The provision would specifically state that a health insurance policy (or a rider to an insurance contract which is not a health policy) which provides benefits for long term care, nursing home care, home health care or community-based care and that coordinates or excludes against services covered under Medicare would not be considered duplicative, provided such coordination or exclusion was disclosed in the policy's outline of coverage.

The provision would specify that a health insurance policy (which may be a contract with a health maintenance organization), provided to a disabled beneficiary, that is a replacement product for another policy that is being terminated by the insurer would not be considered duplicative if it coordinates with Medicare.

The provision would prohibit the imposition of criminal or civil penalties, or taking of legal action, with respect to any actions which occurred between enactment of P.L. 103–432 and enactment of this measure, provided the policies the policies met the new requirements.

The provision would prohibit States from imposing duplication requirements with respect to a policy (other than Medigap policy) or rider to an insurance contract which is not a health policy if the policy or rider pays benefits without regard to other benefits coverage or if it is a long-term care, policy or policy sold to the disabled (as such policies are described above).

The provision would also delete current language relating to required disclosure statements.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House provision with modifications. The agreement would clarify that policies offering only long-term care, nursing home care, home health care, or community based care, or any combination thereof would be allowed to coordinate benefits with Medicare and not be considered duplicative, provided such coordination was disclosed. The conference agreement does not include the provision relating to replacement policies sold to disabled persons.

The conference agreement would modify, rather than repeal, the current law requirement for disclosure statements for policies that pay regardless of other coverage. Disclosure statements, for the type of policy being applied for, would be furnished to a Medicare beneficiary applying for a health insurance policy. The statement would be furnished as a part of (or together with) the policy application.

The conference agreement would specify that whoever issues or sells a health insurance policy to a Medicare beneficiary and fails to furnish the required disclosure statement would be fined under title 18 of the United States Code, or imprisoned not more than five years or both. In addition, or in lieu of the criminal penalty, a civil money penalty of $25,000 (or $15,000 in the case of someone who is not an issuer) could be imposed for each violation.

The disclosure requirements would not apply to Medigap policies or health insurance policies identified in the July 12, 1995 Federal Register notice (i.e. policies that do not duplicate Medicare (even incidentally), life insurance policies that contain long-term care riders or accelerated death benefits, disability insurance policies, property and casualty policies, employer and union group health plans, managed care organizations with Medicare contracts, and health care prepayment plans (HCPPs) that provide some or all of Part B benefits under an agreement with HCFA.)

The conference agreement would modify existing disclosure statements to remove the wording that implies the policies duplicate Medicare coverage. New language would be substituted which states that: "Some health care services paid for by Medicare may also trigger the payment of benefits under this policy".

The agreement would further modify the required statement for policies providing both nursing home and non-institutional coverage, nursing home benefits only, or home health care benefits only. The reference to Federal law would be modified to read: "Federal law requires us to inform you that in certain situations this insurance may pay for some care also covered by Medicare". All other policies would be required to include the following statement: "This policy must pay benefits without regard to other health benefit coverage to which you may be entitled under Medicare or other insurance."

The conference agreement would further modify the language relating to State actions. The law would specifically state that nothing in the provision restricts or precludes a State's ability to regulate health insurance, including the policies subject to disclosure requirements. However, a State may not declare or specify, in statute, regulation, or otherwise, that a health insurance policy (other than a Medigap policy) or rider to an insurance contract which is not a health insurance policy that pays regardless of other coverage duplicates Medicare or Medigap benefits.

The conference agreement further narrows the language relating to application of penalties and legal action with respect to nonduplication requirements during a transition period, defined as beginning on November 5, 1991 and ending on the date of enactment. No criminal or civil monetary penalty could be imposed for an act or omission that occurred during the transition period relating to policies that pay benefits without regard to other coverage or long-term care policies. No legal action could be brought or continued in any Federal or State court with respect to the sale of such policies insofar as such action includes a cause of action which arose or is based on action occurring during the transition period and relating to non-duplication requirements. This limitation on legal actions would be conditional on the existing disclosure requirements being met with respect to any policy sold during the period beginning on the effective date of the disclosure requirements required by the 1994 Act (i.e. August 11, 1995) and ending 30 days after enactment.

The conference agreement further provides that the new disclosure rules only apply after enactment to health insurance policies that pay regardless of other coverage and 30-days after enactment to another health insurance policy.

The conference agreement would further permit a seller or issuer of a health insurance policy to use current disclosure statements rather than the new disclosure statements.

4. Medical liability reform

(Subtitle H of title II of the House bill; section 310 of title I of the Senate amendment.)

I. GENERAL PROVISIONS

A. FEDERAL REFORM OF HEALTH CARE LIABILITY ACTIONS

(Section 271 of House bill.)

Current law

There are no uniform Federal standards governing health care liability actions.

House bill

(1) Applicability. The provision would provide for Federal reform of health care liability actions. It would apply to any health care liability action brought in any State or Federal court. The provisions would not apply to any action for damages arising from a vaccine-related injury or death or to the extent that the provisions of the National Vaccine Injury Compensation Program apply. The provisions would also not apply to actions under the Employment Retirement Income Security Act.

(2) Preemption; Effect on Sovereign Immunity. The provisions would preempt State law to the extent State law provisions were inconsistent with the new requirements. However, it would not preempt State law to the extent State law provisions were more stringent. The provision specifies that nothing in the preemption provision could be construed to: (i) waive or affect any defense of sovereign immunity asserted by any State under any provision of law; (ii) waive or affect any defense of sovereign immunity asserted by the U.S.: (iii) affect any provision of the Foreign Services Immunity Act of 1976; (iv) preempt State choice-of-law rules with respect to claims brought by a Foreign nation or a citizen of a foreign nation; or (v) affect the right of any court to transfer venue or to apply the law of a foreign nation or to dismiss a claim of a foreign nation or of a citizen of a foreign nation on the ground of inconvenient forum.

(3) Amount in Controversy; Federal Court Jurisdiction. The provision would specify that in the case of a health care liability action brought under section 1332 of Title 28 of the U.S. Code, the amount of noneconomic and punitive damages and attorneys fees would not be included in establishing the amount in controversy for purposes of establishing original jurisdiction. Further, the provision would specify that nothing in this subtitle would be construed to establish any jurisdiction in the U.S. district courts over health care liability action on the basis of Federal question grounds specified in section 1331 or 1337 of title 28 of the U.S. Code.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

B. DEFINITIONS

(Section 272 of House bill.)

Current law

No provision.

House bill

The provision would define the following terms for purposes of the Federal reforms: actual damages; alternative dispute resolution system; claimant; clear and convincing evidence; collateral source payments; drug; economic loss; harm; health benefit plan; health care liability action; health care liability claim; health care provider; health care service; medical device; noneconomic damages; person; product seller; punitive damages; and State.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

C. EFFECTIVE DATE

(Section 273 of House bill.)

Current law

No provision.

House bill

The provision would specify that Federal reforms apply to any health care liability action brought in any State or Federal court that is initiated after the date of enactment. The provision would also apply to any health care liability claim subject to an alternative dispute resolution system. Any health care liability claim or action arising from an injury occurring prior to enactment would be governed by the statute of limitations in effect at the time the injury occurred.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

II. UNIFORM STANDARDS FOR HEALTH CARE LIABILITY ACTIONS

A. STATUTE OF LIMITATIONS

(Section 281 of House bill.)

Current law

To date reforms of the malpractice system have occurred primarily at the State level and have generally involved changes in the rules governing tort cases. (A tort case is a civil action to recover damages, other than for a breach of contract.)

House bill

The provision would establish a uniform statute of limitations. Actions could not be brought more than two years after the injury was discovered or reasonably should have been discovered. In no event could the action be brought more than five years after the date of the alleged injury.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

B. CALCULATION AND PAYMENT OF DAMAGES

(Section 282 of House bill.)

Current bill

No provision.

House bill

1. Noneconomic Damages. The provision would limit noneconomic damages to $250,000 in a particular case. The limit would apply regardless of the number of persons against whom the action was brought or the number of actions brought.

The provision would specify that a defendant would only be liable for the amount of noneconomic damages attributable to that defendant's proportionate share of the fault or responsibility for that claimant's injury.

2. Punitive Damages. The provision would permit the award of punitive damages (to the extent allowed under State law) only if the claimant established by clear and convincing evidence either that the harm was the result of conduct that specifically intended to cause harm or the conduct manifested a conscious flagrant indifference to the rights or safety of others. The amount of punitive damages awarded could not exceed $250,000 or three times the amount of economic damages, whichever was greater. The determination of punitive damages would be determined by the court and not be disclosed to the jury. The provision would not create a cause of action for punitive damages. Further, it would not preempt or supersede any State or Federal law to the extent that such law would further limit punitive damage awards.

The provision would permit either party to request a separate proceeding (bifurcation) on the issue of whether punitive damages should be awarded and in what amount. If a separate proceeding was requested, evidence related only to the claim of punitive damages would be inadmissible in any proceeding to determine whether actual damages should be awarded.

The provision would prohibit the award of punitive damages in a case where the drug or device was subject to premarket approval by the Food and Drug Administration, unless there was misrepresentation or fraud. A manufacturer or product seller would not be held liable for punitive damages related to adequacy of required tamper resistant packaging unless the packaging or labeling was found by clear and convincing evidence to be substantially out of compliance with the regulations.

3. Periodic Payments for Future Losses. The provision would permit the periodic (rather than lump sum) payment of future losses in excess of $50,000. The judgment of a court awarding periodic payments could not, in the absence of fraud, be reopened at any time to contest, amended, or modify the schedule or amount of payments. The provision would not preclude a lump sum settlement.

4. Treatment of Collateral Source Payments. the provision would permit a defendant to introduce evidence of collateral source payments. Such payments are those which are any amounts paid or reasonably likely to be paid by health or accident insurance, disability coverage, workers compensation, or other third party sources. If such evidence was introduced, the claimant could introduce evidence of any amount paid or reasonably likely to be paid to secure the right to such collateral source payments. No provider of collateral source payments would be permitted to recover any amount against the claimant or against the claimant's recovery. The provision would apply to settlements as well as actions resolved by the courts.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

C. ALTERNATIVE DISPUTE RESOLUTION

(Section 283 of House bill.)

Current law

No provision.

House bill

The provision would require that any alternative dispute resolution system used to resolve health care liability actions or claims must include provisions identical to those specified in the bill.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House provision.

III. MEDICAL VOLUNTEERS

(Section 310 of Senate bill.)

Current law

The Federally Supported Health Centers Assistance Act of 1992 (P.L. 102–501) provides protection from legal liability for certain health professionals providing services under the Public Health Service Act P.L. 104–73 made the provision permanent.

House bill

No provision.

Senate amendment

Section 310 of the bill would be known as the Medical Volunteer Act. It would provide that under certain circumstances a health care professional would be regarded for purposes of a malpractice claim to be a Federal employee for purposes of the Federal tort claims provisions of title 28 of the U.S. Code. Specifically this would occur when such professional provided services to a medically underserved person without receiving compensation for such services. The professional would be deemed to have provided services without providing compensation only if prior to furnishing services the professional: (i) agreed to furnish services without charge to any person, including any health insurance plan or program under which the recipient is covered; and (ii) provided the recipient with adequate notice (as determined by the Secretary) of the limited liability of the professional. These provisions would preempt any State law to the extent such law was inconsistent; they would not preempt any State law that provided greater incentives or protections.

A medically underserved person would be defined as a person residing in either: (I) a medically underserved area as defined for purposes of determining a medically underserved population under section 330 of the Public Health Service Act; or (ii) a health professional shortage area as defined in section 332 of that Act. Further the individual would have to receive care in a facility substantially comparable to any of those designated in the Federally-Supported Health Centers Act, as determined in regulations of the Secretary.

Conference agreement

The conference agreement includes the Senate provision. The provision extends Federal Tort Claims Act coverage to certain medical volunteers in free clinics in order to expand access to health care services to low-income individuals in medically underserved areas. Such coverage is currently provided in the Public Health Service Act to certain community and other health centers under the Federally Supported Health Centers Assistance Act. The provision tracks to the extent possible the provisions of that Act with respect to the coverage provided, quality assurance, and the process by which a free clinic applies to have a free clinic health professional deemed an employee of the Public Health Service.

Health professionals must meet certain conditions before they are deemed employees of the Public health Service Act. They must be licensed or certified in accordance with applicable law and they must be volunteers; they may not receive compensation for the services in the form of salary, fees, or third-party payments. However, they may receive reimbursement from the clinic for reasonable expenses, such as costs of transportation and the cost of supplies they provide. Further, the free clinic may receive a voluntary donation from the individual served.

Eligible health professionals must provide qualifying services (i.e., otherwise available for Medicaid reimbursement) at a free clinic or through programs or events conducted by the clinic. These programs or events may include the provision of health services in a clinic-owned or clinic-operated mobile van or at a booth in a health fair. They may not include the provision of health services in a private physician's office following a referral from the free clinic. The health care professional or the free clinic must provide prior written notice of the extent of the limited liability to the individual.

The free clinic must be licensed or certified under applicable law and may not impose a charge on or accept reimbursement from any private or public third-party payor. The free clinic may, however, receive voluntary donations from individuals receiving health care services and is not precluded from receiving donations, grants, contracts, or awards from private or public sources for the general support of the clinic, or for specific purposes other than for payment or reimbursement for a health care service.

A free clinic must apply, consistent with the provisions applicable to community health centers, to have each health care professional "deemed" an employee of the Public Health Service Act, and therefore eligible for coverage under the Federal Tort Claims Act. A free clinic may not be deemed such an employee under this provision.

The Committee is aware that each of the 50 states have passed laws to limit the liability of volunteers in a variety of circumstances. This provision does not preempt those laws beyond the preemption provided in the Federal Tort Claims Act. Instead, the United States shall be liable in the same manner and to the same extent as a private individual in the same circumstances under State law.

The provision applies only to causes of action filed against a health professional for acts or omissions occurring on or after the date on which the health professional is determined by the Secretary to be a "free clinic health professional."

The provision establishes for free clinics funding and estimating mechanisms that match to the extent possible those for community health centers. No funds appropriated for purposes of community health centers will be available to free clinics.

4. Other provisions

I. EXTENSION OF MEDICARE SECONDARY PAYER PROVISIONS

(Sec. 621 of Senate Amendment.)

Current law

Generally Medicare is the "primary payer," that is, it pays health claims first, with an individual's private or other public insurance filling in some or all of Medicare's coverage gaps. However, in certain instances, the individual's other coverage pays first, while Medicare is the secondary payer. This phenomenon is referred to as the MSP program. A group health plan offered by an employer (with 20 or more employees is required to offer workers age 65 or over (and workers spouses age 65 or over) the same group health insurance coverage as is offered to younger workers. If the worker accepts the coverage, the employer is the primary payer, with Medicare becoming the secondary payer.

Similarly, a group health plan offered by a large employer (100 or more employees) is the primary payer for employees or their dependents who are on the Medicare disability program. The provision applies only to persons covered under the group plan because the employee is in "current employment status" (i.e. is an employee or is treated as an employee by the employer). The MSP provision for the disabled population expires October 1, 1998.

The MSP provisions apply to end-stage renal (ESRD) beneficiaries with employer group health plans, regardless of employer size. The group health plan is the primary payer for 18 months for persons who become eligible for Medicare ESRD benefits. The employer's role as primary payer is limited to a maximum of 21 months (18 months plus the usual 3-month waiting period for Medicare ESRD coverage). The 18-month MSP provisions for the ESRD population expire October 1, 1998; at that time the period would revert to 12 months.

The law authorizes a data match program which is intended to identify potential secondary payer situations. Medicare beneficiaries are matched against data contained in Social Security Administration (SSA) and Internal Revenue Service (IRS) files to identify cases in which a working beneficiary (or working spouse) may have employer-based health insurance coverage. Cases of previous incorrect Medicare payments are identified and recoveries are attempted. The authority for the program extends through Sept. 30, 1998.

House bill

No provision.

Senate Amendment

The provision would make permanent the MSP provisions for the disabled and the 18-month period for the ESRD population. It would also make permanent the data match requirement.

Conference agreement

The conference agreement does not include the Senate provision.

TITLE III. TAX-RELATED HEALTH PROVISIONS

A. MEDICAL SAVINGS ACCOUNTS

(Sec. 301 of the House bill.)

Present law

The tax treatment of health expenses depends on whether the individual is an employee or self employed, and whether the individual is covered under an employer-sponsored health plan. Employer contributions to a health plan for coverage for the employee and the employee's spouse and dependents is excludable from the employee's income and wages for social security tax purposes. Self-employed individuals are entitled to deduct 30 percent of the amount paid for health insurance for a self-employed individual and his or her spouse or dependents. Any individual who itemizes tax deductions may deduct unreimbursed medical expenses (including expenses for medical insurance) paid during the year to the extent that the total of such expenses exceeds 7.5 percent of the individual's adjusted gross income ("AGI"). Present law does not contain any special rules for medical savings accounts.

House bill

In general

Within limits, contributions to a medical savings account ("MSA") are deductible if made by an eligible individual and are excludable from income (and wages for social security purposes) if made by the employer of an eligible individual. Earnings on amounts in an MSA are not currently taxable. Distributions from an MSA for medical expenses are not taxable.

Eligible individuals

An individual is eligible to make a deductible contribution to an MSA (or to have employer contributions made on his or her behalf) if the individual is covered under a high deductible health plan and is not covered under another health plan (other than a plan that provides certain permitted coverage). An individual with other coverage in addition to a high deductible plan is still eligible for an MSA if such other coverage is certain permitted insurance or is coverage (whether provided through insurance to otherwise) for accidents, disability, dental care, vision care, or long-term care. Permitted insurance is (1) Medicare supplemental insurance; (2) insurance if substantially all of the coverage provided under such insurance relates to (a) liabilities incurred under worker's compensation law, (b) tort liabilities, (c) liabilities relating to ownership or use of property (e.g., auto insurance), or (d) such other similar liabilities as the Secretary may prescribe by regulations, (3) insurance for a specified disease or illness, and (4) insurance that provides a fixed payment for hospitalization. An individual is not eligible to make deductible contributions to an MSA for a year if any employer contributions are made to an MSA on behalf of the individual for the year.

Tax treatment of and limits on contributions

Individuals contributions to an MSA are deductible (within limits) in determining AGI. Employer contributions are excludable (within the same limits) from gross income and wages for employment tax purposes, except that this exclusion does not apply to contributions made through a cafeteria plan. The maximum amount of contributions that can be deducted or excluded for a year is equal to the lesser of (1) the deductible under the high deductible health plan or (2) $2,000 in the case of single coverage and $4,000 if the high deductible plan covers the individual and a spouse or dependent. The annual limit is the sum of the limits determined separately for each month, based on the individual's status as of the first day of the month. The maximum contribution limit to an MSA is determined separately for each spouse in a married couple. In no event can the maximum contribution limit exceed $4,000 for a family. The dollar limits are indexed for medical inflation and rounded to the nearest multiple of $50.

Definition of high deductible health plan

A high deductible health plan is a health plan with a deductible of at least $1,500 in the case of single coverage and $3,000 in the case of coverage of more than one individual. These dollar limits are indexed for medical inflation, rounded to the nearest multiple of $50.

Tax treatment of MSAs

Earnings on amounts in an MSA are not currently includible in income.

Taxation of distributions

Distributions from an MSA for the medical expenses of the individual and his or her spouse or dependents are excludable from income. For this purpose, medical expenses do not include expenses for insurance other than long-term care insurance, premiums for health care continuation coverage, and premiums for health care coverage while an individual is receiving unemployment compensation under Federal or State law.

Distributions that are not for medical expenses are includible in income. Such distributions are also subject to an additional 10-percent tax unless made after age 59½, death or disability.

Upon death, if the beneficiary is the individual's surviving spouse, the spouse may continue the MSA as his or her own. Otherwise, the beneficiary must include the MSA balance in income in the year of death. If there is no beneficiary, the MSA balance is includible on the final return of the decedent. In any case, no estate tax applies.

Definition of MSA

In general, an MSA is a trust or custodial account created exclusively for the benefit of the account holder and is subject to rules similar to those applicable to individual retirement arrangements.

Effective date

Taxable years beginning after December 31, 1996.

Senate amendment

The Senate amendment does not contain provisions providing favorable tax treatment for MSAs. However, the Senate amendment amends the Public Health Services Act to permit health maintenance organizations to charge deductibles to individuals with an MSA. In addition, the Senate amendment provides that it is the sense of the Committee on Labor and Human Resources that the establishment of MSAs should be encouraged as part of any health insurance legislation passed by the Senate through the use of tax incentives relating to contributions to, the income growth of, and the qualified use of, MSAs. The Senate amendment also provides that it is the sense of the Senate that the Congress should take measures to further the purposes of the Senate amendment, including any necessary changes to the Internal Revenue Code to encourage groups and individuals to obtain health coverage, and to promote access, equity, portability, affordability, and security of health benefits.

Conference agreement

The conference agreement follows the House bill, with modifications.

In general

Within limits, contributions to a medical savings account ("MSA") are deductible if made by an eligible individual and are excludable if made by the employer of an eligible individual. Earnings on amounts in an MSA are not currently taxable. Distributions from an MSA for medical expenses are not taxable.

Eligible individuals

Beginning in 1997, MSAs are available to employees covered under an employer-sponsored high deductible plan of a small employer and self-employed individuals. An employer is a small employer if it employed, on average, no more than 50 employees during either the preceding or the second preceding year.

In determining whether an employer is a small employer, a preceding year is not taken into account unless the employer was in existence throughout such year. In the case of an employer that was not in existence through the first preceding year, the determination of whether the employer has no more than 50 employees is based on the average number of employees that the employer reasonably expects to employ in the current year. In determining the number of employees of an employer, employers under common control are treated as a single employer.

In order for an employee of an eligible employer to be eligible to make MSA contributions (or to have employer contributions made on his or her behalf), the employee must be covered under an employer-sponsored high deductible health plan and must not be covered under any other health plan (other than a plan that provides certain permitted coverage). In the case of an employee, contributions can be made to an MSA either by the individual or by the individual's employer. However, an individual is not eligible to make contributions to an MSA for a year if any employer contributions are made to an MSA on behalf of the individual for the year.

Similarly, in order to be eligible to make contributions to an MSA, a self-employed individual must be covered under a high deductible health plan and no other health plan (other than a plan that provides certain permitted coverage).

An individual with other coverage in addition to a high deductible plan is till eligible for an MSA if such other coverage is certain permitted insurance or is coverage (whether provided through insurance to otherwise) for accidents, disability, dental care, vision care, or long-term care. Permitted insurance is: (1) Medicare supplemental insurance; (2) insurance if substantially all of the coverage provided under such insurance relates to (a) liabilities incurred under worker's compensation law, (b) tort liabilities, (c) liabilities relating to ownership or use of property (e.g., auto insurance), or (d) such other similar liabilities as the Secretary may prescribe by regulations, (3) insurance for a specified disease or illness, and (4) insurance that provides a fixed payment for hospitalization.

If a small employer with an MSA plan (i.e., the employer or its employees made contributions to an MSA) ceases to become a small employer (i.e., exceeds the 50-employee limit), then the employer (and its employees) can continue to establish and make contributions to MSAs (including contributions for new employees and employees that did not previously have an MSA) until the year following the first year in which the employer has more than 200 employees. After that, those employees who had an MSA (to which individual or employer contributions were made in any year) can continue to make contributions (or have contributions made on their behalf) even if the employer has more than 200 employees. For example, suppose Employer A has 48 employees in 1995 and 1996, and 205 employees in 1997 and 1998. A would be a small employer in 1997 and 1998 because it has 50 or fewer employees in the preceding or the second preceding year. Employer A would still be considered a small employer in 1999. However, in years after 1999, Employer A would not be considered a small employer (even if the number of employees fell to 50 or below), and in years after 1999, only employees who previously had MSA contributions (or have employer contributions made on their behalf).

Tax treatment of and limits on contributions

Individual contributions to an MSA are deductible (within limits) in determining AGI (i.e., "above the line"). In addition, employer contributions are excludable (within the same limits), except that this exclusion does not apply to contributions made through a cafeteria plan.

In the case of a self-employed individual, the deduction cannot exceed the individual's earned income from the trade or business with respect to which the high deductible plan is established. In the case of an employee, the deduction cannot exceed the individual's compensation attributable to the employer sponsoring the high deductible plan in which the individual is enrolled.

The maximum annual contribution that can be made to an MSA for a year is 65 percent of the deductible under the high deductible plan in the case of individual coverage and 75 percent of the deductible in the case of family coverage. No other dollar limits on the maximum contribution apply. The annual contribution limit is the sum of the limits determined separately for each month, based on the individual's status and health plan coverage as of the first day of the month.

Contributions for a year can be made until the due date for the individual's tax return for the year (determined without regard to extensions).

In order to facilitate application of the cap on the number of MSA participants, described below, the employer is required to report employer MSA contributions, and the individual is required to report such employer MSA contributions on the individual's tax return.

Comparability rule for employer contributions

If an employer provides high deductible health plan coverage coupled with an MSA to employees and makes employer contributions to the MSAs, the employer must make available a comparable contribution on behalf of all employees with comparable coverage during the same period. Contributions are considered comparable if they are either of the same amount or the same percentage of the deductible under the high deductible plan. The comparability rule is applied separately to part-time employees (i.e., employees who are customarily employed for fewer than 30 hours per week). No restrictions are placed on the ability of the employer to offer different plans to different groups of employees.

For example, suppose an employer maintains two high deductible plans, Plan A, with a deductible of $1,500 for individual coverage and $3,000 for family coverage, and Plan B, with a deductible of $2,000 for individual coverage and $4,000 for family coverage. The employer offers an MSA contribution to full-time employees in Plan A of $500 for individual coverage and $750 for family coverage. In order to satisfy the comparability rule, the employer would have to offer full-time employees covered under Plan B one of the following MSA contributions (1) $500 for employees with individual coverage and $750 for employees with family coverage or (2) $667 for employees with individual coverage and $1,000 for employees with family coverage. Different contributions (or no contributions) could be made for part-time employees covered under either high deductible plan.

If employer contributions do not comply with the comparability rule during a period, then the employer is subject to an excise tax equal to 35 percent of the aggregate amount contributed by the employer to MSAs of the employer for that period. The excise tax is designed as a proxy for the denial of employer contributions. In the case of a failure to comply with the comparability rule which is due to reasonable cause and not to willful neglect, the Secretary may waive part of all of the tax imposed to the extent that the payment of the tax would be excessive relative to the failure involved.

For purposes of the comparability rule, employers under common control are aggregated in the same manner as in determining whether the employer is a small employer. The comparability rule does not fail to be satisfied in a year if the employer is precluded from making contributions for all employees with high deductible plan coverage because the employer has more than 200 employees or due to operation of the cap during the initial 4-year period.

Definition of high deductible plan

A high deductible plan is a health plan with an annual deductible of a least $1,500 and no more than $2,250 in the case of individual coverage and at least $3,000 and no more than $4,500 in the case of family coverage. In addition, the maximum out-of-pocket expenses with respect to allowed costs (including the deductible) must be no more than $3,000 in the case of individual coverage and no more than $5,500 in the case of family coverage. Beginning after 1998, these dollar amounts are indexed for inflation in $50 dollar increments based on the consumer price index. In plan does not fail to qualify as a high deductible plan merely because it does not have a deductible for preventive care as required by State law.

As under present law, State insurance commissions would have oversight over the issuance of high deductible plans issued in conjunction with MSAs and could impose additional consumer protections. It is intended that the National Association of Insurance Commissioners ("NAIC") will develop model standards for high deductible plans that individual States could adopt.

Tax treatment of MSAs

Earnings on amounts in an MSA are not currently includible in income.

Taxation of distributions

Distributions from an MSA for the medical expenses of the individual and his or her spouse or dependents generally are excludable from income. However, in any year for which a contribution is made to an MSA, withdrawals from an MSA maintained by that individual are excludable from income only if the individual for whom the expenses were incurred was eligible to make an MSA contribution at the time the expenses were incurred. This rule is designed to ensure that MSAs are in fact used in conjunction with a high deductible plan, and that they are not primarily used by other individuals who have health plans that are not high deductible plans. For example, suppose that, in 1997, individual A is covered by a high deductible plan, and A's spouse ("B") is covered by a health plan that is not a high deductible plan. A makes contributions to an MSA for 1997. Withdrawals from the MSA to pay B's medical expenses incurred in 1997 would be includible in income (and subject to the additional tax on nonmedical withdrawals) because B is not covered by a high deductible plan.

For this purpose, medical expenses are defined as under the itemized deduction for medical expenses, except that medical expenses do not include expenses for insurance other than long-term care insurance, premiums for health care continuation coverage, and premiums for health care coverage while an individual is receiving unemployment compensation under Federal or State law.

Distributions that are not for medical expenses are includible in income. Such distributions are also subject to an additional 15-percent tax unless made after age 65, death, or disability.

Estate tax treatment

Upon death, any balance remaining in the decedent's MSA is includible in his or her gross estate.

If the account holder's surviving spouse is the named beneficiary of the MSA, then, after the death of the account holder, the MSA becomes the MSA of the surviving spouse and the amount of the MSA balance may be deducted in computing the decedent's taxable estate, pursuant to the estate tax marital deduction provided in Code section 2056. The MSA qualifies for the marital deduction because the account holder has sole control over disposition of the assets in the MSA. The surviving spouse is not required to include any amount in income as a result of the death; the general rules applicable to MSAs apply to the surviving spouse's MSA (e.g., the surviving spouse is subject to income tax only on distributions from the MSA for nonmedical purposes). The surviving spouse can exclude from income amounts withdrawn from the MSA for expenses incurred by the decedent prior to death, to the extent they otherwise are qualified medical expenses.

If, upon death, the MSA passes to a named beneficiary other than the decedent's surviving spouse, the MSA ceases to be an MSA as of the date of the decedent's death, and the beneficiary is required to include the fair market value of MSA assets as of the date of death in gross income for the taxable year that includes the date of death. The amount includable in income is reduced by the amount in the MSA used, within one year of the death, to pay qualified medical expenses incurred prior to the death. As is the case with other MSA distributions, whether the expenses are qualified medical expenses is determined as of the time the expenses were incurred. In computing taxable income, the beneficiary may claim a deduction for that portion of the Federal estate tax on the decendent's estate that was attributable to the amount of the MSA balance (calculated in accordance with the present-law rules relating to income in respect of a decedent set forth in sec. 691(c)).

If there is no named beneficiary for the decedent's MSA, the MSA ceases to be an MSA as of the date of death, and the fair market value of the assets in the MSA as of such date are includible in the decedent's gross income for the year of the death. This rule applies in all cases in which there is no named beneficiary, even if the surviving spouse ultimately obtains the right to MSA assets (e.g., if the surviving spouse is the sole beneficiary of the decedent's estate). Because of the significant tax consequences if a married individual fails to name his or her spouse as the MSA beneficiary, even if the rights to MSA assets are otherwise acquired by the surviving spouse, it is anticipated that the marketing materials describing other tax aspects of MSAs will explain the consequences of failure to name the spouse as the beneficiary.

Cap on taxpayers utilizing MSAs

In general.—The number of taxpayers benefiting annually from an MSA contribution is limited to a threshold level (generally 750,000 taxpayers). If it is determined in a year that the threshold level has been exceeded (called a "cut-off" year) then, in general, for succeeding years during the 4-year pilot period 1997–2000, only those individuals who (1) made an MSA contribution or had an employer MSA contribution for the year or a preceding year (i.e. are active MSA participants) or (2) are employed by a participating employer, would be eligible for an MSA contribution. In determining whether the threshold for any year has been exceeded, MSAs of individuals who were not covered under a health insurance plan for the six month period ending on the date on which coverage under a high deductible plan commences would not be taken into account.[1] However, if the threshold level is exceeded in a year, previously uninsured individuals would be subject to the same restriction on contributions in succeeding years as other individuals. That is, they would not be eligible for an MSA contribution for a year following a cut-off-year unless they are an active MSA participant (i.e. had an MSA contribution for the year or a preceding year) or are employed by a participating employer.

In a year after a cut-off year, employees of a participating employer can establish new MSAs and make new contributions (even if the employee is a new employee or did not previously have an MSA). An employer is a participating employer if (1) the employer made any MSA contributions on behalf of employees in any preceding year or (2) at least 20 percent of the employees covered under a high deductible plan made an MSA contribution of at least $100 in the preceding year.

In the case of a cut-off year before 2000, an individual is not an eligible individual or an active MSA participant unless the individual was first covered under a high deductible plan on or before the cut-off date. The cut-off date is generally October 1 of the cut-off year. However, if the individual was enrolled in a plan pursuant to a regularly scheduled enrollment period, then the cut-off date is December 31. Similarly, an employer is not considered a participating employer if it first offered coverage after October 1 of a cut-off year unless the high deductible plan is offered pursuant to a regularly scheduled enrollment period. In addition, a self-employed individual is not considered an eligible individual or an active MSA participant unless the individual was covered under a high deductible plan on or before November 1 of a cut-off year.

These rules are designed to prevent high deductible plans from being offered just before the limitation on MSAs is effective in order to avoid application of the cap. They are not, however, intended to preclude individuals who first enroll in an employer-sponsored high deductible health plan or employees of employers that adopt a high deductible plan in a cut-off year due to normal health plan operation from having MSAs. For example, suppose a small employer offers a high deductible plan that provides that new employees may be covered under the plan beginning the first day of the month after the month in which they are hired. New employee A (whose previous coverage was not high deductible coverage) is hired on October 15, and is enrolled in the high deductible plan November 1 of that year. If the year is a cut-off year, Employee A is an eligible individual and, if he has an MSA contribution for the year, an active participant for the year because he was enrolled pursuant to a regularly scheduled enrollment period. Similarly, suppose that employer A is a small employer and does not currently offer health care coverage. In 1997, A decides to offer health plan coverage to its employees, including a high deductible plan coupled with an MSA. A takes steps to provide such coverage on or before October 1 of the year (e.g., making arrangements with insurance companies or distributing plan material to employees). The first enrollment period for the health plans begins September 1, and coverage under the plan will begin November 1. If the year is a cut-off year, the employer is a participating employer because the plan was established pursuant to a regularly scheduled enrollment period.

Under certain circumstances, MSA participation may be reopened after a cut-off year so that MSAs are again available to all individuals in the qualifying group of self-employed individuals and employees of small employers.

For the 1997 tax year, taxpayers are permitted to establish MSAs provided that they are in the qualifying group of self-employed individuals or employees working for small employers.

Rules for 1997

On or before June 1, 1997, each trustee or custodian of an MSA (e.g., insurance company or financial institution) is required to report to the Internal Revenue Service ("IRS") the total number of MSAs established as of April 30, 1997, for which it acts as trustee or custodian, including the number of MSAs established for previously uninsured individuals.[2] If, based on this reporting, the number of MSAs established (but excluding those established for previously uninsured individuals) as of April 30, 1997, exceeds 375,000 (50 percent of 750,000), on or before September 1, 1997, the IRS would publish guidance providing that only active MSA participants or employees of participating employers would be eligible for an MSA contribution for the 1998 tax year and thereafter. If this threshold is exceeded, an individual who is first covered by an employer-sponsored high deductible health plan after September 1, 1997, is not an eligible individual or an active MSA participant (and therefore cannot have an MSA for 1997 or a subsequent year) unless the high deductible coverage is elected pursuant to a regularly scheduled enrollment period. Similarly, an employer is not considered a participating employer if it first offered a high deductible plan after September 1, 1997, unless the plan was offered pursuant to a regularly scheduled enrollment period. Also, a self-employed individual would not be an eligible individual or an active MSA participant unless the individual was first covered under a high deductible plan on or before October 1, 1997.

If the 375,000 cap is not exceeded, then another determination of MSA participation will be made, as follows. On or before August 1, 1997, each trustee or custodian of an MSA (e.g., insurance company or financial institution) is required to report to the Internal Revenue Service ("IRS") the total number of MSAs established as of June 30, 1997, for which it acts as trustee or custodian, including the number of MSAs established for previously uninsured individuals. If, based on this reporting, the number of MSAs established (but excluding those established for previously uninsured individuals) exceeds the 1997 threshold level of 525,000 (70 percent of 750,000), on or before October 1, 1997, the IRS would publish guidance providing that only active MSA participants or employees of participating employers would be eligible for an MSA contribution for the 1998 tax year and thereafter. If the 1997 threshold is exceeded, an individual who is first covered by an employer-sponsored high deductible health plan after October 1, 1997, is not an eligible individual or an active MSA participant (and therefore cannot have an MSA for 1997 or a subsequent year) unless the high deductible coverage is elected pursuant to a regularly scheduled enrollment period. Similarly, an employer is not considered a participating employer if it first offered a high deductible plan after October 1, 1997, unless the plan was offered pursuant to a regularly scheduled enrollment period. Also, a self-employed individual would not be an eligible individual or an active MSA participant unless the individual was first covered under a high deductible plan on or before November 1, 1997.

If the 1997 threshold level is not exceeded, all taxpayers in the qualifying eligible group (i.e., self-employed individuals and employees working for employers with 50 or fewer employees) would be permitted to have MSA contributions for the 1998 tax year.

Rules for 1998 and succeeding years

In general—In 1998 and succeeding years, on or before August 1 of the year, each trustee or custodian of an MSA is required to report to the IRS the total number of MSAs established as of June 30 for the current year,[3] including the number of such MSAs established for previously uninsured individuals. In addition, the IRS is directed to collect data with respect to the number of taxpayers showing an MSA contribution on their individual income tax returns for the prior year and the extent to which such taxpayers were previously uninsured.[4] If, based on this information, the IRS determines as described below that the number of taxpayers anticipated to have MSA contributions (disregarding previously uninsured individuals) exceeds the applicable threshold level, the IRS is required to issue guidance to the public by no later than October 1. If this guidance is issued, then only taxpayers who are active MSA participants or who are employed by a participating employer would be entitled to MSA contributions in tax years following the year the guidance is issued.

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[1] Permitted coverage, as described above, does not constitute coverage under a health insurance plan for this purpose.

[2] This report would include the name and social security number of taxpayers establishing an MSA. Failures to report are subject to a penalty of $25 for each MSA up to a maximum of $5,000. A trustee or custodian required to report could elect to do so on a company-wide or branch-by-branch basis.

For 1998 and succeeding years, the threshold is exceeded if either of the following limits are exceeded. The numerical limit is exceeded if: (1) the number of MSA returns filed on or before April 1 of the year, plus the estimate of the number of MSA returns for such year that will be filed after such date exceeds the threshold, or (2) 90 percent of the amount determined under (1), plus 15/6ths of the MSAs established for the year before July 1 exceeds $750,000.

1998.—In 1998, the IRS would analyze the return data from the filing of 1997 tax year returns and would determine, based on this data, the number of taxpayers with MSA contributions for 1997 and who were not previously uninsured. If the IRS determines that (1) MSA returns filed on or before April 15, 1998, plus the estimated number of MSA return for 1997 filed after such date exceeds 600,000, or (2) that 90 percent of the MSA returns in (1), plus 15/6ths of the number of MSAs established for 1998 between January 1 and July 1, 1998, the IRS would publish guidance on or before October 1, 1998, advising taxpayers that only taxpayers who had previously had MSA contributions (i.e., for either the 1997 or 1998 tax year) or who are employed by a participating employer would be eligible for MSA contributions in succeeding tax years. If the 1998 threshold is exceeded, an individual who is first covered by an employer-sponsored high deductible health plan after October 1, 1998, is not an eligible individual or an active MSA participant (and therefore cannot have an MSA for 1998 or a subsequent year) unless the high deductible coverage is elected pursuant to a regularly scheduled enrollment period. Similarly, an employer is not considered a participating employer if it first offered a high deductible plan after October 1, 1998, unless the plan was offered pursuant to a regularly scheduled enrollment period. Also, a self-employed individual would not be an eligible individual or an active MSA participant unless the individual was first covered under a high deductible plan on or before November 1, 1998.

In the event that the threshold level had not been exceeded, all taxpayers in the qualifying eligible group would be permitted to establish MSAs during the 1999 tax year.

1999.—In 1999, the IRS would analyze the return data from the filing of 1998 tax year returns and would determine, based on this data, the number of taxpayers with MSA contributions for 1998 and who were not previously uninsured. If the IRS determines that (1) MSA returns filed on or before April 15, 1999, plus the estimated number of MSA returns for 1998 filed after such date exceeds 600,000, or (2) that 90 percent of the MSA returns in (1), plus 15/6ths of the number of MSAs established for 1998 between January 1 and July 1, 1999, the IRS would publish guidance on or before October 1, 1999, advising taxpayers that only taxpayers who had previously had MSA contributions (i.e., for the 1997, 1998, or 1999 tax year) or who are employed by a participating employer would be eligible for MSA contributions in succeeding tax years. If the 1999 threshold is exceeded, an individual who is first covered by an employer-sponsored high deductible health plan after October 1, 1999, is not an eligible individual or an active MSA participant (and therefore cannot have an MSA for 1999 or a subsequent year) unless the high deductible coverage is elected pursuant to a regularly scheduled enrollment period. Similarly, an employer is not considered a participating employer if it first offered a high deductible plan after October 1, 1999, unless the plan was offered pursuant to a regularly scheduled enrollment period. Also, a self-employed individual would not be an eligible individual or an active MSA participant unless the individual was first covered under a high deductible plan on or before November 1, 1999.

In the event that the threshold level had not been exceeded, all taxpayers in the qualifying eligible group would be permitted to establish MSAs during the 2000 tax year.

Reopening of MSA participation.—If 1997 is a cut-off year, then in 1998, the IRS would (as described above) analyze the return data from the filing of 1997 tax year returns and would determine, based on this data, the number of taxpayers with MSA contributions for 1997 and who were not previously uninsured. If the IRS determines that MSA returns filed on or before April 15, 1998, plus the estimated number of MSA return for 1997 filed after such date (disregarding MSAs of previously uninsured individuals) exceeds 750,000, then the IRS will announce by October 1, 1998, that MSAs will be available to all eligible individuals in the qualifying eligible group of self-employed individuals and employees of small employers covered under a high deductible health plan during the first 6 months of 1999. Similarly, if 1998, is a cut-off year, then in 1999, MSA returns filed on or before April 15, 1999, plus the estimated number of MSA returns for 1998 filed after such date (disregarding MSAs of previously uninsured individuals) exceeds 750,000, then IRS will announce by October 1, 1998, that MSAs will be available to all eligible individuals in the qualifying eligible group of self-employed individual and employees of small employers with high deductible plan coverage during the first 6 months of 2000.

End of pilot project

After December 31, 2000, no new contributions may be made to MSAs except by or on behalf of individuals who previously had MSA contributions and employees who are employed by a participating employer. An employer is a participating employer if (1) the employer made any MSA contributions for any year to an MSA on behalf of employees or (2) at least 20 percent of the employees covered under a high deductible plan made MSA contributions of at least $100 in the year 2000.

Self-employed individuals who made contributions to an MSA during the period 1997-2000 also may continue to make contributions after 2000.

Measuring the effects of MSAs

During 1997-2000, the Department of the Treasury will evaluate MSA participation and the reduction in Federal revenues due to such participation and make such reports of such evaluations to the Congress as the Secretary determines appropriate.

The General Accounting Office is directed to contract with an organization with expertise in health economics, health insurance markets and actuarial science to conduct a study regarding the effects of MSAs in the small group market on (1) selection (including adverse selection), (2) health costs, including the impact on premiums of individuals with comprehensive coverage, (3) use of preventive care, (4) consumer choice, (5) the scope of coverage of high deductible plans purchased in conjunction with an MSA and (6) other relevant issues, to be submitted to the Congress by January 1, 1999.

The conferees intend that the study be broad in scope, gather sufficient data to fully evaluate the relevant issues, and be adequately funded. The conferees expect the study to utilize appropriate techniques to measure the impact of MSAs on the broader health care market, including in-depth analysis of local markets with high penetration. The conferees expect the study to evaluate the impact of MSAs on individuals and families experience high health care costs, especially low- and middle-income families.

Definiton of MSA

In general, an MSA is a trust or custodial account created exclusively for the benefit of the account holder and his subject to rules similar to those applicable to individual retirement arrangements.

Effective date

The provisions are effective for taxable years beginning after December 31, 1996.

B. INCREASE IN DEDUCTION FOR HEALTH INSURANCE EXPENSES OF SELF-EMPLOYED INDIVIDUALS

(Sec. 311 of the House bill and sec. 401 of the Senate amendment.)

Present law

Under present law, self-employed individuals are entitled to deduct 30 percent of the amount, paid for health insurance for the self-employed individual and the individual's spouse and dependents. The deduction is not available for any month in which the taxpayer is eligible to participate in a subsidized health plan maintained by the employer of the taxpayer of the taxpayer's spouse. The 30-percent deduction is available in the case of self insurance as well as commercial insurance. The self-insured plan must in fact be insurance (e.g., there must be appropriate risk shifting) and not merely a reimbursement arrangement.

House bill

Under the House bill, the deduction for health insurance for self-employed individuals is phased up to 50 percent as follows: for taxable years beginning in 1998, the amount of the deduction would be 35 percent of health insurance expenses; for taxable years beginning in 1999, 2000, and 2001, 40 percent; for taxable years beginning in 2002, 45 percent; and for taxable years beginning in 2003 and thereafter, 50 percent.

Effective date.—The provision is effective for taxable years beginning after December 31, 1997.

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[3] That is, the report would not include MSAs to which contributions are made for the prior year.

[4] Each income tax return on which an MSA contribution is shown is treated as one taxpayer for purposes of the cap. It is anticipated that the IRS would adjust the actual return information to take into account MSAs that may have been established by late filers.

Senate amendment

Beginning in 1997, the Senate amendment phases up the deduction in 5 percent increments until it is 80 percent in 2006 and thereafter.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement increases the deduction for health insurance of self-employed individuals as follows: the deduction would be 40 percent in 1997; 45 percent in 1998 through 2002, 50 percent in 2003; 60 percent in 2004, 70 percent in 2005; and 80 percent in 2006 and thereafter.

The conference agreement also provides that payments for personal injury or sickness through and arrangements having the effect of accident or health insurance (and that are not merely reimbursement arrangements) are excludable from income. In order for the exclusion to apply, the arrangement must be insurance (e.g., there must be adequate risk shifting). This provision equalizes the treatment of payments under commercial insurance and arrangements other than commercial insurance that have the effect of insurance. Under this provision, a self-employed individual who receives payments from such an arrangement could exclude the payments from income.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996. No inference is intended with respect to the excludability of payments under arrangements having the effect of accident or health insurance under present law.

C. TREATMENT OF LONG-TERM CARE INSURANCE AND SERVICES

(Secs. 321–323 and 325–328 of the House bill and secs. 411–415 and 421–424 of the Senate amendment.)

Present law

In general

Present law generally does not provide explicit rules relating to the tax treatment of long-term care insurance contracts or long-term care services. Thus, the treatment of long-term care contracts and services is unclear. Present law does provide rules relating to medical expenses and accident or health insurance.

Itemized deduction for medical expenses

In determining taxable income for Federal income tax purposes, a taxpayer is allowed an itemized deduction for unreimbursed expenses that are paid by the taxpayer during the taxable year for medical care of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer, to the extent that such expenses exceed 7.5 percent of the adjusted gross income of the taxpayer for such year (sec. 213). For this purpose, expenses paid for medical care generally are defined as amounts paid: (1) for the diagnosis, cure, mitigation, treatment, or prevention of disease (including prescription medicines or drugs and insulin), or for the purpose of affecting any structure or function of the body (other than cosmetic surgery not related to disease, deformity, or accident); (2) for transportation primarily for, and essential to, medical care referred to in (1); or (3) for insurance (including Part B Medicare premiums) covering medical care referred to in (1) and (2).

Exclusion for amounts received under accident or health insurance

Amounts received by a taxpayer under accident or health insurance for personal injuries or sickness generally are excluded from gross income to the extent that the amounts received are not attributable to medical expenses that were allowed as a deduction for a prior taxable year (sec. 104).

Treatment of accident or health plans maintained by employers

Contributions of an employer to an accident or health plan that provides compensation (through insurance or otherwise) to an employee for personal injuries or sickness of the employee, the employee's spouse, or a dependent of the employee, are excluded from the gross income of the employee (sec. 106). In addition, amounts received by an employee under such a plan generally are excluded from gross income to the extent that the amounts received are paid, directly or indirectly, to reimburse the employee for expenses for the medical care of the employee, the employee's spouse, or a dependent of the employee (sec. 105). for this purpose, expenses incurred for medical care are defined in the same manner as under the rules regarding the deduction for medical expenses.

A cafeteria plan is an employer-sponsored arrangement under which employees can elect among cash and certain employer-provided qualified benefits. No amount is included in the gross income of a participant in a cafeteria plan merely because the participant has the opportunity to make such an election (sec. 125). Employer-provided accident or health coverage is one of the benefits that may be offered under a cafeteria plan.

A flexible spending arrangement ("FSA") is an arrangement under which an employee is reimbursed for medical expenses or other nontaxable employer-provided benefits, such as dependent care, and under which the maximum amount of reimbursement that is reasonably available to a participant for a period of coverage is not substantially in excess of the total premium (including both employee-paid and employer-paid portions of the premium) for such participant's coverage. Under proposed Treasury regulations, a maximum amount of reimbursement is not substantially in excess of the total premium if such maximum amount is less than 500 percent of the premium. An FSA may be part of a cafeteria plan or provided by an employer outside a cafeteria plan. FSAs are commonly used to reimburse employees for medical expenses not covered by insurance. If certain requirements are satisfied,[5] amounts reimbursed for nontaxable benefits from an FSA are excludable from income.

Health care continuation rules

The health care continuation rules require that an employer must provide qualified beneficiaries the opportunity to continue to participate for a specified period in the employer's health plan after the occurrence of certain events (such as termination of employment) that would have terminated such participation (sec. 4980B). Individuals electing continuation coverage can be required to pay for such coverage.

House bill

Tax treatment and definition of long-term care insurance contracts and qualified long-term care services

Exclusion of long-term care proceeds.—A long-term care insurance contract generally is treated as an accident and health insurance contract. Amounts (other than policyholder dividends or premium refunds) received under a long-term care insurance contract generally are excludable as amounts received for personal injuries and sickness, subject to a cap of $175 per day, or $63,875 annually, on per diem contracts only. If the aggregate amount of periodic payments under all qualified long-term care contracts exceeds the dollar cap for the period, then the amount of such excess payments is excludable only to the extent of the individual's costs (that are not otherwise compensated for by insurance or otherwise) for long-term care services during the period. The dollar cap is indexed by the medical care cost component of the consumer price index.

Exclusion for employer-provided long-term care coverage.—A plan of an employer providing coverage under a long-term care insurance contract generally is treated as an accident and health plan. Employer-provided coverage under a long-term care insurance contract is not, however, excludable by an employee if provided through a cafeteria plan; similarly, expenses for long-term care services cannot be reimbursed under an FSA.[6]

Definition of long-term care insurance contract.—A long-term care insurance contract is defined as any insurance contract that provides only coverage of qualified long-term care services and that meets other requirements. The other requirements are that (1) the contract is guaranteed renewable, (2) the contract does not provide for a cash surrender value or other money that can be paid, assigned, pledged or borrowed, (3) refunds (other than refunds on the death of the insured or complete surrender or cancellation of the contract) and dividends under the contract may be used only to reduce future premiums or increase future benefits, and (4) the contract generally does not pay or reimburse expenses reimbursable under Medicare (except where Medicare is a secondary payor, or the contract makes per diem or other periodic payments without regard to expenses).

A contract does not fail to be treated as a long-term care insurance contract solely because it provides for payments on a per diem or other periodic basis without regard to expenses incurred during the period.

Medicare duplication rules.—The bill provides that no provision of law shall be construed or applied so as to prohibit the offering of a long-term care insurance contract on the basis that the contract coordinates its benefits with those provided under Medicare. Thus, long-term care insurance contracts are not subject to the rules requiring duplication of Medicare benefits.

Definition of qualified long-term care services.—Qualified long-term care services means necessary diagnostic, preventive, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services that are required by a chronically ill individual and that are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

Chronically ill individual.—A chronically ill individual is one who has been certified within the previous 12 months by a licensed health care practitioner as (1) being unable to perform (without substantial assistance) at least 2 activities of daily living for at least 90 days[7] due to a loss of functional capacity, (2) having a similar level of disability as determined by the Secretary of the Treasury in consultation with the Secretary of Health and Human Services, or (3) requiring substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment. Activities of daily living are eating, toileting, transferring, bathing, dressing and continence.[8]

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[5] These requirements include a requirement that a health FSA can only provide reimbursement for medical expenses (as defined in sec. 213) and cannot provide reimbursement for premium payments for other health coverage and that the maximum amount of reimbursement under a health FSA must be available at all times during the period of coverage.

[6] The bill does not otherwise modify the requirements relating to FSAs. An FSA is defined as a benefit program providing employees with coverage under which specified incurred expenses may be reimbursed (subject to maximums and other reasonable conditions), and the maximum amount of reimbursement that is reasonably available to a participant is less than 500 percent of the value of the coverage.

It is intended that an individual who is physically able but has a cognitive impairment such as Alzheimer's disease or another form of irreversible loss of mental capacity be treated similarly to an individual who is unable to perform (without substantial assistance) at least 2 activities of daily living. Because of the concern that eligibility for the medical expense deduction not be diagnosis-driven, the provision requires the cognitive impairment to be severe. It is intended that severe cognitive impairment mean a deterioration or loss in intellectual capacity that is measured by clinical evidence and standardized tests which reliably measure impairment in: (1) short- or long-term memory; (2) orientation to people, places or time; and (3) deductive or abstract reasoning. In addition, it is intended that such deterioration or loss place the individual in jeopardy of harming self or others and therefore require substantial supervision by another individual.

A licensed health care practitioner is a physician (as defined in sec. 1861(r)(1) of the Social Security Act) and any registered professional nurse, licensed social worker, or other individual who meets such requirements as may be prescribed by the Secretary of the Treasury.

Expenses for long-term care services treated as medical expenses.—Unreimbursed expenses for qualified long-term care services provided to the taxpayer or the taxpayer's spouse or dependents are treated as medical expenses for purposes of the itemized deduction for medical expenses (subject to the present-law floor of 7.5 percent of adjusted gross income). For this purpose, amounts received under a long-term care insurance contract (regardless of whether the contract reimburses expenses or pays benefits on a per diem or other periodic basis) are treated as reimbursement for expenses actually incurred for medical care.

For purposes of the deduction for medical expenses, qualified long-term care services do not include services provided to an individual by a relative or spouse (directly, or through a partnership, corporation, or other entity), unless the relative is a licensed professional with respect to such services, or by a related corporation (within the meaning of Code section 267(b) or 707(b)).[9]

Long-term care insurance premiums treated as medical expenses.—Long-term care insurance premiums that do not exceed specified dollar limits are treated as medical expenses for purposes of the itemized deduction for medical expenses.[10] The limits are as follows:

In the case of an individual with an attained age before the close of the taxable year of:	**The limitation on premiums paid for such taxable years is:**
Not more than 40	$200
More than 40 but not more than 50	375
More than 50 but not more than 60	750
More than 60 but not more than 70	2,000
More than 70	2,500

For taxable years beginning after 1997, these dollar limits are indexed for increases in the medical care component of the consumer price index. The Secretary of the Treasury, in consultation with the Secretary of Health and Human Services, is directed to develop a more appropriate index to be applied in lieu of the foregoing. Such an alternative might appropriately be based on increases in skilled nursing facility and home health care costs. It is intended that the Treasury Secretary annually publish the indexed amount of the limits as early in the year as they can be calculated.

Deduction for long-term care insurance of self-employed individuals.—The present-law 30 percent deduction for health insurance expenses of self-employed individuals is phased up to 50 percent under the bill. Because the bill treats payments of eligible long-term care insurance premiums in the same manner as medical insurance premiums, the self-employed health insurance deduction applies to eligible long-term care insurance premiums under the bill.

Long-term care riders on life insurance contracts.—In the case of long-term care insurance coverage provided by a rider on or as part of a life insurance contract, the requirements applicable to long-term care insurance contracts apply as if the portion of the contract providing such coverage were a separate contract. The term "portion" means only the terms and benefits that are in addition to the terms and benefits under the life insurance contract without regard to long-term care coverage. As a result, if the applicable requirements are met by the long-term care portion of the contract, amounts received under the contract as provided by the rider are treated in the same manner as long-term care insurance benefits, whether or not the payment of such amounts causes a reduction in the contract's death benefit or cash surrender value. The guideline premium limitation applicable under section 7702(c)(2) is increased by the sum of charges (but not premium payments) against the life insurance contract's cash surrender value, the imposition of which reduces premiums paid for the contract (within the meaning of sec. 7702(f)(1)). In addition, it is anticipated that Treasury regulations will provide for appropriate reduction in premiums paid (within the meaning of sec. 7702(f)(1)) to reflect the payment of benefits under the rider that reduce the cash surrender value of the life insurance contract. A similar rule should apply in the case of a contract governed by section 101(f) and in the case of the payments under a rider that are excludable under section 101(g) of the Code (as added by this bill).

Health care continuation rules.—The health care continuation rules do not apply to coverage under a long-term care insurance contract.

Inclusion of excess long-term care benefits

In general, the bill provides that the maximum annual amount of long-term care benefits under a per diem type contract that is excludable from income with respect to an insured who is chronically ill (not including amounts received by reason of the individual being terminally ill)[11] cannot exceed the equivalent of $175 per day for each day the individual is chronically ill. Thus, for per diem type contracts, the maximum annual exclusion for long-term care benefits with respect to any chronically ill individual (not including amounts received by reason of the individual being terminally ill) is $63,875 (for 1997). If payments under such contracts exceed the dollar limit, then the excess is excludable only to the extent the individual has incurred actual costs for long-term care services. If the insured is not the same as the holder of the contract, the insured may assign some or all of this limit to the contract holder at the time and manner prescribed by the Secretary.

This $175 per day limit is indexed for inflation after 1997 for increases in the medical care component of the consumer price index. The Treasury Secretary, in consultation with the Secretary of Health and Human Services, is directed to develop a more appropriate index, to be applied in lieu of the foregoing. Such an alternative might appropriately be based on increases in skilled nursing facility and home health care costs. It is intended that the Treasury Secretary annually publish the indexed amount of the limit as early in the year as it can be calculated.

A payor of long-term care benefits (defined for this purpose to include any amount paid under a product advertised, marketed or offered as long-term care insurance) is required to report to the IRS the aggregate amount of such benefits paid to any individual during any calendar year, and the name, address and taxypayer identification number of such individual. A copy of the report must be provided to the payee by January 31 following the year of payment, showing the name of the payor and the aggregate amount of benefits paid to the individual during the calendar year. Failure to file the report or provide the copy to the payee is subject to the generally applicable penalties for failure to file similar information reports.

Consumer protection provisions

Under the bill, long-term care insurance contracts, and issuers of contracts, are required to satisfy certain provisions of the long-term care insurance model Act and model regulations promulgated by the National Association of Insurance Commissioners (as adopted as of January 1993). The policy requirements relate to disclosure, nonforfeitability, guaranteed renewal or noncancellability, prohibitions on limitations and exclusions, extension of benefits, continuation or conversion of coverage, discontinuance and replacement of policies, unintentional lapse, post-claims underwriting, minimum standards, inflation protection, preexisting conditions, and prior hospitalization. The bill also provides disclosure and nonforfeiture requirements. The nonforfeiture provision gives consumers the option of selecting reduced paid-up insurance, extended term insurance, or a shortened benefit period in the event a policyholder who elects a nonforfeiture provision is unable to continue to pay premiums. The requirements for issuers of long-term care insurance contracts relate to application forms, reporting requirements, marketing, appropriateness of purchase, format, delivering a shopper's guide, right to return, outline of coverage, group plans, policy summary, monthly reports on accelerated death benefits, and incontestability period. A tax is imposed equal to $100 per policy per day for failure to satisfy these requirements.

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[7] The 90-day period is not a waiting period. Thus, for example, an individual can be certified was chronically ill if the licensed health care practitioner certifies that the individual will be unable to perform at least 2 activities of daily living for at least 90 days.

[8] Nothing in the bill requires the contract to take into account all of the activities of daily living. For example, a contract could require that an individual be unable to perform (without substantial assistance) 2 out of any 5 such activities, or for another example, 3 out of the 6 activities.

[9] The rule limiting such services provided by a relative or a related corporation does not apply for purposes of the exclusion for amounts received under a long-term care insurance contract, whether the contract is employer-provided or purchased by an individual. The limitation in unnecessary in such cases because it is anticipated that the insurer will monitor reimbursements to limit opportunities for fraud in connection with the performance of services by the taxpayer's relative or a related corporation.

[10] Similarly, within certain limits, in the case of a rider to a life insurance contract, charges against the life insurance contract's cash surrender value that are includible in income are treated as medical expenses (provided the rider constitutes a long-term care insurance contract).

[11] Terminally ill is defined as under the provision of the bill relating to accelerated death benefits. In general, under that provision, an individual is considered to be terminally ill if he or she is certified as having an illness or physical condition that reasonably can be expected to result in death within 24 months of the date of the certification.

Nothing in the bill prevents a State from establishing, implementing or continuing standards related to the protection of policyholders of long-term care insurance policies, if such standards are not inconsistent with standards established under the bill.

Effective date

The provisions defining long-term care insurance contracts and qualified long-term care services apply to contracts issued after December 31, 1996. Any contract issued before January 1, 1997, that met the long-term care insurance requirements in the State in which the policy was sitused at the time it was issued shall be treated as a long-term care insurance contract, and services provided under or reimbursed by the contract treated as qualified long-term care services.

A contract providing for long-term care insurance may be exchanged for a long-term care insurance contract (or the former cancelled and the proceeds reinvested in the latter within 60 days) tax free between the date of enactment and January 1, 1998. Taxable gain would be recognized to the extent money or other property is received in the exchange.

The issuance or conformance of a rider to a life insurance contract providing long-term care insurance coverage is not treated as a modification or a material change for purposes of applying sections 101(f), 7702, and 7702A of the Code.

The provision relating to treatment of eligible long-term care premiums as a medical expense is effective for taxable years beginning after December 31, 1996. The provision treating amounts paid for long-term care services as a medical expense (for purposes of the medical expense deduction) is effective for services furnished in taxable years beginning after December 31, 1997.

The provisions relating to the maximum exclusion for certain long-term care benefits and reporting are effective for taxable years beginning after December 31, 1996. Thus, the initial year in which reports will be filed with the IRS and copies provided to the payee will be 1998, with respect to long-term care benefits paid in 1997.

Senate amendment

The Senate amendment is the same as the House bill, except as follows.

Life insurance company reserves

In determining reserves for insurance company tax purposes, the Senate amendment provides that the Federal income tax reserve method applicable for a long-term care insurance contract issued after December 31, 1996, is the method prescribed by the National Association of Insurance Commissioners ("NAIC") (or, if no reserve method has been so prescribed, a method consistent with the tax reserve method for life insurance, annuity or noncancellable accident and health insurance contracts, whichever is most appropriate). The method currently prescribed by the NAIC for long-term care insurance contracts is the one-year full preliminary term method. As under present law, however, in no event may the tax reserve for a contract as of any time exceed the amount which would be taken into account with respect to the contract as of such time in determining statutory reserves.

Exchanges of life insurance and other contracts for long-term care insurance contracts

The exchange of a life insurance contract or an endowment or annuity contract for a qualified long-term care insurance contract is not taxable under the Senate amendment.

Distributions from IRAs and retirement plans for long-term care insurance

The Senate amendment permits certain plans to make distributions to pay premiums for long-term care insurance for the individual or the individual's spouse and provides that the 10-percent tax on early withdrawals does not apply to such distributions. The provision applies to distributions from individual retirement arrangements ("IRAs") and distributions attributable to elective deferrals to qualified cash or deferred arrangements (sec. 401(k) plans), tax-sheltered annuities (sec. 403(b) plans), nonqualified deferred compensation plans of governmental or tax-exempt employers (sec. 457 plans), and section 501(c)(18) plans used to pay premiums for long-term care insurance for the individual or the individual's spouse. Such distributions are includable in income (as under present law).

Effective dates

The effective dates are the same as the House bill, except as follows.

The provision treating long-term care services as a medical expense is effective for taxable years beginning after December 31, 1996.

The change in treatment of reserves for long-term care insurance contracts is effective for contracts issued after December 31, 1996.

The provision relating to tax-free exchanges of life insurance, endowment and annuity contracts for long-term care insurance contracts is effective for taxable years beginning after December 31, 1997.

The provision relating to certain distributions from IRSs and elective deferrals used to pay long-term care insurance premiums is effective for payments and distributions after December 31, 1996.

Conference agreement

The conference agreement generally follows the House bill, except as follows.

Tax treatment and definition of long-term care insurance contracts and qualified long-term care services

Chronically ill individual.—The conference agreement provides that, for purposes of determining whether an individual is chronically ill, the number of activities of daily living that are taken into account under the contract may not be less than five. For example, a contract could require that an individual be unable to perform (without substantial assistance) two out of any five of the activities listed in the bill. By contrast, a contract does not meet this requirement if it required that an individual be unable to perform two out of any four of the activities listed in the bill.

In addition, the conference agreement modifies the second test for whether an individual is chronically ill (i.e., that the individual has a level of disability similar to an individual who is unable to perform (without substantial assistance) at least two activities of daily living). Under the conference agreement, this test is met if the individual has been certified within the previous 12 months by a licensed health care practitioner as having a similar level of disability, as determined under regulations prescribed by the Secretary in consultation with the Secretary of Health and Human Services.

Health care continuation rules.—The health care continuation rules do not apply to coverage under a plan, substantially all of the coverage under which is for qualified long-term care services.

State-maintained plans.—The conference agreement modifies the definition of a qualified long-term care insurance contract. Under the conference agreement, an arrangement is treated as a qualified long-term care insurance contract if an individual receives coverage for qualified long-term care services under a State long-term care plan, and the terms of the arrangement would satisfy the requirements for a long-term care insurance contract under the provision, were the arrangement an insurance contract. For this purpose, a State long-term care plan is any plan established and maintained by a State (or instrumentality of such State) under which only employees (and former employees, including retirees) of a State or of a political subdivision or instrumentality of the State, and their relatives, and their spouses and spouses' relatives, may receive coverage only for qualified long-term care services. Relative is defined as under section 152(a)(1)–(8). No inference is intended with respect to the tax consequences of such arrangements under present law.

Inclusions of excess long-term care benefits

The conference agreement modifies the calculation of the dollar cap applicable to aggregate payments under per diem type long-term care insurance contracts and amounts received with respect to a chronically ill individual pursuant to a life insurance contract.[12] The amount of the dollar cap with respect to any one chronically ill individual (who is not terminally ill) is $175 per day ($63,875 annually, as indexed), reduced by the amount of reimbursements and payments received by anyone for the cost of qualified long-term care services for the chronically ill individual. If more than one payee receives payments with respect to any one chronically ill individual, then everyone receiving periodic payments with respect to the same insured is treated as one person for purposes of the dollar cap. The amount of the dollar cap is utilized first by the chronically ill person, and any remaining amount is allocated in accordance with Treasury regulations. If payments under such contracts exceed the dollar cap, then the excess is excludable only to the extent of actual costs (in excess of the dollar cap) incurred for long-term care services. Amounts in excess of the dollar cap, with respect to which no actual costs were incurred for long-term care services, are fully includable in income without regard to rules relating to return of basis under Code section 72.

The managers of the bill wish to clarify that, although the legislation imposes a daily (or equivalent) dollar cap on the amount of excludable benefits under certain types of long-term care insurance in certain circumstances, this limitation is not intended to suggest a preference or otherwise convey or facilitate a competitive advantage to one type of long-term care insurance compared to another type of long-term care insurance.

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[12] See item D, below.

The Chairmen of the House Committee on Ways and Means and the Senate Finance Committee shall jointly request that the NAIC, in consultation with representatives of the insurance industry and consumer organizations, develop and conduct a study to determine the marketing and other effects, if any, of the dollar limit on excludable long-term care benefits under certain types of long-term care insurance contracts under the bill. Such Chairmen are to request that the NAIC, if it agrees to such request, shall submit the results of its study to the such Committees by no later than two years after agreeing to the request.

The conference agreement modifies the reporting requirement for payors of amounts excludable under the provision. Thus, in addition to the reporting requirements of the House bill, a payor is required to report the name, address, and taxpayer identification number of the chronically ill individual on account of whose condition such amounts are paid, and whether the contract under which the amount is paid is a per diem-type contract.

A grandfather rule is provided under the conference agreement in the case of a per diem type contract issued to a policyholder on or before July 31, 1996. Under the grandfather rule, the amount of the dollar cap with respect to such a per diem contract is calculated without any reduction for reimbursements for qualified long-term care services under any other contract issued with respect to the same insured on or before July 31, 1996. The other provisions of the dollar cap are not affected by the grandfather rule. The grandfather rule ceases to apply as of the time that any of the contracts issued on or before July 31, 1996, with respect to the insured are exchanged, or benefits are increased.

Life insurance company reserves

The conference agreement includes the Senate amendment provision with respect to life insurance reserves. Thus, under the conference agreement, in determining reserves for insurance company tax purposes, the Senate amendment provides that the Federal income tax reserve method applicable for a long-term care insurance contract is the method prescribed by the NAIC (or, if no reserve method has been so prescribed, a method consistent with the tax reserve method for life insurance, annuity or noncancellable accident and health insurance contracts, whichever is most appropriate). As under present law, in no event may the tax reserve for a contract as of any time exceed the amount which would be taken into account with respect to the contract as of such time in determining statutory reserves.

Consumer protection provisions

The conference agreement clarifies and modifies the category of contracts to which the consumer protection provisions apply. The conference agreement clarifies that the consumer protection provisions that apply with respect to the terms of the contract apply only for purposes of determining whether a contract is a qualified long-term care insurance contract (within the meaning of the bill).

The conference agreement provides that, for purposes of both the requirements as to contract terms and the requirements relating to issuers of contracts, the determination of whether any requirement of a model regulation or model Act has been met is made by the Secretary of the Treasury. It is not intended that the Secretary create a Federal standard, but rather, look to applicable or appropriate State standards or to those provided specifically in the model regulation or model Act.

The conference agreement modifies the $100-per-day tax on failure to satisfy the requirements for issuers of contracts, to provide that the amount of the tax imposed is $100 per insured per day. The conference agreement provides that the consumer protection requirements for issues of contracts apply with respect to contracts that are qualified long-term care insurance contracts (within the meaning of the bill).

The conference agreement modifies the rule relating to State establishment of standards relating to contract terms or issuers of contracts. The conference agreement provides that an otherwise qualified long-term care insurance contract will not fail to be a qualified long-term care insurance contract, and will not be treated as failing to meet the analogous requirement under the conference agreement, solely because it satisfies a consumer protection standard imposed under applicable State law that is more stringent than the analogous standard provided in the bill. The conference agreement does not preclude States from enacting more stringent consumer protection provisions than the analogous standards under the bill.

Effective date

The conference agreement follows the Senate amendment with respect to the effective date of the provision treating long-term care services as a medical expenses. Thus, under the conference agreement, this provision is effective for taxable years beginning after December 31, 1996.

The conference agreement provides that the provision relating to life insurance company reserves is effective for contracts issued after December 31, 1997.

D. TREATMENT OF ACCELERATED DEATH BENEFITS UNDER LIFE INSURANCE CONTRACTS

(Secs. 331–332 of the House bill and secs. 431–432 of the Senate amendment).

Present law

Treatment of amounts received under a life insurance contract

If a contract meets the definition of a life insurance contract, gross income does not include insurance proceeds that are paid pursuant to the contract by reason of the death of the insured (sec. 101(a)). In addition, the undistributed investment income ("inside buildup") earned on premiums credited under the contract is not subject to current taxation to the owner of the contract. The exclusion under section 101 applies regardless of whether the death benefits are paid as a lump sum or otherwise.

Amounts received under a life insurance contract (other than a modified endowment contract) prior to the death of the insured are includable in the gross income of the recipient to the extent that the amount received constitutes cash value in excess of the taxpayer's investment in the contract (generally, the investment in the contract is the aggregate amount of premiums paid less amounts previously received that were excluded from gross income).

If a contract fails to be treated as a life insurance contract under section 7702(a), inside buildup on the contract is generally subject to tax (sec. 7702(g)).

Requirements for a life insurance contract

To qualify as a life insurance contract for Federal income tax purposes, a contract must be a life insurance contract under the applicable State or foreign law and must satisfy either of two alternative tests: (1) cash value accumulation test or (2) a test consisting of a guideline premium requirement and a cash value corridor requirement (sec. 7702(a)). A contract satisfies the cash value accumulation test if the cash surrender value of the contract may not at any time exceed the net single premium that would have to be paid at such time to fund future benefits under the contract. A contract satisfies the guideline premium and cash value corridor tests if the premiums paid under the contract do not at any time exceed the greater of the guideline single premium or the sum of the guideline level premiums, and if the death benefit under the contract is not less than a varying statutory percentage of the cash surrender value of the contract.

Proposed regulations on accelerated death benefits

The Treasury Department has issued proposed regulations[13] under which certain "qualified accelerated death benefits" paid by reason of the terminal illness of an insured would be treated as paid by reason of the death of the insured and therefore qualify for exclusion under section 101. In addition, the proposed regulations would permit an insurance contract that includes a qualified accelerated death benefit rider to qualify as a life insurance contract under section 7702. Thus, the proposed regulations provide that including this benefit would not cause an insurance contract to fail to meet the definition of a life insurance contract.

Under the proposed regulations, a benefit would qualify as a qualified accelerated death benefit only if it meets three requirements. First, the accelerated death benefit can be payable only if the insured becomes terminally ill. Second, the amount of the benefit must equal or exceed the present value of the reduction in the death benefit otherwise payable.[14] Third, the cash surrender value and the death benefit payable under the policy must be reduced proportionately as a result of the accelerated death benefit.

For purposes of the proposed regulations, an insured would be treated as terminally ill if he or she has an illness that, despite appropriate medical care, the insurer reasonably expects to result in death within twelve months from the payment of the accelerated death benefit. The proposed regulations would not apply to viatical settlements.

House bill

The House bill provides an exclusion from gross income as an amount paid by reason of the death of an insured for (1) amounts received under a life insurance contract and (2) amount received for the sale or assignment of a life insurance contract to a qualified viatical settlement provider, provided that the insured under the life insurance contract is either terminally ill or chronically ill. The exclusion for amounts received under a life insurance contract on the life of an insured who is chronically ill applies if the amount is received under a rider or other provision of the contract that is treated as a long-term care insurance contract under section 7702B (as added by the bill), and the amount is excludable as a payment for long-term care services under section 7702B (including under the dollar cap on per diem type payments ($175 per day, or $63,875 annually, in 1997).

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[13] Prop. Treas. Reg. Secs. 1.101–8, 1.7702.0, 1.7702.2, and 1.7702A–1 (December 15, 1992).

[14] For purposes of determining the present value under the proposed regulations, the maximum permissible discount rate would be the greater of (1) the applicable Federal rate that applies under the discounting rules for property and casualty insurance loss reserves, and (2) the interest rate applicable to policy loans under the contract. Also, the present value would be determined assuming that the death benefit would have been paid twelve months after payment of the accelerated death benefit.

The provision does not apply in the case of an amount paid to any taxpayer other than the insured, if such taxpayer has an insurable interest by reason of the insured being a director, officer or employee of the taxpayer, or by reason of the insured being financial interested in any trade or business carried on by the taxpayer.

A terminally ill individual is defined as one who has been certified by a physician as having an illness or physical condition that reasonably can be expected to result in death within 24 months of the date of certification. A physician is defined for this purpose in the same manner as under the long-term care insurance rules of the bill.[15]

A chronically ill individual is defined under the long-term care provisions of the bill.[16] In the case of amounts received with respect to a chronically ill individual (but not amounts received by reason of the individual being terminally ill), the $175 per day ($63,875 annual) limitation on excludable benefits that applies for per diem type long-term care insurance contracts also limits amounts that are excludable with respect to such contracts under this provision.

The payor of a payment to which this provision applies is required to report to the IRS the aggregate amount of such benefits paid to any individual during any calendar year, and the name, address and taxpayer identification number of such individual. A copy of the report must be provided to the payee by January 31 following the year of payment, showing the name of the payer and the aggregate amount of such benefits paid to the individual during the calendar year. Failure to file the report or provide the copy to the payee is subject to the generally applicable penalties for failure to file similar information reports.

A qualified viatical settlement provider is any person that regularly purchases or takes assignments of life insurance contracts on the lives of the terminally ill individuals and either (1) is licensed for such purposes in the State in which the insured resides; or (2) if the person is not required to be licensed by that State, meets the requirements of sections 8 and 9 of the Viatical Settlements Model Act (issued by the National Association of Insurance Commissioners (NAIC)), and also meets the section of the NAIC Viatical Settlements Model Regulation relating to standards for evaluation of reasonable payments, including discount rates, in determining amounts paid by the viatical settlement provider.

For life insurance company tax purposes, the bill provides that a life insurance contract is treated as including a reference to a qualified accelerated death benefit rider to a life insurance contract (except in the case of any rider that is treated as a long-term care insurance contract under section 7702B, as added by the bill). A qualified accelerated death benefit rider is any rider on a life insurance contract that provides only for payments of a type that are excludable under this provision.

Effective date

The provision applies to amounts received after December 31, 1996. The provision treating a qualified accelerated death benefit rider as life insurance for life insurance company tax purposes takes effect on January 1, 1997. The issuance of a qualified accelerated death benefit rider to a life insurance contract, or the addition of any provision required to conform an accelerated death benefit rider to these provisions, is not treated as a modification or material change to the contract (and is not intended to affect the issue date of any contract under section 101(f)).

Senate amendment

The Senate amendment is the same as the House bill, except that, in the case of a chronically ill insured, while the Senate amendment does provide that the exclusion for amounts received under a life insurance contract applies if the amount is received under a rider or other provision of the contract that is treated as a long-term care insurance contract under section 7702B (as added by the bill), the Senate amendment does not include the explicit language of the House bill requiring that the amount be treated as a payment for long-term care services under section 7702B.

Conference agreement

The conference agreement follows the House bill and the Senate amendment, with technical modifications and clarifications.

The conference agreement provides that the amount paid for the sale or assignment of any portion of the death benefit under a life insurance contract on the life of a terminally or chronically ill individual to a viatical settlement provider is excludable by the recipient as an amount paid under the contract by reason of the death of the insured. For example, the sale or assignment of a life insurance contract that has a rider providing for long-term care insurance, payments under which rider are funded by and reduce the death benefit, is considered the sale or assignment of the death benefit. Sale or assignment of a stand-alone rider providing for long-term care insurance (where payments under the rider are not funded by reductions in the death benefit), however, is not considered the sale or assignment of the death benefit.

The conference agreement provides that a viatical settlement provider is any person regularly engaged in the trade or business of purchasing or taking assignments of life insurance contracts on the lives of insured individuals who are terminally ill or chronically ill, so long as the viatical settlement provider meets certain requirements. The viatical settlement provider must either (1) be licensed, in the State where the insured resides, to engage in such transactions with terminally ill individuals (if the insured is terminally ill) or with chronically ill individuals (if the insured is chronically ill), or (2) if such licensing with respect to the insured individual is not required in the State, meet other requirements depending on whether the insured is terminally or chronically ill. If the insured is terminally ill, the viatical settlement provider must meet the requirements of sections 8 and 9 of the Viatical Settlements Model Act, relating to disclosure and general rules (issued by the National Association of Insurance Commissioner (NAIC)), and also meet the section of the NAIC Viatical Settlements Model Regulation relating to standards for evaluation of reasonable payments, including discount rates, in determining amounts paid by the viatical settlement provider. If the insured is chronically ill, the viatical settlement provider must meet requirements similar to those of sections 8 and 9 of the NAIC Viatical Settlements Model Act, and also must meet the standards, if any, promulgated by the NAIC for evaluating the reasonableness of amounts paid in viatical settlement transactions with chronically ill individuals.

The conference agreement clarifies the rules for chronically ill insureds so that the tax treatment of payments with respect to chronically ill individuals is reasonably similar under the long-term care rules of the bill and under this provision. In the case of a chronically ill individual, the exclusion under this provision with respect to amounts paid under a life insurance contract and amounts paid in a sale or assignment to a viatical settlement provider applies if the payment received is for costs incurred by the payee (not compensated by insurance or otherwise) for qualified long-term care services (as defined under the long-term care rules of the bill) for the insured person for the period, and two other requirements (similar to requirements applicable to long-term care insurance contracts under the bill) are met. The first requirement is that under the terms of the contract giving rise to the payment, the payment is not a payment or reimbursement of expenses reimbursable under Medicare (except where Medicare is a secondary payor under the arrangement, or the arrangement provides for per diem or other periodic payments without regard to expenses for qualified long-term care services). The conference agreement provides that no provision of law shall be construed or applied so as to prohibit the offering of such a contract giving rise to such a payment on the basis that the contract coordinates its payments with those provided under Medicare. The second requirement is that the arrangement complies with those consumer protection provisions applicable under the bill to long-term care insurance contracts and issuers that are specified in Treasury regulations. It is intended that such guidance incorporate rules similar to those of section 6F (relating to right to return, permitting the payee 30 days to rescind the arrangement) of the NAIC Long-Term Care Insurance Model Act, and section 13 (relating to requirements for application, requiring that the payee be asked if he or she already has long-term care insurance, Medicaid, or similar coverage) of the NAIC Long-Term Care Insurance Model Regulations. If the NAIC or the State in which the policyholder resides issues standards relating to chronically ill individuals, then the analogous requirements under Treasury regulations cease to apply.

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[15] A physician is defined for these purposes as in section 1861(r)(1) of the Social Security Act, which provides that a physician means a doctor of medicine or osteopathy legally authorized to practice medicine and surgery by the State in which he performs such function or action (including a physician within the meaning of section 1101(a)(7) of that Act). Section 1101(a)(7) of that Act provides that the term physician includes osteopathic practitioners within the scope of their practice as defined by State law.

[16] Thus, a chronically ill individual is one who has been certified within the previous 12 months by a licensed health care practitioner as (1) being unable to perform (without substantial assistance) at least 2 activities of daily living for at least 90 days due to a loss of functional capacity, (2) having a similar level of disability as determined by the Secretary of the Treasury in consultation with the Secretary of Health and Human Services, or (3) requiring substantial supervision to protect such individual from threats to health and safety due to severe cognitive impairment. Activities of daily living are eating, toileting, transferring, bathing, dressing and continence. Nothing in the bill requires the contract to take into account all of the activities of daily living.

An individual who meets the definition of a terminally ill individual is not treated as chronically ill, for purposes of this provision.

Payments made on a per diem or other periodic basis, without regard to expenses incurred for qualified long-term care services, are nevertheless excludable under this provision, subject to the dollar cap on excludable benefits that applies for amounts that are excludable under per diem type long-term care insurance contracts. The conference agreement modifies the calculation of the dollar cap applicable to aggregate payments under per diem type long-term care insurance contracts and amounts received with respect to a chronically ill individual pursuant to a life insurance contract.[17] The amount of the dollar cap with respect to the aggregate amount received under per diem type long-term care insurance contracts and this provision with respect to any one chronically ill individual (who is not terminally ill) is $175 per day ($63,875 annually) (indexed), reduced by the amount of reimbursements and payments received by anyone for the cost of qualified long-term care services for the chronically ill individual. If more than one payee receives payments with respect to any one chronically ill individual, the amount of the dollar cap is utilized first by the chronically ill person, and any remaining amount is allocated in accordance with Treasury regulations. If payments under such contracts exceed the dollar cap, then the excess is excludable only to the extent of actual costs incurred for long-term care services. Amounts in excess of the dollar cap, with respect to which no actual costs (in excess of the dollar cap) were incurred for long-term care services, are fully includable in income without regard to rules relating to return of basis under Code section 72.

The conference agreement modifies the reporting requirement for payors of amounts excludable under the provision. Thus, in addition to the reporting requirements of the House bill, a payor is required to report the name, address, and taxpayer identification number of the chronically ill individual on account of whose condition such amounts are paid, and whether the contract under which the amount is paid is a per diem-type contract.

E. EXEMPTION FROM INCOME TAX FOR STATE-SPONSORED ORGANIZATIONS PROVIDING HEALTH COVERAGE FOR HIGH-RISK INDIVIDUALS; EXEMPTION FROM INCOME TAX FOR STATE-SPONSORED WORKERS' COMPENSATION REINSURANCE ORGANIZATIONS

(Sec. 341 of the House bill and sec. 451 of the Senate amendment).

Present law

In general, the Internal Revenue Service ("IRS") takes the position that organizations that provide insurance for their members or other individuals are not considered to be engaged in a tax-exempt activity. The IRS maintains that such insurance activity is either (1) a regular business of a kind ordinarily carried on for profit, or (2) an economy or convenience in the conduct of members' businesses because it relieves the members from obtaining insurance on an individual basis.

Certain insurance risk pools have qualified for tax exemption under Code section 501(c)(6). In general, these organizations (1) assign any insurance policies and administrative functions to their member organizations (although they may reimburse their members for amounts paid and expenses), (2) serve an important common business interest of their members, and (3) must be membership organizations financed, at least in part, by membership dues.

State insurance risk pools may also qualify for tax-exempt status under section 501(c)(4) as a social welfare organizations or under section 115 as serving an essential governmental function of a State. In seeking qualification under section 501(c)(4), insurance organizations generally are constrained by the restrictions on the provision of "commercial-type insurance" contained in section 501(m). Section 115 generally provides that gross income does not include income derived from the exercise of any essential governmental function and accruing to a State or any political subdivision thereof. However, the IRS may be reluctant to rule that particular State risk-pooling entities satisfy the section 501(c)(4) or 115 requirements for tax-exempt status.

House bill

Health coverage for high-risk individuals

The House bill provides tax-exempt status to any membership organization that is established by a State exclusively to provide coverage for medical care on a nonprofit basis to certain high-risk individuals, provided certain criteria are satisfied.[18] The organization may provide coverage for medical care either by issuing insurance itself or by entering into an arrangement with a health maintenance organization ("HMO").

High-risk individuals eligible to receive medical care coverage from the organization must be residents of the State who, due to a pre-existing medical condition, are unable to obtain health coverage for such condition through insurance or an HMO, or are able to acquire such coverage only at a rate that is substantially higher than the rate charged for such coverage by the organization. The State must determine the composition of membership in the organization. For example, a State could mandate that all organizations that are subject to insurance regulation by the State must be members of the organization.

The House bill further requires the State or members of the organization to fund the liabilities of the organization to the extent that premiums charged to eligible individuals are insufficient to cover such liabilities. Finally, no part of the net earnings of the organization can inure to the benefit of any private shareholder or individual.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Workers' compensation reinsurance organizations

No provision.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

Health coverage for high-risk individuals

The conference agreement follows the House bill and the Senate amendment.

Workers' compensation reinsurance organizations

The conference agreement provides tax-exempt status to any membership organization that is established by a State before June 1, 1996, exclusively to reimburse its members for workers' compensation insurance losses, and that satisfies certain other conditions. A State must require that the membership of the organization consist of all persons who issue insurance covering workers' compensation losses in such State, and all persons who issue insurance covering workers' compensation losses in such State, and all persons and governmental entities who self-insure against such losses. In addition, the organization must operate as a nonprofit organization by returning surplus income to members or to workers' compensation policyholders on a periodic basis and by reducing initial premiums in anticipation of investment income.

Effective date.—The provision applies to taxable years ending after the date of enactment.

F. HEALTH INSURANCE ORGANIZATIONS ELIGIBLE FOR BENEFITS OF SECTION 833

(Sec. 351 of the House bill).

Present law

An organization described in sections 501(c)(3) or (4) of the Code is exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance (sec. 501(m)). Special rules apply to certain eligible health insurance organizations. Eligible health insurance organizations are (1) Blue Cross and Blue Shield organizations existing on August 16, 1986, which have not experienced a material change in structure or operations since that date, and (2) other organizations that meet certain community-service related requirements and substantially all of whose activities involve the providing of health insurance. Section 833 provides that eligible organizations are generally treated as stock property and casualty insurance companies.

Section 833 provides a special deduction for eligible organizations, equal to 25 percent of the claims and expenses incurred during the year, less the adjusted surplus at the beginning of the year. This deduction is calculated by computing surplus, taxable income, claims incurred, expenses incurred, tax-exempt income, net operating loss carryovers, and other items attributable to health expenses. The deduction may not exceed taxable income attributable to health business for the year (calculated without regard to this deduction).

In addition, section 833 eliminates, for eligible organizations, the 20 percent reduction in unearned premium reserves that applies generally to all property and casualty insurance companies.

House bill

The House bill applies the special rules under section 833 to the same extent they are provided to certain existing Blue Cross or Blue Shield organizations, in the case of any organization that (1) is not a Blue Cross or Blue Shield organization existing on August 16, 1986, and (2) otherwise meets the requirements of section 833(c)(2) (including the requirement of no material change in operations or structure since August 16, 1986). Under the provision, an organization qualifies for this treatment only if (1) it is not a health maintenance organization and (2) it is organized under and governed by State laws which are specifically and exclusively applicable to not-for-profit health insurance or health service type organizations.

Effective date.—The provision is effective for taxable years ending after December 31, 1996.

Senate amendment

No provision.

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[17] See item C, above.

[18] No inference is intended as to the tax treatment of other types of State-sponsored organizations.

Conference agreement

The conference agreement follows the House bill.

G. PENALTY-FREE WITHDRAWALS FROM IRAS FOR MEDICAL EXPENSES

(Sec. 461 of the Senate amendment).

Present law

Amounts withdrawn from an individual retirement arrangement ("IRA") are includible in income (except to the extent of any nondeductible contributions). In addition, a 10-percent additional tax applies to withdrawals from IRAs made before age 59½, unless the withdrawal is made on account of death or disability or is made in the form of annuity payments.

A similar additional tax applies to early withdrawals from employer-sponsored tax-qualified pension plans. However, the 10-percent additional tax does not apply to withdrawals form such plans to the extent used for medical expenses that exceed 7.5 percent of adjusted gross income ("AGI").

House bill

No provision.

Senate amendment

The Senate amendment extends the exception to the 10-percent tax for medical expenses in excess of 7.5 percent of AGI to withdrawals from IRAs. In addition, the Senate amendment provides that the 10-percent additional tax does not apply to withdrawals for medical insurance (without regard to the 7.5 percent of AGI floor) if the individual (including a self-employed individual) has received unemployment compensation under Federal or State law for at least 12 weeks, and the withdrawal is made in the year such unemployment compensation is received or the following year. If a self-employed individual is not eligible for unemployment compensation under applicable law, then, to the extent provided in regulations, a self-employed individual is treated as having received unemployment compensation for at least 12 weeks if the individual would have received unemployment compensation but for the fact that the individual was self-employed.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that the exception ceases to apply if the individual has been reemployed for at least 60 days.

H. REQUIRE TREASURY TO INCLUDE ORGAN AND TISSUE DONATION INFORMATION WITH TAX REFUNDS

(Sec. 307 of the Senate amendment).

Present law

There is no statutory requirement that Treasury include organ and tissue donation information with any payment of a refund of individual income taxes.

House bill

No provision.

Senate amendment

The Senate amendment requires Treasury to include organ and tissue donation information with any payment of a refund of individual income taxes made on or after February 1, 1997, through June 30, 1997.

Effective date.—The provision is effective for refunds made on or after February 1, 1997, through June 30, 1997.

Conference agreement

The conference agreement generally follows the Senate amendment, with two technical modifications. the first modification requires that the organ donor card be included to the extent particable. The second modification clarifies that the organ donor card is to be included with the mailing of any payment of a refund of individual income taxes.

Effective date.—The provision is effective for refunds made on or after February 1, 1997, through June 30, 1997.

TITLE IV. APPLICATION AND ENFORCEMENT OF GROUP HEALTH PLAN REQUIREMENTS

A. APPLICATION AND ENFORCEMENT OF GROUP HEALTH PLAN PORTABILITY, ACCESS, AND RENEWABILITY REQUIREMENTS

(Sec. 104(b) of the House bill).

Present Law

Under present law, the health care continuation rules (referred to as "COBRA" rules, after the Consolidated Omnibus Budget Reconciliation Act of 1985 in which they were enacted) require that most employer-sponsored group health plans must offer certain employees and their dependents ("qualified beneficiaries") the option of purchasing continued health coverage in the case of certain qualifying events. These qualifying events include: termination or reduction in hours of employment, death, divorce or legal separation, enrollment in Medicare, or the end of a child's dependency under a parent's health plan. In general, the maximum period of COBRA coverage is 18 months. An employer is permitted to charge qualified beneficiaries 102 percent of the applicable premium for COBRA coverage.

A tax is imposed on the failure of a group health plan to satisfy the COBRA rules. The tax must be imposed on the employer sponsoring the plan in the case of a plan other than a multiemployer plan, on the plan in the case of a multiemployer plan, or on each person who is responsible for administering or providing benefits under the plan if such person has, by written agreement, assumed responsibility for performing the act pursuant to which the violation occurs.

The amount of the tax is generally equal to $100 per day for each day on which there is a violation. The tax applies separately with respect to each qualified beneficiary for whom a failure occurs. In general, a tax will not be imposed if the violation was unintentional and is corrected within 30 days. The maximum tax for unintentional violations that can be imposed for a taxable year generally is the lesser of (1) 10 percent of the employer's payments under group health plans (or under the trust funding the plan in the case of a multiemployer plan), or (2) $500,000. If the tax is imposed on another person responsible for administering or providing benefits under the plan, the maximum penalty for failures during the year is $2 million. The Secretary may waive all or part of the tax to the extent that payment of the tax would be excessive relative to the failure involved.

Other than the COBRA rules, there are no other requirements in the Code which apply to group health plans (or insurers or health maintenance organizations ("HMOs")) regarding portability through limitations on preexisting condition exclusions, prohibitions on excluding individuals from coverage based on health status, and guaranteed renewability of health plan coverage.

House bill

Under the House bill, group health plans, insurers, and HMOs are subject to certain requirements regarding portability through limitations on preexisting condition exclusions and prohibitions on excluding individuals from coverage based on health status. The House bill generally extends the tax for failures to satisfy the COBRA rules to failures to comply with these requirements.

No tax is imposed on an insurer or HMO that is governed under a State law that the Secretary of Health and Human Services has determined to provide enforcement of similar requirements. In addition, no tax may be imposed on a small employer (defined as an employer who employs at least 2, but fewer than 51 employees on a typical business day) that provides health care benefits through a contract with an insurer or HMO and the violation is solely because of the product offered by the insurer or HMO under such contract. In addition, no tax is imposed if there has been enforcement by the Secretary of Labor or the Secretary of Health and Human Services.

Effective date.—The provision generally is effective with respect to plan years beginning on or after January 1, 1998.

Senate amendment

No provision. The requirements in the Senate amendment on group health plans, insurers, and HMOs regarding portability through limitations on preexisting condition exclusions and prohibitions on excluding individuals from coverage based on health status are not applied or enforced through the Code.

Conference agreement

Under the conference agreement, group health plans are subject to certain requirements regarding portability through limitations on preexisting condition exclusions, prohibitions on excluding individuals from coverage based on health status, and guaranteed renewability of health insurance coverage.[19] The conference agreement incorporates these requirements into the Code and generally imposes a tax with respect to any failure of a group health plan to comply with the requirements. The tax may generally be imposed on the employer sponsoring the plan. However, the tax may be imposed on the plan in the case of a multiemployer plan, and, with respect to violations of the requirements relating to guaranteed renewability, on the arrangement in the case of a multiple employer welfare arrangement.

The group health plan requirements contained in the Code do not apply to governmental plans and plans which on the first day of the plan year cover less than 2 current employees. In addition, no tax may be imposed on a small employer (defined as an employer who employed an average of 50 or fewer employees on business days during the preceding calendar year) that provides health care benefits through a contract with an insurer or HMO and the violation is solely because of the coverage offered by the insurer or HMO.

The amount of the tax is generally equal to $100 per day for each day during which a failure occurs until the failure is corrected. The tax applies separately with respect to each individual affected by the failure. In general, a tax will not be imposed if the violation was unintentional and is corrected within 30 days.[20] The maximum tax for unintentional violations that can be imposed generally is the lesser of (1) 10 percent of the employer's payments during the taxable year in which the failure occurred under group health plans (or 10 percent of the amount paid by the multiemployer plan or multiple employer welfare arrangement during the plan year in which the failure occurred for medical care, if applicable), or (2) $500,000. The Secretary may waive all or part of the tax to the extent that payment of the tax would be excessive relative to the failure involved.

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[19] These requirements are discussed earlier in greater detail.

[20] In the case of a church plan, this correction is generally extended to 270 days after the date of mailing by the Secretary of a notice of default with respect to a failure to comply with the group health plan requirements.

Effective date.—The provision applies with respect to failures of group health plans to satisfy the requirements regarding portability through limitations on preexisting condition exclusions, prohibitions on excluding individuals from coverage based on health status, and guaranteed renewability of health insurance coverage.

B. CLARIFICATION OF CERTAIN COBRA HEALTH CARE CONTINUATION REQUIREMENTS

(Sec. 121 of the Senate amendment).

Present law

Under present law, the health care continuation rules (referred to as "COBRA" rules, after the Consolidated Omnibus Budget Reconciliation Act of 1985 in which they were enacted) require that most employer-sponsored group health plans must offer certain employees and their dependents ("qualified beneficiaries") the option of purchasing continued health coverage in the case of certain qualifying events. These qualifying events include; termination or reduction in hours of employment, death, divorce or legal separation, enrollment in Medicare, or the end of a child's dependency under a parent's health plan. In general, the maximum period of COBRA coverage is 18 months. An employer is permitted to charge qualified beneficiaries 102 percent of the applicable premium for COBRA coverage. A $100 per day tax generally may be assessed against employers (plans in the case of multiemployer plans) for failures to comply with the COBRA rules, subject to certain exceptions and limitations.

The 18-month maximum COBRA coverage period is extended to 29 months if the qualified beneficiary is determined under the Social Security Act to have been disabled at the time of the qualifying event and the qualified beneficiary provides notice of such determination to the employer before the end of the 18-month period. A qualified beneficiary has 60 days to notify the employer of a disability determination. During the 11-month period of extended COBRA coverage, the qualified beneficiary may be charged 150 percent of the applicable premium.

COBRA coverage may be terminated before the 18-month maximum coverage period in the case of certain events. These include: the employer ceases to maintain any group health plan, the qualified beneficiary fails to pay the premium, the qualified beneficiary becomes covered under another group health plan with no preexisting condition limitation or exclusion, or the qualified beneficiary becomes entitled to Medicare.

Under present law, the term qualified beneficiary only includes individuals who were either the spouse or the dependent of the covered employee at the time of the qualifying event.

A group health plan is required to notify each covered employee and the covered employee's spouse of their COBRA rights upon commencement of participation in the plan. Further, the group health plan administrator must notify each qualified beneficiary of their COBRA rights within 14 days after notification of the occurrence of a qualifying event.

House bill

No provision. However, the House bill modifies the COBRA rules so that the penalties applicable to failures to comply with the COBRA rules generally apply to failures to comply with the requirements in the House bill on group health plans, insurers, and health maintenance organizations ("HMOs") regarding portability through limitations on preexisting condition exclusions and prohibitions on excluding individuals from coverage based on health status.

Senate amendment

The Senate amendment modifies the COBRA rules by clarifying that the extended maximum COBRA coverage period of 29 months in cases of disability also applies to the disabled qualified beneficiary of the covered employee. In addition, the Senate amendment provides the extended COBRA coverage if the disability exists at any time during the initial 18-month COBRA coverage period as opposed to requiring the disability to exist at the time of the qualifying event. As under present law, the disability determination still has to be made, and the notice of the disability still has to be given, before the end of the initial COBRA coverage period.

The Senate amendment coordinates the COBRA rules with the new requirements regarding preexisting condition exclusions so that COBRA coverage can be terminated if a qualified beneficiary becomes covered under another group health plan, even if such group health plan contains a preexisting condition limitation or exclusion, provided the preexisting condition limitation or exclusion does not apply to the qualified beneficiary by reason of the new requirements restricting the application of preexisting condition limitations and exclusions.

The Senate amendment also modifies the definition of qualified beneficiary to include a child born to our placed for adoption with the covered employee during the period of COBRA coverage. Consequently, since the health care availability provisions in the Senate amendment require group health plans to allow participants to change their coverage status (i.e., to change from individual coverage to family coverage, or to add on the new child) upon the birth or adoption of a new child, COBRA participants would also be allowed to change their coverage status upon the birth or adoption of a new child.

The Senate amendment requires a group health plan to notify each qualified beneficiary who has elected COBRA coverage of the changes to the COBRA rules contained in the Senate amendment no later than November 1, 1996.

Effective date.—The provision applies to qualifying events occurring on or after the date of enactment for plan years beginning after December 31, 1997.

Conference agreement

The conference agreement follows the Senate amendment, except the extended period of COBRA coverage in cases of disability applies if the disability exists at any time during the first 60 days of COBRA coverage.

Effective date.—The provision is effective on January 1, 1997, regardless of whether the qualifying event occurred before, on, or after such date.

TITLE V. REVENUE OFFSETS

A. DISALLOW INTEREST DEDUCTION FOR CORPORATE-OWNED LIFE INSURANCE POLICY LOANS

(Sec. 495 of the Senate amendment).

Present law

No Federal income tax generally is imposed on a policyholder with respect to the earnings under a life insurance contract ("inside buildup").[21] Further, an exclusion from Federal income tax is provided for amounts received under a life insurance contract paid by reason of the death of the insured (sec. 101(a)). The policyholder may borrow with respect to the life insurance contract without affecting these exclusions, subject to certain limitations.

The limitations on borrowing with respect to a life insurance contract under present law provide that no deduction is allowed for any interest paid or accrued on any indebtedness with respect to one or more life insurance policies owned by the taxpayer covering the life of any individual who (1) is an officer or employee of, or (2) is financially interested in, any trade or business carried on by the taxpayer to the extent that the aggregate amount of such debt with respect to policies covering the individual exceeds $50,000 (sec. 264(a)(4)).

Further, no deduction is allowed for any amount paid or accrued on debt incurred or continued to purchase or carry a life insurance, endowment, or annuity contract pursuant to a plan of purchase that contemplates the systematic direct or indirect borrowing of part or all of the increases in the cash value of the contract.[22] An exception to the latter rule is provided, permitting deductibility of interest on bona fide debt that is part of such a plan, if no part of 4 of the annual premiums due during the first 7 years is paid by means of debt (the "4-out-of-7 rule") (sec. 264(c)(1)). Provided the transaction gives rise to debt for Federal income tax purposes, and provided the 4-out-of-7 rule is met,[23] a company may under present law borrow up to $50,000 per employee, officer, or financially interested person to purchase or carry a life insurance contract covering such a person, and is not precluded under section 264 from deducting the interest on the debt, even though the earnings inside the life insurance contract (inside buildup) are tax-free, and in fact the taxpayer has full use of the borrowed funds.

House bill

No provision.

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[21] This favorable tax treatment is available only if a life insurance contract meets certain requirements designed to limit the investment character of the contract (sec. 7702). Distributions from a life insurance contract (other than a modified endowment contract) that are made prior to the death of the insured generally are includible in income, to the extent that the amounts distributed exceed the taxpayer's basis in the contract; such distributions generally are treated first as a tax-free recovery of basis, and then as income (sec. 72(e)). In the case of a modified endowment contract, however, in general, distributions are treated as income first, loans are treated as distributions (i.e., income rather than basis recovery first), and an additional 10 percent tax is imposed on the income portion of distributions made before age 59–½ and in certain other circumstances (secs. 72 (e) and (v)). A modified endowment contract is a life insurance contract that does not meet a statutory "7-pay" test, i.e., generally is funded more rapidly than 7 annual level premiums (sec. 7702A).

[22] The statute provides that the $50,000 limitation applies only with respect to contracts purchased after June 20, 1986. However, additional limitations are imposed on the deductibility of interest with respect to single premium contracts (sec. 264(a)(2)), and on the deductibility of premiums paid on a life insurance contract covering the life of any officer or employee or person financially interested in a trade or business of the taxpayer when the taxpayer is directly or indirectly a beneficiary under the contract (sec. 264(a)(1)).

[23] Interest deductions are disallowed if any of the disallowance rules of section 264(a) (2)–(4) apply. The disallowance rule of section 264(a)(3) is not applicable if one of the exceptions of section 264(c), such as the 4-out-of-7 rule (sec. 264(c)(1)) is satisfied. In addition to the specific disallowance rules of section 264, generally applicable principles of tax law apply.

Senate amendment

Under the Senate amendment, no deduction is allowed for interest paid or accrued on any indebtedness with respect to one or more life insurance policies or annuity or endowment contracts owned by the taxpayer covering any individual who is (1) an officer or employee of, or (2) financially interested in, any trade or business carried on by the taxpayer, regardless of the aggregate amount of debt with respect to policies or contracts covering the individual.

An exception is provided retaining present law for interest on indebtedness with respect to life insurance policies covering up to 10 key persons. A key person is an individual who is either an officer or a 20-percent owner of the taxpayer. The number of individuals that can be treated as key persons may not exceed the greater of (1) 5 individuals, or (2) the lesser of 5 percent of the total number of officers and employees of the taxpayer or 10 individuals. Interest paid or accrued on debt with respect to a life insurance contract covering a key person is deductible only to the extent the rate of interest does not exceed Moody's Corporate Bond Yield Average—Monthly Average Corporates for each month interest is paid or accrued.

Effective date.—The Senate amendment provision generally is effective with respect to interest paid or accrued after December 31, 1995 (subject to a phase-in rule).

The phase-in rule provides that with respect to debt incurred before January 1, 1996, any otherwise deductible interest paid or accrued after October 13, 1995, and before January 1, 1999, is allowed to the extent the rate of interest does not exceed the lesser of (1) the borrowing rate specified in the contract as of October 13, 1995, or (2) a percentage of Moody's Corporate Bond Yield Average—Monthly Average Corporates for each month the interest is paid or accrued. For interest paid or accrued after October 13, 1995, and before January 1, 1996, the percentage of the Moody's rate is 100 percent; for interest paid or accrued in 1996, the percentage is 90 percent; for interest paid or accrued in 1997, the percentage is 80 percent; for 1998, the percentage is 70 percent; for 1999 and thereafter, the percentage is 0 percent. Only interest that would have been allowed as a deduction but for the provision is allowed under the phase-in. Interest that is deductible under the phase-in rules does not include interest on borrowings by the taxpayer with respect to contracts on the lives of more than 20,000 insured individuals, effective for interest paid or accrued after December 31, 1995. For this purpose, all persons treated as a single employer are treated as one taxpayer.

An exception is provided under the effective date with respect to any life insurance contract entered into during 1994 or 1995. In the case of such contracts, with respect to debt incurred before January 1, 1997, a deduction is allowed for interest (that is otherwise deductible) only (1) with respect to policies that satisfy the key person exception, and (2) as provided under the phase-in rule. Thus, with respect to interest on amounts borrowed during 1996 with respect to such a contract, the phase-in rule applies, capping the rate for determining the amount of deductible interest at the lesser of (1) the borrowing rate specified in the contracts as of October 13, 1995, or (2) the applicable percentage of Moody's Corporate Bond Yield Average—Monthly Average Corporates for each month the interest is paid or accrued. For example, for interest paid or accrued in 1996 on amounts borrowed in 1996 with respect to such a contract, the applicable percentage is 90 percent.

The provision generally does not apply to interest on debt with respect to contracts purchased on or before June 20, 1986 (thus generally continuing the effective date provision of the $50,000 limitation enacted in the 1986 Act.) If the policy loan interest rate under such a contract provides for a fixed rate of interest, then interest on such a contract paid or accrued after October 13, 1995, is allowable only to the extent the fixed rate of interest does not exceed Moody's Corporate Bond Yield Average—Monthly Average Corporates for the month in which the contract was purchased. If the policy loan interest rate under such a contract does not provide for a fixed rate of interest, then interest on such a contract paid or accrued after October 13, 1995, is allowable only to the extent the rate of interest for each fixed period selected by the taxpayer does not exceed Moody's Corporate Bond Yield Average—Monthly Average Corporates, for the month immediately preceding the beginning of the fixed period. The fixed period must be 12 months or less. it is intended that conforming a contract to satisfy this interest rate limitation not be treated as a material modification for purposes of this grandfather rule or sections 101(f), 7702 or 7702A. No inference is intended as to whether such a change is a material modification under present law.

Any amount included in income during 1996, 1997, or 1998, that is received under a contract described in the proposal on the complete surrender, redemption or maturity of the contract or in full discharge of the obligation under the contract that is in the nature of a refund of the consideration paid for the contract, is includable ratably over the first 4 taxable years beginning with the taxable year the amount would otherwise have been includable. Utilization of this 4-year income-spreading rule does not cause interest paid or accrued prior to January 1, 1999, to be nondeductible solely by reason of (1) failure to meet the 4-out-or-7 rule, or (2) causing the contract to be treated as single premium contract within the meaning of section 264(b)(1) (i.e., a contract in which substantially all of the premiums are paid within 4 years after the date of purchase). In addition, the lapse of a contract after October 13, 1995, due to nonpayment of premiums does not cause interest paid or accrued prior to January 1, 1999, to be nondeductible solely by reason of (1) failure to meet the 4-out-of-7 rule, or (2) causing the contract to be treated as a single premium contract within the meaning of section 264(b)(1).

In the case of an insurance company, the unamortized balance of policy expense attributable to a contract with respect to which the 4-year income-spreading treatment is allowed to the policyholder is deductible in the year in which the transaction giving rise to income-spreading occurs.

No inference, is intended as to the treatment of interest paid or accrued under present law.

Conference agreement

The conference agreement follows the Senate amendment, with the following modifications.

The exception relating to key persons is modified to apply to life insurance policies covering up to 20 key persons. Thus, under the conference agreement, the number of individuals that can be treated as key persons may not exceed the greater of (1) 5 individuals, or (2) the lesser of 5 percent of the total number of officers and employees of the taxpayer or 20 individuals.

The cap (based on Moody's Corporate Bond Yield Average—Monthly Average Corporates) on deductible interest paid or accrued with respect to (1) interest paid or accrued on debt with respect to a life insurance contract covering a key person, and (2) interest on debt with respect to contracts purchased on or before June 20, 1986, applies only for interest paid or accrued for any month beginning after December 31, 1995.

In addition, in the case of a contract purchased on or before June 20, 1986, where the policy loan interest rate under the contract does not provide for a fixed rate of interest, the interest is allowable only to the extent the rate of interest for each period does not exceed Moody's Corporate Bond Yield Average—Monthly Average Corporates for the third month preceding the first month preceding the first month preceding the period.

Effective date.—The conference agreement modifies the percentages of the Moody's Corporate Bond Yield Average—Monthly Average Corporates that apply with respect to qualified interest under the phase-in rule. Thus, under the conference agreement, the percentage of the Moody's rate is 100 percent for interest paid or accrued in 1996; 90 percent for interest paid or accrued in 1997; 80 percent for interest paid or accrued in 1998; and 0 percent thereafter. The rule limiting deductible interest to the applicable percentage of the Moody's rate does not apply for interest paid or accrued in any month beginning before January 1, 1996.

B. EXPATRIATION TAX PROVISIONS

(Secs. 421–423 of the House bill and secs. 471–473 of the Senate amendment.)

Present law

Individuals who relinquish U.S. citizenship with a principal purpose of avoiding U.S. taxes are subject to special tax provisions for 10 years after expatriation. The determination of who is U.S. citizen for tax purposes, and when such citizenship is lost, is governed by the provisions of the Immigration and Nationality Act, 8 U.S.C. section 1401, et seq.

An individual who relinquishes his U.S. citizenship with a principal purpose of avoiding U.S. taxes is subject to tax on his or her U.S. source income at the rates applicable to U.S. citizens, rather than the rates applicable to other non-resident aliens, for 10 years after expatriation. In addition, the scope of items treated as U.S. source income for this purpose is broader than those items generally considered to be U.S. source income. For example, gains on the sale of personal property located in the United States and gains on the sale or exchange of stock or securities issued by U.S. persons are treated as U.S. source income. This alternative method of income taxation applies only if it results in higher U.S. tax liability.

Rules applicable in the estate and gift tax contexts expand the categories of items that are subject to the gift and estate taxes in the case of a U.S. citizen who relinquished citizenship with a principal purpose of avoiding U.S. taxes within the 10-year period ending on the date of the transfer. For example, U.S. property held through a foreign corporation controlled by such individual and related persons is included in his or her estate and gifts of U.S.-situs intangible property by such individual are subject to the gift tax.

House bill

Overview

The House bill expands and substantially strengthens in several ways the present-law provisions that subject U.S. citizens who lose their citizenship for tax avoidance purposes to special tax rules for 10 years after such loss of citizenship (secs. 877, 2107, and

2501(a)(3)). First, the House bill extends the expatriation tax provisions to apply not only to U.S. citizens who lose their citizenship but also to certain long-term residents of the United States whose U.S. residency is terminated. Second, the House bill subjects certain individuals to the expatriation tax provisions without inquiry as to their motive for losing their U.S. citizenship or residency, but allows certain categories of citizens to show an absence of tax-avoidance motive if they request a ruling from the Secretary of the Treasury as to whether the loss of citizenship had a principal purpose of tax avoidance. Third, the House bill expands the categories of income and gains that are treated as U.S. source (and therefore subject to U.S. income tax under section 877) if earned by an individual who is subject to the expatriation tax provisions and includes provisions designed to eliminate the ability to engage in certain transactions that under current law partially or completely circumvent the 10-year reach of section 877. Further, the House bill provides relief from double taxation in circumstances where another country imposes tax on items that would be subject to U.S. tax under the expatriation tax provisions.

The House bill also contains provisions to enhance compliance with the expatriation tax provisions. The House bill imposes information reporting obligations on U.S. citizens who lose their citizenship and long-term residents whose U.S. residency is terminated at the time of expatriation. In addition, the House bill directs the Treasury Department to undertake a study regarding compliance by individuals living abroad with their U.S. tax reporting obligations and to make recommendations with respect to improving such compliance.

Individuals covered

The present-law expatriation tax provisions apply only to certain U.S. citizens who lose their citizenship. The House bill extends these expatriation tax provisions to apply also to long-term residents of the United States whose U.S. residency is terminated. For this purpose, a long-term resident is any individual who was a lawful permanent resident of the United States for at least 8 out of the 15 taxable year sending with the year in which such termination occurs. In applying this 8-year test, an individual is not considered to be a lawful permanent resident for any year in which the individual is taxed as a resident of another country under a treaty tie-breaker rule. An individual's U.S. residency is considered to be terminated when either the individual ceases to be a lawful permanent resident pursuant to section 7701(b)(6) (i.e., the individual loses his or her green-card status) or the individual is treated as a resident of another country under a tie-breaker provision of a tax treaty (and the individual does not elect to waive the benefits of such treaty). Furthermore, a long-term resident may elect to use the fair market value basis of property on the date the individual became a U.S. resident (rather than the property's historical basis) to determine the amount of gain subject to the expatriation tax provisions if the asset is sold within the 10-year period.

Under present law, the expatriation tax provisions are applicable to a U.S. citizen who loses his or her citizenship unless such loss did not have as a principal purpose the avoidance of taxes. Under the House bill, U.S. citizens who lose their citizenship and long-term residents whose U.S. residency is terminated are generally treated as having lost such citizenship or terminated such residency with a principal purpose of the avoidance of taxes if either: (1) the individual's average annual U.S. Federal income tax liability for the 5 taxable years ending before the date of such loss or termination is greater than $100,000 (the "tax liability test"), or (2) the individual's net worth as of the date of such loss or termination is $500,000 or more (the "net worth test"). The dollar amount thresholds contained in the tax liability test and the net worth test are indexed for inflation in the case of a loss of citizenship or termination of residency occurring in any calendar year after 1996. An individual who falls below the thresholds specified in both the tax liability test and the net worth test is subject to the expatriation tax provisions unless the individual's loss of citizenship or termination of residency did not have as a principal purpose the avoidance of tax (as under present law in the case of U.S. citizens).

A U.S. citizen, who loses his or her citizenship and who satisfies either the tax liability test or the net worth test, is not subject to the expatriation tax provisions if such individual can demonstrate that he or she did not have a principal purpose of tax avoidance and the individual is within one of the following categories: (1) the individual was born with dual citizenship and retains only the non-U.S. citizenship; (2) the individual becomes a citizen of the country in which the individual, the individual's spouse, or one of the individual's parents, was born; (3) the individual was present in the United States for no more than 30 days during any year in the 10-year period immediately preceding the date of his or her loss of citizenship; (4) the individual relinquishes his or her citizenship before reaching age 18½; or (5) any other category of individuals prescribed by Treasury regulations. In all of these situations, the individual would have been subject to tax on his or her worldwide income (as are all U.S. citizens) until the time of expatriation. In order to qualify for one of these exceptions, the former U.S. citizen must, within one year from the date of loss of citizenship, submit a ruling request for a determination by the Secretary of the Treasury as to whether such loss had as one of its principal purposes the avoidance of taxes. A former U.S. citizen who submits such a ruling request is entitled to challenge an adverse determination by the Secretary of the Treasury. However, a former U.S. citizen who fails to submit a timely ruling request is not eligible for these exceptions. It is expected that in making a determination as to the presence of a principal purpose of tax avoidance, the Secretary of the Treasury will take into account factors such as the substantiality of the former citizen's ties to the United States (including ownership of U.S. assets) prior to expatriation, the retention of U.S. citizenship by the former citizen's spouse, and the extent to which the former citizen resides in a country that imposes little or no tax.

The foregoing exceptions are not available to long-term residents whose U.S. residency is terminated. However, the House bill authorizes the Secretary of the Treasury to prescribe regulations to exempt certain categories of long-term residents from the House bill's provisions.

Items subject to section 877

Under section 877, an individual covered by the expatriation tax provisions is subject to tax on U.S. source income and gains for a 10-year period after expatriation at the graduated rates applicable to U.S. citizens.[24] The tax under section 877 applies to U.S. source income and gains of the individual for the 10-year period, without regard to whether the property giving rise to such income or gains was acquired before or after the date the individual became subject to the expatriation tax provisions. For example, a U.S. citizen who inherits an appreciated asset immediately before losing citizenship and disposes of the asset immediately after such loss would not recognize any taxable gain on such disposition (because of the date of death fair market value basis accorded to inherited assets), but the individual would continue to be subject to tax under section 877 on the income or gain derived from any U.S. property acquired with the proceeds from such disposition.

In addition, section 877 currently recharacterizes as U.S. source income certain gains of individuals who are subject to the expatriation tax provisions, thereby subjecting such individuals to U.S. income tax on such gains. Under this rule, gain on the sale or exchange of stock of a U.S. corporation or debt of a U.S. person is treated as U.S. source income. In this regard, under current law, the substitution of a foreign obligor for a U.S. obligor is generally treated as a taxable exchange of the debt instrument, and therefore any gain on such exchange is subject to tax under section 877. The House bill extends this recharacterization to income and gains derived from property obtained in certain transactions on which gain or loss is not recognized under present law. An individual covered by section 877 who exchanges property that would produce U.S. source income for property that would produce foreign source income is required to recognize immediately as U.S. source income any gain on such exchange (determined as if the property had been sold for its fair market value on such date). To the extent gain is recognized under this provision, the property would be accorded the step-up in basis provided under current law. This rule requiring immediate gain recognition does not apply if the individual enters into an agreement with the Secretary of the Treasury specifying that any income or gains derived from the property received in the exchange during the 10-year period after the loss of citizenship (or termination of U.S. residency, as applicable) would be treated as U.S. source income. Such a gain recognition agreement terminates if the property transferred in the exchange is disposed of by the acquiror, and any gain that had not been recognized by reason of such agreement is recognized as U.S. source as of such date. It is expected that a gain recognition agreement would be entered into not later than the due date for the tax return for the year of the exchange. In this regard, the Secretary of the Treasury is authorized to issue regulations providing similar treatment for nonrecognition transactions that occur within 5 years immediately prior to the date of loss of citizenship (or termination of U.S. residency, as applicable).

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[24] Under present law, all nonresident aliens (including expatriates) are subject to U.S. income tax at graduated rates on certain types of income. Such income includes income effectively connected with a U.S. trade or business and gains from the disposition of interests in U.S. real property. For example, compensation (including deferred compensation) paid with respect to services performed in the United States is subject to such tax. Thus, under current law, a U.S. citizen who earns a stock option while employed in the United States and delays the exercise of such option until after such individual loses his or her citizenship is subject to U.S. tax on the compensation income recognized upon exercise of the stock option (even if the stock received upon the exercise is stock in a foreign corporation).

The Secretary of Treasury is authorized to issue regulations to treat removal of tangible personal property from the United States, and other circumstances that result in a conversion of U.S. source income to foreign source income without recognition of any unrealized gain, as exchange for purposes of computing gain subject to section 877. The taxpayer may defer the recognition of the gain if he or she enters into a gain recognition agreement as described above. For example, a former citizen who removes appreciated artwork that he or she owns from the United States could be subject to immediate tax on the appreciation under this provision unless the individual enters into a gain recognition agreement.

The foregoing rules regarding the treatment under section 877 of nonrecognition transactions are illustrated by the following examples: Ms. A loses her U.S. citizenship on January 1, 1996, and is subject to section 877. On June 30, 1997, Ms. A transfers the stock she owns in a U.S. corporation, USCo, to a wholly-owned foreign corporation, FCo, in a transaction that qualifies for tax-free treatment under section 351. At the time of such transfer, A's basis in the stock of USCo is $100,000 and the fair market value of the stock is $150,000. Under present law, Ms. A. would not be subject to U.S. tax on the $50,000 of gain realized on the exchange. Moreover, Ms. A would not be subject to U.S. tax on any distribution of the proceeds from a subsequent disposition of the USCo stock by FCo. Under the House bill, if Ms. A does not enter into a gain recognition agreement with the Secretary of the Treasury, Ms. A would be deemed to have sold the USCo stock for $150,000 on the date of the transfer, and would be subject to U.S. tax in 1997 on the $50,000 of gain realized. Alternatively, if Ms. A enters into a gain recognition agreement, she would not be required to recognize for U.S. tax purposes in 1997 the $50,000 of gain realized upon the transfer of the USCo stock to FCo. However, under the gain recognition agreement, for the 10-year period ending on December 31, 2005, any income (e.g., dividends) or gain with respect to the FCo stock would be treated as U.S. source, and therefore Ms. A would be subject to tax on such income or gain under section 877. If FCo disposes of the USCo stock on January 1, 2002, Ms. A's gain recognition agreement would terminate on such date, and Ms. A would be required to recognize as U.S. source income at that time the $50,000 of gain that she previously deferred under the gain recognition agreement. (The amount of gain required to be recognized by Ms. A in this situation would not be affected by any changes in the value of the USCo stock since her June 30, 1997 transfer of such stock to FCo.)

The House bill also extends the recharacterization rules of section 877 to treat as U.S. source any income and gains derived from stock in a foreign corporation if the individual losing citizenship or terminating residency owns, directly or indirectly, more than 50 percent of the vote or value of the stock of the corporation on the date of such loss or termination or at any time during the 2 years preceding such date. Such income and gains are recharacterized as U.S. source only to the extent of the amount of earnings and profits attributable to such stock earned or accumulated prior to the date of loss of citizenship (or termination of residency, as applicable) and while such ownership requirement is satisfied.

The following example illustrates this rule: Mr. B loses his U.S. citizenship on July 1, 1996 and is subject to section 877. Mr. B has owned all of the stock of a foreign corporation, FCo, since its incorporation in 1991. As of FCo's December 31, 1995 year-end, FCo has accumulated earnings and profits of $500,000. FCo has earnings and profits of $100,000 for 1996 and does not have any subpart F income (as defined in sec. 952). FCo makes a $100,000 distribution to Mr. B in each of 1997 and 1998. On January 1, 1999, Mr. B disposes of all his stock of FCo and realizes $400,000 of gain. Under present law, neither the distributions from FCo nor the gain on the disposition of the FCo stock would be subject to U.S. tax. Under the House bill, the distributions from FCo and the gain on the sale of the stock of FCo would be treated as U.S. source income and would be taxed to Mr. B under section 877, subject to the earnings and profits limitation. For this purpose, the amount of FCo's earnings and profits for 1996 is prorated based on the number of days during 1996 that Mr. B is a U.S. citizen. Thus, the amount of FCo's earnings and profits earned or accumulated before Mr. B's loss of citizenship is $550,000. Accordingly, the $100,000 distributions from FCo in 1997 and 1998 would be treated as U.S. source income taxable to Mr. B under section 877 in such years. In addition, $350,000 of the gain realized from the sale of the stock of FCo in 1999 would be treated as U.S. source income taxable to Mr. B under section 877 in that year.

Special rule for shift in risks of ownership

Section 877 applies to income and gains for the 10-year period following the loss of citizenship (or termination of residency, as applicable). For purposes of applying section 877, the House bill suspends this 10-year period for gains derived from a particular property during any period in which the individual's risk of loss with respect to such property is substantially diminished. For example, Ms. C loses her citizenship on January 1, 1996 and is subject to section 877. On that date Ms. C owns 10,000 shares of stock of a U.S. corporation, USCo, with a value of $1 million. On the same date Ms. C enters into an equity swap with respect to such USCo stock with a 5-year term. under the transaction, Ms. C will transfer to the counterparty an amount equal to the dividends on the USCo stock and any increase in the value of the USCo stock for the 5-year period. The counter-party will transfer to Ms. C an amount equal to a market rate of interest on $1 million and any decrease in the value of the USCo stock for the same period. Ms. C's risk of loss with respect to the USCo stock is substantially diminished during the 5-year period in which the equity swap is in effect, and therefore, under the House bill, the 10-year period under section 877 is suspended during such period. Accordingly, under the House bill, if Ms. C sells here USCo stock for a gain on January 1, 2010, such gain would be treated as U.S. source income taxable to Ms. C under section 877. Such gain would not be subject to U.S. tax under present law.

Double tax relief

In order to avoid the double taxation of individuals subject to the expatriation tax provisions, the House bill provides a credit against the U.S. tax imposed under such provisions for any foreign income, gift, estate or similar taxes paid with respect to the items subject to such taxation. This credit is available only against the tax imposed solely as a result of the expatriation tax provisions, and is not available to be used to offset any other U.S. tax liability. For example, Mr. D loses his citizenship on January 1, 1996 and is subject to section 877. Mr. D becomes a resident of Country X. During 1996, Mr. D recognizes a $100,000 gain upon the sale of stock of a U.S. corporation, USCo. Country X imposes $20,000 tax on this capital gain. But for the double tax relief provision, Mr. D would be subject to tax of $28,000 on this gain under section 877. However, Mr. D's U.S. tax under section 877 would be reduced by the $20,000 of foreign tax paid, and Mr. D's resulting U.S. tax on this gain would be $8,000.

Effect on tax treaties

While it is believed that the expatriation tax provisions, as amended by the House bill, are generally consistent with the underlying principles of income tax treaties to the extent the House bill provides a foreign tax credit for items taxed by another country, it is intended that the purpose of the expatriation tax provisions, as amended, not be defeated by any treaty provision. The Treasury Department is expected to review all outstanding treaties to determine whether the expatriation tax provisions, as revised, potentially conflict with treaty provisions and to eliminate any such potential conflicts through renegotiation of the affected treaties as necessary. Beginning on the tenth anniversary of the enactment of the House bill, any conflicting treaty provisions that remain in force would take precedence over the expatriation tax provisions as revised.

Required information reporting and sharing

Under the House bill, a U.S. citizen who loses his or her citizenship is required to provide a statement to the State Department (or other designated government entity) which includes the individual's social security number, forwarding foreign address, new country of residence and citizenship and, in the case of individuals with a net worth of at least $500,000, a balance sheet. The entity to which such statement is to be provided is required to provide the Secretary of the Treasury copies of all statements received and the names of individuals who refuse to provide such statements. A long-term resident whose U.S. residency is terminated is required to attach a similar statement to his or her U.S. income tax return for the year of such termination. An individual's failure to provide the required statement results in the imposition of a penalty for each year the failure continues equal to the greater of (1) 5 percent of the individual's expatriation tax liability for such year, or (2) $1,000.

The House bill requires the State Department to provide the Secretary of the Treasury with a copy of each certificate of loss of nationality (CLN) approved by the State Department. Similarly, the House bill requires the agency administering the immigration laws to provide the Secretary of the Treasury with the name of each individual whose status as a lawful permanent resident has been revoked or has been determined to have been abandoned.

Further, the House bill requires the Secretary of the Treasury to publish in the Federal Register the names of all former U.S. citizens from whom it receives the required statements or whose names it receives under the foregoing information-sharing provisions.

Treasury report on tax compliance by U.S. citizens and residents living abroad

The Treasury Department is directed to undertake a study on the tax compliance of U.S. citizens and green-card holders residing outside the United States and to make recommendations regarding the improvement of such compliance. The findings of such study and such recommendations are required to be reported to the House Committee on Ways and Means and the Senate Committee on Finance within 90 days of the date of enactment.

During the course of the 1995 Joint Committee on Taxation staff study on expatriation (see Joint Committee on Taxation, Issues Presented by Proposals to Modify the Tax Treatment of Expatriation (JCS–17–95), June 1, 1995), a specific issue was identified regarding the difficulty in determining when a U.S. citizen has committed an expatriating act with the requisite intent, and thus no longer has the obligation to continue to pay U.S. taxes on his or her worldwide income due to the fact that the individual is no longer a U.S. citizen. Neither the Immigration and Nationality Act nor any other Federal law requires an individual to request a CLN within a specified amount of time after an expatriating act has been committed, even though the expatriating act terminates the status of the individual as a U.S. citizen for all purposes, including the status of being subject to U.S. tax on worldwide income. Accordingly, it is anticipated that the Treasury report, in evaluating whether improved coordination between executive branch agencies could improve compliance with the requirements of the Internal Revenue Code, will review the process through which the State Department determines when citizenship has been lost, and make recommendations regarding changes to such process to recognize the importance of such date for tax purposes. In particular, it is anticipated that the Treasury Department will explore ways of working with the State Department to insure that the State Department will not issue a CLN confirming the commission of an expatriating act with the requisite intent necessary to terminate citizenship in the absence of adequate evidence of both the occurrence of the expatriating act (e.g., the joining of a foreign army) and the existence of the requisite intent.

Effective date

The expatriation tax provisions as modified by the House bill generally apply to any individual who loses U.S. citizenship, and any long-term residents whose U.S. residency is terminated, on or after February 6, 1995. For citizens, the determination of the date of loss of citizenship remains the same as under present law (i.e., the date of loss of citizenship is the date of the expatriating act). However, a special transition rule applies to individuals who committed an expatriating act within one year prior to February 6, 1995, but had not applied for a CLN as of such date. Such an individual is subject to the expatriation tax provisions as amended by the House bill as of the date of application for the CLN, but is *not* retroactively liable for U.S. income taxes on his or her worldwide income. In order to qualify for the exceptions provided for individuals who fall within one of the specified categories, such individual is required to submit a ruling request within 1 year after the date of enactment of the House bill.

The special transition rule is illustrated by the following example. Mr. E joined a foreign army on October 1, 1994 with the intent to relinquish his U.S. citizenship, but Mr. E does not apply for a CLN until October 1, 1995. Mr. E would be subject to the expatriation tax provisions (as amended) for the 10-year period beginning on October 1, 1995. Moreover, if Mr. E falls within one of the specified categories (i.e., Mr. E is age 18 when he joins the foreign army), in order to qualify for the exception provided for such individuals, Mr. E would be required to submit his ruling request within 1 year after the date of enactment of the House bill. Mr. E would not, however, be liable for U.S. income taxes on his worldwide income for any period after October 1, 1994.

Senate amendment

In general

The Senate amendment replaces the present-law expatriation income tax rules with rules that generally subject certain U.S. citizens who relinquish their U.S. citizenship and certain long-term U.S. residents who relinquish their U.S. residency to tax on the net unrealized gain in their property as if such property were sold for fair market value on the expatriation date. The Senate amendment also imposes information reporting obligations on U.S. citizens who relinquish their citizenship and long-term residents whose U.S. residency is terminated.

Individuals covered

The Senate amendment applies the expatriation tax to certain U.S. citizens and long-term residents who terminate their U.S. citizenship or residency. For this purpose, a long-term resident is any individual who was a lawful permanent resident of the United States for at least 8 out of the 15 taxable years ending with the year in which the termination of residency occurs. In applying this 8-year test, an individual is not considered to be a lawful permanent resident of the United States for any year in which the individual is taxed as a resident of another country under a treaty tie-breaker rule. An individual's U.S. residency is considered to be terminated when either the individual ceases to be a lawful permanent resident pursuant to section 7701(b)(6) (i.e., the individual loses his or her green-card status) or the individual is treated as a resident of another country under a tie-breaker provision of a tax treaty (and the individual does not elect to waive the benefits of such treaty).

The expatriation tax under the Senate amendment applies only to individuals whose average income tax liability or net worth exceeds specified levels. U.S. citizens who lose their citizenship and long-term residents who terminate U.S. residency are subject to the expatriation tax if they meet either of the following tests: (1) the individual's average annual U.S. Federal income tax liability for the 5 taxable years ending before the date of such loss or termination is greater than $100,000, or (2) the individual's net worth as of the date of such loss or termination is $500,000 or more. The dollar amount thresholds contained in these tests are indexed for inflation in the case of a loss of citizenship or termination of residency occurring in any calendar year after 1996.

Exceptions from the expatriation tax under the Senate amendment are provided for individuals in two situations. The first exception applies to an individual who was born with citizenship both in the United States and in another country, provided that (1) as of the date of relinquishment of U.S. citizenship the individual continues to be a citizen of, and is taxed as a resident of, such other country, and (2) the individual was a resident of the United States for no more than 8 out of the 15 taxable years ending with the year in which the relinquishment of U.S. citizenship occurred. The second exception applies to a U.S. citizen who relinquishes citizenship before reaching age 18½, provided that the individual was a resident of the United States for no more than 5 taxable years before such relinquishment.

Deemed sale of property upon expatriation

Under the Senate amendment, individuals who are subject to the expatriation tax generally are treated as having sold all of their property at fair market value immediately prior to the relinquishment of citizenship or termination of residency. Gain or loss from the deemed sale of property is recognized at that time, generally without regard to provisions of the Code that would otherwise provide nonrecognition treatment. The net gain, if any, on the deemed said of all such property is subject to U.S. tax at such time to the extent it exceeds $600,000 ($1.2 million in the case of married individuals filing a joint return, both of whom expatriate).

The deemed sale rule of the Senate amendment generally applies to all property interests held by the individual on the date of relinquishment of citizenship or termination of residency, provided that the gain on such property interest would be includible in the individual's gross income if such property interest were sold for its fair market value on such date. Special rules apply in the case of trust interests (see "Interests in trusts," below). U.S. real property interests, which remain subject to U.S. taxing jurisdiction in the hands of nonresident aliens, generally are excepted from the Senate amendment. An exception also applies to interests in qualified retirement plans and, subject to a limit of $500,000, interests in certain foreign pension plans as prescribed by regulations. The Secretary of the Treasury is authorized to issue regulations exempting other property interests as appropriate. For example, an exclusion may be provided for an interest in a nonqualified compensation plan of a U.S. employer, where payments from such plan to the individual following expatriation would continue to be subject to U.S. withholding tax.

Under the Senate amendment, an individual who is subject to the expatriation tax is required to pay a tentative tax equal to the amount of tax that would be due for a hypothetical short tax year ending on the date the individual relinquished citizenship or terminated residency. Thus, the tentative tax is based on all income, gain, deductions, loss and credits of the individual for the year through such date, including amounts realized from the deemed sale of property. The tentative tax is due on the 90th day after the date of relinquishment of citizenship or termination of residency.

Deferral of payment of tax

Under the Senate amendment, an individual is permitted to elect to defer payment of the expatriation tax with respect to the deemed sale of any property. Under this election, the expatriation tax with respect to a particular property, plus interest thereon, is due when the property is subsequently disposed of. For this purpose, except as provided in regulations, the disposition of property in a nonrecognition transaction constitutes a disposition. In addition, if an individual holds property until his or her death, the individual is treated as having disposed of the property immediately before death. In order to elect deferral of the expatriation tax, the individual is required to provide adequate security to ensure that the deferred expatriation tax and interest ultimately will be paid. A bond in the amount of the deferred tax and interest constitutes adequate security. Other security mechanisms are also permitted provided that the individual establishes to the satisfaction of the Security of the Treasury that the security is adequate. In the event that the security provided with respect to a particular property subsequently becomes inadequate and the individual fails to correct such situation, the deferred expatriation tax and interest with respect to such property will become due. As a further condition to making this election, the individual is required to consent to the waiver of any treaty rights that would preclude the collection of the expatriation tax.

Interests in trusts

In general.—Under the Senate amendment, special rules apply to trust interests held by the individual at the time of relinquishment of citizenship or termination of residency. The treatment of trust interests depends upon whether the trust is a qualified trust. For this purpose, a "qualified trust" is a trust that is organized under and governed by U.S. law and that is required by its instruments to have at least one U.S. trustee.

Constructive ownership rules apply to a trust beneficiary that is a corporation, partnership, trust or estate. In such cases, the shareholders, partners or beneficiaries of the entity are deemed to be the direct beneficiaries of the trust for purposes of applying these provisions. In addition, an individual who holds (or who is treated as holding) a trust interest at the time of relinquishment of citizenship or termination of residency is required to disclose on his or her tax return the methodology used to determine his or her interest in the trust, and whether such individual knows (or has reason to know) that any other beneficiary of the trust uses a different method.

Nonqualified trusts.—If an individual holds an interest in a trust that is not a qualified trust, a special rule applies for purposes of determining the amount of the expatriation tax due with respect to such trust interest. The individuals interest in the trust is treated as a separate trust consisting of the trust assets allocable to such interest. Such separate trust is treated as having sold its assets as of the date of relinquishment of citizenship or termination of residency and having distributed all proceeds to the individual, and the individual is treated as having recontributed such proceeds to the trust. The individual is subject to the expatriation tax with respect to any net income or gain arising from the deemed distribution from the trust. The election to defer payment is available for the expatriation tax attributable to a nonqualifed trust interest.

A beneficiary's interest in a nonqualified trust is determined on the basis of all facts and circumstances. These include the terms of the trust instrument itself, any letter of wishes or similar document, historical patterns of trust distributions, and the role of any trust protector or similar advisor.

Qualified trusts.—If the individual has an interest in a qualified trust, a different set of rules applies. Under these rules, the amount of unrealized gain allocable to the individual's trust interest is calculated at the time of expatriation. In determining this amount, all contingencies and discretionary interests are assumed to be resolved in the individual's favor (i.e., the individual is allocated the maximum amount that he or she potentially could receive under the terms of the trust instrument). the expatriation tax imposed on such gains generally is collected when the individual receives distributions from the trust, or, if earlier, upon the individual's death. Interest is charged for the period between the date of expatriation and the date on which the tax is paid.

If an individual has an interest in a qualified trust, the individual is subject to expatriation tax upon the receipt of any distribution from the trust. Such distributions may also be subject to U.S. income tax. For any distribution from a qualified trust made to an individual after he or she has expatriated, expatriation tax is imposed in an amount equal to the amount of the distribution multiplied by the highest tax rate generally applicable to trusts and estates, but in no event will the tax imposed exceed the deferred tax amount with respect to such trust interest. The "deferred tax amount" would be equal to (1) the tax calculated with respect to the unrealized gain allocable to the trust interest at the time of expatriation, (2) increased by interest thereon, and (3) reduced by the tax imposed under this provision with respect to prior trust distributions to the individual.

If an individual's interest in a trust is vested as of the expatriation date (e.g., if the individual's interest in the trust is non-contingent and non-discretionary), the gain allocable to the individual's trust interest is determined based on the truth assets allocable to his or her trust interest. If the individual's interest in the trust is not vested as of the expatriation date (e.g., if the individual's trust interest is a contingent or discretionary interest), the gain allocable to his or her trust interest is determined based on all of the trust assets that could be allocable to his or her trust interest, determined by resolving all contingencies and discretionary powers in the individual's favor. In the case where more than one trust beneficiary is subject to the expatriation tax with respect to trust interests that are not vested, the rules are intended to apply so that the same unrealized gain with respect to assets in the trust is not taxed to both individuals.

If the individual disposes of his or her trust interest, the trust ceases to be a qualified trust, or the individual dies, expatriation tax is imposed as of such date. The amount of such tax equal to the lesser of (1) the tax calculated under the rules for nonqualified trust interests applied as of such date or (2) the deferred tax amount with respect to the trust interest as of such date.

If the individual agrees to waive any treaty rights that would preclude collection of the tax, the tax is imposed under this provision with respect to distributions from a qualified trust to the individual deducted and withheld from distributions. If the individual does not agree to such a waiver of treaty rights, the tax with respect to distributions to the individual is imposed on the trust, the trustee is personally liable therefore, and any other beneficiary of the trust has a right of contribution against such individual with respect to such tax. Similarly, in the case of the tax imposed in connection with an individual's disposition of a trust interest, the individual's death while holding a trust interest or the individual's holding of an interest in a trust that ceases to be qualified, the tax is imposed on the trust, the trustee is personnaly liable therefor, and any other beneficiary of the trust has a right of contribution against such individual with respect to such tax.

Election to be treated as a U.S. citizen

Under the Senate amendment, an individual is permitted to make an irrevocable election to continue to be taxed as a U.S. citizen with respect to all property that otherwise is covered by the expatriation tax. This election is an "all-or-nothing" election; an individual is *not* permitted to elect this treatment for some property but not other property. The election, if made, applies to all property that would be subject to the expatriation tax and to any property the basis of which is determined by reference to such property. Under this election, the individual continues to pay U.S. income taxes at the rates applicable to U.S. citizens following expatriation on any income generated by the property and on any gain realized on the disposition of the property, as well as any excise tax imposed with respect to property (see, e.g., sec 1491). In addition, the property continues to be subject to U.S. gift, estate, and generation-shipping taxes. However, the amount of any transfer tax so imposed is limited to the amount of income tax that would have been due if the property had been sold for its fair market value immediately before the transfer or death. The $600,000 exclusion provided with respect to the expatriation tax under the Senate amendment is available to reduce the tax imposed by reason of this election. In order to make this election, the taxpayer is required to waive any treaty rights that would preclude the collection of the tax. The individual is also required to provide security to ensure payment of the tax under this election in such form, manner, and amount as the Secretary of the Treasury requires.

Date of relinquishment of citizenship

Under the Senate amendment, as individual is treated as having relinquished U.S. citizenship on the date that the individual first makes known to U.S. government of consular officer his or her intention to relinquish U.S. citizenship. Thus, a U.S. citizen who relinquishes citizenship by formally renouncing his or her U.S. nationality before a diplomatic or consular officer for the United States is treated as having relinquished ciizenship on that date, provided that the renunciation is later confirmed by the issuance of a CLN. A U.S. citizen who furnishes to the State Department a signed statement of voluntary relinquishment of U.S. nationality confirming the performance of an expatriating act with the requisite interest to relinquish his or her citizenship is treated as having relinquished his or her citizenship on the date the statement is so furnished (regardless of when the expatriating act was performed), provided that the voluntary relinquishment is later confirmed by the issuance of a CLN. If neither of these circumstances exist, the individual is treated as having relinquished citizenship on the date a CLN is issued or a certificate of naturalization is cancelled. The date of relinquishment of citizenship determined under the Senate amendment applies for all purposes.

Effect on present-law expatriation provisions

Under the Senate amendment, the present-law income tax provisions with respect to U.S. citizens who expatriate with a principal purpose of avoiding tax (sec. 877) and certain aliens who have a break in residency status (sec. 7701(b)(10)) do applying to U.S. citizens who are treated as relinquishing their citizenship on or after February 6, 1995 or to long-term U.S. residents who terminate their residency on or after such date. The special estate and gift tax provisions with respect to individuals who expatriate with a principal purpose of avoiding tax (secs. 2107 and 2501(a)(3)), however, continue to apply; a credit against the tax imposed solely by reason of such special provisions is allowed for the expatriation tax imposed with respect to the same property.

Treatment of gifts and inheritances from an expatriate

Under the Senate amendment, the exclusion from income provided in section 102 does not apply to the value of any property received by gift or inheritance from an individual who was subject to the expatriation tax (i.e., an individual who relinquished citizenship or terminated residency and to whom the expatriation tax was applicable). Accordingly, a U.S. taxpayer who receives a gift or inheritance from such an individual is required to include the value of such gift or inheritance in gross income and is subject to U.S. income tax on such amount.

Required information reporting and sharing

Under the Senate amendment, an individual who relinquishes citizenship or terminates residency is required to provide a statement which includes the individual's social security number, forwarding foreign address, new country of residence and citizenship and, in the case of individuals with a net worth of at least $500,000, a balance sheet. In the case of a former citizen, such statement is due not later than the date the individual's citizenship is treated as relinquished and is to be provided to the State Department (or other government entity involved in the administration of such relinquishment). The entity to which the statement is to be provided by former citizens is required to provide to the Secretary of the Treasury copies of all statements received and the names of individuals who refuse to provide such statements. In the case of a former long-term resident, the statement is provided to the Secretary of the Treasury with the individual's tax return for the year in which the individual's U.S. residency is terminated. An individual's failure to provide the statement required under this provision results in the imposition of a penalty for each year the failure continues equal to the greater of (1) 5 percent of the individual's expatriation tax liability for such year or (2) $1,000.

The Senate amendment requires the State Department to provide the Secretary of the Treasury with a copy of each CLN approved by the State Department. Similarly, the Senate amendment requires the agency administering the immigration laws to provide the Secretary of the Treasury with the name of each individual whose status as a lawful permanent resident has been revoked or has been determined to have been abandoned.

Further, the Senate amendment requires the Secretary of the Treasury to publish in the Federal Register the names of all former U.S. citizens with respect to whom it receives the required statements or whose names it receives under the foregoing information-sharing provisions.

Treasury report on tax compliance by U.S. citizens and residents living abroad

The Treasury Department is directed to undertake a study on the tax compliance of U.S. citizens and green-card holders residing outside the United States and to make recommendations regarding the improvement of such compliance. The findings of such study and such recommendations are required to be reported to the House Committee on Ways and Means and the Senate Committee on Finance within 90 days of the date of enactment.

Effective date

The provision is effective for U.S. citizens whose date of relinquishment of citizenship (as determined under the Senate amendment, see "Date of relinquishment of citizenship" above) occurs on or after February 6, 1995. Similarly, the provision is effective for long-term residents who terminate their U.S. residency on or after February 6, 1995.

U.S. citizens who committed an expatriating act with the requisite intent to relinquish their U.S. citizenship prior to February 6, 1995, but whose date of relinquishment of citizenship (as determined under the Senate amendment) does not occur until after such date, are subject to the expatriation tax under the Senate amendment as of date of relinquishment of citizenship. However, the individual is not subject retroactively to worldwide tax as a U.S. citizen for the period after he or she committed the expatriating act (and therefore ceased being U.S. citizen for tax purposes under present law). Such an individual continues to be subject to the expatriation tax imposed by present-law section 877 until the individual's date of relinquishment of citizenship (at which time the individual would be subject to the expatriation tax of the Senate amendment). The rules described in this paragraph do not apply to an individual who committed an expatriating act prior to February 6, 1995, but did not do so with the requisite intent to relinquish his or her U.S. citizenship.

The tentative tax is not required to be paid, and the reporting requirements would not be required to be met, until 90 days after the date of enactment. Such provisions apply to all individuals whose date of relinquishment of U.S. citizenship or termination of U.S. residency occurs on or after February 6, 1995.

Conference agreement

The conference agreement follows the House bill with modifications. Under the conference agreement, modified rules apply if an individual who is covered by section 877 contributes property that would produce U.S. source income to a foreign corporation if (1) the individual, directly or indirectly, owns 10 percent or more (by vote) of the stock of such corporation and (2) the individual, directly, indirectly or constructively, owns more than 50 percent (by vote or by value) of the stock of such corporation. For purposes of determining indirect and constructive ownership, the rules of section 958 apply. Under the modified rules, for the ten-year period following expatriation the individual is treated as receiving or accruing directly the income or gains received or accrued by the foreign corporation with respect to the contributed property (or other property which has a basis determined by reference to the basis of such contributed property). Moreover, if the individual disposes of the stock of the foreign corporation, the individual is subject to U.S. tax on the gain that would have been recognized if the corporation had sold such property immediately before the disposition. If the individual disposes of less than all of his or her stock in the foreign corporation, such disposition is treated as a disposition of a pro rata share (determined based on value) of such contributed property (e.g., if the individual owns 100 shares of the foreign corporation's stock and disposes of 10 of such shares, such disposition is treated as a disposition of 10 percent of the property contributed to the foreign corporation). Regulatory authority is provided to prescribe regulations to prevent the avoidance of this rule. Information reporting will be required as necessary to carry out the purposes of this rule. In addition, under the conference agreement, in the case of any former U.S. citizen, a request for a ruling that such individual's loss of citizenship would be due not earlier than 90 days after date of enactment.

C. TREATMENT OF BAD DEBT DEDUCTIONS OF THRIFT INSTITUTIONS

(Sec. 401 of the House bill and and sec. 611 of the Senate amendment.)

Present law

Generally, a taxpayer engaged in a trade or business may deduct the amount of any debt that becomes wholly or partially worthless during the year (the "specific charge-off" method of sec. 166). Certain thrift institutions (building and loan associations, mutual savings banks, or cooperative banks) are allow deductions for bad debts under methods more favorable than those granted to other taxpayers (and more favorable than the rules applicable to other financial institutions). Qualified thrift institutions may compute deductions for bad debts using either the specific charge-off method or the reserve method of section 593.

Under section 593, a thrift institution annually may elect to deduct bad debts under either (1) the "percentage of taxable income" method applicable only to thrift institutions, or (2) the "experience" method that also is available to small banks. Under the "percentage of taxable income" method, a thrift institution generally is allowed a deduction for an addition to its bad debt reserve equal to 8 percent of its taxable income (determined without regard to this deduction and with additional adjustments). Under the experience method, a thrift institution generally is allowed a deduction for an addition to its bad debt reserve equal to the greater of (1) an amount based on its actual average experience for losses in the current and five preceding taxable years, or (2) an amount necessary to restore the reserve to its balance as of the close of the base year.

If a thrift institution becomes ineligible to use the section 593 method, it is required to change its method of accounting for bad debts and, under proposed Treasury regulations, is required to recapture all or a portion of its bad debt reserve. In addition, a thrift institution eligible to use the section 593 method may be subject to a form of reserve recapture if the institution makes certain excessive distributions to its shareholders (sec. 593(e)).

House bill

Repeal of section 593

The House bill repeals the section 593 reserve method of accounting for bad debts by thrift institutions, effective for taxable years beginning after 1995. Thrift institutions that would be treated as small banks are allowed to utilize the experience method applicable to such institutions, while thrift institutions that are treated as large banks are required to use only the specific charge-off method. Thus, the percentage of taxable income method of accounting for bad debts is no longer available for any financial institution.

Treatment of recapture of bad debt reserves

A thrift institution required to change its method of computing reserves for bad debts will treat such change as a change in a method of accounting, initiated by the taxpayer, and having been made with the consent of the Secretary of the Treasury. Any section 481(a) adjustment required to be recaptured with respect to such change generally will be determined solely with respect to the "applicable excess reserves" of the taxpayer. The amount of applicable excess reserves will be taken into account ratably over a six-taxable year period, beginning with the first taxable year beginning after 1995, subject to the residential loan requirement described below. In the case of a thrift institution that becomes a large bank, the amount of the institution's applicable excess reserves generally is the excess of (1) the balances of its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans as of the close of its last taxable year beginning before January 1, 1996, over (2) the balances of such reserves as of the close of its last taxable year beginning before January 1, 1988 (i.e., the "pre-1988 reserves.") Similar rules are provided for small banks that are allowed to use the experience method.

For taxable years that begin after December 31, 1995, and before January 1, 1998, if the taxpayer continues to make a certain level of residential loans, the recapture of the applicable excess reserves otherwise required to be taken into account for such years will be suspended.

The balance of the pre-1988 reserves is subject to the provisions of section 593(e), as modified by the House bill (requiring recapture in the case of certain excessive distributions to shareholders.)

Other special recapture rules are provided if a thrift institution no longer qualifies as a bank or if a thrift institution becomes a credit union.

Effective date

The provision generally is effective for taxable years beginning after December 31, 1995.

Senate amendment

The Senate amendment generally is the same as the House bill, with certain modifications.

Conference agreement

The conference agreement does not include either the provision in the House bill or the provision in the Senate amendment.

D. EARNED INCOME CREDIT PROVISIONS

(Sec. 411 of the House bill.)

Present law

In general

Certain eligible low-income workers are entitled to claim a refundable credit on their income tax return. The amount of the credit an eligible individual may claim depends upon whether the individual has one, more than one or no qualifying children and is determined by multiplying the credit rate by the individual's[25] earned income up to an earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. For individuals with earned income (or adjusted gross income (AGI), if greater) in excess of the beginning of the phaseout range, the maximum credit amount is reduced by the phaseout rate multiplied by the amount of earned income (or AGI, if greater) in excess of the beginning of the phaseout range. For individuals with earned income (or AGI, if greater) in excess of the end of the phaseout range, no credit is allowed.

The parameters for the credit depend upon the number of qualifying children the individual claims. For 1996, the parameters are given in the following table:

	Two or more qualifying children—	One qualifying child—	No qualifying children—
Credit rate (percent)	40.00	34.00	7.65
Earned income amount	$8,890	$6,330	$4,220
Maximum credit	$3,356	$2,152	$323
Phaseout begins	$11,610	$11,610	$5,280
Phaseout rate (percent)	21.06	15.98	7.65
Phaseout ends	$28,495	$25,078	$9,500

For years after 1996, the credit rates and the phaseout rates will be the same as in the preceding table. The earned income amount and the beginning of the phaseout range are indexed for inflation; because the end of the phaseout range depends on those amounts as well as the phaseout rate and the credit rate, the end of the phaseout range will also increase if there is inflation.

In order to claim the credit, an individual must either have a qualifying child or meet other requirements. A qualifying child must meet a relationship test, an age test, an identification test, and a residence test. In order to claim the credit without a qualifying child, an individual must not be a dependent and must be over age 24 and under age 65.

To satisfy the identification test, individuals must include on their tax return the name and age of each qualifying child. For returns filed with respect to tax year 1996, individuals must provide a taxpayer identification number (TIN) for all qualifying children born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all qualifying children, regardless of their age. An individual's TIN is generally that individual's social security number.

Mathematical or clerical errors

The IRS may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessment. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the taxpayer may file a claim for refund if he or she believes the assessment was made in error.

House bill

Under the House bill, individuals are not eligible for the credit if they do not include their taxpayer identification number (and, if married, their spouse's taxpayer identification number) on their tax return. Solely for these purposes and for purposes of the present-law identification test for a qualifying child, a taxpayer identification number is defined as a social security number issued to an individual by the Social Security Administration other than a number issued under section 205(c)(2)(B)(i)(II) (or that portion of sec. 205(c)(2)(B)(i)(III) relating to it) of the Social Security Act (regarding the issuance of a number to an individual applying for or receiving Federally funded benefits).

If an individual fails to provide a correct taxpayer identification number, such omission will be treated as a mathematical or clerical error. If an individual who claims the credit with respect to net earnings from self-employment fails to pay the proper amount of self-employment tax on such net earnings, the failure will be treated as a mathematical or clerical error for purposes of the amount of credit allowed.

Effective date.—The provision is effective for taxable years beginning after December 31, 1995.

Senate amendment

No provision.

Conference agreement

The conference agreement does not include the House bill provision.

E. MODIFY TREATMENT OF FOREIGN TRUSTS

(Secs. 601–606 of the Senate amendment).

Present law

Inbound grantor trusts with foreign grantors

Under the grantor trust rules (secs. 671–679), a grantor that retains certain rights or powers generally is treated as the owner of the trust's assets without regard to whether the grantor is a domestic or foreign person. Under these rules, U.S. trust beneficiaries are not subject to U.S. tax on distributions from a trust where a foreign grantor is treated as owner of the trust, even though no tax may be imposed on the trust income by any jurisdiction. In addition, a special rule provides that if a U.S. beneficiary of an inbound grantor trust transfers property to the foreign grantor by gift, that U.S. beneficiary is treated as the grantor of the trust to the extent of the transfer.

Foreign trusts that are not grantor trusts

Under the accumulation distribution rules (which generally apply to distributions from a trust in excess of the trust's distributable net income for the taxable year), a distribution by a foreign nongrantor trust of previously accumulated income generally is taxed at the U.S. beneficiary's average marginal rate for the prior 5 years, plus interest (secs. 666 and 667). Interest is computed at a fixed annual rate of 6 percent, with no compounding (sec. 668). If adequate records of the trust are not available to determine the proper application of the rules relating to accumulation distributions to any distribution from a trust, the distribution is treated as an accumulation distribution out of income earned during the first year of the trust (sec. 666(d)).

If a foreign nongrantor trust makes a loan to one of its beneficiaries, the principal of such a loan generally is not taxable as income to the beneficiary.

Outbound foreign grantor trusts with U.S. grantors

Under the grantor trust rules, a U.S. person that transfers property to a foreign trust generally is treated as the owner of the portion of the trust comprising that property for any taxable year in which there is a U.S. beneficiary of any portion of the trust (sec. 679(a)). This treatment generally does not apply, however, to transfers by reason of death, to transfers made before the transferor became a U.S. person, or to transfers that represent sales or exchanges of property at fair market value where gain is recognized to the transferor.

Residence of trusts and estates

An estate or trust is treated as foreign if it is not subject to U.S. income taxation on its income that is neither derived from U.S. sources nor effectively connected with the conduct of a U.S. trade or business. Thus, if a trust is taxed in a manner similar to a nonresident alien individual, it is considered to be a foreign trust. Any other trust is treated as domestic.

Section 1491 generally imposes a 35-percent excise tax on a U.S. person that transfers appreciated property to certain foreign entities, including a foreign trust. In the case of a domestic trust that changes its situs and becomes a foreign trust, it is unclear whether property has been transferred from a U.S. person to a foreign entity and, thus, whether the transfer is subject to the excise tax.

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[25] In the case of a married individual who files a joint return with his or her spouse, the income for purposes of these tests is the combined income of the couple.

Information reporting and penalties related to foreign trusts

Any U.S. person that creates a foreign trust or transfers money or property to a foreign trust is required to report that event to the Treasury Department without regard to whether the trust is a grantor trust or a nongrantor trust. Similarly, any U.S. person that transfers property to a foreign trust that has one or more U.S. beneficiaries is required to report annually to the Treasury Department. In addition, any U.S. person that makes a transfer described in section 1491 is required to report the transfer to the Treasury Department.

Any person that fails to file a required report with respect to the creation of, or a transfer to, a foreign trust may be subject to a penalty of 5 percent of the amount transferred to the foreign trust. Similarly, any person that fails to file a required annual report with respect to a foreign trust with U.S. beneficiaries may be subject to a penalty of 5 percent of the value of the corpus of the trust at the close of the taxable year. The maximum amount of the penalty imposed under either case may not exceed $1,000. A reasonable cause exception is available.

Reporting of foreign gifts

There is no requirement to report gifts or bequests from foreign sources.

House bill

No provision.

Senate amendment

Inbound grantor trusts with foreign grantors

The Senate amendment generally applies the grantor trust rules only to the extent that they result, directly or indirectly, in income or other amounts being currently taken into account in computing the income of a U.S. citizen or resident or a domestic corporation. Certain exceptions apply to this general rule. Under one exception, the grantor trust rules continue to apply to a revocable trust. Under another exception, the grantor trust rules continue to apply to a trust where the only amounts distributable during the lifetime of the grantor are to the grantor or the grantor's spouse. The general rule denying grantor trust status does not apply to trusts established to pay compensation, and certain trusts in existence as of September 19, 1995 provided that such trust is treated as owned by the grantor under section 676 or 677 (other than sec. 677(a)(3)).[26] In addition, the grantor trust rules generally apply where the grantor is a controlled foreign corporation (as defined in sec. 957). Finally, the grantor trust rules continue to apply in determining whether a foreign corporation is characterized as a passive foreign investment company ("PFIC"). Thus, a foreign corporation cannot avoid PFIC status by transferring its assets to a grantor trust.

If a U.S. beneficiary of an inbound grantor trust transfers property to the foreign grantor, such beneficiary generally is treated as a grantor of a portion of the trust to the extent of the transfer. This rule applies without regard to whether the foreign grantor is otherwise treated as the owner of any portion of such trust. However, this rule does not apply if the transfer is a gift that qualifies for the annual exclusion described in section 2503(b).

The Senate amendment provides a special rule that allows the Secretary of the Treasury to recharacterize a transfer, directly or indirectly, from a partnership or foreign corporation which the transferee treats as a gift or bequest, to prevent the avoidance of the purpose of section 672(f). In a case where a foreign person (that would be treated as the owner of a trust but for the above rule) actually pays tax on the income of the trust to a foreign country, it is anticipated that Treasury regulations will provide that, for foreign tax credit purposes, U.S. beneficiaries that are subject to U.S. income tax on the same income will be treated as having paid the foreign taxes that are paid by the foreign grantor. Any resulting foreign tax credits will be subject to applicable foreign tax credit limitations.

Effective date.—The provisions described in this part are effective on the date of enactment.

Foreign trusts that are not grantor trusts

The Senate amendment changes the interest rate applicable to accumulation distributions from foreign trusts from simple interest at a fixed rate of 6 percent to compound interest determined in the same manner as interest imposed on underpayments of tax under section 6621(a)(2). Simple interest is accrued at the rate of 6 percent through 1995. Beginning on January 1, 1996 compound interest based on the underpayment rate is imposed on tax amounts determined under the accumulation distribution rules and the total simple interest for pre-1996 periods, if any. For purposes of computing the interest charge, the accumulation distribution is allocated proportionately to prior trust years in which the trust has undistributed net income (and the beneficiary receiving the distribution was a U.S. citizen or resident), rather than to the earliest of such years. An accumulation distribution is treated as reducing proportionately the undistributed net income from prior years.

In the case of a loan of cash or marketable securities by the foreign trust to a U.S. grantor or a U.S. beneficiary (or a U.S. person related to such grantor or beneficiary), except to the extent provided by Treasury regulations, the Senate amendment treats the full amount of the loan as distributed to the grantor or beneficiary. It is expected that the Treasury regulations will provide an exception from this treatment for loans with arm's-length terms. In applying this exception, it is further expected that consideration be given to whether there is a reasonable expectation that a loan will be repaid. In addition, any subsequent transaction between the trust and the original borrower regarding the principal of the loan (e.g., repayment) is disregarded for all purposes of the Code. This provision does not apply to loans made to persons that are exempt from U.S. income tax.

Effective date.—The provision to modify the interest charge on accumulation distributions applies to distributions after the date of enactment. The provision with respect to loans to U.S. grantors, U.S. beneficiaries or a U.S. person related to such a grantor or beneficiary applies to loans made after September 19, 1995.

Outbound foreign grantor trusts with U.S. grantors

The Senate amendment makes several modifications to the general rule of section 679(a)(1) under which a U.S. person who transfers property to a foreign trust generally is treated as the owner of the portion of the trust comprising that property for any taxable year in which there is a U.S. beneficiary of the trust. The Senate amendment also conforms the definition of certain foreign corporations the income of which is deemed to be accumulated for the benefit of a U.S. beneficiary to the definition of controlled foreign corporations (as defined in sec. 957(a)).

Sale or exchange at market value.—Present law contains several exceptions to grantor trust treatment under section 679(a)(1) described above. Under one of the exceptions, grantor trust treatment does not result from a transfer of property by a U.S. person to a foreign trust in the form of a sale or exchange at fair market value where gain is recognized to the transferor. In determining whether the trust paid fair market value to the transferor, the Senator amendment provides that obligations issued (or, to the extent provided by regulations, guaranteed) by the trust, by any grantor or beneficiary of the trust, or by any person related to any grantor or beneficiary (referred to as "trust obligations") are not taken into account except as provided in Treasury regulations. It is expected that the Treasury regulations will provide an exception from this treatment for loans with arm's-length terms. In applying this exception, it is further expected that consideration be given to whether there is a reasonable expectation that a loan will be repaid. Principal payments by the trust on any such trust obligations generally will reduce the portion of the trust attributable to the property transferred (i.e., the portion of which the transferor is treated as the grantor).

Other transfers.—The Senate amendment adds a new exception to the general rule of section 679(a)(1) described above. Under the Senate amendment, a transfer of property to certain charitable trusts is exempt from the application of the rules treating foreign trusts with U.S. grantors and U.S. beneficiaries as grantor trusts.

Transferors or beneficiaries who become U.S. persons.—The Senate amendment applies the rule of section 679(a)(1) to certain foreign persons who transfer property to a foreign trust and subsequently become U.S. persons. A nonresident alien individual who transfers property, directly or indirectly, to a foreign trust and then becomes a resident of the United States within 5 years after the transfer generally is treated as making a transfer to the foreign trust on the individual's U.S. residency starting date (as defined in sec. 7701(b)(2)(A)). The amount of the deemed transfer is the portion of the trust (including undistributed earnings) attributable to the property previously transferred. Consequently, the individual generally is treated under section 679(a)(1) as the owner of that portion of the trust in any taxable year in which the trust has U.S. beneficiaries.

Outbound trust migrations.—The Senate amendment applies the rules of section 679(a)(1) to a U.S. person that transferred property to a domestic trust if the trust subsequently becomes a foreign trust while the transferor is still alive. Such a person is deemed to make a transfer to the foreign trust on the date of the migration. The amount of the deemed transfer is the portion of the trust (including undistributed earnings) attributable to the property previously transferred. Consequently, the individual generally is treated under the rules of section 679(a)(1) as the owner of that portion of the trust in any taxable year in which the trust has U.S. beneficiaries.

Effective date.—The provisions to amend section 679 apply to transfers of property after February 6, 1995.

Anti-abuse regulatory authority

The Senate amendment includes an anti-abuse rule which authorizes the Secretary of the Treasury to issue regulations, on or after the date of enactment, that may be necessary or appropriate to carry out the purposes of the rules applicable to estates, trusts and beneficiaries, including regulations to prevent the avoidance of those purposes.

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[26] The exception does not apply to the portion of any such trust attributable to any transfers made after September 19, 1995.

Effective date.—The provision is effective on the date of enactment.

Residence of trusts and estates

The Senate amendment establishes a two-part objective test for determining for tax purposes whether a trust is foreign or domestic. If both parts of the test are satisfied, the trust is treated as domestic. Only the first part of the test applies to estates. Under the first part of the test, if a U.S. court (i.e., Federal, State, or local) exercises primary supervision over the administration of a trust or estate, the trust or estate is treated as domestic. Under the second part of the test, in order for a trust to be treated as domestic, one or more U.S. fiduciaries must have the authority to control all substantial decisions of the trust.

Under the Senate amendment, if a domestic trust changes its situs and becomes a foreign trust, the trust is treated as having made a transfer of its assets to a foreign trust and is subject to the 35-percent excise tax imposed by present-law section 1491 unless one of the exceptions to this excise tax is applicable.

Effective date.—The provision to modify the treatment of a trust or estate as a U.S. person applies to taxable years beginning after December 31, 1996. In addition, if the trustee of a trust so elects, the provision would apply to taxable years ending after the date of enactment. The amendment to section 1491 is effective on the date of enactment.

Information reporting and penalties relating to foreign trusts

The Senate amendment generally requires the grantor, transferor or executor (i.e., the "responsible party") to notify the Treasury Department upon the occurrence of certain reportable events. The term "reportable event" means the creation of any foreign trust by a U.S. person, the direct and indirect transfer of any money or property to a foreign trust, including a transfer by reason of death, and the death of a U.S. citizen or resident if any portion of a foreign trust was included in the gross estate of the decedent. In addition, a U.S. owner of any portion of a foreign trust is required to ensure that the trust files an annual return to provide full accounting of all the trust activities for the taxable year. Finally, any U.S. person that relieves (directly or indirectly) any distribution from a foreign trust is required to file a return to report the aggregate amount of the distributions received during the year.

The Senate amendment provides that if a U.S. owner of any portion of a foreign trust fails to appoint a limited U.S. agent to accept service of process with respect to any requests and summons by the Secretary of the Treasury in connection with the tax treatment of any items related to the trust, the Secretary of the Treasury may determine the tax consequences of amounts to be taken into account under the grantor trust rules. In cases where adequate records are not provided to the Secretary of Treasury to determine the proper treatment of any distributions from a foreign trust, the distribution is includible in the gross income of the U.S. distributee and is treated as an accumulation distribution from the middle year of a foreign trust (i.e., computed by taking the number of years that the trust has been in existence divided by 2) for purposes of computing the interest charge applicable to such distribution, unless the foreign trust elects to have a U.S. agent for the limited purpose of accepting service of process (as described above).

Under the Senate amendment, a person that fails to provide the required notice or return in cases involving the transfer of property to a new or existing foreign trust, or a distribution by a foreign trust to a U.S. person, is subject to an initial penalty equal to 35 percent of the gross reportable amount (generally the value of the property involved in the transaction). A failure to provide an annual reporting of trust activities will result in an initial penalty equal to 5 percent of the gross reportable amount. An additional $10,000 penalty is imposed for continued failure for each 30-day period (or fraction thereof) beginning 90 days after the Treasury Department notifies the responsible party of such failure. Such penalties are subject to a reasonable cause exception. In no event will the total amount of penalties exceed the gross reportable amount.

Effective date.—The reporting requirements and applicable penalties generally apply to reportable events occurring or distributions received after the date of enactment. The annual reporting requirement and penalties applicable to U.S. grantors apply to taxable years of such persons beginning after the date of enactment.

Reporting of foreign gifts

The Senate amendment generally requires any U.S. person (other than certain tax-exempt organizations) that receives purported gifts or bequests from foreign sources totaling more than $10,000 during the taxable year to report them to the Treasury Department. The threshold for this reporting requirement is indexed for inflation. The definition of a gift to a U.S. person for this purpose excludes amounts that are qualified tuition or medical payments made on behalf of the U.S. person, as defined for gift tax purposes (sec. 2503(e)(2)). If the U.S. person fails, without reasonable cause, to report foreign gifts as required, the Treasury Secretary is authorized to determine, in his sole discretion, the tax treatment of the unreported gifts. In addition, the U.S. person is subject to a penalty equal to 5 percent of the amount of the gift for each month that the failure continues, with the total penalty not to exceed 25 percent of such amount.

Effective date.—The provision applies to amounts received after the date of enactment.

Conference agreement

The conference agreement does not include the Senate amendment.

F. REPEAL OF FINANCIAL INSTITUTION TRANSITION RULE TO INTEREST ALLOCATION RULES

Present law

For foreign tax credit purposes, taxpayers generally are required to allocate and apportion interest expense between U.S. and foreign source income based on the proportion of the taxpayer's total assets in each location. Such allocation and apportionment is required to be made for affiliated groups (as defined in sec. 864(e)(5)) as a whole rather than on a subsidiary-by-subsidiary basis. However, certain types of financial institutions that are members of an affiliated group are treated as members of a separate affiliated group for purposes of allocating and apportioning their interest expense. Section 1215(c)(5) of the Tax Reform Act of 1986 (P.L. 99-514, 100 Stat. 2548) includes a targeted rule which treats a certain corporation as a financial institution for this purpose.

House bill

No provision.

Senate amendment

No provision. However, section 1606 of the Senate amendment to H.R. 3448 (Small Business Job Protection Act of 1996) contained a provision that repeals section 1215(c)(5) of the Tax Reform Act of 1986.

Effective date.—Taxable years beginning after December 31, 1995.

Conference agreement

The conference agreement includes the provision in the Senate amendment to H.R. 3448 with one modification. The conference agreement repeals section 1215(c)(5) of the Tax Reform Act of 1986 effective on the date of enactment. Under the conference agreement, a taxpayer will perform two computations with respect to its taxable year that includes the enactment date. Under the first computation, the taxpayer's pre-effective date interest expense is allocated and apportioned taking into account the targeted rule, and under the second computation, the taxpayer's post-effective date interest expense is allocated and apportioned without regard to the targeted rule. These computations will not require a closing of a taxpayer's books and records and it is intended that an administratively simple approach be used in applying this rule.

BILL ARCHER,
BILL THOMAS,
TOM BLILEY,
MICHAEL BILIRAKIS,
WILLIAM F. GOODLING,
H.W. FAWELL,
HENRY HYDE,
BILL MCCOLLUM,
J. DENNIS HASTERT,
Managers on the Part of the House.

BILL ROTH
NANCY LANDON
KASSEBAUM,
TRENT LOTT,
TED KENNEDY,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BROWN of California) to revise and extend their remarks and include extraneous material:)

Mrs. COLLINS of Illinois, for 5 minutes, today.

Mr. STUPAK, for 5 minutes, today.

Ms. MILLENDER-MCDONALD, for 5 minutes, today.

Mr. BROWN of California, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

(The following Members (at the request of Mr. DREIER) to revise and extend their remarks and include extraneous material:)

Mr. RIGGS, for 5 minutes, today.

Mr. METCALF, for 5 minutes, today.

Mr. FOLEY for 5 minutes, today and August 1.

Mr. TORKILDSEN, for 5 minutes, today and August 1.

Mr. MILLER of Florida, for 5 minutes, today.

Mr. DREIER, for 5 minutes, today and August 1.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. LONGLEY, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. LONGLEY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BROWN of California) and to include extraneous material:)

Mrs. COLLINS of Illinois.
Mrs. MINK of Hawaii.
Mr. EVANS.
Mr. SISISKY.
Mr. TORRES.
Mr. CLAY.
Mrs. MALONEY.
Mr. TORRICELLI.
Mr. FRAZER.
Mr. WYNN.
Mr. VENTO.
Mr. LIPINSKI.
Ms. VELÁZQUEZ.

(The following Members (at the request of Mr. DREIER) and to include extraneous matter:)

Mr. FIELDS of Texas.
Mr. DUNCAN.
Mr. DAVIS.
Mr. WOLF.
Mr. SCHIFF.
Mr. THOMAS.
Mr. SOLOMON in two instances.
Mr. ZELIFF.
Mr. SAXTON.
Mr. DORNAN.
Mr. HANSEN.

(The following Members (at the request of Mr. HASTERT) and to include extraneous matter:)

Mr. PAYNE of New Jersey.
Mr. BARCIA.

ADJOURNMENT

Mr. HASTERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 44 minutes p.m.), the House adjourned until tomorrow, Thursday, August 1, 1996, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4456. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Dried Prunes Produced in California; Assessment Rate [Docket No. FV96-993-1 IFR] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4457. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Onions Grown in Certain Designated Counties in Idaho, and Malheur, Oregon; Relaxation of Pack and Marketing Requirements [FV96-958-3 IFR] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4458. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Almonds Grown in California; Assessment Rate [Docket No. FV96-981-2 IFR] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4459. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Horses from Mexico; Quarantine Requirements [Docket No. 96-052-1] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4460. A letter from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting notification that the Commander of Air Force Space Command is initiating a multifunction cost comparison of portions of communications, civil engineering, information management, and services and personnel activities at Vandenberg AFB, CA, pursuant to 38 U.S.C. 5010(c)(5) (96 Stat. 1448); to the Committee on National Security.

4461. A letter from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting notification that the Commander of Air Force Space Command is initiating a multifunction cost comparison of portions of communications, civil engineering, information management, and services and personnel activities at Peterson AFB, CO, pursuant to 38 U.S.C. 5010(c)(5) (96 Stat. 1448); to the Committee on National Security.

4462. A letter from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting notification that the Commander of Air Force Space Command is initiating a multifunction cost comparison of portions of communications, civil engineering, information management, and services and personnel activities at Patrick AFB, FL, pursuant to 38 U.S.C. 5010(c)(5) (96 Stat. 1448); to the Committee on National Security.

4463. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—National Flood Insurance Program; Assistance to Private Sector Property Insurers (RIN: 3067-AC26) received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4464. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Modification of Definition of Deposits in Banks or Trust Companies [No. 96-48] received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4465. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Accidental Release Prevention Requirements: Risk Management Programs Under Clean Air Act Section 112(r)(7) (FRL-5516-5) (RIN: 2050-AD26) received July 29, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4466. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Illinois (FRL-5424-4) received July 29, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4467. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Pennsylvania Emission Statement Program (FRL-5427-2) received July 29, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4468. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Interim Final Determination that State has Corrected the Deficiency; Ohio (FRL-5462-2) received July 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4469. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Designation of Areas for Air Quality Planning Purposes; Michigan [MI45-01-7240a; FRL-5545-2] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4470. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Designation of Areas for Air Quality Planning Purposes; Illinois [IL146-1a; FRL-5540-6] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4471. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Illinois: Final Authorization of Revisions to State Hazardous Waste Management Program (FRL-5544-9) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4472. A letter from the Chair, Federal Energy Regulatory Commission, transmitting the Commission's final rule—Standards for Business Practices of Interstate Natural Gas Pipelines [Docket No. RM96-1-000] received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4473. A letter from the Chair, Federal Energy Regulatory Commission, transmitting the Commission's final rule—Oil Pipelines Cost-of-Service Filing Requirements [Docket No. RM96-10-000] received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4474. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Medical Devices; Medical Device Distributor and Manufacturer Reporting; Certification, Registration, Listing, and Premarket Notification Submission; Stay of Effective Date; Revocation of Final Rule [Docket No. 91N-0295] (RIN: 0910-AA09) received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4475. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreement, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

4476. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service

Agency, transmitting the Service's final rule—Fisheries of the Northeastern United States; Framework Adjustment 8 Gear Restrictions [Docket No. 950615156-6193-02; I.D. 070196C] received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4477. A letter from the Director, Office of Surface Mining, transmitting the Office's final rule—Wyoming Regulatory Program (shrub density stocking requirements and wildlife habitat) [SPATS No. WY-022] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4478. A letter from the Under Secretary of Commerce for Technology, Department of Commerce, transmitting the Department's final rule—Acquisition and Protection of Foreign Rights in Inventions; Licensing of Foreign Patents Acquired by the Government; Uniform Patent Policy for Rights in Inventions Made by Government Employees [Docket No. 960604157-6157-01] (RIN: 0692-AA15) received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4479. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 767 Series Airplanes (Federal Aviation Administration) [Docket No. 96-NM-161-AD; Amendment 39-9695; AD 96-14-51] (RIN: 2120-AA64) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4480. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; British Aerospace Model BAe 146-100A, -200A, and -300A Series Airplanes (Federal Aviation Administration) [Docket No. 96-NM-162-AD; Amendment 39-9694; AD 96-14-09] (RIN: 2120-AA64) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4481. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Ames, IA (Federal Aviation Administration) [Airspace Docket No. 96-ACE-5] (RIN: 2120-AA66) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4482. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, McCook, NE (Federal Aviation Administration) [Docket No. 96-ACE-8] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4483. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Russell, KS (Federal Aviation Administration) [Docket No. 96-ACE-7] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4484. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Modification of Class E Airspace; Rice Lake, WI (Federal Aviation Administration) [Airspace Docket No. 95-AGL-19] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4485. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—IFR Altitudes; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28621; Amdt. No. 397] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4486. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Definition of "Substance Abuse Professional" (RIN: 2105-AC33) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4487. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendments to Laboratory Certification Requirements [OST Docket No. OST-96-1532] (RIN: 2105-AC37) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4488. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety Zone: Cuyahoga River, Cleveland, OH (U.S. Coast Guard) [CGD09-95-018] received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4489. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Air Brake Systems; Long-Stroke Brake Chambers [Docket No. 93-54, Notice 3] (RIN: 2127-AG25) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4490. A letter from the Comptroller General of the United States, transmitting a report entitled "Financial Audit: Federal Deposit Insurance Corporation's 1995 and 1994 Financial Statements" [GAO/AIMD-96-89] July 1996, pursuant to 31 U.S.C. 9106(a); jointly, to the Committees on Government Reform and Oversight and Banking and Financial Services.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LIVINGSTON: Committee on Appropriations. Revised subdivision of budget totals for fiscal year 1997 (Rept. 104-727). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANADY: Committee on the Judiciary. H.R. 351. A bill to amend the Voting Rights Act of 1965 to eliminate certain provisions relating to bilingual voting requirements; with an amendment (Rept. 104-728). Referred to the Committee of the Whole House on the State of the Union.

Mr. SOLOMON: Committee on Rules. House Resolution 495. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997 (Rept. 104-729). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 496. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies program for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104-730). Referred to the House Calendar.

Ms. PRYCE: Committee on Rules. House Resolution 497. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3517) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104-731). Referred to the House Calendar.

Mr. SOLOMON: Committee on Rules. House Resolution 498. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes (Rept. 104-732). Referred to the House Calendar.

Mr. PACKARD: Committee on Conference. Conference report on H.R. 3754. A bill making appropriations for the legislative branch for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104-733). Ordered to be printed.

Mr. LINDER: Committee on Rules. House Resolution 499. Resolution providing for consideration of the bill (H.R. 123) to amend title 4, United States Code, to declare English as the official language of the Government of the United States (Rept. 104-734). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 500. Resolution waiving a requirement of clause 4(b) of rule XI with respect to consideration of a certain resolution reported from the Committee on Rules (Rept. 104-735). Referred to the House Calendar.

Mr. HASTERT: Committee of Conference. Conference report on H.R. 3103. A bill to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes (Rept. 104-736). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SHUSTER (for himself, Mr. Duncan, Mr. Oberstar, Mr. Lipinski, Mr. Hutchinson, Mr. Baker of California, Mr. Franks of New Jersey, Mr. Blute, Mr. Ehlers, Mr. Bachus, Ms. Brown of Florida, Mr. Latham, Mrs. Kelly, Mr. LaTourette, Mr. Mascara, Mr. Lazio of New York, and Mr. LaHood):

H.R. 3923. A bill to amend title 49, United States Code, to require the National Transportation Safety Board and individual air carriers to take actions to address the needs of families of passengers involved in aircraft accidents; to the Committee on Transportation and Infrastructure.

By Mr. HORN (for himself and Mrs. Maloney):

H.R. 3924. A bill to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records for statistical purposes under strong safeguards; to the Committee on Government Reform and Oversight.

By Mr. DORNAN (for himself, Mr. Hunter, Mr. Chambliss, Mr. Stearns, and Mr. Crane):

H.R. 3925. A bill to amend title 10, United States Code, to restore the regulations prohibiting service of homosexuals in the Armed Forces; to the Committee on National Security.

H.R. 3926. A bill to amend title 10, United States Code, to require the separation from military service under certain circumstances of members of the Armed Forces diagnosed with the HIV-1 virus; to the Committee on National Security.

By Mr. EVANS (for himself, Mr. GUTIERREZ, Mr. FILNER, Mr. STOCKMAN, Mr. ACKERMAN, Mr. KILDEE, Mrs. THURMAN, Mr. FALEOMAVAEGA, Mr. FROST, Ms. MCKINNEY, Mr. JOHNSON of South Dakota, Mr. MCDERMOTT, and Mr. METCALF):

H.R. 3927. A bill to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. FRANK of Massachusetts:

H.R. 3928. A bill to amend the Immigration and Nationality Act with respect to waiver of exclusion for certain excludable aliens; to the Committee on the Judiciary.

By Mr. STUMP (for himself, Mr. SHADEGG, and Mr. HAYWORTH):

H.R. 3929. A bill to direct the Secretary of the Interior to utilize certain Federal lands in Arizona to acquire by eminent domain State trust lands located in or adjacent to other Federal lands in Arizona; to the Committee on Resources, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. TOWNS:

H.R. 3930. A bill to protect the personal privacy rights of insurance customers and claimants, and for other purposes; to the Committee on Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. VELAZQUEZ (for herself, Mr. RANGEL, Mr. SCHUMER, Mrs. MALONEY, Mr. MANTON, Mr. ACKERMAN, Mr. TOWNS, Mrs. LOWEY, Mr. FLAKE, Mr. NADLER, Mr. OWENS, Mr. SERRANO, Mr. ENGEL, Mr. GILMAN, Mr. HINCHEY, and Mr. KING):

H.R. 3931. A bill to amend the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to require the development and implementation of a national financial crimes strategy to combat financial crimes involving money laundering and other related activities, and for other purposes; to the Committee on Banking and Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WISE:

H.R. 3932. A bill to amend title II of the Social Security Act to provide that the waiting period for disability benefits shall not be applicable in the case of a disabled individual suffering from a terminal illness; to the Committee on Ways and Means.

By Mr. WOLF (for himself, Mr. LIVINGSTON, Mr. SAM JOHNSON, Mr. DAVIS, Mr. BLILEY, Mr. GOODLATTE, Mr. MORAN, Mr. PAYNE of Virginia, Mr. BOUCHER, Mr. PICKETT, Mr. SISISKY, Mr. BATEMAN, and Mr. SCOTT):

H.R. 3933. A bill to authorize construction of the Smithsonian Institution National Air and Space Museum Dulles Center at Washington Dulles International Airport, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. ZELIFF (for himself, Mr. PAXON, and Mr. QUINN):

H.R. 3934. A bill to provide protections against bundling of contract requirements in Federal procurement; to the Committee on National Security, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MALONEY (for herself, Mr. YATES, and Mrs. LOWEY):

H. Res. 501. Resolution calling upon the Government of Germany to negotiate in good faith regarding expansion of eligibility for Holocaust survivor compensation; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII,

239. The SPEAKER presented a memorial of the Senate of the Commonwealth of Massachusetts, relative to momorializing Congress to require the Federal Railway Administration to postpone a ruling relative to the sounding of train whistles; to the Committee on Transportation and Infrastructure.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. HEFLEY introduced a bill (H.R. 3935) to authorize the Secretary of Transportation to issue a certificate of documentation with appropriate endorsement for employment in the coastwise trade for each of the vessels *High Hopes* and *High Hopes II*; which was referred to the Committee on Transportation and Infrastructure.

H.R. 249: Mr. WELDON of Pennsylvania.

H.R. 878: Mr. PALLONE and Mr. HOYER.

H.R. 1073: Mr. BEREUTER, Mr. TORRICELLI, Mr. CHRYSLER, Mr. WICKER, and Mrs. MYRICK.

H.R. 1074: Mr. BEREUTER, Mr. TORRICELLI, Mr. POMEROY, Mr. CHRYSLER, Mr. WICKER, and Mrs. MYRICK.

H.R. 1090: Mr. SMITH, of New Jersey.

H.R. 1309: Mr. FRAZER, Mr. GONZALEZ, Mr. TORRICELLI, Mr. GREEN of Texas, Mrs. CLAYTON, Mr. BROWN of Ohio, Mr. MASCARA, Mr. PARKER, and Ms. NORTON.

H.R. 1386: Mr. STEARNS.

H.R. 1389: Ms. McKinney.

H.R. 1406: Mr. MCKEON, Mr. HOBSON, and Mr. STOKES.

H.R. 1711: Mr. WICKER.

H.R. 1923: Mr. STEARNS.

H.R. 2011: Mrs. LOWEY, Mr. STOCKMAN, Mr. RANGEL, and Mr. COYNE.

H.R. 2193: Mr. POMBO.

H.R. 2270: Mr. BARR.

H.R. 2320: Mr. FARR.

H.R. 2472: Ms. NORTON and Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 2582: Mr. TAYLOR of North Carolina, Mr. MORAN, and Mr. FOX.

H.R. 2603: Mr. QUINN.

H.R. 2651: Mr. POMBO.

H.R. 2654: Mr. LAFALCE.

H.R. 2928: Mr. FUNDERBURK.

H.R. 3022: Mr. MARKEY, Mr. MASCARA, and Mr. PAYNE of Virginia.

H.R. 3047: Mr. CONDIT.

H.R. 3117: Mr. DELLUMS.

H.R. 3119: Mr. DELLUMS.

H.R. 3181: Mr. CLYBURN and Mr. DEFAZIO.

H.R. 3187: Mr. KENNEDY of Rhode Island and Mr. BOEHLERT.

H.R. 3195: Mr. MICA, Mr. SENSENBRENNER, Mr. TAUZIN, and Mr. COLLINS of Georgia.

H.R. 3202: Mr. CONYERS and Ms. WOOLSEY.

H.R. 3207: Ms. KAPTUR.

H.R. 3211: Mr. CALVERT and Mr. WICKER.

H.R. 3226: Mr. YATES.

H.R. 3251: Mr. CAMP.

H.R. 3374: Mr. COBURN and Mr. SMITH of New Jersey.

H.R. 3391: Mrs. VUCANOVICH.

H.R. 3401: Ms. PRYCE, Mr. CONDIT, and Mr. DORNAN.

H.R. 3430: Mr. WISE, Mr. BLILEY, Mr. SCARBOROUGH, Mr. BREWSTER, and Mr. ABERCROMBIE.

H.R. 3467: Mr. NETHERCUTT.

H.R. 3498: Mr. MARTINEZ and Mr. SPRATT.

H.R. 3565: Mrs. SEASTRAND.

H.R. 3578: Mr. DELLUMS.

H.R. 3633: Mr. BURR.

H.R. 3636: Ms. PRYCE.

H.R. 3645: Mr. GREENWOOD, Mr. REGULA, Mr. PASTOR, Mr. GUTIERREZ, Ms. FURSE, and Mr. KENNEDY of Rhode Island.

H.R. 3654: Mr. LAHOOD, Mr. JOHNSON of South Dakota, Mr. KLUG, and Mr. MEEHAN.

H.R. 3688: Mr. COYNE and Mr. DURBIN.

H.R. 3714: Mr. FRANK of Massachusetts, Mr. ROGERS, and Mr. CLYBURN.

H.R. 3747: Mr. TORRES, Mr. MCDERMOTT, Mrs. MEEK of Florida, and Mr. BEILENSON.

H.R. 3790: Mr. CHRISTENSEN.

H.R. 3830: Mr. OWENS, Mr. SANDERS, Mr. FRAZER, Mr. HASTINGS of Florida, and Mr. STUDDS.

H.R. 3849: Mr. GILLMOR.

H.R. 3863: Mr. ROHRABACHER, Mr. EWING, Mr. WATTS of Oklahoma, Ms. GREENE of Utah, Mr. PALLONE, Mr. GREEN of Texas, Mr. HOLDEN, and Mr. FLAKE.

H.R. 3902: Mr. POMEROY.

H.R. 3905: Mr. HUTCHINSON.

H.J. Res. 97: Ms. DELAURO and Mr. MILLER of California.

H.J. Res. 114: Ms. DELAURO.

H. Con. Res. 100: Mr. WICKER.

H. Con. Res. 200: Mr. DEFAZIO, Mr. DORNAN, Mr. POMBO, Mr. STEARNS, Mr. TORRICELLI, Mr. HAYWORTH, Mr. KLECZKA, Mrs. KENNELLY, Mr. MCNULTY, Mr. EVERETT, Mr. LIPINSKI, Mr. HASTINGS of Florida, Mr. SHADEGG, Mr. LIVINGSTON, Mr. TANNER, Mr. MONTGOMERY, Mr. MCCOLLUM, Ms. MILLENDER-MCDONALD, and Mr. SPRATT.

H. Res. 470: Mr. FRANKS of Connecticut, Mr. CAMPBELL, Ms. FURSE, and Mr. LIPINSKI.

H. Res. 478: Ms. GREENE of Utah and Mr. BOUCHER.

EXTENSIONS OF REMARKS

LEGISLATION INTRODUCED TO CONSTRUCT AIR AND SPACE MUSEUM AT WASHINGTON DULLES AIRPORT

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. WOLF. Mr. Speaker, I am pleased today to introduce legislation—along with my colleagues Representatives BOB LIVINGSTON, SAM JOHNSON, TOM DAVIS, TOM BLILEY, BOB GOODLATTE, JIM MORAN, L.F. PAYNE, RICK BOUCHER, OWEN PICKETT, and NORMAN SISISKY—to authorize the Board of Regents of the Smithsonian Institution to construct the National Air and Space Museum Extension at Washington Dulles International Airport. This legislation represents the next critical step in making the extension a reality and I urge my colleagues to support this bill.

The need for this extension is clear. The existing Air and Space Museum on the Mall now faces a critical shortage of critical storage facilities. Current facilities are inadequate, storage for larger artifacts is simply not available, and existing storage facilities do not provide controlled climate conditions necessary for the safe preservation of most museum artifacts. Not only that, as a result of current space limitations at the Mall Museum, only about 20 percent of the Nation's aircraft collection is on public display.

Mr. Speaker, some of our Nation's most historic aircraft are hidden from public view. The Enola Gay, the SR–71 Blackbird spy plane, the space shuttle Enterprise, and many others sit in warehouses because there is no room for these large artifacts at the Mall Museum facility. The extension facility will provide the space necessary to house and exhibit these great artifacts for families who come from all over the country with the Air and Space Museum at the top of their sightseeing list. The Mall Museum is the most popular of the Smithsonian's museums and the extension is expected to draw significant crowds too. Approximately 7 to 8 million people now visit the Air and Space Museum on the mall and an estimated 2 to 3.5 million visitors are expected annually at the extension.

In 1993, the Smithsonian Institution was first authorized to plan and design an Air and Space Museum Extension at Washington Dulles International Airport and I was pleased to support this effort. In fiscal year 1996, Congress and the Commonwealth of Virginia provided funding for planning and design work on the extension. Further work on schematic plans are planned in preparation for the construction phase of the project.

While Congress has authorized and appropriated funding for planning and design work, Congress has previously made it clear that no Federal funds are to be made available for the construction portion of the project. Instead, the Smithsonian Institution is responsible for raising private funds for construction of the extension and already, the Air and Space Museum has begun to build a capital campaign infrastructure. A National Air and Space Society membership program was begun in 1995 to generate public support for the museum and the extension and already more than 4,000 people have joined and contributed.

The legislation I am introducing today merely authorizes the Board of Regents of the Smithsonian Institution to construct the museum extension and also makes clear that no appropriated funds are to be used to pay any expense of the construction of this facility. The new Director of the Smithsonian Institution, former Federal Aviation Administration Administrator and retired Adm. Donald Engen, has stated that his No. 1 priority will be to wage a national campaign to raise adequate funding for construction and his goal will be accomplished more effectively once Congress has clearly authorized this construction.

Mr. Speaker, the museum extension will significantly increase the amount of the collection on public display, provide safe and climate-controlled storage facilities, and provide a restoration facility capable of the handling the largest artifacts in the collection in full view of visitors. Federal funds will not be used for construction of the extension and instead these costs will be paid for by privately raised funds.

I urge my colleagues to support the Air and Space Museum Extension project and this legislation authorizing its construction.

H.R. —.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONSTRUCTION OF MUSEUM CENTER.

The Board of Regents of the Smithsonian Institution is authorized to construct the Smithsonian Institution National Air and Space Museum Dulles Center at Washington Dulles International Airport.

SEC. 2. LIMITATION ON USE OF FUNDS.

No appropriated funds may be used to pay any expense of the construction authorized by section 1.

TRIBUTE TO G. HUNTINGTON BANISTER

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. SOLOMON. Mr. Speaker, a valued and trusted public servant retired from the Federal Government today. G. Huntington Banister, better known as Hunt, served proudly in a distinguished career spanning 31 years.

Beginning in 1972, Hunt put his skills to work for America at several agencies. He launched his public career as a Budget Analyst with the Interstate Commerce Commission. From 1976 to 1979, he served as Budget Officer for the Public Health Service's National Institute on Drug Abuse. He was Financial Manager for the Commodity Futures Trading Commission from 1979 to 1985.

But it is in his present position that I came to personally know and respect this fine gentleman. In 1985, he joined the staff of the Selective Service System as its Controller. He was indispensable at this small but vital Federal agency that is near and dear to my heart. It has a nationwide staff of less than 200 full time people, yet its purpose and mission are enormous. Serving as America's defense insurance policy in a still dangerous world, it remains ready to mobilize and provide our Nation's Armed Forces with the manpower necessary to fight in any future crisis that requires a return to the draft.

Earning the admiration and respect of his superiors and subordinates alike, Hunt became the Acting Director of Selective Service in February 1994. For 9 months, until the confirmation of a new Director, he led the Agency at a most critical time in its history. That summer Selective Service faced possible termination during the congressional budget process. Fortunately, those of us in Congress who appreciate the value of military personnel readiness did not let that happen, and the important role played by the Agency in national security continues today without pause.

In no small measure, the very survival of a strong and ready Selective Service System is attributable to the leadership abilities of Hunt Banister. He is a man whose intellect, people skills, and savvy set him apart. It is worthy of note that Hunt is "Twice the citizen," having also completed a parallel career as an Army Reserve officer and retiring as a colonel after 30 years of commissioned service, including almost 7 years of active duty and a tour of Vietnam.

Throughout his long and distinguished career, Hunt Banister made a difference. When the going got rough, he remained tough, and his legacy is a more secure America. The citizens of this great Nation are in his debt, and wish G. Huntington Banister, his wife Linda, and his children Betsy and Carly, good health and happiness on his well deserved retirement day.

THANK YOU, MEGAN MACHEMAHL, FOR YOUR LOYAL SERVICE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FIELDS of Texas. Mr. Speaker, it was with mixed emotions that I announced last December 11 my decision to retire from the

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

House at the conclusion of my current term. As I explained at the time, the decision to retire was made more difficult because of the loyalty and dedication of my staff—and because of the genuine friendship I feel for them. Each one of them has served the men and women of Texas' Eighth Congressional District in an extraordinary way.

Today, I want to thank one member of my staff—Megan Machemahl, my staff assistant in my College Station, TX, district office—for everything she's done for me and my constituents in the almost 2 years that she has served as my representative in College Station.

Megan is a native of Houston who served as an intern in my Washington DC, office from August to December 1994. During her semester-long internship, Megan helped my permanent staff track legislation in committee and on the House floor, conduct legislative research, and answer constituent correspondence. She performed each of these tasks with enthusiasm and great professional skill, and I was grateful for all she did to help.

Little did I realize that so soon after she left, she would be rejoining my staff. Shortly after her internship ended and she had returned to Texas A&M University, my staff assistant in the College Station office announced his decision to leave. Remembering what a good job Megan had done during her internship, I offered her the opportunity to run the College Station office while she pursued her masters degree.

Fortunaely, she agreed. Since 1995, Megan has represented me at events and meetings in the western half of my congressional district, which includes Brazos, Washington, and Austin counties. Also, she has helped coordinate the congressional internship program for my College Station office—recruiting, selecting and training new student interns. She also designed a training manual for handling congressional casework.

Having earned her bachelors degree in journalism from Texas A&M University in August 1995, Megan is now working to her masters degree in educational human resource development, which she expects to receive in May 1997.

Megan is one of those hard-working men and women who make all of us in this institution look better than we deserve. I know she has done that for me, and I appreciate this opportunity to publicly thank her for the dedication, loyalty, and professionalism she has exhibited throughout the years it has been my privilege to know and work with her.

Megan's plans after she earns here masters degree are as yet uncertain, but knowing her as well as I do, I am confident that her professional skills and personal qualities—skills and qualities she has demonstrated in my office—will lead to continued success in the future.

Mr. Speaker, I know you join with me in saying thank you to Megan Machemahl for her loyal service to me, to the men and women of Texas' Eighth Congressional District, and to this great institution. And I know you join with me in wishing her the very best in all of her future endeavors.

WE'RE GLAD OLIVIA SIMMONS AND DARYL EDWARDS WERE HERE

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. PAYNE of New Jersey. Mr. Speaker, like so many communities across America and some parts of the world, New Jersey's 10th Congressional District lost some of its members in the crash of TWA flight 800 on July 17. This evening at the St. Matthew AME Church in Orange, NJ, a memorial service, organized under the direction of Orange Mayor Mims Hackett, is being held for Olivia Simmons, one of the victims.

By all accounts, Olivia Simmons was a caring individual who cherished life. She did what she could to make life as beneficial as possible for others. Ms. Simmons was a teacher in the Newark school system for 28 years. She taught at the Clinton Avenue School and the Broadway Elementary School. In the past several years, Ms. Simmons was also a school librarian.

Ms. Simmons loved the written word and dedicated her life to opening new horizons by encouraging others to appreciate books and other written material. She was an avid, reader who belonged to literary clubs and the International Reading Association.

Ms. Simmons valued multiculturalism. In addition to her teacher/librarian duties she also was a flight attendant for 21 years. Because of her love and respect for our different cultures, she traveled during weekends and summers.

Mr. Speaker, we also lost another in that terrible crash, Daryl Edwards. Mr. Edwards was a flight attendant with TWA for 18 years. He was born in Newark, NJ and raised in East Orange, NJ. He graduated from East Orange High School. He attended and graduated from American University in Washington, DC.

One of Mr. Edwards' delights was cooking. He was an accomplished chef, having been graduated from the Peter Kamp Culinary School in New York City. He owned a catering business. Mr. Edwards gave and received great joy through his culinary art.

Mr. Speaker, Olivia Simmons and Daryl Edwards were two warm, friendly and caring individuals. Their absence will be felt. However, although we will miss them, we're glad they were here.

TRIBUTE TO EVESHAM TOWNSHIP POLICE CHIEF NICHOLAS L. MATTEO

HON. JIM SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. SAXTON. Mr. Speaker, I rise to take this opportunity to congratulate and recognize the distinguished career of Chief Nicholas L. Matteo, chief of police for Evesham Township in Burlington County, NJ. Chief Matteo is preparing to retire on January 1, 1997 upon completion of more than 30 years of faithful service to the Evesham Township Police Department.

A native of Medford, NJ, Chief Matteo began his career with the Evesham Township Police Department responding to calls as a patrolman in 1966. As a cop on the beat, Chief Matteo served his community during time of need and emergency situations.

Mr. Matteo then ascended to the rank of detective first class where he was responsible for interviewing victims, perpetrators, and the follow-up of criminal investigations.

Patrol sergeant, the next title held by Mr. Matteo, entailed the overseeing of the operations of an entire patrol shift as well as direct supervision of critical incidents.

Chief of police is the rank that he has held honorably since 1990. He has been responsible for the operation of a large, widely respected law enforcement agency. While serving as chief of police, Mr. Matteo has earned the respect of the men and women of the Evesham Township Police Department, as well as residents of Burlington County, by participating on the Burlington County Chiefs Association Executive Board.

In 1996, the Delaware Valley Chiefs Association named him to their executive board. This is a most prestigious honor. This appointment highlights Chief Matteo's genuine concern for protecting the safety of the residents of his own community as well as those surrounding it.

Chief Matteo's dedication to his community is not limited to his duties and responsibilities as a police officer. He is also keenly aware of the need for racial harmony and tolerance throughout our country. He promotes this ideal through the Coalition of Multi-Culture Understanding of Burlington and Camden counties, of which he is president.

Be it a patrolman, an administrator, or a supervisor, Chief Nicholas L. Matteo has been an excellent role model for other uniformed officers and citizens of the United States. Mr. Speaker, I am honored to submit these commemorative remarks in order to share the many accomplishments of a great man with my colleagues.

A man of Nicholas Matteo's stature and vision is rare indeed. While his distinguished service will be genuinely missed, it gives me great pleasure to recognize him, and to wish him good luck as he brings to a close a long and dignified career with the Evesham Township Police Department.

WILLIAM H. MORTON ENGINE CO. NO. 1 CELEBRATES 125TH ANNIVERSARY

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. SOLOMON. Mr. Speaker, anyone who visits my office can't help but notice the display of fire helmets that dominate my reception area. They're there for two reasons. First, I had the privilege of being a volunteer fireman in my hometown of Queensbury for more than 20 years, which helps explain the second reason, the tremendous respect that experience gave me for those who provide fire protection in our rural areas.

Mr. Speaker, in a rural area like the 22d District of New York, fire protection is often solely in the hands of these volunteer companies. In New York State alone they save countless lives and billions of dollars worth of property. That is why the efforts of people like those firefighters in Athens, NY, is so critical.

And that's why, Mr. Speaker, back in 1870 the residents of the growing village of Athens demanded more fire protection and the William H. Morton Engine Co. was born in 1871. It was founded based on this need to serve one another.

On that note, Mr. Speaker, those are the traits that make me most fond of such communities, the undeniable camaraderie which exists among neighbors. Looking out for one another and the good of the whole is what makes places like Athens a great place to live and raise a family. And this concept of community service couldn't be better exemplified than by the devoted service of the fine men and women who have comprised the William H. Morton Engine Co. No. 1 over its 125-year history. That's right, for well over a century, this organization has provided critical services for the citizens of Athens on a volunteer basis. As a former volunteer fireman myself, I understand, and appreciate, the commitment required to perform such vital public duties.

Mr. Speaker, it has become all too seldom that you see fellow citizens put themselves in harms way for the sake of another. While almost all things have changed over the years, thankfully for the residents of Athens, the members of their fire department have selflessly performed their duty, without remiss, since back in 1871.

You know, I have always said there is nothing more all-American than volunteering to help one's community. By that measure, Mr. Speaker, the members of the William H. Morton Engine Co. No. 1, past and present, are truly great Americans. In that regard, I ask that you, Mr. Speaker, and all Members of the House, join me now in paying tribute to these dedicated men and women.

FUNDING FOR THE FEDERAL MARITIME ACADEMIES

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FIELDS of Texas. Mr. Speaker, I am deeply concerned about the viability and sustainability of our 6 State maritime academies given this bill's funding level for the Maritime Administration's operation and training account. This portion of the Commerce, Justice, State appropriations bill does not specifically provide funding for the 6 schools and actually cuts $4.3 million from the operation and training account that was to have funded the schools.

The State maritime academies represent a model of State and Federal cost sharing in meeting the Nation's need for officers for the American flag merchant fleet and other elements of the maritime industry. The students and State governments underwrite most of the schools' costs. The Federal Government historically has assisted the academies by loaning them training ships used to meet the Federal mandate for the sea time required to fulfill the Coast Guard licensing requirements. The schools maintain these ships at approximately one-third the cost of maintaining Ready Reserve Fleet ships.

The mission of the State maritime academies is to provide, in partnership with the Federal Government, licensed American merchant marine officers by the most cost-effective means. The 6 schools, located in Maine, Massachusetts, New York, Texas, California, and Michigan provide 75 percent of the Nation's licensed mariners.

These State maritime academies represent a high return on a modest Federal investment. For only $9.3 million, which represents level funding over the past 7 years, they train and graduate 75 percent of the Nation's licensed merchant marine offices; maintain a Ready Reserve Fleet ships at one-third the Government costs; commission an additional 100 Navy and Coast Guard Reserve officers each year; and enjoy a 100 percent job placement rate for graduates.

I, along with many others on both sides of the aisle, hope the Senate will fully fund these much-needed State maritime academies. I also urge House appropriations conferees to work with the Senate to restore this funding.

A TRIBUTE TO WOODS MEMORIAL HOSPITAL

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. DUNCAN. Mr. Speaker, I want to congratulate Woods Memorial Hospital in Etowah, TN, for being nationally recognized for its success in advanced technology as well as its overall business success.

In addition to its national recognition, the hospital was honored with the Tennessee Quality Commitment Award and received accreditation with commendation from the Joint Commission on Accreditation of Health Care Organizations earlier this year. These are fine honors which the hospital should be very proud to receive.

Despite the growing shortage of quality medical care in our rural communities, Woods Memorial Hospital remains dedicated to providing its patients with the best technology and high quality care from its professional staff. I am proud to have Woods Memorial Hospital in the 2d district of Tennessee.

I request that a copy of the article "Critical Care" which appeared in Inc. Technology be placed in the RECORD at this point. I would like to call it to the attention of my colleagues and other readers of the RECORD.

CRITICAL CARE—CASE STUDY

(By Joshua Macht)

The gurney crashes through the emergency room doors. On it lies a woman, lips pale, fading in and out of consciousness. In the glare of harsh lights, a quickly gathering knot of doctors and nurses steps into crisis mode. Needles, probes, and paddles move in and out of hands; a blood-sample is raced to the hospital laboratory. Moments later the lab sends the test results electronically to the emergency room: the woman's blood pressure is low; she must be losing blood. Images from a pelvic ultrasound are quickly delivered to a radiologist.

Around the corner, in the operating room, the surgeon prepares for the unscheduled morning performance. Before he scrubs, he dials a voice-mail box and retrieves a radiologist's interpretation of the ultrasound. The diagnosis: a ruptured fallopian tube and massive internal bleeding. The doctors suspect an ectopic pregnancy (an inseminated egg attaches to the wall of a fallopian tube instead of the uterus); the embryo has to be removed. Barely an hour and a half after the woman is rushed to the hospital, she's on the operating table; soon she's recovering in her hospital bed.

A routine crisis for one of the nation's big-city, high-tech hospitals. Except for one thing. This scene is taking place in tiny Woods Memorial Hospital, a 72-bed non profit hospital in Etowah, Tenn., a rural community halfway between Chattanooga and Knoxville.

Big changes are going on in health care, leaving hospitals across the country reeling from skyrocketing costs, a glut of beds, and all-out efforts by the government and the insurance industry to reduce treatment and reimbursement. Large urban hospitals, though they've felt the squeeze, are often able to weather the crisis because they've invested in sophisticated medical technologies that attract patients and in high-powered information systems that improve efficiency and manage costs.

But smaller hospitals typically don't have the money or the expertise to practice high-tech medicine or to buy computers. Those are some of the reasons small hospitals are collapsing or being swallowed up by larger competitors at an unprecedented rate. The crisis is all the greater for small hospitals like Woods that are located in rural areas, away from large pools of potential patients and technological know-how.

Woods, however, is thriving. Outpatient care is at its highest level ever, while patient revenues swelled from $16 million in 1991 to $28 million last year. Net income, even allowing for money that will never be recovered from federal, state, and private health-care subsidies, rose to $1.6 million in 1995 from $953,327 in 1991.

What makes Woods different? Three and a half years ago, the hospital began to transform itself. The focus: cost containment. The method: automation. Led by an administrator who has applied a near-military zeal to the task of automating every aspect of the institution's operations. Woods has proved that even organizations caught in the vortex of an industry's downward spiral can buck the trend.

Etowah is a sleepy town of 4,500 people, most of them paper-mill and textile workers, on the edge of the Cherokee National Forest. Etowah didn't get a hospital until 1965. Not surprisingly, when it was built, Woods was a spartan facility: the emergency room was open only during certain hours, and there was no intensive care unit. In fact, there wasn't an internist within 50 miles. Instead, family practitioners and general surgeons mended everything from sprained ankles to burst appendixes while cases of any complexity were referred to larger Bradley Memorial in the next county, the University of Tennessee Medical Center in Knoxville, or Erlanger Medical Center, in Chattanooga.

Still, Woods was healthy. In most hospitals back then in the fee-for-services days, just about anyone with a medical degree and a stethoscope could make money by patching up a patient and billing the patient's insurance company, few questions asked. In the late 1970s and early 1980s, the hospital, run by a retired air force colonel, added 40 beds to its original 30 and built an intensive care unit.

Then came the crunch. In 1983 the federal government stopped paying Medicare reimbursements based on a hospital's tally of the actual cost of the care given; instead, it began doling out flat fees based on its estimate of what the treatment of a given illness should cost. The payments were especially meager to rural hospitals, on the theory that a hospital's costs should be much lower outside a city. Woods's Medicare reimbursements plunged to less than 75% of the cost of treating its Medicare patients, who made up two-thirds of the hospital's patient population.

With its Medicare operations running deeply in the red, the hospital's cash reserves were soon depleted, leaving no money for improvements or even upkeep. Tile walls and floors began to crack. Patients waiting to be admitted sat in the lobby on folding chairs.

More important, the hospital couldn't afford to keep up with the latest medical technology. That, in turn, made it all but impossible to recruit young talent to the staff. One of the few doctors to join the staff in the late 1980s was Charles Cox, who had started at Woods as an orderly in 1976 before going to medical school and whose family owned a dairy farm in the area. "There really wasn't much incentive for young doctors to come here," calls Cox, who would sometimes save patients during the day and do farm chores at night.

To make up for the reimbursement shortfall, the hospital tried raising its prices to non-Medicare patients. But that led to a leveling off of patients. It was clear that the only way to bridge the gap between Woods's costs and reimbursements was to reduce costs by improving efficiency.

Not an easy task. Inefficiency was ingrained in almost everything that went on at the hospital. Consider patient intake. Patients would wait 30 minutes or more in the dreary lobby while nurses filled in hospital admission forms and then typed hospital bracelets. If a patient needed blood work or X rays, a nurse had to fill in a three-page carbon-copy requisition form and hand-deliver copies to the lab and to billing.

Ah, billing: two women in a cramped office entering the charges for each patient into a bare-bones minicomputer-based system, and that was the high-tech part. They had to prepare the special forms for billing third parties, like Medicare and Blue Cross of Tennessee, by hand and then mail them. Four to six weeks later, when a batch of reimbursement checks came in, the switchboard operator would use the time between calls to record the payments in a 30-column ledger. "Things moved slowly back then," says Carol Ethridge, chief financial officer and information officer. "And because everything was done manually, there was plenty of room for error."

When Phil Campbell arrived at Woods in 1990 to take over as CEO, the hospital was $200,000 shy of making its payroll and was struggling to survive. Campbell had been working as associate administrator of a health-care facility in Rome, Ga., when Woods's board hired him. "I had wanted to go to a "rural hospital," says Campbell. "But I underestimated how difficult it would be."

For the first few months, Campbell tried to persuade large suppliers to extend the small hospital's payment schedule. But then, suddenly, he took the offensive. Most hospitals charge for small items—a Band-Aid (as much as $10 in some hospitals) or a single aspirin (as much as $4 or more a pop). Campbell, who seemed determined to become the Crazy Eddie of health care, decided to give them away. Next he slashed prices on lab work, the hospital's biggest profit center. Then, as though the county board of trustees weren't already apoplectic, Campbell presented the group with an expanded budget that called for automating every last department of the small hospital. "Oh, sure, some employees and citizens thought we were crazy," says Campbell. "But I knew we had no choice."

Campbell, a tall imposing figure with the middle-aged-boy looks of a high school football coach, knows he can come off as a little overbearing. "My wife tells me I'm more conservative than Rush Limbaugh," he says, meaning it as a boast. If his administrative style seems somewhat military, it probably is. Campbell spent two years at the U.S. Army's Fort Stewart in Hinesville, Ga. But Campbell wasn't a soldier there; he was a student in a master's of health-services-administration program run by Central Michigan University. Alongside army colonels and majors, Campbell was drilled in the mantras of hard-core health-care management: Improve quality. Lower costs. Increase volume. Although he had studied health-care institutes in crisis, he faced the real thing for the first time when he took over at Woods. He was on the front line. And he admits to feeling green: "There was nothing I could have done to prepare for this job."

The single-level brick building looks more like a suburban elementary school than a hospital. In that respect Woods hasn't changed much from the day it was founded. Inside, though, it's a different story. To start, almost every inch of every surface has been redone—with carpet, paint, or wallpaper—in mellow lavender and mauve. A "new" Woods had to look the part. An interior designer chose the color scheme. Otherwise, each department was free to redecorate as it saw fit.

But the hospital's makeover was more than skin deep. Campbell knew that the heart of the transformation would be automation. The only problem was figuring out a way to afford it. The hospital had already solicited a bid from a computer vendor for an automation package; the bid came in at close to $1 million, about four times what the hospital could conceivably spend. Campbell got on the phone to see if he could do better. Exhorting vendors to cut corners and margins wherever possible, explaining that the old health-care gravy train had been derailed, Campbell finally got the proposal he was looking for; an extensive new system for $250,000. That proposal came from Health Systems Resources Inc., in Atlanta. HSR agreed to install an IBM RS6000 and a UNIX-based work-station, along with 60 terminals and 12 PCs—enough to put every department in the hospital on-line.

Now all Campbell had to do was come up with a way to get the system to pay back. The key would be using the system to cut costs. Campbell divided the entire medical staff into small teams, each one with access to a PC and a mission—to examine a different element of the hospital's service with an eye toward reducing waste.

Take the pharmacy and therapeutics committee, headed by Brandon Watters, an internist. One of the committee's tasks: to assess the hospital's use of cephalosporins, a type of antibiotic. Harry Porter, a member of the committee and director of the pharmacy, called up records of what the hospital had been spending on antibiotics. It turned out that in the previous year, Woods's use of all cephalosporins had gone up 204%, mainly because its use of Rocephin, the most expensive antibiotic, had gone up. So Porter, who documents the use of all drugs in the hospital, had the computer graph the applications of Rocephin. The chart revealed that 70% of the time the powerful antibiotic was dispensed to treat infection but that 30% of the time it was administered to prevent infection in patients undergoing surgery.

After a bit of research the committee determined that far less expensive (but equally effective) antibiotics could be substituted for the surgical use of Rocephin. The result; an estimated $40,000 savings on Rocephin in 1995. To keep the medical staff up to date with his committee's findings, Watters imports all of his results from Quattro Pro into Microsoft Publisher, which he then uses to publish *inPHARMation*, the hospital's pharmacy and therapeutics newsletter.

Food waste was another target. Thanks to the dietary and food-services committee headed by Michele Fleming, director of food and nutrition services, Woods now uses a PC spreadsheet to track virtually every aspect of food service, from patient's satisfaction with portion size to seasoning preferences. As a result, patients are less likely to end up with food they don't like and won't eat. Fleming knew, for example, that in the second quarter of 1995, only 92% of patients said they received the correct seasoning packets with their food. By the fourth quarter the number was up to 100%.

To save nurses and administrative employees time, the new system streamlined the laborious admissions process. Today patients zip from the lobby to their hospital bed in minutes. With just a few keystrokes, an admissions clerk enters a new patient's record into the system and instantly creates an electronic billing form on the main server. The clerk then hits another button to print out an embossed plastic identification card on a special printer. Using an imprint of the card, the clerk can also quickly manufacture a plastic hospital ID bracelet. Because billing and accounting have been integrated into the system, patient charges and insurance bills are tallied electronically during the patient's stay.

Gone, too, are the days of carbon-copy requisition forms. Now nurses simply order lab work and diagnostic images through the computer system. In addition, lab equipment has been electronically connected to the mainframe. Now Cindy Glaze, supervisor of the laboratory, can transfer blood-test results from her lab instruments to her computer terminal and then, with a keystroke, on to the emergency room, the operating room, or a nursing station.

Automation has all but eliminated some of the worst administrative chores. When a nurse electronically orders 500 ccs of erythromycin from the pharmacy for a patient, the system automatically charges the patient's billing record. It used to take weeks for the hospital to finalize patients' bills; today bills are ready whenever patients are ready to leave the hospital. And no one fills in forms by hand or licks envelopes and mails them off to Blue Cross or Medicare; instead, charges are automatically transferred to the proper electronic form, and then, using a dial-up account, a bill is transmitted to the third-party payer. Ethridge says that reimbursement takes about 14 days.

As for the new switchboard operator, Virginia Huff, she rests easier knowing that the computer takes care of the Medicare logs. When a doctor orders an MRI for an elderly patient, the charge automatically transfers to an electronic log. Running the log for the entire year takes just a couple of hours of computer processing time.

Campbell's plan has worked. Not only have Wood's outpatient utilization rates increased by 25%, but the hospital's net income has nearly doubled in the past five years. Last year outpatient utilization rates actually surpassed inpatient rates—which means higher revenues because insurance companies typically reimburse outpatient procedures at a higher rate. After Campbell dropped the prices of lab work, the volume of work in the small lab increases dramatically—300,000 tests in 1995, up from 115,000 in 1991. Remarkably the hospital has not raised the prices of care in five years, nor has Campbell added any clerical positions to the staff, even with all the increased billing. "If we were still keying in bills, we would need at least twice as many people in the billing department alone," says Ethridge.

Fewer nonmedical positions means more dollars to recruit doctors—a critical goal. The average can general $1 million in revenues for the hospital annually. Woods uses some of the freed-up money to pay for new recruits' medical education in exchange for a commitment to practice there. The difference in the opportunities for young doctors today and in 1988, when he joined the hospital, is huge, says Cox. "Today we have all the technology that big urban medical centers have. So doctors can come here and not feel at a disadvantage."

Active recruitment efforts along with a healthy cash surplus have allowed Woods to expand services. For example, Campbell hired Dan Early to direct the new Resource Counseling Center. In addition, to reach African Americans in the county (a population that traditionally has had trouble accessing health care), Campbell founded the Minority Health Alliance for education and care.

Recently the University of Tennessee Medical Center in Knoxville chose Woods as one of its first partners in its telemedicine program, which allows doctors to work via videoconferencing hookups. Woods's telemedicine facility is located in what used to be the gift shop. So far the state-of-the-art satellite link has been used primarily for dermatology. But doctors can also keep up to date with the medical advances at U.T. without leaving Etowah. Craig Riley, for example, an internist, attends live conferences at U.T. via satellite and can even use the live link to complete the continuing medical education credits he needs to meet Woods's credit requirements.

As Woods moves into a new era of health care, Campbell continues to position the small hospital for aggressive growth. Last year Woods joined Galaxy Health Alliance, in Chattanooga, a managed-care network of 13 rural and suburban hospitals in four states. (Woods is also part of another managed-care network that includes U.T.) Although managed care may represent a controversial new road for medicine, few hospitals want to be left out of the loop. An Zuvekas, senior research staff scientist at the Center for Health Policy Research at George Washington University Medical Center, in Washington, D.C., predicts that rural hospitals increasingly are going to depend on advanced electronic networks for their survival. She reasons that it's more effective for managed-care plans to interact just once with a group of hospitals than to deal with them individually; consequently, says Zuvekas, rural hospitals that are able to share both data and expertise over a wire are going to distinguish themselves as worthy partners in the managed-care relationship.

The road ahead is filled with uncertainty. Potential Medicare cuts could make it even more difficult for rural hospitals to make ends meet, and managed care might force many more hospital mergers and acquisitions. Still, Campbell has a grand outlook for Woods. On a tour of the hospital, he points out the window to a mound of dirt. "That will be a state-of-the-art women's center," he says. "We are finally going to start delivering babies again." A nearby parking lot will soon be transformed into an expanded intensive care unit and emergency room, he adds.

Ethridge, meanwhile, is just trying to enjoy the fact that for once Woods isn't struggling. "We've been waiting six years to slow down," she says. Given Campbell's ambitions, Ethridge probably shouldn't plan on too long of a lull.

SUPPORT THE FEDERAL PROCUREMENT SYSTEM

HON. WILLIAM H. ZELIFF, JR.

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. ZELIFF. Mr. Speaker, I am introducing a bill today which will foster the continued participation of small business in the Federal Government's procurement system.

During my tenure in Congress, I have been closely involved in the procurement reform debate. As a member of the key committees of jurisdiction over this issue, Government Reform and Oversight and Small Business, and in my own experience as a small businessman, I know the importance of the small business community in Federal procurement.

Small business is vital to this Nation's economic success. And with enactment of the Federal Acquisition Reform Act, which I strongly supported, Congress created a newly reformed, streamlined procurement system designed to assist all businesses.

Although recently, agency actions have limited small business participation as prime contractors in the procurement process by inappropriately bundling contract requirements in order to decrease the number of contracts an agency must manage. Government agencies have argued that by bundling these contract requirements, it is simply much easier for them to do their job because they only have to deal with one or two vendors instead of hundreds.

Working with only one or two vendors as opposed to working with hundreds of suppliers may be easier for agencies, but limiting Federal contract opportunities to only a few companies on a few contracts, is unfair to small businesses. Not only is this practice unfair, it eliminates built-in competition in the Federal contracting system, which in turn leads to an increase in costs for necessary goods and services paid for by the American taxpayer.

This unfair contract bundling is corrected by the legislation before you today. In addition to maintaining the integrity of the procurement reforms passed last Congress and earlier this Congress, the bill directs agencies to avoid unnecessary agency contract consolidations. Removing these inappropriate consolidations ensures that more small business will compete for Federal contracts.

This protective measure loudly echoes this Congress's support for the counsel, assistance and protection of our Nation's job creators—small business. By supporting this measure my colleagues will join me in my efforts to support both an efficient and openly competitive Federal procurement system.

GIVE LAW ENFORCEMENT THE TOOLS THEY NEED TO FIGHT TERRORISM

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FRAZER. Mr. Speaker, I rise today to urge my colleagues to pass anti-terrorism legislation requiring the manufacturers of explosives to include chemical markers and smokeless powders.

The American people elected us to this body to do our job. Which is to pass legislation that is in the best interest of this country, not interest of a group of owners. It is time to do our job.

During the 104th Congress we have seen the bombing of a Federal building in Oklahoma City which caused the death of 170 people, the standoff between Federal law enforcement officials and the Freeman group in Montana.

Today, the American people are outraged by TWA flight 800 and the Atlanta Centennial Park bombing. The people of the Virgin Islands lost a loved one on TWA flight 800, which was a personal loss to me.

Mr. Speaker, we have a role to play, which is to pass legislation that will give law enforcement the tools that they need to fight terrorism.

INCENTIVES FOR AGRICULTURE

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. THOMAS. Mr. Speaker, 1 million acres of farmland in the United States will be eaten up by parking lots, freeways, and suburban growth this year. In fact, within the hour, one acre of precious farmland in the Central Valley of California will be taken out of production.

The Central Valley of California currently produces over $13 billion in agriculture produce and feeds millions in the United States and around the world. Farmland in areas surrounding cities is being displaced by urban development at one of the fastest rates in history and for this reason our farmers have been placed under new pressures. A time can be foreseen in which an area like the Central Valley may not even be capable of feeding itself because of urban outgrowth.

When the great cities of our country were settled, they were developed near rich agricultural land to assure an adequate food supply. As urban areas continued to sprawl, many fertile acres were consumed and many more were placed at risk. Over the past 10 years, urban sprawl has eaten up over 26 million acres of productive farmland: an area the size of Kentucky has been displaced by urban development. Most of the farmland lost in the country has been located in urban influenced counties—where the density is at least 25 persons per square mile. A recent study by the American Farmland Trust estimated that the farmland in the urban influenced counties was 2.7 times more productive than the remaining U.S. counties. Eighty seven percent of our domestic fruit and nut production is also grown in these threatened counties.

Every citizen should be concerned with a secure U.S. food supply and preservation of productive lands because the loss of farmland affects more than family farmers. Others affected by the land loss include the large agriculture support sector that ranges from fertilizer and equipment suppliers to fruit and vegetable processors. The general public could also face grocery counters half-full of not so fresh, costly produce imported from around the world. Agriculture is a basic and fundamental part of life from the food we eat to the clothes we wear. It is important that during times of fast growth we take a closer look at how our land is being used and how we can protect those that are being displaced by the urban community.

Farming has been placed under new pressures that are coupled with the rising costs of this capital intensive business. For example, farmers putting in a wine grap vineyard will encounter 4 years development costs over $17,000 dollars per acre above the land acquisition costs. Pistachio farmers should expect at least $7,000 dollars in preproductive costs per acre and olive growers $5,000 dollars an acre. These costs could literally double or triple dependent on the value of the land.

Aside from the high start up costs of crops such as orchards and vineyards U.S. farm real estate values also continue to rise. According to statistics compiled by the U.S. Department of Agriculture the value of U.S. farm real estate has risen 6.4 percent over the past year to $832 per acre. This $832 figure may be rising, but it still does not nearly reflect the cost of acquiring a prime piece of farmland in highly productive, urban-influenced states like California and Florida. An average piece of farmland in California and Florida is worth over $2,000 and can be worth as much as $17,000.

Along with high costs farmers continue to be plagued with storms, disease, and pests that destroy many acres of orchards and vineyards annually. Some of this costly acreage has not even reached a productive state. Crops like tangerines and cherries can take 5 to 6 years to reach productivity. In a natural disaster a farmer with a crop in a preproductive state may have trouble sustaining large losses because he does not have a return on his investment. Most farmers do not realize an actual profit for many years after a productive state is achieved. Natural disasters particularly impact small family farms that already have a small profit margin.

As a witness to the rate of urbanization in my own district, I have developed two incentives that would amend the 1986 tax code and keep families in farming and land in rural uses. I recently introduced H.R. 3749 to amend the tax code to promote replacement of crops destroyed by casualty. This bill will provide an incentive to replant by allowing them to deduct the cost of replanting their destroyed crop in the event of freezing temperatures, disease, drought, or pests, all events that cannot be controlled. It allows farmers to deduct the costs of replacing key infrastructure.

I have also introduced H.R. 520 to make it easier to tranfer farms from generation to generation. According to the U.S. Department of Agriculture the average size farm in the United States is 469 acres. The land alone of an average farm in California is worth over $1 million and can be worth as much as $8 million on prime farm land. These numbers are the primary reasons that I have introduced H.R. 520 to double the current maximum benefit under the estate tax special valuation deduction. A farmer can be worth millions in terms of acreage but that does not necessarily mean that there is cash to pay estate taxes, or—during his life—other unexpected costs. This results in many farmers splitting their land up into parcels and selling out to developers just in order to cover their costs.

Current tax law that allows for $750,000 in maximum benefits is outdated in accordance to the cost of farming today. After you figure in the value of crops, irrigation systems, improvements (buildings, etc.), and equipment, the value of today's farm may be worth almost twice as much. The bills proection of $1,500,000 would allow for more continuity in farm acreage when transferring land between generations, avoiding the need for families to split up their land to pay off the estate tax.

Prime agriculture land is being authorized as we speak. Providing these small incentives to America's farmer would encourage families to stay in farming and secure an abundant food supply for the 21st century.

TRIBUTE TO VFW POST 8162 OF NASSAU, NEW YORK

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. SOLOMON. Mr. Speaker, as you know, one group I have a particular admiration for is our veterans. It was one of the reasons I asked for a seat on the Veterans' affairs Committee in my first term, and it's one of the reasons I fought so hard to have the Veterans Administration elevated to a full, cabinet-level department.

And one group was always right beside me in such efforts, Veterans of Foreign Wars. I can think of no group that has done more to promote the interests of our Nation's veterans. Today, I'd like to single out one VFW post, a very special one which is typical of VFW posts across the country.

VFW Post 8162 of Nassau, NY is celebrating its 50th anniversary this year. Think of that, Mr. Speaker. It's first members were, of course, the boys just returning from Europe and the Pacific and every other theater of World War II. Then, in the early 1950's, they were joined by veterans from the Korean war. In another 15 years, the veterans of the Vietnam War arrived on the scene. And finally, in this decade, we've seen those who served in the Persian Gulf join their older comrades.

From its beginning, Post 8162 was made up of citizen heroes, who left their homes and loved ones to undergo incredible hardships and sacrifices, including the supreme sacrifice, in defense of our freedoms. But the majority survived to return home, complete their educations, find jobs, raise families, and become the most respected members of their communities.

I've met many of the members of Post 8162. I was thinking of them and of other veterans like them when Ronald Reagan signed into law my measure making the Veterans Administration a cabinet department in 1988. With that signature, we made sure the interests of veterans would always have the ear of the U.S. President.

It is to those same interests that Post 8162 has so faithfully applied itself for 50 years, since that first beginning on August 12, 1946.

Mr. Speaker, I ask you and all members to join me in a special salute to VFW Post 8162 of Nassau, NY, as it celebrates its 50th year.

OUTSTANDING HIGH SCHOOL SENIORS

HON. STEVEN SCHIFF

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. SCHIFF. Mr. Speaker, I rise today to honor the following graduating high school students from the First Congressional District of New Mexico who have been awarded to the Congressional Certificate of Merit.

CERTIFICATE OF MERIT AWARD WINNERS 1996

Albuquerque Evening High School, Vera Lujan; Albuquerque High School, Monica Becerra; Bernalillo High School, Lance Darnell; Cibola High School, Jessica Shaw; Del Norte High School, Kathryn Gruchalla; Eldorado High School, Karli Massey, Matt Kaiser; Estancia High School, Wayne Davidson; Evangel Christian Academy, Jonathon E. Rael; Highland High School, Kelly Shannon McCormick; La Cueva High School, Tracy Carpenter; Los Lunas High School, Nicole J. Nagy; Menaul High School, Adam Cherry; Mountainair High School, Jessica Quintana; Rio Grande High School, Robert G. Coleman; Sandia High School, Krista Madril; Sandia Preparatory School, Anne Elizabeth Mannal; High School, St. Pius X High School, Autumn Nicole Grady, Laura C. Miner; Valley High School, Matthew Tennison; and West Mesa, Shane Gutiererz.

It is my pleasure to recognize these outstanding students for their academic and leadership accomplishments as well as for their participation in school, community service, and civil activities.

SPEAKING IN THE AFFIRMATIVE

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mrs. COLLINS of Illinois. Mr. Speaker, according to a recent report prepared by the American Council on Education [ACE], "Students of color have posted significant gains in college enrollment and the number of degrees they earned in recent years." However, the report warns that "this progress is threatened by attacks on the use of affirmative action policies in higher education."

Clearly, affirmative action policies that increase the opportunities to obtain secondary education for those who without them will remain unprepared to meet out Nation's challenges must continue to play a key and significant role. Now there are those affirmative action opponents who take delight in pointing out the most inconsequential problems with such policies; but shamefully close their eyes to the great strides they have made toward better educating our national populace.

Recalling for a moment may reference to the ACE report on affirmative action, we see that denying educational opportunities to the neediest is wrong. It is wrong morally. It is ethically wrong. It is the wrong path for this country to take if America is serious about remaining one of the most enlightened and better educated societies on the planet Earth.

Perhaps an economic illustration will better serve my arguments for affirmative action. It is empirically factual that denying educational opportunities negates potential economic benefits for the country. According to findings prepared by Dr. Andrew Sum, Northeastern University, Center for Labor Market Studies, and the McIntosh Commission, personal economic benefits from obtaining a 4-year college degree has increased substantially over the past two decades.

The fundamental shifts in the earnings capacity of workers with varying years of formal schooling can be seen most starkly in the earnings experiences of young adult males 20 to 29 years old in the United States over the 1973–92 period.

The year 1973 is an important year because it marks the great economic divide in the American post-World War II era. During that year the real, or the inflation-adjusted mean annual earnings of all 20 to 29-year-old men in the United States were equivalent to earnings totalling $23,522 in 1992; but, by the year 1992, the mean earnings of men in this age group had declined to $16,715—a reduction of nearly 29 percent.

While young men in each educational attainment subgroup, without diplomas, with diplomas, and the college graduates, experienced a deterioration in their real earnings position over this time period, the relative size of these declines varied widely by years of completed formal schooling, and cognate opportunities available for growth.

When we look at the real annual earnings we see this more clearly: those who failed to obtain a high school diploma fell nearly 42 percent; for high school graduates by 32 percent, and by holders of a bachelor's degree by just 5 percent. While the mean annual earnings advantage of young male college graduates over that of high school graduates was 15 percent in 1973, the relative size of this earnings advantage had risen to nearly 62 percent by 1992. This is significant on several levels, the least of which illustrates just how deeply divided economically the country has become when an imbalance of opportunities prevails.

Both young black and white men with only high school diplomas have lost considerable economic ground during the past two decades. As a consequence, the earnings advantages of young male college graduates widened to a substantial degree, increasing from 15 percent in 1973 to 62 percent in 1992.

This is precisely what must be understood. Denying individuals an opportunity to attend college or graduate school in the 1990's has considerably greater personal economic consequences that it would have had two decades ago. This is the threat alluded to by the American Council on Education. It is a real treat. It is a threat we should not treat likely.

Now you may ask, "just who are the beneficiaries of Affirmative Action?" I believe they are America's poor, its forgotten, its disadvantaged. I believe that it is America's mosaic melting pot of people all linked by opportunities denied.

Therefore, instead of wasting our time undermining educational programs that have worked, we should be seeking ways in which to enhance them and thus grant greater opportunities for educationally and economically disadvantaged Americans. My Republican colleagues need to understand that the lack of educational opportunity, entrepreneurial and business growth, heavily contributes to the problems of crime, drug trafficking, hopelessness, and overall poverty.

It is ironic that at the same time the Republicans in Congress are moving forward with their attack an affirmative action, they are also madly swinging their budget axe to chop down all of the programs that work to alleviate these crises, programs such as those for Head Start, child nutrition and school lunch, job training initiatives, student loans, COPS funding, public housing assistance, and so on. This is shortsightedness at its highest level.

TRIBUTE TO LEONA BRADY WATSON

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FRAZER. Mr. Speaker, Leona Brady Watson was born on the north side of the island of St. Croix in Estate Two Friends. At the tender age of 3, she began her education, which involved walking from Estate Two Friends to Frederikdsted town where she attended St. Patrick's School. After finishing the third grade, she journeyed to the United States, and completed her formal education there.

Upon returning to St. Croix in the late 50's, Mrs. Watson came home with a special yearning for her culture. She spent many years learning about what was a dying art in the Virgin Islands—the art of cariso. From the elders, particularly the ones on the north side of the island and the Frederiksted area. Leona was able to attain and maintain our delicate culture through their stories, soups, and music of days gone by. Leona continues to be honored by various cultural organizations as a tradition bearer for her untiring contribution to the cultural growth of the Virgin Islands, and the knowledge of the history of our beloved homeland.

Some of Leona's famed works include: Quoted in three published books; actress in the film "The Story of Cariso" nationally acclaimed; performance in numerous stage shows, on island and abroad; participated in the 24th Annual Festival of American Folklife—the Virgin Islands; program sponsored by the Smithsonian Institution and the Virgin Islands Government.

Leona is also a highly respected herbologist who has been asked most recently to participate in cultural exchange between Africa (Senegal), China and Switzerland.

Mrs. Leona Watson resides at Estate Grove Place, St. Croix.

GORDON GUYER RETIRES—AGAIN

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. BARCIA. Mr. Speaker, few people are synonymous with the experiences we have in life, but there exists a rare and pleasant exception: Dr. Gordon Guyer, who has announced his resignation as director of the Michigan Department of Agriculture, and, at long last, another in a series of retirements.

For those who know Gordon, they know that he bleeds green for Michigan State University, where over his distinguished career he served as professor of entomology, director of the cooperative extension service, vice president for government affairs at Michigan State University, and finally interim president of the University. He lives and breathes Michigan. He has served as a member of the commission on natural resources, director of the Michigan Department of Natural Resources under Governor Blanchard, and most recently director of the Michigan Department of Agriculture. His mind is always working like a combine, separating the less useful from the most useful, but always looking for ways to make what is left behind even more useful.

Gordon has served as a skilled motivator. There is not a person he has ever touched that hasn't come away feeling like the most important and most valuable person in the world. He has marshalled resources like no other individual, turning everyone around him into his informed advocates. Just ask any of our staff who have been privileged to participate in one of the legislative staff agricultural seminars that he created. Or ask any current or recent member of our delegation who has always felt politely challenged an strongly invigorated by his careful encouragement. I can speak most directly to this point from my experiences of having worked with him while I served as chairman of the Senate agriculture committee during my days in the Michigan State Senate.

And to top all of this Gordon has a wonderful family which he always promotes and compliments with equal vigor. His wife, Norma is both blessed to be with Gordon, and perplexed to always keep up with his new ideas. His daughter, Dawn, learned the value of a caring father, and his son, Dan, has the challenge in following in his father's image as an assistant professor of MSU.

Mr. Speaker, Gordon's blood is green. He does live and breath Michigan. He dreams fishing, and he thrives on retirement parties. That's why after retiring from extension, and DNR, and MSU—twice, he now will retire from the formal position of director of agriculture, not from his continuing and devout interest in making our State the best one of all. I urge you and all of our colleagues to join me in wishing Gordon a long and happy retirement.

LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION APPROPRIATIONS BILL

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mrs. MINK of Hawaii. Mr. Speaker, I rise to express my opposition to the Labor, Health and Human Services, and Education appropriations bill. It is disheartening to come to the well today to oppose a bill that funds the most important investment our Federal Government makes in the basic human needs of our Nation—health care, education, employment and training, and support services for families.

Unfortunately, this bill falls far short of fulfilling our responsibility to the American people and reflects the majority's continued policy to reduce Federal resources in some of the most significant aspects of our lives.

Nothing should take precedence over the health and economic security of our people. Yet this bill makes clear that these goals are not a priority for the current congressional majority.

Sadly, education has been the area hardest hit, denying school districts around the country of desperately needed funds to improve or maintain the quality of education in their local schools.

This bill sustains the $2.2 billion cuts in education made by the Republican majority last year. In addition, it targets several important areas of education for additional cuts, including the elimination of Goals 2000 and a $24 million cut in title I for disadvantaged children. The Eisenhower Professional Development Program which has a proven record of success in improving math and science education is eliminated under this bill. Safe and Drug Free Schools is cut by $25 million, bilingual support services and professional development are eliminated.

No funds were provided in the original committee bill for the Women's Educational Equity Act which is the only program dedicated to promoting equity for women and girls in education. However, we were able to restore $2 million for this program in a floor amendment.

The following is a more detailed chart which shows the deep cuts in education over the last 2 years:

EDUCATION APPROPRIATIONS FY95–FY97

MAJOR ELEMENTARY AND SECONDARY PROGRAMS

Program	FY95	FY96	FY97 President budget	FY97 House bill	Difference FY95/FY97
Title I (State Grants)	$6.7 billion	$6.7 billion	$7.2 billion	$6.7 billion	−24 million.
Total Compensatory Education	$7.2 billion	$7.2 billion	$7.6 billion	$7.2 billion	−14 million.
Goals 2000	$361.8 million	$350 million	$491 million	0	−361.8 million.
School-to-Work	$122.5 million	$180 million	$200 million	$175 million	+52.5 million.
Safe and Drug Free Schools	$466 million	$466 million	$540 million	$441 million	−25 million.
Bilingual Education	$157 million	$128 million	$157 million	$117 million	−40 million.
Immigrant Education	$50 million	$50 million	$100 million	$50 million	0.
Vocational Education	$1.1 billion	$1.1 billion	$1.1 billion	$1.0 billion	−27 million.
Headstart	$3.5 billion	$3.5 billion	$4.0 billion	$3.6 billion	+65.5 million.
Special Education	$3.2 billion	$3.2 billion	$3.5 billion	$3.2 billion	−6.5 thousand.
Eisenhower Professional Development	$251 million	$275 million	$610 million	0	−251 million.
Impact Aid	$728 million	$693 million	$617 million	$728 million	0.
Women's Education Equity Act (WEEA)	$5 million	0	$4 million	0	−5 million.
Native Hawaiian Education Act	$9 million	$12 million	$6 million	$4 million	−5 million.

MAJOR HIGHER EDUCATION PROGRAMS

Program	FY95	FY96	FY97 Presidential budget	FY97 House bill	Difference FY95/FY97
Work Study	$616.5 million	$616.5 million	$679 million	$685 million	+68.5 million.
Pell Grants	$6.2 billion	$4.9 billion	$5.9 billion	$5.3 billion	−900 million.
Perkins Loans:					
Capital Contributions	$158 million	$93 million	$158 million	0	−158 million.
Loan Forgiveness	$18 million	$20 million	$20 million	$20 million	+2 million.
State Student Incentive Grants	$63.4 million	$31.4 million	0	0	−63.4 million.
Stafford Loan Administration	$62.1 million	$30.0 million	$46.5 million	$29.9 million	
Loan volume[1]	$85.2 billion	$71.4 billion	$71.4 billion	$71.4 billion	−32.2 million.
Direct Loan Administration	$283 million	$435 million	$595 million	$420 million	
Loan volume[1]	$5.3 billion	$12.2 billion	$12.2 billion	$12.2 billion	+137 million.
Supplemental Educational Opportunity Grants	$583.4 million	$583.4 million	$583.4 million	$583.4 million	0.

[1] Represents current loan volume. Stafford and Direct student loans are entitlements and not dependent on annual appropriations.

TOTAL EDUCATION SPENDING

	FY95	FY96	FY97 Presidential budget	FY97 House bill	Difference FY95/FY97
Total Education Department	$27.4 billion	$25.2 billion	$28.0 billion	$25.2 billion	$2.2 billion.

While many health programs have been spared the drastic cuts made to education, one area which continues to be devastated is our efforts on substance abuse prevention and treatment. As the drug epidemic in our country continues to hurt families and communities all across this Nation, the Republicans have decided to dramatically cut our investment in prevention and treatment efforts. Last year substance abuse prevention programs were cut an unbelievable 60 percent, treatment program cut 57 percent.

As a result many programs around the country must now close. One in my district that I just visited last week has been cut off of Federal funding just as it was getting started. Hui Ho'ola O Na Nahulu O Hawaii was to be a 3-year project focusing on substance abuse intervention, treatment and recovery services in Puna, HI, a rural area that has been struggling with the influence of drugs. This unique program brought together a variety of sectors within the community to develop a holistic approach to healing substance abusers, concentrating not only on their abuse problem, but other related problems such as unemployment, lack of education, domestic violence, and other problems.

This bill does nothing to restore the resources needed for communities to deal with the burgeoning problem of substance abuse, but continues the 1996 policy of gutting our Federal programs in this important area.

H.R. 3577 also eliminates all funding for title IV of the Older Americans Act, which is dedicated to research, training and special projects dedicated to understanding and addressing the needs of our elderly population. Funds under this program have been critical to the Asian Pacific Community and to support the work of The National Asian Pacific Center on

Aging [NAPCA], the only organization dedicated to enhancing the quality of life of the 700,000 Asian Pacific American elders in our society.

The NAPCA serves as an important link between the Asian Pacific senior population and service providers and organizations at the local, State, and Federal levels. This Seattle-based organization performs an important function in helping to assure that Asian Pacific American seniors have access to critical services provided by all sectors of our community, and that the service providers and are sensitive to the specific needs of this culturally diverse and rapidly growing population.

The elimination of title IV funding will severely limit the ability of the NAPCA to serve the Asian Pacific American senior community. It will mean the end of critical research, demonstration and training activities, and innovative approaches to improve access for this special population.

This bill also utilizes the appropriations process to enact legislative policies that the majority has not achieved through the normal legislative process. These policies will result in endangering the lives of children by weakening child labor laws to allow minors to load and unload dangerous compacting equipment in grocery and retails stores. The original committee bill also would have prevented millions of workers from being protected from ergonomic-related illnesses by prohibiting the promulgation of OSHA's rule on ergonomic standards. However, the Pelosi amendment adopted on the House floor eliminated this prohibition from the bill.

Finally, Mr. Speaker I want to express my deep concern about the committee's recommendation regarding the Hansens' disease program in Hawaii. While providing $2 million for Hansen's disease patients in Hawaii—(the same as fiscal year 1996), the committee report suggests that the Hansen's disease patients in Hawaii can be supported through insurance or Medicaid, and that they should be encouraged to move from the current settlement at Kalaupapa, Molokai, and provided a stipend to live elsewhere.

This proposal lacks a clear understanding of the history of Hansen's disease patients in Hawaii and the commitment made to the Hansen's disease patients by the Congress.

The Hansen's disease program in Hawaii supports slightly over 400 individuals with Hansen's disease. Most are served through the Hale Mohalu Hospital in Honolulu and through an outpatient service. However, 66 individuals reside at Kalaupapa, a remote peninsula on the island of Molokai which was designated in the mid-1800's as a place of banishment for individuals with Hansen's disease. Until 1969 individuals with Hansen's disease were forced to this isolated area, accessible only by boat, plane, or hiking its treacherous cliffs.

Since 1954 the Federal Government has provided payments for health care and other support services for the Hansen's disease patients and Kalaupapa and additional outpatient services at other facilities in Hawaii. These payments were originally authorized under Public Law 82–411 and authorization continues today under Public Law 99–117.

Recognizing the historical significance of Kalaupapa, a National Historical Park was established under the National Park Service to preserve the legacy of Kalaupapa and the many individuals who lived out their lives in this remote settlement. Legislation establishing the park specifically states that the remaining patients would have the option of living at Kalaupapa for the rest of their lives.

The average patient age at Kalaupapa is 70 years. Though once forced to live in this remote location away from their families, away from civilization, today those at Kalaupapa chose to remain there. It is the only home they've ever known and prefer the life they had led in this remote settlement. They are elderly, many disabled and uncomfortable with outsiders or living in the outside world. It would be difficult and in some cases impossible for them to adjust to life away from Kalaupapa.

What the committee suggests in moving these patients from Kalaupapa is forcing them to leave this home. This is unthinkable and contrary to the promises made to them by the Federal Government. I hope this idea will be rejected.

THE SMITHSONIAN INSTITUTION COMES TO ST. PAUL, MN

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. VENTO. Mr. Speaker, I rise today to honor the 150th anniversary of the Smithsonian Institution and to recognize my home city of St. Paul, MN, which has the honor of hosting the America's Smithsonian Tour this fall.

The Smithsonian Institution's collection is the ultimate expression of the history, culture, creativity and abilities of America's and the world's people. The Smithsonian was founded in 1846 for the "increase and diffusion of knowledge," and the Smithsonian continues to achieve success in striving toward that great goal, educating America through its sixteen museums and galleries, the National Zoological Park and significant, innovative role in facilities within the United States and abroad. The items restored, cared for and housed by the Smithsonian are important for science and research. These items have often become treasures that have not only contributed to America's knowledge base, but are parts of our cultural and artistic legacy. They have helped shape and define the history of our Nation and the world. America should be justly proud of the Smithsonian's collection and the hard work and dedication of its staff in bringing these treasures to our city.

America's Smithsonian is a special collection of over 300 items acquired from sixteen Smithsonian Museums in Washington, DC. The tour is currently crossing the Nation so that people in all corners of the country can experience a sample of the Smithsonian's legacy. The St. Paul Civic Center is the fifth stop on America's Smithsonian Tour, hosting this magnificent experience as a monthlong exhibit beginning in mild-October.

More than a celebration of the Smithsonian's 150 year existence, America's Smithsonian symbolizes America's accomplishments and fuels the fire of hope and optimism that drives our Nation even today to achieve even higher aspirations. The dynamic Smithsonian collection continues to grow, preserving the essence of America as an embroidery on the tapestry of the American heritage for future generations.

Touring America's Smithsonian is a unique opportunity to view some of the most significant pieces of America's past. I hope that every Minnesotan has the opportunity to see the exhibit during the tour's monthlong visit, and I join the entire St. Paul community in welcoming the Smithsonian Institution to Minnesota.

THE POWER OF LOVE

HON. ALBERT RUSSELL WYNN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. WYNN. Mr. Speaker, a constituent of mine, Mr. John F. Flood, brought to my attention a copy of Msgr. E. Carl Lyon's homily in celebration of his 50th anniversary as a Catholic priest. The homily entitled, "The Power of Love," is fitting and I would ask that the Members of this body take the opportunity to read Monsignor Lyon's message:

THE POWER OF LOVE

(Monsignor Lyon's Homily)

The discovery of fire thousands of years ago, is said to have saved the human race from extinction. Today, it is not the absence of fire, but the absence of love, that could bring about the extinction of the human race. This prediction is made despite what men and women have said about love.

Love has been referred to as "The religion of humanity!" I once listened to a priest talk for two hours on this one quotation: "Love cannot endure indifference. It needs to be wanted."

And of course there's the beautiful quotation of St. John of the Cross: "When the evening of life comes, we shall be judged on love."

Environmental problems, nuclear capability, human inability, and the unwillingness to love one another are threatening the survival of our planet. Unless we rediscover love and harness its energies to God's plan, we may not make it through another century. It is feared that the human race will destroy the human race through hatred.

But this need not be. In the place of hatred, there stands always love. Love is the most universal, the most tremendous, the most mysterious, the most persuasive force in the world.

Because of these attributes, Jesus invites us to nothing more and nothing less, than a fundamental orientation of our life, of our love toward God. Jesus expects our total surrender to Him.

Love is so divine that we can say not only that God is love, but that love is God. As followers of Christ, we believe that love is action. We believe that love is the strongest force in the world—stronger than hate, stronger than evil, stronger than death. We believe that as great as faith and hope are, love is still greater. We believe that faith without love is cold; hope without love is grim.

As imitators of Christ, we forget what we have done for other people and remember what others have done for us; we ignore what the world owes us and think of what we owe the world.

We put our rights in the background and our duties in the foreground; we see that every human being, regardless of creed, race or nationality, is just as real as we are, just as prone to mistakes as we are, just as nice as we are.

To love we are willing: to consider the needs and desires of children; to remember the weaknesses and loneliness of people growing old; to stop asking how much our friends love us and ask ourselves whether we love them as Christ would have us love.

We believe that love knows no limitations and stops at no boundaries; that it is the only cure for racism, the only solution to poverty, the only means to peace. Love knows not anger, nor revenge, nor wrath, nor jealousy.

We believe that love accepts everyone, embraces everyone, and that it is the only bond that can attach people to people and people to God. Love is the companion of compassion, reconciliation, forgiveness and contrition.

What is real Christian love? It is more than a feeling of affection for others, more than benevolence. It has substance, strength, action and sacrifice. Christian love is action—something we do.

I would not want this day to go by without mentioning the wonderful people who are not of our faith—who have done so much for the good of our parish. There are too many to name, but I am grateful to each of them.

The priesthood has been a joy for me and the joy has been made possible because of you wonderful people. As a matter of fact your friendship has given me a glimpse of the eternal.

We have gathered to celebrate the divine fact that God is in love with us.

As we resume our journey—

Don't walk in front of me,
 I may not follow.
Don't walk behind me,
 I may not lead.
Walk beside me
 and be my friend.

"SWING LOW"

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. CLAY. Mr. Speaker, the following commentary written by Liz Brown recently appeared in the St. Louis American. It expresses some timely thoughts on the subject of affirmative action and Clarence Thomas' mishandling of the issue. I commend Ms. Brown's commentary to our colleagues as evidence of the black community's unwavering support for affirmative action and their irritation with Thomas' position on the issue.

SWING LOW

It's true confession time. I haven't been to church in a while—a good while. I've been busy. But God uses a number of different methods to herd his flock back into the fold. Sometimes it's a gentle nudge, sometimes it's a firm shove and sometimes it's a solid kick in the behind.

Well, I got a kick this week and I am going tomorrow as soon as the doors open up. Supreme Court Justice Clarence Thomas, the Accidental Jurist, has announced that God told him to vote against Affirmative action. That's right, Jesus came down from the mountain top and whispered into his ear, "Clarence, if you type one word in your word processor in one opinion against whites, you are breaking God's Law". This God that reigns over the church of Clarence Thomas, told the jurist, turn your back to the dark side, "sin no more" and make certain that the interest of white men are protected.

Well, I must admit Clarence's God has been doing a hell of a job. White males are 33% of the total American population. Yet they make up 80% of the US House of Representatives members, 92% of Forbes 400 richest people, 97% of school superintendents, 99.9% of professional athletic team owners and 100% of all US presidents.

Yes indeed, the God that reigns over this church certainly looks out for the interest of his followers. And what a savvy being this God, to get a person with dark pigmentation and supreme power to preach the gospel according to the powerless white male. Who would ever question such a messenger? In choosing the Accidental Jurist, this God has certainly selected a worthy disciple. Matthew, Mark, Luke, John and Clarence.

In June of last year Clarance Thomas voted with the majority on the Supreme Court to end affirmative action programs involving school desegregation and voting rights in three separate cases. Since those decisions, Thomas appeared publicly to explain his vote. Thomas has stated, policies like affirmative action, which address the issues of equal access, are racist.

If affirmative action policies are racist where is the proof? The class of people who are the victims of a racist affirmative action program according to Thomas are white males. And yet, white males, outnumber every other group combined in nearly every job category even though they make up only 33% of the population.

It seems that the good justice is saying we need to eliminate affirmative action and return to the days when the only policy in effect was "the good old boy policy." Thomas appears to believe that we can and should trust those who benefit from the good old boy affirmative action program to do right by all of us. In Justice Thomas' world, white men will make certain everyone will benefit.

This type of thinking on the part of Justice Thomas reminds me of stories of slaves and citizens who truly believe "if I work really, really hard, someday those who benefit by my efforts will do right by me." The trickle down theory.

The trickle down theory didn't end slavery—it took a war and 10's of thousands of dead bodies to do that. The trickle down theory didn't end lawful segregation—it took riots, marching and murder to do that. The trickle down theory did not make slaves into citizens or give women the right to vote—it took a constitutional amendment to do that. And the trickle down theory will not eliminate the need for affirmative action no matter how much Clarence Thomas believes his mean spirited god is telling him that.

At a time when the discussion about affirmative action is already muddied by some who believe that white males as a whole are truly suffering in the implementation of the policy, at a time when the debate is confused and inflamed by some with the use of the phrase "preferential treatment", it is insane to add to the discord the opinion of a man who imagines he hears voices from God about what he should type on his word processor.

TRIBUTE TO MORRIS AND SYLVIA RUBIN

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. TORRICELLI: Mr. Speaker, I rise today in order to congratulate Morris and Sylvia Rubin of Fort Lee, NJ, on their 50th wedding anniversary. This remarkable couple was married on July 14, 1946 at Lou G. Siegel's restaurant in Manhattan. They lived in the Bronx between 1946 and 1975 until they moved to Fort Lee, where they have lived ever since.

Sylvia worked as a typist at the New York Public Service Commission for 18 years before she retired in 1993. Prior to her work for the commission, she raised Barbara and Barry, two wonderful and loving children.

Sylvia's husband Morris was employed as a garment worker in the garment industry for 40 years and as a part-time postal worker as well.

The Rubins have enjoyed the fruits of togetherness for five decades. Their love and devotion to each other and their friends and loved ones has always been apparent. They have been wonderful parents and grandparents to their only grandchild, Michael.

In life, it is the special moments that should be cherished, and a 50th wedding anniversary is one of those times. I wish both of them another 50 years of wonderful matrimony.

TRIBUTE TO HELPING HAND REHABILITATION CENTER

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. LIPINSKI. Mr. Speaker, today I salute an important organization that has been serving developmentally disabled residents in my district and surrounding areas for more than 40 years, the Helping Hand Rehabilitation Center.

The organization was started in the 1950's, a time when citizens with developmental disabilities were often sent to facilities far outside of the mainstream of society. However, a group of dedicated individuals from La Grange, IL, and nearby communities envisioned something better for these citizens: an organization that would help them become integrated into the mainstream of society as fully as possible.

Helping Hand Rehabilitation Center was the end result of this vision. Helping Hand offers a wide range of services for the developmentally disabled and their families, from early intervention child developmental programs to vocational work training for adult residential community living facilities. The lives of more than 500 disabled individuals are touched by Helping Hand each year through these programs.

Now in its fifth decade of service, Helping Hand is about to embark on a new program with the grand opening of its SubCon Industries Business Center. Unlike sheltered workshops that Helping Hand has operated in the past, the new center will be a profit generating, tax paying operation that will place disabled individuals with nondisabled workers.

The disabled and nondisabled working together have an opportunity to learn from each other, and this kind of professional environment enables the disabled to become totally integrated into the work world, giving them a strong feeling of personal achievement and success.

Mr. Speaker, I extend to Helping Hand my best wishes and congratulations on establishing the SubCon Industries Business Center and thank the organization for its many years of serving the developmentally disabled citizens in my district.

TRIBUTE TO JEFFREY GORDON ENSTROM

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mrs. COLLINS of Illinois. Mr. Speaker, I would like to take this opportunity to recognize Jeffrey Gordon Enstrom from the Seventh District of Illinois in receiving the distinguished rank of Eagle Scout.

Not every young American who joins the Boy Scout earns the prestigious rank of Eagle Scout. Only 2.5 percent of all Boy Scouts receive this ranking. To earn the award, a Boy Scout must fulfill requirements in the area of leadership, service, and outdoor skills. He must earn 21 merit badges, 11 of which are required from areas such as citizenship in the community, citizenship in Nation, citizenship in world, safety, environmental science, and first aid.

As a distinguished member of troop 40, Jeffrey Gordon Enstrom has received 43 merit badges and attended the World Jamboree in Korea and Hawaii. He has done work as a counselor with his church, and he participated in the "Help Feed the Children" project in his community, as well as in New York. He has also developed a computer lab for unwed mothers. I hope that more young Americans follow his lead by becoming more involved in their communities.

On June 28, 1996, Jeffrey Gordon Enstrom received this honor of Eagle Scout at a recognition ceremony at the United Lutheran Church in Oak Park, IL. I ask that my colleagues join me saluting Eagle Scout Jeffrey Gordon Enstrom in recognition of this tremendous honor.

TRIBUTE TO MICHAEL STERN, WAR CORRESPONDENT

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mrs. MALONEY. Mr. Speaker, I rise to pay tribute to Michael Stern, a renowned war correspondent who today celebrates his 86th birthday. Mr. Stern has led a distinguished career as an outstanding journalist who has also used his expertise as both a historian and an educator. He is deserving of special recognition here today in honor of his vast contributions to America's understanding of the realities of war.

Mr. Stern, the author of seven books and the producer of five feature motion pictures, has written extensively about his wartime experiences. His story on the B–17 flying fortress, Memphis Belle, America's four-engine bomber, has served as the basis for motion pictures and was selected by the World Publishing Company as one of the 100 best stories of World War II. Additionally, his story "Nuts," written on the European front, has been an integral tool for historians writing about the Battle of the Bulge. To document his own vivid account as a war correspondent, he published his memoir, "Into the Jaws of Death."

Mr. Stern has not only documented the events he has witnessed, but has also made every effort to educate Americans through his personal accounts of his wartime experiences. He has served as a lecturer at the Newhouse School of Communication at Syracuse University and has made countless appearances on television to expose the American public to the realities of war. In addition to his role as educator, Mr. Stern currently acts as a trustee of the Intrepid Museum Foundation, a trustee of the Fisher House Foundation, executive vice president and chief operating officer of the Fisher Center for Alzheimer's Research at Rockefeller University, and the editor-in-chief of Fisher House Magazine.

Mr. Speaker, it is my pleasure to rise today in honor of Micháel Stern, who has dedicated his life to bringing the reality of war home for Americans to understand and appreciate. I ask that my colleagues join with me in this well-deserved tribute to Mr. Stern and in celebration of his 86 years of experience and dedication to wartime journalism and education.

GORDON McALLISTER: A SPECIAL INDIVIDUAL

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. BARCIA. Mr. Speaker, whenever people ask me what ever happened to people who care about their community and their neighbors, I have the good fortune to tell them about people like Gordon McAllister, a special individual who for many years has served his community professionally, personally, and has taken the time to help people remember valuable lessons from our past.

Gordon McAllister has served as a police official in several capacities ever since his graduation from high school. He served as an Air Police officer with the United States Air Force. He then worked as a security officer for General Motors for 3 years, followed by another 3 years as a State Commissioned, Michigan State Railroad Police Detective.

For the past 27 years, Gordon has served as a member of the Bay City Police Department. For 8 years he was a patrol officer, and for 19 a detective corporal. During this time he earned 14 department commendations and numerous letters of merit from citizens and businessmen. Even more notable is that while performing in an exemplary fashion he continued to better himself by obtaining a bachelor of arts degree in Criminal Justice from Saginaw Valley State University.

He has personally been involved in many charitable events. Most notably he has been the local chairman for the National Law Enforcement Torch Run for Special Olympics for several years.

Most recently, Gordon earned the National Merit Award from the Sons of the Civil War for coordinating a salute to Civil War Veterans including songs and poems of the era, at the Vassar, Michigan, Riverside Cemetery. This program was a tribute to all veterans, particularly those from the Civil War, and marked the 100th anniversary of the dedication of a monument which bears the names of more than 200 Civil War veterans at the cemetery, including his great, great-grandfather, William Bassett Stark, who served in the 34th Massachusetts Volunteer Infantry.

With all of this public service, Gordon still believes his greatest success is investing in his family and their future—his help with his three children Darren, Darneal, and Brandon, attaining their college degrees.

Mr. Speaker, what happened to people who care about their community and their neighbors? One of them—Gordon McAllister—lives in Bay City, MI. I urge you and all of our colleagues to join me in recognizing his wonderful contributions.

AGENT ORANGE BENEFITS ACT OF 1996

HON. LANE EVANS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. EVANS. Mr. Speaker, today I am introducing the Agent Orange Benefits Act of 1996. The legislation provides necessary medical care and compensation to a new class of citizens who have sacrificed their health in the defense of our Nation—the children of agent orange-exposed Vietnam veterans who were born with Spina Bifida.

The legislation, proposed by the administration after close coordination with veterans services organizations and the disabilities community, is the result of a process set into place by the Agent Orange Act of 1991. The act established the process in which the National Academy of Sciences' [NAS] Institute of Medicine [IOM] issues reports every 2 years on the existing scientific evidence relating to Vietnam veterans' exposure to agent orange. The IOM's latest report confirmed what Vietnam veterans have known all along—that agent orange has and will continue to exact a high price on themselves and their families. The report specifically found that there is limited suggestive evidence of an association between agent orange exposure to vets and the occurrence of spina bifida in their children.

The bill I am introducing today is consistent with legislative action we have taken in the past with respect to veterans who suffered from conditions in the "second tier" of the NAS report. As with previous legislative relief we have granted veterans, my bill ensures that the VA has the authority to provide health care and appropriate compensation. Specifically, the bill gives the Secretary of the VA the authority to provide the extensive medical help needed by children suffering from spina bifida, including important case management services. The bill also gives the Secretary the flexibility to contract for care from private sources to ensure that appropriate medical services are provided.

I applaud the administration's quick and decisive movement on this issue. In particular, Secretary Brown should be congratulated for the strong action he took in ensuring that the administration proposed comprehensive legislation that guarantees that these children will be properly cared for and compensated.

I hope that we can take quick action on this legislation. The bottom line is that we have sick children who have paid the price because of their father's service to our Nation. They need and deserve the best that our nation can give them. I urge my colleagues to support this important legislation.

A TRIBUTE TO HISPANIC-AMERICAN VETERANS

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. TORRES. Mr. Speaker, I rise today to salute our Hispanic-American veterans and to share with you a few of the experiences of these brave men and women. On August 23 and 24, 1996, the California Occupational Foundation, under the leadership of Gus Hernandez, will be having a dinner and parade to recognize the contributions of our Hispanic-American veterans.

It is important that we recognize our Nation's Hispanic-American veterans, men and women who answered the call to defend freedom and democracy. Since the American Revolution, Hispanic Americans have courageously served, and in many cases died for our country. During the Civil War, an estimated 10,000 Hispanic-American soldiers fought in either the Union or Confederate Armies. Because of a language barrier, few Hispanic Americans saw any combat during World War I. But by World War II, with the language barrier broken, approximately 500,000 Hispanic-American soldiers helped the Allies defeat the Axis powers. Hispanic Americans have also served in Korea, Vietnam, and in Operation Desert Shield/Storm. Today, there are approximately 1 million living Hispanic-American veterans. Currently, Hispanic-Americans make up 5 percent of our Nation's active duty armed forces personnel.

Among these heroes is Marine PFC Guy Gabaldon, who with distinction captured more enemy soldiers than anyone else in the history of U.S. military conflicts. PFC Gabaldon captured over 1,000 Japanese soldiers during World War II. Also included are eight men who selflessly gave their lives for our country, continuing a tradition of honor rooted in a small street in Silvis, IL. Although the street is only large enough to accommodate 22 families, it has produced 84 brave men who fought in either World War II, Korea, or Vietnam. Once named Second Street, this small block has been renamed Hero Street U.S.A. and stands as a monument to these American heroes.

Most notable are the 41 Hispanic Americans who have been awarded our Nation's most prestigious and highest military decoration, the Congressional Medal of Honor. This is more than any other ethnic group of veterans. Among the recipients is Private Jose P. Martinez who sacrificed his life by leaping forward and leading his platoon in attack after Japanese soldiers pinned down his unit during World War II.

Another honoree is Master Sergeant Roy P. Benavidez, who after recovering from a wound during his first tour of duty in Vietnam, returned to the war and earned his way into the elite Army Special Forces. Upon his return, Benavidez assisted in the rescue of 12 men from his unit, and destroyed classified documents so that they would not fall into enemy hands.

These soldiers are the epitome of the valor and service that is found within every soldier. Mr. Speaker, I ask my colleagues to please join me in honoring our Hispanic-American military heroes and to recognize the tremendous contributions Hispanic-American veterans have made in defense of liberty and democracy.

TRIBUTE TO DOROTHY "DOTSY" LOCKHART-ELSKOE

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FRAZER. Mr. Speaker, Dorothy "Dotsy" Lockhart-Elskoe was born and raised on the island of St. Thomas and is the second child of Alfred and Elmira Lockhart. Dorothy was a graduate of the Charlotte Amalie High School Class of 1947. She attended on-island education programs for teachers that utilized professors from Puerto Rico and various mainland universities and colleges.

In 1952, Mrs. Elskoe began her teaching career as an elementary school teacher; however, after 8 years as a teacher, she developed a throat condition which forced her early retirement from the classroom. Mrs. Elskoe worked at the Department of Education and the Department of Finance. Additionally, she held various positions in the government. She was Administrative Assistant for the Virgin Islands Urban Renewal Board, Director of Emergency Housing for the Department of Housing and Community Renewal, Director of Community Relations and Complaints for the Virgin Islands Legislature and retired in 1986 as Director of the Rotary Multipurpose Center for Senior Citizens.

Dorothy's retirement gives her more time for community involvement. Her involvement in the community is both civic and political. She was president of the Democratic Party Women's Auxiliary for 8 years and a member of the Democratic Territorial Committee. Dotsy is still involved in politics—her assistance is often solicited by both senatorial and gubernatorial candidates. In addition to her past political involvements, Dotsy is a charter member of the League of Women Voters, member of St. Thomas is All of Us and the Welfare Rights Organization. Mrs. Elskoe chaired the Children's Sub-Committee of the Carnival Committee for 10 years and worked with Sam King and the late Halvor Hart, Jr. to bring children's rides to Carnival—began a children's village and started the tradition of a Prince and Princess float in the parade.

Presently, Dotsy is a member of the Board of Governors for the Virgin Islands cultural Heritage Institute, United Way Board Member, member of the Downstreet People, Inc., President of the Committee to Revive Our Culture, Co-Chairperson of the Merry Carolers, member of the Challenge of Carolers, Inc., President of the Elskoe and Associates Carnival Floupe, founder and member of the St. Jude Prayer Group and a Red Cross volunteer. Mrs. Elskoe has given and continues to render assistance to schools, social and civic clubs whenever her services are requested.

Mrs. Elskoe fosters her firm belief of preserving the traditional values and the indigenous customs of the Virgin Islands because they are on the fringe of extinction. In the summer of 1990, Dotsy assisted the Smithsonian Institute in Washington, DC, in preparing a mini-parade and a past and present living exhibit about the islands for the 24th annual festival of American Folklife.

She has presented and organized many demonstrations in the culinary arts and other arts and crafts to the schools and other organizations—locally and abroad. In past summers, the Committee to Revive Our Culture, of which Dotsy is President, organized youth summer programs for children between the ages of 12 and 17. They learned native culinary arts and additional handicrafts. With the aid of the Tourism Department, the Committee to Revive Our Culture held several successful cultural fairs in May and December at the Emancipation Garden. In the near future, Mrs. Elskoe will be embarking upon a project to organize a cooperative where local crafts and articles made in the Virgin Islands can be purchased.

Forty years ago, Dorothy Elskoe and master float builder—Ector Roebuck gave life to the then Elskoe and Roebuck Carnival Floupe—now known to all as the Elskoe and Associates Carnival Floupe. Dotsy and her floupe members have worked as ambassadors of the Virgin Islands, spreading the culture abroad to various areas in the Western Hemisphere. Elskoe and Associates have traveled to Puerto Rico, Miami, New York, Tortola, Washington, DC, St. Croix, St. John, Antigua, Toronto Canada and Atlanta—winning numerous prizes along the way.

At home, Elskoe and Associates has won numerous first place awards within the floupe category as well as within the King and Queen of the Bands competition. In 1972, the then Elskoe & Roebuck was the first floupe to construct queen and king of the band costumes on St. Thomas. Fayer Elskoe-Liburd—Dotsy's eldest daughter—was the first Queen of the Band and the King of the Band was "Ricardo". One of the famous Elskoe and Associates floupe entries that was considered a masterpiece was a float which displayed a twenty cent Danish coin—built by the late Ector Roebuck. This coin included three ladies who were very prominent in Virgin Islands History. The ladies who portrayed these historic individuals where sprayed entirely in silver for authenticity.

Mrs. Elskoe's overwhelming urge to protect and preserve our culture and heritage has not gone unnoticed by a supportive community. She has received many civic certificates, awards and honorable mentions including the Wilbur Bill Lamotta Community Service Award, The Queen Cosiah Award, the 1974 and 1996 Virgin Islands Carnival Committee Outstanding Participation Awards, the 1993 Virgin Islands Carnival Committee's V.I. Cultural Ambassador Award.

Two calypsos were written in her honor by Glen "Kwabena" Davis and the late Dana Orie in a Salute to Dorothy Elskoe by the Resident Calypsonians at the Reichhold Center for the Arts in 1984. Additionally, a resolution for her cultural and civic involvements in the community was presented to Mrs. Elskoe in 1994 by the 20th Legislature of the Virgin Islands. In July 1996, Dotsy was invited to Rio Grande, Puerto Rico by the Mayor of Rio Grande as the Grand Marshall of the Carnival Parade. She received a plaque in her honor for participating and assisting with the carnival since 1977.

Family unity is an important priority in Dotsy's life. This is present from her marriage of 48 years to Winthrop T. Elskoe. Him along with their six successful children—Faye Liburd, Karolyn Roebuck, Monica Rabsatt, Glen, Sandyl and Lori—have been inspirations in all of Dotsy's cultural and civic endeavors. If the preservation of culture is not instilled in anyone else, it is Dotsy's hope that it will be fixed in the minds and hearts of her offsprings and their offsprings. Dorothy views the culture of these islands not as footprints on a beach washed away by every wave and forgotten . . . but as footprints made in wet cement and left to dry . . . engraved and preserved in the minds of our youth forever.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Thursday, August 1, 1996, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 2

9:30 a.m.
Joint Economic
To hold hearings to examine the employment-unemployment situation for July.
SD–106

10:00 a.m.
Finance
Social Security and Family Policy Subcommittee
To hold hearings to examine how to educate the public about the 1996 report of the Social Security Board of Trustees.
SD–215

SEPTEMBER 4

9:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1678, to abolish the Department of Energy.
SD–366

SEPTEMBER 5

2:00 p.m.
Energy and Natural Resources
Forests and Public Land Management Subcommittee
To hold hearings on S. 931, to authorize the construction of the Lewis and Clark Rural Water System and to authorize assistance to the Lewis and Clark Rural Water System, Inc., a nonprofit corporation, for the planning and construction of the water supply system, S. 1564, to authorize the Secretary of the Interior to provide loan guarantees for water supply, conservation, quality and transmission projects, S. 1565, to supplement the Small Reclamation Projects Act of 1956 and to supplement the Federal Reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects, S. 1649, to extend contracts between the Bureau of Reclamation and irrigation districts in Kansas and Nebraska, S. 1719, Texas Reclamation Projects Indebtedness Purchase Act, and S. 1921, to transfer certain facilities at the Minidoka project to Burley Irrigation District.
SD–366

SEPTEMBER 11

10:00 a.m.
Judiciary
To hold hearings to examine competition in the telecommunications industry.
SD–226

SEPTEMBER 17

9:30 a.m.
Veterans' Affairs
To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion.
334 Cannon Building

POSTPONEMENTS

AUGUST 2

10:00 a.m.
Judiciary
To resume hearings to examine the dissemination of Federal Bureau of Investigation background investigation reports and other information to the White House.
SD–226

SENATE—*Thursday, August 1, 1996*

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious God, whose presence and power are revealed to the heart that longs for Your guidance, to the mind that humbly seeks Your truth, and to those who are united in oneness to serve You in a great cause, we ask that this time of prayer be an authentic experience of communion with You that issues forth into an authentic unity of purpose to glorify You in all that we do today.

We seek to receive Your presence continually, to think of You consistently, and to trust You constantly. We urgently need divine wisdom for our leadership of this Nation. We have discovered that this only comes in a reliant relationship with You. Prayer enlarges our minds and hearts until they are able to be channels for the flow of Your spirit. You are Yourself the answer to our prayers.

As we move through this day, may we see each problem, perplexity, or person as an opportunity to practice Your presence and accept Your perspective and patience. We do not want to forget You, Lord, but when we do, interrupt our thoughts and bring us back to an awareness that You are waiting to bless us and to equip us to lead with vision and courage. Thus, may our work be our worship this day. In the name of our Lord and Savior. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT, is recognized.

Mr. LOTT. I thank the Chair.

SCHEDULE

Mr. LOTT. Mr. President, yesterday I witnessed what I think was probably the best day of legislating on both sides of the aisle and on both sides of the Capitol that I have seen in many, many years. Beginning here in the Senate, we did complete action on the nuclear waste disposal legislation. It took a lot of effort, a lot of cooperation, and I think everybody deserves a lot of credit for the way it was handled.

Also, I want to commend the chairman of the Transportation Appropriations Committee and his ranking member. I think they put in an Olympic performance. Even though the hurdles were movable at times, they continued to persist and were able to complete the transportation appropriations bill, and we appreciate the chairman's efforts on that; also on a whole variety of conferences. Conferences were literally meeting all over the Capitol yesterday, on MilCon appropriations, on health insurance reform, small business relief package, minimum wage, on safe drinking water, on the terrorism task force. Everybody was working hard, and I really was very impressed with the effort that everybody put into the day yesterday. I hope we can replicate that again today.

This morning the Senate will immediately turn to the consideration of the reconciliation bill conference report regarding welfare reform. That conference report will be considered under the statutory debate time limitation of 10 hours equally divided. I hope it will not take the full 10 hours. I know a lot of Senators want to be heard, and certainly they have that right in this time limit. But I hope maybe we can yield back some of that time so that we can take up conference reports. We have a couple of them that we will probably have to vote on. The D.C. appropriations conference report and military construction conference report will probably both have to be voted on.

This conference report is not amendable. Therefore, a vote on the adoption of the report will occur on the expiration or yielding back of debate time. Following disposition of the reconciliation bill conference report, the Senate may be asked to turn to consideration of other available conference reports or appropriations bills.

After we have votes on the conference reports, it is my intention at this time to go to the HUD–VA appropriations bill. The chairman, the Senator from Missouri, Mr. BOND, and the ranking member, Ms. MIKULSKI, have been very patient and understanding; their bill has slipped so we could move other, supposedly less controversial bills, but I hope we can take up the HUD–VA appropriations bill late this afternoon or even tonight. Therefore, rollcall votes can be expected throughout today's session and probably into the night.

I yield the floor, Mr. President.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, let me say to the majority leader on behalf of the Democratic leader that we intend to cooperate with him as much as we can, but I might say to the majority leader, as he understood, the Democratic leader was quite upset last night when one of the judges had an objection. That level of cooperation kind of broke open last night.

So I just want to advise the majority leader that we will be attempting to continue to help him through the day, but it received a bump last evening.

Mr. LOTT. Mr. President, I understand that, and I understand that we will be in very close touch with the distinguished assistant minority leader, the whip, to make sure that when votes do occur today they are in coordination with the Democratic leader's schedule, because we know he has some other things with which he is concerned.

We understand about the bumps in the road, but it is kind of like the hurdles on the Transportation appropriations bill the Senator from New Jersey helped work through. You just keep moving forward. You deal with them, and you find a way to handle these problems, and we will keep working with Senators to see that we can do that.

I yield the floor.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. DEWINE). Under the previous order, leadership time is reserved.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report to accompanying H.R. 3734, which the clerk will report.

The assistant legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3734) to provide for reconciliation pursuant to section 201(a)(1) of the current resolution on the budget for fiscal year 1997 having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

(The conference report is printed in the House proceedings of the RECORD of July 30, 1996.)

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, as I understand it, there are 10 hours equally divided. I hope we do not use 10 hours, and I will not take very long. I will yield rather quickly to the chairman of the Finance Committee. If he would permit me to give just a quick oversight, I will yield on our side. But I do wish to announce there are a number of Senators who want to speak. I hope we do not have any lag time between speakers. The Senators who have asked to speak are HATCH, GRAMM, SPECTER, HUTCHISON, SIMPSON, COATS, and GORTON. Some have indicated they want to speak as much as 10 to 20 minutes. I am clearly going to have plenty of time to accommodate them. I hope they will be watching here so that we do not have big periods of time when we are in a quorum call.

Mr. President, we come to the end of a long journey today to reform our Federal-State welfare programs. We take this final step today to send to the President of the United States for his announced signature the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

As vice chairman of the welfare reconciliation conference, I wish to first thank the people who did the bulk of the work to bring this conference to a quick conclusion. On our side, I thank in particular Senator ROTH, the chairman of the Finance Committee, who sits here. Without his diligent work and that of his excellent staff, we would not be here. I also thank, Senator LUGAR, who chairs the Agriculture Committee. For some it is not quite understood why a welfare bill can include agriculture issues. Of all of the nutrition programs that are a part of this package, most of them come within the jurisdiction of the Agriculture Committee, from food stamps on down. Obviously Senator LUGAR and his very dedicated staff must be given very high praise on our side of the aisle for their work.

These two distinguished chairmen and their staffs, from what I understood, worked tirelessly this last week. I was with them some of the time. I know of no other budget reconciliation conference in our history that was completed as quickly as this—less than 1 week.

Now, obviously, the House and Senate have passed bills that were somewhat similar—we have been at this a number of times. In fact, we have heretofore sent to the President two bills that passed both the House and Senate and he vetoed them. So, completing the conference report in 1 week seemed to us to be an achievable goal. And, indeed, they have exceeded our expectation and finished in slightly less than a week.

I believe part of the reason why this conference was completed so quickly is because the work on this issue has been in progress since the beginning of the 104th Congress, which began almost a year and a half ago. Welfare reform was one of the top legislative agenda items of this Congress. The former Republican leader, Senator Bob Dole, our candidate for President, made welfare reform a centerpiece of our broader effort to reform the Federal Government and return power back to the States and communities. For that, I want to indicate my great praise for our candidate for President, and our former leader. He had a lot to do with us being here today.

In addition, the national Governors, both Republicans and Democrats, have worked over the last year, both with the Congress and the administration, to help us make as informed judgments as we can.

This legislation truly represents and reflects the beginning of an open partnership with the States. This openness will be critical to its long-term success. We finally have decided what we should have decided a long time ago, that the States should not be our junior partners: who we tell how to do everything, do not listen to, and do not let make any innovative changes or do anything different from State to State. For too long we have assumed that one shoe fits all and that the States better do as we say because we are paying some or most of the bill.

We have decided that the States and Governors and legislatures out there in America are as concerned about the poor as we are. They are concerned about their well-being and as concerned, if not more so, about the status of welfare in their States—a program that was built upon and built upon over the past 60 years, but never contained any elements which were truly an incentive to go to work, or to improve your own personal responsibility and take better care of yourselves, and thus of your children. It had become as if people were locked in poverty, kind of waiting around for the next minimal cash benefit check and whatever else went with it. The rewards were not great. The money was not very much. But of those who got on it, many of them stayed on it forever because there were no tools to help them get their educations and look for jobs. There were not job placement approaches.

All of that will change when this bill becomes law. The essence of the new welfare will be more like workfare. Welfare offices will turn into work placement offices, into job training offices, into places where people can go to find out how to improve their skills and what help they can have while they are doing that, such as enhanced child care. We put a great deal of resources in here, because we want many of the people who are single heads of households, who have a couple of children, to be able to become trained and educated. So we have provided about $14 billion over the next 6 years in this bill, in order to help parents who want to go find jobs with those things that they need to take care of their children in the interim.

The spirit of bipartisanship is here today also. The President's statement yesterday indicates he would sign this legislation, after having vetoed two previous attempts at welfare reform.

Our Senators may describe what we have done differently, but from my standpoint I describe it in five simple ways:

First, we want to encourage and make people work. We believe work is the best thing to make people feel more self-esteem. It builds personal responsibility—which is precisely the opposite of the ethic we have built into the welfare program heretofore. Able-bodied persons who seek assistance should seek work and employment, and only after failing to find employment should they turn to the taxpayer for assistance.

Second, simple as it sounds, we ask parents to take care of their children. We stress personal responsibility and create incentives for families to stay together. We reestablish one simple rule, parents should take care of their children first. Accordingly, we track down and punish deadbeat fathers and mothers. Third, we change the culture of welfare. This is a culture that has dominated and poisoned our good intentions for the last 61 years. We do away with the concept of an entitlement to a cash benefit. Welfare will have a 5-year time limit for any recipients. No longer will welfare be a way of life. It will be a helping hand—and not a handout.

Fourth, we cut endless, unnecessary Federal regulations and bureaucracies and bureaucrats by turning power and flexibility over to the States and communities. That is where help for those in need can best be determined and best be delivered, and where innovation will flourish. Better ways to do things will be found.

Fifth, and finally, this is a budget reconciliation bill, and these reforms will slow the growth of Federal and State spending for these programs. Spending on the programs in this bill: the new temporary assistance for needy families block grant—temporary assistance for needy families block grant, I repeat that—this is a new program, and a new child care block grant program, and the reformed food stamp, SSI, child nutrition, foster care—all of these, along with the earned-income tax credit and other programs will increase from $100 billion this year to nearly $130 billion per year 6 years from now. Total spending over the next 6 years for these programs will exceed $700 billion.

For those who say we are not going to provide for those in need that were heretofore on welfare, let me repeat: The combined programs will increase from nearly $100 billion this year to $130 billion per year in 6 years, hardly a reduction in expenditures. Let me repeat, the total programs that I have just described, food stamps, SSI, child nutrition, foster care, the block grant program for child care, the new block grant to take the place of AFDC, which we will call temporary assistance for needy families—all of those programs will seek, from the taxpayers of America, $700 billion over the next 6 years.

Nevertheless, our taxpayers should know that we will save, we will save them, about $55 billion. This program in its reformed and more efficient mode will cost $55 billion less than it was assumed to cost if we had left everything alone and kept the entitlements wherever they were.

I believe much of these savings are going to be achieved because we are making the programs work better. We are going to be pushing people to do what they should have been doing all along—get off the rolls into work, off dependence into independence, off looking to somebody else for responsibility and looking to themselves. And everywhere we turn, in this bill, there are provisions for those who just cannot do it. There are emergency set-asides, emergency allowances, there are provisions, where it just cannot be done, to provide some of what must be provided in addition to the basic program.

I would like to quote one of our very distinguished Senators, Senator RICK SANTORUM—for whom I also extend my great appreciation for his help on the floor on many occasions during the debate on welfare. He stood here in my stead and he did a remarkable job. He came to the Senate well informed on this subject. He, at one point, said: "Welfare reform has been and will continue to be a contentious issue. This legislation is tough love."

I concur. And I do not believe there is anything wrong with that either. I have some concerns about provisions in this legislation. Other Members will have their particular concerns, and the President has expressed his. Unfortunately or fortunately, depending on your philosophy of governance, it is possible and probable that even with the President's signature we will not have seen the last of welfare reform. When he has signed it, we will probably see a completed law and we will carry it out. In due course, we will see there are some areas that need some repair, some fixing. But I believe, under any circumstance, with a bill that is as much on the right track as this—although perhaps imperfect in certain areas—we should proceed. We should let the reform move along.

For today, I believe, that the best hope we have to fulfill the promise we all made to the American public to change these programs as we have known them—is to pass this bill overwhelmingly.

Making such fundamental changes to programs, some of which are 60 years old, will surely require adjustments and additional tuning as we begin to see how this legislation unfolds. But for those who seem frightened of this change, and for those who want to find the areas where they have concern and that might need some repair in the future, I merely ask, is it possible that this welfare reform program can be worse than what we have?

I cannot believe that it is; because in a land of opportunity with untold chances for people to succeed on their own and move ahead with personal achievement and responsibility, in a land with plenty of that, one thing that stands out as a testimonial to failure on the part of our legislative bodies and the executive branch is the welfare program of this country. This program, for the most part, moves people in the opposite direction of mainstream opportunity in America, and for many it locks them there. We must unlock their opportunity potential.

For today, I believe this is our best opportunity to change the culture of welfare and, once again, I repeat, to provide in every way possible a hand up, an opportunity up, not a handout. I believe these Americans who are locked in welfare as we know it today are anxiously waiting in their minds and in their hearts for a better way of life. What we are saying, is we hope we are providing that for you. We hope we are giving many of you an opportunity to get out of welfare and get into something that is more like what most Americans have the opportunity to be a part of.

In short, I believe this legislation is the best hope we have today to provide some real hope for a future for those families and children in our society who, in many, many instances, are totally without hope. But we need to be honest and sober. I believe proponents and opponents may be overstating the results, but I believe the overwhelming consequences of this bill will be positive. The legislation represents a fundamental change in social policy. We elected officials should not assume that this legislation is perfect. The one thing the last 61 years should have taught us is that no one can be all-knowing.

So let us be proud of this significant accomplishment today. I believe it is the right legislation for the future. But let us also remain vigilant and sober. Many people's lives will be affected by this critical legislation, and we hope for most of the overwhelming percentage it is for the better.

Again, I congratulate the Members of the House and Senate who have worked to help bring this legislation before us today. I am hopeful that we will put an end shortly to welfare as it is.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER (Mr. FAIRCLOTH). Who yields time?

Mr. DOMENICI. Mr. President, I yield the floor.

Mr. LAUTENBERG. I thank the manager.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, let me start off by saying that I greatly respect my colleague on the other side of the aisle, the manager and the chairman of the Budget Committee. I listened to him carefully, and I know that he is a man of compassion and concern. I have seen it manifested in many ways: his interest in the mentally ill, his interest in the disabled. This is someone who cares about people. So when I talk about my difference in view, this is my personal perspective and, by no means do I intend to criticize the distinguished Senator from New Mexico.

Mr. President, I take this opportunity, acting as the minority manager on this conference report, to make my remarks, and they reflect my opinion. This is not a consensus view that I have mustered; this is the opinion of the Senator from New Jersey, who has been on the Budget Committee for some time and draws on some experience from my corporate world, as I discuss my perspective.

This is a historic and peculiar time for the U.S. Senate. The body is on the verge of ending a 60-year guarantee that poor children in this country might not go hungry. I salute the attempts to solve the problem. I am right with all the others, including the President of the United States, in wanting to solve the problem.

The question is not whether one wants to solve the problem; the question is, how do you solve it? This is going to be a test not only of our pocketbooks and our resources, but of our hearts as well. Though I have heard it described as bleeding hearts, I am willing to accept the nomenclature that has applied, because having had my life experience when in the Depression years my family was, to use the expression, dirt poor, and my father had to go to work on a WPA program, it was a humiliating experience for him to have to go to work on a Government program. But he buried his pride for a moment, and he did what he could to support his family.

I don't know many people who want to humiliate themselves standing in a line waiting for their welfare check. Yes, there are some cheats out there and there are druggies and there are drunks. They are out there, there is no question about it, but a lot of those people are simply people who have not yet discovered a way out of their misery and their poverty.

Women with children, many of them unwed—I do not approve of that condition, but that is life. The punishment should never exceed the deed, and that is what I fear, Mr. President, we are about to do in this body of ours, in our beloved country. For 60 years, we could rest easier at night and be sure American children had a minimum safety net. The bill before us takes away this peace of mind and throws up to 1,100,000 children into poverty, according to a study by the Urban Institute.

I agree, the welfare system is in need of repair, and I believe that it needs to promote work and self-sufficiency, pride and dignity. That is going to make the difference.

I think it should also, however, protect children and, unfortunately, I am not certain at all that this so-called welfare reform does it.

First, the Republican bill does not promote work. It asks for work. It demands work. I heard the distinguished chairman of the Budget Committee say we can make people work. That is a requirement for welfare recipients. But it does not require the resources to put people to work.

In fact, CBO said that most States would be unlikely to satisfy this work requirement for several reasons. One major reason is that this bill cuts funding for work programs by combining all welfare programs into a capped block grant.

Second, the Republican bill hurts children. It would make deep cuts in the Food Stamp Program, which millions of children rely on for their nutritional needs. It would also end the guarantee that children will always have the safety net. Under this bill, a State could adopt a 60-day time limit, and after that the children would be cut off from the safety net entirely.

The State would not even be required to provide a child with a voucher for food, clothing, or medical care. When you take all of these policies together, this bill will put an estimated approximately 1.1 million children into poverty. And this is a conservative estimate. It could be higher.

Mr. President, my conscience does not permit me to vote for a bill that will likely plunge children into poverty.

I had an experience some years ago when I was at the Earth summit in Brazil with the now Vice President of the United States and other Senators, Republican and Democrat. We were dining at a restaurant, facing a beautiful harbor in Rio. The restaurants were separated by rows of shrubs—beautiful places, a marvelous atmosphere. I saw a light brown hand reach through the bush and take food off the table. Children starving, thousands of them, sometimes chased by the police, sometimes shot at because they crowded the doors.

Mr. President, a child who is hungry will go to any means, as will an adult, to satisfy their hunger. I am worried about that. I cannot vote to leave our children unprotected. I was one of only 11 Democrats to vote against the original Senate welfare bill that would have put 1.2 million children into poverty. I voted against the conference report on this bill that would have doomed 1.5 million children to the same fate. I will vote against this bill for the same reason. We dare not abandon our children.

Mr. President, I hold a different vision of what the safety net in this country should be. I am concerned, frightened, that this bill will leave children hungry and homeless. I am afraid the streets of our Nation's cities might someday look like the streets of the cities of Brazil. Walk around there and you see children begging for money, begging for food, and even at 8 and 9 years old engaging in prostitution.

Tragically, that is what happens to societies that abandon their children. When we don't protect our kids, they resort to their own means to survive. I do not want to see that happen in this country. I want to see this country invest in children.

I think we should invest more in child care and health and nutrition so that our kids can become independent, productive citizens. I want to give them the opportunity to live the American dream like I and so many in this room had the good fortune to do. If we do not, we will create a permanent underclass in this country. We will have millions of children with no protection, and we are going to doom them to failure.

Mr. President, as a member of the Budget Committee, I also want to comment on the priorities that are reflected in this reconciliation bill. Despite the fact that this bill is only limited to safety net programs, it is still considered a reconciliation bill. The bill receives the same protections as a budget-balancing bill, but there is no balanced budget in it. This reconciliation bill seeks to cut the deficit only by attacking safety net programs for poor children, for legal immigrants.

There are no cuts in corporate loopholes or tax breaks, despite the fact that the tax expenditures cost the Federal Treasury over $400 billion a year. There are no such savings in this bill. There are no grazing fee increases, no mining royalties, no savings in the military budget or NASA's budget.

The only cuts in this bill come from women and children. This reconciliation bill gives new meaning to putting women and children first.

Mr. President, I realize that this bill is going to pass. I understand the President clearly has indicated that he is going to sign it. However, as the distinguished Senator from New Mexico mentioned, the President and many of us are determined to examine a package of changes next year to soften the blow of the harsh provisions in this bill.

Mr. President, we have seen the reaction of people regarding this bill. When you hear from the mayor of one of the world's most distinguished cities, New York City Mayor Giuliani, he is worried about where they get the money in the block grants to supply the job training, the child care support. He is concerned, as are many mayors across the country we have heard from.

Mr. President, I will, for a moment, just relate an experience that I had when I ran a corporation, a big corporation. When I left to come to the U.S. Senate, we had over 16,000 employees, a very successful company. We were a company, founded in New Jersey, that tried to work within our community. The company still has its headquarters in New Jersey and employs almost 30,000 people today.

I always tried, since I came from a poor background of hard-working, honest people who always wanted to keep their heads high and always wanted to do the right thing and not ask anybody for anything—but there were times when we needed help. If I did not have the GI bill, Mr. President, I doubt that I would be standing in front of the U.S. Senate and the American people today. So, we were very conscientious, my partners and I, about trying to understand what was happening around us. We began to hire people, or we attempted to hire people, who were literally unemployable with job after job, short-term employment, and then back on the streets.

We brought people into the computer room, not into the factory. We did not have a factory. I was in the computer business. We brought them into the computer room, and we had one startling success among several people that we worked with. The reason for that success was very interesting. The reasons for failure were obvious, because though we would give these people a job, and they would be enthusiastic about it for a couple days, as soon as they got back into their environment and as soon as they were faced with poverty and despair and drugs and crime, they fell right back in the trap. They were useless as employees in very short order.

But the one person who succeeded so well, we got an apartment for her, and we moved her, helped her move from her ghetto area to a more middle-class area. The success was astounding. This woman, when we hired her, she was 25 years old. She had very limited education. She became a computer room supervisor—a good job—and went on to become a part of management in the company. It was a startling success, because it was not that we said, you have to go to work and have to show up on time. We said that to everybody. You say that to all of your employees. All of them do not do it. It needs training. It needs commitment.

Mr. President, I hope that this bill that is being considered today, this reconciliation bill, will not be the first step toward larger problems than we can understand today, toward the kind of situation where America turns its heart into stone and says, OK, we are here as accountants, we are here to cut the budget.

I want to cut the budget. I have programs to cut the budget to arrive at a balanced budget. I know what happens in the corporate world when your expenses get too high and your revenues too low. You make changes, make them selectively. We did not just cut every department if we had to reduce expenses. Maybe it was time to cut the marketing department or the production department or the products design department. But I always thought about the long term. We are abandoning the long term. What we are doing is giving a lot of people political satisfaction, those who work here and those who are outside who hear us on TV and the radio.

Mr. President, I make my remarks in the full context of the realization of where we are. This bill has lots of support. I am not, I promise you—not—attempting or trying to influence people to vote against it. I am stating the case as I see it. I hope it will in some way encourage others to think very deeply about their decision to vote. I thank you and yield the floor.

Mr. DOMENICI. Mr. President, how much time does the distinguished Senator from Delaware desire?

Mr. ROTH. Ten minutes.

Mr. DOMENICI. I yield up to 15 minutes to the Senator from Delaware, Senator ROTH.

Mr. ROTH. First of all, let me thank the distinguished Senator from New Mexico for his gracious remarks about me and my staff. I just point out that we would not have been able to complete the reconciliation within a week if it had not been for his leadership, for the assistance and help that he provided at any time when it became necessary in the difficult negotiations that had to take place. I want to publicly thank the Senator for his contribution.

Mr. President, this day is a remarkable turning point in the lives of millions of American families and generations to come. This is the day we will reorder our confused and confounding system of welfare. A world spinning out of control will be brought back into proper course. It will return to order not through the power of Washington but through personal responsibility and work opportunity, the very title of this important legislation.

I say to my distinguished friend from New Jersey that what we seek to do here is to provide the same kind of opportunity that was given to him, through help to go to college, but particularly as he tried to help that lady into the mainstream of life by giving her meaningful work. I think that is what we are all seeking to do together.

Mr. President, this is the third time welfare reform will have passed in the 104th Congress. The issue of welfare reform has been frequently and passionately debated over these past months, and rightly so. The effects and consequences of the welfare system in some way touches us all.

During this time, the Finance Committee has held 19 hearings and taken testimony from 90 witnesses. We have found that the current AFDC program, as it was designed in the 1930's, abandoned many families long ago as a statistic of long-term dependency in contemporary society. The current welfare system has failed the very families it was intended to serve.

If the present welfare system was working so well we would not be here today. I think that is a point well worth underscoring because the fact is, as the record shows, that this current system has not been good for children. For anyone who believes that it has, I recommend you read the findings section of this legislation. I have yet to hear anyone defend the present system as good for children.

I point out that in 1965 there were 3.3 million children on AFDC; by 1992, that had risen to over 9 million children. In 1992, 9 million children were on welfare, AFDC, despite the fact that the total number of children in this country has declined. Last year, the Department of Health and Human Services estimated if we do nothing, 12 million will be on AFDC in 10 years.

I reemphasize once again that the present system is not good for children. But the record clearly demonstrates the contrary—that instead of being good, we find more and more children being trapped in a system and into dependency on welfare.

As I said, to do nothing is absolutely unacceptable. Mr. President, 90 percent of the children on AFDC live without one of their parents. Only a fraction of welfare families are engaged in work. The current welfare system has cheated the children of what they need most—among these is hope, the necessary condition of liberation from dependency. The key to their success will not be found in Washington but in the timeless values of family and work.

Opponents of welfare believe that the States lack either the compassion or the capacity, or both, to serve needy families. They are wrong. We promised welfare reform and we have kept our promise. Our legislation is built upon the original principles from which we have never waivered. This is a bipartisan bill. Half of the Senate Democratic Members who served on the conference voted for the bill when it passed the Senate by an overwhelming margin. Yesterday, this conference report passed the House of Representatives by a vote of 328 to 101. Half of the Democrats in the House of Representatives voted for this bill. I believe that demonstrates the bipartisan spirit upon which we have approached welfare reform.

A number of people deserve our thanks and credit for giving us this opportunity today. First, let me give credit and thanks to Senator Bob Dole, our former majority leader. Even after welfare reform had been vetoed twice, Bob Dole insisted that we could and should remain steadfast in our fundamental principles and achieve welfare reform. Bob Dole introduced a welfare bill before he left the Senate which was, frankly, the benchmark of our conference report before us. His last advice to me was to make sure this job gets done this year. I have to say, Mr. President, today's action reflects his work, reflects his vision, reflects his leadership.

Our Nation's Governors, most especially the lead Governors on welfare and Medicaid reform, people like John Engler, Tommy Thompson, Mike Leavitt, Tom Carper, Bob Miller, Lawton Chiles, and Roy Romer deserve our thanks and credit for their work to make welfare reform a reality. I look forward to working with them again to face the challenge of Medicaid reform.

Even though Senator MOYNIHAN does not support our legislation, I want to thank him for his work and insights into this extremely complex world of welfare. Perhaps no one has done more over the past three decades than Senator MOYNIHAN to bring the alarming growth in welfare to the Nation's attention.

President Clinton has announced his support for this hard-won conference report and he is to be congratulated for that decision. It is the right thing to do.

Mr. President, while the present welfare system is full of excuses, the welfare reform legislation being presented to the American people today is indeed a bold challenge. And while the present system quietly accepts the dependency of more than 9 million children, our proposal speaks loudly to them and insists that they, too, must be among the heirs to the blessings of this great Nation.

Welfare reform is about helping families find the freedom and independence we take so much for granted.

Mr. President, this legislation clearly points the way to that independence. But the road to independence does not begin or end in Washington. Independence begins with living up to one's responsibilities. This is echoed through the legislation with the provisions on work, time-limited benefits, limits on benefits for noncitizens, and strong child support enforcement reforms.

Mr. President, I urge adoption of the conference report.

I yield the floor.

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

Mr. WYDEN. Mr. President, I yield myself 15 minutes. Mr. President, there is a concrete reason for voting for this less-than-perfect bill. For millions of Americans, this legislation can be a tool for turning the welfare check into a trampoline for opportunity and independence. I know this because my home State of Oregon has achieved it.

Once more, the State of Oregon has marked a path for the Nation. By putting in place our welfare reform program, known as Jobs Plus, we have shown the Nation that it is possible to be both tough and compassionate. With our Jobs Plus Program, we have been able to have strong work requirements and critically needed child care and medical care for folks coming off of welfare. The plan is working for both taxpayers and those coming off of welfare. And as the President said yesterday, today's legislation can spark more States into going with the kind of approach we have at home.

Mr. President, a few years ago, an Oregonian approached me on the street and said, "You know, for me, welfare is kind of like 'economic methadone.' You guys send me a check. The checks always come, but you people never let me do anything to break out, to get off welfare."

This legislation provides the way to break out—a real key for unlocking the riddle of welfare dependency. I think it is an opportunity to remake this system that doesn't work for those who are in it and doesn't work for the taxpayers who pay for it.

Take child care, for example. Child care is an absolute prerequisite to changing welfare. I chaired hearings looking at the child care issue, and we heard heartbreaking accounts of how, again and again, women would get off of welfare, they would be doing well in the private sector, but their child care would fall apart just as they were getting back on their feet.

This bill provides $3.5 billion more than current law for that critically needed child care. That increase of $3.5 billion in child care is going to be absolutely critical to helping folks get off welfare.

In addition, as several of my colleagues have noted, child support is strengthened. I am also pleased that Medicaid is protected as a guarantee for all of our Nation's children.

Now, at the beginning of this Congress, there was a lot of talk about orphanages. A lot of us did not particularly think that all of these orphanages were exactly Boys Town, and nobody seemed to zero in on the question that if an orphanage was Boys Town, it would come with a big price tag for taxpayers. So a lot of us thought that we ought to do something better. I worked very hard to develop a new approach known as "Kinship Care." What the Kinship Care amendment says is that the Nation's grandparents—the millions of loving grandparents—would get first preference when a youngster from a broken home needs help. Instead of sending the children away, the grandparents, if they met the child custody standards, would get first preference. Along with Congresswoman ELEANOR HOLMES NORTON, Congressman CLAY SHAW, and Senator DAN COATS, on a bipartisan basis, we all worked together on this kinship care amendment.

Now, as we look to the 21st century when, as a result of the population trends and demographics, there are going to be many more grandparents, we have an opportunity to keep families together, to use a new model known as kinship care to provide loving care for youngsters in a cost-effective way.

Mr. President, this legislation doesn't meet my definition of perfection. I will say that I, frankly, detest a couple of these provisions—particularly, what was done with the food stamp shelter deduction and the legal immigrant provisions. So this legislation doesn't meet my textbook standard of what would constitute perfection. I, like a number of our other Senators, am going to fight very hard to make changes in this area. As I think it is critical to do, we ought to be constructive and we ought to look at useful ways that Senators can work on a bipartisan basis for changes.

For example, there has been a lot of talk in this Congress about the idea of a lock box, the idea of special accounts so that when the spending is reduced, those funds are protected for deficit reduction. I have supported that concept. I think the lock box makes sense. Frankly, I think we ought to look at a new idea, and we can call it the lunch box. We could make sure that when you eliminate some of those tax loopholes, when you go after wasteful spending, some of those funds could be put in what I call the lunch box, and we could use these savings to try fresh approaches to ensure that all Americans have access to good nutrition. I think there are a number of new, innovative approaches that we ought to try and that are going to be needed, even after this bill is enacted and signed into law.

At the end of the day, Mr. President, the question, to me, is straightforward: Is this legislation better than the status quo? Is it better than the system that an Oregonian told me was like economic methadone? I think that when you look at the child care provisions, at the Medicaid guarantee, when you look at the opportunity for States to follow the path that Oregon has followed with our Jobs Plus Program, I believe you see the case for supporting this legislation. I intend to vote for it.

Mr. President, I yield the floor.

Mr. DOMENICI. Mr. President, as manager of the time on this side, I want to indicate that Senator GORTON will be recognized to take my place, and he will have up to 15 minutes, and then he will indicate thereafter the sequence until I arrive back on the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Washington State.

Mr. GORTON. Mr. President, I greatly admire those who, during the course of this debate over the last year and a half, expressed great confidence in the consequences of the passage of this bill or of its predecessors. I expressed that admiration both for those who are as confident that the bill will end a culture of dependency as for those who view with alarm what they believe will vastly increase poverty among the people of the United States. While I admire their certainty, I cannot join in it.

I must say, Mr. President, that I am not at all certain of what the consequences of the passage of this bill will be. I hope and I am inclined to believe that they will primarily be positive, but I cannot be certain. In that regard, Mr. President, I agree fully with the views expressed yesterday in the Washington Post by Robert Samuelson, and I will quote three sentences of his review:

> The exercise aims to promote self-reliance by making it harder for people to rely on government. Without the threat of extra suffering, people would have no reason to change. What can't be predicted is how the good and bad will balance.

Mr. President, I find that entire column to be so persuasive—and not at all, incidentally, to be so similar to my own views—that I ask unanimous consent that the entire column be printed in full at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GORTON. Mr. President, on the other hand, what I do know and what I feel confident in stating is that our present welfare system is a tragic and destructive failure. At the very least, the present system has been accompanied by a massive increase in the very conditions that it was designed to alleviate: illegitimacy, family breakup, a negative attitude toward work, a culture of dependency. At most, our present system has been a contributing cause to those conditions.

I should also like to observe, Mr. President, that those who oppose this bill, by and large, are those who individually—or whose philosophy—have guided and managed the system that this bill in large part dismantles. These people, these ideas clearly represent the conventional wisdom, a conventional wisdom that has guided and produced every change in welfare policy in this country, or almost every such change, for at least the past 30 years. Their present advice is to view with alarm these changes, to attempt to preserve the status quo, except to ask that we do a little bit more of what we have been doing with these last several decades.

Mr. President, that conventional wisdom is bankrupt and ought to be abandoned, not only for the sake of our society as a whole but for the sake of the supposed beneficiaries of these welfare policies.

Those of us who support this legislation, these changes, hope with some reason that this bill will increase incentives to work, some of those incentives being positive and some negative. We hope, with some reason, that it will result in strong disincentives for teenage pregnancy and illegitimacy. We are convinced that it will require greater male parental support for their children.

But the heart of this bill—not with total consistency, after all, with the compromises that have entered into it—but the heart of this proposal is consistent with my own uncertainties about specific consequences resulting from specific policies. That central feature is to end the absolute entitlement to welfare, to end the detailed Federal regulation of the way in which welfare policies are administered by the State, to end the massive bureaucratic interference with every detail of welfare policy, and to encourage—for that matter, to require—a wide range of experimentation in welfare policies among our 50 States.

I suppose that States which really want to pay for even more generous welfare systems than they have at the present time will be able to find a way to do so, and that there may be a handful of such States. Perhaps more significantly, those States that want to adopt tough work requirements will be able to do so. Those States that want to provide for greater training and child care will be able to do so. Those States that want to impose strong disincentives against dependency will be able to do so.

In fact, in a relatively short period of time after the passage of this bill, we will have 50 distinct and different systems of welfare in the United States. We will learn just how much private sector charities can and will do in the welfare field. We know that in certain areas they have been magnificently successful at much lower cost than any government-run program. How much that private sector effort can be increased we simply do not know at the present time, but we will learn as a result of this bill.

As a consequence, 5 years from now or 10 years from now, I believe that we will know far more about which welfare policies work and which do not. Perhaps we will even know enough to lead us wisely to a more centralized system of adopting those policies which seem to have worked well. I suspect, I hope, and I think this 50-State experimentation will probably be successful enough so that our successors will wish it to continue.

Mr. President, I am gratified but not at all surprised that a poll-driven President of the United States has agreed to sign this bill. That agreement means that we are talking here, debating here, something real—real changes in policy with a real impact on our society and on our citizens.

It would be very difficult to do worse than we have been doing over the course of the last several decades. We have a marvelous opportunity to do far better. The time has come to act. The day is at hand on which we will act.

I commend this magnificent new experiment to my colleagues.

EXHIBIT 1

[From the Washington Post, July 31, 1996]

FOR BETTER OR WORSE?

(By Robert J. Samuelson)

We are now hearing a lot about the promise and peril of "welfare reform." To its champions, the legislation nearing congressional approval would destroy the "culture of dependency." Critics see it as further impoverishing many poor families. Both are correct. The exercise aims to promote self-reliance by making it harder for people to rely on government. Without the threat of extra suffering, people would have no reason to change. What can't be predicted is how the good and bad will balance.

I have put "welfare reform" in quotes, precisely because "reform" is a term of art. It is automatically attached to any scheme for social change, from "campaign finance reform" to "school reform." In debates about these proposals, the protagonists act as if they can easily foretell the effects, for good or ill. As often as not, this convenient fiction spawns "reforms" with many unintended consequences. The process is now in full swing with "welfare reform."

The combatants regularly issue confident predictions and shrill denunciations that depict a fixed future. Last week, for example, the Urban Institute, a research group, released a study estimating that the House-passed welfare bill would increase the number of people in poverty by 2.6 million people, including 1.1 million children. Naturally, opponents of the legislation seized upon this to emphasize how bad it is. But a close look at the study shows that its conclusions ought to be highly qualified.

The House and Senate bills would give states great flexibility to run their welfare programs within broad federal guidelines. Total lifetime federal benefits would be limited to five years, though states could exempt 20 percent of their caseloads. States would be pressured through complex regulations to move most mothers into some type of "work" within two years. After making some assumptions about state programs, the Urban Institute study estimates that the loss of benefits would outweigh the increase in earnings from jobs.

This could happen. The study's assumptions aren't implausible. But uncertainties abound. First, the full rise of people in poverty would occur only in 2002 after all the bill's provisions took effect. Between now and then, Congress (or the states) could make changes if things went badly. This is especially true of one of the bill's worst provisions: the denial of many benefits, including food stamps, to legal immigrants. That alone accounts for about two-fifths of the bills' benefit cuts.

Second, the increase in the poor would be much less—only 800,000 and not 2.6 million—if the Urban Institute had used the government's official definition of poverty. I cite this difference not because I think the Urban Institute deliberately inflated the impact of "welfare reform" but because it shows how perceptions can be shaped by somewhat arbitrary statistics.

(For numbers freaks, the difference arises because the government definition counts only cash income to determine who falls below the poverty line: $15,141 for a family of four in 1994. Excluded are benefits such as food stamps that substitute for cash. The Urban Institute counts many of these benefits. As a result, the Urban Institute finds many fewer poor people; but if welfare reform cuts non-cash benefits, the impact on recorded poverty is greater. Still, the number of poor by the Urban Institute's count—even after adding 2.6 million—would be almost 25 percent lower than under the government count).

Statistics aside, what matters are people. Would more be made better or worse off by "welfare reform"? Unfortunately, we can't answer that, because we can't predict all of "reform's" effects. The Urban Institute examines one aspect of change: the shift from welfare to work. The study assumes that two-thirds of mothers who lost welfare would get jobs—many part-time—paying about $6 an hour. That wouldn't offset all the lost benefits. But this may miss some other favorable effects. Stingy welfare would discourage some out-of-wedlock births and prompt some parents to marry. "The main route off welfare for good is marriage," says Douglas Besharov of the American Enterprise Institute.

How large might these changes be? Neither Besharov nor anyone else knows. But the social climate is shifting, and "welfare reform" is simply a part of the change. Harsher welfare may reinforce the message that many teens are hearing elsewhere; and the impact may be amplified by tougher enforcement of child support payments and more prosecution for statutory rape of older men who prey on young girls. Teens account for 29 percent of out-of-wedlock births; the worst aspects of the "welfare problem" would diminish if, somehow, these pregnancies would drop.

The case for the present "welfare reform" is that, despite many flaws, it would disrupt the existing system. As Mickey Kaus argues in Newsweek, we may discover what works and what doesn't. Some states would emphasize job training and child care for welfare mothers; others would impose harsh time limits. All could be forced to examine how charities, churches and self-help groups can best aid vulnerable families. This process is already occurring through "waivers" granted to states to modify existing federal rules; the legislation would give change further impetus.

We ought to be sober about the possibilities. We are dealing with the most stubborn problems of poverty—family breakdown, low skills and human relationships. Changing how people behave isn't easy. Indeed, new government figures show that out-of-wedlock births continue to rise, as Charles Murray notes in the Weekly Standard. In 1994, they were 32.6 percent of all births, up from 23 percent in 1990. These numbers are an argument for assaulting the status quo and a reminder of how hard it will be to change.

The remaining drama over the welfare bill is mostly political: Will President Clinton sign it? And who then—a Republican Congress or a Democratic president—will get the credit or blame for enacting or killing "reform"? However the drama ends, the welfare

> dilemma will endure. It is this: How can a decent society protect those who can't protect themselves without being so generous that it subverts personal responsibility? No one on either side of this bitter debate has an obvious answer.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

Mr. President, I am here to speak, but out of deference to Senator Moynihan, who is ranking member of the Finance Committee and, more importantly, who has shown an intellectual and personal public policy commitment, probably unlike anyone in the Senate, I will suggest the absence of a quorum so we can see whether or not Senator Moynihan wants to speak now. If not, I will speak.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. Mr. President, while we are waiting, I wish to insert into the Record an op-ed piece today by Frances Fox Piven in the New York Times called "From Workhouse to Workfare."

This is a very powerful piece. It concludes with the statement that the "facts don't seem to matter" in the debate over this welfare bill. "We may have to relive the misery and moral disintegration of England in the 19th century to learn what happens when society deserts its most vulnerable members."

That is the conclusion of this article.

I ask unanimous consent that it be printed in the Congressional Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times]

FROM WORKHOUSE TO WORKFARE

(By Frances Fox Piven)

> If Bill Clinton, as an Oxford student, had studied the history of the poor in early 19th century England, he might not have decided to sign the welfare reform bill.
>
> Eminent English social thinkers developed a justification for an 1834 law that eliminated relief for the poor. Learned arguments showed that giving them even meager quantities of bread and coal harmed both the larger society and the poor themselves.
>
> Never mind the rapid enclosure by the rich of commonly used agricultural land; never mind the displacement of hand-loom weavers by mechanized factories; never mind the decline in the earnings of rural workers. The real causes of poverty and demoralization were not to be found in these large economic changes, the thinkers said, but rather in the too-generous relief for the poor. The solution was to stop giving relief to people in their own homes; instead, survival for the family meant entering prison-like workhouses.
>
> The misery and reduced life spans that ensued were well-documented not only by historians but ultimately by Parliament, which investigated the workhouses and the riots against them. England came to learn that the theory that relief itself caused poverty was wrong, and replaced the Poor Law with a modern system of social assistance.
>
> No matter what England learned, the United States Government is eagerly following the 1834 script by ending Federal responsibility for welfare and turning it over to the states. The arguments are the same: welfare encourages young women to quit school or work and have out-of-wedlock babies. Once on the doll these women become trapped in dependency, unable to summon the initiative to get a job or to raise their children property. Welfare, in short is responsible for the spread of moral rot in society.
>
> Never mind low wages and irregular work; never mind the spreading social disorganization to which they lead; never mind changes in family and sexual norms occurring among all classes and in all Western countries. The solution is to slash welfare. "Tough love," it is said, will deter young women from having babies and force those already raising children to go to work.
>
> But slashing welfare does not create stable jobs or raise wages. It will have the opposite effect. By crowding the low-wage labor market with hundreds of thousands of desperate mothers, it will drive wages down.
>
> The basic economic realities of high unemployment levels and falling wages for less-educated workers; guarantee a clamaity in the making—and not only for welfare mothers
>
> It is true that the United States has a higher proportion of single-parent families than other Western countries. But since other rich countries provide far more generous assistance to single mothers, this very fact suggests that welfare has little to do with it.
>
> Other facts also argue against the welfare-causes-illegitimacy argument. Most obvious, welfare benefits set by the states have declined sharply since 1975, while the out-of-wedlock birth rate has risen nationwide. In addition, there is no discernible relationship between the widely varying levels of benefits provided by the states and the out-of-wedlock birth rates in the states.
>
> But fact don't seem to matter. We may have to relive the misery and moral distintegration of England in the 19th century to learn with happens when a society deserts its most vulnerable members.

Mr. WELLSTONE. I thank the Chair. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, yesterday, after the President announced he would sign this legislation, I said: "The President has made his decision. Let us hope that it is for the best."

Today, I continue to hope for the best, even if I fear the worst.

As I have stated on this floor many times, this legislation does not reform aid to families with dependent children; it simply abolishes it. It terminates the basic Federal commitment of support for dependent children in hopes of altering the behavior of their mothers. We are putting those children at risk with absolutely no evidence that this radical idea has even the slightest chance of success.

In our haste to enact this bill—any bill—before the November elections, we have chosen to ignore what little we do know about the subject of poverty. Just 2 days ago, on July 30, 11 of the Nation's leading researchers in this field issued a statement urging us not to do this. Among them were seven current and former directors of the Institute for Research on Poverty at the University of Wisconsin established in the aftermath of the Economic Opportunity Act of 1964. Scholars of the stature of Sheldon Danziger of the University of Michigan; Irwin Garfinkel of Columbia University; Eugene Smolensky of the University of California at Berkeley; and Edward Gramlich of the University of Michigan. They write:

> As researchers who have dedicated years to the study of poverty, the labor market, and public assistance, we oppose the welfare reform legislation under consideration by Congress. The best available evidence is that this legislation would substantially increase poverty and destitution while doing too little to change the welfare system to one that provides greater opportunity for families in return for demanding greater responsibility.
>
> Real welfare reform would not impose deep food stamp cuts on poor families with children, the working poor, the elderly, the disabled, and the unemployed. It would not eliminate the safety net for most poor legal immigrants, including the very old and the infirm. It would not place at risk poor children whose parents are willing to work but are unable to find unsubsidized employment. It would not back up work requirements with the resources needed to make them effective.
>
> We strongly support an overhaul of the nation's welfare system. But the pending legislation will make a troubled welfare system worse. It is not meaningful welfare reform. It should not become law.

I repeat what these social scientists have concluded: "The best available evidence is that this legislation would substantially increase poverty and destitution."

What is the evidence? Dr. Paul Offner, the distinguished Commissioner of Health Care Finance for the District of Columbia, summarized it nicely last week. Respected research organizations such as the Urban Institute here in Washington, and the Manpower Demonstration Research Corporation in New York have, over the years, undertaken careful evaluations of various welfare reform demonstration projects. As Offner recounts, they found that welfare caseloads were reduced in only 4 of the 23 welfare demonstrations they studied.

Dr. Offner points out that even the program in Riverside, CA, which is regarded by many experts as the most successful ever, has achieved caseload reductions of less than 10 percent.

This should not surprise us; it is not easy to change human behavior. Notwithstanding this fact, the premise of this legislation is that the behavior of certain adults can be changed by making the lives of their children as wretched as possible. This is a fearsome assumption. In my view. It is certainly not a conservative one.

If we acknowledge the difficulty in bringing about the transition from welfare to work, we must recognize that putting people to work on a large scale would require a large-scale public jobs program, and that would require a great deal of money.

Let me say that Democrats were the first to fail in this regard. In the company of Sargent Shriver and Adam Yarmolinsky, I attended the Cabinet meeting in the spring of 1964 where we presented the plans for a war on poverty. Our principal proposal, backed by Secretary of Labor Willard Wirtz, was a massive jobs program, along Works Progress Administration lines, to be financed by a cigarette tax. President Johnson listened for a moment or two; announced that in that election year we were cutting taxes, not raising them. He thereupon picked up the telephone attached to the Cabinet table, called someone, somewhere, about something else, and the war on poverty was lost before it began.

This legislation is even worse.

In fact, this legislation provides some $55 billion less over the next 6 years. There are work requirements in the bill, but we seem tacitly willing to admit they will never be met. Dr. June O'Neill, Director of the Congressional Budget Office, has been most forthcoming on this subject. The CBO report on this bill bluntly states that

> Given the costs and administrative complexities involved, CBO assumes that most states would simply accept penalties rather than implement the [work] requirements.

What else does the evidence show? It shows quite clearly that the central feature of this legislation, the time limit, will affect millions of children. CBO estimates that "under current demographic assumptions, this provision could reduce cash assistance rolls by 30 to 40 percent" within the decade. I should say that again: 30 to 40 percent of the caseload will be cut off in less than 10 years' time.

Let me put that in terms of how many children will be cut off. According to the Urban Institute, 3,500,000 children will be dropped from the rolls in 2001. By 2005, 4,896,000 children will be cut off.

The Urban Institute has also estimated, in a report released just last Friday, July 26, that this bill will cause 2.6 million persons to fall below the poverty line; 1.1 million of those impoverished will be children. To say nothing of those persons already living in poverty. They will be pushed even further below the poverty line; The average loss in income for families already below the poverty line will be $1,040 per year. I note that the Urban Institute's estimates are based on quite conservative assumptions, so the actual impact could well be even worse than predicted.

I cite this evidence because it is important that we cast our votes with full knowledge of the consequences. This information has been widely available, and I have made these arguments on the floor previously, so I believe we are all on notice of the implications for children.

The implications of this legislation for our State and local governments are another matter. These are not widely known, but they will be very real indeed. On Thursday of last week, 2 days after the Senate passed its version of this legislation, I received in the mail a four-page letter from the Honorable Rudolph W. Giuliani, mayor of the city of New York. He wrote of his concern that the major provisions of the bill would impose huge new costs on New York City totaling some $900 million per year. The mayor listed the added costs to New York City as follows: $380 million for child care for welfare recipients; $290 million for aid to legal immigrants; $100 million to support persons dropped from Federal rolls due to time limits; $100 million for work programs.

Mayor Giuliani wrote that the bill's ban on Federal assistance for legal immigrants was of particular concern to New York City, where 30 percent of the population is foreign-born.

The sum of $900 million a year is a lot of money. New York City's total annual budget is $33 billion. And other, smaller local governments will also be hit hard.

The total additional cost to New York State will be in the neighborhood of $1.3 billion per year. We estimate the loss of Federal funds to some of our larger counties as follows: Albany County $15 million; Erie County $75 million; Monroe County $60 million; Onondaga County $30 million; Westchester County $45 million.

These are sums that New York State and New York City simply cannot afford. It will be ruinous for us. In March of this year, the New York State Financial Control Board reported that "the city's finances continue to deteriorate." The board said that over the next 4 years, the growth in New York City's spending will be more than double the growth in its income. Spending will grow by approximately 2 percent per year, while revenues will grow by less than 1 percent. In the absence of this welfare legislation, the gap between the city's outlays and revenues will increase by $400 million annually. With the new additional costs imposed by this bill, the annual increase in the shortfall will more than triple.

New York will not be alone in this, of course. Senator FEINSTEIN said on the floor last week that the bill will cost California $17 billion over 6 years, or about $3 billion annually. Other States—Illinois, Texas, Florida—will also bear immense new burdens. I wonder if they are ready for what is coming.

More importantly, I wonder if the Nation is ready for the social change this legislation will set in motion. There are great issues of principle at stake here, as leaders of the religious community have said with such clarity and force. Bishop Anthony M. Pilla, president of the National Conference of Catholic Bishops, wrote to the President on Friday to urge that this bill be vetoed. Quoting St. Matthew's Gospel, Bishop Pilla wrote that "the moral measure of our society is how we treat 'the least among us.'"

I know what the outcome will be today, but before we cast our votes, I hope Senators will ask themselves how this legislation will treat the least among us.

I began these remarks with a comment on language. The conference report before us is not welfare reform, it is welfare repeal. It is the first step in dismantling the social contract that has been in place in the United States since at least the 1930's. Do not doubt that Social Security itself, which is to say insured retirement benefits, will be next. The bill will be called the Individual Retirement Account Insurance Act. Something such. John Westergaard points out that this legislation breaks the social contract of the 1930's. We would care for the elderly, the unemployed, the dependent children. Drop the latter; watch the others fall.

Fred C. Ikle has coined the fine term "semantic infiltration" to describe the technique in international relations whereby one party persuades another to use its terms to discuss the issues being negotiated. We now have its domestic counterpart in egregious display. Recalling George Orwell's essay, "Politics and the English Language," we would do well to be wary. Henry Friedlander has reminded us recently of the stages by which genocide evolved from the soothing and supportive notion of euthanasia.

And so to one other matter of language. We are told that this legislation is a defeat for liberals. We are assured in private, and it is hinted at in print, that many of the President's most liberal advisers opposed this legislation. Liberals are said to have lost.

This is nonsense. It is conservatives who have lost.

For the best part of 2 years now, I have pointed out that the principal—and most principled—opponents of this legislation were conservative social scientists who for years have argued against liberal nostrums for changing society with the argument that no one knows enough to mechanistically change society. Typically liberals think otherwise; to the extent that liberals can be said to think at all. The current batch in the White House, now busily assuring us they were against this all along, are simply lying, albeit they probably don't know when they are lying. They have only the flimsiest grasp of social reality; thinking all things doable and equally undoable. As, for example, the horror of this legislation. By contrast, the conservative social scientists—James Q. Wilson, Lawrence Mead, John DeIulio, William Bennett—have warned over and over that this is radical legislation, with altogether unforeseeable consequences, many of which will surely be loathsome.

All honor to them. They have kept to their principles. Honor on high as well to the Catholic bishops, who admittedly have an easier task with matters of this sort. When principles are at issue, they simply look them up. Too many liberals, alas, simply make them up.

Mr. President, I thank the Senate for its courteous attention. I thank my friend from Minnesota for reserving this time for me, seeing to it I was able to speak, and I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from New Mexico.

Mr. DOMENICI. Mr. President, under the assumed rotation, I now yield 10 minutes to Senator ASHCROFT of Missouri, and then I assume we will go back to the other side.

Mr. MOYNIHAN. Mr. President, I am not sure that I am managing the time. I am ranking member of finance here. I yield, in sequence, the Senator from Minnesota as much time as he requires.

Mr. DOMENICI. Mr. President, before the Senator proceeds, might I just say to Republican Senators, we have a very long list of those who would like to speak. It seems now that you can kind of judge that in 25 minutes or so we will need another Senator. I hope you can contact us and see if we can arrange it so there are no big lulls on the floor and we can get our work done as soon as possible.

Mr. ASHCROFT addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Thank you, Mr. President. I thank the Senator from New Mexico for yielding me the time.

Our responsibility in acting on a failed welfare system is as profound a responsibility in responding to the people of this country as we have ever had. The fundamental role and responsibility of Government is to call people to their highest and best, not trap them at their lowest and least.

In spite of the good intentions of the welfare program, which we have poured billions of dollars into, hundreds of billions of dollars, we have ended up trapping people at their lowest and least rather than calling people or prompting people to their highest and best.

The real objective of our legislation here ought to be to change the character of welfare. We need to change it from a system which has provided careers and conditions that lasted a lifetime to a system that instead of providing a condition provides a transition, that moves people from poverty into opportunity, that moves people from indolence into industry, that moves people from welfare into work. No longer can we afford a system that not only provides people a condition or a career, but goes beyond trapping individuals and goes to trapping generations.

One of the real problems of our welfare system is that we have children who are trapped in welfare and they become welfare careerists themselves, and their children are then trapped in welfare. The truth of the matter is that the prisoners of war in the war on poverty have been the children of America. There are more children in poverty today than there were when we started the war on poverty, and it is a clear indication that the system is a tragic failure as it relates to human beings—children who have lost their lives, children who have lost their opportunity, children who have lost their spirit, children who fall into a net which was designed to save them, but instead becomes a net to ensnare them.

A good industrialist friend of mine says that your system is perfectly designed to give you what you are getting. I do not know anyone in America who believes that what we are getting is the right thing. We are getting higher rates of illegitimacy. We are getting higher rates of dependency. We are finding ourselves with individuals staying on welfare longer and longer periods of time. Is that what we want? Is what we are getting what we need? Absolutely not.

The system may not have been intended to give us what we are getting, but the design of the system is what causes us to get what we are getting, and it is our responsibility, it is a sacred charge of ours given to us by the American people, and they have made it fundamentally and unmistakably clear that they want different outcomes, they want different results. They do not want more dependency, they do not want more illegitimacy, they do not want more careers and generations on welfare.

They want less, because they want people to be free. They want children to have an opportunity to look toward the U.S. Senate or toward the Presidency or toward being a captain of industry or developing their own business. They do not want people trapped in an intergenerational net of ensnarement, rather than a net of safety.

So it is incumbent upon us to make fundamental changes, fundamental changes in the way this system treats people.

We can no longer allow Government to be the instrument of ensnarement, of entrapment. We must make Government an instrument of liberation, of opportunity, of industry and development. That is why it is so important that we end this one-size-fits-all Washington approach which says that everybody will respond the same and all the systems are to be uniform, and move welfare programs back to the States and allow them to experiment and do what works.

I often laugh when I think of the one-size-fits-all term. We have almost come to believe it. Can you imagine if we were to send off for a catalog and get a catalog that said, "One size of pajamas fits all for your family"? I know what would happen in my family. We would get five pairs of pajamas. They would be one size but they would fit none because we are pretty different.

The great family of America is different. States and communities have different characteristics and attributes, and they need to be able to shape, to tailor, to fashion what they do from a block grant that gives them broad discretion and authority. Yes, they need for the block grant to be limited. They need to have the energy of limited resources to drive the creativity of solving the problem.

No one ever solved a problem when the supply was infinite. No one ever works to conserve energy as long as it is free. You start to pay the heating bill and you learn to close the door, you learn to shut the windows, you learn to caulk the cracks. And when we put limits on the amount of money we are going to spend on welfare, we will start caulking the cracks and start stopping up the places where we have leakage. And it is not a leakage financially. We are talking about leakage of the great human resource of America.

We are looking at the Olympics. Boy, they are inspiring. But how much chance would we have in basketball or volleyball or baseball if we did not send our full team onto the field, if we told some of them, "You're to sit over there on the side and not to be productive. We'll call you the welfare reserves"? We would not win. And we will not win as a Nation if we do not get all of our players into the operation of being what this Nation is all about. That is being capable of helping yourselves and helping others and being so good at what you are doing that the world beats a path to your door.

That is why we need these block grants where States will tailor their programs to meet the needs in their own States and do what is necessary to move people out of conditions, lifelong conditions of welfare, to signal that this is a transition, not a condition. You are to be moving out of here. And fundamental, one of the acts of genius in this bill, in addition to the block grant, is the fact that there is a 5-year limit.

We say to people, it is an insurance policy, so that when you have trouble you can fall into the welfare net but you cannot live there, you cannot stay there. It is not a place for you to be forever because, once 5 years is used up, that is a lifetime limit. We really should be saying to people, do not ever be on there for more than 2 consecutive years, ever. Frankly, our welfare system should never be a place where you are not preparing for the next stage of your life. Welfare becomes a transition instead of a condition, a fundamental characteristic. The block grant is important about that.

The senior Senator from Missouri, KIT BOND, is a personal friend of mine. He has a phrase, "experience is what you get when you expected something else." Over the last 30 years, I think we expected something else from this so-called War on Poverty and Great Society program, but we got something different from what we expected. We got children without fathers and we got homes without discipline and we got streets without safety and we got generations locked—locked—out of opportunity, without education.

We expected something different. But our experience is what we got. And our experience has not been very positive. But I want you to know that there have been a few bright lights over the last 30 years that signal to us how we could make changes, how we could actually change the behavior of people, how we could help them move from being dependent to being independent, the glorious state of liberty and freedom, what America is all about.

Those bright lights have been in the nongovernmental sector primarily. They have been the Salvation Army, the Boys and Girls Clubs, the missions, and homeless shelters that have been run by the nongovernmental entities who are energized by a calling which is beyond the calling of duty that comes from government. It is a calling of humanity that God stirs in our hearts.

One of the primary features of this bill is that States will be allowed to contract with organizations like the Boys and Girls Clubs and the Salvation Army and charitable organizations that specialize in hope and opportunity and who care, who care for the people trapped on welfare, not just as welfare statistics, but care for them after they leave the condition of welfare. These groups have a lifelong interest in helping people make it all the way to the top, not just over the threshold.

I have to say that our experience tells us that not everyone in the welfare system has wanted to see everyone leave the system. Sometimes we have had too much interest in how many people we could have on welfare instead of how many people we could move off welfare. Significantly, the provisions of this bill would allow charitable and even faith-based operations to compete for contracts or to participate in voucher programs to help people. It does it with safeguards, so that if a person is offended by virtue of being involved with a faith-based organization, they would be free to get their assistance from some other provider.

These faith-based organizations have in the past—many times the smaller ones who did not have large legal departments—have been afraid of accepting governmental funds in order to help the poor. They have been afraid of being sued. I know the Salvation Army, in one setting, was sued and had to settle for a quarter of a million dollars, a matter which absolutely undermined and eroded the capacity of the Salvation Army to help the poor. We know they do as good a job as any.

I just want to say that this bill is the kind of change that America has been asking for. Is it perfect? No. At least the way I was raised, in order to get perfection you had to die and go to Heaven. I want to go to Heaven. But I had not planned on going today. And since we ought to do what we can while we are here, let us take as good as we can get and shape it and fashion it, but not assume we have all the answers in Washington. Send it back to the States, give States the opportunity to tailor it in ways that will help people simply move from dependence to independence, from careers of welfare and the condition of welfare, the intergenerational things of welfare, to a transition of welfare that moves from welfare to work.

I believe that it is fundamentally important that we carry through and pass this measure. And I thank the President of the United States for his willingness to sign this measure. I believe this measure will help save the lives of children and it will help save the lives of individuals for generations to come.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ASHCROFT. I thank the Chair. I observe the absence of a quorum.

The bill clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, may I ask of my colleague if he would consent that after he finishes I be recognized?

Mr. WELLSTONE. Mr. President, that would be fine.

The PRESIDING OFFICER. The Chair advises the Senator from Missouri that arrangement has been made, and the Senator from Minnesota is recognized.

Mr. BOND. I thank the Chair.

Mr. WELLSTONE. Mr. President, first of all, I ask unanimous consent that a representative sample of editorials on this subject be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Star Tribune, July 31, 1996]

WELFARE BILL—IT DESERVES A FORTHRIGHT VETO

For most of his presidency, Bill Clinton has tried to have it both ways on welfare. He's curried favor with both welfare's tough-talking reformers and its defenders. He's argued both for changes, such as work requirements and time limits, and for preservation of welfare's protections for poor children.

It's understandable that congressional Republicans would want their final-offer, election-year welfare bill to force the president to show his true stripes. They've crafted a bill that ought to do just that.

The bill that's moving toward the House and Senate floors is one Clinton might be tempted to sign for political reasons. But he should veto it, for moral reasons. If he doesn't, he will have put the lie to all his claims of concern for the well-being of the nation's most vulnerable children.

For all its reformist window-dressing, the bill that emerged from conference committee Monday is too hard on America's poor. It doesn't spend enough money to hold the line against hunger, or to make workable the requirement that a job take the place of welfare within two years after benefits start.

The bill's goal of quickly replacing welfare checks with paychecks is something most Americans support. But making that happen in a way that gives poor families lasting self-sufficiency takes more than the hammer of a time limit. It takes job training, counseling, public-works jobs where private employment is unavailable, child care and transportation. Those tools cost money. This bill doesn't provide it.

As a result, in the name of overcoming poverty, this bill would likely push some of America's least employable adults and their children into more desperate circumstances.

And, because of the bill's big cuts in food-stamp spending, that desperation could well include hunger. Admittedly, the food-stamp provisions in the final bill aren't as extreme as earlier versions. A guarantee of food-stamp eligibility—though not of food-stamp amounts—was preserved for families with children. No so for unemployed adults without dependents. They'd be cut off from the government's food lifeline after six months.

The welfare bill is especially punitive toward legal immigrants. Under this legislation, the nation's official message to its legitimate newcomers would be, "You are welcome only as long as you remain gainfully employed." A down-on-his-luck immigrant could get no cash assistance whatsoever from his new country.

Had Clinton more boldly taken sides in the nation's welfare debate earlier in his presidency, a bill this harsh might not be heading toward his desk a few months before an election. He should have been calling all along for more realistic and compassionate reform, the kind that spends more in the short term in order to redeem lives in the long term.

Here's hoping Clinton has learned that presidential equivocation carries a high price—and that his equivocation on welfare ends with a forthright veto of the bill Congress is about to send him.

[From the Philadelphia Inquirer, July 22, 1996]

REFORM ON THE CHEAP

Who'll blink on this latest shot at changing welfare? And, in the long run, who'll wind up paying for it?

Voters liked Bill Clinton's promise to "end welfare as we know it." So Republicans are aching to show he didn't mean it. The result is a game of political chicken that's far more likely to hurt poor Americans than to uplift them.

The Republican Congress is about to dare the President to veto a wrong-headed bill that would cut welfare spending, toughen the rules, and shift a lot of decision-making to the states. Since this would be his third straight veto of a so-called welfare reform bill, Mr. Clinton may blink. It's possible he'll sign a bill that pretends the feds can turn welfare into a helpful, job-oriented network even as they squeeze about $10 billion a year in savings from the system. That's a pipe dream.

Unfortunately, if he does veto it and a better, bipartisan plan doesn't emerge, Mr. Clinton will have to follow through on a promise that he made last week to give himself political cover on this emotional issue. Absent a bill, he vowed to issue an executive order letting states cut off benefits after two years.

The terms of this order are still in the works. But it could let penny-pinching states give welfare recipients far too little help toward employment and self-sufficiency.

That's the basic problem with what Congress is cooking up. It pretends that helping poor people become self-sufficient doesn't cost more money in the short term. But it does cost more, for child care, for training, for government-created jobs for those who can't find work in the private sector. Committed reformers such as Gov. Tommy Thompson, the Wisconsin Republican, are up-front about this.

Chances are, the public will respond positively to major parts of the GOP package, such as a two-year limit on benefits before work is required, and a lifetime limit of five years. But work requirements are meaningless if there aren't enough low-skilled jobs available. If politicians are serious about breaking the cycle of dependency, government has to be an employer of last resort.

By promising to act on his own, Mr. Clinton was trying to show Republicans that—politically—they need a welfare bill more than he does. He was trying to coax Republicans toward compromise.

The House did consider a bipartisan plan sponsored by Reps. Mike Castle (R., Del.) and John Tanner (D., Tenn.)—a plan whose spending cuts weren't so extreme. But it died when only eight House Republicans were willing to buck their leaders and line up with Mr. Castle.

Since Republicans seem uninterested in a sensible, bipartisan reform, Mr. Clinton should get his veto pen ready. As for the executive order he promised—every bit the political gimmick that Republicans charged—it should be loaded with conditions to protect poor families from politicians peddling welfare reform on a dime.

[From the Washington Post, July 25, 1996]

A CHILDREN'S VETO

"I just don't want to do anything that hurts kids," President Clinton said as the Senate passed its supposed reform of welfare the other day. Why did the sentence strike us as yet another cynical manipulation of the welfare issue for political purposes? Because if Mr. Clinton were determined not to hurt children, he would have indicated days ago that he intended to veto this legislation or any bill remotely like it.

Instead, he, the Senate's Democrats and moderate Republicans continued to try to prettify the bill around the edges. A couple of the amendments that they succeeded in making were consequential, and they may yet make more in conference. But mainly these are marginal and cosmetic changes. They are sops to conscience meant to justify a regressive vote that for political reasons these politicians are afraid not to cast. They are determined to vote in this selection year in favor of a bill that bears the label "welfare reform"; it doesn't matter that the label is not deserved.

The president and his followers are the prisoners of four years of sloganeering on the subject that he himself set off. It was he who, in an effort to preempt the welfare issue and show himself to be a different kind of Democrat, famously promised in the 1992 campaign to end the system as we know it. He set off a process that he could not control, in part because he has been unwilling to take the tough and unpopular positions necessary to control it.

No one—or very few, anyway—would argue that the current welfare system is a good one. Mr. Clinton was and remains right to try to change it. But his original position also was right—that the change should involve equal amounts of added pressure on welfare mothers to go to work and additional resources to help them make the move successfully. The current bills fail to provide the resources; they walk away from the second half of the strategy. They would dismantle the federal welfare program, limit future federal aid and shift to the states a financial burden that many states will find hard to meet. An eighth of the children in the country now are on welfare. No one can know for sure how many would be affected adversely by the legislation, but the best guess seems to be that at least a million more children would end up living below the poverty line. A fifth of the children in the country already are there.

The bills would disestablish or greatly weaken the food stamp program as well, while basically cutting off federal benefits to legal immigrants—people who are legitimately here and theoretically welcome but have not become U.S. citizens. Technically, this is budget-balancing legislation, a reconciliation bill. The noble-sounding legislation, a reconciliation bill. The noble-sounding budget-balancing process of a year ago has come down to a bill that would cut only programs for the poor, and programs on which people who are black and brown particularly depend.

This legislation can't be fixed. Senate Minority Leader Tom Daschle, who opposed it the other day, said that even though there were only 25 votes against, he was sure that a veto, if it were cast, would be sustained. We have no doubt that's so. It is another way of saying that if only the president would take the lead and provide the political cover, instead of joining in stripping it away, he could—and should—defend to the voters. If instead he signs the bill, he no doubt will claim it as a triumph, but in moral and policy terms it will be the low point of his presidency.

[From the Buffalo, NY News, July 23, 1996]

DON'T LET RUSH TO WELFARE 'REFORM' LEAVE SOME OF NEEDY WITHOUT HELP

What if time limit is reached and there's no job to get?

In his eagerness to outflank Republicans on the welfare issue and sign almost anything billed as "reform," President Clinton should resist the urge to abandon the long-established concept that there is a national interest in helping the poor become self-sufficient.

That is the chief danger now as Washington's warring factions undertake a mad scramble to produce some sort of welfare legislation before taking time off to go into full campaign mode.

The Republican-led Congress made sensible welfare legislation a little more possible last week by dropping plans to attach Medicaid reform to the welfare bill and to turn Medicaid into a block-grant program controlled by the states.

Ending the guarantee of medical care for the poor never made any sense because the impoverished deserve health care as much as they deserve help with life's other basic necessities.

But it also doesn't make any sense to end the federal guarantee of food and other aid for those who play by the rules and whose only offense is that they're impoverished.

Nor does imposing time limits on welfare recipients make sense except in cases where they refuse to work even though a job is available. The poor—and their children—should not be blamed for economic cycles that may well make finding a job impossible at any given time.

Those are bedrock principles that the nation—and the president—should not forsake amid an understandable distaste for the small percentage of welfare recipients who are slackers.

Unfortunately, the House the other day cast aside those principles by passing a reform plan that ends welfare as a federal entitlement program that takes care of all who deserve help. Instead, the House bill would slash funding and turn the reduced money over to states in block grants.

The states could then structure programs largely as they please, ending the national safety net and competing with one another in a "race to the bottom" as they cut benefits and drive out the poor.

That's no way for an enlightened nation to lift its most vulnerable people. But the final bill that emerges from House-Senate negotiations seems sure now to take that tack.

The other failure of the GOP approach is its time limits regardless of job availability. Clinton, too, recently endorsed time limits, saying the White House will administratively impose a two-year limit but that his action would be unnecessary if Congress could produce an acceptable reform plan.

Details of the new White House initiative—such as how to protect children whose parents get cut off—have yet to be worked out. But in addition to safeguarding kids, the new rule should safeguard those who simply can't find work through no fault of their own.

These basic safeguards should be part of whatever reform bill ultimately reaches the president's desk. If they are not, he should use the same veto pen he's waved at other times—regardless of what the calender says about the election season.

[From the Atlanta Constitution, July 28, 1996]

WELFARE BILLS SUFFER FROM POLITICS

The welfare system must be reformed, and the goal of that reform must be twofold:

It must reinforce a work ethic that has faltered among some welfare recipients;

It must protect the children of poor Americans from hunger and deprivation in an increasingly fickle economy.

Unfortunately, the reform effort making its way through Congress focuses too much on the first goal and too little on the second.

That's not surprising. From the life experience of prosperous, middle-aged, college-educated white males—which describes most of the members of Congress—the rewards of the work ethic seem obvious. It gives you a six-figure salary, a taxpayer-provided staff and free parking, among other things.

But from the perspective of an unemployed mother trying to raise two kids on welfare, the case can seem a little cloudier.

Usually, the family lives in an inner city or isolated rural area, where jobs are scarce and transportation difficult. If the mother overcomes those obstacles and gets a job, and if she works 40 hours per week, every week of the year at $5.10 an hour—which is 20 percent above the minimum wage—she stands to make a grand total of $10,608 a year. In the process, she may also lose health insurance for her family, because most low-wage jobs do not include a benefits package.

Imagine trying to raise two children on $10,000 a year in today's economy. Child care alone would take a huge chunk of her pay. She has the option, of course, of choosing not to pay for child care, to leave her children on their own while she's working. Given our problems with juvenile crime, that's not a choice to encourage.

If welfare reform is to work, it has to make work a viable option. It must subsidize child care for that working mother. It must extend health insurance coverage for the working poor. And it must offer training and education, so that she has at least the hope of rising out of that $5.10-an-hour job into something better.

Some of those steps cost money, at least in the short term. In the long term, such reform will benefit the mother; benefit her children, to whom she is a role model; and benefit society, which is currently losing the value of her labor and incurring the expense of supporting her and her children.

The House and Senate have passed separate but similar welfare bills, and are trying to resolve their differences and send a measure to President Clinton for his signature. Their effort is fatally flawed, however, because in addition to the goals listed above, Congress is using the legislation to pursue two less admirable goals.

It is trying to balance the budget on the backs of the poor. Even though true welfare reform will cost more money in the short term, and even though entitlement programs for the middle class are far more expensive than welfare programs, deficit cutters have focused on the poor, cutting $60 billion from food stamps and other programs over the next six years.

The bill is calculated as an election-year dare to Clinton. He has made clear his uneasiness with the bill's impact on poor children, but has nonetheless indicated a willingness to consider signing the Senate's more reasonable approach. But Republicans seem intent on forcing him to veto the legislation. As Bob Dole grumbled on the campaign trail, "He's not going to get that bill. He's going to get a tougher bill."

And as House Speaker Newt Gingrich put it, "I believe we win from this point on no matter what happens."

Welfare reform is important, but apparently less important than election-year politicking.

[From the Chicago Tribune, July 21, 1996]

PLAYING 'GOTCHA!' ON WELFARE REFORM

The House passed a new welfare bill Thursday, and the talk afterward was not of what the bill would mean for the children and adults who depend on the kindness of the taxpayers, but of a political calculus.

"In the end," said House Majority Leader Dick Armey, "the president is going to have to make a determination whether or not he's going to sign this bill and satisfy the American people while he alienates his left-wing political base, or if he's going to veto the bill in order to satisfy the left wing of the Democrat Party and thereby alienate the American people."

In other words, "Gotcha!"

And that pretty much captures what's been wrong from the beginning with the effort to legislate welfare reform. Clinton has exploited the issue to establish his bona fides as a "new Democrat." The Republicans, suspecting insincerity on Clinton's part, have used it to bash him and back him into a corner.

Suffusing the entire debate have been two notions, one simply wrongheaded and the other both wrongheaded and pernicious.

The first is that reforming welfare is a way to save money. It is not, at least initially. Done properly—that is, with the purpose of getting welfare parents into the work force—reform will actually cost more money, for job training, child care and so forth. (And whatever else the 9 million children on welfare suffer from, it is not from having too much money spent on them.)

The second notion, which partisans on neither side have done enough to counter, is that welfare reform is about getting black layabouts off the public dole. In fact, most welfare recipients are not black. But that continues to be the accepted stereotype and, one suspects, a substantial motivator of the welfare-reform push.

In its broad outlines, the newly passed House bill differs little from the measure that Clinton vetoed earlier this year. It ends welfare as a federal entitlement and converts it into a program of block grants to the states, which would be free, within very broad limits, to devise their own programs of poor support.

This devolution is a good idea. Clinton has acknowledged that implicitly by granting numerous waivers for state welfare experiments over the last 3½ years. Perhaps the most promising such experiment, Wisconsin's W–2 program, which substitutes private and public jobs for cash assistance and ought to be the paradigm for all welfare, is awaiting waiver approval even now.

But eliminating welfare's entitlement status is a grievous error of historic proportions. Indeed, Sen. Carol Mosely-Braum (D-Ill.) did not exaggerate when she called it an "abomination."

That the world's richest nation would not guarantee help for poor children—and Aid to Families With Dependent Children is nothing except a vast childcare program—is outrageous. It represents not progress but regression. And while Dick Armey may be convinced that that's what the American people want, we are not.

Mr. WELLSTONE. Mr. President, I do want to talk about this piece of legislation. I have heard some discussion about doing good. Let me start out with what is a very important framework to me as a Senator from Minnesota. It is a question. Will this legislation, if passed, signed into law by the President, create more poverty and more hunger among children in America? And if the answer to that question is yes, then my vote is no.

Mr. President, we were discussing welfare reform several years ago, and we said that we should move from welfare to work, that that would include job training, education training, making sure the jobs were available that single parents—mostly mothers—could support their children on, and a commitment to child care.

Just about every single scholar in the United States of America has said that this is what reform is all about. You have to invest some additional resources. Then, in the long run, not only are the mothers and children better off, but we are all better off. That is real welfare reform. Slashing close to $60 billion in low-income assistance is not reform, colleagues. It is punitive, it is harsh, and it is extreme.

Mr. President, we have been focusing in this Congress on the budget deficit. I think, today, what we see in the U.S. Senate is a spiritual deficit because, Mr. President, I know some of my colleagues do not want to look at this. They push their gaze away from unpleasant facts and an unpleasant reality. Sometimes people do not want to know what they do not want to know.

Mr. President, the evidence is irrefutable and irreducible: This legislation, once enacted into law, will create more poverty and hunger among children in America. That is not reform.

Mr. President, we have here about $28 billion of cuts in nutrition assistance. I believe when the President spoke yesterday he was trying to say that does not have anything to do with reform, and he intends to fix that next Congress. But I worry about what will happen now. Mr. President, 70 percent of the citizens that will be affected by these cuts in food nutrition programs are children, 50 percent of the families have incomes of under $6,300 a year. Our incomes are $130,000 a year.

Mr. President, there will be a $3 billion cut over the next 6 years in food assistance, nutrition assistance, even for families who pay over 50 percent of their monthly income for housing costs. So now we put families in our country—poor families, poor children—in the situation of "eat or heat," but they do not get both. At the same time, my colleagues keep wanting to cut low-income energy assistance programs. This is goodness? This is goodness?

Mr. President, I was involved in the anti-hunger struggles in the South. I saw it in North Carolina, and I remind my colleagues, maybe they want to go back and look at the exposés, look at the Field Foundation report, look at the CBS report, "Hunger USA." Where are the national media? Why are we not seeing documentaries right now about poverty in America?

Mr. President, the Food Stamp Program, which we dramatically expanded in the late 1960's and early 1970's, with Richard Nixon, a Republican, leading the way, has been the most effective and important safety-net practice in this country. As a result of expanding that program, we dramatically reduce hunger and malnutrition among children in America.

Now we are turning the clock back, and some of my colleagues are calling this reform. Mr. President, how did it get to be reform, to cut by 20 percent food nutrition assistance for a poor, 80-year-old woman? How dare you call it reform. That is not reform. How did it get to be reform to slash nutrition programs that are so important in making sure that children have an adequate diet? How dare you call it reform. That is not reform. How did it get to be reform to essentially eliminate all of the assistance for legal immigrants, people who pay taxes and work? How dare you call that reform. That has not a thing to do with reform.

The Urban Institute came out with a report several weeks ago. Isabel Sawhill, one of the very best, said this legislation will impoverish an additional 1.1 million children. We have had these analyses before. The Office of Management and Budget had a similar analysis. So did the Department of Health and Human Services. How dare you call a piece of legislation that will lead to more poverty among children in America reform?

Marian Wright Edelman of the Children's Defense Fund is right: To call this piece of legislation reform is like calling catsup a vegetable. Except this time it is more serious, because many more children, many more elderly, many more children with disabilities will be affected.

Mr. President, the evidence is really irreducible and irrefutable. Bob Greenstein, who has won the MacArthur Genius Award for his work, crunched the numbers about what it means in personal terms, real terms for the most vulnerable citizens in America, but my colleagues are too worried about polls. They are too worried about the politics of it, and they turn their gaze away from all this.

Mr. President, I do not particularly care about words like "entitlement." But I do think as a nation we are a community, and up until the passage of this legislation, if signed into law, we as a nation said, as a community we will make sure there is a floor beneath which no child can fall in America. Now we have eliminated that floor. We are now saying as a Senate that there will no longer be any floor beneath which no child can fall. And you call that reform?

Mr. President, we had a proposal out here on the floor of the Senate that said, if you are going to cut people off from work, if you are going to cut people off from welfare, at least require the States to provide vouchers. The CBO tells us we do not have the money for the job training slots, and people will not necessarily find work, and then you will cut the adult off work. So we added an amendment that said, "For God's sake, at least make sure there are vouchers for Pampers, for health care, for food for the children." That amendment was rejected.

So we have no requirement that at the very minimum, even if you are going to cut a parent off of welfare, at least make sure the law of the land says that every State from Mississippi to Missouri to Minnesota to California to Georgia, that at least there will be vouchers for Pampers, for food, for medical assistance, and you vote "no" and you say there will be no vouchers. And you call that reform?

Mr. President, in the Senate, I introduced an amendment, and it was accepted. It said in all too many cases, too many of these women have been victims of domestic violence, they have been battered, and welfare is the only alternative for too many women to a very abusive and dangerous situation at home. So every State will be required to have services for these women and not force people off the rolls if, in fact, there needs to be additional support.

It took Monica Seles 2 years to play tennis again after she was attacked. Imagine what it would be like to be beaten up over and over again. That amendment was knocked out in the conference—no national requirement, no protection. Maybe it will be done in the States and maybe it won't.

Mr. President, I had a safety valve amendment. It was defeated. Senator KERRY from Massachusetts had another one which was watered down, but important. It was knocked out in conference committee. It said, why don't we at least look at what we have done, and if in fact there is more poverty and hunger, then we will take corrective action in 2 years. That was knocked out in conference committee. You call that reform?

Mr. President, let me be crystal clear. You focus on work, you focus on job training, you focus on education, you focus on making sure that families can make a transition from welfare to work, and that is great. Eliminating services for legal immigrants, draconian cuts in food nutrition programs for children and the elderly, deep cuts in assistance for children with disabilities—none of this has anything to do with reform. This is done in the name of deficit reduction.

When I had an amendment on the floor that dealt with all of the breaks that go to some of the oil companies, or tobacco companies, or pharmaceutical companies, that was defeated. When we had a budget that called for $12 billion more than the Pentagon wanted and we tried to eliminate that, that was defeated. But now when it comes to poor children in America, who clearly are invisible here in Washington, DC—at least in the Congress—faceless and voiceless, how generous we are with their suffering. And you dare to call that reform? You dare to say that, in the name of children, when you are passing a piece of legislation that every single study says will increase poverty and hunger among children. Vote for it for political reasons, but you can't get away with calling it reform. It is reverse reform. It is reformatory, it is punitive, it is harsh, it is extreme. It targets the most vulnerable citizens in America—poor children.

Mr. President, in this insurance reform bill we are going to be dealing with, late last night someone inserted a 2-year monopoly patent extension for an anti-arthritis drug, a special interest gift to one drug company, because then you don't have the generic drugs. Late last night, someone put this into the insurance reform bill. There you go. There is some welfare for a pharmaceutical company. But they are the heavy hitters. They have the lobbyists. They are well-connected. We do just fine by them. But for these poor children, who very few Members of the Senate even know, we are all too generous with their suffering.

Mr. President, I had an amendment that was passed by a 99-to-0 vote that said the Senate shall not take any action that shall create more hunger or homelessness among children. Now we are slashing $28 billion in food nutrition programs with the harshest effect being on children in America. Can my colleagues reconcile that for me? I would love to debate someone on this. I doubt whether there will be debate on it, because the evidence is clear.

Mr. President, President Clinton said yesterday that he will sign the bill, and he said that he will work hard, I presume next Congress, to correct what he thinks is wrong. He pointed out that these draconian cuts in food nutrition programs and in assistance to legal immigrants are wrong, they have nothing to do with reform. He is absolutely right.

Personally, it is difficult for me to say, well, with the exception of these draconian cuts in food assistance programs for children and the elderly, with the exception of these draconian cuts for children with disabilities, and draconian cuts for legal immigrants, this is a pretty good bill otherwise. I can't make that argument. But I will work with the President because, clearly, this is going to pass, and, quite clearly, corrective action is going to have to be taken next Congress.

But, for myself, Mr. President, I am a Senator from the great State of Minnesota. As Senator Hubert Humphrey said, the test case for a society or government is how we treat people in the twilight of their lives—the elderly; how we treat people at the dawn of their lives—the children; and how we treat people in the shadow of their lives—the poor, and those that are struggling with disabilities. We have failed that test miserably with this piece of legislation.

Mr. President, I come from a State that I think leads the Nation in its commitment to children and its commitment to fairness and its commitment to opportunity. As a Senator from Minnesota that is up for reelection this year, there can be one zillion attack ads—and there already have been many, and there will be many more—and I will not vote for legislation that impoverishes more children in America. That is not the right thing to do. That is not a Minnesota vote.

Mr. President, in my next term as a U.S. Senator from Minnesota, I am going to embark on a poverty tour in our country. I am going to bring television with me, and I am going to bring media with me, and I am going to visit these children. I am going to visit some of these poor, elderly people. I am going to visit these families. I am going to visit these legal immigrants. I am going to have my Nation focus its attention, and I am going to have my colleagues, Republicans and Democrats alike, focus their attention on these vulnerable citizens. And, if in fact we see the harshness, the additional poverty, and the additional malnutrition, which is exactly what is going to happen, I am going to bring all those pictures and all of those voices and all of those faces and all of those children and all of those elderly people back to the floor of the U.S. Senate, and we will correct the terrible mistake we are making in this legislation.

Mr. President, I yield the floor.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997 CONFERENCE REPORT

The PRESIDING OFFICER. The conference report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3603) a bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

(The conference report is printed in the House proceedings of the RECORD of July 30, 1996.)

Mr. COCHRAN. Mr. President, I present for the Senate's approval today the conference report on H.R. 3603, the fiscal year 1997 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act.

The conference agreement provides total appropriations of $53.3 billion. This is $10 billion less than the fiscal year 1996 enacted level and $5 billion less than the level requested by the President. It is $1 billion less than the total appropriations recommended by the Senate-passed bill and $228 million more than the level recommended by the House bill.

Including congressional budget scorekeeping adjustments and prior-year spending actions, this conference agreement provides total discretionary spending for fiscal year 1997 of $12.96 billion in budget authority and $13.34 billion in outlays. These amounts are within the subcommittee's discretionary spending allocations.

The committee of conference on this bill considered 147 amendments in disagreement between the two Houses. I believe it is a credit to the all members of this subcommittee who served as conferees on the part of the Senate and to the House Members who served on the conference committee that we were able to resolve our differences and reach a conference agreement 6 days after the Senate passed the bill. I would like to thank the ranking member of the subcommittee, the Senator from Arkansas, Mr. BUMPERS; the chairman of the House subcommittee who chaired the conference, the Congressman from New Mexico, Mr. SKEEN; the ranking member of the House subcommittee, the Congressman from Illinois, Mr. DURBIN; as well as all House and Senate members of the conference committee for their support and cooperation in this regard.

It is with a great deal of pride that I can say this Appropriations Subcommittee has done its work, completing action on this appropriations bill to assure that funding for those agencies it covers is in place before the start of the new fiscal year. Senate adoption of this conference report today is the final step necessary to allow this measure to be sent to the President for signature into law. We have every indication that the bill will be signed by the President.

Approximately $40.4 billion, close to 76 percent of the total new budget authority provided, is provided for domestic food programs administered by the U.S. Department of Agriculture. These include food stamps; commodity assistance; the special supplemental nutrition program for women, infants, and children; and the school lunch and breakfast programs. This is $58 million below the House bill level and $906 million below the Senate level. The difference from the Senate recommended level is principally due to the fact that the Senate receded to the House on the amount for the Food Stamp Program contingency reserve which was $900 million below the Senate bill level.

For agriculture programs, the conference report recommends a total of $7.5 billion, $104 million more than the House-recommended level and $19 million more than the Senate bill level. This amount includes $1.1 billion for agricultural research and education, $426 million for extension activities, $438 million for the Animal Plant Health and Inspection Service, $574 million—the full budget request level—for the Food Safety and Inspection Service, $746 million for the Farm Service Agency, and $64 million for the Office of Risk Assessment.

For conservation programs, the conference report recommends $770 million, $2 million more than the House bill level and $20 million less than the level recommended by the Senate.

For rural economic and community development programs, the bill recommends $2 billion, $136 million more than the House level and $108 million less than the Senate bill level. Included in this amount is $556.9 million for the Rural Utilities Assistance Program, which combines funding for rural water and waste disposal loans and grants and solid waste management grants. This represents an increase of $79 million over the 1996 level. The bill also provides a total loan level of $3.5 billion for rural housing loan programs, the same as the level approved by the House and Senate, and $519 million over the 1996 level.

For foreign assistance and related programs of the Department of Agriculture, the bill recommends $131 million for the Foreign Agricultural Service, including $27.5 million for the Cooperator Program; a total program level of $1.1 billion for the Public Law 480 Food for Peace Program, including a program level of $240.8 million for title I, $837 million for title II, and $29.5 million for title III.

Mr. President, this bill provides funding for many essential programs, programs which enhance and support the productivity of our agricultural sector, which provide essential services to the small and rural communities of this Nation, which conserve and protect our natural resources, and which provide needed food assistance, not only to those abroad but to assure no American goes hungry. Many of these programs are worthy of additional funding. However, we are also working to reduce the overall costs of Government and to assure efficiencies in the operation of Government programs. This bill is consistent with our overall budgetary and policy goals.

Mr. President, the conference report we present to the Senate today reflects a mutually satisfactory resolution of the differences between the two Houses. It does so in a manner which reflects the funding requirements of the many programs and activities covered by the bill within the limited resources available.

I recommend its adoption by my colleagues.

REGARDING THE CENTER FOR APPLIED AQUACULTURE IN HAWAII

Mr. INOUYE. Mr. President, over the years, the Congress has been supportive of utilizing Hawaii's unique environment to develop important science-based aquaculture technology and to demonstrate and provide that technology to the U.S. aquaculture industry. With initial construction funding for Hawaii's Center for Applied Aquaculture in 1988 and subsequent installments in 1994 and 1995, enough money has been appropriated in the Cooperative State Research, Education and Extension Service's buildings and facilities account to complete construction of a full-fledged aquaculture research and precommercialization facility in the Hawaiian Islands.

The dynamic proposal for the Center for Applied Aquaculture has grown to demonstrate the importance of a core research facility together with satellite facilities, including grow-out ponds to demonstrate new technology on a larger than laboratory precommercialization scale, protected quarantine facilities to ensure the all-important maintenance of disease free fish stock, and a hatchery to supply fry to the research and demonstration components.

Hawaii's island geography and the physical limitations of the core research facility dictate the establishment of the essential satellite demonstration, quarantine and hatchery facilities on neighboring islands. There would be no question about building these integral components if the core research site could accommodate them properly. However, with no further appropriation and with the support of the Agriculture Department for the satellite components, all of this can still be accomplished in Hawaii. I would hope that my colleagues, Chairman COCHRAN and Senator BUMPERS, could support this vision of Hawaii's Center for Applied Aquaculture, which will not only provide for a total package of groundbreaking aquaculture technology that can be demonstrated at a level to make it viable for private commercial investment, but will also give the Federal Government the highest and best use of its investment over the last 8 years.

Mr. COCHRAN. I agree with my colleague from Hawaii and recommend that the Department favorably consider the Center for Applied Aquaculture's plans to establish a complete aquaculture research and precommercialization facility in Hawaii.

Mr. BUMPERS. I would like to associate myself with Senator COCHRAN's comments on this matter and urge the Department to respond positively to the Center for Applied Aquaculture's proposal for a core aquaculture technology development facility together with integral satellite facilities to demonstrate those technologies for the benefit of U.S. aquaculture industry.

Mr. INOUYE. I very much appreciate my colleagues' interest and support for enhancing the U.S. aquaculture industry by developing, testing, and transferring science-based technology to the commercial aquaculture sector.

HORTICULTURAL AND WATER MANAGEMENT RESEARCH LABORATORY

Mrs. BOXER. Mr. President, I would like to ask the ranking member of the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies about a facility important to U.S. agricultural research and the State of California. The President's budget request included $22 million for construction of a Horticultural and Water Management Research Laboratory at Palier, CA. This facility will be operated by the Agricultural Research Service [ARS], the research arm of the Department of Agriculture.

This facility will contribute greatly to solutions for many of the problems facing our farmers and others reliant on proper management of our natural resources. The facility will conduct critically important research on water management, postharvest quality, insect control and quarantine operations. All these functions are becoming increasingly important as we all try to balance the needs of water users, environmental protection, and the maintenance of a safe and abundant food supply. Currently, this research is housed in inadequate and inappropriate space, with many researchers using parked trailers as office and laboratory facilities. I agree with the President that this facility must be completed as soon as possible in order to upgrade our Nation's research capabilities and continue to make our farmers competitive in growing world markets.

I would like to know if the Senator can share with me the views of the conferees of the pending appropriations bill regarding this important project.

Mr. BUMPERS. I would like to respond to the Senator from California by stating that I and the other conferees are very aware of this budget item and agree that construction should commence at the earliest possible date.

I am happy to report that the Senate bill included $11 million for this facility. I wish we could have provided the full amount requested by the Senator from California, but our allocation, being severely reduced from the previous year, prevented us from meeting her full request. Unfortunately, the House provided no funding for this project.

As the Senator knows, once construction begins, any delays in project completion eventually result in greater cost. There were a number of ARS facility projects nearing completion that could be completed in fiscal year 1997. Accordingly, the conferees decided to complete those projects before allocating funds for new facilities in order to better manage our limited resources.

There was discussion about the merits of the Palier laboratory during House and Senate conference negotiations. It is intended that by completing ongoing projects, which will be no longer the subject of future appropriations, we will be able to provide higher levels of funding for other priority needs. If we can provide full funding for the Palier facility next year, it will serve the double benefits of assisting the U.S. agricultural industry and helping us use our fiscal resources more efficiently.

Although it is impossible now to know what our allocation will be for fiscal year 1998, it is clear that if provided adequate resources, it would be to everyone's advantage to provide full funding for the Palier laboratory in the fiscal year 1998 appropriations bill.

Mrs. BOXER. I thank the Senator for his explanation and I look forward to working with him again next year on this important project.

Mr. DOMENICI. Mr. President, the Senate is considering the conference report accompanying H.R. 3603, the agriculture, rural development and related agencies appropriations bill for fiscal year 1997.

The conference agreement provides $52.3 billion in new budget authority [BA] and $44.9 billion in new outlays to fund most of the programs of the Department of Agriculture and other related agencies. All of the funding in this bill is for nondefense purposes.

When outlays from prior-year appropriations and other adjustments are taken into account, the final bill totals $55.3 billion in BA and $54.2 billion in outlays for fiscal year 1997. Including mandatory savings, the subcommittee is $158 million in BA and $71 million in outlays below its 602(b) allocation.

The final conference agreement includes legislative changes in mandatory programs totaling $505 million and $484 million in outlays. The savings from these provisions are then used to pay for discretionary spending in the bill.

The majority of these mandatory savings come from provisions limiting the standard deduction under the Food Stamp Program. CBO scores these savings at $345 million in both BA and outlays for fiscal year 1997.

The Senate will soon take up the conference report on the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—the long-awaited welfare reform bill—that has gained bipartisan support and a commitment from the President to sign this bill into law.

This historic measure includes identical savings from freezing the food stamp standard deduction. By counting these savings in both bills, which are expected to be signed by the President, we give up additional deficit reduction by the amount of the duplicate mandatory savings.

These mandatory savings assist the subcommittee in completing the appropriations bill well within its current 602(b) allocation. For discretionary spending, the final bill is $991 million in BA and $774 million in outlays below the President's budget request. The final bill is $159 million in BA above the House-passed bill, and $9 million in outlays below the House-passed bill. The conference agreement is $884 million in BA and $694 million in outlays below the 1996 level.

I am pleased that the conferees retained the language I requested requiring competitive bidding for WIC infant formula. This provision will ensure that in these times of tight budgets we maximize the benefits we get from the dollars we spend on this important program.

It is estimated that up to one quarter of the WIC caseload—1.5 million children and pregnant women—is served as a result of the $1 billion in savings generated from competitive bidding for infant formula.

I thank the distinguished subcommittee chairman for including this provision in the bill and retaining the language in conference.

Mr. President, I ask unanimous consent that a table displaying the Senate Budget Committee scoring of the final bill be printed in the RECORD.

AGRICULTURE SUBCOMMITTEE: SPENDING TOTALS—CONFERENCE REPORT

[Fiscal year 1997, dollars in millions]

	Budget authority	Outlays
Nondefense discretionary:		
Outlays from prior-year BA and other actions completed		$3,853
H.R. 3603, conference report	$12,960	9,487
Scorekeeping adjustment		
Subtotal nondefense discretionary	12,960	13,340
Mandatory:		
Outlays from prior-year BA and other actions completed	497	3,533
H.R. 3603, conference report	39,385	35,435
Adjustment to conform mandatory programs with Budget		
Resolution assumptions	2,418	1,845
Subtotal mandatory	42,300	40,813
Adjusted bill total	55,260	54,153
Senate Subcommittee 602(b) allocation:		
Defense discretionary		
Nondefense discretionary	13,118	13,411
Violent crime reduction trust fund		
Mandatory	42,300	40,813
Total allocation	55,418	54,224
Adjusted bill total compared to Senate Subcommittee 602(b) allocation:		
Defense discretionary		
Nondefense discretionary	−158	−71
Violent crime reduction trust fund		
Mandatory		
Total allocation	−158	−71

Note: Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions. Prepared by SBC Majority Staff, July 31, 1996, 06:50 p.m.

MEDGUIDE

Mr. COATS. Mr. President, I want to engage the Senator from Mississippi, Senator COCHRAN, the chairman of the Senate Appropriations Subcommittee on Agriculture, about his understanding of the provision included in the conference report of the fiscal year 1997 Agriculture appropriations bill relating to the FDA's proposed medguide regulation.

Am I correct in saying that the conferees retained the language in the conference report that was adopted by the full Senate last week?

Mr. COCHRAN. Yes, Senator. This conference report retains the language, as adopted by the Senate, that prevents further finalization or implementation of the medguide regulation.

Mr. COATS. At this point, I would like to make sure I understand that this provision does not preclude the FDA from using its existing authority to require, on a drug-by-drug basis, the provision of written information prepared by the manufacturer to consumers about prescription drugs that pose a serious risk.

We have been informed by the FDA that it will only be required to use its existing authority to require patient information for a very limited number of products.

Mr. COCHRAN. That is the committee's understanding, as well. The committee believes that the FDA's current authority to require written patient information is essential for certain prescription drugs, on a drug-by-drug basis, in cases where they pose a serious risk to the patient if used inappropriately.

Mr. COATS. I thank the Chairman for clarifying this and appreciate his leadership and assistance in helping us craft a compromise that is acceptable to the committee and to the FDA.

MEDICATION GUIDES

Mr. KENNEDY. The provision we are enacting on medication guides places certain limitations on the FDA regarding its pending medication guide regulation as it pertains to voluntary information provided by pharmacists. However, as you know, there was another part of the pending FDA regulation that was not intended to be affected by this provision. That was the FDA's intention to require FDA-approved patient leaflets for drugs that pose a serious and significant public health risk. Those would be drugs that cannot be used appropriately without specific written information provided to the patient. Although the instances in which such leaflets would be required would be very small—no more than three or four per year—it is critical that FDA have the flexibility to use regulations to ensure that these drugs can be safely used, as was specifically provided for in the House language of H.R. 3603 as well as in the Senate report accompanying H.R. 3603 which stated "this provision is not to be construed as prohibiting the FDA from using its existing authority or regulatory authority to require as part of the manufacturers' approved product labeling the dispensing of written information inserts to consumers on a case-by-case basis with select prescription drugs to meet certain patient safety requirements."

Mr. BUMPERS. Your understanding is correct. As we noted in the Senate report accompanying H.R. 3603 at the time, the provision covering the voluntary medication leaflet program was not to be construed as applying in any way to the FDA's use of its existing authority to require patient leaflets for drugs that can cause severe birth defects, have serious adverse reactions when used with other drugs, and similar instances that pose a serious and significant public health risk.

Mr. KERREY. Mr. President I would like to express my appreciation to the managers of the FY1997 Agriculture Appropriations bill, the Senior Senator from Mississippi Mr. COCHRAN and the Senior Senator from Arkansas Mr. BUMPERS. Both Senators worked very hard to see that a well balanced bill came out of Conference. I would also like to note my appreciation that the conferees made a very wise decision to fully fund the Food Safety Inspection Service. Full funding for FSIS allows our food safety inspectors to do their job of protecting the nation's meat and poultry. I also rise to engage Mr. BUMPERS in a colloquy regarding the importance of food safety research done by the Agricultural Research Service. Understanding the enormous role that research plays in agriculture, I believe it is important to note that by increasing funding for food safety research the conferees laid the groundwork for a safe food supply well into the next century.

Mr. BUMPERS. Mr. President, I also rise in support of the conferees decision to increase spending on food safety research through the Agricultural Research Service. This research is a very important part of the Federal Government's effort to protect the nation's food supply. The FY1997 Agriculture Appropriation's Conference Report sets spending for ARS Food Safety Research at $5.5 million. By increasing funding for this research the Conferees took an important step toward ensuring that our food supply meets our highest expectations.

Mr. KERREY. Mr. President, I appreciate Senator BUMPERS' support of this important issue. I would like to talk about several particular food safety research initiatives. I strongly support, along with the Conferees, three important components of pre-harvest and post-harvest food safety research proposed by the Agricultural Research Service. The Conferees made the right decision to fund research of methodologies for Hazard Analysis and Critical Control Points (HACCP) validation, host-pathogen relationships and rapid on-farm DNA-based diagnostic testing.

ARS should emphasize research on the genetic basis for host-pathogen relationships. Scientists already know that exposure, infection, and contamination of live animals by certain bacteria and parasites can result in pathogens in our meat-based foods. Further research in this area will enable scientists to develop methods to identify and select animals that are resistant to foodborne pathogens.

Along with studying the host-pathogen relationship, it is important that researchers develop rapid, specific, and sensitive DNA-based diagnostic tests that will allow identification of pathogens in live animals and their production environment. By developing technologies and techniques that make this identification possible, we will be able to prevent meat and poultry contamination problems in the early stages of production.

It is also very important that ARS develop on-line methodologies for HACCP validation. HACCP involves the systematic identification and prevention of safety hazards in food production processes. I applaud the administration's decision to implement this program and once again would like to emphasize the importance of the Conferee's decision to fully fund the Food Safety Inspection Service so that the benefits of HACCP can be recognized. Does the Senator agree that the three research areas I just described are important to the agricultural community and as a result deserve the funding we allocated to that purpose?

Mr. BUMPERS. I thank the Senator from Nebraska for his question. I support the Conferees decision to fund research of host-pathogen relationships, rapid on- farm DNA-based diagnostic testing and improved methodologies for HACCP validation. These three areas have been targeted by the administration as priority research that should be carried out by the Agricultural Research Service, and I support that prioritization.

By supporting research to elucidate the relationship between livestock and pathogens, we will lay the foundation for breeding livestock that are resistant to foodborne pathogens and developing effective on-farm diagnostic tests. In this manner, scientists can improve our food production systems in the earliest stages before the meat ever reaches the processor. Furthermore, effective methodologies for HACCP validation will help federal food safety inspectors to ensure that our meat and poultry is not contaminated. The Conferees sent a strong message that they support food safety research at the Agricultural Research Service and I am pleased that the bill provides increased funding for this purpose.

The PRESIDING OFFICER. Under the order of yesterday, the 31st of July, 1996, the Senate having received the conference report on H.R. 3603, the agriculture appropriations bill, the conference report is agreed to, and the motion to reconsider is laid on the table.

The conference report was agreed to.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

UNANIMOUS-CONSENT AGREEMENT

Mr. DOMENICI. Mr. President, at the request of the minority, they desire one block of time, instead of rotation, between 12 and 1. I checked with our side. We are willing to do that provided that, for instance, they go from 12 to 1 and then from 1:15 to 2:15 we have a block of time. We assume that while this is the welfare bill that the minority intends to speak on a related subject—the economy and the current economic news. And we would like from 1:15 to 2:15 to speak to that same subject. I will control that 1 hour and be here myself with other Senators.

I ask unanimous consent that we proceed now to Senator BOND, 10 minutes; Senator KOHL, 3 minutes; if Senator HUTCHISON arrives, she takes 7; if not, we rotate and have a Democrat; then at the hour of 12 o'clock the Democrats have 1 hour under the control of whomever they designate for discussion on the floor of the Senate; and, then at 1:15 the Republicans have 1 hour until 2:15. That means there are 15 minutes in between. Let us just say we will fill that in with Senators who desire to speak. I propose that as a consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I thank the Chair.

I begin by expressing my sincere thanks and appreciation to the managers of the bill, particularly to my good friend, the Budget Committee chairman, the Senator from New Mexico, Senator DOMENICI. The fact that we have this measure before us today reflects not only all the practice we have had in passing welfare bills but reflects the great skill, the compassion, and the wisdom that he has exercised throughout this process. I think all of us are deeply indebted to the tremendous skill he has shown in keeping us on track to bring us to this day.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. BOND. I am happy to yield.

Mr. DOMENICI. I ask whatever time I use be added to his time.

Does the Senator recall the hours spent in the Budget Committee putting together the first balanced budget resolution in 30 years, and then the floor debate which lasted for the entire time allowed, and then all of the amendments at the end? We did them all with 1 minute intervening, and then a reconciliation bill. We did all that was required to get a balanced budget.

Mr. BOND. I recall it as it if were yesterday.

Mr. DOMENICI. I also managed them both, and I spent more hours on the floor of the Senate and more votes occurred than any period in modern history of the Senate. I might say from time to time—you would agree, would you not—that we had thought perhaps that work was all in vain, at least for this year, but, as a matter of fact, in only a year, we have welfare reform doing away with the 60 years when people have been imprisoned by this system. It was all worthwhile.

Mr. BOND. Mr. President, I say that I well remember that. It only heightened my admiration for the Senator from New Mexico. It was a wonderful experience which I hope not to have to go through again but it was only because of his skill, good humor, wisdom, and kind judgment that we were able to accomplish that work. And it is truly a credit to his ability and his leadership.

Mr. President, today the Senate will take another historic step in trying to curb the size of Government and provide for new approaches to help families in poverty. I am enthusiastic about this welfare reform legislation which we will pass today because it will basically take control from the impersonal inefficient Washington welfare bureaucracies and the dead hand of Congress and return that to State and local governments who are closer to the people, giving them the freedom to implement new ways to fight poverty.

There can be no doubt that the current system is a failure. That should be the one thing that is agreed upon by Republicans, Democrats, liberals, conservatives, and anyone else who is concerned about their fellow man today. It is cruel to adults who are treated like numbers when they need public assistance. It is even crueler to the children because it encourages a lifetime of dependency and they are raised in an atmosphere without hope. The current system discourages work but it encourages illegitimacy. The current welfare system does not punish poor behavior—even behavior which threatens children, like not sending them to school, or not seeing that they receive their immunizations. The current welfare system does not even punish drug abuse among parents who may be welfare recipients.

I am pleased that this conference report contains a provision which I authored that deals with an outrageous problem that came to my attention as a result of some efforts by the good folks in my home State of Sedalia, MO. In Sedalia, a private employer was trying to hire workers at a $6.50 per hour wage to process food. The employer worked with the local Family Services Division office and had some welfare recipients come out and get jobs. That was a win-win for those folks who got jobs, and for all of us in Missouri as taxpayers. Some of the recipients were interviewed and then hired. They now have good paying jobs. They are paying taxes. They are not living off the Government. They are contributing members of society. They can take pride in what they are doing for themselves and their families.

However, a few folks did not get a job because they failed a mandatory drug test. They were not hired, unbelievably and terribly unfortunately, because of Federal rules and regulations. The State of Missouri cannot sanction those welfare recipients even though they were known to abuse drugs. They simply met their obligation by showing up for the work interview with drugs in their systems, and as a result of the Federal requirements they were sent back to get their food stamps without having to take a job.

Mr. President, what kind of perverse incentive is that? That is the incentive we have seen too many times in the welfare system today. The people of Missouri are fed up with it. They know it is not working. It is costing money, and not helping the people that it should help. This is an absurd result. It harms the recipients because no one forces them to be responsible for their actions. It certainly harms the children of the drug users because their parents have no incentive. They need not get off drugs to continue to get their assistance. Of course, I would say on a much broader scale it is unfair to all of us as taxpayers who have to finance those habits and provide support for those who are using drugs.

I think this is just one example that shows clearly that the Washington bureaucracy, the congressionally mandated and controlled scheme, cannot serve the needs of the millions of poor people in this country. The fact is in States like Massachusetts, Indiana, Wisconsin, and Utah where Governors have been able to take a tougher approach, welfare rolls have dropped, recipients have found jobs, and deadbeat dads have been forced to take responsibility for their children. Those are the results that we hope to duplicate throughout the country in this reform of welfare.

I am pleased that President Clinton has decided to join us, and I think the overwhelming number of Americans who really want to end welfare as we know it. Countless Americans and I have been terribly disappointed. I felt cheated—not just once but on two previous occasions—when we worked very hard in this body and with overwhelming bipartisan support passed meaningful welfare reform. Those measures were vetoed, protecting the welfare system and its bureaucrats as it exists. Apparently the President has decided to give the American people what they want—real welfare reform.

For some reason, an old story just came into my mind about a politician back home who had held a position for some time. When the clamor of the people got too great, he changed his position. A friend of mine went up to him and said, "Congratulations. I see you finally have seen the light." He shook his head sadly, and said, "No. I just felt the heat." But for whatever reason, the change was welcome in that situation.

It has been said on this floor to those of us who support this welfare reform, "How can you dare call it welfare reform?" How can we dare call it reform? And they contend it would lead to more poverty. It was said that the evidence is irrefutable.

Yes, Mr. President, the evidence is irrefutable. What the current system has done is to force more and more families and more and more children into welfare dependency. It has deprived the children and the families of the responsibility that each and every American citizen has the right to enjoy and the obligation to use. Those who oppose change in the current system must explain and defend the system that has forced so many more families and their children into poverty.

With this great federally controlled, congressionally mandated, Washington-bureaucracy-run poverty system, we have seen the number of families and children in poverty skyrocket. Those who take a poverty tour and want to go out and look at the faces of the welfare recipients, I tell them I have seen those faces, and I have felt the shame that the current system we have is not getting them off welfare.

When you go out and look at the people who are trapped in the system today, remember, it is the current system that has trapped them. Their plight is the direct responsibility of the system that we are here today to change, to give them an opportunity, to give them an incentive, to give them some encouragement to get off welfare, to help them reestablish themselves as responsible, contributing members of the community, able and willing to take care of their children.

To say, as has been said on this floor, that we are abandoning children because we are turning back to the States the opportunity to devise, revise, improve and implement a welfare system is to ignore reality.

I had the opportunity to serve on the other side of this intergovernmental program for 8 years as Governor of Missouri. As we tried to implement the Federal programs handed down from Washington, we found time and time again that what may have been well-intentioned and what sounded like a good idea when it was expounded upon in this body and in the other body, when great ideas from Washington came down as to how we were going to improve the system, what they did was hamstring our ability to shape a system that would serve our people and help them get off welfare.

Too often we have been tied up in red tape and bureaucracy. This now is an opportunity to let the States that do care and that are concerned about those in poverty develop means of getting them off welfare and into work.

I urge my colleagues to support this measure, and I thank those who have worked so hard for its passage.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KOHL addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KOHL. I thank the Chair.

Mr. President, today, the Senate will take what is perhaps its most significant action in my years in this body. Today, we will send to the President a bill that abolishes the failed Federal welfare program. We will send to the President a bill that gives hope to more than 12 million mothers and children who have too long been left alone in a culture of despair and poverty.

I want to make clear a point that may have been lost in the partisan politics that has surrounded this legislation. This bill is not about punishing welfare recipients. This bill is not about turning our backs on families that have been broken and impoverished for too long. This bill is about hope. It is about giving hope to mothers who want to provide a better life for their children. It is about giving hope to children who do not deserve to be imprisoned in a life of crime, hunger and despair. It is about giving hope to communities that want to see their tax dollars go to build their neighborhoods up and not to tear local families down.

As a result of bipartisan input, there are many positive changes in this bill that improve upon previous welfare bills. Child care funding is increased by $4 billion, while health and safety standards for child care facilities are preserved. The School Lunch Program is maintained. The Food Stamp Program remains a guarantee. Programs to prevent child abuse and neglect are continued, and, perhaps most importantly, basic Medicaid health coverage is retained.

There are also provisions in this legislation that I cannot support and I will work to change. We will not turn our backs on the people in communities this legislation is meant to help. As the States submit their plans and as the provisions in this bill take effect, we will continue to monitor them. We will make sure that our new welfare system pulls people and communities up, gives them hope, gives them opportunity and makes them strong.

Yes, today is the beginning of the end of welfare as we know it, and it is good news for the families who have been trapped too long by hopelessness. Today begins a new commitment to bringing the poorest members of communities a new beginning, a chance to build their families, an opportunity for their children's future. This legislation is not about hate. This legislation is about hope. And so I urge my colleagues to support the conference report.

I thank the Chair.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. I understand there is unanimous consent for Senator HUTCHISON, who is not here, to speak. I ask unanimous consent to be allowed to speak for 10 minutes.

The PRESIDING OFFICER (Mr. ASHCROFT). Is there objection? Without objection, it is so ordered.

Mr. KERREY. Mr. President, many good and honorable Senators will vote for this bill today, and their votes and the signature of the President, in my judgment, in no way takes away from their good intentions to make this welfare system better. I do not intend to say or suggest that they are mean-spirited or they are heading in the wrong direction, or anything of the sort.

I come to the floor intending to vote against this bill and would like to explain why. I think this piece of legislation in the context of our budget and the context of our economy will not make things better. Those who believe this new law will make life better for poor Americans who depend upon Government payments for family support, for food stamps, for supplemental security income, the earned-income tax credit, child nutrition, foster care, and the social service block grant, have offered at least three, as I have heard them, three principal arguments with which I strongly agree.

First, I agree that our current welfare system has failed because it penalizes work and rewards behavior which is contrary to the core American values of family, personal responsibility and self-discipline.

I agree that States need far more flexibility and authority in designing systems which are appropriate for their varying needs and circumstances.

And I agree that deficit reduction will help low-income Americans by promoting growth and job creation.

My decision to vote no on this piece of legislation is based upon disagreements, strong disagreements with some of the ideas I have heard promoted in favor of this legislation.

First, I do not agree that income support all by itself promotes self-destructive dependency, lazy behavior, out-of-wedlock births, and many other things that I have heard offered on this floor. I have been dependent on a generous Government check from the taxpayers of this country for 27 years since I was injured in the war in Vietnam. That check has not made me lazy. I have not had one child out of wedlock. I am not dependent upon the Government. I am grateful to my country and willing to give it back in kind.

My motivation predated the decision by a generous nation to say that if you are disabled in the war, we are going to provide you with monthly income support, and we are not going to torment you and constantly challenge you and require you to come in and justify your existence to a Government bureaucrat every single time we think that maybe we do not like what you are doing.

I do not agree that increased welfare spending has caused many of the societal problems we face, nor do I agree with the corollary argument that is oftentimes made that we spend a disproportionate amount of our GDP on the poor.

First, as to welfare causing problems, Mr. President, I would like to read just a few of the economic changes that have occurred in the last 30 years and ask my colleagues to consider what their impact could have been.

Thirty years ago, most communities had laws that said that you could not open your business on Sunday. But as a consequence of a desire to do more business on Sunday, that seventh day that was reserved for the Sabbath, we now have in every community not only stores open on Sunday but open 24 hours a day. Guess who is working in those stores? Not those of us who make over $100,000 a year. We are shopping. We are playing golf. But it is those lower income families who are out there working.

You could make a much better case, Mr. President, that that change in the law has been destructive of families, has been hurtful of communities. I do not make this argument, by the way, but there is no question there have been significant changes in this country as a result of changing our Sunday closing laws.

And consider these economic facts. In 1945, 75 percent of the world's GNP was in the United States; in 1970, it was 50 percent; in 1992, it was 25 percent; in 1995, it was down to a fifth. In 1969, 9 of the 10 largest banks in the world were in the United States. Today, the top U.S. bank is No. 30. In the auto market, the U.S. share was 90 percent, today it is 55 percent. For manufacturing wages versus the rest of the world, we were No. 1 in 1969. In 1994 we are No. 5, after Japan, Germany, France, and Italy.

We have shifted from a manufacturing to a service economy over the last 30 years, and a worker out there, who is not protected as a consequence of being a Member of Congress, a worker out there has to compete against all of those people in the world. He has to compete against people in India who are willing to work for 40 cents an hour, against people in China who are willing to work for 36 cents an hour, against many nations who are willing to pay their people who work 50 cents to a dollar an hour. This has put a tremendous pressure upon people who have lower wages. Mr. President, nearly 30 million people in the work force earn less than $7 an hour.

Rather than merely focusing our attention on how to get people off of welfare, it is far more important for us to ask ourselves the question: In an age when we have an international economy, where we have that kind of pressure upon wages, where we have that kind of pressure on skills—and by the way, I would likely vote for this proposal if it had more money in there for education. We have title 1 students today who are not being taken care of. In Nebraska we have 30,000 students who qualify based upon their income, another 30,000 who qualify based upon math and science skills. We have 12,000 black students in the Omaha Public School System. Only 25 percent of those who graduate have a proficiency in mathematics. We are not fully funding Head Start. We do not say to all Americans, "Don't worry about it, you will be able to go to college." In Nebraska, working families take out a second mortgage on their homes in order to be able to send their kids to the land grant college—a college that was supposed to make it possible for everybody to be able to go to school.

If we had money for education in this legislation, if it was said we are going to do those things we know work—we know Head Start works, particularly title 1—at a cost of $800 per child per year. And to half of the people who need it, based upon their performance in math and reading, we say we do not have the money for you.

When it comes time to build the next generation of attack fighter, we have the money for that. We have another $30 or $40 billion to build the Harrier, because we are afraid of God knows what. Actually, we are afraid of countries to whom we have sold F-16's. All of a sudden we are building a great fear of a new threat out there. We are not afraid, but we ought to be afraid, of what happens when our graduates from high school, in an international economy, cannot read, cannot write, cannot do multistat mathematics, cannot do the things that all of us know in an international economy they have to be able to do if they expect to earn the living that we would like to see all Americans be able to, in fact, earn.

Another presumption I hear is we are spending too much on the poor. These programs we are addressing—I understand we have Medicaid and it is about $25 billion just for acute care for the poor. And we have some housing programs, some are low and moderate, some just for the poor. But just for these programs themselves we are going to spend 1.4 percent of the GDP. We have a $7 trillion GDP right now. These programs represent about $102 billion.

We are not going to address Social Security, Medicare, or benefits that go to people like me who have substantial income but still receive a Government check. We are not going to do any of that. We are going to go after people who have low incomes and we are going to say: You are really the problem. We have to take our deficit toll upon you. Mr. President, 1.42 percent, going to 1.5 percent of the Nation's economy.

By the way, for my colleagues, I believe there is a relationship between our economy and what we can afford. I am an advocate of economic growth, I want our tax, regulatory, and spending policies to promote growth. Our wealth does determine how much we are able to give to those who are less fortunate, whose lives have been affected by some disaster or another, who are struggling to compete in this economy of ours. But, for gosh shakes, 1.5 percent is hardly what I would call an excessive tithe. Indeed, under this proposal instead of going from 1.42 and adding 8 hundredths of a percent, we are going to go from 1.42 to 1.38.

You have not heard me come and say I think these cuts are draconian and people are going to be foraging in the street for food. But I do not think a generous Nation that has our children in the classroom saying we are "one Nation, under God, indivisible, with liberty and justice for all," can look at this and say 1.4 percent of our GDP going to poor Americans is excessive and it is something we are not able to afford.

In addition, I make over $100,000 a year. I have not heard anybody come down and say, "Bob, this is what we think your contribution ought to be for deficit reduction." I have not heard anybody come to me and say, "We think you ought to give up a little bit, too." I think concerns about equity when we are doing deficit reduction are legitimate and need to be surfaced.

I hope, in the aftermath of this bill's passage and signing, we are able, in 1997, as we look at our budget, to adjust not just our entitlement programs, and those entitlement programs that are going to upper-income American, and say we are going to try to provide additional discretionary money for education and for low-income people so we can deal with many of the underlying problems that both the supporters and opponents of this legislation have addressed. I do not believe we can have a liberal democracy and a free enterprise system of capitalism, I do not believe we can say to our people you have to compete in a global society and we are going to try to keep the trade barriers as low as possible, I do not believe that any of that works unless we are willing to do those things that we know work. We are not doing them today. We are saying we are short for Titler 1, we are short for Head Start, we are short for college loans, short for all these other things. I think it will, indeed, come back to haunt us.

We do know what we can do as a follow-on to this legislation. As I indicated, if there were more resources here for education, for training, for those things that would actually provide what I would consider to be a reasonable safety net in an international economy, I would likely support it.

Let me give one final example. The previous occupant of the chair, Senator INHOFE, introduced a piece of legislation dealing with limbs for low-income working families. He identified a very important problem.

The problem is this. We spent $1 billion for all prostheses in America, arms and legs. That is about a fourth of what we spend on antacids to cure our stress, half of what we spend to feed our dogs and cats—hardly what I call an excessive expenditure. But if you are a working family that does not have health insurance and have an income of $15,000 a year and your 10-year-old daughter loses her leg above the knee and you go to your prosthesist and find out the prosthese will cost $12,000, what do you do? You cannot afford it. So you consider trying to do the same sorts of things that are being done for Third World nations. Can we use used parts to try to assemble a limb and an arm for this 10-year-old child to be able to make life better?

I mention this only because all the arguments about wanting to provide an incentive for work are not going to be effective unless we, as a follow-up to this legislation, not only provide in the appropriations process the money needed to educate our people, but also as a follow-up, we consider this fundamental question: What kind of safety net do we want to provide for the citizens of the world's strongest economy and the world's most successful democracy?

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Mr. President, I inquire of the Chair, what is the order of business?

The PRESIDING OFFICER. Democrats control the time between now and 1 o'clock.

Mr. BREAUX. Mr. President, under that agreement, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. BREAUX. Let me start by acknowledging that following my good friend from Nebraska, who is indeed a close friend, I have a great deal of respect for his opinions, even though we disagree on the merits of the welfare legislation that will pass the Senate today as it passed the House yesterday.

There is a great deal of second-guessing about the President's decision yesterday to sign the welfare bill. We have had statements by various Members as to whether it was a good idea or a bad idea. I think his decision was the correct decision, and it also, at the same time, is a very courageous decision. I know it was tough, but I think, ultimately, in signing the bill, the President will be doing the right thing.

I think one thing that is clear, certainly when you get outside of Washington, is that the American people know that the current welfare system does not serve very well the people who are on it, who it was intended to help, nor does it serve very well the people who are paying for it: the American taxpayer.

It simply is not working when you see generation after generation of families who have been on welfare assistance continue to be on welfare assistance. The goal of any welfare reform is to end welfare, not to continue it, not to perpetuate it.

Since 1935, we have seen families really who have been locked in a prison of welfare dependency and have been shackled by the concepts that have continued generation after generation and decade after decade. The question is not should we change the system but how we change it. I think the President was absolutely correct in setting out the priorities. Welfare reform should be tough on work but good for kids. While that is a simple and catchy phrase, it also is the basis for the legislation that we are going to adopt.

This bill is tough on work, but it says welfare is not going to be permanent, that it should be temporary, that it is a maximum of 5 years in a person's lifetime, and States can come up with a shorter period if they want.

The goal of making work part of welfare reform is that we should be turning welfare offices, that for too long have only been an office giving out a check, into an office that helps people find a job. It was interesting this morning, a local TV station was interviewing a number of people who were actually on welfare, mothers with small children, who said they agreed with this legislation. They did not want to be on welfare for the rest of their lives. They wanted the welfare office to be a workfare office. They wanted the welfare office to be a job placement office. They wanted the welfare office to help them get off welfare. I think this legislation will do exactly that.

The bill, I think, is very important in some of the things it does do, such as child care. This legislation provides about $14 billion for child care, particularly for mothers with small children, so that child care will be available so they can go to work. That is about $5 billion more than under the current law and $4 billion more than in the bill that the President was forced to veto because it was not good for children. This bill, in fact, is good for children.

I was interested in some who have said, "Well, after 5 years, we're just going to abandon families." There is nothing further from the truth. We were looking over the various programs that would still be available after the 5-year period is reached. There are some 49 Federal programs that are available for families and would continue to be available for families after they have reached their time limit of 5 years.

This country, as strong as we are, is not going to be deserting families, is not going to be deserting children of families who have exceeded the time limit. There will still be a large number of programs that will provide direct assistance to these families after they have reached their time limit.

This bill, I think, goes a long ways to correcting problems that the President addressed when he first vetoed the welfare bill. For instance, we maintain health care coverage through Medicaid for all those families who are eligible today, even though a State may change their welfare program. We clearly say that families that are on AFDC today will continue to be eligible for health care, and this, indeed, is very important.

In addition to the child care, the President had very strong concerns about just arbitrarily block granting the Food Stamp Program, which is a Federal program, to the States. This bill guarantees that additional benefits will be available when need increases, such as during a recession. The program would still essentially be a Federal program. It would not be block granted to the States.

I think, on balance, the President of the United States was absolutely correct and being courageous in saying, "Yes, we are going to change the system; yes, we are going to try something different. And, yes, we are going to be tough on work for people who can work and, yet, at the same time, do good for children of those families." I think that is incredibly important.

GOOD ECONOMIC NEWS

Mr. BREAUX. Mr. President, let me take a couple of minutes to comment on something else, and that is the economic news that was announced today, which I personally am very proud of, as I think every Member of this Congress can be, and this administration can be proud of the news.

I know when I look at my own State of Louisiana, Louisiana's unemployment in 1992 was 8.2 percent; 8.2 percent of the people in my State did not have a job. Today, the unemployment rate is 6.9 percent, a substantial drop.

In 1992, the growth rate in this country was 2.7 percent, and the deficit stood at $290 billion. Today's growth rate figures of 4.2 percent is incredible progress, and we should be proud of it. Hopefully, we are moving in the right direction with regard to the Federal deficit.

In 1992, we looked at a Federal deficit that had staggered up to $290 billion. Today's figures we are estimating are somewhere between $115 billion and $130 billion—still too high, but real progress.

I was interested in just this week—and these are not just figures that apply in Washington. A lot of people back home say, "Well, some Department in Washington issued figures I don't really understand." The hometown paper in New Orleans has a special report just this week on the economy in my State of Louisiana. It shows what we are talking about on the floor today, about this good economic news in Washington is good economic news throughout the United States of America.

This is a special in the Times-Picayune in New Orleans. It says in comparison:

> A decade ago, the economic world as New Orleans knew it seemed over. The oil boom that had turned into the oil slowdown was now the oil bust.
>
> Almost before anyone knew what had happened, tens of thousands of jobs had disappeared from the local economy. . .
>
> Fast forward to 1996. Traffic is bustling—

On all of our roads and highways:

> Houses in prime neighborhoods seemingly sell in seconds. Banks are cheerfully advertising their services or rates. The oil and gas business looks pretty good.
>
> Residential building contracts in New Orleans, Baton Rouge and statewide are up through June from a year ago 11 percent for this area, 29 percent for the State.
>
> Get the picture?
>
> "Fundamentally, the State's economy is in great shape," said Hibernia Corp. President Stephen Hansell.

What I am trying to point out is that this is good news in my State and, I daresay, in the other 49 States as well.

I was interested in how the article concluded:

> The Federal Government didn't manufacture it.

And they talk about other things that didn't have anything to do with it. I want to make the point that I think the actions here in Washington did, in fact, have something to do with it. I think the 1993 Deficit Reduction Act had something to do with this.

Many of my colleagues said this is going to destroy the economy of America; this Deficit Reduction Act is a terrible thing. The news today is that the results are in and the news is good news. The tough things that we had to do in 1993 to get this country back on a course of economic recovery have worked, and there should be celebration in the Congress for recognizing that something that was very difficult to do, in fact, was done.

The deficit went from $290 billion to $115 billion to $130 billion. I say to the writers of this editorial that that had something to do with that economic boom.

That meant that there was more money for private citizens, more money for the private economy to be able to borrow, to invest, to expand their businesses and to create jobs. That had a direct effect on the news today in my State and other States that things are on the right track, the economy is strong, that more jobs are being created. And it just cannot happen by accident.

Some of the tough things we had to face when we voted for the 1993 Deficit Reduction Act in fact was very much a part of the economic recovery that we are seeing in Louisiana and the other 49 States. So I think we can all be proud to say that Government does sometimes do the right thing, even though at the time we do it there may be a great deal of questioning whether it is the right thing. Today the results are in and it was the right thing to do. And we will continue to do that.

I think that we, as Democrats, can be proud of our activity in that area. I feel very strongly that we, as Democrats, can still promote economic growth by tax cuts that are paid for, the bipartisan group Chafee-Breaux, so-called, promoted a capital gains tax cut that was paid for. I think that is very important. We should continue to consider tax cuts for the economic growth. But we ought to make sure they are paid for, that they do not increase the deficit. A tax cut that merely increases the deficit may be easy to pass but it is bad economic policy.

So I think that we should move forward with tax cuts of which I do support. The President has supported tax cuts. The $10,000 tuition tax deduction is one. The penalty-free withdrawals from individual retirement accounts for educational expenses is another good economic policy that will be paid for. There is the HOPE scholarship tax cut, $1,500, again, which is a move in the right direction. So I think that we as Democrats can be proud of the results that are in today, and continue to look at new ideas in terms of tax cuts that are paid for to promote economic growth and development in this country. Mr. President, I join with my colleagues on both sides of the aisle to continue to do what is necessary to promote the economic growth that we now see in the United States. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, per a previous agreement that I understand has been entered into, at this time I would like to set aside 1 hour of the 5 hours allowed to this side of the aisle on the debate on the welfare conference report to talk about some other economic matters that several Members on this side of the aisle, including this Senator, would like to address. So if it is convenient and agreeable to those on that side of the aisle, we would like to proceed in that fashion at this point.

The PRESIDING OFFICER. The Chair would inform the Senator that the Democrats are in control of time between 12 and 1 o'clock under the current order that is under discussion.

Mr. EXON. How much time has been consumed on the economic debate up until now?

Mr. CONRAD. None.

Mr. EXON. How much of the 1 hour has been used?

The PRESIDING OFFICER. Twenty-two minutes.

Mr. EXON. Twenty-two minutes. Then I would like to ask that the remainder of that time proceed, and if necessary, although we hope it will not be necessary, to accommodate those who wish to speak on this subject, I may ask unanimous consent for a few additional minutes after the time expires. I would like to advise those on that side of that fact.

I believe the Senator from North Dakota was seeking recognition.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the Chair.

This morning the Commerce Department delivered extremely good news on the Nation's economy. The Commerce Department reports that the economy grew at a rate of 4.2 percent in the second quarter.

Mr. President, these figures confirm that the economy under President Clinton is strong, it is growing, and it is creating jobs. We all recall what the economy was like before this administration came into office. In 1991 the economy was in recession. By 1992 the budget deficit had ballooned to $290 billion. America was in trouble.

Then President Clinton came into office. He offered a bold plan of deficit reduction to strengthen the Nation's economy. That plan passed by the Democratic Congress has delivered superb results. And today we can report on what has happened.

In August 1993, a Democratic Congress and a Democratic President enacted into law a historic deficit-reduction plan. That plan was designed to reduce the deficit by $500 billion over 5 years. Unlike any other deficit-reduction plan that we have seen since I have been here, that plan delivered on its promise.

Mr. President, we recall very well what our friends on the other side of the aisle said during that historic debate. They said that the economic plan passed by the Democratic Congress and supported by the Democratic President would crater the economy.

I can remember so well the Republican majority leader standing at his desk telling us that if we enacted that plan there would be economic ruination. He was wrong. But he was not alone in being wrong. Virtually every Member on the other side asserted that if we passed this bold economic plan to reduce the deficit and strengthen the economy it would do just the reverse. They said—and they said repeatedly—if we passed that plan the deficit would go up, not down, that economic growth would be reduced, not increased, that joblessness would multiply.

Mr. President, they were wrong. They were dead wrong. And now we can look at the record to see precisely what has happened.

Former Senator Dole said, "President Clinton knows * * * the American people know that the plan does not tackle the deficit head-on." Mr. Dole was wrong.

Representative ARMEY, now the majority leader in the House of Representatives said, "The impact on job creation is going to be devastating." Mr. ARMEY was wrong. He was dead wrong.

Senator GRAMM of Texas said this: "I want to predict here tonight if we adopt this bill, the American economy is going to get weaker, not stronger. The deficit 4 years from today will be higher than it is today, and not lower." Senator GRAMM of Texas was wrong. He was dead wrong.

Mr. President, all we have to do is look at the record. Let us start with the testimony of the head of the Federal Reserve, Mr. Greenspan, before the Senate Banking Committee about the economic plan to reduce the deficit. It was supported by the President and passed by Democrats in Congress.

Mr. Greenspan said about the deficit reduction in President Clinton's 1993 economic plan—and I quote—"an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

That is not a spokesman for the Democratic party. That is the Chairman of the Federal Reserve Board, Alan Greenspan, talking about what the Clinton economic plan has meant to this country.

Just to be certain no one forgets what has happened, with respect to the record on deficit reduction, let's look at this chart, which shows the Reagan record, the Bush record, and the Clinton record on deficit reduction.

President Reagan came into office in 1981. The deficit stood at just under $80 billion. Under his economic plan that passed the Congress—we recall the Republicans controlled the Senate from 1981 to 1987—he got his economic plan passed, and what happened? The deficit skyrocketed. It just about tripled under President Reagan's economic plan. Then we saw some reduction as steps were taken to rein in the increasing budget deficit.

Then President Bush took over. President Bush saw the deficit go, on his watch, from $153 billion a year to $290 billion in 1992. The deficit was out of control.

President Clinton came in, in 1993. And each year of his administration the deficit has been reduced, and reduced significantly, from $290 billion in the last year of the Bush administration to $130 billion estimated this year.

In fact, the deficit may come in at less than $120 billion this year. The deficit has been cut more than half during the Clinton administration. It is directly attributable to the plan that we passed, the economic plan that we passed, in 1993.

The President also, when he was running for President, promised he would produce with his economic plan 8 million new jobs in the 4 years of his first term. We can now look at the record. The President has done better than he promised. Instead of 8 million new jobs, the economy under his economic plan, a plan passed by the Democratic Congress, has produced 10 million new jobs. The President has done a superb job of running this Nation's economy.

Not only has the job creation record of this administration been outstanding, the economic growth we now see has also been much better than previous administrations. Mr. President, if we look at private sector economic growth in the Clinton years, we see it is averaging over 3.1 percent. In fact, with the news this morning, we now know it has averaged 3.2 percent. That is in comparison to private sector economic growth in the Bush years of 1.3 percent—a dramatic improvement in economic growth in the private sector in this country under the Clinton economic plan.

It does not stop there. There is more good news. The misery index—that is something we have talked a lot about in the past. That is a calculation of the unemployment rate and the rate of inflation. The misery index is at its lowest level since 1968. What a remarkable economic record this administration has to take to the American people.

It does not stop there. There is more good news. The unemployment rate in December of 1992 was 7.3 percent. In June 1996, the unemployment rate has declined to 5.3 percent. The unemployment rate has been below 6 percent for 22 consecutive months. This chart shows what we have seen in terms of the reduction in unemployed people in America from a rate of 7.3 percent when President Clinton came into office to 5.3 percent today—about a 30-percent reduction in unemployment.

Mr. President, it is clear, the economic game plan that President Clinton put before this Congress, that was passed without any help from Republican Members, has led to a superb result, a dramatic reduction in the deficit, a dramatic increase in jobs, a dramatic increase in economic growth, a significant reduction in the misery index, the lowest level since 1968.

Mr. President, the good news does not stop there, either. If we look at real business fixed investment, again we see the record from 1985 to 1996, and we see the real business fixed investment, as a result of the Clinton economic plan, has taken off like a scalded cat, the largest increase in business fixed investment in over 30 years. This is truly a remarkable economic record.

I have to remind our friends on the other side of the aisle, when we put this plan into place, they predicted it would be nothing but bad news. They said it would crater the economy, it would increase the deficit. They said it would reduce all of the things that we want to see increase, and increase all the things we want to see reduced. They were wrong. They were dead wrong.

This economic plan, a plan that was passed without a single Republican vote, has produced remarkable results—by some measures, the strongest economy in 30 years. This is a record of economic success that should not be interrupted.

Mr. President, I think the record is clear. The Clinton administration has delivered on its economic promises. In fact, it has exceeded its promises on economic performance. That is one significant reason this President ought to be continued in office.

I thank the Chair. I yield the floor.

Mr. EXON. Mr. President, how much time does the Senator have left on the 1 hour?

The PRESIDING OFFICER. Twenty-five minutes.

Mr. DODD. Mr. President, I need about 10 minutes, but we may end up in a discussion, so we may take a couple of Members' time and combine it, and we may not need quite as much.

Mr. EXON. Since I have several other requests, I yield 7 minutes to the Senator from Connecticut. I have to do that or we will run right out of time.

Mr. DODD. I understand. Maybe because we used more time on the welfare debate and we did not start this discussion until about 12:20, we might be able to get an extension.

Mr. EXON. I suggested that.

Mr. DODD. Let me commend my colleague from North Dakota for his comments and observations—I see both my colleagues from North Dakota here—in talking about this news this morning.

This is great news. Obviously, when you have the gross domestic product growing at an annual rate of 4.2 percent, the strongest growth rate in 2 years, that is very, very good news for jobs, security, and opportunity for virtually every person in this country.

Certainly all of us, regardless of party, I presume, would be celebrating this magnificent news that portends well for this country as we, in the remaining years of this decade, get ready to enter the new century.

My colleague from North Dakota points out what the situation was like 3½ years ago. There are many people here who will count on the American people having a short memory, that they will forget how things were 36 months ago, what we were living under in this country, where we had unemployment rates of 7 percent. Those were the identifiable rates. I argue it was much higher than 7 percent in many parts of the country. The job growth rate, 36 months ago or a little more than that, was at its lowest level since the Great Depression. The Federal deficit was hovering around $300 billion a year, $290 to $300 billion. The dollar was at the highest level in American history. That was the situation a little more than 36 months ago.

Where are we today? A gross domestic product growth rate of 4.2 percent, unemployment a little above 5 percent across the country, 10 million new jobs created in a little over 36 months, the deficit at its lowest level in almost a generation. Back in 1992, the President said, "I will cut it in half in 4 years." Even the President was wrong. It has been a 60 percent reduction in the deficit rate in the last little more than 36 months. Private sector job growth has soared, soared in the last number of months.

I point out, if I can, the deficit reduction numbers on this chart, which highlight a major issue. We have made a herculean effort over the last several years to reduce this deficit.

As my colleague from North Dakota points out, we did not have a single vote on the other side in the deficit reduction plan, not a single vote in either body—the House of Representatives or the Senate—in support of our deficit reduction plan in 1993. Yet we now see what has happened. In 1980, the annual deficit was at $74 billion; between 1981 and 1992, the annual deficit rate climbed to almost $300 billion. In around 36 months we have taken that $290 billion figure and reduced it to $117 billion. In fact, this very number of $117 billion would be zero were it not for just the deficit that we accumulated between 1981 and 1992.

And let me say this. We would be in balance today, were it not for the debt run up by the previous two Presidents. Just the interest payments on the debt accumulated in those 12 years has created this $117 billion figure. For the first time in many years, we now find ourselves where receipts of the Federal Government exceed our expenditures but for interest on the debt that was accumulated in those years. It is a tremendous accomplishment, a tremendous accomplishment. It is really the linchpin, I think, in what has occurred in other economic areas, how the markets are reacting, how Main Street is reacting, the fact we have been able to create the kind of growth we have seen.

We have had 4 years of deficit reduction. You have to go back to 1840, more than a century ago, a century and a half ago, when we had four consecutive years of deficit reduction. Miraculously, it has happened because a lot of people cast some courageous votes.

In fact, the opposition, the Republicans, tried to shut down the Government twice over deficit reduction. I raise all of that because, next week, I am told, we are going to have a proposal made by the other side—presumably by the presumptive candidate for the Republican nomination—that will call for tax cuts of roughly $600 billion. I suspect most of them are going to benefit the more affluent in our country and are going to blow a $600 billion hole in the progress we've made on deficit reduction.

What was all the talk about in this previous Congress if not deficit reduction? With 10 weeks to go before election day, all of a sudden we get this suggestion of a $600 billion tax cut coming along, and many people are warning the candidate and others that you would create real havoc in the economy if that were adopted. It is certainly going to make it almost impossible for us to reach the goals that I believed we were all committed to achieving here over the next several years. Of course, where is the savings going to come from in this $600 billion tax cut that will be proposed?

It is almost as if we are treating the public like they are fools. Does anybody believe, with 10 or 11 weeks to go before election day, with a $600 billion tax proposal, that it isn't totally motivated by trying to bring some life to a moribund campaign and do so by jeopardizing the economic gains we have made? I think most people are going to see through that. What is tragic about it is that we have Candidate Bob Dole contrasted with Senator and Chairman Bob Dole. If Bob Dole were sitting in the U.S. Senate or were chairman of the Finance Committee, he would ridicule the idea. He would rightly see it as unraveling agreements that we have already achieved to try to balance the budget in 7 years. In fact, all the proposals on constitutional amendments to achieve a balanced budget would appear to be nothing more than a lot of rhetoric.

We are being told how these tax breaks may be paid for. One report says that, of the $600 billion in tax cuts, $240 billion would be coming from offsets in increased tax revenues resulting from increased growth—$240 billion is coming from increased revenues from increased growth. Boy, that is a rosy scenario, if I ever heard one. The same people who proposed this insisted a year or so ago that we use conservative economic growth numbers when we start trying to make up for this. Where does the other $360 billion come from if you are going to pay for this tax cut you are talking about? Well, stop me if this sounds familiar to you, but if last year is any indication, it is going to come from Medicaid, education, Medicare, and the environment. That is what they tried last time around. One analysis has a $313 billion cut coming in the Medicare program.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DODD. I ask unanimous consent for an additional 3 minutes.

Mr. DORGAN. I yield the Senator 3 additional minutes.

Mr. DODD. Mr. President, I will ask my colleague to engage on this point. I am very concerned. I hope that cooler heads will prevail in this campaign season and that suggestions like this will be put in the trash bin where they belong, at a time when we are moving forward and achieving deficit reduction numbers, the economy is growing, the gross domestic product numbers and the unemployment levels are moving in the right direction.

This is a time to come together. Nobody expects perfection here. Our Republican friends made a huge mistake in their predictions about the 1993 budget reduction efforts. All of us have made mistakes. So why not admit you made a mistake? It was a bad vote. You should have supported it, and you did not. Collectively, we have come together and the country is moving in the right direction.

I hope we won't destroy what has been a very significant effort over the last number of months to move the country in the proper direction by reducing this deficit, resulting, I believe, in the kind of gross domestic product growth numbers that we are seeing here today, the unemployment numbers that are moving us in the right direction. This is not a time to try to pander to the American public with the suggestion of massive tax cuts for the affluent, paid for by rosy economic figures that are unrealistic and cuts in the very programs we have fought to defend.

Mr. President, I would love to be proven wrong. I would be delighted if next week came and went and all the talk about these wild schemes—wild schemes—to try to breathe life into a campaign by jeopardizing the American economy and the direction we are going, was shelved and we got back to a more rational, thoughtful approach on how to continue the kind of economic growth numbers we have seen here this morning and offer some real promise to the American people.

With that, Mr. President, I will yield whatever time remains to my colleagues from Nebraska or North Dakota.

Mr. EXON. How much time does the Senator from Nebraska have remaining?

The PRESIDING OFFICER. The Senator has 14 minutes.

Mr. EXON. Mr. President, I yield 5 minutes to my friend from North Dakota, followed by 5 minutes for this Senator from Nebraska and 4 minutes to the Senator from Massachusetts, in that order.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Does the Senator from Nebraska intend to try to get additional time? We had talked about an hour, and we were not able to start because they were talking about welfare reform.

Mr. EXON. Mr. President, I do not see the Republican leader on the floor at this time. I will try to get that time. If people want more time, I will be glad to yield. We are trying to be very fair with the time. Everybody would like to have lots of time, but I only have 14 minutes remaining as of now. I am conserving that as best I can.

Mr. DORGAN. Mr. President, we had talked about trying to have a block of time to talk about the economy. The reason we wanted to do that is because this is very important. This is the question that most people in this country ask themselves, and families reflect on this: Is this country moving in the right direction or the wrong direction? Are we on the right track, or are we on the wrong road? Those are the questions people ask.

We are not here suggesting that everything is wonderful in America. We have a country that faces a lot of challenges. There is no question about that. But we have a country that has gone through an immediate past period causing significant problems, requiring significant remedies, but a country that has begun to address those things head-on.

I want to take us back just a bit to a new President that came to town, who said, "I have a new idea. I have consulted with a man named Laffer, an economist, who has a new graph and curve, the Laffer curve." The Laffer curve says that, if you give folks at the upper end of the income brackets big tax cuts, you actually collect more money because it will filter down and everybody at the bottom will get damp. That is trickle-down economics. So there were big, big tax cuts given, especially to the people at the top. The result was that we ran into massive deficits, unparalleled in the history of this country—massive budget deficits. The rich got richer, the people at the top, during that period. The top 1 percent of Americans had a 66-percent increase in their financial wealth just from 1983 to 1989. The bottom 80 percent lost 3 percent of their wealth. So some people did very well—just the top 1 percent. But almost all the rest of the people did not do well at all under this circumstance.

Well, we had a new President come to town again in 1992. He started in January 1993. He recognized immediately that we faced an enormously serious problem. This country was not going to grow and was not going to realize its potential unless we dealt head-on with this deficit problem. We had a vote here in the U.S. Senate on a deficit reduction plan. I voted for it. I told the people I represented why I voted for it, why I thought it was important for this country. I have never apologized for voting for it. I felt it was the right thing to do. Was it a good political thing to do? No, not at all.

There were some people who sat in these chairs who lost their seats in the Senate over that vote. They had the courage to stand up and say, "Count me in. I want to address this deficit. I want to suggest that we take the medicine necessary to do this."

So the deficit began to come down. We did not get one vote on the other side of the aisle. We got a lot of claims on the other side of the aisle. I see the Senator from Texas is here to visit with us today. I recall his claim. His claim was it is going to lead directly to a recession. But it was not just him. Many others did the same thing. "The sky is going to fall in. There is going to be a big recession." What happened was the deficit fell.

This is what happened to the deficit under President Reagan, under President Bush, and why he did not win reelection, by the way. That line was still going up; and the deficit under President Clinton. He understood that, unless we tackled this problem, this country could not realize its economic potential.

Are we done tackling this problem? No. But this has been a success because we had more jobs and more economic growth.

What was the news this morning? The news was in the last quarter this country grew at 4.2 percent of economic growth, a very robust rate. The fact is this economy is still growing. Why? Because we are doing the right things. We are not perfect, but we are at least doing the right things.

I want to mention one additional point. It is important. We have another plan by a guy who wants to be President next January. He has a new plan—across-the-board massive tax cuts, which, of course, will benefit the high-income people and cause a hemorrhaging of a new Federal deficit. That is the new plan. At least it has a new title.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator's time has expired.

Mr. DORGAN. May I have 1 more minute?

Mr. EXON. Mr. President, how much time does the Senator have remaining?

The PRESIDING OFFICER. The Senator has remaining the time between now and 1 o'clock.

Mr. EXON. I yield 1 more minute to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. I appreciate the Senator's generosity.

The plan for across-the-board tax reductions that they would implement next January, which would increase the deficit, is augmented by what they are doing with the midnight oil right now. For the last couple of nights they were in the back room and are going to bring a bill to the floor of the Senate in a matter of hours, I assume, that has this in it: opening another tax loophole, several hundred millions of dollars. Amway has been asking for it. So they get it.

Who is going to get the brandnew tax loophole of $300 million? That is the solution coming from the other side of the aisle. How do you fix what is wrong in America? Increase the deficits by cutting taxes for upper income folks and do secret deals in the back room to bring to the floor of the Senate something that exports American jobs and gives new tax breaks to big corporations that do not need it.

I yield the remainder of my time.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT.

The Senate continued with the consideration of the conference report.

Mr. EXON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes 44 seconds.

Mr. EXON. Mr. President, the Senator from Nebraska will save his remarks that have to be said to the U.S. Senate for a later time.

I ask unanimous consent that the remainder of my time of 3½ minutes be yielded to the Senator from Massachusetts and that, at the time of the 1 o'clock time period, an additional 15 minutes off the bill to discuss the conference report before us be yielded to the Senator from Massachusetts.

The PRESIDING OFFICER. Is there objection?

Mr. GRAMM. Reserving the right to object, could I hear it again?

Mr. EXON. I am simply saying that the Senator has 3½ minutes remaining. I want to yield that time to the Senator from Massachusetts. Following that, the Senator from Massachusetts would be recognized for an additional 15 minutes off the bill for the remarks that he has to make.

Mr. GRAMM. Mr. President, I was scheduled by our prior agreement to begin speaking at 1, and the time was to revert over to our side. I am here, having rearranged my schedule on the basis of this.

So, while I always like to accommodate the Senator, we had an agreement. Our colleagues have had an opportunity now for an extended period of time to present their views to the world, which were very interesting and very enlightening. But our turn comes at 1 o'clock.

So I feel constrained to object.

The PRESIDING OFFICER. Objection is heard.

Mr. EXON. I have only asked that he be recognized at 1 o'clock. We did not know of the agreement.

The PRESIDING OFFICER. The Chair will clarify. The time for the Democratic side is between 12 and 1. At 1 o'clock there is to be 15 minutes of time available for either side, presumably to be shared.

Mr. GRAMM. To come back to our side.

Mr. EXON. Mr. President, I yield the time remaining between now and 1 o'clock plus 15 minutes off the bill to the Senator from Massachusetts.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, it is my understanding, I say to the Senator from Texas, that we had the time going up to 1:15. That is what I was notified. That is why I am over here, and I arranged my schedule accordingly.

The honorable and widely shared goal of welfare reform is to end welfare as a way of life and make it a way station to work.

If we accept that indisputable proposition, then the two most important principles of welfare reform should be to move able-bodied adults on welfare into the work force, while protecting their children from hunger and want.

This legislation tragically fails on both counts. It fails to provide what is necessary to move people from welfare to work. But it will push over 1 million more children into poverty. People on welfare will get a lecture, but they won't get a job, and their children will suffer.

To call this bill welfare reform is nonsense. It's welfare retreat. Reform means improvement—solving the problem. This bill will bring damage to countless families across America. To label this legislation reform is no more accurate than to call the demolition of a house remodeling.

It is also wrong to describe this bill as affecting only families on welfare. Its provisions will harm working families as well. More than a fifth of all American families with children—8.2 million households—will see a substantial decline in their family income if this bill becomes law; 1.1 million children will be pushed below the poverty line by this bill. The majority of these children live in families headed by a working parent.

What's in a label? For families, this is an abandon-hope-bill, a back-to-poverty-bill, a you-don't-count-bill, a deny-the-American-dream-bill.

The average annual income loss will be significant—$1,300 per family. This bill is supposed to encourage work. It makes no sense to reduce support for low-income working families. Cruelly, and intentionally, the authors of this legislation have chosen to do just that. Their real goal is not welfare reform. They are Robin Hoods in reverse—robbing the poor to pay for undeserved tax breaks for the rich.

If this legislation honestly intended to move people from welfare to work, we would focus on steps to make them employable. Of the parents whose families will be denied assistance after the time limits, only a third have a high school degree. Yet three-quarters of the available jobs in today's economy require a high school diploma. Sixty percent of those jobs require at least some job experience. Yet this legislation does little about helping recipients obtain the education and job training they need in order to get real jobs in the real world. In this Republican Congress, even the existing meager level of Federal support for such programs is in jeopardy.

According to the Congressional Budget Office, Federal funding in the coming years is approximately $10 billion less than the amount needed to meet the work requirements in the bill. Without adequate job training, a congressional command that people on welfare go to work is no more enforceable than the mythical king's command to the tide not to roll in to the shore.

Proponents of this bill cannot credibly claim that it is about fiscal responsibility. It is about misguided priorities, for which America will pay an enormous cost in years to come.

Some $28 billion of the savings from this legislation will come from reductions in food stamps. Approximately 70 percent of the food stamps being eliminated go to families with children. As a result, 14 million children will have their food stamp benefits reduced or cut off. Whether Republicans admit it or not, passage of this legislation clearly demonstrates that this Senate does not consider nutrition and health a priority for children. The Republican majority obviously considers billion dollar tax breaks for the wealthy to be a much higher priority.

All we have to do is look at the most recent Carnegie Commission study on children and nutrition. Children that do not receive adequate nutrition from 18 months to 3 years fail to develop the kind of brain development that is essential and necessary for academic achievement and for social adjustment. Numerous studies have shown that children who do not receive balanced meals in the early stages of their lives are much less likely to succeed in high school, much more likely to drop out, much more likely to be involved in crime, and much more likely to be on welfare in future years. Yet, this bill includes harsh cuts in nutrition programs.

Almost half of the $60 billion in cuts are in nutrition programs. Who are the beneficiaries of those nutrition programs? By and large they are children.

The children are the ones who are paying the price of this so-called welfare reform bill so that there can be tax benefits and tax breaks for the wealthiest individuals in this country.

In all, Republicans are proposing to take the $60 billion over the next 6 years from programs supporting poor children and families. Their votes betray their true priorities. As President Kennedy warned in his Inaugural Address, "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Our Republican friends claim that they are not abandoning poor families. They say they are giving States more flexibility to provide for their needs. But that flexibility is a mirage. Substantial restrictions are being placed on State discretion. This bill will actually prevent States from using Federal funds to assist large numbers of children who now have support.

No funds contained in the welfare block grant can be used to assist children whose families reached the 5-year time limit. This harsh bill even prohibits Federal welfare funds from being used to provide vouchers for the most basic needs of these children. This will be no small problem for the States. Close to 4 million children will be in this category when the bill is fully implemented.

In addition, in another shockingly cruel breach of trust, Federal funds can no longer be used to provide for children who are legal immigrants, who lawfully reside within our communities. Their need for food, clothing, shelter and medical care is being dumped entirely on the States.

All the studies that have been done with regard to legal immigrant children show that they use the AFDC program less than Native Americans and they pay their fair share of Federal, State, and local taxes.

We are not talking about illegal immigrants. For the first time in history, Congress will ban legal immigrants from most assistance programs.

This Republican bill permanently bans legal immigrants from SSI and food stamps. It bans them for 5 years from Medicaid, AFDC, and other programs. It gives States the option of going even further and permanently banning them from Medicaid, AFDC, and the social service block grants.

While we are debating this bill, the Olympics are going on in Atlanta. Forty-seven members of the American Olympic team are immigrants—47 of them are representing and competing for the United States of America. But under this legislation, these 47 Americans would have been denied nutrition programs, help, and assistance if they had needed them as children.

Hundreds of thousands of legal immigrant children will be robbed of a safety net by this bill. Hopefully, they have sponsors who can care for them when they need help because otherwise this bill leaves them out in the cold. But half of all legal immigrants do not have sponsors. What happens to those children when their families fall on hard times?

In our recent immigration bill, we permit 140,000 individuals to come into the United States on special skills programs. They are not sponsored. They do not have someone to deem to.

Now, what happens to them? What happens to them if they fall on hard times? They do not have a sponsor. They and their children are effectively cut off from any kind of help and assistance—even in an emergency.

These are individuals and families who come here legally. By and large, they are family members—sons, daughters, and parents—of American citizens. These are people who play our the rules, pay their taxes, and serve in the Armed Forces. They can be drafted. They can volunteer. We have hundreds of them in Bosnia today. But they would not, as children, have been eligible for nutrition programs or even temporary benefits if their parents fell on hard times.

They are future citizens trying to make it in this country. When they grow up, they become American citizens. Yet this bill repays them by banning them from assistance if they need any help.

Perhaps the cruelest provision in this bill is the ban on assistance under Medicaid for legal immigrants giving birth. Their children being born are American citizens. This outrageous provision means that these American citizen babies will not get the care, attention, and healthy start in life that other American children receive. These babies are doomed to unsupervised home deliveries, substandard care, and a lifetime of potential handicaps if they fail to get adequate medical care during birth. If Congress will not strike that shameful provision down, perhaps the Supreme Court will.

The prohibition on assistance to older children also makes no sense. Many children will be affected and harmed, but many others will not. It depends entirely on where they are born. Children born in the United States are U.S. citizens and will be eligible for assistance, even if their parents are legal immigrants. But children born overseas will be caught by the ban. This is a wonderful anomaly. So the children in the same family will be treated differently, depending on where they were born. The older brother will be able to get assistance and the younger sister will not. That is the wonderful logic of this so-called welfare reform. This result is fundamentally unfair.

These children are future citizens. Like all other children in America, they need and deserve good health and nutrition. If the Federal Government abandons them, communities will suffer.

When immigrant children get sick, they infect other children. I assume that our good friends on the Ways and Means and Finance Committees understand what happens in every schoolroom in America. When children get sick, they still communicate. Anybody who has children understands that when a bug gets into second, third, or fourth grade kids—most of his or her classmates will also get sick. By banning immigrant children from Medicaid we are also banning them from school-based care, which is part of Medicaid in most States.

These children will not be able to go down to the nurse's office, get some attention, and perhaps be sent home to avoid serious illness and to avoid infecting other children in the class. They will not even be able to get in the door. If they try to see the nurse, the nurse cannot treat them because they are immigrants. They have no private insurance, and they are banned from Medicaid. If the illness gets worse, their parents may take them to the local emergency room—a very expensive alternative and not likely to be pursued unless the illness seems severe—which will add to the costs of our health care system. This is welfare reform under this bill.

The Republican bill also bans legal immigrant children from SSI, which provides assistance to the blind and disabled. Nine thousand legal immigrant children suffer from those conditions. They have some of the most complex and life-threatening needs of all. As a practical matter, such cases often involve tragic accidents, where expensive, long-term care is needed to deal with their debilitating conditions. If SSI is not available, children literally will die.

Nutrition is vital to the development of a child. Immigrant children are no exception. Without access to food stamps, some immigrant children will suffer a lifetime of anemia, stunted growth, and even permanent brain damage. This bill is not welfare reform for legal immigrants. It is cruelty written large into law. It will push families deeper into poverty with no chance of escape, and the victims will be innocent children. Shame on the Republican majority in Congress for washing its hands of their plight.

This legislation also contains financial penalties for States unable to move children on welfare into employment as quickly as the bill mandates. Yet the bill refuses to provide the necessary level of job training support and child care assistance. It is better in child care assistance than previous bills, but still short of what is necessary to meet those employment targets.

In fact, many of the strongest advocates of this legislation want to reduce

Federal funding for job training. The Congressional Budget Office estimates that only 10 to 15 of the 50 States will be able to meet the work requirements in the legislation. So, in reality, we are setting up the States to fail, rather than giving them the tools they need to succeed.

Another aspect of this legislation which will seriously hurt the States. The funding which each State will receive is not adjusted for population growth or for the impact of recessions. If the number of families legitimately seeking assistance in a State expands, the State will receive no proportional increase in funds. The small contingency fund does not even begin to meet the potential need. The State alone will be responsible for meeting the need, often at a time when that State is least able to respond.

The inevitable result of this legislation on the States will not be sensible new flexibility, but enormous new financial pressures. This bill can only encourage a race to the bottom, in which States compete to have the harshest climate for low income families. Inevitably, States bow to such pressures. They cannot control the national economy. Congress is supposed to represent the national interest. We should not be creating an irresponsible system that punishes States which try to meet the needs of their citizens while rewarding those which do not.

Americans want genuine welfare reform. But that does not mean they will support this legislation once they look behind the Republican bumper sticker slogan. Genuine welfare reform means moving welfare recipients into jobs, while assuring that the basic needs of their children are met during the transition. This legislation will not achieve either of these goals. It will leave many welfare recipients unemployable in the real world. It will leave their children ill-fed, ill-clothed, and ill-housed. This Republican Congress has nothing to be proud of for forcing this bill into law.

By the votes we cast today, we are not improving the quality of life in America. The gap between rich and poor will be wider, the bonds which tie families together will be weaker, and the dreams of millions of children will be farther from reach.

The best that can be said about this bad bill is that the day it is signed into law must be the day we roll up our sleeves and start working together to clean up the mess it will bear. I intend to do all I can to persuade Congress to act this year to eliminate at least some of the most damaging and least responsible provisions in this bill.

I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under a previous order, the hour between 1:15 and 2:15 will be under the control of the majority. The Senator from New Mexico [Mr. DOMENICI] is recognized.

THE ECONOMY

Mr. DOMENICI. Mr. President, I want to say to Senators who want to speak on the welfare bill, clearly we do not have to use our whole hour in rebuttal of the Democrats. If there are a few Senators who want to come down and engage in that, fine. If not, we will move to Senators like Senator SMITH, who wants to speak on the subject matter before us.

Mr. President, to me it is very interesting that, on a bill dealing with welfare and the most fundamental reform of social policy in 60 years, that Democrats want to change the subject. They want to talk about the economy, so let us talk about the economy for awhile.

We are all heartened today to hear that the economy grew by 4.2 percent in the second quarter. The administration has certainly taken an opportunity to champion today's growth. Let me say, however, that before we get too exhilarated about today's announcement, I think we should look at some of the less rosy economic facts that the administration is not talking about. These are the major reasons why Americans feel insecure about their future.

To start with, we have had the weakest recovery of this century during the early 1990's, with growth averaging only 2.5 percent. In contrast, the 1980's recovery recorded average yearly growth of 4.1 percent over the same time period. I guarantee, that while this appears to be a small difference, it is enormous. It is enormous. The reason why growth has been comparatively weak is that President Clinton has had the second weakest productivity growth of any President in the last 50 years, second only to President Carter. Let me repeat, the second-lowest productivity growth in 50 years.

What that means is that, clearly, those who worry about inflation and are fearful of too much growth find some reason to be worried when they find that productivity increases have been so meager during this administration. Without productivity increases, a increase in noninflationary, trend growth is virtually impossible in today's demographic environment.

In keeping with weak productivity growth, there has been virtually no gain in real wages, virtually no gain in real wages. Real average hourly earnings in 1992 were $7.42. Today, they are $7.43, a very big gain of 1 cent. No wonder Americans are worried. No wonder we are finding anxiety about the future. No wonder they are saying that we do not think we are on the right path, because they see taxes going up and average real wages being stagnant. Clearly, the gain in real average hourly earnings, from 1992's $7.42 to today's $7.43, is nothing. With this backdrop, you can see how today's impressive headline growth doesn't mean anything to ordinary citizens, since the benefits of growth are not filtering back to them. They just continue to work hard and wonder why they are not getting ahead.

Wage stagnancy can be seen in another, equally troubling way as well. Family income is stagnating. Despite the ongoing economic recovery, average annual growth in real median family income has been only 0.2 percent under President Clinton. Under Ronald Reagan, the growth in real family income was four times as fast.

Low productivity, stagnant real wages, and lackluster family income growth strike a louder chord with the American people than does today's announcement. They are wondering what is happening to their economy as it applies to their paycheck and their families, and they are not impressed with announcements that say things are getting better and that this growth is phenomenal, when they are feeling the reality of what I just described: virtually no gain in real wages and stagnating family incomes.

Another point is being missed, and it is very relevant—rising tax burdens. This is one of the main reasons for poor productivity growth, no gain in real wages, stagnating family incomes. In 1992, the ratio of Federal tax revenues to GDP was 18.4 percent; by 1995, this had climbed to 19.3 percent.

That means that the portion of GDP going to taxes, went up almost 1 percent. Those who think the tax increases of the last 3 years are good because of who they impact and who they do not, still have to answer the questions: What happened to productivity growth? What happened to real wages, that is real average hourly wages? What happened to family incomes? By diverting resources from the private sector toward the less efficient public sector, there are fewer funds available for household saving and investment. This leads to lower productivity, lower wages and lower standards of living for the average citizen.

Let's go on to yet another item that ought to temper the enthusiasm about the announcement of a 4.2 percent GDP growth in the last quarter: the lowest personal savings rate in 50 years. As mentioned above, we believe that the Clinton tax hikes have played a large role in this dubious milestone. Everybody believes that for America to increase its productivity, to get the wages up, to get the family incomes up that we must increase our savings so that American business, large and small, have resources to grow with. And yet, we have the lowest personal savings rate in 50 years. This is unsurprising when much of what is saved is taxed away and, thus, personal savings are reduced.

Let's look at another one of President Clinton's economic legacies. We now have the worst income inequality in 50 years. So for those who think they solved the problem of income inequality—the highs and the lows—by raising taxes and saying we are only raising taxes on the higher brackets, they are in for a great surprise. It does not generate more equality between the low earners and the high earners in America. Inequality got worse with the tax increase, the largest in American history, that apparently prides itself in saying it didn't tax moderate-income people, it only taxed the high brackets.

What is the purpose of it? The purpose of it, if we have one, is to lower the deficit and make us grow more and perhaps bridge the inequality gap by letting the wage-earner part of this go up, none of which happened. The idea is to use a constructive strategy of boosting growth for the lower and middle income families and not use a destructive strategy of socking it to the rich. I'll say it again, the latter strategy just doesn't fix the grave problem of inequality.

Let's also look at soaring trade deficits—this is something not even mentioned these days. It goes right along with the bad news that is being kind of overshadowed by one fact: That for one quarter, the gross domestic product went up some 4.2 percent.

The Clinton trade deficit is three times as large as under President Bush, despite postwar lows in the dollar versus the German mark and the Japanese yen that should have created smaller trade deficits. Instead, we got larger deficits. However, given meager levels of U.S. saving, this worsening external position should not surprise us.

A byproduct of accumulated trade and current deficits is soaring foreign indebtedness. In 1995, foreigners owned $815 billion more of our securities than we owned of theirs. This is a 40-percent increase since 1994. This is not a fear today, but over the long run, we are placing our future in the hands of foreign banks. It is even more of a worry when we realize that foreign debt service is a net loss to U.S. incomes and constitutes a steady mortgaging away of our children's future living standards.

Lastly, I want to turn to jobs. The administration has been particularly proud of their job growth figures. However, the breakdown of these jobs is far less encouraging than they suggest. Do you realize that 10 percent of the jobs created under Clinton have been temporary jobs. These are not good jobs. Studies have shown that temporary workers are paid as much as 34 percent below their occupational counterparts. This is a way to get lower wages, not higher. I even more troubled when I see the type of jobs that these temporary positions are displacing. Since 1995, 252,000 well-paying manufacturing jobs have been lost. This is why real average hourly earnings have been so stagnant under President Clinton. At day's end, I have a hard time understanding why the administration is so pleased with generating jobs that do not generate rising wages.

So those who came to the floor bragging about the performance of this economy did not seek to share with the American people the facts about this economy that cause most Americans to say we are not moving in the right direction. You can give all the song and dance about what it means to have an increase in the gross domestic product in the second quarter, but if the American people are feeling what I have just described—stagnation in real wages; family income extremely stagnant and very, very low; increase in general taxes; lowest personal savings rate in 50 years—than this growth means nothing to them. It's time to be honest with the American people about these underlying weaknesses in the economy—if we won't admit to them, how can we set out legislation to improve them.

I submit that the tax increases imposed under President Clinton, for all they can talk about the increases in revenues, I submit that that is most responsible for all of these negatives that I have stated here. I have begun to believe that it is imperative that we understand we cannot have increased productivity, real wage gains, family income, average family income going up if we have higher tax rates. We must have lower tax rates if we expect that to occur. We cannot lose sight of things we must be doing. But what I have just been describing seems to me, having been briefed by many economists, to be the absolute crux of why there is such lack of stability and such anxiety among Americans because of stagnation in their pocketbooks, in their checkbooks.

I will yield the floor to any Senator who wants to speak on this subject. I yield as much time as Senator MACK desires.

The PRESIDING OFFICER. The Senator from Florida, [Mr. MACK], is recognized for such time as he desires.

Mr. DOMENICI. Mr. President, I say to Senator MACK, we have five or six Senators who want to speak along with us. We have assigned 10 minutes. Is that satisfactory?

Mr. MACK. That will be wonderful.

Mr. DOMENICI. I yield 10 minutes.

The PRESIDING OFFICER. The Senator from Florida is recognized for 10 minutes.

Mr. MACK. Thank you, Mr. President. I thank the Senator for yielding me this time.

I do believe that the issue we are discussing is an important one, even though I must admit many folks, when you start talking about economics and the statistics related to that, have a tendency for their eyes to glaze over. But we are really talking about the engine that provides the hope and opportunity for the future. The engine of growth is what will allow for the formation of new businesses and the creation of new jobs in America. So the subject is an extremely important one. I appreciate the opportunity to address it.

Earlier today, a report came out on the growth rate of the economy. That growth rate for the second quarter of the year was stated at 4.2 percent, which is good growth, and I think we ought to be pleased with what has happened.

But what the administration is trying to create, or why they are so extremely excited about this growth number, really kind of belies the other things that they have been saying. Let me try to put that in perspective.

Earlier this year the President, during his State of the Union Message to a joint session of the Congress, said that this economy is the strongest economy in three decades. Well, if it is the strongest economy in three decades, then there is no reason to be excited about 4.2 percent growth. We should have been expecting that kind of growth each quarter, quarter after each quarter. But that is simply not the case.

In fact, I think the numbers will show that for the four previous quarters the economic growth was less than 2 percent. That is nothing to get excited about. In fact, the effect on the American families is significant. I will get back to that point in a few minutes.

I want to try to put into context what has happened to the economy, picking up on the point of 4.2 percent growth. There is a lot of excitement down at the White House about that. But if we look at the rate of growth that the economy has experienced since President Clinton took office, it is 2.4 percent, and that is including this new quarter, 2.4 percent. Keep that figure in mind. I will continue to mention that number.

I will first compare it to the growth the economy was experiencing the year before President Clinton became President. The growth rate of the economy at that time was 3.7 percent. For the last 3½ years the growth rate in the economy has been 2.4 percent under President Clinton.

You might say that is not a fair reflection to just pick one year and compare the growth in the economy to that one year. Well, let us take the 10 preceding years, the 10 years prior to

President Clinton taking office. The growth in the economy was 3.2 percent.

President Clinton wants us to believe that he has created the strongest economy in three decades. I believe he is now using the words the "strongest economy in a generation." I remind you again, the growth under President Clinton is 2.4 percent.

Again, somebody might say that that period of time is not a fair reflection of what has happened over a period of time. So I will just again focus in on the last five expansions. If you take the last five periods of growth that the country has experienced, we know that that growth averaged 4.4 percent. Compare that again to the growth of the Clinton years of 2.4 percent.

To go back even further, since World War II the country's growth rate has averaged 3.3 percent. The President of the United States during his joint session speech told the American people that this is the strongest economy in 3 decades.

But, Mr. President, I really do not have to worry about those numbers in really trying to get that message out because I have listened to the American people. I have listened to the people in my State. I have listened to the families who are struggling, who are working harder today and have less to show for it. We all hear it. We hear it in the sense of the anxiety that they express. We hear it in the fears they have about the future. We hear it in their concern about their children, what their opportunity will be as their children grow up.

There is a lot of insecurity in America today. I am not sure that a lot of Americans have at this point been able to articulate what that is. But they know that there is something wrong. They know that they have not reaped the benefits of the "strongest economy in three decades." All my point there is to say that President Clinton may be saying one thing about the economy, but the people in this country understand that this is just not right. He is not accurate.

I have one additional chart, which is the first time I have seen this. It is the first time I have used it. It is a chart that has gone back to 1870—not 1970—1870. We have charted out every single expansionary period in the U.S. economy since 1870.

We have added the growth during the Clinton years. That is this last bar. As we look from now all the way back to 1870, this chart indicates that this is not the fastest growing economy, not the strongest economy in three decades. It shows it as being the weakest economy in over 100 years. Let me say that again. This is the weakest economy in over 100 years.

So, Mr. President, I am making the point that while we should be pleased that we have experienced some growth in the economy in this last quarter, people should put it in context. There could be some reason for excitement if there was a sense that the number that we heard this morning would continue into the third quarter and into the fourth quarter and into the next year.

But that is not what economists are telling us. They are telling us that the second half of this year is in fact going to be weak. It is going to be somewhere in the 2 to 2.5 percent growth range. That is not coming from just one economist. This is coming from a number of different groups of economists. The so-called blue chip forecasts are in the 2.5 percent range. Wall Street Journal, somewhere in the 2 to 2.5 percent range. CBO forecasted I believe about 2.5 percent growth through the balance of this year.

So while there is excitement, I am telling you, Mr. President, this is a short-lived excitement. We are going to hear a lot about it from the Clinton administration. But I suggest that the people in this country understand from their own experiences that this economy is not providing them with the opportunities that they hope for themselves and for their children.

I will use one additional graph here. It compares real median household income for the period of time from 1983 to 1992. Real median household income, $33,119. The Clinton average, 1993, 1994, $32,153, almost $1,000 less. And, yes, these are figures that have taken inflation into consideration. On average $1,000 less.

We have also calculated out, for example, what would have happened if the growth rate in the economy had been, say, similar to the 10 years prior to President Clinton taking office. How would that have affected the average family in America? And do you know what the number is? It is $260 a month in loss of income because we are growing at this rate versus this rate.

That is why the American people are concerned about the future. That is why they are worried about their opportunities. You cannot, Mr. President, layer on American business and American families a whole new layer of more Government, higher taxes, more spending, more Washington intrusions, more Washington involvement. You cannot layer all of that additional Washington interference and not expect the economy to slow down.

So in conclusion, I say, Mr. President, that the economic policies of the Clinton administration are robbing America of its economic potential. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. I want to thank Senator MACK, not only for what he said today, but his constant vigilance with regard to what is really important for the average family.

I think it is pretty clear, would you not agree, that whatever the good news that is being announced on that side of the aisle, that it is the working people and the average families in America that are asking: If that is true, how come nothing is happening to my paycheck? How come nothing is happening to my family income, which is in stagnation? Those are the issues causing the anxiety out there. Am I correct in that?

Mr. MACK. I say to the Senator, I think you are absolutely correct. If you will give me just a moment to tell one little story.

Mr. DOMENICI. Please.

Mr. MACK. I think it reflects on the feelings of lots of Americans. I think about the family where both the husband and wife work and get up way before dawn, and in our large cities in America, commuting for a long period of time to get to work, working all day, both of them, getting back home after dark. The only time that they have off, the weekends, if things go right. And they see all of their resources being taxed by every level of government.

Mr. DOMENICI. You got it.

Mr. MACK. For programs and services they believe have failed and do not work. And they are tired of it. And they are not feeling what one would expect would be the results of the fastest growing economy in 3 decades.

Mr. DOMENICI. Before the Senator arrived we spoke of stagnant family income. That is what is causing the anxiety.

Real median family income was virtually motionless from 1992 to 1994. That is the last year for which we have data available. Under President Clinton, it has risen only two-tenths of a percent per year on average. Family income is below the level that it was in 1991 under President Bush. During the Reagan tenure, yearly family income growth was four times as fast. That might account for a poll back then saying people thought we were on the right track and a poll today saying they think we are on the wrong track.

Does that seem to be a correct analysis?

Mr. MACK. Absolutely. What concerns me is that most people do not know or have not been told that during the Reagan years, in which we tried to reduce the size and scope of Government to reduce the tax burden, providing incentives for business creation and capital incentive, that during those years family incomes went up. They went up consistently.

I can remember our former colleague, Senator Wirth, teaming up with now-Vice President GORE, coming to the floor and talking about this tragedy that has occurred in America from roughly 1973 to 1992, just talking about from one point to the next point, how incomes had gone down, but refused to tell people that during the Reagan years, those 7 years of growth, that

American families were better off and American workers were better off.

Mr. DOMENICI. Senator BENNETT, I believe, was next, and we have reserved 5 minutes.

The PRESIDING OFFICER. The Senator from Utah, Senator BENNETT, is recognized for 5 minutes.

Mr. BENNETT. Thank you, Mr. President. I do not want to repeat some of the arguments that have been made, but I want to talk about one aspect of the numbers that have been discussed today so glowingly described by the President.

They look upon the last quarter and say, "Isn't this magnificent? We are growing at over 4 percent a year." And I agree that a quarter in that atmosphere is a wonderful thing.

What were they saying just two quarters ago when they were growing at 0.3 percent a year? One quarter does not control what happens in a year. It can be a seasonable circumstance. It can respond to any one of the series of one-time events. You need to look at things over time.

I would like to look at one number over time that we have been hearing about in the Clinton administration crowing about the tremendous economic performance, and that is taxes. We all know that President Clinton made raising taxes the centerpiece of his economic program. He promised when he ran in 1992 that he would cut taxes. But he said when he got into office: I have suddenly discovered that things are far worse than I ever recognized, much worse than I realized. I not only cannot deliver on my promise to cut tax rates, I must give you increased tax rates, or the economy is going to be destroyed. So we had increased tax rates in the United States. He is now saying: Well, you see, because I had the wisdom and the courage to raise tax rates, we are getting all this tremendous revenue, and now I am responsible for the fact the deficit is coming down.

I point out a few things. If we go back to the last year in which the Reagan tax structure was in place, which was 1989, taxes from individuals were producing revenue to the Government at the rate of 8.6 percent of our gross domestic product. Then President Bush broke his tax pledge, and we had the tax increase in rates from President Bush. Then Mr. Clinton broke his tax pledge, and we had the increase in rates. What happened to revenue? Revenue as a percentage of gross domestic product went down, Mr. President—not up, down—from 8.6, where it had been in 1989, down to 8 percent. It started to come back up in 1995. It was 8.4—still not as good as we had during the Reagan years, but coming back a little.

How is it possible, people say to me, that when you raise rates you see revenue go down? Stop and think about what happens in the real world all the time. I use the example of Ford Motor. They introduced what they thought was a marvelous new car, the Ford Taurus. They thought there would be so much demand for it they could raise rates. They call them "prices," but since we are talking about Government we will use "rates." They will raise the rates on the new car. It hit the marketplace. The marketplace reacted by not buying Tauruses. What did Ford do? They lowered the rates and increased their sales and thereby increased the revenue that they were getting from the sale of the introduction of that new model.

Around here we do not understand that principle. But every businessman in the United States understands it and uses it every day. You raise your prices, you lower your prices, depending on what the market tells you. Here we just feed the numbers into the computer, and whatever the computer tells us, we say that is automatically the way it is going to be.

So President Bush, and then President Clinton, raised tax rates only to see revenue as a percentage of the economy go down, and even now in this wonderful report the President gives us, the tax revenue has not yet gotten back to the level that it was prior to the time when they told us that increased taxes were good for us.

Mr. President, I do not believe that increased tax rates are good for us. I think what we should focus on in the Government is tax revenue, how much money we get in from the economy in order to pay our bills and deal with the deficit. I recommend we go back to the revenue levels that we were getting in the days of the Ronald Reagan circumstance when we were getting 8.6 percent of the gross domestic product coming from individual taxpayers, rather than the anemic 8 percent we hit in the Clinton administration.

Referring to the charts quoted by my friend from Florida, Senator MACK, the increase has been the lowest of any expansion we have had. Just think, Mr. President, what we would have in terms of revenue for the Government and relief from the budget deficit if we had had a historic rate of growth in this expansion and 8.6 percent of that coming in in the form of revenue. We would be better off than the Clintons are claiming we are today.

Do not get carried away with a single order or with rhetoric in an election year. Keep our understanding on the historic pattern that tells us the best way to see growth in our economy is when we have tax rates that allow Americans to earn more and then to keep more so they can do more in their own lives, instead of having Government make all of the decisions. I yield the floor.

Mr. ROTH. Mr. President, I yield myself 5 minutes.

First, let me address the good news. Yes, the good news that we received this morning from the Commerce Department is that the GDP for the second quarter of this year is a strong 4.2 percent. This is up from the anemic growth rate of 0.3 percent in the last quarter 1995, and the first quarter 1996 growth rate of 2 percent.

However, Mr. President, let me remind my colleagues that the average growth rate since 1990 is a weak 1.9 percent. This is, in my opinion, unacceptable.

Let me refer my colleagues to a Business Week cover story in their July 8, 1996, edition. The cover reads "Economic Growth—Don't be fooled by today's strong statistics. And don't be suckered by the political rhetoric. America needs faster growth."

While the Business Week feature story goes on to outline their proposals for stronger growth, they highlight critical issues that we must address; namely, increasing savings and investment, balancing the budget, and reforming the Tax Code. Mr. President, it is the Republicans in Congress who have addressed these issues and will continue to fight for real tax reform in the coming years.

Also, a few weeks ago the Office of Management and Budget's new estimates of the deficit for fiscal year 1996 is $117 billion, down from the $211 billion target that Bill Clinton called for in his budget. The deficit is down because a Republican Congress forced the President to control spending. Despite five Presidential vetoes—remember those vetoes—congressional Republicans successfully managed to rescind nearly $40 billion in domestic discretionary spending from this administration's top-heavy budget.

This represents a good start, but it is only a start. Had Bill Clinton not been so wild with the veto pen—had he not vetoed the balanced budget amendment—we'd be even farther down the road. The deficit reduction we're celebrating is for the short term.

Long-term trends show increasing deficits. They show an upward trend, and Congress—along with the President—have a responsibility to reverse deficit growth.

Toward this end, our objective must go beyond controlling the spending side of the equation. Excessive taxation is as dangerous to the welfare of American families as is excessive spending, perhaps even more so.

These dangerous trends must be reversed. We are moving in the right direction to control Federal spending, now we must also push for tax reform to strengthen the economy.

Make no mistake about my feelings on this debate. I'm on record as a proponent of meaningful tax cuts, and this will be the direction I intend to move.

Holding the line on spending and stimulating optimal economic growth through responsible tax reform are the only ways that we will effectively find the resources and means necessary to meet the challenges and the enjoy the opportunities the future has to offer.

Mr. President, I yield 5 minutes to Senator KYL.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I thank the Senator from Delaware for making this time available to talk about this important matter this afternoon. I was reminded of the fabler, Stephen Leacock, who wrote the story about the fleas riding on the back of a chariot. They looked back and said, "My, what a fine cloud of dust we have made." It seems to me that Bill Clinton's crowing about the latest GDP figures is analogous. If it were not for the Republican Congress, as Senator ROTH just pointed out, ensuring that the budget deficit went down to the extent it did, we would not have these GDP figures that begin to show some promise. As Senator ROTH pointed out, if the President had not vetoed the balanced budget we sent up, the figures would be even better. So I don't think this is the time for the President to be crowing.

There is another point here, too, Mr. President. We should be very leery of these preliminary statistics. It has been pointed out that the first-quarter GDP figures this year were actually overrated by 21 percent. The correct number was 2.2 percent growth. But they were originally estimated at 2.8 percent. So we need to be a little cautious about bragging too much about the figures before they are verified.

Third, as has been pointed out before in this debate, the overall economic performance during the Clinton administration is very poor. It is an annual growth rate of 2.3 percent, compared, for example, with 3.7 percent growth the year before the President took office. If you take the entire decade before he took office, it was 3.2 percent. So the President has very little to crow about with respect to the overall performance of the economy.

There is a final and most important point here, though, that I think needs to be addressed. The Senator from Utah, Senator BENNETT, made the point a moment ago. It has to do with the plight of the average American. We can quote these GDP statistics all we want. But what about the average American family? How does all of this affect them? The fact of the matter is that the average American family is not doing so good. The news there is not good. Households have lost, not gained, $2,100 in take-home pay during the 1990's. That is a 5-percent decline. If you look at the 1980's, families increased their income by 11 percent, or $4,100. That was the increase in median family income during the 1980's, mostly the Reagan decade, but the first part of the Bush administration as well.

If you look at the Clinton decade, the 1990's, median household income has actually dropped $2,100. So it is fine for the GDP to be finally showing some strength, but in terms of the average American family, it has not yet translated into a benefit to them.

In the 1990's, by the way, it is the rich who have been gaining, to the extent that there is any gain, and not the middle- and lower-income workers. Consumer debt has hit an all-time high of just over $1 trillion—a 44-percent increase during the Clinton years.

Personal bankruptcies were at an all-time high last year. Why is this? Because of the Clinton crunch, Mr. President, and the historically high tax rates. Americans today are paying the highest percentage of taxes in the peacetime history of the Nation—38.2 percent. I think it bears repeating that this is the highest percentage of their income that Americans have paid in taxes during peacetime in this country's history.

That is the Clinton crunch. That is why the GDP statistics, as good as they may be, are not being translated into benefit for the average American family. The stagnation of wages and incomes and the economic anxiety people feel is the result of three things—the weak performance of the economy under President Clinton, high taxes, and the burdensome regulation of the Clinton administration. These are what have hindered people's ability to get ahead.

Just a month ago, on July 4, we celebrated Independence Day in this country. I would note that July 3 is also "independence day" for the people in this country, because, until July 3, Americans literally had been working for the Government. In other words, if they had applied all of their income to taxes, it would not have been until July 3 that they would have fulfilled all of their tax obligations. From then on, they began working for themselves.

So it is really the Clinton crunch that has caused so many problems for American families. Until we can (a) get the economy moving again, and (b) reduce this burden of regulation and taxation on the American people, these generalized statistics are not going to translate into any real benefit for the average American family.

Mr. D'AMATO. Mr. President, I yield Senator ABRAHAM 5 minutes.

Mr. ABRAHAM. Mr. President, I, too, would like to put into perspective the statements made earlier today on the other side of the aisle relating to the economy. While it may be true that in this one quarter, growth statistics are up; the fact is, for this Presidency, as was clearly documented by the Senator from Florida earlier, growth has been anemic, 2.3 percent, the lowest economic growth for any recovery in this country, literally, in this century.

What is also important, as was pointed out, is the fact that the median family income of America's working families has stayed stagnant. What has not stayed stagnant is the rate of taxes paid by those average families. That has been going up, as the Senator just indicated, to an all-time record high of over 20 percent. That is why American families are feeling a squeeze. They are working harder, their incomes are not going up, but their Federal taxes are going up. We need to address that, Mr. President.

Now, earlier today, we heard from the other side of the aisle several critics of letting Americans keep more of what they earn. Tax cuts were criticized. It is not surprising that it came from the other side of the aisle; it is the other side of this aisle that voted in 1993 for the largest tax increase in the history of this country.

Let us talk about the kind of tax cuts that can help America's families, like those we saw in the 1960's under a Democratic Presidency and in the 1980's under a Republican Presidency. Those tax cuts stimulated economic growth and created millions of jobs for working Americans. Those tax cuts also stimulated the chance for this economy to grow, and grow at record rates.

In the 1980's we saw economic growth that greatly eclipsed what we are seeing this year. It is interesting. Notwithstanding the criticism that was leveled earlier at those tax cuts, and notwithstanding the myths that have been created about those tax cuts, the truth is those tax cuts did stimulate far greater revenue to the Federal Government from taxpaying Americans, because the economy did grow, and it grew at record levels, especially during the 1980's.

It is interesting also as to who paid those increased taxes. It was people at the highest ends of the income spectrum who, freed from the high-tax burdens, decided to invest and risk their dollars in creating new jobs and economic growth. That is what we had. We had economic growth. We had more jobs, and we had higher tax revenues to the Federal Government.

Interestingly, in the 1990's when tax rates were raised, upper income groups are paying less and lower and middle-income groups are paying more because the upper income groups have found ways to shelter their income to avoid taxation. In the 1980's they did not do it. They used their moneys to create jobs and opportunity, and paid more taxes.

The other myth that I think needs to be exploded here today is the myth that somehow cutting taxes created the deficits that we had in the 1980's. The fact is, revenues increased during the 1980's after the tax cuts by approximately 56 percent. What increased faster was Federal spending in virtually every dimension by almost 70 percent. That differential, Mr. President, is the reason we saw deficits increase—deficits increase—under a Democratic-controlled House of Representatives.

So, Mr. President, let us put this in perspective. Under this Presidency, median family income has remained stagnant while taxes have gone up. Under this Presidency, the growth rate has been the most anemic in any recovery of the Nation's history over the past century. That is not a track record of great accomplishment no matter how much it is sugar-coated.

What we need to do is to give the working families of this country a chance to really keep up with the needs that they have by being allowed to keep more of what they earn, and a chance for the people who create jobs and opportunity to have the incentives to invest, to risk and to create entrepreneurial activity that will give us the jobs we need for the balance of this century and the next.

Thank you very much.

Mr. D'AMATO. Mr. President, I yield 5 minutes to the Senator from Georgia, Mr. COVERDELL.

The PRESIDING OFFICER. The Senator from Georgia has 5 minutes.

Mr. COVERDELL. Mr. President, as everyone has said here this morning, we have had a trail of good news from the other side on the economy. I go back to a quote:

> We have the most solid American economy in a generation.

That was President Clinton's remark on July 6 of 1996. But perhaps of equal standing, perhaps even more, are these quotes. I have heard so much on this side of the aisle about what the real status of the economy is, but I have been taken with the remarks on the economy from the other side of the aisle:

> We have an anemic rate of economic growth.

I repeat:

> We have an anemic rate of economic growth.

Senator BYRON DORGAN on June 20, 1996, in the CONGRESSIONAL RECORD. Or how about this one:

> When I go home, I hear a lot of anxiety from farmers, small business people and families just trying to make a living wage. In fact, wages have stagnated. For many middle class working families, every year it seems harder and harder to make ends meet.

Mr. President, that is the statement of Senator TOM DASCHLE, the minority leader, and that statement was made on June 20, 1996.

Here is another:

> Even though some Clinton administration economic advisers have begun to highlight certain positive economic news, it is still true that for many, especially low and moderate income working people, the economic recovery is spotty, partial and has failed to increase their real take home pay.

That is Senator PAUL WELLSTONE of Minnesota, May 2, 1996.

Here is another one:

> We all know that the American people are anxious about their economic future. They are worried about the security of their jobs and their ability to take care of their families.

That is Senator JOE LIEBERMAN, the colleague of Senator DODD, who is on the floor. That was a statement made on May 17, 1996.

DASCHLE, WELLSTONE, LIEBERMAN, DORGAN, all contemporary statements reflecting anxiousness and anxiety among the average working families in America, and they are right. In a recent article in the Washington Times, we read that last month 63 percent of the American people said the country was on the wrong track compared with only 24 percent who thought it was on the right track. It says:

> A lot of people say their income is not keeping them ahead of the cost of living. Only 10 to 15 percent say they are doing better.

So the remarks by DORGAN, DASCHLE, LIEBERMAN, and WELLSTONE are right on the mark. The middle class, the average working family does not feel very good today. Why would that be? I can tell you one reason, Mr. President. It is because their checking account has $2,000 to $3,000 less since President Clinton came to office than they had in that account before he came to office.

I might add, that is about a 7 percent reduction in their disposable income. The average Georgia family today has to forfeit over half its wages to one government or another now, over half. If Thomas Jefferson were here today, he would roll into his grave that it would ever come to the point that over half a family's income is being consumed by the Federal, State, or local government. And here we are, with this administration having taken another $2,000 to $3,000 out of a family who only has about $25,000 of disposable income. That is like a 10 percent reduction in their disposable income in just 36 months. So it does not take a rocket scientist to figure out why there is so much anxiety in the working family. They have less to work with. The median household income has declined from $33,119 to $32,000.

Job lock: Anemic economic growth has frozen many workers into jobs they would like to leave for better employment, but they are afraid those jobs will not be there if they try to go someplace else.

Or how about credit cards? The delinquent payments on credit cards, which is a real consumer-connected device across our country, are the worst they have ever been in 50 years. Why? Because we have, by Federal policy, pushed the average family to the wall. And the policies of this administration have created the anemic economy, just as Senator DASCHLE has alluded to. Those policies have reduced the disposable income in that family's checking account and they have made middle America very worried.

Mr. GRASSLEY. Mr. President, but for the strength, determination and leadership of the Republicans in the Congress—and I am referring to this and past Congresses—we would not today have a better budget situation or have an article like the one which was printed in the Wall Street Journal this morning.

But for the economic wisdom of the Federal Reserve and the steady guiding hand of its chairman, Alan Greenspan, we would not today have the economic footing that we need to be closer to a balanced budget than we have been in recent years.

There are two facts of economic life. One is that Republicans have been more steadfast and committed to balancing the budget than has the President. I remind my colleagues of the vetoes he issued on our attempts to balance the budget last year. But for our steadfastness and commitment to this goal, but for Republican leadership, this President would be no where near to working on a balanced budget.

The second is a fact that this Senator addressed during Chairman Greenspan's confirmation. The Federal Reserve has played, and continues to play, a crucial role in stabilizing the economy and maintaining investor confidence in the face of big spending Congresses. This confidence has lead to increased participation by some Americans in the stock market. This increased capital investment is what has led to new jobs, and expansion.

The President has raised taxes, though. The Clinton tax increases have taken away from all Americans' ability to take care of their families. The Clinton tax increases have decreased the amount of money which mothers and fathers have to buy necessities for their children. This is wrong.

Several of my colleagues have very accurately described the reality of the so-called Clinton economic growth rate. I wish to associate myself with their remarks. The charts which they have shown the Senate depict an economy which is not growing as fast as past economic expansions. In fact one of the charts show that this is the weakest economy in 100 years.

Another of the charts clearly shows what has happened to real medium household income. It has decreased. As the Senator from Florida pointed out, real medium household income in the years between 1983–1992 was $33,119. During the Clinton years of 1993–1994 real median household income dropped to $32,153.

No wonder American workers are concerned about their future. This drop in income hurts hard working Americans.

Let us continue to reform Government programs, as we are with this welfare reform legislation. And let us continue our efforts in Congress to balance the budget. This is true economic stimulation. This will lead to real economic growth. This will put more money into the pockets of Americans.

Mr. D'AMATO. Mr. President, I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Excuse me, I thought I had 10 minutes on welfare.

Mr. D'AMATO. We are running a little behind. We would appreciate it if you could keep it——

Mr. GRAMM. Mr. President, let me just reschedule time to talk about welfare.

Mr. D'AMATO. If the Senator would like to be yielded 10 minutes, why don't we start, instead of just talking about it.

Mr. GRAMM. All right.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, it is an incredible paradox that while today we celebrate one of the most dramatic legislative victories certainly in this Congress and in the last decade, we are here responding to our Democratic colleagues who came over to give us a lesson in perverted economics this morning. They tell us how things are great because they had the courage to raise taxes, and if only we had raised taxes more and spent more, things would even be better. I personally do not believe the American people are going to adopt that brand of economics.

I would simply like to say that if we had not raised taxes in 1993, but rather had cut spending and adopted the balanced budget amendment to the Constitution, the economy would be stronger, and we would not be having an economic recovery, which happens to be one of the weakest economic recoveries in any postwar period.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. GRAMM. Mr. President, let me now talk about welfare. We are going to pass here in the Senate tonight a welfare reform bill that has the promise of dramatically changing a system which has failed in America. Let me begin by talking about the failure.

In the past 30 years, we have spent $5.4 trillion on welfare programs; programs where we were trying to help poor people. Nobody in America knows what a trillion dollars is. So let me try to put that number in perspective.

If you take the total value of all buildings, all plants and equipment, and all productive tools in American industry and agriculture combined, they are worth about $5 trillion.

So if you want to know how much we have invested in the old welfare program over the past 30 years, it is roughly the equivalent of the value of all buildings, all plants and equipment, and all of the tools of all the workers in the United States of America. No society in history has ever invested more money trying to help needy people than the United States of America has invested.

Yet, what has been the result of all of those good intentions? What has been the result of that investment? The result of that investment, 30 years later, is that we have as many poor people today as we had 30 years ago. They are poorer today, they are more dependent on the Government today, and by any definition of quality of life, fulfillment, or happiness, people are worse off today than they were when we started the current welfare system.

When we started the War on Poverty in the mid-1960s, two-parent families were the norm in poor families in America. Today, two-parent families are the exception. Since 1965, the illegitimacy rate has tripled.

I know that we have colleagues on the other side of the aisle who are going to lament the passage of this new welfare reform bill. But I do not see how anybody with a straight face, or a clear conscience, can defend the status quo in welfare. Our current welfare program has failed. It has driven fathers out of the household. It has made mothers dependent. It has taken away people's dignity. It has bred child abuse and neglect, and filled the streets of our cities with crime. And we are here today to change it.

Let me outline what our program does. I think if each of us looks back to a period when our ancestors first came to America, or back to a time when those who have gone before us found themselves poor, we are going to find that there are two things that get individuals and nations out of poverty. Those two things are work and family. I think it is instructive to note that those are the two things that we have never applied to the current welfare program of the United States of America.

The bill before us asks people to work. It says that able-bodied men and women will be required to work in order to receive benefits. It sets a time limit so that people cannot make welfare a way of life. It seeks to change the incentives within the welfare system. And I believe the time has come to change those incentives within the welfare system.

So what we have done in adopting this bill is make some very simple changes. No. 1, we have said that unless you are disabled, welfare is not a permanent program. It is a temporary program. We are going to help you for up to 5 years. We are going to train you. But at the end of 5 years, you are going to have to work.

We have also in this program given the States the ability to run their own programs. We believe that the Federal Government does not have all the wisdom in the world, and that States should run welfare. What we have done is we have taken a federally-run program, we have taken the funds that we have spent on that program, and we have given that money to the States so that, rather than have one program, each State in the Union can tailor its program to meet its individual needs.

I believe that we have put together a positive program. It is a program that asks people to work. It is a program that tries to make Americans independent. It is a program that for the first time uses work and family to help families in America escape welfare and to escape poverty. I think this is a major achievement. I am very proud of this bill, and I hope we can get a sound vote for it.

I know there will be those who say that the President, in committing to sign this bill, is going to end up taking credit for it. I do not believe the American people care who gets credit for this bill. We know that had there been no Republican majority in both Houses of Congress, we would never have passed this bill. We know that without a Republican majority in both Houses of Congress, we would not have a mandatory work requirement. We would not be changing welfare as we know it. But it seems to me that the return we are going to get for adopting this bill is worth letting the President take a substantial amount of credit for it.

I think this is a major step in the right direction. I am very proud of this bill. I commend it to my colleagues.

I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New York has 5 minutes.

Mr. D'AMATO. Mr. President, let me reflect, if I might, not only on the economy but more particularly as to the impact, the adverse impact that the brutal welfare program—brutal, one that entraps people—has had on this country. It has not been beneficial. We have seen welfare spending move from approximately $29 billion in 1980 to something in the area of $128 billion today. Incredible. This is a program that was intended to help people temporarily, those people who were disabled, those people who, through no fault of their own, found themselves without a job.

> The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is in violation of the traditions of America.

Mr. President, those were the words spoken by Franklin Delano Roosevelt when President Roosevelt gave his second annual message to the people on January 4, 1935. Indeed, how prophetic; 60 years later we see his admonition that where welfare becomes a long-term program, it is fundamentally destructive to the national fiber, and that it is a narcotic to the human spirit, and it is a violation of the traditions of America.

That is exactly what the welfare programs have done to this country. And let me say, as difficult as is the political process of campaigns and elections, thank God it is an election year; there is one good thing that has come about, and that is welfare reform.

Let me also suggest that without there having been a Republican Congress pushing, working, challenging, there is no way that we would have had any opportunity to pass a bill. And to those who are critical of the reform, let me say that no bill is perfect, but to continue business as usual, as if all is well, would have been a kind of conspiracy, a conspiracy to continue to keep our people on that narcotic. Absolutely not acceptable.

I have to tell you, if you want to get this economy going, then we have to give educational opportunity a helping hand and move people who have become dependent, dependent upon that welfare narcotic, that drug, that drug that President Roosevelt warned us about, off of the welfare rolls into a system of work.

To those of my colleagues who have legitimate concerns that there may be some imperfections, we will deal with those. We have the ability to fix them. We have the ability to make the bill a better bill. But to do nothing, to sit back, to languish in the bureaucracy of entrapping people, keeping people from meeting the opportunities that this country has of freedom, real freedom, freedom to participate, freedom to undertake a challenge, is morally destructive and is wrong. This change is long overdue.

So if there this is anything good that comes from those elections and the partisanship back and forth and the bickering, I say this welfare reform, in my mind, would never have taken place—never, never have taken place were it not for this election.

Mr. President, I am pleased to have worked for this program. Workfare, not welfare, is long overdue.

Mr. President, I yield to the Senator from New Hampshire for 5 minutes.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH. Mr. President, I wonder if the Senator from New York could make that 10 minutes?

Mr. D'AMATO. I yield 10 minutes to the Senator from New Hampshire.

Mr. SMITH. Mr. President, I rise in very strong support of the welfare reform bill, H.R. 3734, that is before the Senate at this time. This is historic legislation that the Senate later will be passing by an overwhelming majority—a bipartisan majority, I might add. There will be some who will be voting for this today because they are caught up in the wave of welfare reform and there will be others of us who will be voting for it because we caused the wave. But it really does not matter because the result will be the same. This Republican Congress has gotten it done. After all the years and years of talk, we have finally gotten it done. We sent the President two bills. He vetoed both of them. This is the third attempt. He now says he will sign it.

The Senator from New York has already quoted President Franklin Roosevelt who, in 1935, talked about what welfare, or in those days they called it relief, does to a society and does to a family. It does destroy the human spirit and it is a violation of the traditions of America, as Franklin Roosevelt correctly said in 1935.

Mr. President, in terms of welfare, we did declare a war on poverty, and poverty won. That is the problem. This program has not worked. When something does not work, we have to try something new. It does not mean we say we have all the answers, but it does mean we have to try.

In 1965, per capita welfare spending was $197. By 1993, per capita welfare spending was $1,255. That is a 600-percent increase. For all this increased spending, have we seen a corresponding drop in poverty? No, we have not. In 1965, 17 percent of Americans lived in poverty. In 1993 it is a little over 15 percent, barely a change. So we need to try something new, which is why this Republican Party has fought so hard to make these changes.

This is historic because it ends a 60-year status of welfare as a Federal cash entitlement. As a result, once this bill becomes law, no person will be able to choose welfare as a way of life. And no person will be entitled to cash benefits from the Federal Government simply because he or she chooses not to work.

It is amazing some of my colleagues can defend this failed system, where people who make $18,000 or $19,000 a year, working hard with their bare hands to make just enough money to put food on their tables and pay taxes, we should ask those people to continue paying forever for somebody who won't work. Won't—not can't, won't. Because that is what welfare is all about.

Yes, there are some who cannot and they are not going to slip through the net. It is the ones who won't work. Yet, time after time after time, speaker after speaker after speaker in this body has defended this system, saying people who work hard for a living, trying to put food on the table, trying to pay their mortgages, trying to get their kids through college, working hard, paying their taxes—honest, hard-working Americans—should continue to pay for people who won't work.

We are changing it. That is why this is historic. The President, in announcing he was going to sign this bill, kind of apologized for signing it, if you listen to his remarks. But again, the result is the same. He is going to sign it. We will get the results. So I give him credit for signing it. It took him a little while to get there, but he is there.

As the Senator from Texas said a few moments ago, ask yourself this question. Would we have welfare reform, would we have workfare today, were it not for people in a Republican Congress who pushed and pushed and pushed to get it through this Congress and into the White House where the President can sign it? I think the answer is: Obviously, no, we would not have. By dramatically cutting the Federal welfare bureaucracy and replacing it with block grants to the States, this bill recognizes the best hope for making welfare programs successful lies in shifting major responsibilities for their administration to a level of government where innovation and experimentation can flourish. This is a giant step toward reinvigorating federalism in our system of Government.

I heard the Senator from Massachusetts, Senator KENNEDY, earlier in the debate, talking as if somehow all these people were going to slip through the safety nets because the Federal Government no longer is assuming responsibility. We all know that we have 50 Governors out there, frankly, Democrats and Republicans—I have confidence in those people. I do not think any Governor in any State in the Union is going to put a starving child on the street. I will believe that when I see it. That is not going to happen and we all know it. It is an outrage to define this welfare reform in those kinds of terms.

Governor Steve Merrill, the Governor of New Hampshire, using my State as an example, is a compassionate, decent man and a good Governor. He is not going to let that happen. I want him to have this program. I want him to be able to administer this program, this block grant, because in the State of New Hampshire, Governor Merrill and the legislature and the others who work every day in these welfare programs, know who the needy people are. They also know how to help them find work. That is compassion and it is compassion at the local level, where it should be. Because people in Washington, DC, do not know all the answers, in case you have not figured that out yet.

No Governor is going to let a child starve and it is an outrage and an insult for anybody to even insinuate it rather than say it. Our Governors have been leading the way, from both parties. President Clinton, when he was Governor, talked about welfare reform and as a Presidential candidate said he would end welfare as we know it. He knew then as a Governor it was not working, which is why he spoke out about it. This is landmark legislation. This is dramatic. This is the kind of thing that I have been working on for all the years that I have been in Congress, and I am so happy just to see it come to fruition.

I am going to be pleased and proud to work with Governor Merrill and see that this program is administered properly to help the people in the State who need help.

This is a huge accomplishment just to get this bill through this Senate and the House and on the President's desk.

Mr. President, this bill transforms welfare from a handout that fosters dependency into a temporary helping hand for those who fall on hard times. It places a 5-year lifetime limit on receiving welfare benefits and requires able-bodied adults to work after 2 years.

Surely after 5 years, an able-bodied individual can find a job. Of course, they can find a job, if you want to find a job. But you are not going to want to find a job if somebody is taking care of you all the time.

When I was a kid, I had a favorite uncle, Uncle George. He used to sell toys, and I used to look forward to Uncle George coming around with toys. My family at sometime would say, "If Uncle George keeps coming around, we won't have to buy toys for little Bobby," because they expected it.

Where is the respect for the people who are paying the bills? It is not the Federal Government paying these bills for people who will not work. It is the taxpayers. It is the hard-working men and women across America who work hard for a living. There is no reason why this is an entitlement for somebody who does not work.

There is not a person out in America today who does not have the compassion in their heart to help somebody who needs help. We see it every time there is a tragedy. Whether it is the TWA bombing, a flood, earthquake, American people are always stepping forward in a compassionate, helpful way to help their fellow man. It happens every day. It is happening now, and it is not going to stop because we pass a bill that says people who will not work cannot get benefits for the rest of their lives.

Mr. President, another very important point here is that this bill cracks down on the so-called deadbeat dad by requiring that father to pay child support, and it mandates that welfare applicants must assist in establishing the paternity of their children in order to qualify for their benefits.

What is wrong with that? That is responsibility, Mr. President.

I am also pleased that this bill takes a number of steps toward ending the abuse of the welfare system by those legal immigrants who come to America, not to go to work but to go on welfare. That is not true with every person who comes to America, it is not true with most people who come to America, but it is true with some, and they ought not to be getting welfare benefits if they are not an American citizen while Americans who are working hard, trying to pay their bills are providing it. That is simply wrong. It ought to stop, and this bill does stop it. But it also provides when you are sponsored, the sponsor can assume some responsibility for you. If they want to bring you to America, they can assume some responsibility. That is what built this country—responsibility, not running away from it.

Deeming is a good policy. Noncitizens, after all, remain, by definition, citizens of other countries. They should not, in all fairness, expect to be supported by Americans who are not their fellow citizens.

Finally, Mr. President, H.R. 3734 provides a total of $22 billion to help the States provide child care for parents who are participating in work and job training programs. It also provides additional grants for States that experience high unemployment or surges in their welfare populations.

Mr. President, I commend those among my colleagues in the Senate who have worked long and hard to make this such a strong, landmark welfare reform bill. I also commend a former colleague—Senator Bob Dole—for working tirelessly since the beginning of this historic 104th Congress to deliver landmark welfare reform for the American people.

Thank you, Mr. President. I yield the floor.

Mr. EXON. Mr. President, I yield 7 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I thank the distinguished Senator from Nebraska.

Mr. President, a number of my colleagues have talked about their very deep concerns about various aspects of this legislation, including the estimates that go as high as 1 million more children being thrown into poverty, the very harsh cut in food stamps that is contained in this legislation, the limitation on the time period for receiving food stamps, which will hit workers who have been laid off and their families very hard in the years to come, the extreme cuts in benefits for disabled children and the treatment of legal—not illegal, but legal, and I stress that—legal immigrants coming into the country. These are people who, under our laws, are legitimately in the country, and yet, if they encounter personal disaster financially, we are not going to provide any help to them. All of these factors constitute a valid basis for voting against this bill.

I am not going to go back over those issues. They have been discussed at some length by others. There is another matter I wish to discuss, another dimension to this legislation which I think is another strong reason to oppose this legislation which I intend to do. And that dimension is the situation we will confront in times of economic downturn and recession. All of the discussion here is about the limitations and constraints that are being placed upon existing programs in the context of current economic circumstances.

Current economic circumstances are a 5.3-percent unemployment rate across the country. But we must consider the question of what is going to happen when we have a downturn in the business cycle. People are discussing this legislation almost as though the business cycle has been repealed and is not going to happen again.

This legislation provides block grants to the States. The size of those grants does not vary with such factors as unemployment or the poverty rate, and, therefore, in recessions, States will face rising caseloads and corresponding large gaps in funding for assistance programs.

The bill has a contingency fund of $2 billion, but it is completely inadequate—completely inadequate—it fails to address this issue. Let me just give you an example. In our Nation's most recent recession during the Bush administration in the period from 1989 to 1992, the Federal share of welfare spending increased 36 percent—an additional amount of $7.2 billion over the four years—that is, almost four times the contingency fund.

There was a 35-percent increase in the number of children in poverty over those years. This was a period when the unemployment rate rose from 5.3 percent to a high of 7.7 percent.

What are the States going to do under this legislation when a recession hits and more and more people slip into poverty, people lose their jobs, they are out of work? Under the current system, the Federal Government assures to the States additional money for each of the additional persons who are placed into dire circumstances by a worsening economy. Under this bill, no such support. This bill essentially gives the State a block grant based on 1994 figures, and that's it.

Much of the discussion has been about the difficulty of handling the situation under current economic circumstances and the problems are very real and severe. What happens when you get an economic downturn and the number of people showing up in the poverty category on the unemployment rolls is on the increase, rising very substantially? Are the States then going to come up with more money in order to handle this problem?

Our experience to date is every time a recession strikes the States come in and say, "We need help. We're constrained. We can't deal with this recession. Look what this recession has done to our sources of revenue. Our sources of revenue are down. We can't handle the situation."

That is what they say today when the Federal assistance is automatically adjusted. What are they going to say next year or the year after and the year after that when a recession comes along, when people are added to the unemployment rolls, out of a job, families go into poverty? Where are the resources then going to come from?

Under the current system, the Federal Government, since President Roosevelt, assumed an obligation to provide help to the States to help them work through this situation. Now the Federal Government automatically steps in when a recession hits. That will not be the case in the future under this legislation.

It is true there is a contingency fund. But as I said, it is totally inadequate for any recession of any consequence, let alone a very deep recession as we experienced under President Reagan in the early 1980's, or just the recession we experienced in the early 1990's during the Bush administration when the unemployment rate went from 5.3 to 7.7 percent. That was its peak, 7.7 percent, contrasted with the Reagan recession where it went just shy of 11 percent unemployment.

In the Bush recession in the 1990's, the fact of the matter is that there was about a 40-percent increase in the Federal expenditure on welfare during that recession period. This bill fails to address the consequences of such an economic downturn.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SARBANES. Will the Senator yield me 1 more minute?

Mr. EXON. I am glad to.

Mr. SARBANES. Mr. President, this bill does not do that. The Federal Government is out of it in terms of assuring the States that the full burden of recession will not fall upon them. In the last recession, when the unemployment rate went close to 8 percent, millions of Americans lost their jobs and had a difficult time finding new jobs.

What is going to happen in the next recession? Does anyone realistically believe that the States will step in and pick up the burden? Even now with additional Federal assistance the States come in during a recession and say, "We can't handle our situation because our revenues have been impacted by the recession." What is going to happen is you will have literally millions of people affected by the economic downturn and without any support. No additional Federal assistance as now, because of the block grant provision. We will pay dearly for failing to provide a fail-safe mechanism against an economic downturn. The consequences will be such that we will rue this day.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SARBANES. I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Will the Chair kindly advise the Senator when I have used 15 minutes? I yield such time as is necessary to myself.

Mr. DOMENICI. I think we rotate.

Mr. EXON. Before the chairman came in, we had three Republicans in a row. I thought that we would proceed——

Mr. DOMENICI. They were part of the 1 hour where you had 1 hour and——

Mr. EXON. No, they were not. They were after that. I yield the floor.

Mr. DOMENICI. I ask Senator NICKLES, do you need 15 minutes?

Mr. NICKLES. Yes.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first, I wish to congratulate and compliment our colleague from New Mexico for his leadership on this bill. In addition, I compliment Senator ROTH, Chairman ARCHER in the House, and Chairman CLAY SHAW for putting this bill together, as well as Chairman KASICH in the House. I would like to go back a little farther and also compliment Senator Dole and Speaker GINGRICH for laying the groundwork for fundamental welfare reform, fundamental welfare reform that is long overdue, fundamental welfare reform that today will have bipartisan support. I am very pleased with that and I am pleased the President said he would sign this bill.

He is correct in making that decision. I know he agonized over it. He was not sure what he was going to do. That is evidenced by the fact he vetoed two similar bills earlier. He actually vetoed a bill in January, a bill that passed the Senate with 87 votes. I thought that veto was a mistake. I thought that veto was a repudiation of his campaign statement when he said we need to end welfare as we know it.

When candidate Bill Clinton made the statement, "We need to end welfare as we know it," I applauded it. I thought he was exactly right. Unfortunately, I think welfare had become a way of life for far too many families. Maybe that was their fault, maybe it was Congress' fault. I think most of the welfare programs that we have were well-intentioned, but many have had very suspect results.

In addressing the issue of welfare, on January 4, 1935 Franklin D. Roosevelt said that:

> The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimicable to the dictates of sound policy. It is a violation of the traditions of America.

That was in his second annual message to the country. He was right. Maybe he was a little bit prophetic because, if you look at what has happened in our welfare system, we now have under the Federal Government 334 federally controlled welfare programs.

The Federal Government determines who is eligible, for how long, and for how much they will receive. We have 156 job training programs stacked on top of each other, all with good intentions but a lot with results that are not very desirable, results that in many cases have not helped a lot of the intended beneficiaries and certainly have not helped taxpayers.

This Congress has done several historic things. I have been around here now for 16 years. This Congress, for the first time, has actually passed some reform and some curtailment of the growth of entitlement programs.

We passed it in the Balanced Budget Act, but the President vetoed it so that did not become law. We passed it in the welfare bill, but the President vetoed that and it did not become law. We passed entitlement reform in the farm bill, a historic rewrite of decades of farm policy. That was a good bill. The President signed it. I compliment him for signing it.

Now we are passing welfare reform. Is the bill perfect? No. But it is a good, giant step in the right direction. I am pleased the President will sign it.

Mr. President, this bill does change the way we do welfare. The so-called AFDC, aid to families with dependent children, will no longer be a cash entitlement. We are reforming its entitlement status. The current program says that if you meet eligibility standards—in other words, if you are poor—you can receive this benefit for the rest of your life. There is no real incentive to get off. There is no real incentive to go to work. We are really falling into exactly what Franklin Delano Roosevelt said. We are destroying human spirit. So now we have a chance to fix that in this bill today. This is a giant leap.

Again, I mentioned that I am pleased President Clinton is signing this bill. But if you look at the bill he introduced, his bill was a continuation of the entitlement of aid to families with dependent children. They would go on continually. It was a continuation of an entitlement.

Today we are breaking that continuation. We are going to say that we trust the States. I have heard some of my colleagues say, "Wait a minute. What about the kids?" What we are doing is taking this money and we are going to give this cash welfare program to the States and let them determine eligibility. I happen to think that the States are just as concerned, maybe even more concerned than we are about kids in their own territory.

What makes people think that the source of all wisdom comes from Washington, DC, that Washington, DC, should determine who is eligible and who is not? Who can make the best determination of those requirements? I believe the individual States can.

In this bill we have work requirements. We have time limits. We have a 5-year lifetime limit. I think we have taken some big steps in the right direction.

So I want to compliment Senator ROTH and Senator DOMENICI, Senator Dole, and others.

Also, I would like to make a couple of other comments. I have heard the President say we have cut too much in food stamps. In this bill we require able-bodied adults age 18 to 50 with no dependents, no kids, to work 20 hours a week, with the exception that they have 3 months in a 3-year period when they can receive food stamps. Other than that they are going to have to work at least 20 hours a week. That is real reform. I know my colleague from North Carolina thinks that is right.

Under current law you can receive food stamps forever. Eligibility is pretty easy. If you meet these income requirements, you can receive food stamps. There is not a time limit. Under this bill we are telling able-bodied people, now you are going to have to get a job.

There are now going to be work requirements in order to receive welfare. You are going to have to get a job. We turn the money over to the States, yes, but it is a transition. We call it temporary assistance for needy families. It is temporary assistance; it is not a way of life. It is not a system that we are setting up where people can receive this income forever, as many families do under the current system.

There was an investigation in areas of my State that had drug problems and crime problems, and I learned a little bit about the drugs and the crime. But I probably learned a little bit more about welfare. This area had a very high incidence of crime and drug problems but had an even higher incidence of welfare dependency.

As a matter of fact, I talked to a young person who had a couple of kids and found out that, yes, she had been on welfare for a few years and her mother had also been on welfare for several years. I was thinking, we have to break this cycle. What about the kids? I looked at her kids, and I really felt sorry for them, and they were growing up, now the third generation of a welfare family. We have to break that trap of welfare dependency.

This bill will help give people a hand up and not just a hand out; to where they will be able to go to work; where we provide job training; where we have child care; where we have an opportunity for people to climb up out of this welfare dependency cycle. This is a giant step in the right direction.

With the old system, if they met the income standards, then they kept getting the cash. There is no limit whatsoever. So this bill is, again, a very positive step in the right direction toward rewarding work, encouraging work, encouraging people to become independent, and not dependent on taxpayers. I compliment Senator Dole and others who are responsible.

I want to correct some misstatements that have been made by the President and other people. The President stated yesterday that the reason why he is signing the bill is that it allows States to use Federal money for vouchers for children and for parents who cannot find work after the time limit has expired. The President says he lobbied for this. To clarify, we did not put money in specifically under the welfare bill, but we have said they can use money under title XX, the Social Services Block Grant, for those purposes. That is the same policy we had in the bill H.R. 4, that unfortunately the President vetoed. There was not really a change in that area.

President Clinton made a statement saying the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people working hard for their families, paying taxes and serving in our military. Well, the President is wrong. Just to state the facts, noncitizens who work for their families, pay taxes, can become eligible for welfare in two ways under this bill. First, they can become citizens. If they become citizens, they can qualify for any benefits any other American can. Second, even if they decide not to become citizens, they can become eligible for welfare by working and paying Social Security payroll taxes for 40 quarters, basically 10 years.

Third, and this is most important, noncitizens who serve in our military are eligible for welfare under this bill. The bill explicitly exempts them from the bans on welfare to non-Americans. It is in the bill.

I was surprised by the President's statement. His statement was this: "You can serve in our military, you may get killed for defending America, but if somebody mugs you on a street corner or you get cancer or get hit by a car, or the same thing happens to your children, we are not going to give you assistance anymore."

Mr. President, President Clinton is wrong. As I mentioned, people who serve in our military, veterans and their dependents all continue to be eligible for assistance under this bill, this is title 4, page 5. So are refugee and asylees and people who pay Social Security taxes for 40 quarters, title 4, page 5. People mugged on a street corner or hit by a car, whether or not they are citizens and whether or not they work and whether or not they are in the country legally or illegally, qualify for emergency medical assistance under this bill.

I think it is important we stay with the facts. President Clinton also said yesterday, "I challenge every State to adopt the reforms that Wisconsin, Oregon, Missouri, and other States are proposing to do." Fact: On May 18, President Clinton spoke favorably of the welfare waiver application submitted by the State of Wisconsin: "Wisconsin is making a solid welfare reform plan. I pledge my administration will work with Wisconsin to make an effective transition to a new vision of welfare. States can keep on sending me these strong welfare proposals, and I will keep on signing them." That was May 18. Guess what? Wisconsin's waiver was proposed on May 26, over 2 months ago, and he has not signed it yet.

President Clinton, before a speech of National Governors' Association in 1995, told the Governors he would act on their waiver application within 30 days, some of which have taken well over a year, some almost 2 years. It has been 60 days since the Wisconsin waiver. We tried to put the Wisconsin waiver into the bill to make it applicable. We get a message, according to Speaker GINGRICH, that if it is in the bill, the President will veto it. At the same time he was bragging on Wisconsin's waiver and their new approach yesterday on national TV, he was telling us if we put it in the bill, he would veto the bill.

Mr. President, I could go on. I think it is important we not try to scare people, that we stay with the facts, that we do try to do what is right.

Let me make a couple of other comments. I heard the President and other people saying this bill is too hard on noncitizens, on legal aliens. We eliminate benefits for illegals; what about noncitizens who are legally here? We make some changes. The President and others say we went too far.

Let's look at what we did. Our legislation has a priority that says fundamentally we should take care of Americans. When aliens come to this country, their sponsors pledge to support them and they sign a statement that says they will not become a public charge. People come to this country voluntarily. If noncitizens want to stay in this country, they sign a statement saying they will not become a public charge. We will start holding them to that statement and hold their sponsors who also signed the statement saying, "We will make sure they do not become a public charge; we will make sure they do what they committed to do." I think that is very important.

I might mention a couple things about taxpayers. If you look at the number of noncitizens currently receiving SSI, Social Security supplemental income, in 1982 there were almost 128,000 noncitizens receiving SSI; in 1994 that number had increased by almost sixfold, and there were 738,000 noncitizens receiving SSI. The program has exploded since 1982—almost six times as many.

What happens is a whole lot of people determine they can come to the United States not asking for a land of opportunity to grow and build and expand, they come to the United States for a handout. What did they do? They received SSI and Medicaid. They received a lot of Government assistance. Thank you very much, taxpayer, and the sponsors who signed statements saying, "We will take care of them and make sure they do not become a charge to the Federal Government." But who have not done their share, they have not held up their side of the bargain when they said they would not become a charge to the American taxpayers, and they did.

We are saying they have a couple of choices. If they want to become citizens, they will be eligible for benefits. If they do not become citizens, that is certainly their option, but they do not have the option to say, "Yes, take care of us, taxpayers." If they pay taxes for 40 quarters then they could become eligible for benefits.

A couple of other comments. We deny noncitizens from receiving food stamps until they become citizens or pay taxes for 10 years. We did the same thing with food stamps. Why should someone come to the United States as a noncitizen and say, "Give me food stamps"? Some people have criticized this by saying, "Wait, cuts in food stamps are draconian." We spent $26.2 billion this year in food stamps. In the year 2002, if you listen to some of the rhetoric, you would think we cut that in half. That is not the case. In the year 2002, 6 years from now, we will spend over $30 billion in food stamps. So we are spending more money in food stamps every year, but we are saying to the people who are noncitizens who come to the United States, they are not automatically entitled to continue receiving benefits forever.

Mr. President, I have several charts to be printed in the RECORD, and I compliment my friend and colleague from New Mexico for his leadership. I mentioned food stamps, and I will mention SSI, the growth rates in SSI.

In 1980, SSI cost the taxpayers $6 billion; in 1996, it costs $24 billion, four times as much. This program is exploding. The growth rates in SSI for the last 5 years are 10 percent, 14 percent, 21 percent, 18 percent, and 20 percent. The program has exploded in many, many cases because noncitizens have said this is a good way to get on a gravy train. We need to close that abuse. We do that under this bill. I think that is positive reform.

I ask unanimous consent to have printed in the RECORD charts to substantiate these facts.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FEDERAL SPENDING ON MAJOR WELFARE PROGRAMS

[Current law in billions of dollars]

Year	Outlays	Growth (dollars)	Growth (percent)
FOOD STAMPS			
1980	9		
1981	11	2	24
1982	11	(0)	−3
1983	12	1	7
1984	12	(0)	−2
1985	12	0	1
1986	12	(0)	−1
1987	12	0	0
1988	12	1	6
1989	13	1	4
1990	15	2	17
1991	19	4	25
1992	23	4	21
1993	25	2	11
1994	25	0	0
1995	26	1	4
1996	26	0	1
1997	28	2	7
1998	30	2	6
1999	31	1	5
2000	32	1	4
2001	34	1	4
2002	35	1	4
FAMILY SUPPORT*			
1980	7		
1981	8	1	12
1982	8	(0)	−2
1983	8	0	5
1984	9	1	6
1985	9	0	3
1986	10	1	8
1987	11	1	6
1988	11	0	3
1989	11	0	4
1990	12	1	9
1991	14	1	11
1992	16	2	16
1993	16	0	3
1994	17	1	6
1995	18	1	6
1996	18	0	2
1997	19	0	2
1998	19	1	3
1999	20	1	3
2000	21	1	3
2001	21	1	3
2002	22	1	3
SSI			
1980	6		
1981	7	1	11
1982	7	0	6
1983	7	1	7
1984	8	1	12
1985	9	0	6
1986	9	1	8
1987	10	1	6
1988	11	1	13
1989	11	0	0
1990	13	1	10
1991	14	2	14
1992	17	3	21
1993	20	3	18
1994	24	4	20
1995	25	1	2
1996	24	(1)	−4
1997	28	4	16
1998	30	2	8
1999	33	2	8
2000	38	5	17
2001	35	(3)	−9
2002	40	6	17
CHILD NUTRITION			
1980	4		
1981	4	0	0
1982	3	(1)	−14
1983	3	0	10
1984	4	0	9
1985	4	0	3
1986	4	0	3
1987	4	0	5
1988	4	0	8
1989	5	0	7
1990	5	0	9
1991	6	1	12
1992	6	0	7
1993	7	1	10
1994	7	0	6
1995	8	1	13
1996	8	1	7
1997	9	0	6
1998	9	1	6
1999	10	1	6
2000	11	1	6
2001	11	1	6
2002	12	1	5
EARNED INCOME CREDIT			
1980	1		
1981	1	0	0
1982	1	(0)	−8
1983	1	0	0
1984	1	0	0
1985	2	0	38
1986	2	0	25
1987	2	0	1
1988	4	2	91
1989	6	2	47
1990	7	1	11
1991	7	0	8
1992	11	4	51
1993	13	2	23
1994	16	3	20
1995	19	4	22
1996	23	3	18
1997	24	2	8
1998	25	1	3
1999	26	1	4
2000	27	1	4
2001	28	1	4
2002	29	1	3
TOTAL			
1980	27		
1981	31	4	14
1982	30	(1)	−2
1983	32	2	7
1984	34	1	5
1985	35	1	4
1986	37	2	5
1987	38	1	4
1988	43	5	12
1989	46	3	7
1990	51	5	12
1991	59	8	15
1992	72	13	22
1993	81	9	12
1994	89	8	10
1995	96	7	8
1996	100	4	4
1997	108	8	8
1998	114	6	5
1999	120	6	5
2000	129	9	8
2001	129	0	0
2002	139	10	7

*Family Support includes AFDC, child care, child support enforcement, and JOBS.

Sources: CBO & OMB.

Prepared by the Office of Senator Don Nickles.

Mr. NICKLES. I thank my colleague from New Mexico and my colleague from Nebraska for yielding.

Mr. DOMENICI. First, I am not sure everyone that has sent the message down that they want to speak will speak, but without wrap-up by our leader and without any wrap-up by me, there are 14 Senators on our side who have requested some time to speak.

I ask the Parliamentarian, how much time remains on the Republican side under the 5 hours?

The PRESIDING OFFICER. Approximately 2 hours and 15 minutes.

Mr. DOMENICI. That still means with 14 Senators, we clearly will not be able to give 20 or 25 minutes to everyone. We hope we can keep everyone to somewhere around 10 minutes or less.

Having said that, Senator EXON has not even spoken today. He is next, and he will choose as much time as he wants, obviously. Following him, my understanding is that Senator SPECTER of Pennsylvania will speak on our side. Who will speak on your side?

Mr. EXON. Senator MOSELEY-BRAUN, who was here at 9:30 this morning trying to speak, will follow me.

Mr. DOMENICI. Senator FAIRCLOTH will be next.

Mr. EXON. Following Senator MOSELEY-BRAUN, Senator BRADLEY.

Mr. DOMENICI. All right. We know that many other Senators on this side want to speak. Since Senator GRASSLEY is here, I am going to say that, on our side, he will follow Senator FAIRCLOTH. Senator CHAFEE wants to speak, also. Where would the Senator go next on the Democratic side?

Mr. EXON. Mr. President, may I inquire from the Chair, are there 2 hours left on the Republican side? I thought when I inquired a half an hour ago, at that time there were 2 hours on the Republican side and 2 hours 20 minutes on our side. Now I understand that the Chair said the Republicans had 2 hours 15 minutes left.

The PRESIDING OFFICER (Mr. KEMPTHORNE). The Republicans have approximately 2 hours 15 minutes remaining. The reason is that there was an inadvertent addition that was made on the time allowed.

Mr. EXON. How much time do I have remaining?

The PRESIDING OFFICER. Two hours twenty-one minutes.

Mr. EXON. I thank the Chair.

Mr. DOMENICI. Can we go beyond that and get a couple more sequenced in? Who was the last one?

Mr. EXON. Senator BRADLEY. I have 8 or 10 other speakers. I do not have a scenario beyond Senator BRADLEY.

Mr. DOMENICI. On our side, when the time arrives, the next Senator would be Senator CHAFEE, and then Senator GREGG is after the Senators I had previously announced. If any other Senators have difficult times, call us and we will try to put them in sooner. As soon as we can schedule you in, we will. Come down and tell us.

So the order on our side is Senators SPECTER, FAIRCLOTH, GRASSLEY, CHAFEE, and GREGG.

Mr. EXON. Mr. President, many of my colleagues have given very thoughtful and rigorous descriptions of the economic growth of our Nation under the dedicated leadership of President Clinton. Much of that growth is due to the deficit reduction in the President's 1993 budget that we passed with strictly Democratic votes, and not a single Republican vote in either the House or the Senate. The Federal Reserve Chairman, Alan Greenspan, agrees. He said, earlier this year, that President Clinton's budget was "an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

Mr. President, we have been on the right course since we passed the 1993 deficit reduction plan. At that time, dire predictions were made on that side of the aisle. If anybody is interested in those, I would be glad to supply the doomsday forecast if that became law—which it did—from that side of the aisle.

In 1992, the deficit was $290 billion, the highest dollar level in history. Today, thanks to the President's budget, it has been cut more than in half, to $117 billion. That is living up to both your promises and the promises that have been emphasized so often in debate here.

I don't customarily use charts, but I want to put up a chart that may have been used before, which drives this point home. I suggest, Mr. President, that this may be the best kept secret in America.

In 1980, when President Carter was President of the United States, we had a deficit of $74 billion for that year. That was an awful lot of money. I remember how concerned we were about that. Several years later, after 1980, in the intervening 12 years of Republican Presidents—first Ronald Reagan and then George Bush—and supply side economics, that deficit loomed from a high $74 billion, we thought, to $290 billion. When President Bill Clinton became President of the United States, look what has happened since then under his leadership. That deficit has been more than cut in half, to the 1996 projection of $117 billion.

I don't know what tells the history of success in this particular area more than a chart like this, which is factual. I ask anyone to challenge it. The Republicans like to carp a lot about the President's 1993 budget. A distinguished Republican said that President Clinton's taking credit for deficit reduction is like a rooster crowing very loudly at sunrise. I say to my Republican friend that the President has every right to crow, if you want to use that word. He has every right to lay claim to reducing the deficit, because that he has done.

That enormous fiscal egg laid by the previous two Republican administrations had to be attacked by someone, and President Bill Clinton did the job. Facts are facts. He has cut it more than in half.

As much as I am gratified by the economic and fiscal performance of the current administration, I am deeply concerned with what is being said by the Republican campaign to challenge this administration. The same folks who were part of the fiscal wrecking crew in the 1980's, and who voted against the only real deficit reduction plan in the 1990's, are now ready to sabotage the 21st century with billions of dollars in new tax cuts, which they don't pay for. That is more of the supply-side economics that got us into this mess in the first place.

Mr. President, I ask my colleagues here, and I ask the people of the United States, why on Earth would Bob Dole change his mind from a strict and sound fiscal conservative and become the Willy Loman of supply-side economics and perhaps destroy the economy by going back on this track?

Mr. President, the lessons learned in the 1980's through the 1992 period are very clear: You can't grow your way out of tax breaks of this magnitude. That is why President Clinton came into office, saddled with a $290 billion deficit. Supply-side economics, or so-called dynamic scoring are, at best, a toss of the dice.

To gamble the fiscal integrity of our Nation on such speculation is totally irresponsible. It is shameless. It is truly shameless. Only it is a way of disguising the true costs of tax cuts.

How did they make up for them with the supply-side economics, or voodoo economics, to use a Republican phrase, from the period 1980 to 1992 that caused this?

Fed Chairman Alan Greenspan said, "We must avoid resting key legislative decisions on controversial estimates of revenues and outlays." We sure did that from the period 1980 to 1992.

I find it curious, Mr. President, that the advocates of supply-side Dole tax cuts seem to be trying to cash two fiscal dividends at the same time. And it will not work. On the one hand, they want to take credit for the fiscal dividend that the Congressional Budget Office said we will get from the conservative fiscal policies needed to balance the budget. On the other hand, they want to simultaneously take credit for a fiscal dividend that would come from the stimulative fiscal policies of a tax cut. We have a record to show what happens when you go down that road.

I hope the American voters will find out quickly what the Dole medicine show is really trying to sell. It is pure poison, and it hurts. The American people reject out of hand the heartless reductions, indeed, in the latest Republican 7-year budget plan. I tell my fellow Americans that these needs pale in comparison to what may lie ahead if we follow their lead to supply-side economics once more. Those reductions from real need will be twice as bad if we have to pay for the total tax breaks that are about to come.

That is right, Mr. President. That is right, and all should understand that President Clinton cut the deficit in half, as evidenced by this chart. Bob Dole wants to double the amount that the Republicans are taking from ordinary Americans to pay for his $600 billion or so in tax breaks for the wealthy. The American people know and the American people understand who is heading in the right direction, and it is President Bill Clinton.

Mr. President, an important part of all of this—to keep the promises that were made during the campaign—is the matter of the welfare reform bill that is presently before the body.

Mr. President, the conference report that is before us in the Senate today is not the best possible welfare bill, but it may be the best welfare bill that this divided and weary Congress can pass.

I salute my good friend, the chairman of the Budget Committee, for doing his able best, and he did a lot to smooth over the rough edges of the House measure, and there were many.

I also want to compliment the tenacious and effective work of the Senator from Rhode Island, Senator CHAFEE, in the conference committee. This is a better bill for their efforts.

Throughout the consideration of this bill, my primary concern has been with our Nation's children. A hungry child should be an affront to all men and women of good will.

I am at a loss to understand why the Republican leadership felt it necessary to force their caucus to vote against allowing States to provide noncash vouchers for children's food and clothing under the State's block grant. The conference report allows States to use another program for that purpose, but provides no additional funds, and has even reduced that program by 15 percent below the baseline.

It is certainly not the intention of this Senator to throw more children into poverty, or to create more want in our land of plenty. Should this legislation become law, I would hope that we monitor its effects very carefully. We are giving the States more powers and flexibility; with that will come new responsibilities. A midcourse correction may be needed 2 or 3 years hence, if the critics are right and the number of children living in poverty swells.

I am heartened, however, that the conference moderated some of the very worst of the welfare bill and retained many of the improvements added by the Senate. For example, there was the Kasich food stamp amendment that was cruel and heartless in the extreme. It limited unemployed people without kids to only 3 months of food stamps in their adult lifetime. Thank goodness cooler heads prevailed. Eligibility has now been modified to 3 months for any 3-year period, with an additional 3 months if one is laid off.

I was also most gratified that the conference retained the Chafee amendment maintaining current eligibility standards for Medicaid, as well as the Conrad amendment eliminating the food stamp block grant. These two amendments were critical to this Senator's support of the conference report. Removing them would have been tantamount to pulling the keystone from an arch. Bipartisan support for this bill would have collapsed.

I and many of my Democratic colleagues will vote for this conference report today. We do so with some misgivings, but also with the sincere hope and desire that we are helping our fellow citizens to reclaim the dignity and pride that comes from work and providing for one's family—no matter how humble the calling. I hope our efforts prove worthy of both those we are trying to help and the American people who have asked for reform.

I hear a great deal these days about ending welfare as we know it. But to this Senator, that does not mean ending our responsibility to our fellow man. It does not mean just cutting off the welfare check, and then cutting and running on our poor.

Mr. President, our responsibilities do not end with this bill. Quite the contrary. As we ask those who have been in welfare's rut to become breadwinners, it is our responsibility to provide them with a living wage through an increase in the minimum wage.

Since few minimum-wage jobs offer it, we must also help them find affordable, available, and accessible health care, especially for their children. We must assist too with education and job training to help them get and hold better jobs.

Mr. President, one final observation. I believe that this will be the sole reconciliation bill of the three promised by the Republican majority to make it to the President's desk.

Their grotesque Medicare and Medicaid bills are being locked up in the attic, out of sight of the electorate. The tax breaks may, however, be a different story. We hear rumors that, if Bob Dole's numbers plummet any further, we may see some tax breaks shoot up to the front of the legislative agenda. I am deeply concerned that the Republican majority may try to use the welfare savings we achieve today to justify their tax breaks. Some things never change.

Other things certainly have changed. Senator Bob Dole once scorned supply-siders, but Candidate Dole is now a fellow traveler. He has jettisoned the hard, dirty work of cutting spending, and now peddles comforting tales about tax cuts that pay for themselves.

They did not pay for themselves in the 1980 to 1992 period, and they will not pay for themselves between now and the turn of the century and thereafter.

These policies that they are trying to invoke once again evidently broke the bank in the 1980's. We will repeat this foolhardiness again under the new name of dynamic scorekeeping and supply-side economics. A rosy scenario is a rosy scenario by any name. I pray for the sake of our children and grandchildren that the Republican majority reclaims its wits.

The bill before us today asks those who receive a helping hand to take responsibility for their lives and to find work. I will vote for the bill. In the same vein, I ask those who have been entrusted with the fiscal responsibility of the Nation not to fritter it away. Face up to your responsibilities. Do not pander. Do not promise what cannot be delivered. Do not hide behind economic fairy tales. It will take hard work to balance the budget. It is high time that we get back to work with the rest of America and do our job right.

Mr. President, I reserve the remainder of my time.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. EXON. Mr. President, one further item for insertion into the RECORD.

The President yesterday delivered a statement indicating he would sign the welfare bill when it is presented to him. I ask unanimous consent that a copy of that statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
July 31, 1996.

STATEMENT BY THE PRESIDENT

The PRESIDENT. Good afternoon. When I ran for President four years ago, I pledged to end welfare as we know it. I have worked very hard for four years to do just that. Today, the Congress will vote on legislation that gives us a chance to live up to that promise—to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence; to give people on welfare a chance to draw as paycheck, not a welfare check.

It gives us a better chance to give those on welfare what we want for all families in America, the opportunity to succeed at home and at work. For those reasons I will sign it into law. The legislation is, however, far from perfect. These are parts of it that are wrong, and I will address those parts in a moment.

But, on balance, this bill is a real step forward for our country, our values and for people who are on welfare. For 15 years I have worked on this problem, as governor and as a President. I've spent time in welfare offices, I have talked to mothers on welfare who desperately want the chance to work and support their families independently. A long time ago I concluded that the current welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help.

Today we have an historic opportunity to make welfare what it was meant to be—a second chance, not a way of life. And even though the bill has serious flaws that are unrelated to welfare reform, I believe we have a duty to seize the opportunity it gives us to end welfare as we know it. Over the past three and a half years I have done everything in my power as President to promote work and responsibility, working with 41 states to give them 69 welfare reform experiments. We have also required teen mothers to stay in school, required federal employees to pay their child support, cracked down on people who owe child support and crossed state lines.

As a result, child support collections are up 40 percent, to $11 billion, and there are 1.3 million fewer people on welfare today than there were when I took office. From the outset, however, I have also worked with members of both parties in Congress to achieve a national welfare reform bill that will make work and responsibility the law of the land. I made my principles for real welfare reform very clear from the beginning. First and foremost, it should be about moving people from welfare to work. It should impose time limits on welfare. It should give people the child care and the health care they need to move from welfare to work without hurting their children. It should crack down on child support enforcement and it should protect our children.

This legislation meets these principles. It gives us a chance we haven't had before—to break the cycle of dependency that has existed for millions and millions of our fellow citizens, exiling them from the world of work that gives structure, meaning, and dignity to most of our lives.

We've come a long way in this debate. It's important to remember that not so very long ago, at the beginning of this very Congress, some wanted to put poor children in orphanages and take away all help for mothers simply because they were poor, young and unmarried. Last year the Republican majority in Congress sent me legislation that had its priorities backward. It was soft on work and tough on children. It failed to provide child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare and help for disabled children. The bill came to me twice and I vetoed it twice.

The bipartisan legislation before the Congress today is significantly better than the bills I vetoed. Many of the worst elements I objected to are out of it. And many of the improvements I asked for are included. First, the new bill is strong on work. It provides $4 billion more for child care so that mothers can move from welfare to work, and protects their children by maintaining health and safety standards for day care. These things are very important. You cannot ask somebody on welfare to go to work if they're going to neglect their children in doing it.

It gives states powerful performance incentives to place people in jobs. It requires states to hold up their end of the bargain by maintain their own spending on welfare. And it gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as income subsidies as an incentive to hire people, or being used to create community service jobs.

Second, this new bill is better for children than the two I vetoed. It keeps the national nutritional safety net intact by eliminating the food stamp cap and the optional block grant. It drops the deep cuts and devastating changes in school lunch, child welfare and help for disabled children. It allow states to use federal money to provide vouchers for children whose parents can't find work after the time limits expire. And it preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly and people on welfare.

Just as important, this bill continues to include the child support enforcement measures I proposed two years ago, the most sweeping crackdown on deadbeat parents in history. If every parent paid the child support they should, we could move 800,000 women and children off welfare immediately. With this bill we say to parents, if you don't pay the child support you owe, we will garnish your wages, take away your drivers license, track you across state lines and, as necessary, make you work off what you owe. It is a very important advance that could only be achieved in legislation. I did not have the executive authority to do this without a bill.

So I will sign this bill. First and foremost because the current system is broken. Second, because Congress has made many of the changes I sought. And, third, because even though serious problems remain in the nonwelfare reform provisions of the bill, this is the best chance we will have for a long, long time to complete the work of ending welfare as we know it by moving people from welfare to work, demanding responsibility and doing better by children.

However, I want to be very clear. Some parts of this bill still go too far. And I am determined to see that those areas are corrected. First, I am concerned that although we have made great strides to maintain the national nutritional safety net, this bill still cuts deeper than it should in nutritional assistance, mostly for working families with children. In the budget talks, we reached a tentative agreement on $21 billion in food stamp savings over the next several years. They are included in this bill.

However, the congressional majority insisted on another cut we did not agree to, repealing a reform adopted four years ago in Congress, which was to go into effect next year. It's called the Excess Shelter Reduction, which helps some of our hardest pressed working families. Finally, we were going to treat working families with children the same way we treat senior citizens who draw food stamps today. Now, blocking this change, I believe—I know—will make it harder for some of our hardest pressed working families with children. This provision is a mistake, and I will work to correct it.

Second, I am deeply disappointed that the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people who work hard for their families, pay taxes, serve in our military. This provision has nothing to do with welfare reform. It is simply a budget-saving measure, and it is not right.

These immigrant families with children who fall on hard times through no fault of their own—for example because they face the same risks the rest of us do from accidents, from criminal assaults, from serious illnesses—they should be eligible for medical and other help when they need it. The Republican majority could never have passed such a provision standing alone. You see that in the debate in the immigration bill, for example, over the Gallegly amendment and the question of education of undocumented and illegal immigrant children.

This provision will cause great stress for states, for localities, for medical facilities that have to serve large numbers of legal immigrants. It is just wrong to say to people, we'll let you work here, you're helping our country, you'll pay taxes, you serve in our military, you may get killed defending America—but if somebody mugs you on a street corner or you get cancer or you get hit by a car or the same thing happens to your children, we're not going to give you assistance any more. I am convinced this would never have passed alone and I am convinced when we send legislation to Congress to correct it, it will be corrected.

In the meantime, let me also say that I intend to take further executive action directing the INS to continue to work to remove the bureaucratic roadblocks to citizenship to all eligible, legal immigrants. I will do everything in my power, in other words, to make sure that this bill lifts people up and does not become an excuse for anyone to turn their backs on this problem or on people who are generally in need through no fault of their own. This bill must also not let anyone off the hook. The states asked for this responsibility, now they have to shoulder it and not run away from it. We have to make sure that in the coming years reform and change actually result in moving people from welfare to work.

The business community must provide greater private sector jobs that people on welfare need to build good lives and strong families. I challenge every state to adopt the reforms that Wisconsin, Oregon, Missouri and other states are proposing to do, to take the money that used to be available for welfare checks and offer it to the private sector as wage subsidies to begin to hire these people, to give them a chance to build their families and build their lives. All of us have to rise to this challenge and see that—this reform not as a chance to demonize or demean anyone, but instead as an opportunity to bring everyone fully into the mainstream of American life, to give them a chance to share in the prosperity and the promise that most of our people are enjoying today.

And we here in Washington must continue to do everything in our power to reward work and to expand opportunity for all people. The Earned Income Tax Credit which we expanded in 1993 dramatically, is now rewarding the work of 15 million working families. I am pleased that congressional efforts to gut this tax cut for the hardest pressed working people have been blocked. This legislation preserves the EITC and its benefits for working families. Now we must increase the minimum wage, which also will benefit millions of working people with families and help them to offset the impact of some of the nutritional cuts in this bill.

Through these efforts, we all have to recognize, as I said in 1992, the best anti-poverty program is still a job. I want to congratulate the members of Congress in both parties who worked together on this welfare reform legislation. I want to challenge them to put politics aside and continue to work together to meet our other challenges and to correct the problems that are still there with this legislation. I am convinced that it does present an historic opportunity to finish the work of ending welfare as we know it, and that is why I have decided to sign it.

Q. Mr. President, some civil rights groups and children's advocacy groups still say that they believe that this is going to hurt children. I wonder what your response is to that. And, also, it took you a little while to decide whether you would go along with this bill or not. Can you give us some sense of what you and your advisers kind of talked about and the mood in the White House over this?

The PRESIDENT. Sure. Well, first of all, the conference was not completed until late last evening, and there were changes being made in the bill right up to the very end. So when I went to bed last night, I didn't know what the bill said. And this was supposed to be a day off for me, and when I got up and I realized that the conference had completed its work late last night and that the bill was scheduled for a vote late this afternoon, after I did a little work around the house this morning, I came in and we went to work I think about 11:00.

And we simply—we got everybody in who had an interest in this and we went through every provision of the bill, line by line, so that I made sure that I understood exactly what had come out of the conference. And then I gave everybody in the administration who has there a chance to voice their opinion on it and to explore what their views were and what our options were. And as soon as we finished the meeting, I went in and had a brief talk with the Vice President and with Mr. Panetta, and I told them that I had decided that, on balance, I should sign the bill. And then we called this press conference.

Q. And what about the civil rights groups—

The PRESIDENT. I would say to them that there are some groups who basically have never agreed with me on this, who never agreed that we should do anything to give the states much greater flexibility on this if it meant doing away with the individual entitlement to the welfare check. And that is still, I think, the central objection to most of the groups.

My view about that is that for a very long time it's hard to say that we've had anything that approaches a uniform AFDC system when the benefits range from a low of $187 a month to a high of $655 a month for a family of three or four. And I think that the system we have is not working. It works for half the people who just use it for a little while and get off. It will continue to work for them. I think the states will continue to provide for them.

For the other half of the people who are trapped on it, it is not working. And I believe that the child support provisions here, the child care provisions here, the protection of the medical benefits—indeed, the expansion of the medical guarantee now from 1998 to 2002, mean that on balance these families will be better off. I think the problems in this bill are in the non-welfare reform provisions, in the nutritional provisions that I mentioned and especially in the legal immigrant provisions that I mentioned.

Q. Mr. President, it seems likely there will be a kind of political contest to see who gets the credit or the blame on this measure. Senator Dole is out with a statement calling—saying that you've been brought along to sign his bill. Are you concerned at all that you will be seen as having been kind of dragged into going along with something that you originally promised to do and that this will look like you signing onto a Republican initiative?

The PRESIDENT. No. First of all, because I don't—you know, if we're doing the right thing there will be enough credit to go around. And if we're doing the wrong thing there will be enough blame to go around. I'm not worried about that. I've always wanted to work with Senator Dole and others. And before he left the Senate, I asked him not to leave the budget negotiations. So I'm not worried about that.

But that's a pretty hard case to make, since I vetoed their previous bills twice and since while they were talking about it we were doing it. It's now generally accepted by everybody who has looked at the evidence that we effected what the New York Times called a quiet revolution in welfare. There are 1.3 million fewer people on welfare today than there were when I took office.

But there are limits to what we can do with these waivers. We couldn't get the child support enforcement. We couldn't get the extra child care. Those are two things that we had to have legislation to do. And the third thing is we needed to put all the states in a position where they had to move right now to try to create more jobs. So far—I know that we had Wisconsin and earlier, Oregon, and I believe Missouri. And I think those are the only three states, for example, that had taken up the challenge that I gave to the governors in Vermont a couple of years ago to start taking the welfare payments and use it for wage subsidies to the private sector to actually create jobs. You can't tell people to go to work if there is no job out there.

So now they all have the power and they have financial incentives to create jobs, plus we've got the child care locked in and the medical care locked in and the child support enforcement locked in. None of this could have happened without legislation. That's why I thought this legislation was important.

Q. Mr. President, some of the critics of this bill say that the flaws will be very hard to fix because that will involve adding to the budget and in the current political climate adding the expenditures is politically impossible. How would you respond to that?

The PRESIDENT. Well, it just depends on what your priorities are. For one thing, it will be somewhat easier to balance the budget now in the time period because the deficit this year is $23 billion less than it was the last time we did our budget calculations. So we've lowered that base $23 billion this year. Now, in the out years it still come up, but there's some savings there that we could turn around and put back into this.

Next, if you look at—my budget corrects it right now. I had $42 billion in savings, this bill has about $57 billion in savings. You could correct all these problems that I mentioned with money to spare in the gap there. So when we get down to the budget negotiations either at the end of this year or at the beginning of next year, I think the American people will say we can stand marginally smaller tax cuts, for example, or cut somewhere else to cure this problem of immigrants and children, to cure the nutritional problems. We're not talking about vast amounts of money over a six year period. It's not a big budget number and I think it can easily be fixed given where we are in the budget negotiations.

Q. The last couple days in these meetings among your staff and this morning, would you say there was no disagreement among people in the administration about what you should do? Some disagreement? A lot of disagreement?

The PRESIDENT. No, I would say that there was—first of all, I have rarely been as impressed with the people who work in this administration on any issue as I have been on this. There was significant disagreement among my advisers about whether this bill should be signed or vetoed, but 100 percent of them recognized the power of the arguments on the other side. It was a very moving thing. Today the conversation was almost 100 percent about the merits of the bill and not the political implications of it. Because I think those things are very hard to calculate anyway. I think they're virtually impossible.

I have tried to thank all of them personally, including those who are here in the room and those who are not here, because they did have differences of opinion about whether we should sign or veto, but each side recognized the power of the arguments on the other side. And 100 percent of them, just like 100 percent of the Congress, recognized that we needed to change fundamentally the framework within which welfare operates in this country. The only question was whether the problems in the non-welfare reform provisions were so great that they would justify a veto and giving up what might be what I'm convinced is our last best chance to fundamentally change the system.

Q. Mr. President, even in spite of all the details of this, you as a Democrat are actually helping to dismantle something that was put in place by Democrats 60 years ago. Did that give you pause, that overarching question?

The PRESIDENT. No. No, because it was put in place 60 years ago when the poverty population of America was fundamentally different than it is now. As Senator Moynihan—you know, Senator Moynihan strongly disagrees with me on this—but as he has pointed out repeatedly, when welfare was created the typical welfare recipient was a miner's widow with no education, small children, husband dies in the mine, no expectation that there was a job for the widow to do or that she ever could do it, very few out-of-wedlock pregnancies and births. The whole dynamics were different then.

So I have always thought that the Democratic party should be on the side of creating opportunity and promoting empowerment and responsibility for people, and a system that was in place 60 years ago that worked for the poverty population then is not the one we need now. But that's why I have worked so hard too to veto previous bills. That does not mean I think we can walk away from the guarantee that our party gave on Medicaid, the guarantee our party gave on nutrition, the guarantee our party gave in school lunches, because that has not changed. But the nature of the poverty population is so different now that I am convinced we have got to be willing to experiment, to try to work to find ways to break the cycle of dependency that keeps dragging folks down.

And I think the states are going to find out pretty quickly that they're going to have to be willing to invest something in these people to make sure that they can go to work in the ways that I suggested.

Yes, one last question.

Q. Mr. President, you have mentioned Senator Moynihan. Have you spoken to him or other congressional leaders, especially congressional Democrats? And what was the conversation and reaction to your indication?

The PRESIDENT. Well, I talked to him as recently, I think, as about a week ago. When we went up to meet with the TWA families, we talked about it again. And, you know, I have an enormous amount of respect for him. And he has been a powerful and cogent critic of this whole move. I'll just have to hope that in this one case I'm right and he's wrong—because I have an enormous regard for him. And I've spoken to a number of other Democrats, and some think I'm right and some don't.

This is a case where, you know, I have been working with this issue for such a long time—a long time before it became—to go back to Mr. Hume's question—a long time before it became a cause celeb in Washington or anyone tried to make it a partisan political issue. It wasn't much of a political hot potato when I first started working on it. I just was concerned that the system didn't seem to be working. And I was most concerned about those who were trapped on it and their children and the prospect that their children would be trapped on it.

I think we all have to admit here—we all need a certain level of humility today. We are trying to continue a process that I've been pushing for three and a half years. We're trying to get the legal changes we need in federal law that will work to move these folks to a position of independence where they can support their children and their lives as workers and in families will be stronger.

But if this were an easy question, we wouldn't have had the two and a half hour discussion with my advisers today and we'd all have a lot more answers than we do. But I'm convinced that we're moving in the right direction. I'm convinced it's an opportunity we should seize. I'm convinced that we have to change the two problems in this bill that are not related to welfare reform, that were just sort of put under the big shade of the tree here, that are part of this budget strategy with which I disagree. And I'm convinced when we bring those things out into the light of day we will be able to do it. And I think some Republicans will agree with us and we'll be able to get what we need to do to change it.

Thank you.

The PRESS. Thank you.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. I understand Senator SPECTER is next, and I might ask, will the Senator yield me 1 minute without losing his right?

Mr. SPECTER. I do.

Mr. DOMENICI. Mr. President, if I was representing President Clinton, as my good friend from Nebraska has, I would be trying to divert attention to what Senator Dole might do. I would be diverting attention away from Senator Dole who might cut taxes for the American people because, speaking of a dismal record, the President seeks to hide behind a statistic that says we have had great economic growth. But the big fairy tale, to borrow a word from my friend from Nebraska, is that we have had the second lowest productivity growth in 50 years; real-wage growth is the lowest in 32 years; stagnant family incomes like we have never seen; tax burdens have risen sharply, almost 1 whole percent more of tax burden on the American people.

That is why they do not think we are doing very well. That is why they say: What is happening to our salaries and our wages?

Now, having said that, clearly if I had that record, I would be worried and trying to set up a smokescreen as to what Bob Dole might do when they do not even have the slightest idea what Bob Dole is going to do; he has not told anyone. We anxiously await a plan which will dramatically improve these kinds of economic facts. That is what we hope for.

I thank the Senator for yielding time to me.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Pennsylvania?

Mr. DOMENICI. I have already yielded to him in sequence. I stated it, but I did not state how much time.

Mr. SPECTER. I may be able to do it in less than the 20 minutes I request. I will try to.

Mr. DOMENICI. I hope the Senator will try. The Senator is yielded up to 20 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I support the welfare reform bill with substantial reservations. I support the welfare reform bill because I think it is our best chance to break a pattern which has existed for decades where people rely upon welfare and find themselves dependent upon welfare and have no way to break out of the welfare cycle, the welfare chain to find jobs. I believe this legislation, while far from perfect—it does not contain many amendments that I voted for—is the best chance to do it at this time.

This legislation has advanced to this stage with substantial bipartisan support; 23 of 46 Democrats voted for this bill. The President of the United States has stated his intention to sign the bill when it reaches his desk if the conference report is passed. It seems to be a very high probability.

One of my colleagues on the Republican side has voted against the bill because it is not tough enough, not strong enough in limiting welfare benefits. Those are some of the indicators that this bill perhaps is, if not balanced, about as good a job as we could do given the problems of our society and given the problems of a campaign year.

I think it does not advance our cause at all to talk about Bob Dole and Willy Loman or to talk about a Republican majority coming to its wits, but, instead, to try in a bipartisan way to fashion welfare reform which will serve the American people, which will help take those on welfare off welfare, because I think it is certainly true that people on welfare would much rather have a job and not be on welfare, and to try to take away the burden of this entitlement on our society.

The issue of welfare reform is something which this Senator has been concerned about for a long time. In the 99th Congress, I cosponsored S. 2578 and S. 2579 with Senator MOYNIHAN, those bills being directed toward improving the welfare system. In the 100th Congress, I introduced similar legislation on a bipartisan basis with Senator DODD, and then worked closely with Senator MOYNIHAN on the legislation that first became comprehensive welfare reform on the 1988 Family Welfare Reform Act, which was signed by President Reagan.

This year, after welfare reform had faded from the picture, after the President's vetoes, I joined my colleague from Delaware, Senator BIDEN, on June 12 in introducing bipartisan legislation captioned S. 1867, which was an identical bill to a bipartisan bill introduced by Congressman CASTLE and Congressman TANNER in the House.

The Biden-Specter bill was not successful, nor was the Chafee-Breaux proposal successful, both of which would have eased the problems for children and eased the problems for immigrants, and I think made for a more orderly transition on welfare reform.

I regret very much that Senator BREAUX's amendment did not pass, Senator BREAUX's amendment being directed to provide vouchers for children beyond the 5 years. Senator FORD's amendment did not pass. It was a narrow vote. I supported it. It would have provided noncash benefits after 5 years.

We have crafted a bill here which takes out a good bit of the inflexibility which was presented in the legislation by the House of Representatives and comes somewhat close to the bill which passed the Senate last year by a lopsided vote of 87 to 12.

Mr. President, this bill does provide an opportunity for those who are on welfare to take a job which they would have never taken before because there are many jobs which pay less than their welfare benefits. Why would someone take a job which pays less than their welfare benefits? They stay on welfare.

This legislation, going to a core issue, will provide an opportunity for someone to take a job which pays less than welfare, which that individual would not now take since welfare pays more, because there will be flexibility to add a supplement, so that there will be a supplement from welfare funds, which means the welfare payment is less and the individual will be getting more with his lower wage in the private sector and the welfare supplement, and will have the benefit of Medicaid where the employer does not pay health benefits. So there is an opportunity to move from the welfare roll to the payroll.

This legislation provides that able-bodied individuals will be limited as to how long they can be on welfare, receiving 2 years of assistance if they are not working; lifetime benefits are limited to a maximum of 5 years, but the States do have flexibility to provide a hardship exemption up to 20 percent of the State's caseload if those requirements are not met. This, I think, is realistically calculated to encourage able-bodied men to work.

With respect to finding jobs, there is job training provided and flexibility to the States, and the States are given substantial incentive to take individuals off the welfare rolls.

This legislation also moves to a core problem of teenage mothers who are on welfare with the requirement that they live at home unless there is some showing that there is brutality at home or something which is incompatible with living at home. But the teenage mothers are required to live at home. They are required either to be in school or on jobs or in job training, and there is a very substantial amount of funding in this bill for child care so that mothers can realistically do that.

There are some provisions in this legislation which I think should have been corrected. I think the amendments offered to leave noncitizens on the welfare rolls and apply the limitations only to the future would have been more sensible so people who come into the United States would have notice that they are not going to have the benefits. I think the moratorium which was suggested on Medicaid benefits would have been sensible.

This bill provides for tough enforcement measures for child support, so parents have an obligation to support their children.

When you take a look at this legislation in its totality, it is a step in the right direction. It has been crafted in a contentious political year where there are deep political divisions in the Congress, so there is a substantial block of

Democratic support—23 Democrat Senators having voted for it; an equal number on the other side. The President, a Democrat, has stated his intention to sign the conference report. There is very substantial support on the Republican side, with one Republican Senator having voted against it because it gives too much to welfare recipients. But there is a real need to move ahead, to try to give people an opportunity to have jobs.

During my tenure as district attorney of Philadelphia, I saw many people in that big city trapped in the welfare cycle. I think, when they have an opportunity to take a job which is a low-paying job, they are not going to take it today if they lose medical benefits under Medicaid and they get less on the low-paying job than they have on welfare. But, when you have flexibility with the States—and there are many examples where the States have moved ahead on a flexible system, Wisconsin, illustratively, Michigan, illustratively, and other States. Governor Thompson is ending welfare, not just talking about it but ending welfare in 1997—this welfare bill goes a substantial distance.

I know it is going to result in some holes in the safety net. But we will have an opportunity to revisit those issues. But taken as a whole, my view is it is a significant step forward, and that is why I am supporting it.

I yield the remainder of my time and yield the floor.

The PRESIDING OFFICER. Who yields time to the Senator from Illinois? The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I understand the Senator from Nebraska is not on the floor as yet.

The PRESIDING OFFICER. The Senator may yield herself time.

Ms. MOSELEY-BRAUN. I will do so.

Mr. EXON. Will the Senator yield for a question?

Ms. MOSELEY-BRAUN. I yield to the Senator from Nebraska for a question.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I thank my colleague for yielding. Before she starts in on her speech, which I assume is on her objection to the welfare bill, but she may be talking about economics because she has been very much involved in things that we need to do to shape up America, I want to ask her a question. Did the Senator hear when the Senator from New Mexico made quite a point in answer to my dissertation on supply-side economics and skyrocketing deficits that have been corrected and turned around by President Clinton? He was complaining about the productivity of America.

If we want to look at the productivity of America, I think we ought to put that in terms that people can understand: not productivity, but job growth. The percentage of change on an annual basis during the Reagan/Bush years—and I think it is consistent because I talked about the Reagan/Bush years and the skyrocketing deficits that were created then—all during those Reagan/Bush years, the private sector job growth was 1.6 percent. Under President Clinton it is 2.9 percent. That says something about productivity, does it not?

Does that not say also something about jobs and job creation, which is what the economy is all about?

Ms. MOSELEY-BRAUN. It certainly does.

Mr. EXON. I thank my friend from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, I say to my colleague from Nebraska, my colleague referenced the fact that I am kind of an armchair economist. I like these issues. But I must tell you, I find it more than a little ironic on a day on which we are talking about how well the American economy is doing, we are declaring defeat and failure on our response to poverty and throwing in the towel on poor children in America.

I point out, in the first instance, I have heard a lot of discussion about the numbers pertaining to this welfare "reform" debate, about how much money is being spent. For the general public, it sounds like an awful lot of money because that is what we do here. We talk about a budget that is almost $2 trillion. So the numbers associated with welfare, which impacts very dramatically on the lives of the most vulnerable people in our society, sound like an awful lot of money. Still, all told, those numbers relate to about—well, actually less than 1 percent of the Federal budget. It is 1 percent of the Federal budget, but that has an impact on Americans, particularly American children who are poor, greater than the other 99 percent that we spend. I just want to put that in context.

Mr. President, the French have an expression, if I may in my broken French, "plus ca change, plus c'est la meme chose," and it means essentially the more things change the more they remain the same. The fact of the matter is, this bill no more warrants the title "reform" than any of its predecessors. This bill is still an abomination, which is what I called the previous bill, and I intend to vote against it for precisely that reason—and I keep coming back to the question, and no one has answered the question: What about the children? What happens to them when all is said and done, with all the cuts and the changes that we are making in this legislation?

When I talk about the children, I talk about them in the context that, again, welfare is simply a response to poverty. The system is broken. It needs to be reformed and fixed. The problem, however, is that, that is not what this bill does. Welfare reform should not be about pushing people, and pushing children particularly, into poverty.

The Urban Institute has concluded that 1.1 million children will be thrown into poverty by this bill. Estimates for previous welfare bills passed by the Congress were 1.5 million children thrown into poverty. Now 1.1 million is less than 1.5 million, but it is still too many. The earlier Senate bill would have cut off 170,000 children in my home State of Illinois because their families had reached the time limits. That is about 28 percent of the children presently receiving the AFDC subsidy in my State.

I want to talk about AFDC again, the misconceptions and the welfare mythology, because there has been a whole lot of conversation about how this system is broken, let us turn it over to the States, let us let them do it. That is where I come back to the notion that we have "been there, done that." This is called "back to the future."

I have to mention that the Presiding Officer and I worked together, when we first got here, on the whole question of unfunded mandates and the relationship between State and Federal Government. But it is precisely that relationship that is at the base of the debate going on here. For those who do not know the history, I want to refer my colleagues to the history of what happened before we had a national safety net for poor children in this country.

I have referenced previously this issue, I am looking at the spring 1995 issue of Chicago History magazine. I want to read the title of the article, "Friendless Foundlings and Homeless Half-Orphans." I never read the first line, which I think I will share with my colleagues. It says:

> In 19th century Chicago, the debate over the care of needy children raised issues of Government versus private control and institutional versus family care.

Mr. President, that is exactly the argument I have heard all day long on this welfare debate in this Senate today. So we are facing some of the same issues and some of the same questions that came up in our country 100 years ago.

Let me show you what State flexibility got us last time, Mr. President. The last time we had State flexibility, we had children sleeping in the streets, which was the first poster.

Here is another one. This is another part of the experiment, again, the history that people maybe have forgotten. The fact is, they were scooping children up from the alleys in New York, shipping them to Rockford, IL, and auctioning them off. This is what happened with poor children.

This is the "Asylum Children":

> A company of children, mostly boys, from the New York juvenile asylum will arrive in

Rockford, IL, and remain until evening. * * * they are from 7 to 15 years of age. * * * Homes are wanted for these children with farmers. * * *"

This is the response States came up with before we had a national safety net.

I have another poster which another response by states called the orphan trains. To be candid, maybe Speaker GINGRICH really had studied the history when he talked about we will just have to put these kids in orphanages. That is what happened at the turn of century. They took children from the alleys of New York, put them on trains and took them out West to give them homes. Some are still living and can give testimony to what happened before we had a national safety net for poor children in this country, and getting rid of that safety net is what this so-called welfare reform is all about. We are rending that safety net apart just because it has not worked.

Mr. President, I submit to you, it may not have worked, but we can do better by way of reforming it. This is not reform. Real welfare reform would mean we give people jobs, we give them some way to work, we give them some way to take care of themselves, we give them some way to take care of their children. That would be real welfare reform. That is not what this legislation does.

Mr. DOMENICI. I wonder if the Senator will yield for a question.

Ms. MOSELEY-BRAUN. Only if it will not take from my 20 minutes.

Mr. DOMENICI. I ask it be on my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. In all those cases you described, 1900 in Chicago, 19th century, do you have any idea how much the States and the National Government was spending on these kinds of poor people then?

Ms. MOSELEY-BRAUN. It depended on the State. In fact, I commend the article to my colleague. What they say here is depending on the State—some States had better programs for handling poor children than others—in fact, one of the tragic things about it, and I was kind of ashamed, my State of Illinois did not do well with poor children.

Mr. DOMENICI. I was wondering if you knew how much we were going to be spending on these programs, including food stamps, which is an entitlement. One-hundred thirty billion dollars.

Ms. MOSELEY-BRAUN. I say to my colleague, I am prepared to debate this with you, but, in the first place, again, that is less than 1 percent of the budget. We spend that much in an afternoon on some other programs that I know my esteemed colleague supports. But I also point out to my colleague that this bill cuts $54 billion from these programs over the next 6 years in the name of welfare reform, with most of the cuts coming out of food stamps and coming out of help for legal immigrants.

The real problem, Mr. President, is that this bill is not designed to move people from welfare to work. There is not an adequate investment in child care, in job training or in job creation, factors which are critical to moving people into the work force.

Instead, this bill is arguably about saving money. The $54 billion cut simply represents, and I again go back to unfunded mandates, a shift in funding from the Federal to the State and the local governments. Poor people are not going to go away the day this legislation goes into effect, and in light of the fact we have failed to provide for any employment, we have failed to create any jobs, we have failed to provide adequate child care funding, we have failed to address the fundamental causations of poverty, the fundamental reasons they are poor to begin with, e.g., they do not have a job to take care of themselves. And, we are talking about the able-bodied people. Unfortunately, the fine print of this bill also has an effect on non-able-bodied people as well.

Nonetheless, the fact is, with regard to able-bodied, anybody who can work should work, and anybody who can work ought to take care of their own children. But this bill makes no provision for that, and that is the fundamental problem. On October 1, the effective date of this legislation, there still will be areas in this country with excessive poverty and excessive unemployment. Those people, Mr. President, are not going to go away.

I point out that the Congressional Budget Office has said that most States will not and cannot meet the work requirements in this bill. That alone should tell us that something is wrong with this picture. If the work requirements are not met, and that means the people do not have jobs and families then get cut off because of the time limits in the bill, then what happens? What do these people do with their children?

Do we put them on trains and send them out West? Do we scoop them out of alleys and auction them off? What are we going to do with the children? That is the essential question that has not been answered: What happens to the children once the time limits are reached, once the assistance is cut off?

There is no provision for them. Even assuming for a moment the 20-percent cushion that is given in here, the kind of hardship exemption that States can use or the title XX funding, the entire program along with the title XX funding are cut about 15 percent in this bill. This entire thing is predicated on cutting money. So you are talking about less money for a problem that is going to result in the great unanswerable about what it is we do with children.

Are we going to have the State and local governments pick up the costs associated with the children of the jobless poor? Or are we going to then say, "Well, private charities can pick it up"? What do we do about these children?

And then, Mr. President, and this is where we get to Speaker GINGRICH's remark about orphanages, what do you do when you have someone who has reached the time limit, has children, still does not have a job and cannot feed those children? Do we then start child custody cases in the State courts of this Nation? Do we then put them in orphanages, as the Speaker suggested? No one has answered that question.

Mr. President, I have a friend who is a juvenile court judge back in Illinois, and she tells me that she already is seeing cases that come in as child neglect cases which really are a reflection of people who do not have enough money to take care of their children. She is seeing that happen already.

Mr. President, this legislation that we are calling by the misnomer of "reform" is going to exacerbate that problem. This bill does not provide enough money for people to go to work. It does not provide any job training, it does not provide any jobs, it does not provide any education, it does not provide adequate child care, and we are going to see an increase in costs passed along to State and local governments.

On the child care question, are we now going to also see an increase in latchkey kids and "home alone" children, because the bill requires for those who do get employed that they go work. So if you are able-bodied and can find a job, you must, under this legislation, come off welfare, you have reached the limit, you have to go to work. What if you have a 3-year old child? Where does that child go? There is inadequate money, as the Presiding Officer, I know, is well aware, inadequate money to pay for child care.

The Governors and the mayors will discover that this bill, which in the beginning looked like it offered them something significant, is really a Trojan horse. We are going to deliver to the Governors and the mayors the responsibility for masses of poor children that we, as national legislators, do not want to face.

I ask unanimous consent to have printed in the RECORD a letter from the National Association of Counties urging us to vote against this welfare bill because, and I quote, "counties will bear the brunt of the cost shift and will be left with only two options: to cut essential services, such as law enforcement and fire protection, or to raise local taxes."

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF COUNTIES,
Washington, DC, July 30, 1996.

DEAR SENATOR: The National Association of Counties (NACo) urges you to vote against the conference agreement on welfare reform (H.R. 3747). If this bill is enacted, counties will bear the brunt of the cost shift and will be left with only two options: to cut essential services, such as law enforcement and fire protection, or raise local taxes. Counties are already developing more efficient welfare programs, but there is no way we can absorb the federal government's costs all at once.

NACo has long standing policy supporting the entitlement nature of Aid to Families with Dependent Children (AFDC) and opposing funding caps including those in the legislation. Ending the entitlement for AFDC essentially dismantles the federal safety net for children.

We also oppose the denial of benefits to legal immigrants. NACo has consistently opposed denying Supplemental Security Income and Food Stamps to this population. These provisions will disproportionately affect counties in states with large immigrant populations. The California State Association of Counties estimates that the legal immigrant exclusions will cost California counties more than $10 billion over six years.

Counties are also deeply concerned about the legislation's work requirements. Because of the funding cap, the bill lacks the sufficient funds to meet these requirements and operate welfare to work programs efficiently and could result in substantial unfunded mandates. Minnesota counties alone said that they would need to spend about $44 million to meet the work requirements for FY 1997. Since the participation rates increase every year, this cost will increase as well. Able-bodied individuals should be expected to work, but effective programs require substantial initial investments and counties cannot be expected to pick up the full costs.

The bill will ultimately shift costs and liabilities, create new unfunded mandates upon local governments, and penalize low income families. NACo therefore urges you to vote against the conference agreement.

Sincerely,

MICHAEL HIGHTOWER,
President.

Ms. MOSELEY-BRAUN. Mr. President, no one is here to argue that the current welfare system is a wonderful and perfect response to poverty. It is not. We do want to encourage independence. We do want to encourage family structure. We want to discourage illegitimacy, give people an opportunity to come together, create families, raise their children and take care of them themselves.

We want to inspire hope in our people. We want to lift Americans out of poverty. Poverty should be something we have conquered in this great Nation with such a healthy economy as we heard tell about today. But we have not gotten there.

As we tinker with this situation, as we try to work this situation, we cannot just say we are going to slash the money, cut the money, send it to the States and try to do reform on the cheap, which is what this bill does. Governor Thompson—and it has been talked about as the great welfare experiment out of Wisconsin—Governor Thompson acknowledges that welfare reform has to encompass jobs, child care, and creation of real opportunity for people. That costs money. You cannot do it on the cheap. And that is not what is in this legislation.

Believe it or not, Mr. President, I actually pray that this approach is going to work. I mean, it is hard to say. I pray it will because, quite frankly, I do not want to see the harm that this history suggests that we are about to visit again. I do not want to see this happen to anybody, particularly poor children in a country as great as ours.

But I have to tell you something. I believe that it is a fundamentally flawed premise that if you simply stop giving people assistance, if you stop helping them with their subsistence, they will go to work and stop having babies. If this bill cures illegitimacy, dependency, joblessness and hopelessness, I will congratulate my colleagues who support this legislation. However, Mr. President, I tell you it is not likely to happen.

For all of the rhetoric about reforming the welfare system and helping the poor take care of themselves, this bill provides nothing—nothing—to help them get there. Cutting the income of the poorest Americans will not reduce the number of poor babies. It will not. It is not likely that we will cure the problem of dependency by just cutting people off and telling them their children's needs can just fall off the edge of the Earth. That is why the legislation is so flawed.

Mr. President, I also question whether or not the savings in this bill coming from food stamps and the elimination of benefits for illegal aliens is going to help move people from dependency to independency. I doubt this legislation is going to do anything about providing protections for children after all title XX, the social services block grants, are cut in this legislation by some 15 percent.

So we are doing, I think, great harm to children. There are some, Mr. President, who suggest that this bill is not perfect, that we can fix the flaws later. I do not think, Mr. President, that it is appropriate for us to play games and to be so generous with the suffering of the poor, with the potential and the effect on their lives this legislation suggests. We do not have the luxury of guessing in this area and making policy based on mythology and not on fact. This system may be broken, but the fact is that it affects the lives of real people.

We have been talking in this Chamber about the States and their interests, about the system and how it operates or does not operate. The fact is, they are real people, real lives and real faces and real feelings and children who deserve a chance in this, the greatest country on the planet.

We are not giving them this chance, Mr. President, with this legislation. That is why I do not believe that we can call this reform in good conscience. I believe that, unfortunately, this is again back to the future, to the politics of 100 years ago, where we saw this happen before in history. They were not any more or less compassionate than we are today.

This Senate does not hold a monopoly on vision or compassion or political will. The fact of the matter is, we are responding, this legislation is a response to the same political will that existed at the time.

We have met the challenge of poverty, and we have declared failure, and we have declared retreat. I think that is a real ironic situation for us to face in light of the good economic news that was given today.

In closing, Mr. President, I say to you this. I hope that the political calculation that says that we can experiment like this based on the vulnerability and the lack of political clout of people who do not vote or who cannot vote, I believe that that is political expediency. It does a disgrace to the well intentions of the Members of this body.

I know this bill is going to pass. It has the votes. And this is my third time giving a speech on this subject. But I can tell you, Mr. President, we are going back to the future. This is history repeating itself. And all we can do is pray that the harm to the children does not become what everything tells us it is likely to be. I yield to the Senator from Washington.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. Based on a previous agreement, the next Senator to be recognized would be the Senator from North Carolina. The Senator from Washington, as the floor manager, is recognized.

Mr. GORTON. Mr. President, that is correct. I think we do have an agreement to go back and forth. And just simply for——

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Ms. MOSELEY-BRAUN. Except, I say to my colleague from Washington, I believe, Mr. President, I had 20 minutes allocated to me. I do not believe I have used up the 20 minutes.

The PRESIDING OFFICER. All time has expired.

Ms. MOSELEY-BRAUN. All time has expired? All right. Thank you.

Mr. GORTON. Mr. President, just for Republican purposes, the next four Republicans listed in order are Senators FAIRCLOTH, GRASSLEY, CHAFEE and GREGG in that order. But, as I understand, we go back and forth. So after Senator FAIRCLOTH, the Democrat will be—is that Senator BRADLEY or Senator BOXER? Senator BRADLEY.

I yield 10 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Chair may clarify. The Democratic order would be the Senator from New Jersey, then the Senator from North Dakota, the junior Senator from the State of Washington, and then the Senator from Montana.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, it is my understanding that after I speak, then it would be the Senator from California. I know the Senator from New Jersey speaks after the Senator from North Carolina. The Senator from North Carolina shall speak, and then I will speak.

The PRESIDING OFFICER. The Senator from North Carolina is recognized for 10 minutes.

Mr. FAIRCLOTH. Mr. President, I had asked for 15 minutes. I see I was allocated 10. I think that will probably handle it. But I had been granted 15.

Mr. GORTON. If the Senator would yield, we are beginning to run out of time. The next three Republicans are even going to get 10 minutes. So we hope the Senator can do it in that.

Mr. FAIRCLOTH. I hope I run out of speech before I run out of time.

Mr. President, I said many times, and many times over, that in this welfare debate we have not addressed the root cause of welfare, and that is illegitimacy. The root cause of welfare dependency is illegitimacy. Until we address that, we will not have addressed the root cause of welfare. And my belief has only been strengthened by what I have seen during this year of welfare debate.

Some of the weaker points in the welfare bill have been strengthened by the conference. The conference report contains a provision for work for welfare recipients, a concept known as pay for performance. If you have ever heard of anything ludicrous, it would be being paid not to perform work. Only in the Federal Government, only in the welfare system could anybody conceive of not having to work to get paid, where that would be an unusual concept that you had to require pay for performance. It is incomprehensible to me that anybody would be paid that did not perform.

To truly reform welfare, we have to reverse the current welfare policies which subsidize and promote self-destructive behavior and illegitimacy. These policies are and have destroyed the family.

This conference report will serve as a good starting point for changing welfare in a culture that is based entirely on a system of personal responsibility. That is where we need to return to—a system based on personal responsibility.

I have heard several times here today that we could correct the mistakes in this bill at a later date. I think by correcting mistakes, they meant make it a softer, weaker bill. I hope we will correct the mistakes by making it a stronger, better bill and put more emphasis on personal responsibility.

I had hoped this bill would contain, like a previous conference report, a provision known as the family cap. In plain language, the family cap says that if you are a welfare recipient drawing AFDC and have more children, you do not get more money for having more children.

We did not put that in this bill. We absolutely should have. It is one of the glaring weaknesses of it, that you can continue to have children and continue to be paid by the taxpayers. The middle class American family that wants to have children has to prepare, to plan, to save, to accept, to take on the responsibility of having children. At the same time, we are taking their tax money to support these people who are not accepting personal responsibility and having children, on and on and on. We are taxing the working people that plan to have children. We are taking their money to pay for this irresponsible behavior.

Today, more than one in every third child is born out of wedlock, and in many communities it can go up to 85 percent. Children born out of wedlock are three times more likely to be on welfare when they become adults, and children raised in single-parent homes are six times more likely to be poor and twice as likely to commit crimes.

It is clear that the cost of this has become an extreme burden on the American people. Each year, half a million children are born to teenage mothers. Over 75 percent of these occur out of wedlock. The estimated cost to the American people, our taxpayers, are $29 billion to care for society's part in child-bearing adolescents under 18. That is the stated cost to the American people.

I commend the conferees who were able to restore an important provision of the bill. This is the funding for the abstinence education program which I initially offered as an amendment to our first Senate bill. Abstinence education has worked in those counties, cities, and States that have put it in. It has done as much or more to break the cycle of out-of-wedlock pregnancies and teenage welfare recipients as anything we have done. I plan to continue to promote this program and to introduce it again in later bills.

After 30 years of the so-called Great Society, we are on the verge of passing legislation that will return welfare to what it was supposed to have been 50 or 60 years ago. Actually, when it was first began, it was temporary help for responsible individuals who had fallen on hard times. It is no longer that. We have converted it to a way of life in which generation after generation after generation receive welfare. It is not temporary help for those people who have had a hard time. No, we have taxed these people; we have spent $5.2 trillion to create the worst system that was ever made. Nobody likes it. It is long since time that we change what we have been doing. It is not designed for people on hard times. It is designed as a way of life for people who choose not to work.

With the $5.2 trillion we put into it—$5.2 trillion is very close to the exact amount of our national debt—we have more poverty than we had when we started. When we started this program of AFDC about 33 or 34 years ago, less than 7 percent of the children were born out of wedlock. By subsidizing illegitimacy, we now have it to over 37 percent of the children, and it is rapidly rising. It is even agreed by the President that it will soon exceed 50 percent of the children in this country.

It is long since time that we do something about it. This bill makes a start. This bill makes a start. We are going to see the States that fully implement the work requirements, that fully implement the requirements that people work for their welfare, they are going to see such a great response and reduction in their welfare rolls until they will be applauded, and the other States will attempt to emulate and copy what they are doing.

I hope most of the States will take advantage of the opportunity given them to cut their welfare rolls, and they will see a dramatic reduction and the other States will attempt to emulate.

The real test ahead will be changing the lives of today's welfare recipients by helping them become self-sufficient and ensuring that fewer and fewer people will come to need welfare. That is the real purpose of what we are trying to do, bring people to accept personal responsibility. I believe this bill will do it. I intend to support it.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from New Jersey.

How much time does the Senator yield himself?

Mr. BRADLEY. I yield myself 9 minutes.

Mr. President, this conference report on welfare reform is a politician's dream, a poor person's nightmare, and a continuing source of anger and frustration for the taxpaying public that wants real welfare reform.

First, what about the politician's dream? Welfare, AFDC, $15 billion out of a $1.5 trillion budget has been a political football in this country for generations; in some cases, a racialized political football, as politician after politician created in the mind of the public the idea that black women had children so they could collect $64 per month for that third child in New Jersey. This bill allows those politicians, those Federal politicians, to end welfare and claim they will end poverty and illegitimacy and mind-numbing bureaucracy with one stroke. You can send a signal to multiple constituencies under this welfare reform bill.

Mr. President, this bill is a poor person's nightmare. The Urban Institute says, as a result of this bill, there will be 2.6 million more people in America living in poverty, 1.1 million more children living in poverty, and they will be living 20 percent deeper in poverty. The gap between their income and the poverty level will be 20 percent lower.

We say to send it back to the States and they can take care of it. Mr. President, you have an economic downturn in the States, and they have a fixed amount of this money in a block grant. There is nothing that prevents them from cutting this poor person's grant more, cutting benefits, saying you cannot go beyond 3 years, 2 years, 1 year. There are no requirements that we put in this bill. It is a poor person's nightmare.

Mr. President, it is a continuing source of anger and frustration for our taxpaying public that wants real welfare reform. When the public hears "end welfare as we know it," they think "end welfare." When people hear that people are going to have to work for welfare, they believe what politicians say—beware. If you believe what politicians say in this bill, that you have to work for welfare, imagine how surprised those individuals who have believed the politicians' rhetoric about work and welfare, imagine how surprised they are going to be when they find out that States can pay about a $50 bounty per person instead of putting money up to put people to work.

The nonpartisan Congressional Budget Office says that most States will simply ignore the request to put people to work and instead pay the 5 percent, $50 penalty for the failure to meet the work requirements. It will pay them to do that.

Just taking one example, the biggest city, New York City, which operates the largest work program in this country. Only 32,000 welfare recipients are in it out of 850,000 New Yorkers on welfare. The reason? Not because they do not want to do it—lack of money to create jobs.

The mayor of New York City said that to meet the work requirements in the bill, the city would need $100 million more than it will receive in this block grant. It can't do it, and so it will pay less, pay the $50 bounty per person, to get out from under that work requirement. The politicians who claim the bill will put people to work will suddenly discover a lot of people are not working.

Imagine, there are those who think this bill will promote marriage. This bill will not promote marriage at all. This bill will not promote two-parent families. This bill will not promote reward for marriage. This bill will not promote reward for work or penalties for additional children. This bill will not change the face of the bureaucrat that sits in his or her State office listening coldly to whatever is said, responding in a way that is at least insensitive and often demeaning. This bill will not change that.

Imagine you are a taxpaying citizen in a State that has tough economic times. The State will have a lot more people on welfare, and their block grant may not cover them. The only way you are going to get more is by raising taxes. Imagine how you would feel when a State three or four States over from you is in good times and it gets its block grant and only has to deploy 80 percent to welfare and can use the rest to give its citizens tax cuts. That is why you need a national program, not a program of block grants.

For those who believe in this remarkable federalism, anybody who thinks the State legislatures in Trenton, Albany, Sacramento, or wherever, are going to be more sensitive to issues related to people who are poor or to children who are poor than national legislators, I have a bridge I would like to sell you shortly after I finish speaking.

Mr. President, why is this bill such a mistake, in addition to the points that I have made? Well, when I left a small town on the banks of the Mississippi in Missouri, outside St. Louis, and went to college in New Jersey—a decision that changed my life—in St. Louis, 13 percent of the kids born that year were born to single parents. In 1994, 63 percent were born to single parents, and 85 percent of the black children were born to single parents. If we were honest about this, Mr. President, we would admit that no one knows what will change this around. No one knows what combination of incentives and penalties and values will begin to change this. That is why what we need is a Federal commitment and State experimentation, with a lot of different kinds of combinations of programs. Then maybe we can get the mix that will break this rising number of children in this country born into single-parent homes.

But what this bill creates is State chaos, not State experimentation. What this bill does is simply pass the buck from Federal politicians to State politicians; one group of politicians take the pot of money and give it to another group. Let us have a baseline. What is the illegitimacy rate in cities in this country? What is the poverty rate? What is the unemployment rate? What is the violence or crime rate? In 5 years, let us see whether this bill has miraculously changed all those statistics for the better because, deep down, that is the claim of this kind of legislation, built on generations of using this issue as a code word for a lot of other things in American politics.

Mr. President, welfare was not the cause of these rising illegitimacy rates, and so-called welfare reform in this bill will not be the solution. The silver lining—if there is a silver lining in this bill—is the child support enforcement provisions. They are the provisions that say that if you father a child, you have an obligation to support that child. I strongly support those parts of this bill. But, Mr. President, I regret to say that the rest of this bill is sorely lacking. I admit that it is a politician's dream, a message to multiple constituencies. But it is a poor person's nightmare, and it is a source of continuing anger and frustration for the taxpaying public that wants real welfare reform and will not get it in this bill.

Mr. GORTON. Mr. President, I yield 10 minutes to the senior Senator from Iowa.

Mrs. BOXER. Will the Senator yield for a unanimous consent request?

Mr. GRASSLEY. If it doesn't come off my time.

Mrs. BOXER. I ask unanimous consent that following Senator GRASSLEY, I be allowed to address the Senate for 9 minutes on another subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COATS. Mr. President, are we following an order of going back and forth?

Mrs. BOXER. I am on the Democratic list.

Mr. GORTON. Yes.

The PRESIDING OFFICER. There is a suggested list, but it is not formally agreed to.

Mr. GRASSLEY. First of all, Mr. President, we all should thank President Clinton for keeping his campaign promise of 1992 to end welfare as we know it. He announced yesterday that he would sign our legislation. After two vetoes of very similar welfare reform legislation that we passed last year, we were beginning to wonder whether or not he was serious about that campaign promise of 1992. We are glad now to know, after 4 years of talk, that he is serious about ending welfare as we know it and that he won't be stonewalling anymore and that he will be doing what he, as a Governor, said ought to be done—return more authority over to the States. So we thank him.

We also know that Congress has made a very serious effort to reform welfare. The last was in 1988. Such welfare reform was supposed to move people from welfare to work, to save the taxpayers money, to reduce those on the rolls, to move people to self-sufficiency. All of those things were proclaimed in that 1988 legislation that passed 96 to 1.

Now, 8 years later, we see 3 million more people on the welfare rolls. We see billions of dollars more being spent, and we also conclude that reform of the system, regardless of our good intentions and the reform that we were wanting to enact, did not happen.

The current welfare system has failed. The programs were well-intended, but they proved to be inefficient, they proved to be unfair and, most importantly, they proved to damage those they were meant to help. We are concerned about the children. Our present welfare program was passed decades ago out of concern for children. But after six decades, we find that our children are the POW's of the war on poverty.

This has not helped our children. It has not strengthened our families. And we are insistent, in this legislation, upon making up for those wrongs of the past. In other words, to help our children.

I said that the last time Congress tried reform we failed. We built upon what we had been doing for 60 years—to have everything run from Washington; to micromanage everything from Washington. But now, as we change the approach for the first time in 6 decades, it is not as, Senator BRADLEY tried to imply, just some casual effort to send it back to the States to solve all of our problems. No. We send it back to the States because we have seen the States succeed where we have failed. I said that we wanted to move people from welfare to work. We wanted to save the taxpayers' money. We wanted to make people self-sufficient. We have failed.

But we have seen States succeed.

My own State of Iowa in 3 years of reforms has 12 percent less people on welfare; that is 4,000 less people on welfare. The monthly checks have gone down from $371 to $335, not because we want to spend less to help families, but because there are more families working and earning income. And as a State we have seen the highest percentage of welfare recipients in the Nation in the work force at over 33 percent. Under the waiver Iowa received, we have a control group which is still under the old program. And in that control group under the old program, only 19 percent of the people have moved from welfare to work. Of those in the new program, over 33 percent of the people have moved from welfare to work.

So my State, Wisconsin, Michigan, and many other States, have a track record of succeeding on welfare reform where the Congress in our last attempt in 1988 has failed.

These local and State solutions can be—and are—more innovative and targeted. They promote new opportunities. I think they are doing what every welfare reform intends to accomplish—moving people from dependency to self-sufficiency, building self-esteem, moving people from welfare to work, saving the taxpayer dollars, and, most importantly, ending the hopelessness that welfare recipients have experienced.

In the process of passing this legislation—we are saving the taxpayers' over $55 billion. We are limiting the amount of time that people can be on welfare to a 5-year lifetime limit. We are helping recipients find jobs because they have to do this within 2 years of joining the program.

States can do better if they want to. We are turning over the management of these programs to the States because they do a better job. We do it by block grants to give the States more freedom to use their money. We are still going to have food stamp programs and child nutrition programs. But these programs as well are going to be reformed.

Most importantly, individual people have a responsibility, other than the taxpayers, to take first and primary care of their own families. Absentee dads are required to do better in providing for their kids. This in the end will do a better job than our giving government aid to the children in need.

We are going to get more for our money. Yet, we also provide for growth in this program at 4.3 percent annually. What we are hoping for here is to make sure that we provide hope for the future. Families that want self-esteem but do not have it will have the opportunity to restore it again as they work off a system that is a dead end.

Part of the hope of the future is not only that we pass this welfare reform and do good for people who are on welfare, but we hope that we are able to energize this economy so that there are more jobs not only for those who are leaving welfare for work but for people who have never been on welfare. We need to create jobs and good paying jobs at that.

We have seen during this administration a 2.4-percent growth, the slowest growth of any administration since World War II except the administration of President Nixon. If we had been experiencing the growth on average that other Presidencies have had, we would have had many more jobs created. And we would not have the situation where productivity growth has averaged a meager six-tenths of a percent per year under President Clinton's tenure compared to the 1 and one-tenth percent average pace that we have had since 1973. That productivity per worker is going to mean more wages, more job opportunities, and more take-home pay.

I yield the floor.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Thank you, Mr. President.

First, I ask unanimous consent to have printed in the RECORD a number of editorials from newspapers in my home State of California in opposition to this welfare reform bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Fresno Bee, July 27, 1996]

BACKWARD WELFARE REFORM

Bills passed by Congress go too far; the president should use his veto pen and demand a better legislative effort.

Once again, Congress has passed welfare bills that are more about saving dollars and winning votes than reshaping lives. As much as Americans may want to reform welfare, they don't want a system that goes from a hand-out to the back of the hand.

The House bill passed last week and a similar bill passed Tuesday by the Senate would end the 60-year-old federal guarantee of assistance to poor children. In its place, the bills substitute block grants to the states, which would have wide power to set eligibility rules for assistance, but would be required to cut off recipients after two years if they did not find work. Aid over a lifetime would be limited to five years.

There's a wide consensus that welfare needs to be converted to a jobs-oriented system. But moving welfare recipients, many of whom lack a high school diploma or marketable skills is a complex and expensive business. The most serious of the state workfare reforms, put forward by Republican governors in Michigan and Wisconsin, recognize that reform must make upfront investments—in things like job training, child care and transportation—if long-term welfare recipients or teen-age mothers are going to move into jobs and achieve self-sufficiency.

But the bills passed by Congress are more punitive than supportive. The House bill aims to save $60 billion over the next six yeas. That means many states will not receive adequate federal funds to move welfare recipients into work or to provide expanded assistance in times of recession, when job losses push more families into need.

Welfare reform doesn't require shredding the safety net for children and workers; the House bill attacks it with a cleaver. It cuts food stamp dollars and removes eligibility for adults after three months if they aren't working. That means people who worked a lifetime would be left in hunger after three months if severe unemployment, such as California has recently endured, prevented them from finding jobs. The bill would also deny food stamps to legal immigrants, regardless how hard they work.

Moderate Republicans and Democrats tried to add protections for children and working families with amendments that provide vouchers for services to children whose parents can't find work after the time limits. But the GOP majority defeated them.

Now the last line of defense for decency is once again President Clinton's veto pen. Having twice vetoed bad welfare bills, the president's political advisers are pushing him to sign any welfare bill that looks like it will redeem his 1992 pledge to reform welfare. But Clinton has already proved his welfare reform credentials by approving federal waivers for state reforms. He's already ushered in a new era in social policy around the country.

It isn't necessary to sign a bad bill to "end welfare as we know it"; Clinton should demand a bill that replaces welfare with something more promising than a stingy plan that would put a million more kids in poverty, strap local governments and take the safety net away from millions of working families.

[From the Los Angeles Times, Aug. 1, 1996]

IT'S WELFARE REFORM AT CALIFORNIA'S EXPENSE

When President Clinton signs the compromise welfare bill, as he says he will, the financial brunt will fall on California, home to more immigrants than any other state. This is unfair to California taxpayers. Immigration is a national issue and its effects should be shouldered evenly. But that's not what's going to happen.

At least 40% of all legal immigrants live in this state, and half of those in California reside in Los Angeles County. When needy noncitizens lose their federal benefits under the welfare reform most of them obviously will turn to the counties and the state for assistance. They cannot legally be denied. But how to pay for it?

State and county governments are required to provide aid to all needy legal residents. Expect lines of elderly, blind or disabled immigrants at relief agencies, for they will no longer be eligible for federal benefits. Needy noncitizens will also lose access to federal food stamps. All this adds up to general relief at local expense.

Immigrants have been popular scapegoats in Congress and were especially so in negotiations on welfare reform. Though the immigrant poor account for a mere 5% of federal social spending, cuts in their benefits are expected to produce 60% of the planned welfare savings. For California, that load off the federal budget could stick state taxpayers with more than $1 billion in new bills.

The punishing elements of this welfare reform distract from the positive provisions of the bill, such as greater flexibility for states in designing their own programs to put welfare recipients to work, a major theme of the national reform.

Another key compromise allows states to provide non-cash vouches for diapers and other child-care items to welfare mothers who have exhausted the five-year limit on cash benefits under the bill.

American children, however, will no longer be entitled to federal subsistence aid simply because their families are poor. The national safety net established by President Franklin D. Roosevelt in the 1930s is, in essence, evaporating. The changes could plunge an estimated 1.1 million children deeper into poverty. Poor parents will be able to receive benefits for two years. A time limit is certainly appropriate, but should recipients be cut off if they are responsibly looking for work?

Some of these changes are shameful, but it is the political will of a Congress determined to decentralize the system, partly in response to the pressure of a presidential election year.

The threat to legal immigrants, people working and living in the United States under a green card or other protection, is the most obvious fault of the legislation. President Clinton says he believes, as do most Americans, that welfare should be a second chance, not a way of life. But legal immigrants won't get even temporary federal aid, even if they had paid taxes for years before losing a job, losing a limb or losing the income provided by spouse.

By signing the welfare reform legislation, Clinton will be able to say he fulfilled a key campaign promise to "end welfare as we know it." But he won't be able to say that he lived up to his more recent assertion that children "need to come out ahead."

[From the Sacramento Bee, July 30, 1996]

CLINTON'S WELFARE TEST

Bill Clinton, the man from Hope, ran for president as the candidate who would do something for children and the forgotten working families who played by the rules but found themselves falling behind in the economic race. But that promise won't mean much if he does not veto the misshapen welfare reform bill headed for his desk.

No American leader has spoken more passionately than has Clinton about how the declining wages of workers in the bottom half of the job market have dragged millions of full-time workers and their families into poverty and raised child poverty rates to levels unseen anywhere else in the industrialized world. Yet instead of offering hope and assistance to those struggling families, Congress' pending welfare reform bill delivers them a cruel body blow.

Lost in the attention lavished on the bill's overhaul of Aid to Families with Dependent Children, the grant program that goes primarily to single, nonworking mothers of poor children, are the totally unnecessary cuts the legislation would make in food stamps, the key safety net program for low-income working people. According to the Congressional Budget Office, nearly half the $61 billion the bill cuts would come from nutrition programs.

Those cuts spell more suffering for families and children. An analysis by the Urban Institute projects that the changes would push 2.6 million more people below the poverty level, 1.1 million of them children. Altogether more than 5 million working families would lose an average of $1,000 a year in income if the bill becomes law.

There's a widespread consensus that welfare must be reformed to reduce long-term dependency and encourage work and personal responsibility. But the current bill, underfunded and overly punitive, ignores everything we have learned over the last decade about moving welfare recipients into the job market.

More than half of welfare recipients lack a high school education at a time when labor markets put a premium on education and skills. Two-thirds live in central cities, places from which employers have fled. At their most successful, past efforts to move welfare recipients into jobs, such as the GAIN program in Riverside County, have reduced welfare rolls by only 10 percent and incomes of welfare recipients by a few hundred dollars a month.

Yet the welfare bill requires states to move half of all recipients into jobs, even though, according to Congress' own experts, the bill falls $12 billion shy of full funding for the work program. Even if one heroically assumes that two-thirds of welfare families would find permanent employment, the bill's five-year lifetime limit on benefits would leave 1 million families—adults and children alike—without any source of income.

The president knows welfare reform doesn't require the sacrifice of millions of young lives. If Clinton doesn't have the gumption and leadership skills to stand up and explain to the country the difference between real welfare reform and Congress' act of callousness, what differentiates him from his Republican opponents?

[From the Fresno Bee, Aug. 1, 1996]

CLINTON'S WELFARE SURRENDER

President's reasoning for acquiesing on reform bill, despite "serious flaws," is barely credible and clearly a political calculation.

President Clinton eloquently explained Wednesday the flaws in Congress' welfare reform bill. It will punish hundreds of thousands of low-income working families by cutting back their food stamps, he said. It will take away the federal safety net from legal resident workers who have paid their taxes and played by the rules. It will leave vulnerable poor children whose parents can't find jobs within the bill's five-year time limits.

And after explaining all the reasons why this bill is wrong, Clinton announced he would sign it. It was the least principled act of a presidency in which principle has often run a poor second.

Clinton's rationale for signing the bill, despite its "serious flaws," is barely credible.

No one doubts that the welfare reform core of the bill, which turns welfare from a federal entitlement into a block grant for state-designed programs to assist needy families and move them into the workplace, could be passed again by this or subsequent Congresses. There's widespread consensus that the current welfare system is broken.

But if Clinton truly believes be can fix the flaws in this bill, he belongs to a very small church. In an era of sound bites and attack ads, what Congress, Democratic or Republican, will soon dare to restore federal safety net programs for legal immigrants, no matter how needy or deserving? At a time of growing budget stringency, what are the chances that Congress, once having slashed food stamp spending, will reverse course and come to the aid of the working poor?

No matter how hard he tries to decorate his action with policy arguments, Clinton's decision to sign this bill came down to a brutal political calculation born of a failure of leadership on this issue.

Had Clinton made welfare reform a top priority in 1993, he could have shaped the national debate and produced a new system that protected children even as it enforced our values about work and personal responsibility. Instead, he left the issues to be defined by a GOP Congress more intent on budget savings than shaping a humane and workable welfare alternative. He thus put himself in a political position where opposing a bad bill could be made to look like opposition to reform.

And now, for his failure of leadership and political nerve, children and the working poor will pay.

[From the San Francisco Chronicle, July 22, 1996]

WELFARE BILL TOO HARSH

Members of the U.S. Senate had a chance Friday to maintain a valid 60-year federal commitment to help the truly needy while still moving toward a work-oriented welfare program. They didn't take it, and unless the lawmakers significantly change direction this week, President Clinton has an obligation to veto the third welfare reform bill that comes before him.

Clearly, Clinton wants desperately to sign an election-year bill that will allow him to say he made good on his 1992 campaign promise to "end welfare as we know it."

And the American public is squarely on the side of both the president and the many members of Congress who want welfare to become a work program and not remain in never-ending handout.

But the Republican bill as currently constituted goes way too far in taking away the federal government's duty to see that children do not go hungry or homeless.

History shows that states do not always take care of the neediest among us, even when they make the best possible effort to find work. The federal government should maintain authority over welfare programs, a responsibility that would be taken away with the Republican plan to give states welfare money in block grants.

On Friday, the Senate turned down Democratic amendments that would have altered the Republican plan to ensure that children could continue to receive federal help even after their parents were cut off.

For that reason alone, the bill should be rejected. While the culture of welfare as entitlement clearly must change, wholesale abandonment of the most helpless is not acceptable.

The Clinton administration has been liberal in its granting of federal waivers to allow states to try their own get-tough welfare-to-work programs, and the president has said he would continue to allow creative state initiatives.

Democrats are going to try again this week to amend the GOP bill. But so far, administrative directives, not legislation, offer the best hope for welfare reform.

[From the San Francisco Examiner, July 24, 1996]

Punishing the Poor

The Dictionary defines "reform" as "to make better" and "welfare" as "the state of being or doing well," It's a pity that corruption of the language hasn't been added to the federal Penal Code. Otherwise, members of the 104th Congress would be sentenced to an afternoon in the stocks, splattered with rotten vegetables.

Bad enough that they have produced a package of kick-the-poor legislation that is callous, cruel, marble-hearted and mean spirited. Worse, this vote-pandering measure has been given a supremely cynical label, "welfare reform."

The richest nation on Earth, with a military budget of $260 billion, is led these days by politicians who assert with a straight face that federal funds for public assistance and support services are causes, not symptoms, of what's wrong with our society.

In its latest version, the welfare bill would shop federal funds to each of the 50 states in the hopeful expectation that their governors and legislators can come up with effective programs that will end poverty as we know it. This is not a joke.

Conservatives say they want to end the propensity on liberals to throw money at the poor without doing much to beak cycles of dependency. And yet, given the punitive rhetoric by well-fed politicians of both parties, we're not surprised that the expulsion of families from welfare is not accompanied by funds or mandates for training, schooling or child-care programs.

Sure, let's get able-bodied men and women off the dole. But let's remember that 9 million children are among the 14 million people who now get monthly survival checks under the federal-state programs called AFDC, or Aid of Families With Dependent Children. Most AFDC parents are single moms, few with job skills or work experience. Perhaps their problems will go away if state bureaucrats replace federal bureaucrats, but we doubt it.

It's one thing to want to fix the enormous disappointments and dilemmas of the nation's 60-year-old programs of federal aid to the poor, but it's another for Congress to dump the responsibilities on the states in the name of "reform." This is particularly galling for California, because "welfare reform" proposals included a cutoff of social and health services for the state's legal immigrants. And we'll have to make up the difference.

"Reform" is supposed to make things better, not worse. It doesn't make sense from any viewpoint, including the cry for governmental thrift, to create a terrible situation where children will be forced into orphanages or jails at many times the expense of AFDC. Sen Daniel Moynihan, D-N.Y. says the "reform" amounts to "legislative child abuse."

[From the Los Angeles Times, July 18, 1996]

Passing the Buck on Welfare

Tucked into the Republicans' welfare reform package in Congress is a wrongheaded proposal to cut benefits and social services to most immigrants who are legally in the United States but who have not yet become citizens. Under the proposal, Washington, which is seeking ways to finance federal welfare reform, would shift billions of dollars in costs to states and counties. The provision should be rejected.

Sen. Bob Graham, a Florida Democrat, plans to offer an amendment to the bill to strike out restrictions on public benefits to legal immigrants. a host of eligibility issues ranging from student aid to Medicaid for legal immigrants already is part of a separate immigration bill now in conference committee. There is no logic in including those matters in a welfare bill. The two issues should be handled separately.

The welfare bill now proposes to help finance the costs of reform by cutting $23 billion over six years in benefits to legal immigrants, including children and the elderly. This would be an unfair and punitive move against legal immigrants who have played by the rules.

The bill would make most legal immigrants now in the country ineligible for Supplemental Security Income (SSI) and food stamps. Future legal immigrants (except for refugees and asylum seekers) would be ineligible for most other federal means-tested benefits (including AFDC and nonemergency Medicaid services) during their first five years in the country.

The cutbacks would disproportionately hit California, Florida, New York and Texas, the states with the biggest immigrant populations. California alone could lose $10 billion, or about 40% of the proposed $23 billion in benefit reductions. Those ineligible for such benefits would have to turn elsewhere for aid. In Los Angeles County, for example, if all affected SSI recipients sought general assistance relief instead it would cost the county $236 million annually. The cost shifting could have potentially disastrous results for the already fiscally strapped county.

The immigration bill now under consideration already includes $5.6 billion in savings from tightening eligibility requirements for legal immigrants on a variety of federal programs, including Medicaid. the attempt to use welfare reform to slip through further curbs on public assistance to legal immigrants should be called what it is—a deplorable money grab by Washington that can only hurt California.

Mrs. BOXER. Mr. President, thank you.

Mr. President, I am putting in the RECORD a number of editorials.

From the Fresno Bee in the conservative heartland of my State that says:

> Once again, Congress has passed welfare bills that are more about saving dollars and winning votes than reshaping lives.

The Los Angeles Times wrote:

> The financial brunt will fall on California, home to more immigrants than any other State. This is unfair to California taxpayers. Immigration is a national issue and its effects should be shouldered evenly.

In another L.A. Times editorial:

> Passing the Buck on Welfare. U.S. provision affecting immigrants would hit States and counties.

The one from the San Francisco Examiner:

> Punishing the poor.

San Francisco Chronicle:

> Welfare Bill Too Harsh. Wholesale desertion of the most helpless is not acceptable.

And they go on.

So, today I stand here for welfare reform but against this bill. I am voting no, because I am not for punishing kids, and I am not for punishing California or other States that have most of our legal immigrants.

Saying that I am for welfare reform but against this bill is not inconsistent. My desire for reform was expressed by my vote for the Senate welfare bill last year in the two Democratic leadership welfare reform proposals. Mr. President, those bills were tough on work, compassionate to children, and cracked down on parents who were irresponsible.

It was interesting to note the Senator from Iowa talking about how this bill goes after deadbeat dads. Well, I want to note that my deadbeat parent amendment which unanimously passed in the Senate bill last year is gone from this bill. My amendment would have cut off benefits to deadbeat parents who refuse to pay their overdue child support. I think the proponents of this bill seem to be more interested in getting tough with the kids than their deadbeat parents.

The provisions to cut assistance to legal immigrants will cost California an estimated $9 to $10 billion over the 6 years of the bill. Of all the legal immigrants in the United States on supplemental security income, which is help to the aged, blind, and disabled, and of those on AFDC, which is help for families with children, 52 percent live in my home State of California. Among those who would be cut off are elderly immigrants who are too disabled to naturalize and young legal immigrant children.

Let us face it. For every move we make, there is a counter move. For every action we take, there is a reaction. And speaking as a former county supervisor from the County of Marin, I can tell you at the bottom line it will be California's counties that will feel the brunt. When your county supervisors come in to see you to tell you about the increase in homelessness and helplessness, I hope then at least you will be ready to take some action.

In Los Angeles County, the effects will be staggering. Senator FEINSTEIN and I have been contacted by their elected officials. In Los Angeles, 190,000 legal residents could be cut off of AFDC; 93,000 legal residents will lose SSI, which is assistance for the aged, the blind, and the disabled; 250,000 legal residents will lose their food stamps; and 240,000 legal residents could lose their Medicaid.

Los Angeles County could be faced with a cost shift of $236 million per year under this bill. And if the State of California opts to bar Medicaid coverage to legal immigrants, it could shift an additional $100 million per year to the County of Los Angeles.

The conference report will place California at serious risk of a huge negative impact on health services. Again, for every action there is a reaction. Our public hospitals and our children's hospitals that got reimbursed for these medical costs will no doubt have to downsize, shut down, cut back, and shift costs. And the bottom line is, if legal immigrants cannot receive Medicaid, all Californians and all Americans will be placed at greater risk of communicable diseases because these people will not be treated.

Senator FEINSTEIN and I worked hard on an amendment which said this very simply. This is a massive change of law. Let us phase in the changes to our legal immigrants. Many of these legal immigrants came here escaping persecution. Many of them do not have sponsors to pick up the tab. They have no one else to turn to. If we are going to change the rules, Senator FEINSTEIN and I said, make it prospective. Unfortunately, the conference report did not move in that direction.

It really amazes me to think about the message we are sending to an asylee or a refugee who risked their life to get to this country. Many of them are working. Many of them are paying taxes, and doing well. If they fall on hard times, they are out. They are out of luck. And the costs will be shifted to the counties.

Many of these legal immigrants are children. We profess to care about children. Look in the eyes of a child before you cast this vote, because this bill will subject even more children to poverty.

I have to tell you, the Urban Institute says more than 1 million children will be thrust into poverty under this bill. I hope that we can move quickly after this bill passes and is signed—and we know that is going to happen—to soften the blow on children.

I could not believe when this Senate turned down the Breaux-Chafee amendment. The Breaux-Chafee amendment did not get the 60 votes it needed. Do you know what it said? That if little children are cut off because for some reason their parents cannot find work within the mandated time period, children cannot get any help to get diapers; they cannot get any help to get special medicine, school supplies, or other necessary items.

This is the United States of America. We know that a nation is judged by how it treats its most vulnerable people. And I do not think it asks very much of very healthy U.S. Senators with big fat paychecks, big fat paychecks, to provide for vouchers for a baby who is unfortunate enough to be in a family with a mom who, even if she tries every day, cannot land a job. That was it for me.

I thank my colleagues very much for bearing with me. This bill is not fair to my State. That is clear. That is why nearly every major newspaper in California has said it is wrong. This bill is not fair to innocent children. For that reason, I stand here for welfare reform and against this bill which will bring harm to children and which will bring harm to my State. I hope we can mitigate its ill effects.

I thank the Chair. I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. I yield 10 minutes to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I would appreciate it if I could be notified when I have 1 minute remaining.

I am pleased today to speak in behalf of the welfare proposal which came from conference. It is a good bill, and while there are areas which still could be improved, overall I think it is a positive first step toward real welfare reform. Indeed, it does represent a compromise. The administration had some thoughts they contributed. Obviously, the House did, and clearly, of course, the Senate did.

We can no longer continue the current welfare system. I think that is clear. This system has encouraged long-term dependency, and that has been addressed several times this afternoon and this morning. There is one thing we all know, that the surest prescription for a life of poverty is to be born to young, to unmarried, and to poor parents. It is time to give the States a chance to improve the lives of all these poor families.

This bill does that. It turns the AFDC Program over to the States and allows them, the States, to create programs suited to the needs of the residents of those States. We are doing this with very few restrictions on the States. Indeed, we can practically rattle off the restrictions. The States will be required to impose time limits on benefits. The States will have to meet tough work participation rates. But how they achieve these goals is left almost entirely to the State and to the local government.

I would like to see more Federal oversight of the program. I was on the conference. I presented my views but did not prevail in that particular area.

The Governors insist that they will do the right thing and we ought to have confidence in them. I am hopeful, indeed optimistic, that they will, but I certainly will be keeping a close eye on the progress in this area.

While we are giving the States maximum flexibility, there are several important protections in this bill. First, we have ensured that families who lose cash benefits because of changes in the State's cash assistance program, those families will still be entitled to receive Medicaid. If the State goes down, lowers the level at which an individual can qualify for cash assistance, the families still receive Medicaid based on the old formula. This is the critical provision for the success of welfare reform.

In the last 2 years, in the Finance Committee welfare reform hearings, one thing we heard over and over is that we cannot pull the rug out from beneath these poor families. In order to be able to support themselves, they must have Medicaid coverage. I am very pleased that this bill includes the amendment Senator BREAUX and I sponsored to continue Medicaid coverage for these individuals.

Earlier versions of welfare reform included block grants in several child welfare and foster care programs. I have long believed that despite the name "child welfare"—that is a misnomer, Mr. President. Child welfare is not a cash or an in-kind assistance to poor families. Child welfare programs deal with abused children. It deals with neglected children regardless of their income. It does not have anything to do with a poor child. Child welfare programs deal with neglected and abused children regardless of income.

So, child welfare has no place in a welfare reform bill, and I am pleased we were able to have those block grants removed. We stay with the present entitlement system in the child welfare program.

The present welfare bill has also made more cuts to the children's SSI program than I would have liked to have seen. That is the way it started off, with rather severe cuts. This bill is much less damaging in that area. It does tighten the eligibility for participation in children's SSI programs, but retains cash assistance for those children who remain eligible. This is the right thing to do. These families are under enormous strains, families with SSI children, and they need the benefits, the cash assistance that comes so they can care for those children. I want to pay special tribute to Senator CONRAD, who worked with me and others to achieve this compromise.

Welfare, as we know, has always been a shared responsibility between the States and the Federal Government. That will continue under this bill. It is true that States ought to have a financial incentive to reduce the welfare caseloads. We all agree with that. However, when they are reducing these caseloads, they should benefit from it, but also the Federal Government ought to benefit from it, too. That is why we provide that, if the States reduce their spending below a percentage mark, Federal dollars will be reduced likewise. In other words, the Federal Government will share in the savings.

There is one thing that does bother me about this bill, and that is the denial of benefits to legal immigrants. I think the bill is harsh in that area. We made some improvements, in other words we made it less harsh, because we allow States to decide whether to extend Medicaid coverage to legal immigrants. In other words, the States still have the option to extend Medicaid coverage to legal immigrants.

I had hoped during the legislative process, consideration here and the conference, we might have mitigated some of the harsher provisions, especially those affecting currently elderly and currently disabled recipients. I think it is very tough to take away some of the benefits of those individuals that they are currently enjoying.

In closing, I congratulate those who worked so hard to reach this agreement. Former Senator Dole deserves a lot of credit for laying the groundwork for this bill. Senator ROTH picked up after Senator Dole left and helped steer this bill through the Senate. On the other side of the aisle, my colleague from the centrist coalition, my colleague Senator BREAUX, did splendid work to forge a compromise between the two parties.

On the other side of the Capitol, Congressman Shaw and Congressman Archer were dedicated to this cause for some time and deserve a lot of credit. So my congratulations to each and all, and to all here who worked hard to make this bill a success, the success I believe it can be. It is not perfect. We all recognize that. But there are a lot of very fine provisions in this bill.

I yield the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, the time is on the other side now.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I rise today to indicate that I will support this welfare reform legislation. I do it with some reservations. I think anybody who has been deeply involved in this process understands that there are weaknesses in this legislation and that there are risks. But, make no mistake, there are risks in sticking with the status quo. The status quo cannot be defended. The current system does not work and is unlikely to work in the future.

I have visited with literally dozens of welfare recipients and with people who work in the current welfare system. I cannot find anyone who believes the current system is a good one. I cannot find taxpayers who support it, who believe in it. I cannot find welfare recipients who believe in it. I cannot find the people who work to deliver the services who believe in it. Without exception they say to me, "There has to be a better way." I do not know if we found the best way in this welfare reform legislation, but I do know it is time to try something different.

I have concluded from my conversations with welfare recipients that there is very little question that the current system is encouraging children to have children. I do not know how one can conclude otherwise. When we set up a system in which we say to a young woman, in many cases a child, that if you leave home, we will see that you have an apartment, that you get assistance, the precondition is that you have a child, what kind of system have we set up here? I talked to one of my colleagues who met with a number of welfare mothers in the last several weeks. He asked them the direct question, "Did the fact that there is a welfare system that you knew would support you and provide an apartment to you encourage you to have a child?" About half of them denied that it contributed to their decision, but about half of them said, "Yes, Senator, it did contribute to my making the decision to have a child, because I knew I could get an apartment, I could get assistance, and that I could move away from a family situation." In many cases that family situation is not a very pleasant one.

That does not make sense for our society, to have structured a system that encourages children to have children. That is a disaster. I say to my colleagues who have talked about their concern for children, and in every case I believe they are well motivated and feel deeply that we need to protect children, I share in that belief. The question is, how we do it? It is not in children's interests to be born to children. That is a disaster. We know what happens in those circumstances. In case after case it leads to more poverty, more crime, more abuse. Children are not prepared to have children. We need to take away the incentive that is in the current system for that to occur.

There are many parts of this bill that concern me. I believe the percentage that is allowed for hardship cases, and therefore exempt from the time limits, is unrealistic. I think that is going to have to be revisited in the future. I personally believe there are marginal people in our society, people who, either because of mental disability or physical disability, simply are unable to hold full-time employment. A 20-percent hardship exemption is not sufficient to cope with the percentage of our population that simply will never be fully employable. I think we are going to have to revisit that issue.

But there has been much done to improve this legislation from where it started. I was very pleased my amendment to maintain a Federal safety net in the food assistance programs was adopted here on the Senate floor and was kept in conference. I think that is critically important. That provides the food safety net for millions of Americans, one that adjusts automatically for natural disasters or severe economic downturns.

I also think the provisions that were adopted that were offered by Senator CHAFEE and Senator BREAUX to maintain the Medicaid coverage was critically important to this legislation.

I salute my colleagues, Senator CHAFEE and Senator BREAUX, for their amendment. That was maintained largely intact in conference and was critically important.

So, Mr. President, there are defects here. I think we all recognize that. I think we all understand that this is going to have to be revisited. But we have also heard from the Nation's Governors. They have told us, "You can trust us, we are going to be responsible with this charge."

I say to them, we will be watching, we will be watching very carefully what you do, and we urge you to step forward and shoulder this responsibility with great seriousness.

They have insisted there is not the flexibility and the resources to address the problems of poverty and welfare without these changes. They have assured Congress and the American people they care as much about the well-being of children and other vulnerable populations as Federal representatives and that they are in a better situation to target these resources. We take them at their word. They have pledged to protect these populations, and Congress is going to hold them to their word.

While this bill gives States flexibility they insist they need to end the problems associated with welfare, I want to be clear. Congress maintains the right and the duty to intervene in the future if States, in fact, do not live up to their word and run their programs in an arbitrary or capricious manner.

We are counting on the States to live up to this responsibility. I take them at their word, and I have confidence that in each of the States, the Governor and the State legislature will step forward to shoulder these obligations in a serious and responsible way.

I am confident that in my home State of North Dakota that will be the case. I conclude by saying to my colleagues, in looking at the risk associated with any change, clearly there is a cause for concern, but the status quo cannot be defended. It is time for a change. The time is now. We will have other opportunities to address shortcomings in this legislation. I intend to support this bill.

I thank the Chair and yield back any time I have remaining.

Mr. GORTON. Mr. President, I yield 10 minutes to the junior Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, with the passage of this welfare reform legislation, I think we can confidently state that the New Deal is old news. As we all know, this legislation will end the Federal Government's entitlement to welfare, an entitlement created 6 decades ago during the New Deal. Yet, the reason that it must be overturned is found in the reasoning of Franklin Roosevelt himself who said, "When any man or woman goes on the dole, something happens to them mentally, and the quicker they're taken off the dole the better it is for them the rest of their lives."

He added: "We must preserve not only the bodies of the unemployed from destitution, but also their self-respect, their self-reliance, and courage and determination."

The welfare reforms that we will pass today are designed not just to save money and reduce waste, although those are important goals, but they are also designed to help restore certain basic values: self-respect and self-reliance.

Some critics have claimed that these welfare reforms will lead to catastrophe. Mr. President, I suggest the catastrophe has already arrived. It is obvious in an exploding population of fatherless children, rising violence in our cities and streets, suburbs and rural towns, endless dependence and fractured families. No one can honestly defend the current system as compassionate. No one can be proud of the results of the last 30 years. We are tired of good intentions and dismal results. We need to take another path.

This legislation that we are proposing is not experimental nor it is not untested. It is rooted in proven principles of American tradition. It transfers powers to the States where that power should have belonged all along. It emphasizes the dignity of work. It shows compassion, but it also expects individual responsibility, and it begins to encourage private and religious institutions as partners in social renewal.

Mr. President, I am pleased that the personal responsibility agreements that I authored, along with Senator HARKIN, are part of this final welfare package. States like Indiana and Iowa have used these agreements as effective tools, moving thousands of citizens from welfare to work. The welfare bill we are passing today gives States the options to include those personal responsibility agreements in their welfare programs, and I hope they will follow the examples of Indiana and Iowa.

I have argued in the past, Mr. President, that devolution of power to the State governments is necessary but not complete. Such devolution encourages innovation, but State government is still government, prone to the same problems of ineffective bureaucracy and red tape that we see in Washington, and that is why I am glad this legislation gives States the opportunity and the option to contract with faith-based organizations without forcing those institutions to compromise their spiritual identity. This, I believe, is the beginning of an important idea.

It is also important to remember that the reforms that we are passing today directly affect human lives. That is the only measure of our achievement. I am convinced on the evidence of 3 decades that people need independence, work, responsibility and hope far more than they need endless checks from the Federal Government.

Our current system treats the disadvantaged as merely material, to be fed and forgotten. We need to be treating them as human beings with high hopes and high potential. When you expect nothing of an individual, you belittle them. We must stop belittling the able-bodied poor in America with low expectations.

Mr. President, I argue that there is a next step to welfare reform, a step that this Congress and this President, or whoever occupies the Presidency, needs to address in the next Congress. We need to go beyond Government. We need to begin to encourage and strengthen, nurture and expand those mediating institutions of family, community, volunteer associations of charity, of church, faith-based charities—those institutions that offer real solutions and real hope.

We need to begin to look at transforming our society by transforming lives one at a time inside out. For the most part, this is work that cannot be done by institutions of government. Government can feed the body and help train the mind, but it cannot nurture the soul or renew the spirit. This is the work of institutions outside of government.

This shift of authority in resources can be accomplished in many ways, but we need to recognize tradition and the time-honored practice of reaching out to the poor in effective ways, giving them renewed hope, renewed spirit, a renewed place in American society. It has not been accomplished in an effective way by institutions of government but can be effective by institutions outside of government.

How do we make this transition? Because it will be a transition, and normally the problem is such that it will require a significant increase in the involvement of these institutions. But it is important because they are the institutions that bring about the real solutions and bring about real hope.

I propose the charity tax credit as a means of beginning this process, a way in which the taxpayer can designate on a joint basis up to $1,000 of taxes otherwise due the Government as charitable contributions to institutions that have dedicated themselves to the proposition of alleviating or preventing poverty.

Who wouldn't rather give $1,000 of their hard-earned money to institutions like Habitat for Humanity, rather than Housing and Urban Development, if you really care about providing decent, affordable housing to low-income individuals?

For those concerned about fatherless children, who wouldn't believe that $1,000 of their money would be better served through Boys and Girls Clubs or Big Brothers and Big Sisters or other mentoring organizations, rather than giving it to "Big Brother" in Washington?

For those concerned about the homeless on our streets, who wouldn't rather support the gospel missions and church feeding programs, Catholic Charities and other organizations that reach out to those in our local communities, rather than turning the money over to HHS, where, by some estimates, over two-thirds of the money fueled by the Federal social welfare system never goes to the poor? It goes to those above the poverty line; it gets eaten up in bureaucracy, administration, fraud, and abuse. It has created a compassion fatigue in this country where people have no faith that their tax dollars, sometimes generously given and well-intended to help those most in need, ever reach those most in need.

This is a stark alternative that can be provided to the individual without the constraints of the first amendment. They can give it to secular or nonsecular institutions, faith-based institutions which have proven and demonstrated their capability of providing services to the poor far more effectively, with far better results, at a fraction of the cost of Government.

These are the institutions that we need to strengthen. And this, I hope, will be the agenda of the next Congress as we move to the next step of welfare reform, to defining compassion in an effective way, the spirit of the American people, which has always been generous, which has always reached out to help those in need, which responds to emergencies time and time again, which provides and allows grain farmers from the Midwest to ship grain down to famine areas and drought areas of other areas of our country, which cause people to jump on planes and trains and buses and go to the latest hurricane area or ravaged area to pitch in, on a volunteer basis, to help their fellows Americans.

We are a country of generous spirit, yet a country that has lost confidence in the ability of Government to effectively deliver compassion to those in need. So let use energize, renew and strengthen and nourish and encourage those institutions in our own communities that are making a difference in people's lives.

Community activist Robert Woodson makes the point that,

> . . . every social problem [in America], no matter how severe, is currently being defeated somewhere, by some religious or community group. This is one of America's great, untold stories. No alternative approach to our cultural crisis holds such promise, because these institutions have resources denied to government at every level—[the resources of] love, spiritual vitality, and true compassion. It is time to publicly, creatively, and actively take their side in the struggle to recivilize American society.

Mr. President, I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Mr. President, it is clear that most Americans agree we need to change welfare as we know it. Our current system does not work, not for those on public assistance and not for those who pay for it.

The American people feel strongly that personal responsibility has to be a part of this country's welfare system. I could not agree more.

Mr. President, for nearly 4 years I have spent countless hours examining the current welfare structure, talking to participants and listening to the frustrations of both reformers and people on public assistance.

This Senate has debated many ideas for welfare reform. I have worked with my colleagues to do everything possible to help create a welfare bill that will move able-bodied adults off welfare and into work. The transition from welfare to work is the core of this policy debate. But my concern is this. We are creating a system in which people will not get a welfare check, but they will not be able to get a paycheck either.

If people leave welfare, but are not qualified or cannot find work, they are faced with one fundamental problem: The grocery bill is still there, and there is no way to feed their kids.

My vote on this final welfare bill is one of the most difficult I have had to cast. There are no easy answers. I want welfare to be reformed. I hear from those recipients who complain that the current system does not work. There is too little job training. There is too little child care. And the programs try to fit every single welfare recipient into one single mold.

As this bill worked its way through the Senate and House, I have sponsored and cosponsored numerous amendments to protect the well-being of children, from preventive and emergency health care, nutritious meals, safe child care, illiteracy, issues that are important because they affect the ability of parents to move successfully from welfare to work while they are still taking care of their own kids.

I agree with President Clinton that this welfare reform bill makes significant strides toward ending welfare as we know it. It will help put some people back to work and end the cycle of dependency that this system is accused of breeding. It will give more flexibility to the States and allow for more local decisionmaking authority.

But I also agree with President Clinton that this bill has serious flaws. Nine million children will be cut off from services. Legal immigrant children will be ineligible for almost all Federal and State services, other than in an emergency, leaving them hungry, uneducated and desperate on our streets.

One-half of the $60 billion cut in spending will come from nutrition programs. It will have a dramatic impact on the very individuals who need the most help today in this country, and that is our children.

It has been clear for quite some time that this bill is going to be passed by an overwhelming majority and signed by the President, but I realize that I cannot in good conscience support a bill that will put so many of our children in jeopardy.

Mr. President, I am the only former preschool teacher to serve in the U.S. Senate. I have looked into the faces of 2- and 3- and 4-year-olds who are hungry every single day. I have worked as a parent education instructor with adults who have lost their jobs. Food stamps provided the only chance they had to feed their children while they desperately were looking for work. I knew immediately when a child in my class was unable to learn and felt frightened because of tough financial times at home, and I saw the effects those kids had on all the other kids in my classroom.

Many times I have sat and listened to young women whose lives have been devastated. They have been left alone to care for young children. They have no job skills and no ability to go to work because their full-time job was being a mom.

For me, the bottom line in the welfare reform discussion is, what will happen to our Nation's children? What will happen to those children I held in my lap in my preschool? For me, it is a risk that I am not willing to take.

It is vital that parents return to work. But we have to help ensure that our children receive adequate health care, nutrition, and are not left home alone or, worse, to wander on our streets.

When this welfare reform proposal passes, we have to ask, what is next? This bill only tells people what the Federal Government will not do anymore. In its place will come 50 different experiments in 50 different States. It may help some people, and it most certainly will hurt others. But whether it works or not, from this day forward I believe that we have to begin a national commitment to our children and to give them a fair chance, every one of them, at succeeding in life.

We all want a country where every child is secure, where every person can be a contributing member of our society and our economy, and where the world around us is a healthy and safe place to live. No one disagrees with that. To make sure it happens, we have to start a discussion in every single community and neighborhood and every single dinner table in this Nation. We have to ask, what is important to us as Americans? Are we going to be a compassionate Nation? When push comes to shove, are we going to help our neighbors when they need it? And if, as I suspect, the answer is yes, we are going to have to say how. In the aftermath of this welfare reform bill, these are the questions that every one of us as adults in this country will have to answer.

I am not going to dwell on changes brought about in this welfare reform. Instead, I am going to aggressively seek answers to the questions I have raised, and I will reaffirm my own commitment to children. I will work for constructive solutions to problems that arise in the future.

I have already formed a bipartisan working group within the Senate to help develop and create ideas to help adults find more time to spend with our young children. And I formed an advisory group at home in Washington on youth involvement to help support this effort. Hopefully, the people of this country will ultimately work to create the kind of communities that we can all be proud of.

But, Mr. President, one good thing will come out of this for sure that will happen as a result of us passing welfare reform. Finally, we will no longer, either here on the floor of the Senate or in living rooms across this country, be able to blame welfare as the cause of our Nation's problems. After today, instead, perhaps, we can all sit down and work to agree on what we can do to keep our young children in this country healthy and secure and educated and growing up in a country that we are all proud of.

I yield the floor.

Mr. GORTON. Mr. President, I yield 10 minutes to the Senator from New Hampshire.

Mr. GREGG. I wish to rise in support of this welfare proposal, and I congratulate the Members of the Senate who have worked so hard.

I want to mention three reasons why I think this is an appropriate action to take. First, this is one of the five major programs which is weighing down the Federal budget and which is causing us to careen towards bankruptcy as a Nation in the beginning of the next century if we do not address the Federal spending patterns. The other four are the farm programs, the Medicare and Medicaid Programs, and Social Security.

We have addressed the farm programs. Now we are addressing the welfare programs. That is two out of the five major entitlement programs that will be addressed as a result of this bill by this Congress. That is a major step forward. If this were a game of Myst—which it is not, but it is as complicated as a game of Myst—we would have gotten through two levels. We have three levels to go and, hopefully, we will continue to pursue those aggressively.

The bill involves returning to the States significant flexibility over managing the welfare accounts. This means better services for our citizens. It is that simple. There is a certain arrogance in this town, a certain elitism in this town that tends to believe all the ideas, all the feelings of goodness, all the compassion is confined within the corridors of Washington. Well, it is not true. The fact is, in our States at our State legislative level and in our cities and at our county level, there is not only great compassion but there is an extraordinary knowledge. That knowledge and compassion would be brought to bear on the welfare programs of this country as a result of this bill.

I know, for example, that in New Hampshire we will get a lot more services for actually less dollars, and our people will be better taken care of as a result of this flexibility being returned to the States.

Third, there is the cultural issue. This represents a significant cultural change in the way we address the issue of welfare in this country. We are no longer creating this atmosphere of dependency. We are no longer undermining generation after generation of individuals relative to their own self-worth. We are saying to people: "You are important, you do have self-worth, you should have self-respect, you should be working and taking care of yourself and your families and obtaining the personal respect and confidence that comes from undertaking that approach." It is a cultural shift.

Obviously, it will not impact the entire culture. Obviously, there are a lot of people on welfare who deserve to be there. For some percentage, and it will not be a dramatic percentage, I admit to that, they will be moving off the welfare rolls because they will have to go to work, something they have not done before. That will be very positive, I think, for them and for this society generally.

So I believe this is a very good bill and something that takes us in the right direction in the area of fiscal solvency, in the area of managing government policy through flexibility at the State level, and in the area of how we approach the cultural issue of caring for people who are less fortunate or in hard times.

I also want to address today just briefly, because it is a topic that I am intimately involved with as chairman of the Commerce, State, and Justice Committee, the issue of terrorism—one minor area, a secondary point to what is going on here today, but I want to raise this point at this time.

We just reported out of the full Appropriations Committee a bill, the Commerce, State, Justice bill, which had a major initiative in the area of terrorism, countering terrorism, trying to get some comprehensive planning into the issue of how we approach it as a Federal Government, and beefing up those projects that are going on in those agencies, such as the FBI, that are trying to counter especially international terrorism. It is a major step forward. We have actually been working on this for months. It is ironic it came to fruition today, so soon after the Atlanta bombing, but it is a very important step.

Second, we cannot do all this at the Federal level. The issue of countering terrorism cannot entirely be accomplished by the Government. There has to be a change of attitude within our population as to how we approach the terrorists.

I made a proposal today which I think moves along that issue a little bit—not dramatically, but a little bit—but it is important. We see on the Internet today a massive amount of information about how to make weapons, how to make bombs, how to use instruments of death. Now, the Internet is a Wild West of information. I have no interest in regulating it. I think that would be a mistake. There are, today, developing a whole series of industries that develop the information and information access in the area of Internet, people like America Online, Comp USA, Yahoo, Netscape, Magellan—the list goes on and on.

What I have done today is write a letter to the CEO's of these various organizations and asked them to exercise a little common sense and a little community value and to expunge from their database access capability of items which are clearly directed at creating bombs. I had my staff quickly run the Internet. I wanted to do it quickly, so I had my staff do it. They came up with, on their first test under the question of "explosive," they came up with an identification of how to make a bomb, which was followed by "leaving your bomb in your favorite airport and Government building."

That is the type of information that should not be accessed easily through some sort of accessing agency. So I have asked the leaders of these various industries to think about it, to think about putting into their processes some sort of self-voluntary block that eliminates the ability to easily access this type of information which is so patently inappropriate. I hope they will take such action.

I yield the floor.

Mr. DODD. Will the Senator yield?

Mr. GREGG. I am happy to yield to the Senator.

Mr. DODD. I commend my colleague from New Hampshire. I hope everyone listens to his last remarks on this subject matter and that people will heed his advice. This is a serious matter.

Our colleague from Arkansas, Senator BUMPERS, yesterday I think, made similar comments and brought to the floor the documentation that came off computers on this information. I think his advice is extremely worthwhile.

Mr. GREGG. I can show the Senator a copy of the letter and have him be a cosponsor, as well as any other Senators.

Mr. BAUCUS. I yield myself 5 minutes.

I first want to very much thank my colleague from California, Senator FEINSTEIN, and Senator DODD of Connecticut for very generously and graciously yielding me their time and allowing me to proceed ahead of them. I thank the Senators.

Mr. President, I rise today in strong support of welfare reform. The welfare reform debate is emotional, we all know that. It is complex, that is clear. But I must say I find almost universal agreement that today's Federal welfare program does not do what we would expect of a welfare system.

It does not help people get back on their feet and back to work. It does not promote worth or promote personal responsibility or self-sufficiency. Most of us envisioned a different system, a welfare system that encourages personal responsibility, one that encourages work and self-sufficiency, one that lets States like Montana create their own systems that make sense to their State's own unique problems, one that protects children, helps keep families together, prevents communities from deteriorating, and is fair to taxpayers.

The Nation's welfare problems took a long time to develop, and they will take some time to solve. Our solutions will not come overnight. We have to work on them. I believe this proposal is a clean break with the past and a good start for the future. It is based on two essential elements that encourage work and self-sufficiency.

First, there will be a time limit on welfare assistance to make sure that people have an incentive to leave welfare and move to work; second, we will remove some obstacles that now deter people on welfare from moving to work. They will have more help available for child care, and Medicaid will still be there to provide basic health care.

I might add, Mr. President, that the imminent passage of the increase in minimum wage will be a big boom, will be a big part of the solution to welfare reform.

On the whole, I believe this effort reflects the views and values of Montanans and of Americans. Undoubtedly, it is not perfect, and we can learn from experience. We can and will improve it as time goes by. However, it is a good start and a step we have to take.

Finally, I am glad that the President has chosen to sign it. It was not an easy decision. But it is time that the system reflects the consensus now existing in America for welfare reform. I believe this bill is a good start. It is not perfect. Nothing is perfect. But we cannot let perfection be the envy of the good. It is a good start, and I believe we will have many opportunities to improve upon it as days, months, and years go by.

I yield the floor.

Mrs. HUTCHISON. I yield myself up to 10 minutes.

Mr. President, this is landmark legislation, and it is a pivotal point in our Nation's history and future. What it does, this bill before the Senate, it does, indeed, change welfare as we know it.

This is what the hard-working American people have been asking Congress to do for years. It limits welfare to 2 years for able-bodied individuals, and there will be a 5-year lifetime on welfare for any individual in our country.

Mr. President, this sends a message to the working people of our country that, yes, we understand how hard it is to make ends meet. All Americans work hard. Welfare recipients should not be an exception. If we have uniform requirements for work, we will then say that this Nation is a Nation that has a work ethic and values people who are trying to be productive citizens.

This bill requires all able-bodied welfare recipients to work within 2 years, or lose their benefits. States will be required to have 50 percent of their welfare recipients working by 2002. And to ensure that child care is available for a single parent, this bill provides an additional $4.5 billion more than current law for child care. So we are making sure that there is a safety net, while at the same time we are going to save the taxpayers of our country $58 billion.

Now, I want to put this in perspective just to show what the American people are seeing in our welfare system as it is today. In many States, welfare systems provide the most perverse incentives. In 40 States, welfare pays more than an $8 per hour job. In 17 States, it pays more than a $10 per hour job. In six States, and in the District of Columbia, welfare pays more than a $12 per hour job—more than two times the minimum wage. In nine States, welfare pays more than the average first-year salary of a teacher. In 29 States, it pays more than the average starting salary for a secretary. In the six most generous States in this Nation, benefits exceed the entry-level salary for a computer programmer.

Mr. President, no wonder our welfare system is broken. No wonder the American people are saying that we must have relief from a system that would pay more to people who do not work than a teacher, a computer programmer, or a person making $12 an hour that is getting up every morning, putting their lunch together, and walking out the door to make a living for his or her family.

Mr. President, what we are doing here tonight is saying that those people have a value in our society. And people who can work, but won't, will not be any better off than the person who gets up, puts his or her lunch in a box, goes to work, and is a productive citizen of this country.

This is indeed landmark reform. It is fair. It will stop a system that has become a cancer on our society. It will give self-worth to the people who will now have to work for any benefits they receive. And it will say to hard-working Americans that are struggling to make ends meet, "You have a value and we appreciate you in this country, and you will not have to work to support someone who can work, but chooses not to."

Thank you, Mr. President. I yield the remainder of my time.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, will the Senator from Nebraska yield me up to 15 minutes?

Mr. EXON. Yes, I yield the Senator 15 minutes.

Mr. DODD. Mr. President, let me begin by saying that I respect those who support this legislation, and I respect the President for making the decision he did. But may I also begin by saying that I respectfully disagree with their decisions.

Mr. President, I have served now in this body for almost 18 years. I served in the Congress for 22 years. I have dedicated a good part of my service in the U.S. Senate, as many of my colleagues know, to issues affecting children. In fact, one of the first things I ever did as a part of the Senate was form the first children's caucus, along with Senator SPECTER from Pennsylvania. DAN COATS of Indiana and I were the authors of the family and medical leave legislation. It took 7 years to adopt that. It went through two vetoes before being signed into law by President Clinton in the early days of his administration in 1993. Senator ORRIN HATCH and I were the authors of the child care block grant, which is a subject of much discussion here today.

I note, with some irony, that when I offered amendments a year ago to increase the child care funding in the early welfare reform proposals, only two Members of the majority party supported the increase for child care funding. Nonetheless, I am delighted to hear such strong, ringing endorsements for the child care block grant, considering it took us so many years to bring it the support it has now. There are numerous other pieces of legislation over the years that I am proud to have been associated with that affect children.

While there are certainly significant deficiencies, in my view, in this legislation, affecting legal immigrants, affecting working adults, I want to focus my remarks, if I can, Mr. President, on children. I say that because the overwhelming majority of the people who will be affected by this legislation are children. We are a Nation of some 275 million people in the United States—a very diverse and rich people. Of the total population of this country, it is worthwhile, I think, to note that we are talking about 13 million Americans out of 270 million Americans who receive some form of aid to families with dependent children from the U.S. Government. There are local welfare programs. And there are State programs. But the Federal Government's commitment to welfare affects 13 million Americans. Of the 13 million Americans, almost 9 million are children under the age of 18, and 4 million are adults. Of the 9 million who are children, 80 percent of the 9 million are under the age of 12, and 50 percent of the 9 million are under the age of 6.

So we are talking about 4 million adults and 4 to 5 million infants and young children, in effect, who will be affected by this legislation. We also know that roughly 2 million of the 4 million adults are unemployable under any situation. They are either seriously ill, or disabled, and will not be affected by this legislation because they cannot work.

So our goal is to put 1 to 2 million of the 4 million adults on AFDC, who are able-bodied and can work, to work. This is 1 to 2 million people out of a nation of 270 million people. My concern is that, in our efforts to do that, we are placing in jeopardy, and at significant risk, for the first time in a half-century, the 9 million children in this country who are also the recipients of public assistance.

So it is with a great deal of sadness, Mr. President, that I rise today, knowing that in less than 2 or 3 hours from now, America's national legislature will vote overwhelmingly to sever completely its more than one-half century of support for the most vulnerable of our people—our children.

For over 60 years, Mr. President, through 10 Presidents, hundreds of U.S. Congressmen and Congresswomen, Senators, Democrats, Republicans, liberals, moderates, and conservatives, we have tried to improve the opportunities for all Americans. Certain issues were always in conflict, and I suspect they always will be. But with regard to one constituency, one group of Americans, there was never any serious division. We in America take care of our children.

There is a national interest, I argue, and there has been for decades, to protect the most innocent and defenseless in our society. Whether you were a child from Eastport, ME, or San Diego, CA, if all else failed, your National Government, your country, would not let you go hungry, would not let you be denied medical care, and would not deny you basic shelter. No matter how irresponsible your parents may have been, no matter how neglectful your community or State, your country, America, would absolutely guarantee, as a last resort, a safety net of basic care.

In less than a few hours, Mr. President, we will end, after half a century, that basic fundamental guarantee to these children.

Am I opposed to reforming welfare? Absolutely not. But let us put this issue in perspective. We are talking about 9 million children—many of whom have no other protection at all because of the circumstances in which they are raised—who count on their Government as a last resort to be of help.

Let me be starkly clear about what this legislation does. Under this bill, States can cut off benefits. They cannot provide work opportunities. There is no requirement for them to do so. They can set shorter and shorter time limits, if they so desire. They can cut off families completely without making any accommodation for their children. And no matter how draconian these measures may be, this National Government will stand by and do nothing.

It is worth noting that virtually all religious groups in this country and their leaders oppose this piece of legislation. Let me share with you the views of Bishop Anthony Pilla on behalf of the Catholic Bishops:

> The test of welfare reform is whether it will enhance the lives and dignity of poor children and their families. The moral measure of our society is how we treat the least amongst us. This legislation fails these tests and fails our Nation.

What is more, we are considering this legislation with the benefit of data showing that the bill will push at least 1.1 million children into poverty in this country and worsen the situation of children already in poverty by 20 percent.

Let us consider, if you will, for just one moment that instead of dealing with welfare reform here, we were dealing with a piece of legislation affecting American businesses. And assume for 1 minute, if you will, that we were provided data by credible sources that said as a result of this bill, if it were to become law, 1 million business people would fail as a result of your actions.

I would just inquire: How long would that legislation last on the floor of the U.S. Senate? We would not be told that it is a "minor inconvenience" and somehow "we may fix that later." We would not spend 1 minute considering a piece of legislation that would cause 1 million business people to fail. And, yet, when 1 million children may fail and already poor children will be pushed into even more difficult circumstances, we are told over and over again that somehow we will fix that down the road.

I cannot support a piece of legislation that would take 1 million innocent children and push them into poverty with a vague hope that some day we may do something to correct that situation.

These numbers should make all of us take pause and seriously consider the dire implications of our actions. I know many people argue that the current welfare system does not serve our children well. I do not disagree. But replacing a system in need of reform with a worse system is no solution at all. In fact, it is irresponsible. There is no justification, in my view, to try something different at any cost; namely, abandoning a national commitment to children for the sake of change.

Again, I applaud the improvements that were made in this bill, and they have been recited by others. It, certainly, is better than what was considered a year ago in a number of aspects. But despite those improvements, there are still elements in this legislation which make it fundamentally flawed.

The Congressional Budget Office estimates that between 2.5 and 3.5 million children would be affected by the 5-year cutoff of benefits in this bill. I have no objection to setting time limits on adults. In my State, it is 2 years. Experiments like that make sense, to see if they work. What I do not understand is that no matter how difficult you want to be on the parent, how do you look into the face of a 6-year-old child who, through no fault of their own, are born into difficult circumstances and say that regardless of the flaws of their parents, the irresponsibility of their parents, they must pay the price? I do not understand that logic or that thinking.

It seems to me that if we know this welfare bill will increase the number of poor children, we should, at the very least, make some provisions for children whose parents have reached the time limit and are cut off from assistance. But this bill prohibits—and I emphasize this—this bill prohibits even providing vouchers to children whose parents have hit the 5-year time limit. In fact, it does not even grant the State the option to provide noncash aid to infants and toddlers.

This is not only a step backward, but, in my view, it is an unconscionable retreat from a 60-year-old commitment that Republicans and Democrats, 10 American Presidents, and Congresses have made on behalf of America's children.

Some will argue that the conference agreement says that States can use the title XX social services block grant to provide vouchers for these families and children. But I ask my colleagues to look at the provisions of the bill that cut this block grant by 15 percent. We are reducing the very block grants we are now telling States they can use to provide for these benefits.

I truly believe that if we were serious about ensuring the safety net for children in this bill, we would do it outright and not come up with fancy accounting methods that provide no guarantees for children whatsoever.

This legislation does not provide enough funds, quite frankly, to meet the work requirements of the bill. This bill has the goal of putting welfare recipients to work. I applaud that. Yet, it fails to provide adequate funds to reach that very growth.

We are setting ourselves up for a failure. The Congressional Budget Office estimates that this bill is $12 billion short of funds needed to meet the work requirements—$2 billion more than the shortfall of the Senate bill which was passed last year. The same Congressional Budget Office says that most States will not succeed in meeting the work requirements. They will just accept the penalty of reduction in funds.

Do our friends here who support this legislation think that millions of jobs for welfare recipients will simply appear out of the air? Will millions of welfare recipients, most of whom want to work, I would argue, magically find jobs? Not unless they receive the assistance, the training, and the educational help which leads to job creation. In this bill, they will receive no such help at all.

While we see movement on child care—again, I applaud that—this conference agreement retreats on a critically important child care provision.

Let me emphasize this point. Both the House and Senate bills contain provisions that prohibit a State from sanctioning a family if the mother could not work because she could not obtain nor afford child care for children age 10 and under. The conference agreement, which we are about to vote on, moves that age threshold from 10 years of age to 5 years of age, at the request, I am told, of some Governors.

Currently, approximately 2.4 million children on AFDC are between the ages of 6 and 10. The families of these children could lose all of their benefits as a result of a work sanction because the parent could not find adequate child care for a 7-year-old, an 8-year-old, or a 9-year-old. This bill encourages parents to go to work and leave a child at home, without supervision, at a time when we are talking about family values and parents caring for their children. We put these parents in the catch-22 situation, either they lose benefits or leave their child—a 6- 7- or

8-year old at home alone. I do not understand, again, the logic of that kind of thinking.

I know that the Governors have argued that the protection for children 10 and under would make it hard for them to meet the work requirements in the legislation. But that sort of argument points out flawed thinking in this bill. I think all of us understand the need for child care. Latchkey children are a serious problem in our society. I fail to understand how Governors who argue that a provision which protects kids who are 6- 7- and 8-years old would impede their ability to meet work requirements. Governors, at the very least, should be able to guarantee to children age 10 and under that they will not be left at home without care.

Additionally, the food stamp cuts in the conference agreement are deeper than last year's vetoed welfare bill and deeper than last year's Senate-passed bill. The conference agreement would cut food stamps by about 20 percent. Families with children—not single adults—families with children will bear the greatest burden. Two-thirds of the cuts in food stamps will hit families with children.

Additionally, the bill limits food stamps to unemployed adults not raising children to just 3 months in a 3-year period with no hardship exemption whatsoever. If we were in a period of high unemployment in this country, with people being laid off from jobs through no fault of their own, how do you explain to someone who has worked for many, many years and finds himself without a job, that he will be cut off from some basic necessities to allow him to exist? And there's no exemption whatsoever to account for economic difficulties.

The Congressional Budget Office estimates that in an average month, under this provision, 1 million poor, unemployed individuals who are willing to work and have worked in many cases and would take a workfare slot, if one were available, would be denied food stamps because they cannot find work.

Finally, Mr. President, I want to mention the treatment of legal immigrants in this legislation, which I know is of great concern to our colleagues from California and Florida and New York and others.

This bill, in my view, is a repudiation of the legacy of immigration that has defined our country for more than 200 years. We are talking about legal immigrants now.

It is this influx of immigrants from diverse cultures and distant lands that has made this country a shining example to the entire world. That is why millions of people across the globe have come to our Nation.

To say to legal immigrants who pay taxes, who get drafted and serve in our military that we are going to deny them basic protections after we have invited them to come here in a legal status because they do not vote and they are an easy target I think is a mistake.

It was the promise of the American dream that brought my family to this country from Ireland. And it was the desire for a better life that brought millions of other immigrants to America, whether they came over on the *Mayflower* or if they came to our land in just the past few days.

The fact is, nearly every Senator in this body is a descendant of immigrants.

The attack, in this legislation, on legal immigrants is mean-spirited and punitive.

This bill is more interested in reducing the deficit than maintaining our commitment to legal immigration.

This bill bans legal immigrants—children and the disabled—from food stamps and SSI. When people lose SSI, they lose their health coverage under Medicaid.

I fear that we'll see people who have paid taxes wheeled out of nursing homes as a result of this bill.

The legal immigrant provisions of this bill will shift substantial costs on to local governments.

In the words of Mayor Guiliani of New York:

> By restricting legal immigrants' access to most Federal programs, immigration, in effect, becomes a local responsibility. Welfare reform should not diminish Federal responsibility for immigration policy or shift cost to local governments.

But that's exactly what this bill does.

CONCLUSION

In closing, let me say, Mr. President, that welfare reform is by no means easy. If we are to change the cycle of dependency and encourage work among welfare recipients, we must make tough decisions.

But, in the end, those decisions must always be weighed against their effect on poor children. Our success will not be judged by how much we reduce the welfare rolls, but how we help those who are left behind.

This bill fails that test—on both accounts.

President Franklin Roosevelt once said that: "The test of our progress is not whether we add more to the abundance of those who have too much; it is whether we provide enough for those who have too little."

For those in our Nation who have too little, we are providing only crumbs.

If welfare recipients are to revel in the hopes and aspirations of the American dream then they must be provided with the tools and opportunities to make those dreams a reality.

This bill fails those Americans and it fails our commitment to the most vulnerable and poorest citizens in our Nation.

I know this is a futile effort, but I urge my colleagues in the remaining few hours to consider that we are about to sever the lifeline to 9 million children in this country for the sake of putting 1 to 2 million adults to work. This incredibly misguided policy is not in balance and ought to be defeated.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I rise in strong support of the conference report to the Personal Responsibility and Work Opportunity Act of 1996. The American people I believe have demanded welfare reform, and I am pleased that the Congress has not yielded in its commitment to pass much needed and long overdue comprehensive welfare reform. Our current welfare system is a death sentence. It is a death sentence to the human spirit, the family, and the hopes and dreams of millions of children in America. The welfare system today encourages dependency, facilitates the breakdown of the family, demoralizes the human spirit, and undermines the work ethic that built our Nation. For a third time this Congress has delivered legislation to address the failures of the welfare state and provide reforms that I believe will free the poor from being trapped in a cycle of dependency. This bill is the boldest statement we can make in the current political environment, and I am pleased that the President has finally pledged to keep his promise to end welfare as we know it.

Mr. President, the imperative for welfare reform is manifest. The American taxpayers have spent more than $5.4 trillion since President Johnson declared a war on poverty. But after spending this massive sum, we are no closer to having a Great Society than if we had done nothing. In fact, the poverty rate in America has actually increased over the past 28 years. The reason for this is simple: Welfare has become a way of life. The modern welfare State is rife with financial incentives for mothers to remain unmarried. Eighty percent of children in many low-income communities in America are born in homes without a father. It is virtually impossible for a young unwed mother with no work skills to escape the welfare trap as we know it today. This has done nothing to stop the ravaging of our cities and the skyrocketing of violent crime.

People have become dependent on welfare because it completely destroys the need to work and the natural incentive to become self-sufficient. For more than 30 years the message of the welfare state is that the Government will take care of you. It is a punitive form of assistance. It punishes those who want to work and want to succeed. It punishes those mothers who want to get married and have a husband to help raise the children.

Where is the compassion in this present welfare program? It is not there. Only the beltway establishment would dare suggest that providing monthly benefits is more compassionate than fostering the natural inclination in every human being to reach your full potential. However, with the enactment of this bill, Congress will require welfare recipients to work in exchange for benefits for the first time. By imposing a 5-year lifetime limit on welfare benefits, the message of the reformed welfare state is that we will provide temporary assistance to help during hardship as you return to self-sufficiency.

The bill we vote on today begins to repair a very badly broken welfare state in other ways. It puts healthy incentives in our welfare system. The generous package of welfare benefits available in America is a magnet for literally hundreds of thousands of legal and illegal immigrants. I do not believe this is just, and this bill properly denies welfare to noncitizens.

Also, the Government will no longer tell young women, "If you have children you are not able to support and you are willing to raise them without a father the Government will reward you and pick up the tab." That is the wrong message. This legislation allows States to end additional cash payments to unwed mothers who have additional children while collecting welfare. The bill also permits States to deny cash to unwed teenage mothers and instead provide them with other forms of assistance. It is good for children to see both their parents in the morning, and this bill provides the mechanisms that will make this the norm, not the exception.

This legislation represents real welfare reform. The monster that was created over the last 30 years will not change overnight, but we take a significant step today. This bill ensures that welfare finally will benefit, not harm, its beneficiaries. I urge all my colleagues to adopt this landmark legislation.

Mrs. FEINSTEIN addressed the Chair.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Thank you, Mr. President. I ask to be recognized for 13 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I would like to read you an excerpt from an editorial in yesterday's Sacramento Bee which, I believe, sums up the bill we are about to vote on

> There is a widespread consensus that welfare must be reformed to reduce long-term dependency and encourage work and personal responsibility. But the current bill, underfunded and overly punitive, ignores everything we have learned over the last decade about moving welfare recipients into the job market.
>
> More than half of the welfare recipients lack a high school education at a time when labor markets put a premium on education and skills. Two-thirds live in central cities, places from which employers have fled. At their most successful, past efforts to move welfare recipients into jobs, such as the GAIN program in Riverside have reduced welfare roles by only 10 percent and incomes of welfare recipients by a few hundred dollars a month.
>
> Yet the welfare bill requires states to move half of all recipients into jobs, even though, according to Congress' own experts, the bill falls $12 billion shy of funding for the work program. Even if one heroically assumes that two-thirds of welfare families would find permanent employment, the bill's five-year lifetime limit on benefits would leave 1 million families—adults and children alike—without any source of income.

Mr. President, I am very disappointed that I must oppose the welfare reform bill as presented to this body by the House-Senate conference committee. I had hoped that the bill that emerged from the conference committee would be one that California could live with, because, I think it is clear that, with 32 million people, no State in the Union has as much to gain or as much to lose from welfare reform.

Unfortunately, this bill remains one in which California loses, and loses big.

California is being asked to foot the bill for changing welfare as we know it—and that is wrong. One-third of the estimated $55 billion savings in this bill comes from one State: California. California faces a loss of more than $16 billion over the next 6 years as a result of this bill, more when you add reductions in State funds under the new rules and potentially much more if our welfare caseload continues to increase at the current pace.

The losses to California are staggering: Up to $9 billion in cuts to Federal aid for legal immigrants, $4.2 billion in cuts in food stamps, and as much as $3 billion in AFDC funds over the next 6 years.

Not only is this bill unfair to California on its face, it is seriously flawed in a number of critically important areas.

The contingency funds provided in this bill—$2 billion—are too little. California alone, I predict, can and will need the entire amount.

Work requirements are an impossible goal. The heart of this bill, moving people from welfare to work, rests on the unknown and probably the impossible. No state, to my knowledge, in 6 years has been able to move 50 percent of its welfare caseload into jobs, as this bill requires. California will have an impossible hurdle to move the required 20 percent of its welfare caseload into jobs in 1 year, let alone 50 percent in 6 years. In order to meet the 20 percent work requirement in this bill, California would have to find jobs next year for more than 166,000 current adult welfare recipients. But, in the last 2 years, the State added an average of only 300,000 people total to payrolls in non-farm jobs. How do we possibly create enough jobs to increase employment by another 50 percent—especially for a work force that is largely unskilled and under educated? California is a State that has all but lost its production base and is now producing either high-skilled jobs or hamburger flippers at minimum wage.

In order to move people into work, there must be affordable child care for parents. This bill does not provide anywhere near enough funds. The child care block grant in this bill is awarded to States based on their current utilization of Federal child care funds. In California, there are approximately 1.8 million children on AFDC. California currently provides child care subsidies and/or slots to approximately 200,000 children. The Child Care Law Center estimates that under the welfare reform bill, as more parents are required to work, as many as 418,000 additional preschool children and 650,000 children aged 5 to 13 may need child care. This would be a 600 percent increase in need for child care slots.

This bill does not come near the amount of child care dollars that would be needed in California to do this job.

The conference bill is actually worse than the Senate bill in handling America's ultimate safety net: Food Stamps. The conference bill cuts food stamps by 20 percent. California loses $4.2 billion.

Last year, an average of 1.2 million households—more than 3.2 million people—in California relied on food stamps each month. California's unemployment rate is still high at 7.2 percent—2 percentage points above the national rate of 5.3 percent. 1,117,000 people are out of work today—more than the entire populations of nine States. This bill would limit food stamps for an able-bodied adult with no children to a total of 3 months over a period of 3 years. If that person becomes unemployed, they would only be able to receive an additional 3 months of food stamps in that same 3-year period. This bill would also bar all legal immigrants from receiving food stamps—there is no exemption for elderly, disabled, or children.

The shelter deduction in this bill is a case in point which demonstrates that, however well intentioned this bill might be, it lacks a fundamental foothold in reality when it comes to California.

The shelter deduction allows families with children to deduct a maximum of $247, with an increase to $300 in the year 2001, from their income level when applying for aid—ostensibly to compensate for the cost of housing.

In the vast majority of the population centers in California, particularly in urban areas, you can not find a place to rent for that amount of money. In San Francisco, the average rent is between $750 and $1,000 per month.

So this deduction is so low that it is virtually useless in California.

California is not the only loser in this welfare bill. America's children lose as well. In a rush to deliver a welfare reform bill—any welfare bill—before the November elections, this bill is the moral equivalent of a dear John letter to our Nation's needy children.

Under this bill, 3.3 million children nationwide and 1.8 million children in California could lose AFDC after the 5-year limit. Children of undocumented immigrants would not even be allowed to buy federally subsidized school lunches. Recent studies by Children Now and the Urban Institute estimated that this welfare plan would thrust an additional 1.1 million children into poverty conditions in the United States. The Senate rejected moderate amendments sought by the White House as well as members of both parties to provide noncash assistance to children whose parents lose their benefits in the form of vouchers for food, clothing and other basic necessities.

The voucher language included in the conference report is an empty-handed gesture allowing states to rob Peter to pay Paul because it adds no new funds to provide basic necessities to children whose parents lose benefits.

The major cost shift to California comes from the elimination of Federal assistance for legal immigrants, most of whom are elderly, blind, and disabled—all of them poor—who came to this country under terms agreed to by the Federal Government. And yet, the Federal Government will not bear the cost of changing the terms of that deal—the cost of this policy shift will be forced onto States and counties.

Let me be clear: I am all for changing U.S. immigration policies to hold sponsors of legal immigrants legally bound to provide financial support to their sponsees. But to change this policy on those already in this country—retroactively—and thus summarily dropping hundreds of thousands of elderly and disabled immigrants from Federal support programs like SSI, food stamps, and AFDC onto already overburdened county assistance programs, is not only an abdication of Federal responsibility—to me it is unconscionable.

The impact of this cost shift to California counties could be catastrophic.

An estimated 722,939 legal immigrants in California—many of whom are aged, blind, and elderly—would lose SSI, AFDC, and food stamps under this bill.

Los Angeles County—the most impacted area nationwide—estimates that 93,000 noncitizen legal immigrants will lose SSI under this bill, at a potential cost of more than $236 million each year in county general assistance funds.

Los Angeles also estimates that the restriction on future immigrants receiving nonemergency Medicaid services would result in $100 million in additional costs—much higher unless the State comes up with the funds to provide coverage to noncitizens.

San Francisco County estimates that the cost of county funded general assistance could increase $74 million under the legal immigrant provisions in this bill—an increase of more than 250 percent.

Other counties in California are studying the impact of this legislation and coming up with similar financial horror stories. Twelve of the top twenty metropolitan areas in the country that are impacted most severely by this bill are in California.

The State of California indicated by its budget that it has no ability or intention of stepping in to fill the funding gap this bill creates. Governor Wilson's State budget for fiscal year 1996–1997 assumes the immigrant provisions in this legislation will pass and legal immigrants will no longer be eligible for assistance.

California's legislative analyst's report indicates that Governor Wilson's budget:

> . . . assumes enactment of federal legislation barring most legal immigrants from receiving SSI/SSP benefits starting January 1, 1997. The budget assume savings of $91 million from this proposal.

That is from the "Legislative Analyst's Report, 1996–97 Budget."

While we in Washington sit in our ivory tower and pat ourselves on the back for changing welfare as we know it, the real impact of this bill will land on real people who are too old or too sick to care for themselves, and whose families—if they have one—have no ability to help them.

Let me put some faces and names on this welfare bill for you:

A 73-year-old woman who asked not to be named came to the United States as a refugee from Vietnam in 1981. She sold everything she owned to pay for her passage on a boat for her and her mother. Her mother died on the trip over. She moved to San Francisco in 1985 and fell ill with kidney disease. She currently depends on SSI and Medicaid to pay for dialysis and other medical care. Her only relative in the United States is a goddaughter who cannot afford to care for her. She has applied for citizenship, but may not pass the English proficiency exam.

Maria, who lives in Los Angeles, came to the United States in 1973 when she was 62 years old to live with her daughter. In 1984, her daughter had a stroke at work which rsulted in two cerebral aneurysms. Following the stroke, her daughter was unable to work and therefore unable to support Maria as she had done for the previous 11 years. Maria received both SSI and Medicaid. Neither Maria nor her daughter would be able to survive on her daughter's disability income alone.

Thank you, Mr. President. I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Senator from Virginia.

Mr. WARNER. Mr. President, I yield 7 minutes to myself.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 7 minutes.

Mr. WARNER. Mr. President, like so many of my colleagues, I have had the opportunity to actually visit—this time Norfolk, VA a few days ago—a center which is providing job training for welfare recipients. The first thing I was impressed with was a collection of about 12 rooms. It was absolutely spotless. The staff of this nonprofit organization had many volunteers who came in to work with their welfare clients. In this instance I only saw welfare mothers, or some perhaps who did not have children, and largely minorities. All was neat and clean, and they showed up meticulously on time at this center with a spirit of "can do—we will overcome our handicaps if only you will reach out and give us a helping hand."

That is what this bill does. It should be called the helping hand bill. Each of us in our lifetime has experienced periods when you had to reach out a helping hand. Most have the opportunity to do it regularly. I can remember at one point serving in the U.S. military with men, in this instance, who could not read and write, but they received a helping hand and quickly learned those military skills, that they could at that learning level, and became key members of fighting teams, in this instance, in the Navy. I will never forget that. All they asked for was a helping hand, and that is what this bill is designed to do and will do if we will just give it a fair chance.

I regret to hear, largely from the other side of the aisle, these cries that we have done a wrong. We have not done a wrong. We have listened to the American people. Sixty-five percent of the American people, or higher, agree that the system in Washington has not worked. It was given a fair chance. It was given an enormous sum of money. One piece of paper says we have spent, as a nation, more money on welfare than the cost of all military actions in this century. This is a substantial amount of money.

Yet, the casualties in terms of the families, particularly the children, have been very high. Why not give the States and the local communities the opportunity now to make this system work? We all know that there are persons less fortunate than ourselves, and all they want is a helping hand. Reach out, that is what we should do.

As this bill goes forth—the President has now indicated, for reasons of his own, after two vetoes he will sign this one—let's send it forth in a spirit of can do, like the people I met in the welfare center in Norfolk. We do not want it to arrive on the doorstep in the several States, down in the small towns and villages of my State and your States with a message, "It isn't going to work." But it is there, so let's send it in the spirit of give it the best shot.

I ask, are not the people in the communities, large and small, all across this Nation as well qualified as the innumerable army of bureaucrats here in the Nation's Capital who, for half a century, have worked with this? Are they not as well qualified? I say absolutely yes, and let's give them a chance to make it work.

I am not satisfied with every provision in this bill. I sided with the Senator from Louisiana, JOHN BREAUX, to give more funds and support to the children. I was concerned. I voted against a majority on my side of the aisle. There is not a person in this Chamber who is not concerned as to exactly what will happen to children. But let me tell you, in the communities in my State, and I say in the communities in your States, they are not going to let the children be injured, irrespective of however the law is written. They will find a way to make it work and protect those children far better than we can as bureaucrats in Washington. They will make it work.

If there are legislative changes needed, I assure you, the citizens of my great State will come to my doorstep very promptly and say, "Senator, we're trying to make this bill work, but we need a change here," or a change there. And I am confident I will step forward, as will others on both sides of the aisle, and make those changes to make this piece of legislation work.

Families living side by side, one receiving welfare, one getting up and going to work—the friction between them, the discontent right in the same street in the same neighborhood—is intolerable. We have to stop that. We are providing a disincentive for those who are getting out of bed and trying to go to work. Within the welfare ranks, we may be taking a gamble, but I will bet that there are a substantial number on welfare who want to come forward and, with a helping hand, make this piece of legislation work.

It is incumbent on those welfare people to have a willingness to break out of the system. They may be shy, they may be reticent, and we will be patient, but they have to go to work. There are able-bodied people in all these communities—and I have seen them and you have seen them—who will step forward and gently but firmly and decisively extend that hand to make it work and to quickly come back if children or other aspects of this program are not working and inform the Members of Congress so we can fix it.

Mr. President, this is a great day for our country. We have come to the realization that one of the major entitlement programs has not lived up to its expectations. It has created scenes in every town in America which are totally unacceptable in this day and time. Let's make this piece of legislation work. Let's send it out of here and praise the efforts that we have made in response to the direct plea of the American people to fix this system by sending it from Washington back to where it belongs—hometown USA.

I yield the floor.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER (Mr. BENNETT). The Senator from Illinois.

Mr. SIMON. Mr. President, I yield myself 7 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SIMON. Mr. President, let's face it, our choice is: hurting poor people and gaining some votes in the process, or appearing to stand for something that we all know needs change and losing votes but not hurting poor people.

My friend from Virginia, for whom I have great respect, says this is a helping-hand bill. The Urban Institute says we are going to put 2.6 million more Americans into poverty, 1.1 million more children. That is not the kind of helping hand we need. We already have 24 percent of our children living in poverty. No other Western industrialized nation is anywhere close to that, and we are compounding the evil.

I am supporting Bill Clinton for reelection. In many ways, he leaves a good legacy. But let no one make any mistake about it, he is marring his legacy by signing this bill. He may gain a few more votes on November 5, but he is hurting history's judgment of what he is doing as President.

This is not welfare reform. This is political public relations.

I heard one of my colleagues, for whom I have great respect, say we have to change the system of children having children. Of course we have to change the system of children having children. But this bill does not do one thing in that direction. And it should be added that the birthrate among people who have welfare is going down, and going down significantly.

Second, I say to you, Mr. President, we have about a million teenage pregnancies each year, about 400,000 of which end up in abortions, incidentally. What we know is those who are high school dropouts are much more likely to be involved in teenage pregnancies. You want to do something about that? Let us put some money into education, not this phony bill that is going to cause great harm.

Will Durant and his wife have written great histories: "Reformation," "The Age of Napoleon," and so forth. But Will Durant wrote a small book called "The Meaning of History." In that small book, in "The Meaning of History," he said: "This is the history of nations, that those who are more fortunate economically continue to pile up benefits, and they press down those who are less fortunate until those who are less fortunate eventually revolt."

What are we doing here in this session of Congress? We are giving the Pentagon, this fiscal year, $11 billion more than they requested. We are going to have some kind of tax cuts that particularly benefit those of us in this Chamber who are more fortunate economically. And with this bill, for the next 6 years, we will be cutting back $9.2 billion a year from poor people.

I am for genuine welfare reform, but genuine welfare reform requires providing jobs for people of limited ability and providing day care. I have a bill in that says you cannot be on welfare more than 5 weeks—in some ways, tougher than this—but then the Federal Government has a WPA type of job available. We screen people as they come in, and if they cannot read and write, we get them into a program. If you have no marketable skill, you get them to a technical school or a community college. That would be genuine welfare reform.

But as Gov. Tommy Thompson has pointed out—a Republican, incidentally—if you are going to have welfare reform, you are going to have to put in more money upfront, not less money.

I like Senator FEINSTEIN's remark that this is the moral equivalent of a "Dear John" letter to the poor people of the Nation. She is, unfortunately, right.

In October—the Presiding Officer is someone who has a sense of history—in October, we have Roosevelt History Month because we thought at that point we would dedicate the Roosevelt memorial. It looks like now it will not be ready then. But we will celebrate, that month, when we had a great national leader who lifted the poor people of this Nation. Two months prior to that, we are going to celebrate by pushing down the poor people of this Nation.

Let us be very practical. A woman who lives in Robert Taylor homes in the south side of Chicago, desperately poor, lives in a public housing project, has three children, and with this bill—and she has very limited skills because she went to poor schools, probably can barely read and write—with this bill we are saying to her, you can at the most stay on welfare 5 years, maybe only 2, but we are not going to provide any job for you, we are not going to have any day care for your children.

What does that woman do if she wants to feed her children? Does she take to the streets in crime? Does she become a prostitute? I do not know, nor does anyone else in this Chamber.

Let me pay tribute to two people here, one who just spoke against this before, Senator CHRIS DODD, who is the Democratic national chairman and who is interested in votes. But despite being

Democratic national chairman, despite the stand taken by President Clinton, CHRIS DODD stood here and said this is bad for the children of America. And PAUL WELLSTONE, up for reelection, showing great, great courage.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SIMON. I yield myself 30 additional seconds.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SIMON. When my friend from Virginia, Senator WARNER, said the States will protect people, I think of the bill we finally passed when I was over in the House to protect children who wanted to go to school who had disabilities. The States said, "If you're in a wheelchair, if you're blind, if you're deaf, sorry, we're not going to force education for them." The majority of the mentally retarded were not being given any help by our public schools. The Federal Government came along and said, "You are entitled to this." The Federal Government protected people with disabilities, and the Federal Government should protect poor people in this Nation. We are not doing it with this legislation.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield to the Senator from Ohio 8 minutes.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Thank you, Mr. President.

This legislation that we will pass in the next 2 hours is truly historic. It recognizes, literally for the first time in 60 years, that when it comes to lifting people out of poverty, Washington does not have all the answers. In fact, I think most of us know Washington has really few answers in this area, because the true innovation, the true changes that we have seen in the last decade in regard to welfare reform has come from the States. That is what this bill will foster. That is what this bill will allow.

Mr. President, there has been a great deal of controversy about many parts of this bill, but I believe what unites just about everyone in this debate is a realization that the current system simply is not working, that the status quo is unacceptable. We disagree about what should replace that system.

That is why one chief merit of this bill is that it gives the States the flexibility to reinvent welfare, to find out what works, what does not work, and once we find out what works, to build on that. That experimentation has already started in the States. The only thing that is holding it back, frankly, is the Federal Government. And this bill allows for more experimentation, it allows for new ideas.

Mr. President, compared to the current system, a failed, top-down system that fosters the cycle of dependency that blights so many parts of America, this is a huge improvement. And there are other improvements, Mr. President, in this bill as well.

This bill reestablishes the connection between work and income, the time-honored idea that people should work to get income. The current welfare system cut the nexus between working and making money. This was one of the great mistakes of our social welfare policy. People do need a hand up. They need help. And this welfare bill gives them a hand up.

I am also very pleased, Mr. President, the bill includes a "rainy day" contingency fund for the States. As a former Lieutenant Governor, I know how vulnerable a State's budget is to an economic downturn. Many States, such as my home State of Ohio, are required by law to balance their budget every single year, no matter how hard the economic times are. We need to make sure that the poorest Americans are taken care of when that contingency arises, thus the contingency fund in this bill.

That is why, Mr. President, I offered the amendment for the contingency fund last year. I applaud the conferees and the leadership for the decision to include that contingency fund in this package as well.

I also think this bill's crackdown on unpaid child support is a terrific idea and long overdue. As a former county prosecutor, I dealt with these child support cases all the time, and I can tell you that when child support goes up, the welfare rolls go down. It is as simple as that.

One provision in this bill that I am particularly proud of is one I proposed as an amendment to last year's welfare reform bill. It has been included in this bill as well. It would give States added tools in their efforts to track down the bank accounts of deadbeat parents.

Mr. President, in this bill, we are strengthening the States as they attempt to go after the delinquent and deadbeat parents. It is absolutely essential that we strengthen the ethic of personal responsibility in this way. We need to make it absolutely clear—America demands that parents be responsible for their children. Deadbeat parents cannot be allowed to walk away from their responsibilities. In this bill, we deal with that.

We also provide a strong safety net at the same time, a strong safety net for people who need help. The bill passed the House by a broad bipartisan vote, 328 to 101. I expect it will pass the Senate overwhelmingly later this evening. I applaud the President for his decision to sign this bill. My only regret is that we lost time. We lost a year. Last year, the President had welfare reform before him. He decided to veto the bill. This bill is no different, not significantly different in any way. I am pleased to see that the President has changed his mind and that he now intends to sign the bill.

Today, the American people can be proud of this legislative process. We are about to pass a bill in a couple of hours that offers the best hope in our lifetime for breaking the cycle of poverty. It is a bill that provides hope, hope for the people on welfare, and hope for the idea that we can change welfare, change the system that clearly has not worked. It has been a system that has kept people down, a system that has promoted illegitimacy, a system that has not given people hope. Today we take a major step to change that.

Mr. President, let me conclude by stating that we have heard a lot of comments today on this floor about children. I think we should not fail to realize that the chief victim of the current welfare system, the chief victims, are the children. If anyone doubts that, talk to families who are on welfare. Talk to the children. I believe the chief benefit of this bill, quite frankly, is the hope it holds for these children.

I thank the Chair and I yield the floor.

Mr. ABRAHAM. In the absence of a speaker on the Democratic side, I yield myself up to 10 minutes to speak at this time.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ABRAHAM. Mr. President, as we come to the conclusion of this debate, I think we should be proud of the efforts of the Senate and of the Congress. For the better part of 2 years we have now been working toward, I think, a very positive conclusion to the debate on how we assist those in our society who are the most needy.

It is clear from an examination of the past 25 to 30 years that the so-called war on poverty has been, at least up until now, won by poverty. Although trillions of dollars, over $5 trillion, has been spent during this past 25 to 30 years to try to fight that war, we find today virtually the same percentage, if not a greater percentage, of Americans below the poverty line than was the case when the war began. We have spent, as I say, a lot of time debating in this Congress and in previous Congresses why that is the case.

It is quite clear, and I think acknowledged now by virtually everybody who has been involved in this debate, that the process, the welfare system in this country, is a principal reason why the war has not been won. Some would say, yes, there is a problem, but we have yet to come to the proper solution to that problem. However, I disagree.

Indeed, we have worked very hard for, as I say, almost 2 years in this Congress, building on work done in previous Congresses, to find the solution. I believe this legislation, although maybe not ideal from the perspective of any single Member, including the one from Michigan, is, nevertheless, a major step in the right direction.

I believe this approach will work, Mr. President. It will work for a variety of reasons. First, it will work because it vests far more flexibility and far more decisionmaking and far more authority in the 50 States. There may have been a time in this country when some States and communities did not step up to their obligations to assist those in need. That is certainly not the case today. I do not know of one person in this Senate who has stood up here and said: "My State will fail; my State will not take care of people; my State cannot meet the challenge; my State is less compassionate than the National Government." I have not heard one Member say that. That is because not one Member could say that, Mr. President.

The States are as compassionate and as capable and more knowledgeable about the problems confronted by their citizens than bureaucrats in Washington. This legislation gives those States the chance to translate their compassion and their insight and their expertise into the action it will take to assist people in need to move out of poverty and on to the economic ladder.

This legislation works, also, Mr. President, because it changes the incentives. Yes, we place some tough standards in this legislation, incentives to people to get out of the welfare dependency role and on to and into the work force. We put time limits. We put the kind of tough standards that will cause people to understand that poverty is not the way of life, that welfare is not the way of life, and to seek the assistance of government at all levels to obtain the training and the assistance and the help it will take to move into productive work. It changes the incentives in the right direction.

The legislation is important, also, Mr. President, because for the first time it allows us to begin addressing one of the most important problems we confront in this country, the problem of the rising rate of illegitimacy, of out-of-wedlock births in America. We provide in the legislation incentives for States to find ways to solve the growing number of out-of-wedlock birth situations, incentives in the form of more dollars for the various problems if States can address effectively these issues and these problems, and do so without increasing the abortion rate at the same time.

Finally, this legislation makes sense, Mr. President, because it means less bureaucracy. In my State of Michigan, we think we have a pretty darn good formula for addressing the problems that confront our most needy citizens. Too often, however, Washington bureaucracy and red tape make it impossible to accomplish our objectives.

Just to put it in perspective, when we talk to people in our Family Independence Agency—it used to be called the Department of Social Services; we tried to change the title to change the philosophy as to our objectives in that agency—the front-line case workers, the people who are supposed to be out there at the front line assisting folks to get out of poverty and on to the economic ladder, two-thirds of their time is not spent helping people get off welfare. Two-thirds of their time is spent filling out paperwork, almost all of it coming from Washington. We believe in our State, for example, that we can take what is now a 30-page form that must be filled out by folks who are going to go on to assistance programs and reduce it to about 5 pages, one-sixth the size of the form that currently is used. The time the case worker would have spent filling out the other 24 pages can now be spent helping the recipient figure out what training programs and what strategies will work to give them an opportunity to be productive and to get on the economic ladder. We think we should have the flexibility to get rid of the bureaucracy and to get rid of all that paperwork and concentrate on the true challenge that we have.

For these reasons, I think the program that we are about to pass tonight is a sensible approach. I think it will do two things. I think it will help the people who need help and give confidence to people who have lost it in our system, the people who pay the bills, the taxpayers, who are frustrated by what they see as a losing war on poverty, confidence we are moving in the right direction. I think that will translate, Mr. President, into more support for social agencies across our States and in our communities, for charitable organizations, for other types of approaches that will assist government in getting the job done.

Finally, let me conclude with a comment about one particular topic that has been discussed at great length during this debate. That is the issue of children. We all have different perspectives on this, of course. As I look back at the last 30 years, as I hear story after story from the people in our social service agencies about families in a cycle of dependency, about kids without hope, of rising crime rates among young people, of increased drug usage rates, of kids having kids, I can't help but think that what we have today has to be changed if we really care about helping kids. If we really want to help the children, we certainly should not, in any sense, continue this legacy, continue the system that has created so much unhappiness and so much hopelessness.

Let us replace the hopelessness with hope, Mr. President. Let us finally put all the words and all the rhetoric of many years of campaigns and Congresses into action. Let us do it tonight. Let us finish the job and move in a new direction. Let us solve the problem. Let us help our most needy citizens in the best way possible.

I yield the floor.

Mr. EXON. Mr. President, I yield 7 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I thank the Chair. Last year, I voted for the bill that the Senate passed 87–12 that went to conference committee. The conference committee moved significantly back, so much so that the President saw fit to veto it. I voted for the bill that came back. I voted for the bill that went to the conference committee this year. I listened very carefully to the comments today of my colleagues about this bill that comes back from the conference committee.

This bill that returns to the floor contains a number of important improvements from the bill that was vetoed last year. The agreement before us assures that almost all categories of citizens who are willing to work who are now eligible for Medicaid will continue to be eligible for health care in the future. The bill increases child care funding levels by $4 billion over that which was vetoed. It doesn't include the optional food stamp block grant, so our Nation will continue to have a national nutritional safety net that is below that which I think is necessary. The new bill also maintains the child care health and safety protections contained in the current law and reinstates a quality set-aside.

Additionally, whereas the vetoed bill block granted administration and child-placement services funding, this bill before us retains the current law on child protection entitlement programs and services. And, finally, compared to the vetoed bill, this new bill increases the contingency fund from $1 billion to $2 billion to provide States with more protection during an economic downturn.

Perhaps most important in the new bill is the child-support enforcement measures. These enormously significant changes will result in the most sweeping crackdown on deadbeat parents in history. As the President said yesterday, with this bill, we say to parents that if you don't pay the child support you owe, you are going to have your wages garnisheed, your driver's license taken away, and people will be chased across State lines and tracked, and, if necessary, people will have to work off what they owe. That is a monumental shift in attitude and culture; although, ultimately, I believe without equivocation, that we will have to go further toward a national system, because one-third of all child-support cases are interstate cases. The measures contained in this bill will dramatically improve the child-support system so children can get the support they need and deserve.

Notwithstanding these good advances, Mr. President, I have also listened carefully to my colleagues on the floor, those who oppose it. There is not one of them who has not expressed legitimate concerns, legitimate fears. I respect those concerns and those fears, and I do not believe that there is one of them who does not want welfare change in this Nation. But I do believe we are voting today on a fundamental decision about change and what we are going to try to do. The fact is that we are really codifying what 40 States are already involved in, because there are waivers all across this land. And we are codifying something for a period of 5 years, a 5-year experiment, during which time, the 5 years, the full amount of time that people have before they would be cut off, will not have yet expired. We will be reconsidering it before that date comes.

I believe that my colleagues who have cited problems that still remain with this bill are correct. But there is no way to a certainty, Mr. President, to say what the interaction will be with those who will go to work, those who will benefit from the increased minimum wage, those families that will benefit by increased purchasing power from the combination of work and minimum wage, and therefore less need for food stamps. There is no way to say to an absolute certainty what the impact of a new culture will be on children or the relationship of family.

What we do know is that it will be new, and what we do know is that it carries risks. Mr. President, we also know some things to a certainty. I agree with the President and colleagues who come to the floor that, although we made great strides to maintain the fundamental nutritional safety net, we do cut deeper than necessary in this bill. And I am disappointed in the bill's provisions on legal immigrants. Legal immigrants are people who pay taxes, they can be drafted, and they are in this country completely legally. The harmful provisions that are in this bill have nothing to do with welfare reform. They are fundamentally a savings mechanism. I will do everything in my power, Mr. President, to see that we change those measures as rapidly as possible to adjust.

But as the President said yesterday, immigrant families with children who fall on hard times through no fault of their own should be eligible for medical and other help when they need it. If you are mugged on a street corner or are in an accident or you get cancer or the same thing happens to your children, we are a society that should provide some assistance. I will do everything in my power to fight for that.

Finally, I was also disappointed that we weren't able to have the vouchers for children as a matter of automatic. But, Mr. President, as I balance the equities of this bill, the need for change, against those things that we can remedy and against the experiment that is already taking place in this country, it is my belief that the bill before us will ultimately provide a leverage for change that will also change the dynamic of the debate in this country, and that is why, ultimately, I choose to vote for the change and choose to vote for this bill.

For years now, the poverty rate for children has already been going up in America. We have the highest poverty rate of any industrial nation in the world. But when we come to the floor of the U.S. Senate to try to do something for children, we are told, well, now, wait a minute, their parents don't want to work, or it is the welfare system that created the problem. In fact, the welfare debate that has been so adequately distorted in so many regards obscures the real debate about children and about how you put people to work.

Mr. President, I am convinced that by taking that off the table, we are, in fact, going to begin the real debate in this Nation today about how we adequately take care of those kids.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. KERRY. I ask for 1 additional minute.

Mr. EXON. I have exactly 1 minute left. I yield that 1 minute only to the Senator from Massachusetts.

Mr. KERRY. Thank you. Mr. President, I believe that, by taking this away, providing we are vigilant and providing we all mean what we say, providing we are prepared to do what we ought to do in conscience, we will now begin to focus on the children of this country and we will begin to focus on the real work of how you put people to work. I believe that is the most important debate that the country can have and take away from it any demagoguery or artificiality that is placed in front of us about welfare or stereotypes with respect to it. I believe it is an important change.

Yes, people ought to work. Hardworking American citizens should not be required to carry people. But we also have to be honest about the difficulties of some of our population trying to actually find that work. We should not hurt children.

I want to spend every ounce of energy I have, Mr. President, on the floor of the Senate to stop the business of the Senate, if necessary, to guarantee that we fulfill that commitment as we judge how this works over the next months and years.

I thank the Chair.

Mr. EXON. Mr. President, I yield 5 minutes to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Thank you, Mr. President. I thank the distinguished floor manager from Nebraska.

Mr. President, let me say, first, that nobody knows better than I that our welfare system does not work very well. Everyone who is going to vote against this bill today said they do not like the system, that it is broke. There is a lot of truth in that.

There are a number of reasons I am going to vote against this bill. First, the bill is not going to address those deficiencies we all know exist in the system. Second, I am going to vote against it because it discriminates against my home State of Arkansas in a massive way. Children in my State will get $390 a year. Children in Massachusetts will get $4,200 a year; in Washington, DC, $2,200 a year. You tell me why a child in Arkansas is worth $390 a year and $4,200 in Massachusetts. You expect me to vote for a formula like that, one that does not even take into consideration how many poor children are in your State?

Everybody hates welfare. I am not too crazy about it myself. But I will tell you one thing. I have seen it firsthand. I have been in the ghettos of my State in the Delta. I can tell you it is not a pretty picture. Mr. President, I find it rather perverse that 535 men and women who make $133,000 a year will be voting on whether children are going to eat or not, whether their mothers are going to eat or not.

Never has such an important piece of legislation been crafted in such a highly charged political environment. Everybody understands precisely what the politics of this whole thing are. The election is coming up. So we have to do it. I said the other day that there ought to be a rule in the Congress against considering bills like this during an election year. The American people detest welfare. I understand that. But there ought to be a rule against considering these kinds of bills that affect the very fiber of this Nation in an election year.

This is the first time in my lifetime we have deliberately and knowingly and with some elation turned our back on the children of this Nation. I still believe those Methodist Sunday school stories I heard about "blessed are the poor." I used to be one of them.

We are going to kick people off welfare and tell them to get a job. I would like to invite all of my colleagues to go to the Arkansas Delta. I will pick out a dozen communities for you to visit, and then you tell me after you have kicked these mothers off welfare where they are going to get a job; 50 percent of these mothers will be kicked off the welfare rolls after the first 2 years. There are no jobs.

We could not even find it in our hearts to provide vouchers for mothers so they could provide diapers, medicines, and other necessities for children. We wouldn't even give them a voucher to buy nonfood products for their children. I can't vote for this.

We have one out of every five children in this country in poverty. You think of it. One out of every five children in this country, 20 percent, now live in poverty. Every single study of this bill says there will be a minimum of 1 million to 2.5 million children added to those rolls within 5 years.

Oh, Mr. President, I could go on and on about why I am not going to vote for this bill. Simply, I just can't find it in my heart to vote for a bill that I consider to be punitive. Punitive toward whom? Not just some lethargic person on welfare, but innocent children. If you are a legal alien and the school district wants to take your child, that is their business. We are not going to pay for it. So if you are a legal alien, you have a right to be here, you work here, you pay taxes here, and you send your child down to the school. They may take your child, but they will not let him go to the lunchroom because the Federal Government pays that bill, and "We ain't paying." We are not going to pay it. I have heard it said that 47 members of our Olympic team are legal aliens, or children of legal aliens. Tonight, instead of honoring them during the Olympics, we are turning are backs on them.

So, Mr. President, I admit I am softhearted. I am very compassionate toward children and women. So I just simply cannot vote for this bill. I wish everybody well, and I hope it works. I do not believe it will.

I yield the floor.

Mr. SANTORUM. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SANTORUM. Thank you, Mr. President.

Mr. President, I speak as someone who has worked on this issue for now 4 years. This is a very meaningful thing for me personally. But I think, as I look at this legislation and as I look at the process it has been through, I can't help but think what we are doing here is probably the most significant piece of social welfare legislation that we passed maybe since the mid-1960's, and I would even suggest possibly since the 1930's. So it is a very significant day. We are making monumental decisions here that are going to affect millions of people.

I understand that the passions run very high on both sides of the aisle on how desperately we need these changes, as some suggest, and how erroneous these decisions are by others who oppose the bill.

If I can for a moment, because I know there has been a lot of debate about why we need to make these changes and what the bill does or does not do, or should or should not do, let me talk for a minute as to how this bill got here.

I think, if you look back at the genesis of this proposal, you have to go back to the House of Representatives. A task force was put together by NEWT GINGRICH, a task force on welfare reform when we were in the minority over in the House back in 1993. He asked me, as the ranking member on the Ways and Means Subcommittee of Human Resources, to chair a task force of members of the subcommittee and other people, including the former Governor of Delaware, MICHAEL CASTLE, the Governor from Missouri, and a few others, to sit down and try to put together a bill that would follow through on ending welfare as we know it.

We got all sorts of testimony from people. We talked to literally hundreds of people all over the country about the problems in the welfare system and listened to all of the experts and pseudoexperts on the issue of welfare—frankly, not just from conservatives but from across the spectrum—as to the pitfalls that we might encounter.

Let me first state that this was an extraordinary thing to do. We actually took this very seriously. When you are in the minority, when you work on a major issue like this, most people do not pay much attention to what you do. "You are not going to pass this bill. It is not going to become law." So there is sometimes a feeling, "Well, let's just sort of put together what we can, sort of patch together some popular ideas, throw it out, and it will get a story for 1 day and no one will pay much attention to it after that."

I can tell you that myself, NANCY JOHNSON, CLAY SHAW, MICHAEL CASTLE, and a whole lot of other folks who were in the House last term took this as a real serious responsibility. We met literally for, I think, 6 or 7 months, every week, hours upon hours each week, just over every single item in the legislation.

It was a wonderful experience for me. But I think it was a great experience for all of us to see the real complexities of what we are dealing with. I think we got a real understanding of some of the concerns that Members have expressed here.

We came out with a bill in November of 1993. It addressed for the first time issues like the paternal establishments which are in this bill. The provisions we wrote in this bill almost 3 years ago are almost identical. In fact, I suggest they maybe are identical to the provisions that are in the bill today that we addressed—the issue, for the first time ever, of immigration and benefits to legal aliens. It was the first time the bill had come up and addressed that issue. And those provisions are in this bill today.

We addressed the issue of illegitimacy. Again, that was a word that, frankly, we were not supposed to use anymore. It was a politically incorrect word. You were supposed to use the word "out-of-wedlock birth." We addressed that issue for the first time and really brought the attention of the welfare debate on this scourge in our Nation.

I know it has been cited here before, but in 1965, the illegitimacy rate in this country was about 5 or 6 percent. Today a third of the children in this country are born out of wedlock. I am not saying that welfare is the sole cause of that. It certainly is not. But it certainly is a contributing factor, in my mind and, I think, in other people's minds. We were trying to come up with ideas, some of which were included, and, frankly, a lot were not. But we pushed the envelope for the first time. We put this in the forefront and made it an issue of debate. Yes; we had time limits on welfare. Yes; we had work requirements—real work requirements. And those time limits of 2 years without having to work and 5 years total on welfare are in this bill today.

If you go back and look at that original draft, I think you are going to see a lot of similarities in child support enforcement and a whole host of other areas that are in the bill today. And I think it is a remarkable compliment to the men and women who worked in that group that their hard work, seemingly fruitless at the time because we were a minority, had absolutely no hope that we would ever be in the majority but cared enough—I think that is the point I am trying to make—we cared enough about this system and the destruction that the system was causing, we cared enough to spend hours and hours of time to put together a bill that we felt truly would change welfare and end the despair and the dependency that this system has created.

So I congratulate my friends in the House who made a tremendous contribution to the original bill, and I congratulate others for the successor bills, the bills that were introduced in the Senate by Senator Packwood and in the House subsequently by CLAY SHAW, who was a member of that original working group. They took the next logical step and moved the ball forward on a few issues, fell back a little bit on others, but that is how the legislative process works. We tried to meet the concerns of, frankly, both sides of the aisle. And I know when Senator Packwood, and then subsequently when Senator ROTH took over the Finance Committee, we actually crafted a bill here on the Senate floor last year that got 87 votes and then recrafted another bill, very similar to the bill that passed last year, and got 74 votes, and I suspect we will get maybe even a few more than that this time around. They did the same thing in the House and continued to get more bipartisan support as we worked through some of the difficult issues of welfare reform.

The core of those bills remains the same, and that is that we are going to do something about illegitimacy. There is an incentive now sponsored by

Senator ABRAHAM, one of the improvements to the bill, for States to reduce their illegitimacy rates, and there is a cash bonus for States that are able to reduce that statistic, that cruel statistic to children. And I say cruel because go through all of the evaluation criteria: Children who are born to single-parent households are more likely to be poor, are more likely to be on welfare, more likely to do poorer in school, more likely to be victims of crime. You can go on down the list. We are doing no favors to children when fathers are told that they are expendable.

In the welfare system that we are creating here today, fathers are no longer expendable. Fathers are going to be required to be responsible for the children. Mothers are going to be required to cooperate with the Government in establishing paternity—two things that were in the original bill that we drafted 3 years ago that have stood the test of time and scrutiny in both Houses of Congress, because it is the right thing to do. We have stood up and said families are important under this bill. We have stood up and said communities are important.

Senator ASHCROFT, in another good addition to this bill, said that religious, civic, and nonprofit organizations in the local communities are going to be much more able to be part of the system of welfare, of support of the poor than they are today, are going to be eligible for more funds and more opportunities to help the poor, which they do much better, much more efficiently, but, frankly, even if they did not do it more efficiently, they do it more compassionately. They do it with love for their neighbors and the people in their communities, not out of some sense of duty because it is their job.

We have changed welfare in this bill, and we have done it over a long process. Those who would suggest this is just something that was thrown together at the last minute before an election do not know the work, or either choose not to recognize the work that has been put into this bill, the time and the debate, the hours of the debate here on the floor and over in the House, in the conference committees, to try to come up with a carefully crafted bill that is truly compassionate and not compassionate in the sense that the Federal Government is going to go out and take care of every person's need who is poor.

I think we have shown that that system is truly not compassionate because when the Federal Government comes in and takes care of every aspect or every need that even a child has, then the Federal Government, in fact, becomes the replacement for the others whose responsibility it truly should be to take care of that child. We have said to the father, again, you are not necessary. We have said to mothers, you do not have to work; we will provide—some distant bureaucrat will send a check to provide for you.

That is not compassion. Compassion is having a system that builds families so there is an environment there for children to flourish. Compassion is a system that supports neighborhoods and civic organizations, mediating institutions that DAN COATS talks about so often that provide the values and community support for families that they need to help take care of children, to create the neighborhoods where children are no longer afraid to go out and play on the playground because they could step on some drug-infected needle.

No, this bill is all about creating a community, creating a support network and environment at the level most important to that child as opposed to that bureaucrat sitting behind the bulletproof window passing out the check every month, saying to that person on the other end receiving that check that you, because of your poverty, are unable to provide for yourself and your children and you need to be dependent upon us for your life.

The Senator from Arkansas said it is a tragedy that one in five children in this country are in poverty, and I agree it is a tragedy. And he said it is going to get worse. I suggest he is wrong. I suggest the tragedy is as bad as it is going to get, and there are plenty of organizations as a result of this bill that are going to get the opportunity to step forward, including the family.

I feel very good about what we are doing here, and I would say, as my friend and colleague in the House, CLAY SHAW, said many times, I am not suggesting this bill is perfect. I grant you this bill is not perfect. No bill is perfect. But I can guarantee you that this is a dramatic step forward that this country has asked for and is getting from a Congress that is listening.

Yes, we will make mistakes. Unlike those who crafted the current system in the thirties and in the 1960's, we are going to be willing to come back here and look at those mistakes. We are going to be willing to come back and face those problems, because we understand, unlike those who crafted the last system, that we do not have all the answers here, that we do not have the omnipotence here to decide what is best for everyone.

This is a grand experiment, one that we must take if we are going to save children in this country and, more importantly, to save the fabric of America for the next and future generations.

Mr. President, I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I advise Senators on both sides of the aisle that we have 11 minutes remaining. I am about to yield 7 minutes to the Senator from Florida. There will be 2 minutes to Senator HEFLIN and 2 minutes to Senator FORD.

I yield 7 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, when we voted on this matter a few days ago, I voted "no." Today, I am going to vote for the conference report, and I wish to explain why I am taking that position.

As I assessed the conference report, it seemed to me that we had basically two options. One option was to wait until there was a better point at which to commence and continue our effort at welfare reform and be prepared to accept the status quo until that second opportunity presented itself. I felt that was likely to be a long time from tonight.

The second option is to accept a clearly less than perfect bill, I would say, accept a flawed bill, but one which represents a step in a multistep process leading toward a fundamental transition from a welfare system that has focused on providing for the needs of a dependent population to a welfare system that provides the ladder by which people can move from dependence to independence. I believe it is more appropriate to take that second road. I believe this is the time to take that leap of faith.

To use some statistics from my State of Florida, 3 years ago, in 1993, we had an unemployment rate of 7 percent. We had 254,000 persons who were on the AFDC caseload. That is 254,000 families that were on AFDC. Today, in 1996, we have a 200,000 AFDC caseload, a reduction of 54,000 in 3 years. That says that we are in a period of a strong economy, creating jobs, providing people with the opportunity within the current system to get off welfare and to get a job. I think that is the ideal environment in which, now, to have this new system which will be giving to the 200,000 who are still on welfare the means by which they can get a job and end dependence. If we cannot make this transition work under the economic conditions that exist in my State and most of the States of America in the summer of 1996, then I doubt we will see a time in the foreseeable future when we could make this system work.

It is for that reason that our Governor has announced his support for this program. It is for that reason our legislature has passed its own version of welfare reform, building on important demonstration projects in our State which have tested out what is going to be required in order to make this new system achieve its objective.

I stated candidly that this is a bill which is far from perfect, and which has some flaws. That presents, as I believe the Senator from Pennsylvania just stated, the agenda for our action in the future. I suggest two areas in which I think that attention should be focused. One of those is on the basic financial arrangement between the Federal Government and the States. We start this in a period of prosperity. We know the business cycle has not yet been repealed. There will be times when we will return to the circumstances of the early 1990's, when we had unemployment rates ranging from 7.4 to 8.3 percent. We need to relook at our financial relationships to assure that we have the flexibility, the elasticity in order to protect States during those downturns.

We need to also look at the issue of fairness of allocation. I continue to be distressed at the fact that we are using the old method of allocating Federal funds, the formula that we developed for the system we are now rejecting as we move into the new system. I suggest that is inappropriate, an inappropriate bit of baggage we are carrying with us and it is going to be a heavy piece of baggage, in terms of achieving the objectives of moving people from welfare to work, particularly in States such as Arkansas, which start this process as very low beneficiary States and are therefore restricted in the amount of funds they will have available.

The second area in which I believe we need to focus our attention is on the issue of legal aliens. It confounds me as to why legal aliens were brought into this bill, which has, as its title, welfare reform. That has very little relationship with the severe cutbacks in benefits for legal aliens. These are our parents and grandparents of just a generation or two ago, who came to this country seeking the freedom of America. Now, those who have followed them in that 200-year quest for those values of America, we are now putting into a second-class status. There is no relationship to the goals we are trying to achieve in welfare reform. It has a lot to do with the fact this is a voiceless, vulnerable population, from which we can seek some additional resources in order to meet our budgetary goals.

Let us be clear, this is a budget issue, not a welfare reform issue as we speak of legal aliens. And it is going to be a major budget issue for those communities which have sizable numbers of legal aliens who will now become an unpaid charge to the local public hospital. So that area will also require our attention.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRAHAM. Mr. President, I conclude by saying it is with a leap of faith that we undertake this initiative. I think we are doing it at a time which gives us the greatest hope and expectation that faith will be justified.

Mr. DOMENICI. Mr. President, Senator SIMPSON is next. I believe he has asked us for 10 minutes? Up to 10 minutes.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Mr. President, I thank Senator DOMENICI, always, for his courtesy, his kindness and his generosity in what he does for all of us; and to recognize once again how hard he works. And, also, Senator EXON, who came here to this body when I did. I do not think anyone realizes the task of the chairman and ranking member of the Budget Committee and what they do. Through the years I have watched with awe, as they deal with every single issue that confronts us and do it with a steadiness and skill that is enviable. I do mean that.

I think we have a good measure here. It has certainly been through the grinder. We have all looked at it carefully. There is nothing new in it. I support it. I served on the Finance Committee. I listened to the hearings. I tried to add my own dimension of activity and support to it in its passage. So I commend those who have worked so hard on this issue. I commend the President who has indicated he will sign the bill.

There are some troubling things in there for me. One especially, because I did not have any real active participation in it, and that is with regard to the benefits to legal immigrants of the United States. There is a great difference between an illegal immigrant and a permanent resident alien. We should not be making distinctions on permanent resident aliens, in my mind, to the degree here. I did not participate in any aspect of that because I felt it would detract from what I was trying to do with legal and illegal immigration—which we have dealt with, and legal immigration, which we did not deal with.

Next year, when legal immigration goes up from 900,000 to 1 million people, the people of America will wonder what we did in this Congress. But I think we will deal with the issue of illegal immigration. We are not far from resolving that.

MENTAL HEALTH PARITY

Mr. SIMPSON. Mr. President, let me just say I am deeply troubled the conferees for the health insurance bill have apparently decided to not include any form of mental health parity on the final bill. In April, 68 Senators voted aye on an amendment by Senators DOMENICI and WELLSTONE that would prohibit health plans from discriminating against people who have mental illness. This amendment was not a sense-of-the-Senate proposal or some meaningless resolution. We do plenty of those in this place. They always come back to haunt us, but we do them all the time—sense-of-the-Senate this, sense-of-the-Senate that. That is not what this was. It was a real piece of legislation.

It was real legislation that expressly prohibited health plans from imposing treatment limits and financial requirements on services for mental illness that are not also imposed with respect to physical ailments. It was deeply gratifying to me personally to see so many Senators cast a rollcall vote, clearly "on the record," in bipartisan support of ending this terribly unfair discrimination.

It is discrimination, that is what it is. We talk about that all day in here. If there is ever a more blatant form of discrimination, I do not know what it is. To think we still carry such a stigma in society of mental illness is dark ages stuff.

So 3 months later, I am absolutely stunned that we are unable to gain support for the Domenici-Wellstone compromise which represents a very mere "slice,"—a minuscule slice—of the original amendment that received 68 votes.

All this compromise would require is that mental health "parity" be achieved with respect to annual payment limit caps and lifetime caps.

I think it is rather curious that the conferees rejected this compromise, held tough for so long and, at the same time they accepted another compromise on medical savings accounts which received only 46 votes on the Senate floor, and I am one of the 46 who voted for medical savings accounts.

I am pleased we were able to work out an agreement on that aspect of the bill, but I certainly must question why the same spirit of cooperation was nowhere to be found when the issue of mental health was considered.

I am especially troubled that some of the special interest groups—boy, have they been sharpening their fangs in this session of the legislature; I have felt a little of it—have been so aggressive in lobbying against this compromise. To say that this small measure of parity is too costly is absolutely utterly absurd. As Senator DOMENICI pointed out, this entire bill is a mandate. To single out this one lone lonely mental health provision and label it as a costly mandate when the whole thing is a mandate is a classic example of absurdity and discrimination. Yes I will use the term one more time.

Sadly, that is what this debate is now all about. Discrimination is surely not something new to those who suffer from mental illness, I say to my colleagues. They have had it for a lifetime, and the stigma hangs and it is demeaning and it is wrong. It is not something we should accept without a good fight.

I have deepest admiration and respect for my friend Senator KASSEBAUM. She too came here when I did. I would certainly hate to see her work product injured or disrupted, but I respectfully urge my colleagues to consider what we are doing, and I hope Senators DOMENICI and WELLSTONE will work toward some other result, and I will work with them in that objective.

It is time to rid ourselves of this tragedy of stigma and discrimination. To see the business community do what they have done with regard to this issue deserves closer attention from all of us on this and other issues of the day where they apparently feel a great strength surging through their muscles and they do things they never did before. We will address that at some future time, too.

I certainly respect those who have worked so hard to bring this about and will certainly give my full energies to seeing if we cannot get a better result. I thank the Chair.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I thank Senator SIMPSON. I think he will join me in saying, as both of us talk to the business community about what they have done here, we want to acknowledge that some very good businesses in America already have decided to cover mental illness, and none of our remarks are directed at them. There are many self-insured and otherwise who are doing a good job of considering this discrimination.

I thank him for his remarks.

PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

Mr. EXON. Mr. President, I yield 2 minutes to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. Mr. President, 1 week ago, I voted for the welfare reform legislation that passed the Senate. Previously, I had supported two alternatives—one a Democratic version and the other a bipartisan alternative. Although both these attempts failed, some of their provisions were adopted into the bill that passed, making if far better by providing a wider safety net for children and the poor.

The conference report before us now is not as good as I would like. It probably is not anyone's ideal plan for welfare reform. Frankly, I think the Senate's version was preferable to this conference report. But, while some provisions within the legislation are still troubling and need to be reworked down the road, at least we are off to a good start in reforming a system that we all agree to a good start in reforming a system that we all agree is broken and needs to be overhauled. One thing is certain: regardless of its shortcomings, this bill is a product of sincere efforts to end the harmful dependency and other severe short-comings which currently exist in our welfare system. Throughout this debate and these difficult negotiations, I have been impressed with the diligence, tenacity, and honesty which Members have displayed in trying to come up with an acceptable plan to end welfare as we know it.

The measure we are considering today does, in fact, represent a change in philosophy in how we think about children and families. This is the most significant and sweeping change in the social compact of our Nation since the New Deal. Its strength is that it overhauls our welfare system without the harshness of previous bills that have been vetoed. The two vetoes, along with the threat of a third, served the purpose of eliminating the extreme measures that made the previous bills unacceptable—even harmful.

For example, we have now rightly recognized that a mother with young children who wants to work will have access to adequate child-care. Also among its vast improvements is the fact that child nutrition programs, such as the school lunch program, are not block granted. The same is true of the Food Stamp Program. I had grave fears that block-granting these kinds of nutrition programs would impose tremendous burdens on States like Alabama, which over the years has suffered from several periods of budget proration and economic recession. Programs like these aimed at helping children and the poor would have faced drastic cuts if they had been block-granted.

This measure raises the cap on the contingency fund from $1 billion to $2 billion to provide States with more protection during economic downturns. It also adds a new trigger mechanism based on the food stamp caseload. It includes some provisions for States to establish objective criteria for delivery of benefits and to ensure equitable and fair treatment.

This welfare reform legislation, while not as sound as the Senate-passed plan, is still a vast improvement over the Republican bills which were vetoed. As I stated earlier, I still have some reservations surrounding certain provisions contained in the measure. But I believe, overall, that the positive outweighs the negative. I think the compromise we have struck is a major step in the right direction, and an overall positive effort at making welfare more of a helping hand in getting people on their feet economically.

Our debate over the last few months has been both constructive and productive. We now have a bill before us which is a testament to the Congress and its leadership—majority and minority. In essence, it is a product of the Congress' legislative process working as it was designed to work.

We have seen some hard-fought battles and witnessed significant changes from the original bill after some intense debate and good-faith negotiations between the two sides of the aisle. Each side has made concessions, while holding firm to certain core principles. We have arrived at agreements on several major issues. As a result, we now have a bill that contains stronger work provisions and that is not as harsh on children. While there are undoubtedly problems still remaining in the legislation that will have to be addressed down the road, this compromise is an overall positive step for reforming welfare, reducing dependency, and offering a brighter future for millions of American families.

Mr. President, except for the balanced budget constitutional amendment, this welfare reform bill is arguably the most important legislation we will tackle in this or any other Congress. There is no doubt that our current system is failing welfare recipients and taxpayers alike. I am pleased to join my colleagues and the President in taking advantage of this historic opportunity and enacting reforms which will empower recipients to break cycles of dependency, to focus on work and responsibility, and to become successful and productive citizens.

Mr. BURNS. Mr. President, I rise today to talk about this important issue before us—perhaps the most important initiative undertaken by the 104th Congress—welfare reform. For the last nineteen months, Congress has been embroiled in an enormous debate over how best to reform our welfare system. There has been a lot of talk about ending welfare "as we know it", but for the most part, it has been just talk and no action. Today, however, the Senate stands close to passing legislation that I believe will make the much-needed changes in the way our welfare system operates.

I think many of my colleagues on both sides of the aisle, as well as a majority of my fellow Montanans, would agree that our welfare system needs improving. I am glad we agree that changes need to be made in our welfare system so that our assistance programs are more effective and less costly. Let's face it, however, we don't need this legislation to know that the welfare system has failed miserably. The truth is, the system is not working as it was intended—as a temporary assistance to help people until they can get back to work. Over the last thirty years, the system has become a way of life, not because those receiving assistance don't want to work, but because the system makes it tough, even discourages people, to get off welfare.

Although we all know that this bill before us today will not solve all the problems with the current welfare system, it does take a giant step toward reversing years of failed social welfare policy. This bill will end welfare as a way of life for many Americans. By requiring most able-bodied adults to go to work within two years and by putting a five-year limit on welfare assistance, we are making great strides forward in putting people back to work. I have to believe that most people would rather work than be on welfare. And it pleases me to no end that the tough and real work requirements contained in this bill will get folks off the welfare roles and into a productive job, job training program or community service. There is no doubt there will be exceptions, but the goal of welfare reform is independence, not government reliance.

This bill also contains provisions to strengthen families and personal responsibility, something I think is essential to getting at the root of our welfare problems. In a scant few decades, we have seen the demise of families and family values in our country. And illegitimacy rates are rising to almost dangerous levels. These are the things that are contributing most to the decline in our society. More and more children are growing up without a father, without a solid family to support them, and crime statistics show that kids who are raised without a father commit more crimes. I think our welfare system, though designed to assist folks and born of good-hearted intentions, has served to fuel some of the social problems we face today. It is clear that our present welfare system encourages young mothers to have children, and many of those children are not being cared for. Though it is impossible to legislate, this bill takes a giant step forward in addressing these problems by encouraging families to stay together, providing more resources for child care and enhancing child support enforcement and domestic violence measures.

Perhaps the fact that is most important to me personally, by passing this bill we will give the states flexibility to design programs that will work best for their residents. Currently, the Federal Government has so many rules and regulations that when States want to try something innovative to reform the welfare system, like my home State of Montana, the barriers are often times too great. Over the last 7 years, I have spoken with the folks who administer the welfare programs in my State and time and time again they ask for the opportunity and flexibility to run the welfare system as they see fit. And by block granting funds to the States and letting States set many of their own program rules, this bill will allow the decisionmaking to be done at the state and local level, not by Washington bureaucrats. There is no doubt in my mind this will serve both our Nation and, specifically, the people of my State well. After all, Montanans do know what is best for Montana.

The bill does all this and will still succeed in reducing welfare spending by roughly $55 billion over 6 years. Given our Nation's budget problems, that's an important fact.

I realize that there are many Americans, including a number of folks in Montana, who have serious concerns with this legislation. Folks seem to be particularly troubled by the possibility that this bill will actually increase poverty and fails to provide a nutritional "safety net" for our Nation's needy families. I appreciate and understand these concerns—no one wants to push more children and families into misery. In fact, I have been an ardent supporter of nutrition programs in the past, especially those for children, and I have made every effort to protect them throughout the current welfare reform process.

The reality is, however, that the American taxpayer is not getting his money's worth when it comes to many of the current assistance programs and the tragic state of the welfare system makes reforming the system all the more urgent. What's more, there have been those who have suggested that this bill is heartless and out to punish children and immigrants. In response to those who would make such accusations, I would join with many of my colleagues in asking if the current welfare system is not already punishing—even degrading—children and other folks it is supposed to help? Why do we insist on protecting, or at least not reforming, a system that promotes a culture of dependency and poverty? As for the immigration provisions contained in the bill, perhaps Senator SANTORUM summed it up best when he noted that as we become the retirement home for the rest of the world, the taxpayers of this country are picking up the tab. To that end, the goal of this welfare reform bill is not to punish, favor or discriminate against anyone or any group. Its intent is not to promote and strengthen the system. It is constructed to end the cycle of generational dependency and irresponsibility promoted by the current welfare system.

Mr. President, we have a historic opportunity today to change a system that has consistently failed poor Americans. I want to thank the Governors and all of those who have worked so hard, in both parties, to bring this legislation to this point. I particularly want to commend the Republican leadership for leading the way on this issue. Though Bob Dole may not be with us on the Senate floor today, I also want to thank him for his efforts and dedication in ending welfare as we know it. I also want to congratulate President Clinton on his announcement yesterday. Though the President has resisted real welfare reform by casting two vetoes on similar bills in the past, he has realized that the American people want this bill and that bipartisan cooperation is needed to reform this broken system. And with the overwhelming bipartisan support in the House yesterday, it looks as though we are seeing our way clear to bring about the much needed reforms with what I believe will be the right kinds of results.

In closing, Mr. President, it was almost exactly 1 year ago—in fact, it was August 9, 1995—that I stood on the floor of this esteemed chamber and spoke about how much I was looking forward to the upcoming welfare reform debate. I spoke about how excited I was to see some real changes in how Americans perceive welfare, how welfare is paid out, and the direction our country was headed. There were a number of goals then that I was looking for in welfare reform legislation. Would it promote and strengthen the family? Would it give more flexibility to the States, allowing each State to design a system that best suits their needs? Would it include strong work requirements to get folks back into the workplace? Would it address our growing problem with illegitimacy and teenage pregnancy? Mr. President, I think we have addressed these issues with this legislation.

It is now a year later. During this time, a number of differing opinions have been offered—suggestions put forth—on how best to achieve these goals. It has been a very slow process indeed—but I think that most of us would agree that welfare reform is still very necessary and this bill does that. Business as usual was not working in August 1995 or even in November 1992, and it is not working now. All Americans deserve the chance to succeed, whether they are poor or not. I think this bill gives all of us the chance to do just that. Let's not squander this opportunity.

I yield the floor.

Ms. MIKULSKI. Mr. President, I will vote for this bill because maintaining the status quo is unacceptable. The other alternative is to do nothing. I vote for this bill, having reservations, but believing it is the right thing to do.

We Democrats have made 36 important improvements in this bill that protect the most vulnerable, the children. But there are still yellow flashing lights, warnings regarding the bill's safety net for children. We will need to monitor them closely.

On balance, though, I believe the poor and the taxpayers will be better off because we are voting for this bill.

We all acknowledge that our current welfare system does not work. It has failed to move people from welfare to work, and has created a culture of poverty that has ensnared generations of our most vulnerable citizens in poverty and dependency. I believe in the capacity of people to better their lives and build a better future for themselves and their families. The current welfare system does not provide people with the tools they need to do that. Welfare should be a way to a better life not a way of life.

The current welfare system is dysfunctional and destructive to the poor. I have worked to change that. I have fought for a plan, which I helped to write, that was firm on work and demanded responsibility from those who find themselves on public assistance, but that protected children.

I will vote for this bill because it is greatly improved over the original Republican bill which the Senate debated last year. There are some 36 improvements in the bill, improvements which I fought for and which are drawn largely from the Democratic alternative bill which I co-authored with Democratic leader Senator DASCHLE and Senator BREAUX.

Our Democratic alternative provided people with the tools to move from welfare to work. It demanded work of all able-bodied adults. It removed the key barriers to work—such as lack of adequate child care and inadequate job skills. Our bill ensured that no child would go without health care or adequate nutritional assistance because of the failings of their parents. It ensured that when we aimed at the parent we did not hit the child.

I am proud of my work on the Democratic alternative bill. I am proud that we gained the support of every Democratic Member of this body. I regret that it was rejected by the other party. But thanks to the persistent advocacy of our Democratic leadership, of which I am a member, many of the provisions of the Democratic alternative were adopted in the bill that the Senate passed. They are now in this legislation. These improvements have helped to make this a more acceptable bill.

I'm particularly proud of my role in fighting for child abuse programs, for child care health and safety standards and for the health care safety net. I offered amendments on these issues and fought for their adoption.

From day one, I insisted that we could not do anything in this bill to lessen our commitment to fighting child abuse. I am pleased that this bill no longer includes provisions which would have replaced Federal child abuse and protection programs with an inadequate block grant. As a former child protection worker, I know how vital these programs are for taking care of children who have suffered from abuse or neglect.

I fought to keep current Federal child care health and safety standards. Along with Senator DODD, I offered an amendment to restore those standards which the other party was prepared to abandon. I fought to maintain those standards because I believe strongly that parents should have every assurance that when they place their children in child care, they will be protected from infectious diseases, from unsafe buildings and playground hazards, and that the child care worker will know basic first aid. This is a significant improvement in the bill.

I also fought for a health care safety net for children. I wanted to make sure that children would still be eligible for Medicaid coverage even if their parents failed to meet the work requirements of this bill. This bill contains the provision I fought for to ensure that children will still have access to health care.

I was an energetic and enthusiastic advocate for other improvements to the bill, such as the provisions to provide funding for child care, to exempt mothers with infant children from the work requirements, and the provision that ensures that a mom with a preschooler cannot be penalized for not working if she can't find or afford child care. These are all important measures to protect children, and I am pleased that we were successful in having them included in this bill. The protections for children are significantly better than in previous bills we have considered.

So I acknowledge that this bill has been improved in important ways from the conference report that I opposed and which the President vetoed last year. And I believe the strong support for the Democratic alternative bill is what made these improvements possible.

While I will vote "yes" today, there are yellow flashing lights that give me pause. They must be monitored meticulously. And all of us who vote for this bill must be prepared to make modifications if the safety net for children and the working poor becomes tattered.

A key yellow flashing light for me is the bill's changes in the rules for the food stamp program. Changes in the excess shelter deduction could harm the working poor—those families that pay over half their income for housing. Other changes will severely limit food stamps for adults without children who lose their jobs. Another yellow flashing light for me is the bill's restrictions on assistance for children of legal immigrants, who have not yet obtained their goals of citizenship. Another yellow flashing light for me is the bill's provisions for meeting the needs of children whose parents reach the 5-year time limit for benefits and still do not have work. I fought for a requirement that States must assess and meet the basic subsistence needs of those children through vouchers or other non-cash assistance. The conference agreement did not include what I advocated, but it gives States the option to use their title XX, social service block grant funds, to provide vouchers to meet the needs of children.

Mr. President, today we must face facts. We cannot make the perfect the enemy of the good. And so I will vote for this bill. The American people and I want welfare reform. And I believe the people currently mired in poverty, who have not been well-served by the current welfare system, deserve better. There are over 9 million children currently on welfare. Under the current system, that number is estimated to grow to 12 million in 10 years. We owe it to those children to give their parents every incentive to leave welfare behind and to lift themselves and their families out of poverty.

I will vote yes today. But I will be standing sentry and will be in the forefront in fighting for any changes needed to prevent the safety net for children from being tattered.

Mr. HELMS. Mr. President, future historians are likely to regard this as a momentous occasion in Congress—a welfare bill is finally about to be approved by Congress and signed by the President—a bill which will effectively drive a nail in the coffin of the Great Society.

This welfare reform bill proposes to set welfare policy on the right course.

It requires welfare recipients to work;

It promotes family and the work ethic; and

It exercises sound fiscal responsibility.

In addition, this legislation will insist that illegal aliens must not receive welfare and that non-citizens cannot hereafter lawfully receive most Federal welfare benefits during their first 5 years in the United States.

These legislative goals are tough, but fair. Requiring welfare recipients to work provides the hammer that can break the cycle of poverty and dependency. As matters now stand, the average welfare recipient stays at the public trough for 13 years. This bill reverses that folly; it proclaims for all to hear that welfare must not be a way of life.

Equally important, Mr. President, this legislation is fair to taxpayers because it saves $55 billion of taxpayers' money. The average American worker in 1993 paid $3,357 in taxes just to support welfare recipients. Taxpayers are sick and tired of working hard, paying taxes and watching folks on welfare get a free ride.

Mr. President, the taxpayers can be thankful that this bill contains tough work requirements for food stamp recipients. On several occasions, including during the conference, I took the position that Congress should require able-bodied food stamp recipients go to work before they receive free food stamps.

The original Senate welfare bill allowed recipients to receive free food stamps for 6 months every year with no work requirement. Now, Congress is sending a bill to the President that will require food stamp recipients to work 20 hours per week for an average of 11 months per year or be thrown off the welfare rolls. This is a giant step forward from current law which gives folks a free lunch at taxpayer's expense.

Mr. President, when the liberal politicians pushed through their welfare system more than 30 years ago, the American people were assured that welfare would not become a way of life.

And when Lyndon Johnson signed the war on poverty legislation in 1964, he promised, "The days of the dole in our county are numbered." Unfortunately, 30 years after this war began, the days have numbered to about 11,680—and we're still counting.

Since Congress obediently embarked down the road called the Great Society, the result has been the most massive Federal spending in history, increased poverty and untold millions of Americans trapped in the welfare cycle. The Great Society has been a monumental failure, but it got a lot of promising politicians elected because they promised everything to everybody. But with the enactment of the bill, the days of the Great Society are coming to a close.

The cost of welfare programs has now reached a budget-busting $345 billion a year. During the past three decades, welfare spending has cost the American taxpayers $5.4 trillion. It may come as a surprise that welfare programs have cost 70 percent more than the war against Germany and Japan in World War II.

What, Mr. President, do we have to show for these exorbitant expenditures? An increase in the poverty rate. As of 1993, 15.1 percent of Americans were in poverty, compared to 13 percent in 1964, a 2-percent growth.

Mr. President, the human devastation caused by rising illegitimacy rates and the breakdown of the family is even more troubling than the cost of welfare programs. Government programs of any magnitude carry with them a cargo of unintended consequences. In welfare, like most other things, you reap what you sow. For 30 years, the welfare system rewarded idleness and illegitimacy and there has been a marked increase in both.

Mr. President, I emphasize that nobody is opposed to helping those who are less fortunate. Americans, as individuals and communities, have a responsibility to help those who cannot help themselves. That responsibility cannot and should not be abdicated. But we must help them by teaching them to "help themselves" as President Kennedy once stated.

This legislation will help those on welfare because it restores the American work ethic which once was one of the cornerstones of this Nation. In addition, this bill takes a step in the right direction in helping reduce the rising illegitimacy rates by providing funds for abstinence education, and by allowing States the option of denying benefits to welfare recipients who already have children living on the public dole.

An Associated Press poll showed recently that 69 percent of Americans favor a 5-year limit on welfare payments. Likewise, most Americans obviously don't think it's right that working people are required to give up a substantial percentage of taxes to support people who refuse to work.

Mr. President, the majority of Americans are calling for welfare reform. Welfare entitlements must be replaced by limited handouts conditional on self-improvement and work.

Mr. ROBB. Mr. President, I rise to support the welfare reform legislation pending before this body. I do so with both reluctance and hope.

My reluctance stems from some very real concerns I have with this bill. First, I am concerned that we fail to give States the resources they need to do the job right. I am willing to pay more in the short term to bring about economic independence in the long term. Second, like the President, I am extremely uncomfortable with both the level of cuts to the Food Stamp Program and the severity of the restrictions on legal immigrants. We cannot simply abandon our obligation to protect the most vulnerable among us. And, finally, I am troubled by specific provisions of this bill—like the one dealing with mothers with young children who do not work because they cannot find child care. The conference lowered the age from 11 to 6—and this is wrong, Mr. President. If we want mothers to move from welfare to work, we have to ensure they have child care for their young children.

I will vote for this bill believing strongly that it is not our final word on welfare reform. And I'm prepared to work with the administration and with my colleagues here in the Congress to address the concerns that I have—and that I know others have—with this legislation.

But, Mr. President, like the President of the United States, I also believe strongly that the opportunity before us is one we cannot let slip away. We simply cannot allow another generation of American children to fall victim to a welfare system that fosters dependency rather than opportunity, that has become for far too many children, not a second chance, but a way of life.

I will vote for this bill, Mr. President, because I believe it contains the incentives needed to bring people out of poverty and into the economic mainstream. It contains tough work requirements, time limits on benefits and nearly $4 billion in new money for child care. It protects health care for current populations and allows States to use Federal money to provide noncash vouchers for children whose parents meet the time limits.

It emphasizes work and responsibility. It includes a strong community service component, which teaches both the value and the obligations of citizenship.

But I know, Mr. President, that all the positive incentives in the world mean nothing if there are no jobs at the end of the line—and that the best social policy of all is economic growth.

That is why I believe that the first edition of welfare reform was approved by this Congress in 1993 with the passage of the President's deficit reduction plan. We can approve legislation today that aims at moving people from welfare to work because we do so amidst a strong, vital economy. In less than 4 years, our economy has created over 10 million new jobs—most of them in the private sector—and we have the lowest unemployment rate in 6 years.

As we bring down our deficit, we enhance our ability to invest in our people. And as we strengthen our economy, we provide new avenues of opportunity for poor Americans to enter the economic mainstream.

We cannot just give incentives to move people from welfare to work, Mr. President. We have to also better invest in programs that give them the tools to succeed—programs like education and job training.

Mr. President, I have outlined my reservations about this bill, and I am committed to working in the coming months to remedy these concerns. But my hope for this bill transcends the ability of individual mothers to exchange a welfare check every month for a pay check.

For every time a welfare recipient earns a living wage, at least one more child in America sees their role model go to work in the morning, earn a salary, pay their bills, believe a little more in their own ability and self-worth, and live in a world that is infinitely stronger because they contribute to it.

And every time a welfare recipient earns a living wage, at least one more child in America escapes from what could become a cycle of dependency and hopelessness that is inherently un-American—and which we have an opportunity and an obligation to break.

Although only history will tell for sure, I will vote for this bill because I believe it is the first step in breaking the cycle of poverty which has sapped the optimism and the opportunity of too many generations of innocent American children.

Mr. President, I thank the chair and I yield the floor.

Mr. LUGAR. Mr. President, as we end the debate on the welfare reform conference report, I would like to make several acknowledgements of effort in bringing forward this truly historic legislation.

First, I want to congratulate Chairman DOMENICI and Chairman ROTH and thank them for their leadership. As chairman of the Agriculture Committee, I am pleased to have been a partner with them in crafting this bill.

I also want to thank my staff on the Agriculture Committee for their efforts throughout this 104th Congress to make welfare reform a reality. Staff director Chuck Conner, as always, contributed strong leadership. Dave Johnson and Beth Johnson worked tirelessly to develop proposals that both meet our budget goals and continue to deliver assistance to the needy.

They were assisted ably over the past year by Bill Sims, who has returned to the U.S. Secret Service. Special thanks are also due to Joe Richardson of the Congressional Research Service, whose knowledge of the very complicated nutrition assistance programs was invaluable.

The legislative process that culminates here in the Senate today sometimes seemed like a rollercoaster ride with no end. Frustration and long hours were common for my staff. But they have my sincere thanks for their efforts. They should be very proud of this landmark bill.

In the final analysis, this welfare reform legislation represents the best of our democratic process. After much debate, a proposal of potentially monumental importance is about to be approved overwhelmingly by a Republican-led Congress, and a Democrat President will sign it. I hope we will someday be able to look back at this bill as a major step toward restoring the public's confidence in the ability of its elected leaders to respond to our Nation's pressing needs.

Mr. DORGAN. Mr. President, the bill before us represents a historic opportunity to change and improve the welfare system in this country. Today's Washington Post headline proclaims that this bill represents a "basic shift in philosophy" about welfare in this country.

It is true that this bill sends a strong message. That message is: welfare should not be a way of life. We are saying that welfare should be a safety net—a first step toward achieving independence and self-reliance.

But this is not a major change from the way most Americans view the welfare system. We are a compassionate nation, and we accept our responsibility to help those who are less fortunate, who are on the bottom rung of the economic ladder, and those—especially children and the elderly—who are unable to help themselves. This basic notion is embedded in our social policy, and this bill does not—can not—change that fundamental view. Our task in drafting this bill has been to ensure that the safety net will always be there for those families needing assistance to get over a temporary setback.

I will vote for the welfare reform bill today because I think we need to make some changes in our welfare system. I believe that this bill represents a significant improvement over last year's conference report, which I opposed because it did not provide an adequate safety net for poor children. Specifically, this bill does not include the deep levels of cuts in child nutrition programs or an optional block grant for food stamps. It permits States to use Federal money to provide noncash assistance, or vouchers for children. And it preserves a national guarantee for access to health care for pregnant women and children.

This bill also takes the right first steps toward encouraging and rewarding work. It requires welfare recipients to work after receiving benefits for 2 years, and backs up that requirement with the support families need to move from welfare into the workplace.

The bill provides $4 billion more for child care and maintains strong health and safety standards for day care. It gives recipients flexibility to use some of their time on assistance to get the education they need to find and keep a job. The bill also gives States more flexibility to use Federal dollars to create new jobs for welfare recipients, and preserves the earned income tax credit for working families. All of these provisions work together to give welfare parents the support they need so they can afford to leave welfare and enter the workplace. When combined with the minimum wage increase that I hope the Senate will approve in the next few days, it is a significant move in the right direction for America's working families.

While I have reservations about the block grant approach presented in this legislation, the bill does take steps to ensure that States will follow through on their obligation to spend Federal welfare dollars to move people up and out of poverty. Most importantly, we require States to maintain a significant portion of their own contributions for welfare programs. While the maintenance-of-effort provisions are not as strong as I would have liked them to be, they are a major improvement over last year's bill.

One of the most important parts of this bill is its tough child support provisions. Nationwide, only 18 percent of child support cases referred to State agencies for collection result in payments by the absent parent. Yesterday, the President pointed out that, if every parent paid the child support they should, we could move 800,000 women and children off welfare immediately. This bill takes the necessary steps to move us toward demanding responsibility from both parents, and I wholeheartedly support this effort.

Having said why I am voting for the bill, let me now explain that I remain concerned about some of its provisions. One specific area that we will have to adjust with follow-up legislation is the bill's change to the rules for determining eligibility for food stamps. The bill repeals a provision that would have helped families who are forced to pay a higher-than-average percentage of their income for shelter and heating costs. In my state of North Dakota, heating costs take a big bite out of every family's income. For a poor family, this can mean choosing between heat and food. The excess shelter deduction that was scheduled to go into effect next year would have gone a long way toward eliminating the need for that painful decision, and I intend to work to see that provision restored in separate legislation.

We must also address a punitive measure that denies food stamps to Americans who are looking for but have not been able to find work. The conference bill places a 3-month limit on the receipt of food stamps by jobless adults between the ages of 18 to 50. I am certain that each of us knows someone—a brother, an uncle, a cousin—who is out of work, has been looking for work every day, but has not been able to find a job because no work is available. In rural North Dakota, unfortunately, we are not creating a lot of jobs, and finding work may take more than 3 months. It is simply mean-spirited to deny an unemployed person food assistance while they are looking for work, and I will work to fix that.

Despite these concerns, this bill is, on balance, a responsible bill. It moves toward achieving the right balance of personal responsibility and giving people the tools they need to move up and out of poverty. I will support this bill today, and I will work to fix those areas that need improvement.

Mr. GRASSLEY. I am pleased that we are here for this final step in the process of ending welfare as we know it. Just yesterday, President Clinton made clear that he will sign this conference report. After weeks of obfuscation, President Clinton finally has made clear that he will act on his promise to end welfare as we have known it and sign this dramatic change in the welfare system. After all we have been through in the last 18 months, I have to admit that I was beginning to feel like a broken record. We passed 2 different welfare bills under the able leadership of former Senate majority leader Bob Dole. In both cases, the President vetoed those efforts.

From the President's most recent remarks, apparently out hard work has paid off and he is finally going to approve our efforts. Interestingly, Doug Besharov, a resident scholar at the American Enterprise Institute, and known expert on the welfare program, says that the new bill is not significantly different from the 2 previous proposals. A Washington Times article of yesterday quoted Mr. Besharov as saying, "This business about 'how much' improved is a certain amount of political rhetoric."

In my judgment, Mr. Besharov is being kind in his remarks. This bill, in fact, is significantly the same as previous efforts.

In the last 30 years we have spent more than $5 trillion to fight the war on poverty. Unfortunately, we have lost. The child poverty rate in our nation is .8 percent higher than it is was when we started this process 30 years ago. So what have the families on welfare gotten for their difficulties? And what have the taxpayers gotten for their money? For all we have invested, we have made no progress.

Clearly, something is not working.

The reconciliation bill before us takes a new approach to an old problem. it restores power and authority to the States to create their own systems to meet the needs of low-income citizens.

Iowa is a perfect example of success. Iowa overwhelming passed legislation in April 1993 to change welfare in the State. In order to implement their plan, the State had to seek 18 initial Federal waivers and more since. Although the State wanted to implement a statewide program, in order to obtain their initial waiver, they were required to have a control group of 5 to 10 percent who would remain under old AFDC policies.

In October of 1993, the work incentives and family stability policy changes were implemented. At that time, there were over 36,000 families receiving assistance, with an average monthly benefit of over $373.

Last week I received the latest State figures. Iowa's caseload is down 12.6 percent to under 32,000 families. The average monthly benefit is down 11.7 percent to $330.

In January 1994, Iowa implemented its personal responsibility contracts. A family commits to pursue independence and the State commits to provide supports. Before the State implemented reform, only 18 percent of Iowa welfare families had earned income. The most recent numbers show that over 33 percent of all welfare families are earning income now.

With Iowa's success as a backdrop, it is easy to understand why States want welfare reform, not waiver reform.

Another reason is the frustration States feel when seeking a waiver. Though President Clinton has expressed glowing support for the Wisconsin welfare waiver it has not been signed. If the President is for the Wisconsin waiver, why can't he approve it? Even yesterday during his CNN interview, the President challenged other States to follow Wisconsin's lead in reforming their welfare system. Once again we see him saying one thing and doing another.

The reconciliation bill before us also provides for a lifetime limit of 5 years for welfare benefits. This means that there is an actual measurable end so that parents are held accountable for their choices.

When working Americans do not show up for work, they are not paid and are likely to lose their job. They want welfare recipients to live with the same reality. Taxpaying Americans do not understand why their hard work is subsidizing those who are not working.

Mr. President, again, I want to say that I am pleased that the President has finally agreed to sign this conference report. I think this is an historic effort on the part of Congress and it is appropriate for him to sign this legislation.

I look forward with anticipation to what our outstanding Governors and State leaders will do with the freedom and responsibility we are entrusting to them.

Mr. FEINGOLD. Mr. President, I will vote for the welfare reform conference report. I do so with grave reservations about many specific provisions.

Like President Clinton, I think the cuts in nutrition programs are too deep and they can and should be corrected.

Like President Clinton, I am concerned about the treatment of legal immigrants—people who followed the rules and came here under our legal immigration laws. Many have contributed in numerous ways to their communities. They are taxpayers and workers who, like all of us, may become ill or unemployed. This bill slams the door on them to a variety of programs in a manner that is neither appropriate nor necessary.

There are other provisions of the final bill that I feel are too harsh and should be changed.

But the overall effort at reforming the current welfare system is one that I support.

When I campaigned for the U.S. Senate in 1992, I said then, and I continue to strongly believe, that if people can work, they should work. The focus of this bill is to encourage people to work, rather than remain on welfare. I support that goal.

I also believe that the States should have more flexibility to design programs to meet the needs of their residents. I do not believe that detailed prescriptions from Washington, DC are the answer to the problems afflicting the current welfare system.

Nationwide, the current welfare system is a disaster.

It keeps families trapped in poverty. It discourages self-sufficiency. It creates unnecessary barriers to those trying to move from welfare to the work force. It forces recipients and local officials to wade through piles of bureaucratic red-tape. It fosters dependency, discourages initiative, and dampens the spirits of those in need.

We must do better. We must change the status quo. We must provide a new, flexible approach that will help people work and get off welfare.

This bill has improved dramatically from the original Republican proposal of last year. Many of the draconian provisions have been dropped.

The Medicaid safety net has been restored for vulnerable children, the aged and disabled. Child care funds have been significantly increased and efforts to roll back Federal health and safety standards for child care were defeated. Attempts to dismantle the food stamp program and child protection programs failed. The effort to impose a family cap—a penalty for having a child when on welfare—was rejected by a bipartisan majority in the Senate. Maintenance of effort provisions were retained, helping to assure that Federal dollars do not simply replace State dollars.

There are other provisions of the bill that I am disappointed about. I am disappointed that the conference agreement did not include an important improvement made during the Senate debate which expanded the educational activities that welfare recipients could take part in. In addition, the bill is too punitive on mothers who cannot work because of lack of affordable child care. There are vast areas that should have been improved.

I believe that those of us who vote for this measure have an obligation to watch closely as it is being implemented to make sure that it works, works fairly, and that if changes are needed, they are enacted. I am deeply concerned about the opposition of many individuals whose opinions I respect. I share their concerns that in an effort to get able-bodied adults to enter the workforce, we do not inadvertently punish innocent children.

But we are faced with the choice of supporting this bill or maintaining the current system. I vote to change the system.

Mr. FRIST. Mr. President, I rise in strong support of the welfare reform bill. I applaud the bipartisan effort that has taken place to end welfare as we know it, but most importantly I applaud the efforts of the former majority leader, Senator Dole for his efforts in helping to shed some light on the problem of America's children living in poverty.

Mr. President, the most vital investment that we can make in America's future is our children. If there has been any one single pledge that I have made to the people of Tennessee, it was that I would spend my time in Washington working tirelessly to protect the American family but most importantly our Nation's children.

In the real world, beyond the Washington Beltway, everyone knows that the real investment and sacrifice on behalf of children is not made by government do-gooders, educrats, Members of Congress, or social workers. The real investment and sacrifice is made by parents.

Mr. President, few in Washington understand this fact more than I do. As the father of three young boys, it is my belief that we should not be asking the question "what should the Government do for our children?" Instead our question should be "what must we do to get parents to do more?" I strongly believe that our children do not need more Government spending but a mother and a father who care about them.

My Republican colleagues and I pledged to return to families something more than a program or a slogan. We have tried to return resources to families, rather than the Federal Government, to help them in raising their children. Our devotion to our Nation's children is demonstrated in our agenda of strengthened families, safer streets, and stronger communities. Our agenda has included:

A balanced budget that saves tomorrow's generations from crushing debt levels—because of Washington spending, each child born this year already owes more than $187,000 just to pay their share of interest on the debt.

A $500-per-child tax credit to ease the pressures on families and allow parents to spend more time with their kids.

Adoption reforms, including an adoption tax credit, to make adoptions more frequent, less expensive, more secure, and designed to make it easier to place children in loving homes.

Tough crime legislation to protect our children from violent criminal predators.

Welfare reform that lifts families out of poverty and into work, provides for child care, introduces the toughest child support enforcement standards ever considered by Congress, and real reform that reverses the destructive effects of the $5 trillion War on Poverty that has failed so many of our children.

Education reforms which empower parents, teachers, school boards and the local communities instead of the Washington bureaucracy. This includes solid reforms which would enable low-income parents to send their children to quality public, private, and religious schools.

Unfortunately, our efforts to enact much of these pro-family items has been stymied by the President's veto or through filibusters here in Congress. The President vetoed the $500-per-child tax credit, thus refusing to ease the financial burden that so many families feel today, a financial burden that often results in parents spending less and less time with their kids. The President has vetoed a balanced budget, a budget which would have given the children of Tennessee freedom from the repercussions of Washington's destructive spending habits.

Right now, because of the traditional Washington habit of spending now and passing on the bills to future generations, your children and my children will face a lifetime tax burden of more than 80 percent. Imagine that—more than three-quarters of their income will be taken away to pay for the debts we have left behind. That to me is truly immoral. That is why I worked tirelessly last year to pass a balanced budget, the first balanced budget in almost 30 years. A balanced budget would have put a stop to reckless Washington spending and would have allowed us to pay our bills—not pass them on to our grandchildren. The bottom line is: a balanced budget helps to secure a better future for our children—and the President vetoed it.

Mr. President, my Republican Colleagues and I understand that many children are trapped in poverty or failing schools, with little hope of achieving a better life than their parents. During the past year and a half, we have made it our priority to lift the lives and hopes of these children. In addition to lifting the crushing debt burden, we must recognize this immediate, abusive, and destructive threat to the lives of America's children: the liberal welfare state.

Nothing punishes single parents and children more than the current welfare system. Our Federal Government is fixated with a system that is riddled with perverse incentives which discourage work and marriage while encouraging illegitimacy and long-term dependency. Designed as a system to help children, our current welfare system has ended up damaging and abusing the very children it has intended to save.

Consider the facts:

Between 1965 and 1994, welfare spending cost taxpayers $5.4 trillion in constant 1993 dollars.

There are 77 overlapping welfare programs to assist Americans officially designated as poor.

Total welfare spending in the United States, in 1993 exceeded $324 billion. Of this spending, 72 percent is Federal and 28 percent is State. About 90 percent of all State welfare spending is on federally designed welfare programs.

The cost of the war on poverty has been some 70 percent greater than the price tag for defeating Germany and Japan in World War II, after adjusting for inflation.

Welfare spending is so large it is difficult to comprehend. One way to make it more tangible is to recognize that, on average, the cost of the welfare system amounted to $3,357 in taxes from each household that paid Federal income tax in 1993.

A final way to assess the growth in welfare spending is to compare it to the increase in spending on other government functions:

Since President Johnson launched the War on Poverty in 1965, means-tested welfare spending by Federal, State, and local governments has grown more rapidly than spending on all other major government functions.

In 1965, the United States spent 17 cents on welfare for each dollar spent on national defense. By 1993, this had risen to $1.11 on welfare for each dollar spent on defense.

In 1965, the United States spent 29 cents on welfare for every dollar spent on primary, secondary, and post-secondary education by all levels of government. By 1993, the United States spent 91 cents on welfare for every dollar spent on education.

Even if the analysis is restricted to welfare spending on cash, food, housing, and energy programs, the trends are virtually identical. Since the beginning of the War on Poverty, means-tested cash, food, housing, and energy programs have grown more rapidly than defense, education, or Social Security.

After $5.4 trillion has been spent on welfare there remains little to cheer about. The onset of the War on Poverty coincided with the disintegration of the low-income family and the rapid increase in illegitimacy. Overall, 30 percent of American children are born to single mothers. We have spent more money on welfare programs since 1965 than on all the wars we have fought this century, yet people are poorer and more dependent than ever.

These are just a few of the ways that Federal Government's welfare policies and social programs are actually working against the American family and our children. I believe that we have a responsibility to provide a safety net—helping those who, by no fault of their own, have fallen on hard times. It is the right thing to do. But when we help people who are able, and yet make no effort to help themselves, we destroy the individual and undermine the very principles of personal responsibility in which our society was founded on. And this is what has happened.

It is clear that our Great Society national urban policy has not helped people. It has destroyed them. It has not kept families together. It has torn them apart. It has not turned the urban areas of America into shining cities on a hill, it has made them war zones where residents live in fear. Our inner cities should be a symbol of what is right about America. Unfortunately, they have become examples—dying examples—of everything gone wrong with government policy.

Mr. President, this bill changes that harmful government policy.

I firmly believe that most of America's children are being raised in loving, caring families that struggle every day to ensure that their children have a chance at achieving the American Dream. But I also know that many of these same families are filled with guilt, at not spending enough time with their kids because both parents must work to make ends meet. While Washington cannot alleviate these parents' guilt—the 104th Congress has acted to ease the tremendous pressures and burdens on struggling families.

Too many single moms are near poverty because their child support checks are nowhere to be found. Just since President Clinton was elected, 175,000 women, mostly single moms, have slipped into poverty. Through the efforts by my colleagues in the House and the Senate, this welfare reform bill holds fathers accountable for their child support, putting in place the toughest "deadbeat dads" provisions anywhere in the country. We increased child care funds by $4 billion over current law in order to help single parents make the successful transition from welfare to work. Our children are suffering from the current welfare state. We must reverse this trend, to make welfare a helping hand, not a way of life.

Changing the welfare system will help children. Encouraging families to stay together will help children. Putting welfare recipients back to work will help children. Restoring the work ethic will help children. Improving the quality of local education will help children. Encouraging spirituality will help children.

Spending more on the current broken Washington welfare system will not help children. It's time we take away the blindfold and accept reality. We have to rebuild parents, families, and communities, but you can not do it from inside the beltway. It has to be done at home, in school and at church.

Mr. President, the most important thing that we as a nation can do for our children, does not come from the Congress or even the White House. Rather, it must come from within all of us—a commitment to read to your son or daughter, a commitment to attend church with your child and family, coaching your son or daughter's little league team, and becoming involved in the education of your son or daughter. Mr. President, our children are the future of this great country.

I urge my colleagues to vote for this historic bill.

I yield the floor.

Mr. PELL. Mr. President, when the welfare reform bill was before us last week, I said that I could not let my desire to vote for reform cloud my judgment about the bill, and about the serious flaws which I perceived in it. The bill has been returned to us from conference with some of those flaws remedied, but alas not all, and the omissions to my mind are determinative. And so once again, I shall vote against the bill.

I am especially concerned about the bill's undeservedly harsh treatment of legal immigrants. I note with dismay that nearly half of the $56 billion that would be saved by this bill comes from the denial of benefits to people in this category. More often then not, legal immigrants are hard-working, tax paying individuals who deeply appreciate the freedom and opportunity of U.S. citizenship, which they hope to attain. To deny them so many of the benefits that they might legitimately need as they build a life here, seems unfair and unjustified. While I applaud President Clinton's assurance that this grievous flaw in the bill will be corrected by future legislation, the provision amounts to justice denied, here and now, and I cannot bring myself to vote for it.

I remain concerned, moreover, about the practical consequences of ceasing to treat welfare as an entitlement and replacing it with block grants. But what this means is that this Nation will cease to respond to anyone in great need, as a matter of right, and that some people in need may be cut off simply because we have shifted this serious national problem to the States, and we have done so without providing them with adequate support to address the problem. I am particularly concerned that some States, including my own State of Rhode Island which has just enacted a new welfare program, may be penalized if they choose to have a welfare program which is relatively more liberal than the Federal law.

Also troubling is the retention of cuts in food stamp spending, projected at roughly $24 billion over 6 years. Unemployed workers without children will be hard hit, as will legal immigrants.

Finally, I continue to be deeply concerned about the plight of children. I simply cannot believe that eliminating an entitlement which ensures that all poor children get the food, clothing, and shelter that they need can move us individually or as a society down the path we all want to go. While some improvements were made in conference, the fact remains that children will be the ones most vulnerable to the vagaries of variable State welfare programs.

Mr. President, it is with real regret, then, that I cast a "no" vote on this welfare reform legislation. I recognize that the bill achieves many important broad objectives which are clearly desired by the public at large—including work requirements, time limits on benefits and job creation incentives. But looking at the final product, I cannot say that what we have before us is better than what we now have. The bill is, as the Senator from New York [Mr. MOYNIHAN] reminded us "radical legislation with unforeseeable consequences." Better to reject it now than try to make up for its deficiencies in the future.

Mr. LEAHY. Mr. President, it is the understanding of welfare conferees regarding the reconciliation bill that that bill exempts electronic benefits transfers from coverage of the Electronic Funds Transfer Act. The Department of Agriculture is empowered to establish regulations which will provide some protections against recipients' loss of benefits through electronic transfer systems. We encourage the Department of Health and Human Services [HHS] to develop similar regulations which will require procedures to minimize the losses of benefits for aid to families with dependent children recipients. It is also the conferees' understanding that nothing in this bill in any way prevents or discourages HHS from promulgating these essential regulations.

Mr. HATCH. Mr. President, today we take the first big step in ending the era of big government. Today, we send the states the authority to design their own programs for the needy. We move one step further away from the one-size-fits-all approach that comes from a Federal bureaucracy far removed from individual state environments and constituencies. This bill completely changes the very nature of welfare from one of endless individual entitlement to one of temporary assistance and personal responsibility.

This legislation is the result of a truly bipartisan process. I want to thank my colleagues for their work in crafting a compromise that can be supported by a majority of both parties.

I also want to congratulate the President for joining this effort. While we all wondered whether, after vetoing welfare reform twice in the last year, he would sign this measure, I am delighted that he has announced his support for this bill. I commend him for this decision. This is a great victory for Congress, for the President, for the States, for the taxpayers, and, above all, for the needy families of America.

Do we know exactly what will happen after this bill is passed? No. No one is blessed with that kind of omniscience. The current system provides an excellent illustration of the uncertainty of the future. The current system was well-intentioned at its inception. No one was deliberately trying to create a cycle of dependency or despair for beneficiaries who much too often found themselves locked into the system. However, the current system has turned out to be just that, destroying the very spirit of those who are receiving benefits. Through hindsight, we can see that the approaches taken in the current system have not, do not, and will not work. It has been a near total failure despite its worthy intentions.

We have learned from this experience. We have not crafted this welfare reform proposal out of whole cloth. We did not simply dream it up. We reviewed the findings of academics; we heard hours and hours of testimony; we poured over statistics; and we listened to our constituents.

The result is a welfare system built on a new paradigm—a "can do" philosophy that must be infused into recipients and administrators alike.

In designing a new approach to assisting the needy, we have looked to those programs that are successful in moving people to work and helping them become independent. The States have been moving in this direction and have been designing innovative and successful programs for several years. My own State of Utah is in the third year of a successful demonstration project that has just gone statewide. The Single Parent Employment Demonstration [SPED] has 90 percent of the caseload actively participating in work activities, utilizes the use of education and training to provide basic job skils, and has been successful in moving participants into unsubsidized, private sector jobs. This bill will continue this trend and allow the States to continue to design comprehensive programs to address their unique constituencies, needs, and resources.

Mr. President, this bill is not perfect. There are several things included in this bill that I don't agree with. There are many things that aren't in this bill that I think should be there. There are even some things that I think need to be changed. I would particularly like to see an expansion of the use of education and training to provide job skills for long-term employment, changes made in the language regarding existing State waivers, and a broader compromise on Medicaid eligibility to provide a level of administrative relief to the States.

However, the core reforms contained in this bill far, far outweigh these concerns. This bill contains block grants to States and gives them the opportunity to design their own systems—systems that will provide not only the wherewithal to transition people into jobs, such as child care, but also systems that have dignity, hope, and independence as the primary goals.

Throughout this debate, we heard from many who were concerned about the effects that these reforms could have on native Americans. I am pleased that this conference report retains several provisions addressing these concerns. The most important of these provisions is the native American tribal allocation provision. I would like to thank my colleagues for working with me to address this issue.

The tribal allocation provisions in this bill will provide tribal governments the same opportunities and responsibilities as the States to receive direct funding and the flexibility to design their own programs based on the unique geographical and cultural needs of tribal members. This represents a significant shift in thought and Federal policy. Through provisions like these, this legislation reinforces the Federal Government's commitment for Indian self-determination and self-governance.

Mr. President, we have heard from the American taxpayers in no uncertain terms that they are tired of paying for people to do nothing. Families who are getting up to work every day and are still struggling to make ends meet are tired of seeing families receiving assistance with virtually no obligation to work for it. This bill changes all that. Under this legislation, people must work for their benefits. No longer will beneficiaries be able to continue to receive benefits for nothing. Families receiving assistance will now be given the resources and opportunity to receive job training and education and to move into work and independence. The legislation provides child care and other support services to these families.

Mr. President, we have heard much during this debate about the children and about how this bill is bad for children. This bill is not bad for children. If there is a program that has been cruel to children, it is the current system. How can anyone say that a program that traps our families in a hopeless cycle of dependency is good for and helps children? The current system may throw money at the problem of poverty, but it does not provide a solution.

This bill provides a solution, a way out of the dependency cycle. This bill gives needy children back the things that money can't buy—hope, dignity, self esteem, and a way out of long-term dependency. The best way we can help needy children in the long run is to give their parents the skills and resources—and, yes, motivation—to enter and be successful in the labor market. It can be done. Many have done it. Many more can be successful under the new system of assistance and incentives incorporated in this bill.

Mr. President, this bill is not the end of the welfare reform debate. Congress will continue to review and reform programs for the needy of this country. The reforms contained in this bill will continue to be monitored and evaluated. We can even see some technical corrections that could be made in the near future. I assure my colleagues and the American people that the passage of this legislation does not signal the end of congressional interest in the welfare programs. Passing this legislation is only the first, most important step in a long ongoing process.

Not only is this bill only the first step in reforming the welfare system, it is also the first step in tackling the seemingly insurmountable problem of ever-growing entitlement programs and balancing the Federal budget. This is not a plateau but rather a ledge on the way to the top of the mountain. Congress must continue to look at other entitlement programs for the needy. We must look at the Medicaid Program, at Medicare, at programs for the disabled, and yes, even Social Security. Without reforming these programs, this country will find itself digging itself deeper and deeper into a black hole with no way to get itself out. But, more importantly, our citizens who have come to rely on these programs will wake up one day to find that these programs have met with fiscal disaster and are no longer viable.

Just as important as the fiscal aspect of reforming these programs is the evaluation of the role and values of the Federal Government. We must reform the very nature of Federal programs from one of dependency to one of independence and transition. I encourage my colleagues to continue this fight. We must not stop here at the first victory over big government, but rather continue the process of reviewing the role of the Federal Government and of reforming those programs that are holding us back on the way to a prosperous and secure 21st century.

Mr. INOUYE. Mr. President, I regret that the conferees on the welfare reform bill have decided to report out a measure that is short-sighted and punitive to children, the disabled, and legal immigrants. I realize that the President has indicated that he will sign this bill into law, but I have concerns, as have already been expressed by the President in his recent statement, with many of its provisions.

Preliminary estimates that this measure will push an additional 1.3 million children nationwide into poverty. Once families have reached the 5-year time limit for receiving assistance in this legislation, they will have no recourse for assistance if a poor economy leave them without the possibility of finding employment.

Legal immigrants, including those who have been in this country for some time already, will be prevented from participating in all Federal means-tested programs, including the Food Stamp and Medicaid Programs.

This measure also cuts $23 billion from the Food Stamp Program over the next 6 years. It also limits benefits for those out of work without minor children to 3 months total in a 3-year period.

This measure will cause much grief in Hawaii. The State is already at its limit in its ability to assist those living in poverty, and the changes in the Federal law will only exacerbate a bid situation

I believe that the intent of a welfare reform bill should be to make it easier for families to make the transition from welfare to work. This bill does not provide adequate resources for States to provide the necessary support for families to do so. For these reasons, I will vote against the conference report.

However, I wish to commend the conferees for including in the bill that will now go before the President important provisions that would: First, provide child support enforcement services and funding to Indian tribes; second, authorize a State to exempt any Indian tribe from the 5-year limitation on participation for any Indian residing on an Indian reservation where the resident Indian population is 1,000 or more and where the unemployment rate is 50 percent or higher; and third, establish a 2 percent set-aside for American Indian tribal governments in the child care development block grant. Given the President's statement of his intent to sign his measure into law, I am pleased that the conferees have given special attention to the very serious needs of tribal communities.

Mr. PRESSLER. Mr. President, in 1935 Franklin Roosevelt had the foresight to realize that a welfare system that replaces real work with handouts was doomed to fail the very individuals it was intended to assist. In FDR's own words,

> The lessons of history * * * show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

I am pleased that America's long, costly drug addiction to the easy, insidious welfare drug may be beginning to end today. Destructive generational dependency, illegitimacy, fraud, waste, abuse, and neglect soon will be replaced with greater self-sufficiency, responsibility and pride.

The bill before us would change the welfare system and the lives of many Americans for the better. Welfare was meant to be a safety net, not a way of life. This bill would restore the values of personal responsibility and self-sufficiency by making work, not Government benefits, the centerpiece of public welfare policy. I am proud to be a part of the team that has brought this historic legislation to the Senate and, soon, to the President's desk.

Why did the welfare system fail? The value of work was replaced with a handout, instead of a hand-up. The welfare system eroded the American work ethic. In many cases, welfare recipients today can sit at home and make double the minimum wage. Work, as my colleagues and staff know all too well, is a character building process. For generations, South Dakotans demonstrated this principle, that a hard-work ethic provides for themselves and their families. Imagine how they must feel when their tax dollars are used to support Americans who need not work. I can tell you how they feel—upset. That is why we needed workfare.

Workfare may seem innovative here in Washington, but it's not a new idea. Fifteen years ago, South Dakotans sought to develop new solutions for their welfare system. South Dakota wanted workfare, not welfare. With the reforms it has implemented, South Dakota has succeeded in decreasing its welfare caseload by 17 percent and saved taxpayers $5.6 million. Those reforms, considered radical at that time, will the vision of the future for the rest of the country when the bill before us become law. Governor Janklow first pursued workfare in the early 1980's, and former Governor Miller and our late Governor Mickleson continued with further reforms. I also want to acknowledge and commend Deputy Secretary Mike Vogel, Social Services Secretary, Jim Ellenbecker, Denny Pelkofer, Donna Keller, Judy Heinz, Julie Osnes, and the rest of the staff at the South Dakota Department of Social Services for their efforts to make welfare reform a reality in South Dakota. When today's bill becomes law, these innovators will have even greater freedom to succeed where the Federal Government has failed.

I am pleased that the final bill includes workfare amendments I had included during the Finance Committee's markup of welfare reform. These amendments ensure that welfare recipients will put in a full workweek, just as other Americans do, in order to receive benefits. My amendments also increase the number of welfare recipients who must work and tighten liberal loopholes that have allowed people to avoid real work.

This historic legislation is a dramatic turn to decentralization of government. We are putting greater faith and trust in the states to operate their own welfare programs. I am confident South Dakotans will do better than Washington bureaucrats. No longer will the Federal Government apply a one-size-fits-all welfare system run by bureaucrats. Indeed, the Federal agencies responsible for welfare will be drastically reduced. States will have the flexibility to seek solutions and alternatives to welfare problems. This bill also would do something very revolutionary for the native American community— it would give them the opportunity to run their own welfare programs. This is a great opportunity for them to seek innovative solutions as well. This bill is not just about changing the welfare culture, but also the big Government culture. We change both for the better.

Workfare is not just about restoring responsibility at the individual and State level, it is about protecting children in need. This workfare bill would ensure that children have quality food and shelter. This bill would increase our investment in child care by $4.5 billion and increase federal child protection and neglect funding by $200 million over current law. What this bill eliminates is cumbersome bureaucracy and needless regulations.

We also strengthen child support enforcement and give States new tools to crack down on deadbeat parents. These reforms represent the toughest child support laws ever passed by Congress. The past welfare system fostered illegitimacy and discouraged marriage and parental responsibility. This welfare reform would promote the basic family unit, and crack down on those who deliberately walk away from meeting the needs of their children. More and more children are growing up without the moral guidance and financial support of parents, especially fathers. This is a tragedy of our time.

I am also pleased the final bill includes provisions I authored to crack down on food stamp fraud and prisoner fraud. Last year, I was shocked to learn the extent to which prisoners are able to continue receiving welfare benefits. The workfare bill before us once and for all puts an end to cash payments to alcohol and drug addicts in prison. It also would, reward States that crack down on food stamp recipients who abuse the welfare system. Although my home State's food stamp program is ranked first in the Nation, each year $1.7 billion is lost nationally through food stamp fraud, waste, and abuse. My provision would give additional incentive to crack down on those who abuse the welfare system. I want to extend my thanks to the staff at the South Dakota Office of Recovery and Investigations, specifically Marty Armstrong, for their diligent and effective work on this matter.

Several years ago, President Clinton promised America he would change welfare as we know it. Our former colleague and majority leader, Bob Dole, made the same promise. Last year Congress delivered on that promise. We passed workfare. Unfortunately, President Clinton vetoed that workfare bill. The President vetoed workfare again as part of our balanced budget plan. Thanks to Chairman ROTH, Senator DOMENICI, and so many others we didn't quit. We produced another workfare bill. I am pleased the President has said he will do the right thing this time and support this workfare legislation.

I want to thank the conferees for their quick action in approving the welfare bill. Again, I am proud to have played a significant role in this effort to enact workfare legislation. The workfare bill before us will end welfare dependency by requiring work and placing a time limit on benefits. Tomorrow's welfare system would encourage people to become more self-sufficient and productive members of society, as was intended many years ago. Americans deserve more than a handout for today, they deserve the hope and happiness that come through personal financial independence and the self-realization of work. Welfare reform ensures a better future for all Americans.

Mr. BYRD. Mr. President, as the Senate debates the Conference Report on H.R. 3734, the Personal Responsibility and Work Opportunity Act, Senators are considering one of the most significant pieces of legislation to come before this body in the current Congress. Indeed, if this legislation is approved today—and the President signs it as he has indicated—this welfare reform legislation may be the very hallmark of the 104th Congress. This being said, Mr.

President, it is important that all Senators pay heed to the vast and complex changes that this legislation would effectuate on federal welfare policy. I intend to support the Conference Report on H.R. 3734 because I believe it represents a necessary departure from a welfare system that few will deny is fundamentally flawed. My overall support of this legislation notwithstanding, I do harbor certain reservations about the possible effects of certain aspects of this welfare reform initiative on our neediest citizens. With this in mind, Mr. President, allow me to explain why I believe that this legislation, even with its potential deficiencies, represents a marked improvement over "welfare as we know it."

Mr. President, by combining many of the current federal welfare programs into a single Temporary Assistance for Needy Families Block Grant, H.R. 3734 would effectively end the federal entitlement to welfare assistance and give the States expanded control over their respective welfare programs. Under the bill's provisions, each State must establish objective criteria for determining eligibility and providing "fair and equitable" treatment for its welfare recipients. In order to receive their full block grant, States would have to enforce rigid work requirements for welfare recipients and provide adequate child care resources to families with children. Moreover, H.R. 3734 stipulates that States, in order to receive their full block grant, must continue to spend at least 75 percent of the amount they spent on cash assistance programs in fiscal year 1995. And, importantly, H.R. 3734 would limit welfare recipients to five years of benefits and would require most welfare recipients to work at least 30 hours per week by the year 2000. In addition, to protect children of families whose 5 years of assistance have expired, H.R. 3734 permits States to use funds from their Social Services Block Grant to provide vouchers for food for children.

Finally, the legislation permanently bans illegal immigrants from receiving any Federal benefits, and bans legal immigrants from receiving most assistance for the first five years of their residency in this country.

Mr. President, having mentioned the various aspects of this welfare reform legislation that I believe will improve our system of welfare, I must also allude to a particular provision of the bill that I believe may have unnecessarily negative effects on many of the neediest welfare recipients. Specifically, I am concerned about the food stamp work requirements included in this legislation, which would limit adults without dependent children to just 3 months of food stamps every 3 years. Unemployed laid-off workers would be given an additional three months, and areas with unemployment of ten percent or more would also be given a waiver from the work requirements. Nevertheless, Mr. President, these provisions represent a significant departure from the Senate-passed welfare bill, and they also embody a complete departure from our national policy of providing our needy with the most basic safety net: food. On the surface, it might seem that the two exemptions from the work requirement provide a safety net. Yet, the Congressional Budget Office has reported that States will not be able to create the necessary jobs or workfare slots for individuals that are likely to be subjected to these new work requirements.

Mr. President, the Senate-passed measure, like the measure before us now, would penalize States for not creating the necessary jobs or workfare programs. However, this bill goes further than that by including provisions that would also punish an individual who simply cannot find a job or a workfare slot available. While ostensibly intended to target those who could work but choose not to, this provision may in fact have the worst effect on vulnerable individuals who want to work but cannot find a job. Indeed, this issue warrants careful watching. I believe the conferees would have better served this country by adopting the Senate food stamp work requirements.

While this legislation is not perfect, it represents what I believe to be a reasonable attempt to restore the concept of welfare to its original purpose: a temporary "safety net" for those who have fallen on hard times. Welfare should not be a permanent way of life for those among us who are able to work. The cost of such misguided policies is far greater than the dollars spent on providing benefits to those who choose not to work because, in time, they foster dependence and indolence among recipients and their families. This argument is not new. President Nixon, in addressing the Nation on welfare reform in 1969 said, "If we take the route of the permanent handout, the American character will itself be impoverished." Mr. President, I agree fully with President Nixon's statement and that is why I support this conference report.

(At the request of Mr. DASCHLE, the following statement was ordered to be printed in the RECORD.)

• Mr. PRYOR. Mr. President, today, I will be unavoidably absent from the Senate, as I am in Arkansas on a family matter. However, I feel it is important to express my support for this welfare reform measure and discuss briefly the reasons for my support.

My concerns in the debate over welfare reform stem from proposals that would outright dismantle the safety net in this country. For decades, the Federal Government has assumed the responsibility to help those that cannot help themselves. The welfare reform bill before us shifts much of that responsibility to the States. I voted against last week's Senate version of the welfare bill with the hope that I could improve it in the conference committee. In some ways it has improved, in others it has not.

Even so, if I were able to vote for this bill today, I would. I am not going to say this bill before us today is perfect. It is not. But I cannot justify keeping the current system. There are more individuals in poverty now than ever before. I believe we have a responsibility to seek new ways to help people help themselves. Our current system fails at this task and we must recognize this fact.

Welfare as we know it has not effectively emphasized work or pulled individuals out of poverty. I do not like all of the provisions in this bill, but I can not support the status quo.

In the past week I have heard from many people in Arkansas about welfare reform. They know how the current program works in places like Little Rock, and in Camden, in Fayetteville, and across the Arkansas Delta. They can see that the current program needs reform.

Under this bill, States will be given the flexibility to reform welfare to meet the needs of that State. Yesterday, President Clinton said that the welfare population today is different than the one 60 years ago. It is also true that the welfare population today differs from State to State. Individuals on welfare in Arkansas face different problems and have different strengths than those in New York or California. This legislation will give States the opportunity to design a welfare program unique to that State. It is a big responsibility we hand over to the States today. I pray they act wisely.•

Mr. JEFFORDS. Mr. President, I rise today to voice my support for the legislation upon which we are about to vote. We have been working on this bill for a year and a half and we've been back to the drafting table several times. Today, though, we're going to pass this bill and we have the President's assurance that he'll sign it. I am truly pleased to have been part of this historic effort, and I want to thank my colleagues on both sides of the aisle for their hard work and dedication to reforming welfare.

Does my support mean that I believe we've got the perfect bill and all of our concerns have been addressed? Do I think we've finished the job and we can forget about welfare for another thirty years? Certainly not. No one thinks that this is the perfect approach to reforming welfare. Many of us would like to see less in cuts to food stamps; we would prefer more support for children.

In particular, we're emphasizing work in a way that we never have before—and let me stress that I think we are emphasizing that goal, and I commend the bill on that point. Even so, we're not doing nearly as much as we need to do to ensure that jobs are available for people, and that people have the education and training they need to fill the available jobs. We've spent a fair amount of time and energy this session talking about job training. As we all know, reconciliation on this issue has eluded us to date. We must address this issue. The first thing people need to get and hold down a job is a good education. Too often, I think, we assume that to mean a college education. That is not necessarily true. In the next Congress, I hope we will renew our discussion of how to link education and job training so that people are able to fulfill the expectations of the jobs that are available.

Our international competitors have been leaders in making the important link between education and work. Germany for example, has long been a model for vocational education. As early as the sixth grade, students opt for a college-prep or vocational education program.

Over and over we've said people need to get off welfare and get back to work. I agree with that. We've said "you can always get a job at McDonalds." There are two flaws with this flippant argument. One is that a person doesn't earn a living wage at a fast-food restaurant—but we've had that debate. The other flaw with the argument is that even the fast food industry jobs are not as available as we'd like to believe. A 1995 Columbia University study of fast-food minimum wage job openings found that 14 people applied for every opening. Among those rejected, 14 percent hadn't found work a year later. What are we going to do for these people? What are we going to do about this problem?

While this bill makes some nods in that direction, I think perhaps its biggest failing is it fails to recognize all the work we need to do to get people back to work. So far, the necessary resources in education and job training far exceed the available resources. Job training and education are an investment that will yield us incredible returns. Last year the Department of Education released a study that found that "a 10 percent increase in the educational attainment of a company's workforce resulted in an 8.6 percent increase in productivity. Whereas a 10-percent increase in the value of capital stock such as tools, buildings, and machinery only resulted in a 3.4 percent increase in productivity." I won't belabor this point, but education and job training are issues I will continue to work on, and I urge my colleagues to do the same.

I think all of us realize that it will be our responsibility to monitor the effects of this bill, to improve and enhance those provisions that seem to work well, and to revisit those provisions that are unproductive or fall short of what's needed, such as those surrounding job training and education that I have just highlighted.

This bill is not perfect. Even so, the system we have now is not working and we need to move forward now. The bill before us takes important steps in the right direction, and is clearly preferable to the welfare program we've arrived at after 30 years under the old system.

We enacted this system 30 years ago to combat poverty, and the truth is—this system hasn't worked. In 1965, 3.3 million children received AFDC benefits. In 1990, 7.7 million kids received AFDC benefits, and in 1994 9.6 million children received AFDC. At the same time, between 1965 and 1990, the actual number of children in the United States declined by nearly 5 million. Clearly, the current system isn't working, and because of that there is strong support in this country and in this Congress to reform welfare.

Furthermore, the current system has developed into one that permits, even encourages, a lifestyle of dependence. Under the system we have now, 65 percent of families on welfare will be dependent for at least eight years. One in eight children in this country is on welfare, and nearly one in five mothers in inner cities is on welfare. Without welfare reform, millions more children will grow up dependent on welfare. Under the current system, children who grow up in families dependent on welfare are twice as likely to rely on welfare when they become adults. It is clear that for many people, welfare has become a way of life.

The bill before us will terminate reliance on Federal assistance as a way of life. We end this reliance by terminating cash assistance after 5 years of receiving benefits. After two years, we require people to get jobs. This is real welfare reform. Time limits are unprecedented at the Federal level. Five years of benefits allow adequate time for most people to get their feet under them and get back on the road to supporting themselves. But even after 5 years the line is not a hard and fast one. There can be exceptions. The bill allows a 20 percent hardship exemption for the really difficult cases. So even though we say "5 years and you're off," even then there's some leeway.

Another strength of this reform bill is that it retains the Federal safety net for nutrition benefits. One of the changes I worked hard on in the Senate version of the bill was the food stamp block grant. We eliminated the block grant option last week, and the conference bill retains the food stamp entitlement. The entitlement ensures that food stamps will always be available to our most vulnerable populations: children, the very poor, and the elderly. And food stamps will be available even after the eligibility for cash assistance has ended. I want to thank my colleagues for joining me and voting to strike the optional block grant.

Another difference between this bill and the ones we've considered previously is the money provided for child care. This bill fulfills the Governors' and the President's request for additional child care funds, and as a result we'll be spending $4.5 billion above current law on child care. In addition, the bill retains minimal health and safety standards for child care, and it maintains a quality set-aside from child care block grant funds so we might better focus on encouraging and developing good child care for our children. Finally, this bill requires that the Secretary report to the Congress on how children are affected by welfare policy change; additionally, it requires the states to report on their child poverty rates. If the child poverty rate increases by more than 5 percent, then immediate corrective action is required. I mention all of these factors because they contribute to my willingness to support this bill, and also because they illustrate that the drafters are concerned about children and intend to monitor the effect of this bill and follow up to ensure that we are bringing about the positive change we're attempting to achieve.

In conclusion, let me speak briefly on how this bill will affect Vermont. I was pleased to learn that the Governor of my home State, Gov. Howard Dean, has spoken positively of this bill. While he shares the concerns that many of us have, Gov. Dean thinks that Vermont can come out ahead under the provisions of this bill. Vermont is currently operating its welfare program under a waiver. Not only does this bill allow the State to continue its first-in-the-nation reform project, the Governor recognizes that the calculations used to determine the size of the Federal block grants mean that Vermont will have more money to spend on its welfare program.

While I am on this subject, I would like to take a moment to voice my support and praise for those states, like Vermont, that have already undertaken welfare reform through waivers and demonstration projects. I am pleased that we will allow those waiver projects to continue.

But let me urge clarification on what I consider to be a confusing and counter-intuitive provision in the bill. Under the provisions of the bill setting forth the guidelines for the temporary assistance for needy families block grants we have a section that gives States the option of continuing the waiver projects already underway. In fact, the section goes so far as to require the Secretary to encourage any State operating under a waiver to both continue the waiver and to evaluate the result of the waiver so that other States may make use of the valuable information to be gained from these demonstration projects.

However, under the hold-harmless provisions of this waiver section, we seem to forgive the accrued liability of States that choose to terminate their waiver projects. Our intent, I believe is to forgive the accrued liability of those States, like Vermont, that choose to continue their waiver projects. To take any other stance except one that also wipes those slates clean would give States incentive to terminate their waivers. States like Vermont that are already conducting demonstration projects should be encouraged and supported in their efforts to continue those projects. I understand that there may be an opportunity to revisit that issue soon, and I urge my colleagues to ensure that we're creating incentives to continue the waivers that are promising, rather than offering incentive to terminate those projects.

Another aspect of the bill that is very important to Vermont is the assurance that, as under current law, LIHEAP benefits will not be counted as income for purposes of determining food stamp eligibility. This provision is very important to poor people in cold regions of the country who may rely on both LIHEAP benefits and food stamp benefits. There was a provision in both the House and Senate bills that would have forced people to choose between heating and eating, and I thank my Senate colleagues for accepting my amendment to strike those provisions. I also want to thank my colleagues who worked on the conference committee for working to maintain the Senate bill provisions on this issue.

Mr. President, I agree with my colleagues who say this bill has flaws, and I look forward to working with them next year and in future years as we continue to work towards the proper balance between self-sufficiency and Gvernment assistance. In spite of its weaknesses, I think this is a good bill. We've worked hard over the past year and a half to get to this point and I think we've made some very positive changes that will help all Americans to be productive and contributing citizens. I will be pleased to vote "yes" on final passage.

Mr. BIDEN. Mr. President, since 1987, when I first proposed an overhaul of the welfare system, I have argued that welfare recipients should be required to work. None long years later, I am pleased that it is finally about to happen.

It has been a long road. I was pilloried by many of my friends back then for even suggesting the idea of requiring work. Today, I think everyone here believes that work should be the premise of our welfare system.

It was unthinkable a few short years ago, that we would limit the time that people could collect welfare benefits. Today, I think that is a proposition on which nearly everyone here agrees.

And, on the other side of the aisle, it was just a few short months ago, that many were unwilling to invest sufficient amounts in child care so that the children of welfare mothers would be taken care of when their mothers went to work.

We have come a long way toward reaching agreement on how best to reform our failed welfare system. And, much of that meeting of the minds is reflected in this bill. So, I will vote for it, although I believe it could have been better.

I would feel much more comfortable if we were here today debating and voting on the Bipartisan Welfare Reform Act that Senator SPECTER and I introduced in the Senate and that Representatives CASTLE and TANNER introduced in the House. It was more realistic in putting people to work; it was more compassionate to the children who did not ask to be born in poverty; and it was a model of bipartisanship from the very beginning.

Unfortunately, the Biden-Specter, or Castle-Tanner, bill is not a choice facing us today. Today, we have but one choice: this bill with its flaws or the current flawed system. And, in weighing the alternatives, the flawed—I should say failed—status quo is simply no longer an alternative.

The culture of welfare must be replaced with the culture of work. The culture of dependence must be replaced with the culture of self-sufficiency and personal responsibility. And, the culture of permanence must no longer be a way of life. I will vote for this bill, Mr. President, because it is a step toward changing the culture.

This bill will require welfare recipients to work in exchange for their benefits, and it will limit the amount of time that families can receive welfare. The bill will increase our investment in child care so that welfare mothers can go to work, and it will go after the deadbeat dads who refuse to support their own children. Finally, it will crack down on fraud in the Food Stamp Program.

These are important and crucial changes that need to be made in our failed welfare system. They have been my priorities in reforming welfare, and this bill meets those goals.

But, we should not fool ourselves. There will be people, many of them children, who will fall through the cracks because of this bill. I do not know how many. I have heard numbers thrown around on how many more poor children there will be under this bill. To tell the truth, no one knows for sure. But, there will be some. And, for that, we should not brag or boast or pound our collective chests or, as one Member of the other body did yesterday, claim that this will be great for America.

However, that's not a reason for failing to move forward. It is a reason for watching closely what happens as we move forward. As this new welfare system is implemented, we must monitor it with a microscopic eye. And, I hope the authors of this legislation will be as willing to make corrections if corrections are needed as many of us have been willing to vote for a good, but not perfect, bill.

And, this is not a perfect bill. In fact, I do not even believe this is the best bill we could have written. But, it is a good bill. And, it is time to move forward.

Mr. COHEN. Mr. President, about 11 months ago, the Senate passed a welfare reform bill by an overwhelming 87 to 12 margin. That vote demonstrated that there was strong, bipartisan agreement that the current welfare system needs a dramatic overhaul. After almost a year of discussion relating to the best way to reform the current system, it is satisfying that the same bipartisan spirit will be present when we vote on a welfare reform plan for third time.

The current system, with its trademark entitlement programs, has been only marginally successful in providing for the most basic needs of low-income people, and has been a dismal failure in encouraging recipients to become independent.

While we supported changes in 1988 to emphasize work in our welfare system—those reforms included so many exemptions that the incentives to work were seriously undermined. Those reforms did not do enough to help us distinguish those who had fallen on hard times and needed a helping hand from those who simply refused to act in a disciplined and responsible manner. When welfare is a Federal entitlement, it is very difficult to make that distinction.

The legislation before us today will put welfare recipients on notice that their time on the system is limited. We are offering them assistance with child care, health care, and training to become self-sufficient. In return, recipients are expected to put in time improving their education, participating in training, and getting a job to get off the system permanently.

As recipients increase their efforts to comply with these new requirements, States must understand the responsibility they are accepting with the flexibility gained from the block grant. The Federal Government is ending the 60-year philosophy that anyone at anytime is entitled to cash assistance.

The philosophy has changed to: we will help someone get a job and keep a job by providing child care and health care for a specified period of time. This shift in philosophy means that the culture of State welfare offices must evolve into the culture of a job placement service where the focus is getting jobs, not mailing checks.

This legislation also takes a big step forward to reinforce the importance of families in society. Regrettably, too many of our young people are growing up without two parents involved in their lives; 92 percent of AFDC families have no father in the home. This bill recognizes that reducing out-of-wedlock births is an important goal, but does not prescribe Federal solutions that would hamstring the ability of States to try different approaches.

One of the most essential ingredients for self-sufficiency is the availability of child care. By funding child care activities at almost $22 billion, States will have the resources they need to design successful return-to-work programs. With this enhanced funding, parents will have some assurance that their children will be cared for in safe settings.

As the President indicated yesterday, this bill is not perfect. One of my principle concerns is the impact of cuts in food stamps on the working poor. Food stamp benefits do not extend just to families on AFDC. The Food Stamp Program plays an important role in helping poor, working families make ends meet.

Food stamps are the front-line defense against poverty, providing a minimum safety net of 1 out of every 10 people in Maine. This program has proven vital in improving the health of our children and the elderly, and protecting people with disabilities. We need to ensure that this program retains its vital mission: to ensure that families have enough resources to buy food.

One of the most important provisions in this bill is the emphasis on the collection of child support and establishing paternity for children born out-of-wedlock. Child support collections continue to increase across the Nation. The Republican bill includes provision which will encourage even greater increases in child support collections. By taking a tougher stand to establish and then enforce child support orders, some of the families currently tied to the welfare system may be able to get loose.

It is obvious that no one likes the current system. Governors don't like it, welfare recipients don't like it, and the public believes that welfare programs serve only those people who want to take advantage of the system. As a result, support for antipoverty programs has eroded drastically in recent years.

By injecting a work ethic into our welfare system and emphasizing self-sufficiency, which this bill does—we are on the right track. This bill comes very close to providing resources and incentives that will improve our antipoverty programs, but I also hope we will continue to work to ensure that our most vulnerable populations are protected.

Mr. GLENN. Mr. President, today the Senate will be voting to transform the Nation's welfare system. Despite some changes, I believe that the fundamental flaws of the Senate and House passed bills remain and therefore I will vote against the conference report.

Children and low-income working men and women will be the victims of this legislation. There are already far too many poor children in this country and I believe that this bill will in the end cause many more children to live in poverty. I am particularly concerned that in Ohio alone, as many as 43,500 children will be pushed into poverty by the implementation of the bill before us. Mr. President, I cannot support legislation that would cause this kind of harm.

I have been concerned from the start that simply washing our hands of the Federal responsibility for welfare and turning it over to States is no guarantee of success. This is risky policy and there will no longer be any mechanism for guaranteeing a national safety net for our poorest families.

I am concerned that the work requirements in the bill can not be met. States that do not meet employment goals will lose part of their block grants. Penalties would rise from 5 percent in the first year to 21 percent in the ninth year. The Congressional Budget Office has already reported that most States will be unable to meet the work requirements. This legislation lacks the necessary commitment or resources to help people move from poverty to meaningful employment. It does not provide any specific funding for States to help people find or train themselves for better-paying jobs. Rather than moving people off welfare and onto work, this bill emphasizes cutting off welfare.

While I support reform that promotes personal responsibility and community initiatives, I cannot support legislation which undermines the national safety net and reduces resources for hungry families.

Mr. GRAHAM. Mr. President, during consideration of the Senate reconciliation bill, two definitions regarding immigrants, section 2403(c)(1), and in section 2423, section 213(A)(f)(2), were stricken because they contained material that was not under the jurisdiction of the Finance Committee. Specifically the definitions denied all means-tested benefits to immigrants including benefits subject to appropriations.

The Parliamentarian also agreed that the provisions violated another section of the Byrd rule, section 313(b)(1)(D). Section 313(b)(1)(D) prohibits language in a reconciliation bill or conference report if the deficit reduction is merely incidental to the larger policy changes contained within the provision. The Parliamentarian agreed that since the reconciliation process is confined to mandatory spending, expanding the scope of provisions to include benefits provided by discretionary spending was a violation of the Byrd rule.

The conferees were certainly notified about these rulings and the offending provisions were not included in the conference report.

Moreover, would the Senator agree that, when the Senate struck these sections as violating the Byrd rule, the Senate's intent was to prevent the denial of services in appropriated programs such as those that provide services to victims of domestic violence and child abuse, the maternal and child health block grant, social services block grant, community health centers and migrant health centers? Does the Senator agree that recipients of appropriated funds are not forced to conduct checks on citizenship and immigration status when providing community services?

Mr. KENNEDY. Yes. Under the Byrd rule, the budget reconciliation process cannot be used to change discretionary spending programs. Only mandatory spending is affected.

Mr. GRAHAM. Is this consistent with the understanding of the Senator from Nebraska as well?

Mr. EXON. Yes. As ranking minority member of the Budget Committee, I have been concerned to ensure that the budget reconciliation process is limited to affecting mandatory spending and is not misused to achieve other objectives. Budget reconciliation's departure from ordinary Senate rules of debate must be carefully limited to its original and proper purpose. Our colleagues on the other side of the aisle shared this view when they agreed to strike the offending provisions from the Senate bill.

Mr. GRAHAM. Would the Senator agree that the version of the bill recommended in this conference report is consistent with this understanding?

Mr. EXON. Yes. These provisions stayed out of the bill in conference, as the conferees sought to avoid another challenge on the Senate floor that these provisions violated the Byrd rule. This manifests our intent to keep this bill within the proper parameters of budget reconciliation.

Mr. President, changes in discretionary programs on a reconciliation bill, such as the ones mentioned by the Senator from Florida and the Senator from Massachusetts, result in no direct budgetary savings and are therefore extraneous under the Byrd rule.

During floor consideration of this legislation, we struck section 2403(c)(1), and in section 2423, section 213(A)(f)(2) because they contained material that was not under the jurisdiction of the Finance Committee, namely many discretionary programs, because they violated section 313(b)(1)(C) of the Budget Act. These provisions also provide no budgetary savings, and violating the intent of section 313(b)(1)(A) of the Budget Act, but because they were cleverly embedded in language which did provide direct budgetary savings, it was difficult to fully enforce the Byrd rule. Nonetheless, it is clear that this bill should not be used to make changes in discretionary programs, and those who look to interpret the action of the Congress should take this into account.

Mr. President, the purpose of the Byrd rule is to prevent reconciliation bills from being loaded up with provisions, such as these, that have no budgetary impact. This is important because reconciliation bills move in the Senate under special rules which limit amendment and time for debate. Without the protections provided by the Byrd rule, it would be far too easy to take advantage of the privileged nature of reconciliation to enact controversial items without proper consideration in the Senate. Allowing reconciliation to be used in this manner fundamentally undermines the basic nature of the Senate's rules which protect the voice of the minority and damages the Senate as an institution.

For this reason, I feel it is important to bring these provisions to the attention of the Senate, and I thank the Senators for their efforts.

Mr. LEVIN. Mr. President, today, the Senate will reach a milestone in the long and sometimes twisting journey of welfare reform legislation. The Senate will pass this bill, as the House of Representatives did yesterday. The President has told the Nation that he will sign it, and soon it will become law. I will vote in favor of this bill because it is a step toward ending the present system which simply does not work and replacing it with a system which requires and rewards work. I wish, however, that we had before us a reform bill which I could wholeheartedly, without reservation, endorse and support. I would greatly prefer a bill, for example, like the work first legislation which contained a Federal safety net for children and which I cosponsored with Senator DASCHLE and many of my colleagues or even like the bipartisan Biden-Specter approach which I voted for in the Senate.

The bill before us is an improvement over the legislation which I opposed last year and which the President vetoed because, among other things, it provides more support for child care, retains needed child protection programs and services, includes my amendment strengthening the work requirement, does not block grant food stamp assistance, requires a greater maintenance of effort from the States, and doubles the contingency fund to help States in times of economic downturn. However, it contains a number of serious flaws. That is why it is a milestone and not a final destination. It will need repairs. As the President has indicated, there are aspects of this legislation which the Congress will be required to revisit. And beyond that, I believe that this kind of sweeping reform involves an element of risk. Although our efforts are directed toward improving the system, recognizing within the welfare system the principle of the value of work, assuring the protection of children and reasserting the responsibility of absent parents to their children, we cannot possibly be sure that all the effects of such sweeping reform will be those intended. For that reason, the Congress must remain vigilant in its oversight and monitoring of the impacts of this legislation. We must stand ready to address negative impacts. If critics are fully correct and there is a large increase in the numbers of American children who find themselves impoverished, we must stand ready to remedy quickly the defects in this bill.

For a number of years, I have been working toward reform of the welfare system. The existing system has failed. It does not serve families and children well. It does not serve the American taxpayer well. It was created to meet the needs of families in hard times. Unfortunately, for far too many, what was intended as a safety net has too often become a way of life, a cycle of dependency. It is wrong to allow such a system to continue.

Meaningful reform should protect children and establish the principle that able-bodied people work. It should tighten child support enforcement laws and be more effective in getting absent fathers to support their children. the bill before us represents a constructive effort.

The funding levels in this bill are aimed at assuring that adequate child care resources will be available for children as single parents make the transition into work. Those levels are significantly improved over last year's bill. This strengthens the work requirement because it better assures that States can effectively move people into job training, private sector employment, and community service jobs. The bill will provide the kind of flexibility which the States have been asking for. Now, they must step up to the task and meet their responsibility. If they fail, this reform will fail because it is built on the foundation of getting able-bodied people back to work.

I am particularly pleased that this legislation includes my amendment which I first offered last year which greatly strengthens the work requirement in the bill. The original legislation required able-bodied recipients to work within 2 years of receipt of benefits. My amendment adds a provision which requires that unless an able-bodied person is in a private sector job, school, or job training, the State must offer, and the recipient must accept community service employment within 2 months of receipt of benefits.

As I have said, I am deeply concerned by several provisions contained in this legislation. I am afraid that the reductions in food stamp assistance may go too far, although the conference committee added $1 billion in food stamp assistance back in. Also, while some language was added in the conference to allow States to use some funds under this bill to provide noncash vouchers for minimum safetynet support to children of families which lose their benefits they have reached the 5-year limit on assistance, I believe such minimum aid should be mandated. We will want to monitor how the States handle this problem. And, I am concerned that the provisions included, denying benefits to legal immigrants, are too harsh. I particularly object to the impact on legal immigrants who are already in the United States and on legal immigrants who come here, work hard, and then may unfortunately become disabled. As the President stated yesterday, these provisions don't belong in a bill relating to welfare reform.

I am also concerned by a provision in the bill which did not appear in either the House-passed or Senate-passed bill. Both the House and the Senate bills prohibited penalties against single custodial parents with children under 11 years old who cannot find adequate, affordable child care, as determined by the State. Inexplicably, the conference committee changed that provision to lower the protected age to children under the age of 6. Again, I think this is a matter which Congress should monitor closely as it is applied in the States, and revisit it, soon.

Mr. President, the decision on this bill is a difficult and a close one. But, I believe we must reform the broken welfare system which currently serves America's children poorly and serves the American taxpayer poorly. But, as we move forward on a bipartisan basis, we must vigilantly work with the States, to make this reform successful, to get people back to work, and to improve the lives of America's most vulnerable children, with an on-going commitment that mistakes will be addressed, and shortfalls will be reevaluated.

Mr. HATFIELD. Mr. President, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 moves our Nation in a positive direction by reforming our current welfare system. Not only does it eliminate the entitlement status of welfare, but the bill requires those able-bodied recipients who can work, to work. In addition, the bill provides $4.5 billion more for child care than current law, maintains Medicaid eligibility for those citizens who qualify for assistance, and allows those States who are operating under Federal waivers to continue to do so. The child care and Medicaid provisions in this bill will allow welfare recipients to better make the transition to work. Also, the Federal Government, by allowing States to continue with their innovative welfare reform programs, will see continued successes, as in Oregon, in welfare reform.

As chairman of the Appropriations Committee, and while currently embroiled in the appropriations process, my experience has taught me all too well the dire consequences of continuing, without change, entitlement programs that we do not, and cannot control. We can no longer keep spending until all needs are met. These entitlement programs place a great burden on the Appropriations Committee and more importantly, a burden on the many other needs of our Nation.

Only through a commitment to providing better opportunities for those living in poverty will we find a solution to poverty. We can achieve a reduction in welfare spending while working to transition the impoverished, out of poverty. The recent vote in the Senate to increase the minimum wage is an indication of Congress' commitment to ensure that in the area of employment, a minimum standard is assured. However, Congress cannot eliminate poverty by merely raising the minimum wage. There is a cycle of poverty which is passed from generation to generation, and it is the root causes of this poverty that must be addressed: a lack of education and access to upward social, and economic stability. Education is the key to the success of society. Citizens without the opportunity to educate themselves, to increase knowledge and skills, will weaken in despair, maintaining the status quo at best. In my home State of Oregon, the Governor's office, county commissioners, and the Oregon Workforce Quality Council, are only a few among many who have worked towards improving job training. As a result of the efforts in Oregon, in only a few years Oregon has reduced their welfare roles by almost 25 percent. By progressing towards a seamless link amongst differing human resource agencies, Oregon has made outstanding progress in integrating education, employment, and training programs. These are key links in ending the cycle of poverty. Thus, I am pleased to see waiver language contained in this bill which will continue the welfare reform process. With this added flexibility Oregon will be able to continue its extraordinary welfare program.

Mr. President, we have chosen to address welfare reform and Medicaid reform separately; a decision which I cannot fully support. Welfare reform is an integrated effort which includes: child care, effective job training and quality health care. To end welfare as we know it we must allow our citizens the opportunity to climb out of the welfare trap and become productive citizens of our Nation. Without an integrated approach the entire system is placed in jeopardy. Thus, I am dismayed that we did not reform Medicaid while reforming welfare, for they are an integrated pair. However, I am satisfied at this point to know that Medicaid will remain intact for our citizens who are fulfilling the work requirements of this bill. Furthermore, I am pleased that the State of Oregon will continue to operate its Medicaid system under the Oregon health plan. Under the Oregon health plan, my State has enrolled 114,000 more Oregonians who would otherwise not have had access to health care. The Oregon health plan required numerous Federal waivers to achieve this success, and I am hopeful that Medicaid reform, whenever enacted, will have similar success as in Oregon.

I ask unanimous consent to have printed in the RECORD a letter from the State of Oregon endorsing this bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OREGON DEPARTMENT OF
HUMAN RESOURCES,
Salem, OR, July 31, 1996.

Hon. MARK O. HATFIELD,
United States Senator,
Washington, DC.

DEAR SENATOR HATFIELD: Thank you for your ongoing work with us on both our welfare reform waivers and the current pending legislation. Your assistance has made it possible for Oregon to continue to improve upon its extraordinarily successful strategies to move families from poverty to employment.

Regarding the current bill, it is my understanding that the conference committee has allowed states the option to determine if, after a five-year period following enactment, qualified aliens (generally speaking, legally residing non-citizens) would remain eligible for Medicaid coverage. With this issue resolved, the Department of Human Resources is satisfied that the bill will allow the State to have more flexibility and success in helping Oregon families become self-sufficient than would be possible under current law.

Sincerely,

GARY WEEKS,
Director.

Mr. HATFIELD. In Oregon, we are reducing our welfare roles by training our workers and putting people to work. This is being accomplished through a concerted effort of local, State and Federal officials striving together towards a common goal of putting people to work. We are demonstrating that welfare reform is an integrated system of job training, child care, personal responsibility, and health care.

Mr. BINGAMAN. Mr. President, today the Senate will vote to change the Nation's welfare system. While I hope these changes will make people's lives better, I greatly fear that these changes will do far more harm than good.

Let me say I believe the country needs welfare reform, and I strongly support some portions of this bill. I support requiring all able-bodied recipients to work, turning welfare offices into employment offices, providing adequate child care and requiring strong child support enforcement. This bill achieves some of these goals, but I am deeply concerned that it will push more people into poverty instead of lifting them out.

I am encouraged by the President's commitment to pursue these concerns and come back next year to propose changes to this legislation. In fact, I wish we had incorporated those changes in this bill.

I have been hopeful that this Congress would achieve real welfare reform. A good bill would encourage adults to work without threatening the well-being of children or legal immigrants or the States that need welfare assistance most. I originally voted for welfare reform legislation in the Senate with hopes of ultimately achieving this goal.

Unfortunately, this has not happened. In the highly politicized environment in which we find ourselves, I fear that we are trading an admittedly imperfect system for one that may prove to be far worse for our Nation's children and poor. That is why I am voting against the conference report before us.

I have been persuaded that this bill will hurt New Mexico. While under this bill, States may have substantial discretion on how they administer welfare benefits, it is equally clear that they will have substantially less money with which to administer those benefits.

I believe this bill will increase the number of children living in poverty in our State. Relative to other States, low per capita income states like New Mexico will suffer. According to the New Mexico Human Services Department, the number of families on welfare is increasing in New Mexico—from an 18,400 caseload in 1989 to 34,000 cases per month in 1996. New Mexico cannot easily absorb funding cuts when the caseload is growing and the State budget is not.

This bill requires progressively more hours of work, from a greater percent of each State's caseload every year, with States losing cumulatively more funding each year they fail to hit their targets. While I am a strong proponent of work requirements as an integral part of welfare reform, I am skeptical of this approach.

Currently, unemployment in New Mexico is 6.8 percent, higher than the national average of 5.3 percent. While we have experienced a recent period of high job creation, many of those new jobs are concentrated in our urban centers and are not likely to be accessible to those who live in rural areas. And what will happen to New Mexico in the event of an economic downturn, when rates of job creation are not so high? This bill provides a penalty of a 5 percent cut in Federal funds for the State's block grant that will be increased to a maximum of 21 percent cut should targets be missed in consecutive years. The National Governors' Association [NGA] shares the concern that many States will have difficulty in meeting the work requirements. This will leave States with the choice of using State and local funds for education, training, and child care, or throwing more people off the rolls so it will be easier to hit their work targets, or cutting far back on benefits.

The nonpartisan Congressional Budget Office has said that, over 6 years, this bill falls $12 billion short of the funding needed to meet the work requirements of this legislation, and about $2.4 billion short in child care resources. Currently, the caseload in New Mexico is growing. Who will be forced to pick up the shortfall? State and local governments will.

Last year in New Mexico, 239,000 recipients in 87,000 households relied on food stamps. About $28 billion in savings realized by this bill will be in food stamps. Such cuts to funding benefits erode the integrity of the safety net for those who need it most. I say again that we are trading in an imperfect system for one that may prove much worse.

Our common goal is to eliminate public assistance as a way of life while preserving temporary protections for those truly in need. We can do this without denying the basic needs of innocent children and without driving State and local governments further into debt. I look forward to voting for the necessary amendments to this legislation in the next Congress.

Mr. DOMENICI. Mr. President, I am pleased that the welfare reform conference report includes a suggestion I made to the conferees.

Before final passage in the Senate, I suggested that we delete a direct spending appropriation that was in the Senate-passed bill—section 2211(e)(5).

This provision would have given the Social Security Administration [SSA] $300 million in entitlement funding for administrative costs associated with welfare reform.

Although it is important to make sure SSA gets the funds it needs to implement welfare reform, I oppose creating new entitlement spending for Federal agencies.

As an alternative, I suggested that we build upon a process that is already in current law and which adjusts the discretionary spending caps to accommodate additional funding in the appropriations process for SSA to do continuing disability reviews.

I am pleased that the conferees accepted this approach.

Let me also clarify one issue.

The language in the conference report provides that the chairman of the House Budget Committee must take back the cap adjustment in the event the President vetoes the bill.

For the record, we do not need this explicit authority in the Senate. The chairman of the Senate Budget Committee already has the authority to reverse adjustments of this kind in the event the legislation does not become law.

Mr. LIEBERMAN. Mr. President, I rise to support the conference report and welfare reform.

The Congress and the administration have worked now for over 3 years to reform the shameful situation in which millions of Americans on welfare find themselves. Parents seeking work are discouraged from doing so by the current system. Teenage mothers languish alone in households without the support of their children's fathers and often without proper adult supervision. Welfare as we know it has allowed these societal ills to fester and drain increasingly large amounts of public assistance funds. The current system has made it too easy for young men to father children without assuming either the financial or emotional responsibilities of parenthood. For too long, society has assumed the responsibility of caring for poor children with welfare checks, while not placing expectations of accountability upon the young parents. Too many families face the daily burden of survival, unemployment, and society's suspicion of their unwillingness to change their situation.

The provisions of this conference agreement can ensure that our welfare system will finally reflect a respect for two of the most fundamental values of our society—an adherence to the American work ethic balanced with a compassion for those truly unable to care for themselves. This bill redirects hard-earned tax dollars toward achieving employment opportunities for adults and improvements in the quality of life of children.

First and foremost, it eliminates the possibility of receiving public assistance without any intention of making some kind of a contribution to society in return. Beneficiaries will be aware that from the day they receive their first check, the clock will be ticking. Society is fulfilling an obligations to help them get back on their feet, and they in turn are obligated to make every effort to receive job training or education and to find employment. The employment of parents will enrich their children not only financially, but morally as well. In watching their parents benefit from educational opportunities and engage in gainful employment, children may embrace a valuable work ethic and eventually be better able to free themselves from the cycle of poverty and welfare dependence in which they are currently entrapped. States will also have an incentive to help beneficiaries find work. Welfare offices should become employment offices as States strive to move recipients into the work force in order to earn a performance bonus from the Federal Government.

The conference bill also holds the hope of protecting children and reducing welfare spending by attacking the problem of unmarried teen parenthood. Welfare will no longer encourage the proliferation of single and uneducated parents by automatically and unconditionally underwriting the mothers who bear children out of wedlock. Children born out of wedlock are shown by studies to be three times more likely to be on welfare as adults than their peers. By implementing this bill, however, the Federal Government will require States to combat this problem and hopefully prevent it in a number of ways. First, paternity must be established for all children born out of wedlock at birth as a condition for receiving assistance, and fathers will be required to pay child support and set a good example for their children by engaging in either private sector or community service jobs. Mothers must live with an adult parent or relative or in an adult-supervised, strictly run Second Chance Home where they can learn skills necessary to the proper management and care of a child and household. A further condition of receiving assistance is a commitment to educational advancement. Young mothers must stay in a school or training program as a condition of continuing to receive welfare checks.

This welfare reform bill will additionally work to prevent a new generation from entering into the cycle of early parenthood and welfare dependence by making it a national goal to lower teen pregnancy rates. It establishes a national campaign that will assure the creation of teen pregnancy prevention programs in at least 25 percent of American communities by 1997. It includes two amendments which I authored with the intent of combating this problem. One will require the Justice Department as well as the States to crack down on what studies show is a class of older men—many of them predatory—who father the children of young girls in the majority of teen pregnancy cases. The second amendment requires States to reserve a portion of their social service block grant funds for programs and services that educate young people about the consequences of premarital pregnancy. As we reduce the number of teens who become pregnant, we will be increasing the number of children who are able to enjoy a childhood without deprevation.

There are other aspects of this legislation which have been framed with the protection of children in mind. For example, minor children continue to receive Medicaid even if their parents lose coverage as a penalty for not getting off of welfare into job training and work. Families can also be eligible for transitional Medicaid coverage as they move from welfare to work. These provisions are vital as many parents currently refrain from finding jobs and moving off welfare for fear of losing the medical coverage for their children that welfare provides.

Mr. President, this bill provides a significant improvement over the Senate-passed bill in allowing States to provide needy children of parents who go off of welfare with vouchers through the title XXblock grant. The legislation also answers the all-important question of who will care for the children as their mothers and fathers move into the world of education and work. We have designated $13.8 billion—a substantial increase—to be spent just on child care over the next 6 years, and we have retained child care health and safety standards. Moveover, we will not penalize mothers with children under the next 6 years, and we have retained child care health and safety standards. Moreover, we will not penalize mothers with children under the age of 6 who do not accept employment because they cannot find or afford child care. I would have preferred the retention of the Senate provision in this regard which allowed the mothers of children age 6 to 11 who cannot find adequate, affordable child care to stay home with them without penalty.

Mr. President, this is a good bill—a giant step forward from the welfare status quo—but it is no more perfect than any other bill that has passed the Senate on a big, complicated problem. I am especially concerned by the food stamp provision which is a real break with what was agreed to in the Senate-passed bill. It limits the receipt of food stamps by jobless individuals who do not have children to 3 months out of a 3-year period and allows no hardship exemptions. This is far harsher than the Senate provision which allowed jobless individuals to receive food stamps for 6 months out of each year as well as a 20-percent hardship exemption. Food stamps are also now cut for households receiving energy assistance, a proposal not included in the Senate bill. The conference report also cuts the cap on the shelter deduction by $42 and takes away food stamps for more families with children who pay over half their income for housing. And I remain very concerned about the ban on food stamps, Medicaid, and other assistance for legal immigrants; it has no good place in a welfare-to-work bill.

As the President has urged, we must keep these issues in mind for repair in the future even as we recognize that this legislation is definitely an improvement in the current welfare program. In voting for this bill, we will realize an historic opportunity to meet President Clinton's call to "end welfare as we know it." We will have also proven to the American people that the Federal Government is capable of bringing about change through bipartisan cooperation.

This is not the end of welfare reform but it is the largest step forward we have taken to improve the way America cares for its poor, and tries to make real for them the dreams of equal opportunity, which is the driving impulse of our history.

I thank the Chair and yield the floor.

Mr. GRAHAM. I wonder if my colleague could address one point on this bill. I notice that the term "Federal means-tested public benefit" was defined in previous versions of the bill. However, in this conference report, no definition is provided.

Mr. CHAFEE. It is my understanding that the Parliamentarian noted that the previous definitions of "Federal means-tested public benefit" were broad enough to include discretionary spending. According to the Parliamentarian, that inclusion caused the definition to violate Section 313(b)(1)(D) of the Byrd rule, which prevents reconciliation legislation from extending its scope to items that provide merely incidental deficit reduction, that is, discretionary programs.

Therefore, when the bill was considered in conference, I understand that there was an intentional effort to ensure this provision complied with Byrd rule by omitting the definition of that particular term.

In other words, then, the term "Federal means-tested public benefit"—if it is to be in compliance with the Byrd rule—does not refer to discretionary programs. I would assume that programs such as funding for community health centers, as well as the maternal and child health block grant, would not be impacted.

Mr. GRAHAM. I thank the Senator for clarifying that point.

Mr. DOMENICI. Mr. President, I believe our last Senator, other than the leader and myself, is Senator THURMOND, and he would like 8 minutes. We have plenty of time, so I give him 8 minutes.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I rise in support of the conference report to H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. This legislation reforms welfare to emphasize fundamental American values. It rewards work and self reliance, promotes personal responsibility, and renews a sense of hope in the future. Additionally, the bill slows the growth of Federal welfare spending, thus reducing the Federal budget deficit by $55 billion over 6 years. The measure does provide sufficient increases in spending to protect vulnerable populations.

This Congress previously passed two welfare reform bills. The President subsequently vetoed those bills, despite his 1992 campaign pledge to end welfare as we know it. I hope as we send him another bill, that the President will finally keep his pledge on this issue, and sign the bill.

Mr. President, more than 30 years ago the Federal Government declared its War on Poverty. Since then, the number of individuals receiving aid to families with dependent children has more than tripled. Over two-thirds of these recipients are children. The increase in the number of children receiving public assistance is closely related to the dramatic increase in births to unmarried women, particularly to teenage young women. Mr. President, the War on Poverty has inflicted many casualties. Multiple generations of children have grown to adulthood, continuing welfare as a way of life. Mothers and children have been abandoned. Families have been destroyed by long-term dependence on Government. The War on Poverty has been costly, both in terms of human suffering and taxpayer dollars spent.

In contrast, this reform measure takes steps to promote stable families and discourage illegitimacy. We recognize many children in America are vulnerable. In response to this need, the bill guarantees they will continue to receive the support they need. In doing so, the prospects of children in welfare families are greatly improved.

Mr. President, the measure before us is built on five main principles, which I believe are supported by residents of South Carolina and by the American people in general. I would like to briefly summarize these pillars of welfare reform.

First, welfare should not be a way of life. By placing lifetime limits on benefits, this bill ensures that welfare will be temporary assistance to those who are in need.

The second principle is work, not welfare. Able-bodied beneficiaries will, for the first time ever, be required to work for their benefits. This principle is designed to restore dignity to the individual and fairness to the system.

Third, welfare for noncitizens and felons will be limited. The bill provides adequate exceptions for emergency benefits, for refugees, and for those who have contributed to this Nation by paying taxes for 10 years or through military service.

Fourth, the bill encourages personal responsibility to halt rising illegitimacy rates. This legislation seeks to counter that trend by increasing efforts to establish paternity and enforce child support orders. Furthermore, the bill encourages the formation and maintenance of two-parent families.

Finally, this legislation returns responsibility and flexibility to the States. The national Government has an obligation to promote the general welfare of the United States. At the same time, we know that those who are closest to the problem are better able to provide for the specific welfare of needy individuals. This bill establishes general guidelines and provides broad cash welfare and child care block grants. With this flexibility States can design programs that meet local conditions and particular needs.

Mr. President, like the two vetoed bills that preceded it, this bill has many provisions that will encourage work and education, lessen dependency on the Government, and foster an environment to reduce unwed and teen pregnancy. The legislation also ensures that needy Americans will receive a wide range of services including cash assistance, child care, food stamps, medical care, child nutrition, and disability payments. The bill also contains strong provisions related to child support enforcement, child protection, foster care, and adoption assistance.

I compliment the managers of the bill who have brought historic reform to our welfare system. This bill deserves our support. I thank the Chair and yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I yield 2 minutes off our side to Senator FORD to go along with whatever he has.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. EXON. I yield 2 minutes on our side to the Senator from Kentucky.

Mr. FORD. Mr. President, I thank my friend from New Mexico for allowing me to have a couple minutes.

Mr. President, I think we need to be very careful to put this bill into perspective. Yes, it will modify a system that no one defends. Yes, it will give States more flexibility to deal with their poorest citizens. Yes, it will provide more for child care than H.R. 4, easing one of the greatest barriers for those on welfare who want to work. All of these things are good reasons for supporting this bill.

But I find some of the predictions of what this bill will do to be a bit of a stretch. It is being suggested by some that this bill will reduce the poverty rate, the illigitimacy rate, the teen pregnancy rate, the crime rate, and just about every other kind of rate you can imagine. We hear that this bill provides dynamic opportunities for education and training and is the opportunity that people who are poor in this country have been asking for.

Well, I hope the strongest supporters of this bill are right. Sometimes I wonder when I listen to some of these speeches just how many poor people some of my colleagues have ever met. Maybe they could come to eastern Kentucky. Maybe then they could understand how difficult it is to determine whether a lack of personal responsibility or a lack of opportunity is the greater cause of poverty.

For those of us in the middle of the political spectum, this is a tough vote. When I hear some of the predictions about what this bill will do, I am skeptical. I have a hard time figuring out how it will affect my State.

We have been doing some innovative things in Kentucky with welfare reform. We are one of the 10 States left that has not obtained a Federal waiver from welfare laws—something you hear so much about in Washington today. Yet we are 1 of the top 10 States in reducing our welfare rolls—reducing welfare rolls without a waiver—23-percent reduction since January 1993. We have tried a lot of things to put people to work. Our current Governor is looking at even broader changes—maybe this bill will allow him to do most things without having to worry about a waiver request, and that is a good thing.

But when I talk to those in my State about why our welfare rolls have come down, the most important reason I hear about is the improvement in the economy. I remember how tough the vote was in 1993 on the deficit reduction package. I believe that vote had a lot to do with the strength of our economy today. In many ways, that bill may have been much more important in reducing welfare rolls and putting people to work than the welfare bill before us today.

And speaking of predictions, I remember the predictions that opponents of deficit reduction made in 1993. They said the 1993 deficit reduction package would cause a recession, cost jobs, increase inflation, cause interest rates to rise, fail to reduce the deficit below $200 billion, and shake up the stock market. Guess what, Mr. President? Our friends who made these predictions were zero for six. That kind of batting average won't even get you in the minor leagues. Just this morning, we learned that the economy grew in the second quarter at an extremely strong annual rate of 4.2 percent. We have a healthy, growing economy, and the deficit has been cut from $290 billion to $117 billion and may go below that. These are important reasons why the welfare rolls are down in my State by 23 percent.

Some of our colleagues who made those wrong predictions about the 1993 deficit reduction package are the same ones making the boldest predictions about what this welfare bill will do. So I am skeptical.

I am willing to support, and will support, this conference report for the steps it takes in the right direction. But we need to monitor the impact of this bill very carefully. About the only thing we know for sure is that it will reduce the growth in welfare spending by about $55 billion over the next 6 years. We hope it will achieve some of the other things that are being predicted today, and at least give our Governors and State legislatures more flexibility in experimenting and designing programs which address poverty. I hope that we will see more success at the State level. But somehow, I am also quite certain that as we monitor the impact of this bill, we will quickly find out that this is not the end of the welfare reform debate, and that future Congresses will find there is much more work to be done. I thank the Chair and yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Senator ROTH started off today following me. Since he is the chairman of the committee that wrote most of this, we thought it might be appropriate that he give the closing argument. We have saved time for him. I yield 5 minutes to Senator ROTH.

Mr. ROTH. Mr. President, in these last few minutes before we put August 1, 1996, into the history books as the day we end the welfare system as we know it, I will close with a few observations and some important acknowledgments.

Last February, after welfare reform had been vetoed twice, the Nation's Governors restarted today's legislation by reaching a unanimous agreement to reform welfare. Gov. John Engler of Michigan testified before the Finance Committee later that month and put this entire debate into its proper perspective. He said:

> Just consider the Washington Post headline describing what the governors' policy—adopted unanimously with the support of our most conservative and most liberal governor and everybody in between—meant.
>
> The Post headline read, "Governors' reform plan would break with 60 years of policy."

Governor Engler went on to say:

> Remember what the governors propose is changing a law that has been the basis of federal policy for 60 years and remember how counterproductive these policies have been.
>
> They punish parents who work too much.
>
> They punish mothers and fathers that want to stay together.
>
> They punish working families who save money.
>
> They reward teenagers who have babies out of wedlock, and the list is longer.

Mr. President, this 60-year-old welfare system rewards the behavior which leads to poverty and punishes the behavior which leads out of poverty. Yes, it is time to end this system.

Mr. President, this legislation is about personal responsibility and work opportunity. Work is not only about earning our daily bread. Work is an integral part of the human condition. A parent's work also teaches the values necessary to prepare the next generation for its responsibilities.

We can all be proud of our work today because it will make a profound difference in the lives of millions of Americans.

It will go down as one of the most important legislative achievements not only in this Congress, but in many, many years.

This is a historic week for a historic Congress. In a matter of weeks, we have moved from gridlock to winning gold medals. Welfare reform is certainly one of our gold medal achievements.

I end by again thanking Senator DOMENICI for his leadership in orchestrating this legislation through the process. I want to extend my thanks to the Finance Committee conferees, Senator CHAFEE, Senator GRASSLEY, Senator HATCH, and Senator SIMPSON for their extraordinary assistance and cooperation.

The contributions of Senator NICKLES, Senator GRAMM, and Senator SANTORUM as we moved through the conference cannot be overstated. They played key roles in assuring this legislation would meet all of our objectives, especially with respect to tough work requirements.

Let me compliment the majority leader, Senator LOTT, getting this conference report completed. This is a major accomplishment in the brief time of his leadership position.

Our former majority leader and colleague, Bob Dole deserves as much credit for this legislation as anyone. When the tough decisions needed to be made, and there were plenty through this process, he demonstrated the leadership we all look to.

I extend my congratulations and thanks to those Members in the House of Representatives who have worked so hard on this issue. It was a privilege to work with Chairmen BILL ARCHER, CLAY SHAW, BILL GOODLING, and TOM BLILEY over these months.

I extend the thanks of everyone to both the majority and minority staffs of the leadership, the Finance Committee, especially Lindy Paull, Frank Polk, Ginny Koops, and Dennis Smith, the Budget Committee, and the Agriculture Committee, for their work. There are too many to name individually and I would not want to fail to mention anyone. I do thank each of them.

I also extend those same thanks to the respective staffs in the House, most especially to Ron Haskins, Matt Weidinger, Cassie Bevin, and Margaret Pratt at the Committee on Ways and Means.

We should remember that until a few weeks ago, Medicaid was included in this package, so the staffs at Finance and the House Commerce Committee who worked on Medicaid should be recognized, especially Susan Dull, the First Heinz Fellow working in Congress.

Of course, the committee work cannot be done without the help of those staff members at Legislative Counsels in both the Senate and House, especially Ruth Ernst, and Mark Mathiesen.

I extend our thanks to those at the Congressional Budget Office, especially Jean Hearne, Robin Rudowitz, Sheila Dacy, Justin Lattice, and Kathy Ruffin; the Congressional Research Service, most especially, Vee Burke, Gene Falk, and Melvina Ford; and the General Accounting Office, especially, Greg Dybalski and Jerry Fastrup.

Let me mention something else that is historical about this day which has been overlooked.

I know of no other time in which congressional and State officials and staffs have worked so closely together on an issue.

For months, Governors John Engler, Tommy Thompson, and Mike Leavitt have given so generously of their time, support, and the power of ideas. They truly deserve the thanks of the American people.

They have donated the talent and expertise of their staffs, especially LeAnne Redick, Kathy Tobin, who also worked on this legislation as a staff member of the Finance Committee, Joanne Neumann and Mary Kay Mantho.

Mr. President, this will indeed be a day to remember. Thank you and congratulations to all the Republicans in the House and Senate who stuck to our principles and stuck together to make this a reality. Together we have made a difference.

Mr. DOMENICI. Mr. President, I believe we have a few moments left.

The PRESIDING OFFICER. The Senator has 7 minutes and 15 seconds.

Mr. DOMENICI. I will use 5 minutes, then yield the balance to our leader.

While I have during the day given deference to this being a very bipartisan effort, and while I have from time to time and during the day said we are glad the President is going to sign this measure, I take a few minutes of my closing time to thank the Republicans in the U.S. Senate and Republicans in the U.S. House, because I think it is obvious the President of the United States came into office promising the end of welfare as we know it, and for 2 years during his administration he had Democrats in the Senate and Democrats in the House and no welfare reform was achieved.

Now, while we are glad to have the President saying, "Yes, I will sign this bill," I do not think it ought to escape anyone that there would be no welfare reform if the Republicans had not taken control of the U.S. House and the U.S. Senate. I believe I can say that with a degree of certainty, because I worked on reconciliation bills and budget bills that called for reform for at least 10 years and nothing happened.

So I say thank you to the American people who elected the Republican Members to the House and Republican Members to the Senate, because tonight we celebrate a very, very significant achievement. As we moved through the Chamber of the Senate with our efforts to get a balanced budget, I say to most Republicans it was truly a difficult job to stand here and ask you to vote for all those tough items, as we moved a budget resolution toward balance, and a reconciliation bill, a big bill changing the law, only to find that the President did not agree.

I believe tonight the fruits of that effort are going to be realized and a program that has not worked for millions of Americans will begin to work in their behalf, as it works for all Americans who get jobs and assume personal responsibility. For tonight we say if 60 years ago, or even 30 years ago, or even 10 years ago, if we would have looked at this program and said it is inconsistent with everything that is good about America, for it locks people in poverty and denies them the interest and enthusiasm to get a job—for many, many years the welfare laws of America were administered by people who were worried about the sociological problems of the poor.

I am hopeful that across America the offices that are helping welfare people will be job training, will be jobs-oriented, will be talking about training and education, and how people can get off welfare instead of finding ways to assure them that they can stay on.

This bill is going to say most Americans work, and we are going to ask that welfare recipients work. We will give them training. We will give them child care. But we will say, you ought to work because through work, you get responsibility, and through responsibility, you and your families get the joy of living.

Second, simple as it sounds, we are going to ask parents to take care of their children. We stress personal responsibility. I can predict that across this land, as millions of welfare recipients who are not working and have children get jobs, guess who will be the happiest about it? Their children. For they do not like it any more than anyone else that they are locked in, and so are their parents, in poverty.

Third, we are going to change the culture of welfare. How obvious it is—had we changed this culture a few decades ago and said the principle of welfare is a short-lived assistance while you attempt to get a job and take care of yourself, we would not have the welfare problem we have in America today.

Fourth, we will end the futile and cumbersome regulations of the Federal Government and its bureaucrats who set such stringent requirements that they assume a degree of arbitrariness that people cannot even make sense of getting on and off of welfare, and those running them in the State governments are constantly looking through five volumes of regulations to see just what they can do.

Fifth, and finally, and this should not go in any sheepish manner as if we are embarrassed to say it, we are going to save money. What is wrong with that? The taxpayers of America have been paying for a program that does not work. They will be paying now for a program that at least has a chance of working.

I am very hopeful those leaders, including the Catholic hierarchy of

America, who I generally talk to and seek advice from, I am hopeful that they understand there is a lot more to welfare reform and to trying to help the poor people than to continue programs that exchange money and give them benefits, for they, too, may find them more responsible and more independent and doing for themselves. I believe this has a chance of working, and I think when we adopt it tonight, it is going to be historic.

I ask unanimous consent that a detailed analysis of the savings to the Federal budget in all categories, made by June O'Neill, dated August 1 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 1, 1996.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has reviewed the Conference Report on H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The bill would replace federal payments under the current Aid to Families with Dependent Children program with a block grant to states, restrict the eligibility of legal aliens for welfare benefits, modify the benefits and eligibility requirements in the Food Stamp program, increase funding for child care programs, and tighten the eligibility requirements for disabled children under the Supplemental Security Income program.

Although the estimate assumes that the bill will be enacted by September 1, 1996, its impact on direct spending and revenues in 1996 is estimated to be negligible. The bill would reduce federal spending by $3.0 billion in 1997 and by $54.1 billion over the 1997–2002 period, as well as increase revenues by $60 million and $394 million over these respective periods. Detailed tables are enclosed. For the most part, the underlying assumptions and methodology are described in CBO's estimates for the House- and Senate-reported versions of the bill (see House Report 104–651 and Senate Print 104–59).

In addition to its federal budgetary impacts, the bill would have a significant impact on the budgets of state, local, and tribal governments. A statement on the intergovernmental and private-sector mandates in the bill is also enclosed.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL,
Director.

SUMMARY TABLE.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1966; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1966; ASSUMES ENACTMENT DATE BY SEPTEMBER 1, 1966

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000	2001	2002	7 year total
Projected Direct Spending Under Current Law:									
Family Support Payments[a]	18,066	18,371	18,805	19,307	19,935	20,557	21,245	21,937	
Food Stamp Program[b]	25,554	26,220	28,094	28,702	31,092	32,476	33,847	35,283	
Supplemental Security Income	24,510	24,017	27,904	30,210	32,576	37,995	34,515	40,348	
Medicaid	89,070	95,766	105,081	115,438	126,306	138,514	151,512	166,444	
Child Nutrition[c]	7,899	8,428	8,898	9,450	10,012	10,580	11,166	11,767	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,403	383,402	402,351	422,412	444,081	466,767	
Foster Care[d]	3,282	3,840	4,285	4,667	5,083	5,506	5,960	6,433	
Social Services Block Grant	2,797	2,880	3,010	3,050	3,000	2,920	2,870	2,840	
Earned Income Tax Credit	15,224	18,440	20,191	20,894	21,691	22,586	23,412	24,157	
Maternal and Child Health	0	0	0	0	0	0	0	0	
Total	519,715	546,168	581,571	616,140	652,106	693,186	728,608	775,976	
Proposed Changes:									
Family Support Payments[a]	0	(*)	868	882	897	762	456	−146	3,720
Food Stamp Program[b]	0	(*)	−2,093	−3,939	−4,129	−4,194	−4,334	−4,568	−23,260
Supplemental Security Income	0	(*)	−793	−3,526	−4,280	−4,824	−4,344	−4,958	−22,725
Mediciad	0	0	−38	−514	−567	−581	−948	−1,433	4,082
Child Nutrition[c]	0	(*)	−128	−403	−494	−553	−605	−670	−2,853
Old-Age, Survivors and Disability Insurance	0	0	−5	−10	−15	−15	−20	−20	−85
Foster Care[d]	0	(*)	68	25	16	31	41	51	232
Social Services Block Grant	0	0	−375	−420	−420	−420	−420	−420	−2,475
Earned Income Tax Credit	0	0	−445	−456	−463	−480	−493	−515	−2,852
Maternal and Child Health	0	0	18	35	50	50	50	50	253
Total	0	(*)	−2,923	−8,326	−9,404	−10,224	−10,618	−12,630	−54,127
Revenues: Earned Income Tax Credit	0	(*)	60	61	62	65	68	78	394
Net Deficit Effect	0	(*)	−2,983	−8,387	−9,466	−10,289	−10,688	−12,706	−54,521
Projected Direct Spending Under Proposal:									
Family Support Payments[a]	18,086	18,371	19,673	20,189	20,832	21,319	21,701	21,791	
Food Stamp Program[b]	25,554	26,220	26,001	25,763	26,963	28,282	29,513	30,715	
Supplemental Security Income	24,510	24,017	27,111	26,684	28,296	33,171	30,171	36,390	
Medicaid	89,070	95,786	105,043	114,924	125,799	137,573	150,564	165,011	
Child Nutrition[c]	7,898	8,428	8,770	9,047	8,516	10,027	10,561	11,097	
Old-Age, Survivors and Disability Insurance	333,273	348,186	365,398	383,382	402,336	422,397	44,061	486,747	
Foster Care[d]	3,282	3,840	4,363	4,712	5,099	5,537	6,001	6,484	
Social Services Block Grant	2,797	2,880	2,636	2,630	2,560	2,500	2,450	2,420	
Earned Income Tax Credit	15,224	18,440	19,748	20,438	21,228	22,106	22,919	23,642	
Maternal and Child Health	0	0	16	35	50	50	50	50	
Total	519,715	546,168	578,748	607,814	642,701	682,982	717,991	763,347	

*Amounts less than $500,000.

[a] Under current law, Family Support Payments include spending on Aid to Families with Dependent Children (AFDC), AFDC-related child care, administrative costs for child support enforcement, net federal savings from child support collections, and the Job Opportunities and Basic Skills Training program (JOBS). Under proposed law, Family Support Payments would include spending on the Temporary Assistance for Needy Families Block Grant, administrative costs for child support enforcement, the Child Care Block Grant, and net federal savings from child support collections.

[b] Food Stamps includes Nutrition Assistance for Puerto Rico under both current law and proposed law, and the Emergency Food Assistance Program under proposed law.

[c] Child Nutrition Programs refer to direct spending authorized by the National School Lunch Act and the Child Nutrition Act.

[d] Under current law, Foster Care Includes Foster Care, Adoption Assistance, Independent Living, and Family Preservation and Support.

Notes: Details may not add to totals because of rounding.

SUMMARY TABLE II.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE I—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
Title I: Temporary Assistance for Needy Families Block Grant								
Budget Authority	10	−212	−1,125	−969	−837	−1,109	−1,839	−6,100
Outlays	(*)	−571	−945	−819	−667	−1,064	−1,814	−5,889
Title II: Supplemental Security Income								
Budget Authority	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610
Outlays	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610
Title III: Child Support Enforcement								
Budget Authority	88	−21	144	168	183	110	74	746
Outlays	(*)	25	148	173	183	110	74	712
Title IV: Restricting Welfare and Public Benefits for Aliens								
Budget Authority	(*)	−1,174	−3,947	−4,311	−4,652	−4,525	−5,038	−23,655

SUMMARY TABLE II.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE I—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Outlays	(*)	−1,174	−3,947	−4,311	−4,652	−4,525	−5,038	−23,655
Title V: Child Protection								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	(*)	68	25	6	6	6	6	117
Title VI: Child Care								
Budget Authority	(*)	1,957	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	(*)	1,635	1,975	2,082	2,227	2,377	2,482	12,778
Title VII: Child Nutrition Programs								
Budget Authority	(*)	−151	−449	−505	−563	−615	−680	−2,963
Outlays	(*)	−126	−403	−494	−553	−605	−670	−2,853
Title VIII: Food Stamps and Commodity Distribution								
Budget Authority	(*)	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Outlays	(*)	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Title IX: Miscellaneous								
Budget Authority	(*)	−591	−594	−597	−608	−618	−634	−3,642
Outlays	(*)	−578	−609	−597	−608	−618	−634	−3,644
Total Direct Spending:								
Budget Authority	104	−2,296	−8,468	−9,504	−10,265	−10,493	−12,430	−53,353
Outlays	(*)	−2,923	−8,326	−9,404	−10,224	−10,618	−12,630	−54,127
Direct spending:								
Repeal AFDC, Emergency Assistance, and JOBS:								
Family Support Payments:								
Budget Authority	(*)	−8,021	−16,550	−17,003	−17,439	−17,893	−18,342	−19,247
Outlays	(*)	−7,925	−16,510	−16,973	−17,409	−17,863	−18,322	−95,001
Repeal of Child Care Programs:[a]								
Family Support Payments:								
Budget Authority	0	−1,405	−1,480	−1,540	−1,595	−1,655	−1,715	−9,390
Outlays	0	−1,345	−1,475	−1,535	−1,590	−1,650	−1,710	−9,305
Authorize Temporary Family Assistance Block Grant:[b]								
Family Support Payments:								
Budget Authority	(*)	8,368	16,389	16,389	16,389	16,389	16,389	90,314
Outlays	(*)	8,300	16,389	16,389	16,389	16,389	16,389	90,246
Population and Poverty Adjustment to the Temporary Family Assistance Block Grant:								
Family Support Payments:								
Budget Authority	0	0	87	174	261	278	0	800
Outlays	0	0	87	174	261	278	0	800
Food Stamp Program:								
Budget Authority	0	0	−5	−10	−15	−15	0	−45
Outlays	0	0	−5	−10	−15	−15	0	−45
Contingency Fund:[c]								
Family Support Payments:								
Budget Authority	0	107	210	313	393	473	565	2,061
Outlays	0	107	210	313	393	473	565	2,061
Food Stamp Program:								
Budget Authority	0	−5	−15	−20	−25	−30	−35	−130
Outlays	0	−5	−15	−20	−25	−30	−35	−130
Study by the Bureau of the Census:								
Family Support Payments:								
Budget Authority	10	10	10	10	10	10	10	70
Outlays	(*)	4	18	10	10	10	10	62
Research, Evaluations, and National Studies:								
Family Support Payments:								
Budget Authority	0	15	15	15	15	15	15	90
Outlays	0	3	15	15	15	15	15	78
Grants to Indian Tribes that received JOBS Funds:								
Family Support Payments:								
Budget Authority	0	8	8	8	8	8	8	46
Outlays	0	6	8	8	8	8	8	44
Grants to Territories:								
Family Support Payments:								
Budget Authority	0	116	116	116	116	116	116	696
Outlays	0	116	116	116	116	116	116	696
Penalties for State Failure to Meet Work Requirements:								
Family Support Payments:								
Budget Authority	0	0	0	−50	−50	−50	−50	−200
Outlays	0	0	0	−50	−50	−50	−50	−200
Grants to States that Reduce Out-of-Wedlock Births:								
Family Support Payments:								
Budget Authority	0	0	0	50	50	50	50	200
Outlays	0	0	0	50	50	50	50	200
Bonus to Reward High Performance States:								
Family Support Payments:								
Budget Authority	0	0	0	200	200	200	200	800
Outlays	0	0	0	200	200	200	200	800
Hold States Harmless for Cost-Neutrality Liabilities:								
Family Support Payments:								
Budget Authority	0	50	0	0	0	0	0	50
Outlays	0	50	0	0	0	0	0	50
Establish Rainy Day Loan Fund:								
Family Support Payments:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Extension of Transitional Medicaid Benefits:								
Medicaid:								
Budget Authority	0	0	0	180	390	400	210	1,180
Outlays	0	0	0	180	390	400	210	1,180
Increased Medicaid Administrative Payment:								
Medicaid:								
Budget Authority	0	500	0	0	0	0	0	500
Outlays	0	75	135	135	135	20	0	500
Effect of the Temporary Assistance Block Grant on the Food Stamp Program:								
Food Stamp Program:								
Budget Authority	0	45	90	170	430	560	695	1,990
Outlays	0	45	90	170	430	560	695	1,990
Effect of the Temporary Assistance Block Grant on the Foster Care Program:								
Foster Care Program:								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	115
Effect of the Temporary Assistance Block Grant on the Medicaid Program:[d]								
Medicaid:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0

SUMMARY TABLE II.—FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE I—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Total Direct Spending, Title I, by account:								
Family Support Payments:								
Budget Authority	10	−752	−1,195	−1,319	−1,642	−2,059	−2,754	−9,710
Outlays	0	−684	−1,142	−1,284	−1,607	−2,024	−2,729	−9,459
Food Stamp Program:								
Budget Authority	0	40	70	140	390	515	660	1,815
Outlays	0	40	70	140	390	515	660	1,815
Foster Care Program:								
Budget Authority	0	0	0	10	25	35	45	115
Outlays	0	0	0	10	25	35	45	115
Medicaid:								
Budget Authority	0	500	0	180	390	400	210	1,680
Outlays	0	75	135	315	525	420	210	1,680
Direct Spending Total All Accounts—Title I:								
Budget Authority	10	−212	−1,125	−989	−837	−1,109	−1,839	−6,100
Outlays	0	−569	−937	−819	−667	−1,054	−1,814	−5,859

[*] Amounts less than $500,000.

[a] Funds for existing child care programs are repealed by this title, but equal or greater funding for similar activities is restored in Title VI.

[b] States have the option to begin to operate under the Temporary Assistance for Needy Families Block Grant any time after enactment of this bill. A few states may opt to do so in FY 1996 creating small savings in the AFDC, Emergency Assistance, and JOBS programs and small costs in the TANF program.

[c] The bill appropriates $2 billion for the contingency fund for use in years 1997 through 2001. The estimate shows costs of the contingency fund in 2002 because section 257(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 requires that the baseline shall assume that mandatory programs greater than $50 million dollars are continued.

[d] The bill retains categorical eligibility for Medicaid for families that meet the eligibility criteria for Aid to Families with Dependent Children as they are in current law.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE II—SUPPLEMENTAL SECURITY INCOME; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
SSI Benefits to Certain Children:								
Supplemental Security Income:								
Budget Authority	(*)	−125	−925	−1,450	−1,800	−1,675	−2,000	−7,975
Outlays	(*)	−125	−925	−1,450	−1,800	−1,675	−2,000	−7,975
Family Support Payments:								
Budget Authority	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Outlays	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Food stamps:[b]								
Budget Authority	(*)	20	130	210	240	265	290	1,155
Outlays	(*)	20	130	210	240	265	290	1,155
Medicaid:								
Budget Authority	(*)	−5	−25	−40	−45	−55	−60	−230
Outlays	(*)	−5	−25	−40	−45	−55	−60	−230
Subtotal provision:								
Budget Authority	(*)	−110	−820	−1,280	−1,605	−1,465	−1,770	−7,050
Outlays	(*)	−110	−820	−1,280	−1,605	−1,465	−1,770	−7,050
Reduction in SSI Benefits to Certain Hospitalized Children With Private Insurance:								
Supplemental Security Income:								
Budget Authority	0	−40	−55	−60	−70	−60	−65	−350
Outlays	0	−40	−55	−60	−70	−60	−65	−350
Funding for Cost of Reviews:[c]								
Budget Authority	0	(c)	(c)	0	0	0	0	0
Outlays	0	(c)	(c)	0	0	0	0	0
End Payment of Pro-Rated Benefits for Month of Application:								
Supplemental Security Income:								
Budget Authority	(*)	−55	−130	−150	−160	−165	−175	−835
Outlays	(*)	−55	−130	−150	−160	−165	−175	−835
Pay Large Retroactive Benefit Amounts in Installments:								
Supplemental Security Income:								
Budget Authority	0	−200	−15	−15	−15	−15	−15	−275
Outlays	0	−200	−15	−15	−15	−15	−15	−275
Tighten Restrictions on Payment of Social Security Benefits to Prisoners: Make Payments to Prison Officials Who Report Ineligible Recipients:								
Old-Age, Survivors and Disability Insurance—benefits saved:[d]								
Budget Authority	0	−5	−10	−15	−15	−20	−20	−85
Outlays	0	−5	−10	−15	−15	−20	−20	−85
Supplemental Security income—benefits saved:								
Budget Authority	0	(*)	−5	−10	−10	−10	−10	−45
Outlays	0	(*)	−5	−10	−10	−10	−10	−45
Old-Age, Survivors and Disability Insurance—payments to prison officials:								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Supplemental Security income—payments to prison officials:								
Budget Authority	0	2	4	5	6	6	7	30
Outlays	0	2	4	5	6	6	7	30
Subtotal, provision:								
Budget Authority	0	−3	−11	−20	−19	−24	−23	−100
Outlays	0	−3	−11	−20	−19	−24	−23	−100
Total Direct Spending:								
Supplemental Security Income:								
Budget Authority	(*)	−418	−1,126	−1,680	−2,049	−1,919	−2,258	−9,450
Outlays	(*)	−418	−1,126	−1,680	−2,049	−1,919	−2,258	−9,450
Food Stamps:[b]								
Budget Authority:	(*)	20	130	210	240	265	290	1,155
Outlay	(*)	20	130	210	240	265	290	1,155
Medicaid:								
Budget Authority:	(*)	−5	−25	−40	−45	−55	−60	−230
Outlays	(*)	−5	−25	−40	−45	−55	−60	−230
Family Support Payments:								
Budget Authority	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Outlays	(*)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Old-Age, Survivors and Disability Insurance:								
Budget Authority	0	−5	−10	−15	−15	−20	−20	−85
Outlays	0	−5	−10	−15	−15	−20	−20	−85
Total All Accounts:								
Budget Authority	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE II—SUPPLEMENTAL SECURITY INCOME; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Outlays	(*)	−408	−1,031	−1,525	−1,869	−1,729	−2,048	−8,610

[*] Denotes less than $500,000.

[a] Proposed to be block-granted elsewhere in the bill.

[b] Includes interactions with other food stamp provisions of the bill.

[c] The bill proposes an adjustment to the discretionary spending caps of $150 million in 1997 and $100 million in 1998 to cover the costs of reviewing 300,000 to 400,000 children on the SSI rolls under the new, tighter criteria. The bill does not, however, directly appropriate that money. Its availability remains contingent on future appropriation action. In addition to those one-time costs of $250 million or more, the bill would require that most disabled children who qualify even under the tighter eligibility criteria be reviewed every 3 years to see if their medical condition has improved. That cost, which CBO estimates at about $100 million a year beginning in 1998, could be met by raising the caps on discretionary spending as permitted in P.L. 104–121. The cap adjustment in that law, however, was designed to cover periodic reviews and not the heavy volume of one-time reviews that would be mandated in 1997 by this legislation.

[d] The provision would encourage prison officials to exchange data with SSA by paying them up to $400 for providing information that helps to identify each inmate who receives SSI (and whose benefits should therefore be suspended). In the course of checking that information, SSA would find that some inmates collect OASDI. Therefore, although the language makes no mention of OASDI, savings in that program would result.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE III—CHILD SUPPORT ENFORCEMENT; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1997–2002
New enforcement techniques:								
State directory of new hires:								
Family support payment	0	0	−1	−4	−6	−9	−10	−30
Food stamp program	0	0	−1	−7	−12	−18	−21	−59
Mediciad	0	0	−3	−11	−20	−31	−38	−102
Subtotal	0	0	−5	−21	−38	−58	−70	−192
State laws providing expedited enforcement of child support:								
Family support payment	0	0	0	−17	−35	−55	−77	−185
Food stamp program	0	0	0	−6	−13	−21	−30	−70
Mediciad	0	0	0	−5	−11	−18	−26	−59
Subtotal	0	0	0	−28	−59	−94	−133	−314
State laws concerning paternity:								
Family support payment	0	−16	−18	−20	−22	−24	−26	−127
Food stamp program	0	−3	−3	−4	−4	−4	−5	−23
Mediciad	0	−2	−2	−2	−3	−3	−3	−15
Subtotal	0	−21	−23	−26	−29	−31	−34	−164
Suspend drivers' licenses:								
Family support payment	0	−4	−9	−14	−19	−20	−21	−88
Food stamp program	0	−2	−5	−8	−12	−12	−13	−52
Mediciad	0	−1	−3	−5	−7	−8	−9	−35
Subtotal	0	−7	−17	−27	−38	−41	−43	−175
Adoption of uniform state laws:								
Family support payment	0	10	2	−7	−11	−15	−21	−41
Food stamp program	0	0	−1	−3	−4	−6	−9	−24
Mediciad	0	0	−2	−3	−6	−8	−11	−30
Subtotal	0	10	−1	−13	−21	−29	−41	−95
Subtotal new enforcement	0	−19	−46	−115	−185	−254	−322	−940
Lost AFDC collections due to reduced cases funded by black grant funds:								
Family support payment	0	0	29	63	142	200	224	658
Food stamp program	0	0	0	0	0	0	0	0
Mediciad	0	0	0	0	0	0	0	0
Subtotal	0	0	29	63	142	200	224	658
Eliminate $50 passthrough and exclude gap payments from distribution rules at state option:								
Family support payment	0	−222	−236	−260	−285	−311	−336	−1,850
Food stamp program	0	114	122	139	147	164	171	857
Mediciad	0	0	0	0	0	0	0	0
Subtotal	0	−108	−114	−121	−139	−147	−165	−793
Distribute child support arrears to former AFDC familes first:								
Family support payment	0	0	62	69	76	148	183	539
Food stamp program	0	0	−11	−12	−14	−27	−33	−96
Mediciad	0	0	0	0	0	0	0	0
Subtotal	0	0	51	57	63	122	150	442
Hold states harmless for lower child support collections:								
Family support payment	0	0	17	29	34	39	29	148
Food stamp program	0	0	0	0	0	0	0	0
Mediciad	0	0	0	0	0	0	0	0
Subtotal	0	0	17	29	34	39	29	148
Other Provisions with Bugetary Implications:								
Automated data processing development:								
Family support payment	(*)	83	91	129	129	8	0	440
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	83	91	129	129	8	0	440
Automated data processing operation and maintenance:								
Family support payment	0	12	55	52	52	46	40	257
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	12	55	52	52	46	40	257
Technical assistance to state programs:								
Family support payment	(*)	48	51	50	48	47	45	290
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	48	51	50	48	47	45	290
State obligation to provide services:								
Family support payment	0	0	0	3	11	22	39	75
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	0	0	3	11	22	39	75
Federal and state reviews and audits:								
Family support payment	0	3	3	3	3	3	3	20

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE III—CHILD SUPPORT ENFORCEMENT; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[Outlays by fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1997–2002
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	3	3	3	3	3	3	20
Grants to States for Visition:								
Family support payment	(*)	10	10	10	10	10	10	60
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	(*)	10	10	10	10	10	10	60
Optional Modification of Support Orders:								
Family support payment	0	-5	0	10	15	15	20	55
Food stamp program	0	0	0	0	0	0	0	0
Medicaid	0	0	0	0	0	0	0	0
Subtotal	0	-5	0	10	15	15	20	55
Subtotal, Other provisions	(*)	151	210	258	269	151	157	1,197
Total, by account:								
Family support payment	(*)	-81	57	99	142	103	101	421
Food stamp program	0	109	100	99	88	76	62	533
Medicaid	0	-3	-8	-27	-46	-68	-88	-242
Total	(*)	25	148	172	184	110	74	712

*Amount less than $500,000.

**Budget authority is generally equal to the outlay shown in this table. Where this is not the case, budget authority is shown here: Family Support Payments Budget Authority—

Automated data processing development	42	42	91	129	129	8	0	440
Technical assistance to state programs	36	44	47	46	48	47	45	314
Grants to States for visitation	10	10	10	10	10	10	10	70
All other provisions	0	-222	-95	-91	-45	38	45	....
Family support payments: Total BA	88	-127	53	95	142	103	101	455

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE IV—RESTRICTING WELFARE AND PUBLIC BENEFITS FOR ALIENS; AS ORDERED REPORTED BY THE COMMITTEE ON CONFERENCE ON JULY 31, 1996; ASSUMED TO BE ENACTED BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	7-year total
Direct Spending:								
Supplemental Security Income:								
Budget Authority	(1)	-375	-2,400	-2,600	-2,775	-2,425	-2,700	-13,275
Outlays	(1)	-375	-2,400	-2,600	-2,775	-2,425	-2,700	-13,275
Medicaid:								
Budget Authority	(1)	-105	-615	-815	-1,015	-1,245	-1,495	-5,290
Outlays	(1)	-105	-615	-815	-1,015	-1,245	-1,495	-5,290
Family Support Payments:								
Budget Authority	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Outlays	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Food Stamps:[3]								
Budget Authority	(1)	-470	-700	-660	-630	-610	-590	-3,660
Outlays	(1)	-470	-700	-660	-630	-610	-590	-3,660
Child nutrition:[4]								
Budget Authority	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Earned income tax credit:								
Budget Authority	0	-224	-232	-236	-242	-245	-251	-1,430
Outlays	0	-224	-232	-236	-242	-245	-251	-1,430
Total Direct Spending:								
Budget Authority	0	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,655
Outlays	0	-1,174	-3,947	-4,311	-4,662	-4,525	-5,036	-23,655
Revenues: Earned income tax credit	0	28	29	29	30	30	31	177
Deficit Effect	(1)	-1,202	-3,976	-4,340	-4,692	-4,555	-5,067	-23,832

[1] Denotes less than $500,000.

[2] Proposed to be block-granted elsewhere in the bill.

[3] Includes interactions with other food stamp provisions of the bill.

[4] Section 742 of the bill, in Title VII, specifically states that benefits under the school breakfast and school lunch programs shall not be contingent on students' immigration or citizenship status. Therefore, CBO estimates no savings in the child nutrition program from the proposed restrictions contained in Title IV on immigrants' eligibility for federal benefits.

Note: The CBO estimate assumes that the proposed exemption for public health programs that provide immunizations will be modified or interpreted to permit continued Medicaid funding for pediatric vaccines.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE V—CHILD PROTECTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
Extend Enhanced Match Rate for Computer Purchases for Foster Care Data Collection:								
Budget Authority	0	80	0	0	0	0	0	80
Outlays	0	66	14	0	0	0	0	80
National Random Sample Study of Child Welfare:								
Budget Authority	6	6	6	6	6	6	6	42
Outlays	(*)	2	11	6	6	6	6	37
Total Direct Spending:								
Foster Care:								
Budget Authority	6	86	6	6	6	6	6	122
Outlays	(*)	68	25	6	6	6	6	117

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VI—CHILD CARE; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
New Child Care Block Grant:								
Budget Authority	0	1,967	2,067	2,167	2,367	2,567	2,717	13,852
Outlays	0	1,635	1,975	2,082	2,227	2,377	2,482	12,778

Note: For states to draw down the child care block grant remainder, this subtitle requires them to maintain the greater of fiscal year 1994 or 1995 spending.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VII—CHILD NUTRITION PROGRAMS; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending:								
704 Special assistance:								
Extension of payment period:								
Budget Authority	....	(*)	(*)	1	1	1	1	4
Outlays	....	(*)	(*)	1	1	1	1	4
Rounding rules for lunch, breakfast, and supplement rates:								
Budget Authority	....	−2	−15	−15	−15	−15	−15	−77
Outlays	....	−1	−10	−15	−15	−15	−15	−71
706 Summer food service program for children:								
Budget Authority	....	−24	−29	−29	−34	−34	−39	−189
Outlays	....	−18	−29	−29	−34	−34	−39	−184
708 Child and adult care food program:								
Budget Authority	....	−105	−380	−430	−480	−535	−595	−2,525
Outlays	....	−90	−340	−420	−470	−525	−585	−2,430
723 School breakfast program authorization:								
Budget Authority	....	−10	−15	−22	−25	−22	−22	−116
Outlays	....	−8	−14	−21	−25	−22	−22	−112
731 Nutrition education and training programs:								
Budget Authority	....	−10	−10	−10	−10	−10	−10	−60
Outlays	....	−10	−10	−10	−10	−10	−10	−60
Total Child Nutrition Programs:								
Direct Spending:								
Budget Authority	....	−151	−449	−505	−563	−615	−680	−2,963
Outlays	....	−128	−403	−494	−553	−605	−670	−2,853

*Less than $500,000.

Note: Details may not add to totals because of rounding.

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
801 Definition of certification period	0	0	0	0	0	0	0	0
802 Definition of coupon	0	0	0	0	0	0	0	0
803 Treatment of children living at home	0	−115	−245	−255	−265	−280	−290	−1,450
804 Adjustment of thrifty food plan	0	−935	−980	−1,025	−1,070	−1,115	−1,155	−6,280
805 Definition of homeless individual	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
806 State option for eligibility standards	0	0	0	0	0	0	0	0
807 Earnings of students	0	−10	−10	−10	−10	−15	−15	−70
808 Energy assistance	0	−125	−170	−175	−175	−180	−180	−1,005
809 Deductions from income:								
Standard deduction at $134 each year *	0	0	−555	−770	−990	−1,220	−1,465	−5,000
Homeless shelter allowance	0	−1	−1	−2	−3	−3	−5	−15
Cap excess shelter deduction at $247 through 12/31/96. $250 from 1/1/97 through FY98 $275 in FY99 and FY00 and $300 in each later fiscal year	0	−350	−570	−505	−565	−490	−550	−3,030
State option for mandatory standard utility allowance and otherwise allow change between SUA and actual costs only at recertification	0	−35	−70	−75	−80	−80	−85	−425
810 Vehicle Allowance at $4,650 FY97–2002	0	−45	−140	−175	−200	−225	−245	−1,030
811 Vendor payments for transitional housing counted as income	0	−10	−10	−10	−10	−10	−10	−60
812 Simplified calculation of income for the self-employed	0	0	0	0	0	0	0	0
813 Doubled penalties for violating Food Stamp program requirements	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
814 Disqualification of convicted individuals	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
815 Disqualification	0	−5	−5	−5	−5	−5	−5	−30
816 Caretaker exemption	0	0	0	0	0	0	0	0
817 Employment and training	0	2	6	9	11	13	15	56
818 Food stamp eligibility	0	−15	−21	−27	−27	−27	−27	−145
819 Comparable treatment for disqualification	0	−20	−20	−20	−20	−20	−25	−125
820 Disqualification for receipt of multiple food stamp benefits	0	−5	−5	−5	−5	−5	−5	−30
821 Disqualification of fleeing felons	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
822 Cooperation with child support agencies								
Option to require custodial parent cooperation:								
Food Stamps	0	−5	−10	−15	−20	−20	−20	−90
Family Support Payments	0	5	10	10	15	15	15	70
823 Disqualification relating to child support arrears	0	−5	−15	−25	−25	−30	−30	−130
824 Work requirement	0	−160	−830	−960	−1,010	−1,050	−1,100	−5,110
825 Encourage electronic benefit transfer system	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
826 Value of minimum allotment	0	0	−30	−30	−30	−35	−35	−160
827 Benefits on recertification	0	−25	−25	−25	−25	−30	−30	−160
828 Optional combined allotment for expedited households	0	0	0	0	0	0	0	0
829 Failure to comply with other means-tested public assistance programs	0	−25	−25	−25	−25	−25	−25	−150
830 Allotments for households residing in centers	0	(*)	(*)	(*)	(*)	(*)	(*)	(*)
831 Condition precedent for approval of retail stores and wholesale food concerns	0	0	0	0	0	0	0	0
832 Authority to establish authorization periods	0	0	0	0	0	0	0	0
833 Information for verifying eligibility for authorization	0	0	0	0	0	0	0	0
834 Waiting period for stores that fail to meet authorization criteria	0	0	0	0	0	0	0	0
835 Operation of food stamp offices	0	0	0	0	0	0	0	0
836 State employee and training standards	0	0	0	0	0	0	0	0
837 Exchange of law enforcement information	0	0	0	0	0	0	0	0
838 Expedited coupon service	0	0	0	0	0	0	0	0
839 Withdrawing fair hearing requests	0	0	0	0	0	0	0	0
840 Income, eligibility, and immigration status verification systems	0	−5	−5	−5	−5	−5	−5	−30
841 Investigations	0	0	0	0	0	0	0	0

FEDERAL BUDGET EFFECTS OF H.R. 3734, THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE VIII—FOOD STAMPS AND COMMODITY DISTRIBUTION; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996—Continued

[Outlays by fiscal year, in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
842 Disqualification of retailers who intentionally submit falsified applications	0	0	0	0	0	0	0	0
843 Disqualification of retailers who are disqualified under the WIC program	0	0	0	0	0	0	0	0
844 Collection of overissuances	0	−25	−30	−30	−25	−25	−30	−165
845 Authority to suspend stores violating program requirements pending administrative and judicial review	0	0	0	0	0	0	0	0
846 Expanded criminal forfeiture for violations	0	(b)	(b)	(b)	(b)	(b)	(b)	(b)
847 Limitation of federal match	0	−2	−2	−2	−2	−2	−2	−12
848 Standards for administration	0	0	0	0	0	0	0	0
849 Work supplementation or support program	0	5	15	20	30	30	30	130
850 Waiver authority	0	0	0	0	0	0	0	0
851 Response to waivers	0	0	0	0	0	0	0	0
852 Employment initiatives program	0	−1	−2	−2	−2	−2	−2	−11
853 Reauthorization	0	0	0	0	0	0	0	0
854 Simplified Food Stamp program	0	0	5	10	20	20	25	80
855 A study of the use of food stamps to purchase vitamins and minerals	0	0	0	0	0	0	0	0
856 Deficit reduction	0	0	0	0	0	0	0	0
871 Emergency Food Assistance program	0	100	100	100	100	100	100	600
872 Food bank demonstration project	0	0	0	0	0	0	0	0
873 Hunger prevention programs	0	0	0	0	0	0	0	0
874 Report on entitlement commodity processing	0	0	0	0	0	0	0	0
891 Provisions to encourage electronic benefit systems[c]	0	0	0	0	0	0	0	0
Interactions among provisions	0	20	101	111	136	141	166	674
Total Food Stamp Program:								
Budget Authority	0	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103
Outlays	0	−1,792	−3,539	−3,918	−4,282	−4,580	−4,990	−23,103

*Less than $500,000.

Note: Details may not add to totals because of rounding.

[a] No savings are shown in fiscal year 1997 for setting the standard deduction at $134 because the fiscal year 1997 Agriculture Appropriations Act which cleared the Congress before this bill cleared, contained a similar provision.

[b] Any proceeds from this provision would be used to reimburse law enforcement agencies or for retail compliance investigations. Thus, CBO estimates no net effect on the federal budget, though funds could be received in one year and not spent until a later year.

[c] This provision is included elsewhere in the bill. If the exemption from Regulation "e" were not enacted, there likely would be costs to the federal government. CBO estimates these costs would be small.

FEDERAL BUDGET EFFECTS OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996; TITLE IX—MISCELLANEOUS; AS ORDERED REPORTED BY THE COMMITTEE OF CONFERENCE ON JULY 31, 1996; ASSUMES ENACTMENT BY SEPTEMBER 1, 1996.

[By fiscal year in millions of dollars]

Section	1996	1997	1998	1999	2000	2001	2002	1996–2002
Direct Spending and Revenues:								
908 Reduction in block grants to States for social services:								
Social Services Block Grant:								
Budget Authority	0	−420	−420	−420	−420	−420	−420	−2,520
Outlays	0	−375	−420	−420	−420	−420	−420	−2,475
909 Denial of earned income credit on basis of disqualified income:[a]								
Budget Authority	0	−170	−168	−151	−146	−152	−160	−947
Outlays	0	−170	−168	−151	−146	−152	−160	−947
Revenue	0	26	27	27	23	23	25	151
Net Deficit Effect	0	−196	−195	−178	−169	−175	−185	−1,098
910 Modification of adjusted gross income definition for earned income credits:[a]								
Budget Authority	0	−98	−106	−112	−120	−129	−138	−704
Outlays	0	−98	−106	−112	−120	−129	−138	−704
Revenue	0	15	18	20	22	25	28	128
Net Deficit Effect	0	−113	−125	−133	−141	−154	−166	−832
911 Abstinence Education:								
Budget Authority	0	50	50	50	50	50	50	300
Outlays	0	18	35	50	50	50	50	253
Interaction among revenue provisions:								
Budget Authority	0	47	50	36	28	33	34	229
Outlays	0	47	50	36	28	33	34	229
Revenue	0	−9	−13	−14	−10	−10	−6	−62
Net Deficit Effect	0	56	63	50	38	43	40	291
Total Miscellaneous—Title IX:								
Direct Spending:								
Social Services Block Grant:								
Budget Authority	0	−420	−420	−420	−420	−420	−420	−2,520
Outlays	0	−375	−420	−420	−420	−420	−420	−2,475
Earned Income Tax Credit:								
Budget Authority	0	−221	−224	−227	−238	−248	−264	−1,422
Outlays	0	−221	−224	−227	−238	−248	−264	−1,422
Maternal and Child Health Services Block Grant:								
Budget Authority	0	50	50	50	50	50	50	300
Outlays	0	18	35	50	50	50	50	253
Total All Accounts:								
Budget Authority	0	−591	−594	−597	−608	−618	−634	−e,642
Outlays	0	−578	−609	−597	−608	−618	−634	−3,644
Revenues: Revenue[a]	0	32	32	33	35	38	47	217

[a] Estimates provided by the Joint Committee on Taxation. Components may not sum to totals because of rounding.

CONGRESSIONAL BUDGET OFFICE: CONFERENCE AGREEMENT ON H.R. 3754, ESTIMATED COST OF INTERGOVERNMENTAL AND PRIVATE SECTOR MANDATES, AUGUST 1, 1996

INTERGOVERNMENTAL MANDATES

CBO cannot determine if the bill contains intergovernmental mandates that would impose costs exceeding the $50 million threshold established in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4). At issue is a provision dealing with an increase in child poverty.

Temporary Assistance for Needy Families (TANF). The bill would require a state to carry out a corrective action plan if it determines that the rate of child poverty increases by five percent in a given year as a result of carrying out its new program for needy families. Depending on how this requirement is enforced, it may constitute a mandate when it is combined with the reduction in federal funding for needy families and the work requirements of the bill. Under the work requirements, a state would be required to have 50 percent of certain families that are receiving assistance in work activities by fiscal year 2002.

Under Public Law 104-4, an increase in the stringency of conditions of assistance or a reduction in federal funding for an entitlement program under which the federal government spends more than $500 million annually is considered a mandate only if state, local, or tribal governments lack the authority under that program to amend their own financial or programmatic responsibilities to continue providing required services.

The bill does not specify how this child-poverty requirement would be enforced. On the one hand, if a state would be allowed simply to submit a corrective action plan but would not be required to take action to reduce child poverty, then the requirement, by itself or in combination with the other changes, would not constitute a mandate because the state would have the flexibility to reduce caseloads and benefit levels in response to the federal requirements and reduced federal funding. On the other hand, if the bill would require a state to reduce child poverty (and a mechanism was developed to enforce that requirement) then it may constitute a mandate when it is combined with the funding reductions contained in the bill and the work requirements.

Even if the requirement is stringently enforced, however, states may still have sufficient flexibility to meet all the requirements of the bill without devoting more state funds to the TANF program. States, not an outside party, would determine whether the rate of child poverty has increased by 5 percent. In addition, the majority of people currently receiving Aid to Families with Dependent Child (the program that TANF would replace) are already in poverty, so that rate of child poverty might not increase significantly even if these people lose benefits.

Child support. The bill would mandate changes in the operation and financing of the state child enforcement systems. The primary changes include using new enforcement techniques, eliminating a current $50 payment to welfare recipients for whom child support is collected, and allowing former public assistance recipients to keep a greater share of their support collections. The net savings from these mandates would exceed the costs by $200 million to $500 million annually over the next six years.

Restricting Welfare and Public Benefits for Aliens and Supplemental Security Income. CBO estimates that the new mandates contained in the portion of the bill titled Restricting Welfare and Public Benefits for Aliens would not be significant. However, the bill would reduce the size of an existing mandate. Current law requires states that supplement federal Supplemental Security Income (SSI) either to maintain their supplemental payments levels at or above 1983 amounts or to maintain their annual expenditures at a level at least equal to the level from the previous years. Once a state elects to supplement SSI, federal law requires it to continue in order to remain eligible for Medicaid payments. Because the bill would restrict eligibility for SSI, primarily for aliens and disabled children, states would no longer have to maintain their supplements for these individuals. CBO estimates that states could save roughly $750 million annually by fiscal year 1998.

Other Titles. Two other titles of the bill—Child Nutrition and Food Stamps—contain intergovernmental mandates, but the total cost of the mandates would be significantly less than the $50 million threshold.

PRIVATE SECTOR MANDATES

The bill contains several private sector mandates as defined in Public Law 104-4. CBO estimates that the direct cost to the private sector of those provisions would be $65 million in fiscal year 1997 and would total about $1.0 billion over the five-year period from 1997 through 2001, as shown in the following table.

[Fiscal year (dollars in millions)]

	1997	1998	1999	2000	2001
Requirement on Employers		$10	$10	$10	$10
Requirement on Sponsors of New Immigrants	$5	20	55	195	400
Changes in the Earned Income Credit	60	61	62	65	68

Requirement on Employers. The child support provisions of the bill include a requirement that employers provide information on all new employees to new-hire directories maintained by the states. This provision would impose a direct cost on private sector employers of approximately $10 million per year once it became effective in 1998. Based on data from the Bureau of the Census, CBO estimates that private employers hire over 30 million new workers each year. Even so, the cost to private employers of complying with this mandate would be expected to be relatively small. Many states already require some or all employers to provide this information, so that a federal mandate would only impose additional costs on a subset of employers. In addition, employers could comply with the mandate by simply mailing or faxing a copy of the worker's W-4 form to the state agency, or by transmitting the information electronically.

Requirement on Sponsors of New Immigrants. The bill would also impose a new requirement on individuals who sign affidavits of support for legal immigrants by making future affidavits legally binding. This requirement would impose a direct cost on the sponsors estimated to be $5 million in 1997, rising to $400 million in 2001. This estimate represents the additional cost to sponsors of providing the support to immigrants that would be required under the bill. The added costs are larger after the first three years because of the new responsibility sponsors would have to provide support after a three-year deeming period.

Changes in the Earned Income Credit. Finally, the bill would make several changes in the Earned Income Credit. The bill would modify adjusted gross income by disregarding certain losses, expand the definition of disqualified income and index the threshold, and strengthen compliance. The Joint Committee on Taxation estimates that the direct mandate cost of these changes would be $60 million in 1997, increasing to $68 million in 2001. These estimates include only the revenue effect of the changes in the credit, and not the effect on federal outlays.

Mr. DOMENICI. I yield the floor.

Mr. LOTT. Mr. President, I believe the Democratic leader is on his way and will be prepared to close on that side, and I will go immediately following that.

Until he arrives, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, after 18 months, we are about to pass welfare reform. It has been a long, divisive debate about the direction our Nation will follow on fundamental social policy. The initial bill, approved by the House last year, I think, by virtually any standard, was an extreme piece of legislation. As a result, it enjoyed very little public support. Twice the President vetoed extreme legislation, and that resulted in far more bipartisan cooperation in the ensuing months.

It is clear that there is a consensus on many concepts relating to welfare reform. Most of us believe the current system is not working, that welfare must be reformed, that welfare as a way of life must end. There is a consensus about the need for work, that able-bodied people should work, that there should not be welfare for those who are unwilling to work. There is a consensus about the need to allow States flexibility and a recognition that South Dakota is different from New York and different from California. There is a consensus that the lack of child care is a major barrier to work, that States need to provide adequate funds to help parents afford it, that the current law with regard to health and safety standards must be maintained and even improved, and that child care needs to become more available and certainly more affordable.

So there are points on which there is common ground and a great deal of agreement. The welfare debate has come a long way since those early months when the President felt compelled to veto that extreme legislation. There have been many areas where bipartisan progress in reducing the barriers that I have just discussed has been made. The debate began on welfare reform with not $1 for child care money, with not $1 for child care to be provided under any circumstances. Now, in this legislation, there is $14 billion to assist parents' efforts to secure child care.

The debate began over a House bill with absolutely no guarantee of Medicaid coverage for families under any circumstances. Now families moving from welfare to work will continue to receive health care during a 1-year transition period.

We have made bipartisan progress in other areas, too. This bill improves the Nation's child support enforcement system. It improves the Nation's supplemental security program for the disabled children of our country. We dropped the proposals to block grant food stamps and eliminate the national nutrition safety net, and we dropped proposals to block grant child abuse funds, which would have undermined our Nation's child protection system.

So, Mr. President, this bill does represent progress. In these areas, and in others, I think it is fair to say that we have come a good distance. But in a democracy everybody has to make their own assessment. We have our own internal comfort zone. We have our own sense of what is right. From phone calls I have received from my State of South Dakota, and letters I received from across the country, the views are as diverse outside Washington as they are here in the Senate.

Every Senator, every Representative, and the President of the United States must make his or her own judgment and draw his or her own lines. It is better than when we started. We began having a threshold for which there could be agreement and consensus on items that I have discussed. Thoughtful people will disagree about where we go from here, how we can assess that progress, and whether or not this marks enough progress to stop now. For many, including this Senator, it is a tough call.

There is no crystal ball. Nobody can predict with certainty the effect of this bill. It will improve, in some ways, the welfare system that we have right now. I think that is a given. But will it help move welfare recipients to work? We can only hope that it does. Will it ensure that children are protected? We can only hope that it does.

Is there a guaranteed safety net for children in the future? On that answer, in my view, Mr. President, the answer is not even hopeful. The answer, in my view, is no. Is this the last point? Is this the only point? There are others. But the fact is that this important issue affecting 100 percent of the future population is not resolved. On that issue, we can do better.

We all want reform. We want to require people to work. But we also want to protect children who can't protect themselves.

We have to be careful to balance those goals. The need a meaningful safety net for children—a guarantee that they will not pay for the mistakes or circumstances of their parents—ought to be paramount for every one of us as we make our decision tonight.

Mr. President, we need vouchers to ensure children's basic needs are met when their parents reach the time limits, and you can't find vouchers in this bill—not to any meaningful extent. We need a contingency for emergencies. When we went through the last recession, this country drew down more than $6 billion in emergency AFDC funds an 18-month period. These were the resources necessary to provide the safety net, especially for children who otherwise had nothing—$6 billion. You know what is in this bill? We have about $2 billion in contingency funds. We may be more than $4 billion underfunded the next time we have a recession in this country. Then what happens?

The level of nutrition cuts continue to concern me as well. I am not comfortable reducing food stamp benefits for families with children who pay more than 50 percent of their income in rent. We do not treat the elderly that way, and we should not. And we should not treat children that way, either. Nutrition cuts have nothing to do with work, nothing to do with reforming welfare. It is an attack on the essential nutritional safety net in this country, and we ought to recognize it as that.

I support strong work requirements. But the work requirements in this bill are inadequately funded. This is something that we ought to be concerned about, and the Congressional Budget Office says that most States in the country, when this legislation passes, will fail to meet the work requirements. They will not even be close.

We all agree that the lack of affordable child care is a barrier to work. The Senate and House bills said mothers with elementary school children could not be sanctioned or terminated from assistance if they don't find child care or cannot afford it, but the conference bill precludes sanctions only for mothers with children under 6. The distinguished Senator from Connecticut addressed this point earlier this afternoon. I am concerned that this is an impossible choice for mothers. A mother's choice is to go to work in order to receive assistance, leaving a child of 7 or 8 alone after school, or not to go to work and lose the help she needs to feed and clothe her child. What a choice. Mr. President, that is not a choice that you and I and the rest of this body can be comfortable with.

Frankly, I am very troubled about the treatment of legal immigrants. There is no assistance for illegal immigrants, and perhaps that is appropriate. But this bill attacks legal immigrants. I am not talking about those who cross our borders in the dead of night. Individuals who have followed the rules, paid taxes in this country, and gone to fight in other parts of the world for this country are now going to be told that there is nothing, no help whatsoever, even when they desperately need it through no fault of their own.

It was 100 years ago that my grandparents came to this country with the promise of 160 acres of soil. They came with a lot of hopes and dreams about what this country could provide for them and their grandchildren and for all of the Daschles to follow. They came here for freedom. They came here in the belief that this would be a better life. We joked about the Government betting you 160 acres of land that you could not survive it on for 5 years in South Dakota. If you could survive for 5 years, it was yours. They got off the railroad, they built a sod house, and survived. But the Government gave them the opportunity to survive, gave them the license to be Americans, and I am here 100 years later because that happened.

We do not have any more land to give, but I sure hope we can still give dreams. I hope that there are still people out there who believe that the freedom that they can find in this great country of ours, for all of the things this country can provide, ought to be ample reason to come to this country and give it their best.

But we are saying we are not going to help you; we are going to punish you if you even try. That is not American. My grandparents could not have come with this law in effect 100 years ago.

So, Mr. President, it is with some sadness that we have come to the conclusion that we cannot do better than this. But we are going to pass this legislation tonight with the understanding that there are some very severe deficiencies. Is it an improvement over what we passed a year ago? Yes. Can we do better? I think we all know in our heart of hearts that the answer to that is also yes.

I hope that we can agree when it is signed into law that we will go back, without much time to waste, and attempt as best as we can to fix those deficiencies so we do not punish children, so we do not send the wrong message to people who want to be Americans, so we recognize that this country is still all that it can be, so we can work together to make it an even better one.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I believe we have some 2½ minutes left, and beyond that I will use my leader time.

Mr. President, over the years we have watched a program that we started some 60 years ago with very good intentions to help the weak and the genuinely poor people in this country to be able to get some degree of temporary assistance to help them exist.

We have watched over the years as the taxpayers of this country worked hard to try to look after their families, tried to get clothes to put their children in school, and pay their taxes. Then they began to wonder, who was thinking about them? Because they saw this program continue to grow and build, and they saw it continue to cost more and more billions of dollars, and they saw abuses. Then they started to worry. What about the children that are getting locked into this system of welfare dependency?

Over the years it moved in that direction—to where we have disaffection on all sides; those who pay the bills for the welfare program and those who are on the program. People ask: Who is it really helping? Is it really giving people a lift out of poverty, or it is it locking them in? Does it really help the children when the parents are not able to get a job, they do not have the training, the education, nor the day care to be able to really get a job? Who is the real loser? The children have become the losers of this program. It has become a program of dependency without a way out. That is what this bill is really about.

I am happy that the Senate is about to take this final action on this monumental accomplishment, a bipartisan accomplishment on a bill that is entitled "Personal Responsibility and Work Opportunity Act of 1996." We call it welfare reform, but that is the real title. That is what it is really about—personal responsibility; taking advantage of the program when you really need it on a temporary basis, to give you an opportunity to exercise your responsibilities and get off the system and get into a job—work opportunity. That is the American way; to have an opportunity to get what you need temporarily with training to go out and get a job and look after your family.

It has been a long haul with more than a few dead-ends. But we stuck with it. We forged the kind of compromises that were needed to move it ahead, and at last we have come to our destination: ending the destructive welfare cycle. That is what this is all about.

There is more than enough credit to go around. But I think special tribute clearly should be given to the Senator from Delaware, Senator ROTH. He has pulled off a gold medal performance this week. He was lead chairman on the welfare reform bill. He was the chairman that negotiated the agreement on the small business tax relief bill, and he was the lead participant in the health insurance reform legislation; a tremendous week. We are all indebted to Senator ROTH for that great work. I know it has been exhausting, but I know you are extremely proud of the accomplishment that you have in this bill and those other bills.

Of course, the venerable chairman of the Budget Committee, Senator DOMENICI, hangs in there. It was going to be maybe just a few hours and then it looked like it was going to be the full 10 hours. He has to do it over and over again. He has been a partner with the Senator from Delaware. They have done a great job. He is the most knowledgeable Member that we have on how we deal with these budget issues.

Senator NICKLES, at my request, was representative of the leadership in a lot of the negotiations. That youngster from Pennsylvania, Senator RICK SANTORUM, he was great. He came to the floor one night. He did his job. He knew his subject matter. He has been working on it for 2 years—actually longer than that. I guess about 4 years. He really knows the intricacies of this bill. It has been bipartisan, House and Senate. The vote in the House, 328 to 101. That looks mighty broad to me in its support and its bipartisanship.

In the Senate, Senator BREAUX was involved and helpful as we went along. Senator LIEBERMAN, I read his article, I believe, in a New York newspaper last week, an excellent article. So I think we have truly made this bipartisan. It is an effort of which we can be proud.

Also, I have to say this. A lot of credit goes to the man whom I succeeded as majority leader. Bob Dole worked on this effort, pushed this effort, would not let it end, helped get it through, not once but twice, and was committed to getting it done again this year for the third time. Without his leadership, without his determination, without his commitment, we would not be here tonight passing this welfare reform package. In my opinion, it should truly be called the Dole Welfare Reform Package.

The last time I spoke on the Senate floor about welfare, I expressed the hope then that President Clinton would not again veto the reform bill that we had come up with on welfare. And I did have an opportunity over the past 2 weeks to talk with him about it. There were some changes made that he had hoped for in the bill, and so I am, frankly, greatly satisfied that he has announced he will, indeed, sign this bill into law.

So now our country begins a great transition. It will be complicated and difficult and probably will require fine tuning on our part in the future, but we have made a start. We have made a commitment. We signed on to the blueprint for the most profound restructuring of public assistance since the New Deal.

This legislation will end the Federal entitlement to welfare and replace it with block grants to the States. All by itself, that makes this landmark legislation. But the flexibility for the States and the Governors, I think, will work well. They are close to the problems. They will be able to use the money where it is needed the greatest to help the people who need it the most.

More than that, for the first time ever we are legislatively imposing time limits on the receipt of welfare on an endless basis, and for the first time ever we are applying a meaningful work requirement that can help recipients make the move—and we know it is not always an easy one—from dependence to independence.

That is what we desire and we hope for all Americans. This bill responds to a consensus among the American people by ending most welfare for noncitizens. It strengthens our child support enforcement and paternity establishment requirements. It combats fraud and abuse of welfare programs and will save the taxpayers about $54.5 billion over the next 6 years.

We can be proud of this package, and we can build on it in the months ahead as we seek to improve Medicaid and other programs of assistance to the needy. We are going to be working with the Governors to make sure that this bill sets the pattern for a new era of cooperation between the States and the Federal Government.

Again, I thank everyone whose diligence and patience brought us this far. There is an old saying: "Well begun is only half done." Today, the herculean task of comprehensive welfare reform is, indeed, well begun and much more than half done.

With the lessons we have learned in this effort, we can finish the job for the benefit of both the taxpayers of America and the poor in the months ahead.

I yield the floor.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. SMITH). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report to accompany H.R. 3734, the Budget Reconciliation Act of 1997. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

[Disturbance in the Gallery]

The PRESIDING OFFICER. The clerk will cease until order is restored.

The Sergeant at Arms is directed to restore order.

The Senate will come to order.

The clerk will resume the call of the roll.

The legislative clerk resumed the call of the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 78, nays 21, as follows:

[Rollcall Vote No. 262 Leg.]

YEAS—78

Abraham
Ashcroft
Baucus
Bennett
Biden
Bond
Breaux
Brown
Bryan
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
DeWine
Domenici
Dorgan
Exon
Faircloth
Feingold
Ford
Frahm
Frist
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Jeffords
Johnston
Kassebaum
Kempthorne
Kerry
Kohl
Kyl
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Murkowski
Nickles
Nunn
Pressler
Reid
Robb
Rockefeller
Roth
Santorum
Shelby
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wyden

NAYS—21

Akaka
Bingaman
Boxer
Bradley
Bumpers
Daschle
Dodd
Feinstein
Glenn
Inouye
Kennedy
Kerrey
Lautenberg
Leahy
Moseley-Braun
Moynihan
Murray
Pell
Sarbanes
Simon
Wellstone

NOT VOTING—1

Pryor

The conference report was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will come to order. Members will stop conversations so the Chair can recognize the majority leader.

Mr. WELLSTONE. Mr. President, can we have order in the Chamber?

The PRESIDING OFFICER. The Senate will come to order. Will Senators please take their conversations to the Cloakroom?

MEASURES PLACED ON CALENDAR—S. 2006, S. 2007 and H.R. 2391

The PRESIDING OFFICER. The clerk will now read three bills for the second time.

The assistant legislative clerk read as follows:

A bill (S. 2006) to clarify the intent of Congress with respect to the Federal carjacking prohibition.

A bill (S. 2007) to clarify the intent of Congress with respect to the Federal carjacking prohibition.

A bill (H.R. 2391) to amend the Fair Labor Standards Act of 1938 to provide compensatory time for all employees.

Mr. LOTT. Mr. President, I object to further consideration at this time.

The PRESIDING OFFICER. Objection is heard. The bills will be placed on the calendar.

The PRESIDING OFFICER. The majority leader.

THE SENATE'S SCHEDULE

Mr. LOTT. Mr. President, I know that Senators are waiting to see what might be the schedule for the remainder of the evening. There are a number of discussions underway now on a number of issues that we would like to get completed before we leave this weekend.

I want to say again tonight, as I did this morning, I really think that the last 2 days have involved a lot of tremendous legislative good work by Members on both sides of the aisle. I do not ever recall having ever seen as many bipartisan conferences in as many places at one time as yesterday.

Yesterday morning, I really didn't think it would be possible to reach an agreement on the conference report on health insurance reform, on safe drinking water, and, of course, we already reached agreement on welfare reform, and before the night was out, even the small business tax relief package and minimum wage. It looks like there will be an agreement also on illegal immigration.

I don't know exactly when all of those will move, but it is my fervent hope that all that work will not be for nought before we leave. We would like to be able to bring up some appropriations conference reports that have been completed. The legislative appropriations conference report is ready. We hope to be able to get to the military construction appropriations conference report, if not tonight, tomorrow.

That probably will require a vote, since we didn't vote on it when it went through earlier, and the District of Columbia appropriations conference report will also probably require a vote.

We would like to do those either tonight or in the morning. And we would like to also get the conference reports that have been agreed to: the health insurance conference report, the safe drinking water conference report, the small business tax relief package with minimum wage, and if there are other conference reports that could become available later on. The Department of Defense authorization conference report is available, too.

So we have several conference reports that we could get done tonight or tomorrow with just a little cooperation. There are some nominations that we think we can move forward. We have been working on those today. I think we can get some of those moved. So it is my hope that we could get those done.

Also, I would want to move to the HUD–VA appropriations bill. I know the chairman is here, Senator BOND, who has been very patiently waiting his appropriations opportunity. The Senator from Maryland is here ready to go. So if we could have a few unanimous-consent requests and work through those, then we would try to go to the HUD–VA appropriations bill.

I just want to make the Members aware of that. We need to have some additional discussions here in the next few minutes. If we could come to some agreements, then we should be able to notify the Members within 30 minutes what they can expect for the remainder of the evening and whether or not there would be any recorded votes tonight.

I would be prepared to yield the floor and observe the absence of a quorum, Mr. President, where we could work on a couple issues, and we would let the Members know as soon as possible thereafter. I yield the floor, Mr. President, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I do not believe we have been able to come to a satisfactory resolution of some of our concerns that Senators have on both sides of the aisle. We have had a very productive week and a good day. It is already 20 until 9. I know several Senators have had other things on their minds today, so I do not see any sense in pressing the point too far tonight.

I do feel constrained to ask for at least two unanimous-consent requests. We will see what happens. Then, depending on that, we will be able to make some further announcement.

UNANIMOUS-CONSENT REQUEST—CONFERENCE REPORT TO ACCOMPANY H.R. 3754

Mr. LOTT. Mr. President, with regard to the legislative branch appropriations conference report, I ask unanimous consent that the Senate now turn to the conference report to accompany H.R. 3754, the legislative branch appropriations bill, that the conference report be considered as having been read and agreed to, and the motion to reconsider be laid upon the table.

Mr. WELLSTONE. Mr. President, reserving the right to object, and I do object.

The PRESIDING OFFICER. Objection is heard.

Mr. LOTT. You did object? All right.

Mr. President, we have been hoping to go to the HUD–VA appropriations bill for over a week now, but because we were assured on various bills that they would take just a short period of time, we have been able to move through eight appropriations bills. I appreciate the success we have had with that. But this is the one that we need to go to and get done so that we do not have to have a Saturday session. It is my intent to complete this bill even if it does involve going to a Saturday session.

It would be nice if we could put that down tonight so that the chairman and the ranking member could get some work done. But we can do that tomorrow, and then we can finish up or we can work on that on Saturday. It is already in my mind that we are going to be here Saturday. So I have been feeling all day that this is really kind of Wednesday, and so tomorrow is only Thursday by my body clock.

UNANIMOUS-CONSENT REQUEST—H.R. 3666

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of the HUD–VA appropriations bill, H.R. 3666.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Reserving the right to object, and the majority leader has been working in very good faith. I appreciate it.

I just let my colleagues know that this is not my first choice, but month after month after month I have been very patient. The last several weeks I have been very patient. I think the majority leader would be the first person to say I have worked through the process.

We have a very gifted judge, Hennepin County Judge Ann Montgomery. I thought there was a clear agreement that she would be cleared last night. That did not happen. It is not my choice that somebody objected. I have heard no substantive reasons given to that objection, and that is why I object to moving forward.

I am going to fight very hard for Ann Montgomery because she is an immensely talented, gifted judge, with broad support in Minnesota, broad support in the legal community. What has been going on here is just or fair to her. That is why I object.

Mr. LOTT. Mr. President, if I could respond, first, let me announce that was the last vote tonight. There will be no further votes tonight. We will begin tomorrow morning at 10:30 on Friday morning.

I think all the Members know I have been trying to work through these judges. We have, I think, cleared 16 judges from across the country. Some of them had some problems. We were able to look into those problems, and Senators have spent time working through those lists. That is how we have been able to move 16 of them. We are working on another one right now. I think maybe it will be cleared.

Let me emphasize this: Judges quite often are somewhat controversial. Senators have different views on that. Senators have a right to express themselves on it. The time may come when we will have to move some of these judges. My approach is always to see what the problems are and see if we can work through them. We will keep working on this one. I am hoping maybe tomorrow we can satisfy concerns.

Sometimes what happens with these, it is not just the judge, but it gets involved with other issues, other legislative issues, and you have to deal with those problems before you can deal with the next problem.

We worked on that. I think we made real progress. The Senate, I think, would have to acknowledge that I have worked steadily at it. I think we have approved an average of at least one a day for the last 3 weeks.

Mr. NICKLES. Will the Senator yield?

Mr. LOTT. I am happy to yield to the Senator.

Mr. NICKLES. I have been here a little while, and I cannot remember anybody objecting to moving to an appropriations bill because they did not get a judge confirmed.

I will give one example. I remember we had a judge in Oklahoma that I was trying to get confirmed in 1992 and the Democrats were in control of the Senate. George Mitchell was the majority leader. I kept trying to get the judge moved, the nomination moved. The nominee was Frank Keating. There was no opponent, but we kept having a hold. To make the story short, we never could get his nomination placed before the Senate. He would have been an outstanding judge. There was kind of a roving hold on it, primarily inspired by my good friend and colleague from Ohio, Senator Metzenbaum, who is no longer with us.

The point being, we had an outstanding person, but we did not hold up any appropriations bill. We did fuss about it, and we groaned about it, and maybe griped about it, but I want to thank Senator Metzenbaum for putting a hold on Frank Keating because he is now the Governor of Oklahoma.

Judges have been held for different reasons, maybe good reasons, maybe bad reasons, but a lot of times it happens. However, I am not familiar with the holding of major pieces of legislation, particularly appropriations bills, hostage. I hope we are able to work through this and do our bills. We know we have to do the appropriations bills, and I am hopeful we will be able to move forward.

I congratulate the majority leader and the minority leader. I think this week has been a very constructive week. The welfare bill that just passed is certainly historic, and the legislation that we will have before the Senate tomorrow dealing with health care, dealing with small business tax relief, is also very important. I hope we will be able to complete that as well.

Mr. LOTT. I yield to the distinguished chairman of the HUD, VA Appropriations Subcommittee, if he would like to make a comment.

Mr. BOND. Mr. President, I appreciate very much the efforts of the majority leader. I assure you that the ranking member, Senator MIKULSKI, and I have worked long and hard with many Members to accommodate the interests Members have. We were prepared to negotiate time agreements so we could move this expeditiously.

The matters involved in this bill include the funding for the Veterans Administration, the funding for the Housing and Urban Development, funding for EPA—there seems to be a great deal of concern about drinking water facilities; those funds are appropriated in this bill—Environmental Protection Agency, NASA, National Science Foundation. It had been our hope that by working with and being responsive to the concerns of Members on both sides of the aisle, with respect to what is, frankly, a very complicated bill, that we could wrap this up so we would not have to impinge upon any Saturday or Sunday activities that our colleagues may have.

Mr. President, that is why I am deeply disappointed. The ranking member and I have been ready since last Wednesday to go forward on this bill. It is a complicated bill. I had hoped we would be able to go tonight. I am very disappointed, personally, and for the agencies and the people working with us.

Let me say at this point that we have worked together prior to the bill coming to the floor. The ranking member and I have agreed that we can accept a significant number of amendments that have been presented to our staff. If there are other amendments, we ask Senators to bring them to us or to our staffs tonight so we may determine if we can accept them or work with the Members to gain accommodation on them.

I have approved, as has my colleague, a number of colloquies that will be ready to go if we are able to move to this bill tomorrow. I think there are perhaps three or four issues which would require a vote, and we would like to work with the leadership and get short-time agreements on these votes, reserving everybody the right to submit additional comments for the RECORD so we can handle this in an expeditious manner. We understand how controversial the issues can be. We think we can deal with it in a timely fashion.

I ask that people who do have amendments, questions, colloquies, please contact us tonight and perhaps we can move expeditiously tomorrow.

I share the leader's disappointment that we are not able to do this tonight. With cooperation in bringing the amendments to us tonight, perhaps we can deal with the issues in a timely fashion tomorrow.

I thank the majority leader, and I thank the Chair.

Mr. WELLSTONE. I will take just 1 minute. I know the minority leader wants to speak on this.

Let me just say I heard the word "controversial" used. Judge Ann Montgomery has the support of both Senators from Minnesota. She has the broadest possible support in the legal community, the highest possible marks from the ABA. She is imminently qualified.

I would be more than pleased for someone to move this. I do not ask for unanimous consent, although I think that is the best way to do it. I would be willing to debate this nominee with anybody.

Just to be very clear, as far as the delay, I was not the one that put the hold on Judge Montgomery. I am not the one that has objected to moving forward. Other Senators have. I am just doing what any Senator would do from any State, which is that I am fighting hard for a woman who richly deserves to be Federal district judge. There is no reason in the world why anybody should be trying to stop this. This woman came out of committee back in March. She has been waiting and waiting and waiting, and I have patiently worked through the process.

I am absolutely convinced the majority leader is working in good faith, and I look forward to working this out tomorrow. I apologize to my colleague from Missouri, who is a friend whom I respect. I am not the one that has delayed this.

Mr. DASCHLE. Mr. President, we don't need to rehash all the history on this. I think it is fair to say that there has been a tremendous amount of cooperation this month. I pledged my efforts to the new majority leader when he became leader and indicated that I wanted to work with him. I think that fact has now been well-documented. The distinguished Senator from New Hampshire was in the chair last night, and I applaud him for his willingness to preside at late hours. As he was presiding last night, it seems to me that the cooperation stopped.

Before last night, we had another indication of the degree to which we were going to work on both sides to move things along, with the clear understanding on both sides that we had to finish the executive calendar on judgeships this month. The distinguished majority leader said that he would try to help us get that done. I said I would try to work with you to accommodate all of the specific pieces of legislation that need to be addressed so long as we can continue to work in good faith toward those ends. Last night, it stopped.

So, Mr. President, we have no choice but to continue to find a way with which to resolve this impasse. We need to finish the four circuit court judges, plus the other district judges that remain on the executive calendar this week.

The distinguished Senator from Oklahoma made a good point that there have been holds in the past on individual judges. I will not deny that. But I think it is important that we emphasize that, in 1992, under similar circumstances, the majority at that time, the Democratic majority, confirmed 66 district and circuit judges. On July 1 of this year, not one, zero judges had been confirmed. Now we have confirmed, I believe, 16. So we are making progress. But we can't be expected to allow the balance that we had agreed to to be disrupted. If we can continue to find ways to cooperate and work together, all of the pieces of legislation that the distinguished majority leader mentioned, I think, are possible. Realistically, I don't think we are going to be able to do the VA-HUD bill this week, but I do believe that all of the conference reports and things that the majority leader mentioned are things we ought to be able to work together to achieve before we recess. But we have to get those judges done, as we earlier agreed to do. If we can do the judges, we can do the legislation. That balance is something that I think we have made very clear from the beginning. I hope we can work together to make that happen.

I yield the floor.

JUDICIAL NOMINATIONS

Mr. LEVIN. Mr. President, I wonder if the majority leader would help us out a bit with this question. It was my understanding that, early in July, the majority leader had indicated an intention to work through all of the judges on the calendar, and that if there was an objection, the objection would be required to be stated, and then the majority leader would attempt to move to the confirmation of each of the judges on this calendar. I am particularly interested in a court of appeals judge, Eric Clay, from Michigan, who has the support of both Senators from Michigan. I know the majority leader has spoken to my colleague, Senator ABRAHAM, and me about Mr. Clay.

My question is this: Is it still the hope of the majority leader to call each of the names of the judges that are on the calendar and see if there is an objection, and if there is, to move to the confirmation of each of the circuit court judges, as well as district court judges, on this calendar? Is that still the intention of the majority leader before we recess?

Mr. LOTT. It is my intent to continue to try to work through these matters. I never indicated, in any way, that I could guarantee that we would get them all done. There are objections to some of them, and multiple objections to some of them. But I will continue to work on them one at a time, because you can't work six or seven at a time. It has worked pretty well. And I am working on that one. I have talked to the other Senator from Michigan, Senator ABRAHAM, about this judge. We are looking into what might be the problems and what might be done. Let me say this. Circuit judges are viewed very differently than district judges for a lot of reasons, and we can discuss that some other night. But that is not to say that we will not continue to work on it.

Mrs. BOXER. Will the Senator from Michigan yield to me for a question?

Mr. LEVIN. Yes. I yield the floor.

Mrs. BOXER. I really want to thank the majority leader for doing all this. I want to make the point to the Senator from Texas, and others who have problems with this, that you are talking about real people when you stand here late at night and object. Sometimes we forget that. I think Senator WELLSTONE was very real last night when he came back and he was on the phone ready to tell this particular nominee that all was well.

I happen to know two judges on that list from California. Their lives are on hold. They are human beings, just as we are. Many have been waiting for months and months. I say to the majority leader, please, do all you can, because pretty soon we are going to come down here with photographs of the families that are in limbo. They don't know. Some of them are closing other practices up. It is a hardship on the families. These are wonderful people. These are people who came out of those committees, many of them without one objection. These are people who have support of both Senators, in many cases, Republican and Democrat alike. So we really changed course here when many of us understood it was going to go a certain way. It is very hard, I think, on the people whose lives are affected, their children and their spouses.

So I hope we can work together for the good of, frankly, these people and their families and the criminal justice system. I don't think it does any good to have these judgeships vacant. Justice needs to be done, and it is hard to serve it when you don't have the judgeships filled.

I yield the floor.

Mr. LOTT. Mr. President, I am going to have to respond to some of that. There are real people, also, whose lives would be affected by these appointments. These are not administration appointees who will serve at the pleasure of the President for a year or 4 years. These are lifetime appointments to the Federal judiciary, and it is very important who these people are—

Mrs. BOXER. Yes, it is.

Mr. LOTT. And how they are going to rule. We should look not only at their education, background, and qualifications, but also—particularly when it comes to circuit judges—what is their philosophy with regard to the judiciary and how they may be ruling. We have a legitimate responsibility to ask those questions. I have to tell you, we have all been through this. I have had a couple of judges that I have been interested in, one from the Fifth Circuit Court of Appeals. He is a great guy, a great lawyer, Harvard educated, with all the credentials. He did not make it in 1992. That is the way it goes. Some people did not like him because he was a very conservative lawyer. I think the philosophy does make a difference when it comes to the circuit.

I want to emphasize here that, when we start painting this mosaic about this person and the family going to be affected, we have a right to think about all the families whose lives will be affected by some of the ridiculous decisions we see in the Federal judiciary, and the activism where they start writing laws, which is our job. I never intended to infer, in any way, or imply that I could guarantee that all these would be done or that I would even vote for all of them. All I said was that I would work through this list and I would try, because I didn't know any of them, not a single one of them, when I started out.

I started down the list, at the direction of my predecessor, I got to know some of them and worked through them. I tried to move four en bloc one night, and because we did not have all of them on the list, it was objected to by a Senator. I thought we had worked it out. Later, I tried to move the same four judges again that nobody objected to, except when I brought it to the floor, a Democratic Senator objected because his judge was not on the list. And then the majority leader left, and I said, well, maybe I can work through more of them. I got it up to nine judges. One night, I came to the floor and we had 10 that had cleared on the hotline. I even talked to a couple Senators as they hit the ground at the airport trying to get them done. At the last minute, one of those dropped by the wayside. I tried nine judges, and I had an objection from a Democrat when I was trying to clear nine judges. I think at least five or six of those were supported by Democrats. So I said, OK, that hasn't worked. In an abundance of good faith, I said I will do them one-by-one.

I brought up one. It was objected to. But then I started working it with the minority leader. He started working it with his people. And then we started to move with the ones that were really not controversial. We got four or five done. Then we got five more done. And I think it is 15 or 16—16 that we are working through the process.

I really must say that the minority leader was fair in his remarks of how we talked about it. We work together on it. We will just keep moving through the process.

But again these are not insignificant. These are big-time, lifetime, high-paid jobs that are going to affect our lives, and, if we do not know who they are, if we do not ask questions, then we will be shirking our responsibilities.

But we will continue working on these judges. Just like the Senator from Michigan said, we will talk more about that.

Mrs. BOXER. Will the leader yield?

Mr. LOTT. Certainly; I am happy to yield.

Mrs. BOXER. I thank the leader for yielding. I appreciate what he is saying. He is so right about that. I have to say having had the real, great privilege to get a number of judges through this U.S. Senate—

Mr. LOTT. There was one from California that we moved.

Mrs. BOXER. Absolutely. I want to say that the committee is doing its job. They were very clear with all of us—the Republican Senators—saying we want to make sure when you bring people up that they have Republican support as well as Democratic support in their committees. And it has been, frankly, a joy for me to work to bring these types of people who have that type of bipartisan support.

But I guess the one point that I just want to make—and I will not belabor this any longer—is that I heard the Senator from Minnesota say that he would be delighted to debate this. He is ready.

Mr. LOTT. Let me say in this case that I have already told him. If I could reclaim my time for a moment, it is relevant. If we can't get it worked out, I intend to move it, and we'll have a debate.

But here is one of my problems. We have a few hours left here. We have a lot of work that we need to get done that you want, and that we want. So I plead with everybody. Let us keep our heads cool. Let us keep talking.

Also, I again say that I think it would be a major mistake—a major mistake—for Senators to hold up health insurance reform, safe drinking water, small business tax relief, and minimum wage, if we can't work through all of these things tomorrow. I plead with you not to do that. I urge you not to do it.

Let us get these conferences that we have worked together on in a bipartisan way. I understand there is some objection maybe to the illegal immigration bill. I do not know the details of the negotiations there. But this is something the American people feel outraged about. We can't control illegal immigration in this country. But if there is some problem with the way it was handled we will take that into consideration.

There are three of these conference reports which everybody has pretty much signed on to. They have problems with them.

Mr. NICKLES. Will the Senator yield?

Mr. LOTT. Yes.

Mr. NICKLES. I just want to say that I appreciate the comments, and this has been informative.

In the last couple of months, if my figures are correct, there have been 23 judges on the Executive Calendar ready for confirmation by the Senate. We have confirmed 16. We have 7 still left on the calendar.

So I tell my colleagues on the other side who might be frustrated that is a pretty good batting average. That is 16 out of 23 in this period of time. I admit that hardly—I think maybe one judge was confirmed prior to that time.

Also, just while we are looking at this, I mention Frank Keating who was not confirmed in 1992. And my colleague, Senator DASCHLE, mentioned that we confirmed 66 judges in 1992, which is a lot. That is correct. But we also had 58 nominations pending at the end of 1992. Right now the total nominations of judges on the calendar—and that have been nominated—the total is 28.

So, if you look at the total percentage of those we have on the percentage—

Mr. LOTT. That is, those on the calendar and those still pending in the Judiciary.

Mr. NICKLES. Still pending before the Judiciary Committee.

So the only thing you have had on your plate is that there has been 23 judges on the Executive Calendar. The Senate has now confirmed 16. There are 7 remaining.

So I would say that in the past month the majority leader has been very cooperative in the fact that he has moved 16 out of 23. That is 70 percent of the judges.

So I think he has been very cooperative in working with all Senators.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank the President.

I just ask the majority leader to extend the courtesy, if he can. I want to add my compliments to those that he has already received for such a good job, and I think too in a most serious way. He has tried to—

Mr. LOTT. One of those was from New Jersey, if the Senator will yield.

Mr. LAUTENBERG. Absolutely.

Mr. LOTT. We ran into a little problem, and we worked it out.

Mr. LAUTENBERG. To use an expression, "I don't have a judge in this fight." So I want you to know that.

[Laughter].

I enjoy not only working with him but my kind, friendly tete-a-tete with the majority leader.

I ask the majority leader whether or not in reality these judges did not move tonight because they had something to do with something else? Is there some legislative redress that is being sought here, a judge is being held hostage, and people seeking justice are being held hostage because we are not processing their cases in an expeditious fashion? I ask the majority leader because it was suggested to me that perhaps there was something that I might do to help it along here.

I just would like to know whether or not there is some particular piece of legislation that may have offended someone that has them out here saying, "No. I am going to object to judges. I am going to object to anything that goes on in this place, and I do not care what the consequences are. I object to the legislation." Could I possibly be correct in my assumption, Mr. Leader?

Mr. LOTT. I do not think it has ever happened in the Senate before; that one matter would be impacted by an unrelated matter in another area. Why, of course, everything in the Senate is tangled up and related to something else. I do not guess there is any relationship between the judge not moving tonight and the objections to taking up the HUD and Veterans appropriations bill. Why, of course, they are related.

But I have found the way you do that, you get all tangled up, and you work with them, and quite often they manage to work themselves out and we get the job done. But they are related.

Look. You know that Senators on both sides of the aisle feel strongly not only about the judges but about the legislation. People are worried when you have a bill that involves a stalking of women and children that you really care about, and you think that there is a mistake there, and it is a bill that is universally supported. When that bill gets tangled up in the course of events, a Senator gets excited about that, and upset about that. When a Senator feels like his or her rights are trampled upon, they move and they take advantage of whatever rights they have.

My attitude with the Senator from Minnesota tonight was, "Look. I understand. You are doing what you have to do." And we will see what we can do with his problem that has been affected by another problem. We will work them all.

Yes. They are all related. There is nothing new in that.

Mr. LAUTENBERG. The majority leader—like my name—is frank, and I appreciate that candor. Because, if we are talking about the stalking bill here that passed the Senate that is over in the House, it carries an amendment by me that says wife beaters, child beaters, spouse abusers should not have a gun. Apparently there is an objection. "We are concerned about that. We want to give those guys guns. What did they do? Beat up their wives? That is not a crime." One judge said, "I hate to give a noncriminal a criminal sentence." One judge was so tough that he gave a man who murdered his wife in Baltimore County 18 months with time to be served on weekends. He murdered his wife. The judge said, "I do not like to really punish someone like the criminals. They are not really a criminal. All they did"—he did not say this. I am saying it. "All he did was murder his wife."

So I am asking for my amendment and that bill to be carried along, and now suddenly I hear that has something to do with the approval of judges, which now has us tangled up in appropriations bills. I think it is pitiful that someone would object as we saw here last night; the Senator objected to an order that the minority leader requested and refused to answer a question—refused, turned around and walked out. This place is deteriorating into a sorry condition. But I know the majority leader is working on it.

I think it is very important that people across the country hear that eight judges are not being appointed because of a piece of legislation that would prevent wife beaters and child abusers from getting guns. I think that is pretty important. I hope the public hears it and listens to it, and I hope the press hears it and listens to it.

I say to the majority leader, my apologies for this little tirade, but I had to kind of get it off my chest.

I thank the Senator.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RUSSIAN ELECTIONS

Mr. LEAHY. Mr. President, on June 16, something happened that has tremendous implications for the American people and for people everywhere. On that day, Russia, which just a few years ago was the greatest threat to democracy in the world, held a democratic election to select its President.

That alone, Mr. President, is reason to celebrate. Despite calls from people across the Russian political spectrum who still do not understand what democracy is about to cancel the election, the Russian Government stuck by its commitment to democracy—

No decisions were taken by secretive Politburos.

Parties representing the full spectrum of political sentiment participated.

Candidates crisscrossed that vast country making promises to win the votes of ordinary people.

And in the end, most stunning of all, there was a graceful concession speech by the losing candidate, the leader of the Communist party that only a little while ago we regarded as the personification of tyranny, committing the party to challenge irregularities in the election "in the courts, not in the streets."

Mr. President, this was not a perfect election. There were irregularities. There may well have been instances of ballot box stuffing. I was quite concerned about the extent to which media coverage of the election appeared to favor one candidate. But it also occurred to me that, if I were a newspaperman covering an election in which one major party had a record of advancing democracy and the freedoms associated with it and the other had a 70-year history of suppressing the freedom of newspapers like mine, I might have tended to advocacy rather than neutrality too. That is not an excuse, but despite the irregularities, there is general agreement that the will of the Russian people was heard in this election.

The Russian people voted for democracy, and the tremendous significance of that should not be lost on anyone. Despite all of the hardship they are experiencing. Despite the crime and corruption. Despite their loss of empire. Despite the fact that the standard-bearer of the forces of democracy has made many mistakes, the brutal war in Chechnya being the most egregious, and is in poor health.

The Russian people voted for freedom. Freedom to speak their minds. Freedom to associate. As ultra-nationalist Vladimir Zhirinovsky, who is not someone I admire, put it in explaining why he would not support the communists: freedom to decide where to spend his vacation. For some, it came down to things as simple as that, things which we take for granted.

Mr. President, the world has changed profoundly in the last decade. Communism as a world force is gone. Whatever the future may bring in terms of the distribution of power in the world, the age of ideological confrontation between communism and democracy is over. While there remain many aggressive forces in the world, I cannot help but feel that the world will be a safer place when its two greatest powers are both committed to democracy and the protection of individual rights.

And I think we owe credit to President Clinton, Secretary of State Christopher, and Deputy Secretary Talbott. Over the past three years, they have braved the attacks by those, including some in this chamber, who cannot bring themselves to give up their cold war notions about evil empires and would have us focus only on the vestiges of the old and ugly in Russia and ignore all that is new and promising.

Where do we go from here? As the ranking member of the Foreign Operations Subcommittee, I have watched as funding for foreign assistance has been slashed over the past 18 months, including assistance to Russia. Assistance to Russia is being phased out over the next 2 years, even though it is obvious that it is going to take the Russian people at least another decade to be able to take control of their own lives instead of expecting the government to do it for them, and that our assistance would be valuable to them.

President Yeltsin has won the support of his people to continue reform. But the Russian economy remains a shambles. The Russian Government has no money to finance its reforms. Crime is rampant. There are still pensioners on the streets of Moscow hawking pairs of children's rubber boots in order to survive.

Aid from the United States cannot possibly solve these problems directly. The problems are so immense that only the Russian people working together will be able to.

But what our aid can do is show them the way. Most Russians still have only a faint notion of what a market economy offers. Most also still carry the perceptions drilled into them by their Soviet masters that Americans are their enemies.

I have not been fully satisfied with the results of our aid program in Russia. There has been confusion, a lack of strategic thinking, and boilerplate approaches that did not fit the unique conditions there. Too much of the money has ended up in the pockets of American contractors, without enough to show for it.

But some programs have given the Russian people hope for a better future.

People-to-people exchanges are an example of how we can help change old ways of thinking. I believe the thousands of exchanges of ordinary citizens that we have sponsored over the last 4 years played a role in President Yeltsin's victory. Farmer-to-farmer programs. Business exchange programs. Academic exchange programs. Civic organization development projects. They have shown the Russian people what is possible.

Americans have learned from these exchanges too. We have learned that the Russian people are not ogres. Like us, they are mostly worried about the welfare of their families. But they are learning for the first time that it is possible to have a system of government whose primary aim is the defense of individual rights, and which actually serves them.

Mr. President, there remains much to criticize in Russia. The democracy that exists there is fragile, and the future unpredictable. There will continue to be setbacks, and instances when Russia behaves in ways that are inconsistent with international norms. I have been horrified by the brutality of the Russian military in Chechnya. While it has been reassuring to see the outpouring of protest against this barbarity by the Russian people themselves, President Yeltsin and his security advisors need to recognize that Chechnya's future is not going to be decided by bombing its people into submission.

Having said that, let us today recognize how much has changed for the better in Russia compared to just a few years ago. And I hope we will also reaffirm our commitment to support reform in Russia. We know how to put our aid dollars to good use there, and there is much good yet to be done.

TRIBUTE TO THE LATE HARRY M. "MAC" JOHNSTON

Mr. THURMOND. Mr. President, the emergence of South Carolina as a center for business and industry is due to many factors including a temperate climate, a trained and enthusiastic workforce, cooperative government officials, and not the least significant, community leaders committed to bringing new jobs into their towns, cities, and counties. One of the fastest growing areas of the Palmetto State is the region known as the Upstate, and a gentleman by the name of Harry M. "Mac" Johnston, played a key role in business development in Union County, until his recent and untimely death.

Mr. Johnston served as the director of the Union County Development Board for slightly more than 2 years, a short tenure to be certain. Despite the brevity of his administration, cut tragically short by a stroke, Mr. Johnston managed to achieve several important accomplishments that will be of great benefit to his fellow citizens. Thanks to the efforts of the late Mr. Johnston, the historic Buffalo Mill was purchased and re-opened, Union County was named as the home of South Carolina's new Juvenile Justice facility, and Upstate residents will celebrate community spirit this fall at the first ever "Uniquely Union Festival." Without question, these are three excellent examples of Mr. Johnston's abilities as a civic booster and promoter of Union County, and had his life not been ended so abruptly, I am confident that he would have continued to have played an important role in the development of Union County.

Mr. President, the impact Mr. Johnston had in Union County was tremendous. He was a very capable and well liked man, and in memory of the many contributions he made to his community, the County Council recently voted to name the new county industrial park after this man. This is a fitting tribute to a person who dedicated so much of his efforts to making our State a better place to live. I commend the Union County Council on the honor they have paid Mr. Johnston and I extend my deepest condolences to his family on the loss they have suffered.

RETIREMENT OF AMBASSADOR DAVID COLSON

Mr. PELL. Mr. President, I take the floor today to pay tribute to a distinguished civil servant, Ambassador David A. Colson. Ambassador Colson is Deputy Assistant Secretary for Oceans in the Bureau of Oceans and International Environmental and Scientific Affairs. He will retire from 25 years of Government service on August 2; his departure is a loss to the Department of State and a loss to our country.

Dave Colson's career is an exemplar of public service. In 1966, he graduated from college and joined the Peace Corps, serving for 2 years as a teacher in Liberia. Thereafter, he enlisted in the United States Marine Corps. Upon completion of his tour of duty in 1971, he returned to law school. In 1975, he began working for the Department of State, the organization which has enjoyed the benefits of his efforts ever since.

Dave progressed rapidly up the career ladder at State. First as Attorney-Adviser, then as Assistant Legal Adviser, and finally as Deputy Assistant Secretary. He received a career appointment to the Senior Civil Service after only six years working in the Legal Advisers office. Since 1991, he has served with the rank of Ambassador.

Mr. President, those are titles and ranks. They are impressive, but they speak little to Dave's accomplishments and service to our country. The true measure of his contributions lies in the body of international law that he leaves behind and the people whose lives are better because of his work. In these areas, his achievements are legion.

At the Foreign Relations Committee, Ambassador Colson is best known for his expertise in the area of living marine resources. In the past three Congresses, he appeared before our Committee to testify on numerous marine resource treaties. Each of these advanced the interests of the United States and its citizens. Each of them improved the conservation of in the world's marine resources. Each of them developed further the framework of international law that governs the use of ocean space. And each of them was brought about either in large or partial measure through Ambassador Colson's efforts.

Dave Colson's accomplishments are not, however, confined to living marine resources. As Deputy Assistant Secretary for the OES Bureau at the State Department, he has been extensively involved in a variety of issues including the Law of the Sea Convention, the London Dumping Convention, a number of maritime boundary negotiations, navigation issues, and a range of matter associated with the Arctic and Antarctic.

Simply put, Dave Colson became one of the leading experts in the world on oceans. He is to be commended for his invaluable and lasting contributions. I wish him all the best as he embarks on this new phase of his life.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, July 31, the Federal debt stood at $5,188,888,625,925.87.

On a per capita basis, every man, woman, and child in America owes $19,550.80 as his or her share of that debt.

MAINTAINING OUR PARTNERSHIP WITH ISRAEL

Mr. PRESSLER. Mr. President, I want to take this opportunity to comment on our nation's continued support with its chief ally in the Middle East, Israel. Last week, the Senate completed action on the Fiscal Year 1997 Foreign Operations Appropriations Bill. The final legislation soon will be brought before us. This legislation represents the annual opportunity for Congress to demonstrate its clear support for the people of Israel.

This year is no exception. Both House and Senate bills would continue last year's investment levels to Israel—$1.2 billion for economic assistance and $1.8 billion in military aid. I commend the House and Senate Chairmen of the Foreign Operations Appropriations Subcommittee—Senator McCONNELL and Congressman CALLAHAN for their efforts to maintain our full commitment to the people of Israel.

I have been a strong critique of foreign aid excess. However, I firmly believe that one of the wisest investments we can make is to the economic viability and national security of Israel. Failure to maintain that commitment could pose even greater costs in the future—costs in lost jobs, lost opportunities and far worse, even lost lives.

I have been concerned of late with the proliferation of advanced weapons to nations that traditionally have been hostile to Israel's existence. In the past year, Iran has acquired advanced cruise missiles from China, and has engaged in an aggressive campaign to develop a nuclear weapons and ballistic missile program. It also recently was reported that Syria may have obtained advanced ballistic missile technology from China. It is no secret that Syria is seeking to develop a far more capable ballistic missile than the Scud missiles that rained down on Israel during the Gulf War. Given these developments, it is crucial that Israel maintains a technological edge in its defense systems. Our continued support of Israel's defense, therefore, is vital.

Mr. President, as we all know, just a few weeks ago, a joint session of Congress was held in order to hear an address by the newly elected Prime Minister of Israel, Binyamin Netanyahu. We witnessed a stirring speech. Prime Minister Netanyahu deserves our congratulations for articulating a thoughtful vision for the people of his country.

Perhaps most important, the people of Israel deserve our congratulations for demonstrating their commitment to democratic values. For nearly a half century, the people of Israel have built and preserved a democracy despite constant hardship and hostility. The recent elections are proof that the people of Israel are determined to withstand pressures from without and within to maintain a democracy, build a vibrant economy and achieve peace and security in the entire region.

Prime Minister Netanyahu came to Washington as Israel's first popularly elected Prime Minister. Rather than be the choice of a governing coalition, Prime Minister Netanyahu is the people's choice. The people chose him to lead the Israeli government, rather than the government itself.

The Prime Minister's speech to Congress demonstrated his appreciation and understanding of the American-Israeli partnership—a partnership that goes beyond common political and strategic bonds. Both nations share a common set of values —values of freedom, individual responsibility, and hope and opportunity. The Prime Minister noted that it was no coincidence that the birth of Israel coincided with the rise of the United States as the world's preeminent power. He is right.

I also was particularly heartened with the Prime Minister's assurances that he is committed to establishing real peace in the region. Indeed, he articulated a clear, commonsense vision of how peace can be established. He called this vision the "three pillars of peace." The pillars being security, reciprocity, and democracy and human rights. Americans should understand and appreciate each one of these pillars.

It was Ronald Reagan who popularized the maxim "peace through strength." Actually, as Prime Minister Netanyahu reminded us, that maxim has its origin in Hebrew verse, which when translated, reads as follows: "God will give strength to His people; God will bless His people with peace." We are a nation long blessed with peace because we always made the defense of this nation a high priority. America's combined economic and military power provided the strength needed to secure a peaceful victory in the Cold War. Similarly, we cannot undermine Israel's security in the name of peace. That, in essence, was what the Israeli elections were all about.

Therefore, we should not question Israel's commitment to peace if it demands as a prerequisite an end to terrorist aggression, or state-sponsored attacks against Israeli citizens and cities. We should not second guess Israel's desire to move the peace process forward if it demands as a prerequisite that existing peace agreements be respected by all sides. We should embrace these conditions for they have at their core the values of any true democracy—the values of personal freedom and the rule of law. In essence, that is what Israel is seeking from its neighbors. American know peace cannot exist without respect for individual rights and the rule of law. The people of Israel should expect no less.

I applaud Prime Minister Netanyahu for being unwilling to believe that Israel will remain the Middle East's one lone democracy. There is no reason that the shared traditions of our two countries—human rights, democracy, free speech, religious tolerance—cannot be the growing traditions in any part of the world. Democracy has seen advances in Asia and Africa. The Middle East should not be immune to its benefits, one of them being a lasting peace.

Prime Minister Netanyahu understood and demonstrated to all of us that democracy is the ultimate method to achieve peace. After all, as he correctly pointed out, "modern democracies do not initiate aggression." That being the clear case, and understanding the values inherent in democracies, there should be no question in the minds of those who seek peace, that the Middle East's lone democracy should be the sole sovereign of the city of Jerusalem. I am pleased that Congress took a stand for one, unified city of Jerusalem by voting to move our Embassy there. Is it no surprise that under a unified democratic system, Jerusalem has witnessed peace and protection to members of all nationalities that have come to worship there? Certainly, it is no surprise to Americans. We know, as Prime Minister Netanyahu said, that a city divided is not a city at peace or tolerant of its diversity.

Mr. President, let me conclude my remarks with the subject I started with—our continued support for Israel. Prime Minister Netanyahu has vowed that he would like to take Israel down the road of less reliance on U.S. economic assistance, and greater reliance on the powerful forces of capitalism and free markets. I commend him for setting his nation on this course of economic independence. This decision demonstrates his confidence with his fellow citizens of Israel to build a vibrant, strong, self-reliant nation. That being the course he has set, the best we in the United States can do is help him and the people of Israel achieve that admirable goal.

As a U.S. Senator, I have watched and admired a brave and determined people build a democracy under brutal circumstances that more than tested their resolve. This past year was no exception. It has been a year that witnessed the assassination of Israel's great leader, Yitzhak Rabin, repeated terrorist attacks, and a very contentious election. Through it all, the people of Israel stood strong, holding to its values and its belief that their home, their country, will stand strong, prosperous and at peace. The people of the United States cannot help but admire that determination. The people of the United States stand ready to help the people of Israel as they move down a road of peace, security and economic self-reliance.

OREGON COAST AQUARIUM

Mr. HATFIELD. Mr. President, for 30 years I have had the pleasure of representing a State known for its emphasis on educating its citizens on the importance of understanding and preserving their surrounding environment. The Oregon Coast Aquarium serves as a wonderful example of this unique spirit of conservation.

Visitors at the Oregon Coast Aquarium are able to experience the indigenous coastal habitat and view many examples of marine creatures and plant life. However, the aquarium is much more than a collection of exhibits, it is an education center. The theme chases a raindrop from the moment it drops from the sky and hits the Coast Range, until it reaches its final destination, the Pacific Ocean. By following this path through numerous interactive exhibits, theaters, and touch pools, children and adults alike are able to learn about the native Oregon coastal environment and its important function.

Located just south of Newport along the scenic Oregon coastline, the Oregon Coast Aquarium has recently become the rehabilitation center for the 16-year-old orca whale Keiko, known for his role in the movie "Free Willy." The aquarium was selected by the Earth Island Institute, whose job it was to find a suitable new home for the 21-foot-long and 7,000-pound killer whale, as the only facility in the country that satisfied the necessary criteria. Keiko was transported, via a UPS B–130 cargo jet, to the aquarium from an amusement park in Mexico, where his health had been rapidly deteriorating. Since his arrival in January, Keiko has steadily improved and is moving ever closer to the goal of his eventual release.

I am honored today to recognize the Oregon Coast Aquarium and welcome the most recent addition to our coastal waters.

On Sunday, July 28, 1996, the New York Times published a full page article on Keiko and the Oregon Coast Aquarium.

Mr. President, I ask unanimous consent that a copy of this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 28, 1996]

WILLY NOT FREE, BUT MENDING

(By Donald S. Olson)

On Jan. 7 of this year thousands of people lined Highway 101 south of Newport, Ore., to welcome a 7,720-pound, 21-foot-long celebrity from Mexico City. Keiko, the 16-year-old orca whale who starred in the movie "Free Willy," arrived by U.P.S. B–130 cargo jet. He was loaded onto a flatbed truck and hauled past cheering crowds to his new home, the Oregon Coast Aquarium. Several aquariums wanted Keiko, but the Oregon Coast was chosen because it was the only one with the space to build a pool large enough to rehabilitate him for possible release into the wild—the first such attempt ever made with a captive orca.

Since it opened in 1992, the magnificent 37-acre facility, about two and a half hours southwest of Portland, has drawn me back to Newport and the coastal region around Yequina Bay several times. Situated on the bay's south side, adjacent to an estuary teeming with wildlife, the aquarium is designed in the vernacular of seaside buildings such as boat sheds, with imaginative interior detail. The pillars, for instance, are cast with sandy reliefs of marine life, and the doorhandles are octopus tentacles and heron heads cast in bronze.

A sculptured school of 150 thrashing coho salmon hanging in the front entry hall leads to the first exhibit, where a short video introduces the concept behind the aquarium. Following the course of a raindrop that falls in the Coast Range, trickles down streams, flows into rivers, washes through wetlands and finally reaches the sea, the galleries, arranged in a circular pattern, present a cross-section of various coastal habitats linked by water into one vast inter-connected marine ecosystem.

The first gallery focuses on Oregon's sandy beaches, which support crabs, shrimps, sea stars, sea pens and sand dollars. The flatfish, whose camouflage abilities are highlighted in a special tank, is one of the stranger creatures on view. As it grows it changes color, its eyes migrate toward one another, and it begins to swim sideways. A central floor-to-ceiling walk-around tank recreates the pier-and-pilings environment found along Newport's Bay Front. Leopard sharks, smelt and tubesnouts glide in and out among the piers, barnacles and anemones attach themselves to pilings.

A favorite spot for children (and many adults) is the Touch Pool in the next gallery, called Rocky Shores. Here, under the genial tutelage of aquarium volunteers, visitors can gently stroke starfish and chitons. Smaller tanks contain oddities like the grunt sculpin, which crawls or leaps across rocks with broad, fingerlike fins, the pea sized spiny lumpsucker and the decorated war bonnet. An array of delicate anemones wave their pulpy pink, white and purple tentacles in other tanks.

Visitors often gasp in surprise when they enter the Coastal Waters Gallery and see the central moon jellies exhibit. The glass of the oval-shaped tank magnifies these pink, brainless beauties as they gracefully palpitate up toward the top and drift down again. Sea nettles, another jellyfish species, look like aquatic, caramel-colored Art Nouveau lampshades, and the fragile bell jellies resemble tiny transparent light bulbs. For sheer creepiness, on the other hand, nothing compares with the hagfish, coiled like a pale, bloated sausage in its own tank. This repulsive creature covers dead fish with a glaze of slime, swims inside, and proceeds to eat its way out again. A close runner-up in the ugly department is the huge, primitive-looking wolf-eel, which uses its mouthful of buck teeth to crush shellfish.

The circular route of the galleries brings the visitor to the long covered portico near the entrance, beyond which are the outdoor exhibits—four acres of specially constructed caves, cliffs and pools that distinguish this aquarium.

Both aboveground and through underwater viewing windows visitors can watch sea lions, seals, sea otters, octopuses and seabirds. The otters, rescued as infants from the Exxon Valdez oil spill in Alaska, are the only animals not indigenous to Oregon. They look cuddly and playful, but they're very territorial and aggressive. Cody, the 80-pound male, has smashed the protective glass window on more than one occasion.

Keiko, of course, is now the star attraction, housed in his own state-of-the-art pool, 150 feet long, 75 feet wide and 25 feet deep. Although Keiko did not come to the aquarium to perform, his trainers have devised a series of brain games and high-energy remedial workouts—including breaches, barrel rolls, bows and high-speed swims—to improve his physical abilities and keep him mentally challenged. To the delight of visitors, he also spends a great deal of time at the underwater viewing windows, watching the people watch him.

The Free Willy-Keiko Foundation, which now owns the animal, will make the final decision regarding his release. After Life magazine brought Keiko's plight to the public's attention in 1993 and children around the world bombarded the Warner Brothers Studio with letters demanding to know why "Free Willy" was ailing and still in captivity the studio hired Earth Island Institute, an environmental advocacy group headquartered in San Francisco, to find a facility where the whale—then a ton underweight, with a collapsed doral fin and skin lesions—could be rehabilitated.

The institute set up the Free Willy-Keiko Foundation, and Warner Brothers donated $2 million of the $7.3 million needed to complete his new pool. The rest of the money, for relocation, veterinary care and operating expenses (such as the 120,000 pounds of fresh-frozen fish Keiko will eat every year), has come from private donations. The goal of the foundation and the Oregon Coast Aquarium is to make Keiko well enough to so that he can eventually be returned to his family pod. Already there are signs that his health is steadily improving, his veterinarian and others at the aquarium say. He is eating nearly twice as much as he did in Mexico City, and because of the change in water chemistry—he now swims in cold fresh seawater instead of warm chlorinated water—he's shed a layer of skin, including patches of lesions near his tail flukes and pectoral flippers.

Dr. Lanny Cornell, his veterinarian, recently stressed, however, that while the initial news is good, "it's a very short time to make long-term predictions about his eventual recovery."

Other factors beside Keiko's health must also be taken into consideration before he can be considered ready for life in the wild. For one thing, each orca pod communicates with its own "dialect" based on geographic location. Keiko can't be released into the Pacific because he wouldn't be able to communicate with the West Coast orcas. Willy had been captured off the coast of Iceland; marine biologists must find his original pod, and it's possible that they may no longer be alive. In the meantime, from underwater viewing windows, visitors now have a chance to see an orca explore an environment that recreates a portion of his natural habitat.

Since Keiko's arrival, Newport, a small coastal town on the north side of Yaquina Bay, has experienced a major tourist boom.

From the aquarium it takes about five minutes to reach the town via the Yaquina Bay Bridge, build in 1932 to 1936 as a W.P.A. project.

South Jetty, the oldest on the West Coast, extends far out into the Pacific, protecting the entrance into the bay. The section of Newport that stretches along Highway 101 is little more than an anonymous-looking strip mall, but a couple of areas still preserve remnants of the old fishing community's crusty past.

Nye Beach, a neighborhood that fronts on the Pacific Ocean just west of Highway 101, is full of the weathered, unpretentious cottages and beach shacks that until recently characterized Newport and most Oregon coastal towns.

The Sylvia Beach Hotel, a former boardinghouse that is now a cozy hotel, is perched above the broad, white-sand beach.

From Highway 101, the road curves down past a Coast Guard station to Bay Boulevard, the main street where Newport's beleaguered fishing industry is still headquartered. The Bay Front, with its assortment of seafood restaurants, is a good place to sample fresh local fish, oysters, shrimp, mussels, crabs, geoducks (pronounced gooey-ducks) and clams. White clam chowder, thick as pudding, is a staple in these parts. More seafood to go can be found, uncooked, at the indoor counters of the bayside canneries and fish-processing plants. In seconds they can clean, crack and package a whole Dungeness crab, one of the sweetest-tasting crustaceans in existence. The Bay Front is the liveliest spot in Newport.

In addition to local craft, antiques, gift and candy shops, there's Mariner Square, with a child-pleasing Ripley's Believe It or Not. Dozens of colorful trawlers still dock at Newport's marina, chugging out to fish for cod, flounder, tuna, shrimp and oysters. But the recent, federally imposed quotas on salmon and halibut has slowed the town's charter-boat business.

Strolling along the narrow bayside sidewalks, visitors are often surprised to hear the grunting gutteral barks of nearby sea lions. There are so many male sea lions in Yaquina Bay that residents call it the Bachelor Club. The females stay in the sea with their young, but the hulking males like to congregate on waterside docks.

The stretch of Highway 101 from Newport to Lincoln City, 22 miles north, is filled with a spectacular array of the saltwater habitats recreated at the aquarium. One of the best areas for viewing coastal wildlife is Yaquina Head, on the northern outskirts of Newport. Here, in the water and on the rocks below Oregon's oldest lighthouse, a gleaming white tower activated in 1873, a raucous assortment of harbor seals, sea lions, cormorants, murres, puffins and guilemots make their home.

This is also a good spot for whale watching in the wild. If the spring and early summer more than 18,000 gray whales pass by on their seasonal migration from Alaska to Baja California.

Once or twice a year orca whales, such as Keiko, also make their way into Yaquina Bay. After gulping down whatever fish is available—and often a sea lion or two they swim back to the open sea. They bay itself is a thriving oceanic ecocenter.

Not only does it support 200 species of birds, but it is so clean that every day at high tide the Oregon Coast Aquarium pumps two million gallons of water directly from the bay into their tanks and another two million into Keiko's pool.

IN TRIBUTE TO JOHN PAUL BOLLMAN

Mr. HATFIELD. Mr. President, today I come to the floor to pay tribute to a great man who has dedicated his life to helping people and families in need. John Paul Bollman has grown up in the small town of Dallas, OR. His family has made funeral service their life's work and as a result, he has helped thousands of people cope with the most difficult loss a family can experience. Over the past 4 decades he has worked tirelessly to help people in need by extending kindness and compassion to acquaintances and strangers alike, each as if they were an old friend. A man of conviction, he is deeply admired by his peers, respected for his principles, and highly regarded as a noteworthy civic leader. Throughout his life he has embodied the true sense of a Christian. He has helped all people, doing so humbly and with great adoration from his community.

John has spent countless hours working for the betterment of the community and has achieved a number of significant accomplishments as a result. Serving on the boards of the local school district, the education service district, the local hospital, along with numerous civic and professional boards, John has dedicated his time to improving the community at all levels. Whether he has taken the time to offer a helping hand, a kind word, or a heartfelt gesture, he is always available for those who need him. He recognizes that people are busy today and don't always want to invest their time helping in a classroom or teaching a high school student about a business or profession, so John leads by example and hopes that his involvement will encourage others to give of their time as well. He realizes that an opportunity to explore a career path at a young age can make the difference between providing a child an incentive to stay in school and dropping out. For many young people, John has shown them the connection and the importance of receiving a good education.

Over the years, many fortunate people have had a unique opportunity to learn from this man who has made helping others his life's work. Following in the steps of his father, John entered the funeral service in 1960. It was with a great deal of pride, that John welcomed his son Michael into the family business 10 years ago, to follow in the footsteps of his father and grandfather before him. I share a great fondness for the Bollman family, for it was John's grandfather, Dr. L.A. Bollman that brought me into this world 74 years ago. I have known four generations of this family and have seen the attributes of his father and grandfather in John and have seen them passed on to his children. His daughter Amy worked in my offices in Washington, DC and Oregon and I saw in her the qualities of her father. She, too, is an outstanding role model in her community. We need more people like John Bollman—people willing to give their time and their hearts to help others. Mr. President, I would like to take this opportunity to thank John for his tireless service to those in need and let him know that his selfless dedication to his profession and his community does not go without recognition and appreciation. The town of Dallas, OR and all who know him are both fortunate and blessed. John Paul Bollman embodies the words of Ralph Waldo Emerson in his famous poem entitled Success:

> To laugh often and much; to win the respect of intelligent people and the affection of children; to earn the appreciation of honest critics and endure the betrayal of false friends; to appreciate beauty, to find the best in others; to leave the world a bit better, whether by a healthy child, a garden patch or a redeemed social condition; to know even one life has breathed easier because you have lived. This is to have succeeded.

TRIBUTE TO NINA H. REEVES

Mr. HEFLIN. Mr. President, my friend Nina Reeves will soon be retiring from her position as youth director of the North Alabama Conference of the United Methodist Church after nearly 50 years. She will be leaving her post in August 1996 after the conference's international peace camp. The official publication of the North Alabama Conference, the Voice, published a tributary interview with Nina in its April issue, saying,

> If the North Alabama Conference has an icon, then Nina H. Reeves definitely would be that person * * * From thousands of youth and hundreds of events, the ministry of Nina Reeves stretches from the lives of each youth she has touched throughout the years.

Nina Reeves grew up in Yazoo City, MS and was reared as a Presbyterian. She went on to attend Millsaps College and later graduate school at the University of Alabama, earning a master's degree in physical education and recreation. After working part time for the Wesley Foundation, she joined the North Alabama Conference at the early age of 22. She had planned to be a teacher, but, even though she didn't know that much about the Methodist Church at the time, took the position as youth director at the persistent urging of Brother V.H. Hawkins, who vowed to teach her everything she needed to know. Hawkins had seen her at work leading folk dancing, storytelling, and recreation at a Tuscaloosa Methodist Church. She calls herself the oldest living youth worker.

Each year, Nina has brought a large group of Methodist youth from all over north Alabama to Washington each year. While in the capital, they met with Government leaders to get acquainted with public affairs and the political process. They also visited the United Nations headquarters in New York City. The annual breakfast town meetings with the Alabama congressional delegation at the Capitol complex were truly outstanding and informative. I was always impressed with these young people, since they seemed to have a genuine interest in Government and world affairs. They also tended to be intellectually curious and quite progressive in their thinking, believing that they had the ability to make a real difference in their communities, State, Nation, and world. Nina Reeves deserves much of the credit for instilling these kinds of positive attitudes in the youth to whom she ministered and offered guidance over the years.

I am pleased to commend and congratulate Nina Reeves for her nearly 50 years of service to the Methodist youth of north Alabama. She has been their spiritual guide, their teacher, and their friend. She will be greatly missed, and never really replaced, but her immeasurable contributions and life of service in shaping the leaders of tomorrow will never be forgotten. I wish her all the best as she enters the well-deserved retirement phase of her life.

TRIBUTE TO GRADY LILES

Mr. HEFLIN. Mr. President, Grady Liles, the moving figure behind bringing the NCAA division II national championship game and with it national recognition to the Shoals area of north Alabama, will be honored for his outstanding community leadership on September 5, 1996, at the Florence, AL, Conference Center. He also originated the idea of the Harlon Hill Trophy to honor the top collegiate football player in division II. It is named after a former University of North Alabama player who went on to star with the Chicago Bears, winning the Jim Thorpe Award in the mid-1950's.

In 1985, Grady helped organize and establish the Shoals National Championship Committee, which made a successful bid to host the NCAA division II football championship game. The nationally televised game has been played in the Shoals for 10 years.

Grady Liles is a native of Florence and was the 1947 golden gloves boxing champion and the 1950 middle-weight champion in the U.S. Marine Corps. In 1957, he helped organize the Florence rescue squad, which was the first volunteer squad in north Alabama. He served as a firefighter for 13 years and was selected Alabama's fireman of the year in 1965. In 1963, he had successfully lobbied for the approval of the State fireman's bill, which regulates and controls the maximum working hours for city firefighters. This bill was the first to help firefighters on a Statewide level.

Grady is a man of many awards. He was named "outstanding young man" by the Jaycees in 1965 and 1967 and that same year was selected for outstanding personalities of the south in 1967. In 1968, he received the Distinguished Service Award after saving the life of an infant who had stopped breathing through mouth-to-mouth resuscitation. He was selected Shoals citizen of the year in 1987.

He is a member of the Florence Civitan Club, Shoals Chamber of Commerce, American Legion, Knights of Phythias, and Shrine Club. He is also president of the UNA Sportsman's Club and the National Harlon Hill Award Committee and chairman of the Shoals National Championship Committee.

I am pleased to commend and congratulate Grady Liles for all his energetic boosterism and tireless community leadership. I wish him all the best for a memorable night of honor and roasting on September 5 in Florence.

THE 39TH ANNUAL RED SALTSMAN PICNIC

Mr. FORD. Mr. President, next Monday evening will mark the 39th annual Red Saltsman picnic in Sorgho, KY. For a few hours that evening a little town of less than 100 people will be the hot spot for the evening; host to thousands of people listening to good music, eating barbecue and bringing each other up to date on the latest political happenings.

It's all thanks to the good will of Katherine and Red Saltsman who 39 years ago just wanted to say thanks to the regulars at their restaurant known as the fish house of the south. That little picnic for family and friends just sort of grew.

Now, you'll not only find friends and patrons of Red's restaurant, but politicians beating a path to the picnic as well. They know that if they want to get their message out, they have to first convince the political movers and shakers who come to Red's.

But perhaps the best things about this picnic is that no matter how big the picnic gets, it's always Red's picnic. Oh there's a bigger spread and it's become a permanent stop on the Kentucky campaign trail, but the good intentions of one man and his family to say thanks and give back to the community are still at the heart of this picnic.

Red and his family are pillars of this community. They're constantly doing far more than their part to ensure Kentucky is the kind of place each of us can call home.

And so in a way, this picnic reminds us how much we each can do to make our communities thrive. And for that reason—more than the good food and music—we are all grateful to Red Saltsman.

AGRICULTURE CONFERENCE REPORT—PUBLIC LAW 480 FUNDING

Mr. LEAHY. In the Appropriations Committee's Subcommittee on Agriculture, Rural Development and Related Agencies' conference, on July 30, the conferees accepted a proposal to reduce the Senate's title III funding level by $10.5 million and increase title I funding by approximately $7.9 million. I do not serve on the subcommittee but I am concerned about the implications of this action. I would like to hear from the Senator from Iowa, who has expertise on the subject through his years of service both on the Agriculture Committee and on the Agriculture Appropriations Subcommittee. Senator HARKIN, what are your thoughts about this action?

Mr. HARKIN. I thank the distinguished Senator from Vermont for raising this issue. His work on food aid issues has been unsurpassed. It was under his leadership as chairman of the Senate Committee on Agriculture, Nutrition, and Forestry in 1990 and as ranking member during the 1996 farm bill, that the Public Law 480 Food for Peace program continues to benefit the world's starving and undernourished people.

I share the concerns of the Senator from Vermont regarding the funding level for the title III Food Aid Program adopted in conference. It would have been much better, in my view, to have retained the Senate level of funding for title III. Title III is an important tool in combating the long-term obstacles to food security, yet it has been cut significantly over the past several years. The title III fiscal year 1995 funding level was down by well over 50 percent from fiscal year 1994, and the number of countries receiving title III food aid dropped from 13 in fiscal year 1994 to 7 in fiscal year 1995.

Title III serves the poorest and most food-deficient countries. In times of shrinking budgets, it is especially important that in using the available funds priority be given to addressing the most pressing needs. Unfortunately, the $40 million contained in the President's budget and in the Senate bill already represented a substantial cut in title III funding, as compared to $50 million in fiscal year 1996, $117.4 million in fiscal year 1995, $255.1 in fiscal year 1994, and $333.6 million in fiscal year 1993. So I believe that at a minimum the title III funding should have been maintained at the $40 million level in the President's budget and the Senate bill.

Mr. LEAHY. I thank the Senator for his comments. I share his concern that by cutting this program we are cutting aid to those populations that are the most needy. I can only hope that this occurred because of a lack of understanding about what this program does and what populations it serves. These programs are now tightly focused on the poorest, most food-deficit countries in the world such as Bangladesh and Ethiopia.

Let me give an example of the way the program operates: Title III wheat in Ethiopia has been used to capitalize an emergency reserve. This has helped to stabilize grain markets, while providing a cushion against periodic drought. Under this program Private Voluntary Organizations such as Catholic Relief Services and Care can borrow from this reserve to meet emergency requirements, with a promise to replenish the reserve in the future. Without this facility we would have greater requirements for costly emergency feeding programs.

So here's a way, in a time when we are cutting back on total food aid dollars, that we can help alleviate problems before they become expensive emergency situations. I think the U.S. Congress should be in favor of this type of preventive activity.

Mr. HARKIN. The Senator from Vermont is certainly correct in his comments about the title III program. The focus of title III is on structural, policy reforms and activities that directly affect or improve food production and consumption, including nutrition. Helping the poorest, most food-deficient countries address these issues will help them see their way to food security. Reforms achieved through title III are an important tool in a longer term strategy for poorer developing countries.

Mr. LEAHY. I understand that the Senator from Iowa also shares my grave concerns about the consistent reductions in our funding of the Public Law 480 Food for Peace Program—a key part of our global effort to foster international food security throughout the globe.

Mr. HARKIN. The Senator from Vermont is correct. In addition to our discussion about title III, I would like to speak about my deep concern regarding the overall cuts in funding for the Public Law 480 Food for Peace Program in recent years. These cuts, combined with higher commodity prices and the virtual disappearance of surplus commodities, have caused a dramatic reduction in the volume of U.S. food aid. Since fiscal year 1993, total food aid provided by the United States has dropped by about two-thirds—from 8 million metric tons to about 2.8 million metric tons this fiscal year.

The United States has been generous in providing food aid. Since its inception in 1954, our Food for Peace Program has delivered over 372 million metric tons of food to needy countries—and Americans sincerely want to help alleviate world hunger. We also realize that Public Law 480 assistance works to our own benefit. It is a win-win proposition for our farmers and agricultural businesses. In the short term, purchases for Public Law 480 shipments strengthen markets for U.S. commodities. Over the long term, Public Law 480 helps develop world markets for U.S. agricultural exports. Forty-three nations that once received U.S. foreign aid are now among the top consumers of U.S. agricultural products.

It is very unfortunate that these cuts in Public Law 480 are occurring at a time when world food aid needs are growing dramatically. These needs are expected to double by 2002 according to a report by USDA's Economic Research Service issued in October 1995. Regrettably, as U.S. food aid tonnages have dropped, so have those of other donor nations, resulting in only about 6 million metric tons of food aid annually to meet need amounting to some 27 million metric tons of food.

Over 800 million people on Earth are now chronically undernourished. The people hardest hit are young children and pregnant and lactating mothers who are deprived of adequate nutrition at the most critical times in their lives because of abject poverty and horrible living conditions. They suffer from frequent illness, poor growth and development, lack of productivity, and early death.

Mr. LEAHY. The Senator is correct. Under the Public Law 480 program, each title addresses a vital, yet different need and population group. These titles are like tools in a toolbox. Each one has a vital function; each one is needed but at different times.

Mr. HARKIN. We have discussed the importance of title III in targeting countries with low incomes, high infant mortality, and low caloric intakes. Title II is similarly focused on addressing the critical needs of the hungry and malnourished. Title II saves lives through emergency assistance and improves health, incomes, and living conditions through development programs conducted by private voluntary organizations.

It is particularly important that title II have enough resources so that emergency food aid demands do not consume resources that would otherwise be available for the development component of title II carried out by PVOs. Eroding these development programs—which are critical to alleviating poverty and hunger over the long term—to meet overriding emergency demands is surely a stark example of eating one's seed corn.

By contrast, the title I market development program serves a completely different population. Title I is important to U.S. agriculture and to foreign market development—and I am concerned about the funding cuts it has suffered—but I also believe that we must seek a reasonable balance among the three titles in light of pressing human needs.

Given the growing need for food aid and the reductions in Public Law 480 funding, I encourage the administration to make full use of its authority to focus the limited Public Law 480 funds on meeting the priority needs of the poorest and most food-deficient countries.

Mr. LEAHY. I agree with the Senator from Iowa and I know that we can work in concert with the administration and the Congress to ensure that our limited food aid resources are effectively used to promote food security.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Sherman Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting a withdrawal and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:15 a.m., a message from the House of Representatives, delivered by Ms. Geotz, one of its reading clerks, announced that the House passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3006. An act to provide for disposal of public lands in support of the Manzanar Historic Site in the State of California, and for other purposes.

H.R. 2823. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes.

H.R. 2636. An act to transfer jurisdiction over certain parcels of Federal real property located in the District of Columbia, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 1051. An act to provide for the extension of certain hydroelectric projects located in the State of West Virginia.

H.R. 3663. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the Council of the District of Columbia to authorize the issuance of revenue bonds with respect to water and sewer facilities, and for other purposes.

S. 531. An act to authorize a circuit judge who has taken part in an in banc hearing of a case to continue to participate in that case after taking senior status, and for other purposes.

S. 1757. An act to amend the Developmental Disabilities Assistance and Bill of Rights Act to extend the Act, and for other purposes.

S.J. Res. 20. Joint resolution granting the consent of Congress to the compact to provide for joint natural resource management and enforcement of laws and regulations pertaining to natural resources and boating at the Jennings Randolph Lake Project lying in Garrett County, Maryland and Mineral County, West Virginia, entered into between the States of West Virginia and Maryland.

The enrolled bills were signed subsequently by the President pro tempore [Mr. THURMOND].

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3754) making appropriations for the legislative branch for the fiscal year ending September 30, 1997, and for other purposes.

At 6:04 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bill and joint resolution:

H.R. 3215. An act to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

H.J. Res. 166. Joint resolution granting the consent of Congress to the Mutual Aid Agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 2636. An act to transfer jurisdiction over certain parcels of Federal real property located in the District of Columbia, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 2823. An act to amend the Marine Mammal Protection Act of 1972 to support the International Dolphin Conservation Program in the eastern tropical Pacific Ocean, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 3006. An act to provide for disposal of public lands in support of the Manzanar National Historic Site in the State of California, and for other purposes; to the Committee on Energy and Natural Resources.

MEASURES PLACED ON THE CALENDAR

The following measures were read the second time and placed on the calendar:

S. 2006. A bill to clarify the intent of Congress with respect to the Federal carjacking prohibition.

S. 2007. A bill to clarify the intent of Congress with respect to the Federal carjacking prohibition.

H.R. 2391. An Act to amend the Fair Labor Standards Act of 1938 to provide compensatory time for all employees.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on August 1, 1996, he had presented to the President of the United States, the following enrolled bills and joint resolution:

S. 531. An act to authorize a circuit judge who has taken part in an in banc hearing of a case to continue to participate in that case after taking senior status, and for other purposes.

S. 1757. An act to amend the Development Disabilities Assistance and Bill of Rights Act to extend the act, and for other purposes.

S.J. Res. 20. Joint resolution granting the consent of Congress to the compact to provide for joint natural resource management and enforcement of laws and regulations pertaining to natural resources and boating at the Jennings Randolph Lake Project lying in Garrett County, Maryland and Mineral County, West Virginia, entered into between the States of West Virginia and Maryland.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3574. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Irish Potatoes Grown in Certain Designated Counties in Idaho, and Malheur County, Oregon," received on July 29, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3575. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Sweet Onions Grown in the Walla Walla Valley of Southeast Washington and Northeast Oregon," received on July 26, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3576. A communication from the Acting Under Secretary for Food Safety and Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Use of Trisodium Phosphate on Raw Chilled Poultry Carcasses," (RIN0583-AB65) received on July 25, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3577. A communication from the Secretary of the Department of Agriculture, transmitting, pursuant to law, a report on animal welfare enforcement for fiscal year 1995; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3578. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act; to the Committee on Appropriations.

EC-3579. A communication from the Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, a notice concerning a multi-function cost comparison; to the Committee on Armed Services.

EC-3580. A communication from the Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, a notice concerning a multi-function cost comparison; to the Committee on Armed Services.

EC-3581. A communication from the Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, a notice concerning a multi-function cost comparison; to the Committee on Armed Services.

EC-3582. A communication from the Clerk of the Court of Federal Claims, transmitting, pursuant to law, a report on two legal questions relative to cable television; to the Committee on Armed Services.

EC-3583. A communication from the Secretary of Transportation, transmitting, a draft of proposed legislation to provide for adjustments to capital and operating assistance grants for the public transit program, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

EC-3584. A communication from the Legislative and Regulatory Activities Division, Comptroller of the Currency, Administrator of National Banks, transmitting, pursuant to law, the report of a rule entitled "Management Official Interlocks," (RIN1557-AB39, 3064-AB71, 1150-AA95) received on July 25, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3585. A communication from the Acting Director, Office of Management and Information, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "West Coast Salmon Fisheries," (RIN0648-ZA20) received on July 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3586. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives," (RIN2120-AA64) received on July 29, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3587. A communication from the Secretary of Transportation, transmitting, a draft of proposed legislation to renew and improve certain activities of the National Highway Traffic Safety Administration for fiscal year 1997; to the Committee on Commerce, Science, and Transportation.

EC-3588. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Northeastern United States," (RIN0648-AI02) received on July 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3589. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Tuna Fisheries," received on July 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3590. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Tuna Fisheries," (RIN0648-AI29) on July 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3591. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, a report relative to the Telecommunications Act of 1996; to the Committee on Commerce, Science, and Transportation.

EC-3592. A communication from the Secretary of Energy, transmitting, a draft of proposed legislation relative to department assets; to the Committee on Energy and Natural Resources.

EC-3593. A communication from the Secretary of Energy, transmitting, pursuant to law, the report of rebates from the Low-Level Radioactive Waste Surcharge Escrow Account for calendar year 1995; to the Committee on Energy and Natural Resources.

EC-3594. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Horses From Mexico," received on July 31, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3595. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant tо law, the report of a rule entitled "Dried Prunes Produced in California," received on July 31, 1996; to the Committee on Agriculture, Nutrition,and Forestry.

EC-3596. A communication from the Managing Director, Federal Housing Finance

Board, transmitting, pursuant to law, the report of a rule entitled "Modification of Definition of Deposits in Banks or Trust Companies," received on July 30, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–3597. A communication from the General Counsel of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled "National Flood Insurance Program," (RIN3067–AC26) received on July 30, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–3598. A communication from the Assistant Secretary for Export Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Biological Warfare Experts Group Meeting: Implementation of Changes to Export Administration Regulations," (RIN0694–AB37) received on July 31, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–3599. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC–3600. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC–3601. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule concerning the groundfish of the Bering Sea and Aleutian Islands area; to the Committee on Commerce, Science, and Transportation.

EC–3602. A communication from the Director of the National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, a rule concerning fisheries of the Exclusive Economic Zone off Alaska, (RIN0648–AH03) received on July 30, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3603. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of six rules including a rule relative to a scallop fishery off Alaska, (RIN0648–AF81) received on July 30, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3604. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, a report relative to domestic, interstate, and interexchange telephone services; to the Committee on Commerce, Science, and Transportation.

EC–3605. A communication from the Chair of the Federal Energy Regulatory Commission, transmitting, pursuant to law, a rule entitled "Oil Pipelines Cost-of-Service Filing Requirements," received on July 26, 1996; to the Committee on Energy and Natural Resources.

EC–3606. A communication from the Director of the Office of Surface Mining, Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, a rule concerning the Wyoming Regulatory Program, (WY022FOR) received on July 30, 1996; to the Committee on Energy and Natural Resources.

EC–3607. A communication from the Director of the Office of Regulatory Management and Information, transmitting, pursuant to law, the report of three rules including a rule entitled "Illinois: Final Authorization of Revisions to State Hazardous Waste Management," (FRL5544–9, 5540–6, 5545–2) received on July 31, 1996; to the Committee on Environment and Public Works.

EC–3608. A communication from the Director of the Office of Regulatory Management and Information, transmitting, pursuant to law, the report of three rules including a rule entitled "Cypermethrin; Pesticide Tolerance," (FRL5544–8, 5389–6, 5387–5) received on July 26, 1996; to the Committee on Environment and Public Works.

EC–3609. A communication from the Director of the Office of Regulatory Management and Information, transmitting, pursuant to law, the report of eleven rules including a rule entitled "Fenpropathrin; Pesticide Tolerance" (FRL5388–1, 5372–6, 5388–2, 5387–2, 5385–3, 5386–8, 5543–7, 5539–9, 5543–6, 5535–3, 5535–2); to the Committee on Environment and Public Works.

EC–3610. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Medicaid Program" (RIN0938–AH31), received on July 31, 1996; to the Committee on Finance.

EC–3611. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Notice 96–40," received on July 30, 1996; to the Committee on Finance.

EC–3612. A communication from the Regulatory Policy Officer, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Commerce in Explosives" (RIN1512–AB61), received on July 25, 1996; to the Committee on Finance.

EC–3613. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Notice 96–38," received on July 29, 1996; to the Committee on Finance.

EC–3614. A communication from the Fiscal Assistant Secretary, Department of the Treasury, transmitting, pursuant to law, a report of the Treasury Bulletin for calendar year 1996; to the Committee on Finance.

EC–3615. A communication from the Regulatory Policy Officer, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule concerning ammunition feeding devices (RIN1512–AB35), received on July 26, 1996; to the Committee on Finance.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATFIELD, from the Committee on Appropriations:

Special Report entitled "Revised Allocation to Subcommittees of Budget Totals from the Concurrent Resolution for Fiscal Year 1996" (Rept. No. 104–347).

By Mr. McCAIN, from the Committee on Indian Affairs, without amendment:

H.R. 2464. A bill to amend Public Law 103–93 to provide additional lands within the State of Utah for the Goshute Indian Reservation, and for other purposes (Rept. No. 104–348).

S. 199. A bill to repeal certain provisions of law relating to trading with Indians (Rept. No. 104–349).

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 1952. A bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works:

Nils J. Diaz, of Florida, to be a Member of the Nuclear Regulatory Commission for the term of five years expiring June 30, 2001.

Edward McGaffigan, Jr., of Virginia, to be a Member of the Nuclear Regulatory Commission for the term of five years expiring June 30, 2000.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BREAUX:

S. 2009. A bill to amend the Oil Pollution Act of 1990, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH (for himself, Mr. SANTORUM, Mr. GREGG, Mr. WARNER, Mr. SIMPSON, Mr. THURMOND, Mr. D'AMATO, and Mr. FAIRCLOTH):

S. 2010. A bill to amend title 18, United States Code, to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms, and for other purposes; to the Committee on the Judiciary.

By Mr. SIMPSON (by request):

S. 2011. A bill to ensure that appropriated funds are not used for operation of golf courses on real property controlled by the Department of Veterans Affairs; to the Committee on Veterans' Affairs.

S. 2012. A bill to redesignate the title of the National Cemetery System and the position of the Director of the National Cemetery System; to the Committee on Veterans' Affairs.

By Mr. McCAIN (for himself, Mr. COATS, Mr. STEVENS, Mrs. HUTCHISON, Mr. ABRAHAM, Mr. ASHCROFT, and Mr. LOTT):

S. 2013. A bill to amend title 31, United States Code, to provide for continuing appropriations in the absence of regular appropriations; to the Committee on Appropriations.

By Mr. JOHNSTON (for himself and Mr. BREAUX):

S. 2014. A bill to authorize the Secretary of the Interior to acquire property adjacent to the city of New Orleans, Orleans Parish, Louisiana, for inclusion in the Bayou Sauvage National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

By Mr. DOMENICI:

S. 2015. A bill to convey certain real property located within the Carlsbad Project in New Mexico to the Carlsbad Irrigation District; to the Committee on Energy and Natural Resources.

By Mr. DORGAN (for himself, Mr. BYRD, Mr. HEFLIN, Mr. CAMPBELL, Mr. WELLSTONE, Mr. HOLLINGS, Mr. INOUYE, and Mr. D'AMATO):

S. 2016. A bill to assess the impact of the NAFTA, to require further negotiation of certain provisions of the NAFTA, and to provide for the withdrawal from the NAFTA unless certain conditions are met; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DODD (for himself, Mr. D'AMATO, Mr. LIEBERMAN, Mr. MOYNIHAN, Mr. WARNER, Mr. ROBB, Mr. BRADLEY, and Mr. LAUTENBERG):

S. Res. 286. Resolution to commend Operation Sail for its advancement of brotherhood among nations, its continuing commemoration of the history of the United States, and its nurturing of young cadets through training in seamanship; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BREAUX:

S. 2009. A bill to amend the Oil Pollution Act of 1990, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE OIL POLLUTION ACT AMENDMENTS OF 1996

• Mr. BREAUX. Mr. President, I introduce legislation to improve marine safety in the transportation of oil and petroleum products and to enhance the safety of our waterway navigational systems. It has been over 7 years since the Senate approved legislation addressing a comprehensive program regulating the transportation of oil and petroleum products, and mandating a system of responding to oilspills. Since the enactment of the Oil Pollution Act of 1990, there has been a marked improvement in the safety of maritime transportation of oil. According to a recent study, after 1990, the volume of oil pollution from maritime sources in U.S. waters dropped precipitously, and has been reduced by over 75 percent. In addition, there has been a decreasing number of large volume oilspills. For instance, in the 5-year period between 1986 and the end of 1990, there were an average of 25 major and medium oilspills per year, however, since 1990, the average number of large and medium spills decreased 33 percent to approximately 16 per year. Despite these increases in safety there are other steps that can be taken to improve safety, and the bill I am introducing today will continue the improvement of the safe transportation of oil and other petroleum products.

During consideration of the Oil Pollution Act, the Senate Commerce Committee held four hearings on the six different bills that were referred to the Commerce Committee. The end Senate legislative product incorporated the Commerce Committee's provisions on: The operations of oil tankers, enhanced Coast Guard authority to regulate the conduct of oil tankers and merchant marine personnel, requirements on Vessel Traffic Services [VTS] systems, marine oil transportation-related research, and oilspill contingency response plans as they pertain to vessels and offshore facilities. The Senate bill also included the Committee on Environment and Public Works provisions creating the Oil Spill Liability Trust Fund, increasing liability limits, and oilspill contingency response planning as it pertains to onshore facililities.

I am introducing this legislation today to build on the Commerce Committee marine safety improvements that were incorporated into the Oil Pollution Act of 1990. Title I of the bill would require the Coast Guard to finalize regulations on operational measures required for single-hull tankers, add certain new safety requirements for the tug-barge industry, and mandate a minimum underkeel clearance level for tank vessels. The bill also would create incentives to induce vessel operators to switch from single-hulled vessels to double-hulled vessels in advance of their mandated phase out. The bill simplifies the procedures for resolution of oilspill claims, and allows vessel operators to consolidate all claims in one Federal proceeding.

Title II of the bill will provide the National Oceanic and Atmospheric Administration [NOAA] with the authority to allow emergency regulations for fishing grounds closures to respond to health emergencies and oilspills. The bill would also require NOAA to provide scientific support on oilspill information. Also included in title II are provisions which would authorize a grant program to establish a nonregulatory program for reducing the risk of oilspills, and authorize NOAA to use the Oil Spill Liability Trust Fund for nautical charting. We are facing a critical juncture in the modernization of nautical charts, the United States has a responsibility to provide marine nautical chart users with accurate charts, and this provision would help NOAA to provide the shipping public with the most up-to-date navigational information. This provision also includes the authority to utilize private contractors to accomplish nautical charting objectives, and transfers the aeronautical charting responsibilities to the Federal Aviation Administration.

Title III of the bill modernizes the regulations governing deepwater ports. When the Deepwater Port Act was enacted in 1974, it was projected that there would be numerous deepwater port facilities. In fact, there is only one deepwater port in existence today. The provisions of this title will help modernize the regulations, and conform the existing regulations to the realities of deepwater port operation.

Mr. President, I look forward to continuing the effort to upgrade the safety of marine operations in the navigable waterways of the United States, and I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2009

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Oil Pollution Act Amendments of 1996".

TITLE I—OIL POLLUTION ACT AMENDMENTS

SEC. 101. COMPLETION OF FINAL REGULATIONS UNDER SECTION 4115(b).

The Secretary of the department in which the Coast Guard is operating shall issue a final rule under Section 4115(b) of the Oil Pollution Act of 1990 (46 U.S.C. 3703a note) with respect to operations elements not later than September 30, 1996.

SEC. 102. TOWING VESSEL SAFETY.

(a) SINGLE HULL BARGE REQUIREMENTS.—

(1) PREVENTION MEASURES.—Subtitle I of title IV of the Oil Pollution Act of 1990 (46 U.S.C. 3703a note), as amended by adding at the end the following:

"SEC. 4119. SINGLE HULL BARGE REQUIREMENTS.

"The Secretary shall issue rules to require that a single hull barge over 5,000 gross tons operating in open ocean or coastal waters that is affected by this section have at least 1 of the following:

"(1) a crew member on board and an operable anchor;

"(2) an emergency system on board the vessel towing the barge to retrieve the barge if the tow line ruptures; or

"(3) any other measure that provides comparable protection against grounding of the barge as that provided by a measure described in paragraph (1) or (2).

"SEC. 4120. MINIMUM UNDER-KEEL CLEARANCES FOR TANK VESSELS.

"The captain of the port for each port in which any tank vessel operates shall establish, in consultation with local marine transportation industry officials, a minimum under-keel clearance for the vessel when entering the port or place of destination and when departing port, taking into account local navigational considerations.".

(2) CLERICAL AMENDMENT.—Section 2 of the Oil Pollution Act of 1990 is amended by adding at the end of the table of sections for subtitle I of title IV the following items:

"Sec. 4119. Single hull barge requirements.
"Sec. 4220. Minimum under-keel clearances for tank vessels.".

(b) REQUIREMENT FOR FIRE SUPPRESSION DEVICES.—Section 4102 of title 46, United States Code, is amended by adding at the end the following:

"(f)(1) The Secretary—

"(A) in consultation with the Towing Safety Advisory Committee; and

"(B) taking into consideration the characteristics, methods of operation, and nature of the service of towering vessels,

may require, to the extent appropriate, the installation, maintenance, and use of a fire suppression system or other equipment to provide adequate assurance that an onboard fire can be suppressed under reasonably foreseeable circumstances.".

SEC. 103. REPORTS.

(a) STUDY ON LIGHTERING REGULATIONS.—Within 12 months after the date of enactment of this Act, the Secretary of Transportation shall review existing requirements for lightering operations in the United States Exclusive Economic Zone to ensure the safe transfer of oil at sea while imposing no undue economic burdens, as compared to accepted international standards, on tank vessels transporting oil to or from the United States and report to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

(b) STUDY ON TANKER LANES.—The Secretary of Transportation shall coordinate with the Marine Board of the National Research Council on a study of how the designation of waters through which tank vessels transport oil, and the designation of shipping lanes for tank vessels, affect the risk of an oil spill. The Marine Board shall recommend to the Secretary any changes to designations of waters that would reduce the risk of oil spills to a minimum level of risk, and report its recommendations to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives.

SEC. 104. CASUALTY REPORTING REQUIREMENTS.

(a) SUBMISSION OF PLAN.—Not later than one year after enactment of this Act, the Secretary of Transportation shall, in consultation with appropriate State agencies, submit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a plan to increase reporting of vessel accidents to appropriate State law enforcement officials.

(b) PENALTIES FOR VIOLATING REPORTING REQUIREMENTS.—Section 6103(a) of title 46, United States Code, is amended by inserting "or 6102" after "6101" Code, is amended by inserting "or 6102" after "6101" the second place it appears.

SEC. 105. DOUBLE HULL INCENTIVES.

(a) SECURED LENDERS AND CERTAIN OWNERS.—Paragraph (26) of section 1001 of the Oil Pollution Act of 1990 (33 U.S.C. 2710) is amended by striking "the vessel," and inserting "the vessel, but does not include (i) a person having a security interest in, or security title to, any vessel under a contract of conditional sale, equipment trust, chattel or corporate mortgage, or other instrument of similar nature, nor (ii) a lessor or charterer of any vessel under a bona fide lease or demise charter, unless such person, lessor, or charterer has actual possession or control, or participates in the management, of the vessel at the time of a discharge of oil,".

(b) APPLICATION LIMITED TO SINGLE HULL TANKERS AND DOUBLE HULL TANK VESSELS MORE THAN 20 YEARS OLD.—Subsection (c) of section 1004 of the Oil Pollution Act of 1990 (33 U.S.C. 2704) is amended by adding at the end the following:

"(4) APPLICATION LIMITED.—Subparagraph (B) of paragraph (1) of this subsection applies only to—

"(A) single hull tank vessels; and

"(B) double hull tank vessels more than 20 years of age.".

SEC 106. CONCURSUS.

Section 1017(c) of the Oil Pollution Act of 1990 (33 U.S.C. 2717(c)) is amended by striking subsection (c) and inserting the following:

"(c) PROCEDURE.—

"(1) The responsible party or guarantor may, within 6 months after a claimant shall have presented a claim under section 1013 for costs or damages under section 1002, file a petition in the appropriate United States District Court for limitation of, or exoneration from, liability pursuant to sections 1003 or 1004 of this Act. After an action is commenced under this paragraph in a court, that court shall retain jurisdiction over the actions without regard to whether the requested relief is granted. The responsible party or its guarantor shall demonstrate to the court evidence of financial responsibility approved by the Secretary, as required by section 1016.

"(2) Upon compliance with the requirements of paragraph (1), all claims and proceedings, other than claims presented to the responsible party under section 1013(a), shall cease, and, upon application of the responsible party, the District Court shall enjoin the further prosecution of any action or proceeding in any State or United States court against the vessel, responsible party, guarantor, or their property with respect to any claim arising under this Act. The court shall issue a notice to all persons asserting claims with respect to which the complaint seeks limitation or exoneration, requiring them to present their respective claims upon the responsible party pursuant to section 1013(a). If a claim is not settled by the responsible party or guarantor as provided in section 1013(c), then those persons may file their respective claims with the clerk of the court within such time and in such manner as the court may direct.

"(3) Nothing in this section shall preclude a person from filing a concurrent limitation action under section 4203 of the Revised Statutes of the United States (46 U.S.C. App. 183), commonly known as the Limited Liability Act.".

SEC. 107. IN REM JURISDICTION.

Section 1002 of the Oil Pollution Act of 1990 (33 U.S.C. 2702) is amended by adding at the end the following:

"(e) IN REM JURISDICTION.—A vessel that discharges or poses a substantial threat of a discharge of oil, within the meaning of subsection (a) of this section, shall be liable for the removal costs and damages specified in subsection (b) that result from the incident. The costs and damages shall constitute a maritime lien on the vessel and may be recovered in an action in rem in the district court of the United States for any district within which the vessel is found.".

SEC. 108. LIMITED DOUBLE HULL EXEMPTIONS.

(a) IN GENERAL.—The double hull construction requirements of section 3703a of title 46, United States Code, do not apply to—

(1) a vessel documented under chapter 121 of title 46, United States Code, that was equipped with a double hull before August 12, 1992;

(2) a barge of less than 1,500 gross tons carrying refined petroleum product in bulk as cargo in or adjacent to waters of the Bering Sea, Chukchi Sea, and Arctic Ocean and waters tributary thereto and in the waters of the Aleutian Islands and the Alaskan Peninsula west of 155 degrees west longitude; or

(3) a vessel in the National Defense Reserve Fleet pursuant to section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744).

(b) AUTHORITY OF THE SECRETARY OF TRANSPORTATION.—

(1) OPERATION OF BARGES IN OTHER WATERS.—The operation of barges described in subsection (a)(2) outside waters described in that subsection shall be on such conditions as the Secretary of Transportation may require.

(2) NO EFFECT ON OTHER AUTHORITY OF THE SECRETARY.—Except as provided in subsection (a), nothing in this section affects the authority of the Secretary of Transportation to regulate the construction, operation, or manning of barges and vessels in accordance with applicable laws and regulations.

(c) BARGE DEFINED.—For purposes of this section, the term "barge" has the meaning given that term in section 2101 of title 46, United States Code.

SEC. 109. OIL SPILL RESPONSE VESSELS.

(a) DESCRIPTION.—Section 2101 of title 46, United States Code, is amended—

(1) by redesignating paragraph (20a) as (20b); and

(2) by inserting after paragraph (20) the following new paragraph:

"(20a) 'oil spill response vessel' means a vessel that is designated in its certificate of inspection as such a vessel, or that is adapted to respond to a discharge of oil or a hazardous material.".

(b) EXEMPTION FROM LIQUID BULK CARRIAGE REQUIREMENTS.—Section 3702 of title 46, United States Code, is amended by adding at the end thereof the following:

"(f) This chapter does not apply to an oil spill response vessel if—

"(1) the vessel is used only in response-related activities; or

"(2) the vessel is—

"(A) not more than 500 gross tons;

"(B) designated in its certificate of inspection as an oil spill response vessel; and

"(C) engaged in response-related activities.".

(c) MANNING.—Section 8104(p) of title 46, United States Code, is amended to read as follows:

"(p) The Secretary may prescribe the watchstanding and work hours requirements for an oil spill response vessel.".

(d) MINIMUM NUMBER OF LICENSED INDIVIDUALS.—Section 8301(e) of title 46, United States Code, is amended to read as follows:

"(e) The Secretary may prescribe the minimum number of licensed individuals for an oil spill response vessel.".

(e) MERCHANT MARINER DOCUMENT REQUIREMENTS.—Section 8701(a) of title 46, United States Code, is amended—

(1) by striking "and" after the semicolon at the end of paragraph (7),

(2) by striking the period at the end of paragraph (8) and inserting a semicolon and "and"; and

(3) by adding at the end thereof the following new paragraph:

"(9) the Secretary may prescribe the individuals required to hold a merchant mariner's document serving onboard an oil spill response vessel.".

(f) EXEMPTION FROM TOWING VESSEL REQUIREMENT.—Section 8905 of title 46, United States Code, is amended by adding at the end the following new subsection:

"(c) Section 8904 of this title does not apply to an oil spill response vessel while engaged in oil spill response or training activities.".

(g) INSPECTION REQUIREMENT.—Section 3301 of title 46, United States Code, is amended by adding at the end the following new paragraph:

"(14) oil spill response vessels.".

TITLE II—MARINE SCIENCE ENHANCEMENT FOR OIL SPILL PREVENTION AND RESPONSE

SEC. 201. OPENING AND CLOSING OF FISHING GROUNDS.

Section 305(c) of the Magnuson Fishery Conservation and Management Act (16 U.S.C.

1855(c)) is amended by striking paragraph (3) and by inserting the following after paragraph (2):

"(3) Any emergency regulation which changes an existing fishery management plan shall be treated as an amendment to such plan for the period in which such regulation is in effect. Any emergency regulation promulgated under this subsection—

"(A) shall be published in the Federal Register together with the reasons therefor;

"(B) shall, except as provided in subparagraph (C), remain in effect for not more than 180 days after the date of publication, and may be extended by publication in the Federal Register for an additional period of not more than 180 days, provided the public has had an opportunity to comment on the emergency regulation, and, in the case of a Council recommendation for emergency regulations, the Council is actively preparing a fishery management plan, amendment, or proposed regulations to address the emergency on a permanent basis;

"(C) that responds to a public health emergency or an oil spill may remain in effect until the circumstances that created the emergency no longer exist, provided that the public has an opportunity to comment after the regulation is published and, in the case of a public health emergency, the Secretary of Health and Human Services concurs with the Secretary's action; and

"(D) may be terminated by the Secretary at an earlier date by publication in the Federal Register of a notice of termination, except for emergency regulations promulgated under paragraph (2) in which case such early termination may be made only upon the agreement of the Secretary and the Council concerned.".

SEC. 202. NOAA SCIENTIFIC SUPPORT.

Section 4202(b) of the Oil Pollution Act of 1990 (33 U.S.C. 1321 note) is amended by adding at the end the following:

"(5) SCIENTIFIC SUPPORT TEAM.—

"(A) ESTABLISHMENT.—Not later than 6 months after the date of enactment of the Oil Pollution Act Amendments of 1996, the Under Secretary of Commerce for Oceans and Atmosphere shall establish and maintain a scientific support team to respond, as required, to oil spills covered by this Act.

"(B) PURPOSE.—The purpose of the scientific support team shall be to provide useful or necessary scientific information and support to the Federal On-Scene Coordinator, primarily in coastal and navigable waters, and to recommend any measures that will serve to mitigate adverse ecological impact as a consequence of the spill.

"(C) PARTICIPATION BY SCIENTISTS WITH EXPERTISE.—The scientific support team—

"(i) shall be compromised of scientists who are experts in the trajectories of oil spills and hazardous material releases, oil and hazardous material behavior and transportation, environmental impacts, and recovery from spills, releases, and related removal actions, environmental trade-off analyses, environmental aspects of contingency planning, and association management tools; and

"(ii) may include local or regional scientists identified in the area contingency plan with expertise which would help ensure a more effective response.".

SEC 203. ACCESS TO USEFUL AND NECESSARY INFORMATION.

(A) ESTABLISHMENT OF INFORMATION CLEARINGHOUSE.—Section 7001(a) the Oil Pollution Act of 1990 (33 U.S.C. 2761(a)) is amended—

(1) by striking "may designate" at the end of paragraph (3) and all that follows through "representative" and inserting "may designate. A representative"; and

(2) by adding at the end the following:

"(4) DISSEMINATION OF INFORMATION.—The Interagency Committee shall disseminate and compile information regarding previous spills, including data from universities, research institutions, State governments, and other nations, as appropriate.".

(b) REQUIREMENT THAT NATIONAL RESPONSE UNITS MAINTAIN INFORMATION ON ENVIRONMENTAL EFFECTS OF OIL SPILLS.—Section 311(j) of the Federal Water Pollution Control Act (33 U.S.C. 1321(j)) is amended by adding at the end the following:

"(9) The Under Secretary of Commerce and the Secretary of the Interior, through the United States Fish and Wildlife Service, in coordination with appropriate agencies, shall maintain and update a body of information on the environmental effects of various types of oil spills an how best to mitigate those effects, which shall be kept in a form that is readily transmittable to response teams responding to a spill under this Act;".

SEC. 204. NOAA PROGRAM TO REDUCE OIL SPILL RISK AND IMPROVE NAVIGATION SAFETY.

(a) REDUCTION OF OIL SPILL RISK—

(1) IN GENERAL.—The Administrator of the National Oceanic and Atmospheric Administration shall establish a cost-effective, nonregulatory program to reduce the risk of oil spills through improving navigation safety, promote prompt and effective response and remediation when oil spills occur, enhance recovery and restoration efforts, and advance other purposes of this Act. Such a program shall—

(A) focus on particular geographic areas at risk from spills of oil or hazardous materials;

(B) collaborate closely with local maritime commerce and coastal management interests, including private industry, local, state, and federal agencies, and other appropriate institutions;

(C) include a matching grant program to provide initial funding for local forums comprised of maritime commerce and coastal management interests to advance navigation safety and other oil or hazardous materials spill prevention activities, to improve response and remediation, and to enhance the restoration of coastal zone resources. Grants made under this section shall be matched with 25 percent nonfederal funds in the first two years of the program, and 50 percent thereafter;

(D) promote efficiencies by involving, to the extent appropriate and practical, capabilities offered by National Oceanic and Atmospheric Administration and other federal and state programs that could further the purposes of this section; and

(E) meet multiple navigation or coastal management needs to the extent practicable.

(2) LOCAL OR REGIONAL ELEMENTS.—Local or regional elements for this program shall be developed in consultation with local maritime commerce and coastal management communities. Program elements may include, but are not limited to—

(A) local forums to promote safe navigation, effective oil spill or hazardous material spill response and remediation, restoration, and related coastal management activities;

(B) Physical Oceanographic Real Time Systems and other technologies that further safe navigation and oil and hazardous materials spill response and restoration, and other coastal management activities;

(C) research and development on means to improve the safety of oil transport, the efficacy of oil and hazardous materials spill response, remediation techniques, and restoration practices;

(D) activities to improve the delivery of navigation, weather, vessel traffic, and other information required for safe navigation;

(E) providing information collected pursuant to the National Oceanographic and Atmospheric Administration's navigation and positioning responsibilities in formats useful in oil spill response, remediation, and restoration activities; and

(F) other activities as appropriate consistent with the purposes of this Act, the Coastal Zone Management Act of 1972 and the National Ocean Service navigation and positioning and coastal management authorities.

(3) IMPLEMENTATION.—The Administrator shall phase the implementation of this program by region such that it is operating nationally within 5 years of the date of the enactment of this Act.

(4) AUTHORIZATION.—For purposes of this subsection, there is authorized to be appropriated $2,000,000 in the first year, $3,000,000 in the second year, and $5,000,000 for each succeeding fiscal year.

SEC. 205. NOAA MARINE SERVICES MODERNIZATION.

(a) IN GENERAL.—For the purposes of modernizing the Administration's services that support safe and efficient maritime navigation, and accelerating the public availability of improved navigation services and products, the Administrator is authorized to withdraw from the Oil Spill Liability Trust Fund established by the Oil Pollution Act of 1990 an amount not to exceed $15,000,000 per year to remain available until expended, for each of 10 fiscal years commencing with the first fiscal year after the enactment of this provision.

(b) USE OF FUNDS.—Funds available to the Administration pursuant to subsection (a) shall be used exclusively to pay the costs of enabling, modernizing, enhancing, or expanding the capabilities of the Administration to conduct, either directly or by contract, programs and activities related to commercial marine navigation, including—

(1) the nautical charting program;

(2) marine tides and circulation programs;

(3) charting survey ship support, including support provided by private contractors; and

(4) marine weather services applicable to commercial navigation safety in the waters of the United States.

(c) CHARTING SURVEY SHIP SUPPORT.—The Administration shall obtain charting survey ship support from private sector contractors to the maximum extent feasible consistent with—

(1) maintaining quality control over navigation products and services to protect the public interest in navigation safety and prevention of maritime accidents, and to protect the United States from liability for gaining to ensure such quality control; and

(2) maintaining within the Administration the scientific and technical capabilities necessary to perform, or oversee contractor performance of, all aspects of the development of marine navigation products and services.

(d) TRANSFER OF AERONAUTICAL CHARTING.—

(1) IN GENERAL.—The following functions are transferred from the National Oceanic and Atmospheric Administration to the Federal Aviation Administration:

(A) The functions vested in the Secretary of Commerce by sections 1 and 2 of the Act of August 6, 1947 (33 U.S.C. 883a and 883b) relating to aeronautical surveys for the purposes of aeronautical charting and the compilation, printing, and distribution of aeronautical charts.

(B) The functions vested in the Secretary of Commerce by section 1307 of title 44, United States Code, relating to establishment of prices at which aeronautical charts and related products may be sold.

(C) So much of the functions of the Secretary of Commerce and the Department of Commerce as is incidental to or necessary for the performance by, or under, the Administrator of the Federal Aviation Administration of the functions transferred by this subsection or that relate primarily to those functions.

(2) INCIDENTAL TRANSFERS.—

(A) So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with the functions transferred to the Administrator of the Federal Aviation Administration by this section as the Director of the Office of Management and Budget shall determine shall be transferred to the Federal Aviation Administration at such time as the Director shall direct.

(B) Such other measures as the Director of the Office of Management and Budget determines to be necessary in order to effectuate the transfers described in paragraph (1) of this subsection shall be carried out in such manner as the Director shall direct.

(3) EFFECTIVE DATE.—The transfers made by this subsection shall be completed not later than September 30, 1998.

TITLE III—DEEPWATER PORT MODERNIZATION

SEC. 301. SHORT TITLE.

This title may be cited as the "Deepwater Port Modernization Act".

SEC. 302. DECLARATIONS OF PURPOSE AND POLICY.

(a) PURPOSES.—The purposes of this title are to—

(1) update and improve the Deepwater Port Act of 1974;

(2) assure that the regulation of deepwater ports is not more burdensome or stringent than necessary in comparison to the regulation of other modes of importing or transporting oil;

(3) recognize that deepwater ports are generally subject to effective competition from alternative transportation modes and eliminate, for as long as a port remains subject to effective competition, unnecessary Federal regulatory oversight or involvement in the ports' business and economic decisions; and

(4) promote innovation, flexibility, and efficiency in the management and operation of deepwater ports by removing or reducing any duplicative, unnecessary, or overly burdensome Federal regulations or license provisions.

(b) POLICY.—Section 2(a) of the Deepwater Port Act of 1974 (33 U.S.C. 1501(a)) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting a semicolon; and

(3) by inserting at the end the following:

"(5) promote the construction and operation of deepwater ports as a safe and effective means of importing oil into the United States and transporting oil from the outer continental shelf while minimizing tanker traffic and the risks attendant thereto; and

"(6) promote oil production on the outer continental shelf by affording an economic and safe means of transportation of outer continental shelf oil to the United States mainland.".

SEC. 303. DEFINITIONS.

(a) ANTITRUST LAWS.—Section 3 of the Deepwater Port Act of 1974 (33 U.S.C. 1502) is amended—

(1) by striking paragraph (3); and

(2) by redesignating paragraphs (4) through (19) as paragraphs (3) through (18), respectively.

(b) DEEPWATER PORT.—The first sentence of section 3(9) of such Act, as redesignated by subsection (a), is amended by striking "such structures," and all that follows through "section 23." and inserting the following: "structures, located beyond the territorial sea and off the coast of the United States and which are used or intended for use as a port or terminal for the transportation, storage, and further handling of oil for transportation to any State, except as otherwise provided in section 23, and for other uses not inconsistent with the purposes of this Act, including transportation of oil from the United States, outer continental shelf.".

SEC. 304. LICENSES.

(a) ELIMINATION OF UTILIZATION RESTRICTIONS.—Section 4(a) of the Deepwater Port Act of 1974 (33 U.S.C. 1503(a)) is amended by striking the last sentence.

(b) ELIMINATION OF PRECONDITION TO LICENSING.—Section 4(c) of such Act (33 U.S.C. 1503(c)) is amended—

(1) by striking paragraph (7); and

(2) by redesignating paragraphs (8), (9), and (10) as paragraphs (7), (8), and (9), respectively.

(c) CONDITIONS PRESCRIBED BY SECRETARY.—Section 4(e)(1) of such Act (33 U.S.C. 1503(e)) is amended by striking the first sentence and inserting the following: "In issuing a license for the ownership, construction, and operation of a deepwater port, the Secretary shall prescribe those conditions which the Secretary deems necessary to carry out the provisions and requirements of this Act or which are otherwise required by any Federal department or agency pursuant to the terms of this Act. To the extent practicable, conditions required to carry out the provisions and requirements of this Act shall be addressed in license conditions rather than by regulation and, to the extent practicable, the license shall allow a deepwater port's operating procedures to be stated in an operations manual, approved by the Coast Guard, in accordance with section 10(a) of this Act, rather than in detailed and specific license conditions or regulations; except that basic standards and conditions shall be addressed in regulations.".

(d) ELIMINATION OF RESTRICTION ON TRANSFERS.—Section 4(e)(2) of such Act (33 U.S.C. 1503(e)(2)) is amended by striking "application" and inserting "license".

(e) FINDINGS REQUIRED FOR TRANSFERS.—Section 4(f) of such Act (33 U.S.C. 1503(f)) is amended to read as follows:

"(f) AMENDMENTS, TRANSFERS, AND REINSTATEMENTS.—The Secretary may amend, transfer, or reinstate a license issued under this Act if the Secretary finds that the amendment, transfer, or reinstatement is consistent with the requirements of this Act.".

SEC. 305. INFORMATIONAL FILINGS.

Section 5(c) of the Deepwater Port Act of 1974 (33 U.S.C. 1504(c)) is amended by adding the following:

"(3) Upon written request of any person subject to this subsection, the Secretary may make a determination in writing to exempt such person from any of the informational filing provisions enumerated in this subsection or the regulations implementing this section if the Secretary determines that such information is not necessary to facilitate the Secretary's determinations under section 4 of this Act and that such exemption will not limit public review and evaluation of the deepwater port project.".

SEC. 306. ANTITRUST REVIEW.

Section 7 of the Deepwater Port Act of 1974 (33 U.S.C. 1506) is repealed.

SEC. 7. OPERATION.

(a) AS COMMON CARRIER.—Section 8(a) of the Deepwater Port Act of 1974 (33 U.S.C. 1507(a)) is amended by inserting after "subtitle IV of title 49, United States Code," the following: "and shall accept, transport, or convey without discrimination all oil delivered to the deepwater port with respect to which its licensed is issued,".

(b) CONFORMING AMENDMENT.—Section 8(b) of such Act is amended by striking the first sentence and the first 3 words of the second sentence and inserting the following: "A licensee is not discriminating under this section and".

SEC. 308. MARINE ENVIRONMENTAL PROTECTION AND NAVIGATIONAL SAFETY.

Section 10(a) of the Deepwater Port Act of 1974 (33 U.S.C. 1509(a)) is amended—

(1) by inserting after "international law" the following: "and the provision of adequate opportunities for public involvement"; and

(2) by striking "shall prescribe by regulation and enforce procedures with respect to any deepwater port, including, but not limited to," and inserting the following: "shall prescribe and enforce procedures, either by regulation (for basic standards and conditions) or by the licensee's operations manual, with respect to".

By Mr. HATCH (for himself, Mr. SANTORUM, Mr. GREGG, Mr. WARNER, Mr. SIMPSON, Mr. THURMOND, Mr. D'AMATO, and Mr. FAIRCLOTH):

S. 2010. A bill to amend title 18, United States Code, to exempt qualified current and former law enforcement officers from State laws prohibiting the carrying of concealed firearms, and for other purposes; to the Committee on the Judiciary.

THE COMMUNITY PROTECTION INITIATIVE OF 1996

Mr. HATCH. Mr. President, today I am introducing the community protection initiative of 1996. This bill will exempt current and former law enforcement officers from State and local laws prohibiting the carrying of concealed firearms. In so doing, this bill will adopt a clear, uniform rule in place of the various State and local laws that are on the books today.

This bill has the support of many law enforcement organizations and individuals, including the Law Enforcement Alliance of America, Fraternal Order of Police, National Association of Police Organizations, National Sheriffs Association, National Troopers Coalition, Southern Police Benevolent Association, National Law Enforcement Council, the Salt Lake City police chief, the Salt Lake County sheriff, and the Utah Highway Patrol Association.

This bill will prove to be a useful addition to our laws in several ways. This bill will enhance public safety. It will do so by potentially placing thousands of additional police officers on the streets of America—at no additional cost to the public. Law enforcement officers are highly trained professionals.

Their classroom teaching, as well as their experience in the field, are the most valuable weapons that they possess. But all of that skill and experience will be of little benefit for a police officer if he cannot prevent A crime from occurring because he is unable to carry the firearm his community has authorized him to carry as part of his job. This bill puts more police on the street, at no cost to the taxpayer.

That result alone is a valuable one. But there is more. The bill will help law enforcement officers protect themselves and their families when they travel interstate. By itself, that is a valuable benefit. Any one police officer may make scores of arrests throughout his career, and an officer may not always remember the face of every suspect that he apprehends. Many criminals, however, remember. They remember the face of the judge, the face of the prosecutor, and, most importantly, the face of the arresting officer. This bill enables police to protect themselves and their families in the face of these long memories. Currently, police officers can protect themselves when they remain within their jurisdictions on-duty. If those jurisdictions permit, officers can carry their firearms off-duty. This bill would allow each qualified police officer to travel out of State without being at risk of criminal assault.

A firearm is an important tool in a battle with a criminal, especially an armed one. A firearm in the hands of a trained police officer, when off duty, will make our streets safer. For private citizens, a firearm is best compared to a fire extinguisher, because each one is a piece of emergency, lifesaving equipment. But for police officers, a firearm is a necessary tool of his profession.

We expect that police officers will intervene to prevent crimes from occurring. No, we demand that police officers carry out that responsibility. That is why we train them in law enforcement; and that is why we give them a badge; that is why we give them a gun. This bill will ensure that we do not disarm the police just because they have traveled interstate.

There are more than 600,000 State and local law enforcement officers in more than 17,000 police agencies. This bill would allow those officers, and many of their retired colleagues, to carry firearms when they travel out of State. That puts each of those officers on the streets in the service of law enforcement in this Nation.

To be sure, only some police officers will take advantage of this provision. But we know that there will be some officers who prevent some crimes and who prevent some people from becoming victims.

At the same time, this bill achieves those benefits in a careful manner. It does not allow unqualified officer to carry firearms interstate. Rather, it requires current police officers to be in good standing to take advantage of the benefits of this bill. The bill also does not allow all retired police officers to carry firearms. Before a retired police officer can carry a concealed firearm under this bill, the bill requires that the retired officer be authorized by his or her State of residence to carry a concealed firearm within that State. Finally, this bill does not authorize the carrying of firearms on aircraft.

I look forward to working with my colleagues on a bipartisan basis in moving this legislation. In the House, Representative CUNNINGHAM of California has introduced a similar measure.

Together, we can bring about passage of a bill that will protect the public, our Nation's law enforcement officers, and their families.

By Mr. SIMPSON (by request):

S. 2011. A bill to ensure that appropriated funds are not used for operation of golf courses on real property controlled by the Department of Veterans Affairs; to the Committee on Veterans' Affairs.

VETERANS AFFAIRS LEGISLATION

Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 2011, a bill relating to the use of appropriated funds for the operation and maintenance of golf courses on real property controlled by the Department of Veterans Affairs. The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated June 20, 1996.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter and the enclosed analysis of the draft legislation.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

S. 2011

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SEC. 2. (a) The Secretary of Veterans Affairs shall ensure that no funds appropriated by Congress are used for the maintenance and operation of golf courses on real property within the control of the Department of Veterans Affairs.

(b) Notwithstanding any other provision of law, the Secretary may provide for the maintenance and operation of golf courses on real property within the control of the Department by—

(1) entering into leases or other arrangements for a period not to exceed 20 years with (i) Department of Veterans Affairs employee associations; (ii) other nonFederal nonprofit organizations; or (iii) private entities; or

(2) entering into enhanced use leases under section 8162 of the title 38, United States Code, without regard to sections 8163 and 8168 of title 38, United States Code.

(c) In making any arrangement under subsection (b), the Secretary shall, to the extent the Secretary considers appropriate, seek to provide for therapeutic work opportunities for VA patients and members participating in programs authorized by section 1718 of title 38, United States Code.

(d) Notwithstanding any other provision of law, funds generated in connection with the use of real property within the control of the Department of Veterans Affairs that is used for a golf course shall be retained by the Department for such uses as the Secretary deems appropriate.

(e) The Secretary of Veterans Affairs shall, before leasing a golf course on real property within the control of the Department, consider the option of excessing the golf course to the General Services Administration so that the property can be screened for redeployment by another Executive Agency.

ANALYSIS

The draft bill contains the enactment section, which is section one, and a section two which contains five subsections.

Subsection (a) prohibits the Secretary of Veterans Affairs from using funds appropriated by the Congress for the maintenance and operation of golf courses at VA health care facilities.

Subsection (b) would authorize the Secretary to provide for the maintenance and operation of golf courses at VA health care facilities by leasing the property to VA employee associations or other non-Federal nonprofit organizations. Examples of other nonprofit organizations are a local government, or a veterans service organization. Subsection (b) would also authorize the Secretary to enter into enhanced use leases of golf course properties without regard to limitations set forth in section 8163 and 8168 of title 38, United States Code. Section 8168 limits the number of enhanced use leases the Secretary may enter into, and could be a barrier to the leasing of the golf courses. Section 8163 establishes a process by which properties are designated for enhanced use leasing. It is unnecessary to follow that process for the golf courses as the bill itself designates the properties subject to such leasing.

Subsection (c) would provide that in exercising the authority in subsection (b) to make arrangements for the operation of golf courses, the Secretary may, if appropriate, seek to provide for therapeutic work opportunities for patients. Thus, for example, the Secretary might include in a lease, a provision calling for the lessor to enter into an arrangement with a VA compensated work therapy program to have patients perform golf course maintenance.

Subsection (d) would permit VA to retain any funds generated by VA real property used as a golf course.

Subsection (e) would require the Secretary, before leasing the property, to consider excessing the property for use by another Executive Agency.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC, June 20, 1996.
Hon. AL GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill, "To ensure that no appropriated funds are used for the operation and maintenance of golf courses on real property controlled by the Department of Veterans Affairs." We request that it be referred to the appropriate committee for prompt consideration and enactment.

For many years VA has operated golf courses at a number of its medical facilities to provide patient therapy and recreation. Generally, these golf courses were in existence at the hospital facilities at the time the Department acquired the facilities. The courses are often quite small with only 9-holes, and are located at facilities with large psychiatric patient populations. Currently 22 VA golf courses exist.

VA can no longer justify the expenditure of medical care appropriations for the operation of golf courses. Scarce resources used for maintenance and operation of the courses can be more appropriately used for the direct provision of medical care to veterans. In some instances opportunities may exist to use the property more appropriately. In other instances, continued operation of a golf course may be warranted, but a better mechanism may exist for maintaining and operating the course. Accordingly, the Department has determined that it will no longer directly operate golf courses using appropriated funds.

In the last several months, the Department has looked at various mechanisms for divesting itself of golf course operations. However, legal impediments exist to pursuing some options. The enclosed draft bill would statutorily authorize the Secretary to provide for the maintenance and operation of golf courses in various ways without using any appropriated funds.

The draft bill would prohibit the use of appropriated funds to operate golf courses, and would provide specific mechanisms for continuing golf course operations. The bill would permit the Secretary to lease or make other arrangements with VA employee associations or other non-federal nonprofit entities to have them operate the courses. Such a nonprofit entity might include the local community where the VA facility is located. The bill would also allow the Secretary to arrange for operation of a course by a private organization. Finally, it would also authorize VA to enter into enhanced use leases of golf course properties.

Another provision in the bill would provide that in making arrangements for operation of golf courses, the Secretary should, if appropriate, seek to provide for therapeutic work opportunities for VA patients. VA compensated work therapy programs are always searching for ways to provide certain patients with therapeutic work. In the lease of a golf course, it might be possible to require the lessee to make an arrangement with a VA work therapy program to use patient workers. Finally, the bill would require the Secretary to consider divesting golf courses altogether before entering into lease arrangements.

This bill would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB estimates that the pay-as-you-go effect of this proposal is zero.

The Office of Management and Budget advises that there is no objection to the submission of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

JESSE BROWN.

By Mr. SIMPSON (by request):

S. 2012. A bill to redesignate the title of the National Cemetery System and the position of the Director of the National Cemetery System; to the Committee on Veterans' Affairs.

NATIONAL CEMETERY ADMINISTRATION LEGISLATION

Mr. SIMPSON. Mr. President, as chairman of the Veterans' Affairs Committee, I have today introduced, at the request of the Secretary of Veterans Affairs, S. 2012, a bill to redesignate the National Cemetery System as the "National Cemetery Administration," and to redesignate the position of Director, National Cemetery System as "Assistant Secretary, Memorial Affairs." The Secretary of Veterans Affairs submitted this legislation to the President of the Senate by letter dated June 24, 1996.

My introduction of this measure is in keeping with the policy which I have adopted of generally introducing—so that there will be specific bills to which my colleagues and others may direct their attention and comments—all administration-proposed draft legislation referred to the Veterans' Affairs Committee. Thus, I reserve the right to support or oppose the provisions of, as well as any amendment to, this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD, together with the transmittal letter.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

S. 2012

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REDESIGNATION OF TITLE OF NATIONAL CEMETERY SYSTEM.

The title of the National Cemetery System of the Department of Veterans Affairs is hereby redesignated as the National Cemetery Administration.

SEC. 2. REDESIGNATION OF POSITION OF DIRECTOR OF THE NATIONAL CEMETERY SYSTEM.

The position of Director of the National Cemetery System of the Department of Veterans Affairs is hereby redesignated as Assistant Secretary for Memorial Affairs.

SEC. 3. ASSISTANT SECRETARIES.

Section 308(a) of title 38, United States Code, is amended by—

(a) in subsection (a) thereof, changing the period at the end of the first sentence of that subsection to a comma and adding the following at the end of that sentence: "in addition to the Assistant Secretary for Memorial Affairs";

(b) in subsection (b) thereof, by inserting "other than the Assistant Secretary for Memorial Affairs" after "Assistant Secretaries"; and

(c) in subsection (c) thereof, by inserting "pursuant to subsection (b)" after "Assistant Secretary".

SEC. 4. TITLE 38 CONFORMING AMENDMENTS.

(a) Title 38, United States Code, is amended by striking out "director of the National Cemetery System" each place it appears (including in headings and tables) and inserting in lieu thereof "Assistant Secretary for Memorial Affairs".

(b) Section 301(c) of title 38, United States Code, is amended by striking out "System" in subsection (c)(4) and inserting in lieu thereof "Administration".

(c) Section 307 of title 38, United States Code, is amended—

(1) by striking out "a" in the first sentence and inserting in lieu thereof "an";

(2) by striking out "Director" in the second sentence and inserting in lieu thereof "Assistant Secretary for Memorial Affairs"; and

(3) by striking out "System" in the second sentence and inserting in lieu thereof "Administration".

(d)(1) Section 2306(d) of title 38, United States Code, is amended by striking out "within the National Cemetery System" in the first sentence of subsection (d)(1) and inserting in lieu thereof "under the control of the National Cemetery Administration".

(2) Section 2306(d) of title 38, United States Code, is amended by striking out "within the National Cemetery System" in subsection (d)(2) and inserting in lieu thereof "under the control of the National Cemetery Administration".

(e)(1) The table of sections at the beginning of chapter 24 of title 38, United States Code, is amended by striking out "Establishment of National Cemetery System; composition of such system; appointment of director." and inserting in lieu thereof "Establishment of National Cemetery Administration; authority of such administration; appointment of Assistant Secretary.".

(2) The heading of section 2400 of title 38, United States Code, is amended by striking out "Establishment of National Cemetery System; composition of such system; appointment of director" and inserting in lieu thereof "Establishment of National Cemetery Administration; authority of such administration; appointment of Assistant Secretary".

(3) Section 2400(a) of title 38, United States Code, is amended by striking out "shall be within the Department a National Cemetery System" in the first sentence and inserting in lieu thereof "is within the Department a National Cemetery Administration responsible" in the first sentence and by striking out "Such system" in the second sentence and inserting in lieu thereof "The National Cemetery Administration".

(4) Section 2400(b) of title 38, United States Code, is amended by striking out "The National Cemetery System" and inserting "National cemeteries and other facilities under the control of the National Cemetery Administration" in lieu thereof.

(5) Section 2402 of title 38, United States Code, is amended by striking out "in the National Cemetery System" and inserting "under the control of the National Cemetery Administration" in lieu thereof.

(6) Section 2403(c) of title 38, United States Code, is amended by striking out "in the National Cemetery System created by this chapter" and inserting "under the control of the National Cemetery Administration" in lieu thereof.

(7) Section 2405(c) of title 38, United States Code, is amended by striking out "within the National Cemetery System" and inserting in lieu thereof "under the control of the National Cemetery Administration" and by

striking out "within such System" and inserting in lieu thereof "under the control such Administration".

(8) Section 2408(c) of title 38, United States Code, is amended by striking out "in the National Cemetery System" in subsection (c)(1) and inserting "under the control of the National Cemetery Administration" in lieu thereof.

SEC. 5. EXECUTIVE SCHEDULE CONFORMING AMENDMENT.

Section 5315 of title 5, United States Code, is amended by striking out "(6)" following "Assistant Secretaries, Department of Veterans Affairs" and inserting in lieu thereof "(7)" and by striking out "Director of the National Cemetery System."

SEC. 6. REFERENCES IN OTHER LAWS.

(a) Any reference to the National Cemetery System in any Federal law, Executive order, rule, regulation, delegation of authority, or document of or pertaining to the Department of Veterans Affairs, which reference pertains to the organization within that Department which controls the Department's national cemeteries shall be deemed to refer to the National Cemetery Administration.

(b) Any reference to the Director of the National Cemetery System in any Federal law, Executive order, rule, regulation, delegation of authority, or document of or pertaining to the Department of Veterans Affairs shall be deemed to refer to the Assistant Secretary for Memorial Affairs.

THE SECRETARY OF VETERANS AFFAIRS,
Washington, DC, June 24, 1996.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Transmittal herewith is a draft bill to redesignate the National Cemetery System (NCS) as the "National Cemetery Administration" and the Director of the National Cemetery System as the "Assistant Secretary for Memorial Affairs." The legislation would elevate the NCS to the same organizational status within the Department of Veterans Affairs (VA) as the Veterans Health Administration (VHA) and the Veterans Benefits Administration (VBA). I request that this draft bill be referred to the appropriate committee for prompt consideration and enactment.

On March 15, 1989, the Veterans' Administration was redesignated as the Department of Veterans Affairs and elevated to cabinet-level status as an executive department. At that time, two of the three VA components that administer veterans' programs were also redesignated. The Department of Medicine and Surgery was redesignated as the Veterans Health Services and Research Administration (now the Veterans Health Administration) and the Department of Veterans' Benefits was redesignated as the Veterans Benefits Administration. The designation of the third program component, the National Cemetery System, was not changed.

On October 9, 1992, the title of the Chief Medical Director, the head of the Veterans Health Administration, was redesignated as the Under Secretary for Health and the title of the Chief Benefits Director was redesignated as the Under Secretary for Benefits. The title of the Director of the National Cemetery System was not changed.

The NCS was established on June 18, 1973, in accordance with the National Cemeteries Act of 1973, Pub. L. No. 93-43, §2(a), 87 Stat. 75. The fourfold mission of the NCS is: (1) to provide for the interment in national cemeteries of the remains of deceased veterans, their spouses, and certain other dependents and to permanently maintain their graves; (2) to mark the graves of eligible persons buried in national, state, and private cemeteries; (3) to administer the State Cemetery Grants Program to aid states in establishing, expanding, or improving state veterans' cemeteries; and, (4) to administer the Presidential Memorial Certificate Program.

NCS is the only one of the three VA components responsible for delivering benefits to veterans and their dependents that is referred to as a "System" rather than an "Administration." The proposed redesignation "National Cemetery Administration" would more accurately recognize NCS' status as a benefit-delivery administration.

Section 307 of title 38, United States Code, establishes the position of Director of the National Cemetery System. The present position title implies that the Director's responsibility is limited to management of the system of national cemeteries and does not adequately reflect the responsibilities associated with the fourfold mission of the NCS. The proposed redesignation "Assistant Secretary for Memorial Affairs" would assure that the position receives the status commensurate with its responsibilities. The redesignation would not affect the duties and responsibilities of the position, which would remain the same.

Section 308(a) of title 38, United States Code, provides that VA shall have no more than six Assistant Secretaries. Under the draft bill, the position of Assistant Secretary for Memorial Affairs, so designated in section 307, would not be counted as one of the six Assistant Secretary positions referred to in section 308(a).

Currently, the salary level for the NCS Director is set by statute at Executive Level IV. The salary level for the other VA Assistant Secretary positions is also set at Executive Level IV. The proposed redesignation of the NCS Director as the Assistant Secretary for Memorial Affairs would not affect the salary level of the position, which would remain at Executive Level IV.

Although the proposed redesignation would require changes in some forms and publications, we contemplate making these changes as the documents are reordered or revised. For this reason, and because the Director's salary level would not change, no costs or savings are associated with this proposal.

The Office of Management and Budget has advised that there is no objection to the submission of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

JESSE BROWN.

By Mr. MCCAIN (for himself, Mr. COATS, Mr. STEVENS, Mrs. HUTCHISON, Mr. ABRAHAM, Mr. ASHCROFT, and Mr. LOTT):

S. 2013. A bill to amend title 31, United States Code, to provide for continuing appropriations in the absence of regular appropriations; to the Committee on Appropriations.

THE GOVERNMENT SHUTDOWN PREVENTION ACT

Mr. MCCAIN. Mr. President, today Senators COATS, STEVENS, HUTCHISON, ABRAHAM, ASHCROFT, and myself are introducing the Government Shutdown Prevention Act. This bill would statutorily create what is in essence a permanent backup CR. This special CR would govern if any appropriations acts do not become law.

We all saw the effects of gridlock last year. The Government shut down and millions of people were affected. We want to ensure that another Government shutdown does not occur.

Mr. President, this permanent backup CR would set spending at the lower of spending levels contained in:

First, the previous year's appropriated levels; second, the House passed appropriations bill; third, the Senate passed appropriations bill; fourth, the President's Budget request; or fifth, any levels established by an independent CR passed by the Congress subsequent to the passage of this Act.

The bill specifically notes that entitlements such as Social Security—as obligated by law—will be paid regardless of what appropriations bills are passed. I want to emphasize that entitlements are protected.

This legislation does not erode the power of the appropriators and gives them ample opportunity to do their job. As a matter of fact, we hope that Senators will realize that if they load up appropriations bills with nonrelated riders—which causes gridlock—that this permanent CR will kick in.

I want to especially note the support of my good friend Senator STEVENS. The Senator from Alaska is a senior member of the Appropriations Committee. His support of this bill is crucial and I thank him for it.

Mr. President, last year's Government shutdown hurt many. Many needed social services could not be offered. We must prevent that from occurring. Additionally, it cost the Government a considerable amount of money. We cannot and should not waste the taxpayers dollars in that fashion.

I want to raise one small example. During the last Government shutdown, I heard form people who work close to the Grand Canyon. These were not Government employees. They were independent small businessmen and women. They told me that the shutdown was costing them thousands of dollars because people couldn't go the park.

The shutdown was not fair to them—it was not fair to anyone. This legislation would prevent a similar shutdown in the future. This bill will prevent gridlock, save money, and preserve needed Government services. I hope the Senate will soon act on this matter.

I ask unanimous consent that the bill be printed in the RECORD.

S. 2013

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Government Shutdown Prevention Act".

SEC. 2. AMENDMENT TO TITLE 31.

(a) IN GENERAL.—Chapter 13 of title 31, United States Code, is amended by inserting after section 1310 the following new section:

"§ 1311. Continuing appropriations

"(a)(1) If any regular appropriation bill for a fiscal year does not become law prior to the beginning of such fiscal year or a joint resolution making continuing appropriations is not in effect, there is appropriated, out of any moneys in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be necessary to continue any project or activity for which funds were provided in the preceding fiscal year—

"(A) in the corresponding regular appropriation Act for such preceding fiscal year; or

"(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

"(2) Appropriations and funds made available, and authority granted, for a project or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the lower of—

"(A) the rate of operations provided for in the regular appropriation Act providing for such project or activity for the preceding fiscal year,

"(B) in the absence of such an Act, the rate of operations provided for such project or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year,

"(C) the rate of operations provided for in the House or Senate passed appropriation bill for the fiscal year in question, except that the lower of these two versions shall be ignored for any project or activity for which there is a budget request if no funding is provided for that project or activity in either version,

"(D) the rate provided in the budget submission of the President under section 1105(a) of title 31, United States Code, for the fiscal year in question, or

"(E) the annualized rate of operations provided for in the most recently enacted joint resolution making continuing appropriations for part of that fiscal year or any funding levels established under the provisions of this Act.

"(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a project or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

"(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such project or activity) or a continuing resolution making appropriations becomes law, as the case may be, or

"(B) the last day of such fiscal year.

"(b) An appropriation or funds made available, or authority granted, for a project or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such project or activity under current law.

"(c) Appropriations and funds made available, and authority granted, for any project or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such project or activity during the portion of such fiscal year for which this section applies to such project or activity.

"(d) Expenditures made for a project or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such project or activity for such period becomes law.

"(e) This section shall not apply to a project or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

"(1) makes an appropriation, makes funds available, or grants authority for such project or activity to continue for such period, or

"(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such project or activity to continue for such period.

"(f) For purposes of this section, the term 'regular appropriation bill' means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

"(1) Agriculture, rural development, and related agencies programs.

"(2) The Departments of Commerce, Justice, and State, the judiciary, and related agencies.

"(3) The Department of Defense.

"(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

"(5) The Departments of Labor, Health and Human Services, and Education, and related agencies.

"(6) The Department of Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.

"(7) Energy and water development.

"(8) Foreign assistance and related programs.

"(9) The Department of the Interior and related agencies.

"(10) Military construction.

"(11) The Department of Transportation and related agencies.

"(12) The Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies.

"(13) The legislative branch.".

(b) CLERICAL AMENDMENT.—The analysis of chapter 13 of title 31, United States Code, is amended by inserting after the item relating to section 1310 the following new item:

"1311. Continuing appropriations.".

(c) PROTECTION OF OTHER OBLIGATIONS.—Nothing in the amendments made by this section shall be construed to effect Government obligations mandated by other law, including obligations with respect to Social Security, Medicare, and Medicaid.

SEC. 3. EFFECTIVE DATE AND SUNSET.

(a) EFFECTIVE DATE.—The amendments made by this Act shall apply with respect to fiscal years beginning with fiscal year 1997.

(b) SUNSET.—The amendments made by this Act shall sunset and have no force or effect 6 years after the date of enactment of this Act.

Mr. COATS. Mr. President, I rise today with my colleague and friend, Senator JOHN McCAIN, to introduce The Government Shutdown Prevention Act. This legislation will create a statutory continuing resolution [CR] that will ensure that the Government will not shut down again—ever.

The lessons from last year are clear. The public expects us to debate our differences vigorously but they don't want our differences to overwhelm our basic responsibility to govern. No one wins when the Government shuts down. Shutdowns only confirm the American people's suspicions that we are more interested in political gain than doing the Nation's business. People are tired of gridlock. They want the Government to work for them—not against them.

I believe the legislation we are introducing today will go a long way toward ensuring that we do not once again disappoint the American people. Last year, the Republican Congress tried to do the right thing. We passed fiscally sound appropriations bills and the first balanced Federal budget in a generation. Unfortunately, President Clinton was more interested in playing politics with the budget. President Clinton's irresponsible vetoes of numerous appropriations bills and a continuing resolution shut the Federal Government down. It is time to show the American people we can do better.

Now, we all know that the fiscal year ends on September 30 and we also know that day is approaching very quickly. Although the appropriators are working very diligently, the appropriations process is nowhere near complete. Not one of the appropriations bills has even been sent to the President. My fear is that we are rapidly approaching a politically sensitive deadline in a political year—a virtual invitation for more budget gamesmanship on the part of the President.

Our legislation preempts this gamesmanship by a safety net CR that will allow the Government to operate even if the appropriations process is not complete and even if negotiations on a larger CR are stalled.

Neither party can afford another break of faith with the American people. Our constituents are tired of constantly being disappointed by the actions of Congress and the President. They are tired of us not being prepared for what appears to be the inevitable. This is why Senator McCAIN and I have introduced this legislation. We want the American people to know that there are some of us in Congress who are thinking ahead and who do not want a replay of last year.

Both Senator McCAIN and myself have been vigilant in our fight against wasting the taxpayers dollars. The legislation will save taxpayer dollars because the Government programs will be funded at the lowest of the following spending levels:

The previous year's appropriation bill or CR;

The House-passed level;

The Senate-passed level;

The President's budget request; or

The level outlined in the most recent CR.

This legislation will restore the bias in appropriations negotiations toward saving the taxpayers money not spending it. It is worth noting that last year every time Congress went to the negotiating table the President demanded more money. Although Congress saved the taxpayer nearly $19 billion last year, without President Clinton's demands we could have saved $27 billion. Passage of this legislation will guarantee that we are not faced with a choice between a Government shut down and spending taxpayer dollars irresponsibly.

Finally, the hammer of very low funding levels will keep pressure on both ends of Pennsylvania Avenue and both parties to get the appropriations work done.

Again, this is a preventative measure to ensure that politics or stalled negotiations will not stop Government operations. The time has come to show the American people that we will not allow a Government shut down, or the threat of a Government shutdown, to be used for political gain.

Time is running out. September 30 will be here in just 2 short months. We must be prepared in case election year politics get in the way of funding the Government. Senator MCCAIN and I will be offering this legislation as an amendment to the first appropriations bill the Senate turns to following the recess. Let's not continue to disappoint an already disenchanted electorate. The time has come to take control and pass this legislation.

By Mr. JOHNSTON (for himself and Mr. BREAUX):

S. 2014. A bill to authorize the Secretary of the Interior to acquire property adjacent to the city of New Orleans, Orleans Parish, LA, for inclusion in the Bayou Sauvage National Wildlife Refuge, and for other purposes; to the Committee on Environment and Public Works.

THE BAYOU SAUVAGE NATIONAL WILDLIFE REFUGE ACT OF 1996

• Mr. JOHNSTON. Mr. President, I introduce a measure that would be the culmination of many years of negotiation and effort on the part of a number of interested individuals in my State of Louisiana.

Mr. President, the State of Louisiana is rich in wildlife and wildlife habitat, the flora and fauna of legend. The State is also home to numerous wildlife refuges, including the Bayou Sauvage National Wildlife Refuge, which is the subject of my statement today.

Bayou Sauvage is located in east Orleans Parish, LA, almost entirely within the corporate limits of the city of New Orleans and approximately 18 miles east of the central business district. It has the distinction of being the largest expanse of coastal wetlands in the United States that is easily accessible to city dwellers.

The refuge was created in 1986 by legislation sponsored by then Congressman JOHN BREAUX and Representative Lindy Boggs. The measure authorized the refuge at 19,000 acres. In 1993, fee title had been acquired on 18,397 acres. An additional 4,373 acres was under management lease from the Conservation Fund and the city of New Orleans.

After discussions with the city, the Conservation Fund and private individuals with interests in the additional acreage, I am pleased to report that a critical stage of acquisition is now ready to go forward. The acreage which is the subject of this legislation is key to the ability of the managers of Bayou Sauvage to achieve specific goals, including enhancing the population of migratory, shore, and wading birds; encouraging natural diversity of fish and wildlife species; protecting endangered and threatened species; and providing opportunities for scientific research and environmental education on ecological and wetland values to the public.

Mr. President, this is an important milestone for Bayou Sauvage National Wildlife Refuge, and I urge this body to support the completion of this long effort to protect a wonderful treasure for the people of Louisiana, and the Nation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2014

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REFUGE EXPANSION.

Section 502 of the Emergency Wetlands Resources Act of 1986 (P.L. 99-645; 100 Stat. 3590), is amended by inserting following the first sentence in subsection (b)(1) the following sentence:

"In addition, the Secretary is authorized to acquire, within such period as may be necessary, an area of approximately 4,228 acres, consisting of approximately 3,928 acres located north of Interstate 10 between Little Woods and Pointe-aux-Herbes and approximately 300 acres south of Interstate 10 between the Maxent Canal and Michoud Boulevard that contains the Big Oak Island archeological site, as depicted upon a map entitled "Bayou Sauvage National Wildlife Refuge Expansion", dated August, 1996 and on file with the United States Fish and Wildlife Service."

SEC. 2. NAME CHANGE.

Section 502 of the Emergency Wetlands Resources Act of 1986 (P.L. 99-645; 100 Stat. 3590), is further amended by deleting the word "Urban" wherever it appears in the section.•

By Mr. DOMENICI:

S. 2015. A bill to convey certain real property located within the Carlsbad project in New Mexico to the Carlsbad Irrigation District; to the Committee on Energy and Natural Resources.

CARLSBAD PROJECT LEGISLATION

Mr. DOMENICI. Mr. President, today I am introducing legislation that will convey tracts of land, referred to as "acquired lands," to the Carlsbad Irrigation District in New Mexico.

This bill is a culmination of over a year's worth of work, addressing concerns that were raised over legislation that Senator CRAIG and I introduced early last year.

That legislation used a generic approach to direct the Secretary of the Interior to convey these acquired lands to the beneficiary districts, when those districts had completed their contractual obligations to the United States for project construction.

The administration is on record in support of the idea of transfer of facilities to the beneficiaries, "where it makes sense," but it opposed that legislation, in part because of the generic nature in which it was drafted.

I hope that the legislation I am introducing today will address the administration's concerns with the earlier bill.

It is specific to the Carlsbad project in New Mexico, and directs the Carlsbad Irrigation District to continue to manage the lands as they have been in the past, for the purposes for which the project was constructed.

This bill also protects the interests that the State of New Mexico has in some of those lands, and a companion bill introduced in the House by Congressman JOE SKEEN has the full support of the Governor and the various Cabinet Secretaries who oversee those interests.

Finally, this legislation will return project lands, which were at one time held by the beneficiaries of the Carlsbad project and its predecessor, to the Carlsbad Irrigation District.

Mr. President, I encourage my colleagues to support this legislation, and ask unanimous consent the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2015

Be it enacted by the Senate and House of Representatives of the United State of America in Congress assembled,

SECTION 1. CONVEYANCE.

(a) OPERATION OF LAW.—

(1) IN GENERAL.—Except as provided in paragraph (2), and subject to the conditions set forth in subsection (c) and section 2(b), all right, title, and interest of the United States in and to the lands described in subsection (b) (in this Act referred to as the "acquired lands") in addition to all interests the United States holds in the irrigation and drainage system of the Carlsbad Project and all related lands including ditch rider houses, maintenance shop and buildings, and Pecos River Flume are hereby conveyed by operation of law to the Carlsbad Irrigation District (a quasi-municipal corporation formed under the laws of the State of New Mexico and referred to in this Act as the "District").

(2) LIMITATIONS.—

(A) In case of a tract of acquired land on which is located any dam, or reservoir diversion structure, conveyance to the District is limited to the right, title, and interest of the United States in and to the mineral estate.

(B) The United States shall retain storage and flow easements for any tracts located under the maximum spillway elevations of Avalon and Brantly Reservoirs.

(b) ACQUIRED LANDS DESCRIBED.—The lands referred to in subsection (a) are those lands (including the surface and mineral estate) in Eddy County, New Mexico, described as the acquired lands in section (7) of the "Status of Lands and Title Report: Carlsbad Project" as reported by the Bureau of Reclamation in 1978.

(c) TERMS AND CONDITIONS OF CONVEYANCE.—Any conveyance of the acquired lands under this Act shall be subject to the following terms and conditions:

(1) The acquired lands shall continue to be managed and used by the District for the purposes for which the Carlsbad Project was authorized, consistent with existing management of such lands.

(2) Except as provided in paragraph (3), the District shall assume all rights and obligations of the United States under—

(A) the agreement dated July 28, 1994, between the United States and the Director, New Mexico Department of Game and Fish (Document No. 2-LM-40-00640), relating to management of certain lands near Brantley Reservoir for fish and wildlife purposes,

(B) the agreement dated March 9, 1977, between the United States and the New Mexico Department of Energy, Minerals, and Natural Resources (Contract No. 7-07-57-X0888) for the management and operation of Brantley Lake State Park.

(3) EXCEPTIONS.—

(A) The District shall not be obligated for any financial support associated with either agreement under paragraph (2).

(B) The District shall not be entitled to any revenues generated by the operation of Brantley Lake State Park.

SEC. 2. LEASE MANAGEMENT AND PAST REVENUES COLLECTED FROM THE ACQUIRED LANDS.

(a) IDENTIFICATION AND NOTIFICATION OF LEASEHOLDERS.—Within 45 days after the date of enactment of this Act, the Secretary of the Interior shall provide to the District a written identification of all mineral and grazing leases in effect on the acquired lands on the date of enactment of this Act, and the Secretary of the Interior shall notify all leaseholders of the conveyance made by this Act.

(b) MANAGEMENT OF MINERAL AND GRAZING LEASES.—Upon conveyance, the District shall assume all rights and obligations of the United States for all mineral and grazing leases on the acquired lands, and shall be entitled to any revenues from such leases accruing after such date. The District shall continue to adhere to the current Bureau of Reclamation mineral leasing stipulations for the Carlsbad Project.

(c) AVAILABILITY OF AMOUNTS PAID INTO RECLAMATION FUND.—Receipts paid into the reclamation fund which now exist as credits to the Carlsbad Project under the Mineral Lands Leasing Act of 1920 (30 U.S.C. 181 et seq.), shall be made available to the District under the distribution scheme set forth in section (4)(I) of the Act of December 5, 1924 (43 U.S.C. 501; commonly referred to as the "Fact Finders Act of 1924").

By Mr. DORGAN (for himself, Mr. BYRD, Mr. HEFLIN, Mr. CAMPBELL, Mr. WELLSTONE, Mr. HOLLINGS, Mr. INOUYE and Mr. D'AMATO):

S. 2016. A bill to assess the impact of the NAFTA, to require further negotiation of certain provisions of the NAFTA, and to provide for the withdrawal from the NAFTA unless certain conditions are met; to the Committee on Finance.

THE NAFTA ACCOUNTABILITY ACT

Mr. DORGAN. Mr. President, the North American Free Trade Agreement has been a colossal failure. It epitomizes what is wrong with our nation's trade policies.

This Nation has focused practically all of its efforts on achieving some theoretical system of free trade, without giving any real attention to whether what is advanced also provides fair trade and fair competition. We open our borders and provide access to our markets, without ensuring that at the same time there will be reciprocal trading opportunities with our trading partners.

NAFTA has not produced the results that were projected. It has not lived up to its promises. Since NAFTA took effect our trade deficit with Canada and Mexico has ballooned by 368 percent.

Today, Canada and Mexico are the third and fourth largest trade deficits for the United States. Rather than stopping the flight of American jobs, it has accelerated the loss of jobs to our closest trading partners.

Today, I am reintroducing the NAFTA Accountability Act. This bill establishes benchmarks for measuring whether or not NAFTA has lived up to its promises. If it doesn't then the bill outlines the procedure for withdrawing from NAFTA.

In reintroducing this bill we are updating some of the information in the findings and we are adding a section on highway safety. In addition, we are adding a number of co-sponsors. Senators D'AMATO, INOUYE, HOLLINGS, and WELLSTONE are joining the list of original co-sponsors, including Senators BYRD, HEFLIN, and CAMPBELL.

The companion bill on the House side, sponsored by Representative MARCY KAPTUR now has 107 co-sponsors.

TRADE DEFICITS CONTINUE TO GROW

One of the untold stories of NAFTA is the growing trade deficit with Canada. Prior to NAFTA, the merchandise trade deficit was over $10 billion in 1993. In 1994 it grew to $14 billion, and last year it hit a record of almost $19 billion. In the first 5 months of this year, our trade deficit with Canada is already at almost $9 billion. At this pace the trade deficit this year can be expected to be over $21 billion.

The change in our trade position with Mexico is even more dramatic. Prior to NAFTA our trade surplus with Mexico peaked in 1992 at $5.4 billion. It then dropped to $1.6 billion in 1993. In the first year of NAFTA, the positive trade balance with Mexico dropped to $1.4 billion. In the second year of NAFTA, we ended up with a $15.4 billion trade deficit.

Much has been said about the role of the devaluation of the peso as the cause of this dramatic turn-around in trade flows with Mexico. The reality is that the problems of the overvalued Mexican peso were well known at the time of the passage of NAFTA.

Yet, there was nothing in NAFTA that provided any means to address the question of rapid changes in currency values. Our bill would require the opportunity for renegotiation in such circumstances.

This year the trade deficit with Mexico has already reached almost $7 billion during the first 5 months. At this pace, it will be very close to last year's record level of $15 billion.

Since NAFTA took effect, the United States has recorded a $42 billion trade deficit with Canada in the 2 years and 5 months for which we have statistics. During that time we have recorded a $20 billion deficit with Mexico.

We have accumulated a total trade deficit of $62 billion with these trading partners since NAFTA started regulating these trade relationships. In other words our trade deficit with our NAFTA partners is draining over $2 billion a month from our national economy. These trade deficits have serious consequences for our country.

U.S. JOB LOSSES DUE TO NAFTA

Today a study by Rob Scott on the relationship between NAFTA and jobs was released by the Economic Policy Institute. This study reveals that the trade deficits we have had during the first 2 years of NAFTA has meant a loss of almost a half-million jobs and job opportunities for American workers.

The study shows that as a result of our trade imbalance with Canada, we have lost 200,026 jobs during the past 2 years. In the same period the trade deficit with Mexico has meant a loss of 283,607 jobs. The total loss of jobs and job opportunities is 483,633.

When NAFTA was being debated, the predictions were that the United States would gain something between 120,000 and 220,000 jobs. Now 2 years later, the reality is that our trade relationships under NAFTA have cost this country 484,000 jobs.

JOBS MOVING TO MEXICO

One week ago I co-chaired the Families First Forum here in the Nation's Capitol. At that forum, a union worker in North Carolina told us about the upcoming closing of his plant. That plant closing was to be completed today and the jobs moved to Mexico.

This is a plant that produces electrical transformers. These are the transformers that hang from electrical poles, sit on pads on the ground, and even some units that are made for use underground.

They have been producing transformers at that plant for 40 years, and have been a profitable operation for most of those years. There are 343 hourly workers and 250 salaried workers who today no longer have a job.

These workers will no longer be able to be employed using the skills they have learned and developed in building electrical transformers. Their jobs our moving to Monterrey, Mexico, to a facility that pays workers less than a $1 per hour.

There is another small industry in this country. It's scattered around in rural communities in the heart of the corn belt. This industry is dominated by small family business operations which make the brooms that we use to sweep out our houses. The future of this industry is in doubt.

Stan Koschnick, manager of the France Broom Co., told a news reporter, "I don't want to worry my employees too much when they open their newspapers, but I would guess if it was left unchecked, within 10 years there wouldn't be any brooms made in the United States."

Kenneth Quinn, the retired president of the Quinn Broom Works, states, "It's hard to say you can compete with somebody when they're paying 30 or 40 cents per hour. We can do everything better except for wages. We can't compete on wages."

Since NAFTA became reality, more than 200 jobs have been lost in this industry. These companies are paying in the neighborhood of $8 per hour to their workers. They are competing with Mexican workers who will be lucky to be paid $8 per day.

The question is whether such wage competition is good for our country. There are those who would say we are raising our standard of living by being able to buy a couple of cheaper brooms every year. However, what are we gaining if at the same time our wages are being lowered and our jobs are being lost?

This industry may get a second chance, because last Friday the International Trade Commission recommended restoring a tariff on Mexican brooms. Earlier this month, the ITC determined that unfair competition from Mexican factories posed a serious threat to the domestic broom industry.

The reason they are getting a second chance is that hidden away in the fine print of the NAFTA agreement was a provision that allowed tariffs to be restored if the U.S. broom industry got hurt. Other industries are not so lucky, and don't have such provisions. They are being swept under.

INDUSTRIES EXPERIENCING JOB LOSSES

Let's take a closer look at the industries in which we are losing jobs and job opportunities under NAFTA. The study released today by the Economic Policy Institute provides some estimates of where we are losing jobs.

Our exports to Mexico have been mostly capital goods and intermediate inputs which are used to build and supply factories that assemble final products for export back to the United States.

With Mexico, we have lost over 85,000 jobs and job opportunities in auto, auto parts, and vehicles. Another 60,000 jobs were lost in electrical equipment, such as televisions and other electronic equipment. Over 26,000 jobs in nonelectrical machinery and 20,000 jobs in scientific and professional equipment were lost to Mexico.

In our trade with Canada, we have lost over 53,000 jobs and job opportunities in the paper and allied products industry. We have also lost jobs in autos, auto parts, and vehicles to Canada. This accounts for some 38,000 jobs. Another industry where we have lost jobs and job opportunities to Canada has been in the production of primary metal products. That is a loss of 26,000 jobs.

Now, these are not what is normally considered unskilled jobs. These are jobs that traditionally have paid good salaries and provided an industrial base for our country.

The fact is that manufacturing jobs have been the hardest hit within the trade framework established by NAFTA. According to the Economic Policy Institute, 73 percent of the jobs lost to our NAFTA trading partners have been lost in the manufacturing sector.

That should be of great concern to this country. Our manufacturing base has been what has provided good paying jobs for the bulk of American families. As we shift to buying more and more of our manufactured goods from beyond our own borders, we are also experiencing both a shift in jobs and an overall loss in jobs.

According to the EPI study, the United States has had a net loss of 483,633 jobs to our NAFTA trading partners since NAFTA took effect. That reflects an total job loss of 883,717 jobs, while our trade with Canada and Mexico created 400,085 jobs. Since almost three-quarters of the net job losses were in the manufacturing sector, this further underscores that we are losing our better paying jobs.

NAFTA BENCHMARKS

As a nation we need to begin systematically measuring how our trade agreements are doing. Are they living up to their promises?

Are they providing mutually beneficial reciprocal opportunities that strengthen the economies of the participating countries? Are they helping to improve the standard of living in each of the countries or are they pitting one nation against another down to the lowest common denominator?

Those are the type of questions we are asking within the NAFTA Accountability Act. We are asking these questions in nine specific areas. In three areas we are requiring some renegotiation of NAFTA so it can deal with issues of significant trade deficits, currency exchange rates, and agricultural trade distortions.

The other six areas are matters of ensuring that the results are measured and certified. These include certifications in maintaining our manufacturing base; highway safety; health and environmental standards; jobs, wages, and living standards; rights and freedoms; and, controlling drug trafficking.

We need to make NAFTA accountable. If it doesn't measure up then we need to withdraw from it. We need trade agreements that work. America can no longer afford trade agreements that work against our long-term economic interests.

That is why I am pleased to be reintroducing this bill. I am also pleased that my colleagues, Senators BYRD, HEFLIN, CAMPBELL, WELLSTONE, HOLLINGS, INOUYE, and D'AMATO are joining in this effort to make NAFTA accountable.

ADDITIONAL COSPONSORS

S. 1014

At the request of Mr. NICKLES, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1014, a bill to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes.

S. 1317

At the request of Mr. D'AMATO, the name of the Senator from Utah [Mr. BENNETT] was added as a cosponsor of S. 1317, a bill to repeal the Public Utility Holding Company Act of 1935, to enact the Public Utility Holding Company Act of 1995, and for other purposes.

S. 1493

At the request of Mr. LAUTENBERG, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 1493, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1540

At the request of Mr. BINGAMAN, his name was added as a cosponsor of S. 1540, a bill to amend chapter 14 of title 35, United States Code, to preserve the full term of patents.

S. 1735

At the request of Mr. PRESSLER, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1737

At the request of Mr. BUMPERS, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of S. 1737, a bill to protect Yellowstone National Park, the Clarks

Fork of the Yellowstone National Wild and Scenic River and the Absaroka-Beartooth Wilderness Area, and for other purposes.

S. 1908

At the request of Mrs. FEINSTEIN, the name of the Senator from Kentucky [Mr. FORD] was added as a cosponsor of S. 1908, a bill to amend title 18, United States Code, to prohibit the sale of personal information about children without their parents' consent, and for other purposes.

S. 1954

At the request of Mr. HATCH, the name of the Senator from Kansas [Mrs. FRAHM] was added as a cosponsor of S. 1954, a bill to establish a uniform and more efficient Federal process for protecting property owners' rights guaranteed by the fifth amendment.

S. 1984

At the request of Mr. GRAHAM, the name of the Senator from Kentucky [Mr. FORD] was added as a cosponsor of S. 1984, a bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to require a 10 percent reduction in certain assistance to a State under such title unless public safety officers who retire as a result of injuries sustained in the line of duty continue to receive health insurance benefits.

S. 1999

At the request of Mr. NICKLES, the names of the Senator from Michigan [Mr. ABRAHAM] and the Senator from Colorado [Mr. BROWN] were added as cosponsors of S. 1999, a bill to define and protect the institution of marriage.

S. 2008

At the request of Mr. DASCHLE, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 2008, a bill to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida, and for other purposes.

AMENDMENT NO. 5119

At the request of Mr. CHAFEE the names of the Senator from South Dakota [Mr. PRESSLER] and the Senator from Ohio [Mr. DEWINE] were added as cosponsors of amendment No. 5119 proposed to H.R. 3754, a bill making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes.

SENATE RESOLUTION 286—TO COMMEND OPERATION SAIL

Mr. DODD (for himself, Mr. D'AMATO, Mr. LIEBERMAN, Mr. MOYNIHAN, Mr. WARNER, Mr. ROBB, Mr. BRADLEY, and Mr. LAUTENBERG) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 286

Whereas Operation Sail is a nonprofit corporation dedicated to building good will among nations and encouraging international camaraderie;

Whereas Operation Sail has represented and promoted the United States of America in the international tall ship community since 1964, organizing and participating in numerous tall ship events across the United States and around the world;

Whereas Operation Sail has worked in partnership with every American President since President John F. Kennedy;

Whereas Operation Sail has established a great tradition of celebrating major events and milestones in United States history with a gathering of the world's tall ships, and will continue this great tradition with a gathering of ships in New York Harbor on July 3 through July 8, 2000, called OpSail 2000, to mark the 224th birthday of the United States of America and to welcome the new millennium;

Whereas President Clinton has endorsed OpSail 2000, as Presidents Kennedy, Carter, Reagan, and Bush have endorsed Operation Sail in previous endeavors;

Whereas OpSail 2000 promises to be the largest gathering in history of tall ships and other majestic vessels like those that have sailed the ocean for centuries;

Whereas in conjunction with OpSail 2000, the United States Navy will conduct an International Naval Review; and

Whereas the International Naval Review will include a naval aircraft carrier as a symbol of the international good will of the United States of America: Now, therefore, be it

Resolved, That the Senate—

(1) commends Operation Sail for its advancement of brotherhood among nations, its continuing commemoration of the history of the United States, and its nurturing of young cadets through training in seamanship;

(2) encourages all Americans and citizens of nations around the world to join in the celebration of the 224th birthday of the United States of America and the international camaraderie that Operation Sail and the International Naval Review will foster; and

(3) encourages Operation Sail to continue into the next millennium to represent and promote the United States of America in the international tall ship community, and to continue organizing and participating in tall ship events across the United States and around the world.

Mr. DODD. Mr. President, it is my pleasure to rise today to submit a very special resolution in anticipation of OpSail 2000 and in recognition of the Operation Sail organization that has made events such as OpSail 2000 possible.

Mr. President, I am sure that many of my colleagues remember the glorious New York Harbor gatherings of the world's tall ships to mark several milestones in America's history: OpSail '76 celebrated the bicentennial of the Nation; OpSail '86 marked the centennial of the Statue of Liberty; and OpSail '92 commemorated the 500th anniversary of Columbus' discovery of the "new world."

In 2000, this grand tradition will continue. America, and indeed the entire world, will again be treated to the spectacular display of international friendship that is OpSail. OpSail 2000 will take place July 3–July 8, 2000 in New York Harbor to mark the 224th birthday of the United States of America and to welcome the new millennium. It is expected to be the largest gathering in history of the tall ships and other majestic vessels like those that have sailed the ocean for centuries.

As a symbol of good will of the United States of America, the U.S. Navy will conduct an International Naval Review, which will include a naval aircraft carrier. OpSail 2000 is endorsed by President Clinton, just as Presidents Kennedy, Carter, Reagan and Bush endorsed Operation Sail's previous endeavors.

Much like the Olympic games our country is currently hosting, OpSail events and Operation Sail are dedicated to building good will among nations, encouraging international camaraderie, and nurturing the leadership and athleticism of young people through training in seamanship. Furthermore, OpSail events and Operation Sail continually commemorate major events in the history of the United States, working in partnership with every American President since John F. Kennedy and representing and promoting the United States of America in the international tall ship community.

Mr. President, this resolution honors the tradition of the OpSail events—the advancement of international friendship and the celebration of milestones in U.S. history—and I urge my colleagues to embrace that tradition by supporting this resolution.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a field hearing has been scheduled before the Committee on Energy and Natural Resources to receive testimony on the issue of competitive change in the electric power industry. The hearing will focus on regional issues associated with competitive change.

The hearing will take place on Monday, September 9, beginning at 9 a.m. at the Champlain College Alumni Auditorium, on Maple Street in Burlington, Vermont 05401.

Those wishing to testify or submit written statements should write to the Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510. For further information, please contact Shawn Taylor or Howard Useem.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet at 10 a.m. on Thursday, August 1, 1996, in open session, to receive an update on United States participation in implementation force mission in Bosnia.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Thursday, August 1, 1996, session of the Senate for the purpose of conducting a hearing on aviation security challenges.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, August 1, 1996, for purposes of conducting a full committee hearing which is scheduled to begin at 2 p.m. The purpose of this oversight hearing is to receive testimony on the implementation of section 2001 of Public Law 104–19, the Emergency Timber Salvage Amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be granted permission to meet Thursday, August 1, immediately following the first vote in The President's Room, S–216, The Capitol, to consider the nominations of Nils J. Diaz and Edward McGaffigan, Jr., each nominated by the President to be a Member of the Nuclear Regulatory Commission and a committee resolution on a GSA public building proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, August 1, 1996, at 10 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BURNS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, August 1, 1996, at 10 a.m. to hold an executive business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BURNS. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, August 1, 1996 at 9:30 a.m. to hold an open hearing on Intelligence Matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

Mr. BURNS. Mr. President, I ask unanimous consent that the Subcommittee on Oversight and Investigations of the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Thursday, August 1, 1996 for purposes of conducting a Subcommittee hearing which is scheduled to begin at 9:00 a.m. The purpose of the oversight hearing is to consider the propriety of a commercial lease by the Bureau of Land Management at Lake Havasu, AZ, including its consistency with the Federal Land Policy and Management Act and Department of the Interior land use policies.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

COMMEMORATING THE BRAVERY OF THE 168th ENGINEER COMBAT BATTALION

• Ms. SNOWE. Mr. President, I rise today to pay tribute to the valor and courage of the 168th Engineer Combat Battalion, which celebrates the unveiling of its commemorative monument at Fort Devens, MA, later this month. During World War II, the 168th Engineer Combat Battalion was composed entirely of New Englanders, many of them residents of the State I have the good fortune to represent in this body: the great State of Maine. This brave group of soldiers defended freedom and democracy from the will of tyranny in the darkest days of World War II and the Vietnam conflict. As they reunite to remember their success and pay homage to their fallen comrades, I'd like to take a moment today to remember the unit's heroism.

Mr. President, any retelling of the pivotal events of the Second World War in Europe must include the deeds of the 168th. They were there with General Patton in July 1944 when the Allies landed on the beaches of Normandy as part of the D-day Invasion. For 10 hard but glorious months thereafter, the 168th provided the American ground forces in Europe with invaluable logistic support and an iron will that was crucial in turning back the ruthless advance of the Nazis across Europe.

Perhaps no single mission depicts the heroism, bravery, and grit of the 168th more clearly than its performance in the Ardennes offensive, also known as the Battle of the Bulge. When the forces of Hitler launched their desperate, last-ditch offensive into the heart of the Allied line during the winter of 1944, the 168th displayed the resiliency and courage for which it has come to be known. In hopes of fracturing the Allied line into its American and British components, the Nazi Army focused all of its lethal energy on breaking through the Allied line in Belgium. However, in doing so, the Nazis ran into the 168th, and the 168th stood fast. With their defiant stand at St. Vith, Belgium, the 168th was able to slow the Nazi assault and then provide the larger American force with the logistical support necessary to repel the Nazi war machine once and for all.

In remaining at St. Vith, the 168th endured the loss of half its personnel to casualty or Nazi apprehension. Yet, with the loss of every comrade, the depleted 168th exhibited even firmer resolve to drive the Nazis back across the line. They did so for each other, and they did so for America. But most of all, they refused to succumb to the Nazis because at that moment, the cause of freedom depended upon them. For its valor in battle and efficiency in duty, the 168th was deservingly awarded the Distinguished Unit Citation by the U.S. Army. The 168th was also awarded the Belgian Croix de Guerre, which was given to foreign forces by the Belgian Government for the defense of its nation during World War II.

As if the heroics of the 168th in World War II were not enough, it also served with distinction during the Vietnam conflict, 20 years later. Faced with the daunting task of establishing logistical lines of support in the harrowing jungles of Southeast Asia, the 168th again performed its tasks masterfully under heavy fire. For its repeated acts of bravery, the 168th received the Valorous Unit Citation and the Meritorious Unit Citation, and in doing so, reaffirmed its status as an elite unit of the U.S. Army Corps of Engineers.

Mr. President, as the remaining members of the 168th gather to unveil their monument at Fort Devens, I think it is appropriate that we all remember the intrepid nature displayed again and again by the members of the 168th when they were most needed. Whether they were ordered to forge roadways and cross rivers in the snowy countryside of Western Europe, or devise ways to destroy the vast tunnel systems underneath the steamy jungles of Southeast Asia, the 168th has performed its duties with honor and distinction. It is due to the heroism and sacrifice of people like the members of the 168th Engineer Combat Battalion that Americans enjoy the fruits of freedom today, and for that, we all owe them a deep and heartfelt debt of gratitude.

In honor of the contributions made by the 168th in the defense of freedom, I ask that the declarations honoring the 168th Engineer Combat Battalion made by the Governors of Maine and Massachusetts, as well as the Corps of Engineers poem be placed in the RECORD in their entirety to commemorate the unveiling of the 168th Engineer Combat Battalion later this month.

The material follows:

PROCLAMATION—STATE OF MAINE

Whereas, the 168th Engineer Combat Battalion was activated in 1943, consisting of a large number of New England residents, many from Maine and Massachusetts; and

Whereas, since 1943, the 168th Engineer Combat Battalion has served with distinction in both World War II and the Vietnam War, earning five distinguished battle honors; and

Whereas, during the Battle of the Bulge, the 168th Engineer Combat Battalion held its position at St. Vith, Belgium from December 16 through December 23, 1944, and stopped the German thrust through the Ardennes; and

Whereas, following the Battle of the Bulge, the 168th Engineer Combat Battalion was awarded the Distinguished Unit Citation for extraordinary heroism against an armed enemy, and the Belgian Croix de Guerre for outstanding gallantry, heroic action, and bravery in the face of enemy action; and

Whereas, during the Vietnam War, the 168th Engineer Combat Battalion again served with distinction and was awarded the Valorous Unit Citation for heroic combat action on or after August 3, 1963, the Meritorious Unit Citation for outstanding service during a period of combat, and the Republic of Vietnam Civil Award for meritorious service and outstanding accomplishments over and above the call of duty; and

Whereas, it is appropriate that all Maine citizens recognize and honor the outstanding dedication, sacrifice, and tradition of the 168th Engineer Combat Battalion,

Now, therefore, I, Angus S. King, Jr., Governor of the State of Maine, do hereby proclaim the week of December 16–23, 1995 as the 168th Engineer Combat Battalion Days of Honor, throughout the State of Maine, and urge all citizens to recognize the many accomplishments of the 168th Engineer Combat Battalion.

PROCLAMATION—COMMONWEALTH OF MASSACHUSETTS

Whereas, the 168th Engineer Combat Battalion was activated in 1943, consisting of a large number of New England residents, many from Maine and Massachusetts; and

Whereas, since 1943, the 168th Engineer Combat Battalion has served with distinction in both World War II and the Vietnam War, earning five distinguished battle honors; and

Whereas, during the Battle of the Bulge, the 168th Engineer Combat Battalion held its position at St. Vith, Belgium from December 16 through December 23, 1944, and stopped the German thrust through the Ardennes; and

Whereas, following the Battle of the Bulge, the 168th Engineer Combat Battalion was awarded the Distinguished Unit Citation for extraordinary heroism against an armed enemy, and the Belgian Croix de Guerre for outstanding gallantry, heroic action, and bravery in the face of enemy action; and

Whereas, during the Vietnam War, the 168th Engineer Combat Battalion again served with distinction and was awarded the Valorous Unit Citation for heroic combat action on or after August 3, 1963, the Meritorious Unit Citation for outstanding service during a period of combat, and the Republic of Vietnam Civil Award for meritorious service and outstanding accomplishments over and above the call of duty; and

Whereas, 1994 marks the fiftieth anniversary of the 168th Engineer Combat Battalion's distinguished service during the Battle of the Bulge; and

Whereas, it is appropriate that all Massachusetts citizens recognize and honor the outstanding dedication, sacrifice, and tradition of the 168th Engineer Combat Battalion;

Now, therefore, I, William F. Weld, Governor of the Commonwealth of Massachusetts, do hereby proclaim December 16th through December 23rd, 1994, as the 168th Engineer Combat Battalion Days of Honor, and urge all the citizens of the Commonwealth to take cognizance of this event and participate fittingly in its observance.

CORPS OF ENGINEERS

(Author unknown, Korea, 1951)

They have a song about the Army, the Navy, and the Marines
They've got one for the Air Force, in fact the whole darn works, it seems
But they have never taken the trouble, though we have served them for years
To every write a poem, for the Corps of Engineers
We build the roads and airfields, their pipe lines and their camps
From underground munition dumps to concrete landing ramps
Railroads, dams and bridges, electric power lines
Canals, docks and harbors, even coal and iron mines
But the engineers aren't kicking, for when the Army is moving in:
We know it's just another place where we've already been
Before the Army got there, we had to break the ground
And build it all to suit their needs, solid safe, and sound
If the Army and Navy ever look on heavens scenes
They will find the streets guarded by the United States Marines
Who will guard the streets up there, we aren't disposed to say
But we offer this suggestion, if they look at a thing that way
When the Marines have taken over on the land that has no years
They will find it was designed by the Corps of Engineers.•

RETIREMENT OF JOHN J. SHEEHAN

• Mr. DODD. Mr. President, I rise today to pay tribute to an outstanding labor leader and an outstanding American. John J. "Jack" Sheehan is retiring after 29 years as legislative director of the Steelworkers of America and a total of 45 years of service to his union and all working people. He has served as an assistant to three presidents of the Steelworkers: Lloyd McBride, Lynn Williams, and George Becker.

During his 10 years in the Steelworkers' Washington office, Jack Sheehan has been at the forefront of some of the most important legislative battles in our history, including the creation of the Occupational Safety and Health Act [OSHA], the Mine Safety and Health Act, the Employee Retirement Income Security Act [ERISA], the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, and much more.

Jack Sheehan was born and raised in the Bronx. He was the son of Irish immigrants. His father drove a truck for the New York City Sanitation Department. Jack learned early in his life about the daily struggles of working men and women who worked hard, who toiled through the Great Depression of the 1930s, and who fought and won World War II in the 1940s.

He saw the destructive effects of discrimination in our society and became a champion of the cause of civil rights and equal opportunity.

He saw how poverty deprived people of their dignity and became an advocate for social and economic development programs that promised millions of Americans a better life.

He knew how important a clean and healthy environment is to the lives and well-being of all Americans and became an environmental advocate.

He understood that the labor movement is a progressive force for social and economic change that could better the lives of millions of Americans.

Upon graduating from St. Joseph's College in 1951, he joined the administrative staff of the United Steelworkers of America. In 1952, he was appointed auditor under the secretary-treasurer's office and traveled extensively throughout the United States on behalf of the union. In 1959, Jack came to the Steelworkers' Washington, DC, legislative office and launched a career as a labor lobbyist that has been nothing short of spectacular.

Jack worked to ensure the passage of the Manpower Training and Development Act and the Area Redevelopment Act. He was one of the first labor leaders to stand with the environmental movement for clean air and clean water. He continues to serve as a board member of the Natural Resources Defense Council. He is also one of the founding members of the Consumer Federation of America.

Perhaps the single most important fight of Jack's long and distinguished career was the fight to save the lives and health of workers on the job. Jack committed himself totally to securing the passage of OSHA, despite strong business opposition and even some opposition within the ranks of the labor movement. OSHA recently marked its 25th anniversary. It has been estimated that since the passage of OSHA, more than 150,000 workers' lives have been saved because of this law. There probably would not have been an OSHA law passed in 1970 had it not been for the steadfast leadership and determination of Jack Sheehan.

ERISA was written in 1974 because thousands of American workers were losing their pensions and their right to retire with financial security when their employers went out of business. Jack worked tirelessly to see that Congress passed ERISA. America's working men and women are better off today because Jack Sheehan was here in the halls of Congress on their behalf.

Mr. President, Jack Sheehan's career is a tribute to his intelligence and determination. I know that my colleagues in the Senate join me in extending to Jack our very best wishes upon his retirement from the Steelworkers. Jack Sheehan has truly been a "Man of Steel" for the Steelworkers and all American workers.•

S. 1729, THE INTERSTATE STALKING PUNISHMENT AND PREVENTION ACT OF 1996

Mr. FAIRCLOTH. Mr. President, I rise today in support of the Interstate Stalking Punishment and Prevention Act of 1996. For far too long, the victims of stalkers have lived in fear and insecurity. This legislation, introduced by Senator HUTCHISON, will give them the protection they need and deserve. At this time, this bill is awaiting action in the Judiciary Committee. I urge my fellow Senators on both sides of the isle to support bringing it to the floor as quickly as possible. The safety of stalking victims can not be delayed.

Experts estimate that there are close to 200,000 people who are currently stalking someone, and approximately 400,000 protective or restraining orders are issued each year. Currently, stalkers can follow their victims when they cross State lines, knowing full well that any restraining orders pertaining to them are rendered useless upon leaving the State that they were issued in. Common sense demands that this situation needs to be fixed.

This bill will make it a felony for a person to cross State lines in order to harass or injure their victim. We are not decreasing the power or role of the State authorities by making stalking a Federal crime. Stalking will remain a State crime. This legislation will allow local and State authorities to work with the Justice Department and apply all of their resources in the apprehension and conviction of these criminals. A stalker convicted under this law will be subject to one of several penalties: 5 years if State lines are crossed, 10 years if the victim is seriously harmed, 20 years if the victim is permanently scarred, and life imprisonment if the victim is killed. I have and always will be an advocate of matching the punishment to the crime. The strong penalties within this bill are steps in the right direction in the war against crime.

The Violence Against Women Act of 1993 defined a stalking victim as an "intimate partner or spouse." This bill will change that term to "victim," allowing protection for all people who are stalked, whether by strangers or otherwise. Again, common sense will prevail. Of course the protection of stalking victims should be universal and apply to all victims, whether they are a wife, a girlfriend, a coworker, or a total stranger.

Mr. President, this is a law that will protect stalking victims and allow them to travel, without fear, as all citizens should, throughout our country. With respect to family members, this bill will help ease their worries. I can only imagine the terror that families feel when one of their own is being stalked. With this thought, I urge my colleagues to stand with me in support of this bill and in support of all the victims who have suffered at the hands of stalkers.

MUTUAL AID AGREEMENT

• Mr. ROBB. Mr. President, I rise today to speak about House Joint Resolution 166, a bill we passed late last night, to grant the consent of Congress to the Mutual Aid Agreement between the city of Bristol, VA, and the city of Bristol, TN. Specifically, this bill would allow law enforcement officers in the cities of Bristol, VA, and Bristol, TN, when requested by the adjoining city, to cross State lines in the performance of their duties and operate with full authorization in the adjoining city once there.

Last May, I met with members of the Bristol Chamber of Commerce and discussed the need to alleviate Federal hurdles that keep the two cities from working together to address a host of municipal issues. The Virginia-Tennessee State line cuts across State Street in Bristol, which is the cities' main thoroughfare. Often, jurisdictional confusion and restrictions on law enforcement personnel caused by the location of the State line complicate anticrime activities on the bustling street. Under current law, the cities are prohibited from assisting each other in law enforcement efforts. To address the problem, the two cities adopted a mutual aid agreement to allow each city to provide law enforcement and emergency assistance to one another. Under the terms of the agreement, the responding city could provide a maximum of 50 percent of available personnel and resources to the requesting city.

The mutual aid agreement has been fashioned according to the cities' respective State statutory requirements. Because the mutual aid agreement is an interstate compact, it requires congressional approval. Additionally, section 15.1–131 of the 1950 Code of Virginia, as amended, also requires congressional approval for multi-state agreements to which Virginia or one of its localities is a party.

I am pleased that the Senate was able to move this bill quickly. This could not have happened without the full cooperation of the Senators from both States. Representatives BOUCHER and QUILLEN should also be recognized for introducing this legislation and shepherding it through the House.

The two cities of Bristol share common interests and common problems, and now with passage of this bill, the two cities will be able to work more cooperatively for the betterment of all the citizens of Bristol.•

NEW HAMPSHIRE OLYMPIAN LYNN JENNINGS

• Mr. SMITH. Mr. President, I rise today to pay tribute to Lynn Jennings of Newmarket, NH, for her competition in the 1996 Summer Olympic Games in Atlanta. Lynn competed in the 5,000-meter run Friday July 26 and was the first American to cross the finish line. New Hampshire is proud of her dedication and commitment to training for such a competitive sport.

At age 36, this is Lynn's third time to compete with the U.S. Olympic track team. Lynn's long career exemplifies marks of distinction and excellence. She competed in the 1988 Olympics in Seoul and in the 1992 Barcelona Olympics she became the only American woman to earn a distance medal when she took home the bronze in the 10,000-meter run. Previously, the greatest distance in which an American woman had medaled was 800-meters and Lynn broke that record. Lynn has also been the World Cross Country Champion three times, holding the title from 1990–1992. She is an eight time National Cross Country Champion and holds American records in the 10,000-meter, indoor 3,000-meter, and the 8- and 10-kilometer road courses.

Lynn's distinguished record is the mark of an Olympian and a champion. She has pursued her sport with determination, followed her dream, and embodied the Olympic spirit. New Hampshire has followed her career and she has made the Granite State proud. Many people from New Hampshire watched Lynn compete last Friday and join me in saluting her for representing them at the 1996 Summer Olympic Games. I commend her for her efforts in Atlanta and wish her other running successes at future competitions. Congratulations Lynn.•

THE 90TH ANNIVERSARY OF THE MUTUO CLUB OF BARRE, VT

• Mr. LEAHY. Mutuo Soccorso. In Italian, it means society of mutual aid. But for my Italian immigrant grandfather who worked in the granite quarries of Barre and South Ryegate, VT, it meant much, much more.

It meant financial security in the days before Social Security and Medicare. It meant affordable health care when they could not afford health insurance. It meant they had a second family when their families were thousands of miles away in their homeland. To Peter and Vincenza Zambon, my grandparents, Mutuo Soccorso meant the Mutuo Club of Barre, VT.

Mr. President, I am proud to celebrate the 90th birthday of the Mutuo Club, the Italian-American club of central Vermont. Since 1906, the Mutuo Club has represented the finest values of our immigrant heritage—a special sense of community and friendship.

The Mutuo Club was first established as an offspring of the old society clubs in Italy during the 19th century. Members of the Mutuo paid so much a week into a common fund to help when they and their families got sick. The Mutuo fund helped pay the doctor and hospital bills. Members of the Mutuo pulled together to help each other. Each member was in effect his brother's keeper.

When my grandfather came to Vermont from Italy, he went to the granite quarries to earn a modest living. Life was not easy—tough work, low pay, and health hazards. But in this foreign land, he had the Mutuo Club as a special community to share friendships in good times and a helping hand in bad times.

I remember as a small child walking with my grandfather down the streets of downtown Barre. He would often stop in the street to visit with fellow Mutuo Club members. They would tell stories, plan to help each other, or just learn the latest joke. I remember sensing a special bond of community and friendship between my grandfather and the other Italian-Americans of the Mutuo Club.

Now, the Mutuo Club is open to Americans of all nationalities. And that same special bond of community and friendship enjoyed by my grandfather is still shared by members of the Mutuo Club today.

Mr. President, the Mutuo Club is a living tribute to that special bond. In celebrating the Mutuo Club's 90th birthday, we celebrate that special sense of community and friendship shared by the Mutuo Club members of yesterday, today, and tomorrow.•

STEPHEN NORTH, NEW HAMPSHIRE'S SECONDARY SCHOOL PRINCIPAL OF THE YEAR

• Mr. SMITH. Mr. President, I rise today to pay tribute to Stephen North for being named New Hampshire's Secondary School Principal of the Year. Steve is the principal of Profile Junior and Senior High School in Bethlehem, NH, a position he has held since 1977. As a former teacher and school board chairman myself, I congratulate him for receiving this prestigious award.

Steve celebrates a long and distinguished career in education. He has been a teacher at Hanover High School, Curriculum Coordinator for the Dresden-Hanover School Districts, and both principal and assistant principal at Frances C. Richmond Middle School in Hanover. Steve's 18 years in education have been marked with success and leadership in this regional school district. He has built a reputation for excellence and achievement in many areas, from teacher to administrator. An example of Steve's achievement is the completion of much needed additions and renovations for Profile Junior and Senior School. This project, under his leadership, was completed in just 5 years.

Steve's achievements can be seen in more than new buildings, he has earned the respect and admiration of his colleagues for his efforts. He is an excellent role model for his peers because of his professional activities, leadership abilities, and commitment to community. Steve is involved in various educational organizations including the New England Association of Schools and Colleges, the New Hampshire Association of School Principals, and the North Country Principals Association.

Teachers and students alike admire Steve for what he has done for the school. He is known as someone who mentors new teachers, encourages innovation, promotes professionalism, and creates a sound educational environment. Under his supervision, Profile Junior and Senior High won the 1995 Sportsmanship Banner for exemplifying the positive tenets of good sportsmanship. This type of achievement reflects the type of motivation Steve provides for his school.

Our children are very important to our future and I am proud to see that they are in such capable hands. New Hampshire is fortunate to have such a talented educator and administrator like Steve North. I commend Steve for his outstanding career in the field of education.•

WEST VIRGINIAN RECEIVES VA 1996 EXCELLENCE IN NURSING AWARD

• Mr. ROCKEFELLER. Mr. President, on June 6 of this year, the Department of Veterans Affairs presented four very prestigious awards recognizing excellence in nursing. I am proud to congratulate all of these nurses, but I am especially proud of a fellow West Virginian, Sharon Shade, the recipient of VA's 1996 LPN of the year award. Sharon's performance in the nursing home care unit of the Martinsburg, VA Medical Center is truly outstanding. As a member of the Martinsburg community, she has made a great difference.

Sharon has made many changes, both big and small, that have improved the lives of her patients. Because she works with the patients on a one-on-one basis, she learns about their interests while determining their needs. For example, she found out that a reclusive patient had an interest in music. With her help and encouragement, he began to DJ at the noon meals and is now a thriving member of the high-level communication group. A bedridden patient now joins the noon dining group with the help of a walker, due to Sharon's special attention. These are just a few examples of the changes Sharon has made in the lives of individual patients.

Sharon is truly creative and original in her approach to care, with ideas that benefit the entire program. One of her more innovative techniques includes an Adopt-A-Plant program. Here patients can adopt a plant to take care of, giving them a sense of hope. Another program includes a reminiscence group in which the patients talk about days gone by. Sharon also arranged to move wheelchair-bound patients nearer to the windows in the dining hall where they can get a better view of the outdoors. These simple, yet thoughtful acts have made an enormous difference in the overall morale of both the residents and staff.

Sharon is known for her dedication to her profession. She is constantly working to make things better for her patients and for the staff. In addition to attending meetings and training seminars, she took initiative in developing her own survey to evaluate the program. To lend support to her co-workers, she has implemented a monthly restorative LPN meeting where she shares ideas and literature. She is praised by fellow members of the staff, her patients, and their families for her tireless efforts. The human spirit needs support and encouragement, both of which Sharon has generously given.

I am proud to recognize Sharon Shade and her remarkable talent for making the lives of the veterans at Martinsburg better. It is clear that Sharon is a valuable asset to her staff, her profession, her patients, and our State of West Virginia. Her commitment to her profession and her community makes me enormously proud to say that she is a fellow West Virginian.•

MICHAEL TOCCI, NEW HAMPSHIRE'S ELEMENTARY SCHOOL PRINCIPAL OF THE YEAR

• Mr. SMITH. Mr. President, I rise today to pay tribute to Michael Tocci for being named New Hampshire's Secondary School Principal of the Year. Mike is the principal of Gilford Elementary School in Gilford, NH, a position he has held since 1964. As a former teacher and school board chairman in the Lakes Region myself, I congratulate him for receiving this prestigious award.

Mike celebrates a long and distinguished career in education. He received his bachelors in education in 1967 his masters in public school administration and Supervision in 1973 from Plymouth State University. Mike has served as teaching principal at Danbury Elementary and supervising elementary principal for Newfound Area School District in Bristol. In his 30-year career, he has built a reputation for excellence and achievement in many areas, from teacher to administrator.

Mike is known among his colleagues for his leadership, enthusiasm, dedication, and contribution to children's education. His honest and caring spirit is reflected in the school's positive atmosphere. As an individual of distinction, Mike provides an excellent role model for his students and his teachers. He is admired by his school and his community for his concern and his commitment to community development.

Granite State children are fortunate to have such a talented educator and administrator committed to their education. Gilford Elementary School's success and achievement is reflective of the outstanding leadership Mike has provided. Our children are very important to our future and I am pleased to know that they are in such capable hands. I commend Mike for his outstanding career in the field of education and congratulate him for his dedication.•

SMITHSONIAN INSTITUTION NATIONAL AIR AND SPACE MUSEUM EXTENSION

• Mr. ROBB. Mr. President, I rise today to celebrate the Senate's passage last night of S. 1995, legislation I cosponsored to authorize construction of a Smithsonian Institution National Air and Space Museum extension at Washington Dulles International Airport. This Dulles center, which will be built without any Federal funds, will provide crucial additional exhibit space for displaying national aviation treasures to the public.

The current Air and Space Museum on the Mall is filled to capacity. There is no room to store any more of our large, invaluable aviation artifacts. These artifacts are currently stored in warehouses, hidden from the public, and some even stored outside, where they are exposed to the elements. The passage of S. 1995 places us on track to provide a safe and secure facility to house and preserve, for the public, these historical aircraft and spacecraft such as the B–29 *Enola Gay*, the Space Shuttle *Enterprise*, and the SR–71 *Blackbird*. This bill seeks to save these irreplaceable artifacts for our children and our future generations.

Mr. President, in 1946, President Truman, believing in the importance of preserving our historical aircraft, signed Public Law 722 establishing the National Air Museum. Twenty years later, in 1966, President Johnson understood the importance of this museum and signed the law authorizing construction of a National Air and Space Museum, which expanded the museum's collection efforts to include spacecraft and lunar artifacts. This museum was built on the National Mall here in Washington, opening its doors in 1976 and becoming the world's most visited museum, averaging over 8 million visitors per year.

In keeping with this tradition of preservation and planning for the future, the Senate has passed S. 1995. When it becomes law, we will be able to house historical air and spacecraft, underscoring the major advances we have developed and the contributions to history we have made. Construction efforts for the Air and Space extension at Dulles, estimated to cost $200 million, represents exemplary coordination between public funds from the Commonwealth of Virginia and private sources. It is expected that the Smithsonian Institution National Air and Space Museum Dulles Center could be completed by 2003, in time for the 100 year anniversary of the Wright Brothers' first flight. This Dulles Center is an incredible, historical effort that will be a benefit to us now and for generations to come.•

NEW HAMPSHIRE OLYMPIAN, BARBARA MAROIS

• Mr. SMITH. Mr. President, I rise today to pay tribute to Barbara Marois of Dover, NH for her competition in the 1996 summer Olympic games in Atlanta. Barb captained the women's field hockey team in their impressive series of games. This year's Olympic hockey team is the best team the United States has ever fielded. New Hampshire is proud of Barb's dedication and commitment to training for such a competitive sport.

Barb competed with the 1988 U.S. Olympic field hockey team in Seoul and this year she led the team into competition on home turf. Her long sports career, beginning 10 years ago, bears the marks of distinction and excellence. Barb has competed in 119 international contests and her team placed third in the 1994 World Cup. Field hockey has been gaining popularity over recent years, largely because of outstanding athletes in the sport like her.

The women's field hockey team gave an outstanding performance at this year's Olympic games. They defeated the No. 2 ranked South Korean team with a 3–2 victory and tied the well-respected Dutch team with a score of 1–1. Incidentally, the final point in the game with South Korea was scored by Barb from one of the penalty corners. She is known as a steady defensive force and a powerful weapon on penalty corners by her teammates. During the games she scored one goal and had 38 interceptions and 3 steals.

Barb is arguably one of the keys to the field hockey team's improvement over the last few years. This national team captain is the team mentor and maker of history in field hockey. She is a three time U.S. Field Hockey Association Female Athlete of the Year and has been an assistant coach at her alma mater, the University of New Hampshire.

Barb's distinguished record is the mark of an Olympian and a champion. Her driving sprit has enabled her to pursue her sport with determination and follow her dream. New Hampshire has followed her career and she has made the Granite State proud. Many people watched Barb lead the women's field hockey team. I join them in saluting her for representing them at the 1996 summer Olympic games and I commend her for her efforts in Atlanta. Congratulations Barb.•

NATIONAL SCHOOL NURSE OF THE YEAR

• Mr. ROCKEFELLER. Mr. President, I rise today to pay tribute to a West Virginian who serves as a model and inspiration for the entire Nation. On June 26, 1996, Denice Reese, of Hendricks, WV, was named "National School Nurse of the Year" by the National Association of School Nurses. Along with all the people of West Virginia, I am proud of the accomplishments of Denice Reese. She is an example of dedicated and skilled school nurses everywhere, and especially of the 127 school nurses of West Virginia. I join her colleagues in recognition and praise for her service to the children and families of the Tucker County, WV, school system.

Denice Reese is the first—and only—school nurse for the 4 schools and 1,400 students of Tucker County, whom she has served for the past 8 years. By naming her the "National School Nurse of the Year," her peers have recognized her outstanding work in this rural school district with many needs but few resources.

Among her professional accomplishments, she helped get the Tucker County system designated as a pilot area for the Healthy Schools project. She has been an innovative leader, and has created model student and faculty health education programs. She has collaborated with other professionals to optimize the use of school system resources for health promotion and disease prevention.

At a time when health, nutrition, and education programs for our Nation's children are in jeopardy, the work of the country's school nurses stands as an inspiration and reminder that our children are our future. On behalf of all Americans who are working to ensure that the Nation maintains its investment in the health and well-being of its children, I express gratitude for the partnership of our school nurses. Mr. President, I congratulate Denice Reese on her accomplishments, and wish her all the best as she continues her important work on behalf of the people of Tucker County.•

BARRY ALBERT, NEW HAMPSHIRE'S MIDDLE SCHOOL PRINCIPAL OF THE YEAR

• Mr. SMITH. Mr. President, I rise today to pay tribute to Barry Albert for receiving New Hampshire's Middle School Principal of the Year award. Barry is principal of Franklin Middle School, a position he has held since 1990. As a former teacher and school board chairman myself, I congratulate him for receiving this prestigious recognition.

Barry has had a long and distinguished career in education. He graduated from Plymouth State College in 1970 with a bachelors degree in secondary education and earned a master's in learning disabilities and special education from Rivier College in 1977. In addition, Barry was a teacher at Merrimack High School and the coordinator of Raymond Middle School. For over 20 years he has been serving the students of New Hampshire and pursuing excellence in education. He has built a reputation for achievement among his colleagues in many areas, from teaching to administration.

Barry is known in his school for his leadership, initiative, and dedication to education. Among other achievements, Barry re-started and re-organized the Student Congress at Franklin Middle School. His first concern is always for the students and he is unfailing in his commitment to support school activities while constantly seeking to ensure that students are receiving the best possible education. Barry also created a positive action program at Franklin Middle School, just another of the many ways he serves his school and community.

Barry is the personification of an excellent middle school principal and the community can be certain that Barry is dedicated to his students. Franklin Middle School's success and development attests to Barry's outstanding leadership. The Granite State is fortunate to have such a talented educator and administrator devoted to the education of our children. I commend Barry for his exemplary career in education and congratulate him for his dedication.•

S. 1130—THE FEDERAL FINANCIAL IMPROVEMENT ACT OF 1996

• Mr. GRASSLEY. Mr. President, I rise today to support the Federal Financial Improvement Act. I want to thank Senator BROWN, and our 11 cosponsors, for their individual efforts. I believe that the business of the people should be done as efficiently and effectively as possible. Finding a uniform standard of accounting for the executive branch agencies will be an important element of that efficiency and effectiveness. This bill will lead us to that uniform standard.

It is impossible to measure the efficiency and effectiveness of the many Federal agencies when each may use a different accounting standard for making their records or books. For each to use a different standard is as if each speaks and writes in a different language that is foreign to the next. They cannot understand each other, and the story of their work cannot be written.

Therefore, the legislative branch cannot measure their efficiency and effectiveness. We cannot reconcile the consolidated Federal books. We cannot determine the presence of the relative financial failures or financial successes.

This is why this legislation is so important to the American people. The Federal Financial Management Improvement Act is crucial to efficiently and effectively doing the people's work, and it has my solid support.•

MAKING UP FOR LOST TIME

• Mr. SIMON. Mr. President, a former staff member of mine, Alice Johnson, now with the National Institute for Literacy sent me a copy of an article by Richard Wolkomir that appeared in the Smithsonian magazine.

It tells the story of Richard Wolkomir and another person teaching Ken Adams how to read at the age of 64.

In some ways it is a sad story, looking at his background and looking at all the years that could have been enriched.

But it is a story that ought to inspire all of us to do better.

We ought to have a national effort on literacy.

Mr. President, I ask that this article from the Smithsonian be printed in the RECORD.

The article follows:

[From the Smithsonian, August, 1996]

MAKING UP FOR LOST TIME: THE REWARDS OF READING AT LAST

(By Richard Wolkomir)

I decide simply to blurt out, "Ken?" I ask. "Why didn't you learn to read?"Through the Marshfield community center's window, I see snowy fields and the Vermont village's clapboard houses. Beyond, mountains bulge. "I was a slow learner," Ken says. "In school they just passed me along, and my folks told me I wasn't worth anything and wouldn't amount to anything.

Ken Adams is 64, his hair white. He speaks Vermontese, turning "I" into "Oy," and "ice" into "oyce." His green Buckeye Feeds cap is blackened with engine grease from fixing his truck's transmission, and pitch from chain-sawing pine logs. It is 2 degrees below zero outside on this December afternoon; he wears a green flannel shirt over a purple flannel shirt. He is unshaven, weather reddened. He is not a tall man, but a lifetime of hoisting hay bales has thickened his shoulders.

Through bifocals, Ken frowns at a children's picture book, Pole Dog. He is studying a drawing: an old dog waits patiently by a telephone pole, where its owners abandoned it. He glares at the next pictures. Cars whizzing by. Cruel people tormenting the dog. "Looks like they're shootin' at him, to me!" he announces. "Nobody wants an old dog," he says.

Ken turns the page. "He is still by the pole," he says. "But there's that red car that went by with those kids, ain't it?" He turns the page again. The red car has stopped to take the old dog in, to take him home. "Somebody wants an old dog!" Ken says. "Look at that!"

This is my first meeting with Ken. It is also my first meeting with an adult who cannot read.

I decided to volunteer as a tutor after a librarian told me that every day, on the sidewalks of our prim little Vermont town. I walk by illiterate men and women. We are unaware of them because they can be clever at hiding their inability to read. At a post office counter, for instance, when given forms to fill out, they say, "Could you help me with this? I left my glasses home."

Ken Adams is not alone in his plight. A 1993 U.S. Department of Education report on illiteracy said 21–23 percent of U.S. adults—about 40 million—read minimally, enough to decipher an uncomplicated meeting announcement. Another 25–28 percent read and write only slightly better. For instance, they can fill out a simple form. That means about half of all U.S. adults read haltingly. Millions, like Ken Adams, hardly read at all.

I wanted to meet nonreaders because I could not imagine being unable to decipher a street sign, or words printed on supermarket jars, or stories in a book. In fact, my own earliest memory is about reading. In this memory, in our little Hudson River town, my father is home for the evening from the wartime lifeboat factory where he is a foreman. And he has opened a book.

"Do you want to hear from Peter Churchmouse?" my father asks. Of course! It is my favorite, from the little library down the street. My father reads me stories about children lost in forests. Cabbage-stealing hares. A fisherman who catches a talking perch. Buy my favorite is Peter Churchmouse, a small but plucky cheese addict who befriends the rectory cat. Peter is also a poet, given to reciting original verse to his feline friend during their escapades. I cannot hear it enough.

My father begins to read. I settle back. I am taking a first step toward becoming literate—I am being read to. And although I am only 2, I know that words can be woven into tales.

Now, helping Ken Adams learn to read, I am re-entering that child's land of chatty dogs and spats-wearing frogs. Children's books—simply worded, the sentences short—are perfect primers, even for 60-year-olds who turn the pages with labor-thickened fingers and who never had such books read to them when they were children.

"Do you remember what happened from last time?" asks Sherry Olson, of Central Vermont Adult Basic Education, who tutors Ken and hour and a half each week.

I have volunteered as Sherry's aide. My work requires too much travel for me to be a full-fledged tutor. But I am actually relieved, not having sole responsibility for teaching an adult to read. That is because—when I think about it—I don't know how I read myself. I scan a printed page; the letters magically reveal meaning. It is effortless. I don't know how I do it. As for teaching a man to read from scratch, how would I ever begin?

Sherry, a former third-grade teacher, gives me hints, like helping Ken to learn words by sight so that he doesn't have to sound out each letter. Also, we read stories so Ken can pick out words in context. Ken reads Dr. Seuss rhyming books and tales about young hippopotamuses helping on the family farm. At the moment, we are reading a picture book about Central American farmers who experience disaster when a volcano erupts.

"The people had to move out, and put handkerchiefs over their noses!" Ken says, staring at the pages. He starts to read: "They . . . prayed? . . . for the . . . fire? . . ." "Yes, that's right, fire," Sherry says. "They prayed for the fire to . . . go out?" "That word is 'stop,'" Sherry says.

I listen carefully. A few sessions ahead, it will be my turn to try teaching. "They prayed for the fire to stop," Ken says, placing a thick forefinger under each word. "They watched from the s . . ." "Remember we talked about those?" Sherry says. "When a word ends in a silent e, what does that silent e do to the vowel?" "It makes it say itself," Ken says. "So what's the vowel in s-i-d-e?" she asks. "It's i, and it would say its own name, i," Ken says, pronouncing it "oy." "So that would be 'side.'" "Good," Sherry says.

Ken reads the sentence: "They watched from the side of the hill!" He sounds quietly triumphant. "They-un," he says, in backcountry Vermontese. "That's done it."

After the session, I stand a few minutes with Ken in the frozen driveway. He has one foot on the running board of his ancient truck, which he somehow keeps going. He tells me he was born in 1931 into a family eking out an existence on a hardscrabble farm. His trouble in school with reading is puzzling, because Ken is intelligent.

For instance, he says he was late today because he had to fix his truck. And now he launches into a detailed analysis of the transmission mechanisms of various species of trucks. Also, during the tutoring session, we played a game that required strewing word cards upside down on a table and remembering their locations. Ken easily outscored both Sherry and me in this exercise.

Ken described himself as a "slow learner," but clearly he is not slow. Sherry had told me he probably suffers from a learning disability. People with these perceptual disorders experience difficulties such as seeing letters reversed. Although their intelligence may actually be above average, learning to read is difficult for them. they need individual tutoring.

"It was a one-room school, with eight grades, so I didn't get much attention there," Ken tells me. "It was just the same as the folks at home were doing when they kicked me along through the grades, and when you got to be 16, that's when they kicked you out."

After he left school, he left home. "Then you knock around, one farm to another," he says. "I'd get $15 a week, and room and board." Besides farming, he worked in bobbins mills and sawmills and granite quarries. "Then I was at a veneer mill in Bradford," he says. " After that I was caretaker at a farm for six years until I had to give it up because I had heart attacks."

Now he subsists on a $400-a month Social Security disability pension plus $90 a month in food stamps. He lives alone in a farmhouse he built himself more than 25 years ago, five miles up a mountain dirt road. He earns money for his medicines by cutting firewood, haying, digging postholes with his tractor, snowplowing an cutting brush. "I'm doing odds-and-ends jobs where you can take your time, because the doctor told me I have to stop whenever I fell I need to rest," he says.

He cannot afford electricity from the power company, but he gets what current he needs, mostly for lights by—ingeniously—drawing it from car batteries. To recharge the batteries, he hooks them up in his truck for a day. He also can charge them with a diesel generator. He waits until prices dip to buy fuel for his generator and tractor. "I've got a few maples around my house," he tells me. "I'll find a rustedout evaporator, fix it up and make syrup—there's always a few things I can do, I guess."

I ask how he's managed all these years, not reading. He says his bosses did the reading for him. And now a Marshfield couple, lifelong friends, help him read his mail and bills and notices. But they are entering their 80s. "Now I've got to learn to read myself, as a backup," Ken says.

To find out more about what illiteracy does to people like Ken, I telephoned the U.S. Department of Education and spoke with the Deputy Secretary, Madeleine Kunin. She told me that only 3-5 percent of adult Americans cannot read at all. "But literacy is a moving target," she said. "We figure the 40 million who do read, but at the lowest proficiency levels, have difficulty handling some of the tasks they need hold a job today." Kunin, a former Vermont governor, cited that state's snowplow drivers: "Now they have computers attached, and they need a high school degree just to drive a snowplow."

Ken arrives for his next session in a dark mood. It turns out his tape recorder, used for vocabulary practice, is broken, "I can't fix it because the money's all gone for this month," he says. "I had to go to the doctor, and that's $30, and it was $80 for the pills, and they keep going up." He says one of his prescriptions jumped from $6.99 to $13 in two months. "I don't know if I'll keep taking them," he says. Illiteracy has condemned Ken to a lifetime of minimum-wage poverty.

He brightens reading a story. It is about a dog, John Brown, who deeply resents his mistress's new cat. Ken stumbles over a word. "Milk?" Sherry and I nod. "Go and give her some milk," Ken reads, then pauses to give us a dispatch from the literacy front: "I was trying to figure that out, and then I see it has an i," he says.

My own first attempt at solo tutoring finally comes, and I am edgy. Sherry has wryly admonished Ken, "You help Richard out." I show him file cards, each imprinted with a word for Ken to learn by sight. He is supposed to decipher each word, then incorporate it in a sentence. I write his sentence on the card to help him when he reviews at home. Ken peers at the first word."All," he says getting it easily. He makes up a sentence: "We all went away."

"That's right," I say. Maybe this won't be so hard after all. I write Ken's sentence on the card for him. Then I flip another card. Ken peers at it, his face working as he struggles with the sounds. "As," he says.

During our last session, he confused "as" and "at." Now he has it right. So he has been doing his homework.

"As we went down the road, we saw a moose," Ken says, composing a sentence. That reminds him that the state recently allowed moose hunting, game officials arguing that moose have become so plentiful they cause highway accidents. "Yesterday, I come around a turn and there was ten moose, a big male and female and young ones," Ken says. "They shouldn't be shooting those moose—they ain't hurting anyone, and it ain't the moose's fault if people don't use their brakes."

I flip another card. "At!" Ken says, triumphing over another of our last session's troublemakers. "We are at the school." But the next word stumps him, It is "be." I put my finger under the first letter. "What's that sound?" I ask. When he stares in consternation, I make the sound "buh." But Ken is blocked. He can't sound out the next letter, even though he has often done it before. "Eeeee," I say, trying to help. "Now put the two sounds together."

Ken stares helplessly at the word. I am beginning to understand the deep patience needed to tutor a man like Ken, who began these sessions a year before, knowing the alphabet but able to sound out only a few words. "Buh . . . eeee," I say, enunciating as carefully as I can. "Buh . . . eeee," Ken repeats. Abruptly, his forehead unfurrows. "Oh, that's 'be,'" he says. "Be—We should be splitting wood!"

"Was that what you were doing before the tutoring session?" I ask, to give us both a break. "Nope, plowing snow with my tractor for my friend who broke off his ankle," Ken says.

That is arresting information. When I ask what happened, Ken says his octogenarian friend was chain-sawing cherry trees when a bent-back branch lashed out, smashing his lower leg. Ken, haying a field, saw his friend ease his tractor down from the mountainside woodlot, grimacing in agony, working the tractor's pedals with his one good foot.

Ken himself once lost his grip on a hay bale he was hoisting. A twig poking from the bale blinded his right eye. Now learning to read is doubly difficult because his remaining eye often tires and blurs. These grim country stories of Ken's make my worries—delayed flights, missed appointments—seem trivial. I flip another card: "But." "Bat," Ken says, cautiously. "Buh . . . uh . . . tuh," I prompt. "But," he finally says. "I would do it, but I have to go somewhere else."

I write Ken's sentence on the card and he reads it back. But he stumbles over his own words, unable to sound out "would." I push down rising impatience by remembering the old man in the woods, crawling toward his tractor, dragging that smashed leg.

Finally, I put away the cards, glad to be done with them. Tutoring can be frustrating. Why are even easy words sometimes so hard to get? Now we look at a puzzle. On one side it has pictures of various automobile parts. On the other side are printed the parts' names. The idea is to match the pictures and the names. Before I can start asking Ken to try sounding out big terms like "connecting rod," he points to one of the drawings. It looks to me like deer antlers. "Carburetor?" I guess. "Exhaust manifold," Ken says.

"What's this one?" I inquire. For all I know, it might be something Han Solo is piloting through hyperspace. "Starter," Ken says. It seems to me he is gloating a little. He points again. "Camshaft?" I ask. Ken corrects me. "Crankshaft," he says, dryly.

It is a standoff. I know the printed words. Ken knows the actual objects to which the words refer. "When I was a kid," he tells me, "I bought an old '35 truck. Sometimes it had brakes and sometimes it didn't. I was probably 17. It made lots of smoke, so mosquitos never bothered me. But one day I got sick of it. I put it under a pine tree and I hoisted the engine up into the tree to look at it. The pressure plate weren't no good. And the fellow showed me how to fix it.

That reminds Ken of a later episode. "One time we had to get the hay in, but the baler was jammed. We had the guys from the tractor place, but they could not fix it. Finally I asked the old guy for some wrenches and I adjusted it, and I kept on adjusting, and after that it worked perfectly. I just kept adjusting it a hair until I had it. And then we were baling hay!" No wonder Ken's bosses were happy to do his reading for him. Even so, in our late 20th-century wordscape, illiteracy stymies people like him. And working with Ken has me puzzled: Why do so many people fail to learn to read?

I telephoned an expert, Bob Caswell, head of Laubach Literacy International, a nonprofit organization that trains tutors worldwide. He told me many nonreaders, like Ken Adams, suffer from perceptual reading disorders. But there are other reasons for illiteracy, and it is by no means confined to any one part of the population.

"People think adult nonreaders are mainly poor, urban minorities, but 41 percent are English-speaking whites," Caswell said, adding that 22 percent are English-speaking blacks, 22 percent are Spanish-speaking, and 15 percent are other non-English speakers. More than half of nonreading adults live in small towns and suburbs. Caswell cited U.S. Department of Labor figures that put illiteracy's annual national cost at $225 billion in workplace accidents, lost productivity, unrealized tax revenues, welfare and crime. One big reason for this whopping problem is parents who read poorly.

Well over a third of all kids now entering public schools have parents who read inadequately, he said. "Everywhere we find parents who want to read to their kids, but can't," he added. "And a child with functionally illiterate parents is twice as likely to grow up to be functionally illiterate."

But as I met some of Ken Adams' fellow students, I discovered all sorts of causes for being unable to decipher an English sentence. For instance, I met a woman who had escaped from Laos to Connecticut knowing only Laotian. She learned enough English watching Sesame Street ("Big Bird and all that," she told me), and later from being tutored, to become a citizen.

I also met a man in his 30s who worked on a newspaper's printing press. He could not spell the simplest words. He said it was because, at age 10, he had begun bringing alcohol to school in peanut-butter jars. After his son was born, he turned to Alcoholics Anonymous and mustered the courage to seek tutoring.

I met another man who had dropped out of school in frustration. Not until he tried to enlist in the military did he discover he was nearly deaf. The operator of a creamery's cheese-cutting machine told me he never learned to read because his family had been in a perpetual uproar, his mother leaving his father seven times in one year. And I met a farm wife, 59, who rarely left her mountaintop. But now, with tutoring, she was finally learning to read, devouring novels—"enjoyment books," she called them.

In central Vermont, these struggling readers receive free tutoring from nonprofit Adult Basic Education offices, each employing a few professionals, like Sherry Olson, but relying heavily on armies of volunteers, like me. Other states have their own systems. Usually, the funding is a combination of federal and state money, sometimes augmented with donations. Mostly, budgets are bare bones.

Many states also rely on nonprofit national organizations, like Laubach Literacy Action (Laubach International's U.S. division) and Literacy Volunteers of America, both headquartered in Syracuse, New York, to train volunteers. Laubach's Bob Caswell told me that, nationwide, literacy services reach only 10 percent of adult nonreaders. "Any effort is a help," he said.

Help has come late for Ken Adams. Reviewing his portfolio, I found the goals he set for himself when he began: "To read and write better. And to get out and meet people and develop more trust." Asked by Sherry to cite things that he does well, he had mentioned "fixing equipment, going to school and learning to read, trying new things, telling stories, farming." He remembered being in a Christmas play in second grade and feeling good about that. And he remembered playing football in school: "They would pass it to me and I'd run across the goal to make a score." He mentioned no fond family memories. But he had some good moments. "I remember the first time I learned to drive a tractor," he had said. "We were working in the cornfields. I was proud of that." And a later notation, after he had several months of tutoring, made me think of Ken living alone in his hand-built farmhouse on ten acres atop the mountain. "I like to use recipes," he said. "I use them more as I learn to read and write better. I made Jell-O with fruit, and I make bean salad. I feel good I can do that."

In our tutoring sessions, between bouts with the vocabulary cards, Ken tells me he was the oldest of four children. When he was small, his father forced him to come along to roadside bars, and then made Ken sit alone in the car for hours. Ken remembers shivering on subzero nights. "He always said I'd never amount to nothing," Ken says.

I ask Ken, one day, if his inability to read has made life difficult. He tells me, "My father said I'd never get a driver's license, and he said nobody would ever help me." Ken had to walk five miles down his mountain and then miles along highways to get to work. "And," he recalls, "I was five years in the quarries in Graniteville—that was a long way." Sometimes he paid neighbors to drive him down the mountain. "They said the same as my father, that I'd never get a license," he says. "They wanted the money."

It was not until he was 40 years old that he applied for a license. He had memorized sign shapes and driving rules, and he passed easily. "After I got my license I'd give people a ride down myself," he says. "And they'd ask, 'How much?' And I'd always say, 'Nothing, not a danged thing!'"

To review the words he has learned, Ken maintains a notebook. On each page, in large block letters, he writes the new word, along with a sentence using the word. He also tapes to each page a picture illustrating the sentence, as a memory aid. To keep him supplied with pictures to snip, I bring him my old magazines. He is partial to animals. He points to one photograph, a black bear cub standing upright and looking back winsomely over its shoulder. "That one there's my favorite," Ken says. And then he tells me, glowering, that he has seen drivers swerve to intentionally hit animals crossing the road. "That rabbit or raccoon ain't hurting anyone," he says.

We start a new book, The Strawberry Dog. Ken picks out the word "dog" in the title. "That dog must eat strawberries," he says. "I used to have a dog like that. I was picking blackberries. Hey, where were those berries going? Into my dog!"

We read these books to help Ken learn words by sight and context. But it seems odd, a white-haired man mesmerized by stories about talkative beavers and foppish toads. Yet, I find myself mesmerized, too. The sessions are reteaching me the exhilaration I found in narrative as a child, listening to my father read about Peter Churchmouse. Our classes glide by, a succession of vocabulary words—"house," "would," "see"—interwoven with stories about agrarian hippopotamuses and lost dogs befriended.

One afternoon it is my last session with Ken. We have wrestled with words through a Christmas and a March sugaring, a midsummer haying, an October when Ken's flannel shirts were specked with sawdust from chain-sawing stove logs. Now the fields outside are snowy; it is Christmas again.

My wife and I give Ken a present that she picked out. It is bottles of jam and honey and watermelon pickles, nicely wrapped. Ken quickly slides the package into his canvas tote bag with his homework. "Aren't you going to open it?" Sherry asks. "I'll open it Christmas day," Ken says. "It's the only present I'll get." "No it isn't," she says, and she hands him a present she has brought.

And so we begin our last session with Ken looking pleased. I start with a vocabulary review. "Ignition coil," Ken says, getting the first card right off. He gets "oil filter," too. He peers at the next card. "Have," he says. And he reads the review sentence: "Have you gone away?"

He is cruising today. When I flip the next card, he says, "There's that 'for.'" It is a word that used to stump him. I turn another card. He gets it instantly. "But." He gets "at," then another old nemesis, "are." I ask him to read the card's review sentence. "Are we going down . . . street?" he says. He catches himself. "Nope. That's downtown!"

I am amazed at Ken's proficiency. A while ago, I had complained to my wife that Ken's progress seemed slow. She did some math: one and a half hours of tutoring a week, with time off for vacations and snowstorms and truck breakdowns, comes to about 70 hours a year. "That's like sending a first grader to school for only 12 days a year," she said. And so I am doubly amazed at how well Ken is reading today. Besides, Sherry Olson has told me that he now sounds out—or just knows—words that he never could have deciphered when he began. And this reticent man has recently read his own poems to a group of fellow tutees—his new friends—and their neighbors at a library get-together.

But now we try something new, a real-world test: reading the supermarket advertising inserts from a local newspaper. Each insert is a hodge-podge of food pictures, product names and prices. I point to a word and Ken ponders. "C" he says finally. "And it's got those two e's—so that would be 'coffee'!" I point again. He gets "Pepsi." Silently, he sounds out the letters on a can's label. "So that's 'corn,'" he announces. He picks out "brownies." This is great. And then, even better he successfully sounds out the modifier: "Fudge," he says. "They-uh!"

We're on a roll. But not I point to the page's most tortuous word. Ken starts in the middle again. "ta?" I point my finger at the first letters. "Po," he says, unsure. As always when he reads, Ken seems like a beginning swimmer. He goes a few strokes. Flounders.

"Po-ta . . .," Ken says. He's swum another stroke. "To," he says, sounding out the last syllable. "Po-ta-to, po-ta-to—Hey, that's potato!" He's crossed the pond. "Ken!" I say. "Terrific!" He sticks out his chin. He almost smiles. "Well, I done better this time," he says. "Yup, I did good."•

THE PASSING OF MR. KENNETH KOHLI

• Mr. KEMPTHORNE. Mr. President, I am deeply saddened at the tragic death of Ken Kohli, an outstanding individual with whom I have had the pleasure of working and knowing for years. Last Friday, the plane in which he and two others were flying crashed in the Cabinet Mountains of Montana, claiming all three lives.

It is a tragedy when one so talented, and with such a bright future, is lost at such a young age. Ken was only 35, and yet he had established himself as a leader in our State. He grew up in Coeur d'Alene, ID and attended Northern Idaho College, serving as NIC student body president. He then went on to complete his education at Colorado College and Rutger's University in New Jersey.

When Ken returned to Coeur d'Alene, he put his passion for public policy to work for the Intermountain Forest Industry Association as its communication director. Ken's colleagues and friends will always remember him for the intelligence, energy, and positive attitude with which he approached his work and his life. Ken understood the basic nature of Idahoans and their love for the land, and he recognized the important of our State's natural resources to jobs and families.

He had an appreciation for and a unique ability to work toward consensus and find that balance so that we were protecting our resources while at the same time making wise use of them for the benefit of all. Ken was a strong voice at the table, but he was always a reasonable voice.

My thoughts and prayers are with his family, in particular with his wife, Susan, and their three children, Kyle, Lauren, and Luke.•

RECOGNIZING OUR FOREIGN SERVICE OFFICERS

• Mr. AKAKA. Mr. President, I rise today to recognize two fine and outstanding foreign service officers stationed in our Beijing, China, embassy who went beyond the call of duty to help an American citizen in time of need. Ms. Stephanie Fossan and Mr. Kai Ryssdale exemplify the "can do" spirit that all our foreign service officers provide for many of our overseas citizens.

In a letter I received from a Hawaii constituent doing business in China, he describes an incident where he lost his passport a day before his departure from Beijing. Without his passport he knew he would most certainly have to miss his scheduled flight. Because this was peak travel season for many Asians and the airlines were solidly booked, it would also mean an indefinite stay in China. This delay would become very difficult for this person because of health concerns and the lack of his daily medication.

Ms. Fossan and Mr. Ryssdale worked beyond normal working hours to ensure that this Hawaii resident could secure a temporary passport. With temporary passport in hand, my constituent went to the Chinese Security Office to get his visa stamped, and he was able to board his plane to Honolulu the next morning as scheduled.

All too often the hard work and dedication of our foreign service officers go overlooked. Many of these people live and work in very difficult conditions. The Secretary of State has testified before a committee of the Senate about "sewer gases" leaking into the embassy building in Beijing and the difficult living conditions under which the Americans who work there must endure.

Ms. Fossan and Mr. Ryssdale represent the best in foreign service personnel who serve and protect our citizens abroad. To all personnel serving in our embassies abroad and to the Honorable James Sasser, Ambassador to the Peoples Republic of China, and his staff, I say thank you for your dedicated work for our country.•

THE PASSING OF MR. ALFRED HALL

• Mr. KEMPTHORNE. Mr. President, among those tragically killed last Friday in a plane crash on Crowell Mountain southeast of Libby, MT, was Mr. Alfred (Al) Hall.

Al Hall worked as the pilot for Idaho Forest Industries [IFI], and flew with his son Cody, as his co-pilot. I speak from personal experience that Al was a fine pilot, as I was able to fly with him several times. I have to tell you that I enjoyed flying with Al and his son Cody because of the enthusiasm they shared for their work. I remember one particular flight during which Al commented that he was the luckiest man he knew. When I asked him why, he responded that it was because his co-pilot was his best friend, and also happened to be his son.

His supervisors at IFI were recently quoted as saying that Al "probably had every rating that an aviator could have." He was known as an experienced and safe pilot, gained from years of experience beginning with his time as a Navy pilot, then as a pilot for the Forest Service, and for Empire Airlines before he went on to work for IFI.

Al leaves behind him his wife, Mary Mac Hall, and two adult children, his son, Cody, and his daughter, Laura. The thoughts and prayers of myself and my staff are with them all.•

TRIBUTE TO PAUL DENSEN

• Mr. LAUTENBERG. Mr. President, I rise today to recognize Paul Densen on his 80th birthday, which is on August 8. I want to honor Paul not simply because he has reached a milestone, but because his life has been a model of public service and philanthropy.

After fighting for his country in World War II, he headed a major packaging corporation until the 1970's. His philosophy has always been that success obligates us to give something back to the society that enabled us to succeed. When we succeed, we owe something to our community and to those who may be less fortunate. Densen's record of philanthropy and community service confirms that attitude.

He is associate governor of the international board of governors of the Hebrew University of Jerusalem, and a member of the board of directors and a vice-president of the American Friends of Hebrew University. He also serves as a board member of the Suburban Community Music Center in Madison, NJ.

Paul has been a member of the board of directors of the National Conference of Christians and Jews, a member of the dialog committee on interreligious affairs at Seton Hall University, and a budget committee member for the Jewish Education Association. He was also president of the West Orange Charter Association and a member of the West Orange Economic Development Committee.

Given this record, it's probably not surprising that it was public service which initially brought Paul and I together. Our first meeting took place decades ago, when we met to discuss the Lautenberg Center for General and Tumor Immunology at the Hebrew University of Jerusalem-Hadassah Medical School.

Since 1976, Paul has been chairman of the center's endowment committee, and he has been a driving force in its development and volunteer recruitment efforts. Without Paul's dedication and leadership, the Lautenberg Center could not have achieved the remarkable history of success of which we are all so proud.

Mr. President, many people have benefited from Paul Densen's work, and I have certainly benefited from our friendship. I congratulate Paul on his 80th birthday. Reaching this milestone is a cause for celebration. However, through his work, his public service and his civic involvement, Paul definitely proves that what's important isn't simply the years in our life, but the life in our years.•

DEPARTMENT OF TRANSPORTATION APPROPRIATIONS BILL

• Mr. McCAIN. Mr. President, last night I voted against the Department of Transportation appropriations bill. I would like to take a minute of the Senate's time to explain my reasons for my vote. I had intended to give the following remarks on the Senate floor last night. However, due to the late hour, I chose not to keep the Senate any longer than necessary and instead therefore ask unanimous consent that my statement appear in the RECORD at this time.

First, Mr. President, let me commend the chairman and the ranking member of the subcommittee for all their hard work on this important bill. Their diligence in bringing this bill up and passing it so quickly is ample evidence of their abilities.

I wish I were able to state that I could support their bill—unfortunately, I am not. As with other appropriations bills which I have voted against, I believe that we must begin to stop the practice of earmarking funds. Earmarking is not fair and disproportionately effects where the taxpayer's money is being spent.

For example, Mr. President, the discretionary grants account of the highway trust fund earmarks hundreds of millions of dollars for fixed quideway systems. The bill goes on to list where the money should be spent. To no one's surprise, the motherload of the funds goes to States represented by appropriators.

I am also very concerned that the proviso noting that funds are available for fixed guideway modernization notes that such funds will be available notwithstanding any provision of law. This language was added as a Senate amendment. I would inquire why the Senate felt this proviso was necessary?

I would hope that there was no intention here to insulate items from the line item veto or any other budget cutting tools. I would hope the managers of the bill assure me that such a result was not their intention.

Mr. President, I want to return to the subject of developing a system to determine national priorities. I have discussed this issue before and would like to return to it now. In the area of military construction, Senator GLENN and I have worked with the Department of Defense to develop a system where the Pentagon prioritizes their construction needs.

At the insistence of my good friends, Senator SHELBY, the courts have done the same. I want to point out that until Senator SHELBY took over the Treasury-Postal Subcommittee, courthouse construction in the country was based on no rational plan and hundreds of millions of dollars were wasted. Thanks to Senator SHELBY, the courts—against their will—now prioritize which courthourses should be built. This enables the Congress to spend the taxpayer's money in a more responsible manner.

I would hope we could institute a similar process for the Department of Transportation and the many projects and other earmarks funded by this bill.

Mr. President, such a system not only gives Members of Congress the information needed to make better choices about how to spend appropriated dollars, but will hopefully take some of the politics out of the spending process. I hope we will move in this direction in the future.

Again, although I intend to vote against this bill, I want to thank the bill's managers, especially the chairman of the subcommittee, Senator HATFIELD.•

PRIVATE GAMBLING AND PUBLIC MORALITY

• Mr. SIMON. Mr. President, Prof. George Anastaplo of Loyola University School of Law in Chicago recently spoke at a convention in Las Vegas, commenting about legalized gambling and where we are going as a Nation.

It is a thoughtful presentation that I am appending at the end of these remarks. I have condensed his original paper somewhat.

What is interesting to me particularly is to read a quotation from an 1850 U.S. Supreme Court decision, Phelan versus Virginia, in which the Court comments on lotteries as compared to private gambling. The Court said:

> The suppression of nuisances injurious to public health or morality is among the most important duties of government. Experience has shown common forms of gambling are comparatively innocuous when placed in contrast with the widespread pestilence of lotteries. The former are confined to a few persons and places, but the latter infests the whole community: it enters every dwelling; it reaches every class; it preys upon the hard earnings of the poor; it plunders the ignorant and simple.

Mr. President, I ask that the condensed version of Mr. Anastaplo's remarks be printed in the RECORD.

The condensed version follows:

"PRIVATE" GAMBLING AND PUBLIC MORALITY

(By George Anastaplo)

Gambling is in evidence all around us. For example, Texas bingo halls took in $63,000,000 in 1994. The pervasiveness of gambling is evident to anyone who follows sports: the "point spread" helps make each encounter of even mismatched opponents "interesting" and hence the occasion for wagering. Officials of professional leagues used to worry about the influence of gambling. For example, it was once argued, "The values of football are hard work, disappointment, and honest competition, which must exist in an honest environment." Gambling, it was feared, would "accentuate" the pressures on football players beyond a tolerable point, and change a sporting event into a gambling spectacle. Now, the officials of professional leagues cooperate with the gambling industry to make sure that games are not "fixed."

But, it can be noticed, the sports contests that are gambled upon may often be intrinsically interesting—and can attract attention without any organized wagering. But lotteries, slot machines, and the like are far less interesting in themselves. Even so, they can be quite entertaining, even thrilling, for participants. Thus, it has been observed, "Unlike narcotics, which creates droves of criminals who prey on the generally poor black community, the numbers game seems to many people to be just a potent, daily titillation for poor people seeking a rainbow's end." The head of an off track betting corporation, upon being accused of taking money from the poor, asked rather rhetorically, "Who's to say what's gambling and what's entertainment?" But then, nicotine, too, can be engaging for the addict, however deadly cigarette-smoking may be.

We tend to be much more relaxed, as a community, about the damage done by gambling than were some of the earlier generations in this country. Tolerance for lotteries, in the first quarter of the Nineteenth Century gave way, because of growing abuses, to efforts by state governments to put lotteries out of business. In 1895 Congress provided support for these states with its own legislation, "An Act for the Suppression of Lottery Traffic through National and Interstate Commerce and Postal Service, Subject to the Jurisdiction and Laws of the United States."

A constitutional inquiry into what was indeed "subject to the jurisdiction and laws of the United States" elicited this question from the United States Supreme Court in Champion v. Ames: (The Lottery Case), 188 U.S. 121, at 356 (1903):

> "If a state, when considering legislation for the suppression of lotteries within its own limits, may properly take into view the evils that inhere in the raising of money, in that mode, why may not Congress, invested with the power to regulate commerce among the several states, provide that such commerce shall not be polluted by the carrying of lottery tickets from one state to another?"

Further on the Court argued (ibid., at 357–58):

> "[B]ut surely it will not be said to be a part of anyone's liberty, as recognized by the supreme law of the land, that he shall be allowed to introduce into commerce among the states an element that will be confessedly injurious to the public morals. . . . We should hesitate long before adjudging that an evil of such appalling character, carried on through interstate commerce, cannot be met and crushed by the only power competent to that end."

It is evident how people in authority in the first decade of this century were expected to speak about such gambling as the lottery. The dissenting opinion in Champion v. Ames made no defense of lotteries, arguing instead that the power to suppress such "a harmful business" belong to the states, not to the national government.

The majority of the Supreme Court in Champion v. Ames insisted that Congress should be able to act:

> ". . . to protect the country at large against a species of interstate commerce which, although in general use and somewhat favored in both national and state legislation in the early history of the country, has grown into disrepute, and has become offensive to the entire people of the nation. It is a kind of traffic that no one can be entitled to pursue as a right."

I mention in passing the likelihood that the current indulgences in lotteries and the like will, because of emerging abuses and harmful consequences, eventually be subjected once again to severe restrictions, In fact, it is already likely that lotteries would not be approved in many of the states where they now operate, if put to a popular vote by referendum.

No one on the 1903 Court doubted that state governments could try to suppress lotteries if they wished. Phelan v. Virginia, 8 Howard (49 U.S.) 162 (1850) was cited to this effect. The opinion in that case, upholding an 1834 act of Virginia forbidding the sale of lottery tickets, includes this reminder of how lotteries were once regarded in this country:

"The suppression of nuisances injurious to public health or morality is among the most important duties of government. Experience has shown that the common forms of gambling are comparatively innocuous when placed in contrast with the widespread pestilence of lotteries. The former are confined to a few persons and places, but the latter infests the whole community: it enters every dwelling; it reaches every class; it preys upon the hard earnings of the poor; it plunders the ignorant and simple."

This, then, is the sort of public opinion, running back to 1850 and earlier, that the Supreme Court could invoke in the opening years of this century. Now, at the end of the same century, not only are lotteries no longer spoken of in this fashion by officials, but the states of this Union are themselves in the business of running and vigorously promoting lotteries with ever-growing prizes. In Illinois, for example, the gambling industry contributed more than a million dollars to political candidates in 1995. Furthermore, it has been able to hire a former governor of the state and other former Illinois officials as paid lobbyists.

This is not just an American phenomenon, of course. State lotteries are very much in evidence in Europe and elsewhere. The "pools" have long been a feature of British life. And something is to be said for legalizing (or at least decriminalizing) what is likely to be done anyway, thereby permitting both regulation and taxation. But is not the state's doing it, and promoting it, something significantly different from toleration, taxation and regulation? Is it as if the state had gotten into the business of producing and selling firearms, prostitutes, alcoholic beverages, cigarettes, and other narcotics?

The newest gambling rage in this country, however, is not lotteries but rather casinos. These are licensed by states which count on a hefty cut of the revenues. Respectable newspapers prod their legislatures to take measures to counter the competition from the casinos in neighboring states. Consider, for example, the opening and closing sentences of a recent Chicago Sun-Times editorial ("Casino Shutdown in East Dubuque, Illinois Forces Gambling Issue," December 7, 1995):

"Two Illinois riverboat casino got no satisfaction from the Legislature last month when they asked for help in competing with Iowa boats across the Mississippi River. . . . While the Legislature fiddles, Illinois gaming revenue floats across the Mississippi to lucky Iowa."

It is the practice of the gambling industry, by the way, to refer to the "entertainment" it offers as "gaming," not as "gambling."

A recent Chicago Tribune editorial, supporting an effort to exact more revenues from riverboat casinos, begins with these observations ("Bet on Edgar's casino tax plan," March 8, 1996):

"Who says gambling doesn't pay?

"Last year the Empress Casino in Joliet hauled in $200 million, after paying off bettors. For Harrah's, also in Joliet, the figure was more than $190 million.

"Gov. Jim Edgar's proposed 1997 state budget would impose on those and other high-rolling casinos a graduated tax to tap some of the windfall for the state's schools—and rightly so.

"Under current law, all casinos are taxed a flat 20 percent of their adjusted gross receipts (that's what they have left after they've paid out winnings), regardless of how much money they're making.

"For a struggling operation (and there are some), 20 percent is too much; for the widely successful ones, it's a bargain, and for the state it's an inefficient approach to taxation of this protected industry."

Immediately following this Tribune editorial about how the state should take further advantage of "this protected industry" is an editorial, "No more cosying up to gangsters," commenting upon the conviction of eight members of a gang for distributing narcotics in Chicago and the suburbs. There is much to be said, of course, for the decriminalization of drug sales in this country, just as there has been for the decriminalization of gambling. But "cosying up" to, and relying upon, such activities, and even promoting them for their revenues pose questions that we seem to have lost sight of about the role of law in sustaining morality.

Far from encouraging morality, we find ourselves catering to vices and trying to exploit them. To some extent, as we have noticed, gambling is a form of self-chosen entertainment less harmful in many ways than some other forms of entertainment. It tends to be for most of the "players" more self-correcting than several other forms of self-abuse, such as alcohol and drug addiction.

But this sort of entertainment is not intrinsically satisfying, requiring as it does constant intensification in order to maintain its interest for participants. Thus, it has been noticed by a Haverhill, Massachusetts newspaper ("Opinionline," USA-Today, November 13, 1995, p. 13A):

"We've gone from the Sweepstakes era, with a once-a-week, 50-cents-per-ticket drawing, to state-run and fostered gambling industry which is worth millions. The state government is addicted to gambling, as government finds ways to avoid dealing with the issues of how much money it should spend and what tax it ought to levy. But something is drastically wrong when government becomes increasingly dependent on the misfortunes of its people to finance its operations."

There is something "realistic" in recognizing that people will gamble, however much government attempts to suppress it. The considerable lure of gambling, sometimes with catastrophic consequences, has long been known. But what seems to be forgotten from time to time is the price paid, even in economic terms, for widespread gambling. The next decade should see the publication of more and more studies which expose to public view the hidden costs of the revenues that are derived from the gambling industry. These include the effects upon small businesses as large sums of money are siphoned out of the community by casinos. These hidden costs include, as well, the social services that have to be provided the families that are victims of gambling addictions. (The University of Chicago library has extensive entries under the catalogue heading: "Addictive disorders update: alcoholism, drug abuse, gambling.")

Even more important than the economic and social costs of intensified addiction is what has been happening (but not only because of the gambling industry) to the authoritative opinions of the community. Hedonism is encouraged along with the notion of getting "something for nothing." Self-centeredness is thereby legitimated, as may be seen in the growing scandal of the level of compensation these days for the chief executive officers of our major corporations (especially when their compensation is compared to that of their equally successful European and Japanese counterparts). It sometimes seems that shamelessness has become the order of the day. . . . A billboard recently on display in Chicago invited us to a Wisconsin Dells casino with the slogan, "Come to the Land of Milk and Money." (This advertisement was illustrated by the drawing of a slot-machine showing three cows lined up: a real winner!) That, we are thus told, is the new Promised Land.

The public should be encouraged in these matters to face up to two sets of delusions. This can help us face up in turn to what we are doing and how best to accommodate ourselves to the vices that human beings are bound to have.

The first set of delusions has to do with what organized gambling depends upon: the systematic fleecing of the ignorant by the informed. Professional gamblers do not believe in gambling any more than professional panderers believe in love: gambling magnates are no more gamblers than casino riverboats are boats. The huge outlays that casino operators are willing to devote to securing licenses reveal what a treasure-trovė the well-placed casino must be. The sooner that casino customers recognize that they are suckers, the sooner most of them are likely to entertain themselves some other way.

The second set of delusions has to do with the notion that revenues derived from the gambling industry are a painless substitute for the taxation required for schools and other essential community services. Thus, it can be said that "money raised through legalized gambling is one of the few forms of taxation that people voluntarily and cheerfully pay." (Geis, Not the Law's Business?, p. 237) But for an action to be truly voluntary a minimum of understanding is required. Consider, for example, these observations ("Take a Hard Look at Costs of Gambling," Chicago Sun-Times, September 28, 1955:

"Some $330 billion was wagered legally in 1992, up 1,800 percent from 1976. In Mississippi last year, gamblers wagered $29.7 billion, whole total retail sales were only $27.6 billion. Since casinos opened in Atlantic City in 1978, 100 of the 250 restaurants have closed, as have all the movie theaters."

"Despite evidence that gambling may not be the panacea once thought, legislators continue to legalize gambling as a way to bring money into state coffers. But what are its costs long-term?"

The need for reliable information here, to which I have already referred, may well be served by the current efforts in Congress, by Senator Paul Simon and others, to investigate gambling in this country. The thesis to be tested is that offered last year by a syndicated columnist (William Safire, "New Evil Empire," New York Times, September 28, 1995, p. A17):

"Gambling is a [massive] industry that is inherently immoral, corrupting public officials, enriching criminals, addicting and impoverishing the young and vulnerable.

"But the gambling racket—whether in state-licensed casino, state-sponsored lotteries or on glitzy reservations of phony Indian tribes—has been promoted by public officials as a great way of painlessly raising revenues, with state voters acting as suckers. As a result officially endorsed and government-advertised gambling now has America by the throat."

A report from Deadwood, South Dakota sums up the suicidal course we have followed in our delusions. A woman who has supported the effort to legalize casinos in 1989 is now appalled upon seeing that the casinos "have all but wiped out [her] town's retailers" (James Sterngold, "Spread of Gambling Prompts Calls for Federal Study of It," New York Times, November 24, 1995, emphasis added):

> "Strolling past storefront casinos that have replaced everything from the state social services office to the insurance broker and department store, [she] commented, 'I'm homesick all the time and I never left home. We were completely unrealistic.' "

Perhaps the most troublesome feature of all this may be that we have drifted into a much-changed way of life without much serious study or deliberate choice.

This paper was prepared for the Law Panels at the American Culture Association Convention, Las Vegas, Nevada, March 25, 1996. George Anastaplo is Professor of Law at Loyola University of Chicago.•

THE FORMATION OF THE FINANCIAL INSTITUTION MODERNIZATION WORKING GROUP

• Mr. GRAMS. Mr. President, I rise today to discuss something that probably has not been debated much in the Senate since this body considered the FDIC Improvement Act back in 1991. I want to talk about the need to modernize the outdated laws that govern America's financial services industry.

The vital role that financial services play in our daily lives cannot be understated. We take out loans to go to college, to buy a car, and to purchase a home. We buy insurance to provide greater security to ourselves and our families. We make investments throughout our life so that we may retire in comfort and dignity.

Today, technological advancements and increased innovation in the delivery of financial services make it easier than ever for consumers to get loans, purchase insurance, and invest their earnings. Unfortunately, our archaic and burdensome laws governing financial institutions continue to discourage, rather than encourage, such advancement and innovation.

The laws to which I am referring are not those governing the safety and soundness of financial institutions, such as setting minimum capital requirements or requiring periodic oversight by Federal or State regulators. Safety and soundness laws and regulations are beneficial and necessary, as they enhance the security of the consumer whenever he or she deposits money in a bank or purchases an insurance policy.

The outdated laws that I am referring to are the laws that create barriers to competition by artificially compartmentalizing the three major sectors of financial services—banking, securities, and insurance. For example, under the Banking Act of 1933, more commonly known as the Glass-Steagall Act, banks are generally barred from directly investing in corporate securities, underwriting new corporate issues, or sponsoring mutual funds. Under the Bank Holding Company Act of 1956, securities underwriters, insurance underwriters, and nonfinancial companies are generally prohibited from owning banks or being owned by a bank holding company.

These outdated financial institution laws hurt consumers by artificially increasing the costs of financial services, reducing the availability of financial products, and reducing the level of convenience in the delivery of financial services. These outdated laws hurt small businesses—an engine of job growth in the American economy—by artificially limiting the amount of equity capital available for expanded activity. And finally, these outdated laws weaken the international competitiveness of America's financial institutions by prohibiting them from offering the range of financial services that foreign financial institutions may offer.

It should be noted that the Glass-Steagall Act—which created the compartmentalized structure of financial services that we have today—was based upon the false premise that the massive amount of bank failures that occurred during the Great Depression was caused by the securities activities that these banks conducted. However, just the opposite is true: Diversification in financial services actually increased the safety and soundness of the banks. Between 1929 and 1933, 26.3 percent of all national banks failed. However, the failure rate for those banks that conducted securities activities was lower. Of the national banks in 1929 that either had securities affiliates or had internal bond departments, only 7.2 percent had failed by 1933. The message from these statistics is clear: We should encourage competition and diversification, not discourage it.

Earlier this year, Congress passed a bipartisan and comprehensive legislative initiative to reform the Telecommunications Act and stimulate competition and innovation in the telecommunications industry. Similar action is needed to stimulate the growth and global competitiveness of our financial services industry.

There are currently three financial institution modernization bills that have been proposed: S. 337, the Depository Institution Affiliation Act, sponsored by Senator D'AMATO, Chairman of the Senate Banking Committee; H.R. 2520, the Financial Services Competitiveness and Regulatory Relief Act, sponsored by Representative LEACH, Chairman of the House Banking Committee; and finally, a proposal submitted at the beginning of this year by the Alliance for Financial Modernization, which consists of various financial services industry organizations.

It appears likely that next year, the Senate Banking Committee will consider the issue of financial institution modernization. So that Members of the Senate may have more information about the current compartmentalized structure of America's financial institutions, the three proposals for reforming this structure, and the issues that arise from these proposals, I am announcing the formation of the Financial Institution Modernization Working Group.

The purpose of the Financial Institution Modernization Working Group is not to endorse any one of the currently proposed bills. Rather, it will engage in analyzing the merits of the current proposals and the current controversies surrounding these proposals.

The Working Group will, however, endorse five principles that should be met by any financial institution modernization legislation package that is presented to the Senate:

First, the legislation should lower the costs to consumers for financial services by increasing competition in the provision of these services.

Second, the legislation should maintain the safety and soundness of the Federal deposit insurance system.

Third, the legislation should not create a new structure that prevents current financial institutions from conducting any activities that they currently conduct.

Fourth, the legislation should create a Financial Services Holding Company structure to increase competitive equality among all financial service providers.

And fifth, the legislation should definitively resolve the current concerns about the future of the Savings Association Insurance Fund by merging the bank and thrift deposit insurance funds, unifying the bank and thrift charters, and consolidating the bank and thrift regulators.

It is my hope that these five principles will provide a solid foundation for the Financial Institution Modernization Working Group's discussions in the coming months.

In closing, I look forward to working with Senators who are both on and off of the Banking Committee to make the Financial Institution Modernization Working Group a useful source of information and ideas. It is my hope that 1997 will be the year that we join together and create a bipartisan bill that will reform our financial institution laws so that America's financial institutions will be able to compete, innovate and grow to meet the challenges of the 21st century.•

THE 120TH ANNIVERSARY OF COLORADO STATEHOOD

• Mr. CAMPBELL. Mr. President, I take this opportunity to recognize the 120th anniversary of Colorado statehood. My home State has a rich and colorful history, having sustained itself as a mecca of cultural diversity, a geographic wonder, and the birthplace of numerous great men and women.

Colorado made several attempts at statehood, one in 1863 and another in 1866, before a convention was held in December 1875 to draft a third constitution for the people's ratification. On August 1, 1876, Colorado was finally admitted to the Union as the 38th State. It was titled the Centennial State for gaining admittance during the centenary of our Nation's independence.

Colorado was a progressive young State, leading the race to erect institutions of higher education, develop advances in mining and agriculture, and most notably, politics. In 1893, less than a generation after its admittance, Colorado became the second State to grant suffrage to women. Since its inception, the State of Colorado has continued to welcome people of all origins and serve as a source of progress and equality.

Colorado is home to two American Indian tribes, the Southern Ute and the Ute Mountain Tribes. The Ute Indians are Colorado's chief representatives of Shoshonean ancestry, and are the only tribe indigenous to Colorado. The Southern Ute reservation, of more than 300,000 acres, has spanned the southwestern corner of Colorado since 1868. The Ute Mountain Reservation occupies just under 600,000 acres in the far southwestern corner of the State, overlapping its borders with Utah and New Mexico.

Both tribes have laid their economic foundation on the land they inhabit, honoring it with memorials and symbolic events. While these tangible signs of reverence are a treasured part of Colorado's identity, the traditions of trust, respect, and honor are the true gift of these tribes to Colorado.

The geographic splendors of Colorado are simply breathtaking. I will never tire of the raw beauty of my State. From the mountains to the Grand Canyon to the massive expanse of virgin forests, Colorado may well be one of the most beautiful places on Earth. I know my sense of pride is shared by Coloradans and others alike.

While there is greatness in the history, culture, and land of Colorado, there is a shared greatness in many individuals hailing from the State. One woman is particular proved herself to be truly heroic to Colorado and the rest of the Nation. As a teacher, scientist, and humanitarian, Dr. Florence Rena Sabin was a pioneer for all women in the field of medicine, playing a critical role in the drafting and implementation of the Sabin Health Laws in the State. Her ground-breaking accomplishments earned her one of Colorado's two places in Statuary Hall in the U.S. Capitol, one of the Nation's highest honors.

Just this summer, the Colorado General Assembly designated that a statue of the Honorable John L. "Jack" Swigert, Jr., join Dr. Sabin in Statuary Hall. As a patriot to his country and a leader in the State, Jack Swigert is considered one of Colorado's most courageous and renowned citizens. As command module pilot of the Apollo 13 Mission, Jack Swigert carried out a heroic maneuver and saved the lives of his crew as he piloted the damaged spacecraft safely to Earth. The work of Jack Swigert has made a staggering contribution of Colorado's 120 years of excellence, setting the State apart in space operations and planetary environmental technology.

Aviation has been a field of continued outstanding achievement for the State of Colorado. Six years ago, the Colorado Aviation Hall of Fame welcomed another inductee, George "Gib" Nesbitt, for his remarkable contribution to improving aviation in Colorado and nationwide. His dedication to teaching people to fly safely spanned two decades and today serves as a benchmark by which all other flight instructors are measured. Having begun his flying career as a teenager, he went on to serve as flight commander in World War II, where teaching young Army and Air Force cadets soon became his focus. He personally transformed two primitive air strips in rural Colorado into functional airports capable of opening vast segments of the State to air travel. The residents, businesses and visitors of Colorado will continue to benefit from his contributions.

The philanthropic efforts of one individual and his family have also left a lasting impression on Colorado's business and arts communities, children, and troubled populations. Bill Coors, chairman and president of Adolph Coors Co., is the senior employee at Coors with over 57 years of service. His contributions to the industry range from the introduction of now widely consumed products, to innovations in the technology and production of numerous industry standards. Bill Coors has been touted as a visionary in the areas of employee wellness and health care. Businesses, organizations and communities within the State and across the Nation have looked to the work of Bill Coors as a model to follow, a standard to meet.

Mr. Coors has lent his support in the areas of higher education, providing his expertise in business and community cooperatives. He has actively cultivated youth groups and associations accessed by children from across the country. His support of the arts, in a climate where the riches of our history and culture are considered an expense, has been instrumental to Colorado's continued recognition of its proud heritage. Bill Coors' tremendous success makes his consistent contributions to the State of Colorado that much more honorable. He is truly a man of integrity, whose devotion to the citizens of Colorado will continue to serve the State for generations.

I would be remiss if I did not mention the timely accomplishments of our Colorado Olympians. Although the games are still underway, there are two notable Colorado women who have touched our hearts and made us swell with pride. Amy Van Dyken will go down in the Olympic history books with her four gold medals in swimming. Susan DeMattei, competing in mountain biking, an event offered for the first time, won bronze after a grueling 22-mile trek.

Mr. President, I have just skimmed the surface of the incredible achievements made by Coloradans and their State. Even after 120 years, Colorado has not slowed in its accomplishments nor tarnished in its beauty.

I want to thank you for allowing me to speak for my fellow Coloradans in celebrating our 120th anniversary.●

THE PASSING OF SETH DIAMOND

● Mr. KEMPTHORNE. Mr. President, today I note the loss of a talented young man who's contributions to timber, wildlife, and natural resource management will be sorely missed in may home State of Idaho.

Mr. Seth Diamond was not from Idaho, but he was a strong advocate for balanced management of our natural resources, and the people of my State benefited from his thoughtful contributions to the debate over land and wildlife resource management.

Mr. Diamond was a skilled, experienced wildlife biologist. He studied at Duke University and Virginia Polytechnic Institute & State University before putting his interests in biology and wildlife management to work for the Forest Service. His later work with innovative management programs on the Lewis and Clark National Forest earned him recognition from the U.S. Department of Agriculture.

The people of Idaho were among those who were lucky that Seth chose to apply his skills help us find the solutions that will protect wildlife and ensure sustainable timber harvest into the future on Federal lands. His energy and dedication will be missed.●

UNANIMOUS-CONSENT REQUESTS

Mr. LOTT. Mr. President, I have a series of noncontroversial unanimous-consent requests that I thought maybe we could get done. One would be to name a post office in Chicago for Roger P. McAuliffe.

Mr. FORD. Could the Senator do those tomorrow night or tomorrow sometime?

Mr. LOTT. I did not think there was any controversy. There is one here that I thought the Senator might really be interested in. It is Senate Concurrent

Resolution 554, which recognizes and encourages the convening of a "National Silver Haired Congress."

Mr. FORD. Well, I will have to object to that because the Senator could not attend.

Mr. LOTT. The Senator would be constrained to object to these?

Mr. FORD. I would be constrained.

The PRESIDING OFFICER. Objection is heard.

Mr. FORD. Not restrained but constrained.

ORDERS FOR FRIDAY, AUGUST 2, 1996

Mr. LOTT. Mr. President, I ask unanimous consent then that when the Senate completes its business today, it stand in adjournment until the hour of 10:30 a.m. on Friday, August 2; further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. LOTT. For the information of all Senators, there are still a number of important matters the Senate will complete action on before the August recess—the health insurance reform package, the safe drinking water conference report, the small business tax relief package, minimum wage. We are hopeful to have all those packages over in the morning so we can take them up early on Friday or Friday afternoon as well as the appropriations conference reports that are completed.

Senators can expect the Senate to consider any of the following matters as they are ready for consideration: appropriations conference reports—military construction appropriations conference report, D.C. appropriations conference report, the issues I already named, as well as an effort to go back to the Veterans and Housing and Urban Development appropriations bill, or any other legislative and Executive Calendar items that can be cleared for action.

Senators can expect a busy session on Friday with rollcall votes throughout the day as we attempt to complete the Senate's business.

Just one further note. I have been reminding Senators and urging Senators—I know the whip has been doing it on the other side—that Friday, August 2, is a red letter day and that we should all plan on being here and being here until we get our work done.

So I hope there will not be any panting and hoping to leave at 4:30 tomorrow afternoon unless we have gotten these conference reports done as we have listed here.

ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. LOTT. If there is no further business to come before the Senate tonight, I now ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 9:13 p.m., adjourned until Friday, August 2, 1996, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate August 1, 1996:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

KEVIN L. THURM, OF NEW YORK, TO BE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES, VICE WALTER D. BROADNAX, RESIGNED.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

ARTHUR I. BLAUSTEIN, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL COUNCIL ON THE HUMANITIES FOR A TERM EXPIRING JANUARY 26, 2002, VICE JON N. MOLINE, TERM EXPIRED.

DEPARTMENT OF LABOR

IDA L. CASTRO, OF NEW YORK, TO BE DIRECTOR OF THE WOMEN'S BUREAU, DEPARTMENT OF LABOR, VICE KAREN BETH NUSSBAUM, RESIGNED.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

DONNAL HOLT CUNNINGHAME, OF MARYLAND, TO BE CHIEF FINANCIAL OFFICER, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE. (NEW POSITION)

FEDERAL COMMUNICATIONS COMMISSION

REGINA MARKEY KEENEY, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF 5 YEARS FROM JULY 1, 1995, VICE ANDREW CAMP BARRETT, RESIGNED.

MISSISSIPPI RIVER COMMISSION

BRIGADIER GENERAL ROBERT BERNARD FLOWERS, U.S. ARMY, TO BE A MEMBER AND PRESIDENT OF THE MISSISSIPPI RIVER COMMISSION, UNDER THE PROVISIONS OF SECTION 2 OF AN ACT OF CONGRESS, APPROVED JUNE 1879 (21 STAT. 37) (33 U.S.C. 642).

DEPARTMENT OF JUSTICE

ROSE OCHI, OF CALIFORNIA, TO BE DIRECTOR, COMMUNITY RELATIONS SERVICE, FOR A TERM OF 4 YEARS, VICE GRACE FLORES-HUGHES, TERM EXPIRED.

WITHDRAWAL

Executive message transmitted by the President to the Senate on August 1, 1996, withdrawing from further Senate consideration the following nomination.

DEPARTMENT OF LABOR

JOAQUIN F. OTERO, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF LABOR, VICE MARTIN JOHN MANLEY, RESIGNED WHICH WAS SENT TO THE SENATE ON FEBRUARY 20, 1996.

HOUSE OF REPRESENTATIVES—*Thursday, August 1, 1996*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We are aware, O God, that the thoughts we think are translated into words and our words are transposed into action and all that we do has great effect on us and those whom we represent and serve. Remind us day by day, O God, that what we think or say or do has a profound impression on the meaning and substance of all things. May Your word of peace be made known in our lives and may all we ask or think or do bring glory to Your creation and serve people whatever their need. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from New Jersey [Mr. PALLONE] come forward and lead the House in the Pledge of Allegiance.

Mr. PALLONE led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed without amendment, a bill and a joint resolution of the House of the following titles:

H.R. 3215. An act to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

H.J. Res. 166. Joint resolution granting the consent of Congress to the Mutual Aid Agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1936. An act to amend the Nuclear Waste Policy Act of 1982.

S. 1995. An act to authorize construction of the Smithsonian Institution National Air and Space Museum Dulles Center at Washington Dulles International Airport, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will make a statement.

On May 25, 1995, the Chair took the opportunity to reiterate guidelines on the prohibition against former Members exercising floor privileges during the consideration of a matter in which they have a personal or pecuniary interest or are employed or retained as a lobbyist.

Clause 3 of House rule XXXII and the subsequent guidelines issued by previous Speakers on this matter make it clear that consideration of legislative measures is not limited solely to those pending before the House. Consideration also includes all bills and resolutions either which have been called up by a full committee or subcommittee or on which hearings have been held by a full committee or subcommittee of the House.

Former Members can be prohibited from privileges of the floor, the Speaker's lobby and respective Cloakrooms should it be ascertained they have direct interests in legislation that is before a subcommittee, full committee, or the House. Not only do those circumstances prohibit former Members but the fact that a former Member is employed or retained by a lobbying organization attempting to directly or indirectly influence pending legislation is cause for prohibiting access to the House Chamber.

First announced by Speaker O'Neill on January 6, 1977, again on June 7, 1978, and by Speaker Foley in 1994, the guidelines were intended to prohibit former Members from using their floor privileges under the restrictions laid out in this rule. This restriction extends not only to the House floor but adjacent rooms, the Cloakrooms, and the Speaker's lobby.

Members who have reason to know that a former Member is on the floor inconsistent with clause 3, rule XXXII should notify the Sergeant at Arms promptly.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair will entertain ten 1 minutes on each side.

THIS CONGRESS THE MOST PRODUCTIVE IN DECADES

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, I want to congratulate the Republican Congress on the work that it is achieving this week in culmination of what has been years of hard work.

Yesterday the President agreed to sign our welfare reform measure and we passed it overwhelmingly through this body. We are going to go out now and address the needs of the American working men and women and the American family.

After this week is over, if the President again agrees to sign the work before this body, men and women working in America will no longer have to be afraid to change jobs, will no longer have to be concerned that they will lose their insurance portability, will no longer have to be disadvantaged if they are self-employed in the acquisition of the insurance that best fits their family's needs.

In addition to that, given the terrible burdens that fall on the family when two parents are working outside the home, we have an opportunity to allow them to have the choice, in legislation we will pass through this House this week, to choose between overtime and flex time so that those families that value time with their children more than the extra money may be free to choose for that configuration of compensation and time that best suits the needs of the family.

These are indeed good days for the families of America, and I must say, Mr. Speaker, I am so proud of the work that is done by this Republican Congress, the most productive Congress in decades.

KENNEDY HEALTH INSURANCE REFORM BILL BROUGHT TO HOUSE FLOOR

(Mr. PALLONE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PALLONE. Mr. Speaker, it is a testimony to President Clinton and to the Democrats in Congress that the Kennedy health insurance reform bill will finally be brought to the floor in the House of Representatives today.

It was not until President Clinton this year, in his State of the Union address, said that he wanted to see health care reform and that people could take their health insurance with them when they changed jobs or lost jobs, or that they would not be barred from health insurance because of preexisting medical conditions, it was not until the President came forward and said he wanted that bill, a clean bill passed, that finally we were able to, grudgingly, get the Republican leadership to move this health insurance reform bill.

Even so, the Republican leadership constantly tried to kill and destroy the bill by throwing in the poison pill of medical savings accounts. Finally, the bill that comes to the floor today is essentially a clean bill. There is some provision for MSA's but it is a very small provision.

It was the recognition of the fact that only a clean bill, as promulgated and as preached by President Clinton, could pass this House and pass the Senate, it was only when the Republican leadership understood that, that it was possible to bring this bill to the floor today.

CONGRESS REFORMS HEALTH CARE AND WELFARE THIS WEEK

(Mr. GANSKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GANSKE. Mr. Speaker, today we take up the Health Insurance Portability and Accountability Act of 1996. This bill is long overdue. The American people have demanded this kind of change for many years. We will provide genuine health care reform, expand accessibility, ensure portability, and all without a Government takeover of the health care sector.

This bill fights fraud and abuse, it allows the self-employed to increase their health care deductible, it establishes medical savings accounts, and it provides deductions for long-term care.

This is a win-win proposal for the American people. We will provide expanded health care coverage without creating huge new bureaucracies. In fact, we will give more power to individuals to make their own decisions on health insurance.

Mr. Speaker, the debate gets pretty hot sometimes, but this week alone we will have reformed health care and welfare. I want to salute my colleagues on both sides of the aisle who have helped make this the most productive Congress in a generation.

CONFERENCE REPORT ON H.R. 3448, SMALL BUSINESS JOB PROTECTION ACT OF 1996

Mr. ARCHER submitted the following conference report and statement on the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act:

CONFERENCE REPORT (H. REPT. 104–737)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3448), to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

TITLE I

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS AND OTHER TAX PROVISIONS

Sec. 1101. Amendment of 1986 Code.
Sec. 1102. Underpayments of estimated tax.

Subtitle A—Expensing; Etc.

Sec. 1111. Increase in expense treatment for small businesses.
Sec. 1112. Treatment of employee tips.
Sec. 1113. Treatment of storage of product samples.
Sec. 1114. Treatment of certain charitable risk pools.
Sec. 1115. Treatment of dues paid to agricultural or horticultural organizations.
Sec. 1116. Clarification of employment tax status of certain fishermen.
Sec. 1117. Modifications of tax-exempt bond rules for first-time farmers.
Sec. 1118. Newspaper distributors treated as direct sellers.
Sec. 1119. Application of involuntary conversion rules to presidentially declared disasters.
Sec. 1120. Class life for gas station convenience stores and similar structures.
Sec. 1121. Treatment of abandonment of lessor improvements at termination of lease.
Sec. 1122. Special rules relating to determination whether individuals are employees for purposes of employment taxes.
Sec. 1123. Treatment of housing provided to employees by academic health centers.

Subtitle B—Extension of Certain Expiring Provisions

Sec. 1201. Work opportunity tax credit.
Sec. 1202. Employer-provided educational assistance programs.
Sec. 1203. FUTA exemption for alien agricultural workers.
Sec. 1204. Research credit.
Sec. 1205. Orphan drug tax credit.
Sec. 1206. Contributions of stock to private foundations.
Sec. 1207. Extension of binding contract date for biomass and coal facilities.
Sec. 1208. Moratorium for excise tax on diesel fuel sold for use or used in diesel-powered motorboats.

Subtitle C—Provisions Relating to S Corporations

Sec. 1301. S corporations permitted to have 75 shareholders.
Sec. 1302. Electing small business trusts.
Sec. 1303. Expansion of post-death qualification for certain trusts.
Sec. 1304. Financial institutions permitted to hold safe harbor debt.
Sec. 1305. Rules relating to inadvertent terminations and invalid elections.
Sec. 1306. Agreement to terminate year.
Sec. 1307. Expansion of post-termination transition period.
Sec. 1308. S corporations permitted to hold subsidiaries.
Sec. 1309. Treatment of distributions during loss years.
Sec. 1310. Treatment of S corporations under subchapter C.
Sec. 1311. Elimination of certain earnings and profits.
Sec. 1312. Carryover of disallowed losses and deductions under at-risk rules allowed.
Sec. 1313. Adjustments to basis of inherited S stock to reflect certain items of income.
Sec. 1314. S corporations eligible for rules applicable to real property subdivided for sale by noncorporate taxpayers.
Sec. 1315. Financial institutions.
Sec. 1316. Certain exempt organizations allowed to be shareholders.
Sec. 1317. Effective date.

Subtitle D—Pension Simplification

CHAPTER 1—SIMPLIFIED DISTRIBUTION RULES

Sec. 1401. Repeal of 5-year income averaging for lump-sum distributions.
Sec. 1402. Repeal of $5,000 exclusion of employees' death benefits.
Sec. 1403. Simplified method for taxing annuity distributions under certain employer plans.
Sec. 1404. Required distributions.

CHAPTER 2—INCREASED ACCESS TO RETIREMENT PLANS

SUBCHAPTER A—SIMPLE SAVINGS PLANS

Sec. 1421. Establishment of savings incentive match plans for employees of small employers.
Sec. 1422. Extension of simple plan to 401(k) arrangements.

SUBCHAPTER B—OTHER PROVISIONS

Sec. 1426. Tax-exempt organizations eligible under section 401(k).
Sec. 1427. Homemakers eligible for full IRA deduction.

CHAPTER 3—NONDISCRIMINATION PROVISIONS

Sec. 1431. Definition of highly compensated employees; repeal of family aggregation.
Sec. 1432. Modification of additional participation requirements.
Sec. 1433. Nondiscrimination rules for qualified cash or deferred arrangements and matching contributions.
Sec. 1434. Definition of compensation for section 415 purposes.

CHAPTER 4—MISCELLANEOUS PROVISIONS

Sec. 1441. Plans covering self-employed individuals.
Sec. 1442. Elimination of special vesting rule for multiemployer plans.
Sec. 1443. Distributions under rural cooperative plans.
Sec. 1444. Treatment of governmental plans under section 415.
Sec. 1445. Uniform retirement age.
Sec. 1446. Contributions on behalf of disabled employees.

Sec. 1447. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 1448. Trust requirement for deferred compensation plans of State and local governments.
Sec. 1449. Transition rule for computing maximum benefits under section 415 limitations.
Sec. 1450. Modifications of section 403(b).
Sec. 1451. Special rules relating to joint and survivor annuity explanations.
Sec. 1452. Repeal of limitation in case of defined benefit plan and defined contribution plan for same employee; excess distributions.
Sec. 1453. Tax on prohibited transactions.
Sec. 1454. Treatment of leased employees.
Sec. 1455. Uniform penalty provisions to apply to certain pension reporting requirements.
Sec. 1456. Retirement benefits of ministers not subject to tax on net earnings from self-employment.
Sec. 1457. Sample language for spousal consent and qualified domestic relations forms.
Sec. 1458. Treatment of length of service awards to volunteers performing fire fighting or prevention services, emergency medical services, or ambulance services.
Sec. 1459. Alternative nondiscrimination rules for certain plans that provide for early participation.
Sec. 1460. Clarification of application of ERISA to insurance company general accounts.
Sec. 1461. Special rules for chaplains and self-employed ministers.
Sec. 1462. Definition of highly compensated employee for pre-ERISA rules for church plans.
Sec. 1463. Rule relating to investment in contract not to apply to foreign missionaries.
Sec. 1464. Waiver of excise tax on failure to pay liquidity shortfall.
Sec. 1465. Date for adoption of plan amendments.

Subtitle E—Foreign Simplification

Sec. 1501. Repeal of inclusion of certain earnings invested in excess passive assets.

Subtitle F—Revenue Offsets

PART I—GENERAL PROVISIONS

Sec. 1601. Modifications of Puerto Rico and possession tax credit.
Sec. 1602. Repeal of exclusion for interest on loans used to acquire employer securities.
Sec. 1603. Certain amounts derived from foreign corporations treated as unrelated business taxable income.
Sec. 1604. Depreciation under income forecast method.
Sec. 1605. Repeal of exclusion for punitive damages and for damages not attributable to physical injuries or sickness.
Sec. 1606. Repeal of diesel fuel tax rebate to purchasers of diesel-powered automobiles and light trucks.
Sec. 1607. Extension and phasedown of luxury passenger automobile tax.
Sec. 1608. Termination of future tax-exempt bond financing for local furnishers of electricity and gas.
Sec. 1609. Extension of Airport and Airway Trust Fund excise taxes.
Sec. 1610. Basis adjustment to property held by corporation where stock in corporation is replacement property under involuntary conversion rules.
Sec. 1611. Treatment of certain insurance contracts on retired lives.
Sec. 1612. Treatment of modified guaranteed contracts.
Sec. 1613. Treatment of contributions in aid of construction.
Sec. 1614. Election to cease status as qualified scholarship funding corporation.
Sec. 1615. Certain tax benefits denied to individuals failing to provide taxpayer identification numbers.
Sec. 1616. Repeal of bad debt reserve method for thrift savings associations.
Sec. 1617. Exclusion for energy conservation subsidies limited to subsidies with respect to dwelling units.

PART II—FINANCIAL ASSET SECURITIZATION INVESTMENTS

Sec. 1621. Financial Asset Securitization Investment Trusts.

Subtitle G—Technical Corrections

Sec. 1701. Coordination with other subtitles.
Sec. 1702. Amendments related to Revenue Reconciliation Act of 1990.
Sec. 1703. Amendments related to Revenue Reconciliation Act of 1993.
Sec. 1704. Miscellaneous provisions.

Subtitle H—Other Provisions

Sec. 1801. Exemption from diesel fuel dyeing requirements with respect to certain States.
Sec. 1802. Treatment of certain university accounts.
Sec. 1803. Modifications to excise tax on ozone-depleting chemicals.
Sec. 1804. Tax-exempt bonds for sale of Alaska Power Administration facility.
Sec. 1805. Nonrecognition treatment for certain transfers by common trust funds to regulated investment companies.
Sec. 1806. Qualified State tuition programs.
Sec. 1807. Adoption assistance.
Sec. 1808. Removal of barriers to interethnic adoption.
Sec. 1809. 6-month delay of electronic fund transfer requirement.

Subtitle I—Foreign Trust Tax Compliance

Sec. 1901. Improved information reporting on foreign trusts.
Sec. 1902. Comparable penalties for failure to file return relating to transfers to foreign entities.
Sec. 1903. Modifications of rules relating to foreign trusts having one or more United States beneficiaries.
Sec. 1904. Foreign persons not to be treated as owners under grantor trust rules.
Sec. 1905. Information reporting regarding foreign gifts.
Sec. 1906. Modification of rules relating to foreign trusts which are not grantor trusts.
Sec. 1907. Residence of trusts, etc.

Subtitle J—Generalized System of Preferences

Sec. 1951. Short title.
Sec. 1952. Generalized System of Preferences.
Sec. 1953. Effective date.
Sec. 1954. Conforming amendments.

TITLE II—PAYMENT OF WAGES

Sec. 2101. Short title.
Sec. 2102. Proper compensation for use of employer vehicles.
Sec. 2103. Effective date.
Sec. 2104. Minimum wage increase.
Sec. 2105. Fair Labor Standards Act Amendments.

TITLE I—SMALL BUSINESS AND OTHER TAX PROVISIONS

SEC. 1101. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 1102. UNDERPAYMENTS OF ESTIMATED TAX.

No addition to the tax shall be made under section 6654 or 6655 of the Internal Revenue Code of 1986 (relating to failure to pay estimated tax) with respect to any underpayment of an installment required to be paid before the date of the enactment of this Act to the extent such underpayment was created or increased by any provision of this title.

Subtitle A—Expensing; Etc.

SEC. 1111. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) GENERAL RULE.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

"(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed the following applicable amount:

"If the taxable year begins in:	The applicable amount is:
1997	18,000
1998	18,500
1999	19,000
2000	20,000
2001 or 2002	24,000
2003 or thereafter	25,000.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1996.

SEC. 1112. TREATMENT OF EMPLOYEE TIPS.

(a) EMPLOYEE CASH TIPS.—

(1) REPORTING REQUIREMENT NOT CONSIDERED.—Subparagraph (A) of section 45B(b)(1) (relating to excess employer social security tax) is amended by inserting "(without regard to whether such tips are reported under section 6053)" after "section 3121(q)".

(2) TAXES PAID.—Subsection (d) of section 13443 of the Revenue Reconciliation Act of 1993 is amended by inserting ", with respect to services performed before, on, or after such date" after "1993".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the amendments made by, and the provisions of, section 13443 of the Revenue Reconciliation Act of 1993.

(b) TIPS FOR EMPLOYEES DELIVERING FOOD OR BEVERAGES.—

(1) IN GENERAL.—Paragraph (2) of section 45B(b) is amended to read as follows:

"(2) ONLY TIPS RECEIVED FOR FOOD OR BEVERAGES TAKEN INTO ACCOUNT.—In applying paragraph (1), there shall be taken into account only tips received from customers in connection with the providing, delivering, or serving of food or beverages for consumption if the tipping of employees delivering or serving food or beverages by customers is customary.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to tips received for services performed after December 31, 1996.

SEC. 1113. TREATMENT OF STORAGE OF PRODUCT SAMPLES.

(a) IN GENERAL.—Paragraph (2) of section 280A(c) is amended by striking "inventory" and inserting "inventory or product samples".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1995.

SEC. 1114. TREATMENT OF CERTAIN CHARITABLE RISK POOLS.

(a) GENERAL RULE.—Section 501 (relating to exemption from tax on corporations, certain

trusts, etc.) is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) CHARITABLE RISK POOLS.—

"(1) IN GENERAL.—For purposes of this title—

"(A) a qualified charitable risk pool shall be treated as an organization organized and operated exclusively for charitable purposes, and

"(B) subsection (m) shall not apply to a qualified charitable risk pool.

"(2) QUALIFIED CHARITABLE RISK POOL.—For purposes of this subsection, the term 'qualified charitable risk pool' means any organization—

"(A) which is organized and operated solely to pool insurable risks of its members (other than risks related to medical malpractice) and to provide information to its members with respect to loss control and risk management,

"(B) which is comprised solely of members that are organizations described in subsection (c)(3) and exempt from tax under subsection (a), and

"(C) which meets the organizational requirements of paragraph (3).

"(3) ORGANIZATIONAL REQUIREMENTS.—An organization (hereinafter in this subsection referred to as the 'risk pool') meets the organizational requirements of this paragraph if—

"(A) such risk pool is organized as a nonprofit organization under State law provisions authorizing risk pooling arrangements for charitable organizations,

"(B) such risk pool is exempt from any income tax imposed by the State (or will be so exempt after such pool qualifies as an organization exempt from tax under this title),

"(C) such risk pool has obtained at least $1,000,000 in startup capital from nonmember charitable organizations,

"(D) such risk pool is controlled by a board of directors elected by its members, and

"(E) the organizational documents of such risk pool require that—

"(i) each member of such pool shall at all times be an organization described in subsection (c)(3) and exempt from tax under subsection (a),

"(ii) any member which receives a final determination that it no longer qualifies as an organization described in subsection (c)(3) shall immediately notify the pool of such determination and the effective date of such determination, and

"(iii) each policy of insurance issued by the risk pool shall provide that such policy will not cover the insured with respect to events occurring after the date such final determination was issued to the insured.

An organization shall not cease to qualify as a qualified charitable risk pool solely by reason of the failure of any of its members to continue to be an organization described in subsection (c)(3) if, within a reasonable period of time after such pool is notified as required under subparagraph (C)(ii), such pool takes such action as may be reasonably necessary to remove such member from such pool.

"(4) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) STARTUP CAPITAL.—The term 'startup capital' means any capital contributed to, and any program-related investments (within the meaning of section 4944(c)) made in, the risk pool before such pool commences operations.

"(B) NONMEMBER CHARITABLE ORGANIZATION.—The term 'nonmember charitable organization' means any organization which is described in subsection (c)(3) and exempt from tax under subsection (a) and which is not a member of the risk pool and does not benefit (directly or indirectly) from the insurance coverage provided by the pool to its members."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 1115. TREATMENT OF DUES PAID TO AGRICULTURAL OR HORTICULTURAL ORGANIZATIONS.

(a) GENERAL RULE.—Section 512 (defining unrelated business taxable income) is amended by adding at the end the following new subsection:

"(d) TREATMENT OF DUES OF AGRICULTURAL OR HORTICULTURAL ORGANIZATIONS.—

"(1) IN GENERAL.—If—

"(A) an agricultural or horticultural organization described in section 501(c)(5) requires annual dues to be paid in order to be a member of such organization, and

"(B) the amount of such required annual dues does not exceed $100,

in no event shall any portion of such dues be treated as derived by such organization from an unrelated trade or business by reason of any benefits or privileges to which members of such organization are entitled.

"(2) INDEXATION OF $100 AMOUNT.—In the case of any taxable year beginning in a calendar year after 1995, the $100 amount in paragraph (1) shall be increased by an amount equal to—

"(A) $100, multiplied by

"(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1994' for 'calendar year 1992' in subparagraph (B) thereof.

"(3) DUES.—For purposes of this subsection, the term 'dues' means any payment (whether or not designated as dues) which is required to be made in order to be recognized by the organization as a member of the organization.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to taxable years beginning after December 31, 1986.

(2) TRANSITIONAL RULE.—If—

(A) for purposes of applying part III of subchapter F of chapter 1 of the Internal Revenue Code of 1986 to any taxable year beginning before January 1, 1987, an agricultural or horticultural organization did not treat any portion of membership dues received by it as income derived in an unrelated trade or business, and

(B) such organization had a reasonable basis for not treating such dues as income derived in an unrelated trade or business,

then, for purposes of applying such part III to any such taxable year, in no event shall any portion of such dues be treated as derived in an unrelated trade or business.

(3) REASONABLE BASIS.—For purposes of paragraph (2), an organization shall be treated as having a reasonable basis for not treating membership dues as income derived in an unrelated trade or business if the taxpayer's treatment of such dues was in reasonable reliance on any of the following:

(A) Judicial precedent, published rulings, technical advice with respect to the organization, or a letter ruling to the organization.

(B) A past Internal Revenue Service audit of the organization in which there was no assessment attributable to the reclassification of membership dues for purposes of the tax on unrelated business income.

(C) Long-standing recognized practice of agricultural or horticultural organizations.

SEC. 1116. CLARIFICATION OF EMPLOYMENT TAX STATUS OF CERTAIN FISHERMEN.

(a) CLARIFICATION OF EMPLOYMENT TAX STATUS.—

(1) AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.—

(A) DETERMINATION OF SIZE OF CREW.—Subsection (b) of section 3121 (defining employment) is amended by adding at the end the following new sentence:

"For purposes of paragraph (20), the operating crew of a boat shall be treated as normally made up of fewer than 10 individuals if the average size of the operating crew on trips made during the preceding 4 calendar quarters consisted of fewer than 10 individuals.".

(B) CERTAIN CASH REMUNERATION PERMITTED.—Subparagraph (A) of section 3121(b)(20) is amended to read as follows:

"(A) such individual does not receive any cash remuneration other than as provided in subparagraph (B) and other than cash remuneration—

"(i) which does not exceed $100 per trip;

"(ii) which is contingent on a minimum catch; and

"(iii) which is paid solely for additional duties (such as mate, engineer, or cook) for which additional cash remuneration is traditional in the industry,".

(C) CONFORMING AMENDMENT.—Section 6050A(a) is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting "; and", and by adding at the end the following new paragraph:

"(5) any cash remuneration described in section 3121(b)(20)(A).".

(2) AMENDMENT OF SOCIAL SECURITY ACT.—

(A) DETERMINATION OF SIZE OF CREW.—Subsection (a) of section 210 of the Social Security Act is amended by adding at the end the following new sentence:

"For purposes of paragraph (20), the operating crew of a boat shall be treated as normally made up of fewer than 10 individuals if the average size of the operating crew on trips made during the preceding 4 calendar quarters consisted of fewer than 10 individuals.".

(B) CERTAIN CASH REMUNERATION PERMITTED.—Subparagraph (A) of section 210(a)(20) of such Act is amended to read as follows:

"(A) such individual does not receive any additional compensation other than as provided in subparagraph (B) and other than cash remuneration—

"(i) which does not exceed $100 per trip;

"(ii) which is contingent on a minimum catch; and

"(iii) which is paid solely for additional duties (such as mate, engineer, or cook) for which additional cash remuneration is traditional in the industry,".

(3) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendments made by this subsection shall apply to remuneration paid—

(i) after December 31, 1994, and

(ii) after December 31, 1984, and before January 1, 1995, unless the payor treated such remuneration (when paid) as being subject to tax under chapter 21 of the Internal Revenue Code of 1986.

(B) REPORTING REQUIREMENT.—The amendment made by paragraph (1)(C) shall apply to remuneration paid after December 31, 1996.

(b) INFORMATION REPORTING.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 68 (relating to information concerning transactions with other persons) is amended by inserting after section 6050Q the following new section:

"SEC. 6050R. RETURNS RELATING TO CERTAIN PURCHASES OF FISH.

"(a) REQUIREMENT OF REPORTING.—Every person—

"(1) who is engaged in the trade or business of purchasing fish for resale from any person engaged in the trade or business of catching fish; and

"(2) who makes payments in cash in the course of such trade or business to such a person of $600 or more during any calendar year for the purchase of fish,

shall make a return (at such times as the Secretary may prescribe) described in subsection (b) with respect to each person to whom such a payment was made during such calendar year.

"(b) RETURN.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe, and

"(2) contains—

"(A) the name, address, and TIN of each person to whom a payment described in subsection (a)(2) was made during the calendar year;

"(B) the aggregate amount of such payments made to such person during such calendar year and the date and amount of each such payment, and

"(C) such other information as the Secretary may require.

"(c) STATEMENT TO BE FURNISHED WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return a written statement showing—

"(1) the name and address of the person required to make such a return, and

"(2) the aggregate amount of payments to the person required to be shown on the return.

The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) is required to be made.

"(d) DEFINITIONS.—For purposes of this section:

"(1) CASH.—The term 'cash' has the meaning given such term by section 6050I(d).

"(2) FISH.—The term 'fish' includes other forms of aquatic life.".

(2) TECHNICAL AMENDMENTS.—

(A) Subparagraph (A) of section 6724(d)(1) is amended by striking "or" at the end of clause (vi), by striking "and" at the end of clause (vii) and inserting "or", and by adding at the end the following new clause:

"(viii) section 6050R (relating to returns relating to certain purchases of fish), and".

(B) Paragraph (2) of section 6724(d) is amended by redesignating subparagraphs (R) through (U) as subparagraphs (S) through (V), respectively, and by inserting after subparagraph (Q) the following new subparagraph:

"(R) section 6050R(c) (relating to returns relating to certain purchases of fish),".

(C) The table of sections for subpart B of part III of subchapter A of chapter 68 is amended by inserting after the item relating to 6050Q the following new item:

"Sec. 6050R. Returns relating to certain purchases of fish.".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to payments made after December 31, 1997.

SEC. 1117. MODIFICATIONS OF TAX-EXEMPT BOND RULES FOR FIRST-TIME FARMERS.

(a) ACQUISITION FROM RELATED PERSON ALLOWED.—Section 147(c)(2) (relating to exception for first-time farmers) is amended by adding at the end the following new subparagraph:

"(G) ACQUISITION FROM RELATED PERSON.—For purposes of this paragraph and section 144(a), the acquisition by a first-time farmer of land or personal property from a related person (within the meaning of section 144(a)(3)) shall not be treated as an acquisition from a related person, if—

"(i) the acquisition price is for the fair market value of such land or property, and

"(ii) subsequent to such acquisition, the related person does not have a financial interest in the farming operation with respect to which the bond proceeds are to be used.".

(b) SUBSTANTIAL FARMLAND AMOUNT DOUBLED.—Clause (i) of section 147(c)(2)(E) (defining substantial farmland) is amended by striking "15 percent" and inserting "30 percent".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 1118. NEWSPAPER DISTRIBUTORS TREATED AS DIRECT SELLERS.

(a) IN GENERAL.—Section 3508(b)(2)(A) is amended by striking "or" at the end of clause (i), by inserting "or" at the end of clause (ii), and by inserting after clause (ii) the following new clause:

"(iii) is engaged in the trade or business of the delivering or distribution of newspapers or shopping news (including any services directly related to such trade or business),".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to services performed after December 31, 1995.

SEC. 1119. APPLICATION OF INVOLUNTARY CONVERSION RULES TO PRESIDENTIALLY DECLARED DISASTERS.

(a) IN GENERAL.—Section 1033(h) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (1) the following new paragraph:

"(2) TRADE OR BUSINESS AND INVESTMENT PROPERTY.—If a taxpayer's property held for productive use in a trade or business or for investment is compulsorily or involuntarily converted as a result of a Presidentially declared disaster, tangible property of a type held for productive use in a trade or business shall be treated for purposes of subsection (a) as property similar or related in service or use to the property so converted.".

(b) CONFORMING AMENDMENTS.—Section 1033(h) is amended—

(1) by striking "residence" in paragraph (3) (as redesignated by subsection (a)) and inserting "property",

(2) by striking "PRINCIPAL RESIDENCES" in the heading and inserting "PROPERTY", and

(3) by striking "(1) IN GENERAL.—" and inserting "(1) PRINCIPAL RESIDENCES.—".

(c) EXPANSION OF OKLAHOMA CITY ENTERPRISE COMMUNITY.—Notwithstanding sections 1391 and 1392(a)(3)(D) of the Internal Revenue Code of 1986, the boundaries of the enterprise community for Oklahoma City, Oklahoma, designated by the Secretary of Housing and Urban Development on December 21, 1994, may be extended with respect to census tracts located in the area damaged due to the bombing of the Alfred P. Murrah Federal Building in Oklahoma City on April 19, 1995, primarily in the area bounded on the south by Robert S. Kerr Avenue, on the north by North 13th Street, on the east by Oklahoma Avenue, and on the west by Shartel Avenue.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to disasters declared after December 31, 1994, in taxable years ending after such date.

(2) SUBSECTION (c).—Subsection (c) shall take effect on the date of the enactment of this Act.

SEC. 1120. CLASS LIFE FOR GAS STATION CONVENIENCE STORES AND SIMILAR STRUCTURES.

(a) IN GENERAL.—Section 168(e)(3)(E) (classifying certain property as 15-year property) is amended by striking "and" at the end of clause (i), by striking the period at the end of clause (ii) and inserting ", and", and by adding at the end the following new clause:

"(iii) any section 1250 property which is a retail motor fuels outlet (whether or not food or other convenience items are sold at the outlet).".

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 168(g)(3) is amended by inserting after the item relating to subparagraph (E)(ii) in the table contained therein the following new item:

"(E)(iii) .... 20"

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property which is placed in service on or after the date of the enactment of this Act and to which section 168 of the Internal Revenue Code of 1986 applies after the amendment made by section 201 of the Tax Reform Act of 1986. A taxpayer may elect (in such form and manner as the Secretary of the Treasury may prescribe) to have such amendments apply with respect to any property placed in service before such date and to which such section so applies.

SEC. 1121 TREATMENT OF ABANDONMENT OF LESSOR IMPROVEMENTS AT TERMINATION OF LEASE.

(a) IN GENERAL.—Paragraph (8) of section 168(i) is amended to read as follows:

"(8) TREATMENT OF LEASEHOLD IMPROVEMENTS.—

"(A) IN GENERAL.—In the case of any building erected (or improvements made) on leased property, if such building or improvement is property to which this section applies, the depreciation deduction shall be determined under the provisions of this section.

"(B) TREATMENT OF LESSOR IMPROVEMENTS WHICH ARE ABANDONED AT TERMINATION OF LEASE.—An improvement—

"(i) which is made by the lessor of leased property for the lessee of such property, and

"(ii) which is irrevocably disposed of or abandoned by the lessor at the termination of the lease by such lessee,

shall be treated for purposes of determining gain or loss under this title as disposed of by the lessor when so disposed of or abandoned.".

(b) EFFECTIVE DATE.—Subparagraph (B) of section 168(i)(8) of the Internal Revenue Code of 1986, as added by the amendment made by subsection (a), shall apply to improvements disposed of or abandoned after June 12, 1996.

SEC. 1122. SPECIAL RULES RELATING TO DETERMINATION WHETHER INDIVIDUALS ARE EMPLOYEES FOR PURPOSES OF EMPLOYMENT TAXES.

(a) IN GENERAL.—Section 530 of the Revenue Act of 1978 is amended by adding at the end the following new subsection:

"(e) SPECIAL RULES FOR APPLICATION OF SECTION.—

"(1) NOTICE OF AVAILABILITY OF SECTION.—An officer or employee of the Internal Revenue Service shall, before or at the commencement of any audit inquiry relating to the employment status of one or more individuals who perform services for the taxpayer, provide the taxpayer with a written notice of the provisions of this section.

"(2) RULES RELATING TO STATUTORY STANDARDS.—For purposes of subsection (a)(2)—

"(A) a taxpayer may not rely on an audit commenced after December 31, 1996, for purposes of subparagraph (B) thereof unless such audit included an examination for employment tax purposes of whether the individual involved (or any individual holding a position substantially similar to the position held by the individual involved) should be treated as an employee of the taxpayer,

"(B) in no event shall the significant segment requirement of subparagraph (C) thereof be construed to require a reasonable showing of the practice of more than 25 percent of the industry (determined by not taking into account the taxpayer), and

"(C) in applying the long-standing recognized practice requirement of subparagraph (C) thereof—

"(i) such requirement shall not be construed as requiring the practice to have continued for more than 10 years, and

"(ii) a practice shall not fail to be treated as long-standing merely because such practice began after 1978.

"(3) AVAILABILITY OF SAFE HARBORS.—Nothing in this section shall be construed to provide that subsection (a) only applies where the individual involved is otherwise an employee of the taxpayer.

"(4) BURDEN OF PROOF.—

"(A) IN GENERAL.—If—

"(i) a taxpayer establishes a prima facie case that it was reasonable not to treat an individual as an employee for purposes of this section, and

"(ii) the taxpayer has fully cooperated with reasonable requests from the Secretary of the Treasury or his delegate,

then the burden of proof with respect to such treatment shall be on the Secretary.

"(B) EXCEPTION FOR OTHER REASONABLE BASIS.—In the case of any issue involving whether the taxpayer had a reasonable basis not to treat an individual as an employee for purposes of this section, subparagraph (A) shall only apply for purposes of determining whether the taxpayer meets the requirements of subparagraph (A), (B), or (C) of subsection (a)(2).

"(5) PRESERVATION OF PRIOR PERIOD SAFE HARBOR.—If—

"(A) an individual would (but for the treatment referred to in subparagraph (B)) be deemed not to be an employee of the taxpayer under subsection (a) for any prior period, and

"(B) such individual is treated by the taxpayer as an employee for employment tax purposes for any subsequent period,

then, for purposes of applying such taxes for such prior period with respect to the taxpayer, the individual shall be deemed not to be an employee.

"(6) SUBSTANTIALLY SIMILAR POSITION.—For purposes of this section, the determination as to whether an individual holds a position substantially similar to a position held by another individual shall include consideration of the relationship between the taxpayer and such individuals.".

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by this section shall apply to periods after December 31, 1996.

(2) NOTICE BY INTERNAL REVENUE SERVICE.—Section 530(e)(1) of the Revenue Act of 1978 (as added by subsection (a)) shall apply to audits which commence after December 31, 1996.

(3) BURDEN OF PROOF.—

(A) IN GENERAL.—Section 530(e)(4) of the Revenue Act of 1978 (as added by subsection (a)) shall apply to disputes involving periods after December 31, 1996.

(B) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment of the burden of proof with respect to disputes involving periods before January 1, 1997.

SEC. 1123. TREATMENT OF HOUSING PROVIDED TO EMPLOYEES BY ACADEMIC HEALTH CENTERS.

(a) IN GENERAL.—Paragraph (4) of section 119(d) (relating to lodging furnished by certain educational institutions to employees) is amended to read as follows:

"(4) EDUCATIONAL INSTITUTION, ETC.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'educational institution' means—

"(i) an institution described in section 170(b)(1)(A)(ii) (or an entity organized under State law and composed of public institutions so described), or

"(ii) an academic health center.

"(B) ACADEMIC HEALTH CENTER.—For purposes of subparagraph (A), the term 'academic health center' means an entity—

"(i) which is described in section 170(b)(1)(A)(iii),

"(ii) which receives (during the calendar year in which the taxable year of the taxpayer begins) payments under subsection (d)(5)(B) or (h) of section 1886 of the Social Security Act (relating to graduate medical education), and

"(iii) which has as one of its principal purposes or functions the providing and teaching of basic and clinical medical science and research with the entity's own faculty.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1995.

Subtitle B—Extension of Certain Expiring Provisions

SEC. 1201. WORK OPPORTUNITY TAX CREDIT.

(a) AMOUNT OF CREDIT.—Subsection (a) of section 51 (relating to amount of credit) is amended by striking "40 percent" and inserting "35 percent".

(b) MEMBERS OF TARGETED GROUPS.—Subsection (d) of section 51 is amended to read as follows:

"(d) MEMBERS OF TARGETED GROUPS.—For purposes of this subpart—

"(1) IN GENERAL.—An individual is a member of a targeted group if such individual is—

"(A) a qualified IV–A recipient,

"(B) a qualified veteran,

"(C) a qualified ex-felon,

"(D) a high-risk youth,

"(E) a vocational rehabilitation referral,

"(F) a qualified summer youth employee, or

"(G) a qualified food stamp recipient.

"(2) QUALIFIED IV–A RECIPIENT.—

"(A) IN GENERAL.—The term 'qualified IV–A recipient' means any individual who is certified by the designated local agency as being a member of a family receiving assistance under a IV–A program for at least a 9-month period ending during the 9-month period ending on the hiring date.

"(B) IV–A PROGRAM.—For purposes of this paragraph, the term 'IV–A program' means any program providing assistance under a State plan approved under part A of title IV of the Social Security Act (relating to assistance for needy families with minor children) and any successor of such program.

"(3) QUALIFIED VETERAN.—

"(A) IN GENERAL.—The term 'qualified veteran' means any veteran who is certified by the designated local agency as being—

"(i) a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least a 9-month period ending during the 12-month period ending on the hiring date, or

"(ii) a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

"(B) VETERAN.—For purposes of subparagraph (A), the term 'veteran' means any individual who is certified by the designated local agency as—

"(i)(I) having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or

"(II) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, and

"(ii) not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces of the United States.

For purposes of clause (ii), the term 'extended active duty' means a period of more than 90 days during which the individual was on active duty (other than active duty for training).

"(4) QUALIFIED EX-FELON.—The term 'qualified ex-felon' means any individual who is certified by the designated local agency—

"(A) as having been convicted of a felony under any statute of the United States or any State,

"(B) as having a hiring date which is not more than 1 year after the last date on which such individual was so convicted or was released from prison, and

"(C) as being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard.

Any determination under subparagraph (C) shall be valid for the 45-day period beginning on the date such determination is made.

"(5) HIGH-RISK YOUTH.—

"(A) IN GENERAL.—The term 'high-risk youth' means any individual who is certified by the designated local agency—

"(i) as having attained age 18 but not age 25 on the hiring date, and

"(ii) as having his principal place of abode within an empowerment zone or enterprise community.

"(B) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—In the case of a high-risk youth, the term 'qualified wages' shall not include wages paid or incurred for services performed while such youth's principal place of abode is outside an empowerment zone or enterprise community.

"(6) VOCATIONAL REHABILITATION REFERRAL.—The term 'vocational rehabilitation referral' means any individual who is certified by the designated local agency as—

"(A) having a physical or mental disability which, for such individual, constitutes or results in a substantial handicap to employment, and

"(B) having been referred to the employer upon completion of (or while receiving) rehabilitative services pursuant to—

"(i) an individualized written rehabilitation plan under a State plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973, or

"(ii) a program of vocational rehabilitation carried out under chapter 31 of title 38, United States Code.

"(7) QUALIFIED SUMMER YOUTH EMPLOYEE.—

"(A) IN GENERAL.—The term 'qualified summer youth employee' means any individual—

"(i) who performs services for the employer between May 1 and September 15,

"(ii) who is certified by the designated local agency as having attained age 16 but not 18 on the hiring date (or if later, on May 1 of the calendar year involved),

"(iii) who has not been an employee of the employer during any period prior to the 90-day period described in subparagraph (B)(i), and

"(iv) who is certified by the designated local agency as having his principal place of abode within an empowerment zone or enterprise community.

"(B) SPECIAL RULES FOR DETERMINING AMOUNT OF CREDIT.—For purposes of applying this subpart to wages paid or incurred to any qualified summer youth employee—

"(i) subsection (b)(2) shall be applied by substituting 'any 90-day period between May 1 and September 15' for 'the 1-year period beginning with the day the individual begins work for the employer', and

"(ii) subsection (b)(3) shall be applied by substituting '$3,000' for '$6,000'.

The preceding sentence shall not apply to an individual who, with respect to the same employer, is certified as a member of another targeted group after such individual has been a qualified summer youth employee.

"(C) YOUTH MUST CONTINUE TO RESIDE IN ZONE.—Paragraph (5)(B) shall apply for purposes of subparagraph (A)(iv).

"(8) QUALIFIED FOOD STAMP RECIPIENT.—

"(A) IN GENERAL.—The term 'qualified food stamp recipient' means any individual who is certified by the designated local agency—

"(i) as having attained age 18 but not age 25 on the hiring date, and

"(ii) as being a member of a family—

"(I) receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, or

"(II) receiving such assistance for at least 3 months of the 5-month period ending on the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.

"(B) PARTICIPATION INFORMATION.—Notwithstanding any other provision of law, the Secretary of the Treasury and the Secretary of Agriculture shall enter into an agreement to provide information to designated local agencies with respect to participation in the food stamp program.

"(9) HIRING DATE.—The term 'hiring date' means the day the individual is hired by the employer.

"(10) DESIGNATED LOCAL AGENCY.—The term 'designated local agency' means a State employment security agency established in accordance with the Act of June 6, 1933, as amended (29 U.S.C. 49–49n).

"(11) SPECIAL RULES FOR CERTIFICATIONS.—

"(A) IN GENERAL.—An individual shall not be treated as a member of a targeted group unless—

"(i) on or before the day on which such individual begins work for the employer, the employer has received a certification from a designated local agency that such individual is a member of a targeted group, or

"(ii)(I) on or before the day the individual is offered employment with the employer, a prescreening notice is completed by the employer with respect to such individual, and

"(II) not later than the 21st day after the individual begins work for the employer, the employer submits such notice, signed by the employer and the individual under penalties of perjury, to the designated local agency as part of a written request for such a certification from such agency.

For purposes of this paragraph, the term 'prescreening notice' means a document (in such form as the Secretary shall prescribe) which contains information provided by the individual on the basis of which the employer believes that the individual is a member of a targeted group.

"(B) INCORRECT CERTIFICATIONS.—If—

"(i) an individual has been certified by a designated local agency as a member of a targeted group, and

"(ii) such certification is incorrect because it was based on false information provided by such individual,

the certification shall be revoked and wages paid by the employer after the date on which notice of revocation is received by the employer shall not be treated as qualified wages.

"(C) EXPLANATION OF DENIAL OF REQUEST.—If a designated local agency denies a request for certification of membership in a targeted group, such agency shall provide to the person making such request a written explanation of the reasons for such denial.".

(c) MINIMUM EMPLOYMENT PERIOD.—Paragraph (3) of section 51(i) (relating to certain individuals ineligible) is amended to read as follows:

"(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIOD.—No wages shall be taken into account under subsection (a) with respect to any individual unless such individual either—

"(A) is employed by the employer at least 180 days (20 days in the case of a qualified summer youth employee), or

"(B) has completed at least 400 hours (120 hours in the case of a qualified summer youth employee) of services performed for the employer.".

(d) TERMINATION.—Paragraph (4) of section 51(c) (relating to wages defined) is amended to read as follows:

"(4) TERMINATION.—The term 'wages' shall not include any amount paid or incurred to an individual who begins work for the employer—

"(A) after December 31, 1994, and before October 1, 1996, or

"(B) after September 30, 1997.".

(e) REDESIGNATION OF CREDIT.—

(1) Sections 38(b)(2), 41(b)(2)(D)(iii), 45A(b)(1)(B), 51 (a) and (g), and 196(c) are each amended in the text by striking "targeted jobs credit" each place it appears and inserting "work opportunity credit".

(2) The subpart heading for subpart F of part IV of subchapter A of chapter 1 is amended by striking "**Targeted Jobs Credit**" and inserting "**Work Opportunity Credit**".

(3) The table of subparts for such part IV is amended by striking "targeted jobs credit" and inserting "work opportunity credit".

(4) The headings for sections 41(b)(2)(D)(iii) and 1396(c)(3) are each amended by striking "TARGETED JOBS CREDIT" and inserting "WORK OPPORTUNITY CREDIT".

(5) The heading for subsection (j) of section 51 is amended by striking "TARGETED JOBS CREDIT" and inserting "WORK OPPORTUNITY CREDIT".

(f) TECHNICAL AMENDMENT.—Paragraph (1) of section 51(c) is amended by striking ", subsection (d)(8)(D),".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after September 30, 1996.

SEC. 1202. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE PROGRAMS.

(a) EXTENSION.—Subsection (d) of section 127 (relating to educational assistance programs) is amended by striking "December 31, 1994." and inserting "May 31, 1997. In the case of any taxable year beginning in 1997, only expenses paid with respect to courses beginning before July 1, 1997, shall be taken into account in determining the amount excluded under this section.".

(b) LIMITATION TO EDUCATION BELOW GRADUATE LEVEL.—The last sentence of section 127(c)(1) is amended by inserting before the period the following: ", and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree".

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1994.

(2) GRADUATE EDUCATION.—The amendment made by subsection (b) shall apply with respect to expenses relating to courses beginning after June 30, 1996.

(3) EXPEDITED PROCEDURES.—The Secretary of the Treasury shall establish expedited procedures for the refund of any overpayment of taxes imposed by the Internal Revenue Code of 1986 which is attributable to amounts excluded from gross income during 1995 or 1996 under section 127 of such Code, including procedures waiving the requirement that an employer obtain an employee's signature where the employer demonstrates to the satisfaction of the Secretary that any refund collected by the employer on behalf of the employee will be paid to the employee.

SEC. 1203. FUTA EXEMPTION FOR ALIEN AGRICULTURAL WORKERS.

(a) IN GENERAL.—Subparagraph (B) of section 3306(c)(1) (defining employment) is amended by striking "before January 1, 1995,".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to services performed after December 31, 1994.

SEC. 1204. RESEARCH CREDIT.

(a) IN GENERAL.—Subsection (h) of section 41 (relating to credit for research activities) is amended to read as follows:

"(h) TERMINATION.—

"(1) IN GENERAL.—This section shall not apply to any amount paid or incurred—

"(A) after June 30, 1995, and before July 1, 1996, or

"(B) after May 31, 1997.

Notwithstanding the preceding sentence, in the case of a taxpayer making an election under subsection (c)(4) for its first taxable year beginning after June 30, 1996, and before July 1, 1997, this section shall apply to amounts paid or incurred during the first 11 months of such taxable year.

"(2) COMPUTATION OF BASE AMOUNT.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year, the base amount with respect to such taxable year shall be the amount which bears the same ratio to the base amount for such year (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.".

(b) BASE AMOUNT FOR START-UP COMPANIES.—Clause (i) of section 41(c)(3)(B) (relating to start-up companies) is amended to read as follows:

"(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The fixed-base percentage shall be determined under this subparagraph if—

"(I) the first taxable year in which a taxpayer had both gross receipts and qualified research expenses begins after December 31, 1983, or

"(II) there are fewer than 3 taxable years beginning after December 31, 1983, and before January 1, 1989, in which the taxpayer had both gross receipts and qualified research expenses.".

(c) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—Subsection (c) of section 41 is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively, and by inserting after paragraph (3) the following new paragraph:

"(4) ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

"(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to the sum of—

"(i) 1.65 percent of so much of the qualified research expenses for the taxable year as exceeds 1 percent of the average described in subsection (c)(1)(B) but does not exceed 1.5 percent of such average,

"(ii) 2.2 percent of so much of such expenses as exceeds 1.5 percent of such average but does not exceed 2 percent of such average, and

"(iii) 2.75 percent of so much of such expenses as exceeds 2 percent of such average.

"(B) ELECTION.—An election under this paragraph may be made only for the first taxable year of the taxpayer beginning after June 30, 1996. Such an election shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary.".

(d) INCREASED CREDIT FOR CONTRACT RESEARCH EXPENSES WITH RESPECT TO CERTAIN RESEARCH CONSORTIA.—Paragraph (3) of section 41(b) is amended by adding at the end the following new subparagraph:

"(C) AMOUNTS PAID TO CERTAIN RESEARCH CONSORTIA.—

"(i) IN GENERAL.—Subparagraph (A) shall be applied by substituting '75 percent' for '65 percent' with respect to amounts paid or incurred by the taxpayer to a qualified research consortium for qualified research on behalf of the taxpayer and 1 or more unrelated taxpayers. For purposes of the preceding sentence, all persons *treated as a single employer under subsection (a) or (b) of section 52 shall be treated as related taxpayers.*

"(ii) QUALIFIED RESEARCH CONSORTIUM.—The term 'qualified research consortium' means any organization which—

"(I) is described in section 501(c)(3) or 501(c)(6) and is exempt from tax under section 501(a),

"(II) is organized and operated primarily to conduct scientific research, and

"(III) is not a private foundation.".

(e) CONFORMING AMENDMENT.—Subparagraph (D) of section 28(b)(1) is amended by inserting ", and before July 1, 1996, and periods after May 31, 1997" after "June 30, 1995".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending after June 30, 1996.

(2) SUBSECTIONS (c) AND (d).—The amendments made by subsections (c) and (d) shall apply to taxable years beginning after June 30, 1996.

(3) ESTIMATED TAX.—The amendments made by this section shall not be taken into account under section 6654 or 6655 of the Internal Revenue Code of 1986 (relating to failure to pay estimated tax) in determining the amount of any installment required to be paid for a taxable year beginning in 1997.

SEC. 1205. ORPHAN DRUG TAX CREDIT.

(a) RECATEGORIZED AS A BUSINESS CREDIT.—

(1) IN GENERAL.—Section 28 (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is transferred to subpart D of part IV of subchapter A of chapter 1, inserted after section 45B, and redesignated as section 45C.

(2) CONFORMING AMENDMENT.—Subsection (b) of section 38 (relating to general business credit) is amended by striking "plus" at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting ", plus", and by adding at the end the following new paragraph:

"(12) the orphan drug credit determined under section 45C(a).".

(3) CLERICAL AMENDMENTS.—

(A) The table of sections for subpart B of such part IV is amended by striking the item relating to section 28.

(B) The table of sections for subpart D of such part IV is amended by adding at the end the following new item:

"Sec. 45C. Clinical testing expenses for certain drugs for rare diseases or conditions.".

(b) CREDIT TERMINATION.—Subsection (e) of section 45C, as redesignated by subsection (a)(1), is amended to read as follows:

"(e) TERMINATION.—This section shall not apply to any amount paid or incurred—

"(1) after December 31, 1994, and before July 1, 1996, or

"(2) after May 31, 1997.".

(c) NO PRE-JULY 1, 1996 CARRYBACKS.—Subsection (d) of section 39 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following new paragraph:

"(7) NO CARRYBACK OF SECTION 45C CREDIT BEFORE JULY 1, 1996.—No portion of the unused business credit for any taxable year which is attributable to the orphan drug credit determined under section 45C may be carried back to a taxable year ending before July 1, 1996.".

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 45C(a), as redesignated by subsection (a)(1), is amended by striking "There shall be allowed as a credit against the tax imposed by this chapter for the taxable year" and inserting "For purposes of section 38, the credit determined under this section for the taxable year is".

(2) Section 45C(d), as so redesignated, is amended by striking paragraph (2) and by redesignating paragraphs (3), (4), and (5) as paragraphs (2), (3), and (4).

(3) Section 29(b)(6)(A) is amended by striking "sections 27 and 28" and inserting "section 27".

(4) Section 30(b)(3)(A) is amended by striking "sections 27, 28, and 29" and inserting "sections 27 and 29".

(5) Section 53(d)(1)(B) is amended—

(A) by striking "or not allowed under section 28 solely by reason of the application of section 28(d)(2)(B)," in clause (iii), and

(B) by striking "or not allowed under section 28 solely by reason of the application of section 28(d)(2)(B)" in clause (iv)(II).

(6) Section 55(c)(2) is amended by striking "28(d)(2),".

(7) Section 280C(b) is amended—

(A) by striking "section 28(b)" in paragraph (1) and inserting "section 45C(b)",

(B) by striking "section 28" in paragraphs (1) and (2)(A) and inserting "section 45C", and

(C) by striking "subsection (d)(2) thereof" in paragraphs (1) and (2)(A) and inserting "section 38(c)".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years ending after June 30, 1996.

SEC. 1206. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS.

(a) IN GENERAL.—Subparagraph (D) of section 170(e)(5) (relating to special rule for contributions of stock for which market quotations are readily available) is amended to read as follows:

"(D) TERMINATION.—This paragraph shall not apply to contributions made—

"(i) after December 31, 1994, and before July 1, 1996, or

"(ii) after May 31, 1997.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after June 30, 1996.

SEC. 1207. EXTENSION OF BINDING CONTRACT DATE FOR BIOMASS AND COAL FACILITIES.

(a) IN GENERAL.—Subparagraph (A) of section 29(g)(1) (relating to extension of certain facilities) is amended by striking "January 1, 1997" and inserting "July 1, 1998" and by striking "January 1, 1996" and inserting "January 1, 1997".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 1208. MORATORIUM FOR EXCISE TAX ON DIESEL FUEL SOLD FOR USE OR USED IN DIESEL-POWERED MOTORBOATS.

Subparagraph (D) of section 4041(a)(1) (relating to the imposition of tax on diesel fuel and special motor fuels) is amended by redesignating clauses (i) and (ii) as clauses (ii) and (iii), respectively, and by inserting before clause (ii) (as redesignated) the following new clause:

"(i) no tax shall be imposed by subsection (a) or (d)(1) during the period beginning on the date which is 7 days after the date of the enactment of the Small Business Job Protection Act of 1996 and ending on December 31, 1997,".

Subtitle C—Provisions Relating to S Corporations

SEC. 1301. S CORPORATIONS PERMITTED TO HAVE 75 SHAREHOLDERS.

Subparagraph (A) of section 1361(b)(1) (defining small business corporation) is amended by striking "35 shareholders" and inserting "75 shareholders".

SEC. 1302. ELECTING SMALL BUSINESS TRUSTS.

(a) GENERAL RULE.—Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended by inserting after clause (iv) the following new clause:

"(v) An electing small business trust.".

(b) CURRENT BENEFICIARIES TREATED AS SHAREHOLDERS.—Subparagraph (B) of section 1361(c)(2) is amended by adding at the end the following new clause:

"(v) In the case of a trust described in clause (v) of subparagraph (A), each potential current beneficiary of such trust shall be treated as a shareholder; except that, if for any period there is no potential current beneficiary of such trust, such trust shall be treated as the shareholder during such period.".

(c) ELECTING SMALL BUSINESS TRUST DEFINED.—Section 1361 (defining S corporation) is amended by adding at the end the following new subsection:

"(e) ELECTING SMALL BUSINESS TRUST DEFINED.—

"(1) ELECTING SMALL BUSINESS TRUST.—For purposes of this section—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'electing small business trust' means any trust if—

"(i) such trust does not have as a beneficiary any person other than (I) an individual, (II) an estate, or (III) an organization described in paragraph (2), (3), (4), or (5) of section 170(c) which holds a contingent interest and is not a potential current beneficiary,

"(ii) no interest in such trust was acquired by purchase, and

"(iii) an election under this subsection applies to such trust.

"(B) CERTAIN TRUSTS NOT ELIGIBLE.—The term 'electing small business trust' shall not include—

"(i) any qualified subchapter S trust (as defined in subsection (d)(3)) if an election under subsection (d)(2) applies to any corporation the stock of which is held by such trust, and

"(ii) any trust exempt from tax under this subtitle.

"(C) PURCHASE.—For purposes of subparagraph (A), the term 'purchase' means any acquisition if the basis of the property acquired is determined under section 1012.

"(2) POTENTIAL CURRENT BENEFICIARY.—For purposes of this section, the term 'potential current beneficiary' means, with respect to any period, any person who at any time during such period is entitled to, or at the discretion of any person may receive, a distribution from the principal or income of the trust. If a trust disposes of all of the stock which it holds in an S corporation, then, with respect to such corporation, the term 'potential current beneficiary' does not include any person who first met the requirements of the preceding sentence during the 60-day period ending on the date of such disposition.

"(3) ELECTION.—An election under this subsection shall be made by the trustee. Any such election shall apply to the taxable year of the trust for which made and all subsequent taxable years of such trust unless revoked with the consent of the Secretary.

"(4) CROSS REFERENCE.—

"For special treatment of electing small business trusts, see section 641(d).".

(d) TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—Section 641 (relating to imposition of tax on trusts) is amended by adding at the end the following new subsection:

"(d) SPECIAL RULES FOR TAXATION OF ELECTING SMALL BUSINESS TRUSTS.—

"(1) IN GENERAL.—For purposes of this chapter—

"(A) the portion of any electing small business trust which consists of stock in 1 or more S corporations shall be treated as a separate trust, and

"(B) the amount of the tax imposed by this chapter on such separate trust shall be determined with the modifications of paragraph (2).

"(2) MODIFICATIONS.—For purposes of paragraph (1), the modifications of this paragraph are the following:

"(A) Except as provided in section 1(h), the amount of the tax imposed by section 1(e) shall be determined by using the highest rate of tax set forth in section 1(e).

"(B) The exemption amount under section 55(d) shall be zero.

"(C) The only items of income, loss, deduction, or credit to be taken into account are the following:

"(i) The items required to be taken into account under section 1366.

"(ii) Any gain or loss from the disposition of stock in an S corporation.

"(iii) To the extent provided in regulations, State or local income taxes or administrative expenses to the extent allocable to items described in clauses (i) and (ii).

No deduction or credit shall be allowed for any amount not described in this paragraph, and no item described in this paragraph shall be apportioned to any beneficiary.

"(D) No amount shall be allowed under paragraph (1) or (2) of section 1211(b).

"(3) TREATMENT OF REMAINDER OF TRUST AND DISTRIBUTIONS.—For purposes of determining—

"(A) the amount of the tax imposed by this chapter on the portion of any electing small business trust not treated as a separate trust under paragraph (1), and

"(B) the distributable net income of the entire trust,

the items referred to in paragraph (2)(C) shall be excluded. Except as provided in the preceding sentence, this subsection shall not affect the taxation of any distribution from the trust.

"(4) TREATMENT OF UNUSED DEDUCTIONS WHERE TERMINATION OF SEPARATE TRUST.—If a portion of an electing small business trust ceases to be treated as a separate trust under paragraph (1), any carryover or excess deduction of the separate trust which is referred to in section 642(h) shall be taken into account by the entire trust.

"(5) ELECTING SMALL BUSINESS TRUST.—For purposes of this subsection, the term 'electing small business trust' has the meaning given such term by section 1361(e)(1).".

(e) TECHNICAL AMENDMENT.—Paragraph (1) of section 1366(a) is amended by inserting ", or of a trust or estate which terminates," after "who dies".

SEC. 1303. EXPANSION OF POST-DEATH QUALIFICATION FOR CERTAIN TRUSTS.

Subparagraph (A) of section 1361(c)(2) (relating to certain trusts permitted as shareholders) is amended—

(1) by striking "60-day period" each place it appears in clauses (ii) and (iii) and inserting "2-year period", and

(2) by striking the last sentence in clause (ii).

SEC. 1304. FINANCIAL INSTITUTIONS PERMITTED TO HOLD SAFE HARBOR DEBT.

Clause (iii) of section 1361(c)(5)(B) (defining straight debt) is amended by striking "or a trust described in paragraph (2)" and inserting "a trust described in paragraph (2), or a person which is actively and regularly engaged in the business of lending money".

SEC. 1305. RULES RELATING TO INADVERTENT TERMINATIONS AND INVALID ELECTIONS.

(a) GENERAL RULE.—Subsection (f) of section 1362 (relating to inadvertent terminations) is amended to read as follows:

"(f) INADVERTENT INVALID ELECTIONS OR TERMINATIONS.—If—

"(1) an election under subsection (a) by any corporation—

"(A) was not effective for the taxable year for which made (determined without regard to subsection (b)(2)) by reason of a failure to meet the requirements of section 1361(b) or to obtain shareholder consents, or

"(B) was terminated under paragraph (2) or (3) of subsection (d),

"(2) the Secretary determines that the circumstances resulting in such ineffectiveness or termination were inadvertent,

"(3) no later than a reasonable period of time after discovery of the circumstances resulting in such ineffectiveness or termination, steps were taken—

"(A) so that the corporation is a small business corporation, or

"(B) to acquire the required shareholder consents, and

"(4) the corporation, and each person who was a shareholder in the corporation at any time during the period specified pursuant to this subsection, agrees to make such adjustments (consistent with the treatment of the corporation as an S corporation) as may be required by the Secretary with respect to such period,

then, notwithstanding the circumstances resulting in such ineffectiveness or termination, such corporation shall be treated as an S corporation during the period specified by the Secretary.".

(b) LATE ELECTIONS, ETC.—Subsection (b) of section 1362 is amended by adding at the end the following new paragraph:

"(5) AUTHORITY TO TREAT LATE ELECTIONS, ETC., AS TIMELY.—If—

"(A) an election under subsection (a) is made for any taxable year (determined without regard to paragraph (3)) after the date prescribed by this subsection for making such election for such taxable year or no such election is made for any taxable year, and

"(B) the Secretary determines that there was reasonable cause for the failure to timely make such election,

the Secretary may treat such an election as timely made for such taxable year (and paragraph (3) shall not apply).".

(c) EFFECTIVE DATE.—The amendments made by subsection (a) and (b) shall apply with respect to elections for taxable years beginning after December 31, 1982.

SEC. 1306. AGREEMENT TO TERMINATE YEAR.

Paragraph (2) of section 1377(a) (relating to pro rata share) is amended to read as follows:

"(2) ELECTION TO TERMINATE YEAR.—

"(A) IN GENERAL.—Under regulations prescribed by the Secretary, if any shareholder terminates the shareholder's interest in the corporation during the taxable year and all affected shareholders and the corporation agree to the application of this paragraph, paragraph (1) shall be applied to the affected shareholders as if the taxable year consisted of 2 taxable years the first of which ends on the date of the termination.

"(B) AFFECTED SHAREHOLDERS.—For purposes of subparagraph (A), the term 'affected shareholders' means the shareholder whose interest is terminated and all shareholders to whom such shareholder has transferred shares during the taxable year. If such shareholder has transferred shares to the corporation, the term 'affected shareholders' shall include all persons who are shareholders during the taxable year.".

SEC. 1307. EXPANSION OF POST-TERMINATION TRANSITION PERIOD.

(a) IN GENERAL.—Paragraph (1) of section 1377(b) (relating to post-termination transition period) is amended by striking "and" at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and by inserting after subparagraph (A) the following new subparagraph:

"(B) the 120-day period beginning on the date of any determination pursuant to an audit of the taxpayer which follows the termination of the corporation's election and which adjusts a subchapter S item of income, loss, or deduction of the corporation arising during the S period (as defined in section 1368(e)(2)), and".

(b) DETERMINATION DEFINED.—Paragraph (2) of section 1377(b) is amended by striking subparagraphs (A) and (B), by redesignating subparagraph (C) as subparagraph (B), and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) a determination as defined in section 1313(a), or".

(c) REPEAL OF SPECIAL AUDIT PROVISIONS FOR SUBCHAPTER S ITEMS.—

(1) GENERAL RULE.—Subchapter D of chapter 63 (relating to tax treatment of subchapter S items) is hereby repealed.

(2) CONSISTENT TREATMENT REQUIRED.—Section 6037 (relating to return of S corporation) is amended by adding at the end the following new subsection:

"(c) SHAREHOLDER'S RETURN MUST BE CONSISTENT WITH CORPORATE RETURN OR SECRETARY NOTIFIED OF INCONSISTENCY.—

"(1) IN GENERAL.—A shareholder of an S corporation shall, on such shareholder's return, treat a subchapter S item in a manner which is consistent with the treatment of such item on the corporate return.

"(2) NOTIFICATION OF INCONSISTENT TREATMENT.—

"(A) IN GENERAL.—In the case of any subchapter S item, if—

"(i)(I) the corporation has filed a return but the shareholder's treatment on his return is (or may be) inconsistent with the treatment of the item on the corporate return, or

"(II) the corporation has not filed a return, and

"(ii) the shareholder files with the Secretary a statement identifying the inconsistency,

paragraph (1) shall not apply to such item.

"(B) SHAREHOLDER RECEIVING INCORRECT INFORMATION.—A shareholder shall be treated as having complied with clause (ii) of subparagraph (A) with respect to a subchapter S item if the shareholder—

"(i) demonstrates to the satisfaction of the Secretary that the treatment of the subchapter S item on the shareholder's return is consistent with the treatment of the item on the schedule furnished to the shareholder by the corporation, and

"(ii) elects to have this paragraph apply with respect to that item.

"(3) EFFECT OF FAILURE TO NOTIFY.—In any case—

"(A) described in subparagraph (A)(i)(I) of paragraph (2), and

"(B) in which the shareholder does not comply with subparagraph (A)(ii) of paragraph (2),

any adjustment required to make the treatment of the items by such shareholder consistent with the treatment of the items on the corporate return shall be treated as arising out of mathematical or clerical errors and assessed according to section 6213(b)(1). Paragraph (2) of section 6213(b) shall not apply to any assessment referred to in the preceding sentence.

"(4) SUBCHAPTER S ITEM.—For purposes of this subsection, the term 'subchapter S item' means any item of an S corporation to the extent that regulations prescribed by the Secretary provide that, for purposes of this subtitle, such item is more appropriately determined at the corporation level than at the shareholder level.

"(5) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—

"For addition to tax in the case of a shareholder's negligence in connection with, or disregard of, the requirements of this section, see part II of subchapter A of chapter 68.".

(3) CONFORMING AMENDMENTS.—

(A) Section 1366 is amended by striking subsection (g).

(B) Subsection (b) of section 6233 is amended to read as follows:

"(b) SIMILAR RULES IN CERTAIN CASES.—If a partnership return is filed for any taxable year

but it is determined that there is no entity for such taxable year, to the extent provided in regulations, rules similar to the rules of subsection (a) shall apply.".

(C) The table of subchapters for chapter 63 is amended by striking the item relating to subchapter D.

SEC. 1308. S CORPORATIONS PERMITTED TO HOLD SUBSIDIARIES.

(a) IN GENERAL.—Paragraph (2) of section 1361(b) (defining ineligible corporation) is amended by striking subparagraph (A) and by redesignating subparagraphs (B), (C), (D), and (E) as subparagraphs (A), (B), (C), and (D), respectively.

(b) TREATMENT OF CERTAIN WHOLLY OWNED S CORPORATION SUBSIDIARIES.—Section 1361(b) (defining small business corporation) is amended by adding at the end the following new paragraph:

"(3) TREATMENT OF CERTAIN WHOLLY OWNED SUBSIDIARIES.—

"(A) IN GENERAL.—For purposes of this title—

"(i) a corporation which is a qualified subchapter S subsidiary shall not be treated as a separate corporation, and

"(ii) all assets, liabilities, and items of income, deduction, and credit of a qualified subchapter S subsidiary shall be treated as assets, liabilities, and such items (as the case may be) of the S corporation.

"(B) QUALIFIED SUBCHAPTER S SUBSIDIARY.—For purposes of this paragraph, the term 'qualified subchapter S subsidiary' means any domestic corporation which is not an ineligible corporation (as defined in paragraph (2)), if—

"(i) 100 percent of the stock of such corporation is held by the S corporation, and

"(ii) the S corporation elects to treat such corporation as a qualified subchapter S subsidiary.

"(C) TREATMENT OF TERMINATIONS OF QUALIFIED SUBCHAPTER S SUBSIDIARY STATUS.—For purposes of this title, if any corporation which was a qualified subchapter S subsidiary ceases to meet the requirements of subparagraph (B), such corporation shall be treated as a new corporation acquiring all of its assets (and assuming all of its liabilities) immediately before such cessation from the S corporation in exchange for its stock.

"(D) ELECTION AFTER TERMINATION.—If a corporation's status as a qualified subchapter S subsidiary terminates, such corporation (and any successor corporation) shall not be eligible to make—

"(i) an election under subparagraph (B)(ii) to be treated as a qualified subchapter S subsidiary, or

"(ii) an election under section 1362(a) to be treated as an S corporation,

before its 5th taxable year which begins after the 1st taxable year for which such termination was effective, unless the Secretary consents to such election.".

(c) CERTAIN DIVIDENDS NOT TREATED AS PASSIVE INVESTMENT INCOME.—Paragraph (3) of section 1362(d) is amended by adding at the end the following new subparagraph:

"(F) TREATMENT OF CERTAIN DIVIDENDS.—If an S corporation holds stock in a C corporation meeting the requirements of section 1504(a)(2), the term 'passive investment income' shall not include dividends from such C corporation to the extent such dividends are attributable to the earnings and profits of such C corporation derived from the active conduct of a trade or business.".

(d) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 1361 is amended by striking paragraph (6).

(2) Subsection (b) of section 1504 (defining includible corporation) is amended by adding at the end the following new paragraph:

"(8) An S corporation.".

SEC. 1309. TREATMENT OF DISTRIBUTIONS DURING LOSS YEARS.

(a) ADJUSTMENTS FOR DISTRIBUTIONS TAKEN INTO ACCOUNT BEFORE LOSSES.—

(1) Subparagraph (A) of section 1366(d)(1) (relating to losses and deductions cannot exceed shareholder's basis in stock and debt) is amended by striking "paragraph (1)" and inserting "paragraphs (1) and (2)(A)".

(2) Subsection (d) of section 1368 (relating to certain adjustments taken into account) is amended by adding at the end the following new sentence:

"In the case of any distribution made during any taxable year, the adjusted basis of the stock shall be determined with regard to the adjustments provided in paragraph (1) of section 1367(a) for the taxable year.".

(b) ACCUMULATED ADJUSTMENTS ACCOUNT.—Paragraph (1) of section 1368(e) (relating to accumulated adjustments account) is amended by adding at the end the following new subparagraph:

"(C) NET LOSS FOR YEAR DISREGARDED.—

"(i) IN GENERAL.—In applying this section to distributions made during any taxable year, the amount in the accumulated adjustments account as of the close of such taxable year shall be determined without regard to any net negative adjustment for such taxable year.

"(ii) NET NEGATIVE ADJUSTMENT.—For purposes of clause (i), the term 'net negative adjustment' means, with respect to any taxable year, the excess (if any) of—

"(I) the reductions in the account for the taxable year (other than for distributions), over

"(II) the increases in such account for such taxable year.".

(c) CONFORMING AMENDMENTS.—Subparagraph (A) of section 1368(e)(1) is amended—

(1) by striking "as provided in subparagraph (B)" and inserting "as otherwise provided in this paragraph", and

(2) by striking "section 1367(b)(2)(A)" and inserting "section 1367(a)(2)".

SEC. 1310. TREATMENT OF S CORPORATIONS UNDER SUBCHAPTER C.

Subsection (a) of section 1371 (relating to application of subchapter C rules) is amended to read as follows:

"(a) APPLICATION OF SUBCHAPTER C RULES.—Except as otherwise provided in this title, and except to the extent inconsistent with this subchapter, subchapter C shall apply to an S corporation and its shareholders.".

SEC. 1311. ELIMINATION OF CERTAIN EARNINGS AND PROFITS.

(a) IN GENERAL.—If—

(1) a corporation was an electing small business corporation under subchapter S of chapter 1 of the Internal Revenue Code of 1986 for any taxable year beginning before January 1, 1983, and

(2) such corporation is an S corporation under subchapter S of chapter 1 of such Code for its first taxable year beginning after December 31, 1996,

the amount of such corporation's accumulated earnings and profits (as of the beginning of such first taxable year) shall be reduced by an amount equal to the portion (if any) of such accumulated earnings and profits which were accumulated in any taxable year beginning before January 1, 1983, for which such corporation was an electing small business corporation under such subchapter S.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 1362(d), as amended by section 1308, is amended—

(A) by striking "SUBCHAPTER C" in the paragraph heading and inserting "ACCUMULATED",

(B) by striking "subchapter C" in subparagraph (A)(i)(I) and inserting "accumulated", and

(C) by striking subparagraph (B) and redesignating the following subparagraphs accordingly.

(2)(A) Subsection (a) of section 1375 is amended by striking "subchapter C" in paragraph (1) and inserting "accumulated".

(B) Paragraph (3) of section 1375(b) is amended to read as follows:

"(3) PASSIVE INVESTMENT INCOME, ETC.—The terms 'passive investment income' and 'gross receipts' have the same respective meanings as when used in paragraph (3) of section 1362(d).".

(C) The section heading for section 1375 is amended by striking "**SUBCHAPTER C**" and inserting "**ACCUMULATED**".

(D) The table of sections for part III of subchapter S of chapter 1 is amended by striking "subchapter C" in the item relating to section 1375 and inserting "accumulated".

(3) Clause (i) of section 1042(c)(4)(A) is amended by striking "section 1362(d)(3)(D)" and inserting "section 1362(d)(3)(C)".

SEC. 1312. CARRYOVER OF DISALLOWED LOSSES AND DEDUCTIONS UNDER AT-RISK RULES ALLOWED.

Paragraph (3) of section 1366(d) (relating to carryover of disallowed losses and deductions to post-termination transition period) is amended by adding at the end the following new subparagraph:

"(D) AT-RISK LIMITATIONS.—To the extent that any increase in adjusted basis described in subparagraph (B) would have increased the shareholder's amount at risk under section 465 if such increase had occurred on the day preceding the commencement of the post-termination transition period, rules similar to the rules described in subparagraphs (A) through (C) shall apply to any losses disallowed by reason of section 465(a).".

SEC. 1313. ADJUSTMENTS TO BASIS OF INHERITED S STOCK TO REFLECT CERTAIN ITEMS OF INCOME.

(a) IN GENERAL.—Subsection (b) of section 1367 (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new paragraph:

"(4) ADJUSTMENTS IN CASE OF INHERITED STOCK.—

"(A) IN GENERAL.—If any person acquires stock in an S corporation by reason of the death of a decedent or by bequest, devise, or inheritance, section 691 shall be applied with respect to any item of income of the S corporation in the same manner as if the decedent had held directly his pro rata share of such item.

"(B) ADJUSTMENTS TO BASIS.—The basis determined under section 1014 of any stock in an S corporation shall be reduced by the portion of the value of the stock which is attributable to items constituting income in respect of the decedent.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply in the case of decedents dying after the date of the enactment of this Act.

SEC. 1314. S CORPORATIONS ELIGIBLE FOR RULES APPLICABLE TO REAL PROPERTY SUBDIVIDED FOR SALE BY NONCORPORATE TAXPAYERS.

(a) IN GENERAL.—Subsection (a) of section 1237 (relating to real property subdivided for sale) is amended by striking "other than a corporation" in the material preceding paragraph (1) and inserting "other than a C corporation".

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 1237(a)(2) is amended by inserting "an S corporation which included the taxpayer as a shareholder," after "controlled by the taxpayer,".

SEC. 1315. FINANCIAL INSTITUTIONS.

Subparagraph (A) of section 1361(b)(2) (defining ineligible corporation), as redesignated by section 1308(a), is amended to read as follows:

"(A) a financial institution which uses the reserve method of accounting for bad debts described in section 585,".

SEC. 1316. CERTAIN EXEMPT ORGANIZATIONS ALLOWED TO BE SHAREHOLDERS.

(a) ELIGIBILITY TO BE SHAREHOLDERS.—

(1) IN GENERAL.—Subparagraph (B) of section 1361(b)(1) (defining small business corporation) is amended to read as follows:

"(B) have as a shareholder a person (other than an estate, a trust described in subsection (c)(2), or an organization described in subsection (c)(7)) who is not an individual,".

(2) ELIGIBLE EXEMPT ORGANIZATIONS.—Section 1361(c) (relating to special rules for applying subsection (b)) is amended by adding at the end the following new paragraph:

"(7) CERTAIN EXEMPT ORGANIZATIONS PERMITTED AS SHAREHOLDERS.—For purposes of subsection (b)(1)(B), an organization which is—

"(A) described in section 401(a) or 501(c)(3), and

"(B) exempt from taxation under section 501(a),

may be a shareholder in an S corporation.".

(b) CONTRIBUTIONS OF S CORPORATION STOCK.—Section 170(e)(1) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new sentence: "For purposes of applying this paragraph in the case of a charitable contribution of stock in an S corporation, rules similar to the rules of section 751 shall apply in determining whether gain on such stock would have been long-term capital gain if such stock were sold by the taxpayer.".

(c) TREATMENT OF INCOME.—Section 512 (relating to unrelated business taxable income), as amended by section 1113, is amended by adding at the end the following new subsection:

"(e) SPECIAL RULES APPLICABLE TO S CORPORATIONS.—

"(1) IN GENERAL.—If an organization described in section 1361(c)(7) holds stock in an S corporation—

"(A) such interest shall be treated as an interest in an unrelated trade or business; and

"(B) notwithstanding any other provision of this part—

"(i) all items of income, loss, or deduction taken into account under section 1366(a), and

"(ii) any gain or loss on the disposition of the stock in the S corporation

shall be taken into account in computing the unrelated business taxable income of such organization.

"(2) BASIS REDUCTION.—Except as provided in regulations, for purposes of paragraph (1), the basis of any stock acquired by purchase (within the meaning of section 1012) shall be reduced by the amount of any dividends received by the organization with respect to the stock.".

(d) CERTAIN BENEFITS NOT APPLICABLE TO S CORPORATIONS.—

(1) CONTRIBUTION TO ESOPS.—Paragraph (9) of section 404(a) (relating to certain contributions to employee ownership plans) is amended by inserting at the end the following new subparagraph:

"(C) S CORPORATIONS.—This paragraph shall not apply to an S corporation.".

(2) DIVIDENDS ON EMPLOYER SECURITIES.—Paragraph (1) of section 404(k) (relating to deduction for dividends on certain employer securities) is amended by striking "a corporation" and inserting "a C corporation".

(3) EXCHANGE TREATMENT.—Subparagraph (A) of section 1042(c)(1) (defining qualified securities) is amended by striking "domestic corporation" and inserting "domestic C corporation".

(e) CONFORMING AMENDMENT.—Clause (i) of section 1361(e)(1)(A), as added by section 1302, is amended by striking "which holds a contingent interest and is not a potential current beneficiary".

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1997.

SEC. 1317. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to taxable years beginning after December 31, 1996.

(b) TREATMENT OF CERTAIN ELECTIONS UNDER PRIOR LAW.—For purposes of section 1362(g) of the Internal Revenue Code of 1986 (relating to election after termination), any termination under section 1362(d) of such Code in a taxable year beginning before January 1, 1997, shall not be taken into account.

Subtitle D—Pension Simplification

CHAPTER 1—SIMPLIFIED DISTRIBUTION RULES

SEC. 1401. REPEAL OF 5-YEAR INCOME AVERAGING FOR LUMP-SUM DISTRIBUTIONS.

(a) IN GENERAL.—Subsection (d) of section 402 (relating to taxability of beneficiary of employees' trust) is amended to read as follows:

"(d) TAXABILITY OF BENEFICIARY OF CERTAIN FOREIGN SITUS TRUSTS.—For purposes of subsections (a), (b), and (c), a stock bonus, pension, or profit-sharing trust which would qualify for exemption from tax under section 501(a) except for the fact that it is a trust created or organized outside the United States shall be treated as if it were a trust exempt from tax under section 501(a).".

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (D) of section 402(e)(4) (relating to other rules applicable to exempt trusts) is amended to read as follows:

"(D) LUMP-SUM DISTRIBUTION.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'lump sum distribution' means the distribution or payment within one taxable year of the recipient of the balance to the credit of an employee which becomes payable to the recipient—

"(I) on account of the employee's death,

"(II) after the employee attains age 59½,

"(III) on account of the employee's separation from service, or

"(IV) after the employee has become disabled (within the meaning of section 72(m)(7)),

from a trust which forms a part of a plan described in section 401(a) and which is exempt from tax under section 501 or from a plan described in section 403(a). Subclause (III) of this clause shall be applied only with respect to an individual who is an employee without regard to section 401(c)(1), and subclause (IV) shall be applied only with respect to an employee within the meaning of section 401(c)(1). For purposes of this clause, a distribution to two or more trusts shall be treated as a distribution to one recipient. For purposes of this paragraph, the balance to the credit of the employee does not include the accumulated deductible employee contributions under the plan (within the meaning of section 72(o)(5)).

"(ii) AGGREGATION OF CERTAIN TRUSTS AND PLANS.—For purposes of determining the balance to the credit of an employee under clause (i)—

"(I) all trusts which are part of a plan shall be treated as a single trust, all pension plans maintained by the employer shall be treated as a single plan, all profit-sharing plans maintained by the employer shall be treated as a single plan, and all stock bonus plans maintained by the employer shall be treated as a single plan, and

"(II) trusts which are not qualified trusts under section 401(a) and annuity contracts which do not satisfy the requirements of section 404(a)(2) shall not be taken into account.

"(iii) COMMUNITY PROPERTY LAWS.—The provisions of this paragraph shall be applied without regard to community property laws.

"(iv) AMOUNTS SUBJECT TO PENALTY.—This paragraph shall not apply to amounts described in subparagraph (A) of section 72(m)(5) to the extent that section 72(m)(5) applies to such amounts.

"(v) BALANCE TO CREDIT OF EMPLOYEE NOT TO INCLUDE AMOUNTS PAYABLE UNDER QUALIFIED DOMESTIC RELATIONS ORDER.—For purposes of this paragraph, the balance to the credit of an employee shall not include any amount payable to an alternate payee under a qualified domestic relations order (within the meaning of section 414(p)).

"(vi) TRANSFERS TO COST-OF-LIVING ARRANGEMENT NOT TREATED AS DISTRIBUTION.—For purposes of this paragraph, the balance to the credit of an employee under a defined contribution plan shall not include any amount transferred from such defined contribution plan to a qualified cost-of-living arrangement (within the meaning of section 415(k)(2)) under a defined benefit plan.

"(vii) LUMP-SUM DISTRIBUTIONS OF ALTERNATE PAYEES.—If any distribution or payment of the balance to the credit of an employee would be treated as a lump-sum distribution, then, for purposes of this paragraph, the payment under a qualified domestic relations order (within the meaning of section 414(p)) of the balance to the credit of an alternate payee who is the spouse or former spouse of the employee shall be treated as a lump-sum distribution. For purposes of this clause, the balance to the credit of the alternate payee shall not include any amount payable to the employee.".

(2) Section 402(c) (relating to rules applicable to rollovers from exempt trusts) is amended by striking paragraph (10).

(3) Paragraph (1) of section 55(c) (defining regular tax) is amended by striking "shall not include any tax imposed by section 402(d) and".

(4) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(d)) is hereby repealed.

(5) Section 401(a)(28)(B) (relating to coordination with distribution rules) is amended by striking clause (v).

(6) Subparagraph (B)(ii) of section 401(k)(10) (relating to distributions that must be lump-sum distributions) is amended to read as follows:

"(ii) LUMP-SUM DISTRIBUTION.—For purposes of this subparagraph, the term 'lump-sum distribution' has the meaning given such term by section 402(e)(4)(D) (without regard to subclauses (I), (II), (III), and (IV) of clause (i) thereof).".

(7) Section 406(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(8) Section 407(c) (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(9) Section 691(c) (relating to deduction for estate tax) is amended by striking paragraph (5).

(10) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking "section 1, 55, or 402(d)(1)" and inserting "section 1 or 55".

(11) Subsection (b) of section 877 (relating to alternative tax) is amended by striking "section 1, 55, or 402(d)(1)" and inserting "section 1 or 55".

(12) Section 4980A(c)(4) is amended—

(A) by striking "to which an election under section 402(d)(4)(B) applies" and inserting "(as defined in section 402(e)(4)(D)) with respect to which the individual elects to have this paragraph apply",

(B) by adding at the end the following new flush sentence:

"An individual may elect to have this paragraph apply to only one lump-sum distribution.", and

(C) by striking the heading and inserting:

"(4) SPECIAL ONE-TIME ELECTION.—".

(13) Section 402(e) is amended by striking paragraph (5).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

(2) RETENTION OF CERTAIN TRANSITION RULES.—The amendments made by this section shall not apply to any distribution for which the taxpayer is eligible to elect the benefits of section 1122 (h)(3) or (h)(5) of the Tax Reform Act of 1986. Notwithstanding the preceding sentence, individuals who elect such benefits after December 31, 1999, shall not be eligible for 5-year averaging under section 402(d) of the Internal Revenue Code of 1986 (as in effect immediately before such amendments).

SEC. 1402. REPEAL OF $5,000 EXCLUSION OF EMPLOYEES' DEATH BENEFITS.

(a) IN GENERAL.—Subsection (b) of section 101 is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subsection (c) of section 101 is amended by striking "subsection (a) or (b)" and inserting "subsection (a)".

(2) Sections 406(e) and 407(e) are each amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(3) Section 7701(a)(20) is amended by striking ", for the purpose of applying the provisions of section 101(b) with respect to employees' death benefits".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to decedents dying after the date of the enactment of this Act.

SEC. 1403. SIMPLIFIED METHOD FOR TAXING ANNUITY DISTRIBUTIONS UNDER CERTAIN EMPLOYER PLANS.

(a) GENERAL RULE.—Subsection (d) of section 72 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended to read as follows:

"(d) SPECIAL RULES FOR QUALIFIED EMPLOYER RETIREMENT PLANS.—

"(1) SIMPLIFIED METHOD OF TAXING ANNUITY PAYMENTS.—

"(A) IN GENERAL.—In the case of any amount received as an annuity under a qualified employer retirement plan—

"(i) subsection (b) shall not apply, and

"(ii) the investment in the contract shall be recovered as provided in this paragraph.

"(B) METHOD OF RECOVERING INVESTMENT IN CONTRACT.—

"(i) IN GENERAL.—Gross income shall not include so much of any monthly annuity payment under a qualified employer retirement plan as does not exceed the amount obtained by dividing—

"(I) the investment in the contract (as of the annuity starting date), by

"(II) the number of anticipated payments determined under the table contained in clause (iii) (or, in the case of a contract to which subsection (c)(3)(B) applies, the number of monthly annuity payments under such contract).

"(ii) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) and (3) of subsection (b) shall apply for purposes of this paragraph.

"(iii) NUMBER OF ANTICIPATED PAYMENTS.—

"If the age of the primary annuitant on the annuity starting date is:	**The number of anticipated payments is:**
Not more than 55 ...	360
More than 55 but not more than 60	310
More than 60 but not more than 65	260
More than 65 but not more than 70	210
More than 70	160.

"(C) ADJUSTMENT FOR REFUND FEATURE NOT APPLICABLE.—For purposes of this paragraph, investment in the contract shall be determined under subsection (c)(1) without regard to subsection (c)(2).

"(D) SPECIAL RULE WHERE LUMP SUM PAID IN CONNECTION WITH COMMENCEMENT OF ANNUITY PAYMENTS.—If, in connection with the commencement of annuity payments under any qualified employer retirement plan, the taxpayer receives a lump sum payment—

"(i) such payment shall be taxable under subsection (e) as if received before the annuity starting date, and

"(ii) the investment in the contract for purposes of this paragraph shall be determined as if such payment had been so received.

"(E) EXCEPTION.—This paragraph shall not apply in any case where the primary annuitant has attained age 75 on the annuity starting date unless there are fewer than 5 years of guaranteed payments under the annuity.

"(F) ADJUSTMENT WHERE ANNUITY PAYMENTS NOT ON MONTHLY BASIS.—In any case where the annuity payments are not made on a monthly basis, appropriate adjustments in the application of this paragraph shall be made to take into account the period on the basis of which such payments are made.

"(G) QUALIFIED EMPLOYER RETIREMENT PLAN.—For purposes of this paragraph, the term 'qualified employer retirement plan' means any plan or contract described in paragraph (1), (2), or (3) of section 4974(c).

"(2) TREATMENT OF EMPLOYEE CONTRIBUTIONS UNDER DEFINED CONTRIBUTION PLANS.—For purposes of this section, employee contributions (and any income allocable thereto) under a defined contribution plan may be treated as a separate contract.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply in cases where the annuity starting date is after the 90th day after the date of the enactment of this Act.

SEC. 1404. REQUIRED DISTRIBUTIONS.

(a) IN GENERAL.—Section 401(a)(9)(C) (defining required beginning date) is amended to read as follows:

"(C) REQUIRED BEGINNING DATE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'required beginning date' means April 1 of the calendar year following the later of—

"(I) the calendar year in which the employee attains age 70½, or

"(II) the calendar year in which the employee retires.

"(ii) EXCEPTION.—Subclause (II) of clause (i) shall not apply—

"(I) except as provided in section 409(d), in the case of an employee who is a 5-percent owner (as defined in section 416) with respect to the plan year ending in the calendar year in which the employee attains age 70½, or

"(II) for purposes of section 408 (a)(6) or (b)(3).

"(iii) ACTUARIAL ADJUSTMENT.—In the case of an employee to whom clause (i)(II) applies who retires in a calendar year after the calendar year in which the employee attains age 70½, the employee's accrued benefit shall be actuarially increased to take into account the period after age 70½ in which the employee was not receiving any benefits under the plan.

"(iv) EXCEPTION FOR GOVERNMENTAL AND CHURCH PLANS.—Clauses (ii) and (iii) shall not apply in the case of a governmental plan or church plan. For purposes of this clause, the term 'church plan' means a plan maintained by a church for church employees, and the term 'church' means any church (as defined in section 3121(w)(3)(A)) or qualified church-controlled organization (as defined in section 3121(w)(3)(B)).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996.

CHAPTER 2—INCREASED ACCESS TO RETIREMENT PLANS

Subchapter A—Simple Savings Plans

SEC. 1421. ESTABLISHMENT OF SAVINGS INCENTIVE MATCH PLANS FOR EMPLOYEES OF SMALL EMPLOYERS.

(a) IN GENERAL.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) SIMPLE RETIREMENT ACCOUNTS.—

"(1) IN GENERAL.—For purposes of this title, the term 'simple retirement account' means an individual retirement plan (as defined in section 7701(a)(37))—

"(A) with respect to which the requirements of paragraphs (3), (4), and (5) are met; and

"(B) with respect to which the only contributions allowed are contributions under a qualified salary reduction arrangement.

"(2) QUALIFIED SALARY REDUCTION ARRANGEMENT.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified salary reduction arrangement' means a written arrangement of an eligible employer under which—

"(i) an employee eligible to participate in the arrangement may elect to have the employer make payments—

"(I) as elective employer contributions to a simple retirement account on behalf of the employee, or

"(II) to the employee directly in cash,

"(ii) the amount which an employee may elect under clause (i) for any year is required to be expressed as a percentage of compensation and may not exceed a total of $6,000 for any year,

"(iii) the employer is required to make a matching contribution to the simple retirement account for any year in an amount equal to so much of the amount the employee elects under clause (i)(I) as does not exceed the applicable percentage of compensation for the year, and

"(iv) no contributions may be made other than contributions described in clause (i) or (iii).

"(B) EMPLOYER MAY ELECT 2-PERCENT NONELECTIVE CONTRIBUTION.—

"(i) IN GENERAL.—An employer shall be treated as meeting the requirements of subparagraph (A)(iii) for any year if, in lieu of the contributions described in such clause, the employer elects to make nonelective contributions of 2 percent of compensation for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year. If an employer makes an election under this subparagraph for any year, the employer shall notify employees of such election within a reasonable period of time before the 60-day period for such year under paragraph (5)(C).

"(ii) COMPENSATION LIMITATION.—The compensation taken into account under clause (i) for any year shall not exceed the limitation in effect for such year under section 401(a)(17).

"(C) DEFINITIONS.—For purposes of this subsection—

"(i) ELIGIBLE EMPLOYER.—

"(I) IN GENERAL.—The term 'eligible employer' means, with respect to any year, an employer which had no more than 100 employees who received at least $5,000 of compensation from the employer for the preceding year.

"(II) 2-YEAR GRACE PERIOD.—An eligible employer who establishes and maintains a plan under this subsection for 1 or more years and who fails to be an eligible employer for any subsequent year shall be treated as an eligible employer for the 2 years following the last year the employer was an eligible employer. If such failure is due to any acquisition, disposition, or similar transaction involving an eligible employer, the preceding sentence shall apply only in accordance with rules similar to the rules of section 410(b)(6)(C)(i).

"(ii) APPLICABLE PERCENTAGE.—

"(I) IN GENERAL.—The term 'applicable percentage' means 3 percent.

"(II) ELECTION OF LOWER PERCENTAGE.—An employer may elect to apply a lower percentage (not less than 1 percent) for any year for all employees eligible to participate in the plan for such year if the employer notifies the employees of such lower percentage within a reasonable period of time before the 60-day election period for such year under paragraph (5)(C). An employer may not elect a lower percentage under this subclause for any year if that election would result in the applicable percentage being lower than 3 percent in more than 2 of the years in the 5-year period ending with such year.

"(III) SPECIAL RULE FOR YEARS ARRANGEMENT NOT IN EFFECT.—If any year in the 5-year period described in subclause (II) is a year prior to the first year for which any qualified salary reduction arrangement is in effect with respect to the employer (or any predecessor), the employer shall be treated as if the level of the employer matching contribution was at 3 percent of compensation for such prior year.

"(D) ARRANGEMENT MAY BE ONLY PLAN OF EMPLOYER.—

"(i) IN GENERAL.—An arrangement shall not be treated as a qualified salary reduction arrangement for any year if the employer (or any predecessor employer) maintained a qualified plan with respect to which contributions were made, or benefits were accrued, for service in any year in the period beginning with the year such arrangement became effective and ending with the year for which the determination is being made.

"(ii) QUALIFIED PLAN.—For purposes of this subparagraph, the term 'qualified plan' means a plan, contract, pension, or trust described in subparagraph (A) or (B) of section 219(g)(5).

"(E) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust the $6,000 amount under subparagraph (A)(ii) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter ending September 30, 1996, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.

"(3) VESTING REQUIREMENTS.—The requirements of this paragraph are met with respect to a simple retirement account if the employee's rights to any contribution to the simple retirement account are nonforfeitable. For purposes of this paragraph, rules similar to the rules of subsection (k)(4) shall apply.

"(4) PARTICIPATION REQUIREMENTS.—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to any simple retirement account for a year only if, under the qualified salary reduction arrangement, all employees of the employer who—

"(i) received at least $5,000 in compensation from the employer during any 2 preceding years, and

"(ii) are reasonably expected to receive at least $5,000 in compensation during the year,

are eligible to make the election under paragraph (2)(A)(i) or receive the nonelective contribution described in paragraph (2)(B).

"(B) EXCLUDABLE EMPLOYEES.—An employer may elect to exclude from the requirement under subparagraph (A) employees described in section 410(b)(3).

"(5) ADMINISTRATIVE REQUIREMENTS.—The requirements of this paragraph are met with respect to any simplified retirement account if, under the qualified salary reduction arrangement—

"(A) an employer must—

"(i) make the elective employer contributions under paragraph (2)(A)(i) not later than the close of the 30-day period following the last day of the month with respect to which the contributions are to be made, and

"(ii) make the matching contributions under paragraph (2)(A)(iii) or the nonelective contributions under paragraph (2)(B) not later than the date described in section 404(m)(2)(B),

"(B) an employee may elect to terminate participation in such arrangement at any time during the year, except that if an employee so terminates, the arrangement may provide that the employee may not elect to resume participation until the beginning of the next year, and

"(C) each employee eligible to participate may elect, during the 60-day period before the beginning of any year (and the 60-day period before the first day such employee is eligible to participate), to participate in the arrangement, or to modify the amounts subject to such arrangement, for such year.

"(6) DEFINITIONS.—For purposes of this subsection—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The term 'compensation' means amounts described in paragraphs (3) and (8) of section 6051(a).

"(ii) SELF-EMPLOYED.—In the case of an employee described in subparagraph (B), the term 'compensation' means net earnings from self-employment determined under section 1402(a) without regard to any contribution under this subsection.

"(B) EMPLOYEE.—The term 'employee' includes an employee as defined in section 401(c)(1).

"(C) YEAR.—The term 'year' means the calendar year.

"(7) USE OF DESIGNATED FINANCIAL INSTITUTION.—A plan shall not be treated as failing to satisfy the requirements of this subsection or any other provision of this title merely because the employer makes all contributions to the individual retirement accounts or annuities of a designated trustee or issuer. The preceding sentence shall not apply unless each plan participant is notified in writing (either separately or as part of the notice under subsection (l)(2)(C)) that the participant's balance may be transferred without cost or penalty to another individual account or annuity in accordance with subsection (d)(3)(G).".

(b) TAX TREATMENT OF SIMPLE RETIREMENT ACCOUNTS.—

(1) DEDUCTIBILITY OF CONTRIBUTIONS BY EMPLOYEES.—

(A) Section 219(b) (relating to maximum amount of deduction) is amended by adding at the end the following new paragraph:

"(4) SPECIAL RULE FOR SIMPLE RETIREMENT ACCOUNTS.—This section shall not apply with respect to any amount contributed to a simple retirement account established under section 408(p).".

(B) Section 219(g)(5)(A) (defining active participant) is amended by striking "or" at the end of clause (iv) and by adding at the end the following new clause:

"(vi) any simple retirement account (within the meaning of section 408(p)), or".

(2) DEDUCTIBILITY OF EMPLOYER CONTRIBUTIONS.—Section 404 (relating to deductions for contributions of an employer to pension, etc. plans) is amended by adding at the end the following new subsection:

"(m) SPECIAL RULES FOR SIMPLE RETIREMENT ACCOUNTS.—

"(1) IN GENERAL.—Employer contributions to a simple retirement account shall be treated as if they are made to a plan subject to the requirements of this section.

"(2) TIMING.—

"(A) DEDUCTION.—Contributions described in paragraph (1) shall be deductible in the taxable year of the employer with or within which the calendar year for which the contributions were made ends.

"(B) CONTRIBUTIONS AFTER END OF YEAR.—For purposes of this subsection, contributions shall be treated as made for a taxable year if they are made on account of the taxable year and are made not later than the time prescribed by law for filing the return for the taxable year (including extensions thereof).".

(3) CONTRIBUTIONS AND DISTRIBUTIONS.—

(A) Section 402 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

"(k) TREATMENT OF SIMPLE RETIREMENT ACCOUNTS.—Rules similar to the rules of paragraphs (1) and (3) of subsection (h) shall apply to contributions and distributions with respect to a simple retirement account under section 408(p).".

(B) Section 408(d)(3) is amended by adding at the end the following new subparagraph:

"(G) SIMPLE RETIREMENT ACCOUNTS.—This paragraph shall not apply to any amount paid or distributed out of a simple retirement account (as defined in subsection (p)) unless—

"(i) it is paid into another simple retirement account, or

"(ii) in the case of any payment or distribution to which section 72(t)(6) does not apply, it is paid into an individual retirement plan.".

(C) Clause (i) of section 457(c)(2)(B) is amended by striking "section 402(h)(1)(B)" and inserting "section 402(h)(1)(B) or (k)".

(4) PENALTIES.—

(A) EARLY WITHDRAWALS.—Section 72(t) (relating to additional tax in early distributions) is amended by adding at the end the following new paragraph:

"(6) SPECIAL RULES FOR SIMPLE RETIREMENT ACCOUNTS.—In the case of any amount received from a simple retirement account (within the meaning of section 408(p)) during the 2-year period beginning on the date such individual first participated in any qualified salary reduction arrangement maintained by the individual's employer under section 408(p)(2), paragraph (1) shall be applied by substituting '25 percent' for '10 percent'.".

(B) FAILURE TO REPORT.—Section 6693 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) PENALTIES RELATING TO SIMPLE RETIREMENT ACCOUNTS.—

"(1) EMPLOYER PENALTIES.—An employer who fails to provide 1 or more notices required by section 408(l)(2)(C) shall pay a penalty of $50 for each day on which such failures continue.

"(2) TRUSTEE PENALTIES.—A trustee who fails—

"(A) to provide 1 or more statements required by the last sentence of section 408(i) shall pay a penalty of $50 for each day on which such failures continue, or

"(B) to provide 1 or more summary descriptions required by section 408(l)(2)(B) shall pay a penalty of $50 for each day on which such failures continue.

"(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection with respect to any failure which the taxpayer shows was due to reasonable cause.".

(5) REPORTING REQUIREMENTS.—

(A) Section 408(l) is amended by adding at the end the following new paragraph:

"(2) SIMPLE RETIREMENT ACCOUNTS.—

"(A) NO EMPLOYER REPORTS.—Except as provided in this paragraph, no report shall be required under this section by an employer maintaining a qualified salary reduction arrangement under subsection (p).

"(B) SUMMARY DESCRIPTION.—The trustee of any simple retirement account established pursuant to a qualified salary reduction arrangement under subsection (p) shall provide to the employer maintaining the arrangement, each year a description containing the following information:

"(i) The name and address of the employer and the trustee.

"(ii) The requirements for eligibility for participation.

"(iii) The benefits provided with respect to the arrangement.

"(iv) The time and method of making elections with respect to the arrangement.

"(v) The procedures for, and effects of, withdrawals (including rollovers) from the arrangement.

"(C) EMPLOYEE NOTIFICATION.—The employer shall notify each employee immediately before the period for which an election described in subsection (p)(5)(C) may be made of the employee's opportunity to make such election. Such notice shall include a copy of the description described in subparagraph (B).".

(B) Section 408(l) is amended by striking "An employer" and inserting the following:

"(1) IN GENERAL.—An employer".

(6) REPORTING REQUIREMENTS.—Section 408(i) is amended by adding at the end the following new flush sentence:

"In the case of a simple retirement account under subsection (p), only one report under this subsection shall be required to be submitted each calendar year to the Secretary (at the time provided under paragraph (2)) but, in addition to the report under this subsection, there shall be furnished, within 30 days after each calendar year, to the individual on whose behalf the account is maintained a statement with respect to the account balance as of the close of, and the account activity during, such calendar year.".

(7) EXEMPTION FROM TOP-HEAVY PLAN RULES.—Section 416(g)(4) (relating to special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

"(G) SIMPLE RETIREMENT ACCOUNTS.—The term 'top-heavy plan' shall not include a simple retirement account under section 408(p).".

(8) EMPLOYMENT TAXES.—

(A) Paragraph (5) of section 3121(a) is amended by striking "or" at the end of subparagraph (F), by inserting "or" at the end of subparagraph (G), and by adding at the end the following new subparagraph:

"(H) under an arrangement to which section 408(p) applies, other than any elective contributions under paragraph (2)(A)(i) thereof,".

(B) Section 209(a)(4) of the Social Security Act is amended by inserting "; or (J) under an arrangement to which section 408(p) of such Code applies, other than any elective contributions under paragraph (2)(A)(i) thereof" before the semicolon at the end thereof.

(C) Paragraph (5) of section 3306(b) is amended by striking "or" at the end of subparagraph (F), by inserting "or" at the end of subparagraph (G), and by adding at the end the following new subparagraph:

"(H) under an arrangement to which section 408(p) applies, other than any elective contributions under paragraph (2)(A)(i) thereof,".

(D) Paragraph (12) of section 3401(a) is amended by adding the following new subparagraph:

"(D) under an arrangement to which section 408(p) applies; or".

(9) CONFORMING AMENDMENTS.—

(A) Section 280G(b)(6) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or" and by adding after subparagraph (C) the following new subparagraph:

"(D) a simple retirement account described in section 408(p).".

(B) Section 402(g)(3) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by adding after subparagraph (C) the following new subparagraph:

"(D) any elective employer contribution under section 408(p)(2)(A)(i).".

(C) Subsections (b), (c), (m)(4)(B), and (n)(3)(B) of section 414 are each amended by inserting "408(p)," after "408(k),".

(D) Section 4972(d)(1)(A) is amended by striking "and" at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ", and", and by adding after clause (iii) the following new clause:

"(iv) any simple retirement account (within the meaning of section 408(p)).".

(c) REPEAL OF SALARY REDUCTION SIMPLIFIED EMPLOYEE PENSIONS.—Section 408(k)(6) is amended by adding at the end the following new subparagraph:

"(H) TERMINATION.—This paragraph shall not apply to years beginning after December 31, 1996. The preceding sentence shall not apply to a simplified employee pension if the terms of such pension, as in effect on December 31, 1996, provide that an employee may make the election described in subparagraph (A).".

(d) MODIFICATIONS OF ERISA.—

(1) REPORTING REQUIREMENTS.—Section 101 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) SIMPLE RETIREMENT ACCOUNTS.—

"(1) NO EMPLOYER REPORTS.—Except as provided in this subsection, no report shall be required under this section by an employer maintaining a qualified salary reduction arrangement under section 408(p) of the Internal Revenue Code of 1986.

"(2) SUMMARY DESCRIPTION.—The trustee of any simple retirement account established pursuant to a qualified salary reduction arrangement under section 408(p) of such Code shall provide to the employer maintaining the arrangement each year a description containing the following information:

"(A) The name and address of the employer and the trustee.

"(B) The requirements for eligibility for participation.

"(C) The benefits provided with respect to the arrangement.

"(D) The time and method of making elections with respect to the arrangement.

"(E) The procedures for, and effects of, withdrawals (including rollovers) from the arrangement.

"(3) EMPLOYEE NOTIFICATION.—The employer shall notify each employee immediately before the period for which an election described in section 408(p)(5)(C) of such Code may be made of the employee's opportunity to make such election. Such notice shall include a copy of the description described in paragraph (2)."

(2) FIDUCIARY DUTIES.—Section 404(c) of such Act (29 U.S.C. 1104(c)) is amended by inserting "(1)" after "(c)", by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by adding at the end the following new paragraph:

"(2) In the case of a simple retirement account established pursuant to a qualified salary reduction arrangement under section 408(p) of the Internal Revenue Code of 1986, a participant or beneficiary shall, for purposes of paragraph (1), be treated as exercising control over the assets in the account upon the earliest of—

"(A) an affirmative election among investment options with respect to the initial investment of any contribution,

"(B) a rollover to any other simple retirement account or individual retirement plan, or

"(C) one year after the simple retirement account is established.

No reports, other than those required under section 101(g), shall be required with respect to a simple retirement account established pursuant to such a qualified salary reduction arrangement.".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1422. EXTENSION OF SIMPLE PLAN TO 401(k) ARRANGEMENTS.

(a) ALTERNATIVE METHOD OF SATISFYING SECTION 401(k) NONDISCRIMINATION TESTS.—Section 401(k) (relating to cash or deferred arrangements) is amended by adding at the end the following new paragraph:

"(11) ADOPTION OF SIMPLE PLAN TO MEET NONDISCRIMINATION TESTS.—

"(A) IN GENERAL.—A cash or deferred arrangement maintained by an eligible employer shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement meets—

"(i) the contribution requirements of subparagraph (B),

"(ii) the exclusive plan requirements of subparagraph (C), and

"(iii) the vesting requirements of section 408(p)(3).

"(B) CONTRIBUTION REQUIREMENTS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement—

"(I) an employee may elect to have the employer make elective contributions for the year on behalf of the employee to a trust under the plan in an amount which is expressed as a percentage of compensation of the employee but which in no event exceeds $6,000,

"(II) the employer is required to make a matching contribution to the trust for the year in an amount equal to so much of the amount the employee elects under subclause (I) as does not exceed 3 percent of compensation for the year, and

"(III) no other contributions may be made other than contributions described in subclause (I) or (II).

"(ii) EMPLOYER MAY ELECT 2-PERCENT NONELECTIVE CONTRIBUTION.—An employer shall be treated as meeting the requirements of clause (i)(II) for any year if, in lieu of the contributions described in such clause, the employer elects (pursuant to the terms of the arrangement) to make nonelective contributions of 2 percent of compensation for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year. If an employer makes an election under this subparagraph for any year, the employer shall notify employees of such election within a reasonable period of time before the 60th day before the beginning of such year.

"(C) EXCLUSIVE PLAN REQUIREMENT.—The requirements of this subparagraph are met for any year to which this paragraph applies if no contributions were made, or benefits were accrued, for services during such year under any qualified plan of the employer on behalf of any employee eligible to participate in the cash or deferred arrangement, other than contributions described in subparagraph (B).

"(D) DEFINITIONS AND SPECIAL RULE.—

"(i) DEFINITIONS.—For purposes of this paragraph, any term used in this paragraph which is also used in section 408(p) shall have the meaning given such term by such section.

"(ii) COORDINATION WITH TOP-HEAVY RULES.—A plan meeting the requirements of this paragraph for any year shall not be treated as a top-heavy plan under section 416 for such year.".

(b) ALTERNATIVE METHODS OF SATISFYING SECTION 401(m) NONDISCRIMINATION TESTS.—Section 401(m) (relating to nondiscrimination test for matching contributions and employee contributions) is amended by redesignating paragraph (10) as paragraph (11) and by adding after paragraph (9) the following new paragraph:

"(10) ALTERNATIVE METHOD OF SATISFYING TESTS.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

"(A) meets the contribution requirements of subparagraph (B) of subsection (k)(11),

"(B) meets the exclusive plan requirements of subsection (k)(11)(C), and

"(C) meets the vesting requirements of section 408(p)(3).".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1996.

Subchapter B—Other Provisions

SEC. 1426. TAX-EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(k).

(a) IN GENERAL.—Subparagraph (B) of section 401(k)(4) is amended to read as follows:

"(B) ELIGIBILITY OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

"(i) TAX-EXEMPTS ELIGIBLE.—Except as provided in clause (ii), any organization exempt from tax under this subtitle may include a qualified cash or deferred arrangement as part of a plan maintained by it.

"(ii) GOVERNMENTS INELIGIBLE.—A cash or deferred arrangement shall not be treated as a qualified cash or deferred arrangement if it is part of a plan maintained by a State or local government or political subdivision thereof, or any agency or instrumentality thereof. This clause shall not apply to a rural cooperative plan or to a plan of an employer described in clause (iii).

"(iii) TREATMENT OF INDIAN TRIBAL GOVERNMENTS.—An employer which is an Indian tribal government (as defined in section 7701(a)(40)), a subdivision of an Indian tribal government (determined in accordance with section 7871(d)), an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of the foregoing may include a qualified cash or deferred arrangement as part of a plan maintained by the employer.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning after December 31, 1996, but shall not apply to any cash or deferred arrangement to which clause (i) of section 1116(f)(2)(B) of the Tax Reform Act of 1986 applies.

SEC. 1427. HOMEMAKERS ELIGIBLE FOR FULL IRA DEDUCTION.

(a) SPOUSAL IRA COMPUTED ON BASIS OF COMPENSATION OF BOTH SPOUSES.—Subsection (c) of section 219 (relating to special rules for certain married individuals) is amended to read as follows:

"(c) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—

"(1) IN GENERAL.—In the case of an individual to whom this paragraph applies for the taxable year, the limitation of paragraph (1) of subsection (b) shall be equal to the lesser of—

"(A) the dollar amount in effect under subsection (b)(1)(A) for the taxable year, or

"(B) the sum of—

"(i) the compensation includible in such individual's gross income for the taxable year, plus

"(ii) the compensation includible in the gross income of such individual's spouse for the taxable year reduced by the amount allowed as a deduction under subsection (a) to such spouse for such taxable year.

"(2) INDIVIDUALS TO WHOM PARAGRAPH (1) APPLIES.—Paragraph (1) shall apply to any individual if—

"(A) such individual files a joint return for the taxable year, and

"(B) the amount of compensation (if any) includible in such individual's gross income for the taxable year is less than the compensation includible in the gross income of such individual's spouse for the taxable year.".

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 219(f) (relating to other definitions and special rules) is amended by striking "subsections (b) and (c)" and inserting "subsection (b)".

(2) Section 219(g)(1) is amended by striking "(c)(2)" and inserting "(c)(1)(A)".

(3) Section 408(d)(5) is amended by striking "$2,250" and inserting "the dollar amount in effect under section 219(b)(1)(A)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

CHAPTER 3—NONDISCRIMINATION PROVISIONS

SEC. 1431. DEFINITION OF HIGHLY COMPENSATED EMPLOYEES; REPEAL OF FAMILY AGGREGATION.

(a) IN GENERAL.—Paragraph (1) of section 414(q) (defining highly compensated employee) is amended to read as follows:

"(1) IN GENERAL.—The term 'highly compensated employee' means any employee who—

"(A) was a 5-percent owner at any time during the year or the preceding year, or

"(B) for the preceding year—

"(i) had compensation from the employer in excess of $80,000, and

"(ii) if the employer elects the application of this clause for such preceding year, was in the top-paid group of employees for such preceding year.

The Secretary shall adjust the $80,000 amount under subparagraph (B) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996.".

(b) REPEAL OF FAMILY AGGREGATION RULES.—

(1) IN GENERAL.—Paragraph (6) of section 414(q) is hereby repealed.

(2) COMPENSATION LIMIT.—Paragraph (17)(A) of section 401(a) is amended by striking the last sentence.

(3) DEDUCTION.—Subsection (l) of section 404 is amended by striking the last sentence.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subsection (q) of section 414 is amended by striking paragraphs (2), (5), and (12) and by redesignating paragraphs (3), (4), (7), (8), (9), (10), and (11) as paragraphs (2) through (8), respectively.

(B) Sections 129(d)(8)(B), 401(a)(5)(D)(ii), 408(k)(2)(C), and 416(i)(1)(D) are each amended by striking "section 414(q)(7)" and inserting "section 414(q)(4)".

(C) Section 416(i)(1)(A) is amended by striking "section 414(q)(8)" and inserting "section 414(q)(5)".

(D) Subparagraph (A) of section 414(r)(2) is amended by striking "subsection (q)(8)" and inserting "subsection (q)(5)".

(E) Section 414(q)(5), as redesignated by subparagraph (A), is amended by striking "under paragraph (4), or the number of officers taken into account under paragraph (5)".

(2) Section 1114(c)(4) of the Tax Reform Act of 1986 is amended by adding at the end the following new sentence: "Any reference in this paragraph to section 414(q) shall be treated as a reference to such section as in effect on the day before the date of the enactment of the Small Business Job Protection Act of 1996.".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1996, except that in determining whether an employee is a highly compensated employee for years beginning in 1997, such amendments shall be treated as having been in effect for years beginning in 1996.

(2) FAMILY AGGREGATION.—The amendments made by subsection (b) shall apply to years beginning after December 31, 1996.

SEC. 1432. MODIFICATION OF ADDITIONAL PARTICIPATION REQUIREMENTS.

(a) GENERAL RULE.—Section 401(a)(26)(A) (relating to additional participation requirements) is amended to read as follows:

"(A) IN GENERAL.—In the case of a trust which is a part of a defined benefit plan, such trust shall not constitute a qualified trust under this subsection unless on each day of the plan year such trust benefits at least the lesser of—

"(i) 50 employees of the employer, or

"(ii) the greater of—

"(I) 40 percent of all employees of the employer, or

"(II) 2 employees (or if there is only 1 employee, such employee).".

(b) SEPARATE LINE OF BUSINESS TEST.—Section 401(a)(26)(G) (relating to separate line of business) is amended by striking "paragraph (7)" and inserting "paragraph (2)(A) or (7)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1996.

SEC. 1433. NONDISCRIMINATION RULES FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS AND MATCHING CONTRIBUTIONS.

(a) ALTERNATIVE METHODS OF SATISFYING SECTION 401(k) NONDISCRIMINATION TESTS.—Section 401(k) (relating to cash or deferred arrangements), as amended by section 1422, is amended by adding at the end the following new paragraph:

"(12) ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—

"(A) IN GENERAL.—A cash or deferred arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii) if such arrangement—

"(i) meets the contribution requirements of subparagraph (B) or (C), and

"(ii) meets the notice requirements of subparagraph (D).

"(B) MATCHING CONTRIBUTIONS.—

"(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, the employer makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to—

"(I) 100 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 3 percent of the employee's compensation, and

"(II) 50 percent of the elective contributions of the employee to the extent that such elective contributions exceed 3 percent but do not exceed 5 percent of the employee's compensation.

"(ii) RATE FOR HIGHLY COMPENSATED EMPLOYEES.—The requirements of this subparagraph are not met if, under the arrangement, the rate of matching contribution with respect to any elective contribution of a highly compensated employee at any rate of elective contribution is greater than that with respect to an employee who is not a highly compensated employee.

"(iii) ALTERNATIVE PLAN DESIGNS.—If the rate of any matching contribution with respect to any rate of elective contribution is not equal to the percentage required under clause (i), an arrangement shall not be treated as failing to meet the requirements of clause (i) if—

"(I) the rate of an employer's matching contribution does not increase as an employee's rate of elective contributions increase, and

"(II) the aggregate amount of matching contributions at such rate of elective contribution is at least equal to the aggregate amount of matching contributions which would be made if matching contributions were made on the basis of the percentages described in clause (i).

"(C) NONELECTIVE CONTRIBUTIONS.—The requirements of this subparagraph are met if, under the arrangement, the employer is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent of the employee's compensation.

"(D) NOTICE REQUIREMENT.—An arrangement meets the requirements of this paragraph if, under the arrangement, each employee eligible to participate is, within a reasonable period before any year, given written notice of the employee's rights and obligations under the arrangement which—

"(i) is sufficiently accurate and comprehensive to appraise the employee of such rights and obligations, and

"(ii) is written in a manner calculated to be understood by the average employee eligible to participate.

"(E) OTHER REQUIREMENTS.—

"(i) WITHDRAWAL AND VESTING RESTRICTIONS.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) of this paragraph unless the requirements of subparagraphs (B) and (C) of paragraph (2) are met with respect to all employer contributions (including matching contributions) taken into account in determining whether the requirements of subparagraphs (B) and (C) of this paragraph are met.

"(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS NOT TAKEN INTO ACCOUNT.—An arrangement shall not be treated as meeting the requirements of subparagraph (B) or (C) unless such requirements are met without regard to subsection (l), and, for purposes of subsection (l), employer contributions under subparagraph (B) or (C) shall not be taken into account.

"(F) OTHER PLANS.—An arrangement shall be treated as meeting the requirements under subparagraph (A)(i) if any other plan maintained by the employer meets such requirements with respect to employees eligible under the arrangement.".

(b) ALTERNATIVE METHODS OF SATISFYING SECTION 401(m) NONDISCRIMINATION TESTS.—Section 401(m) (relating to nondiscrimination test for matching contributions and employee contributions), as amended by section 1422(b), is amended by redesignating paragraph (11) as paragraph (12) and by adding after paragraph (10) the following new paragraph:

"(11) ALTERNATIVE METHOD OF SATISFYING TESTS.—

"(A) IN GENERAL.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

"(i) meets the contribution requirements of subparagraph (B) or (C) of subsection (k)(12),

"(ii) meets the notice requirements of subsection (k)(12)(D), and

"(iii) meets the requirements of subparagraph (B).

"(B) LIMITATION ON MATCHING CONTRIBUTIONS.—The requirements of this subparagraph are met if—

"(i) matching contributions on behalf of any employee may not be made with respect to an employee's contributions or elective deferrals in excess of 6 percent of the employee's compensation,

"(ii) the rate of an employer's matching contribution does not increase as the rate of an employee's contributions or elective deferrals increase, and

"(iii) the matching contribution with respect to any highly compensated employee at any rate of an employee contribution or rate of elective deferral is not greater than that with respect to an employee who is not a highly compensated employee.".

(c) YEAR FOR COMPUTING NONHIGHLY COMPENSATED EMPLOYEE PERCENTAGE.—

(1) CASH OR DEFERRED ARRANGEMENTS.—Section 401(k)(3)(A) is amended—

(A) by striking "such year" in clause (ii) and inserting "the plan year",

(B) by striking "for such plan year" in clause (ii) and inserting "for the preceding plan year", and

(C) by adding at the end the following new sentence: "An arrangement may apply clause (ii) by using the plan year rather than the preceding plan year if the employer so elects, except that if such an election is made, it may not be changed except as provided by the Secretary.".

(2) MATCHING AND EMPLOYEE CONTRIBUTIONS.—Section 401(m)(2)(A) is amended—

(A) by inserting "for such plan year" after "highly compensated employees",

(B) by inserting "for the preceding plan year" after "eligible employees" each place it appears in clause (i) and clause (ii), and

(C) by adding at the end the following flush sentence:

"This subparagraph may be applied by using the plan year rather than the preceding plan year if the employer so elects, except that if such an election is made, it may not be changed except as provided the Secretary.".

(d) SPECIAL RULE FOR DETERMINING AVERAGE DEFERRAL PERCENTAGE FOR FIRST PLAN YEAR, ETC.—

(1) Paragraph (3) of section 401(k) is amended by adding at the end the following new subparagraph:

"(E) For purposes of this paragraph, in the case of the first plan year of any plan (other than a successor plan), the amount taken into account as the actual deferral percentage of nonhighly compensated employees for the preceding plan year shall be—

"(i) 3 percent, or

"(ii) if the employer makes an election under this subclause, the actual deferral percentage of nonhighly compensated employees determined for such first plan year.".

(2) Paragraph (3) of section 401(m) is amended by adding at the end the following: "Rules similar to the rules of subsection (k)(3)(E) shall apply for purposes of this subsection.".

(e) DISTRIBUTION OF EXCESS CONTRIBUTIONS AND EXCESS AGGREGATE CONTRIBUTIONS.—

(1) Subparagraph (C) of section 401(k)(8) (relating to arrangement not disqualified if excess contributions distributed) is amended by striking "on the basis of the respective portions of the excess contributions attributable to each of such employees" and inserting "on the basis of the amount of contributions by, or on behalf of, each of such employees".

(2) Subparagraph (C) of section 401(m)(6) (relating to method of distributing excess aggregate contributions) is amended by striking "on the basis of the respective portions of such amounts attributable to each of such employees" and inserting "on the basis of the amount of contributions on behalf of, or by, each such employee".

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1998.

(2) EXCEPTIONS.—The amendments made by subsections (c), (d), and (e) shall apply to years beginning after December 31, 1996.

SEC. 1434. DEFINITION OF COMPENSATION FOR SECTION 415 PURPOSES.

(a) GENERAL RULE.—Section 415(c)(3) (defining participant's compensation) is amended by adding at the end the following new subparagraph:

"(D) CERTAIN DEFERRALS INCLUDED.—The term 'participant's compensation' shall include—

"(i) any elective deferral (as defined in section 402(g)(3)), and

"(ii) any amount which is contributed or deferred by the employer at the election of the employee and which is not includible in the gross income of the employee by reason of section 125 or 457.".

(b) CONFORMING AMENDMENTS.—

(1) Section 414(q)(4), as redesignated by section 1431, is amended to read as follows:

"(4) COMPENSATION.—For purposes of this subsection, the term 'compensation' has the meaning given such term by section 415(c)(3).".

(2) Section 414(s)(2) is amended by inserting "not" after "elect" in the text and heading thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1997.

CHAPTER 4—MISCELLANEOUS PROVISIONS

SEC. 1441. PLANS COVERING SELF-EMPLOYED INDIVIDUALS.

(a) AGGREGATION RULES.—Section 401(d) (relating to additional requirements for qualification of trusts and plans benefiting owner-employees) is amended to read as follows:

"(d) CONTRIBUTION LIMIT ON OWNER-EMPLOYEES.—A trust forming part of a pension or profit-sharing plan which provides contributions or benefits for employees some or all of whom are owner-employees shall constitute a qualified trust under this section only if, in addition to meeting the requirements of subsection (a), the plan provides that contributions on behalf of any owner-employee may be made only with respect to the earned income of such owner-employee which is derived from the trade or business with respect to which such plan is established.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1996.

SEC. 1442. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS.

(a) AMENDMENTS TO 1986 CODE.—Paragraph (2) of section 411(a) (relating to minimum vesting standards) is amended—

(1) by striking "subparagraph (A), (B), or (C)" and inserting "subparagraph (A) or (B)"; and

(2) by striking subparagraph (C).

(b) AMENDMENTS TO ERISA.—Paragraph (2) of section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) by striking "subparagraph (A), (B), or (C)" and inserting "subparagraph (A) or (B)"; and

(2) by striking subparagraph (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after the earlier of—

(1) the later of—

(A) January 1, 1997, or

(B) the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) January 1, 1999.

Such amendments shall not apply to any individual who does not have more than 1 hour of service under the plan on or after the 1st day of the 1st plan year to which such amendments apply.

SEC. 1443. DISTRIBUTIONS UNDER RURAL COOPERATIVE PLANS.

(a) DISTRIBUTIONS FOR HARDSHIP OR AFTER A CERTAIN AGE.—Section 401(k)(7) is amended by adding at the end the following new subparagraph:

"(C) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—A rural cooperative plan which includes a qualified cash or deferred arrangement shall not be treated as violating the requirements of section 401(a) or of paragraph (2) merely by reason of a hardship distribution or a distribution to a participant after attainment of age 59½. For purposes of this section, the term 'hardship distribution' means a distribution described in paragraph (2)(B)(i)(IV) (without regard to the limitation of its application to profit-sharing or stock bonus plans).".

(b) PUBLIC UTILITY DISTRICTS.—Clause (i) of section 401(k)(7)(B) (defining rural cooperative) is amended to read as follows:

"(i) any organization which—

"(I) is engaged primarily in providing electric service on a mutual or cooperative basis, or

"(II) is engaged primarily in providing electric service to the public in its area of service and which is exempt from tax under this subtitle or which is a State or local government (or an agency or instrumentality thereof), other than a municipality (or an agency or instrumentality thereof),".

(c) EFFECTIVE DATES.—

(1) DISTRIBUTIONS.—The amendments made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

(2) PUBLIC UTILITY DISTRICTS.—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 1996.

SEC. 1444. TREATMENT OF GOVERNMENTAL PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Subsection (b) of section 415 is amended by adding immediately after paragraph (10) the following new paragraph:

"(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL PLANS.—In the case of a governmental plan (as defined in section 414(d)), subparagraph (B) of paragraph (1) shall not apply.".

(b) TREATMENT OF CERTAIN EXCESS BENEFIT PLANS.—

(1) IN GENERAL.—Section 415 is amended by adding at the end the following new subsection:

"(m) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—

"(1) GOVERNMENTAL PLAN NOT AFFECTED.—In determining whether a governmental plan (as defined in section 414(d)) meets the requirements of this section, benefits provided under a qualified governmental excess benefit arrangement shall not be taken into account. Income accruing to a governmental plan (or to a trust that is maintained solely for the purpose of providing benefits under a qualified governmental excess benefit arrangement) in respect of a qualified governmental excess benefit arrangement shall constitute income derived from the exercise of an essential governmental function upon which such governmental plan (or trust) shall be exempt from tax under section 115.

"(2) TAXATION OF PARTICIPANT.—For purposes of this chapter—

"(A) the taxable year or years for which amounts in respect of a qualified governmental excess benefit arrangement are includible in gross income by a participant, and

"(B) the treatment of such amounts when so includible by the participant,

shall be determined as if such qualified governmental excess benefit arrangement were treated as a plan for the deferral of compensation which is maintained by a corporation not exempt from tax under this chapter and which does not meet the requirements for qualification under section 401.

"(3) QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENT.—For purposes of this subsection, the term 'qualified governmental excess benefit arrangement' means a portion of a governmental plan if—

"(A) such portion is maintained solely for the purpose of providing to participants in the plan that part of the participant's annual benefit otherwise payable under the terms of the plan that exceeds the limitations on benefits imposed by this section,

"(B) under such portion no election is provided at any time to the participant (directly or indirectly) to defer compensation, and

"(C) benefits described in subparagraph (A) are not paid from a trust forming a part of such governmental plan unless such trust is maintained solely for the purpose of providing such benefits.".

(2) COORDINATION WITH SECTION 457.—Subsection (e) of section 457 is amended by adding at the end the following new paragraph:

"(14) TREATMENT OF QUALIFIED GOVERNMENTAL EXCESS BENEFIT ARRANGEMENTS.—Subsections (b)(2) and (c)(1) shall not apply to any qualified governmental excess benefit arrangement (as defined in section 415(m)(3)), and benefits provided under such an arrangement shall not be taken into account in determining whether any other plan is an eligible deferred compensation plan.".

(3) CONFORMING AMENDMENT.—Paragraph (2) of section 457(f) is amended by striking "and" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", and", and by inserting immediately thereafter the following new subparagraph:

"(E) a qualified governmental excess benefit arrangement described in section 415(m).".

(c) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS.—Paragraph (2) of section 415(b) is amended by adding at the end the following new subparagraph:

"(I) EXEMPTION FOR SURVIVOR AND DISABILITY BENEFITS PROVIDED UNDER GOVERNMENTAL PLANS.—Subparagraph (C) of this paragraph and paragraph (5) shall not apply to—

"(i) income received from a governmental plan (as defined in section 414(d)) as a pension, annuity, or similar allowance as the result of the recipient becoming disabled by reason of personal injuries or sickness, or

"(ii) amounts received from a governmental plan by the beneficiaries, survivors, or the estate of an employee as the result of the death of the employee.".

(d) REVOCATION OF GRANDFATHER ELECTION.—

(1) IN GENERAL.—Subparagraph (C) of section 415(b)(10) is amended by adding at the end the following new clause:

"(ii) REVOCATION OF ELECTION.—An election under clause (i) may be revoked not later than the last day of the third plan year beginning after the date of the enactment of this clause. The revocation shall apply to all plan years to which the election applied and to all subsequent plan years. Any amount paid by a plan in a taxable year ending after the revocation shall be includible in income in such taxable year under the rules of this chapter in effect for such taxable year, except that, for purposes of applying the limitations imposed by this section, any portion of such amount which is attributable to any taxable year during which the election was in effect shall be treated as received in such taxable year.".

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 415(b)(10) is amended by striking "This" and inserting:

"(i) IN GENERAL.—This".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to years beginning after December 31, 1994. The amendments made by subsection (d) shall apply with respect to revocations adopted after the date of the enactment of this Act.

(2) TREATMENT FOR YEARS BEGINNING BEFORE JANUARY 1, 1995.—Nothing in the amendments made by this section shall be construed to imply that a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986) fails to satisfy the requirements of section 415 of such Code for any taxable year beginning before January 1, 1995.

SEC. 1445. UNIFORM RETIREMENT AGE.

(a) DISCRIMINATION TESTING.—Paragraph (5) of section 401(a) (relating to special rules relating to nondiscrimination requirements) is amended by adding at the end the following new subparagraph:

"(F) SOCIAL SECURITY RETIREMENT AGE.—For purposes of testing for discrimination under paragraph (4)—

"(i) the social security retirement age (as defined in section 415(b)(8)) shall be treated as a uniform retirement age, and

"(ii) subsidized early retirement benefits and joint and survivor annuities shall not be treated as being unavailable to employees on the same terms merely because such benefits or annuities are based in whole or in part on an employee's social security retirement age (as so defined).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1996.

SEC. 1446. CONTRIBUTIONS ON BEHALF OF DISABLED EMPLOYEES.

(a) ALL DISABLED PARTICIPANTS RECEIVING CONTRIBUTIONS.—Section 415(c)(3)(C) is amended by adding at the end the following: "If a defined contribution plan provides for the continuation of contributions on behalf of all participants described in clause (i) for a fixed or determinable period, this subparagraph shall be applied without regard to clauses (ii) and (iii).".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1996.

SEC. 1447. TREATMENT OF DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) SPECIAL RULES FOR PLAN DISTRIBUTIONS.—Paragraph (9) of section 457(e) (relating to other definitions and special rules) is amended to read as follows:

"(9) BENEFITS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—

"(A) TOTAL AMOUNT PAYABLE IS $3,500 OR LESS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to receive such amount (or the plan may distribute such amount without the participant's consent) if—

"(i) such amount does not exceed $3,500, and

"(ii) such amount may be distributed only if—

"(I) no amount has been deferred under the plan with respect to such participant during the 2-year period ending on the date of the distribution, and

"(II) there has been no prior distribution under the plan to such participant to which this subparagraph applied.

A plan shall not be treated as failing to meet the distribution requirements of subsection (d) by reason of a distribution to which this subparagraph applies.

"(B) ELECTION TO DEFER COMMENCEMENT OF DISTRIBUTIONS.—The total amount payable to a participant under the plan shall not be treated as made available merely because the participant may elect to defer commencement of distributions under the plan if—

"(i) such election is made after amounts may be available under the plan in accordance with

subsection (d)(1)(A) and before commencement of such distributions, and

"(ii) the participant may make only 1 such election.".

(b) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—Subsection (e) of section 457, as amended by section 1444(b)(2) (relating to governmental plans), is amended by adding at the end the following new paragraph:

"(15) COST-OF-LIVING ADJUSTMENT OF MAXIMUM DEFERRAL AMOUNT.—The Secretary shall adjust the $7,500 amount specified in subsections (b)(2) and (c)(1) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter ending September 30, 1994, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1448. TRUST REQUIREMENT FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS.

(a) IN GENERAL.—Section 457 is amended by adding at the end the following new subsection:

"(g) GOVERNMENTAL PLANS MUST MAINTAIN SET-ASIDES FOR EXCLUSIVE BENEFIT OF PARTICIPANTS.—

"(1) IN GENERAL.—A plan maintained by an eligible employer described in subsection (e)(1)(A) shall not be treated as an eligible deferred compensation plan unless all assets and income of the plan described in subsection (b)(6) are held in trust for the exclusive benefit of participants and their beneficiaries.

"(2) TAXABILITY OF TRUSTS AND PARTICIPANTS.—For purposes of this title—

"(A) a trust described in paragraph (1) shall be treated as an organization exempt from taxation under section 501(a), and

"(B) notwithstanding any other provision of this title, amounts in the trust shall be includible in the gross income of participants and beneficiaries only to the extent, and at the time, provided in this section.

"(3) CUSTODIAL ACCOUNTS AND CONTRACTS.—For purposes of this subsection, custodial accounts and contracts described in section 401(f) shall be treated as trusts under rules similar to the rules under section 401(f).".

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 457(b) is amended by inserting "except as provided in subsection (g)," before "which provides that".

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to assets and income described in section 457(b)(6) of the Internal Revenue Code of 1986 held by a plan on and after the date of the enactment of this Act.

(2) TRANSITION RULE.—In the case of a plan in existence on the date of the enactment of this Act, a trust need not be established by reason of the amendments made by this section before January 1, 1999.

SEC. 1449. TRANSITION RULE FOR COMPUTING MAXIMUM BENEFITS UNDER SECTION 415 LIMITATIONS.

(a) IN GENERAL.—Subparagraph (A) of section 767(d)(3) of the Uruguay Round Agreements Act is amended to read as follows:

"(A) EXCEPTION.—A plan that was adopted and in effect before December 8, 1994, shall not be required to apply the amendments made by subsection (b) with respect to benefits accrued before the earlier of—

"(i) the later of the date a plan amendment applying the amendments made by subsection (b) is adopted or made effective, or

"(ii) the first day of the first limitation year beginning after December 31, 1999. Determinations under section 415(b)(2)(E) of the Internal Revenue Code of 1986 before such earlier date shall be made with respect to such benefits on the basis of such section as in effect on December 7, 1994 (except that the modification made by section 1449(b) of the Small Business Job Protection Act of 1996 shall be taken into account), and the provisions of the plan as in effect on December 7, 1994, but only if such provisions of the plan meet the requirements of such section (as so in effect).".

(b) MODIFICATION OF CERTAIN ASSUMPTIONS FOR ADJUSTING BENEFITS OF DEFINED BENEFIT PLANS FOR EARLY RETIREES.—Subparagraph (E) of section 415(b)(2) (relating to limitation on certain assumptions) is amended—

(1) by striking "Except as provided in clause (ii), for purposes of adjusting any benefit or limitation under subparagraph (B) or (C)," in clause (i) and inserting "For purposes of adjusting any limitation under subparagraph (C) and, except as provided in clause (ii), for purposes of adjusting any benefit under subparagraph (B),", and

(2) by striking "For purposes of adjusting the benefit or limitation of any form of benefit subject to section 417(e)(3)," in clause (ii) and inserting "For purposes of adjusting any benefit under subparagraph (B) for any form of benefit subject to section 417(e)(3),".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of section 767 of the Uruguay Round Agreements Act.

(d) TRANSITIONAL RULE.—In the case of a plan that was adopted and in effect before December 8, 1994, if—

(1) a plan amendment was adopted or made effective on or before the date of the enactment of this Act applying the amendments made by section 767 of the Uruguay Round Agreements Act, and

(2) within 1 year after the date of the enactment of this Act, a plan amendment is adopted which repeals the amendment referred to in paragraph (1),

the amendment referred to in paragraph (1) shall not be taken into account in applying section 767(d)(3)(A) of the Uruguay Round Agreements Act, as amended by subsection (a).

SEC. 1450. MODIFICATIONS OF SECTION 403(b).

(a) MULTIPLE SALARY REDUCTION AGREEMENTS PERMITTED.—

(1) GENERAL RULE.—For purposes of section 403(b) of the Internal Revenue Code of 1986, the frequency that an employee is permitted to enter into a salary reduction agreement, the salary to which such an agreement may apply, and the ability to revoke such an agreement shall be determined under the rules applicable to cash or deferred elections under section 401(k) of such Code.

(2) CONSTRUCTIVE RECEIPT.—Section 402(e)(3) is amended by inserting "or which is part of a salary reduction agreement under section 403(b)" after "section 401(k)(2))".

(3) EFFECTIVE DATE.—This subsection shall apply to taxable years beginning after December 31, 1995.

(b) TREATMENT OF INDIAN TRIBAL GOVERNMENTS.—

(1) IN GENERAL.—In the case of any contract purchased in a plan year beginning before January 1, 1995, section 403(b) of the Internal Revenue Code of 1986 shall be applied as if any reference to an employer described in section 501(c)(3) of the Internal Revenue Code of 1986 which is exempt from tax under section 501 of such Code included a reference to an employer which is an Indian tribal government (as defined by section 7701(a)(40) of such Code), a subdivision of an Indian tribal government (determined in accordance with section 7871(d) of such Code), an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of the foregoing.

(2) ROLLOVERS.—Solely for purposes of applying section 403(b)(8) of such Code to a contract to which paragraph (1) applies, a qualified cash or deferred arrangement under section 401(k) of such Code shall be treated as if it were a plan or contract described in clause (ii) of section 403(b)(8)(A) of such Code.

(c) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Subparagraph (E) of section 403(b)(1) is amended to read as follows:

"(E) in the case of a contract purchased under a salary reduction agreement, the contract meets the requirements of section 401(a)(30),".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 1995, except a contract shall not be required to meet any change in any requirement by reason of such amendment before the 90th day after the date of the enactment of this Act.

SEC. 1451. SPECIAL RULES RELATING TO JOINT AND SURVIVOR ANNUITY EXPLANATIONS.

(a) AMENDMENT TO INTERNAL REVENUE CODE.—Section 417(a) is amended by adding at the end the following new paragraph:

"(7) SPECIAL RULES RELATING TO TIME FOR WRITTEN EXPLANATION.—Notwithstanding any other provision of this subsection—

"(A) EXPLANATION MAY BE PROVIDED AFTER ANNUITY STARTING DATE.—

"(i) IN GENERAL.—A plan may provide the written explanation described in paragraph (3)(A) after the annuity starting date. In any case to which this subparagraph applies, the applicable election period under paragraph (6) shall not end before the 30th day after the date on which such explanation is provided.

"(ii) REGULATORY AUTHORITY.—The Secretary may by regulations limit the application of clause (i), except that such regulations may not limit the period of time by which the annuity starting date precedes the provision of the written explanation other than by providing that the annuity starting date may not be earlier than termination of employment.

"(B) WAIVER OF 30-DAY PERIOD.—A plan may permit a participant to elect (with any applicable spousal consent) to waive any requirement that the written explanation be provided at least 30 days before the annuity starting date (or to waive the 30-day requirement under subparagraph (A)) if the distribution commences more than 7 days after such explanation is provided."

(b) AMENDMENT TO ERISA.—Section 205(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)) is amended by adding at the end the following new paragraph:

"(8) Notwithstanding any other provision of this subsection—

"(A)(i) A plan may provide the written explanation described in paragraph (3)(A) after the annuity starting date. In any case to which this subparagraph applies, the applicable election period under paragraph (7) shall not end before the 30th day after the date on which such explanation is provided.

"(ii) The Secretary may by regulations limit the application of clause (i), except that such regulations may not limit the period of time by which the annuity starting date precedes the provision of the written explanation other than by providing that the annuity starting date may not be earlier than termination of employment.

"(B) A plan may permit a participant to elect (with any applicable spousal consent) to waive any requirement that the written explanation be provided at least 30 days before the annuity *starting date (or to waive the 30-day requirement under subparagraph (A)) if the distribution commences more than 7 days after such explanation is provided.''*

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 1996.

SEC. 1452. REPEAL OF LIMITATION IN CASE OF DEFINED BENEFIT PLAN AND DEFINED CONTRIBUTION PLAN FOR SAME EMPLOYEE; EXCESS DISTRIBUTIONS.

(a) In General.—Section 415(e) is repealed.

(b) Excess Distributions.—Section 4980A is amended by adding at the end the following new subsection:

''(g) Limitation on Application.—This section shall not apply to distributions during years beginning after December 31, 1996, and before January 1, 2000, and such distributions shall be treated as made first from amounts not described in subsection (f).''.

(c) Conforming Amendments.—

(1) Paragraph (1) of section 415(a) is amended—

(A) by adding ''or'' at the end of subparagraph (A),

(B) by striking '', or'' at the end of subparagraph (B) and inserting a period, and

(C) by striking subparagraph (C).

(2) Subparagraph (B) of section 415(b)(5) is amended by striking ''and subsection (e)''.

(3) Paragraph (1) of section 415(f) is amended by striking ''subsections (b), (c), and (e)'' and inserting ''subsections (b) and (c)''.

(4) Subsection (g) of section 415 is amended by striking ''subsections (e) and (f)'' in the last sentence and inserting ''subsection (f)''.

(5) Clause (i) of section 415(k)(2)(A) is amended to read as follows:

''(i) any contribution made directly by an employee under such an arrangement shall not be treated as an annual addition for purposes of subsection (c), and''.

(6) Clause (ii) of section 415(k)(2)(A) is amended by striking ''subsections (c) and (e)'' and inserting ''subsection (c)''.

(7) Section 416 is amended by striking subsection (h).

(d) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to limitation years beginning after December 31, 1999.

(2) Excess distributions.—The amendment made by subsection (b) shall apply to years beginning after December 31, 1996.

SEC. 1453. TAX ON PROHIBITED TRANSACTIONS.

(a) In General.—Section 4975(a) is amended by striking ''5 percent'' and inserting ''10 percent''.

(b) Effective Date.—The amendment made by this section shall apply to prohibited transactions occurring after the date of the enactment of this Act.

SEC. 1454. TREATMENT OF LEASED EMPLOYEES.

(a) General Rule.—Subparagraph (C) of section 414(n)(2) (defining leased employee) is amended to read as follows:

''(C) such services are performed under primary direction or control by the recipient.''.

(b) Effective Date.—The amendment made by subsection (a) shall apply to years beginning after December 31, 1996, but shall not apply to any relationship determined under an Internal Revenue Service ruling issued before the date of the enactment of this Act pursuant to section 414(n)(2)(C) of the Internal Revenue Code of 1986 (as in effect on the day before such date) not to involve a leased employee.

SEC. 1455. UNIFORM PENALTY PROVISIONS TO APPLY TO CERTAIN PENSION REPORTING REQUIREMENTS.

(a) Penalties.—

(1) Statements.—Paragraph (1) of section 6724(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) any statement of the amount of payments to another person required to be made to the Secretary under—

''(i) section 408(i) (relating to reports with respect to individual retirement accounts or annuities), or

''(ii) section 6047(d) (relating to reports by employers, plan administrators, etc.).''.

(2) Reports.—Paragraph (2) of section 6724(d) is amended by striking ''or'' at the end of subparagraph (U), by striking the period at the end of subparagraph (V) and inserting a comma, and by inserting after subparagraph (V) the following new subparagraphs:

''(W) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person, or

''(X) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person.''.

(b) Modification of Reportable Designated Distributions.—

(1) Section 408.—Subsection (i) of section 408 (relating to individual retirement account reports) is amended by inserting ''aggregating $10 or more in any calendar year'' after ''distributions''.

(2) Section 6047.—Paragraph (1) of section 6047(d) (relating to reports by employers, plan administrators, etc.) is amended by adding at the end the following new sentence: ''No return or report may be required under the preceding sentence with respect to distributions to any person during any year unless such distributions aggregate $10 or more.''.

(c) Qualifying Rollover Distributions.—Section 6652(i) is amended—

(1) by striking ''the $10'' and inserting ''$100'', and

(2) by striking ''$5,000'' and inserting ''$50,000''.

(d) Conforming Amendments.—

(1) Paragraph (1) of section 6047(f) is amended to read as follows:

"(1) For provisions relating to penalties for failures to file returns and reports required under this section, see sections 6652(e), 6721, and 6722.".

(2) Subsection (e) of section 6652 is amended by adding at the end the following new sentence: ''This subsection shall not apply to any return or statement which is an information return described in section 6724(d)(1)(C)(ii) or a payee statement described in section 6724(d)(2)(X).''.

(3) Subsection (a) of section 6693 is amended by adding at the end the following new sentence: ''This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(W).''.

(e) Effective Date.—The amendments made by this section shall apply to returns, reports, and other statements the due date for which (determined without regard to extensions) is after December 31, 1996.

SEC. 1456. RETIREMENT BENEFITS OF MINISTERS NOT SUBJECT TO TAX ON NET EARNINGS FROM SELF-EMPLOYMENT.

(a) In General.—Section 1402(a)(8) (defining net earning from self-employment) is amended by inserting '', but shall not include in such net earnings from self-employment the rental value of any parsonage or any parsonage allowance (whether or not excludable under section 107) provided after the individual retires, or any other retirement benefit received by such individual from a church plan (as defined in section 414(e)) after the individual retires'' before the semicolon at the end.

(b) Effective Date.—The amendments made by this section shall apply to years beginning before, on, or after December 31, 1994.

SEC. 1457. SAMPLE LANGUAGE FOR SPOUSAL CONSENT AND QUALIFIED DOMESTIC RELATIONS FORMS.

(a) Development of Sample Language.—Not later than January 1, 1997, the Secretary of the Treasury shall develop—

(1) sample language for inclusion in a form for the spousal consent required under section 417(a)(2) of the Internal Revenue Code of 1986 and section 205(c)(2) of the Employee Retirement Income Security Act of 1974 which—

(A) is written in a manner calculated to be understood by the average person, and

(B) discloses in plain form—

(i) whether the waiver to which the spouse consents is irrevocable, and

(ii) whether such waiver may be revoked by a qualified domestic relations order, and

(2) sample language for inclusion in a form for a qualified domestic relations order described in section 414(p)(1)(A) of such Code and section 206(d)(3)(B)(i) of such Act which—

(A) meets the requirements contained in such sections, and

(B) the provisions of which focus attention on the need to consider the treatment of any lump sum payment, qualified joint and survivor annuity, or qualified preretirement survivor annuity.

(b) Publicity.—The Secretary of the Treasury shall include publicity for the sample language developed under subsection (a) in the pension outreach efforts undertaken by the Secretary.

SEC. 1458. TREATMENT OF LENGTH OF SERVICE AWARDS TO VOLUNTEERS PERFORMING FIRE FIGHTING OR PREVENTION SERVICES, EMERGENCY MEDICAL SERVICES, OR AMBULANCE SERVICES.

(a) In General.—Paragraph (11) of section 457(e) (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended to read as follows:

''(11) Certain plans excluded.—

''(A) In general.—The following plans shall be treated as not providing for the deferral of compensation:

''(i) Any bona fide vacation leave, sick leave, compensatory time, severance pay, disability pay, or death benefit plan.

''(ii) Any plan paying solely length of service awards to bona fide volunteers (or their beneficiaries) on account of qualified services performed by such volunteers.

''(B) Special rules applicable to length of service award plans.—

''(i) Bona fide volunteer.—An individual shall be treated as a bona fide volunteer for purposes of subparagraph (A)(ii) if the only compensation received by such individual for performing qualified services is in the form of—

''(I) reimbursement for (or a reasonable allowance for) reasonable expenses incurred in the performance of such services, or

''(II) reasonable benefits (including length of service awards), and nominal fees for such services, customarily paid by eligible employers in connection with the performance of such services by volunteers.

''(ii) Limitation on accruals.—A plan shall not be treated as described in subparagraph (A)(ii) if the aggregate amount of length of service awards accruing with respect to any year of service for any bona fide volunteer exceeds $3,000.

''(C) Qualified services.—For purposes of this paragraph, the term 'qualified services' means fire fighting and prevention services,

emergency medical services, and ambulance services.''.

(b) EXEMPTION FROM SOCIAL SECURITY TAXES.—

(1) Subsection (a)(5) of section 3121, as amended by section 1421, is amended by striking ''(or)'' at the end of subparagraph (G), by inserting ''or'' at the end of subparagraph (H), and by adding at the end the following new subparagraph:

''(I) under a plan described in section 457(e)(11)(A)(ii) and maintained by an eligible employer (as defined in section 457(e)(1)).''.

(2) Section 209(a)(4) of the Social Security Act is amended by inserting ''; or (K) under a plan described in section 457(e)(11)(A)(ii) of the Internal Revenue Code of 1986 and maintained by an eligible employer (as defined in section 457(e)(1) of such Code)'' before the semicolon at the end thereof.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to accruals of length of service awards after December 31, 1996.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to remuneration paid after December 31, 1996.

SEC. 1459. ALTERNATIVE NONDISCRIMINATION RULES FOR CERTAIN PLANS THAT PROVIDE FOR EARLY PARTICIPATION.

(a) CASH OR DEFERRED ARRANGEMENTS.—Paragraph (3) of section 401(k) (relating to application of participation and discrimination standards), as amended by section 1433(d)(1) of this Act, is amended by adding at the end the following new subparagraph:

''(F) SPECIAL RULE FOR EARLY PARTICIPATION.—If an employer elects to apply section 410(b)(4)(B) in determining whether a cash or deferred arrangement meets the requirements of subparagraph (A)(i), the employer may, in determining whether the arrangement meets the requirements of subparagraph (A)(ii), exclude from consideration all eligible employees (other than highly compensated employees) who have not met the minimum age and service requirements of section 410(a)(1)(A).''.

(b) MATCHING CONTRIBUTIONS.—Paragraph (5) of section 401(m) (relating to employees taken into consideration) is amended by adding at the end the following new subparagraph:

''(C) SPECIAL RULE FOR EARLY PARTICIPATION.—If an employer elects to apply section 410(b)(4)(B) in determining whether a plan meets the requirements of section 410(b), the employer may, in determining whether the plan meets the requirements of paragraph (2), exclude from consideration all eligible employees (other than highly compensated employees) who have not met the minimum age and service requirements of section 410(a)(1)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 1998.

SEC. 1460. CLARIFICATION OF APPLICATION OF ERISA TO INSURANCE COMPANY GENERAL ACCOUNTS.

(a) IN GENERAL.—Section 401 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1101) is amended by adding at the end the following new subsection:

''(c)(1)(A) Not later than June 30, 1997, the Secretary shall issue proposed regulations to provide guidance for the purpose of determining, in cases where an insurer issues 1 or more policies to or for the benefit of an employee benefit plan (and such policies are supported by assets of such insurer's general account), which assets held by the insurer (other than plan assets held in its separate accounts) constitute assets of the plan for purposes of this part and section 4975 of the Internal Revenue Code of 1986 and to provide guidance with respect to the application of this title to the general account assets of insurers.

''(B) The proposed regulations under subparagraph (A) shall be subject to public notice and comment until September 30, 1997.

''(C) The Secretary shall issue final regulations providing the guidance described in subparagraph (A) not later than December 31, 1997.

''(D) Such regulations shall only apply with respect to policies which are issued by an insurer on or before December 31, 1998, to or for the benefit of an employee benefit plan which is supported by assets of such insurer's general account. With respect to policies issued on or before December 31, 1998, such regulations shall take effect at the end of the 18-month period following the date on which such regulations become final.

''(2) The Secretary shall ensure that the regulations issued under paragraph (1)—

''(A) are administratively feasible, and

''(B) protect the interests and rights of the plan and of its participants and beneficiaries (including meeting the requirements of paragraph (3)).

''(3) The regulations prescribed by the Secretary pursuant to paragraph (1) shall require, in connection with any policy issued by an insurer to or for the benefit of an employee benefit plan to the extent that the policy is not a guaranteed benefit policy (as defined in subsection (b)(2)(B))—

''(A) that a plan fiduciary totally independent of the insurer authorize the purchase of such policy (unless such purchase is a transaction exempt under section 408(b)(5)),

''(B) that the insurer describe (in such form and manner as shall be prescribed in such regulations), in annual reports and in policies issued to the policyholder after the date on which such regulations are issued in final form pursuant to paragraph (1)(C) —

''(i) a description of the method by which any income and expenses of the insurer's general account are allocated to the policy during the term of the policy and upon the termination of the policy, and

''(ii) for each report, the actual return to the plan under the policy and such other financial information as the Secretary may deem appropriate for the period covered by each such annual report,

''(C) that the insurer disclose to the plan fiduciary the extent to which alternative arrangements supported by assets of separate accounts of the insurer (which generally hold plan assets) are available, whether there is a right under the policy to transfer funds to a separate account and the terms governing any such right, and the extent to which support by assets of the insurer's general account and support by assets of separate accounts of the insurer might pose differing risks to the plan, and

''(D) that the insurer manage those assets of the insurer which are assets of such insurer's general account (irrespective of whether any such assets are plan assets) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, taking into account all obligations supported by such enterprise.

''(4) Compliance by the insurer with all requirements of the regulations issued by the Secretary pursuant to paragraph (1) shall be deemed compliance by such insurer with sections 404, 406, and 407 with respect to those assets of the insurer's general account which support a policy described in paragraph (3).

''(5)(A) Subject to subparagraph (B), any regulations issued under paragraph (1) shall not take effect before the date on which such regulations become final.

''(B) No person shall be subject to liability under this part or section 4975 of the Internal Revenue Code of 1986 for conduct which occurred before the date which is 18 months following the date described in subparagraph (A) on the basis of a claim that the assets of an insurer (other than plan assets held in a separate account) constitute assets of the plan, except—

''(i) as otherwise provided by the Secretary in regulations intended to prevent avoidance of the regulations issued under paragraph (1), or

''(ii) as provided in an action brought by the Secretary pursuant to paragraph (2) or (5) of section 502(a) for a breach of fiduciary responsibilities which would also constitute a violation of Federal or State criminal law.

The Secretary shall bring a cause of action described in clause (ii) if a participant, beneficiary, or fiduciary demonstrates to the satisfaction of the Secretary that a breach described in clause (ii) has occurred.

''(6) Nothing in this subsection shall preclude the application of any Federal criminal law.

''(7) For purposes of this subsection, the term 'policy' includes a contract.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall take effect on January 1, 1975.

(2) CIVIL ACTIONS.—The amendment made by this section shall not apply to any civil action commenced before November 7, 1995.

SEC. 1461. SPECIAL RULES FOR CHAPLAINS AND SELF-EMPLOYED MINISTERS.

(a) IN GENERAL.—Section 414(e) (defining church plan) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULES FOR CHAPLAINS AND SELF-EMPLOYED MINISTERS.—

''(A) CERTAIN MINISTERS MAY PARTICIPATE.—For purposes of this part—

''(i) IN GENERAL.—An employee of a church or a convention or association of churches shall include a duly ordained, commissioned, or licensed minister of a church who, in connection with the exercise of his or her ministry—

''(I) is a self-employed individual (within the meaning of section 401(c)(1)(B)), or

''(II) is employed by an organization other than an organization described in section 501(c)(3).

''(ii) TREATMENT AS EMPLOYER AND EMPLOYEE.—

''(I) SELF-EMPLOYED.—A minister described in clause (i)(I) shall be treated as his or her own employer which is an organization described in section 501(c)(3) and which is exempt from tax under section 501(a).

''(II) OTHERS.—A minister described in clause (i)(II) shall be treated as employed by an organization described in section 501(c)(3) and exempt from tax under section 501(a).

''(B) SPECIAL RULES FOR APPLYING SECTION 403(b) TO SELF-EMPLOYED MINISTERS.—In the case of a minister described in subparagraph (A)(i)(I)—

''(i) the minister's includible compensation under section 403(b)(3) shall be determined by reference to the minister's earned income (within the meaning of section 401(c)(2)) from such ministry rather than the amount of compensation which is received from an employer, and

''(ii) the years (and portions of years) in which such minister was a self-employed individual (within the meaning of section 401(c)(1)(B)) with respect to such ministry shall be included for purposes of section 403(b)(4).

''(C) EFFECT ON NON-DENOMINATIONAL PLANS.—If a duly ordained, commissioned, or licensed minister of a church in the exercise of his or her ministry participates in a church plan (within the meaning of this section) and in the exercise of such ministry is employed by an employer not eligible to participate in such church plan, then such employer may exclude such minister from being treated as an employee of

such employer for purposes of applying sections 401(a)(3), 401(a)(4), and 401(a)(5), as in effect on September 1, 1974, and sections 401(a)(4), 401(a)(5), 401(a)(26), 401(k)(3), 401(m), 403(b)(1)(D) (including section 403(b)(12)), and 410 to any stock bonus, pension, profit-sharing, or annuity plan (including an annuity described in section 403(b) or a retirement income account described in section 403(b)(9)). The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purpose of, and prevent the abuse of, this subparagraph.

"(D) COMPENSATION TAKEN INTO ACCOUNT ONLY ONCE.—If any compensation is taken into account in determining the amount of any contributions made to, or benefits to be provided under, any church plan, such compensation shall not also be taken into account in determining the amount of any contributions made to, or benefits to be provided under, any other stock bonus, pension, profit-sharing, or annuity plan which is not a church plan."

(b) CONTRIBUTIONS BY CERTAIN MINISTERS TO RETIREMENT INCOME ACCOUNTS.—Section 404(a) (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred-payment plan) is amended by adding at the end the following new paragraph:

"(10) CONTRIBUTIONS BY CERTAIN MINISTERS TO RETIREMENT INCOME ACCOUNTS.—In the case of contributions made by a minister described in section 414(e)(5) to a retirement income account described in section 403(b)(9) and not by a person other than such minister, such contributions—

"(A) shall be treated as made to a trust which is exempt from tax under section 501(a) and which is part of a plan which is described in section 401(a), and

"(B) shall be deductible under this subsection to the extent such contributions do not exceed the limit on elective deferrals under section 402(g), the exclusion allowance under section 403(b)(2), or the limit on annual additions under section 415.

For purposes of this paragraph, all plans in which the minister is a participant shall be treated as one plan.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 1996.

SEC. 1462. DEFINITION OF HIGHLY COMPENSATED EMPLOYEE FOR PRE-ERISA RULES FOR CHURCH PLANS.

(a) IN GENERAL.—Section 414(q) (defining highly compensated employee), as amended by section 1431(c)(1)(A) of this Act, is amended by adding at the end the following new paragraph:

"(7) CERTAIN EMPLOYEES NOT CONSIDERED HIGHLY COMPENSATED AND EXCLUDED EMPLOYEES UNDER PRE-ERISA RULES FOR CHURCH PLANS.—In the case of a church plan (as defined in subsection (e)), no employee shall be considered an officer, a person whose principal duties consist of supervising the work of other employees, or a highly compensated employee for any year unless such employee is a highly compensated employee under paragraph (1) for such year.".

(b) SAFEHARBOR AUTHORITY.—The Secretary of the Treasury may design nondiscrimination and coverage safe harbors for church plans.

(c) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to years beginning after December 31, 1996.

SEC. 1463. RULE RELATING TO INVESTMENT IN CONTRACT NOT TO APPLY TO FOREIGN MISSIONARIES.

(a) IN GENERAL.—The last sentence of section 72(f) is amended by inserting ", or to the extent such credits are attributable to services performed as a foreign missionary (within the meaning of section 403(b)(2)(D)(iii))" before the end period.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1464. WAIVER OF EXCISE TAX ON FAILURE TO PAY LIQUIDITY SHORTFALL.

(a) IN GENERAL.—Section 4971(f) (relating to failure to pay liquidity shortfall) is amended by adding at the end the following new paragraph:

"(4) WAIVER BY SECRETARY.—If the taxpayer establishes to the satisfaction of the Secretary that—

"(A) the liquidity shortfall described in paragraph (1) was due to reasonable cause and not willful neglect, and

"(B) reasonable steps have been taken to remedy such liquidity shortfall,

the Secretary may waive all or part of the tax imposed by this subsection.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendment made by clause (ii) of section 751(a)(9)(B) of the Retirement Protection Act of 1994 (108 Stat. 5020).

SEC. 1465. DATE FOR ADOPTION OF PLAN AMENDMENTS.

If any amendment made by this subtitle requires an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after January 1, 1998, if—

(1) during the period after such amendment takes effect and before such first plan year, the plan or contract is operated in accordance with the requirements of such amendment, and

(2) such amendment applies retroactively to such period.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this section shall be applied by substituting "2000" for "1998".

Subtitle E—Foreign Simplification

SEC. 1501. REPEAL OF INCLUSION OF CERTAIN EARNINGS INVESTED IN EXCESS PASSIVE ASSETS.

(a) IN GENERAL.—

(1) REPEAL OF INCLUSION.—Paragraph (1) of section 951(a) (relating to amounts included in gross income of United States shareholders) is amended by striking subparagraph (C), by striking "; and" at the end of subparagraph (B) and inserting a period, and by adding "and" at the end of subparagraph (A).

(2) REPEAL OF INCLUSION AMOUNT.—Section 956A (relating to earnings invested in excess passive assets) is repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (G) of section 904(d)(3), as amended by section 1703(i)(1), is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(1) Paragraph (1) of section 956(b) is amended to read as follows:

"(1) APPLICABLE EARNINGS.—For purposes of this section, the term 'applicable earnings' means, with respect to any controlled foreign corporation, the sum of—

"(A) the amount (not including a deficit) referred to in section 316(a)(1), and

"(B) the amount referred to in section 316(a)(2),

but reduced by distributions made during the taxable year and by earnings and profits described in section 959(c)(1).".

(2) Paragraph (3) of section 956(b) is amended to read as follows:

"(3) SPECIAL RULE WHERE CORPORATION CEASES TO BE CONTROLLED FOREIGN CORPORATION.—If any foreign corporation ceases to be a controlled foreign corporation during any taxable year—

"(A) the determination of any United States shareholder's pro rata share shall be made on the basis of stock owned (within the meaning of section 958(a)) by such shareholder on the last day during the taxable year on which the foreign corporation is a controlled foreign corporation,

"(B) the average referred to in subsection (a)(1)(A) for such taxable year shall be determined by only taking into account quarters ending on or before such last day, and

"(C) in determining applicable earnings, the amount taken into account by reason of being described in paragraph (2) of section 316(a) shall be the portion of the amount so described which is allocable (on a pro rata basis) to the part of such year during which the corporation is a controlled foreign corporation."..

(3) Subsection (a) of section 959 (relating to exclusion from gross income of previously taxed earnings and profits) is amended by adding "or" at the end of paragraph (1), by striking "or" at the end of paragraph (2), and by striking paragraph (3).

(4) Subsection (a) of section 959 is amended by striking "paragraphs (2) and (3)" in the last sentence and inserting "paragraph (2)".

(5) Subsection (c) of section 959 is amended by adding at the end the following flush sentence:

"References in this subsection to section 951(a)(1)(C) and subsection (a)(3) shall be treated as references to such provisions as in effect on the day before the date of the enactment of the Small Business Job Protection Act of 1996.".

(6) Paragraph (1) of section 959(f) is amended to read as follows:

"(1) IN GENERAL.—For purposes of this section, amounts that would be included under subparagraph (B) of section 951(a)(1) (determined without regard to this section) shall be treated as attributable first to earnings described in subsection (c)(2), and then to earnings described in subsection (c)(3).".

(7) Paragraph (2) of section 959(f) is amended by striking "subparagraphs (B) and (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(8) Subsection (b) of section 989 is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(9) Paragraph (9) of section 1297(b) is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(10) Subsections (d)(3)(B) and (e)(2)(B)(ii) of section 1297 are each amended by striking "or section 956A".

(11) Subparagraph (G) of section 904(d)(3) is amended by striking "subparagraph (B) or (C) of section 951(a)(1)" and inserting "section 951(a)(1)(B)".

(c) CLERICAL AMENDMENT.—The table of sections for subpart F of part III of subchapter N of chapter 1 is amended by striking the item relating to section 956A.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of foreign corporations beginning after December 31, 1996, and to taxable years of United States shareholders within which or with which such taxable years of foreign corporations end.

Subtitle F—Revenue Offsets

PART I—GENERAL PROVISIONS

SEC. 1601. TERMINATION OF PUERTO RICO AND POSSESSION TAX CREDIT.

(a) IN GENERAL.—Section 936 is amended by adding at the end the following new subsection:

"(j) TERMINATION.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, this section shall not apply to any taxable year beginning after December 31, 1995.

"(2) TRANSITION RULES FOR ACTIVE BUSINESS INCOME CREDIT.—Except as provided in paragraph (3)—

"(A) ECONOMIC ACTIVITY CREDIT.—In the case of an existing credit claimant—

"(i) with respect to a possession other than Puerto Rico, and

"(ii) to which subsection (a)(4)(B) does not apply,

the credit determined under subsection (a)(1)(A) shall be allowed for taxable years beginning after December 31, 1995, and before January 1, 2002.

"(B) SPECIAL RULE FOR REDUCED CREDIT.—

"(i) IN GENERAL.—In the case of an existing credit claimant to which subsection (a)(4)(B) applies, the credit determined under subsection (a)(1)(A) shall be allowed for taxable years beginning after December 31, 1995, and before January 1, 1998.

"(ii) ELECTION IRREVOCABLE AFTER 1997.—An election under subsection (a)(4)(B)(iii) which is in effect for the taxpayer's last taxable year beginning before 1997 may not be revoked unless it is revoked for the taxpayer's first taxable year beginning in 1997 and all subsequent taxable years.

"(C) ECONOMIC ACTIVITY CREDIT FOR PUERTO RICO.—

"For economic activity credit for Puerto Rico, see section 30A.

"(3) ADDITIONAL RESTRICTED CREDIT.—

"(A) IN GENERAL.—In the case of an existing credit claimant—

"(i) the credit under subsection (a)(1)(A) shall be allowed for the period beginning with the first taxable year after the last taxable year to which subparagraph (A) or (B) of paragraph (2), whichever is appropriate, applied and ending with the last taxable year beginning before January 1, 2006, except that

"(ii) the aggregate amount of taxable income taken into account under subsection (a)(1)(A) for any such taxable year shall not exceed the adjusted base period income of such claimant.

"(B) COORDINATION WITH SUBSECTION (a)(4).—The amount of income described in subsection (a)(1)(A) which is taken into account in applying subsection (a)(4) shall be such income as reduced under this paragraph.

"(4) ADJUSTED BASE PERIOD INCOME.—For purposes of paragraph (3)—

"(A) IN GENERAL.—The term 'adjusted base period income' means the average of the inflation-adjusted possession incomes of the corporation for each base period year.

"(B) INFLATION-ADJUSTED POSSESSION INCOME.—For purposes of subparagraph (A), the inflation-adjusted possession income of any corporation for any base period year shall be an amount equal to the sum of—

"(i) the possession income of such corporation for such base period year, plus

"(ii) such possession income multiplied by the inflation adjustment percentage for such base period year.

"(C) INFLATION ADJUSTMENT PERCENTAGE.—For purposes of subparagraph (B), the inflation adjustment percentage for any base period year means the percentage (if any) by which—

"(i) the CPI for 1995, exceeds

"(ii) the CPI for the calendar year in which the base period year for which the determination is being made ends.

For purposes of the preceding sentence, the CPI for any calendar year is the CPI (as defined in section 1(f)(5)) for such year under section 1(f)(4).

"(D) INCREASE IN INFLATION ADJUSTMENT PERCENTAGE FOR GROWTH DURING BASE YEARS.—The inflation adjustment percentage (determined under subparagraph (C) without regard to this subparagraph) for each of the 5 taxable years referred to in paragraph (5)(A) shall be increased by—

"(i) 5 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1995;

"(ii) 10.25 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1994;

"(iii) 15.76 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1993;

"(iv) 21.55 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1992; and

"(v) 27.63 percentage points in the case of a taxable year ending during the 1-year period ending on October 13, 1991.

"(5) BASE PERIOD YEAR.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'base period year' means each of 3 taxable years which are among the 5 most recent taxable years of the corporation ending before October 14, 1995, determined by disregarding—

"(i) one taxable year for which the corporation had the largest inflation-adjusted possession income, and

"(ii) one taxable year for which the corporation had the smallest inflation-adjusted possession income.

"(B) CORPORATIONS NOT HAVING SIGNIFICANT POSSESSION INCOME THROUGHOUT 5-YEAR PERIOD.—

"(i) IN GENERAL.—If a corporation does not have significant possession income for each of the most recent 5 taxable years ending before October 14, 1995, then, in lieu of applying subparagraph (A), the term 'base period year' means only those taxable years (of such 5 taxable years) for which the corporation has significant possession income; except that, if such corporation has significant possession income for 4 of such 5 taxable years, the rule of subparagraph (A)(ii) shall apply.

"(ii) SPECIAL RULE.—If there is no year (of such 5 taxable years) for which a corporation has significant possession income—

"(I) the term 'base period year' means the first taxable year ending on or after October 14, 1995, but

"(II) the amount of possession income for such year which is taken into account under paragraph (4) shall be the amount which would be determined if such year were a short taxable year ending on September 30, 1995.

"(iii) SIGNIFICANT POSSESSION INCOME.—For purposes of this subparagraph, the term 'significant possession income' means possession income which exceeds 2 percent of the possession income of the taxpayer for the taxable year (of the period of 6 taxable years ending with the first taxable year ending on or after October 14, 1995) having the greatest possession income.

"(C) ELECTION TO USE ONE BASE PERIOD YEAR.—

"(i) IN GENERAL.—At the election of the taxpayer, the term 'base period year' means—

"(I) only the last taxable year of the corporation ending in calendar year 1992, or

"(II) a deemed taxable year which includes the first ten months of calendar year 1995.

"(ii) BASE PERIOD INCOME FOR 1995.—In determining the adjusted base period income of the corporation for the deemed taxable year under clause (i)(II), the possession income shall be annualized and shall be determined without regard to any extraordinary item.

"(iii) ELECTION.—An election under this subparagraph by any possession corporation may be made only for the corporation's first taxable year beginning after December 31, 1995, for which it is a possession corporation. The rules of subclauses (II) and (III) of subsection (a)(4)(B)(iii) shall apply to the election under this subparagraph.

"(D) ACQUISITIONS AND DISPOSITIONS.—Rules similar to the rules of subparagraphs (A) and (B) of section 41(f)(3) shall apply for purposes of this subsection.

"(6) POSSESSION INCOME.—For purposes of this subsection, the term 'possession income' means, with respect to any possession, the income referred to in subsection (a)(1)(A) determined with respect to that possession. In no event shall possession income be treated as being less than zero.

"(7) SHORT YEARS.—If the current year or a base period year is a short taxable year, the application of this subsection shall be made with such annualizations as the Secretary shall prescribe.

"(8) SPECIAL RULES FOR CERTAIN POSSESSIONS.—

"(A) IN GENERAL.—In the case of an existing credit claimant with respect to an applicable possession, this section (other than the preceding paragraphs of this subsection) shall apply to such claimant with respect to such applicable possession for taxable years beginning after December 31, 1995, and before January 1, 2006.

"(B) APPLICABLE POSSESSION.—For purposes of this paragraph, the term 'applicable possession' means Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

"(9) EXISTING CREDIT CLAIMANT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'existing credit claimant' means a corporation—

"(i)(I) which was actively conducting a trade or business in a possession on October 13, 1995, and

"(II) with respect to which an election under this section is in effect for the corporation's taxable year which includes October 13, 1995, or

"(ii) which acquired all of the assets of a trade or business of a corporation which—

"(I) satisfied the requirements of subclause (I) of clause (i) with respect to such trade or business, and

"(II) satisfied the requirements of subclause (II) of clause (i).

"(B) NEW LINES OF BUSINESS PROHIBITED.—If, after October 13, 1995, a corporation which would (but for this subparagraph) be an existing credit claimant adds a substantial new line of business (other than in an acquisition described in subparagraph (A)(ii)), such corporation shall cease to be treated as an existing credit claimant as of the close of the taxable year ending before the date of such addition.

"(C) BINDING CONTRACT EXCEPTION.—If, on October 13, 1995, and at all times thereafter, there is in effect with respect to a corporation a binding contract for the acquisition of assets to be used in, or for the sale of assets to be produced from, a trade or business, the corporation shall be treated for purposes of this paragraph as actively conducting such trade or business on October 13, 1995. The preceding sentence shall not apply if such trade or business is not actively conducted before January 1, 1996.

"(10) SEPARATE APPLICATION TO EACH POSSESSION.—For purposes of determining—

"(A) whether a taxpayer is an existing credit claimant, and

"(B) the amount of the credit allowed under this section,

this subsection (and so much of this section as relates to this subsection) shall be applied separately with respect to each possession.".

(b) ECONOMIC ACTIVITY CREDIT FOR PUERTO RICO.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

"SEC. 30A. PUERTO RICAN ECONOMIC ACTIVITY CREDIT.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—Except as otherwise provided in this section, if the conditions of both paragraph (1) and paragraph (2) of subsection (b) are satisfied with respect to a qualified domestic corporation, there shall be allowed as a

credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income, from sources without the United States, from—

"(A) the active conduct of a trade or business within Puerto Rico, or

"(B) the sale or exchange of substantially all of the assets used by the taxpayer in the active conduct of such trade or business.

In the case of any taxable year beginning after December 31, 2001, the aggregate amount of taxable income taken into account under the preceding sentence (and in applying subsection (d)) shall not exceed the adjusted base period income of such corporation, as determined in the same manner as under section 936(j).

"(2) QUALIFIED DOMESTIC CORPORATION.—For purposes of paragraph (1), the term 'qualified domestic corporation' means a domestic corporation—

"(A) which is an existing credit claimant with respect to Puerto Rico, and

"(B) with respect to which section 936(a)(4)(B) does not apply for the taxable year.

"(3) SEPARATE APPLICATION.—For purposes of determining—

"(A) whether a taxpayer is an existing credit claimant with respect to Puerto Rico, and

"(B) the amount of the credit allowed under this section,

this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico.

"(b) CONDITIONS WHICH MUST BE SATISFIED.—The conditions referred to in subsection (a) are—

"(1) 3-YEAR PERIOD.—If 80 percent or more of the gross income of the qualified domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession (determined without regard to section 904(f)).

"(2) TRADE OR BUSINESS.—If 75 percent or more of the gross income of the qualified domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession.

"(c) CREDIT NOT ALLOWED AGAINST CERTAIN TAXES.—The credit provided by subsection (a) shall not be allowed against the tax imposed by—

"(1) section 59A (relating to environmental tax),

"(2) section 531 (relating to the tax on accumulated earnings),

"(3) section 541 (relating to personal holding company tax), or

"(4) section 1351 (relating to recoveries of foreign expropriation losses).

"(d) LIMITATIONS ON CREDIT FOR ACTIVE BUSINESS INCOME.—The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

"(1) 60 percent of the sum of—

"(A) the aggregate amount of the qualified domestic corporation's qualified possession wages for such taxable year, plus

"(B) the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year.

"(2) The sum of—

"(A) 15 percent of the depreciation allowances for the taxable year with respect to short-life qualified tangible property,

"(B) 40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property, and

"(C) 65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

"(3) If the qualified domestic corporation does not have an election to use the method described in section 936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to nonsheltered income.

"(e) ADMINISTRATIVE PROVISIONS.—For purposes of this title—

"(1) the provisions of section 936 (including any applicable election thereunder) shall apply in the same manner as if the credit under this section were a credit under section 936(a)(1)(A) for a domestic corporation to which section 936(a)(4)(A) applies,

"(2) the credit under this section shall be treated in the same manner as the credit under section 936, and

"(3) a corporation to which this section applies shall be treated in the same manner as if it were a corporation electing the application of section 936.

"(f) DEFINITIONS.—For purposes of this section, any term used in this section which is also used in section 936 shall have the same meaning given such term by section 936.

"(g) APPLICATION OF SECTION.—This section shall apply to taxable years beginning after December 31, 1995, and before January 1, 2006.".

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 55(c) is amended by striking "and the section 936 credit allowable under section 27(b)" and inserting ", the section 936 credit allowable under section 27(b), and the Puerto Rican economic activity credit under section 30A".

(B) Subclause (I) of section 56(g)(4)(C)(ii) is amended—

(i) by inserting "30A," before "936", and

(ii) by striking "and (i)" and inserting ", (i), and (j)".

(C) Clause (iii) of section 56(g)(4)(C) is amended by adding at the end the following new subclause:

"(VI) APPLICATION TO SECTION 30A CORPORATIONS.—References in this clause to section 936 shall be treated as including references to section 30A.".

(D) Subsection (b) of section 59 is amended by striking "section 936," and all that follows and inserting "section 30A or 936, alternative minimum taxable income shall not include any income with respect to which a credit is determined under section 30A or 936.".

(E) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

"Sec. 30A. Puerto Rican economic activity credit.".

(F)(i) The heading for subpart B of part IV of subchapter A of chapter 1 is amended to read as follows:

"Subpart B—Other Credits".

(ii) The table of subparts for part IV of subchapter A of chapter 1 is amended by striking the item relating to subpart B and inserting the following new item:

"Subpart B. Other credits.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SPECIAL RULE FOR QUALIFIED POSSESSION SOURCE INVESTMENT INCOME.—The amendments made by this section shall not apply to qualified possession source investment income received or accrued before July 1, 1996, without regard to the taxable year in which received or accrued.

(3) SPECIAL TRANSITION RULE FOR PAYMENT OF ESTIMATED TAX INSTALLMENT.—In determining the amount of any installment due under section 6655 of the Internal Revenue Code of 1986 after the date of the enactment of this Act and before October 1, 1996, only 1/2 of any increase in tax (for the taxable year for which such installment is made) by reason of the amendments made by subsections (a) and (b) shall be taken into account. Any reduction in such installment by reason of the preceding sentence shall be recaptured by increasing the next required installment for such year by the amount of such reduction.

SEC. 1602. REPEAL OF EXCLUSION FOR INTEREST ON LOANS USED TO ACQUIRE EMPLOYER SECURITIES.

(a) IN GENERAL.—Section 133 (relating to interest on certain loans used to acquire employer securities) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 291(e)(1) is amended by striking clause (iv) and by redesignating clause (v) as clause (iv).

(2) Section 812 is amended by striking subsection (g).

(3) Paragraph (5) of section 852(b) is amended by striking subparagraph (C).

(4) Paragraph (2) of section 4978(b) is amended by striking subparagraph (A) and all that follows and inserting the following:

"(A) first from qualified securities to which section 1042 applied acquired during the 3-year period ending on the date of the disposition, beginning with the securities first so acquired, and

"(B) then from any other employer securities.

If subsection (d) applies to a disposition, the disposition shall be treated as made from employer securities in the opposite order of the preceding sentence.".

(5)(A) Section 4978B (relating to tax on disposition of employer securities to which section 133 applied) is hereby repealed.

(B) The table of sections for chapter 43 is amended by striking the item relating to section 4978B.

(6) Subsection (e) of section 6047 is amended by striking paragraphs (1), (2), and (3) and inserting the following new paragraphs:

"(1) any employer maintaining, or the plan administrator (within the meaning of section 414(g)) of, an employee stock ownership plan which holds stock with respect to which section 404(k) applies to dividends paid on such stock, or

"(2) both such employer or plan administrator,".

(7) Subsection (f) of section 7872 is amended by striking paragraph (12).

(8) The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 133.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to loans made after the date of the enactment of this Act.

(2) REFINANCINGS.—The amendments made by this section shall not apply to loans made after the date of the enactment of this Act to refinance securities acquisition loans (determined without regard to section 133(b)(1)(B) of the Internal Revenue Code of 1986, as in effect on the day before the date of the enactment of this Act) made on or before such date or to refinance loans described in this paragraph if—

(A) the refinancing loans meet the requirements of section 133 of such Code (as so in effect),

(B) immediately after the refinancing the principal amount of the loan resulting from the refinancing does not exceed the principal amount of the refinanced loan (immediately before the refinancing), and

(C) the term of such refinancing loan does not extend beyond the last day of the term of the original securities acquisition loan.

For purposes of this paragraph, the term "securities acquisition loan" includes a loan from a corporation to an employee stock ownership plan described in section 133(b)(3) of such Code (as so in effect).

(3) EXCEPTION.—Any loan made pursuant to a binding written contract in effect before June 10, 1996, and at all times thereafter before such loan is made, shall be treated for purposes of paragraphs (1) and (2) as a loan made on or before the date of the enactment of this Act.

SEC. 1603. CERTAIN AMOUNTS DERIVED FROM FOREIGN CORPORATIONS TREATED AS UNRELATED BUSINESS TAXABLE INCOME.

(a) GENERAL RULE.—Subsection (b) of section 512 (relating to modifications) is amended by adding at the end the following new paragraph:

"(17) TREATMENT OF CERTAIN AMOUNTS DERIVED FROM FOREIGN CORPORATIONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), any amount included in gross income under section 951(a)(1)(A) shall be included as an item of gross income derived from an unrelated trade or business to the extent the amount so included is attributable to insurance income (as defined in section 953) which, if derived directly by the organization, would be treated as gross income from an unrelated trade or business. There shall be allowed all deductions directly connected with amounts included in gross income under the preceding sentence.

"(B) EXCEPTION.—

"(i) IN GENERAL.—Subparagraph (A) shall not apply to income attributable to a policy of insurance or reinsurance with respect to which the person (directly or indirectly) insured is—

"(I) such organization,

"(II) an affiliate of such organization which is exempt from tax under section 501(a), or

"(III) a director or officer of, or an individual who (directly or indirectly) performs services for, such organization or affiliate but only if the insurance covers primarily risks associated with the performance of services in connection with such organization or affiliate.

"(ii) AFFILIATE.—For purposes of this subparagraph—

"(I) IN GENERAL.—The determination as to whether an entity is an affiliate of an organization shall be made under rules similar to the rules of section 168(h)(4)(B).

"(II) SPECIAL RULE.—Two or more organizations (and any affiliates of such organizations) shall be treated as affiliates if such organizations are colleges or universities described in section 170(b)(1)(A)(ii) or organizations described in section 170(b)(1)(A)(iii) and participate in an insurance arrangement that provides for any profits from such arrangement to be returned to the policyholders in their capacity as such.

"(C) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations for the application of this paragraph in the case of income paid through 1 or more entities or between 2 or more chains of entities.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts included in gross income in any taxable year beginning after December 31, 1995.

SEC. 1604. DEPRECIATION UNDER INCOME FORECAST METHOD.

(a) GENERAL RULE.—Section 167 (relating to depreciation) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) DEPRECIATION UNDER INCOME FORECAST METHOD.—

"(1) IN GENERAL.—If the depreciation deduction allowable under this section to any taxpayer with respect to any property is determined under the income forecast method or any similar method—

"(A) the income from the property to be taken into account in determining the depreciation deduction under such method shall be equal to the amount of income earned in connection with the property before the close of the 10th taxable year following the taxable year in which the property was placed in service,

"(B) the adjusted basis of the property shall only include amounts with respect to which the requirements of section 461(h) are satisfied,

"(C) the depreciation deduction under such method for the 10th taxable year beginning after the taxable year in which the property was placed in service shall be equal to the adjusted basis of such property as of the beginning of such 10th taxable year, and

"(D) such taxpayer shall pay (or be entitled to receive) interest computed under the look-back method of paragraph (2) for any recomputation year.

"(2) LOOK-BACK METHOD.—The interest computed under the look-back method of this paragraph for any recomputation year shall be determined by—

"(A) first determining the depreciation deductions under this section with respect to such property which would have been allowable for prior taxable years if the determination of the amounts so allowable had been made on the basis of the sum of the following (instead of the estimated income from such property)—

"(i) the actual income earned in connection with such property for periods before the close of the recomputation year, and

"(ii) an estimate of the future income to be earned in connection with such property for periods after the recomputation year and before the close of the 10th taxable year following the taxable year in which the property was placed in service,

"(B) second, determining (solely for purposes of computing such interest) the overpayment or underpayment of tax for each such prior taxable year which would result solely from the application of subparagraph (A), and

"(C) then using the adjusted overpayment rate (as defined in section 460(b)(7)), compounded daily, on the overpayment or underpayment determined under subparagraph (B).

For purposes of the preceding sentence, any cost incurred after the property is placed in service (which is not treated as a separate property under paragraph (5)) shall be taken into account by discounting (using the Federal mid-term rate determined under section 1274(d) as of the time such cost is incurred) such cost to its value as of the date the property is placed in service. The taxpayer may elect with respect to any property to have the preceding sentence not apply to such property.

"(3) EXCEPTION FROM LOOK-BACK METHOD.—Paragraph (1)(D) shall not apply with respect to any property which had a cost basis of $100,000 or less.

"(4) RECOMPUTATION YEAR.—For purposes of this subsection, except as provided in regulations, the term 'recomputation year' means, with respect to any property, the 3d and the 10th taxable years beginning after the taxable year in which the property was placed in service, unless the actual income earned in connection with the property for the period before the close of such 3d or 10th taxable year is within 10 percent of the income earned in connection with the property for such period which was taken into account under paragraph (1)(A).

"(5) SPECIAL RULES.—

"(A) CERTAIN COSTS TREATED AS SEPARATE PROPERTY.—For purposes of this subsection, the following costs shall be treated as separate properties:

"(i) Any costs incurred with respect to any property after the 10th taxable year beginning after the taxable year in which the property was placed in service.

"(ii) Any costs incurred after the property is placed in service and before the close of such 10th taxable year if such costs are significant and give rise to a significant increase in the income from the property which was not included in the estimated income from the property.

"(B) SYNDICATION INCOME FROM TELEVISION SERIES.—In the case of property which is 1 or more episodes in a television series, income from syndicating such series shall not be required to be taken into account under this subsection before the earlier of—

"(i) the 4th taxable year beginning after the date the first episode in such series is placed in service, or

"(ii) the earliest taxable year in which the taxpayer has an arrangement relating to the future syndication of such series.

"(C) SPECIAL RULES FOR FINANCIAL EXPLOITATION OF CHARACTERS, ETC.—For purposes of this subsection, in the case of television and motion picture films, the income from the property shall include income from the exploitation of characters, designs, scripts, scores, and other incidental income associated with such films, but only to the extent that such income is earned in connection with the ultimate use of such items by, or the ultimate sale of merchandise to, persons who are not related persons (within the meaning of section 267(b)) to the taxpayer.

"(D) COLLECTION OF INTEREST.—For purposes of subtitle F (other than sections 6654 and 6655), any interest required to be paid by the taxpayer under paragraph (1) for any recomputation year shall be treated as an increase in the tax imposed by this chapter for such year.

"(E) DETERMINATIONS.—For purposes of paragraph (2), determinations of the amount of income earned in connection with any property shall be made in the same manner as for purposes of applying the income forecast method; except that any income from the disposition of such property shall be taken into account.

"(F) TREATMENT OF PASS-THRU ENTITIES.—Rules similar to the rules of section 460(b)(4) shall apply for purposes of this subsection."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to property placed in service after September 13, 1995.

(2) BINDING CONTRACTS.—The amendment made by subsection (a) shall not apply to any property produced or acquired by the taxpayer pursuant to a written contract which was binding on September 13, 1995, and at all times thereafter before such production or acquisition.

(3) UNDERPAYMENTS OF INCOME TAX.—No addition to tax shall be made under section 6662 of such Code as a result of the application of subsection (d) of that section (relating to substantial understatements of income tax) with respect to any underpayment of income tax for any taxable year ending before such date of enactment, to the extent such underpayment was created or increased by the amendments made by subsection (a).

SEC. 1605. REPEAL OF EXCLUSION FOR PUNITIVE DAMAGES AND FOR DAMAGES NOT ATTRIBUTABLE TO PHYSICAL INJURIES OR SICKNESS.

(a) IN GENERAL.—Paragraph (2) of section 104(a) (relating to compensation for injuries or sickness) is amended to read as follows:

"(2) the amount of any damages (other than punitive damages) received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal physical injuries or physical sickness;".

(b) EMOTIONAL DISTRESS AS SUCH TREATED AS NOT PHYSICAL INJURY OR PHYSICAL SICKNESS.—Section 104(a) is amended by striking the last sentence and inserting the following new sentence: "For purposes of paragraph (2), emotional distress shall not be treated as a physical injury or physical sickness. The preceding sentence shall not apply to an amount of damages not in excess of the amount paid for medical care (described in subparagraph (A) or (B) of section 213(d)(1)) attributable to emotional distress.".

(c) APPLICATION OF PRIOR LAW FOR STATES IN WHICH ONLY PUNITIVE DAMAGES MAY BE AWARDED IN WRONGFUL DEATH ACTIONS.—Section 104 is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) APPLICATION OF PRIOR LAW IN CERTAIN CASES.—The phrase '(other than punitive damages)' shall not apply to punitive damages awarded in a civil action—

"(1) which is a wrongful death action, and

"(2) with respect to which applicable State law (as in effect on September 13, 1995 and without regard to any modification after such date) provides, or has been construed to provide by a court of competent jurisdiction pursuant to a decision issued on or before September 13, 1995, that only punitive damages may be awarded in such an action.

This subsection shall cease to apply to any civil action filed on or after the first date on which the applicable State law ceases to provide (or is no longer construed to provide) the treatment described in paragraph (2).".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to amounts received after the date of the enactment of this Act, in taxable years ending after such date.

(2) EXCEPTION.—The amendments made by this section shall not apply to any amount received under a written binding agreement, court decree, or mediation award in effect on (or issued on or before) September 13, 1995.

SEC. 1606. REPEAL OF DIESEL FUEL TAX REBATE TO PURCHASERS OF DIESEL-POWERED AUTOMOBILES AND LIGHT TRUCKS.

(a) IN GENERAL.—Section 6427 (relating to fuels not used for taxable purposes) is amended by striking subsection (g).

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (3) of section 34(a) is amended to read as follows:

"(3) under section 6427 with respect to fuels used for nontaxable purposes or resold during the taxable year (determined without regard to section 6427(k)).".

(2) Paragraphs (1) and (2)(A) of section 6427(i) are each amended—

(A) by striking "(g),", and

(B) by striking "(or a qualified diesel powered highway vehicle purchased)" each place it appears.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to vehicles purchased after the date of the enactment of this Act.

SEC. 1607. EXTENSION AND PHASEDOWN OF LUXURY PASSENGER AUTOMOBILE TAX.

(a) EXTENSION.—Subsection (f) of section 4001 is amended by striking "1999" and inserting "2002".

(b) PHASEDOWN.—Section 4001 is amended by redesignating subsection (f) (as amended by subsection (a) of this section) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) PHASEDOWN.—For sales occurring in calendar years after 1995 and before 2003, subsection (a) shall be applied by substituting for '10 percent' the percentage determined in accordance with the following table:

"If the calendar year is:	The percentage is:
1996	9 percent
1997	8 percent
1998	7 percent
1999	6 percent
2000	5 percent
2001	4 percent
2002	3 percent.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to sales occurring after the date which is 7 days after the date of the enactment of this Act.

SEC. 1608. TERMINATION OF FUTURE TAX-EXEMPT BOND FINANCING FOR LOCAL FURNISHERS OF ELECTRICITY AND GAS.

(a) IN GENERAL.—Section 142(f) (relating to local furnishing of electric energy or gas) is amended by adding at the end the following new paragraphs:

"(3) TERMINATION OF FUTURE FINANCING.—For purposes of this section, no bond may be issued as part of an issue described in subsection (a)(8) with respect to a facility for the local furnishing of electric energy or gas on or after the date of the enactment of this paragraph unless—

"(A) the facility will—

"(i) be used by a person who is engaged in the local furnishing of that energy source on January 1, 1997, and

"(ii) be used to provide service within the area served by such person on January 1, 1997, (or within a county or city any portion of which is within such area), or

"(B) the facility will be used by a successor in interest to such person for the same use and within the same service area as described in subparagraph (A).

"(4) ELECTION TO TERMINATE TAX-EXEMPT BOND FINANCING BY CERTAIN FURNISHERS.—

"(A) IN GENERAL.—In the case of a facility financed with bonds issued before the date of the enactment of this paragraph which would cease to be tax-exempt by reason of the failure to meet the local furnishing requirement of subsection (a)(8) as a result of a service area expansion, such bonds shall not cease to be tax-exempt bonds (and section 150(b)(4) shall not apply) if the person engaged in such local furnishing by such facility makes an election described in subparagraph (B).

"(B) ELECTION.—An election is described in this subparagraph if it is an election made in such manner as the Secretary prescribes, and such person (or its predecessor in interest) agrees that—

"(i) such election is made with respect to all facilities for the local furnishing of electric energy or gas, or both, by such person,

"(ii) no bond exempt from tax under section 103 and described in subsection (a)(8) may be issued on or after the date of the enactment of this paragraph with respect to all such facilities of such person,

"(iii) any expansion of the service area—

"(I) is not financed with the proceeds of any exempt facility bond described in subsection (a)(8), and

"(II) is not treated as a nonqualifying use under the rules of paragraph (2), and

"(iv) all outstanding bonds used to finance the facilities for such person are redeemed not later than 6 months after the later of—

"(I) the earliest date on which such bonds may be redeemed, or

"(II) the date of the election.

"(C) RELATED PERSONS.—For purposes of this paragraph, the term 'person' includes a group of related persons (within the meaning of section 144(a)(3)) which includes such person.".

(b) NO INFERENCE WITH RESPECT TO OUTSTANDING BONDS.—The use of the term "person" in section 142(f)(3) of the Internal Revenue Code of 1986, as added by subsection (a), shall not be construed to affect the tax-exempt status of interest on any bonds issued before the date of the enactment of this Act.

SEC. 1609. EXTENSION OF AIRPORT AND AIRWAY TRUST FUND EXCISE TAXES.

(a) FUEL TAX.—

(1) Subparagraph (A) of section 4091(b)(3) is amended to read as follows:

"(A) The rate of tax specified in paragraph (1) shall be 4.3 cents per gallon—

"(i) after December 31, 1995, and before the date which is 7 calendar days after the date of the enactment of the Small Business Job Protection Act of 1996, and

"(ii) after December 31, 1996.".

(2) Section 4081(d) is amended—

(A) by adding at the end the following new paragraph:

"(3) AVIATION GASOLINE.—After December 31, 1996, the rate of tax specified in subsection (a)(2)(A)(i) on aviation gasoline shall be 4.3 cents per gallon.", and

(B) by inserting "(other than the tax on aviation gasoline)" after "subsection (a)(2)(A)".

(3) Section 4041(c)(5) is amended by inserting ", and during the period beginning on the date which is 7 calendar days after the date of the enactment of the Small Business Job Protection Act of 1996 and ending on December 31, 1996" after "December 31, 1995".

(b) TICKET TAXES.—Sections 4261(g) and 4271(d) are each amended by striking "January 1, 1996" and inserting "January 1, 1996, and to transportation beginning on or after the date which is 7 calendar days after the date of the enactment of the Small Business Job Protection Act of 1996 and before January 1, 1997".

(c) TRANSFERS TO AIRPORT AND AIRWAY TRUST FUND.—

(1) Subsection (b) of section 9502 is amended by striking "January 1, 1996" each place it appears and inserting "January 1, 1997".

(2) Paragraph (3) of section 9502(f) is amended to read as follows:

"(3) TERMINATION.—Notwithstanding the preceding provisions of this subsection, the Airport and Airway Trust Fund financing rate shall be zero with respect to—

"(A) taxes imposed after December 31, 1995, and before the date which is 7 calendar days after the date of the enactment of the Small Business Job Protection Act of 1996, and

"(B) taxes imposed after December 31, 1996.".

(3) Subsection (d) of section 9502 is amended by adding at the end the following new paragraph:

"(5) TRANSFERS FROM AIRPORT AND AIRWAY TRUST FUND ON ACCOUNT OF REFUNDS OF TAXES ON TRANSPORTATION BY AIR.—The Secretary of the Treasury shall pay from time to time from the Airport and Airway Trust Fund into the general fund of the Treasury amounts equivalent to the amounts paid after December 31, 1995, under section 6402 (relating to authority to make credits or refunds) or section 6415 (relating to credits or refunds to persons who collected certain taxes) in respect of taxes under sections 4261 and 4271.".

(d) EXCISE TAX EXEMPTION FOR CERTAIN EMERGENCY MEDICAL TRANSPORTATION BY AIR AMBULANCE.—Subsection (f) of section 4261 (relating to imposition of tax on transportation by air) is amended to read as follows:

"(f) EXEMPTION FOR AIR AMBULANCES PROVIDING CERTAIN EMERGENCY MEDICAL TRANSPORTATION.—No tax shall be imposed under this section or section 4271 on any air transportation for the purpose of providing emergency medical services—

"(1) by helicopter, or

"(2) by a fixed-wing aircraft equipped for and exclusively dedicated to acute care emergency medical services.".

(e) EXEMPTION FOR CERTAIN HELICOPTER USES.—Subsection (e) of section 4261 is amended by adding at the end the following new sentence: "In the case of helicopter transportation described in paragraph (1), this subsection shall be applied by treating each flight segment as a distinct flight.".

(f) FLIGHT-BY-FLIGHT DETERMINATION OF AVAILABILITY FOR HIRE FOR AFFILIATED

Groups.—Section 4282 is amended by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b) Availability for Hire.—For purposes of subsection (a), the determination of whether an aircraft is available for hire by persons who are not members of an affiliated group shall be made on a flight-by-flight basis."

(g) Consolidation of Taxes on Aviation Gasoline.—

(1) In General.—Subparagraph (A) of section 4081(a)(2) (relating to imposition of tax on gasoline and diesel fuel) is amended by redesignating clause (ii) as clause (iii) and by striking clause (i) and inserting the following:

"(i) in the case of gasoline other than aviation gasoline, 18.3 cents per gallon,

"(ii) in the case of aviation gasoline, 19.3 cents per gallon, and".

(2) Termination.—Subsection (d) of section 4081 is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

"(2) Aviation Gasoline.—On and after January 1, 1997, the rate specified in subsection (a)(2)(A)(ii) shall be 4.3 cents per gallon."

(3) Repeal of Retail Level Tax.—

(A) Subsection (c) of section 4041 is amended by striking paragraphs (2) and (3) and by redesignating paragraphs (4) and (5) as paragraphs (2) and (3), respectively.

(B) Paragraph (3) of section 4041(c), as redesignated by paragraph (1), is amended by striking "paragraphs (1) and (2)" and inserting "paragraph (1)".

(4) Conforming Amendments.—

(A) Paragraph (1) of section 4041(k) is amended by adding "and" at the end of subparagraph (A), by striking ", and" at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(B) Paragraph (1) of section 4081(d) is amended by striking "each rate of tax specified in subsection (a)(2)(A)" and inserting "the rates of tax specified in clauses (i) and (iii) of subsection (a)(2)(A)".

(C) Sections 6421(f)(2)(A) and 9502(f)(1)(A) are each amended by striking "section 4041(c)(4)" and inserting "section 4041(c)(2)".

(D) Paragraph (2) of section 9502(b) is amended by striking "14 cents" and inserting "15 cents".

(h) Floor Stocks Taxes on Aviation Fuel.—

(1) Imposition of Tax.—In the case of aviation fuel on which tax was imposed under section 4091 of the Internal Revenue Code of 1986 before the tax-increase date described in paragraph (3)(A)(i) and which is held on such date by any person, there is hereby imposed a floor stocks tax of 17.5 cents per gallon.

(2) Liability for Tax and Method of Payment.—

(A) Liability for Tax.—A person holding aviation fuel on a tax-increase date to which the tax imposed by paragraph (1) applies shall be liable for such tax.

(B) Method of Payment.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe.

(C) Time for Payment.—The tax imposed by paragraph (1) with respect to any tax-increase date shall be paid on or before the first day of the 7th month beginning after such tax-increase date.

(3) Definitions.—For purposes of this subsection—

(A) Tax Increase Date.—The term "tax-increase date" means the date which is 7 calendar days after the date of the enactment of this Act.

(B) Aviation Fuel.—The term "aviation fuel" has the meaning given such term by section 4093 of such Code.

(C) Held by a Person.—Aviation fuel shall be considered as "held by a person" if title thereto has passed to such person (whether or not delivery to the person has been made).

(D) Secretary.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(4) Exception for Exempt Uses.—The tax imposed by paragraph (1) shall not apply to aviation fuel held by any person on any tax-increase date exclusively for any use for which a credit or refund of the entire tax imposed by section 4091 of such Code is allowable for aviation fuel purchased on or after such tax-increase date for such use.

(5) Exception for Certain Amounts of Fuel.—

(A) In General.—No tax shall be imposed by paragraph (1) on aviation fuel held on any tax-increase date by any person if the aggregate amount of aviation fuel held by such person on such date does not exceed 2,000 gallons. The preceding sentence shall apply only if such person submits to the Secretary (at the time and in the manner required by the Secretary) such information as the Secretary shall require for purposes of this paragraph.

(B) Exempt Fuel.—For purposes of subparagraph (A), there shall not be taken into account fuel held by any person which is exempt from the tax imposed by paragraph (1) by reason of paragraph (4).

(C) Controlled Groups.—For purposes of this paragraph—

(i) Corporations.—

(I) In General.—All persons treated as a controlled group shall be treated as 1 person.

(II) Controlled Group.—The term "controlled group" has the meaning given to such term by subsection (a) of section 1563 of such Code; except that for such purposes the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in such subsection.

(ii) Nonincorporated Persons Under Common Control.—Under regulations prescribed by the Secretary, principles similar to the principles of clause (i) shall apply to a group of persons under common control where 1 or more of such persons is not a corporation.

(6) Other Law Applicable.—All provisions of law, including penalties, applicable with respect to the taxes imposed by section 4091 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply with respect to the floor stock taxes imposed by paragraph (1) to the same extent as if such taxes were imposed by such section 4091.

(i) Effective Date.—The amendments made by this section shall take effect on the 7th calendar day after the date of the enactment of this Act, except that the amendments made by subsection (b) shall not apply to any amount paid before such date.

SEC. 1610. BASIS ADJUSTMENT TO PROPERTY HELD BY CORPORATION WHERE STOCK IN CORPORATION IS REPLACEMENT PROPERTY UNDER INVOLUNTARY CONVERSION RULES.

(a) In General.—Subsection (b) of section 1033 is amended to read as follows:

"(b) Basis of Property Acquired Through Involuntary Conversion.—

"(1) Conversions Described in Subsection (a)(1).—If the property was acquired as the result of a compulsory or involuntary conversion described in subsection (a)(1), the basis shall be the same as in the case of the property so converted—

"(A) decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law (applicable to the year in which such conversion was made) determining the taxable status of the gain or loss upon such conversion, and

"(B) increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

"(2) Conversions Described in Subsection (a)(2).—In the case of property purchased by the taxpayer in a transaction described in subsection (a)(2) which resulted in the nonrecognition of any part of the gain realized as the result of a compulsory or involuntary conversion, the basis shall be the cost of such property decreased in the amount of the gain not so recognized; and if the property purchased consists of more than 1 piece of property, the basis determined under this sentence shall be allocated to the purchased properties in proportion to their respective costs.

"(3) Property Held by Corporation the Stock of Which Is Replacement Property.—

"(A) In General.—If the basis of stock in a corporation is decreased under paragraph (2), an amount equal to such decrease shall also be applied to reduce the basis of property held by the corporation at the time the taxpayer acquired control (as defined in subsection (a)(2)(E)) of such corporation.

"(B) Limitation.—Subparagraph (A) shall not apply to the extent that it would (but for this subparagraph) require a reduction in the aggregate adjusted bases of the property of the corporation below the taxpayer's adjusted basis of the stock in the corporation (determined immediately after such basis is decreased under paragraph (2)).

"(C) Allocation of Basis Reduction.—The decrease required under subparagraph (A) shall be allocated—

"(i) first to property which is similar or related in service or use to the converted property,

"(ii) second to depreciable property (as defined in section 1017(b)(3)(B)) not described in clause (i), and

"(iii) then to other property.

"(D) Special Rules.—

"(i) Reduction Not to Exceed Adjusted Basis of Property.—No reduction in the basis of any property under this paragraph shall exceed the adjusted basis of such property (determined without regard to such reduction).

"(ii) Allocation of Reduction Among Properties.—If more than 1 property is described in a clause of subparagraph (C), the reduction under this paragraph shall be allocated among such property in proportion to the adjusted bases of such property (as so determined).".

(b) Effective Date.—The amendment made by this section shall apply to involuntary conversions occurring after the date of the enactment of this Act.

SEC. 1611. TREATMENT OF CERTAIN INSURANCE CONTRACTS ON RETIRED LIVES.

(a) General Rule.—

(1) Paragraph (2) of section 817(d) (defining variable contract) is amended by striking "or" at the end of subparagraph (A), by striking "and" at the end of subparagraph (B) and inserting "or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) provides for funding of insurance on retired lives as described in section 807(c)(6), and".

(2) Paragraph (3) of section 817(d) is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) in the case of funds held under a contract described in paragraph (2)(C), the amounts paid in, or the amounts paid out, reflect the investment return and the market value of the segregated asset account.".

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

SEC. 1612. TREATMENT OF MODIFIED GUARANTEED CONTRACTS.

(a) GENERAL RULE.—Subpart E of part I of subchapter L of chapter 1 (relating to definitions and special rules) is amended by inserting after section 817 the following new section:

"SEC. 817A. SPECIAL RULES FOR MODIFIED GUARANTEED CONTRACTS.

"(a) COMPUTATION OF RESERVES.—In the case of a modified guaranteed contract, clause (ii) of section 807(e)(1)(A) shall not apply.

"(b) SEGREGATED ASSETS UNDER MODIFIED GUARANTEED CONTRACTS MARKED TO MARKET.—

"(1) IN GENERAL.—In the case of any life insurance company, for purposes of this subtitle—

"(A) Any gain or loss with respect to a segregated asset shall be treated as ordinary income or loss, as the case may be.

"(B) If any segregated asset is held by such company as of the close of any taxable year—

"(i) such company shall recognize gain or loss as if such asset were sold for its fair market value on the last business day of such taxable year, and

"(ii) any such gain or loss shall be taken into account for such taxable year.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence. The Secretary may provide by regulations for the application of this subparagraph at times other than the times provided in this subparagraph.

"(2) SEGREGATED ASSET.—For purposes of paragraph (1), the term 'segregated asset' means any asset held as part of a segregated account referred to in subsection (d)(1) under a modified guaranteed contract.

"(c) SPECIAL RULE IN COMPUTING LIFE INSURANCE RESERVES.—For purposes of applying section 816(b)(1)(A) to any modified guaranteed contract, an assumed rate of interest shall include a rate of interest determined, from time to time, with reference to a market rate of interest.

"(d) MODIFIED GUARANTEED CONTRACT DEFINED.—For purposes of this section, the term 'modified guaranteed contract' means a contract not described in section 817—

"(1) all or part of the amounts received under which are allocated to an account which, pursuant to State law or regulation, is segregated from the general asset accounts of the company and is valued from time to time with reference to market values,

"(2) which—

"(A) provides for the payment of annuities,

"(B) is a life insurance contract, or

"(C) is a pension plan contract which is not a life, accident, or health, property, casualty, or liability contract,

"(3) for which reserves are valued at market for annual statement purposes, and

"(4) which provides for a net surrender value or a policyholder's fund (as defined in section 807(e)(1)).

If only a portion of a contract is not described in section 817, such portion shall be treated for purposes of this section as a separate contract.

"(e) REGULATIONS.—The Secretary may prescribe regulations—

"(1) to provide for the treatment of market value adjustments under sections 72, 7702, 7702A, and 807(e)(1)(B),

"(2) to determine the interest rates applicable under sections 807(c)(3), 807(d)(2)(B), and 812 with respect to a modified guaranteed contract annually, in a manner appropriate for modified guaranteed contracts and, to the extent appropriate for such a contract, to modify or waive the applicability of section 811(d),

"(3) to provide rules to limit ordinary gain or loss treatment to assets constituting reserves for modified guaranteed contracts (and not other assets) of the company,

"(4) to provide appropriate treatment of transfers of assets to and from the segregated account, and

"(5) as may be necessary or appropriate to carry out the purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for subpart E of part I of subchapter L of chapter 1 is amended by inserting after the item relating to section 817 the following new item:

"Sec. 817A. Special rules for modified guaranteed contracts.".

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) TREATMENT OF NET ADJUSTMENTS.—Except as provided in paragraph (3), in the case of any taxpayer required by the amendments made by this section to change its calculation of reserves to take into account market value adjustments and to mark segregated assets to market for any taxable year—

(A) such changes shall be treated as a change in method of accounting initiated by the taxpayer,

(B) such changes shall be treated as made with the consent of the Secretary, and

(C) the adjustments required by reason of section 481 of the Internal Revenue Code of 1986, shall be taken into account as ordinary income by the taxpayer for the taxpayer's first taxable year beginning after December 31, 1995.

(3) LIMITATION ON LOSS RECOGNITION AND ON DEDUCTION FOR RESERVE INCREASES.—

(A) LIMITATION ON LOSS RECOGNITION.—

(i) IN GENERAL.—The aggregate loss recognized by reason of the application of section 481 of the Internal Revenue Code of 1986 with respect to section 817A(b) of such Code (as added by this section) for the first taxable year of the taxpayer beginning after December 31, 1995, shall not exceed the amount included in the taxpayer's gross income for such year by reason of the excess (if any) of—

(I) the amount of life insurance reserves as of the close of the prior taxable year, over

(II) the amount of such reserves as of the beginning of such first taxable year,

to the extent such excess is attributable to subsection (a) of such section 817A. Notwithstanding the preceding sentence, the adjusted basis of each segregated asset shall be determined as if all such losses were recognized.

(ii) DISALLOWED LOSS ALLOWED OVER PERIOD.—The amount of the loss which is not allowed under clause (i) shall be allowed ratably over the period of 7 taxable years beginning with the taxpayer's first taxable year beginning after December 31, 1995.

(B) LIMITATION ON DEDUCTION FOR INCREASE IN RESERVES.—

(i) IN GENERAL.—The deduction allowed for the first taxable year of the taxpayer beginning after December 31, 1995, by reason of the application of section 481 of such Code with respect to section 817A(a) of such Code (as added by this section) shall not exceed the aggregate built-in gain recognized by reason of the application of such section 481 with respect to section 817A(b) of such Code (as added by this section) for such first taxable year.

(ii) DISALLOWED DEDUCTION ALLOWED OVER PERIOD.—The amount of the deduction which is disallowed under clause (i) shall be allowed ratably over the period of 7 taxable years beginning with the taxpayer's first taxable year beginning after December 31, 1995.

(iii) BUILT-IN GAIN.—For purposes of this subparagraph, the built-in gain on an asset is the amount equal to the excess of—

(I) the fair market value of the asset as of the beginning of the first taxable year of the taxpayer beginning after December 31, 1995, over

(II) the adjusted basis of such asset as of such time.

SEC. 1613. TREATMENT OF CONTRIBUTIONS IN AID OF CONSTRUCTION.

(a) TREATMENT OF CONTRIBUTIONS IN AID OF CONSTRUCTION.—

(1) IN GENERAL.—Section 118 (relating to contributions to the capital of a corporation) is amended—

(A) by redesignating subsection (c) as subsection (e), and

(B) by inserting after subsection (b) the following new subsections:

"(c) SPECIAL RULES FOR WATER AND SEWERAGE DISPOSAL UTILITIES.—

"(1) GENERAL RULE.—For purposes of this section, the term 'contribution to the capital of the taxpayer' includes any amount of money or other property received from any person (whether or not a shareholder) by a regulated public utility which provides water or sewerage disposal services if—

"(A) such amount is a contribution in aid of construction,

"(B) in the case of contribution of property other than water or sewerage disposal facilities, such amount meets the requirements of the expenditure rule of paragraph (2), and

"(C) such amount (or any property acquired or constructed with such amount) is not included in the taxpayer's rate base for ratemaking purposes.

"(2) EXPENDITURE RULE.—An amount meets the requirements of this paragraph if—

"(A) an amount equal to such amount is expended for the acquisition or construction of tangible property described in section 1231(b)—

"(i) which is the property for which the contribution was made or is of the same type as such property, and

"(ii) which is used predominantly in the trade or business of furnishing water or sewerage disposal services,

"(B) the expenditure referred to in subparagraph (A) occurs before the end of the second taxable year after the year in which such amount was received, and

"(C) accurate records are kept of the amounts contributed and expenditures made, the expenditures to which contributions are allocated, and the year in which the contributions and expenditures are received and made.

"(3) DEFINITIONS.—For purposes of this subsection—

"(A) CONTRIBUTION IN AID OF CONSTRUCTION.—The term 'contribution in aid of construction' shall be defined by regulations prescribed by the Secretary, except that such term shall not include amounts paid as service charges for starting or stopping services.

"(B) PREDOMINANTLY.—The term 'predominantly' means 80 percent or more.

"(C) REGULATED PUBLIC UTILITY.—The term 'regulated public utility' has the meaning given such term by section 7701(a)(33), except that such term shall not include any utility which is not required to provide water or sewerage disposal services to members of the general public in its service area.

"(4) DISALLOWANCE OF DEDUCTIONS AND CREDITS; ADJUSTED BASIS.—Notwithstanding any other provision of this subtitle, no deduction or credit shall be allowed for, or by reason of, any expenditure which constitutes a contribution in aid of construction to which this subsection applies. The adjusted basis of any property acquired with contributions in aid of construction to which this subsection applies shall be zero.

"(d) STATUTE OF LIMITATIONS.—If the taxpayer for any taxable year treats an amount as a contribution to the capital of the taxpayer described in subsection (c), then—

"(1) the statutory period for the assessment of any deficiency attributable to any part of such amount shall not expire before the expiration of 3 years from the date the Secretary is notified by the taxpayer (in such manner as the Secretary may prescribe) of—

"(A) the amount of the expenditure referred to in subparagraph (A) of subsection (c)(2),

"(B) the taxpayer's intention not to make the expenditures referred to in such subparagraph, or

"(C) a failure to make such expenditure within the period described in subparagraph (B) of subsection (c)(2), and

"(2) such deficiency may be assessed before the expiration of such 3-year period notwithstanding the provisions of any other law or rule of law which would otherwise prevent such assessment.".

(2) CONFORMING AMENDMENT.—Section 118(b) is amended by inserting "except as provided in subsection (c)," before "the term".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts received after June 12, 1996.

(b) RECOVERY METHOD AND PERIOD FOR WATER UTILITY PROPERTY.—

(1) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

"(F) Water utility property described in subsection (e)(5).".

(2) 25-YEAR RECOVERY PERIOD.—The table contained in section 168(c)(1) is amended by inserting the following item after the item relating to 20-year property:

"Water utility property .... 25 years".

(3) WATER UTILITY PROPERTY.—

(A) IN GENERAL.—Section 168(e) is amended by adding at the end the following new paragraph:

"(5) WATER UTILITY PROPERTY.—The term 'water utility property' means property—

"(A) which is an integral part of the gathering, treatment, or commercial distribution of water, and which, without regard to this paragraph, would be 20-year property, and

"(B) any municipal sewer.".

(B) CONFORMING AMENDMENTS.—Section 168 is amended—

(i) by striking subparagraph (F) of subsection (e)(3), and

(ii) by striking the item relating to subparagraph (F) in the table in subsection (g)(3).

(4) ALTERNATIVE SYSTEM.—Clause (iv) of section 168(g)(2)(C) is amended by inserting "or water utility property" after "tunnel bore".

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after June 12, 1996, other than property placed in service pursuant to a binding contract in effect before June 10, 1996, and at all times thereafter before the property is placed in service.

SEC. 1614. ELECTION TO CEASE STATUS AS QUALIFIED SCHOLARSHIP FUNDING CORPORATION.

(a) IN GENERAL.—Subsection (d) of section 150 (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

"(3) ELECTION TO CEASE STATUS AS QUALIFIED SCHOLARSHIP FUNDING CORPORATION.—

"(A) IN GENERAL.—Any qualified scholarship funding bond, and qualified student loan bond, outstanding on the date of the issuer's election under this paragraph (and any bond (or series of bonds) issued to refund such a bond) shall not fail to be a tax-exempt bond solely because the issuer ceases to be described in subparagraphs (A) and (B) of paragraph (2) if the issuer meets the requirements of subparagraphs (B) and (C) of this paragraph.

"(B) ASSETS AND LIABILITIES OF ISSUER TRANSFERRED TO TAXABLE SUBSIDIARY.—The requirements of this subparagraph are met by an issuer if—

"(i) all of the student loan notes of the issuer and other assets pledged to secure the repayment of qualified scholarship funding bond indebtedness of the issuer are transferred to another corporation within a reasonable period after the election is made under this paragraph;

"(ii) such transferee corporation assumes or otherwise provides for the payment of all of the qualified scholarship funding bond indebtedness of the issuer within a reasonable period after the election is made under this paragraph;

"(iii) to the extent permitted by law, such transferee corporation assumes all of the responsibilities, and succeeds to all of the rights, of the issuer under the issuer's agreements with the Secretary of Education in respect of student loans;

"(iv) immediately after such transfer, the issuer, together with any other issuer which has made an election under this paragraph in respect of such transferee, hold all of the senior stock in such transferee corporation; and

"(v) such transferee corporation is not exempt from tax under this chapter.

"(C) ISSUER TO OPERATE AS INDEPENDENT ORGANIZATION DESCRIBED IN SECTION 501(C)(3).—The requirements of this subparagraph are met by an issuer if, within a reasonable period after the transfer referred to in subparagraph (B)—

"(i) the issuer is described in section 501(c)(3) and exempt from tax under section 501(a);

"(ii) the issuer no longer is described in subparagraphs (A) and (B) of paragraph (2); and

"(iii) at least 80 percent of the members of the board of directors of the issuer are independent members.

"(D) SENIOR STOCK.—For purposes of this paragraph, the term 'senior stock' means stock—

"(i) which participates pro rata and fully in the equity value of the corporation with all other common stock of the corporation but which has the right to payment of liquidation proceeds prior to payment of liquidation proceeds in respect of other common stock of the corporation;

"(ii) which has a fixed right upon liquidation and upon redemption to an amount equal to the greater of—

"(I) the fair market value of such stock on the date of liquidation or redemption (whichever is applicable); or

"(II) the fair market value of all assets transferred in exchange for such stock and reduced by the amount of all liabilities of the corporation which has made an election under this paragraph assumed by the transferee corporation in such transfer;

"(iii) the holder of which has the right to require the transferee corporation to redeem on a date that is not later than 10 years after the date on which an election under this paragraph was made and pursuant to such election such stock was issued; and

"(iv) in respect of which, during the time such stock is outstanding, there is not outstanding any equity interest in the corporation having any liquidation, redemption or dividend rights in the corporation which are superior to those of such stock.

"(E) INDEPENDENT MEMBER.—The term 'independent member' means a member of the board of directors of the issuer who (except for services as a member of such board) receives no compensation directly or indirectly—

"(i) for services performed in connection with such transferee corporation, or

"(ii) for services as a member of the board of directors or as an officer of such transferee corporation.

For purposes of clause (ii), the term 'officer' includes any individual having powers or responsibilities similar to those of officers.

"(F) COORDINATION WITH CERTAIN PRIVATE FOUNDATION TAXES.—For purposes of sections 4942 (relating to the excise tax on a failure to distribute income) and 4943 (relating to the excise tax on excess business holdings), the transferee corporation referred to in subparagraph (B) shall be treated as a functionally related business (within the meaning of section 4942(j)(4)) with respect to the issuer during the period commencing with the date on which an election is made under this paragraph and ending on the date that is the earlier of—

"(i) the last day of the last taxable year for which more than 50 percent of the gross income of such transferee corporation is derived from, or more than 50 percent of the assets (by value) of such transferee corporation consists of, student loan notes incurred under the Higher Education Act of 1965; or

"(ii) the last day of the taxable year of the issuer during which occurs the date which is 10 years after the date on which the election under this paragraph is made.

"(G) ELECTION.—An election under this paragraph may be revoked only with the consent of the Secretary.".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 1615. CERTAIN TAX BENEFITS DENIED TO INDIVIDUALS FAILING TO PROVIDE TAXPAYER IDENTIFICATION NUMBERS.

(a) PERSONAL EXEMPTION.—

(1) IN GENERAL.—Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end the following new subsection:

"(e) IDENTIFYING INFORMATION REQUIRED.—No exemption shall be allowed under this section with respect to any individual unless the TIN of such individual is included on the return claiming the exemption.".

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 6109 is repealed.

(B) Section 6724(d)(3) is amended by adding "and" at the end of subparagraph (C), by striking subparagraph (D), and by redesignating subparagraph (E) as subparagraph (D).

(b) DEPENDENT CARE CREDIT.—Subsection (e) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended by adding at the end the following new paragraph:

"(10) IDENTIFYING INFORMATION REQUIRED WITH RESPECT TO QUALIFYING INDIVIDUALS.—No credit shall be allowed under this section with respect to any qualifying individual unless the TIN of such individual is included on the return claiming the credit.".

(c) EXTENSION OF PROCEDURES APPLICABLE TO MATHEMATICAL OR CLERICAL ERRORS.—Section 6213(g)(2) (relating to the definition of mathematical or clerical errors), as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is amended by striking "and' at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting ", and", and by inserting at the end the following new subparagraph:

"(H) an omission of a correct TIN required under section 21 (relating to expenses for household and dependent care services necessary for gainful employment) or section 151 (relating to allowance of deductions for personal exemptions).".

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to returns the due date for which (without regard to extensions) is on or after the 30th day after the date of the enactment of this Act.

(2) SPECIAL RULE FOR 1995 AND 1996.—In the case of returns for taxable years beginning in 1995 or 1996, a taxpayer shall not be required by the amendments made by this section to provide a taxpayer identification number for a child who is born after October 31, 1995, in the case of a taxable year beginning in 1995 or November 30, 1996, in the case of a taxable year beginning in 1996.

SEC. 1616. REPEAL OF BAD DEBT RESERVE METHOD FOR THRIFT SAVINGS ASSOCIATIONS.

(a) In General.—Section 593 (relating to reserves for losses on loans) is amended by adding at the end the following new subsections:

"(f) Termination of Reserve Method.—Subsections (a), (b), (c), and (d) shall not apply to any taxable year beginning after December 31, 1995.

"(g) 6-Year Spread of Adjustments.—

"(1) In General.—In the case of any taxpayer who is required by reason of subsection (f) to change its method of computing reserves for bad debts—

"(A) such change shall be treated as a change in a method of accounting,

"(B) such change shall be treated as initiated by the taxpayer and as having been made with the consent of the Secretary, and

"(C) the net amount of the adjustments required to be taken into account by the taxpayer under section 481(a)—

"(i) shall be determined by taking into account only applicable excess reserves, and

"(ii) as so determined, shall be taken into account ratably over the 6-taxable year period beginning with the first taxable year beginning after December 31, 1995.

"(2) Applicable Excess Reserves.—

"(A) In General.—For purposes of paragraph (1), the term 'applicable excess reserves' means the excess (if any) of—

"(i) the balance of the reserves described in subsection (c)(1) (other than the supplemental reserve) as of the close of the taxpayer's last taxable year beginning before January 1, 1996, over

"(ii) the lesser of—

"(I) the balance of such reserves as of the close of the taxpayer's last taxable year beginning before January 1, 1988, or

"(II) the balance of the reserves described in subclause (I), reduced in the same manner as under section 585(b)(2)(B)(ii) on the basis of the taxable years described in clause (i) and this clause.

"(B) Special Rule for Thrifts Which Become Small Banks.—In the case of a bank (as defined in section 581) which was not a large bank (as defined in section 585(c)(2)) for its first taxable year beginning after December 31, 1995—

"(i) the balance taken into account under subparagraph (A)(ii) shall not be less than the amount which would be the balance of such reserves as of the close of its last taxable year beginning before such date if the additions to such reserves for all taxable years had been determined under section 585(b)(2)(A), and

"(ii) the opening balance of the reserve for bad debts as of the beginning of such first taxable year shall be the balance taken into account under subparagraph (A)(ii) (determined after the application of clause (i) of this subparagraph).

The preceding sentence shall not apply for purposes of paragraphs (5) and (6) or subsection (e)(1).

"(3) Recapture of Pre-1988 Reserves Where Taxpayer Ceases To Be Bank.—If, during any taxable year beginning after December 31, 1995, a taxpayer to which paragraph (1) applied is not a bank (as defined in section 581), paragraph (1) shall apply to the reserves described in paragraph (2)(A)(ii) and the supplemental reserve; except that such reserves shall be taken into account ratably over the 6-taxable year period beginning with such taxable year.

"(4) Suspension of Recapture If Residential Loan Requirement Met.—

"(A) In General.—In the case of a bank which meets the residential loan requirement of subparagraph (B) for the first taxable year beginning after December 31, 1995, or for the following taxable year—

"(i) no adjustment shall be taken into account under paragraph (1) for such taxable year, and

"(ii) such taxable year shall be disregarded in determining—

"(I) whether any other taxable year is a taxable year for which an adjustment is required to be taken into account under paragraph (1), and

"(II) the amount of such adjustment.

"(B) Residential Loan Requirement.—A taxpayer meets the residential loan requirement of this subparagraph for any taxable year if the principal amount of the residential loans made by the taxpayer during such year is not less than the base amount for such year.

"(C) Residential Loan.—For purposes of this paragraph, the term 'residential loan' means any loan described in clause (v) of section 7701(a)(19)(C) but only if such loan is incurred in acquiring, constructing, or improving the property described in such clause.

"(D) Base Amount.—For purposes of subparagraph (B), the base amount is the average of the principal amounts of the residential loans made by the taxpayer during the 6 most recent taxable years beginning on or before December 31, 1995. At the election of the taxpayer who made such loans during each of such 6 taxable years, the preceding sentence shall be applied without regard to the taxable year in which such principal amount was the highest and the taxable year in such principal amount was the lowest. Such an election may be made only for the first taxable year beginning after such date, and, if made for such taxable year, shall apply to the succeeding taxable year unless revoked with the consent of the Secretary.

"(E) Controlled Groups.—In the case of a taxpayer which is a member of any controlled group of corporations described in section 1563(a)(1), subparagraph (B) shall be applied with respect to such group.

"(5) Continued Application of Fresh Start Under Section 585 Transitional Rules.—In the case of a taxpayer to which paragraph (1) applied and which was not a large bank (as defined in section 585(c)(2)) for its first taxable year beginning after December 31, 1995:

"(A) In General.—For purposes of determining the net amount of adjustments referred to in section 585(c)(3)(A)(iii), there shall be taken into account only the excess (if any) of the reserve for bad debts as of the close of the last taxable year before the disqualification year over the balance taken into account by such taxpayer under paragraph (2)(A)(ii) of this subsection.

"(B) Treatment Under Elective Cut-Off Method.—For purposes of applying section 585(c)(4)—

"(i) the balance of the reserve taken into account under subparagraph (B) thereof shall be reduced by the balance taken into account by such taxpayer under paragraph (2)(A)(ii) of this subsection, and

"(ii) no amount shall be includible in gross income by reason of such reduction.

"(6) Suspended Reserve Included as Section 381(c) Items.—The balance taken into account by a taxpayer under paragraph (2)(A)(ii) of this subsection and the supplemental reserve shall be treated as items described in section 381(c).

"(7) Conversions to Credit Unions.—In the case of a taxpayer to which paragraph (1) applied which becomes a credit union described in section 501(c) and exempt from taxation under section 501(a)—

"(A) any amount required to be included in the gross income of the credit union by reason of this subsection shall be treated as derived from an unrelated trade or business (as defined in section 513), and

"(B) for purposes of paragraph (3), the credit union shall not be treated as if it were a bank.

"(8) Regulations.—The Secretary shall prescribe such regulations as may be necessary to carry out this subsection and subsection (e), including regulations providing for the application of such subsections in the case of acquisitions, mergers, spin-offs, and other reorganizations."

(b) Conforming Amendments.—

(1) Subsection (d) of section 50 is amended by adding at the end the following new sentence: "Paragraphs (1)(A), (2)(A), and (4) of the section 46(e) referred to in paragraph (1) of this subsection shall not apply to any taxable year beginning after December 31, 1995."

(2) Subsection (e) of section 52 is amended by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(3) Subsection (a) of section 57 is amended by striking paragraph (4).

(4) Section 246 is amended by striking subsection (f).

(5) Clause (i) of section 291(e)(1)(B) is amended by striking "or to which section 593 applies".

(6) Subparagraph (A) of section 585(a)(2) is amended by striking "other than an organization to which section 593 applies".

(7)(A) The material preceding subparagraph (A) of section 593(e)(1) is amended by striking "by a domestic building and loan association or an institution that is treated as a mutual savings bank under section 591(b)" and inserting "by a taxpayer having a balance described in subsection (g)(2)(A)(ii)".

(B) Subparagraph (B) of section 593(e)(1) is amended to read as follows:

"(B) then out of the balance taken into account under subsection (g)(2)(A)(ii) (properly adjusted for amounts charged against such reserves for taxable years beginning after December 31, 1987),".

(C) The second sentence of section 593(e)(1) is amended by striking "the association or an institution that is treated as a mutual savings bank under section 591(b)" and inserting "a taxpayer having a balance described in subsection (g)(2)(A)(ii)".

(D) The third sentence of section 593(e)(1) is amended by striking "an association" and inserting "a taxpayer having a balance described in subsection (g)(2)(A)(ii)".

(E) Paragraph (1) of section 593(e) is amended by adding at the end the following new sentence: "This paragraph shall not apply to any distribution of all of the stock of a bank (as defined in section 581) to another corporation if, immediately after the distribution, such bank and such other corporation are members of the same affiliated group (as defined in section 1504) and the provisions of section 5(e) of the Federal Deposit Insurance Act (as in effect on December 31, 1995) or similar provisions are in effect."

(8) Section 595 is hereby repealed.

(9) Section 596 is hereby repealed.

(10) Subsection (a) of section 860E is amended—

(A) by striking "Except as provided in paragraph (2), the" in paragraph (1) and inserting "The",

(B) by striking paragraphs (2) and (4) and redesignating paragraphs (3), (5), and (6) as paragraphs (2), (3), and (4), respectively,

(C) by striking in paragraph (2) (as so redesignated) all that follows "subsection" and inserting a period, and

(D) by striking the last sentence of paragraph (4) (as so redesignated).

(11) Paragraph (3) of section 992(d) is amended by striking "or 593".

(12) Section 1038 is amended by striking subsection (f).

(13) Clause (ii) of section 1042(c)(4)(B) is amended by striking "or 593".

(14) Subsection (c) of section 1277 is amended by striking "or to which section 593 applies".

(15) Subparagraph (B) of section 1361(b)(2) is amended by striking "or to which section 593 applies".

(16) The table of sections for part II of subchapter H of chapter 1 is amended by striking the items relating to sections 595 and 596.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1995.

(2) SUBSECTION (b)(7)(B).—The amendments made by subsection (b)(7)(B) shall not apply to any distribution with respect to preferred stock if—

(A) such stock is outstanding at all times after October 31, 1995, and before the distribution, and

(B) such distribution is made before the date which is 1 year after the date of the enactment of this Act (or, in the case of stock which may be redeemed, if later, the date which is 30 days after the earliest date that such stock may be redeemed).

(3) SUBSECTION (b)(8).—The amendment made by subsection (b)(8) shall apply to property acquired in taxable years beginning after December 31, 1995.

(4) SUBSECTION (b)(10).—The amendments made by subsection (b)(10) shall not apply to any residual interest held by a taxpayer if such interest has been held by such taxpayer at all times after October 31, 1995.

SEC. 1617. EXCLUSION FOR ENERGY CONSERVATION SUBSIDIES LIMITED TO SUBSIDIES WITH RESPECT TO DWELLING UNITS.

(a) IN GENERAL.—Paragraph (1) of section 136(c) (defining energy conservation measure) is amended by striking "energy demand—" and all that follows and inserting "energy demand with respect to a dwelling unit."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 136 is amended to read as follows:

"(a) EXCLUSION.—Gross income shall not include the value of any subsidy provided (directly or indirectly) by a public utility to a customer for the purchase or installation of any energy conservation measure."

(2) Paragraph (2) of section 136(c) is amended—

(A) by striking subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and

(B) by striking "AND SPECIAL RULES" in the paragraph heading.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after December 31, 1996, unless received pursuant to a written binding contract in effect on September 13, 1995, and at all times thereafter.

PART II—FINANCIAL ASSET SECURITIZATION INVESTMENTS

SEC. 1621. FINANCIAL ASSET SECURITIZATION INVESTMENT TRUSTS.

(a) IN GENERAL.—Subchapter M of chapter 1 is amended by adding at the end the following new part:

"PART V—FINANCIAL ASSET SECURITIZATION INVESTMENT TRUSTS

"Sec. 860H. Taxation of a FASIT; other general rules.

"Sec. 860I. Gain recognition on contributions to a FASIT and in other cases.

"Sec. 860J. Non-FASIT losses not to offset certain FASIT inclusions.

"Sec. 860K. Treatment of transfers of high-yield interests to disqualified holders.

"Sec. 860L. Definitions and other special rules.

"SEC. 860H. TAXATION OF A FASIT; OTHER GENERAL RULES.

"(a) TAXATION OF FASIT.—A FASIT as such shall not be subject to taxation under this subtitle (and shall not be treated as a trust, partnership, corporation, or taxable mortgage pool).

"(b) TAXATION OF HOLDER OF OWNERSHIP INTEREST.—In determining the taxable income of the holder of the ownership interest in a FASIT—

"(1) all assets, liabilities, and items of income, gain, deduction, loss, and credit of a FASIT shall be treated as assets, liabilities, and such items (as the case may be) of such holder,

"(2) the constant yield method (including the rules of section 1272(a)(6)) shall be applied under an accrual method of accounting in determining all interest, acquisition discount, original issue discount, and market discount and all premium deductions or adjustments with respect to each debt instrument of the FASIT,

"(3) there shall not be taken into account any item of income, gain, or deduction allocable to a prohibited transaction, and

"(4) interest accrued by the FASIT which is exempt from tax imposed by this subtitle shall, when taken into account by such holder, be treated as ordinary income.

"(c) TREATMENT OF REGULAR INTERESTS.—For purposes of this title—

"(1) a regular interest in a FASIT, if not otherwise a debt instrument, shall be treated as a debt instrument,

"(2) section 163(e)(5) shall not apply to such an interest, and

"(3) amounts includible in gross income with respect to such an interest shall be determined under an accrual method of accounting.

"SEC. 860I. GAIN RECOGNITION ON CONTRIBUTIONS TO A FASIT AND IN OTHER CASES.

"(a) TREATMENT OF PROPERTY ACQUIRED BY FASIT.—

"(1) PROPERTY ACQUIRED FROM HOLDER OF OWNERSHIP INTEREST OR RELATED PERSON.—If property is sold or contributed to a FASIT by the holder of the ownership interest in such FASIT (or by a related person) gain (if any) shall be recognized to such holder (or person) in an amount equal to the excess (if any) of such property's value under subsection (d) on the date of such sale or contribution over its adjusted basis on such date.

"(2) PROPERTY ACQUIRED OTHER THAN FROM HOLDER OF OWNERSHIP INTEREST OR RELATED PERSON.—Property which is acquired by a FASIT other than in a transaction to which paragraph (1) applies shall be treated—

"(A) as having been acquired by the holder of the ownership interest in the FASIT for an amount equal to the FASIT's cost of acquiring such property, and

"(B) as having been sold by such holder to the FASIT at its value under subsection (d) on such date.

"(b) GAIN RECOGNITION ON PROPERTY OUTSIDE FASIT WHICH SUPPORTS REGULAR INTERESTS.—If property held by the holder of the ownership interest in a FASIT (or by any person related to such holder) supports any regular interest in such FASIT—

"(1) gain shall be recognized to such holder (or person) in the same manner as if such holder (or person) had sold such property at its value under subsection (d) on the earliest date such property supports such an interest, and

"(2) such property shall be treated as held by such FASIT for purposes of this part.

"(c) DEFERRAL OF GAIN RECOGNITION.—The Secretary may prescribe regulations which—

"(1) provide that gain otherwise recognized under subsection (a) or (b) shall not be recognized before the earliest date on which such property supports any regular interest in such FASIT or any indebtedness of the holder of the ownership interest (or of any person related to such holder), and

"(2) provide such adjustments to the other provisions of this part to the extent appropriate in the context of the treatment provided under paragraph (1).

"(d) VALUATION.—For purposes of this section—

"(1) IN GENERAL.—The value of any property under this subsection shall be—

"(A) in the case of a debt instrument which is not traded on an established securities market, the sum of the present values of the reasonably expected payments under such instrument determined (in the manner provided by regulations prescribed by the Secretary)—

"(i) as of the date of the event resulting in the gain recognition under this section, and

"(ii) by using a discount rate equal to 120 percent of the applicable Federal rate (as defined in section 1274(d)), or such other discount rate specified in such regulations, compounded semiannually, and

"(B) in the case of any other property, its fair market value.

"(2) SPECIAL RULE FOR REVOLVING LOAN ACCOUNTS.—For purposes of paragraph (1)—

"(A) each extension of credit (other than the accrual of interest) on a revolving loan account shall be treated as a separate debt instrument, and

"(B) payments on such extensions of credit having substantially the same terms shall be applied to such extensions beginning with the earliest such extension.

"(e) SPECIAL RULES.—

"(1) NONRECOGNITION RULES NOT TO APPLY.—Gain required to be recognized under this section shall be recognized notwithstanding any other provision of this subtitle.

"(2) BASIS ADJUSTMENTS.—The basis of any property on which gain is recognized under this section shall be increased by the amount of gain so recognized.

"SEC. 860J. NON-FASIT LOSSES NOT TO OFFSET CERTAIN FASIT INCLUSIONS.

"(a) IN GENERAL.—The taxable income of the holder of the ownership interest or any high-yield interest in a FASIT for any taxable year shall in no event be less than the sum of—

"(1) such holder's taxable income determined solely with respect to such interests (including gains and losses from sales and exchanges of such interests), and

"(2) the excess inclusion (if any) under section 860E(a)(1) for such taxable year.

"(b) COORDINATION WITH SECTION 172.—Any increase in the taxable income of any holder of the ownership interest or a high-yield interest in a FASIT for any taxable year by reason of subsection (a) shall be disregarded—

"(1) in determining under section 172 the amount of any net operating loss for such taxable year, and

"(2) in determining taxable income for such taxable year for purposes of the 2nd sentence of section 172(b)(2).

"(c) COORDINATION WITH MINIMUM TAX.—For purposes of part VI of subchapter A of this chapter—

"(1) the reference in section 55(b)(2) to taxable income shall be treated as a reference to taxable income determined without regard to this section,

"(2) the alternative minimum taxable income of any holder of the ownership interest or a high-yield interest in a FASIT for any taxable year shall in no event be less than such holder's taxable income determined solely with respect to such interests, and

"(3) any increase in taxable income under this section shall be disregarded for purposes of computing the alternative tax net operating loss deduction.

"(d) AFFILIATED GROUPS.—All members of an affiliated group filing a consolidated return shall be treated as 1 taxpayer for purposes of this section.

"SEC. 860K. TREATMENT OF TRANSFERS OF HIGH-YIELD INTERESTS TO DISQUALIFIED HOLDERS.

"(a) GENERAL RULE.—In the case of any high-yield interest which is held by a disqualified holder—

"(1) the gross income of such holder shall not include any income (other than gain) attributable to such interest, and

"(2) amounts not includible in the gross income of such holder by reason of paragraph (1) shall be included (at the time otherwise includible under paragraph (1)) in the gross income of the most recent holder of such interest which is not a disqualified holder.

"(b) EXCEPTIONS.—Rules similar to the rules of paragraphs (4) and (7) of section 860E(e) shall apply to the tax imposed by reason of the inclusion in gross income under subsection (a).

"(c) DISQUALIFIED HOLDER.—For purposes of this section, the term 'disqualified holder' means any holder other than—

"(1) an eligible corporation (as defined in section 860L(a)(2)), or

"(2) a FASIT.

"(d) TREATMENT OF INTERESTS HELD BY SECURITIES DEALERS.—

"(1) IN GENERAL.—Subsection (a) shall not apply to any high-yield interest held by a disqualified holder if such holder is a dealer in securities who acquired such interest exclusively for sale to customers in the ordinary course of business (and not for investment).

"(2) CHANGE IN DEALER STATUS.—

"(A) IN GENERAL.—In the case of a dealer in securities which is not an eligible corporation (as defined in section 860L(a)(2)), if—

"(i) such dealer ceases to be a dealer in securities, or

"(ii) such dealer commences holding the high-yield interest for investment,

there is hereby imposed (in addition to other taxes) an excise tax equal to the product of the highest rate of tax specified in section 11(b)(1) and the income of such dealer attributable to such interest for periods after the date of such cessation or commencement.

"(B) HOLDING FOR 31 DAYS OR LESS.—For purposes of subparagraph (A)(ii), a dealer shall not be treated as holding an interest for investment before the 32d day after the date such dealer acquired such interest unless such interest is so held as part of a plan to avoid the purposes of this paragraph.

"(C) ADMINISTRATIVE PROVISIONS.—The deficiency procedures of subtitle F shall apply to the tax imposed by this paragraph.

"(e) TREATMENT OF HIGH-YIELD INTERESTS IN PASS-THRU ENTITIES.—

"(1) IN GENERAL.—If a pass-thru entity (as defined in section 860E(e)(6)) issues a debt or equity interest—

"(A) which is supported by any regular interest in a FASIT, and

"(B) which has an original yield to maturity which is greater than each of—

"(i) the sum determined under clauses (i) and (ii) of section 163(i)(1)(B) with respect to such debt or equity interest, and

"(ii) the yield to maturity to such entity on such regular interest (determined as of the date such entity acquired such interest),

there is hereby imposed on the pass-thru entity a tax (in addition to other taxes) equal to the product of the highest rate of tax specified in section 11(b)(1) and the income of the holder of such debt or equity interest which is properly attributable to such regular interest. For purposes of the preceding sentence, the yield to maturity of any equity interest shall be determined under regulations prescribed by the Secretary.

"(2) EXCEPTION.—Paragraph (1) shall not apply to arrangements not having as a principal purpose the avoidance of the purposes of this subsection.

"SEC. 860L. DEFINITIONS AND OTHER SPECIAL RULES.

"(a) FASIT.—

"(1) IN GENERAL.—For purposes of this title, the terms 'financial asset securitization investment trust' and 'FASIT' mean any entity—

"(A) for which an election to be treated as a FASIT applies for the taxable year,

"(B) all of the interests in which are regular interests or the ownership interest,

"(C) which has only 1 ownership interest and such ownership interest is held directly by an eligible corporation,

"(D) as of the close of the 3rd month beginning after the day of its formation and at all times thereafter, substantially all of the assets of which (including assets treated as held by the entity under section 860I(b)(2)) consist of permitted assets, and

"(E) which is not described in section 851(a).

A rule similar to the rule of the last sentence of section 860D(a) shall apply for purposes of this paragraph.

"(2) ELIGIBLE CORPORATION.—For purposes of paragraph (1)(C), the term 'eligible corporation' means any domestic C corporation other than—

"(A) a corporation which is exempt from, or is not subject to, tax under this chapter,

"(B) an entity described in section 851(a) or 856(a),

"(C) a REMIC, and

"(D) an organization to which part I of subchapter T applies.

"(3) ELECTION.—An entity (otherwise meeting the requirements of paragraph (1)) may elect to be treated as a FASIT. Except as provided in paragraph (5), such an election shall apply to the taxable year for which made and all subsequent taxable years unless revoked with the consent of the Secretary.

"(4) TERMINATION.—If any entity ceases to be a FASIT at any time during the taxable year, such entity shall not be treated as a FASIT after the date of such ceasation.

"(5) INADVERTENT TERMINATIONS, ETC.—Rules similar to the rules of section 860D(b)(2)(B) shall apply to inadvertent failures to qualify or remain qualified as a FASIT.

"(6) PERMITTED ASSETS NOT TREATED AS INTEREST IN FASIT.—Except as provided in regulations prescribed by the Secretary, any asset which is a permitted asset at the time acquired by a FASIT shall not be treated at any time as an interest in such FASIT.

"(b) INTERESTS IN FASIT.—For purposes of this part—

"(1) REGULAR INTEREST.—

"(A) IN GENERAL.—The term 'regular interest' means any interest which is issued by a FASIT after the startup date with fixed terms and which is designated as a regular interest if—

"(i) such interest unconditionally entitles the holder to receive a specified principal amount (or other similar amount),

"(ii) interest payments (or other similar amounts), if any, with respect to such interest are determined based on a fixed rate, or, except as otherwise provided by the Secretary, at a variable rate permitted under section 860G(a)(1)(B)(i),

"(iii) such interest does not have a stated maturity (including options to renew) greater than 30 years (or such longer period as may be permitted by regulations),

"(iv) the issue price of such interest does not exceed 125 percent of its stated principal amount, and

"(v) the yield to maturity on such interest is less than the sum determined under section 163(i)(1)(B) with respect to such interest.

An interest shall not fail to meet the requirements of clause (i) merely because the timing (but not the amount) of the principal payments (or other similar amounts) may be contingent on the extent that payments on debt instruments held by the FASIT are made in advance of anticipated payments and on the amount of income from permitted assets.

"(B) HIGH-YIELD INTERESTS.—

"(i) IN GENERAL.—The term 'regular interest' includes any high-yield interest.

"(ii) HIGH-YIELD INTEREST.—The term 'high-yield interest' means any interest which would be described in subparagraph (A) but for—

"(I) failing to meet the requirements of one or more of clauses (i), (iv), or (v) thereof, or

"(II) failing to meet the requirement of clause (ii) thereof but only if interest payments (or other similar amounts), if any, with respect to such interest consist of a specified portion of the interest payments on permitted assets and such portion does not vary during the period such interest is outstanding.

"(2) OWNERSHIP INTEREST.—The term 'ownership interest' means the interest issued by a FASIT after the startup day which is designated as an ownership interest and which is not a regular interest.

"(c) PERMITTED ASSETS.—For purposes of this part—

"(1) IN GENERAL.—The term 'permitted asset' means—

"(A) cash or cash equivalents,

"(B) any debt instrument (as defined in section 1275(a)(1)) under which interest payments (or other similar amounts), if any, at or before maturity meet the requirements applicable under clause (i) or (ii) of section 860G(a)(1)(B),

"(C) foreclosure property,

"(D) any asset—

"(i) which is an interest rate or foreign currency notional principal contract, letter of credit, insurance, guarantee against payment defaults, or other similar instrument permitted by the Secretary, and

"(ii) which is reasonably required to guarantee or hedge against the FASIT's risks associated with being the obligor on interests issued by the FASIT,

"(E) contract rights to acquire debt instruments described in subparagraph (B) or assets described in subparagraph (D),

"(F) any regular interest in another FASIT, and

"(G) any regular interest in a REMIC.

"(2) DEBT ISSUED BY HOLDER OF OWNERSHIP INTEREST NOT PERMITTED ASSET.—The term 'permitted asset' shall not include any debt instrument issued by the holder of the ownership interest in the FASIT or by any person related to such holder or any direct or indirect interest in such a debt instrument. The preceding sentence shall not apply to cash equivalents and to any other investment specified in regulations prescribed by the Secretary.

"(3) FORECLOSURE PROPERTY.—

"(A) IN GENERAL.—The term 'foreclosure property' means property—

"(i) which would be foreclosure property under section 856(e) (determined without regard to paragraph (5) thereof) if such property were real property acquired by a real estate investment trust, and

"(ii) which is acquired in connection with the default or imminent default of a debt instrument held by the FASIT unless the security interest in such property was created for the principal purpose of permitting the FASIT to invest in such property.

Solely for purposes of subsection (a)(1), the determination of whether any property is foreclosure property shall be made without regard to section 856(e)(4).

"(B) AUTHORITY TO REDUCE GRACE PERIOD.—In the case of property other than real property and other than personal property incident to real property, the Secretary may by regulation reduce for purposes of subparagraph (A) the periods otherwise applicable under paragraphs (2) and (3) of section 856(e).

"(d) STARTUP DAY.—For purposes of this part—

"(1) IN GENERAL.—The term 'startup day' means the date designated in the election under subsection (a)(3) as the startup day of the FASIT. Such day shall be the beginning of the first taxable year of the FASIT.

"(2) TREATMENT OF PROPERTY HELD ON STARTUP DAY.—All property held (or treated as held under section 860I(c)(2)) by an entity as of the startup day shall be treated as contributed to such entity on such day by the holder of the ownership interest in such entity.

"(e) TAX ON PROHIBITED TRANSACTIONS.—

"(1) IN GENERAL.—There is hereby imposed for each taxable year of a FASIT a tax equal to 100 percent of the net income derived from prohibited transactions. Such tax shall be paid by the holder of the ownership interest in the FASIT.

"(2) PROHIBITED TRANSACTIONS.—For purposes of this part, the term 'prohibited transaction' means—

"(A) the receipt of any income derived from any asset that is not a permitted asset,

"(B) except as provided in paragraph (3), the disposition of any permitted asset,

"(C) the receipt of any income derived from any loan originated by the FASIT, and

"(D) the receipt of any income representing a fee or other compensation for services (other than any fee received as compensation for a waiver, amendment, or consent under permitted assets (other than foreclosure property) held by the FASIT).

"(3) EXCEPTION FOR INCOME FROM CERTAIN DISPOSITIONS.—

"(A) IN GENERAL.—Paragraph (2)(B) shall not apply to a disposition which would not be a prohibited transaction (as defined in section 860F(a)(2)) by reason of—

"(i) clause (ii), (iii), or (iv) of section 860F(a)(2)(A), or

"(ii) section 860F(a)(5),

if the FASIT were treated as a REMIC and debt instruments described in subsection (c)(1)(B) were treated as qualified mortgages.

"(B) SUBSTITUTION OF DEBT INSTRUMENTS; REDUCTION OF OVER-COLLATERALIZATION.—Paragraph (2)(B) shall not apply to—

"(i) the substitution of a debt instrument described in subsection (c)(1)(B) for another debt instrument which is a permitted asset, or

"(ii) the distribution of a debt instrument contributed by the holder of the ownership interest to such holder in order to reduce over-collateralization of the FASIT,

but only if a principal purpose of acquiring the debt instrument which is disposed of was not the recognition of gain (or the reduction of a loss) as a result of an increase in the market value of the debt instrument after its acquisition by the FASIT.

"(C) LIQUIDATION OF CLASS OF REGULAR INTERESTS.—Paragraph (2)(B) shall not apply to the complete liquidation of any class of regular interests.

"(4) NET INCOME.—For purposes of this subsection, net income shall be determined in accordance with section 860F(a)(3).

"(f) COORDINATION WITH OTHER PROVISIONS.—

"(1) WASH SALES RULES.—Rules similar to the rules of section 860F(d) shall apply to the ownership interest in a FASIT.

"(2) SECTION 475.—Except as provided by the Secretary by regulations, if any security which is sold or contributed to a FASIT by the holder of the ownership interest in such FASIT was required to be marked-to-market under section 475 by such holder, section 475 shall continue to apply to such security; except that in applying section 475 while such security is held by the FASIT, the fair market value of such security for purposes of section 475 shall not be less than its value under section 860I(d).

"(g) RELATED PERSON.—For purposes of this part, a person (hereinafter in this subsection referred to as the 'related person') is related to any person if—

"(1) the related person bears a relationship to such person specified in section 267(b) or section 707(b)(1), or

"(2) the related person and such person are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52).

For purposes of paragraph (1), in applying section 267(b) or 707(b)(1), '20 percent' shall be substituted for '50 percent'.

"(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent the abuse of the purposes of this part through transactions which are not primarily related to securitization of debt instruments by a FASIT.".

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (2) of section 26(b) is amended by striking "and" at the end of subparagraph (M), by striking the period at the end of subparagraph (N) and inserting ", and", and by adding at the end the following new subparagraph:

"(O) section 860K (relating to treatment of transfers of high-yield interests to disqualified holders).".

(2) Paragraph (6) of section 56(g) is amended by striking "or REMIC" and inserting "REMIC, or FASIT".

(3) Clause (ii) of section 382(l)(4)(B) is amended by striking "or a REMIC to which part IV of subchapter M applies" and inserting "a REMIC to which part IV of subchapter M applies, or a FASIT to which part V of subchapter M applies".

(4) Paragraph (1) of section 582(c) is amended by inserting ", and any regular interest in a FASIT," after "REMIC".

(5) Subparagraph (E) of section 856(c)(6) is amended by adding at the end the following new sentence: "The principles of the preceding provisions of this subparagraph shall apply to regular interests in a FASIT.".

(6) Paragraph (3) of section 860G(a) is amended by striking "and" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", and", and by inserting after subparagraph (C) the following new subparagraph:

"(D) any regular interest in a FASIT which is transferred to, or purchased by, the REMIC as described in clauses (i) and (ii) of subparagraph (A) but only if 95 percent or more of the value of the assets of such FASIT is at all times attributable to obligations described in subparagraph (A) (without regard to such clauses).".

(7) Subparagraph (C) of section 1202(e)(4) is amended by striking "or REMIC" and inserting "REMIC, or FASIT".

(8) Clause (xi) of section 7701(a)(19)(C) is amended to read as follows:

"(xi) any regular or residual interest in a REMIC, and any regular interest in a FASIT, but only in the proportion which the assets of such REMIC or FASIT consist of property described in any of the preceding clauses of this subparagraph; except that if 95 percent or more of the assets of such REMIC or FASIT are assets described in clauses (i) through (x), the entire interest in the REMIC or FASIT shall qualify.".

(9) Subparagraph (A) of section 7701(i)(2) is amended by inserting "or a FASIT" after "a REMIC".

(c) CLERICAL AMENDMENT.—The table of parts for subchapter M of chapter 1 is amended by adding at the end the following new item:

"Part V. Financial asset securitization investment trusts.".

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on September 1, 1997.

(e) TREATMENT OF EXISTING SECURITIZATION ENTITIES.—

(1) IN GENERAL.—In the case of the holder of the ownership interest in a pre-effective date FASIT—

(A) gain shall not be recognized under section 860L(d)(2) of the Internal Revenue Code of 1986 on property deemed contributed to the FASIT, and

(B) gain shall not be recognized under section 860I of such Code on property contributed to such FASIT,

until such property (or portion thereof) ceases to be properly allocable to a pre-FASIT interest.

(2) ALLOCATION OF PROPERTY TO PRE-FASIT INTEREST.—For purposes of paragraph (1), property shall be allocated to a pre-FASIT interest in such manner as the Secretary of the Treasury may prescribe, except that all property in a FASIT shall be treated as properly allocable to pre-FASIT interests if the fair market value of all such property does not exceed 107 percent of the aggregate principal amount of all outstanding pre-FASIT interests.

(3) DEFINITIONS.—For purposes of this subsection—

(A) PRE-EFFECTIVE DATE FASIT.—The term "pre-effective date FASIT" means any FASIT if the entity (with respect to which the election under section 860L(a)(3) of such Code was made) is in existence on August 31, 1997.

(B) PRE-FASIT INTEREST.—The term "pre-FASIT interest" means any interest in the entity referred to in subparagraph (A) which was issued before the startup day (other than any interest held by the holder of the ownership interest in the FASIT).

Subtitle G—Technical Corrections

SEC. 1701. COORDINATION WITH OTHER SUBTITLES.

For purposes of applying the amendments made by any subtitle of this title other than this subtitle, the provisions of this subtitle shall be treated as having been enacted immediately before the provisions of such other subtitles.

SEC. 1702. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1990.

(a) AMENDMENTS RELATED TO SUBTITLE A.—

(1) Subparagraph (B) of section 59(j)(3) is amended by striking "section 1(i)(3)(B)" and inserting "section 1(g)(3)(B)".

(2) Clause (i) of section 151(d)(3)(C) is amended by striking "joint of a return" and inserting "joint return".

(b) AMENDMENTS RELATED TO SUBTITLE B.—

(1) Paragraph (1) of section 11212(e) of the Revenue Reconciliation Act of 1990 is amended by striking "Paragraph (1) of section 6724(d)" and inserting "Subparagraph (B) of section 6724(d)(1)".

(2)(A) Subparagraph (B) of section 4093(c)(2), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period "unless such fuel is sold for exclusive use by a State or any political subdivision thereof".

(B) Paragraph (4) of section 6427(l), as in effect before the amendments made by the Revenue Reconciliation Act of 1993, is amended by inserting before the period "unless such fuel was used by a State or any political subdivision thereof".

(3) Paragraph (1) of section 6416(b) is amended by striking "chapter 32 or by section 4051" and inserting "chapter 31 or 32".

(4) Section 7012 is amended—

(A) by striking "production or importation of gasoline" in paragraph (3) and inserting "taxes on gasoline and diesel fuel", and

(B) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(5) Subsection (c) of section 5041 is amended by striking paragraph (6) and by inserting the following new paragraphs:

"(6) CREDIT FOR TRANSFEREE IN BOND.—If—

"(A) wine produced by any person would be eligible for any credit under paragraph (1) if removed by such person during the calendar year,

"(B) wine produced by such person is removed during such calendar year by any other person (hereafter in this paragraph referred to as the 'transferee') to whom such wine was transferred in bond and who is liable for the tax imposed by this section with respect to such wine, and

"(C) such producer holds title to such wine at the time of its removal and provides to the transferee such information as is necessary to properly determine the transferee's credit under this paragraph,

then, the transferee (and not the producer) shall be allowed the credit under paragraph (1) which would be allowed to the producer if the wine removed by the transferee had been removed by the producer on that date.

"(7) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary to carry out the purposes of this subsection, including regulations—

"(A) to prevent the credit provided in this subsection from benefiting any person who produces more than 250,000 wine gallons of wine during a calendar year, and

"(B) to assure proper reduction of such credit for persons producing more than 150,000 wine gallons of wine during a calendar year.".

(6) Paragraph (3) of section 5061(b) is amended to read as follows:

"(3) section 5041(f),".

(7) Section 5354 is amended by inserting "(taking into account the appropriate amount of credit with respect to such wine under section 5041(c))" after "any one time".

(c) AMENDMENTS RELATED TO SUBTITLE C.—

(1) Paragraph (4) of section 56(g) is amended by redesignating subparagraphs (I) and (J) as subparagraphs (H) and (I), respectively.

(2) Subparagraph (B) of section 6724(d)(1) is amended—

(A) by striking "or" at the end of clause (xii), and

(B) by striking the period at the end of clause (xiii) and inserting ", or".

(3) Subsection (g) of section 6302 is amended by inserting ", 22," after "chapters 21".

(4) The earnings and profits of any insurance company to which section 11305(c)(3) of the Revenue Reconciliation Act of 1990 applies shall be determined without regard to any deduction allowed under such section; except that, for purposes of applying sections 56 and 902, and subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1986, such deduction shall be taken into account.

(5) Subparagraph (D) of section 6038A(e)(4) is amended—

(A) by striking "any transaction to which the summons relates" and inserting "any affected taxable year", and

(B) by adding at the end thereof the following new sentence: "For purposes of this subparagraph, the term 'affected taxable year' means any taxable year if the determination of the amount of tax imposed for such taxable year is affected by the treatment of the transaction to which the summons relates.".

(6) Subparagraph (A) of section 6621(c)(2) is amended by adding at the end thereof the following new flush sentence:

"The preceding sentence shall be applied without regard to any such letter or notice which is withdrawn by the Secretary.".

(7) Clause (i) of section 6621(c)(2)(B) is amended by striking "this subtitle" and inserting "this title".

(d) AMENDMENTS RELATED TO SUBTITLE D.—

(1) Notwithstanding section 11402(c) of the Revenue Reconciliation Act of 1990, the amendment made by section 11402(b)(1) of such Act shall apply to taxable years ending after December 31, 1989.

(2) Clause (ii) of section 143(m)(4)(C) is amended—

(A) by striking "any month of the 10-year period" and inserting "any year of the 4-year period",

(B) by striking "succeeding months" and inserting "succeeding years", and

(C) by striking "over the remainder of such period (or, if lesser, 5 years)" and inserting "to zero over the succeeding 5 years".

(e) AMENDMENTS RELATED TO SUBTITLE E.—

(1)(A) Clause (ii) of section 56(d)(1)(B) is amended to read as follows:

"(ii) appropriate adjustments in the application of section 172(b)(2) shall be made to take into account the limitation of subparagraph (A).".

(B) For purposes of applying sections 56(g)(1) and 56(g)(3) of the Internal Revenue Code of 1986 with respect to taxable years beginning in 1991 and 1992, the reference in such sections to the alternative tax net operating loss deduction shall be treated as including a reference to the deduction under section 56(h) of such Code as in effect before the amendments made by section 1915 of the Energy Policy Act of 1992.

(2) Clause (i) of section 613A(c)(3)(A) is amended by striking "the table contained in".

(3) Section 6501 is amended—

(A) by striking subsection (m) (relating to deficiency attributable to election under section 44B) and by redesignating subsections (n) and (o) as subsections (m) and (n), respectively, and

(B) by striking "section 40(f) or 51(j)" in subsection (m) (as redesignated by subparagraph (A)) and inserting "section 40(f), 43, or 51(j)".

(4) Subparagraph (C) of section 38(c)(2) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990) is amended by inserting before the period at the end of the first sentence the following: "and without regard to the deduction under section 56(h)".

(5) The amendment made by section 1913(b)(2)(C)(i) of the Energy Policy Act of 1992 shall apply to taxable years beginning after December 31, 1990.

(f) AMENDMENTS RELATED TO SUBTITLE F.—

(1)(A) Section 2701(a)(3) is amended by adding at the end thereof the following new subparagraph:

"(C) VALUATION OF QUALIFIED PAYMENTS WHERE NO LIQUIDATION, ETC. RIGHTS.—In the case of an applicable retained interest which is described in subparagraph (B)(i) but not subparagraph (B)(ii), the value of the distribution right shall be determined without regard to this section.".

(B) Section 2701(a)(3)(B) is amended by inserting "CERTAIN" before "QUALIFIED" in the heading thereof.

(C) Sections 2701 (d)(1) and (d)(4) are each amended by striking "subsection (a)(3)(B)" and inserting "subsection (a)(3) (B) or (C)".

(2) Clause (i) of section 2701(a)(4)(B) is amended by inserting "(or, to the extent provided in regulations, the rights as to either income or capital)" after "income and capital".

(3)(A) Section 2701(b)(2) is amended by adding at the end thereof the following new subparagraph:

"(C) APPLICABLE FAMILY MEMBER.—For purposes of this subsection, the term 'applicable family member' includes any lineal descendant of any parent of the transferor or the transferor's spouse.".

(B) Section 2701(e)(3) is amended—

(i) by striking subparagraph (B), and

(ii) by striking so much of paragraph (3) as precedes "shall be treated as holding" and inserting:

"(3) ATTRIBUTION OF INDIRECT HOLDINGS AND TRANSFERS.—An individual".

(C) Section 2704(c)(3) is amended by striking "section 2701(e)(3)(A)" and inserting "section 2701(e)(3)".

(4) Clause (i) of section 2701(c)(1)(B) is amended to read as follows:

"(i) a right to distributions with respect to any interest which is junior to the rights of the transferred interest,".

(5)(A) Clause (i) of section 2701(c)(3)(C) is amended to read as follows:

"(i) IN GENERAL.—Payments under any interest held by a transferor which (without regard to this subparagraph) are qualified payments shall be treated as qualified payments unless the transferor elects not to treat such payments as qualified payments. Payments described in the preceding sentence which are held by an applicable family member shall be treated as qualified payments only if such member elects to treat such payments as qualified payments.".

(B) The first sentence of section 2701(c)(3)(C)(ii) is amended to read as follows: "A transferor or applicable family member holding any distribution right which (without regard to this subparagraph) is not a qualified payment may elect to treat such right as a qualified payment, to be paid in the amounts and at the times specified in such election.".

(C) The time for making an election under the second sentence of section 2701(c)(3)(C)(i) of the Internal Revenue Code of 1986 (as amended by subparagraph (A)) shall not expire before the due date (including extensions) for filing the transferor's return of the tax imposed by section 2501 of such Code for the first calendar year ending after the date of enactment.

(6) Section 2701(d)(3)(A)(iii) is amended by striking "the period ending on the date of".

(7) Subclause (I) of section 2701(d)(3)(B)(ii) is amended by inserting "or the exclusion under section 2503(b)," after "section 2523,".

(8) Section 2701(e)(5) is amended—

(A) by striking "such contribution to capital or such redemption, recapitalization, or other change" in subparagraph (A) and inserting "such transaction", and

(B) by striking "the transfer" in subparagraph (B) and inserting "such transaction".

(9) Section 2701(d)(4) is amended by adding at the end thereof the following new subparagraph:

"(C) TRANSFER TO TRANSFERORS.—In the case of a taxable event described in paragraph (3)(A)(ii) involving a transfer of an applicable retained interest from an applicable family member to a transferor, this subsection shall continue to apply to the transferor during any period the transferor holds such interest.".

(10) Section 2701(e)(6) is amended by inserting "or to reflect the application of subsection (d)" before the period at the end thereof.

(11)(A) Section 2702(a)(3)(A) is amended—

(i) by striking "to the extent" and inserting "if" in clause (i),

(ii) by striking "or" at the end of clause (i),

(iii) by striking the period at the end of clause (ii) and inserting ", or", and

(iv) by adding at the end thereof the following new clause:

"(iii) to the extent that regulations provide that such transfer is not inconsistent with the purposes of this section.".

(B)(i) Section 2702(a)(3) is amended by striking "incomplete transfer" each place it appears and inserting "incomplete gift".

(ii) The heading for section 2702(a)(3)(B) is amended by striking "INCOMPLETE TRANSFER" and inserting "INCOMPLETE GIFT".

(g) AMENDMENTS RELATED TO SUBTITLE G.—

(1)(A) Subsection (a) of section 1248 is amended—

(i) by striking ", or if a United States person receives a distribution from a foreign corporation which, under section 302 or 331, is treated as an exchange of stock" in paragraph (1), and

(ii) by adding at the end thereof the following new sentence: "For purposes of this section, a United States person shall be treated as having sold or exchanged any stock if, under any provision of this subtitle, such person is treated as realizing gain from the sale or exchange of such stock.".

(B) Paragraph (1) of section 1248(e) is amended by striking ", or receives a distribution from a domestic corporation which, under section 302 or 331, is treated as an exchange of stock".

(C) Subparagraph (B) of section 1248(f)(1) is amended by striking "or 361(c)(1)" and inserting "355(c)(1), or 361(c)(1)".

(D) Paragraph (1) of section 1248(i) is amended to read as follows:

"(1) IN GENERAL.—If any shareholder of a 10-percent corporate shareholder of a foreign corporation exchanges stock of the 10-percent corporate shareholder for stock of the foreign corporation, such 10-percent corporate shareholder shall recognize gain in the same manner as if the stock of the foreign corporation received in such exchange had been—

"(A) issued to the 10-percent corporate shareholder, and

"(B) then distributed by the 10-percent corporate shareholder to such shareholder in redemption or liquidation (whichever is appropriate).

The amount of gain recognized by such 10-percent corporate shareholder under the preceding sentence shall not exceed the amount treated as a dividend under this section.".

(2) Section 897 is amended by striking subsection (f).

(3) Paragraph (13) of section 4975(d) is amended by striking "section 408(b)" and inserting "section 408(b)(12)".

(4) Clause (iii) of section 56(g)(4)(D) is amended by inserting ", but only with respect to taxable years beginning after December 31, 1989" before the period at the end thereof.

(5)(A) Paragraph (11) of section 11701(a) of the Revenue Reconciliation Act of 1990 (and the amendment made by such paragraph) are hereby repealed, and section 7108(r)(2) of the Revenue Reconciliation Act of 1989 shall be applied as if such paragraph (and amendment) had never been enacted.

(B) Subparagraph (A) shall not apply to any building if the owner of such building establishes to the satisfaction of the Secretary of the Treasury or his delegate that such owner reasonably relied on the amendment made by such paragraph (11).

(h) AMENDMENTS RELATED TO SUBTITLE H.—

(1)(A) Clause (vi) of section 168(e)(3)(B) is amended by striking "or" at the end of subclause (I), by striking the period at the end of subclause (II) and inserting ", or", and by adding at the end thereof the following new subclause:

"(III) is described in section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).".

(B) Subparagraph (B) of section 168(e)(3) (relating to 5-year property) is amended by adding at the end the following flush sentence:

"Nothing in any provision of law shall be construed to treat property as not being described in clause (vi)(I) (or the corresponding provisions of prior law) by reason of being public utility property (within the meaning of section 48(a)(3)).".

(C) Subparagraph (K) of section 168(g)(4) is amended by striking "section 48(a)(3)(A)(iii)" and inserting "section 48(l)(3)(A)(ix) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)".

(2) Clause (ii) of section 172(b)(1)(E) is amended by striking "subsection (m)" and inserting "subsection (h)".

(3) Sections 805(a)(4)(E), 832(b)(5)(C)(ii)(II), and 832(b)(5)(D)(ii)(II) are each amended by striking "243(b)(5)" and inserting "243(b)(2)".

(4) Subparagraph (A) of section 243(b)(3) is amended by inserting "of" after "In the case".

(5) The subsection heading for subsection (a) of section 280F is amended by striking "INVESTMENT TAX CREDIT AND".

(6) Clause (i) of section 1504(c)(2)(B) is amended by inserting "section" before "243(b)(2)".

(7) Paragraph (3) of section 341(f) is amended by striking "351, 361, 371(a), or 374(a)" and inserting "351, or 361".

(8) Paragraph (2) of section 243(b) is amended to read as follows:

"(2) AFFILIATED GROUP.—For purposes of this subsection:

"(A) IN GENERAL.—The term 'affiliated group' has the meaning given such term by section 1504(a), except that for such purposes sections 1504(b)(2), 1504(b)(4), and 1504(c) shall not apply.

"(B) GROUP MUST BE CONSISTENT IN FOREIGN TAX TREATMENT.—The requirements of paragraph (1)(A) shall not be treated as being met with respect to any dividend received by a corporation if, for any taxable year which includes the day on which such dividend is received—

"(i) 1 or more members of the affiliated group referred to in paragraph (1)(A) choose to any extent to take the benefits of section 901, and

"(ii) 1 or more other members of such group claim to any extent a deduction for taxes otherwise creditable under section 901.".

(9) The amendment made by section 11813(b)(17) of the Revenue Reconciliation Act of 1990 shall be applied as if the material stricken by such amendment included the closing parenthesis after "section 48(a)(5)".

(10) Paragraph (1) of section 179(d) is amended by striking "in a trade or business" and inserting "a trade or business".

(11) Subparagraph (E) of section 50(a)(2) is amended by striking "section 48(a)(5)(A)" and inserting "section 48(a)(5)".

(12) The amendment made by section 11801(c)(9)(G)(ii) of the Revenue Reconciliation Act of 1990 shall be applied as if it struck "Section 422A(c)(2)" and inserted "Section 422(c)(2)".

(13) Subparagraph (B) of section 424(c)(3) is amended by striking "a qualified stock option, an incentive stock option, an option granted under an employee stock purchase plan, or a restricted stock option" and inserting "an incentive stock option or an option granted under an employee stock purchase plan".

(14) Subparagraph (E) of section 1367(a)(2) is amended by striking "section 613A(c)(13)(B)" and inserting "section 613A(c)(11)(B)".

(15) Subparagraph (B) of section 460(e)(6) is amended by striking "section 167(k)" and inserting "section 168(e)(2)(A)(ii)".

(16) Subparagraph (C) of section 172(h)(4) is amended by striking "subsection (b)(1)(M)" and inserting "subsection (b)(1)(E)".

(17) Section 6503 is amended—

(A) by redesignating the subsection relating to extension in case of certain summonses as subsection (j), and

(B) by redesignating the subsection relating to cross references as subsection (k).

(18) Paragraph (4) of section 1250(e) is hereby repealed.

(19) Paragraph (1) of section 179(d) is amended by adding at the end the following new sentence: "Such term shall not include any property described in section 50(b) and shall not include air conditioning or heating units.".

"(i) EFFECTIVE DATE.—Except as otherwise expressly provided, any amendment made by this section shall take effect as if included in the provision of the Revenue Reconciliation Act of 1990 to which such amendment relates.".

SEC. 1703. AMENDMENTS RELATED TO REVENUE RECONCILIATION ACT OF 1993.

(a) AMENDMENT RELATED TO SECTION 13114.—Paragraph (2) of section 1044(c) is amended to read as follows:

"(2) PURCHASE.—The taxpayer shall be considered to have purchased any property if, but for subsection (d), the unadjusted basis of such property would be its cost within the meaning of section 1012.".

(b) AMENDMENTS RELATED TO SECTION 13142.—

(1) Subparagraph (B) of section 13142(b)(6) of the Revenue Reconciliation Act of 1993 is amended to read as follows:

"(B) FULL-TIME STUDENTS, WAIVER AUTHORITY, AND PROHIBITED DISCRIMINATION.—The amendments made by paragraphs (2), (3), and (4) shall take effect on the date of the enactment of this Act.".

(2) Subparagraph (C) of section 13142(b)(6) of such Act is amended by striking "paragraph (2)" and inserting "paragraph (5)".

(c) AMENDMENT RELATED TO SECTION 13161.—

(1) IN GENERAL.—Subsection (e) of section 4001 (relating to inflation adjustment) is amended to read as follows:

"(e) INFLATION ADJUSTMENT.—

"(1) IN GENERAL.—The $30,000 amount in subsection (a) and section 4003(a) shall be increased by an amount equal to—

"(A) $30,000, multiplied by

"(B) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the vehicle is sold, determined by substituting 'calendar year 1990' for 'calendar year 1992' in subparagraph (B) thereof.

"(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $2,000, such amount shall be rounded to the next lowest multiple of $2,000.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

(d) AMENDMENT RELATED TO SECTION 13201.—Clause (ii) of section 135(b)(2)(B) is amended by inserting before the period at the end thereof the following: ", determined by substituting 'calendar year 1989' for 'calendar year 1992' in subparagraph (B) thereof".

(e) AMENDMENTS RELATED TO SECTION 13203.—Subsection (a) of section 59 is amended—

(1) by striking "the amount determined under section 55(b)(1)(A)" in paragraph (1)(A) and (2)(A)(i) and inserting "the pre-credit tentative minimum tax",

(2) by striking "specified in section 55(b)(1)(A)" in paragraph (1)(C) and inserting "specified in subparagraph (A)(i) or (B)(i) of section 55(b)(1) (whichever applies)",

(3) by striking "which would be determined under section 55(b)(1)(A)" in paragraph (2)(A)(ii) and inserting "which would be the pre-credit tentative minimum tax", and

(4) by adding at the end thereof the following new paragraph:

"(3) PRE-CREDIT TENTATIVE MINIMUM TAX.—For purposes of this subsection, the term 'pre-credit tentative minimum tax' means—

"(A) in the case of a taxpayer other than a corporation, the amount determined under the first sentence of section 55(b)(1)(A)(i), or

"(B) in the case of a corporation, the amount determined under section 55(b)(1)(B)(i).".

(f) AMENDMENT RELATED TO SECTION 13221.—Sections 1201(a) and 1561(a) are each amended by striking "last sentence" each place it appears and inserting "last 2 sentences".

(g) AMENDMENTS RELATED TO SECTION 13222.—

(1) Subparagraph (B) of section 6033(e)(1) is amended by adding at the end thereof the following new clause:

"(iii) COORDINATION WITH SECTION 527(f).—This subsection shall not apply to any amount on which tax is imposed by reason of section 527(f).''.

(2) Clause (i) of section 6033(e)(1)(B) is amended by striking ''this subtitle'' and inserting ''section 501''.

(h) AMENDMENT RELATED TO SECTION 13225.—Paragraph (3) of section 6655(g) is amended by striking all that follows '''3rd month''' in the sentence following subparagraph (C) and inserting '', subsection (e)(2)(A) shall be applied by substituting '2 months' for '3 months' in clause (i)(I), the election under clause (i) of subsection (e)(2)(C) may be made separately for each installment, and clause (ii) of subsection (e)(2)(C) shall not apply.''.

(i) AMENDMENTS RELATED TO SECTION 13231.—

(1) Subparagraph (G) of section 904(d)(3) is amended by striking ''section 951(a)(1)(B)'' and inserting ''subparagraph (B) or (C) of section 951(a)(1)''.

(2) Paragraph (1) of section 956A(b) is amended to read as follows:

''(1) the amount (not including a deficit) referred to in section 316(a)(1) to the extent such amount was accumulated in prior taxable years beginning after September 30, 1993, and''.

(3) Subsection (f) of section 956A is amended by inserting before the period at the end thereof: ''and regulations coordinating the provisions of subsections (c)(3)(A) and (d)''.

(4) Subsection (b) of section 958 is amended by striking ''956(b)(2)'' each place it appears and inserting ''956(c)(2)''.

(5)(A) Subparagraph (A) of section 1297(d)(2) is amended by striking ''The adjusted basis of any asset'' and inserting ''The amount taken into account under section 1296(a)(2) with respect to any asset''.

(B) The paragraph heading of paragraph (2) of section 1297(d) is amended to read as follows:

''(2) AMOUNT TAKEN INTO ACCOUNT.—''.

(6) Subsection (e) of section 1297 is amended by inserting ''For purposes of this part—'' after the subsection heading.

(j) AMENDMENT RELATED TO SECTION 13241.—Subparagraph (B) of section 40(e)(1) is amended to read as follows:

''(B) for any period before January 1, 2001, during which the rates of tax under section 4081(a)(2)(A) are 4.3 cents per gallon.''.

(k) AMENDMENT RELATED TO SECTION 13242.—Paragraph (4) of section 6427(f) is amended by striking ''1995'' and inserting ''1999''.

(l) AMENDMENT RELATED TO SECTION 13261.—Clause (iii) of section 13261(g)(2)(A) of the Revenue Reconciliation Act of 1993 is amended by striking ''by the taxpayer'' and inserting ''by the taxpayer or a related person''.

(m) AMENDMENT RELATED TO SECTION 13301.—Subparagraph (B) of section 1397B(d)(5) is amended by striking ''preceding''.

(n) CLERICAL AMENDMENTS.—

(1) Subsection (d) of section 39 is amended—

(A) by striking ''45'' in the heading of paragraph (5) and inserting ''45A'', and

(B) by striking ''45'' in the heading of paragraph (6) and inserting ''45B''.

(2) Subparagraph (A) of section 108(d)(9) is amended by striking ''paragraph (3)(B)'' and inserting ''paragraph (3)(C)''.

(3) Subparagraph (C) of section 143(d)(2) is amended by striking the period at the end thereof and inserting a comma.

(4) Clause (ii) of section 163(j)(6)(E) is amended by striking ''which is a'' and inserting ''which is''.

(5) Subparagraph (A) of section 1017(b)(4) is amended by striking ''subsection (b)(2)(D)'' and inserting ''subsection (b)(2)(E)''.

(6) So much of section 1245(a)(3) as precedes subparagraph (A) thereof is amended to read as follows:

''(3) SECTION 1245 PROPERTY.—For purposes of this section, the term 'section 1245 property' means any property which is or has been property of a character subject to the allowance for depreciation provided in section 167 and is either—''.

(7) Paragraph (2) of section 1394(e) is amended—

(A) by striking ''(i)'' and inserting ''(A)'', and

(B) by striking ''(ii)'' and inserting ''(B)''.

(8) Subsection (m) of section 6501 (as redesignated by section 1602) is amended by striking ''or 51(j)'' and inserting ''45B, or 51(j)''.

(9)(A) The section 6714 added by section 13242(b)(1) of the Revenue Reconciliation Act of 1993 is hereby redesignated as section 6715.

(B) The table of sections for part I of subchapter B of chapter 68 is amended by striking ''6714'' in the item added by such section 13242(b)(2) of such Act and inserting ''6715''.

(10) Paragraph (2) of section 9502(b) is amended by inserting ''and before'' after ''1982,''.

(11) Subsection (a)(3) of section 13206 of the Revenue Reconciliation Act of 1993 is amended by striking ''this section'' and inserting ''this subsection''.

(12) Paragraph (1) of section 13215(c) of the Revenue Reconciliation Act of 1993 is amended by striking ''Public Law 92–21'' and inserting ''Public Law 98–21''.

(13) Paragraph (2) of section 13311(e) of the Revenue Reconciliation Act of 1993 is amended by striking ''section 1393(a)(3)'' and inserting ''section 1393(a)(2)''.

(14) Subparagraph (B) of section 117(d)(2) is amended by striking ''section 132(f)'' and inserting ''section 132(h)''.

(o) EFFECTIVE DATE.—Any amendment made by this section shall take effect as if included in the provision of the Revenue Reconciliation Act of 1993 to which such amendment relates.

SEC. 1704. MISCELLANEOUS PROVISIONS.

(a) APPLICATION OF AMENDMENTS MADE BY TITLE XII OF OMNIBUS BUDGET RECONCILIATION ACT OF 1990.—Except as otherwise expressly provided, whenever in title XII of the Omnibus Budget Reconciliation Act of 1990 an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(b) TREATMENT OF CERTAIN AMOUNTS UNDER HEDGE BOND RULES.—

(1) IN GENERAL.—Clause (iii) of section 149(g)(3)(B) is amended to read as follows:

''(iii) AMOUNTS HELD PENDING REINVESTMENT OR REDEMPTION.—Amounts held for not more than 30 days pending reinvestment or bond redemption shall be treated as invested in bonds described in clause (i).''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 7651 of the Omnibus Budget Reconciliation Act of 1989.

(c) TREATMENT OF CERTAIN DISTRIBUTIONS UNDER SECTION 1445.—

(1) IN GENERAL.—Paragraph (3) of section 1445(e) is amended by adding at the end thereof the following new sentence: ''Rules similar to the rules of the preceding provisions of this paragraph shall apply in the case of any distribution to which section 301 applies and which is not made out of the earnings and profits of such a domestic corporation.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to distributions after the date of the enactment of this Act.

(d) TREATMENT OF CERTAIN CREDITS UNDER SECTION 469.—

(1) IN GENERAL.—Subparagraph (B) of section 469(c)(3) is amended by adding at the end thereof the following new sentence: ''If the preceding sentence applies to the net income from any property for any taxable year, any credits allowable under subpart B (other than section 27(a)) or D of part IV of subchapter A for such taxable year which are attributable to such property shall be treated as credits not from a passive activity to the extent the amount of such credits does not exceed the regular tax liability of the taxpayer for the taxable year which is allocable to such net income.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(e) TREATMENT OF DISPOSITIONS UNDER PASSIVE LOSS RULES.—

(1) IN GENERAL.—Subparagraph (A) of section 469(g)(1) is amended to read as follows:

''(A) IN GENERAL.—If all gain or loss realized on such disposition is recognized, the excess of—

''(i) any loss from such activity for such taxable year (determined after the application of subsection (b)), over

''(ii) any net income or gain for such taxable year from all other passive activities (determined after the application of subsection (b)),

shall be treated as a loss which is not from a passive activity.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 1986.

(f) MISCELLANEOUS AMENDMENTS TO FOREIGN PROVISIONS.—

(1) COORDINATION OF UNIFIED ESTATE TAX CREDIT WITH TREATIES.—Subparagraph (A) of section 2102(c)(3) is amended by adding at the end thereof the following new sentence: ''For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.''.

(2) TREATMENT OF CERTAIN INTEREST PAID TO RELATED PERSON.—

(A) Subparagraph (B) of section 163(j)(1) is amended by inserting before the period at the end thereof the following: ''(and clause (ii) of paragraph (2)(A) shall not apply for purposes of applying this subsection to the amount so treated)''.

(B) Subsection (j) of section 163 is amended by redesignating paragraph (7) as paragraph (8) and by inserting after paragraph (6) the following new paragraph:

''(7) COORDINATION WITH PASSIVE LOSS RULES, ETC.—This subsection shall be applied before sections 465 and 469.''.

(C) The amendments made by this paragraph shall apply as if included in the amendments made by section 7210(a) of the Revenue Reconciliation Act of 1989.

(3) TREATMENT OF INTEREST ALLOCABLE TO EFFECTIVELY CONNECTED INCOME.—

(A) IN GENERAL.—

(i) Subparagraph (B) of section 884(f)(1) is amended by striking ''to the extent'' and all that follows down through ''subparagraph (A)'' and inserting ''to the extent that the allocable interest exceeds the interest described in subparagraph (A)''.

(ii) The second sentence of section 884(f)(1) is amended by striking ''reasonably expected'' and all that follows down through the period at the end thereof and inserting ''reasonably expected to be allocable interest.''.

(iii) Paragraph (2) of section 884(f) is amended to read as follows:

''(2) ALLOCABLE INTEREST.—For purposes of this subsection, the term 'allocable interest' means any interest which is allocable to income which is effectively connected (or treated as effectively connected) with the conduct of a trade or business in the United States.''.

(B) EFFECTIVE DATE.—The amendments made by subparagraph (A) shall take effect as if included in the amendments made by section 1241(a) of the Tax Reform Act of 1986.

(4) CLARIFICATION OF SOURCE RULE.—

(A) IN GENERAL.—Paragraph (2) of section 865(b) is amended by striking "863(b)" and inserting "863".

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall take effect as if included in the amendments made by section 1211 of the Tax Reform Act of 1986.

(5) REPEAL OF OBSOLETE PROVISIONS.—

(A) Paragraph (1) of section 6038(a) is amended by striking ", and" at the end of subparagraph (E) and inserting a period, and by striking subparagraph (F).

(B) Subsection (b) of section 6038A is amended by adding "and" at the end of paragraph (2), by striking ", and" at the end of paragraph (3) and inserting a period, and by striking paragraph (4).

(g) CLARIFICATION OF TREATMENT OF MEDICARE ENTITLEMENT UNDER COBRA PROVISIONS.—

(1) IN GENERAL.—

(A) Subclause (V) of section 4980B(f)(2)(B)(i) is amended to read as follows:

"(V) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in paragraph (3)(B) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this clause before the close of the 36-month period beginning on the date the covered employee became so entitled.".

(B) Clause (v) of section 602(2)(A) of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

"(v) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 603(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled.".

(C) Clause (iv) of section 2202(2)(A) of the Public Health Service Act is amended to read as follows:

"(iv) MEDICARE ENTITLEMENT FOLLOWED BY QUALIFYING EVENT.—In the case of a qualifying event described in section 2203(2) that occurs less than 18 months after the date the covered employee became entitled to benefits under title XVIII of the Social Security Act, the period of coverage for qualified beneficiaries other than the covered employee shall not terminate under this subparagraph before the close of the 36-month period beginning on the date the covered employee became so entitled.".

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years beginning after December 31, 1989.

(h) TREATMENT OF CERTAIN REMIC INCLUSIONS.—

(1) IN GENERAL.—Subsection (a) of section 860E is amended by adding at the end thereof the following new paragraph:

"(6) COORDINATION WITH MINIMUM TAX.—For purposes of part VI of subchapter A of this chapter—

"(A) the reference in section 55(b)(2) to taxable income shall be treated as a reference to taxable income determined without regard to this subsection,

"(B) the alternative minimum taxable income of any holder of a residual interest in a REMIC for any taxable year shall in no event be less than the excess inclusion for such taxable year, and

"(C) any excess inclusion shall be disregarded for purposes of computing the alternative tax net operating loss deduction.

The preceding sentence shall not apply to any organization to which section 593 applies, except to the extent provided in regulations prescribed by the Secretary under paragraph (2).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 671 of the Tax Reform Act of 1986 unless the taxpayer elects to apply such amendment only to taxable years beginning after the date of the enactment of this Act.

(i) EXEMPTION FROM HARBOR MAINTENANCE TAX FOR CERTAIN PASSENGERS.—

(1) IN GENERAL.—Subparagraph (D) of section 4462(b)(1) (relating to special rule for Alaska, Hawaii, and possessions) is amended by inserting before the period the following: ", or passengers transported on United States flag vessels operating solely within the State waters of Alaska or Hawaii and adjacent international waters".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1402(a) of the Harbor Maintenance Revenue Act of 1986.

(j) AMENDMENTS RELATED TO REVENUE PROVISIONS OF ENERGY POLICY ACT OF 1992.—

(1) Effective with respect to taxable years beginning after December 31, 1990, subclause (II) of section 53(d)(1)(B)(iv) is amended to read as follows:

"(II) the adjusted net minimum tax for any taxable year is the amount of the net minimum tax for such year increased in the manner provided in clause (iii).".

(2) Subsection (g) of section 179A is redesignated as subsection (f).

(3) Subparagraph (E) of section 6724(d)(3) is amended by striking "section 6109(f)" and inserting "section 6109(h)".

(4)(A) Subsection (d) of section 30 is amended—

(i) by inserting "(determined without regard to subsection (b)(3))" before the period at the end of paragraph (1) thereof, and

(ii) by adding at the end thereof the following new paragraph:

"(4) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.".

(B) Subsection (m) of section 6501 (as redesignated by section 1602) is amended by striking "section 40(f)" and inserting "section 30(d)(4), 40(f)".

(5) Subclause (III) of section 501(c)(21)(D)(ii) is amended by striking "section 101(6)" and inserting "section 101(7)" and by striking "1752(6)" and inserting "1752(7)".

(6) Paragraph (1) of section 1917(b) of the Energy Policy Act of 1992 shall be applied as if "at a rate" appeared instead of "at the rate" in the material proposed to be stricken.

(7) Paragraph (2) of section 1921(b) of the Energy Policy Act of 1992 shall be applied as if a comma appeared after "(2)" in the material proposed to be stricken.

(8) Subsection (a) of section 1937 of the Energy Policy Act of 1992 shall be applied as if "Subpart B" appeared instead of "Subpart C".

(k) TREATMENT OF QUALIFIED FOOTBALL COACHES PLAN.—

(1) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, a qualified football coaches plan—

(A) shall be treated as a multiemployer collectively bargained plan, and

(B) notwithstanding section 401(k)(4)(B) of such Code, may include a qualified cash and deferred arrangement under section 401(k) of such Code.

(2) QUALIFIED FOOTBALL COACHES PLAN.—For purposes of this subsection, the term "qualified football coaches plan" means any defined contribution plan which is established and maintained by an organization—

(A) which is described in section 501(c) of such Code,

(B) the membership of which consists entirely of individuals who primarily coach football as full-time employees of 4-year colleges or universities described in section 170(b)(1)(A)(ii) of such Code, and

(C) which was in existence on September 18, 1986.

(3) EFFECTIVE DATE.—This subsection shall apply to years beginning after December 22, 1987.

(l) DETERMINATION OF UNRECOVERED INVESTMENT IN ANNUITY CONTRACT.—

(1) IN GENERAL.—Subparagraph (A) of section 72(b)(4) is amended by inserting "(determined without regard to subsection (c)(2))" after "contract".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1122(c) of the Tax Reform Act of 1986.

(m) MODIFICATIONS TO ELECTION TO INCLUDE CHILD'S INCOME ON PARENT'S RETURN.—

(1) ELIGIBILITY FOR ELECTION.—Clause (ii) of section 1(g)(7)(A) (relating to election to include certain unearned income of child on parent's return) is amended to read as follows:

"(ii) such gross income is more than the amount described in paragraph (4)(A)(ii)(I) and less than 10 times the amount so described,".

(2) COMPUTATION OF TAX.—Subparagraph (B) of section 1(g)(7) (relating to income included on parent's return) is amended—

(A) by striking "$1,000" in clause (i) and inserting "twice the amount described in paragraph (4)(A)(ii)(I)", and

(B) by amending subclause (II) of clause (ii) to read as follows:

"(II) for each such child, 15 percent of the lesser of the amount described in paragraph (4)(A)(ii)(I) or the excess of the gross income of such child over the amount so described, and".

(3) MINIMUM TAX.—Subparagraph (B) of section 59(j)(1) is amended by striking "$1,000" and inserting "twice the amount in effect for the taxable year under section 63(c)(5)(A)".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1995.

(n) TREATMENT OF CERTAIN VETERANS' REEMPLOYMENT RIGHTS.—

(1) IN GENERAL.—Section 414 is amended by adding at the end the following new subsection:

"(u) SPECIAL RULES RELATING TO VETERANS' REEMPLOYMENT RIGHTS UNDER USERRA.—

"(1) TREATMENT OF CERTAIN CONTRIBUTIONS MADE PURSUANT TO VETERANS' REEMPLOYMENT RIGHTS.—If any contribution is made by an employer or an employee under an individual account plan with respect to an employee, or by an employee to a defined benefit plan that provides for employee contributions, and such contribution is required by reason of such employee's rights under chapter 43 of title 38, United States Code, resulting from qualified military service, then—

"(A) such contribution shall not be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, and shall not be taken into account in applying such limitations to other contributions or benefits under such plan or any other plan, with respect to the year in which the contribution is made,

"(B) such contribution shall be subject to the limitations referred to in subparagraph (A) with respect to the year to which the contribution relates (in accordance with rules prescribed by the Secretary), and

"(C) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), *401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k)(3), 408(k)(6), 408(p), 410(b), or 416 by reason of the making of (or the right to make) such contribution.*

For purposes of the preceding sentence, any elective deferral or employee contribution made under paragraph (2) shall be treated as required by reason of the employee's rights under such chapter 43.

"(2) REEMPLOYMENT RIGHTS UNDER USERRA WITH RESPECT TO ELECTIVE DEFERRALS.—

"(A) IN GENERAL.—For purposes of this subchapter and section 457, if an employee is entitled to the benefits of chapter 43 of title 38, United States Code, with respect to any plan which provides for elective deferrals, the employer sponsoring the plan shall be treated as meeting the requirements of such chapter 43 with respect to such elective deferrals only if such employer—

"(i) permits such employee to make additional elective deferrals under such plan (in the amount determined under subparagraph (B) or such lesser amount as is elected by the employee) during the period which begins on the date of the reemployment of such employee with such employer and has the same length as the lesser of—

"(I) the product of 3 and the period of qualified military service which resulted in such rights, and

"(II) 5 years, and

"(ii) makes a matching contribution with respect to any additional elective deferral made pursuant to clause (i) which would have been required had such deferral actually been made during the period of such qualified military service.

"(B) AMOUNT OF MAKEUP REQUIRED.—The amount determined under this subparagraph with respect to any plan is the maximum amount of the elective deferrals that the individual would have been permitted to make under the plan in accordance with the limitations referred to in paragraph (1)(A) during the period of qualified military service if the individual had continued to be employed by the employer during such period and received compensation as determined under paragraph (7). Proper adjustment shall be made to the amount determined under the preceding sentence for any elective deferrals actually made during the period of such qualified military service.

"(C) ELECTIVE DEFERRAL.—For purposes of this paragraph, the term 'elective deferral' has the meaning given such term by section 402(g)(3); except that such term shall include any deferral of compensation under an eligible deferred compensation plan (as defined in section 457(b)).

"(D) AFTER-TAX EMPLOYEE CONTRIBUTIONS.—References in subparagraphs (A) and (B) to elective deferrals shall be treated as including references to employee contributions.

"(3) CERTAIN RETROACTIVE ADJUSTMENTS NOT REQUIRED.—For purposes of this subchapter and subchapter E, no provision of chapter 43 of title 38, United States Code, shall be construed as requiring—

"(A) any crediting of earnings to an employee with respect to any contribution before such contribution is actually made, or

"(B) any allocation of any forfeiture with respect to the period of qualified military service.

"(4) LOAN REPAYMENT SUSPENSIONS PERMITTED.—If any plan suspends the obligation to repay any loan made to an employee from such plan for any part of any period during which such employee is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code), whether or not qualified military service, such suspension shall not be taken into account for purposes of section 72(p), 401(a), or 4975(d)(1).

"(5) QUALIFIED MILITARY SERVICE.—For purposes of this subsection, the term 'qualified military service' means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service.

"(6) INDIVIDUAL ACCOUNT PLAN.—For purposes of this subsection, the term 'individual account plan' means any defined contribution plan (including any tax-sheltered annuity plan under section 403(b), any simplified employee pension under section 408(k), any qualified salary reduction arrangement under section 408(p), and any eligible deferred compensation plan (as defined in section 457(b)).

"(7) COMPENSATION.—For purposes of sections 403(b)(3), 415(c)(3), and 457(e)(5), an employee who is in qualified military service shall be treated as receiving compensation from the employer during such period of qualified military service equal to—

"(A) the compensation the employee would have received during such period if the employee were not in qualified military service, determined based on the rate of pay the employee would have received from the employer but for absence during the period of qualified military service, or

"(B) if the compensation the employee would have received during such period was not reasonably certain, the employee's average compensation from the employer during the 12-month period immediately preceding the qualified military service (or, if shorter, the period of employment immediately preceding the qualified military service).

"(8) USERRA REQUIREMENTS FOR QUALIFIED RETIREMENT PLANS.—For purposes of this subchapter and section 457, an employer sponsoring a retirement plan shall be treated as meeting the requirements of chapter 43 of title 38, United States Code, only if each of the following requirements is met:

"(A) An individual reemployed under such chapter is treated with respect to such plan as not having incurred a break in service with the employer maintaining the plan by reason of such individual's period of qualified military service.

"(B) Each period of qualified military service served by an individual is, upon reemployment under such chapter, deemed with respect to such plan to constitute service with the employer maintaining the plan for the purpose of determining the nonforfeitability of the individual's accrued benefits under such plan and for the purpose of determining the accrual of benefits under such plan.

"(C) An individual reemployed under such chapter is entitled to accrued benefits that are contingent on the making of, or derived from, employee contributions or elective deferrals only to the extent the individual makes payment to the plan with respect to such contributions or deferrals. No such payment may exceed the amount the individual would have been permitted or required to contribute had the individual remained continuously employed by the employer throughout the period of qualified military service. Any payment to such plan shall be made during the period beginning with the date of reemployment and whose duration is 3 times the period of the qualified military service (but not greater than 5 years).

"(9) PLANS NOT SUBJECT TO TITLE 38.—This subsection shall not apply to any retirement plan to which chapter 43 of title 38, United States Code, does not apply.

"(10) REFERENCES.—For purposes of this section, any reference to chapter 43 of title 38, United States Code, shall be treated as a reference to such chapter as in effect on December 12, 1994 (without regard to any subsequent amendment).".

(2) AMENDMENT TO ERISA.—Section 408(b)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1148(b)) is amended by adding at the end the following new sentence: "A loan made by a plan shall not fail to meet the requirements of the preceding sentence by reason of a loan repayment suspension described under section 414(u)(4) of the Internal Revenue Code of 1986."

(3) EFFECTIVE DATE.—The amendments made by this subsection shall be effective as of December 12, 1994.

(o) REPORTING OF REAL ESTATE TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (3) of section 6045(e) (relating to prohibition of separate charge for filing return) is amended by adding at the end the following new sentence: "Nothing in this paragraph shall be construed to prohibit the real estate reporting person from taking into account its cost of complying with such requirement in establishing its charge (other than a separate charge for complying with such requirement) to any customer for performing services in the case of a real estate transaction.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in section 1015(e)(2)(A) of the Technical and Miscellaneous Revenue Act of 1988.

(p) CLARIFICATION OF DENIAL OF DEDUCTION FOR STOCK REDEMPTION EXPENSES.

(1) IN GENERAL.—Paragraph (1) of section 162(k) is amended by striking "the redemption of its stock" and inserting "the reacquisition of its stock or of the stock of any related person (as defined in section 465(b)(3)(C))".

(2) CERTAIN DEDUCTIONS PERMITTED.—Subparagraph (A) of section 162(k)(2) is amended by striking "or" at the end of clause (i), by redesignating clause (ii) as clause (iii), and by inserting after clause (i) the following new clause:

"(ii) deduction for amounts which are properly allocable to indebtedness and amortized over the term of such indebtedness, or".

(3) CLERICAL AMENDMENT.—The subsection heading for subsection (k) of section 162 is amended by striking "REDEMPTION" and inserting "REACQUISITION".

(4) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to amounts paid or incurred after September 13, 1995, in taxable years ending after such date.

(B) PARAGRAPH (2).—The amendment made by paragraph (2) shall take effect as if included in the amendment made by section 613 of the Tax Reform Act of 1986.

(q) CLERICAL AMENDMENT TO SECTION 404.—

(1) IN GENERAL.—Paragraph (1) of section 404(j) is amended by striking "(10)" and inserting "(9)".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 713(d)(4)(A) of the Deficit Reduction Act of 1984.

(r) PASSIVE INCOME NOT TO INCLUDE FSC INCOME, ETC.—

(1) IN GENERAL.—Paragraph (2) of section 1296(b) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or", and by inserting after subparagraph (C) the following new subparagraph:

"(D) which is foreign trade income of a FSC or export trade income of an export trade corporation (as defined in section 971).".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the amendments made by section 1235 of the Tax Reform Act of 1986.

(s) TECHNICAL CORRECTION OF INTERMEDIATE SANCTIONS PROVISIONS.—

(1) Subparagraph (C) of section 6652(c)(1) is amended by striking "$10" and inserting "$20",

and by striking "$5,000" and inserting "$10,000".

(2) Subparagraph (D) of section 6652(c)(1) is amended by striking "$10" and inserting "$20".

(t) MISCELLANEOUS CLERICAL AMENDMENTS.—

(1) Subclause (II) of section 56(g)(4)(C)(ii) is amended by striking "of the subclause" and inserting "of subclause".

(2) Paragraph (2) of section 72(m) is amended by inserting "and" at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

(3) Paragraph (2) of section 86(b) is amended by striking "adusted" and inserting "adjusted".

(4)(A) The heading for section 112 is amended by striking "**COMBAT PAY**" and inserting "**COMBAT ZONE COMPENSATION**".

(B) The item relating to section 112 in the table of sections for part III of subchapter B of chapter 1 is amended by striking "combat pay" and inserting "combat zone compensation".

(C) Paragraph (1) of section 3401(a) is amended by striking "combat pay" and inserting "combat zone compensation".

(5) Clause (i) of section 172(h)(3)(B) is amended by striking the comma at the end thereof and inserting a period.

(6) Clause (ii) of section 543(a)(2)(B) is amended by striking "section 563(c)" and inserting "section 563(d)".

(7) Paragraph (1) of section 958(a) is amended by striking "sections 955(b)(1) (A) and (B), 955(c)(2)(A)(ii), and 960(a)(1)" and inserting "section 960(a)(1)".

(8) Subsection (g) of section 642 is amended by striking "under 2621(a)(2)" and inserting "under section 2621(a)(2)".

(9) Section 1463 is amended by striking "this subsection" and inserting "this section".

(10) Subsection (k) of section 3306 is amended by inserting a period at the end thereof.

(11) The item relating to section 4472 in the table of sections for subchapter B of chapter 36 is amended by striking "and special rules".

(12) Paragraph (3) of section 5134(c) is amended by striking "section 6662(a)" and inserting "section 6665(a)".

(13) Paragraph (2) of section 5206(f) is amended by striking "section 5(e)" and inserting "section 105(e)".

(14) Paragraph (1) of section 6050B(c) is amended by striking "section 85(c)" and inserting "section 85(b)".

(15) Subsection (k) of section 6166 is amended by striking paragraph (6).

(16) Subsection (e) of section 6214 is amended to read as follows:

"(e) CROSS REFERENCE.—

"For provision giving Tax Court jurisdiction to order a refund of an overpayment and to award sanctions, see section 6512(b)(2).".

(17) The section heading for section 6043 is amended by striking the semicolon and inserting a comma.

(18) The item relating to section 6043 in the table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the semicolon and inserting a comma.

(19) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6662.

(20)(A) Section 7232 is amended—

(i) by striking "**LUBRICATING OIL**," in the heading, and

(ii) by striking "lubricating oil," in the text.

(B) The table of sections for part II of subchapter A of chapter 75 is amended by striking "lubricating oil," in the item relating to section 7232.

(21) Paragraph (1) of section 6701(a) of the Omnibus Budget Reconciliation Act of 1989 is amended by striking "subclause (IV)" and inserting "subclause (V)".

(22) Clause (ii) of section 7304(a)(2)(D) of such Act is amended by striking "subsection (c)(2)" and inserting "subsection (c)".

(23) Paragraph (1) of section 7646(b) of such Act is amended by striking "section 6050H(b)(1)" and inserting "section 6050H(b)(2)".

(24) Paragraph (10) of section 7721(c) of such Act is amended by striking "section 6662(b)(2)(C)(ii)" and inserting "section 6661(b)(2)(C)(ii)".

(25) Subparagraph (A) of section 7811(i)(3) of such Act is amended by inserting "the first place it appears" before "in clause (i)".

(26) Paragraph (10) of section 7841(d) of such Act is amended by striking "section 381(a)" and inserting "section 381(c)".

(27) Paragraph (2) of section 7861(c) of such Act is amended by inserting "the second place it appears" before "and inserting".

(28) Paragraph (1) of section 460(b) is amended by striking "the look-back method of paragraph (3)" and inserting "the look-back method of paragraph (2)".

(29) Subparagraph (C) of section 50(a)(2) is amended by striking "subsection (c)(4)" and inserting "subsection (d)(5)".

(30) Subparagraph (B) of section 172(h)(4) is amended by striking the material following the heading and preceding clause (i) and inserting "For purposes of subsection (b)(2)—".

(31) Subparagraph (A) of section 355(d)(7) is amended by inserting "section" before "267(b)".

(32) Subparagraph (C) of section 420(e)(1) is amended by striking "mean" and inserting "means".

(33) Paragraph (4) of section 537(b) is amended by striking "section 172(i)" and inserting "section 172(f)".

(34) Subparagraph (B) of section 613(e)(1) is amended by striking the comma at the end thereof and inserting a period.

(35) Paragraph (4) of section 856(a) is amended by striking "section 582(c)(5)" and inserting "section 582(c)(2)".

(36) Sections 904(f)(2)(B)(i) and 907(c)(4)(B)(iii) are each amended by inserting "(as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)" after "section 172(h)".

(37) Subsection (b) of section 936 is amended by striking "subparagraphs (D)(ii)(I)" and inserting "subparagraphs (D)(ii)".

(38) Subsection (c) of section 2104 is amended by striking "subparagraph (A), (C), or (D) of section 861(a)(1)" and inserting "section 861(a)(1)(A)".

(39) Subparagraph (A) of section 280A(c)(1) is amended to read as follows:

"(A) as the principal place of business for any trade or business of the taxpayer,".

(40) Section 6038 is amended by redesignating the subsection relating to cross references as subsection (f).

(41) Clause (iv) of section 6103(e)(1)(A) is amended by striking all that follows "provisions of" and inserting "section 1(g) or 59(j);".

(42) The subsection (f) of section 6109 of the Internal Revenue Code of 1986 which was added by section 2201(d) of Public Law 101–624 is redesignated as subsection (g).

(43) Subsection (b) of section 7454 is amended by striking "section 4955(e)(2)" and inserting "section 4955(f)(2)".

(44) Subsection (d) of section 11231 of the Revenue Reconciliation Act of 1990 shall be applied as if "comma" appeared instead of "period" and as if the paragraph (9) proposed to be added ended with a comma.

(45) Paragraph (1) of section 11303(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "paragraph" appeared instead of "subparagraph" in the material proposed to be stricken.

(46) Subsection (f) of section 11701 of the Revenue Reconciliation Act of 1990 is amended by inserting "(relating to definitions)" after "section 6038(e)".

(47) Subsection (i) of section 11701 of the Revenue Reconciliation Act of 1990 shall be applied as if "subsection" appeared instead of "section" in the material proposed to be stricken.

(48) Subparagraph (B) of section 11801(c)(2) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 56(g)" appeared instead of "section 59(g)".

(49) Subparagraph (C) of section 11801(c)(8) of the Revenue Reconciliation Act of 1990 shall be applied as if "reorganizations" appeared instead of "reorganization" in the material proposed to be stricken.

(50) Subparagraph (H) of section 11801(c)(9) of the Revenue Reconciliation Act of 1990 shall be applied as if "section 1042(c)(1)(B)" appeared instead of "section 1042(c)(2)(B)".

(51) Subparagraph (F) of section 11801(c)(12) of the Revenue Reconciliation Act of 1990 shall be applied as if "and (3)" appeared instead of "and (E)".

(52) Subparagraph (A) of section 11801(c)(22) of the Revenue Reconciliation Act of 1990 shall be applied as if "chapters 21" appeared instead of "chapter 21" in the material proposed to be stricken.

(53) Paragraph (3) of section 11812(b) of the Revenue Reconciliation Act of 1990 shall be applied by not executing the amendment therein to the heading of section 42(d)(5)(B).

(54) Clause (i) of section 11813(b)(9)(A) of the Revenue Reconciliation Act of 1990 shall be applied as if a comma appeared after "(3)(A)(ix)" in the material proposed to be stricken.

(55) Subparagraph (F) of section 11813(b)(13) of the Revenue Reconciliation Act of 1990 shall be applied as if "tax" appeared after "investment" in the material proposed to be stricken.

(56) Paragraph (19) of section 11813(b) of the Revenue Reconciliation Act of 1990 shall be applied as if "Paragraph (20) of section 1016(a), as redesignated by section 11801," appeared instead of "Paragraph (21) of section 1016(a)".

(57) Paragraph (5) section 8002(a) of the Surface Transportation Revenue Act of 1991 shall be applied as if "4481(e)" appeared instead of "4481(c)".

(58) Section 7872 is amended—

(A) by striking "foregone" each place it appears in subsections (a) and (e)(2) and inserting "forgone", and

(B) by striking "FOREGONE" in the heading for subsection (e) and the heading for paragraph (2) of subsection (e) and inserting "FORGONE".

(59) Paragraph (7) of section 7611(h) is amended by striking "approporiate" and inserting "appropriate".

(60) The heading of paragraph (3) of section 419A(c) is amended by striking "SEVERENCE" and inserting "SEVERANCE".

(61) Clause (ii) of section 807(d)(3)(B) is amended by striking "Commissoners' " and inserting "Commissioners' ".

(62) Subparagraph (B) of section 1274A(c)(1) is amended by striking "instument" and inserting "instrument".

(63) Subparagraph (B) of section 724(d)(3) by striking "Subparagaph" and inserting "Subparagraph".

(64) The last sentence of paragraph (2) of section 42(c) is amended by striking "of 1988".

(65) Paragraph (1) of section 9707(d) is amended by striking "diligence," and inserting "diligence".

(66) Subsection (c) of section 4977 is amended by striking "section 132(i)(2)" and inserting "section 132(h)".

(67) The last sentence of section 401(a)(20) is amended by striking "section 211" and inserting "section 521".

(68) Subparagraph (A) of section 402(g)(3) is amended by striking "subsection (a)(8)" and inserting "subsection (e)(3)".

(69) The last sentence of section 403(b)(10) is amended by striking "an direct" and inserting "a direct".

(70) Subparagraph (A) of section 4973(b)(1) is amended by striking "sections 402(c)" and inserting "section 402(c)".

(71) Paragraph (12) of section 3405(e) is amended by striking "(b)(3)" and inserting "(b)(2)".

(72) Paragraph (41) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if "section" appeared instead of "sections" in the material proposed to be stricken.

(73) Paragraph (27) of section 521(b) of the Unemployment Compensation Amendments of 1992 shall be applied as if "Section 691(c)(5)" appeared instead of "Section 691(c)".

(74) Paragraph (5) of section 860F(a) is amended by striking "paragraph (1)" and inserting "paragraph (2)".

(75) Paragraph (1) of section 415(k) is amended by adding "or" at the end of subparagraph (C), by striking subparagraphs (D) and (E), and by redesignating subparagraph (F) as subparagraph (D).

(76) Paragraph (2) of section 404(a) is amended by striking "(18),".

(77) Clause (ii) of section 72(p)(4)(A) is amended to read as follows:

"(ii) SPECIAL RULE.—The term 'qualified employer plan' shall include any plan which was (or was determined to be) a qualified employer plan or a government plan.".

(78) Sections 461(i)(3)(C) and 1274(b)(3)(B)(i) are each amended by striking "section 6662(d)(2)(C)(ii)" and inserting "section 6662(d)(2)(C)(iii)".

(79) Subsection (a) of section 164 is amended by striking the paragraphs relating to the generation-skipping tax and the environmental tax imposed by section 59A and by inserting after paragraph (3) the following new paragraphs:

"(4) The GST tax imposed on income distributions.

"(5) The environmental tax imposed by section 59A.".

(80) Subclause (I) of section 936(a)(4)(A)(ii) is amended by striking "deprecation" and inserting "depreciation".

Subtitle H—Other Provisions

SEC. 1801. EXEMPTION FROM DIESEL FUEL DYEING REQUIREMENTS WITH RESPECT TO CERTAIN STATES.

(a) IN GENERAL.—Section 4082 (relating to exemptions for diesel fuel) is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) EXCEPTION TO DYEING REQUIREMENTS.—Paragraph (2) of subsection (a) shall not apply with respect to any diesel fuel—

"(1) removed, entered, or sold in a State for ultimate sale or use in an area of such State during the period such area is exempted from the fuel dyeing requirements under subsection (i) of section 211 of the Clean Air Act (as in effect on the date of the enactment of this subsection) by the Administrator of the Environmental Protection Agency under paragraph (4) of such subsection (i) (as so in effect), and

"(2) the use of which is certified pursuant to regulations issued by the Secretary."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fuel removed, entered, or sold on or after the first day of the first calendar quarter beginning after the date of the enactment of this Act.

SEC. 1802. TREATMENT OF CERTAIN UNIVERSITY ACCOUNTS.

(a) IN GENERAL.—For purposes of subsection (s) of section 3121 of the Internal Revenue Code of 1986 (relating to concurrent employment by 2 or more employers)—

(1) the following entities shall be deemed to be related corporations that concurrently employ the same individual:

(A) a State university which employs health professionals as faculty members at a medical school, and

(B) an agency account of a State university which is described in subparagraph (A) and from which there is distributed to such faculty members payments forming a part of the compensation that the State, or such State university, as the case may be, agrees to pay to such faculty members, but only if—

(i) such agency account is authorized by State law and receives the funds for such payments from a faculty practice plan described in section 501(c)(3) of such Code and exempt from tax under section 501(a) of such Code,

(ii) such payments are distributed by such agency account to such faculty members who render patient care at such medical school, and

(iii) such faculty members comprise at least 30 percent of the membership of such faculty practice plan, and

(2) remuneration which is disbursed by such agency account to any such faculty member of the medical school described in paragraph (1)(A) shall be deemed to have been actually disbursed by the State, or such State university, as the case may be, as a common paymaster and not to have been actually disbursed by such agency account.

(b) EFFECTIVE DATE.—The provisions of subsection (a) shall apply to remuneration paid after December 31, 1996.

SEC. 1803. MODIFICATIONS TO EXCISE TAX ON OZONE-DEPLETING CHEMICALS.

(a) RECYCLED HALON.—

(1) IN GENERAL.—Section 4682(d)(1) (relating to recycling) is amended by inserting ", or on any recycled halon imported from any country which is a signatory to the Montreal Protocol on Substances that Deplete the Ozone Layer" before the period at the end.

(2) CERTIFICATION SYSTEM.—The Secretary of the Treasury, after consultation with the Administrator of the Environmental Protection Agency, shall develop a certification system to ensure compliance with the recycling requirement for imported halon under section 4682(d)(1) of the Internal Revenue Code of 1986, as amended by paragraph (1).

(b) CHEMICALS USED AS PROPELLANTS IN METERED-DOSE INHALERS TAX-EXEMPT.—Paragraph (4) of section 4682(g) (relating to phase-in of tax on certain substances) is amended to read as follows:

"(4) CHEMICALS USED AS PROPELLANTS IN METERED-DOSE INHALERS.—

"(A) TAX-EXEMPT.—

"(i) IN GENERAL.—No tax shall be imposed by section 4681 on—

"(I) any use of any substance as a propellant in metered-dose inhalers, or

"(II) any qualified sale by the manufacturer, producer, or importer of any substance.

"(ii) QUALIFIED SALE.—For purposes of clause (i), the term 'qualified sale' means any sale by the manufacturer, producer, or importer of any substance—

"(I) for use by the purchaser as a propellant in metered-dose inhalers, or

"(II) for resale by the purchaser to a 2d purchaser for such use by the 2d purchaser.

The preceding sentence shall apply only if the manufacturer, producer, and importer, and the 1st and 2d purchasers (if any) meet such registration requirements as may be prescribed by the Secretary.

"(B) OVERPAYMENTS.—If any substance on which tax was paid under this subchapter is used by any person as a propellant in metered-dose inhalers, credit or refund without interest shall be allowed to such person in an amount equal to the tax so paid. Amounts payable under the preceding sentence with respect to uses during the taxable year shall be treated as described in section 34(a) for such year unless claim thereof has been timely filed under this subparagraph."

(c) EFFECTIVE DATES.—

(1) RECYCLED HALON.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendment made by subsection (a)(1) shall take effect on January 1, 1997.

(B) HALON-1211.—In the case of Halon-1211, the amendment made by subsection (a)(1) shall take effect on January 1, 1998.

(2) METERED-DOSE INHALERS.—The amendment made by subsection (b) shall take effect on the 7th day after the date of the enactment of this Act.

SEC. 1804. TAX-EXEMPT BONDS FOR SALE OF ALASKA POWER ADMINISTRATION FACILITY.

Sections 142(f)(3) (as added by section 1608) and 147(d) of the Internal Revenue Code of 1986 shall not apply in determining whether any private activity bond issued after the date of the enactment of this Act and used to finance the acquisition of the Snettisham hydroelectric project from the Alaska Power Administration is a qualified bond for purposes of such Code.

SEC. 1805. NONRECOGNITION TREATMENT FOR CERTAIN TRANSFERS BY COMMON TRUST FUNDS TO REGULATED INVESTMENT COMPANIES.

(a) GENERAL RULE.—Section 584 (relating to common trust funds) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

"(h) NONRECOGNITION TREATMENT FOR CERTAIN TRANSFERS TO REGULATED INVESTMENT COMPANIES.—

"(1) IN GENERAL.—If—

"(A) a common trust fund transfers substantially all of its assets to one or more regulated investment companies in exchange solely for stock in the company or companies to which such assets are so transferred, and

"(B) such stock is distributed by such common trust fund to participants in such common trust fund in exchange solely for their interests in such common trust fund,

no gain or loss shall be recognized by such common trust fund by reason of such transfer or distribution, and no gain or loss shall be recognized by any participant in such common trust fund by reason of such exchange.

"(2) BASIS RULES.—

"(A) REGULATED INVESTMENT COMPANY.—The basis of any asset received by a regulated investment company in a transfer referred to in paragraph (1)(A) shall be the same as it would be in the hands of the common trust fund.

"(B) PARTICIPANTS.—The basis of the stock which is received in an exchange referred to in paragraph (1)(B) shall be the same as that of the property exchanged. If stock in more than one regulated investment company is received in such exchange, the basis determined under the preceding sentence shall be allocated among the stock in each such company on the basis of respective fair market values.

"(3) TREATMENT OF ASSUMPTIONS OF LIABILITY.—

"(A) IN GENERAL.—In determining whether the transfer referred to in paragraph (1)(A) is in exchange solely for stock in one or more regulated investment companies, the assumption by any such company of a liability of the common trust fund, and the fact that any property transferred by the common trust fund is subject to a liability, shall be disregarded.

"(B) SPECIAL RULE WHERE ASSUMED LIABILITIES EXCEED BASIS.—

"(i) IN GENERAL.—If, in any transfer referred to in paragraph (1)(A), the assumed liabilities *exceed the aggregate adjusted bases (in the hands of the common trust fund) of the assets transferred to the regulated investment company or companies—*

"(I) notwithstanding paragraph (1), gain shall be recognized to the common trust fund on such transfer in an amount equal to such excess,

"(II) the basis of the assets received by the regulated investment company or companies in such transfer shall be increased by the amount so recognized, and

"(III) any adjustment to the basis of a participant's interest in the common trust fund as a result of the gain so recognized shall be treated as occurring immediately before the exchange referred to in paragraph (1)(B).

If the transfer referred to in paragraph (1)(A) is to two or more regulated investment companies, the basis increase under subclause (II) shall be allocated among such companies on the basis of the respective fair market values of the assets received by each of such companies.

"(ii) ASSUMED LIABILITIES.—For purposes of clause (i), the term 'assumed liabilities' means the aggregate of—

"(I) any liability of the common trust fund assumed by any regulated investment company in connection with the transfer referred to in paragraph (1)(A), and

"(II) any liability to which property so transferred is subject.

"(4) COMMON TRUST FUND MUST MEET DIVERSIFICATION RULES.—This subsection shall not apply to any common trust fund which would not meet the requirements of section 368(a)(2)(F)(ii) if it were a corporation. For purposes of the preceding sentence, Government securities shall not be treated as securities of an issuer in applying the 25-percent and 50-percent test and such securities shall not be excluded for purposes of determining total assets under clause (iv) of section 368(a)(2)(F).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers after December 31, 1995.

SEC. 1806. QUALIFIED STATE TUITION PROGRAMS.

(a) IN GENERAL.—Subchapter F of chapter 1 (relating to exempt organizations) is amended by adding at the end the following new part:

"PART VIII—QUALIFIED STATE TUITION PROGRAMS

"Sec. 529. Qualified State tuition programs.

"SEC. 529. QUALIFIED STATE TUITION PROGRAMS.

"(a) GENERAL RULE.—A qualified State tuition program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

"(b) QUALIFIED STATE TUITION PROGRAM.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified State tuition program' means a program established and maintained by a State or agency or instrumentality thereof—

"(A) under which a person—

"(i) may purchase tuition credits or certificates on behalf of a designated beneficiary which entitle the beneficiary to the waiver or payment of qualified higher education expenses of the beneficiary, or

"(ii) may make contributions to an account which is established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account, and

"(B) which meets the other requirements of this subsection.

"(2) CASH CONTRIBUTIONS.—A program shall not be treated as a qualified State tuition program unless it provides that purchases or contributions may only be made in cash.

"(3) REFUNDS.—A program shall not be treated as a qualified State tuition program unless it imposes a more than de minimis penalty on any refund of earnings from the account which are not—

"(A) used for qualified higher education expenses of the designated beneficiary,

"(B) made on account of the death or disability of the designated beneficiary, or

"(C) made on account of a scholarship (or allowance or payment described in section 135(d)(1) (B) or (C)) received by the designated beneficiary to the extent the amount of the refund does not exceed the amount of the scholarship, allowance, or payment.

"(4) SEPARATE ACCOUNTING.—A program shall not be treated as a qualified State tuition program unless it provides separate accounting for each designated beneficiary.

"(5) NO INVESTMENT DIRECTION.—A program shall not be treated as a qualified State tuition program unless it provides that any contributor to, or designated beneficiary under, such program may not direct the investment of any contributions to the program (or any earnings thereon).

"(6) NO PLEDGING OF INTEREST AS SECURITY.—A program shall not be treated as a qualified State tuition program if it allows any interest in the program or any portion thereof to be used as security for a loan.

"(7) PROHIBITION ON EXCESS CONTRIBUTIONS.—A program shall not be treated as a qualified State tuition program unless it provides adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary.

"(c) TAX TREATMENT OF DESIGNATED BENEFICIARIES AND CONTRIBUTORS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, no amount shall be includible in gross income of—

"(A) a designated beneficiary under a qualified State tuition program, or

"(B) a contributor to such program on behalf of a designated beneficiary,

with respect to any distribution or earnings under such program.

"(2) CONTRIBUTIONS.—In no event shall a contribution to a qualified State tuition program on behalf of a designated beneficiary be treated as a taxable gift for purposes of chapter 12.

"(3) DISTRIBUTIONS.—

"(A) IN GENERAL.—Any distribution under a qualified State tuition program shall be includible in the gross income of the distributee in the manner as provided under section 72 to the extent not excluded from gross income under any other provision of this chapter.

"(B) IN-KIND DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified State tuition program shall be treated as a distribution to the beneficiary.

"(C) CHANGE IN BENEFICIARIES.—

"(i) ROLLOVERS.—Subparagraph (A) shall not apply to that portion of any distribution which, within 60 days of such distribution, is transferred to the credit of another designated beneficiary under a qualified State tuition program who is a member of the family of the designated beneficiary with respect to which the distribution was made.

"(ii) CHANGE IN DESIGNATED BENEFICIARIES.—Any change in the designated beneficiary of an interest in a qualified State tuition program shall not be treated as a distribution for purposes of subparagraph (A) if the new beneficiary is a member of the family of the old beneficiary.

"(D) OPERATING RULES.—For purposes of applying section 72—

"(i) to the extent provided by the Secretary, all qualified State tuition programs of which an individual is a designated beneficiary shall be treated as one program,

"(ii) all distributions during a taxable year shall be treated as one distribution, and

"(iii) the value of the contract, income on the contract, and investment in the contract shall be computed as of the close of the calendar year in which the taxable year begins.

"(4) ESTATE TAX INCLUSION.—The value of any interest in any qualified State tuition program which is attributable to contributions made by an individual to such program on behalf of any designated beneficiary shall be includible in the gross estate of the contributor for purposes of chapter 11.

"(5) SPECIAL RULE FOR APPLYING SECTION 2503(e).—For purposes of section 2503(e), the waiver (or payment to an educational institution) of qualified higher education expenses of a designated beneficiary under a qualified State tuition program shall be treated as a qualified transfer.

"(d) REPORTING REQUIREMENTS.—

"(1) IN GENERAL.—If there is a distribution to any individual with respect to an interest in a qualified State tuition program during any calendar year, each officer or employee having control of the qualified State tuition program or their designee shall make such reports as the Secretary may require regarding such distribution to the Secretary and to the designated beneficiary or the individual to whom the distribution was made. Any such report shall include such information as the Secretary may prescribe.

"(2) TIMING OF REPORTS.—Any report required by this subsection—

"(A) shall be filed at such time and in such matter as the Secretary prescribes, and

"(B) shall be furnished to individuals not later than January 31 of the calendar year following the calendar year to which such report relates.

"(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) DESIGNATED BENEFICIARY.—The term 'designated beneficiary' means—

"(A) the individual designated at the commencement of participation in the qualified State tuition program as the beneficiary of amounts paid (or to be paid) to the program,

"(B) in the case of a change in beneficiaries described in subsection (c)(2)(C), the individual who is the new beneficiary, and

"(C) in the case of an interest in a qualified State tuition program purchased by a State or local government or an organization described in section 501(c)(3) and exempt from taxation under section 501(a) as part of a scholarship program operated by such government or organization, the individual receiving such interest as a scholarship.

"(2) MEMBER OF FAMILY.—The term 'member of the family' has the same meaning given such term as section 2032A(e)(2).

"(3) QUALIFIED HIGHER EDUCATION EXPENSES.—The term 'qualified higher education expenses' means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution (as defined in section 135(c)(3)).

"(4) APPLICATION OF SECTION 514.—An interest in a qualified State tuition program shall not be treated as debt for purposes of section 514.".

(b) CONFORMING AMENDMENTS.—

(1) Section 135(d)(1) is amended by striking "or" at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting ", or", and by adding at the end the following new subparagraph:

"(D) a payment, waiver, or reimbursement of qualified higher education expenses under a qualified State tuition program (within the meaning of section 529(b))."

(2) The table of parts for subchapter F of chapter 1 is amended by adding at the end the following new item:

"Part VIII. Qualified State tuition programs."

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TRANSITION RULE.—If—

(A) a State or agency or instrumentality thereof maintains, on the date of the enactment of this Act, a program under which persons may purchase tuition credits or certificates on behalf of, or make contributions for education expenses of, a designated beneficiary, and

(B) such program meets the requirements of a qualified State tuition program before the later of—

(i) the date which is 1 year after such date of enactment, or

(ii) the first day of the first calendar quarter after the close of the first regular session of the State legislature that begins after such date of enactment,

the amendments made by this section shall apply to contributions (and earnings allocable thereto) made before the date such program meets the requirements of such amendments without regard to whether any requirements of such amendments are met with respect to such contributions and earnings.

For purposes of subparagraph (B)(ii), if a State has a 2-year legislative session, each year of such session shall be deemed to be a separate regular session of the State legislature.

SEC. 1807. ADOPTION ASSISTANCE.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 22 the following new section:

"SEC. 23. ADOPTION EXPENSES.

"(a) ALLOWANCE OF CREDIT.—

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter the amount of the qualified adoption expenses paid or incurred by the taxpayer.

"(2) YEAR CREDIT ALLOWED.—The credit under paragraph (1) with respect to any expense shall be allowed—

"(A) for the taxable year following the taxable year during which such expense is paid or incurred, or

"(B) in the case of an expense which is paid or incurred during the taxable year in which the adoption becomes final, for such taxable year.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount of qualified adoption expenses which may be taken into account under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed $5,000 ($6,000, in the case of a child with special needs).

"(2) INCOME LIMITATION.—

"(A) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(i) the amount (if any) by which the taxpayer's adjusted gross income exceeds $75,000, bears to

"(ii) $40,000.

"(B) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of subparagraph (A), adjusted gross income shall be determined—

"(i) without regard to sections 911, 931, and 933, and

"(ii) after the application of sections 86, 135, 137, 219, and 469.

"(3) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No credit shall be allowed under subsection (a) for any expense for which a deduction or credit is allowed under any other provision of this chapter.

"(B) GRANTS.—No credit shall be allowed under subsection (a) for any expense to the extent that funds for such expense are received under any Federal, State, or local program.

"(c) CARRYFORWARDS OF UNUSED CREDIT.—If the credit allowable under subsection (a) for any taxable year exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year. No credit may be carried forward under this subsection to any taxable year following the fifth taxable year after the taxable year in which the credit arose. For purposes of the preceding sentence, credits shall be treated as used on a first-in first-out basis.

"(d) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorney fees, and other expenses—

"(A) which are directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer,

"(B) which are not incurred in violation of State or Federal law or in carrying out any surrogate parenting arrangement,

"(C) which are not expenses in connection with the adoption by an individual of a child who is the child of such individual's spouse, and

"(D) which are not reimbursed under an employer program or otherwise.

"(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual—

"(A) who—

"(i) has not attained age 18, or

"(ii) is physically or mentally incapable of caring for himself, and

"(B) in the case of qualified adoption expenses paid or incurred after December 31, 2001, who is a child with special needs.

"(3) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child if—

"(A) a State has determined that the child cannot or should not be returned to the home of his parents,

"(B) such State has determined that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and

"(C) such child is a citizen or resident of the United States (as defined in section 217(h)(3)).

"(e) SPECIAL RULES FOR FOREIGN ADOPTIONS.—In the case of an adoption of a child who is not a citizen or resident of the United States (as defined in section 217(h)(3))—

"(1) subsection (a) shall not apply to any qualified adoption expense with respect to such adoption unless such adoption becomes final, and

"(2) any such expense which is paid or incurred before the taxable year in which such adoption becomes final shall be taken into account under this section as if such expense were paid or incurred during such year.

"(f) FILING REQUIREMENTS.—

"(1) MARRIED COUPLES MUST FILE JOINT RETURNS.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 21(e) shall apply for purposes of this section.

"(2) TAXPAYER MUST INCLUDE TIN.—

"(A) In general.—No credit shall be allowed under this section with respect to any eligible child unless the taxpayer includes (if known) the name, age, and TIN of such child on the return of tax for the taxable year.

"(B) OTHER METHODS.—The Secretary may, in lieu of the information referred to in subparagraph (A), require other information meeting the purposes of subparagraph (A), including identification of an agent assisting with the adoption.

"(g) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

"(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out this section and section 137, including regulations which treat unmarried individuals who pay or incur qualified adoption expenses with respect to the same child as 1 taxpayer for purposes of applying the dollar limitation in subsection (b)(1) of this section and in section 137(b)(1)."

(b) EXCLUSION OF AMOUNTS RECEIVED UNDER EMPLOYER'S ADOPTION ASSISTANCE PROGRAMS.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 137 as section 138 and by inserting after section 136 the following new section:

"SEC. 137. ADOPTION ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for qualified adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The aggregate amount excludable from gross income under subsection (a) for all taxable years with respect to the adoption of a child by the taxpayer shall not exceed $5,000 ($6,000, in the case of a child with special needs).

"(2) INCOME LIMITATION.—The amount excludable from gross income under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so excludable (determined without regard to this paragraph but with regard to paragraph (1)) as—

"(A) the amount (if any) by which the taxpayer's adjusted gross income exceeds $75,000, bears to

"(B) $40,000.

"(3) DETERMINATION OF ADJUSTED GROSS INCOME.—For purposes of paragraph (2), adjusted gross income shall be determined—

"(A) without regard to this section and sections 911, 931, and 933, and

"(B) after the application of sections 86, 135, 219, and 469.

"(c) ADOPTION ASSISTANCE PROGRAM.—For purposes of this section, an adoption assistance program is a separate written plan of an employer for the exclusive benefit of such employer's employees—

"(1) under which the employer provides such employees with adoption assistance, and

"(2) which meets requirements similar to the requirements of paragraphs (2), (3), (5), and (6) of section 127(b).

An adoption reimbursement program operated under section 1052 of title 10, United States Code (relating to armed forces) or section 514 of title 14, United States Code (relating to members of the Coast Guard) shall be treated as an adoption assistance program for purposes of this section.

"(d) QUALIFIED ADOPTION EXPENSES.—For purposes of this section, the term 'qualified adoption expenses' has the meaning given such term by section 23(d) (determined without regard to reimbursements under this section).

"(e) CERTAIN RULES TO APPLY.—Rules similar to the rules of subsections (e), (f), and (g) of section 23 shall apply for purposes of this section.

"(f) TERMINATION.—This section shall not apply to amounts paid or expenses incurred after December 31, 2001."

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 25(e)(1) is amended by inserting "and section 23" after "this section".

(2) Sections 86(b)(2)(A) and 135(c)(4)(A) are each amended by inserting "137," before "911".

(3) Clause (i) of section 219(g)(3)(A) is amended by inserting ", 137," before "and 911".

(4) Clause (ii) of section 469(i)(3)(E) is amended to read as follows:

"(ii) the amounts excludable from gross income under sections 135 and 137,".

(5) Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (24), by striking the period at the end of paragraph (25) and inserting ", and", and by adding at the end the following new paragraph:

"(26) to the extent provided in sections 23(g) and 137(e)."

(6) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 22 the following new item:

"Sec. 23. Adoption expenses."

(7) The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 137 and inserting the following:

"Sec. 137. Adoption assistance programs.

"Sec. 138. Cross reference to other Acts."

(d) STUDY AND REPORT.—The Secretary of the Treasury shall study the effect on adoptions of the tax credit and gross income exclusion established by the amendments made by this section and shall submit a report regarding the study to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than January 1, 2000.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

SEC. 1808. REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION.

(a) STATE PLAN REQUIREMENTS.—Section 471(a) of the Social Security Act (42 U.S.C 671(a)) is amended—

(1) by striking "and" at the end of paragraph (16);

(2) by striking the period at the end of paragraph (17) and inserting "; and"; and

(3) by adding at the end the following:

"(18) not later than January 1, 1997, provides that neither the State nor any other entity in the State that receives funds from the Federal Government and is involved in adoption or foster care placements may—

"(A) deny to any person the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the person, or of the child, involved; or

"(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.".

(b) ENFORCEMENT.—Section 474 of such Act (42 U.S.C. 674) is amended by adding at the end the following:

"(d)(1) If, during any quarter of a fiscal year, a State's program operated under this part is found, as a result of a review conducted under section 1123A, or otherwise, to have violated section 471(a)(18) with respect to a person or to have failed to implement a corrective action plan within a period of time not to exceed 6 months with respect to such violation, then, notwithstanding subsection (a) of this section and any regulations promulgated under section 1123A(b)(3), the Secretary shall reduce the amount otherwise payable to the State under this part, for that fiscal year quarter and for any subsequent quarter of such fiscal year, until the State program is found, as a result of a subsequent review under section 1123A, to have implemented a corrective action plan with respect to such violation, by—

"(A) 2 percent of such otherwise payable amount, in the case of the 1st such finding for the fiscal year with respect to the State;

"(B) 3 percent of such otherwise payable amount, in the case of the 2nd such finding for the fiscal year with respect to the State; or

"(C) 5 percent of such otherwise payable amount, in the case of the 3rd or subsequent such finding for the fiscal year with respect to the State.

In imposing the penalties described in this paragraph, the Secretary shall not reduce any fiscal year payment to a State by more than 5 percent.

"(2) Any other entity which is in a State that receives funds under this part and which violates section 471(a)(18) during a fiscal year quarter with respect to any person shall remit to the Secretary all funds that were paid by the State to the entity during the quarter from such funds.

"(3)(A) Any individual who is aggrieved by a violation of section 471(a)(18) by a State or other entity may bring an action seeking relief from the State or other entity in any United States district court.

"(B) An action under this paragraph may not be brought more than 2 years after the date the alleged violation occurred.

"(4) This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.".

(c) CIVIL RIGHTS.—

(1) PROHIBITED CONDUCT.—A person or government that is involved in adoption or foster care placements may not—

(A) deny to any individual the opportunity to become an adoptive or a foster parent, on the basis of the race, color, or national origin of the individual, or of the child, involved; or

(B) delay or deny the placement of a child for adoption or into foster care, on the basis of the race, color, or national origin of the adoptive or foster parent, or the child, involved.

(2) ENFORCEMENT.—Noncompliance with paragraph (1) is deemed a violation of title VI of the Civil Rights Act of 1964.

(3) NO EFFECT ON THE INDIAN CHILD WELFARE ACT OF 1978.—This subsection shall not be construed to affect the application of the Indian Child Welfare Act of 1978.

(d) CONFORMING AMENDMENT.—Section 553 of the Howard M. Metzenbaum Multiethnic Placement Act of 1994 (42 U.S.C. 5115a) is repealed.

SEC. 1809. 6-MONTH DELAY OF ELECTRONIC FUND TRANSFER REQUIREMENT.

Notwithstanding any other provision of law, the increase in the applicable required percentages for fiscal year 1997 in clauses (i)(IV) and (ii)(IV) of section 6302(h)(2)(C) of the Internal Revenue Code of 1986 shall not take effect before July 1, 1997.

Subtitle I—Foreign Trust Tax Compliance

SEC. 1901. IMPROVED INFORMATION REPORTING ON FOREIGN TRUSTS.

(a) IN GENERAL.—Section 6048 (relating to returns as to certain foreign trusts) is amended to read as follows:

"SEC. 6048. INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

"(a) NOTICE OF CERTAIN EVENTS.—

"(1) GENERAL RULE.—On or before the 90th day (or such later day as the Secretary may prescribe) after any reportable event, the responsible party shall provide written notice of such event to the Secretary in accordance with paragraph (2).

"(2) CONTENTS OF NOTICE.—The notice required by paragraph (1) shall contain such information as the Secretary may prescribe, including—

"(A) the amount of money or other property (if any) transferred to the trust in connection with the reportable event, and

"(B) the identity of the trust and of each trustee and beneficiary (or class of beneficiaries) of the trust.

"(3) REPORTABLE EVENT.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'reportable event' means—

"(i) the creation of any foreign trust by a United States person,

"(ii) the transfer of any money or property (directly or indirectly) to a foreign trust by a United States person, including a transfer by reason of death, and

"(iii) the death of a citizen or resident of the United States if—

"(I) the decedent was treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, or

"(II) any portion of a foreign trust was included in the gross estate of the decedent.

"(B) EXCEPTIONS.—

"(i) FAIR MARKET VALUE SALES.—Subparagraph (A)(ii) shall not apply to any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value and the rules of section 679(a)(3) shall apply.

"(ii) DEFERRED COMPENSATION AND CHARITABLE TRUSTS.—Subparagraph (A) shall not apply with respect to a trust which is—

"(I) described in section 402(b), 404(a)(4), or 404A, or

"(II) determined by the Secretary to be described in section 501(c)(3).

"(4) RESPONSIBLE PARTY.—For purposes of this subsection, the term 'responsible party' means—

"(A) the grantor in the case of the creation of an inter vivos trust,

"(B) the transferor in the case of a reportable event described in paragraph (3)(A)(ii) other than a transfer by reason of death, and

"(C) the executor of the decedent's estate in any other case.

"(b) UNITED STATES GRANTOR OF FOREIGN TRUST.—

"(1) IN GENERAL.—If, at any time during any taxable year of a United States person, such person is treated as the owner of any portion of a foreign trust under the rules of subpart E of part I of subchapter J of chapter 1, such person shall be responsible to ensure that—

"(A) such trust makes a return for such year which sets forth a full and complete accounting of all trust activities and operations for the year, the name of the United States agent for such trust, and such other information as the Secretary may prescribe, and

"(B) such trust furnishes such information as the Secretary may prescribe to each United States person (i) who is treated as the owner of any portion of such trust or (ii) who receives (directly or indirectly) any distribution from the trust.

"(2) TRUSTS NOT HAVING UNITED STATES AGENT.—

"(A) IN GENERAL.—If the rules of this paragraph apply to any foreign trust, the determination of amounts required to be taken into account with respect to such trust by a United

States person under the rules of subpart E of part I of subchapter J of chapter 1 shall be determined by the Secretary.

"(B) UNITED STATES AGENT REQUIRED.—The rules of this paragraph shall apply to any foreign trust to which paragraph (1) applies unless such trust agrees (in such manner, subject to such conditions, and at such time as the Secretary shall prescribe) to authorize a United States person to act as such trust's limited agent solely for purposes of applying sections 7602, 7603, and 7604 with respect to—

"(i) any request by the Secretary to examine records or produce testimony related to the proper treatment of amounts required to be taken into account under the rules referred to in subparagraph (A), or

"(ii) any summons by the Secretary for such records or testimony.

The appearance of persons or production of records by reason of a United States person being such an agent shall not subject such persons or records to legal process for any purpose other than determining the correct treatment under this title of the amounts required to be taken into account under the rules referred to in subparagraph (A). A foreign trust which appoints an described in this subparagraph shall not be considered to have an office or a permanent establishment in the United States, or to be engaged in a trade or business in the United States, solely because of the activities of such agent pursuant to this subsection.

"(C) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (2) and (4) of section 6038A(e) shall apply for purposes of this paragraph.

"(c) REPORTING BY UNITED STATES BENEFICIARIES OF FOREIGN TRUSTS.—

"(1) IN GENERAL.—If any United States person receives (directly or indirectly) during any taxable year of such person any distribution from a foreign trust, such person shall make a return with respect to such trust for such year which includes—

"(A) the name of such trust,

"(B) the aggregate amount of the distributions so received from such trust during such taxable year, and

"(C) such other information as the Secretary may prescribe.

"(2) INCLUSION IN INCOME IF RECORDS NOT PROVIDED.—

"(A) IN GENERAL.—If adequate records are not provided to the Secretary to determine the proper treatment of any distribution from a foreign trust, such distribution shall be treated as an accumulation distribution includible in the gross income of the distributee under chapter 1. To the extent provided in regulations, the preceding sentence shall not apply if the foreign trust elects to be subject to rules similar to the rules of subsection (b)(2)(B).

"(B) APPLICATION OF ACCUMULATION DISTRIBUTION RULES.—For purposes of applying section 668 in a case to which subparagraph (A) applies, the applicable number of years for purposes of section 668(a) shall be ½ of the number of years the trust has been in existence.

"(d) SPECIAL RULES.—

"(1) DETERMINATION OF WHETHER UNITED STATES PERSON MAKES TRANSFER OR RECEIVES DISTRIBUTION.—For purposes of this section, in determining whether a United States person makes a transfer to, or receives a distribution from, a foreign trust, the fact that a portion of such trust is treated as owned by another person under the rules of subpart E of part I of subchapter J of chapter 1 shall be disregarded.

"(2) DOMESTIC TRUSTS WITH FOREIGN ACTIVITIES.—To the extent provided in regulations, a trust which is a United States person shall be treated as a foreign trust for purposes of this section and section 6677 if such trust has substantial activities, or holds substantial property, outside the United States.

"(3) TIME AND MANNER OF FILING INFORMATION.—Any notice or return required under this section shall be made at such time and in such manner as the Secretary shall prescribe.

"(4) MODIFICATION OF RETURN REQUIREMENTS.—The Secretary is authorized to suspend or modify any requirement of this section if the Secretary determines that the United States has no significant tax interest in obtaining the required information.".

(b) INCREASED PENALTIES.—Section 6677 (relating to failure to file information returns with respect to certain foreign trusts) is amended to read as follows:

"SEC. 6677. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN FOREIGN TRUSTS.

"(a) CIVIL PENALTY.—In addition to any criminal penalty provided by law, if any notice or return required to be filed by section 6048—

"(1) is not filed on or before the time provided in such section, or

"(2) does not include all the information required pursuant to such section or includes incorrect information,

the person required to file such notice or return shall pay a penalty equal to 35 percent of the gross reportable amount. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the person required to pay such penalty, such person shall pay a penalty (in addition to the amount determined under the preceding sentence) of $10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. In no event shall the penalty under this subsection with respect to any failure exceed the gross reportable amount.

"(b) SPECIAL RULES FOR RETURNS UNDER SECTION 6048(b).—In the case of a return required under section 6048(b)—

"(1) the United States person referred to in such section shall be liable for the penalty imposed by subsection (a), and

"(2) subsection (a) shall be applied by substituting '5 percent' for '35 percent'.

"(c) GROSS REPORTABLE AMOUNT.—For purposes of subsection (a), the term 'gross reportable amount' means—

"(1) the gross value of the property involved in the event (determined as of the date of the event) in the case of a failure relating to section 6048(a),

"(2) the gross value of the portion of the trust's assets at the close of the year treated as owned by the United States person in the case of a failure relating to section 6048(b)(1), and

"(3) the gross amount of the distributions in the case of a failure relating to section 6048(c).

"(d) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

"(e) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).".

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6724(d) is amended by striking "or" at the end of subparagraph (S), by striking the period at the end of subparagraph (T) and inserting ", or", and by inserting after subparagraph (T) the following new subparagraph:

"(U) section 6048(b)(1)(B) (relating to foreign trust reporting requirements).".

(2) The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by striking the item relating to section 6048 and inserting the following new item:

"Sec. 6048. Information with respect to certain foreign trusts.".

(3) The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6677 and inserting the following new item:

"Sec. 6677. Failure to file information with respect to certain foreign trusts.".

(d) EFFECTIVE DATES.—

(1) REPORTABLE EVENTS.—To the extent related to subsection (a) of section 6048 of the Internal Revenue Code of 1986, as amended by this section, the amendments made by this section shall apply to reportable events (as defined in such section 6048) occurring after the date of the enactment of this Act.

(2) GRANTOR TRUST REPORTING.—To the extent related to subsection (b) of such section 6048, the amendments made by this section shall apply to taxable years of United States persons beginning after December 31, 1995.

(3) REPORTING BY UNITED STATES BENEFICIARIES.—To the extent related to subsection (c) of such section 6048, the amendments made by this section shall apply to distributions received after the date of the enactment of this Act.

SEC. 1902. COMPARABLE PENALTIES FOR FAILURE TO FILE RETURN RELATING TO TRANSFERS TO FOREIGN ENTITIES.

(a) IN GENERAL.—Section 1494 is amended by adding at the end the following new subsection:

"(c) PENALTY.—In the case of any failure to file a return required by the Secretary with respect to any transfer described in section 1491, the person required to file such return shall be liable for the penalties provided in section 6677 in the same manner as if such failure were a failure to file a notice under section 6048(a).".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

SEC. 1903. MODIFICATIONS OF RULES RELATING TO FOREIGN TRUSTS HAVING ONE OR MORE UNITED STATES BENEFICIARIES.

(a) TREATMENT OF TRUST OBLIGATIONS, ETC.—

(1) Paragraph (2) of section 679(a) is amended by striking subparagraph (B) and inserting the following:

"(B) TRANSFERS AT FAIR MARKET VALUE.—To any transfer of property to a trust in exchange for consideration of at least the fair market value of the transferred property. For purposes of the preceding sentence, consideration other than cash shall be taken into account at its fair market value.".

(2) Subsection (a) of section 679 (relating to foreign trusts having one or more United States beneficiaries) is amended by adding at the end the following new paragraph:

"(3) CERTAIN OBLIGATIONS NOT TAKEN INTO ACCOUNT UNDER FAIR MARKET VALUE EXCEPTION.—

"(A) IN GENERAL.—In determining whether paragraph (2)(B) applies to any transfer by a person described in clause (ii) or (iii) of subparagraph (C), there shall not be taken into account—

"(i) except as provided in regulations, any obligation of a person described in subparagraph (C), and

"(ii) to the extent provided in regulations, any obligation which is guaranteed by a person described in subparagraph (C).

"(B) TREATMENT OF PRINCIPAL PAYMENTS ON OBLIGATION.—Principal payments by the trust

on any obligation referred to in subparagraph (A) shall be taken into account on and after the date of the payment in determining the portion of the trust attributable to the property transferred.

"(C) PERSONS DESCRIBED.—The persons described in this subparagraph are—

"(i) the trust,

"(ii) any grantor or beneficiary of the trust, and

"(iii) any person who is related (within the meaning of section 643(i)(2)(B)) to any grantor or beneficiary of the trust.".

(b) EXEMPTION OF TRANSFERS TO CHARITABLE TRUSTS.—Subsection (a) of section 679 is amended by striking "section 404(a)(4) or 404A" and inserting "section 6048(a)(3)(B)(ii)".

(c) OTHER MODIFICATIONS.—Subsection (a) of section 679 is amended by adding at the end the following new paragraphs:

"(4) SPECIAL RULES APPLICABLE TO FOREIGN GRANTOR WHO LATER BECOMES A UNITED STATES PERSON.—

"(A) IN GENERAL.—If a nonresident alien individual has a residency starting date within 5 years after directly or indirectly transferring property to a foreign trust, this section and section 6048 shall be applied as if such individual transferred to such trust on the residency starting date an amount equal to the portion of such trust attributable to the property transferred by such individual to such trust in such transfer.

"(B) TREATMENT OF UNDISTRIBUTED INCOME.—For purposes of this section, undistributed net income for periods before such individual's residency starting date shall be taken into account in determining the portion of the trust which is attributable to property transferred by such individual to such trust but shall not otherwise be taken into account.

"(C) RESIDENCY STARTING DATE.—For purposes of this paragraph, an individual's residency starting date is the residency starting date determined under section 7701(b)(2)(A).

"(5) OUTBOUND TRUST MIGRATIONS.—If—

"(A) an individual who is a citizen or resident of the United States transferred property to a trust which was not a foreign trust, and

"(B) such trust becomes a foreign trust while such individual is alive,

then this section and section 6048 shall be applied as if such individual transferred to such trust on the date such trust becomes a foreign trust an amount equal to the portion of such trust attributable to the property previously transferred by such individual to such trust. A rule similar to the rule of paragraph (4)(B) shall apply for purposes of this paragraph.".

(d) MODIFICATIONS RELATING TO WHETHER TRUST HAS UNITED STATES BENEFICIARIES.—Subsection (c) of section 679 is amended by adding at the end the following new paragraph:

"(3) CERTAIN UNITED STATES BENEFICIARIES DISREGARDED.—A beneficiary shall not be treated as a United States person in applying this section with respect to any transfer of property to foreign trust if such beneficiary first became a United States person more than 5 years after the date of such transfer.".

(e) TECHNICAL AMENDMENT.—Subparagraph (A) of section 679(c)(2) is amended to read as follows:

"(A) in the case of a foreign corporation, such corporation is a controlled foreign corporation (as defined in section 957(a)),".

(f) REGULATIONS.—Section 679 is amended by adding at the end the following new subsection:

"(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.".

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers of property after February 6, 1995.

SEC. 1904. FOREIGN PERSONS NOT TO BE TREATED AS OWNERS UNDER GRANTOR TRUST RULES.

(a) GENERAL RULE.—

(1) Subsection (f) of section 672 (relating to special rule where grantor is foreign person) is amended to read as follows:

"(f) SUBPART NOT TO RESULT IN FOREIGN OWNERSHIP.—

"(1) IN GENERAL.—Notwithstanding any other provision of this subpart, this subpart shall apply only to the extent such application results in an amount (if any) being currently taken into account (directly or through 1 or more entities) under this chapter in computing the income of a citizen or resident of the United States or a domestic corporation.

"(2) EXCEPTIONS.—

"(A) CERTAIN REVOCABLE AND IRREVOCABLE TRUSTS.—Paragraph (1) shall not apply to any portion of a trust if—

"(i) the power to revest absolutely in the grantor title to the trust property to which such portion is attributable is exercisable solely by the grantor without the approval or consent of any other person or with the consent of a related or subordinate party who is subservient to the grantor, or

"(ii) the only amounts distributable from such portion (whether income or corpus) during the lifetime of the grantor are amounts distributable to the grantor or the spouse of the grantor.

"(B) COMPENSATORY TRUSTS.—Except as provided in regulations, paragraph (1) shall not apply to any portion of a trust distributions from which are taxable as compensation for services rendered.

"(3) SPECIAL RULES.—Except as otherwise provided in regulations prescribed by the Secretary—

"(A) a controlled foreign corporation (as defined in section 957) shall be treated as a domestic corporation for purposes of paragraph (1), and

"(B) paragraph (1) shall not apply for purposes of applying section 1296.

"(4) RECHARACTERIZATION OF PURPORTED GIFTS.—In the case of any transfer directly or indirectly from a partnership or foreign corporation which the transferee treats as a gift or bequest, the Secretary may recharacterize such transfer in such circumstances as the Secretary determines to be appropriate to prevent the avoidance of the purposes of this subsection.

"(5) SPECIAL RULE WHERE GRANTOR IS FOREIGN PERSON.—If—

"(A) but for this subsection, a foreign person would be treated as the owner of any portion of a trust, and

"(B) such trust has a beneficiary who is a United States person,

such beneficiary shall be treated as the grantor of such portion to the extent such beneficiary has made (directly or indirectly) transfers of property (other than in a sale for full and adequate consideration) to such foreign person. For purposes of the preceding sentence, any gift shall not be taken into account to the extent such gift would be excluded from taxable gifts under section 2503(b).

"(6) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection, including regulations providing that paragraph (1) shall not apply in appropriate cases.".

(2) The last sentence of subsection (c) of section 672 is amended by inserting "subsection (f) and" before "sections 674".

(b) CREDIT FOR CERTAIN TAXES.—

(1) Paragraph (2) of section 665(d) is amended by adding at the end the following new sentence: "Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the term 'taxes imposed on the trust' includes the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.".

(2) Paragraph (5) of section 901(b) is amended by adding at the end the following new sentence: "Under rules or regulations prescribed by the Secretary, in the case of any foreign trust of which the settlor or another person would be treated as owner of any portion of the trust under subpart E but for section 672(f), the allocable amount of any income, war profits, and excess profits taxes imposed by any foreign country or possession of the United States on the settlor or such other person in respect of trust income.".

(c) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—

(1) Section 643 is amended by adding at the end the following new subsection:

"(h) DISTRIBUTIONS BY CERTAIN FOREIGN TRUSTS THROUGH NOMINEES.—For purposes of this part, any amount paid to a United States person which is derived directly or indirectly from a foreign trust of which the payor is not the grantor shall be deemed in the year of payment to have been directly paid by the foreign trust to such United States person.".

(2) Section 665 is amended by striking subsection (c).

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXCEPTION FOR CERTAIN TRUSTS.—The amendments made by this section shall not apply to any trust—

(A) which is treated as owned by the grantor under section 676 or 677 (other than subsection (a)(3) thereof) of the Internal Revenue Code of 1986, and

(B) which is in existence on September 19, 1995.

The preceding sentence shall not apply to the portion of any such trust attributable to any transfer to such trust after September 19, 1995.

(e) TRANSITIONAL RULE.—If—

(1) by reason of the amendments made by this section, any person other than a United States person ceases to be treated as the owner of a portion of a domestic trust, and

(2) before January 1, 1997, such trust becomes a foreign trust, or the assets of such trust are transferred to a foreign trust,

no tax shall be imposed by section 1491 of the Internal Revenue Code of 1986 by reason of such trust becoming a foreign trust or the assets of such trust being transferred to a foreign trust.

SEC. 1905. INFORMATION REPORTING REGARDING FOREIGN GIFTS.

(a) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 is amended by inserting after section 6039E the following new section:

"SEC. 6039F. NOTICE OF LARGE GIFTS RECEIVED FROM FOREIGN PERSONS.

"(a) IN GENERAL.—If the value of the aggregate foreign gifts received by a United States person (other than an organization described in section 501(c) and exempt from tax under section 501(a)) during any taxable year exceeds $10,000, such United States person shall furnish (at such time and in such manner as the Secretary shall prescribe) such information as the Secretary may prescribe regarding each foreign gift received during such year.

"(b) FOREIGN GIFT.—For purposes of this section, the term 'foreign gift' means any amount received from a person other than a United States person which the recipient treats as a gift

or bequest. Such term shall not include any qualified transfer (within the meaning of section 2503(e)(2)) or any distribution properly disclosed in a return under section 6048(c).

"(c) PENALTY FOR FAILURE TO FILE INFORMATION.—

"(1) IN GENERAL.—If a United States person fails to furnish the information required by subsection (a) with respect to any foreign gift within the time prescribed therefor (including extensions)—

"(A) the tax consequences of the receipt of such gift shall be determined by the Secretary, and

"(B) such United States person shall pay (upon notice and demand by the Secretary and in the same manner as tax) an amount equal to 5 percent of the amount of such foreign gift for each month for which the failure continues (not to exceed 25 percent of such amount in the aggregate).

"(2) REASONABLE CAUSE EXCEPTION.—Paragraph (1) shall not apply to any failure to report a foreign gift if the United States person shows that the failure is due to reasonable cause and not due to willful neglect.

"(d) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning after December 31, 1996, the $10,000 amount under subsection (a) shall be increased by an amount equal to the product of such amount and the cost-of-living adjustment for such taxable year under section 1(f)(3), except that subparagraph (B) thereof shall be applied by substituting '1995' for '1992'.

"(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.".

(b) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by inserting after the item relating to section 6039E the following new item:

"Sec. 6039F. Notice of large gifts received from foreign persons.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received after the date of the enactment of this Act in taxable years ending after such date.

SEC. 1906. MODIFICATION OF RULES RELATING TO FOREIGN TRUSTS WHICH ARE NOT GRANTOR TRUSTS.

(a) MODIFICATION OF INTEREST CHARGE ON ACCUMULATION DISTRIBUTIONS.—Subsection (a) of section 668 (relating to interest charge on accumulation distributions from foreign trusts) is amended to read as follows:

"(a) GENERAL RULE.—For purposes of the tax determined under section 667(a)—

"(1) INTEREST DETERMINED USING UNDERPAYMENT RATES.—The interest charge determined under this section with respect to any distribution is the amount of interest which would be determined on the partial tax computed under section 667(b) for the period described in paragraph (2) using the rates and the method under section 6621 applicable to underpayments of tax.

"(2) PERIOD.—For purposes of paragraph (1), the period described in this paragraph is the period which begins on the date which is the applicable number of years before the date of the distribution and which ends on the date of the distribution.

"(3) APPLICABLE NUMBER OF YEARS.—For purposes of paragraph (2)—

"(A) IN GENERAL.—The applicable number of years with respect to a distribution is the number determined by dividing—

"(i) the sum of the products described in subparagraph (B) with respect to each undistributed income year, by

"(ii) the aggregate undistributed net income.

The quotient determined under the preceding sentence shall be rounded under procedures prescribed by the Secretary.

"(B) PRODUCT DESCRIBED.—For purposes of subparagraph (A), the product described in this subparagraph with respect to any undistributed income year is the product of—

"(i) the undistributed net income for such year, and

"(ii) the sum of the number of taxable years between such year and the taxable year of the distribution (counting in each case the undistributed income year but not counting the taxable year of the distribution).

"(4) UNDISTRIBUTED INCOME YEAR.—For purposes of this subsection, the term 'undistributed income year' means any prior taxable year of the trust for which there is undistributed net income, other than a taxable year during all of which the beneficiary receiving the distribution was not a citizen or resident of the United States.

"(5) DETERMINATION OF UNDISTRIBUTED NET INCOME.—Notwithstanding section 666, for purposes of this subsection, an accumulation distribution from the trust shall be treated as reducing proportionately the undistributed net income for undistributed income years.

"(6) PERIODS BEFORE 1996.—Interest for the portion of the period described in paragraph (2) which occurs before January 1, 1996, shall be determined—

"(A) by using an interest rate of 6 percent, and

"(B) without compounding until January 1, 1996.".

(b) ABUSIVE TRANSACTIONS.—Section 643(a) is amended by inserting after paragraph (6) the following new paragraph:

"(7) ABUSIVE TRANSACTIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this part, including regulations to prevent avoidance of such purposes.".

(c) TREATMENT OF LOANS FROM TRUSTS.—

(1) IN GENERAL.—Section 643 (relating to definitions applicable to subparts A, B, C, and D) is amended by adding at the end the following new subsection:

"(i) LOANS FROM FOREIGN TRUSTS.—For purposes of subparts B, C, and D—

"(1) GENERAL RULE.—Except as provided in regulations, if a foreign trust makes a loan of cash or marketable securities directly or indirectly to—

"(A) any grantor or beneficiary of such trust who is a United States person, or

"(B) any United States person not described in subparagraph (A) who is related to such grantor or beneficiary,

the amount of such loan shall be treated as a distribution by such trust to such grantor or beneficiary (as the case may be).

"(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

"(A) CASH.—The term 'cash' includes foreign currencies and cash equivalents.

"(B) RELATED PERSON.—

"(i) IN GENERAL.—A person is related to another person if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b). In applying section 267 for purposes of the preceding sentence, section 267(c)(4) shall be applied as if the family of an individual includes the spouses of the members of the family.

"(ii) ALLOCATION.—If any person described in paragraph (1)(B) is related to more than one person, the grantor or beneficiary to whom the treatment under this subsection applies shall be determined under regulations prescribed by the Secretary.

"(C) EXCLUSION OF TAX-EXEMPTS.—The term 'United States person' does not include any entity exempt from tax under this chapter.

"(D) TRUST NOT TREATED AS SIMPLE TRUST.—Any trust which is treated under this subsection as making a distribution shall be treated as not described in section 651.

"(3) SUBSEQUENT TRANSACTIONS REGARDING LOAN PRINCIPAL.—If any loan is taken into account under paragraph (1), any subsequent transaction between the trust and the original borrower regarding the principal of the loan (by way of complete or partial repayment, satisfaction, cancellation, discharge, or otherwise) shall be disregarded for purposes of this title.".

(2) TECHNICAL AMENDMENT.—Paragraph (8) of section 7872(f) is amended by inserting ", 643(i)," before "or 1274" each place it appears.

(d) EFFECTIVE DATES.—

(1) INTEREST CHARGE.—The amendment made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

(2) ABUSIVE TRANSACTIONS.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

(3) LOANS FROM TRUSTS.—The amendment made by subsection (c) shall apply to loans of cash or marketable securities made after September 19, 1995.

SEC. 1907. RESIDENCE OF TRUSTS, ETC.

(a) TREATMENT AS UNITED STATES PERSON.—

(1) IN GENERAL.—Paragraph (30) of section 7701(a) is amended by striking "and" at the end of subparagraph (C) and by striking subparagraph (D) and by inserting the following new subparagraphs:

"(D) any estate (other than a foreign estate, within the meaning of paragraph (31)), and

"(E) any trust if—

"(i) a court within the United States is able to exercise primary supervision over the administration of the trust, and

"(ii) one or more United States fiduciaries have the authority to control all substantial decisions of the trust.".

(2) CONFORMING AMENDMENT.—Paragraph (31) of section 7701(a) is amended to read as follows:

"(31) FOREIGN ESTATE OR TRUST.—

"(A) FOREIGN ESTATE.—The term 'foreign estate' means an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under subtitle A.

"(B) FOREIGN TRUST.—The term 'foreign trust' means any trust other than a trust described in subparagraph (E) of paragraph (30).".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply—

(A) to taxable years beginning after December 31, 1996, or

(B) at the election of the trustee of a trust, to taxable years ending after the date of the enactment of this Act.

Such an election, once made, shall be irrevocable.

(b) DOMESTIC TRUSTS WHICH BECOME FOREIGN TRUSTS.—

(1) IN GENERAL.—Section 1491 (relating to imposition of tax on transfers to avoid income tax) is amended by adding at the end the following new flush sentence:

"If a trust which is not a foreign trust becomes a foreign trust, such trust shall be treated for purposes of this section as having transferred, immediately before becoming a foreign trust, all of its assets to a foreign trust.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the date of the enactment of this Act.

Subtitle J—Generalized System of Preferences

SEC. 1951. SHORT TITLE.

This subtitle may be cited as the "GSP Renewal Act of 1996".

SEC. 1952. GENERALIZED SYSTEM OF PREFERENCES.

(a) IN GENERAL.—Title V of the Trade Act of 1974 is amended to read as follows:

"TITLE V—GENERALIZED SYSTEM OF PREFERENCES

"SEC. 501. AUTHORITY TO EXTEND PREFERENCES.

"The President may provide duty-free treatment for any eligible article from any beneficiary developing country in accordance with the provisions of this title. In taking any such action, the President shall have due regard for—

"(1) the effect such action will have on furthering the economic development of developing countries through the expansion of their exports;

"(2) the extent to which other major developed countries are undertaking a comparable effort to assist developing countries by granting generalized preferences with respect to imports of products of such countries;

"(3) the anticipated impact of such action on United States producers of like or directly competitive products; and

"(4) the extent of the beneficiary developing country's competitiveness with respect to eligible articles.

"SEC. 502. DESIGNATION OF BENEFICIARY DEVELOPING COUNTRIES.

"(a) AUTHORITY TO DESIGNATE COUNTRIES.—

"(1) BENEFICIARY DEVELOPING COUNTRIES.—The President is authorized to designate countries as beneficiary developing countries for purposes of this title.

"(2) LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES.—The President is authorized to designate any beneficiary developing country as a least-developed beneficiary developing country for purposes of this title, based on the considerations in section 501 and subsection (c) of this section.

"(b) COUNTRIES INELIGIBLE FOR DESIGNATION.—

"(1) SPECIFIC COUNTRIES.—The following countries may not be designated as beneficiary developing countries for purposes of this title:

"(A) Australia.

"(B) Canada.

"(C) European Union member states.

"(D) Iceland.

"(E) Japan.

"(F) Monaco.

"(G) New Zealand.

"(H) Norway.

"(I) Switzerland.

"(2) OTHER BASES FOR INELIGIBILITY.—The President shall not designate any country a beneficiary developing country under this title if any of the following applies:

"(A) Such country is a Communist country, unless—

"(i) the products of such country receive nondiscriminatory treatment,

"(ii) such country is a WTO Member (as such term is defined in section 2(10) of the Uruguay Round Agreements Act) (19 U.S.C. 3501(10)) and a member of the International Monetary Fund, and

"(iii) such country is not dominated or controlled by international communism.

"(B) Such country is a party to an arrangement of countries and participates in any action pursuant to such arrangement, the effect of which is—

"(i) to withhold supplies of vital commodity resources from international trade or to raise the price of such commodities to an unreasonable level, and

"(ii) to cause serious disruption of the world economy.

"(C) Such country affords preferential treatment to the products of a developed country, other than the United States, which has, or is likely to have, a significant adverse effect on United States commerce.

"(D)(i) Such country—

"(I) has nationalized, expropriated, or otherwise seized ownership or control of property, including patents, trademarks, or copyrights, owned by a United States citizen or by a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens,

"(II) has taken steps to repudiate or nullify an existing contract or agreement with a United States citizen or a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of property, including patents, trademarks, or copyrights, so owned, or

"(III) has imposed or enforced taxes or other exactions, restrictive maintenance or operational conditions, or other measures with respect to property, including patents, trademarks, or copyrights, so owned, the effect of which is to nationalize, expropriate, or otherwise seize ownership or control of such property,

unless clause (ii) applies.

"(ii) This clause applies if the President determines that—

"(I) prompt, adequate, and effective compensation has been or is being made to the citizen, corporation, partnership, or association referred to in clause (i),

"(II) good faith negotiations to provide prompt, adequate, and effective compensation under the applicable provisions of international law are in progress, or the country described in clause (i) is otherwise taking steps to discharge its obligations under international law with respect to such citizen, corporation, partnership, or association, or

"(III) a dispute involving such citizen, corporation, partnership, or association over compensation for such a seizure has been submitted to arbitration under the provisions of the Convention for the Settlement of Investment Disputes, or in another mutually agreed upon forum,

and the President promptly furnishes a copy of such determination to the Senate and House of Representatives.

"(E) Such country fails to act in good faith in recognizing as binding or in enforcing arbitral awards in favor of United States citizens or a corporation, partnership, or association which is 50 percent or more beneficially owned by United States citizens, which have been made by arbitrators appointed for each case or by permanent arbitral bodies to which the parties involved have submitted their dispute.

"(F) Such country aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism.

"(G) Such country has not taken or is not taking steps to afford internationally recognized worker rights to workers in the country (including any designated zone in that country).

Subparagraphs (D), (E), (F), and (G) shall not prevent the designation of any country as a beneficiary developing country under this title if the President determines that such designation will be in the national economic interest of the United States and reports such determination to the Congress with the reasons therefor.

"(c) FACTORS AFFECTING COUNTRY DESIGNATION.—In determining whether to designate any country as a beneficiary developing country under this title, the President shall take into account—

"(1) an expression by such country of its desire to be so designated;

"(2) the level of economic development of such country, including its per capita gross national product, the living standards of its inhabitants, and any other economic factors which the President deems appropriate;

"(3) whether or not other major developed countries are extending generalized preferential tariff treatment to such country;

"(4) the extent to which such country has assured the United States that it will provide equitable and reasonable access to the markets and basic commodity resources of such country and the extent to which such country has assured the United States that it will refrain from engaging in unreasonable export practices;

"(5) the extent to which such country is providing adequate and effective protection of intellectual property rights;

"(6) the extent to which such country has taken action to—

"(A) reduce trade distorting investment practices and policies (including export performance requirements); and

"(B) reduce or eliminate barriers to trade in services; and

"(7) whether or not such country has taken or is taking steps to afford to workers in that country (including any designated zone in that country) internationally recognized worker rights.

"(d) WITHDRAWAL, SUSPENSION, OR LIMITATION OF COUNTRY DESIGNATION.—

"(1) IN GENERAL.—The President may withdraw, suspend, or limit the application of the duty-free treatment accorded under this title with respect to any country. In taking any action under this subsection, the President shall consider the factors set forth in section 501 and subsection (c) of this section.

"(2) CHANGED CIRCUMSTANCES.—The President shall, after complying with the requirements of subsection (f)(2), withdraw or suspend the designation of any country as a beneficiary developing country if, after such designation, the President determines that as the result of changed circumstances such country would be barred from designation as a beneficiary developing country under subsection (b)(2). Such country shall cease to be a beneficiary developing country on the day on which the President issues an Executive order or Presidential proclamation revoking the designation of such country under this title.

"(3) ADVICE TO CONGRESS.—The President shall, as necessary, advise the Congress on the application of section 501 and subsection (c) of this section, and the actions the President has taken to withdraw, to suspend, or to limit the application of duty-free treatment with respect to any country which has failed to adequately take the actions described in subsection (c).

"(e) MANDATORY GRADUATION OF BENEFICIARY DEVELOPING COUNTRIES.—If the President determines that a beneficiary developing country has become a 'high income' country, as defined by the official statistics of the International Bank for Reconstruction and Development, then the President shall terminate the designation of such country as a beneficiary developing country for purposes of this title, effective on January 1 of the second year following the year in which such determination is made.

"(f) CONGRESSIONAL NOTIFICATION.—

"(1) NOTIFICATION OF DESIGNATION.—

"(A) IN GENERAL.—Before the President designates any country as a beneficiary developing country under this title, the President shall notify the Congress of the President's intention to make such designation, together with the considerations entering into such decision.

"(B) DESIGNATION AS LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRY.—At least 60 days before the President designates any country as a least-developed beneficiary developing country, the President shall notify the Congress of the President's intention to make such designation.

"(2) NOTIFICATION OF TERMINATION.—If the President has designated any country as a beneficiary developing country under this title, the

President shall not terminate such designation unless, at least 60 days before such termination, the President has notified the Congress and has notified such country of the President's intention to terminate such designation, together with the considerations entering into such decision.

"SEC. 503. DESIGNATION OF ELIGIBLE ARTICLES.

"(a) ELIGIBLE ARTICLES.—

"(1) DESIGNATION.—

"(A) IN GENERAL.—Except as provided in subsection (b), the President is authorized to designate articles as eligible articles from all beneficiary developing countries for purposes of this title by Executive order or Presidential proclamation after receiving the advice of the International Trade Commission in accordance with subsection (e).

"(B) LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES.—Except for articles described in subparagraphs (A), (B), and (E) of subsection (b)(1) and articles described in paragraphs (2) and (3) of subsection (b), the President may, in carrying out section 502(d)(1) and subsection (c)(1) of this section, designate articles as eligible articles only for countries designated as least-developed beneficiary developing countries under section 502(a)(2) if, after receiving the advice of the International Trade Commission in accordance with subsection (e) of this section, the President determines that such articles are not import-sensitive in the context of imports from least-developed beneficiary developing countries.

"(C) THREE-YEAR RULE.—If, after receiving the advice of the International Trade Commission under subsection (e), an article has been formally considered for designation as an eligible article under this title and denied such designation, such article may not be reconsidered for such designation for a period of 3 years after such denial.

"(2) RULE OF ORIGIN.—

"(A) GENERAL RULE.—The duty-free treatment provided under this title shall apply to any eligible article which is the growth, product, or manufacture of a beneficiary developing country if—

"(i) that article is imported directly from a beneficiary developing country into the customs territory of the United States; and

"(ii) the sum of—

"(I) the cost or value of the materials produced in the beneficiary developing country or any two or more such countries that are members of the same association of countries and are treated as one country under section 507(2), plus

"(II) the direct costs of processing operations performed in such beneficiary developing country or such member countries,

is not less than 35 percent of the appraised value of such article at the time it is entered.

"(B) EXCLUSIONS.—An article shall not be treated as the growth, product, or manufacture of a beneficiary developing country by virtue of having merely undergone—

"(i) simple combining or packaging operations, or

"(ii) mere dilution with water or mere dilution with another substance that does not materially alter the characteristics of the article.

"(3) REGULATIONS.—The Secretary of the Treasury, after consulting with the United States Trade Representative, shall prescribe such regulations as may be necessary to carry out paragraph (2), including, but not limited to, regulations providing that, in order to be eligible for duty-free treatment under this title, an article—

"(A) must be wholly the growth, product, or manufacture of a beneficiary developing country, or

"(B) must be a new or different article of commerce which has been grown, produced, or manufactured in the beneficiary developing country.

"(b) ARTICLES THAT MAY NOT BE DESIGNATED AS ELIGIBLE ARTICLES.—

"(1) IMPORT SENSITIVE ARTICLES.—The President may not designate any article as an eligible article under subsection (a) if such article is within one of the following categories of import-sensitive articles:

"(A) Textile and apparel articles which were not eligible articles for purposes of this title on January 1, 1994, as this title was in effect on such date.

"(B) Watches, except those watches entered after June 30, 1989, that the President specifically determines, after public notice and comment, will not cause material injury to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or the United States insular possessions.

"(C) Import-sensitive electronic articles.

"(D) Import-sensitive steel articles.

"(E) Footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not eligible articles for purposes of this title on January 1, 1995, as this title was in effect on such date.

"(F) Import-sensitive semimanufactured and manufactured glass products.

"(G) Any other articles which the President determines to be import-sensitive in the context of the Generalized System of Preferences.

"(2) ARTICLES AGAINST WHICH OTHER ACTIONS TAKEN.—An article shall not be an eligible article for purposes of this title for any period during which such article is the subject of any action proclaimed pursuant to section 203 of this Act (19 U.S.C. 2253) or section 232 or 351 of the Trade Expansion Act of 1962 (19 U.S.C. 1862, 1981).

"(3) AGRICULTURAL PRODUCTS.—No quantity of an agricultural product subject to a tariff-rate quota that exceeds the in-quota quantity shall be eligible for duty-free treatment under this title.

"(c) WITHDRAWAL, SUSPENSION, OR LIMITATION OF DUTY-FREE TREATMENT; COMPETITIVE NEED LIMITATION.—

"(1) IN GENERAL.—The President may withdraw, suspend, or limit the application of the duty-free treatment accorded under this title with respect to any article, except that no rate of duty may be established with respect to any article pursuant to this subsection other than the rate which would apply but for this title. In taking any action under this subsection, the President shall consider the factors set forth in sections 501 and 502(c).

"(2) COMPETITIVE NEED LIMITATION.—

"(A) BASIS FOR WITHDRAWAL OF DUTY-FREE TREATMENT.—

"(i) IN GENERAL.—Except as provided in clause (ii) and subject to subsection (d), whenever the President determines that a beneficiary developing country has exported (directly or indirectly) to the United States during any calendar year beginning after December 31, 1995—

"(I) a quantity of an eligible article having an appraised value in excess of the applicable amount for the calendar year, or

"(II) a quantity of an eligible article equal to or exceeding 50 percent of the appraised value of the total imports of that article into the United States during any calendar year,

the President shall, not later than July 1 of the next calendar year, terminate the duty-free treatment for that article from that beneficiary developing country.

"(ii) ANNUAL ADJUSTMENT OF APPLICABLE AMOUNT.—For purposes of applying clause (i), the applicable amount is—

"(I) for 1996, $75,000,000, and

"(II) for each calendar year thereafter, an amount equal to the applicable amount in effect for the preceding calendar year plus $5,000,000.

"(B) COUNTRY DEFINED.—For purposes of this paragraph, the term 'country' does not include an association of countries which is treated as one country under section 507(2), but does include a country which is a member of any such association.

"(C) REDESIGNATIONS.—A country which is no longer treated as a beneficiary developing country with respect to an eligible article by reason of subparagraph (A) may, subject to the considerations set forth in sections 501 and 502, be redesignated a beneficiary developing country with respect to such article if imports of such article from such country did not exceed the limitations in subparagraph (A) during the preceding calendar year.

"(D) LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES.—Subparagraph (A) shall not apply to any least-developed beneficiary developing country.

"(E) ARTICLES NOT PRODUCED IN THE UNITED STATES EXCLUDED.—Subparagraph (A)(i)(II) shall not apply with respect to any eligible article if a like or directly competitive article was not produced in the United States on January 1, 1995.

"(F) DE MINIMIS WAIVERS.—

"(i) IN GENERAL.—The President may disregard subparagraph (A)(i)(II) with respect to any eligible article from any beneficiary developing country if the aggregate appraised value of the imports of such article into the United States during the preceding calendar year does not exceed the applicable amount for such preceding calendar year.

"(ii) APPLICABLE AMOUNT.—For purposes of applying clause (i), the applicable amount is—

"(I) for calendar year 1996, $13,000,000, and

"(II) for each calendar year thereafter, an amount equal to the applicable amount in effect for the preceding calendar year plus $500,000.

"(d) WAIVER OF COMPETITIVE NEED LIMITATION.—

"(1) IN GENERAL.—The President may waive the application of subsection (c)(2) with respect to any eligible article of any beneficiary developing country if, before July 1 of the calendar year beginning after the calendar year for which a determination described in subsection (c)(2)(A) was made with respect to such eligible article, the President—

"(A) receives the advice of the International Trade Commission under section 332 of the Tariff Act of 1930 on whether any industry in the United States is likely to be adversely affected by such waiver,

"(B) determines, based on the considerations described in sections 501 and 502(c) and the advice described in subparagraph (A), that such waiver is in the national economic interest of the United States, and

"(C) publishes the determination described in subparagraph (B) in the Federal Register.

"(2) CONSIDERATIONS BY THE PRESIDENT.—In making any determination under paragraph (1), the President shall give great weight to—

"(A) the extent to which the beneficiary developing country has assured the United States that such country will provide equitable and reasonable access to the markets and basic commodity resources of such country, and

"(B) the extent to which such country provides adequate and effective protection of intellectual property rights.

"(3) OTHER BASES FOR WAIVER.—The President may waive the application of subsection (c)(2) if, before July 1 of the calendar year beginning after the calendar year for which a determination described in subsection (c)(2) was made with respect to a beneficiary developing country, the President determines that—

"(A) there has been a historical preferential trade relationship between the United States and such country,

"(B) there is a treaty or trade agreement in force covering economic relations between such country and the United States, and

"(C) such country does not discriminate against, or impose unjustifiable or unreasonable barriers to, United States commerce,

and the President publishes that determination in the Federal Register.

"(4) LIMITATIONS ON WAIVERS.—

"(A) IN GENERAL.—The President may not exercise the waiver authority under this subsection with respect to a quantity of an eligible article entered during any calendar year beginning after 1995, the aggregate appraised value of which equals or exceeds 30 percent of the aggregate appraised value of all articles that entered duty-free under this title during the preceding calendar year.

"(B) OTHER WAIVER LIMITS.—The President may not exercise the waiver authority provided under this subsection with respect to a quantity of an eligible article entered during any calendar year beginning after 1995, the aggregate appraised value of which exceeds 15 percent of the aggregate appraised value of all articles that have entered duty-free under this title during the preceding calendar year from those beneficiary developing countries which for the preceding calendar year—

"(i) had a per capita gross national product (calculated on the basis of the best available information, including that of the International Bank for Reconstruction and Development) of $5,000 or more; or

"(ii) had exported (either directly or indirectly) to the United States a quantity of articles that was duty-free under this title that had an aggregate appraised value of more than 10 percent of the aggregate appraised value of all articles that entered duty-free under this title during that year.

"(C) CALCULATION OF LIMITATIONS.—There shall be counted against the limitations imposed under subparagraphs (A) and (B) for any calendar year only that value of any eligible article of any country that—

"(i) entered duty-free under this title during such calendar year; and

"(ii) is in excess of the value of that article that would have been so entered during such calendar year if the limitations under subsection (c)(2)(A) applied.

"(5) EFFECTIVE PERIOD OF WAIVER.—Any waiver granted under this subsection shall remain in effect until the President determines that such waiver is no longer warranted due to changed circumstances.

"(e) INTERNATIONAL TRADE COMMISSION ADVICE.—Before designating articles as eligible articles under subsection (a)(1), the President shall publish and furnish the International Trade Commission with lists of articles which may be considered for designation as eligible articles for purposes of this title. The provisions of sections 131, 132, 133, and 134 shall be complied with as though action under section 501 and this section were action under section 123 to carry out a trade agreement entered into under section 123.

"(f) SPECIAL RULE CONCERNING PUERTO RICO.—No action under this title may affect any tariff duty imposed by the Legislature of Puerto Rico pursuant to section 319 of the Tariff Act of 1930 on coffee imported into Puerto Rico.

"SEC. 504. REVIEW AND REPORT TO CONGRESS.

The President shall submit an annual report to the Congress on the status of internationally recognized worker rights within each beneficiary developing country.

"SEC. 505. DATE OF TERMINATION.

"No duty-free treatment provided under this title shall remain in effect after May 31, 1997.

"SEC. 506. AGRICULTURAL EXPORTS OF BENEFICIARY DEVELOPING COUNTRIES.

"The appropriate agencies of the United States shall assist beneficiary developing countries to develop and implement measures designed to assure that the agricultural sectors of their economies are not directed to export markets to the detriment of the production of foodstuffs for their citizenry.

"SEC. 507. DEFINITIONS.

"For purposes of this title:

"(1) BENEFICIARY DEVELOPING COUNTRY.—The term 'beneficiary developing country' means any country with respect to which there is in effect an Executive order or Presidential proclamation by the President designating such country as a beneficiary developing country for purposes of this title.

"(2) COUNTRY.—The term 'country' means any foreign country or territory, including any overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands. In the case of an association of countries which is a free trade area or customs union, or which is contributing to comprehensive regional economic integration among its members through appropriate means, including, but not limited to, the reduction of duties, the President may by Executive order or Presidential proclamation provide that all members of such association other than members which are barred from designation under section 502(b) shall be treated as one country for purposes of this title.

"(3) ENTERED.—The term 'entered' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

"(4) INTERNATIONALLY RECOGNIZED WORKER RIGHTS.—The term 'internationally recognized worker rights' includes—

"(A) the right of association;

"(B) the right to organize and bargain collectively;

"(C) a prohibition on the use of any form of forced or compulsory labor;

"(D) a minimum age for the employment of children; and

"(E) acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.

"(5) LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRY.—The term 'least-developed beneficiary developing country' means a beneficiary developing country that is designated as a least-developed beneficiary developing country under section 502(a)(2).".

(b) TABLE OF CONTENTS.—The items relating to title V in the table of contents of the Trade Act of 1974 are amended to read as follows:

"TITLE V—GENERALIZED SYSTEM OF PREFERENCES

"Sec. 501. Authority to extend preferences.
"Sec. 502. Designation of beneficiary developing countries.
"Sec. 503. Designation of eligible articles.
"Sec. 504. Review and reports to Congress.
"Sec. 505. Date of termination.
"Sec. 506. Agricultural exports of beneficiary developing countries.
"Sec. 507. Definitions.".

SEC. 1953. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this subtitle apply to articles entered on or after October 1, 1996.

(b) RETROACTIVE APPLICATION.—

(1) GENERAL RULE.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law and subject to subsection (c)—

(A) any article that was entered—

(i) after July 31, 1995, and

(ii) before January 1, 1996, and

to which duty-free treatment under title V of the Trade Act of 1974 would have applied if the entry had been made on July 31, 1995, shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry, and

(B) any article that was entered—

(i) after December 31, 1995, and

(ii) before October 1, 1996, and

to which duty-free treatment under title V of the Trade Act of 1974 (as amended by this subtitle) would have applied if the entry had been made on or after October 1, 1996, shall be liquidated or reliquidated as free of duty, and the Secretary of the Treasury shall refund any duty paid with respect to such entry.

(2) LIMITATION ON REFUNDS.—No refund shall be made pursuant to this subsection before October 1, 1996.

(3) ENTRY.—As used in this subsection, the term "entry" includes a withdrawal from warehouse for consumption.

(c) REQUESTS.—Liquidation or reliquidation may be made under subsection (b) with respect to an entry only if a request therefor is filed with the Customs Service, within 180 days after the date of the enactment of this Act, that contains sufficient information to enable the Customs Service—

(1) to locate the entry; or

(2) to reconstruct the entry if it cannot be located.

SEC. 1954. CONFORMING AMENDMENTS.

(a) TRADE LAWS.—

(1) Section 1211(b) of the Omnibus Trade and Competitiveness Act of 1988 (19 U.S.C. 3011(b)) is amended—

(A) in paragraph (1), by striking "(19 U.S.C. 2463(a), 2464(c)(3))" and inserting "(as in effect on July 31, 1995)"; and

(B) in paragraph (2), by striking "(19 U.S.C. 2464(c)(1))" and inserting the following: "(as in effect on July 31, 1995)".

(2) Section 203(c)(7) of the Andean Trade Preference Act (19 U.S.C. 3202(c)(7)) is amended by striking "502(a)(4)" and inserting "507(4)".

(3) Section 212(b)(7) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702(b)(7)) is amended by striking "502(a)(4)" and inserting "507(4)".

(4) General note 3(a)(iv)(C) of the Harmonized Tariff Schedule of the United States is amended by striking "sections 503(b) and 504(c)" and inserting "subsections (a), (c), and (d) of section 503".

(5) Section 201(a)(2) of the North American Free Trade Agreement Implementation Act (19 U.S.C. 3331(a)(2)) is amended by striking "502(a)(2) of the Trade Act of 1974 (19 U.S.C. 2462(a)(2))" and inserting "502(f)(2) of the Trade Act of 1974".

(6) Section 131 of the Uruguay Round Agreements Act (19 U.S.C. 3551) is amended in subsections (a) and (b)(1) by striking "502(a)(4)" and inserting "507(4)".

(b) OTHER LAWS.—

(1) Section 871(f)(2)(B) of the Internal Revenue Code of 1986 is amended by striking "within the meaning of section 502" and inserting "under title V".

(2) Section 2202(8) of the Export Enhancement Act of 1988 (15 U.S.C. 4711(8)) is amended by striking "502(a)(4)" and inserting "507(4)".

(3) Section 231A(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2191a(a)) is amended—

(A) in paragraph (1) by striking "502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4))" and inserting "507(4) of the Trade Act of 1974";

(B) in paragraph (2) by striking "505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c))" and inserting "504 of the Trade Act of 1974"; and

(C) in paragraph (4) by striking "502(a)(4)" and inserting "507(4)".

(4) Section 1621(a)(1) of the International Financial Institutions Act (22 U.S.C. 262p–4p(a)(1)) is amended by striking "502(a)(4)" and inserting "507(4)".

(5) Section 103B of the Agricultural Act of 1949 (7 U.S.C. 1444–2) is amended in subsections (a)(5)(F)(v) and (n)(1)(C) by striking "503(d) of

the Trade Act of 1974 (19 U.S.C. 2463(d))" and inserting "503(b)(3) of the Trade Act of 1974".

And the Senate agree to the same.

TITLE II

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3 and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4 and agree to the same with an amendment as follows:

On page 236, line 12 of the House engrossed bill, strike "Act" and insert "This section and sections 2102 and 2103"; and on page 237, line 4 of the House engrossed bill, strike "section 1" and insert "section 2102"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 5 and agree to the same with an amendment as follows:

On page 237, line 18 of the House engrossed bill, strike "June 30, 1996" and insert "September 30, 1996"; on line 19, strike "July 1, 1996" and insert "October 1, 1996"; beginning in line 20 strike "after the expiration of such year" and insert "beginning September 1, 1997"; and after line 21, insert the following:

(c) CONFORMING AMENDMENT.—Section 6 of such Act (29 U.S.C. 206) is amended by striking subsection (c).

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 6 and agree to the same with an amendment as follows:

On page 239, line 1 of the House engrossed bill, strike "next to"; in line 3 of such page strike "to read as follows" and insert "by striking 'previous sentence' and inserting 'preceding 2 sentences' and by striking '(1)' and '(2)' and such section is amended by striking the next to last sentence and inserting the following"; and in line 15 of such page strike "cash"; and the Senate agree to the same.

From the Committee on Ways and Means, for consideration of the House bill (except for title II) and the Senate amendment numbered 1, and modifications committed to conference:

BILL ARCHER,
PHIL CRANE,
BILL THOMAS,
SAM GIBBONS,
CHARLES B. RANGEL,

As additional conferees from the Committee on Economic and Educational Opportunities, for consideration of secs. 1704(h)(1)(B) and 1704(l) of the House bill and secs. 1421(d), 1442(b), 1442(c), 1451, 1457, 1460(b), 1460(c), 1461, 1465, and 1704(h)(1)(B) of the Senate amendment numbered 1, and modifications committed to conference:

WILLIAM F. GOODLING,
CASS BALLENGER,

As additional conferees from the Committee on Economic and Educational Opportunities, for consideration of title II of the House bill and the Senate amendments numbered 2–6, and modifications committed to conference:

WILLIAM F. GOODLING,
H.W. FAWELL,
FRANK RIGGS,
WILLIAM L. CLAY,
MAJOR R. OWENS,
MAURICE HINCHEY,
Managers on the Part of the House.

From the Committee on Labor and Human Resources:

NANCY LANDON KASSEBAUM,
EDWARD M. KENNEDY,
JIM JEFFORDS,

From the Committee on Finance:

BILL ROTH,
JOHN H. CHAFEE,
CHUCK GRASSLEY,
ORIN G. HATCH,
AL SIMPSON,
LARRY PRESSLER,
DANIEL P. MOYNIHAN,
MAX BAUCUS,
DAVID PRYOR,
JOHN D. ROCKEFELLER IV,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

I. SMALL BUSINESS AND OTHER TAX PROVISIONS

A. SMALL BUSINESS PROVISIONS

1. INCREASE IN EXPENSING FOR SMALL BUSINESSES

(Sec. 1111 of the House bill and the Senate amendment.)

Present law

In lieu of depreciation, a taxpayer with a sufficiently small amount of annual investment may elect to deduct up to $17,500 of the cost of qualifying property placed in service for the taxable year (sec. 179).[1] In general, qualifying property is defined as depreciable tangible personal property that is purchased for use in the active conduct of a trade or business. The $17,500 amount is reduced (but not below zero) by the amount by which the cost of qualifying property placed in service during the taxable year exceeds $200,000. In addition, the amount eligible to be expensed for a taxable year may not exceed the taxable income of the taxpayer for the year that is derived from the active conduct of a trade or business (determined without regard to this provision). Any amount that is not allowed as a deduction because of the taxable income limitation may be carried forward to succeeding taxable years (subject to similar limitations).

House bill

The House bill increases the $17,500 amount allowed to be expensed under Code section 179 to $25,000. The increase is phased in as follows:

Taxable year beginning in—	Maximum expensing
1996	$18,500
1997	19,000
1998	20,000
1999	21,000
2000	22,000
2001	23,000
2002	23,500
2003 and thereafter	25,000

Effective date.—The provision is effective for property placed in service in taxable years beginning after December 31, 1995, subject to the phase-in schedule set forth above.

Senate amendment[2]

The Senate amendment increases the $17,500 amount allowed to be expensed under Code section 179 to $25,000. The increase is phased in as follows:

Taxable year beginning in—	Maximum expensing
1997	$18,000
1998	18,500
1999	19,000
2000	20,000
2001	24,000
2002	24,000
2003 and thereafter	25,000

Effective date.—The provision is effective for property placed in service in taxable years beginning after December 31, 1996, subject to the phase-in schedule set forth above.

Conference agreement

The conference agreement follows the Senate amendment.

2. TAX CREDIT FOR SOCIAL SECURITY TAXES PAID WITH RESPECT TO EMPLOYEE CASH TIPS

(Sec. 1112 of the House bill and the Senate amendment.)

Present law

Employee tip income is treated as employer-provided wages for purposes of the Federal Insurance Contributions Act ("FICA"). Employees are required to report to the employer the amount of tips received. The Omnibus Budget Reconciliation Act of 1993 ("OBRA 1993") provided a business tax credit with respect to certain employer FICA taxes paid with respect to tips treated as paid by the employer. The credit applies to tips received from customers in connection with the provision of food or beverages for consumption on the premises of an establishment with respect to which the tipping of employees is customary. OBRA 1993 provided that the FICA tip credit is effective for taxes paid after December 31, 1993. Temporary Treasury regulations provide that the tax credit is available only with respect to tips reported by the employee. The temporary regulations also provide that the credit is effective for FICA taxes paid by an employer after December 31, 1993, with respect to tips received for services performed after December 31, 1993.

House bill

The provision clarifies the credit with respect to employer FICA taxes paid on tips by providing that the credit is (1) available whether or not the employee reported the tips on which the employer FICA taxes were paid pursuant to section 6053(a), and (2) effective with respect to taxes paid after December 31, 1993, regardless of when the services with respect to which the tips are received were performed.

The provision also modifies the credit so that it applies with respect to tips received from customers in connection with the delivery or serving of food or beverages, regardless of whether the food or beverages are for consumption on the premises of the establishment.

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[1] The amount permitted to be expensed under Code section 179 is increased by up to an additional $20,000 for certain property placed in service by a business located in an empowerment zone (sec. 1397A).

[2] See discussion in Part VII (Tax Technical Corrections Provisions) below, regarding the Senate amendment clarification of the present-law provision that horses are qualified property for purposes of section 179.

Effective date.—The clarifications relating to the effective date and nonreported tips are effective as if included in OBRA 1993. The provision expanding the tip credit to the provision of food or beverages not for consumption on the premises of the establishment is effective with respect to FICA taxes paid on tips received with respect to services performed after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. HOME OFFICE DEDUCTION: TREATMENT OF STORAGE OF PRODUCT SAMPLES

(Sec. 1113 of the House bill.)

Present law

A taxpayer's business use of his or her home may give rise to a deduction for the business portion of expenses related to operating the home (e.g., a portion of rent or depreciation and repairs). Code section 280A(c)(1) provides, however, that business deductions generally are allowed only with respect to a portion of a home that is used exclusively and regularly in one of the following ways: (1) as the principal place of business for a trade or business; (2) as a place of business used to meet with patients, clients, or customers in the normal course of the taxpayer's trade or business; or (3) in connection with the taxpayer's trade or business, if the portion so used constitutes a separate structure not attached to the dwelling unit. In the case of an employee, the Code further requires that the business use of the home must be for the convenience of the employer (sec. 280A(c)(1)). These rules apply to houses, apartments, condominiums, mobile homes, boats, and other similar property used as the taxpayer's home (sec. 280A(f)(1)).

Section 280A(c)(2) contains a special rule that allows a home office deduction for business expenses related to a space within a home that is used on a regular (even if not exclusive) basis as a storage unit for the inventory of the taxpayer's trade or business of selling products at retail or wholesale, but only if the home is the sole fixed location of such trade or business.

Home office deductions may not be claimed if they create (or increase) a net loss from a business activity, although such deductions may be carried over to subsequent taxable years (sec. 280A(c)(5)).

House bill

The House bill clarifies that the special rule contained in present-law section 280A(c)(2) permits deductions for expenses related to a storage unit in a taxpayer's home regularly used for inventory or product samples (or both) of the taxpayer's trade or business of selling products at retail or wholesale, provided that the home is the sole fixed location of such trade or business.

Effective date—The provision applies to taxable years beginning after December 31, 1995.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

4. TREATMENT OF CERTAIN CHARITABLE RISK POOLS

(Sec. 1114 of the House bill.)

Present law

Organizations described in section 501(c)(3) (which are referred to as "charities") generally are exempt from Federal income tax and are eligible to receive tax-deductible contributions and to use the proceeds of tax-exempt financing. Section 501(c)(3) requires that an organization be organized and operated exclusively for a charitable or other specifically enumerated exempt purpose in order to qualify for tax-exempt status under that section.

Section 501(c)(3) requires that an organization that is organized and operated exclusively for charitable purposes is entitled to tax-exempt status under that section only if the organization satisfies the additional requirements that no part of its net earnings inures to the benefit of any private individual or shareholder (referred to as the "private inurement test") and only if the organization does not engage in political campaign activity on behalf of (or in opposition to) any candidate for public office and does not engage in substantial lobbying activities.

Section 501(m) provides that an organization described in section 501(c)(3) or 501(c)(4) of the Code is exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance. For purposes of this rule, commercial-type insurance does not include insurance provided at substantially below cost to a class of charitable recipients.

Present law does not specifically accord tax-exempt status to an organization that pools insurable risks of a group of tax-exempt organizations described in section 501(c)(3).

House bill

Under the House bill, a qualified charitable risk pool is treated as organized and operated exclusively for charitable purposes. The provision make inapplicable to a qualified charitable risk pool the present-law rule under section 501(m) that a charitable organization described in section 501(c)(3) is exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance.

The House bill defines a qualified charitable risk pool as an organization organized and operated solely to pool insurable risks of its members (other than medical malpractice risks) and to provide information to its members with respect to loss control and risk management. Because a qualified charitable risk pool must be organized and operated solely to pool insurable risks of its members and to provide information to members with respect to loss control and risk management, no profit may be accorded to any member of the organization other than through providing members with insurance coverage below the cost of comparable commercial coverage and through providing members with loss control and risk management information. Only charitable tax-exempt organizations described in section 501(c)(3) may be members of a qualified charitable risk pool.

The House bill further requires that a qualified risk pool is required to (1) be organized as a nonprofit organization under State law authorizing risk pooling for charitable organizations; (2) be exempt from State income tax; (3) obtain at least $1 million in startup capital from nonmember charitable organizations; (4) be controlled by a board of directors elected by its members; and (5) provide in its organizational documents that members must be tax-exempt charitable organizations at all times, and if a member loses that status it must immediately notify the organization, and that no insurance coverage applies to a member after the date of any final determination that the member no longer qualifies as a tax-exempt charitable organization.

To be entitled to tax-exempt status under section 501(c)(3), a qualified charitable risk pool described in the provision also must satisfy the other requirements of that section (i.e., the private inurement test and the prohibition of political campaign activities and substantial lobbying).

Effective date.—The provision applies to taxable years beginning after the date of enactment.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

5. TREATMENT OF DUES PAID TO AGRICULTURAL OR HORTICULTURAL ORGANIZATIONS

(Sec. 1115 of the House bill and sec. 1113 of the Senate amendments.)

Present law

Tax-exempt organizations generally are subject to the unrelated business income tax ("UBIT") on income derived from a trade or business regularly carried on that is not substantially related to the performance of the organization's tax-exempt functions (secs. 511–514). Dues payments made to a membership organization generally are not subject to the UBIT. However, several courts have held that, with respect to postal labor organizations, dues payments were subject to the UBIT when received from individuals who were not postal workers, but who became "associate" members for the purpose of obtaining health insurance available to members of the organization. See *National League of Postmasters of the United States* v. *Commissioner*, No. 95-2646 (4th Cir. 1996), *American Postal Workers Union, AFL–CIO* v. *United States*, 925 F.2d 480 (D.C. Cir. 1991), *National Association of Postal Supervisors* v. *United States*, 944 F.2d 859 (Fed. Cir. 1991).

In Rev. Proc. 95-21 (issued March 23, 1995), the IRS set forth its position regarding when associate member dues payments received by an organization described in section 501(c)(5) will be treated as subject to the UBIT. The IRS stated that dues payments from associate members will not be treated as subject to UBIT unless, for the relevant period, "the associate member category has been formed or availed of for the principal purpose of producing unrelated business income." Thus, under Rev. Proc. 95-21, the focus of the inquiry is upon the organization's purposes in forming the associate member category (and whether the purposes of that category of membership are substantially related to the organization's exempt purposes other than through the production of income) rather than upon the motive of the individuals who join as associate members.

House bill

Under the House bill, if an agricultural or horticultural organization described in section 501(c)(5) requires annual dues not exceeding $100 to be paid in order to be a member of such organization, then in no event will any portion of such dues be subject to the UBIT by reason of any benefits or privileges to which members of such organization are entitled. For taxable years beginning after 1995, the $100 amount will be indexed for inflation. The term "dues" is defined as "any payment required to be made in order to be recognized by the organization as a member of the organization." Thus, if a person is recognized as a member of an organization by virtue of having paid annual dues for his or her membership, then any subsequent payments made by that person during the year to purchase another membership in the same organization (covering the same period) would not be within the scope of the provision.

Effective date.—The provision applies to taxable years beginning after December 31, 1994.

Senate amendment

Same as the House bill, except that the Senate amendment applies to taxable years beginning after December 31, 1986. The Senate amendment also provides transitional relief to agricultural or horticultural organizations that had a reasonable basis for not treating membership dues received prior to January 1, 1987, as unrelated business income. In such cases, no portion of such dues will be treated as derived from an unrelated trade or business.

Conference agreement

The conference agreement follows the Senate amendment. The conferees intend that, if a person makes a single payment that entitles the person to be recognized as a member of the organization for more than twelve months, then such payment may be prorated to determine whether annual dues exceed the $100 cap (as adjusted for inflation).

6. CLARIFY EMPLOYMENT TAX STATUS OF CERTAIN FISHERMEN

(Sec. 1116(a) of the House bill and sec. 1114 of the Senate amendment.)

Present law

Under present law, service as a crew member on a fishing vessel is generally excluded from the definition of employment for purposes of income tax withholding on wages and for purposes of the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act (FUTA) taxes if the operating crew of the boat normally consists of fewer than 10 individuals, the individual receives a share of the catch based on the total catch, and the individual does not receive cash remuneration other than proceeds from the sale of the individual's share of the catch. If a crew member receives any other cash, e.g., payment for services as an engineer, the exemption from FICA and FUTA taxes does not apply. Crew members to which the exemption applies are subject to self-employment taxes. Special reporting requirements apply to the operators of boats on which exempt crew members serve.

House bill

The operating crew of a boat is treated as normally made up of fewer than 10 individuals if the average size of the operating crew on trips made during the preceding 4 calendar quarters consisted of fewer than 10 individuals. In addition, the exemption applies if the crew member receives certain cash payments. The cash payments cannot exceed $100 per trip, is contingent on a minimum catch, and is paid solely for additional duties (e.g., as mate, engineer, or cook) for which additional cash remuneration is customary.

Effective date.—The provision applies to remuneration paid after December 31, 1996. In addition, the provision applies to remuneration paid after December 31, 1996. In addition, the provision applies to remuneration paid after December 31, 1984, and before January 1, 1997, unless the payor treated such remuneration when paid as subject to FICA taxes.

Senate amendment

The Senate amendment is the same as the House bill.

Effective date.—The provision applies to remuneration paid after December 31, 1994. In addition, the provision applies to remuneration paid after December 31, 1984, and before January 1, 1995, unless the payer treated such remuneration when paid as subject to FICA taxes.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

Effective date.—The conference agreement follows the Senate amendment.

7. REPORTING REQUIREMENTS FOR PURCHASERS OF FISH

(Sec. 1116(b) of the House bill.)

Present law

Under present law, a person engaged in a trade or business who make payments during the calendar year of $600 or more to a person for "rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains, profits, or other income" must file an information return with the Internal Revenue Service reporting the amount of such payments, as well as the name, address, and taxpayer identification number of the person to whom such payments were made (Code sec. 6041). A similar statement must also be furnished to the person to whom such payments were made. Treasury regulations provide that payments for "merchandise" are not required to be reported under this provision (Treas. reg. sec. 1.6041-3(d)). Consequently, information reporting is generally not required with respect to purchases of fish or other forms of aquatic life. Information reporting is required by a person engaged in a trade or business who, in the course of that trade or business, receives more than $10,000 in cash in one transaction (or several related transactions) (Code sec. 6050I).

House bill

The provision requires persons engaged in the trade or business of purchasing fish for resale who pay more than $600 in cash in a calendar year for fish or other forms of aquatic life from any seller engaged in the trade or business of catching fish to file information reports with the Secretary regarding such purchases. A copy of the report must be provided to the seller.

Effective date.—The provision is effective for purchases made after December 31, 1996.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

Effective date.—The provision is effective for purchases made after December 31, 1997.

8. MODIFY RULES GOVERNING ISSUANCE OF TAX-EXEMPT BONDS FOR FIRST-TIME FARMERS

(Sec. 1115 of the Senate amendment.)

Present law

Interest on bonds issued by State and local governments to provide financing to private persons is taxable unless an exception is provided in the Internal Revenue Code. One such exception allows State and local governments to issue bonds to finance loans to first-time farmers for the acquisition of land (and limited amounts of related depreciable farm property) if the purchasers will be the principal user of the property and will materially participate in the farming operation in which the property is to be used.

A first-time farmer is defined as an individual who has at no time owned farm land in excess of 15 percent of the median size of the farm in the county in which such land is located, and the fair market value of the land has not at any time when held by the individual exceeded $125,000.

Under general rules governing issuance of tax-exempt bonds, working capital financing (including purchases from related parties) is precluded.

House bill

No provision.

Senate amendment

The Senate amendment makes two modifications to the rules governing issuance of tax-exempt bonds for first-time farmers. First, the definition of first-time farmer is broadened to include an individual who has at no time owned farm land in excess of 30 percent of the median size farm in the county. Second, these bonds may be used to finance purchases between related parties provide that: (1) the price paid reflects the fair market value of the property and, (2) the seller has no financial interest in the farming operation conducted on the land after the bond-financed sale occurs.

Effective date.—For financing provided with bonds issued after the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment with a clarification relating to the circumstances in which a related seller is treated as having a continuing financial interest in bond-financed farmland. In general, the conferees intend that such a seller will not be treated as have a financial interest if the seller.

(a) has no more than a ten-percent interest in the capital or profits in a partnership comprising the farm;

(b) has no more than a ten-percent stock interest in a corporation comprising the farm;

(c) has no more ten-percent of the beneficial interest in a trust comprising the farm;

(d) is not a principal user of the farm; or

(e) has no other direct or indirect ownership or use of the farm which has as a principal purposes, the avoidance of this provision.

The conferees further intend that issuers making loans to finance related party sales provide appropriate notice to borrowers of these restrictions and of the fact that bond-proceeds may not be re-transferred from sellers to purchasers as part of efforts (e.g., step-transactions) to transfer both property financed with the bond proceeds and the bond proceeds received by the seller.

9. CLARIFY TREATMENT OF NEWSPAPER DISTRIBUTORS AND CARRIERS AS DIRECT SELLERS

(Sec. 1116 of the Senate amendment.)

Present law

For Federal tax purposes, there are two classifications of workers: a worker is either an employee of the service recipient or an independent contractor. Significant tax consequences result from the classification of a worker as an employee or independent contractor. These differences relate to withhold an employment tax requirements, as well as the ability to exclude certain types of compensation from income or take tax deductions for certain expenses. Some of these consequences favor employee status, while others favor independent contractor status. For example, an employee may exclude from gross income employer-provided benefits such as pension, health, and group-term life insurance benefits. On the other hand, an independent contractor can establish his or her own pension plan and deduct contributions to the plan. An independent contractor also has greater ability to deduct work-related expenses.

Under present law, the determination of whether a worker is an employee or an independent contractor is generally made under a common-law facts and circumstances test that seeks to determine whether the service provider is subject to the control of the service recipient, not only as to the nature of the work performed, but the circumstances under which it is performed. Under a special safe harbor rule (sec. 530 of the Revenue Act of 1978), a service recipient may treat a worker as an independent contractor for employment tax purposes even though the worker is an employee under the common-law test if the service recipient has a reasonable basis for treating the worker as an independent contractor and certain other requirements are met.

In addition to the common-law test, there are also some persons who are treated by statute as either employees or independent contractors. For example, "direct sellers" are deemed to be independent contractors. A direct seller is a person engaged in the trade or business of selling consumer products in the home or otherwise than in a permanent retail establishment, if substantially all the remuneration for the performance of the services is directly related to sales or other output rather than to the number of hours worked, and the services performed by the person are performed pursuant to a written contract between such person and the service recipient and such contract provides that the person will not be treated as an employee for Federal tax purposes.

The newspaper industry has generally taken the position that newspaper distributors and carriers should be treated as direct sellers for income and employment tax purposes. The Internal Revenue Service has generally taken the position that the direct seller rules do not apply to newspaper distributors and carriers operating under an agency distribution system (i.e., where the publisher retains title to the newspapers).

House bill

No provision.

Senate amendment

The Senate amendment clarifies the treatment of qualifying newspaper distributors and carriers as direct sellers. Under the Senate amendment, a person engaged in the trade or business of the delivery or distribution of newspapers or shopping news (including any services that are directly related to such trade or business such as solicitation of customers of collection of receipts) qualifies as a direct seller, provided substantially all the remuneration for the performance of the services is directly related to sales or other output rather than to the number of hours worked, and the services performed by the person are performed pursuant to a written contract between such person and the service recipient and such contract provides that the person will not be treated as an employee for Federal tax purposes. The Senate amendment is intended to apply to newspaper distributors and carriers whether or not they hire others to assist in the delivery of newspapers. The Senate amendment also applies to newspaper distributors and carriers operating under either a buy-sell distribution system (i.e., where the newspaper distributors or carriers purchase the newspapers from the publisher) or an agency distribution system. For example, newspaper distributors and carriers operating under an agency distribution system who are paid based on the number of papers delivered and have an appropriate written agreement qualify as direct sellers. The status of newspaper distributors and carriers who do not qualify as direct sellers under the Senate amendment continue to be determined under present-law rules. No inference is intended with respect to the employment status of newspaper distributors and carriers prior to the effective date of the Senate amendment. Further, the provision is intended to clarify the worker classification issue for income and employment taxes only. The provision is not intended to have any impact whatsoever on the interpretation or applicability of Federal, State, or local labor laws.

Effective date—The provision is effective with respect to services performed after December 31, 1995.

Conference agreement

The conference agreement follows the Senate amendment.

10. APPLICATION OF INVOLUNTARY CONVERSION RULES TO PROPERTY DAMAGED AS A RESULT OF PRESIDENTIALLY DECLARED DISASTERS

(Sec. 1117 of the Senate amendment.)

Present law

A taxpayer may elect not to recognize gain with respect to property that is involuntarily converted if the taxpayer acquires within an applicable period property similar or related in service or use. If the taxpayer does not replace the converted property with property similar or related in service or use, then gain generally is recognized.

House bill

No provision.

Senate amendment

Any tangible property acquired and held for productive use in a business is treated as similar or related in service or use to property that (1) was held for investment or for productive use in a business and (2) was involuntarily converted as a result of a Presidentially declared disaster.

Effective date.—The Senate amendment is effective for disasters for which a Presidential declaration is made after December 31, 1994, in taxable years ending after that date.

Conference agreement

The conference agreement follows the Senate amendment, with the modification that the boundaries of the enterprise community for Oklahoma City designated by the Secretary of Housing and Urban Development on December 21, 1994, may be extended with respect to the census tracts located in the area damaged by the bombing of the Alfred P. Murrah Federal Building in Oklahoma City on April 19, 1995. The modification is effective on the date of enactment.

11. ESTABLISH 15-YEAR RECOVERY PERIOD FOR RETAIL MOTOR FUELS OUTLET STORES

(Sec. 1118 of the Senate amendment.)

Present law

Under present law, depreciation for property used in the retail gasoline trade is calculated under section 168 using a 15-year recovery period and the 150-percent declining balance method. Nonresidential real property is depreciated using a 39-year recovery period and the straight-line method. It is understood that taxpayers generally have taken the position that convenience stores and other buildings installed at retail motor fuels outlets have a 15-year recovery period. The IRS, in a position described in a recent Coordinated Issues Paper, generally limits the application of the 15-year recovery period to instances where the structure: (1) is 1,400 square feet or less or (2) meets a 50-percent test. The 50-percent test is met if: (1) 50 percent or more of the gross revenues that are generated from the building are derived from petroleum sales and (2) 50 percent or more of the floor space in the building is devoted to petroleum marketing sales.

House bill

No provision.

Senate amendment

The Senate amendment provides that 15-year property includes any section 1250 property (generally, depreciable real property) that is a retail motor fuels outlet (whether or not food or other convenience items are sold at the outlet). A retail motor fuels outlet does not include any facility related to petroleum or natural gas trunk pipelines or to any section 1250 property used only to an insubstantial extent in the retail marketing of petroleum or petroleum products.

Effective date.—The provision is effective for property placed in service on or after the date of enactment and to which the amendments made by section 201 of the Tax Reform Act of 1986 apply (i.e., property subject to the modified Accelerated Cost Recovery System of sec. 168). The taxpayer may elect the application of the provision for property placed in service prior to the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

A taxpayer may elect the application of the provision for qualified property placed in service prior to the date of enactment. The conferees clarify that if a taxpayer has already treated qualified property that was placed in service before the date of enactment as 15-year property, the taxpayer will be deemed to have made the election with respect to such property.

12. TREATMENT OF LEASEHOLD IMPROVEMENTS

(Sec. 1119 of the Senate amendment.)

Present law

A taxpayer generally recovers the adjusted basis of property for purposes of determining gain or loss upon the disposition of the property. Upon the termination of a lease, the adjusted basis of leasehold improvements that were made, but are not retained, by a lessee are taken into account to compute gain or loss by the lessee. The proper treatment of the adjusted basis of improvements made by a lessor upon termination of a lease is less clear. It appears that it is the position of the Internal Revenue Service that leasehold improvements made by a lessor that constitute structural components of a building must be continued to be depreciated in the same manner as the underlying real property, even if such improvements are retired at the end of the lease term. Some lessors, on the other hand, may be taking the position that a leasehold improvement is a property separate and distinct from the underlying building and that an abandonment loss under section 165 is allowable at the end of the lease term for the adjusted basis of the property.

House bill

No provision.

Senate amendment

A lessor of leased property that disposes of a leasehold improvement which was made by the lessor for the lessee of the property may take the adjusted basis of the improvement into account for purposes of determining gain or loss, if the improvement is irrevocably disposed of or abandoned by the lessee at the termination of the lease.

Effective date.—The provision is effective for leasehold improvements disposed of after

June 12, 1996. No inference is intended as to the proper treatment of such dispositions before June 13, 1996.

Conference agreement

The conference agreement follows the Senate amendment. The conferees wish to clarify that the provision does not apply to the extent section 280B of present law applies to the demolition of a structure, a portion of which may include leasehold improvements.

13. INCREASE DEDUCTIBILITY OF BUSINESS MEAL EXPENSES OF CERTAIN SEAFOOD PROCESSING FACILITIES

(Sec. 1120 of the Senate amendment.)

Present law

In general, 50 percent of meal and entertainment expenses incurred in connection with a trade or business that are ordinary and necessary (and not lavish or extravagant) are deductive (sec. 274). Food or beverage expenses are fully deductible provided that they are (1) required by Federal law to be provided to crew members of a commercial vessel, (2) provided to crew members of similar commercial vessels not operated on the oceans, or (3) provided on certain oil or gas platforms or drilling rigs.

House bill

No provision.

Senate amendment

The Senate amendment adds remote seafood processing facilities located in the United States north of 53 degrees north latitude to the present-law of entities not subject to the 50 percent limitation on the deductibility of business meals. Consequently, these expenses are fully deductible. A seafood processing facility is remote when there are insufficient eating facilities in the vicinity of the employer's premises.[3]

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement does not include the Senate amendment provision.

14. PROVIDE A LOWER RATE OF TAX ON CERTAIN HARD CIDERS

(Sec. 1121 of the Senate amendment.)

Present law

Distilled spirits are taxed at a rate of $13.50 per proof gallon; beer is taxed at a rate of $18 per barrel (approximately 58 cents per gallon); and still wines of 14 percent alcohol or less are taxed at a rate of $1.07 per wine gallon. Higher rates of tax are applied to wines with great alcohol content and sparking wines.

Certain small wineries may claim a credit against the excise tax on wine of 90 cents per wine gallon on the first 100,000 gallons on wine produced annually. Certain small breweries pay a reduced tax of $7.00 per barrel (approximately 22.6 cents per gallon) on the first 60,000 barrels of beer produced annually.

Apple cider containing alcohol is classified and taxed as wine.

House Bill

No provision.

Senate amendment

The Senate amendment adjusts the tax rate on apple cider having an alcohol content of no more than seven percent to 22.6 cents per gallon.

Effective date.—The provision is effective for apple cider removed after December 31, 1996.

Conference agreement

The conference agreement does not include the Senate amendment.

15. MODIFICATIONS TO SECTION 530 OF THE REVENUE ACT OF 1978

(Sec. 1122 of the Senate amendment.)

Present law

In general

For Federal tax purposes, there are two classifications of workers: a worker is either an employee of the service recipient or an independent contractor. In general, the determination of whether an employer-employee relationship exists for Federal tax purposes is made under a common-law test. Treasury regulations provide that an employer-employee relationship generally exists if the person contracting for services has the right to control not only the result of the services, but also the means by which that result is accomplished.[4]

Section 530

With increased enforcement of the employment tax laws beginning in the late 1960s, controversies developed between the IRS and taxpayers as to whether businesses had correctly classified certain workers as self employed rather than as employees. In response to this problem, the Congress enacted section 530 of the Revenue Act of 1978 ("section 530"). That provision generally allows a taxpayer to treat a worker as not being an employee for employment tax purposes (but not income tax purposes), regardless of the individual's actual status under the common-law test, unless the taxpayer has no reasonable basis for such treatment.

It is the position of the IRS, based on legislative history, that section 530 can only apply after a determination has been made that a worker is an employee under the common-law test.[5] The IRS does not require the taxpayer to concede or agree to a determination that the worker is an employee.[6] However, several courts that have explicitly considered the question have held that section 530 relief is available irrespective of whether there has been an initial determination of worker classification under the common law.[7]

Under section 530, a reasonable basis for treating a worker as an independent contractor is considered to exist if the taxpayer (1) reasonably relied on published rulings or judicial precedent, (2) reasonably relied on past IRS audit practice with respect to the taxpayer, (3) reasonably relief on long-standing recognized practice of a significant segment of the (industry of which the taxpayer is a member, or (4) has any other reasonable basis for treating a worker as an independent contractor. The legislative history states that section 530 is to be "construed liberally in favor of taxpayers."[8]

Under section 530, reliance on judicial precedent, published rulings, technical advice with respect to the taxpayer, or a letter ruling to the taxpayer is deemed a reasonable basis for treating a worker as an independent contractor. If a taxpayer relies on this safe harbor, the IRS will look to see whether the facts of the judicial precedent or published ruling are sufficiently similar to the taxpayer's facts.[9]

Under the prior-audit safe harbor, reasonable reliance is generally found to exist if the IRS failed to raise an employment tax issue on audit, even though the audit was not related to employment tax matters. A taxpayer can also rely on a prior audit in which an employment tax issue was raised, but was resolved in favor of the taxpayer. According to the IRS, an "audit" must involve an examination of the taxpayer's books and records; mere inquiries from an IRS service center or a "compliance check" to determine whether a taxpayer has filed all returns will not suffice.[10] In order to rely on a prior audit, the IRS requires that the taxpayer must have treated the workers at issue as independent contractors during the period covered by the prior audit.[11]

A taxpayer is also treated as having a reasonable basis for treating a worker as an independent contractor under section 530 if the taxpayer reasonably relied on long-standing recognized practice of a significant segment of the industry in which the taxpayer is engaged.

Section 530 does not specify a period of time in order for a practice to be long standing. The IRS Training Guide provides that a practice is presumed to be long standing if it existed for 10 years or more.[12] the IRS Training Guide recognizes that a taxpayer may use the industry practice safe harbor even if it began business after 1978 or the industry came into existence after 1978.[13] However, the IRS Training Guide provides that if the industry practice changed by the time the taxpayer joined the industry, the taxpayer cannot rely on the former practice.

Neither section 530, nor the legislative history, provides a clear standard as to what constitutes a significant segment of a taxpayer's industry. The IRS Training Guide provides that the determination will be based on the facts and circumstances.[14] A few courts have addressed this issue. In one case, the IRS argued that a significant segment of the industry means more than 50 percent of the industry.[15] However, that court held that a significant segment is less than a majority of the firms in an industry. Another court held that 15 out of 84 industry respondents (18 percent) treating workers as independent contractors would constitute a significant segment of an industry.[16]

Even if a taxpayer is unable to rely on one of the three safe harbors described above, a taxpayer may still be entitled to relief under section 530 if the taxpayer has any other reasonable basis for treating a worker as an independent contractor.

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[3] See Treas. Reg. sec. 1.119-1(a)(2)(ii)(c) and 1.119-1(f)(Example 7).

[4] The Internal Revenue Service ("IRS") has developed a list of 20 factors that may be examined in determining whether an employer-employee relationship exists. Rev. Rul. 87-41, 1987-1, C.B. 296.

[5] Employee or Independent Contractor?, at 3-4 (July 15, 1996)(hereinafter the "IRS Training Guide").

[6] IRS Training Guide, at 3-6; TAM 9443002 (December 3, 1993).

[7] See e.g., *Lambert's Nursery and Landscaping, Inc.* v. *U.S.*, 894 F.2d 154 (5th Cir. 1990) ("It is not necessary to determine whether [taxpayer's] workers were independent contractors or employees for employment tax purposes.") *J & J Cab Service, Inc.* v. *U.S.*, 75 AFTR2d No. 95-618 (W.D. N.C. 1995) ("Section 530 relief may be granted irrespective of whether individuals were incorrectly treated as other than employees"); *Queensgate Dental Family Practice, Inc.* v. *U.S.*, 91-2 USTC No. 50,536 (M.D. Pa. 1991) (disagreeing with the IRS' contention that the court must first determine worker classification before applying section 530).

[8] H. Rept. No. 1748 (95th Cong., 2d Sess., 5 (1978)). The conference agreement to the Revenue Act of 1978 adopted the provisions of the House bill and therefore incorporates this legislative history.

[9] See e.g., TAM 9443002 (December 3, 1993); TAM 9330007 (April 28, 1993).

[10] IRS Training Guide, at 3-19.

[11] IRS Training Guide, at 3-20.

[12] IRS Training Guide, at 3-24.

[13] IRS Training Guide, at 3-24.

[14] IRS Training Guide, at 3-25.

[15] In re Bentley, 73 AFTR2d No. 94-667 (Bkrtcy. E.D. Tenn. 1994).

[16] *REAG, Inc.* v. *U.S.*, 801 F.Supp. 494 (W.D. Okla. 1992).

The relief under section 530 is available with respect to an individual only if certain additional requirements are satisfied. The taxpayer must not have treated the individual as an employee for any period, and for periods since 1978 all Federal tax returns, including information returns, must have been filed on a basis consistent with treating such individual as an independent contractor. Further, the taxpayer (or a predecessor) must not have treated any individual holding a substantially similar position as an employee for purposes of employment taxes for any period beginning after 1977.

Whether workers are similarly situated is dependent on the facts and circumstances. The IRS Training Guide states that a "substantially similar position exists if the job functions, duties, and responsibilities are substantially similar and the control and supervision of those duties and responsibilities is substantially similar."[17]

There have been a few court decisions addressing this issue. For example, in *REAG, Inc.* v. *U.S.*,[18] the court held that the position of appraisers who were owner-officers of the business was not substantially similar to appraisers who were not owners since the owner-officers had managerial responsibilities. By contrast, in *Lowen Corp.* v. *U.S.*,[19] the court found that all workers engaged in the business of selling real estate signs had substantially similar positions even though some were salaried and had to file daily reports while others were paid by commission and did not have to file such reports.

The IRS Training Guide states that the burden of proof is on the taxpayer to demonstrate that it had a reasonable basis for treating a worker as an independent contractor.[20] However, in light of the Congressional instruction in the legislative history to construe section 530 liberally,[21] courts appear to be split as to how stringent a burden to apply.

In *McClellan* v. *U.S.*,[22] the court held that section 530 requires the "taxpayer to come forward with an explanation and enough evidence to establish prima facie grounds for a finding of reasonableness. . . . [T]his threshold burden is relatively low, and can be met with any reasonableness showing. Once the taxpayer has made this prima facie showing, the burden then shifts to the IRS to verify or refute the taxpayer's explanation." By contrast, in *Boles Trucking, Inc.*, v. *U.S.*,[23] the court held that the burden is on the taxpayer to show, based on a preponderance of the evidence, that it had a reasonable basis for treating workers as independent contractors.

Under section 1706 of the Tax Reform Act of 1986, section 530 does not apply in the case of an individual who, pursuant to an arrangement between the taxpayer and another person, provides services for such other person as an engineer; designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work. Thus, the determination of whether such individuals are employees or self employed is made in accordance with the common-law test.

House bill

No provision.

Senate amendment

The Senate amendment makes several clarifications of and modifications to section 530.

First, under the Senate amendment, a worker does not have to otherwise be an employee of the taxpayer in order for section 530 to apply. The provision is intended to reverse the IRS position, as stated in the IRS Training Guide, that there first must be a determination that the worker is an employee under the common law standards before application of section 530.

The Senate amendment modifies the prior audit safe harbor so that taxpayers may not rely on an audit commencing after December 31, 1996, unless such audit included an examination for employment tax purposes of whether the worker involved (or any worker holding a position substantially similar to the position held by the worker involved) should be treated as an employee of the taxpayer. The provision does not affect the ability of taxpayers to rely on prior audits that commenced before January 1, 1997, even though the audit was not related to employment tax matters, as under present law.

Under the Senate amendment, section 530 does not apply with respect to a worker unless the taxpayer and the worker sign a statement (at such time and in such manner as the Secretary may prescribe) which provides that the worker will not be treated as an employee for employment tax purposes. Also, the Senate amendment provides that an officer or employee of the IRS must, at (or before) the commencement of an audit involving worker classification issues, provide the taxpayer with written notice of the provisions of section 530.

The Senate amendment makes a number of changes to the industry practice safe harbor. First, the Senate amendment provides that a significant segment of the taxpayer's industry under the industry practice safe harbor does not require a reasonable showing of the practice of more than 25 percent of an industry (determined without taking into account the taxpayer). The provision is intended to be a safe harbor; a lower percentage may constitute a significant segment of the taxpayer's industry based on the particular facts and circumstances.

The Senate amendment also provides that an industry practice need not have continued for more than 10 years in order for the industry practice to be considered long standing. As with the significant segment safe harbor, this provision is intended to be a safe harbor; an industry practice in existence for a shorter period of time may be considered long standing based on the particular facts and circumstances. In addition, the Senate amendment clarifies that an industry practice will not fail to be treated as long standing merely because such practice began after 1978. Consequently, the provision clarifies that new industries can take advantage of section 530.

The Senate amendment modifies the burden of proof in section 530 cases by providing that if a taxpayer establishes a prima facie case that it was reasonable not to treat a worker as an employee for purposes of section 530,[24] the burden of proof shifts to the IRS with respect to such treatment.[25] In order for the shift in burden of proof to occur, the taxpayer must fully cooperate with reasonable requests by the IRS for information relevant to the taxpayer's treatment of the worker as an independent contractor under section 530. It is intended that a request by the IRS will not be treated as reasonable if complying with the request would be impracticable given the particular circumstances and the relative costs involved. The shift in the burden of proof does not apply for purposes of determining whether the taxpayer had any other reasonable basis for treating the worker as an independent contractor, but does apply to all other aspects of section 530. So, for example, provided the taxpayer establishes its prima facie case and fully cooperates with the IRS' reasonable requests, the burden of proof shifts to the IRS with respect to all other aspects of section 530, including whether the taxpayer had a reasonable basis for treating the worker as an independent contractor under the judicial or administrative precedent, prior audit, or long-standing industry practice safe harbors, whether the taxpayer filed all Federal tax returns on a basis consistent with treating the worker as an independent contractor, and whether the taxpayer treated any worker holding a substantially similar position as an employee. No inference is intended with respect to the application of the burden of proof in section 530 cases prior to the effective date of this provision.

The Senate amendment also provides that if a taxpayer prospectively changes its treatment of workers from independent contractors to employees for employment tax purposes, such a change will not affect the applicability of section 530 with respect to such workers for prior periods.

Finally, the Senate amendment provides that, in determining whether a worker holds a substantially similar position to another worker, the relationship of the parties must be one of the factors taken into account.

Effective date.—The provisions generally apply to periods after December 31, 1996. The provision regarding the burden of proof applies to disputes with respect to periods after December 31, 1996. In the case of workers engaged to perform services for a taxpayer before January 1, 1997, the provision requiring a written statement that such workers are not employees for employment tax purposes is effective for periods after December 31, 1997 (unless the taxpayer elects to apply the provision earlier). The provision requiring the IRS to notify taxpayers of the provisions of section 530 applies to audits commencing after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment, with the following modifications:

The conference agreement deletes the written statement requirement in the Senate amendment.

The conferees wish to clarify the notice that the IRS must provide to taxpayers at

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[17] IRS Training Guide, at 3–11.

[18] 801 F.Supp. 494 (W.D. Okla. 1992).

[19] 785 F.Supp. 913 (D. Kan. 1992).

[20] IRS Training Guide, at 3–6.

[21] H. Rept. No. 1748 (95th Cong., 2d Sess., 5 (1978)). The conference agreement to the Revenue Act of 1978 adopted the provisions of the House bill and therefore incorporates this legislative history.

[22] 900 F.Supp. 101 (E.D. Mich. 1995). See also *REAG. Inc.* v. *U.S.*, 801 F.Supp. 494 (W.D. Okla. 1992) (a taxpayer need only show a substantial rational basis for its decision to treat the workers as independent contractors).

[23] 77 F.3d 236 (8th Cir. 1996) See also *Springfield* v. *U.S.*, 1996 U.S. App. LEXIS 15879 (9th Cir. 1996) (taxpayer has the burden to show it satisfies the requirements of section 530 by a preponderance of the evidence).

[24] For example, the taxpayer must establish a prima facie case that it reasonably satisfies the requirements of section 530 for not treating the worker as an employee, including the reporting consistency and consistency among workers with substantially similar positions requirements, and the requirement that the taxpayer have a reasonable basis for not treating the worker as an employee.

[25] The provision is generally intended to codify the holding in *McClellan* v. *U.S.*, discussed above, with respect to the burden of proof in section 530 cases.

(or before) the commencement of an audit inquiry involving worker classification issues. The conferees recognize that, in many cases, the portion of an audit involving worker classification issues will not arise until after the examination of the taxpayer begins. In that case, the notice need only be given at the time the worker classification issue is first raised with the taxpayer.

With respect to the burden of proof in section 530 cases, the conferees intend that a request for information by the IRS will not be treated as reasonable if (1) it does not relate to the particular basis on which the taxpayer relied for establishing its reasonable basis, or (2) complying with the request would be impracticable given the particular circumstances and the relative costs involved.

With respect to the substantially similar position provision, the conferees clarify that consideration of the relationship between a taxpayer and a worker includes consideration of the degree of supervision and control of the worker by the taxpayer.

16. EMPLOYEE HOUSING FOR CERTAIN MEDICAL RESEARCH INSTITUTIONS

(Sec. 1123 of the Senate amendment.)

Present law

Under Code section 119(d), employees of an educational institution described in Code section 170(b)(1)(A)(ii) do not have to include in income the fair market value of campus housing as long as the rent is at least five percent of the appraised value of the housing. If the rent is less than the five-percent safe harbor, there is inclusion into income to the extent that the rent that was charged falls short of the lesser of five percent of the appraised value or the average of rents paid by individuals (other than employees or students of the educational institution) for similar lodging provided by the institution.

House bill

No provision.

Senate amendment

The Senate amendment treats as "educational institutions" for purposes of Code section 119(d) certain medical research institutions ("academic health centers") that engage in basic and clinical research, have a regular faculty and teach a curriculum in basic and clinical research to students in attendance at the institution.

Effective date.—The provision is effective for taxable years beginning after December 31, 1995.

Conference agreement

The conference agreement follows the Senate amendment, with a further modification that treats as "educational institutions" for purposes of Code section 119(d) certain entities ("university systems") organized under State law composed of public institutions described in Code section 170(b)(1)(A)(ii). The conferees intend that, for purposes of the present-law requirement of Code section 119(d)(3)(A) that the employee housing be provided on (or in the proximity of) a campus of the employer, a campus of one of the component educational institutions of a university system should be considered to be a campus of the university system.

B. EXTENSION OF CERTAIN EXPIRING PROVISIONS

1. WORK OPPORTUNITY TAX CREDIT

(Sec. 1201 of House bill and the Senate amendment.)

Present law

Prior to January 1, 1995, the targeted jobs tax credit was available on an elective basis for employers hiring individuals from one or more of nine targeted groups. The credit generally was equal to 40 percent of qualified first-year wages (up to $6,000) for maximum credit of $2,400.

House bill

General rules.—The House bill replaces the targeted jobs tax credit with the "work opportunity tax credit". The new credit is available on an elective basis for employers hiring individuals from one or more of seven targeted groups. The credit generally is equal to 35 percent of qualified first-year wages.

Minimum employment period.—Under the House bill, no credit is allowed for wages paid unless the eligible individual is employed by the employer for at least 180 days (20 days in the case of a qualified summer youth employee) or 500 hours (120 hours in the case of a qualified summer youth employee).

Certification of members of targeted groups.—In general, under the House bill, an individual is not treated as a member of a targeted group unless: (1) on or before the day the individual begins work for the employer, the employer received in writing a certification from the designated local agency that the individual is a member of a specific targeted group, or (2) on or before the day the individual is offered work with the employer, a pre-screening notice is completed with respect to that individual by the employer and within 14 days after the individual begins work for the employer, the employer submits such notice, signed by the employer and the individual under penalties of perjury, to the designated local agency as part of a written request for certification. The pre-screening notice will contain the information provided to the employer by the individual that forms the basis of the employer's belief that the individual is a member of a targeted group.

Effective date.—Wages paid or incurred to a qualified individual who begins work for an employer after June 30, 1996, and before July 1, 1997.

Senate amendment

General rules.—Same as the House bill with the addition of an eighth targeted group, individuals 18 to 24 who are in families that have been receiving food stamps for at least a three-month period ending on the date of hire.

Minimum employment period.—Under the Senate amendment, no credit is allowed for wages paid unless the eligible individual is employed by the employer for at least 180 days (20 in the case of a qualified summer youth employee) or 375 hours (120 hours in the case of a qualified summer youth employee).

Certification of members of targeted groups.—Same as House bill except that it replaces the 14-day rule with a 21-day rule for submission of pre-screening notice.

Effective date.—Wages paid or incurred to a qualified individual who begins work for an employer after September 30, 1996, and before October 1, 1997.

Conference agreement

General rules.—The conference agreement generally follows the Senate amendment with one modification to the food stamps category. Under the modification, members of the eighth targeted group are individuals aged 18–24 who are in families that have been receiving food stamps for at least a six-month (rather than a three-month) period ending on the date of hire. In the case of families that cease to be eligible for food stamps under section 6(o) of the Food Stamp Act of 1977, the six-month requirement is replaced with a requirement that the family has been receiving food stamps for at least three of the five months ending on the date of hire.

Minimum employment period.—Under the conference agreement, no credit is allowed for wages paid unless the eligible individual is employed by the employer for at least 180 days (20 in the case of a qualified summer youth employee) or 400 hours (120 hours in the case of a qualified summer youth employee).

Certification of members of targeted groups.—The conference agreement follows the Senate amendment.

Effective date.—The conference agreement follows the Senate amendment.

2. EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE

(Sec. 1202 of the House bill and the Senate amendment.)

Present and prior law

For taxable years beginning before January 1, 1995, an employee's gross income and wages did not include amounts paid or incurred by the employer for educational assistance provided to the employee if such amounts were paid or incurred pursuant to an educational assistance program that met certain requirements. This exclusion, which expired for taxable years beginning after December 31, 1994, was limited to $5,250 of educational assistance with respect to an individual during a calendar year. The exclusion applied whether or not the education was job related. In the absence of this exclusion, educational assistance is excludable from income only if it is related to the employee's current job.

The provision extends the exclusion for employer-provided educational assistance for taxable years beginning after December 31, 1994, and before January 1, 1997. After December 31, 1995, the exclusion would not apply with respect to graduate education.

To the extent employers have previously filed Forms W-2 reporting the amount of educational assistance provided as taxable wages, present Treasury regulations require the employer to file Forms W-2c (i.e., corrected Forms W-2) with the Internal Revenue Service.[26] It is intended that employers also be required to provide copies of Form W-2c to affected employees.

The Secretary is directed to establish expedited procedures for the refund of any overpayment of taxes paid on excludable educational assistance provided in 1995 and 1996, including procedures for waiving the requirement that an employer obtain an employee's signature if the employer demonstrates to the satisfaction of the Secretary that any refund collected by the employer on behalf of the employee will be paid to the employee.

Because the exclusion is extended, no interest and penalties should be imposed if an employer failed to withhold income and employment taxes on excludable educational assistance or failed to report such educational assistance. Further, it is intended that the Secretary establish expedited procedures for refunding any interest and penalties relating to educational assistance previously paid.

Effective date.—The provision is effective with respect to taxable years beginning after December 31, 1994, and before January 1, 1997.

Senate amendment

The provision is the same as the House bill, except that the exclusion is extended for an additional year, through December 31, 1997, and the Senate amendment does not preclude application of the exclusion to graduate courses.

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[26] Treasury regulation section 31.6051-1(c).

Effective date.—The provision is effective for taxable years beginning after December 31, 1994, and before January 1, 1998.

Conference agreement

The conference agreement follows the House bill, with the following modifications. The exclusion expires with respect to courses beginning after May 31, 1997. The exclusion for graduate courses applies in 1995. In 1996, the exclusion for graduate courses does not apply to courses beginning after June 30, 1996.

3. PERMANENT EXTENSION OF FUTA EXEMPTION FOR ALIEN AGRICULTURAL WORKERS

(Sec. 1203 of the House bill.)

Present law

Generally, the Federal unemployment tax ("FUTA") is imposed on farm operators who (1) employ 10 or more agricultural workers for some portion of 20 different days, each beginning in a different calendar week or (2) have a quarterly payroll for agricultural services of at least $20,000. An exclusion from FUTA was provided, however, for labor performed by an alien admitted to the United States to perform agricultural labor under section 214(c) and 101(a)(15)(H) of the Immigration and Nationality Act. This exclusion was effective for labor performed before January 1, 1995.

House bill

The House bill permanently extends the FUTA exemption for alien agricultural workers.

Effective date.—Labor performed on or after January 1, 1995.

Senate amendment

No provision.

Conference agreement

The conference agreement includes the House bill provision.

4. RESEARCH AND EXPERIMENTAL TAX CREDIT

(Sec. 1203 of the Senate amendment.)

Present and prior law

General rule

Prior to July 1, 1995, section 41 of the Internal Revenue Code provided for a research tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenditures for a taxable year exceeded its base amount for that year. The research tax credit expired and does not apply to amounts paid or incurred after June 30, 1995.

A 20-percent research tax credit also applied to the excess of (1) 100 percent of corporate cash expenditures (including grants or contributions) paid for basic research conducted by universities (and certain nonprofit scientific research organizations) over (2) the sum of (a) the greater of two minimum basic research floors plus (b) an amount reflecting any decrease in nonresearch giving to universities by the corporation as compared to such giving during a fixed-base period, as adjusted for inflation. This separate credit computation is commonly referred to as the "university basic research credit" (see sec. 41(e)).

Computation of allowable credit

Except for certain university basic research payments made by corporations, the research tax credit applies only to the extent that the taxpayers' qualified research expenditures for the current taxable year exceed its base amount. The base amount for the current year generally is computed by multiplying the taxpayer's "fixed-base percentage" by the average amount of the taxpayer's gross receipts for the four preceding years. If a taxpayer both incurred qualified research expenditures and had gross receipts during each of at least three years from 1984 through 1988, then its "fixed-base percentage" is the ratio that its total qualified research expenditures for the 1984–1988 period bears to its total gross receipts for that period (subject to a maximum ratio of .16). All other taxpayers (so-called "start-up firms") are assigned a fixed-base percentage of 3 percent.[27]

In computing the credit, a taxpayer's base amount may not be less than 50 percent of its current-year qualified research expenditures.

To prevent artificial increases in research expenditures among commonly controlled or otherwise related entities, research expenditures and gross receipts of the taxpayer are aggregated with research expenditures and gross receipts of certain related persons for purposes of computing any allowable credit (sec. 41(f)(1)). Special rules apply for computing the credit when a major portion of a business changes hands, under which qualified research expenditures and gross receipts for periods prior to the change or ownership of a trade or business are treated as transferred with the trade or business that gave rise to those expenditures and receipts for purposes of recomputing a taxpayer's fixed-base percentage (sec. 41(f)(3)).

Eligible expenditures

Qualified research expenditures eligible for the research tax credit consist of (1) "in-house" expenses of the taxpayer for wages and supplies attributable to qualified research; (2) certain time-sharing costs for computer use in qualified research; and (3) 65 percent of amounts paid by the taxpayer for qualified research conducted on the taxpayer's behalf (so-called "contract research expenses").

To be eligible for the credit, the research must not only satisfy the requirements of present-law section 174 but must be undertaken for the purpose of discovering information that is technological in nature, the application of which is intended to be useful in the development of a new or improved business component of the taxpayer, and must pertain to functional aspects, performance, reliability, or quality of a business component. Research does not qualify for the credit if substantially all of the activities relate to style, taste, cosmetic, or seasonal design factors (sec. 41(d)(3)). In addition, research does not qualify for the credit if conducted after the beginning of commercial production of the business component, if related to the adaptation of an existing business component to a particular customer's requirements, if related to the duplication of an existing business component from a physical examination of the component itself or certain other information, or if related to certain efficiency surveys, market research or development, or routine quality control (sec. 41(d)(4)).

Expenditures attributable to research that is conducted outside the United States do not enter into the credit computation. In addition, the credit is not available for research in the social sciences, arts, or humanities, nor is it available for research to the extent funded by any grant, contract, or otherwise by another person (or governmental entity).

House bill

No provision.

Senate amendment

The Senate amendment extends the research tax credit for 18 months—i.e., for the period July 1, 1996, through December 31, 1997 (with a special rule for taxpayers who elect the alternative incremental research credit regime, as described below).

The Senate amendment also expand the definition of "start-up firms" under section 41(c)(3)(B)(I) to include any firm if the first taxable year in which such firm had both gross receipts and qualified research expenses began after 1983.[28]

In addition, the Senate amendment allow taxpayers to elect an alternative incremental research credit regime. If a taxpayer elects to be subject to this alternative regime, the taxpayer is assigned a three-tiered fixed-base percentage (that is lower than the fixed-base percentage otherwise applicable under present law) and the credit rate likewise is reduced. Under the alternative credit regime, a credit rate of 1.65 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1 percent (i.e., the base amount equals 1 percent of the taxpayer's average gross receipts for the four preceding years) but do not exceed a base amount computed by using a fixed-base percentage of 1.5 percent. A credit rate of 2.2 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fix-base percentage of 1.5 percent but do not exceed a base amount computed by using a fixed-base percentage of 2 percent. A credit rate of 2.75 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 2 percent. An election to be subject to this alternative incremental credit regime may be made only for a taxpayer's first taxable year beginning after June 30, 1996, and such an election applies to that taxable year and all subsequent years unless revoked with the consent of the Secretary of the Treasury. Under the amendment, if a taxpayer elects the alternative incremental credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, then all qualified research expenses paid or incurred during such taxable year and the first six months of the following taxable year are treated as qualified research expenses for purposes of computing the taxpayer's credit under the alternative incremental credit regime.

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[27] The Omnibus Budget Reconciliation Act of 1993 included a special rule designed to gradually recompute a start-up firm's fixed-base percentage based on its actual research experience. Under this special rule, a start-up firm (i.e., any taxpayer that did not have gross receipts in at least three years during the 1984–1988 period) will be assigned a fixed-base percentage of 3 percent for each of its first five taxable years after 1993 in which it incurs qualified research expenditures. In the event that the research credit is extended beyond the scheduled June 30, 1995 expiration date, a start-up firm's fixed-base percentage for its sixth through tenth taxable years after 1993 in which it incurs qualified research expenditures will be a phased-in ratio based on its actual research experience. For all subsequent taxable years, the taxpayer's fixed-base percentage will be its actual ratio of qualified research expenditures to gross receipts for any five years selected by the taxpayer from its fifth through tenth taxable years after 1993 (sec. 41(c)(3)(B)).

[28] In applying the start-up firm rules, the test is whether a taxpayer, in fact, both incurred research expenses (which under the present-law rules would be qualified research expenses) and had gross receipts in a particular year, not whether the taxpayer claimed a research tax credit for that year.

The Senate amendment also provide for a special rule for payments made to certain nonprofit research consortia. Under this special rule, 75 percent of amounts paid to a research consortium for qualified research is treated as qualified research expenses eligible for the research credit (rather than 65 percent under the present-law section 41(b)(3) rule governing contract research expenses) if (1) such research consortium is a tax-exempt organization that is described in section 501(c)(3) (other than a private foundation) or section 501(c)(6) and is organized and operated primarily to conduct scientific research, and (2) such qualified research is conducted by the consortium on behalf of the taxpayer and one or more persons not related to the taxpayer.

Effective date.—Under the Senate amendment, extension of the research tax credit is effective for expenditures paid or incurred during the period July 1, 1996, through December 31, 1997 (with a special rule for taxpayers who elect the alternative incremental research credit regime). The modification to the definition of "start-up firms" is effective for taxable years ending after June 30, 1996. Taxpayers may elect the alternative research credit regime (with lower fixed-base percentages and lower credit rates) for the first taxable year beginning after June 30, 1996, and before July 1, 1997, and the credit is available with respect to all qualified research expenses incurred during such taxable year and during the first six months of the following taxable year. The rule that treats 75 percent of qualified research consortium payments as qualified research expenses is effective for taxable years beginning after June 30, 1996.

Conference agreement

The conference agreement extends the research tax credit for 11 months—i.e., for the period July 1, 1996, through May 31, 1997 (with a special rule for taxpayers who elect the alternative incremental research credit regime, as described below).

The conference agreement includes the provision in the Senate amendment to expand the definition of "start-up firms" under section 41(c)(3)(B)(I).

The conference agreement includes the provision in the Senate amendment to allow taxpayers to elect an alternative incremental research credit regime, with the modification that, if a taxpayer elects the alternative incremental credit regime for its first taxable year beginning after June 30, 1996, and before July 1, 1997, then all qualified research expenses paid or incurred during the first 11 months of such taxable year are treated as qualified research expenses for purposes of computing the taxpayers's credit under the alternative incremental credit regime.

The conference agreement includes the special rule of the Senate amendment that treats 75 percent (rather than 65 percent) of payments made to certain nonprofit research consortia as qualified research expenses.

In addition, the conference agreement provides that research credit amounts earned under the conference agreement may not be taken into account in computing estimated tax payments required to be paid for taxable years beginning in 1997.

Effective date.—Under the conference agreement, extension of the research tax credit is effective for expenditures paid or incurred during the period July 1, 1996, through May 31, 1997 with a special rule for taxpayers who elect the alternative incremental research credit regime. The modification to the definition of "start-up firms" is effective for taxable years ending after June 30, 1996. Taxpayers may elect the alternative research credit regime (with lower fixed-base percentages and lower credit rates) for the first taxable year beginning after June 30, 1996, and before July 1, 1997, and the credit is available with respect to all qualified research expenses incurred during the first 11 months of such taxable year. The rule that treats 75 percent of qualified research consortium payments as qualified research expenses is effective for taxable years beginning after June 30, 1996.

5. ORPHAN DRUG TAX CREDIT

(Sec. 1204 of the Senate amendment.)

Present and prior law

Prior to January 1, 1995, a 50-percent nonrefundable tax credit was allowed for qualified clinical testing expenses incurred in testing of certain drugs for rare diseases or conditions, generally referred to as "orphan drugs." Qualified testing expenses are costs incurred to test an orphan drug after the drug has been approved for human testing by the Food and Drug Administration (FDA) but before the drug has been approved for sale by the FDA. A rare disease or condition is defined as one that (1) affects less than 200,000 persons in the United States, or (2) affects more than 200,000 persons, but for which there is no reasonable expectation that businesses could recoup the costs of developing a drug for such disease or condition for U.S. sales of the drug. These rare diseases and conditions include Huntington's disease, myoclonus, ALS (Lou Gehrig's disease), Tourette's syndrome, and Duchenne's dystrophy (a form of muscular dystrophy).

Under prior law, the orphan drug tax credit could be claimed by a taxpayer only to the extent that its regular tax liability for the year the credit was earned exceeded its tentative minimum tax for the year, after regular tax was reduced by nonrefundable personal credits and the foreign tax credit.[29] Unused credits could not be carried back or carried forward to reduce taxes in other years.

The orphan drug tax credit expired after December 31, 1994.

House bill

No provision.

Senate amendment

The Senate amendment extends the orphan drug tax credit for 18 months—i.e., for the period July 1, 1996, through December 31, 1997.

In addition, the Senate amendment allows taxpayers to carry back unused credits to three years preceding the year the credit is earned and to carry forward unused credits to 15 years following the year the credit is earned.

Effective date.—The Senate amendment applies to qualified clinical testing expenses paid or incurred during the period July 1, 1996, through December 31, 1997. The provision allowing for the carry back and carry forward of unused credits is effective for taxable years ending after June 30, 1996. No portion of the unused business credit that is attributable to the orphan drug credit could be carried back under section 39 to a taxable year ending before July 1, 1996.

Conference agreement

The conference agreement extends the orphan drug tax credit for 11 months—i.e., for the period July 1, 1996, through May 31, 1997.

In addition, the conference agreement includes the provision of the Senate amendment that allows taxpayers to carry back unused credits to three years preceding the year the credit is earned and to carry forward unused credits to 15 years following the year the credit is earned.

Effective date.—The conference agreement applies to qualified clinical testing expenses paid or incurred during the period July 1, 1996, through May 31, 1997. The provision allowing for the carry back and carry forward of unused credits is effective for taxable years ending after June 30, 1996. No portion of the unused business credit that is attributable to the orphan drug credit could be carried back under section 39 to a taxable year ending before July 1, 1996.

6. CONTRIBUTIONS OF STOCK TO PRIVATE FOUNDATIONS

(Sec. 1205 of the Senate amendment.)

Present and prior law

In computing taxable income, a taxpayer who itemizes deductions generally is allowed to deduct the fair market value of property contributed to a charitable organization.[30] However, in the case of a charitable contribution of short-term gain, inventory, or other ordinary income property, the amount of the deduction generally is limited to the taxpayer's basis in the property. In the case of a charitable contribution of tangible personal property, the deduction is limited to the taxpayer's basis in such property if the use by the recipient charitable organization is unrelated to the organization's tax-exempt purpose.[31]

In cases involving contributions to a private foundation (other than certain private operating foundations), the amount of the deduction is limited to the taxpayer's basis in the property. However, under a special rule contained in section 170(e)(5), taxpayers were allowed a deduction equal to the fair market value of "qualified appreciated stock" contributed to a private foundation prior to January 1, 1995. Qualified appreciated stock was defined as publicly traded stock which is capital gain property. The fair-market-value deduction for qualified appreciated stock donations applied only to the extent that total donations made by the donor to private foundations of stock in a particular corporation did not exceed 10 percent of the outstanding stock of that corporation. For this purpose, an individual was treated as making all contributions that were made by any member of the individual's family. This special rule contained in section 170(e)(5) expired after December 31, 1994.

House bill

No provision.

Senate amendment

The Senate amendment extends the special rule contained in section 170(e)(5) for 18 months—i.e., for contributions of qualified appreciated stock made to private foundations during the period July 1, 1996, through December 31, 1997.

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[29] To the extent that the orphan drug tax credit could not be used by reason of the minimum tax limitation, the taxpayer's minimum tax credit was increased (sec. 53(d)(1)(B)(iii)).

[30] The amount of the deduction allowable for a taxable year with respect to a charitable contribution may be reduced depending on the type of property contributed, the type of charitable organization to which the property is contributed, and the income of the taxpayer (sec. 170(b) and 170(e)).

[31] As part of the Omnibus Budget Reconciliation Act of 1993, Congress eliminated the treatment of contributions of appreciated property (real, personal, and intangible) as a tax preference for alternative minimum tax (AMT) purposes. Thus, if a taxpayer makes a gift to charity of property (other than short-term gain, inventory, or other ordinary income property, or gifts to private foundations) that is real property, intangible property, or tangible personal property the use of which is related to the donee's tax-exempt purpose, the taxpayer is allowed to claim the same fair-market-value deduction for both regular tax and AMT purposes (subject to present-law percentage limitations).

Effective date.—The provision is effective for contributions of qualified appreciated stock to private foundations made during the period July 1, 1996, through December 31, 1997.

Conference agreement

The conference agreement extends the special rule contained in section 170(e)(5) for 11 months—i.e., for contributions of qualified appreciated stock made to private foundations during the period July 1, 1996, through May 31, 1997.[32]

Effective date.—The provision is effective for contributions of qualified appreciated stock to private foundations made during the period July 1, 1996, through May 31, 1997.

7. TAX CREDIT FOR PRODUCING FUEL FROM A NONCONVENTIONAL SOURCE

(Sec. 1206 of the Senate amendment.)

Present law

Certain fuels produced from "nonconventional sources" and sold to unrelated parties are eligible for an income tax credit equal to $3 (generally adjusted for inflation) per barrel or BTU oil barrel equivalent (sec. 29). Qualified fuels must be produced within the United States.

Qualified fuels include: (1) oil produced from shale and tar sands; (2) gas produced from geopressured brine, Devonian shale, coal seams, tight formations ("tight sands"), or biomass; and (3) liquid, gaseous, or solid synthetic fuels produced from coal (including lignite).

In general, the credit is available only with respect to fuels produced from wells drilled or facilities placed in service after December 31, 1979, and before January 1, 1993. An exception extends the January 1, 1993 expiration date for facilities producing gas from biomass and synthetic fuel from coal if the facility producing the fuel is placed in service before January 1, 1997, pursuant to a binding contract entered into before January 1, 1996.

The credit may be claimed for qualified fuels produced and sold before January 1, 2003 (in the case of nonconventional sources subject to the January 1, 1993 expiration date) or January 1, 2008 (in the case of biomass gas and synthetic fuel facilities eligible for the extension period).

House bill

No provision.

Senate amendment

The Senate amendment extends the binding contract date for facilities producing synthetic fuels from coal and gas from biomass until the date which is six months after the date of the provision's enactment, and the placed in service date for two years. The present sunset on producing qualifying for the credit is not changed.

Therefore, under the provision, synthetic fuels from coal and gas from biomass produced from a facility placed in service before January 1, 1999, pursuant to a binding contract entered into before the date which is six months after the date of the provision's enactment, will be eligible for the tax credit if produced before January 1, 2008.

Effective date.—The provision is effective on the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment with two modifications. First, the conference agreement extends the binding contract date for facilities producing synthetic fuels from coal and gas from biomass through December 31, 1996, rather than for six months after the date of enactment as would have been provided in the Senate amendment. Second, the conference agreement extends the placed in service date for eighteen months, rather than for two years as would have been provided in the Senate amendment. The conference agreement does not change the present-law sunset on production qualifying for the credit.

Therefore, under the conference agreement, synthetic fuels from coal and gas from biomass produced from a facility placed in service before July 1, 1998, pursuant to a binding contract entered into before January 1, 1997, will be eligible for the tax credit if produced before January 1, 2008.

Effective date.—The provision is effective on the date of enactment.

8. SUSPEND IMPOSITION OF DIESEL FUEL TAX ON RECREATIONAL MOTORBOATS

(Sec. 1207 of the Senate amendment.)

Present law

Diesel fuel used in recreational motorboats is subject to a 24.4 cents-per-gallon excise tax through December 31, 1999. This tax was enacted by the Omnibus Budget Reconciliation Act of 1993 as a revenue offset for repeal of the excise tax on certain luxury boats. Revenues from this tax are retained in the General Fund.

The diesel fuel tax is imposed on removal of the fuel from a registered terminal facility (i.e., at the "terminal rack"). Present law provides that tax is imposed on all diesel fuel removed from terminal facilities unless the fuel is destined for a nontaxable use and is indelibly dyed pursuant to Treasury Department regulations. If fuel on which tax is paid at the terminal rack (i.e., undyed diesel fuel) ultimately is used in a nontaxable use, a refund is allowed. Depending on the aggregate amount of tax to be refunded, this refund may be claimed either by a direct filing with the Internal Revenue Service or as a credit against income tax.

Dyed diesel fuel (fuel on which no tax is paid) may not be used in a taxable use. Present law imposes a penalty equal to the greater of $10 per gallon or $1,000 on persons found to be violating this prohibition.

House bill

No provision.

Senate amendment

The Senate amendment provides that no tax will be imposed on diesel fuel used in recreational motorboats during the period beginning seven days after the date of enactment through December 31, 1997.

In addition, the Senate Finance Committee requested that the Treasury Department study possible alternatives to the current collection regime for motoboat diesel fuel that will provide comparable compliance with the law, and report to the House Committee on Ways and Means and the Senate Committee on Finance no later than April 1, 1997.

Effective date.—The provision is effective on the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

9. EXTENSION OF TRANSITION RULE FOR CERTAIN PUBLICLY TRADED PARTNERSHIPS

(Sec. 1208 of the Senate amendment.)

Present law

Present law provides that, in general, a publicly traded partnership is treated as a corporation for Federal income tax purposes. An exception is provided for certain partnerships, 90 percent or more of whose gross income is passive-type income (as defined for purposes of the provision). A publicly traded partnership is any partnership if (1) partnership interests are traded on an established securities market, or (2) partnership interests are readily tradable on a secondary market (or the substantial equivalent). This provision was added by the Omnibus Budget Reconciliation Act of 1987 (the "1987 Act"), and applied generally to taxable years beginning after December 31, 1987.

The 1987 Act provided a 10-year grandfather rule for certain existing partnerships. Thus, the provision becomes effective for such existing partnerships for taxable years beginning after December 31, 1997. The 1987 Act provides that an existing partnership is one: (1) which was a publicly traded partnership on December 17, 1987; (2) with respect to which a registration statement indicating that such partnership was to be a publicly traded partnership was filed with the Securities and Exchange commission on or before December 17, 1987, or (3) with respect to which an application was filed with a State regulatory commission on or before December 17, 1987 seeking permission to restructure a portion of a corporation as a publicly traded partnership. A partnership ceases to be treated as an existing partnership if it adds a substantial new line of business after December 17,1987.

House bill

No provision.

Senate amendment

The Senate amendment provides a two-year extension of the ten-year grandfather rule for existing partnerships. Thus, under the Senate amendment, the present-law provision treating publicly traded partnerships as corporations applies to existing partnerships for taxable years beginning after December 31, 1999.

Effective date.—The provision takes effect as if included in the 1987 Act.

Conference agreement

The conference agreement does not include the Senate amendment provision.

C. PROVISIONS RELATING TO S. CORPORATIONS

1. S CORPORATIONS PERMITTED TO HAVE 75 SHAREHOLDERS

(Sec. 1301 of the House bill and the Senate amendment.)

Present law

The taxable income or loss of an S corporation is taken into account by the corporation's shareholders, rather than by the entity, whether or not such income is distributed. A small business corporation may elect to be treated as an S corporation. A "small business corporation" is defined as a domestic corporation which is not an ineligible corporation and which does not have (1) more than 35 shareholders, (2) as a shareholder, a person (other than certain trusts or estates) who is not an individual, (3) a nonresident alien as a shareholder, and (4) more than one class of stock. For purposes of the 35-shareholder limitation, a husband and wife are treated as one shareholder.

House bill

The House bill increases maximum number of eligible shareholders from 35 to 75.

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[32] If, during this period, a taxpayer contributes qualified appreciated stock as defined in section 170(e)(5) and the amount of such contribution exceeds the percentage limitation under section 170(b)(1)(D), the excess may be carried over to succeeding taxable years. See, e.g., LTR 9444029, LTR 9424020.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. ELECTING SMALL BUSINESS TRUSTS

(Sec. 1302 of the House bill and the Senate amendment.)

Present law

Under present law, trusts other than grantor trusts, voting trusts, certain testamentary trusts and "qualified subchapter S trusts" may not be shareholders in an S corporation. A "qualified subchapter S trust" is a trust which, under its terms, (1) is required to have only one current income beneficiary (for life), (2) any corpus distributed during the life of the beneficiary must be distributed to the beneficiary, (3) the beneficiary's income interest must terminate at the earlier of the beneficiary's death or the termination of the trust, and (4) if the trust terminates during the beneficiary's life, the trust assets must be distributed to the beneficiary. All the income (as defined for local law purposes) must be currently distributed to that beneficiary. The beneficiary is treated as the owner of the portion of the trust consisting of the stock in the S corporation.

House bill

In general

The House bill allows stock in an S corporation to be held by certain trusts ("electing small business trusts"). In order to qualify for this treatment, all beneficiaries of the trust must be individuals or estates eligible to be S corporation shareholders, except that charitable organizations may hold contingent remainder interests. No interest in the trust may be acquired by purchase. For this purpose, "purchase" means any acquisition of property with a cost basis (determined under sec. 1012). Thus, interests in the trust must be acquired by reason of gift, bequest, etc. A trust must elect to be treated as an electing small business trust.

Each potential current beneficiary of the trust is counted as a shareholder for purposes of the proposed 75 shareholder limitation (or if there were no potential current beneficiaries, the trust would be treated as the shareholder). A potential current income beneficiary means any person, with respect to the applicable period, who is entitled to, or at the discretion of any person may receive, a distribution from the principal or income of the trust.

Treatment of items relating to S corporation stock

The portion of the trust which consists of stock in one or more S corporations is treated as a separate trust for purposes of computing the income tax attributable to the S corporation stock held by the trust. The trust is taxed at the highest individual rate (currently, 39.6 percent on ordinary income and 28 percent on net capital gain) on this portion of the trust's income. The taxable income attributable to this portion includes (1) the items of income, loss, or deduction allocated to it as an S corporation shareholder under the rules of subchapter S, (2) gain or loss from the sale of the S corporation stock, and (3) to the extent provided in regulations, any state or local income taxes and administrative expenses of the trust properly allocable to the S corporation stock. Otherwise allowable capital losses are allowed only to the extent of capital gains.

In computing the trust's income tax on this portion of the trust, no deduction is allowed for amounts distributed to beneficiaries, and no deduction or credit is allowed for any item other than the items described above. This income is not included in the distributable net income of the trust, and thus is not included in the beneficiaries' income. No item relating to the S corporation stock could be apportioned to any beneficiary.

On the termination of all or any portion of an electing small business trust the loss carryovers or excess deductions referred to in section 642(h) is taken into account by the entire trust, subject to the usual rules on termination of the entire trust.

Treatment of remainder of items held by trust

In determining the tax liability with regard to the remaining portion of the trust, the items taken into account by the subchapter S portion of the trust are disregarded. Although distributions from the trust are deductible in computing the taxable income on this portion of the trust, under the usual rules of subchapter J, the trust's distributable net income does not include any income attributable to the S corporation stock.

Termination of trust and conforming amendment applicable to all trusts

Where the trust terminates before the end of the S corporation's taxable year, the trust takes into account its pro rata share of S corporation items for its final year. The bill makes a conforming amendment applicable to all trusts and estates clarifying that this is the present-law treatment of trusts and estates that terminate before the end of the S corporation's taxable year.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. EXPANSION OF POST-DEATH QUALIFICATION FOR CERTAIN TRUSTS

(Sec. 1303 of the House bill and the Senate amendment.)

Present law

Under present law, trusts other than grantor trusts, voting trusts, certain testamentary trusts and "qualified subchapter S trusts" may not be shareholders in a S corporation. A grantor trust may remain an S corporation shareholder for 60 days after the death of the grantor. The 60-day period is extended to two years if the entire corpus of the trust is includable in the gross estate of the deemed owner. In addition, a trust may be an S corporation shareholder for 60 days after the transfer of S corporation pursuant to a will.

House bill

The House bill expands the post-death holding period to two years for all testamentary trusts.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

4. FINANCIAL INSTITUTIONS PERMITTED TO HOLD SAFE HARBOR DEBT

(Sec. 1304 of the House bill and the Senate amendment.)

Present law

A small business corporation eligible to be an S corporation may not have more than one class of stock. Certain debt ("straight debt") is not treated as a second class of stock so long as such debt is an unconditional promise to pay on demand or on a specified date a sum certain in money if: (1) the interest rate (and interest payment dates) are not contingent on profits, the borrower's discretion, or similar factors; (2) there is no convertibility (directly or indirectly) into stock, and (3) the creditor is an individual (other than a nonresident alien), an estate, or certain qualified trusts.

House bill

The definition of "straight debt" is expanded to include debt held by creditors, other than individuals, that are actively and regularly engaged in the business of lending money.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. RULES RELATING TO INADVERTENT TERMINATIONS AND INVALID ELECTIONS

(Sec. 1305 of the House bill and the Senate amendment.)

Present law

Under present law, if the Internal Revenue Service ("IRS") determines that a corporation's Subchapter S election is inadvertently terminated, the IRS can waive the effect of the terminating event for any period if the corporation timely corrects the event and if the corporation and shareholders agree to be treated as if the election had been in effect for that period. Such waivers generally are obtained through the issuance of a private letter ruling. Present law does not grant the IRS the ability to waive the effect of an inadvertent invalid Subchapter S election.

In addition, under present law, a small business corporation must elect to be an S corporation no later than the 15th day of the third month of the taxable year for which the election is effective. The IRS may not validate a late election.

House bill

Under the House bill, the authority of the IRS to waive the effect of an inadvertent termination is extended to allow the Service to waive the effect of an invalid election caused by an inadvertent failure to qualify as a small business corporation or to obtain the required shareholder consents (including elections regarding qualified subchapter S trusts), or both. The House bill also allows the IRS to treat a late Subchapter S election as timely where the Service determines that there was reasonable cause for the failure to make the election timely. It is intended that the IRS be reasonable in exercising this authority and apply standards that are similar to those applied under present law to inadvertent subchapter S terminations and other late or invalid elections.

Effective date.—The provision applies to taxable years beginning after December 31, 1982.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. The conferees wish to clarify that in exercising the authority provided under the provision, the IRS may consider relevant information provided by any affected shareholder (including a person who became a shareholder in a subsequent year) before determining the validity of the S election for the taxable year in question.

6. AGREEMENT TO TERMINATE YEAR

(Sec. 1306 of the House bill and the Senate amendment.)

Present law

In general, each item of S corporation income, deduction and loss is allocated to shareholders on a per-share, per-day basis. However, if any shareholder terminates his or her interest in an S corporation during a taxable year, the S corporation, with the consent of all its shareholders, may elect to allocate S corporation items by closing its books as of the date of such termination rather than apply the per-share, per-day rule.

House bill

The House bill provides that, under regulations to be prescribed by the Secretary of the Treasury, the election to close the books of the S corporation upon the termination of a shareholder's interest is made by all affected shareholders and the corporation, rather than by all shareholders. The closing of the books applies only to the affected shareholders. For this purpose, "affected shareholders" means any shareholder whose interest is terminated and all shareholders to whom such shareholder has transferred shares during the year. If a shareholder transferred shares to the corporation, "affected shareholders" includes all persons who were shareholders during the year.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. EXPANSION OF POST-TERMINATION TRANSITION PERIOD

(Sec. 1307 of the House bill and the Senate amendment.)

Present law

Distributions made by a former S corporation during its post-termination period are treated in the same manner as if the distributions were made by an S corporation (e.g., treated by shareholders as nontaxable distributions to the extent of the accumulated adjustment account). Distributions made after the post-termination period are generally treated as made by a C corporation (i.e., treated by shareholders as taxable dividends to the extent of earnings and profits).

The "post-termination period" is the period beginning on the day after the last day of the last taxable year of the S corporation and ending on the later of: (1) a date that is one year later, or (2) the due date for filing the return for the last taxable year and the 120-day period beginning on the date of a determination that the corporation's S corporation election had terminated for a previous taxable year.

In addition, the audit procedures adopted by the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") with respect to partnerships also apply to S corporations. Thus, the tax treatment of items is determined at the corporate, rather than individual level.

House bill

The present-law definition of post-termination period is expanded to include the 120-day period beginning on the date of any determination pursuant to an audit of the taxpayer that follows the termination of the S corporation's election and that adjusts a subchapter S item of income, loss or deduction of the S corporation during the S period. In addition, the definition of "determination" is expanded to include a final disposition of the Secretary of the Treasury of a claim for refund and, under regulations, certain agreements between the Secretary and any person, relating to the tax liability of the person.

In addition, the House bill repeals the TEFRA audit provisions applicable to S corporations and would provide other rules to require consistency between the returns of the S corporation and its shareholders.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

8. S CORPORATIONS PERMITTED TO HOLD SUBSIDIARIES

(Sec. 1308 of the House bill and the Senate amendment.)

Present law

A small business corporation may not be a member of an affiliated group of corporations (other than by reason of ownership in certain inactive corporations). Thus, an S corporation may not own 80 percent or more of the stock of another corporation (whether an S corporation or a C corporation).

In addition, a small business corporation may not have as a shareholder another corporation (whether an S corporation or a C corporation).

House bill

An S corporation is allowed to own 80 percent or more of the stock of a C corporation. The C corporation subsidiary could elect to join in the filing of a consolidated return with its affiliated C corporations. An S corporation is not allowed to join in such election. Dividends received by an S corporation from a C corporation in which the S corporation has an 80 percent or greater ownership stake is not treated as passive investment income for purposes of sections 1362 and 1375 to the extent the dividends are attributable to the earnings and profits of the C corporation derived from the active conduct of a trade or business.

In addition, an S corporation is allowed to own a qualified subchapter S subsidiary. The term "qualified subchapter S subsidiary" means a domestic corporation that is not an ineligible corporation (i.e., a corporation that would be eligible to be an S corporation if the stock of the corporation were held directly by the shareholders of its parent S corporation) if (1) 100 percent of the stock of the subsidiary were held by its S corporation parent and (2) for which the parent elects to treat as a qualified subchapter S subsidiary. Under the election, the qualified subchapter S subsidiary is not treated as a separate corporation and all the assets, liabilities, and items of income, deduction, and credit of the subsidiary are treated as the assets, liabilities, and items of income, deduction, and credit of the parent S corporation.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

9. TREATMENT OF DISTRIBUTIONS DURING LOSS YEARS

(Sec. 1309 of the House bill and the Senate amendment.)

Present law

Under present law, the amount of loss an S corporation shareholder may take into account for a taxable year cannot exceed the sum of the shareholder's adjusted basis in his or her stock of the corporation and the adjusted basis in any indebtedness of the corporation to the shareholder. Any excess loss is carried forward.

Any distribution to a shareholder by an S corporation generally is tax-free to the shareholder to the extent of the shareholder's adjusted basis of his or her stock. The shareholder's adjusted basis is reduced by the tax-free amount of the distribution. Any distribution in excess of the shareholder's adjusted basis is treated as gain from the sale or exchange of property.

Under present law, income (whether or not taxable) and expenses (whether or not deductible) serve, respectively, to increase and decrease an S corporation shareholder's basis in the stock of the corporation. These rules require that the adjustments to basis for items of both income and loss for any taxable year apply before the adjustment for distributions applies.

These rules limiting losses and allowing tax-free distributions up to the amount of the shareholder's adjusted basis are similar in certain respects to the rules governing the treatment of losses and cash distributions by partnerships. Under the partnership rules (unlike the S corporation rules), for any taxable year, a partner's basis is first increased by items of income, then decreased by distributions, and finally is decreased by losses for that year.

In addition, if the S corporation has accumulated earnings and profits, any distribution in excess of the amount in an "accumulated adjustments account" will be treated as a dividend (to the extent of the accumulated earnings and profits). A dividend distribution does not reduce the adjusted basis of the shareholder's stock. The "accumulated adjustments account" generally is the amount of the accumulated undistributed post-1982 gross income less deductions.

House bill

The House bill provides that the adjustments for distributions made by an S corporation during a taxable year are taken into account before applying the loss limitation for the year. Thus, distributions during a year reduce the adjusted basis for purposes of determining the allowable loss for the year, but the loss for a year does not reduce the adjusted basis for purposes of determining the tax status of the distributions made during that year.

The House bill also provides that in determining the amount in the accumulated adjustment account for purposes of determining the tax treatment of distributions made during a taxable year by an S corporation having accumulated earnings and profits, net negative adjustments (i.e., the excess of losses and deductions over income) for that taxable year are disregarded.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

10. TREATMENT OF S CORPORATIONS UNDER SUBCHAPTER C

(Sec. 1310 of the House bill and the Senate amendment.)

Present law

Present law contains several provisions relating to the treatment of S corporations as corporations generally for purpose of the Internal Revenue Code.

First, under present law, the taxable income of an S corporation is computed in the same manner as in the case of an individual (sec. 1363(b)). Under this rule, the provisions of the Code governing the computation of taxable income which are applicable only to corporations, such as the dividends received deduction, do not apply to S corporations.

Second, except as otherwise provided by the Internal Revenue Code and except to the extent inconsistent with subchapter S, subchapter C (i.e., the rules relating to corporate distributions and adjustments) applies to an S corporation and its shareholders (sec. 1371(a)(1)). Under this second rule, provisions such as the corporate reorganization provisions apply to S corporations. Thus, a C corporation may merge into an S corporation tax-free.

Finally, an S corporation in its capacity as a shareholder of another corporation is treated as an individual for purposes of subchapter C (sec. 1371(a)(2)). In 1988, the Internal Revenue Service took the position that this rule prevents the tax-free liquidation of a C corporation into an S corporation because a C corporation cannot liquidate tax-free when owned by an individual shareholder.[33] In 1992, the Internal Revenue Service reversed its position, stating that the prior ruling was incorrect.[34]

House bill

The House bill repeals the rule that treats an S corporation in its capacity as a shareholder of another corporation as an individual. Thus, the provision clarifies that the liquidation of a C corporation into an S corporation will be governed by the generally applicable subchapter C rules, including the provisions of sections 332 and 337 allowing the tax-free liquidation of a corporation into its parent corporation. Following a tax-free liquidation, the built-in gains of the liquidating corporation may later be subject to tax under section 1374 upon a subsequent disposition. An S corporation also will be eligible to make a section 338 election (assuming all the requirements are otherwise met), resulting in immediate recognition of all the acquired C corporation's gains and losses (and the resulting imposition of a tax).

The repeal of this rule does not change the general rule governing the computation of income of an S corporation. For example, it does not allow an S corporation, or its shareholders, to claim a dividends received deduction with respect to dividends received by the S corporation, or to treat any item of income or deduction in a manner inconsistent with the treatment accorded to individual taxpayers.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

11. ELIMINATION OF CERTAIN EARNINGS AND PROFITS

(Sec. 1311 of the House bill and the Senate amendment.)

Present law

Under present law, the accumulated earnings and profits of a corporation are not increased for any year in which an election to be treated as an S corporation is in effect. However, under the subchapter S rules in effect before revision in 1982, a corporation electing subchapter S for a taxable year increased its accumulated earnings and profits if its earnings and profits for the year exceeded both its taxable income for the year and its distributions out of that year's earnings and profits. As a result of this rule, a shareholder may later be required to include in his or her income the accumulated earnings and profits when it is distributed by the corporation. The 1982 revision to subchapter S repealed this rule for earnings attributable to taxable years beginning after 1982 but did not do so for previously accumulated S corporation earnings and profits.

House bill

The House bill provides that if a corporation is an S corporation for its first taxable year beginning after December 31, 1995, the accumulated earnings and profits of the corporation as of the beginning of that year is reduced by the accumulated earnings and profits (if any) accumulated in any taxable year beginning before January 1, 1983, for which the corporation was an electing small business corporation under subchapter S. Thus, such a corporation's accumulated earnings and profits are solely attributable to taxable years for which an S election was not in effect. This rule is generally consistent with the change adopted in 1982 limiting the S shareholder's taxable income attributable to S corporation earnings to his or her share of the taxable income of the S corporation.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

12. CARRYOVER OF DISALLOWED LOSSES AND DEDUCTIONS UNDER THE AT-RISK RULES

(Sec. 1312 of the House bill and the Senate amendment.)

Present law

Under section 1366, the amount of loss an S corporation shareholder may take into account cannot exceed the sum of the shareholder's adjusted basis in his or her stock of the corporation and the unadjusted basis in any indebtedness of the corporation to the shareholder. Any disallowed loss is carried forward to the next taxable year. Any loss that is disallowed for the last taxable year of the S corporation may be carried forward to the post-termination period. The "post-termination period" is the period beginning on the day after the last day of the last taxable year of the S corporation and ending on the later of: (1) a date that is one year later, or (2) the due date for filing the return for the last taxable year and the 120-day period beginning on the date of a determination that the corporation's S corporation election had terminated for a previous taxable year.

In addition, under section 465, a shareholder of an S corporation may not deduct losses that are flowed through from the corporation to the extent the shareholder is not "at-risk" with respect to the loss. Any loss not deductible in one taxable year because of the at-risk rules is carried forward to the next taxable year.

House bill

Losses of an S corporation that are suspended under the at-risk rules of section 465 are carried forward to the S corporation's post-termination period.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

13. ADJUSTMENTS TO BASIS OF INHERITED S STOCK TO REFLECT CERTAIN ITEMS OF INCOME

(Sec. 1313 of the house bill and the Senate amendment.)

Present law

Income in respect to a decedent ("IRD") generally consists of items of gross income that accrued during the decedent's lifetime but were not includible in the decedent's income before his or her death under his or her method of accounting. IRD is includible in the income of the person acquiring the right to receive such item. A deduction for the estate tax attributable to an item of IRD is allowed to such person (sec. 681(c)). The cost or basis of property acquired from a decedent is its fair market value at the date of death (or alternate valuation date if that date is elected for estate tax purposes). This basis is often referred to as "stepped-up basis." Property that constitutes a right to receive IRD does not receive a stepped-up basis.

The basis of a partnership interest or corporate stock acquired from a decedent generally is stepped-up at death. Under Treasury regulations, the basis of a partnership interest acquired from a decedent is reduced to the extent that its value is attributable to items constituting IRD (Treas. reg. sec. 1.742-1). This rule insures that the items of IRD held by a partnership are not later offset by a loss arising from a stepped-up basis. Although S corporation income is taxed to its shareholders in a manner similar to the taxation of a partnership and its partners, no comparable regulation require a reduction in the basis of stock in an S corporation acquired from a decedent where the S corporation holds items of IRD.

House bill

The House bill provides that a person acquiring stock in an S corporation from a decedent would treat as IRD his or her pro rata share of any item of income of the corporation that would have been IRD if that item had been acquired directly from the decedent. Where an item is treated as IRD, a deduction for the estate tax attributable to the item generally will be allowed under the provisions of section 691(c). The stepped-up basis in the stock in an S corporation acquired from a decedent is reduced by the extent to which the value of the stock is attributable to items consisting of IRD. This basis rule is comparable to the present-law partnership rule.

Effective date.—The provision applies with respect to decedent dying after the date of enactment.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

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[33] PLR 8818049, (Feb. 10, 1988).

[34] PLR 9245004, (July 28, 1992).

14. S CORPORATION ELIGIBLE FOR RULES APPLICABLE TO REAL PROPERTY SUBDIVIDED FOR SALE BY NONCORPORATE TAXPAYERS

(Sec. 1314 of the House bill and the Senate amendment.)

Present law

Under present-law section 1237, a lot or parcel of land held by a taxpayer other than a corporation generally is not treated as ordinary income property solely by reason of the land being subdivided if: (1) such parcel had not previously been held as ordinary income property and if in the year of sale, the taxpayer did not hold other real property; (2) no substantial improvement has been made on the land by the taxpayer, a related party, a lessee, or a government; and (3) the land has been held by the taxpayer for five years.

House bill

The House bill allows the present-law capital gains presumption in the case of land held by an S corporation. It is expected that rules similar to the attribution rules for partnerships will apply to S corporation (Treas. reg. sec. 1. 1237-1(b)(3)).

Effective date.—The provision is effective for sales in taxable years beginning after December 31, 1996.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

15. CERTAIN FINANCIAL INSTITUTIONS AS ELIGIBLE CORPORATIONS

(Sec. 1315 of the Senate amendment.)

Present law

A small business corporation may elect to be treated as an S corporation. A "small business corporation" is defined as a domestic corporation which is not an ineligible corporation and which meets certain other requirements. An "ineligible corporation" means any corporation which is a member of an affiliated group, certain depository financial institutions (i.e., banks, domestic savings and loan associations, mutual savings banks, and certain cooperative banks), certain insurance companies, a section 936 corporation, or a DISC or former DISC.

House bill

No provision.

Senate amendment

A bank (as defined in sec. 581) is allowed to be an eligible small business corporation unless such institution uses a reserve method of accounting for bad debts.

Effective date.—The provision applies to taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

16. CERTAIN TAX-EXEMPT ENTITIES ALLOWED TO BE SHAREHOLDERS

(Sec. 1316 of the Senate amendment.)

Present law

A tax-exempt organization described in section 401(a) (relating to qualified retirement plan trusts) or section 501(c)(3) (relating to certain charitable organizations) cannot be a shareholder in an S corporation.

House bill

No provision.

Senate amendment

Tax-exempt organizations described in Code sections 401(a) and 501(c)(3) ("qualified tax-exempt shareholders") are allowed to be shareholders in S corporations. For purposes of determining the number of shareholders of an S corporation, a qualified tax-exempt shareholder will count as one shareholder.

Items of income or loss of an S corporation will flow-through to qualified tax-exempt shareholders as unrelated business taxable income ("UBTI"), regardless of the source or nature of such income (e.g., passive income of an S corporation will flow through to the qualified tax-exempt shareholders as UBTI.) In addition, gain or loss on the sale or other disposition of stock of an S corporation by a qualified tax-exempt shareholder will be treated as UBTI.

In addition, certain special tax rules relating to employee stock ownership plans ("ESOPs") will not apply with respect to S corporation stock held by the ESOP.

Effective date.—The provision applies to taxable years beginning after December 31, 1997.

Conference agreement

The conference agreement generally follows the Senate amendment. In addition, the conference agreement provides that if a qualified tax-exempt shareholder acquired, by purchase, stock in an S corporation (whether such stock was acquired when the corporation was a C or an S corporation) and receives a dividend distribution with respect to such S corporation stock (i.e., a distribution of subchapter C earnings and profits), except as provided in regulations the shareholder must reduce its basis in the stock by the amount of the dividend. Regulations may provide that the basis reduction only would apply to the extent the dividend is deemed to be allocable to subchapter C earnings and profits that accrued on or before the date of acquisition.

17. REELECTING SUBCHAPTER S STATUS

(Sec. 1315(b) of the House bill and sec. 1317(b) of the Senate amendment.)

Present law

A small business corporation that terminates its subchapter S election (whether by revocation or otherwise) may not make another election to be an S corporation for five taxable years unless the Secretary of the Treasury consents to such election.

House bill

For purposes of the five-year rule, any termination of subchapter S status in effect immediately before the date of enactment of the proposal is not be taken into account. Thus, any small business corporation that had terminated its S corporation election within the five-year period before the date of enactment may re-elect subchapter S status upon enactment of the bill without the consent of the Secretary of the Treasury.

Effective date.—The provision is effective for terminations occurring in a taxable year beginning before January 1, 1997.

Senate amendment

Same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

II. PENSION SIMPLIFICATION PROVISIONS

A. SIMPLIFIED DISTRIBUTION RULES

(Secs. 1401–1404 of the House bill and the Senate amendment.)

Present law

In general, a distribution of benefits from a tax-favored retirement arrangement (i.e., a qualified plan, a qualified annuity plan, and a tax-sheltered annuity contract (sec. 403(b) annuity)) generally is includable in gross income in the year it is paid or distributed under the rules relating to the taxation of annuities.

Lump-sum distributions

Lump-sum distributions from qualified plans and qualified annuity plans are eligible for special 5-year forward averaging. In general, a lump-sum distribution is a distribution within one taxable year of the balance to the credit of an employee that becomes payable to the recipient first, on account of the death of the employee, second, after the employee attains age 59½, third, on account of the employee's separation from service, or fourth, in the case of self-employed individuals, on account of disability. Lump-sum treatment is not available for distributions from a tax-sheltered annuity.

A taxpayer is permitted to make an election with respect to a lump-sum distribution received on or after the employee attains age 59½ to use 5-year forward income averaging under the tax rates in effect for the taxable year in which the distribution is made. In general, this election allows the taxpayer to pay a separate tax on the lump-sum distribution that approximates the tax that would be due if the lump-sum distribution were received in 5 equal installments. If the election is made, the taxpayer is entitled to deduct the amount of the lump-sum distribution from gross income. Only one such election on or after 59½ may be made with respect to any employee.

Under the Tax Reform Act of 1986 (the "1986 Act"), individuals who attained age 50 by January 1, 1986, can elect to use 10-year averaging (under the rates in effect prior to the 1986 Act) in lieu of 50 year averaging. In addition, such individuals may elect to retain capital gains treatment with respect to the pre-1974 portion of a lump sum distribution.

Exclusion of $5,000 for employer-provided death benefits

Under present law, the beneficiary or estate of a deceased employee generally can exclude up to $5,000 in benefits paid by or on behalf of an employer by reason of the employee's death (sec. 101(b)).

Recovery of basis

Amounts received as an annuity under a qualified plan generally are includable in income in the year received, except to the extent they represent the return of the recipient's investment in the contract (i.e., basis). Under present law, a pro-rata basis recovery rule generally applies, so that the portion of any annuity payment that represents nontaxable return of basis is determined by applying an exclusion ratio equal to the employee's total investment in the contract divided by the total expected payments over the term of the annuity.

Under a simplified alternative method provided by the IRS, the taxable portion of qualifying annuity payments is determined under a simplified exclusion ratio method.

In no event can the total amount excluded from income as nontaxable return of basis be greater than the recipient's total investment in the contract.

Required distributions

Present law provides uniform minimum distribution rules generally applicable to all types of tax-favored retirement vehicles, including qualified plans and annuities, IRAs, and tax-sheltered annuities.

Under present law, a qualified plan is required to provide that the entire interest of each participant will be distributed beginning no later than the participant's required beginning date (sec. 401(a)(9)). The required beginning date is generally April 1 of the calendar year following the calendar year in which the plan participant or IRA owner attains age 70½. In the case of a governmental plan or a church plan, the required beginning date is the later of first, such April 1, or second, the April 1 of the year following the year in which the participant retires.

House bill

Lump-sum distributions

The House bill repeals 5-year averaging for lump-sum distributions from qualified plans. Thus, the House bill repeals the separate tax paid on a lump-sum distribution and also repeals the deduction from gross income for taxpayers who elect to pay the separate tax on a lump-sum distribution.

Effective date.—The provision is effective for taxable years beginning after December 31, 1998. The House bill preserves the ability of certain individuals to elect 10-year averaging and capital gains treatment as provided under the Tax Reform Act of 1986.

Exclusion of $5,000 for employer-provided death benefits

The House bill repeals the $5,000 exclusion for employer-provided death benefits.

Effective date.—The provision applies with respect to decedents dying after date of enactment.

Recovery of basis

The House bill provides that basis recovery on payments from qualified plans generally is determined under a method similar to the present-law simplified alternative method provided by the IRS. The portion of each annuity payment that represents a return of basis equals to the employee's total basis as of the annuity starting date, divided by the number of anticipated payments under the following table:

Age	*Number of payments:*
Not more than 55	360
56–60	310
61–65	260
66–70	210
More than 70	160

Effective date.—The provision is effective with respect to annuity starting dates beginning 90 days after the date of enactment.

Required distributions

The House bill modifies the rule that requires all participants in qualified plans to commence distributions by age 70½ without regard to whether the participant is still employed by the employer and generally replaces it with the rule in effect prior to the Tax Reform Act of 1986. Under the House bill, distributions generally are required to begin by April 1 of the calendar year following the later of first, the calendar year in which the employee attains age 70½ or second, the calendar year in which the employee retires. However, in the case of a 5-percent owner of the employer, distributions are required to begin no later than the April 1 of the calendar year following the year in which the 5-percent owner attains age 70½.

In addition, in the case of an employee (other than a 5-percent owner) who retires in a calendar year after attaining age 70½, the House bill generally requires the employee's accrued benefit to be actuarially increased to take into account the period after age 70½ in which the employee was not receiving benefits under the plan. Thus, under the House bill, the employee's accrued benefit is required to reflect the value of benefits that the employee would have received if the employee had retired at age 70½ and had begun receiving benefits at that time.

The actuarial adjustment rule and the rule requiring 5-percent owners to begin distributions after attainment of age 70½ does not apply, under the House bill, in the case of a governmental plan or church plan.

Effective date.—The provision is effective for years beginning after December 31, 1996. If a participant is currently receiving distributions, but does not have to under the provision, it is intended that a plan (or annuity contract) could (but would not be required to) permit the participant, with his or her consent, with his or her consent to stop receiving distributions until such distributions are required under the provision.

Senate amendment

Lump-sum distributions

The Senate amendment is the same as the House bill.

Effective date.—The provision is effective for taxable years beginning after December 31, 1999.

Exclusion of $5,000 for employer-provided death benefits

The Senate amendment is the same as the House bill.

Recovery of basis

The Senate amendment is the same as the House bill.

Required distributions

The Senate amendment is the same as the House bill.

Conference agreement

Lump-sum distributions

The conference agreement follows the Senate amendment.

Exclusion of $5,000 for employer-provided death benefits

The conference agreement follows the Senate amendment.

Recovery of basis

The conference agreement follows the Senate amendment.

Required distributions

The conference agreement follows the House bill and the Senate amendment. The conferees intend that the actuarial adjustment rule does not apply in the case of a defined contribution plan.

B. INCREASED ACCESS TO RETIREMENT SAVINGS PLANS

1. ESTABLISH SIMPLE RETIREMENT PLANS FOR EMPLOYEES OF SMALL EMPLOYERS

(Secs. 1421–1422 of the House bill and the Senate amendment.)

Present law

Present law does not contain rules relating to SIMPLE retirement plans. However, present law does provide a number of ways in which individuals can save for retirement on a tax-favored basis. These include employer-sponsored retirement plans that meet the requirements of the Internal Revenue Code (a "qualified plan") and individual retirement arrangements ("IRAs"). Employees can earn significant retirement benefits under employer-sponsored retirement plans. However, in order to receive tax-favored treatment, such plans must comply with a variety of rules, including complex nondiscrimination and administrative rules (including top-heavy rules). Such plans are also subject to certain requirements under the labor law provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions to an IRA can also be made by an employer at the election of an employee under a salary reduction simplified employee pension ("SARSEP"). Under SARSEPs, which are not qualified plans, employees can elect to have contributions made to the SARSEP or to receive the contributions in cash. The amount elects to have contributed to the SARSEP is not currently includible in income.

House bill

In general

The House bill creates a simplified retirement plan for small business called the savings incentive match plan for employees ("SIMPLE") retirement plan. SIMPLE plans can be adopted by employers who employ 100 or fewer employees on any day during the year and who do not maintain another employer-sponsor retirement plan. A SIMPLE plan can be either an IRA for each employee or part of a qualified cash or deferred arrangement ("401(k) plan"). If established in IRA form, a SIMPLE plan is not subject to the nondiscrimination rules generally applicable to qualified plans (including the top-heavy rules) and simplified reporting requirements apply. Within limits, contributions to a SIMPLE plan are not taxable until withdrawn.

A SIMPLE plan can also be adopted as part of a 401(k) plan. In that case, the plan does not have to satisfy the special nondiscrimination tests applicable to 401(k) plans and is not subject to the top-heavy rules. The other qualified plan rules continue to apply.

SIMPLE retirement plans in IRA form.

In general.—A SIMPLE retirement plan allows employees to make elective contributions to an IRA. Employee contributions have to be expressed as a percentage of the employee's compensation, and cannot exceed $6,000 per year. The $6,000 dollar limit is indexed for inflation in $500 increments.

Under the House bill, the employer is required to satisfy one of two contribution formulas. Under the matching contribution formula, the employer generally is required to match employee elective contributions on a dollar-for-dollar basis up to 3 percent of the employee's compensation. Under a special rule, the employer can elect a lower percentage matching contribution for all employees (but not less than 1 percent of each employee's compensation). A lower percentage cannot be elected for more than 2 out of any 5 years.

Alternatively, for any year, in lieu of making matching contributions, an employer may elect to make a 2 percent of compensation nonelective contribution on behalf of each eligible employee with at least $5,000 in compensation for such year. No contributions other than employee elective contributions and required employer matching contributions (or, alternatively, required employer nonelective contributions) can be made to a SIMPLE account.

Each employee of the employer who received at least $5,000 in compensation from the employer during any 2 prior years and who is reasonably expected to receive at least $5,000 in compensation during the year generally must be eligible to participate in the SIMPLE plan. Self-employed individuals can participate in a SIMPLE plan.

All contributions to an employee's SIMPLE account have to be fully vested.

Tax treatment of SIMPLE accounts, contributions, and distributions.—Contributions to a SIMPLE account generally are deductible by the employer. In the case of matching contributions, the employer is allowed a deduction for a year only if the contributions are made by the due date (including extensions) for the employer's tax return. Contributions to a SIMPLE account are excludable from the employee's income. SIMPLE accounts, like IRAs, are not subject to tax. Distributions from a SIMPLE retirement account generally are taxed under the rules applicable to IRAs. Thus, they are includable in income when withdrawn. Tax-free rollovers can be made from one SIMPLE account to another. A SIMPLE account can be rolled over to an IRA on a tax-free basis after a two-year period has expired since the individual first participated in the SIMPLE plan. To the extent an employee is no longer participating in a SIMPLE plan (e.g., the employee has terminated employment) and 2 years have expired since the employee first participated in the SIMPLE plan, the employee's SIMPLE account is treated as an IRA.

Early withdrawals from a SIMPLE account generally are subject to the 10-percent early withdrawal tax applicable to IRAs. However, withdrawals of contributions during the 2-year period beginning on the date the employee first participated in the SIMPLE plan are subject to a 25-percent early withdrawal tax (rather than 10 percent).

Employer matching or nonelective contributions to a SIMPLE account are not treated as wages for employment tax purposes.

Administrative requirements.—Each eligible employee can elect, with the 30-day period before the beginning of any year (or the 30-day period before first becoming eligible to participate), to participate in the SIMPLE plan (i.e., to make elective deferrals), and to modify any previous elections regarding the amount of contributions. An employer is required to contribute employees' elective deferrals to the employee's SIMPLE account within 30 days after the end of the month to which the contributions relate. Employees must be allowed to terminate participation in the SIMPLE plan at any time during the year (i.e., to stop making contributions). The plan can provide that an employee who terminates participation cannot resume participation until the following year. A plan can permit (but is not required to permit) an individual to make other changes to his or her salary reduction contribution election during the year (e.g., reduce contributions). It is intended that an employer is permitted to designate a SIMPLE account trustee to which contributions on behalf of eligible employees are made.

Definitions.—For purposes of the rules relating to SIMPLE plans, compensation means compensation required to be reported by the employer on Form W-2, plus any elective deferrals of the employee. In the case of a self-employed individual, compensation means net earnings from self-employment. The term employer includes the employer and related employers. Related employers include trades or businesses under common control (whether incorporated or not), controlled groups of corporations, and affiliated service groups. In addition, the leased employee rules apply.

SIMPLE 401(k) plans

In general, under the House bill, a cash or deferred arrangement (i.e., 401(k) plan), is deemed to satisfy the special nondiscrimination tests applicable to employee elective deferrals and employer matching contributions if the plan satisfies the contribution requirements applicable to SIMPLE plans. In addition, the plan is not subject to the top-heavy rules for any year for which this safe harbor is satisfied. The plan is subject to the other qualified plan rules.

The safe harbor is satisfied if, for the year, the employer does not maintain another qualified plan and (1) employees' elective deferrals are limited to no more than $6,000, (2) the employer matches employees' elective deferrals up to 3 percent of compensation (or, alternatively, makes a 2 percent of compensation nonelective contribution on behalf of all eligible employees with at least $5,000 in compensation), and (3) no other contributions are made to the arrangement. Contributions under the safe harbor have to be 100 percent vested. The employer cannot reduce the matching percentage below 3 percent of compensation.

Repeal of SARSEPs

Under the House bill, SARSEPs are repealed.

Effective date

The provision relating to SIMPLE plans are effective for years beginning after December 31, 1996. The repeal of SARSEPs applies to years beginning after December 31, 1996, unless the SARSEP was established before January 1, 1997. Consequently, an employer is not permitted to establish a SARSEP after December 31, 1996. SARSEPs established before January 1, 1997, can continue to receive contributions under present-law rules, and new employees of the employer hired after December 31, 1996, can participate in the SARSEP in accordance with such rules.

Senate amendment

The Senate amendment is the same as the House bill, except for the following modifications.

Under the Senate amendment, a SIMPLE plan can be adopted by employers who employed 100 employees or less with at least $5,000 in compensation for the preceding year. Employers who no longer qualify are given a 2-year grace period to continue to maintain the plan.

Under the Senate amendment, eligible employees are given 60 days before the beginning of any year (or the 60-day period before first beginning eligible to participate in the plan) to elect to participate in the SIMPLE plan.

For purposes of the 2 percent of compensation nonelective contribution formula, no more than $150,000 of compensation can be taken into account in any year with respect to any eligible employee.

The Senate amendment clarifies that an employer is permitted to designate a SIMPLE account trustee to which contributions on behalf of eligible employees are made. The Senate amendment also amends title I of ERISA to provide that only simplified reporting requirements apply to SIMPLE plans and so that the employer (and any other plan fiduciary) will not be subject to fiduciary liability resulting from the employee (or beneficiary) exercising control over the assets in the SIMPLE account. For this purpose, an employee (or beneficiary) is treated as exercising control over the assets in his or her account upon the earlier of (1) an affirmative election with respect to the initial investment of any contributions, (2) a rollover contribution (including a trustee-to-trustee transfer) to another SIMPLE account or IRA, or (3) one year after the SIMPLE account is established.

Conference agreement

The conference agreement follows the Senate amendment.

2. TAX-EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(K)

(Sec. 1426 of the House bill and the Senate amendment.)

Present law

Under present law, tax-exempt and State and local government organizations are generally prohibited from establishing qualified cash or deferred arrangements (sec. 401(k) plans. Qualified cash or deferred arrangements (1) or rural cooperatives, (2) adopted by State and local governments before May 6, 1986, or (3) adopted by tax-exempt organizations before July 2, 1986, are not subject to this prohibition.

House bill

The House bill allows tax-exempt organizations (including, for this purpose, Indian tribal governments, a subdivision of an Indian tribal government, an agency or instrumentality of an Indian tribal government or subdivision thereof, or a corporation chartered under Federal, State, or tribal law which is owned in whole or in part by any of such entities) to maintain qualified cash or deferred arrangements. The House bill retains the present-law prohibition against the maintenance of cash or deferred arrangements by State and local governments except to the extent it may apply to Indian tribal governments.

Effective date.—The provision is effective for plan years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill, except that the legislative history to the Senate amendment provides that no inference is intended with respect to whether Indian tribal governments are permitted to maintain qualified cash or deferred arrangements under present law.

Conference agreement

The conference agreement follows the Senate amendment. Thus, under the conference agreement, no inference is intended with respect to whether Indian tribal governments are permitted to maintain qualified cash or deferred arrangements under present law.

3. SPOUSAL IRAS

(Sec. 1427 of the Senate amendment.)

Present law

Within limits, an individual is allowed a deduction for contributions to an individual retirement account or an individual retirement annuity (an "IRA"). An individual generally is not subject to income tax on amounts held on an IRA, including earnings on contributions, until the amounts are withdrawn from the IRA.

Under present law, the maximum deductible contribution that can be made to an IRA generally is the lesser $2,000 or 100 percent of an individual's compensation (earned income in the case of a self-employed individual). In the case of a married individual whose spouse has no compensation (or elects to be treated as having no compensation), the $2,000 maximum limit on IRA contributions is increased to $2,250.

House bill

No provision.

Senate amendment.

The Senate amendment permits deductible IRA contributions of up to $2,000 to be made for each spouse (including, for example, a homemaker who does not work outside the home) if the combined compensation of both spouses is at least equal to the contributed amount.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

C. NONDISCRIMINATION PROVISIONS

1. DEFINITION OF HIGHLY COMPENSATED EMPLOYEES AND REPEAL OF FAMILY AGGREGATION RULES

(Sec. 1431 of the House bill and the Senate amendment.)

Present law

Definition of highly compensated employee

An employee, including a self-employed individual, is treated as highly compensated if, at any time during the year or the preceding year, the employee (1) was a 5-percent owner of the employer, (2) received more than $100,000 (for 1996) in annual compensation from the employer, (3) received more than $66,000 (for 1996) in annual compensation from the employer and was one of the top-paid 20 percent of employees during the same year, or (4) was an officer of the employer who received compensation in excess of $60,000 (for 1996). If, for any year, no officer has compensation in excess of the threshold, then the highest paid officer of the employer is treated as a highly compensated employee.

Family aggregation rules

A special rule applies with respect to the treatment of family members of certain highly compensated employees for purposes of the nondiscrimination rules applicable to qualified plans. Under the special rule, if an employee is a family member of either a 5-percent owner or 1 of the top-10 highly compensated employees by compensation, then any compensation paid to such family member and any contribution or benefit under the plan on behalf of such family member is aggregated with the compensation paid and contributions or benefits on behalf of the 5-percent owner or the highly compensated employee in the top-10 employees by compensation.

Similar family aggregation rules apply with respect to the $150,000 (for 1996) limit on compensation that may be taken into account under a qualified plan (sec. 401(a)(17)) and for deduction purposes (sec. 404(l)).

House bill

Definition of highly compensated employee

Under the House bill, an employee is treated as highly compensated if the employee (1) was a 5-percent owner of the employer at any tie during the year or the preceding year or (2) had compensation for the preceding year in excess of $80,000 (indexed for inflation) and the employee was in the top 20 percent employees by compensation for such year. The House bill also repeals the rule requiring the highest paid officer to be treated as a highly compensated employee.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Family aggregation rules

The House bill repeals the family aggregation rules.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Senate amendment

Definition of highly compensated employee

The Senate amendment is the same as the House bill, except an employee who had compensation for the preceding year in excess of $80,000 is treated as highly compensated without regard to whether the employee was in the top 20 percent of employees by compensation.

Family aggregation rules

The Senate amendment is the same as the House bill.

Conference agreement

Definition of highly compensated employee

The conference agreement follows the House bill and the Senate amendment. Thus, under the conference agreement, a plan may elect for a plan year to use either the definition of highly compensated employee in the House bill or the Senate amendment.

Family aggregation rules

The conference agreement follows the House bill and the Senate amendment.

2. MODIFICATION OF ADDITIONAL PARTICIPATION REQUIREMENTS

(Sec. 1432 of the House bill and the Senate amendment.)

Present law

Under present law, a plan is not a qualified plan unless it benefits no fewer than the lesser of (a) 50 employees of the employer or (b) 40 percent of all employees of the employer (sec. 401(a)(26)). This requirement may not be satisfied by aggregating comparable plans, but may be applied separately to different lines of business of the employer. A line of business of the employer does not qualify as a separate line of business unless it has at least 50 employees.

House bill

The House bill provides that the minimum participation rule applies only to defined benefit pension plans. In addition, the House bill provides that a defined benefit pension plan does not satisfy the rule unless it benefits no fewer than the lesser of (1) 50 employees or (2) the greater of (a) 40 percent of all employees of the employer or (b) 2 employees (1 employee if there is only 1 employee).

The House bill provides that the requirement that a line of business has at least 50 employees does not apply in determining whether a plan satisfies the minimum participation rule on a separate line of business basis.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. NONDISCRIMINATION RULES FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS AND MATCHING CONTRIBUTIONS

(Sec. 1433 of the House bill and the Senate amendment.)

Present law

Under present law, a special nondiscrimination test applies to qualified cash or deferred arrangements (sec. 401(k) plans). The special nondiscrimination test is satisfied if the actual deferral percentage ("ADP") for eligible highly compensated employees for a plan year is equal to or less than either (1) 125 percent of the ADP of all nonhighly compensated employees eligible to defer under the arrangement or (2) the lesser of 200 percent of the ADP of all eligible nonhighly compensated employees or such ADP plus 2 percentage points.

Employer matching contributions and after-tax employee contributions under qualified defined contribution plans are subject to a special nondiscrimination test (the actual contribution percentage ("ACP") test) similar to the special nondiscrimination test applicable to qualified cash or deferred arrangements. Employer matching contributions that satisfy certain requirements can be used to satisfy the ADP test, but, to the extent so used, such contributions cannot be considered when calculating the ACP test.

A plan that would otherwise fail to meet the special nondiscrimination test for qualified cash or deferred arrangements is not treated as failing such test if excess contributions (with allocable income) are distributed to the employee or, in accordance with Treasury regulations, recharacterized as after-tax employee contributions. For purposes of this rule, in determining the amount of excess contributions and the employees to whom they are allocated, the elective deferrals of highly compensated employees are reduced in the order of their actual deferral percentage beginning with those highly compensated employees with the highest actual deferral percentages. A similar rule applies to employer matching contributions.

House bill

Prior-year data

The House bill modifies the special nondiscrimination tests applicable to elective deferrals and employer matching and after-tax employee contributions to provide that the maximum permitted actual deferral percentage (and actual contribution percentage) for highly compensated employees for the year is determined by reference to the actual deferral percentage (and actual contribution percentage) for nonhighly compensated employees for the preceding, rather than the current, year. A special rule applies for the first plan year.

Alternatively, under the House bill, an employer is allowed to elect to use the current year actual deferral percentage (and actual contribution percentage). Such an election can be revoked only as provided by the Secretary.

Safe harbor for cash or deferred arrangements

The House bill provides that a cash or deferred arrangement satisfies the special nondiscrimination tests if the plan satisfies one of two contribution requirements and satisfies a notice requirement.

A plan satisfies the contribution requirements under the safe harbor rule for qualified cash or deferred arrangements if the plan either first, satisfies a matching contribution requirement or second, the employer makes a nonelective contribution to a defined contribution plan of at least 3 percent of an employee's compensation on behalf of each nonhighly compensated employee who is eligible to participate in the arrangement without regard to whether the employee makes elective contributions under the arrangement.

A plan satisfies the matching contribution requirement if, under the arrangement: first, the employer makes a matching contribution on behalf of each nonhighly compensated employee that is equal to (a) 100 percent of the employee's elective contributions up to 3 percent of compensation and (b) 50 percent of the employee's elective contributions from 3 to 5 percent of compensation; and second, the rate of match with respect to any elective contribution for highly compensated employees is not greater than the rate of match for nonhighly compensated employees.

Alternatively, if the rate of matching contribution with respect to any rate of elective contribution requirement is not equal to the percentages described in the preceding paragraph, the matching contribution requirement will be deemed to be satisfied if first, the rate of an employer's matching contribution does not increase as an employer's rate of elective contribution increases and second, the aggregate amount of matching contributions at such rate of elective contribution at least equals the aggregate amount of matching contributions that would be made if matching contributions satisfied the above percentage requirements.

Employer matching and nonelective contributions used to satisfy the contribution requirements of the safe harbor rules are required to be nonforfeitable and are subject to the restrictions on withdrawals that apply to an employee's elective deferrals under a qualified cash or deferred arrangement (sec. 401(k)(2)(B) and (C)). It is intended that employer matching and nonelective contributions used to satisfy the contribution requirements of the safe harbor rules can be used to satisfy other qualified retirement plan nondiscrimination rules (except the special nondiscrimination test applicable to employer matching contributions (the ACP test)). So, for example, a cross-tested defined contribution plan that includes a qualified cash or deferred arrangement can consider such employer matching and nonelective contributions in testing.

The notice requirement is satisfied if each employee eligible to participate in the arrangement is given written notice, within a reasonable period before any year, of the employee's rights and obligations under the arrangement.

Alternative method of satisfying special nondiscrimination test for matching contributions

The House bill provides a safe harbor method of satisfying the special nondiscrimination test applicable to employer matching contributions (the ACP test). Under this safe harbor, a plan is treated as meeting the special nondiscrimination test if first, the plan meets the contribution and notice requirements applicable under the safe harbor method of satisfying the special nondiscrimination requirement for qualified cash or deferred arrangements, and second, the plan satisfies a special limitation on matching contributions.

The limitation on matching contributions is satisfied if: first, the employer matching contributions on behalf of any employee may not be made with respect to employee contributions or elective deferrals in excess of 6 percent of compensation; second, the rate of an employer's matching contribution does not increase as the rate of an employee's contributions or elective deferrals increases; and third, the matching contribution with respect to any highly compensated employee at any rate of employee contribution or elective deferral is not greater than that with respect to an employee who is not highly compensated.

Any after-tax employee contributions made under the qualified cash or deferred arrangement will continue to be tested under the ACP test. Employer matching and nonelective contributions used to satisfy the safe harbor rules for qualified cash or deferred arrangements cannot be considered in calculating such test. However, employer matching and nonelective contributions in excess of the amount required to satisfy the safe harbor rules for qualified cash or deferred arrangements can be taken into account in calculating such test.

Distribution of excess contributions and excess aggressive contributions

The House bill provides that the total amount of excess contributions (and excess aggregate contributions) is determined as under present law, but the distribution of excess contributions (and excess aggregate contributions) are required to be made on the basis of the amount of contribution by, or on behalf of, each highly compensated employee. Thus, excess contributions (and excess aggregate contributions) are deemed attributable first to those highly compensated employees who have the greatest dollar amount of elective deferrals.

Effective date

The provisions relating to use of prior-year data and the distribution of excess contributions and excess aggregate contributions are effective for years beginning after December 31, 1996. The provisions providing for a safe harbor for qualified cash or deferred arrangements and the alternative method of satisfying the special nondiscrimination test for matching contributions are effective for years beginning after December 31, 1988.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

4. DEFINITION OF COMPENSATION FOR PURPOSES OF THE LIMITS ON CONTRIBUTIONS AND BENEFITS

(Sec. 1434 of the House bill and the Senate amendment.)

Present law

Present law imposes limits on contributions and benefits under qualified plans based on the type of plan. For purposes of these limits, present law provides that the definition of compensation generally does not include elective employee contributions to certain employee benefit plans.

House bill

The House bill provides that elective deferrals to section 401(k) plans and similar arrangements, elective contributions to nonqualified deferred compensation plans of tax-exempt employers and State and local governments (sec. 457 plans), and salary reduction contributions to a cafeteria plan are considered compensation for purposes of the limits on contributions and benefits.

Effective date.—The provision is effective for years beginning after December 31, 1997.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

D. MISCELLANEOUS PENSION SIMPLIFICATION

1. PLAN COVERING SELF-EMPLOYED INDIVIDUALS

(Sec. 1441 of the House bill and the Senate amendment.)

PRESENT LAW

Under present law, certain special aggregation rules apply to plans maintained by owner employees of unincorporated businesses that do not apply to other qualified plans (sec. 401(d)(1) and (2)).

House bill

The House bill eliminates the special aggregation rules that apply to plans maintained by self-employed individuals that do not apply to other qualified plans.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

2. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS

(Sec. 1442 of the House bill and the Senate amendment.)

Present law

Under present law, except in the case of multiemployer plans, a plan is not a qualified plan unless a participant's employer-provided benefit vests at least as rapidly as under one of two alternative minimum vesting schedules. A plan satisfies the first schedule if a participant acquires a nonforfeitable right to 100 percent of the participant's accrued benefit derived from employer contributions upon the participant's completion of 5 years of service. A plan satisfies the second schedule if a participant has a nonforfeitable right to at least 10 percent of the participant's accrued benefit derived from employer contributions after 3 years of service, 40 percent at the end of 4 years of service, 60 percent at the end of 5 years of service, 80 percent at the end of 6 years of service, and 100 percent at the end of 7 years of service.

In the case of a multiemployer plan, a participant's accrued benefit derived from employer contributions is required to be 100-percent vested no later than upon the participant's completion of 10 years of service. This special rule applies only to employees covered by the plan pursuant to a collective bargaining agreement.

House bill

The House bill conforms the vesting rules for multiemployer plans to the rules applicable to other qualified plans.

Effective date.—The provision is effective for plan years beginning on or after the earlier of (1) the later of January 1, 1997, or the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates, or (2) January 1, 1999, with respect to participants with an hour of service after the effective date.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

3. DISTRIBUTIONS UNDER RURAL COOPERATIVE PLANS

(Sec. 1443 of the House bill and the Senate amendment.)

Present law

A qualified cash or deferred arrangement can permit withdrawals of employee elective deferrals only after the earlier of (1) the participant's separation from service, death, or disability, (2) termination of the arrangement, or (3) in the case of a profit-sharing or stock bonus plan, the attainment of age 59½ or the occurrence of a hardship of the participant. In the case of a money purchase pension plan, including a rural cooperative plan, withdrawals by participants cannot occur upon attainment of age 59½ or upon hardship.

House bill

The House bill provides that a rural cooperative plan that includes a cash or deferred arrangement may permit distributions to plan participants after the attainment of age 59½ or on account of hardship. In addition, the definition of a rural cooperative is expanded to include certain public utility districts.

Effective date.—The provision generally is effective for distributions after the date of enactment. The modifications to the definition of a rural cooperative apply to plan years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

4. TREATMENT OF GOVERNMENTAL PLANS UNDER SECTION 415

(Sec. 1444 of the House bill and the Senate amendment.)

Present law

Present law imposes limits on contributions and benefits under qualified plans based on the type of plan (sec. 415). Certain special rules apply to State and local governmental plans under which such plans may provide benefits greater than those permitted by the limits on benefits applicable to plans maintained by private employers.

In the case of defined benefit pension plans, the limit on the annual retirement benefit is the lesser of (1) 100 percent of compensation or (2) $120,000 (indexed for inflation). The dollar limit is reduced in the case of early retirement or if the employee has less than 10 years of plan participation.

House bill

The House bill makes the following modifications to the limits on contributions and benefits as applied to governmental plans: (1) the 100 percent of compensation limitation on defined benefit pension plan benefits would not apply; and (2) the early retirement reduction and the 10-year phase-in of the defined benefit pension plan dollar limit would not apply to certain disability and survivor benefits.

The House bill also permits State and local government employers to maintain excess benefit plans without regard to the limits on unfunded deferred compensation arrangements of State and local government employers (sec. 457).

Effective date—The provision is effective for years beginning after December 31, 1994. No inference is intended with respect to whether a governmental plan complies with the requirements of section 415 with respect to years beginning before January 1, 1995. With respect to such years, the Secretary is directed to enforce the requirements of section 415 consistent with the provision.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

5. UNIFORM RETIREMENT AGE

(Sec. 1445 of the House bill and the Senate amendment.)

Present law

A qualified plan generally must provide that payment of benefits under the plan must begin no later than 60 days after the end of the plan year in which the participant reaches age 65. Also, for purpose of the vesting and benefit accrual rules, normal retirement age generally can be no later than age 65. For purposes of applying the limits on contributions and benefits (sec. 415), Social Security retirement age is generally used as retirement age. The Social Security retirement age as used for such purposed is presently age 65, but is scheduled to gradually increase.

House bill

The House bill provides that for purposes of the general nondiscrimination rules (sec. 401(a)(4)) the Social Security retirement age (as defined in sec. 415) is a uniform retirement age and that subsidized early retirement benefits and joint and survivor annuities are not treated as not being available to employees on the same terms merely because they are based on an employee's Social Security retirement age (as defined in sec. 415).

Effective date.—The provision is effective for years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

6. CONTRIBUTIONS ON BEHALF OF DISABLED EMPLOYEES

(Sec. 1446 of the House bill and the Senate amendment.)

Present law

Under present law, an employer may elect to continue deductible contributions to a defined contribution plan on behalf of an employee who is permanently and totally disabled. For purposes of the limit on annual additions (sec. 415(c)), the compensation of a disabled employee is deemed to be equal to the annualized compensation of the employee prior to the employee's becoming disabled. Contributions are not permitted on behalf of disabled employees who were officer, owners, or highly compensated before they become disabled.

House bill

The House bill provides that the special rule for contributions on behalf of disabled employees is applicable without an employer election and to highly compensated employees if the defined contribution plan provides for the continuation of contributions on behalf of all participants who are permanently and totally disabled.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

7. TREATMENT OF DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS

(Sec. 1447 of the House bill and the Senate amendment.)

Present law

Under an unfunded deferred compensation plan of a State or local government or a tax-exempt organization (a "sec. 457 plan"), an employee who elects to defer the receipt of current compensation is taxed on the amounts deferred when such amounts are paid or made available. The maximum annual deferral under such a plan is the lesser of (1) $7,500 or (2) 33⅓ percent of compensation (net of the deferral).

Amounts deferred under a section 457 plan may not be made available to an employee before the earliest of (1) the calendar year in which the participant attains age 70½, (2) when the participant is separated from the service with the employer, or (3) when the participant is faced with an unforeseeable emergency.

Benefits under a section 357 plan are not treated as made available if the participant may elect to receive a lump sum payable after separation from service and within 60 days of the election. This exception is available only if the total amount payable to the participant under the plan does not exceed $3,500 and no additional amounts may be deferred under the plan with respect to the participant.

House bill

The House bill makes three changes to the rules governing section 457 plans.

The House bill: (1) permits in-service distributions of accounts that do not exceed $3,500 under certain circumstances; (2) increases the number of elections that can be made with respect to the time distributions must begin under the plan; and (3) provides for indexing (in $500 increments) of the dollar limit on deferrals.

Effective date.—The provision is effective for taxable years beginning after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

8. TRUST REQUIREMENT FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS

(Sec. 1448 of the House bill and the Senate amendment.)

Present law

Until deferrals under an unfunded deferred compensation plan of a State or local government or a tax-exempt organization (a "sec. 457 plan") are made available to a plan participant, the amounts deferred, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights must remain solely the property and rights of the employer, subject only to the claims of the employer's general creditors.

House bill

Under the House bill, all amounts deferred under a section 457 plan maintained by a State and local governmental employer have to be held in trust (or custodial account or annuity contract) for the exclusive benefit of employees. The trust (or custodial account or annuity contract) is provided tax-exempt status. Amounts are not considered made available merely because they are held in a trust, custodial account, or annuity contract.

Effective date.—The provision generally is effective with respect to amounts held on or after the date of enactment. In the case of amounts deferred before the date of enactment (and income thereon), the trust requirement does not have to be satisfied until January 1, 1999.

Senate amendment

The Senate amendment is the same as the House bill.

Effective date.—The Senate amendment is the same as the House bill, except that in the case of plans in existence on the date of enactment, the trust requirement does not have to be satisfied until January 1, 1999. Thus, deferrals prior to and after the date of enactment (and earnings thereon) do not have to be held in trust (or custodial account or annuity contract) until January 1, 1999.

Conference agreement

The conference agreement follows the House bill and the Senate amendment. The conference agreement clarifies that amounts held in trust (or custodial account or annuity contract), may be loaned to plan participants (or beneficiaries) pursuant to rules applicable to loans from qualified plans (sec.

72(p)).[35] A section 457 plan is not required to permit loans. The conferees intend that the income inclusion rules in the Code (secs. 83 and 402(b), do not apply to amounts deferred under the section 457 plan (and income thereon) merely because such amounts are contributed to the trust (or custodial account or annuity contract).

Effective date.—The conference agreement follows the House bill and the Senate amendment. Under the conference agreement, in the case of plans in existence on the date of enactment, the trust requirement does not have to be satisfied until January 1, 1999. Thus, deferrals prior to and after the date of enactment (and earnings thereon) do not have to be held in trust (or custodial account or annuity contract) until January 1, 1999.

9. CORRECTION OF GATT INTEREST AND MORTALITY RATE PROVISIONS IN THE RETIREMENT PROTECTION ACT

(Sec. 1449 of the House bill and the Senate amendment.)

Present law

The Retirement Protection Act of 1994, enacted as part of the implementing legislation for the General Agreement on Tariffs and Trade ("GATT"), modified the acturial assumptions that must be used in adjusting benefits and limitations. In general, in adjusting a benefit that is payable in a form other than a straight life annuity and in adjusting the dollar limitation if benefits begin before age 62, the interest rate to be used cannot be less than the greater of 5 percent or the rate specified in the plan. Under GATT, if the benefit is payable in a form subject to the requirements of section 417(e)(3), then the interest rate on 30-year Treasury securities is substituted for 5 percent. Also under GATT, for purposes of adjusting any limit or benefit, the mortality table prescribed by the Secretary must be used.

This provision of GATT is generally effective as of the first day of the first limitation year beginning in 1995.

GATT made similar changes to the interest rate and mortality assumptions used to calculate the value of lump-sum distributions for purposes of the rule permitting involuntary dispositions of certain accrued benefits. In the case of a plan adopted and in effect before December 8, 1995, those provisions do not apply before the earlier of (1) the date a plan amendment applying the new assumption is adopted or made effective (whichever is later), or (2) the first day of the first plan year beginning after December 31, 1999.

House bill

The House bill conforms the effective date of the new interest rate and mortality assumptions that must be used under section 415 to calculate the limits on benefits and contributions to the effective date of the provision relating to the calculation of lump-sum distributions. This rule applies only in the case of plans that were adopted and in effect before the date of enactment of GATT (December 8, 1994). To the extent plans have already been amended to reflect the new assumptions, plan sponsors are permitted within 1 year of the date of enactment to amend the plan to reverse retroactively such amendment.

The House bill also repeals the GATT provision which requires that if the benefit is payable before age 62 in a form subject to the requirements of section 417(e)(3) (e.g., lump sum), then the interest rate to be used to reduce the dollar limit on benefits under section 415 cannot be less than the greater of the rate on 30-year Treasury securities or the rate specified in the plan. Consequently, regardless of the form of benefit, the interest rate to be used cannot be less than the greater of 5 percent or the rate specified in the plan.

Effective date.—The provision is effective as if included in GATT.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

10. MULTIPLE SALARY REDUCTION AGREEMENTS PERMITTED UNDER SECTION 403(B)

(Sec. 1450(a) of the House bill and the Senate amendment.)

Present law

Under Treasury regulations, a participant in a tax-sheltered annuity plan (sec. 403(b)) is not permitted to enter into more than one salary reduction agreement in any taxable year.

These restrictions do not apply to other elective deferral arrangements such as a qualified cash or deferred arrangement (sec. 401(k)).

House bill

Under the House bill, for participants in a tax-sheltered annuity plan, the frequency that a salary reduction agreement may be entered into the compensation to which such agreement applies, and the ability to revoke such agreement shall be determined under the rules applicable to qualified cash or deferred arrangements.

Effective date.—The provision is effective for taxable years beginning after December 31, 1995.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

11. TREATMENT OF INDIAN TRIBAL GOVERNMENTS UNDER SECTION 403(B)

(Sec. 1450(b) of the House bill and the Senate amendment.)

Present law

Under present law, certain tax-exempt employers and certain State and local government educational organizations are permitted to maintain tax-sheltered annuity plans (sec. 403(b)). Indian tribal governments are treated as States for this purpose, so certain educational organizations associated with a tribal government are eligible to maintain tax-sheltered annuity plans.

House bill

The House bill provides that any section 403(b) annuity contract purchased in a plan year beginning before January 1, 1995, by an Indian tribal government will be treated as purchased by an entity permitted to maintain a tax-sheltered annuity plan. The House bill also provides that such contracts may be rolled over into a section 401(k) plan maintained by the Indian tribal government.

Effective date.—The provision is effective on the date of enactment.

Senate amendment

The Senate amendment provides that any section 403(b) annuity contract purchased in a plan year beginning before January 1, 1997, by an Indian tribal government will be treated as purchased by an entity permitted to maintain a tax-sheltered annuity plan. The Senate amendment also provides that such contracts may be rolled over into a section 401(k) plan maintained by the Indian tribal government.

In addition, beginning January 1, 1997, Indian tribal governments are permitted to maintain tax-sheltered annuity plans.

Effective date.—The provision generally is effective on the date of enactment, except that the provision permitting Indian tribal governments to maintain tax-sheltered annuity plans is effective for taxable years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the House bill.

12. APPLICATION OF ELECTIVE DEFERRAL LIMIT TO SECTION 403(B) CONTRACTS

(Sec. 1450(c) of the House bill and the Senate amendment.)

Present law

A tax-sheltered annuity plan must provide that elective deferrals made under the plan on behalf of an employee may not exceed the annual limit on elective deferrals ($9,500 for 1996). Plans that do not comply with this requirement may lose their tax-favored status.

House bill

Under the House bill, each tax-sheltered annuity contract, not the tax-sheltered annuity plan, must provide that elective deferrals made under the contract may not exceed the annual limit on elective deferrals. It is intended that the contract terms be given effect in order for this requirement to be satisfied.

Effective date.—The provision is effective for years beginning after December 31, 1995, except that an annuity contract is not required to meet any change in any requirement by reason of the provision before the 90th day after the date of enactment. No inference is intended as to whether the exclusion of elective deferrals from gross income by employees who have not exceeded the annual limit on elective deferrals is affected to the extent other employees exceed the annual limit prior to the effective date of this provision.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

13. WAIVER OF MINIMUM WAITING PERIOD FOR QUALIFIED PLAN DISTRIBUTIONS

(Sec. 1451 of the House bill.)

Present law

Under present law, in the case of a qualified joint and survivor annuity ("QJSA"), a written explanation of the form of benefit must generally be provided to participants no less than 30 days and no more than 90 days before the annuity starting date. Temporary Treasury regulations provide that a plan may permit a participant to elect (with any applicable spousal consent) a distribution with an annuity starting date before 30 days have elapsed since the explanation was provided, as long as the distribution commences more than seven days after the explanation was provided.

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[35] Under section 72(p), a loan from a plan is treated as a distribution unless the loan generally (1) does not exceed certain limits (generally, the lesser of $50,000 or one-half of the participant's vested plan benefit; (2) must be repaid within 5 years; and (3) must be amortized on a substantially level basis with payments at least quarterly.

House bill

The House bill provides that the minimum period between the date the explanation of the qualified joint and survivor annuity is provided and the annuity starting date does not apply if it is waived by the participant and, if applicable, the participant's spouse.

Effective date.—The provision is effective with respect to plan years beginning after December 31, 1996.

Senate amendment

No provision.

Conference agreement

The conference agreement codifies the provision in the temporary Treasury regulations which provides that a plan may permit a participant to elect (with any applicable spousal consent) a distribution with an annuity starting date before 30 days have elapsed since the explanation was provided, as long as the distribution commences more than seven days after the explanation was provided. The conference agreement also provides that a plan is permitted to provide the explanation after the annuity starting date if the distribution commences at least 30 days after such explanation was provided, subject to the same waiver of the 30-day minimum waiting period as described above. This is intended to allow retroactive payments of benefits which are attributable to the period before the explanation was provided.

14. EXPANSION OF PBGC MISSING PARTICIPANT PROGRAM

(Sec. 1451 of the Senate amendment.)

Present law

The Retirement Protection Act ("RPA"), enacted as part of the legislation implementing the General Agreement on Tariffs and Trade ("GATT") in 1994, provided special rules for the payment of benefits with respect to missing participants under a terminating single-employer defined benefit plan covered by the Pension Benefit Guaranty Corporation ("PBFC"). These rules generally required the plan administrator to (1) transfer the missing participant's designated benefit to the PBGC or purchase an annuity from an insurer to satisfy the benefit liability, and (2) provide the PBGC with such information and certifications with respect to the benefits or annuity as the PBGC may specify. The missing participant program does not apply to multiemployer defined benefit plans, defined contribution plans, and defined benefit plans not covered by the PBGC (generally governmental plans, church plans, and plans sponsored by professional service employers with less than 25 employees).

House bill

No provision.

Senate amendment

The missing participant program is generally expanded to be available to multiemployer defined benefit plans, defined contribution plans, and defend benefit plans not covered by the PBGC (other than governmental and church plans). Under the Senate amendment, the present law missing participant program applicable to single-employer defined benefits plans applies to a terminating muiltiemployer defined benefit plan under rules prescribed by the PBGC.

In the case of a terminating defined contribution plan or a terminating defined benefit plan not covered by the PBGC, the missing participant program does not apply unless the plan elects to transfer a missing participant's benefits to the PBGC. To the extent provided in regulations issued by the PBGC, the administrator of the plan making such an election is required to provide the PBGC with information with respect to the benefits of a missing participant. Upon location of the missing participant, the missing participant's benefits would be paid by the PBGC in a lump sum or in such other form as specified in regulations.

Effective date.—The provisions is effective with respect to distribution made on or after the date final regulations implementing the provision are issued by the PBGC.

Conference agreement

The conference agreement does not include the Senate amendment provision.

15. REPEAL OF COMBINED PLAN LIMIT

(Sec. 1452 of the House bill and the Senate amendment.)

Present law

Combined plan limit

Present law provides limits on contributions and benefits under qualified retirement plans based on the type of plan (i.e., based on whether the plan is a defined contribution plan or a defined benefit pension plan). In the case of a defined contribution plan, annual contributions are generally limited to the lesser of $30,000 (for 1996) and 25 percent of compensation. In the case of a defined benefit pension plan, the annual benefit is generally limited to the lesser of $120,000 (for 1996) and 100 percent of the participant's average compensation for the highest 3 years. An overall limit applies if an individual is a participant in both a defined benefit pension plan and a defined contribution plan (called the combined plan limit).

Excess distribution tax

Present law imposes a 15-percent excise tax on excess distributions from qualified retirement plans, tax-sheltered annuities, and IRAs. Excess distributions are generally the aggregate amount of retirement distributions from such plans during any calendar year in excess of $150,000 (or $750,000 in the case of a lump-sum distribution). An additional 15-percent estate tax is also imposed on an individual's excess retirement accumulation.

House bill

Combined plan limit

The House bill repeals the combined plan limit.

Effective date.—The provision repealing the combined plan limit is effective with respect to limitation years beginning after December 31, 1998.

Excess distribution tax

Until the repeal of the combined plan limit is effective, the House bill suspends the excise tax on excess distributions. The additional estate tax on excess accumulations continues to apply.

Effective date.—The provision relating to the excise tax on excess distributions is effective with respect to distributions received in 1996, 1997, and 1998.

Senate amendment

Combined plan limit

The Senate amendment is the same as the House bill.

Effective date.—The provision repealing the combined plan limit is effective with respect to limitation years beginning after December 31, 1999.

Excess distribution tax

The Senate amendment is the same as the House bill.

Effective date.—The provision relating to the excise tax on excess distribution is effective with respect to distributions received in 1997, 1998, and 1999.

Conference agreement

Combined plan limit

The conference agreement follows the Senate amendment.

Excess distribution tax

The conference agreement follows the Senate amendment.

16. TAX ON PROHIBITED TRANSACTIONS

(Sec. 1453 of the House bill and the Senate amendment.)

Present law

Present law prohibits certain transactions (prohibited transactions) between a qualified plan and a disqualified person in order to prevent with a close relationship to the qualified plan from using that relationship to the detriment of plan participants and beneficiaries. A two-tier excise tax is imposed on prohibited transactions. The initial level tax is equal to 5 percent of the amount involved with respect to the transaction. If the transaction is not corrected within a certain period, a tax equal to 100 percent of the amount involved may be imposed.

House bill

The House bill increases the initial-level prohibited transaction tax from 5 percent to 10 percent.

Effective date.—The provision is effective with respect to prohibited transactions occuring after the date of enactment.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

17. TREATMENT OF LEASED EMPLOYEES

(Sec. 1454 of the House bill and the Senate amendment.)

Present law

An individual (a leased employee) who performs services for another person (the recipient) may be required to be treated as the recipient's employee for various employee benefit provisions, if the services are performed pursuant to an agreement between the recipient and any other person (the leasing organization) who is otherwise treated as the individual's employer (sec. 414(n)). The individual is to be treated as the recipient's employee only if the individual has performed services for the recipient on a substantially full-time basis for a year, and the services are of a type historically performed by employees in the recipient's business field.

An individual who otherwise would be treated as a recipient's leased employee will not be treated as such an employee if the individual participates in a safe harbor plan maintained by the leasing organization meeting certain requirements. Each leased employee is to be treated as an employee of the recipient, regardless of the existence of a safe harbor plan, if more than 20 percent of an employer's nonhighly compensated workforce are leased.

House bill

Under the House bill, the present-law "historically performed" test is replaced with a new test under which an individual is not considered a leased employee unless the individual's services are performed under primary direction or control by the service recipient. As under present law, the determination of whether someone is a leased employee is made after determining whether the individual is a common-law employee of the recipient. Thus, an individual who is not a common-law employee of the service recipient could nevertheless be a leased employee of the service recipient. Similarly, the fact that a person is or is not found to perform services under primary direction or control of the recipient for purposes of the employee leasing rules is not determinative of whether the person is or is not a common-law employee of the recipient.

Whether services are performed by an individual under primary direction or control by the service recipient depends on the facts and circumstances. In general, primary direction and control means that the service recipient exercises the majority of direction and control over the individual. Factors that are relevant in determining whether primary direction or control exists include whether the individual is required to comply with instructions of the service recipient about when, where, and how he or she is to perform the services, whether the services must be performed by a particular person, whether the individual is subject to the supervision of the service recipient, and whether the individual must perform services in the order or sequence set by the service recipient. Factors that generally are not relevant in determining whether such direction or control exists include whether the service recipient has the right to hire or fire the individual and whether the individual works for others.

For example, an individual who works under the direct supervision of the service recipient would be considered to be subject to primary direction or control of the service recipient even if another company hired and trained the individual, had the ultimate (but unexercised) legal right to control the individual, paid his wages, withheld his employment and income taxes, and had the exclusive right to fire him. Thus, for example, temporary secretaries, receptionists, word processing personnel and similar office personnel who are subject to the day-to-day control of the employer in essentially the same manner as a common law employee are treated as leased employees if the period of service threshold is reached.

On the other hand, an individual who is a common-law employee of Company A who performs services for Company B on the business premises of Company B under the supervision of Company A would generally not be considered to be under primary direction or control of Company B. The supervision by Company A must be more than nominal, however, and not merely a mechanism to avoid the literal language of the direction or control test.

An example of the situation in the preceding paragraph might be a work crew that comes into a factory to install, repair, maintain, or modify equipment or machinery at the factory. The work crew includes a supervisor who is an employee of the equipment (or equipment repair) company and who has the authority to direct and control the crew, and who actually does exercise such direction and control. In this situation, the supervisor and his or her crew are required to comply with the safety and environmental precautions of the manufacturer, and the supervisor is in frequent communication with the employees of the manufacturer. As another example, certain professionals (e.g., attorneys, accountants, actuaries, doctors, computer programmers, systems analysts, and engineers) who regularly make use of their own judgment and discretion on matters of importance in the performance of their services and are guided by professional, legal, or industry standards, are not leased employees even though the common law employer does not closely supervise the professional on a continuing basis, and the service recipient requires the services to be performed on site and according to certain stages, techniques, and timetables. In addition to the example above, outside professionals who maintain their own businesses (e.g., attorneys, accountants, actuaries, doctors, computer programmers, systems analysts, and engineers) generally would not be considered to be subject to such primary direction or control.

Under the direction or control test, clerical and similar support staff (e.g., secretaries and nurses in a doctor's office), generally would be considered to be subject to primary direction or control of the service recipient and would be leased employees provided the other requirements of section 414(n) are met.

In many cases, the "historically performed" test is overly broad, and results in the unintended treatment of individuals as leased employees. One of the principal purposes for changing the leased employee rules is to relieve the unnecessary hardship and uncertainty created for employers in these circumstances. However, it is not intended that the direction or control test enable employers to engage in abusive practices. Thus, it is intended that the Secretary interpret and apply the leased employee rules in a manner so as to prevent abuses. This ability to prevent abuses under the leasing rules is in addition to the present-law authority of the Secretary under section 414(o). For example, one potentially abusive situation exists where the benefit arrangements of the service recipient overwhelmingly favor its highly compensated employees, the employer has no or very few nonhighly compensated common-law employees, yet the employer makes substantial use of the services of nonhighly compensated individuals who are not its common-law employees.

Effective date.—The provision is effective for years beginning after December 31, 1996, except that the House bill would not apply to relationships that have been previously determined by an IRS ruling not to involve leased employees. In applying the leased employee rules to years beginning before the effective date, it is intended that the Secretary use a reasonable interpretation of the statute to apply the leasing rules to prevent abuse.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

18. UNIFORM PENALTY PROVISIONS TO APPLY TO CERTAIN PENSION REPORTING REQUIREMENTS

(Sec. 1455 of the House bill and the Senate amendment.)

Present law

Any person who fails to file an information report with the IRS on or before the prescribed filing date is subject to penalties for each failure. A different, flat-amount penalty applies for each failure to provide information reports to the IRS or statements to payees relating to pension payments.

House bill

The House bill incorporates into the general penalty structure the penalties for failure to provide information reports relating to pension payments to the IRS and to recipients.

Effective date.—The provision is effective with respect to returns and statements the due date for which is after December 31, 1996.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

19. RETIREMENT BENEFITS OF MINISTERS NOT SUBJECT TO TAX ON NET EARNINGS FROM SELF-EMPLOYMENT

(Sec. 1456 of the House bill and the Senate amendment.)

Present law

Under present law, certain benefits provided to ministers after they retire are subject to self-employment tax.

House bill

The House bill provides that retirement benefits received from a church plan after a minister retires, and the rental value or allowance of a parsonage (including utilities) furnished to a minister after retirement, are not subject to self-employment taxes.

Effective date.—The provision is effective for years beginning before, on, or after December 31, 1994.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

The conference agreement follows the House bill and the Senate amendment.

20. TREASURY TO PROVIDE MODEL FORMS FOR SPOUSAL CONSENT AND QUALIFIED DOMESTIC RELATIONS ORDERS

(Sec. 1457 of the Senate amendment.)

Present law

Present law contains a number of rules designed to provide income to the surviving spouse of a deceased employee. Under these spousal protection rules, defined benefit pension plans and money purchase pension plans are required to provide that vested retirement benefits with a present value in excess of $3,500 are payable in the form of a qualified joint and survivor annuity ("QJSA") or, in the case of a participant who dies before the annuity starting date, a qualified preretirement survivor annuity ("QPSA"). Benefits from a plan subject to the survivor benefit rules may be paid in a form other than a QJSA or QPSA if the participant waives the QJSA or QPSA (or both) and the applicable notice, election, and spousal consent requirements are satisfied.

Also, under present law, benefits under a qualified retirement plan are subject to prohibitions against assignment or alienation of benefits. An exception to this rule generally applies in the case of plan benefits paid to a former spouse pursuant to a qualified domestic relations order ("QDRO").

House bill

No provision.

Senate amendment

Model spousal consent form

The Secretary is required to develop a model spousal consent from, no later than January 1, 1997, waving the QJSA and QPSA forms of benefit. Such form must be written in a manner calculated to be understood by the average person, and must disclose in plain form whether the waiver is irrevocable and that it may be revoked by a QDRO.

Model QDRO

The Secretary is required to develop a model QDRO, no later than January 1, 1997, which satisfies the requirements of a QDRO under present law, and the provisions of which focus attention on the need to consider the treatment of any lump sum payment, QJSA, or QPSA.

Effective date

The provisions are effective on the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment, except that instead of developing a model spousal consent form and a model QDRO, the Secretary must develop sample language for inclusion in a spousal consent form and QDRO.

21. TREATMENT OF LENGTH OF SERVICE AWARDS FOR CERTAIN VOLUNTEERS UNDER SECTION 457

(Sec. 1458 of the Senate amendment.)

Present law

Compensation deferred under an eligible deferred compensation plan of a tax-exempt or governmental employer that meets certain requirements (a "sec. 457 plan") is not includible in gross income until paid or made available. One of the requirements for a section 457 plan is that the maximum annual amount that can be deferred is the lesser of $7,500 or 33⅓ percent of the individual's taxable compensation.

Amounts deferred under plans of tax-exempt and governmental employers that do not meet the requirements of section 457 (other than amounts deferred under tax-qualified retirement plans, section 403(b) annuities and certain other plans) are includible in gross income in the first year in which there is no substantial risk of forfeiture of such amounts.

House bill

No provision.

Senate amendment

Under the Senate amendment, the requirements of section 457 do not apply to any plan paying solely length of service awards to bona fide volunteers (or their beneficiaries) on account of fire fighting and prevention, emergency medical, and ambulance services performed by such volunteers. An individual is considered a "bona fide volunteer" if the only compensation received by such individual for performing such services is reimbursement (or a reasonable allowance) for expenses incurred in the performance of such services, or reasonable benefits (including length of service awards) and nominal fees for such services customarily paid by tax-exempt or governmental employers in connection with the performance of such services by volunteers. Under the Senate amendment, a length of service award plan will not qualify for this special treatment under section 457 if the aggregate amount of length of service awards accruing with respect to any year of service for any bona fide volunteer exceeds $3,000.

In addition, any amounts exempt from the requirements of section 457 under the Senate amendment are not considered wages for purposes of the Federal Insurance Contribution Act ("FICA") taxes.

Effective date.—The provision applies to accruals of length of service awards after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

22. ALTERNATIVE NONDISCRIMINATION RULES FOR CERTAIN PLANS THAT PROVIDE FOR EARLY PARTICIPATION

(Sec. 1459 of the Senate amendment.)

Present law

Under present law, a special nondiscrimination test applies to qualified cash or deferred arrangements (sec. 401(k) plans). The special nondiscrimination test is satisfied if the actual deferral percentage ("ADP") for eligible highly compensated employees for a plan year is equal to or less than either (1) 125 percent of the ADP of all nonhighly compensated employees eligible to defer under the arrangement or (2) the lesser of 200 percent of the ADP of all eligible nonhighly compensated employees or such ADP plus 2 percentage points. Employer matching contributions and after-tax employee contributions under qualified defined contribution plans are subject to a special nondiscrimination test (the actual contribution percentage ("ACP") test) similar to the special nondiscrimination test applicable to qualified cash or deferred arrangements.

In general, a plan need not permit employees to enter a plan prior to the attainment of age 21 and the completion of 1 year service. For purposes of the nondiscrimination rules (including the ADP and ACP tests), an employer that chooses less restrictive entry conditions (e.g., age 18 rather than age 21) may choose "separate testing" under which all employees who have not met the statutory age and service entry maximums are disregarded, provided that the plan satisfies the nondiscrimination rules taking into account only those employees whose age and service are less than the statutory age and service maximums. Thus, for example, such a plan would apply one ADP test for employees who are over age 21 with 1 year of service, under which the plan would disregard elective contributions for other employees, and a second ADP test looking solely at elective contribution for employees under age 21 or who have not completed 1 year of service.

House bill

No provision.

Senate amendment

Under the Senate amendment, for purposes of the ADP test, a section 401(k) plan may elect to disregard employees (other than highly compensated employees) eligible to participate before they have completed 1 year of service and reached age 21, provided the plan separately satisfies the minimum coverage rules (sec. 410(b)) taking into account only those employees who have not completed 1 year of service or are under age 21. Instead of applying two separate ADP tests, such a plan could apply a single ADP test that compares the ADP for all highly compensated employees who are eligible to make elective contributions with the ADP for those nonhighly compensated employees who are eligible to make elective contributions and who have completed one year of service and reached age 21. A similar rule applies for purposes of the ACP test.

Effective date.—The provision is effective for plan years beginning after December 31, 1998.

Conference agreement

The conference agreement follows the Senate amendment.

23. MODIFICATIONS OF JOINT AND SURVIVOR ANNUITY REQUIREMENTS

(Sec. 1460 of the Senate amendment.)

Present law

Present law contains a number of rules designed to provide income to the surviving spouse of a deceased employee. These rules are in both the Internal Revenue Code and title I of the Employee Retirement Income Security Act of 1974, as amended.

Under the spousal protection rules, defined benefit pension plans and money purchase pension plans are required to provide that vested retirement benefits with a present value in excess of $3,500 are payable in the form of a qualified joint and survivor annuity ("QJSA") or, in the case of a participant who dies before the annuity starting date, a qualified preretirement survivor annuity ("QPSA"). A QJSA is generally defined as an annuity for the life of the participant with a survivor annuity for the life of the spouse which is not less than 50 percent of (and not greater than 100 percent of) the amount of the participant's annuity, and which is the actuarial equivalent of a single life annuity for the life of the participant. A QPSA is generally defined as an annuity for the life of the surviving spouse of the participant, the payments of which are not less than the amount which would be payable as a survivor annuity under the plan's QJSA.

The survivor benefit rules do not apply to defined contribution plans other than money purchase pension plans if (1) the plan provides that, upon the death of the participant, the participant's accrued benefit is payable to the participant's surviving spouse, (2) the participant does not elect payment of benefits in the form of an annuity, and (3) the plan is not a transferee plan of a plan subject to the joint and survivor rules.

Benefits from a plan subject to the survivor benefit rules may be paid in a form other than a QJSA or QPSA if the participant waives the QJSA or QPSA and the applicable notice, election, and spousal consent requirements are satisfied. Similarly, under a defined contribution plan not subject to the survivor benefit rules, the spouse can consent to have benefits paid to another beneficiary.

House bill

No provision.

Senate amendment

Under the Senate amendment, if a plan provides as its QJSA a benefit which provides a survivor annuity for the life of the spouse which is not equal to 66⅔ percent of the amount of the participant's annuity, the plan is required to provide the participant with an election to receive an annuity for the life of the participant with a survivor annuity for the life of the spouse which is 66⅔ percent of the amount of the participant's annuity.[36] If the participant makes such an election the benefit received is treated as a QJSA for purposes of the qualified plan requirements; however the fact that such an election is offered does not affect how the QPSA is calculated. In other words, the QPSA continues to be based on the regular QJSA provided under the plan.

Effective date.—The provision is effective for plan years beginning after December 31, 1996. However, plans in existence on the date of enactment do not have to comply with the requirements of the amendment before the plan year immediately following the first plan year in which any amendment to the plan that is otherwise made becomes effective.

Conference agreement

The conference agreement does not include the Senate amendment provision.

24. CLARIFICATION OF APPLICATION OF ERISA TO INSURANCE COMPANY GENERAL ACCOUNTS

(Sec. 1461 of the Senate amendment.)

Present law

The Employee Retirement Income Security Act of 1974 ("ERISA") imposes certain fiduciary requirements (including restrictions on certain prohibited transactions) with respect to the assets of an employee benefit plan ("plan assets"). The International Revenue Code of 1986 (the "Code") imposes an excise tax in the case of certain prohibited transactions involving plan assets.

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[36] As with the QJSA, this benefit would be the actuarial equivalent of a single life annuity for the life of the participant.

In 1975, the Department of Labor issued guidance providing that if an insurance company issues a contract or policy of insurance to an employee benefit plan and places the consideration for such contract or policy in its general asset account, the assets in such account are not considered to be plan assets.[37] In 1993, the Supreme Court[38] ruled that certain assets held in an insurance company's general account should be considered plan assets.

House bill

No provision.

Senate amendment

Under the Senate amendment, not later than December 31, 1996, the Secretary of Labor is required to issue proposed regulations providing guidance for the purpose of determining, in cases where an insurer issues 1 or more policies (supported by the assets of the insurer's general account) to or for the benefit of an employee benefit plan, which assets of the insurer (other than plan assets held in its separate account) constitute plan assets for purposes of the fiduciary rules of ERISA and the prohibited transaction provisions of the Code. Such proposed regulations must be subject to public notice and comment until March 31, 1997, and the Secretary of Labor is required to issue final regulations by June 30, 1997. Any regulations issued by the Secretary of Labor in accordance with the Senate amendment generally could not take effect before the date on which such regulations became final.

In issuing regulations, the Secretary of Labor would have to ensure that such regulations are administratively feasible and are designed to protect the interests and rights of the plan and of the plans participants and beneficiaries. In issuing regulations, the Secretary of Labor may exclude any assets of the insurer with respect to its operations, products, or services from treatment as plan assets. Further, the regulations would have to provide that plan assets do not include assets which are not treated as plan assets under present law because they are (1) assets of an investment company registered under the Investment Company Act of 1940, or (2) assets of an insurer with respect to a guaranteed benefit policy issued by such insurer.

Under the Senate amendment, no person is liable under ERISA or the Code for conduct which occurred prior to the date which is 18 months following the effective date of the final regulations on the basis of a claim that the assets of the insurer (other than plan assets held in a separate account) constituted plan assets, except as otherwise provided by the Secretary of Labor in order to prevent avoidance of the guidance in the regulations or as provided in an action brought by the Secretary of Labor under ERISA's enforcement provisions for a breach of fiduciary responsibility which would also constitute a violation of Federal criminal law or constitute a felony under applicable State law.[39]

The Senate amendment does not preclude the application of any Federal criminal law.

Effective date.—The provision generally would be effective on January 1, 1975. However, the provision would not apply to any civil action commenced before January 7, 1995.

Conference agreement

The conference agreement follows the Senate amendment with the following modifications.

Proposed regulations need not be issued by the Secretary of Labor until June 30, 1997. Such proposed regulations will be subject to public notice and comment until September 30, 1997. Final regulations need not be issued until December 31, 1997.

Such regulations will only apply with respect to a policy issued by an insurer on or before December 31, 1998. In the case of such a policy, the regulations will take effect at the end of the 18 month period following the date such regulations become final. New policies issued after December 31, 1998, will be subject to the fiduciary obligations under ERISA.

In issuing regulations, the Secretary of Labor must ensure that such regulations protect the interests and rights of the plan and of its participants and beneficiaries as opposed to ensuring that such regulations are designed to protect the interests and rights of the plan and of its participants and beneficiaries.

Under the conference agreement, in connection with any policy (other than a guaranteed benefit policy) issued by an insurer to or for the benefit of an employee benefit plan, the regulations issued by the Secretary of Labor must require (1) that a plan fiduciary totally independent of the insurer authorize the purchase of such policy (unless it is the purchase of a life insurance, health insurance, or annuity contract exempt from ERISA's prohibited transaction rules); (2) that after the date final regulations are issued the insurer provide periodic reports to the policyholder disclosing the method by which any income or expenses of the insurer's general account are allocated to the policy and disclosing the actual return to the plan under the policy and such other financial information the Secretary may deem appropriate; and (3) that the insurer disclose to the plan fiduciary the extent to which alternative arrangements supported by assets of separate accounts of the insurer are available, whether there is a right under the policy to transfer funds to a separate account and the terms governing any such right, and the extent to which support by assets of the insurer's general account and support by assets of separate accounts of the insurer might pose differing risks to the plan; and (4) that the insurer must manage general account assets with the level of care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, taking into account all obligations supported by such enterprise.

Under the Conference agreement, compliance by the insurer with all the requirements of the regulations issued by the Secretary of Labor will be deemed compliance by such insurer with ERISA's fiduciary duties, prohibited transactions, and limitations on holding employer securities and employer real property provisions (ERISA secs. 404, 406, and 407).

25. CHURCH PENSION PLAN SIMPLIFICATION

(Secs. 1462–1464 of the Senate amendment.)

Present law

In general, a church plan is a plan established and maintained for employees (or their beneficiaries) by a church or a church convention or association of churches that is exempt from tax (sec. 414(e)). Church plans include plans maintained by an organization, whether a corporation or otherwise, that has as its principal purpose or function the administration or funding of a plan or program for providing retirement or welfare benefits for the employees of the church or convention or association of churches. Employees of a church include any minister, regardless of the source of his or her compensation, and an employee of an organization which is exempt from tax and which is controlled by or associated with a church or a convention or association of churches.[40]

Plans maintained by churches and certain church-controlled organizations are exempt from certain of the requirements applicable to pension plans under the Code pursuant to the Employee Retirement Income Security Act of 1974 (as amended) ("ERISA"). For example, such plans are not subject to ERISA's vesting, coverage, and funding requirements. In some cases, such plans are subject to provisions in effect before the enactment of ERISA. Under the rules in effect before ERISA, a plan cannot discriminate in favor of officers, shareholder, persons whose principal duties consist in supervising the work of other employees, or highly compensated employees. Church plans may elect to waive the exemption from the qualification rules (sec. 410(d)). Electing plans become subject to all the tax Code (sec. 401(a)) qualification requirements, Title I of ERISA, the excise tax on prohibited transactions, and participation in the pension plan termination insurance program administered by the Pension Benefit Guaranty Corporation.

Certain eligible employers may maintain tax-sheltered annuity plans (sec. 403(b)). These plans provide tax-deferred retirement savings for employees of public education institutions and employees of certain tax-exempt organizations (including churches and certain organizations associated with churches). In addition to tax-sheltered annuities, alternative funding mechanisms that provide similar tax benefits include church-maintained retirement income accounts (sec. 403(b)(9)).

For purposes of determining an employee's investment in the contract under the rules relating to taxation of annuities, amounts contributed by the employer are included as investment in the contract, but only to the extent that such amounts were includible in the gross income of the employee or, if such amounts had been paid directly to the employee, would not have been includible in income. However, amounts contributed by the employer which, if they had been paid directly to the employee, would have been excludable under section 911 are not treated as investment in the contract, except to the extent attributable to services performed before January 1, 1963.

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[37] Interpretive Bulletin 1975-2, 29 CFR section 2509.75-2(b) (1992). The term "general account" refers to all assets of an insurance company which are not legally segregated and allocated to separate accounts. The assets in a general account are derived from all classes of business and support the insurer's obligations on an unsegregated basis, with no particular assets being specifically committed to meet the obligations under any particular contract or policy.

[38] *John Hancock Mutual Life Insurance Company* v. *Harris Trust and Savings Bank*, 510 U.S. 86 (1993).

[39] The Senate amendment provides that the term policy includes a contract.

[40] With respect to certain provisions (e.g., the exemption for church plans from nondiscrimination requirements applicable to tax-sheltered annuities), the more limited definition of church under the employment tax rules applies (secs. 3121(w)(3)(A) and (B)).

House bill

No provision.

Senate amendment

The Senate amendment allows self-employed ministers to participate in a church plan. For purposes of the definition of a church plan, a self-employed minister is treated as his or her own employer and as if the employer were a tax-exempt organization under section 501(c)(3). The earned income of the self-employed minister is treated as his or her compensation. Self-employed ministers are able to deduct their contributions.

In addition, ministers employed by an organization other than a church are treated as if employed by a church. Thus, such ministers can also participate in a church plan.

The Senate amendment provides that if a minister is employed by an employer that is not eligible to maintain a church plan, the minister is not taken into account by that employer in applying nondiscrimination rules.

The Senate amendment permits retirement income accounts to be established for self-employed minister.

The Senate amendment provides that church plans subject to the pre-ERISA nondiscrimination rules are to apply the same definition of highly compensated employee as other pension plans, rather than the pre-ERISA rule relating to employees who are officers, shareholders, persons whose principal duties consist of supervising the work of other employees or highly compensated employees.

The Senate amendment provides that the Secretary of the Treasury may develop safe harbor rules for church plans under the applicable coverage and nondiscrimination rules.

The Senate amendment provides that, in the case of foreign missionaries, amounts contributed to a plan by the employer are investment in the contract even though the amounts, if paid directly to the employee would have been excludable under section 911.

Effective date.—The provision is effective for years beginning after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment with technical modifications.

26. INCREASE IN MULTIEMPLOYER PLAN BENEFITS GUARANTEED

(Sec. 1465 of the Senate amendment.)

Present law

The Pension Benefit Guaranty Corporation ("PBGC") guarantees benefits of workers under multiemployer plans. The monthly guarantee is equal to the participant's years of service multiplied by the sum of (1) 100 percent of the first $5 of the monthly benefit accrual rate, and (2) 75 percent of the next $15 of the accrual rate.

House bill

No provision.

Senate amendment

The Senate amendment generally adjusts the amount guaranteed under multiemployer plans to account for changes in the Social Security wage index since 1980. Under the Senate amendment, the monthly benefit guaranteed by the PBGC is generally increased to the participant's years of service multiplied by the sum of (1) 100 percent of the first $11 of the monthly benefit accrual rate, and (2) 75 percent of the next $33 of the accrual rate. The maximum annual guarantee for a retiree with 30 years of service is generally increased to $12,870.

The increase in guaranteed multiemployer plan benefits only applies in the case of multiemployer plans which first receive financial assistance from the PBGC during the applicable period. The applicable period is the period beginning on the date of enactment and ending on the last day of the first fiscal year in which the surplus in the PBGC's multiemployer insurance program is less than half of the surplus for the fiscal year ending September 30, 1995, as reflected in the Statement of Financial Condition in the PBGC's 1995 Annual Report. In determining the surplus in the multiemployer insurance program in any fiscal year, the PBGC is required to use the same actuarial assumptions that it used in determining the surplus for the fiscal year ending September 30, 1995. If the PBGC surplus declines by more than 50 percent, benefits of participants in multiemployer plans that first received financial assistance from the PBGC during the applicable period would continue to be guaranteed at the increased level; however, other benefits would be guaranteed at the present-law levels. The guaranteed benefit level would not automatically increase if the surplus increases.

Effective date.—The provision is effective on the date of enactment.

Conference agreement

The conference agreement does not include the Senate amendment provision.

27. WAIVER OF EXCISE TAX ON FAILURE TO PAY LIQUIDITY SHORTFALL

(Sec. 1466 of the Senate amendment.)

Present law

A provision in the Retirement Protection Act of 1994, enacted as part of the implementing legislation for the General Agreement on Tariffs and Trade ("GATT"), generally requires certain underfunded single-employer defined benefit plans to make quarterly contributions sufficient to maintain liquid plan assets, i.e., cash and marketable securities, at an amount approximately equal to three times the total trust disbursements for the preceding 12-month period. This liquidity requirement only applies to underfunded single-employer defined benefit plans (other than small plans)[41] that (1) are required to make quarterly installments of their estimated minimum funding contribution for the plan year, and (2) have a liquidity shortfall for any quarter during the plan year.

A plan has a liquidity shortfall if its liquid assets as of the last day of the quarter are less than the base amount for the quarter. Liquid assets are cash, marketable securities and such other assets as specified by the Secretary. The base amount for the quarter is an amount equal to the product of three times the adjusted disbursements from the plan for the 12 months ending on the last day of the last month preceding the quarterly installment due date. If the base amount exceeds the product of two times the sum of adjusted disbursements for the 36 months ending on the last day of the last month preceding the quarterly installment due date, and an enrolled actuary certifies to the satisfaction of the Secretary that the excess is the result of nonrecurring circumstances, such nonrecurring circumstances are not included in the base amount. For purposes of determining the base amount, adjusted disbursements mean the amount of all disbursements from the plan's trust, including purchases of annuities, payments of single sums, other benefit payments, and administrative expenses reduced by the product of the plan's funded current liability percentage for the plan year and the sum of the purchases of annuities, payments of single sums, and such other disbursements as the Secretary provides in regulations.

The amount of the required quarterly installment for defined benefit plans that have a liquidity shortfall for any quarter is the greater of the quarterly installment or the liquidity shortfall. The amount of the liquidity shortfall must be paid in the form of liquid assets. It may not be paid by the application of credit balances in the funding standard account. The amount of any liquidity shortfall payment when added to prior installments for the plan year cannot exceed the amount necessary to increase the funded current liability percentage of the plan to 100 percent taking into account the expected increase in current liability due to benefits accruing during the plan year.

If a liquidity shortfall payment is not made, then the plan sponsor is subject to a nondeductible excise tax equal to 10 percent of the amount of the outstanding liquidity shortfall. A liquidity shortfall payment is no longer considered outstanding on the earlier of (1) the last day of a later quarter for which the plan does not have a liquidity shortfall or (2) the date on which the liquidity shortfall for a later quarter is timely paid. If the liquidity shortfall remains outstanding after four quarters, the excise tax increases to 100 percent.

House bill

No provision.

Senate amendment

The Senate amendment gives the Secretary authority to waive all or part of the excise tax imposed for a failure to make a liquidity shortfall payment if the plan sponsor establishes to the satisfaction of the Secretary that the liquidity shortfall was due to reasonable cause and not willful neglect and reasonable steps have been taken to remedy such shortfall.

Effective date.—The provision is effective as if included in GATT.

Conference agreement

The conference agreement follows the Senate amendment.

28. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415

(Sec. 1467 of the Senate amendment.)

Present law

Present law imposes limits on contributions and benefits under qualified plans based on the type of plan. In the case of defined benefit pension plans, the limit on the annual retirement benefit is the lesser of (1) 100 percent of compensation or (2) $120,000 (indexed for inflation). The dollar limit is reduced in the case of early retirement or if the employee has less than 10 years of plan participation.

House bill

No provision.

Senate amendment

The Senate amendment makes the following modifications to the limits on contributions and benefits as applied to multiemployer plans:

(1) the 100 percent of compensation limitation on defined benefit pension plan benefits does not apply; and

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[41] A plan is a small plan if it had 100 or fewer participants on each day during the plan year (as determined in Code sec. 412(l)(6)).

(2) the early retirement reduction and the 10-year phase-in of the defined benefit pension plan dollar limit does not apply to certain disability and survivor benefits.

Effective date.—The provision applies to multiemployer plans for years beginning after December 31, 1996.

Conference agreement

The conference agreement does not include the Senate amendment provision.

29. PAYMENT OF LUMP-SUM CREDIT FOR FORMER SPOUSES OF FEDERAL EMPLOYEES

(Sec. 1468 of the Senate amendment.)

Present law

When a Federal employee or former Federal employee dies, any contribution to his or her credit in the Civil Service Retirement and Disability Fund must be paid to whomever the employee designated to receive that contribution. If no designation was made, there is a statutory order of precedence beginning with the surviving spouse. There is no provision in law that permits a domestic relations order to interfere with these arrangements. Thus, if an employee agreed in a divorce settlement to designate a former spouse to receive these funds, and later designated another individual, present law would require payment of the funds to the other individual. By contrast, under present law, an employee's annuity and survivor benefits are subject to the provisions of a domestic relations order.

House bill

No provision.

Senate amendment

The payment of contributions to the employee's credit in the Civil Service Retirement and Disability Fund is subject to the provisions of a domestic relations order, in the same way as the employee's annuity and survivor benefits. Thus, a domestic relations order on file with the Office of Personnel Management supersedes any designation of beneficiary by the employee.

Effective date.—The provision is effective with respect to deaths occurring after the 90th day after the date of enactment.

Conference agreement

The conference agreement does not include the Senate amendment.

30. DATE FOR ADOPTION OF PLAN AMENDMENTS

(Sec. 1459 of the House bill and sec. 1469 of the Senate amendment.)

Present law

Plan amendments to reflect amendments to the law generally must be made by the time prescribed by law for filing the income tax return of the employer for the employer's taxable year in which the change in law occurs.

House bill

The House bill generally provides that any amendments to a plan or annuity contract required by the pension simplification amendments would not be required to be made before the first plan year beginning on or after January 1, 1997. The date for amendments is extended to the first plan year beginning on or after January 1, 1999, in the case of a governmental plan.

Effective date.—The provision is effective on the date of enactment.

Senate amendment

The Senate amendment is the same as the House bill.

Conference agreement

Under the conference agreement, any amendments to a plan or annuity contract required by the pension simplification amendments would not be required to be made before the first plan year beginning on or after January 1, 1998. The date for amendments is extended to the first plan year beginning on or after January 1, 2000, in the case of a governmental plan.

Effective date.—The provision is effective on the date of enactment.

IV. FOREIGN SIMPLIFICATION PROVISION

1. REPEAL OF EXCESS PASSIVE ASSETS PROVISION

(Sec. 1501 of the House bill.)

Present law

Under the rules of subpart F (secs. 951–964), certain 10-percent U.S. shareholders of a controlled foreign corporation (CFC) are required to include in income currently for U.S. tax purposes certain earnings of the CFC, whether or not such earnings are actually distributed currently to the shareholders. The 10-percent U.S. shareholders of a CFC are subject to current U.S. tax on their shares of certain income earned by the CFC (referred to as "subpart F income"). The 10-percent U.S. shareholders are also subject to current U.S. tax on their shares of the CFC's earnings to the extent such earnings are invested by the CFC in certain U.S. property.

In addition to these current inclusion rules, the Omnibus Budget Reconciliation Act of 1993 enacted section 956A, which applies another current inclusion rule to U.S. shareholders of a CFC. Section 956A requires the 10-percent U.S. shareholder of a CFC to include in income currently their shares of the CFC's earnings to the extent such earnings are invested by the CFC in excess passive assets. A CFC generally is treated as having excess passive assets if the average of the amounts of its passive assets exceeds 25 percent of the average of the amounts of its total assets; this calculation requires a quarterly determination of the CFC's passive assets and total assets.

House bill

The House bill repeals section 956A.

Effective date.—The provision applies to taxable years of foreign corporations beginning after December 31, 1996, and taxable years of U.S. shareholders with or within which such taxable years of foreign corporations end.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

V. OTHER PROVISIONS

1. EXEMPT ALASKA FROM DIESEL DYEING REQUIREMENT WHILE ALASKA IS EXEMPT FROM SIMILAR CLEAN AIR ACT DYEING REQUIREMENT

(Sec. 1801 of the Senate amendment.)

Present law

An excise tax totaling 24.3 cents per gallon is imposed on diesel fuel. In the case of fuel used in highway transportation, 20 cents per gallon is dedicated to the Highway Trust Fund. The remaining portion of this tax is imposed on transportation generally and is retained in the General Fund.

The diesel fuel tax is imposed on removal of the fuel from a pipeline or barge terminal facility (i.e., at the "terminal rack"). Present law provides that tax is imposed on all diesel fuel removed from terminal facilities unless the fuel is destined for a nontaxable use and is indelibly dyed pursuant to Treasury Department regulations.

In general, the diesel fuel tax does not apply to non-transportation uses of the fuel. A specific exemption is provided for off-highway business uses (e.g., use as fuel powering off-highway equipment). Use as heating oil also is exempt. (Most fuel commonly referred to a heating oil is diesel fuel.) The tax also does not apply to fuel used on a farm for farming purposes or by State and local governments, to exported fuels, and to fuel used in commercial shipping. Fuel used by intercity buses and trains is partially exempt from the diesel fuel tax.

A similar dyeing regime exists for diesel fuel under the Clean Air Act. That Act prohibits the use on highways, of diesel fuel with a sulfur content exceeding prescribed levels. This "high sulfur" diesel fuel is required to be dyed by the EPA. The State of Alaska generally was exempted from the Clean Air Act, but not the excise tax, dyeing regime for three years (until October 1, 1996) (urban areas) or permanently (remote areas).

House bill

No provision

Senate amendment

The Senate amendment provides that diesel fuel sold in the State of Alaska will be exempt from the diesel dyeing requirement during the period when that State is exempt from the Clean Air Act dyeing requirements. Thus, subject to a certification procedure to be developed by the Treasury Department, undyed diesel fuel which is destined for a nontaxable use may be removed from terminals without payment of tax through September 30, 1996 (urban areas, unless extended by the Environmental Protection Agency) or permanently (remote areas).

Effective date.—Effective beginning with the first calendar quarter after the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment

2. APPLICATION OF COMMON PAYMASTER RULES TO CERTAIN AGENCY ACCOUNTS AT STATE UNIVERSITIES

(Sec. 1802 of the Senate amendment.)

Present law

In general, the OASDI portion of FICA taxes are payable with respect to employee remuneration not in excess of a contribution base. If an employee works for more than one employer during a year, these taxes are payable for each employer up to the contribution base. Under the common paymaster rule if an individual works for two or more related corporations, the remuneration may be treated as being from one employer and therefore taxable for one contribution base.

Section 125 of Social Security Amendments of 1983 provided a common paymaster rule for certain State universities that employ health care professionals as faculty members at a medical school and at a tax-exempt faculty practice plan. This rule does not explicitly apply to situations where compensation is made through a university agency account and not directly by a medical school faculty practice plan.

House bill

No provision.

Senate amendment

The Senate amendment establishes a common paymaster rule in cases where: (1) a State or State university provides remuneration pursuant to a single contract of employment to certain health care professionals as members of its medical school faculty; and

(2) as agency account at such institution also provides remuneration to such health care professionals. The agency account must receive funds for the remuneration from a faculty practice plan described in section 501(c)(3) of the Code. The payments may only be distributed by the agency account to faculty members who render patient care at the medical school. The faculty members receiving payments must comprise at least 30 percent of the membership of the faculty practice plan.

Effective date.—Remuneration paid after December 31, 1996. It is intended that, with respect to years before the effective date, the Secretary apply present law in a manner consistent with the proposal.

Conference agreement

The conference agreement includes the Senate amendment provision.

3. MODIFICATIONS TO EXCISE TAX ON OZONE-DEPLETING CHEMICALS

a. Exempt imported recycled halons from the excise tax on ozone-depleting chemicals

(Sec. 1803(a) of the bill.)

Present law

An excise tax is imposed on the sale or use by the manufacturer or importer of certain ozone-depleting chemicals (Code sec. 4681). The amount of tax generally is determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor assigned to each taxable chemical. The base tax amount is $5.80 per pound in 1996 and will increase by 45 cents per pound per year thereafter. The ozone-depleting factors for taxable halons are 3 for halon-1211, 10 for halon-1301, and 6 for halon-2402.

Taxable chemicals that are recovered and recycled within the United States are exempt from tax.

House bill

No provision.

Senate amendment

The Senate amendment extends the exemption from tax for domestically recovered and recycled ozone-depleting chemicals to imported recycled halons. The exemption for imported recycled halons applies only to such chemicals imported from countries that are signatories to the Montreal Protocol on Substances that Deplete the Ozone Layer.

Effective date.—The provision is effective for chemicals imported after December 31, 1996.

Conference agreement

The conference agreement follows the Senate amendment with a modification to the effective date.

Effective date.—The provision is effective for halon-1301 and halon-2402 imported after December 31, 1996, and for halon-1211 imported after December 31, 1997.

b. Exempt chemicals used in metered-dose inhalers from the excise tax on ozone-depleting chemicals

(Sec. 1803(b) of the bill.)

Present law

An excise tax is imposed on the sale or use by the manufacturer or importer of certain ozone-depleting chemicals (Code sec. 4681). The amount of tax generally is determined by multiplying the base tax amount applicable for the calendar year by an ozone-depleting factor assigned to each taxable chemical. The base tax amount is $5.80 per pound in 1996 and will increase by 45 cents per pound per year thereafter.

A reduced rate of tax of $1.67 per pound applies to chemicals used as propellants in metered-dose inhalers (sec. 4682(g)(4)).

House bill

No provision.

Senate amendment

The Senate amendment exempts chemicals used as propellants in metered-dose inhalers from the excise tax on ozone-depleting chemicals.

Effective date.—The provision is effective for chemicals sold or used seven days after the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

4. TAX-EXEMPT BONDS FOR THE SALE OF THE ALASKA POWER ADMINISTRATION FACILITY

(Sec. 1804 of the Senate amendment.)

Present law

Interest on State and local government bonds to provide financing to private parties (private activity bonds) is taxable unless an exception is provided in the Internal Revenue Code. One such exception relates to the financing of facilities for the furnishing of electricity and gas.

Most private activity bonds are subject to annual State volume limits of the greater of $50 per resident of the State or $150 million. Additionally, persons acquiring existing property financed with most private activity bonds must satisfy a rehabilitation requirement as a condition of the financing.

House bill

No provision.

Senate amendment

Provides an exception from the general rehabilitation requirement for private activity bonds used to acquire existing property for certain bonds to finance the acquisition of the Snettisham hydroelectric project for the Alaska Power Administration pursuant to legislation that has been enacted authorizing that transaction. These bonds are subject to the State of Alaska's private activity bond volume limit.

Effective date.—Bonds issued after the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

5. ALLOW BANK COMMON TRUST FUNDS TO TRANSFER ASSETS TO REGULATED INVESTMENT COMPANIES WITHOUT TAXATION

(Sec. 1805 of the Senate amendment.)

Present law

Common trust funds

A common trust fund is a fund maintained by a bank exclusively for the collective investment and reinvestment of monies contributed by the bank in its capacity as a trustee, executor, administrator, guardian, or custodian of certain accounts and in conformity with rules and regulations of the Board of Governors of the Federal Reserve System or the Comptroller of the Currency pertaining to the collective investment of trust funds by national banks (sec. 584(a)).

The common trust fund is not subject to tax and is not treated as a corporation (sec. 584(b)). Each participant in a common trust fund includes his proportional share of common trust fund income, whether or not the income is distributed or distributable (sec. 584(c)).

No gain or loss is realized by the fund upon admission or withdrawal of a participant. Participants generally treat their admission to the fund as the purchase of an interest. Withdrawals from the fund generally are treated as the sale of an interest by the participant (sec. 584(e)).

Regulated investment companies ("RICs")

A RIC also is treated as a conduit for Federal income tax purposes. Conduit treatment is accorded by allowing the RIC a deduction for dividend distributions to its shareholders. Present law is unclear as to the tax consequences when a common trust fund transfers its assets to one or more RICs.

House bill

No provision.

Senate amendment

In general, the Senate amendment permits a common trust fund to transfer substantially all of its assets to one or more RICs without gain or loss being recognized by the fund or its participants. The fund must transfer its assets to the RICs solely in exchange for shares of the RICs, and the fund must then distribute the RIC shares to the fund's participants in exchange for the participants' interests in the fund.

The basis of any asset received by a RIC will be the basis of the asset in the hands of the fund prior to transfer (increased by the amount of gain recognized by reason of the rule regarding the assumption of liabilities). In addition, the basis of any RIC shares that are received by a fund participant will be an allocable portion of the participant's basis in the interests exchanged. If stock in more than one RIC is received in exchange for assets of a common trust fund, the basis of the shares in each RIC shall be determined by allocating the basis of common fund assets used in the exchange among the shares of each RIC received in the exchange on the basis of the respective fair market values of the RICs.

The tax-free transfer is not available to a common trust fund with assets that are not diversified under the requirements of section 368(a)(2)(F)(ii), except that the diversification test is modified so that Government securities are not to be included as securities of an issuer and are to be included in determining total assets for purposes of the 25- and 50-percent tests.

Effective date.—The provision is effective for transfers after December 31, 1995.

Conference agreement

The conference agreement follows the Senate amendment. In order to qualify for the provision, the transfer by the common trust fund to the RIC must occur after December 31, 1995. The conferees intend that there is no requirement for qualification that the transfer of assets by the common trust fund to one or more RICs and the distribution of RIC shares to participants in the common trust fund be made contemporaneously or pursuant to a single plan.

6. TREATMENT OF QUALIFIED STATE TUITION PROGRAMS

(Sec. 1806 of the Senate amendment.)

Present law

In *Michigan* v. *United States*, 40 F.3d 817 (6th Cir. 1994), the Sixth Circuit held that the Michigan Education Trust, an entity created by the State of Michigan to operate a prepaid tuition payment program, is an integral part of the State, and, thus, the investment income realized by the Trust is not currently subject to Federal income tax. The Trust was established to receive advance payments of college tuition, invest the money, and ultimately make disbursements under a program that allows beneficiaries to attend any of the State's public colleges or universities without further tuition costs for a year or more (depending on the terms of the contract).

Section 115 of the Code provides that gross income does not include income derived from any public utility or the exercise of any essential governmental function and accruing to a State or any political subdivision thereof, or the District of Columbia.

Section 2501 imposes a Federal gift tax on certain transfers of property by gift. Section 2503(e) specifically excludes from gifts subject to tax under section 2501 any "qualified transfer," which includes any amount paid on behalf of an individual as tuition to an educational institution (as described in sec. 170(b)(1)(A)(ii)) for the education or training of such individual.

On June 11, 1996, the Treasury Department issued final regulations under the original issue discount ("OID") provisions of the Code (secs. 163(e) and 1271 through 1275), including regulations relating to debt instruments that provide for contingent payments (see TD 8674). These regulations specifically provide that they do not apply to contracts issued pursuant to State-sponsored prepaid tuition programs, whether or not the contracts are debt instruments. In addition, the IRS announced in Rev. Proc. 96-34 that it will not issue advance rulings or determination letters regarding State-sponsored prepaid tuition plans because issues that arise under such plans are being studied.

House bill

No provision.

Senate amendment

The Senate amendment provides tax-exempt status to "qualified State tuition programs," meaning programs established and maintained by a State (or agency or instrumentality thereof) under which persons may (1) purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to a waiver or payment of qualified higher education expenses of the beneficiary, or (2) make contributions to an account that is established for the sole purpose of meeting qualified higher education expenses of the designated beneficiary of the account. "Qualified higher education expenses" are defined at tuition, fees, books, and equipment required for enrollment or attendance at a college or university (or certain vocational schools). The Senate amendment specifically provides that, although a qualified State tuition program generally is exempt from Federal income tax, such a program is subject to the unrelated business income tax (UBIT).[42]

A qualified State tuition program is required to provide that purchases or contributions only be made in cash. Contributors and beneficiaries are not allowed to direct any investments made on their behalf by the program. The program is required to maintain a separate accounting for each designated beneficiary. A specified individual must be designated as the beneficiary at the commencement of participation in a qualified State tuition program (i.e., when contributions are first made to purchase an interest in such a program[43]), unless interests in such a program are purchased by a State or local government or a tax-exempt charity described in section 501(c)(3) as part of a scholarship program operated by such government or charity under which beneficiaries to be named in the future will receive such interests as scholarships. A transfer of credits (or other amounts) from one account benefiting one designated beneficiary to another account benefiting a different beneficiary will be considered a distribution (as will a change in the designated beneficiary of an interest in a qualified State tuition program) unless the beneficiaries are members of the same family.[44] Earnings on an account may be refunded to a contributor or beneficiary, but the State or instrumentality must impose a more than de minimis monetary penalty unless the refund is (1) used for qualified higher education expenses of the beneficiary, (2) made on account of the death or disability of the beneficiary,[45] or (3) made on account of a scholarship received by the designated beneficiary to the extent the amount refunded does not exceed the amount of the scholarship used for higher education expenses. A qualified State tuition program may not allow any interest in the program or any portion thereof to be used as security for a loan.

In addition, the Senate amendment provides that no amount shall be included in the gross income of a contributor to, or beneficiary of, a qualified State tuition program with respect to any distribution from, or earnings under, such program, except that (1) amounts distributed or educational benefits provided to a beneficiary (e.g., when the beneficiary attends college) will be included in the beneficiary's gross income (unless excludable under another Code section) to the extent such amount or the value of the educational benefits exceeds contributions made on behalf of the beneficiary, and (2) amounts distributed to a contributor (e.g., when a parent or other relative receives a refund) will be included in the contributor's gross income to the extent such amounts exceed contributions made by that person.[46]

The Senate amendment further provides that, for purposes of present-law section 2503(e), contributions made by an individual to a qualified State tuition program are treated as a qualified transfer and, thus, not subject to Federal gift tax.

Effective date.—The provision is effective for taxable years ending after the date of enactment. The bill also includes a transition rule providing that if (1) a State maintains (on the date of enactment) a program under which persons may purchase tuition credits on behalf of, or make contributions for educational expenses of, a designated beneficiary, and (2) such program meets the requirements of a qualified State tuition program before the later of (a) one year after the date of enactment, or (b) the first day of the first calendar quarter after the close of the first regular session of the State legislature that begins after the date of enactment, then the provisions of the bill will apply to contributions (and earnings allocable thereto) made before the date the program meets the requirements of a qualified State tuition program, without regard to whether the requirements of a qualified State tuition program are satisfied with respect to such contributions and earnings (e.g., even if the interest in the tuition or educational savings program covers not only qualified higher education expenses but also room and board expenses).

Conference agreement

The conference agreement generally follows the Senate amendment, with the following modifications:

(1) A program will not be treated as a qualified State tuition program unless it provides adequate safeguards to prevent contributions on behalf of a designated beneficiary in excess of those necessary to provide for the qualified higher education expenses of the beneficiary.

(2) Contributions made to a qualified State tuition program will be treated as incomplete gifts for Federal gift tax purposes. Thus, any Federal gift tax consequences will be determined at the time that a distribution is made from an account under the program.

(3) The waiver (or payment) of qualified higher education expenses of a designated beneficiary by (or to) an educational institution under a qualified State tuition program will be treated as a qualified transfer for purposes of present-law section 2503(e).[47]

(4) Amounts contributed to a qualified State tuition program (and earnings thereon) will be included in the contributor's estate for Federal estate tax purposes in the event that the contributor dies before such amounts are distributed under the program.

The conference agreement provides that any distribution under a qualified State tuition program shall be includible in the gross income of the distributee in the manner as provided under section 72 to the extent not excluded from gross income under any other provision of the Internal Revenue Code. Thus, the conferees understand that if matching-grant amounts are distributed to (or on behalf of) a beneficiary as part of a qualified State tuition program, then such matching-grant amounts still may be excluded from the gross income of the beneficiary as a scholarship under present-law section 117.

Effective date.—The conference agreement follows the Senate amendment.

7. ADOPTION ASSISTANCE

(Sec. 101 of H.R. 3286.)

Present law

Present law does not provide a tax credit for adoption expenses. Also, present law does not provide an exclusion from gross income for employer-provided adoption assistance. The Federal Adoption Assistance program (a Federal outlay program) provides financial assistance for the adoption of certain special needs children. In general, a special needs child is defined as a child who (1) according to a State determination, could not or should not be returned to the home of the birth parents and (2) on account of a specific factor or condition (such as ethnic background, age, membership in a minority or sibling group, medical condition, or physical, mental or emotional handicap), could not reasonably be expected to be adopted unless adoption assistance is provided. Specifically, the program provides assistance for adoption expenses for those special needs children receiving Federally assisted adoption assistance payments as well as special needs children in private and State-funded programs. The maximum Federal reimbursement is $1,000 per special needs child. Reimbursable expenses include those nonrecurring costs directly associated with the adoption process such as legal costs, social service review, and transportation costs.

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[42] The bill specifically provides that an interest in a qualified State tuition program will not be treated as debt for purposes of the UBIT debt-financed property rules (sec. 514). Consequently, a qualified State tuition program's investment income will not constitute debt-financed property income subject to the UBIT merely because the program accepts contributions and is obligated to pay out (or refund) such contributions and certain earnings thereon to designated beneficiaries or to contributors. However, investment income of a qualified State tuition program could be subject to the UBIT as debt-financed property income to the extent the program acquires indebtedness when investing the contributions made on behalf of designated beneficiaries.

[43] The bill allows for a change in designated beneficiaries, so long as the new beneficiary is a member of the family of the old beneficiary.

[44] For this purpose, the term "member of the family" is defined under present-law section 2032A(e)(2).

[45] Thus, a State need not impose a monetary penalty when a refund is made from a qualified State tuition program in order to cover medical expenses incurred by (or on behalf of) a designated beneficiary who suffers a disabling illness (and who could be any member of the same family of the originally designated beneficiary).

[46] Specifically, the bill provides that any distribution under a qualified State tuition program shall be includible in the gross income of the distributee in the same manner as provided under present-law section 72 to the extent not excluded from gross income under any other provision of the Code.

[47] In this regard, the conferees intend that if a qualified State tuition program issues a check in the names of both the designated beneficiary and an educational institution at which the beneficiary incurs (or will incur) qualified higher education expenses, then the issuance of the check will be considered a payment of qualified higher education expenses to an educational institution if the check (after endorsement by the beneficiary) is deposited in the institution's bank account.

House bill

Tax credit

No provision. However, H.R. 3286 provides taxpayers with a maximum nonrefundable credit against income tax liability of $5,000 per child for qualified adoption expenses paid or incurred by the taxpayer. Any unused adoption credit may be carried forward by the taxpayer for up to five years. Qualified adoption expenses are reasonable and necessary adoption fees, court costs, attorneys' fees and other expenses that are directly related to the legal adoption of an eligible child. In the case of an international adoption, the credit is not available unless the adoption is finalized. An eligible child is an individual (1) who has not attained age 18 as of the time of the adoption, or (2) who is physically or mentally incapable of caring for himself or herself. No credit is allowed for expenses incurred (1) in violation of State or Federal law, (2) in carrying out any surrogate parenting arrangement, or (3) in connection with the adoption of a child of the taxpayer's spouse. The credit is phased out ratably for taxpayers with modified adjusted gross income (AGI) above $75,000, and is fully phased out at $115,000 of modified AGI.

The credit is not allowed for any expenses for which a grant is received under any Federal, State, or local program. This limit, however, does not apply in the case of special needs adoptions.

Exclusion from income

The proposal provides a maximum $5,000 exclusion from the gross income of an employee for specified certain adoption expenses paid by the employer. The $5,000 limit is a per child limit, not an annual limitation. The exclusion is phased out ratably for taxpayers with modified AGI above $75,000 and is fully phased out at $115,000 of modified AGI.

No credit is allowed for adoption expenses paid or reimbursed under an adoption assistance program.

Effective date

The House bill is effective for taxable years beginning after December 31, 1996.

Senate amendment

Tax credit

The Senate amendment to H.R. 3286 is the same as the House bill, with three changes:

(1) The maximum credit is increased from $5,000 to $6,000 in the case of special needs adoptions.

(2) The credit for non-special needs adoptions is repealed for expenses paid or incurred after December 31, 2000.

(3) No credit is allowed in the case of special needs adoptions for expenses for which a grant is received under any Federal, State or local program.

Exclusion from income

The Senate amendment to H.R. 3286 is the same as the House bill except:

(1) The maximum exclusion is increased from $5,000 to $6,000 in the case of special needs adoptions.

(2) The exclusion is repealed after December 31, 2000.

Effective date

The Senate amendment to H.R. 3286 is the same as the House bill.

Conference agreement

Tax credit

The conference agreement follows the Senate amendment provision of H.R. 3286 with four modifications:

(1) The repeal of the credit for non-special needs adoptions is delayed for one year. Therefore, the credit for non-special needs adoptions is not available for expenses paid or incurred after December 31, 2001.

(2) Special needs foreign adoptions are limited to a maximum credit of $5,000 (rather than $6,000) for qualified adoption expenses until December 31, 2001, at which time the credit for special needs foreign adoptions is also repealed.

(3) The taxpayer is required to provide available information about the name, age, and taxpayer identification number of each adopted child.

(4) Otherwise, qualified adoption expenses paid in one taxable year are not taken into account for purposes of the credit until the next taxable year unless the expenses are incurred in the year the adoption becomes final.

Exclusion from income

The conference agreement follows the Senate amendment provision of H.R. 3286 with three modifications;

(1) The repeal of the exclusion is delayed for one year. Therefore, the exclusion is not available for expenses paid or incurred after December 31, 2001.

(2) Special needs foreign adoptions are limited to a maximum exclusion of $5,000 (rather than $6,000) for qualified adoption expenses until December 31, 2001, at which time the exclusion is repealed.

(3) The taxpayer is required to provide available information about the name, age, and taxpayer identification number of each adopted child.

Taxpayer identification numbers

The conference committee is concerned that problems may arise in processing tax returns of adopting parents because of unavoidable delays involved in obtaining a social security number of a child who is being adopted. The conference understands that the Internal Revenue Service recognizes these concerns and is committed to working with the Congress to develop as soon as possible an administrative solution that minimizes the burdens imposed on adopting parents while balancing processing and potential compliance considerations.

Effective date

The conference agreement follows the House bill and the Senate amendment.

The conferees wish to clarify the operation of the effective date by way of an example. Suppose that, in the course of attempting to adopt a child, a taxpayer incurs $1,000 in qualified adoption expenses in November, 1996, and an additional $3,000 in qualified adoption expenses in February, 1997, when the adoption becomes final. The taxpayer is entitled to claim a credit for tax year 1997 only with respect to the $3,000 of qualified adoption expenses in February, 1997. The taxpayer is never entitled to claim a credit with respect to the $1,000 in qualified adoption expenses in November, 1996, because those expenses were incurred prior to the effective date of this provision.

8. SIX-MONTH DELAY IN IMPLEMENTATION OF ELECTRONIC FUND TRANSFER SYSTEM FOR COLLECTION OF CERTAIN TAXES

Present law

Employers are required to withhold income taxes and FICA taxes from wages paid to their employees. Employers also are liable for their portion of FICA taxes, excise taxes, and estimated payments of their corporate income tax liability.

The Code requires the development and implementation of an electronic fund transfer system to remit these taxes and convey deposit information directly to the Treasury (Code sec. 6302(h)). The Electronic Federal Tax Payment System ("EFTPS") was developed by Treasury in response to this requirement.[48] Employers must enroll with one of two private contractors hired by the Treasury. After enrollment, employers generally initiate deposits either by telephone or by computer.

The new system is phased in over a period of years by increasing each year the percentage of total taxes subject to the new EFTPS system. For fiscal year 1994, 3 percent of the total taxes are required to be made by electronic fund transfer. These percentages increased gradually for fiscal years 1995 and 1996. For fiscal year 1996, the percentage was 20.1 percent (30 percent for excise taxes and corporate estimated tax payments). For fiscal year 1997, these percentages increased significantly, to 58.3 percent (60 percent for excise taxes and corporate estimated tax payments). The specific implementation method required to achieve the target percentages is set forth in Treasury regulations. Implementation began with the largest depositors. Treasury has implemented the 1997 percentages by requiring that all employers who deposit more than $50,000 in 1995 must begin using EFTPS by January 1, 1997.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conferees are concerned that the initial mailing by IRS to employers that informed them of the 1997 requirements confused many of these employers. The conferees believe that it is necessary to provide additional time prior to implementation of the 1997 requirements so that employers may be better informed about their responsibilities. Accordingly, the conference agreement provides that the increase in the required percentages for fiscal year 1997 (which, pursuant to Treasury regulations, was to take effect on January 1, 1997) shall not take effect until July 1, 1997.

Effective date.—The provision is effective on the date of enactment.

VI. REVENUE OFFSETS

1. MODIFICATIONS OF THE PUERTO RICO AND POSSESSION TAX CREDIT

(Sec. 1601 of the bill and the Senate amendment.)

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[48] Treasury had earlier developed TAXLINK as the prototype for EFTPS. TAXLINK has been operational for several years; EFTPS is currently becoming operational. Employers currently using TAXLINK will ultimately be required to participate in EFTPS.

Present law

Certain domestic corporations with business operations in the U.S. possessions (including, for this purpose, Puerto Rico and the U.S. Virgin Islands) may elect the Puerto Rico and possession tax credit which generally eliminates the U.S. tax on certain income related to their operations in the possessions. In contrast to the foreign tax credit, the Puerto Rico and possession tax credit is a "tax sparing" credit. That is, the credit is granted whether or not the electing corporation pays income tax to the possession. Income eligible for the credit under this provision falls into two broad categories: (1) possession business income, which is derived from the active conduct of a trade or business within a U.S. possession or from the sale or exchange of substantially all of the assets that were used in such a trade or business; and (2) qualified possession source investment income ("QPSII"), which is attributable to the investment in the possession or in certain Caribbean Basin countries of funds derived from the active conduct of a possession business.

In order to qualify for the Puerto Rico and possession tax credit for a taxable year, a domestic corporation must satisfy two conditions. First, the corporation must derive at least 80 percent of it gross income for the three-year period immediately preceding the close of the taxable year from sources within a possession. Second, the corporation must derive at least 75 percent of its gross income for that same period from the active conduct of a possession business.

A domestic corporation that has elected the Puerto Rico and possession tax credit and that satisfies these two conditions for a taxable year generally is entitled to a credit based on the U.S. tax attributable to the sum of the taxpayer's possession business income and its QPSII. However, the amount of the credit attributable to possession business income is subject to the limitations enacted by the Omnibus Budget Reconciliation Act of 1993. Under the economic activity limit, the amount of the credit with respect to such income cannot exceed an amount equal to the sum of (i) 60 percent of the taxpayer's qualifying wage and fringe benefit expenses, (ii) specified percentages of the taxpayer's depreciation allowances with respect to qualifying tangible property, and (iii) in certain cases, the taxpayer's qualifying possession income taxes. The credit calculated under the economic activity limit is referred to herein as the "wage credit." In the alternative, the taxpayer may elect to apply a limit equal to the applicable percentage of the credit that would otherwise be allowable with respect to possession business income; the applicable percentage is phased down to 50 percent for 1995, 45 percent for 1997, and 40 percent for 1998 and thereafter. The credit calculated under the applicable percentage limit is referred to herein as the "income credit." The amount of the Puerto Rico and possession tax

House bill

In general.—The House bill generally repeals the Puerto Rico and possession tax credit for taxable years beginning after December 31, 1995. However, the House bill provides grandfather rules under which a corporation that is an existing credit claimant would be eligible to claim credits for a transition period. A special transition rule applies to the credit attributable to operations in Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

For taxable years beginning after December 31, 1995, the Puerto Rico and possession tax credit applies only to a corporation that qualifies as an existing credit claimant (as defined below). The determination of whether a corporation is an existing credit claimant is made separately for each possession. A corporation that is an existing credit claimant with respect to a possession is entitled to the credit for income from such possession for taxable years beginning after December 31, 1995, subject to the limitations described below. The credit, subject to such limitations, is computed separately for each possession with respect to which the corporation is an existing credit claimant.

The Puerto Rico and possession tax credit attributable to QPSII is eliminated for taxable years beginning after December 31, 1995. For taxable years beginning after December 31, 1995, the Puerto Rico and possession tax credit is available only with respect to possession business income. The computation of the Puerto Rico and possession tax credit attributable to possession business income during the grandfather period depends upon whether the corporation is using the economic activity limit or the applicable percentage limit.

Wage credit.—For corporations that are existing credit claimants with respect to a possession and that use the wage credit method, the possession tax credit attributable to business income from the possession (determined under the wage credit method) continues to be determined as under present law for taxable years beginning after December 31, 1995 and before January 1, 2002. For taxable years beginning after December 31, 2001 and before January 1, 2006, the corporation's possession business income that is eligible for the wage credit is subject to a cap computed as described below. For taxable years beginning in 2006 and thereafter, the credit attributable to possession business income (determined under the wage credit method) is eliminated.

The House bill adds to the Code a new section which provides a credit determined under the wage credit method for business income from Puerto Rico. Such credit is computed under the rules described above with respect to the possession tax credit determined under the wage credit method. Such section applies for taxable years beginning after December 31, 1995 and before January 1, 2006.

Income credit.—For corporations that are existing credit claimants with respect to a possession and that elected to use the income credit method and not to use the wage credit method, the Puerto Rico and possession tax credit attributable to business income from the possession continues to be determined as under present law for taxable years beginning after December 31, 1995 and before January 1, 1998. For taxable years beginning after December 31, 1997 and before January 1, 2006, the corporation's possession business income tax is eligible for the credit is subject to a cap computed as described below. For taxable years beginning in 2006 and thereafter, the credit attributable to possession business income (determined under the income credit method) is eliminated.

A corporation that had elected to use the income credit method is permitted to revoke that election under present law. Under the House bill, such a revocation is required to be made not later than with respect to the first taxable year beginning after December 31, 1996; such revocation, if made, applies to such taxable year and to all subsequent taxable years. Accordingly, a corporation that had an election in effect to use the income credit method could revoke such election effective for its taxable year beginning in 1997 and thereafter; such corporation would continue to use the income credit method for its taxable year beginning in 1996 and would use the wage credit method for its taxable year beginning in 1997 and thereafter.

Computation of income cap.—The cap on a corporation's possession business income that is eligible for the Puerto Rico and possession tax credit is computed based on the corporation's possession business income for the base period years ("average adjusted base period possession business income"). Average adjusted base period possession business income is the average of the adjusted possession business income for each of the corporation's base period years. For the purpose of this computation, the corporation's possession business income for a base period year is adjusted by an inflation factor that reflects inflation from such year to 1995. In addition, as a proxy for real growth in income throughout the base period, the inflation factor is increased by 5 percentage points compounded for each year from such year to the corporation's first taxable year beginning on or after October 14, 1995.

The corporation's base period years generally are three of the corporation's five most recent years ending before October 14, 1995, determined by disregarding the taxable years in which the adjusted possession business incomes were highest and lowest. For purposes of this computation, only years in which the corporation had significant possession business income are taken into account. A corporation is considered to have significant possession business income for a taxable year if such income exceeds two percent of the corporation's possession business income for the each of the six taxable years ending with the first taxable year ending on or after October 14, 1995. If the corporation has significant possession business income for only four of the five most recent taxable years ending before October 14, 1995, the base period years are determined by disregarding the year in which the corporation's possession business income was lowest. If the corporation has significant possession business income for three years or fewer of such five years, then the base period years are all such years. If there is no year of such five taxable years in which the corporation has significant possession business income, then the corporation is permitted to use as its base period its first taxable year ending on or after October 14, 1995; for this purpose, the amount of possession business income taken into account is the annualized amount of such income for the portion of the year ended September 30, 1995.

As one alternative, the corporation may elect to use its taxable year ending in 1992 as its base period (with the adjusted possession business income for such year constituting its cap). As another alternative, the corporation may elect to use as its cap the annualized amount of its possession business income for the first ten months of calendar year 1995, calculated by excluding any extraordinary items (as determined under generally accepted accounting principles) for such period. For this purpose, it is intended that transactions with a related party that are not in the ordinary course of business will be considered to be extraordinary items.

If a corporation's possession business income in a year for which the cap is applicable exceeds the cap, then the corporation's possession business income for purposes of computing its Puerto Rico and possession tax credit for the year is an amount equal to the cap. The corporation's credit continues to be subject to either the economic activity limit or the applicable percentage limit, with such limit applied to the corporation's possession business income as reduced to reflect the application of the cap.

Qualification as existing credit claimant.—A corporation is an existing credit claimant with respect to a possession if (1) the corporation is engaged in the active conduct of a trade or business within the possession on October 13, 1995, and (2) the corporation has elected the benefits of the Puerto Rico and possession tax credit pursuant to an election which is in effect for its taxable year that includes October 13, 1995. A corporation that adds a substantial new line of business after October 13, 1995, ceases to be an existing credit claimant as of the beginning of the taxable year during which such new line of business is added.

For purposes of these rules, a corporation is treated as engaged in the active conduct of a trade or business within a possession on October 13, 1995, if such corporation is engaged in the active conduct of such trade or business before January 1, 1996, and such corporation has in effect on October 13, 1995, a binding contract for the acquisition of assets to be used in, or the sale of property to be produced in, such trade or business. For example, if a corporation has in effect on October 13, 1995, binding contracts for the lease of a facility and the purchase of machinery to be used in manufacturing business in a possession and if the corporation begins actively conducting that manufacturing business in the possession before January 1, 1996, that corporation would be an existing credit claimant. A change in the ownership of a corporation will not affect its status as an existing credit claimant.

In determining whether a corporation has added a substantial new line of business, the Committee intends that principles similar to those reflected in Treas. Reg. section 1.7704–2(d) (relating to the transition rules for existing publicly traded partnerships) apply. For example, a corporation that modifies its current production methods, expands existing facilities, or adds new facilities to support the production of its current product lines and products within the same four-digit Industry Number Standard Industrial Classification Code (Industry SIC Code) will not be considered to have added a substantial new line of business. In this regard, the Committee intends that the fact that a business which is added is assigned a different four-digit Industry SIC Code than is assigned to an existing business of the corporation will not automatically cause the corporation to be considered to have added a new line of business. For example, a pharmaceutical corporation that begins manufacturing a new drug will not be considered to have added a new line of business. Moreover, a pharmaceutical corporation that begins to manufacture a complete product from the bulk active chemical through the finished dosage form, a process that may be assigned two separate four-digit Industry SIC Codes, will not be considered to have added a new line of business even though it was previously engaged in activities that involved only a portion of the entire manufacturing process from bulk chemicals to finished dosages. The Committee further intends that, in the case of a merger of affiliated possession corporations that are existing credit claimants, the corporation that survives the merger will not be considered to have added a substantial new line of business by reason of its operation of the existing business of the affiliate that was merged into it.

Special rules for certain possessions.—A special transition rule applies to the Puerto Rico and possession tax credit with respect to operations in Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. For any taxable year beginning after December 31, 1995, and before January 1, 2006, a corporation that is an existing credit claimant with respect to one of these possessions for such year continues to determine its credit with respect to operations in such possession as under present law. For taxable years beginning in 2006 and thereafter, the Puerto Rico and possession tax credit with respect to operations in Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands is eliminated.

Effective date.—The House bill is effective for taxable years beginning after December 31, 1995.

Senate amendment

The Senate amendment is the same as the House bill with three modifications.

Under the Senate amendment, the Puerto Rico and possession tax credit attributable to QPSII continues to be allowed for QPSII earned before July 1, 1996.

Under the Senate amendment, a corporation that is an existing credit claimant continues to be eligible to claim credits under the wage credit method for taxable years beginning after December 31, 2005. For taxable years beginning in 2006 and thereafter, in computing the economic activity limit on the wage credit, the percentage of the corporation's qualifying wage and fringe benefit expenses that is taken into account is reduced from 60 percent of 40 percent. The corporation's business income that is eligible for the wage credit continues to be subject to the income cap. For taxable years beginning in 2006 and thereafter, a corporation that is an existing credit claimant with respect to Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands continues to be eligible to claim credits under the wage credit method, determined under the foregoing rules, with respect to its operations in such possession.

Under the Senate amendment, the Treasury Department is directed to study the effect on the economy of Puerto Rico of the wage credit (under present law and as amended), including an analysis of the impact of such credit on unemployment rates and economic growth. The Treasury Department is directed to submit to the House Committee on Ways and Means and the Senate Committee on Finance reports on its findings with respect to the impact of the wage credit within two years of the date of enactment and every four years thereafter.

Effective date.—Same as the House bill.

Conference agreement

The conference agreement follows the House bill with modifications.

Under the conference agreement, as under the Senate amendment, the Puerto Rico and possession tax credit attributable to QPSII continues to be allowed for QPSII earned before July 1, 1996. The conferees note that the repeal of the credit for QPSII will have the effect of eliminating a provision that has supported economic development and trade-related growth in the Caribbean Basin and served U.S. interests in the region. The loss of this program should not be interpreted as a loss of U.S. interest in the region. The conferees continue to support efforts furthering stable commercial and economic relations in that region.

Under the conference agreement, a corporation that acquires all the assets of a trade or business of an existing credit claimant will qualify as an existing credit claimant. The adjusted base period income of the existing credit claimant from which the assets are acquired is divided between such corporation and the corporation that acquires such assets. It is intended that regulations or other guidance will prevent taxpayers from abusing this rule through transactions that manipulate base period income amounts.

Under the conference agreement, for purposes of estimated tax payments due before October 1, 1996, a taxpayer whose tax liability is increased by reason of the modifications of the Puerto Rico and possession tax credit is not required to make a deposit with respect to more than 50 percent of such increase; any amount not deposited by such date will be required to be deposited, without penalty or interest, on the next estimated tax payment due date.

2. REPEAL 50-PERCENT INTEREST INCOME EXCLUSION FOR FINANCIAL INSTITUTION LOANS TO ESOP'S

(Sec. 1602 of the House bill and the Senate amendment.)

Present law

A bank, insurance company, regulated investment company, or a corporation actively engaged in the business of lending money may generally exclude from gross income 50 percent of interest received on an ESOP loan (sec. 133). The 50-percent interest exclusion only applies if: (1) immediately after the acquisition of securities with the loan proceeds, the ESOP owns more than 50 percent of the outstanding stock or more than 50 percent of the total value of all outstanding stock of the corporation; (2) the ESOP loan term will not exceed 15 years; and (3) the ESOP provides for full pass-through voting to participants on all allocated shares acquired or transferred in connection with the loan.

House bill

The provision repeals the 50-percent interest exclusion with respect to ESOP's.

Effective date.—The provision generally is effective with respect to loans made after October 13, 1995. The repeal of the exclusion does not apply to the refinancing of an ESOP loan originally made on or before October 13, 1995, provided: (1) such refinancing loan otherwise meets the requirements of section 133 in effect on or before October 13, 1993; (2) the outstanding principal amount of the loan is not increased; and (3) the term of the refinancing loan does not extend beyond the term of the original ESOP loan.

Senate amendment

Same as the House bill.

Effective date.—The provision is effective with respect to loans made after the date of enactment, other than loans made pursuant to a written binding contract in effect before June 10, 1996, and at all times thereafter before such loan is made. The repeal of the 50-percent interest exclusion does not apply to the refinancing of an ESOP loan originally made on or before the date of enactment or pursuant to a binding contract in effect before June 10, 1996, provided: (1) such refinancing loan otherwise meets the requirements of section 133 in effect on the day before the date of enactment; (2) the outstanding principal amount of the loan is not increased; and (3) the term of the refinancing loan does not extend beyond the term of the original ESOP loan.

Conference agreement

The conference agreement follows the Senate amendment.

3. APPLY LOOK-THROUGH RULE FOR PURPOSES OF CHARACTERIZING CERTAIN SUBPART F INSURANCE INCOME AS UNRELATED BUSINESS TAXABLE INCOME

(Sec. 1602 of the House bill.)

Present law

An organization that is exempt from tax by reason of Code section 501(a) (e.g., a charity, business league, or qualified pension trust) is nonetheless subject to tax on its unrelated business taxable income (UBTI) (sec. 511). Unrelated business taxable income generally excludes dividend income (sec. 512(b)(1)).

Special rules apply to a tax-exempt organization described in section 501(c)(3) or (c)(4) (i.e., a charity or social welfare or organization) that is engaged in commercial-type insurance activities. Such activities are treated as an unrelated trade or business and the tax-exempt organization is subject to tax on the income from such insurance activities (including investment income that might otherwise be excluded from the definition of unrelated business taxable income) under subchapter L (sec. 501(m)(2)).[49] Accordingly, a tax-exempt organization described in section 501(c)(3) or (c)(4) generally is subject to tax on its income from commercial-type insurance activities in the same manner as a taxable insurance company.

A tax-exempt organization that conducts insurance activities through a foreign corporation is not subject to U.S. tax with respect to such activities. Under the subpart F rules, the United States shareholders (as defined in sec. 951(b)) of a controlled foreign corporation (CFC) are required to include in income currently their shares of certain income of the CFC, whether or not such income is actually distributed to the shareholders. This current inclusion rule applies to certain insurance income of the CFC (sec. 953). However, income inclusions under subpart F have been characterized as dividends for unrelated business income tax purposes.[50] Accordingly, insurance earned by the CFC that is includible in income currently under subpart F by the taxable United States shareholders of the CFC is excluded from unrelated business taxable income in the case of a shareholder that is a tax-exempt organization.

House bill

The House bill applies a look-through rule in characterizing certain subpart F insurance income for unrelated business income tax purposes. Under the House bill, the look-through rule applies to amounts that constitute insurance income currently includible in gross income under the subpart F rules and that are not attributable to the insurance of risks of (1) the tax-exempt organization itself, (2) certain tax-exempt affiliates of such organization, or (3) an officer or director of, or an individual who (directly or indirectly) performs services for, the tax-exempt organization (or certain tax-exempt affiliates) provided that the insurance covers primarily risks associated with the individual's performance of services in connection with the tax-exempt organization (or tax-exempt affiliates). For purposes of this provision, a tax-exempt organization is an affiliate of another tax-exempt organization if (1) the two organizations have significant common purposes and substantial common membership of (2) the two organizations have directly or indirectly substantial common direction or control.

Effective date.—The provision applies to amounts includible in gross income in taxable years beginning after December 31, 1995.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill with one modification. For purposes of the provision, two or more organizations generally are treated as affiliates if such organizations are colleges or universities described in section 170(b)(1)(A)(ii) or hospitals or other medical entities described in section 170(b)(1)(A)(iii). Accordingly, in applying the provision to two or more such organizations that are the shareholders of a CFC, the exceptions from the look-through rule apply to each shareholder's share of the income attributable to insurance of risks of all such shareholders; the look-through rule applies to a shareholder's share of any income attributable to insurance of risks of a third party.

4. DEPRECIATION UNDER THE INCOME FORECAST METHOD

(Sec. 1604 of the House bill.)

Present law

In general

A taxpayer generally must capitalize the cost of property used in a trade or business and is allowed to recover such cost over time through allowances for depreciation or amortization.

The "income forecast" method is an allowable method for calculating depreciation for certain property. Under the income forecast method, the depreciation deduction for a taxable year for a property is determined by multiplying the cost of the property[51] (less estimated salvage value) by a fraction, the numerator of which is the income generated by the property during the year and the denominator of which is the total forecasted or estimated income to be derived from the property during its useful life. The income forecast method has been held to be applicable for computing depreciation deductions for motion picture films, television films and taped shows, books, patents, master sound recordings and video games. The total forecasted or estimated income to be derived from a property is to be based on the conditions known to exist at the end of the period for which depreciation is claimed.

House bill

The House bill makes several amendments to the income forecast method of determining depreciation deductions.

First, the bill provides that income to be taken into account under the income forecast method includes all estimated income generated by the property. In applying this rule, a taxpayer generally need not take into account income expected to be generated after the close of the tenth taxable year after the year the property was placed in service. Pursuant to a special rule, in the case of television and motion picture films, the income from the property shall include income from the financial exploitation of characters, designs, scripts, scores, and other incidental income associated with such films, but only to the extent the income is earned in connection with the ultimate use of such items by, or the ultimate sale of merchandise to, persons who are not related to the taxpayer (within the meaning of sec. 267(b)). In addition, pursuant to another special rule, if a taxpayer produces a television series and initially does not anticipate syndicating the episodes from the series, the forecasted income for the episodes of the first three years of the series need not take into account any future syndication fees (unless the taxpayer enters into an arrangement to syndicate such episodes during such period). The 10th-taxable-year rule, the financial exploitation rule, and the syndication rule apply for purposes of the lookback method described below.

Second, the adjusted basis of property that may be taken into account under the income forecast method only will include amounts that satisfy the economic performance standard of section 461(h).

Finally, taxpayers that claim depreciation deductions under the income forecast method are required to pay (or would receive) interest based on the recalculation of depreciation under a "look-back" method. The "look-back" method is applied in any "recomputation year" by (1) comparing depreciation deductions that had been claimed in prior periods to depreciation deductions that would have been claimed had the taxpayer used actual, rather than estimated, total income from the property; (2) determining the hypothetical overpayment or underpayment of tax based on this recalculated depreciation; and (3) applying the overpayment rate of section 6621 of the Code. Except as provided in Treasury regulations, a "recomputation year" is the third and tenth taxable year after the taxable year the property was placed in service, unless the actual income from the property for each taxable year ending with or before the close of such years was within 10 percent of the estimated income from the property for such years. Property that had a basis of $100,000 or less when placed in service is not subject to the look-back method.

Effective date.—The provision is effective for property placed in service after September 13, 1995, unless placed in service pursuant to a binding written contract in effect on such date and all times thereafter.

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[49] If the commercial-type insurance activities constitute a substantial part of the organization's activities, the organization will not be tax-exempt under section 501(c)(3) or (c)(4) (sec. 501(m)(1)).

[50] The Internal Revenue Service has concluded in private letter rulings, which are not to be used or cited as precedent, that subpart F inclusions are treated as dividends received by the United States shareholders (a tax-exempt entity) for purposes of computing the shareholder's UBTI (see LTRs 9407007 (November 12, 1993), 90227051 (April 13, 1990), 9024086 (March 22, 1990), 9024026 (March 15, 1990), 8922047 (March 6, 1989), 8836037 (June 14, 1988), 8819034 (February 10, 1988)). However, the IRS issued on private ruling in which it concluded that subpart F inclusions are treated as if the underlying income were realized directly by the United States shareholder (a tax-exempt entity) for purposes of computing the shareholder's UBTI (see LTR 9043039 (July 30, 1990)). This ruling gave no explanation for the IRS's departure from the position in its prior rulings, and the IRS reiterated in a subsequent ruling the position that subpart F inclusions are characterized as dividends for purposes of computing UBTI. Moreover, the application of the look-through rule in the ruling in question did not affect the ultimate result in the ruling because the income to which the subpart F inclusion was attributable was of a type that was excludible from UBTI. The conferees believe that LTR 9043039 (July 30, 1990) is incorrect in its application of a look-through rule in characterizing income inclusions under subpart F for unrelated business income tax purposes.

[51] In *Transamerica Corp.* v. *U.S.*, 999 F.2d 1362, (9th Cir. 1993), the Ninth Circuit overturned the District Court and held that, for purposes of applying the income forecast method to a film, the "cost of a film" includes "participation" and "residual" payments (i.e., payments to producers, writers, directors, actors, guilds, and others based on a percentage of the profits from the film) even though these payments were contingent on the occurrence of future events. It is unclear to what extent, if any, the *Transamerica* decision applies to amounts incurred after the enactment of the economic performance rules of Code section 461(h), as contained in the Deficit Reduction Act of 1984.

Senate amendment

No provision. A similar provision was contained in section 402 of the Senate amendment to H.R. 3286, the "Adoption, Promotion and Stability Act of 1996," as favorably reported by the Senate Finance Committee on June 12, 1996.

Conference agreement

The conference agreement follows the provision that was contained in section 402 of the Senate amendment to H.R. 3286, the "Adoption, Promotion and Stability Act of 1996," as favorably reported by the Senate Finance Committee on June 12, 1996. Thus, the conference agreement provides the following modifications to the income forecast method of present law.

Determination of estimated income

First, the agreement provides that income to be taken into account under the income forecast method includes all estimated income generated by the property. In applying this rule, a taxpayer generally need not take into account income expected to be generated after the close of the tenth taxable year after the year the property was placed in service. In the case of a film, television show, or similar property, such income includes, but is not necessarily limited to, income form foreign and domestic theatrical, television, and other releases and syndications; and video tape releases, sales, rentals, and syndications.

Pursuant to a special rule, in the case of television and motion picture films, the income from the property shall include income from the financial exploitation of characters, designs, scripts, scores, and other incidental income associated with such films, but only to the extent the income is earned in connection with the ultimate use of such items by, or the ultimate sale of merchandise to, persons who are not related to the taxpayer (within the meaning of sec. 267(b)). As an example of this special rule, assume a taxpayer produces a motion picture the subject of which is the adventures of a newly-created fictional character. If the taxpayer produces dolls or T-shirts using the character's image, income from the sales of these products by the taxpayer to consumers would be taken into account in determining depreciation for the motion picture under the income forecast method. Similarly, if the taxpayer enters into any licensing or similar agreement with an unrelated party with respect to the use of the image, such licensing income would be taken into account in determining depreciation for the motion picture. However, if the taxpayer uses the character's image to promote a ride at an amusement park that is wholly-owned by the taxpayer, no portion of the admission fees for the amusement park are to be taken into account under the income forecast method with respect to the motion picture.

In addition, pursuant to another special rule, if a taxpayer produces a television series and initially does not anticipate syndicating the episodes from the series, the forecasted income for the episodes of the first three years of the series need not take into account any future syndication fees (unless the taxpayer enters into an arrangement to syndicate such episodes during such period).

The 10th-taxable-year rule, the financial exploitation rule, and the syndication rule apply for purposes of the look-back method described below.

Determination and treatment of costs of property

The adjusted basis of property that may be taken into account under the income forecast method only will include amounts that satisfy the economic performance standard of section 461(h).[52] For this purpose, if the taxpayer incurs a noncontingent liability to acquire property subject to the income forecast method from another person, economic performance will be deemed to occur with respect to such noncontingent liability when the property is provided to the taxpayer. In addition, the recurring item exception of section 461(h)(3) will apply in a manner similar to the way such exception applies under present law. Thus, expenditures that relate to an item of property that are incurred in the taxable year following the taxable year in which the property is placed in service may be taken into account in the year the property is placed in service to the extent such expenditures meet the recurring item exception for such year.

Any costs that are taken into account after the property is placed in service are treated as a separate piece of property to the extent (1) such amounts are significant and are expected to give rise to a significant increase in the income from the property that was not included in the estimated income from the property, or (2) such costs are incurred more than 10 years after the property was placed in service. To the extent costs are incurred more than 10 years after the property was placed in service and give rise to a separate piece of property for which no income is generated, such costs may be written off and deducted they are incurred. For example, assume a taxpayer places property subject to the income forecast method in service during a taxable year and all income from the property is generated in the following four-year period. If the taxpayer incurs additional costs with respect to that property more than 10 years later (e.g., a payment pursuant to a deferred contingent compensation arrangement to a person that produced the property), such costs may be deducted in the year incurred provided no more income is generated with respect to such costs or the original property.

Any costs that are not recovered by the end of the tenth taxable year after the property was placed in service may be taken into account as depreciation in such year.

Look-back method

Finally, taxpayers that claim depreciation deductions under the income forecast method are required to pay (or would receive) interest based on the recalculation of depreciation under a "look-back" method.[53] The "look-back" method is applied in any "recomputation year" by (1) comparing depreciation deductions that had been claimed in prior periods of depreciation deductions that would have been claimed had the taxpayer used actual, rather than estimated, total income from the property; (2) determining the hypothetical overpayment or underpayment of tax based on this recalculated depreciation; and (3) applying the overpayment rate of section 6621 of the Code.

Except as provided in Treasury regulations, a "recomputation year" is the third and tenth taxable year after the taxable year the property was placed in service, unless the actual income from the property for each taxable year ending with or before the close of such years was within 10 percent of the estimated income from the property for such years. The Secretary of the Treasury has the authority to allow a taxpayer to delay the initial application of the look-back method where the taxpayer may be expected to have significant income from the property after the third taxable year after the taxable year the property was placed in service (e.g., the Treasury Secretary may exercise such authority where the depreciable life of the property is expected to be longer than three years).

In applying the look-back method, any cost that is taken into account after the property was placed in service may be taken into account by discounting (using the Federal mid-term rate determined under sec. 1274(d) as of the time the costs were taken into account) such cost to its value as of the date the property was placed in service.

Property that had an unadjusted basis of $100,000 or less is not subject to the look-back method. For this purpose, "unadjusted basis" means the total capitalized cost of a property as of the close of a recomputation year.

The agreement provides a simplified look-back method for pass-through entities.

Effective date

The agreement is effective for property placed in service after September 13, 1995, unless produced or acquired pursuant to a binding written contract in effect on such date and all times thereafter. For this purpose, the binding contract exception may apply to a written contract in effect on the relevant dates if that contract binds a taxpayer to produce, license or deliver property that will be used by the other party to the contract once the property is produced.

The agreement may apply to property placed in service in taxable years that ended before the date of enactment of this Act. The agreement waives additions to tax imposed under sections 6654, 6655, and 6662(d) for any underpayments of tax or estimated tax for any taxable year ending before the date of enactment of this Act to the extent the underpayment was created or increased by the changes made to the income forecast method of depreciation by the provision. The application of the agreement (including the look-back method) is not waived for any taxable year that ends after the date of enactment of this Act.

5. MODIFY EXCLUSION OF DAMAGES RECEIVED ON ACCOUNT OF PERSONAL INJURY OR SICKNESS

(Sec. 1605 of the House bill and sec. 1603 of the Senate amendment.)

Present law

Under present law, gross income does not include any damages received (whether by suit or agreement and whether as lump sums or as periodic payments) on account of personal injury or sickness (sec. 104(a)(2)).

The exclusion from gross income of damages received on account of personal injury or sickness specifically does not apply to punitive damages received in connection with a case not involving physical injury or sickness. Courts presently differ as to whether the exclusion applies to punitive damages received in connection with a case involving a physical injury or physical sickness.[54] Certain States provide that, in the case of claims under a wrongful death statute, only punitive damages may be awarded.

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[52] No inference is intended as to the proper application of section 461(h) to the income forecast method under present law.

[53] The "look-back" method of the provision resembles the look-back method applicable to long-term contracts accounted for under the percentage-of-completion method of present-law sec. 460.

[54] The Supreme Court recently agreed to decide whether punitive damages awarded in a physical injury lawsuit are excludable from gross income.

Courts have interpreted the exclusion from gross income of damages received on account of personal injury or sickness broadly in some cases to cover awards for personal injury that do not relate to a physical injury or sickness. For example, some courts have held that the exclusion applies to damages in cases involving certain forms of employment discrimination and injury to reputation where there is no physical injury or sickness. The damages received in these cases generally consist of back pay and other awards intended to compensate the claimant for lost wages or lost profits. The Supreme Court recently held that damages received based on a claim under the Age Discrimination in Employment Act could not be excluded from income.[55] In light of the Supreme Court decision, the Internal Revenue Service has suspended existing guidance on the tax treatment of damages received on account of other forms of employment discrimination.

House bill

Include in income all punitive damages

The House bill provides that the exclusion from gross income does not apply to any punitive damages received on account of personal injury or sickness whether or not related to a physical injury or physical sickness. Under the House bill, present law continues to apply to punitive damages received in a wrongful death action if the applicable State law (as in effect on September 13, 1995 without regard to subsequent modification) provides, or has been construed to provide by a court decision issued on or before such date, that only punitive damages may be awarded in a wrongful death action. No inference is intended as to the application of the exclusion to punitive damages prior to the effective date of the House bill in connection with a case involving a physical injury or physical sickness.

Include in income damage recoveries for nonphysical injuries

The House bill provides that the exclusion from gross income only applies to damages received on account of a personal physical injury or physical sickness. If an action has its origin in a physical injury or physical sickness, then all damages (other than punitive damages) that flow therefrom are treated as payments received on account of physical injury or physical sickness whether or not the recipient of the damages is the injured party. For example, damages (other than punitive damages) received by an individual on account of a claim for loss of consortium due to the physical injury or physical sickness of such individual's spouse are excludable from gross income. In addition, damages (other than punitive damages) received on account of a claim of wrongful death continue to be excludable from taxable income as under present law.

The House bill also specifically provides that emotional distress is not considered a physical injury or physical sickness.[56] Thus, the exclusion from gross income does not apply to any damages received (other than for medical expenses as discussed below) based on a claim of employment discrimination or injury to reputation accompanied by a claim of emotional distress. Because all damages received on account of physical injury or physical sickness are excludable from gross income, the exclusion from gross income applies to any damages received based on a claim of emotional distress that is attributable to a physical injury or physical sickness. In addition, the exclusion from gross income specifically applies to the amount of damages received that is not in excess of the amount paid for medical care attributable to emotional distress.

No inference is intended as to the application of the exclusion to damages prior to the effective date of the House bill in connection with a case not involving a physical injury or physical sickness.

Effective date.—The provisions generally are effective with respect to amounts received after June 30, 1996. The provisions do not apply to amounts received under a written binding agreement, court decree, or mediation award in effect on (or issued on or before) September 13, 1995.

Senate amendment

Include in income all punitive damages

The Senate amendment is the same as the House bill.

Include in income damage recoveries for nonphysical injuries

No provision.

Conference agreement

Include in income all punitive damages

The conference agreement follows the House bill and the Senate amendment.

Include in income damage recoveries for nonphysical injuries

The conference agreement follows the House bill.

Effective date.—The provision generally are effective with respect to amounts received after date of enactment. The provisions do not apply to amounts received under a written binding agreement, court decree, or mediation award in effect on (or issued on or before) September 13, 1995.

6. REPEAL ADVANCE REFUNDS OF DIESEL FUEL TAX FOR PURCHASERS OF DIESEL-POWERED AUTOMOBILES, VANS AND LIGHT TRUCKS

(Sec. 1606 of the House bill.)

Present law

Excise taxes are imposed on gasoline (14 cents per gallon) and diesel fuel (20 cents per gallon) to fund the Federal Highway Trust Fund. Before 1985, the gasoline and diesel fuel tax rates were the same. The predominate highway use of diesel fuel is by trucks. In 1984, the diesel excise tax rate was increased above the gasoline tax as the revenue offset for a reduction in the annual heavy truck use tax. Because automobiles, vans, and light trucks did not benefit from the use tax reductions, a provision was enacted allowing first purchasers of model year 1979 and later diesel-powered automobiles and light trucks a tax credit to offset this increased diesel fuel tax. The credit is $102 for automobiles and $198 for vans and light trucks.

House bill

The House bill repeals the tax credit for purchasers of diesel-powered automobiles, vans and light trucks.

Effective date.—Vehicles purchased after the date of enactment.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the House bill.

7. EXTENSION AND PHASEOUT OF EXCISE TAX ON LUXURY AUTOMOBILES

(Sec. 1604 of the bill and sec. 4001 of the Code.)

Present law

Present law imposes an excise tax on the sale of an automobile whose price exceeds a designated threshold, currently $34,000. The excise tax is imposed at a rate of 10-percent on the excess of the sales price above the designated threshold. The $34,000 threshold is indexed for inflation.

The tax applies to sales before January 1, 2000.

House bill

No provision.

Senate amendment

The Senate amendment extends and phases out the luxury tax on automobiles. The tax rate is reduced by one percentage point per year beginning in 1996. The tax rate for sales (on or after the date of enactment plus seven days) in 1996 is 9 percent. The tax rate for sales in 1997 is 8 percent. The tax rate for sales in 1998 is 7 percent. The tax rate for sales in 1999 is 6 percent. The tax rate for sales in 2000 is 5 percent. The tax rate for sales in 2001 is 4 percent. The tax rate for sales in 2002 is 3 percent. The tax will expire after December 31, 2002.

Effective date.—The provision is effective for sales on or after date of enactment plus seven days.

Conference agreement

The conference agreement follows the Senate amendment.

8. ALLOW CERTAIN PERSONS ENGAGED IN THE LOCAL FURNISHING OF ELECTRICITY OR GAS TO ELECT NOT TO BE ELIGIBLE FOR FUTURE TAX-EXEMPT BOND FINANCING

(Sec. 1605 of the amendment.)

Interest on State and local government bonds generally is excluded from income except where the bonds are issued to provide financing for private parties. Present law includes several exceptions, however, that allow tax-exempt bonds to be used to provide financing for certain specifically identified private parties. One such exception allows tax-exempt bonds to be issued to finance facilities for the furnishing of electricity or gas by private parties if the area served by the facilities does not exceed (1) two contiguous counties or (2) a city and a contiguous county (commonly referred to as the "local furnishing" of electricity or gas).

Most private activity tax-exempt bonds are subject to general State private activity bond volume limits of $50 per resident of the State ($150 million, if greater) per year. Tax-exempt bonds for facilities used in the local furnishing of electricity or gas are subject to this limit. Like most other private beneficiaries of tax-exempt bonds, borrowers using tax-exempt bonds to finance these facilities are denied interest deductions on the debt underlying the bonds if the facilities cease to be used in qualified local furnishing activities. Additionally, as with all tax-exempt bonds, if the use of facilities financed with the bonds changes to a use a not qualified for tax-exempt financing after the debt is incurred, interest on the bonds becomes taxable unless certain safe harbor standards are satisfied.

House bill

No provision.

Senate amendment

The Senate amendment allows persons that have received tax-exempt financing of

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O'gilvie v. *U.S.*, 66 F.3d 1550 (10th Cir. 1995), cert. granted, 64 U.S.L.W. 36+39 (U.S. March 25, 1996) (No. 95–966). Also, the Tax Court recently held that if punitive damages are not of a compensatory nature, they are not excludable from income, regardless of whether the underlying claim involved a physical injury or physical sickness. *Bagley* v. *Commissioner*, 105 T.C. No. 27 (1995).

[55] *Schleier* v. *Commissioner*, 115 S. Ct. 2159 (1995).

[56] It is intended that the term emotional distress includes symptoms (e.g., insomnia, headaches, stomach disorders) which may result from such emotional distress.

facilities that currently qualify as used in the local furnishing of electricity or gas to elect to terminate their qualification for this tax-exempt financing and to expand their service areas without incurring the present-law loss of interest deductions and loss of tax-exemption penalties if—

(1) no additional bonds are issued for facilities of the person making the election (or were issued for any predecessor) after the date of the provision's enactment;

(2) the expansion of the person's service area is not financed with any tax-exempt bond proceeds; and

(3) all outstanding tax-exempt bounds of the person making the election (and any predecessor) are redeemed no later than six months after the earliest date on which redemption is not prohibited under the terms of the bonds, as issued, (or six months after the election, if later).

Except as described below, the provision further limits the local furnishing exception to bonds for facilities of (1) of persons that qualified as engaged in that activity on the date of the provision's enactment and (2) that serve areas served by those persons on that date. The area which is considered to be served on the date of the provision's enactment consists of the geographic area in which service actually is being provided on that date. Service initially provided after the date of enactment to a new customer within that area (e.g., as a result of new construction or of a change in heating fuel type) is not treated as a service area expansion.

For purposes of this requirement, a change in the identity of a person serving an area is disregarded if the change is the result of a corporate reorganization where the area served remains unchanged and there is common ownership of both the predecessor and successor entities. To facilitate compliance with electric and gas industry restructuring now in progress, the Senate amendment further permits continued qualification of successor entities under a "step-in-the-shoes" rule without regard to common ownership if the service provided remains unchanged and the area served after the facilities are transferred does not exceed the service area before the transfer. For example, if facilities of a person engaged in local furnishing are sold to another person, the purchaser (when it engages in otherwise qualified local furnishing activities) is eligible for continued tax-exempt financing to the same extent that the seller would have been had the sale not occurred if the service provided and the area served by the facilities do not change.

Similarly, a purchaser "steps into the shoes" of its seller with regard to eligibility (or the lack thereof) for making the election to terminate its status as engaged in local furnishing without imposition of certain penalties on outstanding tax-exempt bonds. For example, if a person engaged in local furnishing activities on the date of the provision's enactment receives financing from tax-exempt bonds issued after the date of the provision's enactment (and is thereby ineligible to make the election), any purchaser from that person likewise is ineligible.

Effective date.—The Senate amendment is effective on the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment, with two modifications to the portion of the provision that generally limits the benefit of tax-exempt financing to persons engaged in local furnishing activities on the date of the provision's enactment. First, the conference agreement allows certain expansions of existing local furnishing service areas to occur after the effective date of the provision without affecting continued qualification under the local furnishing exception, both within the existing service area and in the expansion area. Under this modification, a qualified local furnishing service area which includes a portion of a city or a county on the effective date of the provision may be expanded after that date to include other portions of the same city or county. For example, if a gas utility's service area on the effective date of the provision includes only an urban section of a county, a subsequent expansion of the utility's service area to include rural portions of the same county (e.g., as a result of population growth), does not in itself preclude qualification of the entire, expanded service area as a local furnishing area. This exception does not, however, allow expansion of local furnishing service areas beyond the borders of a city or county where service is being provided on the effective date of the provision or interconnection of facilities serving those areas with other facilities or persons in a manner not permitted under present law.

Second, the date by which an entity must be engaged in local furnishing activities (i.e., have facilities for local furnishing placed in service in that activity) as a condition of receiving future tax-exempt financing is delayed until January 1, 1997 (rather than the date of the provision's enactment).

The conferees also wish to clarify several questions that have risen since passage of the Senate amendment with respect to the limitation on future eligibility under the local furnishing exception. First, because the conference agreement precludes issuance of tax-exempt bonds except for local furnishers engaged in that activity on January 1, 1997 (and successors in interest), the statutory wording of the provision differs from the traditional focus of the local furnishing exception on a two county (or city and contiguous county) area without regard to the entity providing the service. The statutory references to "persons" engaged in the local furnishing of electricity or gas contained in the conference agreement are intended to prevent new entities (other than successors in interest) from qualifying for tax-exempt financing under the local furnishing exception. They are not to be construed in a manner affecting the tax-exempt status of interest on any outstanding bonds or the receipt of additional tax-exempt financing by an existing local furnisher, provided that the facilities financed with those bonds are used at all times in qualified local furnishing activities (defined under present law as modified by the conference agreement) and the bonds comply otherwise with the Internal Revenue Code's requirements for tax-exemption.

Second, the conferees are aware that present-law disregards certain transmission of electricity pursuant to FERC orders in determining whether a facility is used in the local furnishing of electricity. The conference agreement retains the relevant statutory rule to that effect, and the conferees intend no change in that rule.

Third, the conferees wish to clarify, by example, the application of the restriction on qualified local furnishing activities contained in this portion of the conference agreement to certain utility transactions such as those that may be expected to occur as a result of deregulation of the electric and gas industries.

Example (1).—As part of a corporate reorganization, an existing local furnishing utility sells a portion of its service area to a third party. The retained portion of the utility's service territory continues to qualify for tax-exempt financing under the local furnishing exception provided that no violations of that exception such as an impermissible interconnection with facilities outside the area occur. The determination of whether the portion of the service territory that is sold to a third party continues to qualify under the local furnishing exception depends on the manner in which the purchaser provides service in the area it acquires. If, for example, the purchaser operates in the area which it purchases in a manner that otherwise qualifies under the local furnishing exception, the purchaser is treated as a successor in interest to the seller and facilities for the area that is sold continue to be treated as used in local furnishing. However, if that area is merged into, or impermissibly (under present-law rules) and interconnected with, another service area that does not qualify as a local furnishing area after the transaction, the successor in interest rule does not preserve the status as a local furnishing area of the area sold.

Example (2).—Two independent utilities, both qualifying as engaged in local furnishing on the effective date of the provision, serve adjoining areas. The utilities decide to adjust their common service area boundary line to eliminate irregular geographic patterns. The parties to this transaction may be treated as successors in interest with respect to the area each acquires if the resulting service areas each qualify under the local furnishing exception (as modified by the conference agreement).

Example (3).—Assume the facts of Example (2), except the area acquired by one of the utilities is in a county where it did not provide service before the boundary line adjustments, and the utility's resulting service area includes all or part of three counties. That utility would no longer qualify as engaged in local furnishing under present law. The result is the same under the conference agreement.

Example (4).—Assume the facts of Example (2), except the utilities merge into a single company with a single service area. If the resulting combined service area of the new company does not exceed two counties (or a city and a contiguous county), the new company continues to be eligible for tax-exempt financing as a successor in interest.

Example (5).—Assume that a local furnishing utility decides to contract with a newly-formed independent power generating venture to construct a generating plant that will sell electricity to it exclusively for use in its service area. Tax-exempt bonds may not be issued under the local furnishing exception for construction of the generating plant. The independent power producer was neither engaged in the local furnishing of electricity to the service area involved on the effective date of the conference agreement's restriction nor is it a successor in interest under the agreement.

Effective date.—These provisions are effective on the date of the conference agreement's enactment.

9. REPEAL OF FINANCIAL INSTITUTION TRANSITION RULE TO INTEREST ALLOCATION RULES

Present law

For foreign tax credit purposes, taxpayers generally are required to allocate and apportion interest expense U.S. and foreign source income based on the proportion of the taxpayer's total assets in each location. Such allocation and apportionment is required to be made for affiliated groups (as defined in sec. 864(e)(5)) as a whole rather than on a subsidiary-by-subsidiary basis. However, certain types of financial institutions that are members of an affiliated group are treated as members of a separate affiliated group for purposes of allocating and apportioning their interest expense. Section 1215(c)(5) of the Tax Reform Act of 1986 (P.L. 99-145, 100 Stat. 2548) includes a targeted rule which treats a certain corporation as a financial institution for this purpose.

House bill

No provision.

Senate amendment

No provision. However section 1606 of the Senate amendment to H.R. 3448 (Small Business Job Protection Act of 1996) contained a provision that repeals section 1215(c)(5) of the Tax Reform Act of 1986.

Effective date.—Taxable years beginning after December 31, 1995.

Conference agreement

The conference agreement does not include the Senate amendment provision.

10. EXTENSION OF AIRPORT AND AIRWAY TRUST FUND EXCISE TAXES

(Sec. 1607 of the Senate amendment and secs. 4041, 4081, 4261, and 4271 of the Code)

Present law

Extension of aviation taxes

Before January 1, 1996, the following excise taxes were imposed to fund the Airport and Airway Trust Fund: (1) a 10-percent tax on domestic air passenger tickets; (2) a 6.25-percent tax on domestic air freight waybills; (3) a $6-per-person tax on international air departures; (4) a 17.5 cents-per-gallon tax on jet fuel used in noncommercial aviation; and (5) a 15-cents-per-gallon tax on gasoline used in noncommercial aviation (14 cents per gallon of this tax continues, with the revenues being deposited in the Highway Trust Fund). In addition, jet fuel and gasoline used in noncommercial aviation are subject to a tax of 4.3 cents per gallon, the revenues of which are deposited in the General Fund of the Treasury. Prior to January 1, 1996, of the total tax of 19.3 cents per gallon imposed on gasoline used in noncommercial aviation, 18.3 cents per gallon was collected when the gasoline was removed from a pipeline or barge terminal. The remaining 1 cent per gallon was imposed at the retail level.

Exemption for certain medical air transportation

An exemption is provided from the air passenger and air freight taxes for emergency medical helicopter transportation if the helicopter does not take off from or land at Federally assisted airports or otherwise use Federal aviation facilities or services.

Exemption for helicopters used in exploration or development of hard minerals or oil or gas

An exemption is provided from the air passenger tax for helicopter transportation for exploration, development, or removal of hard minerals or oil or gas if the helicopter does not take off from or land at Federally assisted airports or otherwise use Federal aviation facilities or services.

Transportation of employees of affiliated companies

Generally, when employees fly on their employer's aircraft, the fuel tax applies, but when a company flies other passengers for compensation or hire, the passenger ticket tax applies. Employees of affiliated corporations do not cause the air ticket tax to apply. The Internal Revenue Service has interpreted the use limitation of present-law section 4282 on an all-or nothing basis relating to aircraft of affiliated groups. That is, if an aircraft is available for hire by persons outside the affiliated group, all amounts paid for transportation, including charges among members of an affiliated group, are subject to the passenger ticket tax rather than the fuels tax.[57]

House bill

No provision.

Senate amendment

Extension of aviation taxes

The five Airport and Airway Trust Fund excise taxes are reinstated at the pre-1996 rates for the period beginning seven days after the date of enactment through April 15, 1997.

Exemption for certain medical air transportation

The Senate amendment: (1) expands the exemption for emergency medical helicopters to also include fixed-wing aircraft equipped for and exclusively dedicated to acute care emergency medical services; and (2) removes the reference to non-use of Federally assisted airports or other Federal aviation facilities or services for such medical aircraft to qualify for the exemption.

Exemption for helicopters used in exploration or development of hard minerals or oil or gas

The Senate amendment provides that the exemption for such helicopter transportation applies on a flight segment basis.

Effective date.—The Senate amendment applies for transportation or fuel sold beginning seven days after the date of enactment. The air passenger and air freight taxes do not apply to any amount paid before that date, even if for transportation occurring during the reinstatement period.

Conference agreement

The conference agreement follows the Senate amendment with three modifications. First, the conference agreement reinstates the five Airport and Airway Trust Fund excise taxes at the pre-1996 rates for the period beginning seven calendar days after the date of enactment and through December 1, 1996 (rather than through April 15, 1997).

Second, the conference agreement consolidates imposition of the aviation gasoline excise tax, with the entire 19.3-cents-per-gallon rate being imposed when the gasoline is removed from a pipeline or barge terminal facility.

Third, the conference agreement provides that the determination of which tax, the passenger ticket tax or the fuels tax, applies to flights of aircraft of affiliated groups of corporations will be made on a flight-by-flight basis.

Effective date.—Same as Senate amendment.

11. MODIFY BASIS ADJUSTMENT RULES UNDER SECTION 1033

(Sec. 1608 of the Senate amendment.)

Present law

Under section 1033, gain realized by a taxpayer from certain involuntary conversions of property is deferred to the extent the taxpayer purchases property similar or related in service of use to the converted property within a specified replacement period of time. The replacement property may be acquired directly or by acquiring control of a corporation (generally, 80 percent of the stock of the corporation) that owns replacement property. The taxpayer's basis in the replacement property generally is the same as the taxpayer's basis in the converted property, decreased by the amount of any money or loss recognized on the conversion, and increased by the amount of any gain recognized on the conversion. In cases in which a taxpayer purchases stock as replacement property, the taxpayer generally reduces the basis of the stock, but does not reduce the basis of the underlying assets. Thus, the reduction in the basis of the stock generally does not result in reduced depreciation deductions where the corporation holds depreciable property, and may result in the taxpayer having more aggregate depreciable basis after the acquisition of replacement property than before the involuntary conversion.

House bill

No provision.

Senate amendment

The Senate amendment provides that where the taxpayer satisfies the replacement property requirement of section 1033 by acquiring stock in a corporation, the corporation generally will reduce its adjusted bases in its assets by the amount by which the taxpayer reduces its basis in the stock. The corporation's adjusted bases in its assets will not be reduced, in the aggregate, below the taxpayer's basis is its stock (determined after the appropriate basis adjustment for the stock). In addition, the basis of any individual asset will not be reduced below zero. The basis reduction first is applied to: (1) property that is similar or related in service or use to the converted property, then (2) to other depreciable property, then (3) to other property.

Effective date.—The provision applies to involuntary conversions occurring after the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

12. EXTENSION OF WITHHOLDING TO CERTAIN GAMBLING WINNINGS

(Sec. 1609 of the Senate amendment.)

Present law

In general, proceeds from a wagering transaction are subject to withholding at a rate of 28 percent if the proceeds exceed $5,000 and are at least 300 times as large as the amount wagered. No withholding tax is imposed on winnings from bingo or keno.

House bill

No provision.

Senate amendment

The Senate amendment imposes withholding on proceeds from bingo or keno wagering transactions at a rate of 28 percent if such proceeds exceed $5,000, regardless of the odds of the wager.

Effective date.—The provision is effective 30 days after the date of enactment.

Conference agreement

The conference agreement does not include the Senate amendment provision.

13. TREATMENT OF CERTAIN INSURANCE CONTRACTS ON RETIRED LIVES

(Sec. 1610 of the Senate amendment.)

Present law

Life insurance companies are allowed a deduction for any net increase in reserves and are required to include in income any net decrease in reserves. The reserve of a life insurance company for any contract is the greater of the net surrender value of the contract or the reserve determined under Federally prescribed rules. In no event, however, may the amount of the reserve for tax purposes for any contract at any time exceed the amount of the reserve for annual statement purposes.

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[57] Rev. Rul. 770405, 1977-2 C.B. 381; Rev. Rul. 76-394, 1976-2 C.B. 355.

Special rules are provided in the case of a variable contract. Under these rules, the reserve for a variable contract is adjusted by (1) subtracting any amount that has been added to the reserve by reason of appreciation in the value of assets underlying such contract, and (2) adding any amount that has been subtracted from the reserve by reason of depreciation in the value of assets underlying such contract. In addition, the basis of each asset underlying a variable contract is adjusted for appreciation or depreciation to the extent the reserve is adjusted.

A variable contract generally is defined as any annuity or life insurance contract (1) that provides for the allocation of all or part of the amounts received under the contract to an account that is segregated from the general asset accounts of the company, and (2) under which, in the case of an annuity contract, the amounts paid in, or the amounts paid out, reflect the investment return and the market value of the segregated asset account, or, in the case of a life insurance contract, the amount of the death benefit (or the period of coverage) is adjusted on the basis of the investment return and the market value of the segregated asset account. A pension plan contract that is not a life, accident, or health, property, casualty, or liability insurance contract is treated as an annuity contract for purposes of this definition.

House bill

No provision.

Senate amendment

The Senate amendment provides that a variable contract is to include a contract that provides for the funding of group term life or group accident and health insurance on retired lives if: (1) the contract provides for the allocation of all or part of the amounts received under the contract to an account that is segregated from the general asset account of the company; and (2) the amounts paid in, or the amounts paid out, under the contract reflect the investment return and the market value of the segregated asset account underlying the contract.

Thus, the reserve for such a contract is to be adjusted by (1) subtracting any amount that has been added to the reserve by reason of appreciation in the value of assets underlying such contract, and (2) adding any amount that has been subtracted from the reserve by reason of depreciation in the value of assets underlying such contract. In addition, the basis of each asset underlying the contract is to be adjusted for appreciation or depreciation to the extent that the reserve is adjusted.

Effective date.—The provision applies to taxable years beginning after December 31, 1995.

Conference agreement

The conference agreement follows the Senate amendment.

14. TREATMENT OF MODIFIED GUARANTEED CONTRACTS

Present law

Life insurance companies are allowed a deduction for any net increase in reserves and are required to include in income any net decrease in reserves. The reserve of a life insurance company for any contract is the greater of the net surrender value of the contract or the reserve determined under Federally prescribed rules. The net surrender value of a contract is the cash surrender value reduced by any surrender penalty, except that any market value adjustment required on surrender is not taken into account. In no event, however, may the amount of the reserve for tax purposes for any contract at any time exceed the amount of the reserve for annual statement purposes.

In general, assets held for investment are treated as capital assets. Any gain or loss from the sale or exchange of a capital asset is treated as a capital gain or loss and is taken into account for the taxable year in which the asset is sold or exchanged.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement generally applies a mark-to-market regime to assets held as part of a segregated account under a modified guaranteed contract issued by a life insurance company. Gain or loss with respect to such assets held as of the close of any taxable year are taken into account for that year (even though the assets have not been sold or exchanged),[58] and are treated as ordinary. If gain or loss is taken into account by reason of the mark-to-market requirement, then the amount of gain or loss subsequently realized as a result of sale, exchange, or other disposition of the asset, or as a result of the application of the mark-to-market requirement is appropriately adjusted to reflect such gain or loss. In addition, the reserve for a modified guaranteed contract is determined by taking into account the market value adjustment required on surrender of the contract.

A modified guaranteed contract is defined as any life insurance contract, annuity contract or pension plan contract[59] that is not a variable contract (within the meaning of Code section 817), and that satisfies the following requirements. All or part of the amounts received under the contract must be allocated to an account which, pursuant to State law or regulation, is segregated from the general asset accounts of the company and is valued from time to time by reference to market values.

The reserves for the contract must be valued at market for annual statement purposes and the Federally prescribed reserve for the contract under section 807(d)(2) must be valued at market. Further, a modified guaranteed contract includes only a contract that provides either for a net surrender value or for a policyholder's fund (within the meaning of section 807(e)(1)). It is intended that a policyholder's fund be more than de minimis. For example, Treasury regulations could provide that a policyholder's fund that represents 15 percent or less of the insurer's reserve for the contract under section 807, and that is attributable to employee contributions, would be considered de minimis.

If only a portion of the contract is not described in section 817, that portion is treated as a separate contract for purposes of the provision.

The Treasury Department is authorized to issue regulations that provide for the application of the mark-to-market requirement at times other than the close of a taxable year or the last business day of a taxable year. The Treasury Department is also authorized to issue such regulations as may be necessary or appropriate to carry out the purposes of the provision and to provide for treatment of modified guaranteed contracts under sections 72, 7702, and 7702A. In addition, the Treasury Department is authorized to determine the interest rates applicable under section 807(c)(3), 807(d)(2)(B) and 812 with respect to modified guaranteed contracts annually, calculating such rates as appropriate for modified guaranteed contracts. The Treasury Department has discretion to determine an appropriate rate that is a current market rate, which could be determined, for example, either by using a rate that is appropriate for the obligations under the contract to which the reserve relates, or by taking into account the yield on the assets underlying the contract. The Treasury Department may exercise this authority by issuing a periodic announcement of the appropriate market interest rates or formula for determining such rates. The Treasury Department is also authorized, to the extent appropriate for such a contract, to modify or waive section 811(d).

The Treasury Department is also authorized to provide rules limiting the ordinary treatment provided under the provision to gain or loss on those assets properly taken into account in calculating the reserve for Federal tax purposes (and necessary to support such reserves) for modified guaranteed contracts, and to provide rules for limiting such treatment with respect to other assets (such as assets representing surplus of the company). Particular concern has been expressed about characterization of gain or loss as ordinary under the provision in transactions that would otherwise either (1) have to meet the requirements of the hedging exception to the straddle rules to receive this treatment, or (2) by treated as capital transactions under present law. It is intended that the mark-to-market treatment apply to all assets held as part of a segregated account established under the provision, even though ordinary treatment may not apply (pursuant to Treasury regulatory authority) to assets held as part of the segregated account that are not necessary to support the reserve for modified guaranteed contracts.

The conference agreement authorizes the Treasury Department to prescribe regulations that provide for the treatment of assets transferred to or from a segregated account. This regulatory authority is provided because of concern that taxpayers may exercise selective ordinary loss (or income or gain) recognition by virtue of the ordinary treatment under the provision. One example of selective ordinary loss recognition could arise if assets are always marked to market when transferred out of the segregated account. For example, if at the beginning of the taxable year an asset in the segregated account is worth $1,000, but declines to $900 in July, the taxpayer might choose to recognize $100 of ordinary loss while continuing to own the asset, simply by transferring it out of the segregated account in July and replacing $1,000 of cash (for example) in the segregated account.

It is intended that the regulations relating to asset transfers will forestall opportunities for selective recognition of ordinary items. Prior to the issuance of these regulations, the following rules shall apply.

If an asset is transferred to a segregated account, gain or loss attributable to the period during which the asset was not in the segregated account is taken into account when the asset is actually sold, and retains the character (as ordinary or capital) properly attributable to that period. Appropriate adjustments are made to the basis of the asset to reflect gain or loss attributable to that period.

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[58] The wash sale rules of section 1091 of the Code are not to apply to any loss that is required to be taken into account solely by reason of the mark-to-market requirement.

[59] The provision applies only to a pension plan contract that is not a life, accident or health, property, casualty, or liability contract.

If an asset is transferred out of a segregated account, the transfer is deemed to occur on the last business day of the taxable year and gain or loss with respect to the transferred asset is taken into account as of that day. Loss with respect to such transferred asset is treated as ordinary to the extent of the lesser of (1) the loss (if any) that would have been recognized if the asset had been sold for its fair market value on the last business day of the taxable year (or the date the asset was actually sold by the taxpayer, if earlier) or (2) the loss (if any) that would have been recognized if the asset had been sold for its fair market value on the date of the transfer. A similar rule applies for gains. Proper adjustment is made in the amount of any gain or loss subsequently realized to reflect gain or loss under the provision.

For example, assume that a capital asset in the segregated account that is worth $1,000 at the beginning of the year is transferred out of the segregated account in July at a value of $900, is retained by the company and is worth $950 on the last business day of the taxable year. A $50 ordinary loss is taken into account with respect to the asset for the taxable year (the difference Between $1,000 and $950). The asset is not marked to market in any subsequent year under the provision, provide that it is not transferred back to the segregated account.

As an additional example, assume that a capital asset in the segregated account that is worth $1,000 at the beginning of the year is transferred out of the segregated accounted in July at a value of $900, is retained by the company and continues to decline in value to $850 on the last business day of the taxable year. A $100 ordinary loss ($1,000 less $900) and a $50 capital loss ($900 less $850) is taken into account with respect to the asset for the taxable year.

Effective date.—The provision applies to taxable years beginning after December 31, 1995. A taxpayer that is required to (1) change its calculation of reserves to take into account market value adjustments and (2) mark to market its segregated assets in order to comply with the requirements of the provision is treated as having initiated changes in methods of accounting and as having received the consent of the Treasury Department to make such changes.

Except as otherwise provided in special rules (described below), the section 481(a) adjustments required by reason of the changes in method of accounting are to be taken into account as ordinary income for the taxpayer's first taxable year beginning after December 31, 1995.

Special rules providing for a seven-year spread apply in the case of certain losses (if any), and in the case of certain reserve increases (if any), in order to limit selective loss recognition or selective minimization of gain recognition. Thus, the seven-year spread rule applies when the taxpayer's section 481(a) adjustment is negative.

First, if, for the taxpayer's first taxable year beginning after December 31, 1995, (1) the aggregate amount of the loss recognized by reason of the change in method of accounting with respect to segregated assets under modified guaranteed contracts (i.e., the switch to a mark-to-market regime for such assets) exceeds (2) the amount include in income by reason of the change in method of accounting with respect to reserves (i.e., the change permitting a market value adjustment to be taken into account with respect to a modified guaranteed contract), then the excess is not allowed as a deduction in the taxpayer's first taxable year beginning after December 31, 1995. Rather, such excess is allowed ratably over the period of seven taxable years beginning with the taxpayer's first taxable year beginning after December 31, 1995. The adjusted basis of each such segregated asset is nevertheless determined as if such losses were realized in the taxpayer's first taxable year beginning after December 31, 1995.

Second, if, for the taxpayer's first taxable year beginning after December 31, 1995, (1) the aggregate amount the taxpayer's deduction that arises by reason of the change in method of accounting with respect to reserves (i.e., the change permitting a market value adjustment to be taken into account with respect to a modified guaranteed contract), exceeds (2) the aggregate amount of the gain recognized by reason of the change in method of accounting with respect to segregated assets under modified guaranteed contracts (i.e., the switch to a mark-to-market regime for such assets), then the excess is not allowed as a deduction in the taxpayer's first taxable year beginning after December 31, 1995. Rather, such excess is allowed ratably over the period of seven taxable years beginning with the taxpayer's first taxable year beginning after December 31, 1995.

15. TREATMENT OF CONTRIBUTIONS IN AID OF CONSTRUCTION FOR WATER UTILITIES

(Sec. 1611(a) of the Senate amendment.)

Present and prior law

The gross income of a corporation does not include contributions to its capital. A contribution to the capital of a corporation does not include any contribution in aid of construction or any other contribution as a customer or potential customer.

Prior to the enactment of the Tax Reform Act of 1986 ("1986 Act"), a regulated public utility that provided electric energy, gas water, or sewage disposal services was allowed to treat any amount of money or property received from any person as a tax-free contribution to its capital so long as such amount: (1) was a contribution in aid of construction; and (2) was not included in the taxpayer's rate base for rate-making purposes. A contribution in aid of construction did not include a connection fee. The basis of any property acquired with a contribution in aid of construction was zero.

If the contribution was in property other than electric energy, gas, steam, water, or sewerage disposal facilities, such contribution was not includible in the utility's gross income so long as: (1) an amount at least equal to the amount of the contribution was expended for the acquisition or construction of tangible property that was used predominantly in the trade or business of furnishing utility services; (2) the expenditure occurred before the end of the second taxable year after the year that the contribution was received; and (3) certain records were kept with respect to the contribution and the expenditure. In addition, the status of limitations for the assessment of deficiencies was extended in the case of these contributions.

These rules were repealed by the 1986 Act. Thus, after the 1986 Act, the receipt by a utility of a contribution in aid of construction is includible in the gross income of the utility, and the basis of property received or constructed pursuant to the contribution is not reduced.

House bill

No. provision.

Senate amendment

The Senate amendment restores the contributions in aid of construction provisions that were repealed by the 1986 Act for regulated public utilities that provide water or sewerage disposal services.

Effective date.—The provision is effective for amounts received after June 12, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

16. REQUIRE WATER UTILITY PROPERTY TO BE DEPRECIATED OVER 25 YEARS

(Sec. 1611(b) of the Senate amendment.)

Present law

Property used by a water utility in the gathering, treatment, and commercial distribution of water and municipal sewers are depreciated over a 20-year period for regular tax purposes. The depreciation method generally applicable to property with a recovery period of 20 years is the 150-percent declining balance method (switching to the straight-line method in the year that maximizes the depreciation deduction). The straight-line method applies to property with a recovery period over 20 years.

House bill

No provision.

Senate amendment

The Senate amendment provides that water utility property will be depreciated using a 25-year recovery period and the straight-line method for regular tax purposes. For this purpose, "water utility property" means (1) property that is an integral part of the gathering, treatment, or commercial distribution of water, and that, without regard to the proposal, would have had a recovery period of 20 years and (2) any municipal sewer. Such property generally is described in Asset Classes 49.3 and 51 of Revenue Procedure 87-56, 1987-2 C.B. 674. The Senate amendment does not change the class lives of water utility property for purposes of the alternative depreciation system of section 168(g).

Effective date.—The provision is effective for property placed in service after June 12, 1996, other than property placed in service pursuant to a binding contract in effect before June 10, 1996, and at all times thereafter before the property is placed in service.

Conference agreement

The conference agreement follows the Senate amendment.

17. ALLOW CONVERSION OF SCHOLARSHIP FUNDING CORPORATION TO TAXABLE CORPORATION

(Sec. 1621 of the Senate amendment.)

Present law

Qualified scholarship funding corporations are nonprofit corporations established and operated exclusively for the purpose of acquiring student loan notes incurred under the Higher Education Act of 1965 (sec. 150(d)). In addition, a qualified scholarship funding corporation must be required by its corporate charter and bylaws, or under State law, to devote any income (after payment of expenses, debt service and the creation of reserves for the same) to the purchase of additional student loan notes or to pay over any income to the United States.

In general, State and local government bonds issued to finance private loans (e.g., student loans) are taxable private activity bonds. However, interest on qualified student loan bonds is tax-exempt. Qualified scholarship funding corporations are eligible issuers of qualified student loan bonds.

The Internal Revenue Code restricts the direct and indirect investment of bond proceeds in higher yielding investments and requires that profits on investments that are unrelated to the government purpose for which the bonds are issued be rebated to the United States. Special allowance payments (SAP) made by the Department of Education are treated as interest on notes and, therefore, are permitted arbitrage that need not be rebated to the United States.

Generally, a private foundation and disqualified persons may, in the aggregate, own 20 percent of the voting stock of a functionally unrelated corporation.

House bill

No provision.

Senate amendment

In general.—The amendment would provide that a nonprofit student loan funding corporation may elect to cease its status as a qualified scholarship funding corporation. If the corporation meets the requirements outlined below, such an election would not cause any bond outstanding as of the date of the issuer's election and any bond issued to refund such a bond to fail to be a qualified student loan bond. Once made, an election could be revoked only with the consent of the Secretary of the Treasury. After making the election, the issuer would not be authorized to issue any new bonds.

Requirements.—First, upon making the election, the issuer would be required to transfer all of the student loan notes to another, taxable, corporation in exchange for senior stock of such corporation within a reasonable period of time after the election is made. Immediately after the transfer, the issuer, and any other issuer who made the election, would be required to hold all of the senior stock of the corporation. Senior stock is stock whose rights to dividends, liquidation or redemption rights are not inferior to those of any other class of stock and that (1) participates pro rata and fully in the equity value of any other common stock of the corporation, (2) has the right to payments receivable in liquidation prior to any other stock in the corporation, (3) upon liquidation or redemption, has a fixed right to receive the greater of (a) the fair market value of the stock at the date of liquidation or redemption or (b) the net fair market value of all assets transferred to the corporation by the issuer, and (4) has a right to require its redemption by a date which is not later than 10 years after the date that the election is made.

Second, the transferee corporation would be required to assume or otherwise provide for the payment of all the qualified scholarship funding bond indebtedness of the issuer within a reasonable period after the election.

Third, immediately after the transfer, the issuer (i.e., the nonprofit student loan funding corporation) would be required to become a charitable organization (described in section 501(c)(3) that is exempt from tax under section 501(a)), at least 80 percent of the members of its board of directors must be independent members, and it must hold all of the senior stock of the corporation.

Excess business holdings.—For purposes of the excess business holding restrictions imposed on a private foundation, the charity would not be required to divest its ownership in a corporation most of whose assets are student loan notes incurred under the Higher Education Act of 1965.

Effective date.—The amendment would be effective on the date of enactment.

Conference agreement

The conference agreement follows the Senate amendment.

18. APPLY MATHEMATICAL OR CLERICAL ERROR PROCEDURES FOR DEPENDENCY EXEMPTIONS AND FILING STATUS WHEN CORRECT TAXPAYER IDENTIFICATION NUMBERS ARE NOT PROVIDED

(Sec. 1613 of the Senate amendment.)

Present law

In general

Individuals who claim personal exemptions for dependents must include on their tax return the name and taxpayer identification number (TIN) of each dependent. For returns filed with respect to tax year 1996, individuals must provide a TIN for all dependents born on or before November 30, 1996. For returns filed with respect to tax year 1997 and all subsequent years, individuals must provide TINs for all dependents, regardless of their age. An individual's TIN is generally that individual's social security number.

If the individual fails to provide a correct TIN for a dependent, the Internal revenue Service may impose a $50 penalty.

Mathematical or clerical errors

The IRS may summarily assess additional tax due as a result of a mathematical or clerical error without sending the taxpayer a notice of deficiency and giving the taxpayer an opportunity to petition the Tax Court. Where the IRS uses the summary assessment procedure for mathematical or clerical errors, the taxpayer must be given an explanation of the asserted error and a period of 60 days to request that the IRS abate its assessments. The IRS may not proceed to collect the amount of the assessment until the taxpayer has agreed to it or has allowed the 60-day period for objecting to expire. If the taxpayer files a request for abatement of the assessment specified in the notice, the IRS must abate the assessment. Any reassessment of the abated amount is subject to the ordinary deficiency procedures. The request for abatement of the assessment is the only procedure a taxpayer may use prior to paying the assessed amount in order to contest an assessment arising out of a mathematical or clerical error. Once the assessment is satisfied, however, the taxpayer may file a claim for refund if he or she believes the assessment was made in error.

House bill

No provision.

Senate amendment

If an individual fails to provide a correct TIN for a dependent, the IRS is authorized to deny the dependency exemption. Such a change also has indirect consequences for other tax benefits currently conditioned on being able to claim a dependency exemption (e.g., head of household filing status and the dependent care credit). In addition, the failure to provide a correct TIN for a dependent will be treated as a mathematical or clerical error and thus any notification that the taxpayer owes additional tax because of that failure will not be treated as a notice of deficiency.

Effective date.—The provision is effective for tax returns for which the due date (without regard to extensions) is 30 days or more after the date of enactment. For taxable years beginning in 1995, no requirement to obtain a TIN applies in the case of dependents born after October 31, 1995. For taxable years beginning in 1996, no requirement to obtain a TIN applies in the case of dependents born after November 30, 1996.

Conference agreement

The conference agreement follows the Senate amendment.

19. TREATMENT OF FINANCIAL ASSET SECURITIZATION INVESTMENT TRUSTS ("FASITS")

(Sec. 1621 of the Senate amendment.)

Present law

An individual can own income-producing assets directly, or indirectly through an entity (i.e., a corporation, partnership, or trust). Where an individual owns assets through an entity (e.g., a corporation), the nature of the interest in the entity (e.g., stock of a corporation) is different than the nature of the assets held by the entity (e.g., assets of the corporation).

Securitization is the process of converting one type of asset into another and generally involves the use of an entity separate from the underlying assets. In the case of securitization of debt instruments, the instruments created in the securitization typically have different maturities and characteristics than the debt instruments that are securitized.

Entities used in securitization include entities that are subject to tax (e.g., a corporation), conduit entities that generally are not subject to tax (e.g., a partnership, grantor trust, or real estate mortgage investment conduit ("REMIC")), or partial-conduit entities that generally are subject to tax only to the extent income is not distributed to owners (e.g., a trust, real estate investment trust ("REIT"), or regulated investment company ("RIC")).

There is no statutory entity that facilitates the securitization of revolving, nonmortgage debt obligations.

House bill

No provision.

Senate amendment

In general

The Senate amendment would create a new type of statutory entity called a "financial asset securitization investment trust" ("FASIT") that facilitates the securitization of debt obligations such as credit card receivables, home equity loans, and auto loans. A FASIT generally will not be taxable; the FASIT's taxable income or net loss will flow through to the owner of the FASIT.

The ownership interest of a FASIT generally will be required to be entirely held by a single domestic C corporation. The Finance Committee expected that the Treasury Department will issue guidance on how this rule would apply to cases in which the entity that owns the FASIT joins in the filing of a consolidated return with other members of the group that wish to hold an ownership interest in the FASIT. In addition, a FASIT generally may hold only qualified debt obligations, and certain other specified assets, and will be subject to certain restrictions on its activities. An entity that qualifies as a FASIT can issue instruments that meet certain specified requirements and treat those instruments as debt for Federal income tax purposes. Instruments issued by a FASIT bearing yields to maturity over five percentage points above the yield to maturity on specified United States government obligations (i.e., "high-yield interests") must be held, directly or indirectly, only by domestic C corporations that are not exempt from income tax.

Qualification as a FASIT

In general.—To qualify as a FASIT, an entity must: (1) make an election to be treated as a FASIT for the year of the election and all subsequent years; (2) have assets substantially all of which (including assets that the FASIT is treated as owning because they support regular interests) are specified types called "permitted assets;" (3) have non-ownership interests be certain specified types of debt instruments called "regular interests"; (4) have a single ownership interest which is held by an "eligible holder"; and (5) not qualify as a RIC. Any entity, including a corporation, partnership, or trust may be treated as a FASIT. In addition, a segregated pool of assets may qualify as a FASIT.

Election to be a FASIT.—Once an election to be a FASIT is made, the election applies from the date specified in the election and all subsequent years until the entity ceases to be a FASIT. The manner of making the election to be a FASIT is to determined by the Secretary of the Treasury. If an election to be a FASIT is made after the initial year of an entity, all of the assets in the entity at the time of the FASIT election are deemed contributed to the FASIT at that time and, accordingly, any gain (but not loss) on such assets will be recognized at that time.[60]

Ceasing to be a FASIT.—Once an entity ceases to be a FASIT, it is not a FASIT for that year or any subsequent year. Nonetheless, an entity can continue to be a FASIT where the Treasury Department determines that the entity inadvertently ceases to be a FASIT, steps are taken reasonably soon after it is discovered that the entity ceased being a FASIT so that it again qualifies as a FASIT, and the FASIT and its owner take those steps that the Treasury Department deems necessary. An entity will cease qualifying as a FASIT if the entity's owner ceases being an eligible corporation. Loss of FASIT status is to be treated as if all of the regular interests of the FASIT were retired and then reissued without the application of the rule which deems regular interests of a FASIT to be debt. The Finance Committee understood that this treatment could result in the creation of cancellation of indebtedness income where the new instruments deemed to be issued are treated as stock under general tax principles.

Permitted assets. In general.—For an entity or arrangement to qualify as a FASIT, substantially all of its assets must consist of the following "permitted assets": (1) cash and cash equivalents; (2) certain permitted debt instruments; (3) certain foreclosure property; (4) certain instruments or contracts that represent a hedge or guarantee of debt held or issued by the FASIT; (5) contract rights to acquire permitted debt instruments or hedges; and (6) a regular interest in another FASIT. A FASIT must meet the asset test at the 90th day after its formation and at all times thereafter. Permitted assets may be acquired at any time by a FASIT, including any time after its formation.

Permitted debt instruments.—A debt instrument will be a permitted asset only if the instrument is indebtedness for Federal income tax purposes including trade receivables, regular interests in a real estate mortgage investment conduit (REMIC), or regular interests issued by another FASIT and it bears (1) fixed interest or (2) variable interest of a type that relates to qualified variable rate debt (as defined in Treasury regulations prescribed under sec. 860G(a)(1)(B)). Except for cash equivalents, permitted debt obligations cannot be obligations issued, directly or indirectly, by the owner of the FASIT or a related person.

Foreclosure property.—Permitted assets include property acquired on default (or imminent default) of debt instruments, swap contracts, forward contracts, or similar contracts held by the FASIT that would be foreclosure property to a REIT (under sec. 856(e)) if the property that was acquired by foreclosure by the FASIT was real property or would be foreclosure property to a REIT but for certain leases entered into or construction performed (as described in sec. 856(e)(4)) while held by the FASIT.

Hedges.—Permitted assets include interest rate or foreign currency notional principal contracts, letters of credit, insurance, guarantees against payment defaults, notional principal contracts that are "in the money," or other similar instruments as permitted under Treasury regulations, which are reasonably required to guarantee or hedge against the FASIT's risks associated with being the obligor of regular interests. An instrument is a hedge if it results in risk reduction as described in Treasury regulation section 1.1221-2.

"Regular interests" of a FASIT.—Under the Senate amendment, "regular interests" of a FASIT, including "high-yield interests," are treated as debt for Federal income tax purposes regardless of whether instruments with similar terms issued by non-FASITs might be characterized as equity under general tax principles. To be treated as a "regular interest," an instrument must have fixed terms and must: (1) unconditionally entitle the holder to receive a specified principal amount; (2) pay interest that is based on (a) one or more rates that are fixed, (b) rates that measure contemporaneous variations in the cost of newly borrowed funds,[61] or (c) to the extent permitted by Treasury regulations, variable rates allowed to regular interests of a REMIC if the FASIT would otherwise qualify as a REMIC; (3) have a term to maturity of no more than 30 years, except as permitted by Treasury regulations; (4) be issued to the public with a premium of not more than 25 percent of its stated principal amount; and (5) have a yield to maturity determined on the date of issue of no more than five percentage points above the applicable Federal rate (AFR) for the calendar month in which the instrument is issued.

A FASIT also may issue high-yield debt instruments, which includes any debt instrument issued by a FASIT that meets the second and third conditions described above, so long as such interests are not held by a disqualified holder. A "disqualified holder" generally is any holder other than (1) a domestic C corporation that does not qualify as a RIC, REIT, REMIC, or cooperative[62] or (2) a dealer who acquires FASIT debt for resale to customers in the ordinary course of business. An excise tax is imposed at the highest corporate rate on a dealer if there is a change in dealer status or if the holding of the instrument is for investment purposes. A 31-day grace period is granted before ownership of an interest held by a dealer generally could be treated as held by the FASIT owner for investment purposes.

Permitted ownership holder.—A permitted holder of the ownership interest in a FASIT generally is a non-exempt domestic C corporation, other than a corporation that qualifies as a RIC, REIT, REMIC, or cooperative.

Transfers to non-permitted holders of high-yield interests

A transfer of a high-yield interest to a disqualified holder is to be ignored for Federal income tax purposes. Thus, such a transferor will continue to be liable for any taxes due with respect to the transferred interest.

Taxation of a FASIT

In general.—A FASIT generally is not subject to tax. Instead, all of the FASIT's assets and liabilities are treated as assets and liabilities of the FASIT's owner and any income, gain, deduction or loss of the FASIT is allocable directly to its owner. Accordingly, income tax rules applicable to a FASIT (e.g., related party rules, sec. 871(h), sec. 165(g)(2)) are to be applied in the same manner as they apply to the FASIT's owner. Any securities held by the FASIT that are treated as held by its owner are treated as held for investment. The taxable income of a FASIT is calculated using an accrual method of accounting. The constant yield method and principles that apply for purposes of determining OID accrual on debt obligations whose principal is subject to acceleration apply to all debt obligations held by a FASIT to calculate the FASIT's interest and discount income and premium deductions or adjustments. For this purpose, a FASIT's income does not include any income subject to the 100-percent penalty excise tax on prohibited transactions.

Income from prohibited transactions..—The owner of a FASIT is required to pay a penalty excise tax equal to 100 percent of net income derived from (1) an asset that is not a permitted asset, (2) any disposition of an asset other than a permitted disposition, (3) any income attributable to loans originated by the FASIT, and (4) compensation for services (other than fees for a waiver, amendment, or consent under permitted assets not acquired through foreclosure). A permitted disposition is any disposition of any permitted asset (1) arising from complete liquidation of a class of regular interests (i.e., a qualified liquidation[63]), (2) incident to the foreclosure, default, or imminent default of the asset, (3) incident to the bankruptcy or insolvency of the FASIT, (4) necessary to avoid a default on any indebtedness of the FASIT attributable to a default (or imminent default) on an asset of the FASIT, (5) to facilitate a clean-up call, (6) to substitute a permitted debt instrument for another such instrument, or (7) in order to reduce over-collateralization where a principal purpose of the disposition was not to avoid recognition of gain arising from an increase in its market value after its acquisition by the FASIT. Notwithstanding this rule, the owner of a FASIT may currently deduct its losses incurred in prohibited transactions in computing its taxable income for the year of the loss.

Taxation of interests in the FASIT

Taxation of holders of regular interests.—In general.—A holder of a regular interest, including a high-yield interest, is taxed in the same manner as a holder of any other debt instrument, except that the regular interest holder is required to account for income relating to the interest on an accrual method of accounting, regardless of the method of accounting otherwise used by the holder.[64]

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[60] The Senate amendment provided transitional relief under which gain in pre-effective date entities that make a FASIT election may be deferred.

[61] Variable interest rates that would meet this standard include variable interest rates described in Treasury Income Tax Regulations 1.860G-1(a)(3).

[62] The Senate amendment treats cooperatives as disqualified holders since cooperatives, like RICs and REITs, are treated as pass-through entities and, also like the owners of RICs and REITs, the cooperative's members and patrons need not be C corporations.

[63] for this purpose, a "qualified liquidation" has the same meaning as it does purposes of the exemption from the tax on prohibited transactions of a REMIC in section 860F(a)(4).

High-yield interests.—Holders of high-yield interests are not allowed to use net operating losses to offset any income derived from the high-yield debt. Any net operating loss carryover shall be computed by disregarding any income arising by reason of the disallowed loss.

In addition, a transfer of a high-yield interest to a disqualified holder is not recognized for Federal income tax purposes such that the transferor will continue to be taxed on the income from the high-yield interest unless the transferee provides the transferor with an affidavit that the transferee is not a disqualified person or the Treasury Secretary determines that the high-yield interest is no longer held by a disqualified person and a corporate tax has been paid on the income from the high-yield interest while it was held by a disqualified person.[65] High-yield interests may be held without a corporate tax being imposed on the income from the high-yield interest where the interest is held by a dealer in securities who acquired such high-yield interest for sale in the ordinary course of his business as a securities dealer. In such a case, a corporate tax is imposed on such a dealer if his reason for holding the high-yield interest changes to investment. There is a presumption that the dealer has not changed his intent for holding high-yield instruments to investment for the first 31 days he holds such interests unless such holding is part of a plan to avoid the restriction on holding of high-yield interests by disqualified persons.

Where a pass-through entity (other than a FASIT) issues either debt or equity instruments that are secured by regular interests in a FASIT and such instruments bear a yield to maturity greater than the yield on the regular iterests and the applicable Federal rate plus five percentage points (determined on date that the pass-through entity acquires the regular interests in the FASIT) and the pass-through entity issued such debt or equity with a principal purpose of avoiding the rule that high-yield interests be held by corporations, then an excise tax is imposed on the pass-through entity at a rate equal to the highest corporate rate on the income of any holder of such instrument attributable to the regular interests.

Taxation of holder of ownership interest.—All of the FASIT's assets and liabilities are treated as assets and liabilities of the holder of a FASIT ownership interest and that owner takes into account all of the FASIT's income, gain, deduction, or loss in computing its taxable income or net loss for the taxable year. The character of the income to the holder of an ownership interest is the same as its character to the FASIT, except tax-exempt interest is taken into income of the holder as ordinary income.[66]

Losses on assets contributed to the FASIT are not allowed upon their contribution, but may be allowed to the FASIT owner upon their disposition by the FASIT. A special rule provides that the holder of a FASIT ownership interest cannot offset income or gain from the FASIT ownership interest with any other losses. Any net operating loss carryover of the FASIT owner shall be computed by disregarding any income arising by reason arising by reason of a disallowed loss.

For purposes of the alternative minimum tax, the owner's taxable income is determined without regard to the minimum FASIT income. The alternative minimum taxable income of the FASIT owner cannot be less than the FASIT income for that year, and the alternative minimum tax net operating loss deduction is computed without regard to the minimum FASIT income.

Transfers to FASITs

Gain generally is recognized immediately by the owner of the FASIT upon the transfer of assets to a FASIT. Assets that are acquired by the FASIT from someone other than its owner are treated as if they were acquired by the owner and then contributed to the FASIT. In addition, any assets of the FASIT owner or a related person that are used to support[67] FASIT regular interests are treated as contributed to the FASIT and, thus, any gain on any such assets also will be recognized at the earliest date that such assets support any FASIT's regular interests.[68] To the extent provided by Treasury regulations, gain recognition on the contributed assets may be deferred until such assets support regular interests issued by the FASIT or any indebtedness of the owner or related person. These regulations my adjust other statutory FASIT provisions to the extent such provisions are inconsistent with such regulations. For example, such regulations may disqualify certain assets as permitted assets. The basis of any FASIT assets is increased by the amount of the taxable gain recognized on the contribution of the assets to the FASIT.

Valuation rules

In general, except in the case of debt instruments, the value of FASIT assets is their fair market value. In the case of debt instruments that are traded on an established securities market, then the market price will be used for purposes of determining the amount of gain realized upon contribution of such assets to a FASIT. Nonetheless, the Senate amendment contained special rules for valuing other debt instruments for purposes of computing gain on the transfer to a FASIT. Under these rules, the value of such debt instruments is the sum of the present values of the reasonably expected cash flows from such obligations discounted over the weighted average life of such assets. The discount rate is 120 percent of the applicable Federal rate, compounded semiannually, or such other rate that the Treasury Secretary shall prescribe by regulations. For purposes of determining the value of a pool of revolving loan accounts having substantially the same terms, each extension of credit (other than the accrual of interest) is treated as a separate debt instrument and the maturity of the instruments is determined using the reasonably anticipated periodic payment rate at which principal payments will be made as a proportion of their aggregate outstanding principal assuming that payments are applied to the earliest credit extensions. The Finance Committee understood that reasonably expected cash flows from loans will reflect nonpayment (i.e., losses), early payments (i.e., prepayments), and reasonable costs of servicing the loans. This value shall be used in determining the amount of gain realized upon the contribution of assets to a FASIT even though that value may be different than the value of such assets would be applying a willing buyer/willing seller standard.

Related person

For purposes of the FASIT rules, a person is related to another person if that person bears a relationship to the other person specified in sections 267(b) or 707(b)(1), using a 20-percent ownership test instead of the 50-percent test, or such persons are engaged in trades or businesses under common control as determined under sections 52(a) or (b).

Related amendments

For purposes of the wash sale rule (sec. 1091), an ownership interest of a FASIT is treated as a "security." In addition, an ownership interest in a FASIT and a residual interest in a pool of debt obligations that are substantially similar to the debt obligations in the FASIT shall be treated as "substantially identical stock or securities". Finally, the wash sale period begins six months before, and ends six months after, the sale of the ownership interest of the FASIT.

Effective date

The Senate amendment would take effect on the date of enactment. The Senate amendment provided a special transition rule for entities (e.g., a trust whose interests are taxed like a partnership) that were in existence on June 10, 1996, that subsequently elect to be a FASIT (called a "pre-effective date FASIT"). Under the special transitional rule, gain is not recognized on property contributed, or deemed contributed, to the FASIT to the extent that any such property is allocable to interests issued by a "pre-effective date FASIT" (called a "pre-FASIT interest"). The portion of such property that is allocable to pre-FASIT interests is to be determined by the Treasury Secretary, except that the property of the entity allocable to "pre-FASIT interests" shall not be less than 107 percent of the aggregate principal amounts of outstanding "pre-FASIT interests."

Conference agreement

The conference agreement follows the Senate amendment with the following changes and clarifications:

The conference agreement modifies the rule under which property that is acquired by a FASIT from someone other than the FASIT's owner or a person related to the FASIT's owner is treated as being first acquired by the FASIT's owner who then transfers that asset to the FASIT. The conference modification would clarify that the deemed acquisition by the FASIT's owner would be for the FASIT's cost in acquiring that asset from the non-owner or related person.

The conference agreement makes a technical modification to the rule which deems gain to be recognized on assets held by the owner of the FASIT or a related person that support any regular interest of the FASIT to clarify that the gain will be deemed realized to the related person when the assets which support a regular interest in the FASIT is held by that related person.

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[64] Regular interests in a FASIT 95 percent or more of whose assets are real estate mortgages are treated as real estate assets where relevant (e.g., secs. 856, 593, 7701(a)(19)).

[65] Under this rule, no high-yield interests will be treated as issued where the FASIT directly issues such interests to a disqualified holder.

[66] Ownership interests in a FASIT 95 percent or more of whose assets are real estate mortgages are treated as real estate assets where relevant (e.g., secs. 856, 593, 7701(a)(19)).

[67] For this purpose, supporting assets includes any assets that are reasonably expected to directly or indirectly pay regular interests or to otherwise secure or collateralize regular interests. In the case where there is a commitment to make additional contributions to a FASIT, any such assets will not be treated as supporting the FASIT until they are transferred to the FASIT or set aside for such use.

[68] In the case of a securities dealer which may be an eligible holder, the Finance Committee understood that the mark-to-market rule of section 475 will not apply to an ownership interest in a FASIT or assets held in the FASIT.

The conference agreement clarifies that the taxable income of the holder of the ownership interest or a high-yield interest, that may not be offset by non-FASIT losses, includes gain and loss from the sale of the ownership interest or high-yield interest. In addition, the conference agreement coordinates the rule that limits a taxpayer's ability to offset REMIC excess inclusion income against net operating losses with this similar rule under the FASIT provisions.

The conference agreement provides that the taxable income of a holder of a FASIT ownership interest cannot be less than the taxable income with respect to the FASIT interest applies to any consolidated group of corporations of which the holder is a member as if the group were a single taxpayer.

The conference agreement makes a technical modification to the wording of a waiver of the rule that treats transfers of high-yield interest to disqualified persons as being ineffective such that the income for such high-yield interests will remain includable in the gross income of the transferor in computing its tax.

The conference agreement limits the rule of the Senate amendment that imposes a corporate tax on a pass-thru entity that issues a debt or equity interest that is supported by a regular interest in a FASIT and has high yield to cases where a principal purpose of such arrangement is the avoidance of the restriction that high-yield interests be held only by qualified holders.

The conference agreement modifies the rule of the Senate amendment which deals with terminations of a FASIT to provide that such terminations become effective on the date of the termination, instead of the beginning of the FASIT's taxable year in which the termination occurs.

The conference agreement provides that an asset which was a permitted asset at the time that it was acquired by the FASIT shall not be treated as an interest in the FASIT, except to the extent provided by regulation issued by the Treasury Secretary. Thus, an instrument acquired by the FASIT as a hedge (e.g., an interest rate swap) will not later become an interest in the FASIT when there is later an obligation by the FASIT to make payments to the counterparty under that hedge instrument.

The conference agreement clarifies that a FASIT may issue regular instruments with fixed rates or, except as provided by regulations issued by Treasury Secretary, variable rates permitted to be issued by real estate mortgage investment conduits ("REMICs").

The conference agreement clarifies that "interest-only instruments" ("IOs") may be issued by a FASIT as high-yield instruments if the instrument makes payments which consist of a specified portion of the interest payments in permitted assets and that portion does not vary throughout the life of that instrument.

The conference agreement clarifies that foreclosure property, which may be permitted asset of a FASIT, includes property acquired by foreclosure even though the acquired property is not real property. The conference agreement also grants the Treasury Secretary the power to reduce by regulations the two-year period that foreclosure property may be held as a permitted asset of the FASIT.

The conference agreement clarifies the application of section 475 to a securities dealer that holds an ownership interest in a FASIT. Under this clarification, except as provided in Treasury regulations, if section 475 applies to securities before their transfer to the FASIT, section 475 will continue to apply to securities that have been transferred (or deemed transferred) to the FASIT, except that the amount realized under the mark-to-market rule of section 475 shall be the greater of the securities' value under present law or their value determined under the special valuation rules applicable to FASITs.

The conference agreement deletes in technical amendments the rules that treat an ownership interests in a FASIT (a) as a non-capital asset of a bank or (b) as a permitted asset of a real estate investment trust ("REIT").

The conference agreement provides that a regular interest, but not an ownership interest, in a FASIT is treated as a qualified mortgage of a real estate mortgage investment conduit ("REMIC") if 95 percent or more of the value of the FASIT's assets consists, at all times, of real estate mortgages.

The conference agreement clarifies that a regular interest, but not an ownership interest, in a FASIT is treated as a qualifying asset for purposes of the definition of a domestic building and loan association so long as at least 95 percent of the assets of the FASIT are, at all times, qualified assets.

The conference agreement delays the effective date of the provision from the date of enactment of the provision to September 1, 1997, and extends the special transitional rule to any entity created before that date. The conferees expect that, prior to September 1, 1997, Treasury will issue guidance on how the ownership rule would apply to cases in which the entity that owns the FASIT joins in the filing of a consolidated return with other members of the group that wish to hold an ownership interest in the FASIT.

20. REVISION OF EXPATRIATION TAX RULES

(Secs. 1631–1633 of the Senate amendment.)

Present law

Individuals who relinquish U.S. citizenship with a principal purpose of avoiding U.S. taxes are subject to special tax provisions for 10 years after expatriation. The determination of who is a U.S. citizen for tax purposes, and when such citizenship is lost, is governed by the provisions of the Immigration and nationality Act, 8 U.S.C. section 1401, et. seq.

An individual who relinquishes his U.S. citizenship with a principal purpose of avoiding U.S. taxes is subject to tax on his or her U.S. source income at the rates applicable to U.S. citizens, rather than the rates applicable to other non-resident aliens, for 10 years after expatriation. In addition, the scope of items treated as U.S. source income for this purpose is broader than those items generally considered to be U.S. source income. For example, gains on the sale of personal property located in the United States and gains on the sale or exchange of stock or securities issued by U.S. persons are treated as U.S. source income. This alternative method of income taxation applies only if it results in a higher U.S. tax liability.

Rules applicable in the estate and gift tax contexts expand the categories of items that are subject to the gift and estate taxes in the case of a U.S. citizen who relinquished citizenship with a principal purpose of avoiding U.S. taxes within the 10-year period ending on the date of the transfer. For example, U.S. property held through a foreign corporation controlled by such individual and related persons is included in his or her estate and gifts of U.S.-situs intangible property by such individual are subject to the gift tax.

House bill

No provision.

Senate amendment

The Senate amendment replaces the present-law expatriation income tax rules with rules that generally subject certain U.S. citizens who relinquish their U.S. citizenship and certain long-term U.S. residents who relinquish their U.S. residency to tax on the net unrealized gain in their property as if such property were sold for fair market value on the expatriation date. The Senate amendment modifies the present-law expatriation estate and gift tax rules to apply to certain long-term U.S. residents and to provide that, for purposes of applying such rules, certain persons would be treated as having relinquished citizenship or residency for a principal purpose of avoiding U.S. taxes. The Senate amendment also imposes information reporting and sharing obligations with respect to U.S. citizens who relinquish their citizenship and long-term residents whose U.S. residency is terminated.

Effective date.—The provision generally is effective for U.S. citizens whose date of relinquishment of citizenship occurs on or after February 6, 1995 and for long-term residents who terminate their U.S. residency on or after such date.

Conference agreement

The conference agreement does not include the Senate amendment provision.

21. MODIFY TREATMENT OF FOREIGN TRUSTS

(Secs. 411–417 of H.R. 3286.)

Present law

Inbound grantor trusts with foreign grantors

Under the grantor trust rules (secs. 671–679), a grantor that retains certain rights or powers generally is treated as the owner of the trust's assets without regard to whether the grantor is a domestic or foreign person. Under these rules, U.S. trust beneficiaries are not subject to U.S. tax on distributions from a trust where a foreign grantor is treated as owner of the trust, even though no tax may be imposed on the trust income by any jurisdiction. In addition, a special rule provides that if a U.S. beneficiary of an inbound grantor trust transfers property to the foreign grantor by gift, that U.S. beneficiary is treated as the grantor of the trust to the extent of the transfer.

Foreign trusts that are no grantor trusts

Under the accumulation distribution rules (which generally apply to distributions from a trust in excess of the trust's distributable net income for the taxable year), a distribution by a foreign nongrantor trust of previously accumulated income generally is taxed at the U.S. beneficiary's average marginal rate for the prior 5 years, plus interest (secs. 666 and 667). Interest is computed at a fixed annual rate of 6 percent, with no compounding (sec. 668). If adequate records of the trust are not available to determine the proper application of the rules relating to accumulation distributions to any distribution from a trust, the distribution is treated as an accumulation distribution out of income earned during the first year of the trust (sec. 666(d)).

If a foreign nongrantor trust makes a loan to one of its beneficiaries, the principal of such a loan generally is not taxable as income to the beneficiary.

Outbound foreign grantor trusts with U.S. grantors

Under the grantor trust rules, a U.S. person that transfers property to a foreign trust generally is treated as the owner of the portion of the trust comprising that property for any taxable year in which there is a U.S. beneficiary of any portion of the trust (sec. 679(a)). This treatment generally does not apply, however, to transfers by reason of death, to transfers made before the transferor became a U.S. person, or to transfers that represent sales or exchanges of property at fair market value where gain is recognized to the transferor.

Residence of trusts

A trust is treated as foreign if it is not subject to U.S. income taxation on its income that is neither derived from U.S. sources nor effectively connected with the conduct of a U.S. trade or business. Thus, if a trust is taxed in a manner similar to a nonresident alien individual, it is considered to be a foreign trusts. Any other trust is treated as domestic.

Section 1491 generally imposes a 35-percent excise tax on a U.S. person that transfers appreciated property to certain foreign entities, including a foreign trust. In the case of a domestic trust that changes its situs and becomes a foreign trust, it is unclear whether property has been transferred from a U.S. person to a foreign entity and, thus, whether the transfer is subject to the excise tax.

Information reporting and penalties related to foreign trusts

Any U.S. person that creates a foreign trust or transfers money or property to a foreign trust is required to report that event to the Treasury Department without regard to whether the trust is a grantor or a nongrantor trust. Similarly, any U.S. person that transfers property to a foreign trust that has one or more U.S. beneficiaries is required to report annually to the Treasury Department. In addition, any U.S. person that makes a transfer described in section 1491 is required to report the transfer to the Treasury Department.

Any person that fails to file a required report with respect to the creation of, or a transfer to, a foreign trust may be subject to a penalty of 5 percent of the amount transferred to the foreign trust. Similarly, any person that fails to file a required annual report with respect to a foreign trust with U.S. beneficiaries may be subject to a penalty of 5 percent of the value of the corpus of the trust at the close of the taxable year. The maximum amount of the penalty imposed under either case may not exceed $1,000. A reasonable cause exception is available.

Reporting of foreign gifts

There is no requirement to report gifts or bequests from foreign sources.

House bill

No provision. However, sections 411–417 of H.R. 3286 (Adoption Promotion and Stability Act of 1996) contains the following provisions:

Inbound grantor trusts with foreign grantors

The House bill generally applies only to the extent it results, directly or indirectly, in income or other amounts (if any) being currently taken into account in computing the income of a U.S. citizen or resident or a domestic corporation. Certain exceptions apply to this rule. Under one exception, the grantor trust rules continue to apply to the portion of a trust where that portion of the trust is revocable by the grantor either without approval of another person or with the consent of a related or subordinate party who is subservient to the grantor. Under another exception, the grantor trust rules continue to apply to the portion of a trust where the only amounts distributable from that portion during the lifetime of the grantor are to the grantor or the grantor's spouse. The general rule denying grantor trust status does not apply to trusts established to pay compensation, and certain trusts in existence as of September 19, 1995 provided that such trust is treated as owned by the grantor under section 676 or 677 (other than sec. 677(a)(3)).[69] In addition, the grantor trust rules generally apply where the grantor is a controlled foreign corporation (as defined in sec. 957). Finally, the grantor trust rules continue to apply in determining whether a foreign corporation is characterized as a passive foreign investment company ("PFIC"). Thus, a foreign corporation cannot avoid PFIC status by transferring its assets to a grantor trust.

If a U.S. beneficiary, or a family member of such a beneficiary,[70] of an inbound grantor trust transfers property to the foreign grantor, such beneficiary generally is treated as a grantor of a portion of the trust to the extent of the transfer. This rule applies without regard to whether the foreign grantor is otherwise treated as the owner of any portion of such trust. However, this rule does not apply if the transfer is a sale of the property for full and adequate consideration or if the transfer is a gift that qualifies for the annual exclusion described in section 2503(b).

The House bill provides a special rule that allows the Secretary of the Treasury to recharacterize a transfer, directly or indirectly, from a partnership or foreign corporation which the transferee treats as a gift or bequest, to prevent the avoidance of the purpose of section 672(f).[71] In a case where a foreign person (that would be treated as the owner of a trust but for the above rule) actually pays tax on the income of the trust to a foreign country, it is anticipated that Treasury regulations will provide that, for foreign tax credit purposes, U.S. beneficiaries that are subject to U.S. income tax on the same income will be treated as having paid the foreign taxes that are paid by the foreign grantor. Any resulting foreign tax credits would be subject to applicable foreign tax credit limitations.

The House bill provides a transition rule for any domestic trust that has a foreign grantor that is treated as the owner of the trust under present law, but becomes a nongrantor trust under the bill. If such a trust becomes a foreign trust before January 1, 1997, or if the assets of such a trust are transferred to a foreign trust before that date, such trust is exempt from the excise tax on transfers to a foreign trust otherwise imposed by section 1491. However, the House bill's new reporting requirements and penalties are applicable to such a trust and its beneficiaries. In addition, the assets of such a trust will be treated as if they were recontributed to a nongrantor trust by the foreign grantor, with no recognition of gain or loss, on the date the trust ceases to be treated as a grantor trust. The nongrantor trust will have the same basis in such assets as did the grantor on the date the trust ceases to be treated as a grantor trust.

Effective date.—The provisions described in this part are effective on the date of enactment.

Foreign trusts that are not grantor trusts

The House bill changes the interest rate applicable to accumulation distributions from foreign trusts from simple interest at a fixed rate of 6 percent to compound interest determined in the same manner as interest imposed on underpayments of tax under section 6621(a)(2). Simple interest is accrued at the rate of 6 percent through 1995. Beginning on January 1, 1996, however, compound interest based on the underpayment rate is imposed not only on tax amounts determined under the accumulation distribution rules but also on the total simple interest for pre-1996 periods, if any. For purposes of computing the interest charge, the accumulation distribution is allocated proportionately to prior trust years in which the trust has undistributed net income (and the beneficiary receiving the distribution was a U.S. citizen or resident), rather than to the earliest of such years. An accumulation distribution is treated as reducing proportionately the undistributed net income from prior years.

In the case of a loan of cash or marketable securities by the foreign trust to a U.S. grantor or a U.S. beneficiary (or a U.S. person related to such grantor or beneficiary[72]), except, to the extent provided by Treasury regulations, the House bill treats the full amount of the loan as distributed to the grantor or beneficiary. It is expected that Treasury regulations will provide an exception from this treatment for loans with arm's-length terms. In applying this exception, it is further expected that consideration be given to whether there is a reasonable expectation that a loan will be repaid. In addition, any subsequent transaction between the trust and the original borrower regarding the principal of the loan (e.g., repayment) is disregarded for all purposes of the Code. This provision does not apply to loans made to persons that are exempt from U.S. income tax.

Effective date.—The provision to modify the interest charge on accumulation distributions applies to distributions after the date of enactment. The provision with respect to loans to U.S. grantors, U.S. beneficiaries or a related U.S. person related to such a grantor or beneficiary applies to loans made after September 19, 1995.

Outbound foreign grantor trusts with U.S. grantors

The House bill makes several modifications to the general rule of section 679(a)(1) under which a U.S. person who transfer property to a foreign trust generally is treated as the owner of the portion of the trust comprising that property for any taxable year in which there is a U.S. beneficiary of the trust. The House bill also contains an amendment to conform the definition of certain foreign corporations the income of which is deemed to be accumulated for the benefit of a U.S. beneficiary to the definition controlled foreign corporations (as defined in sec. 957(a)).

Sale or exchange at market value.—Present law contains several exceptions to grantor trust treatment under section 679(a)(1) described above. Under one of the exceptions, grantor trust treatment does not result from a transfer of property by a U.S. person to a foreign trust in the form of a sale or exchange at fair market value where gain is recognized to the transferor. In determining whether the trust paid fair markets value to the transferor, the House bill provides that obligations issued (or, to the extent provided by regulations, guaranteed) by the trust, by any grantor or beneficiary of the trust, or by any person related to any grantor or beneficiary[73] (referred to as "trust obligations") generally are not taken into account except as provided in Treasury regulations. It is expected that Treasury regulations will provide an exception from this treatment for loans with arm's-length terms. In applying this exception, it is further expected that consideration be given to whether there is a reasonable expectation that a loan will be repaid. Principal payments by the trust on any such trust obligations generally will reduce the portion of the trust attributable to the property transferred (i.e., the portion of which the transferor is treated as the grantor).

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[69] The exception does not apply to the portion of any such trust attributable to any transfers made after September 19, 1995.

[70] For this purpose, a family member is generally defined as a brother, sister, spouse, ancestor or lineal descendant.

[71] See discussion below for reporting requirements under the House bill with respect to certain foreign gifts and bequests received by a U.S. person.

[72] For this purpose, a person generally would be treated as related to the grantor or beneficiary if the relationship between such person and the grantor or beneficiary would result in a disallowance of losses under section 267 or 707(b), except that in applying section 267(c)(4) an individual's family includes the spouses of the members of the family.

Other transfers.—The House bill adds new exception to the general rule of section 679(a)(1) described above. Under the House bill, a transfer of property to certain charitable trusts is exempt from the application of the rules treating foreign trusts with U.S. grantors and U.S. beneficiaries as grantor trusts.

Transferors or beneficiaries who become U.S. persons.—The House bill applies the rule of section 679(a)(1) to certain foreign persons who transfer property to a foreign trust and subsequently become U.S. persons. A nonresident alien individual who transfers property, directly or indirectly, to a foreign trust and then becomes a resident of the United States within 5 years after the transfer generally is treated as making a transfer to the foreign trust on the individual's U.S. residency starting date (as defined in sec. 7701(b)(2)(A)). The amount of the deemed transfer is the portion of the trust (including undistributed earnings) attributable to the property previously transferred. Consequently, the individual generally is treated under section 679(a)(1) as the owner of that portion of the trust in any taxable year in which the trust has U.S. beneficiaries.

Outbound trust migrations.—The House bill applies the rules of section 679(a)(1) to a U.S. person who transferred property to a domestic trust if the trust subsequently becomes a foreign trust while the transferor is still alive. Such a person is deemed to make a transfer to the foreign trust on the date of the migration. The amount of the deemed transfer is the portion of the trust (including undistributed earnings) attributable to the property previously transferred. Consequently, the individual generally is treated under the rules of section 679(a)(1) as the owner of that portion of the trust in any taxable year in which the trust has U.S. beneficiaries.

Effective date.—The provisions to amend section 679 apply to transfers of property after February 6, 1995.

Anti-abuse regulatory authority

The House bill includes an anti-abuse rule which authorizes the Secretary of the Treasury to issue regulations, on or after the date of enactment, that may be necessary or appropriate to carry out the purposes of the rules applicable to estates, trusts and beneficiaries, including regulations to prevent the avoidance of those purposes.

Effective date.—The provision is effective on the date of enactment.

Residence of trusts

The House bill establishes a two-part objective test for determining for tax purposes whether a trust is foreign or domestic. If both parts of the test are satisfied, the trust is treated as domestic. Under the first part of the proposed test, if a U.S. court (i.e., Federal, State, or local) exercises primary supervision over the administration of the trust, the trust is treated as domestic. Under the second part of the proposed test, in order for a trust to be treated as domestic, one or more U.S. fiduciaries must have the authority to control all substantial decisions of the trust.

Under the House bill, if a domestic trust changes its situs and becomes a foreign trust, the trust is treated as having made a transfer of its assets to a foreign trust and is subject to the 35-percent excise tax imposed by present-law section 1491 unless one of the exceptions to this excise tax is applicable.

Effective date.—The provision to modify the treatment of a trust as a U.S. person applies to taxable years beginning after December 31, 1996. In addition, if the trustee of a trust so elects, the provision would apply to taxable years ending after the date of enactment. The amendment to section 1491 is effective on the date of enactment.

Information reporting and penalties relating to foreign trusts

The House bill generally requires the grantor, transferor or executor (i.e., the "responsible party") to file information returns with the Treasury Department upon the occurrence of certain events. The term "reportable event" generally means the creation of any foreign trust by a U.S. person, the direct and indirect transfer of any money or property to a foreign trust, including a transfer by reason of death, and the death of a U.S. citizen or resident if any portion of a foreign trust was included in the gross estate of the decedent. In addition, a U.S. owner of any portion of a foreign trust generally is required to ensure that the trust files an annual return to provide full accounting of all the trust activities for the taxable year. Finally, any U.S. person that receives (directly or indirectly) any distribution from a foreign trust generally is required to file a return to report the name of the trust, the aggregate amount of the distributions received, and other information that the Secretary of the Treasury may prescribe.

Under the House bill, a person that fails to provide the required notice or return in cases involving the transfer of property to a new or existing foreign trust, or a distribution by a foreign trust to a U.S. person, is subject to an initial penalty equal to 35 percent of the gross reportable amount. A failure to provide an annual reporting of trust activities will result in an initial penalty equal to 5 percent of the gross reportable amount.

The House bill provides that if a U.S. owner of any portion of a foreign trust fails to appoint a limited U.S. agent to accept service of process with respect to any requests and summons by the Secretary of the Treasury in connection with the tax treatment of any items related to the trust, the Secretary may determine the tax consequences of amounts to be taken into account under the grantor trust rules. In cases where adequate records are not provided to the Secretary to determine the proper treatment of any distributions from a foreign trust, the distribution is includible in the gross income of the U.S. distributee and is treated as an accumulation distribution from the middle year of a foreign trust (i.e., computed by taking the number of years that the trust has been in existence divided by 2) for purposes of computing the interest charge applicable to such distribution, unless the foreign trust elects to have a U.S. agent for the limited purpose of accepting service of process (as described above).

Under the House bill, a person that fails to provide the required notice or return in cases involving the transfer of property to a new or existing foreign trust, or a distribution by a foreign trust to a U.S. person, is subject to an initial penalty equal to 35 percent of the gross reportable amount (generally the value of the property involved in the transaction). A failure to provide an annual reporting of trust activities will result in an initial penalty equal to 5 percent of the gross reportable amount. An additional $10,000 penalty is imposed for continued failure for each 30-day period (or fraction thereof) beginning 90 days after the Treasury Department notifies the responsible party of such failure. Such penalties are subject to a reasonable cause exception. In no event will the total amount of penalties exceed the gross reportable amount.

Effective date.—The reporting requirements and applicable penalties generally apply to reportable events occurring or distributions received after the date of enactment. The annual reporting requirement and penalties applicable to U.S. grantors apply to taxable years of such persons beginning after December 31, 1995.

REPORTING OF FOREIGN GIFTS

The House bill generally requires any U.S. person (other than certain tax-exempt organizations) that receives purported gifts or bequests from foreign sources total more than $10,000 during the taxable year to report them to the Treasury Department. The threshold for this reporting requirement is indexed for inflation. The definition of a gift to a U.S. person for this purpose excludes amounts that are qualified tuition or medical payments made on behalf of the U.S. person, as defined for gift tax purposes (sec. 2503(e)(2)), and amounts that are distributions to a U.S. beneficiary of a foreign trust if such amounts are properly disclosed under the reporting requirements of the House bill. If the U.S. person fails, without reasonable cause, to report foreign gifts as required, the Secretary of the Treasury is authorized to determine the tax treatment of the unreported gifts. It is intended that the Treasury Secretary's exercise of its authority to make such a determination will be subject to judicial review under a arbitrary or capricious standard, which provides a high degree of deference to such determination. In addition, the U.S. person is subject to a penalty equal to 5 percent of the amount of the gift for each month that the failure continues, with the total penalty not to exceed 25 percent of such amount.

Effective date.—The provision applies to amounts received after the date of enactment.

Senate amendment

No provision.

Conference agreement

The conference agreement adopts the House bill provision of H.R. 3286 with one modification and two clarifications.

If a U.S. beneficiary of an unbound grantor trust transfers property to a foreign grantor, such beneficiary generally is treated as a grantor of a portion of the trust to the extent of the transfer. Under the conference agreement, this provision generally does not apply transfers by a family member of such a beneficiary.

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[73] For this purpose, a person is treated as related to the grantor or beneficiary if the relationship between such person and the grantor or beneficiary would result in a disallowance of losses under section 267 or 707(b), except that in applying section 267(c)(4) an individual's family includes the spouses of the members of the family.

The conferees wish to clarify that in exercising its regulatory authority to treat a U.S. trust as a foreign trust for purposes of information reporting purposes, the Secretary of the Treasury will take into account the information that such a trust reported under the domestic trust reporting rules.

Under the House bill, the section 1491 excise tax applies when a domestic trust changes its situs and becomes a foreign trust after the date of enactment. In addition, under the House bill, a trustee may elect to apply the new objective test for determining the residence of a trust to the taxable year of the trust ending after the date of enactment. The conferees wish to clarify that when a trustee makes this election, and thereby changes the situs of a trust from domestic to foreign, the trust is treated as having made an outbound transfer of its assets on the date of such election. Consequently, the section 1491 excise tax will apply to such a transfer.

22. TREATMENT OF BAD DEBT DEDUCTIONS OF THRIFT INSTITUTIONS

(Sec. 401 of the H.R. 3103 and sec. 611 of the Senate amendment to H.R. 3103.)

Present law

Generally, a taxpayer engaged in a trade or business may deduct the amount of any debt that becomes wholly or partially worthless during the year (the "specific charge-off" method of sec. 166). Certain thrift institutions (building and loan associations, mutual savings banks, or cooperative banks) are allowed deductions for bad debts under rules more favorable than those granted to other taxpayers (and more favorable than the rules applicable to other financial institutions). Qualified thrift institutions may compute deductions for bad debts using either the specific charge-off method or the reserve method of section 593. To qualify for this reserve method, a thrift institution must meet an asset test, requiring that 60 percent of its assets consist of "qualifying assets" (generally cash, government obligations, and loans secured by residential real property). This percentage must be computed at the close of the taxable year, or at the option of the taxpayer, as the annual average of monthly, quarterly, or semiannual computations of similar percentages.

If a thrift institution uses the reserve method of accounting, it must establish and maintain a reserve for bad debts and charge actual losses against the reserve, and is allowed a deduction for annual additions to restore the reserve to its permitted balance. Under section 593, a thrift institution annually may elect to calculate its addition to its bad debt reserve under either (1) the "percentage of taxable income" method applicable only to thrift institutions, or (2) the "experience" method that also is available to small banks.

Under the "percentage of taxable income" method, a thrift institution generally is allowed a deduction for an addition to its bad debt reserve equal to 8 percent of its taxable income (determined without regard to this deduction and with additional adjustments). Under the experience method, a thrift institution generally is allowed a deduction for an addition to its bad debt reserve equal to the greater of: (1) an amount based on its actual average experience for losses in the current and five preceding taxable years, or (2) an amount necessary to restore the reserve to its balance as of the close of the base year. For taxable years beginning before 1988, the "base year" was the last taxable year before the most recent adoption of the experience method (i.e., generally, the last year the taxpayer was on the percentage of taxable income method). For taxable years beginning after 1987, the base year is the last taxable year beginning before 1988. Prior to 1988, computing bad debts under a "base year" rule allowed a thrift institution to claim a deduction for bad debts for an amount at least equal to the institution's actual losses that were charged off during the taxable year.

If a thrift institution becomes a commercial bank, or if the institution fails to satisfy the 60-percent qualified asset test, it is required to change its method of accounting for bad debts and, under proposed Treasury regulations, is required to recapture its bad debt reserve. The percentage-of-taxable-income portion of the reserve generally is included in income ratably over a 6-taxable year period. The experience method portion of the reserve is not restored to income if the former thrift institution qualifies as a small bank. If the former thrift institution is treated as a large bank, the experience method portion of the reserve is restored to income ratably over a 6-taxable year period, or under the 4-year recapture method or the cut-off method described above.

In addition, a thrift institution may be subject to a form of reserve recapture even if the institution continues to qualify for the percentage of taxable income method. Specifically, if a thrift institution distributes to its shareholders an amount in excess of its post-1951 earnings and profits, such excess is deemed to be distributed from the nonexperience potion of the institution's bad debt reserve and is restored to income. In the case of any distribution in redemption of stock or in partial or complete liquidation of an institution, the distribution is treated as first coming from the nonexperience potion of the bad debt reserves of the institution (sec. 593(e)).

House bill

No provision in H.R. 3448. Section 401 of H.R. 3103, the "Health Coverage Availability and Affordability Act of 1996," as passed by the House of Representatives on March 28, 1996, contained the following provision.

Repeal of section 593

The bill repeals the section 593 reserve method of account for bad debts by thrift institutions, effective for taxable years beginning after 1995. Thrift institutions that would be treated as small banks (as determined under sec. 585(c)(2)) are allowed to utilize the experience method applicable to such institutions, while thrift institutions that are treated as large banks are required to use only the specific charge-off method.

Treatment of recapture of bad debt reserves

In general.—A thrift institution required to change its method of computing reserves for bad debts will treat such change as a change in a method of accounting, initiated by the taxpayer, and having been made with the consent of the Secretary of the Treasury. Any section 481(a) adjustment required to be taken into account with respect to such change generally will be determined solely with respect to the "applicable excess reserves" of the taxpayer. The amount of applicable excess reserves shall be taken into account ratably over a six-taxable year period, beginning with the first taxable year beginning after 1995, subject to the residential loan requirement described below. In the case of a thrift institution that becomes a large bank, the amount of the institution's applicable excess reserves generally is the excess of (1) the balance of its reserves described in section 593(c)(1) other than its supplemental reserve for losses on loans (i.e., its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans) as of the close of its last taxable year beginning before January 1, 1996, over (2) the balance of such reserves (i.e., its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans) as of the close of its last taxable year beginning before January 1, 1988 (i.e., the "pre-1988 reserves"). Similar rules would apply to small banks.

The balance of the pre-1988 reserves is subject to the provisions of section 593(e) (requiring recapture in the case of certain excess distributions to, and redemptions of, shareholders). In addition, the balances of the pre-1988 reserve and the supplemental reserve will be treated as tax attributes to which section 381 applies. Certain internal reorganizations of a group of thrift institutions will not be treated as distributions to shareholders for purposes of section 593(e). Further, if a taxpayer no longer qualifies as a bank (as defined by sec. 581), the balances of the taxpayer's pre-1988 reserve and supplement reserves are restored to income ratably over a six-year period, beginning in the taxable year the taxpayer no longer qualifies as a bank.

Residential loan requirement.—Under a special rule, if the taxpayer meets the "residential loan requirement" for a taxable year, the recapture of the applicable excess reserves otherwise required to be taken into account as a section 481(a) adjustment for such year will be suspended. A taxpayer meets the residential loan requirement if, for the taxable year, the principal amount of residential loans made by the taxpayer during the year is not less than its base amount. The residential loan requirement is applicable only for taxable years that begin after December 31, 1995, and before January 1, 1998, and must be applied separately with respect to each such year.

Treatment of conversions to credit unions

The bill provides that if a thrift institution to which the repeal of section 593 applies becomes a credit union, the credit union will be treated as a institution that is not a bank and any section 481(a) adjustment required to be included in gross income will be treated as derived from an unrelated trade or business.

Effective date

The provision general is effective for taxable years beginning after December 31, 1995. The amendments to section 593(e) do not apply to certain distributions with respect to preferred stock.

Senate amendment

No provision in the Senate amendment to H.R. 3448. Section 611 of the Senate amendment to H.R. 3103, the "Health Coverage Availability and Affordability Act of 1996," as passed by the Senate on April 23, 1996, contained a provision similar to the provision in the House-passed version of H.R. 3103.

Conference agreement

The conference agreement generally follows the provision in the House-and Senate-passed versions of H.R. 3103, with modifications. The following describes the provisions of the conference agreement.

Repeal of section 593

The conference agreement repeals the section 593 reserve method of accounting for bad debts by thrift institutions, effective for taxable years beginning after 1995. Thrift institutions that would be treated as small banks[74] are allowed to utilize the experience method applicable to such institutions, while thrift institutions that are treated as large banks are required to use only the specific charge-off method. Thus, the percentage of taxable income method of accounting for bad debts is no longer available for any financial institution. The conference agreement also repeals the following present-law provisions that only apply to thrift institutions to which section 593 applies: (1) the denial of a portion of certain tax credits to a thrift institution (sec. 50(d)(1)); (2) the special rules with respect to the foreclosure of property securing loans of a thrift institution (sec. 595); (3) the reduction in the dividends received reduction of a thrift institution (sec. 596); and (4) the ability of a thrift institution to use a net operating loss to offset its income from a residual interest in REMIC (sec. 860E(a)(2)).

Treatment of recapture of bad debt reserves

In general.—A thrift institution required to change its method of computing reserves for bad debts will treat such change as a change in a method of accounting initiated by the taxpayer, and having been made with the consent of the Secretary of the Treasury.[75] Any section 481(a) adjustment required to be taken into account with respect to such change generally will be determined solely with respect to the "applicable excess reserves" of the taxpayer. The amount of applicable excess reserves shall be taken into account ratably over a six-taxable year period, beginning with the first taxable year beginning after 1995, subject to the residential loan requirement described below. In the case of a thrift institution that becomes a "large bank" (as determined under sec. 585(c)(2)), the amount of the institution's applicable excess reserves generally is the excess of (1) the balance of its reserves described in section 593(c)(1) other than its supplemental reserve for losses on loans (i.e., its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans) as of the close of its last taxable year beginning before January 1, 1996, over (2) the balance of such reserves (i.e., its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans) as of the close of its last taxable year beginning before January 1, 1988 (i.e., the "pre-1988 reserves").[76] Thus, a thrift institution that is treated as a large bank generally is required to recapture its post-1987 additions to its bad debt reserves, whether such additions are made pursuant to the percentage of taxable income method or the experience method. The timing of this recapture may be delayed for a one- or two-year period to the extent the residential loan requirement described below applies.

In the case of a thrift institution that becomes a "small bank" (as determined under sec. 585(c)(2)), the amount of the institution's applicable excess reserves will be the excess of (1) the balance of its reserves described in section 593(c)(1) as of the close of its last taxable year beginning before January 1, 1996, over (2) the greater of the balance of: (a) its pre-1988 reserves or (b) what the institution's reserves would have been at the close of its last taxable year beginning before January 1, 1996, had the institution always used the experience method described in section 585(b)(2)(A) (i.e., the six-year average method). For purposes of the future application of section 585, the beginning balance of the small bank's reserve for its first taxable year beginning after December 31, 1995, will be the greater of the two amounts described in (2) in the preceding sentence, and the balance of the reserve at the close of the base year (for purposes of sec. 585(b)(2)(B)) will be the amount of its pre-1988 reserves. The residential loan requirement described below also applies to small banks. If such small bank later becomes a large bank, any section 481(a) adjustment amount required to be taken into account under section 585(c)(3) will not include any portion of the bank's pre-1988 reserve. Similarly, if the bank elects the cut-off method to implement its conversion to large bank status, the amount of the reserve against which the bank charges its actual losses will not include any portion of the bank's pre-1988 reserve and the amount by which the pre-1988 reserve exceeds actual losses will not be included in gross income.

The balance of the pre-1988 reserves is subject to the provisions of section 593(e), as modified by the conference agreement (requiring recapture in the case of certain excess distributions to, and redemptions of, shareholders). Thus, section 593(e) will apply to an institution regardless of whether the institution becomes a commercial bank or remains a thrift institution. In addition, the balances of the pre-1988 reserve and the supplemental reserve will be treated as tax attributes to which section 381 applies. The conferees expect that Treasury regulations will provide rules for the application of section 593(e) in the case of mergers, acquisitions, spin-offs, and other reorganizations of thrift and other institutions.[77] The conferees believe that any such regulations should provide that, if the stock of an institution with a pre-1988 reserve is acquired by another depository institution, the pre-1988 reserve will not be restored to income by reason of the acquisition. Similarly, if an institution with a pre-1988 reserve is merged or liquidated tax-free into a bank, the pre-1988 reserve should not be restored to income by reason of the merger or liquidation. Rather, the bank will inherit the pre-1988 reserve and the post-1951 earnings and profits of the former thrift institution and section 593(e) will apply to the bank as if it were a thrift institution. That is, the pre-1988 reserve will be restored into income in the case of any distribution in redemption of the stock of the bank or in partial or complete liquidation of the bank following the merger or liquidation. In the case of any other distribution, the pre-1988 reserve will not be restored to income unless the distribution is in excess of the sum of the post-1951 earnings and profits inherited from the thrift institution and the post-1913 earnings and profits of the acquiring bank.[78] The conferees expect that Treasury regulations will address the case where the shareholders of an institution with a pre-1988 reserve are "cashed out" in a taxable merger of the institution and a bank. Such regulations may provide that the pre-1988 reserve may be restored to income if such redemption represents a concealed distribution from the former thrift institution. For example, cash received by former thrift shareholders pursuant to a taxable reverse merger may represent a concealed distribution if, immediately preceding the merger, the acquiring bank had no available resources to distribute and its existing debt structure, indenture restriction, financial condition, or regulatory capital requirements precluded it from borrowing money for purposes of making the cash payment to the former thrift shareholders. No inference is intended by the conferees as to the application of section 593(e) to these and similar transactions under present law.

Further, if a taxpayer no longer qualifies as a bank (as defined by sec. 581), the balances of the taxpayer's pre-1988 reserve and supplemental reserves are restored to income ratably over a six-year period, beginning in the taxable year the taxpayer no longer qualifies as a bank.

Residential loan requirement.—Under a special rule, if the taxpayer meets the 'residential loan requirement" for a taxable year, the recapture of the applicable excess reserve otherwise required to be taken into account as a section 481(a) adjustment for such year will be suspended. A taxpayer meets the residential loan requirement if, for the taxable year, the principal amount of residential loans made by the taxpayer during the year is not less than its base amount. The residential loan requirement is applicable only for taxable years that begin after December 31, 1995, and before January 1, 1998, and must be applied separately with respect to each such year. Thus, all taxpayers are required to recapture their applicable excess reserves within six, seven, or eight years after the effective date of the provision.

The "base amount" of a taxpayer means the average of the principal amounts of the residential loans made by the taxpayer during the six most recent taxable years beginning before January 1, 1996. At the election of the taxpayer, the base amount may be computed by disregarding the taxable years within that six-year period in which the principal amounts of loans made during such years were highest and lowest. This election must be made for the first taxable year beginning after December 31, 1995, and applies to the succeeding taxable year unless revoked with the consent of the Secretary of the Treasury or his delegate.

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[74] Under present-law section 581, the definition of a "bank" includes a thrift institution.

[75] The provisions of the conference agreement will apply to a thrift institution that has a taxable year that begins after December 31, 1995, even if such taxable year is a short taxable year that comes to a close because the thrift institution is acquired by a non-thrift institution.

In addition, a thrift institution that uses a reserve method described in section 593 will be deemed to have changed its method of computing reserves for bad debts even though such institution will be allowed to use the reserve method of section 585. Similarly, a large thrift institution will be deemed to have changed its method of computing reserves for bad debts even through such institution used the experience-method portion of section 593 in lieu of the percentage-of-taxable-income method of section 593.

[76] The balance of a taxpayer's pre-1988 reserves is reduced if the taxpayer's loan portfolio had decreased since 1988. The permitted balance of a taxpayer's pre-1988 reserves is reduced by multiplying such balance by the ratio of the balance of the taxpayer's loans outstanding at the close of the last taxable beginning before 1996, to the balance of the taxpayer's loans outstanding at the close of the last taxable beginning before 1988. This reduction is required for both large and small banks.

[77] The conferees expect that in the case of the merger, acquisition, spin-off, or other reorganization involving only thrift institutions, section 593(e) as modified by the conference agreement, will continue to be applied in a manner similar to the way section 593(e) is applied under present law.

However, guidance will be needed in the case of transactions where one of the parties to the transaction is not a thrift institution. Guidance may be needed because the issue of whether section 593(e) applies in the case where a thrift institution is merged into a bank generally does not arise under present law because such merger results in a charter change and, under proposed Treasury regulations, requires full bad debt reserve recapture.

[78] If the acquiring bank is a former thrift institution itself and the pre-1988 reserves of neither institution are restored to income pursuant to the merger, the conferees expect that the pre-1988 reserves and the post-1951 earnings and profits of the two institutions will be combined for purposes of the continued application of section 593(e) with respect to the combined institution.

For purposes of the residential loan requirement, a loan will be deemed to be "made" by a financial institution to the extent the institution is, in fact, the principal source of the loan financing. Thus, any loan only can be "made" once. The conferees expect that loans "made" by a financial institution may include, but are not limited to, loans (1) originated directly by the institution through its place of business or its employees, (2) closed in the name of the institution, (3) originated by a broker that acts as an agent for the institution, and (4) originated by another person (other than a financial institution) and that are acquired by the institution pursuant to a pre-existing, enforceable agreement to acquire such loans. In addition, Treasury regulations also may provide that loans "made" by a financial institution may include loans originated by another person (other than a financial institution) acquired by the institution soon after origination if such acquisition is pursuant to a customary practice of acquiring such loans from such person. A loan acquired by a financial institution from another financial institution generally will be considered to be made by the transferor rather than the transferee of the loan; however, such loan may be completely disregarded if a principal purpose of the transfer was to allow the transferor to meet the residential loan requirement. A loan may be considered to be made by a financial institution even if such institution has an arrangement to transfer such loan to the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

For purposes of the residential loan requirement, a "residential loan" is a loan described in section 7701(a)(19)(C)(v) (generally, loans secured by residential real and church property and certain mobile homes),[79] but only to the extent the loan is made to the owner of the property to acquire, construct, or improve the property. Thus, mortgage refinancings and home equity loans are not considered to be residential loans, except to the extent the proceeds of the loan are used to acquire, construct, or improve qualified residential real property. The conferees understand that pursuant to the Home Mortgage Disclosure Act, financial institutions are required to disclose the purpose for which loans are made. The conferees further understand that for purposes of this disclosure, institutions are required to classify loans as home purchase loans, home improvement loans, refinancings, and multifamily dwelling loans (whether for purchase, improvement or refinancing of such property). The conferees expect that taxpayers (and the Secretary of the Treasury in promulgating guidance) may take such reporting into account, and make such adjustments as are appropriate,[80] in determining: (1) whether or not a loan qualifies as a "residential loan" and (2) whether the institution "made" the loan. A taxpayer must use consistent standards for determining whether loans qualify as residential loans made by the institution both for purposes of determining its base amount and for purposes of determining whether it met the residential loan requirement for a taxable year.

The residential loan requirement is determined on a controlled group basis. Thus, for example, if a controlled group consists of two thrift institutions with applicable excess reserves that are wholly-owned by a bank, the residential loan requirement will be met (or not met) with respect to both thrift institutions by comparing the principal amount of the residential loans made by all three members of the group during the taxable year to the group's base amount. The group's base amount will be the average principal amount of residential loans made by all three members of the group during the base period. The election to disregard the high and low taxable years during the 6-year base period also would be applied on a controlled group basis (i.e., generally by treating the members of the group as one taxpayer so that all members of the group must join in the election, and the same corresponding years of each member would be so disregarded).

Treasury regulations may provide rules for the application of the residential loan requirement in the case of mergers, acquisitions, and other reorganizations of thrift and other institutions. For example, the balance of a taxpayer's applicable excess reserve will be treated as a tax attribute to which section 381 applies. Thus, if an institution with an applicable excess reserve is acquired in a tax-free reorganization, the conferees expect that balance of such reserve will not be immediately restored to income but will continue to be subject to the residential loan requirement in the hands of the acquirer. The conferees further expect that if a financial institution joins or merges into (or leaves) a group of financial institutions, the base amount of the acquiring (or remaining) group will be appropriately adjusted to reflect the base amount of the acquired (or departing) institution for purposes of determining whether the group meets the residential loan requirement for the year of the acquisition (or departure) and subsequent years. Similarly, if a controlled group of institutions had made an election to disregard its high and low years in computing its base amount, it is anticipated that such election shall be binding on any institution that subsequently joins the group and the election shall be applied to the new member by disregarding the high and low years of the new member even if such years do not correspond to the years applicable to the other members of the group.

Treatment of conversions to credit unions

The conference agreement provides that if a thrift institution to which the repeal of section 593 applies becomes a credit union, the credit union will be treated as an institution that is not a bank and any section 481(a) adjustment required to be included in gross income will be treated as derived from an unrelated trade or business. Thus, if a thrift institution becomes a credit union in its first taxable year beginning after December 31, 1995, the entire balance of the institution's bad debt reserve will be included in income, and subject to tax, over a six-year period beginning with such taxable year. No inference is intended as to the Federal income tax treatment of any other aspect of the conversion of a financial institution to a credit union.

Effective date.—The repeal of section 593 is effective for taxable years beginning after December 31, 1995. The repeal of section 595 is effective for property acquired in taxable years beginning after December 31, 1995. The amendment to section 860E does not apply to any residual interest in a REMIC held by the taxpayer on October 31, 1995, and at all times thereafter.

The amendment to section 593(e)(1)(B) does not apply to any distributions with respect to preferred stock (including redemptions of such stock) if: (1) such stock was issued and outstanding as of November 1, 1995, and at all times thereafter before the distribution and (2) such distribution is made within the later of (a) one year after the date of enactment of this Act or (b) if the stock is redeemable by the issuer or a related party, 30 days after the date such stock first may be redeemed. For this purpose, the first date a preferred stock may be redeemed is the day upon which the issuer or a related party has the right to call the stock, regardless of the amount of call premium.

23. REMOVE BUSINESS EXCLUSION FOR ENERGY SUBSIDIES PROVIDED BY PUBLIC UTILITIES

(Sec. 401 of H.R. 3286.)

Present law

Internal Revenue Code section 136, as added by the Energy Policy Act of 1992, provides an exclusion from the gross income of a customer of a public utility for the value of any subsidy provided by the utility for the purchase or installation of an energy conservation measure with respect to a dwelling unit (as defined by sec. 280A(f)(1)). In addition, for subsidies received after 1994, section 136 provides a partial exclusion from gross income for the value of any subsidy provided by a utility for the purchase or installation of an energy conservation measure with respect to property that is not a dwelling unit. The amount of the exclusion is 40 percent of the value for subsidies received in 1995, 50 percent of the value for subsidies received in 1996, and 65 percent of the value for subsidies received after 1996.

For this purpose, an energy conservation measure is any installation or modification primarily designed to reduce consumption of electricity or natural gas or to improve the management of energy demand with respect to property. With respect to property other than a dwelling unit, an energy conservation measure includes "specially defined energy property" (generally, property described in sec. 48(l)(5) of the Code as in effect on the day before the date of enactment of the Revenue Reconciliation Act of 1990).

The exclusion does not apply to payments made to or from a qualified cogeneration facility or a qualifying small power production facility pursuant to section 210 of the Public Utility Regulatory Policy Act of 1978.

Section 136 denies a deduction or credit to a taxpayer (or in appropriate cases requires a reduction in the adjusted basis of property of a taxpayer) for any expenditure to the extent that a subsidy related to the expenditure was excluded from the gross income of the taxpayer.

House bill

No provision in H.R. 3448. Section 401 of H.R. 3286, the "Adoption Promotion and Stability Act of 1996," as passed by the House, repeals the partial exclusion for any subsidy provided by a utility for the purchase or installation of an energy conservation measure with respect to property that is not a dwelling unit.

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[79] For this purpose, as under present law, if a multifamily structure securing a loan is used in part for nonresidential purposes, the entire loan will be deemed a residential real property loan if the planned residential use exceeds 80 percent of the property's planned use (determined as of the time the loan is made). In addition, loans made to finance the acquisition or development of land will be deemed to be loans secured by an interest in residential real property if, under regulations prescribed by the Secretary of the Treasury, there is a reasonable assurance that the property will become residential real property within a period of three years from the date of acquisition of the land.

[80] For example, adjustments will be required with respect to the reporting of multifamily dwellings in order to distinguish home purchase, home improvement, and refinancing loans.

Effective date.—The provision is effective for subsidies received after December 31, 1996, unless received pursuant to a binding written contract in effect on September 13, 1995, and all times thereafter.

Senate amendment

No provision.

Conference agreement

The conference agreement follows the provision in H.R. 3286.

VII. TAX TECHNICAL CORRECTIONS PROVISIONS

House bill

The House bill contains technical, clerical, and conforming amendments to the Revenue Reconciliation Act of 1990, the Revenue Reconciliation Act of 1993, and other recently enacted tax legislation.

Senate amendment

The Senate amendment is the same as the House bill, except as follows:

(a) Expiration date of special ethanol blender refund (sec. 1703(k) of the Senate amendment)

The Senate amendment corrects a 1990 drafting error by conforming the expiration date for an excise tax expedited refund provision for gasohol blenders to that for gasoline tax provisions generally.

(b) Estate tax freezes (sec. 1702(f) of the House bill and the Senate amendment)

The House bill includes a provision (also contained in prior technical corrections bills) to provide a special definition of "applicable family member" for purposes of determining control under section 2701 of the Code (relating to special valuation rules in case of transfers of certain interests in corporations or partnerships). The Senate amendment does not include this provision.

(c) Certain property not treated as section 179 property (sec. 1704(u) of the House bill and sec. 1702(h)(19) of the Senate amendment)

The House bill includes a provision denying the section 179 expensing allowance to (1) property described in section 50(b) (generally property used outside the United States, property used in connection with furnishing lodging, property used by tax exempt organizations, governments and foreign persons); (2) air conditioning or heating units; and (3) horses. The provision is effective for property placed in service after May 14, 1996.

The Senate amendment does not deny the expensing allowance for horses. The provision in the Senate amendment is effective as if included in the Revenue Reconciliation Act of 1990.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with respect to identical provisions, with one modification. That modification deletes the technical correction related to a Tax Reform Act of 1986 transition rule allowing tax-exempt bonds to be issued for certain facilities. The 1986 provision to which that technical correction relates expired after December 31, 1990, and the correction has been rendered moot by passage of time.

With regard to the differing provisions, the conference agreement includes the following:

(a) Expiration date of special ethanol blender refund

The conference agreement follows the Senate amendment.

(b) Estate tax freezes

The conference agreement follows the House bill.

(c) Certain property not treated as section 179 property

The conference agreement follows the Senate amendment.

(d) Intermediate sanctions penalty provisions

The conference agreement corrects a drafting error in the Taxpayer Bill of Rights II (H.R. 2337) with respect to the additional filing and disclosure rules imposed on certain tax-exempt organizations as part of the intermediate sanctions provisions. The conference agreement increases (from $10 to $20 per each day of failure) present-law penalties that apply when a tax-exempt organization fails to allow public inspection of its annual returns (sec. 6652(c)(1)(C)) or fails to allow public inspection of its application for recognition of tax-exempt status (sec. 6652(c)(1)(D)). In addition, the conference agreement increases the section 6652(c)(1)(C) maximum penalty with respect to any one return from $5,000 to $10,000.

TRADE PROVISIONS

GENERALIZED SYSTEM OF PREFERENCES

Subtitle J of Title I of the conference agreement, the Generalized System of Preferences (GSP) Renewal Act of 1996, is a substitute amendment to Title V of the Trade Act of 1974, which expired on July 31, 1995. As indicated below, the conference agreement reinstates several provisions of expired law without change.

1. BASIC AUTHORITY

Expired law

Section 501 of the Trade Act of 1974, as amended, (Generalized System of Preferences) grants authority to the President to provide duty-free treatment to imports of eligible articles from designated Beneficiary Developing Countries (BDCs), subject to certain conditions and limitations.

House bill

No provision.

Senate amendment

No provision.

Conference Agreement

The conference agreement reinstates the expired section 501 of Title V, without change.

2. DESIGNATION OF BENEFICIARY DEVELOPING COUNTRIES

Expired law

Section 502 of the Trade Act of 1974 sets forth both the procedures for designating countries as Beneficiary Developing Countries (BDCs) and the conditions for such designation. This section establishes conditions for designation which are mandatory and others which are discretionary. With regard to mandatory conditions, the President is prohibited from designating any country for GSP benefits which is a developed country listed in section 502(b). Further, the term "country" is defined as any foreign country, and overseas dependent territory or possession of a foreign country, or the Trust Territory of the Pacific Islands.

Under Section 502(b), the President is prohibited from designating specific developed countries as BDCs: Australia, Austria, Canada, European Union member states, Finland, Iceland, Japan, Monaco, New Zealand, Norway, Sweden, and Switzerland.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement amends the definition of country to include "any territory" and deletes the reference in section 502(b) to Austria, Finland, and Sweden which are now European Union member states.

3. MANDATORY CONDITIONS

Expired law

Under section 502(c) the President is prohibited from designating as a BDC a country which:

(a) is a Communist country, unless (i) its products receive non-discriminatory most-favored-nation (MFN) treatment, (ii) it is a GATT Contracting Party and a member of the International Monetary Fund (IMF), and (iii) it is not dominated or controlled by international communism;

(b) is an OPEC member, or a party to another arrangement, and participates in an action the effect of which is to withhold supplies of vital commodity resources from international trade or raise their price to an unreasonable level and to cause disruption of the world economy, subject to trade agreement exemptions consistent with objectives under the Trade Act of 1974;

(c) affords "reverse preferences" having or likely to have a significant adverse effect on U.S. commerce, unless the President receives satisfactory assurances of elimination before January 1, 1976;

(d) has nationalized or expropriated U.S. property, or taken similar actions, unless compensation is made, being negotiated, or in arbitration;

(e) fails to recognize as binding or enforce arbitral awards in favor of U.S. citizens;

(f) aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism; and

(g) has not taken or is not taking steps to afford internationally recognized worker rights to its workers.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates expired law, except, with respect to mandatory conditions: in (a)(ii), replaces "is a GATT contracting party" with "is a Member of the World Trade Organization."; in (b), deletes the reference to OPEC member and the exemption authority; in (c), deletes the satisfactory assurances exemption for reverse preferences.

4. DISCRETIONARY CRITERIA

Expired law

Under section 502(c) of the Trade Act of 1974 the President must take into account a list of factors in determining whether to designate a country a BDC, including whether or not other major developed countries are granting GSP to the country, whether or not the country has taken or is taking steps to afford its workers internationally recognized workers rights, and the extent to which the country is providing adequate and effective intellectual property protection.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement makes no substantive change to the expired provision, but makes a technical change to the intellectual property rights criterion.

5. GRADUATION OF BDC'S

Expired law

Countries are graduated from GSP eligibility if the per capita GNP of any BDC for any year exceeds a dollar limit ($11,800 in 1994), indexed annually under a formula starting with the base amount of $500 in 1984. When the income level reaches this amount, such country is subject to a 25, rather than 50, percent competitive need import share limit on all eligible articles for up to the following two years. After that time, the country is no longer treated as a BDC.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement substitutes "high income" country as designated by the World Bank (approximately $8,600 per capita GNP in 1994), for the per capita GNP indexing formula in current law. Thus, if the President determines that a BDC has become a "high income" country as designated by the World Bank, the President is required to remove the country from eligibility under the program. Although the Conference agreement would reinstate a transition period of up to two years for country graduation from the GSP program, it would eliminate application of the 25 percent competitive need limit during this phase-out period.

6. DESIGNATION OF ELIGIBLE ARTICLES

a. Exempted products

Expired law

Under Section 503 of the Trade Act of 1974 the President may not designate any article as GSP eligible within the following categories of import-sensitive articles:

(a) textile and apparel articles which are subject to textile agreements;

(b) watches, except watches entered after June 30, 1989 that the President determines will not cause material injury to watch or watch band, strap, or bracelet manufacturing and assembly operations in the United States or U.S. insular possessions;

(c) import-sensitive electronic articles;

(d) import-sensitive steel articles;

(e) footwear, handbags, luggage, flat goods, work gloves, and leather wearing apparel which were not GSP eligible articles on April 1, 1984;

(f) import-sensitive semi-manufactured and manufactured glass products; and

(g) any other articles the President determines to be import-sensitive in the context of GSP.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates provisions of expired law, except, with respect to changes in the following statutory exemptions: in (a), it replaces the expired provision with exemption of textile and apparel articles which were not GSP eligible on January 1, 1994 and; in (e) it applies exemption to footwear and related articles which were not GSP eligible on January 1, 1995.

b. Three-year rule

Expired law

Each year the U.S. Trade Representative (USTR) conducts an interagency review process in which products can be added to or removed from the GSP program, or in which a country's compliance with eligibility requirements can be reviewed. The reviews are normally based on petitions filed by interested parties, but may also be self-initiated by USTR.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement prohibits consideration of an article for designation of eligibility for three years following formal consideration and denial of that article.

c. Least developing countries (LDDCs)

Expired law

No provision.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement provides specific authority for the President to designate any article that is the growth, product, or manufacture of a least-developed developing country (LDDC) as an eligible article with respect to imports from LDDCs, if, after receiving advice from the International Trade Commission, the President determines such an article is not import-sensitive in the context of imports from LDDCs. This authority does not apply to statutorily exempt articles—textiles and apparel, footwear and related articles, and watches. The President shall notify Congress at least 60 days in advance of LDDC designations. LDDC designations will be based on overall economic and discretionary criteria for country designation under the GSP program.

7. LIMITS ON PREFERENTIAL AUTHORITY

Expired law

Under Section 504 of the Trade Act of 1974, the President may withdraw, suspend, or limit GSP duty-free treatment with respect to any article or any country, except that no duty may be established other than the rate of duty which would otherwise apply (the MFN rate), after considering both the policy objectives and the discretionary BDC designation favors of the GSP program. The President shall withdraw or suspend the BDC designation of any country if he determines that, as a result of changed circumstances, the country would be barred from designation.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates expired law.

8. COMPETITIVE NEED LIMITS

Expired law

Whenever the President determines that exports by any BDC to the United States of a GSP eligible article during any year—

(a) exceed a dollar limit ($122 million in 1995) based on $25 million adjusted annually relative to changes in the U.S. GNP since 1974, or

(b) equal or exceed a 50 percent share of the total value of U.S. imports of the article,

then, no later than July 1 of the next year, such country is not treated as a BDC with respect to such article.

Not later than January 4, 1987, and periodically thereafter, the President must conduct a general review of eligible articles and, if he determines that a BDC has demonstrated a sufficient degree of competitiveness relative to other BDCs on any eligible article, then a lower competitive need dollar limit ($41.9 million in 1993, indexed annually from 1984 base) and 25 percent total import share limit apply.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reduces the basic competitive need limit to $75 million for any year beginning January 1, 1996, and substitutes a standard annual increase of $5 million for the indexing formula in expired law. The 50 percent import share limit is reinstated. The conference agreement deletes the general review requirements and the lower competitive need limits.

9. AUTHORITY TO WAIVE COMPETITIVE NEED LIMITS

Expired law

The President may waive the dollar and import share competitive need limits on any eligible article of any BDC if he (1) receives ITC advice on the likely effect of the waiver on any U.S. industry; (2) determines, based on the overall GSP and discretionary country designation considerations and the ITC advice, that the waiver is in the U.S. national economic interest; and (3) publishes the determination in the Federal Register.

The import share competitive need limit may be disregarded if total U.S. imports of the eligible article during the preceding year do not exceed a de minimis amount of $5 million adjusted annually ($13.4 million in 1994) according to changes in u.S. GNP since 1979. The import share competitive need limit does not apply to any eligible article if a like or directly competitive article was not produced in the United States as of January 3, 1985.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates the expired waiver authority. Under the conference Agreement the import share competitive need limit does not apply if the article is not produced in the United States as of January 1, 1995. The conference Agreement also reinstates the de minimis import provision, but substitutes $13 million in 1996 and a standard annual increase of $500,000 beginning January 1, 1996 for the indexing formula in expired law.

10. OTHER PROVISIONS REGARDING WAIVER AUTHORITY, REPORTS, AND AGRICULTURE EXPORTS

a. Waiver trade limits

Expired law

Under section 504(c)(3)(D) of the Trade Act of 1974, the President may not exercise the competitive need waiver authority in any year on imports of eligible articles exceeding:

(a) 30 percent of total GSP duty-free imports during the preceding year, or

(b) 15 percent of total GSP duty-free imports during the preceding year from BDCs which had (i) a per capita GNP of $5,000 or more, or (ii) exported to the United States more than 10 percent of total GSP duty-free imports during that year.

The President may waive competitive need limits in certain cases where there has been a historical preferential trade relationship between the United States and that country.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates provisions in expired law regarding waiver trade limits, and historical preferences.

b. Report on workers rights

Expired law

The President must submit an annual report to the Congress on the status of internationally recognized workers' rights within each BDC.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reinstates expired law.

c. Agriculture exports

Expired law

Section 506 requires that appropriate U.S. agencies assist BDCs in developing and implementing measures designed to ensure that the production of agricultural sectors of their economies is not directed to export markets, to the detriment of the foodstuff production for their citizens.

House bill

No provision.

Senate bill

No provision.

Conference agreement

The conference agreement reinstates expired law.

11. PROVISIONS REGARDING TERMINATION AND EFFECTIVE DATES

Expired law

No duty-free treatment shall remain in effect after July 31, 1995.

House bill

No provision.

Senate amendment

No provision.

Conference agreement

The conference agreement reauthorizes the program for one year, ten months, to terminate on May 31, 1997. The effective date of the extension of the GSP program is October 1, 1996. However, the conference agreement also provides that, notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, the entry (1) of any article to which duty-free treatment under Title V of the Trade Act of 1974 would have applied if the entry had been made on July 31, 1995, and (2) that was made after July 31, 1995, and before January 1, 1996, shall be liquidated or reliquidated as free of duty and the Secretary of the Treasury shall refund any duty paid, upon proper request filed with the appropriate customs officer, within 180 days after the date of enactment. Further, the conference agreement provides that notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, the entry (1) of any article to which duty-free treatment under Title V of 1974 (as amended by this Title) would have applied if the entry had been made on or after October 1, 1996, and (2) that was made after December 31, 1995, and before October 1, 1996, shall be liquidated or reliquidated as free of duty and the Secretary of the Treasury shall refund any duty paid, upon proper request filed with the appropriate customs officer, within 180 days after the date of enactment. Although importers would be entitled to request such refunds after the date of enactment of the bill, reimbursement of duties would occur only after the beginning of fiscal year 1997 (October 1, 1996).

REMOVAL OF BARRIERS TO INTERETHNIC ADOPTION

Present law

State law governs adoption and foster care placement. Many States permit race matching of foster and adoptive parents with children either in regulation, statute, policy, or practice. The Howard M. Metzenbaum Multiethnic Placement Act of 1994 ("Metzenbaum Act", Public Law 103-382) permits States to consider race and ethnicity in selecting a foster care or adoptive home, but States cannot delay or deny the placement of the child solely on the basis of race, color, or national origin.

Noncompliance with the Metzenbaum Act is deemed a violation of Title VI of the Civil Rights Act of 1964.

House bill

Section 553 of the Metzenbaum Act is repealed. In addition, Section 471 of the Social Security Act is amended to prohibit a State or other entity that receives Federal assistance from denying to any person the opportunity to become an adoptive or a foster parent on the basis of the race, color, or national origin of the person or of the child involved. Similarly, so State or other entity receiving Federal funds can delay or deny the placement of a child for adoption or foster care in making a placement, on the basis of the race, color, or national origin of the adoptive or foster parent or the child involved.

Section 474 of the Social Security Act is amended to require the Secretary of the Department of Health and Human Services (HHS) to reduce the amount of Federal foster care and adoption funds provided to the State through Title IV-E if the State program is found in violation of this provision as a result of a review conducted under Section 1123 of the Social Security Act. States found to be in violation would have their quarterly funds reduced by 2 percent for the first violation, by 5 percent for the second violation, and by 10 percent for the third or subsequent violation.

Private entities found to be in violation of this provision for a quarter are required to return to the Secretary all federal funds received from the State during the quarter. Any individual who is harmed by a violation of this provision may seek redress in any United States district court. An action under this provision may not be brought more than two years after the alleged violation occurred.

Noncompliance with this provision constitutes a violation of Title VI of the Civil Rights Act of 1964. The Indian Child Welfare Act of 1978 is not affected by changes made in this title.

Effective date.—This provision applies upon enactment (except States must meet the State plan requirement provision of bill section 201(a) not later than January 1, 1997).

Senate amendment

The Senate amendment is the same as the House bill, except that the Senate amendment clarifies that the Secretary of HHS shall apply penalties in conformance with section 1123 procedures to include an opportunity for the State to adopt and implement a corrective action plan. The provision clarifies that penalties will be assessed on a fiscal year basis. The amendment limits to 25 percent the maximum amount the Secretary of HHS can reduce a State's grant in a quarter.

Conference agreement

The conference agreement follows the House bill and the Senate amendment with modifications. If the State has failed to correct the violation within six months (or less, at the Secretary's discretion), the Secretary shall impose penalties. The amount of the graduated penalties or set at 2, 3, and 5 percent respectively. The total amount of penalties which can be applied in a fiscal year cannot exceed 5 percent of a State's total IV-E grant.

The Indian Child Welfare Act of 1978 is not affected by changes made in this title.

Effective date.—The provisions related to civil rights enforcement are effective upon enactment. The provisions related to State plan requirements are effective on January 1, 1997.

TITLE II

Senate Amendments 2 through 6: Senate amendments 2 through 6 made technical corrections in the section numbering in title II of the House bill. The House receded from its disagreement to Senate amendments 2 through 6 with technical changes to the House bill and other changes described in this statement.

1. EMPLOYEE COMMUTING FLEXIBILITY ACT

House bill

The House bill would clarify the Portal-to-Portal Act of 1947 to allow employers and employees to agree on the use of employer-provided vehicles to commute to and from work at the beginning and end of the workday, without the commuting time being treated as hours of work.

Senate amendment

Same.

Conference agreement

Follow House and Senate language.

2. MINIMUM WAGE INCREASE

House bill

The House bill would increase the minimum wage in two increments. Beginning July 1, 1996 the minimum wage would increase from $4.25 to $4.75, and beginning July 1, 1997 the minimum wage would increase from $4.75 to $5.15.

Senate amendment

Same.

Conference agreement

Beginning October 1, 1996, the minimum wage would increase from $4.25 to $4.75, and beginning September 1, 1997, the minimum wage would increase from $4.75 to $5.15. The conference agreement also makes a technical change to avoid retroactively increasing the minimum wage in Puerto Rico by also striking section 6(c) of the Fair Labor Standards Act.

3. COMPUTER PROFESSIONALS EXEMPTION

House bill

The House bill specifies that computer professionals who are paid at least $27.63 per hour (maintaining current law) are exempt from overtime wages.

Senate amendment

Same.

Conference agreement

Follow House and Senate language.

4. TIP CREDIT

House bill

The Fair Labor Standards Act (FLSA) currently contains a tip credit system whereby employers of tipped employees may count tips received by the worker for up to 50 percent of the employer's minimum wage obligation. In the event that an employee's cash wages and tips do not meet the statutory minimum wage, the employer must contribute the amount of wages necessary for the employee to make at least the minimum wage.

The House bill sets the cash wage paid by employers to tipped employees at $2.13 and allows tips to be counted toward the remainder of the minimum wage obligation. The employer would be required to make up any difference the minimum wage and the combination of $2.13 plus tips to ensure that each employee makes at least the minimum wage.

Senate amendment

Same.

Conference agreement

Follows House and Senate language except makes technical changes including the technical change of deleting the word "cash" before "wage" where it appears in paragraph (2).

5. OPPORTUNITY WAGE

House bill

The House bill allows employers to pay new hires under 20 years of age not less than $4.25 per hour for the first 90 days (calendar days—not days of work) after the employee is hired. The House bill contains protections for current workers by prohibiting employers from taking any action to displace any employee in order to hire a worker at the opportunity wage.

Senate amendment

Same.

Conference agreement

Follow House and Senate language.

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT RELATING TO THE REVENUE PROVISIONS OF H.R. 3448, THE "SMALL BUSINESS JOB PROTECTION ACT OF 1996,"

Fiscal Years 1996-2006

[Millions of Dollars]

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
I. IDENTICAL PROVISIONS															
Small Business and Other Tax Provisions															
A. Small Business Provisions															
1. FICA tip credit:															
a. Provided for off-premises employees	1/1/97	---	-6	-14	-15	-16	-17	-18	-18	-19	-20	-21	-51	-68	-165
b. Clarification of effective date	[1]	*Negligible Revenue Effect*													
2. Clarify exemption from FICA taxes for certain fishermen and provide that exemption applies even if crew member receives de minimis amounts of cash payments	[2]	-1	-10	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-11	-11	-13
B. Provisions Relating to S Corporations															
1. Increase number of eligible shareholders	tyba 12/31/96	---	-5	-14	-16	-20	-22	-25	-28	-31	-35	-39	-55	-77	-235
2. Permit certain trusts to hold stock in S corporations	tyba 12/31/96	---	-2	-2	-2	-2	-2	-2	-2	-3	-3	-3	-8	-10	-23
3. Extend holding period for certain trusts	tyba 12/31/96	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[6]	[7]
4. Financial institutions permitted to hold safe-harbor debt	tyba 12/31/96	---	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-1
5. Authority to validate certain invalid elections	tyba 12/31/82	---	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-1
6. Allow interim closing of the books	tyba 12/31/96	*Negligible Revenue Effect*													
7. Expand post-termination period and amend subchapter S audit procedures	tyba 12/31/96	---	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-1
8. S corporations permitted to hold S or C subsidiaries	tyba 12/31/96	---	-5	-9	-11	-13	-15	-17	-20	-23	-26	-29	-38	-53	-168
9. Treatment of distributions during loss years	tyba 12/31/96	---	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-1
10. Treatment of S corporations as shareholders in C corporations	tyba 12/31/96	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[6]	[7]
11. Elimination of certain earnings and profits of S corporations	tyba 12/31/96	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[6]	[7]
12. Treatment of certain losses carried over under at-risk rules	tyba 12/31/96	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[6]	[7]
13. Adjustments to basis of inherited S stock	dda DOE	---	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]
14. Treatment of certain real estate held by an S corporation	tyba 12/31/96	---	-1	-1	-2	-2	-2	-2	-2	-2	-2	-2	-6	-8	-18
15. Transition rule for elections after termination	tyba 12/31/96	---	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[5]	[6]	[7]
16. Interaction of subchapter S changes except for ESOP and financial institution proposals	---	---	-3	-26	-32	-37	-38	-39	-40	-40	-40	-40	-98	-136	-335

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
Pension Simplification Provisions															
A. Simplified Distribution Rules															
1. Repeal of $5,000 exclusion of employees' death benefits	dda DOE	---	28	49	52	54	55	55	56	57	57	58	183	238	521
2. Simplified method for taxing annuity distributions under certain employer plans	asda 90 da DOE	---	22	28	28	29	29	29	30	30	31	31	107	136	287
3. Minimum required distributions	yba 12/31/96	---	-1	-4	-4	-4	-4	-4	-4	-4	-4	-4	-13	-17	-37
B. Increased Access to Retirement Savings Plans -															
1. Tax-exempt organizations eligible under section 401(k)	yba 12/31/96	---	-8	-22	-24	-25	-26	-28	-29	-30	-31	-31	-79	-105	-254
C. Nondiscrimination Provisions															
1. Repeal of family aggregation rules [9]	yba 12/31/96	---	[10]	[10]				*Considered in Other Provisions*					[10]	[10]	[10]
2. Modification of additional participation requirements	yba 12/31/96							*Negligible Revenue Effect*							
3. Definition of compensation for section 415 purposes	yba 12/31/97	---	---	-1	-1	-2	-2	-2	-2	-2	-3	-3	-4	-6	-18
4. Safe-harbor nondiscrimination rules for qualified cash or deferred arrangements and matching contributions [11]	yba 12/31/98	---	---	---	-45	-166	-171	-175	-180	-186	-191	-196	-211	-382	-1,309
D. Miscellaneous Provisions															
1. Plans covering self-employed individuals	yba 12/31/96							*Negligible Revenue Effect*							
2. Elimination of special vesting rule for multiemployer plans	yba 12/31/96	---	[3]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-4	-9
3. Distributions under rural cooperative plans	DOE							*Negligible Revenue Effect*							
4. Treatment of governmental plans under section 415	yba 12/31/94							*Negligible Revenue Effect*							
5. Uniform retirement age [9]	yba 12/31/96	---	[10]	[10]				*Considered in Other Provisions*					[10]	[10]	[10]
6. Contributions on behalf of disabled employees	yba 12/31/96							*Negligible Revenue Effect*							
7. Treatment of deferred compensation plans of State and local governments and tax-exempt organizations	tyba 12/31/96	---	[3]	-1	-1	-1	-2	-2	-2	-2	-2	-2	-3	-5	-15
8. Correction of GATT interest and mortality rate provisions in the Retirement Protection Act	[12]	---	-4	-4	-4	---	---	---	---	---	---	---	-12	-12	-12
9. Application of elective deferral limit to section 403(b) plans	tyba 12/31/95							*Negligible Revenue Effect*							
10. Increase section 4975 excise tax on prohibited transactions from 5% to 10%	ptoa DOE	---	2	4	4	4	4	4	4	4	4	4	14	18	38
11. Treatment of leased employees	yba 12/31/96							*Negligible Revenue Effect*							
12. Uniform penalty provision to apply to certain pension reporting requirements	1/1/97							*No Revenue Effect*							
13. Clarify that SECA does not apply to certain parsonage allowance income	ybbo/a 12/31/94							*Negligible Revenue Effect*							
14. Date of adoption of plan amendments	DOE							*No Revenue Effect*							
15. Require section 457 plan assets to be held in trust; transition rule for existing plans	DOE	---	-7	-21	-24	-25	-25	-26	-27	-28	-29	-30	-77	-102	-242

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
16. Multiple salary reduction agreements permitted under section 403(b)	tyba 12/31/95							*Negligible Revenue Effect*							
SUBTOTAL: Identical Provisions		**---**	**-15**	**-54**	**-113**	**-242**	**-254**	**-268**	**-280**	**-295**	**-310**	**-323**	**-425**	**-679**	**-2,161**
II. PROVISIONS AGREED UPON															
Small Business and Other Tax Provisions															
A. Small Business Provisions															
1. Increase in expensing limitation for small businesses to $18,000 for 1997, $18,500 for 1998, $19,000 for 1999, $20,000 for 2000, $24,000 for 2001, $24,000 for 2002, $25,000 for 2003 and thereafter [13]	tyba 12/31/96	---	-67	-180	-261	-331	-763	-938	-786	-646	-439	-265	-839	-1,602	-4,676
2. Treatment of storage of product samples	tyba 12/31/95	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-2
3. Provide that certain charitable risk pools would qualify as charitable organizations under section 501(c)(3)	tyba DOE	---	[3]	-1	-1	-1	-1	-2	-2	-2	-3	-3	-3	-4	-16
4. Treatment of certain dues paid to agricultural or horticultural organizations	tyba 12/31/86							*Negligible Revenue Effect*							
5. Require purchasers of fish in excess of $600 in cash to provide information reports	12/31/97	---	---	5	9	10	10	11	11	11	12	12	24	34	91
6. Change related-party and maximum size requirements for first-time farmer industrial development bonds	bia DOE	---	-1	-6	-12	-17	-21	-26	-30	-34	-37	-40	-36	-57	-224
7. Clarify that newspaper carriers and distributors are independent contractors	spa 12/31/95							*Negligible Revenue Effect*							
8. Provide involuntary conversion treatment for Presidentially declared disaster areas	DDA 12/31/94	-6	-14	-10	-10	-10	-10	-10	-10	-10	-10	-10	-50	-54	-110
9. Provide 15-year depreciation for gas station/convenience stores	pplso/a/b DOE	-7	-24	-37	-45	-50	-53	-53	-55	-61	-42	-25	-163	-209	-452
10. Leasehold improvements provision	lida 6/12/96	-12	-22	-19	-16	-13	-11	-7	-4	-2	1	4	-82	-81	-101
11. Worker classification:															
a. Clarification of Section 530 safe harbor	spa 12/31/96	---	[3]	[3]	[3]	[3]	[3]	-1	-1	-1	-1	-1	-1	-1	-6
b. Provide that if the taxpayer reclassifies independent contractors as employees, this change does not alter the application of the safe harbor for prior periods	pa 12/31/96	---	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[4]	[4]	[4]
c. Clarify "substantially similar position"	pa 12/31/96							*Negligible Revenue Effect*							
12. Allow certain teaching hospitals to provide tax-free housing to medical faculty	tyba 12/31/95	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[4]	[4]	[15]
B. Extension of Certain Expiring Provisions															
1. Extend the work opportunity tax credit, with modifications through 9/30/97 [16]	10/1/96	---	-116	-141	-82	-32	-12	-2	---	---	---	---	-371	-383	-385
2. Employer-provided educational assistance; extend for graduate education through 6/30/96; undergraduate education sunset 5/31/97	1/1/95	-68	-934	-103	---	---	---	---	---	---	---	---	-1,105	-1,037	-1,105
3. Permanent extension of FUTA exemption for alien agricultural workers [17]	1/1/95	-5	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-17	-15	-35

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
4. R&E credit, with modifications through 5/31/97	7/1/96	-101	-331	-872	-208	-148	-77	-17	---	---	---	---	-1,660	-1,636	-1,754
5. Orphan drug tax credit through 5/31/97 with section 39 benefits	7/1/96	-6	-16	-1	-1	-1	-1	[3]	[3]	[3]	[3]	[3]	-25	-20	-26
6. Contribution of appreciated stock to private foundations through 5/31/97	7/1/96	-14	-104	-10	-4	---	---	---	---	---	---	---	-132	-118	-132
7. Extend section 29 binding contract date to 12/31/96 and placed-in-service date to 6/30/98 for biomass and coal	---	---	-8	-34	-60	-69	-65	-57	-55	-56	-58	-59	-171	-236	-522
8. Suspend excise tax on motorboat diesel through 12/31/97	DOE + 7 days	-4	-34	-9	---	---	---	---	---	---	---	---	-47	-43	-47
C. Provisions Relating to S Corporations															
1. Treat financial institutions that do not use the reserve method as eligible corporations	tyba 12/31/96	---	-1	-3	-5	-6	-8	-10	-12	-14	-15	-16	-15	-23	-90
2. Permit tax-exempts to be subchapter S shareholders with UBTI inclusion and ESOP benefit restriction	tyba 12/31/97	---	---	-3	-9	-11	-13	-15	-17	-19	-21	-23	-23	-36	-131
Pension Simplification Provisions															
A. Simplified Distribution Rules															
1. Repeal of 5-year income averaging for lump-sum distributions	tyba 12/31/99	---	74	77	108	78	70	44	17	15	---	---	337	407	483
B. Increased Access to Retirement Savings Plans -															
1. Establish SIMPLE pension plan	yba 12/31/96	---	-50	-76	-79	-81	-84	-87	-91	-94	-97	-101	-286	-370	-840
2. Increase availability of spousal IRAs	yba 12/31/96	---	-57	-168	-184	-195	-206	-219	-233	-248	-264	-281	-604	-810	-2,055
C. Nondiscrimination Provisions															
1. Simplified definition of highly compensated employees; employers can elect whether or not to apply a top 20% test [9]	yba 12/31/96	---	[15]	[15]	*Considered in Other Provisions*								[4]	[4]	[4]
D. Miscellaneous Provisions															
1. Treatment of Indian tribal governments under section 403(b)	cpb 1/1/95	*Negligible Revenue Effect*													
2. Allow waiver of 30-day waiting period for qualified plan distributions	pyba 12/31/96	*Negligible Revenue Effect*													
3. Repeal of combined plan limit	lyba 12/31/99	---	---	---	---	-72	-195	-201	-207	-213	-219	-226	-72	-267	-1,333
4. 3-year waiver of excess distribution tax	1/1/97	---	42	44	47	32	---	---	---	---	---	---	165	165	165
5. Direct IRS to develop model forms for qualified domestic relations orders ("QDRO") and spousal consent provisions	DOE	*Negligible Revenue Effect*													
6. Permit volunteer firefighters to make deferrals under section 457 (limited to $3,000 per year)	do/a 1/1/97	---	-2	-5	-7	-9	-11	-13	-16	-18	-20	-23	-23	-34	-124
7. Alternative nondiscrimination rules for certain plans that provide for early participation	1/1/99	---	---	---	-6	-17	-18	-19	-19	-20	-20	-20	-23	-41	-139
8. Clarify definition of plan assets	1/1/75	*Negligible Revenue Effect*													
9. Church pension plan simplification:															
a. Allow pension plan coverage for self-employed clergy	yba 12/31/96	*Negligible Revenue Effect*													

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
b. Allow church pension plans to use the new definition of highly compensated employee in the bill - Treasury safe harbor	yba 12/31/96	*Negligible Revenue Effect*													
c. Allow payroll deduction of pension contributions for clergy on foreign missions	tyba 12/31/96	*Negligible Revenue Effect*													
10. Grant IRS the discretion to waive pension liquidity shortfall excise tax	[12]	---	-4	-3	-2	-1	[3]	[3]	[3]	[3]	[3]	[3]	-11	-11	-11
Foreign Simplification															
1. Repeal of excess passive assets provision (section 956A)	---	---	-11	-22	-29	-36	-41	-45	-51	-57	-64	-71	-98	-139	-427
Other Provisions															
1. Exempt from diesel dyeing requirement any States exempt from Clean Air Act dyeing requirement	fcqa DOE	---	[3]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-2	-3	-6
2. Application of common paymaster rules to certain agency accounts at State universities [17]	rpa 12/31/96	---	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]	[14]
3. Exempt imported recycled halons from ozone-depleting chemicals tax	cia 12/31/96	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-4	-9
4. Suspend excise tax on ozone depleting chemicals used in metered dose inhalers	DOE + 7 days	---	-12	-8	-8	-2	---	---	---	---	---	---	-30	-30	-30
5. Alaska Power Authority:															
a. Authorize tax-exempt bonds for purchase of Alaska Power Authority	bia DOE	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-5	-10
b. Proceeds from asset sale; foregone receipts from electricity sale [18]	DOE	---	76	-7	-7	-7	-7	-7	-7	-7	-7	-7	55	48	13
6. Allow for tax-free conversion of common trust funds to mutual funds	ta 12/31/95	-4	-9	-8	-8	-8	-8	-8	-9	-9	-9	-9	-37	-41	-89
7. Clarify that State prepaid tuition plans are tax-exempt entities; clarify OID rules	tyba 12/31/95	*Negligible Revenue Effect*													
Revenue Offsets															
1. Possessions tax credit: Wage credit companies - 6 years of present law, thereafter subject to income cap, followed by 4-year phaseout with modified base period, then repealed; Income companies - 2 years of present law followed by 8 years subject to income cap, then repealed; QPSII - repealed later of taxable years beginning after 12/31/95 or earnings after 6/30/96 with estimated payment adjustment; permit base adjustment for asset acquisition	tyba 12/31/95	111	697	586	589	490	507	736	1,105	1,378	1,678	2,686	2,473	2,869	10,563
2. Repeal 50% interest income exclusion for financial institution loans to ESOPs [19]	lma DOE	10	64	105	144	182	220	256	292	327	360	327	505	715	2,287

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
3. Apply look-through rule for purposes of characterizing certain subpart F insurance income as UBTI, with amendment	---	1	3	4	4	5	5	5	6	6	7	8	17	21	54
4. Corporate accounting - reform of income forecast method	pplsa 9/13/95	32	69	29	13	14	16	19	22	28	31	35	157	141	308
5. Modify exclusion of damages received on account of personal injury or sickness	ara DOE	3	50	55	59	61	64	68	71	74	77	80	228	289	662
6. Repeal advance refunds of diesel fuel tax for diesel cars and light trucks	vpa DOE	1	15	19	19	19	19	19	19	19	19	19	73	91	187
7. Phase out and extend luxury automobile excise tax through 12/31/02	so/a DOE + 7 days	-4	-56	-105	-132	124	183	140	32	---	---	---	-173	14	182
8. Modify two county tax-exempt bond rule for local furnishers of electricity or gas; prohibit new local furnishers (with current service areas grandfathered)	[20]	---	---	3	-3	-6	-4	-3	[3]	7	13	15	-5	-9	23
9. Reinstate Airport and Airway Trust Fund excise taxes through 12/31/96, with (1) exemption for fixed-wing emergency medical aircraft, and mining, oil, and gas industry helicopters for flights not using FAA services; (2) clarification of collection point; and (3) clarification of tax treatment of travel on corporate aircraft in affiliated groups	tp7data DOE	28	1,528	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1,556	1,528	1,555
10. Modify basis adjustment rules under section 1033	lca DOE	---	1	5	9	14	20	29	37	46	56	64	29	49	281
11. Treatment of certain insurance on retired lives	tyba 12/31/95	---	2	1	-2	5	2	[3]	10	-5	2	-3	6	8	12
12. Modified guaranteed contracts	tyba 12/31/95	---	-3	3	2	2	-1	-1	[3]	[3]	[3]	[3]	5	4	1
13. Tax-free treatment of contributions in aid of construction for water utilities; change depreciation for water utilities	[21]	---	-21	-9	-3	11	24	35	45	55	64	73	-22	2	274
14. Permit scholarship funding corporation to convert to taxable corporation	1/1/97	---	3	6	8	10	10	9	7	6	5	4	26	36	68
15. Apply math error rules for dependency exemptions and filing status when correct taxpayer identification numbers are not provided	rd 30 da DOE	---	133	272	262	249	242	234	226	217	209	201	916	1,158	2,245
16. Provide for flow through treatment for Financial Asset Securitization Investment Trusts (FASITs)	9/1/97	---	---	92	48	8	-3	-9	-14	-19	-25	-32	148	146	47
Technical Corrections															
1. Luxury excise tax, and other technical corrections [13]	---	14	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	14	[3]	13

Provision	Effective	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1996-00	1997-01	1996-06
Additional Provisions															
1. Extend GSP through 5/31/97 [17] [22]...................	---	---	-817	---	---	---	---	---	---	---	---	---	-817	-817	-817
2. $5,000 nonrefundable adoption credit and employer-provided assistance exclusion;$6,000 special needs; non-special needs sunset after 2001; AGI phaseout beginning at $75,000...	tyba 12/31/96	---	-19	-204	-332	-355	-366	-348	-222	-139	-129	-119	-910	-1,276	-2,234
3. 6 month delay of electronic funds transfer.............	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
4. Remove business exclusion for energy subsidies provided by public utilities.....................	tyba 12/31/96	---	63	100	104	107	109	111	113	115	116	117	374	483	1,055
5. Repeal bad debt reserve deduction for thrift institutions, with residential loan test for 1996 and 1997..	tyba 12/31/95	47	111	216	280	277	272	260	247	111	36	29	931	1,156	1,886
6. Modify treatment of foreign trusts..........................	[23]	52	143	171	180	188	197	206	214	223	245	260	734	879	2,079
NET TOTALS...		67	316	-316	250	160	-269	-190	347	663	1,135	2,271	471	136	4,413

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.
Enactment date is assumed to be August 1, 1996.

Legend for "Effective" column: ara = amounts received after
asda = annuity starting date after
bia = bonds issued after
cia = chemicals imported after
cpb = contracts purchased before
dda = decedents dying after
DDA = disasters declared after
do/a = deferrals on or after
DOE = date of enactment
fcqa = first calendar quarter after
ica = involuntary conversions after
lida = leasehold improvements disposed of after
lma = loans made after
lyba = limitation years beginning after
pa = periods after
ppisa = property placed in service after
ppiso/a/b = property placed in service on, after, or before
ptoa = prohibited transactions occurring after
pyba = plan years beginning after
rd 30 da = returns due 30 days after
rpa = remuneration paid after
so/a = sales on or after
spa = services performed after
ta = transfers after
tyba = taxable years beginning after
tp7data DOE = tickets purchased 7 days after date of enactment for travel 7 days after date of enactment
yba = years beginning after
ybbo/a = years beginning before, on, or after
vpa = vehicles purchased after
90 da DOE = 90 days after date of enactment

[1] Effective as if included in the Omnibus Reconciliation Act of 1993.

[2] The provision applies to remuneration paid after 12/31/94, and also is effective with respect to remuneration paid after 12/31/84, and before 1/1/95, unless the payor treated such remuneration (when paid) as being subject to FICA taxes.

[3] Loss of less than $500,000.

[4] Loss of less than $5 million.

[5] Loss of less than $15 million.

[6] Loss of less than $20 million.

[7] Loss of less than $30 million.

[Footnotes for Table #96-0 218 appear on the following page]

Footnotes continued:

[8] Gain of less than $1 million.
[9] Revenue effect after 1/1/99 included in the revenue estimate for the safe harbor provision due to interactions between this provision and Item II. Pension C.4.
[10] Negligible revenue effect.
[11] This provision considers interaction effects of SIMPLE retirement plan provisions (Items I. Pension C.1, I. Pension D.5, and II. Pension C.1).
[12] Effective as if included in the General Agreement on Tariffs and Trade of 1994.
[13] The technical correction relating to expensing is included in the increase in expensing limitation provision (Item II. Small Business A.1).
[14] Loss of less than $1 million.
[15] Loss of less than $10 million.
[16] Credit rate at 35% on first $6,000 of income; eligible workers expanded to include enterprise zone/community youth, welfare cash recipients, veteran foodstamp recipients, and 18 - 24 year olds living in a household receiving food stamps for a period of at least 6 months on the date of hire without pre-certification; 400 hour work requirement; 21 day certification requirement.
[17] Estimates provided by the Congressional Budget Office.
[18] Estimate provided by the Congressional Budget Office. Negative numbers indicate that Federal outlays will increase; positive numbers indicate that Federal outlays will decrease.
[19] The repeal would not apply to loans made pursuant to a binding contract entered into before 6/10/96.
[20] Effective generally date of enactment; placed in service before 1/1/97 for limitation on new local furnishers.
[21] Effective for amounts received after 6/12/96 and property placed in service after 6/12/96 with the exception of certain property subject to a binding contract before 6/10/96.
[22] Amounts are payable after 9/30/96.
[23] Various effective dates depending on provisions.

From the Committee on Ways and Means, for consideration of the House bill (except for title II) and the Senate amendment numbered 1, and modifications committed to conference:

BILL ARCHER,
PHIL CRANE,
BILL THOMAS,
SAM GIBBONS,
CHARLES B. RANGEL,

As additional conferees from the Committee on Economic and Educational Opportunities, for consideration of secs. 1704(h)(1)(B) and 1704(l) of the House bill and secs. 1421(d), 1442(b), 1442(c), 1451, 1457, 1460(b), 1460(c), 1461, 1465, and 1704(h)(1)(B) of the Senate amendment numbered 1, and modifications committed to conference:

WILLIAM F. GOODLING,
CASS BALLENGER,

As additional conferees from the Committee on Economic and Educational Opportunities, for consideration of title II of the House bill and the Senate amendments numbered 2–6, and modifications committed to conference:

WILLIAM F. GOODLING,
H.W. FAWELL,
FRANK RIGGS,
WILLIAM L. CLAY,
MAJOR R. OWENS,
MAURICE HINCHEY,
Managers on the Part of the House.

From the Committee on Labor and Human Resources:

NANCY LANDON KASSEBAUM,
EDWARD M. KENNEDY,
JIM JEFFORDS,

From the Committee on Finance:

BILL ROTH,
JOHN H. CHAFEE,
CHUCK GRASSLEY,
ORRIN G. HATCH,
AL SIMPSON,
LARRY PRESSLER,
DANIEL P. MOYNIHAN,
MAX BAUCUS,
DAVID PRYOR,
JOHN D. ROCKEFELLER IV,
Managers on the Part of the Senate.

AMERICAN PEOPLE WANT LAW ENFORCEMENT TO HAVE TOOLS IT NEEDS TO FIGHT TERRORISM

Mr. CARDIN. Mr. Speaker, the American people are shocked and outraged over the tragedies of TWA Flight 800 and at the Olympic Park.

The American people want us to show determination and common sense in giving our Nation's law enforcement community the tools it needs to fight terrorism.

One proposal is to put chemical markers, or taggants, in gun powder to help the FBI identify the vicious cowards responsible for bombings.

What sensible person would side with the bombers and against the FBI? We have a chance, before we leave this week, to do what the American people would do if they could vote themselves.

The President has asked us to pass this antiterrorism proposal. Unfortunately, the long arm of the National Rifle Association has reached into this House and prevented us from even taking the issue up.

It is time for this House to stand with the American people, and stand up to the NRA. Let's pass meaningful antiterrorism legislation.

PRESIDENT CLINTON FINALLY COMES AROUND TO TRUE HEALTH CARE REFORM

Mr. BALLENGER. Mr. Speaker, good news for all Americans today. Not only has President Clinton agreed to sign the bipartisan welfare reform bill, he has said he will also sign the bipartisan health care reform bill.

With the enactment of the health care bill, this commonsense Congress is giving Americans genuine health care reform without a government takeover. The bill establishes medical savings accounts, fights fraud and abuse, provides a long-term care insurance deduction, allows the self-employed to deduct 80 percent of health care costs, and allows people the freedom to change jobs without losing their health care coverage.

Mr. Speaker, I'm glad President Clinton has finally come around. True health care reform is what the American people want.

PUTTING AMERICA AGAINST ITS OWN IMMIGRANT ROOTS

Mr. RICHARDSON. Mr. Speaker, another Democratic initiative, health care and insurance reform, will soon become law, affecting millions of Americans. The Kennedy-Kassebaum bill, which reforms insurance portability and preexisting conditions in insurance, will permit us to go home and say, rightfully, that this is not a do-nothing Congress.

But along with same-sex marriage, abortion, and illegal immigration, Republicans are looking for another wedge issue to divide the country and get some votes. They have found it in "English Only," an initiative that puts America against its own immigrant roots and the sweeping tides of history.

☐ 1015

It tells the billions that are watching the Olympics in Atlanta that America is saying that any language besides English is not important. "English Only" is bad for business, since most of our commerce is done in other languages. It is bad for tourism. It is a bad nativist, isolationist initiative that the Congress should reject summarily.

CONGRESS ACTS TO MAKE ENGLISH OUR OFFICIAL LANGUAGE

Mr. ROTH. Mr. Speaker, today is a great day for America. We are finally going to address an issue that the American people have been asking us to address for a long time, like the 45,000 people, 97 percent of the people who called in to USA Today in one weekend who said let us make English our official language.

Winston Churchill said a common language is one of the Nation's most priceless inheritances, and as an American I am delighted to say today that we are going to address this issue. English is a legacy for you and for me. No matter what our background or ethnic group, we all want to pass on this legacy for posterity so we can remain one Nation, one people, one language.

We Americans are from every corner of the globe. We represent every ethnic group, every religious group, every nation. But we are one nation, one people. Why? Because up to now we have had a wonderful commonality and today we are going to make English our official language so that we can respect all cultures, but also reaffirm our common bond and unifying force, the English language.

MEXICAN DRUG TRAFFICKING TO AMERICA MUST BE STOPPED

Mr. TRAFICANT. Mr. Speaker, a former Mexican drug agent says the Mexican Government is so corrupt that Mexican drug agents regularly escort massive drug shipments to America's borders. He further said Mexican drug agents are nothing more than bodyguards for drug traffickers to America.

Mr. Speaker, are you surprised? I am not. Everybody knows Mexico's war on drugs is a joke and America's war on drugs is a comedy of errors.

Think about it. When an 8-year-old can find brown Mexican heroin, Mexican cocaine, and Mexican marijuana on any street corner of America, something is not only wrong, somebody in high places, both in Mexico and in Washington, is getting awfully rich.

Mr. Speaker, I say it is time to deploy troops to the border and cut off aid to Mexico until they stop flooding our shores with dope. Think about it, Congress.

THANK YOU, MR. PRESIDENT, FOR SUPPORTING WELFARE REFORM

Mr. BARTLETT of Maryland. Mr. Speaker, it's been a 2-year struggle, but I welcome President Clinton's support for the bipartisan effort by the 104th Congress to save generations of Americans from the poverty trap of the failed welfare system.

These commonsense welfare reforms will end welfare as a way of life.

These commonsense welfare reforms will ensure that able-bodied citizens between the ages of 18 and 50 without children must work in order to get welfare benefits.

These commonsense welfare reforms will help preserve families and give them a helping hand to self-sufficiency instead of discouraging marriage and encouraging illegitimacy.

These commonsense welfare reforms will end the tyranny of Washington bureaucrats preventing our State Governors from instituting innovative programs to help their neediest citizens become self-sufficient.

Most important, these commonsense welfare reforms will help save children, communities, and cities from the horrific cycle of poverty and violence which has destroyed so many lives.

Welfare reform is a victory for all Americans.

MUCH-NEEDED HEALTH CARE REFORM IS FINALLY HERE

(Ms. DeLAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DeLAURO. Mr. Speaker, finally, almost a year to the day that it was introduced, we are prepared to pass the Kennedy health care reform bill. This much-needed legislation will provide millions of Americans with health insurance through greater portability and other needed reforms.

And to think that this day almost never was. In spite of the vote of 100 to 0 in the Senate, it took Democrats, constantly pressuring the Republicans, to get to where we are today.

The Republicans were prepared to let this bill languish in the Senate, but we applied the pressure here, and more important the American people applied the pressure all across this country, and the Republicans were forced to act.

Imagine, forced to enact legislation that would help working families be able to maintain their insurance, to prevent insurance companies from discriminating based on preexisting conditions.

Mr. Speaker, we are sent here to do the people's business and to work on behalf of families in this country. The bottom line is that although some may have gotten here kicking and screaming, they are here. We will pass health care legislation today.

PASSAGE OF WELFARE REFORM MARKS HISTORIC DAY FOR CONGRESS

Mr. LEWIS of California. Mr. Speaker, yesterday was a historic day for the U.S. Congress. The passage of the Gingrich-Dole Welfare Reform Act provides a dramatic shifting of the direction of the ship-of-state, a shift away from welfare, from a growing Federal bureaucracy and ever expanding Federal welfare spending.

And as the ship turns, it will move toward less dependency upon Government, toward private opportunity and independence.

The welfare reform effort passed yesterday was initiated by Speaker NEWT GINGRICH and majority leader BOB DOLE. Speaker GINGRICH and his committees crafted the bill and worked tirelessly for its passage. And only yesterday, Speaker GINGRICH successfully got a commitment from President Clinton to sign it.

So while Speaker GINGRICH will share a piece of the credit for the Gingrich-Dole reform package with the President, yesterday will go down as a historic success for the new Republican majority in Congress.

RAISING THE MINIMUM WAGE NOW A POSSIBILITY

Mr. POMEROY. Mr. Speaker, this morning I rise to give credit to a small brave group of House Republicans that will join House Democrats and make it possible to at least raise the minimum wage. We in the House minority think that $4.25 an hour is not enough to live on. We know that with the minimum wage at its lowest purchasing point in 40 years, the time to act is now.

Unfortunately, the rigid, extreme opposition of the House majority, most of the Members and their leadership, have made it impossible to act before this point. In fact, the House majority leadership has said that they ought to eliminate the minimum wage, not raise it.

Well, a few Republicans working with us in the House minority are going to create a bipartisan majority to raise the minimum wage. I admire those House Republicans that took on their leadership on this one. They have made it possible to do something very important for working Americans.

ELECTION YEAR POLITICS

Mr. KINGSTON. Mr. Speaker, aren't election year politics fun? Here yesterday President Clinton, following Bob Dole's lead, agreed to sign the Republican welfare bill. And then following Clinton, who was following Dole, 68 Democrats changed their vote from less than a month ago to pass this bill on an overwhelming bipartisan basis.

Then, in the paper today Clinton is going to support the Hastert-Kassebaum Republican health care bill. Right under that, President Clinton is going to support the Republican clean drinking water bill. Add these to the fact that this party and this Congress has passed the line-item veto, securities reform litigation, a telecommunications bill, Social Security earnings limitation increase, lobbyist reform, a gift ban and the dissolving of 28 different committees and subcommittees. This Republican Party has made in this Congress a significant change in moving the country in the direction of less government. Thank goodness for election year politics.

GOOD HEALTH CARE IMPORTANT, BUT ALSO A SECURE NATION

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am so grateful that I am able to tell one of my constituents who called in yesterday to talk of a sick wife who lost her job that the Democrats have prevailed and we do have a good health care bill that will allow portability and not take into consideration preexisting condition.

But I am saddened about my Republican colleagues, so dominated by the National Rifle Association, that after the TWA tragedy and the Atlanta tragedy we will not give law enforcement officers the right tools, such as tagants, to determine who planted the bomb? Why? Why? Because the NRA dominates this Republican Congress, because they believe in following their leaders at the National Rifle Association.

I am grateful that we may get good health care, but I am saddened that we will not have a secure Nation for all of our citizens. Why have we not had hearings on terrorism, domestic and international? Why? Because the Republicans have not set it on the agenda.

I hope America will rise up and determine that we must have, yes, good health care for all of our citizens, but we must also have a safe, secure Nation. We must give law enforcement the tools to fight terrorism and hold hearings on terrorism in America.

PEOPLE NEED HEALTH CARE SECURITY

Mr. HASTERT. Mr. Speaker, I rise today to announce to the American people and to this body that the score is not exactly an Olympic score, but it is big Government, big obtrusive Government, 0, the American people, 2.

That is a good trend, and we hope to raise and make that score even spread, but with the passage of welfare reform and, today, health care reform, we have given the American people something on a bipartisan basis, mainly because some people in this Congress have stood up and said there is a principle, there are some things we could do.

People need to have health care security. We need to make health care portable so a mother who loses her job, with an asthmatic child, can go and get health care at the next stop, at the next job she picks up; that a father who is locked into a job that he has and a wife with a heart condition will move on to a better job because there is portability.

And, yes, we do give American families choice, choice through the medical savings account to choose the doctor they want, to choose the health care they want, and if they do not spend that money they get to keep it.

MEDICARE

(Ms. MCKINNEY asked and was given permission to address the House for 1 minute).

Ms. MCKINNEY. Mr. Speaker, gripped by the fear of losing control over the first Republican Congress in 40 years, NEWT GINGRICH and his legions are trying to convince the public that they did not cut Medicare to pay for tax breaks to the wealthy.

On October 26, however, Speaker GINGRICH boasted about Republican efforts to weaken fee-for-service Medicare to the point where it would, quote, "Wither on the vine."

And in an attempt to back away from that statement, Speaker GINGRICH said that he meant the health care financing administration would wither on the vine. The Los Angeles Times, however, reported that Speaker GINGRICH's spokesman, Tony Blankley, said that, quote, "GINGRICH's comments were consistent with the Republican belief that most seniors would voluntarily choose to leave the traditional Medicare fee-for-service system in favor of HMO's."

Now that's the real scoop on NEWT GINGRICH and Medicare.

Think about it, when have you known the Speaker to not say what he means and mean what he says.

CONFERNCE REPORT ON HEALTH CARE REFORM

(Mr. CHRYSLER asked and was given permission to address the House for 1 minute.)

Mr. CHRYSLER. Mr. Speaker, when Republicans took over the Congress, we proved to the Washington liberal establishment that politicians can come here and keep their word. We proved that we could make a difference in the lives of the American people.

The events of this week are proof that this Congress has been one of the most productive in a generation.

Yesterday, Bill Clinton said that he would sign our commonsense welfare reform bill that we will send him later this week. It is a good bill. It is genuine reform of the broken welfare system.

Today, the House will consider the conference report on health care reform. This bill will give health care security to working Americans. It establishes medical savings accounts, which I have had for 3 years, fights fraud and abuse, and ends job lock.

Mr. Speaker, this Congress is making a difference. We are providing the commonsense changes that the American people have demanded for years.

DEMOCRATIC AGENDA ALIVE AND WELL

Mr. WYNN. Mr. Speaker, good morning. Despite my GOP friends' spin, I have to tell you the Democratic agenda is alive and well in America and American citizens are better for it, because it is the Democrats who have pushed for health care reform and for the minimum wage.

On health care reform, the Kennedy-Kassebaum health insurance reform bill will be on the floor today, and we will be able to provide Americans with health insurance when they change jobs. We will be able to ensure that Americans will not be prohibited from getting health insurance because of preexisting conditions, such as the fact that your child may have asthma or someone has a longstanding hip injury who is an older member of your family.

□ 1030

That is important and that was a Democratic initiative. We are also going to take up tomorrow the minimum wage. Republicans have said they would fight it with every fiber of their being. The fact is the Democrats stood for decent wages and decent working conditions. Forty percent of the people who earn the minimum wage are bread winners for their family. Fifty-eight percent of the people who earn the minimum wage are women. We need decent wages in America.

Mr. Speaker, the Democratic agenda is alive and well.

CHECKING ON NAFTA

(Mr. WELDON of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WELDON of Pennsylvania. Mr. Speaker, the debate over the success of NAFTA continues. Two years after this legislation became law, we look back and see whether or not it has been successful, and there is still disagreement.

Tomorrow I will introduce bipartisan legislation, Mr. Speaker, however, that all of us can join together on. My legislation, the NAFTA check bill, will require the President of the United States to certify each year to the Congress whether or not those side agreements that he told us would raise up the workers standards in Mexico and would enforce tough environmental laws in Mexico are actually working.

Mr. Speaker, I ask our colleagues to join with us to allow this President each year to certify to us as to whether or not what he told us to get our votes for NAFTA has in fact been occurring for the past 2 years. That is an annual certification as to environmental protection and as to worker standards in the state of Mexico as parties to the NAFTA agreement.

I urge our colleagues to sign as cosponsors when this bill is dropped tomorrow. We can move it quickly in September to get passage in this body and the other body.

TESTING SINCERITY ON WELFARE REFORM

(Mr. DURBIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DURBIN. Mr. Speaker, yesterday was a historic day. The passage of welfare reform is long overdue. If we listen to the speeches on this floor, we heard Member after Member stand up and say we need to put people to work. The first test of sincerity on those speeches will come today or tomorrow on the question of whether we raise the minimum wage in America.

Think about how many millions of Americans are struggling today at a minimum wage job trying to stay off welfare. The Republican leadership, Mr. GINGRICH and Mr. Dole, have both resisted our efforts to raise the minimum wage so people who are doing the personally responsible thing for their families will receive a decent wage. Those coming off welfare because of reform need to have an opportunity to move to a job where they can make a living.

The first test of sincerity on the welfare reform bill is whether we will leave this week defying the Republican leadership, Mr. Dole and Mr. GINGRICH, and increase the minimum wage. If we fail to do that, the critics can just say that this welfare reform debate was political hot air.

PERMISSION FOR SUNDRY COMMITTEES AND THEIR SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. TIAHRT. Mr. Speaker, I ask unanimous consent that the following committees and their subcommittees be permitted to sit today while the House is meeting in the Committee of the Whole under the 5-minute rule: The Committee on Agriculture; the Committee on Banking and Financial Services; the Committee on Commerce; the Committee on Economic and Educational Opportunities; The Committee on Government Reform and Oversight; the Committee on International Relations; the Committee on the Judiciary; the Committee on Resources; the Committee on Science; the Committee on Small Business; the Committee on Transportation and Infrastructure; and the Permanent Select Committee on Intelligence.

It is my understanding that the minority has been consulted and that there is no objection to these requests.

The SPEAKER pro tempore (Mr. NETHERCUTT). Is there objection to the request of the gentleman from Kansas?

There was no objection.

CONFERENCE REPORT ON H.R. 3754, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1997

Mr. PACKARD. Mr. Speaker, I ask unanimous consent that it be in order at any time to consider the conference report to accompany the bill (H.R. 3754) making appropriations for the legislative branch for the fiscal year ending September 30, 1997, and for other purposes, that all points of order against the conference report and against its consideration be waived, and that the conference report be considered as read when called up.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PACKARD. Mr. Speaker, pursuant to the order of the House of today, I call up the conference report on the bill (H.R. 3754) making appropriations for the legislative branch for the fiscal year ending September 30, 1997, and for other purposes.

The Clerk read the title of the bill.

GENERAL LEAVE

Mr. PACKARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report to accompany H.R. 3754 and that they may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of gentleman from California?

There was no objection.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Wednesday, July 31, 1996, at page 20759.)

The SPEAKER pro tempore. Pursuant to the order of the House of today, the gentleman from California [Mr. PACKARD] and the gentleman from Arkansas [Mr. THORNTON] each will control 30 minutes.

The Chair recognizes the gentleman from California [Mr. PACKARD].

Mr. PACKARD. Mr. Speaker, I yield myself such time as I may consume.

This is the conference report on the legislative branch appropriations bill. It will cut from the 1996 program level over $22 million and will keep us on the glidepath to a balanced budget.

HIGHLIGHTS—H.R. 3754 CONFERENCE REPORT

CONTINUING PROGRAM OF OVERALL SAVINGS

$22.3 million below 1996 program level (budget authority); $48.6 million below in outlays.

Two-year reduction of $226 million in BA and $236 million in outlays.

Cut funding for 616 jobs in this bill; two year total of 1643 FTE'S=6.4 percent of legislative workforce.

House budget down by $45 million and House staff down by 854 FTE's over 96–97 period.

If entire Federal budget were reduced proportionately, Federal budget would show a $100 billion surplus (based on closed model extrapolation).

FRANKED MAIL REFORM

Make permanent law the 90-day before election ban on unsolicited mass mailings.

MOVING TOWARD CYBERCONGRESS

$211 million provided for operations and investments in computers and telecommunications—12.5 percent of entire legislative budget (Senate excluded).

Expanding public access through Internet to public laws, Congressional debate, Congressional schedule, and other legislative matter via THOMAS and GPO ACCESS.

Established a legislative branch-wide information system working group—under guidance of House Oversight Committee and Senate Rules Committee.

Directed a study of audio broadcasts of House proceedings.

STREAMLINING

Completing two-year program to downsize General Accounting Office by 25 percent.

Eliminated funding for jobs not being utilized by several agencies.

Converting permanent edition of bound Congressional Record, a 26 volume document, to CD–ROM: will expedite availability by at least 2 years, enhance the research capabilities of the document, and save over $1 million annually.

Converting Congressional Serial Set, a 60 volume document to CD–ROM: will expedite availability by several years, enhance its use as a research tool, and save over $1 million annually.

Clerk of the House will expand capability of House to use electronic formats for legislative documents to reduce printing and distribution costs.

Have deferred to authorizing Committees the Public Printer's plan to convert Federal Depository Program to electronic format.

INCREASING USE OF PRIVATE SECTOR

Outsourcing custodial work at Ford House Office Building; directed Architect to transfer affected staff to comparable jobs at comparable pay.

Conducting studies of other outsourcing possibilities at Power Plant, care and maintenance of other Congressional buildings.

Continue public-private sector collaboration on National Digital Library.

Public Printer to determine potential for privatizing GPO plant workload.

Looking for alternatives for operating the Botanic Garden.

CONFERENCE REPORT COMPARED TO HOUSE BILL

Added $1.1 million for the Capitol Police.

Added $244,000 for CBO.

Added $1 million for the Library of Congress to pay for a Management study.

Added $750,000 for a new backup power supply for the Library's computers.

$250,000 reduction for the Joint Economic Committee; conferees believe the need for this joint committee should be reviewed with the idea that it will be phased out in the future. In the meantime, funding continues at a reduced level.

General Provisions; the bill contains a provision that will bring greater standardization to legislative information processes.

The Capitol Police will be able to elect to use comp time in lieu of paid overtime.

There is a provision that will remove copyright prohibitions from reproduction and distribution of braille and other special materials for the blind and other readers with disabilities.

COMPARED TO 602(B)'S

$15 million below Budget Authority target.

$17 million below Outlay target.

CONFERENCE AGREEMENT COMPARED TO ITEMS IN ORIGINAL HOUSE BILL

The House bill sent to the Senate was $37.4 million below 1996 in BA and $52.5 million below in outlays.

The conference agreement is $34.4 million below in BA and $48.5 below in outlays.

FY 1997 LEGISLATIVE BRANCH APPROPRIATIONS ACT (H.R. 3754)

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE I - CONGRESSIONAL OPERATIONS						
SENATE						
Expense Allowances						
Expense allowances:						
Vice President	10,000	10,000		10,000	10,000	
President Pro Tempore of the Senate	10,000	10,000		10,000	10,000	
Majority Leader of the Senate	10,000	10,000		10,000	10,000	
Minority Leader of the Senate	10,000	10,000		10,000	10,000	
Majority Whip of the Senate	5,000	5,000		5,000	5,000	
Minority Whip of the Senate	5,000	5,000		5,000	5,000	
Chairman of the Majority Conference Committee	3,000	3,000		3,000	3,000	
Chairman of the Minority Conference Committee	3,000	3,000		3,000	3,000	
Subtotal, expense allowances	56,000	56,000		56,000	56,000	
Representation allowances for the Majority and Minority Leaders	30,000	30,000		30,000	30,000	
Total, Expense allowances and representation	86,000	86,000		86,000	86,000	
Salaries, Officers and Employees						
Office of the Vice President	1,513,000	1,570,000		1,513,000	1,513,000	
Office of the President Pro Tempore	325,000	325,000		325,000	325,000	
Offices of the Majority and Minority Leaders	2,195,000	2,377,000		2,195,000	2,195,000	
Offices of the Majority and Minority Whips	656,000	682,000		1,156,000	1,156,000	+500,000
Conference committees	1,992,000	2,068,000		1,992,000	1,992,000	
Offices of the Secretaries of the Conference of the Majority and the Conference of the Minority	360,000	367,000		384,000	384,000	+24,000
Policy Committees	1,930,000	2,002,000		1,930,000	1,930,000	
Office of the Chaplain	192,000	234,000		234,000	234,000	+42,000
Office of the Secretary	12,128,000	12,959,000		12,714,000	12,714,000	+586,000
Office of the Sergeant at Arms and Doorkeeper	31,889,000	34,037,000		34,037,000	34,037,000	+2,148,000
Offices of the Secretaries for the Majority and Minority	1,047,000	1,135,000		1,135,000	1,135,000	+88,000
Agency contributions and related expenses	15,500,000	18,482,000		17,000,000	17,000,000	+1,500,000
Total, salaries, officers and employees	69,727,000	76,238,000		74,615,000	74,615,000	+4,888,000
Office of the Legislative Counsel of the Senate						
Salaries and expenses	3,381,000	3,447,000		3,447,000	3,447,000	+66,000
Office of Senate Legal Counsel						
Salaries and expenses	936,000	960,000		936,000	936,000	
Expense Allowances of the Secretary of the Senate, Sergeant at Arms and Doorkeeper of the Senate, and Secretaries for the Majority and Minority of the Senate: Expenses allowances	12,000	12,000		12,000	12,000	
Contingent Expenses of the Senate						
Inquiries and investigations	66,395,000	70,561,000		69,561,000	69,561,000	+3,166,000
Expenses of United States Senate Caucus on International Narcotics Control	305,000			305,000	305,000	
Secretary of the Senate	1,266,000	1,266,000		1,511,000	1,511,000	+245,000
Sergeant at Arms and Doorkeeper of the Senate	61,347,000	65,931,000		65,931,000	65,931,000	+4,584,000
Miscellaneous items	6,644,000	6,791,000		6,791,000	6,791,000	+147,000
Senators' Official Personnel and Office Expense Account	204,029,000	226,825,000		208,000,000	208,000,000	+3,971,000
Office of Senate Fair Employment Practices	778,000					-778,000
Settlements and Awards Reserve	1,000,000	1,000,000				-1,000,000
Stationery (revolving fund)	13,000	13,000		13,000	13,000	
Official Mail Costs						
Expenses	11,000,000	36,500,000		10,000,000	10,000,000	-1,000,000
Total, contingent expenses of the Senate	352,777,000	408,887,000		362,112,000	362,112,000	+9,335,000
Total, Senate	426,919,000	489,630,000		441,208,000	441,208,000	+14,289,000

FY 1997 LEGISLATIVE BRANCH APPROPRIATIONS ACT (H.R. 3754)—continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
HOUSE OF REPRESENTATIVES						
Payments to Widows and Heirs of Deceased Members of Congress						
Gratuities, deceased Members	....	....	....	....	133,600	+133,600
Salaries and Expenses						
House Leadership Offices						
Office of the Speaker	1,478,000	1,621,000	1,535,000	1,535,000	1,535,000	+57,000
Office of the Majority Floor Leader	1,470,000	1,561,000	1,526,000	1,526,000	1,526,000	+56,000
Office of the Minority Floor Leader	1,480,000	1,574,000	1,534,000	1,534,000	1,534,000	+54,000
Office of the Majority Whip	928,000	976,000	957,000	957,000	957,000	+29,000
Office of the Minority Whip	918,000	963,000	949,000	949,000	949,000	+31,000
Speaker's Office for Legislative Floor Activities	376,000	385,000	376,000	376,000	376,000	....
House Republican Steering Committee	664,000	681,000	664,000	664,000	664,000	....
House Republican Conference	1,083,000	1,146,000	1,130,000	1,130,000	1,130,000	+47,000
House Democratic Steering and Policy Committee	1,181,000	1,211,000	1,191,000	1,191,000	1,191,000	+10,000
House Democratic Caucus	566,000	616,000	603,000	603,000	603,000	+37,000
Nine minority employees	1,127,000	1,155,000	1,127,000	1,127,000	1,127,000	....
Subtotal, House Leadership Offices	11,271,000	11,889,000	11,592,000	11,592,000	11,592,000	+321,000
Members' Representational Allowances						
Expenses	360,503,000	398,898,000	363,313,000	363,313,000	363,313,000	+2,810,000
Committee Employees						
Standing Committees, Special and Select (except Appropriations)	78,629,000	80,524,000	80,222,000	80,222,000	80,222,000	+1,593,000
Committee on Appropriations (including studies and investigations)	16,945,000	18,430,000	17,580,000	17,580,000	17,580,000	+635,000
Subtotal, Committee employees	95,574,000	98,954,000	97,802,000	97,802,000	97,802,000	+2,228,000
Salaries, Officers and Employees						
Office of the Clerk	13,807,000	15,370,000	15,074,000	15,074,000	15,074,000	+1,267,000
Office of the Sergeant at Arms	3,410,000	3,889,000	3,638,000	3,638,000	3,638,000	+228,000
Office of the Chief Administrative Officer	53,556,000	70,464,000	55,209,000	55,209,000	55,209,000	+1,653,000
Office of Inspector General	3,954,000	4,048,000	3,954,000	3,954,000	3,954,000	....
Office of Compliance	858,000	....	....	....	....	-858,000
Transfer to new Office of Compliance	-500,000	....	....	....	....	+500,000
Office of the Chaplain	126,000	128,000	126,000	126,000	126,000	....
Office of the Parliamentarian	1,180,000	1,036,000	1,036,000	1,036,000	1,036,000	-144,000
Office of the Parliamentarian	(775,000)	(713,000)	(713,000)	(713,000)	(713,000)	(-62,000)
Compilation of precedents of the House of Representatives	(405,000)	(323,000)	(323,000)	(323,000)	(323,000)	(-82,000)
Office of the Law Revision Counsel of the House	1,700,000	1,817,000	1,767,000	1,767,000	1,767,000	+67,000
Office of the Legislative Counsel of the House	4,524,000	4,763,000	4,687,000	4,687,000	4,687,000	+163,000
Other authorized employees	837,000	1,000,000	768,000	768,000	768,000	-69,000
Former Speakers	(666,000)	(825,000)	(594,000)	(594,000)	(594,000)	(-72,000)
Technical Assistants, Office of the Attending Physician	(171,000)	(175,000)	(174,000)	(174,000)	(174,000)	(+3,000)
Subtotal, Salaries, Officers and Employees	83,452,000	102,515,000	86,259,000	86,259,000	86,259,000	+2,807,000
Allowances and Expenses						
Supplies, materials, administrative costs and Federal tort claims	994,000	2,301,000	2,374,000	2,374,000	2,374,000	+1,380,000
Official mail (committees, leadership, administrative and legislative offices)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	....
Reemployed annuitants reimbursements	68,000	71,000	71,000	71,000	71,000	+3,000
Government contributions	117,541,000	122,508,000	120,779,000	120,779,000	120,779,000	+3,238,000
Miscellaneous items	658,000	641,000	641,000	641,000	641,000	-17,000
Subtotal, Allowances and expenses	120,261,000	126,521,000	124,865,000	124,865,000	124,865,000	+4,604,000
Total, House of Representatives	671,061,000	738,777,000	683,831,000	683,831,000	683,964,600	+12,903,600

FY 1997 LEGISLATIVE BRANCH APPROPRIATIONS ACT (H.R. 3754)— continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
JOINT ITEMS						
Joint Committee on Inaugural Ceremonies of 1997	....	950,000	950,000	950,000	950,000	+950,000
Joint Economic Committee	3,000,000	3,000,000	3,000,000	750,000	2,750,000	-250,000
Joint Committee on Printing	750,000	777,000	777,000	777,000	777,000	+27,000
Joint Committee on Taxation	5,116,000	7,716,000	5,470,000	5,470,000	5,470,000	+354,000
Office of the Attending Physician						
Medical supplies, equipment, expenses, and allowances	1,260,000	1,225,000	1,225,000	1,225,000	1,225,000	-35,000
Capitol Police Board						
Capitol Police						
Salaries:						
Sergeant at Arms of the House of Representatives	34,213,000	37,286,000	32,927,000	34,213,000	33,437,000	-776,000
Sergeant at Arms and Doorkeeper of the Senate	35,919,000	39,108,000	35,465,000	35,919,000	35,919,000	....
Subtotal, salaries	70,132,000	76,394,000	68,392,000	70,132,000	69,356,000	-776,000
General expenses	2,560,000	7,606,000	2,685,000	2,880,000	2,782,000	+222,000
Subtotal, Capitol Police	72,692,000	84,000,000	71,077,000	73,012,000	72,138,000	-554,000
Capitol Guide Service and Special Services Office	1,991,000	1,991,000	1,991,000	1,991,000	1,991,000	....
Statements of Appropriations	30,000	30,000	30,000	30,000	30,000	....
Total, Joint Items	84,839,000	99,689,000	84,520,000	84,205,000	85,331,000	+492,000
OFFICE OF COMPLIANCE						
Salaries and expenses	2,000,000	3,268,000	2,609,000	2,609,000	2,609,000	+609,000
Transfer from House of Rep. Office of Compliance	500,000	....	....	....	....	-500,000
Total, Office of Compliance	2,500,000	3,268,000	2,609,000	2,609,000	2,609,000	+109,000
OFFICE OF TECHNOLOGY ASSESSMENT						
Salaries and expenses	3,615,000	....	....	....	....	-3,615,000
Reappropriation	2,500,000	....	....	....	....	-2,500,000
Total, Office of Technology Assessment	6,115,000	....	....	....	....	-6,115,000
CONGRESSIONAL BUDGET OFFICE						
Salaries and expenses	24,288,000	24,775,000	24,288,000	24,775,000	24,532,000	+244,000
ARCHITECT OF THE CAPITOL						
Office of the Architect of the Capitol						
Salaries	8,569,000	8,714,000	8,454,000	8,454,000	8,454,000	-115,000
Travel (limitation on official travel expenses)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	....
Contingent expenses	100,000	100,000	100,000	100,000	100,000	....
Subtotal, Office of the Architect of the Capitol	8,669,000	8,814,000	8,554,000	8,554,000	8,554,000	-115,000
Capitol Buildings and Grounds						
Capitol buildings	22,882,000	23,679,000	23,255,000	23,555,000	23,255,000	+373,000
Capitol grounds	5,143,000	5,020,000	5,020,000	5,020,000	5,020,000	-123,000
Senate office buildings	41,757,000	39,640,000	....	39,640,000	39,640,000	-2,117,000
House office buildings	33,001,000	32,556,000	32,556,000	32,556,000	32,556,000	-445,000
Capitol Power Plant	35,518,000	34,749,000	34,749,000	34,749,000	34,749,000	-769,000
Offsetting collections	-4,000,000	-4,000,000	-4,000,000	-4,000,000	-4,000,000	....
Net subtotal, Capitol Power Plant	31,518,000	30,749,000	30,749,000	30,749,000	30,749,000	-769,000
Subtotal, Capitol buildings and grounds	134,301,000	131,644,000	91,580,000	131,520,000	131,220,000	-3,081,000
Total, Architect of the Capitol	142,970,000	140,458,000	100,134,000	140,074,000	139,774,000	-3,196,000
LIBRARY OF CONGRESS						
Congressional Research Service						
Salaries and expenses	60,084,000	63,056,000	62,641,000	62,641,000	62,641,000	+2,557,000
GOVERNMENT PRINTING OFFICE						
Congressional printing and binding	83,770,000	83,770,000	81,669,000	81,669,000	81,669,000	-2,101,000
Total, title I, Congressional Operations	1,502,546,000	1,643,423,000	1,039,692,000	1,521,012,000	1,521,728,600	+19,182,600

FY 1997 LEGISLATIVE BRANCH APPROPRIATIONS ACT (H.R. 3754)—continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE II - OTHER AGENCIES						
BOTANIC GARDEN						
Salaries and expenses	3,053,000	2,902,000	2,902,000	2,902,000	2,902,000	-151,000
LIBRARY OF CONGRESS						
Salaries and expenses	211,664,000	226,235,000	215,007,000	216,007,000	216,007,000	+4,343,000
Authority to spend receipts	-7,869,000	-7,869,000	-7,869,000	-7,869,000	-7,869,000	
Net subtotal, Salaries and expenses	203,795,000	218,366,000	207,138,000	208,138,000	208,138,000	+4,343,000
Copyright Office, salaries and expenses	30,818,000	34,566,000	33,402,000	33,402,000	33,402,000	+2,584,000
Authority to spend receipts	-19,830,000	-22,278,000	-22,269,000	-22,269,000	-22,269,000	-2,439,000
Net subtotal, Copyright Office	10,988,000	12,288,000	11,133,000	11,133,000	11,133,000	+145,000
Books for the blind and physically handicapped, salaries and expenses	44,951,000	46,057,000	44,964,000	44,964,000	44,964,000	+13,000
Furniture and furnishings	4,882,000	4,882,000	4,882,000	4,882,000	4,882,000	
Total, Library of Congress (except CRS)	264,616,000	281,593,000	268,117,000	269,117,000	269,117,000	+4,501,000
ARCHITECT OF THE CAPITOL						
Library Buildings and Grounds						
Structural and mechanical care	12,428,000	9,003,000	9,003,000	10,453,000	9,753,000	-2,675,000
GOVERNMENT PRINTING OFFICE						
Office of Superintendent of Documents						
Salaries and expenses	30,307,000	30,827,000	29,077,000	29,077,000	29,077,000	-1,230,000
GENERAL ACCOUNTING OFFICE						
Salaries and expenses	382,806,000	377,773,000	338,425,000	338,425,000	338,425,000	-44,381,000
Offsetting collections	-8,400,000	-6,100,000	-5,905,000	-5,905,000	-5,905,000	+2,495,000
Total, General Accounting Office	374,406,000	371,673,000	332,520,000	332,520,000	332,520,000	-41,886,000
Total, title II, Other agencies	684,810,000	695,998,000	641,619,000	644,069,000	643,369,000	-41,441,000
Grand total	2,187,356,000	2,339,421,000	1,681,311,000	2,165,081,000	2,165,097,600	-22,258,400
TITLE I - CONGRESSIONAL OPERATIONS						
Senate	426,919,000	489,630,000		441,208,000	441,208,000	+14,289,000
House of Representatives	671,061,000	738,777,000	683,831,000	683,831,000	683,964,600	+12,903,600
Joint Items	84,839,000	99,689,000	84,520,000	84,205,000	85,331,000	+492,000
Office of Compliance	2,500,000	3,268,000	2,609,000	2,609,000	2,609,000	+109,000
Office of Technology Assessment	6,115,000					-6,115,000
Congressional Budget Office	24,288,000	24,775,000	24,288,000	24,775,000	24,532,000	+244,000
Architect of the Capitol	142,970,000	140,458,000	100,134,000	140,074,000	139,774,000	-3,196,000
Library of Congress: Congressional Research Service	60,084,000	63,056,000	62,641,000	62,641,000	62,641,000	+2,557,000
Congressional printing and binding, Government Printing Office	83,770,000	83,770,000	81,669,000	81,669,000	81,669,000	-2,101,000
Total, title I, Congressional operations	1,502,546,000	1,643,423,000	1,039,692,000	1,521,012,000	1,521,728,600	+19,182,600
TITLE II - OTHER AGENCIES						
Botanic Garden	3,053,000	2,902,000	2,902,000	2,902,000	2,902,000	-151,000
Library of Congress (except CRS)	264,616,000	281,593,000	268,117,000	269,117,000	269,117,000	+4,501,000
Architect of the Capitol (Library buildings and grounds)	12,428,000	9,003,000	9,003,000	10,453,000	9,753,000	-2,675,000
Government Printing Office (except congressional printing and binding)	30,307,000	30,827,000	29,077,000	29,077,000	29,077,000	-1,230,000
General Accounting Office	374,406,000	371,673,000	332,520,000	332,520,000	332,520,000	-41,886,000
Total, title II, Other agencies	684,810,000	695,998,000	641,619,000	644,069,000	643,369,000	-41,441,000
Grand total	2,187,356,000	2,339,421,000	1,681,311,000	2,165,081,000	2,165,097,600	-22,258,400

Mr. PACKARD. Mr. Speaker, I reserve the balance of my time.

Mr. THORNTON. Mr. Speaker, I yield myself such time as I may consume.

I rise to express my appreciation to the conference for following the instructions of this House and instructing action on the conference report and to commend the chairman, the gentleman from California [Mr. PACKARD], for his efforts.

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. HOYER. Mr. Speaker, I rise in support of the conference report today. I want to thank the chairman and the ranking member for their concern about a provision that was of particular concern to me.

This House is obviously undergoing a change in management. As a result, many of our hardworking, loyal, nonlegislative House employees have been through a period of great unrest and unease.

As passed by this House, this bill originally contained language regarding the privatization of certain aspects of the Architect of the Capitol, including the maintenance workers. I am pleased that as a result of the work of the conference, and particularly Mr. SERRANO, that the report before us today now contains language protecting the current employees so that they will not be displaced by an privatization.

The bulk of this work force are older, minority employees who would be hard pressed to find new jobs at this stage in their careers. They have served this institution and its particular needs well. It would have been unfair at this time to proceed with privatization without properly protecting these employees. I am glad that the conference report now contains language providing that important protection.

Furthermore, as the Architect studies further privatization options, which I hope are not proceeded with, I believe it is important that we continue to consider the unique nature of the congressional buildings, the loyalty of the existing work force and the particular needs of our institution. I do not believe all the answers lie in outsourcing these services and will continue to work with the members of the subcommittee and on the House Oversight Committee on which I serve, to ensure fair and reasonable treatment for our hardworking employees.

Mr. Speaker, again, I thank the members of the conference for their sensitivity to these concerns and look forward to continuing to work with them.

Mr. PACKARD. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 7 of rule XV, the yeas and nays are ordered.

Pursuant to clause 5 of rule I, further proceedings on the conference report will be postponed.

CONFERENCE REPORT ON H.R. 3603, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Mr. SKEEN. Mr. Speaker, I ask unanimous consent that it be in order at any time to consider a conference report to accompany the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, that all points of order against the conference report and against its consideration be waived, and that the conference report be considered as read when called up.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. SKEEN. Mr. Speaker, pursuant to the order of the House of today, I call up the conference report on the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, July 30, 1996, at page 20538.)

The SPEAKER pro tempore. The gentleman from New Mexico [Mr. SKEEN] and the gentleman from Illinois [Mr. DURBIN] each will control 30 minutes.

The Chair recognizes the gentleman from New Mexico [Mr. SKEEN].

GENERAL LEAVE

Mr. SKEEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report to accompany H.R. 3603, and that they may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

Mr. SKEEN. Mr. Speaker, I yield myself such time as I may consume.

I will be brief and ask that my formal remarks be inserted in the RECORD. This conference report is almost the same as the bill that passed the House on June 12.

Mr. Speaker, this conference agreement has programs that benefit every one of our constituents and their lives every day no matter where they live or what they do. I respectfully ask that we get an "aye" vote on the conference agreement on H.R. 3603.

Mr. Speaker, I am pleased to present to you today the conference agreement for H.R. 3603, a bill making appropriations for Agriculture, Rural Development, Food and Drug Administration, and related agencies programs for fiscal year 1997.

This is a solid bipartisan bill which advances both the goals of budget reduction and the support of a large number of programs important to the health and safety of the American people.

Going into conference with the Senate, our bills were $316 million apart in discretionary spending, with the House having the lower mark. The leadership of both committees split the difference, giving the House an additional $158 million.

This conference agreement is essentially the same as the bill that passed the House on June 12. The additional money added in the conference has gone almost entirely for rural development, research and education programs all of which have high priority and long-term benefits.

I want to emphasize, Mr. Speaker, that this agreement is right on our required spending targets. Discretionary spending is at $12.96 billion which is $350 million less than fiscal year 1996. Mandatory spending is at $39.9 billion which is $9.9 billion less than the current year. Total spending in the bill is $52.8 billion which is $10.2 billion less than the current year and $5.6 billion below the administration request.

Mr. Speaker and Members of the House, this agreement supports programs which benefit every one of your constituents every day, no matter if they live in rural America, the suburbs or in our great cities.

It supports the food stamp program, the Women, Infants and Children feeding program, school lunch, school breakfast, elderly feeding programs, and other essential services.

Our rural development funding brings clean water, affordable housing, jobs, and economic growth to rural America.

Our research programs support the finest and most efficient agricultural system in the world. This system not only delivers an abundance of food to the American consumer but this year it creates a more than $30 billion trade surplus in agricultural products, meaning jobs in the food processing, transportation and service industries in every State.

This conference report also supports the Food and Drug Administration and the food safety and inspection service which protect our supply of food, medicines and medical devices. I want to point out, Mr. Chairman, that this agreement fully funds the food safety and inspection service as it launches the most comprehensive change ever in our Federal meat and poultry inspection system.

Mr. Speaker, I do want to point out one matter than I know is of concern to a number of Members and that is the formula grants to 1890's colleges and Tuskegee University. For the fiscal year 1997, cuts were made in extension grants using an across-the-board formula with last year's grants as a base. There was an error in the calculation of the grant formula for 1890's colleges and Tuskegee University. I have discussed this with representatives of these institutions and I want to assure them and my colleagues that I will work to correct this error at the first opportunity.

Finally, Mr. Speaker, I mentioned at the start that this is a bipartisan effort and I want to point out that the distinguished ranking member of the subcommittee, Mr. DURBIN, successfully added a package of reforms to the rural housing programs which have been needed for quite some time. These reforms are not only good for rural Americans in need of housing but they are good for the taxpayer as well.

Mr. Speaker, I thank you and your colleagues for the opportunity to appear before you here today. I believe this will be the first domestic conference report to clear the Congress. On behalf of the Agriculture Appropriations Subcommittee, I respectfully ask for the support of all my colleagues in the House. Vote "yes" on the conference report for H.R. 3603.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603)

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE I - AGRICULTURAL PROGRAMS						
Production, Processing, and Marketing						
Office of the Secretary	10,227,000	10,336,000	2,836,000	2,836,000	2,836,000	-7,391,000
Executive Operations:						
Chief Economist	3,948,000	4,292,000	4,231,000	4,231,000	4,231,000	+283,000
National Appeals Division	11,846,000	13,363,000	11,718,000	11,718,000	11,718,000	-128,000
Office of Budget and Program Analysis	5,899,000	5,986,000	5,986,000	5,986,000	5,986,000	+87,000
Office of Small and Disadvantaged Business Utilization	....	804,000	....	....	....	....
Total, Executive Operations	21,693,000	24,445,000	21,935,000	21,935,000	21,935,000	+242,000
Chief Financial Officer	4,133,000	4,437,000	4,283,000	4,283,000	4,283,000	+150,000
Office of the Assistant Secretary for Administration	596,000	613,000	613,000	613,000	613,000	+17,000
Agriculture buildings and facilities (USDA)	135,774,000	149,635,000	125,548,000	144,053,400	144,053,000	+8,279,000
Payments to GSA	(89,971,000)	(103,754,000)	(103,754,000)	(103,754,000)	(103,754,000)	(+13,783,000)
Building operations and maintenance	(20,216,000)	(20,294,000)	(16,794,000)	(16,794,000)	(16,794,000)	(-3,422,000)
Repairs, renovations, and construction	(25,587,000)	(25,587,000)	(5,000,000)	(23,505,400)	(23,505,000)	(-2,082,000)
Advisory committees (USDA)	650,000	856,000	....	....	....	-650,000
Hazardous waste management	15,700,000	15,700,000	15,700,000	15,700,000	15,700,000	....
Departmental administration	27,986,000	29,137,000	28,304,000	30,529,000	30,529,000	+2,543,000
Office of the Assistant Secretary for Congressional Relations	3,797,000	3,842,000	3,728,000	3,668,000	3,668,000	-129,000
Office of Communications	8,198,000	8,317,000	8,138,000	8,138,000	8,138,000	-60,000
Office of the Inspector General	63,639,000	64,523,000	63,028,000	63,028,000	63,028,000	-611,000
Office of the General Counsel	27,860,000	29,249,000	27,749,000	27,749,000	27,749,000	-111,000
Office of the Under Secretary for Research, Education and Economics	520,000	540,000	540,000	540,000	540,000	+20,000
Economic Research Service	53,131,000	54,947,000	54,176,000	53,109,000	53,109,000	-22,000
National Agricultural Statistics Service	81,107,000	102,624,000	100,221,000	98,121,000	100,221,000	+19,114,000
Agricultural Research Service	710,000,000	728,853,000	702,831,000	722,839,600	716,826,000	+6,826,000
Buildings and facilities	30,200,000	80,100,000	59,600,000	59,200,000	69,100,000	+38,900,000
Total, Agricultural Research Service	740,200,000	808,953,000	762,431,000	782,039,600	785,926,000	+45,726,000
Cooperative State Research, Education, and Extension Service:						
Research and education activities	421,929,000	418,572,000	411,849,000	419,370,000	421,504,000	-425,000
Native Americans Institutions Endowment Fund	(4,600,000)	(4,600,000)	(4,600,000)	(4,600,000)	(4,600,000)	....
Buildings and facilities	57,838,000	....	30,449,000	55,668,000	61,591,000	+3,753,000
Extension Activities	427,750,000	423,488,000	409,670,000	431,122,000	425,520,000	-2,230,000
Total, Cooperative State Research, Education, and Extension Service	907,517,000	842,060,000	851,968,000	906,160,000	908,615,000	+1,098,000
Office of the Assistant Secretary for Marketing and Regulatory Programs	605,000	618,000	618,000	618,000	618,000	+13,000
Animal and Plant Health Inspection Service:						
Salaries and expenses	431,921,000	439,033,000	435,428,000	432,103,000	434,909,000	+2,988,000
AQI user fees 1/	(100,254,000)	(100,000,000)	(98,000,000)	(98,000,000)	(98,000,000)	(-2,254,000)
Buildings and facilities	8,757,000	3,200,000	3,200,000	3,200,000	3,200,000	-5,557,000
Total, Animal and Plant Health Inspection Service	440,678,000	442,233,000	438,628,000	435,303,000	438,109,000	-2,569,000
Agricultural Marketing Service:						
Marketing Services	46,517,000	48,311,000	37,592,000	46,767,000	38,507,000	-8,010,000
New user fees	(3,887,000)	....	(3,887,000)	(3,887,000)	(3,887,000)	....
(Limitation on administrative expenses, from fees collected)	(58,461,000)	(59,012,000)	(59,012,000)	(59,012,000)	(59,012,000)	(+551,000)
Funds for strengthening markets, income, and supply (transfer from section 32)	10,451,000	10,576,000	10,576,000	10,576,000	10,576,000	+125,000
Payments to states and possessions	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	....
Total, Agricultural Marketing Service	58,168,000	60,087,000	49,368,000	58,543,000	50,283,000	-7,885,000
Grain Inspection, Packers and Stockyards Administration	23,058,000	24,595,000	22,728,000	23,928,000	23,128,000	+70,000
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)	(42,784,000)	(43,207,000)	(43,207,000)	(43,207,000)	(43,207,000)	(+423,000)
Office of the Under Secretary for Food Safety	440,000	576,000	446,000	446,000	446,000	+6,000
Food Safety and Inspection Service	544,906,000	574,000,000	574,000,000	557,697,000	574,000,000	+29,094,000
Lab accreditation fees 2/	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	....
Total, Production, Processing, and Marketing	3,170,583,000	3,252,323,000	3,156,986,000	3,239,037,000	3,257,527,000	+86,944,000
Farm Assistance Programs						
Office of the Under Secretary for Farm and Foreign Agricultural Services	549,000	572,000	572,000	572,000	572,000	+23,000
Farm Service Agency:						
Salaries and expenses	795,000,000	820,495,000	746,440,000	725,000,000	746,440,000	-48,560,000
(Transfer from export loans)	(589,000)	(623,000)	(589,000)	(589,000)	(589,000)	....
(Transfer from P.L. 480)	(745,000)	(783,000)	(745,000)	(783,000)	(745,000)	....
(Transfer from ACIF)	(208,446,000)	(209,485,000)	(208,446,000)	(208,446,000)	(208,446,000)	....
Total, salaries and expenses	(1,004,780,000)	(1,031,386,000)	(956,220,000)	(934,818,000)	(956,220,000)	(-48,560,000)

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
State mediation grants	2,000,000	3,000,000		2,000,000	2,000,000	
Dairy indemnity program	100,000	100,000	100,000	100,000	100,000	
Outreach for socially disadvantaged farmers and ranchers	1,000,000	3,000,000	1,000,000	1,000,000	1,000,000	
Total, Farm Service Agency	798,100,000	826,595,000	747,540,000	728,100,000	749,540,000	-48,560,000
Agricultural Credit Insurance Fund Program Account:						
Loan authorizations:						
Farm ownership loans:						
Direct	(60,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(-10,000,000)
Guaranteed	(550,000,000)	(650,000,000)	(550,000,000)	(550,000,000)	(550,000,000)	
Subtotal	(610,000,000)	(700,000,000)	(600,000,000)	(600,000,000)	(600,000,000)	(-10,000,000)
Operating loans:						
Direct	(550,000,000)	(445,071,000)	(445,071,000)	(445,071,000)	(445,071,000)	(-104,929,000)
Guaranteed unsubsidized	(1,700,000,000)	(1,750,000,000)	(1,700,000,000)	(1,700,000,000)	(1,700,000,000)	
Guaranteed subsidized	(200,000,000)	(250,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	
Subtotal	(2,450,000,000)	(2,445,071,000)	(2,345,071,000)	(2,345,071,000)	(2,345,071,000)	(-104,929,000)
Indian tribe land acquisition loans	(750,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(+250,000)
Emergency disaster loans	(100,000,000)		(25,000,000)	(75,000,000)	(25,000,000)	(-75,000,000)
Boll weevil Loans				(15,384,000)	(34,653,000)	(+34,653,000)
Credit sales of acquired property		(50,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(+25,000,000)
Total, Loan authorizations	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(3,061,455,000)	(3,030,724,000)	(-130,026,000)
Loan subsidies:						
Farm ownership:						
Direct	14,034,000	5,920,000	5,920,000	5,920,000	5,920,000	-8,114,000
Guaranteed	20,019,000	26,065,000	22,055,000	22,055,000	22,055,000	+2,036,000
Subtotal	34,053,000	31,985,000	27,975,000	27,975,000	27,975,000	-6,078,000
Farm operating:						
Direct	75,185,000	59,150,000	59,150,000	59,150,000	59,150,000	-16,035,000
Guaranteed unsubsidized	18,360,000	19,775,000	19,210,000	19,210,000	19,210,000	+850,000
Guaranteed subsidized	17,960,000	23,100,000	18,480,000	18,480,000	18,480,000	+520,000
Subtotal	111,505,000	102,025,000	96,840,000	96,840,000	96,840,000	-14,665,000
Indian tribe land acquisition	206,000	54,000	54,000	54,000	54,000	-152,000
Emergency disaster	32,080,000		6,365,000	19,095,000	6,365,000	-25,715,000
Boll weevil loans subsidy				2,000,000	499,000	+499,000
Credit sales of acquired property		5,060,000	2,530,000	2,530,000	2,530,000	+2,530,000
Total, Loan subsidies	177,844,000	139,124,000	133,764,000	148,494,000	134,263,000	-43,581,000
ACIF expenses:						
Salaries and expenses	208,935,000	209,485,000	208,446,000	208,446,000	208,446,000	-489,000
Administrative expenses	12,606,000	12,606,000	12,600,000	12,600,000	12,600,000	-6,000
Total, ACIF expenses	221,541,000	222,091,000	221,046,000	221,046,000	221,046,000	-495,000
Total, Agricultural Credit Insurance Fund	399,385,000	361,215,000	354,810,000	369,540,000	355,309,000	-44,076,000
(Loan authorization)	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(3,061,455,000)	(3,030,724,000)	(-130,026,000)
Office of Risk Management			62,198,000	70,000,000	64,000,000	+64,000,000
Total, Farm Assistance Programs	1,198,034,000	1,188,382,000	1,165,120,000	1,168,212,000	1,169,421,000	-28,613,000
Corporations						
Federal Crop Insurance Corporation:						
Federal crop insurance corporation fund	1,263,708,000	1,591,000,000	1,591,000,000	1,591,000,000	1,591,000,000	+327,292,000
Commodity Credit Corporation Fund:						
Reimbursement for net realized losses	10,400,000,000	1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000	-8,900,000,000
Hazardous waste (limitation on administrative expenses)	(5,000,000)	(15,750,000)	(5,000,000)	(5,000,000)	(5,000,000)	
Total, Corporations	11,663,708,000	3,091,000,000	3,091,000,000	3,091,000,000	3,091,000,000	-8,572,708,000
Total, title I, Agricultural Programs	16,032,325,000	7,531,705,000	7,413,106,000	7,498,249,000	7,517,948,000	-8,514,377,000
(By transfer)	(209,780,000)	(210,891,000)	(209,780,000)	(209,818,000)	(209,780,000)	
(Loan authorization)	(3,160,750,000)	(3,196,071,000)	(2,996,071,000)	(3,061,455,000)	(3,030,724,000)	(-130,026,000)
(Limitation on administrative expenses)	(106,245,000)	(117,969,000)	(107,219,000)	(107,219,000)	(107,219,000)	(+974,000)
TITLE II - CONSERVATION PROGRAMS						
Office of the Under Secretary for Natural Resources and Environment	677,000	693,000	693,000	693,000	693,000	+16,000

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Natural Resources Conservation Service:						
Conservation operations	629,986,000	662,910,000	619,392,000	638,954,000	619,742,000	-10,244,000
Watershed surveys and planning	14,000,000	19,188,000	10,762,000	14,000,000	12,381,000	-1,619,000
Watershed and flood prevention operations	100,000,000	116,036,000	101,036,000	101,036,000	101,036,000	+1,036,000
Emergency appropriations (P.L. 104-134)	80,514,000					-80,514,000
Resource conservation and development	29,000,000	29,377,000	29,377,000	29,377,000	29,377,000	+377,000
Forestry incentives program	6,325,000	6,325,000	6,325,000	6,325,000	6,325,000	
Colorado River Basin salinity control program	2,681,000					-2,681,000
Wetlands reserve program	77,000,000	188,000,000				-77,000,000
National Natural Resources Conservation Service Foundation		500,000				
Total, Natural Resources Conservation Service	939,506,000	1,022,336,000	766,892,000	789,692,000	768,861,000	-170,645,000
Farm Service Agency:						
Agricultural conservation program	75,000,000					-75,000,000
Water quality incentives program	(11,000,000)	(15,000,000)				(-11,000,000)
Conservation reserve program	1,781,785,000	1,924,850,000				-1,781,785,000
Emergency appropriations (P.L. 104-134)	30,000,000					-30,000,000
Total, Farm Service Agency	1,886,785,000	1,924,850,000				-1,886,785,000
Total, title II, Conservation Programs	2,826,968,000	2,947,879,000	767,585,000	790,385,000	769,554,000	-2,057,414,000
TITLE III - RURAL ECONOMIC AND COMMUNITY DEVELOPMENT PROGRAMS						
Office of the Under Secretary for Rural Development	568,000	588,000	588,000	588,000	588,000	+20,000
Rural Housing Service:						
Rural Housing Insurance Fund Program Account:						
Loan authorizations:						
Low-income housing (sec. 502)	(1,000,000,000)	(1,320,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	
Unsubsidized guaranteed	(1,700,000,000)	(2,300,000,000)	(2,300,000,000)	(2,300,000,000)	(2,300,000,000)	(+600,000,000)
Housing repair (sec. 504)	(35,000,000)	(35,000,000)	(35,000,000)	(35,000,000)	(35,000,000)	
Farm labor (sec. 514)	(15,000,000)	(16,482,000)	(15,000,000)	(15,000,000)	(15,000,000)	
Rental housing (sec. 515)	(150,000,000)	(58,654,000)	(58,654,000)	(58,654,000)	(58,654,000)	(-91,346,000)
Site loans (sec. 524)	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)	
Self-help housing land development fund	(603,000)	(600,000)	(600,000)	(600,000)	(600,000)	(-3,000)
Credit sales of acquired property		(75,000,000)	(50,000,000)	(50,000,000)	(50,000,000)	(+50,000,000)
Emergency appropriations (P.L. 104-134)	(38,960,000)					(-38,960,000)
Total, Loan authorizations	(2,940,163,000)	(3,806,336,000)	(3,459,854,000)	(3,459,854,000)	(3,459,854,000)	(+519,691,000)
Loan subsidies:						
Single family (sec. 502):						
Direct	145,833,000	109,560,000	83,000,000	83,000,000	83,000,000	-62,833,000
Unsubsidized guaranteed	2,890,000	6,210,000	6,210,000	6,210,000	6,210,000	+3,320,000
Housing repair (sec. 504)	14,193,000	11,081,000	11,081,000	11,081,000	11,081,000	-3,112,000
Farm labor (sec. 514)	8,629,000	7,565,000	6,885,000	6,885,000	6,885,000	-1,744,000
Rental housing (sec. 515):						
Direct	82,035,000	28,987,000	28,987,000	28,987,000	28,987,000	-53,048,000
Unsubsidized guaranteed	(1,000,000)		(1,000,000)	(1,000,000)	(1,000,000)	
Self-help housing land development fund	31,000	17,000	17,000	17,000	17,000	-14,000
Credit sales of acquired property		6,098,000	4,050,000	4,050,000	4,050,000	+4,050,000
Emergency appropriations (P.L. 104-134)	6,500,000					-6,500,000
Total, Loan subsidies	260,111,000	169,518,000	140,230,000	140,230,000	140,230,000	-119,881,000
RHIF administrative expenses	385,889,000	366,205,000	366,205,000	366,205,000	366,205,000	-19,684,000
Rental assistance program:						
(Sec. 521)	535,000,000	487,970,000	487,970,000	487,970,000	487,970,000	-47,030,000
(Sec. 502(c)(5)(D))	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000	
Total, Rental assistance program	540,900,000	493,870,000	493,870,000	493,870,000	493,870,000	-47,030,000
Total, Rural Housing Insurance Fund	1,186,900,000	1,029,593,000	1,000,305,000	1,000,305,000	1,000,305,000	-186,595,000
(Loan authorization)	(2,940,163,000)	(3,806,336,000)	(3,459,854,000)	(3,459,854,000)	(3,459,854,000)	(+519,691,000)
Community Facility Loans Program Account:						
Loan authorizations:						
Direct	(200,000,000)					(-200,000,000)
Guaranteed	(75,000,000)					(-75,000,000)
Total, Loan authorizations	(275,000,000)					(-275,000,000)
Loan subsidies:						
Direct	34,880,000					-34,880,000
Guaranteed	3,555,000					-3,555,000
Total, Loan subsidies	38,435,000					-38,435,000
Administrative expenses	8,836,000					-8,836,000

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Very low-income housing repair grants	24,900,000	24,900,000				-24,900,000
Emergency appropriations (P.L. 104-134)	1,100,000					-1,100,000
Rural housing for domestic farm labor	10,000,000	10,000,000				-10,000,000
Mutual and self-help housing grants	12,650,000	26,000,000	26,000,000	26,000,000	26,000,000	+13,350,000
Rural community fire protection grants	2,000,000					-2,000,000
Compensation for construction defects	495,000					-495,000
Rural housing preservation grants	11,000,000	11,000,000				-11,000,000
Rural housing assistance program 3/		136,435,000	73,190,000	136,435,000	130,433,000	+130,433,000
Subtotal, grants and payments	62,145,000	208,335,000	99,190,000	162,435,000	156,433,000	+94,288,000
RHS expenses:						
Administrative expenses	46,583,000	89,660,000	53,889,000	66,354,000	60,743,000	+14,160,000
(Transfer from RHIF)	(377,074,000)	(366,205,000)	(366,205,000)	(366,205,000)	(366,205,000)	(-10,869,000)
(Transfer from ACIF)	(171,000)					(-171,000)
(Transfer from CFLP)	(8,731,000)					(-8,731,000)
Total, RHS expenses	(432,559,000)	(455,865,000)	(420,094,000)	(432,559,000)	(426,948,000)	(-5,611,000)
Total, Rural Housing Service	1,342,899,000	1,327,588,000	1,153,384,000	1,229,094,000	1,217,481,000	-125,418,000
(Loan authorization)	(3,215,163,000)	(3,806,336,000)	(3,459,854,000)	(3,459,854,000)	(3,459,854,000)	(+244,691,000)
Rural Business-Cooperative Service:						
Rural Business and Industry Loans Program Account:						
Loan authorization: Guaranteed	(500,000,000)					(-500,000,000)
Loan subsidy: Guaranteed	6,437,000					-6,437,000
Administrative expenses	14,868,000					-14,868,000
Rural Development Loan Fund Program Account:						
(Loan authorization)	(37,544,000)	(80,000,000)	(40,000,000)	(37,544,000)	(37,544,000)	
Loan subsidy	22,395,000	36,928,000	18,400,000	17,270,000	17,270,000	-5,125,000
Administrative expenses	1,476,000					-1,476,000
Rural Economic Development Loans Program Account:						
Direct loans (limitation on obligations)	(12,865,000)	(14,000,000)	(12,865,000)	(12,865,000)	(12,865,000)	
Direct subsidy	3,729,000	3,095,000	2,830,000	2,830,000	2,830,000	-899,000
Administrative expenses	654,000	699,000	654,000	654,000	654,000	
Alternative Agricultural Research and Commercialization Revolving Fund	6,500,000	6,975,000	6,000,000	10,000,000	7,000,000	+500,000
Rural business enterprise grants	45,000,000					-45,000,000
Appropriate technology transfer for rural areas	2,300,000	1,300,000				-2,300,000
Rural business-cooperative assistance 3/		53,750,000	51,400,000	53,750,000	51,400,000	+51,400,000
RBCS expenses:						
Salaries and expenses	9,013,000	27,068,000	25,680,000	25,680,000	25,680,000	+16,667,000
(Transfer from RBILP)	(14,747,000)					(-14,747,000)
(Transfer from RDLFP)	(1,476,000)					(-1,476,000)
(Transfer from REDLP)	(654,000)	(699,000)	(654,000)	(654,000)	(654,000)	
Total, RBCS expenses	(25,890,000)	(27,767,000)	(26,334,000)	(26,334,000)	(26,334,000)	(+444,000)
Total, Rural Business-Cooperative Service	112,372,000	129,815,000	104,964,000	110,184,000	104,834,000	-7,538,000
(By transfer)	(16,877,000)	(699,000)	(654,000)	(654,000)	(654,000)	(-16,223,000)
(Loan authorization)	(537,544,000)	(80,000,000)	(40,000,000)	(37,544,000)	(37,544,000)	(-500,000,000)
Rural Utilities Service:						
Rural Electrification and Telecommunications Loans Program Account:						
Loan authorizations:						
Direct loans:						
Electric 5%	(90,000,000)	(125,000,000)	(125,000,000)	(125,000,000)	(125,000,000)	(+35,000,000)
Telephone 5%	(70,000,000)	(75,000,000)	(75,000,000)	(75,000,000)	(75,000,000)	(+5,000,000)
Subtotal	(160,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(200,000,000)	(+40,000,000)
Treasury rate: Telephone	(300,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	
Muni-rate: Electric	(525,000,000)	(600,000,000)	(525,000,000)	(525,000,000)	(525,000,000)	
FFB loans:						
Electric, regular	(300,000,000)	(400,000,000)	(300,000,000)	(300,000,000)	(300,000,000)	
Telephone	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	(120,000,000)	
Subtotal	(420,000,000)	(520,000,000)	(420,000,000)	(420,000,000)	(420,000,000)	
Total, Loan authorizations	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(1,445,000,000)	(+40,000,000)
Loan subsidies:						
Direct loans:						
Electric 5%	21,168,000	3,625,000	3,625,000	3,625,000	3,625,000	-17,543,000
Telephone 5%	13,958,000	1,193,000	1,193,000	1,193,000	1,193,000	-12,765,000
Subtotal	35,126,000	4,818,000	4,818,000	4,818,000	4,818,000	-30,308,000

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Treasury rate: Telephone	60,000	60,000	60,000	60,000	60,000	
Muni-rate, electric	56,858,000	32,280,000	28,245,000	28,245,000	28,245,000	-28,613,000
FFB loans: Electric, regular	2,520,000	3,720,000	2,790,000	2,790,000	2,790,000	+270,000
Total, Loan subsidies	94,564,000	40,878,000	35,913,000	35,913,000	35,913,000	-58,651,000
RETLP administrative expenses	29,982,000	33,070,000	29,982,000	29,982,000	29,982,000	
Total, Rural Electrification and Telecommunications Loans Program Account	124,546,000	73,948,000	65,895,000	65,895,000	65,895,000	-58,651,000
(Loan authorization)	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(1,445,000,000)	(+40,000,000)
Rural Telephone Bank Program Account:						
Direct loans (limitation on obligations)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	
Direct loan subsidy	5,023,000	2,328,000	2,328,000	2,328,000	2,328,000	-2,695,000
RTB administrative expenses	3,541,000	3,500,000	3,500,000	3,500,000	3,500,000	-41,000
Distance learning and medical link grants and loans	7,500,000	20,261,000	7,500,000	10,000,000	9,000,000	+1,500,000
Solid waste management grants, rural water and waste disposal grants, and water and waste disposal facility loans (administrative expenses)	12,740,000					-12,740,000
Rural utilities assistance program 3/	487,868,000	661,560,000	496,868,000	656,742,000	566,935,000	+79,067,000
Emergency appropriations (P.L. 104-134)	11,000,000					-11,000,000
RUS expenses:						
Salaries and expenses	18,449,000	33,873,000	33,195,000	33,195,000	33,195,000	+14,746,000
Electric and telephone loans (by transfer)	(29,982,000)	(33,070,000)	(29,982,000)	(29,982,000)	(29,982,000)	
Rural telephone bank (by transfer)	(3,541,000)	(3,500,000)	(3,500,000)	(3,500,000)	(3,500,000)	(-41,000)
Agricultural Credit Insurance Fund Program Account (by transfer)	(318,000)					(-318,000)
Rural partnership (by transfer)	(12,623,000)					(-12,623,000)
Total, RUS expenses	(64,913,000)	(70,443,000)	(66,677,000)	(66,677,000)	(66,677,000)	(+1,764,000)
Total, Rural Utilities Service	670,667,000	795,470,000	609,286,000	771,660,000	680,853,000	+10,186,000
(By transfer)	(46,464,000)	(36,570,000)	(33,482,000)	(33,482,000)	(33,482,000)	(-12,982,000)
(Loan authorization)	(1,405,000,000)	(1,620,000,000)	(1,445,000,000)	(1,445,000,000)	(1,445,000,000)	(+40,000,000)
(Limitation on obligations)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	(175,000,000)	
Total, title III, Rural Economic and Community Development Programs	2,126,506,000	2,253,461,000	1,868,222,000	2,111,526,000	2,003,756,000	-122,750,000
(By transfer)	(449,317,000)	(403,474,000)	(400,341,000)	(400,341,000)	(400,341,000)	(-48,976,000)
(Loan authorization)	(5,157,707,000)	(5,506,336,000)	(4,944,854,000)	(4,942,398,000)	(4,942,398,000)	(-215,309,000)
(Limitation on obligations)	(187,865,000)	(189,000,000)	(187,865,000)	(187,865,000)	(187,865,000)	
TITLE IV - DOMESTIC FOOD PROGRAMS						
Office of the Under Secretary for Food, Nutrition and Consumer Services	440,000	554,000	454,000	554,000	454,000	+14,000
Food and Consumer Service:						
Child nutrition programs	2,348,166,000	3,251,215,000	3,218,844,000	3,221,044,000	3,219,544,000	+871,378,000
Discretionary spending		4,000,000				
Transfer from section 32	5,597,858,000	5,413,453,000	5,433,753,000	5,433,753,000	5,433,753,000	-164,105,000
Total, Child nutrition programs	7,946,024,000	8,668,668,000	8,652,597,000	8,654,797,000	8,653,297,000	+707,273,000
Special supplemental nutrition program for women, infants, and children (WIC)	3,729,807,000	3,780,000,000	3,729,807,000	3,729,807,000	3,729,807,000	
Reserve		100,000,000				
(By transfer)	(4,000,000)					(-4,000,000)
Food stamp program:						
Expenses	25,954,828,000	26,353,555,000	26,341,029,000	26,347,029,000	26,344,029,000	+389,201,000
Reserve	500,000,000	2,461,200,000	100,000,000	1,000,000,000	100,000,000	-400,000,000
Nutrition assistance for Puerto Rico	1,143,000,000	1,174,000,000	1,174,000,000	1,174,000,000	1,174,000,000	+31,000,000
Total, Food stamp program	27,597,828,000	29,988,755,000	27,615,029,000	28,521,029,000	27,618,029,000	+20,201,000
Commodity assistance program	166,000,000	172,000,000	166,000,000	166,000,000	166,000,000	
Food donations programs for selected groups:						
Needy family program	65,000,000	65,000,000	65,000,000	1,250,000	1,250,000	-63,750,000
Elderly feeding program	150,000,000	150,000,000	140,000,000	140,000,000	140,000,000	-10,000,000
Total, Food donations programs	215,000,000	215,000,000	205,000,000	141,250,000	141,250,000	-73,750,000
Food program administration	107,769,000	110,982,000	104,487,000	107,769,000	106,128,000	-1,641,000
The Center for Nutrition Policy and Promotion		4,470,000				
Total, Food and Consumer Service	39,762,428,000	43,039,875,000	40,472,920,000	41,320,652,000	40,414,511,000	+652,083,000
Total, title IV, Domestic Food Programs	39,762,868,000	43,040,429,000	40,473,374,000	41,321,206,000	40,414,965,000	+652,097,000

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE V - FOREIGN ASSISTANCE AND RELATED PROGRAMS						
Foreign Agricultural Service:						
Direct appropriation	115,802,000	132,875,000	124,208,000	134,295,000	131,295,000	+15,493,000
(Transfer from Commodity Credit Corporation)	(5,176,000)					(-5,176,000)
(Transfer from export loans)	(2,792,000)	(3,231,000)	(2,792,000)	(3,231,000)	(3,231,000)	(+439,000)
(Transfer from P.L. 480)	(1,005,000)	(1,035,000)	(1,005,000)	(1,035,000)	(1,035,000)	(+30,000)
Total, Program level	(124,775,000)	(137,141,000)	(128,005,000)	(138,561,000)	(135,561,000)	(+10,786,000)
Public Law 480 Program Account:						
Title I - Credit sales:						
Program level	(316,342,000)	(232,849,000)	(230,305,000)	(232,849,000)	(240,805,000)	(-75,537,000)
Direct loans	(291,342,000)	(218,944,000)	(216,400,000)	(218,944,000)	(226,900,000)	(-64,442,000)
Ocean freight differential	25,000,000	13,905,000	13,905,000	13,905,000	13,905,000	-11,095,000
Title II - Commodities for disposition abroad:						
Program level	(821,100,000)	(837,000,000)	(837,000,000)	(837,000,000)	(837,000,000)	(+15,900,000)
Appropriation	821,100,000	837,000,000	837,000,000	837,000,000	837,000,000	+15,900,000
Title III - Commodity grants:						
Program level	(50,000,000)	(40,000,000)	(29,500,000)	(40,000,000)	(29,500,000)	(-20,500,000)
Appropriation	50,000,000	40,000,000	29,500,000	40,000,000	29,500,000	-20,500,000
Loan subsidies	236,162,000	179,082,000	177,000,000	179,082,000	185,589,000	-50,573,000
Salaries and expenses:						
General Sales Manager	1,005,000	1,035,000	1,005,000	1,035,000	1,035,000	+30,000
Farm Service Agency	745,000	783,000	745,000	783,000	745,000	
Subtotal	1,750,000	1,818,000	1,750,000	1,818,000	1,780,000	+30,000
Total, Public Law 480:						
Program level	(1,187,442,000)	(1,109,849,000)	(1,096,805,000)	(1,109,849,000)	(1,107,305,000)	(-80,137,000)
Appropriation	1,134,012,000	1,071,805,000	1,059,155,000	1,071,805,000	1,067,774,000	-66,238,000
CCC Export Loans Program Account:						
Loan guarantees:						
Short-term export credit	(5,200,000,000)	(5,000,000,000)	(5,500,000,000)	(5,500,000,000)	(5,500,000,000)	(+300,000,000)
Intermediate-term export credit	(500,000,000)	(500,000,000)				(-500,000,000)
Loan subsidy	374,347,000	390,000,000	390,000,000	390,000,000	390,000,000	+15,653,000
Salaries and expenses (Export Loans):						
General Sales Manager	2,792,000	3,231,000	2,792,000	3,231,000	3,231,000	+439,000
ASCS	589,000	623,000	589,000	589,000	589,000	
Total, CCC Export Loans Program Account	377,728,000	393,854,000	393,381,000	393,820,000	393,820,000	+16,092,000
Total, title V, Foreign Assistance and Related Programs	1,627,542,000	1,598,534,000	1,576,744,000	1,599,920,000	1,592,889,000	-34,653,000
(By transfer)	(8,973,000)	(4,266,000)	(3,797,000)	(4,266,000)	(4,266,000)	(-4,707,000)
TITLE VI - RELATED AGENCIES AND FOOD AND DRUG ADMINISTRATION						
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Food and Drug Administration						
Salaries and expenses, direct appropriation	819,971,000	823,771,000	819,971,000	819,971,000	819,971,000	
Prescription drug user fee act	(84,723,000)	(87,528,000)	(87,528,000)	(87,528,000)	(87,528,000)	(+2,805,000)
Mammography clinics user fee	(13,000,000)	(13,403,000)	(13,403,000)	(13,403,000)	(13,403,000)	(+403,000)
Total, Program level	(917,694,000)	(924,702,000)	(920,902,000)	(920,902,000)	(920,902,000)	(+3,208,000)
Buildings and facilities	12,150,000	8,350,000	21,350,000	21,350,000	21,350,000	+9,200,000
Rental payments	46,294,000	46,294,000	46,294,000	46,294,000	46,294,000	
Total, Food and Drug Administration	878,415,000	878,415,000	887,615,000	887,615,000	887,615,000	+9,200,000
DEPARTMENT OF THE TREASURY						
Financial Management Service: Payments to the Farm Credit System Financial Assistance Corporation	15,453,000	10,290,000	10,290,000	10,290,000	10,290,000	-5,163,000
INDEPENDENT AGENCIES						
Commodity Futures Trading Commission	53,601,000	56,601,000	55,101,000	56,601,000	55,101,000	+1,500,000
Farm Credit Administration (limitation on administrative expenses)		(37,478,000)	(37,478,000)		(37,478,000)	(+37,478,000)
Total, title VI, Related Agencies and Food and Drug Administration	947,469,000	945,306,000	953,006,000	954,506,000	953,006,000	+5,537,000

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS BILL, 1997 (H.R. 3603) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
TITLE VIII - SUPPLEMENTAL APPROPRIATIONS AND RESCISSIONS, FY 1996						
DEPARTMENT OF AGRICULTURE						
Farm Service Agency						
Agricultural Credit Insurance Fund Program Account:						
Loan subsidy: Emergency disaster loans (contingent emergency appropriation)				25,000,000	32,244,000	+32,244,000
Loan authorization: Emergency disaster loans				(85,208,000)	(110,000,000)	(+110,000,000)
DEPARTMENT OF THE TREASURY						
Bureau of Alcohol, Tobacco and Firearms:						
Salaries and expenses				12,011,000	12,011,000	+12,011,000
Internal Revenue Service:						
Information systems (rescission)				-16,500,000	-16,500,000	-16,500,000
Total, title VIII, Supplemental Appropriations and Rescissions, FY 1996 (net)				20,511,000	27,755,000	+27,755,000
Scorekeeping adjustments	-235,780,000	127,050,000	-368,000,000	-396,511,000	-437,755,000	-201,975,000
Grand total:						
New budget (obligational) authority	63,087,898,000	58,444,364,000	52,684,037,000	53,899,792,000	52,842,118,000	-10,245,780,000
Fiscal year 1997	(63,087,898,000)	(58,444,364,000)	(52,684,037,000)	(53,879,281,000)	(52,814,363,000)	(-10,273,535,000)
Fiscal year 1996 (net)				(20,511,000)	(27,755,000)	(+27,755,000)
Appropriations				(12,011,000)	(12,011,000)	(+12,011,000)
Contingent emergency appropriation				(25,000,000)	(32,244,000)	(+32,244,000)
Rescissions				(-16,500,000)	(-16,500,000)	(-16,500,000)
(By transfer)	(672,070,000)	(618,631,000)	(613,918,000)	(614,425,000)	(614,387,000)	(-57,683,000)
(Loan authorization)	(14,018,457,000)	(14,202,407,000)	(13,440,925,000)	(13,589,061,000)	(13,583,122,000)	(-435,335,000)
(Limitation on administrative expenses)	(106,245,000)	(155,447,000)	(144,697,000)	(107,219,000)	(144,697,000)	(+38,452,000)
(Limitation on obligations	(187,865,000)	(189,000,000)	(187,865,000)	(187,865,000)	(187,865,000)	

1/ Such sums as available from AQI user fee account for FY 1996. In addition, $24,857,000 is anticipated from farm bill direct appropriations.

2/ In addition to appropriation.

3/ The Administration proposed funding for this account under the name "Rural performance partnership program".

Mr. SKEEN. Mr. Speaker, I reserve the balance of my time.

Mr. DURBIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would first like to salute the chairman of this committee, Mr. SKEEN, who has done an extraordinarily good job over the last 2 years under very difficult circumstances. As I have said before, this is the most bipartisan subcommittee in the House. I think that that is the case because of the leadership of Mr. SKEEN. I have enjoyed serving with him. It has been a tough job for him and the entire staff. He has done an excellent job in preparing this conference committee report.

We have responded to the need to reduce spending. We have done it. We have done it in a way that will not imperil food and fiber production across America. It will cause some discomfort, I am sure. The cutbacks will affect some people, but I think we have done our job in a responsible way.

Mr. Speaker, I yield 30 seconds to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I commend the gentleman. We will be missing him, certainly, in the next Congress but certainly hoping we will still be able to deal with him.

I would just like to put the committee on notice to be concerned about certain imports of products that are damaging American farmers. Mexican tomatoes coming in here at $2 being dumped, when it costs $6 for Florida farmers to produce them, Australian beef coming down through Canada. We are damaging and destroying many beef producers in our country.

I would just like to place the committee on notice to take a look at these issues. I believe that our agriculture policies are hurting many farmers at this point and we need more oversight.

Mr. POMEROY. Mr. Speaker, I rise to speak on the conference report for the fiscal year 1997 Agriculture Appropriations Act. In general this conference report represents a vast improvement from the bill that passed the House earlier this year. Among the most important improvements from the point-of-view of North Dakota was the elimination of the sugar price cap included in the House passed bill. This important improvement is a validation of the 7-year commitment to sugar producers made by Congress when it passed the new farm bill this spring. The conferees also restored $2 million in funding for State Agriculture Mediation Grant program which aids farmers in settling debt disputes. Finally the conferees agreed to increase funding for the grain inspection, packer and stockyards administration so it can implement recommendations from the recent Commission on Concentration in Agriculture. These are important victories for North Dakota producers and for farm families nationwide.

I am quite disappointed, however, by the conferees' decision to leave out a remedy for our Nation's barley producers which was included during Senate consideration of the bill. The Senate, during debate on the fiscal year 1997 appropriations bill, included language to move $20 million from payments in the years 1999–2002—$5 million each year—to fiscal year 1998 in order to make up for this year's shortfall. This represented a step toward fulfilling the promises made to barley producers earlier this year. The conferees, however, decided to eliminate this important and needed provision from the final conference report.

This fix was needed to live up to the promises made during the farm bill debate earlier this year. Barley producers were promised a transition payment of 46 cents per bushel under the production flexibility contracts. From November until April this estimate stood as the payment barley producers expected from participation in the new program. Many made financial and planting plans based on this figure.

Once the new farm bill was signed into law, however, barley producers discovered an error had been made in estimating the payments. Barley would now be eligible for a 32-cent payment, over a 30-percent decrease from the promised amount, and a much steeper decrease from the estimates promised to other commodities. Nationwide this decrease amounts to over $20 million in lost income to barley producers in 1997.

The decision by the conferees to reject the temporary fix adopted by the Senate only reaffirms the unfair treatment of barley farmers, and should not stand. I will continue to search for a way to correct his error that will leave many barley producers shortchanged under the new farm bill.

Mr. FAZIO of California. Mr. Speaker, I rise in support of H.R. 3603, the Agriculture appropriations bill for fiscal year 1997.

The appropriations process historically has been a process emphasizing bipartisanship, compromise, and camaraderie. No bill emphasizes those attributes more than this bill, and no team of Chair and ranking member puts those attributes on display better than the team of JOE SKEEN and DICK DURBIN for the past 3 years. It has been a pleasure to be associated with them and their bipartisan handiwork in this bill.

H.R. 3603 is not a perfect bill. The discretionary spending in this bill is $350 million below fiscal year 1996 and $1.1 billion less than President Clinton requested.

We really have to ask ourselves how long we expect to continue this trend and believe it somehow has no impact. Over a number of years, we have cut back our trade promotion efforts, our commitment to rural development, and our agricultural research and extension activities. The impact is being felt by our farmers, our rural communities, and our land-grant institutions. In addition, USDA is feeling the squeeze as it provides services to our farmers and farm communities, and as it carries out its important missions of animal and plant inspection and food safety.

These are worrisome long-term trends that I hope will be addressed in the years to come, but JOE SKEEN and DICK DURBIN have done a good job with this conference report under demanding circumstances.

Fortunately, cooler heads in the leadership prevailed, and we were able to achieve a more generous final allocation that increased the House bill by $158 million. The majority of this money was allocated to unmet needs of our rural communities—both rural housing loans, and water and sewer loans.

I was also pleased that the conferees included a House provisions, authored by our colleague MARCY KAPTUR, to require farmers actually to plant a crop to receive payments under the new farm bill. This was a commonsense provision, and it was revised to take into account disasters, conservation uses and other sensible exceptions, but it is an important affirmation of our intentions in the 1996 farm bill.

I have particular praise for several items of importance to California agriculture and to my district.

First, funds have been included for an important integrated pest management research facility at the University of California at Davis.

Recent passage of the pesticides and food safety bill after a long stalemate is a reflection that the use of agricultural pesticides and the effect on health are of the greatest concern to the American public. Minimizing the use of pesticides while continuing the crop yields that Americans expect which, in turn, produce such low cost food products must continue to be a priority.

It is imperative that we have the up-to-date facilities to develop effective methods to deal with pests, especially in California. California has been the Nation's top agricultural producer since 1948, and America depends upon the wide variety of agricultural commodities that are produced. Yet, in a State where a new pest is introduced every 60 days, we are particularly susceptible to pest infestation. This facility will support and accelerate research needed for environmentally compatible pest management strategies.

Second, the bill includes mandatory funds for the Market Access Program [MAP].

Agriculture exports, projected to exceed $50 billion again this year—up from $43.5 billion for fiscal year 1994—are vital to the United States. And there is probably no more important tool for export promotion than MAP, especially for California's specialty crop production.

Third, the conference agreement has put the additional allocation to good use with regard to research and extension activities and support for our land-grant institutions. Agricultural research will take on even greater importance in the years to come as farmers make the transition to a full market-oriented farm economy envisioned by the 1996 farm bill.

In that light, it is important that we sustain and hopefully increase our commitment to research through the agricultural research stations of the Agricultural Research Service, thought the formula funding for our land-grant institutions, and through the special grants and competitive grants in the Cooperative State Research Education and Extension Service. Only through such investments can we maintain the U.S. lead in agriculture and enable it to continue its significant and positive impact on our economy.

In summary, this is a good bill given our budgetary circumstances and given the many needs and many issues within the committee's jurisdiction. I commend Chairman JOE SKEEN and ranking member DICK DURBIN for their efforts in support of American agriculture, and I urge my colleagues to support the conference report on H.R. 3603, the Agriculture appropriations bill for fiscal year 1997.

Mr. WALSH. Mr. Speaker, I rise in support of H.R. 3603 and its accompanying conference report that provides funding for Agriculture, Rural Development, Food and Drug Administration and related agencies programs for fiscal year 1997. I want to commend subcommittee chairman SKEEN and ranking member Mr. DURBIN for their leadership and fine work in crafting this difficult bill. I also would like to thank the subcommittee staff for their diligence and for the long hours they spent putting together this bill.

This bill provides $53.3 billion for Agricultural appropriations. This represents a reduction of $10.3 billion from last year's level. Discretionary spending in our bill has been reduced by $350 million, forcing our subcommittee to make some difficult choices. We have had to consolidate and reduce spending on a number of rural development and rural housing programs and spending in this bill is still woefully inadequate to meet the needs of those rural communities seeking water and sewer loans.

Fortunately, there are many positive areas in this bill that deserve special recognition. For one, we were finally successful in reforming the section 515 low-income housing program. This multifamily rural rental housing program assists elderly, disabled and low-income working families in securing affordable housing. In this bill we have extended the section 515 program for another year and have permitted funding to be used for construction of new affordable housing units. This program has been in need of reform for years and I am hopeful that these overdue changes will enable us to operate this program more efficiently so that we will be able to provide increased funding to the program in future years.

In this bill we have also significantly increased spending on nutrition and feeding programs. We have provided $8.7 billion for child nutrition programs such as the school lunch and school breakfast programs and $27.6 billion for food stamps. The important WIC program is funded at last year's level of $3.73 billion. With the large carryover balances in the WIC account, we are within reach of full funding for WIC, a goal that I believe its shared by all Members of Congress.

We have also provided the administration's full request of $574 million for the Food Safety and Inspection Service. Ensuring the safety of our Nation's food supply is one of the highest priorities in this bill. We are committed to providing the Food Safety and Inspection Service with the needed funding required to maintain the current inspection system while providing the needed investments required to implement the new hazard analysis and critical control point [HACCP] meat and poultry inspection system.

This bill also provides critical resources to the Natural Resources Conversation Service that will enable them to provide planning and technical assistance for watershed projects and to help farmers implement conservation compliance plans on highly erodible lands. We need to do a better job in controlling soil erosion and protecting environmentally sensitive crop lands. We do that in our bill by providing strong funding levels for conservation operations, the conservation reserve program, the wetlands reserve program and the newly created environmental quality incentives program [EQUIP].

One of my major regrets in this bill is the failure to include the Northern Forest Stewardship Act in the agriculture appropriations conference report. The Northern Forest Stewardship Act is bipartisan legislation that positively balances the environmental and economic future of resource-dependent communities in northern New England and New York. This bill represents a carefully, crafted compromise based on the recommendations of the northern forest land council. Foresters, conservationists, and recreationists have worked together to develop a plan of action that protects the scenic and wildlife resources of the region while preserving the economic timber base of the region and without infringing on the rights of landowners. We must protect and enhance the forest health, forest economies and community development of these northern forests for current and future generations. I strongly support this consensus approach to preserving our treasured natural resources.

The decision by the Agriculture Appropriation Subcommittee conferees to not include riders, or potentially controversial authorization language on our bill, led our subcommittee to reluctantly drop the Northern Forest Stewardship Act from the conference report. Nevertheless, I plan on continuing to work closely with my northeastern colleagues to find a way that expedites passage of the Northern Forest Stewardship Act in this Congress.

In spite of my reservations on a few specific provisions in the bill I believe that the bill overall is a good one. We have done the best we can with the resources available to us and I urge Members to support this bill and yield back the balance of my time.

Mr. DURBIN. Mr. Speaker, I yield back the balance of my time.

Mr. SKEEN. Mr. Speaker, I want to express my appreciation for the remarks that were made by the ranking member and say that he set a good example for me and we followed through on exactly that kind of demeanor. I, too, want to say to him that he has been a delight to work with and is certainly a great gentleman in this body and we will see what happens after the election.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to clause 7 of rule XV, the yeas and nays are ordered.

Pursuant to clause 5 of rule I, further proceedings on the conference report will be postponed until after the vote on the legislative branch appropriations conference report.

CONFERENCE REPORT ON H.R. 3754, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1997

The SPEAKER pro tempore. The pending business is the question of agreeing to the conference report on the bill, H.R. 3754.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7 of rule XV, the yeas and nays are ordered.

The Chair will reduce to 5 minutes the time for the next electronic vote.

The vote was taken by electronic device, and there were—yeas 397, nays 22, not voting 14, as follows:

[Roll No. 386]

YEAS—397

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coburn
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink

Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Rivers
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schumer
Scott
Seastrand
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stenholm
Stokes
Studds
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wise
Wolf
Woolsey
Wynn
Yates
Zeliff
Zimmer

NAYS—22

Chenoweth
Coble
Coleman
Conyers
Cooley
Eshoo
Filner
Ganske
Green (TX)
Jacobs
Johnston
LoBiondo
Miller (CA)
Nadler
Roemer
Sanford
Scarborough
Schroeder
Sensenbrenner
Stearns
Stockman
Stump

NOT VOTING—14

Brownback
Chapman
Engel
Ford
Istook
McDade
Murtha
Peterson (FL)
Riggs
Towns
Waters
Wilson
Young (AK)
Young (FL)

□ 1102

Mrs. SCHROEDER, Ms. ESCHOO, and Messrs. SCARBOROUGH, GANSKE, and NADLER changed their vote from "yea" to "nay."

Ms. FURSE changed her vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. RIGGS. Mr. Speaker, on rollcall No. 386, I was unable to be present due to personal business. Had I been present, I would have voted "yea."

CONFERENCE REPORT ON H.R. 3603, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

The SPEAKER pro tempore (Mr. LaHood). The pending business is the question of agreeing to the conference report on the bill, H.R. 3603.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7, rule XV, the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 379, nays 42, not voting 12, as follows:

[Roll No. 387]

YEAS—379

Abercrombie
Ackerman
Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chambliss
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
English
Ensign
Evans
Everett
Ewing
Farr
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E.B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meek
Metcalf
Meyers
Mica
Millender-McDonald
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (VA)
Pelosi
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Rivers
Roberts
Roemer
Rogers
Ros-Lehtinen
Rose
Roth
Sabo
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schroeder
Scott
Seastrand
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stenholm
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torres
Torricelli
Traficant
Upton
Velazquez
Vento
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Young (AK)
Zeliff

NAYS—42

Andrews
Bass
Chabot
Conyers
Dellums
Doggett
Eshoo
Fattah
Foglietta
Frank (MA)
Franks (NJ)
Frelinghuysen
Hoke
Jacobs
Johnston
LoBiondo
Lofgren
Meehan
Menendez
Miller (CA)
Miller (FL)
Nadler
Owens
Payne (NJ)
Rohrabacher
Roukema
Roybal-Allard
Royce
Rush
Salmon
Sanford
Scarborough
Schumer
Sensenbrenner
Stark
Stearns
Stockman
Torkildsen
Volkmer
Williams
Yates
Zimmer

NOT VOTING—12

Brownback
Chapman
Engel
Ford
McDade
Murtha

Peterson (FL)
Riggs
Towns
Waters
Wilson
Young (FL)

□ 1112

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

House Resolution 496 was laid on the table.

PERSONAL EXPLANATION

Mr. RIGGS. Mr. Speaker, on rollcall No. 387, I was unable to be present due to personal business. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mrs. COLLINS of Illinois. Mr. Speaker, on rollcall 387, the conference report to accompany the bill, H.R. 3603, the Agriculture Appropriations Act for Fiscal Year 1997, I inadvertently voted "yea." I intended to vote "nay."

PROVIDING FOR CONSIDERATION OF H.R. 123, ENGLISH LANGUAGE EMPOWERMENT ACT OF 1996

Mr. LINDER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 499 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 499

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 123) to amend title 4, United States Code, to declare English as the official language of the Government of the United States. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 2(l)(6) of rule XI are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Economic and Educational Opportunities. After general debate the bill shall be considered for amendment under the five-minute rule. In lieu of the amendment recommended by the Committee on Economic and Educational Opportunities now printed in the bill, it shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule an amendment in the nature of a substitute consisting of the text of H.R. 3898. That amendment in the nature of a substitute shall be considered as read. Points of order against that amendment in the nature of a substitute for failure to comply with clause 7 of rule XVI are waived. No other amendment shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each amendment may be considered only in the order specified, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment except as specified in the report, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against amendments printed in the report are waived. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be fifteen minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1115

The SPEAKER pro tempore (Mr. NETHERCUTT). The gentleman from Georgia [Mr. LINDER] is recognized for 1 hour.

Mr. LINDER. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, House Resolution 499 is a modified closed rule providing for consideration of H.R. 123, the English Language Empowerment Act of 1996. House Resolution 499 waives points of order against consideration of the bill for failure to comply with clause 2(l)(6) of rule XI, regarding 3 day availability of committee reports. The rule provides for 1 hour of debate equally divided between the chairman and ranking minority member of the Committee on Economic and Educational Opportunities.

The rule further makes in order, for the purpose of amendment, an amendment in the nature of a substitute consisting of the text of H.R. 3898. The rule waives points of order against the amendment in the nature of a substitute for failure to comply with clause 7 of rule 16, relating to germaneness.

The rule also provides for the consideration of the amendments printed in the Rules Committee report on the rule only in the order specified; if offered by the Member designated in the report; debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent; and which shall not be subject to amendment or a division of the question in the House or the Committee of the Whole.

House Resolution 499 waives all points of order against the amendments printed in the report. The rule also authorizes the Chair to postpone and cluster votes on amendments.

Finally, the resolution provides for a motion to recommit with or without instructions as is the right of the minority.

The rule for this bill is a fair one. House Resolution 499 allows for an hour of debate on a minority substitute, and specified time for a number of amendments which give those in opposition the opportunity to refine the bill. I believe the Rules Committee has been extraordinarily fair and prudent in that minority amendments outnumber majority amendments by a count of 4 to 1.

Mr. Speaker, the English Language Empowerment Act of 1996 is designed to empower a new generation of immigrants. This bill declares that English is the official language of the Federal Government, mandates that the Federal Government conduct its business in English, eliminates the Federal bilingual ballot requirement, and requires officials to conduct naturalization ceremonies in English.

This bill assures that we have a uniform government policy that does not undercut incentives to learn English and is consistent with established immigration policy that new citizens demonstrate an ability to read, write, and speak English. It is a modest bill which does not restrict, in any way, the use of foreign languages in homes, neighborhoods, churches, or private businesses.

The argument will be made that this bill will result in cost savings to the American taxpayer as a result of the termination of documents and services currently provided in different languages. I agree that it is unrealistic that the Government should accommodate the printing of government materials in countless languages, and some cost savings will be achieved. This debate, however, is about more than simply the cost in dollars. For the past three decades we have come to realize that well-meaning programs intended to help have actually evolved into programs that hinder the advancement of our citizens. In this case, costly bilingual policies have acted as a disincentive to some immigrants who have been encouraged to use their native languages rather than learn English.

The problem again is not that the Government has done too little—it is that the Government is doing too much. In this case, the Government's actions are inhibiting the social and economic advancement of new immigrants.

Throughout this Nation's history, we have opened our ports to immigrants from countries across the globe, and each generation of immigrants has understood the importance of learning to communicate in English. New immigrants continue to understand that the knowledge of a common language will propel them along the road to prosperity and will unite all immigrants with a common bond as Americans.

Unfortunately, this Government is impeding their integration into American society. This legislation will facilitate the opportunities for non-English speaking persons in this country, and I disagree with the argument that this bill would isolate them from society.

It is the failure to promote English as our common and unifying language that has hindered some Americans from building a solid future for their families and gaining access to the American dream.

During a meeting with a group of businessmen I asked a gentleman who had immigrated to the United States why his community has achieved such great educational and professional accomplishments in this country, and he proudly responded that there were two reasons for this success in the United States—intact families and the adoption of the English language.

It is becoming painfully clear that those who have not adopted the English language have had a much more difficult time achieving success in our schools, in our businesses, and in our society. For those who use English, we have seen a great rise in achievement.

Mr. Speaker, this is an equitable rule that permits opponents of the bill the opportunity to alter extensively the original bill. I urge my colleagues to support the rule so that we may proceed with consideration of a bill that I believe will help to open the door to the American dream to more of our follow Americans.

Mr. Speaker, I include the following material from the Committee on Rules for the RECORD:

THE AMENDMENT PROCESS UNDER SPECIAL RULES REPORTED BY THE RULES COMMITTEE,[1] 103D CONGRESS V. 104TH CONGRESS

[As of July 31, 1996]

Rule type	103d Congress		104th Congress	
	Number of rules	Percent of total	Number of rules	Percent of total
Open/Modified-Open[2]	46	44	81	59
Structured/Modified Closed[3]	49	47	39	28
Closed[4]	9	9	17	13
Total	104	100	137	100

[1] This table applies only to rules which provide for the original consideration of bills, joint resolutions or budget resolutions and which provide for an amendment process. It does not apply to special rules which only waive points of order against appropriations bills which are already privileged and are considered under an open amendment process under House rules.

[2] An open rule is one under which any Member may offer a germane amendment under the five-minute rule. A modified open rule is one under which any Member may offer a germane amendment under the five-minute rule subject only to an overall time limit on the amendment process and/or a requirement that the amendment be preprinted in the Congressional Record.

[3] A structured or modified closed rule is one under which the Rules Committee limits the amendments that may be offered only to those amendments designated in the special rule or the Rules Committee report to accompany it, or which preclude amendments to a particular portion of a bill, even though the rest of the bill may be completely open to amendment.

[4] A closed rule is one under which no amendments may be offered (other than amendments recommended by the committee in reporting the bill).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS

[As of July 31, 1996]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 38 (1/18/95)	O	H.R. 5	Unfunded Mandate Reform	A: 350–71 (1/19/95).
H. Res. 44 (1/24/95)	MC	H. Con. Res. 17	Social Security	A: 255–172 (1/25/95).
		H.J. Res. 1	Balanced Budget Amdt	
H. Res. 51 (1/31/95)	O	H.R. 101	Land Transfer, Taos Pueblo Indians	A: voice vote (2/1/95).
H. Res. 52 (1/31/95)	O	H.R. 400	Land Exchange, Arctic Nat'l. Park and Preserve	A: voice vote (2/1/95).
H. Res. 53 (1/31/95)	O	H.R. 440	Land Conveyance, Butte County, Calif	A: voice vote (2/1/95).
H. Res. 55 (2/1/95)	O	H.R. 2	Line Item Veto	A: voice vote (2/2/95).
H. Res. 60 (2/6/95)	O	H.R. 665	Victim Restitution	A: voice vote (2/7/95).
H. Res. 61 (2/6/95)	O	H.R. 666	Exclusionary Rule Reform	A: voice vote (2/7/95).
H. Res. 63 (2/8/95)	MO	H.R. 667	Violent Criminal Incarceration	A: voice vote (2/9/95).
H. Res. 69 (2/9/95)	O	H.R. 668	Criminal Alien Deportation	A: voice vote (2/10/95).
H. Res. 79 (2/10/95)	MO	H.R. 728	Law Enforcement Block Grants	A: voice vote (2/13/95).
H. Res. 83 (2/13/95)	MO	H.R. 7	National Security Revitalization	PQ: 229–199; A: 227–197 (2/15/95).
H. Res. 88 (2/16/95)	MC	H.R. 831	Health Insurance Deductibility	PQ: 230–191; A: 229–188 (2/21/95).
H. Res. 91 (2/21/95)	O	H.R. 830	Paperwork Reduction Act	A: voice vote (2/22/95).
H. Res. 92 (2/21/95)	MC	H.R. 889	Defense Supplemental	A: 282–144 (2/22/95).
H. Res. 93 (2/22/95)	MO	H.R. 450	Regulatory Transition Act	A: 252–175 (2/23/95).
H. Res. 96 (2/24/95)	MO	H.R. 1022	Risk Assessment	A: 253–165 (2/27/95).
H. Res. 100 (2/27/95)	O	H.R. 926	Regulatory Reform and Relief Act	A: voice vote (2/28/95).
H. Res. 101 (2/28/95)	MO	H.R. 925	Private Property Protection Act	A: 271–151 (3/2/95).
H. Res. 103 (3/3/95)	MO	H.R. 1058	Securities Litigation Reform	
H. Res. 104 (3/3/95)	MO	H.R. 988	Attorney Accountability Act	A: voice vote (3/6/95).
H. Res. 105 (3/6/95)	MO			A: 257–155 (3/7/95).
H. Res. 108 (3/7/95)	Debate	H.R. 956	Product Liability Reform	A: voice vote (3/8/95).
H. Res. 109 (3/8/95)	MC			PQ: 234–191 A: 247–181 (3/9/95).
H. Res. 115 (3/14/95)	MO	H.R. 1159	Making Emergency Supp. Approps	A: 242–190 (3/15/95).
H. Res. 116 (3/15/95)	MC	H.J. Res. 73	Term Limits Const. Amdt	A: voice vote (3/28/95).
H. Res. 117 (3/16/95)	Debate	H.R. 4	Personal Responsibility Act of 1995	A: voice vote (3/21/95).
H. Res. 119 (3/21/95)	MC			A: 217–211 (3/22/95).
H. Res. 125 (4/3/95)	O	H.R. 1271	Family Privacy Protection Act	A: 423–1 (4/4/95).
H. Res. 126 (4/3/95)	O	H.R. 660	Older Persons Housing Act	A: voice vote (4/6/95).
H. Res. 128 (4/4/95)	MC	H.R. 1215	Contract With America Tax Relief Act of 1995	A: 228–204 (4/5/95).
H. Res. 130 (4/5/95)	MC	H.R. 483	Medicare Select Expansion	A: 253–172 (4/6/95).
H. Res. 136 (5/1/95)	O	H.R. 655	Hydrogen Future Act of 1995	A: voice vote (5/2/95).
H. Res. 139 (5/3/95)	O	H.R. 1361	Coast Guard Auth. FY 1996	A: voice vote (5/9/95).
H. Res. 140 (5/9/95)	O	H.R. 961	Clean Water Amendments	A: 414–4 (5/10/95).
H. Res. 144 (5/11/95)	O	H.R. 535	Fish Hatchery—Arkansas	A: voice vote (5/15/95).
H. Res. 145 (5/11/95)	O	H.R. 584	Fish Hatchery—Iowa	A: voice vote (5/15/95).
H. Res. 146 (5/11/95)	O	H.R. 614	Fish Hatchery—Minnesota	A: voice vote (5/15/95).
H. Res. 149 (5/16/95)	MC	H. Con. Res. 67	Budget Resolution FY 1996	PQ: 252–170 A: 255–168 (5/17/95).
H. Res. 155 (5/22/95)	MO	H.R. 1561	American Overseas Interests Act	A: 233–176 (5/23/95).
H. Res. 164 (6/8/95)	MC	H.R. 1530	Nat. Defense Auth. FY 1996	PQ: 225–191 A: 233–183 (6/13/95).
H. Res. 167 (6/15/95)	O	H.R. 1817	MilCon Appropriations FY 1996	PQ: 223–180 A: 245–155 (6/16/95).
H. Res. 169 (6/19/95)	MC	H.R. 1854	Leg. Branch Approps. FY 1996	PQ: 232–196 A: 236–191 (6/20/95).
H. Res. 170 (6/20/95)	O	H.R. 1868	For. Ops. Approps. FY 1996	PQ: 221–178 A: 217–175 (6/22/95).
H. Res. 171 (6/22/95)	O	H.R. 1905	Energy & Water Approps. FY 1996	A: voice vote (7/12/95).
H. Res. 173 (6/27/95)	C	H.J. Res. 79	Flag Constitutional Amendment	PQ: 258–170 A: 271–152 (6/28/95).
H. Res. 176 (6/28/95)	MC	H.R. 1944	Emer. Supp. Approps	PQ: 236–194 A: 234–192 (6/29/95).
H. Res. 185 (7/11/95)	O	H.R. 1977	Interior Approps. FY 1996	PQ: 235–193 D: 192–238 (7/12/95).
H. Res. 187 (7/12/95)	O	H.R. 1977	Interior Approps. FY 1996 #2	PQ: 230–194 A: 229–195 (7/13/95).
H. Res. 188 (7/12/95)	O	H.R. 1976	Agriculture Approps. FY 1996	PQ: 242–185 A: voice vote (7/18/95).
H. Res. 190 (7/17/95)	O	H.R. 2020	Treasury/Postal Approps. FY 1996	PQ: 232–192 A: voice vote (7/18/95).
H. Res. 193 (7/19/95)	C	H.J. Res. 96	Disapproval of MFN to China	A: voice vote (7/20/95).
H. Res. 194 (7/19/95)	O	H.R. 2002	Transportation Approps. FY 1996	PQ: 217–202 (7/21/95).
H. Res. 197 (7/21/95)	O	H.R. 70	Exports of Alaskan Crude Oil	A: voice vote (7/24/95).
H. Res. 198 (7/21/95)	O	H.R. 2076	Commerce, State Approps. FY 1996	A: voice vote (7/25/95).

SPECIAL RULES REPORTED BY THE RULES COMMITTEE, 104TH CONGRESS—Continued

[As of July 31, 1996]

H. Res. No. (Date rept.)	Rule type	Bill No.	Subject	Disposition of rule
H. Res. 201 (7/25/95)	O	H.R. 2099	VA/HUD Approps. FY 1996	A: 230–189 (7/25/95).
H. Res. 204 (7/28/95)	MC	S. 21	Terminating U.S. Arms Embargo on Bosnia	A: voice vote (8/1/95).
H. Res. 205 (7/28/95)	O	H.R. 2126	Defense Approps. FY 1996	A: 409–1 (7/31/95).
H. Res. 207 (8/1/95)	MC	H.R. 1555	Communications Act of 1995	A: 255–156 (8/2/95).
H. Res. 208 (8/1/95)	O	H.R. 2127	Labor, HHS Approps. FY 1996	A: 323–104 (8/2/95).
H. Res. 215 (9/7/95)	O	H.R. 1594	Economically Targeted Investments	A: voice vote (9/12/95).
H. Res. 216 (9/7/95)	MO	H.R. 1655	Intelligence Authorization FY 1996	A: voice vote (9/12/95).
H. Res. 218 (9/12/95)	O	H.R. 1162	Deficit Reduction Lockbox	A: voice vote (9/13/95).
H. Res. 219 (9/12/95)	O	H.R. 1670	Federal Acquisition Reform Act	A: 414–0 (9/13/95).
H. Res. 222 (9/18/95)	O	H.R. 1617	CAREERS Act	A: 388–2 (9/19/95).
H. Res. 224 (9/19/95)	O	H.R. 2274	Natl. Highway System	PQ: 241–173 A: 375–39–1 (9/20/95).
H. Res. 225 (9/19/95)	MC	H.R. 927	Cuban Liberty & Dem. Solidarity	A: 304–118 (9/20/95).
H. Res. 226 (9/21/95)	O	H.R. 743	Team Act	A: 344–66–1 (9/27/95).
H. Res. 227 (9/21/95)	O	H.R. 1170	3-Judge Court	A: voice vote (9/28/95).
H. Res. 228 (9/21/95)	O	H.R. 1601	Internatl. Space Station	A: voice vote (9/27/95).
H. Res. 230 (9/27/95)	C	H.J. Res. 108	Continuing Resolution FY 1996	A: voice vote (9/28/95).
H. Res. 234 (9/29/95)	O	H.R. 2405	Omnibus Science Auth	A: voice vote (10/11/95).
H. Res. 237 (10/17/95)	MC	H.R. 2259	Disapprove Sentencing Guidelines	A: voice vote (10/18/95).
H. Res. 238 (10/18/95)	MC	H.R. 2425	Medicare Preservation Act	PQ: 231–194 A: 227–192 (10/19/95).
H. Res. 239 (10/19/95)	C	H.R. 2492	Leg. Branch Approps	PQ: 235–184 A: voice vote (10/31/95).
H. Res. 245 (10/25/95)	MC	H. Con. Res. 109	Social Security Earnings Reform	PQ: 228–191 A: 235–185 (10/26/95).
		H.R. 2491	Seven-Year Balanced Budget	
H. Res. 251 (10/31/95)	C	H.R. 1833	Partial Birth Abortion Ban	A: 237–190 (11/1/95).
H. Res. 252 (10/31/95)	MO	H.R. 2546	D.C. Approps.	A: 241–181 (11/1/95).
H. Res. 257 (11/7/95)	C	H.J. Res. 115	Cont. Res. FY 1996	A: 216–210 (11/8/95).
H. Res. 258 (11/8/95)	MC	H.R. 2586	Debt Limit	A: 220–200 (11/10/95).
H. Res. 259 (11/9/95)	O	H.R. 2539	ICC Termination Act	A: voice vote (11/14/95).
H. Res. 262 (11/9/95)	C	H.R. 2586	Increase Debt Limit	A: 220–185 (11/10/95).
H. Res. 269 (11/15/95)	O	H.R. 2564	Lobbying Reform	A: voice vote (11/16/95).
H. Res. 270 (11/15/95)	C	H.J. Res. 122	Further Cont. Resolution	A: 249–176 (11/15/95).
H. Res. 273 (11/16/95)	MC	H.R. 2606	Prohibition on Funds for Bosnia	A: 239–181 (11/17/95).
H. Res. 284 (11/29/95)	O	H.R. 1788	Amtrak Reform	A: voice vote (11/30/95).
H. Res. 287 (11/30/95)	O	H.R. 1350	Maritime Security Act	A: voice vote (12/6/95).
H. Res. 293 (12/7/95)	C	H.R. 2621	Protect Federal Trust Funds	PQ: 223–183 A: 228–184 (12/14/95).
H. Res. 303 (12/13/95)	O	H.R. 1745	Utah Public Lands	PQ: 221–197 A: voice vote (5/15/96).
H. Res. 309 (12/18/95)	C	H. Con. Res. 122	Budget Res. W/President	PQ: 230–188 A: 229–189 (12/19/95).
H. Res. 313 (12/19/95)	O	H.R. 558	Texas Low-Level Radioactive	A: voice vote (12/20/95).
H. Res. 323 (12/21/95)	C	H.R. 2677	Natl. Parks & Wildlife Refuge	Tabled (2/28/96).
H. Res. 366 (2/27/96)	MC	H.R. 2854	Farm Bill	PQ: 228–182 A: 244–168 (2/28/96).
H. Res. 368 (2/28/96)	O	H.R. 994	Small Business Growth	Tabled (4/17/96).
H. Res. 371 (3/6/96)	C	H.R. 3021	Debt Limit Increase	A: voice vote (3/7/96).
H. Res. 372 (3/6/96)	MC	H.R. 3019	Cont. Approps. FY 1996	PQ: voice vote A: 235–175 (3/7/96).
H. Res. 380 (3/12/96)	C	H.R. 2703	Effective Death Penalty	A: 251–157 (3/13/96).
H. Res. 384 (3/14/96)	MC	H.R. 2202	Immigration	PQ: 233–152 A: voice vote (3/19/96).
H. Res. 386 (3/20/96)	C	H.J. Res. 165	Further Cont. Approps	PQ: 234–187 A: 237–183 (3/21/96).
H. Res. 388 (3/21/96)	C	H.R. 125	Gun Crime Enforcement	A: 244–166 (3/22/96).
H. Res. 391 (3/27/96)	C	H.R. 3136	Contract w/America Advancement	PQ: 232–180 A: 232–177, (3/28/96).
H. Res. 392 (3/27/96)	MC	H.R. 3103	Health Coverage Affordability	PQ: 229–186 A: Voice Vote (3/29/96).
H. Res. 395 (3/29/96)	MC	H.J. Res. 159	Tax Limitation Const. Amdmt.	PQ: 232–168 A: 234–162 (4/15/96).
H. Res. 396 (3/29/96)	O	H.R. 842	Truth in Budgeting Act	A: voice vote (4/17/96).
H. Res. 409 (4/23/96)	O	H.R. 2715	Paperwork Elimination Act	A: voice vote (4/24/96).
H. Res. 410 (4/23/96)	O	H.R. 1675	Natl. Wildlife Refuge	A: voice vote (4/24/96).
H. Res. 411 (4/23/96)	C	H.J. Res. 175	Further Cont. Approps. FY 1996	A: voice vote (4/24/96).
H. Res. 418 (4/30/96)	O	H.R. 2641	U.S. Marshals Service	PQ: 219–203 A: voice vote (5/1/96).
H. Res. 419 (4/30/96)	O	H.R. 2149	Ocean Shipping Reform	A: 422–0 (5/1/96).
H. Res. 421 (5/2/96)	O	H.R. 2974	Crimes Against Children & Elderly	A: voice vote (5/7/96).
H. Res. 422 (5/2/96)	O	H.R. 3120	Witness & Jury Tampering	A: voice vote (5/7/96).
H. Res. 426 (5/7/96)	O	H.R. 2406	U.S. Housing Act of 1996	PQ: 218–208 A: voice vote (5/8/96).
H. Res. 427 (5/7/96)	O	H.R. 3322	Omnibus Civilian Science Auth	A: voice vote (5/9/96).
H. Res. 428 (5/7/96)	MC	H.R. 3286	Adoption Promotion & Stability	A: voice vote (5/9/96).
H. Res. 430 (5/9/96)	S	H.R. 3230	DoD Auth. FY 1997	A: 235–149 (5/10/96).
H. Res. 435 (5/15/96)	MC	H. Con. Res. 178	Con. Res. on the Budget, 1997	PQ: 227–196 A: voice vote (5/16/96).
H. Res. 436 (5/16/96)	C	H.R. 3415	Repeal 4.3 cent fuel tax	PQ: 221–181 A: voice vote (5/21/96).
H. Res. 437 (5/16/96)	MO	H.R. 3259	Intell. Auth. FY 1997	A: voice vote (5/21/96).
H. Res. 438 (5/16/96)	MC	H.R. 3144	Defend America Act	
H. Res. 440 (5/21/96)	MC	H.R. 3448	Small Bus. Job Protection	A: 219–211 (5/22/96).
	MC	H.R. 1227	Employee Commuting Flexibility	
H. Res. 442 (5/29/96)	O	H.R. 3517	Mil. Const. Approps. FY 1997	A: voice vote (5/30/96).
H. Res. 445 (5/30/96)	O	H.R. 3540	For. Ops. Approps. FY 1997	A: voice vote (6/5/96).
H. Res. 446 (6/5/96)	MC	H.R. 3562	WI Works Waiver Approval	A: 363–59 (6/6/96).
H. Res. 448 (6/6/96)	MC	H.R. 2754	Shipbuilding Trade Agreement	A: voice vote (6/12/96).
H. Res. 451 (6/10/96)	O	H.R. 3603	Agriculture Appropriations, FY 1997	A: voice vote (6/11/96).
H. Res. 453 (6/12/96)	O	H.R. 3610	Defense Appropriations, FY 1997	A: voice vote (6/13/96).
H. Res. 455 (6/18/96)	O	H.R. 3662	Interior Approps, FY 1997	A: voice vote (6/19/96).
H. Res. 456 (6/19/96)	O	H.R. 3666	VA/HUD Approps	A: 246–166 (6/25/96).
H. Res. 460 (6/25/96)	O	H.R. 3675	Transportation Approps	A: voice vote (6/26/96).
H. Res. 472 (7/9/96)	O	H.R. 3755	Labor/HHS Approps	PQ: 218–202 A: voice vote (7/10/96).
H. Res. 473 (7/9/96)	MC	H.R. 3754	Leg. Branch Approps	A: voice vote (7/10/96).
H. Res. 474 (7/10/96)	MC	H.R. 3396	Defense of Marriage Act	A: 290–133 (7/11/96).
H. Res. 475 (7/11/96)	O	H.R. 3756	Treasury/Postal Approps	A: voice vote (7/16/96).
H. Res. 479 (7/16/96)	O	H.R. 3814	Commerce, State Approps	A: voice vote (7/17/96).
H. Res. 481 (7/17/96)	MC	H.R. 3820	Campaign Finance Reform	PQ: 221–193 A: 270–140 (7/25/96).
H. Res. 482 (7/17/96)	MC	H.R. 3734	Personal Responsibility Act	A: 358–54 (7/18/96).
H. Res. 483 (7/18/96)	O	H.R. 3816	Energy/Water Approps	A: voice vote (7/24/96).
H. Res. 488 (7/24/96)	MO	H.R. 2391	Working Families	A: 228–175 (7/26/96).
H. Res. 489 (7/25/96)	MC	H.R. 2823	Dolphin Conservation Program	A: voice vote (7/31/96).
H. Res. 499 (7/31/96)	MC	H.R. 123	English Language Empowerment	

Codes: O-open rule; MO-modified open rule; MC-modified closed rule; S/C-structured/closed rule; A-adoption vote; D-defeated; PQ-previous question vote. Source: Notices of Action Taken, Committee on Rules, 104th Congress.

Mr. LINDER. Mr. Speaker, I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I thank the gentleman from Georgia [Mr. LINDER] for yielding me the customary half-hour of debate time, and I yield myself such time as I may consume.

Mr. Speaker, we strongly oppose this modified closed rule for the bill designating English as the official language of the Government of the United States and requiring that most official business be conducted only in English. We believe this is a bad rule for an equally bad piece of legislation.

We oppose this legislation in such strong terms for many reasons: It is unnecessary; it is without doubt unconstitutional; it will increase litigation by creating a new private right of legal action in Federal court; it is offensive, insulting and denigrating to millions of Americans; and it is divisive at a time that we need to unite our country and its citizens.

Mr. Speaker, we fail to understand the need for this legislation of such dubious value. According to the Census Bureau figures, English is spoken by over 97 percent of the American people. A recent General Accounting Office report tells us that less than .1 percent of all Federal documents are printed in foreign languages; thus, more than 99.9 percent are already printed in English.

The fact that English language classes across the country have long waiting lists attests to the fact that laws are not needed to encourage people to learn English.

What those who do not speak English will need is access to more educational programs that teach English, but this bill does nothing whatsoever to help meet that need. Mr. Speaker, the way to further the primacy of English is to put more resources into efforts to expand English proficiency and literacy, not to pass legislation of such questionable value as this.

We already know that English-only laws such as H.R. 123 are subject to serious constitutional challenge, an important point that the proponents appear to have overlooked.

In a 1923 case, the Supreme Court wrote that:

> The protection of the Constitution extends to all, to those who speak other languages as well as those born with English on the tongue. Perhaps it would be advantageous if all had ready understanding of our ordinary speech, but this cannot be coerced by methods which conflict with the Constitution.

The presumptive unconstitutionality of H.R. 123 was fortified more recently by a U.S. Circuit Court of Appeals ruling that Arizona's English-only mandate violates the first amendment and in "unconstitutional in its entirety." No doubt that reasoning would apply as well to this Federal English-only legislation, which we believe clearly violates the first amendment guarantee of free speech.

As if all this were not bad enough, Mr. Speaker, the rule making this bill in order is unfair and limited beyond good reason. At the very least, if we must consider a bill as repugnant as this one, then we should have had, if not a completely open rule, at least one that is more open and much less restrictive than the rule we are now considering.

In recognition of the announcement by our chairman that only certain amendments would be made in order, the minority members of the Rules Committee chose 5 of the more than 20 amendments submitted by Democrats as our priorities. But only one of those five was accepted and is made in order by this rule.

Inrerestingly the majority did see fit to allow three other amendments submitted by Democrats, none of which was on our priority list. We are somewhat puzzled by that decision, and suspect that they address issues the majority itself wanted to be taken up.

The Serrano amendment that is permitted under the rule was our first priority. It is a very thoughtful attempt to establish a language policy for the United States that does not infringe on indigenous languages and does not place undue burdens on one's ability to obtain services from the Federal Government because of limited English proficiency. Instead of imposing the divisive and restrictive policies in H.R. 123 that infringe on constitutional rights, the Serrano amendment encourage diversity and opportunity. We encourage our colleagues to support that amendment.

It is a key amendment. We are pleased that it is made in order. Unfortunately, four others that are just as essential to making the debate on the bill complete were not approved by the majority.

We feel strongly that we should have been allowed a vote on the amendment striking repeal of the bilingual election requirements of the Voting Rights Act. The bilingual provision that the rule incorporates into H.R. 123 is a major change in existing law and policy. Members deserve the opportunity to vote separately on such radical action. The rule is in essence protecting the repeal of a fundamental part of our voting rights law; it should not be allowed to go unchallenged.

If we truly want to encourage people to speak English, then English training for all who seek it should be available. However, the majority denied our request that an amendment for that purpose be made in order.

We were also denied the right to vote on striking another major provision in the bill, the section permitting any individual to sue in Federal court if they believe this legislation has been violated.

We do not believe there is a need for this new right to sue, especially when so much of our effort in this Congress have been to discourage the wave of litigation that seems to be sweeping over the country. This is a serious issue that Members will not have the opportunity to vote on under this restrictive rule.

We also asked earlier that the amendment of the gentleman from Puerto Rico [Mr. ROMERO-BARCELÓ] be made in order to provide that any agency can communicate orally or in writing in a language other than English if doing so will assist the agency in doing its work. This is clearly essential to protect the rights of so many of our citizens, yet our request to make the amendment in order was denied.

Mr. Speaker, we do not believe that allowing votes on only 4 of the over 20 Democratic amendments submitted is far or reasonable. We feel strongly that the four amendments I have just described, as well as several others offered by the gentleman from California [Mr. MARTINEZ] to exempt from the bill's provisions actions or documents from the IRS and the Social Security Administration should be part of this debate.

Clearly, if the majority is willing to make an amendment in order to allow Members of Congress to communicate orally and in writing in a language other that English, then the Martinez amendments giving the same rights to agencies that serve so many of our senior citizens should have been permitted as well.

The bill denies many of those citizens the right to understand clearly and completely some of the most basic functions of their Government, and the functions that affect them most personally and directly. We are especially disappointed that the majority was unwilling to give Members the opportunity to correct that serious failure in the bill.

In closing, Mr. Speaker, we repeat that we find it difficult to understand the reason for this legislation. The use of languages other than English to meet the needs of language minorities in this country does not pose a threat to English because it is already in fact, of course, recognized as the primary language of this country.

But language alone in not the basis for nationhood. Americans are united by principles enumerated by our Constitution and the Bill of Rights: freedom of speech, representative democracy, respect for due process, and equality of protection under the laws. The legislation this rule would make in order is contrary, we believe, to each of those principles.

Mr. Speaker, in closing, we strongly oppose this rule and the bill that it makes in order. We urge our colleagues to defeat the rule so at least some more amendments might be made in order. It is the only proper and fair action we can take.

Mr. Speaker, I reserve the balance of my time.

□ 1130

Mr. LINDER. Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. GOSS], my colleague on the Committee on Rules.

Mr. GOSS. Mr. Speaker, I thank my friend from Georgia for yielding and I rise in support of this rule. This is a subject that generates much emotion from all sides—and I applaud this rule for allowing those with opposing views a fair opportunity to be heard.

In my opinion, the uniqueness of America stems from the fact that, although we are a Nation of immigrants hailing from all parts of the world, we have guiding principles enshrined in our Constitution that focus on what we have in common, not what divides us. Throughout the history of this great melting pot, we have demonstrated to the world that it is possible to preserve individual liberties, to uphold the traditions of a vast array of cultural heritages and to still weave a fabric of society that is uniquely American.

But Mr. Speaker, things have changed in recent years. Our society seems less committed to the idea of a melting pot, less able to focus on the common threads within the fabric of our American society. And that is why we are considering this legislation—because we want to reinforce the English language as one of those threads.

English is, and has always been, the official voice of America. H.R. 123 reaffirms this principle by setting out that the Federal Government will conduct its official business in English—with reasonable exceptions to protect the public health and safety, promote trade and commerce, uphold national security, conduct language education and preserve the integrity of our criminal justice system. I would like to emphasize that this legislation does not preempt any State or local laws. This legislation eliminates the burdensome unfunded mandate of required bilingual ballots, which was originally established by the Voting Rights Act, and which I have long opposed. While the premise of increasing access to the electoral system was well-intentioned, the implementation has become an expensive burden. It has also created unanticipated consequences, including discrimination against English-deficient voters who do not happen to live in heavily concentrated minority areas. I have always believed that the Federal Government should neither require nor prohibit the use, by local communities, of local funds to communicate with their citizens in languages other than English. Repealing the bilingual ballot requirement is an important step in that regard.

Mr. Speaker, H.R. 123 underscores that English is our national language without unduly interfering with the ability of States and localities to deal with their own unique language needs. Reaffirmation of our common language is something a substantial majority of Americans have asked us to do—and I urge my colleagues to support this rule and this bill.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Puerto Rico [Mr. ROMERO-BARCELÓ].

ROMERO-BARCELÓ. Mr. Speaker, language is an intensely personal form of self-expression. We use it to articulate the full range of human thought and emotion. We use it to convey our thoughts on philosophy. We use it to convey our thoughts on theology and political ideals. We use it to convey sorrow, anger and forgiveness, and we use it to express love for one another.

I think that this bill does precisely the opposite. Instead of being an expression of love for all of the citizens in the Nation, it is the setting aside of those citizens that may not have the proficiency in a language that is a common language of our Nation that others have. It curtails their access and availability of services in the government and to exercise their rights and the fulfillment of their duties and obligations.

Mr. Speaker, I do not know if Members are aware of how many documents can be published, if necessary, in other languages, to inform the public. For instance, Social Security for elderly citizens. We have information about what Social Security is all about. Survivors' benefits. Social Security, what an individual needs to know when they get retirement survivors. Social Security benefits for children with disabilities. Social Security, if an individual is blind, how can we help.

All of these and many, many, many more reports and information are published in other languages when the recipient, when the citizen does not know English well enough. And we do have citizens that do not know English or speak it very little.

In Puerto Rico, we were made citizens in 1917 by law, and we were not asked for the language we spoke, nor have we been asked what language we speak when we are drafted to go in the armed services and service the Nation.

In the Korean war, for instance, we were No. 4 in deaths, even though we were number 25 in population. And how many of those soldiers that were defending the Nation died because maybe they did not understand the orders.

They say that this is done to promote efficiency in English. We do not promote by obligating; we promote by stimulating. We promote by providing opportunities for people to educate themselves, to learn the English. Nothing is being proposed here to stimulate or further encourage or even fund the teaching of English.

I oppose the approval of this rule.

Mr. LINDER. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin [Mr. ROTH], who has worked on this issue for many, many years.

Mr. ROTH. Mr. Speaker, I thank my friend from Georgia for yielding me this time, and I appreciate the fine and the fair rule that the Committee on Rules has brought to the floor.

I wish we had more time to debate the issue, but I know at this time that we have a good deal of pressing legislation issues before us.

This is an historic day. I frankly have told many people who have doubted this day would ever come to have faith, that the day would come when the American people's wishes were going to be heard. In every single survey that has been taken on whether English should be our official language, 90 to 97 percent of the people say, yes, English should be our official language, which basically means when we vote, when an individual works with the Federal Government, that we do it in the English language.

The people have spoken and the Congress has listened, and now we can say that Congress has as much common sense as the American people.

We are people from every corner of the globe. We represent every religion, every ethnic group, every Nation under the Sun, but we are one nation, we are one people. Why? Because we have a wonderful commonality, a common glue, called the English language.

Now, in some 80 nations around the world they have official languages; 63 nations have English as the official language, and other nations have various other languages, of course.

The gentleman who just spoke before me is from Puerto Rico. Some of the finest people in the world live in Puerto Rico. But in Puerto Rico they have Spanish as their official language, and rightly so. They should have that right. In Mexico, they have Spanish as their official language. And again, rightly so.

Now, in this country we are told by the National Clearinghouse for Bilingual Education that by the turn of the century, one out of seven Americans will look at English as a foreign language.

Now, Mr. Speaker, as has been said before, in America, we have always had the idea that we are the melting pot, that we are all the same. We do not believe in hyphenated Americans. We are all equal American.

America must continue to be the melting pot. A Nation like America cannot be made up of groups. American is made up of individuals. As Woodrow Wilson said, as long as you consider yourself a part of a group, you are still not assimilated into American society, because America, like other nations, is made up of individuals and not made up of groups.

So today, in this debate, we are discussing this issue from the perspective of over 200 years of American history, of our culture and the things we hold dear. We should look around us in this Chamber today. All of us can take part in this debate. Why? Because we have all adopted English as our language, and this bill will allow us to do that 25, 50, and 100 years from now. Without this bill, we could not do that.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. EDWARDS].

Mr. ROMERO-BARCELÓ. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS. I yield to the gentleman from Puerto Rico.

Mr. ROMERO-BARCELÓ. Mr. Speaker, I wanted to say the previous speaker, who stated that Puerto Rico has Spanish as the official language; in Puerto Rico, both languages are official, Spanish and English. And there are no requirements that we cannot publish in any other languages any official documents. There is no prohibition.

Mr. EDWARDS. Mr. Speaker, reclaiming my time, I appreciate the gentleman's comments.

Mr. Speaker, I find it ironic that some of the very people that will speak out in behalf of this English-only bill today are the very people who just a few weeks ago voted to cut education programs that helped young American schoolchildren learn English, voted against Head Start programs, voted against adult education funding programs that helped adults even speak English, voted to cut funding for title I that help our low-income Spanish speaking children in Texas learn how to speak English.

To me, in any language, that rhetoric versus that action does not make sense.

It seems to me that the question today is not whether American citizens should be encouraged to learn English, because we all agree that is the language of our country. The question today is what is the best way to encourage and help our citizens become English proficient.

I would suggest English plus is a much better approach than English only. I would suggest that debating education funding would be a better way to spend our time today than debating English only.

The English-only bill before this House today is unnecessary, it is insulting, it is divisive, and it is discriminatory. It is unnecessary because I hardly believe the future of the American republic is at jeopardy because 3 percent of our population speak another language.

It is insulting to millions of Americans, whether intended or not, Americans whose cultures are a part of the fabric of our Nation. To Hispanic-Americans in my home State, this kind of bill brings back the terrible, painful memories when years ago little Hispanic schoolchildren were segregated on the playgrounds and ostracized because they spoke the language, Spanish, of their parents, their families, and their grandparents.

This bill is divisive because in a country of many cultures where we come together, it pits one group against another. Hispanic-Americans and others see this bill as an attack on their culture, upon their values, and, yes, even upon their families.

At a time when we need to bring Americans together by building bridges rather than building barriers between different peoples, this bill separates us and tears us apart.

This bill is discriminatory because it says to many of the elderly in America who have worked hard, supported their families, never been on welfare, and have paid taxes for 20 or 30 or 40 years that we want to make it more difficult for them to vote and to exercise their right as a citizen to participate in this democracy.

Mr. Speaker, for all of those reasons, this bill should not be passed into the law of this land.

Mr. LINDER. Mr. Speaker, I yield 5 minutes to the gentleman from Glens Falls, NY [Mr. SOLOMON], the chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of this legislation.

Mr. Speaker, today is a historic day, a day in which Congress focuses on those things which unite us as a country, and those which expand the horizons of opportunity for all of our citizens. The English Language Empowerment Act has nothing to do with fear, nothing to do with linguistic cleansing and nothing to do with targeting minority populations for political gain. My support of declaring the English language to be the official language of the Federal Government is based on two simple principles: unity and opportunity.

Mr. Speaker, from the very beginning our Nation has recognized that

> The prosperity of the people of America depended on their continuing firmly united, and the wishes, prayers, and efforts of our best and wisest citizens have been constantly directed to that object.

Now this observation was not made by me, these are the words of wisdom in the Federalist Papers by John Jay, our country's first Chief Justice of the Supreme Court.

John Jay went on to say:

> I have * * * often taken notice that Providence has been pleased to give this one connected country to one united people—a people descended from the same ancestors, speaking the same language * * * attached to the same principles of government, very similar in their manners and customs, and who by their joint counsels, arms, and efforts, fighting side by side throughout a long and bloody war, have nobly established their general liberty and independence.

Based on this premise for the past two centuries, we have forged a nation out of our different peoples by emphasizing our common beliefs, our common ideals, and perhaps most importantly, our common language. Our English language has permitted this country to live up to our national motto, "e pluribus unum"—out of many, one. For most of our Nation's history, the English language has been the key to integrating new Americans as well as the glue that has held our people together. It is in this spirit that this bill has been devised to secure English's central place in our society by making it America's official language.

Now, this devotion to unity and to the English language is not founded upon any bedrock of racism, mean spiritedness or division. Rather it is premised on the belief that our strength in unit can best be preserved through the prevention of divisions along linguistic or cultural lines such as encountered by Canada with Quebec.

Now what do I mean by divisions along linguistic lines? These divisions are not between people, but between opportunities. Americans who do not know English, are segregated from those who do, separated from everything the United States and its precious Constitution stands for. A declaration of English as the official language is necessary to demonstrate that the Federal Government's goal is to desegregate these Americans.

Yesterday in the Rules Committee we heard hours of testimony from members with deeply held concerns with this bill.

Some were puzzled over what problem this bill was trying to solve; others claimed proponents of the bill were afraid that the English language was facing extinction in the United States. Well, let's be clear. This bill is intended to ensure that no American citizen, no matter what their cultural background, no matter whether they live in Puerto Rico, or Iowa, has to be trapped in a linguistic box, kept away from the tools of opportunity. This is the land of opportunity and the language of the land of opportunity is English. There should be no ambiguity about this fact. Current projections show that by the year 2050 more than 20 million people in this country will not be able to speak English well or at all.

That's 20 million people unable to even try to attain the American dream.

The usage and understanding of English is the key to economic and educational opportunity in America. Therefore we as the Federal Government must promote and enhance the ability of all Americans, no matter what their heritage, to read, speak, and understand this language of opportunity. According to a study done by Dr. Richard Vedder and Dr. Lowell Galloway of Ohio University it was found that if immigrant knowledge of English were raised to that of native-born Americans, their income levels would increase by $63 billion a year. It was also concluded that the current situation has trapped 1.5 million immigrants in poverty. The simple truth is that those who cannot function in our country's predominant language are less able to find jobs.

As a result, they are cheated of the opportunity for improvement and happiness that America promises to millions. This bill places the Federal Government in the affirmative position of saying this tragedy is not going to continue.

Furthermore, this bill has nothing to do with what languages we speak in our home, church or organization, or what foreign languages we may wish to learn. This establishes English as the official language of the government, not the private sector. Many of my good friends have expressed the hardships with which their families have sought to learn English while retaining their native tongue.

I applaud them for their efforts and I do not want them to stop doing this. In fact, Americans should strive to learn other languages as a way of expanding their understanding of the entire world. However, this should not be at the expense of our common tongue.

Winston Churchill once said "the gift of a common language is a priceless inheritance." According to a USA Today poll taken in 1993, 97 percent of the American population agreed with Winston Churchill and supported making English the official language of Government. A more recent study found that 86 percent of Americans and 81 percent of immigrants want to make English the official language.

Now some of my colleagues have claimed that this bill preys upon linguistic minorities in this country, reminding us that Alexis de Tocqueville warned that the danger of democracy was that a majority could exercise tyranny over a minority. While I acknowledge that this is a serious concern, I would also remind my colleagues that before de Toqueville gave this warning he also stated that "the tie of language is, perhaps the strongest and the most durable that can unite mankind." Promoting this tie of language is not an attack on minorities, nor is it an act of self-preservation but it is a ramp to expanded opportunity and freedom for all Americans.

Finally, Mr. Speaker, it must be understood why this bill goes farther than just declaring English to be the official language of government. Yes, it does repeal the bilingual ballot requirement, yes it does require the Federal Government to conduct its written business in English and yes it does require the INS to hold its naturalization ceremonies in English. Do you know why? It is because America is composed of people who have for centuries pulled themselves up by their bootstraps with courage and a vision to pursue the opportunity that America has to offer. All of us at one time or another were immigrants. Our forefathers came here for the same reasons immigrants now come ashore.

America is the land of opportunity and if the Government does not remove the impediments to assuring that these immigrants receive the keys to opportunity here, then I am afraid they will remain in what the New York Times called a bilingual prison. Bilingual ballots, and INS ceremonies and Government documents in other languages continue to uphold the untruth that you can live in America, you can have access to opportunity and you can achieve the American dream without being able to speak English. The Government can no longer mislead the citizenry.

Mr. Speaker, I will close with the observation that 23 States have established English as their official language, 80 countries only print government documents in one language, 323 different languages are currently spoken in the United States, a knowledge of English has been a requirement of U.S. citizenship since 1811, and the bill before us today is supported by the American Legion, the VFW, the Catholic War Veterans, the National Grange, the General Federation of Women's Clubs and many others.

This is a document of opportunity, a vision of unity and a compassionate measure. It deserves America's strongest support.

□ 1145

Mr. BEILENSON. Mr. Speaker, I yield 4 minutes to the distinguished gentlewoman from Florida [Ms. ROS-LEHTINEN].

Ms. ROS-LEHTINEN. Mr. Speaker, as a public servant and educator, and a mother, I think it would be a great disservice to our children to make English the official language of the land, not only because of the domestic and international ramifications that it would have, but more so for the future of our children. It is time that as Americans we understand what educators, throughout the world already seem to know, that proficiency in many languages ultimately results in increased understanding of others, awareness of other cultures and traditions, and ultimately improvements in our Nation's prosperity and welfare. Today, as a nation, we stand together joined by English as our primary language, and we hold hands as a nation, where our acceptance of diversity has given us greatness.

Chief Supreme Court Justice Earl Warren once said, "We are now at the point where we must decide whether we are to honor the concept of a plural society which gains strength through diversity, or whether we are to have bitter fragmentation that will result in perpetual tension and strife."

As a Cuban-American who immigrated to this country in 1960, I was granted the honor of living here in the United States, a nation where differences, not similarities are the norm and, most of all, a nation where for over 200 years this plural society has been the standard and where speakers of different tongues and persons of diverse cultures, ethnic backgrounds and walks of life have come with one goal: To live, persevere, and succeed in the United States of America, the land of the free and the melting pot of the world.

With the onset of the 104th Congress, there have been proposals made by various of my colleagues that seek to make English the official language of the United States of America and to eliminate bilingual written and oral assistance for language minority voters. Persons who have immigrated in the past, who do so in the present, and who will continue to do so in the future, already understand that in order for them to be able to do well in this great Nation of liberty and freedom, where equality is the law of the land, they must learn English and no law is needed to stress this. Moreover not only do over 97 percent of Americans speak English, but newcomers to our great Nation are learning English faster than ever, thereby making English as the official language a moot point.

There are many benefits to having no official language in a country renowned for our diversity and home to communities where many different languages are heard. Among some of the benefits are those to public health and safety, a better and improved educational system for our children, the continuation of Government access to millions of taxpaying citizens and residents and the creation of a more cohesive American society.

Some would say that we are indeed a diverse nation, that we must provide for a common heritage through the use of the English language. Our heritage, however, is not so much English itself, but instead that regardless of race, color, creed, and our language preference, we have been given the honor of all being Americans.

The fact that we are all members of this great Nation and benefit from its Democratic ideals and liberties is a far more cohesive bond than any language could ever be.

From a more global perspective, it is obvious to all that America today is undoubtedly one of the world's top economic powers. In an everyday more globally interdependent world, where an astonishing four out of five jobs are created through exports, it is necessary that knowledge of other languages be encouraged in order to facilitate our business with the rest of the world and not force others to deal with us strictly in English. Establishing English as our official language would serve to undermine our competitiveness on a global scale.

As a Florida certified teacher and a former owner of a bilingual private school in south Florida, I know this bill will not facilitate the transition for children who have already come to the United States and do not have enough of a grasp of the language to understand challenging subject matters. "English only" legislation would only prove to be a disservice to these children instead of facilitating their learning abilities.

CONGRESSMAN MCDADE ACQUITTED

(By unanimous consent, Mr. SHUSTER was allowed to speak out of order for 1 minute.)

Mr. SHUSTER. Mr. Speaker, it is with a very happy tear in my eye that I announce the wire services are reporting that our colleague, the gentleman from Pennsylvania [Mr. MCDADE] has been acquitted of all charges.

Mr. MURTHA. Mr. Speaker, if the gentleman would yield, let me just add to what the gentleman from Pennsylvania [Mr. SHUSTER] said. JOE MCDADE has been under investigation for 6 years; under indictment for 2 years; he has been hurt emotionally, physically, and they were challenging the rights of the House during all this period of time.

Mr. Speaker, it really is a win for the House. The House sided with him in every appeal, and I think this is a strong message that goes out that the House of Representatives is a separate body. The jury understood that. We represent people.

Mr. Speaker, JOE MCDADE is one of the finest individuals that I have ever served with, and I have served with him for 23 years on two separate committees, and day by day we sat together. And so I am just delighted to see this, and as the dean of the Pennsylvania delegation, I join with the gentleman from Pennsylvania, Mr. SHUSTER, in our commendation and congratulations to JOE MCDADE, who is such a wonderful individual, and to his family who suffered so much during this period of time.

Mr. WELDON of Pennsylvania. Mr. Speaker, if the gentleman would yield, I thank the gentleman from Pennsylvania [Mr. SHUSTER] and the gentleman from Pennsylvania [Mr. MURTHA] for the words that they spoke today. The two of these gentlemen, as the deans of our delegations respectively, Republican and Democrat, have been there for JOE as friends over the past several very difficult years.

Mr. Speaker, I just want to rise and say it is a tribute to this institution that so many Members of the House on a day-to-day basis asked about JOE MCDADE, asked about his health, about his well-being, about his family. And through a very difficult ordeal it was the Members of this institution, people like the gentleman from New York, Mr. RANGEL, who I understand went up and testified as a character witness for JOE MCDADE, that is a real testimony to the character of this institution.

So, Mr. Speaker, I applaud not just his verdict but the fact that all of us did not cut and run when JOE MCDADE had a charge levied against him. All of us who know JOE personally stood by his side through thick and thin, and all of us can share in that joy today, both Republicans and Democrats.

Mr. LINDER. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. KING].

Mr. KING. Mr. Speaker, I thank the gentleman from Georgia for yielding and before I begin my remarks, let me also join the House in congratulating the gentleman from Pennsylvania [Mr. MCDADE]. I am so delighted his long nightmare is over.

Mr. Speaker, I rise in support of the rule and in support of the underlying bill. For the first 180 years of our Nation, immigrants came to our shores knowing that they had to learn the English language to become part of the American mainstream. They maintained their own cultures, their own traditions, their own religion, their own beliefs, their own parades, their own festivals, but they were bound together by the English language.

Growing up in New York City in the 1940's and 1950's, I witnessed this firsthand. I saw the beautiful American mosaic of all the different cultures and belief, bound together with the glue of a common language. Unfortunately, in the past 45 years we have gotten away from that. We have bilingual education, bilingual voting, bilingual programs one on top of the other, which results in dividing us as a Nation, dividing us by language.

Mr. Speaker, if we are to come together as a nation, if we are going to build bridges and reassert and reestablish that beautiful American mosaic, it is essential that this bill be adopted.

Mr. Speaker, I commend the gentleman from California [Mr. CUNNINGHAM] and the gentleman from Wisconsin [Mr. ROTH] for the work they have done over the years. I urge all Members to vote for the bill and vote for the rule.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Speaker, I rise in strong opposition to the rule here today and its misguided effort to legislate the very obvious: That this Nation already speaks English.

For anyone living in this country, engaging in commerce, seeking an education, or simply just traveling, English is the common language. On the WorldWide Web, English is the official de facto language. The majority of international commerce is conducted in English. Students from around the world vie for a U.S. education and a chance to learn English, and in places with high immigrant populations like my district in Los Angeles, the demand for learning English is so high that people must wait months and, yes, years to attend oversubscribed English classes.

In an age of increased global competition, we should be nurturing our Nation's most valued treasures, the wealth of cultural knowledge and foreign language skills. And today, some of my colleagues would prevent us from capitalizing on the wealth this Nation has accumulated.

Mr. Speaker, we cannot be afraid of language. Language is knowledge. Yes, my friends, we should encourage and I stress "encourage," not legislate, that Americans learn and speak English. But a mandate of this sort that we are considering today could only be described as a veiled intolerance toward non-English-speaking Americans. It is unconstitutional. It is un-American.

Mr. Speaker, I urge my colleagues to take a look at the lawmakers outside of the beltway that have looked at the practical effects of this legislation. Both Governor Bush of Texas and Governor Whitman of New Jersey have spoken out against "English only" mandates. They realize that Americans are an asset and should not be shunned for their language deficiencies.

We are a nation blessed with many differences, and I ask all of my colleagues to look up at the ceiling and read the inscription up there, "E pluribus unum," which means "Out of many, one." We are one because our Constitution and its lasting democratic principles has done this for us.

Our Nation should look to the world with pride for our Nation's differences and we should capitalize on that, and so I urge my colleagues to heed my call for tolerance and work toward the goal of enhancing English as the common language. We should not be mandating it. It is divisive. It is dividing us. It is not the glue that brings us together. The glue that holds America together is the democracy that we practice. It is the tolerance, it is the diversity that we enjoy.

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This kind of legislation is unnecessary and is divisive. I urge a "no" vote on the rule.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. STEARNS].

Mr. STEARNS. Mr. Speaker, I say to the gentleman from California, out of many, one. On this side we believe that one means language, too, which is English.

I would like to quote for him and others the late Senator Hayakawa, who said, "America is an open society, more open than any other in the world. People of every race, of every color, of every culture are welcomed here to create a new life for themselves and their families. And what do these people who enter into the American mainstream have in common? English, our shared common language."

For that reason, I rise in strong support of the rule. This Nation of course is a melting pot, finding its strength in our citizens' unique diversity. However, we all share a common unifying bond, our English language. Mastering a nation's original native language is critical to succeeding in a society because it provides one with the opportunity to excel. This is not to say that the study of foreign languages should be discouraged. Quite the contrary, being fluent in a second or third language opens, more often than not, doors to new opportunities and experiences. But if the English language is not the top priority, the doors in our own Nation will remain closed to some, and they will be left behind. When one discourages another from learning

English, they ensure that the non-English-speaking individual is denied their chance at attaining the great American dream.

In a time when college graduates still have difficulty finding employment, what is left for those individuals who cannot communicate proficiently in English? While we continue to cherish the very cultures and heritage of the people that comprise this Nation, we need to have one language that unites and defines us as Americans if we are to ensure our continued success.

Mr. Speaker, we need to communicate in one official language and that is English. That is why I urge support of the rule.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Speaker, I rise in strong opposition to the rule and the bill. Historically Americans have struggled to build a democratic society in which all citizens have equal access and opportunity. To ensure that every citizen was informed, our forefathers printed Government documents in German, French, and other languages. In 1975, the Nixon-Ford administration recognized the importance of an informed electorate and successfully led the fight for bilingual ballots to help eliminate discrimination in the electoral process.

Given our country's great history, it is a disgrace that we have this divisive and unnecessary bill before us, divisive in that it denies American citizens who are not yet proficient in English the right to access Government information in their native language, unnecessary in that 95 percent of U.S. residents already speak English.

The bill's premise is also flawed. The common thread binding Americans is not only a common language but the quest for democracy, freedom, and justice for all.

This bill breaks all strands of that common thread by dividing American citizens and unraveling civil rights in the name of national unity.

Let us uphold the tradition of respect for the fabric of diversity that makes this country great. Let us defeat the rule and this bill.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. LIVINGSTON], chairman of the Committee on Appropriations.

Mr. LIVINGSTON. Mr. Speaker, I rise in strong support of H.R. 123, the English Language Empowerment Act of 1996.

This bill declares English to be the official language of the Government of the United States. It will require the Federal Government to conduct its official business in English including all citizenship naturalization ceremonies. The American people, including new citizens, have long championed the notion of making English our official language. To date, 22 States—including my home State of Louisiana—have already declared English their official language. It is time to make English the Nation's official language.

The bill also amends the Voting Rights Act to end Federal mandates for bilingual ballots. This will put an end to the unfunded mandate of requiring States to print ballots in different languages. Since 1975, States with certain populations of language minorities are required to print ballots in the native language of the minority. Currently, 375 voting districts in 21 States are now required by Federal law to provide voting ballots and election material in foreign languages—6 languages alone were on the ballot in the last mayoral election in Los Angeles. While there are some who believe this is worthy and necessary, the measure is dividing our Nation along ethnic lines. In addition, it is also unduly burdening the States and opening the system to potential fraud.

The issue of voter fraud disturbs me greatly. I fear bilingual ballots only help those who resolve to steal elections. According to the 1990 Census, California has 4.4 million non-citizens, Florida has 949 thousand non-citizens. Texas has over a million non-citizens, and New York has 1.5 million non-citizens. In 1982, a Chicago grand jury reported that "* * * many aliens register to vote so they can obtain documents identifying them as U.S. citizens * * * These aliens used their voter's card to obtain myriad benefits, from Social Security to jobs with the Defense Department." Unfortunately, many of these same individuals also vote. With the ballots printed in their native languages, its easy for crooks to convince these individuals—many of whom are unaccustomed to U.S. election laws—that it is okay for them to vote.

We are an English speaking Nation. Most citizens understand this and, in fact, support this reality. Since 1906, all U.S. citizens are required by law to be able to comprehend English. And, since 1950, all U.S. citizens must demonstrate an understanding of English, including an ability to read, write and speak words in ordinary English usage. However, there are currently 323 languages spoken in the United States—115 languages alone spoken in the New York City Schools. Forty million Americans will be nonEnglish language proficient by the year 2000. To keep America one Nation, one people we must have one common language.

Opponents of making English our official language claim that certain ethnic groups do not understand English and therefore must be accommodated. Well, since the 1960's, the Federal Government has been spending millions of taxpayer dollars on programs that teach English to nonEnglish speaking individuals. In addition, the Federal Government mandates that States and local governments also spend taxpayer money to teach English to nonEnglish speaking individuals. In 1995 alone, the Federal Government spent over $200 million on such programs. And, when you include State and local mandated spending for such programs, the amount skyrockets to $8 billion.

Well, Mr. Speaker, something is obviously not working. It is becoming more and more evident that teaching children in their native, foreign language hinders their ability to learn English. Printing ballots in foreign languages does the same. Let's not perpetuate an already bad problem by officially recognizing languages other than English.

Mr. LIVINGSTON. Mr. Speaker, I rise in favor of the rule and in support of the bill and would point to some of the change in my pockets, which the saying is on some of our currency, e pluribus unum, out of many comes one.

The fact of the matter is that America is built on many cultural societies who have come together in unity and in an attempt to build one great Nation. Whether it ultimately ended up as English speaking or Spanish speaking is a matter of history. We are an English speaking Nation. It does not mean that people of Spanish heritage cannot treasure their heritage or speak Spanish at home. Likewise, Haitians or Iranians or Iraqis or people of any culture in this great country of ours can respect their cultures at home and in their communities and can speak in bilingual fashion. But to say that we will become a Nation of many official languages is to run a risk that no longer will we be unified as a Nation.

In fact, Canada in recent years has experienced exactly that problem. they started recognizing French as an official language, as part of one major segment of the country. Now we see that Canada is on the verge of breakup, of disruption, within a matter of 5 to 10 years may not be a single nation, may be a segment of several different nations.

I would not want to see that happen to the United States. We went through one great Civil War. We do not need to go through any more. This country has fought, has spilled blood to provide for a single Nation. We will remain that way if we speak one official language. I urge adoption of the rule and passage of the bill.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the gentlewomen from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Speaker, I rise in strong opposition to the rule and to the bill. There is pending before the U.S. Supreme Court a contest on a constitutional provision added by referendum to the State of Arizona Constitution which falls along similar lines. The lower Federal court in the State of Arizona, as well as the U.S. Ninth Circuit Court of Appeals in looking at the provision that had been put into the Constitution, both unanimously held that the provision which called for English only, requiring all public employees to communicate with constituents only in English constituted a violation of the first amendment and that it was a denial of free speech.

It is on this basis that I rise in opposition to the rule and to the bill. This legislation, though it is called an enhancement policy, in essence translates a feeling in this country about the importance of English, into a prohibition against the Government and its employees in the exercise of their duties to communicate in other than in English.

When we took office we took an oath to uphold the Constitution.

This, I believe, Mr. Speaker, to be the fundamental obligation of this body. Through the Committee on Rules and through our deliberations in our committees, the Constitution should be our guide and we should not enact, support, legislate in any way that deprives fundamental liberties in this country. Sure, every parent wants their child to succeed, to be prosperous. And the only proven way in this country to do that is to be proficient in English. So, the obligation of this Congress and of this Nation is to encourage it.

Yes, I think we all believe that English is the common language of this country and in order to succeed here in trade and commerce, in all of our professions, we ought to be proficient in English. But this bill goes for beyond that. It does not enhance our democracy. It restricts it. It confines the duties of this Government to only those people who speak English.

In fact, there is a section in this bill that says every other law that has been passed by the Congress from the beginning of this Nation to the present time which may require communication in languages other than in English only is hereby repealed.

This Nation has been for open Government, for equal access, to take everybody who is here legally in this country and to accord them equal protection of the laws. This legislation does not do this. I hope that the Congress will not pass a law which is so divisive. The goal of this country is to unite behind the principles of democracy and not to go contrary to the Constitution.

MODIFICATION OF AMENDMENT NO. 1 IN HOUSE REPORT 104–734 TO H.R. 123, ENGLISH LANGUAGE EMPOWERMENT ACT OF 1996

Mr. LINDER. Mr. Speaker, I ask unanimous consent that amendment No. 1 printed in the report on the rule may be offered in the following modified form:

At the beginning of the amendment, insert: Page 1, line 4, insert before "English" the words "Bill Emerson".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Mr. Speaker, I rise in support of H.R. 123. Our country has a historic tradition of receiving immigrants from all around the world. H.R. 123 builds on that tradition and binds us together through the use of English as a common language.

Over the past 20 years the Federal Government has increased the number of languages in which it publishes documents and conducts official duties. This has led to a de facto multilanguage policy which is very expensive for the taxpayer.

H.R. 123 declares English to be the official language of the United States Government and serves to unit us even more as a Nation.

All of us would agree that knowing English is a key to success in the United States.

A 1994 study of Southeast Asian refugees in Texas showed that those who knew English earned more than 20 times the annual income of those who did not speak English.

Knowing English will open a broad range of opportunities that would otherwise be unattainable.

This bill fosters and encourages everyone to learn English.

Encouraging immigrants to learn English is the compassionate thing to do and this bill does that.

Mr. Speaker, one of the biggest reasons why I am rising in support of this bill is because it is what my mother would want me to do. She passed away in 1991, but she was born to Italian American immigrants and spoke Italian as her first language.

She always taught me that this move towards multilingualism in the United States was bad and divisive. On my way over here I was speaking to another Member who told me his high school now conducts official proceedings in two different languages. I think that is wrong. I think the language that binds us together is English, and my mother was right. I encourage everyone to support the rule and to support the bill.

Mr. Speaker. As a cosponsor of H.R. 123, The English Language Empowerment Act, I rise in strong support of this bill. We are proud of our Nation's ability to assimilate people from around the world into one cohesive society. The purpose of H.R. 123 is to build upon our Nation's historic tradition as a melting pot of diverse cultures from around the world, and to bind us together through the use of English as a common language. This bill establishes a much needed uniform Government language policy, promotes assimilation, saves taxpayers money, and empowers immigrants to realize the American Dream for themselves.

This bill is needed because currently the Federal Government does not have a uniform national language policy on publishing documents or conducting its business. Whether documents are published in a foreign language depends in large part upon which particular Federal statute is involved. In addition, over the past 20 years the Federal Government has increased the official duties it performs in other languages resulting in a very costly de facto multi-language policy. This bill corrects this piecemeal approach by establishing English as the official language of the United States Government and requires the Government to conduct all its official business in English.

H.R. 123 will not only establish a uniform national language policy for the Government, but it will promote assimilation of immigrants, rather than isolation and separation. The current policy fails to encourage recent immigrants to learn English. The failure to encourage immigrants to earn English may be the easy thing to do, but it is not the compassionate thing to do. The compassionate thing to do is to encourage immigrants to learn English. A firm grasp of the English language is a key to succeeding in America.

Learning English not only helps immigrants assimilate, it is the key to having the opportunity to realize the American Dream. Studies show that people who learn English earn more for their families, and confirm that the ability to speak English can make the difference between a low-wage job and a high-wage managerial, professional, or technical job. In 1994, the Texas Office of Immigration and Refugee Affairs publicized a study of Southeast Asian refugees in Texas. The study showed that individuals proficient in English earned more than 20 times the annual income of those who did not speak English. H.R. 123 empowers each new generation of immigrants the opportunity to realize the American dream.

Nothing in this bill would in any way limit the ability to individuals to speak their native tongue. This bill simply limits official Government business to the English language.

Not only does this bill benefit the immigrant, it also benefits the taxpayer. There are hundreds of languages spoken in the United States. According to the GAO, The Federal Government already prints many documents in foreign languages including Spanish, Portuguese, French, Chinese, German, Italian, Russian, and others. For American taxpayers the question is where does the printing of these documents in foreign languages stop? This bill ensures that all Americans can count on one language for Government action, polices, documents and proceedings.

In conclusion, I support H.R. 123 because it helps recent immigrants by opening up to them a land of opportunity. It will stop the trend towards the separation and isolation. It will encourage assimilation. In supporting this bill I stand with 86 percent of Americans and 81 percent of immigrants who want to make English the official language of the United States.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Speaker, I rise in opposition to the rule and to the legislation for a multiplicity of reasons.

One is that I saw a friend of mine recently, and this bill is making us the laughing stock of the world. He said, you Americans are going to speak English? I said, We do. But you are going to make it the official language? It is. This just puts it a line on a piece of paper.

My district begins with Hispanics, what we call Anglos, Czech, Slovak, German, Polish, little Hungarian. That is the makeup of my district in south Texas.

All of them speak English. All of us speak English in one form or another. But this is mean spirited, I do not care how we camouflage it. It is aiming at someone. It is aiming at a group in California or some other place. We do not want this. We do not want any more immigrants. We are going to shut it out.

What are we going to do to the Statue of Liberty? I guess erase what it says on there.

This is a problem that we have. This is mean spirited. It is camouflage. It is trying to stop people from doing something.

English is the language of this country. That is what we speak. That is what we do. Everyone does that. My congressional district, we are teaching the kids. But do you want to stop something? Why do the big companies spend millions of dollars in Spanish on the billboards? To sell their product, to sell their product.

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Mr. Speaker, saying that the Government of the United States has to function solely in English is ridiculous, it is absurd.

Now let me tell my colleagues something. President Reagan stood in front of the wall in Berlin and says, "Mr. Gorbachev, tear down this wall." Had bailing wire and bricks and mortar; it was torn down.

We are going to rebuild the Berlin Wall around the United States of America. Not going to be bricks and mortar; it is going to be something called "English only." We are going to build a wall around us, and my colleagues will live to regret the day.

Mr. LINDER. Mr. Speaker, I yield 1½ minutes to our colleague, the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, America is a nation of immigrants. Some came with knapsacks on their shoulders, some came in chains and leg irons.

But one thing America is not. America is not a nation of separation. All our citizens are Americans. The common denominator is our language. Our language is English. The glue that binds generation after generation is both our Constitution and our English language.

Supporting programs that teach English, in my opinion, is not enough. Congress must insure that America does not become a nation of separate communities, separate tongues.

So, Mr. Speaker, I say it is time to stop the politics of fear, politics of hate, politics of division. It is one America, one people, one community, one Nation under God I might add, and to best achieve those goals, ideals, and rights I believe is one official language.

If someone else can make a better case for another language, I will listen.

Mr. Speaker, I support this rule, and I support this bill and urge the Congress to do so as well for the sake of unity.

Mr. LINDER. Mr. Speaker, I yield 1 minute to my colleague, the gentleman from California [Mr. McKEON].

Mr. McKEON. Mr. Speaker, I rise in strong support of H.R. 123, the English Language Empowerment Act. H.R. 123 provides encouragement for immigrants to learn English.

Today, when many immigrants reach our shores, they settle in neighborhoods largely inhabited by people who speak their native language. This is understandable, as it is much easier and more comfortable to associate with people of the same culture speaking a familiar language. However, to gain the full benefits of coming to this great land, it is imperative to learn the English language. Learning English is necessary in order for immigrants to build a better future for themselves and their families.

Many of the bill's opponents claim that H.R. 123 will isolate our recent immigrants from the rest of society. When in fact, it accomplishes the exact opposite—it brings us together as a nation united under one common language.

Again, I urge my colleagues to support H.R. 123.

Mr. LINDER. Mr. Speaker, I yield 1 minute to our colleague, the gentlewoman from California [Mrs. SEASTRAND].

Mrs. SEASTRAND. Mr. Speaker, I rise in very strong support of this legislation.

Few Members here today on both sides of this debate would argue the fact that the United States is a country of immigrants, each of whom, through both their differences and similarities, have contributed a great deal to the fabric of our society. As the granddaughter of Polish immigrants, I can attest to this fact.

But the debate we are having today is not about our differences, it is about our similarities. I am proud of my heritage—as are the many ethnic groups that make up the enormous cultural diversity of this Nation. My grandparents and parents spoke Polish at home when I was growing up and I do not believe anyone here today will argue against the practice of communicating in a language other than English. But they understood that mastering the English language was the key to opportunity, success, and prosperity in the United States.

It simply makes sense to make English the official language of the United States, and vast amounts of Americans agree. In 1986, 73 percent of California voters overwhelmingly supported an amendment to the Constitution to establish English as the official language of California. So because of that, I would ask that we strongly support this legislation.

Mr. BEILENSON. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Mr. Speaker, all morning we have been told that the reason we are having this bill is because people are divided and English being official would bring us together.

But this bill only does one thing. It prohibits a Federal public official from corresponding in a written form to his or her constituents. That is all it does.

And, Mr. Speaker, the basic problem with this bill is that it is unconstitutional. The Ninth Circuit of the United States has found that such a bill is unconstitutional for two reasons: In many cases sometimes a public official has to correspond in a language other than English because it is essential for communication; and to have an effective government, Mr. Speaker, sometimes we have to communicate in a language other than English.

This is all that the bill does. It is unconstitutional and I would ask Members to vote "no."

Mr. LINDER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, that is not all this bill does. Only one-tenth of 1 percent of all Federal documents go out under current law. But law is more than just law, it is symbology.

How many of my colleagues watched Kerri Strug in the Olympics win a gold medal? When seeing that American flag come down, I bet many of my colleagues had tears in their eyes. That was powerful. That was power. That empowered not only Kerri Strug and the gold winners, but the American people.

How many of my colleagues have ever witnessed or participated in a swearing-in ceremony? I have, many of them; and I want to tell my colleagues when they stand up and they hold up their hand, that is powerful and it is strong and it empowers those immigrants and the rest of the American citizens. That is important. It is not just law, it is empowerment of our children.

Mr. Speaker, I look at over and over, there are 320 languages, over a thousand dialects, and the reason for the bill, this is the Bill Emerson bill, that there is an increasing number of American citizens that do not understand, write, or communicate orally with the English language, and we are saying that in the thirties and the forties and the fifties there was a different attitude, that when one came they learned English, and over a period of time that number is reduced, and we want to empower our children.

We are not building a wall, we are tearing down a wall, because if I was mean-spirited, I would say: Stay where you are. Don't learn the English language. Stay wherever you want in your little communities and not have a portion of the American dream.

But no, Mr. Speaker, we are not doing that.

Governor Clinton in Arkansas signed a bill just like this one. Eighty nations in the world have signed their own language is a common language.

Mr. LINDER. Mr. Speaker, I yield 1½ minutes to my colleague, the gentleman from Georgia [Mr. KINGSTON].

Mr. KINGSTON. Mr. Speaker, can my colleagues see the absurdity of this Congress and this Nation having a debate such as this:

(Here, Member spoke in French.)

That is French in my own attempt. In Italian we could say:

(Here, Member spoke in Italian.)

And I will try it in Japanese, Mr. Speaker:

(Here, Member spoke in Japanese.)

The interpretation is one language is important for our country.

Now we can sit here and say and tell our children that it is not important to have one, but it is absolutely absurd. Nations need a common language.

My uncle was a Hungarian immigrant. He spoke eight different languages. He was run out of Hungary by Nazi Germany. But he did not come to America to say, "You need to start speaking Hungarian." He said, "I'm going to start speaking English." He kept his Hungarian. And my cousin Clare, who was born in Spain, knew some Hungarian, today she knows Spanish. My sister Jean knows Italian. I minored in French. My colleagues would not believe it by the way my pronunciation was just then.

But the point is we have to have a common language in our country. This is not mean-spirited, this is not malicious. It is absurd for people who cannot come up with an intellectual argument to come back to that same old line: mean-spiritedness. This is common sense. So, Mr. Speaker, as we would say in Japan:

(Here, Member spoke in Japanese.)

In French:

(Here, Member spoke in French.)

In Italian:

(Here, Member spoke in Italian.)

Down home we say, "We'll see you all later."

Mr. BEILENSON. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I oppose the rule because it makes Americans not Americans. It is a bad rule and a bad bill.

Mr. BEILENSON. Mr. Speaker, I yield the balance of our time to the gentleman from Texas, Mr. GENE GREEN.

The SPEAKER pro tempore (Mr. NETHERCUTT). The gentleman from Texas is recognized for 2¾ minutes.

Mr. GENE GREEN of Texas. Mr. Speaker, I rise in opposition to the bill and the rule. I consider the bill a dangerous bill, and unlike my colleague from Georgia, English is our common language. I admit, in Texas we speak a little different English from maybe in Georgia and New England, but we still speak English, and some Members in the House on both sides say that we do not.

The reason for the opposition to this bill is that my colleagues talk about the bill, saying it is a common language. That is not what the bill says. If my colleagues brought a bill to the floor today that said English is a common language, they would not have any opposition to it because we would all agree with that.

What this bill does, though, is separate it, prohibit the use of other languages, and even this rule that we have today is limiting our freedom to debate on this bill. A lot of amendments Members submitted to try and make this bill better and not so onerous were not allowed in the Committee on Rules because of the modified closed rules we are having, and once again we have a rule that we do not get to debate the full bill itself.

English is our official language. My opposition said 99 percent of the documents that are printed are printed in English. This is a solution in search of a problem, Mr. Speaker. Our language classes for English in my district and everywhere in the country are overflowing. There is a waiting list now. They cannot advertise English language classes in Houston because they cannot fill them, and yet these are the same folks that cut education funding for adult education. So do not come up and shed crocodile tears about how people ought to learn English when they cut adult education to people who want to learn English.

This bill should be amended to recognize that English is our common language because that is what their debate is about, but it is not. This rule divides us and this bill divides us as Americans, because we share more than our language. We share our love of freedom and our willingness to fight for that freedom, no matter what our language is. And I thought that was aptly mentioned earlier by my colleague from Puerto Rico.

□ 1230

This bill divides our country, because we are united in more ways than language. Again, I will share with my colleague from California, he says "Nothing typifies this more than the Olympic spirit," the unity we see, not just from around the world, but from the United States team in Georgia.

We are going into the 20th century, and here this is a bill that I can imagine would have been debated last century. We are going into the 20th century, to try to make sure we can compete in the world and compete everywhere, and yet we are going to punish someone in my office who writes a letter back to someone in German?

I know there is an amendment to correct the bill, but it came out of committee, to punish Members of Congress for contacting, in response to people who write our office, whether it be in Spanish, Czech, German, or Vietnamese. They are going to clean it up, but this bill should have been worked on even more, because it is a bad bill and it is a bad rule.

Mr. LINDER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in closing let me just say this is a modest attempt to do what the people of this country have wanted for some time in overwhelming numbers, to establish English as the first and official language of this country.

For over 200 years, the glue that held the fabric of this society together was a common language. Thirty years ago, we began to change that. We began to deal with people in different languages. That isolated them. This bill is going to bring them back together. The isolation that was created by putting people in pockets of communities that spoke a different language kept them apart and out of the American dream. This is a modest effort to change that. I urge support for the rule.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to proceed in order under the rule to accommodate the gentleman.

The SPEAKER pro tempore (Mr. NETHERCUTT). Could the gentleman clarify his request?

Mr. CUNNINGHAM. Mr. Speaker, this is for the purpose of unanimous consent, to change the language on one of the amendments, like we did with Mr. Emerson.

Mr. BECERRA. Reserving the right to object, Mr. Speaker, I am not sure which amendment the gentleman is talking about.

Mr. CUNNINGHAM. Mr. Speaker, it is their side's amendment. I am trying to accommodate the gentleman, not us.

Mr. BECERRA. Again, Mr. Speaker, if we could find out what the change would be before we decide.

Mr. CUNNINGHAM. It is right there before the gentleman.

Mr. BECERRA. Mr. Speaker, under my reservation of objection, if I may ask the gentleman a question, if the gentleman is just providing some definition to "Native American," is that the purpose of the gentleman's amendment?

Mr. LINDER. Reserving the right to object, Mr. Speaker, I think it is appropriate that we see what is precisely being tried before we decide whether or not to object.

Mr. CUNNINGHAM. Mr. Speaker, I withdraw my unanimous-consent request.

The SPEAKER pro tempore. The gentleman from California [Mr. CUNNINGHAM] withdraws his unanimous-consent request.

Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BEILENSON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 236, nays 178, not voting 19, as follows:

[Roll No. 388]

YEAS—236

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Browder
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Holden
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martini
McCrery
McHugh
McInnis
McIntosh
McKeon
McNulty
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Morella
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NAYS—178

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bishop
Blumenauer
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Costello
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Ensign
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Harman
Hastings (FL)
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Lazio
Levin
Lewis (GA)
Lincoln
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Murtha
Nadler
Neal
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schroeder
Scott
Serrano
Skaggs
Skeen
Slaughter
Spratt
Stenholm
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—19

Brownback
Chapman
Conyers
Cox
Ford
Goss
Hayes
Hoke
Kasich
McCollum
McDade
Oberstar
Peterson (FL)
Rogers
Schumer
Skelton
Stark
Towns
Young (FL)

□ 1252

Ms. JACKSON-LEE of Texas changed her vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. GOSS. Mr. Speaker, on rollcall No. 388, I was detained by other official business elsewhere in the Capitol. Had I been present, I would have voted "yes."

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3103, HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 104–738) on the resolution (H. Res. 502) waiving points of order against the conference report to accompany the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3448, SMALL BUSINESS JOB PROTECTION ACT OF 1996

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 104–739) on the resolution (H. Res. 503) waiving points of order against the conference report to accompany the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers complying with minimum wage and overtime requirements under that act, which was referred to the House Calendar and ordered to be printed.

ENGLISH LANGUAGE EMPOWERMENT ACT OF 1996

The SPEAKER pro tempore (Mr. NETHERCUTT). Pursuant to House Resolution 499 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 123.

□ 1257

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 123) to amend title 4, United States Code, to declare English as the official language of the Government of the United States, with Mr. HANSEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from California [Mr. CUNNINGHAM] and the gentleman from Missouri [Mr. CLAY] each will control 30 minutes.

The Chair recognizes the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. CANADY], and I ask unanimous consent that he be permitted to control that time.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GOODLING], chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Chairman, during the discussion on the rule, I am afraid the American people may have gotten confused as to what legislation is before us, because much of what was said has nothing to do with the bill that came from our committee. Today we are voting on H.R. 123, which is a bill introduced by the late Bill Emerson, former distinguished Member of the body and a friend of many.

Mr. Chairman, there are many things in the bill that some people think went too far. There are others that people think did not go far enough. I think it is probably striking about the right balance. I say that because this bill declares English the official language of the Government, not of the private businesses, not of churches, not of homes, not of neighborhoods; just the Government. Furthermore, it then makes exceptions to the English requirement for the protection of public health and safety, national security, international relations, the teaching of language, the rights of victims of crime, certain instances of civil litigation and others.

We have also included rules of construction to help clarify the intent of the bill. So we have made a number of changes to the original version of H.R. 123 which addresses the concerns for many Members. After all, it is the English language that unites us, a Nation of many different immigrants as one Nation.

Over and over again we see that it is the English language which empowers each new generation of immigrants to access the American dream. Declaring English the official language of Government is the commonsense thing to do. We now have according to the Census Bureau, over 320 different languages. The Federal Government already prints materials in Spanish, Portuguese, French, Chinese, German, Italian, Russian, Korean, Ukrainian, Cambodian, and others; and the taxpayers says, where does it stop?

President Clinton himself, as Governor of Arkansas, signed legislation making English the official language of the State of Arkansas, and about half of the States have enacted the same kind of legislation. Again I remind all, this legislation is English as the official language of Government, not homes, not churches, not neighborhoods, not the private sector.

Mr. Chairman, I include for the RECORD the following letter from the gentleman from Ohio [Mr. SAWYER] concerning his not appearing at the committee markup on the final vote:

HOUSE OF REPRESENTATIVES,
Washington, DC, July 25, 1996.

Chairman WILLIAM GOODLING,
Committee on Economic and Educational Opportunities, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN GOODLING: Due to a speaking engagement with constituents, I was unable to be present for the final vote on reporting the Cunningham Substitute to H.R. 123 out of the Committee on Economic and Educational Opportunities.

I would like to note for the record that if I had been present, I would have voted, "nay."

Sincerely,

THOMAS C. SAWYER,
Member of Congress.

□ 1300

Mr. CLAY. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I agree that learning English should be a priority goal for all persons residing in the United States. In fact, there is extremely high demand for English language classes. Immigrants themselves recognize that in order to better their own lot, and that of their families, learning English is imperative. New arrivals to our shores flood English as a second language classes. In Washington, DC, 5,000 immigrants were turned away from English classes in the 1994 school year. In New York City, schools have had to resort to a lottery to determine enrollment. In Los Angeles, more than 40,000 applicants remain on waiting lists for English classes. In my view, we should expand Federal support for English as the second language and for bilingual education programs.

My Republican colleagues characterize this bill as commonsense legislation. But it is neither common sense nor common decency to mandate exclusive use of English while utterly failing to address the practical need for adequate English-language preparation.

This bill is not a mere declaration of English as the official language of the United States. It is hopelessly vague, ambiguous, unnecessary, unconstitutional legislation, searching for a solution to a nonproblem.

With so little time remaining on the legislative calendar, the Republican majority has chosen to engage in an issue so potentially divisive. Instead of empowering people in the use of English by ensuring adequate funds for English as a second language classes, this bill attempts to protect the English language as though it were under some bizarre attack by other languages.

This bill will obstruct such basic Government functions as tax collection, disaster preparation, water and resource conservation, and execution of civil and criminal laws and regulations. What logical public policy could this bill possibly support?

This fall, the United States Supreme Court will hear oral argument regarding the constitutionality of an article in the Arizona Constitution which declares English the official language of the State and which mandates that all government business, with few exceptions, be conducted only in English. In light of that, consideration of this legislation is premature.

As a matter of national policy, we should support both expanded opportunity to learn English and multilingualism. For that reason, I wholeheartedly embrace the Serrano substitute which views the diversity of our Nation, its people, its languages, and its cultures, as something to celebrate, not something to fear and resist. The Serrano substitute recognizes the benefits of multilingualism in protecting us in war, furthering our ability to communicate with the nations of the world, and enhancing our competitiveness in the global marketplace.

I urge my colleagues to reject H.R. 3898 and to support the Serrano English-Plus substitute.

Mr. Chairman, I reserve the balance of my time.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentlewoman from New Jersey [Mrs. ROUKEMA].

Mrs. ROUKEMA. Mr. Chairman, quite frankly, this debate is totally perplexing to me. It makes me wonder, are we speaking here in English to each other or are we talking in foreign tongues? I do not understand it.

We are a nation of immigrants. As I look around this Chamber, I see the great melting pot personified by many of the Members in this House, and I am no exception.

Of course my married name is ROUKEMA, and my husband, in fact, is the only member of his family who was not born in Holland. They came here and were assimilated. My family name is Scafati. We were Italian-American immigrants, my grandparents on both sides, and their decision was to come to America and be integrated into society as soon as possible. As a result, my grandparents and my parents learned

English ASAP. It was important for them.

The example of my parents and grandparents was clear, clear to me then and clear to me now. They knew instinctively that English proficiency was absolutely essential to their success, not because they were not proud of their heritage but because they knew mastering the language was important to them and that they should do it as quickly as possible.

They knew that proficiency would help their family, their neighborhood, and their whole community. Yes, they knew that English proficiency was good for the overall well-being of society and for the tradition, the more than 100 years tradition of the melting pot that united all of us in our hopes and ideals as a nation. I must stress this.

Now we must take this definitive step today to avoid that our Nation should be so divided into many ethnic enclaves. I see that as a great threat to our national unity.

This legislation is not meant to penalize or to hold segments of our population back. Mr. Chairman, we are here to encourage people arriving on our shores to be upwardly mobile and achieve economically and socially in this new society.

Mr. CANADY of Florida. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in 1965, Congress enacted the Voting Rights Act to combat discrimination against African-Americans who were being unconstitutionally denied the right to vote. It was not until 1975 that Congress added a requirement mandating that certain jurisdictions provide voting materials in languages other than English. The underlying premise for this expansion of the law was that it was somehow discriminatory to conduct an election in the English language.

Bilingual ballots were a means to remedy this alleged discrimination. However, when the use of bilingual ballots was last mandated in 1992, after 17 years of use, no statistical evidence was produced to show that bilingual ballots had increased vote participation by language minorities in any covered jurisdiction.

On April 18, 1996, the Subcommittee on the Constitution held a hearing on what is now title II of the bill before the House. A number of distinguished witnesses testified that our society is becoming fragmented into linguistic ghettos, and federally mandated bilingual ballots only encourage such fragmentation. These witnesses testified that through the use of bilingual ballots, American citizens can exercise the most public of rights while remaining apart from public life.

Moreover, because of the arbitrary and mechanical formula of the bilingual ballots mandate, there are many covered jurisdictions who are required to print foreign language ballots which are never requested or used. These election materials are simply thrown in the trash after each election, but they must be printed due to the Federal mandate. In certain jurisdictions the requirements of the law are extremely burdensome. Los Angeles County is required under this Federal mandate to conduct elections in six languages—in Chinese, Japanese, Vietnamese, Tagalog, Spanish, and English. In the November 1994 general election, Los Angeles County spent over $21 for each requested foreign language ballot.

The Congressional Budget Office estimates that repealing the Federal bilingual ballot mandate will result in savings of $5 to $10 million annually for covered State and local governments. The mandate is expensive, ineffective, and wasteful.

Mr. Chairman, rather than enhancing participation in our political system, the bilingual ballots requirement denies the essential connection between meaningful participation in our national political discourse and knowledge of the English language. Title II of H.R. 123 removes from the Voting Rights Act the practice of providing federally mandated bilingual ballots, a practice which denies the common bond of language that unites us as a people.

Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Chairman, I rise in opposition to H.R. 3898.

Mr. Chairman, I have always worked, both as a teacher and as a legislator, to promote the use of English in this country. The law of necessity, of survival, the law of economic success are enough to motivate people to learn English. We must provide the opportunity to achieve proficiency in English.

We need but look at the bill to see that its provisions do not even come close to its intentions: that English is the official language of this country and that its citizens should speak English. It does nothing to reverse the results of 2 years of frontal attacks on the bilingual education program which helps children learn English, and does nothing to strengthen the adult education program which helps adults learn English.

In the States and cities which are most heavily impacted by immigrants, new entrants can languish for years on waiting lists to enter English language programs. In Los Angeles there are 40,000 applicants for English language classes. In Washington, DC, the Nation's Capital and the place in which this debate is taking place, 5,000 immigrants were turned away from English classes in 1 year alone.

Do my colleagues think these new Americans have in any way demonstrated an unwillingness to learn the language of their new country? No, of course not, but they will be punished anyway.

Mr. Chairman, I am pleased that the bill before us today does correct a problem which the gentleman from California [Mr. CUNNINGHAM] said he would correct with respect to the Americans With Disabilities Act. This bill before us today provides an exemption for children served under this program. There are, in fact, 10 exemptions to this bill. To me, the fact that we have this many exemptions in the bill reveals that there is a problem with the bill.

Mr. Chairman, I urge my colleagues to reject this unnecessary legislation. It will not wear well. It does not serve our country well. Let us provide the means for people to learn English in this country.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentleman from South Carolina [Mr. GRAHAM].

Mr. GRAHAM. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, let us try to answer the why question. Why are we doing this? We are asking that English be the official language of government. I think it is important for the folks listening to understand what we are trying to do and what we are not doing.

We are trying to make sure that this Government conducts the language of its business in English, because that is the one unifying thing about America, is that that is the formula for success in America, a good work ethic and a command and knowledge of the language.

We are not asking people to give up their culture, we are not asking people to stop teaching languages, we are not asking people to interact only in English. We are asking the Federal Government to do its business in English. And one of the reasons we are asking for that to be done is there is a growing trend in this country to accommodate 320 different languages in terms of the Federal Government conducting its business.

In one case, the IRS produced 500,000 10W40 forms in Spanish and got 700 replies back at $157 per form, and this program is growing. I think it is time to stop that.

We are trying to set policy that is good for the Nation, and the policy we are trying to set is simply this: That the Federal Government is going to conduct its business in the unifying language of America because that is good policy.

The formula for success has been and always will be a command and knowledge of the language and a good work ethic, and the policies we should be setting in this country should bring out the best in Americans.

Where do we stop with 320 languages to accommodate? I think it is not unreasonable to ask the Federal Government to conduct its business in the unifying language of this Nation, and to do otherwise is impractical.

There are many exceptions in the bill that are commonsense based. Some people ask about phrases on money. We have an exception for art and phrases that are commonly used in other languages. We have a health and safety exception for the EPA to notify a community about a dangerous situation with drinking water.

The exceptions are sound, this is a good bill, and there is a good reason we are doing this. I ask for Members' support.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. SENSENBRENNER].

Mr. SENSENBRENNER. Mr. Chairman, I rise in support of H.R. 123, which declares English to be the official language of the Government of the United States.

□ 1315

The Government of the United States. And simply stated, that means when one does business with the Government of the United States, one does it in the English language.

We have heard a lot about the fact that English is a unifying force which has brought millions of immigrants over the years together in this country, and I think that is a true statement, but I also think it is important for us to look to the north and to Belgium to see how bilingualism and multilingualism has been a dividing force in those countries. And it has. Neither in Canada nor in Belgium over literally centuries has there been a formula devised to bring unity to those countries that have been divided, not along religious or ethnic lines but along language lines.

But irrespective of whether this bill is adopted, English is the language of commerce. If someone comes from a non-English speaking country to the United States, in order for them to achieve the American dream they have to be functional in English, and there is no better way to help them become functional in English than to say that when doing business with the Government of the United States, it be done in the English language.

So what we are doing here I think is helping people who come from other countries where English is not the language to become part of America. To achieve the American dream. To achieve their own individual human potential. And this is one small step in allowing them to do so.

Mr. Chairman, I submit the following for the RECORD.

I rise in strong of H.R. 123, the English Language Empowerment Act of 1996. I believe it is essential to have English as the official language of our National Government, for the English language is the tie that binds the millions of immigrants who come to America from divergent backgrounds. We should, and do, encourage immigrants to maintain and share their traditions, customs, and religions, but the use of English is essential for immigrants and their children to participate fully in American society and achieve the American dream.

Importantly, title II of this bill repeals the Federal mandate requiring certain communities to provide bilingual ballots. This directive of the Voting Rights Act is unnecessary and costly. The Voting Rights Act of 1965 was originally intended to put a stop to racial barriers to voting in the South, such as literacy tests. English-only ballots are simply not the equivalent, or even comparable, to the racially abused literacy tests of the South.

Applicants for American citizenship, with some limited exceptions, have been required to demonstrate proficiency in English since 1906. Since only citizens may vote, the rationale for mandatory multilingual voting services is perplexing. One of the reasons we require immigrants to learn English before they naturalize is that a person who cannot understand English will not be able to participate in the political community in any but the most limited capacity. Bilingual ballots are not an effective means of increasing full political participation, for they are used by citizens who are obviously not proficient in English, and those who are not proficient in English, in most cases, cannot follow a political campaign, talk with candidates, or petition their representatives.

I believe it is necessary to clarify what repealing the bilingual ballot requirement does not do. This bill does not affect laws outlawing voter discrimination. It does not propose a literacy test. It does not preclude anyone from voting, even if they do not know English.

There are effective alternatives to federally mandated bilingual ballots, especially where complicated ballot initiatives are involved. Foreign language newspapers have the free speech right to publish sample ballots translated from English, and voters can take these sample ballots into the voting booth. Under this bill, a political party or interest group is perfectly free to issue multilingual voting materials. States can choose to allow voters to bring a friend or relative in the booth with them, absentee ballots can be filled out at home with assistance, and ethnic organizations can provide bilingual sample ballots and voter information pamphlets. Furthermore, although this bill eliminates the unfunded mandate on the States, States are still free to supply ballots in foreign languages, if that is what the voters demand.

According to a recent survey, more than 80 percent of Americans, including immigrants, support making English the official language of the United States. I urge my colleagues to heed the call of the American people and vote in favor of this bill.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Chairman, I rise in opposition to this legislation. For over a decade I have chaired the Helsinki Commission. That commission is dedicated to the principles set forth in the Helsinki Final Act that we will treat diversity in all our nations with respect and integrity.

The fact of the matter is we passed a resolution on this floor unanimously regarding Kosova in which we urged and asked the Serbians to make sure that in Kosova they would be taught in the language that they knew, not Serbian, that they knew. So that on the one hand we urge nations of the world to be respecters of differences while in our own Nation we retreat from that principle. We ought not to do that.

The language of America is English. Indeed, my friends, the language of the world is fast becoming English. The tide is not against English or America; the tide is for us. We do not need to act in fear or in chauvinism or in jingoism. Reject this legislation.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Arkansas [Mr. HUTCHINSON], who drafted this same bill in Arkansas, which Governor Clinton then signed.

Mr. HUTCHINSON. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong support of this bill which makes English the official language of the U.S. Government.

Mr. Chairman, I believe it is our values and our ideals that ultimately bind us together as a nation. But it is the English language which serves as the means by which we can communicate these values to those around us. Our common language, English, is that which unites us.

Eight-six percent of all Americans support establishing English as the official language of the U.S. Government. In fact, in a recent survey, telephone survey, taken in a section of my district in northwest Arkansas, it was found that 97 percent of those polled approved of declaring English as the official language of our Government.

I think the numbers speak for themselves, Mr. Chairman. Nearly half the States in our country have established official English laws, including my home State of Arkansas.

In 1987, as a second term legislator in the Arkansas General Assembly, I cosponsored this legislation which we have before us, signed by then-Governor Bill Clinton, now President Clinton, making English the official language of the State of Arkansas. Governor Clinton signed that law. I hope he will sign this bill as well.

My legislative director's grandparents were immigrants from Norway. They came over on a boat. They learned English. They taught their children English. They assimilated in our culture and they lived the American dream. They still revere their Norwegian heritage. They still cherish that tradition, but they knew that English was part of becoming Americans.

Mr. Chairman, I think this bill is very reasonable. It takes a reasonable approach; it makes good sense. We can honor the diverse backgrounds that are present in our society while at the same time emphasize the common bond that we have in the English language. I urge an aye vote on this bill.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. GOODLATTE].

Mr. GOODLATTE. Mr. Chairman, I rise is strong support of H.R. 123, and I commend my colleagues for bringing this legislation forward. This was pushed for many years by our recently departed colleague, Bill Emerson. Bill would be exceedingly proud today to see us moving forward on this legislation.

Today, 79 nations have an official language. Government documents in France, Germany, Japan, and Austria are printed only in one language. So what happens in those countries that have gone the opposite direction promoting multilingualism? We do not have to look very far to find that.

The comment of the chairman of the Royal Commission on Canada's Future about the multilingual policy of Canada stated that it was an anthology of terrors causing Balkanization. Very appropriate, considering the gentleman's comments about what is going on in the former Yugoslavia; ghetto mentalities; the destabilization of Quebec; reverse intolerance by immigrants for Canadian institutions; and the devaluation of the very idea of a common nationality.

Are we heading in that direction in the United States? Consider this: 40 million Americans will be non-English language proficient by the year 2000; 375 voting districts in 21 States are now required by the Federal Government to provide voting ballots and election materials in foreign languages; 115 languages are spoken in the New York City schools; driver's license exams are offered in 31 languages in California.

Six languages were on the ballot in the last mayoral election in Los Angeles. Opponents have accused this bill of being mean-spirited. Nothing could be further from the truth. We want to raise immigrants up and help them get ahead. This is the way to help.

Mr. CLAY. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Chairman, I thank the gentleman for yielding, and I rise in strong opposition to this cynical attempt to drive a wedge into our society.

Mr. Chairman, I rise in strong opposition to the legislation before us today.

This bill is another battle in the war against children in this Congress. Eliminating bilingual education could increase dropout rates and hurt the ability of immigrant children to adapt successfully in this country. A quality education is the key to a better way of life. People come to this country in search of that better way of life.

We can only benefit by providing opportunities for all people to become productive members of our society, especially young children with bright futures ahead of them. Everyone in this Nation wants the same things—security and opportunities for themselves and their children. This legislation is unnecessary, discriminatory, and would deny opportunities to everyone who is perceived to be different.

This is an appropriate time to remember that our Nation was settled by those who spoke languages other than English. Their proud heritages are reflected in those who inhabit this beautiful and diverse country.

The majority feels that a national language policy will fix what they deem to be a problem with our common language. Yet, according to the 1990 Census, English is spoken by 97 percent of the U.S. population. English as a second language classes are so popular that in Los Angeles instruction is available 24 hours a day. Waiting lists for ESL classes are overflowing with thousands of people. Language minorities fully understand and appreciate that it is imperative to learn English to succeed in this country and make determined efforts to do so.

Yesterday this House voted to deny benefits and opportunities to legal immigrants. Today we are voting on this legislation to deny access to Government to language minorities. If this legislation passes, we make a mockery of our proud designation as a nation of immigrants.

If this legislation passes, the message will ring loud and clear that this House does not value the richness or diversity of life experiences that are woven into the colorful fabric of our Nation. We cannot mandate narrowmindedness and discrimination. That is already in evidence in this country. So is the desire for language minorities to speak English. We don't need to mandate that either.

If, as its proponents maintain, the purpose of this legislation is to give more language minorities a better chance to learn the English language, let's do something about it by increasing funding for bilingual education and ESL classes. This is nothing but xenophobic political posturing and I urge my colleagues to vote against this distinctly un-American legislation.

Mr. CLAY. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Chairman, I thank the gentleman for yielding.

If my colleagues are somewhat confused in this debate, I can understand why. Everyone both for and against this bill is saying English is the language of this country, and it is. And it always will be. And as the gentleman from Maryland [Mr. HOYER] said, it probably soon will become the language of the world.

So why are we here debating a bill and why are there people opposed to it? Because what we want and what we wish and what we intend must be very clear in what we write. And unfortunately, what is written, it is not what people are saying.

Mr. Chairman, what is written is completely opposite of what people are saying. There is nothing in this bill that will help teach those who wish to learn English the language. There is nothing in this bill that will promote those who are wishing to learn English the language. What this bill will do is strangle those who are taking classes trying to learn, and that is why those of us who are standing here saying English is the language of America will be strangled, those people will be strangled from ever having the chance to truly learn the language well.

This is not a bill to send a message. This is a bill that will strangle those trying to learn English.

Mr. CUNNINGHAM. Mr. Chairman, I yield 1½ minutes to the great gentleman from Texas, Mr. SAM JOHNSON.

Mr. SAM JOHNSON of Texas. Mr. Chairman, the gentleman from California [Mr. BECERRA] is in error. We are trying to get language as the official language of our Government. This English Empowerment Act states English is the official language of the U.S. Government and requires English be used in Government actions, documents, and policies.

Despite some of the rhetoric we are hearing today, it is not a radical idea. In fact, more than 80 percent of all Americans support English as the official language. It is about time we acknowledged that one of the most important things we can do to help individuals succeed in America is to encourage them to learn our common language.

A recent study of Asian refugees by the State of Texas shows that those individuals who attained proficiency in English earn over 20 times the annual income of those who do not speak English. Learning English will enable immigrants to do what they came here to do: achieve the American dream.

We must reverse the failed policies of the 1960's and 1970's. America is a diverse Nation; however, we must bind the strength that comes from America's diversity with our common language. Let us stop dividing Americans and do something to bring them together.

Vote for the English Empowerment Act to do this now.

Mr. CANADY of Florida. Mr. Chairman I yield 1½ minutes to the gentleman from Georgia [Mr. BARR].

Mr. BARR of Georgia. Mr. Chairman, in reviewing my file on the English language bill, I came across a letter dated November 10, 1994, 2 days after the elections of 1994 in which I was elected to represent the people of the seventh district to the United States, and this letter, a "Dear Colleague," is written by Bill Emerson from the great State of Missouri.

He wrote me even long before I had been sworn into the Congress about a dream of his, a dream that 1 day he would witness, with the support of people he hoped like myself as a new Member of Congress and so many other of his colleagues, that our country, our Congress would take a step forward of unity, brotherhood, and common goodwill, and that is to enact his language of government act.

Mr. Chairman, there was not a divisive or mean-spirited bone in Bill Emerson's body. And he believed so strongly in this dream that the very first letter that I, and probably every other newly elected Member received within 2 days after we were elected to the Congress, was a very positive, warm letter from him asking us to sign on to this legislation.

I immediately called his office. Signed on, and became the first original cosponsor of this legislation. And I am honored today here, Mr. Chairman, to stand up and say, let us make Bill Emerson's dream a reality, and pass this important legislation.

Mr. CLAY. Mr. Chairman, I yield 1½ minutes to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Chairman, a U.S. Government English-only policy would, at best, be counterproductive, isolationist, and simpleminded; at worse an English-only policy is an elitist, bigoted, and racist policy. English plus, the amendment to be offered later by the gentleman from New York [Mr. SERRANO], is the way we should go.

Yes, English is the official language of the country. We do not have to proclaim that. But English plus is the way we should go if we want to go into the 21st century with the advantage that we need for international trade purposes. This bill originates from the people who brought us GATT and who brought us NAFTA, who emphasized international trade. Why would these same people want to go backward and deemphasize bilingualism? Why not salute the people who speak additional languages? Why not have every American try to become bilingual?

Let us go in the opposite direction for purposes of trade, for purposes of commerce, for purposes of international tourism.

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There are a billion Chinese in the world. We certainly should appreciate every Chinese-American; we should see them as an asset to help teach us Chinese. There are Slavic people who are now in the middle class traveling to this country as tourists. We should be learning the Slavic languages and any Slavic-speaking Americans, Russian, Yugoslavian, Hungarian; all of those people should be seen as assets in the country, assets. Let them teach us the language so that we are better able to be able to deal with those people who come over here as tourists to spend their money and to make our economy go. For the sake of the prosperity of the country, for the national security of the country we need bilingual citizens.

We need English plus, not English only.

Mr. CUNNINGHAM. Mr. Chairman, I reserve the balance of my time.

Mr. CANADY of Florida. Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield 30 seconds to the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Chairman, why, why, why? I listen to my good friend, the gentleman from California [Mr. CUNNINGHAM]. I agree with him. I listen to the gentleman from Pennsylvania [Mr. GOODLING]. I agree with him. Mr. GOODLING said this does not mean anything, only the Government, the Government, the Government. We have to teach, we have to educate people. If this does not do anything, what it will do is you can pound your chest and say, we put one line in the law that says that English is the language of our Government. Fine. Go pound your chest, but the world will laugh at us. Why? Why? Why?

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Chairman, this bill that we are considering is entitled, "This act may be cited as the English Language Empowerment Act." I see nothing in this bill that empowers anybody in terms of becoming better acquainted with English or more proficient. There is not a penny being spent for education to promote English. We look at the education budget and it is being cut. What this bill really is doing is to confine, to restrict the programs and opportunities for people who are not proficient in English from participating in all of the fullness and richness of this society. It really degrades the whole notion of our open society, accessible to everybody legally within its borders.

The moment we say something cannot be printed in anything else other than English, we are punishing that small sector of our society who are not a threat to our democracy. Less than 5 percent of our people in the census said they were not proficient in English. They are not a threat at all. Yet we are seeking to deny access to the Government by refusing to allow Government agencies from printing documents explaining how to get into programs, how to apply for business loans, how to really make themselves much more a part, an integral part, of this society.

If we want to empower all these individuals in our community, regardless of what their ethnic origin is or where they came from, it seems to me that we have to find ways in which to embrace them, not to leave them out. This bill excludes opportunity contained in all the bills that we have passed; it says they are repealed. If we said anything previously about opening up government and creating access for people who are not proficient in English, those are repealed. There is a repealer paragraph in this bill.

Mr. Chairman, this is not an empowerment. It is denial.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the Commonwealth of Puerto Rico [Mr. ROMERO-BARCELÓ].

Mr. ROMERO-BARCELÓ. Mr. Chairman, I rise against the bill.

English is universally acknowledged as the common language of the United States. It is the language of opportunity. It is the language of banking and business, the language of the courts and the primary language of instruction in the schools throughout the Nation.

Now, what is the purpose of this bill? We hear the proponents say that there is not any prejudice involved in this proposal, that this is not a mean-spirited bill, that it is going to open opportunities and empower those that cannot speak English.

I would like to ask, how do we empower someone by requiring that he speak in English when he cannot, by requiring that the documents that are sent by the Federal Government to him must be printed in English even though he cannot understand them? Why can the Government not open doors, as they have been opened until now, to service its citizens as best it can and not be raising barriers of misunderstanding and creating difficulties in the service to the citizens?

Language is supposed to be used for communication, not to be raised as a barrier, to prejudice, as a barrier to impede other people from achieving their rights and fulfilling their obligations. If one cannot receive proper information about what their obligations are and because they do not understand the language, how can they then be required to fulfill the obligations?

This is empowering? It would be like saying that people who cannot read and write, let us then pass a law that in order to vote they have to be able to read and write and that way we are empowering the illiterates in America. Is that a sound argument? Is that sound reasoning? How do we empower anyone by requiring?

By stimulating, we empower people; by fostering, we empower people, by giving them the means by which to achieve what we want to empower them with, not by raising barriers of misunderstanding. How do we think that the people who speak a different language feel about it?

I oppose this bill, Mr. Chairman. I think this is a bill that would raise difficulties where there are none existing at this moment.

Mr. CANADY of Florida. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. LIPINSKI].

Mr. LIPINSKI. Mr. Chairman, I rise in strong support of this legislation.

Mr. Chairman, I rise today in support of H.R. 123, the English as the Common Language of Government Act. This bill declares English to be the official language of the U.S. Government, and requires the Federal Government to conduct its official business in English. The measure also requires that all naturalization ceremonies be conducted entirely in English.

There is nothing radical or racist about declaring English the official language of the United States. By providing a means to communicate across ethnic and racial lines, a common language unites people and eliminates misunderstanding, segregation, distrust, and discord. English is our single shared language. It is the one language that crosses all ethnic, racial, and religious backgrounds and allows diverse Americans to share their multicultural backgrounds.

Declaring English as the official language will provide an incentive for immigrants to learn English. Throughout our history, new Americans were proud to learn to speak, read and write English. They knew that English was the key to assimilating to their new country. English was necessary to take advantage of all the opportunities that America had to offer.

Yet, today there are more than 32 million Americans who are not proficient in English. In many cities, immigrants can live, work, and play without ever knowing a word of English. The Federal Government caters to these immigrants by providing programs and services in their native tongue, discouraging them from learning English. According to the General Accounting Office, the Federal Government, between 1990 and 1994, printed more than 250 official documents in other languages. Even swearing-in ceremonies for naturalized American citizens have taken place in other languages.

Making English official will let immigrants know that they have no right to receive public services in any other language. Most Federal Government business—documents, meetings, records, legislation, and ceremonies—will be in English. This is a tremendous incentive for new citizens to learn English so that they may participate fully in American society.

H.R. 123 does not prohibit languages other than English to be used in nongovernmental settings. It simply states that English is the language in which all official U.S. Government business will be conducted. Official English does not infringe on individual rights, nor does it prevent immigrants from preserving their cultures and languages in their personal lives. It does, however, encourage immigrants to learn English in order to fully participate in Government.

I encourage all my colleagues to support this nonpartisan, overwhelmingly popular piece of legislation. As Members of Congress, we have an obligation to ensure that non-English speaking citizens have an incentive to learn English so they can prosper and fully partake of all the economic, social, and political opportunities that exist in this great country.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HOKE].

Mr. HOKE. Mr. Chairman, my maternal grandparents were Romanian immigrants. They came to this country at the turn of the century. My grandfather learned to speak English from his two daughters, my mother and my aunt, whom he sent to college in Cleveland, Florastone Mather College and Kent State University. My mother went on to the University of Pennsylvania Law School, and my aunt went on to Kent State and got a master's degree in education.

I am sorry that my grandfather could not live long enough to see his grandson, the grandson of a Romanian immigrant, become a Member of the U.S. Congress. But I do know that he believed very strongly, as did my grandmother, that English was a unifying force, as the language, as the expression of what brings us together as a people, that emphasizes our likeness, our commonality. It is, in fact, the essence of what makes us, allows us to become the melting pot, that while continuing to celebrate his ethnicity, his Romanian-ness, if you will, and always having great respect for that, there was another love that he had. That was a love for this Nation.

It was the kind of love and patriotic fervor that only I have seen in immigrants, that only seems to be a part of the heart of people who come here to give to this Nation and build it and be constructive and make it something great, because they want to be a part of what it means to be American without forgetting where they came from.

Part of what it means to be American is to speak a common language, the common language of English. That is what this bill is about in terms of making clear that our official language of government is English.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. SAWYER].

Mr. SAWYER. Mr. Chairman, I rise in support of some of the things that we have heard recently from the other side in this debate. It is true that no element of human experience defines our common humanity more deeply than language and no element in our culture more fully and deeply defines that culture than our language.

English is spoken more broadly throughout the world than any other language. It is composed of elements gathered from the languages of the globe and, for these reasons and others, it is arguably the richest spoken language anywhere on Earth. We should be proud of that richness and encourage it.

It appeals to our pride, to our simple patriotism. But in the end it also plays on some of our worst fears. There is, unfortunately, abroad in the world a drift toward insularity and, in some corners of North America and Asia and Europe, a rush to isolation, a xenophobia that is grounded in fear and hatred.

It harkens to a time some 60 years ago when one of the world's great orators played on simple patriotism among his countrymen to heighten the fears and hatred of a few with appeals that were couched in phrases like one land, one language, one leader. That is dangerous.

I do not impute that motive to anybody on this floor. But English is the official language of our Nation. Tens of thousands wait in line to elevate their mastery of English. We will be offering an amendment later today that will provide the tools to make language instruction available to all who hunger for it and thereby to take concrete, positive steps to bring about the unity that everyone on this floor argues for today.

I oppose the bill but hope that we can support English plus as a workable, practical alternative to the bill that is before us now.

Mr. Chairman, I rise today in strong opposition to H.R. 123 because I do not believe that we need to make English the official language of government. The simple fact is that English already is our unifying national language. And when we recognize that only 0.06 percent of government documents are printed in languages other than English, the lack of any need for this legislation seems clear.

I agree that learning English should be a priority for all persons residing in the United States. But in an increasingly global economy, literacy in a number of languages is a clear advantage—and, in some cases, a necessity. The more literate an individual is, the better equipped he or she is to adapt to the rapid pace of economic change.

Immigrants realize that learning English is essential to their own economic success. That is why English classes are running 24 hours a day in many parts of the country and thousands of people are currently on waiting lists. But that does not mean that real literacy in other languages is not also an important skill.

H.R. 123 purports to encourage the mastery of English. However, it does nothing to provide the necessary resources for adequate English language instruction. Without a strategy for increasing English literacy, the real impact of this bill may be only to discourage literacy in any language and to chill participation in civic life by those who are not proficient in English. That would be truly unfortunate.

In short, Mr. Chairman, I believe this English only legislation is unnecessary, counterproductive, and may serve to divide—not unite—the Nation. I urge my colleagues to vote "no."

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. BLUMENAUER].

Mr. BLUMENAUER. Mr. Chairman, I rise in opposition to House Resolution 123. This legislation is at best misguided; at worst, mean spirited, and does not reflect the America I know nor the community that I serve.

If we wanted to simply declare the obvious and designate English as the official language, it would not be difficult. We could do it without controversy. It would be easy to provide necessary guidelines, if we feel some of the current legislation dealing with bilingual requirements need tightening up. But the trail of exceptions in this bill are an admission to the flaw that it is inappropriate to deny the tools to deal with citizens in the best way to help meet their needs.

Monday this House unanimously declared that it is the sense of Congress that the government of Serbia should ensure the rights of its Albanian minority to be educated in their native language rather than in Serbian. Far more native born Americans of Mexican ancestry live in the former Mexican provinces of Texas and California than the 2 million Albanians which this Congress expressed their concern that they would be able to be educated in their native language. With this bill, we are saying that what is fair and just for the minority people of Serbia is just too good for the non-Engish-speaking minorities of the United States.

The proponents of this English only legislation, Mr. Chairman, ought to acknowledge that we either believe that people have a right to be educated in their native language or we do not, either we provide English instruction to non-English speakers or we do not. Let us drop the hypocrisy, the doublespeak and acknowledge in plain English that at best this bill makes the business of government harder. At worst, it panders to prejudice.

Mr. CUNNINGHAM. Mr. Chairman, I yield 30 seconds to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Chairman, one of my great frustrations is that over the years I have felt that those of us who live in southern California indeed should learn and read and write and speak Spanish. Unfortunately, we have not accomplished that.

Nonetheless, it was 40 years ago that I first got to know a gentleman who knows more about language than anybody I know in public affairs. A professor by the name of S.I. Hayakawa, an expert in general semantics talked of the importance of language as a unifier of people. Years later the then Senator 'Sam' Hayakawa sponsored legislation similar to that before us today.

The first Member of the House to bring this matter to my attention, our friend Bill Emerson, gave the highest priority to English serving to unify us by its designation as the country's official language. I urge you to support H.R. 123, and as you do so, keep in memory our colleague and friend, Bill Emerson.

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Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Chairman, I rise in opposition to this bill, not that I am in opposition to English being the official language. I support English being the English language. If my colleagues did that poll and called my house and asked me or any of mine if they supported English as the official language, I would say yes, so I would be a part of that percentage that they include in being in support of English as the official language. But I do not support this bill. This bill to me is simply another way that we as leaders of the country are polarizing the people of this country.

Now I hear the other side saying that this is uniting the people. How can we arrive at the conclusion that this is uniting people; this is doing nothing more than dividing people. We as leaders have the responsibility to unite people.

I can remember great crises in the past where the people came together. World War II is the greatest example. People of different colors and different ethnic backgrounds, and different religions stood shoulder, to shoulder, to fight an enemy because we were attacked, and they were proud of it, and they were proud of their compatriots in war.

But today, this way we are going, we are dividing these very same people against each other, and this bill I would not call the promotion of English as the official language. I would call it the promotion of polarizing America. That is what I would call it.

Let me tell my colleagues something. I have been here probably more generations than anybody on that side, and I speak English. My children do not speak Spanish. I speak in Spanish very badly; I learned after I got to Congress. My ancestors, my parents, they spoke English, and they spoke English well; but they also spoke Spanish, and their parents before them.

What does it take to make those people understand that the people in the United States want to speak English? We do. Ninety-five percent of the people speak English, and of that 95, 25 percent speak in another language. Does that make them lesser Americans, that they do not believe that English is an official language?

Look, I get up and say I am an American, I love America, I promote English. I support English as an official language, but I do not need this bill. Let us stop this foolishness and get rid of this bill.

Mr. CANADY of Florida. Mr. Chairman, I yield such time as he may consume to the gentleman from Nebraska [Mr. BARRETT].

Mr. BARRETT of Nebraska. Mr. Chairman, as a cosponsor of H.R. 123, I strongly support the bill.

Mr. Chairman, I rise today in strong support of H.R. 123. As a cosponsor of this bill and a member of the Opportunities Committee, I believe establishing English as a common language of Government will not only strengthen our nationalism but will stave off the multilingual wedge being driven into the heart of our Nation.

Since 1920, Mr. Chairman, Nebraska's State constitution has held firm in maintaining English as the State's official language. And, just as saying the Pledge of Allegiance is largely symbolic, so is the sense of pride among us for having a national language.

Mr. Chairman, for 400 years immigrants from all across the globe have come to America. We come together as one Nation, with one language, for one people, under God. The English language has strengthened and sustained us in years past, as it will do so in the years to come. I urge adoption of H.R. 123.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Chairman, I thank the gentleman for yielding this time to me.

It is precisely because my parents, Greek immigrants, could not speak English when they first came to these shores that I support the legislation in front of us. They would leave no stone unturned to try to learn English on their own and could not wait for the day that they could become naturalized citizens and to be proficient in the English language sufficiently enough to merit the granting of the citizenship which they so prized for the remainder of their lives.

But that is not the main reason that I support the bill. Their pride in English and their pride in being American citizens was enhanced by the fact that they knew the English language and could help their children become educated, not only in the English language, which is their adopted language, but also never to forget the Greek language

I am enriched by what they did while they did everything in their hearts and minds they could to learn English.

I say to my friend from California, an old friend, Louis Vasquez, and his friend William Lopez and another friend of Spanish descent, and I formed the Spanish-American Society in my district, and they were happy to put together an organization whose sole function would be, not sole function, but one of the functions would be to teach their fellow Latinos the English language. When the charter came from the government of Pennsylvania granting them the official status of the Spanish-American Society which I provided for them as a new lawyer in town, they did not ask that that charter be in Spanish. They were proud that I read it in English. They displayed it and put it on the wall in the English form that it came because they wanted to be a part of the Government of the United States and Pennsylvania which printed its documents in English. They did not demand or require or even beg or request in any way that that charter also had with it a translation hanging next to it.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Texas, Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Chairman, I thank my colleague for allowing me to speak.

I rise in opposition to the bill, but I support English as our common language. But our colleagues are trying to divide Americans on language basis, and I say to my colleague from Pennsylvania that no one asked to have that translation of that charter. In the State of Texas even with our Hispanic heritage our charters from our Secretary of State come only in English.

Some time ago, USA Today reported that the English-only effort is a phony solution in search of a problem. There is no more adequate statement that I have heard on any other thing in this issue. According to the findings in this bill, English is a common thread that binds individuals from different backgrounds.

In short, English is what makes us Americans. We have more in common than our language, and, Lord knows, we all speak English in a different way. Americans share a common set of values, those of democracy, freedom, and opportunity, and that can be said in English as well as lots of other languages.

Our fellow Americans who are not fluent in English are no less patriotic than my colleagues or me. In fact in some cases, particularly Hispanic heritage, we can go and talk about individuals who have literally laid down their lives for our country.

Contrary to what the sponsors of the bill claim, English is not being threatened. If one files a document in court, the public records are in English. If they get a charter from Pennsylvania, like my colleague said, it is in English. English is the language that is used today in Congress and all our official activities of our Government.

Then why are we debating this bill? Only to divide us as Americans. We are not divided because of our language, Mr. Chairman. We are divided today because of those of us who may not speak English as our first language. My ancestor did not speak English as a first language, they spoke German. But they also learned English, but we also lament that in our ancestry we lost the ability to speak German.

I hesitate to say anyone coming to America, they are going to learn English, but I do not want them to say, "Don't learn your heritage"; and that is what this bill is saying. This bill is trying to divide us, Mr. Chairman, based on language, and we do not need to be divided any more in this country.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. WATERS].

Ms. WATERS. Mr. Chairman, I rise in opposition to this misleading English-only bill. Everyone knows English is indeed our official language. According to the 1990 census, 97 percent of all people in this country speak English well.

Immigrants do not resist learning English. Most immigrants are proud to learn English and proud to speak English. This bill is but another divisive, mean-spirited initiative that does nothing to improve the ability of all of us in this diverse society to live and work together.

How dare any law deny an elected official the right to communicate with their constituents in any language other than English? How can a country that reaches out to cities in other countries all over the world in the great sister city movement of this country look its sister cities from countries like Mexico, Spain, France, Italy, Germany, Japan, Russia, and Africa, and many more, and say, "We love you like a sister, we respect your culture, we appreciate your diversity, and we invite you to come to the United States." And yet say to them, "But when you come to America, don't bring your language with you."

Forty-three percent of my constituents are Latino. We respond to all of our constituents. We respond to them however we need to respond to them, orally or in writing, and we do it in Spanish. We do that, and guess what? I do not intend to ever stop doing that. I do not care what law is passed.

The supporters of this bill claim to want everyone to learn to speak English. Yet they support the defunding of bilingual education while millions of immigrants are on waiting lists to learn Spanish.

This bill deserves to be defeated in every language. I ask my colleagues for a "no" vote.

Mr. CANADY of Florida. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. PORTER], the sponsor of H.R. 351.

Mr. PORTER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, we are a diverse nation. We should celebrate and be proud of our diversity. But to be a nation we must have one common language with which we can communicate with one another. That common language is American English.

Immigrants have come to our shores for over 200 years, and each group has learned the central language, and has integrated themselves into our society. As our Nation has grown by their numbers, it has been enriched by each of them. In order to have economic and social mobility in this country, we know that we must speak and write the central language. To the extent that we encourage people who enter our society not to learn American English, we consign them basically to a life without that opportunity.

Mr. Chairman, in 1975 through misguided sensibilities, we mandated in certain circumstances ballots that would have to be printed in a language other than American English. A nation must conduct its public discourse in a central language, and through history our central language happens to be American English. It could have been American Spanish or American French.

The most basic public function that we have in this country is the conduct of our elections. To be eligible to vote in our elections, one must be a citizen. In order to be a citizen one must be able to speak and write American English, our central language. We can speak, read, or use any other language we wish; but when we conduct our official business, we ought to and must conduct it in that central language.

This bill repeals the Federal mandate for ballots in languages other than American English. This may not be good politics, but it is good policy. While we can encourage the diversity that makes us strong, we must come together under one language and speak that language so that we can communicate with one another. And that one language that each citizen is required to know in order to vote must be the only language of our public discourse and our most basic public act, voting.

I commend the gentleman from California and the gentleman from Florida for their leadership in bringing this legislation forward. I believe it addresses a serious problem where our society is dividing ourselves according to languages. We must bring ourselves together under one language, American English, and I would encourage all Members to support the legislation.

Mr. CLAY. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Chairman, I rise in opposition to this unconstitutional bill being proposed by the previous speaker, the chairman of the Human Rights Caucus.

Mr. Chairman, please tell me what this bill is about? I believe that this bill is about denying and restricting freedom of speech as well as the right to vote. This bill violates the first amendment and the spirit of the Voting Rights Act which was written to overcome discrimination.

In this body, we vote to protect free speech for just about everyone and everything: It's OK to have pornography on the Internet; it's not OK for colleges to censor student newspapers; it's OK for newspapers to lie about us. We guarantee rappers the right to free speech, but we do not want to guarantee the right to free speech in another language.

Mr. Chairman, one-half of the world's population is Asian. One-fourth of the world is Chinese. One-fourth is African, and one-eighth is Nigerian. Americans make up only 4 percent to 6 percent of the world's population.

Until today, Congress has acted to expand trade with our neighbors to the south, east, north, and west. Now, we are turning our backs on 96 percent of the world; most of which is nonwhite, nonchristian, didn't have anything to do with the *Mayflower*, and has no paranoia about the English language losing its place in the world.

Mr. Chairman, segregationists have always fought against equal rights. Even the record of this Congress shows how difficult it has been to expand basic rights: A member of the other body, who will be running for reelection at the age of one hundred, set a record for the longest filibuster in history when he opposed the Civil Rights Act of 1964—every Member of this body must recognize that the civil rights act outlawed poll taxes which prevented poor Americans from voting because they could not afford the tax needed to register.

So far this Congress is known for similar egregious actions, a senior Member of this body honored a former Member of the House who was a champion of segregation, the late Howard Smith of Virginia. today, unless this bill is defeated, we will be denying people the opportunity to understand the ballots before them. It causes me no little confusion, Mr. Chairman, that the sponsor of the bill repealing bilingual ballots is the chairman of the Congressional Human Rights Caucus. I ask this body that when we look at countries around the world which have persecuted their minorities, when we tell the Serbs to respect the rights of ethnic Albanians, how foolish is it that we are attempting to pass legislation such as this?

Mr. Chairman, every Member of this body should stand for liberty, equal protection, and free speech. I urge my colleagues to oppose this bill. This bill will represent the first time that Congress has narrowed the Voting Rights Act.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. I thank the gentleman for yielding this time to me.

This bill has an important, I think, both political and policy question. I do not want to diminish those importances, but I do think the bill is disingenuous despite its importance. I do not accuse any of my colleagues of that, but I think the bringing of the bill to the floor at this time is, as the American people understand it, motherhood, apple pie, the flag; those are great election year issues.

I have been here 18 years, and some Members of Congress bring those issues to the floor just before election. I think that is why this newest motherhood type issue, the traditional wonderful English language, is now being brought to the floor in this form.

Of course, a common language encourages unity. People on both sides of the aisle agree with that. There is no argument about that. Of course, a common language promotes efficiency in our vital system, private system and economy. There is no debate about that. Of course, immigrants should learn to speak the English language. That is why 97 percent of the people in this country can speak English or are on a waiting list learning to speak English.

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So what does this bill achieve? The listening public needs to understand that this bill does not affect spoken language whatsoever. If you do not speak English, that is fine. With English as the official language, we do not stop you from speaking any other language in this country, because even an arrogant Congressman would understand you cannot stop people on the street or in their homes from speaking the languages they will.

What does the bill do? It says the Federal Government may only print its official documents and information in English; that is, most of it in English. It even has some exceptions to that. Then what does it achieve? After all, only .06 percent of documents and information are now printed in other than English. So what does it achieve? Motherhood, apple pie, and English.

Mr. DIXON. Mr. Chairman, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I rise today in strong opposition to this legislation. The Republican .leadership wants to use this offensive measure as its latest wedge issue to divide the American people. English is the official language of this Nation. Newcomers to our great country struggle day in and day out to learn our language and to become full members of our society.

I want to share with the Members something about the personal struggle of an immigrant, my father, who knew something about this issue. Ted DeLauro, an Italian immigrant, came to this great nation from Italy at the age of 13. He came eagerly, in pursuant of the American dream, a good education, and economic prosperity.

Tragically, my father had to give up part of that dream, an opportunity for an education. He left school in the 7th grade simply because he could not speak English. In class he confused the word "janitor" with the Italian word "genitori," which means family. He defined the word "janitor" as meaning parents. His teachers and his fellow students ridiculed him and made him feel alone. He was so humiliated that he never went back to school. That event touched him, it touched my family deeply, and it changed our lives.

English is the official language of the United States. New residents of our country want desperately to speak the language and to assimilate. If we are truly interested in codifying the importance of English, we should increase resources for bilingual education in our schools, reach out to residence who are struggling to learn the language, and ironically, this majority leadership, that claims to want to enshrine English as the language of all our residents, has cut bilingual education for thousands of students trying, like my father did, to fit in and to contribute to American life. It is shameful.

My father's story should never be repeated. Children should never have to quit school because they cannot understand the language. This people's House should reject this attempt to divide our country. Vote against this bill.

Mr. CUNNINGHAM. Mr. Chairman, I yield 1 minute to the gentlewoman from Nevada [Mrs. VUCANOVICH], chair of the Subcommittee on Military Construction of the Committee on Appropriations.

Mrs. VUCANOVICH. Mr. Chairman, I rise in support of H.R. 123, the English Language Empowerment Act of 1996. The Federal Government has an obligation to ensure that non-English speaking citizens get a chance to learn English so they can prosper and fully partake of all the economic, social, and political opportunities that exist in this great country. The English language empowers each generation of immigrants to access the American dream. Studies have shown that people who learn English earn more for their families, are better able to move about and interact in society, and can more easily build a solid future for themselves and their children.

H.R. 123 is a good bill, it requires that all citizenship naturalization ceremonies be conducted entirely in English. This bill states that the enactment of this legislation shall not preempt any law of any State. It would not restrict the use of foreign languages in homes, neighborhoods, churches, or private businesses—only the Government sector. I urge my colleagues to vote "yes" on this legislation to designate English as our Nation's official language, and unite our Nation of many immigrants to be one.

Mr. DIXON. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas [Mr. THORNTON]

Mr. THORNTON. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in opposition to this legislation, which comes with a nice title, a ringing kind of phrase that our sentiments might want to endorse. But our discourse is not limited to "English". We use concepts expressed by words like "libèrté" French; "equality" from the French "egalité"; "justice," from the Latin. Our language is enriched by the addition of words and phrases from other languages.

We should be talking today about how to improve and accent American values. We should not be trying to make restrictions on how people talk. People in Arkansas may speak more clearly sometimes than people in other parts of our country, and we may use words that would not be in a lexicon. There should be no effort to limit our ability to express ourselves fully and completely.

I am pleased that the President of the United States has indicated that, if passed, he will veto this bill.

Mr. CUNNINGHAM. Mr. Chairman, I yield such time as she may consume to the gentleman from Connecticut [Mrs. JOHNSON].

Mrs. JOHNSON of Connecticut. I rise in support of the bill, Mr. Chairman, but will urge that its specific problems be addressed in conference.

Mr. Chairman, I rise today to acknowledge the difficult task faced by Chairman GOODLING and the members of the Economic and Educational Opportunities Committee in the drafting of this bill. Since 1981, Congress has attempted, with my support, to establish English as the official language of the Government of the United States. The United States is unique for many reasons, including its commendable cultural and ethnic diversity. But while we welcome all the diverse populations that decide to make America their home, we must also bring all Americans together by uniting under our most important common denominator—the English language.

For this reason, I support the provisions in this bill which would require the Federal Government to conduct its official business in English and produce most official documents in English. We must provide some relief from the burdens and costs associated with the additional printing now required of the Federal Government.

However, I am concerned that the committee has not made clear exactly which Federal documents would be affected by this bill. While only 265 of the approximately 400,000 Federal documents currently printed are printed in multiple languages, agencies must have clearer guidelines as to which documents would fall under this bill and which documents would be exempted. I am pleased that, under this bill, all documents dealing with public health and safety could still be printed in multiple languages. But where, for example, would documents issued by HUD fall? Would those not fluent in English still be able to receive information on housing discrimination? Or receive information on workplace discrimination from the EEOC? These are the issues I would like to see made clear in conference committee. We must take a careful look at which documents would be impacted by this bill.

In addition, I am troubled by the provisions which would repeal the Federal requirement for bilingual ballots. The Voting Rights Act was amended in 1975 to include these ballots and for good reason. Since the founding of our Nation, many Americans have been deprived of their inalienable right to participate in the democratic process by negating, either legally or illegally, their right to vote. We have seen States make voting difficult for certain populations by implementing poll taxes, literacy tests, and by designing complex balloting procedures. Bilingual ballots guarantee that no American citizen is denied the fundamental right to vote because of a lack of fluency in English.

It was only 4 years ago that Congress reauthorized bilingual ballots for the next 15 years. I supported that reauthorization back then and do not support any attempt to repeal that mandate prematurely.

However, I support the overall goals of this bill. We must be sure all of our citizens can understand our public discourse and enjoy the benefits of a common language. In order to meet this goal, though, we must strengthen our bilingual education programs and work to reduce the long English class waiting lists that our legal immigrants and newest citizens are faced with as they try to assimilate into this country. If we want well-informed citizens participating in the political process, we must make it easier for them to share our language. This is how we increase fluency—not by denying citizens their full political rights.

Mr. CUNNINGHAM. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. BILBRAY].

Mr. BILBRAY. Mr. Chairman, I stand in strong support of this legislation. I would just say to my colleagues, come to San Diego and see the stacks of bilingual ballots.

Mr. Chairman, last month there was a lady in my county named Mrs. Velazquez who was sworn in as a new citizen. I do not know what her position is on this, but I know what her position was on being sworn in as a citizen. She wanted to be sworn in as an American who speaks English. She did it as English, so that she could be mainstreamed. The fact is, the common language of English is the place where we can meet, the mainstream.

I know no reason morally that we can say we want to divide and make sure people do not meet in the mainstream. But, Mr. Chairman, we should remember the fact that when immigrants want to be mainstreamed, they choose the English, and we should do everything we can to encourage that. There are those that would want to encourage to divide.

In the past, the people of California have been brave enough to pass an initiative to say English should be our common language. Mr. Chairman, let us be brave enough to do the same, as California did a long time ago.

Mr. DIXON. Mr. Chairman, I yield the balance of my time to the gentleman from New Jersey [Mr. ANDREWS].

The CHAIRMAN. The gentleman from New Jersey [Mr. ANDREWS] is recognized for 2 minutes.

Mr. ANDREWS. Mr. Chairman, today there are 40 million Americans with no health insurance. There are millions of Americans who will go to bed tonight with a knot in their stomach about whether they get a layoff notice tomorrow at their jobs. There are rivers that need to be cleaned, highways that need to be built, seniors who need health care in their homes, and what are we doing this afternoon? We are passing a law that says it is illegal for the Federal Government to print a document in a language other than English. If I have ever seen a solution in search of a problem, this is it.

I know, Mr. Chairman, what this is really about. It is about millions of Americans who are sick to their stomach and worried to death that they are going to lose what they have worked for their whole life. What is the solution? It is to beat up on and demonize people who do not look like we do or talk like we do.

Mr. Chairman, if we want to do something to address the real problem of those very real people, then give paid leave to people so they can leave work and take care of their children, stop corporations from raiding the pension funds of their employees, provide health benefits for every working American in this country, fund bilingual education, so people can read and write the English language, and put our constituents back to work.

This is a shameless and shameful attempt to take the real anxieties of real people and direct them at people who are not like some of the rest of us. We are better than this bill. We should have aspirations better than this. Should, God forbid, it become law, I urge my colleagues from the Republican and Democratic party, from urban, rural, and suburban districts, be better than what is behind this bill. Vote no, and let us get to work on the real problems of the American people.

Mr. CUNNINGHAM. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from California [Mr. CUNNINGHAM] is recognized for 3 minutes.

Mr. CUNNINGHAM. Mr. Chairman, the last speaker said that we intend to beat up, demoralize. My colleagues on the other side, we have gone through this legislation, and I have sat down with them. They know there is no intent or nothing in this bill that would do that. This is an honest attempt to combine and empower the American people, and especially those that have limited English skills to help them.

Mr. Bill Emerson, the late Bill Emerson, has 200 cosponsors on this bill, 200 cosponsors. They are not mean. They are not after anybody's hide. But they believe that we can help the American people. Bill Emerson did not have a mean bone in his body. I would say that instead of divide, in one of the hearings a gentlelady from India said that when the British were there, that there were over 300 and some languages in India and more than that in the dialects, and they actually adopted a foreign language, English, as their common language when the British were there, and it tied that country together. When the British pulled out, and even today, those different groups are segregated and India is gridlocked because they do not have a common language.

My wife teaches Spanish. Both my daughters are fluent in Spanish. I want to send them, if I can afford it, to Spain or Mexico City. I want them to immerse, because I do believe that the future of this country involves trade, it involves that we learn a lot of different languages.

The gentleman said that we cut the program for education. No what we cut is the Federal Government. We send the block grants down to the States and allow actually more money, and take away the Federal rules and regulations from the education process.

Governors have told us they can do a better job.

I look across the Nation, and there are 320 languages in this country and a thousand dialects. We encourage those folks to learn, and I want Spanish-speaking or Chinese-speaking, I want them to speak those languages at home. This bill does not prohibit that. What the bill does, it says that the official language of the government, of the Federal Government, shall be in English. That empowers people, just like the example that I used that for our swearing-ins.

The bill says that when a person is sworn in as a citizen to this country, to the United States of America, that that be done in English. To me that is a powerful, that is a very powerful symbol. That is not mean-spirited, that means to empower those individuals.

In my own district, many people do not speak English. They are not empowered. I ask support for this bill.

Ms. VELÁZQUEZ. Mr. Chairman, I rise today, amazed by how far some will go to unravel our country. H.R. 123 should be called the Linguistic and Voting Deprivation Act, not the English Language Empowerment Act. Instead of providing language minorities with the opportunities to learn English, this legislation will cost our Nation one of our most valuable resources—our diversity. I urge all of you to support English Plus.

Earlier in the year this House took opportunities away from our limited-English children by cutting funding for bilingual education. Today with the passage of this legislation, we are making the chance for a better life nearly impossible.

As a Representative with one of the highest immigrant and language minority populations in the country, I know the difficulties that language minorities face day in and day out. H.R. 123 will have the effect of further isolating my constituents who speak primarily Chinese or Spanish. To make matters worse, without bilingual ballots, these constituents will be completely unempowered.

As elected officials, our job is to make democracy work by reaching out and serving all our constituents—not just those who speak English only. Language minorities are some of our society's most vulnerable members. They are especially in need of assurance that their civil liberties will be protected.

My colleagues, H.R. 123 will not bring us together, it will only serve to divide this country. Vote "yes" for English Plus.

Mr. MARTINI. Mr. Chairman, I rise today to express my strong support for H.R. 123, legislation that would establish English as the official language of the United States. I believe that English should be the official language of the Federal Government with rules, decisions and laws for the record conveyed in English. As a cosponsor of several English First bills, I would like to commend Representative CUNNINGHAM and the leadership for bringing this important legislation to the floor.

The United States has long been a nation of immigrants. The fact that our country is a collection of different nationalities necessitates some sort of unifying factor in order to provide a national identify. A common language provides that unifying factor. By establishing English as the official language of the United States, it creates a bond that transcends ethnicity. It enables members of a multicultural society such as ours to more easily identify with each other.

It is important to note that this bill requires only the Federal Government to conduct its official business in English. The bill does not forbid the teaching of foreign languages in schools or every day citizens from speaking foreign languages in their homes, place of business or on a walk in a public park. In addition, the bill exempts public health, national security and civil rights actions. This legislation also repeals the Federal requirement mandating certain localities to provide bilingual ballots. However, if H.R. 123 becomes law State and local governments could still conduct bilingual or multilingual elections if they choose to do so. Furthermore, communities would also be permitted to utilize alternative more cost effective methods in an effort to ensure that no American citizen is denied his or her right to vote.

Unfortunately, in an era of political correctness, some people accuse this legislation of being inherently discriminatory. A deeper inspection of the issue reveals that there is no truth to this assertion.

Mr. Speaker, not long ago this body addressed the subject of immigration reform. The establishment of English as the official language of the United States would aid, not hinder, new immigrants in the assimilation process. Emphasizing the use of a common language will enable new immigrants to become more comfortable more quickly with the eclectic American culture. This simple observation denies the naive notion that an official language is based on discrimination.

Declaring English as the official language of the Government of the United States would be both economically and socially beneficially. I urge my colleagues to join me in declaring English as the official language of the United States.

Mr. TORKILDSEN. Mr. Chairman, I rise today in strong support of English as the Official Language of Government Act of 1996.

The English language is one of America's great equalizers. Studies show that immigrants who learn English are better able to build a life for themselves and their families. They typically enjoy greater successes in both their professional and personal lives. In fact, when my grandfather came to America from Norway at the age of 16, he learned English because it was the best way for him and his family to live the American dream.

Diversity is one of our Nation's greatest strengths. The unique cultures, customs, and beliefs that every immigrant brings to our country add to the richness of America. However, without a common thread to bind our society together, America risks losing its sense of unity.

Some will argue that this bill creates social divisions. This is simply not true. H.R. 123 does not prohibit anyone from speaking any language they choose. It simply says that the official language of the U.S. Government is English and that most official business will be conducted in English.

Opponents also argue that the bill infringes on the personal freedoms and rights of all Americans, and ties the hands of law enforcement and other Government agencies to ensure their protection. However, the bill provides specific exemptions for the protection of public safety and law enforcement.

We have seen in Canada what can happen when there is no common language. We cannot allow the United States to become balkanized with ethnic tensions that will only divide our country.

No matter what part of the world we or our ancestors come from, we all came to America for the same reason. We are here in search of the freedoms and opportunities that make our country great. We are here in search of a better life for themselves and their families. In short, we are here because we want to be Americans. The English language is part of the fabric that keeps us together.

Mr. Chairman, I urge my colleagues to join me in support of this common-sense legislation. I yield back the balance of my time.

Mr. BONILLA. Mr. Chairman, I rise in opposition to this bill. The fact is, English is America's language in fact, we don't need legislation to make a fact law.

No one understands the importance of mastering English more than I do. Growing up in a Spanish-speaking neighborhood in south San Antonio, I was lucky enough to have parents who stressed the importance of being fluent in English. My parents understood that English was essential to get work and succeed. My parents' example clearly demonstrated that learning English was essential to first succeed in school, and later in our jobs.

We don't need another Washington mandate, another law with bureaucrats to enforce it to tell us what we all know to be true fact. English is the common language of all Americans, passing or rejecting this legislation will not change this fact. I think it important to get beyond the impassioned rhetoric of this debate and address the facts of this bill, what this bill does and does not do.

This bill basically does two things. One, it restricts the use of other languages by the Federal Government with so many exceptions that it is unclear what in fact would change. At this time less than 1 percent of Federal documents are printed in other languages. Two, it ends the Federal requirement for bilingual ballots. This will have no impact on Texas as our State's electoral code provides for these ballots.

Now let's cover what this bill does not do. It does not promote usage of English. It will not affect commercial and personal communications. It will not increase English usage. It will not serve to bring us together. While I understand that many of my colleagues have good intentions in supporting this bill, millions of Americans do not see this as a well-meaning affirmation of national unity, but rather as a challenge to their Americanism. Until we eliminate this mistrust we should concentrate on promoting English usage rather than passing legislation.

English is America's common language. We do not need a law to prove this. Instead of making symbolic gestures to legislate language, we should take real concrete action to encourage every American to learn English.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to express my support for the Serrano English plus substitute, which expresses the sense of Congress that the U.S. Government should pursue policies that promote English as the common language of the United States while recognizing the importance of multilingualism and working to expand educational opportunities and information resources.

The Serrano substitute would encourage all residents of this country to become fully proficient in English while also encouraging the development of skills in languages other than English—recognizing that multilingualism is vital to American interests.

The Serrano substitute would ensure that the Government continues to provide services in languages other than English as needed to facilitate access to essential functions of Government, promote public health and safety, ensure due process, promote equal educational opportunity, and protect fundamental rights.

Mr. Speaker, this is an issue which impacts not only the men, women, and children affected by such legislation but our Nation as a whole. Our Nation has remained strong and united because, while we do not always agree, we share a common set of democratic ideals and values. Commitment to freedom, equality, tolerance and opportunity—not language—is what holds us together.

Legislation which would establish English as a national language runs counter to our Nation's history and would create a new and unprecedented role for the Federal Government. The Founders of this country recognized the danger of restricting its citizens' freedom of expression. Language, like religion, is an intensely personal form of self-expression which must not be subject to governmental regulation.

Language-minorities do not need to be coerced by the Federal Government to learn English: they already are. According to the Census, over 95 percent of Americans speak English. And current generations of language minorities are learning English faster then previous generations. In Los Angeles, demand for English classes is so great that some schools are open 24 hours a day, and thousands are placed on waiting lists. Also as we should not discriminate against those who speak a single language—English, we should not discriminate against our citizens who are trying to learn English.

Diversity in people and languages is not a national threat, but an advantage. In today's Information Age, we have the ability to connect with individuals across the globe. The movement of people across countries and continents has intensified. Our businesses, too, have increasingly moved into the broader world marketplace where the most influential language is that of the customer. Therefore, the 32 million Americans who speak languages in addition to English are at a competitive advantage.

I urge my colleagues to support the Serrano substitute and resist this attempt to divide our citizenry. Thank you.

Mr. RICHARDSON. Mr. Chairman, the English Language Empowerment Act of 1996, is a bill we do not need. Everybody in American realizes that English is the language of the land. At a time when we are trying to deregulate government, why are we adding more laws to our books?

This bill would not only prohibit the Federal Government from conducting its official business in a written language other than English, but it would repeal a Federal law requiring bilingual ballots for many non-English speaking voters. As a consequence, it will jeopardize the effectiveness of our government and deprive thousands of people of their right to participate in the political process.

In my district alone, one out of every five of my constituents is Native American, and they will be directly affected by this bill. This bill, as proposed, does nothing to protect the already endangered languages of Native Americans and Native Alaskans. Let's be clear, this is a bad bill—but if it has to be considered, I will support Congressman Cunningham's amendment which exempt native American languages. We cannot limit the ability of native Americans to actively participate in the political process.

We should not only allow but also encourage people to speak languages other than English. It is good for our economy and for the advancement of our people. Congressman Cunningham's amendment would improve this bill by protecting native American languages, and therefore, as bad as the overall bill is, we should vote for this amendment.

Mr. FALEOMAVAEGA. Mr. Chairman, I rise in opposition to this bill H.R. 123, to express my concerns about what effect this legislation will have on America, today and in the future.

I am concerned that promoting English as the official Government language in this particular way will result in situations where Americans not yet completely proficient in English will be disadvantaged when it comes to seeking and receiving vital assistance from Government—be it exercising their right to vote, receiving the fullest education possible, health issues, particularly emergency situations—or any other social services.

My strong preference is to look at this issue from another angle. There is no question that English is a language of opportunity and that it is practical to carry out as much government business as possible in this language. In practice this is the case already—the GAO reported recently that between 1990–1994 Federal agencies, other than Defense and State, published 265 documents in languages other than English—less than 1 percent of all the government documents reviewed by the GAO. In reality, about 97 percent of U.S. residents above the age of 4 speak English well or very well. It is the 3 or 4 percent of our population that needs assistance when communicating in English that I am concerned about. Rather than passing legislation which promotes the use of English in a way that can be perceived as exclusive, culturally insensitive and which may result in further marginalization of minorities. I agree with others who have suggested we should instead focus on encouraging all Americans to become proficient in English—through making English language programmers fully accessible to all. It is not socially responsible to pass legislation such as H.R. 123 and expect those who cannot communicate in English—often not because they lack the will to try but because they are simply not enough programmes to go around—to cope without any means of communication with Government, which is after all there to serve the people. I strongly urge my colleagues to focus instead on strengthening our capacity to provide the means for new immigrants and those struggling to learn English to do so.

My second specific concern related to this legislation is an uneasy sensation I have that there are darker political undertones to the desire to promote the use of English only. The legislation is worded in such a way that it appears to be promoting English very much at the expense of other languages. The legislation does not recognize sufficiently the important of multiculturalism in the history of this country, and the strength multilingualism brings to our country today and its place in the emerging global marketplace.

I bring to this debate a unique perspective in that I represent a district where the languages of every day transaction are English and Samoan. Bilingualism is a strength in my constituency and I cannot support legislation that does not adequately recognize this.

Finally, I would like to note that moves afoot in this Congress to declare English as the official language of the United States have attracted the attention of the international community. I refer particularly to a resolution passed by the fourth Polynesian language forum, held in New Zealand in August last year which was supported by government representatives of 13 governments of Polynesia including New Zealand, Cook Islands, French Polynesia, Easter island, Western Samoa, Fiji, and Tonga. The resolution specifically stated its incredulity that the United States, otherwise a world leader in the field of human rights, should even consider legislation such as this. The resolution also reminds us that the international community recognizes the rights of indigenous people to have their languages used officially in government. In addition to the points I have made above in relation to the effect of this legislation on all minority groups in the U.S. this Congress would be wise to reflect upon its obligations to protect the languages and cultures of Native American peoples. We should not forget that the international community is watching, and judging us by our actions.

Mr. MILLER of California. Mr. Chairman, I would like to speak in favor of Mr. CUNNINGHAM's amendment to H.R. 123 that would exempt Native American languages from the provisions of this bill. The Native American exemption, which applies to languages spoken by the more than 557 American Indian and Alaska Native tribes in this Nation, is important for several reasons.

First, we have a fiduciary duty, a binding trust responsibility, to protect and preserve Indian cultures. An integral part of their culture is the ability to speak their own languages, many of which are disappearing or have even been lost. The tribes are making a concerted effort to revitalize their languages, and I believe that without this exemption, passage of this bill would frustrate those efforts.

Second, although the bill contains an exemption for teaching on languages, this does not cover cases where courses or classes other than language, such as history or math, are taught in Native American languages.

Third, the bill as presently drafted appears to leave out cases where elderly Indians, many of whom speak solely in their own tongue, need an interpreter or a Federal employee who speaks a native language in order to get medicine or health care from the reservation clinic, to get food stamp assistance, to get Medicare assistance, or help from the local BIA offices. These are important services and we need to be sure that they remain as readily available to the Indian elderly in the future as they are today.

Finally, we must take all reasonable steps to ensure that Indians are not denied or limited by this bill in their ability to exercise the right to vote. This amendment would ensure that ballots and voting instructions in Native languages and interpreters are available to assist Indians who do not speak English proficiently.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to express my opposition to H.R. 123, which would establish English as the official language of the Federal Government.

Legislation which would establish English as a national language runs counter to our Nation's history and would create a new and unprecedented role for the Federal Government. The Founders of this country recognized the danger of restricting its citizens' freedom of expression. Language, like religion, is an intensely personal form of self-expression which must not be subject to governmental regulation.

Language minorities do not need to be coerced by the Federal Government to learn English: they already are. According to the census, over 95 percent of Americans speak English. And current generations of language minorities are learning English faster than previous generations. In Los Angeles, demand for English classes is so great that some schools are open 24 hours a day, and thousands are placed on waiting lists.

What the sponsors of this and other English only legislation do not seem to understand is that diversity in people and languages is not a national threat, but an advantage. In today's information age, we have the ability to connect with individuals across the globe. The movement of people across countries and continents has intensified. Our businesses, too, have increasingly moved into the broader world marketplace where the most influential language is that of the customer. Therefore, the 32 million Americans who speak languages in addition to English are at a competitive advantage.

This legislation also repeals section 203 of the Voting Rights Act establishing bilingual ballots, which would have a devastating impact on the rights of language minorities to participate fully in the democratic process. The right to vote is one of our most cherished and fundamental rights. It is guaranteed to all U.S. citizens by the 15th amendment to the Constitution and the Supreme Court has long held that the right to vote implies the right to cast an informed and effective vote. To that end, the Court has articulated that constitutional protection extends to all, to those who speak other languages as well as those both with English on the tongue.

In 1975, Congress enacted language assistance provisions to the Voting Rights Act, recognizing that large numbers of U.S. citizens who primarily spoke languages other than English had been effectively excluded from participation in our electoral process. Congressional hearings brought forth evidence that these citizens were denied equal opportunities by State and local governments, resulting in disabilities and continuing illiteracy in the English language.

Repealing these provisions—as Title 2 of this legislation would do—and denying American citizens access to bilingual ballots for Federal elections would effectively disenfranchise a large population of U.S. citizens. In fact, as the number of bilingual U.S. citizens continues to grow the need for bilingual ballots is even greater. Many of these citizens have only recently had the opportunity to engage meaningfully in participatory democracy. Bilingual ballots not only increase the number of registered voters, but permit voters to participate on an informed basis. They not only allow voters who need language assistance to be able to read to know who is running for office, but also to understand more complex voting issues such as constitutional amendments.

Language assistance is not costly. In depth studies show that the cost was either nominal or caused no additional costs. A GAO report indicates that of the 295 responding jurisdictions, the average cost of providing written assistance was 7.6 percent of the total election expenditures, and an estimated 18 States incurred no additional costs in providing assistance. Oral language assistance is even less burdensome, with costs ranging from 2.9 percent to no additional cost.

Mr. Speaker, our Nation has remained strong and united because, while we do not always agree, we share a common set of democratic ideals and values. Commitment to freedom, equality, tolerance and opportunity—not language—is what holds us together. I hope that my colleagues will resist this attempt to divide our citizenry and oppose this bill, however I rise to support the Serrano amendment which affirms English as our common language.

Mrs. KENNELLY. Mr. Chairman, I rise in opposition to this legislation and in support of the Serrano amendment. I believe that English is part of our heritage and history, and that it should remain the common language of the United States. Today, 96 percent of Americans speak English, and I would like to see this grow. I support efforts to encourage and help new immigrants to learn our language.

But H.R. 123 proposes to shut non-English speakers out of so many aspects of life in our society. I am particularly disturbed by its attempt to repeal the multilingual ballot. Minority language assistance has opened up the democratic process to all citizens, and it has increased voter participation among immigrants. Repeal of this provision of the Voting Rights Act only serves to restrict the democratic process and turn this into a nation of exclusion rather than a nation of inclusion.

As has been said many times, America is a nation of immigrants. Diversity of heritage, culture, and language is a source of our strength. The Serrano amendment would permit us to build on this strength, and I urge my colleagues to support it and oppose H.R. 123.

Mr. COX of California. Mr. Chairman, the immigrant experience is central to our national character. It epitomizes the intergenerational improvement inherent in the American Dream. Americans by choice add to the cultural and ethnic diversity we have always celebrated. It is America's unique national trait that from such diversity springs unparalleled unity and strength of purpose.

For nearly four centuries, natives of other lands have come to America to build a better future. But unlike their predecessors, today's immigrants are met with Government policies allegedly concerned with the preservation of their ethnic separateness. Chief among these misguided policies is the mandate of a multilingual government. By discouraging immigrants and their children from using the English language, this policy has erected a linguistic barrier that keeps many immigrants from becoming full participants in the society they have chosen to join. Whatever its putative intentions, a policy of governmental insistence on a multitude of official languages works insidiously to harm the very people it was meant to help.

The use of English is indispensable to immigrants and their children who wish to participate fully in American society and realize the American Dream. As we seek to promote the rich and varied traditions new Americans bring, we must simultaneously work to ensure that all of us share some basis for common understanding. Securing both these important goals requires overcoming the divisive influence of linguistic separatism. English should be and remain the official language of our National Government.

English, our common language, provides a shared foundation which has allowed people from every corner of the world to come together to build the American Nation. Without it, we might never have achieved the cohesion that permits Irish-American and African-American, Asian-American and Hispanic-American, to live in peace and prosperity together as in no other nation on earth.

The experience of two other immigrant nations—Canada and Israel—offers us clear lessons on just how powerful a force language can be in either uniting or dividing a people. These are lessons we cannot fail to heed.

Canada, our neighbor to the north, bears much in common with the United States. Our settlement, founding, and national growth share the same time and place in world history. Our peoples emigrated from the same native lands. But unlike America, Canada has struggled with the divisive issue of language since its earliest days. Though the British won control over French Canada more than a decade before the American Declaration of Independence, they failed then to conquer the destructive force of linguistic separation. The French and English settled throughout North America, but the lesions of language that live on in Canada are healed in our country. Today, centuries after the French settlement of Quebec, the French language serves as a reason for the Québécois refusal to become integrated into a Canadian nation. The continued existence of Canada as we know it is very much in doubt.

Canada chose to make both English and French its official languages. It has striven for decades to foster unity through official multilingualism. The evidence is clear: that experiment is a horrid failure. Linguistic differences have not promoted national harmony, but rather have dramatically increased Canada's cultural and communal divisions. Twice in recent years, Québécois have demanded and won the right to vote on whether they should separate from Canada. And when they did so most recently, in October 1995, only the barest majority—50.6 percent of Quebec voters—managed to save the country from the kind of disintegration that we ourselves avoided in the Civil War. A third vote could be held as soon as next year. Multilingualism has become a dagger pointed at the heart and soul of the Canadian nation.

The largest immigrant-absorbing nation on earth, in percentage terms, is Israel. Millions of emigres from around the world, speaking as many tongues as Babel, have been welcomed there. Israel's founding fathers, in contrast to Canada, have long recognized the centrality of language to their quest to reestablish a Jewish state in their historical homeland.

The Jews who have returned to the Holy Land shared a common history and religion, but they brought with them enough different native languages to threaten all hope of a cohesive nation. While Yiddish, the German-Jewish dialect spoken by East European Jews, at least overcame that group's experience with Russian, Polish, or Hungarian, Yiddish was as alien to the Arabic and French-speaking Jews of the Middle East as was Spanish. And Spanish was just one of the many other languages brought to Israel by immigrants from Spain and Latin America.

Israel has shown the world that the key to uniting a polyglot people is to establish a language of mutual understanding. Unlike America, where our British colonizers left us with an English language that is preponderant throughout the world, Israel had no obvious choice from among the languages of its varied citizenry. So its founders revived a tongue whose heritage they all shared, but which none of them spoke. Hebrew—the language of the Old Testament which had survived as the medium of prayer and religious study, but which had virtually disappeared from secular use—became once again the vernacular of Israel.

Israel did, and continues to do, much more than simply declare Hebrew to be the country's common language. The Israelis put in place an infrastructure to ensure that each and every immigrant will be able to speak this common tongue to his or her new countrymen, and thus become quickly integrated into Israeli society. New arrivals, whatever their age, are strongly encouraged to take an ulpan, the intensive Hebrew-language course typically taught by the immersion method. As soon as possible after their arrival, immigrant children are placed in regular Hebrew-speaking classrooms, and given extra Hebrew-language instruction to help them catch up with their classmates. Those arriving to take degrees at Israel's universities must prove their Hebrew proficiency before graduation, even if their degrees are in subjects—such as French, Russian, or English—that may be taught in their mother tongues.

Just as in America, those immigrants who arrive later in life inevitably remain more comfortable with their mother tongue. And just as in America, the culture and society of Israel is hospitable to such people: The Israeli press includes newspapers published in German, Russian, French, Yiddish, and many other foreign languages. Although none of these foreign languages is the official language of Israel, their use is welcomed in a free society. But Israel's insistence on Hebrew as the national language insures that the children of immigrants quickly become Hebrew speakers first, and speakers of their parents' language second. Although a parent might wish for her children to speak English as well as an American, this does not come at the expense of embracing Israel's language and customs. Immigrants need not abandon their ties to the country of their birth. But if they truly wish to become part of the country of their choice, the linguistic bonds to their new country soon strengthen.

Because Canadians have been unable to overcome the linguistic differences that separate them into distinct Anglophone and Francophone communities, they may not long remain as members of a single nation—despite the essential homogeneity of their population. By stressing a single, unifying language, Israel has built a strong, cohesive society—despite the amazingly diverse composition of its people.

The lesson for America should be clear. Fortunately, the United States already has a common language. We do not need to overcome centuries of linguistic separation, or to find a national tongue to bring our diverse population together. English is our common language, which has enabled us to become and remain the United States of America. We need only ensure that we do not lose it by neglect or inaction.

Many people do not realize that, while English is our common language, government at all levels is actively undermining its unifying function. All of the benefits our Nation reaps from our linguistic harmony will be lost if ill-advised government policies continue to forment linguistic separatism.

Today, American taxes are being spent so that people who cannot understand or communicate in English can nonetheless receive ballots to vote in Filipino, Vietnamese, or Chinese. Federal Government job announcements frequently invite applications from people with limited English skills. Immigrants have even been sworn in as new citizens at a U.S. Government ceremony conducted almost entirely in Spanish. And bilingual education, which purports to aim at bringing students into full participation in our society, has instead condemned them to what the New York Times calls a "bilingual prison."

Under these doctrinaire and disruptive bilingual policies, in too many U.S. schools children who wish to learn English are given only a few minutes of English instruction each day. Ignoring the time-tested wisdom that practice makes perfect, children are taught all day long in the foreign language they already speak, rather than in English. And children who should be moved quickly into mainstream classes are kept in language separation for 7 or more years.

Immigrant parents who have expressed serious concerns about this practice have no recourse. Despite parental fears that bilingual programs do not bring their children fully into the fold of American society, nothing is done to help their kids. That's why dozens of Latino parents at the Ninth Street School in Los Angeles recently pulled their children out of school to protest the education bureaucracy's refusal to teach their children in English.

Bilingual education programs often require teaching children in their native language and discourage the learning of English. These programs are a shameful example of the damage to our society caused by official multilingualism. They are wasteful, discriminatory, and too often produce children who are illiterate in any language. Yet they are perpetuated by a requirement that 75 percent of Federal bilingual education grant money be used for instruction in a child's native language rather than finding the most effective means to assist the transition to English. Instead of helping immigrants and their children achieve the American dream, these policies are condemning generations to isolation—cut off from the boundless opportunity our country offers to those who share the common bond of speaking and writing the same language, and being understood by their fellow citizens.

A 1995 study by Ohio University economists Richard Vedder and Lowell Galloway finds that a lack of English skills has trapped almost 1.5 million immigrants in poverty. And the Department of Labor has found that while 98 percent of Asian males who are fluent in English participate in the labor force, fully one-quarter of Asian males who lack English fluency are jobless. The simple truth is that those who cannot function in our country's predominant language are less able to find jobs. As a result, they are cheated of the opportunity for improvement and happiness that America promises to millions.

Even when non-English speakers are able to find jobs, they can expect to earn a fraction of what others earn. In 1989, immigrant men who lacked English skills earned $233 a week on average, according to the Bureau of Labor Statistics. Those who spoke other languages but were proficient in English earned $449, and those who spoke primarily English earned an average of $584 a week. A 1995 study by the Latino Institute has confirmed that the ability to speak English can make the difference between a low-wage job and a high-wage managerial, professional, or technical job.

These facts paint an unmistakable picture. Immigrant communities themselves recognize what must be done: According to the U.S. Department of Education, 42 percent of new enrollees in adult education are signed up for classes in English as a foreign language. Almost all of those enrollees—97 percent of them—were born outside the United States.

The drive for self-improvement these students demonstrate reflects an understanding of what America itself must not take for granted: that language is the foundation on which all human interaction rests. In America, where the principal language of interaction is English, its use and active promotion through Government policy can pave the way for unprecedented opportunity and national prosperity. But just as a common language opens the door to communication, so too the lack of it erects a barrier not easily overcome. If the common bond of a national language is neglected and denigrated long enough, experience teaches that the Nation itself will ultimately suffer. Such an important key to realizing the American dream ought not be kept from those who come to the United States.

As we continue to welcome new Americans to our shores, we must ensure that misguided national policies do not undermine the important role of a common language of national understanding. English as the official language of our Government encourages its use by all Americans, so as to secure brighter opportunities and a better future for us all.

Mr. VENTO. Mr. Chairman, I rise today to oppose this legislation, H.R. 123. This measure would establish English as the official language of the United States, an unnecessary move that would only serve to polarize our communities and segregate those for whom English proficiency may not be so easily attained. This underlying measure is a solution in search of a problem, which is more likely to disrupt and deny the rights of U.S. citizens than to enhance the rights of Americans.

This measure is unnecessary. In America, English is already our common language, and making it official will do nothing to increase its use. Custom and practice of our language will not be enhanced by such cumbersome forced feeding. Even in Government, this holds true. For example, the General Accounting Office has reported that 99.94 percent of U.S. Government documents are printed in English only. While I communicate mostly in English to my constituents in the Fourth District of Minnesota, I do occasionally send correspondence in other languages. The original legislation would prevent my office, or any congressional office, from sending non-English correspondence to our constituents. These citizens deserve equal representation and access to their Federal Government, and denying Congress the ability to communicate with them limits their rights and privileges under the law. An amendment to be offered will address this problem, which this House will adopt, but what about the Department and Agencies employees who this measure ties into knots so people are denied help and service.

While restricting the ability of the U.S. Government to adequately communicate with certain Americans, this bill ironically does nothing to provide opportunities to those with limited English proficiency in order to help them learn our language. In fact, the fiscal year 1997 Labor, Health and Human Services, Education appropriations bill recently passed by the House cuts bilingual and immigrant education programs by 11 percent. This funding reduction, if taken together with this bill, would pull the rug out from under the majority of immigrants who are diligently attempting to learn English and further aggravate and polarize existing language barriers in this country.

The main public school system in my district, St. Paul Public Schools, is already struggling to provide this English language instruction to its limited English proficiency [LEP] students, the majority of who are Southeast Asian. The school district has over 6,500 LEP students and only 150 LEP teachers. This limits the number LEP instruction hours per student and increases student-teacher ratios to 60 to 1 in most classrooms. These budget strains will only become greater in the future as the student population with limited English proficiency grows, and it is, by any measure, the fastest growing population of students in the St. Paul Public School System. Clearly, more resources are needed in these areas and in educating adults who are new arrivals to the United States. This opportunity must be presented to these citizens, not the punitive denial of access to their Federal Government.

No one is suggesting that learning English is unimportant in the effort to live, work, learn, and earn in the United States. We must remember, however, that our Nation is comprised of people from many diverse cultural backgrounds. Legal mandates denying them access to some Government documents and other materials in their native language could prove to be detrimental to the rights of these citizens who are not fully proficient in English. The Federal Government should not be in the business of creating new barriers to integration within our society in this manner.

America's unity comes for hard work, dedication, and pride in our Nation and its citizens, not only from a common language. Historically, a high percentage of U.S. citizens once spoke poor or no English, but with patience and good will, these European immigrants were accommodated. How, this measure exacts a punitive action against those who today face English language barriers. What is this Congress afraid of? Have the people's representatives no confidence in our culture, institutions, or customs that we must set in law in essence a punishment for fellow citizens who need help in other languages such as Spanish or Hmong? This would simply alienate new citizens from their government, and segregation and isolation is surely not the goal we seek. Quite the contrary we seek tolerance and cooperation. Rather, we should integrate and honor our differences and recognize a person's need and right to be assured that their basic rights are protected. We will do more harm than good by imposing requirements that disenfranchise the rights of citizens under the banner of a common English language. If we are to continue to be a nation which accepts diversity and cultural difference, we must defeat this legislation which imposes great risk to the core American values and promise of our society and our great nation the United States of America.

Mr. POMEROY. Mr. Chairman, I rise in opposition to the English Language Empowerment Act.

I cosponsored this bill under the mistaken assumption it was for the purpose of designating English as the official language of this country.

I now understand the bill goes far beyond this purpose and would attempt to impose a clearly unconstitutional proscription on the ways in which the Federal Government communicates with its taxpayers. I further object to the provision which has been added to this bill to repeal the requirement of the Voting Rights Act for bilingual ballots in certain areas. As President Ronald Reagan said, the bilingual ballot requirement, "proves our unbending commitment to voting rights."

Since coming to Congress, I have consistently worked to include more Americans in the electoral process. This bill discourages participation for many Americans, and I find that unacceptable.

In summary, I believe this bill does not effectively promote English as the official language, but has an unacceptable punitive impact on those in the process of gaining proficiency in our common language.

Ms. McKINNEY. Mr. Chairman, Este proyecto de ley es una desgracia y no es necesario. How rude can the Republican leadership be? At a time when America is hosting the world in Atlanta, here we are trying to silence other languages in some kind of perverted, xenophobic frenzy.

Why not ban New York Accent English, or ban Southern English? Who are we to tell the American people—a free and diverse people—which language is the only language for dignity and respect? Are we so insecure about our heritage that we have to lash out at other languages?

And what about the native American languages that were here long before English? Or the Americans who speak cajun?

Mr. Speaker, this bill is just one more example of the hot button politics that dominates this Congress since the Republicans took over. I just wonder who we'll be told to hate next week.

Mr. CONYERS. Mr. Chairman, although the focus of the debate surrounding this legislation has been on the use of foreign languages by immigrants, in reality, the core of the issue concerning minority language provisions of the Voting Rights Act is the constitutional and civil rights of American citizens—both native born as well as naturalized—whose first language is not English. The minority language assistance provisions of the Voting Rights Act have been signed into law and supported by President Ford, Reagan and Bush, as well as Presidents Clinton and Carter. During their most recent reauthorization in 1992, Senator HATCH said that the provisions are an "integral part of our government's assurance that Americans do have . . . access" to the ballot box.

Since the minority language assistance provisions of the Voting Rights Act was first adopted, they have provided a catalyst for increase voter participation in language minority populations. From 1980 to 1990, Latino voter population increased by five times the rate of the rest of the Nation, and the number of Latinos registered to vote increased by approximately 500,000 between 1990–92. Participation statistics for Native Americans also indicate an increase in turnout as a result of minority language voting assistance. Recent studies confirm that nearly three-fourths of Spanish speaking American citizens would be less likely to vote if minority language assistance were not available.

The evidence further reveals that the minority language provisions of the Voting Rights Act are a targeted, low cost method of ensuring the constitutional right to vote. According to the Government Accounting Office, the average cost of providing written assistance is minuscule, costing an average of 2.9 percent of election expenses or less. Seventy-nine percent of the jurisdictions responding to this study reported no costs in providing bilingual oral assistance.

Denying citizens minority language assistance with regard to voting will not force or encourage them to learn English As the late Hamilton Fish, Jr., then ranking Republican on the House Judiciary Committee so eloquently state in 1992, "by enabling language minority citizens to vote in an effective and informed manner, we are giving them a stake in our society, and this assistance . . . will lead to more, not less, integration and inclusion of these citizens in our mainstream."

The most recent reauthorization of the minority language provisions were approved by overwhelming bipartisan margins of 237–125 in the House, and 75–20 in the Senate. Yet, only 4 years later, this bill would repeal these provisions without evidence that the discrimination has ended. I urge opposition to this measure.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise today to express my opposition to the rule for H.R. 123, which would establish English as the official language of the Federal Government.

Legislation which would establish English as our only language runs counter to our Nation's history and would create a new and unprecedented role for the Federal Government. The Founders of this country recognized the danger of restricting its citizens' freedom of expression. Language, like religion, is an intensely personal form of self-expression which must not be subject to governmental regulation.

This is a restrictive rule which does not allow for a number of important amendments, which were offered in the Rules Committee, to be offered on the floor today. I am particularly concerned that an amendment offered by Representatives CONYERS, BECERRA, FRANK, RICHARDSON and myself was not made in order. This amendment would have struck title II from the bill and ensured that no other section of the bill eliminates bilingual election requirements. I also offered an amendment that would have exempted ballots for Federal elections from the bill's official English requirements.

The right to vote is one of our most cherished and fundamental rights. It is guaranteed to all U.S. citizens by the fifteenth amendment to the Constitution and the Supreme Court has long held that the right to vote implies the right to cast an informed and effective vote. To that end, the Court has articulated that constitutional protection extends "to all, to those who speak other languages as well as those both with English on the tongue."

In 1975, Congress enacted language assistance provisions to the Voting Rights Act, recognizing that large numbers of U.S. citizens who primarily spoke languages other than English had been effectively excluded from participation in our electoral process. Congressional hearings brought forth evidence that these citizens were denied equal opportunities by State and local governments, resulting in disabilities and continuing illiteracy in the English language.

Repealing these provisions—as title 2 of this legislation would do—and denying American citizens access to bilingual ballots for Federal elections would effectively disenfranchise a large population of U.S. citizens. In fact, as the number of bilingual U.S. citizens continues to grow the need for bilingual ballots is even greater. Many of these citizens have only recently had the opportunity to engage meaningfully in participatory democracy. Bilingual ballots not only increase the number of registered voters, but permit voters to participate on an informed basis. They not only allow voters who need language assistance to be able to read to know who is running for office, but also to understand more complex voting issues such as constitutional amendments.

Language assistance is not costly. In depth studies show that the cost was either nominal or caused no additional costs. A GAO report indicates that of the 295 responding jurisdictions, the average cost of providing written assistance was 7.6 percent of the total election expenditures, and an estimated 18 States incurred no additional costs in providing assistance. Oral language assistance is even less burdensome, with costs ranging from 2.9 percent to no additional cost.

Mr. Speaker, our Nation has remained strong and united because, while we do not always agree, we share a common set of democratic ideals and values. Commitment to freedom, equality, tolerance and opportunity—not language—is what holds us together. I urge my colleagues to oppose this rule and oppose this bill.

Mr. BEREUTER. Mr. Chairman, this Member is pleased to express his support for H.R. 123, legislation to declare English as the official language of the United States. This Member not only is a cosponsor of H.R. 123, but also this Member has a long track record of cosponsoring comparable legislation since 1985.

Non-English speakers in a society where English is the predominant language are almost certainly doomed to be at an economic disadvantage in this Nation. One only has to look to the continued, divisive problems in Canada, Belgium, or other bilingual nations to realize that the United States would be well advised to avoid such a situation. Despite the lack of political courage among a few Representatives and Senators who represent border States, it is high time that Congress act on this matter.

This bill eliminates the existing Federal mandate for bilingual ballots; however, it does not make bilingual ballots illegal. Therefore, a State may continue to provide election ballots in more than one language, but only if the State so chooses. Additionally, H.R. 123 requires that all citizenship naturalization ceremonies be conducted entirely in English. The legislation does not prohibit Members of Congress, Federal Employees, and Federal officials from communicating orally with others in a foreign language. Sensible exemptions are allowed under this bill for teaching of languages, national security issues, international relations, trade and commerce, public health and safety, rights of victims of crimes or criminal defendants, and for census purposes.

Mr. Chairman, this Member strongly urges his colleagues to vote in favor of H.R. 123.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Chairman, I rise in opposition of H.R. 123, the misnamed English Language Empowerment Act. Mr. Chairman, English-only laws, especially eliminating ballots in other languages, will disconnect millions of Americans from their Government. Denying citizens minority language assistance in voting will not force or encourage them to learn English. On the contrary, it will lead to less integration or inclusion of these citizens in mainstream society.

According to the U.S. Bureau of the Census, over 97 percent of Americans can speak English. Research has illustrated that today's immigrants are learning to speak English even faster than previous generations. Publications and information materials in other languages allow those who are learning, but not yet fluent in English, the opportunity to participate in our democracy by making informed decisions. Laws to make English official in all governmental services and departments is an avoidance and dismissal of the fact that above all institutions, our Government should respect the differences in our social mosaic. Providing multi-lingual services promotes participation by all persons in this country and recognizes that people who contribute to our tax base should have access to services for which they are eligible.

Mr. Chairman, another concern of mine is that as we force non-English speaking Americans to learn the English language, we hinder their efforts to learn English by eliminating funding for bilingual education programs. Rest assured, Mr. Chairman, that I will continue to preserve our American heritage, however, I cannot deny that the American heritage has been enriched by the culture of other nations.

Mr. Chairman, I urge my colleagues to defeat this divisive bill. I yield back the balance of my time.

Mr. SERRANO. Mr. Chairman, I stand in strong opposition to H.R. 123, the English Language Empowerment Act and in support of the Serrano English Plus substitute. H.R. 123 is devisive, unconstitutional, and unnecessary.

Supporters of this legislation say that it simply declares English as the official language. I contend that that is not true and that that bill's reach is far-reaching. Section 163(b) of the legislation states that "No person should be denied services, assistance, or facilities either directly or indirectly provided by the Federal Government solely because the person communicates in English." H.R. 123 provides an entitlement for those that speak English and permits citizens to sue. But what does that really mean? Well, at federally sponsored programs or benefits would have to be in English. If the Federal Government directly or indirectly supports opera, community cultural festivals, and even sports events like the Olympics, taxpayers are entitled to receive all federally sponsored services in English or they can sue.

The English-only requirement also would place restrictions on Internet communication. Because the Federal Government operates Internet servers, a Federal Web site that links into multilingual or non-English pages would indirectly provide services in other languages—depriving citizens of their right to English services—and would subject the Federal Government to frivolous lawsuits.

Telecommunications and broadcasting are not exempt from the bill's provisions. The Federal Government regulates telecommunications and grants, sells and regulates broadcasting licenses. Under the requirement of this bill, the Government would be prohibited from granting licenses to foreign language stations without the threat of a suit.

Even law enforcement could be handicapped by H.R. 123. While non-English languages may be used for reasons of public safety and to protect the rights of victims of crime or criminal defendants, what about the work that is done where neither the criminal nor the victim is identifiable? Much of the investigative work done by the FBI, DEA, and ISN falls into this category.

The substitute I will offer is the modified text of a bill of which I am the primary sponsor, House Concurrent Resolution 83, the English Plus resolution. It states the Government's policy should be to encourage English as our common language, to empower its citizens by encouraging multilingualism, and to promote English proficiency through educational opportunities; but also to avoid infringing on indigenous languages; and to oppose measures that place undue burdens on one's ability to obtain services, representation or protection from the Federal Government because of limited English proficiency.

English Plus maintains that the primary language of the United States is English and that all members of our society should recognize its importance. It proclaims that our Nation's strength lies in its pursuit of justice, opportunity, and diversity. It is unnecessary to legislate what we have established by custom and tradition. Clearly there's no threat to our common language. According to the 1990 census report, 97 percent of the American population speaks English. Of those who speak Spanish at home, 80 percent indicated that they speak English "well" or "very well."

English Plus recognizes that multilingualism is an asset, not a liability to our competitiveness in our global economy. Multilingualism encourages global competitiveness and better international relations. In fact, now more than ever Americans are learning foreign languages. According to a report by the American Council on the Teaching of Foreign Languages, there has been a 5-percent increase in the number of high school students who take foreign language classes and more colleague students are taking an interest in foreign language classes.

We are a nation of immigrants and have built our culture upon that diversity. In fact, the authors of the Constitution drafted the document in both English and German. During World War II, the Korean war, and the Vietnam war, the military used speakers of native American languages to communicate in a sort of unbreakable code. You can see an indication of the history of diversity in this nation if you look around at the names of cities like Los Angeles which is Spanish for "the angels" and Pueblo, CO, which is "City, Red" in English and the Rio Grande, "Big River," one of our natural resources. We have always been a nation with diverse languages and learning other languages should be encouraged.

My substitute opposes the imposition of unconstitutional language polices on the Federal Government and the American people. In 1923, the Supreme Court declared that restrictionist language policies like those in H.R. 123 were unconstitutional. In addition, the Ninth Circuit Court of Appeals reaffirmed that view by nullifying Arizona's English-only policy. While we want everyone to be able to be proficient in English, we must not employ measures that are inconsistent with the Constitution's guarantees of freedom of speech, representative democracy, due process, and equal protection under the law.

The Serrano substitute supports the view that our Nation's strength lies in its pursuit of justice, freedom and opportunity. English-only supporters say that the common bond of our Nation is our language. Nothing can be further from the truth. Democracy—not religious, ethnic, or linguistic uniformity—is what holds this country together. Extremist language policies like H.R. 123 are devisive and racist, uniting people behind misplaced patriotism. Just think of the hardship that it would place on athletes and tourists at the Olympics if services and information were only provided in English. Inhumane policies like those found in H.R. 123, will only encourage divisiveness and resentment and delay full participation of all people in our society.

The Serrano substitute promotes the view that English proficiency is achieved through educational opportunities. Denying services and information will not help one single person learn English. Immigrants and new arrivals want to learn English—I cannot stress that enough. Studies indicate that current immigrants are learning English faster than they did 100 years ago. In California, classes operate 24 hours a day and, in New York, some immigrants must wait up to 18 months to take classes to learn English. In response to that, Republicans in the House passed the Labor, Health and Human Services, and Education appropriations bill which cut bilingual education, the program that teaches children information in their language and gradually makes the transition into completely English language classes. The House also cut the adult education program which provides funds for English as a Second Language classes.

The English Plus substitute maintains that services, information, and government protection should not be denied because of limited English proficiency. Among H.R. 123's provisions is the repeal of bilingual voting ballot requirement. It infringes on citizen's ability to receive information about elections and ballots in a language that they are comfortable with and violates the equal protection clause of the Constitution. In 1993, when I served as chairman of the Congressional Hispanic Caucus, I authored legislation to broaden the requirements under section 203 of the Voting Rights Act, which apply to bilingual voting ballots, which Congress passed with bipartisan support. Even Presidential hopeful Bob Dole supported it. Under H.R. 123 citizens from American territories like Guam and Puerto Rico—who are born U.S. citizens—would be exempt from the bill only while they live in those jurisdictions. Once they move to the States, as many of my constituents did, they will not be able to receive information or services from the Government in Spanish.

My substitute maintains the belief that our democratic process demands the highest level of speech protection. As Members of Congress, it is essential that we be able to communicate, whether in writing or orally, with constituents, colleagues, and other government officials. It is not uncommon to receive requests for information in other languages. H.R. 123 would literally prohibit representatives from communicating in writing through correspondence, press releases, and newsletters, unless it is in English.

While I think that both our bills aim to strengthen our country, the English Plus substitute empowers by encouraging opportunity and diversity while H.R. 123 imposes divisive and restrictive policies that infringe on constitutional rights. My bill affirms that English is the common language of the United States and encourages citizens to learn it. I urge my colleagues to support the English Plus substitute and if it fails, vote "no" on H.R. 123, the English Language Empowerment Act.

Mr. STOKES. Mr. Chairman, I rise today to express my strong opposition to H.R. 123, the English Language Empowerment Act. I am deeply concerned with the impact that this bill would have on the cultural fabric of our Nation.

Mr. Chairman, this bill contains provisions which would not only require Federal documents to be written in English only, but also repeals the current requirement that bilingual ballots be provided in areas with large numbers of non-English-speaking voters. By including this provision, my Republican colleagues are making blatant intrusion into the constitutionally given right to vote.

Mr. Chairman, the proceedings of our legislatures, our courts, our city councils, and the majority of our day-to-day business is conducted in English. Therefore the value of fluency in English is indisputable. Both immigrants and nonimmigrants alike acknowledge the importance of learning the English language. The long waiting lists for English classes at community colleges and adult schools are a testament to this.

Mr. Chairman, instead of isolating immigrants and impeding their integration into society by declaring English as a official language, we should devote our efforts to teaching people English in order for them to become fully participatory members of society. Unfortunately, this bill does nothing to improve immigrants' ability to be educated in the English language. In fact, as Congress pushes to pass this law, it also has slashed essential funding for bilingual education.

Mr. Chairman, the United States has always been a nation which is rich in its blend of cultural and ethnic backgrounds. This bill which seeks to mandate English as an official language misrepresents our Nation's multicultural history by implying that this Nation has always been unilingual in character. Moreover, this legislation fails to recognize the varied needs of our changing population.

Mr. Chairman, I urge my colleagues to oppose H.R. 123 and support giving immigrants the freedom to communicate in their native language.

Mrs. COLLINS of Illinois. Mr. Chairman, the Gingrich Republicans have now apparently adopted the carrot and the stick concept of legislative strategy and behavior. The Gingrich Republicans would rather wield the stick at people who are different and punish them because they are non-English speaking. The stick: read like me, talk like me, or don't try to be like me—successful, confident, self-sufficient. Not a carrot, learn the English language as well as your native language, then you can be more economically competitively because I don't speak your language. Republican stick: I don't want to compete with you on a level playing field and I am in control, so I will make a rule that says you will not ever have a chance to catch up with me.

As if the major political parties of America needed any further demonstration of their differences, H.R. 123 is another prime example from its intend to its description. The Gingrich Republicans labeled it the English Language Empowerment Act, but to the Democrats it is the English-only bill. When we look at the differences in the political parties, this can be another prime example of the arrogant, elitist demeanor of the Gingrich Republicans who do not subscribe to the basic principles of polite society and guaranteed under the U.S. Constitution that we don't all have to be the same to be acceptable.

I support programs to assist immigrants and other non-English-speaking persons to learn the English language. Furthermore, I believe it is important that our Government provide these individuals every opportunity to achieve this goal. However, at the same time, we must remain respectful of the traditions and cultures of those who came to America in search of safety, economic opportunity, a new life. No law should ever be passed which states, or even implies, that immigrants to the United States must give up their native language or traditions. It is, in fact, the intermingling of such diverse peoples which has made our country so great and this must be remembered. I am one of the fortunate Members who is privileged in representing a district that is diverse with a multi-ethnic and multi-lingual constituency. We celebrate our diversity in all things and oppose any efforts to impose a one-size-fits-all mentality for language.

One example of the ill-conceived results of this bill would be to discontinue bilingual ballots. As the cultural makeup of our Nation continually changes, so too must the Government adapt to most effectively serve the needs of all its citizens. In 1992, when Congress passed the Voting Rights Improvement Act authorizing bilingual registration forms and ballots to communities with bilingual populations, there were over 88,000 people in Cook County, IL, who had not previously been able to vote because they were not fluent in the English language. One of the most fundamental rights that we Americans are guaranteed under the U.S. Constitution is the right to vote.

Voting, justice, education, economics, and safety are just some of the areas where language should not be a barrier to access or equality. This bill, in attempting to discriminate against non-English-speaking persons, begins an unfortunate precedent.

I urge my colleagues to defeat this legislation.

The CHAIRMAN pro tempore. All time has expired for general debate.

Pursuant to the rule, the amendment in the nature of a substitute consisting of the text of H.R. 3898 is considered as an original bill for the purpose of amendment and is considered as read.

The text of the amendment in the nature of a substitute is as follows:

H.R. 3898

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "English Language Empowerment Act of 1996".

TITLE I—ENGLISH LANGUAGE EMPOWERMENT

SEC. 101. FINDINGS.

The Congress finds and declares the following:

(1) The United States is comprised of individuals and groups from diverse ethnic, cultural, and linguistic backgrounds.

(2) The United States has benefited and continues to benefit from this rich diversity.

(3) Throughout the history of the United States, the common thread binding individuals of differing backgrounds has been a common language.

(4) In order to preserve unity in diversity, and to prevent division along linguistic lines, the Federal Government should maintain a language common to all people.

(5) English has historically been the common language and the language of opportunity in the United States.

(6) The purpose of this title is to help immigrants better assimilate and take full advantage of economic and occupational opportunities in the United States.

(7) By learning the English language, immigrants will be empowered with the language skills and literacy necessary to become responsible citizens and productive workers in the United States.

(8) The use of a single common language in conducting official businesss of the Federal Government will promote efficiency and fairness to all people.

(9) English should be recognized in law as the language of official business of the Federal Government.

(10) Any monetary savings derived from the enactment of this title should be used for the teaching of the English language to non-English speaking immigrants.

SEC. 102. ENGLISH AS THE OFFICIAL LANGUAGE OF FEDERAL GOVERNMENT.

(a) IN GENERAL.—Title 4, United States Code, is amended by adding at the end the following new chapter:

"CHAPTER 6—LANGUAGE OF THE FEDERAL GOVERNMENT

"Sec.
"161. Declaration of official language of Federal Government
"162. Preserving and enhancing the role of the official language
"163. Official Federal Government activities in English
"164. Standing
"165. Reform of naturalization requirements
"166. Application
"167. Rule of construction
"168. Affirmation of constitutional protections
"169. Definitions

"§ 161. Declaration of official language of Federal Government

"The official language of the Federal Government is English.

"§ 162. Preserving and enhancing the role of the official language

"Representatives of the Federal Government shall have an affirmative obligation to preserve and enhance the role of English as the official language of the Federal Government. Such obligation shall include encouraging greater opportunities for individuals to learn the English language.

"§ 163. Official Federal Government activities in English

"(a) CONDUCT OF BUSINESS.—Representatives of the Federal Government shall conduct its official business in English.

"(b) DENIAL OF SERVICES.—No person shall be denied services, assistance, or facilities, directly or indirectly provided by the Federal Government solely because the person communicates in English.

"(c) ENTITLEMENT.—Every person in the United States is entitled—

"(1) to communicate with representatives of the Federal Government in English;

"(2) to receive information from or contribute information to the Federal Government in English; and

"(3) to be informed of or be subject to official orders in English.

"§ 164. Standing

"A person injured by a violation of this chapter may in a civil action (including an action under chapter 151 of title 28) obtain appropriate relief.

"§ 165. Reform of naturalization requirements

"(a) FLUENCY.—It has been the longstanding national belief that full citizenship in the United States requires fluency in English. English is the language of opportunity for all immigrants to take their rightful place in society in the United States.

"(b) CEREMONIES.—All authorized officials shall conduct all naturalization ceremonies entirely in English.

"§ 166. Application

"Except as otherwise provided in this chapter, the provisions of this chapter shall supersede any existing Federal law that contravenes such provisions (such as by requiring the use of a language other than English for official business of the Federal Government).

"§ 167. Rule of construction

"Nothing in this chapter shall be construed—

"(1) to prohibit a Member of Congress or an employee or official of the Federal Government, while performing official business, from communicating orally with another person in a language other than English;

"(2) to discriminate against or restrict the rights of any individual in the country; and

"(3) to discourage or prevent the use of languages other than English in any nonofficial capacity.

"§ 168. Affirmation of constitutional protections

"Nothing in this chapter shall be construed to be inconsistent with the Constitution of the United States.

"§ 169. Definitions

"For purposes of this chapter:

"(1) FEDERAL GOVERNMENT.—The term 'Federal Government' means all branches of the national Government and all employees and officials of the national Government while performing official business.

"(2) OFFICIAL BUSINESS.—The term 'official business' means governmental actions, documents, or policies which are enforceable with the full weight and authority of the Federal Government, and includes publications, income tax forms, and informational materials, but does not include—

"(A) teaching of languages;

"(B) actions, documents, or policies necessary for—

"(i) national security issues; or

"(ii) international relations, trade, or commerce;

"(C) actions or documents that protect the public health and safety;

"(D) actions or documents that facilitate the activities of the Bureau of the Census in compiling any census of population;

"(E) actions, documents, or policies that are not enforceable in the United States;

"(F) actions that protect the rights of victims of crimes or criminal defendants;

"(G) actions in which the United States has initiated a civil lawsuit; or

"(H) documents that utilize terms of art or phrases from languages other than English.

"(3) UNITED STATES.—The term 'United States' means the several States and the District of Columbia.".

"(b) CONFORMING AMENDMENT.—The table of chapters for title 4, United States Code, is amended by adding at the end the following new item:

"6. Language of the Federal Government .... 161".

SEC. 103. PREEMPTION.

"This title (and the amendments made by this title) shall not preempt any law of any State.

SEC. 104. EFFECTIVE DATE.

The amendments made by section 102 shall take effect on the date that is 180 days after the date of enactment of this Act.

TITLE II—REPEAL OF BILINGUAL VOTING REQUIREMENTS

SEC. 201. REPEAL OF BILINGUAL VOTING REQUIREMENTS

(a) BILINGUAL ELECTION REQUIREMENTS.—Section 203 of the Voting Rights Act of 1965 (42 U.S.C. 1973aa–1a) is repealed.

(b) VOTING RIGHTS.—Section 4 of the Voting Rights Act of 1965 (42 U.S.C. 1973b) is amended by striking subsection (f).

SEC. 202. CONFORMING AMENDMENTS.

(a) REFERENCES TO SECTION 203.—The Voting Rights Act of 1965 (42 U.S.C. 1973 et seq.) is amended—

(1) in section 204, by striking "or 203,"; and

(2) in section 205, by striking ", 202, or 203" and inserting "or 202".

(b) REFERENCES TO SECTION 4.—The Voting Rights Act of 1965 (42 U.S.C. 1973 et seq.) is amended—

(1) in sections 2(a), 3(a), 3(b), 3(c), 4(d), 5, 6, and 13, by striking ", or in contravention of the guarantees set forth in section 4(f)(2)";

(2) in paragraphs (1)(A) and (3) of section 4(a), by striking "or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2)";

(3) in paragraph (1)(B) of section 4(a), by striking "or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision"; and

(4) in paragraph (5) of section 4(a), by striking "or (in the case of a State or subdivision which sought a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision".

The CHAIRMAN. No other amendment shall be in order except those printed in House Report 104–734 or pursuant to the order of the House of today.

The amendments printed in the report may be considered only in the order specified, may be offered only by a Member designated in the report, shall be considered read, shall be debatable for the time specified in the report, equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, except as specified in the report, and shall not be subject to a demand for division of the question.

Pursuant to the order of the House of today, the amendment numbered 1 printed in the report by the gentleman from California [Mr. CUNNINGHAM] may be offered as modified.

The Chairman of the Committee of the Whole may postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on amendment, and reduce to 5 minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes.

It is now in order to consider amendment No. 1 printed in House Report 104–734, as modified under the previous order of the House.

AMENDMENT, AS MODIFIED, OFFERED BY MR. CUNNINGHAM

Mr. CUNNINGHAM. Mr. Chairman, I offer an amendment, as modified.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment, as modified, is as follows:

Amendment, as modified, offered by Mr. CUNNINGHAM: Page 1, line 4, insert before "English" the words "Bill Emerson."

Page 6, after line 5, insert the following (and redesignate any subsequent paragraphs accordingly):

"(2) to limit the preservation or use of Native American languages;"

Page 7, after line 3 insert the following (and redesignate any subsequent subparagraph accordingly):

"(B) requirements under the Individuals with Disabilities Education Act;".

Page 7, line 20, strike "documents that utilize" and insert "using".

Mr. CHAIRMAN. Pursuant to House Resolution 499, the gentleman from California [Mr. CUNNINGHAM] and a Member opposed will each control 5 minutes.

The Chair recognizes the gentleman from California [Mr. CUNNINGHAM].

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Mr. CUNNINGHAM. Mr. Chairman, is there someone in opposition to the amendment to claim the time?

The CHAIRMAN. Is the gentleman from California [Mr. BECERRA] claiming the time?

Mr. BECERRA. Mr. Chairman, while I do not oppose this particular amendment, I ask unanimous consent to control the time in opposition to this amendment. I understand that this request has been worked out with the majority.

The CHAIRMAN. Without objection, the gentleman from California [Mr. BECERRA] will control the 5 minutes in opposition to the amendment.

There was no objection.

Mr. CUNNINGHAM. Mr. Chairman, I yield myself 1 minute.

The Chairman, I think we have agreement on this particular amendment. It clarifies that the bill does not affect native American languages or the Individuals with Disabilities Education Act, that are in IDEA, the special education program, that we want to make sure that children in special education can communicate in this way, and it excludes that.

The intent of H.R. 123 is not to hinder the preservation of native American languages. It is to encourage fluency in the language of American opportunity, English.

This is a technical change that eliminates the limiting reference to documents. This resolves a committee dispute over whether coins labeled "E Pluribus Unum" are documents, and would be authorized.

Mr. Chairman, I reserve the balance of my time.

Mr. BECERRA. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Chairman, I consider this legislation basically an insult to the English language and also un-American because basically it violates free speech and also discourages diversity, which I think is a hallmark of our American tradition.

The legislation has nothing to do with protecting the English language. English is a wonderful language that has survived for years in various places. To think that the language of Shakespeare has to have government help to survive.

How ironic that our Republican friends on the other side want to use government involvement to preserve the English language, which is why I think it is an insult to the language. I consider it un-American because the legislation only has two purposes: first, to make it difficult for government to communicate with its citizens; and, second, to discourage the use of other languages. Contrary to whatever my colleagues might say on the other side, that is the real purpose of this bill.

Mr. Chairman, when I say making it difficult for government ot communicate with citizens, why is it that in my office that I cannot hand out a brochure on this bill in another language? I have people that come into my office that speak Spanish, Italian, various Indian dialects, a whole panoply, really, of people that speak various languages. I should be able to speak to them, write to them, communicate with them however I please, in any language that helps them if they are citizens, which they are. It does not make sense, it is against free speech.

Second, Mr. Chairman, this bill discourages the use of other languages in public and private places. Do not get the idea that the opposite is true. Let me give Members an idea. I never learned Italian, in part because my grandparents did not want me to, but it would be a great asset to me and to my children to know Italian. But if you put out this notion, this symbol, if you will, that people should only speak English, which is what this is about, it discourages diversity, it discourages people form learning other languages and using them. We should be doing the opposite. This is a global economy. People should use languages as an asset. In this country with so many different traditions, we should be encouraging diversity, not discouraging it.

Mr. BECERRA. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. GUTIERREZ].

Mr. GUTIERREZ. Mr. Chairman, despite the red hot rhetoric of those who are trying to score cheap political points, the truth is this. Diversity does not divide our Nation. Bilingualism does not burden our bureaucracy. Using Spanish or Polish or German to contact a constituent, collect taxes or cast a ballot does not lead to confusion. It enhances communication. It adds color and clarity and dignity to our ideas. That brings us closer together.

English-only laws disenfranchise Americans who pay taxes, play by the rules and send their children off to war.

Speaker NEWT GINGRICH often says that words have power. Therefore, by the Speaker's own logic, if you deny specific groups of Americans the ability to use words that are part of their culture, you strip them of their power. Poll taxes and literacy taxes which once stripped African-Americans of their God-given rights have now been reborn, renamed and retargeted to strike at other minority groups.

English only is the Jim Crow of the 1990's. Americans of all backgrounds are its victim. Latinos are certainly its primary targets but English-only is also a threat to Polish and Italian Americans, to Chinese and Ukrainian Americans.

In fact, Mr. Chairman, English only is a threat to America itself. It represents a rejection of America's past. There was a time when immigrants were once called upon to create a culture, not just to conform to it. English only strips America of its future as well. After all, what awaits us if we deny certain voters a role in their government, if we deny certain students the chance to learn? We deny them the chance to pursue their potential and contribute to America. We deny America of its hope.

Mr. Chairman, the United States did not achieve greatness because we all speak with one voice. Our country is great because we can, if we wish, speak with many voices.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. I thank the gentleman for yielding me this time.

Mr. Chairman, this bill is long overdue. I have a question for my colleagues in this Chamber. When you take a look at economic statistics and notice who is earning the lowest income, you will find that the people who are not speaking English, or who are not fluent in English, are at the bottom. Why do you want to keep the people at the bottom of the income scale? Give the people a chance. Give the people a chance to earn a decent income. But first you have to give them a chance to learn the English language.

Everyone knows that the English language is the language of opportunity in the United States. I had a hearing on this bill over 3 years ago, when we were still the minority. Do you know who the strongest supporters are of this bill? The new Americans. We had Latinos from all over America, especially California, come in. They are all for this legislation, because they want their kids to have a chance, a chance that they may not have had. So we are speaking for the new Americans here.

Mr. Chairman, I am not accusing anyone, but I get suspicious sometimes when I hear the politicians get up and speak. They are so out of step with the people they say they represent that it is night and day. I often think that the politicians want to keep these people down, keep them under their thumb.

I think it is about time we liberate the people. Let us give them a chance to learn the English language so they can compete in America. Teddy White, and Arthur Schlesinger both have said that, as we come to the 21st century, the greatest fear they have for our country is that America is breaking up into squabbling ethnic groups. Winston Churchill said a common language is a Nation's most precious inheritance. We want to hand this common language on to our children and to our grandchildren, and to all groups in America.

Mr. Chairman, there are many quotes from distinguished speakers on this issue, but the most insightful quote of all, I think, comes from Linda Chavez. She said, and I quote: For the overwhelming majority of immigrant children, learning English was the first and most crucial step on the road to becoming an American.

Is that not true?

Mr. BECERRA. Mr. Chairman, I yield such time as he may consume to the gentleman from Guam [Mr. UNDERWOOD].

MODIFICATION OFFERED BY MR. UNDERWOOD TO THE AMENDMENT OFFERED BY MR. CUNNINGHAM

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that the pending amendment offered by the gentleman from California [Mr. CUNNINGHAM], the chairman of the subcommittee, be modified by the form that I have placed at the desk.

The CHAIRMAN. The Clerk will report the modification.

The Clerk read as follows:

Modification offered by Mr. UNDERWOOD to the amendment offered by Mr. CUNNINGHAM: In the amendment, strike "Native American languages" and insert "Native Alaskan or Native American languages (as defined in the Native American Languages Act)."

The CHAIRMAN. Without objection, the amendment is modified.

There was no objection.

Mr. UNDERWOOD. Mr. Chairman, I thank the gentleman from California on behalf of the linguistically liberated people from Guam.

Mr. Chairman, I rise today to clarify my intent in offering a second degree amendment to the Cunningham amendment. As a result of my amendment to the manager's amendment, indigenous languages of Native Alaska, native America and the Pacific will be affirmed and exempted from the English-only bill.

The Cunningham amendment clarifies that the provisions of the bill do not affect native American languages. I appreciate the intent of Congressman CUNNINGHAM in offering his amendment and in raising this important issue. Under the Cunningham amendment, however, Native Alaskan is not exempted, and it is not clear which definition of native American is used.

My second degree amendment clarifies that the bill does not affect Native Alaskan or native American languages as defined under the Native American Languages Act. Under the Native American Languages Act, the term "Native American" means an Indian, Native Hawaiian, or native American Pacific Islander.

My second degree amendment ensures that indigenous languages to the United States are not prohibited from being spoken or written in our communities. The amendment is an affirmation of indigenous languages and their contribution to our society. I am pleased with Congressman CUNNINGHAM's willingness to accept this second degree amendment, and for his intent in offering his amendment.

Mr. BECERRA. Mr. Chairman, I yield 30 seconds to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. I thank the gentleman very much for yielding me this time.

Mr. Chairman, I only wanted to make the point with regard to the very important matter which just preceded this, that of these 300 plus so-called foreign languages that we have heard about, almost half of them are native languages, indigenous languages to the original people of the United States, languages that were here hundreds of years before English.

Mr. BECERRA. Mr. Chairman, I yield the balance of my time to the gentlewoman from Oregon [Ms. FURSE].

The CHAIRMAN. The gentlewoman from Oregon [Ms. FURSE] is recognized for 30 seconds.

Ms. FURSE. Mr. Chairman, as someone who came to this country speaking what is termed the Queen's English and when I learned American, I want to point out in an English phrase what this legislation embodies: That phrase is cutting off one's nose to spite one's face.

This country is made up of diversity. This country is big enough to include all the languages and all the people. Let us not cut off our noses to spite our faces.

Mr. CUNNINGHAM. Mr. Chairman, I yield myself the balance of my time.

The CHAIRMAN. The gentleman from California [Mr. CUNNINGHAM] is recognized for 2 minutes.

Mr. CUNNINGHAM. Mr. Chairman, it is not an English-only bill. It is an official language of the Government bill. If it were an English-only bill, it would apply not only to government but to private businesses, to churches, to neighborhoods and homes, and the bill does not do that.

The gentlewoman talks about diversity. We encourage diversity and we encourage other languages, as in my own children. H.R. 123 does not apply to homes and churches, and neighborhoods, and communities, to public health, and safety, national security, international relations, the teaching of languages, the census, certain civil lawsuits, rights of crime victims or criminal defendants, or oral communication by the Federal Government.

Mr. Chairman, when talking about diversity, the census study shows that there are going to be 20 million Americans that either do not speak English or are limited English-proficient. What hope does that person have or that family? None. In my own district, I can walk precincts and go in entire blocks where no one in that house except maybe the child that is going to school speaks English. No one. What help does that child have when they go home on geometry or chemistry? None. It is because the Government has subsidized and sent information, and there is no intent to ever learn English. Some of the people there have been there since 1986 where we waived the rights for illegal coming in. Some of those same individuals have never even left that block. you talk about imprisonment. All we are doing is saying that we want the Government to operate in the official language. I would say that the State and the local have got full right to communicate. In many instances in this bill we do not prohibit the Members from communicating with their constituents. I appreciate Members' support for the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. CUNNINGHAM], as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN. The Chair is advised that the amendments numbered 2 through 4 will not be offered.

It is now in order to consider amendment No. 5 printed in House Report 104–734.

□ 1430

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SERRANO

Mr. SERRANO. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. SERRANO:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "English Plus Act".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) English is the primary language of the United States, and all members of the society recognize the importance of English to national life and individual accomplishment.

(2) Many residents of the United States speak native languages other than English, including many languages indigenous to this country, and these linguistic resources need to be conserved and developed.

(3) This Nation was founded on a commitment to democratic principles, and not on racial, ethnic, or religious homogeneity, and has drawn strength from a diversity of languages and cultures and from a respect for individual liberties.

(4) Multilingualism, or the ability to speak languages in addition to English, is a tremendous resource to the United States because such ability enhances American competitiveness in global markets by permitting improved communication and cross-cultural understanding between producers and suppliers, vendors and clients, and retailers and consumers.

(5) Multilingualism improves United States diplomatic efforts by fostering enhanced communication and greater understanding between nations.

(6) Multilingualism has historically been an essential element of national security, including the use of Native American languages in the development of coded communications during World War II, the Korean War, and the Vietnam War.

(7) Multilingualism promotes greater cross-cultural understanding between different racial and ethnic groups in the United States.

(8) There is no threat to the status of English in the United States, a language that is spoken by 97 percent of United States residents, according to the 1990 United States Census, and there is no need to designate any official United States language or to adopt similar restrictionist legislation.

(9) "English-only" measures, or proposals to designate English as the sole official language of the United States, would violate traditions of cultural pluralism, divide communities along ethnic lines, jeopardize the provision of law enforcement, public health, education, and other vital services to those whose English is limited, impair government efficiency, and undercut the national interest by hindering the development of language skills needed to enhance international competitiveness and conduct diplomacy.

(10) Such "English-only" measures would represent an unwarranted Federal regulation of self-expression, abrogate constitutional rights to freedom of expression and equal protection of the laws, violate international human rights treaties to which the United States is a signatory, and contradict the spirit of the 1923 Supreme Court case Meyer v. Nebraska, wherein the Court declared that "The protection of the Constitution extends to all; to those who speak other languages as well as to those born with English on the tongue.".

SEC. 3. GOVERNMENT POLICIES.

The United States Government should pursue policies that promote English as the common language of the United States and that—

(1) encourage all residents of this country to become fully proficient in English by expanding educational opportunities and informational resources;

(2) conserve and develop the Nation's linguistic resources by encouraging all residents of this country to learn or maintain skills in a language other then English;

(3) respect the treaties with and the customs of Native Americans, Native Alaskans, Native Hawaiians, and other peoples indigenous to the United States and its territories;

(4) continue to provide services in languages other than English as needed to facilitate access to essential functions of government, promote public health and safety, ensure due process, promote equal educational opportunity, and protect fundamental rights; and

(5) recognize the importance of multilingualism to vital American interests and individual rights, and oppose restrictionist language measures.

The CHAIRMAN. Pursuant to House Resolution 499, the gentleman from New York [Mr. SERRANO] will be recognized for 30 minutes and a Member in opposition will be recognized for 30 minutes.

Mr. CUNNINGHAM. Mr. Chairman, I rise in opposition, and I ask unanimous consent that 15 minutes of the 30 minutes I control be controlled by the gentleman from Florida [Mr. CANADY].

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The gentleman from Florida [Mr. CANADY] will control 15 minutes and the gentleman from California [Mr. CUNNINGHAM] will control 15 minutes in opposition.

The Chair recognizes the gentleman from New York [Mr. SERRANO].

Mr. SERRANO. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the discussion we are having today is a classic example of how a nonissue becomes somewhat of an issue in this House. It seems that everyone is saying, on that side of the aisle, that there is a major problem with the English language in this country; that somehow people do not want to learn to speak English; that children are running around this Nation speaking only other languages and not English, and that somehow, unless we here today and later on in the other House protect the English language, the language and the Nation will somehow cease from being the great language and the great Nation that they are today and become something that we will not recognize.

What is interesting about this nonissue being made into somewhat of an issue is that it is totally false. The fact of life is, as has been said on this floor, that 97 percent of Americans, according to the Census Bureau, speak English; that people who come to this country, incidentally, whether with documents or without documents, are coming here for one specific reason. They want to make a new life for themselves and for their children. They leave behind their country, in many cases they leave behind members of their family. Now, does it make any sense that the first statement they hear upon arriving in our country is that they do not want to speak English?

I can tell my colleagues through a personal example that in the Hispanic and the Puerto Rican community when people sit around a dinner table and the issue of language comes up, it is never a plot against the English language, it is a lament about the fact that the children and the grandchildren no longer speak Spanish. Whether it be rap music or rock or soul or the latest dance craze, television, "Nick" during the day or "Nick at Night," whether it is school or the street, English empowers and takes over everyone's life so that English becomes, in fact, the common language.

What we are saying here today is that we want to make it the official language so that I cannot communicate with the foreign minister from Mexico in Spanish or the new president from the Dominican Republic who will be writing to me, as I know he will, in Spanish. I will have to write to him back in English, unless I break rules of this House.

We are sending a message to the world that if they want to speak to us or write to us, they must do it in our language because we are too arrogant to deal with them.

This is a misguided concept and one that is not necessary. My amendment in the nature of a substitute, English Plus, says that English only is unnecessary. It recognizes that English is the language of this land. It encourages all residents and citizens to speak English. It asks Government to help each one of us to learn to speak English, but it also says, my amendment, that we recognize that there are other languages in this country, and that rather than running away from them and being nervous about them, we should recognize them as a resource for our country.

The message should be, sure, there are some of us who speak Spanish and Japanese and French and German, other languages. We will learn to speak English, we will function in English, but if we maintain that second language, we use it as a symbol to the world that we are ready to deal with them; that we are not in a phobia about languages.

What my amendment simply says is that we recognize who we are as a people, but we recognize the diversity in our country and we strengthen that diversity by supporting English as our common and main language, as the language of this country, but also not suggesting that to speak another language, to read another language is a problem.

Now, I could have delivered for Members this speech, whether they think it is good or bad, in Spanish totally, and I could write it in Spanish and I could read it back in Spanish. I do not think the fact that I am bilingual, that I listen to music and lyrics in two languages, that I read literature in two languages has in any way hurt me at all. On the contrary, I think, at times, I may be an asset to this House because I know what people are saying in Latin America. I do not know the translation, I know exactly what they are saying in Latin America and how they are saying it.

Let us not run away from the strength of this country. Let us support this amendment and make English Plus the way of the land.

Mr. CANADY of Florida. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, American society has developed on the melting pot theory. We are a nation of immigrants from diverse backgrounds and cultures who have come together as one people, the American people.

Learning to communicate in English is one of the most important ways in which this coming together, the transformation from the many to one, takes place. Of necessity, each of us or our forefathers have had to learn English in order to succeed. As Americans, we all value our heritage, but we also recognize that as Americans, we must become proficient in English if we are to fully participate in all facets of American life.

The 1975 bilingual ballot amendments to the Voting Rights Act have had the effect, whether intended or not, of encouraging minority language dependency and therefore self-imposed segregation, both politically and culturally.

English is our common language of discourse. In recognition of this fact, now more than ever, the Federal Government has a responsibility to look for things to bring us together as a nation and unify us rather than encouraging further separation along ethnic lines. Ballots are the recognized formal instrument for citizen participation in the electoral process. The ballot's highly official nature gives great weight to all that is written on the ballot. Present this information in English, and the message is unmistakable that English is the official language of our shared public life. It is the language Americans use that affects the future of our Nation as a whole.

A ballot in two or more languages delivers a very different message. It sanctions other languages as coequal to English in the process that determines the future of our Nation. It says that the highest authorities in the land place no special value on the English language as we participate in the central act of democratic self-governance.

In addition, the Federal mandate requiring bilingual ballots is both ineffective and expensive. The county registrar for Yuba County, CA, Mrs. Frances Farey, testified before the Judiciary's Subcommittee on the Constitution that in 16 years she received only one request for a bilingual ballot. She testified that for just three elections the county has spent over $46,000 to comply with the Federal bilingual ballot requirements.

According to statistics from the Census Bureau, voter participation and registration rates by Hispanic voters have in fact decreased, decreased since this Federal mandate was first imposed in 1975. In addition, bilingual ballots are expensive. The Congressional Budget Office estimates that repealing the Federal bilingual ballot mandate will save State and local governments between $5 and $10 million for each election. Finally, as I have stated earlier, bilingual ballots are divisive and harmful to our society as a whole.

The Serrano substitute strips the bilingual ballot repeal from this important legislation. I urge my colleagues to reject government-sanctioned and enforced multiculturalism and to vote against the Serrano substitute.

Mr. Chairman, I reserve the balance of my time.

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FOGLIETTA].

Mr. FOGLIETTA. Mr. Chairman, some of my colleagues, including my friend the gentleman from New York, JOSÉ—I am sorry, should it be JOSEPH—SERRANO, may be surprised to hear this, but I rise to say that I think that H.R. 123 might be a good bill. I would like to propose maybe that we should have a few other amendments to make this bill even better than it is.

I propose that the bill be amended to require that all of our embassies use English as their only language, an amendment also requiring our embassies here in Washington to speak only English.

I propose that we have an amendment barring any Federal money to be paid to interpreters in this Nation.

I propose that we have an amendment requiring that we remove the words "E pluribus unum" off our dollar bills.

I propose that we amend our rules so that when we adjourn we do not say "sine die," or is that "sina dei"?

I propose an amendment that we forbid U.S. companies from doing business in countries where they do not speak English.

I propose an amendment barring the President and Members of Congress from visiting nations where English is not the official language.

And since we are legislating an official language, how about an official religion to go along with it? Come to think of it, why do we not just get rid of the first amendment altogether?

Mr. Chairman, without these amendments, I urge my colleagues to vote against this bill until we get it just right.

We all know that this bill is just as ridiculous as the amendments I just proposed. I urge my colleagues to vote against it and let us get on with the work that our constituents sent us here to do. Meantime, let us vote to support the Serrano amendment.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentlewoman from the great State of Kansas [Mrs. MEYERS].

Mrs. MEYERS of Kansas. Mr. Chairman, I rise in strong support of H.R. 123 and in opposition to this substitute. Every immigrant who has come to this country has known that English is the language we speak here. This bill would just reinforce that fact.

Since the Census Bureau reports that 47 percent of the foreign born population do not speak English well or at all, it seems that this fact needs to be reinforced.

Now, if any of us wanted to move to France or Japan, we would look awfully silly complianing about having to learn their local language. Why is it somehow a horrible violation of human rights to insist that people living here, and especially people who move here deliberately from elsewhere, learn our language?

Federal statutes require right now that every applicant for naturalization must demonstrate an understanding of the English language, including an ability to read, write and speak words in ordinary usage in the English language.

Now, that is tremendously important. Why are we even debating this? It is in the statute right now. There are special exemptions for those physically unable to do so or those over 50 years of age who have resided in this country for 20 years or more.

We are threatening no one by declaring that the official language of this nation of immigrants is english. With so many cultures and so many traditions, none of which do we seek to suppress or denigrate, we need to coalesce around common values. Language is one of these, and so today I hope that we pass this bill making English the official language of this Government.

The bill specifically exempts communications that address health or safety. These are communal concerns. Uniting all Americans with the English language is not anti-immigrant.

Mr. Chairman, I urge my colleagues to vote for H.R. 123.

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from New Mexico [Mr. RICHARDSON], a great Hispanic American from New Mexico, with an interesting name.

Mr. COLEMAN. Mr. Chairman, will the gentleman yield?

Mr. RICHARDSON. I yield to the gentleman from Texas.

Mr. COLEMAN. Mr. Chairman, I rise in support of the Serrano amendment and of course in opposition to that embarrassing legislation known as "English only."

□ 1445

Mr. RICHARDSON. Mr. Chairman, if this bill passes, I would be unable to effectively communicate with 60 percent of my constituents. Hispanic Americans make up 40 percent in my district; native Americans, the first Americans, 20 percent.

Mr. Chairman, I wonder what is going to happen with the cities of Los Angeles, San Francisco, San Diego, Santa Fe? They ought to start thinking about changing their names. What about Dodgerville for Los Angeles?

Mr. Chairman, this is facetious, but realistically what we are talking about is a wedge issue that is not necessary. I think the author of this bill is well-intended and he is a good guy. But, Mr. Chairman, English is not threatened as our primary language. Ninety-seven percent of the population in this country speak English. Newly arrived want to learn English. That is happening.

Bilingual voting ballots are critical for minority populations. Basically what we are doing is totally unconstitutional. It is going to make government inefficient and ineffective. English-only restricts access to services and government.

But, most importantly, this is against our traditions and this is bad business. Forty percent of all commercial decisions in the United States are done in another language. Tourism is critically important. Just think of the spirit of the Olympics right now in Atlanta. We are telling the billions watching the Olympics that English is the only language and the rest of the languages are not important. The most important business in the Olympics is translation service. That is not the message that we want to send to the rest of the world.

Mr. Chairman, English-only will divide this country. It is divisive, it is negative, and it should be rejected.

At a time when intolerance among ethnic groups has become one of the major threats to peace on Earth, and when the global economy requires multilingual skills, America, the land of opportunities, equality and freedom, wants to pass a bill that would jeopardize the very essence of what historically has united this great Nation—tolerance and respect for our differences.

The English Language Empowerment Act of 1996, will not unite or empower America. Instead, it will aggravate racial and ethnic tensions and will hurt our economy.

If we start telling people the language they should speak, we are entering a very dangerous path that could lead to us dictating to Americans the religious and political beliefs they should practice. This will only spark resentment and increase discrimination among ethnic groups causing a tremendous social distress.

If our residents are not learning English fast enough, it is not because we are teaching them in their native language. The problem is that we have failed to provide enough resources to increase the number of English classes so that people can learn our common language.

According to recent estimates, only 13 percent of the demand for English as a second language classes is being met and over 45,000 students are on the waiting lists in major cities like Los Angeles.

This bill does nothing to address this problem. English-only does not improve educational opportunities. Instead, it focuses on prohibiting the Federal Government from using languages other than English when conducting official business.

Yet, this bill will not only increase tensions among ethnic groups and jeopardize the well-being of our economy, but most importantly, it will endanger one of the most sacred American ideals—democracy for all.

Title II of the English Language Empowerment Act of 1996, would repeal a Federal law requiring bilingual ballots for many non-English speaking voters.

Since the founding of our Nation, many Americans have been deprived of their inalienable right to participate in the democratic process by negating, either legally or illegally, their right to vote. Prior to the Civil War, mainly male property owners who were over 21 years of age were enfranchised. After the war, tactics such as fraud, economic blackmail and violence including murder were used to discourage and prevent people of color to exert their right to vote. Some States made voting difficult by designing complex balloting procedures as well as requiring literacy tests.

Decades of popular outcry have forced Congress to pass several laws and amend the Constitution twice in order to protect the voting rights of all Americans. In response to real evidence of discrimination against racial minorities at the polling place, Congress passed the Voting Rights Act of 1965. This act, as amended in 1975, contains bilingual voting provisions that guarantee that no American is denied the fundamental right to vote because of a lack of fluency in English.

Years of struggle by the American people as well as previous congressional efforts to make the ideal of universal suffrage a reality in America will be rolled back by the English Language Empowerment Act of 1996. This act would strip non-English speaking voters of their right to have a voice in the political process by repealing the bilingual voting provisions from the Voting Rights Act. In my district alone, this bill will directly affect 60 percent of the population, which is either Hispanic or native American.

The bilingual voting requirements are a valuable, inexpensive and inclusive tool that ensures that the sacred constitutional right to vote, which is the very foundation of democracy, is enjoyed by all.

Mr. Chairman, I submit the following for the RECORD:

English is not threatened as our primary language: According to the Census Bureau, 97% of the US population speaks English. Furthermore, on 0.06 percent of federal documents are in languages other than English, according to the General Accounting Office (GAO). Newcomers to our country are learning English faster than ever before. In fact, recent estimates indicate that only 13% of the demand for English-as-a-Second-Language (ESL) classes in being met—waiting lists in some major cities exceed 40,000.

Bilingual voting ballots are critical for minority language populations: Title II would have a devastating impact on the rights of language minority populations to participate fully in the democratic process. Removing language barriers is a targeted, low-cost, common sense solution to achieving informed participation, considering the complex language of ballot propositions and voting issues.

Native Americans and Alaskan Natives, Puerto Ricans, The People of Guam and other U.S. territories, and elderly naturalized citizens will be particularly impacted.

According to the Government Accounting Office, the average cost of providing written assistance is minuscule, costing an average of 2.9% of election expenses or less.

Also, according to the Justice Department, since 1975, voter registration and voter turnout have increased substantially as a direct result of existing minority language provisions.

English-only is unconstitutional and makes government inefficient and ineffective: The Arizona "English-only" initiative has been found to be unconstitutional by the Ninth Circuit Court in *Yniguez* v. *Arizonans for Official English*. According to the Courts, it violates the First Amendment right to free speech. The 9th Circuit Court found that employees' knowledge of diverse languages made government more efficient and less costly. The Arizona law and legislation pending in Congress would outlaw communication between elected officials and their constituents in any language but English.

English-only restricts access to services and government: Millions of tax-paying citizens and residents would be unable to access and communicate with their government. That would include residents of Puerto Rico, Native American reservations and U.S. territories in the Pacific, whose right to communicate in a native language is protected by treaty or custom. English-only has nothing to do with improving education or educational opportunities. Instead of facilitating learning and communication, proponents of English-only focus on prohibiting the use of other languages.

This is contrary to the American tradition and is divisive: It is not the English language that unites us, but rather our democratic system based on our rights established by the Constitution of the United States. President Franklin Delano Roosevelt once said, "We are a nation of many nationalities, many races, many religions—bound together by a single unity, the unity of freedom and equality."

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. MENENDEZ]

Mr. MENENDEZ. Mr. Chairman, for the past week and a half we have celebrated the centennial Olympics in Atlanta—a celebration at which over 70 different languages are spoken. Yet, while that celebration of spirit and diversity continues this legislation sends the wrong global message. Don't come visit us, don't trade with us, if you can't speak English. This legislation is a solution to a problem that does not exist and has not existed for the last 200 years.

The strength of our language is its diversity. If you study linguistics, then you know that English is really two languages of Germanic and Frankish origin. That is the strength of our language—its dynamism. It has absorbed thousands of words from other languages. The coffee you drank this morning is an Arabic word. Most of our vocabulary is actually Latin. Our medical terms are Greek absorbed wholesale.

Knowledge and command of English is important. Every immigrant to this country understands the economic motivation for learning English. Without it they may survive, but they will not thrive.

As today's world becomes increasingly integrated and inter-dependent it is short-sighted and ignorant to believe that policies of isolationism and protectionism will serve America in the 21st century. They limit our ability to interact in the growing world market place, they bolster ethnic and racial tension and they diminish the character and strength that America is known for world wide—our diversity.

Lastly, Mr. Chairman this bill is unconstitutional. In 1923 the Supreme Court found a similar case unconstitutional. The court said,

> The protection of the Constitution extends to all, to those who speak languages as well as those born with English on the tongue. Perhaps it would be advantageous if all had ready understanding of our ordinary speech, but this cannot be coerced by methods which conflict with the Constitution. . . .

The American language needs no defense or protection. Those who promote this type of legislation are the "Down on America" crowd. They are threatened by change. They are the voice of exclusion and peddle a divisionism that is truly un-American. Discrimination based on language is as strong as that based on race.

I refuse to be down on America. I believe in the dynamic liveliness of America and our culture. Our culture is the gift of all the rich cultures that built this Nation. Why do you think people around the world look to America, listen to our music, watch our films, follow our news? Yes, let's promote English—but, let us not divide America.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BILBRAY].

Mr. BILBRAY. Mr. Chairman, "From many, one". It does not say, "From many, more". It says that we may have diversity, but we have to have a common ground, a common language, that meeting place.

Now anyone who feels that that is some kind of antiquated idea, all we have to do is go look to our friends to the north and look at the strife in Canada caused by people who are divided based on the languages they use because they do not have the common bond that we have practiced for so long in America and which has created the cherished experience we call the American way of life.

Mr. Chairman, I just wonder why people hide behind a term like "multiculturalism" when they do not want to admit what it really means. I live on the Mexican border. I live in an environment where I see people speak different languages. But I also see what happens to people when they do not have that common language of English to be able to move them up.

Mr. Chairman, I see those that are deprived of equal access to economic opportunity and those who would do that for political gain.

Now, I want to present into the RECORD a grand jury report done about a school district in my county that verified there was a conscious effort done in the name of multiculturalism to make sure that the children in that school district did not learn English, did not have access to the common language.

Mr. Chairman, the only way I can find any justifications for this is that there are people out there who want to divide us, who want to separate us for whatever reasons. Maybe it is easier to manipulate them politically, maybe it is easier to isolate them for economic reasons. But I think that we have got to recognize that all we are saying here today is: Let us not divide us. Let us not make more from many. Let us remember that we need that common ground, that one where we all can meet.

Mr. Chairman, I submit the following for the RECORD:

GRAND JURY,
COUNTY OF SAN DIEGO,
San Diego, CA, June 18, 1992.

Hon. ARTHUR W. JONES,
Presiding Judge of the Superior Court, County of San Diego, San Diego, CA.

Re Grand Jury Report No. 5, "San Ysidro School District".

DEAR JUDGE JONES: Forwarded herewith is Grand Jury Report No. 5 as referenced above.

This investigation was conducted by the Education Committee of the Grand Jury within the authority granted under California Penal Code Sections 925 and 933.5.

Sincerely,

Richard B. Macfie, Foreman.

Enclosure.

SAN YSIDRO SCHOOL DISTRICT

(A REPORT BY THE 1991–92 SAN DIEGO COUNTY GRAND JURY)

AREA OF CONCERN

Complaints of improprieties committed by the Trustees of the San Ysidro School District Board and other administrators have attracted the attention of the past three consecutive San Diego County Grand Juries. In monitoring responses to previous Grand Jury recommendations, the 1991–92 Grand Jury has found the performance of the District Board of Trustees to be as ineffective as previously reported and the schools within the District to be suffering accordingly. After several months of review, this Grand Jury finds that previous recommendations to the District Board of Trustees have been ignored and that drastic actions by higher authority are essential to proper support of administrators, teachers, students and parents.

Grand Juries sit for a twelve-month period and can, and have repeatedly, recommended effective intervention to aid the children in San Ysidro. Another Grand Jury report that does not initiate immediate remediation by higher authority will only reinforce the perception that the San Ysidro District Board of Trustees is as "untouchable" as they claim to be. For those in control at the higher levels of education to imply that nothing can be done to give the children of the community some hope for the future, is an inane posture for government to assume, when the future of more than 3,000 children is ignored.

BACKGROUND

San Ysidro is a twenty-nine square mile portion of the City of San Diego, which lies north of Tijuana, Mexico. Caught in the middle of these two large and rapidly growing cities—Tijuana and San Diego—the community is economically, politically, linguistically, socially and geographically isolated. It is often mistaken for an independent subdivision.

San Ysidro constitutes a school district separate and independent from the San Diego Unified School District, which includes all other public schools within the City of San Diego. The San Ysidro School District consists of five elementary schools and one middle school. Graduates of San Ysidro Middle School attend high schools in adjacent school districts. The schools have an approximate enrollment of 3,700 students, and they represent a population which is 92% Hispanic.

Politically, San Ysidro is comprised of 5,336 registered voters, out of a total adult population (18 and over) of 13,414. The District Board of Trustees, the only elected body in the San Ysidro community, consists of five members who serve staggered terms of four years. The School District is the largest employer in the community.

Over a period of several years, the San Diego County Grand Juries have received an uninterrupted flow of complaints alleging malfeasance and/or incompetence on the part of the majority of the School District Trustees and some administrators and teachers. Complaints have been received from parents. These have included numerous allegations of wrongdoing, including violations of State law (violations of the Brown Act and Education Code), and of Federal Law (employment discrimination) and of failure to support mandated objectives for the education of the school population. Additionally, the District has been involved in excessive and expensive litigation in recent years as a result of its unlawful personnel actions.

METHODOLOGY OF INVESTIGATION

Through its Education Committee, the Grand Jury has visited facilities and heard testimony from Board Members, administrators, teachers, parents and students within the San Ysidro School District. The committee attended board meetings and PTA meetings and held discussions with County and State Education Department personnel. The Grand Jury has heard sworn testimony from numerous witnesses during ten days of formal hearings on San Ysidro school issues. Information thus generated, confirming the findings of previous Grand Juries, has resulted in a clear picture of conditions of inappropriate, inadequate actions taken by certain members of the Board of Trustees, some of whom minunderstand their purpose.

FINDINGS

The 1991–1992 Grand Jury concurs with previous juries in that serious problems exist within the San Ysidro School District. In general, the Jury has found that the children of San Ysidro are innocent victims of a philosophical power struggle which permeates the School Board, school administration, the teachers' union and the PTA. At issue, beneath a veneer of educational rhetoric, is which shall dominate the school system: the preservation of Mexican cultural and Spanish language proficiency or assimilation of Mexican-born and other American children into the North American communication and economic systems.

The two philosophies are addressed as if they are mutually exclusive. Currently, proficiency in Spanish with the preservation of Mexican culture, at the expense of English learning, is the governing philosophy. Those who disagree do not enjoy the normal position of loyal opposition. Administrators and teachers who do not support the majority Board position are demoted or discharged, if legally possible.

Dissenters who have tenure are merely tolerated in an outcast status. A small group of administrators and teachers enjoy the political/philosophical favor of the Board majority and have a special status which is tantamount to ex-officio Board membership. This almost unbelievable situation persists because the Board of Trustees is essentially a town council, perpetuated by a combination of intimidated voters, apathetic non-voters and resident non-citizens.

Specifically, the Grand Jury has received evidence and testimony that:

1. The Board of Trustees is a de facto town council with extraordinary influence over numerous facets of life within the San Ysidro community of San Diego. Certain members of the Board exert a pervasive influence over resident voters which exceeds that normally attributed to elected officials. The Trustees' attention and efforts are extended far beyond the educational purposes of the School District.

2. Some Trustees routinely violated the spirit, if not the letter, of the Brown Act by conducting majority meetings in closed sessions outside of the time and location of scheduled board meetings, such as through a group called Equality, Justice and Education (EJE).

3. Health and safety needs of children are not being met:

a. Playgrounds are badly maintained and present a hazard;

b. The District has one certified nurse serving the total school population.

4. The Trustees have conducted personnel transactions, such as hirings, firings, promotions and demotions, without acceptance of counsel from the Superintendent of Schools or from any committee or panel of educational professionals or parents. Some of the results of these practices are:

a. There have been five superinendents over the past twelve years.

b. Non-Hispanic teachers and administrators are not afforded equal opportunities by the District Board Trustees.

c. During the 1990–91 year, the District Board of Trustees demoted three elementary school principals, fired the middle school principal and failed to renew contracts of fourteen probationary teachers. Several of the teachers were bilingual. The District now has eleven teachers working with emergency credentials. These actions were taken without the concurrence of the Superintendent. The three demoted principals have subsequently received judgments totaling $300,000.00. The fired principal received a judgment of more than $200,000.00. The District has paid out at least $1,000,000.00 in judgments and legal fees arising from the ill-conceived and often illegal personnel actions of the Trustees.

d. The same improprieties that occurred with personnel in past years continue to exist. During the 1991–92 school year, several administrators at the District's central office have received notices of reassignment.

e. Well-qualified bilingual probationary teachers, who happen to be non-Hispanic, are being terminated.

f. Several outstanding tenured staff members, including a mentor teacher, have been given unsatisfactory evaluations with no clear justification for such action.

g. There have been attempts to initiate recall of Trustees in recent years. Each recall has been challenged by Board counsel before reaching a ballot. The Trustees authorized more than $5,000.00 from the general fund to be used to verify signatures in the recent 1992 recall efforts. These recall attempts have proven costly and divisive to the staff, students and community.

h. Some personnel assignments initiated and directed by the Trustees appear to reflect nepotism. When queried on this subject, a Trustee said, "favoritism, yes; nepotism, no". A Trustee's son was promoted from Vice-Principal of the Middle School to Principal in mid-term, April 3, 1992. The established selection procedures were not followed.

5. The Board of Trustees, as the only elected body in San Ysidro, has been instrumental in increasing the political and cultural isolation of the community and has retarded integration of children into an English-speaking American society and economy. The almost universally Hispanic ethnicity of the student population makes the English language transition a most difficult objective for the school system. The opposition of the majority of the Trustees to this objective virtually guarantees its failure.

6. The Board has failed to direct or support proper use of funds provided for bilingual education. In several instances, students were placed in the Bilingual Program or English-Only Program, based on space availability, with no regard for parental request or children's needs. We found no transition evaluation for students exiting the Bilingual Program and moving into an English-Only Program. We found no clearly-defined District-wide bilingual curriculum in place.

7. The Board has failed to direct or support compliance with mandated accommodations for the educationally and physically disabled. There is no program for the Severely Emotionally Disturbed (SED) within the District, even though students have been identified. The District's solution is to hire individual aides for some SED students.

8. The Resource Specialist Program (RSP) teacher is used to provide services to non-Special Education Students. This is in violation of the Education Code.

9. The District has violated the rights of Special Education Students' Individualized

Education Program (IEP). Every identified Special Education student must have an IEP.

10. Special Education students are misplaced in the Alternative Learning Program (ALP).

11. Reports of child endangerment have been received. At least thirty-nine students from the San Ysidro Middle School were placed on Home Study without due process.

a. Approximately twenty-five students were suspended for more than five consecutive days, which is in violation of the Education Code. Alternatives to suspension were not considered or applied.

b. Complaints of corporal punishment within the District have not been properly investigated.

c. Complaints concerning unprofessional disciplinary methods used at the Middle School have been reported.

12. Complaints of racial discrimination have been made by non-Hispanic students and staff. This involved the inappropriate placement of students and staff. Students complain of racial slurs, name calling and double standards in dress code.

13. The District does not have an Earthquake Preparedness Plan in place. Classrooms are not equipped with required supplies.

14. Complaints were levied by parents and staff members against an administrator for contracting the services of a psychologist who was not credentialed by the State of California.

a. The Student Assistant Team (SAT) was not involved in identifying students who might require the services of a psychologist.

b. Parents of students seen by this psychologist were not contacted, nor were parent-consent forms signed, as is required.

15. The current President of the Board of Trustees, who is an employee of Casa Familiar, could be in direct conflict of interest, if the District incorporates the Casa Familiar BRAVO Dropout Prevention Program proposed by the President.

16. The Board of Trustees *DOES NOT* take advantage of available in-service training.

17. *Test scores of the San Ysidro students continue to be the lowest in the State of California.*

CONCLUSIONS

Over the years, the Board, as an elected body, has proven to be highly politicized, serving its own agendas and abrogating the educational rights and privileges of the children of San Ysidro. Children have neither the maturity nor the right of franchise by which they can make informed decisions concerning their future. Students are at the mercy of two groups of self-involved and self-important adults, both dedicated to their own objectives rather than the smooth integration of children into the mainstream of American society and the U.S. economy.

One group is preoccupied with maintaining its position of political power in the community through election to the school board. From this and other positions it controls within the school district, this group exerts a pervasive influence over the community which exceeds by far that normally exercised by elected school officials. The other group, for the most part, is made up of members, admittedly or otherwise, of a movement known as EJE who occupy positions on the Board, in administration, in teaching and in the teachers' union. Some are parents of students. These are advocates of a particular course of bilingual education which puts the highest priority on development of a capability in Spanish, at the expense of teaching English. They believe in this with a dedication and zeal which are most threatening to any who dare to disagree. The net result has been and continues to be children unable to communicate. Many of these students drop out after entering high school.

The symbiotic alignment of these groups allows them to maintain complete control over everything and everyone within the School District. Non-conformists are demoted, fired or otherwise eliminated from the system. With very few exceptions, non-Spanish speakers are purged from the system, regardless of qualifications or performance. So are those bilingual teachers who consider English proficiency a matter of urgency.

Those who favor a "laissez faire" solution to the San Ysidro problem—that is, letting the voters correct the situation—do not understand the unique nature of this small, isolated, predominantly Hispanic community. Many of the residents are not citizens. Many of the citizens are not registered voters. Many of the more informed and/or affluent residents have removed their children from the District Schools and placed them elsewhere, legitimately or otherwise, to ensure their preparation for high school. Many of the residents are intimidated by the ruling coalition. Many have testified before the Grand Jury about vicious retribution for campaigning for any opposition. Only the bravest of the residents dare to oppose.

Some of the problems appear to stem from violations of State laws, and partial solutions may result from actions initiated by the District Attorney and/or State educational licensing authorities. However, if the situation in San Ysidro is to be corrected permanently, approval of pending legislation and the intervention of the State Superintendent of Schools will be required.

There is no logical reason for a separate school district in San Ysidro. San Ysidro is within the City of San Diego and should have the management and resource capabilities of the San Diego Unified School District available to support its children's educational needs. As an alternative, the District could be merged into the South Bay or Chula Vista School Districts. The heart of the matter is that the children need a system run by professionally capable and idealistically balanced leadership. They don't have it now, and the controlling political interests in San Ysidro are not about to provide it. In the meantime, more aggressive participation in seeking a solution by the County Superintendent of Schools, the Councilman representing San Ysidro and the appropriate State Legislators might better convey to the State Superintendent the urgent need for decisive action.

It is the conclusion of this Grand Jury that the Trustees of the San Ysidro School Board are fully aware of the deleterious effects on education of their policies and practices. They need only observe the dismal test scores (in both English and Spanish). However, they are either unable or unwilling to make remedial changes. The Jury further considers that the Board can and will prevent solutions by other persons or agencies as long as it exists in its present form. It should be noted that many of these conclusions are totally consistent with those of prior Grand Jury reports, even though attained through completely independent studies.

The fact that the Board is elected is immaterial. Letting nature take its course will not lead to correction at the hands of the voters. Despite the strong protests of many parents and teachers, the combination of an attitude which comes from a patronage system and voter apathy will perpetuate the status quo unless outside authorities take action. There is a clear need for legal authority to rescue an oppressed minority—the school children—and protect their rights under the law.

There are those in San Ysidro who argue that no one, including the Grand Jury, should interfere in matters that involve only the residents of San Ysidro. The members of the Grand Jury do not agree with this line of reasoning. Citizens support legal intervention to protect children from clear and present danger of physical or emotional abuse at the hands of adults. Likewise, they should support intervention to eliminate the willful retardation of the educational process and the resulting economic disenfranchisement of the students.

The State Department of Education is mandated to take over any school district which is financially bankrupt. There is pending legislation (SB 171 Focus School) which will mandate State intervention for an academically at-risk school district. The San Ysidro School District with the lowest test scores in California would certainly be a candidate for State intervention. The San Ysidro School District on the brink of financial bankruptcy is already educationally bankrupt.

RECOMMENDATIONS

The Grand Jury recommends that:

County Board of Supervisors

#92/120: Exert all possible influence through established governmental liaison to:

a. Support whatever proposed legislation would facilitate intervention by state and/or local authorities in situation such as that in the San Ysidro School District.

b. Petition the California Superintendent of Schools to intervene immediately in the operation of schools in the San Ysidro School District.

San Diego County District Attorney

#92/121: Investigate alleged violations of State laws by Trustees, administrators and teachers for possible prosecution and/or accusation.

San Diego County Superintendent of Schools

#92/122: Petition the California Superintendent of Schools to intervene in the operation of San Ysidro schools and to conduct whatever audits and investigations are required to validate and cause correction of serious deficiencies and code violations.

#92/123: Assist the San Ysidro Superintendent of Schools in any way possible to minimize the harmful effects of current practice.

San Diego City Council

#92/124: Address the San Ysidro School District situation as a serious problem within its city.

#92/126: Exert all possible influence on the California Superintendent of Schools to take urgent measures to correct the situation in the San Ysidro School District.

#92/126: Support legislation which would permit timely corrective action in situations such as that in the San Ysidro School District.

Councilman, Eighth District, City of San Diego

#92/127: Demonstrate active involvement in the San Ysidro School District problem and express concern publicly for the critical situation which exists for the children and their future. Bring public awareness to the fact that this is a serious situation but not a racial issue.

While the Grand Jury has no jurisdiction over the officials listed below, the following recommendations are submitted with the request that they receive consideration (these recommendations are also subjects of separate correspondence).

The Grand Jury recommends that:

Secretary of Education

#92/128: Require a thorough audit of federally funded categorical programs within the San Ysidro School District to include:

a. Bilingual Education
b. Special Education
c. Independent Study
d. Student Home Study
e. Alternative Learning Program

California superintendent of schools

#92/129: Assign a trustee to oversee operations of the San Ysidro School District until serious deficiencies and violations of the Education Code are corrected.

#92/130: Investigate and evaluate the use of health aides in lieu of certified nurses by the District.

#92/131: Direct the Commission on Teacher Credentialing, through its Legal and Professional Standards Division, to review allegations of misconduct by a San Ysidro School administrator and teachers and examine irregularities in selection and appointment practices.

#92/132: Conduct a fiscal audit of categorically funded programs, to include:

(a) Bilingual Education
(b) Special Education
(c) Independent Study
(d) Student Home Study
(e) Alternative Learning Program

Mr. SERRANO. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. JOHNSTON].

Mr. JOHNSTON of Florida. Mr. Chairman, there is an old saying: "If it ain't broke, don't fix it." There is a new saying here today: "If it ain't broke, break it." There is really no rational reason for this bill.

In Dade, Broward, and Palm Beach Counties in Florida, there are 700,000 Cuban-Americans, and I have great respect for the two Republican Cuban-Americans that represent that area. If they get a letter in Spanish, if they answer it in Spanish they have broken the law, and under that bill we can now sue them.

A Democrat can come along and sue the gentleman from Florida [Mr. DIAZ-BALART] or the gentlewoman from Florida [Ms. ROS-LEHTINEN], and it is absolutely ludicrous.

Mr. Chairman, there is no reason for this bill. It disenfranchises a lot of very good Americans, and I strongly support the Serrano amendment, and strongly do not support the final bill. I urge my colleagues: Please vote against it.

Mr. CUNNINGHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan [Mr. KNOLLENBERG].

Mr. KNOLLENBERG. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, as has been mentioned for more than 200 years our Nation has been a melting pot of cultures and nationalities united by one common bond—our English language.

WHen our ancestors came to America, they came to this country knowing they had to learn English to survive.

Today, our melting pot has become a patchwork quilt of cultures, isolated because they cannot speak English. They aren't assimilating into our society like our ancestors did.

Our current bilingual policies are shredding the common bond that has made our Nation great. Today you can get a drivers license if you don't speak English. You can get forms to vote. You can apply for Social Security and welfare, all in scores of different languages. And bilingual education classes allow immigrant children to never learn English.

By making it easy for those who come to America, we have ripped the heart out of our national unity. We have shredded our common bond, leaving behind the legacy of our ancestors—new and old—who worked so hard to learn English.

Now, opponents of official English will demonize the bill. They are wrong. We want you to speak your own languages, and celebrate your cultures. But English—our common thread—must be the official language.

Mr. Chairman, my district is one of the most diverse districts in the Nation. In West Bloomfield more than 60 different ethnic groups attend schools and in Farmington, 45. Administrators, teachers, and the students themselves say making English our common language is the only way they can get along. It creates a common bond across ethnic lines that each student shares.

Testimony after testimony show that people must speak English to be successful. A quote by a Houston farmer Ernesto Ortiz says it best. "My children learn Spanish in school so they can grow up to be busboys and waiters. I teach them English at home so they can become lawyers and doctors."

English is overwhelmingly supported by the American public. A recent USA Today poll found 97 percent of Americans feel English should be the official language. And more than 23 States have laws making English official, including one signed by then Governor, now President Clinton.

Oppose these weakening amendments. Support our common bond. Help make English as our official language. Oppose the Serrano substitute.

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Chairman, I thank the gentleman for yielding.

I love all the concern on this side of the aisle today for the divisiveness of this issue when it was just yesterday that this side of the aisle was not willing to make the distinction between legal residents and illegal aliens, such that they shut off 300,000 legal residents of this country from rights of their citizenship.

Today, my colleagues on the other side are talking about the divisiveness of this issue. The reason they are talking about divisiveness is because this is a divisive issue. this bill plays directly to the politics of fear and prejudice for which this Congress has become so well-known. A politics of divide and conquer.

Mr. Chairman, this is reminiscent of the Patrick Buchanan campaign to define which people are more American than the others. Or should I say which people are more white, are more white than other Americans?

This is playing politics that the Republican Party knows very well: Create an enemy to solve all our country's anxieties and fears. We saw it begin with the gay bashing. Then it proceeded to the welfare bashing. Then the last 2 days we have seen it with the welfare bashing and the immigrant bashing when they knocked off all the legal residents who were taxpaying residents of my State who can go and fight in our wars and yet they are going to be denied the rights of their citizenship based upon the bill my Republican colleagues passed yesterday.

If they do not like the way they look, if they do not like the way they sound, then they are not Americans. All I have to say to my colleagues is they should be careful with all these hot button issues that they are pushing because no one should wonder when the churches start burning in the South and the race riots start breaking out in Los Angeles where all these hot button issues have led us to, and that is fanning the flames of intolerance that this country cannot afford at this time.

Mr. CUNNINGHAM. Mr. Chairman, I yield myself 30 seconds to ask the gentleman from Rhode Island a question. Has he ever volunteered for service? Has he ever volunteered to go fight those wars himself? I thought not.

The CHAIRMAN. The House will be in order. The gentleman from Rhode Island is not under recognition. No Member has been recognized.

Does the gentleman from New York seek recognition?

Does the gentleman from Florida seek recognition?

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. ISTOOK].

Mr. ISTOOK. Mr. Chairman, I rise in support of H.R. 123 and in opposition to the Serrano amendment.

POINT OF ORDER

Mr. SERRANO. Mr. Chairman, I have a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. SERRANO. My impression was that Members had risen to deal with the issue of the gentleman's comments, and I want to know if those Members have been entertained at all, or if the gentleman from Rhode Island had any opportunity to speak about a very personal statement that was made upon his life and his commitment to this country.

The CHAIRMAN. The Chair perceived that the gentleman from Rhode Island was attempting to engage the gentleman from California in debate, and not asking that his words be taken down.

Mr. SERRANO. In that case, Mr. Chairman, if that is the ruling of the Chair, is it still in order for this gentleman to ask that the gentleman's words be taken down?

The CHAIRMAN. The gentleman should have made that demand at the time. Intervening business has gone on. It is too late at this particular point.

The gentleman from Oklahoma [Mr. ISTOOK] is recognized for 2 minutes.

Mr. ISTOOK. Mr. Chairman, I rise in support of H.R. 123 and in opposition to the amendment by the gentleman from New York [Mr. SERRANO].

Frequently, I am asked what kind of name is "Istook"? People say, Is it Indian? Is it Eskimo? No, it is Hungarian. I am proud of my Hungarian ancestry.

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My father's parents came to the United States during the first quarter of this century. They Americanized the name. Originally Istook had one "o." When they became U.S. citizens they marked the occasion, they marked the change by adding the second "o" as it has now.

They came through Ellis Island. They are a part of the immigration saga of America. And when they became U.S. citizens, they received their certificate of naturalization, which my father had framed and now displays proudly in his home.

My father grew up speaking two languages: Hungarian at home, but every place else, English. How glad I am that his parents, my grandparents, did not isolate my father by denying him the training and encouragement to focus upon English rather than focusing upon Hungarian, even though he spoke that at home.

Like so many people, I am proud of my ancestry. The part of Hungary where we came from is the Transylvania region. A lot of people do not realize it is a real place. Transylvania now is part of Romania. I get a kick out of telling people that I am literally by blood half Transylvanian. It is fun. There are lots of great things about our heritage, fun and serious.

But the important thing is, I am not hyphenated American. None of us really are. We are all American. If we believe that we are Americans, if we believe that what binds us together is what we have in common, then it must include the common language, and that common tongue is English.

Mr. SERRANO. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I am troubled by the comments by my friend from California, Mr. CUNNINGHAM, about the integrity and commitment of the gentleman from Rhode Island, Mr. KENNEDY. I do not think anyone could question the commitment either of the gentleman or his family to this country.

I would simply say that I think we have to watch our words. I served, and I served with many Hispanics who did not speak English. Some of them never came back from the Vietnam war and died while speaking only Spanish. I think that the gentleman does a disservice when he questions Mr. KENNEDY.

Mr. Chairman, I yield 1 minute to the gentleman from Arizona [Mr. PASTOR].

Mr. PASTOR. Mr. Chairman, it is a very interesting debate that we are having today. The legislation we are discussing, not the amendment, but the base bill, is probably unconstitutional. All it does is prohibit a Federal official from communicating with a constituent in another language, other than English. This bill does not do anything to teach one English word to anyone or provide education in English.

The author of this bill has said this is a symbol, a symbol that will unite us together. Mr. Chairman, symbols mean different things to different people. The symbolic gesture of this bill to many Americans will symbolize intolerance, will symbolize arrogance. I ask my colleagues to support the Serrano amendment and vote against the bill.

Mr. CANADY of Florida. Mr. Chairman, I yield 3 minutes to the gentlewoman from California [Mrs. SEASTRAND].

Mrs. SEASTRAND. Mr. Chairman, I rise in support of the bill, H.R. 123, and oppose the substitute. We are hearing a lot of nonsense, I believe, about all the terrible things this bill would affect. What does this bill really affect?

Let me tell my colleagues, it really affects official business, and official business is defined. Official business is defined as governmental actions, documents or policy which are enforceable with the full weight and authority of the Federal Government. With some examples and exceptions, that is all it is. The bill also says that we will not discourage or prevent the use of languages other than English in any nonofficial capacity.

What does nonofficial capacity mean? It means informal advice, direction, assistance, which cannot be enforced against the United States. So individual government employees can provide unofficial translations or instructions, so long as there is no cost to the government and no adv erse effect on their ability to perform their official duties.

So this bill will not affect informal, nonofficial advice, informal translations. It is not going to affect counter service at the immigration office. It is not, and I repeat, it is not anything having to do with Members of Congress because we cannot individually bind the government. We can do it as a body but not alone.

So your newsletters are safe. You can say whatever you want. Your town meetings are safe because you cannot bind the government. Your constituent letters, your radio shows are safe because you cannot bind the government. Pure and simple, only those actions which are enforceable against the government, which bind the government, are covered, nothing else.

This is just good common sense. It is what we would all expect for an official English bill. This is not English only. This is official English.

I urge approval of the bill.

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from Puerto Rico, Mr. CARLOS ROMERO-BARCELÓ, former Governor.

Mr. ROMERO-BARCELÓ. Mr. Chairman, we have been talking here about different things because we are opposing the bill. I do not think there is a single Member in Congress or in the Senate that opposes English as the common language of the Nation. I think everybody is in agreement with that. That is not an issue.

The bill, however, has several statements. One of them is that it forbids a government official from communicating in writing with his constituents. This is the problem. This is the real problem here.

I presented an amendment in the committee that was voted 18 to 18, so it did not pass, that would amend this bill and allow any government official to communicate with a constituent in English, either orally or in writing, if it was to make the government work more efficiently, and that was not allowed. Not only that, it was not even allowed by the Committee on Rules to be brought to the floor.

This is the purpose of this law, is to prevent public officials from communicating with their constituents in any language other than English in writing.

Now, what is the freedom of speech? Is freedom of speech only to speak in English? Can we not speak in another language? Would that be a violation? Would that be against the law? Can that be made against the law? And you are doing it because you are depriving the Federal officials from writing, communicating in writing with a constituent. I think this is absurd, to say that the freedom that is most valued in this Nation, the freedom that is most valued throughout the world, the reason why this Nation is most respected and more admired throughout the world is because of the freedom of speech. Now here in this Congress, which is supposed to protect our rights, you are trying to infringe upon those rights and affect the rights of even the government itself to communicate with the constituents to serve them better. I think this is absurd, and this law should be voted down.

Mr. CUNNINGHAM. Mr. Chairman, I yield 1½ minutes to the gentleman from New York [Mr. KING].

Mr. KING. Mr. Chairman, I rise in support of H.R. 123 and in opposition to the amendment of my good friend, the gentleman from New York [Mr. SERRANO].

Mr. Chairman, for the first 180 years of our Nation, we were bound together by a common language. Immigrants came to this country knowing they had to learn English. They knew that they had to learn English to become part of the American mainstream. They maintained their our culture, their own identity, their own religion, their own ethnic values, their own beliefs, but they were bound together by that common language. That was the glue that created the great American stained glass window of many cultures with one language.

Twenty-five years ago we went away from this. Prior to that, I had grown up in New York City as did Mr. SERRANO. I saw the various ethnic groups come and become absorbed and learn English, become part of the American main stream. But we have gotten away from that in the past 25 years.

I was hoping today we would have an intelligent debate over why people should be voting in a foreign language. Instead we are here talking about churches being burned and gays being bashed. To me that shows the weakness of the argument on the other side. Rather than address the merits of the issue, they are resorting to name calling and ad hominem attacks. I am not talking about Mr. SERRANO, because he and I have had this debate many times. I certainly respect his views. I respect his beliefs. I respect his integrity.

But too many of the voices from the other side today have resorted to vicious name calling. To me that just undermines and underlines the basic weakness of their argument. It shows that they cannot defend their point intellectually so they have to resort to the ad hominem attacks.

I urge the adoption of this bill because I believe we do want to bring all people together. We want to stand together as one. We want to have English as our common language.

Mr. SERRANO. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. FAZIO].

Mr. FAZIO of California. Mr. Chairman, I have one of those names that can be pronounced three different ways. I think in Italy still a fourth.

I have been moved by some of the speeches I have heard here today on both sides of the aisle. I do not come to be critical or to pound the table because I lack an argument. I did not intend to speak but I am speaking now because I thought back to the period when my immigrant grandparents came to this country in the early 1900's. Then we had an even larger percentage of people in this country who were foreign born than we do today. And we did not need the kind of legislation which has been presented to us here. I think we all understood, as we do today, that we have to learn English in order to participate fully in our society.

I thought we did the right thing in the early 1900's, allowing this melting pot that has gotten a little lumpy to actually proceed to integrate still another generation into our Nation. I do not think we need this legislation.

I am supporting the alternative being carried by Mr. SERRANO because I do not think we have lost confidence in ourselves. I hope not. I still believe that we all understand that we can integrate all of these different voices and languages into the American pattern, this crazy quilt, without the kind of legislation that is being portrayed today as our salvation.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee [Mr. BRYANT].

Mr. BRYANT of Tennessee. Mr. Chairman, I have been involved in a committee and I have missed part of the debate, but the part that I have heard about in this debate concerns me because I keep hearing about how this bill will cause disunity, how it will break up this country, even such illogical statements that it might cause church burnings and things of this nature. To me that flies in the face of logic.

I cannot imagine anything that would hold this country together, that would pull the different peoples of this country together any more than having a common language. The voices from the other side stand up and say, we do not need this law. We have not needed this. We have never had to do this before. So why do we need it now?

As the gentleman from New York, Mr. KING, so eloquently said, for over 180 years we all came together and we assimilated. He compared this language, this common language of English, which people learned because they had to learn it, because they had to learn it to socialize, to have business contacts, to have debate. Could you imagine this floor if we all spoke different languages trying to debate this bill? We all speak English here on this floor because that is what we all understand. But for 180 years this is what we did.

We assimilated perfectly. Mr. KING described it as the glue that held this stained glass window together. I could not think of a better description.

About 25 years ago, we started going in a different direction in this country. We started moving toward where the law required bilingual ballots and bilingual warnings in all types of things in the official government. Keep in mind here, we are talking about only official language. We are not saying you cannot speak other languages. We are saying for official language purposes of this United States, it will be English.

So for the last 25 years, we have gone through this. I submit to my colleagues that a good part of the distrust, the mistrust in this country, the division that exists today is caused by things like this. I urge my colleagues not to vote for this amendment but to support the underlying bill, H.R. 123.

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Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Chairman, I thank the gentleman from New York for yielding this time to me, and I too was in a hearing in the Committee on the Judiciary, as a member of the Committee on the Judiciary, but felt moved to come and really clear the air, for there seems to be accusations that we are making ad hominem comments and accusations against those who would raise this bill as a vital bill to the national security interests.

Well, as a member of the Committee on the Judiciary, I have come to uphold the Constitution, to recognize that there is a freedom of expression, a first amendment right, that we are not threatened in our national security or any of our concerns by those who would speak a different language, but love this flag.

Just as we would not discriminate against those who do not speak another language other than English, that they can be employed across this Nation, should we not discriminate against those who started first from a land that speaks another language but still love this flag and want to have the opportunity to be American citizens.

It would seem that my colleagues on the other side of the aisle, if they were truly concerned about unity, would support the Serrano bill, as I am, for it emphasizes the commonality of our language, the importance of multilingualism, the importance of opposing the imposition of unconstitutional language policies, and it supports the views that this Nation's strength lies in our diversity.

Would my colleagues want me as a member of the Committee on the Judiciary and this Congress to deny American citizens the right to understand the Federal election ballot? This is what the bill that is on the floor does right now. It says that if individuals speak a language, English, but yet cannot read in English, and they have the opportunity and the right to vote as a citizen, they cannot have a bilingual ballot, a total elimination of provisions of the Voter Rights Act of 1965.

Mr. Chairman, this is an unconstitutional bill. Support the Serrano bill. I cannot hold to the fact that America would disgrace itself with this kind of legislation on the floor.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. ROHRABACHER].

Mr. ROHRABACHER. Mr. Chairman, I rise in support of H.R. 123 and in opposition to the amendment. Those who support bilingualism in the United States of America no doubt are well motivated. They care about immigrants and they care about their fellow man, and thus they want to make it easier for them not to learn how to speak English.

Well, my colleagues are not doing anybody a favor by making it easier for them not to learn English. People all over the world are struggling to teach their children English and struggling how to learn English because they know that is the key that unlocks the door to opportunity. Those people who are making it easier for our own people, people who live in this country, not to speak English are doing them a great disservice.

I have a large number of Asians in my district, people who are American citizens who are of Asian descent. When they come to me and ask me my advice on how to make sure they can do well and their children can do well, I always advise them: "Make sure your children learn how to speak English," and I have never had one of them disagree with me.

I will tell my colleagues this much: Those people in the Hispanic community who are being led down this downward path by people who care about them are going to resent it in the end when their children do not have the opportunity of other Americans because they are locked out of the American system because they cannot speak English.

We care. We are the ones who care about every American citizen when we do not give them an easy way out, but we say, "Become part of America, we love you, we have caring in our heart. That's why you should learn to speak English and that's why we are doing you a disservice by making it easier for you to exist in our society without being able to communicate, without being able to be fully part of the economic system."

Mr. SERRANO. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Chairman, I thank the gentleman for yielding the time. It is hard to respond in just 2 minutes because I continue to hear people say we want these folks to learn English. We cannot have ethnic enclaves. We do not want kids to grow up only speaking a native language that is not the language of this country.

My God, have my colleagues ever seen a child on the playground who does not understand English very well and how they yearn to be able to socialize with their classmates as quickly as possible? If my colleagues have not seen it, then I urge them to come to some of the schools in Los Angeles or San Francisco or Chicago or New York or anywhere in this country, and they will see the eyes of these kids just yearning to learn, and it is not just the eyes of the children they can look at. Look at the eyes of their parents who see that success comes when they learn English. And then look at Los Angeles that has had to turn to 24-hour, round-the-clock teaching of English as a second language because there is such a backlog of people hoping to take these classes. Then go to New York City, where they have to give out lottery tickets so that they can get a space in a class to learn English, and then realize that these folks are there to learn English.

In fact, the studies show that people today are learning English at a rate that is four times as fast as people a hundred years ago were learning English. That makes sense because technology makes it easier for folks to acquire the English language.

Please do not say that folks who come to this country and have said, "I'm here legally, and I'm about to become a U.S. citizen when I qualify after 5 years," please do not tell these folks that they do not wish to learn English because our colleagues have just denigrated every reason they took to forgo their country's nationality and come to this country and make it their new place and their children's place.

These folks want to learn. Recognize that, and unfortunately this bill does not do what our colleagues say. Their intent is good. Their bill is bad. Forget about the bill. Let us live with intent. We can all agree with it. Let us all have English in this country. But this bill does not do it.

Mr. CUNNINGHAM. Mr. Chairman, I yield 1 minute to the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Chairman, this is a very important bill. Its intent is good; I agree with the gentleman, and its substance is good. We must have English as the official language. We are a great country, and the people of this country draw strength in many different roots, but we are one Nation under God. We need to have English spread throughout the land. We are not doing anyone a favor by encouraging them in essence not to learn English.

This bill will provide some added incentive, I think, to do that without being unduly punitive to anyone, but English is the language of this country, and I think it is very, very important that we act today as the House and adopt this bill and send a clear message to the country so that we can help people help themselves.

Mr. SERRANO. Mr. Chairman, I yield 1 minute to the gentleman from Guam [Mr. UNDERWOOD].

Mr. UNDERWOOD. Mr. Chairman, we are confronted with a bill which has great objectives, the learning of English and use of English as the primary language of government. It also makes the claim that national unity is promoted and that speakers of other languages will be empowered, but the vehicles used in this legislation clearly do not match the intent.

The legislation is supposed to promote English, but no funds are given for English teachers or classrooms. Instead, it restricts the behavior of elected officials and agencies, and instead of empowering non-English speakers, it disenfranchises them by taking away the opportunity to cast an informed ballot.

As an educator, I took it for granted that the best way to learn was to encourage people and not discourage them. I took it for granted that when one wanted people to feel a sense of unity, they included them and not excluded them. But this is not the approach utilized in this legislation. If we wanted to characterize this legislation in terms of a carrot and stick, it is all stick and not much carrot.

Mr. Chairman, if there is a problem with people speaking English, let us teach it to them, and let us stop this very, very bad bill.

Mr. CANADY of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. HORN].

Mr. HORN. Mr. Chairman, as an educator, I have long advocated that foreign languages be taught our students in kindergarten, but that does not mean they should also be taught English. They should, in kindergarten. We have made major mistakes in our language policy in the schools over the last 20 years. Some have said, "But in bilingual ballots you are simply fulfilling equal protection of the laws." That is absolute nonsense. Let us look at the situation.

Ethnic groups in this country are not limited to Chinese, not limited to Hispanics, which was the original Valeo v. Nickles case in California. In the 1970 census there were 96 mother tongues where languages other than English were primary languages in households where many of our fellow citizens were raised; 1980, 387 non-English language possibilities. In the Los Angeles-Long Beach schools there are 70 languages. We cannot pick just one or two languages if we are really going to have equal protection of the laws.

The only way to carry out the 14th amendment and its equal protection of the laws is to learn English. That is the access for all students of all backgrounds, rich and poor, when they come to this Nation, when their parents come to this Nation. Such a national policy would not stop a friend or a relative who speaks the primary language of the citizen from writing out instructions, helping them with the ballots, helping them learn English. All of that has been historically done in this country by ethic groups from various countries, and we need to have that spread across the land. Such groups have been readily available with each immigrant wave.

What such a policy would stop is the illusion that for every language group in a nation, a government agent must be employed or some form of government assistance must be made available to aid all members who understand English less well than their native language. Presumably the naturalized citizens had to learn some English in order to receive citizenship.

Before this Nation goes the way of Quebec or engages in the bitter language quarrels of India, I recommend that we adopt the English language in this bill.

Mr. SERRANO. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Florida [Ms. ROS-LEHTINEN].

Ms. ROS-LEHTINEN. Mr. Chairman, as a naturalized American who has benefited from multi-language instruction, I rise in support of the amendment.

Mr. SERRANO. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Ms. ROYBAL-ALLARD].

Ms. ROYBAL-ALLARD. Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from New York [Mr. SERRANO].

Mr. Chairman, I rise in strong support of the English Plus Act, which provides a commonsense approach to the national language debate.

The English-plus substitute reaffirms that English is the primary language of the United States. It also acknowledges that in today's expanding global economy, multilingualism must be factored into any formula for economic success. Encouraging the use of world languages is critical if the United States is to remain a world economic leader.

The strength of our economy increasingly depends on trade and international business. More than 40% of large corporations in the United States hire bilingual employees to communicate, negotiate, and market American goods and services.

The English Plus Act combines two objectives. It establishes English as the primary language of our country, while at the same time recognizing the importance of multilingualism for the future success of the United States.

I urge my colleagues to stand united behind The English Plus Act, and vote for the Serrano substitute.

Mr. SERRANO. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, as my mother, an immigrant from Lithuania, learned as a young girl in East St. Louis, IL, learning English was crucial to success. She became a bilingual translator in court as a young girl, and of course today I have the honor to serve in the House of Representatives as a first-generation American and the son of that Lithuanian immigrant. Every immigrant American that I have met in my life understands one basic fact in this country. Proficiency in English is crucial to success. But this amendment is less about helping Americans, this bill is less about helping Americans to succeed, than it is about pointing out our differences in color and culture and language.

□ 1530

This bill is unnecessary and divisive. America is a nation of immigrants. We will not be stronger because of this divisive bill. Support the amendment offered by the gentleman from New York [Mr. SERRANO]. Celebrate our diversity. Welcome to those who come to our country to join in our culture, learn our language, and help them succeed.

Mr. CUNNINGHAM. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, at the outset let me say I agree with some but not all of the findings of the substitute offered by my friend, the gentleman from New York [Mr. SERRANO]. I know the gentleman is well-intentioned, but his substitute goes in the opposite direction of the bill itself.

I would again acknowledge that we are a nation of immigrants, no doubt about it. Our history has been shaped by many cultures, religions, languages from around the world. We are proud of our Nation's ability to assimilate people from around the world in one cohesive society. On that, the gentleman and I agree.

But it is our common language that binds us together as a nation, and it is the English language which empowers newcomers to the access of the American dream. First, the substitute states that English is the primary language of the United States. If that is the case, then the opponents should have no problem designating English as the official language in statute.

Second, the substitute implies that the supporters of H.R. 124 believe the Nation was founded on racial, ethnic, and religious homogeneity. Not true. We recognize the diversity in this country, and so state in the findings to H.R. 123.

Third, the substitute, H.R. 123, recognizes the importance of multilingualism in the context of international relations and national security. There are exceptions for each of those situations in the bill already.

Fourth, the substitute talks about a threat to the status of English. That is not the issue. The issue is are we going to continue down the road of a Balkanized, piecemeal language policy, program by program, with 320 languages in this country? Or are we going to establish a national, commonsense, common language policy of the Federal Government which 23 States have already established as the official policy, and over 80 nations, and the President of United States, when he was governor of Arkansas?

Fifth, the substitute mischaracterizes H.R. 123 as an English-only bill. It is not an English-only bill. It is an official language of the Government bill. If it were an English-only bill, it would apply not only to the Government but to private businesses, churches, neighborhoods, and homes. H.R. 123 does not apply to homes, churches, neighborhoods, communities, public health, safety, national security, international relations, or the teaching of languages.

My friend, the gentleman from California [Mr. BECERRA], asked me to recognize that the bill decouples bilingual education. It has nothing to do with the bilingual education issue.

I would say to my friends that the intention of this bill is to empower people, empower our American children, because there is a growing need to educate children in the English language, and the tendency has gone otherwise.

Mr. SERRANO. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, if one wants to know how much people want to learn to speak English, they should come to my district in the Bronx, or anywhere else throughout the Nation, and find out what happens when an English-as-a-second-language class is offered. The line of immigrants and of recent arrivals and people who have been here for a while in front of those schools, trying to get into those programs, is something that would be hard to be believed. The biggest problem in that area is that we do not have enough slots to fit all the people who want to learn to speak English.

This is a nonissue. This should not be on the floor. But since it is, we should approve my amendment and speak about the future, not some problems we have had in the past.

PARLIAMENTARY INQUIRY

Mr. CUNNINGHAM. I have a parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. CUNNINGHAM. If we wanted to accept by unanimous consent the Gutierrez amendment, which was dropped, would the gentleman agree to that?

Mr. BECERRA. Excuse me, Mr. Chairman?

Mr. CUNNINGHAM. The Gutierrez amendment that was dropped, would the gentleman agree to that, which allows Members of the House to send out their information?

Mr. SERRANO. No, we could not.

The CHAIRMAN. Under the rule, that amendment could not be considered at this time in the Committee of the Whole, even of unanimous consent.

Mr. SERRANO. Mr. Chairman, I yield such time as he may consume to the gentleman from New York [Mr. LAFALCE].

Mr. LAFALCE. Mr. Chairman, I rise in the strongest possible support of the Serrano substitute.

Mr. Chairman, I strongly support the English Plus Act, the substitute offered by the esteemed gentleman from New York [Mr. SERRANO], which celebrates English as the primary language of this diverse Nation. This substitute is a far better approach than the proposed English-only bill, which in my judgment, is unconstitutional, unnecessary, unwise, inefficient, and un-American.

It is unconstitutional because it impedes freedom of speech and would ultimately lead to disenfranchising U.S. citizens. American citizens have the right to express themselves as they choose. Certainly government does not have the right to intrude on such a personal freedom, as this bill would, and I cannot condone such action. I am particularly concerned that the bill removes the requirement for multilingual ballots in communities with significant numbers of people whose primary language is not English. This is troubling both constitutionally and in a very practical sense: if there are no bilingual ballots, some citizens will no longer exercise their right to vote, but others will continue to do so, albeit in an unavoidably less-informed manner. How shortsighted can we be? Or is there a partisan political side to this issue, too?

The proposed English bill is also unnecessary. While the last census shows that there are at least 39 languages spoken in this country, it also shows that over 95 percent of the population speaks English. Only 3 percent of our citizens speak English either not well or not at all. It is clear that the English language is a major element of our American culture. English is alive and flourishing and does not need an act of Congress to continue to do so. In fact, research shows that current generations of language-minorities are learning English even faster than previous generations did.

It is also unwise, because it is divisive and mean-spirited. The proposal seeks to divide communities across ethnic lines. Rather than enhancing the development of language skills, which the United States should do to improve our economic competitiveness and to conduct diplomacy, this head-in-the-sand approach goes in exactly the wrong direction. In its zeal to achieve linguistic homogeneity, the majority runs roughshod over one of our Nation's strongest assets, our cultural diversity.

An English-only rule pertaining to governmental functions is also incredibly inefficient. Think of the many ways that citizens come into contact with the Government—at the post office, the IRS for tax forms and assistance, the Social Security Office, and the courts, to name a few. Imagine the difficulties our citizens would have if we forbid the use of other languages in government forms, instructional materials, and the like.

Last, but certainly not least, this bill is also un-American because it runs directly contrary to our international goals and foreign policies. America's entire history has been to open our door to other cultures, and to encourage strong cultural identities within our own country. This bill, in effect, says that this historical approach was incorrect. I disagree.

Rather, I agree with so many of my colleagues, including a large number on the majority side, who have urged other countries, to respect ethnic minorities inside their borders. For instance, there is strong sentiment within these walls that the Serbs who rule what is left of Yugoslavia should not run roughshod over Albanians, Muslims and other ethnic minorities who live there. Nor have we been shy about warning the government in Russia against unfair treatment of ethnic minorities within that nation's borders.

Mr. Chairman, I urge our colleagues to consider the best interests of the American people and to support the Serrano substitute, the English Plus Act. The substitute is a balanced approach that recognizes English as the primary language of the United States and encourages its usage. But, most important, it also respects the many ways in which multilingualism has contributed to this country by fostering communication and greater understanding not only within the United States, but among nations throughout the world.

I urge my colleagues to support the Serrano substitute.

Mr. SERRANO. Mr. Chairman, I yield the remainder of my time to the gentleman from Florida [Mr. DIAZ-BALART], a gentleman who is a living example of why this bill is not necessary; a gentleman who came from Cuba, learned to speak English, while maintaining his native tongue, and is an asset to this country.

The CHAIRMAN. The gentleman from Florida [Mr. DIAZ-BALART] is recognized for 5 minutes.

Mr. DIAZ-BALART. Mr. Chairman, I thank the gentleman from New York [Mr. SERRANO] for yielding time to me.

Mr. Chairman, it is fascinating how a vantage point affects one's view. One of the most difficult challenges that I face, that my wife and I face, with two young boys that we are raising is, for their own benefit, to do everything in our power so they will retain the Spanish language. It is extraordinarily difficult, despite the fact that they even joke with me often that every perhaps four or five words I say "Español." reminding them of the necessity, of the importance, that they keep a second tongue; for their own benefit, for their cultural enhancement and enrichment, for their economic competitiveness in the future, how important it is that they retain a second tongue.

The gentlewoman from Florida. Ms. ILEANA ROS-LEHTINEN, my dear colleague, sitting here with her young daughter, Amanda, I know she faces the same challenge. How often do I hear ILEANA with her daughters say, "Español." Why? Because in this great country, Mr. Chairman, the pressures, the incredible forces for assimilation, for acculturation, for acceptance of the primary language of English is extraordinary. I do not think it has ever been equaled in the history of mankind, that power, the power of English in this culture, which is spreading across, through Hollywood and the other instruments, that the American culture has, spreading across. And now with technology, it is spreading across the world.

To think of what is under attack in the United States, English? No. A study in our community in south Florida just showed that in the first generation here of people who are arriving on our shores, they are losing Spanish at an alarming rate, so much so that our competitiveness in south Florida is being undermined, and our ability to be effective in the international economy.

So I think it is impossible, it is really difficult to understand the viewpoint that what is threatened is not the second and third languages that we should be encouraging our children to learn in this country, for their own benefit and for our economic future, but rather, what is threatened is the English language? I am confused.

Let us not be confused, Mr. Chairman, with regard to what this bill is doing. People have often, speakers before us, have referred often, time and time again, to bill 123. What we have before us is bill 3898. It is a combination of bill 123, offered by the gentleman from California [Mr. CUNNINGHAM], which I may say, with all respect, and I want to reiterate that I not only do not impugn but would never doubt the intentions and the good faith of my dear friends who disagree with me on this issue.

But I will say that I have never seen a bill such as 123, half of the legislation before us, that seeks to do so much to address so little, because the problem before us is with regard to that legislation, that part of the bill, the invisible problem, the invisible problem, Mr. Chairman.

But there is another aspect to this legislation, which is H.R. 351, which was incorporated into 3898. And there we are not talking about a problem to address an invisible problem, an unnecessary bill. No. There we are talking about an unfortunate, unwarranted, unwise, uncalled for constitutional regression.

Our constitutional Republic, Mr. Chairman, is not perfect, but it is perfectible. After 189 years of Republic, almost 200 years after the founding of our Republic, Mr. Chairman, this Congress stood tall in 1965 and granted the right to vote to black citizens. That was 1965. Ten-years later, after passing the Voting Rights Act of 1965, the Congress extended protections to American citizens who are not proficient in English in the Voting Rights Act, and said that citizens that are not proficient in English have a right to understand what they are voting on. That was what was done through the amendments of 1975 to the Voting Rights Act.

Let it be clear that this bill before us today eliminates the protections of 1975 for linguistic minorities in the United States. This is a vote not only on the issues that have been debated before, this is a vote on destroying a significant portion of the Voting Rights Act.

When we hear about 85 percent issues, I just want to make two points, because my friend, the distinguished gentleman from California [Mr. CUNNINGHAM] made the point previously about the fact this is an 85-percent issue. I would say perhaps it is an 85-percent issue to declare English as the official language, such as was done in Florida. That would not have been half as controversial, by the way, declaring English as the official language. But that is not what we are doing. We are putting a bunch of restrictions.

I want to say, if I may, even if it were an 85-percent issue, Democracy not only requires governing by the majority, but it is respect for the minority. I say that that portion, the Voting Rights Act portion of this legislation, which constitutes aggression on linguistic minorities in this country, is anti-Democratic, anti-Democratic, and it constitutes congressional regression. That is why I oppose it.

Mr. CUNNINGHAM. Mr. Chairman, I yield the balance of my time to the gentleman from Georgia [Mr. GINGRICH], the Speaker of the House.

The CHAIRMAN. The gentleman from Georgia [Mr. GINGRICH] is recognized for 5½ minutes.

Mr. GINGRICH. Mr. Chairman, I thank the gentleman from California for yielding time to me.

Mr. Chairman, I think we are at a very important turning point for America. This is a country whose doors have always been open, and should always be open to people from across the world. We are a nation of immigrants. Our greatness in part comes from our ability to be a melting pot, to draw from everywhere and to allow people to pursue happiness, to allow people to live under the rule of law, to protect their unalienable rights, and to have everyone be equal before the law.

This is a truly remarkable civilization. I agree with Max Lerner's great work on America as a civilization, that we are in fact a unique civilization, partially derived from Europe, partially derived from Africa, partially derived from America, partially derived from Asia, but ultimately, a unique tribute to the concept that we have been endowed by our Creator, and that we represent the greatest extension of freedom to the widest range of people in the history of the world.

But there is a key part of that, and this bill is one step in that direction. The key part is very simple: Is there a thing we call American? Is is unique?

□ 1545

My Ph.D. is in European history. I believe in studying other countries. I believe in learning other languages. But I believe we start here with America, and we need to learn here about America.

I want to say unequivocally that while I cherish every person who comes from anywhere, who comes here legally and seeks to pursue happiness, and I hope all of them decide to stay and become American citizens, but I want them to become American. And part of becoming American involves English. It is vital historically to assert and establish that English is the common language at the heart of our civilization.

One does not have to look far to see the dangers. Look north to our friends in Canada and the challenge of separatism in Quebec. Look to the Balkans, look to the continuing tensions in Belgium, a country which has mostly avoided violence and has mostly done a good job but has a very complex and very structure relationship between its Fleming and Walloon populations. Then ask yourself, in an America where their are over 80 languages taught in the California schools as the primary language, not as the secondary language but as the primary language, in a country where in Seattle there are 75 languages being taught, in Chicago there are 100; this is not bilingualism, this is a level of confusion which if it were allowed to develop for another 20 or 30 years would literally lead, I think, to the decay of the core parts of our civilization.

This bill is a very modest bill. It says English is the official language of the Government. The Government. You can speak any language you want in your homes, you can speak any language you want in private life, you can campaign in any language you want, but all Americans should have access to their government in their common language.

It says the Government has an affirmative obligation to preserve and enhance the role of English as the official language of the U.S. Government, and that such obligations shall include encouraging greater opportunities to learn the English language. I believe it is important to understand that we need every citizen and, frankly, in the long run every person who comes here to learn English. We need to be willing to say it proudly and simply and not with hostility but with a sense of joy: Yes, we want you to come; yes, we want you to immigrate; and, yes, we want you to become American, but there are standards.

For me one of those standards occurred with the naturalization ceremony. Naturalization ceremonies normally involve people of many countries with many language backgrounds, and part of the great joy of seeing them stand there and, in whatever quality of English they have mastered, repeating in English their Pledge of Allegiance, indicating in English their new commonality. They may come from Thailand, from Nigeria, from Paraguay, but when they are in that room becoming American, they are joined together by their Pledge of Allegiance and they are joined together by their new common language.

They leave that room as Americans, not hyphenated Americans, not partial Americans, not semi-Americans. At that moment they are citizens of the United States, under the protection of our law, living within our Constitution, and their rights have been endowed by their Creator. That is the framework this bill seeks to continue.

This bill is a very simple bill, a very modest bill. I would urge Members to vote no for the substitute, which, frankly eliminates any effective steps, and vote yes on final passage. The Bill Emerson English Language Empowerment Act is the right direction and the right bill, and the additions from the Committee on the Judiciary are very helpful. These are modest steps in the direction of reinforcing and reasserting the greatest civilization ever to provide freedom to the human race.

The CHAIRMAN. The question is on the amendment in the nature of a substitute offered by the gentleman from New York [Mr. SERRANO].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. SERRANO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 178, noes 250, not voting 6, as follows:

[Roll No. 389]

AYES—178

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bishop
Blumenauer
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Chapman
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal
Oberstar

Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schroeder
Schumer
Scott
Serrano
Skaggs
Skeen
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOES—250

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Browder
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Gingrich
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martini
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
McNulty
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NOT VOTING—6

Brownback
Ford
McDade
Obey
Peterson (FL)
Young (FL)

□ 1607

Messrs. EWING, LIGHTFOOT, LEWIS of California, EVERETT, HOSTETTLER, HEFLEY, and BEVILL changed their vote from "aye" to "no."

Mr. MARKEY changed his vote from "no" to "aye."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. NEY) having assumed the chair, Mr. HANSEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 123) to amend title 4, United States Code, to declare English as the official language of the Government of the United States, pursuant to House Resolution 499, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. SERRANO

Mr. SERRANO. Mr. Speaker, I offer a motion to recommit.

The CHAIRMAN. Is the gentleman opposed to the bill?

Mr. SERRANO. Yes, I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SERRANO moves that the House recommit the bill to the Committee on Economic and Educational Opportunities with instructions to report the bill forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "English Plus Act".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) English is the language of the United States, and all members of the society recognize the importance of English to national life and individual accomplishment.

(2) Many residents of the United States speak native languages other than English, including many languages indigenous to this country, and these linguistic resources need to be conserved and developed.

(3) This Nation was founded on a commitment to democratic principles, and not on racial, ethnic, or religious homogeneity, and has drawn strength from a diversity of languages and cultures and from a respect for individual liberties.

(4) Multilingualism, or the ability to speak languages in addition to English, is a tremendous resource to the United States because such ability enhances American competitiveness in global markets by permitting improved communication and cross-cultural understanding between producers and suppliers, vendors and clients, and retailers and consumers.

(5) Multilingualism improves United States diplomatic efforts by fostering enhanced communication and greater understanding between nations.

(6) Multilingualism has historically been an essential element of national security, including the use of Native American languages in the development of coded communications during World War II, the Korean War, and the Vietnam War.

(7) Multilingualism promotes greater cross-cultural understanding between different racial and ethnic groups in the United States.

(8) There is no threat to the status of English in the United States, a language that is spoken by 97 percent of United States residents, according to the 1990 United States Census.

(9) "English-only" measures would violate traditions of cultural pluralism, divide communities along ethnic lines, jeopardize the provision of law enforcement, public health, education, and other vital services to those whose English is limited, impair government efficiency, and undercut the national interest by hindering the development of language skills needed to enhance international competitiveness and conduct diplomacy.

(10) Such "English-only" measures would represent an unwarranted Federal regulation of self-expression, abrogate constitutional rights to freedom of expression and equal protection of the laws, violate international human rights treaties to which the United States is a signatory, and contradict the spirit of the 1923 Supreme Court case Meyer v. Nebraska, wherein the Court declared that "The protection of the Constitution extends to all; to those who speak other languages as well as to those born with English on the tongue.".

SEC. 3. GOVERNMENT POLICIES

The United States Government should pursue policies that promote English as the language of the United States and that—

(1) encourage all residents of this country to become fully proficient in English by expanding educational opportunities and informational resources;

(2) conserve and develop the Nation's linguistic resources by encouraging all residents of this country to learn or maintain skills in a language other then English;

(3) respect the languages of Native Americans, Native Alaskans, Native Hawaiians, and other peoples indigenous to the United States and its territories;

(4) continue to provide services in languages other than English as needed to facilitate access to essential functions of government, promote public health and safety, ensure due process, promote equal educational opportunity, and protect fundamental rights;

(5) recognize the importance of multilingualism to vital American interests and individual rights, and oppose restrictionist language measures; and

(6) require Presidential campaigns and Federal Elections be conducted in English.

□ 1615

Mr. CUNNINGHAM (during the reading). Mr. Speaker I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. NEY). Is there objection to the request of the gentleman from California?

Mr. BONIOR. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard. The Clerk will read.

The Clerk concluded the reading of the motion to recommit.

The SPEAKER pro tempore. The gentleman from New York [Mr. SERRANO] is recognized for 5 minutes in support of his motion to recommit.

Mr. SERRANO. Mr. Speaker, the debate today has been at times painful for some of us because, as was stated on the floor on many occasions, this debate takes what is really a nonissue, this fear that somehow the English language is going to be lost to all of us as our common bond, and puts it on the floor of this House as one of those issues that questions people's patriotism.

So, of course, if we go throughout this country and tell people that somehow the American flag is in danger of being burned, people react in a certain way to that against burning of flags. If we tell them that the only way we are going to save our schools is by praying in school, people will react to that in a positive way. If we tell them that because other languages are spoken in this country at any given time, and recent times, that the English language is in danger of disappearing, therefore, the country is in danger of disappearing as the country that we know.

But the fact of life is that some people much brighter than I, than many of us, somewhere interestingly enough in my city on Madison Avenue in an advertising agency decided that this is one of those hot button issues that touches people, confuses them, and gives them what they think is a solution to their problems.

That does not talk about poverty in America. It does not talk about the working middle-class struggling to pay a mortgage and send their children to school. It does not talk about taxes. It does not talk about the environment. It does not speak to any of the real issues in this country. It says that because I and other people speak another language and relate to constituents in a language other than English, that somehow we are in danger.

That is a misguided, foolishly patriotic approach to a nonissue, but it has worked. Up to now it has worked. People have reacted to it. People who have been members of the Armed Forces, who are in late years, honestly and emotionally believe that if we allow other languages to live side by side with the English language, or in a second category to English, that somehow we are going to lose our country.

On many of these issues, my brothers and sisters, I place myself as an example. I think in two languages. I write and read Spanish and English. I can deliver this presentation in Spanish as well as in English. I do not think that any of what I do in two languages has ever been a problem for me or a problem for this country.

When I served in the Armed Forces of this country during the Vietnam war, I served with young men who could not speak a word of English who had just arrived here and were drafted or who came from Puerto Rico to serve. Many were volunteers. Many of those young men never came back. They were lost in the battlefields of Vietnam, as they were in Korea and the Second World War and the First World War, and their last words were in Spanish to their God, to their parents. They never spoke English.

Yet, Mr. Speaker, this bill says that if the Veterans Administration wants to service them, it cannot service them in a language other than English. It says that I cannot communicate with them in a language other than English. It says that if the Ambassador of Mexico or the new President of the Dominican Republic writes to me in Spanish, I can only answer on the public payroll in English. This is the way to promote ourselves throughout the world?

My recommittal amendment, proposal says two things: That we recognize that English is the language of this country, and that we ask government and its citizens to involve themselves in learning to speak it better every day.

Then it says something else which I think is important. It says that if someone is a candidate for President and receives Federal matching funds, especially if they are going out there and saying that English should be the official language, that they should not use any public funds to advertise in a language other than English.

I have written to one of the Presidential candidates who has seven Spanish commercials in the can to go in Texas and in California and New York pretty soon. As the insurgent, I have written to him twice and asked him to respond and he has not responded.

But in fact, in fact, all Presidential candidates have done that. I think that we would be taking a proper stand if we say, since election campaigning with Federal dollars is an act of government, and since English will be the official language of government, then do not go around saying, "Vote para mi in estos elecciones." Say it in English and run the risk of losing New York, Florida, California, New Mexico, Arizona, and Texas.

Mr. Speaker, let me just close by saying when Hispanics sit around the dinner table and the issue of language comes up, it is never an assault on the English language. It is a lament on the fact that the children and the grandchildren no longer speak Spanish. This is a nonissue.

The SPEAKER pro tempore. Is the gentleman from California [Mr. CUNNINGHAM] opposed to the motion?

Mr. CUNNINGHAM. Mr. Speaker, yes, I am opposed to the motion.

The SPEAKER pro tempore. The gentleman from California [Mr. CUNNINGHAM] is recognized for 5 minutes.

Mr. CUNNINGHAM. Mr. Speaker, there are people on both sides of the issue that believe strongly that they are in the right on this thing. First of all, the gentleman from New York [Mr. SERRANO], my friend, is a good example of a bilingual citizen, but unfortunately in this land many are not, and that is what we are trying to help.

I would also like to thank my friend for his service to this country in Vietnam, and I recognize that and I laud that.

I also thank my friend for being my friend, and he knows I mean that sincerely. We are friends with a difference of opinion on this issue.

Mr. Speaker, I would say, first of all, that some of the amendments that the gentleman was talking about were actually made in order were withdrawn, and we asked to accept them and they would not accept their own amendments back.

Mr. Speaker, I would say that this is a version of the same vote that we just had and it still goes in the wrong direction. It does nothing to address the piecemeal language approach of the past and it encourages a continued policy of printing documents in many languages.

I would like to state, first of all, and I have got four pages here of people that support it, and I would like to mention a few: The AARP, the American Association of Women, the American Legion, California NEA, Daughters of the American Revolution, Federation of Women's Clubs, Heritage Foundation, Islamic Society of North County, and many, many others.

But let me tell my colleagues more about what is good about this bill.

First of all, Bill Emerson created this bill, worked with the gentleman from Wisconsin [Mr. ROTH], and there was not a mean bone in Mr. Emerson's body. It has over 200 cosponsors on this. I think they are a very well-meaning group of people who believe in this bill and what it stands for.

□ 1630

Yes, over 80 percent of the American people support it. I do not think they are mean spirited. They see a problem that we can help with. The English language unites us as a nation of many different immigrants and, just like the Speaker said, at the swearing in, you see people from all over the world united when they are sworn in under the English language. That is in the bill.

We are better able to move about and interact within our society itself. With 123 languages spoken in the United States, we need to declare English as the official language.

Let me close with a quotation from one of our witnesses, Maria Lopez-Otin:

> From the immigrant's standpoint, knowledge of English is critically important to success in American society, and discussions about immigration, bilingual education or English as a second language are but distractions from the issue at hand, the merits of English as the official language of the United States. And on that point, on whatever level you consider, education, employment, politics, a social grounding in English is imperative. Now, does this mean rejection of our roots, our heritage, our original language? Of course not. What it means is that as Americans, we cannot hope to reach our fullest potential unless we speak the language, and that language is English.

The SPEAKER pro tempore (Mr. NEY). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. SERRANO. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of final passage.

The vote was taken by electronic device, and there were—ayes 171, noes 257, not voting 5, as follows:

[Roll No. 390]

AYES—171

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bishop
Blumenauer
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Chapman
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal
Oberstar
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Peterson (MN)
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thurman
Torres
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOES—257

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Diaz-Balart
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martini
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
McNulty
Metcalf
Meyers
Mica
Miller (FL)
Minge
Molinari
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Oxley
Packard
Parker
Paxon
Payne (VA)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thornton
Tiahrt
Torkildsen
Torricelli
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NOT VOTING—5

Brownback
Ford
McDade
Peterson (FL)
Young (FL)

□ 1648

Mr. MINGE and Mr. SCHIFF changed their vote from "aye" to "no."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. NEY). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CUNNINGHAM. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 259, noes 169, not voting 5, as follows:

[Roll No. 391]

Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bono
Brewster
Browder
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clement
Clinger
Coble
Coburn
Collins (GA)
Combest
Condit
Cooley
Cox
Cramer

Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Dickey
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Gordon
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson (SD)
Johnson, Sam
Jones
Kanjorski
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Lincoln
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manton
Manzullo
Martini
Mascara
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
McNulty
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Poshard
Pryce
Quillen
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Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Thurman
Tiahrt
Torkildsen
Traficant
Upton
Volkmer
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NOES—169

Abercrombie
Ackerman
Andrews
Baldacci
Barcia
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bishop
Blumenauer
Bonilla
Bonior
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Chapman
Clay
Clayton
Clyburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Coyne
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Ensign
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson, E. B.
Johnston
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Matsui
McCarthy
McDermott
McHale
McKinney
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal
Oberstar
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Pomeroy
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Ros-Lehtinen
Rose
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schroeder
Schumer
Scott
Serrano
Skaggs
Skeen
Slaughter
Stark
Stokes
Studds
Stupak
Tejeda
Thompson
Thornton
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Ward
Waters
Watt (NC)
Waxman
Williams
Wilson
Wise
Woolsey
Wynn
Yates

NOT VOTING—5

Brownback
Ford
McDade
Peterson (FL)
Young (FL)

☐ 1657

Mr. JACKSON of Illinois changed his vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

☐ 1700

GENERAL LEAVE

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

FEDERAL EMPLOYEE REPRESENTATION IMPROVEMENT ACT OF 1996

Mr. CANADY of Florida. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 782) to amend title 18 of the United States Code to allow members of employee associations to represent their views before the U.S. Government, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Employee Representation Improvement Act of 1996".

SEC. 2. REPRESENTATION BY FEDERAL OFFICERS AND EMPLOYEES.

(a) EXTENSION OF EXEMPTION TO PROHIBITION.—Subsection (d) of section 205 of title 18, United States Code, is amended to read as follows:

"(d)(1) Nothing in subsection (a) or (b) prevents an officer or employee, if not inconsistent with the faithful performance of that officer's or employee's duties, from acting without compensation as agent or attorney for, or otherwise representing—

"(A) any person who is the subject of disciplinary, loyalty, or personnel administration proceedings in connection with those proceedings; or

"(B) except as provided in paragraph (2), any cooperative, voluntary, professional, recreational, or similar organization or group not established or operated for profit, if a majority of the organization's or groups's members are current officers or employees of the United States or of the District of Columbia, or their spouses or dependent children.

"(2) Paragraph (1)(B) does not apply with respect to a covered matter that—

"(A) is a claim under subsection (a)(1) or (b)(1);

"(B) is a judicial or administrative proceeding where the organization or group is a party; or

"(C) involves a grant, contract, or other agreement (including a request for any such grant, contract, or agreement) providing for the disbursement of Federal funds to the organization or group.".

(b) APPLICATION TO LABOR-MANAGEMENT RELATIONS.—Section 205 of title 18, United States Code is amended by adding at the end the following:

"(i) Nothing in this section prevents an employee from acting pursuant to—

"(1) chapter 71 of title 5;

"(2) section 1004 or Chapter 12 of title 39;

"(3) section 3 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831b);

"(4) chapter 10 of title I of the Foreign Service Act of 1980 (22 U.S.C. 4104 et seq.); or

"(5) any provision of any other Federal or District of Columbia law that authorizes labor-management relations between an agency or instrumentality of the United States or the District of Columbia and any labor organization that represents its employees."

Mr. CANADY of Florida (during the reading). Mr. Chairman, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore (Mr. NEY). Is there objection to the original request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentlemen from Florida?

Mr. FRANK of Massachusetts. Reserving the right to object, Mr. Speaker, I would just note that this is legislation correcting a matter involving employee rights that has been fully agreed to and has gone through the House previously without objection, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Florida?

There was no objection.

A motion to reconsider was laid on the table.

J. PHIL CAMPBELL SENIOR NATURAL RESOURCE CONSERVATION CENTER

Mr. ALLARD. Mr. Speaker, I call up the bill (H.R. 3387) to designate the Southern Piedmont Conservation Research Center located at 1420 Experimental Station Road in Watkinsville, GA, as the J. Phil Campbell, Senior Natural Resource Conservation Center and I ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. STENHOLM. Reserving the right to object, Mr. Speaker, although I do not intend to object, I yield to the gentleman from Colorado Mr. Allard for an explanation of H.R. 3387.

Mr. ALLARD. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, H.R. 3387 is a noncontroversial bill sponsored by Congressman CHARLIE NORWOOD. H.R. 3387 renames the Southern Piedmont Conservation Research Center located in Watkinsville, GA, as the J. Phil Campbell, Sr. Natural Resource Conservation Center. The bill memorializes Mr. Campbell, an FDR appointee, for his leading role in locating the Center in Watkinsville and for maintaining funding for the center.

H.R. 3387 was approved by a voice vote in the Subcommittee on Resource Conservation, Research, and Forestry and in the full Committee on Agriculture on May 30 and June 19, respectively. Moreover, Secretary Glickman has provided Chairman ROBERTS with a letter, dated June 19, which states that the Department has no objections to H.R. 3387, and which further acknowledges Mr. Campbell's profound contributions to American agriculture.

Mr. NORWOOD. Mr. Speaker, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Georgia.

Mr. NORWOOD. Mr. Speaker, I thank the gentleman from Texas for yielding to me.

Mr. Speaker, I rise today in support of H.R. 3387, a bill to rename the Southern Piedmont Conservation Research Center in Watkinsville, GA as the J. Phil Campbell, Senior Natural Resource Conservation Center.

J. Phil Campbell, Senior lived on this Earth for 66 years, but in that time, he gave more to the men and women of this country that can be measured. His contributions to agriculture, not only in the Southeast, but throughout the Nation, are well known and widely recognized. Mr. LINDER and I introduced this legislation to, in a small way, give Mr. Campbell the recognition he most certain deserves.

James Philander Campbell was born in Dallas, GA, just northeast of Atlanta, on March 2, 1878. He grew up on a farm and, at the age of 17, began teaching school. At a young age, J. Phil Campbell, Senior fought for and helped to secure legislation providing for teaching agriculture in rural Georgia schools. In 1907, he spent 6 months traveling throughout the State advocating for the creation of district agriculture schools and a State college of agriculture. All of this was done before he turned 30 years of age.

Between 1908 and 1910, J. Phil Campbell, Senior served as the first farmer extension supervisor to the Southeast region. This was done before passage of the Smith-Lever Act in 1915, which created a Federal extension service.

In 1910, he began a career as the Georgia State agent for the U.S. Department of Agriculture. He also served on the Georgia State University's College of Agriculture staff. During his tenure, he organized nearly 13,000 Georgia children in "corn" and "canning clubs." He also helped organize 5,000 Georgia farmers into farming demonstration work. These efforts were done under the supervision of Dr. Seaman Knapp of the U.S. Department of Agriculture.

During this time, he also served as the Director of Extension Work in Agriculture and Home Economics. In 1933, he took a leave of absence to assist the Federal Agriculture Adjustment Administration in their cotton belt crop replenishment division. After 1935, he was elevated to a Federal position in the Roosevelt administration as assistant chief of the Soil Conservation Service in the USDA. He served in that capacity until he died in December of 1994.

In addition to his clear record of accomplishment in the area of education, J. Phil Campbell, Senior was also extremely interested in agricultural research and maintained close ties with Georgia's agriculture experiment stations. He was integral in the creation of the Southern Piedmont Conservation Research Center. He chose its siting in Watkinsville, just outside of Athens and the University of Georgia. When funding for the center was threatened in its first year, Phil Campbell fought to keep the center open and secure its line of funding. It exists to this day on Experimental Station Road in Watkinsville.

I introduced H.R. 3387 as a small token of recognition and gratitude for Mr. Campbell's contributions to agriculture and the communities and Nation he loved. Fortunately, Mr. Campbell's contributions to agriculture are not being recognized after his death only. In the mid-1930's, Dean Paul Chapman, the first dean of the University of Georgia's College of agriculture, stated, "J. Phil Campbell and I were pioneers in promoting professional agricultural work and in the establishing of agencies to carry on such work. With little professional training ourselves, we were plowing new ground to create such training." Later, in a ceremony honoring Mr. Campbell after he departed for Washington, Dean Chapman stated that no one had as many friends in Georgia as did J. Phil Campbell. Mr. Campbell was also recognized in the "Who's Who in America" collection in the 1940's. Clearly, given his contributions to agriculture in the State of Georgia and throughout he Nation, Mr. Campbell had more friends than he could have ever known.

Mr. Speaker, I am honored to offer this legislation. In a letter from the USDA, Secretary of Agriculture Dan Glickman stated that, while the USDA generally discourages the naming of its laboratories after any one individual, given the Department's admiration and appreciation of, "the great service Mr. Campbell has rendered to agriculture and the Nation, the USDA has no objection to the enactment of H.R. 3387."

We have also received assurances from the CBO that enactment of H.R. 3387 will result in no significant cost to the Federal Government and does not include any inter-governmental or private sector mandates.

Given this, Mr. Speaker, I urge my colleagues to join with me to recognize Mr. Campbell's many contributions and support this legislation.

With that, I thank the gentleman from Texas for yielding.

Mr. STENHOLM. Mr. Speaker, continuing my reservation of objection, I thank my colleague for his explanation of the legislation.

I rise in support of H.R. 3387, and wanted to thank my colleagues from Georgia for their work on this effort. Mr. Campbell was certainly a driving force in their home State, as well as in a number of areas in agriculture, including Extension Service and research activities, in addition to serving as assistant chief of the Soil Conservation Service here in Washington during Franklin Roosevelt's administration. Therefore, it is appropriate that the agriculture research facility in Watkinsville that works on issues involving our natural resources be named after him.

Again, I thank our colleagues, the gentlemen from Georgia, Mr. NORWOOD and Mr. LINDER, for introducing this legislation, and I urge its passage by the House.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3387

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF J. PHIL CAMPBELL, SENIOR NATURAL RESOURCE CONSERVATION CENTER.

The Southern Piedmont Conservation Research Center located at 1420 Experimental Station Road in Watkinsville, Georgia, shall be known and designated as the "J. Phil Campbell, Senior Natural Resource Conservation Center".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the building referred to in section 1 shall be deemed to be a reference to the "J. Phil Campbell, Senior Natural Resource Conservation Center".

The bill was ordered to be engrossed and read a third time, was read the third time, was passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ALLARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3387, the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

RELEASE OF REVERSIONARY INTEREST HELD BY UNITED STATES IN CERTAIN PROPERTY IN THE COUNTY OF IOSCO, MICHIGAN

Mr. ALLARD. Mr. Speaker, I call up the bill (H.R. 2670) to provide for the release of the reversionary interest held by the United States in certain property located in the county of Iosco, MI, and I ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is these objection to the request of the gentleman from Colorado?

Mr. STENHOLM. Reserving the right to object, Mr. Speaker, I will not object, but yield to my colleague, the gentleman from Colorado [Mr. ALLARD], for an explanation of the bill.

Mr. ALLARD. Mr. Speaker, I thank the gentleman for yielding to me.

Mr. Speaker, H.R. 2670, sponsored by Congressman JAMES BARCIA, provides for the release of a reversionary interest held by the Forest Service in 1.9 acres of land in Iosco County, MI. The land belongs to the local airport but, due to a survey error, has been in private use. Authorities have agreed with the squatter to swap the property being used in exchange for another parcel of equal value. But, the reversionary interest on the 1.9 acres clouds the title and prevents the exchange. This reversionary interest says that when the land is not longer used for airport purposes, it reverts back to the Forest Service. The bill, as amended in subcommittee, provides that, in exchange for adequate consideration, the reversionary interests is relinquished.

H.R. 2670 is a noncontroversial bill which was approved by a voice vote in both the subcommittee and full committee on May 30 and June 19, respectively, and enjoys the support of the Department of Agriculture.

Mr. BARCIA. Mr. Speaker, will the gentleman yield?

Mr. STENHOLM. Further reserving the right to object, I yield to the gentleman from Michigan.

Mr. BARCIA. Mr. Speaker, I rise in support of H.R. 2670, a bill I sponsored, to provide for the release of reversionary interests held by the United States in certain property located in Iosco County, MI.

I want to thank the chairman of the Subcommittee on Resource Conservation, Research and Forestry, chaired by the gentleman from Colorado [Mr. ALLARD], and its ranking member, the gentleman from South Dakota [Mr. JOHNSON], for their willingness to help move this issue toward resolution.

In 1960 land was provided to Iosco County for the construction of an airport. This land was provided through the Secretary of Agriculture under the authority of section 16 of the Federal Airport Act of 1946, and in conformity with Executive Order 10536 of June 9, 1954.

Using survey lines that had been drawn at the time, one of my constituents, Mr. Otto Peppel, constructed a cabin on land based upon the old survey that he believed to be his own. A conflict in the lines of occupation with the legal boundary lines was discovered in a 1976 survey performed for airport expansion, showing that 1.9 acres that Mr. Peppel believed to be his were in fact the airport's. Efforts to eliminate the title conflict have been going on since that time, culminating in the request to me to introduce legislation to allow for the dismissal of the reverter clause in this property.

Local authorities and Mr. Peppel have agreed to exchange a like amount of property so that the title can be cleared. However, given that the land was given to the county by the Secretary of Agriculture for public purposes, a reverter clause exists that must be quieted in order to clear the title.

In consultation with local staff of the U.S. Forest Service, this bill was drafted to allow for the clearance of this title. In further consultation with the Department of Agriculture and the House Agriculture Committee, the bill was amended with the agreement of all parties to provide that the reversionary interest of the United States is not lost, but rather is restored on another piece of property of equal value.

Given the support for the land swap from the property owners, local officials, and the Forest Service, this matter should be noncontroversial. I urge its adoption.

Mr. STENHOLM. Mr. Speaker, further reserving the right to object, I thank my colleague for his explanation.

An amendment adopted by the committee will be offered to provide for compensation to the Forest Service for its release of a reversionary interest it holds in land affected by the proposed exchange.

Mr. Speaker, I support the bill with the committee amendment, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the bill, as follows:

H.R. 2670

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RELEASE OF REVERSIONARY INTEREST REGARDING CERTAIN PROPERTY IN IOSCO COUNTY, MICHIGAN.

(a) RELEASE REQUIRED.—The Secretary of Agriculture shall release, without consideration, the reversionary interest of the United States in the parcel of real property described in subsection (b), which was retained by the United States when the property was conveyed to the County of Iosco, Michigan, in 1960 pursuant to a deed recorded at Liber 144, beginning page 58, in the land records of the County.

(b) DESCRIPTION OF PROPERTY.—The parcel of real property referred to in subsection (a) consists of 1.92 acres in the County of Iosco, Michigan, and is described as follows:

That part of the N.W. ¼ of the S.E. ¼ of Section 11, T.22 N.R. 8 East, Baldwin Township, Iosco County, Michigan described as follows: Commencing at the Center of said Section 11, thence South 89 degrees, 15′ 41″ East, along the East-West ¼ Line of said Section 11, 102.0 feet, thence South 00 degrees 08′ 07″ East, along an existing fence line, 972.56 feet, thence North 89 degrees 07′ 13″ W. 69.70 feet to a point in the North-South ¼ Line, thence North 02 degrees 02′ 12″ West, along said North-South ¼ Line, 973.42 feet to the Point of Beginning.

(c) ADDITIONAL TERMS.—The Secretary may require such terms or conditions in connection with the release under this section as the Secretary considers appropriate to protect the interests of the United States.

(d) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office of offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the reversionary interest under this section.

COMMITTEE AMENDMENT IN THE NATURE OF A SUBSTITUTE

The SPEAKER pro tempore. The Clerk will report the committee amendment in the nature of a substitute.

The Clerk read as follows:

Committee amendment is the nature of a substitute: Strike out all after the enacting clause and insert:

SECTION 1. RELEASE OF REVERSIONARY INTEREST REGARDING CERTAIN PROPERTY IN IOSCO COUNTY, MICHIGAN.

(a) RELEASE REQUIRED.—The Secretary of Agriculture shall release the reversionary interest of the United States in the parcel of real property described in subsection (b), which was retained by the United States when the property was conveyed to the County of Iosco, Michigan, in 1960 pursuant to a deed recorded at Liber 144, beginning page 58, in the lands records of the County.

(b) DESCRIPTION OF PROPERTY.—The parcel of real property referred to in subsection (a) consists of 1.92 acres in the County of Iosco, Michigan, and is described as follows:

That part of the N.W. ¼ of the S.E. ¼ of Section 11, T.22 N.R. 8 East., Baldwin Township, Iosco County, Michigan described as follows: Commencing at the Center of said Section 11, thence South 89 degrees, 15′ 41″ East, along the East-West ¼ Line of said Section 11, 102.0 feet, thence South 00 degrees 08′ 07″ East, along an existing fence line, 972.56 feet, thence North 89 degrees 07′ 13″ W. 69.70 feet to a point in the North-South ¼ Line, thence North 02 degrees 02′ 12″ West, along said North-South ¼ Line, 973.42 feet to the Point of Beginning.

(c) ADDITIONAL TERMS.—The Secretary may require such terms or conditions in connection with the release under this section as the Secretary considers appropriate to protect the interests of the United States.

(d) INSTRUMENT OF RELEASE.—The Secretary shall execute and file in the appropriate office of offices a deed of release, amended deed, or other appropriate instrument effectuating the release of the reversionary interest under this section.

Mr. ALLARD (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ALLARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2670, the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

MAKING MINOR ADJUSTMENT IN EXTERIOR BOUNDARY OF DEVIL'S BACKBONE WILDERNESS IN MARK TWAIN NATIONAL FOREST, MO.

Mr. ALLARD. Mr. Speaker, I call up the bill (H.R. 3464) to make a minor adjustment in the exterior boundary of the Devil's Backbone Wilderness in the Mark Twain National Forest, MO, to exclude a small parcel of land containing improvements, and I ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. STENHOLM. Reserving the right to object, Mr. Speaker, I will not object, but I yield to my colleague, the gentleman from Colorado [Mr. ALLARD], for an explanation of the bill.

Mr. ALLARD. Mr. Speaker, I thank the gentleman from Texas for yielding to me.

Mr. Speaker, H.R. 3464, sponsored by Congressman MEL HANCOCK, provides for a slight adjustment removing 2 acres from Devil's Backbone Wilderness area within the Mark Twain National Forest. This is necessary to allow for a land exchange between the Forest Service and a family which inadvertently made improvements on a parcel of Forest Service/Wilderness land. Once removed from Wilderness designation, the Small Tracts Act will permit an administrative exchange of land.

This bill was approved by a voice vote in both the subcommittee and full committee, and the Department of Agriculture has recommended its approval.

Mr. STENHOLM. Further reserving the right to object, Mr. Speaker, I thank my colleague for his explanation.

An amendment adopted by the committee will be offered to incorporate a technical change in the bill recommended by the Forest Service.

Mr. Speaker, I have no objection to the bill as amended by the committee, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3464

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. BOUNDARY ADJUSTMENT, DEVILS BACKBONE WILDERNESS, MARK TWAIN NATIONAL FOREST, MISSOURI

Using the authority provided in section 202 of Public Law 96–560 (94 Stat. 3274) regarding the correction of clerical errors in the maps and legal descriptions of the Devils Backbone Wilderness established by section 201(d) of such Act (16 U.S.C. 1132 note), the Secretary of Agriculture shall adjust the exterior boundary of the Devils Backbone Wilderness in the Mark Twain National Forest, Missouri, to exclude a parcel of real property that consists of approximately a quarter of an acre in Douglas County, Missouri, contains a garage, well, mailbox, driveway, and other improvements, and was inadvertently removed from administration as National Forest System land and included within the wilderness area.

COMMITTEE AMENDMENT IN THE NATURE OF A SUBSTITUTE

The SPEAKER pro tempore. The Clerk will report the committee amendment in the nature of a substitute.

The Clerk read as follows:

Committee amendment in the nature of a substitute: strike out all after the enacting clause and insert:

SECTION 1. BOUNDARY ADJUSTMENT, DEVILS BACKBONE WILDERNESS, MARK TWAIN NATIONAL FOREST, MISSOURI.

The boundary of the Devils Backbone Wilderness established by section 201(d) of Public Law 96–560 (16 U.S.C. 1132 note) in the Mark Twain National Forest, Missouri, is hereby modified to exclude from the area encompassed by the Devils Backbone Wilderness a parcel of real property consisting of approximately two acres in Ozark County, Missouri, and containing a garage, well, mailbox, driveway, and other improvements, as depicted on a map entitled "Devils Backbone Wilderness Boundary Modification", dated June 1996. The map shall be retained with other Forest Service maps and legal descriptions regarding the Devils Backbone Wilderness and shall be made available for public inspection as provided in section 202 of Public Law 96–560 (94 Stat. 3274).

Mr. ALLARD (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ALLARD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3464.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

WAIVING REQUIREMENT OF CLAUSE 4(b) OF RULE XI WITH RESPECT TO SAME DAY CONSIDERATION OF A CERTAIN RESOLUTION

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 500 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 500

Resolved, That the requirement of clause 4(b) of rule XI for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to a resolution reported before August 2, 1996, providing for consideration or disposition of a conference report to accompany the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term services and coverage, to simplify the administration of health insurance, and for other purposes.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. For purposes of debate only, Mr. Speaker, I yield the customary 30 minutes to the distinguished gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for purposes of

Mr. GOSS. Mr. Speaker, House Resolution 500 is a straightforward expedited procedures rule—agreed to by the minority members of our Rules Committee—designed to allow for prompt consideration later today of the conference report on H.R. 3103, the Health Insurance Portability and Accountability Act of 1996.

This rule waives the requirement of clause 4(b) of Rule XI regarding same-day consideration of a resolution reported from the Committee on Rules. That requirement, which provides that two-thirds of the House must agree to such a resolution, is generally observed to provide Members time to digest the legislation under consideration. I share the interest of our minority in ensuring that we do not waive that requirement often—or lightly.

However, in this case, we are under serious time constraints to complete our work on an extremely important measure, which has had significant debate and public airing over the many months it has been under consideration in both Houses of Congress and the conference committee. In fact, every major portion of this bill, every painstaking step in the negotiation has, I believe, been thoroughly reported by the media, given the enormous public interest in this subject. I think Members should agree that, since there is finally bipartisan agreement about the provisions of this bill, we should not delay in approving it and getting it onto the President's desk for his signature.

Mr. Speaker, last night a milestone was achieved on behalf of the American people. An agreement was reached on legislation to improve the availability and portability of health care insurance. This legislation resolves problems of job-lock, denial of coverage, lack of choice, fraud and abuse—addressing the fundamental concerns of millions of Americans. We struggled for many, many months with this bill—and at times it seemed like some were willing to risk never getting it done in order to make political points. That would have been a tragedy for all of us. But in the end, the deafening call from the people we represent to tackle the most obvious problems with health insurance availability and accountability was heeded.

Mr. Speaker, during the upcoming debate members will discuss the details of the agreement and explain how it will expand health coverage, broaden choice, and reduce anxiety for countless Americans. This rule allows that critical discussion to proceed.

Mr. Speaker, I urge my colleagues to support this rule, and I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this rule waives the two-thirds' vote requirement, as we have heard, for the same-day consideration of the rule on the health care conference report. The rule is necessary because the conference report was not available yesterday when the House completed legislative business.

☐ 1715

This is not obviously the best way to consider important legislation. Conference reports should lay over for a few days, certainly two or three if possible so that people can read them and understand what they are voting on, but we do, of course, understand the need for this kind of rule in the rush toward starting the August District Work Period.

Mr. Speaker, we have no objections to this rule and urge Members' support for it.

Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I have no requests for time, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 3103, HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 502 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES 502

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. NEY). The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from California [Mr. BEILENSON], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

Mr. Speaker, House Resolution 502 is a standard rule providing for consideration of a conference report. It waives all points of order and allows for 1 hour of general debate and provides that the conference report shall be considered as read.

But that is where the standard nature of this discussion ends—because what we are about to do is anything but standard. This is truly a red letter day, not just for this Congress, but for the American people. With this conference report we have proven that meaningful health care reform is achievable, even in such a politically charged climate as this. This agreement represents a reasoned, common-sense approach to the problems affecting millions of working Americans. It offers a stark contrast to the extreme efforts of the past Congress—which were largely highly bureaucratic and big government solutions in search of a problem. In this bill we take responsible steps to make health coverage more affordable and accessible for working Americans. While this legislation has been labeled "incremental", its impact on real Americans is profound. No longer will an ambitious worker be stuck in a dead-end job because of concerns about retaining health coverage for a sick child or spouse. The self-employed entrepreneur, who could not afford the high cost of health insurance before, will be able to deduct 80 percent of health care costs. These are real people that will directly benefit from this legislation. Of course, given the fact that it was born of an excruciatingly painful negotiation and required compromises from all sides, this package will not be described as perfect by anyone. For instance, I am disappointed that medical savings accounts will only be available to a small number of working Americans. This innovative alternative to traditional insurance—which has substantial bipartisan support—was unfairly demonized and demagogued by a handful of opponents. Those who deride MSA's do so because they directly conflict with the liberal wing goal of a government-run and government-managed health care system. While MSA's critics seem to believe in an even more expansive Federal bureaucracy than we already have making health care decisions for individuals, MSA supporters believe in the ability of Americans to make prudent health care choices for themselves.

Finally, this legislation attacks fraud and abuse by increasing the penalties on those who knowingly cheat the system. If there is one criticism my constituents have, it is that administration has not adequately addressed the billions of dollars in waste and abuse in our health care system. This Congress has listened and we have acted.

Mr. Speaker, it is time to stop the delay. This legislation has already been held up too long by political shenanigans—enough is enough. This is the commonsense legislation that Americans have been asking for—let's give it to them—today. I urge support for this rule and the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I thank the gentleman from Florida [Mr. GOSS] for yielding me the customary half-hour of debate time, and I yield myself such time as I may consume.

Mr. Speaker, we support the rule that provides for the consideration of the conference report on H.R. 3103, the health insurance reform bill. As most Members know, this is a modest attempt to bring about some basic needed changes in our system of health insurance.

Virtually everyone agrees that we need to increase the portability of health insurance. Workers who change or lose their jobs should not be denied health care coverage. Nor should individuals be denied health care insurance because of preexisting conditions. To the degree that this legislation accomplishes those incremental but important reforms, we strongly support it.

But we are troubled by some other provisions of the conference report, and I just want to take a moment, Mr. Speaker, to point them out.

Many of us are concerned about the provisions setting up medical savings accounts, even though the original House language has, we believe, been greatly improved by the conferees. Still, we are approving a tax subsidy for plans that will appeal to the wealthiest and healthiest in our society, and by taking the healthiest people out of insurance pools, the new MSAs could cause higher premiums for those remaining in traditional insurance plans. Fortunately, the conference agreement limits the number of those plans that can be sold and requires the Congress to revisit that issue in the near future.

We are also concerned about some of the anti-fraud provisions in the agreement, including one that would require the Federal Government to provide advisory opinions on the legality of certain actions. When the House considered this particular provision earlier in the year, the Department of Justice expressed opposition to it on the grounds that it might eviscerate important anti-kickback laws.

The legislation also includes anti-privacy provisions that have caused some alarm. We need to be concerned about the increasing erosion of privacy concerning personal medical matters, and we hope that this provision will receive the necessary oversight from the Congress and elsewhere to keep those fears from becoming a reality.

As we will hear from other Members, the bill also includes a provision that was added by the conferees for one particular pharmaceutical company. We regret that we know so little about the provision. The inability to have a conference report available for 3 or 4 days in fact does work against our best interests in the long run, as this special language proves.

All in all, Mr. Speaker, we support the modest but useful health insurance reforms in the bill before us. Those of us who support health care reform that will ensure all Americans access to affordable health care wished that we could do more. But we know that was impossible this year, despite the continued skyrocketing cost of medical care and the devastating effect those costs have had and will continue to have on the Federal budget.

We hope that this is just a first step, and that the Congress will start tending to the needs of the uninsured and underinsured in our society in the very near future.

But because of the groundwork that has been done this year, Congress will, I hope, be encouraged to return to the issue next year with a better understanding of how we might extend health care coverage and do a better job of controlling health care costs.

Mr. Speaker, as I stated earlier, we have no objections at all. We do in fact support the rule for this conference report, although many of us remain concerned about a number of provisions in the agreement itself. We shall likely have an opportunity to vote to send it back to conference to deal with the important issue of mental health parity and the special language that was included for the benefit of one particular pharmaceutical company. For now, we urge our colleagues to approve the rule so that we can proceed with the debate on the conference report for H.R. 3103.

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I am obliged for the gentleman's support of the rule, and I share his optimism that we are getting on with health care. To share in that optimism, I yield such time as he may consume to the distinguished gentleman from New York [Mr. SOLOMON], the chairman of the Committee on Rules.

Mr. SOLOMON. I thank the gentleman for yielding me the time.

Mr. Speaker, in supporting this vital piece of legislation, I just want to pay tribute to the hard work done by Chairman BLILEY and certainly DENNY HASTERT, Chairman ARCHER, BILL THOMAS, Mr. FAWELL, including my Rules Committee member, Mr. GOSS, who helped us mold together the 3 bills that originated this legislation in the first place.

It truly is a historic week here in this Congress. It is amazing what this body can do when we have the cooperation of the Senate and, yes, even the President.

Yesterday in the House we passed with enormous bipartisan support a truly great, I think, welfare reform bill, by a vote of 328 to only 101 negative votes, which the President has indicated that he will sign.

In addition to the comprehensive welfare bill, with the passage of this rule the House will take up the health insurance conference report. This conference agreement is a bipartisan effort which the President has indicated he will also sign.

I might point out that by focusing our efforts on several limited aspects of health insurance which the public is very interested in, this conference report will make it through the legislative process. These reforms were not made by a secret White House task force, as was attempted in the 103d Congress that went down in flames. Yet the reforms contained in this piece of legislation answer the primary concerns of the American people with our system as it stands today.

One of its most important provisions is portability. This provision will improve the availability and the portability of health insurance for American workers. Portability will allow a worker to move from one job to another, and I think we have to refine this later on, without the burden of worrying about health insurance.

Just as important, Mr. Speaker, the bill requires insurance companies to cover preexisting conditions when people are forced to change jobs, and that is one of the flaws in the current medical care delivery system.

In addition, the conference report contains medical savings accounts. These accounts are an innovation which will increase flexibility for employees of small businesses in handling their health insurance.

In the United States we do have the best medical care delivery system in the entire world, and we want to keep it that way. Just go to any of the hospitals. I just spent a stay at Leahy Clinic over in Boston. In that hospital, in that clinic, there were people from all over the world that came here because we do have this great medical care delivery system. We do not want to spoil that.

But this system is in need of some reform. The conference report provides this country with the necessary reform, I think, to give us what we need.

This conference report is an accomplishment which has taken a tremendous amount of time and hard work. I want to commend all of the conferees. It truly is a bipartisan piece of legislation.

I might point out it was even signed by Senator TED KENNEDY, who had been blocking this legislation for a long time. So now that we have him on board, I think we can all pass this bill unanimously. I urge strong support of it.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. STARK], the ranking subcommittee member.

Mr. STARK. Mr. Speaker, the Kennedy-Kassebaum bill is a modest improvement. The elephants mated and begat a mouse. It could have been a great bill, but, in effect, it snatched mediocrity from the jaws of greatness.

It would have been a much greater bill if it had avoided MSA's, if it had guaranteed group health insurance policies to firms of all sizes, not just to those with under 50 employees. It could have been a great bill if it had truly addressed medical privacy issues. There are some real dangers in the privacy being opened up by a national data computer system. And it holds terrible dangers for privacies of our citizens and their medical records being available to insurance companies across the country.

It would have been a great bill if it had not been loaded up with secret last-minute multimillion-dollar breaks for one particular pharmaceutical company. And indeed it would have been a memorial bill if it had provided some modest health insurance protections which would cost relatively nothing.

Senators DOMENICI and WELLSTONE were willing to offer a most inexpensive proposal to limit caps on mental health services to the same kind of caps that may exist on physical health. It is really a slap in the face to those families who must suffer mental health and pay for it out of their own pocket.

For these reasons, I am inclined to support a motion to recommit the bill with instructions to get rid of that drug company welfare loophole—we have not really ended all welfare as we know it, there is still welfare for big contributors to the Republican Party—and a return to work with the Senate to develop a reasonable mental health benefit with modest if no cost to employers or employees.

There is no rush, by the way. None of this goes into effect until the middle of 1997 for anybody. So anybody who thinks they are going to quit their job now cannot possibly think about it until next spring. Another week, another day might produce decent legislation without a risk to our privacy, without an affront to the ethic of the House and the Senate, and, by including mental health, a serious disability for many Americans, in this bill.

I would hope that we could have followed a process. None of the Democrats in the House signed this conference report.

☐ 1730

None of the Democrats in the House met in any conference. This was a closed-door, late at night secret session between Republicans with Republicans, and the effort, as a result, is mediocre. I think we could have improved it had we been allowed to participate.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Connecticut [Mrs. JOHNSON], the chairwoman of the Subcommittee on Oversight of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, it gives me great pleasure to rise in support of this very important legislation. Finally, we will give working families the peace of mind that they will not, they will not lose their health care coverage when they change jobs or leave employment.

Five years ago, I introduced the first insurance portability proposal. It was a radical concept. Last Congress, we debated far more comprehensive health care reform legislation that included a very detailed, thoroughly worked out provision guaranteeing portability, as this bill does. Today, we finally complete legislative work accomplishing the commonsense goal that I and so many others have been pursuing for 5 years. It took Republican leadership.

Under this bill, people who play by the rules and have health insurance coverage are guaranteed the right to keep coverage, even if they develop a serious but permanent medical condition, and even if they change employers or work for a small employer and lose their coverage for any reason. But with today's technology in genetic testing, an individual does not even have to be sick to be denied coverage.

An important amendment I offered during committee consideration will protect people who know they carry a predisposition for breast cancer or Huntington's disease from discrimination by their health insurance carrier or future plans.

Finally, I am very pleased this bill is offering very real solutions to families worried about the catastrophic costs of long-term care. I have long proposed tax deductions for the purchase of long-term care insurance, along with my colleague, the gentlewoman from Connecticut, BARBARA KENNELLY, so that fewer elderly Americans will need to spend themselves into poverty in order to get coverage for nursing home care.

The tax incentive of premium deductibility for policies covering long-term care at home or in a nursing home will potentially save billions of dollars in the fastest growing part of the Medicaid program and better serve seniors.

Moreover, this bill requires policies to meet consumer protections, to protect seniors' investments in their policies; another initiative of mine and a number of members of the Subcommittee on Health.

Mr. Speaker, this is truly a landmark day for those of us who have spend years to bring these common sense reforms to us, and I urge my colleagues to support this bill.

Mr. BEILENSON. Mr. Speaker, I yield 7 minutes to the distinguished gentleman from California [Mr. WAXMAN], a member of the Subcommittee on Health and Environment of the Committee on Commerce.

Mr. WAXMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

Today, thanks to the tenacity and moderation of Senator KENNEDY and Senator KASSEBAUM, this House has before it legislation to make some small improvements, but improvements nevertheless, in the health insurance protections available to Americans.

Today, we finally provide that people who lose their insurance because they move or lose their job or their employer stops providing coverage, that those people will be assured that they have at least access to health insurance coverage and will not have to face a waiting period for any preexisting condition. That is good and long overdue.

Unfortunately, this bill could have been and should have been significantly better. We have failed to seize the opportunity this bill presented to take long overdue and much needed steps to assure parity of treatment of mental health benefits with other health benefits, and that is inexcusable.

We had the opportunity in this conference to agree to the bipartisan Domenici-Wellstone amendment, adopted overwhelmingly in the Senate, to end the discriminatory treatment of mental health conditions in insurance plans. This provision had broad and significant support in the House with more than 100 Senators urging us to adopt it. It had significant support among the conferees, yet the Republican Members who controlled the conference would not allow us to meet to discuss this provision. They lacked the courage to let the public see them debate and vote on this issue.

The losers are the American people. It is every person and every family who has known the tragedy of struggling with mental illness and having no adequate insurance coverage for the services they needed to treat it.

There is simply no place in this country for discrimination against mental health coverage in this day and age. This House should demand that the conference return to the drawing boards and bring back a conference return which includes a mental health parity amendment.

The irony here is that while the majority would not let us consider adopting protections for mental health benefits, they had no compunctions at all about adding a multimillion-dollar giveaway for their friends in the drug industry.

In the dark of night they added a patent extension for a drug called Lodine. There is no reason to do this, except to help one drug company make more money. And how will they make more money? By having people pay a higher price for that drug by denying a competitor to come on the market.

It demonstrates again that no matter how important a bill is for ordinary people, the Republican majority cannot help seeing it as yet another opportunity to take care of a special interest.

So what the Republicans did was they snuck this provision in without anyone knowing about it. It was not in the House bill. It was not in the Senate bill. Ordinarily, that would be beyond the scope of the conference, and a point of order could be made against it. But this rule waives that point of order. So when we vote to adopt a rule to consider this bill, many Members might not even realize that they are protecting the special interest giveaway. This is exactly what the American people are so sick of.

I also regret that this bill does so little to help people with the problems they have in securing health care coverage. It is important to assure access to insurance for people who have had coverage and lose it. But accessibility without affordability is a small step, indeed.

This reform will prove to be a cruel hoax if people find they cannot afford the coverage that they gain access to.

Of the 40 million Americans who have no health insurance coverage at all, what help will they get with this bill? Almost none at all. Their needs are unaddressed. They cannot afford insurance. They do not have it at their jobs. They go without health care coverage, and they will still have no health care coverage.

They will still have no health care coverage when all is said and done because it will not be available for them even to buy because they did not have it before.

I hope my colleagues do not see the adoption of this bill as a reason to brag about their achievements. We should be humbled by the magnitude of what we did not do. For in the end there is only a small downpayment that we get out of this legislation on the kind of action that the American people have a right to expect and receive from the people they elected to this House.

Mr. Speaker, I think we should give credit for moving at least to this extent to President Clinton, for having raised the fact that people do not have health insurance, even those who have had a job and want to change it. They are afraid to leave that job for fear health insurance will no longer be provided to them.

To the extent that this bill will correct that problem, we should all vote for it and be happy about it. To the extent that after this bill is adopted people will still be uninsured, because insurance was not offered to them or because they could not afford it, it is a disgrace for America to have all those people without the ability to get care when they need it.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume to say that we do not want perfect to get in the way of good, but we also would like to achieve perfect health care on this side of the aisle.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Illinois [Mr. FAWELL], the chairman of the Subcommittee on Employer-Employee Relations of the Committee on Economic and Educational Opportunities.

Mr. FAWELL. Mr. Speaker, I rise in support of this rule and of the conference report on the health insurance reform.

As one who has been involved in moving this legislation from the beginning, I know that this truly is a remarkable achievement.

I would like to especially give special mention to my colleague and neighbor, the gentleman from Illinois, Congressman DENNIS HASTERT, who has headed up the Speaker's task force and has had that opportunity of bringing everybody together to put this legislation in final form. He has done, I think, a great job.

As is often the case, the Chicago Tribune hit the nail right on the head in a recent editorial about this legislation. It is entitled "Two Cheers for Health Reform." The first cheer is for finally addressing the problem many Americans who have preexisting medical conditions face in maintaining health insurance coverage when they change or lose their job. The second cheer is for taking the first step toward allowing medical savings accounts, or the MSA's.

The missing third cheer is for the provision that I sponsored that passed the House but unfortunately did not make it into the final bill. This provision was the only one that would, from my viewpoint, make significant strides in expanding health insurance coverage to the 40 million Americans who are uninsured, to which the previous speaker made some reference.

This reform would have allowed small businesses to band together under the auspices of national trade associations, whether it is the NFIB, the Farm Bureau, the Restaurant Association or what have you, and self-insure so they could gain all of the cost advantages and economies of scale that large corporations and their employees enjoy and take for granted.

In short, this provision would have made health insurance instantly affordable to hundreds of thousands of small businesses that cannot now afford it, and to millions, yes, to millions of their employees and their families who today make up the bulk of the uninsured population who are employed by small businesses who cannot, because of lack of economies of scale, be able to afford health care.

We made tremendous progress, nevertheless, in moving this provision along, in spite of the misguided yet withering assault by some of the insurance industry and some State insurance commissioners also. Believe me, we will be back next year fighting for this reform with renewed vigor and even broader support. I predict that our small employer pooling provision will pass in the next Congress.

Mr. Speaker, I again enthusiastically support this health care. What we have here, it is good and sound and I think progressive, and I think it is good for the Nation and I urge its adoption.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, the Democrats must declare victory today. The Democrats can take credit for the health insurance reform legislation that we will be shortly voting on. Thanks to President Clinton's leadership, Senator KENNEDY's perseverance and a democratic commitment to health insurance reform, millions of Americans will no longer have to worry about losing their health care in between jobs.

In addition to other much needed reforms, many of the poison pill special interest provisions that the Republican leadership insisted on for the last several months were finally dropped.

I believe that President Clinton deserves much credit here. He brought health insurance to the forefront once again with his January State of the Union address and pushed Republican leaders from inaction to moving health insurance legislation forward.

In April, many of us remember the Senate passed Senator KENNEDY's legislation overwhelmingly, 100 to 0. Unfortunately, Speaker GINGRICH and the Republican leaders in the House were more interested in placating the special interests than passing meaningful reform.

Day after day on this floor we heard about medical savings accounts, a special interest provision that I believe would increase premiums for many Americans and make health insurance unaffordable. As a result, health insurance reform, for a while, appeared doomed.

After increasing Democrat pressure and Presidential leadership, the Republicans finally caved in to our demands and largely removed all the controversial provisions.

☐ 1745

MSA's, as the Speaker, knows, will be limited to a pilot program that I hope will not have a negative impact.

Mr. Speaker, I have to say the Democrats have long been advocates of health care for all Americans, and this legislation moves us one step closer to that reality. I realize that it is only a small step that we are taking today and, as the gentleman from California, [Mr. WAXMAN] said, we have to point that out. But in a year when Republicans have tried to slash Medicare and repeal Medicaid, I am pleased that they have come to their senses on at least one health care initiative that may benefit as many as 25 million Americans, and I think that in itself is a major victory for the Democrats today.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. BILIRAKIS], my friend and colleague, the chairman of the Subcommittee on Health and Environment of the Committee on Commerce and an author of this, from which much of the foundation came from the Rowland-Bilirakis bill, and we owe him a great deal of thanks.

Mr. BILIRAKIS. Mr. Speaker, those of us who have been fighting for the passage of health reform legislation for many years are pleased and proud to see that it finally has arrived and that by the end of this week Congress will send President Clinton a bipartisan health reform bill that he will sign into law.

During the 103d Congress, then Congressman Rowland and I introduced consensus health reform legislation. The Rowland-Bilirakis bill was the only true bipartisan bill considered during the Congress and included health consensus items for which there was broad agreement in Congress. Unfortunately, the Members of the House were not given the opportunity by the leadership then to vote on any health reform package.

Almost 2 years later, attitudes have changed dramatically. Today the House of Representatives will cast a historic vote on a health reform package that is similar to the Rowland-Bilirakis bill.

Is it perfect? No. Should it include other needed provisions? Yes. But at least it is a good start by this Congress.

The items in our conference agreement are nothing new. Many of the components, insurance portability, fraud and abuse reform and administrative simplification, have all been included in past health bills. These issues have been discussed in great detail by Members of both the House and Senate, including these vital components essential to any health reform bill.

Everyone agrees that people should not be denied health coverage because they have been sick. Everyone agrees that job lock must be unlocked so that people can move from job to job without losing health insurance.

The conference agreement addresses these and others of our Nation's most critical health problems. These are problems we can solve now, and in doing so, we will improve the lives of millions of working Americans. As chairman of the Subcommittee on Health and Environment of the Committee on Commerce, I am pleased and proud to be a part of this historic and bipartisan agreement.

Today we make health care in this country both accessible and, just as important, affordable.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. SAWYER].

Mr. SAWYER. Mr. Speaker, I rise in support of the rule and the conference report on health insurance reform. The conference report contains modest reforms to expand health care coverage. The bill would make health insurance more portable, as we have heard, and would limit the ability of insurers to exclude care for preexisting conditions.

The conference report also contains important health care administrative simplification provisions. These provisions help address the problems of excess paperwork and substantial administrative costs associated with health care. The bill would establish a framework for health date elements that would facilitate the coordination of benefits between different systems and help track fraud and abuse. While many health plans already transmit data electronically, the data is nonstandard, often incomplete.

The bill would also establish strict security standards for health information because Americans clearly want to make sure that their health care records can only be used by the medical professionals that treat them. Often we assume that because doctors take an oath of confidentiality that in fact all who touch their records operate by the same standards. Clearly they do not.

Administrative simplification is the result of a cooperative effort between public and private sectors and has been accomplished, at least this segment of this bill, in a bicameral and bipartisan fashion.

The concept arose from a clear need to address rising health care costs, and I want to particularly call attention to and thank the efforts of the gentleman from Ohio [Mr. HOBSON], my friend and colleague, who brought an expertise in health care policy with him from the Ohio legislature and came to me three years ago and suggested that we work together, using my experience in large scale information systems. In 1994, our language was part of virtually every health care reform effort. Thanks largely to that ongoing commitment by Congressman HOBSON, we are about to see this important reform become law.

Let me comment just briefly, however, on the remarks of my friend and colleague from California, PETE STARK, and my friend from Oregon, JIM MCDERMOTT, who has expressed concerns similar to Mr. STARK's in a "Dear Colleague."

They have both raised concerns about privacy and about Social Security numbers, and just let me add as an aside that both Congressman HOBSON and I over the last three years have developed language that addressed precisely those concerns, and as we engage in the next Congress in the continuing and broader effort to address many of the matters that have been begun in this language today, we offer our commitment to continue that effort to address these concerns.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Ohio [Mr. HOBSON], who was just referred to by his colleague.

Mr. HOBSON. Mr. Speaker, the final version of the Health Insurance Portability and Accountability Act includes the provision that you just heard about that Congressman SAWYER and I wrote to modernize the way health care financial transactions are conducted, and we have worked for a number of years in a bipartisan fashion through a couple of Congresses to achieve this.

Americans have the most advanced health care services in the world largely because of the technological advances that have been made. It is time we make the same technology apply to the way our health care system is run. The same high-speed electronic networks that modernized banking can be applied to our health care system so that bills can be filed easier, payments paid faster, and efficiency improved.

In addition, the reductions in paperwork and improvement in speed, security and efficiency in billing helps get at one of the biggest problems currently facing the health care industry: fraud. Today we try to fight fraud with rooms full of clerks checking bills after they are paid, but billions of dollars of fraud simply slips by. Fraud will be easier to fight if every transaction can be coordinated electronically.

Again, my thanks and congratulations to everyone who worked on this project. It has been a model of cooperation between the private and public sectors and between congressional Republicans and Democrats. I am looking forward to voting for this provision in the bill and encouraging everyone here to vote for not only the rule but the bill, this is truly a bipartisan bill.

Mr. BEILENSON. Mr. Speaker, I yield 1 minute to the gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Mr. Speaker, four words sum up this health care bill: Thank you, Mr. President. President Clinton made health care reform a top priority of his administration. His original bill did not pass, but it cast light and forced voluntary reforms on insurance company practices that put profits ahead of people.

The President's focus on health care pressured insurance and drug companies to voluntarily hold down their rising costs. Above all, it challenged Congress to act.

Over time, this bill will give more health security to millions of American families. It allows people to change jobs or lose jobs and keep their health insurance. It reduces discrimination against people with preexisting conditions. But our work is not finished. We need parity coverage for mental health and universal coverage, especially for all children.

Democrats have fought for years for health care reform. We never gave up. The Republicans finally gave in. It is an important step forward. Vote for this bill.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentle judge from Ohio, Ms. PRYCE, a distinguished member of our Committee on Rules.

Ms. PRYCE. Mr. Speaker, I thank the gentleman from Florida [Mr. GOSS] for yielding me this time and for his tireless work on this landmark legislation.

Mr. Speaker, today marks another historic day in the House as we move one step closer to enacting common sense health care reform. For years the American people have asked us to enact meaningful reform, and today Congress has come together in a bipartisan way to break Washington gridlock and accomplish this important task.

In 1994, the American people soundly rejected the health care reform plan that put the Federal Government in the driver's seat, controlling prices, benefits, and physician choice. The legislation we will vote on today offers a more practical, even-handed approach to reform that leaves American individuals in control, not government bureaucrats.

I have said all along, through these years of the debate on health care, let us get on with it. Let us at least fix what we can all agree upon. And finally, lo and behold, through the hard work of so many, today we are about to do just that: Portability provisions to relieve job lock and no more, nor more exclusions because someone is unfortunate enough to have a preexisting condition.

Both Republicans and Democrats can claim victory today. This is truly a bipartisan effort. This is a happy day for our country. Much, much good will come of this.

Mr. Speaker, our vote today on this conference report is about more than just reform. It represents a giant step forward in our effort to ensure that as many Americans as possible will have access to the most advanced and reliable health care system in the world.

Mr. Speaker, I urge my colleagues to answer the call of the American people for health care reform that ensures them greater access, security and freedom by supporting this fair rule on the underlying legislation.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, this bill is a real victory for hard working American families, and after 20 months of gridlock and shutdowns I am pleased that the Republican leadership has finally relented to getting something done for the American people. It is about time. The health reform bill makes long overdue changes to our Nation's health care system. This bill will free working families from unfair insurance company practices that deny coverage due to a preexisting condition and deny workers the right to keep their health insurance when they change jobs. This bill will make a real difference in the lives of working families struggling to get and to keep health care coverage.

The construction worker in Wallingford, CT will be helped when he told me that his biggest fear if his company downsizes is that his daughter has a terminal illness and that he stays awake every single night worried about what happens if he loses that job, how will he pay for health insurance for his daughter? And it has taken us 20 months, 20 months to help give some peace of mind to this construction worker in Wallingford, CT.

Let me tell you this achievement would not have been possible were it not for the will and the determination of congressional Democrats. The Republican leadership roadblocked this much-needed legislation, left the health care security of families hanging in the balance. The leadership of the Congress was more concerned about special interest campaign contributions than in the progress and the security of working American families.

Mr. Speaker, we still have a very long way to go. I was disappointed that the conference dropped the mental health parity provision in the bill, and I have introduced legislation to achieve this needed reform. I am committed to working in a bipartisan fashion to enact mental health parity.

Mr. Speaker, today is a good day, a great day for working families and, thanks to the pressure from ordinary citizens in this country, we will make these small and yet important changes in our private health care system. Vote for the health care reform bill.

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Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. STEARNS], my colleague and friend, and a member of the Committee on Commerce.

Mr. STEARNS. Mr. Speaker, I would say to the gentlewoman from Connecticut that their party has had 40 years to accomplish this bill, and yet it took our party just 2 short years to get portability of preexisting condition. I have to make that point.

I rise in strong support of this rule. This legislation we will vote on today addresses the most fundamental and important issue that currently prevents a large majority of the uninsured from accessing health care. In his medical essays Oliver Wendell Holmes said, the truth is that medicine is as sensitive to outside influences, political, religious philosophical, imaginative, as well as a barometer to the changes of atmospheric pressure.

Having been involved with the debate in 1993, all of us have been involved, and here we are today. Throughout the course of this congressional debate, I believe we have battled all the forces that Mr. Holmes has talked about. We have prevailed finally and achieved our common goal of providing what the American people said they wanted from health care reform.

Passage of this bill will benefit all Americans, especially the 39 million who lack any type of health care coverage. These individuals must live in constant fear of becoming sick and not having the necessary insurance to meet their medical needs.

Lastly, I am particularly pleased that through our Committee on Commerce and working with the gentleman from Florida [Mr. BILIRAKIS], the chairman of the Subcommittee on Health and Environment, we had inserted the two words, "genetic information," in the definition of health status agreed to in the final package.

This will start to ensure that genetic privacy is with the American public and in the medical and insurance industries. Just these two words, "genetic information," for the first time in the history of this country we have put those in this package. I believe it will go a long way to enhancing and making a better piece of legislation.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS], whose presence around here will be greatly missed next year.

Mr. WILLIAMS. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, this meager bill, a very long time coming, is the symbol of the inability of this Congress to even reach obvious compromise in a timely manner. This bill is wildly insufficient. It represents not health care reform but congressional retreat from bold legislative reform.

This bill is not a bold first step. It is a final, sad stumble toward the pretense of health reform. Of course, there are a few good elements in this bill. However, the legislation will increase health insurance costs for millions of Americans. It does nothing to create comprehensive reform, nothing to ensure universal coverage, little to restrain the inequities caused by the American health care insurance industry.

Will most of my colleagues vote for this bill? Of course. Because it is the very best bill the President can get out of a very bad Congress.

Mr. BEILENSON. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, I, of course, will rise in support of this bill. It is a small bill. It is important to certain segments of our community, provisions here that cry out to be done and need to have been done for a long time.

I also want to talk about what is not in the bill. What is not in the bill is mental health. I guess I have great concerns about that because as cochair of the mental health working group, a bipartisan group in Congress, there were 116 of us who signed a letter to the conferees asking that the Senate provisions on parity, that is, that mental health be treated by insurance companies as so-called physical health problems, be retained. There is nothing in this bill for mental health.

There is no language concerning parity. There is not the language that was proposed about raising the lifetime caps on insurance policies on mental health to at least the same level and other types of health care policies. There is not even a commission to study.

Yet we have 20 percent of Americans at sometime who are going to experience mental health or substance abuse problems; 30 million Americans will have some kind of problems with mental health and mental illness, yet only 20 percent of those are able to seek help, only 20 percent of those.

Some say you cannot have mental health in there because it is a lot different. You do not treat mental health the same as physical health. You know a broken arm, you can treat that.

How do you treat low back pain, how do you treat arthritis, how do you treat migraine headaches, how do you treat hypertension? All of these are compensable under regular insurance policies but for some reason mental health does not factor in there.

I would also point out that depression alone has a higher morbidity rate than heart disease, lung disease and hypertension. So mental health needs to be a vital element in this. Yes, this is a small area of reform, but mental health needs to be included. I would urge all of us to continue focusing to make sure that mental health has the same priority because mental health is every bit the same priority as the other areas that are so important in this bill.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. WELDON], my friend and colleague on the Committee on Economic and Educational Opportunities.

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman from Florida for yielding the time to me. I would like to echo his comment that this is a red letter day.

As a practicing physician in the past, I have seen firsthand the consequences of people not having health insurance and how they will often let minor illnesses go for extended periods of time until they become a serious complication and ultimately lead to greater costs than what they would have been otherwise. I have also seen the consequences of people being excluded from health insurance because of a preexisting medical illness and the consequences of job lock that that can sometimes cause.

I honestly looked on with horror and amazement when the Clinton administration put forward their health care plan, which essentially constituted a major power grab of the Federal Government of a huge sector of our economy, a Federal Government that does not have a track record of running things efficiently or better. I felt so strongly that it was possible to introduce reforms that would go a long way to deal with the problems of the high cost of health insurance and the problems of lack of portability of coverage as well as the problem of preexisting illness exclusion.

I felt it was really honestly possible to produce a piece of legislation that would take our system which is the best health care system in this country and make modifications in it that would help so many people who do not have health insurance get insurance. Is this a perfect bill? No. But we should never make the perfect the enemy of the good.

There are provisions that some of my other colleagues have talked about that were left out of this bill that need to be considered in future legislation. But let us remember this bill addresses portability. It addresses preexisting illness exclusions. It addresses problems of waste, fraud and abuse. It has small business deductibility, tax deduction allowed for long-term care for our seniors.

This is a good bill. It is accomplishing these things without a Government takeover of the health care. I urge all my colleagues to support the rule and support the conference report.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, I rise in support of the rule and the conference report. This bill is long overdue. Americans have wanted health insurance reform for a long time. This bill will help make health care more affordable and more available.

The bill addresses portability. It allows the self-employed an increase in their health care tax deductibility, and that will help make health insurance much more affordable. It establishes medical savings accounts, and that will help make health insurance more affordable. It provides tax deductions for long-term care expenses, and that will help make health care much more affordable.

The bill cracks down on fraud and abuse, and that will help make health care more affordable.

Let me go into a few details on the fraud and abuse sections. The bill establishes a national health care fraud control program to coordinate Federal, State and local efforts to fight fraud. It extends antifraud rules for Medicare and Medicaid to other Federal programs. It requires the Secretary of Health and Human Services to provide seniors with better explanations of benefits so they can scrutinize their bills for waste, fraud and abuse. And the Secretary can provide a reward to seniors who have identified those problems. It excludes people found guilty of health care fraud felonies from participating in Medicare and other health care programs for at least 5 years.

It creates a new crime for people who knowingly dispose of their assets to qualify for Medicaid benefits. It creates a stiff civil money penalty for practitioners who falsely certify that a Medicare enrollee meets the test for home health care services.

Mr. Speaker, this is a win-win proposition for the American people. It will provide expanded health care coverage without creating huge new bureaucracies. In fact, we give more power to individuals to make their own decisions when it comes to health insurance.

This week we will have helped reform, both welfare and health care. The debate gets pretty hot sometimes, but I salute my colleagues on both sides of the aisle who have made this a productive week in Congress.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Georgia [Mr. NORWOOD], a member of both the Committee on Commerce and the Committee on Economic and Educational Opportunities.

Mr. NORWOOD. Mr. Speaker, I detect, as we go into this debate, some frustration on the other side of the aisle from those who would have federalized health care in this country just 2 years ago or socialized medicine. But, Mr. Speaker, I am going to rise today in support of this rule and this conference report. While this version of H.R. 3103 does not include many of the provisions I think that are necessary to really increase access to health care, this bill is the best bill we could get in this Congress with this President.

During this debate, I have been amazed at how political the right thing to do can become. Rather than doing what we need to do, some Members of this Congress delayed consideration of this bill for months. I assume they were afraid to cede power from the Federal Government to the people. This is unfortunate.

Mr. Speaker, I am going to continue to fight for what is right. We need tort reform, expanded access to medical savings accounts, small employer pooling and other options meant to provide access to lower cost health care.

This bill does make health care more available and affordable for millions of Americans without a government take over of health care.

I am absolutely amazed at what my friend, the gentleman from New Jersey, Mr. PALLONE said. He said that the Democrats need to take credit. Well, they could have had credit just 4 years ago if they had allowed Mr. ROWLAND and the gentleman from Florida, Mr. BILIRAKIS, to produce their bill and bring it out on this floor. But they kept that from coming out and these 40 million Americans could have had this advantage 3 or 4 years ago, had they not been so interested in socializing medicine.

My friend, the gentleman from California, Mr. WAXMAN, says that all 40 million people, not one of them will be helped by this bill. Yet my friend, Mr. PALLONE, says yes, 25 million of the 40 million will be helped by this bill because he knows this bill will pick up small business owners. It will take care of preexisting conditions and many other people will get insurance.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from California [Mr. BEILENSON] for yielding me this time. He will be missed, his presence, around here as well next year.

This is a good bill and I rise in support of it and the rule that supports it. It is a good bill because it works for a number of Americans. But we have some work left to do for a lot of other Americans.

This bill says to someone who has had breast cancer or a triple bypass operation, if you lose your job and you have to look for new coverage, you cannot be denied that coverage because you were so unlucky that you got sick. That is a good thing. I believe there are mechanisms in this bill that would make sure that you would be offered that coverage at about the same rate everybody else would, and that is a very good thing.

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This bill says to the person who is the next victim of corporate downsizing that they will have the right to stay in the health care plan that they were in when they were working until they find their next job, or maybe even after they find their next job for awhile. They will have to pay for it, and that is very difficult for a lot of people, but the fact of the matter is it is a lot better to be able to write a check to stay in the plan that they are already in than to have to go look for new coverage after they have lost their job, and that is a very good thing.

It is a good thing that self-employed people are going to be able to deduct more of their premiums now than they were before from their income tax return. They ought to be able to deduct 100 percent of it, but it is a very good thing that we have increased that.

It is a good thing that people who buy long-term care insurance, who if they have to go into a nursing home will have to have an insurance policy to cover it, can get some help on their tax return if they do. That is a good thing.

But there is work we have left to do. This bill works in that way for a lot of people. There is work we have left to do.

This bill does not really help the family that is sitting there tonight, that is so upset because one of the people in the family has a severe mental illness, is a manic depressive, let us say, and they are worried that that person's next hospitalization is going to bankrupt the family because there is a $10,000-a-year limit on mental health benefits.

There are good things, but there is work we have left to do. I support the bill and the rule.

Mr. GOSS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Connecticut [Mr. SHAYS].

Mr. SHAYS. Mr. Speaker, I salute the gentleman from Illinois, Mr. HASTERT, the gentleman from California Mr. THOMAS, the gentleman from Texas Mr. ARCHER, the gentleman from Virginia Mr. BLILEY, and my colleague from Connecticut, Mrs. JOHNSON, on our side of the aisle, and I know there are Members on the other side who deserve credit as well because this is a bipartisan effort.

I am grateful in a bipartisan effort we have ensured portability of insurance, limited preexisting condition exclusions, required health insurance providers that serve small group plans to accept every small employer, and I am grateful that we have made health care more affordable and available by reducing administrative costs, but I want to speak to title 2 of the bill, particularly, which attempts to address the $100 billion of health care fraud.

Both presidents Bush and Clinton had advocated that we deal with this. Unfortunately, President Clinton's proposal was in his socialized medicine plan, but that part of the plan that said deal with fraud had merit. It was what President Bush also had suggested.

The gentleman from New Mexico [Mr. SCHIFF] and the gentleman from New York [Mr. TOWNS] and I on our committee had worked on this, and we are happy to see it included in the bill, because in the past we dealt with fraud such as wire and mail fraud and attempted to get someone who cheated the system when we had hundreds of billions of dollars of fraud. Now we are making health care fraud a Federal offense, not just for Medicare but also for Medicaid, for CHAMPUS and all private providers. This obviously makes sense, and I salute my colleagues for doing it.

We just need to know that those who commit fraud have a tough test. They should have known for a civil penalty the issue is that there has to be knowing and willful attempt to defraud the system. This does not go at individuals who have unknowingly miscoded. This goes after the real pattern of continued fraud, and I salute this bill and those on both sides of the aisle who have, for the first time in decades, attempted to get at waste, fraud, and abuse in a very real way.

Mr. BEILENSON. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Speaker, I rise in support of the conference report.

Mr. Speaker, I rise in support of the conference report on H.R. 3103 as a reasonable first step in helping families get the health insurance coverage they deserve, but I think this legislation only marks a very modest starting point. The provisions of the bill ensuring portability of health insurance and protections against discriminatory coverage for a preexisting condition will provide some important new benefits for America's working families. But they will only be benefits to those who already are fortunate enough to have access to affordable health insurance.

A recent report by the Department of Labor on health benefits shows the real challenge we face as employers are backing off a commitment to providing health benefits. The share of full-time workers covered by health insurance dropped from 96 percent in 1983 to 82 percent in 1993. Hopefully, the recent drop in health insurance costs to all-time lows will turn this trend around, but I don't think we can count on it. We must rekindle our commitment to real health care reform that will extend health care coverage to the 37 million people who are left behind.

Those of us who have supported the Kennedy-Kassebaum-Roukema bill from the beginning are pleased that the objectionable provisions added in the House bill were eliminated in conference, including the medical malpractice and MEWA provisions. The Medical Savings Account has no place in a bill that seeks to expand access and affordability of health insurance, but I think that Senator KENNEDY did a very admirable job in striking a compromise on this issue so that even this modest progress towards health reform was not derailed.

I will support the motion to recommit that addresses two remaining problems with this conference report. One was the dropping of the Domenici-Wellstone amendment. We have missed a critical chance to achieve parity in health insurance coverage for mental illness in this conference report. I worked on this issue extensively when we considered health care reform in the 103d Congress. Prejudice and stigma against the mentally ill has no place in the development of sound health care policy in this Nation. Studies have shown that in contrast to being an added cost, mental health parity would save the national economy and the Nation's small businesses more that $2 billion annually. It is terribly shortsighted to fail to recognize that mental health disorders cost the American economy as much as $162 billion per year in lost productivity, absenteeism, disability and death, and that such disorders are so treatable when treatment is available. I will continue to work with the many other Members of Congress who recognize that our Government cannot stop short from including parity for mental illness as part of any health care reform effort.

I am also sad to see that greedy special interests have once again gotten their way in this Congress by last night's sleight of hand providing a patent extension for Lodine. This inexcusable assault on consumer interests should be stopped, just as similar relief for Lodine was stopped several other times in this Congress.

Mr. BEILENSON. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Speaker, I thank the gentleman from California for yielding time.

I rise to support the Kennedy-Kassebaum health insurance bill that is before us, Mr. Speaker. The passage of this incremental health insurance bill is long overdue, but it barely scratches the surface of what needs to be improved in this country's health care system.

Oh, yes; it does help people who already have insurance through their employers but who are suffering from job lock. Under this bill they are guaranteed coverage through another employer's group plan or through individual coverage, regardless of preexisting conditions, and the bill allows the self-employed to deduct 80 percent of their health insurance premiums, which is up from the current 30 percent in present law. These are important changes.

But this bill is only a small first step. We need to go much further. We need to help those who do not already have insurance, the millions of people whose employers do not offer coverage, or the self-employed whose kids go to school sick because their parents cannot afford to take them to the doctor, the people who do not have insurance at all, the 40 plus millions of people who do not have insurance at the present time.

We need to help make insurance more affordable for people who are not covered at work and cannot afford to buy insurance on their own, and we should require health plans to offer good benefits and assure quality care. People can still end up with bare-bone policies that drop them and put lifetime limits on their care, and provisions that were in this bill which guaranteed equal treatment for mental health care have been dropped, and that is a tragedy.

So this bill is a good first step, but it is not health care reform as we ought to be doing it. We should support this bill and then get on with the job of making health insurance affordable and accessible to every single American.

Mr. GOSS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Nebraska [Mr. CHRISTENSEN], a member of the Committee on Ways and Means.

Mr. CHRISTENSEN. Mr. Speaker, today we are keeping our promise to pass real health care reform legislation, legislation that will improve the availability and portability of health insurance across America.

It is hard to believe that just a little over 2 years ago we were looking at the Clintons' takeover, the Government takeover of our health care system, one-seventh of our GDP. Do my colleagues remember the bureaucracy that was set up through this nationalized health care program that the Clintons put forth?

Well, our program is nothing like that bureaucracy. Our program allows private sector solutions. It allows the insurance to be more available and more affordable for all Americans. it allows preexisting conditions not to be a problem any more. It cracks down on waste, fraud, and abuse, and it allows for the creation of 100 percent portable medical savings accounts.

Simply put, Clinton care was about helping government. Our legislation is about helping people.

I urge my colleagues to support this historic commonsense health care reform legislation.

Mr. GOSS. Mr. Speaker, I yield 30 seconds to the distinguished gentlewoman from New Jersey [Mrs. ROUKEMA].

Mr. BEILENSON. Mr. Speaker, if I may, I yield 1 additional minute to the gentlewoman from New Jersey.

The SPEAKER pro tempore (Mr. NEY). The gentlewoman from New Jersey is recognized for 1½ minutes.

Mrs. ROUKEMA. Mr. Speaker, I am rising here, proud to be here today as the prime sponsor of the Kassebaum bill on the House side. With this bill today we definitely are again responding to our constituents' pleas, namely that we should stop the bickering and the political gamesmanship and the gridlock and deal with the issues that count with the American people. That is what we are about to do tonight, and I strongly support it. We are responding.

I know the medical savings accounts have been talked about. This is a good pilot project despite the controversy that it provoked, but this bill will bring peace of mind and health insurance security to more than 30 million Americans, and we can all be proud of that.

But, Mr. Speaker, I am sorry to say that we were unable to stop the blatant discrimination against mental health patients. Ignorance and apathy, I am afraid, defeated this provision in the conference.

But I want to pledge here and now that I stand ready to work with Senator DOMENICI and others to bring this issue back and educate our colleagues on this humane and intelligent reform. That is a problem for another day, but tonight we stand here ready to deliver relief to the American people.

Mr. Speaker, I rise in support of the compromise that is incorporated by H.R. 3103, an omnibus package of health reform proposals.

I am proud to be here as the prime sponsor here in House, the heart and soul of the bill before us today is the so-called Kassebaum-Kennedy-Roukema health insurance reform package, which make health insurance portable for workers who want to change jobs and bring their current plan with them; allows small businesses to pool together in order to buy health insurance more affordably more their workers; and cracks down on the ability of health insurance carriers to refuse coverage for people who have been sick in the past.

We are here today responding to the pleas of our constituents to stop the gridlock and bickering and deal with the issues that count. With this bill we have responded to their pleas. This legislation will bring peace of mind and health insurance security to 30 million Americans.

And I'm very pleased to see that the conference committee retained a provision that allows the self-employed to deduct up to 80 percent of their health insurance premiums by the year 2002, which was not in the original Kassebaum legislation but that subsequently added.

And although I voiced grave reservations about the medical savings account provisions that were added to the House version of this legislation—because it appeared that they might serve to kill the underlying reforms—the conferees worked very diligently to reach an agreement on MSA's that both the Congress and President can support. This agreement brings a credible first step in the form of a pilot project.

For this, I congratulate my House and Senate colleagues because they have reached a historic agreement. The American people can be proud of the fact that this valuable legislation is here today, and headed toward enactment because President Clinton will sign this bill into law.

A very strong and broad coalition has worked long and hard to bring the Kassebaum-Kennedy-Roukema legislation this far.

Some of the more notable members of this coalition have included: The National Governors Association; the American Medical Association; the American Hospital Association; the Chamber of Commerce, the National Association of Manufacturers; the Business Roundtable, and the AFL–CIO; the Healthcare Leadership Council, and the Independent Insurance Agents Association; the ERISA Industry Committee [ERIC], and the American Association of Retired Persons [AARP], are just a few of the more prominent supporters of the Kassebaum-Kennedy-Roukema legislation.

Some of the provisions included in the House version of this bill—such as medical malpractice reform legislation—are proposals I have vigorously supported in the past, and will continue to support in the future as freestanding measures.

Nevertheless, I am sorry we are unable to stop here and now the blatant discrimination against mental patients. Mental Health parity was eliminated in conference. Ignorance and apathy defeated mental health parity in the conference.

I stand, nevertheless, ready to continue to work with Senator DOMENICI to bring this back and educate our colleagues on this humane and intelligent reform.

The time has come for the Congress to stop playing games, the American people are sick and tired of bickering and political gamesmanship.

We must immediately enact commonsense, incremental health insurance reforms contained in the bill before us today.

The General Accounting Office [GAO] has estimated that up of 30 million American citizens would benefit from the health insurance reforms incorporated in the Kassebaum-Roukema plan.

In closing, Mr. Speaker, I urge my colleagues to join me in supporting H.R. 3103, because its the right thing to do for the American people now.

Mr. BEILENSON. Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, it is my intent to yield all of the remaining time on our side to the gentleman from Illinois [Mr. HASTERT] to close. It is often said that it takes a lot to make something happen around here. This is a gentleman who has given a lot to make something happen around here, and I am proud to yield him the closing time.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Florida for yielding me this time to talk a few minutes about this bill.

This bill gives people availability of insurance and affordability of insurance. These were the guide words, the words we talked about to make this happen.

That means that a mother who wants to change jobs and has a child that is asthmatic can take that next job. It means a father who wants to move up and do a better job for his family and get a better area or level of his occupation can move to the competitor in the next job over and know his wife with the heart condition can get that care when he changes jobs.

It also means that families have choice; that if they choose to ask a doctor what is the price of this care or if they ask their health care giver what is the cost, that they can get a cost and they can make a decision on where they go because of medical savings accounts.

It also tells a barber in Elgin, IL who wants to have a deductibility that is fair with other companies he can do that. He can deduct his cost of health care up to 80 percent off his income tax.

It is a bill of fairness, it is a bill of availability, and I just want to thank some folks before I leave this podium. Certainly this would not have been done without a fine staff: Ed Cutler, Howard Cohen, Chip Kahn, Phil Mosley, Bitzie Beavin, Russ Mueller, and the Senate staff that worked with us.

And also the chairmen who gave freely of their time and their work to make this happen: Chairman ARCHER, Chairman BLILEY, Chairman HYDE, and Chairman GOODLING, and the subcommittee chairs, Mr. THOMAS, Mr. FAWELL, Mr. BILIRAKIS, and Mr. MCCOLLUM.

But most of all I would like to thank the gentleman from Florida [Mr. GOSS] who spent unending hours listening to meetings, so when this bill came together it came together in the right way and it came together in the Committee on Rules.

I thank all of them. This is a good day, and I look forward to passage of this bill.

Mr. GOSS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3675. An act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1997, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 3675) "An Act making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1997, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HATFIELD, Mr. DOMENICI, Mr. SPECTER, Mr. BOND, Mr. GORTON, Mr. SHELBY, Mr. LAUTENBERG, Mr. BYRD, Mr. HARKIN, Ms. MIKULSKI, and Mr. REID, to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the Committee on Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3603) "An Act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes."

□ 1830

CONFERENCE REPORT ON H.R. 3103, HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mr. ARCHER. Pursuant to House Resolution 502, I call up the conference report on the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. NEY). Pursuant to House Resolution 502, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of July 31, 1996, at page 20782.)

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARCHER] and the gentleman from California [Mr. STARK] will each control 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Member may have 5 legislative days within which to revise and extend their remarks and include extraneous matter on the conference report on H.R. 3103.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is truly a great day and a great week. As significant as all our actions may be for this historic new Congress, the action we take today is even greater for someone else. That someone else may be the victim of breast cancer, locked in a job that she cannot change because she fears losing her health insurance. It may be a victim of diabetes. It may be someone who has had a heart attack, a stroke, or anyone who has ever been seriously ill.

It also, Mr. Speaker, may be my new little baby grandchild, who, born prematurely this year, came into the world weighing just 2 pounds. To me, this little boy is a beautiful child who, thanks to the wonder of modern medicine, can now have a full life. But to others, my grandchild is still a preexisting condition. When he gets older, he too may not be able to change jobs or even get insurance in the first place.

But I am happy to say that this bill changes all that. This bill lets people change jobs without losing their health insurance, even if they have a preexisting condition.

What a major breakthrough for my grandson, Archer Samuel Hadley, and for millions of Americans who now know this Congress has heard their pleas and answered their prayers. This is the bill that does that, and much, much more. It powerfully fights fraud and abuse by creating new criminal penalties and by increasing funding for prosecution and investigation.

It creates strong and workable medical savings accounts so people can choose their own doctors and control their own health care destiny, seeking the best value in the marketplace, without relying on third parties to pay the bill. It creates new tax deductions that help make health care more available and affordable for millions of Americans.

Mr. Speaker, this is the health bill that the American people have wanted for years, and Mr. Speaker, we did it without a government takeover of the health care delivery system of this country.

We promised to make these changes, and I am proud that we have done it, working together in a bipartisan way, doing the job the American people expect of this Congress.

It has been a great week for this Republican Congress, and a great week for all of us. It has been a great 2 years of accomplishment for our efforts to reform Congress and change America. This Congress will go down in history as the did-something Congress. More importantly, it has been a great week for the American people.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, the bill that passed the Senate unanimously was a great bill. The conference product that we discuss today is an okay bill. The House Republicans have turned the Senate silk purse into a sow's ear, and there are many reasons for disappointment.

For example, why, my Republican friends, is there no mental health parity amendment? We should have done it. It was part of the bill passed by the Senate. It does not cost much. Sixteen cents per thousand is all it costs. We could raise the deductibility $5 for every policy and pay for it. So I would say to the gentleman from Texas, BILL ARCHER, if his grandson had been born with mental illness, he could not have afforded to be treated because this bill would deny him that coverage.

We did not have a real conference where we could have worked this out. We could have phased in the cost of eliminating these caps, but the Republicans would refuse to meet on this issue.

The bill's antifraud provisions are bad. The advisory opinions on intent-based fraud cases are unprecedented, and the Justice Department-HHS's Inspector General strongly oppose them. It will cost Medicare $388 million in foregone revenues over 6 years. Advisory opinion fees are not dedicated to the inspector general, and it devastates the agency's ability to fight fraud that they talk about.

The MSA's are bad. The earlier version could cost $1 billion over 5 years. Who knows what this modest plan will do? But it is a payoff to J. Patrick Rooney and the Golden Rule Insurance Co., who have given the Republicans over $1.2 million, that we can determine.

The conference agreement tries to limit the harm by limiting MSA's, but we doubt if it will. Last night someone inserted a 2-year monopoly patent extension for the American Home Products Co., which has really nothing to do with this bill.

There is a guaranteed issue only to small groups. The Senate bill guaranteed that any group, any company, could buy any group health plan sold in a State. The House Republicans limited the guaranteed issue to small businesses of 50, so a firm of 51 people does not have guaranteed access while a firm of 50 does. It makes no sense at all. It is silly. It discriminates against mid-size companies in dangerous lines of work: logging companies, for example.

The MediGap duplication. This allows the sale of unnecessary and duplicative health insurance policies, a special interest gift to American Family Life Insurance Co. The consumer groups are outraged. This will let unscrupulous salesmen once again sell policies which seldom or never pay out any benefits.

As for phasing in the deduction for self-insured, the Senate did a far better job. The GOP bill goes to 80 percent by 2006. The House Democrats would have had 80 percent by 2002. It is backloaded. They could and should have used the MSA money to increase the deduction for all self-employed.

Mr. Speaker, this bill channels people into a limited number of plans and could drive up rates. There is a proposal for cross-subsidization, but there is no guarantee. The Senate bill had an easy and obvious solution: Every individual plan offered by an insurer had to be available to an eligible individual. We do not need this complicated proposal. We should have kept it simple.

What the bill does not do is the price of policies are unaffected. They could remain too high. This is only going to help 400,000 people, the CBO tells us. The number of uninsured is rising at 1 million a year. Medicaid cuts passed yesterday will hurt millions of people.

We took one step forward with this bill, and yesterday we took 10 steps backward, so I hope that this bill could be expanded and returned to conference to do the job and the proper job that was done by the Senate under the leadership of Senator KENNEDY.

Mr. Speaker, I reserve the balance of my time.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would simply say that at this moment, when we are going to do so much good for so many Americans, I am saddened that my friend, the gentleman from California, has taken a confrontational attitude to attempt to try to pick apart this bill. Instead of looking at the good, he is looking at things that he does not think are perfect. It is very much like the individual who goes into the Sistine Chapel and looks up at that gorgeous ceiling and says, oh, look at the cracks.

Mr. Speaker, I yield 3 minutes to the gentleman from Virginia [Mr. BLILEY], the respected chairman of the Committee on Commerce.

Mr. BLILEY. Mr. Speaker, I thank the gentleman from Texas, chairman of the Committee on Ways and Means, for yielding me the time.

Mr. Speaker, as we say down in Richmond, this day has been a long time coming.

This measure gives American workers something they've been promised for 20 years or more—the right not to be denied health insurance coverage because of a pre-existing condition.

They'll have that right, whether they change jobs or, God forbid, lose their jobs.

But that's not all. This bill also assures the job-creators—those men and women in small businesses all across America—that they, too, will be guaranteed that they can now purchase coverage from insurers.

It's long overdue. And it's being brought to you by the first Republican Congress in 40 years.

Not the big labor bosses who promised it all these years.

Not the Clinton White House that demagogued this issue from coast to coast.

No, I repeat: it's being brought to American workers by the first Republican Congress in 40 years.

That's because those folks sacrificed the good on the altar of the perfect.

Common-sense health care reform isn't enough, they said.

Providing Americans the right to keep their private health insurance isn't adequate, they said.

They didn't care about those things.

What they cared about was universal coverage—Canadian-style health care.

They failed in that goal, and their failure brought this Republican Majority to Washington.

Today, that Republican Majority delivers what the others just promised.

Our Committee, I'm proud to say, played a key role in this legislation—with what I believe to be the heart and soul of this measure.

Because of the Commerce Committee's portability provisions, Americans who lose their health insurance because they lose or change their jobs, once they exhaust their COBRA coverage, will have a guaranteed right to purchase health insurance.

From now on, the Insurance Companies will have to offer these individuals a comprehensive policy.

Every day in this country, men, women and children are diagnosed with leukemia, with cancer, with cystic fibrosis, with diabetes. With any number of illnesses that the insurance companies call "pre-existing conditions."

Those poor people and their families have enough on their minds, without having to worry that if they change jobs, or move, or get laid off, they'll lose coverage for those conditions because of a "preexisting condition" clause.

Because of the Commerce Committee's provisions in this bill, they won't ever have to worry about that, ever again.

Mr. Speaker, this year our committee has improved the safety of the food we eat, the purity of the water we drink.

We've improved the phones we communicate with, the computers we use, the television we watch.

With the Securities bill, we've made it easier for American businesses to raise the money they need to create new jobs.

And with Securities Litigation Reform, we've scored the first victory in my memory against the powerful Trial Lawyers' Lobby.

Mr. Speaker, that ain't bad.

But none of these, in my mind, is as important to Americans as what we've achieved today.

This is an historic accomplishment, one that has been too long in coming.

It's a pity it didn't happen three years ago. It could have, but some wanted to over-reach.

I want to thank my friend, Mr. DINGELL, who has worked so hard for so many years in fulfillment of this goal.

I want to thank the chairman of our Health Subcommittee, MICHAEL BILIRAKIS, and his ranking Democrat, HENRY WAXMAN.

But most of all, I want to thank our colleague from Illinois, DENNIS HASTERT, without whose singular efforts this day would never have happened.

In this Olympic week we've gone from the "gridlock Congress" to the "gold medal Congress."

This is a great day, Mr. Speaker. A great day for this 104th Congress, a great day for millions of American workers and their families.

Mrs. KENNELLY. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. Mr. Speaker, I thank my friend, the gentlewoman from Connecticut, for yielding me this time.

Mr. Speaker, let me first start by thanking my colleagues on both sides of the aisle, particularly my two friends on the Committee on Ways and Means, the gentlemen from California, Mr. STARK and Mr. THOMAS, for bringing forward a bill on health care reform.

Mr. Speaker, I support the Kennedy-Kassebaum bill, the bill from conference that is before us. This bill is not a panacea of health care reform, but it is a good bill, on balance, that expands access to health coverage for working Americans. When this bill is signed into law, it will ensure that if you have insurance, you can keep it. This is an important change from today's system. It will provide a new measure of health security for working Americans.

The conference report before us ensures that working Americans with preexisting conditions cannot be denied health insurance as long as they maintain coverage. In addition, it would prevent insurance companies from using genetic information to deny health coverage. It is absurd that today's genetic testing advances are being used by insurance companies to deny coverage. This bill will end that practice.

Mr. Speaker, let me just give one example of how a typical working family can benefit from the legislation before us. The bill will provide someone the freedom to leave IBM to start their own computer company, even if a member of that person's family is suffering from diabetes. Today that person would be unable to find an insurance company who would cover the family if they went out on their own. After passage of this legislation, that person would be able to pursue that career without the fear of putting their family's health in danger.

In addition to the health insurance reforms, the bill would equalize the tax treatment of health insurance premiums between the self-employed and major corporations. This change, based on legislation I authored, will benefit thousands of small business owners around our country.

Today's consideration of this bill is long overdue. It is an important step. However, it is by no means the final step or even a comprehensive solution to health reform. The bill fails to address affordability of health insurance. This is a vital issue which we must not overlook. We still have a long way to go. I urge my colleagues to continue to work together for comprehensive health care reform to extend health coverage to all Americans.

☐ 1845

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas [Mr. ROBERTS], the distinguished chairman of the Committee on Agriculture.

Mr. ROBERTS. Mr. Speaker, as a cofounder and former chairman of the Rural Health Care Coalition, I rise in support of this bill. I thank Mr. ARCHER, Mr. BLILEY, Mr. THOMAS, Mr. GOODLING, and Mr. HASTERT for their leadership and perseverance.

Mr. Speaker, I rise in strong support of the conference report to H.R. 3103, the Health Insurance Portability and Accountability Act. This bill includes sensible, workable provisions to expand access to affordable health care insurance for America's families.

This legislation is especially important to my constituents in Kansas. Ten percent of Kansans lack any form of health insurance. These folks are generally small business owners or self-employed farmers and ranchers. This bill takes several steps to bring relief to these individuals and their families by expanding their insurance options.

First, this legislation will make health insurance portable. Under H.R. 3103, the 4 million Americans who are staying in their jobs just to maintain their health insurance benefits will finally be free to pursue other opportunities. This "job lock" is a real problem for not only the employer and the employee, but also for the economy. Today, too many working parents are afraid to pursue new opportunities, start a new career or become an entrepreneur because they don't want to lose the health insurance they now have.

Second, this legislation will limit the preexisting condition requirements that currently prevent 21 million Americans from getting health insurance coverage. I have heard horror story after horror story about families that have lost everything just because their insurance company won't cover Dad with his heart condition or the new baby who was born with diabetes.

Third, this legislation will make health insurance affordable. Individuals who lose coverage through their employer will now be able to purchase affordable health insurance on their own. This legislation will also bring some well-deserved relief by increasing the tax deduction for health insurance for self-employed individuals, including the small business owners, farmers, and ranchers in Kansas, from the current 30 percent to 80 percent. This increase in deductibility is something that my colleagues and I on the Rural Health Care Coalition have been working toward for years.

Finally, this legislation takes the first step to make health insurance accountable through a limited medical savings accounts demonstration project. It's time that we all took an active role in the health care decisions that affect our daily lives and pocketbooks. Medical savings accounts will put families in control of their health care. In Kansas, which is home to over 65,000 small businesses, these MSA accounts provide the opportunity for individuals to choose where to spend hard-earned health care insurance dollars.

My colleagues, the time has finally come. We have agreed on real reform that will get at the root of one of the most serious flaws in our health care system. I applaud Chairman ARCHER and all those who have worked tirelessly on this effort and I urge my colleagues to join me in support of the conference agreement.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Pennsylvania [Mr. GOODLING], the chairman of the Committee on Economic and Educational Opportunities.

Mr. GOODLING. Mr. Speaker, I rise in support of the conference report on H.R. 3103, The Health Insurance Portability and Accountability Act of 1996. This is truly an historic occasion which rivals the passage of ERISA (the Employee Retirement Income Security Act of 1974) upon which the foundation of this health insurance reform legislation is based.

The provisions in the conference report relating to portability and health insurance accessibility are structured similarly to those in the House passed bill and the ERISA Targeted Health Insurance Reform legislation originally reported by the Committee on Economic and Educational Opportunities. Under the new portability protections, employees can no longer be told that their plan will not cover them because of a preexisting medical condition when they are continuously insured. Small employers can no longer be told by insurers that health insurance is not available to their employees because of the risks of their jobs or their previous claims experience. In sum, employees will no longer have to fear, when they leave their job or take a new job, that they or their loved ones will lose access to health insurance.

This legislation will actually increase the choice of health insurance coverage offered to American workers, but without taking away the coverage they currently enjoy. These choices includes high deductible health plans and medical savings accounts for which the employees of small employers and the self-employed will be newly eligible.

Former employees who have exhausted their access to employer coverage will also be given important new rights to acquire health insurance in the individual market even though they or a dependent may have a preexisting medical condition.

Health coverage will also be made more available and affordable by granting millions of self-employed businessmen and businesswomen the right to deduct their health insurance costs on a basis similar to corporations. When fully phased in, these Americans will be able to deduct 80% of their premium costs.

Both public and private health plans will be better protected from unnecessary costs under the provisions of Title II, which are designed to prevent health care fraud and abuse and to recover any losses in connection with such plans.

The conference agreement is a solid step forward in securing increased health insurance accessibility, affordability and accountability for American workers and their families.

I would be remiss, however, if I did not mention my disappointment that the conference report does not include two important reforms designed to expand coverage and reduce health insurance costs. Malpractice reform was dropped as a concession to the White House in order to move the legislation along. I reject the idea that reforms of malpractice awards are unnecessary and will continue to insist we address this issue in the future.

Also, by omitting the small business pooling provisions under Subtitle C of the House bill, I believe this Congress has missed an important opportunity to extend more affordable coverage to the millions of uninsured employees working for our country's small businesses who today do not have health insurance coverage. These provisions would have built upon the ERISA cornerstone of this Nation's employee benefits law to allow employers, particularly small employers, to achieve economies of scale by joining together to form either self-insured or fully-insured health plans. The number of uninsured workers will be a continual reminder that this mechanism for expanded health coverage is needed and should be included at the earliest possible time.

Nonetheless, the legislation does preserve without change the ERISA preemption cornerstone which has fueled the marketplace dynamics that have recently reduced health insurance cost inflation, at least in the large group market. Also reflected in the new preemption section of this Act (adding section 704 to ERISA) is the need for national uniformity regarding the procedures and reporting required to make the portability mechanism work for all the employee health benefit plans covered under the legislation.

The participants and beneficiaries of ERISA covered health plans can also look to the uniform remedies under that Act to enforce their rights to the portability, preexisting condition, enrollment, renewability and nondiscrimination requirements applicable to both ERISA plans and insurers under ERISA Part 7. Identical provisions apply to church plans (but only under the Internal Revenue Code) and to governmental plans and insurers (under the Public Health Service Act). Section 104 makes it clear that these identical provisions are to be interpreted, administered and enforced so as to have the same effect at all times, regardless of the agency having primary authority with respect to a particular entity or plan.

Finally, I consider this legislation particularly forward-looking in its response to several issues of importance to all Americans. First is the growing long-term care needs of the elderly and disabled. In this connection, the legislation gives individuals and employers a strong new incentive to plan ahead for long-term care expenditures. Also, lest it be overlooked, the legislation addresses another issue that all may one day face, and that is the extent to which the genetics of each one of us may determine our future health status and, thus, our ability to obtain health insurance coverage. In this regard, the legislation prohibits a group health plan or insurer from excluding an individual from enrolling (or continuing to be enrolled) under a group health plan based on genetic information. In addition, genetic information is not to be treated as a preexisting medical condition in the absence of a diagnosis of the condition related to such genetic information.

In conclusion, the Health Insurance Portability and Accountability Act includes vital health insurance protections for American workers and their families. These health insurance portability and accessibility consumer protections are the common sense reforms that Americans have said they need and that Republicans have attempted to enact over the past several congresses. They could have been enacted earlier but were sacrificed on the altar of big government.

In contrast, these common sense reforms were fashioned to avoid the pitfalls of the Clinton plan—that is, the elimination of ERISA health plans, one-size-fits-all mandated benefits and price controls that lead to health care rationing. Rather than trying to create a new health care system, the Health Insurance Portability and Accountability Act seeks to build on those elements of the Nation's employment-based system that work well—namely the fully-insured and self-insured group health plans under ERISA—while at the same time making the important changes to the current system on which there is a consensus. After nearly three decades of debate on health insurance reform the time has come to pass this landmark legislation and seek the President's signature.

Mrs. KENNELLY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I rise today in strong support of a simple premise—when Americans leave or lose their job, they should not lose access to health insurance. The legislation before us will now make that simple guarantee the national standard.

However, I urge Members to resist the temptation to oversell this legislation as a panacea. Many Americans who cannot afford health insurance will still face financial barriers even after this legislation is enacted.

I would also like to express my strong support for two other provisions in the bill—favorable tax treatment for—long-term care health insurance—and accelerated death benefits. I have worked on both of these issues for many years.

Providing incentives for people to protect themselves against the costs of long-term care will not only safeguard the family savings for millions of Americans, but it may also reduce future Medicaid costs. And allowing the terminally ill to receive the proceeds of their life insurance tax free will assure access to health care for those individuals. I only wish the committee had also included vital consumer protections to prevent the terminally ill from being taken advantage of during a very vulnerable time.

I urge Members to support this effort to make health coverage more available—and to help the chronically ill and terminally ill pay their medical bills.

Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Speaker, I will vote for the conference report on H.R. 3103 because it will make a significant improvement in the lives of many and a modest improvement in the lives of millions more.

The conference report will provide important protection to individuals who have been laid off or have retired and are trying to purchase health insurance for themselves.

It will allow workers to maintain their health coverage when they change jobs, even if they or a family member have a chronic health condition.

The report will require insurance companies and HMO's to sell policies to small businesses. They will no longer be able to pick and choose the companies they want to sell insurance to.

Insurance companies and employers will not be able to deny coverage, drop coverage or change more just because an individual has a medical condition.

While I will vote for the conference report, it has serious shortcomings that, quite frankly, were completely avoidable.

The shame of it all is that the Republicans took the Senate bill—a perfectly good bill that passed the Senate by a vote of 100 to 0—and made it weaker. They added an unnecessary, unproven and ill-conceived tax break that will only benefit special interest insurance companies and affluent taxpayers. The Republicans have sugarcoated this tax break by calling it health reform. But, it is nothing more than another tax break.

Republicans, by dropping important protections for mentally ill individuals, have missed a great opportunity to break new ground in the protection of one of the Nation's most vulnerable groups. Given the Domenici-Wellstone amendment in the Senate, the Conferees, if given the chance, could have developed a sensible compromise that would have provided significant protection for mentally ill persons. But the conferees were never given the chance. A Bipartisan compromise on mental health parity was never in the cards. It was largely for this reason that I refused to sign the conference report.

Accordingly, I urge my colleagues to support the motion to recommit. It will restore important protections for the mentally ill.

Mr. Speaker, I support this bill, but not the process that got us to this point. It is wrong that the House Republicans made health reform a partisan issue. The 40 million individuals who are uninsured and the million of others who are locked into their jobs because of chronic health conditions deserve better.

Mr. ARCHER. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from California [Mr. THOMAS], chairman of the Subcommittee of Health of the Committee on Ways and Means.

Mr. THOMAS. Mr. Speaker, I yield to the gentleman from Hawaii [Mr. ABERCROMBIE] for the purpose of engaging in a colloquy.

Mr. ABERCROMBIE. I thank the gentleman from California [Mr. THOMAS] for yielding and for engaging in this colloquy which is very important to the people of Hawaii.

Mr. Speaker, the question I have for this colloquy is, does H.R. 3103 adversely affect the integrity and purpose of the existing Hawaii Prepaid Health Care Act of 1974?

Mr. THOMAS. I tell the gentleman that H.R. 3103 does not adversely affect Hawaii's current exception, which is in fact the Health Care Act of 1974. In addition to that, the whole question of MSA's that has been discussed is a tax question, and that also does not affect Hawaii's system. The new MSA pilot program is an opportunity and not a mandate affecting employer or individual health insurance plans. I am pleased to say that Hawaii can go its own way.

Mr. ABERCROMBIE. I thank the gentleman from California.

Mr. THOMAS. Mr. Speaker, I would take my own time to mention briefly that I have listened to several Democrats, and I assume we will hear from several more. Their basic message is: You woulda, coulda, shoulda.

I just find it totally ironic. All you have to do is just come with me 3 short years ago. I was not the chairman of the Subcommittee on Health and Environment then. I was the ranking member. The gentleman from California [Mr. STARK] was the chairman. What the Democrats did when they had a majority in the House and the Senate and had a member of their own party in White House is put absolutely nothing on the floor of this House; absolutely nothing on portability; absolutely nothing increasing penalties on waste, fraud, and abuse.

The Democrats talk woulda, coulda, shoulda, about a product.

I want to address myself to my Republican colleagues here. I do not want us to vote against the conference report because minority leader DASCHLE joined us in a press conference praising the work product working positively between the House and the Senate. And I do not want my Republican colleagues to vote against this conference report because the senior Senator from Massachusetts [Mr. KENNEDY] signed the conference report and said some very nice words about all of us working very hard to produce a good product.

I do want my colleagues to vote for this conference report because a name has not been mentioned on this floor who not only deserves to be mentioned but deserves to be praised. That is the senior Senator from Kansas, the chairwoman. NANCY KASSEBAUM is who this legislation belongs to. I think it is a very appropriate capping of an illustrious career to take this positive document and place it before us.

So despite all of the rather petulant-sounding woulda, coulda, shoulda from those people who owned the House, the Senate and the presidency and put nothing on this floor, I would just like to say it was a real pleasure working with chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER], and the staff members on that committee who worked extremely hard: Chip Kahn, Kathy Means and Elise Gemeinhardt.

It was a real pleasure working with the Committee on Commerce, Chairman BLILEY, Subcommittee Chairman BILIRAKIS, with Howard Cohen and Melody Harned.

It was a real pleasure working with Chairman GOODLING, Subcommittee Chairman HARRIS FAWELL, and Russ Mueller as a hardworking staff; with Chairman HYDE of the Committee on the Judiciary, and Diane Schacht working very hard.

All of those people should be proud. They delivered. We delivered. We have on this floor a conference report that makes a real change in the lives of millions of Americans. We make health care more affordable, more available, and we did it without a government takeover of health care, which was what they were trying to get on the floor. Thank goodness enough Democrats, who made up the majority at that time, said no. And thank goodness enough Democrats today will support this excellent conference report, we will send it to the President, and the president will sign it.

Mr. STARK. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Speaker, I rise in support of the conference report.

It carries at long last—it should have been passed years ago. Unfortunately, its time had not yet come because of the strong opposition of special interests.

I'm pleased that it provides mobility in coverage and requires overlooking ill-health problems. It is a first step—there is much more that has to be done—in the field of mental health, for example.

I commend those who brought this bill before the Congress. I look forward to working with them to enforce the opportunity of providing much better access to health care to the people of America.

I intend to support the motion to recommit because that can be one way to make the bill better. If that fails I intend to support the bill.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

□ 1900

Mr. DINGELL. Mr. Speaker, I enjoyed the remarks of my good friend from California. I was so delighted to hear him. It ranks with the conversion of St. Paul. I have not seen any lightning bolts, and I have not observed him riding a jackass, but I do want to say that my Republican colleagues have finally come around and supported Kennedy-Kassebaum. Wonderful. Great news.

Having said that, I commend the gentleman for having had the scales removed from his eyes, and I urge him to support the same kind of glorious advances in other issues. It would be helpful.

I also would say to him that he was talking about the days when the Democrats ran the Congress and now the days when the Republican run the Congress. This is the way things go, but I would say that the gentleman from California has an urgent and an important responsibility in this place and that is to pay the bills.

I was just thinking the other day how nice it would be if my office rent were paid on time, if my suppliers were paid on time, if my telephone bills were paid on time, and if the bills of the other Members on both sides of the aisle were paid on time. And perhaps if the gentleman would just diminish to a small degree these wonderful partisan speeches which he makes and concentrate on paying the bills of the House, how much better this whole operation would be. Then we could address the way the content of legislation is being considered, rather than engaged in these kinds of small pickety pickety polemics in which we have just engaged.

Mr. Speaker, I will be delighted to yield to the gentleman, but I do have a few other words which will be helpful to him and I know he wishes to hear, so I would yield later.

Mr. Speaker, this has been a very curious process, and it will be noted my name does not appear on the conference report, even though I do urge my colleagues to vote for the bill. My colleagues on the other side of the aisle have chosen to move this legislation at this late time, after long waits, with such speed that we were not able to confirm that the bill's language accurately reflected the agreements reached.

Nevertheless, I will take faith that the language truly reflects the bipartisan agreement which Senator KENNEDY so admirably defended. I trust that at least some of the advocates of this legislation have carried out their responsibilities, as they have said, and I do intend to support the conference report.

The bill makes some small, but important steps forward. The portability provisions and the provisions against preexisting conditions will benefit about 25 million Americans. That leaves, however, I would tell my good friend from California, and I am delighted to see him standing because I want him to hear this, some 40 million Americans who do not have health care. I know that he will want to do something other than to just turn them over at some future time to a system which is not providing them health care.

This bill will ensure that people who change jobs can get health coverage from a new employer without preexisting condition restrictions. This will provide peace of mind for workers who lose their jobs by assuring them they can purchase health coverage without devastating penalties and restrictions.

While this legislation does good things, at least one of the things that it does needs to be examined. My good Republican friends have tucked away a couple of nice little provisions here which will hinder the fight against health care fraud and abuse. They will allow repeatedly negligent providers to escape civil monetary penalties, and they will require an unprecedented and indeed most curious advisory opinion process for an intent-based criminal statute, something which I have never seen before.

American taxpayers will now also be asked to pay for inflated claims submitted by doctors and hospitals who are grossly negligent in the billing process. The Congressional Budget Office says that these provisions will cost American taxpayers tens of millions of dollars. What a blow for economy struck by this particular provision.

The advisory opinion requirement is opposed by the Attorney General, the Inspector General of HHS and by the National Association of Attorneys General.

We may now reflect on whether this is good or not and, indeed, we may realize that at some time soon we will regret having included these provisions, and we may again need to address the problems of fraud and abuse which we are creating with this particular language.

Mr. Speaker, I am pleased we are passing this legislation today. I only hope that we can come back soon and continue the process to provide health care for the 40 million Americans who have no health care at all, and who live in raw terror of cancer or emphysema or stroke or heart attack or other illnesses for which they know there is no medical care available.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from California.

Mr. THOMAS. Mr. Speaker, we know to err is human, to forgive divine. I am going to try to elevate the gentleman. I thank him for his vote on the conference report, and in the 105th Congress this new majority will work with him to remove and eliminate those errors that we know he will point out to us, and we appreciate his presence.

Mr. DINGELL. Mr. Speaker, reclaiming my time, I want to thank my good friend for that. It is always a pleasure to deal with him.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from the State of Nebraska [Mr. CHRISTENSEN], a member of the Committee on Ways and Means.

Mr. CHRISTENSEN. Mr. Speaker, I thank the chairman for yielding me this time.

Listening to the last Speaker talk, I am reminded about, and looking at the Clinton care, the Government takeover of our health care system, almost 2 years ago, when they thought they had the answers to the health care problems in America.

What was their solution? Well, their solution was taking one-seventh of our GDP, taking control of it and putting together a national health care board, regional health alliances, corporate health alliances, putting an ombudsman in here, and having employer mandates involved.

What is our solution? Our solution is private health care, putting together a medical savings account, free market solutions so that we would not have a Government takeover of the health care system as the Democrats have done.

Mr. Speaker, I salute the chairman for his leadership in this area.

Mr. STARK. Mr. Speaker, may I inquire as to the time remaining on both sides?

The SPEAKER pro tempore (Mr. NEY). The gentleman from California [Mr. STARK] has 14¾ minutes remaining, and the gentleman from Texas [Mr. ARCHER], has 15 minutes remaining.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from California for yielding me this time, and I rise enthusiastically to support a bipartisan piece of legislation, Kennedy-Kassebaum, might I emphasize, that brings to the American public a real health reform that deals with portability and preexisting conditions.

Yesterday I received a call from a local businessperson in my district who was saddened and disturbed, wondering whether this legislation had yet passed because his wife was moving to another position and had a preexisting disease.

I am gratified to be able to make that call now and to indicate that we are doing the right thing.

I am glad to say that we are dealing with long-term care insurance and accelerated death benefits that demonstrate the understanding of the Senate and House on some of these issues facing a segment of our citizens often ignored or forgotten. Now AIDS patients can receive their life insurance benefits tax free and actually receive the aid they have paid for to ease their suffering before they depart this world.

Equally so, let me say that I am gratified we now end the health benefit tax discrimination against the self-employed, allowing the same deduction that America's corporations get. Although it is not 100 percent, it is only 80 percent by the year 2006, it is in the right way.

Let me tell my colleagues why I am a little disturbed. I am saddened this bill is silent on the needs of millions of mentally ill Americans, and I hope that we will be able to return to this bill and provide relief for them.

I am also saddened, or at least disturbed, that we would burden physicians with overly burdensome fraud provisions, and I believe we should reconsider. We should get rid of fraud, waste, and abuse, but it certainly should not be at the expense of making criminals of physicians that provide us good health care across the Nation.

I am saddened that the last minute special interests found that they could extend a patent for the drug Lodine, which hurts millions of Americans who now cannot get low-cost generic drugs because of this extension.

I do, however, want to thank the bipartisan effort of my colleague from Texas, Chairman ARCHER, and the gentleman from California, Mr. STARK, and all those who have worked so hard on this legislation, to be able to say that now we can tell America and they have the potential of good health care, and certainly we will remember those who are attacked with preexisting conditions.

Mr. Speaker, I rise to offer my full support for this conference report. Regardless of whatever else this Congress has failed to do, passage of this conference report is of the utmost importance and necessity. Every portion of this legislation will have a positive impact on the lives of millions of Americans and I applaud the sometimes strained but ultimately successful bipartisan efforts to see this bill through during this session.

The immediate effect of this bill will be tremendous. Yesterday, I received a call from a businessman who lives in my district. He was worried because his wife will soon be changing jobs and they were concerned that a recent potential medical condition would not be covered by the new policy unless this bill was soon enacted. He is a prime example of the good that this legislation will bring about, making sure that individuals and families do not fall through the health insurance cracks and suffer physical, mental, or financial distress.

I believe that the provisions dealing with long-term care insurance and accelerated death benefits demonstrate the understanding of the Senate and House of some of the issues facing a segment of the citizenry often ignored or forgotten. Now, AIDS patients can receive their life insurance benefits tax free and actually receive the aid they have paid for to ease their suffering before they depart this world.

And I am glad to see that this body is moving toward ending the health benefit tax discrimination against the self-employed. Why should these individuals not get the same deduction as America's corporations? Although the deduction is not 100 percent and although the 80 percent is not reached until the far-away year of 2006, it is a first step in the right direction. Maybe another day will allow us to increase this rate and implementation of this idea, but for now, I will celebrate along with thousands of self-employed individuals in my district and across the country.

While I am saddened that this bill is silent on the needs of millions of mentally ill Americans, some relief must be given. Further, the overly burdensome fraud provisions against physicians should be reconsidered and we must fix that in a later review of the bill. Also a last-minute special interest extension of a patent for the drug Lodine hurts millions of Americans who now cannot get low-cost generic drugs that would do the same thing—this must be remedied.

This legislation has been a long time in coming and is something that should have been done many years ago. No longer will people be trapped in undesirable jobs because they or a member of their family suffer from a medical condition. And no longer will spirited entrepreneurs be wrongly penalized for their courage and chutzpah in striking out on their own. Mr. Speaker, this is a landmark day for the millions we represent and for this Congress as well. Support this report and in doing so, support the needs of the American people.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I thank the gentleman from Texas for yielding me this time.

A few months ago I was going store to store visiting constituents in the lovely town of Effron, PA, in Lancaster County, the target of many, many thousands of tourists during the course of a year, where the cloisters and the people who man them and woman them daily do their routines.

One lady stopped me and we started talking about health care. I will not name her, I will call here Mrs. Calabash. Mrs. Calabash asked me what would happen if her husband, who was presently employed, would lose his job; were there any prospects for making sure that health care coverage would follow him into the search for a new job.

I told her we are working on it, Mrs. Calabash, and before this year is out, I told here we were going to be voting on portability, the transferability of insurance coverage, access to insurance coverage, for someone like her husband.

Mrs. Calabash thanked me, and now here at last on this particular evening I will be able to fulfill my promise to her. Portability, which never was accomplished by a previous congress, which was not even contemplated until the Republican Congress undertook the leadership of this House, now is at hand.

All I can say is I am happy to report that to Mrs. Calabash. This one is for you, Mrs. Calabash, and now, good night, Mrs. Calabash.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Speaker, I thank the chairman and the ranking member.

Mr. Speaker, this bill tears down one of the biggest barriers that stand between Americans and health insurance coverage. I am glad to be part of legislation and of passing legislation that guarantees millions of Americans insurance coverage as they move from job to job. This bill also prevents discrimination against those individuals with preexisting conditions. This is a bipartisan effort that deserves enormous commendation.

Unfortunately, Mr. Chairman, this bill has left 5 million Americans with mental illness behind. I had offered the House amendment in the Committee on Commerce to this bill to guarantee those with mental illness the same coverage as a person with any other illness. Unfortunately, it was ruled out of order.

Those mental health provisions, however, were included in the health insurance reform bill in the other body. This conference report fails to include mental health parity language and, therefore, to provide important protections for mental illness.

Mental illness is just as serious as hearth disease or cancer, yet insurers have for years not offered complete coverage for the treatment of mental illness. Nearly one out of four adults suffer from some kind of severe mental illness in the United States each year, yet 95 percent of the major insurance companies in our country have limited coverage for psychiatric care.

Left untreated, mental illness can lead to some of our Nation's most pressing social problems. For example, 32 percent of the Nation's homeless suffer from some type of mental disorder, 12 million children suffer from some type of mental disorder also.

Mr. Speaker, let us pass this bill, but in the future we must address the issue of mental health parity. I am disappointed we did not do so when we had this opportunity, but perhaps in the next session of the Congress this should be a top priority and we should all do it in a bipartisan way. One out of five Americans is affected by this problem.

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Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GANSKE].

Mr. GANSKE. Mr. Speaker, I spoke earlier this evening on the provisions against fraud in the bill. And to go back over these, they establish a national health care fraud control program and extend antifraud rules for Medicare and Medicaid.

There are a number of good things in this. If there is fraud and abuse in the system and a senior citizen would identify this, the Secretary can provide a reward to those seniors who have identified the problem.

I have practiced in the system. Unfortunately, there is some fraud and abuse in the system among all practitioners, and so I would enter into a colloquy with the gentlewoman from Texas [Ms. JACKSON-LEE] if she would care to enter into a colloquy, because I think that this bill is a reasoned approach to something that is very important to help reduce health care costs, and that is the fact that the Inspector General has identified fraud and abuse in the system.

One of the things that we have found is that in the bill when we are talking about criminal penalties, we are talking about knowing and willful, and so there is a high standard for practitioners to receive whatever type for criminal procedures. And then for civil procedures, there must be a negligent behavior and it must be an action that is in reckless disregard of the rules or of health.

So I would yield to the gentlewoman from Texas if she would care to tell me exactly what is in the bill in these areas that concerns her.

Ms. JACKSON-LEE. Mr. Speaker, if the gentleman would yield, I thank the gentleman for his kindness and I noted the distinction and certainly do appreciate at least one point that the gentleman from Iowa [Mr. GANSKE] made. I think we all can agree that we should attempt to eliminate fraud and abuse and certainly weed out from our practitioners any suggestion that they might manipulate the system.

Might I say that I look upon the medical profession as one over all whose chief responsibility is to service the needy public with respect to its health needs. I do believe that even though we have civil and criminal penalties distinguished, that we still have a criteria that raises much of what physicians may do to a criminal level, even though we have a standard of reckless abandonment or a higher standard of negligence. I think we can revisit it and still get a fraud and abuse and not have the high penalties that we have that would discourage many of our physicians who practice in the inner city and rural communities.

Mr. ARCHER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I simply ask a question of the gentleman from Iowa [Mr. GANSKE]. I understood the gentlewoman from Texas to say that this bill would make criminals out of good doctors, and I would like for the gentleman to respond to that since he is a physician himself.

Mr. GANSKE. Mr. Speaker, if the gentleman would yield, the bill I think is fair. It addresses the issue of reducing fraud and abuse in the system, and yet it establishes fairness for practitioners.

In some of the original legislation, there were some concerns but they have been worked out among various groups, so that provider groups, I think they feel in general that as long as there are knowing and willful provisions in there, in the criminal sections of the fraud and abuse sections, that this is an acceptable standard and a fair standard.

Mr. ARCHER. Mr. Speaker, reclaiming my time, so the gentleman would say, then, that this would not make criminals out of good doctors?

Mr. GANSKE. Mr. Speaker, That is exactly my understanding of this bill.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Washington [Mr. MCDERMOTT].

Mr. MCDERMOTT. Mr. Speaker, it is a rather unique bill where all the Democratic conferees come out here, did not sign the bill, hold their nose, and they are going to support it. I know why that is. There are 24 provisions that really are troublesome in this bill and the committee never met and dealt with them.

One is the whole question of mental health parity. What that issue means is that if the patient has a mental illness and their insurance plan pays 80 percent for surgery for cancer or a brain tumor or something else, they have to pay 80 percent on a mental health claim.

Right now most plans pay 80 percent on some kinds of things and 50 percent for mental illness. People with mental illness in this country are discriminated against by the insurance industry and the Senate voted it and the House refused to consider it and it has been left out of this bill. There will be a motion to recommit. I urge all of my colleagues to vote for that motion to recommit because that will reinsert parity for the mentally ill.

The gentleman from New Mexico [Mr. RICHARDSON] says one out of five people in this country are affected by mental illness and that is an issue that ought to be dealt with. There is no excuse for us letting the insurance companies discriminate against people simply because they have mental illness.

No worse, or equally bad, in this bill is the section on administrative simplification, which aroused the insurance companies to have an insurance data that can use your Social Security number. This is the day that we voted to give the insurance companies the right to use your Social Security number and gather all the information in a clearinghouse for which there is no privacy protection in this bill.

Now people want to think that it is called "administrative simplification," but simply what it does is give the insurance companies the ability to shift information back and forth, use it against applicants for life insurance, auto insurance, homeowners insurance. Anything they want to do, they can do in this bill because there is not one single shred of protection of your privacy.

I raised this issue in the Committee on Ways and Means. The chairman of the subcommittee who stands up here and says, "It is such a wonderful bill," said he would deal with it. It did not get dealt with. In fact, it went in the conference committee and came out worse. He is less protected.

Doctors could be required to give a patient data of encounters. That means if a patient goes to see the doctor and tells the doctor anything that has gone on in their life, the doctor could be compelled by the insurance company data system to release that information because there is nothing, nothing in here that protects the doctor-patient relationship.

I think people had real qualms on that conference committee about signing it because in many ways, although we help a few people with the whole issue of portability, if we read the bill we find that is not very good, that we are taking away people's privacy and we are discriminating against the mentally ill.

Mr. Speaker, I urge Members to vote for the motion to recommit.

Mr. ARCHER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, it is ironic to me as I listen to the arguments on the other side of the aisle from people who will vote for this bill in the end, make no mistake about it, most of them will vote for this bill because they know that it moves in the right direction. But when we first debated this bill on the floor of the House, what we heard from the other side of the aisle was, "Do not add anything to Kassebaum-Kennedy. We want a clean bill. Do not expand it.'' And now they are saying we have not expanded it enough.

This seems to me as very, very strange, and what it appears is that it is the moment that counts, not the policies, not what we are doing. it is the moment. And if they cannot be satisfied at that moment about everything, they are going to complain.

We have a good bill here. It is a bill that, unfortunately, we had to drop malpractice out, but the trial lawyers' influence in the Senate caused that to have to be dropped out. That is too bad because that, unfortunately, drives up the cost of health care.

We had other provisions for small businesses that could unite nationally to have competitive insurance, and they forced that to be dropped out, but this is a good bill, Mr. Speaker.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. BONIOR], the minority whip.

Mr. BONIOR. Mr. Speaker, it was more than a year ago when a bipartisan group first offered a bill to expand access to health care for millions of Americans, and over the past 18 months we have worked to build a bipartisan coalition to make modest changes so that if someone changed jobs, lost their job, has a preexisting condition, they will never lose their health insurance.

For 9 months, Bob Dole and NEWT GINGRICH and the Republican leadership would not let the Kennedy-Kassebaum bill to come to a vote on the House floor. It is not found in the Contract on America. It was not part of their priority. They refused to take any action until the President of the United States stood there in his State of the Union Address and called on them to make health care portable for this country.

When public pressure finally built to the point where Bob Dole had to act, last April, the Kennedy-Kassebaum bill passed, as my friend from Washington State said, 100 to nothing. It could have been sent to the President the next day and millions of working families would have been spared the pain and the misery of losing their health insurance. But instead, we had to deal with MSAs, medical savings accounts, even though every credible publication has said they are designed for the health and the wealthy.

What we have to understand is that this is about the lives of real people. Somewhere in America today, Mr. Speaker, there is a father who has been offered a better job to take care of his family, but he cannot take it because his son has diabetes and his health insurance will not go with him. Somewhere in America today there is a single mom who goes to bed every night praying that her kids will not get sick because she has a preexisting condition and she cannot get health insurance. No company will cover her.

These people are not strangers. Every one of us knows these people. We work with them. We worship with them. We see them in our grocery stores and in our school yards.

All over America today parents are working hard, sometimes working two jobs, three jobs to give their kids a better life. They deserve to have the peace of mind to know that if they change their job or they lose their job or if they have a preexisting condition they will never lose their health insurance.

This bill takes an important step in that direction, but it needs to go further. We should have accepted and it is a shame that we are not accepting the Wellstone-Domenici compromise. It is a provision that provides parity between lifetime limits for mental illness and lifetime limits for physical illnesses.

People with mental illness suffer enough. They should not be made to feel ashamed when they ask for help. Many of them are struggling to understand what is happening to their minds and to their bodies. They struggle every day with a pain that is every bit as real and every bit as punishing as a physical ailment.

Many times it is not just the individual who is affected, it is the whole family. Just think of the pain of a young boy or a young girl or a parent, the pain they must feel as they watch their mother or their child or their father struggle with an illness that throws them into a darkness that is so deep there does not seem to be a way out.

Mental illness is hard enough to live with. They should not be forced to face the additional burden of discrimination under the law. They should be treated with the dignity and with the respect that they deserve. The Wellstone-Domenici compromise moves us in that direction.

Overall, this is a good bill, but we can make it better if we vote for the motion to recommit. I urge Members to stand with Senators WELLSTONE and DOMENICI. Say ''shame'' on the insurance companies that play games with people's lives. Support the motion to recommit and give all of our families the security that they deserve.

Mr. ARCHER. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, the gentleman has made the statement that every publication says that medical savings accounts are just for the healthy and the wealthy. The facts are that I do not know a one. The only comprehensive study that has been done was by the RAND Corporation and they said just the reverse. There was no adverse selection.

There is not one shred of evidence that I know of that MSAs are only for the healthy and the wealthy, but we can say anything we want to on this floor. Clearly, it does not have to be supported by evidence.

Let me also say that it is ironic to me that on the one hand the statement is made, all we want was Kassebaum-Kennedy, do not add anything to it. That is what the President said right in this room in his State of the Union Address. Do not add anything. Now they are complaining because something has not been added to it.

They had the opportunity then. They take a position today totally contrary to what they took in the debate when this bill was before the House.

They had the opportunity to offer a motion to recommit with mental health parity in it. What was their motion to recommit? Kassebaum-Kennedy of the do not expand it, do not change it. Do not give anything else to any additional people.

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Do not do anything on fraud and abuse. Do not do anything on malpractice. Do not do anything to help small business get lower premium costs for their employees. Do not give MSAs where the individual can control their options. Now they want to add more.

I guess consistency, I remember many years ago when the chairman of the Committee on the Judiciary stood in the well and said, consistency is the hobgoblin of small minds. Perhaps he was right, but I believe consistency is important.

Mr. Speaker, I reserve the balance of my time.

Mr. STARK. Mr. Speaker, I yield such time as he may consume to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I plan to vote for the conference report to H.R. 3103 because it provides needed relief for Americans by guaranteeing portability of health insurance and limiting pre-existing condition exclusions. This is an important step in improving access to health care for individuals who were previously denied coverage. I am pleased to see the Congress come together to ensure these minimal protections. However, I remain disturbed by important provisions left out of the conference report and by harmful provisions in the bill which need to be corrected.

Mr. Speaker, for the past 3 months I have been trying to persuade my colleagues to include the Senate provisions on parity of mental health coverage in the final version of H.R. 3103. These provisions were inserted in the Senate version of the health insurance reform bill by an overwhelming vote of 68 to 32. While the Senate conceded to a compromise on the controversial House-passed medical savings accounts provisions, there was no comparable compromise on the mental health parity provisions. These is absolutely no relief in this bill for the millions of Americans who suffer from mental illnesses. It is with great sadness that I am voting for health care legislation which completely ignores this vulnerable segment of our population.

I want my colleagues and the American people to know that I'm not going to give up on this issue. We have a majority of Senators who have gone on record supporting parity coverage for mental illness. I was joined by over 100 Members of Congress, from both political parties, in a letter to conferees supporting the Senate provisions. We will continue the fight against discrimination by insurance companies of people with mental illness and I believe we will ultimately achieve a victory.

In addition, I am very concerned about a provision in the conference report that threaten the continued privacy of our medical records. As Americans we cherish our fundamental right to privacy. Over the past few decades we have seen this right chipped away by technological advances we could never foreseen. We have all seen how legislation ensuring the continued right to privacy has not kept up with these advances. This conference report strikes another blow at our privacy by requiring administrative simplification of medical records without providing adequate protections. The bill imposes national standards for the collection and distribution of data for billing purposes and requires the use of a "unique identifier" for medical records. Shockingly, it does not prohibit the use of Social Security numbers for this identifier. If Social Security numbers are used for medical records' access virtually anyone will be able to screen our most private medical history. This must be addressed either through corrective legislation or Administrative action.

Mr. Speaker, I'm not going to vote against this bill and deny relief to so many Americans just because of these concerns. But, I'm distressed that we are being forced to swallow these anti-privacy provisions and I think its shameful that the leadership has left out so many of our needy citizens who need adequate insurance coverage. I urge my colleagues to take my concerns to heart and work with me in the future to correct these serious flaws.

Mr. STARK. Mr. Speaker, I yield myself the balance of my time.

Under the rules, my motion to recommit is not debatable. I would urge that my colleagues on both sides of the aisle support the motion to recommit the Kennedy-Kassebaum agreement to conference, a conference which has never existed, and to work out an acceptable mental health amendment along the lines of the Domenici-Wellstone mental health parity compromise.

The gentleman from Texas is right. We asked them not to load up the original Kennedy-Kassebaum bill with Christmas tree giveaways to the drug companies, giveaways to Golden Rule Life, all of whom are big contributors to the Republican Party. But as long as that has been done and Members on this side are going to vote for the bill, I pose the question on the motion to recommit as to why the Republicans would deny mental health benefits at no cost. You have to explain that to every family who has a mental health illness in the family.

For relatively no or little cost at all, you are denying mental health coverage to millions of Americans. I do not know why you do that. There is no good reason. There is no good reason at all except if you are trying to bail out the insurance companies because most of your staff used to be lobbyists for them.

But what I am suggesting to you is that for less than 16 cents a thousand dollars of premium you can add mental health benefits to every employee in this country. Why you would deny that escapes me. Why you would not take away the fear that somebody with a mental health illness would get the same treatment that somebody with a physical illness is, to me, obscene just to deny that for whatever reason.

There has been no good reason offered to deny these benefits. Private insurance premiums would rise less than sixteen one-hundredths of a percent; $5 a year in deductibility. Yes, you will have different opinions from the health insurance industry for whom your staff have been captives, but the truth is that if you were willing to provide fair coverage and willing to go against the interests of the big contributors to your campaigns, you would do the right thing for the American people.

You will have to face every mental health group in this country, who will say it is the Republicans who have denied mental health coverage to millions of American workers for the sake of big campaign contributions. That, to me, is an obscenity that I would not want to face in the political arena.

The small businesses that you have helped have been limited. The bailing out of one drug company, which is also in the motion to recommit, is another example of payoffs from big drug companies. Is there no humanity?

Your health bill was yesterday, when you denied access to any help to a million children. That was your health reform. Now you are going to deny mental health coverage to the Americans who need it. All I can say is it is a shame, it is a travesty. Yes, people will vote for the limited expansions you give to less than 400,000 people a year, but no, why would you deny mental health coverage to these people?

Vote for the motion to recommit. You can do the right thing back in conference quickly and then your bill might have some credibility.

Mr. ARCHER. Mr. Speaker, I yield myself 30 seconds in order to engage in a colloquy with the gentleman from California. I understand the gentleman from California wishes to ask a question about what possible impact this bill might have on Medicare beneficiaries.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. ARCHER. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, if the distinguished gentleman is referring to the MSA section of the bill, title III, subtitle (a), it is my understanding that Medicare beneficiaries are not permitted to open an MSA account. Is that the gentleman's intention?

Mr. ARCHER. Yes, Mr. Speaker, no Medicare beneficiaries are permitted to enroll in MSA accounts.

Mr. STARK. Mr. Speaker, I thank the gentleman.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. THOMAS].

Mr. THOMAS. Mr. Speaker, I am using this time during debate because, as the gentleman from California [Mr. STARK] said, there is no time to debate the motion to recommit. I have just seen the motion to recommit, and he was speaking about the mental health provision. I do think Members need to understand just what has gone on here, notwithstanding the absolutely outrageous statements that the gentleman from California made, and perhaps he got carried away with his own "eloquence."

To review the bidding, there was no mental health provision in the bill that passed the House. We tried to work it out. There was no compromising. Folks were not willing to give on the Democratic side.

On the Senate side, there was an amendment that was accepted by a voice vote and immediately following the passage of the bill, 100 to nothing, the chairwoman and the ranking member, Senator KASSEBAUM and Senator KENNEDY and others, went to the mike and said, "We are probably going to take this out in conference." Because everyone knew the amendment that was passed was simply an unworkable piece of legislation.

We sat down in conference and read it and realized it was totally unworkable. However, the House, not having any provision, said, "Senate, work it out. We will accept whatever you can work out. It was your provision; you folks come to an agreement. We will accept what you can work out."

One of the major discussions throughout the conference was the Senators talking among themselves about what the mental health provision was going to be. The chairwoman from Kansas offered Senator DOMENICI the agreed-upon mental health provision and the Senator said, "I choose nothing."

It was the Senate's choice, notwithstanding the vitriolic statements from the gentleman from California. What is in the bill is the Senate's choice. It was a Senate provision. The conferences said, let the Senate work its will.

What is before this House is a conference report containing the Senate's will on mental health. That is what is in front of us. The motion to recommit to change the Senate's will is opposed by this gentleman and opposed by everybody on this side because that is not everything that is in the motion to recommit. The gentleman has other provisions he chose not to speak about. Vote "no" on the motion to recommit.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. HASTERT], who played such a big role in working this conference report to where we could get it on the floor.

Mr. HASTERT. Mr. Speaker, I thank the gentleman very much for the time.

It wonders me when I listen to some of the arguments on the other side that insurance companies are holding down the mental health parity issue. I will tell my colleagues, the insurance companies would love to have mental health parity because they would like to have those premiums coming in.

The gentleman from Washington, who says it is terrible that we do not have mental health parity in the bill, I guess if I was a psychiatrist I would think it was terrible also. But that is a provision that we do not have in the bill.

I will tell Members why. There are two groups of people who lose when we put mental health parity in this bill. I am talking about billions of dollars of cost, not millions, not thousands, not hundreds, but billions of dollars of cost.

First of all, to people who buy insurance policies, if mental health parity is in that bill, it would cost the moms and dads, the middle-class workers in this country an increased insurance cost which would be astronomical, so there is a good reason that that is not in the bill.

The second good reason is that the employers who provide health care and mental health care to their employees all of a sudden would have a choice. Your choice is, Mr. Employer, that you will start to increase your health care costs astronomically because you are including a provision in here that has never gone through a committee in this House, did not go through a committee in the Senate, but somebody would like to throw it in. What happens, the employer says, "I always provided mental health for my employees, but the cost is so high I am not going to do it anymore."

Who loses out? The people that lose out in that provision are the people who for years were able to cover themselves with mental health policies but now, because of a provision that was put in in the Senate at the last minute, without debate or anything else, on a whim, was knocked out in conference committee.

Who wins because of that? People who have to pay the bills, my colleagues, not the gentleman from California, who advocated a big Government health care takeover just 3½ years ago or 4 years ago, or the gentleman from Washington, who advocated that we do the Canadian health care plan where the Government does everything and we lose control of what happens in health care in this country.

So, Mr. Speaker, there is a reason things happen around here, a good reason. I think we have a bill before us today that has some provisions in it.

I, again, was wondering why my good friend who is the minority whip from Michigan, he said we are just denying moms and dads this ability to cover themselves. I remember distinctly that my good friend from Michigan denied the Rowland-Bilirakis bill from coming forward in this House 3½ years ago, when we would have given portability to moms and dads who wanted to move to better jobs, that wanted better opportunity. But they were denied that because some Members in this House wanted to present a big Government takeover of health care, and they were afraid that the Rowland-Bilirakis bill would undercut that.

It is 3½ years later, Mr. Speaker. There is a bill here that will give people portability in health care. It will give the doctor the ability to tell his patient what the cost of a service is. That patient can choose, with his medical savings account, whether he wants to go to this doctor or that doctor or that doctor because he knows what something costs. He knows what the problems are and he gets straight answers because he makes that decision, not a third party payer someplace.

To the gentleman from California, that is going to save health care costs in this country billions and billions of dollars, something that you wanted to deny when you wanted big health care to take over in this country. The barber in Illinois that told me awhile back that he wanted deductibility for the cost of his health care from his income tax, we do that in this bill. We do a lot of good things for people. It is a good bill, and I think it deserves the support of this body.

I thank the chairman and the chairman of the Committee on Ways and Means and the chairman of the Committee on Commerce and the Senate staff and all our staff who worked to make this thing happen.

Mr. BENTSEN. Mr. Speaker, I rise in strong support of this health insurance reform conference report. I am pleased that Congress has put aside partisan politics and found agreement on these commonsense steps that will help millions of people to buy and keep health insurance.

This legislation is exactly the kind of assistance the American people want and need from Congress to address the challenges they face in their daily lives.

It will help employees who change or lose jobs to continue to buy health insurance for themselves and their families. It will help people with preexisting health conditions—those are most likely to need health care—to buy insurance. It will help self-employed people to buy health insurance by increasing the tax deduction for the self-employed from 30 to 80 percent. And it will help senior citizens and others needing long-term care to afford these very expensive services by providing necessary tax relief.

These modest reforms will give peace of mind to millions of families without imposing new costs on businesses and government and without adding to the bureaucracy. This is an example of what Congress can do when we put common sense and the public interest first.

As a sponsor of the Democratic version of this legislation, I am pleased that the conference agreement closely reflects the priorities that we offered earlier this year. It focuses on reforms that do have broad, bipartisan support and that will make an immediate, positive difference for millions of people and it takes a responsible, slower approach to testing new approaches such as medical savings accounts. I applaud those who developed the compromise on MSA's and their willingness not to let this controversy hold up other provisions in this legislation.

I want to highlight several provisions of this conference report.

This conference report will increase the tax deduction for the health insurance for the self-employed from 30 to 80 percent, a critical provision in the Democratic substitute that affords the same treatment to the self-employed as we do to corporations. For many self-employed people, this tax deduction will make health insurance more affordable and cost-effective.

The conference report prohibits discrimination against people with preexisting health conditions and guarantees that workers can keep their health insurance if they change or lose their jobs. No longer will Americans fear losing their insurance due to a medical condition such as diabetes or breast cancer. Health insurance companies would be prohibited from excluding coverage of a preexisting condition for more than 12 months. This 12-month period would be reduced by the time period for which the individual was covered under a previous group-based plan. For individuals who lose their jobs, health insurance companies would be required to offer the choice of two plans. To protect individuals, these plans would have to be priced at a level similar to other popular individual plans.

This conference agreement requires the renewal of health insurance coverage for those Americans who pay their premiums. This consumer protection will ensure that families can continue to keep their health insurance as long as they continue to pay premiums for this coverage.

This conference report also provides new incentives for Americans to provide for their long-term care. With the average cost of $40,000 per person for long-term care services, it is critical that we provide relief for American families. This legislation allows taxpayers to deduct qualified long-term care expenses, including premiums for long-term-care insurance, as an itemized medical deduction. This legislation also permits terminally ill and chronically ill patients to receive their life insurance benefits prior to death without paying taxes on such benefits. Both of the tax provisions should help American families to deal with the costs of medical treatments.

The conference legislation includes provisions to discourage fraud. I strongly believe we should not tolerate fraud and abuse in our medical system. This section ensures that medical professionals who commit fraud will be prosecuted for these acts, without imposing unnecessary burdens on medical providers.

Mr. Speaker, I urge approval of this commonsense, bipartisan, and long-overdue legislation.

Mr. FRANKS of Connecticut. Mr. Speaker, I rise today to express my support for the conference report to H.R. 3103, the Health Coverage Availability and Affordability Act. Passage of this conference report will ensure that Americans have access to health care coverage.

The conference report before us will bring about much needed reform to the insurance industry. It address such important issues as portability and pre-existing conditions. Individuals will no longer have to remain in a job they do not like in order to maintain insurance coverage. The portability provisions will ensure that individuals will not lose their coverage if they get sick.

The conference report also contains a 4-year demonstration project for tax deductible medical savings accounts for small business, the self employed, and the uninsured. The medical savings accounts will put the individual in charge of his or her health coverage.

Another important provisions of the conference report is the self-employment deduction for health insurance expenses. Under this provision the self-employed will be able to deduct a certain percentage of their health insurance expenses from their taxes. The deductible will increase from 30 percent to 80 percent in 2006.

Mr. Speaker, the time has come to enact meaningful reform of our insurance industry. This conference report does that. It is the result of many weeks of bipartisan negotiations. The provisions contained in this report will enable the American people to feel confident about their insurance coverage, while at the same time keeping it affordable. I urge my colleagues to support passage of this conference report.

Mr. TORKILDSEN. Mr. Speaker, I rise today to urge my colleagues from both sides of the aisle to join me in support of the Health Coverage Availability and Affordability Conference Report.

Statistics show that under current law, up to 25 million Americans across the country are denied health insurance coverage because of pre-existing conditions. Additionally, some 4 million workers remain "job-locked" because of the lack of health insurance portability. This is unacceptable.

It is inconceivable that, under current law, people with pre-existing medical conditions—whose need for quality health care can be immediate—can be denied health insurance. People should not have to live in fear that a change in jobs, or job loss, could deny them continued health coverage.

This bill is a bipartisan and common-sense solution. It doesn't solve every problem, but it is a shining example of what can be accomplished through compromise.

The key to health care reform is choice. Americans should be free to choose what type of insurance they want—and which doctors they wish to see. Medical Savings Accounts are one of the most innovative new choices in health care, and it is encouraging that the House and Senate were able to reach a compromise to institute MSA's on a 4-year trial basis. While MSA's clearly are not right for everyone, they are a bold new approach to health care reform. MSA's are one more choice for people who need health insurance.

This Conference Report is also a major win for the self-employed, in that it increases the percentage of their health insurance expenses that they can deduct from 30 to 80 percent. Under current law, the self-employed are permitted to deduct a mere 30 percent of their health insurance costs, while corporations can deduct 100 percent. This is unfair. People who are self-employed should not be discouraged from buying insurance because they are forced to pay a de facto tax penalty. We must eventually increase this deduction to the 100 percent enjoyed by corporations, but for now, 80 percent is a great improvement.

The Health Coverage Availability and Affordability Act does not involve a government take-over of health care. It does, however, solve specific problems in the current system and institutes new ideas to help all Americans—young and old—obtain health coverage.

I urge my colleagues on both sides of the aisle to support the bill and pass this much-needed reform.

Mr. FAZIO of California. Mr. Speaker, I rise to express my strong support for the conference agreement before us.

The health insurance reform conference agreement will help tens of millions of Americans keep their health insurance when they switch jobs, regardless of their health condition. In addition, the conference agreement contains an increase in the deductibility of health insurance for the self-employed.

This conference agreement addresses several fundamental problems in our Nation's health insurance system. First, if an employee who has been covered by an employer's health plan for at least 18 months loses his or her job, or switches to a job that doesn't provide insurance coverage, that employee will be able to buy insurance without exclusions for pre-existing medical conditions from any firm in the state that sells insurance.

I believe that this agreement represents an important first step in reforming our Nation's health care system. The General Accounting Office has found that about 21 million Americans are uninsured because of pre-existing conditions. The common-sense portability provisions contained in this bill will make a real difference in the lives of these uninsured workers.

So, too, will the provisions governing the deductibility of health insurance costs for the self-employed. Greater deductibility means that those who already are insured will find it more affordable. Those who lack coverage will more easily be able to budget for this necessary expense.

Greater deductibility also ensures greater fairness in our tax code. Corporations have long enjoyed full deductibility for their employee's health insurance. This provisions will narrow the gap between the self-employed and corporate employers, thereby reducing operating expenses for America's small business men and women and increasing the number of working families covered by health insurance.

I am glad that the conferees, particularly Senator KENNEDY and Congressman ARCHER, were able to negotiate a compromise on the medical savings accounts (MSA's) issue. The compromise agreement on MSAs reflects the concerns that I, and many others, had about the scope of MSA coverage. In addition, the compromise requires that Congress re-visit the MSA issue in four years to determined whether it should be extended or curtailed.

This conference agreement presents us with an opportunity to enact health care insurance reform legislation that will benefit millions of hard-working Americans. I urge my colleagues to vote YES on the conference agreement.

Mr. REED. Mr. Speaker, I rise in support of passing meaningful and essential health care reform today.

The conference agreement on H.R. 3103 is a positive first step to expanding access to health insurance for Rhode Islanders and Americans across the nation. This legislation prohibits insurance companies from dropping coverage when an individual changes jobs or denying coverage because of a pre-existing condition. In addition, this bill increases the tax deduction for the self-employed from 30 percent to 80 percent by 2006.

Enactment of this common-sense health reform legislation has been delayed several months due to the insistence by the Republican Majority to attach many controversial provisions, including Medical Savings Accounts (MSA's), to the bill. The conference agreement contains a compromise that would make MSA's available to a limited population for four years. While I am concerned about the potential impact of this provision on our health care system, I am pleased that Congress must pass new legislation to continue or expand this MSA demonstration project.

I am also disappointed that the conference agreement does not contain the Domenici-Wellstone amendment adopted during Senate consideration of this legislation. This amendment would have required insurers and health plans to provide coverage for mental illness equal to that provided for physical health conditions. It is my hope that future Congresses will address this essential issue.

The steps to correct our health care system in H.R. 3103 is minimal, but needed reform which will alleviate the anxiety and suffering of many hard working families. However, more needs to be done to make health coverage affordable and available to more Americans. I remain committed to enacting comprehensive, systemic health care reforms in order to slow cost increases in health care services and ensure that all Americans have access to the quality health care they need.

Ms. PELOSI. Mr. Speaker, I rise in support of the conference report on the Kennedy-Kassebaum health care legislation. While I would have much preferred the bill adopted by the Senate, the advantages of this conference agreement outweigh the drawbacks.

This bill will be very helpful to Americans with preexisting conditions who may need to change jobs. It will allow them to move from one group insurance plan to another without coverage being excluded because of a preexisting condition. It will also allow people who lose their jobs to buy individual insurance without exclusion because of a preexisting condition.

The bill contains an important provision which states that the results of genetic testing cannot be used as a finding of a preexisting condition. This is an important first step in protecting individuals from discrimination based on new genetic testing made possible by advances in biomedical research.

The bill also expands on a provision important to me and my district. Several years ago, I introduced legislation which became law extending continuation group health coverage under COBRA to individuals found to be disabled at the time that they stopped working. Under the provision, these disabled individuals could remain in group coverage for 29 months—the time it takes to qualify for Medicare coverage. This bill improves this benefit by extending continuation coverage for those that become disabled during their initial COBRA coverage until they are covered under Medicare.

In addition, this bill includes an important provision which allows individuals with terminal illness to receive accelerated death benefits—often called viatical settlements—as tax-exempt benefits rather than income. This provision would apply to settlements received after December 31, 1996.

I am disappointed in the conference agreement for what this bill does not do. It does not make health insurance more affordable. In fact, the medical savings accounts portion of the bill—by taking the healthy and wealthy out of the insurance pool—may make health insurance more expensive.

In addition, this bill does nothing about the ability of insurance companies to exclude types of treatment or cap coverage. The bill also eliminates the Domenici-Wellstone mental health parity provision and even a scaled-back compromise to expand mental health coverage. Responding to these needs is also part of what should be done to provide health care security.

While this bill will help about 400,000 Americans with preexisting conditions who will benefit from the portability provisions, it will do nothing for uninsured Americans. The number of uninsured is projected to increase by another million in the next year. The welfare bill, passed by the House yesterday, will add even more people to the ranks of the uninsured.

Mr. Speaker, I urge a "yes" vote. Yet I am also compelled to comment on how much this bill has been weakened from the Kennedy-Kassebaum bill adopted by the Senate. We have a long way to go before achieving true health care reform.

Mr. MATSUI. Mr. Speaker, I would like to express my disappointment with the failure of the conferees to include a provision addressing the ongoing blatant insurance discrimination against the treatment of mental illness.

Millions of American men, women, and children, from every ethnic, economic, and age group, suffer from mental illness. We have made great progress in recent years in diagnosis and effective treatment of these debilitating and sometimes life-threatening illnesses. Yet persons with mental illness must struggle every day not just with their illness itself, but also with the refusal of the Nation's insurance industry to end discriminatory coverage of their treatment.

There is no reason for this discrimination, other than stigma and ignorance. Study after study has shown that parity coverage would save lives and money. The National Mental Health Advisory Council reported to Congress in 1993 that parallel treatment of severe mental and physical illness would actually save the national economy more than $2 billion every year.

In April, the Senate adopted by a vote of 68–30 an amendment offered by Senator DOMENICI and WELLSTONE which specified that insurance plans had to impose the same limits on mental illness as physical illness in areas such as patient cost sharing, drug coverage, hospital stay duration, and annual and lifetime caps. It did not prevent businesses from managing mental or physical health care. All it said was that insurers must apply the same restrictions on mental health care as they do to physical health care.

During conference, Senators DOMENICI and WELLSTONE scaled back their proposal to require equal coverage only for lifetime and annual caps. The Congressional Budget Office estimated that the revised proposal would cost employers no more than .16 percent in additional premiums—literally pennies per day. This cost amounts to 3 cents per day per employee, or about $7 per year. It could have been completely offset by a negligible increase in the annual deductible, so that businesses would have paid nothing.

Unfortunately, House Republican conferees rejected even the modest proposal for parity on annual and lifetime caps. There is, as a result, nothing in the conference agreement to specifically address the fair treatment of persons with mental illness. This is unacceptable. More than two-thirds of the Senate voted for mental illness parity, and 116 Representatives endorsed the Senate amendment.

Mr. Speaker, this Congress and the Republican conferees had a real opportunity to make a modest but meaningful effort to reduce insurance discrimination against persons with mental illness. That they chose to do nothing at all is a lamentable rebuff to the millions of Americans who suffer from mental illness. We have to do better.

Ms. HARMAN. Mr. Speaker, I rise today on behalf of moderation and bipartisan cooperation and in strong support of the Health Coverage Availability conference report.

After months and months of gridlock, we finally have before us a solid health care compromise. This legislation shows what is possible if we put partisanship behind us and work from the sensible center for the betterment of our country.

Over the last decade, thousands of high-skill, high-wage workers in California's South Bay have lost their jobs because of defense downsizing. While many successfully found new employment, some cannot obtain medical insurance for themselves and their families because of preexisting health conditions. This bill generally prohibits insurers from excluding coverage of preexisting conditions and ensures that individuals would not lose their health insurance coverage when they move from one job to another.

The conference report's bipartisan character is particularly apparent in the section authorizing medical savings accounts. I'm pleased with the language establishing an MSA trial program. This way we can collect accurate evidence on how MAS's affect the quality and scope of health coverage for everyone.

Mr. Speaker, if we govern together from the sensible center, we will be successful. If we resort to partisan bickering, we are doomed to failure. Americans want and deserve a Congress that works. This conference report is evidence that it can.

Mrs. LOWEY. Mr. Speaker, I rise in support of the Kennedy-Kassebaum health insurance reform bill. While not perfect, this bill is a major step toward improving the health security of hard-working Americans and their families.

Mr. Speaker, Democrats have been working on this issue for a long time. Senator KENNEDY and his colleague, Senator KASSEBAUM, introduced their bill nearly a year ago today. The President endorsed the plan in his State of the Union address in January. Democrats in both Houses have been fighting for it ever since. The time has come to finally enact these reforms.

Mr. Speaker, we all know that the days of having a 40-year career at a single company are over. Americans today change their jobs often, but can't take their health insurance with them. Too many hard-working Americans and their families have faced a troubling threat—if they change or lose their job, they lose their health insurance. That is wrong. This bill will give more Americans the peace of mind that they will continue to have access to health insurance, regardless of their job situation.

In addition, this health reform bill will: prevent insurance companies from denying coverage to Americans because they are sick; help seniors suffering from Alzheimer's and other chronic illnesses to afford the cost of long-term care; allow the self-employed to deduct more of their health insurance costs; and create a demonstration project to determine whether tax-preferred medical savings accounts are a promising way to control costs and protect patients' choice of doctor.

While I strongly support this bill, I am extremely disappointed that it does not ensure that mental health benefits are treated like other health benefits. The Senate unanimously supported mental health parity and nearly 100 of my colleagues in the House expressed their strong agreement. Sadly, it is not included in this bill. Mental illness is no different from physical illness. It should no longer be stigmatized.

I hope we can work to end discrimination against mental illness. For now, we must pass this bill—for it is a step forward for millions of American families. I urge my colleagues to support this health insurance reform bill.

Mr. BUNNING. Mr. Speaker, I rise in support of the Health Coverage Availability and Affordability Act and urge my colleagues to vote for it. It is a good bill.

Two years ago, when the First Lady's massive health care reform proposal was being considered and rejected by Congress, two things became clear. It was obvious that there was virtually no public support for a dramatic increase in the Government's involvement in our health care system. But it also became clear that there were quite a few health care issues on which there was widespread agreement.

This bill is the result of that consensus. It contains many of the reforms that are really needed in our health care system—reforms that people really want. It contains the reforms that we can all agree on. This bill does what is doable in health care reform.

The key element of this bill is something I have been working on for several years—legislation to ensure portability of health care insurance. Currently, too many people are locked out of health coverage because they have some sort of chronic health problem or preexisting condition. Our bill will solve the problem by eliminating preexisting condition exclusions for people with prior health insurance coverage. This is a long overdue change.

The Health Care Availability and Affordability Act does some other worthwhile things too. It will also improve access to health insurance by raising the health care deduction for self-employed from 30 to 80 percent, and by allowing small businesses to form insurance pools to get better rates for their employees. It will allow tax deductions for long-term health care coverage; allow terminally ill patients to receive tax-free accelerated death benefits from their insurance companies and create an exciting new concept called medical savings accounts.

I'm very excited about the potential for medical savings accounts. These accounts will allow people to set money aside in tax exempt accounts to use for medical expenses. Later, unused funds remaining in the accounts could be used for other purposes. What better incentive could you ask for to make people better shoppers and wiser users of health care? The medical savings account is a great idea.

Unfortunately, because the President objected to the MSA concept, we had to scale back the availability of these accounts in this bill. In the final bill, MSA's will be allowed on a 4-year test basis and be limited to 750,000 policies. But I am confident that in less than 4 years, medical savings accounts will prove themselves and Congress will clearly recognize their value and expand their availability.

This is a good bill. It doesn't solve all our health care problems but it contains many worthwhile reforms and it is doable. I urge my colleagues to vote for it.

Mrs. COLLINS of Illinois. Mr. Speaker, HIPAA, HIPAA, Hurray. HIPAA stands for the Health Insurance Portability and Accountability Act, the short title of H.R. 3103 for which we now consider a conference report. Hurray. We finally have some health care reform. I say "some," because we still have a long way to go, but in this week of the 1996 summer Olympics, we at least have gotten out of the starting blocks to provide improved access to health case financing for more Americans.

The portability provisions agreed upon in this conference report of H.R. 3103, will allow people who lose or change jobs to continue their health insurance coverage. Now, even with some preexisting condition, health insurance plans can only limit for so long a person's waiting period before treatment for a preexisting condition could be covered—and, no longer can pregnancy, birth, and adoption be considered prohibitions to immediate coverage. These are good steps toward universal access and health insurance coverage for all Americans, which I have long advocated.

It looks like we finally have some relief from the special interests that control the health care delivery and financing system in this country that left over 37 million American uninsured for health care. It has been well documented that it is hard-working middle-income families who were being squeezed out of decent health coverage. In this time of rampant corporate layoffs, losing your job or even changing jobs can mean a devasting loss of health insurance coverage for you and your family.

Small businesses with 25 employees or less often found group coverage either un-affordable or unavailable if any of their workers were determined to be part of a high-risk category. Under this agreement, the small group employer market will be opened up. Title I of this conference bill provides for guaranteed availability of coverage to employees in the small group market. In layperson language, that means that each insurer that offers coverage in a small group market will have to make all health insurance policies available to all small employers and will have to accept for enrollment every eligible individual within the same employer—no longer will health insurance companies be able to pick and choose, or discriminate, who will be allowed to have health insurance.

Especially at a time of growing economic insecurity and instability, we have been challenged to find ways to address these problems—to make health coverage easier to buy and keep. That has been my primary goal in my efforts to reform the health care financing system in America today. I believe that we must be vigilant on a wide variety of concerns to help ensure that any health care reform product that is passed by Congress satisfies certain criteria. Some of the important objectives include universal coverage, comprehensive benefits, strong cost containment, and guaranteed access to high quality care for low-income, unemployed, and part-time employed people. Also, it is critical that the unique health needs of women, minority, and elderly populations are addressed. There should additionally be some expansion of long-term care insurance market.

So, there is more work to be done to provide fair and open access to health care for all children, individuals, and families. Until and unless Congress can achieve meaningful health care reform to provide for universal access to health care financing, there must be Medicaid eligibility for the unemployed, uninsured families who receive public assistance.

Mr. Speaker, I am disappointed that the provisions for mental health parity did not survive the conference because I believe that every person has a right to receive comprehensive physical and mental care under health care financing. Many States provide for mental health care coverage in their health insurance plans and I believe that the Federal Government will eventually recognize the value for it and will ensure national uniformity in that area.

The health care reform covered in this conference agreement is a good start. I urge my colleagues to support this conference agreement.

Mr. COLLINS of Georgia. Mr. Speaker, I rise to support this health care bill that will make health care more available and affordable for millions of Americans.

This is a health care bill the American people have wanted for years. And this Congress was able to accomplish this without a Government takeover of health care.

Two key provisions of this reform bill will eliminate health coverage exclusions based on pre-existing conditions and expand the portability of health care insurance plans for workers.

American workers will no longer have to fear losing their health care coverage if they change jobs. And, people can change jobs without losing their health insurance even if they have a pre-existing condition. These are major breakthroughs in health care.

We created Medical Savings Accounts to allow small business employees and the self-employed to make tax deductible contributions to a savings account if they choose to purchase a high deductible health plan.

We increased to 80 percent the tax deduction self-employed individuals can claim for health insurance. We included tax deductions for nursing home and home health care insurance and approved accelerated death benefits which will provide Americans more access to health care.

Finally, the legislation fights fraud and abuse in the health care industry by creating new criminal penalties and by increasing funding for prosecutions and investigations.

I am pleased to learn that President Clinton announced he will sign this historic health reform legislation even though he had previously threatened to veto the measure.

This legislation is good, sound health care policy. It provides a comprehensive approach to providing market-based health care reform that avoids the explosion of government bureaucracy.

Mr. COSTELLO. Mr. Speaker, I rise in support of the conference agreement on the Health Coverage Availability and Affordability Act. While this bill is not perfect, I am pleased we have reached a bipartisan compromise on this important legislation. The conferees improved the House-passed bill and I am hopeful this body will now pass this conference report so it may be sent to the President. By passing this bill, we will help millions of Americans relieve their anxiety about maintaining health insurance if they become unemployed or change jobs.

This bill makes great strides toward protecting the health insurance converge of workers who face job-lock because of a fear of losing medical benefits. By increasing portability, the Congress is extending coverage to millions of working Americans who might otherwise lose their health care benefits.

This bill makes modest, basic changes to our health care system. It increases the portability of health insurance by prohibiting insurance companies and Health Maintenance Organizations [HMO's] from denying health care coverage to workers who move to another company or lose their jobs. Under the legislation, insurers may not exclude coverage for pre-existing medical conditions for more than 1 year.

The bill also raises from 30 to 80 percent the share of health insurance costs that the self-employed could deduct for tax purposes. While I believe that health insurance costs for the self-employed should be 100-percent deductible, this provision is an important step in giving small business entrepreneurs and family farmers more economic security.

In addition, the legislation establishes a test pool of Medical Savings Accounts where for 4 years up to 750,000 Americans who usually have high-deductible insurance policies could instead contribute to these accounts. These contributions could be used to pay medical expenses, but unused funds could accumulate or remain the property of the contributor. I am pleased we are giving MSA's a test run to see if, in fact, such savings accounts are equitable to everyone in insurance pools. I have strong reservation about jumping to such a large scale program without knowing if MSA's will work.

These incremental yet important reforms are the first step in fixing our health care system. We must next work on providing adequate and affordable health care for the uninsured and underinsured. This bill will help reduce the number of uninsured Americans and allow Congress to better target insurance reform in the future.

Mr. CASTLE. Mr. Speaker, I rise in strong support of the Health Coverage Availability and Affordability Act. This historic agreement will address the health insurance needs of millions of Americans. Those who want to change jobs, or who find themselves stricken with a costly illness, or who find themselves unemployed, will still be able to purchase affordable health insurance for themselves and their families.

The magnitude of the health insurance problem today is substantial—millions of Americans are without health insurance—39.7 million non-elderly Americans, or 17 percent of non-elderly Americans, were without health insurance in 1994. This is in spite of the fact that the United States spends far more per capita on health care than any other major nation—according to 1993 estimates, national health expenditures totaled $884 billion, or 13.4 percent of the gross domestic product.

There are many reasons for this high rate of uninsurance. Increasing numbers of health insurance companies refuse to insure those with pre-existing medical conditions or who work in high-risk jobs. Health care costs have driven up the cost of insurance, making it unaffordable. Rates for small businesses and the self-employed are extremely high due to their small risk pools. State mandates sometimes load up policies with unnecessary or unwanted benefits. Medical malpractice laws drive up the need for defensive medicine and expensive liability insurance for doctors.

I am delighted that the Congress was able to work in a bipartisan way to achieve important health insurance reforms to address some of these problems. This bill is a composite of sensible ideas which will have a substantial impact on hard working Americans who seek to retain or obtain health insurance coverage.

The conference report retains the best of the House and Senate proposals. It addresses the availability of health insurance by making sure health insurance is available for individuals moving from group to group or group to individual coverage. These portability provisions will provide important protections for the American people. It also guarantees the availability of insurance coverage to employees in the small group market, and assures people in group health plans that they cannot be excluded from coverage or from renewing their coverage based on their health status.

The issue of affordability is addressed by strong anti-fraud and abuse provisions—which are particularly important given that an estimated 1 in every 10 health care dollars is spent on fraud or abuse. Some of the reforms include establishing a national health care fraud and abuse control program to coordinate Federal, State, and local law enforcement to combat fraud with respect to health plans; establish a Medicare Integrity program; increase criminal penalties for fraud and abuse violations under Medicare and Medicaid; establish a program to encourage individuals to report suspected cases of fraud and abuse in the Medicare Program; among others

In addition, the bill includes administrative simplification provisions which should also reduce costs. Uniform standards for health information would enable the private sector to reduce paperwork—which accounts for an estimated 1 in every 10 health care dollars spend—make it easier to identify fraudulent claims, and make it easier for consumers to compare health plans and services. And it raises the health insurance deduction for self-employed individuals form 30 to 80 percent by the year 2006, and provides tax incentives for the purchase of long term care.

The conference report also includes an important innovation—Medical Savings Accounts. I am extremely pleased that the conferees agreed to a demonstration program. Medical Savings Accounts hold considerable promise, as they can make consumers more cost-conscious and thereby reduce health care costs. MSA's give consumers a clear inventive to take a more active role in their health care.

But before MSA's should be implemented on a grand scale, I think it makes sense to ensure MSA's don't have negative unintended consequences regarding the health insurance market or the health care choices that consumers make. For example, I imagine that none of us wants to see consumers forgoing all preventive care in order to build up their medical savings accounts. That is why the idea of a demonstration program is such a reasonable one.

This bill will make health insurance more affordable for millions of Americans. It will expand the opportunities Americans have to secure health care for their families, and will provide protection in these uncertain economic times. Health insurance reform is an idea whose time has finally come, and I hope this bill will pass with a wide bipartisan margin.

Mr. POSHARD. Mr. Speaker, I rise in strong support of the Kennedy-Kassebaum health insurance portability conference agreement, because this bill represents a bipartisan approach to providing health insurance portability to millions of Americans. For too long, workers and their families have been denied continued access to affordable and quality health insurance coverage simply because they lose their job or are found to be suffering from a pre-existing illness. This bill guarantees those individuals health coverage.

The bill also provides a long overdue increase in the deductibility of health insurance costs for this Nation's self-employed. I know that in my very rural congressional district, hundreds of farmers and their families have been shut out of being able to afford health insurance, because they were not able to deduct the cost of insurance at the same rate as corporations. While this bill does not level the deduction, it does move the deduction from 30 to 80 percent. This increase will provide the financial incentive to give farmers, the self-employed, and their families the ability to afford quality health care insurance.

Additionally, Americans have not had the opportunity to enroll in medical savings accounts. Coupled with catastrophic insurance to cover serious illnesses, these private, tax deductible accounts will pay for routine medical expenses. Medical savings accounts will encourage prudent choice by individuals in selection more cost-effective health care services. I believe the agreement's medical savings account pilot program will demonstrate the necessity of providing not only small business owners and employees with this choice, but all Americans.

For those living and working in the 19th Congressional District, this bill will:

Make it easier for people to keep their health insurance coverage should they leave or lose their job;

Prohibit health insurance companies from denying health coverage to individual with a pre-existing illness;

Require insurance companies to offer at least two health insurance plans comparable to that of the companies' other plans to people shifting from group to individual coverage;

Create a 4-year pilot program to test medical savings accounts on small business owners and employees;

Increase the deductibility of health insurance premiums for the self-employed to 80 from 30 percent;

Establish tax incentives to encourage the purchase of insurance for long-term care; and

Tackles fraud and abuse within the health care system.

As Co-Chair of the House Rural Health Care Coalition, I know this bill addresses many of the challenges we are facing in rural communities throughout America. I think our families and our businesses can look forward to meaningful changes in the way they purchase and use health insurance. This is a major step forward—but we must not forget the fact that millions of Americans are still without health insurance, and health care costs continue to climb.

We have demonstrated here today that by working together we can accomplish what many believe are far off goals. I encourage my colleagues on both sides of the aisle to use this bipartisan agreement as an example as we continue to overcome the many other challenges facing our nation's health care system, this Congress and the American people.

Mr. HALL of Texas. Mr. Speaker, I rise today in support of H.R. 3103, a health care reform bill that represents more than 6 years of hard work on the part of many Members of Congress, beginning with Senator Bentsen in the 102d Congress and continuing through the 103d Congress and now the 104th.

I've had the opportunity to work on health care reform over the past 4 years through the Commerce Committee and through The Coalition. Many of the provisions in the bill that we are considering today were included in previous work, and I want to commend my colleagues for finally bringing this legislation to the floor of the House for consideration.

Health care is one of the most important concerns of Americans, and this bill will help alleviate some of their greatest fears. Americans who want to pursue other job opportunities or who lose their job are now free from the worry of losing their health insurance, and those with pre-existing conditions are no longer faced with the nightmare of being unable to secure insurance coverage.

In addition, taxpayers will be able to purchase long-term care insurance and deduct this as a medical expense. Terminally and chronically ill citizens will be able to receive life insurance benefits prior to death without paying taxes on them. And some citizens will have the opportunity to try an alternative to traditional health insurance in the form of medical savings accounts, which I support.

Mr. Speaker, these are important reforms that will offer much-needed relief to all Americans. I believe that it will be one of the most important accomplishments of this Congress, and I urge my colleagues' support.

Mr. STOKES. Mr. Speaker, I rise in support of the long-awaited health insurance reform bill, H.R. 3103, entitled the Health Care Coverage Availability and Affordability Act. This measure was first introduced in the Senate by our colleagues, Senators KENNEDY and KASSEBAUM, over a year ago, on July 13, 1995. Yet, for political reasons, the majority would not let the measure move through the legislative process.

In fact, it is possible that the measure would not have moved at all—if it had not been for President Clinton's leadership and commitment to meaningful health care reform. Each of us in this Chamber and in the Senate recalls President Clinton calling for the passage of the bill in his State of the Union Address in January.

While the majority acknowledged the President's instruction, their choke hold on the bill continued. In fact, because of continuing unnecessary roadblocks, the bill was not even voted on until late March.

It is because of the President's and the Democrats' continued pressure and steadfast commitment to meaningful reform that we can stand here today to vote on the conference to the health insurance bill.

While I am extremely concerned that H.R. 3103 does not include the mental health parity provisions which were in the Senate bill and which we know the American people want, and desperately need, and in fact which many of us had fought hard to have included in the measure for, we can be pleased that the bill increases the portability of health insurance, and gives families increased security with regard to maintaining their health care coverage. We can also be pleased that H.R. 3103 does address pre-existing health conditions. H.R. 3103 frees the American people from job lock, as the measure denies health insurance companies and HMO's from denying health care coverage to workers who change jobs and/or lose their jobs. These are critical provisions which those of us on this side of the aisle have worked tirelessly to secure.

More specifically, with regard to "group-to-group portability," the bill prohibits health insurance companies and HMO's from excluding coverage for pre-existing conditions for more than 1 year for individuals with a health condition for which medical advice, diagnosis, or treatment was given within 6 months prior to the individual becoming insured. The bill provides that this 12-month period be reduced by the period of time the individual was continuously covered by a group health plan in their previous job.

With regard to "group-to-individual portability", the conference agreement provides that certain individuals who previously had group coverage would be able to obtain individual health coverage. Under the agreement, insurance companies would be required to offer a choice of the two most popular policies they sell, or a choice of two policies that spread the risk.

With respect to long-term care, H.R. 3103 permits a tax deductibility of long-term care expenses, and allows those suffering from terminal and chronic illnesses to receive life insurance benefits prior to death without paying any taxes on such benefits.

However, with regard to the medical savings account provision, I remain extremely concerned as well. While I and many of my colleagues on this side of the aisle agreed with the Senate position that the measure should not include MSA's, the conference report does include a trimmed-back House proposal.

Instead of allowing for blanketed MSA's as the majority in the House had hoped, H.R. 3103 instead provides for a 4-year test period for medical savings accounts, and sets the number of participants allowed in the program to not exceed 750,000. Only businesses of no more than 50 employees and/or the self-employed individuals are permitted to participate in the program.

This is definitely one of those provisions where the phase "buyers beware" must be taken literally. After the 4-year period expires, people who participated in the MSA project could continue. However, no new accounts could be permitted unless new legislation was enacted to expand the time limit or to increase eligibility.

While I understand that the President is expected to sign the bill, it is incumbent upon each of us to follow the MSA provision very carefully, as it is expected to increase the cost of health care not reduce it. It is also incumbent upon each of us to continue to work to ensure adequate coverage for mental health.

Mr. Speaker, while H.R. 3103 definitely is not comprehensive health insurance reform, millions of Americans will benefit from the measure including small businesses and the self-employed. Serving as the line in the sand from where we can begin to make real inroads to meaningful health care reform, H.R. 3103 jump starts meaningful reform which is critically needed to ensure millions of Americans health care coverage that is accessible, affordable, and secure. While H.R. 3103 is not perfect, it is workable and I look forward to working with my colleagues to help further the enactment of meaningful health insurance reform. Vote "yes" on H.R. 3103.

Mrs. LINCOLN. Mr. Speaker, I rise today in support of the conference report for the Health Coverage Availability Act. This important legislation will address the millions of Americans who lose their insurance coverage because of job loss or because they suffer from a pre-existing condition.

Families in my home State of Arkansas have grown increasingly anxious about the availability, portability, and cost of their own private health coverage. And who would blame them? Consider these staggering statistics:

There are over 40 million Americans without health insurance.

Over 1 million working Americans have lost health insurance in the last 2 years alone.

Over 80 million Americans have preexisting conditions that could make it difficult for them to maintain health coverage when they change jobs.

The legislation before us today will help ease some of the fears and concerns our constituents face. The bill would prohibit insurance companies from denying health care coverage to workers who move to another company, or who lose their jobs or become self-employed. The conference report also bars insurers from excluding coverage for pre-existing illnesses for more than a year.

And I am extremely pleased to see that it would raise the amount of health insurance premiums self-employed people can deduct from their Federal income taxes from the current 30 to 80 percent. As many of you may know, I introduced the Health Insurance Equity Act which increases this deduction to 100 percent. Although the increase to 80 percent is substantial, I will continue to work to see this deduction increased to 100 percent. I believe that the small businessmen and farmers, who are the backbone of the district I represent, deserve the same tax benefits allowed larger businesses.

I am proud that this body has come together in a bipartisan fashion to produce this legislation that is worthy of our support. This conference report before us makes positive steps towards ensuring that the millions of Americans who are in need of health insurance will be able to afford and keep it.

Mr. CRANE. Mr. Speaker, in the last Congress, President Clinton set out to reform health care by taking decision making power away from the individual and placing it in the hands of a centralized bureaucracy. As a member of the Ways and Means Health Subcommittee, I am proud to be a part of the Congress that today is taking important steps towards reforming our health care system by taking power away from the bureaucrats and giving it back to individuals.

For example, the creation of Medical Savings Accounts [MSA's] will give individuals more rights and more responsibilities regarding their health care. I have been a strong supporter of MSA's, and I am pleased that Senate Democrats have agreed with the House and included MSA's in the conference report.

It should be noted that this is not a perfect bill by any means. I find it unfortunate that malpractice reform was dropped, I believe the MSA experiment is too restrictive, and I am concerned about the impact that guaranteed issue will have on the market as a whole. While there are unquestionably further improvements that can be made in our system and even in this bill, we are taking a major step forward.

When coupled with preexisting condition and portability reform, I believe MSA's and other provisions in this compromise represent a dramatic, but carefully measured reform of our health care delivery system. It is one that should be approved by Congress, applauded by pundits, welcomed by the American public, and signed by the President.

Mr. LAZIO of New York. Mr. Speaker, I rise today in strong support of the conference report to H.R. 3103, the Health Coverage and Affordability Act of 1996, of which I am a cosponsor.

Today, we are taking a long overdue step to help working class families across America, and in my home district of Long Island to acquire and keep their health care coverage.

For far too long, many Americans have worried that losing a job or having a preexisting condition would jeopardize the portability of their health insurance.

Because of this bill, workers will continue to have coverage if they change or lose their job—even with preexisting conditions.

As a result of our efforts today, health care will become more affordable. H.R. 3103 tackles the problem created by rampant fraud and lawsuit abuse that drives up the cost, and will increase penalties for those who commit fraud and abuse. Importantly, this bill also increases the health insurance deduction for self-employed individuals from 30 to 80 percent by 2006, and allows taxpayers to make tax-deductible contributions to a medical savings acount.

An important feature of H.R. 3103 which Representative NANCY JOHNSON and myself championed, is a provision which will eliminate discrimination based on genetic information. This would allow thousands of men and women to undergo genetic testing needed to preserve their health without fear of losing their health insurance or not being able to acquire it. This protection is essential for the women of Long Island, where instances of breast cancer are among the highest in the country. With H.R. 3103 in place, these women can be tested for BRCA–1, a gene linked to the disease, without fear of losing the insurance needed to meet their medical needs. Hopefully some of this testing may provide information regarding the cause of this disease, or a potential cure.

I urge my colleagues to support this bill and these reforms which will ease some of those worries of families who are already being squeezed by high taxes and falling wages by ensuring availability, affordability, and accountability to those who received health care through their jobs. The American people deserve this and we owe it to them to pass it by a wide bipartisan margin.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

MOTION TO RECOMMIT OFFERED BY MR. STARK

Mr. STARK. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore (Mr. NEY). Is the gentleman opposed to the conference report?

Mr. STARK. In its present form, yes.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. STARK moves to recommit the conference report on the bill H.R. 3103 to the committee on conference with instructions to the managers on the part of the House, to do everything possible, within the scope of the conference, (1) to modify Section 305 of the Senate amendment relating to mental health insurance parity so as to improve mental health care insurance while minimizing any impact on the cost or availability of health insurance plans, and (2) to produce a conference report which confines itself to the differences between the bill as passed by the House and passed by the Senate.

☐ 1945

The SPEAKER pro tempore (Mr. NEY). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. STARK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, the chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on the question of agreeing to the conference report.

The vote was taken by electronic device, and there were—yeas 198, nays 228, not voting 7, as follows:

[Roll No. 392]

YEAS—198

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barrett (WI)
Becerra
Beilenson
Bentsen
Berman
Bevill
Bishop
Blumenauer
Blute
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Bunn
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Cunningham
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Forbes
Fox
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Gibbons
Gillmor
Gilman
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee
(TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kleczka
Klink
LaFalce
Lantos
Leach
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Meehan
Meek
Menendez
Millender-
McDonald
Miller (CA)
Minge
Mink
Moakley
Mollohan
Moran
Morella
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Pelosi
Peterson (FL)
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schiff
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stockman
Stokes
Studds
Stupak
Tanner
Tejeda
Thompson
Thornton
Thurman
Torkildsen
Torres
Torricelli
Towns
Traficant
Velãzquez
Vento
Visclosky
Ward
Waters
Watt (NC)
Waxman
Williams
Wise
Woolsey
Wynn
Yates

NAYS—228

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Boehlert
Boehner
Bonilla
Bono
Brewster
Bryant (TN)
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Davis
Deal
DeLay
Diaz-Balart
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Geren
Gilchrest
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
King
Kingston
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica

Miller (FL)
Molinari
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Oxley
Packard
Parker
Paxon
Payne (VA)
Peterson (MN)
Petri
Pickett
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stump
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thornberry
Tiahrt
Upton
Volkmer
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NOT VOTING—7

Brownback
Dickey
Ford
Lincoln
McDade
Wilson
Young (FL)

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Messrs. SAXTON, SKELTON, and VOLKMER changed their vote from "yea" to "nay."

Mr. JEFFERSON and Mr. HALL of Texas changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. (Mr. NEY). The question is on the conference report.

Pursuant to House Resolution 392, the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 421, nays 2, not voting 10, as follows:

[Roll No. 393]

YEAS—421

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff
Zimmer

NAYS—2

Stark
Williams

NOT VOTING—10

Bateman
Brownback
Diaz-Balart
Dickey
Ford
Graham
Lincoln
McDade
Wilson
Young (FL)

☐ 2015

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. DIAZ-BALART. Mr. Speaker, on rollcall No. 393, I was inadvertently detained and missed the rollcall vote. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. BATEMAN. Mr. Speaker, on rollcall No. 393, I am advised I was not recorded as voting. Since I was present on the floor, I do not know why. Had I been recorded, I would have voted "aye."

PERSONAL EXPLANATION

Mr. GRAHAM. Mr. Speaker, on rollcall No. 393, I was attending a committee markup. Had I been present, I would have voted "yea."

MAKING IN ORDER AT ANY TIME CONSIDERATION OF CONFERENCE REPORT ON H.R. 3517, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1997, AND CONFERENCE REPORT ON H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

Mrs. VUCANOVICH. Mr. Speaker, I ask unanimous consent that it be in order at any time to consider conference reports to accompany the bills H.R. 3517 and 3845, that all points of order against both conference reports and against their consideration be waived, and that both conference reports be considered as read when called up.

The SPEAKER pro tempore (Mr. NEY). Is there objection to the request of the gentlewoman from Navada?

There was no objection.

CONFERENCE REPORT ON H.R. 3517, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1997

Mrs. VUCANOVICH. Mr. Speaker, pursuant to the previous order of the

House, I call up the conference report on the bill (H.R. 3517) making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, July 30, 1996, at page 20516.)

The SPEAKER pro tempore. The gentlewoman from Nevada [Mrs. VUCANOVICH] and the gentlemen from North Carolina [Mr. HEFNER] each will control 30 minutes.

The Chair recognizes the gentlewoman from Nevada [Mrs. VUCANOVICH].

GENERAL LEAVE

Mrs. VUCANOVICH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report to accompany H.R. 3517, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Nevada?

There was no objection.

Mrs. VUCANOVICH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, The conference report we present to the House today for military construction, family housing, and base closure recommends a total appropriation of $9.9 billion. This represents a $1.2 billion, or 10-percent, decrease from last year. The conference report is $50 million below the House-passed level and is within the subcommittee's revised 602(b) allocation.

Mr. Speaker, the House conferees had more than 200 differences to resolve, representing over $1 billion. We have done so in an equitable manner. At the same time, we held to our priorities and provided an additional $195 million for troop housing and $271 million for family housing above the President's request.

Overall, the agreement recommends $4 billion for items related to family housing; $2.5 billion for the implementation of base realignments and closures; and $3.2 billion for military construction.

Mr. Speaker, the projects to be implemented with this appropriation are still subject to authorization. We have worked closely with the National Security Committee in crafting this bill. This cooperation has been invaluable and I understand they support this agreement.

As always, I want to express my appreciation to all members of the subcommittee and especially our ranking member, Mr. HEFNER, for this cooperation in crafting this agreement. It has been done in a bipartisan manner and is an equitable compromise.

This bill represents an investment program that has significant payback in economic terms and in better living and working conditions for our military personnel and their families. I urge my colleagues to support this conference report.

Mr. Speaker, I include the following material for the RECORD:

MILITARY CONSTRUCTION APPROPRIATIONS BILL, 1997 (H.R. 3517)

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Military construction, Army	633,814,000	434,723,000	603,584,000	448,973,000	565,688,000	-68,126,000
Rescission	-6,385,000			-2,028,000	-2,028,000	+4,357,000
Total, Military construction, Army (net)	627,429,000	434,723,000	603,584,000	446,945,000	563,660,000	-63,769,000
Military construction, Navy	554,636,000	525,346,000	724,476,000	642,484,000	707,094,000	+152,458,000
Rescissions	-6,385,000		-12,000,000	-11,300,000	-11,300,000	-4,915,000
Total, Military construction, Navy (net)	548,251,000	525,346,000	712,476,000	631,184,000	695,794,000	+147,543,000
Military construction, Air Force	587,234,000	603,059,000	678,914,000	704,689,000	754,064,000	+166,830,000
Rescissions	-15,150,000			-2,100,000	-2,100,000	+13,050,000
Total, Military construction, Air Force (net)	572,084,000	603,059,000	678,914,000	702,589,000	751,964,000	+179,880,000
Military construction, Defense-wide	640,357,000	812,945,000	772,345,000	771,758,000	763,922,000	+123,565,000
Rescissions	-41,866,000			-7,000,000	-7,000,000	+34,866,000
Total, Military construction, Defense-wide (net)	598,491,000	812,945,000	772,345,000	764,758,000	756,922,000	+158,431,000
Total, Active components	2,346,255,000	2,376,073,000	2,767,319,000	2,545,476,000	2,768,340,000	+422,085,000
Department of Defense Military Unaccompanied Housing Improvement Fund			10,000,000		5,000,000	+5,000,000
Military construction, Army National Guard	137,110,000	7,600,000	41,316,000	142,948,000	78,086,000	-59,024,000
Military construction, Air National Guard	171,272,000	75,394,000	118,394,000	224,444,000	189,855,000	+18,583,000
Rescission	-6,700,000					+6,700,000
Total, Military construction, Air National Guard (net)	164,572,000	75,394,000	118,394,000	224,444,000	189,855,000	+25,283,000
Military construction, Army Reserve	72,728,000	48,459,000	50,159,000	75,474,000	55,543,000	-17,185,000
Military construction, Naval Reserve	19,055,000	10,983,000	33,169,000	49,883,000	37,579,000	+18,524,000
Military construction, Air Force Reserve	36,482,000	51,655,000	51,655,000	67,805,000	52,805,000	+16,323,000
Total, Reserve components	429,947,000	194,091,000	294,693,000	560,554,000	413,868,000	-16,079,000
Total, Military construction	2,776,202,000	2,570,164,000	3,072,012,000	3,106,030,000	3,187,208,000	+411,006,000
Appropriations	(2,852,688,000)	(2,570,164,000)	(3,084,012,000)	(3,128,458,000)	(3,209,636,000)	(+356,948,000)
Rescissions	(-76,486,000)		(-12,000,000)	(-22,428,000)	(-22,428,000)	(+54,058,000)
NATO Security Investment Program	161,000,000	197,000,000	177,000,000	172,000,000	172,000,000	+11,000,000
Supplemental appropriation	37,500,000					-37,500,000
Total, NATO	198,500,000	197,000,000	177,000,000	172,000,000	172,000,000	-26,500,000
Family housing, Army:						
Construction	116,656,000	75,013,000	176,603,000	189,319,000	158,503,000	+41,847,000
Operation and Maintenance	1,335,596,000	1,212,466,000	1,257,466,000	1,212,466,000	1,212,466,000	-123,130,000
Total, Family housing, Army	1,452,252,000	1,287,479,000	1,434,069,000	1,401,785,000	1,370,969,000	-81,283,000
Family housing, Navy and Marine Corps:						
Construction	525,058,000	403,726,000	532,456,000	418,326,000	499,886,000	-25,172,000
Operation and Maintenance	1,048,329,000	1,014,241,000	1,058,241,000	1,014,241,000	1,014,241,000	-34,088,000
Total, Family housing, Navy	1,573,387,000	1,417,967,000	1,590,697,000	1,432,567,000	1,514,127,000	-59,260,000
Family housing, Air Force:						
Construction	297,738,000	231,236,000	304,068,000	291,464,000	317,507,000	+19,769,000
Operation and Maintenance	849,213,000	829,474,000	840,474,000	829,474,000	816,509,000	-32,704,000
Total, Family housing, Air Force	1,146,951,000	1,060,710,000	1,144,542,000	1,120,938,000	1,134,016,000	-12,935,000
Family housing, Defense-wide:						
Construction	3,772,000	4,371,000	4,371,000	4,371,000	4,371,000	+599,000
Operation and Maintenance	30,467,000	30,963,000	30,963,000	30,963,000	30,963,000	+496,000
Total, Family housing, Defense-wide	34,239,000	35,334,000	35,334,000	35,334,000	35,334,000	+1,095,000
Department of Defense Family Housing Improvement Fund	22,000,000	20,000,000	35,000,000	20,000,000	25,000,000	+3,000,000
Homeowners Assistance Fund, Defense	75,586,000	36,181,000	36,181,000	36,181,000	36,181,000	-39,405,000
Total, Family housing	4,304,415,000	3,857,671,000	4,275,823,000	4,046,805,000	4,115,627,000	-188,788,000
Construction	(943,224,000)	(714,346,000)	(1,017,498,000)	(903,480,000)	(980,267,000)	(+37,043,000)
Operation and Maintenance	(3,263,605,000)	(3,087,144,000)	(3,187,144,000)	(3,087,144,000)	(3,074,179,000)	(-189,426,000)
Family Housing Improvement Fund	(22,000,000)	(20,000,000)	(35,000,000)	(20,000,000)	(25,000,000)	(+3,000,000)
Homeowners Assistance Fund	(75,586,000)	(36,181,000)	(36,181,000)	(36,181,000)	(36,181,000)	(-39,405,000)

MILITARY CONSTRUCTION APPROPRIATIONS BILL, 1997 (H.R. 3517) — continued

	FY 1996 Enacted	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Base realignment and closure accounts:						
Part II	964,843,000	352,800,000	352,800,000	352,800,000	352,800,000	-612,043,000
Part III	2,148,480,000	971,925,000	971,925,000	971,925,000	971,925,000	-1,176,555,000
Part IV	784,569,000	1,182,749,000	1,182,749,000	1,182,749,000	1,182,749,000	+398,180,000
Total, Base realignment and closure accounts	3,897,892,000	2,507,474,000	2,507,474,000	2,507,474,000	2,507,474,000	-1,390,418,000
Grand total:						
New budget (obligational) authority	11,177,009,000	9,132,309,000	10,032,309,000	9,832,309,000	9,982,309,000	-1,194,700,000
Appropriations	(11,253,495,000)	(9,132,309,000)	(10,044,309,000)	(9,854,737,000)	(10,004,737,000)	(-1,248,758,000)
Rescissions	(-76,486,000)		(-12,000,000)	(-22,428,000)	(-22,428,000)	(+54,058,000)

Mrs. VUCANOVICH. Mr. Speaker, I reserve the balance of my time.

I rise today in support of the military construction appropriations conference report, which was signed by all the conferees, and has strong bipartisan support.

I also want to compliment the distinguished chairwoman of the Military Construction Subcommittee for her fine work. Mrs. VUCANOVICH has worked hard to produce a good bill that responds to needs of our service men and women, and she has done so in a bipartisan fashion. She will be missed on both sides of the aisle. Our service people and their families will also miss Mrs. VUCANOVICH, who worked so very hard for their well being.

The bill contains almost $10 billion in total funding and responds to the highest priority requirements of the Joint Chiefs and administration.

There has been a significant reduction in funds for military housing with all the base closures, bottom up reviews and 5-year plans. I am very pleased that the conference agreement continues our bipartisan effort to address the quality-of-life issues for both enlisted personnel and families of military members, including facilities in North Carolina. It may not seem that glamorous to fund barracks, family housing and child care centers, but if you have had any exposure to the military way of life, you know that providing a decent place to live is an important factor in military readiness.

This bill also takes care of many other critical needs of the Department including the base closure construction and clean-up requirements, critically needed medical facilities, major new homeporting facilities and other operational upgrades. I'm pleased to see the report includes funding for both a hospital and a clinic badly needed at Fort Bragg, as well as completing an important land acquisition there.

It is an excellent bill and I urge all Members to support this bipartisan conference report.

Mr. HEFNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a very good bill. We are happy with the end product that we have here. I would just like to take this time to tell the gentlewoman from Nevada [Mrs. VUCANOVICH], the chairman, that we are going to miss her in this body and congratulate her and the staff on a job well done on this military construction bill. It is a very good bill. It enhances the quality of life for our military personnel.

Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I want to rise as well and express my admiration and respect for the gentlewoman from Nevada [Mrs. VUCANOVICH], the chairman of this subcommittee. She has done an outstanding job both as a member of the Subcommittee on Military Construction of the Committee on Appropriations, and as chairman of that subcommittee. I had the privilege of serving with her as a member of that subcommittee for a number of years. Her leaving the House will be a loss not only to the House, but to the men and women of the Armed Services for whom she has done a great deal in terms of quality of life and in terms of assuring ourselves that from a military infrastructure standpoint we have facilities that are adequate not only to protect the quality of life for our men and women in the Armed Services, but also to protect our readiness.

I wanted to rise, Mr. Speaker, and pay tribute to her. This will be probably the last time, at least in terms of a sole bill, and hopefully this bill is going to be signed relatively soon, that she will be presenting this legislation. As one who has had the opportunity to work with her, she has been a credit to this institution and a credit to her State and a credit to our country.

I also want to say, of course, that the gentleman from North Carolina, BILL HEFNER, the ranking member, who has been the chairman of this committee, worked very closely with the gentlewoman from Nevada [Mrs. VUCANOVICH] himself, is someone who has been a leader on behalf of the quality of life of our men and women in the Armed Services. I rise in strong support of this legislation and congratulate both the chairman and the ranking member on their leadership in this effort.

Mr. BLILEY. Mr. Speaker, I rise today in strong support of H.R. 3517, the military construction appropriation conference report. I want to especially commend chairwoman VUCANOVICH for the good work, and to let her know that this House will sorely miss her.

Contained in the conference report is funding which will allow the army to finish the planning and design work, and to purchase the land for the construction of a new national ground intelligence center (NGIC) in Charlottesville, VA.

The NGIC's mission is to produce scientific, technical and general military intelligence on foreign ground forces. The NGIC currently occupies six geographically separate buildings in Charlottesville. By all accounts, these facilities are woefully inadequate to fulfill the NGIC's vital mission. In 1986, an army corps of engineers facility requirement review concluded that the Charlottesville facilities "are grossly inadequate in virtually every parameter measured."

There are critical management inefficiencies and costs associated with operating an intelligence organization spread out over six locations. In addition, the main building in downtown Charlottesville has serious structural and environmental safety shortcomings, as well as electric power and mechanical deficiencies.

For many years, the army has been working to build a suitable facility to house the NGIC. A number of studies—including the BRACC—have determined that relocation of the NGIC outside of Charlottesville is neither operationally nor economically feasible.

Once again, I applaud chairman Vucanovich for her leadership is helping to give the NGIC the facility that it so urgently needs.

Mr. FAZIO of California. Mr. Speaker, I rise in support of the Military Construction Appropriations Conference Report for fiscal year 1997. I would like to thank the chairwoman of this committee, BARBARA VUCANOVICH, who has once again moved this bill swiftly through the Appropriations Committee and the conference committee, and I am sad to say will be doing it for the last time. I want to wish her well and would like to personally thank her for the service that she has provided to this important subcommittee and this institution. I would also like to thank the ranking member of the Subcommittee, BILL HEFNER, for his help and assistance in bringing this legislation to the floor.

This bill provides nearly $10 billion in fiscal year 1997 for military construction, family housing and military base closures. This bill continues this House's commitment to funding initiatives that upgrade the quality of life for the men and women of the armed forces and their families.

Mr. Speaker, I would like to highlight a few important projects in the bill that are important to the Air Force bases in my district.

The first project is the ongoing renovation of the dormitories at Travis AFB. This bill provides funding for one dormitory scheduled for construction this year, and funding to speed up construction of a second dorm at Travis. Additionally, this bill includes $8.63 million for the construction of 70 multi-family housing units for enlisted personnel stationed at Travis. This project goes a long way to improve Travis' housing situation. The construction of the dormitories are part of a base-wide project to upgrade and improve base housing in order to meet Air Force requirements.

This bill also provides funds to replace Travis' underground fueling system. The system was designed to provide a quick and efficient way to refuel two jets at one time. Travis currently relies on an underground system from the 1950's, which often fails because of electrical shorts which occur after rainstorms. The new fuel system is safer and more efficient than the fuel trucks on the runway. It will also put an end to the occasional leaks which are so bad for the environment.

These upgrades are a clear sign that Travis is, and will remain, vital to Air Mobility Command's mission.

Mr. Speaker, this bill also provides for three projects at Beale AFB: the closure of Landfill No. 2, the CARS Deployable Ground Station Support Facility and 56 units of family housing.

Funding for the closure of Landfill No. 2 will allow the base to comply with California standards governing landfills. Currently, Beale is out of compliance with California law.

The bill also will provide for the construction of a new home for the Contingency Airborne Reconnaissance System [CARS] Deployable Ground Station [DGS]. The DGS is an important mission that provides Air Force commanders with a satellite downlink that provides critical information from the battlefield. The current facility is stationed in mobile trailers and is unable to adequately support this mission. Failure to provide adequate support for this function would significantly degrade CARS operational capability to provide theater commanders worldwide with dynamic, responsive intelligence support for battlefield management and execution.

Finally, funding is provided for 56 family housing units on base. Funding for the 56 units of family housing at Beale is the second phase of a multi-year plan to eventually replace 1,700 family housing units on base. The new housing will significantly improve the quality of life for those stationed on base. Current housing facilities are substandard and are in need of being replaced.

Mr. Speaker, each of the initiatives I have outlined will help maintain Travis AFB and Beale AFB as critical defense assets and as integral parts of their respective communities. The projects that I have indicated are important to the ongoing missions at each base.

In closing, I want to reiterate my support for this important bill that provides for the quality of life for our troops and is vitally important to maintaining military readiness.

Mr. HEFNER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. VUCANOVICH. Mr. Speaker, I appreciate the kind words from the gentleman from Maryland. It has been a great honor to serve this body and to carry this bill.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. HAYWORTH). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7 of rule XV, the yeas and nays are ordered.

Pursuant to clause 5, rule I, further proceedings on this question are postponed until the end of consideration of the conference report on the bill, H.R. 3845.

CONFERENCE REPORT ON H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

Mr. WALSH. Mr. Speaker, pursuant to the previous order of the House, I call up the conference report on the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to the order of the House of today, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of earlier today.)

The SPEAKER pro tempore. The gentleman from New York [Mr. WALSH] and the gentleman from California [Mr. DIXON] each will control 30 minutes.

The Chair recognizes the gentleman from New York [Mr. WALSH].

GENERAL LEAVE

Mr. WALSH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report to accompany H.R. 3845, and that I may include tabular and extraneous material.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WALSH. Mr. Speaker, i yield myself such time as I may consume.

Mr. Speaker, I will be very brief. The conference agreement we bring to the House this evening is essentially the same bill that was passed by this House 2 weeks ago. Our conference agreement includes $719 million in Federal funds and is within our 602(b) allocation in both budget authority and outlays. In District funds, we retain the ceiling of $5.108 billion on total operating expenses, and we were successful in getting a deficit cap reduced to $74 million instead of $99 million, as proposed by the consensus in the Senate bill.

Mr. Speaker, I want to thank the members of the subcommittee for their hard work. This is a good conference agreement. I urge the Members to support it.

Mr. Speaker, this evening we have before the House the conference agreement on H.R. 3845, the District of Columbia Appropriations Act for fiscal year 1997. It is essentially the same bill that was passed by this House 2 weeks ago with a few exceptions that I will highlight in a moment.

Our conference agreement includes $719 million in federal funds and is within our 602(b) allocation in both budget authority and outlays.

In Federal funds, the $719 million agreed to by the conferees is $1 million above the amounts recommended in the bill as passed by the House and Senate. The efforts of the gentleman from California [Mr. DIXON], the ranking member on our subcommittee, resulted in this $1 million being added to our bill for the control board to contract with private entities to inspect, flush, and repair the drinking water distribution system in the District. There is a strong Federal interest in assuring that those who visit, live, and work in the Nation's Capital have safe water to drink.

In District funds, we retain the ceiling of $5.108 billion on total operating expenses for fiscal year 1997, and we were successful in getting the deficit cap reduced to $74 million instead of $99 million as proposed in the consensus budget and the Senate bill.

Mr. Speaker, there are four items I want to mention briefly.

First, on the abortion issue, the Senate receded to the House language that no appropriated funds, Federal or local, are available for abortions except to save the mother's life, or in cases of rape or incest.

Regarding the domestic partners provision, the House language was agreed to by the conferees and provides that no funds, Federal or local, are to be used for a registration system or to implement or enforce the District's Domestic Partners Act.

Mr. Speaker, our subcommittee is concerned about deficit spending by the District government and borrowing long term to finance those deficits. We are urging the Mayor, the Council, and the control board to hold spending to the level of revenues collected. The District cannot spend its way to prosperity; nor can it borrow its way to prosperity.

And lastly, we have included an important provision regarding the Chief Financial Officer. Language in section 142 makes clear that all financial personnel in the executive branch of the District government, including all independent agencies and excluding the legislative and judicial branches, are under the exclusive control of the CFO. The CFO is making progress. It has been reported that the time delay in making vendor payments has been reduced from months to between 30 to 45 days. This is good progress.

I would like to thank the members of the sbucommittee for their hard work on this bill—the gentleman from Texas [Mr. BONILLA], the gentleman from Georgia [Mr. KINGSTON], the gentleman from New Jersey [Mr. FRELINGHUYSEN], the gentleman from Wisconsin [Mr. NEUMANN], the gentleman from Mississippi [Mr. PARKER], the gentleman from California [Mr. DIXON], the ranking member on our subcommittee and my predecessor as subcommittee chairman, the gentleman from New York [Mr. SERRANO], the gentlelady from Ohio [Ms. KAPTUR], and the ranking member of the committee, the gentleman from Wisconsin [Mr. OBEY].

I want to especially thank the full committee chairman, the gentleman from Louisiana [Mr. LIVINGSTON], for his extraordinary efforts on this bill. He took time to participate in our markups and meetings while still tending to other important appropriations matters.

Each of these Members is to be commended. I also want to thank the House and Senate staff as well as my personal staff for their hard work.

Mr. Speaker, at this point in the RECORD, I will insert a tabulation summarizing the conference action.

[The tabulation referred to follows:]

FY 1997 DISTRICT OF COLUMBIA APPROPRIATIONS ACT (H.R. 3845)

Appropriation	FY 1996 Enacted	FY 1996 Distribution by Control Board	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
Federal Funds							
Federal payment to the District of Columbia	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	---
Federal contribution to retirement funds	52,070,000	52,070,000	104,140,000	52,070,000	52,070,000	52,070,000	---
Reimbursement of inauguration expenses	---	---	5,702,000	5,702,000	5,702,000	5,702,000	5,702,000
Federal contribution for repair of drinking water system	---	---	---	---	---	1,000,000	1,000,000
Total, Federal funds to the District of Columbia	712,070,000	712,070,000	769,842,000	717,772,000	717,772,000	718,772,000	6,702,000
District of Columbia Funds							
Governmental Direction and Support	149,130,000	141,339,000	109,810,000	115,663,000	115,663,000	115,663,000	-33,467,000
Economic Development and Regulation	140,983,000	128,180,000	135,704,000	135,704,000	135,704,000	135,704,000	-5,279,000
Public Safety and Justice	963,848,000	969,972,000	1,041,281,000	1,041,281,000	1,041,281,000	1,041,281,000	77,433,000
Public Education System	795,201,000	790,567,000	758,815,000	758,815,000	758,815,000	758,815,000	-36,386,000
Human Support Services	1,855,014,000	1,701,460,000	1,685,707,000	1,685,707,000	1,685,707,000	1,685,707,000	-169,307,000
Public Works	297,568,000	288,059,000	247,967,000	247,967,000	247,967,000	247,967,000	-49,601,000
Washington Convention Center Transfer Payment	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	---
Repayment of Loans and Interest	327,787,000	327,787,000	333,710,000	333,710,000	333,710,000	333,710,000	5,923,000
Repayment of General Fund Recovery Debt	38,678,000	38,678,000	38,314,000	38,314,000	38,314,000	38,314,000	-364,000
Interest on Short Term Borrowing	9,698,000	18,420,000	34,461,000	34,461,000	34,461,000	34,461,000	24,763,000
Presidential Inauguration Expenses	---	---	5,702,000	5,702,000	5,702,000	5,702,000	5,702,000
Certificate of Participation	---	---	---	7,926,000	7,926,000	7,926,000	7,926,000
Human Resources Development	---	---	---	12,257,000	12,257,000	12,257,000	12,257,000
Cost Reduction Initiatives	---	---	-21,375,000	-47,411,000	-47,411,000	-47,411,000	-47,411,000
Pay Renegotiation or Reduction in Compensation	-46,409,000	---	---	---	---	---	46,409,000
Rainy Day Fund	4,563,000	---	---	---	---	---	-4,563,000
Incentive Buyout Program	19,000,000	---	---	---	---	---	-19,000,000
Outplacement Services	1,500,000	---	---	---	---	---	-1,500,000
Boards and Commissions	-500,000	---	---	---	---	---	500,000
Government Re-Engineering Program	-16,000,000	---	---	---	---	---	16,000,000
Total, operating expenses	4,545,461,000	4,409,862,000	4,375,496,000	4,375,496,000	4,375,496,000	4,375,496,000	-169,965,000

Appropriation	FY 1996 Enacted	FY 1996 Distribution by Control Board	FY 1997 Estimate	House	Senate	Conference	Conference compared with enacted
District of Columbia Financial Responsibility and Management Assistance Authority	3,500,000	3,150,000	3,400,000	3,400,000	3,400,000	3,400,000	-100,000
Enterprise Funds:							
Water and Sewer Enterprise Fund	242,253,000	231,004,000	221,362,000	221,362,000	221,362,000	221,362,000	-20,891,000
Lottery and Charitable Games Enterprise Fund	229,950,000	229,778,000	247,900,000	247,900,000	247,900,000	247,900,000	17,950,000
Cable Television Enterprise Fund	2,351,000	1,766,000	2,511,000	2,511,000	2,511,000	2,511,000	160,000
Starplex Fund	6,580,000	6,547,000	8,717,000	8,717,000	8,717,000	8,717,000	2,137,000
D.C. General Hospital	58,299,000	58,092,000	52,684,000	52,684,000	52,684,000	52,684,000	-5,615,000
D.C. Retirement Board	13,440,000	12,417,000	16,667,000	16,667,000	16,667,000	16,667,000	3,227,000
Correctional Industries Fund	10,516,000	8,827,000	3,052,000	3,052,000	3,052,000	3,052,000	-7,464,000
Washington Convention Center Enterprise Fund	32,557,000	32,557,000	42,596,000	42,596,000	42,596,000	42,596,000	10,039,000
Total, Enterprise Funds and Other	599,446,000	584,138,000	598,889,000	598,889,000	598,889,000	598,889,000	-557,000
Personal and Nonpersonal Services Adjustment	-150,907,000	---	---	---	---	---	150,907,000
Total, Operating Expenses - All Funds	4,994,000,000	4,994,000,000	4,974,385,000	4,974,385,000	4,974,385,000	4,974,385,000	-19,615,000
Capital Outlay:							
General Fund	62,562,000	62,562,000	75,923,000	46,923,000	75,923,000	46,923,000	-15,639,000
Water and Sewer Fund	39,477,000	39,477,000	---	---	---	---	-39,477,000
Total, Capital Outlay	102,039,000	102,039,000	75,923,000	46,923,000	75,923,000	46,923,000	-55,116,000
Total, District of Columbia Funds	5,096,039,000	5,096,039,000	5,050,308,000	5,021,308,000	5,050,308,000	5,021,308,000	-74,731,000
Intra-District Funds	-165,339,000	-163,087,000	---	---	---	---	165,339,000
Revised Total, District of Columbia Funds	4,930,700,000	4,932,952,000	5,050,308,000	5,021,308,000	5,050,308,000	5,021,308,000	90,608,000

(NOTE. - Amounts recommended in the bill exclude intra-District funds whereas amounts in this table for departments and agencies include intra-District funds for comparison purposes with fiscal year 1996 which also included intra-District funds at the department and agency level.)

Mr. WALSH. Mr. Speaker, I reserve the balance of my time.

Mr. DIXON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from New York is correct. This bill is substantially the same that left the House. I can certainly support it. I would like to thank the gentleman from New York and the Senator from Vermont for their cooperation in this matter. It made the bill and the conference go smoothly. I pay particular thanks to the gentleman from Louisiana [Mr. LIVINGSTON], the chairman of the full Committee on Appropriations, for we were able to provide another $1 million for the District of Columbia to clean the water pipes. This is an issue that not only affects the residents of the District and Federal employees, but tourists and citizens that come from around the country. I want to thank the gentleman from Louisiana [Mr. LIVINGSTON] for that effort.

Mr. Speaker, I rise in support of the conference agreement on the fiscal year 1997 District of Columbia appropriations bill.

I want to congratulate the gentleman from New York, Mr. WALSH, and Senator JEFFORDS who chairs the D.C. Appropriations Subcommittee in the Senate, for their fine work in moving this bill in record time. Unlike last year when agreement on the 1996 bill was not reached until 7 months after the start of the fiscal year, this year we have reached a bipartisan agreement 2 months before the start of the 1997 fiscal year.

This conference agreement is a fair and balanced agreement on the 14 differing items between the House and Senate bills. The agreement adopts the $5.1 billion consensus budget submitted by the District and the Control Board, but also caps the projected budget deficit at $74 million. This cap will put the District on a faster path toward a balanced budget, while giving the District and the Control Board the flexibility to determine precisely what additional spending reductions can be made without disrupting vital city services.

The conference agreement also strengthen's the ability of the District's chief financial officer to supervise and reorganize the financial personnel of the District's executive and independent agencies. These are the individuals who will be responsible for maintaining strong financial controls and accountability within the District's bureaucracy. The conference agreement makes it clear that Congress intends that these individuals serve under the direction of the chief financial officer.

Mr. Speaker, with regard to the funding restrictions on abortion and domestic partners, the agreement continues the restrictions implemented in the fiscal year 1996 bill without change. I continue to believe that these provisions abridge the rights of the citizens of the District to make their own judgments about these matters through their own elected representatives. I hope that we can remove this intrusion into home rule in the future.

I am delighted that the conference agreement also includes $1 million in funding to comply with the Environmental Protection Agency's recommendation that the District move swiftly to address the causes of elevated bacteria levels in the District's drinking water. The District has had five violations of Federal water quality standards in the past year, and simply does not have the staff or resources to address this problem in a timely fashion. The funds in this bill will enable the Control Board to move swiftly to hire a private contractor to flush the District's drinking water system of bacteria and other pollutants, while the city develops a longer term plan to ensure that drinking water in the District remains safe.

Mr. Speaker, overall, this conference agreement is a good agreement. I support it and urge its adoption.

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. WALSH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would also like to thank the gentleman from California [Mr. DIXON], who served as chairman of this subcommittee, now serves as ranking member, for his cooperation, for his staff's cooperation. It was a remarkable feat to complete this bill in less than 3 weeks. It is due in no small part to the cooperation we received from the Democrat side and from the Senate.

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7 of rule XV, the yeas and nays are ordered.

Pursuant to clause 5 of the rule I, further proceedings on this question are postponed until the end of the vote on the conference report on H.R. 3517.

CONFERENCE REPORT ON H.R. 3517, MILITARY CONSTRUCTION APPROPRIATIONS ACT, 1997

The SPEAKER pro tempore. The pending business is the vote on the conference report on H.R. 3517.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7 of rule XV, the yeas and nays are ordered.

This vote will be followed by a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 396, nays 26, not voting 11, as follows:

[Roll No. 394]

YEAS—396

Abercrombie
Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cardin
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Klink
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula

Richardson
Riggs
Rivers
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stockman
Stokes
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Velázquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Williams
Wise
Wolf
Woolsey
Wynn
Young (AK)
Zeliff
Zimmer

NAYS—26

Barrett (WI)
Brown (OH)
Bryant (TX)
Campbell
Collins (IL)
Collins (MI)
Conyers
Cooley
Frank (MA)
Gutierrez
Johnston
Kleczka
Klug
Lewis (GA)
Lofgren
Markey
Nadler
Owens
Roemer
Royce
Sensenbrenner
Stark
Upton
Waters
Weller
Yates

NOT VOTING—11

Brownback
Chapman
Dickey
Ford
Gunderson
Hilliard
Lincoln
McDade
Studds
Wilson
Young (FL)

□ 2047

Messrs. BRYANT of Texas, OWENS, AND LEWIS of Georgia changed their vote from "yea" to "nay."

Mr. FATTAH and Mr. MINGE changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Without objection, House Resolution 497 is laid on the table.

There was no objection.

CONFERENCE REPORT ON H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

The SPEAKER pro tempore (Mr. HAYWORTH). The pending business is the vote on the conference report on H.R. 3845.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to the provisions of clause 7 of rule XV, the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 330, nays 91, not voting 12, as follows:

[Roll No. 395]

YEAS—330

Abercrombie
Ackerman
Armey
Bachus
Baker (LA)
Baldacci
Ballenger
Barrett (NE)
Barrett (WI)
Bartlett
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Calvert
Camp
Canady
Cardin
Castle
Chabot
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coburn
Coleman
Collins (IL)
Collins (MI)
Conyers
Costello
Cox
Coyne
Crane
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLauro
DeLay
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Dooley
Doolittle
Dornan
Doyle
Dreier
Dunn
Durbin
Ehlers
Ehrlich
Engel
English
Ensign
Eshoo
Evans
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fox
Franks (CT)
Franks (NJ)
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gephardt
Geren
Gibbons
Gilchrest
Gonzalez
Goodlatte
Goodling
Gordon
Graham
Green (TX)
Greene (UT)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Heineman
Herger
Hilliard
Hinchey
Hobson
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klink
Knollenberg
Kolbe
LaFalce
Lantos
Largent
Latham
LaTourette
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDermott
McHale
McHugh
McIntosh
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Millender-McDonald
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moran
Morella
Murtha
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Peterson (FL)
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Saxton
Schiff
Scott
Seastrand
Serrano
Shaw
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Spence
Spratt
Stark
Stokes
Stupak
Tanner
Tate
Tauzin
Tejeda
Thomas
Thompson
Thurman
Torres
Towns
Traficant
Velazquez
Vento
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff

NAYS—91

Allard
Andrews
Archer
Baesler
Baker (CA)
Barcia
Barr
Barton
Brewster
Browder
Burton
Buyer
Callahan
Campbell
Chambliss
Chenoweth
Coble
Collins (GA)
Combest
Condit
Cooley
Cramer
Crapo
DeFazio
Dellums
Doggett
Duncan
Everett
Fowler
Frank (MA)
Frelinghuysen
Gillmor
Gilman
Goss
Hall (TX)
Hamilton
Hancock
Hefley
Hefner
Hilleary
Hoekstra
Inglis
Klug
LaHood
Laughlin
Lazio
Leach
Lofgren
McInnis
Meyers
Mica
Miller (CA)
Moorhead
Nadler
Owens
Pelosi
Peterson (MN)
Petri
Pickett
Ramstad
Roberts
Roemer
Roukema
Royce
Salmon
Sanford
Scarborough
Schaefer
Schroeder
Schumer
Sensenbrenner
Shadegg
Shays
Solomon
Stearns
Stenholm
Stockman
Stump
Talent
Taylor (MS)
Taylor (NC)
Thornberry
Thornton
Tiahrt
Torkildsen
Torricelli
Upton
Volkmer
Weller
Williams
Zimmer

NOT VOTING—12

Brownback
Chapman
Dickey
Edwards
Ford
Gekas
Gunderson
Lincoln
McDade
Studds
Wilson
Young (FL)

□ 2059

Messrs. INGLIS of South Carolina, TORKILDSEN, and COLLINS of Georgia changed their vote from "yea" to "nay."

□ 2100

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. GEKAS. Mr. Speaker, on rollcall No. 395, I happened to be on the telephone at the time that the final vote was being taken. Had I been present I would have voted "aye."

CONTINGENT PERMISSION FOR LEATHER BOUND VOLUME ON SPECIAL ORDER IN TRIBUTE TO THE LATE HON. HAMILTON FISH, JR.

Mr. RANGEL. Mr. Speaker, I ask unanimous consent that that portion of the CONGRESSIONAL RECORD for July 25, 1996, where Members were allowed to pay tribute to our colleague, the late Hamilton Fish, that that portion be leather bound for distribution for Members and the family of Hamilton Fish and that former members be given notice an opportunity to insert their tribute into the leather bound books.

The SPEAKER pro tempore. (Mr. HAYWORTH). Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. With the concurrence of the Joint Committee on Printing.

LEGISLATIVE PROGRAM

(Mr. ARMEY asked and was given permission to address the House for 1 minute.)

Mr. ARMEY. Mr. Speaker, let me first advise the Members, and I do understand how hard we are all working, we are all anxious to complete our work to make our departures for our August recess work period.

At this time I can only advise Members, to the best of my knowledge, we should expect additional votes this evening within the hour. At any point during the evening, when I find information by which I can advise otherwise, I will ask for time to do so. But my best advice at this point is we must be prepared to stay for additional votes tonight, and I will keep Members informed.

I want to also express my appreciation to the Members on both sides of the aisle for your patience with these times being as they are.

PERMISSION TO ENTERTAIN MOTIONS TO SUSPEND THE RULES ON WEDNESDAY, SEPTEMBER 4, 1996

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that notwithstanding clause 1 of rule XXVII, the Speaker may entertain motions to suspend the rules on Wednesday, September 4, 1996.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. FROST. Mr. Speaker, reserving the right to object, I do not intend to object. I would, however, like to clarify with the distinguished majority leader our understanding of what the procedure will be on Wednesday, September 4, with regard to suspensions.

It is our understanding that his office will supply us with the final list of suspensions he intends to consider on September 4 by noon on August 21st. We have requested this information from him in order to notify our Members in advance just what bill will be under consideration so that our Members who are interested in debating the bills could arrange to be here. It is our understanding that no additional bills will be added to this list without the unanimous consent of the minority.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. FROST. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, the gentleman is absolutely correct in the way he has stated it. We will supply that list by the 21st of August noon, and that indeed no other suspension would be brought up except by additional unanimous consent. And I would, again, like to express my appreciation for the leadership on the minority side of the aisle for their cooperation in working with us on this.

Mr. FROST. Mr. Speaker, I thank the majority leader, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

ORDER OF BUSINESS

(Mr. SOLOMON asked and was given permission to address the House for 1 minute.)

Mr. SOLOMON. Mr. Speaker, as I understand it, the next item of business will be the rule on the defense authorization conference report. It is my intention to only use 2 or 3 minutes and then, when the manager on the Democrat side has done the same, we would then yield back our time and expedite this rule without a vote.

Mr. FROST. Mr. Speaker, will the gentleman yield?

Mr. SOLOMON. I yield to the gentleman from Texas.

Mr. FROST. Mr. Speaker, I cannot assure the gentleman that it will only be 2 or 3 minutes. It will not be the full time. We do have a request by the gentleman from New Mexico for a colloquy. We also have a request by the ranking member on the Committee on Commerce for the opportunity to speak. But we will move along as quickly as we can.

Mr. SOLOMON. Mr. Speaker, a minimum amount of time on both sides.

CONFERENCE REPORT ON H.R. 3230, NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 498 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 498

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1997, and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York [Mr. SOLOMON] is recognized for one hour.

Mr. SOLOMON. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas [Mr. FROST], pending which I yield myself such time as I might consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 498 provides for the consideration of the conference report to accompany H.R. 3230, the National Defense Authorization Act for fiscal year 1997.

The rule waives all points of order against the conference report and against its consideration. It further provides that the conference report shall be considered as read.

The waiver includes a waiver of the 3-day layout rule, as the report was filed only Tuesday. This was necessary so that the House could complete consideration of this measure before the August recess tomorrow. Further, the report has been available in committee offices so Members and staff have had ample time to review it.

Mr. Speaker, this is a fair rule that provides for expeditious consideration of this critically important legislation. I urge support of the rule. I will not bother to get into the details of the bill. It has been debated at considerable length. We all know the contents.

Mr. Speaker, I urge prompt action on the rule, and I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from New Mexico [Mr. RICHARDSON], our ambassador at large, for the purposes of engaging in a colloquy.

Mr. RICHARDSON. Mr. Speaker, I rise for the purpose of entering into a colloquy with the gentleman from Colorado [Mr. SCHAEFER], the chairman of the Subcommittee on Energy and Power.

As the gentleman knows, the Waste Isolation Pilot Plant in New Mexico will have a direct impact on many of our constituents in that State. While I support amending the land withdrawal act, I would like to clarify some aspects of this amending language.

First, I have concerns about designating November 1997 as the opening date for the facility. If new health and safety problems arise prior to start-up, I want to be assured that resolving these concerns will take precedence over the opening date.

Second, the issue of proper oversight is an important one. I want to ensure that the EPA will have a full capability to provide for the safe operation and regulation of WIPP.

Finally, I am concerned about the exemption from RCRA no-migration standards. As the gentleman knows, I have advocated for the implementation of an independent review of EPA's decision to strike the RCRA no-migration rules, possibly by the National Academy of Sciences. I want to be assured that the deletion of RCRA no-migration standards will not result in a degradation of environmental standards at WIPP.

Let me say that I appreciate the work of the gentleman. The work of the gentleman from New Mexico [Mr. SKEEN] in responsibly moving this language forward. I do support the provisions affecting WIPP, but would appreciate any comment he has on these matters.

Mr. SCHAEFER. Mr. Speaker, will the gentleman yield?

Mr. RICHARDSON. I yield to the gentleman from Colorado.

Mr. SCHAEFER. Mr. Speaker, I truly thank the gentleman from New Mexico, and it has been a great pleasure working with him on this particular situation. I do appreciate his concerns. A timely opening of WIPP is very important. It is equally critical that the facility opens and operates in a very safe manner.

First, the 1997 opening date is not a hard, statutory requirement, but is contained in a sense of Congress statement. Both EPA and DOE feel that this date is achievable. Obviously the health and safety issues are very, very important, and language has been included to reflect that the site should meet all applicable health and safety standards before disposal operations commence.

This subtitle closely mirrors legislation already approved by the full Committee on Commerce and preserves a strong regulatory role for EPA at WIPP. The facility is also regulated by several other entities, including the State of New Mexico. The combination of these different regulators provides for a broad oversight and regulatory base.

Finally, I can understand the gentleman's concerns about the no-migration standard. As he knows, I have always felt that the Federal Government should be held to the same environmental standards accepted by any other entity in America. This legislation does meet that test. There will be no loss of environmental protection, no impact on human health and safety, and no reduction of the overall safety standards under this language.

The EPA is confident that this regulatory regime will provide and protect human health and the environment. I would like to enter into the RECORD correspondence from EPA which does express this view.

I do so much appreciate the gentleman's concern for his constituents, as I would, and his cooperative work on the subtitle. I also want to recognize the very valiant efforts of the gentleman from New Mexico [Mr. SKEEN], without whose help we would not be here today. Again, I appreciate the gentleman's support and his allowing me to clarify these matters.

Mr. Speaker, I include for the RECORD the following correspondence:

ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, May 15, 1996.

Hon. TOM UDALL,
Attorney General of New Mexico,
Santa Fe, NM.

DEAR MR. UDALL: The purpose of this letter is to follow-up on our telephone conversation of April 1, 1996, and respond to your letter of April 4, 1996, regarding the Environmental Protection Agency's (EPA) role in the regulation of the Waste Isolation Pilot Plant (WIPP).

The Administration is presently formulating its position on H.R. 1663, the "Skeen-Schaefer Bill" amending the WIPP Land Withdrawal Act (Pub. L. 102-579). I appreciated hearing your views about the legislation and am pleased we had the opportunity to discuss these important issues. The Agency believes that the amended H.R. 1663 is a sound bill and makes critical improvements over its antecedent. As you are aware, the Skeen Bill, as originally proposed, severely limited EPA's regulatory oversight of WIPP and, we believe, did not provide adequate protection of human health and the environment. Mr. Schaefer's amendments retain EPA as the independent regulator of the WIPP, eliminates extraneous requirements, and leaves intact the provisions of the 1992 WIPP Land Withdrawal Act (LWA) that require EPA to certify whether the WIPP facility will comply with the disposal regulations in accordance with public rule-making procedures.

You specifically expressed concern about the impact of the proposed legislation on the WIPP certification process. In particular, that review of individual chapters of the Department of Energy's (DOE) compliance application by EPA would require the Agency to commit to a position on the sufficiency of each chapter without public input. While it is true that EPA will review individual chapters prior to receipt of the full application, the Agency will make no determination on the adequacy of any part of the application until: 1) EPA has received the full application from the department; and 2) public comments have been considered. In fact, the Agency has received the first of these chapters and placed it in the certification docket (No. A-93-02) on May 1, 1996. We will be providing written comments to DOE on these chapters. The written comments will also be placed in the public dockets.

You also raised concerns about the effect of the proposed legislation on the public's opportunity to provide comment on DOE's application. As in the past, EPA will continue to foster an open public process. As you will note in the final compliance criteria (40 CFR Part 194), EPA will hold two 120-day public comment periods after it receives DOE's full compliance application. The proposed legislation will not affect the process established in the compliance criteria. Furthermore, EPA never planned for or created any process for formal public comment on the completeness of the application. Therefore, since DOE is providing the Agency with individual chapters prior to submission of the full application, the public will have an additional opportunity to comment on, and additional time to review, the individual chapters, via EPA's public docket.

Additionally, you were concerned that the proposed H.R. 1663 removes the ability of the Administrator to enforce compliance of the WIPP with any law, regulation or permit requirement described in §9(a)(1) of the LWA. We feel that EPA's ability to ensure compliance with these environmental laws is not compromised by removal of this provision since: 1) the environmental laws described in the LWA contain their own enforcement provisions; and 2) 40 CFR Part 194 imposes requirements that DOE perform remedial actions if the administrator determines WIPP to be in non-compliance with the transuranic waste disposal standards.

Further, with regard to H.R. 1663, you expressed concern about the WIPP being used as a repository for transuranic wastes that did not result from a defense activity. The proposed legislation does not alter the definition of exposure or capacity limits of either remote- or contact-handled wastes set forth in the LWA. If EPA were to certify the WIPP, this provision would allow for disposal of a relatively small amount of waste from a site in West Valley, NY. If WIPP were capable of accepting this waste within the capacity limits of the LWA, it would be imprudent to needlessly spend taxpayer money for a site similar to WIPP for such a small amount of transuranic waste simply because the process which generated the waste was not defense related.

Lastly, I am disappointed that you have elected to bring a legal challenge against EPA's WIPP compliance criteria published on February 9, 1996. The EPA considered the views of all interested parties, including the comments and suggestions made by your office, in deciding the contents of the final criteria. As you know, EPA held two public comment periods totaling 135 days, and conducted a series of public hearings in New Mexico. Ultimately, the Administrator of EPA, exercising her independent judgment, determined the contents of the final criteria. We believe EPA's criteria are sound and will effectively protect public health and the environment.

I want to assure you that EPA will keep communication lines open as it undertakes the public rulemaking proceeding to certify whether the WIPP facility will comply with the final disposal regulations. We recognize the importance of this matter to you and all of the residents of New Mexico.

If you have questions regarding this letter or any other concerns, please contact Frank Marcinowski of my staff at (202) 233-9310.

Sincerely,

MARY D. NICHOLS,
Assistant Administrator for Air and Radiation.

Mr. RICHARDSON. Mr. Speaker, I thank the gentleman. I support the provisions affecting WIPP.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this rule and this conference report, which authorizes the programs which provide for our Nation's defense which is our common defense. In these uncertain times, which, as we all know, grow more dangerous every day, it is of vital importance that this component of our country's protection continues to be strong. Our foreign enemies—those who seek to disrupt and ultimately destroy our democratic way of life—must know of our commitment to a strong and capable military able to protect this great Nation. This conference report is a positive step in insuring that our military capability remains strong and vigilant and I urge its adoption.

Mr. Speaker, the conferees have wisely dropped contentious social issues from this agreement, and in doing so, have taken the proper course of action in ensuring that this authorization can be signed into law by the President. While the funding levels are still significantly higher than those requested, I feel confident that this is a bill that can be signed. The increases in funding levels are not for frivolous projects, rather they provide for faster acquisition of important weapons systems which had been planned for purchase in later years.

The agreement does not contain provisions from last year's vetoed bill which had required the deployment of a national missile defense system by the year 2003, nor does it contain language which might have been a violation of the 1972 Anti-Ballistic Missile Treaty. As Members know, these issues, among others, provoked a veto in 1993, and their exclusion this year certainly enhances the chance that this agreement will become law.

This agreement contains provisions which will require that the U.S. Government live up to its obligations. The bill contains a 3-percent pay raise for military personnel and increases housing allowances. The agreement addresses a long and shamefully overlooked matter by authorizing the award of the Medal of Honor to African-Americans who served in World War II and who distinguished themselves by performing with gallantry above and beyond the call of duty. The agreement also contains language which will finally recognize the sacrifice and heroism of those Vietnamese nationals who participated in special operations in North Vietnam or Laos on behalf of the United States Government and who were subsequently captured and imprisoned by the Communist Vietnamese.

I am particularly pleased that the conference agreement contains $1.5 billion for continued development and acquisition of six V-22 Osprey tiltroter aircraft, as well as funds for the acquisition of six additional F-16 fighters. The conference agreement includes $2 billion in funding for research and development for the next-generation tactical fighter, the F-22. Also provided is $2.4 billion for the acquisition of nine C-17 transport aircraft. All these aircraft are important components in our national defense system and the conference is to be commended for funding them in this agreement.

Mr. Speaker, this is a fair rule and a good bill and I urge their adoption.

☐ 2115

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Speaker, I rise in opposition to the rule and to the conference report. I do so mainly because this bill could let the Nation's largest polluter, the Federal Government, more specifically the Department of Defense, the Department of the Interior, GSA, and the Department of Energy off the hook. Under this provision, section 334 would directly amend CERCLA, otherwise known as Superfund, a law that is squarely within the jurisdiction of the Committee on Commerce.

If my colleagues have defense or other Federal establishments within their district, they better be very careful before they vote for this legislation. The legislation will change current law to allow the Federal Government to transfer contaminated property that it owns prior to the completion of the required cleanup of the property.

Remember, this is contamination with high-level hazardous wastes, high-level nuclear wastes and other terribly dangerous substances. This provision may actually delay the cleanup of contaminated Federal properties. This provision will impose upon citizens of this country the possibility or even the probability that there are no adequate or enforceable assurances that the cleanup will be completed by the party who buys the property in a timely manner and in a way which is protective of the human health and environment. The provision should be of particular concern to all of my colleagues who have Federal properties in their district.

This is a defense authorization bill, and, if they vote for it, my colleagues should be aware that this provision applies not only to defense facilities but also properties owned by the Department of Energy, the Department of the Interior and any property under the controls of the General Services Administration. Unfortunately, this provision has not been subject to hearings or examination by the authorizing committees, and no one knows exactly the level of peril which is imposed upon the people of this country.

Equally important is the fact that it has no discernible support except amongst the Federal polluters, and it is interesting to note that people who address the question of pollution of our environment, and who are concerned about protecting the citizens of this country from dangerously contaminated and environmentally degraded areas have expressed particular concern.

The Department of Defense has provided no examples of the need for the sweeping provisions in section 334, but the attorneys general of the States of Michigan, Washington, New Mexico, Texas, Minnesota, and Colorado have written to express their strong opposition to this provision. On behalf of its quarter-million members, the Natural Resources Defense Council has also opposed this provision. Amongst other concerns, these writers question the glaring absence of criteria for determining the suitability of contaminated Federal lands for transfer and the enforceability of cleanup requirements. Indeed the level of cleanup required is in question, insofar as whether the cleanup would be adequate to protect the health and the environment of people who would be affected and who live in the neighborhood.

I urge a rejection of the rule, and I urge a rejection of the conference report.

Mr. FROST. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. BORSKI].

Mr. BORSKI. Mr. Speaker, I rise in strong opposition to the rule and the conference report on the Defense Authorization Act.

Mr. Speaker, I rise in strong opposition to the rule and conference report on the Defense Authorization Act for fiscal year 1997. I do so principally because it could allow Federal agencies to abdicate their responsibility to clean up hazardous waste sites and address other toxic conditions that they created. It could dump onto States, local governments, and the public the burden of cleaning up federally created toxic waste sites. This includes some of the Nation's most contaminated hazardous waste sites created by the Department of Defense and Department of Energy.

Section 334 of the conference report would fundamentally change current law by allowing the Federal Government to transfer contaminated federally owned Superfund sites before completing cleanup necessary to protect human health and the environment.

Supporters of the provision may claim that it contains safeguards to ensure that the Federal Government will perform cleanups after transferring its contaminated property to other persons. However, serious questions have been raised by State Attorneys General and other stakeholders as to the adequacy and enforceability of the supposed safeguards to ensure that timely and protective cleanups will occur after the Federal Government no longer owns the property it contaminated.

I am particularly concerned that this far-reaching and significant amendment to the Superfund law is being made without any consideration of its ramifications by the two committees of jurisdiction, the Transportation and the Commerce Committees, and without consideration of the views of States, communities, and the public. Letters of opposition from the Attorneys General of the States of Michigan, Minnesota, Colorado, California, Texas and Washington, and from the National Association of Attorneys General and the Natural Resources Defense Counsel, evidence the public's grave concerns with this provision. Moreover, there has been no demonstration of any need for the provision.

If this provision becomes law, Congress will have eliminated any certainty that federally created toxic waste sites in our communities will be cleaned up in a timely and protective manner. This provision goes in the wrong direction. The Federal Government should be leading the way in cleaning up toxic waste sites. Instead, we are making it easier for the Federal Government to avoid the cleanup responsibilities that we expect of private interests.

This provision should be removed from the conference report and considered by the committees of jurisdiction with the appropriate hearings and markups.

Mr. Speaker, I also am very troubled by an amendment made in conference to another provision in the report. The House bill required the Navy to develop and implement a program to monitor the ecological effects of organotin, a highly toxic ingredient in paints used on Navy vessels. I agree that it is appropriate for the Navy to study the environmental impacts of toxic materials it uses on its vessels. However, section 333 of the conference report adds a provision shifting to the Environmental Protection Agency the obligation to pay such sums as are necessary for the Navy to develop and implement its program. This raid on EPA's budget to supplement the astronomical budget of the Department of Defense is entirely unacceptable.

Finally, Mr. Speaker, I would like to note my understanding that section 324 of the conference report, which amends the Act to Prevent Pollution from Ships, is not intended to limit the Navy's efforts in continuing to develop and implement more efficient and environmentally beneficial garbage disposal technologies.

Mr. FROST. Mr. Speaker, I have no additional requests for time, and I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I have no further requests for time, I yield back the balance of our time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, pursuant to House Resolution 498, I call up the conference report on the bill (H.R. 3230), to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. HAYWORTH). Pursuant to House Resolution 498, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Tuesday, July 30, 1996, at page 19993).

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. SPENCE] and the gentleman from California [Mr. DELLUMS] each will control 30 minutes.

The Chair recognizes the gentleman from South Carolina [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, in an effort to expedite these proceedings, it will be my intention to limit my remarks and also those of the other members of our committee who are going to speak. I know everyone is anxious to get to a vote in a hurry, and so we will do our best to get there. There will be about two speakers we have to her from to carry on a colloquy and some important things to be said, but aside from that we are going to try to limit our remarks.

Mr. Speaker, we have a good conference report. As a matter of fact, there is $1.1 billion less in spending in that bill that passed the House. Like all conference reports, there were concessions on both sides in order to arrive at a conclusion.

The Department of Defense, I have been in touch with them. Secretary Perry supports this report.

I want to thank all of the members of the committee and the panel, panel chairmen for all they have done to bring this report to us and especially the staff who have worked hard and long into the wee hours of the morning to enable us to get to this point this soon. We have set a record, I think, for bringing this report back in the period of time, and so I am going to also thank the ranking minority member, the gentleman from California [Mr. DELLUMS] for his cooperation. We could not have been here otherwise without that.

Like the House-passed bill, the conference report takes a balanced approach toward addressing the numerous quality of life, readiness, and modernization problems our military is facing today. The bill provides for military personnel and their families who represent the heart of the all-volunteer force. It enhances core military readiness by increasing funding for a number of underfunded key readiness and training programs. And like last year's bill, it once again makes great strides in addressing many of the serious problems plaguing the administration's inadequate modernization program to ensure that our troops of tomorrow maintain the technological edge they enjoy on the battlefield today.

The conference report itself is consistent with the Fiscal Year 1997 Budget Resolution and provides $265.6 billion in budget authority for Department of Defense and Department of Energy programs. It authorizes approximately $1.1 billion less in defense spending than the House-passed bill, and represents a real decline in spending of approximately 2.1 percent over current levels. The fact that this bill authorizes defense spending at a level that is $11.2 billion greater than the President's request yet still reflects spending decline, speaks volumes about the extent to which the President's defense budget is underfunded.

On the major issues the conference has to address—issues such as abortion, depots, gays in the military, theater missile defense demarcation, ABM Treaty multilateralization among others—this conference report clearly represents a compromise among many interested parties, including the administration. On balance, this conference report strikes a good balance between many competing and conflicting interests and deserves the support of all members.

I will leave discussion of the many important initiatives in the conference report to my colleagues on the National Security Committee who have worked very hard over the past several weeks—and really since this process started back in February—to get this conference report to the floor this week. In particular, I would like to recognize the diligence, dedication and cooperation of the subcommittee and panel chairmen and ranking members.

As always, I would also like to thank the gentleman from California, the committee's ranking member, for his cooperation. While we may disagree on the substance, my colleague's support of the committee institutionally and his support for the process improves the work we all do.

Finally, Mr. Speaker, let me thank the staffs of the National Security Committee and the Senate Armed Services Committee. They have worked tirelessly all year so that we could have this conference report before the House and Senate prior to the August recess. They have done an outstanding job on a large and complex piece of legislation—and in record time.

Mr. Speaker, raising and maintaining the military is one of Congress's most fundamental responsibilities. This conference report reflects the seriousness with which the National Security Committee takes its responsibility. As a result, it has strong bipartisan backing in both the House and the Senate as well as the support of the Secretary of Defense so I urge all of my colleagues to vote "yes."

Mr. Speaker, I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we too will attempt to expedite the process although I do have a few Members who choose to speak and exercise that option to do so.

Mr. Speaker, I Rise in opposition to the conference report on the National Defense Authorization Bill for fiscal year 1997.

First, let me say that the process by which this bill was shaped this year was much improved over last year. My colleagues will remember that the president warned that if certain actions were not taken on the fiscal year 1996 bill, that he would have to veto it, and that is indeed what happened.

This year, several of the major concerns of the administration were attended to as this bill was worked out in conference. For instance:

The section that would require unilateral enactment of the "demonstrated capability" standard for U.S. compliance with the ABM treaty, along with the prohibition on the use of funds to apply any other standard was dropped.

The section that would require Senate approval of any succession agreement adding new parties to the ABM treaty was dropped.

The section that would again, Mr. Speaker, require the discharge of servicemembers who are HIV-positive was dropped.

The section that would reinstate the total ban on gay men and lesbians in the military was dropped.

However, Mr. Speaker, the President has also warned that there are other problems with the bill—foremost among them a spending level authorized by this bill which in this gentleman's opinion is too high.

Also:

The section that would repeal the provision in law that prevents servicewomen from obtaining safe abortions at military treatment facilities overseas was dropped from the bill in conference.

The section that prevents the sale of constitutionally protected literature on military bases was retained in the bill.

As onerous as these and some other provisions in the bill are, and a number of my colleagues in the context of the discussion and debate on the rule alluded to many of them, I believe that the President will in the end sign this bill.

Mr. Speaker, as I said, I oppose this conference report. I do so primarily because the funding level that is authorized by this bill is a substantial and unnecessary increase over what was requested by the administration for defense spending in the coming fiscal year. I believe that this authorization bill in its entirety takes this country's military spending, trends and policy initiatives in the wrong direction. The overall budget represents increased military spending on items not requested by either the administration or the service chiefs.

This is not only unwarranted, Mr. Speaker, it is shortsighted. It will only lead to large cuts in defense in the outyears as the funding tails associated with these programs come due. As a consequence, we are insuring that we will soon be faced with the decisions that will result in either cuts in the quality of life programs combined with reductions in force structure or cuts in planned modernization programs which will have to be done in midstream resulting in more cost to the taxpayers.

Ironically, Mr. Speaker, and I would reemphasize ironically, this will be causing the very situation we all agreed that we meant to prevent; that is, the work that Members thought had been accomplished over the last 2 years will eventually be negated because of this spending binge.

With these remarks, Mr. Speaker, I respectfully reserve the balance of my time.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WELDON]

□ 2130

Mr. WELDON of Pennsylvania. Mr. Speaker, I thank my friend and chairman of the committee for yielding time to me.

Mr. Speaker, I thank both the chairman and the ranking member for their cooperation in bringing forth what I think is an excellent bill that we all should get behind and support. It is an excellent bill because it deals with the quality-of-life issues, issues involving pay raise, cost of living, housing, child care, and all those things that are important for our military personnel around the world.

It also deals with our readiness problem to make sure our troops are properly prepared.

Mr. Speaker, I rise today, however, to ask for the support of our colleagues because it deals in a real way with the two major threats that I think we face over the next several years: that caused from terrorism, and that caused from the proliferation of missiles and weapons of mass destruction.

Mr. Speaker, we fully fund increases in the area of terrorism, far above what the administration requested. Long before incidents were occurring in this country, as we have seen this year, it was this Congress, led by this chairman, who had the foresight to put additional funds into chemical and biological technology, into efforts to allow us to better train those civilian personnel around the country who have to respond and better prepare our military. We deal with terrorism in this bill, and it is a very important priority for us.

Secondarily, we fully fund missile defense technologies, national, theater, cruise, and space-based sensors. In addition, Mr. Speaker, we fund the Nautilus Program for Israel; even though the administration never requested dollars for that program, we fully fund it to make sure that Israel is secure. Unlike the past requests of the administration where they tried to zero out funds for the high-energy laser program, we continue the funding.

In the R&D area, we maintain our technology base with a robust funding profile. We put money in for dual-use technology and capabilities. We fund the new ocean partnerships initiative, with the Navy in the lead.

But I am disappointed in two instances, Mr. Speaker. We should have had the ABM provisions in here dealing with multilateralization and with the demarcation issue. But all is not lost, because in the compromise with the Senate we remained silent. We took out our language and they took out their language.

What does that mean, Mr. Speaker? That means prevailing law is the case. When this administration attempts to amend the ABM Treaty, they must bring back those changes to the appropriate bodies of this institution, the Congress, to achieve support and ratification.

So when this administration tries to dumb down our capabilities through demarcation negotiations in Geneva or through the multilateralization of the ABM Treaty, the Senate will have a rightful role to play in approving those changes before they in fact become law. So all is not lost.

I applaud once again my chairman for the outstanding job he has done for our subcommittee chairman. I think we have a good bill here that everyone should get behind. It may not be perfect, but it certainly deals with the needs of those men and women who are serving our country today.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Speaker, I rise in support of this conference report. I do hope the President of the United States will sign the bill. There are parts of this legislation that he did not like, and they were taken out. In the conference with the Senate, there were areas that I had a particular interest in. They were dropped in the conference. So I accept, Mr. Speaker, that you never get all you want in these massive bills. I think it is still good legislation.

Mr. Speaker, I have only served on two committees most of the time that I have been in the Congress, which is the Committee on Veterans' Affairs and the Committee on National Security. I have enjoyed working on both of these committees and am very proud of the excellent veterans programs we have, better than any other Nation, for our veterans. With the defense bill today, we still have the strongest defense force in the world.

Mr. Speaker, this will be the last time I will be involved in the defense bill. I want to thank the gentleman from California [Mr. DELLUMS] on my side of the aisle, for his courtesies over the many, many years. I say the same for the gentleman from South Carolina, FLOYD SPENCE, our chairman, for his fairness; and to my colleagues and staffers on our committee, I thank them for the help and understanding they have shown to me.

Mr. Speaker, it has been a wonderful ride for me over the last 28 years. I support this legislation.

Mr. SPENCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado [Mr. HEFLEY].

Mr. HEFLEY. Mr. Speaker, I rise in strong support of the conference agreement on H.R. 3230, the National Defense Authorization Act for Fiscal Year 1997.

This bipartisan legislation will make significant improvements in our military installations and facilities.

The conference agreement would add $850 million above the President's request for military construction and military family housing programs. When the bill left the House, it strongly emphasized needed enhancements of the quality of life for military personnel and their families. The conference agreement on military construction reflects the philosophy of the House position.

Sixty percent of the added funding above the line will be dedicated to military housing and other quality of life improvements. Earlier this week, the Subcommittee on Military Installations and Facilities which I chair, held a hearing on the quality of life issue. The senior enlisted officers of the military services testified about the link between the quality of life for military personnel, retention, and readiness.

We also heard from a very articulate group of dedicated military spouses who spoke about the practical problems they face in military life. No one who heard their stories could ever suggest that the additional housing, child care centers, and other improvements contained in this bill are not a wise use of our resources.

With this bill, we will commit an additional $201 million to the President's request of $562 million for troop housing. For just over 3,000 military families, we will provide an additional $266 million to construct new quarters or improve existing units—a 39 percent increase to the request. For child development centers, the bill would add $30 million for nine needed centers in addition to funding the $6 million construction cost for the two centers requested by the Administration.

This bill also funds important facilities improvements to enhance the operational and training requirements of the active forces as well as the reserve components.

I am grateful for the strong bipartisan support for the military construction portion of this authorization conference report, led by the ranking member of the subcommittee, Solomon Ortiz. I am also particularly pleased that Chairman Vucanovich and Mr. Hefner with the Appropriations Committee have successfully brought back an appropriations conference report that supports this bill.

I urge my colleagues to support H.R. 3230.

Mr. SPENCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Indiana, [Mr. Buyer].

Mr. BUYER. Mr. Speaker, I rise in strong support of this conference report. I want to recognize that while there are many good things in this bill, I am disappointed by two items contained in the bill, one of which I know many of us have had discussions here with regard to and we will take up in separate legislation regarding the missing persons, the MIA issue, Missing Personnel Act.

The other issue is concerned with the provision contained in the cooperative threat reduction portion of the bill. While I agree with measures that reduce the threat posed by weapons of mass destruction, I am concerned about the language in the bill that provides emergency powers to the military. I believe this additional exception to the Posse Comitatus Act represents a further drift toward increased military involvement in domestic law enforcement activities.

Mr. BARR of Georgia. Mr. Speaker, will the gentleman yield?

Mr. BUYER. I yield to the gentleman from Georgia.

Mr. BARR of Georgia. Mr. Speaker, I appreciate the distinguished gentleman from Indiana, a member of the conference, yielding for a colloquy.

Mr. Speaker, I understand that the gentleman worked to remove very disturbing legislative language from the conference report that weakens posse comitatus protections. The language constitutes a serious erosion of the historic and firmly held belief in our country that our military should not become involved in domestic law enforcement.

This principle is enshrined in posse comitatus provisions in our criminal code. However, in the conference report, the military is, in certain situations, given the power to make civilian arrests, conduct searches and seizures, and gather domestic intelligence. While these powers are limited to situations involving weapons of mass destruction, they are extremely troublesome because they are unnecessary and directly involve the military in domestic law enforcement.

I fought hard to have these provisions removed, and I know that the gentleman from Indiana did the same. I regret that the conference report retains the Senate language, which was never presented to this House for proper consideration. It is my understanding, however, we will be working together at the earliest opportunity to have these ill-conceived provisions removed.

Mr. BUYER. Reclaiming my time, Mr. Speaker, I want to assure the gentleman from Georgia that in subtitle A under "Domestic Preparedness," section 1313, military assistance to civilian law enforcement officials in emergency situations involving biological and chemical weapons, there is an exception that is granted to the military that they are not authorized to participate in the following actions: Number one, arrest; number two, any direct participation in conducting a search or seizure of evidence to a violation of this section, or direct participation in the collection of intelligence for law enforcement.

But this goes beyond that, Mr. Speaker. Subsection 382(2)(b) is the section on which I want to work with the gentleman in the next military defense bill to remove that provision from this bill, and I want to salute the gentleman from Georgia's leadership to strike the proper balance between individual civil liberties and the protection of an American citizen's rights, along with the Posse Comitatus Act and its restraints upon the U.S. military's involvement in domestic law enforcement.

I encourage Members to vote for this bill. We will work toward that end.

Mr. BARR of Georgia. I appreciate the gentleman's support.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Missouri [Mr. Skelton].

Mr. SKELTON. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, for American uniformed personnel currently deployed overseas in contingencies such as Bosnia, Korea, the Sinai, and Saudi Arabia, I rise in support of this conference agreement, and urge my colleagues to work towards this passage.

This agreement addresses my personal concern about the way in which military personnel may be employed in the future. It contains necessary funding for today's readiness and quality-of-life matters and, no less importantly, accelerates critical military programs of tomorrow, allowing for purchases of new equipment sooner rather than later.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. Hunter], the chairman of our Subcommittee on Procurement.

Mr. HUNTER. Mr. Speaker, I thank the gentleman for yielding time to me. Let me start out by thanking the gentleman for all the great work that he has done on this bill, the great leadership he has given us, and the fairness and decency with which he has conducted the entire oversight process. Let me also give kudos to my friend, the gentleman from California, Mr. Dellums, for being an outstanding minority Member in this process, and ranking member, and really sowing the seeds for the bipartisanship that we have had in this year.

I want to thank all of the subcommittee chairmen who worked this bill, because they are all great people; the gentleman from California, Bob Dornan, the gentleman from New York, Mr. McHugh, the gentleman from Pennsylvania, Mr. Weldon, the gentleman from Colorado, Mr. Hefley, the gentleman from Virginia, Mr. Bateman, and all of their counterparts on the Democrat side, and my old friend and compadre, the gentleman from Missouri, Ike Skelton, for the great bipartisanship that he displayed. I remember the meetings we had, some in his office, some in my office, working military issues.

Mr. Speaker, we undertook to do a few things in this bill that were important for the American people. We had hearings on the safety of our fighter aircraft that were crashed in a series of crashes beginning in January of this year. Both F-14s and AV-8Bs went down in high numbers. We had good oversight hearings and we came up with fixes and recommendations by the Navy and the Marines that we followed. We put those fixes into this bill. We spent a lot of time on ammunition. We came up with extra ammunition for the Marine Corps and Army. The gentleman from Missouri [Mr. Skelton] and I want to see more ammunition for the Marine Corps and Army, but we will get that in the next session.

We armed the bombers. We thought it was important in this enormous investment in long-range strike capability to put the precision-guided munitions that served us so well in Desert Storm on those bombers. We did that.

We continued through with our reform of the submarine program to widen that qualitative edge that we have over other nations of the world. We did a lot of things to give the right kind of equipment to the men and women who wear America's uniforms.

The gentleman from South Carolina, FLOYD SPENCE, did a wonderful job putting this package together. There were some things we would rather have seen on the House side, some things that dropped out, but it was a compromise between the Senate and the House. We are going to work those other issues next year. I would urge a yes vote on this package.

Mr. DELLUMS. Mr. Speaker, I yield 5 minutes to my distinguished colleague, the gentleman from Virginia [Mr. SISISKY].

Mr. SISISKY. Mr. Speaker, I will add to what my colleague, the gentleman from California, said. This has been a great conference in a bipartisan way, for which I want to thank the chairman, the gentleman from South Carolina [Mr. SPENCE], and the ranking member, the gentleman from California [Mr. DELLUMS]. They did a wonderful job on a very complicated thing.

Tonight, Mr. Speaker, I am extremely concerned about section 1616 of the conference report. I am putting down my marker now, and the committee's marker, I think. This section would initiate a pilot program at unspecified DOD facilities, privatized-in-place by BRAC 1995. It places no limit on how many pilot programs there will be.

It allows Federal employees who work for the contractor to continue to accrue credit for years of Federal service in order to determine civil service retirement eligibility. I repeat again, working for the private contractor this would happen.

Although the conference report specifies that these calculations will not be used to determine the amount of their retirement, I worry about what this may cost in the years to come. I know why this happened. It was not because of the House, the representatives. It was not our bill, and to a degree we were almost forced to accept this provision.

Although everyone assumes it applies to Louisville, which was the Naval Surface Warfare Center, my concern is that it will be a very costly provision that will not stop with Louisville or Indianapolis. GAO says this pilot program could cost over $511 million, which is over a half-a-billion dollars, in 11 years. That is with only several hundred employees.

What will happen when Texas and California want the same thing for employees at Kelly and McClellan? How can we say no? What will it cost when we include tens of thousands of employees? I see nothing in the legislation to limit this to Louisville. The way I see it, it would apply to every facility privatized in BRAC 1995.

The whole point of BRAC was to reduce excess infrastructure and overhead by privatizing in place and establishing portable benefits. We do precisely the opposite. We sustain excess infrastructure and keep the overhead. I am really disappointed that the Department of Defense did not take exception to this. Where are the savings? We would make a far greater contribution to national security by maintaining the status quo, protecting our Federal employees, and calling off wholesale privatization. By allowing the so-called pilot program to go forward, we ensure we will never attain the savings we were supposed to get from BRAC.

□ 2145

All of us worry about underfunded modernization in O&M accounts. But the conference report states, "The military department concerns shall be liable for the portion of any estimated increase in unfunded liability of civil service retirement."

We do not know where this is going. We do not know where it will stop, and we do not know what it will cost.

The conference report includes the GAO study. But directing GAO to do a study after the fact will not be enough to put the brakes on this policy. Once it gets going, the cost will not matter. Politically, it will be impossible to go back.

My other worry is that this is a backdoor way to push privatization by making it more palatable to Federal workers. I can safely say that I stand second to none in my concern about Federal employees, but this is a divide-and-conquer strategy if there ever was one.

In closing, the most unfortunate thing is that this bill is so good, has many other constructive features, and does so many other things we need to do for our military. I will support the conference report.

But section 1616 plants a seed that would threaten to overwhelm our ability to pay for national security in the years ahead. I ask Members to support the conference report, but be aware, section 1616 could create a long-term problem that could come back to haunt us in years to come.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentlewoman from Jacksonville, FL [Mrs. FOWLER].

Mrs. FOWLER. Mr. Speaker, I rise in strong support of the fiscal 1997 Defense authorization conference report.

This bill builds on the actions this House strongly endorsed last year: Improving the quality of life or our military personnel and their dependents; enhancing the readiness of our military forces; ensuring that our combat equipment is appropriately modernized; and providing for additional structural reform at the Pentagon.

The bill provides $10.8 billion more than the President requested for fiscal year 1997. However, this is not even enough to keep pace with inflation. Given the many threats to America's interests overseas and the number of operations other than war to which this administration has committed our forces, the funding levels in this bill are not only appropriate, but necessary.

I am especially pleased that H.R. 3230 keeps faith with our military personnel and families, in July I visited Bosnia, where our troops are doing an outstanding job under trying conditions. Like so many military members today, though, they are being called upon to leave their families behind more frequently, and for longer periods, than ever before. This bill increases military pay and other benefits and provides additional funds for family housing—improvements that are sorely needed if we hope to retain our best people over the long-term.

I also want to note my appreciation that the conference chose to retain current law regarding depot maintenance and repair issues. I hope the Pentagon will take heed of this action and conclude at last that it ought not proceed with ill-conceived plans to privatize closing installations. The base closure process was designed to eliminate excess capacity. Efforts to evade this requirement for political gain are incompatible with National Security interests.

Finally, I want t thank our very able chairman, FLOYD SPENCE, his leadership in securing an excellent bill. I also want to thank the committee staff for the very hard work and dedication they contribute to this process.

Mr. Speaker, I urge my colleagues' support for this conference report.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas [Mr. ORTIZ].

Mr. ORTIZ. Mr. Speaker, I rise in support of this conference report and would like to particularly lend my strong support and endorsement of the military construction title of the bill. I greatly appreciate the leadership of both sides of the aisle and in both Chambers for their commitment to compiling what I believe to be a truly bipartisan legislative package to address our Nation's military construction backlog.

The military construction portion of the bill places a very strong emphasis on quality of life initiatives and addresses our military's need for modernization. I am extremely pleased that we have been successful in protecting the priorities of the House by allocating the quality of life programs the bulk of additional funds which have been made available for military construction this year.

I think that it is important to point out to my good friends and colleagues that during the entire deliberation process, we were careful to fund those projects that were identified by the military services as a top priority.

Furthermore, this conference report continues our commitment to stretching housing dollars and increases the funds available for public-private partnership initiatives.

I think that this portion of the Defense authorization bill makes a strong statement of this Congress' bipartisan concern for our military and commitment to maintaining readiness and modernization.

The conference report is certainly not perfect, but on balance I believe that this is a good bill that emphasizes readiness and quality of life projects, and I congratulate the gentleman from Colorado, Chairman HEFLEY, the gentleman from South Carolina, Chairman SPENCE, and the gentleman from California, Mr. RON DELLUMS, our ranking minority member, for a job well done. I encourage my friends and colleagues to vote for this conference report.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. THORNBERRY].

Mr. THORNBERRY. Mr. Speaker, I want to highlight one part of this bill that deals with nuclear weapons. As far as the eye can see, our country will continue to rely on nuclear weapons for our security, and yet we face some very daunting challenges.

Our weapons and facilities are getting older, and we have decided not to engage in nuclear testing. We are going to have to have first-rate facilities, first-rate people and an efficient management structure to get through this time. This bill advances all three.

It is particularly important that we have clear lines of authority and clear lines of responsibility between each facility in the nuclear weapons complex and the headquarters in Washington without a lot of mid-level management getting in the way. There have been a number of outside organizations and internal reviews that have called for exactly this kind of reform, and yet this bill is the first time that it has actually taken place.

Each facility will report directly to Washington and will be a part of a management council. This is a safety issue for the country, it is a good and efficient Government issue, and it is also a preparedness issue, and it is just one of the many ways that this bill helps make the country safer.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia [Mr. PICKETT].

Mr. PICKETT. Mr. Speaker, I thank the gentleman for yielding me this time. I rise in strong support of the conference report.

Mr. Speaker, the military personnel title provisions in the conference report to H.R. 3230 solidly support quality of life and readiness efforts. These provisions reflect Congress' continued support of our military service members through significant enhancements in these areas.

The bill includes a 3-percent military pay raise, as proposed in the President's budget, as well as a 4.6-percent increase in the basic allowance for quarters that will reduce out-of-pocket housing costs to service members by 1 full percent. To ensure our junior military members can afford safe and adequate housing in high-cost areas, a minimum variable housing allowance is provided, as well as other reimbursements so that military members are not forced to use their personal savings to offset the cost of a Government-directed move.

This conference report is another step toward providing active duty and retired service members and their families with accessible and quality health care. For example, it restores $475 million to the Defense Health program, a shortfall that, if not remedied, would have had serious adverse consequences for active-duty family members and retirees who have a difficult enough time already trying to obtain medical care in military facilities.

Additionally, it takes a significant step forward with regard to the issue of Medicare subvention by directing the Secretary of Defense and the Secretary of Health and Human Services to submit a plan for testing Medicare subvention to Congress and the President by September 6, 1996. The plan would establish a demonstration program enabling the Department of Health and Human Services to reimburse the Department of Defense for care provided to Medicare-eligible military retirees.

Other key initiatives of the military personnel provisions of the conference report to H.R. 3230 include: adding $20 million to the New Parent Support program to help new military families and parents deal with new stresses associated with the high military operating tempo. Challenging hate group activity in the armed services by directing the services to conduct human relations training designed to promote a sensitivity to hate group activity. Adding nearly $50 million more than the President's budget for the Army military personnel account to minimize the readiness impact of continued shortfalls in that account.

In addition to the personnel titles, the conference report to H.R. 3230, taken as a whole, represents a strong balance between people, readiness, and modernization. It will result in the continuation of a ready, able, and quality military force. I urge my colleagues to support the conference report.

Mr. SPENCE. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. CHAMBLISS].

Mr. CHAMBLISS. Mr. Speaker, I rise in support of this bill. Let me say to my friend, the gentleman from Mississippi, Mr. SONNY MONTGOMERY, we will miss you and may God bless you.

I commend the chairman and the ranking member for working in a true spirit of cooperation throughout the process leading up to this bill, being passed in committee and through its conference.

I would also commend the work done by the bipartisan depot caucus which focused on the very difficult issue of defining the work to be done at the various service departs. The members of this caucus and the respective staff worked tireless hours and achieved a result that will be very beneficial to the men and women serving in our armed services.

Mr. Speaker, this bill, among other things, provides for a pay raise for the members of each branch of our military and also provides a significant benefit for members of the dental profession serving in the military, benefits like this will allow our armed services to continue to compete with the private sector for the very finest young men and women our country has to offer.

This is a good bill and I urge my colleagues to support it.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma [Mr. WATTS].

Mr. WATTS of Oklahoma. Mr. Speaker, I am very pleased to rise in support of the National Defense Authorization Act for fiscal year 1997. This is a strong and substantive bill that bolsters and fortifies our national defense and greatly improves the quality of life for our Nation's servicemen and women. It also puts more money in veterans programs.

I want to especially congratulate the gentleman from South Carolina [Mr. SPENCE] who so ably crafted this legislation. Thanks to the chairman's leadership, we have the opportunity to vote for a very significant and strong bill today, or this evening. I also want to thank the gentleman from California, [Mr. DELLUMS], who in victory or defeat is always the consummate professional.

I am delighted with the quality of life improvements this bill makes. We must never forget the sacrifices that our service personnel make in our behalf, even in peacetime. I am especially pleased to see we are increasing impact aid by $35 million over the President's request for zero funding.

This bill strengthens America's state of readiness in a still dangerous world. I stand in favor of H.R. 3230, and I urge my colleagues to vote in support of this very important legislation.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California [Ms. HARMAN].

Ms. HARMAN. Mr. Speaker, I want to thank the gentleman from California [Mr. DELLUMS] for so many years of courtesy and professionalism. It is an honor to serve on the committee with him, and also say to everyone how much I will miss the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. Speaker, I rise in strong support of the Defense authorization conference report which, though hardly perfect, moves us in the right direction.

This House has made some tough votes in recent days—particularly on welfare reform. As the Wall Street Journal said yesterday, we are ending welfare as we know it and creating welfare as we don't know it.

That is true of our national security as well. The cold war threat we knew has ended and a world we don't know has begun.

This bill, nonetheless, takes some important steps. First, the bill makes critical investments in key weapons and technology programs that our Nation will need in order to meet the expected war-fighting requirements of the next century. The dangers posed by a new range of regional threats and technologies are growing.

As we reduce forward-basing, we need weapons with which we can project force quickly and decisively—weapons which can deter aggression before we are required to deploy personnel and equipment. This bill includes funds for such weapons, like the B–1 and B–2 upgrades, the F/A–18 and the C–17. It also includes research funds for a robust national and theater ballistic missile defense system as well as technologies aimed at counter-proliferation and antiterrorism.

Many of these investments will, in the long term, also save money by reducing the ever increasing operation and maintenance costs of weapons systems that have been in use well past their designed life span.

Second, the bill includes an initiative which I helped author to re-organize the function and fund the development of cost-shared dual use technology—thus protecting our industrial base and reducing costs by developing products, technology, and processes that meet both defense and commercial needs.

As my colleagues know, we can not afford maintaining an industrial base that only meets unique military requirements. We need to diversify that base and not only apply defense technologies to commercial use but, more importantly, use commercial technologies and products to meet defense needs. The dual-use technology provision in the bill will help achieve this important goal.

There are also missed opportunities. I strongly supported changing the 60–40 rule relating to military depots, in order to permit more private sector work at competitive rates. That opportunity was lost and, as a result, we are burdened for another year by costs that could have been directed to more critical needs, whether military, domestic, or deficit reduction. Another opportunity will present itself next year and I hope my colleagues will seize it.

We also need to aggressively reduce administrative overhead at the Pentagon. This bill takes some steps in that direction, but last year's mandate that the defense workforce be reduced has not been implemented. The bill before us again directs the department to implement these cuts. The bill also begins the process of streamlining, consolidating, and downsizing the inefficient headquarters organizations of the military departments.

We must do more to cut costs. We must privatize more non-core defense activities, accelerate procurement reforms, and rely on more dual use technologies, products, and processes.

But cutting is not enough: rethinking our roles and missions for the digital battlefield of the 21st century is imperative. I anticipate that we will reduce forward positioning and manpower requirements while making increased investments in intelligence gathering, deep strike capability, and new systems and technologies that increase lethality, reduce response time, and protect and enhance the survivability of our forces.

But we need to review and reassess our defense assumptions in a place and time when partisanship and election sound-bites are absent. Hopefully, that work can begin soon after the election is over.

I urge support for this conference report. It is not perfect, but it makes an important contribution to the difficult national security choices we face in the years ahead.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. LONGLEY].

Mr. LONGLEY. Mr. Speaker, I want to salute both the chairman as well as the ranking member for their leadership during the past year. It has been superb. They have really set a standard.

I think that there is a lot that we can be proud of in this bill. I am certainly glad to see the retention of the depot language for the 60/40 split, but I am also proud that we have finally introduced the concept of multiyear procurement. We have expanded the concept from the C–17 program, which is going to see a procurement of 80 aircraft over the next 7 years, but we are also not cutting the budget, we are not increasing it, we are maintaining stable funding. A good part of that stable funding is being used to add to a multiyear procurement plan for Aegis destroyers, the result of which is going to be that over the next 5 years, if the plan is fulfilled, we will produce one more destroyer at $1 billion less in cost, or, if you will, 15 destroyers over 5 years for $1 billion less than it would cost us to buy 14 through normal procurement methods.

Again with the threats we face in the world, now is not the time to cut defense but at the same time through more efficient management we can stabilize the funding and get more value for our dollars.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker I have a list:

Head Start; antiterrorism efforts at airports and elsewhere; NIH research; cops on the street; drug treatment programs; cleaning up hazardous waste sites; housing for the elderly; aid to college students, Pell grants, student loans; the Community Development Block Grant Program; child care; and earned income tax credit.

If we funded the Defense Department at what it asked, we could give each of these programs an additional $1 billion. Every one of these programs is $1 billion poorer because we decided to play Santa Claus to the Defense Department. We did not end welfare. We just transferred it. We transferred it to Western Europe and Japan. Our European allies spend an average of 2 percent of their gross domestic product on the military. We spend 4 percent. It is in this $11 billion gift we gave.

The greatest gift any nation ever gave to another is the free military defense we provide to Japan so it can keep its military spending at such a minuscule level. Every Member here who votes for this bill who has ever told someone, "Gee, I would like to have given you more for child care in the welfare bill. I couldn't afford it." Or, "Gee, I wish we could have cleaned up that hazardous waste site. We couldn't afford it."

"Yes, Project Head Start is a good program, I wish we could do more."

"Oh, I'm sorry you didn't get your cops on the street application. If we could only have increased it, you would have gotten more."

"And elderly housing, boy, of course we could use more elderly housing."

Would you also tell them that you spent it here? Do not tell them that you wanted to do that if you vote for this bill without telling them that you took $11 billion more than the Pentagon asked, which goes to help defend Western Europe against I do not know what, which goes to defend Japan against people they want to trade with, that is where this money went.

□ 2200

So the next time we tell people we are sorry NIH was not bigger, we are sorry we did not do more on the earned income tax credit or child care or Cops on the Street, please also tell them that we gave $11 billion more to the Pentagon than they wanted. Please also tell them that programs like the Community Development Block Grant could have got another $1 billion, one-eleventh of that, and that would have been 25 percent of what they got.

If we have cut anything else, please give them the full picture about the $11 billion giveaway to Western Europe and East Asia.

Mr. SPENCE. Mr. Speaker, I yield 1½ minutes to the gentleman from New Mexico [Mr. SKEEN].

Mr. SKEEN. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in strong support of final passage of the 1997 national defense authorization bill because it is a step in the continuation of a national defense with which New Mexico plays a vital role.

Specifically, this bill is very important for remediation of our Nation's nuclear waste problem. The WIPP land withdrawal amendment contained in this bill is a long overdue piece of legislation which will cut through the bureaucratic red tape that has kept this vitally important project from opening. WIPP has been proven safe in every conceivable scientific fashion and is the beginning of the end of our Nation's nuclear waste problem.

We have worked long and hard to draft a piece of legislation which will address both the environmental and disposal concerns and this is it. Both the DOE and the EPA support this legislation.

It is time to quit wasting taxpayer dollars and time to permanently dispose of waste that is currently stored in aboveground containers on asphalt pads, and it is time to quit talking about what we cannot do and start going about what we can do.

We have complete confidence in the ability of DOE, EPA, and the State of New Mexico to open WIPP in a safe and timely manner.

I want to particularly thank the people of Carlsbad for their tireless work to make this project happen, and also a special thanks to the gentleman from New Mexico [Mr. RICHARDSON] for his support, and also to the gentleman from Colorado [Mr. SCHAEFER] for all the hard work and diligence, and to the chairman and his committee for presenting this thing and finally bringing this Gordian knot to the present, for slicing it open and getting on with the business of storing nuclear waste.

Mr. DELLUMS. Mr. Speaker, I reserve the balance of my time, until such time as the gentleman from South Carolina [Mr. SPENCE] reaches his last speaker.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Colorado [Mr. SCHAEFER].

Mr. SCHAEFER. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I would like specifically to address section 334 of the defense authorization conference report, which my good friend, the gentleman from Michigan, [Mr. DINGELL] referred to earlier during the debate on the rule. This section amends the Superfund program with respect to the transfer to Federal facilities before contamination is remediated.

The general idea of section 334 is laudable: To assimilate polluted properties back into the community. However, without an ironclad assurance that States can enforce the ultimate cleanup of these sites, the good idea quickly becomes a curse to communities.

Attorneys General from Colorado, California, Texas, Washington, Minnesota, and New Mexico, to name a few, have warned about the possible implications of section 334. They are concerned that any cleanup assurances made by the Federal Government will be hollow and unenforceable.

Superfund does not contain an adequate waiver of sovereign immunity. Federal entities will initiate transfers and disappear and the liability will go back to private entities, and we cannot have this. I will introduce legislation next year to correct this.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. TORKILDSEN].

Mr. TORKILDSEN. Mr. Speaker, I rise in strong support of this conference report and applaud the chairman and the ranking member for their leadership. The disagreements were of a substantive nature and not partisan.

The reason I support increasing the budget over what President Clinton asked for is because the need is very real. This report increases funding for the F–18 CD program, it increases funding for R&D on the next generation of Patriot missiles, and, importantly, it increases funding for the quality of life for our men and women in uniform.

People ask why do we need to increase funding over what President Clinton has asked for? Very simply, President Clinton has decided to send troops to Haiti and he has decided to send troops to Bosnia, and he has put them on heightened alert elsewhere around the world. Even though I did not support all of those actions, and perhaps others in the Chamber did not as well, it is imperative that we all support our troops with the training and equipment they need to complete their mission and to return them home safely.

That is why we have to add more money than President Clinton asked for. The Pentagon does not set its own budget request. This is what President Clinton asked for. We are adding more money to that.

Just as President Clinton signed the budget last year, I think he will sign the defense budget this year. We need it to support our troops. I urge every Member to support this report.

Mr. SPENCE. Mr. Speaker, I have no further requests for time, and even though I have the right to close, I will yield back the balance of my time and let the gentleman close out.

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Very quickly, Mr. Speaker, first, I would like to point out to my colleagues that this is the last conference report for five of the distinguished members of this committee, and all five of these Members happen to be Members on the Democratic side of the aisle.

I would like to refer to them in order of their seniority, the gentleman from Mississippi, SONNY MONTGOMERY; the gentlewoman from Colorado, PAT SCHROEDER; the gentleman from Alabama, GLEN BROWDER; the gentleman from Texas, PETE GEREN; and the gentleman from Florida, PETE PETERSON, and simply say to them that they will be missed, thank them very much for the dignity of their service to this country and to this Congress and wish them well in the next phase that they enter into in life's process.

Second, Mr. Speaker, if Members will recall, last year we complained about the process, arguing that there was a lack of participation on the part of the minority members of this committee in the process. I would rise tonight to say that there was a quantum step forward and improvement in that area.

My colleagues did participate in the process, and though it was truncated, dictated by a very ambitious schedule, to the extent possible, I feel comfortable in saying, without fear of contradiction, that my colleagues participated in that process.

Third, I would like to say something that is not often spoken on the floor of this House, and that is that I believe very strongly that no Member of Congress could function adequately and capably without competent, capable and dedicated staff people.

It is not often known that many of these staff people work night and day, all night, over weekends to get this job done. When we leave here, after we have made agreements, someone has to sit down and reconcile the hundreds of pages, thousands of paragraphs, millions of words and billions of dollars. It is all done at the staff level. So I would like to take the opportunity to thank all of the staff members for their significant dedication and contribution to this process.

Finally, Mr. Speaker, on a substantive note, I note most of my colleagues here, with the exception of the distinguished gentleman from Massachusetts, [Mr. FRANK] and myself, rose in support of this conference report. I rose in opposition to the report. That is not to say that I do not believe that there are some significant, important and constructive items in this bill and policy in this bill. But as we step back and look at the totality of it, I believe that this bill is going in the wrong direction.

When we find ourselves having communicated to millions of American people that virtually every segment of American society has had to make some sacrifice as we go about the business of "balancing the budget", where we have even included poor people and children and powerless people who have had to contribute to that process, whether it is in the form of welfare reform, reductions in education, reductions in environmental restoration funds or whatever, we find ourselves with a conference report here today that does not reduce but rather increases by $11.3 billion money above and beyond what was requested by this administration in the context of a post-cold-war era.

I think that is a stark statement. I think it needs to be laid clearly and profoundly before this body in this auspicious moment when we find ourselves whacking away at programs designed to enhance the quality of life of millions of American people in this country.

The gentleman from Massachusetts [Mr. FRANK] said it eloquently and articulately, and I would not attempt to compete with that, but simply to remind my colleagues that this bill is $11.3 billion above the President's request and $1.3 billion above the appropriation request. At this time I see no rational reason why we should be increasing our military budget at this particular level in the context of the post-cold-war world.

Mrs. LOWEY. Mr. Speaker, I rise in opposition to this conference report and ask unanimous consent to revise and extend my remarks.

I oppose this conference report for many reasons, including the fact that it appropriates over $11 billion more for defense programs than the Pentagon requested. But one of the main reasons why I oppose this conference report is that it fails to protect the rights and health of American servicewomen serving overseas. As you all know, the House version of the bill contained a ban on military women purchasing abortion services on military bases overseas with their own funds. This provision remained in the bill despite bipartisan efforts to remove it. The Senate rejected this provision outright.

This ban penalizes women who have volunteered to serve their country by prohibiting them from exercising their constitutionally protected right to choose. It also puts the health of our military women at risk by forcing those stationed in countries where there is no safe and legal abortion available to seek an abortion at local facilities or to travel to acquire safe abortion services.

It is unimaginable to me and to the American people that we would reward American servicewomen who have volunteered to serve this Nation by burdening them this way. I urge you to vote against this report.

Mr. MCKEON. Mr. Speaker, I rise in support of the conference report for H.R. 3230, the National Defense Authorization Act. This legislation addresses several basic needs for our military including a 3 percent pay raise for military personnel and a cost of living adjustment and improved access to health care for military retirees. The bill also supports modernization initiatives and will improve the overall readiness of our Armed Forces. These points are increasingly significant as the threat of terrorism continues to rise.

We must not forget that the men and women of our military face this threat every day, and it is our responsibility to ensure that our troops are trained and equipped accordingly. I realize that some individual Members may have reservations about this conference report, but I would respond by asking that we take a moment to think about the men and women who have volunteered for the difficult task of defending our Nation. They deserve our support today. I urge a yes vote.

Mrs. SCHROEDER. Mr. Speaker, here are six reasons to vote against the fiscal year 1997 DOD authorization conference report:

First, the measure provides: $11.3 billion more than the Pentagon requested overall, $7 billion more than requested for procurement, $3.8 billion more than requested for BMD, $508 million more than requested for NMD, $234 million more than requested for C–17 transport planes, $281 million more than requested for tactical aircraft, $203 million more than requested for helicopters, and $701 million more than requested for submarines.

Second, overseas abortions are not permitted under the conference report. The Senate receded to the Dornan position.

Third, the conference report does not include Dornan provisions on HIV positive servicemembers and gays in the military.

Fourth, the conference report retains the Bartlett ban on selling pornography at the PX.

Fifth, the conference accepted CAROL MOSELEY-BRAUN'S amendment to prevent servicemembers from rolling their military retirement into their civil service retirement to avoid payment to former spouses with the provision that it is not retroactive, and that no one can sue a servicemember for taking advantage of the loophole.

Sixth, the report provides $15.95 million for nonlethal weapons and technology development and an additional $5 million for the services to procure nonlethal weapons.

Mr. FAZIO of California. Mr. Speaker, I rise in support of H.R. 3230, the fiscal year 1997 Defense authorization conference report.

While I am concerned that this bill provides more money than the Pentagon has requested, this legislation addresses many of the important needs expressed by the Department of Defense and the Joint Chiefs.

I disagree, however, with the Republican leadership that the current defense posture of this administration is weakening our core defense capabilities. One only needs to look to the Republican budget resolution passed in the spring to see that their out year projections for defense spending are roughly that of the administration. In fact, I would simply like to point out that the Democratic alternative, otherwise known as the coalition budget, keeps defense spending on a path that sustains U.S. national security throughout the next century. I am concerned that the current rationalization for spending more than the Pentagon has requested in fiscal year 1997 will lead to unsustainable defense budgets in the years 2001 and 2002.

Nevertheless, I support this bill because the alternative is to not have an authorization bill. We have been down that road before. Last year the Defense appropriations bill, which is normally supposed to follow the authorization bill, was passed first and the fiscal year 1996 DOD authorization bill was not passed until this past spring.

I support this bill because it eliminates most of the contentious and unwarranted provisions that were contained in the House-passed bill and the bill that was vetoed last year by the President. Because these provisions were eliminated, we are able to move this bill in a more expeditious and bipartisan manner than last year's authorization bill.

I am pleased that the conferees eliminated the onerous provisions that would discharge HIV-positive service personnel and the earlier House provision that would have rescinded the "don't ask, don't tell" policy governing gays in the military.

I am also happy that the leadership did away with language that would have mandated early deployment of space based sensors or "star wars" as a central component of U.S. missile defense policy, thus violating the ABM treaty and endangering Russia's ratification of START II.

Additionally, this bill provides for a 3-percent pay raise for military personnel, equal to the President's request, and establishes January 1, 1998 as the fiscal year 1998 military retiree cost of living adjustment [COLA] date. Both of these important provisions maintain Congress' commitment to those who serve and those who have served our military. This bill also directs the Secretary of Defense and Secretary of Health and Human Services to submit a plan to Congress and the President outlining the details of a Medicare subvention demonstration program.

While I am generally pleased with the end product of this bill, I am deeply concerned that this bill fails to address the issue of depot maintenance and the so-called 60–40 rule. Ironically enough, it was the House last year that boldly called for the repeal of the so-called 60–40 rule in order to give DOD greater flexibility in outsourcing non-CORE workload to the private sector.

I understand that many of my colleagues are concerned that the Pentagon will engage in wholesale privatization of the Pentagon's defense industrial base and maintenance activities. That simply is not the case and flies in the face of the evidence. The elimination or modification of the 60–40 rule would have moved away from the arbitrary standard currently used for depot workload allocation to a more rational approach that will better serve the long term national interest. The Pentagon's report made clear that public depots have and will continue to play a major role in the important maintenance capabilities of the military.

Greater reliance on the private sector for appropriate types of depot maintenance, and determining where it makes sense, will enhance faster infusion of new technologies into existing DOD weapons platforms. Testimony offered by the service Chiefs this year supported removal of legal constraints on DOD's ability to efficiently manage its system support resources, including the arbitrary 60–40 rule and the three million dollars threshold. If this Congress is serious about saving money, privatizing government functions other than the House mail room ought to be given serious consideration and not empty rhetoric. To that end, I am hopeful that we will be able to address this important issue next year and come to some sort of compromise that all members can agree to.

Mr. Speaker, this bill is not perfect, but it addresses many important issues that confront the military today.

Mr. BILIRAKIS. Mr. Speaker, although I intend to support the conference report for H.R. 3230, I do have concerns about several aspects of the bill.

Congress included H.R. 945, the Missing Service Personnel Act, in the FY96 Department of Defense Authorization Act. As a cosponsor of H.R. 945, I was pleased that this important legislation was finally enacted into law.

The Missing Service Personnel Act, as contained in Section 569 of Public Law 104–106, consists of a number of critical provisions that provide due process for the families of missing service members who are desperately seeking honest information about the fate of their loved ones. The conference report revokes key provisions contained in this law. As a result of the these changes:

Civilian Defense Department employees stationed in hostile fire zones will no longer be covered by the Missing Service Personnel Act, meaning that DOD will not be required to account for civilian employees who might be captured by enemy forces or who disappear during combat.

Unit commanders will be permitted to wait 10 days—rather than 48 hours, as required by current law—before reporting that a service person is missing or unaccounted for.

Criminal penalties for someone who knowingly and willfully withholds information about the disappearance, whereabouts or status of a missing person will be repealed.

Missing service persons can be declared dead without credible proof. If a body is recovered and is not identifiable by visual means, forensic certification will no longer be required.

In addition, current law provides for automatic review every three years after an initial report of disappearance. The enactment of H.R. 3230 will repeal this requirement and provide that cases will be reviewed only when information is received.

We have a responsibility to determine to the fullest extent possible the fate of our missing personnel and to share that information with next of kin. What kind of message are we sending to the brave men and women in the Armed Forces if we repeal the Missing Service Personnel Act? A service member deserves to know that we will do everything in our power to account for their whereabouts if he or she is reported missing.

The POW/MIA issue is one in which I have been involved during my entire Congressional career. As a member of the House Veterans' Affairs Committee and as an Air Force veteran, I made a vow to myself long ago never to give up the search. I am disappointed that H.R. 3230 repeals the Missing Service Personnel Act which was only enacted into law earlier this year.

I am also disappointed that conferees did not include provisions from the Senate bill, S. 1745, which would have benefited certain widows of military retirees.

As my colleagues may know, several legislative changes have been enacted over the years to allow regular and reserve retired members to ensure that their survivors will continue to receive a percentage of their retired pay upon their death. However, these changes have created two categories of forgotten widows by omitting any benefits for survivors of members who died before they could participate in the new Survivor Benefit Plan.

The Survivor Benefit Plan (SBP), enacted in 1972, replaced an earlier unsuccessful program. DOD offered an 18-month open enrollment period for members already retired. This SBP open enrollment period inadvertently created the first category of forgotten widows—widows of retirees who died before the SBP was enacted or during the open enrollment period before making a participation decision.

In 1978, the law was changed to allow Reservists the opportunity to elect survivor benefit coverage for their spouses and children when completing 20 years of qualifying service. However, it did not provide coverage for widows of Reserve retirees who died prior to its enactment. Thus, the second category of forgotten widows evolved—the pre-1978 reserve widows.

Additionally, in 1948, when the Civil Service Survivor Benefit Plan was enacted, it also created some civil service forgotten widows. This was resolved 10 years later in 1958 by authorization of an annuity of up to $750 per year for the widow of a civil service employee who was married to the employee for at least five years immediately before the retiree's death, had not remarried and was not entitled to any other annuity based on the deceased employee's service.

As a group, forgotten widows are older women 60 to 90 years of age whose husbands retired with 20 to 40 years of service to our country. Despite all of the efforts to bring in other groups of survivors into the SBP, widows, whose husbands died in retirement prior to 1972, have remained forgotten.

Today, all military forgotten widows have to show for their husbands' career service is memories, while the 1958 $750 civil service benefits equates to more than $3,600 in 1994 dollars. The military forgotten widows deserve at least the minimum SBP annuity allowed under current law.

Section 634 of the Senate Defense Authorization Act addressed this important issue and would have provided forgotten widows with a monthly annuity of $165 per month. This provision of S. 1745 was similar to a bill which I introduced. My bill, H.R. 1090, has received bipartisan support and has over 40 cosponsors.

I was hopeful that the conferees would retain the language from the Senate bill in the final conference report for H.R. 3230. Unfortunately, it was excluded for budgetary reasons.

I will continue to work on this important issue in the 105th Congress. Military service does not take place in a vacuum and I hope that we will provide these elderly widows with the help they deserve.

Mrs. LOWEY. Mr. Speaker, I rise in opposition to this conference report.

I oppose this conference report for many reasons, including the fact that it appropriates over $11 billion more for Defense programs than the Pentagon requested. But one of the main reasons why I oppose this conference report is that it fails to protect the rights and health of American servicewomen serving overseas. As you all know, the House version of the bill contained a ban on military women purchasing abortion services on military bases overseas with their own funds. This provision remained in the bill despite bi-partisan efforts to remove it. The Senate rejected this provision outright.

This ban should have been removed at conference. Removing it would not obligate any State funds. It would merely allow military women and dependents to use their own money to pay for abortion services at military bases, just as they would use their own funds to pay for those services if they were in the United States.

The ban contained in the conference report penalizes women who have volunteered to serve their country by prohibiting them from exercising their constitutionally protected right to choose. The irony that this Congress will limit the constitutional rights of the very women who have sacrificed so much to protect our Constitution should not be lost on any of us.

This ban also puts the health of our military women at risk. Many of these women are stationed in countries where there is no access to safe and legal abortions outside of the military hospitals. A woman forced to seek an abortion at local facilities, or forced to wait to travel to acquire safe abortion services, faces tremendous health risks.

It is unimaginable to me and to the American people that we would reward American servicewomen who have volunteered to serve this nation by burdening them this way. I urge you to vote against this report. Thank you.

Mr. BLUMENAUER. Mr. Speaker, I strongly support providing our troops the basic equipment they rely on in the field. Adequate military housing and medical facilities are also wise uses of our scarce resources. In providing for the defense of our Nation, there is no substitute for having well-trained, well-equipped military personnel.

Besides providing for the needs of our troops, the bill before us today includes funding for exotic weapons systems and missile programs. Much of the high-tech gadgetry included in this bill was neither requested, nor is needed by the Department of Defense.

While I will continue to vote to improve the lives of those serving in our armed forces, I cannot support this bill. The real military needs of our country, as well as pressing domestic concerns prevent me from doing so.

Mr. LIVINGSTON. Mr. Speaker, I rise in support of the conference report to H.R. 3230, the fiscal year 1997 National Defense Authorization Act.

I do so because it provides the support for our troops and their families that this administration did not when they submitted their budget request earlier this year.

Yet, this bill still represents a decrease from 1996 when you take inflation into account.

Why do we need to pass a bill that keeps defense at level spending rather than cut almost $11 billion as the President originally proposed?

Because it provides the funds to stem the continued deteriation in family housing, military health care, and our procurement programs.

This bill adds much needed funding for new barracks and improvements to family housing units that will benefit approximately 3,000 families.

This bill restores $475 million to health care for our military and their families, a shortfall that was glaring in the President's original request.

This bill funds the 3 percent military pay raise and a 4.6 percent increase in housing allowances for our military.

And, we funded O&M and other readiness accounts to stop the reductions in our military forces below the levels required by the administration for all of its overseas deployments.

This bill trys to slow down the continued decline in procurement which has suffered a 70 percent decline since 1985.

Most importantly, this bill maintains the commitment we made last in this Republican Congress' first defense bills to actually deploy effective missile defenses by 2003 or earlier.

It is this Congress that has added over $900 million for theatre and national missile defense programs to keep us on track to deployment, not simply continue research as the President recommends.

It is this bill and the appropriations bills that have added $246 million for the Navy Upper Tier program, the most promising and near term theatre missile defense program.

The Administration's budget request simply kept the Navy Upper program as technology development program with no certain date for deployment.

On the policy side this bill did drop bill language, because of veto threats, that required the administration to submit changes in the ABM Treaty to the Congress.

However, Republican and Democrat conferees clearly stated in the manager's report that any substantive change to the ABM Treaty be done in accordance with the Constitution and the treaty making powers of the Senate.

And, that this constitutional principle had been permanently codified with regard to the ABM Treaty in the 1995 Defense Authorization Bill, Public Law 103–337, and remains in effect.

Most importantly, the conferees, Democrat and Republican, stated in their conference report that the President's National Security Advisor, Mr. Lake, told House and Senate Members from both parties in a meeting within the last 2 weeks that the tentative agreements the U.S. has recently announced with various Russian republics regarding theatre missile defenses and their demarcation constitutes a substantive change to the ABM Treaty.

I refer all Members to Page H9250 of the July 30, Part II, Congressional Record. This page contains the conferees statement that I just referred to.

The conferees statement for this bill is clearly consistent with a provision this House adopted and I sponsored as part of the fiscal year 1997 Commerce, State, Justice appropriations bill.

That provision requires the President to certify that he will submit to the Senate for its advice and consent any amendments or changes to the ABM Treaty regarding the demarcation between theatre missile defense systems and antiballistic missile systems or any changes regarding the multilateralization of the ABM Treaty.

I commend Chairman SPENCE and his staff for all of their hard work and urge support of this important conference agreement.

Mrs. SCHROEDER. Mr. Speaker, last June I asked the Secretary of Defense to answer a few questions about growing numbers of military personnel on loan to Members of Congress under questionable circumstances. To date, I have not received a reply. Now I know why. They are too embarrassed.

Pentagon officials have learned that the their haphazard and uncontrolled lending of military personnel to Hill offices violates Congressional ethics rules, not to mention DoD's own regulations.

The situation is so bad DoD has admitted it has no idea how many military officers are working on the Hill. The estimates range from dozens to more than one hundred.

Here are a few examples. The Joint Chiefs of Staff have magnanimously given the Speaker of the House four military officers to help him analyze votes. The training, salaries, and benefits for these officers cost the taxpayers hundreds of thousands of dollars. Yet they are now doing political chores for the Speaker. Another Member of Congress has had an Army nurse on his staff for years.

Some Members of Congress are actually calling the Pentagon and requesting specific officers by name. "Can you send Captain Midnight up to my office to help out for a year?"

Pentagon leaders believe that by detailing staff up here they can ingratiate themselves with Members of Congress. In other words, the goal is to keep Members happy and grease the wheels for Defense appropriations.

Those of us who been around for more than a few years can recall the House Post Office scandal and the House Bank scandal.

My colleagues who are serving their first term can now look forward to the House DoD Staff Scandal.

Mr. WALKER. Mr. Speaker, the Defense Authorization bill agreed to by conferees is a solid piece of legislation, which represents an honest effort to reach compromise among all parties, and I will vote for final passage. Nevertheless, there is one provision in the bill that concerns me, and which I feel obligated to address. There is a section in the bill entitled, "Prohibition of Collection and Release of Detailed Satellite Imagery Relating to Israel," which, from the time of enactment on, will prohibit the United States Government from licensing American commercial remote sensing companies to collect or disseminate imagery of Israel that is more detailed than imagery that is available from other, non-American commercial sources. This provision contradicts bipartisan efforts by Congress and the executive branch since 1984 to promote commercial remote sensing as a leading sector of the American aerospace industry. Ultimately, I believe this provision is bad for both the United States and Israel.

This provision was offered as an amendment to the Senate defense authorization bill without hearings, debate, or any other public discussion. Originally, it was considerably more restrictive, but conferees were able to address some of my specific concerns. Nevertheless, this prohibition remains unnecessary and counterproductive. It sets back our efforts to reinvigorate the U.S. aerospace industry through commercialization, and contradicts traditional American principles such as open skies and freedom of information.

I believe that the sponsors of this provision are concerned with Israeli national security, which is a concern that I share. Israel has always had a special place in American policy and always will. But, this provision does nothing to improve Israeli security. Aircraft flying in international airspace can already image Israel in greater detail than that licensed by commercial satellites, which the United States Government cannot prevent and which this measure does not address.

In the long run, by forcing United States industry to surrender its advantage to foreign entities, this amendment will take control over the shutters of commercial remote sensing satellites out of the hands of the United States Government and place it in the hands of the French, Russians, Chinese, Indians, Brazilians, and any other number of countries that are working on commercial remote sensing satellites. None of these countries is likely to be as sensitive to Israeli security as we are, but this provision will place more power over imaging Israel in their hands. Consequently, this will undermine Israeli security in the long run.

Some might believe that we should accept this measure as a symbol of the United States commitment to Israeli security. Symbols have a place, but not when they do real harm to our national interests, in this case, our interest in promoting commercial space development and U.S. global leadership. The commercial remote sensing industry is in its infancy; like a newborn, it is highly vulnerable to sudden changes in its environment. The simple fact is that business can't flourish if we keep changing the rules, and this provision changes the rules. There are measures in current law, policy, and regulation that enable the U.S. Government to restrict the operations of U.S. commercial remote sensing satellites if needed for U.S. national security, foreign policy, or international obligations. This provision essentially throws that rational process out the window and provides a predetermined answer. Under such capricious Government action, it will become increasingly difficult, if not impossible, for private American firms to raise investment capital, and so the section threatens the entire industry. That's bad for American aerospace workers, who have suffered enormously under defense cuts in the last few years.

The U.S. Government has gone through the process of considering U.S. and allied security interests when it issued nine licenses to U.S. companies for commercial remote sensing as detailed as one meter. None of those licenses places restrictions on imaging Israel. So, the Government has already been through a rational policymaking process which found no interests were served by prohibitions on imaging Israel. Furthermore, this section of the bill only calls on the Government to place possible restrictions on licenses issued in the future, after it becomes law. It does nothing to retroactively affect the United States companies for whom the Government has already issued licenses, and on which the Government placed no restrictions about imaging Israel.

I fear that this provision will constrain U.S. industry in the future and give its competition a commercial advantage. The Wall Street Journal reported in February that organizations owned by the Israeli Government were going to partner with United States firms to offer commercial remote sensing services similar to those offered by American companies. The trade weekly Space News printed an interview with the head of the Israeli Space Agency on July 29 in which he said that the state of Israel was trying to enter the commercial remote sensing market in partnership with Germany and Ukraine. If we believe the head of the Israeli Space Agency, then the result was be a protected market for Israel at the expense of United States aerospace workers and companies.

In general, this provision demonstrates an inadequate understanding of our contemporary times. It seeks to prohibit the creation and distribution of information, which authoritarian governments have tried and failed to do for decades. The genius of our system, and one reason our economy continues to grow, is that Americans believe in the wide exchange of information. In the Information Age, that gives us natural advantages because information naturally spreads. One builds economic strength and protects national security in the information age by winning technological competitions and staying at the forefront of technological change. This section of the bill seeks to prevent that and takes us in the wrong direction. It is a well-meant, but misplaced effort that I hope we will not repeat in the future.

Mr. DELLUMS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. KINGSTON). Without objection, the previous question is ordered on the conference report.

There was no objection.

MOTION TO RECOMMIT OFFERED BY MR. DELLUMS

Mr. DELLUMS. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the conference report?

Mr. DELLUMS. In its present form, yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DELLUMS moves to recommit the conference report on the bill H.R. 3230 to the committee of conference with instructions to the managers on the part of the House to insist on section 367 of the House bill (relating to impact aid assistance to local educational agencies for the benefit of dependents of members of the Armed Forces and civilian employees of the Department of Defense).

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. DELLUMS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently, a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device will be taken on agreeing to the conference report.

The vote was taken by electronic device, and there were—yeas 181, nays 236, not voting 16, as follows:

[Roll No. 396]

YEAS—181

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (NE)
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bishop
Blumenauer
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Castle
Chapman
Christensen
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cummings
Danner
de la Garza
DeFazio
DeLauro
Dellums
Deutsch
Dicks
Dingell
Dixon
Dooley
Dornan
Durbin
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Fazio
Fields (LA)
Filner
Flake
Foglietta
Fox
Frank (MA)
Frost
Furse
Gejdenson
Gephardt
Geren
Gonzalez
Goodling
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastings (FL)
Hefner
Hilliard
Hinchey
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kaptur
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
LaFalce
Lantos
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Matsui
McCarthy
McDermott
McKinney
McNulty
Meehan
Meek
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Montgomery
Moran
Nadler
Neal
Oberstar
Olver
Ortiz
Orton
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Pomeroy
Poshard
Rahall
Rangel
Reed
Richardson
Riggs
Rivers
Roemer
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Scott
Serrano
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stenholm
Stokes
Stupak
Talent
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Volkmer
Ward
Waters
Watt (NC)
Waxman
Weller
Wise
Woolsey
Wynn

NAYS—236

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Bryant (TN)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Chabot
Chambliss
Chenoweth
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
Deal
DeLay
Diaz-Balart
Doggett
Doolittle
Doyle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Fawell
Fields (TX)
Flanagan
Foley
Forbes
Fowler
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Funderburk
Gallegly
Ganske
Gekas
Gilchrest
Gillmor
Gilman
Goodlatte
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hancock
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Jacobs
Johnson (CT)
Johnson, Sam
Jones
Kanjorski
Kasich
Kim
King
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Longley
Lucas
Manzullo
Martini
Mascara
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Molinari
Mollohan
Moorhead
Morella
Murtha
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Obey
Oxley
Packard
Parker
Paxon
Petri
Pickett
Pombo
Porter
Portman
Pryce
Quillen
Quinn
Radanovich
Ramstad
Regula
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Royce
Salmon
Sanford
Saxton
Schaefer
Schiff
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stockman
Stump
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Torkildsen
Traficant
Upton
Visclosky
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff
Zimmer

NOT VOTING—16

Brownback
Dickey
Ford
Gibbons
Lincoln
Manton
McDade
Rose
Scarborough
Schroeder

Stark
Studds
Williams
Wilson
Yates
Young (FL)

□ 2229

Mr. CUNNINGHAM and Mr. SHADEGG changed their vote from "yea" to "nay."

Mr. CRAMER, Mrs. KELLY, Mr. MARTINEZ, and Mr. BARRETT of Nebraska changed their vote from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. KINGSTON). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. DELLUMS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 285, nays 132, answered not voting 16, as follows:

[Roll No. 397]

YEAS—285

Abercrombie
Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Boehlert
Boehner
Bonilla
Bono
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Bryant (TN)
Bunning
Burr
Buyer
Callahan
Calvert
Canady
Castle
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Combest
Condit
Cooley
Costello
Cox
Cramer
Crane
Crapo
Cremeans
Cubin
Cunningham
Davis
de la Garza
Deal
DeLauro
DeLay
Diaz-Balart
Dicks
Dixon
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehrlich
Ensign
Everett
Ewing
Fawell
Fazio
Fields (LA)
Fields (TX)
Flake
Flanagan
Forbes
Fowler
Fox
Franks (CT)
Frelinghuysen
Frisa
Frost
Funderburk
Gallegly
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Hall (OH)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hobson
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hyde
Inglis
Istook
Jackson-Lee (TX)
Jefferson
Johnson (SD)
Johnson, E. B.
Jones
Kanjorski
Kasich
Kelly
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Klink
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
Longley
Lucas
Manzullo
McCollum
McCrery
McHale
McHugh
McInnis
McKeon
McNulty
Meek
Metcalf
Meyers
Mica
Millender-McDonald
Miller (FL)
Mink
Molinari
Mollohan
Montgomery
Moorhead
Moran
Murtha
Myers
Myrick
Nethercutt
Ney
Norwood
Nussle
Ortiz
Orton
Oxley
Packard
Parker
Pastor
Paxon
Payne (VA)
Peterson (FL)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Reed
Regula
Richardson
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Royce
Salmon
Sanford
Saxton
Scarborough
Schaefer
Schiff
Scott
Seastrand
Shadegg
Shaw
Shuster
Sisisky
Skeen
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stearns
Stenholm
Stump
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Torkildsen
Torres
Torricelli
Traficant
Visclosky
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff

NAYS—132

Ackerman
Andrews
Baesler
Barrett (WI)
Becerra
Beilenson
Berman
Blumenauer
Blute
Bonior
Borski
Brown (OH)
Bryant (TX)
Bunn
Burton
Camp
Campbell
Cardin
Chabot
Collins (IL)
Collins (MI)
Conyers
Coyne
Cummings
Danner
DeFazio
Dellums
Deutsch
Dingell
Doggett
Dornan
Doyle
Durbin
Ehlers
Engel
English
Eshoo
Evans
Farr
Fattah
Filner
Foglietta
Foley
Frank (MA)
Franks (NJ)
Furse
Ganske
Gutierrez
Gutknecht
Hall (TX)
Hilliard
Hinchey
Hoekstra
Hutchinson
Jackson (IL)
Jacobs
Johnson, Sam
Johnston
Kaptur
Kennedy (MA)
Kleczka
Klug
LaFalce
Lantos
Leach
Lewis (GA)
LoBiondo
Lofgren
Lowey
Luther
Maloney
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McDermott
McIntosh
McKinney
Meehan
Menendez
Miller (CA)
Minge
Moakley
Morella
Nadler
Neal
Neumann
Oberstar
Obey
Olver
Owens
Pallone
Payne (NJ)
Pelosi
Peterson (MN)
Rahall
Ramstad
Rangel
Riggs
Rivers
Roemer
Roth
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schumer
Sensenbrenner
Serrano
Shays
Skaggs
Smith (MI)
Stockman
Stokes
Stupak
Talent
Tiahrt
Towns
Upton
Velazquez
Vento
Volkmer
Watt (NC)
Waxman
Wise
Woolsey
Wynn
Zimmer

NOT VOTING—16

Brownback
Dickey
Ford
Gibbons
Johnson (CT)
Lincoln
Manton
McDade
Rose
Schroeder
Stark
Studds
Williams
Wilson
Yates
Young (FL)

□ 2237

Ms. ROYBAL-ALLARD changed her vote from "yea" to "nay."

Mr. HANCOCK changed his vote from "nay" to "yea."

So the conference report was agreed to. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mrs. JOHNSON of Connecticut. Mr. Speaker, on rollcall No. 397, I was unavoidably detained. Had I been present, I would have voted "yes."

GENERAL LEAVE

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just adopted.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON S. 1316, SAFE DRINKING WATER ACT AMENDMENTS OF 1996

Mr. McINNIS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–743) on the resolution (H. Res. 507) waiving points of order against the conference report to accompany the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes, which was referred to the House Calendar and ordered to be printed.

APPOINTMENT OF MEMBER TO HOUSE OF REPRESENTATIVES PAGE BOARD

The SPEAKER pro tempore. Without objection, and pursuant to the provisions of section 127 of Public Law 97–377, the Chair announces the Speaker's appointment of the following Member of the House to fill a vacancy on the House of Representatives Page Board: Mrs. FOWLER of Florida.

There was no objection.

COMMUNICATION FROM THE HON. JOHN TANNER, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable JOHN TANNER, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 31, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule L (50) of the Rules of the House of Representatives, that Doug Thompson, Legislative Director in my Washington, D.C. office, has been served with a subpoena issued by the Superior Court of the District of Columbia in the matter of Johnson, et al. v. Public Housing Authorities Directors Association, et al.

After consultation with the Office of General Counsel, I have determined that compliance with the subpoena is consistent with the precedents and privileges of the House.

Sincerely,

JOHN TANNER,
Member of Congress.

REQUEST TO CONCUR IN SENATE AMENDMENT TO H.R. 2739, HOUSE OF REPRESENTATIVES ADMINISTRATIVE REFORM TECHNICAL CORRECTIONS ACT

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2739) to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes, with a Senate amendment thereto and concur in the Senate amendment.

The SPEAKER pro tempore (Mr. FORBES). The Chair does not recognize the gentleman from California at this time for that purpose.

□ 2145

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. FORBES). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

MIDDLE CLASS TAX RELIEF: REDUCE THE BEER TAX

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. ENGLISH] is recognized for 5 minutes.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I represent part of Western Pennsylvania, a region which gave rise to the Whiskey Rebellion, one of America's first tax revolts. Today, working families in our area face a higher tax burden than ever before—So I am pleased to introduce today information that provides strong support for H.R. 3817, a bill to provide meaningful tax relief to average Americans.

If enacted, this bill will eliminate the $1.7 billion federal tax increase imposed on more than 80 million American beer drinkers since 1990. And with good reason.

Most working Americans have little conception of the level at which they are taxed. Certainly, average men and women know that they pay a personal income tax and the FICA tax and they probably notice the state sales tax that is levied on many of the products they buy. But these taxes are only the tip of the iceberg. It's important that average Americans understand how much of the total tax burden they bear is invisible to them. I am talking about hidden taxes that are buried in the purchase price of products ranging from beer to bread to gasoline. Because they are concealed, these taxes engender little opposition from the taxpayers. But they contribute tangibly to the cost of living for hardworking Americans.

It is particularly appropriate to look at beer because the weight of an unfair tax system is heaviest on average Americans when they lift a cold one. The hidden taxes on beer are exceptionally high, and they fall overwhelmingly on average Americans who are already doing more than their fair share to support the government.

To fully understand how heavily beer drinkers are taxed, I submit to this body a powerful study completed by the economic research firm DRI/McGraw Hill. According to this analysis, taxes represent fully 43 percent of the retail price of beer. This astonishing conclusion is arrived at by tabulating federal and state excise taxes, state and local sales taxes, taxes on corporate and personal earnings, in fact, of all the taxes that go into a bottle or can of beer. Not just the taxes people see but all the taxes.

The beer tax is an excellent example of how unseen taxes—taxes that don't require government to be as accountable to the public—can lead to a misallocation of the tax burden across our society. To appreciate this, I ask you to remember the circumstances under which the federal excise tax on beer was raised in 1990.

That year, Congress imposed a tax increase not only on beer but also on luxury items. Persons purchasing luxury automobiles would have to pay more—as would those buying yachts, private airplanes, furs and jewelry.

While I do not like hidden taxes or tax increases, I understand the symmetry of a tax policy that says, "If we're going to impose a discriminatory tax on beer drinkers * * * let's do the same for yachtsmen." After all, nearly two-thirds of the beer consumed in the U.S. is purchased by households earning $45,000 a year or less.

But, look what has happened since the 1990 tax package was passed. The tax on yacht owners has been repealed. So has the tax on private airplanes. And so has the tax on people buying jewelry and furs. In fact, only the tax on luxury autos remain—and, a few weeks ago, we voted to phase out that provision.

In each case, the rationale offered for removing these luxury taxes on unemployment. But that same logic applies to beer. In fact, the beer tax increase eliminated tens of thousands of jobs—an impact that dwarfs that of all the luxury taxes, combined.

Mr. Speaker, I suggest that the hidden nature of the beer tax increase contributed directly to this unfortunate outcome. If hardworking, average Americans knew how much they pay in taxes on beer—and if they understood how those taxes cost jobs—the 1990 beer tax increase would have been repealed long before now.

But it is by no means too late to act. By repealing the 1990 tax, we can largely undo the damage that was done six year ago. DRI/McGraw Hill estimates that eliminating the 1990 tax hike would put millions of dollars back into the pockets of working Americans who drink beer. It would increase beer sales by more than 2 percent—and it would create 50,000 jobs in our nation's economy.

Moreover, the study also found that increased employment, reduced demand for Government services, and other macroeconomics effects, would offset fully 75 percent of the budget impact of repealing the beer tax.

I ask my colleagues to consider the evidence, and join with me—and with Representatives ENSIGN, CHRISTENSEN, and BLUTE, who are cosponsors of this bill—in supporting H.R. 3817.

STUDY GOALS AND SCOPE

The goal of the DRI/McGraw-Hill research was to identify all taxes associated with the brewing industry.

Tax burdens include: taxes paid at all stages of production, distribution, and sales; taxes related to sales, income, profits, and payroll; taxes paid to Federal, state, or local governments.

A standard procedure was adopted to obtain reliable, consistent study results.

The data sources for the calculations are public, published information primarily from the Department of Commerce and the Internal Revenue Service, allowing confirmation of the conclusions by any interested parties.

Economic value-added components and taxes are presented in both absolute magnitudes (billions of U.S. dollars) and proportions (shares of value added and effective average tax rates.)

1993 was the most recent year for which all necessary data was available, thus this is the reference year for all computations.

SUMMARY OF FINDINGS

The tax burden borne by beer consumers is far higher than average for the U.S. economy.

Taxes represent 43 percent of the retail price of beer. In comparison, total Federal, state, and local taxes equal 30 percent of final sales of all products [GNP] in the U.S. approximately 20 percent at the Federal level and 10 percent at the state-local level depending on the year.

In the reference year (1993), taxes on beer raised just under $21 billion. The income generated by beer industry manufacturers and related sales and distribution partners added $8.6 billion in Federal personal income, profit, and payroll revenues and $2.6 in similar state-local revenue. Sales and excise taxes on the beer value-added chain added a further $9.1 billion to government coffers.

Summary Table

Tax Burdens Through the Production Chain
(Billions of Tax Dollars Paid on Value Added)

		Income, Profit, & Payroll Taxes		
	Sales & Excise Taxes	**Federal**	**State & Local**	**Total Taxes**
Retail Services	$ 2.48	$ 3.64	$ 0.73	$ 6.85
Wholesale Services	$ 1.37	$ 1.34	$ 0.29	$ 3.00
Transportation Services	$ 0.03	$ 0.13	$ 0.03	$ 0.20
Producer (incl. spec. taxes)	***$ 5.23***	***$ 3.49***	***$ 1.58***	***$ 10.30***
Producer-direct	$ 0.06	$ 3.49	$ 1.58	$ 5.13
Special product taxes	$ 5.17	$ -	$ -	$ 5.17
Net Imports	$ 0.01	$ -		$ 0.01
Total Tax	**$ 9.13**	**$ 8.60**	**$ 2.63**	$ 20.36

The Value-Added Chain

	Dollars	Percent
Retail Services	$ 17.39	37%
Wholesales Services	$ 7.06	15%
Transportation Services	$ 0.63	1%
Producer (incl. spec. taxes)	***$ 21.59***	***45%***
Producer-direct	$ 16.42	35%
Special product taxes	$ 5.17	11%
Net Imports	$ 0.82	2%
Total Value Added	**$ 47.50**	**100%**

Tax Dollars Paid as a Percent of Value Added

		Income, Profit, & Payroll Taxes		
	Sales & Excise Taxes	**Federal**	**State & Local**	**Total Taxes**
Retail Services	14%	21%	4%	39%
Wholesale Services	19%	19%	4%	42%
Transportation Services	5%	21%	5%	31%
Producer (incl. spec. taxes)	***24%***	***16%***	***7%***	***48%***
Producer-direct	0%	21%	10%	31%
Special product taxes	100%	0%	0%	100%
Net Imports	2%	0%	0%	2%
Total Tax	**19%**	**18%**	**6%**	**43%**

To relate this information to a more common consumer experience, the following information has been scaled to a per-bottle basis.

Tax Detail on a Per-Bottle Basis:

Total Consumer Cost Per Bottle	**$0.77**
Breakdown of 43% of cost that is taxes:	
Sales and excise taxes	**$0.15**
Federal income, payroll, and other taxes	**$0.14**
State and local income, payroll, and other taxes	**$0.04**
Sum of Taxes	**$0.33**

Stages of Production Tax and Business Cost-Per-Bottle (US$)

Cost		Taxes
$0.09	Suppliers to Brewers	$0.04
$0.11	Brewing	$0.12
$0.07	Transportation/Wholesaling	$0.05
$0.17	Retailing	$0.11
$0.44	Totals	$0.33

Stages of Production Tax and Business Cost-Per-Bottle (%)

Cost		Taxes
12%	Suppliers to Brewers	6%
14%	Brewing	16%
9%	Transportation/Wholesaling	7%
22%	Retailing	14%
57%	Totals	43%

METHODOLOGY

This DRI/McGraw-Hill study identifies the economic value-added chains and tax burdens of the beer industry. Data taken from a variety of sources including the Bureau of Economic Analysis [BEA] National Income and Product Accounts, the 1993 Internal Revenue Service [IRS] Corporation Source Book of Statistics of Income, and the BEA's most recent Benchmark Input-Output Accounts of the United States were utilized to calculate the value added and associated tax burden along the process of production, transport, and distribution.

Description of summary table

The table which precedes this section of the report contains three sections: Tax Burdens Through the Production Chain, The Value-Added Chain, and Tax Dollars Paid as a Percent of Value Added. The first section, Tax Burdens Through the Production Chain, is a compilation of tax calculations from the supporting table contained in the Data Appendix which follows. "Sales and Excise Taxes" in the summary table were taken from the columns labeled "Total Taxes: Indirect" on page 2 of the supporting table. Taxes associated with retail beer sales are the sum of on-premise (eating and drinking establishments) and off-premise (grocery and liquor stores) activities. The "Income, Profit, and Payroll Taxes" in the summary table represent all other taxes as calculated in the tables in the Data Appendix. "Total Taxes" on the summary page are equal to the "Grand Total" as found in the supporting table.

The middle section of the summary table, The Value-Added Chain, was also taken directly from the supporting table, and is discussed at length below. In each step of producing, transporting, and distributing beer to the consumer, value is added through the employment of workers, the depreciation of capital, and the realization of profit. Each line item, in billions of dollars, represents a portion of the total final national expenditure for beer.

The last section of the summary table, Tax Dollars Paid as a Percent of Value Added, simply divides the values in the first section by the values in the second. This section indicates the relative tax burden that the beer industry bears at each stage of production and distribution. For example, 43 percent of the total value added to the economy by the beer industry represents taxes of one form or another. A large portion of the taxes on the beer industry are paid at the prouder level.

Description of supplementary tables

The top-line number used for the beer industry is a total domestic consumption 1 number for the year 1993. (See, for example, page 1, cell B17 of the supplementary table entitled, "Brewing Industry Data Appendix".) For beer, the dollar values for total consumption—which include both at home and restaurant expenditures—were sourced from the National Income and Product Accounts, "Personal Income and Outlays," produced by the BEA.

In order to arrive at a domestic production and distribution number—i.e., how much U.S. companies produce and distribute—we adjusted the total consumption number by subtracting imports and adding in exports. The source for these trade figures is the publication Trade and Employment produced jointly by the Bureau of the Census and Bureau of Labor Statistics.

The total consumption number adjusted for trade for each good was then decomposed into its value-added chain, i.e., producer's contribution, transportation services, wholesale services, and retail services. For beer, the producer's contribution is the 1993 shipments value from the Annual Survey of Manufacturers prepared by the Bureau of the Census. The input-output accounts were again used to estimate the transportation, wholesale and retail services along each product's value-added chain.

The producers' contribution to value added includes the value added of all suppliers to the manufacturer. These inputs are then further detailed in the bottom half of the beer industry table with the distribution among the various inputs derived from the input-output accounts. The value of these inputs depreciation and other small value-added contributions of the manufacturer are reported as "Other Value Added." For example, in the supplementary table for the brewing industry, the value of beer shipped by manufacturers is roughly $17 billion. "Other Value Added" is $13 billion of which approximately $10 billion is brewing inputs detailed in the lower half of the table.

Taxes on labor

Labor compensation was calculated as a portion of industry output and each associated link along the value-added chain. Wages and salaries (taxable compensation) were taken as a percentage of total labor compensation calculated through statistics presented in the National Income and Product Accounts. Effective tax rates for Federal payroll and income and state and local income for 1993 were multiplied by wage and salary compensation, and are listed under the "Taxes on Labor" columns, specified in millions of dollars.

Effective tax rates were calculated as the gross tax receipts as documented by the National Income and Product Accounts divided by the relevant tax base developed by DRI/McGraw-Hill. For example, the average Federal personal income tax rate for 1993 was 11.7% *Marginal* Federal tax rates begin at 15 percent and rise to 39.6 percent, but exemptions and deductions reduce the ratio of taxes to income to 11.7 percent. Similarly, tax credits and other adjustments reduce the effective Federal corporate income tax rate from the statutory 35 percent to a 32.2 percent effective average rate.

Taxes on profits

Profits were calculated as industry-specific percentages of revenue based on data in the Corporation Source Book of Statistics of Income compiled by the IRS. These profit margins were then multiplied by the revenues associated with the calculated value-added components. Federal, and state and local profit taxes are taxes on corporate profits. Federal, and state and local taxes are taxes on dividends and capital gains realized by shareholders; we estimated these dividends and gains as corporate profits minus taxes. As noted above, the effective average tax rates were calculated by DRI/McGraw-Hill using inputs from the National Income and Product Accounts.

Tax on other value added

Other value added includes items such as depreciation and non-corporate income, and represents additional taxable output to the economy. Depreciation, for example, represents capital expenditure and thus, income to firms that provide related goods and services. Effective Federal and state tax rates that are applied to the general economy were multiplied by a calculation of other value added along the relative production chains for each analyzed industry.

Indirect taxes

Indirect taxes represents all sales, excise, and product-related taxes. Sales taxes and non-tax government payments (e.g., licenses, fees, penalties) were calculated as a percentage of total output through input-output accounts, with the exception of retail taxes. These taxes were calculated based on tax rates presented in a study by the Institute on Taxation and Economic Policy. Product-related taxes (e.g., alcohol) were calculated from reliable industry-specific literature.

Data Appendix

Brewing Industry Data Appendix

Page 1 of 2

	A	B	D	E	F	G	H	I
1	**Analysis of Beer Industry (in $ millions)**					Tax Rates		
2	**Distribution of Value Added**					**Effective**		**1993**
3					a	Federal Payroll:		17.0%
4					b	Federal Income:		11.7%
5					c	State/Local Income:		3.7%
6					d	Federal Profit:		32.2%
7					e	State/Local Profit:		5.7%
8					f	Federal Tax @ GNP:		19.4%
9					g	S/L Tax @ GNP:		10.8%
10								
11								
12								
13		**1993**	**Total**	**Wages**				**Other**
14		**Beer**	**Labor**	**as % of**	**Wages**	**Pre-tax**	**Indirect**	**Value**
15		**VA**	**Comp.**	**L.C.**	**& Sal.**	**Profit**	**Taxes**	**Added**
16	Formula				D*E			
17	**Total Domestic Consumption**	47,969.5						
18	**Exports**	233.7						
19								
20	Retail (net of alcohol taxes)	17,392.0						
21	E&D shares	51.60%	51.60%	51.60%	51.60%	51.60%	51.60%	51.60%
22	Eating & Drinking (& sales tax)	8,974.3	5,848.7	84%	4,894.3	591.7	1,300.2	1,233.6
23	Off-premise	8,417.7	5,336.2	85%	4,555.6	410.0	1,184.5	1,487.0
24	Wholesale Services	7,063.0	4,141.3	84%	3,466.0	218.0	1,368.4	1,335.3
25	Transport. Services	633.2	398.2	78%	309.4	15.9	30.2	189.0
26	Domestic Brewers' Contribution*	16,422.0	1,952.4	80%	1,565.7	1,160.3	58.0	13,251.3
27	Imports	1,055.0					14.4	
28	Federal Alcohol Taxes	3,339.3					3,339.3	
29	State Alcohol & License Tax	1,831.4					1,831.4	
30	**Total Brewer & Dist.**	**47,969.5**	**17,676.8**		**14,791.0**	**2,395.9**	**9,126.3**	**17,496.2**
31	* excluding Fed. & State alcohol taxes							
32								
33	**Detail: Value of Domestic Beer**							
34	**Value of Brewer Inputs**	**8,551.5**						
35	Agriculture	222.8						
36	Food Products	261.1						
37	Malt	615.1						
38	Glass Containers	1,466.2						
39	Metal Containers	3,416.1						
40	Paperboard	498.8						
41	Transport	223.8						
42	Wholesale Trade	328.3						
43	Advertising	1,085.0						
44	Other	434.2						
45	**Tot. Suppliers (VA)**	8,551.5						

Brewing Industry Data Appendix
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	K	L	M	N	O	P	Q	R	S	T	V	W	X	Y
1	**Analysis of Beer Industry (in $ millions)**													
2	**Taxes on Value Added**													
3														
4														
5		**Taxes on Labor**			**Taxes on Profits**				**Tax on Other VA**		**Total Taxes**			
6		**Fed.**	**Fed.**	**S/L**	**Fed.**	**Fed.**	**S/L**	**S/L**			**Fed.**	**S/L**		**Grand**
7		**Payroll**	**Income**	**Income**	**Profit**	**Income**	**Profit**	**Income**	**Federal**	**S/L**	**Factor**	**Factor**	**Indirect**	**Total**
8	Formula	F*a	F*b	F*c	G*d	G*(1-d)*b	G*e	G*(1-d)*c	I*f	I*g	L,M,O,P,S	N,Q,R,T	H	V+W+X
9	**Total Domestic Consumption**													
10	**Exports**													
11														
12	Retail (net of alcohol taxes)													
13	E&D shares													
14	Eating & Drinking (& sales tax)	832.0	572.6	181.1	190.5	46.9	33.7	14.8	239.3	133.2	1,881.4	362.9	1,300.2	3,544.5
15	Off-premise	774.4	533.0	168.6	132.0	32.5	23.4	10.3	288.5	160.6	1,760.5	362.8	1,184.5	3,307.8
16	Wholesale Services	589.2	405.5	128.2	70.2	17.3	12.4	5.5	259.0	144.2	1,341.3	290.3	1,368.4	3,000.0
17	Transport. Services	52.6	36.2	11.4	5.1	1.3	0.9	0.4	36.7	20.4	131.8	33.2	30.2	195.2
18	Domestic Brewers' Contribution*	266.2	183.2	57.9	373.5	92.0	66.1	29.1	2,570.8	1,431.1	3,485.7	1,584.3	58.0	5,128.0
19	Imports												14.4	14.4
20	Federal Alcohol Taxes												3,339.3	3,339.3
21	State Alcohol & License Tax												1,831.4	1,831.4
22	**Total Brewer & Dist.**	**2,514.5**	**1,730.5**	**547.3**	**771.3**	**190.1**	**136.6**	**60.1**	**3,394.3**	**1,889.6**	**8,600.7**	**2,633.5**	**9,126.3**	**20,360.5**
23	* excluding Fed. & State alcohol taxes													

TREATING PEOPLE LIKE THIS IS A DISGRACE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. ROHRABACHER] is recognized for 5 minutes.

Mr. ROHRABACHER. Mr. Speaker, today we learned the joyous news our colleague, the gentleman from Pennsylvania [Mr. McDADE], was found not guilty on all charges against him. JOE was one of the most admired and distinguished Members of this body. He is much beloved by his constituents of his Pennsylvania district. JOE, however, was targeted by a prosecutor looking for a trophy. He wanted to put a trophy of JOE on the wall, he wanted to convict a Congressman, a prosecutor intent on bringing JOE down in order to further his own career.

Well, as time went on it was clear that JOE was innocent. The prosecutor, however, had to double his efforts or admit that he had wasted the taxpayers' time on a questionable, very questionable prosecution.

Today, after over 4 years of brutal attack by an abusive prosecutor, JOE McDADE was found innocent of all the charges against him. A jury of his peers heard the evidence and decided that they were groundless. Unfortunately JOE's defense cost him his entire life savings. He has been put through a travail that none of us would like to emulate.

Well, we rejoice with JOE, but we also add the fact that he was found innocent, and we stand committed to try to make up at least for the financial loss that he suffered. He has suffered a catastrophe at the hands of an out-of-control prosecutor, a prosecutor gone berserk in order to bring down a public official in order to make himself look good.

And what has the cost been to this man personally, a loyal hardworking public servant who committed his entire life to his country and to his constituents? We will welcome JOE back here joyously after this great victory.

But today something else happened. Today President Clinton announced that he is reneging on his agreement, as stated by his White House spokesman, to sign a bill which would pay for the legal expenses of Billy Dale. This is a bill that passed this House overwhelmingly, to pay the legal expenses of Billy Dale.

Now you may remember who Billy Dale is. Billy Dale was the civil service employee at the White House who ran the travel office. He was fired by the White House early on in order to give basically a relative of the President a chance to take over that office and to give a Hollywood chum of the President a chance at the contracts to give travel services to the media who cover the White House.

Billy Dale was fired unjustly, and when there was a large protest about this, the President decided, and whoever it was, that they would not just be satisfied with firing Billy Dale, but they would have to file charges against this man, this guy, this ordinary working man who spent all of his life trying to do his duty, had been in the military.

He was there in a bipartisan job in the White House, just a little public servant, somebody, a civil service fellow, and he was fired, and he was then not only fired but prosecuted in order to cover up the wrongdoing and the wrong action that was taken against him.

Well this was something that was again confirmed by the fact that Billy Dale, with all of the prosecutorial power of the Federal Government against him, when it was taken to court it took 2 hours, 2 hours for a jury to find that Billy Dale was innocent of all the charges against him.

Yet, like JOE McDADE, Billy Dale was not a rich man, and Billy Dale's entire life's savings was destroyed by trying to defend himself against a vindictive President who was trying to cover up his own wrongdoing.

Now, after the President agreed through his spokesman at the White House that he would sign a piece of legislation, legislation that passed overwhelmingly in this body, to make up at least to some small degree the injustice that was given to this man, Billy Dale, who ran the travel office there at the White House, the President now is reneging on that agreement. The President said, "Oh, not until all the legal fees of all the people who were being investigated by this Congress are paid are we going to pay for Billy Dale."

Well let me remind the President, and I guess I cannot speak directly to the President, but let me remind all of you that the President of the United States is talking about people who were not found innocent of crimes, or are being investigated, versus Billy Dale who was found totally innocent of all the charges against him. This is an absolute travesty.

President Clinton must stand by his word. Through his spokesman, he committed to sign the bill that would pay Billy Dale's legal expenses and make up for the wrongdoing that his administration was involved in in basically relieving Mr. Dale of his job in the first place and then bringing criminal wrongdoing against Mr. Dale to cover up that tactic against this civil servant.

Mr. Clinton has gone too far, he has to keep his agreement with us, and he must keep faith with the values of the American people instead of treating some civil servant like this. It is a disgrace.

WE NEED TO GO FURTHER WITH HEALTH CARE LEGISLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I wanted to come to the floor this evening to clarify and conclude a debate that we had earlier today on the floor of the House. First of all, let me acknowledge that I am grateful in a bipartisan manner that this House and the Senate has passed the Kennedy-Kassebaum legislation.

□ 2300

There are many aspects of the legislation that we could cite as being positive, and some that we need to have further refinement. But there was a dialog on the floor of the House today that I engaged in with my friend, the gentleman from Iowa, as to my concern of the heavy burdens falling upon our physicians throughout this Nation.

There is no doubt that I am gratified to have been able to support and cosponsor the legislation that was just passed, that allows Americans to have portability with their health insurance, and not to be penalized for preexisting disease. We need to go further. We need to ensure that all Americans have access to good health care.

At the same time, I am familiar and interact with many aspects of the medical profession: those physicians who practice in rural America and urban America. In fact, I have served on an indigent health task force for the State of Texas, where we were fighting against the closing of rural hospitals throughout that State. One of the problems, of course, was the inability of many of the physicians to be able to practice in those communities because of limited access to insurance that would cover those constituents, and, as well, limited access to viable hospitals.

It is those physicians who practice in inner city America and rural America who have private practices who I am concerned will be heavily burdened with the fraudulent provisions that are so severe in this legislation. We want to get rid of the fraud and abuse and certainly the bad practitioners, but overall, America's physicians take the Hippocratic oath, and all they want to do is to serve their patients.

If you have an office situation that is small and not necessarily computer-processed, and you have an inadvertent staff person who repeats the billing to Medicare or some other service, then you are charged with knowingly and intentionally and recklessly providing this documentation, and are subject to the fraud provisions.

I really think that we have an opportunity, as this bill is signed, to revisit this question and to study this question, to ensure that those physicians who serve our most needy of Americans in rural and urban centers around the Nation are allowed to do their practice, the practice of medicine, and that we do not hinder them and tie their hands so they are not able to serve those constituents, and that they are not subjected to some of the harshest fraudulent provisions that are in this particular legislation.

Mr. Speaker, I would encourage my colleagues, Democrats and Republicans alike, that we consider whether or not, as we watch this legislation progress, that it is not too severe to inhibit those who might serve those most needy constituents.

ANTITERRORISM LEGISLATION AND THE STATUS OF AMERICAN MILITIAS

Mr. Speaker, let me point out two other matters that we have had the opportunity to discuss this week. One, there has been a conference committee, bipartisan, in which the President has instructed the leaders of Congress to respond to the concerns of the American public and to pass antiterrorism legislation, which would include wiretapping, increased services or increased resources to our law enforcement, and, as well, would provide for taggant, what we would call the kind of tracking devices, to determine who might have been behind any kind of explosive incident or tradegy.

It seems as if, however, we have not been able to come to a meeting of the minds, and that Members of this House, Republicans, have refused to listen to the President and to the American public asking for greater national security. I hope we can find an opportunity to come together on this issue, and not allow partisan politics to divide us on this question of terrorism.

I hope also this House will have hearings on terrorism, domestic and international. I would also like my colleagues to join me in the support of House Concurrent Resolution 206, which I will offer, that will suggest to this Congress that we join together to determine the state of militia in this Nation, to determine whether there are those who are organized in a violent manner to overthrow this Nation. If they are in the form of militia, then we should find them, identify them, and prosecute them to the fullest of the law, and certainly the Department of Justice should be involved in this prosecution. We must not tolerate terrorism, domestically or internationally.

I would encourage my colleagues in the House to get on with the business of an antiterrorism bill, and to join me in this militia legislation that will bring individuals to justice who would overthrow this Government.

TRIBUTE TO TROOPERS WHO SAVED LIVES IN ATLANTA'S CENTENNIAL PARK BOMBING

The SPEAKER pro tempore (Mr. FORBES). Under a previous order of the House, the gentleman from Georgia [Mr. KINGSTON] is recognized for 5 minutes.

Mr. KINGSTON. Mr. Speaker, I would certainly be remiss in my duty if I did not brag on and recognize four of our First District of Georgia heroes that led the safety efforts in last Saturday's early morning Centennial Park explosion in the Olympics in Atlanta. The gentlemen that I want to recognize are Mr. Ted Riner, Mr. Tommy Sisson, and Mr. David Averitt. These are all State troopers who lived in Statesboro, GA, who were on detail at the Centennial Park in Atlanta.

I also wanted to recognize Mr. Tom Davis, who married a Statesboro girl, who is the daughter of my friends, Bobby and Floyd Naxton, in Statesboro. Tom was the GVI agent in charge of Centennial Park. If you can visualize the scene a little bit, in fact last Monday, Libby, my wife and I were at an Olympic medal ceremony in Savannah, and it was very similar to the scene that had happened on Saturday, just a few days before. The Spinners were playing, a great popular group, everybody was dancing, everybody was having a good time, folks were celebrating the Olympics from all over America, from all over the world, and so forth.

I was thinking, this is what the scene was like Saturday morning early, at 1:20 a.m., when the bomb exploded. As we know, Mr. Davis was among the very first to know of the bomb, and immediately he began evacuating the area. Mr. Riner, Mr. Sisson, and Mr. Averitt all were key players.

There were only 9 people evacuating about 150 partiers. Some of these partiers had been drinking, some of them were tired, some of them did not want to be interrupted in their partying, and yet these brave men very calmly but very firmly led these 150 people, this group, out of the way of danger, and when the bomb went off, only two people were fatally wounded, which, of course, were two too many. However, you can only think of how many people would have died if it had not been for the efforts of these four men and the five others who were with them.

The interesting part, being true Americans, true officers who will do their duty and act without question when the time of emergency comes, they laughed later when they were told that they were heroes. They said, why are we heroes? We were just doing our jobs.

Then they talked about being wounded, as all three of them were. Mr. Davis was not wounded, but the three of them were, the three others were. They said that even as they were being told to lie still and being taken to the hospital, their first concern was, how many people were injured, and what about each other? They all, Riner, Sisson, and Averitt, had known each other. They know Pam, David's wife, and they were all very fond, and that was their first concern each one of them had, for the other person and for the public in general.

Mr. Speaker, as long as America has men like this, people like this from all over the country, heroes that come from everyday walks of life, our country will continue to be a great Nation. I am proud to say that I know some of these guys vicariously. I certainly know of them very well and know their families, and I am very, very proud of them.

Just think what it would have been like, how much more tragic the explosion in Centennial Park would have been, if it had not been for their fast and immediate action. So I salute them, and I know all 435 Members of Congress join me in this salutation: Job well done, gentlemen.

TRIBUTE TO STAFF OF THE LATE HONORABLE HAMILTON FISH, JR.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York [Mrs. KELLY] is recognized for 5 minutes.

Mrs. KELLY. Mr. Speaker, since he was first elected to the 91st Congress in 1968 until his retirement in 1994, Hamilton Fish, Jr., has relied heavily on the support of his staff. During his 26-year tenure there were more than 70 staffers who served him loyally. The following is a list of those who served at least 3 years or more, as recalled to my memory.

The first of these is John Barry, from the Catskills in New York. He met Ham Fish in 1965 and became a trusted friend, adviser, campaign manager, and confidante, launched and ran a successful campaign, getting Ham elected to Congress the first time in 1968, and from that point on continued as his campaign manager and adviser and served as his administrative assistant until he retired, from 1968 until 1982.

John currently resides in West Palm Beach, FL. It was my joy and pleasure to serve Ham and work with John Barry. John was a remarkable man whom Ham was very lucky to have on staff.

John Nacarrato is another one. John Nacarrato was elected eventually to the Ulster County legislature, but he served as district director for Hamilton Fish until he retired in 1992. John is my friend from the early Ham Fish days, and he owns and runs PJ's Restaurant in Kingston, NY. I go up there to see him often.

Helen Fuimarello, this is another woman who met Ham Fish and volunteered on his campaign, then joined him. She came from Hamilton Fish's staff onto my staff and helped me set up my office in Dutchess County. She retired from Federal service in 1996, and currently works part-time for our State senator, Stephen Saland. Helen and I remain good friends and I rely on her excellent advice always.

I want to mention Aya Ely. Aya Ely was Ham's personal secretary from 1968 until 1987. She was an absolutely remarkable woman.

Then there was Marion Clow. Marion kept us all in line. She was on Ham's staff from 1969 until she retired about 1983.

Then there was Alan Coffey, Jr. Alan started in 1969. Alan is still on Capitol Hill. He served on the House Committee on the Judiciary as minority counsel, but he is now majority general counsel and staff director of the Committee on the Judiciary. Alan is as sharp as ever, but he started with Hamilton Fish.

Gerry Schindler started as a volunteer on Ham's campaign. Eventually Gerry moved to Salisbury, MD, and now works in the office of Congressman WAYNE GILCHREST. She is a lovely, kind woman, and another friend of mine.

Then there is Shirley Cavanaugh, Dorothy Pedersen, Clementine Anthony, Janice Traber, Shelva Hoffman, Tom Schatz, and Phyllis Coleman, another remarkable woman. She started in 1979 in Ham's Poughkeepsie office as a caseworker and staff assistant. Later she moved to the Washington office to work as a legislative correspondent and chief caseworkers. She served Ham for 15½ years, and then she moved with me into my office. She is the finest human being I have found here on Capitol Hill. She is a wonderful human being, and has helped countless people in my district. My hat is off to Phyllis Coleman for her many, many years of service. I am proud to have her in my office.

Hope Wittenberg worked for Ham. Nick Hayes came in, replacing John Barry, from 1982 to 1994. He was Ham's administrative assistant. Nick, too, remains a good friend.

Nora Lucey Mail is still here on Capitol Hill. Mariel Friedman, David Gilroy, and then there is Pari Forood Novik. Pari Novik and her husband Dick are good friends. She served 6 years on Ham's staff, and they live in Dutchess County, where they help the Dutchess community in hundreds of ways. Pari basically now has opened and runs a radio station.

Molly Clark, Morey Markowitz, Grace Washbourne. Grace always made sure Ham got where he needed to go. She was a scheduler and a wonderful help to Ham.

Debbie Reilly, Renee Longacre, Mike Hanretta, Heather Whyte, Nancy Eaton, another caseworker who moved from Ham's office to help me.

Linda Jo Edwards, Melissa Bottini, Claire Benson, and many more. These are the people who made the office of Hamilton Fish what it was and helped Ham be the man that he was, and helped him continue to keep his image well-honed. I believe it fitting that we also offer them a tribute, as we have Ham.

OPPOSITION TO DEFENSE AUTHORIZATION BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. TALENT] is recognized for 5 minutes.

Mr. TALENT. Mr. Speaker, I rise to explain my opposition to the conference report on the defense authorization bill which the House passed earlier this evening.

Mr. Speaker, shortly after I was elected to the Congress in 1992, several constituents first raised with me the POW-MIA issue. It did not take a great deal of research before I concluded, to my shame, that our Government had left hundreds of POW's behind in Vietnam at the end of that war. Since I entered the Congress I have participated in hearings which have only reinforced my original conclusion in that matter. In fact, the Government's denials in these hearings have taken on a feeble and pro forma quality, as if they know and we know that what they must say for the record is not true.

Like many other Members, I continue trying to expose this truth publicly, but I am not so naive as to believe, with all the foreign policy, economic, and personal interests at stake that any administration is likely to admit that several hundred men were left behind following Operation Homecoming in 1973, and that a 20-year bipartisan coverup has since occurred.

□ 2315

But I did think it possible to make better provision for servicemen in the future. I was very pleased when, in last year's authorization bill, Congress passed the Missing Service Personnel Act. This act established a separate agency to track POW-MIA's, granting extensive powers to that agency and legal rights to the families of missing servicemen. The new legislation made it much less likely that soldiers could be left behind in subsequent wars. It tacitly recognized and therefore partially redeemed the sins of the past. Nothing could give better meaning to the past sacrifices of our POW's than real action to ensure that others are never abandoned as they were.

However, during debate on this year's bill, and at the urging of the Pentagon, the Senate adopted an amendment gutting the legislation passed only 6 months ago, loosening standards for investigation and certification.

As has so often been the case with the POW-MIA issue, it is impossible to fathom the reason for the Senate's and presumably the Pentagon's position. Certainly the families and the veterans organizations will be mystified and heartbroken. As I said before, the new law has only been in place for 6 months. What have we learned in that short period of time that justifies so significant a change? Why do we now believe that it is acceptable for a commander to wait 10 days before reporting that one of this men is missing in action? Why is it less important now than it was 6 month ago to require that forensic standards be satisfied before identifying a body based on one tooth or one bone? And what has the Department of Defense done since the beginning of the year that should convince us to err on the side of giving it more discretion in making these determinations given its dismal record over the last 20 years?

Mr. Speaker, I cannot blame any Member who decided to vote for this conference report because of the good things in it, notwithstanding what it does to the cause of POW's and MIA's. Everyone has to make this own decisions in matters of that kind. I freely admit that my vote was based more on conscience than on policy. I simply cannot join in once more sacrificing the interests of our POW's in the name of some greater good. Objectively I know that what the Congress did tonight will have little effect on those left behind in Vietnam. I am sure they have long since given up hope of deliverance and in fact most are by now buried in fields or shallow graves or stored in warehouses in case the Vietnamese need their bodies for some purpose. What I find unendurable is the sense that we have today abandoned them again, heaping yet another betrayal on the bones of these honorable men who made the mistake of trusting us.

HEALTH INSURANCE REFORM LEGISLATION

The SPEAKER pro tempore (Mr. FORBES). Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for one-half of the remaining time as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, I do not plan to use all of the time. But I did want to take to the floor tonight to talk about the health insurance reform legislation that was passed today on a bipartisan basis and certainly start off by saying that I am pleased that the bill did pass, that we have agreement between the House and the Senate, and that this legislation will go to the President and that the President has indicated, obviously, that he will sign it, because at least we will be able to say that this year there has been some progress, albeit small progress, but some progress toward expanding health insurance opportunities for Americans.

I have been very concerned over the last 2 years that we would not get this legislation passed because of inaction, which I put the blame on the Republican leadership here in the House. One of the things that Democrats, that we as Democrats did at the beginning of this session of Congress, was to establish a health care task force whose goal primarily was to try to expand health insurance opportunities for the many Americans who either do not have health insurance or who have problems obtaining health insurance even if they can afford to pay for it. I think this is one of the major issues that we must address not only in this Congress, but also in future Congresses.

The bottom line is that more and more people every day in this country do not have health insurance. The estimates now are that it may be as many as 40 million Americans. I think it is unconscionable that that number continues to grow, and I think that government, and the Federal Government in particular, must do whatever it can to try to increase opportunities for health insurance and ultimately to bring down the number of Americans who do not have health insurance, who are not covered by health insurance.

Let me just point out today why I think that the bill that was approved, which I call the Kennedy-Kassebaum bill, for the two Senators who initially sponsored it in this session of Congress. What it does essentially, it does a lot of things but I would just like to highlight four things that I think are most important.

One is, and most importantly, it deals with the whole issue of what we call portability, where an individual or a family, the head of the household I should say, loses their job or has to change jobs. Increasingly, that becomes a difficult problem for that individual or that head of the household or the family as a whole to find health insurance when they change a job or when they lose their job. In addition, we have a lot of Americans who in that circumstance or in other circumstances cannot find health insurance because they have a preexisting medical condition. The bill that we passed today addresses those problems in significant ways.

First, it provide health insurance portability for workers and protection against exclusion from group insurance coverage in a new job because of preexisting condition. A group health plan cannot exclude you for more than a year from the coverage it gives others because of a preexisting condition. If you had a year or more of coverage and switched jobs and then have less than a 63-day, 2-month break in service between the jobs, the new plan cannot exclude you because of preexisting conditions. Of course, that sounds a little legalese, but it is a significant breakthrough for people who have been denied health insurance because of preexisting conditions.

The bill also guarantees renewability of insurance regardless of health record or the size of the group. It also provided opportunity to go from group to individual insurance. If you have exhausted your group insurance possibilities and have been covered under a group plan for 1 year for 1 year or more, you have the right to buy a type of individual policy without preexisting condition exclusions.

Finally, there is also a gradual increase in tax deduction for the self-employed to 80 percent by 2006.

There are other things in the bill, but those are the ones I want to highlight. From the beginning of this debate, which is really almost 2 years now in this Congress, I have said that if we can, if we can at least improve the situation in terms of portability job to job or making sure that people are able to get insurance for preexisting conditions, if that is all we do in this year and with this legislation, we have accomplished a lot. And all the other things that were added and all the other special interest provisions which I am going to go into a little bit now, I think, were basically not important, should have been excluded from the beginning, and unfortunately were not, but today we finally came to a conclusion and we have a relatively clean bill and deals with those preexisting conditions and portability provisions of the original Kennedy-Kassebaum bill.

Let me talk a little bit about what I consider the politics of this, because I have to say that I believe that as Democrats, as a Democrat and as a party, we have really taken the leadership to try to get this legislation passed this year in this Congress. More than anyone else, the President has taken a leadership role. He announced in his State of the Union address this year that if he was sent this bill with the preexisting condition provisions and with the portability provisions as a clean bill that he would sign it. Basically, President Clinton deserves most of the credit for the fact that this legislation finally passed tonight, and he is going to sign it.

However, what I hear from my Republican colleagues on the other side and what I am sure I am going to be hearing for the next month or so is this effort, I guess part of a massive election-year campaign, to try to convince the American voters that the Republican Party, or the Republican leadership, is responsible for improving access to health insurance through the legislation that we passed today.

The truth is that it has been the Democrats who have led the charge to expand access to health care for all Americans. Over the last 40 years, Democrats have promoted and succeeded in enacting legislation to improve the health care system, most importantly through the establishment of Medicare and Medicaid health programs in the 1960's and Democratic have consistently fought for the health reform provisions that were in the bill that we passed today. The Democratic lead on these reforms started in this Congress when Senator KENNEDY first introduced his bill in July of last year. The Democratic advocacy of these health insurance reforms dates back even further.

I have to say, because I have been to the well, I have been here on the floor many times to point out how the Republican leadership refused to take any action on the legislation until President Clinton finally put pressure on them by calling for passage of the bill in his State of the Union address last January, gradually the Republican leadership started moving on the Kennedy bill, by very slowly, In fact, the House and the Senate did not even vote on the bill until the end of March.

I think that what essentially happened here is that the Republican leadership and Speaker GINGRICH realized more and more as the year went on that their Contract With America provisions, that their extreme agenda was not working, and they started to reach out with this bill as a vehicle to show that they are moderate and they were actually trying to do something for the average American.

Even though that was true and even though the political pressure was on them to try to do that and hopefully to move this bill, we still had a holdup because the leadership, Speaker GINGRICH, the Republican leadership, insisted on including the medical savings accounts as a provision in this legislation.

I have stated over and over again that the medical savings accounts were the poison pill, essentially the delay, and the fact that this bill did not come to the floor in this form until today was largely due to the Speaker's insistence and the Republican leadership's insistence that medical savings accounts be included in the legislation. I have pointed out and I will point out again, I believe the major reason for that push was because they received so much money, the Republican Party did, from the Golden Rule Insurance Co., which is the main company that sells these kind of policies.

Let me just say briefly why, and I have said it before, but I want to say it again briefly, why medical saving accounts are not a positive provision in this legislation.

Fortunately, again due to Senator KENNEDY's insistence primarily and other Democrats, the medical savings accounts provision in this bill that came to the floor today were whittled down, so it is now only a pilot program that does not impact a lot of people. And so I am hopeful that whatever negative aspects exist for MSA's have been whittled down and will not have a terribly negative impact on this bill. But it is still in the bill, and I do think that we should be worried about the impact of MSA's.

What MSA's do basically is to break the insurance pool. You have wealthy people, you have poor people in the insurance pool. You have healthy people, you have unhealthy people in the insurance pool. The idea of the insurance pool is you put all these people together and you basically have a balance, and you do not charge a great deal because everybody pays an average premium. What MSA's do basically is to separate the health insurance risk pool and actually result in premium increases for many Americans because the people that opt out and go for the umbrella or the catastrophic policy, if you will, that exists with the MSA's are mainly healthy and wealthy people, people that can afford to pay out of pocket if necessary, people who do not think that they are going to have to have that many occasions when they visit a doctor or go to a hospital. And so what happens is the healthy and wealthy people opt for the medical savings accounts and the insurance pool is left with poorer people and people who are largely unhealthy, and premium rates go up.

The reason that I think that is such a terrible thing is because the whole purpose of health insurance reform is to try to expand opportunities for health insurance coverage for people that do not have it. If premium rates go up, then fewer people can afford health insurance. Fewer people are able to afford health insurance and more and more people go without health insurance.

Why did they try to incorporate these accounts, these MSA's in the bill? Because the Republican leadership was getting a lot of special interest money from the Golden Rule Insurance Co., which was the main company that was trying to sell these policies.

The Republican leadership went so far that they even tried to put MSA's in their medical proposal even though the CBO, the Congressional Budget Office, a nonpartisan organization, scored the MSA's as draining Medicare by over $3 billion. So we had this MSA problem not only with this bill, but also with Medicare.

At one point, we had the Republican leadership in the Senate saying that they would not even allow the minimum wage increase legislation to be considered until they had their way with the health insurance reform bill that included the MSA's. Fortunately, they dropped that.

Tomorrow we are going to be considering the minimum wage bill. Once again, it is because of Democratic persistence in saying, "No, we're not going to link these two, we're not going to include the provisions on the medical savings accounts the way you want it. We want to pass a clean health insurance reform bill to address portability and preexisting conditions, and we want to pass a clean minimum wage bill."

□ 2330

I have to say, once again, that I believe very strongly that the reason that this bill came to the floor today is because of the insistence of the Democrats that it come before us in its clean form and in the way that would actually be helpful to the average American.

Now, let me stress, and I guess I am basically going to conclude with this, that while this legislation that is before us today and that we voted on is not the end-all in health insurance reform, it is an important first step down the road to helping Americans maintain their health care security. However, I think a lot more work needs to be done.

Some of the Democrats who spoke on the floor today stressed the fact that this is only a small step and that we need to do a lot more in order to achieve that goal of bringing all Americans under some kind of health insurance coverage. That is certainly true. This is only a beginning, an important beginning, but nonetheless a beginning. Only a beginning.

What are we proposing then as Democrats? Well, the next step, the next incremental step, I believe, and probably the most important one, is a proposal that the Democrats have put forward as part of their family first agenda to create kids only health insurance policies, ensuring that every American child has health insurance.

We have obviously dealt in an important way now with the portability and the preexisting condition problems, but one of the biggest gaping holes in the lack of health insurance, so to speak, is the fact that so many children now do not have health insurance. So as part of our agenda we want to make sure that there are ways in which people who can afford to buy health insurance, but maybe have problems because they have difficulty buying it for their children or difficulty buying it for their whole family, at least have the option that they can buy it for their children. If their children are covered, obviously that is important to them and it gives them some sense of security about their ability to provide and take care of their children.

At the same time, Democrats remain committed to protecting Medicare and Medicaid from Republican raids on those programs primarily to pay for tax breaks for the wealthy. Over the last year and a half, Republicans have made several attempts at cutting Medicare and Medicaid, and I have again talked about those a great deal on the House floor.

If we make these severe cuts in Medicare and Medicaid that had been proposed by the Republican leadership, the net effect would increase the number of uninsured and underinsured. That is the opposite of what the goals should be of this Congress. Not only the Democratic goal, but the bipartisan goal of this Congress and of this Federal Government is to get more people health insurance. We are not going to accomplish that if we cut Medicare and Medicaid. Ultimately, it is going to mean that fewer people have health insurance and the quality of service and the level of service goes down.

Mr. Speaker, I just want to conclude, because I know there is not much time left and I do not want to use all the time, but I just feel very strongly that what we have witnessed in this Congress, when we talk about Medicare, when we talk about Medicaid, or even when we talk about this health care reform bill which we finally passed today, is that the Republican policy has essentially been the opposite of what the Democratic principles are about.

Democrats have said that they want to increase the number of people that have health insurance. What we have been seeing from the Republican leadership basically is the opposite: Cut health care programs, repeal health care programs and, finally, be dragged sort of fighting and kicking to pass a health care reform bill that addresses one problem, or at least one small problem affecting millions of Americans.

I suppose, ending on an optimistic note, I have to say that maybe they have been dragged kicking to the point where they had to bring up the bill today, but at least the bill was brought up, and there are millions of Americans who will be positively impacted by this health insurance reform legislation that was passed today on a bipartisan basis. If it took all the kicking and screaming and complaining by Democrats to get us to that point, that is fine. We have accomplished something and it is certainly a victory for all Americans.

Mr. Speaker, I yield back the balance of my time.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the House stands in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 35 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0049

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 12 o'clock and 49 minutes a.m.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF A MOTION TO SUSPEND THE RULES

Mr. GOSS, from the Committee on Rules, submitted a privileged report (Rept. No. 104–744) on the resolution (H. Res. 508) providing for consideration of a certain motion to suspend the rules, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.R. 3845, DISTRICT OF COLUMBIA APPROPRIATIONS ACT, 1997

Mr. BONILLA submitted the following conference report and statement on the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes:

CONFERENCE REPORT (H. REPT. 104–740)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3845) "making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 5, 6, and 7.

That the House recede from its disagreement to the amendments of the Senate numbered 9, 12, and 13, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the matter stricken by said amendment, insert the following: *That funds expended for the Office of the Mayor are not to exceed $2,109,000, of which $632,000 is from intra-District funds: Provided further, That $327,000 of the funds for the Office of the Mayor shall be transferred to the Department of Administrative Services as reimbursement for occupancy costs, including costs for telephone, electricity and other services: Provided further,*; and the Senate agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

Delete the matter stricken by said amendment, and on page 3, after line 4 of the House engrossed bill, H.R. 3845, insert the following:

FEDERAL CONTRIBUTION FOR REPAIR OF DRINKING WATER SYSTEM

For a Federal contribution to the District of Columbia Financial Responsibility and Management Assistance Authority for contracting with a private entity (or entities) to carry out a program to inspect, flush, and repair the drinking water distribution system of the District of Columbia, $1,000,000.

, and

on page 4, line 13 of the House engrossed bill, H.R. 3845, strike all after "funds)" down through and including "Columbia" on page 5, line 11.

And the Senate agree to the same.

Amendment number 8:

That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows:

Retain the matter proposed in said amendment, and

on page 31, line 5 of the House engrossed bill, H.R. 3845, strike ", prior to October 1, 1996,".

And the Senate agree to the same.

Amendment number 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

Delete the matter proposed and restore the matter stricken amended as follows:

In lieu of the first sum named in the matter restored insert: *$74,000,000*; and the Senate agree to the same.

Amendment number 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

Delete the matter proposed and restore the matter stricken amended as follows:

In lieu of subsection (a) in the matter restored insert:

(a) The heads of all personnel of the offices, together with all other District of Columbia accounting, budget, and financial management personnel (including personnel of independent agencies but not including personnel of the legislative and judicial branches of the District government), shall be appointed by, shall serve at the pleasure of, and shall act under the direction and control of the Chief Financial Officer:

The Office of the Treasurer.

The Controller of the District of Columbia.

The Office of the Budget.

The Office of Financial Information Services.

The Department of Finance and Revenue.

The District of Columbia Financial Responsibility and Management Assistance Authority established pursuant to Public Law 104–8, approved April 17, 1995, may remove such individuals from office for cause, after consultation with the Mayor and the Chief Financial Officer.

And the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment, insert the following:

SEC. 149. ENERGY AND WATER SAVINGS AT DISTRICT OF COLUMBIA FACILITIES.

(a) REDUCTION IN FACILITY ENERGY COSTS AND WATER CONSUMPTION.—

IN GENERAL.—The Director of the District of Columbia Office of Energy shall, subject to the contract approval provisions of Public Law 104–8—

(A) develop a comprehensive plan to identify and accomplish energy conservation measures to achieve maximum cost-effective energy and water savings;

(B) enter into innovative financing and contractual mechanisms including, but not limited to utility demand-side management programs and energy savings performance contracts and water conservation performance contracts: Provided, That the terms of such contracts do not exceed twenty-five years; and

(C) permit and encourage each department or agency and other instrumentality of the District of Columbia to participate in programs conducted by any gas, electric or water utility of the management of electricity or gas demand or for energy or water conservation.

REDUCTION IN MINIMUM NUMBER OF MEMBERS OF THE BOARD OF TRUSTEES OF AMERICAN UNIVERSITY

SEC. 150. The first section of the Act entitled "an Act to incorporate the American University", approved February 24, 1893 (27 Stat. 476), is amended by striking "forty" and inserting "twenty-five".

WAIVER OF CONGRESSIONAL REVIEW FOR CERTAIN COUNCIL ACTS

SEC. 151. Notwithstanding section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, each of the following District of Columbia acts shall take effect on the date of the enactment of this act:

(1) The District of Columbia Real Property Tax Lien Assignment or Sale and Transfer Amendment Act of 1996 (D.C. Act 11–353).

(2) The Telecommunications Competition Act of 1996 (D.C. Act 11–300).

(3) The Mortgage Lenders and Brokers Act of 1996 (D.C. Act 11–309).

And the Senate agree to the same.

JAMES T. WALSH,
HENRY BONILLA,
JACK KINGSTON,
R.P. FRELINGHUYSEN,
MARK W. NEUMANN,
MIKE PARKER,
BOB LIVINGSTON,
JULIAN C. DIXON,
JOSÉ E. SERRANO,
MARCY KAPTUR,
DAVID R. OBEY,
Managers on the Part of the House.

JAMES M. JEFFORDS,
BEN NIGHTHORSE CAMPBELL,
MARK O. HATFIELD,
HERB KOHL
(Except amendments No. 6 and No. 7)
DANIEL K. INOUYE,
(Except amendments No. 6 and No. 7),
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the actions agreed upon by the managers and recommended in the accompanying conference report.

The conference agreement on the District of Columbia Appropriations Act, 1997, incorporates some of the provisions of both the House and Senate versions of the bill. The language and allocations set forth in House Report 104–689 and Senate Report 104–328 should be complied with unless specifically addressed in the accompanying bill and statement of the managers to the contrary.

A summary chart appears after the explanation for amendment 5 showing the Federal appropriations by account and the allocation of District funds by agency or office under each appropriation title showing the fiscal year 1996 appropriation, the control board distribution for fiscal year 1996, and the fiscal year 1997 request, House and Senate recommendations and conference allowance.

DEFICIT SPENDING AND LONG-TERM DEFICIT BORROWING

The conferees are concerned with the insidious aspects of long-term borrowing to fund deficit spending. The conferees note that the actual deficit for fiscal year 1995 was only $25,000,000 when the accounting adjustments of $29,000,000 are factored out.

For fiscal year 1996, the deficit was estimated at $20,000,000 at the time the President signed the appropriations Act; however, in testimony provided by the Chief Financial Officer to the House Committee on Appropriations on May 15, 1996, the deficit was projected at $116,000,000, a 580 percent increase. While the deficit was relatively small in fiscal year 1995, it is projected to increase significantly in fiscal year 1996.

The District is proposing to borrow $500,000,000 long term to fund the accumulated deficit caused by overspending and future projected deficits. The cost of this proposal is $435,000,000 in interest costs that will have to be paid from current operating revenues in addition to the $500,000,000 in principal that will have to be repaid. Said another way, instead of the $435,000,000 being used to benefit District taxpayers in the form of teachers and counselors for education programs, police activities and fire services as well as programs to meet various social needs, those hundreds of millions of dollars will be used for interest payments to bondholders thus depriving the citizens of the District the use of scarce revenues for basic city services. The insidious nature of deficit borrowing is that it allows higher spending that satisfies immediate needs while at the same time entrapping current and future taxpayers into making interest payments on funds borrowed to pay for goods and services that were provided in the past. This $435,000,000 is in addition to the $150,000,000 in interest payments being made on the $336,000,000 in deficit borrowings made in fiscal year 1991.

Long-term borrowings for capital projects, on the other hand, are entirely appropriate because the projects on which those funds are spent last for the period during which those borrowings are repaid so that the taxpayers at the time the payments are made are able to benefit from those projects. This is not the case with long-term borrowings for deficit spending. Every effort should be made by the Mayor, the Council and the control board to avoid deficit spending and thus alleviate the need to obligate future taxpayers to pay for the overspending of those who preceded them.

The accumulated deficit at the end of fiscal year 1995 totaled $378,000,000 which was computed by subtracting total assets from total liabilities in the General Fund and resulted in liabilities exceeding assets available to satisfy those liabilities. However, an analysis of the liabilities reveals that approximately $312,000,000 will either not require a use of cash or are long term in nature. For example, $142,000,000 is deferred revenue, which is a record of cash already received that will be recorded as revenue earned in fiscal year 1996. The cash is already in the General Fund's cash account. Another $170,000,000 is recorded as accrued liabilities which are estimates of payments that may be made sometime in the distant future, such as payments resulting from claims and judgments, disputes from grant claims, and possible Medicaid payments subject to audits of reimbursement claims. Thus, only about $66,000,000 of the remaining excess liabilities over assets of the accumulated deficit may need to be paid in fiscal year 1996. Given this analysis it appears that a long-term borrowing of $500,000,000 should be carefully analyzed and avoided by pursuing other options. A very high priority should be given to living within the current revenues.

An analysis of the District's cash account to determine the pattern of overspending since fiscal year 1991 when $336,000,000 was borrowed to fund the accumulated deficit reveals that the District over spent an average of $71,000,000 per year. It should be noted that this amount reflects increases and decreases in both the accounts receivable and the accounts payable so that a deferral of the use of cash would not artificially inflate the balance in the cash account. This amount is approximately the amount of the projected fiscal year 1997 deficit of $74,000,000 recommended in this conference agreement. The Mayor and the Control Board Chairman recently stated that there were several ways of reducing the projected fiscal year 1997 deficit. These recommendations as well as those made by the many financial advisers who have testified and published reports on the various ways the city can reduce the costs of operating the Nation's Capital should be pursued vigorously.

Testimony at recent and past hearings as well as reports from financial advisors to the city and meetings with District and control board officials have documented the concerns and inherent problems in borrowing long-term to finance operating deficits. The officials cited several ways to reduce the projected deficit for fiscal year 1997; the advisors have testified that future requests by the District to fund an operating deficit should not be approved; and testimony indicates that a change in one item, Medicaid, among several other items, would eliminate the city's deficit and result in a surplus. Efforts should be pursued immediately on these items that will save District taxpayers and the Federal Government hundreds of millions of dollars instead of spending scarce local revenues on interest costs to bondholders.

Long-term borrowing for deficit spending does not resolve the problems caused by overspending—rather it increases the accumulated deficit and postpones the tough decisions that have to be made. Deficit financing carries a very high cost that has serious negative consequences to the financial health and quality of life of the community.

Quality of District's Drinking Water

The conferees are deeply concerned about recent violations of Federal drinking water quality standards and the continuing problems that beset the drinking water supply and distribution system for the District of Columbia. The Federal Environmental Protection Agency (EPA) recently completed a preliminary investigation of the water quality problems attributed to the District's water distribution system and concluded that there is an urgent and immediate need for the District to implement steps to assure the integrity of drinking water quality in the District. Among the most important of these recommended actions is that the District hire a private contractor or contractors to flush the drinking water distribution system completely, and to inspect and repair water valves.

The conferees agree that there is a strong Federal interest in assuring that those who visit, live, and work in the Nation's Capital have safe water to drink. Accordingly, the conference agreement includes $1,000,000 in Federal funds for this purpose under amendment number 2. These funds are provided to the Financial Control Board to contract with a private entity or entities to conduct the inspection, flushing and repair work recommended by the EPA. The conferees direct the control board to consult with the Department of Public Works, the D.C. Water and Sewer Authority and the EPA in implementing this activity. Further, the conferees encourage the control board to move expeditiously to contract for the work in anticipation of the funds provided in the accompanying bill becoming available on October 1, 1996.

YCARE 2000 Private-Public Partnership

The conferees fully support the YCARE 2000 program sponsored by the YMCA of Metropolitan Washington. The program provides work-readiness, conflict resolution training, tutoring, socialization and other skills to at-risk District youth who are in the age range of 5 to 18 years old. The conferees believe that YCARE 2000 is an example of an efficient and well-managed private-public partnership which can provide social services to improve the lives of the city's young people. The conferees note that the Council of the District of Columbia has formally recognized the achievements of the YCARE 2000 initiative in a July 11, 1995 resolution.

In order to provide and facilitate private-public partnerships such as YCARE 2000 and in order to reach at-risk youth most efficiently, the conferees request that the Mayor, the City Council, and the Board of Education work with organizations like the YMCA to locate such programs on or near school property. In addition, the conferees request that the Mayor consult with representatives of private, not-for-profit community organizations with demonstrated experience and expertise in providing services to children and youth in the District and, to the extent financial constraints permit, make funds available to such groups for such services on the condition that the groups provide equal matching amounts.

FEDERAL FUNDS

Federal Contribution for Repair of Drinking Water System

The conference agreement, under amendment number 2, includes a Federal contribution of $1,000,000 to the District of Columbia Financial Responsibility and Management Assistance Authority for contracting with private entities to inspect, flush, and repair the drinking water distribution system in the District. A discussion of the quality of the district's drinking water appears earlier in this statement.

DISTRICT FUNDS

Governmental Direction and Support

Amendment No. 1: Limits the fiscal year 1997 budget for the Office of the Mayor to $2,109,000 of which $632,000 is from intra-District funds instead of $1,753,000 of which $632,000 is from intra-District funds as proposed by the House and $2,209,000 of which $632,000 is from intra-District funds as proposed by the Senate and provides that $327,000 of the $2,109,000 shall be transferred to the Department of Administrative Services as reimbursement for occupancy costs, including costs for telephone, electricity and other services.

Amendment No. 2: Deletes a proviso proposed by the House and stricken by the Senate and further deletes a proviso before and a proviso that followed the proviso stricken by the Senate concerning the District of Columbia Housing Finance Agency and inserts a new heading and paragraph appropriating $1,000,000 in Federal funds to the District of Columbia Financial Responsibility and Management Assistance Authority for contracting with private entities to carry out a program to inspect, flush, and repair the drinking water distribution system in the District.

The conference action deletes language as requested in the consensus budget that eliminates the requirement for the District of Columbia Housing Finance Agency to repay the District's general fund $10,591,000 appropriated for fiscal years 1980 through 1992 to finance the Agency's operations. According to District officials, retaining the language requires the Agency to carry the debt on its books and creates a negative financial picture thereby making it difficult and more costly for the Agency to access capital markets. The debt was determined by the District's independent auditors to be "uncollectible" and is fully reserved for in the District's Comprehensive Annual Financial Report (CAFR) (see page 34, fiscal year 1995 CAFR). An earlier communication from District officials requested that the language be retained. See amendment number 12 for language "forgiving" the Agency from the repayment requirement.

The conference action also appropriates $1,000,000 for a Federal contribution to the District of Columbia Financial Responsibility and Management Assistance Authority for contracting with private entities to inspect, flush, and repair the city's water distribution system which has fallen into disrepair. A discussion of the quality of the District's drinking water appears earlier in this statement.

PUBLIC SAFETY AND JUSTICE

(INCLUDING TRANSFER OF FUNDS)

Amendment No. 3: Deletes language proposed by the Senate that would have modified the appropriations title to indicate that this appropriation included a transfer of funds. The transfer of funds in amendment number 4 has not been agreed to by the conferees.

Amendment No. 4: Deletes a proviso proposed by the Senate that would have transferred $651,000 from the Department of Public Works to the District of Columbia Court System for maintenance and repair of elevators/escalators, heating, ventilation, and air conditioning systems, fire alarms and security systems, materials and services for building maintenance and repair, and trash removal.

The conferees are extremely concerned and disappointed that the Department of Public Works has failed to provide maintenance and repair services to the District of Columbia Courts in a professional manner, permitting necessary maintenance and repair contracts to lapse and causing greater expenses and disruptions as a result. While the conference agreement retains this responsibility in the Department of Public Works, the conferees expect this will not happen again.

The conference action reflects a reallocation of building occupancy costs totaling $2,347,000 from the Superior Court's budget to the Court System's budget because the payments are made from that particular budget. This reallocation was requested by District officials.

CAPITAL OUTLAY

(INCLUDING RESCISSIONS)

Amendment No. 5: Provides an increase of $46,923,000 for construction projects as proposed by the House instead of $75,923,000 as proposed by the Senate. The reduction of $29,000,000 below the amount proposed by the Senate reflects the deletion of duplicate capital outlay authority initially provided in the fiscal year 1996 appropriations act (Public Law 104-234) for Facility Condition Assessment ($1,000,000) and Financial Control System or FMS ($28,000,000). The amount approved in fiscal year 1996 under "Capital Outlay" is available for two years for the initial obligation after which the authority remains available until exhausted. The House and Senate versions of the bill for fiscal year 1997 include an increase of $3,123,000 for the FMS which when added to the $28,000,000 in the fiscal year 1996 act will provide a total of $31,123,000 for FMS work.

SUMMARY TABLE OF CONFERENCE RECOMMENDATIONS BY AGENCY

A summary table showing the Federal appropriations by account and the allocation of District funds by agency or office under each appropriation title for fiscal year 1996, the control board distribution for fiscal year 1996, and the fiscal year 1997 request, House and Senate recommendations and conference allowance follows:

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845)

Appropriation	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
FEDERAL FUNDS						
Federal payment to the District of Columbia	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000	660,000,000
Federal contribution to retirement funds	52,070,000	52,070,000	104,140,000	52,070,000	52,070,000	52,070,000
Reimbursement of inauguration expenses	0	0	5,702,000	5,702,000	5,702,000	5,702,000
Federal contribution for repair of drinking water system	0	0	0	0	0	1,000,000
Total, Federal funds to the District of Columbia	712,070,000	712,070,000	769,842,000	717,772,000	717,772,000	718,772,000
DISTRICT OF COLUMBIA FUNDS						
Governmental Direction and Support:						
Council of the District of Columbia	8,380,000	7,295,000	8,878,000	8,878,000	8,878,000	8,878,000
Office of the District of Columbia Auditor	961,000	952,000	982,000	982,000	982,000	982,000
Advisory Neighborhood Commissions	572,000	572,000	572,000	572,000	572,000	572,000
Office of the Mayor	1,753,000	1,548,000	2,209,000	1,753,000	2,209,000	2,109,000
Office of the Secretary	2,497,000	2,424,000	2,208,000	2,208,000	2,208,000	2,208,000
Office of Inspector General	728,000	3,493,000	7,200,000	7,200,000	7,200,000	7,200,000
Office of Communications	300,000	313,000	350,000	350,000	350,000	350,000
Office of Intergovernmental Relations	1,735,000	1,259,000	1,239,000	1,239,000	1,239,000	1,239,000
Office of City Administrator/Deputy Mayor for Operations	4,776,000	3,975,000	4,637,000	4,637,000	4,637,000	4,637,000
Office of Personnel	11,220,000	10,596,000	10,568,000	10,568,000	10,568,000	10,568,000
Department of Administrative Services	38,288,000	45,331,000	29,819,000	29,819,000	29,819,000	29,819,000
Contract Appeals Board	511,000	528,000	563,000	563,000	563,000	563,000
Office of the Deputy Mayor for Finance	320,000	1,919,000	1,459,000	1,459,000	1,459,000	1,459,000
Office of the Budget	4,010,000	5,392,000	4,251,000	4,251,000	4,251,000	4,251,000
Office of Financial Management	43,009,000	26,310,000	23,764,000	23,764,000	23,764,000	23,764,000
Department of Finance and Revenue	21,183,000	20,828,000	22,357,000	22,357,000	22,357,000	22,357,000
Tax Revision Commission	0	200,000	0	0	0	0
Board of Elections and Ethics	3,015,000	2,807,000	2,777,000	2,777,000	2,777,000	2,777,000
Office of Campaign Finance	773,000	747,000	804,000	804,000	804,000	804,000
Public Employee Relations Board	470,000	467,000	325,000	325,000	325,000	325,000
Office of Employee Appeals	1,413,000	1,126,000	1,113,000	1,113,000	1,113,000	1,113,000
Metropolitan Washington Council of Governments	400,000	400,000	396,000	396,000	396,000	396,000
Office of Grants Management and Development	2,816,000	2,857,000	12,922,000	12,922,000	12,922,000	12,922,000

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845) - continued

Agency/Activity	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
Governmental Direction and Support - continued						
Certificate of Participation	0	0	7,926,000	0	0	0
Human Resources Development	0	0	12,257,000	0	0	0
Real Estate	0	0	(4,488,000)	0	0	0
Management Information Systems	0	0	(6,317,000)	0	0	0
Energy Cost Reduction	0	0	(2,271,000)	0	0	0
Purchasing and Procurement	0	0	(12,960,000)	0	0	0
Unallocated	0	0	0	456,000	0	100,000
Total, Governmental Direction and Support	149,130,000	141,339,000	133,540,000	139,393,000	139,393,000	139,393,000
Lees Intra-District funds	(24,728,000)	(23,981,000)	(23,730,000)	(23,730,000)	(23,730,000)	(23,730,000)
Revised, Governmental Direction and Support	124,402,000	117,358,000	109,810,000	115,663,000	115,663,000	115,663,000
Economic Development and Regulation:						
Business Services and Economic Development	0	0	51,967,000	51,967,000	51,967,000	51,967,000
Assistant City Administrator for Economic Development	3,943,000	3,832,000	0	0	0	0
Office of Banking and Financial Institutions	296,000	231,000	0	0	0	0
Office of Tourism and Promotion	1,000,000	995,000	0	0	0	0
Office of Planning	1,955,000	1,910,000	0	0	0	0
Office of Zoning	541,000	552,000	870,000	870,000	870,000	870,000
Department of Housing and Community Development	15,988,000	15,114,000	0	0	0	0
Department of Public and Assisted Housing	8,420,000	8,344,000	8,330,000	8,330,000	8,330,000	8,330,000
Department of Employment Services	63,925,000	53,613,000	66,012,000	66,012,000	66,012,000	66,012,000
Board of Appeals and Review	131,000	129,000	157,000	157,000	157,000	157,000
Board of Real Property Assessments and Appeals	338,000	321,000	351,000	351,000	351,000	351,000
Department of Consumer and Regulatory Affairs	36,349,000	35,511,000	14,102,000	14,102,000	14,102,000	14,102,000
Public Service Commission	5,600,000	5,547,000	4,570,000	4,570,000	4,570,000	4,570,000
Office of the People's Counsel	2,497,000	2,081,000	2,437,000	2,437,000	2,437,000	2,437,000
Total, Economic Development and Regulation	140,983,000	128,180,000	148,796,000	148,796,000	148,796,000	148,796,000
Less Intra-District funds	(16,330,000)	(16,330,000)	(13,092,000)	(13,092,000)	(13,092,000)	(13,092,000)
Revised, Economic Development and Regulation	124,653,000	111,850,000	135,704,000	135,704,000	135,704,000	135,704,000

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845) - continued

Agency/Activity	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
Public Safety and Justice:						
Metropolitan Police Department	245,717,000	237,624,000	264,637,000	264,637,000	264,637,000	264,637,000
Fire and Emergency Medical Services Department	87,292,000	89,960,000	106,720,000	106,720,000	106,720,000	106,720,000
Police and Fire Retirement System	220,000,000	220,000,000	226,700,000	226,700,000	226,700,000	226,700,000
Judges' Retirement System	4,700,000	4,700,000	5,500,000	5,500,000	5,500,000	5,500,000
Court of Appeals	5,974,000	5,937,000	6,167,000	6,167,000	6,167,000	6,167,000
Superior Court	80,919,000	76,852,000	81,101,000	81,101,000	81,101,000	81,101,000
Court System	34,677,000	33,331,000	33,944,000	33,944,000	33,944,000	33,944,000
Office of the Corporation Counsel	16,954,000	16,777,000	17,334,000	17,334,000	17,334,000	17,334,000
Settlements and Judgments	14,800,000	14,800,000	14,800,000	14,800,000	14,800,000	14,800,000
Public Defender Service	7,702,000	7,702,000	7,797,000	7,797,000	7,797,000	7,797,000
Pretrial Services Agency	4,407,000	5,429,000	6,063,000	6,063,000	6,063,000	6,063,000
Department of Corrections	232,302,000	248,541,000	272,302,000	272,302,000	272,302,000	272,302,000
Board of Parole	5,322,000	5,305,000	8,277,000	8,277,000	8,277,000	8,277,000
National Guard	678,000	667,000	902,000	902,000	902,000	902,000
Office of Emergency Preparedness	2,194,000	2,142,000	2,887,000	2,887,000	2,887,000	2,887,000
Commission on Judicial Disabilities and Tenure	130,000	126,000	128,000	128,000	128,000	128,000
Judicial Nomination Commission	80,000	79,000	80,000	80,000	80,000	80,000
Total, Public Safety and Justice	963,848,000	969,972,000	1,055,339,000	1,055,339,000	1,055,339,000	1,055,339,000
Less Intra-District funds	(9,115,000)	(9,115,000)	(14,058,000)	(14,058,000)	(14,058,000)	(14,058,000)
Revised, Public Safety and Justice	954,733,000	960,857,000	1,041,281,000	1,041,281,000	1,041,281,000	1,041,281,000
Public Education System:						
Board of Education (Public Schools)	580,996,000	575,175,000	578,822,000	578,822,000	578,822,000	578,822,000
School Repairs	0	2,730,000	0	0	0	0
Teachers' Retirement System	111,800,000	111,800,000	88,900,000	88,900,000	88,900,000	88,900,000
University of the District of Columbia	79,396,000	76,943,000	76,287,000	76,287,000	76,287,000	76,287,000
Public Library	20,742,000	21,657,000	22,432,000	22,432,000	22,432,000	22,432,000
Commission on the Arts and Humanities	2,267,000	2,262,000	2,220,000	2,220,000	2,220,000	2,220,000
Total, Public Education System	795,201,000	790,567,000	768,661,000	768,661,000	768,661,000	768,661,000
Less Intra-District funds	(9,846,000)	(9,846,000)	(9,846,000)	(9,846,000)	(9,846,000)	(9,846,000)
Revised, Public Education System	785,355,000	780,721,000	758,815,000	758,815,000	758,815,000	758,815,000

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845) -continued

Agency/Activity	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
Human Support Services:						
Department of Human Services	1,705,427,000	1,566,614,000	1538200000	1,538,200,000	1,538,200,000	1,538,200,000
Department of Recreation and Parks	31,653,000	30,530,000	33,614,000	33,614,000	33,614,000	33,614,000
Office on Aging	19,009,000	18,994,000	19,169,000	19,169,000	19,169,000	19,169,000
D.C. General Hospital Payment	56,735,000	47,155,000	59,735,000	59,735,000	59,735,000	59,735,000
Unemployment Compensation Fund	10,000,000	5,937,000	7,678,000	7,678,000	7,678,000	7,678,000
Disability Compensation Fund	26,000,000	26,000,000	24,793,000	24,793,000	24,793,000	24,793,000
Department of Human Rights	1,301,000	1,388,000	974,000	974,000	974,000	974,000
Office on Latino Affairs	657,000	655,000	688,000	688,000	688,000	688,000
Commission for Women	20,000	20,000	0	0	0	0
D.C. Energy Office	4,212,000	4,167,000	5,326,000	5,326,000	5,326,000	5,326,000
Total, Human Support Services	1,855,014,000	1,701,460,000	1,690,177,000	1,690,177,000	1,690,177,000	1,690,177,000
Less Intra-District funds	(4,674,000)	(4,674,000)	(4,470,000)	(4,470,000)	(4,470,000)	(4,470,000)
Revised, Human Support Services	1,850,340,000	1,696,786,000	1,685,707,000	1,685,707,000	1,685,707,000	1,685,707,000
Public Works:						
Department of Public Works	161,227,000	151,729,000	159,042,000	159,042,000	159,042,000	159,042,000
Taxicab Commission	1,501,000	1,490,000	1,000,000	1,000,000	1,000,000	1,000,000
Washington Metropolitan Area Transit Commission	96,000	96,000	96,000	96,000	96,000	96,000
Washington Metropolitan Area Transit Authority (Metro)	130,899,000	130,899,000	131,820,000	131,820,000	131,820,000	131,820,000
School Transit Subsidy	3,845,000	3,845,000	3,845,000	3,845,000	3,845,000	3,845,000
Total, Public Works	297,568,000	288,059,000	295,803,000	295,803,000	295,803,000	295,803,000
Less Intra-District funds	(50,629,000)	(50,629,000)	(47,836,000)	(47,836,000)	(47,836,000)	(47,836,000)
Revised, Public Works	246,939,000	237,430,000	247,967,000	247,967,000	247,967,000	247,967,000

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845) - continued

Agency/Activity	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
Financing and Other Uses:						
Washington Convention Center Transfer Payment	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000	5,400,000
Repayment of Loans and Interest	327,787,000	327,787,000	333,710,000	333,710,000	333,710,000	333,710,000
Repayment of General Fund Recovery Debt	38,678,000	38,678,000	38,314,000	38,314,000	38,314,000	38,314,000
Interest on Short-Term Borrowing	9,698,000	18,420,000	34,461,000	34,461,000	34,461,000	34,461,000
Pay Renegotiation or Reduction in Compensation	(46,409,000)	0	0	0	0	0
Rainy Day Fund	4,563,000	0	0	0	0	0
Incentive Buyout Program	19,000,000	0	0	0	0	0
Outplacement Services	1,500,000	0	0	0	0	0
Boards and Commissions	(500,000)	0	0	0	0	0
Government Re-Engineering Program,	(16,000,000)	0	0	0	0	0
Presidential Inauguration	0	0	5,702,000	5,702,000	5,702,000	5,702,000
Certificate of Participation	0	0	0	7,926,000	7,926,000	7,926,000
Human Resources Development	0	0	0	12,257,000	12,257,000	12,257,000
Cost Reduction Initiatives	0	0	(21,375,000)	(47,411,000)	(47,411,000)	(47,411,000)
Personal and Nonpersonal Services Adjustments	(150,907,000)	0	0	0	0	0
Subtotal Financing and Other Uses	192,810,000	390,285,000	396,212,000	390,359,000	390,359,000	390,359,000
D.C. Financial Responsibility and Management Assistance Authority	3,500,000	3,150,000	3,400,000	3,400,000	3,400,000	3,400,000
Total, Financing and Other Uses	196,310,000	393,435,000	399,612,000	393,759,000	393,759,000	393,759,000
Total, general fund, operating expenses	4,398,054,000	4,413,012,000	4,491,928,000	4,491,928,000	4,491,928,000	4,491,928,000
Less Intra-District funds	(115,322,000)	(114,575,000)	(113,032,000)	(113,032,000)	(113,032,000)	(113,032,000)
Revised, general fund, operating expenses	4,282,732,000	4,298,437,000	4,378,896,000	4,378,896,000	4,378,896,000	4,378,896,000
Enterprise Funds:						
Department of Public Works (Utility Administration)	202,729,000	191,480,000	200,000,000	200,000,000	200,000,000	200,000,000
Washington Aqueduct	39,524,000	39,524,000	25,743,000	25,743,000	25,743,000	25,743,000
Total, Water and Sewer Enterprise Fund	242,253,000	231,004,000	225,743,000	225,743,000	225,743,000	225,743,000

DISTRICT OF COLUMBIA APPROPRIATIONS, 1997 (H.R. 3845) - continued

Agency/Activity	FY 1996 Approved	FY 1996 Distribution by Control Board	FY 1997 Request	House Recommendation	Senate Recommendation	Conference Agreement
Enterprise Funds - continued						
Lottery and Charitable Games	229,950,000	229,778,000	247,900,000	247,900,000	247,900,000	247,900,000
Cable Television	2,351,000	1,766,000	2,511,000	2,511,000	2,511,000	2,511,000
Sports Commission (STARPLEX)	6,580,000	6,547,000	8,717,000	8,717,000	8,717,000	8,717,000
D.C. General Hospital	58,299,000	58,092,000	58,299,000	58,299,000	58,299,000	58,299,000
Retirement Board	13,440,000	12,417,000	16,667,000	16,667,000	16,667,000	16,667,000
Correctional Industries Fund	10,516,000	8,827,000	9,152,000	9,152,000	9,152,000	9,152,000
Washington Convention Center	32,557,000	32,557,000	47,996,000	47,996,000	47,996,000	47,996,000
Total, Enterprise Funds	595,946,000	580,988,000	616,985,000	616,985,000	616,985,000	616,985,000
Less Intra-District funds	(50,017,000)	(48,512,000)	(21,496,000)	(21,496,000)	(21,496,000)	(21,496,000)
Revised, Enterprise Funds	545,929,000	532,476,000	595,489,000	595,489,000	595,489,000	595,489,000
Total, Operating Expenses	4,994,000,000	4,994,000,000	5,108,913,000	5,108,913,000	5,108,913,000	5,108,913,000
Less Intra-District funds	(165,339,000)	(163,087,000)	(134,528,000)	(134,528,000)	(134,528,000)	(134,528,000)
Revised, Operating Expenses	4,828,661,000	4,830,913,000	4,974,385,000	4,974,385,000	4,974,385,000	4,974,385,000
Capital Outlay	102,039,000	102,039,000	75,923,000	46,923,000	75,923,000	46,923,000
Grand Total, All funds	4,930,700,000	4,932,952,000	5,050,308,000	5,021,308,000	5,050,308,000	5,021,308,000

(NOTE. - Amounts recommended in the bill exclude intra-District funds whereas amounts in this table for departments and agencies include intra-District funds for comparison purposes with fiscal year 1996 which also included intra-District funds at the department and agency level.)

GENERAL PROVISIONS

Amendment No. 6: Restores language in section 129 proposed by the House and stricken by the Senate that prohibits the use of any funds in this Act for any abortion except to save the life of the mother or in cases of rape or incest.

Amendment No. 7: Restores language in section 130 proposed by the House and stricken by the Senate that prohibits the use of any funds in this Act (1) for any system of registration of unmarried cohabiting couples or (2) to implement or enforce the District's Domestic Partners Act.

Amendment No. 8: Inserts language in section 132 that adds the Financial Control Board to the entities in section 132 that are to receive monthly reports from the Board of Education as proposed by the Senate and deletes language in section 126 that would have prohibited the expenditure of funds by agencies for which a reorganization plan is required but has not been approved by the City Council prior to October 1, 1996. The language remaining in section 126 continues the prohibition on expenditures for such agencies until the City Council approves the required reorganization plans but removes the October 1, 1996 deadline for City Council approval.

Amendment No. 9: Adds the Financial Control Board to the entities in section 133 that are to receive monthly reports from the University of the District of Columbia as proposed by the Senate.

CEILING ON EXPENSES AND DEFICIT

Amendment No. 10: Amends language proposed by the House and stricken by the Senate in section 141 (1) establishing a ceiling on fiscal year 1997 operating expenses from all funds of $5,108,913,000 of which $134,528,000 are from intra-District funds as proposed by the House and stricken by the Senate; (2) limiting the operating deficit from all funds for fiscal year 1997 to $74,000,000 instead of $40,000,000 as proposed by the House and stricken by the Senate, and (3) requiring the Chief Financial Officer and the Financial Control Board to take such steps as are necessary to meet these requirements including the apportioning of appropriations and funds by the Chief Financial Officer during fiscal year 1997 as proposed by the House and stricken by the Senate.

The conferees urge the Mayor, the City Council, and the control board to use every means possible to reduce the costs of operating the Nation's Capital and make every effort to avoid deficit spending.

CHIEF FINANCIAL OFFICER POWERS

Amendment No. 11: Amends language in section 142 proposed by the House and the Senate to clarify that all financial personnel in the executive branch of the District government, including all independent agencies and excluding the legislative and judicial branches of the District Government, are under the exclusive control of the Chief Financial Officer instead of all financial personnel in the executive branch of the District government as proposed by the House and all financial personnel except those in the legislative and judicial branches as proposed by the Senate. The clarification is required to insure that the financial personnel of each independent agency in the District, without exception, are appointed by, serve at the pleasure of, and act under the direction and control of the Chief Financial Officer. The conferees do not expect any misinterpretation of the intent of this statute and direct the Chief Financial Officer to notify, in writing, the Committees on Appropriations as well as the respective authorizing committees of the House and the Senate of any person of any executive branch agency including any independent agency who fails to comply with the requirements of this section within five calendar days of the failure to comply.

HOUSING FINANCE AGENCY

Amendment No. 12: Inserts a new section 147 as proposed by the Senate that forgives the District of Columbia Housing Finance Agency from the requirement to repay the District's general fund for $10,591,000 appropriated during fiscal years 1980–1992 for the operations of the Agency. See also amendment number 2 for a further discussion of this issue.

SCHOOL REFORM

Amendment No. 13: Inserts a new section 148 as proposed by the Senate that amends section 2561(b) of the District of Columbia School Reform Act of 1995 (Public Law 104–134) to exclude Executive Order 11246 from being waived for construction or maintenance projects coordinated through the Federal General Services Administration for the District's public school facilities. Executive Order 11246 governs civil rights protections for Federal government construction contracts.

OTHER GENERAL PROVISIONS

Amendment No. 14: Inserts new general provisions numbered 149, 150 and 151 instead of a new general provision numbered 149 as proposed by the Senate. The additional general provisions were requested by the House authorizing committee and concurred in by the Senate authorizing committee. A brief explanation of each of these general provisions follows.

Language agreed to by the conferees in section 149 proposed by the Senate authorizes the District of Columbia Energy Office, subject to control board review, to negotiate energy performance contracts for periods up to 25 years with energy service companies who will provide investment capital to reduce energy consumption in District facilities. Through this method, the energy service companies will install energy efficient lighting, heating, and cooling systems using their investment capital with their payback coming in future years from a portion of the money saved when the energy bills are lowered. It is estimated that the District government could realize annual savings of $50,000,000 in its energy costs through this program.

Language requested by the House authorizing committee and agreed to by the conferees in section 150 reduces the minimum size of the Board of Trustees of American University from 40 to 25. According to the authorizing committee, this change was requested by the University.

Language requested by the House authorizing committee and agreed to by the conferees in section 151 waives the 30-day congressional layover period for three specific pieces of legislation already approved by the District government. The Tax Lien Act of 1996 (D.C. Act 11–353) will expedite the District's ability to sell $50,000,000 in uncollected property taxes in return for $44,000,000 in cash. The authorizing committee stated that this transaction could not move ahead in a timely manner unless the review period is waived. Section 151 also waives the 30-day congressional layover for the Telecommunications Competition Act of 1996 (D.C. Act 11–300) and the Mortgage Lenders and Brokers Act of 1996 (D.C. Act 11–309) which together comprise the District's efforts to implement the Federal Telecommunications Act. The District's Telecommunications Act opens the District's market to telecommunications services providers. The Mortgage Lenders and Brokers Act regulates mortgage lenders in the District and also contains substantive amendments to the Telecommunications Act.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1997 recommended by the Committee of Conference, with comparisons to the fiscal year 1996 amount, the 1997 budget estimates, and the House and Senate bills for 1997 follow:

Federal funds	
New budget (obligational) authority, fiscal year 1996	$712,070,000
Budget estimates of new (obligational) authority, fiscal year 1997	769,842,000
House bill, fiscal year 1997	717,772,000
Senate bill, fiscal year 1997	717,772,000
Conference agreement, fiscal year 1997	718,772,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1996	6,702,000
Budget estimates of new (obligational) authority, fiscal year 1997	(51,070,000)
House bill, fiscal year 1997	1,000,000
Senate bill, fiscal year 1997	1,000,000
District of Columbia Funds	
New budget (obligational) authority, fiscal year 1996	[1] *4,930,7000,000*
Budget estimates of new (obligational) authority, fiscal year 1997	*5,050,308,000*
House bill, fiscal year 1997	*5,021,308,000*
Senate bill, fiscal year 1997	*5,050,308,000*
Conference agreement, fiscal year 1997	*5,021,308,000*
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1996	*90,608,000*
Budget estimates of new (obligational) authority, fiscal year 1997	*(29,000,000)*
House bill, fiscal year 1997	*0*
Senate bill, fiscal year 1997	*(29,000,000)*

[1] *Excludes $165,339,000 in intra-District funds for comparability purposes with fiscal year 1997 which excludes intra-District funds.*

James T. Walsh,
Henry Bonilla,
Jack Kingston,
R.P. Frelinghuysen,
Mark W. Neumann,
Mike Parker,
Bob Livingston,
Julian C. Dixon,
José E. Serrano,
Marcy Kaptur,
David R. Obey,
Managers on the Part of the House.

James M. Jeffords,
Ben Nighthorse Campbell,
Mark O. Hatfield,
Herb Kohl,
Daniel K. Inouye,
(Except amendments No. 6 and No. 7),
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 1316, SAFE DRINKING WATER ACT AMENDMENTS OF 1996

Mr. BLILEY submitted the following conference report and statement on the Senate bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes:

CONFERENCE REPORT (H. REPT. 104–741)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1316), to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Safe Drinking Water Act Amendments of 1996".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.
Sec. 2. References; effective date; disclaimer.
Sec. 3. Findings.

TITLE I—AMENDMENTS TO SAFE DRINKING WATER ACT

Sec. 101. Definitions.
Sec. 102. General authority.
Sec. 103. Risk assessment, management, and communication.
Sec. 104. Standard-setting.
Sec. 105. Treatment technologies for small systems.
Sec. 106. Limited alternative to filtration.
Sec. 107. Ground water disinfection.
Sec. 108. Effective date for regulations.
Sec. 109. Arsenic, sulfate, and radon.
Sec. 110. Recycling of filter backwash.
Sec. 111. Technology and treatment techniques.
Sec. 112. State primacy.
Sec. 113. Enforcement; judicial review.
Sec. 114. Public notification.
Sec. 115. Variances.
Sec. 116. Small systems variances.
Sec. 117. Exemptions.
Sec. 118. Lead plumbing and pipes.
Sec. 119. Capacity development.
Sec. 120. Authorization of appropriations for certain ground water programs.
Sec. 121. Amendments to section 1442.
Sec. 122. Technical assistance.
Sec. 123. Operator certification.
Sec. 124. Public water system supervision program.
Sec. 125. Monitoring and information gathering.
Sec. 126. Occurrence data base.
Sec. 127. Drinking Water Advisory Council.
Sec. 128. New York City watershed protection program.
Sec. 129. Federal agencies.
Sec. 130. State revolving loan funds.
Sec. 131. State ground water protection grants.
Sec. 132. Source water assessment.
Sec. 133. Source water petition program.
Sec. 134. Water conservation plan.
Sec. 135. Drinking water assistance to colonias.
Sec. 136. Estrogenic substances screening program.
Sec. 137. Drinking water studies.

TITLE II—DRINKING WATER RESEARCH

Sec. 201. Drinking water research authorization.
Sec. 202. Scientific research review.
Sec. 203. National center for ground water research.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Water return flows.
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Sec. 303. Grants to Alaska to improve sanitation in rural and Native villages.
Sec. 304. Sense of the Congress.
Sec. 305. Bottled drinking water standards.
Sec. 306. Washington Aqueduct.
Sec. 307. Wastewater assistance to colonias.
Sec. 308. Prevention and control of zebra mussel infestation of Lake Champlain.

TITLE IV—ADDITIONAL ASSISTANCE FOR WATER INFRASTRUCTURE AND WATERSHEDS

Sec. 401. National program.

TITLE V—CLERICAL AMENDMENTS

Sec. 501. Clerical amendments.

SEC. 2. REFERENCES; EFFECTIVE DATE; DISCLAIMER.

(a) REFERENCES TO SAFE DRINKING WATER ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to that section or other provision of title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") (42 U.S.C. 300f et seq.).

(b) EFFECTIVE DATE.—Except as otherwise specified in this Act or in the amendments made by this Act, this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

(c) DISCLAIMER.—Except for the provisions of section 302 (relating to transfers of funds), nothing in this Act or in any amendments made by this Act to title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") or any other law shall be construed by the Administrator of the Environmental Protection Agency or the courts as affecting, modifying, expanding, changing, or altering—

(1) the provisions of the Federal Water Pollution Control Act;

(2) the duties and responsibilities of the Administrator under that Act; or

(3) the regulation or control of point or nonpoint sources of pollution discharged into waters covered by that Act.

The Administrator shall identify in the agency's annual budget all funding and full-time equivalents administering such title XIV separately from funding and staffing for the Federal Water Pollution Control Act.

SEC. 3. FINDINGS.

The Congress finds that—

(1) safe drinking water is essential to the protection of public health;

(2) because the requirements of the Safe Drinking Water Act (42 U.S.C. 300f et seq.) now exceed the financial and technical capacity of some public water systems, especially many small public water systems, the Federal Government needs to provide assistance to communities to help the communities meet Federal drinking water requirements;

(3) the Federal Government commits to maintaining and improving its partnership with the States in the administration and implementation of the Safe Drinking Water Act;

(4) States play a central role in the implementation of safe drinking water programs, and States need increased financial resources and appropriate flexibility to ensure the prompt and effective development and implementation of drinking water programs;

(5) the existing process for the assessment and selection of additional drinking water contaminants needs to be revised and improved to ensure that there is a sound scientific basis for setting priorities in establishing drinking water regulations;

(6) procedures for assessing the health effects of contaminants establishing drinking water standards should be revised to provide greater opportunity for public education and participation;

(7) in considering the appropriate level of regulation for contaminants in drinking water, risk assessment, based on sound and objective science, and benefit-cost analysis are important analytical tools for improving the efficiency and effectiveness of drinking water regulations to protect human health;

(8) more effective protection of public health requires—

(A) a Federal commitment to set priorities that will allow scarce Federal, State, and local resources to be targeted toward the drinking water problems of greatest public health concern;

(B) maximizing the value of the different and complementary strengths and responsibilities of the Federal and State governments in those States that have primary enforcement responsibility for the Safe Drinking Water Act; and

(C) prevention of drinking water contamination through well-trained system operators, water systems with adequate managerial, technical, and financial capacity, and enhanced protection of source waters of public water systems;

(9) compliance with the requirements of the Safe Drinking Water Act continues to be a concern at public water systems experiencing technical and financial limitations, and Federal, State, and local governments need more resources and more effective authority to attain the objectives of the Safe Drinking Water Act; and

(10) consumers served by public water systems should be provided with information on the source of the water they are drinking and its quality and safety, as well as prompt notification of any violation of drinking water regulations.

TITLE I—AMENDMENTS TO SAFE DRINKING WATER ACT

SEC. 101. DEFINITIONS.

(a) IN GENERAL.—Section 1401 (42 U.S.C. 300f) is amended as follows:

(1) In paragraph (1)—

(A) in subparagraph (D), by inserting "accepted methods for" before "quality control"; and

(B) by adding at the end the following: "At any time after promulgation of a regulation referred to in this paragraph, the Administrator may add equally effective quality control and testing procedures by guidance published in the Federal Register. Such procedures shall be treated as an alternative for public water systems to the quality control and testing procedures listed in the regulation.".

(2) In paragraph (13)—

(A) by striking "The" and inserting "(A) Except as provided in subparagraph (B), the"; and

(B) by adding at the end the following:

"(B) For purposes of section 1452, the term 'State' means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.".

(3) In paragraph (14), by adding at the end the following: "For purposes of section 1452, the term includes any Native village (as defined in section 3(c) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(c)))."

(4) By adding at the end the following:

"(15) COMMUNITY WATER SYSTEM.—The term 'community water system' means a public water system that—

"(A) serves at least 15 service connections used by year-round residents of the area served by the system; or

"(B) regularly serves at least 25 year-round residents.

"(16) NONCOMMUNITY WATER SYSTEM.—The term 'noncommunity water system' means a public water system that is not a community water system.".

(b) PUBLIC WATER SYSTEM.—

(1) IN GENERAL.—Section 1401(4) (42 U.S.C. 300f(4)) is amended as follows:

(A) In the first sentence, by striking "piped water for human consumption" and inserting "water for human consumption through pipes or other constructed conveyances".

(B) By redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively.

(C) By striking "(4) The" and inserting the following:

"(4) PUBLIC WATER SYSTEM.—

"(A) IN GENERAL.—The"; and

(D) by adding at the end the following:

"(B) CONNECTIONS.—

"(i) IN GENERAL.—For purposes of subparagraph (A), a connection to a system that delivers water by a constructed conveyance other than a pipe shall not be considered a connection, if—

"(I) the water is used exclusively for purposes other than residential uses (consisting of drinking, bathing, and cooking, or other similar uses);

"(II) the Administrator or the State (in the case of a State exercising primary enforcement responsibility for public water systems) determines that alternative water to achieve the equivalent level of public health protection provided by the applicable national primary drinking water regulation is provided for residential or similar uses for drinking and cooking; or

"(III) the Administrator or the State (in the case of a State exercising primary enforcement responsibility for public water systems) determines that the water provided for residential or similar uses for drinking, cooking, and bathing is centrally treated or treated at the point of entry by the provider, a pass-through entity, or the user to achieve the equivalent level of protection provided by the applicable national primary drinking water regulations.

"(ii) IRRIGATION DISTRICTS.—An irrigation district in existence prior to May 18, 1994, that provides primarily agricultural service through a piped water system with only incidental residential or similar use shall not be considered to be a public water system if the system or the residential or similar users of the system comply with subclause (II) or (III) of clause (i).

"(C) TRANSITION PERIOD.—A water supplier that would be a public water system only as a result of modifications made to this paragraph by the Safe Drinking Water Act Amendments of 1996 shall not be considered a public water system for purposes of the Act until the date that is two years after the date of enactment of this subparagraph. If a water supplier does not serve 15 service connections (as defined in subparagraphs (A) and (B)) or 25 people at any time after the conclusion of the 2-year period, the water supplier shall not be considered a public water system.".

(2) GAO STUDY.—The Comptroller General of the United States shall undertake a study to—

(A) ascertain the numbers and locations of individuals and households relying for their residential water needs, including drinking, bathing, and cooking (or other similar uses) on irrigation water systems, mining water systems, industrial water systems, or other water systems covered by section 1401(4)(B) of the Safe Drinking Water Act that are not public water systems subject to the Safe Drinking Water Act;

(B) determine the sources and costs and affordability (to users and systems) of water used by such populations for their residential water needs; and

(C) review State and water system compliance with the exclusion provisions of section 1401(4)(B) of such Act.

The Comptroller General shall submit a report to the Congress within 3 years after the date of enactment of this Act containing the results of such study.

SEC. 102. GENERAL AUTHORITY.

(a) STANDARDS.—Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by striking "(b)(1)" and all that follows through the end of paragraph (3) and inserting the following:

"(b) STANDARDS.—

"(1) IDENTIFICATION OF CONTAMINANTS FOR LISTING.—

"(A) GENERAL AUTHORITY.—The Administrator shall, in accordance with the procedures established by this subsection, publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for a contaminant (other than a contaminant referred to in paragraph (2) for which a national primary drinking water regulation has been promulgated as of the date of enactment of the Safe Drinking Water Act Amendments of 1996) if the Administrator determines that—

"(i) the contaminant may have an adverse effect on the health of persons;

"(ii) the contaminant is known to occur or there is a substantial likelihood that the contaminant will occur in public water systems with a frequency and at levels of public health concern; and

"(iii) in the sole judgment of the Administrator, regulation of such contaminant presents a meaningful opportunity for health risk reduction for persons served by public water systems.

"(B) REGULATION OF UNREGULATED CONTAMINANTS.—

"(i) LISTING OF CONTAMINANTS FOR CONSIDERATION.—(I) Not later than 18 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 5 years thereafter, the Administrator, after consultation with the scientific community, including the Science Advisory Board, after notice and opportunity for public comment, and after considering the occurrence data base established under section 1445(g), shall publish a list of contaminants which, at the time of publication, are not subject to any proposed or promulgated national primary drinking water regulation, which are known or anticipated to occur in public water systems, and which may require regulation under this title.

"(II) The unregulated contaminants considered under subclause (I) shall include, but not be limited to, substances referred to in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and substances registered as pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act.

"(III) The Administrator's decision whether or not to select an unregulated contaminant for a list under this clause shall not be subject to judicial review.

"(ii) DETERMINATION TO REGULATE.—(I) Not later than 5 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and every 5 years thereafter, the Administrator shall, after notice of the preliminary determination and opportunity for public comment, for not fewer than 5 contaminants included on the list published under clause (i), make determinations of whether or not to regulate such contaminants.

"(II) A determination to regulate a contaminant shall be based on findings that the criteria of clauses (i), (ii), and (iii) of subparagraph (A) are satisfied. Such findings shall be based on the best available public health information, including the occurrence data base established under section 1445(g).

"(III) The Administrator may make a determination to regulate a contaminant that does not appear on a list under clause (i) if the determination to regulate is made pursuant to subclause (II).

"(IV) A determination under this clause not to regulate a contaminant shall be considered final agency action and subject to judicial review.

"(iii) REVIEW.—Each document setting forth the determination for a contaminant under clause (ii) shall be available for public comment at such time as the determination is published.

"(C) PRIORITIES.—In selecting unregulated contaminants for consideration under subparagraph (B), the Administrator shall select contaminants that present the greatest public health concern. The Administrator, in making such selection, shall take into consideration, among other factors of public health concern, the effect of such contaminants upon subgroups that comprise a meaningful portion of the general population (such as infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations) that are identifiable as being at greater risk of adverse health effects due to exposure to contaminants in drinking water than the general population.

"(D) URGENT THREATS TO PUBLIC HEALTH.—The Administrator may promulgate an interim national primary drinking water regulation for a contaminant without making a determination for the contaminant under paragraph (4)(C), or completing the analysis under paragraph (3)(C), to address an urgent threat to public health as determined by the Administrator after consultation with and written response to any comments provided by the Secretary of Health and Human Services, acting through the director of the Centers for Disease Control and Prevention or the director of the National Institutes of Health. A determination for any contaminant in accordance with paragraph (4)(C) subject to an interim regulation under this subparagraph shall be issued, and a completed analysis meeting the requirements of paragraph (3)(C) shall be published, not later than 3 years after the date on which the regulation is promulgated and the regulation shall be repromulgated, or revised if appropriate, not later than 5 years after that date.

"(E) REGULATION.—For each contaminant that the Administrator determines to regulate under subparagraph (B), the Administrator shall publish maximum contaminant level goals and promulgate, by rule, national primary drinking water regulations under this subsection. The Administrator shall propose the maximum contaminant level goal and national primary drinking water regulation for a contaminant not later than 24 months after the determination to regulate under subparagraph (B), and may publish such proposed regulation concurrent with the determination to regulate. The Administrator shall publish a maximum contaminant level goal and promulgate a national primary drinking water regulation within 18 months after the proposal thereof. The Administrator, by notice in the Federal Register, may extend the deadline for such promulgation for up to 9 months.

"(F) HEALTH ADVISORIES AND OTHER ACTIONS.—The Administrator may publish health advisories (which are not regulations) or take other appropriate actions for contaminants not subject to any national primary drinking water regulation.

"(2) SCHEDULES AND DEADLINES.—

"(A) IN GENERAL.—In the case of the contaminants listed in the Advance Notice of Proposed Rulemaking published in volume 47, Federal

Register, page 9352, and in volume 48, Federal Register, page 45502, the Administrator shall publish maximum contaminant level goals and promulgate national primary drinking water regulations—

"(i) not later than 1 year after June 19, 1986, for not fewer than 9 of the listed contaminants;

"(ii) not later than 2 years after June 19, 1986, for not fewer than 40 of the listed contaminants; and

"(iii) not later than 3 years after June 19, 1986, for the remainder of the listed contaminants.

"(B) SUBSTITUTION OF CONTAMINANTS.—If the Administrator identifies a drinking water contaminant the regulation of which, in the judgment of the Administrator, is more likely to be protective of public health (taking into account the schedule for regulation under subparagraph (A)) than a contaminant referred to in subparagraph (A), the Administrator may publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for the identified contaminant in lieu of regulating the contaminant referred to in subparagraph (A). Substitutions may be made for not more than 7 contaminants referred to in subparagraph (A). Regulation of a contaminant identified under this subparagraph shall be in accordance with the schedule applicable to the contaminant for which the substitution is made.

"(C) DISINFECTANTS AND DISINFECTION BYPRODUCTS.—The Administrator shall promulgate an Interim Enhanced Surface Water Treatment Rule, a Final Enhanced Surface Water Treatment Rule, a Stage I Disinfectants and Disinfection Byproducts Rule, and a Stage II Disinfectants and Disinfection Byproducts Rule in accordance with the schedule published in volume 59, Federal Register, page 6361 (February 10, 1994), in table III.13 of the proposed Information Collection Rule. If a delay occurs with respect to the promulgation of any rule in the schedule referred to in this subparagraph, all subsequent rules shall be completed as expeditiously as practicable but no later than a revised date that reflects the interval or intervals for the rules in the schedule.".

(b) APPLICABILITY OF PRIOR REQUIREMENTS.—The requirements of subparagraphs (C) and (D) of section 1412(b)(3) of the Safe Drinking Water Act as in effect before the date of enactment of this Act, and any obligation to promulgate regulations pursuant to such subparagraphs not promulgated as of the date of enactment of this Act, are superseded by the amendments made by subsection (a).

(c) CONFORMING AMENDMENTS.—(1) Section 1415(d) (42 U.S.C. 300g–4(d)) is amended by striking "1412(b)(3)" and inserting "1412(b)".

(2) Section 1412(a)(3) (42 U.S.C. 300g–1(a)(3)) is amended by striking "paragraph (1), (2), or (3) of" in each place it appears.

SEC. 103. RISK ASSESSMENT, MANAGEMENT, AND COMMUNICATION.

Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by inserting after paragraph (2) the following:

"(3) RISK ASSESSMENT, MANAGEMENT, AND COMMUNICATION.—

"(A) USE OF SCIENCE IN DECISIONMAKING.—In carrying out this section, and, to the degree that an Agency action is based on science, the Administrator shall use—

"(i) the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices; and

"(ii) data collected by accepted methods or best available methods (if the reliability of the method and the nature of the decision justifies use of the data).

"(B) PUBLIC INFORMATION.—In carrying out this section, the Administrator shall ensure that the presentation of information on public health effects is comprehensive, informative, and understandable. The Administrator shall, in a document made available to the public in support of a regulation promulgated under this section, specify, to the extent practicable—

"(i) each population addressed by any estimate of public health effects;

"(ii) the expected risk or central estimate of risk for the specific populations;

"(iii) each appropriate upper-bound or lower-bound estimate of risk;

"(iv) each significant uncertainty identified in the process of the assessment of public health effects and studies that would assist in resolving the uncertainty; and

"(v) peer-reviewed studies known to the Administrator that support, are directly relevant to, or fail to support any estimate of public health effects and the methodology used to reconcile inconsistencies in the scientific data.

"(C) HEALTH RISK REDUCTION AND COST ANALYSIS.—

"(i) MAXIMUM CONTAMINANT LEVELS.—When proposing any national primary drinking water regulation that includes a maximum contaminant level, the Administrator shall, with respect to a maximum contaminant level that is being considered in accordance with paragraph (4) and each alternative maximum contaminant level that is being considered pursuant to paragraph (5) or (6)(A), publish, seek public comment on, and use for the purposes of paragraphs (4), (5), and (6) an analysis of each of the following:

"(I) Quantifiable and nonquantifiable health risk reduction benefits for which there is a factual basis in the rulemaking record to conclude that such benefits are likely to occur as the result of treatment to comply with each level.

"(II) Quantifiable and nonquantifiable health risk reduction benefits for which there is a factual basis in the rulemaking record to conclude that such benefits are likely to occur from reductions in co-occurring contaminants that may be attributed solely to compliance with the maximum contaminant level, excluding benefits resulting from compliance with other proposed or promulgated regulations.

"(III) Quantifiable and nonquantifiable costs for which there is a factual basis in the rulemaking record to conclude that such costs are likely to occur solely as a result of compliance with the maximum contaminant level, including monitoring, treatment, and other costs and excluding costs resulting from compliance with other proposed or promulgated regulations.

"(IV) The incremental costs and benefits associated with each alternative maximum contaminant level considered.

"(V) The effects of the contaminant on the general population and on groups within the general population such as infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations that are identified as likely to be at greater risk of adverse health effects due to exposure to contaminants in drinking water than the general population.

"(VI) Any increased health risk that may occur as the result of compliance, including risks associated with co-occurring contaminants.

"(VII) Other relevant factors, including the quality and extent of the information, the uncertainties in the analysis supporting subclauses (I) through (VI), and factors with respect to the degree and nature of the risk.

"(ii) TREATMENT TECHNIQUES.—When proposing a national primary drinking water regulation that includes a treatment technique in accordance with paragraph (7)(A), the Administrator shall publish and seek public comment on an analysis of the health risk reduction benefits and costs likely to be experienced as the result of compliance with the treatment technique and alternative treatment techniques that are being considered, taking into account, as appropriate, the factors described in clause (i).

"(iii) APPROACHES TO MEASURE AND VALUE BENEFITS.—The Administrator may identify valid approaches for the measurement and valuation of benefits under this subparagraph, including approaches to identify consumer willingness to pay for reductions in health risks from drinking water contaminants.

"(iv) AUTHORIZATION.—There are authorized to be appropriated to the Administrator, acting through the Office of Ground Water and Drinking Water, to conduct studies, assessments, and analyses in support of regulations or the development of methods, $35,000,000 for each of fiscal years 1996 through 2003.".

SEC. 104. STANDARD-SETTING.

(a) IN GENERAL.—Section 1412(b) (42 U.S.C. 300g–1(b)) is amended as follows:

(1) In paragraph (4)—

(A) by striking "(4) Each" and inserting the following:

"(4) GOALS AND STANDARDS.—

"(A) MAXIMUM CONTAMINANT LEVEL GOALS.—Each";

(B) in the last sentence—

(i) by striking "Each national" and inserting the following:

"(B) MAXIMUM CONTAMINANT LEVELS.— Except as provided in paragraphs (5) and (6), each national"; and

(ii) by striking "maximum level" and inserting "maximum contaminant level"; and

(C) by adding at the end the following:

"(C) DETERMINATION.—At the time the Administrator proposes a national primary drinking water regulation under this paragraph, the Administrator shall publish a determination as to whether the benefits of the maximum contaminant level justify, or do not justify, the costs based on the analysis conducted under paragraph (3)(C).".

(2) By striking "(5) For the" and inserting the following:

"(D) DEFINITION OF FEASIBLE.—For the".

(3) In the second sentence of paragraph (4)(D) (as so designated), by striking "paragraph (4)" and inserting "this paragraph".

(4) By striking "(6) Each national" and inserting the following:

"(E) FEASIBLE TECHNOLOGIES.—

"(i) IN GENERAL.—Each national".

(5) In paragraph (4)(E)(i) (as so designated), by striking "this paragraph" and inserting "this subsection".

(6) By inserting after paragraph (4) (as so amended) the following:

"(5) ADDITIONAL HEALTH RISK CONSIDERATIONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (4), the Administrator may establish a maximum contaminant level for a contaminant at a level other than the feasible level, if the technology, treatment techniques, and other means used to determine the feasible level would result in an increase in the health risk from drinking water by—

"(i) increasing the concentration of other contaminants in drinking water; or

"(ii) interfering with the efficacy of drinking water treatment techniques or processes that are used to comply with other national primary drinking water regulations.

"(B) ESTABLISHMENT OF LEVEL.—If the Administrator establishes a maximum contaminant level or levels or requires the use of treatment techniques for any contaminant or contaminants pursuant to the authority of this paragraph—

"(i) the level or levels or treatment techniques shall minimize the overall risk of adverse health

effects by balancing the risk from the contaminant and the risk from other contaminants the concentrations of which may be affected by the use of a treatment technique or process that would be employed to attain the maximum contaminant level or levels; and

"(ii) the combination of technology, treatment techniques, or other means required to meet the level or levels shall not be more stringent than is feasible (as defined in paragraph (4)(D)).

"(6) ADDITIONAL HEALTH RISK REDUCTION AND COST CONSIDERATIONS.—

"(A) IN GENERAL.—Notwithstanding paragraph (4), if the Administrator determines based on an analysis conducted under paragraph (3)(C) that the benefits of a maximum contaminant level promulgated in accordance with paragraph (4) would not justify the costs of complying with the level, the Administrator may, after notice and opportunity for public comment, promulgate a maximum contaminant level for the contaminant that maximizes health risk reduction benefits at a cost that is justified by the benefits.

"(B) EXCEPTION.—The Administrator shall not use the authority of this paragraph to promulgate a maximum contaminant level for a contaminant, if the benefits of compliance with a national primary drinking water regulation for the contaminant that would be promulgated in accordance with paragraph (4) experienced by—

"(i) persons served by large public water systems; and

"(ii) persons served by such other systems as are unlikely, based on information provided by the States, to receive a variance under section 1415(e) (relating to small system variances);

would justify the costs to the systems of complying with the regulation. This subparagraph shall not apply if the contaminant is found almost exclusively in small systems eligible under section 1415(e) for a small system variance.

"(C) DISINFECTANTS AND DISINFECTION BYPRODUCTS.—The Administrator may not use the authority of this paragraph to establish a maximum contaminant level in a Stage I or Stage II national primary drinking water regulation (as described in paragraph (2)(C)) for contaminants that are disinfectants or disinfection byproducts, or to establish a maximum contaminant level or treatment technique requirement for the control of cryptosporidium. The authority of this paragraph may be used to establish regulations for the use of disinfection by systems relying on ground water sources as required by paragraph (8).

"(D) JUDICIAL REVIEW.—A determination by the Administrator that the benefits of a maximum contaminant level or treatment requirement justify or do not justify the costs of complying with the level shall be reviewed by the court pursuant to section 1448 only as part of a review of a final national primary drinking water regulation that has been promulgated based on the determination and shall not be set aside by the court under that section unless the court finds that the determination is arbitrary and capricious.".

(b) DISINFECTANTS AND DISINFECTION BYPRODUCTS.—The Administrator of the Environmental Protection Agency may use the authority of section 1412(b)(5) of the Safe Drinking Water Act (as amended by this Act) to promulgate the Stage I and Stage II Disinfectants and Disinfection Byproducts Rules as proposed in volume 59, Federal Register, page 38668 (July 29, 1994). The considerations used in the development of the July 29, 1994, proposed national primary drinking water regulation on disinfectants and disinfection byproducts shall be treated as consistent with such section 1412(b)(5) for purposes of such Stage I and Stage II rules.

(c) REVIEW OF STANDARDS.—Section 1412(b)(9) (42 U.S.C. 300g–1(b)(9)) is amended to read as follows:

"(9) REVIEW AND REVISION.—The Administrator shall, not less often than every 6 years, review and revise, as appropriate, each national primary drinking water regulation promulgated under this title. Any revision of a national primary drinking water regulation shall be promulgated in accordance with this section, except that each revision shall maintain, or provide for greater, protection of the health of persons.".

SEC. 105. TREATMENT TECHNOLOGIES FOR SMALL SYSTEMS.

Section 1412(b)(4)(E) (42 U.S.C. 300g–1(b)(4)(E)) is amended by adding at the end the following:

"(ii) LIST OF TECHNOLOGIES FOR SMALL SYSTEMS.—The Administrator shall include in the list any technology, treatment technique, or other means that is affordable, as determined by the Administrator in consultation with the States, for small public water systems serving—

"(I) a population of 10,000 or fewer but more than 3,300;

"(II) a population of 3,300 or fewer but more than 500; and

"(III) a population of 500 or fewer but more than 25;

and that achieves compliance with the maximum contaminant level or treatment technique, including packaged or modular systems and point-of-entry or point-of-use treatment units. Point-of-entry and point-of-use treatment units shall be owned, controlled and maintained by the public water system or by a person under contract with the public water system to ensure proper operation and maintenance and compliance with the maximum contaminant level or treatment technique and equipped with mechanical warnings to ensure that customers are automatically notified of operational problems. The Administrator shall not include in the list any point-of-use treatment technology, treatment technique, or other means to achieve compliance with a maximum contaminant level or treatment technique requirement for a microbial contaminant (or an indicator of a microbial contaminant). If the American National Standards Institute has issued product standards applicable to a specific type of point-of-entry or point-of-use treatment unit, individual units of that type shall not be accepted for compliance with a maximum contaminant level or treatment technique requirement unless they are independently certified in accordance with such standards. In listing any technology, treatment technique, or other means pursuant to this clause, the Administrator shall consider the quality of the source water to be treated.

"(iii) LIST OF TECHNOLOGIES THAT ACHIEVE COMPLIANCE.—Except as provided in clause (v), not later than 2 years after the date of enactment of this clause and after consultation with the States, the Administrator shall issue a list of technologies that achieve compliance with the maximum contaminant level or treatment technique for each category of public water systems described in subclauses (I), (II), and (III) of clause (ii) for each national primary drinking water regulation promulgated prior to the date of enactment of this paragraph.

"(iv) ADDITIONAL TECHNOLOGIES.—The Administrator may, at any time after a national primary drinking water regulation has been promulgated, supplement the list of technologies describing additional or new or innovative treatment technologies that meet the requirements of this paragraph for categories of small public water systems described in subclauses (I), (II), and (III) of clause (ii) that are subject to the regulation.

"(v) TECHNOLOGIES THAT MEET SURFACE WATER TREATMENT RULE.—Within one year after the date of enactment of this clause, the Administrator shall list technologies that meet the Surface Water Treatment Rule for each category of public water systems described in subclauses (I), (II), and (III) of clause (ii).".

SEC. 106. LIMITED ALTERNATIVE TO FILTRATION.

Section 1412(b)(7)(C) (42 U.S.C. 300g–1(b)(7)(C)) is amended by adding the following after clause (iv):

"(v) As an additional alternative to the regulations promulgated pursuant to clauses (i) and (iii), including the criteria for avoiding filtration contained in 40 CFR 141.71, a State exercising primary enforcement responsibility for public water systems may, on a case-by-case basis, and after notice and opportunity for public comment, establish treatment requirements as an alternative to filtration in the case of systems having uninhabited, undeveloped watersheds in consolidated ownership, and having control over access to, and activities in, those watersheds, if the State determines (and the Administrator concurs) that the quality of the source water and the alternative treatment requirements established by the State ensure greater removal or inactivation efficiencies of pathogenic organisms for which national primary drinking water regulations have been promulgated or that are of public health concern than would be achieved by the combination of filtration and chlorine disinfection (in compliance with this section).".

SEC. 107. GROUND WATER DISINFECTION.

Paragraph (8) of section 1412(b) (42 U.S.C. 300g–1(b)(8)) is amended by moving the margins of such paragraph 2 ems to the right and by striking the first sentence and inserting the following: "DISINFECTION.—At any time after the end of the 3-year period that begins on the date of enactment of the Safe Drinking Water Act Amendments of 1996, but not later than the date on which the Administrator promulgates a Stage II rulemaking for disinfectants and disinfection byproducts (as described in paragraph (2)(C)), the Administrator shall also promulgate national primary drinking water regulations requiring disinfection as a treatment technique for all public water systems, including surface water systems and, as necessary, ground water systems. After consultation with the States, the Administrator shall (as part of the regulations) promulgate criteria that the Administrator, or a State that has primary enforcement responsibility under section 1413, shall apply to determine whether disinfection shall be required as a treatment technique for any public water system served by ground water.".

SEC. 108. EFFECTIVE DATE FOR REGULATIONS.

Section 1412(b)(10) (42 U.S.C. 300g–1(b)(10)) is amended to read as follows:

"(10) EFFECTIVE DATE.—A national primary drinking water regulation promulgated under this section (and any amendment thereto) shall take effect on the date that is 3 years after the date on which the regulation is promulgated unless the Administrator determines that an earlier date is practicable, except that the Administrator, or a State (in the case of an individual system), may allow up to 2 additional years to comply with a maximum contaminant level or treatment technique if the Administrator or State (in the case of an individual system) determines that additional time is necessary for capital improvements.".

SEC. 109. ARSENIC, SULFATE, AND RADON.

(a) ARSENIC AND SULFATE.—Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by inserting after paragraph (11) the following:

"(12) CERTAIN CONTAMINANTS.—

"(A) ARSENIC.—

"(i) SCHEDULE AND STANDARD.—Notwithstanding the deadlines set forth in paragraph (1), the

Administrator shall promulgate a national primary drinking water regulation for arsenic pursuant to this subsection, in accordance with the schedule established by this paragraph.

"(ii) STUDY PLAN.—Not later than 180 days after the date of enactment of this paragraph, the Administrator shall develop a comprehensive plan for study in support of drinking water rulemaking to reduce the uncertainty in assessing health risks associated with exposure to low levels of arsenic. In conducting such study, the Administrator shall consult with the National Academy of Sciences, other Federal agencies, and interested public and private entities.

"(iii) COOPERATIVE AGREEMENTS.—In carrying out the study plan, the Administrator may enter into cooperative agreements with other Federal agencies, State and local governments, and other interested public and private entities.

"(iv) PROPOSED REGULATIONS.—The Administrator shall propose a national primary drinking water regulation for arsenic not later than January 1, 2000.

"(v) FINAL REGULATIONS.—Not later than January 1, 2001, after notice and opportunity for public comment, the Administrator shall promulgate a national primary drinking water regulation for arsenic.

"(vi) AUTHORIZATION.—There are authorized to be appropriated $2,500,000 for each of fiscal years 1997 through 2000 for the studies required by this paragraph.

"(B) SULFATE.—

"(i) ADDITIONAL STUDY.—Prior to promulgating a national primary drinking water regulation for sulfate, the Administrator and the Director of the Centers for Disease Control and Prevention shall jointly conduct an additional study to establish a reliable dose-response relationship for the adverse human health effects that may result from exposure to sulfate in drinking water, including the health effects that may be experienced by groups within the general population (including infants and travelers) that are potentially at greater risk of adverse health effects as the result of such exposure. The study shall be conducted in consultation with interested States, shall be based on the best available, peer-reviewed science and supporting studies conducted in accordance with sound and objective scientific practices, and shall be completed not later than 30 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996.

"(ii) DETERMINATION.—The Administrator shall include sulfate among the 5 or more contaminants for which a determination is made pursuant to paragraph (3)(B) not later than 5 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996.

"(iii) PROPOSED AND FINAL RULE.—Notwithstanding the deadlines set forth in paragraph (2), the Administrator may, pursuant to the authorities of this subsection and after notice and opportunity for public comment, promulgate a final national primary drinking water regulation for sulfate. Any such regulation shall include requirements for public notification and options for the provision of alternative water supplies to populations at risk as a means of complying with the regulation in lieu of a best available treatment technology or other means.".

(b) RADON.—Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by inserting after paragraph (12) the following:

"(13) RADON IN DRINKING WATER.—

"(A) NATIONAL PRIMARY DRINKING WATER REGULATION.—Notwithstanding paragraph (2), the Administrator shall withdraw any national primary drinking water regulation for radon proposed prior to the date of enactment of this paragraph and shall propose and promulgate a regulation for radon under this section, as amended by the Safe Drinking Water Act Amendments of 1996.

"(B) RISK ASSESSMENT AND STUDIES.—

"(i) ASSESSMENT BY NAS.—Prior to proposing a national primary drinking water regulation for radon, the Administrator shall arrange for the National Academy of Sciences to prepare a risk assessment for radon in drinking water using the best available science in accordance with the requirements of paragraph (3). The risk assessment shall consider each of the risks associated with exposure to radon from drinking water and consider studies on the health effects of radon at levels and under conditions likely to be experienced through residential exposure. The risk assessment shall be peer-reviewed.

"(ii) STUDY OF OTHER MEASURES.—The Administrator shall arrange for the National Academy of Sciences to prepare an assessment of the health risk reduction benefits associated with various mitigation measures to reduce radon levels in indoor air. The assessment may be conducted as part of the risk assessment authorized by clause (i) and shall be used by the Administrator to prepare the guidance and approve State programs under subparagraph (G).

"(iii) OTHER ORGANIZATION.—If the National Academy of Sciences declines to prepare the risk assessment or studies required by this subparagraph, the Administrator shall enter into a contract or cooperative agreement with another independent, scientific organization to prepare such assessments or studies.

"(C) HEALTH RISK REDUCTION AND COST ANALYSIS.—Not later than 30 months after the date of enactment of this paragraph, the Administrator shall publish, and seek public comment on, a health risk reduction and cost analysis meeting the requirements of paragraph (3)(C) for potential maximum contaminant levels that are being considered for radon in drinking water. The Administrator shall include a response to all significant public comments received on the analysis with the preamble for the proposed rule published under subparagraph (D).

"(D) PROPOSED REGULATION.—Not later than 36 months after the date of enactment of this paragraph, the Administrator shall propose a maximum contaminant level goal and a national primary drinking water regulation for radon pursuant to this section.

"(E) FINAL REGULATION.—Not later than 12 months after the date of the proposal under subparagraph (D), the Administrator shall publish a maximum contaminant level goal and promulgate a national primary drinking water regulation for radon pursuant to this section based on the risk assessment prepared pursuant to subparagraph (B) and the health risk reduction and cost analysis published pursuant to subparagraph (C). In considering the risk assessment and the health risk reduction and cost analysis in connection with the promulgation of such a standard, the Administrator shall take into account the costs and benefits of control programs for radon from other sources.

"(F) ALTERNATIVE MAXIMUM CONTAMINANT LEVEL.—If the maximum contaminant level for radon in drinking water promulgated pursuant to subparagraph (E) is more stringent than necessary to reduce the contribution to radon in indoor air from drinking water to a concentration that is equivalent to the national average concentration of radon in outdoor air, the Administrator shall, simultaneously with the promulgation of such level, promulgate an alternative maximum contaminant level for radon that would result in a contribution of radon from drinking water to radon levels in indoor air equivalent to the national average concentration of radon in outdoor air. If the Administrator promulgates an alternative maximum contaminant level under this subparagraph, the Administrator shall, after notice and opportunity for public comment and in consultation with the States, publish guidelines for State programs, including criteria for multimedia measures to mitigate radon levels in indoor air, to be used by the States in preparing programs under subparagraph (G). The guidelines shall take into account data from existing radon mitigation programs and the assessment of mitigation measures prepared under subparagraph (B).

"(G) MULTIMEDIA RADON MITIGATION PROGRAMS.—

"(i) IN GENERAL.—A State may develop and submit a multimedia program to mitigate radon levels in indoor air for approval by the Administrator under this subparagraph. If, after notice and the opportunity for public comment, such program is approved by the Administrator, public water systems in the State may comply with the alternative maximum contaminant level promulgated under subparagraph (F) in lieu of the maximum contaminant level in the national primary drinking water regulation promulgated under subparagraph (E).

"(ii) ELEMENTS OF PROGRAMS.—State programs may rely on a variety of mitigation measures including public education, testing, training, technical assistance, remediation grant and loan or incentive programs, or other regulatory or nonregulatory measures. The effectiveness of elements in State programs shall be evaluated by the Administrator based on the assessment prepared by the National Academy of Sciences under subparagraph (B) and the guidelines published by the Administrator under subparagraph (F).

"(iii) APPROVAL.—The Administrator shall approve a State program submitted under this paragraph if the health risk reduction benefits expected to be achieved by the program are equal to or greater than the health risk reduction benefits that would be achieved if each public water system in the State complied with the maximum contaminant level promulgated under subparagraph (E). The Administrator shall approve or disapprove a program submitted under this paragraph within 180 days of receipt. A program that is not disapproved during such period shall be deemed approved. A program that is disapproved may be modified to address the objections of the Administrator and be resubmitted for approval.

"(iv) REVIEW.—The Administrator shall periodically, but not less often than every 5 years, review each multimedia mitigation program approved under this subparagraph to determine whether it continues to meet the requirements of clause (iii) and shall, after written notice to the State and an opportunity for the State to correct any deficiency in the program, withdraw approval of programs that no longer comply with such requirements.

"(v) EXTENSION.—If, within 90 days after the promulgation of an alternative maximum contaminant level under subparagraph (F), the Governor of a State submits a letter to the Administrator committing to develop a multimedia mitigation program under this subparagraph, the effective date of the national primary drinking water regulation for radon in the State that would be applicable under paragraph (10) shall be extended for a period of 18 months.

"(vi) LOCAL PROGRAMS.—In the event that a State chooses not to submit a multimedia mitigation program for approval under this subparagraph or has submitted a program that has been disapproved, any public water system in the State may submit a program for approval by the Administrator according to the same criteria, conditions, and approval process that would apply to a State program. The Administrator shall approve a multimedia mitigation program if the health risk reduction benefits expected to be achieved by the program are equal to or greater than the health risk reduction benefits

that would result from compliance by the public water system with the maximum contaminant level for radon promulgated under subparagraph (E).".

SEC. 110. RECYCLING OF FILTER BACKWASH.

Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by adding the following new paragraph after paragraph (13):

"(14) Recycling of Filter Backwash.—The Administrator shall promulgate a regulation to govern the recycling of filter backwash water within the treatment process of a public water system. The Administrator shall promulgate such regulation not later than 4 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996 unless such recycling has been addressed by the Administrator's Enhanced Surface Water Treatment Rule prior to such date.".

SEC. 111. TECHNOLOGY AND TREATMENT TECHNIQUES.

(a) Variance Technologies.—Section 1412(b) (42 U.S.C. 300g–1(b)) is amended by adding the following new paragraph after paragraph (14):

"(15) Variance Technologies.—

"(A) In general.—At the same time as the Administrator promulgates a national primary drinking water regulation for a contaminant pursuant to this section, the Administrator shall issue guidance or regulations describing the best treatment technologies, treatment techniques, or other means (referred to in this paragraph as 'variance technology') for the contaminant that the Administrator finds, after examination for efficacy under field conditions and not solely under laboratory conditions, are available and affordable, as determined by the Administrator in consultation with the States, for public water systems of varying size, considering the quality of the source water to be treated. The Administrator shall identify such variance technologies for public water systems serving—

"(i) a population of 10,000 or fewer but more than 3,300;

"(ii) a population of 3,300 or fewer but more than 500; and

"(iii) a population of 500 or fewer but more than 25,

if, considering the quality of the source water to be treated, no treatment technology is listed for public water systems of that size under paragraph (4)(E). Variance technologies identified by the Administrator pursuant to this paragraph may not achieve compliance with the maximum contaminant level or treatment technique requirement of such regulation, but shall achieve the maximum reduction or inactivation efficiency that is affordable considering the size of the system and the quality of the source water. The guidance or regulations shall not require the use of a technology from a specific manufacturer or brand.

"(B) Limitation.—The Administrator shall not identify any variance technology under this paragraph, unless the Administrator has determined, considering the quality of the source water to be treated and the expected useful life of the technology, that the variance technology is protective of public health.

"(C) Additional information.—The Administrator shall include in the guidance or regulations identifying variance technologies under this paragraph any assumptions supporting the public health determination referred to in subparagraph (B), where such assumptions concern the public water system to which the technology may be applied, or its source waters. The Administrator shall provide any assumptions used in determining affordability, taking into consideration the number of persons served by such systems. The Administrator shall provide as much reliable information as practicable on performance, effectiveness, limitations, costs, and other relevant factors including the applicability of variance technology to waters from surface and underground sources.

"(D) Regulations and guidance.—Not later than 2 years after the date of enactment of this paragraph and after consultation with the States, the Administrator shall issue guidance or regulations under subparagraph (A) for each national primary drinking water regulation promulgated prior to the date of enactment of this paragraph for which a variance may be granted under section 1415(e). The Administrator may, at any time after a national primary drinking water regulation has been promulgated, issue guidance or regulations describing additional variance technologies. The Administrator shall, not less often than every 7 years, or upon receipt of a petition supported by substantial information, review variance technologies identified under this paragraph. The Administrator shall issue revised guidance or regulations if new or innovative variance technologies become available that meet the requirements of this paragraph and achieve an equal or greater reduction or inactivation efficiency than the variance technologies previously identified under this subparagraph. No public water system shall be required to replace a variance technology during the useful life of the technology for the sole reason that a more efficient variance technology has been listed under this subparagraph.".

(b) Availability of Information on Small System Technologies.—Section 1445 (42 U.S.C. 300j–4) is amended by adding the following new subsection after subsection (g):

"(h) Availability of Information on Small System Technologies.—For purposes of sections 1412(b)(4)(E) and 1415(e) (relating to small system variance program), the Administrator may request information on the characteristics of commercially available treatment systems and technologies, including the effectiveness and performance of the systems and technologies under various operating conditions. The Administrator may specify the form, content, and submission date of information to be submitted by manufacturers, States, and other interested persons for the purpose of considering the systems and technologies in the development of regulations or guidance under sections 1412(b)(4)(E) and 1415(e).".

SEC. 112. STATE PRIMACY.

(a) State Primary Enforcement Responsibility.—Section 1413 (42 U.S.C. 300g–2) is amended as follows:

(1) In subsection (a), by amending paragraph (1) to read as follows:

"(1) has adopted drinking water regulations that are no less stringent than the national primary drinking water regulations promulgated by the Administrator under subsections (a) and (b) of section 1412 not later than 2 years after the date on which the regulations are promulgated by the Administrator, except that the Administrator may provide for an extension of not more than 2 years if, after submission and review of appropriate, adequate documentation from the State, the Administrator determines that the extension is necessary and justified;".

(2) By adding at the end the following subsection:

"(c) Interim Primary Enforcement Authority.—A State that has primary enforcement authority under this section with respect to each existing national primary drinking water regulation shall be considered to have primary enforcement authority with respect to each new or revised national primary drinking water regulation during the period beginning on the effective date of a regulation adopted and submitted by the State with respect to the new or revised national primary drinking water regulation in accordance with subsection (b)(1) and ending at such time as the Administrator makes a determination under subsection (b)(2)(B) with respect to the regulation.".

(b) Emergency Plans.—Section 1413(a)(5) (42 U.S.C. 300g–2(a)(5)) is amended by inserting after "emergency circumstances" the following: "including earthquakes, floods, hurricanes, and other natural disasters, as appropriate".

SEC. 113. ENFORCEMENT; JUDICIAL REVIEW.

(a) In General.—Section 1414 (42 U.S.C. 300g–3) is amended as follows:

(1) In subsection (a)—

(A) in paragraph (1)—

(i) in subparagraph (A)—

(I) in clause (i), by striking "any national primary drinking water regulation in effect under section 1412" and inserting "any applicable requirement"; and

(II) by striking "with such regulation or requirement" and inserting "with the requirement"; and

(ii) in subparagraph (B), by striking "regulation or" and inserting "applicable"; and

(B) by striking paragraph (2) and inserting the following:

"(2) Enforcement in nonprimacy States.—

"(A) In general.—If, on the basis of information available to the Administrator, the Administrator finds, with respect to a period in which a State does not have primary enforcement responsibility for public water systems, that a public water system in the State—

"(i) for which a variance under section 1415 or an exemption under section 1416 is not in effect, does not comply with any applicable requirement; or

"(ii) for which a variance under section 1415 or an exemption under section 1416 is in effect, does not comply with any schedule or other requirement imposed pursuant to the variance or exemption;

the Administrator shall issue an order under subsection (g) requiring the public water system to comply with the requirement, or commence a civil action under subsection (b).

"(B) Notice.—If the Administrator takes any action pursuant to this paragraph, the Administrator shall notify an appropriate local elected official, if any, with jurisdiction over the public water system of the action prior to the time that the action is taken.".

(2) In the first sentence of subsection (b), by striking "a national primary drinking water regulation" and inserting "any applicable requirement".

(3) In subsection (g)—

(A) in paragraph (1), by striking "regulation, schedule, or other" each place it appears and inserting "applicable";

(B) in paragraph (2)—

(i) in the first sentence—

(I) by striking "effect until after notice and opportunity for public hearing and," and inserting "effect,"; and

(II) by striking "proposed order" and inserting "order"; and

(ii) in the second sentence, by striking "proposed to be"; and

(C) in paragraph (3)—

(i) by striking subparagraph (B) and inserting the following:

"(B) In a case in which a civil penalty sought by the Administrator under this paragraph does not exceed $5,000, the penalty shall be assessed by the Administrator after notice and opportunity for a public hearing (unless the person against whom the penalty is assessed requests a hearing on the record in accordance with section 554 of title 5, United States Code). In a case in which a civil penalty sought by the Administrator under this paragraph exceeds $5,000, but does not exceed $25,000, the penalty shall be assessed by the Administrator after notice and opportunity for a hearing on the record in accordance with section 554 of title 5, United States Code."; and *(ii) in subparagraph (C), by striking "paragraph exceeds $5,000" and inserting "subsection for a violation of an applicable requirement exceeds $25,000".*

(4) By adding at the end the following:

"(h) CONSOLIDATION INCENTIVE.—

"(1) IN GENERAL.—An owner or operator of a public water system may submit to the State in which the system is located (if the State has primary enforcement responsibility under section 1413) or to the Administrator (if the State does not have primary enforcement responsibility) a plan (including specific measures and schedules) for—

"(A) the physical consolidation of the system with 1 or more other systems;

"(B) the consolidation of significant management and administrative functions of the system with 1 or more other systems; or

"(C) the transfer of ownership of the system that may reasonably be expected to improve drinking water quality.

"(2) CONSEQUENCES OF APPROVAL.—If the State or the Administrator approves a plan pursuant to paragraph (1), no enforcement action shall be taken pursuant to this part with respect to a specific violation identified in the approved plan prior to the date that is the earlier of the date on which consolidation is completed according to the plan or the date that is 2 years after the plan is approved.

"(i) DEFINITION OF APPLICABLE REQUIREMENT.—In this section, the term 'applicable requirement' means—

"(1) a requirement of section 1412, 1414, 1415, 1416, 1417, 1441, or 1445;

"(2) a regulation promulgated pursuant to a section referred to in paragraph (1);

"(3) a schedule or requirement imposed pursuant to a section referred to in paragraph (1); and

"(4) a requirement of, or permit issued under, an applicable State program for which the Administrator has made a determination that the requirements of section 1413 have been satisfied, or an applicable State program approved pursuant to this part.".

(b) STATE AUTHORITY FOR ADMINISTRATIVE PENALTIES.—Section 1413(a) (42 U.S.C. 300g-2(a)) is amended—

(1) by striking "and" at the end of paragraph (4);

(2) by striking the period at the end of paragraph (5) and inserting "; and"; and

(3) by adding at the end the following:

"(6) has adopted authority for administrative penalties (unless the constitution of the State prohibits the adoption of the authority) in a maximum amount—

"(A) in the case of a system serving a population of more than 10,000, that is not less than $1,000 per day per violation; and

"(B) in the case of any other system, that is adequate to ensure compliance (as determined by the State);

except that a State may establish a maximum limitation on the total amount of administrative penalties that may be imposed on a public water system per violation.".

(c) JUDICIAL REVIEW.—Section 1448(a) (42 U.S.C. 300j-7(a)) is amended—

(1) in paragraph (2) of the first sentence, by inserting "final" after "any other";

(2) in the second sentence, by striking "or issuance of the order" and inserting "or any other final Agency action"; and

(3) by adding at the end the following "In any petition concerning the assessment of a civil penalty pursuant to section 1414(g)(3)(B), the petitioner shall simultaneously send a copy of the complaint by certified mail to the Administrator and the Attorney General. The court shall set aside and remand the penalty order if the court finds that there is not substantial evidence in the record to support the finding of a violation or that the assessment of the penalty by the Administrator constitutes an abuse of discretion.".

(d) EMERGENCY POWERS.—Section 1431(b) (42 U.S.C. 300i(b)) is amended by striking "$5,000" and inserting "$15,000".

SEC. 114. PUBLIC NOTIFICATION.

(a) PUBLIC WATER SYSTEMS.—Section 1414(c) (42 U.S.C. 300g-3(c)) is amended to read as follows:

"(c) NOTICE TO PERSONS SERVED.—

"(1) IN GENERAL.—Each owner or operator of a public water system shall give notice of each of the following to the persons served by the system:

"(A) Notice of any failure on the part of the public water system to—

"(i) comply with an applicable maximum contaminant level or treatment technique requirement of, or a testing procedure prescribed by, a national primary drinking water regulation; or

"(ii) perform monitoring required by section 1445(a).

"(B) If the public water system is subject to a variance granted under subsection (a)(1)(A), (a)(2), or (e) of section 1415 for an inability to meet a maximum contaminant level requirement or is subject to an exemption granted under section 1416, notice of—

"(i) the existence of the variance or exemption; and

"(ii) any failure to comply with the requirements of any schedule prescribed pursuant to the variance or exemption.

"(C) Notice of the concentration level of any unregulated contaminant for which the Administrator has required public notice pursuant to paragraph (2)(E).

"(2) FORM, MANNER, AND FREQUENCY OF NOTICE.—

"(A) IN GENERAL.—The Administrator shall, by regulation, and after consultation with the States, prescribe the manner, frequency, form, and content for giving notice under this subsection. The regulations shall—

"(i) provide for different frequencies of notice based on the differences between violations that are intermittent or infrequent and violations that are continuous or frequent; and

"(ii) take into account the seriousness of any potential adverse health effects that may be involved.

"(B) STATE REQUIREMENTS.—

"(i) IN GENERAL.—A State may, by rule, establish alternative notification requirements—

"(I) with respect to the form and content of notice given under and in a manner in accordance with subparagraph (C); and

"(II) with respect to the form and content of notice given under subparagraph (D).

"(ii) CONTENTS.—The alternative requirements shall provide the same type and amount of information as required pursuant to this subsection and regulations issued under subparagraph (A).

"(iii) RELATIONSHIP TO SECTION 1413.—Nothing in this subparagraph shall be construed or applied to modify the requirements of section 1413.

"(C) VIOLATIONS WITH POTENTIAL TO HAVE SERIOUS ADVERSE EFFECTS ON HUMAN HEALTH.—Regulations issued under subparagraph (A) shall specify notification procedures for each violation by a public water system that has the potential to have serious adverse effects on human health as a result of short-term exposure. Each notice of violation provided under this subparagraph shall—

"(i) be distributed as soon as practicable after the occurrence of the violation, but not later than 24 hours after the occurrence of the violation;

"(ii) provide a clear and readily understandable explanation of—

"(I) the violation;

"(II) the potential adverse effects on human health;

"(III) the steps that the public water system is taking to correct the violation; and

"(IV) the necessity of seeking alternative water supplies until the violation is corrected;

"(iii) be provided to the Administrator or the head of the State agency that has primary enforcement responsibility under section 1413 as soon as practicable, but not later than 24 hours after the occurrence of the violation; and

"(iv) as required by the State agency in general regulations of the State agency, or on a case-by-case basis after the consultation referred to in clause (iii), considering the health risks involved—

"(I) be provided to appropriate broadcast media;

"(II) be prominently published in a newspaper of general circulation serving the area not later than 1 day after distribution of a notice pursuant to clause (i) or the date of publication of the next issue of the newspaper; or

"(III) be provided by posting or door-to-door notification in lieu of notification by means of broadcast media or newspaper.

"(D) WRITTEN NOTICE.—

"(i) IN GENERAL.—Regulations issued under subparagraph (A) shall specify notification procedures for violations other than the violations covered by subparagraph (C). The procedures shall specify that a public water system shall provide written notice to each person served by the system by notice (I) in the first bill (if any) prepared after the date of occurrence of the violation, (II) in an annual report issued not later than 1 year after the date of occurrence of the violation, or (III) by mail or direct delivery as soon as practicable, but not later than 1 year after the date of occurrence of the violation.

"(ii) FORM AND MANNER OF NOTICE.—The Administrator shall prescribe the form and manner of the notice to provide a clear and readily understandable explanation of the violation, any potential adverse health effects, and the steps that the system is taking to seek alternative water supplies, if any, until the violation is corrected.

"(E) UNREGULATED CONTAMINANTS.—The Administrator may require the owner or operator of a public water system to give notice to the persons served by the system of the concentration levels of an unregulated contaminant required to be monitored under section 1445(a).

"(3) REPORTS.—

"(A) ANNUAL REPORT BY STATE.—

"(i) IN GENERAL.—Not later than January 1, 1998, and annually thereafter, each State that has primary enforcement responsibility under section 1413 shall prepare, make readily available to the public, and submit to the Administrator an annual report on violations of national primary drinking water regulations by public water systems in the State, including violations with respect to (I) maximum contaminant levels, (II) treatment requirements, (III) variances and exemptions, and (IV) monitoring requirements determined to be significant by the Administrator after consultation with the States.

"(ii) DISTRIBUTION.—The State shall publish and distribute summaries of the report and indicate where the full report is available for review.

"(B) ANNUAL REPORT BY ADMINISTRATOR.—Not later than July 1, 1998, and annually thereafter, the Administrator shall prepare and make available to the public an annual report summarizing and evaluating reports submitted by States pursuant to subparagraph (A) and notices submitted by public water systems serving Indian Tribes provided to the Administrator

pursuant to subparagraph (C) or (D) of paragraph (2) and making recommendations concerning the resources needed to improve compliance with this title. The report shall include information about public water system compliance on Indian reservations and about enforcement activities undertaken and financial assistance provided by the Administrator on Indian reservations, and shall make specific recommendations concerning the resources needed to improve compliance with this title on Indian reservations.

"(4) CONSUMER CONFIDENCE REPORTS BY COMMUNITY WATER SYSTEMS.—

"(A) ANNUAL REPORTS TO CONSUMERS.—The Administrator, in consultation with public water systems, environmental groups, public interest groups, risk communication experts, and the States, and other interested parties, shall issue regulations within 24 months after the date of enactment of this paragraph to require each community water system to mail to each customer of the system at least once annually a report on the level of contaminants in the drinking water purveyed by that system (referred to in this paragraph as a 'consumer confidence report'). Such regulations shall provide a brief and plainly worded definition of the terms 'maximum contaminant level goal', 'maximum contaminant level', 'variances', and 'exemptions' and brief statements in plain language regarding the health concerns that resulted in regulation of each regulated contaminant. The regulations shall also include a brief and plainly worded explanation regarding contaminants that may reasonably be expected to be present in drinking water, including bottled water. The regulations shall also provide for an Environmental Protection Agency toll-free hotline that consumers can call for more information and explanation.

"(B) CONTENTS OF REPORT.—The consumer confidence reports under this paragraph shall include, but not be limited to, each of the following:

"(i) Information on the source of the water purveyed.

"(ii) A brief and plainly worded definition of the terms 'maximum contaminant level goal', 'maximum contaminant level', 'variances', and 'exemptions' as provided in the regulations of the Administrator.

"(iii) If any regulated contaminant is detected in the water purveyed by the public water system, a statement setting forth (I) the maximum contaminant level goal, (II) the maximum contaminant level, (III) the level of such contaminant in such water system, and (IV) for any regulated contaminant for which there has been a violation of the maximum contaminant level during the year concerned, the brief statement in plain language regarding the health concerns that resulted in regulation of such contaminant, as provided by the Administrator in regulations under subparagraph (A).

"(iv) Information on compliance with national primary drinking water regulations, as required by the Administrator, and notice if the system is operating under a variance or exemption and the basis on which the variance or exemption was granted.

"(v) Information on the levels of unregulated contaminants for which monitoring is required under section 1445(a)(2) (including levels of cryptosporidium and radon where States determine they may be found).

"(vi) A statement that the presence of contaminants in drinking water does not necessarily indicate that the drinking water poses a health risk and that more information about contaminants and potential health effects can be obtained by calling the Environmental Protection Agency hotline.

A public water system may include such additional information as it deems appropriate for public education. The Administrator may, for not more than 3 regulated contaminants other than those referred to in subclause (IV) of clause (iii), require a consumer confidence report under this paragraph to include the brief statement in plain language regarding the health concerns that resulted in regulation of the contaminant or contaminants concerned, as provided by the Administrator in regulations under subparagraph (A).

"(C) COVERAGE.—The Governor of a State may determine not to apply the mailing requirement of subparagraph (A) to a community water system serving fewer than 10,000 persons. Any such system shall—

"(i) inform, in the newspaper notice required by clause (iii) or by other means, its customers that the system will not be mailing the report as required by subparagraph (A);

"(ii) make the consumer confidence report available upon request to the public; and

"(iii) publish the report referred to in subparagraph (A) annually in one or more local newspapers serving the area in which customers of the system are located.

"(D) ALTERNATIVE TO PUBLICATION.—For any community water system which, pursuant to subparagraph (C), is not required to meet the mailing requirement of subparagraph (A) and which serves 500 persons or fewer, the community water system may elect not to comply with clause (i) or (iii) of subparagraph (C). If the community water system so elects, the system shall, at a minimum—

"(i) prepare an annual consumer confidence report pursuant to subparagraph (B); and

"(ii) provide notice at least once per year to each of its customers by mail, by door-to-door delivery, by posting or by other means authorized by the regulations of the Administrator that the consumer confidence report is available upon request.

"(E) ALTERNATIVE FORM AND CONTENT.—A State exercising primary enforcement responsibility may establish, by rule, after notice and public comment, alternative requirements with respect to the form and content of consumer confidence reports under this paragraph.".

(b) BOTTLED WATER STUDY.—Not later than 18 months after the date of enactment of this Act, the Administrator of the Food and Drug Administration, in consultation with the Administrator of the Environmental Protection Agency, shall publish for public notice and comment a draft study on the feasibility of appropriate methods, if any, of informing customers of the contents of bottled water. The Administrator of the Food and Drug Administration shall publish a final study not later than 30 months after the date of enactment of this Act.

SEC. 115. VARIANCES.

The second sentence of section 1415(a)(1)(A) (42 U.S.C. 300g-4(a)(1)(A)) is amended—

(1) by striking "only be issued to a system after the system's application of" and inserting "be issued to a system on condition that the system install"; and

(2) by inserting before the period at the end the following: ", and based upon an evaluation satisfactory to the State that indicates that alternative sources of water are not reasonably available to the system".

SEC. 116. SMALL SYSTEMS VARIANCES.

(a) SMALL SYSTEM VARIANCES.—Section 1415 (42 U.S.C. 300g–4) is amended by adding at the end the following:

"(e) SMALL SYSTEM VARIANCES.—

"(1) IN GENERAL.—A State exercising primary enforcement responsibility for public water systems under section 1413 (or the Administrator in nonprimacy States) may grant a variance under this subsection for compliance with a requirement specifying a maximum contaminant level or treatment technique contained in a national primary drinking water regulation to—

"(A) public water systems serving 3,300 or fewer persons; and

"(B) with the approval of the Administrator pursuant to paragraph (9), public water systems serving more than 3,300 persons but fewer than 10,000 persons,

if the variance meets each requirement of this subsection.

"(2) AVAILABILITY OF VARIANCES.—A public water system may receive a variance pursuant to paragraph (1), if—

"(A) the Administrator has identified a variance technology under section 1412(b)(15) that is applicable to the size and source water quality conditions of the public water system;

"(B) the public water system installs, operates, and maintains, in accordance with guidance or regulations issued by the Administrator, such treatment technology, treatment technique, or other means; and

"(C) the State in which the system is located determines that the conditions of paragraph (3) are met.

"(3) CONDITIONS FOR GRANTING VARIANCES.—A variance under this subsection shall be available only to a system—

"(A) that cannot afford to comply, in accordance with affordability criteria established by the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413), with a national primary drinking water regulation, including compliance through—

"(i) treatment;

"(ii) alternative source of water supply; or

"(iii) restructuring or consolidation (unless the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) makes a written determination that restructuring or consolidation is not practicable); and

"(B) for which the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) determines that the terms of the variance ensure adequate protection of human health, considering the quality of the source water for the system and the removal efficiencies and expected useful life of the treatment technology required by the variance.

"(4) COMPLIANCE SCHEDULES.—A variance granted under this subsection shall require compliance with the conditions of the variance not later than 3 years after the date on which the variance is granted, except that the Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) may allow up to 2 additional years to comply with a variance technology, secure an alternative source of water, restructure or consolidate if the Administrator (or the State) determines that additional time is necessary for capital improvements, or to allow for financial assistance provided pursuant to section 1452 or any other Federal or State program.

"(5) DURATION OF VARIANCES.—The Administrator (or the State in the case of a State that has primary enforcement responsibility under section 1413) shall review each variance granted under this subsection not less often than every 5 years after the compliance date established in the variance to determine whether the system remains eligible for the variance and is conforming to each condition of the variance.

"(6) INELIGIBILITY FOR VARIANCES.—A variance shall not be available under this subsection for—

"(A) any maximum contaminant level or treatment technique for a contaminant with respect to which a national primary drinking water regulation was promulgated prior to January 1, 1986; or

"(B) a national primary drinking water regulation for a microbial contaminant (including a

bacterium, virus, or other organism) or an indicator or treatment technique for a microbial contaminant.

"(7) REGULATIONS AND GUIDANCE.—

"(A) IN GENERAL.—Not later than 2 years after the date of enactment of this subsection and in consultation with the States, the Administrator shall promulgate regulations for variances to be granted under this subsection. The regulations shall, at a minimum, specify—

"(i) procedures to be used by the Administrator or a State to grant or deny variances, including requirements for notifying the Administrator and consumers of the public water system that a variance is proposed to be granted (including information regarding the contaminant and variance) and requirements for a public hearing on the variance before the variance is granted;

"(ii) requirements for the installation and proper operation of variance technology that is identified (pursuant to section 1412(b)(15)) for small systems and the financial and technical capability to operate the treatment system, including operator training and certification;

"(iii) eligibility criteria for a variance for each national primary drinking water regulation, including requirements for the quality of the source water (pursuant to section 1412(b)(15)(A)); and

"(iv) information requirements for variance applications.

"(B) AFFORDABILITY CRITERIA.—Not later than 18 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator, in consultation with the States and the Rural Utilities Service of the Department of Agriculture, shall publish information to assist the States in developing affordability criteria. The affordability criteria shall be reviewed by the States not less often than every 5 years to determine if changes are needed to the criteria.

"(8) REVIEW BY THE ADMINISTRATOR.—

"(A) IN GENERAL.—The Administrator shall periodically review the program of each State that has primary enforcement responsibility for public water systems under section 1413 with respect to variances to determine whether the variances granted by the State comply with the requirements of this subsection. With respect to affordability, the determination of the Administrator shall be limited to whether the variances granted by the State comply with the affordability criteria developed by the State.

"(B) NOTICE AND PUBLICATION.—If the Administrator determines that variances granted by a State are not in compliance with affordability criteria developed by the State and the requirements of this subsection, the Administrator shall notify the State in writing of the deficiencies and make public the determination.

"(9) APPROVAL OF VARIANCES.—A State proposing to grant a variance under this subsection to a public water system serving more than 3,300 and fewer than 10,000 persons shall submit the variance to the Administrator for review and approval prior to the issuance of the variance. The Administrator shall approve the variance if it meets each of the requirements of this subsection. The Administrator shall approve or disapprove the variance within 90 days. If the Administrator disapproves a variance under this paragraph, the Administrator shall notify the State in writing of the reasons for disapproval and the variance may be resubmitted with modifications to address the objections stated by the Administrator.

"(10) OBJECTIONS TO VARIANCES.—

"(A) BY THE ADMINISTRATOR.—The Administrator may review and object to any variance proposed to be granted by a State, if the objection is communicated to the State not later than 90 days after the State proposes to grant the variance. If the Administrator objects to the granting of a variance, the Administrator shall notify the State in writing of each basis for the objection and propose a modification to the variance to resolve the concerns of the Administrator. The State shall make the recommended modification or respond in writing to each objection. If the State issues the variance without resolving the concerns of the Administrator, the Administrator may overturn the State decision to grant the variance if the Administrator determines that the State decision does not comply with this subsection.

"(B) PETITION BY CONSUMERS.—Not later than 30 days after a State exercising primary enforcement responsibility for public water systems under section 1413 proposes to grant a variance for a public water system, any person served by the system may petition the Administrator to object to the granting of a variance. The Administrator shall respond to the petition and determine whether to object to the variance under subparagraph (A) not later than 60 days after the receipt of the petition.

"(C) TIMING.—No variance shall be granted by a State until the later of the following:

"(i) 90 days after the State proposes to grant a variance.

"(ii) If the Administrator objects to the variance, the date on which the State makes the recommended modifications or responds in writing to each objection.".

SEC. 117. EXEMPTIONS.

(a) IN GENERAL.—Section 1416 (42 U.S.C. 300g–5) is amended as follows:

(1) In subsection (a)(1)—

(A) by inserting after "(which may include economic factors" the following: ", including qualification of the public water system as a system serving a disadvantaged community pursuant to section 1452(d)"; and

(B) by inserting after "treatment technique requirement," the following: "or to implement measures to develop an alternative source of water supply,".

(2) In subsection (a), by striking "and" at the end of paragraph (2), striking the period at the end of paragraph (3) and inserting "; and" and by adding the following at the end thereof:

"(4) management or restructuring changes (or both) cannot reasonably be made that will result in compliance with this title or, if compliance cannot be achieved, improve the quality of the drinking water.".

(3) In subsection (b)(1)(A)—

(A) by striking "(including increments of progress)" and inserting "(including increments of progress or measures to develop an alternative source of water supply)"; and

(B) by striking "requirement and treatment" and inserting "requirement or treatment".

(4) In subsection (b)(2)—

(A) by striking "(except as provided in subparagraph (B))" in subparagraph (A) and all that follows through "3 years after the date of the issuance of the exemption if" in subparagraph (B) and inserting the following: "not later than 3 years after the otherwise applicable compliance date established in section 1412(b)(10).

"(B) No exemption shall be granted unless";

(B) in subparagraph (B)(i), by striking "within the period of such exemption" and inserting "prior to the date established pursuant to section 1412(b)(10)";

(C) in subparagraph (B)(ii), by inserting after "such financial assistance" the following: "or assistance pursuant to section 1452, or any other Federal or State program is reasonably likely to be available within the period of the exemption";

(D) in subparagraph (C)—

(i) by striking "500 service connections" and inserting "a population of 3,300"; and

(ii) by inserting ", but not to exceed a total of 6 years," after "for one or more additional 2-year periods"; and

(E) by adding at the end the following:

"(D) LIMITATION.—A public water system may not receive an exemption under this section if the system was granted a variance under section 1415(e).".

(b) LIMITED ADDITIONAL COMPLIANCE PERIOD.—(1) The State of New York, on a case-by-case basis and after notice and an opportunity of at least 60 days for public comment, may allow an additional period for compliance with the Surface Water Treatment Rule established pursuant to section 1412(b)(7)(C) of the Safe Drinking Water Act in the case of unfiltered systems in Essex, Columbia, Greene, Dutchess, Rensselaer, Schoharie, Saratoga, Washington, and Warren Counties serving a population of less than 5,000, which meet appropriate disinfection requirements and have adequate watershed protections, so long as the State determines that the public health will be protected during the duration of the additional compliance period and the system agrees to implement appropriate control measures as determined by the State.

(2) The additional compliance period referred to in paragraph (1) shall expire on the earlier of the date 3 years after the date on which the Administrator identifies appropriate control technology for the Surface Water Treatment Rule for public water systems in the category that includes such system pursuant to section 1412(b)(4)(E) of the Safe Drinking Water Act or 5 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996.

SEC. 118. LEAD PLUMBING AND PIPES.

Section 1417 (42 U.S.C. 300g–6) is amended as follows:

(1) In subsection (a), by striking paragraph (1) and inserting the following:

"(1) PROHIBITIONS.—

"(A) IN GENERAL.—No person may use any pipe, any pipe or plumbing fitting or fixture, any solder, or any flux, after June 19, 1986, in the installation or repair of—

"(i) any public water system; or

"(ii) any plumbing in a residential or nonresidential facility providing water for human consumption,

that is not lead free (within the meaning of subsection (d)).

"(B) LEADED JOINTS.—Subparagraph (A) shall not apply to leaded joints necessary for the repair of cast iron pipes.".

(2) In subsection (a)(2)(A), by inserting "owner or operator of a" after "Each".

(3) By adding at the end of subsection (a) the following:

"(3) UNLAWFUL ACTS.—Effective 2 years after the date of enactment of this paragraph, it shall be unlawful—

"(A) for any person to introduce into commerce any pipe, or any pipe or plumbing fitting or fixture, that is not lead free, except for a pipe that is used in manufacturing or industrial processing;

"(B) for any person engaged in the business of selling plumbing supplies, except manufacturers, to sell solder or flux that is not lead free; or

"(C) for any person to introduce into commerce any solder or flux that is not lead free unless the solder or flux bears a prominent label stating that it is illegal to use the solder or flux in the installation or repair of any plumbing providing water for human consumption.".

(4) In subsection (d)—

(A) by striking "lead, and" in paragraph (1) and inserting "lead;";

(B) by striking "lead." in paragraph (2) and inserting "lead; and"; and

(C) by adding at the end the following:

"(3) when used with respect to plumbing fittings and fixtures, refers to plumbing fittings

and fixtures in compliance with standards established in accordance with subsection (e).".

(5) By adding at the end the following:

"(e) PLUMBING FITTINGS AND FIXTURES.—

"(1) IN GENERAL.—The Administrator shall provide accurate and timely technical information and assistance to qualified third-party certifiers in the development of voluntary standards and testing protocols for the leaching of lead from new plumbing fittings and fixtures that are intended by the manufacturer to dispense water for human ingestion.

"(2) STANDARDS.—

"(A) IN GENERAL.—If a voluntary standard for the leaching of lead is not established by the date that is 1 year after the date of enactment of this subsection, the Administrator shall, not later than 2 years after the date of enactment of this subsection, promulgate regulations setting a health-effects-based performance standard establishing maximum leaching levels from new plumbing fittings and fixtures that are intended by the manufacturer to dispense water for human ingestion. The standard shall become effective on the date that is 5 years after the date of promulgation of the standard.

"(B) ALTERNATIVE REQUIREMENT.—If regulations are required to be promulgated under subparagraph (A) and have not been promulgated by the date that is 5 years after the date of enactment of this subsection, no person may import, manufacture, process, or distribute in commerce a new plumbing fitting or fixture, intended by the manufacturer to dispense water for human ingestion, that contains more than 4 percent lead by dry weight.".

SEC. 119. CAPACITY DEVELOPMENT.

Part B (42 U.S.C. 300g et seq.) is amended by adding after section 1419 the following:

"CAPACITY DEVELOPMENT

"SEC. 1420. (a) STATE AUTHORITY FOR NEW SYSTEMS.—A State shall receive only 80 percent of the allotment that the State is otherwise entitled to receive under section 1452 (relating to State loan funds) unless the State has obtained the legal authority or other means to ensure that all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each national primary drinking water regulation in effect, or likely to be in effect, on the date of commencement of operations.

"(b) SYSTEMS IN SIGNIFICANT NONCOMPLIANCE.—

"(1) LIST.—Beginning not later than 1 year after the date of enactment of this section, each State shall prepare, periodically update, and submit to the Administrator a list of community water systems and nontransient, noncommunity water systems that have a history of significant noncompliance with this title (as defined in guidelines issued prior to the date of enactment of this section or any revisions of the guidelines that have been made in consultation with the States) and, to the extent practicable, the reasons for noncompliance.

"(2) REPORT.—Not later than 5 years after the date of enactment of this section and as part of the capacity development strategy of the State, each State shall report to the Administrator on the success of enforcement mechanisms and initial capacity development efforts in assisting the public water systems listed under paragraph (1) to improve technical, managerial, and financial capacity.

"(3) WITHHOLDING.—The list and report under this subsection shall be considered part of the capacity development strategy of the State required under subsection (c) of this section for purposes of the withholding requirements of section 1452(a)(1)(G)(i) (relating to State loan funds).

"(c) CAPACITY DEVELOPMENT STRATEGY.—

"(1) IN GENERAL.—Beginning 4 years after the date of enactment of this section, a State shall receive only—

"(A) 90 percent in fiscal year 2001;

"(B) 85 percent in fiscal year 2002; and

"(C) 80 percent in each subsequent fiscal year, of the allotment that the State is otherwise entitled to receive under section 1452 (relating to State loan funds), unless the State is developing and implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.

"(2) CONTENT.—In preparing the capacity development strategy, the State shall consider, solicit public comment on, and include as appropriate—

"(A) the methods or criteria that the State will use to identify and prioritize the public water systems most in need of improving technical, managerial, and financial capacity;

"(B) a description of the institutional, regulatory, financial, tax, or legal factors at the Federal, State, or local level that encourage or impair capacity development;

"(C) a description of how the State will use the authorities and resources of this title or other means to—

"(i) assist public water systems in complying with national primary drinking water regulations;

"(ii) encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems; and

"(iii) assist public water systems in the training and certification of operators;

"(D) a description of how the State will establish a baseline and measure improvements in capacity with respect to national primary drinking water regulations and State drinking water law; and

"(E) an identification of the persons that have an interest in and are involved in the development and implementation of the capacity development strategy (including all appropriate agencies of Federal, State, and local governments, private and nonprofit public water systems, and public water system customers).

"(3) REPORT.—Not later than 2 years after the date on which a State first adopts a capacity development strategy under this subsection, and every 3 years thereafter, the head of the State agency that has primary responsibility to carry out this title in the State shall submit to the Governor a report that shall also be available to the public on the efficacy of the strategy and progress made toward improving the technical, managerial, and financial capacity of public water systems in the State.

"(4) REVIEW.—The decisions of the State under this section regarding any particular public water system are not subject to review by the Administrator and may not serve as the basis for withholding funds under section 1452.

"(d) FEDERAL ASSISTANCE.—

"(1) IN GENERAL.—The Administrator shall support the States in developing capacity development strategies.

"(2) INFORMATIONAL ASSISTANCE.—

"(A) IN GENERAL.—Not later than 180 days after the date of enactment of this section, the Administrator shall—

"(i) conduct a review of State capacity development efforts in existence on the date of enactment of this section and publish information to assist States and public water systems in capacity development efforts; and

"(ii) initiate a partnership with States, public water systems, and the public to develop information for States on recommended operator certification requirements.

"(B) PUBLICATION OF INFORMATION.—The Administrator shall publish the information developed through the partnership under subparagraph (A)(ii) not later than 18 months after the date of enactment of this section.

"(3) PROMULGATION OF DRINKING WATER REGULATIONS.—In promulgating a national primary drinking water regulation, the Administrator shall include an analysis of the likely effect of compliance with the regulation on the technical, financial, and managerial capacity of public water systems.

"(4) GUIDANCE FOR NEW SYSTEMS.—Not later than 2 years after the date of enactment of this section, the Administrator shall publish guidance developed in consultation with the States describing legal authorities and other means to ensure that all new community water systems and new nontransient, noncommunity water systems demonstrate technical, managerial, and financial capacity with respect to national primary drinking water regulations.

"(e) VARIANCES AND EXEMPTIONS.—Based on information obtained under subsection (c)(3), the Administrator shall, as appropriate, modify regulations concerning variances and exemptions for small public water systems to ensure flexibility in the use of the variances and exemptions. Nothing in this subsection shall be interpreted, construed, or applied to affect or alter the requirements of section 1415 or 1416.

"(f) SMALL PUBLIC WATER SYSTEMS TECHNOLOGY ASSISTANCE CENTERS.—

"(1) GRANT PROGRAM.—The Administrator is authorized to make grants to institutions of higher learning to establish and operate small public water system technology assistance centers in the United States.

"(2) RESPONSIBILITIES OF THE CENTERS.—The responsibilities of the small public water system technology assistance centers established under this subsection shall include the conduct of training and technical assistance relating to the information, performance, and technical needs of small public water systems or public water systems that serve Indian Tribes.

"(3) APPLICATIONS.—Any institution of higher learning interested in receiving a grant under this subsection shall submit to the Administrator an application in such form and containing such information as the Administrator may require by regulation.

"(4) SELECTION CRITERIA.—The Administrator shall select recipients of grants under this subsection on the basis of the following criteria:

"(A) The small public water system technology assistance center shall be located in a State that is representative of the needs of the region in which the State is located for addressing the drinking water needs of small and rural communities or Indian Tribes.

"(B) The grant recipient shall be located in a region that has experienced problems, or may reasonably be foreseen to experience problems, with small and rural public water systems.

"(C) The grant recipient shall have access to expertise in small public water system technology management.

"(D) The grant recipient shall have the capability to disseminate the results of small public water system technology and training programs.

"(E) The projects that the grant recipient proposes to carry out under the grant are necessary and appropriate.

"(F) The grant recipient has regional support beyond the host institution.

"(5) CONSORTIA OF STATES.—At least 2 of the grants under this subsection shall be made to consortia of States with low population densities.

"(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this subsection $2,000,000 for each of the fiscal years 1997 through 1999, and $5,000,000 for each of the fiscal years 2000 through 2003.

"(g) ENVIRONMENTAL FINANCE CENTERS.—

"(1) IN GENERAL.—The Administrator shall provide initial funding for one or more university-based environmental finance centers for activities that provide technical assistance to State and local officials in developing the capacity of public water systems. Any such funds shall be used only for activities that are directly related to this title.

"(2) NATIONAL CAPACITY DEVELOPMENT CLEARINGHOUSE.—The Administrator shall establish a national public water system capacity development clearinghouse to receive and disseminate information with respect to developing, improving, and maintaining financial and managerial capacity at public water systems. The Administrator shall ensure that the clearinghouse does not duplicate other federally supported clearinghouse activities.

"(3) CAPACITY DEVELOPMENT TECHNIQUES.—The Administrator may request an environmental finance center funded under paragraph (1) to develop and test managerial, financial, and institutional techniques for capacity development. The techniques may include capacity assessment methodologies, manual and computer based public water system rate models and capital planning models, public water system consolidation procedures, and regionalization models.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $1,500,000 for each of the fiscal years 1997 through 2003.

"(5) LIMITATION.—No portion of any funds made available under this subsection may be used for lobbying expenses.".

SEC. 120. AUTHORIZATION OF APPROPRIATIONS FOR CERTAIN GROUND WATER PROGRAMS.

(a) CRITICAL AQUIFER PROTECTION.—Section 1427 (42 U.S.C. 300h–6) is amended as follows:

(1) Subsection (b)(1) is amended by striking "not later than 24 months after the enactment of the Safe Drinking Water Act Amendments of 1986".

(2) The table in subsection (m) is amended by adding at the end the following:

"1992–2003 .... 15,000,000.".

(b) WELLHEAD PROTECTION AREAS.—The table in section 1428(k) (42 U.S.C. 300h–7(k)) is amended by adding at the end the following:

"1992–2003 .... 30,000,000.".

(c) UNDERGROUND INJECTION CONTROL GRANT.—The table in section 1443(b)(5) (42 U.S.C. 300j–2(b)(5)) is amended by adding at the end the following:

"1992–2003 .... 15,000,000.".

SEC. 121. AMENDMENTS TO SECTION 1442.

Section 1442 (42 U.S.C. 300j–1) is amended—

(1) by redesignating paragraph (3) of subsection (b) as paragraph (3) of subsection (d) and moving such paragraph to appear after paragraph (2) of subsection (d);

(2) by striking subsection (b) (as so amended);

(3) by redesignating subparagraph (B) of subsection (a)(2) as subsection (b) and moving such subsection to appear after subsection (a);

(4) in subsection (a)—

(A) by striking paragraph (2) (as so amended) and inserting the following:

"(2) INFORMATION AND RESEARCH FACILITIES.—In carrying out this title, the Administrator is authorized to—

"(A) collect and make available information pertaining to research, investigations, and demonstrations with respect to providing a dependably safe supply of drinking water, together with appropriate recommendations in connection with the information; and

"(B) make available research facilities of the Agency to appropriate public authorities, institutions, and individuals engaged in studies and research relating to this title.";

(B) by striking paragraph (3); and

(C) by redesignating paragraph (11) as paragraph (3) and moving such paragraph to appear before paragraph (4).

SEC. 122. TECHNICAL ASSISTANCE.

Section 1442(e) (42 U.S.C. 300j–1(e)) is amended to read as follows:

"(e) TECHNICAL ASSISTANCE.—The Administrator may provide technical assistance to small public water systems to enable such systems to achieve and maintain compliance with applicable national primary drinking water regulations. Such assistance may include circuit-rider and multi-State regional technical assistance programs, training, and preliminary engineering evaluations. The Administrator shall ensure that technical assistance pursuant to this subsection is available in each State. Each nonprofit organization receiving assistance under this subsection shall consult with the State in which the assistance is to be expended or otherwise made available before using assistance to undertake activities to carry out this subsection. There are authorized to be appropriated to the Administrator to be used for such technical assistance $15,000,000 for each of the fiscal years 1997 through 2003. No portion of any State loan fund established under section 1452 (relating to State loan funds) and no portion of any funds made available under this subsection may be used for lobbying expenses. Of the total amount appropriated under this subsection, 3 percent shall be used for technical assistance to public water systems owned or operated by Indian Tribes.".

SEC. 123. OPERATOR CERTIFICATION.

Part B (42 U.S.C. 300g et seq.) is amended by adding the following after section 1418:

"OPERATOR CERTIFICATION

"SEC. 1419. (a) GUIDELINES.—Not later than 30 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and in cooperation with the States, the Administrator shall publish guidelines in the Federal Register, after notice and opportunity for comment from interested persons, including States and public water systems, specifying minimum standards for certification (and recertification) of the operators of community and nontransient noncommunity public water systems. Such guidelines shall take into account existing State programs, the complexity of the system, and other factors aimed at providing an effective program at reasonable cost to States and public water systems, taking into account the size of the system.

"(b) STATE PROGRAMS.—Beginning 2 years after the date on which the Administrator publishes guidelines under subsection (a), the Administrator shall withhold 20 percent of the funds a State is otherwise entitled to receive under section 1452 unless the State has adopted and is implementing a program for the certification of operators of community and nontransient noncommunity public water systems that meets the requirements of the guidelines published pursuant to subsection (a) or that has been submitted in compliance with subsection (c) and that has not been disapproved.

"(c) EXISTING PROGRAMS.—For any State exercising primary enforcement responsibility for public water systems or any other State which has an operator certification program, the guidelines under subsection (a) shall allow the State to enforce such program in lieu of the guidelines under subsection (a) if the State submits the program to the Administrator within 18 months after the publication of the guidelines unless the Administrator determines (within 9 months after the State submits the program to the Administrator) that such program is not substantially equivalent to such guidelines. In making this determination, an existing State program shall be presumed to be substantially equivalent to the guidelines, notwithstanding program differences, based on the size of systems or the quality of source water, providing the State program meets the overall public health objectives of the guidelines. If disapproved, the program may be resubmitted within 6 months after receipt of notice of disapproval.

"(d) EXPENSE REIMBURSEMENT.—

"(1) IN GENERAL.—The Administrator shall provide reimbursement for the costs of training, including an appropriate per diem for unsalaried operators, and certification for persons operating systems serving 3,300 persons or fewer that are required to undergo training pursuant to this section.

"(2) STATE GRANTS.—The reimbursement shall be provided through grants to States with each State receiving an amount sufficient to cover the reasonable costs for training all such operators in the State, as determined by the Administrator, to the extent required by this section. Grants received by a State pursuant to this paragraph shall first be used to provide reimbursement for training and certification costs of persons operating systems serving 3,300 persons or fewer. If a State has reimbursed all such costs, the State may, after notice to the Administrator, use any remaining funds from the grant for any of the other purposes authorized for grants under section 1452.

"(3) AUTHORIZATION.—There are authorized to be appropriated to the Administrator to provide grants for reimbursement under this section $30,000,000 for each of fiscal years 1997 through 2003.

"(4) RESERVATION.—If the appropriation made pursuant to paragraph (3) for any fiscal year is not sufficient to satisfy the requirements of paragraph (1), the Administrator shall, prior to any other allocation or reservation, reserve such sums as necessary from the funds appropriated pursuant to section 1452(m) to provide reimbursement for the training and certification costs mandated by this subsection.".

SEC. 124. PUBLIC WATER SYSTEM SUPERVISION PROGRAM.

Section 1443(a) (42 U.S.C. 300j–2(a)) is amended as follows:

(1) Paragraph (7) is amended to read as follows:

"(7) AUTHORIZATION.—For the purpose of making grants under paragraph (1), there are authorized to be appropriated $100,000,000 for each of fiscal years 1997 through 2003.".

(2) By adding at the end the following:

"(8) RESERVATION OF FUNDS BY THE ADMINISTRATOR.—If the Administrator assumes the primary enforcement responsibility of a State public water system supervision program, the Administrator may reserve from funds made available pursuant to this subsection an amount equal to the amount that would otherwise have been provided to the State pursuant to this subsection. The Administrator shall use the funds reserved pursuant to this paragraph to ensure the full and effective administration of a public water system supervision program in the State.

"(9) STATE LOAN FUNDS.—

"(A) RESERVATION OF FUNDS.—For any fiscal year for which the amount made available to the Administrator by appropriations to carry out this subsection is less than the amount that the Administrator determines is necessary to supplement funds made available pursuant to paragraph (8) to ensure the full and effective administration of a public water system supervision program in a State, the Administrator may reserve from the funds made available to the State under section 1452 (relating to State loan funds) an amount that is equal to the amount of the shortfall. This paragraph shall not apply to any State not exercising primary *enforcement responsibility for public water systems as of the date of enactment of the Safe Drinking Water Act Amendments of 1996.*

"(B) DUTY OF ADMINISTRATOR.—If the Administrator reserves funds from the allocation of a State under subparagraph (A), the Administrator shall carry out in the State each of the activities that would be required of the State if the State had primary enforcement authority under section 1413.".

SEC. 125. MONITORING AND INFORMATION GATHERING.

(a) REVIEW OF EXISTING REQUIREMENTS.—Paragraph (1) of section 1445(a) (42 U.S.C. 300j–4(a)(1)) is amended to read as follows:

"(1)(A) Every person who is subject to any requirement of this title or who is a grantee, shall establish and maintain such records, make such reports, conduct such monitoring, and provide such information as the Administrator may reasonably require by regulation to assist the Administrator in establishing regulations under this title, in determining whether such person has acted or is acting in compliance with this title, in administering any program of financial assistance under this title, in evaluating the health risks of unregulated contaminants, or in advising the public of such risks. In requiring a public water system to monitor under this subsection, the Administrator may take into consideration the system size and the contaminants likely to be found in the system's drinking water.

"(B) Every person who is subject to a national primary drinking water regulation under section 1412 shall provide such information as the Administrator may reasonably require, after consultation with the State in which such person is located if such State has primary enforcement responsibility for public water systems, on a case-by-case basis, to determine whether such person has acted or is acting in compliance with this title.

"(C) Every person who is subject to a national primary drinking water regulation under section 1412 shall provide such information as the Administrator may reasonably require to assist the Administrator in establishing regulations under section 1412 of this title, after consultation with States and suppliers of water. The Administrator may not require under this subparagraph the installation of treatment equipment or process changes, the testing of treatment technology, or the analysis or processing of monitoring samples, except where the Administrator provides the funding for such activities. Before exercising this authority, the Administrator shall first seek to obtain the information by voluntary submission.

"(D) The Administrator shall not later than 2 years after the date of enactment of this subparagraph, after consultation with public health experts, representatives of the general public, and officials of State and local governments, review the monitoring requirements for not fewer than 12 contaminants identified by the Administrator, and promulgate any necessary modifications.".

(b) MONITORING RELIEF.—Part B is amended by adding the following new section after section 1417 (42 U.S.C. 300g–6):

"MONITORING OF CONTAMINANTS

"SEC. 1418. (a) INTERIM MONITORING RELIEF AUTHORITY.—

"(1) IN GENERAL.—A State exercising primary enforcement responsibility for public water systems may modify the monitoring requirements for any regulated or unregulated contaminants for which monitoring is required other than microbial contaminants (or indicators thereof), disinfectants and disinfection byproducts or corrosion byproducts for an interim period to provide that any public water system serving 10,000 persons or fewer shall not be required to conduct additional quarterly monitoring during an interim relief period for such contaminants if—

"(A) monitoring, conducted at the beginning of the period for the contaminant concerned and certified to the State by the public water system, fails to detect the presence of the contaminant in the ground or surface water supplying the public water system; and

"(B) the State, considering the hydrogeology of the area and other relevant factors, determines in writing that the contaminant is unlikely to be detected by further monitoring during such period.

"(2) TERMINATION; TIMING OF MONITORING.—The interim relief period referred to in paragraph (1) shall terminate when permanent monitoring relief is adopted and approved for such State, or at the end of 36 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, whichever comes first. In order to serve as a basis for interim relief, the monitoring conducted at the beginning of the period must occur at the time determined by the State to be the time of the public water system's greatest vulnerability to the contaminant concerned in the relevant ground or surface water, taking into account in the case of pesticides the time of application of the pesticide for the source water area and the travel time for the pesticide to reach such waters and taking into account, in the case of other contaminants, seasonality of precipitation and contaminant travel time.

"(b) PERMANENT MONITORING RELIEF AUTHORITY.—

"(1) IN GENERAL.—Each State exercising primary enforcement responsibility for public water systems under this title and having an approved source water assessment program may adopt, in accordance with guidance published by the Administrator, tailored alternative monitoring requirements for public water systems in such State (as an alternative to the monitoring requirements for chemical contaminants set forth in the applicable national primary drinking water regulations) where the State concludes that (based on data available at the time of adoption concerning susceptibility, use, occurrence, or wellhead protection, or from the State's drinking water source water assessment program) such alternative monitoring would provide assurance that it complies with the Administrator's guidelines. The State program must be adequate to assure compliance with, and enforcement of, applicable national primary drinking water regulations. Alternative monitoring shall not apply to regulated microbiological contaminants (or indicators thereof), disinfectants and disinfection byproducts, or corrosion byproducts. The preceding sentence is not intended to limit other authority of the Administrator under other provisions of this title to grant monitoring flexibility.

"(2) GUIDELINES.—

"(A) IN GENERAL.—The Administrator shall issue, after notice and comment and at the same time as guidelines are issued for source water assessment under section 1453, guidelines for States to follow in proposing alternative monitoring requirements under paragraph (1) for chemical contaminants. The Administrator shall publish such guidelines in the Federal Register. The guidelines shall assure that the public health will be protected from drinking water contamination. The guidelines shall require that a State alternative monitoring program apply on a contaminant-by-contaminant basis and that, to be eligible for such alternative monitoring program, a public water system must show the State that the contaminant is not present in the drinking water supply or, if present, it is reliably and consistently below the maximum contaminant level.

"(B) DEFINITION.—For purposes of subparagraph (A), the phrase 'reliably and consistently below the maximum contaminant level' means that, although contaminants have been detected in a water supply, the State has sufficient knowledge of the contamination source and extent of contamination to predict that the maximum contaminant level will not be exceeded. In determining that a contaminant is reliably and consistently below the maximum contaminant level, States shall consider the quality and completeness of data, the length of time covered and the volatility or stability of monitoring results during that time, and the proximity of such results to the maximum contaminant level. Wide variations in the analytical results, or analytical results close to the maximum contaminant level, shall not be considered to be reliably and consistently below the maximum contaminant level.

"(3) EFFECT OF DETECTION OF CONTAMINANTS.—The guidelines issued by the Administrator under paragraph (2) shall require that if, after the monitoring program is in effect and operating, a contaminant covered by the alternative monitoring program is detected at levels at or above the maximum contaminant level or is no longer reliably or consistently below the maximum contaminant level, the public water system must either—

"(A) demonstrate that the contamination source has been removed or that other action has been taken to eliminate the contamination problem; or

"(B) test for the detected contaminant pursuant to the applicable national primary drinking water regulation.

"(4) STATES NOT EXERCISING PRIMARY ENFORCEMENT RESPONSIBILITY.—The Governor of any State not exercising primary enforcement responsibility under section 1413 on the date of enactment of this section may submit to the Administrator a request that the Administrator modify the monitoring requirements established by the Administrator and applicable to public water systems in that State. After consultation with the Governor, the Administrator shall modify the requirements for public water systems in that State if the request of the Governor is in accordance with each of the requirements of this subsection that apply to alternative monitoring requirements established by States that have primary enforcement responsibility. A decision by the Administrator to approve a request under this clause shall be for a period of 3 years and may subsequently be extended for periods of 5 years.

"(c) TREATMENT AS NPDWR.—All monitoring relief granted by a State to a public water system for a regulated contaminant under subsection (a) or (b) shall be treated as part of the national primary drinking water regulation for that contaminant.

"(d) OTHER MONITORING RELIEF.—Nothing in this section shall be construed to affect the authority of the States under applicable national primary drinking water regulations to alter monitoring requirements through waivers or other existing authorities. The Administrator shall periodically review and, as appropriate, revise such authorities.".

(c) UNREGULATED CONTAMINANTS.—Section 1445(a) (42 U.S.C. 300j–4(a)) is amended by striking paragraphs (2) through (8) and inserting the following:

"(2) MONITORING PROGRAM FOR UNREGULATED CONTAMINANTS.—

"(A) ESTABLISHMENT.—The Administrator shall promulgate regulations establishing the criteria for a monitoring program for unregulated contaminants. The regulations shall require monitoring of drinking water supplied by public water systems and shall vary the frequency and schedule for monitoring requirements for systems based on the number of persons served by the system, the source of supply,

and the contaminants likely to be found, ensuring that only a representative sample of systems serving 10,000 persons or fewer are required to monitor.

"(B) MONITORING PROGRAM FOR CERTAIN UNREGULATED CONTAMINANTS.—

"(i) INITIAL LIST.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 5 years thereafter, the Administrator shall issue a list pursuant to subparagraph (A) of not more than 30 unregulated contaminants to be monitored by public water systems and to be included in the national drinking water occurrence data base maintained pursuant to subsection (g).

"(ii) GOVERNORS' PETITION.—The Administrator shall include among the list of contaminants for which monitoring is required under this paragraph each contaminant recommended in a petition signed by the Governor of each of 7 or more States, unless the Administrator determines that the action would prevent the listing of other contaminants of a higher public health concern.

"(C) MONITORING PLAN FOR SMALL AND MEDIUM SYSTEMS.—

"(i) IN GENERAL.—Based on the regulations promulgated by the Administrator, each State may develop a representative monitoring plan to assess the occurrence of unregulated contaminants in public water systems that serve a population of 10,000 or fewer in that State. The plan shall require monitoring for systems representative of different sizes, types, and geographic locations in the State.

"(ii) GRANTS FOR SMALL SYSTEM COSTS.—From funds reserved under section 1452(o) or appropriated under subparagraph (H), the Administrator shall pay the reasonable cost of such testing and laboratory analysis as are necessary to carry out monitoring under the plan.

"(D) MONITORING RESULTS.—Each public water system that conducts monitoring of unregulated contaminants pursuant to this paragraph shall provide the results of the monitoring to the primary enforcement authority for the system.

"(E) NOTIFICATION.—Notification of the availability of the results of monitoring programs required under paragraph (2)(A) shall be given to the persons served by the system.

"(F) WAIVER OF MONITORING REQUIREMENT.—The Administrator shall waive the requirement for monitoring for a contaminant under this paragraph in a State, if the State demonstrates that the criteria for listing the contaminant do not apply in that State.

"(G) ANALYTICAL METHODS.—The State may use screening methods approved by the Administrator under subsection (i) in lieu of monitoring for particular contaminants under this paragraph.

"(H) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this paragraph $10,000,000 for each of the fiscal years 1997 through 2003.".

(d) SCREENING METHODS.—Section 1445 (42 U.S.C. 300j–4) is amended by adding the following after subsection (h):

"(i) SCREENING METHODS.—The Administrator shall review new analytical methods to screen for regulated contaminants and may approve such methods as are more accurate or cost-effective than established reference methods for use in compliance monitoring.".

SEC. 126. OCCURRENCE DATA BASE.

Section 1445 (42 U.S.C. 300j–4) is amended by adding the following new subsection after subsection (f):

"(g) OCCURRENCE DATA BASE.—

"(1) IN GENERAL.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator shall assemble and maintain a national drinking water contaminant occurrence data base, using information on the occurrence of both regulated and unregulated contaminants in public water systems obtained under subsection (a)(1)(A) or subsection (a)(2) and reliable information from other public and private sources.

"(2) PUBLIC INPUT.—In establishing the occurrence data base, the Administrator shall solicit recommendations from the Science Advisory Board, the States, and other interested parties concerning the development and maintenance of a national drinking water contaminant occurrence data base, including such issues as the structure and design of the data base, data input parameters and requirements, and the use and interpretation of data.

"(3) USE.—The data shall be used by the Administrator in making determinations under section 1412(b)(1) with respect to the occurrence of a contaminant in drinking water at a level of public health concern.

"(4) PUBLIC RECOMMENDATIONS.—The Administrator shall periodically solicit recommendations from the appropriate officials of the National Academy of Sciences and the States, and any person may submit recommendations to the Administrator, with respect to contaminants that should be included in the national drinking water contaminant occurrence data base, including recommendations with respect to additional unregulated contaminants that should be listed under subsection (a)(2). Any recommendation submitted under this clause shall be accompanied by reasonable documentation that—

"(A) the contaminant occurs or is likely to occur in drinking water; and

"(B) the contaminant poses a risk to public health.

"(5) PUBLIC AVAILABILITY.—The information from the data base shall be available to the public in readily accessible form.

"(6) REGULATED CONTAMINANTS.—With respect to each contaminant for which a national primary drinking water regulation has been established, the data base shall include information on the detection of the contaminant at a quantifiable level in public water systems (including detection of the contaminant at levels not constituting a violation of the maximum contaminant level for the contaminant).

"(7) UNREGULATED CONTAMINANTS.—With respect to contaminants for which a national primary drinking water regulation has not been established, the data base shall include—

"(A) monitoring information collected by public water systems that serve a population of more than 10,000, as required by the Administrator under subsection (a);

"(B) monitoring information collected from a representative sampling of public water systems that serve a population of 10,000 or fewer; and

"(C) other reliable and appropriate monitoring information on the occurrence of the contaminants in public water systems that is available to the Administrator.".

SEC. 127. DRINKING WATER ADVISORY COUNCIL.

The second sentence of section 1446(a) (42 U.S.C. 300j–6(a)) is amended by inserting before the period at the end the following: ", of which two such members shall be associated with small, rural public water systems".

SEC. 128. NEW YORK CITY WATERSHED PROTECTION PROGRAM.

Section 1443 (42 U.S.C. 300j–2) is amended by adding at the end the following:

"(d) NEW YORK CITY WATERSHED PROTECTION PROGRAM.—

"(1) IN GENERAL.—The Administrator is authorized to provide financial assistance to the State of New York for demonstration projects implemented as part of the watershed program for the protection and enhancement of the quality of source waters of the New York City water supply system, including projects that demonstrate, assess, or provide for comprehensive monitoring and surveillance and projects necessary to comply with the criteria for avoiding filtration contained in 40 CFR 141.71. Demonstration projects which shall be eligible for financial assistance shall be certified to the Administrator by the State of New York as satisfying the purposes of this subsection. In certifying projects to the Administrator, the State of New York shall give priority to monitoring projects that have undergone peer review.

"(2) REPORT.—Not later than 5 years after the date on which the Administrator first provides assistance pursuant to this paragraph, the Governor of the State of New York shall submit a report to the Administrator on the results of projects assisted.

"(3) MATCHING REQUIREMENTS.—Federal assistance provided under this subsection shall not exceed 50 percent of the total cost of the protection program being carried out for any particular watershed or ground water recharge area.

"(4) AUTHORIZATION.—There are authorized to be appropriated to the Administrator to carry out this subsection for each of fiscal years 1997 through 2003, $15,000,000 for the purpose of providing assistance to the State of New York to carry out paragraph (1).".

SEC. 129. FEDERAL AGENCIES.

(a) IN GENERAL.—Section 1447 (42 U.S.C. 300j–6) is amended by redesignating subsection (c) as subsection (d) and by striking subsections (a) and (b) and inserting the following:

"(a) IN GENERAL.—Each department, agency, and instrumentality of the executive, legislative, and judicial branches of the Federal Government—

"(1) owning or operating any facility in a wellhead protection area;

"(2) engaged in any activity at such facility resulting, or which may result, in the contamination of water supplies in any such area;

"(3) owning or operating any public water system; or

"(4) engaged in any activity resulting, or which may result in, underground injection which endangers drinking water (within the meaning of section 1421(d)(2)),

shall be subject to, and comply with, all Federal, State, interstate, and local requirements, both substantive and procedural (including any requirement for permits or reporting or any provisions for injunctive relief and such sanctions as may be imposed by a court to enforce such relief), respecting the protection of such wellhead areas, respecting such public water systems, and respecting any underground injection in the same manner and to the same extent as any person is subject to such requirements, including the payment of reasonable service charges. The Federal, State, interstate, and local substantive and procedural requirements referred to in this subsection include, but are not limited to, all administrative orders and all civil and administrative penalties and fines, regardless of whether such penalties or fines are punitive or coercive in nature or are imposed for isolated, intermittent, or continuing violations. The United States hereby expressly waives any immunity otherwise applicable to the United States with respect to any such substantive or procedural requirement (including, but not limited to, any injunctive relief, administrative order or civil or administrative penalty or fine referred to in the preceding sentence, or reasonable service charge). The reasonable service charges referred to in this subsection include, but are not limited to, fees or charges assessed in connection with the processing and issuance of permits, renewal of permits, amendments to permits, review of plans, studies, and other documents, and inspection and monitoring of facilities, as well as any other nondiscriminatory charges that are assessed in connection with a Federal, State, interstate, or local regulatory program respecting the protection of wellhead areas or public water systems or respecting any underground injection. Neither the United States, nor any agent, employee, or officer thereof, shall be immune or exempt from any process or sanction of any State or Federal Court with respect to the enforcement of any such injunctive relief. No agent, employee, or officer of the United States shall be personally liable for any civil penalty under any Federal, State, interstate, or local law concerning the protection of wellhead areas or public water systems or concerning underground injection with respect to any act or omission within the scope of the official duties of the agent, employee, or officer. An agent, employee, or officer of the United States shall be subject to any criminal sanction (including, but not limited to, any fine or imprisonment) under any Federal or State requirement adopted pursuant to this title, but no department, agency, or instrumentality of the executive, legislative, or judicial branch of the Federal Government shall be subject to any such sanction. The President may exempt any facility of any department, agency, or instrumentality in the executive branch from compliance with such a requirement if he determines it to be in the paramount interest of the United States to do so. No such exemption shall be granted due to lack of appropriation unless the President shall have specifically requested such appropriation as a part of the budgetary process and the Congress shall have failed to make available such requested appropriation. Any exemption shall be for a period not in excess of 1 year, but additional exemptions may be granted for periods not to exceed 1 year upon the President's making a new determination. The President shall report each January to the Congress all exemptions from the requirements of this section granted during the preceding calendar year, together with his reason for granting each such exemption.

"(b) ADMINISTRATIVE PENALTY ORDERS.—

"(1) IN GENERAL.—If the Administrator finds that a Federal agency has violated an applicable requirement under this title, the Administrator may issue a penalty order assessing a penalty against the Federal agency.

"(2) PENALTIES.—The Administrator may, after notice to the agency, assess a civil penalty against the agency in an amount not to exceed $25,000 per day per violation.

"(3) PROCEDURE.—Before an administrative penalty order issued under this subsection becomes final, the Administrator shall provide the agency an opportunity to confer with the Administrator and shall provide the agency notice and an opportunity for a hearing on the record in accordance with chapters 5 and 7 of title 5, United States Code.

"(4) PUBLIC REVIEW.—

"(A) IN GENERAL.—Any interested person may obtain review of an administrative penalty order issued under this subsection. The review may be obtained in the United States District Court for the District of Columbia or in the United States District Court for the district in which the violation is alleged to have occurred by the filing of a complaint with the court within the 30-day period beginning on the date the penalty order becomes final. The person filing the complaint shall simultaneously send a copy of the complaint by certified mail to the Administrator and the Attorney General.

"(B) RECORD.—The Administrator shall promptly file in the court a certified copy of the record on which the order was issued.

"(C) STANDARD OF REVIEW.—The court shall not set aside or remand the order unless the court finds that there is not substantial evidence in the record, taken as a whole, to support the finding of a violation or that the assessment of the penalty by the Administrator constitutes an abuse of discretion.

"(D) PROHIBITION ON ADDITIONAL PENALTIES.—The court may not impose an additional civil penalty for a violation that is subject to the order unless the court finds that the assessment constitutes an abuse of discretion by the Administrator."

"(c) LIMITATION ON STATE USE OF FUNDS COLLECTED FROM FEDERAL GOVERNMENT.—Unless a State law in effect on the date of enactment of the Safe Drinking Water Act Amendments of 1996 or a State constitution requires the funds to be used in a different manner, all funds collected by a State from the Federal Government from penalties and fines imposed for violation of any substantive or procedural requirement referred to in subsection (a) shall be used by the State only for projects designed to improve or protect the environment or to defray the costs of environmental protection or enforcement.".

(b) CITIZEN ENFORCEMENT.—(1) The first sentence of section 1449(a) (42 U.S.C. 300j–8(a)) is amended—

(A) in paragraph (1), by striking ", or" and inserting a semicolon;

(B) in paragraph (2), by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following:

"(3) for the collection of a penalty by the United States Government (and associated costs and interest) against any Federal agency that fails, by the date that is 18 months after the effective date of a final order to pay a penalty assessed by the Administrator under section 1429(b), to pay the penalty.".

(2) Subsection (b) of section 1449 (42 U.S.C. 300j–8(b)) is amended by striking the period at the end of paragraph (2) and inserting "; or" and by adding the following new paragraph after paragraph (2):

"(3) under subsection (a)(3) prior to 60 days after the plaintiff has given notice of such action to the Attorney General and to the Federal agency.".

(c) WASHINGTON AQUEDUCT.—Section 1447 (42 U.S.C. 300j–6) is amended by adding at the end the following:

"(e) WASHINGTON AQUEDUCT.—The Secretary of the Army shall not pass the cost of any penalty assessed under this title on to any customer, user, or other purchaser of drinking water from the Washington Aqueduct system, including finished water from the Dalecarlia or McMillan treatment plant.".

SEC. 130. STATE REVOLVING LOAN FUNDS.

Part E (42 U.S.C. 300j et seq.) is amended by adding the following new section after section 1451:

"STATE REVOLVING LOAN FUNDS

"SEC. 1452. (a) GENERAL AUTHORITY.—

"(1) GRANTS TO STATES TO ESTABLISH STATE LOAN FUNDS.—

"(A) IN GENERAL.—The Administrator shall offer to enter into agreements with eligible States to make capitalization grants, including letters of credit, to the States under this subsection to further the health protection objectives of this title, promote the efficient use of fund resources, and for other purposes as are specified in this title.

"(B) ESTABLISHMENT OF FUND.—To be eligible to receive a capitalization grant under this section, a State shall establish a drinking water treatment revolving loan fund (referred to in this section as a 'State loan fund') and comply with the other requirements of this section. Each grant to a State under this section shall be deposited in the State loan fund established by the State, except as otherwise provided in this section and in other provisions of this title. No funds authorized by other provisions of this title to be used for other purposes specified in this title shall be deposited in any State loan fund.

"(C) EXTENDED PERIOD.—The grant to a State shall be available to the State for obligation during the fiscal year for which the funds are authorized and during the following fiscal year, except that grants made available from funds provided prior to fiscal year 1997 shall be available for obligation during each of the fiscal years 1997 and 1998.

"(D) ALLOTMENT FORMULA.—Except as otherwise provided in this section, funds made available to carry out this section shall be allotted to States that have entered into an agreement pursuant to this section (other than the District of Columbia) in accordance with—

"(i) for each of fiscal years 1995 through 1997, a formula that is the same as the formula used to distribute public water system supervision grant funds under section 1443 in fiscal year 1995, except that the minimum proportionate share established in the formula shall be 1 percent of available funds and the formula shall be adjusted to include a minimum proportionate share for the State of Wyoming and the District of Columbia; and

"(ii) for fiscal year 1998 and each subsequent fiscal year, a formula that allocates to each State the proportional share of the State needs identified in the most recent survey conducted pursuant to subsection (h), except that the minimum proportionate share provided to each State shall be the same as the minimum proportionate share provided under clause (i).

"(E) REALLOTMENT.—The grants not obligated by the last day of the period for which the grants are available shall be reallotted according to the appropriate criteria set forth in subparagraph (D), except that the Administrator may reserve and allocate 10 percent of the remaining amount for financial assistance to Indian Tribes in addition to the amount allotted under subsection (i) and none of the funds reallotted by the Administrator shall be reallotted to any State that has not obligated all sums allotted to the State pursuant to this section during the period in which the sums were available for obligation.

"(F) NONPRIMACY STATES.—The State allotment for a State not exercising primary enforcement responsibility for public water systems shall not be deposited in any such fund but shall be allotted by the Administrator under this subparagraph. Pursuant to section 1443(a)(9)(A) such sums allotted under this subparagraph shall be reserved as needed by the Administrator to exercise primary enforcement responsibility under this title in such State and the remainder shall be reallotted to States exercising primary enforcement responsibility for public water systems for deposit in such funds. Whenever the Administrator makes a final determination pursuant to section 1413(b) that the requirements of section 1413(a) are no longer being met by a State, additional grants for such State under this title shall be immediately terminated by the Administrator. This subparagraph shall not apply to any State not exercising primary enforcement responsibility for public water systems as of the date of enactment of the Safe Drinking Water Act Amendments of 1996.

"(G) OTHER PROGRAMS.—

"(i) NEW SYSTEM CAPACITY.—Beginning in fiscal year 1999, the Administrator shall withhold 20 percent of each capitalization grant made pursuant to this section to a State unless the State has met the requirements of section 1420(a) (relating to capacity development) and shall withhold 10 percent for fiscal year 2001, 15 percent for fiscal year 2002, and 20 percent for fiscal year 2003 if the State has not complied with the provisions of section 1420(c) (relating to capacity development strategies). Not more than a total of 20 percent of the capitalization grants *made to a State in any fiscal year may be withheld under the preceding provisions of this clause. All funds withheld by the Administrator pursuant to this clause shall be reallotted by the Administrator on the basis of the same ratio as is applicable to funds allotted under subparagraph (D). None of the funds reallotted by the Administrator pursuant to this paragraph shall be allotted to a State unless the State has met the requirements of section 1420 (relating to capacity development).*

"(ii) OPERATOR CERTIFICATION.—The Administrator shall withhold 20 percent of each capitalization grant made pursuant to this section unless the State has met the requirements of 1419 (relating to operator certification). All funds withheld by the Administrator pursuant to this clause shall be reallotted by the Administrator on the basis of the same ratio as applicable to funds allotted under subparagraph (D). None of the funds reallotted by the Administrator pursuant to this paragraph shall be allotted to a State unless the State has met the requirements of section 1419 (relating to operator certification).

"(2) USE OF FUNDS.—Except as otherwise authorized by this title, amounts deposited in a State loan fund, including loan repayments and interest earned on such amounts, shall be used only for providing loans or loan guarantees, or as a source of reserve and security for leveraged loans, the proceeds of which are deposited in a State loan fund established under paragraph (1), or other financial assistance authorized under this section to community water systems and nonprofit noncommunity water systems, other than systems owned by Federal agencies. Financial assistance under this section may be used by a public water system only for expenditures (not including monitoring, operation, and maintenance expenditures) of a type or category which the Administrator has determined, through guidance, will facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 or otherwise significantly further the health protection objectives of this title. The funds may also be used to provide loans to a system referred to in section 1401(4)(B) for the purpose of providing the treatment described in section 1401(4)(B)(i)(III). The funds shall not be used for the acquisition of real property or interests therein, unless the acquisition is integral to a project authorized by this paragraph and the purchase is from a willing seller. Of the amount credited to any State loan fund established under this section in any fiscal year, 15 percent shall be available solely for providing loan assistance to public water systems which regularly serve fewer than 10,000 persons to the extent such funds can be obligated for eligible projects of public water systems.

"(3) LIMITATION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), no assistance under this section shall be provided to a public water system that—

"(i) does not have the technical, managerial, and financial capability to ensure compliance with the requirements of this title; or

"(ii) is in significant noncompliance with any requirement of a national primary drinking water regulation or variance.

"(B) RESTRUCTURING.—A public water system described in subparagraph (A) may receive assistance under this section if—

"(i) the use of the assistance will ensure compliance; and

"(ii) if subparagraph (A)(i) applies to the system, the owner or operator of the system agrees to undertake feasible and appropriate changes in operations (including ownership, management, accounting, rates, maintenance, consolidation, alternative water supply, or other procedures) if the State determines that the measures are necessary to ensure that the system has the technical, managerial, and financial capability to comply with the requirements of this title over the long term.

"(C) REVIEW.—Prior to providing assistance under this section to a public water system that is in significant noncompliance with any requirement of a national primary drinking water regulation or variance, the State shall conduct a review to determine whether subparagraph (A)(i) applies to the system.

"(b) INTENDED USE PLANS.—

"(1) IN GENERAL.—After providing for public review and comment, each State that has entered into a capitalization agreement pursuant to this section shall annually prepare a plan that identifies the intended uses of the amounts available to the State loan fund of the State.

"(2) CONTENTS.—An intended use plan shall include—

"(A) a list of the projects to be assisted in the first fiscal year that begins after the date of the plan, including a description of the project, the expected terms of financial assistance, and the size of the community served;

"(B) the criteria and methods established for the distribution of funds; and

"(C) a description of the financial status of the State loan fund and the short-term and long-term goals of the State loan fund.

"(3) USE OF FUNDS.—

"(A) IN GENERAL.—An intended use plan shall provide, to the maximum extent practicable, that priority for the use of funds be given to projects that—

"(i) address the most serious risk to human health;

"(ii) are necessary to ensure compliance with the requirements of this title (including requirements for filtration); and

"(iii) assist systems most in need on a per household basis according to State affordability criteria.

"(B) LIST OF PROJECTS.—Each State shall, after notice and opportunity for public comment, publish and periodically update a list of projects in the State that are eligible for assistance under this section, including the priority assigned to each project and, to the extent known, the expected funding schedule for each project.

"(c) FUND MANAGEMENT.—Each State loan fund under this section shall be established, maintained, and credited with repayments and interest. The fund corpus shall be available in perpetuity for providing financial assistance under this section. To the extent amounts in the fund are not required for current obligation or expenditure, such amounts shall be invested in interest bearing obligations.

"(d) ASSISTANCE FOR DISADVANTAGED COMMUNITIES.—

"(1) LOAN SUBSIDY.—Notwithstanding any other provision of this section, in any case in which the State makes a loan pursuant to subsection (a)(2) to a disadvantaged community or to a community that the State expects to become a disadvantaged community as the result of a proposed project, the State may provide additional subsidization (including forgiveness of principal).

"(2) TOTAL AMOUNT OF SUBSIDIES.—For each fiscal year, the total amount of loan subsidies made by a State pursuant to paragraph (1) may not exceed 30 percent of the amount of the capitalization grant received by the State for the year.

"(3) DEFINITION OF DISADVANTAGED COMMUNITY.—In this subsection, the term 'disadvantaged community' means the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located. The Administrator may publish information to assist States in establishing affordability criteria.

"(e) STATE CONTRIBUTION.—Each agreement under subsection (a) shall require that the State deposit in the State loan fund from State moneys an amount equal to at least 20 percent of the total amount of the grant to be made to the State on or before the date on which the grant payment is made to the State, except that a State shall not be required to deposit such amount into the fund prior to the date on which each grant payment is made for fiscal years 1994, 1995, 1996, and 1997 if the State deposits the State contribution amount into the State loan fund prior to September 30, 1999.

"(f) TYPES OF ASSISTANCE.—Except as otherwise limited by State law, the amounts deposited into a State loan fund under this section may be used only—

"(1) to make loans, on the condition that—

"(A) the interest rate for each loan is less than or equal to the market interest rate, including an interest free loan;

"(B) principal and interest payments on each loan will commence not later than 1 year after completion of the project for which the loan was made, and each loan will be fully amortized not later than 20 years after the completion of the project, except that in the case of a disadvantaged community (as defined in subsection (d)(3)), a State may provide an extended term for a loan, if the extended term—

"(i) terminates not later than the date that is 30 years after the date of project completion; and

"(ii) does not exceed the expected design life of the project;

"(C) the recipient of each loan will establish a dedicated source of revenue (or, in the case of a privately owned system, demonstrate that there is adequate security) for the repayment of the loan; and

"(D) the State loan fund will be credited with all payments of principal and interest on each loan;

"(2) to buy or refinance the debt obligation of a municipality or an intermunicipal or interstate agency within the State at an interest rate that is less than or equal to the market interest rate in any case in which a debt obligation is incurred after July 1, 1993;

"(3) to guarantee, or purchase insurance for, a local obligation (all of the proceeds of which finance a project eligible for assistance under this section) if the guarantee or purchase would improve credit market access or reduce the interest rate applicable to the obligation;

"(4) as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of the bonds will be deposited into the State loan fund; and

"(5) to earn interest on the amounts deposited into the State loan fund.

"(g) ADMINISTRATION OF STATE LOAN FUNDS.—

"(1) COMBINED FINANCIAL ADMINISTRATION.—Notwithstanding subsection (c), a State may (as a convenience and to avoid unnecessary administrative costs) combine, in accordance with State law, the financial administration of a State loan fund established under this section with the financial administration of any other revolving fund established by the State if otherwise not prohibited by the law under which the State loan fund was established and if the Administrator determines that—

"(A) the grants under this section, together with loan repayments and interest, will be separately accounted for and used solely for the purposes specified in subsection (a); and

"(B) the authority to establish assistance priorities and carry out oversight and related activities (other than financial administration)

with respect to assistance remains with the State agency having primary responsibility for administration of the State program under section 1413, after consultation with other appropriate State agencies (as determined by the State): Provided, That in nonprimacy States eligible to receive assistance under this section, the Governor shall determine which State agency will have authority to establish priorities for financial assistance from the State loan fund.

"(2) COST OF ADMINISTERING FUND.—Each State may annually use up to 4 percent of the funds allotted to the State under this section to cover the reasonable costs of administration of the programs under this section, including the recovery of reasonable costs expended to establish a State loan fund which are incurred after the date of enactment of this section, and to provide technical assistance to public water systems within the State. For fiscal year 1995 and each fiscal year thereafter, each State may use up to an additional 10 percent of the funds allotted to the State under this section—

"(A) for public water system supervision programs under section 1443(a);

"(B) to administer or provide technical assistance through source water protection programs;

"(C) to develop and implement a capacity development strategy under section 1420(c); and

"(D) for an operator certification program for purposes of meeting the requirements of section 1419,

if the State matches the expenditures with at least an equal amount of State funds. At least half of the match must be additional to the amount expended by the State for public water supervision in fiscal year 1993. An additional 2 percent of the funds annually allotted to each State under this section may be used by the State to provide technical assistance to public water systems serving 10,000 or fewer persons in the State. Funds utilized under subparagraph (B) shall not be used for enforcement actions.

"(3) GUIDANCE AND REGULATIONS.—The Administrator shall publish guidance and promulgate regulations as may be necessary to carry out the provisions of this section, including—

"(A) provisions to ensure that each State commits and expends funds allotted to the State under this section as efficiently as possible in accordance with this title and applicable State laws;

"(B) guidance to prevent waste, fraud, and abuse; and

"(C) guidance to avoid the use of funds made available under this section to finance the expansion of any public water system in anticipation of future population growth.

The guidance and regulations shall also ensure that the States, and public water systems receiving assistance under this section, use accounting, audit, and fiscal procedures that conform to generally accepted accounting standards.

"(4) STATE REPORT.—Each State administering a loan fund and assistance program under this subsection shall publish and submit to the Administrator a report every 2 years on its activities under this section, including the findings of the most recent audit of the fund and the entire State allotment. The Administrator shall periodically audit all State loan funds established by, and all other amounts allotted to, the States pursuant to this section in accordance with procedures established by the Comptroller General.

"(h) NEEDS SURVEY.—The Administrator shall conduct an assessment of water system capital improvement needs of all eligible public water systems in the United States and submit a report to the Congress containing the results of the assessment within 180 days after the date of enactment of the Safe Drinking Water Act Amendments of 1996 and every 4 years thereafter.

"(i) INDIAN TRIBES.—

"(1) IN GENERAL.—1½ percent of the amounts appropriated annually to carry out this section may be used by the Administrator to make grants to Indian Tribes and Alaska Native villages that have not otherwise received either grants from the Administrator under this section or assistance from State loan funds established under this section. The grants may only be used for expenditures by tribes and villages for public water system expenditures referred to in subsection (a)(2).

"(2) USE OF FUNDS.—Funds reserved pursuant to paragraph (1) shall be used to address the most significant threats to public health associated with public water systems that serve Indian Tribes, as determined by the Administrator in consultation with the Director of the Indian Health Service and Indian Tribes.

"(3) ALASKA NATIVE VILLAGES.—In the case of a grant for a project under this subsection in an Alaska Native village, the Administrator is also authorized to make grants to the State of Alaska for the benefit of Native villages. An amount not to exceed 4 percent of the grant amount may be used by the State of Alaska for project management.

"(4) NEEDS ASSESSMENT.—The Administrator, in consultation with the Director of the Indian Health Service and Indian Tribes, shall, in accordance with a schedule that is consistent with the needs surveys conducted pursuant to subsection (h), prepare surveys and assess the needs of drinking water treatment facilities to serve Indian Tribes, including an evaluation of the public water systems that pose the most significant threats to public health.

"(j) OTHER AREAS.—Of the funds annually available under this section for grants to States, the Administrator shall make allotments in accordance with section 1443(a)(4) for the Virgin Islands, the Commonwealth of the Northern Mariana Islands, American Samoa, and Guam. The grants allotted as provided in this subsection may be provided by the Administrator to the governments of such areas, to public water systems in such areas, or to both, to be used for the public water system expenditures referred to in subsection (a)(2). The grants, and grants for the District of Columbia, shall not be deposited in State loan funds. The total allotment of grants under this section for all areas described in this subsection in any fiscal year shall not exceed 0.33 percent of the aggregate amount made available to carry out this section in that fiscal year.

"(k) OTHER AUTHORIZED ACTIVITIES.—

"(1) IN GENERAL.—Notwithstanding subsection (a)(2), a State may take each of the following actions:

"(A) Provide assistance, only in the form of a loan, to one or more of the following:

"(i) Any public water system described in subsection (a)(2) to acquire land or a conservation easement from a willing seller or grantor, if the purpose of the acquisition is to protect the source water of the system from contamination and to ensure compliance with national primary drinking water regulations.

"(ii) Any community water system to implement local, voluntary source water protection measures to protect source water in areas delineated pursuant to section 1453, in order to facilitate compliance with national primary drinking water regulations applicable to the system under section 1412 or otherwise significantly further the health protection objectives of this title. Funds authorized under this clause may be used to fund only voluntary, incentive-based mechanisms.

"(iii) Any community water system to provide funding in accordance with section 1454(a)(1)(B)(i).

"(B) Provide assistance, including technical and financial assistance, to any public water system as part of a capacity development strategy developed and implemented in accordance with section 1420(c).

"(C) Make expenditures from the capitalization grant of the State for fiscal years 1996 and 1997 to delineate and assess source water protection areas in accordance with section 1453, except that funds set aside for such expenditure shall be obligated within 4 fiscal years.

"(D) Make expenditures from the fund for the establishment and implementation of wellhead protection programs under section 1428.

"(2) LIMITATION.—For each fiscal year, the total amount of assistance provided and expenditures made by a State under this subsection may not exceed 15 percent of the amount of the capitalization grant received by the State for that year and may not exceed 10 percent of that amount for any one of the following activities:

"(A) To acquire land or conservation easements pursuant to paragraph (1)(A)(i).

"(B) To provide funding to implement voluntary, incentive-based source water quality protection measures pursuant to clauses (ii) and (iii) of paragraph (1)(A).

"(C) To provide assistance through a capacity development strategy pursuant to paragraph (1)(B).

"(D) To make expenditures to delineate or assess source water protection areas pursuant to paragraph (1)(C).

"(E) To make expenditures to establish and implement wellhead protection programs pursuant to paragraph (1)(D).

"(3) STATUTORY CONSTRUCTION.—Nothing in this section creates or conveys any new authority to a State, political subdivision of a State, or community water system for any new regulatory measure, or limits any authority of a State, political subdivision of a State or community water system.

"(l) SAVINGS.—The failure or inability of any public water system to receive funds under this section or any other loan or grant program, or any delay in obtaining the funds, shall not alter the obligation of the system to comply in a timely manner with all applicable drinking water standards and requirements of this title.

"(m) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purposes of this section $599,000,000 for the fiscal year 1994 and $1,000,000,000 for each of the fiscal years 1995 through 2003. To the extent amounts authorized to be appropriated under this subsection in any fiscal year are not appropriated in that fiscal year, such amounts are authorized to be appropriated in a subsequent fiscal year (prior to the fiscal year 2004). Such sums shall remain available until expended.

"(n) HEALTH EFFECTS STUDIES.—From funds appropriated pursuant to this section for each fiscal year, the Administrator shall reserve $10,000,000 for health effects studies on drinking water contaminants authorized by the Safe Drinking Water Act Amendments of 1996. In allocating funds made available under this subsection, the Administrator shall give priority to studies concerning the health effects of cryptosporidium (as authorized by section 1458(c)), disinfection byproducts (as authorized by section 1458(c)), and arsenic (as authorized by section 1412(b)(12)(A)), and the implementation of a plan for studies of subpopulations at greater risk of adverse effects (as authorized by section 1458(a)).

"(o) MONITORING FOR UNREGULATED CONTAMINANTS.—From funds appropriated pursuant to this section for each fiscal year beginning with fiscal year 1998, the Administrator shall reserve $2,000,000 to pay the costs of monitoring for unregulated contaminants under section 1445(a)(2)(C).

"(p) DEMONSTRATION PROJECT FOR STATE OF VIRGINIA.—Notwithstanding the other provisions of this section limiting the use of funds deposited in a State loan fund from any State allotment, the State of Virginia may, as a single demonstration and with the approval of the Virginia General Assembly and the Administrator, conduct a program to demonstrate alternative approaches to intergovernmental coordination to assist in the financing of new drinking water facilities in the following rural communities in southwestern Virginia where none exists on the date of enactment of the Safe Drinking Water Act Amendments of 1996 and where such communities are experiencing economic hardship: Lee County, Wise County, Scott County, Dickenson County, Russell County, Buchanan County, Tazewell County, and the city of Norton, Virginia. The funds allotted to that State and deposited in the State loan fund may be loaned to a regional endowment fund for the purpose set forth in this subsection under a plan to be approved by the Administrator. The plan may include an advisory group that includes representatives of such counties.

"(q) SMALL SYSTEM TECHNICAL ASSISTANCE.—The Administrator may reserve up to 2 percent of the total funds appropriated pursuant to subsection (m) for each of the fiscal years 1997 through 2003 to carry out the provisions of section 1442(e) (relating to technical assistance for small systems), except that the total amount of funds made available for such purpose in any fiscal year through appropriations (as authorized by section 1442(e)) and reservations made pursuant to this subsection shall not exceed the amount authorized by section 1442(e).

"(r) EVALUATION.—The Administrator shall conduct an evaluation of the effectiveness of the State loan funds through fiscal year 2001. The evaluation shall be submitted to the Congress at the same time as the President submits to the Congress, pursuant to section 1108 of title 31, United States Code, an appropriations request for fiscal year 2003 relating to the budget of the Environmental Protection Agency.".

SEC. 131. STATE GROUND WATER PROTECTION GRANTS.

Part C (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

"STATE GROUND WATER PROTECTION GRANTS

"SEC. 1429. (a) IN GENERAL.—The Administrator may make a grant to a State for the development and implementation of a State program to ensure the coordinated and comprehensive protection of ground water resources within the State.

"(b) GUIDANCE.—Not later than 1 year after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and annually thereafter, the Administrator shall publish guidance that establishes procedures for application for State ground water protection program assistance and that identifies key elements of State ground water protection programs.

"(c) CONDITIONS OF GRANTS.—

"(1) IN GENERAL.—The Administrator shall award grants to States that submit an application that is approved by the Administrator. The Administrator shall determine the amount of a grant awarded pursuant to this paragraph on the basis of an assessment of the extent of ground water resources in the State and the likelihood that awarding the grant will result in sustained and reliable protection of ground water quality.

"(2) INNOVATIVE PROGRAM GRANTS.—The Administrator may also award a grant pursuant to this subsection for innovative programs proposed by a State for the prevention of ground water contamination.

"(3) ALLOCATION OF FUNDS.—The Administrator shall, at a minimum, ensure that, for each fiscal year, not less than 1 percent of funds made available to the Administrator by appropriations to carry out this section are allocated to each State that submits an application that is approved by the Administrator pursuant to this section.

"(4) LIMITATION ON GRANTS.—No grant awarded by the Administrator may be used for a project to remediate ground water contamination.

"(d) AMOUNT OF GRANTS.—The amount of a grant awarded pursuant to paragraph (1) shall not exceed 50 percent of the eligible costs of carrying out the ground water protection program that is the subject of the grant (as determined by the Administrator) for the 1-year period beginning on the date that the grant is awarded. The State shall pay a State share to cover the costs of the ground water protection program from State funds in an amount that is not less than 50 percent of the cost of conducting the program.

"(e) EVALUATIONS AND REPORTS.—Not later than 3 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, and every 3 years thereafter, the Administrator shall evaluate the State ground water protection programs that are the subject of grants awarded pursuant to this section and report to the Congress on the status of ground water quality in the United States and the effectiveness of State programs for ground water protection.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1997 through 2003.".

SEC. 132. SOURCE WATER ASSESSMENT.

(a) IN GENERAL.—Part E (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

"SOURCE WATER QUALITY ASSESSMENT

"SEC. 1453. (a) SOURCE WATER ASSESSMENT.—

"(1) GUIDANCE.—Within 12 months after the date of enactment of the Safe Drinking Water Act Amendments of 1996, after notice and comment, the Administrator shall publish guidance for States exercising primary enforcement responsibility for public water systems to carry out directly or through delegation (for the protection and benefit of public water systems and for the support of monitoring flexibility) a source water assessment program within the State's boundaries. Each State adopting modifications to monitoring requirements pursuant to section 1418(b) shall, prior to adopting such modifications, have an approved source water assessment program under this section and shall carry out the program either directly or through delegation.

"(2) PROGRAM REQUIREMENTS.—A source water assessment program under this subsection shall—

"(A) delineate the boundaries of the assessment areas in such State from which one or more public water systems in the State receive supplies of drinking water, using all reasonably available hydrogeologic information on the sources of the supply of drinking water in the State and the water flow, recharge, and discharge and any other reliable information as the State deems necessary to adequately determine such areas; and

"(B) identify for contaminants regulated under this title for which monitoring is required under this title (or any unregulated contaminants selected by the State, in its discretion, which the State, for the purposes of this subsection, has determined may present a threat to public health), to the extent practical, the origins within each delineated area of such contaminants to determine the susceptibility of the public water systems in the delineated area to such contaminants.

"(3) APPROVAL, IMPLEMENTATION, AND MONITORING RELIEF.—A State source water assessment program under this subsection shall be submitted to the Administrator within 18 months after the Administrator's guidance is issued under this subsection and shall be deemed approved 9 months after the date of such submittal unless the Administrator disapproves the program as provided in section 1428(c). States shall begin implementation of the program immediately after its approval. The Administrator's approval of a State program under this subsection shall include a timetable, established in consultation with the State, allowing not more than 2 years for completion after approval of the program. Public water systems seeking monitoring relief in addition to the interim relief provided under section 1418(a) shall be eligible for monitoring relief, consistent with section 1418(b), upon completion of the assessment in the delineated source water assessment area or areas concerned.

"(4) TIMETABLE.—The timetable referred to in paragraph (3) shall take into consideration the availability to the State of funds under section 1452 (relating to State loan funds) for assessments and other relevant factors. The Administrator may extend any timetable included in a State program approved under paragraph (3) to extend the period for completion by an additional 18 months.

"(5) DEMONSTRATION PROJECT.—The Administrator shall, as soon as practicable, conduct a demonstration project, in consultation with other Federal agencies, to demonstrate the most effective and protective means of assessing and protecting source waters serving large metropolitan areas and located on Federal lands.

"(6) USE OF OTHER PROGRAMS.—To avoid duplication and to encourage efficiency, the program under this section may make use of any of the following:

"(A) Vulnerability assessments, sanitary surveys, and monitoring programs.

"(B) Delineations or assessments of ground water sources under a State wellhead protection program developed pursuant to this section.

"(C) Delineations or assessments of surface or ground water sources under a State pesticide management plan developed pursuant to the Pesticide and Ground Water State Management Plan Regulation (subparts I and J of part 152 of title 40, Code of Federal Regulations), promulgated under section 3(d) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a(d)).

"(D) Delineations or assessments of surface water sources under a State watershed initiative or to satisfy the watershed criterion for determining if filtration is required under the Surface Water Treatment Rule (section 141.70 of title 40, Code of Federal Regulations).

"(E) Delineations or assessments of surface or ground water sources under programs or plans pursuant to the Federal Water Pollution Control Act.

"(7) PUBLIC AVAILABILITY.—The State shall make the results of the source water assessments conducted under this subsection available to the public.

"(b) APPROVAL AND DISAPPROVAL.—For provisions relating to program approval and disapproval, see section 1428(c).".

(b) APPROVAL AND DISAPPROVAL OF STATE PROGRAMS.—Section 1428 (42 U.S.C. 300h–7) is amended as follows:

(1) Amend the first sentence of subsection (c)(1) to read as follows: "If, in the judgment of the Administrator, a State program or portion thereof under subsection (a) is not adequate to protect public water systems as required by subsection (a) or a State program under section 1453 or section 1418(b) does not meet the applicable requirements of section 1453 or section 1418(b), the Administrator shall disapprove such program or portion thereof.".

(2) Add after the second sentence of subsection (c)(1) the following: "A State program developed pursuant to section 1453 or section 1418(b) shall be deemed to meet the applicable requirements of section 1453 or section 1418(b) unless the Administrator determines within 9 months of the receipt of the program that such program (or portion thereof) does not meet such requirements.".

(3) In the third sentence of subsection (c)(1) and in subsection (c)(2), strike "is inadequate" and insert "is disapproved".

(4) In subsection (b), add the following before the period at the end of the first sentence: "and source water assessment programs under section 1453".

SEC. 133. SOURCE WATER PETITION PROGRAM.

(a) In General.—Part E (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

"SOURCE WATER PETITION PROGRAM

"Sec. 1454. (a) Petition Program.—

"(1) In general.—

"(A) Establishment.—A State may establish a program under which an owner or operator of a community water system in the State, or a municipal or local government or political subdivision of a State, may submit a source water quality protection partnership petition to the State requesting that the State assist in the local development of a voluntary, incentive-based partnership, among the owner, operator, or government and other persons likely to be affected by the recommendations of the partnership, to—

"(i) reduce the presence in drinking water of contaminants that may be addressed by a petition by considering the origins of the contaminants, including to the maximum extent practicable the specific activities that affect the drinking water supply of a community;

"(ii) obtain financial or technical assistance necessary to facilitate establishment of a partnership, or to develop and implement recommendations of a partnership for the protection of source water to assist in the provision of drinking water that complies with national primary drinking water regulations with respect to contaminants addressed by a petition; and

"(iii) develop recommendations regarding voluntary and incentive-based strategies for the long-term protection of the source water of community water systems.

"(B) Funding.—Each State may—

"(i) use funds set aside pursuant to section 1452(k)(1)(A)(iii) by the State to carry out a program described in subparagraph (A), including assistance to voluntary local partnerships for the development and implementation of partnership recommendations for the protection of source water such as source water quality assessment, contingency plans, and demonstration projects for partners within a source water area delineated under section 1453(a); and

"(ii) provide assistance in response to a petition submitted under this subsection using funds referred to in subsection (b)(2)(B).

"(2) Objectives.—The objectives of a petition submitted under this subsection shall be to—

"(A) facilitate the local development of voluntary, incentive-based partnerships among owners and operators of community water systems, governments, and other persons in source water areas; and

"(B) obtain assistance from the State in identifying resources which are available to implement the recommendations of the partnerships to address the origins of drinking water contaminants that may be addressed by a petition (including to the maximum extent practicable the specific activities contributing to the presence of the contaminants) that affect the drinking water supply of a community.

"(3) Contaminants addressed by a petition.—A petition submitted to a State under this subsection may address only those contaminants—

"(A) that are pathogenic organisms for which a national primary drinking water regulation has been established or is required under section 1412; or

"(B) for which a national primary drinking water regulation has been promulgated or proposed and that are detected by adequate monitoring methods in the source water at the intake structure or in any collection, treatment, storage, or distribution facilities by the community water systems at levels—

"(i) above the maximum contaminant level; or

"(ii) that are not reliably and consistently below the maximum contaminant level.

"(4) Contents.—A petition submitted under this subsection shall, at a minimum—

"(A) include a delineation of the source water area in the State that is the subject of the petition;

"(B) identify, to the maximum extent practicable, the origins of the drinking water contaminants that may be addressed by a petition (including to the maximum extent practicable the specific activities contributing to the presence of the contaminants) in the source water area delineated under section 1453;

"(C) identify any deficiencies in information that will impair the development of recommendations by the voluntary local partnership to address drinking water contaminants that may be addressed by a petition;

"(D) specify the efforts made to establish the voluntary local partnership and obtain the participation of—

"(i) the municipal or local government or other political subdivision of the State with jurisdiction over the source water area delineated under section 1453; and

"(ii) each person in the source water area delineated under section 1453—

"(I) who is likely to be affected by recommendations of the voluntary local partnership; and

"(II) whose participation is essential to the success of the partnership;

"(E) outline how the voluntary local partnership has or will, during development and implementation of recommendations of the voluntary local partnership, identify, recognize and take into account any voluntary or other activities already being undertaken by persons in the source water area delineated under section 1453 under Federal or State law to reduce the likelihood that contaminants will occur in drinking water at levels of public health concern; and

"(F) specify the technical, financial, or other assistance that the voluntary local partnership requests of the State to develop the partnership or to implement recommendations of the partnership.

"(b) Approval or Disapproval of Petitions.—

"(1) In general.—After providing notice and an opportunity for public comment on a petition submitted under subsection (a), the State shall approve or disapprove the petition, in whole or in part, not later than 120 days after the date of submission of the petition.

"(2) Approval.—The State may approve a petition if the petition meets the requirements established under subsection (a). The notice of approval shall, at a minimum, include for informational purposes—

"(A) an identification of technical, financial, or other assistance that the State will provide to assist in addressing the drinking water contaminants that may be addressed by a petition based on—

"(i) the relative priority of the public health concern identified in the petition with respect to the other water quality needs identified by the State;

"(ii) any necessary coordination that the State will perform of the program established under this section with programs implemented or planned by other States under this section; and

"(iii) funds available (including funds available from a State revolving loan fund established under title VI of the Federal Water Pollution Control Act (33 U.S.C. 1381 et seq.) or section 1452;

"(B) a description of technical or financial assistance pursuant to Federal and State programs that is available to assist in implementing recommendations of the partnership in the petition, including—

"(i) any program established under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

"(ii) the program established under section 6217 of the Coastal Zone Act Reauthorization Amendments of 1990 (16 U.S.C. 1455b);

"(iii) the agricultural water quality protection program established under chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.);

"(iv) the sole source aquifer protection program established under section 1427;

"(v) the community wellhead protection program established under section 1428;

"(vi) any pesticide or ground water management plan;

"(vii) any voluntary agricultural resource management plan or voluntary whole farm or whole ranch management plan developed and implemented under a process established by the Secretary of Agriculture; and

"(viii) any abandoned well closure program; and

"(C) a description of activities that will be undertaken to coordinate Federal and State programs to respond to the petition.

"(3) Disapproval.—If the State disapproves a petition submitted under subsection (a), the State shall notify the entity submitting the petition in writing of the reasons for disapproval. A petition may be resubmitted at any time if—

"(A) new information becomes available;

"(B) conditions affecting the source water that is the subject of the petition change; or

"(C) modifications are made in the type of assistance being requested.

"(c) Grants to Support State Programs.—

"(1) In general.—The Administrator may make a grant to each State that establishes a program under this section that is approved under paragraph (2). The amount of each grant shall not exceed 50 percent of the cost of administering the program for the year in which the grant is available.

"(2) Approval.—In order to receive grant assistance under this subsection, a State shall submit to the Administrator for approval a plan for a source water quality protection partnership program that is consistent with the guidance published under subsection (d). The Administrator shall approve the plan if the plan is consistent with the guidance published under subsection (d).

"(d) Guidance.—

"(1) In general.—Not later than 1 year after the date of enactment of this section, the Administrator, in consultation with the States, shall publish guidance to assist—

"(A) States in the development of a source water quality protection partnership program; and

"(B) municipal or local governments or political subdivisions of a State and community water systems in the development of source water quality protection partnerships and in the assessment of source water quality.

"(2) Contents of the guidance.—The guidance shall, at a minimum—

"(A) recommend procedures for the approval or disapproval by a State of a petition submitted under subsection (a);

"(B) recommend procedures for the submission of petitions developed under subsection (a);

"(C) recommend criteria for the assessment of source water areas within a State; and

"(D) describe technical or financial assistance pursuant to Federal and State programs that is available to address the contamination of sources of drinking water and to develop and respond to petitions submitted under subsection (a).

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $5,000,000 for each of the fiscal years 1997 through 2003. Each State with a plan for a program approved under subsection (b) shall receive an equitable portion of the funds available for any fiscal year.

"(f) STATUTORY CONSTRUCTION.—Nothing in this section—

"(1)(A) creates or conveys new authority to a State, political subdivision of a State, or community water system for any new regulatory measure; or

"(B) limits any authority of a State, political subdivision, or community water system; or

"(2) precludes a community water system, municipal or local government, or political subdivision of a government from locally developing and carrying out a voluntary, incentive-based, source water quality protection partnership to address the origins of drinking water contaminants of public health concern.".

(b) SENSE OF THE CONGRESS.—It is the sense of the Congress that each State in establishing priorities under section 606(c)(1) of the Federal Water Pollution Control Act should give special consideration to projects that are eligible for funding under that Act and have been recommended pursuant to a petition submitted under section 1454 of the Safe Drinking Water Act.

SEC. 134. WATER CONSERVATION PLAN.

Part E (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

"WATER CONSERVATION PLAN

"SEC. 1455. (a) GUIDELINES.—Not later than 2 years after the date of enactment of the Safe Drinking Water Act Amendments of 1996, the Administrator shall publish in the Federal Register guidelines for water conservation plans for public water systems serving fewer than 3,300 persons, public water systems serving between 3,300 and 10,000 persons, and public water systems serving more than 10,000 persons, taking into consideration such factors as water availability and climate.

"(b) LOANS OR GRANTS.—Within 1 year after publication of the guidelines under subsection (a), a State exercising primary enforcement responsibility for public water systems may require a public water system, as a condition of receiving a loan or grant from a State loan fund under section 1452, to submit with its application for such loan or grant a water conservation plan consistent with such guidelines.".

SEC. 135. DRINKING WATER ASSISTANCE TO COLONIAS.

Part E (42 U.S.C. 300j et seq.) is amended by adding the following new section at the end thereof:

"ASSISTANCE TO COLONIAS

"SEC. 1456. (a) DEFINITIONS.—As used in this section:

"(1) BORDER STATE.—The term 'border State' means Arizona, California, New Mexico, and Texas.

"(2) ELIGIBLE COMMUNITY.—The term 'eligible community' means a low-income community with economic hardship that—

"(A) is commonly referred to as a colonia;

"(B) is located along the United States-Mexico border (generally in an unincorporated area); and

"(C) lacks a safe drinking water supply or adequate facilities for the provision of safe drinking water for human consumption.

"(b) GRANTS TO ALLEVIATE HEALTH RISKS.—The Administrator of the Environmental Protection Agency and the heads of other appropriate Federal agencies are authorized to award grants to a border State to provide assistance to eligible communities to facilitate compliance with national primary drinking water regulations or otherwise significantly further the health protection objectives of this title.

"(c) USE OF FUNDS.—Each grant awarded pursuant to subsection (b) shall be used to provide assistance to one or more eligible communities with respect to which the residents are subject to a significant health risk (as determined by the Administrator or the head of the Federal agency making the grant) attributable to the lack of access to an adequate and affordable drinking water supply system.

"(d) COST SHARING.—The amount of a grant awarded pursuant to this section shall not exceed 50 percent of the costs of carrying out the project that is the subject of the grant.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $25,000,000 for each of the fiscal years 1997 through 1999.".

SEC. 136. ESTROGENIC SUBSTANCES SCREENING PROGRAM.

Part E (42 U.S.C. 300j et seq.) is amended by adding at the end the following:

"ESTROGENIC SUBSTANCES SCREENING PROGRAM

"SEC. 1457. In addition to the substances referred to in section 408(p)(3)(B) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(p)(3)(B)) the Administrator may provide for testing under the screening program authorized by section 408(p) of such Act, in accordance with the provisions of section 408(p) of such Act, of any other substance that may be found in sources of drinking water if the Administrator determines that a substantial population may be exposed to such substance.".

SEC. 137. DRINKING WATER STUDIES.

Part E (42 U.S.C. 300j et seq.) is amended by adding after section 1457 the following:

"DRINKING WATER STUDIES

"SEC. 1458. (a) SUBPOPULATIONS AT GREATER RISK.—

"(1) IN GENERAL.—The Administrator shall conduct a continuing program of studies to identify groups within the general population that may be at greater risk than the general population of adverse health effects from exposure to contaminants in drinking water. The study shall examine whether and to what degree infants, children, pregnant women, the elderly, individuals with a history of serious illness, or other subpopulations that can be identified and characterized are likely to experience elevated health risks, including risks of cancer, from contaminants in drinking water.

"(2) REPORT.—Not later than 4 years after the date of enactment of this subsection and periodically thereafter as new and significant information becomes available, the Administrator shall report to the Congress on the results of the studies.

"(b) BIOLOGICAL MECHANISMS.—The Administrator shall conduct biomedical studies to—

"(1) understand the mechanisms by which chemical contaminants are absorbed, distributed, metabolized, and eliminated from the human body, so as to develop more accurate physiologically based models of the phenomena;

"(2) understand the effects of contaminants and the mechanisms by which the contaminants cause adverse effects (especially noncancer and infectious effects) and the variations in the effects among humans, especially subpopulations at greater risk of adverse effects, and between test animals and humans; and

"(3) develop new approaches to the study of complex mixtures, such as mixtures found in drinking water, especially to determine the prospects for synergistic or antagonistic interactions that may affect the shape of the dose-response relationship of the individual chemicals and microbes, and to examine noncancer endpoints and infectious diseases, and susceptible individuals and subpopulations.

"(c) STUDIES ON HARMFUL SUBSTANCES IN DRINKING WATER.—

"(1) DEVELOPMENT OF STUDIES.—The Administrator shall, not later than 180 days after the date of enactment of this section and after consultation with the Secretary of Health and Human Services, the Secretary of Agriculture, and, as appropriate, the heads of other Federal agencies, conduct the studies described in paragraph (2) to support the development and implementation of the most current version of each of the following:

"(A) Enhanced Surface Water Treatment Rule (59 Fed. Reg. 38832 (July 29, 1994)).

"(B) Disinfectant and Disinfection Byproducts Rule (59 Fed. Reg. 38668 (July 29, 1994)).

"(C) Ground Water Disinfection Rule (availability of draft summary announced at (57 Fed. Reg. 33960; July 31, 1992)).

"(2) CONTENTS OF STUDIES.—The studies required by paragraph (1) shall include, at a minimum, each of the following:

"(A) Toxicological studies and, if warranted, epidemiological studies to determine what levels of exposure from disinfectants and disinfection byproducts, if any, may be associated with developmental and birth defects and other potential toxic end points.

"(B) Toxicological studies and, if warranted, epidemiological studies to quantify the carcinogenic potential from exposure to disinfection byproducts resulting from different disinfectants.

"(C) The development of dose-response curves for pathogens, including cryptosporidium and the Norwalk virus.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $12,500,000 for each of fiscal years 1997 through 2003.

"(d) WATERBORNE DISEASE OCCURRENCE STUDY.—

"(1) SYSTEM.—The Director of the Centers for Disease Control and Prevention, and the Administrator shall jointly—

"(A) within 2 years after the date of enactment of this section, conduct pilot waterborne disease occurrence studies for at least 5 major United States communities or public water systems; and

"(B) within 5 years after the date of enactment of this section, prepare a report on the findings of the pilot studies, and a national estimate of waterborne disease occurrence.

"(2) TRAINING AND EDUCATION.—The Director and Administrator shall jointly establish a national health care provider training and public education campaign to inform both the professional health care provider community and the general public about waterborne disease and the symptoms that may be caused by infectious agents, including microbial contaminants. In developing such a campaign, they shall seek comment from interested groups and individuals, including scientists, physicians, State and local governments, environmental groups, public water systems, and vulnerable populations.

"(3) FUNDING.—There are authorized to be appropriated for each of the fiscal years 1997 through 2001, $3,000,000 to carry out this subsection. To the extent funds under this subsection are not fully appropriated, the Administrator may use not more than $2,000,000 of the funds from amounts reserved under section 1452(n) for health effects studies for purposes of this subsection. The Administrator may transfer a portion of such funds to the Centers for Disease Control and Prevention for such purposes.".

TITLE II—DRINKING WATER RESEARCH

SEC. 201. DRINKING WATER RESEARCH AUTHORIZATION.

Other than amounts authorized to be appropriated to the Administrator of the Environmental Protection Agency under other titles of this Act, there are authorized to be appropriated such additional sums as may be necessary for drinking water research for fiscal years 1997 through 2003. The annual total of such additional sums authorized to be appropriated under this section shall not exceed $26,593,000.

SEC. 202. SCIENTIFIC RESEARCH REVIEW.

(a) In General.—The Administrator shall—

(1) develop a strategic plan for drinking water research activities throughout the Environmental Protection Agency (in this section referred to as the "Agency");

(2) integrate that strategic plan into ongoing Agency planning activities; and

(3) review all Agency drinking water research to ensure the research—

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. WATER RETURN FLOWS.

Section 3013 of Public Law 102–486 (42 U.S.C. 13551) is repealed.

SEC. 302. TRANSFER OF FUNDS.

(a) In General.—Notwithstanding any other provision of law, at any time after the date 1 year after a State establishes a State loan fund pursuant to section 1452 of the Safe Drinking Water Act but prior to fiscal year 2002, a Governor of the State may—

(1) reserve up to 33 percent of a capitalization grant made pursuant to such section 1452 and add the funds reserved to any funds provided to the State pursuant to section 601 of the Federal Water Pollution Control Act (33 U.S.C. 1381); and

(2) reserve in any year a dollar amount up to the dollar amount that may be reserved under paragraph (1) for that year from capitalization grants made pursuant to section 601 of such Act (33 U.S.C. 1381) and add the reserved funds to any funds provided to the State pursuant to section 1452 of the Safe Drinking Water Act.

(b) Report.—Not later than 4 years after the date of enactment of this Act, the Administrator shall submit a report to the Congress regarding the implementation of this section, together with the Administrator's recommendations, if any, for modifications or improvement.

(c) State Match.—Funds reserved pursuant to this section shall not be considered to be a State match of a capitalization grant required pursuant to section 1452 of the Safe Drinking Water Act or the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.).

SEC. 303. GRANTS TO ALASKA TO IMPROVE SANITATION IN RURAL AND NATIVE VILLAGES.

(a) In General.—The Administrator of the Environmental Protection Agency may make grants to the State of Alaska for the benefit of rural and Native villages in Alaska to pay the Federal share of the cost of—

(1) the development and construction of public water systems and wastewater systems to improve the health and sanitation conditions in the villages; and

(2) training, technical assistance, and educational programs relating to the operation and management of sanitation services in rural and Native villages.

(b) Federal Share.—The Federal share of the cost of the activities described in subsection (a) shall be 50 percent.

(c) Administrative Expenses.—The State of Alaska may use an amount not to exceed 4 percent of any grant made available under this subsection for administrative expenses necessary to carry out the activities described in subsection (a).

(d) Consultation With the State of Alaska.—The Administrator shall consult with the State of Alaska on a method of prioritizing the allocation of grants under subsection (a) according to the needs of, and relative health and sanitation conditions in, each eligible village.

(e) Authorization of Appropriations.—There are authorized to be appropriated $15,000,000 for each of the fiscal years 1997 through 2000 to carry out this section.

SEC. 304. SENSE OF THE CONGRESS.

It is the sense of the Congress that appropriations for grants under section 130 (relating to New York City watershed), section 137 (relating to colonias), and section 303 (relating to Alaska Native villages) should not be provided if such appropriations would prevent the adequate capitalization of State revolving loan funds.

SEC. 305. BOTTLED DRINKING WATER STANDARDS.

Section 410 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 349) is amended as follows:

(1) By striking "Whenever" and inserting "(a) Except as provided in subsection (b), whenever".

(2) By adding at the end the following new subsection:

"(b)(1) Not later than 180 days before the effective date of a national primary drinking water regulation promulgated by the Administrator of the Environmental Protection Agency for a contaminant under section 1412 of the Safe Drinking Water Act (42 U.S.C. 300g–1), the Secretary shall promulgate a standard of quality regulation under this subsection for that contaminant in bottled water or make a finding that such a regulation is not necessary to protect the public health because the contaminant is contained in water in public water systems (as defined under section 1401(4) of such Act (42 U.S.C. 300f(4))) but not in water used for bottled drinking water. The effective date for any such standard of quality regulation shall be the same as the effective date for such national primary drinking water regulation, except for any standard of quality of regulation promulgated by the Secretary before the date of enactment of the Safe Drinking Water Act Amendments of 1996 for which (as of such date of enactment) an effective date had not been established. In the case of a standard of quality regulation to which such exception applies, the Secretary shall promulgate monitoring requirements for the contaminants covered by the regulation not later than 2 years after such date of enactment.

"(2) A regulation issued by the Secretary as provided in this subsection shall include any monitoring requirements that the Secretary determines appropriate for bottled water.

"(3) A regulation issued by the Secretary as provided in this subsection shall require the following:

"(A) In the case of contaminants for which a maximum contaminant level is established in a national primary drinking water regulation under section 1412 of the Safe Drinking Water Act (42 U.S.C. 300g–1), the regulation under this subsection shall establish a maximum contaminant level for the contaminant in bottled water which is no less stringent than the maximum contaminant level provided in the national primary drinking water regulation.

"(B) In the case of contaminants for which a treatment technique is established in a national primary drinking water regulation under section 1412 of the Safe Drinking Water Act (42 U.S.C. 300g–1), the regulation under this subsection shall require that bottled water be subject to requirements no less protective of the public health than those applicable to water provided by public water systems using the treatment technique required by the national primary drinking water regulation.

"(4)(A) If the Secretary does not promulgate a regulation under this subsection within the period described in paragraph (1), the national primary drinking water regulation referred to in paragraph (1) shall be considered, as of the date on which the Secretary is required to establish a regulation under paragraph (1), as the regulation applicable under this subsection to bottled water.

"(B) In the case of a national primary drinking water regulation that pursuant to subparagraph (A) is considered to be a standard of quality regulation, the Secretary shall, not later than the applicable date referred to in such subparagraph, publish in the Federal Register a notice—

"(i) specifying the contents of such regulation, including monitoring requirements; and

"(ii) providing that for purposes of this paragraph the effective date for such regulation is the same as the effective date for the regulation for purposes of the Safe Drinking Water Act (or, if the exception under paragraph (1) applies to the regulation, that the effective date for the regulation is not later than 2 years and 180 days after the date of enactment of the Safe Drinking Water Act Amendments of 1996).".

SEC. 306. WASHINGTON AQUEDUCT.

(a) Definitions.—In this section:

(1) Non-Federal public water supply customer.—The terms "non-Federal public water supply customer" and "customer" mean—

(A) the District of Columbia;

(B) Arlington County, Virginia; and

(C) the city of Falls Church, Virginia.

(2) Secretary.—The term "Secretary" means the Secretary of the Army, acting through the Chief of Engineers.

(3) Value to the Government.—The term "value to the Government" means the net present value of a contract entered into under subsection (e)(2), calculated in accordance with subparagraphs (A) and (B) of section 502(5) of the Congressional Budget Act of 1974 (2 U.S.C. 661a(5)), other than section 502(5)(B)(I) of the Act, as though the contract provided for repayment of a direct loan to a customer.

(4) Washington Aqueduct.—The term "Washington Aqueduct" means the Washington Aqueduct facilities and related facilities owned by the Federal Government as of the date of enactment of this Act, including—

(A) the dams, intake works, conduits, and pump stations that capture and transport raw water from the Potomac River to the Dalecarlia Reservoir;

(B) the infrastructure and appurtenances used to treat water taken from the Potomac River to potable standards; and

(C) related water distribution facilities.

(b) Regional Entity.—

(1) In general.—The Congress encourages and grants consent to the customers to establish a non-Federal public or private entity, or to enter into an agreement with an existing non-Federal public or private entity, to—

(A) receive title to the Washington Aqueduct; and

(B) operate, maintain, and manage the Washington Aqueduct in a manner that adequately represents all interests of its customers.

(2) Consideration.—If an entity receiving title to the Washington Aqueduct is not composed entirely of non-Federal public water supply customers, the entity shall consider the customers' historical provision of equity for the Aqueduct.

(3) Priority access.—The customers shall have priority access to any water produced by the Washington Aqueduct.

(4) Consent of the Congress.—The Congress grants consent to the customers to enter into any interstate agreement or compact required to carry out this section.

(5) STATUTORY CONSTRUCTION.—This section shall not preclude the customers from pursuing any option regarding ownership, operation, maintenance, and management of the Washington Aqueduct.

(c) PROGRESS REPORT AND PLAN.—Not later than 1 year after the date of enactment of this Act, the Secretary shall report to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives on any progress in achieving the objectives of subsection (b)(1) and shall submit a plan for the transfer of ownership, operation, maintenance, and management of the Washington Aqueduct to a non-Federal public or private entity. Such plan shall include a detailed consideration of any proposal to transfer such ownership, maintenance, or management to a private entity.

(d) TRANSFER.—

(1) IN GENERAL.—Subject to subsection (b)(2), the other provisions of this subsection, and any other terms and conditions the Secretary considers appropriate to protect the interests of the United States, the Secretary shall, not later than 3 years after the date of enactment of this Act and with the consent of a majority of the customers and without consideration to the Federal Government, transfer all right, title, and interest of the United States in the Washington Aqueduct, and its real property, facilities, and personalty, to a non-Federal, public or private entity. Approval of such transfer shall not be unreasonably withheld by the Secretary.

(2) ADEQUATE CAPABILITIES.—The Secretary shall transfer ownership of the Washington Aqueduct under paragraph (1) only if the Secretary determines, after opportunity for public input, that the entity to receive ownership of the Aqueduct has the technical, managerial, and financial capability to operate, maintain, and manage the Aqueduct.

(3) RESPONSIBILITIES.—The Secretary shall not transfer title under this subsection unless the entity to receive title assumes full responsibility for performing and financing the operation, maintenance, repair, replacement, rehabilitation, and necessary capital improvements of the Washington Aqueduct so as to ensure the continued operation of the Washington Aqueduct consistent with the Aqueduct's intended purpose of providing an uninterrupted supply of potable water sufficient to meet the current and future needs of the Aqueduct's service area.

(e) BORROWING AUTHORITY.—

(1) BORROWING.—

(A) IN GENERAL.—Subject to the other provisions of this paragraph and paragraph (2), the Secretary is authorized to borrow from the Treasury of the United States such amounts for fiscal years 1997, 1998, and 1999 as are sufficient to cover any obligations that the Army Corps of Engineers is required to incur in carrying out capital improvements during fiscal years 1997, 1998, and 1999 for the Washington Aqueduct to ensure continued operation of the Aqueduct until such time as a transfer of title to the Aqueduct has taken place.

(E) LIMITATION.—The amount borrowed by the Secretary under subparagraph (A) may not exceed $29,000,000 for fiscal year 1997, $24,000,000 for fiscal year 1998, and $22,000,000 for fiscal year 1999.

(C) AGREEMENT.—Amounts borrowed under subparagraph (A) may only be used for capital improvements agreed to by the Army Corps of Engineers and the customers.

(D) TERMS OF BORROWING.—

(i) IN GENERAL.—The Secretary of the Treasury shall provide the funds borrowed under subparagraph (A) under such terms and conditions as the Secretary of Treasury determines to be necessary and in the public interest and subject to the contracts required under paragraph (2).

(ii) TERM.—The term of any loan made under subparagraph (A) shall be for a period of not less than 20 years.

(iii) PREPAYMENT.—There shall be no penalty for the prepayment of any amounts borrowed under subparagraph (A).

(2) CONTRACTS WITH CUSTOMERS.—

(A) IN GENERAL.—The borrowing authority under paragraph (1)(A) shall be effective only after the Chief of Engineers has entered into contracts with each customer under which the customer commits to repay a pro rata share (based on water purchase) of the principal and interest owed by the Secretary to the Secretary of the Treasury under paragraph (1).

(B) PREPAYMENT.—Any customer may repay, at any time, the pro rata share of the principal and interest then owed by the customer and outstanding, or any portion thereof, without penalty.

(C) RISK OF DEFAULT.—Under each of the contracts, the customer that enters into the contract shall commit to pay any additional amount necessary to fully offset the risk of default on the contract.

(D) OBLIGATIONS.—Each contract under subparagraph (A) shall include such terms and conditions as the Secretary of the Treasury may require so that the value to the Government of the contracts entered into under subparagraph (A) is estimated to be equal to the obligations of the Army Corps of Engineers for carrying out capital improvements at the Washington Aqueduct at the time that each series of contracts is entered into.

(E) OTHER CONDITIONS.—Each contract entered into under subparagraph (A) shall—

(i) provide that the customer pledges future income only from fees assessed for principal and interest payments required by such contracts and costs to operate and maintain the Washington Aqueduct;

(ii) provide the United States priority in regard to income from fees assessed to operate and maintain the Washington Aqueduct; and

(iii) include other conditions consistent with this section that the Secretary of the Treasury determines to be appropriate.

(3) LIMITATIONS.—

(A) BORROWING AUTHORITY.—The Secretary's borrowing authority for making capital improvements at the Washington Aqueduct under paragraph (1) shall not extend beyond fiscal year 1999.

(B) OBLIGATION AUTHORITY.—Upon expiration of the borrowing authority exercised under paragraph (1), the Secretary shall not obligate funds for making capital improvements at the Washington Aqueduct except funds which are provided in advance by the customers. This limitation does not affect the Secretary's authority to conduct normal operation and maintenance activities, including minor repair and replacement work.

(4) IMPACT ON IMPROVEMENT PROGRAM.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with other Federal agencies, shall transmit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report that assesses the impact of the borrowing authority provided under this subsection on the near-term improvement projects in the Washington Aqueduct Improvement Program, work scheduled, and the financial liability to be incurred.

(f) REISSUANCE OF NPDES PERMIT.—Prior to reissuing a National Pollutant Discharge Elimination System (NPDES) permit for the Washington Aqueduct, the Administrator of the Environmental Protection Agency shall consult with the customers and the Secretary regarding opportunities for more efficient water facility configurations that might be achieved through various possible transfers of the Washington Aqueduct. Such consultation shall include specific consideration of concerns regarding a proposed solids recovery facility, and may include a public hearing.

SEC. 307. WASTEWATER ASSISTANCE TO COLONIAS.

(a) DEFINITIONS.—As used in this section:

(1) BORDER STATE.—The term "border State" means Arizona, California, New Mexico, and Texas.

(2) ELIGIBLE COMMUNITY.—The term "eligible community" means a low-income community with economic hardship that—

(A) is commonly referred to as a colonia;

(B) is located along the United States-Mexico border (generally in an unincorporated area); and

(C) lacks basic sanitation facilities such as household plumbing or a proper sewage disposal system.

(3) TREATMENT WORKS.—The term "treatment works" has the meaning provided in section 212(2) of the Federal Water Pollution Control Act (33 U.S.C. 1292(2)).

(b) GRANTS FOR WASTEWATER ASSISTANCE.—The Administrator of the Environmental Protection Agency and the heads of other appropriate Federal agencies are authorized to award grants to a border State to provide assistance to eligible communities for the planning, design, and construction or improvement of sewers, treatment works, and appropriate connections for wastewater treatment.

(c) USE OF FUNDS.—Each grant awarded pursuant to subsection (b) shall be used to provide assistance to one or more eligible communities with respect to which the residents are subject to a significant health risk (as determined by the Administrator or the head of the Federal agency making the grant) attributable to the lack of access to an adequate and affordable treatment works for wastewater.

(d) COST SHARING.—The amount of a grant awarded pursuant to this section shall not exceed 50 percent of the costs of carrying out the project that is the subject of the grant.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $25,000,000 for each of the fiscal years 1997 through 1999.

SEC. 308. PREVENTION AND CONTROL OF ZEBRA MUSSEL INFESTATION OF LAKE CHAMPLAIN.

(a) FINDINGS.—Section 1002(a) of the Nonindigenous Aquatic Nuisance Prevention and Control Act of 1990 (16 U.S.C. 4701(a)) is amended as follows:

(1) By striking "and" at the end of paragraph (3).

(2) By striking the period at the end of paragraph (4) and inserting "; and".

(3) By adding at the end the following new paragraph;

"(5) the zebra mussel was discovered on Lake Champlain during 1993 and the opportunity exists to act quickly to establish zebra mussel controls before Lake Champlain is further infested and management costs escalate.".

(b) EX OFFICIO MEMBERS OF AQUATIC NUISANCE SPECIES TASK FORCE.—Section 1201(c) of such Act (16 U.S.C. 4721(c)) is amended by inserting ", the Lake Champlain Basin Program," after "Great Lakes Commission".

TITLE IV—ADDITIONAL ASSISTANCE FOR WATER INFRASTRUCTURE AND WATERSHEDS

SEC. 401. NATIONAL PROGRAM.

(a) TECHNICAL AND FINANCIAL ASSISTANCE.—The Administrator of the Environmental Protection Agency may provide technical and financial assistance in the form of grants to States (1)

for the construction, rehabilitation, and improvement of water supply systems, and (2) consistent with nonpoint source management programs established under section 319 of the Federal Water Pollution Control Act, for source water quality protection programs to address pollutants in navigable waters for the purpose of making such waters usable by water supply systems.

(b) LIMITATION.—Not more than 30 percent of the amounts appropriated to carry out this section in a fiscal year may be used for source water quality protection programs described in subsection (a)(2).

(c) CONDITION.—As a condition to receiving assistance under this section, a State shall ensure that such assistance is carried out in the most cost-effective manner, as determined by the State.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) UNCONDITIONAL AUTHORIZATION.—There are authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 1997 through 2003. Such sums shall remain available until expended.

(2) CONDITIONAL AUTHORIZATION.—In addition to amounts authorized under paragraph (1), there are authorized to be appropriated to carry out this title $25,000,000 for each of fiscal years 1997 through 2003, provided that such authorization shall be in effect for a fiscal year only if at least 75 percent of the total amount of funds authorized to be appropriated for such fiscal year by section 1452(m) of the Safe Drinking Water Act are appropriated.

(e) ACQUISITION OF LANDS.—Assistance provided with funds made available under this title may be used for the acquisition of lands and other interests in lands; however, nothing in this title authorizes the acquisition of lands or other interests in lands from other than willing sellers.

(f) FEDERAL SHARE.—The Federal share of the cost of activities for which grants are made under this title shall be 50 percent.

(g) DEFINITIONS.—In this section, the following definitions apply:

(1) STATE.—The term "State" means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(2) WATER SUPPLY SYSTEM.—The term "water supply system" means a system for the provision to the public of piped water for human consumption if such system has at least 15 service connections or regularly serves at least 25 individuals and a draw and fill system for the provision to the public of water for human consumption. Such term does not include a system owned by a Federal agency. Such term includes (A) any collection, treatment, storage, and distribution facilities under control of the operator of such system and used primarily in connection with such system, and (B) any collection or pretreatment facilities not under such control that are used primarily in connection with such system.

TITLE V—CLERICAL AMENDMENTS

SEC. 501. CLERICAL AMENDMENTS.

(a) PART B.—Part B (42 U.S.C. 300g et seq.) is amended as follows:

(1) In section 1412(b), move the margins of paragraph (11) 2 ems to the right.

(2) In section 1412(b)(8), strike "1442(g)" and insert "1442(e)".

(3) In section 1415(a)(1)(A), insert "the" before "time the variance is granted".

(b) PART C.—Part C (42 U.S.C. 300h et seq.) is amended as follows:

(1) In section 1421(b)(3)(B)(i), strike "number or States" and inserting "number of States".

(2) In section 1427(k), strike "this subsection" and inserting "this section".

(c) PART E.—Section 1441(f) (42 U.S.C. 300j(f)) is amended by inserting a period at the end.

(d) SECTION 1465(b).—Section 1465(b) (42 U.S.C. 300j–25(b)) is amended by striking "as by" and inserting "by".

(e) SHORT TITLE.—Section 1 of Public Law 93–523 (88 Stat. 1600) is amended by inserting "of 1974" after "Act" the second place it appears and title XIV of the Public Health Service Act is amended by inserting the following immediately before part A:

"SHORT TITLE

"SEC. 1400. This title may be cited as the 'Safe Drinking Water Act'.".

(f) TECHNICAL AMENDMENTS TO SECTION HEADINGS.—

(1) The section heading and subsection designation of subsection (a) of section 1417 (42 U.S.C. 300g–6) are amended to read as follows:

"PROHIBITION ON USE OF LEAD PIPES, SOLDER, AND FLUX

"SEC. 1417. (a)".

(2) The section heading and subsection designation of subsection (a) of section 1426 (42 U.S.C. 300h–5) are amended to read as follows:

"REGULATION OF STATE PROGRAMS

"SEC. 1426. (a)".

(3) The section heading and subsection designation of subsection (a) of section 1427 (42 U.S.C. 300h–6) are amended to read as follows:

"SOLE SOURCE AQUIFER DEMONSTRATION PROGRAM

"SEC. 1427. (a)".

(4) The section heading and subsection designation of subsection (a) of section 1428 (42 U.S.C. 300h–7) are amended to read as follows:

"STATE PROGRAMS TO ESTABLISH WELLHEAD PROTECTION AREAS

"SEC. 1428. (a)".

(5) The section heading and subsection designation of subsection (a) of section 1432 (42 U.S.C. 300i–1) are amended to read as follows:

"TAMPERING WITH PUBLIC WATER SYSTEMS

"SEC. 1432. (a)".

(6) The section heading and subsection designation of subsection (a) of section 1451 (42 U.S.C. 300j–11) are amended to read as follows:

"INDIAN TRIBES

"SEC. 1451. (a)".

(7) The section heading and first word of section 1461 (42 U.S.C. 300j–21) are amended to read as follows:

"DEFINITIONS

"SEC. 1461. As".

(8) The section heading and first word of section 1462 (42 U.S.C. 300j–22) are amended to read as follows:

"RECALL OF DRINKING WATER COOLERS WITH LEAD-LINED TANKS

"SEC. 1462. For".

(9) The section heading and subsection designation of subsection (a) of section 1463 (42 U.S.C. 300j–23) are amended to read as follows:

"DRINKING WATER COOLERS CONTAINING LEAD

"SEC. 1463. (a)".

(10) The section heading and subsection designation of subsection (a) of section 1464 (42 U.S.C. 300j–24) are amended to read as follows:

"LEAD CONTAMINATION IN SCHOOL DRINKING WATER

"SEC. 1464. (a)".

(11) The section heading and subsection designation of subsection (a) of section 1465 (42 U.S.C. 300j–25) are amended to read as follows:

"FEDERAL ASSISTANCE FOR STATE PROGRAMS REGARDING LEAD CONTAMINATION IN SCHOOL DRINKING WATER

"SEC. 1465. (a)".

And the House agree to the same.

From the Committee on Commerce, for consideration of the Senate bill (except for secs. 28(a) and 28(e)) and the House amendment (except for title V), and modifications committed to conference:

TOM BLILEY,
MIKE BILIRAKIS,
MIKE CRAPO,
BRIAN P. BILBRAY,

From the Committee on Commerce, for consideration of secs. 28(a) and 28(e) of the Senate bill, and modifications committed to conference:

TOM BLILEY,
MIKE BILIRAKIS,

As additional conferees from the Committee on Science, for the consideration of that portion of section 3 that adds a new sec. 1478 and secs. 23, 25(f), and 28(f) of the Senate bill, and that portion of sec. 308 that adds a new sec. 1452(n) and sec. 402 and title VI of the House amendment, and modifications committed to conference:

ROBERT S. WALKER,
DANA ROHRABACHER,
TIM ROEMER,

As additional conferees from the Committee on Transportation and Infrastructure, for the consideration of that portion of sec. 3 that adds a new sec. 1471(c) and secs. 9, 17, 22(d), 25(a), 25(g), 28(a), 28(e), 28(h), and 28(i) of the Senate bill, and title V of the House amendment and modifications committed to conference:

BUD SHUSTER,
SHERWOOD BOEHLERT,
ZACH WAMP,
ROBERT A. BORSKI,
ROBERT MENENDEZ,

Provided, Mr. Blute is appointed in lieu of Mr. Wamp for consideration of title V of the House amendment:

PETER BLUTE,
Managers on the Part of the House.

JOHN H. CHAFEE,
DIRK KEMPTHORNE,
CRAIG THOMAS,
JOHN WARNER,
MAX BAUCUS,
HARRY REID,
FRANK LAUTENBERG,
Managers on the Part of the Senate.

Joint Explanatory Statement of the Committee on Conference

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill S. 1316, to reauthorize and amend Title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the Senate bill struck all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment that is a substitute for the Senate bill and the House amendment.

The conference agreement on S. 1316, the Safe Drinking Water Act Amendments of 1996, provides (1) revisions to the procedures, process, and criteria for regulating contaminants in drinking water to protect the public health; (2) special programs to help small public water systems meet the requirements of the Act; (3) provisions to promote cost-effectiveness in new drinking water regulations; (4) increased flexibility for water suppliers where consistent with public health;

(5) new programs to promote the proper operation of public water systems; (6) substantial new Federal financial and technical assistance to help water suppliers meet the requirements of the Act and to help States in carrying out programs under the Act; (7) refinements and new programs to improve protection of public health from drinking water contamination; and (8) consumers with information on the source of the water they are drinking and its quality and safety.

Certain matters agreed to in conference are noted below.

TITLE I—AMENDMENTS TO SAFE DRINKING WATER ACT

Maximum contaminant level goals (sec. 104(a))

The Senate recedes from its legislative provision and report language (found in Senate Report 104–169, pages 30–33) with respect to maximum contaminant level goals for carcinogens. The House recedes from all its report language on the same subject (House Report 104–632, the first paragraph on page 28). The Conferees agree that the Safe Drinking Water Act Amendments of 1996 make no changes to the provision or legislative history for maximum contaminant level goals.

Disinfectants and disinfection by-products (sec. 104(b))

The conference agreement addresses the application of amended section 1412(b)(5) to the Environmental protection Agency's proposed Stage I and Stage II regulations for disinfectants and disinfection byproducts. Public water systems use disinfectants to kill harmful microbial contaminants that can cause serious illness or even death. However, disinfectants and their resulting byproducts also may pose risks, including potential increases in cancer rates and liver and kidney damage. The regulation of both risks from microbial contaminants and risks from disinfectants and disinfection byproducts presents the Environmental Protection Agency (EPA) with a unique challenge. Nonetheless, controls for cryptosporidium and disinfection byproducts are widely considered to be a pressing and high priority for improving drinking water safety.

In November 1992, EPA convened a negotiated rulemaking to examine both the proper strategy for combating cryptosporidium and other microbial contaminants and to consider threats to human health from the use of disinfectants commonly employed to combat microbial contaminants. EPA had determined to use the negotiated rulemaking process because the Agency believed that "the available occurrence, treatment and health effects data were inadequate to address EPA's concern about the tradeoff between risks from disinfectants and disinfection byproducts and microbial pathogen risk, and wanted all stakeholders to participate in the decision-making on setting proposed standards." (59 Fed. Reg. 38670, July 29, 1994).

Representatives from EPA, State and local government, water suppliers, public health organizations and environmental groups, among others, worked for nearly two years to reach agreement on a framework for regulating both microbial contaminants and disinfection byproducts. The framework will result in rules for controlling disinfection byproducts and an Enhanced Surface Water Treatment Rule to address risks posed from microbial organisms. The package of rules when fully implemented is expected to minimize exposures to harmful microbial contaminants while reducing exposure to disinfection byproducts that present a health risk by optimizing the use of disinfectants and other means of water treatment.

The negotiating committee agreed that a two-step process was necessary to address the microbial and disinfectants and disinfection by-products issues. The July 29, 1994 *Federal Register* notice thus proposes both Stage I and Stage II levels of control. The Stage I provisions set limits for two principal classes of chlorination byproducts, as well as limits for specific byproducts resulting from other disinfection processes, at levels deemed appropriate as a first step standard based on current information. More stringent Stage II controls were also proposed for the two classes of chlorination byproducts but a second round of negotiations is envisioned. In the meantime, EPA is conducting an agreed-upon regime of health effects research and water quality monitoring which will be used both to finalize the disinfection byproduct rule and the Enhanced Surface Water Treatment Rule (as provided for by the parties' agreement) and for the second round of negotiations. "Based on this information and new data generated through research," EPA "will reevaluate the Stage 2 regulations and repropose, as appropriate, depending on criteria agreed on in a second regulatory negotiation (or similar rule development process)" (59 Fed. Reg. 38743).

The Conferees acknowledge the delicate balance that was struck by the parties in structuring the settlement of these complicated and difficult issues, and encourages the parties to continue according to the negotiated agreement. The negotiated agreement contains an over-arching set of principles to guide the individual rulemakings which incorporated consideration of various factors. The Conferees intend that all additional negotiations weigh the same factors that guided the development of the proposed rule. Specifically, all further negotiations for the Stage II regulations for the control of disinfection byproducts should follow and be consistent with the considerations that led to an agreement regarding the proposed rule for Stage I.

In order to preserve the progress made, there has been considerable care taken to ensure that the new provisions of this conference agreement not conflict with the parties' agreement nor disrupt the implementation of the regulatory actions. To do otherwise would substantially disrupt, if not destroy, the next round of negotiations and lead to unnecessary delays in protecting public health. For this reason, the conference agreement precludes the use of the new authority in section 1412(b)(6) to establish maximum contaminant levels for the Stage I and Stage II rulemakings for disinfectants or disinfection byproducts or to establish a national primary drinking water maximum contaminant level or treatment technique for cryptosporidium.

The Conferees recognize, however, that the development of this regulatory package has required the negotiators to consider complex issues of risk, costs, affordability, feasible technology, and health benefits. It is the Conferees' view that the proposed rule that has been produced is consistent with the "risk-risk" provision set out in new section 1412(b)(5). Therefore, Section 104(b) makes clear that the Administrator may use the authority of section 1412(b)(5) to promulgate Stage I and Stage II rules. However, it is also the Conferees' intent that no provision of Section 1412(b)(5) be interpreted to force an alteration of the negotiated agreement.

Finally, Section 104(b) of the conference agreement provides that for the purpose of promulgating Stage I and Stage II regulations for disinfection and disinfection by-products, the consideration that the Administrator used in the development of the July 29, 1994 proposal for such regulation are to be considered consistent with section 1412(b)(5). These considerations included risk, cost, affordability, feasible technology, and health benefits. The Conferees intend with this language to ensure that the negotiators and ultimately the Administrator are authorized to consider these factors in the same manner as these considerations were used in developing the Stage I proposed rule.

In the convening process for both the negotiating and technical advisory committees for Stage II of the Disinfectant/Disinfection By-Products rulemaking, the Administrator should consider for inclusion appropriate representatives of all interested parties, including State and local governments, public water systems, public interest groups, public health organizations, and experts on chemical disinfectants, their use and alternative disinfection process and their technologies.

Arsenic (sec. 109)

The Conferees encourage EPA to work with the American Water Works Association Research Foundation (AWWARF) to carry out the study projects authorized by new section 1412(b)(12)(A) if AWWARF contributes matching funds.

Consumer confidence reports (sec. 114(a))

The Administrator may, in regulations, permit the notification requirement of subparagraph (A) to be satisfied by a means other than postal delivery, such as personal delivery or electronic mail, if the Administrator determines that the alternative means will provide equivalent notice to individual customers.

EPA regulations should include a clear statement that all drinking water, including bottled water, contains contaminants, usually at levels below the threshold that would present a health risk to humans. The presence of contaminants in drinking water does not necessarily indicate that the drinking water is unsafe for human consumption. If consumers have any questions regarding the levels of contaminants detected in their drinking water or the safety of their drinking water, they should be directed to contact either their drinking water supplier or EPA at the toll-free hotline number.

Bottled water study (sec. 114(b))

The conference agreement provides that the Administrator of the FDA shall provide a study of the feasibility of appropriate methods, if any, of informing customers of the contents of bottled water. The study is intended to provide information on the feasibility of informing customers concerning the contents of bottled water, and is not intended to prejudge the question of whether such information requirements are necessary.

Exemptions (sec. 117)

Management changes referred to in the conference agreement may include rate increases, accounting changes, the hiring of consultants, the appointment of a technician with expertise in operating such systems, contractual arrangements for a more efficient and capable system for joint operation, or other reasonable strategies to improve capacity. Restructuring changes referred in the conference agreement may include ownership change, physical consolidation with another system, or other measures to otherwise improve customer base and gain economies of scale.

Capacity development (sec. 119)

The phrase "legal authority or other means" is intended to require a State to have the actual authority to ensure that all new community water systems demonstrate the technical, managerial and financial capacity to comply with the Safe Drinking Water Act. These could include regulations, training, and bonding requirements.

States are also to adopt and implement a capacity development strategy. This is intended to encourage States to continue to focus resources on capacity development initiatives. States are required to consider, solicit public comment on, and include as deemed appropriate by the State, a number of elements and criteria.

The Conferees do not expect that every State will adopt the same capacity development strategy and do not expect States to include elements in section 142(c) that the States determine are not appropriate. It is not expected that every State will give the same consideration to each of the elements listed in section 1420(c). Rather, the Conferees expect that, as suggested by existing State capacity development programs, State capacity development strategies developed under this section will very according to the unique needs of the State. The Conferees encourage this diversity and indicate that EPA should give deference to a State's determination as to content and manner of implementation of a State plan, so long as the State has solicited and considered public comment on the listed elements and has adopted a strategy that incorporates appropriate provisions.

Operator certification reimbursement (sec. 123)

New subsection 1419(c) requires the Administrator to provide reimbursement for the costs of training, including an appropriate per diem for unsalaried operators, and certification for persons operating systems serving 3,300 persons or fewer that are required to undergo training pursuant to section 1419. The Conferees do not consider the term "unsalaried operators" to include the persons who receive compensation at an hourly rate, professional consultants, and employees of circuit-rider programs.

State revolving loan funds (sec. 130)

The administrator is to include, in the guidance for State loan fund programs to avoid use of the funds to finance expansion of any public water system in anticipation of future population growth. The Administrator is not to preclude the use of SRF financing for facilities with the capacity necessary to meet the objectives of the Safe Drinking Water Act for the population to be served by the facility over its useful life.

States are allowed to jointly manage the corpus of the new drinking water State loan fund with other revolving loan funds. The requirement that the funds be used solely for purposes that meet the objectives of the Safe Drinking Water Act does not preclude bond pooling arrangements, including cross-collateralization, provided that revenues from the bonds are allocated to the purposes of the Safe Drinking Water Act in the same portion as the funds are used as security for the bonds.

Estrogenic substances screening program (sec. 136)

Section 404 of H.R. 3604 as reported out of the House Committee on Commerce formed the basis for section 408(p)(3)(B) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 346a(p)(3) (an estrogenic substances screening program). Section 136 of the Safe Drinking Water Act Amendments of 1996 adds to the authority of the Administrator to provide for testing of substances that may be found in sources of drinking water if the Administrator determines that a substantial population may be exposed to such substances. The Conferees agree that the treatment of substances addressed under this section shall be consistent with the Report of the Commerce Committee (House Rep. 104-632, Part I, pp. 55-58).

TITLE II—DRINKING WATER RESEARCH

Clarifications made in conference

The House Committee on Commerce and the House Committee on Science have the following understanding on clarifications made in conference. This understanding has no impact on the operation of law.

In reconciling the text of H.R. 3604, the Safe Drinking Water Act Amendments of 1996, with the text of S. 1316, the Safe Drinking Water Act Amendments of 1995, the Conference Committee agreed to minor word changes, such as from "research" to "study", and citation changes and deletions, including the deletion of references in the House passed version of section 601. None of these minor changes should be considered to lessen or enhance the House Committee on Science's jurisdictional claim to environmental research involving drinking water issues. None of these minor changes should be considered to lessen or enhance the House Committee on Commerce's jurisdictional claim to biomedical research involving drinking water issues.

TITLE III—MISCELLANEOUS PROVISIONS

Transfer of funds (sec. 302)

The following represents an understanding between the House Committee on Commerce and the House Committee on Transportation and Infrastructure. This understanding has no impact on the operation of law.

The House Commerce Committee, which has jurisdiction over the Safe Drinking Water Act, and the House Transportation and Infrastructure Committee, which has jurisdiction over the Federal Water Pollution Control Act, agree to share jurisdiction over the free-standing provision in section 302 of the Safe Drinking Water Act Amendments of 1996 involving transfer of revolving loan funds. This provision allows for the transfer of funds, under specified terms and conditions, between the Safe Drinking Water State Revolving Loan Fund which is under the exclusive jurisdiction of the Commerce Committee and the Clean Water State Revolving Fund which is under the exclusive jurisdiction of the Transportation and Infrastructure Committee.

For matters directly amending section 302, the two Committees agree that each should be given equal weight in bill referrals, conference appointments, and other jurisdictional assignments. For instance, a bill to amend section 302 to increase the percentage amount that may be transferred between the two revolving funds would be in the joint jurisdiction of the two Committees. Likewise, a direct or indirect amendment to the provisions of section 302 would be in the committees' joint jurisdiction.

Enactment of this freestanding section does not give the Commerce Committee any jurisdiction over the Federal Water Pollution Control Act, nor does it give the Transportation and Infrastructure Committee any jurisdiction over the Safe Drinking Water Act. Jurisdiction for changes that amend provisions of the Federal Water Pollution Control Act or the Safe Drinking Water Act should be determined without regard to section 302. Thus, for example, a bill to change or impose conditions or limitations on the criteria applicable to a State for the receipt or expenditure of revolving funds under the Safe Drinking Water Act or Federal Pollution Control Act would be in the sole jurisdiction of the Committee on Commerce or the Committee on Transportation and Infrastructure respectively.

Washington Aqueduct (sec. 306)

The Senate bill authorized the Secretary of the Army acting through the Chief of Engineers to borrow from the Secretary of the Treasury funds necessary to make capital improvements to the Washington Aqueduct. The Washington Aqueduct provides drinking water to the three wholesale customers of the District of Columbia and the Virginia jurisdictions of Arlington County and the City of Falls Church. Amounts borrowed from the Treasury are to be repaid by the customers.

The Washington Aqueduct system consists of the Dalecarlia and McMillan water treatment plants located in Washington, D.C. The system was constructed in 1853 and is under the control of the U.S. Army Corps of Engineers for appropriate management and maintenance.

The conference agreement modifies the Senate provision to authorize for three years the Secretary of the Army to borrow from the Secretary of the Treasury funds to finance capital improvements necessary to assure continued operation of the Washington Aqueduct.

The conference agreement encourages and provides a process for the establishment of a regional entity—or the use of an existing entity—to own, operate, maintain and manage the Washington Aqueduct in a manner that fully represents all interests of the non-Federal public water supply customers. The Secretary of the Army is directed to transfer within the three year period all right, title, and interest in Washington Aqueduct after receiving the consent of a majority of the customers. The Conferees express a strong preference for a consensus among all of the customers prior to any transfer of the Washington Aqueduct under this section.

TITLE IV—ADDITIONAL ASSISTANCE FOR WATER INFRASTRUCTURE AND WATERSHEDS

The conference agreement includes the House provision regarding the national grants program for water infrastructure and watershed, with a modification to provide that $25 million per year is conditioned on the appropriation of 75 percent for the amounts authorized per year for the drinking water state loan fund. Provisions on the New York City Watershed and Alaska rural and Native villages are contained in other titles of the conference agreement.

As in the House bill, section 401(a) establishes a national program for technical and financial assistance grants for water supply systems and source water quality protection programs. The Administrator is directed to provide priority consideration to the following:

(1) Drinking water infrastructure projects for areas described in section 313 of the Water Resources Development Act of 1992 (P.L. 102-580);

(2) Construction of an alternative water supply system for the area referred to in section 219(c)(5) of the Water Resources Development Act of 1992 (P.L. 102-580);

(3) Attleboro, Massachusetts, and Worcester, Massachusetts, for ratepayer assistance relating to water infrastructure facilities, in addition to other assistance in the form of low interest loans and negative interest rates;

(4) Buffalo, New York, for construction, rehabilitation, and improvement of water treatment facilities;

(5) Bad Axe, Michigan, for connection of its drinking water system to the municipal system in Port Austin, Michigan;

(6) Georgetown, Illinois, for construction and related activities intended to increase the capacity of the City's water supply reservoir and enhance source water quality protection;

(7) Morgan County, Tennessee, for water line extensions and related infrastructure assistance;

(8) Northwest Iowa, for water infrastructure facilities that are either part of or separate from the proposed Lewis and Clark Rural Water System;

(9) Olney, Illinois for construction of new water tower and Millstone Water District, Harrisburg, Illinois for completion of Phase I of a water line extension project;

(10) Philadelphia, Pennsylvania, acting through the Fairmount Park Commission, for improvement and restoration of aquatic systems at Pennypack Park;

(11) San Bernardino County, California, for water infrastructure assistance related to the Mojave River Pipeline;

(12) Springfield, Illinois, for financial and technical assistance to complete the planning, design, and construction of a water supply reservoir;

(13) Tenino, Washington, for water supply infrastructure, including work related to wells, hydrants, and water lines;

(14) Madison, Ohio, for waterline replacement and booster station needs;

(15) Bridger Valley Joint Board, Wyoming, for the study and construction of needed improvements in the water supply system;

(16) Treasure Valley Hydrologic Project, to study the Treasure Valley aquifer system to develop a better understanding of the regional hydraulic stresses and their impacts on source waters in the Boise Basin;

(17) Beuna Borough, New Jersey, to remediate mercury levels in the water supply and to provide alternative drinking water for residents;

(18) Projects for areas described in section 219(c) (16) and (17) of the Water Resources Development Act of 1992;

(19) Berlin, New Hampshire, for a filtration plant and associated facilities;

(20) South Tahoe Public Utility District to replace the export pipeline for reclaimed water;

(21) Projects described in section 307 of the Water Resources Development Act of 1992;

(22) Cranston, Rhode Island, for a wastewater regional connector system;

(23) Funding for construction of filtration plants in Connecticut; and

(24) Perth Amboy, New Jersey, to protect the drinking water supply through multimedia programs to remediate pollution in the Runyon Watershed.

TITLE V—CLERICAL AMENDMENTS

The conference agreement makes miscellaneous technical and clerical changes.

From the Committee on Commerce, for consideration of the Senate bill (except for secs. 28(a) and 28(e)) and the House amendment (except for title V), and modifications committed to conference:

TOM BLILEY,
MIKE BILIRAKIS,
MIKE CRAPO,
BRIAN P. BILBRAY.

From the Committee on Commerce, for consideration of secs. 28(a) and 28(e) of the Senate bill, and modifications committed to conference:

TOM BLILEY,
MIKE BILIRAKIS,

As additional conferees from the Committee on Science, for the consideration of that portion of section 3 that adds a new sec. 1478 and secs. 23, 25(f), and 28(f) of the Senate bill, and that portion of sec. 308 that adds a new sec. 1452(n) and sec. 402 and title VI of the House amendment, and modifications committed to conference:

ROBERT S. WALKER,
DANA ROHRABACHER,
TIM ROEMER,

As additional conferees from the Committee on Transportation and Infrastructure, for the consideration of that portion of sec. 3 that adds a new sec. 1471(c) and secs. 9, 17, 22(d), 25(a), 25(g), 28(a), 28(e), 28(h), and 28(i) of the Senate bill, and title V of the House amendment and modifications committed to conference:

BUD SHUSTER,
SHERWOOD BOEHLERT,
ZACK WAMP,
ROBERT A. BORSKI,
ROBERT MENENDEZ,

Provided, Mr. Blute is appointed in lieu of Mr. Wamp for consideration of title V of the House amendment:

PETER BLUTE,
Managers on the Part of the House.

JOHN H. CHAFEE,
DIRK KEMPTHORNE,
CRAIG THOMAS,
JOHN WARNER,
MAX BAUCUS,
HARRY REID,
FRANK LAUTENBERG,
Managers on the Part of the Senate.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous material:)

Ms. COLLINS of Illinois, for 5 minutes, today.

Mr. KLINK, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

(The following Members (at the request of Mr. THOMAS) to revise and extend their remarks and include extraneous material:)

Mr. NORWOOD, for 5 minutes, today.

Mr. MCINTOSH, for 5 minutes, on August 2.

Mr. ENGLISH of Pennsylvania, for 5 minutes, today.

Mrs. KELLY, for 5 minutes, today.

Mr. GOSS, for 5 minutes, on August 2.

Mr. ROHRABACHER, for 5 minutes, today.

Mr. KINGSTON, for 5 minutes, today.

Mr. TALENT, for 5 minutes, today.

Mrs. JOHNSON of Connecticut, for 5 minutes, on August 2.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) and to include extraneous matter:)

Mr. KANJORKSKI.
Mr. LIPINSKI.
Mr. HAMILTON.
Mr. MENENDEZ.
Mr. KLECZKA.
Mr. BONIOR.
Ms. HARMAN.
Mr. CARDIN.
Mr. TORRICELLI.
Mr. CLAY.
Mr. LEVIN.
Mr. WYNN.
Mr. DELLUMS.
Mr. ORTON.
Mr. KENNEDY of Massachusetts.
Mr. SABO.
Mr. BARRETT of Wisconsin.
Mr. TOWNS.
Mr. LAFALCE.
Mr. BLUMENAUER.
Mrs. MALONEY.
Mr. BARCIA.

(The following Members (at the request of Mr. THOMAS, and to include extraneous matter:)

Mrs. SEASTRAND.
Mr. DAVIS.
Mr. HOKE.
Mr. YOUNG of Alaska.
Mr. FIELDS of Texas.
Mr. TORKILDSEN.
Mr. DORNAN.
Mr. GILMAN in two instances.
Mr. FORBES in two instances.
Mr. KOLBE.
Mr. WOLF.
Mr. PORTER.
Mr. CASTLE.
Mr. SMITH of New Jersey.
Mr. SHAW.
Mr. GEKAS.
Mr. COBURN.
Mr. COMBEST.
Mr. SOLOMON.
Mrs. MORELLA.
Mr. THOMAS.
Mr. BUNNING of Kentucky.
Mr. CAMPBELL.
Mr. ROHRABACHER.
Mr. TALENT.

(The following Members (at the request of Mr. GOSS) and to include extraneous matter:)

Mr. HAYWORTH.
Mr. WALKER.
Mr. MCINNIS.
Ms. ESHOO.
Mr. HAMILTON.
Mr. RICHARDSON.
Mr. FORBES.
Mr. STUPAK.
Mr. LOWEY.
Mr. LAHOOD.
Mr. PAYNE of New Jersey.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1051. An act to provide for the extension of certain hydroelectric projects located in the State of West Virginia.

H.R. 3215. An act to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

H.R. 3663. An act to amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the Council of the District of Columbia to authorize the issuance of revenue bonds with respect to water and sewer facilities, and for other purposes.

H.J. Res. 166. Joint resolution granting the consent of Congress to the mutual aid agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

SENATE ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 1757. An act to amend the Developmental Disabilities Assistance and Bill of rights Act to extend the Act, and for other purposes.

S. 531. An act to authorize a circuit judge who has taken part in an in banc hearing of a case to continue to participate in that case after taking senior status, and for other purposes.

S.J. Res. 20. Joint resolution granting the consent of Congress to the compact to provide for joint natural resource management and enforcement of laws and regulations pertaining to natural resources and boating at the Jennings Randolph Lake Project lying in Garrett County, Maryland and Mineral County, West Virginia, entered into between the States of West Virginia and Maryland.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on this day present to the President, for his approval, bills of the House of the following title:

H.R. 1051. An act to provide for the extension of certain hydroelectric projects in the State of West Virginia.

H.R. 3663. To amend the District of Columbia Self-Government and Governmental Reorganization Act to permit the Council of the District of Columbia to authorize the issuance of revenue bonds with respect to water and sewer facilities, and for other purposes.

ADJOURNMENT

Mr. GOSS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 50 minutes a.m.), the House adjourned until today, August 2, 1996, at 9 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4491. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 419 and H.R. 701, pursuant to Public Law 101-508, section 13101(a) (104 Stat. 1388-581); to the Committee on the Budget.

4492. A letter from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting the Department's final rule—Class Exemption To Permit Certain Authorized Transactions Between Plans and Parties in Interest [Application No. D-10031] received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

4493. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Revision of the Commission's Rules to Ensure Compatibility with Enhanced 911 Emergency Calling Systems [CC Docket No. 94-102] received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4494. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Medicaid Program; Medicaid Eligibility Quality Control, Progressive Reductions in Federal Financial Participation for fiscal years 1982-1984, Payment for Physician Billing for Clinical Laboratory Services, and Utilization Control of Skilled Nursing Facility Services: Removal of Obsolete Requirements (Health Care Financing Administration) (RIN: 0938-AH31) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4495. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed manufacturing license agreement for production of major military equipment with Israel (Transmittal No. DTC-44-96), pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

4496. A letter from the Chairman, District of Columbia Financial Responsibility and Management Assistance Authority, transmitting a letter making recommendations for the purpose of promoting financial responsibility in the District of Columbia government, pursuant to Public Law 104-8, section 207(a) (109 Stat. 133); to the Committee on Government Reform and Oversight.

4497. A letter from the Assistant Secretary for Export Administration, Department of Commerce, transmitting the Department's final rule—Biological Warfare Experts Group Meeting: Implementation of Changes to Export Administration Regulations; ECCNs 1C991, 1C61B, 1B71E, and 1C91F (RIN: 0694-AB37) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4498. A letter from the Director, Federal Bureau of Prisons, transmitting the Bureau's final rule—Central Inmate Monitoring (CIM) System (RIN: 1120-AA43) received July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4499. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Grants Pass, Oregon (Federal Aviation Administration) [Airspace Docket No. 96-ANM-015], pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4500. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Libby Montana (Federal Aviation Administration) [Airspace Docket No. 96-ANM-013] received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4501. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC-9 and DC-9-80 Series Airplanes, and C-9 (Military) Airplanes, Equipped with a Ventral Afr Pressure Bulkhead (Federal Aviation Administration) [Docket No. 95-NM-186-AD; Amendment 39-9704; AD 96-16-04] (RIN: 2120-AA64) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transporatation and Infrastructure.

4502. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Saginaw River, MI (U.S. Coast Guard) [CGD09-96-003] (RIN: 2115-AE47) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4503. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations; City of Palm Beach, FL (U.S. Coast Guard) [CGD07-96-045] (RIN: 2115-AE46) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4504. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Regulated Navigation Area: Boston Harbor, Spectacle Island, Boston, MA (U.S. Coast Guard) [CGD1-96-068] (RIN: 2115-AE84) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4505. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Ebey Slough, Marysville, Washington (U.S. Coast Guard) [CGD13-96-002] (RIN: 2115-AE47) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4506. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations: Snohomish River, Everett, WA (U.S. Coast Guard) [CGD13-96-001] (RIN: 2115-AE47) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4507. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Drawbridge Operation Regulations; Red River, Louisiana (U.S. Coast Guard) [CGD08-96-025] (RIN: 2115-AE47) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4508. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Safety Zone Regulation; Seafair's U.S. Navy Blue Angels Air Show, Elliot Bay, Seattle, Washington (U.S. Coast Guard) [CGD13-96-015] (RIN: 2115-AA97) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4509. A letter from the National Director, Tax Forms and Publications Division, Internal Revenue Service, transmitting the Service's final rule—requirements for preparing acceptable substitute information returns to be filed with the Internal Revenue Service (IRS), and for furnishing recipient statements (Revenue Procedure 96-42) received

July 31, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARCHER: Committee of conference. Conference report on H.R. 3448. A bill to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, and for other purposes (Rept. 104–737). Ordered to be printed.

Mr. GOSS: Committee on Rules. House Resolution 502. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes (Rept. 104–738). Referred to the House Calendar.

Mr. SOLOMON: Committee on Rules. House Resolution 503. Resolution waiving points of order against the conference report to accompany the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that act (Rept. 104–739). Referred to the House Calendar.

Mr. WALSH: Committee of conference. Conference report on H.R. 3845. A bill making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against revenues of said District for the fiscal year ending September 30, 1997, and for other purposes (Rept. 104–740). Ordered to be printed.

Mr. BLILEY: Committee of Conference. Conference report on S. 1316. An act to reauthorize and amend title XIV of the Public Health Service Act, commonly known as the "Safe Drinking Water Act", and for other purposes (Rept. 104–741). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3378. A bill to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing Medicare, Medicaid, and other third party payors (Rept. 104–742 Pt. 1). The Committee on Commerce discharged from further consideration. Referred to the Committee of the White House on the State of the Union.

Mr. MCINNIS: Committee on Rules. House Resolution 507. Resolution waiving points of order against the conference report to accompany the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act commonly known as the "Safe Drinking Water Act", and for other purposes (Rept. 104–743). Referred to the House Calendar.

Mr. GOSS: Committee on Rules. House Resolution 508. Resolution providing for consideration of a certain motion to suspend the rules (Rept. 104–744). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X the Committee on Commerce discharged from further consideration. H.R. 3121 referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WALKER (for himself, Mr. SENSENBRENNER, Mr. LARGENT, Mr. WELDON of Florida, Mr. ROHRABACHER, Mr. HILLEARY, Mr. STOCKMAN, Mr. DAVIS, Mr. CALVERT, Mr. BAKER of California, Mrs. SEASTRAND, and Mr. TIAHRT):

H.R. 3936. A bill to encourage the development of a commercial space industry in the United States, and for other purposes; to the Committee on Science, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. COBURN (for himself, Ms. MOLINARI, Mr. DELAY, Mrs. FOWLER, Mr. WELDON of Florida, Mr. NORWOOD, Mr. HUTCHINSON, Mr. LARGENT, Mr. SOUDER, Mr. STOCKMAN, Mr. DORNAN, and Mr. HOSTETTLER):

H.R. 3937. A bill to amend title XIX of the Social Security Act with respect to preventing the transmission of the human immunodeficiency virus, commonly known as HIV, and for other purposes; to the Committee on Commerce.

By Mr. FILNER (for himself, Mr. MONTGOMERY, Mr. EVANS, Mr. KENNEDY of Massachusetts, Mr. EDWARDS, Mr. CLEMENT, Mr. TEJEDA, Mr. BAESLER, Mr. CLYBURN, Mr. BISHOP, Ms. BROWN of Florida, and Mr. MASCARA):

H.R. 3938. A bill to amend title 38, United States Code, to provide for a Veterans' Employment and Training Bill of Rights, to strengthen preference for veterans in hiring, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. FOX (for himself, Mr. STUMP, Mr. MONTGOMERY, Mr. HAYWORTH, Mr. WELDON of Pennsylvania, Mr. WELLER, Mr. DAVIS, Mr. BARR, Mr. SMITH of New Jersey, Mr. BARRETT of Nebraska, Mr. FLANAGAN, Mr. LONGLEY, Mr. SAXTON, Mr. SHADEGG, Mr. TIAHRT, Mr. FORBES, Mr. SPENCE, Mr. ENGLISH of Pennsylvania, Mr. MASCARA, Mr. MCHALE, Mr. SOLOMON, Mr. DORNAN, Mr. WATTS of Oklahoma, Mr. CHAMBLISS, Mr. NORWOOD, Mr. STEARNS, Mr. HANCOCK, Mr. GUTKNECHT, Mr. CALVERT, and Mr. RIGGS):

H.R. 3939. A bill to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to offer a loan guaranted by an adjustable rate mortgage under chapter 37 of such title; to the Committee on Veterans' Affairs.

By Mrs. LOWEY (for herself, Mr. CASTLE, Mrs. JOHNSON of Connecticut, Mrs. CLAYTON, Mr. PORTER, Mrs. THURMAN, and Mrs. MORELLA):

H.R. 3940. A bill to provide for a reduction in the rate of teenage pregnancy through the evaluation of public and private prevention programs, and for other purposes; to the Committee on Commerce.

By Mr. NADLER:

H.R. 3941. A bill to designate the U.S. courthouse located at 500 Pearl Street in New York City, NY, as the "Ted Weiss United States Courthouse"; to the Committee on Transportation and Infrastructure.

By Mr. NEY (for himself, Mr. HOSTETTLER, Mr. SPRATT, Mr. CREMEANS, Mr. CLYBURN, Mr. GILLMOR, Mr. MCHUGH, Mr. INGLIS of South Carolina, and Mr. WICKER):

H.R. 3942. A bill to amend title XVIII of the Social Security Act to permit the geographic reclassification of hospitals for purposes of disproportionate share hospital payment adjustments under the Medicare Program; to the Committee on Ways and Means.

By Mr. PETRI:

H.R. 3943. A bill to amend the Internal Revenue Code of 1986 to replace the current earned income credit and the personal exemption for children with a refundable credit for families and a refundable credit for each child, and for other purposes; to the Committee on Ways and Means.

By Mr. TAYLOR of North Carolina:

H.R. 3944. A bill to permit States to enforce certain State requirements for the labeling of bottled spring water; to the Committee on Commerce.

H.R. 3945. A bill to require the Federal Communications Commission to promote additional sharing of broadcasting tower facilities to reduce the impact on local communities of station towers; to the Committee on Commerce.

By Mr. TORRICELLI (for himself, Mr. EVANS, Mr. LAFALCE, and Mr. MOAKLEY):

H.R. 3946. A bill to amend title 28 of the United States Code to provide for a remedy against the United States for claims based upon conduct involving human experimentation, to provide a remedy against the United States with respect to constitutional and human rights violations, and for other purposes; to the Committee on the Judiciary.

By Mr. TIAHRT (for himself, Mr. SOUDER, Mr. LARGENT, Mr. HOEKSTRA, Mr. COOLEY, Mr. GUTKNECHT, Mr. LIPINSKI, Mr. GRAHAM, Mr. LEWIS of Kentucky, Mr. TALENT, Mr. STOCKMAN, Mr. HUTCHINSON, Mr. BARTLETT of Maryland, Mr. ENSIGN, Mr. BARR, Mr. DORNAN, and Mr. CALVERT):

H.R. 3947. A bill to amend the General Education Provisions Act to allow parents access to certain information; to the Committee on Economic and Educational Opportunities.

By Mr. HEFLEY:

H.R. 3948. A bill to amend the Federal Water Pollution Control Act to provide for the use of biological monitoring and whole effluent toxicity test in connection with publicly owned treatment works, and for other purposes; to the Committee on Transportation and Infrastructure.

By Ms. JACKSON-LEE (for herself, Mr. CONYERS, Ms. NORTON, Mr. FRAZER, Mr. FLAKE, Mrs. LOWEY, Mr. RANGEL, Mr. HASTINGS of Florida, Ms. MILLENDER-MCDONALD, Ms. DELAURO, Mr. CLYBURN, Mr. HILLIARD, Mr. WYNN, Mr. LEWIS of Georgia, Mr. PAYNE of New Jersey, Mrs. CLAYTON, Mr. OWENS, Mr. FIELDS of Louisiana, Mr. CUMMINGS, Miss. COLLINS of

Michigan, Mr. SCHUMER, Mr. SCOTT, Mr. PASTOR, Mrs. MEEK of Florida, Ms. BROWN of Florida, Ms. MCKINNEY, Mr. FOGLIETTA, Mr. RICHARDSON, Mr. COLEMAN, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. JACKSON, Mrs. COLLINS of Illinois, Mr. ENGEL, Mrs. SCHROEDER, Mrs. MALONEY, Ms. VELAZQUEZ, Mr. GUTIERREZ, Mr. CARDIN, Mr. SERRANO, Mr. BECERRA, Mr. GIBBONS, Mr. NADLER, Mr. KENNEDY of Rhode Island, Mr. CLAY, and Ms. LOFGREN):

H. Con. Res. 206. Concurrent resolution expressing the sense of Congress with respect to the threat to the security of American citizens and the U.S. Government posed by armed militia and other paramilitary groups and organizations; to the Committee on the Judiciary.

By Mr. THOMAS:

H. Con. Res. 207. Concurrent resolution approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to covered employees, other than employees of the House of Representatives and employees of the Senate, and for other purposes; to the Committee on House Oversight, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMAS:

H. Res. 504. Resolution approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to employing offices and covered employees of the House of Representatives, and for other purposes; to the Committee on House Oversight, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FOX:

H. Res. 505. Resolution amending the Rules of the House of Representatives to take away the power of the Committee on Rules to report rules or orders waiving the germaneness requirement; to the Committee on Rules.

By Mrs. MORELLA:

H. Res. 506. Resolution expressing the sense of the Congress that all parents should be afforded the opportunity to plan ahead for their children's college education through tuition prepayment plans that guarantee college for their offspring at a fixed price; to the Committee on Economic and Educational Opportunities.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

Mr. PETE GEREN of Texas introduced a bill (H.R. 3949) for the relief of Senior Master Sergeant William L. Sullivan, U.S. Air Force; which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 163: Mr. SCHIFF.

H.R. 573: Mr. MANTON.

H.R. 820: Mr. WHITFIELD, Mr. WILLIAMS, and Mr. WYNN.

H.R. 911: Mr. COMBEST.

H.R. 1406: Ms. KAPTUR and Mr. MENENDEZ.

H.R. 1462: Mr. HEFNER, Mr. TANNER, Mr. KLUG, Mr. SHAYS, Mr. LEVIN, Mr. THORNTON, Mr. SPRATT, and Mr. MONTGOMERY.

H.R. 2173: Mr. ZIMMER.

H.R. 2396: Mr. CRAPO, Mr. HEFLEY, Mr. MASCARA, Mr. JEFFERSON, Mr. ZIMMER, Mr. SCARBOROUGH, Mr. MORAN, and Mr. MANZULLO.

H.R. 2421: Mr. WALSH.

H.R. 2508: Mr. WYNN.

H.R. 2654: Mr. MILLER of California and Mr. WATT of North Carolina.

H.R. 2701: Mr. JOHNSTON of Florida.

H.R. 2741: Mr. MANZULLO.

H.R. 2757: Mr. CHAMBLISS and Ms. FURSE.

H.R. 2820: Mr. MICA.

H.R. 2822: Mr. SKEEN.

H.R. 2900: Mr. HERGER, Ms. PRYCE, and Mr. BLUMENAUER.

H.R. 2962: Mr. QUINN.

H.R. 2964: Mr. SPRATT.

H.R. 3000: Mr. BEREUTER.

H.R. 3079: Mr. OLVER.

H.R. 3117: Mr. BOUCHER.

H.R. 3142: Mr. DIAZ-BALART and Mr. BUNNING of Kentucky.

H.R. 3150: Mr. SPRATT.

H.R. 3206: Mr. FUNDERBURK.

H.R. 3207: Mrs. KELLY.

H.R. 3252: Mr. FOGLIETTA.

H.R. 3409: Ms. MCKINNEY.

H.R. 3447: Ms. FURSE.

H.R. 3477: Mrs. CLAYTON.

H.R. 3480: Mr. BALLENGER.

H.R. 3488: Mr. NADLER.

H.R. 3518: Mr. HERGER, Mr. COX, Mr. RADANOVICH, Mr. MOORHEAD, Mr. FAZIO of California, and Mr. RIGGS.

H.R. 3521: Mr. JOHNSTON of Florida.

H.R. 3560: Mr. LIPINSKI.

H.R. 3576: Mr. JACOBS, Mr. HAMILTON, Mr. VISCLOSKY, Mr. MYERS of Indiana, and Mr. MCINTOSH.

H.R. 3609: Mr. FRANK of Massachusetts and Mr. RANGEL.

H.R. 3630: Mr. CALVERT.

H.R. 3647: Mr. PETE GEREN of Texas.

H.R. 3693: Mr. HINCHEY and Mr. FIELDS of Texas.

H.R. 3700: Mr. GOODLATTE and Mr. BOEHNER.

H.R. 3710: Ms. EDDIE BERNICE JOHNSON of Texas, Mr. STEARNS, Mr. COSTELLO, Ms. DANNER, and Mr. POMEROY.

H.R. 3713: Mr. MANTON, Ms. KAPTUR and Mr. JOHNSTON of Florida.

H.R. 3724: Mr. TORRICELLI.

H.R. 3729: Ms. BROWN of Florida.

H.R. 3747: Mr. FROST and Mr. FLAKE.

H.R. 3748: Mr. STUDDS.

H.R. 3753: Mr. OBERSTAR and Mr. SMITH of Texas.

H.R. 3757: Mr. EVANS.

H.R. 3792: Mr. HAYWORTH.

H.R. 3839: Ms. DANNER and Mr. COYNE.

H.R. 3841: Mr. DAVIS.

H.R. 3849: Mr. COLLINS of Georgia and Mr. GILMAN.

H.R. 3872: Mr. ENGLISH of Pennsylvania, Mr. SOLOMON, and Mr. WELDON of Pennsylvania.

H.R. 3905: Mr. WATTS of Oklahoma and Mr. LIPINSKI.

H. Con. Res 200: Mrs. MYRICK, Mr. HUNTER, Mr. ENGLISH of Pennsylvania, Mr. KIM, Mr. MANTON, Mr. PORTER, Mr. HALL of Texas, and Mr. SAXTON.

H. Res. 266: Ms. WOOLSEY, Ms. LOFGREN, Ms. NORTON, Mr. RADANOVICH, Mr. EVANS, Mrs. SCHROEDER, and Mr. ACKERMAN.

H. Res. 484: Mr. WYNN, Ms. FURSE, AND Mr. SPRATT.

EXTENSIONS OF REMARKS

PERSONAL EXPLANATION TRIBUTE TO HAMILTON FISH

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. CARDIN. Mr. Speaker, as you well know, one of our great colleagues recently passed away, Hamilton Fish, Jr. During a memorial service held in his behalf, Ralph Neas of the leadership conference on civil rights delivered eloquent remarks which I am inserting into the RECORD at this point:

REMARKS OF RALPH G. NEAS AT THE MEMORIAL SERVICE FOR CONGRESSMAN HAMILTON FISH, JR.

Mary Ann, Hamilton, Alexa, Nicholas, Peter, others in the Fish family, Speaker Gingrich, Members of Congress, and distinguished guests, I am profoundly grateful and deeply honored to have this opportunity to help celebrate the extraordinary life and legislative career of Congressman Hamilton Fish, Jr.

As the Executive Director of the Leadership Conference on Civil Rights, the legislative arm of the civil rights movement, I had the privilege of working with Ham Fish on nearly two dozen legislative campaigns between 1981 and 1995. Hamilton Fish was a civil rights champion, a mentor, and a close friend.

During the past week, the press coverage of Ham's thirteen terms in Congress has accurately characterized his personal integrity, his principled leadership, and his courageous commitment to equal opportunity for all Americans.

But, frankly, what I have read does not capture the sheer magnitude of Ham Fish's legislative accomplishments or, very importantly, the manner in which he achieved them. For a few minutes, I would like to share with you my perspective on this great man.

First, let us look at Ham Fish's civil rights record. It was legendary in its scope and breadth. Propelled by an awesome sense of justice and a determination not to rest until he had completed his mission, Ham Fish played an important role in virtuality every civil rights law enacted over the past two and a half decades.

Even during the Reagan and Bush presidencies, when Ham often faced formidable odds, he helped shepherd through Congress nearly a score of civil rights laws. Indeed, during this remarkable era, Ham, along with Don Edwards, his Democratic partner in guarding the Constitution, actually strengthened all the major civil rights statutes.

To sum up all these legislative successes would take up most of the morning. But I would like to mention specifically five landmark laws where Ham Fish was either the House author or the lead Republican sponsor. And, with respect to several of them. Ham was the legislator who fashioned the bipartisan compromise that catapulted the bill toward passage.

The 1982 Voting Rights Act Extension: Extended the Voting Rights Act of twenty-five years, overturned an adverse Supreme Court decision, and extended for ten years bilingual ballot assistance for language minorities.

The Civil Rights Restoration Act (1988): Overturned the notorious 1984 Grove City Supreme Court decision and once again made it illegal to use Federal funds to discriminate against women, minorities, persons with disabilities, and older Americans.

The Fair Housing Act Amendments of 1988: Provided at long last an effective enforcement mechanism for the 1968 Fair Housing Act. The 1988 Amendments also prohibited discrimination in housing against families with children and people with disabilities for the first time.

The Civil Rights Act of 1991: Overturned eight Supreme Court decisions that had dramatically weakened our nation's equal employment opportunity laws. And provides, for the first time, monetary damages for women and persons with disabilities who are victims of intentional discrimination.

The Americans with Disabilities Act (1990): Prohibits discrimination against 49 million Americans with disabilities in employment, public accommodations, communications and transportation.

These historic civil rights laws have benefitted, and will continue to benefit, millions of Americans. And let me state this as unequivocally as possible: these laws would not have been enacted without Congressman Hamilton Fish. His leadership during the most challenging of times was absolutely indispensable.

But it was not just the quantity and quality of these civil rights laws, or the legislative skills that made them possible, that made Hamilton Fish so special. In fact, his other attributes are what truly set him apart, providing standards of leadership that should serve as a model for everyone.

First, Ham Fish always understood thoroughly the need for bipartisanship. He knew how to build coalitions and forge a consensus. He knew the art of the timely compromise, the good compromise made at the right time that will produce the requisite number of votes, either a simple majority or a super majority, that is needed to enact a law.

The numerical results of the legislative victories I cited previously amply demonstrate this commitment to bipartisanship. The average final passage vote on these five laws was 90 percent of both Houses of Congress. Thanks to Ham Fish and his allies, he past decade and a half has been, legislatively, a bipartisan reaffirmation of civil rights laws and remedies.

Second, while Ham Fish was passionate in his beliefs, civility characterized his every action. He treated everyone with dignity. Few in Washington have matched his ability to command both the respect and the love of his peers. Time and again he proved that a nice guy can finish first.

Third, Ham Fish revered the institution in which he served. He enjoyed immensely being a member of the House of Representatives and always strove to make the House work. And while the House held his primary allegiance, he also respected the other institutions that comprise the Federal Government.

When the need arose, Ham Fish could be a fierce partisan. But he knew that bipartisan cooperation, not partisan confrontation, must ultimately prevail if government is to function at all.

Finally, and perhaps most significantly, Ham Fish was courageous. Whether it was voting to impeach a President of his own party or standing firm on civil rights legislation, Ham Fish did what he believed to be fair and just.

Last week, Congressman Maurice Hinchey summarized eloquently how Ham carefully balanced loyalty and independence in order to further the national interest. He stated: "Ham was very proud to be called a loyal Republican, but he knew that loyalty does not mean surrender of one's own judgment and temperament * * * He believed that he served his party best when he served his country best, and that he served the country best by bringing the best of his own mind and heart to every issue he addressed."

After he retired from the House, Ham Fish continued to work on behalf of his favorite issues. Just last month the two of us visited Senator Nancy Kassebaum and Congressman Amo Houghton lobbying on behalf of affirmative action and legal services.

As you can tell by now, I cherished my friendship with Ham. He was always there to help, performing any task with graceful enthusiasm. I will miss so much his warm smile, his mischievous sense of humor, and his calm and gentle presence.

As I sat praying at St. Albans chapel this morning, I thanked God for allowing Katy and me the opportunity to get to know Ham. And I was thankful that we all had the benefit of Ham's leadership at critical moments during our nation's past quarter of a century. As we leave the chapel shortly, let us all pray that God will bless America with a few more Ham Fishes.

IN HONOR OF THE SPONSORS OF PROJECT CHILDREN '96

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. MENENDEZ. Mr. Speaker, I rise today to pay tribute to a special group of people, the sponsors of Project Children '96 who have distinguished themselves with selfless dedication to the promotion of peace in Northern Ireland. Project Children is an organization that provides young people from the north of Ireland a respite from the violence which for too long has been a part of their lives. Through their generosity of spirit, the children's sponsors serve as vivid illustrations of the best we, as Americans, have to offer: respect for individual freedom.

Last year at this time, the children who came to visit us from Northern Ireland had a

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

reason to be optimistic about their future. The ceasefire agreement signed in 1994 appeared to be having a positive effect on both sides in the ongoing struggle for freedom. Unfortunately, the past several months have seen a resumption of hostility. This makes the time shared by the 39 host families and the 46 children who are participating in Project Children '96 even more significant.

This year, the 39 families from my home State that have been kindhearted enough to open their lives to these young people include Rodney and Lynda Bialko, Michael and Elizabeth Cancian, Brian and Patricia Carmen, Marc and Tina Marie Cleaver, Kevin and Patricia Comer, James and Patti Cunningham, Anthony and Marge DeSando, Louis and Nancy Dolloway, Al and Ellen Dorso, Arnold and Madeline Fatteross, Rick and Arlene Faustini, Ken and Arleen Ferguson, Patrick and Fiona Ferguson, David and Patricia Freed, Margaret Gilsenan, Raymond and Isabelle Kayal, Timothy and Renee Kelly, James and Iza McCosker-Keane, Michael and Doreen Mackin, Michael and Kathleen McBride, Robert and Linda McGee, Brian and Lori McGorty, Peter and Nancy Midgley, Robert and Dyan Moore, Dennis and Meg O'Brien, Sean and Anne O'Neill, Paul and Julie Palminteri, Christopher and Barbara Pickell, John and Lori Rose, Hoby and Joyce Stager, Cheryl Stone, James and Louise Sweeney, Glenn and Diane Taylor, Michael and Anne Tizlo, Robert and Linda Toth, Joseph and Joyce Tricola, Joseph and Barbara Wells, John and Barbara White, and Craig and Barbara Yeske.

The 46 children we are privileged to have visit New Jersey are Denise Coyle, David Mahony, Samantha Walker, Dearbhlagh Digney-McCann, Ryan Corbett, Elaine Coyle, Daniel Fearon, Shauna Scott, Claire McKinley, Lorraine Fitzpatrick, Aisling Leavey, Shauna O'Toole, Laura Deane, Krisoffer Gallagher, Laura McCambridge, Aaron McCay, Joseph Doak, Jennifer Slavin, Jaime Teresa Coyle, Lisa Beggs, Natalia McKeown, Lynsay Martin, Katrina O'Reilly, Seadhna Billings, Brian Anneslay, Stephen Connelly, Brigid Fitzsimmons, Karen Barnes, Ciara Doherty, Karen Rafferty, Jonathan Magennis, Joseph O'Neill, Barry Dobbin, David Goodall, Catrina McQuillan, Charlene Nellins, Kenneth Murphy, Darren Diamond, David Diamond, Richard Johnson, Conor Hunter, Claire Dunseath, Aine Duffy, Elaine Murray, Shauna O'Hagen, and Eamonn Porter.

It is an honor to applaud the outstanding benevolence of the Project Children '96 sponsors. Their efforts to further the cause of peace will serve as a beacon of hope for countless others throughout Northern Ireland and the world. These compassionate individuals are truly local ambassadors of peace.

TRIBUTE TO THE AMERICAN AUTOMOBILE CENTENNIAL

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LEVIN. Mr. Speaker, on June 22, 1996, there was a celebration which was held in Detroit to mark the 100th anniversary of the automobile.

And what a celebration it was.

There was a parade with hundreds of cars that reflected the development of automotive production—from the 13 identical vehicles produced by the Duryea Bros. in Springfield, MA, and in June of the same year, the miraculous machine that Henry Ford drove amidst the horse and buggies in Detroit.

There followed a centennial gala. Thousands from all walks of life connected with the modern American automobile gathered to take note of the revolutionary impact of the automobile on daily life, its key role in the American economy, and its growth into a global industry.

The guiding spirit of the centennial, Keith Crain, presided over the gala's program. His remarks set the tone for the entire evening. They should be widely read, so it is my pleasure to place in the CONGRESSIONAL RECORD the speech given that evening by Keith Crain, chairman of the board of trustees of the American Automobile Centennial Commission and vice chairman of Crain Communications, Inc.

INTRODUCTORY REMARKS AT THE AMERICAN AUTOMOBILE CENTENNIAL DINNER

(By Keith Crain)

Good evening, it's my very pleasant duty to welcome you to Detroit, and this gala dinner, honoring 100 years of the American automobile industry.

As so many of you know, automobile production was bred, but not born, in Detroit.

The Duryea Brothers manufactured 13 identical motor-wagons in 1896, according that honor to Springfield, Massachusetts.

But it was also in June of that same year, at a site within walking distance of this Cobo Center that Henry Ford first drove what he called a quadri-cycle around the horse and buggy streets of this city and Detroit and the motor car became forever linked in history, and in the collective consciousness of people all around the world.

Tonight we celebrate the American automobile, and the heroic accomplishments of an industry whose business became the business of the century, the business of America.

We celebrate not only the history and lore of that amazing industry this evening, but a victory of ideas, of national will, of genius and muscle, of sweat, and blood, a victory of men and women and organizations and corporations who bent the way of living of an entire planet, in much the same way they bent the steel, that they molded into the vehicles of the world's dreams.

It was my friend and publisher, Leon Mandel, who said, "It is important to understand how important the automobile has been to our development as a country, whether we like the way we developed or not."

I think I speak for those of us in this room tonight, and for millions and millions more around a country connected by highways from coast to coast, in saying that we very much like the way America has developed over the past 100 years, and we thank the American automobile industry for giving us mobility and freedom and speed, and for making wheels the pivotal symbol of the 20th century.

The names of those responsible for this watershed accomplishment in the social evolution of mankind, are forever inscribed in the hearts of auto lovers. To list but a few is to risk omitting so many, but listen to the history, and the magic, those names inspire, Henry and Edsel Ford and the Duryea Brothers, Billy Durant, Walter Chrysler, Randson E. Olds, Maxim, Pope, Nash, Leland, the Dodge Brothers, Packard, Marmon, Studebaker, Willys, Thomas, Jeffery, Pierce, Stanley, Flanders, Chapin, Kettering, Sloan, Earl, Reuther.

We salute these pioneers, and so many of their fellows—past and present—in our centennial observation tonight. And among them, the name Walter Reuther. For it cannot be forgotten, that the American automobile industry was forged not just by celebrated men with revered names, but built vehicle by vehicle, on the muscle and strength, the will and, yes, the courage, of those that toiled in their shops.

It has been a wonderful business, developed by and nurtured by engineering geniuses, great designers, marketing powerhouses, manufacturing marvels and financial wizards.

That this business, our business, still exists and thrives today, is testimony to the greatness of the American idea, and testimony to the contributions of all those—known and unknown—that have sustained it for these 100 years.

In honoring this most American of enterprises, we must also take time this evening, to welcome and acknowledge our friends from overseas who join us here at the Cobo Center in this great celebration. There can be no question, that the global competition of the past quarter century, has been the most positive development in recent auto history. The buying public, the customer and the vehicles they purchase, have been the beneficiaries of this competition, and that is the ideal. It harkens back to the rivalries, and the pioneering spirit, of the original days of motor car production.

Who knows—were it not for this international influence, we might all still be driving 1950 Studebakers.

So we also salute America's newest manufacturers, and we thank them for their contributions to this century of growth, and for joining us tonight.

And finally, on a local note, we hope you out-of-towners will forgive us some parochial pride this evening in crowing about our motor capital of the world, this arsenal of democracy, this Detroit. Yes, it might have been Cleveland, it could have been Flint or Auburn, but to our town's everlasting credit and fame, it was Detroit.

And so we welcome you to a celebration that is both international and local at once, this 100th anniversary of the industry that has shaped America, and all of our lives. We thank those whose efforts over the decades have made this evening possible, those who have gone before us, and those who sustain this wonderful and world-changing business today. And we thank you in attendance, for joining us tonight in our centennial salute to the epic history, of the American automobile.

TOAST

I'd like to propose a toast to the men and women who have made the motor car in America, to the industry that has changed all our lives, to a blessed and magical 100 years, and to another 100 years that will rival the achievements of the first.

And finally, to the cars themselves, and the favorites we hold in our hearts; it's been a wonderful ride.

ROGERS CITY 125TH ANNIVERSARY

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. STUPAK. Mr. Speaker, it is an honor for me to bring to the attention of the House and the entire Nation the 125th anniversary of Rogers City. Rogers City, found in Presque Isle County in the northeast corner of Michigan, will be celebrating its 125th birthday this weekend in conjunction with its Nautical City Festival.

Rogers City's long and distinguished history began in the late 1860's when William B. Rogers and his partner, Albert Moliter, hired Frederick Denny Larke to locate and land in northern Michigan for their company. The expedition led Mr. Larke to a beautiful area in northern Michigan, known in the 1860's as Alpena County. After returning to Detroit, Mr. Larke organized a number of German and Polish emigrants and returned to Alpena County in the spring of 1869. Rogers City was incorporated in 1877, just 2 years after the Presque Isle area broke away from Alpena to become its own county.

Although Frederick Larke was responsible for leading the settlers to the area, Albert Moliter is more often recognized as the founder. Mr. Moliter was an educated man who had a lot of influence in the small town. He began many businesses, including a store, but was unpopular with his fellow citizens. The resentment toward Mr. Moliter, real or unreal, culminated in tragedy when an individual shot and killed him as he worked in his store.

Albert Moliter was not the only educated man in Rogers City. The town's first two mayors were Charles Pfanneschmidt and Philip O'Farrell. Dr. Pfanneschmidt was one of two doctors in the area and the only dentist. Many other men made their marks and expanded Rogers City through business ventures which included Wendy's Saloon, the Kitchen House, Larke's Drugstore, and finally the county's courthouse.

With all of the distinguished men in Rogers City's history, the men who the town was named after never set foot in the area. William Evan Rogers was instrumental in financing and organizing the expedition that led to Presque Isle County but as a prominent figure from the east coast he never found a desire to move to the remote land many miles north of Detroit.

Surrounded by dense forests of white and Norway pine, white cedar, hemlock, and heavy hardwood, timber became Rogers City main industry. The town is located right on Lake Huron. By using its dock the town found an efficient way to transport the timber downstate. No railway went as far north as Presque Isle County and the automobile had not yet been introduced. The community did all of its trading by vessel.

Eventually, too many people settled in the area. All of the trees were wiped out and no other industry appeared profitable in northern Michigan. Crawford's Quarry, later renamed Calcite, was located just 2½ miles from Rogers City. There was fierce competition between these two towns especially since Quarry had attempted to become the county seat but Rogers City was awarded the honor. Crawford's Quarry lost many of its citizens and the whole city seemed to shut down.

Suddenly, in 1910, a demand for high-calcium limestone was created. Calcite, formerly known as Crawford's Quarry, housed the largest limestone quarry in the world. Once again, Calcite was alive and booming. As jobs opened up more people moved to Rogers City. In 1912, Rogers City had a population of 600. By 1950, more that 4,000 people resided in the town.

With the new industry came a renewed need for a railway that came all the way to Rogers City. On December 18, 1911, the residents of Rogers City welcomed their first train. Every citizen was waiting at the depot with bated breath. A huge "Welcome" sign hung above the tracks. When the train arrived the entire town broke out in cheers and laughter. One observer stated that the date December 18, 1911, means the same for Rogers City, as the date July 4, 1776, means for the United States.

Mr. Speaker, today Rogers City is a proud community, just as it was on December 18, 1911, and in the spring of 1869 when it incorporated. This small community has stayed together through good times and bad. Many citizens can trace their roots back to one of the original 21 names signed on the original petition for incorporation. It is this pride in their community that has kept Rogers City so strong for the last 125 years. On behalf of northern Michigan and the entire Nation, I would like to congratulate Rogers City on this, their 125th anniversary.

CONGRATULATIONS TO KOHLER AND CAROL McINNIS ON THEIR 50TH ANNIVERSARY

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. McINNIS. Mr. Speaker, I rise today in order to congratulate Kohler and Carol McInnis, my father and mother, on their Golden 50th Wedding Anniversary on August 27, 1996. They will celebrate the occasion by renewing their vows during mass at St. Stephen's Catholic Church in Glenwood Springs, CO. Glenwood Springs has been their home for more than 45 years, and they have many, many friends throughout the area.

Kohler and Carol have six children, Michael McInnis of Boulder, Kohler McInnis II of Durango, Kathy Krey of Glenwood Springs, Patty McInnis-Cole of Evergreen, Carie McInnis-Raaum of Grand Junction, and Scott McInnis of Grand Junction.

In addition, Kohler and Carol have 12 grandchildren, all of whom will be joining in the celebration.

Mr. Speaker, I would like to take this opportunity to share with my colleagues some background on these two very special people. Originally from Walsenburg, CO, my parents moved to Glenwood Springs in 1952, where my father, a small businessman, owned and operated a hardwood store. While my mother was a dedicated and hardworking homemaker of six children all of whom were very well behaved, my father became a member of the First Industrial Bank board, and later was part of the group which opened the Bank of Glenwood.

It is rare that a Congressman would profess love in the CONGRESSIONAL RECORD, but in this situation, it comes very easy. I extend my love and congratulations to them both on their Golden Anniversary.

THE ADMINISTRATION'S FOREIGN POLICY RECORD

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. HAMILTON. Mr. Speaker, Secretary of State Christopher testified on July 31, 1996, before the International Relations Committee. It is an appropriate time to review the administration's foreign policy, and I would like to submit for inclusion in the CONGRESSIONAL RECORD my opening remarks.

OPENING STATEMENT BEFORE THE HOUSE INTERNATIONAL RELATIONS COMMITTEE

(By Lee H. Hamilton)

Mr. Secretary, welcome to the Committee. I look forward to your testimony. Since this may be one of the last times you testify before this committee during the 104th Congress, I also want to commend you personally for your efforts, and foreign policy accomplishments.

These have not been the easiest four years. We have had a difficult time defining our interests since the end of the Cold War. The single overwhelming threat from the Soviet Union is gone, replaced by any number of threats, including ethnic conflict, weapons proliferation, drugs, rogue states and terrorism.

Amidst this difficult environment, I believe the Administration has achieved a number of important foreign policy successes. They include reform in Russia, and Middle East peace.

On the most difficult question—U.S. intervention—the President has made the tough calls and achieved tangible results: in Haiti and Bosnia, and on the financial side, in Mexico. Let's face it: Without U.S. leadership during the past four years, thugs would be ruling Haiti, Bosnia would still be at war, and the Mexican economy would be in a free fall. We all know these successes are fragile; in today's world, no foreign policy achievement is permanent. But so far, so good.

The Administration has also had important success in arms control: the permanent extension of the Nuclear Nonproliferation Treaty; the removal of all nuclear weapons from Ukraine, Kazakhstan and Belarus; and a freeze on North Korea's nuclear program.

The economic record is also impressive. The President has tied together economic and foreign policy as well as any Administration in memory. During the first three years of the Administration, U.S. exports grew 31%. The U.S. economy has created a net 9 million new jobs since the Administration took office: Europe has lost 3 million jobs. The trade agreements initiated or concluded by the Administration have kept the world trading system open and unlocked new markets for U.S. products—with direct benefits for American consumers.

Most important of all, the United States is at peace. That is not small achievement.

You have unfinished business and some difficult tests ahead of you: relations with China; the Comprehensive Test-Ban talks; next steps in Bosnia; and keeping the Middle East peace process on track. I am sure these questions will come up today.

What impresses me most is that the President has decided that America must lead. He has decided that protecting and promoting our interests requires American leadership. This comes at a time when there are strong voices and actions by the Congress to cut resources and the American presence overseas. As he showed at the recent G-7 summit in France, the President is a skilled and highly respected world leader. Mr. Secretary, I commend you, and the President, for your record of accomplishment.

TRIBUTE TO A FLIER

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. CLAY. Mr. Speaker, bustling in the skies overhead—airplanes and helicopters—satellites and spaceships—dirigibles and sometimes even UFO's—orbit the Earth in voyages of commerce, missions of mercy, and war, flights of fantasy and excursions of adventure and leisure.

For centuries our ancestors had no paths through the clouds. Once, most thought man would never fly; that only birds might soar the kingdom of clouds and rainbows. Today pilots steer passengers through the clouds and across the starry skies because dreamers and thinkers and inventors held to a faith that someday man would navigate the heavens.

Those who keep faith in their missions open new worlds and inspire us all to reach new heights.

I would like to take this opportunity to share a little bit of the story of one of our Nation's first black commercial airline pilots. Perry Jones is one of those faithful whose hard work, spirit, and dedication chartered a new course to the future. He is a model for young people who are pursuing dreams of flying and he is a model for older people who are searching out new rainbows when they retire from their life's work. Mr. Speaker, Capt. M. Perry Jones is one of our Nation's high flying heroes.

LIFE AFTER RETIREMENT FOR CAPT. M. PERRY JONES

On 16 December 94, Perry retired from Delta Airlines. Perry flew with Pan American World Airways for 26 years and Delta Air Lines for three. Not only was Perry Pan Am's first Black pilot and Captain, he was captain of the last Pan Am flight to depart London.

Perry has been a member of OBAP since 1977 and has served as NE regional Vice President, President, and presently as Chairman of the Board.

Perry's aviation career started in October, 1959. He served until December, 1965 in the USAF, first as a navigator and then as a pilot. He achieved the rank of Captain, flew over 100 missions over Vietnam, and received the air medal for valor. He has received many recognitions and awards including "Outstanding Service" awards from Delta Air Lines, the National Naval Officers Association (Pensacola, Florida), and Berlin American High School (Berlin, Germany).

Perry has served as an "Expert in Residence," keynote speaker, panelist, workshop presenter, university lecturer and presented testimony to the U.S. Congress.

Topics have included: Flying Safety; The Air War in Vietnam; The Responsibilities of Being an American; Race in America; What's Wrong with America?

Your Triple "A" Plan to Success; Wines; The Rise and Fall of Pan Am; Civilian Aviation and Training Programs; Minorities in Aviation; The Red Cross in Vietnam; Bessie Coleman, An American Heroine; and Willa Brown-Aviatrix.

Perry's advice to those retiring is "just enjoy every minute." His retirement plans include some consultant work and skiing. However, Perry is as busy as ever flying again with Delta as flight engineer. Congratulations and Best Wishes to Captain M. Perry Jones. Enjoy your retirement. OBAP appreciates your hard work and dedication.

TRIBUTE TO KEN MOFFETT

HON. JANE HARMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Ms. HARMAN. Mr. Speaker, as a product of K-through-12 public schooling in Los Angeles, I can testify it works. It certainly did for me.

But virtually every school in the Los Angeles Unified School System—including those I attended—could work better. And they must, if every kid is to get every chance to succeed.

An extraordinary public school administrator who transformed Lennox schools into safe, attractive, graffiti-free havens for some of Los Angeles County's poorest children has just retired. I would like to share with my colleagues an excellent article about a visionary educator and friend, Ken Moffett, whose leadership will be sorely missed:

[From the Daily Breeze, July 28, 1996]

TO SIR, WITH LOVE—LENNOX SCHOOLS SAY GOODBYE TO SUPERINTENDENT

(By Marie Montgomery)

The Ken Moffett era in the Lennox School District is drawing to a close this week.

Not too many school superintendents quality to have an era named after them. Then again, not too many have a school named after them while they're still alive, and it's unusual to find one who has worked in the same district for almost 20 years.

Moffett, 61, has done all that and more since coming to Lennox in 1976.

On Wednesday night, the Manhattan Beach resident will walk out the door of his district headquarters and leave his superintendent title behind him. He is retiring to become an education professor at Pepperdine University this fall. He'll also head the university's administrative training program.

Bruce McDaniel, the district's assistant superintendent for business who has worked with Moffett for more than 10 years,will take over the Lennox superintendent post this week.

"I wanted to leave on a positive note, and I'm doing that," Moffett said. "I'd like to leave without people's hands pushing in the middle of my back."

That was hardly likely given that Moffett was named National Superintendent of the Year in 1994. But retiring now gives him a chance to pursue a second career in academia—one which may help create many more "Moffett trainees" to go out and run California's schools.

"Ken, for us exemplifies the outstanding qualities needed by a leader to take schools into the 21st century. . . . We're very fortunate to get him," said Terrence Cannings, associate dean for education at Pepperdine. "He brings such a wealth of experience to anyone in today's tumultuous educational environment, and he has the ability to communicate that background to prospective teachers and administrators."

Among Moffett's accomplishments at Lennox:

He transformed district campuses into safe, attractive, graffiti-free havens for some of Los Angeles County's poorest children.

He helped convince the state in 1985 to give his district $8.2 million to buy Lennox High School from the Centinela Valley Union High School District, refurbish it for $2.7 million provided by the state, and convert it to Lennox Middle School.

He fought state and federal governments in the 1970s and 1980s for the right to build a new elementary school on land the district owned directly in the flight path of Los Angeles International Airport, and then got the state to kick in money to build the school underground and soundproof it. Kenneth Moffett Elementary School opened in 1990.

The same year he won the national superintendent's title—a first for a California superintendent—he also was given the Marcus Foster Award, named for the Oakland schools chief assassinated by the Symbionese Liberation Army.

Lennox School District was one of the first in the South Bay to join the computer revolution, with the district schools already wired for classroom use of the Internet.

Teacher salaries in Lennox are the highest in the county, so the district can attract and keep qualified employees.

Glowing accolades are about all anyone will hear about Moffett.

His employees praise his enthusiasm and hard work. Colleagues in other South Bay districts stand in awe of his ability to communicate with everyone in the Lennox community, even gang members. And the direct beneficiaries of his work—Lennox students—know their superintendent by name a rarity in most other districts.

"He's Mr. Lennox to me," said school board member Mary Davis who has worked with Moffett for 10 years. "Before I got on the board, I said to myself, 'Who is this man? They think of him like God.' Then when I got to know him, I realized he can talk to anybody and associate wit anybody. Children come first for him. I can't say anything bad about this man."

El Segundo Unified School District Superintendent Bill Manahan said Moffett has always been generous with a sympathetic ear and advice for other administrators.

"If there is anyone I could emulate, it would be Ken Moffett," Manahan said. "He just has such a sense of love for the community, for the kids. It goes beyond the kids—he cares about the families, too."

Moffett made a point of visiting every classroom in his district, every year. He expected all his teachers and administrators to help give extra treats and incentives to students such as trips to a Dodgers game or a restaurant, and he pitched in with those duties too.

About the only time in Moffett's superintendent career that wasn't rosy was when he resigned briefly in 1986 to take the top job at the ABC Unified School District in east Los Angeles County.

He had a frustrating 15 months, caught in the middle of district politics. When he decided to apply to return to Lennox because the school board still hadn't filled his old post, he was criticized by some for missing the application deadline and getting rehire anyway.

But Hector Carrio, a board member who initially voted against rehiring Moffett, is now one of his big fans.

"I feel he is one of the most outstanding human beings," said Carrio, who worked with Moffett in 1970 at Monroe Junior High School in Inglewood when Moffett was a principal and Carrio was a teacher. "Under his leadership, we have only one concern—the students. It's our main concern and the rest doesn't count for us."

Moffett came to Inglewood from Western Washington State College in 1957, originally intending to teach for one year and then attend law school.

He never made it. After teaching English and physical education at Crozier Junior High School and working at a school for children of the U.S. military in Germany, he became an Inglewood administrator and then was hired by Lennox.

Situated in one of the poorest inner-city areas in California, the Lennox district houses 6,000 mainly Latino students. The vast majority speak a language other than English at home. But the district is renowned because of its success in creating English-fluent students.

"The thing I'm most proud of is that we created an attitude that all kids could learn, that they all could get along," Moffett said. "We created a model where we showed it could happen."

Moffett now hopes to spend more time with his wife, who teaches in Torrance, and with his two grown children—one at West Point and the other in Idaho, training in the "family business" to become a teacher.

And he wants to take a few more vacations and travel—although his idea of a relaxing vacation is building a redwood deck on his cabin in the mountains.

"I like to be busy, and I'm going to stay busy," he said. "But I won't be gone for home six nights a week."

KOVATCH GROUP CELEBRATES 50 YEARS IN BUSINESS

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to my close personal friends, Mr. John J. "Sonny" Kovatch and his brother, Joseph. This month, their success as business leaders will be celebrated along with the 50th anniversary of their company, the Kovatch Group. A 3-day celebration of the Kovatch Group will begin tomorrow, and I am proud to be able to participate in these festivities.

In 1946, Sonny and Joseph began a small business dedicated to providing first-rate speciality motor vehicles. Fifty years later, the Kovatch Group has grown into a network of 13 different companies which work together to manufacture and service speciality vehicles used all around the world.

It is with great pride that I say that the international headquarters for the Kovatch Group is located in Nesquehoning, PA, in my congressional district. The complex sprawls over 65 acres and has over one-half million square feet under roof. More than 700 employees utilize a state-of-the-art computerized and automated assembly line to manufacture specialized vehicles designed to meet very specific needs of the Federal Government, military organizations, search and rescue crews, and heavy industry.

Having established a reputation for first-rate vehicles of the highest caliber, the Kovatch business organization grew dramatically since its establishment 50 years ago. In the mid-1980's, Kovatch was selected to construct highly specialized vehicles for the U.S. military. When Kovatch completed the contract nearly 1 year ahead of schedule, the company became known worldwide, and orders for vehicles were regularly submitted to the company from every division of the U.S. military, numerous foreign governments, and private businesses from around the world. Today, Kovatch is considered the manufacturer of choice for military refueling trucks and firefighting apparatus.

Whether we realize it or not, most of us have seen the vehicles produced by the Kovatch Co. Chances are the brave men and women responding to local emergencies utilize the rescue trucks, ambulances, pumpers, tankers, and aerial ladder trucks manufactured by Kovatch employees. The company can boast of having provided specialized vehicles to government agencies, volunteer fire and rescue teams, and private businesses from Eastport, ME, to Fairbanks, AK.

During the last decade, the Kovatch organization has experienced tremendous success because it has sought to integrate qualified workers with innovative engineering and modern manufacturing techniques. Together, Sonny and Joe have shown me that there really is no substitute for quality products designed and manufactured by American workers.

Mr. Speaker, I am not alone in recognizing the leadership of Kovatch Group for its success. Last year, Sonny was selected as the 1995 Master Entrepreneur of the Year for central Pennsylvania by a consortium of leading businesses including Ernst and Young, Sprint, and Merrill Lynch. Sonny was chosen for this award based on his ability to ensure continued success for the Kovatch Group over an extended period of time. Given that Sonny has been at the helm of the Kovatch Group since its founding 50 years ago, and has guided the company through both good and bad economic times, he is truly deserving of this award and recognition.

Mr. Speaker, I am proud to highlight the accomplishments of my good friends, Sonny and Joe Kovatch. The work of these business leaders is an example of the true entrepreneurial spirit that has made our country the greatest Nation in the world. Sonny and Joe have proven that hard work and ingenuity are the key ingredients of success. I am proud to join with their families, friends, and the community in congratulating the Kovatch brothers on their many successes.

IN HONOR OF LIAM BENSON: MAKING A DIFFERENCE TO HIS COMMUNITY

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. MENENDEZ. Mr. Speaker, I rise today to pay tribute to an outstanding individual, Mr. Liam Benson, who has distinguished himself through uncommon dedication to the children of Northern Ireland. Mr. Benson, along with his wife Margaret, are again donating their services to the annual luncheon I will be hosting for the adopted families of Project Children. Their restaurant, O'Donoghues, is located at 205 First Street, Hoboken, NJ.

The word "tradition" comes to mind when speaking of this truly dedicated person. For the past 3 years, Mr. Benson has graciously afforded the children who come to the United States from Northern Ireland, along with their host families, an opportunity to meet and share their experiences in the United States. While in our country, the children have the possibility to sample a life without the threat of violence prevalent in their homeland. Mr. Benson, through his Irish heritage, has an unique understanding of the true value of peace and freedom.

Mr. Benson's journey to become a community member of my district began with his birth in County Mayo, Ireland. This son of the Emerald Isle traveled across the Atlantic Ocean 12 years ago in search of new horizons to explore. Mr. Benson arrived on our shores in New York City where he went to work in a neighborhood bar. Two years later, Mr. Benson's journey led him to Hoboken and the establishment of his own place of business, O'Donoghue's Bar and Restaurant. A genuinely modest gentleman, Mr. Benson chose to name his new establishment after a famous bar with the same name located in Dublin, Ireland.

Major themes that have resonated in the life of Mr. Benson have been community and family. For the residents of Hoboken, O'Donoghue's has become a friendly oasis in the life of this bustling urban center. The sense of community experienced by visitors who enter this local institution makes everyone feel like they are members of the Benson family. When it came time to think about starting a family, Mr. Benson married a women named Margaret who became his partner in life. In 1995, their joyful union produced a son, also named Liam, who will undoubtedly one day carry on the tradition of community service.

It is an honor to have such an extraordinarily considerate individual operating a business in my district. Mr. Liam Benson exemplifies the tremendously positive influence one person can have on the lives of others. I am certain my colleagues will rise with me and honor this remarkable gentleman.

TRIBUTE TO THE AMERICAN AUTOMOBILE CENTENNIAL

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LEVIN. Mr. Speaker, this year is the Centennial of automobile production in America.

At a gala held on June 22, 1996, the Mayor of Detroit, Dennis Archer, spoke eloquently about the impact of the automotive industry, of the role of management and labor in its development, and of the place it carved out for Detroit in this Nation's and the global economy.

It is my pleasure to insert his prepared remarks in the CONGRESSIONAL RECORD.

AMERICAN AUTOMOBILE CENTENNIAL GALA, SATURDAY, JUNE 22, 1996

Thank you very much, distinguished head table guests, ladies and gentleman. I want to thank Keith Crain, who shortly after I became mayor, came by the office and said, "In about two years, we're going to be celebrating 100 magnificent years of the automobile, and I think we ought to do something about it."

I said, "Keith, you're absolutely right. Thanks for being my next dollar-a-year guy. Would you please take charge of it, and by the way, I want you to work with my point person, Maud Lyon, who is the city's director of the Historical Museum."

Keith, you and Maud came together with everybody to make this happen. It wasn't just you that could create this beautiful room with all of these magnificent people who are here, but the sponsors—those of you who gave and contributed generously, and to the committee, I want to say thank you very much.

Second, I am pleased to bring a message from a friend that I was with earlier today in Cleveland Ohio, as the United States Conference of Mayors was meeting.

He writes:

"I am delighted to join my fellow Americans in observing June 16–23 as National American Automobile Centennial Week. More than any other invention in the past century, the automobile has shaped and defined America. Even as it has helped our nation to grow, the car has brought people closer together, advancing commerce and communication, and connecting our cities, suburbs and small towns on an intricate web of highways and roads. In the 100 years since the production of the first motor wagons, the automobile industry has become a source of pride for Americans and an inspiration for entrepreneurs around the globe.

"The car is now an inseparable part of our culture. Our poets, our songwriters speak of the joys of the open road. And for millions of us, the automobile embodies America's freedoms of mobility and expression. This week offers us a special opportunity to honor the pioneers of automotive engineering and the automotive workers who helped build this remarkable industry and make the American dream of a better life come true.

"As we celebrate the remarkable automotive achievements of our past, let us salute, as well, the work of the engineers who are developing the next generation of vehicles—the cars we will be driving in the 21st century. These dreamers and doers are continuing a legacy of progress: innovation, employment and competitiveness that have marked America's automobile industry since its birth 100 years ago.

"Best wishes to all for a wonderful Centennial Celebration and a memorial week."—President Bill Clinton.

Next, and finally, I would like to ask Robert J. Eaton, Chief Executive Officer, Chrysler Corporation; Carolyn Forrest, Vice President, International Union, UAW; John F. Smith, Jr., Chairman, CEO & President, General Motors Corporation; and Alex Trotman, Chairman and CEO, Ford Motor Company, if you would join me here at the podium.

The United States automobile industry celebrates its 100th anniversary this year, and it is only fitting that Detroit, the world's motor capital, serves as a national headquarters for this historic event. From June 16–23, Detroit will showcase one of the largest gatherings of antique and classic automobiles ever, along with the most spectacular automotive parade in a half century.

As the birthplace of the global automobile industry, Detroit acknowledges its legacy as a city that profoundly shaped the American lifestyle and changed the culture of the 20th century. Appropriately nicknamed "The Motor City," Detroit sparked a century-long love affair with the automobile. Detroit is also home to three of the largest employers in southeast Michigan. Ford Motor Company, Chrysler Corporation, General Motors Corporation, and the UAW.

This celebration is a tribute to the inventors, engineers, entrepreneurs and the workers who made the auto industry great. The strength of our society relies, in part, on the advances made in technology. From innovations in manufacturing to design and development of alternative fuels, the auto industry has enriched the lives of all Americans and made our fine city's name synonymous with automobiles.

As communities across the United States throughout 1996 are uniting to celebrate this milestone in our nation's history, I salute the American Automobile Centennial Commission along with its four sponsors, Chrysler, Ford, General Motors, and the UAW for its efforts to create a year-long commemoration of this special occasion. The metropolitan Detroit area marks this historic anniversary with exhibits and displays, celebrity appearances and ceremonies.

Therefore, I Dennis Archer, Mayor of the City of Detroit, issue this proclamation in celebration of the 100th anniversary of the United States automobile industry. I urge all residents to embrace and celebrate this vital part of Detroit's history.

SUOMI COLLEGE CENTENNIAL CELEBRATION

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. STUPAK. Mr. Speaker, I want to bring to the attention of the U.S. House of Representatives and this Nation the 100th anniversary of Suomi College, located in Hancock, MI, a small community of about 4,000 people on the Keweenaw Peninsula in Michigan's Upper Peninsula. The celebration of this event will occur this weekend, August 3–4, 1996.

Named for its founders' homeland and heritage, Suomi College was an outgrowth of the need for higher education for the sons and daughters of the hardy Finnish immigrants that settled in Michigan's Upper Peninsula, especially Hancock. They were quick to realize that education was a key to improving quality of life in their adopted country and wanted to make this opportunity available to all young men and women. At the same time, there was a strong desire to retain the proud ethic heritage that was brought with them, as well as the religious influence of the Lutheran Church. It was out of this framework that Suomi College was founded in 1896.

Suomi College proved early on to be highly innovative by offering scholarships, work opportunities, loans and other support services to students. It is a college that in its early years often saw gifts and tuition payments come, not as cash, but as contributions of food, firewood, books and building materials.

The school struggled financially in the early 1900's, but never lost sight of its stated mission of providing a quality education. As money was raised in the 1930's for expansion and to provide financial assistance, the Great Depression forced these funds to be rechanneled to pay for daily operating expenses. In the 1940's, enrollment and revenues started to significantly increase only to be halted again with the start of World War II. Regardless of these and other setbacks, leaders of the school, such as Viljo K. Mikander, who served as president of Suomi during their 50th anniversary, provided the encouragement to continue, even to the point of suggesting the school expand to a 4-year college of liberal arts.

It is the belief in the institution and its mission by its current and past administrations, faculty, students and supporters that have allowed it to get through the tough times and become the progressive, innovative and growing college it is today. Suomi College is establishing an outstanding record and providing excellent opportunities for its students.

Today, thousands of Suomi alumni are present in every walk of life and in every area of the country with more than 1,600 area residents alone having graduated or completed courses at Suomi. Suomi graduates are leaders in law, religion, medicine, administration and many other fields and all have as a basis of their education in their course work done at Suomi, nurtured in the Finnish heritage.

Liberal arts and humanities serve as a mainstay for this small, personalized, church-related college. Math and science are also strongly encouraged in any curriculum. To date, Suomi has been a 2-year community college granting associate degrees. However, beginning this fall, a new 3-year baccalaureate degree will be offered, again demonstrating the innovative thought that Suomi is known for. A 3-year degree obtained over eight consecutive semesters significantly reduces costs and provides greater efficiency and applicability of courses taken and quickly moves young people into the workforce.

The Suomi College Centennial Celebration this weekend will be highlighted by several events including the groundbreaking ceremony for its new chapel and library expansion. In attendance for this event will be Archbishop John Vikstrom of the Evangelical Lutheran Church of Finland as well as Presiding Bishop H. George Anderson of the Evangelical Lutheran Church of America and Bishop Dale Skogman of the Northern Great Lakes Synod.

Mr. Speaker, the 100-year history of Suomi College will serve the institution well in its second century as it continues to serve the Upper Peninsula and this Nation. On behalf of the First Congressional District, the State of Michigan and the House of Representatives, I congratulate President Robert Ubbelohde, his staff, the faculty, the student body and the Hancock community on this momentous occasion.

TRADE FREE ZONE IN THE NORTH OF IRELAND

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. GILMAN. Mr. Speaker, a bill (H.R. 3599) which aims to help address some of the economic deprivation in Northern Ireland and the Republic of Ireland's six border countries was proposed here in the House on June 6, 1996. I was pleased to be an original cosponsor of this important proposal by my good friend—Representative THOMAS MANTON, of New York. In light of the current outbreak of turmoil in Northern Ireland the introduction of such a proposal aimed at economic improvement and change, has become even more crucial today.

Our bill (H.R. 3599) concerns the potential establishment of a free trade agreement between the United States and the United Kingdom and the Republic of Ireland, which governs the aforenamed areas. It provides authority for the President to negotiate such a treaty, consistent with the goals and policies of the European Union.

Indeed, it is envisaged that a strengthened economy in Northern Ireland and the affected border countries would help facilitate the precarious peace process which has become most imperative in light of the recent outbreak of sectarian violence in Northern Ireland.

The bill will not solve all of the region's many difficult problems, but it can greatly contribute toward a long-term shared economic strategy, which will be of mutual benefit to workers in the North of Ireland and American companies as well. It would help create a shared economic development, greatly needed in the current times of turmoil.

Most notably the proposals have been welcomed by a diversity of groups both in Ireland and the United States. Dr. John Alderdice, leader of the Alliance Party believes that the bill could "help underpin political agreement." His voice is joined by Hon. Dr. Joe Hendron, MP, member of Social Democratic and Labour Party [SDLP], who stated that such an incentive could help "bring a new day to Northern Ireland." Hon. Cecil Walker, MP, member of the Ulster Unionist Party [UUP] has also lent his support, believing the bill to be "one of the most promising economic development proposals on the horizon for my beleaguered part of Northern Ireland." In addition, Fr. Sean McManus of the Irish National Caucus, Inc. in Washington, DC, Senator Sean Maloney and Senator Patrick McGowan of the Republic of Ireland, have all welcomed this trade free zone legislation.

Importantly, the proposals are aimed at improving the most economically disadvantaged regions of the North of Ireland, through the condition that only articles grown, produced, or manufactured in such areas will qualify for this proposal duty-free treatment. Those employers who seek to take advantage of the incentive must also be in compliance with the principles of economic justice dealing with fair employment, namely the MacBride Principles.

The widespread enthusiasm for the trade free zone among the parties of Northern Ireland and many others, is indeed proof that agreement can be reached, if the Government of the United States, Britain, and the Republic of Ireland are willing to take advantage of the opportunity H.R. 3599 provides. Although the arduous path of political compromise and solution has yet to be forthcoming in Northern Ireland today, increased economic prosperity in the region would help lay the foundation of goodwill and trust, which are required now more than ever.

UNITED STATES POLICY TOWARD SAUDI ARABIA

HON. JIM KOLBE

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. KOLBE. Mr. Speaker, I found this article by Mr. David Dunford in the Tucson Citizen to provide an illuminating analysis of the United States policy toward Saudi Arabia. I commend it to your attention:

[From the Tucson Citizen, June 28, 1996]

UNITED STATES ASKS TOO MUCH OF SAUDIS, WHO SACRIFICE PEACE AT HOME

(By David J. Dunford)

Tuesday's terrorist bombing in the Eastern Province of Saudi Arabia, which killed 19 Americans and wounded hundreds of others, forces us to focus again on our critical relationship with Saudi Arabia.

It is critical because Saudi Arabia is the world's largest oil producer and the United States is the world's largest oil consumer. It is critical because Saudi Arabia is the most important of the Arabian peninsula monarchies and provides the major platform from which we project our military forces to defend against Iraqi and Iranian threats to our interests.

Since the successful end of the 1990–91 Gulf War, our policy toward this part of the world has been on automatic pilot. We look to Saudi Arabia to take a forthright stand in favor of the Middle East peace process and we look to Saudi Arabia to provide assistance to the Palestinians and the Bosnians which our Congress refuses to provide. We also look to Saudi Arabia to buy our civilian and military airplanes and our telecommunications equipment. Although we pledged in 1990 that as soon as the crisis was over, we would leave, almost six years later we still have 5,000 U.S. Air Force personnel in Saudi Arabia. The Saudi government pays their expenses.

What we have failed to recognize is that Saudi Arabia has changed and, as a result, the Saudi monarchy may no longer be able to respond to the multiple demands that we place on it. Gone are the days when Saudi Arabia had $150 billion in foreign exchange reserves and the ability to buy social peace by providing employment and subsidized government services for all.

Saudi Arabia today, with its rapid population growth, educated but underemployed youth, and chronic budget deficits, provides fertile ground for Islamic militants.

While we may not know for some time who was responsible for Tuesday's bombing, it is likely that it was related to the bombing of the American military advisory compound in Riyadh in November, which killed five Americans. The message the militants seek to send by this latest terrorist act is that the Saudi government's beheading last month of four of their number convicted of involvement in the November incident has not weakened their strength or resolve.

Ironically, it may well be that some of the militants are so-called "Afghans"—Arabs who trained to fight the Soviets in Afghanistan in a program supported by both the Saudi and U.S. governments. The militants oppose modernization, Westernization and Arab reconciliation with Israel. They are particularly indignant that, despite tens of billions of dollars spent on sophisticated weaponry, the Saudi government was forced in 1990 to rely on "infidel" troops to defend their land, which includes the two holiest places in Islam—Mecca and Medina.

The first step in fixing our Saudi policy is to confirm an ambassador and send him to Riyadh. King Fahd's recent illness and his decision to relinquish power temporarily to Crown Prince Abdullah have raised uncertainty about who is really in charge. It is particularly important to have an ambassador on the ground to monitor this situation.

During my four years as deputy ambassador in Saudi Arabia, I was acting ambassador for 15 months. Since I left more than four years ago, there has been an ambassador in Riyadh for less than half of that time. It should hardly surprises us that there was no ambassador on the ground when the truck bomb exploded on Tuesday.

Second, we should reduce our reliance on Saudi help financing our national security policy and we should be more judicious about pressing the Saudis to take public positions that incur the wrath of a substantial percentage of Saudi citizens. The Saudi government needs a reprieve to turn its attention to domestic economic and political priorities.

Third, we need to devise an end game for our Iraq policy. We must not withdraw our forces in Saudi Arabia under the duress of terrorism but, at the same time, policy drift is not a good reason to leave them there indefinitely.

Finally, we need to be more proactive in our encouragement of needed economic and political change in Saudi Arabia and in neighboring monarchies. Change is hard and Gulf rulers will not always welcome our injection of internal issues into diplomatic exchanges. That should not deter us.

Their survival and the maintenance of our vital interests in the region depend on orderly change.

A TRIBUTE TO MARJORIE CUTLER BISHOP

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Marjorie Cutler Bishop of Old Field, Long Island, NY, an internationally acclaimed artist who is celebrating her 100th birthday on August 23, 1996. I urge my colleagues in the U.S. House of Representatives to join me in applauding and honoring this talented painter and long-valued member of the Three Village community on Suffolk County's north shore.

Marjorie Cutler Bishop was born in Rhode Island, the daughter of a Unitarian clergyman. As a child, Marjorie was stricken with polio, but her entire life she never allowed this ailment to prevent the realization of her dreams. In fact, Marjorie's artistic abilities first revealed themselves when she began to draw pictures on her leg casts. Later, when polio's debilitation had subsided, Marjorie learned to walk with braces and crutches.

Marjorie married Arnold Bishop—literally the boy next door—and moved to New York, where she pursued her goal to study art at the New School in Manhattan. After she finished art school, Marjorie and Arnold spent several years traveling and living in France. During her lifetime, Marjorie studied with Georges Braque and sailed with Albert Einstein. Her work has been exhibited in galleries all over America and Europe, earning critical and public praise for her dimensions and for the quality of light that fills her paintings. Marjorie Cutler Bishop is acknowledged around the world as a leader in the oil-and-sand technique pioneered by Braque.

Marjorie and Arnold eventually settled along Flax Pond in Old Field, her artistic sensibilities certainly enticed by majestic vistas along the Long Island Sound. In 1976, Arnold Bishop passed away and Marjorie continues to live in their Flax Pond home. Her involvement in the Three Village community has always remained strong and even today she is a mainstay and trustee of Setauket's Gallery North where, for many years, she was codirector of the prestigious Outdoor Art Show.

During the month of August, Gallery North will exhibit a retrospective of Marjorie Bishop's work entitled "Local Color" and the gallery is hosting a reception for her on August 24 and on her centennial birthday, her friends are planning a special celebration for her.

For centuries, Long Island has been a magnet for talented artists who have enriched our communities by sharing their wonderful artistic gifts with all of us. All of us on Long Island have been blessed by Marjorie Cutler Bishop's world-class artistic talents and I salute her on her 100th birthday. Happy birthday, Marjorie.

PIONEER BRANCH 2, NATIONAL ASSOCIATION OF LETTER CARRIERS IS HONORED

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. KLECZKA. Mr. Speaker, I rise today to commend Pioneer Branch 2 of the National Association of Letter Carriers. In the carriers' annual food drive this year, Pioneer Branch broke its own outstanding past records, and was third in the Nation in the amount of food collected. This year's national food drive may well have been the largest 1-day collection in the world.

Pioneer Branch 2 collected 1,000,361 pounds of food on May 11, which is 500,000 pounds more than last year. Thanks to their efforts, thousands of needy families in the Milwaukee area alone will not have to go to bed hungry.

The letter carriers' continued excellence in helping to feed their community deserves recognition and our commendation. In addition to their fine mail service through all kinds of difficult Milwaukee weather, these dedicated men and women have made a real difference in the quality of life of our city. I cannot thank them enough for their efforts. May their food drive be blessed with continued success.

H.R. 3936, THE SPACE COMMERCIALIZATION PROMOTION ACT OF 1996

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. WALKER. Mr. Speaker, almost 200 years ago, Thomas Jefferson dispatched a government survey team led by Meriwether Lewis and William Clark to explore the territory between the Allegheny Mountains and the Pacific coast. As we all learned in school, they blazed a trail that made it possible for others to follow in their place and discovered enough about this continent to make people want to see more. Within a few decades of that first Government mission, private citizens began to follow their path west, some on horseback, some by ox-cart, and some by Conestoga wagon. Jefferson used the power of the Federal Government to blaze a path, but it was these private citizens, using their own resources, who truly opened the western frontier and forever changed the nature of the United States. For those of us who see an American future in space, there is a lesson in our past. Government can blaze new trails, but it takes private citizens, acting on their own, to open new frontiers. After some four decades of Government leadership in blazing new trails in space, it is time for Americans to open this new frontier. More importantly, it is time for Government to get out of the way.

Today, we are introducing H.R. 3936, the "Space Commercialization Promotion Act of 1996." This bill will help get the Government out of the private sector's way when it comes to developing space commercially. For a long time, commercial space activity was not much more than a dream. With the exception of long-distance satellite communications, the cost of doing business in space was so high that few in the private sector could justify the risks. That's changing. The private sector has built up a huge pool of talent and experience in operating space systems for the Federal Government. Now, they're applying those skills and resources to providing goods and services to non-government customers. At the same time, the private sector has demonstrated that it can successfully manage the risks of space activity, and that it can raise funds needed to invest in long-term space projects. In short, free Americans have followed the trail into space blazed by NASA and the Defense Department. Commercial space activity is now a reality. In 1995, this area of the economy generated some $7.5 billion in revenues. Over the last decade, commercial space has proven relatively recession-proof and experienced unprecedented growth, creating jobs, providing tax revenue, and leveraging space technology for the improvement of everyday life. By most accounts, this is just the beginning.

The cost of technology is falling, and new Federal investments in reusable launch vehicles, the international space station, and miniaturized spacecraft components promise to make it easier and less costly for commercial space enterprises to succeed. In short, our Federal space program is continuing to blaze a trail that the spirit of American entrepreneurialism will follow to open the space frontier. We may be on the verge of creating a 21st century version of the Conestoga wagon. Unfortunately, our legal, policy, and regulatory processes have not kept up with the pace of these changes. Current laws and policies were designed to accommodate government activities in space, not to enable the entrepreneur to create new capabilities. Congress and the White House have worked on a bipartisan basis to change that and enable the commercial sector to develop the space frontier. We've had some success, but there is still some way to go. This bill moves us forward in the right direction.

We drafted it to build on past successes in promoting space commercialization, and with an eye towards bipartisanship. Still, some things remain to be worked out between the parties in Congress, and between Congress and the White House. I am committed to doing that so that we continue moving forward together to open the frontier of commercial space.

THE 75TH ANNIVERSARY OF THE INCORPORATION OF THE CITY OF ROYAL OAK

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LEVIN. Mr. Speaker, I rise today in celebration of the 75th anniversary of the incorporation of the city of Royal Oak, MI.

Royal Oak is a city with a rich past, a dynamic present, and a bright future. The first surveys of the area were made in 1818 by Horatio Ball, who marked a line oak tree with his initial. The following year, Lewis Cass, Territorial Governor of Michigan, was sent to obtain a treaty and purchase a tract of land embodying the Saginaw Bay region. En route to a meeting with the Indians under the full moon of September 1819, Governor Cass stopped for lunch. Resting under the shelter of Horatio Ball's oak tree, he was reminded of the story of Prince Charles II who took shelter in a great oak tree after his forces were defeated in the Battle of Worcester in 1651. Charles eventually reached safety, later became king, and the majestic sheltering oak tree became known as the Royal Oak. From that story, Royal Oak, MI, got its name.

The land at that time was swampy, disease-ridden, and considered uninhabitable. But settlers came, chiefly from western New York. Royal Oak Township was laid out in 1832; the first settlement centered at Chase's Corners, the present intersection of Crooks and Thirteen Mile Road. Orson Starr, who arrived in 1831, was the township's first manufacturer and later a nationally known maker of animal bells. Sherman Stevens, an enterprising young men, arrived in the area in 1835. In 1836, anticipating the completion of the Detroit and Pontiac Railroad, Stevens laid out an unincorporated village in what is now downtown Royal Oak. The first business enterprise, a sawmill, made oak rails for the railroad. The extension and completion of this route fostered growth in the area and caused the center of commercial activity to shift southeast from Chase's Corners to the area now known as Main and Fourth Streets. Churches and schools were established. During the Civil War, the town was known to have hotels and daily mail service.

The village of Royal Oak was incorporated by an act of the Michigan Legislature in 1891. The population at that time was less tan 500. Subsequent prosperity saw property annexations and continued gains in population. In November 1921, citizens adopted a charter providing for a commission form of government and Royal Oak, a village of just over 6,000 people, became a city.

Today, Royal Oak is a reinvigorated city. The population peaked in 1970; while the population has diminished somewhat since its peak, the city is achieving new heights. Royal Oak has always been a desirable community in which to live and work, anchored by excellent public schools and a community college, thriving religious congregations, and many service and philanthropic organizations. In recent years, it has become a model of redevelopment. Under the leadership of city government officials and community leaders, the downtown has experienced a resurgence and is now one of Metropolitan Detroit's prime destinations for dining, shopping, and night life.

My wife, Vicki, and I have the privilege for a second time of calling Royal Oak home. We established our first home together on Rochester Road and lived there from 1957–59. After moving across Woodward Avenue to Berkley, Royal Oak remained our nearby downtown for nearly two decades. We have been Saturday morning regulars at the Farmers' Market since 1957. Our kids played youth hockey in Royal Oak, and we spend countless hours with the other families at the ice arena near Normandy and Crooks. Many of the flourishing businesses started small and we have known the owners and watched their growth.

And so, Mr. Speaker, I join with my fellow citizens in celebrating the Diamond Jubilee of the city of Royal Oak and look forward to its continued success and well-being.

IN HONOR OF PROJECT CHILDREN: LOCAL MISSIONARIES OF PEACE

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. MENENDEZ. Mr. Speaker, I rise today to pay tribute to all the individuals who make Project Children an outstanding organization. Project Children is a volunteer group which unites young people from Northern Ireland with host families in the United States. These volunteers give of their time to provide the children with a peaceful and enjoyable summer they will always remember.

The word hero truly describes everyone involved with Project Children. John and Joan Hughes are coordinators for the Clifton, NJ chapter of Project Children, and I am gratified by their unwavering devotion. The Hughes' have committed much of their efforts to raising the financing necessary for these children to travel to our country. The past year has brought the organization some well deserved recognition. The Clifton chapter received the Martin Luther King Humanitarian and Civil Rights Award from the New Jersey Education Association. John Hughes was the recipient of a Community Person of the Year Award from the President of Ireland, Mary Robinson.

Many others assist the Hughes' in their efforts to make the children's experiences while in America satisfying, including: Carolyn Malizia, Mary Ann McAdams, Patti Morreale, Joe Masterson, and Edward Phillips. All have dedicated their time and resources to provide a trouble-free 6 weeks away from the strife prevalent in the north of Ireland. I have mentioned only a few of those responsible for Project Children, however there are many others who volunteer their time and deserve our gratitude. Mr. and Mrs. Liam Benson, proprietors of O'Donoghues Restaurant in Hoboken, NJ have graciously donated their services over the past 3 years.

Project Children is an organization founded by Denis Mulchay and his brother Pat Mulchay. This year, Denis Mulchay has once again been nominated as our country's candidate for the Nobel Peace Prize. He has also been recognized by President Clinton as one of the Top Ten Cops in the United States. Since its founding in 1975, the organization has grown exponentially and has provided thousands of children countless extraordinary experiences in the United States.

At this time last year, we all hoped that peace, which had for so long eluded the people of Northern Ireland, would become a permanent reality. Unfortunately, the recent resurgence of violence makes the efforts of everyone connected with Project Children particularly valuable. Their generosity of spirit will remain in the hearts of the children forever. I am certain that my colleagues will join me in applauding the extraordinary efforts of these local missionaries of peace.

LAKE SUPERIOR STATE UNIVERSITY 50TH YEAR ANNIVERSARY CELEBRATION

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. STUPAK. Mr. Speaker, it is an honor for me to bring to the attention of the House and the entire Nation the 50th year anniversary of Lake Superior State University in Sault Ste. Marie, MI, on January 1, 1996.

Lake Superior State University has a growing history stretching back to when it was Fort Brady in 1893. When the fort closed, local businessmen wanted to find use for the buildings and property that would benefit the community. About the same time, the Michigan College of Mining & Technology—currently Michigan Technological University—was looking for a way to accommodate the great number of war veterans who had applied to the college and had been looking for a branch site.

Thus, the Michigan College of Mining & Technology branch college was established for two purposes: to increase the college's facilities for the education of war veterans and to serve the Upper Peninsula, an area comprising one-sixth of the State, that is a considerable distance from other institutions of higher learning.

The Michigan College of Mining & Technology branch at Sault Ste. Marie provided engineering students with their first year of engineering studies and a second year of studies in chemical, electrical, mechanical engineering, or forestry. In addition in 1946, Michigan State University set up a general studies program so that liberal arts credits could be received in Sault Ste. Marie for the first 2 years of course work, and then would be transferable to other 4-year institutions.

In 1966, the college was renamed Lake Superior State College and accorded 4-year status by the Michigan State Board of Education and authorized to grant baccalaureate degrees. The first 4-year graduating class was in 1967. On January 1, 1970, Lake Superior State College was granted complete autonomy and separated from Michigan Technological University. On November 4, 1987, Gov. James Blanchard signed legislation changing Lake Superior State from a college to university.

Since opening in 1946 with a class of 272, the university has grown steadily, and currently has an enrollment of approximately 3,000 students. The campus is a blend of historic and modern architecture that serves the academic, residential, and recreational needs of the university's faculty, students, and community.

Sheri Davie, Chair of the Superior Legacy Committee is sponsoring an all-school reunion weekend this August 2–4, 1996. One of the key events slated is the burying of a time capsule on the campus to be opened 50 years from now.

Besides a fine academic and cultural center, Lake Superior State University is a division I, NCAA hockey powerhouse. Even though it is the smallest division I school, college's hockey champions reside in Sault Ste. Marie.

Mr. Speaker, Lake Superior State University has a proud history. On behalf of the State of Michigan and the entire Nation, I would like to congratulate Lake Superior State University on 50 years of quality education.

THANK YOU, CHRISTY STRAWMAN, FOR YOUR LOYAL SERVICE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. FIELDS of Texas. Mr. Speaker, it was with mixed emotions that I announced last December 11 my decision to retire from the House at the conclusion of my current term. As I explained at the time, the decision to retire was made more difficult because of the loyalty and dedication of my staff—and because of the genuine friendship I feel for them. Each one of them has served the men and women of Texas' 8th Congressional District in an extraordinary way.

Today, I want to thank one member of my staff—Christy Strawman, my senior telecommunications policy advisor—for everything she's done for me and my constituents in the 5 years that she has worked in my office.

Christy came to work in my office in 1991 as a legislative assistant. In that position, she handled a wide variety of issues—briefing me on legislation and responding to constituent inquiries on issues for which she was responsible.

Two years later, when my legislative director left my office, I asked Christy to head up my legislative staff. As my legislative director, Christy managed the other members of my legislative staff and coordinated my overall legislative agenda. She also worked with the legislative counsel in drafting legislation. In particular, she advised me on telecommunications and securities matters, health care, trade, environmental and transportation issues.

In January 1995, when the Republican takeover of Congress allowed me to assume the chairmanship of the House Telecommunications and Finance Committee, I asked Christy to devote her entire focus to working with me, subcommittee staff, and subcommittee members to help hammer out comprehensive telecommunications reform legislation—legislation that had proved elusive in the 103d Congress. But Christy knew the issues, knew the personalities, and knew my priorities for telecommunications reform legislation. As the process dragged on, the hours were long, and the negotiations were often frustrating. But 3 years after we first began the effort, Republicans and Democrats, House Members and Senators, and congressional leaders and administration officials finally reached an agreement that we could all support. In February, President Clinton signed the Telecommunications Reform Act of 1996 into law. Much of the credit for making the goal of reforming the Nation's telecommunications laws a reality belongs to Christy. Without the dedication and hard work she demonstrated throughout the arduous process, I question whether this legislation would have been enacted into law. Christy has also had the opportunity to help enact into law securities litigation reform and capital markets deregulation legislation. She has worked tirelessly for many years to help me achieve my legislative priorities, and I deeply appreciate her efforts.

Christy Strawman is one of those hardworking men and women who make all of us in this institution look better than we deserve. I know she has done that for me, and I appreciate this opportunity to publicly thank her for the dedication, loyalty and professionalism she has exhibited throughout the years it has been my privilege to know and work with her.

Christy has yet to make a definite decision about what she wants to do in the years ahead. But I am confident that the skills and the personal qualities she has demonstrated in the past will lead to continued success in the future.

Mr. Speaker, I know you join with me in saying "thank you" to Christy Strawman for her years of loyal service to me, to the men and women of Texas' 8th Congressional District, and to this great institution.

IN HONOR OF MR. KENNETH R. PLUM

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. DAVIS. Mr. Speaker, it gives me great pleasure to rise and pay tribute to Mr. Kenneth R. Plum who has served the Fairfax County Public School system for the past 28 years as the director of adult an community education. August 1, 1996 marks the retirement of this exceptional member of our local community, who has dedicated years of services to Northern Virginia.

As the adult and community education director from 1967–1996, Mr. Plum increased participation in the program from a modest few thousand to over 80,000 participants. He made numerous contributions to adult and community education including the establishment of an apprenticeship program, adult career training and certification, enrichment classes for adults, special program for displaced homemakers and teen mothers, a wide range of English as a second language classes for adults, three high school completion programs, an expansive volunteer tutoring program, GED classes in the adult detention center, alternative schools for juvenile court youth, a comprehensive parenting education center, and the Learning in Retirement Institute for senior adults. His work earned him the 1985 Secretary of Education Award for Excellence in Education, an honor given to the ten best education programs in the nation. Then in 1986, Mr. Plum earned the Virginia Tech Excellence in Education Award.

In addition, Mr. Plum has served the Fairfax County community as the 36th District Delegate to the Virginia General Assembly, a position he held from 1978–80, and from 1982 to the present. In this role, he received many other awards for his community contributions. He was named Legislator of the Year by the Chesapeake Bay Founders for 2 years in a row, 1994 Legislator Advocate of the Year by Virginia Interfaith for Public Policy, and 1995–96 Public Citizen of the Year by the National Association of Social Workers.

Mr. Speaker, I know that my colleagues will join me in applauding Mr. Kenneth Plum for his extraordinary efforts to strengthen and improve the education of our citizens. We wish him great success in his future endeavors.

CONGRESS AND MEDICARE

HON. MARTIN R. HOKE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. HOKE. Mr. Speaker, there is an old trick to hawking snake oil. First raise the fear. Then sell to it. That is exactly what the big-union, Washington-based labor bosses are trying to do with their latest advertising campaign of fear and blatant disinformation.

You have possibly seen some of these ads on television. The latest is a real whopper, claiming that Congress is out to kill Medicare. Of course, exactly the opposite is true.

In fact, Congress is trying to save Medicare from impending bankruptcy by increasing spending at a slower rate than before. This is also what the President has proposed. So instead of Medicare spending going up 10 percent a year, the President and Congress propose that it go up about 7.5 percent.

So how can the Washington-based labor bosses get away with this blatantly false advertising? Well, they can not everywhere. Stations around the country, including some in Cleveland, have refused to run these Medicare ads because they are factually incorrect and misleading. In one on-air story, a TV station in Maine called this latest ad by the Washington labor bosses, "a callous and flagrant attempt to play upon the fears of senior Americans." Closer to home, a recent attack ad paid for by AFL–CIO members' dues was so bad that even Cleveland AFL–CIO general secretary Dick Acton admitted that it, "technically might be in error."

That the Washington labor bosses are flat-out lying about the issues is bad enough. What makes it even more about the issues is bad enough. What makes it even more outrageous is that they are using the forced dues of their hard-working members to pay for it. Washington's labor bosses have pledged to spend $500,000 this specifically to defeat me. That effort is being financed by a 36 percent hike in members' political dues. Yet on the vast majority of issues rank-and-rifle members do not agree with the positions of their out-of-touch bosses in Washington.

The union men and women I speak with overwhelming support time limits and work requirements for welfare recipients and tax relief for working families. They want term limits and a balanced budget. The Washington labor bosses oppose every one of those positions.

Perhaps even more telling is that 44 percent of union members consider themselves to be conservative, yet almost 100 percent of their involuntary political contributions go to Democrats. As a result you can understand why so many union members are rightly embarrassed and angry that their forced dues are being used to finance political campaigns they do not support.

It is sad that Washington's labor bosses care more about their own power then they do about the truth or the views of their members. They benefited enormously from the growing Federal Government under the old majority. And they are not about to sit idly by as the power that was once theirs is returned to its rightful owners, the people.

If we allow fear to triumph, we can just wave goodbye to a balanced budget, middle-class tax relief, and welfare reform, and say hello to higher taxes and more debt on the backs of our children.

It is up to the American people. Will it be snake oil and fear, or truth and courage?

RECOGNITION OF SAN LUIS OBISPO COUNTY PACIFIC GAS & ELECTRIC

HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. SEASTRAND. Mr. Speaker, San Luis Obispo County a few years ago launched a strategic plan to diversify its economic base. One of the key playes was Pacific Gas Electric Co. which with local leaders and stakeholders forged a long-term community economic development plan.

For its role, PG&E was recognized with the Edison Electric Institute's Common Goals Special Distinction Award for customer satisfaction. Tapan Monroe, PG&E's chief economist and manager of Community Economic Vitality Initiatives, came to Washington to receive the award from EEI President Thomas R. Kuhn in a Capitol Hill ceremony.

PG&E and other San Luis Obispo County businesses and interests staged an unprecedented regional conference that drew more than 400 attendees. One result was the establishment of the San Luis Obispo County Economic Vitality Corporation, a nonprofit unit taked with creating jobs and increasing investment in the county.

Dennis Hennessy, PG&E division manager, and his staff were involved in organizing the nonprofit corporation. PG&E continues to provide staff and consultant resources. PG&E employee Missie Hobson serves on the board and chairs the Community Preparedness Committee.

I commend all the partners and their good work in the San Luis Obispo County. Congratulations to PG&E on winning the EEI Common Goals Award.

IN RECOGNITION OF KIRBY WILSON, GOLD MEDALIST IN COURAGE

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LIPINSKI. Mr. Speaker, over the last few weeks in Atlanta, we have adorned many Americans with Olympic medals as a testament to their dedication and courage. Today, I rise to pay tribute to another true champion of courage, Kirby Wilson.

This special girl resides in Western Springs, IL. which is located in my congressional district. Kirby recently celebrated her 5th birthday with friends and family, where she received many gifts, such as a doll, bubbles, and kites. It would appear that Kirby enjoys a normal, healthy life, but unfortunately, she possesses a rare genetic disease. The illness, called Sanfilippo Syndrome, causes children to miss an essential enzyme that breaks down a complex body sugar. Consequently, the sugar slowly builds in the brain and stops normal development. Kirby's health will deteriorate as the disease produces hyperactivity, sleep disorders, loss of speech, mental retardation, dementia, and finally, death before she reaches age 15.

Unfortunately, there exists no cure for Sanfilippo Syndrome. Moreover, it is difficult to gather researchers and raise money for Sanfilippo Syndrome because it occurs in just 1 of every 24,000 births. Many lawmakers support funding more well-known diseases such as breast cancer and AIDS. These lawmakers feel that it is imperative to distribute funds that affect the most people. However, this should not diminish the severity of Kirby's heartbreaking situation. Thus, I have written a letter to Dr. Harold Varmus, Director of the National Institutes of Health, in support of funding research specifically for Sanfilippo Syndrome.

Meanwhile, Kirby's parents, Brad and Sue Wilson, have taken the initiative to form The Children's Medical Research Foundation. Kirby's parents have implemented hard work and sacrifice for the organization to engage in an active fundraising campaign. Brad and Sue Wilson planned the "Sweetheart Dinner Dance," "Kirby by Candlelight," and "The Fore Kirby Golf Fun Raiser." With the help of Kirby's friends, school, church, and family, these events have raised more than $140,000 for the Children's Medical Research Foundation. This is a testament to the good that can result from people working together for a common cause.

Due to the success of its fundraising, the Foundation has awarded a $40,000 research grant to Dr. Margaret Jones at Michigan State University. Currently, the Foundation is planning to issue a $100,000 research grant to Dr. Chet Whitley at University of Minnesota. Dr. Whitley will collaborate with Dr. Elizabeth Neufeld, a UCLA researcher that recently won the National Medal of Science for her exemplary research on the Sanfilippo Syndrome. The work accomplished through his research will benefit not only Kirby Wilson, but future children that will be diagnosed with the disease.

Mr. Speaker, if courage was an Olympic sport, Kirby and her parents would earn a gold medal. I only hope that one day, researchers will develop a cure to save Kirby and others afflicted with Sanfilippo Syndrome.

THE ISSUES OF THE TONGASS NATIONAL FOREST

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. YOUNG of Alaska. Mr. Speaker, the issues of the Tongass National Forest have been before the Congress for some time. Many of us were here in 1990 for the Tongass Timber Reform Act, which set aside 1 million acres of wilderness and unilaterally modified the two long-term timber contracts. Some of us remember the Alaska Lands Act of 1980, which set aside about 5 million acres of Tongass wilderness. But no current member was here for the first act of Congress specific to the Tongass—the Tongass Timber Act of 1947, which authorized the sale of timber from the Tongass for the purpose of local employment. At a time when debate over the Tongass becomes every day more contentious and confused it may be worthwhile to look back to that act. This history is relevant because the problems the 1947 act worked to solve are being recreated today by a handful of extremists.

The 1947 act was the culmination of a quarter-century-long effort to develop a stable, year-round industry in southeast Alaska. Before Congress authorized the sale of timber, thereby inducing the pulp companies to invest in Alaska, there was not much of an economy in southeast. Fishing was poor, tourism was nonexistent and the gold mines had been closed during the war. The population was small and transient—it was a hard place to raise a family. Congress decided, and President Truman agreed, that the sale of timber through long-term contracts would improve the situation, stabilize the economy of southeast Alaska and serve the interests of Alaska and the United States.

The contracts were in the interest of Alaska because they fostered a prosperous and stable economy. They were in the interest of the United States because Tongass forest products helped supply the post-war housing boom in the United States and were instrumental in the reconstruction of Japan. The contracts were necessary for defense purposes as well—Alaska had proven vulnerable in World War II and needed a stable population to secure the territory. All of these benefits were recognized in the House report that accompanied the 1947 Tongass Timber Act:

> A large-scale development of the timber resources in southeastern Alaska, involving the establishment of important business enterprises and the employment of many persons for extensive operations on a year-round basis, is essential to the maintenance of a prosperous and stable economy in the Territory. Heretofore, Alaska has been handicapped by the seasonal nature of the principal industrial activities conducted within the area. A timber program of the sort mentioned by the Secretary of the Interior would be of great benefit in assisting the people of Alaska to progress from the present dependence upon seasonal business operations. Moreover, such a development within the Territory would be of great value to the Nation as a whole, both from the standpoint of making available to the National economy valuable and sorely needed

products from the great forests in southeastern Alaska and from the standpoint of promoting national defense through increasing the population and industrial capacity of Alaska as our "Northern Rampart." House Committee on Agriculture, Report No. 873, July 10, 1947.

The Tongass timber industry was essential to those ends in 1947 and it remains so today. We still need a year-round economy in southeast Alaska. We still need a domestic supply of forest products to meet national and international demand. We still need a stable population base in Alaska for our national security. What is more, the only viable domestic timber supply comes from the Federal Tongass forest. Please keep this history in mind the next time the Tongass issue comes before Congress.

CONGRESS' COMMITMENT TO VETERANS

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. HAYWORTH. Mr. Speaker, on July 30, 1996, the House of Representatives passed two bills that are critically important to our Nation's veterans: H.R. 3586, the Veterans Employment Opportunity Act, and H.R. 3118, the Veterans' Health Care Eligibility Reform Act of 1996. These bills reaffirm Congress' commitment to veterans who came to the defense of our Nation in times of need.

H.R. 3586 responds to growing concerns that the viability of veterans' preference in the Federal work force is being threatened. When veterans leave the military to become civil servants, they should not be forced to start their careers over again. Rather, their military experience should carry over into their Government service. Unfortunately, Mr. Speaker, this is not always the case. That is why it is important for Congress to pass this legislation, and forward it to the President for his signature.

This bill rightly removes impediments veterans face during hiring, and strengthens their rights during agency downsizing. In addition, H.R. 3586 establishes, for the first time, a system for redress for veterans who believe their rights have been violated in the workplace. This legislation recognizes that veterans should have the same rights and privileges the rest of the work force enjoys. When veterans enter the workplace after serving their country, they will be no longer relegated to the status of second-class citizens. Rather, they will be rewarded with jobs that take into account their previous military experience.

While veterans need and deserve jobs, they also need adequate and expanded health care. For this reason, the House passed H.R. 3118, which will update and simplify rules governing VA medical care and substantially expand veterans' eligibility to receive treatment on an outpatient basis. As the VA moves from expensive inpatient care to more cost-effective primary and outpatient care, it is important that Congress recognizes the potential of serving more veterans at a lower cost in outpatient centers. H.R. 3118 moves toward this goal by helping the VA shift its focus to outpatient centers so that more veterans will be able to access these facilities.

Another key element of H.R. 3118 is expanded veterans' access to VA health care by eliminating statutory rules which for years have prohibited the VA from providing many veterans with routine outpatient treatment and preventive care. If this legislation becomes law, access will be expanded for veterans with service-incurred disabilities or low incomes by allowing them to receive their care at outpatient facilities, which has been prohibited by outdated rules. By shifting our focus to outpatient facilities, our Nation's veterans will be better served because these centers can provide care in less populated areas in a more cost-effective manner.

Mr. Speaker, let me conclude by saying this: Every one of our Nation's veterans is a hero. Without them, our country might not be able to enjoy the freedom and prosperity that we, as Americans, cherish today. Veterans have kept their promises to the Government. We must honor our commitment to them by providing veterans with the necessary tools for survival. These include work and health care. H.R. 3568 and H.R. 3118 provide veterans with more work opportunity and expanded health care, and these bills personify this Congress' deep commitment to the veterans who valiantly fought for our great country. I commend my colleagues for supporting this legislation, and will continue to work with them to pass important legislation that benefits veterans.

FED MOVES TO KEEP U.S. BANKS COMPETITIVE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LAFALCE. Mr. Speaker, I would like to commend the Federal Reserve Board for its proposal yesterday facilitating the ability of bank holding companies to compete with securities firms in underwriting debt and equity securities for their corporate customers.

In 1987, the Federal Reserve Board authorized the securities subsidiaries of bank holding companies—commonly referred to as section 20 subsidiaries—to underwrite and deal in corporate debt and equity securities to a limited degree. After 9 years of experience supervising the underwriting activities of section 20 subsidiaries, the Federal Reserve now believes it appropriate to make some modifications in the restrictions that currently apply to the underwriting activities of these section 20 securities subsidiaries. This is an appropriate and timely action by the Federal Reserve.

In 1987, when it first authorized section 20 subsidiaries, the Board established as revenue test to ensure compliance with section 20 of the Glass-Steagall Act, which prohibits a bank from affiliating with a firm "engaged principally" in securities underwriting and dealing. This revenue test limited the amount of revenue that section 20 subsidiaries could derive from underwriting and dealing in the types of securities that banks themselves were not allowed by the 1933 Glass-Steagall Act to underwrite—specifically, corporate debt and equity securities.

In order to gain experience with supervising the underwriting activates of section 20 subsidiaries, the Board initially limited the revenue derived from debt and equity securities to 5 percent of total revenue of the subsidiary. Then in 1989, the Board raised the limit to 10 percent.

Many observers of the financial services market have long believed that the 10 percent revenue limitation imposed by the Federal Reserve in 1989 was a very conservative interpretation of the "engaged principally" test in section 20 of the Glass-Steagall Act. And even if this limitation was justified in 1989, the Board has now benefited from many years of experience supervising the securities activities of section 20 subsidiaries and is confident that these subsidiaries have operated in a safe and sound manner.

Based on its substantial experience, the Board has now concluded that the current 10 percent revenue limitation is unduly restrictive of the underwriting and dealing activities of section 20 subsidiaries. Therefore, the Board is proposing to increase the revenue limit from 10 percent of total revenues to 25 percent.

This decision by the Federal Reserve to use its clear authority under existing law is absolutely essential. In the absence of congressional action, it is the only way to keep our banking system competitive. Despite lengthy debate, this Congress will not be able to pass a broader financial modernization bill repealing the relevant sections of the Glass-Steagall Act, in order to allow full affiliation between banks and securities firms, with appropriate prudential safeguards. Given this reality, it is essential that the Federal Reserve exercise its authority to interpret existing law in a manner that is responsive to developments in the financial marketplace.

It should be emphasized that the House Banking Committee did take appropriate action last year with respect to repealing and modifying various sections of the Glass-Steagall Act. Regrettably, the broader financial modernization legislation ultimately became entangled in disagreements among affected parties. It would certainly be preferable for Congress to be able to pass truly comprehensive financial modernization legislation, providing a level playing field for all participants. However, the reality is that such an outcome is not possible this year.

It should be acknowledged that for many years the financial market has been evolving in a way that clouds the distinction between banking and securities activities. This is particularly true with respect to the activities of financial institutions—both banks and securities firms—that conduct a wholesale business directed at meeting the financing needs of corporate clients. These corporations are looking for a financial institution able to serve all their financing needs—borrowing, issuing securities, arranging private placements, risk management, and so forth. Wholesale financial institutions need to be able to provide those financing services as efficiently as possible, without segmenting their business in ways that have little to do with safety and soundness.

Having been successful in winning substantial underwriting business from corporate customers, some of the section 20 subsidiaries affiliated with the largest money center banks—including those of J.P. Morgan & Co., Bankers Trust New York Corp., and Chase Manhattan Corp.—are very close to their revenue limit. Without an increase in the revenue limit, some section 20 subsidiaries would therefore be restricted in their ability to compete with securities firms for the underwriting business of corporations, thereby decreasing competition in the underwriting market.

On the other hand, if the Federal Reserve's proposal is implemented and the revenue limit in increased, the effect will be to enhance competition in the corporate underwriting market, bringing the potential to benefit corporate issuers with lower underwriting costs. Such lower underwriting costs are ultimately passed through to consumers and shareholders, and also stimulate job creation.

As part of this proposal to increase the revenue limit for section 20 subsidiaries, the Board is also proposing for the second time revisions to three of the prudential limitations, firewalls, established in its original section 20 decisions. Specifically, the Board is proposing to ease or eliminate the following three restrictions on section 20 subsidiaries: First, the prohibition on director, officer and employee interlocks between a section 20 subsidiary and its affiliate banks, the interlocks restriction; second, the restriction on a bank acting as agent for, or engaging in marketing activities on behalf of, an affiliated section 20 subsidiary, the cross-marketing restriction; and third, the restriction on the purchase and sale of financial assets between a section 20 subsidiary and its affiliated bank, the financial assets restriction.

These firewall issues are relatively technical in nature. In general, however, the Board is confident that these firewall modifications can be made without in any way threatening the safety and soundness of the bank affiliate of section 20 subsidiaries, causing confusion to customers, or having a harmful affect on the operations of the section 20 subsidiary itself.

Again, I commend the Federal Reserve Board for its proposal and encourage my colleagues to support the Board in carrying out its authority to interpret banking laws in a manner which encourages a competitive marketplace able to respond to the needs of all consumers.

25 YEARS OF EXCELLENCE

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. DELLUMS. Mr. Speaker, I rise to honor the 25th Anniversary of Community Economics, Inc., a nonprofit organization in Oakland, CA instrumental in helping communities in Northern California's Bay Area and throughout the United States pursue the important goal of providing decent, safe, affordable housing to residents and communities. I also wish to acknowledge and honor co-directors Janet Falk and Joel Rubenzahl who have provided a combined 37 years of service as dedicated staff members to Community Economics. These remarkable individuals have spent a total of 50 years committed to the development of housing for low-income people.

Community Economics, in 1971, began as the Community Ownership Organizing Project, to study opportunities for community-based economic development. Recognizing the critical need for affordable housing, the organization later focused its resources to develop programs for such living units and incorporated as Community Economics in 1977. The growth of Community Economics, paralleling the growth of nonprofit organizations, became the key vehicle for providing affordable housing and other greatly needed services in our communities.

Community Economics has supported and worked with numerous such nonprofits, providing technical assistance and helping to secure funding, and investor dollars for the development of safe, decent, attractive, and affordable housing. With the introduction of the Federal Law Income Tax Credit in 1986, Community Economics helped lead the way, assisting nonprofit organizations to best utilize the program and enabling corporate investors to form partnerships directly with nonprofits, maximizing the investment dollars to benefit communities. Over the past 25 years, Community Economics has worked with nonprofit organizations to develop over 13,000 units of housing for low-income families, seniors, and people with special needs.

After joining the organization in 1976, Joel Rubenzahl led the organization's move into the area of housing and its work with corporate investors. This is his twentieth year with Community Economics. In her 17 years with Community Economics, Janet Falk has made important contributions in the areas of advocacy and public policy development, in addition to her work with nonprofit organizations. I join the many organizations and individuals in our activist community to honor Community Economics on the occasion of its 25th Anniversary. We also honor Janet Falk and Joel Rubenzahl, along with the many nonprofit organizations and the individuals that staff them, for their hard work and dedication to the daunting task of providing decent, safe, and affordable housing for all our people.

HONORING ANATOLI BOUKREEV

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. RICHARDSON. Mr. Speaker, it is my privilege to honor an outstanding resident of my State. Anatoli Boukreev, a Russian mountaineer currently residing in Santa Fe, NM, displayed outstanding courage and uncommon valor by personally saving the lives of three Americans during a snow storm on Mount Everest in mid-May.

On May 10, 1996, a snow and ice storm surprised a large group of climbers in a perilous position on the mountain. As the group broke down into smaller teams in an effort to reach a base camp, Boukreev set out ahead to prepare warm drinks and obtain extra oxygen. As the storm worsened, it became evident to Boukreev that he needed to return up the mountain to help the others. Disregarding the grave danger he was placing himself in, he climbed up the mountain two additional times to save other climbers. By the time he was through, he had been climbing for 24 straight hours.

Boukreev performed a heroic act of which Americans as well as fellow citizens of Russia can be proud. He thought first of others, only succumbing to his own needs when physical exhaustion betrayed him. I am honored to have him as a constituent.

Boukreev has lived in the United States since the ordeal. He is a professional mountaineer, and has an impressive list of climbing accomplishments and related achievements. He is considering establishing part-time residency in the United States and would like to become involved with American climbing groups.

I urge my fellow members to join me in commemorating the bravery of Anatoli Boukreev and congratulating him on his heroic act.

HONORING PVT. MICHAEL A. CHILDRESS

HON. ALBERT RUSSELL WYNN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. WYNN. Mr. Speaker, August 2, 1996 marks a special day for my constituent, Private Michael A. Childress, Jr. of Capitol Heights, MD, as he inaugurates his life defending his country.

Private Childress has made the most honorable decision an American can make to defend his country. Private Childress graduated from Coolidge High School in 1993 and began a promising future as a student at St. Augustine College in Raleigh, NC; however he received the call to defend his country and as a result made the decision to pursue a military career.

Private Childress is an outstanding soldier and has shown exemplary service. He began his career in basic training as platoon leader and continued in a leadership position throughout Advance Individual Training as a class leader. Private Childress will graduate from Advanced Individual Training with the Leadership Award.

Mr. Speaker, I hope my colleagues here in the U.S. House of Representatives will join me in extending congratulations and very best wishes to Private Childress on this momentous occasion.

A TRIBUTE TO LITTLE FLOWER CHILDREN'S SERVICES

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Little Flower Children's Services of Wading River, Long Island, and to the miraculous work this organization does in caring for more than 3,000 infants and children who have lost their most precious possession—their families.

Celebrating its 67th year of existence, Little Flower has grown to become one of Long Island's most respected institutions because of their tireless efforts for these orphaned youngsters of all races, ages and religions. These lost and desperate children come to Little Flower from throughout New York City, Nassau and Suffolk Counties.

The agency was founded in 1931 by the pastor of St. Peter Claver Church in Brooklyn, with the support of hundreds of loyal parishioners who raised funds to purchase a farm in Wading River, along the rural North Shore of Suffolk County. The site was used to build a residence and school for the homeless, inner-city children of New York.

Little Flower Children's Service continues to reach out and offer hope to thousands of children. The 700-member staff administers high-quality human service programs, including a Residential Treatment Center, family foster care, day care, community group homes, adoption services, care facilities and foster homes for children and adults with physical or mental disabilities. The agency has also pioneered an innovative foster care and adoption program to serve more than 2,000 infants who have been abandoned to languish in city hospitals, babies who require protective care in an hour's notice and infants stricken with the deadly AIDS virus.

Little Flower's guiding philosophical principle is simple: Children grow up best in families. Families make it happen and Little Flower is dedicated to finding loving, nurturing families for children who have lost theirs. The youngsters sent to Little Flower have been separated from their parents by illness, poverty, death or some other tragedy of life. How they got to Little Flower is aways much less important than locating a supportive, caring family for them in which to grow and learn. Little Flower's main objective is to reunite each child with their own family, but if that's not possible then they endeavor to find a new family longing to adopt a child.

In an imperfect world, where infants and children are sometimes left without families, there is a desperate need for Little Flower's services. In this great Nation of ours, no child should ever have to grow up without their parents' love and support. But when a child is left alone in this world, we should all be grateful that the parishioners of St. Peter Claver Church had the foresight to establish Little Flower Children's Services. We are all richer in our souls for their benevolence.

A TRIBUTE TO JOHN DECKER

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. SOLOMON. Mr. Speaker, if you or other Members have ever been in my office, no doubt you've seen the fire helmets lining the walls. I must have hundreds of them. They are symbols of enormous respect and admiration I have for firefighters.

It's not just that I used to be a volunteer firefighter myself in my hometown of Queensburg. It's more than that. I could sum up my feelings about firefighter in two words: John Decker.

John Decker is celebrating his 50th year as a volunteer firefighter. By that yardstick, John Decker is a giant.

Let me tell you a few things about volunteer firefighters in general. These are ordinary citizens from all walks of life who represent the only available fire protection in rural communities like the one I represent. In New York State alone they save countless lives and billions of dollar's worth of property. They surrender much of their time, not only to respond to fires but to upgrade their skills with constant training. Fighting fires is dirty, exhausting, and frequently dangerous work. Volunteer firefighters approach that work with a selfless dedication and the highest degree of professionalism.

Typical of these volunteers, or, I should say, more than typical is John Decker. He joined the Hose Company #1 in Catskill, NY 50 years ago. There is no way to calculate the lives and property he has helped save in those 50 years, the number of hours he has spent in that effort, or the number of younger firemen he has inspired.

He has served on numerous committees, as far back as 1947, John Decker was a delegate to the Greene County Volunteer Firemen's Association. From 1949–1956, he served on the board of directors, in 1959 as financial secretary, and in 1977–1984 and 1991–1992 as the corresponding secretary. His contributions go far beyond his firefighting, he played a more active role in his community.

Mr. Speaker, I've always been one to judge people on what they return to their community. By that measure, John Decker is truly a great American.

Please join me, Mr. Speaker and all Members, in saluting a firefighter's firefighter, John Decker for his 50 years of service, and in wishing him many more years of health.

TRIBUTE TO GEORGE JOHNSON

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. WOLF. Mr. Speaker, today I would like to bring the accomplishments of Dr. George W. Johnson, former president of George Mason University, to the attention of the House. After 18 years as GMU's fifth president, Dr. Johnson retired 1 month ago today. During Dr. Johnson's tenure as president, the university saw unprecedented growth and earned the respect of the Northern Virginia community in addition to national business and educational leaders.

Named after the Father of the Bill of Rights and one of Virginia's delegates to our Nation's Constitutional Convention, George Mason University was founded in 1972 as the Commonwealth of Virginia's public 4-year university in Northern Virginia.

At the risk of excluding important events at GMU during the past 18 years, I would like to point out a few highlights in which Dr. Johnson should take great pride. They include the addition of campuses in Arlington and Prince William counties and the opening of the George Mason University School of Law which was named as the "Top Up and Coming" law school in the Nation by U.S. News & World Report. Dr. James Buchanan, professor of economics, was awarded the Nobel Prize in 1986 for his work in public choice economics. In addition, enrollment at GMU has more than doubled to over 24,000 in the past two decades.

Datamation, a management magazine for computing professionals, recently cited George Mason's partnerships with Northern Virginia business among the Nation's best with Carnegie Mellon, Stanford University, Massachusetts Institute of Technology, and the University of Pennsylvania's Wharton School of Business. Rarely before has an educational institution forged a stronger relationship with businesses in the community. Together, George Mason and the high technology businesses of the region have constructed a world class educational and professional partnership.

Evidence of Dr. Johnson's appreciation for diversity is the completion of a spectacular concert hall and fine arts center a stone's throw from George Mason's 10,000 seat Patriot Center where Washingtonians visit to attend concerts, sporting events, and shows. Co-located on the campus is the athletic field house which plays host to one of the world's annual premiere track and field events—the Mobil 1 track meet. Over the past several years, the world's best track and field athletes have come to Mason and set world records.

Mr. Speaker, in addition to the accomplishments of Dr. Johnson, his wife Joanne's remarkable contribution to the arts and the Northern Virginia community should not be overlooked. Joanne Johnson has been active in organizations such as the Hospice of Northern Virginia, Woodlawn Plantation Council, Partners for Livable Communities, and the Learning in Retirement Institute.

Together, Mr. Speaker, George and Joanne Johnson have left a legacy of dedication and commitment to education in our community for which Virginians will be forever grateful.

SAVING FOR COLLEGE

HON. CONSTANCE A. MORELLA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. MORELLA. Mr. Speaker, in an effort to help families save for college, I am introducing a resolution to encourage States to adopt programs that will allow parents to pay for their child's college education years in advance and at a fixed rate.

Throughout history, American families have believed that a good education provided the path to a better life. Indeed, the earnings advantage of completing college increased between 1970 and 1993 for both males and females. According to the Department of Commerce, a person with a bachelor's degree will average 55 percent more in lifetime earnings than a person with a high school diploma.

However, college costs have risen rapidly in both public and private institutions. Over the past 15 years, the average tuition at private colleges has increased 90 percent, and at public institutions tuition has risen 100 percent. Moreover, the median family income during the same period rose only 5 percent.

For most Americans, student loans are the primary source of education funding. From the G.I. bill to Pell grants and the Stafford Loan Program, financial aid has enabled millions of working class families to send their children to college. While one option in addressing the rising cost of college would be to increase student financial aid, a sensible alternative approach would be to encourage families to save for college.

Several States have adopted "tuition prepayment programs" that offer families a systematic approach to saving for college. These prepaid tuition programs provide families with a plan under which they can set aside a fixed amount each month, based on the number of years remaining before the beneficiary enrolls in college. Under most of these plans, participation guarantees that tuition will be "locked-in" at today's prices, helping families fight inflation.

The State of Florida has an excellent program that has been operating for eight years with great success. Florida has sold more than 327,000 contracts to residents planning ahead for their children's college education. I am pleased that my own State of Maryland is planning to adopt a prepaid tuition program to help residents who are concerned about preparing for their children's future.

There are several reasons for encouraging more States to adopt plans that promote college savings:

Additional savings might enable some students to consider more expensive public as well as private schools. Consequently, families will have more choice as to which schools their children might attend. Additional savings may enable a student to live on campus rather than at home, and to attend school full-time rather than part-time.

Savings for college encourages parents to begin thinking about their children's education and planning for their future. Planning ahead might encourage parents to set higher educational standards and goals for their children.

Providing plans to encourage college savings reduces the need for student loans, which could reduce student debt and the student default rate.

Mr. Speaker, I have long supported measures to help students pay for college. At present, approximately 500,000 families nationwide participate in tuition prepayment programs that make college more affordable for middle-class families. I believe that all of our States should provide prepaid tuition or other savings plans to give American families everywhere the opportunity to save for their children's college education in advance. Helping our nation's families send their children to school is crucial to the economic strength and the cultural growth of our country.

THE NEWLY INDEPENDENT NATION OF UKRAINE

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TORRICELLI. Mr. Speaker, I rise to recognize the newly independent nation of Ukraine which observes the 5th Anniversary of its independence on August 24. Over the past 5 years, the people of Ukraine have made dramatic progress in their struggle to build a free and democratic society. The Commission on Security and Cooperation in Europe and other monitoring groups report that Ukraine has the finest human rights record of all former Soviet republics. This summer, the Ukrainian Parliament passed a new Constitution which enshrines the principles of liberty, equal rights and free enterprise. Working with American corporations and private voluntary groups, President Leonid Kuchma has mounted an inspiring campaign to overcome the tragic legacy of the Chornobly nuclear disaster, to privatize local enterprises and to revitalize the eternal life of ethnic and religious minorities which had long been suppressed under the Soviet system.

I am proud to acknowledge the remarkable accomplishments of the Ukrainian-American community in my home state of New Jersey which kept faith with the people of Ukraine during the long dark years of Soviet rule when hopes of winning freedom seemed to be remote and dim.

I especially wish to acknowledge the outstanding work of the Children of Choronbyl Relief Fund (CCRF), based in Short Hills, NJ, which over the past 6 years has become the leading provider of medical aid to Ukraine. On a modest budget of under $3 million, CCRF gas leveraged more that $40 million worth of humanitarian aid to the hospitals which specialize in the treatment of radiation victims. I am pleased to support a new Women's & Children's Health Initiative which CCRF has launched in three provinces in Ukraine with a grant from the Monsanto Company to combat the high rate of infant mortality in rural regions. Monsanto has helped many Ukrainian farmers to quadruple their crop yields with modern agricultural techniques. Its unique partnership with CCRF offers a model for similar initiatives in other developing countries.

We should all do everything in our power to promote the cause of freedom in Ukraine, to build a health future for Ukraine's children and to strengthen the growing friendship between Ukraine and the United States.

CONFERENCE REPORT TO H.R. 3734, BUDGET RECONCILIATION—WELFARE REFORM

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Ms. ESHOO. Mr. Speaker, yesterday the House passed a welfare reform proposal that I believe will not achieve its stated purpose of breaking the cycle of poverty and return people to the workforce. I voted against the bill because it sacrifices the legitimate needs of legal immigrants, those trying to reenter the workforce, and children who through no fault of their own are in the need of assistance.

I support reforming the welfare system and I have voted for reforms such as those included in the bipartisan proposal by Congressmen TANNER and CASTLE. That proposal would have achieved real reform while keeping children fed and out of poverty, and providing the necessary funding for people to move from welfare into the work force.

In short, the Tanner-Castle legislation represented responsible reform. The conference report did not.

This is billed as "welfare reform." It is a scale back of benefits. It hurts children who have no control over their economic circumstances.

It fails on the issue of legal immigrants who have played by the rules we established for living in the United States. In abdicating this responsibility, the Federal Government places a heavy financial burden on local governments. In California alone, additional costs of as much as $10 billion could burden counties over the next 6 years.

Finally, the level of financial commitment that States must meet is inadequate to address the job which is being promised. The Tanner-Castle proposal guaranteed an 85 percent maintenance of effort by states. In other words, States must spend at least 85 percent of what they spent in 1994 on welfare programs and yet the conference report allows States to spend only 75 percent on their 1994 welfare budgets. The Congressional Budget Office has stated that under this bill states will have to provide additional services without additional money. Welfare recipients may find new job training opportunities, but at what cost? Less food? Less child care? These are the choices with which Congress has burdened our local governments by passing this bill.

I could not, in good conscience, support a phony reform bill that so clearly fails to provide the resources needed to move individuals from welfare to work. It hurts the innocent—the children—and my Faith, not a party nor a President nor political winds, gives me the foundation on which I cast my vote.

THE FORGOTTEN TIMORESE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. PORTER. Mr. Speaker, I recently read an article in the Washington Post that discusses the increasing repression of the people of East Timor by a brutal Indonesian Government and accuses the world, including the United States, of just not caring.

Mr. Speaker, the situation in Indonesia is nothing new—since 1975 when Indonesia invaded East Timor and annexed it the following year, the peaceful citizens of East Timor have lived under daily brutal assault. Just 4 years ago, Indonesian troops killed more than 250 peaceful mourners in a cemetery in Dili, the Timorese capital. In response to this reprehensible act, the Congress cut off all military training aid for Indonesia.

Last year, Congress agreed, despite the strong objection of many Members, including myself, to renew military training aid for Indonesia upon the condition that the human rights situation would improve over the course of the year. Mr. Speaker, I am sad to report that instead of improvement, we saw deterioration in the human rights situation throughout 1995. The 1995 State Department Country Report on Human Rights Practices section devoted to Indonesia spells out very clearly Indonesia's lack of progress on the human rights front.

And what do we do in light of deteriorating human rights conditions in East Timor? We vote, unbelievably, to give more military training aid to Indonesia for fiscal year 1997. Mr. Speaker, this sends the wrong message to the Indonesian Government. First, by saying one thing and doing the opposite, we give the impression that we do not mean what we say. This type of behavior gives us little credibility in the future to try to pressure the Indonesian Government to reform its oppressive ways. Second, by giving more military aid to a government whose human rights policies we find unconscionable, we give the Indonesian Government the go ahead to keep committing human rights abuses. Mr. Speaker, we must not continue to send mixed messages. We must send the strong, clear message that we will not tolerate such atrocious behavior. We must let the people of East Timor know that we care about them, and that they are not forgotten.

Mr. Speaker, as the world leader, the United States has the wonderful opportunity, and I argue obligation, to help improve conditions worldwide. We must not waste our chance to help the peaceful people of East Timor live free from daily fear and oppression.

"ANSWERING AMERICA'S CALL"

HON. BILL ORTON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. ORTON. Mr. Speaker, each year the Veterans of Foreign Wars of the United States and its Ladies Auxiliary conduct the Voice of Democracy broadcast script-writing contest. It is a truly worthwhile program that not only gives our youth academic support through scholarship awards, but also gives them the opportunity to become more acquainted with local veterans. The contest theme this year was "Answering America's Call."

Today, I am proud to recognize a bright, young member of my district, Michael Fox, for his patriotic writing ability. Michael and 53 others were chosen from a group of more than 100,000 participants to receive scholarships that will provide crucial assistance in meeting the costs of higher education. I am pleased to pay tribute to Michael Fox by presenting his award-winning script to the U.S. Congress.

The following is a copy of Michael Fox's winning script:

ANSWERING AMERICA'S CALL

(By Michael Fox)

For every generation of this great nation, since before it was christened America, there has been at least one great call. A resounding call for decisive, cooperative, forceful action. Each great call centers around a crisis which if left unresolved would compromise or even destroy the wonderful land that is the United States of America. A great call is heard by every citizen in every corner of the land, and each is answered by the champions of America. It is thanks to these brave heros, the champions of America that this nation exists today as the greatest on earth.

The standard for the great American hero was set in the early days by the father of our country, George Washington and the army that followed him in rebellion against the oppressive tyranny of England. This army was raised out of a haphazard group of farmers who made up for what they lacked in classical military know-how with courage, smarts, rugged individualism and honor. The sheer, rabid will to fight, and the selfless willingness to give up their lives so that their families could be free won the day for that heroic legion.

After that conflict, in which America won the right to rule itself, another kind of hero emerged. This hero had the same moral qualities as the men of Washington's army. Many in fact were veterans. But they responded to a different call. Theirs was the burden of leadership, of establishing order, and striking a balance between government rule and personal freedom. The qualities of the American hero gave these men the ability to build a nation such as none before it. They had the insight to realize that people, if given the chance, could rule themselves better than any king. They had the courage to try out new ideas on a national scale. And they had the honor to keep the new government free of the kind of power-hungry corruption that hindered France on it's path to freedom.

The success of these early American champions in hearing and answering the call of America set a precedent, and defined our national character. It is the men and women in possession of this virtuous national character, that have carried us through every hardship. It is the ability of this American champion to answer the call with brave deeds and wise words that has brought the nation intact through every war, every depression, and every catastrophe.

But the great calls of America are by no means the only ones. The heroic deeds recorded in history books are in and of themselves not sufficient to maintain America. The true American champion need not fight in a revolution or rescue his nation from an economic disaster. For the spirit of the American champion is powerful when applied to every aspect of life. The characteristics of George Washington can be observed every day in the people who beat back the criminal element that grows in our cities like a cancer, in the people who work to build and feed not only America but also the less fortunate countries of the world, and in the people who teach the children so that the next generation of Americans may be as wise, brave, and honorable as the first. These people who answer the subtle calls of America are the glue that holds the nation together.

If our nation is to continue to grow and progress, each of us must be committed to the ideals of the American champion. Each of us must be ready for America's next great call. But in the absence of a great call, each of us must be sensitive to the little calls. And when the call comes, we'll fight. We'll never run away. Because ever since America began, the land of the free has also been the home of the brave.

CHRISTINA CABRERA, VOICE OF DEMOCRACY CONTEST WINNER

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. CASTLE. Mr. Speaker, I am pleased to call the attention of the House to the work of Christina Cabrera of Seaford, DE. Christina is Delaware's State winner of the Veterans of Foreign War's Voice of Democracy scriptwriting contest and has also been named a national winner and recipient of a $1,000 scholarship award from the VFW. I congratulate Christina, her family, and VFW Post 4961 in Seaford, DE for sponsoring this excellent program.

As my colleagues know, the VFW has sponsored the Voice of Democracy Competition for 49 years to promote patriotic and civic responsibility among our young people and to help them attend college through the scholarship awards. The competition requires students to write and record a 3 to 5 minute essay on a patriotic theme. This year, over 116,000 students participated in the contest on the theme: "Answering America's Call." I am very proud to share with the House, Christina's excellent essay on the need for young people to answer the call and become actively involved in making our country a better place to live.

Again, congratulations to Christina, the Cabrera family, and the members of VFW Post 4961 for their fine work.

ANSWERING AMERICA'S CALL

(By Christina Cabrera)

Ring. Ring. Hello. Hello, this is America calling. Oh, hello.

I am calling to tell you that America as we know it is slowly deteriorating. The percentage of teenage pregnancy, alcohol abuse, and violence is every increasing. As for adults, the percentage of registered voters that actually vote is declining, unemployment is a widespread concern, and everyone seems to be pointing a finger of accusation at everyone else in a childish blame game.

I know all of this, but why are you calling me? I am calling you because, as a member of today's youth, you are a part of tomorrow's leaders. You are the only chance America has.

This phone conversation, though somewhat silly, is more serious than it appears. Unfortunately, many adolescents and young adults are not answering the call for action to make this country an even better place than it is. Though Americans are already free, the need to be productive and successful is important as well. Americans owe it to themselves as a nation, and to the memory of those who gave their lives for freedom and made the United States the country it is today.

There are several ways one can answer the call. One way is to volunteer. Community service is always appreciated by those who are being helped. Working at a soup kitchen, visiting the sick or shut-in, or babysitting for free the kids down the road whose mother is struggling to make ends meet are all simple ways to make one's community better. Another way to answer America's call is to devote oneself to a political or humanitarian cause. Help make public service announcements concerning violence or drug and alcohol abuse. Join the staff of a Planned Parenthood Clinic or a Suicide Hotline. An increasing number of persons using these facilities need someone to talk to. Many options are available, and the experience is worth the effort. A final way to answer the call is to make a big step and join the military. This provides an opportunity for one to defend one's country, an important job in today's nuclear-weapon-stocked world. It does not matter what one does, as long as one takes the initiative to help out instead of waiting for others to do so.

The most important part of answering America's call is to cease playing the blame game. By making oneself a victim and shifting the blame on everyone else, one only adds to the problems plaguing our country. Instead of complaining that society treats women unfairly, join a group that advocates change. Instead of complaining that racial minorities are unequally treated, write to Congress and let them know. If change is to be brought about, it will only occur if everyone helps to make it happen.

By answering the call, not only will Americans be helping the United States become a stronger nation, but will also be setting an example for others to start contributing their talents to make America a better place. When everyone begins doing their part, a magnificent nation will emerge.

TRIBUTE TO BERNADETTE F. BAYNE, ESQ.

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TOWNS. Mr. Speaker, as a jurist and practicing attorney in Brooklyn for over 25 years, Bernadette F. Bayne has epitomized hardwork and dedication. A graduate of Pace University and New York University School of Law, Ms. Bayne served as a criminal court judge for the city of New York from 1991 to 1994. Prior to this distinguished honor, Ms. Bayne used her legal expertise to improve the quality of life for New York City by serving as an administrative law judge for the New York State Workers' Compensation Board, as a former commissioner of the New York City Civil Service Commission, and as staff attorney for the criminal defense division of the Brooklyn Legal Aid Society.

Currently, in private practice, Ms. Bayne is admitted to practice in New York State, the Federal courts for the Southern and Eastern Districts of New York, and the Court of Appeals. Her various professional affiliations include the Metropolitan Black Bar Association, Kings County Criminal Bar Association, Brooklyn Women's Bar Association, Bedford Stuyvesant Lawyers Association, and the Association of the Bar of the City of New York.

Ms. Bayne and her husband, Bernard, are the proud parents of two children, Tracy and Michael. I am pleased to introduce Ms. Bayne to my colleagues.

TEENAGE PREGNANCY REDUCTION ACT OF 1996

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. LOWEY. Mr. Speaker, I am pleased to introduce the Teenage Pregnancy Reduction Act of 1996, a bill that has bi-partisan support. This bill will provide for in-depth evaluation of teen pregnancy prevention programs nationwide.

This bill is one of the first initiatives of the Congressional Advisory Panel to the National Campaign to Prevent Teenage Pregnancy—a bi-partisan panel that was announced earlier today. I am very proud that I am introducing this bill with my co-chair of the Advisory Panel, Rep. MIKE CASTLE, and the vice-chairs of the Advisory Panel, Reps. NANCY JOHNSON and EVA CLAYTON. Several other members of the Advisory Panel join us as original co-sponsors.

This bill provides for very needed in-depth evaluation of promising teen pregnancy prevention programs. At a time when we are discussing making serious investments in teen pregnancy prevention programs, it is critical that we understand which programs are truly effective, why they are effective, and whether they can be replicated in other communities.

Teen pregnancy is one of the most critical issues facing America today. The explosion of out-of-wedlock teen births in the United States is a moral crisis that threatens to undermine our Nation.

Each year, 1 million American teenagers become pregnant and approximately 175,000 teens give birth to their first child. The number of teen mothers in the United States has risen by 21 percent in the last decade. As a result, the United States now has the highest teen pregnancy rate in the Western World.

The odds are stacked against the children of teen mothers from the minute they are born. These children are more likely to be born prematurely and have lower birth weights than other children. As they grow older, the children of teen mothers are more likely to drop out of high school, wind up in jail, or end up on welfare.

Teen mothers also face serious problems. They are more likely to drop out of high school and end up on welfare. In fact, a new report just released by the non-partisan Robin Hood foundation revealed that the teen pregnancy crisis costs our Nation an estimated $29 billion a year in increased education, welfare and prison expenses.

As a nation, we can no longer afford the consequences of teen pregnancy.

We must provide teens with positive options to pregnancy. We must expand employment and educational opportunities for teens so that they have realistic alternatives to pregnancy. Public policy must help our children learn and help them to get jobs.

Community leaders must also speak out and use their influence. Our Nation's culture must change. We must encourage America's teens to remain abstinent and responsible before marriage. We must restore the stigma that used to accompany teen pregnancy and make it very clear to America's teens that pregnancy is just not an option.

Teen pregnancy robs teens of both their childhood and their futures. It also robs their children, and their children's children. As leaders in our communities, we must speak out on this issue. This bill is one of the first steps we need to take in order to break this tragic cycle.

INTRODUCTION OF THE HIV PREVENTION ACT OF 1996

HON. TOM A. COBURN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. COBURN. Mr. Speaker, it has been just 15 years since the first cases of AIDS were recognized. The first thousand cases had been reported to the CDC by February 1983. The cumulative incidence of reported AIDS reached 10,000 in the spring of 1985, only 2 years later. The cumulative number of cases reached a total of 513,486 by the end of 1995. Of these, 319,849 were known to have died. Clearly, this is an epidemic of historic proportion that is continuing to grow.

While no cure exists for AIDS, we know enough about the disease to prevent its spread completely. For instance, we now know that AIDS is caused by the human immunodeficiency virus [HIV] and is actually the end stage of HIV infection. We also know that the disease is transmitted through the exchange of body fluids and it attacks the body's immune system, eventually leaving the body unable to fend off disease.

What we do not know is the extent of the disease. We have failed to employ the public health procedures which have been successful in curtailing other epidemics in our efforts against HIV. These include confidential HIV reporting and partner notification.

We have made an effort to report cases of AIDS on a State and National level but not cases of HIV. We do not make it a priority to notify those who may have been exposed that their lives may be endangered.

Put simply, the Federal Government and the public health community have been AWOL in the battle against HIV. Sound medical practices have been abandoned and replaced with political correctness. HIV has been treated as a civil rights' issue instead of the public health crisis that it is.

Today, I am happy to introduce the HIV Prevention Act of 1996 in an attempt to return sound medical practices to our Nation's public health policy and curtail the spread of the deadly HIV epidemic.

Recent scientific breakthroughs make prompt passage of this bill extremely important.

Many of the world's top HIV scientists have suggested that it may be possible to eradicate the virus from the body and completely suppress it by using a combination of new HIV drugs. Some believe that these drugs may transform HIV from a terminal disease into a chronic disease like diabetes or heart disease. However, researchers agree that the success of these drugs depends upon getting treatment early.

This bill aims at protecting the uninfected and at helping those who are infected to discover their status as early as possible to maximize the opportunities now available.

The following is a section-by-section summary of the proposal.

IMPROVED HIV EPIDEMIC MEASUREMENT

The HIV Prevention Act establishes a confidential national HIV reporting effort.

Currently every State reports AIDS cases, which is merely the end stage HIV infection. By confidentially reporting new cases of HIV, those responsible for control of the disease can more accurately determine the current extent of the epidemic as well as future trends, rates of progression, direction of spread, possible changes in transmissibility and other critical factors of disease control. Such information will allow for the development of long-term strategies based on reliable data.

PARTNER NOTIFICATION

The HIV Prevention Act would require States to inform individuals if they may have been exposed to HIV by a current or past partner.

Partner notification is the only timely way to alert those in danger of infection and is the standard public health procedure for curtailing the spread of virtually all other sexually transmitted diseases.

Partner notification essentially requires two steps. The fist is counsel all infected individuals about the importance of notifying their partner or partners that they may have been exposed. The second is for their doctor to forward the names of any partners named by the infected person to the Department of Health where specially trained public health professionals complete the notification. In all cases, the privacy of the infected person is, and must be, protected by withholding the name of the infected person from the partner being notified.

Notification allows for early medical treatment which can prolong and improve lives. It also curtails the spread of HIV, and therefore, saves lives.

Studies confirm that only *10 percent or less* of people who have recently tested HIV-positive manage, by themselves, to notify their partners.

Between *50 percent and 90 percent* of those who tested positive cooperate voluntarily with notification. Further, even higher proportions of those partners contacted- usually 90 percent or more- voluntarily obtain an HIV test.

An overwhelming number of Americans believe that the rights of partners of those infected with HIV should be balanced against medical privacy rights held by the infected partners according to a poll published in the New York Post.

Legislation requiring spousal notification has already been signed into law (Public Law 104-146). It makes perfect sense to expand notification to all of those who may have been exposed to HIV.

The Centers for Disease Control and Prevention has concluded that even if only one in 80 notifications results in preventing a new case of HIV-infection, given the huge medical and social costs of every case, notification pays for itself.

The American Medical Association (AMA) has endorsed non-consensual partner notification for HIV infection and CDC has required states to establish procedures for partner notification for AIDS.

More than 30 states have enacted specific HIV partner notification provisions as of July 1994 and several others have passed laws allowing for the disclosure of HIV information in response to a court order.

It is estimated that between 630,000 to 900,000 Americans are living with HIV infection and about 50,000 people became infected with HIV each year. Sadly, most of those infected do not know it and do not get tested until they are already sick with AIDS-related disease. By this point, they have been denied the medical care that can prolong their lives and stave off illness and may have infected others unknowingly.

Aggressive partner notification will also bring greater safety to our nation's blood supply

HIV TESTING FOR SEXUAL OFFENSES

The HIV Prevention Act requires that those accused of sexual offenses be tested for HIV.

Many times the victims of rape and other sexual assaults also become victims of HIV.

Because HIV is incurable, rape and molestation victims must have the right to know if they have been exposed to HIV as soon after exposure as possible so they can immediately begin medical treatment if necessary.

Victims can not rely solely on testing themselves for the disease because there is often a lag time that can last for several months between HIV exposure and infection. Therefore, the only timely, logical and practical way for a victim to know if they may be at risk of HIV is to learn the status of their attacker.

Most states allow for victims to find out whether their attackers have HIV, but only after convicted of an assault, which may take many months or even years.

Even if the victim tests negative, knowing the status of their assailant provides many victims with a sense of relief and allows them to seek further medical advice and take precautions if positive.

HIV AND MEDICAL PROCEDURES

The HIV Prevention Act protects both health care patients and professionals from inadvertent exposure to HIV. It would do this by encouraging medical associations to establish guidelines for providers with HIV to follow in the performance of any risk prone invasive medical procedure on a patient and by allowing providers to test a patient for HIV before performing such a procedure if the provider considers such a test necessary.

Both health care professionals and patients should be given the ability to protect themselves from unwarranted HIV exposure.

A recent study of hospital nurses concluded that workplace stress due to the fear of HIV contagion is high and the most effective way to reduce fear is to inform staff of the HIV status of patients.

Similar proposals regarding patients and health care providers passed the Senate overwhelming in 1991, but were later dropped in conference.

The public would like doctors and dentists with AIDS or HIV to be legally required to inform their patients of their health status according to 93% of those polled in a New York Post survey.

IRRESPONSIBLE BEHAVIORS INVOLVING HIV

The HIV Prevention Act expresses the sense of the Congress that States should criminalize irresponsible behaviors by those who are infected.

Those who are infected with any disease have a responsibility to prevent transmitting the disease to others. Because no cure exists for HIV, those who knowingly place others at risk of infection are endangering innocent lives.

79% of Americans believe that those who knowingly infect another person with HIV should face criminal charges. Half of those surveyed said that people who knowingly transmit the virus should be charged with murder.

CONFIDENTIALITY AND HIV

The HIV Prevention Act expresses the sense of Congress that strict confidentiality must be observed at all times in carrying out the provisions of this Act.

CONGRATULATIONS TO NEW HOPE BAPTIST CHURCH OF NEWARK, NEW JERSEY

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. PAYNE of New Jersey. Mr. Speaker, I would like to take this opportunity to congratulate the New Hope Baptist Church of Newark, NJ. On Sunday, September 15, 1996, they will celebrate the 93rd Founder's Day and Mortgage Burning Service. I ask my colleagues to join with me in praising their diligence and applaud them on a job well done. Their level of community service is phenomenal and the 10th District of New Jersey is fortunate to have this church as one of our own.

New Hope Baptist Church was organized in 1903 by two sisters, Addie and Maggie Divine. Their first pastor was Reverend Jesse Williams. The current pastor, Rev. Charles Everett Thomas, began his tenure position at New Hope Baptist Church in 1968 and 10 years later he began a fundraising project to expand the church. They have shown that this is a church with the open door that administers to the needs of the whole man.

The members and supporters of the church have worked diligently for several years to realize their dream. Expansions and overall growth culminated in their final move, on September 13, 1987 into their new edifice.

This church has reached out to the community with a day care center, an apartment complex, a food and clothing ministry, and a minority trade training program. Their support of the community has been stellar and this is part of what makes their success and growth so exciting. As we witness the growing number of churches being burned around this Nation and communities being engulfed by fear it is encouraging to see a mortgage burning instead of a church burning.

Mr. Speaker, I ask my colleagues to join me in congratulating New Hope Baptist Church on their 93rd Founder's Day and Mortgage Burning Ceremony. May God continue to bless the members of New Hope Baptist Church.

TRIBUTE FOR FINNFEST USA 1996

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. STUPAK. Mr. Speaker, it is an honor for me to bring to the attention of the House and the entire Nation of the 14th annual FinnFest USA festival, which will be held in Marquette, MI, on August 7–11, 1996.

FinnFest USA is a national festival, open to everyone, celebrating the culture of Finland

and Finnish Americans. It is held annually, hosted each year at a different site, and this year it is being held in Michigan's Upper Peninsula at Marquette.

FinnFest USA traces its beginnings back to September 12, 1982, when Tauri Aaltio, executive director of Finland Society, Helsinki, Finland, hosted a meeting in Minneapolis, MN. At the meeting, 39 representatives from Finnish American organizations from throughout the United States met to discuss the new organization. One of the goals of the organization is to work with new immigrants in the United States and to keep their cultural ties. So Finnish families and those who wish they were Finnish come together to celebrate their ethnic heritage. At this first meeting the Finland Society voted to call their annual festival "FinnFest USA".

The first FinnFest was held the following year on August 7, 1983. The 39 original representatives voted and approved that this annual festival was to be held each year in a different location in the United States. Its bylaws and articles of incorporation were read and approved. The election of the first board of directors was held, and it was decided that there would be nine board members. Three members from each the Western, Midwest, and Eastern parts of the United States.

FinnFest USA provides Finnish Americans an opportunity to meet one another and to broaden and deepen their knowledge of Finland and Finnish American history and culture. This year's event will include music, folk dancing, dances, educational forums, arts and crafts, exhibits, banquet, and other food events, singing and much more.

The FinnFest USA '96 theme is "Finn Family Reunion: Passing the Torch of Heritage," indicating the festival will be a big family reunion. In recognition of the large number of Finnish Americans who reside in the Upper Peninsula of Michigan, FinnFest USA '96 will be making its third appearance in 14 years in the Upper Peninsula. Carl Pellonpaa is president of FinnFest USA '96. Carl is the host of Suomi Kutsuu (Finland Calling), the only weekly Finnish language television program in the United States.

The unique bond between the Upper Peninsula of Michigan and Finland was evident by the recent visit to my Washington, DC, office of the Speaker of the Finnish Parliament, Ms. Riita Uosakainen. I found Speaker Uosakainen to be an outgoing, thoughtful person who truly represents her country, her people and all Finnish Americans in a warm, graceful manner.

I look forward to joining Ms. Uosakainen, Mr. Pellonpaa, all the "true Finns" and the "fake Finns" at the opening of FinnFest USA '96 in Marquette on August 7, 1996.

Mr. Speaker, FinnFest USA and Finnish Americans enjoy a proud history. On behalf of the State of Michigan, the Upper Peninsula of Michigan, and the entire Nation, I would like to declare FinnFest USA Observance Week, August 5–11, 1996, and congratulate FinnFest USA on an excellent festival which is recognized as part of our Nation's and our Finnish heritage.

PRAIRIE GRASS RISING

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. ROHRABACHER. Mr. Speaker, President Thomas Jefferson lamented the tendency, even in his day, of politicians to "generalize and concentrate all cares into one body." Throughout our history, from his day to ours, there has been a constant battle between those who would centralize power in Washington and those who struggled to keep it dispersed among the people and in their local communities.

I was proud to have worked for several years for a great man who was in his time one of the Nation's most eloquent voices for the Jeffersonian decentralist tradition, Ronald Reagan. During those years some of his most memorable remarks on this theme were penned by my friend John McClaughry, who served as one of Governor Reagan's speechwriters and idea people.

When Governor Reagan was elected President, John McClaughry sold his cow to pay for the moving expenses from his log cabin on Kirby Mountain, VT to Washington, where he served as White House Senior Policy Advisor in the first 2 years of the Reagan Presidency. I suppose very few White House Senior Policy Advisors in this century, at least, can make such a statement.

John, who has many friends among this body, went home to Vermont in 1982. He was subsequently elected twice by large majorities to the Vermont State Senate, and is now president of the Ethan Allen Institute, a Jeffersonian think tank in Concord, VT.

On June 28 he delivered the keynote address to the National Conference on Decentralism sponsored by the E.F. Schumacher Society at Williams College. I include at this point an excerpt of his remarks on that occasion, which I hope Members and others will find interesting and useful.

PRAIRIE GRASS RISING

(By John McClaughry)

When this country was first settled by Europeans in the 17th and 18th centuries, there was little expectation that we would fall prey to indigenous centralized power. That was what most immigrants gladly left behind them in the Old World. The new settlements were small and widely dispersed, on the rim of a great, fruitful and thinly populated continent. There was none of the industrialization that later did so much to promote giant institutions. Indeed, as late as 1783, Mr. Jefferson could write in advocacy of an agrarian America, "let our workshops remain in Europe".

Another important fact was that Americans were never subject to feudalism. Feudalism calls to mind castles and crusades, jousting and feasting, Ivanhoe and Prince Hal. Shorn of those romantic garments, however, feudalism was a deadly serious business. At its heart was feudal land tenure.

Land could not be owned by anyone save the crowned knave called the sovereign. It could only be held, and the holding carried with it all sorts of duties. The most important was to lead armed men to the aid of the superior in the feudal hierarchy when he got into a bloody altercation with another such ruffian, spotted some easy and unprotected pickings elsewhere, or went off to Jerusalem to free the Holy City from the infidels and get in good with the Pope.

Admittedly, feudalism was a strong force for social stability and military security in a tempestuous age. Unfortunately, feudalism stifled liberty, opportunity, and self government. By the time the colonies were settled, it was rapidly dying out in England.

Thus it never took root on these shores, with the minor—at least to us—exception of the great feudal estates just to the west of where we meet today, in the Hudson valley.

Yet another barrier to the rise of centralized power in America was the ideology of what was called in England the Country Party. That system of political beliefs was found in abundance throughout the writings of the great republican and whig leaders of our revolutionary period.

The Country Party was bitterly opposed to the beliefs and practices of its nemesis, the Court Party. It detested a monopoly on religion by the established church. It had an absolute horror of the standing national army and conscription. It despised government run banks and the issuance of paper money, which could be manipulated by rich elites to defraud the honest farmer, artisan and mechanic.

It hated corporate monopolies conferred by corrupt governments, taxation without representation, and the gang of fawning hangers-on who subsisted as parasites at the Court. It demanded that the people of a community be given the power to appoint their own judges and justices of the peace, and the members of the militia be given the power to elect their own officers. It resisted with vigor every effort of the Crown to restrict the historic liberties of the common people.

As Lance Banning has so ably shown in his brilliant book The Jeffersonian Persuasion, this Country Party ideology became the ruling beliefs of the early Jeffersonians. And when Mr. Jefferson came to the Presidency in the Revolution of 1800, he acted on those beliefs.

Mr. Jefferson's motto was "equal rights for all, special privilege for none." He cut in half the nation's foreign embassies, laid off half the little army, began to sell off the western lands to homesteaders, repealed all domestic taxes, and abolished the equivalent of the Internal Revenue Service.

Mr. Jefferson's first budget dedicated 70% of the government's revenues to paying off the national debt. The amount remaining for current expenses was less than what was spent by the national government in any year since 1793. He sent out his commissars to "hunt out and abolish multitudes of useless offices." Now there was a true decentralist hero!

But even before the end of his two terms, Mr. Jefferson had been forced to backtrack from this auspicious beginning. He had to revive the Navy—without Congressional authorization—to confront the Barbary pirates. He swallowed hard and committed the new nation to the purchase of the huge Louisiana Territory.

Nonetheless, thanks to the wise policies of his Treasury Secretary Albert Gallatin, the national debt was in fact paid off completely in the year 1835.

But as the new nation grew and prospered in the first half of the 19th century, the forces of centralization gathered steam. With the growth of invention came the rapid growth of industrialization. Industrialization required capital. The result was what came to be called Finance Capital, interwoven, often corruptly, into the fabric of the state and national governments.

The greatest impetus toward centralization in America was the War Between the States. This is not the time or place to recount the centralizing effects of President Lincoln's administration, but suffice it to mention conscription, total war against civilian populations, suspension of habeas corpus, arbitrary rule over the conquered states, and the nationalization of money and banking.

On the positive side of the ledger, the war did destroy the Slave Power, but the victors tragically failed to deliver on the empowering promises they made to the new black citizens of the South.

Half a century later the writer Randolph Bourne was to observe pithily, "War is the health of the State". It was proven again in his day, when the Wilson administration laid the modern foundation for the all powerful Federal leviathan. That era gave us, again, participation in a bloody war, conscription, the income tax, the final nationalization of money, the sedition act, the interweaving of Big Business and government, and the beginning of J. Edgar Hoover and the ruthless invasion of civil liberties.

By the time of the Great Depression the pattern was well established. As Robert Higgs has documented, every crisis called forth more centralized governmental power. This economic crisis, caused largely by grievous mistakes by the new Federal Reserve Board and an oppressively protectionist tariff law, disappeared only with the onset of the greatest war in our history.

As government grew, business used its influence to get government to create new private fortunes. The rapacity of finance capital called forth the organization of what has now become Big Labor. In due course the trend toward giantism has given us Big Media, Big Religion, Big Education, Big Medicine, and a big and all powerful Judiciary.

To this centralizing trend, dating back a century and a half, there have been many honorable dissenters. The honor roll begins with Jefferson and Jackson, curiously the alleged patron saints of today's Democratic Party. It drew on the genius of such dissimilar men as Ralph Waldo Emerson and John C. Calhoun, Fighting Bob Lafollette and Louis D. Brandeis. It included the valiant Loco Focos, the early Populists and Western Progressives, the followers of Henry George, the anarchists and cooperators, the homestead movement and the Southern agrarians.

Years ago I remember the thrill of discovering a yellowed copy of the magazine called Free America, the journal of the distributist movement of the late 1930s. Its credo might serve us still today:

"Free America stands for individual independence and believes that freedom can exist only in societies in which the great majority are the effective owners of property and in which group action is democratic. In order to achieve such a society, ownership, production, population and government must be decentralized. Free America is therefore opposed to finance-capitalism, fascism, and communism."

To that movement from the past must be now be added many newer voices. They include the many local currency movements represented here this weekend; the communitarians of the American Association for Rights and Responsibilities; the various libertarian groups; the "new Democrats" of the Democratic Leadership Council and the "old rightists" of the Republican Liberty Caucus; the Civil Society Project and the New Citizenship Project; the groups of all races working for neighborhood renewal in our inner cities and rural renewal in the countryside; and even many of the spontaneously formed groups bearing the honorable name of the militia.

To these must be added the names of rising political philosophers like Michael Sandel and Robert Putnam, and technofuturists like George Gilder and Nicholas Negroponte.

Indeed, in the magazines of the cyberworld articles regularly appear showing how the rise of the Internet and readily available cryptography mean the defeat of the institutions of centralized power, just as perestroika laid the groundwork for the rapid dissolution of the late unlamented Soviet Union. That of course is the reason why the government is trying desperately to gain policing authority over the Internet, and to suppress the distribution of crypto systems the government cannot penetrate.

When we survey the sweep of American history, it is easy to become despondent about the march of giantism and centralized power. We mourn the inexplicable absence of a bold leaders to force the issue of centralization and decentralization on the national public. Many of us are doubtless disgusted with the major party candidates for President, both of whom seem committed to preserving and enlarging the central power, albeit for different ends.

I daresay most of us here today share the sentiments of an out of work politician who said, back in 1978, that the real issue is not the opposition of Left and Right. "The real issue," he said, "is how to reverse the flow of power to ever more remote institutions, and to restore that power to the individual, the family, and the local community. Millions of Americans, in both the small towns and great cities of this land, are steadily coming to the same conclusion."

Three years later that man was President of the United States. Although I can think of nothing his administration did to reflect those sentiments, I can assure you that Ronald Reagan sincerely believed in what he said on that radio broadcast. So too, I think, do many millions of Americans subscribe to that incisive sentiment, although they would describe themselves politically in many diverse and conflicting ways.

Out in the western part of Kansas, bordered by waving fields of grain, is an old two lane highway. Once it was the great Route 66, America's mightiest highway, the mainline from Chicago to the Golden West. No longer do the eighteen wheelers speed over its pitted concrete; no longer do the Harleys and travel trailers push forward to new adventures.

Old Route 66 is abandoned now; the heavy traffic zooms by on I 70 to the north and I 40 to the south. Even the local small town traffic has passed it by. The prairie grass has grown up through the cracks forced open by decades of exposure to sun and wind.

But just as that soft, flexible grass has pushed through the hard, heavy concrete under the hot Kansas sun, the spirit of decentralism, often paved over and ignored, always returns to bring about a new beginning. We may not know quite what form it may take, or what will fertilize its growth; but we know it is there, in the hearts and minds of common people everywhere. All overgrown institutions and centralized tyrannies fear it. It can be and is suppressed, but it cannot be destroyed. We are on the side of history, and though it may not always be apparent, we are winning.

John McClaughry is chairman of the E.F. Schumacher Society and president of the Ethan Allen Institute, a state public policy think tank in Kirby, Vermont. From 1980 to 1982 he was Senior Policy Advisor to Gov. and President Ronald Reagan. He later served as a state Senator and was the 1992 Republican candidate for Governor of Vermont.

TRIBUTE TO HUGH WYATT

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TOWNS. Mr. Speaker, Hugh Wyatt, born and reared in Atlanta, GA. has been involved with the media virtually all his life. At the age of 9, he was submitting articles to local papers. He later founded the Atlanta Inquirer along with such notables as Julian Bond. With the vast amount of knowledge he acquired during his early years, Mr. Wyatt, at age 25, created the Inner-City Broadcasting Corp. with Carl McCall, New York State Comptroller; David Dinkins, former Mayor of New York City; and Percy Sutton, former Borough President of Manhattan. At age 35, he continued to enlighten readers with his editorial columns at two of New York City's major newspapers—the New York Daily News and the Amsterdam News.

In 1986, Mr. Wyatt reached a pivotal point in this life when he founded the Medical Herald, a national newspaper circulated throughout the United States including Hawaii and Puerto Rico. I am pleased to recognize this outstanding journalist and to introduce him to my House colleagues.

SALUTE TO LIEUTENANT COLONEL NATHAN THOMAS

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. SABO. Mr. Speaker, I rise today to salute Lt. Col. Nathan Thomas, a Minneapolis constituent and member of the Minnesota Army National Guard, who was recently named a recipient of the Roy Wilkins Renown Service Award presented by the National Association for the Advancement of Colored People [NAACP] during its annual conference in Charlotte, NC.

Colonel Thomas was cited by the NAACP for his accomplishments in the military on behalf of the African American community. During the past several years he has focused his efforts on recognizing the contributions and positive role of the African American soldier, and providing young people with alternatives to gang membership and violent behavior.

Colonel Thomas has developed a video and teaching guide that traces the historical contributions of the brave and determined African American buffalo soldiers during the late 1800's. Using the buffalo soldiers as a cornerstone, he is president of a nonprofit corporation in the Minneapolis/St. Paul area that is committed to assisting at-risk children in developing self-respect and social survival skills.

For the past 10 years, Colonel Thomas has spent part of his vacation-time teaching photography and life-skills to inner-city, African American teenagers. He has even met with gang members to assist them in developing positive self-images and respectful views of other men and women.

Mr. Speaker, it is with great pleasure that I rise today to recognize Lt. Col. Nathan Thomas. I ask my colleagues to join me in congratulating him for his contributions, and in wishing him success in all his future endeavors.

TRIBUTE TO U.S. SUPREME COURT ASSOCIATE JUSTICE JOHN PAUL STEVENS

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. GEKAS. Mr. Speaker, I would like to bring your attention to the following tribute presented by United States Administrative Law Judge John C. Holmes. Judge Holmes had the honor of introducing United States Supreme Court Associate Justice John Paul Stevens when Justice Stevens received an award of merit from the Federal Administrative Law Judge Conference on May 4, 1996.

I have found Judge Holmes' remarks to be a fitting tribute to the distinguished career and character of Justice Stevens. It is, therefore, with great honor that I present to you the following.

Born April 20, 1920 in Chicago, Illinois, John Paul Stevens graduated from the University of Chicago, Phi Beta Kappa, majoring in English Literature. After serving three years with distinction in the U.S. Navy during World War II, he received a law degree from Northwestern University in 1947, magna cum laude, where he was law review editor and order of the coif. He not only graduated first in his class, but received the highest record of academic achievement in the school's history.

He first came to Washington and the Supreme Court in October, 1947 where he served as clerk to Associate Justice Wiley Rutledge.

Returning to Chicago he joined the law firm of Poppenhusen, Johnston, Thompson and Raymond. Hired at the same time was Ed Rothschild, who he hadn't previously met. Mr. Rothschild relates that the first duty required was the burying of Mr. Poppenhusen who died shortly after hiring them both. The two shortly formed the firm of Rothschild, Stevens, Barry and Myers. Then attorney Stevens specialized in antitrust and appellate litigation, and had the reputation of analyzing and articulating complex problems in such a fine tuned manner that the result would appear obvious. Mr. Rothschild remembers the Justice as fiercely competitive in all that he did, but adds, "I still beat him at tennis."

Justice Stevens was appointed by President Nixon to the U.S. Court of Appeals for the 7th Circuit on October 14, 1970. He was appointed by President Ford as Associate Justice of the Supreme Court and took office on December 17, 1975. A prime sponsor was then Attorney General Levi, also an alumnus of the Chicago area, who described Judge Steven's 7th Circuit opinions as "gems of perfection and a joy to read".

Prior to his appointment to the bench, Justice Stevens served on numerous committees, for example as counsel to the House Judiciary Committee, and as a member of the Attorney General's Committee to study the Anti-Trust laws. He has served on the faculty at Northwestern and Chicago Law Schools and lectured at Salsburg and New York Un. Law Schools, authored numerous articles and reviews and been an active member of the American Bar Association, Federal Bar Association, American Law Institute and American Judicature Society.

Besides being an accomplished, competitive tennis player, he is an excellent bridge player, having acquired numerous Master Points, an avid golfer and enjoys the opportunity to read and travel.

220 years ago, a great experiment was launched in government from the Eastern shores of this continent in what was otherwise a vast undiscovered virgin land far removed from the feuding and too often tyrannical governments of Europe. Our founding fathers had the profound wisdom to combine an idealistic notion that people could govern themselves through their representatives with the contrasting cynical observation that human nature required that there be checks and balances to prevent undue acquisition of power in one individual or group. And so after much debate they wrote a Constitution that provided for the separation of powers in three branches of government. It was left to the third branch, the Judiciary, to not only settle disputes between parties but also to set the parameters and limitations of the other two branches. At the pinnacle was established a Supreme Court of the United States whose duty it became to interpret the provisions of the Constitution and their application to the ever changing nature of society. The Constitution has served us well; we need only to look at other failed governments and governmental systems, most recently communism, to appreciate the benefits conferred and the freedom provided under it. It has endured as the country has fulfilled its manifest destiny, ended slavery, fostered the industrial and now the technology revolutions, evolved from a rural to an urban society and changed enormously in many other ways. In order to preserve this "living" Constitution a sacred trust is conferred by the today 250 million people of the United States on only nine individuals who have been elevated to the high calling of Justice of the Supreme Court. This sacred trust does not demand that we agree with every idea and interpretation uttered by any one Justice, that would be impossible. But it does require a consistent and conscientious effort by each Justice to place the nation's interest as embodied in the Constitution above all else.

Mr. Justice, you have faithfully fulfilled that sacred trust in the finest manner. For over 20 years now you have applied your wisdom, scholarship and especially integrity to the process of determining and articulating how the concepts as expressed in the Constitution should be applied to the ever changing conditions and circumstances of today's society while still preserving its essential meaning. You have always voted as you believed was right for the country and not necessarily what was currently fashionable. Whether in the majority, in dissent or in concurrence you have used that ability to articulate complex problems into an easily understood and compelling opinion. You have not only served the longest tenure other then Justice Rehnquist on the current Court, but have been the most prolific opinion writer. You have demonstrated a pattern of independent voting concerned more with clear enunciation of believed principles rather than compromise, an overriding belief that the Constitution should be utilized to protect the rights of those who traditionally have been powerless, and an unwillingness to sacrifice constitutional values in the name of administrative convenience. In this highest calling you have served in the highest manner. Your work on the Court has earned you a special place of honor along with the likes of Holmes, Brandeis, Harlan, Frankfurter, Black and others stretching back to John Marshall.

We are in the same business, Mr. Justice. We honor you tonight not only for your lifetime accomplishments but for your qualities of wisdom, judicial demeanor, intelligence, integrity and passion for justice that we all aspire to. You are a model of what the citizenry rightfully requires of the judiciary. Importantly, by your acceptance of our award, you honor us and the work we do as independent administrative law judges. Ladies and Gentlemen please welcome the 1996 Federal Administrative Law Judge Conference honoree, United States Supreme Court Associate Justice John Paul Stevens.

RELIGIOUS FREEDOM IN KUWAIT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. HAMILTON. Mr. Speaker, a constituent of mine, Paul Bennett of New Albany, IN, contacted me in June on behalf of Robert Hussein, Kuwaiti citizen who converted to Christianity.

I wrote to the Kuwaiti Ambassador, to express Mr. Bennett's and my own concern for Mr. Hussein's safety, and in support of his right to practice the religion of his choosing. In his July 25 response, Ambassador Al-Sabah informs me that the "Government of the State of Kuwait has stated publicly that it will guarantee Mr. Hussein's safety."

I would like to bring my correspondence with Ambassador Al-Sabah on this matter to the attention of my colleagues:

HOUSE OF REPRESENTATIVES

Washington, DC, June 17, 1996.

His Excellency MOHAMMED SABAH AL-SALIM AL-SABAH,

Ambassador, Embassy of the State of Kuwait, Washington, DC.

DEAR MR. AMBASSADOR: I write with respect to the civil court decision of May 29, 1996 and apostasy declaration against Kuwaiti citizen Hussein Qambar (Robert Hussein) and the judge's statement that Mr. Hussein "should be killed."

I am deeply concerned about this call by the judge for extrajudicial violence against Mr. Hussein. I urge your government to take necessary measures to protect Mr. Hussein and request that your government reaffirm publicly the right of Mr. Hussein to practice the religion of this choice, according to articles 29 and 35 of Kuwait's Constitution.

Our two countries enjoy close relations, and I am proud that our soldiers served and fought together in the war to liberate Kuwait from Iraqi aggression. As a friend of Kuwait, I would urge/you to address the personal safety of Mr. Hussein and take steps to uphold the principles of religious freedom embodied in you Constitution.

I appreciate your attention to this matter, and I look forward to your reply.

With best regards,

Sincerely,

LEE H. HAMILTON.

EMBASSY OF THE STATE OF KUWAIT,
Washington, DC., July 25, 1996.

The Honorable LEE HAMILTON,
House of Representatives, Washington, DC.

DEAR CONGRESSMAN HAMILTON: Thank you very much for your inquiry concerning the Kuwaiti citizen, Mr. Robert Hussein, who has recently converted from Islam to Christianity.

The Government of the State of Kuwait has stated publicly that it will guarantee Mr. Hussein's safety. A public statement issued by the Ministry of Justice and dated 22nd of July 1996, affirms unequivocably Mr. Robert Hussein's right to practice the religion of his choice with all the freedoms that one commonly associates with religious practices; and further states that it is the duty of the Kuwaiti authorities to protect him against any threats, harassment or abuse, just like any other citizen or non-citizen of the State of Kuwait.

Here as follows are some of the significant facts that must be clarified:

1. Originally, Mr. Hussein's case was brought before the Family Courts system in Kuwait, which is governed by religious law in matters pertaining to marriage, divorce and inheritance, only. As well, this case is a civil case between Mr. Hussein and his wife, involving also child custody. While the courts have ruled in Mr. Hussein's favor in the child custody case, his former wife has appealed the verdict.

2. I wish to assure you that Mr. Hussein has neither been incarcerated nor sentenced to death by the State as has been reported erroneously. Furthermore, though he has been declared an apostate by the Family Court, the only penalty that was imposed on Mr. Hussein was to fine him the nominal court fees.

3. Mr. Hussein's constitutionally guaranteed civil rights remain intact and unaffected by the case. These include his right to own property, vote or receive government benefits. If Mr. Hussein feels that his constitutionally guaranteed rights are being compromised, he may choose to bring his appeal before the appropriate authorities at the Ministry of Justice and/or the Human Rights Committee in the Kuwaiti Parliament. In addition, Kuwait's independent and free press has shown unwavering commitment towards reporting human rights complaints by citizens and non-citizens alike. Kuwait's press remains a testament to our nation's desire for a more open and tolerant society.

In conclusion, let me say that justice, liberty and equality for all citizens are not only guaranteed by the constitution (article No. 35 states that "Freedom of religion is absolute"); but also, Kuwait has had and continues to have a very long-standing tradition of religious tolerance and acceptance. In Kuwait today there are at least six churches and no less than 200,000 practicing christians allowed to worship publicly. As a matter of fact, Kuwait's first modern hospital was built by American missionaries during the first decade of our present century. This enduring gift of the evangelical church of America is a shining witness to the Kuwaiti national character that is based on tolerance and respect for the beliefs of others.

I hope that the above information has helped to clarify some of the issues in the aforenoted case, however, should you require additional information concerning this and any other matter, please feel free to contact the Embassy of Kuwait.

Best regards,

Sincerely,

MOHAMMED S. AL-SABAH, PH.D.,
Ambassador.

TRIBUTE TO CY WAGNER AND JACK BROWN

HON. LARRY COMBEST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. COMBEST. Mr. Speaker, I rise to pay tribute to the Permian Basin Petroleum Association's Top Hand Award recipients for 1996. I cannot think of two more deserving individuals of this prestigious award than Cy Wagner and Jack Brown. These two Midland oilmen are the founders of Wagner & Brown Ltd. They are well-known for their hard work and intelligence in the oil industry which made Wagner & Brown Ltd., a great American success story.

Cy Wagner graduated high school in Tulsa from Central High School and then went on to receive a degree in geology from Oklahoma University. He began his career with Amerada Petroleum in Midland in early 1957. In 1961, he began working for J.E. Jones Drilling in Midland.

Jack Brown was born in Brownsville but grew up in San Antonio. After graduating from Breckenridge High School, he went to Texas A&M for a year and then into the Army, stationed in Japan for 3 years. When his duties to his country were over with, Brown returned to Texas A&M and in 1950 graduated with degrees in petroleum engineering and mechanical engineering. After working as a roughneck in Alice, TX and then in Venezuela for 2 years with Texaco, Jack Brown returned to Texas to join J.E. Jones Drilling in Midland in 1957.

Wagner and Brown formed their own partnership in 1961 and later was joined by landman Deane Stoltz. Most of their activity was centered around the Permian Basin area. By 1967 the group drilled more than 60 wells in the Bagley Field in New Mexico which supplied needed cash flow for larger projects elsewhere.

In 1969 Stoltz, Wagner, and Brown exchanged most of their interest in the Bagley Field for a 25 percent equity position in Tipperary Corporation, to be run by Stoltz, and control of the partnership was turned to Wagner and Brown.

Wagner & Brown, Ltd. began their largest drilling program in 1975 on 30,000 acres of the Conger Field in Sterling and Glasscock counties, and today they run more than 600 wells in this area. The partnership now employs about 200 people and operated over half of the 2,000 wells in which the two participated in.

Both Cy Wagner and Jack Brown are dedicated oilmen who have strengthened West Texas and this whole country. However, their contributions go much further than the oil industry. Both men have given generously in support of countless local organizations involved in education, culture and community development. They richly deserve the title of Top Hands.

TRIBUTE TO DR. WARREN WETZEL, M.D.

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TOWNS. Mr. Speaker, Wisconsin-native, Dr. Warren Wetzel, for 25 years an active member of the New York City medical community, died this year.

Dr. Wetzel, a noted authority on emergency trauma, served as director of trauma and surgical critical care at Kings County Hospital Center in Brooklyn. Prior to joining Kings County Hospital Center, Dr. Wetzel made his mark at the Bronx Municipal Hospital Center rapidly rising from assistant attending surgeon to director of trauma service. He was also an associate professor of clinical surgery at Albert Einstein College of Medicine extensively lecturing on topics such as: "Urban Trauma;" "Changing Patterns of Gunshot and Stab Wounds," "Management of Liver Trauma," and "Management of Bites and Stings."

Through his zealous advocacy for the medical profession, Dr. Wetzel was a key member of various committees including, but not limited to: New York City Trauma Center Advisory Committee; oversight committee, New York State Department of Health Regional Trauma Quality Assurance Grant; residency review committee, State University of New York Health Science Center; and education committee, Bronx Chapter of the American College of Surgeons.

As a result of his dedication to helping others, Dr. Wetzel's legacy continues through Doctors Against Murder, a unique nonprofit organization he founded so that doctors, nurses, and other medical professional could educate youth on the trauma of violence. Doctors Against Murder was the first recipient of the National Association of Public Hospital's Jim Wright Vulnerable Population Award, June 29, 1996. The medical profession and the recipients of Dr. Weitzel's efforts will truly miss him. It is my honor to recognize his sterling service, and to introduce him to my colleagues.

H.R. 3924, THE STATISTICAL CONFIDENTIALITY ACT

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. MALONEY. Mr. Speaker, yesterday Rep. HORN and I introduced the administration's bill on statistical confidentiality. This bill is the culmination of years of work by both Republican and Democratic administrations. The Statistical Confidentiality Act is the foundation for moving the Federal statistical system into the 21st century.

Two independent forces join to make this bill timely—balancing the budget and the National Performance Review. Federal spending on statistics has grown steadily over the last two decades. Over the next 5 years that trend is likely to be reversed. At the same time, there is a general belief that the Federal Government should be smaller and less intrusive. This idea was given life in the Clinton administration through the National Performance Review which has the goal to create a Government that works better and costs less. It is clear that our statistical system must develop new ways of providing the information we need that are less expensive and less intrusive.

At the same time the statistical system is being asked to do more with less, it is criticized as no longer providing an accurate reflection of our society or economy. Economic statistics are routinely criticized because they emphasize the manufacturing sector, and pay little attention to the service sector. The 1990 census was roundly criticized as a failure, and for some communities it was a disaster. In May the Wall Street Journal reported on a Kansas town that lost 84 percent of its population because of an error in the census. That error, acknowledged by the Census Bureau last year, will not be fixed until next year.

More objective indicators also point to increasing expense and declining quality. Survey response rates have declined steadily since the early 1980's making them more expensive and less accurate. Nowhere is this more evident than the decennial census, where every 1 percent of the public that does not mail back the form costs an additional $25 million.

While the statistical system is being asked to do more with less, and criticized for declining accuracy, it is also subject to greater scrutiny than ever before. The 1990 census was notable, in part, because of the intense media coverage—more intense than ever before. Alan Greenspan, Chairman of the Federal Reserve, pushed the Consumer Price Index to the front pages when he testified before Congress that errors in that index were costing the Government billions. Last month on the Mall, citizens demonstrated to get the Government to change the way it measures race.

This confluence of social and political currents pushes the Federal statistical agencies to find new ways to measure our social and economic indicators, as well as define new measures. In short, these agencies need to find new ways of doing business. But to do so, they need new tools.

The administration's Statistical Confidentiality bill provides the opportunity for agencies to begin charting new ground. This bill provides the framework for the research and experimentation that will define the statistical system for the new millennium.

The stated purpose of the bill is "to provide uniform safeguards for the confidentiality of information acquired for exclusively statistical purposes, and to improve the efficiency of Federal statistical programs and the quality of Federal statistics by permitting limited sharing of records for statistical purposes under strong safeguards."

In short, this bill allows statistical agencies to share information collected from the public to improve statistical measures. It also provides strong safeguards that the privacy of those individuals will be protected, and that the information, once drawn together, will be used only for statistics.

This bill will enable agencies to redesign surveys to incorporate administrative records from other agencies. It will permit agencies to develop joint surveys and share the resulting information. It will make the development of samples more accurate.

But not all of the advantages of this bill are speculative. Just this year we passed legislation transferring the authorization for the census of agriculture from the Secretary of Commerce to the Secretary of Agriculture. The major difficulty in writing that legislation was crafting language that would allow these two agencies to share information. If the Statistical Confidentiality bill were law, that effort would not have been needed.

The administration has put together a bill that lays the foundation for developing new, less burdensome, and less expensive ways of developing statistical information. This bill, for the first time, begins to take a system-wide view of Federal statistics. I congratulate my colleague Rep. HORN for introducing this bill, and I look forward to working with him to make it law.

A TRIBUTE TO THE MILWAUKEE COMMUNITY JOURNAL

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. BARRETT of Wisconsin. Mr. Speaker, I pay tribute today to one of the most widely read and respected African-American newspapers in the United States. As the Milwaukee Community Journal celebrates 20 years of hard-hitting, thoughtful, and award-winning journalism this week, I would like to take a moment to reflect on the rich history of this outstanding news operation.

The Milwaukee Community Journal was founded in 1976 to provide a voice for Milwaukee's rapidly expanding and influential African-American community. From its humble beginnings in an apartment complex on Port Washington Road with a tireless and dedicated staff of six people, the Community Journal has today grown into Wisconsin's largest circulated African-American newspaper. Today, the Community Journal's offices on Martin Luther King Drive have come to represent much more than a news center. Indeed, it is a vital nerve center of our community, where scores of neighborhood revitalization efforts are initiated.

During the past two decades, the Community Journal has highlighted and championed many issues of critical importance to Milwaukee's Central City. From education reform, to economic development, to civil rights, the Community Journal is truly Milwaukee's voice of conscience. Furthermore, the paper plays a critical role in chronicling and preserving Milwaukee's rich legacy of African-American history and progress.

The Community Journal has received dozens of awards and accolades over the last 20 years for its courageous reporting and commentary. Most recently, the paper won a National Newspaper Publishers Association award for publishing an extended magazine devoted to crime fighting in Milwaukee. Last year, the paper was honored with the prestigious A. Phillip Randolph Messenger Award for its ongoing reporting on the educational reform movement in Milwaukee.

Staying true to its name, the Community Journal remains a strong voice of the people of the Central City. Through school partnerships, scholarships, and the sponsorship of educational campaigns, the Community Journal has introduced hundreds of Milwaukee students to the field of journalism. The paper also actively sponsors book give-aways to promote reading among Milwaukee youth, and has been a main proponent of job creation in the Central City.

Mikel Holt, editor of the paper, is one of Milwaukee's most respected editors and social commentators, and is one of the Nation's most tenured African-American journalists. Mr. Holt is widely known to Milwaukee television viewers for his regular work on the WTMJ Television show "Sunday Insight With Charles Sykes". He has also received many awards and citations, including the National Newspaper Publishers Association Best Columnist Award, which he has won twice. Mr. Holt's regular column "Signifyin'" poignantly focuses on the direction of Milwaukee's African-American community, and is one of the most popular and provocative commentaries in the State of Wisconsin.

Mr. Speaker, I wish Mikel Holt and the Milwaukee Community Journal continued success on this special anniversary. May the next 20 years be as productive and fruitful for this outstanding newspaper which has truly worked to make a difference in Milwaukee, the State of Wisconsin, and the entire Nation.

ST. ANTHONY'S CATHOLIC CHURCH

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. SHAW. Mr. Speaker, I rise today to recognize the 75th anniversary of St. Anthony's Catholic Church, the first Catholic Church in Broward County. The church was constructed of formidable gray stone hauled in from the quarries of northern Florida and was dedicated in December 1921. There were 251 parishioners at the time of construction and it was decided that a school was needed. In 1926, St. Anthony School became the first Catholic school in Broward County.

Today there are more than 1,500 parishioners and the current pastor, Father Timothy G. Hannon, ministers to his parish in the grand tradition of the past. It has been a joy for me and my family to be parishioners and partake of the sacraments and blessings available. My children attended St. Anthony's School and both my daughters were married in the beauty of the Church sanctuary. I know from personal experience that our church has the longest aisle in Fort Lauderdale.

Members of the parish and the community are joining in 1996 to celebrate 75 years in

Fort Lauderdale. We look forward to meeting again in 25 years to celebrate the 100th anniversary of our beautiful spiritual home.

Mr. Speaker, I urge my colleagues to join me in honoring St. Anthony's Catholic Church for its 75 years of service to our community.

TRIBUTE TO VINCENT L. JOHNSON, ESQ.

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TOWNS. Mr. Speaker, as a member of Brooklyn's legal community for over 30 years, Vincent L. Johnson has consistently demonstrated his commitment to community service and justice. Upon receiving his B.A. in economics from Brooklyn College, he enrolled in St. John's School of Law where he quickly excelled and obtained two degrees: an LLB and JD. Recognizing his vast skills and abilities, the Youthful Offender Bureau of the New York Supreme Court hired him as an assistant district attorney [ADA] in 1961. As an ADA, he prosecuted a wide range of criminal cases amounting to approximately 100 per year. One of the highlight's of his career was in 1968 when he founded his own law firm, Laufer & Johnson. While in private practice, he has represented clients in various legal matters and served as an inspiration to young attorneys following in his footsteps.

Further exemplifying his dedication to public service, Mr. Johnson is actively involved in numerous organizations including the Brooklyn Bar Association, Kings County Bar Association, New York State Trial Lawyers Association, Phi Alpha Legal Fraternity, the Brooklyn NAACP, Bedford-Stuyvesant Lions Club, and the Boys Welcome Hall.

Mr. Johnson and his wife, Gertrude, have three lovely children, Vincent, Jr., Melissa, and DaSylveiria. It is my pleasure to recognize Mr. Johnson and to introduce him to my colleagues.

DRUG TESTING REDUCES CRIME RATES

HON. JOSEPH P. KENNEDY II

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. KENNEDY of Massachusetts. Mr. Speaker, I want to inform my colleagues on a legislative initiative which would assist in the effort to combat drug use and drug-related crime.

Thanks to the hard work and assistance of Subcommittee Chairman HAL ROGERS, $32 million in funds are included in the House version of the fiscal year 1997 Commerce-Justice-State appropriations measure to allow for the establishment of drug testing programs for prisoners, parolees, and individuals on bail or probation. The bill provides $7 million to establish a Federal drug testing program in the Federal prison system and $25 million to establish a competitive grant process to allow local jurisdictions the ability to drug test individuals in the local prison system.

Although various efforts have been initiated to address drug use and abuse in the United States, these efforts have not been completely successful. Regardless of the billions and billions of Federal and State funds dedicated to fighting an effective "war on drugs," reality still dictates that a small percentage of heavy drug users are responsible for most drug use and most drug-related crime in the United States. In spite of our efforts, the number of heavy users has remained constant in recent years.

We can, and must, do better in the effort to fight drug use and abuse.

Prof. Mark A. Kleiman, lecturer in Public Policy at the John F. Kennedy School of Government at Harvard University, recently analyzed Federal and State criminal data and reported that of the roughly 300 metric tons of cocaine illegally consumed in the United States every year, about 60 percent, or 180 metric tons, is consumed by people under the jurisdiction of the criminal justice system, individuals who are either on bail, probation, or parole.

In 1991, the Federal Department of Justice developed and implemented a test pilot program in which the Federal court system would require a drug test for those arrested while those released from jail or prison would be asked to submit for a drug test. Drug testing and sanctions would force drug-involved offenders to abstain from further illicit drug use or face the consequences. Those consequences would include no bail or probation. In short, it is a "carrot and stick" approach to staying drug free.

Currently 14 Federal judicial districts require such drug testing, and in December 1995 President Clinton issued a directive to the Attorney General to "establish a program whereby federal prosecutors will seek appropriate measures for arrestees who fail pre-trial drug tests" and "encourage States to adopt and implement the same policies . . ."

The Justice Department found that pre-trial and post-trial drug testing in the criminal justice system has "the potential for far-reaching impact as a demand-reduction program, a supply reduction program (because it removes some retail dealers), and a crime-control program." This initiative in turn affects both property crime by users, and violence that is related to the drug traffickers by shrinking volume.

Advocates of this initiative assert that using the criminal justice system to reduce drug demand will accomplish more than any other level of drug law enforcement to break up open drug markets: a national program could reasonably be expected to reduce effective cocaine and heroin demand by 40 percent. Reduced demand means less revenue for drug dealers, which in turn means fewer guns, fewer shootings, less distribution of neighborhood life, and fewer kids lured out of school or legitimate work into the flashy, but eventually disastrous, life of retail drug selling. Thus, this legislation would benefit all aspects of the community.

In the 1997 budget request, the Clinton administration is requesting $42 million in grants to States to give drug tests to individuals in the criminal justice system. This initiative is modeled after the successful federal program.

I support the funds currently in the Commerce-Justice-State appropriations measure, and I intend to work with may colleagues to ensure that these funds are included in the final House-Senate conference agreement.

BIG BROTHERS-BIG SISTERS OF METROPOLITAN CHICAGO

HON. RAY LaHOOD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. LAHOOD. Mr. Speaker, I rise today to acknowledge and commend the Big Brothers–Big Sisters of Metropolitan Chicago. This organization is one of the most important charities serving the children of Chicago.

Congress has long been committed to Big Brothers–Big Sisters by providing needed funding and volunteer support. This support has been essential to the organization because Big Brothers–Big Sisters relies on significant support from individual donors, philanthropic organizations and the business community.

One important source of funding for the organization has been the Big Brothers–Big Sisters Pro-Celebrity Golf Classic. This golf tournament has raised over $250,000 over the past 5 years and is exclusively supported by generous donations from individual donors and corporations.

I, therefore, ask that August 19, 1996 be proclaimed as the Big Brothers–Big Sisters of Metropolitan Chicago Day, and I urge all citizens to recognize this organization for the many contributions it has made to provide services to needy children.

CONGRESS OF THE UNITED STATES—PROCLAMATION

Whereas, the Big Brothers-Big Sisters of Metropolitan Chicago is one of the most important charities serving the children of Chicago; and

Whereas, the Congress of the United States has been committed to Big Brothers-Big Sisters by providing needed funding and volunteer support; and

Whereas, Big Brothers-Big Sisters of Metropolitan Chicago cannot adequately serve the needs of children without significant support from individual donors, philanthropic organizations and the business community; and

Whereas, the Big Brothers-Big Sisters Pro-Celebrity Golf Classic is an important source of funding for the agency having raised over $250,000 for the agency over the past five (5) years and is exclusively supported by generous donations from individual donors and corporations:

Now, Therefore, the Congress of the United States, do hereby proclaim August 19, 1996, to be Big Brothers-Big Sisters of Metropolitan Chicago Day, and urge all citizens to recognize this organization for the many contributions it has made to provide services to needy children.

Dated this 24th day of July 1996.

ARDSLEY FIRE DEPARTMENT, CENTENNIAL CELEBRATION

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. GILMAN. Mr. Speaker, it gives me great pleasure to recognize the Ardsley Fire Department of the Village of Ardsley, NY, on the occasion of its centennial celebration.

The Ardsley Hose Company No. 1 was officially organized on January 25, 1896, eleven days after the Village of Ardsley was incorporated. The organization of the Fire Department was a motivating force behind the inception of the village. Since this time, the Fire Department has grown tremendously. In 1952, the Ardsley Hose Company No. 1 became Ardsley Engine Company No. 1 with full department status in the New York State Fire Service. However, despite its growth, it has remained a focal point in the Village of Ardsley.

The Ardsley Fire Department has a tremendous history of dedicated service to its community. Today's members are made up of people from all occupations such as plumbers, carpenters, mechanics, career firefighters, dentists, and lawyers. These men and women dedicate their lives to the protection of their neighbors. Through their efforts, they make their community a better, safer place.

Mr. Speaker, for the past century, the Ardsley Fire Department has been an integral part of the Village of Ardsley. I commend and thank them for their selfless acts and steadfast commitment to the citizens of Ardsley. I am grateful that I have this opportunity to honor the Ardsley Fire Department on the occasion of their centennial celebration.

INTRODUCTION OF THE TEENAGE PREGNANCY REDUCTION ACT OF 1996

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. CASTLE. Mr. Speaker, I am pleased to be an original cosponsor of the Teenage Pregnancy Reduction Act of 1996. This legislation is an important commitment on the part of Congress to give local communities the resources they need to operate effective teenage pregnancy programs.

More specifically, the bill authorizes $10.5 million in total over 3 years—fiscal year 1997 thru fiscal year 1999—for HHS to conduct a study of effective teen pregnancy prevention programs, with an emphasis on determining the factors contributing to the effectiveness of the programs, and methods for replicating the programs in other locations.

It also authorizes the creation of an information clearinghouse to collect, maintain, and disseminate information on prevention programs; to develop networks of prevention programs; to provide technical assistance and to encourage public media campaigns regarding pregnancy in teenagers.

Finally, it authorizes $10 million in total over 3 years—fiscal year 2000 thru fiscal year 2003—for one-time incentive grants for programs which are found to be effective under HHS's study described earlier, to assist them with the expenses of operating the program.

Helping our communities prevent teenage pregnancy is an important mission. The United States has the highest teenage birth rate of industrialized countries, which has far reaching consequences for our Nation's teenager mothers and their children.

Unmarried teenagers who become pregnant face severe emotional, physical, and financial difficulties. The children born to unmarried teenagers will struggle to fulfill the promise given to all human life, and many of them simply will not succeed. Many of them will remain trapped in a cycle of poverty, and unfortunately may become part of our criminal justice system.

How bad is the problem? In 1960, 15 percent of teen births were out of wedlock. In 1970, 30 percent of teen births were out of wedlock. In 1980, 48 percent of teen births were out of wedlock. In 1990, 68 percent of teen births were out of wedlock. In 1993, 72 percent of all teen births were out of wedlock.

Why do we care about this? For the simple reason that beyond the statistics, this trend has devastating consequences for the young women who became unwed teen parents, and for the children born to them.

A recently released report, Kids Having Kids, by the Robin Hood Foundation quantified some of these consequences. Compared to those who delay childbearing until they are 20 or 21, adolescent mothers: Spend 57 percent more time as single parents in their first 13 years; are 50 percent more likely to depend on welfare; are 50 percent less likely to complete high school; and are 24 percent more likely to have more children.

Children of adolescents—compared to children of 20 and 21 year olds—are more likely to be born prematurely and 50 percent likely to be low-birth weight babies or less than 5½ pounds—meaning an increased likelihood of infant death, mental retardation, or illness, dyslexia, hyperactivity, among others.

However can we make a difference? By working in partnership with communities. At the national level, we need to take a clear stand against teenage pregnancy and foster a national discussion—involving national leaders, respected organizations, the media, and States about how religion, culture, and public values influence both teen pregnancy and responses to it. The Congressional Advisory Committee to the National Campaign to Prevent Teen Pregnancy, which consists of 24 committed Members of the House and which I co-chair with Congresswoman Lowey, will pay an active role in this discussion. I will include for the record a list of the Members of the congressional committee.

Members of the Congressional Advisory Panel to the National Campaign To Reduce Teenage Pregnancy are: Thomas M. Barrett, Michael N. Castle, Co-Chair; Eva M. Clayton, Vice Chair; Richard J. Durbin, James C. Greenwood, W.G. Hefner, Stephen Horn, Sheila Jackson-Lee, Nancy L. Johnson, Vice Chair; Jim Kolbe, James A. Leach, John Lewis, Nita M. Lowey, Co-chair; Susan Molinari, James P. Moran, Constance A. Morella, John Edward Porter, Deborah Pryce, Tim Roemer, Peter G. Torkildsen, Lucille Roybal-Allard, Christopher Shays, Karen L. Thurman, and Edolphus Towns.

At the local level, communities need to develop programs targeted to the characteristics, needs, and values of its families. Communities know what their needs are and what will be most effective with their teenagers, so it is critical that they design and implement the programs, not the federal government. This legislation will assist efforts of communities, and I hope that my colleagues will join me as a cosponsor.

Our goal to reduce teen pregnancy is challenging and difficult. But if we work together we can make a difference.

CONGRATULATING QUEENS BOROUGH PUBLIC LIBRARY

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. LOWEY. Mr. Speaker, this summer an important anniversary is being celebrated in my district, one that is a vital part of the American experience.

The Queens Borough Public Library has now served the residents of Queens for 100 years. During that time, millions of people have walked its halls seeking knowledge and self improvement. Students have found help with their homework, researched information for school reports, and read the classic literature of the world. Newly arrived immigrants have learned the basics of U.S. citizenship, improved their English and received assistance in finding a good job. Families that have been in America for generations have used it to trace their roots.

What is more American than the public library? Public libraries like Queens Borough give people a chance to learn and to become contributing citizens. Such opportunities have nurtured the leaders that have made America the great nation that it is today.

Today, the Queens Library is the backbone of the community, offering 18,000 programs to Queens residents free of charge. Most of the nearly 2 million borough residents live within walking distance of a Queens Library branch.

Libraries are more important now than ever. Increasingly they serve as on-ramps to the information superhighway for those who cannot afford computers of their own. The Queens Borough Public Library ensures that the educational opportunities offered on the Internet are available to all the residents in my district.

In closing, Mr. Speaker, I would like to congratulate Queens Borough Public Library on its 100th anniversary, and applaud its continuing effort to serve the Queens Borough.

ANSWERING AMERICA'S CALL

HON. PETER G. TORKILDSEN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TORKILDSEN. Mr. Speaker, I rise tonight to enter into the Congressional Record a speech made by an outstanding young man from Massachusetts, one who reminded me just how important it is to remember who made this country what it is today, the greatest country in the world. The son of Arthur and Susan Silbert of Ipswich, Christopher Barletta is an 18-year-old who recently graduated from Ipswich High School in Massachusetts. Aside from being an accomplished musician, Chris was one of just 54 students chosen among 116,000 who participated in a contest sponsored by the Veterans of Foreign Wars and its Ladies Auxiliary. Chris's speech expresses just how fortunate we are to be Americans.

The contest theme this year was "Answering America's Call." Mr. Barletta's speech touched upon such topics as the Normandy invasion, victory parades for the fighting men and women across the country, and the willingness of people to help their country any way they could. In short, he outlined ways people were proud of the America they called home, they were proud to be Americans.

We in Congress need to remember that most of what makes America great does not come from Washington. America's greatness resides in the cities, towns, churches, synagogues, community organizations, and most importantly the citizens across the country. It resides in the work and dedication of Americans like Christopher Barletta. Mr. Speaker, I applaud what this young man wrote and request that it be entered into the CONGRESSIONAL RECORD.

ANSWERING AMERICA'S CALL

(By Christopher Barletta)

A little while back I found myself rummaging through an old cedar chest that my family keeps tucked away in our basement. The chest is an heirloom that has been passed down from generation to generation but there are things added to it constantly, "new memories" if you will. During my search I came across some remarkable things: some black and white photographs of relatives that I never had the good fortune of meeting. Some sheet music written by my uncle and friend Irving Berlin and a baseball signed by the 1954 Boston Red Sox: but the one thing that I came across that I cherished the most and took an interest in was my grandfather's army jacket from his service in World War II. It was green with three gold buttons up the front and had some sort of triangular design on the left sleeve. I tried it on only to discover that it was much too large for me, so I placed the moth-ball-scented jacket back into the chest.

I then started to see visions that are familiar to all of us: the Normandy invasion, parades for the victorious American fighting man and hundreds of proud Americans waving their country's flag. People were proud of the America they called home. Men were willing to flight for her beliefs, while women went to work in shops and plants, supplying our armed forces with the tools they needed to win battles in Europe and the South Pacific. Today, however, things have changed: attitudes have warped and pride is gone. Are people willing to go to war without being drafted? Are men and women willing to do manual labor in factories to supply our Defense Department? Would we win World War II again if it were to happen tomorrow? If America were to call for our assistance, our sacrifice, how would we answer her call? Would we answer her call at all? Are we even listening?

The point is that these questions didn't exist during the 1940's. People understood their role in being an American. It was understood that men would fight for their country, their families, and their way of life. An American's work was a priority. People knew what they were expected to do as Americans—and did it. Too many Americans today are lazy. They have forgotten their role, their purpose, and their way of life. They no longer put pride into the watch or car that they help create, the way they used to. They no longer appreciate the privilege of voting, or bother to exercise it.

They don't even show respect to other people. As President Jimmy Carter said, "America is suffering from a sickness of spirit." All my grandfather does now is complain about how the country is going downhill, and how the poverty level is out of control. He's a good man, but he is one of America's problems, along with the 250 million other Americans who love to complain but do nothing to solve the problems they complain about. As Edmund Burke said, "The only thing necessary for the triumph of evil is for good men to do nothing." It is time for each and every one of us to start answering America's call.

The answer is as simple as respect, generosity, and pride. Each one of us has the heart to volunteer some of our time to helping someone else. I don't mean something as monumental as taking someone in to live in our homes, or even giving them money. Let's start small, but let's start now. I mean, let's say hello to people on the street. I know how good a hello makes me feel. Let's look around and notice each other, let's respect our fellow Americans for who they are and let's accept our differences. Let's enjoy each other. Let's celebrate our diversity.

And let's do things right the first time instead of letting the next person do them. Let's take pride in ourselves, our fellow Americans, and all the men and women who fought so that we could have what we do today: the freedom to choose. America is still the land of opportunity, and we are still entitled to pursue our own happiness. Let's not take what we have for granted by only doing what we have to do. We can help every American learn to respect the country we call home enough to assume a fair share of responsibility for her well-being. When each of us answers America's call, we ensure not only our own freedom, but the continued freedom of generations to come. Let us do all that is necessary now, so that one day when my curious grandson feels like browsing through a cedar chest in his family's basement, he won't need to question what has happened. He will be free to experience a simple surge of pride and respect for himself, his family, and his country—and he will naturally understand and undertake his duty to America.

THE HUMAN RIGHTS SITUATION IN KOREA

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. SMITH of New Jersey. Mr. Speaker, the Subcommittee on International Operations and Human Rights, which I chair, was briefed by Kim Sang-Chul, chairman of the Korea American Friendship Society. I am inserting his comprehensive statement in the RECORD for the information of my colleagues:

REMARKS BY KIM SANG-CHUL, CHAIRMAN, KOREA AMERICA FRIENDSHIP SOCIETY

Honorable Chairman, and members: I wish to thank you for inviting me here to speak on the human rights situation in Korea.

I. INTRODUCTORY REMARKS

Korea has a checkered history. It has experienced numerous foreign invasions throughout its 5000-year history. However, it has managed to keep its independence and its people have made the country what it is today—a democratic, independent and economically thriving country—through patience, perseverance, and hard work.

From ancient times, we have been called the white-clad people for our love of purity and justice, symbolized by Koreans' traditional white clothing. Korea is a small nation in terms of its territory. But it is not small in terms of its aspirations. We have achieved miraculous economic growth and established a democratic government through fair elections in a short period of time. We are optimistic about our future. We will probably be able to join the ranks of advanced countries in the first part of the next century, thereby allowing us to play a more important role in the international community for the promotion of world peace, freedom, justice and prosperity.

Our successful journey on the path toward economic prosperity and political freedom could not, by any means, be described as smooth. We endured hardship for 36 years under Japanese colonial rule. The nation was in chaos and the national economy was completely devastated as a result of the Korean War.

Thanks to the sacrifices of our allies, we were able to fend off communist aggression and achieve peace, however fragile it may be.

Thanks to the support of our allies and friends, we were able to overcome the devastation of the tragic war, rebuild the nation and its economy, achieve freedom and establish a democratic government.

The road leading to freedom and democracy in Korea has been bumpy. We were under the rule of military governments for almost 30 years from 1961 through 1992. There is no denying that many human rights violations occurred during this period.

II. HUMAN RIGHTS IN THE REPUBLIC OF KOREA

On September 26, 1985, I met Mr. Kim Keun-Tae at the prosecutor's office. Mr. Kim was in custody for investigation of his alleged anti-government activities. He revealed that he was tortured with electric shocks and water-torture and showed me the wounds on the back of his foot. I was deeply distressed for three days after seeing his wounds. I decided to follow my conscience and submit an unprecedented application for a court order to preserve evidence of Mr. Kim's wounds.

The revelation of Mr. Kim's torture was a very strong challenge to the powerful Chun Doo-Whan government. As a result of my action, the judge had to provide Mr. Kim an opportunity to make a detailed statement about his suffering caused by the torture during the investigation.

Mr. Kim's 40-minute-long statement shocked the courtroom audience and the press, which somehow managed to report parts of Mr. Kim's testimony.

As a consequence, the telephones in my law office and my residence were tapped and government auditors began an investigation of my tax returns.

However, I prevailed in a lawsuit against the policemen who tortured Mr. Kim and in a suit demanding compensation for the damage he suffered.

On July 5, 1986, as one of the lawyers of a nine-member legal team, I filed a lawsuit against the police officers responsible for the sexual torture of Kwon In-Sook, a female college student.

I remember delivering to Ms. Kwon a secret letter from Cardinal Kim Su-Whan, in which he encouraged her in her time of distress and agony.

The exposure of the sexual torture incident created a backlash against police brutality and the immorality of the government. On Jan. 14, 1987, another case of torture by the police resulted in the death of a Seoul National University student. The death of Pak Chong-Chol shocked citizens and the popular anti-government movement started to expand.

On April 13, 1987, President Chun refused to accept a direct presidential election to choose his successor. In May, as a member of the executive committee of the Citizens Movement for a Democratic Constitution, I participated in a peaceful march that drew the enthusiastic support of people across the nation.

The ruling party's presidential candidates, Roh Tae-Woo, had to issue his so-called July 29 declaration, accommodating the people's demand for a direct presidential election and other democratization measures.

In ten years, even the rivers and mountains will change, according to an old Korean saying. We are witnessing tremendous changes in my country these days. Two former presidents of Korea are in custody pending their trials on various criminal charges. On the other hand, Kim Keun-Tae is a vice president of the major opposition party and one of his old friends who attended his trial is now the spokesman for the ruling party.

How we evaluate the present political situation in the Republic of Korea, including the human rights situation and the national security situation, is by no means a simple issue. It is rather complicated. I will, however, pick out a few important issues and try to present an objective view of the current situation in Korea. I believe that there is a consensus that the human rights situation in the Republic of Korea has improved significantly.

There could be some isolated human rights violations which are not uncommon even in the most developed countries. At present I am really concerned about violent demonstrations, the irresponsibility of the press and citizen's lack of a sense of duty.

The National Security Law of the Republic of Korea has been the focus of the attention of the U.S. Government. I proposed the repeal of the National Security Law and suggested that the government include its relevant articles in the criminal code when I submitted my opinion on the revision of criminal law in Jan. 1985. I also proposed the replacement of the National Security Law with the Protection of Democratic Order Law when I was a national policy adviser to Kim Young-sam, the then presidential candidate of the opposition party.

However, I completely changed my mind after cautiously watching the advent of the so-called "Mass Revolution" movement since 1989. Korea is the only country in the world which is divided into two opposing ideological camps: the democratic and free Republic of Korea and the communist North Korea. North Korea has tried to overthrow the government of the Republic of Korea ever since its establishment. We should not forget that North Korea's military forces are heavily concentrated along the Demilitarized Zone, about 30 miles from Seoul. It will take only six minutes for North Korea's fighter planes to reach Seoul. These fighter planes were relocated closer to the DMZ last October.

A North Korean agent, Kim Tong-shick, was arrested after a gun fight when he was discovered by South Korean police last October. He was heavily armed. He confirmed that besides his most recent infiltration he was sent to the Republic of Korea five years ago, when he crossed the border to North Korea with a high-ranking North Korean female agent who operated in the south for 12 years since 1980, and newly recruited labor movement leaders in the South.

He made contacts with Ham Wun-Kyung, who led a violent demonstration and sit-in at the USIA in Seoul, and other student activists. Kim revealed his identity and discussed cooperation with the activists for the "revolution" in the South. Just a few of them reported his identity to the authorities.

It is quite natural and necessary for a nation to equip itself with the legal devices to safeguard its national security in the face of a threat to its survival through espionage activities and the resultant chaos. Germany deals with such violations through its penal code but Korea handles anti-state activities with the National Security Law.

There have been some criticisms of the law's interpretation and applications. However, the repeal of the law will create a legal vacuum for the regulation of illegal activities short of sedition or attempted overthrow of the government. And the previous National Security Law violators should be pardoned.

Second, according to the labor laws of the Republic of Korea, the formation of a union is prohibited for public servants and school teachers and only one union is allowed in one work place. The freedom to organize a labor union, stipulated in the International Labor Organization provisions, could be in direct conflict with Korean labor laws.

A traditional labor union concept is based on the assumption that antagonism and conflict between labor and management are inevitable. In the case of public servants, the management is the people of the nation, and in the case of school teachers, the management is the people or nonprofit public organizations.

From Korea's traditional ethical point of view, their relationship should not be that of antagonism but that of service to the public cause. In particular, school teachers are not treated as labor in our society. They are respected for their service and their mission to teach our youths. The Korean labor laws containing the prohibition against unions for school teachers and public servants are overwhelmingly supported in Korea.

It is debatable whether allowing multiple unions is a basic factor for free unionism. In addition, multiple unions will further complicate things and cause more frequent labor disputes and antagonism, and therefore, it is construed to be not more than a demand by labor activists and failed to get wide support in Korea.

Essentially, freedom should be guaranteed by all means. The concept of fundamental social rights and their application varies according to a nation's culture, characteristics and its composition. What really matters is not the difference in the system itself but a nation's willingness to accept the fundamental principle of human rights. I dare say that the Republic of Korea is one of these countries.

Third, let us turn our attention to the anti-establishment activists in Korea. It is a fact that there were some followers of the socialist's line of armed revolution and North Korea's communist juche ideology hidden among those who proudly fought for freedom and democracy under the dictatorial military governments.

Distinguishing between these two groups of people was not an easy matter then. But, as Korea advances toward political maturity, it became easier to identify their true colors. The anti-establishment activists deny the legitimacy of the Korean government, ignore law and order, and use violence to achieve their objectives. They should not be treated as conscientious activists who work within the system.

Fourth, I wish to briefly mention the separated family issue as a human rights issue. As Dr. Albert Schweitzer once said, the freedom to visit or live in one's hometown is one of the fundamental human rights. This very human right is grossly violated in Korea because of North Korea's inhumane and uncompromising stance toward the separated family issue. Ten million separated families do not know their relatives' whereabouts and there is no channel of communication between them whatsoever.

The Korean government has repeatedly proposed to North Korea measures to facilitate reunions of and communication between the separated families but to no avail. It is tragic not to have your own family with whom to share happiness and sorrow. My family is one of the separated families. My father was longing to hear something about his father and uncles. But he died last August without his wishes being fulfilled.

III. HUMAN RIGHTS IN NORTH KOREA

Now I would like to take a look at the status of the human rights situation in North Korea.

The death of Kim II-Sung did not change anything in North Korea. North Korea continues to be a closed society, isolated from the international community.

North Korea maintains the same dictatorial communist regime under the same "juche" ideology and the obsessive cult of personality. Politically, the North Korean people are living in an extensive gulag. Economically, they are plagued by low productivity, a shortage of food, a shortage of energy and foreign currency, and its economy has registered negative economic growth for quite some time. While having to tighten its closed-door policy to maintain the present political structure, its economic problems can not be solved without opening its doors, structural adjustment, and economic reform. In addition, the complete blockade of information and criticism is destroying any human rights initiatives in North Korea.

North Korea's military buildup has continued, which is incomprehensible to anyone of sound judgement. It has consistently carried out espionage activities to disrupt the Republic of Korea. In the latter part of this year, they dispatched two teams of armed agents to the South.

Their "Reunification Through Revolution" policy is a combined strategy of underground sabotage and a full-scale attack. Their war strategy is first to make an all-out bliztkrieg in the front and rear simultaneously and end the war before U.S. reinforcements arrive on the battlefield.

It is believed that North Korea's extensive stockpiling of weapons testifies to their willingness to go to war. There seems to be a consensus within North Korea that the liberation of South Korea should be the ultimate policy goal of the government and the only way to end its poverty and its hopeless economic reality.

Whenever I hear something about the status of human rights in North Korea, it sends a shiver down my spine.

I think it can be safely said that there are no human rights in North Korea. There is certainly no freedom of speech, no freedom of the press, no freedom of assembly, no freedom of religion. The people of North Korea can not select their own jobs, nor can they decide for themselves where to live.

"The Ten Fundamental Principles Concerning the Solid Establishment of Juche Ideology" proclaimed in 1974 is, in fact, above the constitutional law as well as the criminal codes in North Korea. Article 3, section 9 stipulates that the "Great Leader's" and the "Dear Leader's" instructions and the Labor Party's policies should be implemented without fail. No compromise is allowed.

Even minor violations will result in death or incarceration of the violators and his family in the gulag.

North Korea's obvious intention of manufacturing nuclear arms and its possession of chemical weapons are a great threat to the national security of the Republic of Korea.

North Koreans live in fear and dire poverty, struggling to survive. They have lost the respect for the dignity of the human being, and are indoctrinated to hate outsiders, especially the so-called American imperialists and their puppets.

Let me give you some examples. Without permission, North Koreans are not allowed to change their residence or to travel. As a result, North Koreans who have visited Pyongyang, the capital city, constitute only 5% of the population. 45% of the North Korean territory, including military bases and seashores, is off limits to civilians. They can not write letters and can not freely talk on the phone even with their friends and relatives in North Korea. They have no free access to television, radio, or newspapers other than political propaganda.

There are more tragic stories. It has become known that there are 50,000 residents in a concentration camp called "Camp 15" located in Yuduck Kun, South Hamkyung province. People are thrown into the camp without a judicial trial. In the camp, there is believed to be a "completely restricted zone" from which no one can get out once they have been sent into it. This has been known to the outside world through the statements of Mr. Ahn Hyeok and Mr. Kang Chul-Whan who escaped from the camp in March 1992 and defected to South Korea through China. People in the camp are treated as "less than animals," suffer forced labor, live in dire poverty, and are exposed to various diseases. It has been reported that 200,000 people, or 1% of the total 20 million people of North Korea are confined in the inhumane detention camps throughout North Korea.

It has been reported that the North Korean government deported the handicapped and their families from the cities of Pyongyang, Nampo, Gaesong, Chungjin where foreigners frequent, to remote areas. It has also been reported that there has been a nationwide campaign to "dry out the seeds" of dwarfs, that is, prevent the births of babies with such birth defects.

There was the case of a North Korean who smuggled in a large quantity of heroin and was found to be a staff member of the Social Security Department of the government of North Korea. This happened near Vladivostok, Russia in June 1994. This shows the very nature of the collective leadership in North Korea.

At the time North Korea was receiving 150,000 tons of rice free-of-charge from South Korea, it captured the "Woosungyho", a South Korean fishing vessel, which was a drifting because of engine failure. The North Koreans killed 2 members of the crew and still refuse to return the other fishermen on board the ship. North Korea also refuses to return Reverend Ahn Seung Woon, who was kidnapped to the North. As of now the total number of people kidnapped by the North has reached 400.

There are 42,000 churches with 10 million Protestant Christians and 3 million Catholics in the South but in the North, only 2 Protestant churches and 1 Catholic church exist and these are for exhibition purposes.

What more would we need to explain? There are no human rights for North Koreans. They are treated as slaves, or no better than disposable resources.

The North Korean leaders are nothing but a collective group which uses violence as its main weapon. They rule through suppression, violence and punishment with little regard for human dignity.

As you all know there have been innumerable cases of human rights violations in North Korea and I have presented just a few. Any diplomatic relationship with North Korea and any promise for economic aid would mean extending support to a violent and inhumane regime which has no respect for human rights. If we are to avoid the inadvertent support for a dictatorial regime, we should be alert. Improvement of the human rights situation in North Korea has to be a prerequisite to the normalization of diplomatic relations. Such improvements must include freedom of religion and communication among the separated families.

IV. CONCLUDING REMARKS

Ladies and gentlemen!

The North Korean leaders are manipulating the negotiation process to create a breach between South Korea and the United States. Cleverly taking advantage of Korean people's love for peace by threatening a "sea of fire", they are attempting to get what they want without any intention of improving relations between the two Koreas.

"The Korean peninsula is threatened by war" is not simply rhetoric but a reality. Especially if there is an unstable political situation in the Republic of Korea any sign of weakness in the Korea-U.S. security ties might encourage North Korea to launch a war.

Korea is a country with optimism and vision. Korea will overcome any adversities and suffering. Korea will not forget its debt to its friends and allies.

Our nation is greatly indebted to the United States in our march toward political freedom, economic development and peace on the Korean peninsula. The people of the United States fought the Korean War, shoulder to shoulder with us to deter communist aggression; they provided aid when we were poor and hungry; they opened their market for Korean products.

The Korea-America Friendship Society was established in 1991 when anti-US sentiment was at its highest to remind Korean citizens of who are our enemies and who are our friends, and to help contribute to strengthening relations between the two countries.

The United States has made enormous contributions to the protection of freedom, the expansion of human rights, a free market, and open societies throughout the world. I believe these beautiful American traditions will be passed on to future generations.

Because I am well aware of the importance of this opportunity given to me, I have tried my best to make a presentation as objectively as I can.

I sincerely request you to be cautious observers of the real situation on the Korean peninsula, and offer your wise judgments on what the United States should do for peace, freedom justice and prosperity for the world as well as the Korean peninsula.

Thank you very much.

TRIBUTE TO HARDING N. BROWN

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mr. TOWNS. Mr. Speaker, since arriving in New York City during the African-American Renaissance period of the 1930's, Harding N. Bowman, a native of Bowman, SC, has dedicated his life to uplifting and empowering his community.

Most notably, in the 1950's, Mr. Bowman founded the Barbershop Owners Association while owning and operating three barbershops. In 1961, after moving to east New York, he was instrumental in organizing numerous community-based initiatives. Some of his key roles, to name a few, arising from such initiatives include: president, Council for a Better East New York; chairman, Community Redemption Foundation; treasurer, Citywide Council Against Poverty; director, United Negro and Puerto Rican Front; chairman, East New York Manpower; chairman, East New York Non-Profit Housing; executive director, East New York Community Corporation; and chairman, Jerome Street Block Association. In addition, for over 30 years, he has been an active participant in various New York City political organizations that have produced electoral success. While participating in these activities, Mr. Bowman has managed to earn certificates and degrees from Goddard College, Pratt Institute, Staten Island Community College, and the New York Training Institute.

Married to Phyllis Bowman for 44 years, he is a father of seven, a grandfather, and a great-grandfather. At age 75 Harding Bowman continues to help the community by staying active and admonishing elected officials not to forget where they came from. I am pleased to recognize his outstanding contributions and to introduce him to my colleagues.

DEVILS TOWER NATIONAL MONUMENT

SPEECH OF

HON. BARBARA CUBIN

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Thursday, August 1, 1996

Mrs. CUBIN. Mr. Speaker, today I am introducing legislation to ensure that the name of Devils Tower National Monument remain unchanged.

For more than 100 years the name Devils Tower has applied to the geologic formation in my State and has since appeared as such on maps in Wyoming and nationwide. The name was given to the monument by a scientific team, directed by Gen. George Custer and escorted by Col. Richard Dodge in 1875, and is universally recognized as an important landmark that distinguishes the northeastern part of Wyoming. The monument has brought a vital tourist industry to that portion of the State due to its unique character and structure.

According to a July 17, 1996, release by the United States Board on Geographic Names, the National Park Service has advised the board that several Native American groups do intend to submit a proposal, if one has not already been submitted, to change the name of the monument. On September 4–6, 1996, the Superintendent of Devils Tower, Deborah Liggett, is scheduled to give a presentation at the Western States Geographic Names Conference in Salt Lake City, UT, giving the Native American perspective.

During a July 1, 1996, meeting with Ms. Liggett she gave me her assurance that she had no intention of proposing a name change for the monument, and made it clear to me that on one else was in the process of initiating a name change. The legislation that I am introducing today on behalf of the State of Wyoming will ensure that the name of the geological formation, historically known as Devils Tower, remain unchanged.

It is my belief and the belief of hundreds of people from around the region that the name change will only bring economic hardship to the tourist industry in the area. I cannot and will not stand idly by and allow that to happen. I commend this bill to my colleagues and urge them to join me in cosponsoring it.

HOUSE OF REPRESENTATIVES—*Friday, August 2, 1996*

The House met at 9 a.m. and was called to order by the Speaker pro tempore [Mr. COLLINS of Georgia].

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

> WASHINGTON, DC,
> *August 2, 1996.*
>
> I hereby designate the Honorable MAC COLLINS to act as Speaker pro tempore on this day.
>
> NEWT GINGRICH,
> *Speaker of the House of Representatives.*

PRAYER

The Reverend Dr. Ronald F. Christian, Office of the Bishop, Evangelical Lutheran Church of America, Washington, DC, offered the following prayer:

The Psalmist prays:

The heavens declare the glory of God,
And the firmament shows his handiwork.

Oh God, we can recognize Your presence in that which is about us; intricacies of nature in flowers and in fragrance; diversity in people in size and shape; variety of animals in habits and habitats; and beauty of the night skies in the Southern Cross and the dippers, large and small.

Oh God, as we recognize Your presence, so let us honor that presence, by taking care of all that in nature we so glibly call our own; by protecting that which we have dominion over; by giving consideration to people's differences of both opinion and interests; and by offering our thanks for both Your grace and Your mercy as we, each one, seek justice for all.

Oh God, dispose our days and our deeds in Your peace. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from North Carolina [Mr. BALLENGER] come forward and lead the House in the Pledge of Allegiance.

Mr. BALLENGER led the Pledge of Allegiance as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3734) "An act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997."

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain five 1-minute speeches from each side.

CONGRESSMAN BUNN OF OREGON DESERVES APOLOGY FROM SECRETARY OF THE INTERIOR BABBITT

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, the Associated Press on July 30 of this year quoted Secretary of the Interior Babbitt as follows:

> There are a lot of people, like Congressman Bunn, who want to shut down the national park system, dissolve the national forest lands, and convey away all the public land.

I just want to say for the record that the gentleman from Oregon, Congressman BUNN, serves with me on the subcommittee on appropriations responsible for funding national parks, for funding national forests, and for funding Federal public lands.

The facts are as follows: Congressman BUNN has supported, as a member of this subcommittee, increased funding for all of these functions: parks, forests, and public lands. At no time has he suggested that we close parks or that we dissolve national forest lands into private ownership, or that we convey away the public lands owned by the people of this Nation.

Statements such as the one made by Secretary Babbitt do a great disservice to truth and facts. Congressman BUNN deserves an apology.

GAIL DEVERS; SAN DIEGO'S OLYMPIC HERO

(Mr. FILNER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FILNER. Mr. Speaker, Americans in every corner of this great Nation let out a collective cheer last Saturday as Gail Devers won her second straight Olympic gold medal in the 100 meters.

Everyone in San Diego County, CA, is familiar with Gail's achievements. A graduate of Sweetwater High School in National City, Devers became only the second woman in history to win consecutive gold medals in the 100 meters.

Even without this impressive accomplishment, Gail Devers would be a modern day hero. She won 10 area track titles in various events for Sweetwater High while setting seven section records and winning three State titles. She was so widely known in San Diego's South Bay that Sweetwater High named its stadium after her.

Her high school yearbook inscription read, "follow your dreams wherever they may lead." Little did she know that those dreams might never have been fulfilled on the track. In 1988, she developed Graves' disease and could not run for almost 2 years. She suffered through radiation therapy to counter the disease, which nearly forced the amputation of her feet in 1991. Only a year later, she won the first of her two 100 meter gold medals at the Barcelona Olympics.

Despite consecutive disappointing finishes in the 100 meter hurdles, including a fall over the final hurdle to surrender the lead at the Barcelona Olympics, Gail Devers has been a model champion with her bright smile and uplifting demeanor.

Gail led the San Diego County contingent of athletes at the Atlanta games—a contingent that numbers 98 strong. Many of these athletes, and others from across the Nation and around the world, trained prior to the games at the ARCO Olympic Training Center in Chula Vista in my district.

The San Diego community deserves to be proud of its athletes and its support of the American Olympic effort through the Olympic Training Center. We are especially proud of Gail Devers, who has overcome life-threatening adversity to become an heroic Olympic champion.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

THE CRY FOR CHANGE AND REFORM HAS NOT GONE UNHEARD IN THE 104TH CONGRESS

(Mr. BALLENGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BALLENGER. Mr. Speaker, in 1994, the American people delivered to this Congress a message of frustration and hope that a new legislature with fresh faces and a fresh commitment to honor the voice of the people that would radically alter the political landscape.

Their cry for change and reform did not go unheard.

In this Congress, we have changed the way Washington works and given the power back from where it came—the people in the States and cities and towns with real problems and real answers.

In this Congress, we passed real welfare reform, giving hope and opportunity to those who were trapped in a system that robs people of their dreams and dignity.

In this Congress, we forced this very body to live under the same laws and rules as those who elected us. We are no longer accountable to ourselves, but to the American people.

There is still a long road ahead of us to accomplish everything that the American people set before us. But we will remain faithful to their message and continue in the right direction.

DEMOCRATS DECLARE VICTORY FOR GETTING MINIMUM WAGE BILL TO FLOOR OF HOUSE

(Mr. PALLONE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PALLONE. Mr. Speaker, the Democrats can declare victory again today, once the minimum wage bill is brought up on the House floor, but I just wanted to point out two things: First, to remind my colleagues that the Republicans fought against this minimum wage bill tooth and nail over the last 2 years; and, second, to point out that this affects real people.

Too many times on the other side of the aisle, particularly last Monday when the House Republican leader, the gentleman from Texas, DICK ARMEY, once again blasted the minimum wage and said that it was not important to real people, it was somehow an inside-the-beltway issue. Well, that is simply not true.

There are probably about 10 million Americans that are affected by a minimum wage increase, and they are people that have to go out every day and work to bring home the bread, to raise families, to pay for their mortgages, to pay for heat, to pay for their rent, whatever it happens to be. By delaying this minimum wage increase over 18 months, the Republican leadership has made it very difficult for those real people.

I am pleased today that it is finally being brought up. It is a victory not only for the Democrats but it is a victory for the real people in this country who only earn a minimum wage.

A THREEFER

(Mr. HOKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOKE. Mr. Speaker, I guess if the gentleman from New Jersey thinks that we delayed it for 18 months, he obviously agrees the Democrats delayed it for 5 years.

Mr. Speaker, we did a threefer this week. A threefer. First of all, we passed welfare reform that fundamentally changes the welfare system, and it ways no more something for nothing. We are not going to condemn people to a cycle of dependency. We will not rip off their dignity and their self-worth. Great bill.

Second, health care reform says that health insurance can be kept when individuals leave or change their jobs. It provides for long-term care insurance deductions, fights fraud and abuse, allows self-employed health care deductions, and it establishes for the first time the one thing that is going to put consumers, patients, back in the driver's seat and take the power away from bureaucracies and insurance companies: medical savings accounts. We passed that.

Today we are going to pass another bill that will make our airports safer, that will crack down on terrorism and that is going to make this country a safer place to live.

A threefer for this Congress, Mr. Speaker.

NIKE: RICH BOSSES, SWEAT SHOP SLAVES

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the Olympics is great for fans, athletes, and sponsors. Especially sponsors. Take Nike. Please, someone take Nike.

Nike pays Indonesian and Vietnamese workers an average of 15 cents an hour. They then sell those shoes for $140 a pair. And then, if Members think that is highway robbery, their chief executive officer, Phillip Knight, made $6.5 million in 1995.

I say a Nike ad should read, "Rich Bosses, Sweat Shop Slaves." And if we want to talk about sneakers, Nike is not joking.

Mr. Speaker, I say it is time for the American consumers to tell Nike to take a hikey and buy some American shoes before, so help me God, we are all working in some sweat shop.

With that, I yield back all the sweat and pain.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, I am sure that the gentleman is aware that Reebok has ceased buying soccer balls from anybody that hires children.

Mr. TRAFICANT. Mr. Speaker, reclaiming my time, last I heard, Reebok was not an American operation either.

REPUBLICAN CONGRESS KEEPS COMMITMENTS TO AMERICAN PEOPLE

(Mr. GUTKNECHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUTKNECHT. Mr. Speaker, in November 1994 the American people sent a very clear message and Republicans were elected to restore the bonds of trust between the American people and their Government.

We have cut spending and are continuing on the path to a balanced budget. We are returning power and decisionmaking ability to States and local governments. We are eliminating the failed welfare state that has entrapped fellow Americans in poverty and despair. We passed health care reform legislation to make it easier for people to have insurance.

Rather than impose government mandates and create more bureaucracy, Republicans are getting government out of Americans' lives so they can do more for their families, children, and communities.

This Republican Congress is historic because we are keeping our commitments to the American people to end business as usual in Washington.

DEMOCRATS STAND WITH LAW ENFORCEMENT; REPUBLICANS RUN AWAY FROM IT

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, evidently today we will vote on an antiterrorism bill. No one knows what is in it. The Committee on Rules passed a blank check bill. It has not even been printed, but we know one thing for sure.

Mr. SOLOMON. Mr. Speaker, if the gentleman will yield, I will be glad to tell him what is in it.

Mr. SCHUMER. Mr. Speaker, I will yield only on the gentleman's time. I am going to say what I think, and he can tell everyone what is in it.

We know what will not be in it: the two things law enforcement requested, roving multipoint wiretaps and taggants to trace black powder explosives. These are the two things that law enforcement wanted. These are the two things the Republican majority will not put in this bill.

It is a rerun of the last antiterrorism bill, where they could not bring themselves to do what the law enforcement people wanted. There has been a big reversal, my fellow Americans. Democrats stand with law enforcement, Republicans are running away from it.

The bill today will be a weak Milquetoast bill just like the one we passed 3 months ago, and the only people who will suffer will be the American people.

GENETIC PRIVACY IS A VERY IMPORTANT ISSUE

(Mr. STEARNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STEARNS. Mr. Speaker, I believe the issue of genetic privacy is of the utmost importance. With new forms of genetic testing, we will be able to test an individual's likelihood of contracting a number of diseases. The possibilities that arise that employers and health insurance can use this information to discriminate is out there.

This is a civil rights issue and a civil rights issue we should be concerned with. People who are already at risk due to their genetic makeup should not have to worry about the additional hardship of losing their job or health insurance.

The Republican Congress and the bill we passed yesterday included for the first time in human history the words "genetic information." That is part of the bill that the gentleman from Illinois, DENNIS HASTERT, prepared as special task master to bring health care to the House floor, and we now have the words "genetic information" so that no one can be discriminated against because of genetic information.

□ 0915

And I think all of our colleagues and all of the people across this country should realize for the first time in human history, we now have those words in the bill and we are making a start.

MINIMUM WAGE INCREASE FINALLY COMES TO HOUSE FLOOR

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, as I prepare to retire I understand there are some wags around here who keep saying that will be a big mouth to fill. But this is a day when I am very proud of my big mouth and I am very proud of the results that we have seen, because the Republicans kept fiddling while the average working American got burned. There was no way they wanted to deal with the minimum wage, absolutely no way. And for 18 months they stalled.

Well, big mouths like myself went to work, and today we get to put out the fire. Today we get to finally get the minimum wage up here, which is so terribly important for so many mothers who are out there working on it. The majority of the people and more than a majority under minimum wage are women.

This is indeed a good day, and I wish everybody would put their big mouth to work on the right thing. When they finally do, they finally cave.

CONFERENCE REPORT ON H.R. 3448, SMALL BUSINESS JOB PROTECTION ACT OF 1996

(Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 503 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 503

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. COLLINS of Georgia). The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

Mr. SOLOMON. Mr. Speaker, I see the distinguished gentleman from Boston, MA [Mr. MOAKLEY] sitting over there. It seems like only yesterday that we spent all day together, and all night too. I yield him the customary 30 minutes, pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for debate purposes only.

Mr. Speaker, House Resolution 503 is a typical rule for a conference report. It waives all points of order against the conference report, and it provides that the conference report shall be considered as read as usual.

Mr. Speaker, I am so pleased that the House and Senate conferees were able to put together this bipartisan bill. They put partisanship behind them and reported a bill that raises the minimum wage in a responsible way by offsetting the additional costs to small business through tax relief, and is so important.

As one who ran a small business before coming to this body, I am particularly pleased that we are making a much needed effort to give some tax relief to hard working people who run these small businesses and provide most of the new jobs.

The small business provisions included in the conference report include an increase in the amount small businesses can expense, which will make it easier to start up and expand a small business. The provisions also include modifications of the rules governing subchapter S corporations, which is the way that many small businesses get along, and raise capital.

For example, it will increase from 35 to 75 the number of shareholders an S corporation may have, and the bill would permit S corporations to have wholly owned subsidiaries as well.

The small business relief also include much-needed pension simplification provisions, which are intended to strengthen and to encourage retirement plans for employees of small businesses. There are several other provisions designed to encourage and protect jobs as well.

Mr. Speaker, I represent a rural district that has many, many small businesses. They are an important part of the economy in my district just like some of the large Fortune 500's are an important part of the economy of the country. I know how difficult it is to start up and maintain a small business. Many small businesses fail before the first year is even over, and that is why they need to be able to utilize all of their operating capital early.

But even with all the difficulties, small businesses create more jobs than any other type of business in America. In fact, small businesses account for almost 75 percent of all new jobs created every single year in this country. That means jobs for kids coming out of high school, and for young men and women coming out of college. So, Mr. Speaker, these tax provisions do not just help small businesses, they help everyone by encouraging job growth.

But, Mr. Speaker, that is not all. This conference report also includes provisions that increase the availability of spousal IRA's to help families plan for their retirement. And the bill includes needed extensions of several expiring tax provisions. One of those provisions is the employer-provided educational assistance tax credit, which allows employers to deduct up to $5,250 for educational expenses for their employees. This is a tax credit that helps the employer, and it certainly helps those employees that are struggling to advance up the promotion ladder in life.

This conference report also would replace the expired targeted tax job credit with a new work opportunity tax credit. This credit will encourage businesses to hire individuals who are long-term welfare recipients that might otherwise not be employed. It is going to help them. It is going to help lift them up by the bootstraps. Certain disabled workers are going to have the same opportunity. That is why this is such an important bill.

Finally, Mr. Speaker, this bill contains something I have advocated and encouraged for so long: An adoption tax credit. The conference report provides a tax credit for up to $5,000 of qualified adoption expenses. The gentlewoman from Ohio [Ms. PRYCE] is going to speak about this in a few minutes because this includes her language, and I commend her for the great job she has done in getting this written into this bill, which is going to become the law of the land.

Now, I know that this provision is not germane to a bill that raises the minimum wage and offers small business tax deductions to protect jobs, but the adoption tax credit has gotten bogged down in politics in the Senate and probably would not have passed Congress this year unless the gentlewoman from Ohio [Ms. PRYCE] and others had not been able to work it into this legislation. So I feel that this provision is so important that I am very glad that the conferees decided to include it.

In conclusion, Mr. Speaker, I would urge support of the rule we are considering now, and I urge support of the conference report so that the President can sign this important piece of legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume and I thank my colleague and dear friend from New York, Mr. SOLOMON, the honorable chairman of the Committee on Rules, for yielding me this time.

Mr. MOAKLEY. Mr. Speaker, on behalf of the 4.2 million Americans who work for the minimum wage, I want to say: it's about time.

The minimum wage in the United States has not been raised in more than 6 years.

For that reason, I congratulate my Republican colleagues for recognizing the importance of this increase today and I am proud to stand in support of this rule, making the bill in order.

Mr. Speaker, the value of minimum wage is at a 40-year low. A 40-year low.

Today, people who work for minimum wage, people who work very hard to support their families and try to stay off of welfare, earn only $8,500 a year. That is not enough, Mr. Speaker, to support a family.

In fact it is $3,800 below the poverty line for a family of three. That's right, Mr. Speaker. People who work very hard in full time minimum wage jobs earn almost $4,000 less than people at the poverty level.

Yesterday we voted on a Republican welfare bill which President Clinton has said he will sign. That bill made significant changes in our Nation's welfare system. But I would argue, Mr. Speaker, that this bill we are doing today is the real of welfare reform.

Because, Mr. Speaker, instead of haggling over which benefits the Federal Government should provide to support children, as we were yesterday, we are working on making it easier for parents to support children themselves without the Federal Government. And that's the way it should be.

With this increase in the minimum wage, working parents will come closer to having jobs that enable them to support their families.

Instead of working full time for only $8,500 a year, these parents will get a 90-cent-an-hour raise. It may not sound like much but to these 4.2 million people, it's a very good start.

It used to be, Mr. Speaker, that only one parent had to work to support a family. A father could go to work and earn a good living which would provide food and shelter and clothing for his family. But not anymore.

The earning power of a lower income worker in the United States has declined to the point that a person working full time for the minimum wage earns below the poverty level.

A lot of families chose welfare over work because it is absolutely impossible to make ends meet otherwise.

That's why this bill, this small increase in the minimum wage, is so important. Because it will make it just a little bit easier for lower income families to make those ends meet.

It will bring the minimum wage closer to what it should be: A safety net for primary earners and the best kind of welfare reform this Congress can enact.

I want to add, Mr. Speaker, that my home State of Massachusetts already has a minimum wage of $4.75. I think we did the right thing by raising the minimum wage in Massachusetts and we are doing the right thing today by raising it even further for the entire country.

Mr. Speaker, for the last year and a half my Democratic colleagues and I have been fighting for a minimum wage increase—if my Republican colleagues had listened to us earlier—12 million Americans would have gotten a raise by now.

But Mr. Speaker, they have joined us now. I am pleased to welcome them to this side of the issue and I urge my colleagues to support this rule to give hard working Americans a long overdue raise.

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Columbus, OH. [Ms. PRYCE], one of the very, very valuable members of the Committee on Rules. She has a major role in this legislation.

Ms. PRYCE. Mr. Speaker, I thank the gentleman from New York [Mr. SOLOMON], my friend and the distinguished chairman of the Committee on Rules, for yielding me this time, and I appreciate having the opportunity to work with him on some of the underlying legislation and in managing this important rule.

Mr. Speaker, as the chairman described, House Resolution 503 has the customary 1 hour granted for debating conference rules in the House, and I urge all my colleagues to give it their full support.

Mr. Speaker, the conference report on the Small Business Job Protection Act contains many very important elements. First, we provide for an increase in the minimum wage, a provision fought so hard and passionately for by the gentleman from New York, Mr. QUINN, my Republican colleague from New York, Mr. QUINN.

The report also provides for a series of tax incentives designed to make it easier to start up and then expand small businesses, and also the numerous provisions outlined by the gentleman from New York [Mr. SOLOMON] at the outset of his remarks.

Our Nation's economic health depends in large part on the success of America's small businesses. They are the engine of economic growth, creating nearly 75 percent of all new jobs in the United States in any given year, but we cannot expect them to survive, much less prosper given the regulatory and tax burdens imposed on them under current laws. That is why the tax incentives contained in the conference agreement are so important to the future of small business and jobs in this country. Together, they will provide small business owners and entrepreneurs alike with the financial tools they need to grow and compete and to create the kind of stable and lasting jobs that the American people need.

Mr. Speaker, the third, and to me the most personally significant, element of the bill is made up of the provisions designed to remove barriers that currently discourage hundreds and hundreds of caring families each year from seeking to adopt children.

□ 0930

As many of my colleagues know, I am an adoptive parent myself. Since coming to this body, I have worked hard to find ways to make it easier for parents to adopt, especially young parents with moderate incomes. While progress is being made, the high costs associated with the adoption process, which can be as much as $15,000 or more in many cases, still pose very significant obstacles.

To help families defray these costs, the conference report provides a valuable tax credit of up to $5,000 for qualified adoption expenses, and it recommends the necessary offsets to pay for the credit.

In addition, the conference report seeks to remove barriers to interracial adoptions by prohibiting a State or any other entity that receives Federal assistance from denying or delaying a child's adoption because of the race, color, or national origin of the child or the prospective parents.

Hopefully, this change will make it possible for more children to find their way into loving, permanent homes regardless of the race of the family seeking to adopt.

Mr. Speaker, these pro-adoption provisions were originally included in legislation passed by the House earlier this year, but unfortunately the other body has not acted as quickly on this important measure. I congratulate the gentleman from Texas, Chairman ARCHER, and the conferees for ensuring that these beneficial pro-family provisions are enacted into law this year.

Mr. Speaker, this week we have passed major legislation to reform welfare and to expand access to affordable health care coverage. With this legislation, we will add to those victories by easing the financial burden on small businesses, by lifting the barriers that discourage more families from seeking to adopt. I urge my colleagues to support this fair rule and to vote for the conference report.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. PALLONE], a very active Member dealing with this matter.

Mr. PALLONE. Mr. Speaker, once again I want to point out that the Democrats can truly declare victory this morning with this minimum wage bill finally being brought to the floor. But two points need to be made. One is that the Republicans consistently over the last 2 years have opposed this minimum wage increase and, second, that this really does impact a lot of real people. It is not something that is pie in the sky that we are just talking about here that does not mean anything to the average Americans.

Democrats have been trying to pass this minimum wage increase since February 1995, when President Clinton first proposed the bill and Democratic leader GEPHARDT introduced it into the House. But it took over a year to force the Republicans into acting. The Republican leadership remained strongly opposed to the minimum wage bill, and Republicans marched in lockstep behind them voting five separate times to kill Democratic efforts to bring it up.

Many of us were here many times trying to bring this up but we were opposed by the Republican leadership. Even when the moderate Republicans finally started to cave in, faced with polls showing that over 80 percent of the Americans supported this bill, Republican leaders continued to try to kill the bill. They offered amendments that would have gutted the bill in a failed attempt to appease the business lobby and blunt the Democratic initiative.

Mr. Speaker, let me just say we are talking about real people, over 10 million Americans that are going to be positively impacted by this legislation. Most minimum wage earners are not teenage children of the affluent. According to the Bureau of Labor Statistics, of current minimum wage earners, two-thirds are adults, with over 50 percent being 26 or older, while 62 percent are women.

These workers have to work almost twice as many hours just to live near the poverty level for a family of four. They work hard, they provide what they can for their family and they deserve the opportunity to earn a livable wage.

Mr. Speaker, yesterday and this past week both parties have been talking about welfare reform. We passed a good welfare bill. But reform is useless if we do not do something to improve wages. We need to reward hard work and make it less enticing to collect welfare. This bill will accomplish that. I urge support for the conference report.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

I have been around here a long time. It is not that politics is wonderful. It is no wonder that the American people hold us in such low esteem when they see that in every other speech we get up here and engage in partisan attacks. I long for the old days when maybe there was no television coverage, and we came on this floor and we hammered out the issues and we did not have this partisan bickering.

The man I am going to introduce right now is a man I have never heard utter one single partisan word on this floor. He is a standup Congressman. If it were not for him, this legislation would not be on the floor today. His name is JACK QUINN from Buffalo, NY.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. QUINN].

Mr. QUINN. Mr. Speaker, I thank the gentleman for yielding time to me today.

Mr. Speaker, I rise in support today of the rule and also rise in support of the Small Business Job Protection Act. I also rise as a Republican Member of this body for almost 2 terms now who has never opposed the minimum wage and was pleased to join a number of Republican colleagues of mine to finally get this bill to a vote on the floor.

This has been a historic week in our House and in Congress. On Wednesday, the House voted to end welfare as we know it, and just last night we passed legislation to make health insurance more accessible to Americans who get sick or lose their jobs.

Today the House is considering legislation to raise the minimum wage and at the same time provide necessary tax incentives to small businesses. Mr. Speaker, in April, about the middle of April, I was proud to begin this process by submitting the bringing a bill to the floor that would have raised the minimum wage. Today, now as we take another historic step in raising the minimum wage for over 4 million Americans, it is an opportunity for me to thank the people who worked so hard in this effort.

I want to thank those sometimes-courageous 23 other Republican Members who joined me in my minimum wage increase bill. I also wanted to thank the Republican leadership who continued to meet with me and the others, who continued to work with us, our group, as we found ways to bring the bill in an acceptable manner to this floor.

Time after time during that often heated debate, there were times when it was not acceptable to one group or another; but in the end, leadership worked with Members who felt a need to bring this bill to a vote and we did. What we found out was that we thought was going to happen all along, the minimum wage increase in the House passed overwhelmingly with bipartisan support.

Mr. Speaker, it is also an opportunity for me today to thank my Democrat colleagues on the other side of the aisle who also, once we had the bill in acceptable form on the floor, joined in that bipartisan fashion to pass the bill and, at the same time, I believe, sent a message to the Senate, our colleagues across the building, that this was important legislation and that the House was prepared to act in a bipartisan way to get them a bill, to get a bill that the American people needed, the American people who had not seen the minimum wage increase in almost 7 years. I think we need to thank all of those Members who helped us get to this day today.

I believe, Mr. Speaker, that Americans who work a 40-hour work week ought to make a wage that they can live on. A lot of rhetoric has taken place in the well, a lot of rhetoric has taken place back and forth in these past 3 months since my bill was introduced. I think we are here today, again, on an historic event, to say that we are going to give those workers, the men and women of this country, a raise. Today America will get the raise it deserves.

It is through the hard work of a lot of Members in this Chamber and in the Senate. I stand here before all of our colleagues today asking support for the rule, support for the conference report and also urge the President to sign this bill as quickly as possible to give Americans the raise they deserve.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. TRAFICANT], the Garrison Keillor of the House of Representatives.

Mr. TRAFICANT. Mr. Speaker, everybody is declaring victory. I would like to declare a few facts today.

I am bipartisan, nonpartisan type of guy. I rise to indict both parties for subsidizing China and Japan, Mexico, and Canada with another continuing record trade deficit. Japan is over 60 million; China is approaching 40. And the analysts say in 5 years China will surpass Japan.

Anyway, I do not know, I do not think anybody is listening, but there is an old saying, God loves poor people. They say God must love poor people, he made so many poor people, and there are so many working poor people. They deserve a minimum wage increase. I support the rule. I support the bill. I want to commend Mr. MOAKLEY and Mr. SOLOMON, great job they have done over the years. Mr. QUINN fought hard from the Republican side. I want to commend him.

I just want to remind Members, between 1991 and 1993, 13 million Americans lost their jobs. As I speak today, 36 percent are still unemployed; 18 percent took pay cuts less than 50 percent of what they previously made; 10 percent are working for 75 percent less pay than they mad 5 years ago. If you do your math, 60 percent of those 13 million people, 7.8 million people are worse off today than they were 5 years ago. So, yes, I support a minimum wage increase. But my colleagues, a minimum wage job is still the bottom rung of the ladder.

If we do not resolve our trade deficits, we will not balance our budget deficits. By God, we are going to have a Communist party fund raiser on the east lawn of this White House.

I thank the gentleman for the time.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I thank the gentleman for yielding me the time.

I rise in support of the rule and I rise in support of the legislation, although with some doubts in reference to the minimum wage question. I have supported it before. I plan to support it again. There are many other fine provision in the bill: the portal-to-portal provisions, for instance; a lot of tax matters that are of importance to small business people.

I do, however, want to also apprise my colleagues of the fact that unfortunately there was a provision that was added in the Senate involving a Supreme Court case called the Harris Trust case back in December 1993, which involves the ERISA statute, involves pensions and indeed is, I think, one of the bad features of this bill.

As editorial in the Chicago Tribune of last week, entitled Reckless Attack on Pension Plans, tells the story. There are about anywhere from $300 to $700 billion held by the life insurance industry in this Nation for the benefit of pension plans. That is, they are deemed to be under the ERISA statute.

That statute requires that those assets are held exclusively for the benefit of the private pensions of America. But there has been a big argument about this and the life insurance industry has said they have a right to commingle those funds with their own assets so they did so for 20 years. Then the Supreme Court said, no, you are wrong. You cannot do that. You have to have separate accounts for these funds that belong to the pension plans.

This legislation unfortunately, which is a part of this minimum wage bill that is not germane at all, basically eliminates the U.S. Supreme Court case entirely and immunizes, the life insurance industry for all past misconduct in violation of ERISA going back to 1975. If that is not bad enough, it also goes into the future, and immunizes the life insurance industry for any wrongs it may do, including even civil fraud and self-dealing up to July 1, 1999.

Then, on the basis of some changes that we were able to effect in conference, then the traditional fiduciary standards of ERISA will be reinstituted but only in the future, on July 1, 1999. So, this is still a very, very unfortunate piece of legislation. I think a lot of us are going to consider that we will have to introduce legislation to rectify it, to repeal it.

□ 0945

We cannot allow something like this, when you are talking about something like $700 billion of pension funds which are going to be continually commingled in the assets of the life insurance industry in this Nation. That is not right. I simply wanted my colleagues to know about this.

Mr. Speaker, I rise to support this legislation overall. I support raising the minimum wage, with the conditions included in the legislation, and I support the small business simplification provisions of the bill. Thus, I will vote "yes" on the conference report, and, as a House conferee on the bill, I signed the conference report on title II.

I, however, continue to object to one provision that was originally added to title I by the Senate which will shield the insurance industry from suits arising from the Supreme Court *Harris trust* case, and seriously weaken the integrity of ERISA which has protected pension for more than 20 years. While through intense negotiations, Mr. Goodling and I were able to make some improvements to the Senate-passed Harris Trust language—and our amendment was adopted by the conference—I still must object to this language being included in this bill. For the record, I would like to explain why this provision should not be included in this bill.

Those who manage and invest retirement funds have been subject to the wise fiduciary standards of ERISA—the Employee Retirement Income Security Act—for more than two decades. ERISA overhauled Federal pension law in 1973 after Congress found many loyal, long-term employees weren't getting the retirement money they were promised under their pension plans. Most important, ERISA makes sure those in control of your money are held to the highest standard of conduct—that they manage and invest your money under a duty of complete loyalty to you.

Incredibly, this crucial standard of conduct—the backbone of our pension system—would be eroded by the legislation we are passing today as it applies to hundreds of billions of retirement dollars held by insurance companies. When the Senate passed their version of the minimum wage and small business tax bill, tucked within the bill was a provision exempting from ERISA's fiduciary standards the at least $300 billion the industry holds in its general account contracts sold to pension plans. I can only assume the Senate, in passing this legislation, did not understand the implications for our retirement system.

The Senate bill overturns a 1993 Supreme Court decision, John Hancock Mutual Life Insurance versus Harris Trust, which conformed what the insurance industry has known for hears—that these fund are in fact subject to the ERISA fiduciary standards put in place to protect America's retirees. Before the Court's decision, insurance companies had mistakenly relied upon an unrelated Department of Labor pronouncement which they claimed exempted these general account contracts from the traditional protections of ERISA. The insurance industry has been lobbying Congress for 20 years for the sort of change they're getting—clear evidence they knew ERISA applies to these assets.

Not only would this bill give the insurance industry a retroactive pardon for all past misconduct in handling these retirement dollars—even willful violations—it would create a new, prospective, until 1999, fiduciary standard weaker than ERISA, and prevent pension plans and participants—you—from suing under Federal law to recover your money.

As chairman of the employer-employee relations subcommittee with responsibility for ERISA matters, I strongly opposite letting this provision become law. As groups outside Congress become aware of this bill, opposition and outraged gelled.

The American Association of Retired Persons, acting on behalf of the Nation's retirees, voiced its opposition, as has the Financial Executives Institute, a group of pension plan sponsors with more than $900 billion in assets—including BellSouth, Coca-Cola, Ford Motor Co., Motorola, and Procter & Gamble. Significantly, both the AFL–CIO and the Teamsters have also sent letters to Congress opposing this insurance industry bailout.

Ironically, President Clinton is out campaigning telling you how much he wants to improve your pension system while his Department of Labor is at the same time supporting this serious weakening of pension protection. Is the President unaware that this bill would excuse any misconduct, however egregious, that's taken place over the past two decades, and would weaken the protections retirees have under ERISA? And the Department of Labor, which is supposed to be America's pension watchdog, is selling out the retirement security of American workers. That anyone who cares about the integrity of our retirement system could support his unprecedented move to excuse past and future abuses to retirees defies logic.

Perhaps most disturbing is the fact this provision has been attached to the unrelated minimum wage bill and is being passed without a single legislative hearing in the House or Senate. It has never been voted on by any Member of the House and was not included in the House-passed bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas, Mr. GENE GREEN.

Mr. GENE GREEN of Texas. Mr. Speaker, I rise in support of the rule and the bill.

Mr. Speaker, today is a good day for our Nation's working people, both men and women. What a difference a year makes. This Republican majority Congress passes a minimum wage increase. The world has definitely turned upside down. With the passage of this conference committee report, working Americans will finally see an increase in their wages. To again quote the late Senator from Texas, U.S. Senator Ralph Yarborough, we are putting the jam on the lower shelf for the little people to reach it. This is a day to celebrate.

But we should not forget the Republican attempts to stonewall, derail, and defeat the increase. The American people brought the Republican majority to this point, in some cases kicking and screaming, with a few exceptions. My colleague, the gentleman from New York [Mr. JACK QUINN], is to be commended for his leadership on this effort.

The credit should go to the American people, who made it absolutely clear to the Republican leadership that they expected an increase in the minimum wage. Eighty percent expected that. American workers understand that the purchasing power of the minimum wage will soon be the lowest in 40 years, and now they will make an additional $1,800 a year in their pocket to spend. Let us stop talking about it. Let us give the American people what they want and deserve, an increase in the minimum wage. The best welfare reform is a job that pays a decent wage.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 2 minutes to the gentleman from California [Mr. MILLER], ranking minority member of the Committee on Resources.

Mr. MILLER of California. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong support of this legislation. It has been a long time coming, Mr. Speaker, to give the people of this country a minimum wage increase, to give those who work so very hard, sometimes at the lowest wages, with long hours and in difficult jobs, to finally give them a pay raise.

Let us remember, though, that this minimum wage increase has been fought tooth and nail by the Republican leadership. We had to have over a dozen procedural votes before we could finally get the attention of the Republican leadership on this legislation.

In the Senate they did everything they could to stifle the consideration of this legislation. It was only because of the tenacious nature of Senator KENNEDY and Senator DASCHLE to bring the Senate to a stall, to a stop, to a complete ending of business, before they could get consideration. Only after the Senate did that did we see the Republican leadership here concede that America was entitled to a minimum wage increase.

Mr. Speaker, the fact is, these Americans have been entitled to this minimum wage increase for many years. I want to commend our colleague, the gentleman from Michigan [DAVE BONIOR], who came to this floor on one vote after another and tried to force this issue. I want to commend our colleague, the gentleman from New York [JACK QUINN], who finally showed courage and separated from that leadership, and recognized the need of people to have this increase in the minimum wage.

I also want to remember the gentleman from Texas [Mr. ARMEY], the majority leader, who said he would fight this with every fiber of his body, he would fight this and never allow this to happen. The American people are about to win, and because of the persistence of the Democratic leadership in the House and Senate, an increase is going to happen for the minimum wage.

This is going to be an improvement for people's lives. This is going to allow people to leave welfare. This is going to reduce our food stamp contributions, our housing contributions, our other welfare payments, because now employers will have to start paying people a liveable wage and no longer have to subsidize unemployment.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, let me just say hallelujah, because when this Congress started a year and a half ago, I would not have predicted this day. There are a lot of things that I would have predicted would have happened in this session of Congress, but an increase in the minimum wage, the first legislated increase since 1989, I would not have predicted.

The good news is that miracles do happen. The good news is that those who say that they are going to fight a minimum wage increase with every fiber of their being can often be proved wrong. This is a very important day for West Virginians as well as Americans.

There are 112,000 payroll jobs in West Virginia that will see an increase because of this minimum wage increase, going from $4.25 to $5.15. That is roughly 17 percent of the payroll jobs in our State. It means that the delay that people have been facing, in which $2 million a week in payroll has been lost because there has not been a minimum wage increase, that will no longer take place.

Yes, Mr. Speaker, I have heard the complaints of small business. I appreciate them. I know many of our small businesses are struggling. But there are also tax provisions that will assist them and that will prove beneficial.

Additionally, Mr. Speaker, I think it has to be recognized that while the minimum wage has stayed the same since 1991, the last increase, all other costs of business have gone up. What about that minimum wage recipient? Nobody has said anything at the grocery store about keeping prices low because their wages have not gone up. Nobody said anything at the utility about keeping prices low because their wages have not gone up. Nobody said anything, when they have to go out and try and find an automobile to get to work, about keeping the price low because their minimum wage has not gone up.

The fact of the matter is, if we want people to be able to make it in today's society, we have to occasionally give them a minimum wage increase. This House yesterday passed a welfare reform bill. It stresses work. I supported that bill. If we are going to stress work, we have to make sure that people can make a livable wage when they get that work. The minimum wage increase today brings that a little closer to reality.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 2 minutes to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from Massachusetts [Mr. MOAKLEY] for yielding time to me.

Mr. Speaker, sometimes the measure of a legislative body is who it listens to. The majority this year listened to a certain elite group of citizens who said they wanted to renounce their citizenship in order to avoid paying taxes, and they got what they wanted.

The majority this year listened to corporate America that wanted to continue to flood our campaigns with political contributions, and they got what they wanted. The majority this year listened to the huge argribusiness that get billions and billions of dollars of welfare checks from the public Treasury, and they got what they wanted.

Today a bipartisan majority of Republicans and Democrats is going to listen to the people who sweep our floors, wash our dishes, take care of our children, and do the hard work of America, and finally they are going to get what they rightfully deserve, an increase in the minimum wage of this country.

We have lad a lot of talk on this floor this week about the desirability of work. Talk is cheap. What is more important about the desirability of work is to say to someone who washes dishes or sweeps floors or works in a child care center, your work counts, too.

By rising today in support of this rule and this bill, we are finally going to say to the Americans that no one ever listens to, thank you for a job well done. America does need a raise. Today the most deserving Americans are going to get one.

Mr. SOLOMON. Mr. Speaker, yield 3 minutes to the distinguished gentleman from Stamford, CT, CHRIS SHAYS.

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, this is an historic day I am thrilled to be able to celebrate. This is, in fact, a bipartisan effort. Republicans wanted a tax cut, and some Democrats wanted a minimum wage, and some Republicans. We united in a common goal to do both. We have $8 billion of tax cuts for businesses who are going to hire the most unemployable in our society. We have a minimum wage for those who work for the least amount.

As my colleagues, the gentleman from New York [Mr. QUINN], a leader in this effort pointed out, this is not just an historic day, it is an historic week, because we passed welfare reform. We want to get people off of welfare and onto work. It is very important that we have a minimum wage that is competitive with welfare.

Welfare recipients will have a minimum wage that will not pay them 20 percent more. In a 40-hour workweek they were making $8,000. They will now receive $10,000. This was an effort that would not have passed had it not been bipartisan.

I might just express one slight concern with the bill. We are kind of distorting the concept of how we classify workers, and this is an issue we are going to have to find a way to address, because we have too many workers who work as outside consultants who then are not paid certain benefits. I just want to lay that on the table for the record. We have to find a way to make sure that workers are properly classified.

But this bill does two things it needs to do. It provides tax cuts and it provides a livable minimum wage. No one can live, in my judgment, on a minimum wage if they only work 40 hours a week. But tell me, what people in society only work 40 hours a week and succeed? This, to me, is truly an historic day. I congratulate both Republicans and Democrats on their combined effort to provide a minimum wage and tax cut for those businesses that need it.

Mr. MOAKLEY. Mr. Speaker, it gives me great pleasure to yield 1 minute to my colleague, the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK of Massachusetts. Mr. Speaker, I congratulate all of those who helped bring forward this increase in the minimum wage, a small but important step toward social equity which we very much need.

I also want to express my appreciation within this bill to the U.S. Treasury Department, to the Committee on Ways and Means, the chairman, the gentleman from Texas, and the ranking member. My colleague, the gentleman from Massachusetts, and I approached them on behalf of fishermen in the greater New Bedford area who were caught up unfairly in a tax dispute. They found themselves, in effect, retroactively taxes, I believe. We made our case. These are very hardworking people, already facing great difficulties because of conservation-imposed restrictions.

I am very appreciative of the willingness of the Committee on Ways and Means, on a bipartisan basis, to entertain our requests; the Treasury Department, to make a rare exception and say retroactively would be acceptable in this case; and I am pleased that as part of this bill, some very hardworking people in the greater New Bedford area will get the tax relief they are entitled to. They are getting nothing they should not have had in the first place. They have been through a lot of expense and aggravation to get here, but at least from now on they will not have this burden.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. MARTINEZ].

Mr. MARTINEZ. Mr. Speaker, I thank the gentleman very much for yielding time to me.

Mr. Speaker, I rise, on a rare occasion that I take the well, to congratulate all those people whose persistence paid off in bringing us this minimum wage bill. It truly is a bipartisan bill. I know there were people in the leadership on one side of the aisle that had made comments, I think very drastic comments, about withholding this piece of legislation. Eventually, better minds prevailed and this is being brought to the floor now.

On behalf of my constituents, I very sincerely thank you. I do not care whether you make $100,000 or $10,000, you actually want a raise, because the cost of living continues to go up. Finally, the people that were persisting in this made people realize that we need to have a minimum wage increase.

Let me tell the Members that in California, though, we have an initiative on the ballot, and every poll has indicated that that particular ballot proposition will pass overwhelmingly. It will pass overwhelmingly, for the reason I just stated.

If we need to be vindicated in what we do today, just watch that California vote, because I can guarantee the Members that it will be a landslide. It will be people from all walks of life, from both sides of the aisle, Republicans and Democrats alike, and even Libertarians, that will vote for that particular initiative. I guarantee the Members, we are in the right ball field in the right ball game.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont, the Honorable BERNIE SANDERS.

Mr. SANDERS. Mr. Speaker, ever since my first day in Congress I have been fighting to raise the minimum wage. The simple truth is that the purchasing power of the minimum wage today is 26 percent less than it was in 1970, which means that our minimum wage workers today are much, much poorer and harder pressed than they were in the past.

The fact of the matter is that millions and millions of American workers cannot survive, cannot live in dignity on $4.25 an hour, and I am glad now today, finally, we are going to be raising the minimum wage to $5.15 an hour, although in truth, we should be raising it higher than that.

□ 1000

The reality of the American economy is that more and more of the new jobs that are being created are low-wage jobs, they are part-time jobs, they are temporary jobs without benefits. Today we are saying to those workers that at least you are going to be getting $5.15 an hour and that is long overdue.

The second part of this bill, which is also a positive step forward, is that we are saying to small businesses in Vermont and all over this country that we understand that you and not corporate America who are taking our jobs to China and Mexico but you, small businesses, are the people who are creating the new jobs in Vermont and in California and all over this country, and that you and not big business are entitled to the tax breaks that you desperately need so that you can reinvest in our communities and create more jobs.

So this bill ultimately does two very important things: It says to every worker in America that you are going to make at least $5.15 an hour and it says to the small businesses of this country who are creating the new jobs that this Congress hears what your problems are and we are going to give you some tax breaks so you can reinvest and create more jobs.

Mr. SOLOMON. Mr. Speaker, Addison, MI, is very fortunate to have an outstanding representative by the name of NICK SMITH.

I yield 2 minutes to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, I thank the chairman for yielding me this time and certainly for that introduction.

It is so frustrating listening to the debate, pretending that Congress can somehow create more wealth by passing a law saying you increase wages. Do we think $5.15 an hour is that great of an income? Do we think that is the correct rate for people to survive? If anybody thought Congress could do it, why in the world are we not raising it to $10 or $12 or a respectable living for an American family of $14, $16? It is because Government cannot set prices. That is not the way our system works.

Let me tell my colleagues how I think it works. I think competition is just as important in the labor force as it is in the total economy of this country. The free market with competition is what has made us so great.

If we want to improve the chances of people to increase their salaries, then one thing we need is to have competition in the labor market with better mobility of labor. The bill that we passed yesterday that allows a person working to be assured that their health care can go with them as they go looking for a better job is a good step toward improving mobility of labor.

Another area that needs attention if we really wanted to help mobility, to help assure the highest possible wage would be to allow accrued pension benefits earned to go with the worker to the next job. Another thing we could do would be to provide better information regarding jobs and job skills that are and will be in high demand.

The pretense by liberals that we can somehow magically pass a law and set prices and wages to improve our standard of living is ridiculous, and is contrary to the economic system that made this country great.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from North Carolina [Mrs. CLAYTON].

Mrs. CLAYTON. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

We are going to do something for workers today, and I am delighted. I am delighted at last we will have a final vote on the minimum wage increase today. The American people wanted this, 8 out of 10, and I am pleased that both Democrats and Republicans also will make this a reality. Twelve million workers certainly deserve better than to be working at their current level. Yes, the minimum wage that we are raising is not sufficient, but indeed the minimum wage increase will raise that to a level which will be a livable wage.

The minimum wage worker now earns about 50 percent less if you equate the value of the raise now to the cost and the value some years ago. It means that the minimum wage we are increasing then is still not sufficient, but nevertheless this is an important first step. At least 117,000 or more persons who live in my State will have the benefit of this increase.

What will this mean to them? Obviously it will mean 90 cents over 2 years, for a 2-year period, but that increase will mean $1,800 a year. That means it will make a difference in their lives and their families, their ability to provide for their families food and shelter, clothing and education. While indeed the cost of bread and eggs and a place to sleep and clothes to wear, a bus ride or even a ride to the doctor has increased, this minimum wage is beginning to approach that increase in the cost of living.

We are now at the threshold, I think an important threshold, of saying that the American workers also need to have some of the abundance of our economy. Just as our corporate structure has great profits and our executives have great increases in their salary, we are saying to the average worker, they too can have a benefit. I am delighted that we are going to pass this. This is a historic day.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN].

Mr. CARDIN. First let me thank my friend, the gentleman from Massachusetts [Mr. MOAKLEY], for yielding me this time.

Mr. Speaker, there are many reasons to support this rule and the conference report. It contains very important provisions increasing the minimum wage and extending some very important tax credit provisions that will help create more jobs and investment in our community.

I would like to just mention one provision in the conference report that I take pride that we are finally going to get enacted, that is, pension simplification that will help many businesses in this country and many small businesses particularly. I started working on this issue 5 years ago when I filed legislation in this area. I did it because the savings ratios of this country indicate very clearly that we must encourage more private sector investment and savings.

Retirement plans, particularly for small companies, were on the decline because of the red tape and difficulty in establishing a pension plan for small businesses. In 1992 many of the provisions that are included in this conference report were passed by a Democratic Congress and vetoed by a Republican President for reasons totally unrelated to the retirement provisions, because they were included in an omnibus bill. Then again on 1995 these provisions were passed by a Republican Congress, vetoed by a Democratic President, again for reasons totally unrelated to the retirement provisions.

The third time is the charm. It looks like we are finally going to get these provisions enacted into law. I particularly want to thank the gentleman from Ohio [Mr. PORTMAN] for the work that he has done on pension simplification. I want to thank the gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means, and the gentleman from Florida [Mr. GIBBONS], the ranking member, for making sure that these provisions were included in this very important legislation.

This is a very important provision for the small businesses in our country. it will allow them to expand and set up retirement 401(K) plans that will encourage more people to be able to plan for their retirement. I congratulate the committees for including this in the legislation.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Mississippi [Mr. TAYLOR].

Mr. TAYLOR of Mississippi. Mr. Speaker, I want to compliment the Rules Committee for bringing this bill forward today.

One of my friends spoke a little earlier and said that Congress cannot determine wealth or it cannot set wages. Yet every year for the 7 years that we have both been here, Congress has given our senior citizens a COLA, cost of living increase, on their Social Security check. For each of those 7 years, we have given retired Federal employees a cost of living adjustment on their check. For each of those 7 years, we have given our military retirees a cost of living adjustment on their check, not for what they are doing but for what they have done. And no one stood up and said we should not do this, because everyone realized that the cost of living has gone up.

This week speaker after speaker came to the podium and said that people should value work, and I agree. But if people should value work, then work must have value. And so, yes, the least fortunate in our society, those who by and large have the toughest jobs, they deserve a wage increase. I want to compliment the gentleman from New York [Mr. SOLOMON], and I want to compliment the gentleman from Massachusetts [Mr. MOAKLEY] for bringing this bill to the floor today. It is long overdue. Let us help those people out.

Mr. MOAKLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think it was the gentleman from West Virginia that stood up a few minutes ago and said, "Hallelujah, I never thought this day would come when we would have this bill on the floor." He was talking about raising the minimum wage. I guess I would have to turn around and say, hallelujah, I thought this day would never come, either, because for the last 2 years we have been trying to give some tax relief to working men and women, to small businesses in this country, and, yes, it is so terribly important that we do raise the minimum wage like the gentleman from Mississippi said. That is important. But just as important, Mr. Speaker, is the fact that we have to give some tax relief to small businesses to help offset the cost of the minimum wage increase.

I could go down through this list. There is $22 billion in tax relief for the American people in this bill: Increases in expensing for small businesses. That is terribly important. Home office deductions so that people can run their businesses out of their home, particularly women who have to stay home with children and still want to operate a business. There is tax relief in there. To expand eligibility for first-time farmers. Industrial development bonds. This is more for first-time farmers. I could go through this whole list. Employer-provided educational assistance. Contributions for stock to private foundations to help the charities in this Nation. It goes on and on and on.

Mr. Speaker, this is a good piece of legislation, it does provide for the increase in the minimum wage, but it also provides for $22 billion in tax relief for the American people. That is why we should all come over here, vote for this rule, and vote for the outstanding bill that the gentleman from Texas [Mr. ARCHER] will be bringing to the floor in just a few minutes.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 503, I call up the conference report on the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer-owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. LATOURETTE). Pursuant to House Resolution 503, the conference report is considered read.

(For conference report and statement, see proceedings of the House of Thursday, August 1, 1996, at page 21032.)

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARCHER] and the gentleman from Florida [Mr. GIBBONS] will each be recognized for 30 minutes.

The chair recognizes the gentleman from Texas [Mr. ARCHER].

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the conference report on H.R. 3448.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that I allot 15 minutes to myself for distribution and, subsequent to the conclusion of that, 15 minutes to the gentleman from Pennsylvania [Mr. GOODLING], chairman of the Committee on Economic and Educational Opportunities, so that he may distribute that time according to his discretion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House is on the verge of enacting the first major tax bill of this new historic did-something Congress. It is great to report to the American people that this bill provides tax relief and not tax increases. What a difference this new Congress is making in the lives of the American people.

This bill actually is three bills: We have combined many of the items in the Small Business Relief Act with the adoption tax credit and with the trade bill renewing the generalized system of preferences, also known as GSP. I am really not sure what to call this new bill, except to call it a helping hand for millions of Americans struggling to make ends meet.

□ 1015

This bill awards three gold medals to the American people. The first gold medal goes to millions of small businessmen and women so that their companies can grow, prosper and create jobs.

The second gold medal goes to hundreds of thousands of loving families who seek the joy of adoption and the children who will benefit from that love.

The third gold medal goes to millions of Americans who worry about their ability to retire with comfort and security. The two dozen pension changes in this bill will make it easier for people to save for retirement and protect their retirement nest eggs so that these savings will be secure.

I especially want to note that this bill will end the discrimination against homemakers, usually women, that stay in the home to take care of children and to do what is so important to our society, and in doing so that has stopped them from getting the same individual retirement deduction allowed to those who work outside the home. So we have a new homemaker IRA that is a great addition to this bill. It is a part of this bill that also helps people retire with comfort and security.

Let me add one other thing. This bill, together with the health bill that we passed last night, updates and closes several corporate tax loopholes, particularly the section 936 tax break for companies doing business in Puerto Rico and a big loophole that benefitted insurance companies.

I am pleased to note that we are taking action to close tax loopholes just as we said we would at the beginning of the Congress last year. I am proud that the new Republican Congress is getting the job done.

Mr. Speaker, as I said earlier, by giving tax relief and pension security to the American people, this Congress is doing the people's business and doing it right. Democrats and Republicans, on a bipartisan basis, are working together, and that is good government.

Mr. Speaker, this new Congress is moving America in the right direction, and I am pleased that President Clinton is going to join with us by signing this bill. It has been a great week for the Republican Congress and it has been a great 2 years of accomplishment for our efforts to reform Congress and change America.

Mr. Speaker, I reserve the balance of my time.

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent to yield 15 minutes of my time to the gentleman from Missouri [Mr. CLAY], and that he may further yield that time.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GIBBONS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, this is a very important piece of legislation, particularly the minimum wage part, but I shall dwell on the part that is germane to the Committee on Ways and Means and talk about that.

As best I have been able to tell, from all search and research and participation, this bill is a fair bill. It contains little if nothing that was not in either the House bill or the Senate bill and it stays within the germaneness of the topic that we are dealing with.

There are many fine adjustments in here that are perhaps warranted. I believe they are warranted because the Internal Revenue Code is probably the most complex document that exists on the face of this Earth and it, from time to time, needs adjusting.

The adjustments here were done with the help of a very competent staff and under the direction of, I think, a very conscientious chairman of the Committee on Ways and Means. The gentleman from Texas [Mr. ARCHER] was fair, he was principled, and he did a good job of putting this bill together and controlling it through conference.

I urge the Members to support this bill. It is extremely thick and complex. The conference report is about six inches thick. It will probably take a week to print, but I believe it is an important and well-produced document. I urge favorable consideration and passage of this bill.

Mr. CLAY. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I am pleased that at long last a Congress will provide hard-working wage earners a well-deserved raise. I commend the 93 Republicans, the 1 Independent, and the 187 Democrats who made this increase possible with their vote to raise the minimum wage.

Mr. Speaker, I cannot resist expressing my disappointment with the Republican leadership that attempted to sabotage this badly needed increase for our workers. The Republican leadership has fought this effort with every fiber of their beings. For months the Republican leadership refused even to allow the committee of jurisdiction to hold a hearing on the minimum wage.

When forced to bring the bill to the floor, the Republican leadership tried to gut the legislation, tried to exempt most employers from the obligation to pay the minimum wage.

In this conference report the Republican leadership has needlessly postponed the minimum wage increase by 1 month in 1996 and, incredibly, by 2 months in 1997. At every turn the Republicans have felt compelled to nickel and dime low-wage workers and their families. Now some to them want the American workers to believe that the leadership of the Republican Party are giving them a raise.

Mr. Speaker, I am also extremely disappointed that the conferees included a special interest provision, the so-called Harris Trust provision, that weakens the protection for pension participants and beneficiaries. The final conference report moderates that provision somewhat by providing that ERISA shall be fully applicable to pension plan contracts with life insurance companies issued after 1998. However, the Harris Trust provision should never have been included in the first place.

Despite serious misgivings, Mr. Speaker, I support the conference report. American workers deserve a fair day's pay for a fair day's work and we cannot afford to delay an increase any longer.

Mr. ARCHER. Mr. Speaker, I yield myself 1 minute. I do so to thank my colleague, the ranking Democrat on the Committee on Ways and Means, the gentleman from Florida [Mr. GIBBONS], who will be retiring at the end of this Congress, for his kind comments about how we put this bill together.

We did it, Mr. Speaker, on a bipartisan basis, the way the Committee on Ways and Means should operate. Members from both sides of the aisle had a chance to make an input. I do agree with the gentleman from Florida, naturally, that I think we have a good bill, but I am grateful for his comments and I want to compliment him for his input in making this bill the good bill that it is.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], the distinguished chairman of the Subcommittee on Oversight of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, this is truly a great day for the American people. This is a good bill but it is a result of outstanding leadership.

Let me make plain that as one of those who supports increasing the minimum wage, I feel honored to stand here today in support of a bill that not only does that but recognizes the ramifications of increasing the minimum wage on our society and protects, for example, job opportunities for teenagers in the summer, and protects small businesses by giving them a series of preferred tax treatments to lower their costs of doing business.

This bill opens up pension opportunities for employees of small businesses. It dramatically helps women. For the first time it puts in the law the legislation we need to give women who stay home and take care of the children the same IRA rights as anyone else in America.

This is a sea change. This is good legislation. This is about equality for all of us. This is about building a strong future for the families of our Nation.

Mr. Speaker, there is also a very important provision that we have worked on for many years, giving our small businesses greater expending rights so that they can expense out the costs of machinery and equipment, computers and so on, and add more jobs, grow more rapidly.

In a society where small business is driving job growth, the kind of help this bill gives to small business is indeed critical and key to leading our Nation to enjoy a more rapid rate of economic growth, job growth, and job opportunities for career advancement for our people.

Last, I want to mention the R&D tax credit in this bill. I regret we could not do it retroactively, I regret we could not do it many more years out to the future, but we have reformed it in a way that small, inventive little companies, our future, those companies will be able to take advantage of it.

We have also restructured it in a way that the old defense companies that we need to be able to turn around, we need to be able to do new product research, we need to be strong in 10 years, will also benefit from the R&D tax credit for the first time in many years.

This bill before us helps families in numerous ways, not only increasing the minimum wage but also increasing pension opportunities, saving opportunities, job opportunities, and it strengthens the very sector on which our future growth, job expansion, and well-being depends, the small business sector.

Mr. Speaker, I thank the chairman for his extraordinary leadership and for the work of both sides on this bill.

Mr. ARCHER. Mr. Speaker, will the gentlewoman yield?

Mrs. JOHNSON of Connecticut. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I want to compliment the gentlewoman for driving the expensing for small business. She was the one who pushed and pushed and pushed to get this in the bill.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman from Florida, and, like the gentleman from Texas [Mr. ARCHER], I want to thank him for the many remarkable years of service in this institution, and for those of us on the minority side of the Committee on Ways and Means, we want to thank him for the leadership he has provided during the past 18 months.

I also want to thank Chairman ARCHER for the provision in this legislation that deals with the New Bedford fishermen, which was a contentious issue for many years. I am grateful we were able to resolve this issue in an amicable manner.

I want to ask the following rhetorical question, if I can, for just a second. Last year in this House we voted more than 1,000 times. Here we are now, in the middle of the Olympics, with a tangible accomplishment for the American people in this piece of legislation. Why do we not ask ourselves this: What did we accomplish in this institution last year with 1,000 votes?

Well, we certainly satisfied the psychology of an element that got elected. We made them happy that they were able to go home and point to some headline-grabbing news that really had little consequence for the American people, but we spent 5 days a week and sometimes 5 nights a week on this floor and in this institution talking about things, again, that had little relevance to the American people.

So here we are on the day before the House recesses, with a tangible piece of legislation, and it is in the middle of the summer Olympics, so we cannot report back to the American people on what we have done during the last week.

We have a good increase in the minimum wage. What did the majority leader of the Republican Party say? He was going to do everything he could to stop that bill from ever happening. That is what we did last year.

There is an improvement here in spousal IRA's, which I have sponsored and pushed hard for. That should have been done last year. We, in fact, should have done a more expansive individual retirement account piece of legislation that we all could have taken satisfaction from its passage having occurred.

One thousand votes last year. We should ask ourselves, what did we accomplish?

□ 1030

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Speaker, I agree with the gentlewoman from Connecticut [Mrs. JOHNSON], my classmate, my Republican colleague, that this is a "see" change. This is a very important change. This Congress should congratulate itself. We did in a bipartisan way finally come to grips with the common sense of the American people. The common sense of the American people came home to us.

The polls showed that almost 90 percent of the American people wanted a minimum-wage increase. This is important for people at the very bottom of the rung. It does not seem like much, an increase of 90 cents over a 2-year period. But it will buy shoes, it will buy beans, it will buy rice. This is very important to these other people that have been left out while prosperity soared in America. It is very important that we begin to reward work.

There are a lot of very powerful people who have spoken loudly about moving from welfare to work in the last few weeks. Well, the burden of proof is on them. Will there be work or jobs? In my district you mention a job, and people line up in long lines and hundreds of people go away disappointed because there are only a few jobs.

So let us create the jobs first, and let us make the jobs pay minimum wage. There is a lot of work to be done, but work is not a job unless it is paid properly. We need the minimum wage plus a health care package. A real job is minimum wage plus a health care package. It is up to us to try to create that. Start with the minimum wage.

We also want those health care packages for everybody. People on welfare find they are better off not going to work because they lose their health care. Let us finish the job, but begin with the minimum wage. We want work. The tremendous economic gap exists, with the top 5 percent of the American people, income earners, earning huge profits while at the very bottom they have found their wages have gone down in the past 20 years. If we really increase the minimum wage to a level where it would keep pace with inflation, we would be talking about a $6.25 increase.

Mr. Speaker, let us reward work and pay what it is worth so that people will go to work.

MR. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. RAMSTAD], a distinguished member of the Committee on Ways and Means.

Mr. RAMSTAD. Mr. Speaker, I thank the chairman for yielding, and I rise today to enter into a brief colloquy with the gentleman from Texas [Mr. ARCHER]. First of all, I want to commend the gentleman for his outstanding leadership in bringing this legislation to the floor.

I am concerned, however, about regulations that were just issued by the IRS in May regarding the section 936 possession tax credit therein. I believe these regulations will have an unfair impact on companies during the phaseout of section 936 because they cast aside regulatory rules upon which companies have relied for many years permitting arm's-length pricing in the purchase of components. They produce a discriminatory result that an arm's-length third party price can be used to value outbound sales of components but not inbound purchases by the possession company for purposes of the section 936 calculation.

Mr. Speaker, I believe that a fair and workable solution can be developed to address these concerns, and I would ask that the chairman join me in strongly encouraging the Treasury Department to seek such a solution.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. RAMSTAD. I yield to the gentleman from Texas.

Mr. ARCHER. Mr. Speaker, I am happy to join the gentleman from Minnesota [Mr. RAMSTAD] in strongly encouraging the Treasury Department to do that.

Mr. RAMSTAD. Mr. Speaker, I thank the gentleman for his agreement and also for his leadership.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. PORTMAN], a distinguished member of the Committee on Ways and Means

Mr. PORTMAN. Mr. Speaker, I thank the gentleman from Texas [Mr. ARCHER] for the time. This is a guy who has had his own legislative marathon this week during the Olympics, and he deserves a medal because he has achieved a lot of good legislation for America.

Mr. Speaker, I want to talk about a gem hidden in this bill, and I do not want it to be lost. It is simplification of our pension laws and strengthening of retirement savings for all Americans.

My friend from Maryland [Mr. CARDIN] and I have pushed this legislation, because we want to expand retirement security for all Americans. It is in this bill and something very important for America and for American workers.

These days 401(k)'s profit-sharing plans, and other pension plans are being used less and less because, frankly, they are overregulated. Today small businesses, for the most part, do not offer any kind of retirement savings at all. Of those companies under 20 employees, fewer than 20 percent of them offer any pension savings plans at all.

Since 1980, Congress has passed an average of one law per year affecting private sector pensions. Congress has increasingly complicated this area, and as these rules and regulations have multiplied, retirement savings plans have become less and less attractive. They are too costly to set up and too costly and burdensome to maintain, particularly for small businesses that cannot afford either the inside or outside professional help to make their way through the bureaucratic maze.

As a result, these days pension plans are being terminated around this country faster than they are being established. The bottom line is that if this legislation is enacted, which I think it will be now, it will encourage private savings, it will help the economy because we need to increase our savings rate, and, most importantly, it will allow more people to plan for their future.

Mr. Speaker, I applaud the gentleman from Maryland [Mr. CARDIN] and the gentleman from Texas [Mr. ARCHER], as well as the other conferees, for including this legislation in this report, and I hope that this legislation receives the support of all Members of the House.

Despite the fact that these important pension simplification provisions are included in the conference report, I am concerned that this bill will also raise the minimum wage. In my view, this is a misguided and regrettable effort, because I fear it will hurt the very working people we are trying to help. Thankfully, because of Chairman ARCHER'S leadership, we added the pension reform and other provisions that will help to mollify the effect of his legislation on small business. For that reason, I will vote in favor of this bill, despite my deep concerns about the effects of the minimum-wage increase on working people at the low end of the economic ladder, on small businesses and on local and State governments.

Mr. ARCHER. Mr. Speaker, I yield myself 15 seconds in order to compliment the gentleman from Ohio [Mr. PORTMAN] and the gentleman from Maryland [Mr. CARDIN] because it was their efforts that put this pension simplification provision in the bill.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding. This is vital legislation, and I applaud those on the majority caucus that broke away from their leadership that was doing everything possible to stop a minimum wage increase and joined with us in the minority to reach the critical mass necessary to pass the minimum wage and get these workers at the lowest levels of earning power the raise they so desperately needed. it took guts to buck your own leadership and those of you who did that I applaud you.

While we address the immediate earning needs of those at the lowest level, this legislation should also be commended for what it does to advance pension and retirement savings policy. Our Nation has a looming crisis because Americans are not saving adequately for their retirement.

Three aspects of this bill advance pension retirement savings policy. The first is straightening out and clarifying how the pension administration occurring in the life insurance industry will proceed in the wake of the Harris trust ruling. Unlike previous comments made on this floor, I believe that the Harris trust language is very positive and helpful in clarifying this situation and should be in this bill.

Second, pension simplification: at a point when only 24 percent of employees and employers under 100 have the opportunity to save for retirement at the workplace, this simplifies pensions. This is going to make small employers more willing to offer pension and retirement savings opportunity for their employees. It is a vital part of the bill.

Third, the spousal IRA. Representing a rural area, I cannot think of a more unfair part of the Tax Code relative to retirement policy than the present provision which limits to $250 a contribution by a spouse not employed in the workplace.

In a farm family where you have the husband and wife pitching in to make that farm go, it is just desperately unfair to limit to $250 the contribution of the second spouse. By allowing the full contribution in the spousal IRA we have improved this law a lot.

Mr. CLAY. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. WOOLSEY].

Ms. WOOLSEY. Mr. Speaker, it is about time. It is about time to make work pay more than welfare.

When I was on welfare 28 years ago, I had to go for aid for dependent children because my wages were so low that I could not afford the health care, the child care and the food that my three small children needed. Too many American workers face that same situation today. In fact, many minimum wage earners look like I did 28 years ago.

Sixty percent of minimum wage earners are woman; one-fifth are single parents. Increasing the minimum wage will mean that these parents and others can depend on work rather than welfare to support their children.

Increasing the minimum wage will prevent the need for welfare in the first place. Increasing the minimum wage is the right thing to do, it is the smart thing to do, and it makes work pay. It is about time, Mr. Speaker.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. ENGLISH], a distinguished member of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I would like to start by joining my colleagues in complimenting the distinguished chair of the House Committee on Ways and Means, who in my view has done a superb job of bringing to the floor a balanced conference report that not only addresses the needs of minimum wage workers, but also the needs of small business.

I particularly want to acknowledge his role in addressing a pension provision which is included in this package which addresses an inequity in the law that would have otherwise destroyed 1,100 jobs, including 150 jobs in Erie, PA, at Erie Forge & Steel, and I salute him for doing that.

Mr. Speaker, I am proud to rise in support of this conference report that will increase the minimum wage for the first time in 5 years and at the same time provide significant tax relief to America's small businesses. This is a balanced approach, and this legislation is long overdue.

I remember last year when I was the first member of my party to introduce minimum wage legislation in the House. Since then, I joined some of my colleagues and ultimately supported the Riggs-Quinn-English-Martini amendment that increased the minimum wage and included it in this package of legislation. I am proud to see and very pleased to see that it has earned massive, bipartisan support.

In my congressional district in northwestern Pennsylvania, I have seen far too many families supported by one or more members working in minimum wage jobs. These hard-working people could very easily surrender to the welfare system, but they do not. Instead of taking tax money, they pay it, and I think they deserve more.

At the same time, I know of many small business people who are struggling to get by, who are struggling to grow their businesses, and they are finding it difficult because of the Tax Code. This legislation provides incentives for them to grow jobs, to create more jobs and at the same time bring part of the bounty back to minimum wage workers.

Mr. Speaker, this legislation, as has been noted before, includes important expensing liberalization in the Tax Code. It includes a home office deduction, subchapter S reforms and much-needed pension simplification. In addition, it extends some critical expiring tax provisions, including the work opportunity tax credit and employer-provided educational assistance.

In my view, Mr. Speaker, this is a balanced package that merits the support of every Member of this House. I am happy to endorse it. It is a great day for American workers and American small businesses.

Mr. ARCHER. Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Pennsylvania [Mr. GOODLING] to add to his original 15 minutes, and ask that he be allowed to control that time.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CLAY. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. BECERRA].

Mr. BECERRA. Mr. Speaker, about a year and a half ago, January 1995, the gentleman from Texas [Mr. ARMEY], the majority leader, said, "I will resist an increase in the minimum wage with every fiber in my being."

Well, sure enough, on more than five occasions on this floor, Democrats tried to pass a minimum wage bill and each time it was defeated. The result, about 12 million Americans had no chance to see their wages increased. The result of that, well, about $5.6 billion in lost earnings for these people. What does that mean? About 3½ months of groceries for an individual on the minimum wage or maybe 6 months of health care insurance payments or about 4½ months of payments of utility bills or about 2 months of housing for that particular worker were lost as a result of 18 months of delays.

□ 1045

It is about time, Mr. Speaker, that we got a message here in Congress, the message that America has known for a long time. American workers deserve a raise. I am pleased that we are finally going to get the message here in Congress.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. THOMAS].

Mr. THOMAS. Mr. Speaker, I thank the chairman for yielding me the time.

I just want to take a minute because very often we forget that the legislation in front of us, although worked out in general by Members, is always finalized, structured, coordinated and made correct by staff.

Chief of staff on the Committee on Ways and Means, Phil Moseley, and those competent staff under him on our side, Jim Clark, Paul Auster, Tim Hanford, John Harrington, and Norah Moseley, and the Joint Committee on Taxation under Ken Kies, have worked a number of hours, along with minority staff, to make sure that what is in front of us is done accurately.

I want to make sure that they got credit because they certainly put in the hours.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, I would like to join the gentleman from California [Mr. THOMAS] in expressing our appreciation for staff, both Democrat and Republican, because it was they that guided us when we were not actually in session for the conference. And the conference was a bipartisan conference inasmuch as we had very strong disagreements, but the issues were resolved at least in a civil manner.

I think it is a successful conference because I think we emphasize how important it is for people to have jobs. We are obsessed with the problems we get from immigrants, from unwanted children, from drugs, from crime and from violence. Yet education, job training and the opportunity to have hope for the future seems to have in great measure reduced these problems.

The minimum wage just makes a lot of sense, and I am glad the American people just did not say no but insisted that at least we move this far forward.

I also wanted to thank the Republicans for extending the targeted jobs credit, which means disabled people, veterans, those that come from poor families, those that are on welfare will be provided with incentives to get jobs by giving credits to employers who take this risk and who hire people.

It is unfortunate that most of the moneys in this bill were raised just by cutting off economic development in Puerto Rico. I think it will take a long time before this country and especially this Congress would recognize these are citizens who fight and die for the United States of America and, if we want to change the support that we are giving them, I would think that you could put me first on the list to review it.

I think that it is insulting just to cut off economic assistance and job creation without hearing, without even thinking about the impact that this will have not only to people in Puerto Rico but those who will leave to come to the mainland because of lack of opportunity on the island.

I would hope, too, that those of us that intend to work together would realize that working together with civility makes a heck of a lot more sense than attacking each other in a partisan way.

Mr. GOODLING. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, throughout the sometimes fractious debate on the minimum wage over the past few months, it has been my observation that we were concentrating on our areas of disagreement. However, I think there was a fundamental thing on which Republicans and Democrats, liberals and conservatives seemed to agree, and that was that America needs a raise. But as most of my colleagues know, simply raising the minimum wage without making other reforms may do more harm than good. Economists and experts have let us know in no uncertain terms that raising the minimum wage will in fact hinder job growth, particularly for those in the lowest rungs of the economic ladder.

That is why a series of reforms and changes must occur before Americans truly see the economic situation improved overall so that everyone can benefit. Small business tax breaks proposed in our bill will help our Nation's mom and pop businesses better afford the minimum wage hike that they are receiving. We are past due in fixing the IRA system so that the spouse who works at home as the homemaker can enjoy IRA retirement savings and benefits similar to that enjoyed by the spouse who works outside the home.

We have also simplified and strengthened retirement plans through a number of reforms, including permitting a simplified plan for small businesses which will encourage pension plan growth for workers who currently do not enjoy those benefits.

The report also provides incentives for employers to provide their employees with educational assistance. These reforms and others contained in the bill will help all Americans receive a raise.

With respect to the minimum wage itself, I supported the increase after modifying it to protect the most vulnerable workers. Many studies support the conclusion that a mandated increase in the minimum wage would jeopardize disadvantaged Americans, those least educated, senior citizens, young Americans looking for their first job. These people are the last hired, the first fired, and least likely to be hired with a higher wage. As we mandate an increase in the minimum wage, we must protect the most vulnerable Americans.

While some low wage earners reap the benefits of an increase in the minimum wage, other low wage workers would bear the brunt of the destructive effects of the minimum wage. The additional protection which we have included in this legislation helps to eliminate the negative effects. The opportunity wage allows employers to pay new hires under the age of 20 not less than $4.25 per hour for the first 90 calendar days of employment. This will encourage employers to hire new workers and in turn help low skilled and entry level workers gain a foothold in the job market.

The current law cash wage paid by employers to tipped employees is maintained by the conference reports. Tipped employees typically receive wages of $7 to $8 an hour, so this modification will help to soften the negative impact of a wage increase on these types of workers. If tips are insufficient to earn the new minimum wage, the employer must pay the difference.

The conference agreement also maintains the current law requirements for the computer professional exemption, ensuring that the minimum wage increase will go to those most in need.

The conference report changed the effective date of the minimum wage increase to allow employers an opportunity to be notified of the new wage and to adjust for the wage increase.

I would like to note that the conference agreement will clarify the Portal-to-Portal Act of 1947 to allow employees and employees to agree on the use of employer-provided vehicles to commute between work and home without travel time having to be treated as hours of work.

Turning to section 1461 of the conference report, I want to briefly discuss the improvements in the bill that we were able to achieve through the House amendment concerning the Harris Trust decision:

Under the conference agreement, future general account contracts sold to pension plans will have to fully comply with the fiduciary standards of the Employee Retirement Income Security Act, ERISA. Under the Senate-passed language, these pensioners would never have received the protections of ERISA.

Under the new agreement, existing general account contracts, and new contracts sold until full ERISA protection takes effect, now will have to be managed prudently and will have to meet reporting and disclosure requirements, requirements not imposed by the Senate-passed provision.

Insurers will now have to mention pension assets held in insurance company general accounts with a prudent man's level of care, skill, prudence, and diligence. The Senate version would have offered pensioners a significantly lower level of protection.

With respect to existing contracts, insurers will now have to meet stringent new reporting and disclosure rules. The insurer will have to provide periodic reports to the policyholder disclosing the allocation of general account income and expenses to the policy, and disclosing the effect of such allocation on the return to the plan under the policy.

While these improvements are important, compromises were made, and compromises by the very nature are not perfect. I do believe that this matter would have been better addressed in another area and not in this legislation.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. HOYER].

Mr. HOYER. Mr. Speaker, we are about to go home; 1995 was about the principles of the majority, and 1996 is about the politics of the majority. The Contract With America, does anybody remember that? It has not been mentioned much; unremembered, unhonored and not inclusive of what this bill does, because the central part of this bill is the minimum wage.

Yesterday we did something to try to do a little bit for health care for Americans: preexisting conditions, portability. It is not in the contract.

Today we do minimum wage; not in the contract. The contract has been forgotten. Why? Because it is not what the American public wanted. But this minimum wage bill is. It is the right thing to do.

DICK ARMEY was wrong to say that he would fight it until his last breath. I am pleased that we move today on America's agenda.

Mr. GOODLING. Mr. Speaker, I yield 3 minutes and 30 seconds to the gentlewoman from New Jersey [Mrs. ROUKEMA], a member of the committee.

Mrs. ROUKEMA. Mr. Speaker, I rise in strong support of the Small Business Job Protection Act and ask consent to revise and extend my remarks.

It's long past due that we raise the minimum wage and extend many of the tax provisions that are so beneficial to small business nationwide.

But Mr. Speaker, I rise this morning to address provisions of this bill that are designed to clarify uncertainties raised by the John Hancock versus Harris Trust Supreme Court decision in 1993. Earlier this year, I introduced legislation that would address problems raised by the Court's holding that an insurance company's general account may contain plan assets because of the purchase by a plan of certain contracts issued from such accounts.

I want you to know that my legislation was cosponsored by a strong bipartisan majority of the Members of the Opportunities Committee and I am pleased that compromise language on this issue is contained in this conference report.

The specific provision we are debating is a modified version of the legislation I introduced in March. I believe it is a good compromise that balances the interests of plan participants and beneficiaries, plan sponsors, the Department of Labor and the insurance industry.

There are some who wrongly believe and I must stress this legislation eliminates essential Federal protections from billions of dollars of pension assets. In fact, the legislation requires any policy issued from an insurance company general account after December 31, 1998, that is not a guaranteed benefit policy to meet ERISA's standards.

With respect to contracts issued before that date, the legislation requires the Department of Labor to issue regulations which Secretary of Labor Reich states, "will hold the insurance companies to as high a level of fiduciary responsibility as any pension plan." In testimony before our committee the Actuarial Association assured us of the high judiciary compliance that is not violated.

There are those who are also concerned with the relief the legislation gives to insurers for lawsuits with respect to past transactions.

I am here to say that relief is appropriate. During this period, the insurance industry, along with the parties with which it did business, including employee benefit plans, relied on the Department of Labor guidance on how it was to act. In other words, Labor Department set the rules and the industry followed them. There is no dispute on this point.

I must add that during this period it has never been established that an insurance company violated any of ERISA's fiduciary responsibility provisions or caused harm to any plan participants.

Moreover, insurers still remain liable for violations of any Federal criminal law or for fiduciary breaches that also rise to the level of a Federal or State criminal violation.

Finally, the legislation does not affect any lawsuit brought prior to November 7, 1995.

Mr. Speaker, I recognize that this legislation has been controversial to some people and there are different points of view regarding its efficacy. However, this provision is a good compromise that will avoid undue disruption to the pension community while assuring that the rights and interests of participants are protected.

Again this is supported by a strong bipartisan majority of the committee.

Mr. Speaker, I urge support for this important legislation.

□ 1100

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. HINCHEY].

Mr. HINCHEY. Mr. Speaker, first I want to express my thanks to the gentleman from Missouri [Mr. CLAY] for his tireless and dedicated leadership on behalf of working Americans and to strongly support this legislation, H.R. 3448.

At long last this body today has the opportunity to provide some relief to working families in my district in New York and across the country. A 90-cent increase in the minimum wage will raise the earnings of a full-time minimum worker by $1,872 a year. If we had raised the minimum wage last year as we advocated, in New York alone minimum wage workers would have earned an additional $181 million last year. Nevertheless, this now will help thousands of families work themselves out of poverty and raise their standard of living.

While I would have preferred to see the minimum wage increased higher than $5.15 an hour and put into effect sooner than October 1, I support this bill in its current form recognizing that it is the best we are going to get. In addition to raising wages, the tax relief contained in the bill will help small businesses hire more workers, invest in new equipment and create more jobs.

Finally the expansion of the availability of IRA deductions to homemakers is a good idea and one that I advocated since the beginning of this Congress. I am glad to see it finally enacted.

Mr. Speaker, this conference report is an example of how this Congress can overcome the objections of the leadership of this House and finally work in a dedicated and productive way on behalf of American families.

Mr. GOODLING. Mr. Speaker, I yield myself 5 seconds first just to remind everyone on that side that they had 2 years when I was a minority Member in the committee, and the words "minimum wage" were never raised.

Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. RIGGS], who added the amendment to the portal-to-portal bill, which brought about the minimum wage.

Mr. RIGGS. Mr. Speaker, I thank the gentleman for yielding me time to speak during what has, I think, truly been a remarkable and historic week and the most productive and significant Congress in modern history. In the last 72 hours we have enacted truly historic changes which will better the lives of millions of our fellow Americans.

We have made it easier to move from welfare to work, arguably a very difficult transition especially for single mothers. We are making work pay more than welfare by raising the Federal minimum wage, if not to keep pace with inflation at least to restore some of the purchasing power of the minimum wage that has been eroded by inflation, and we are making it easier for American workers in the workplace to get and keep accessible affordable health insurance.

Welfare reform, which we enacted earlier this week, fundamentally changes a system that, in my view, over time had come to replace compassion with a system of political patronage, and it is estimated that our welfare reform will help move 1.3 million of our fellow Americans into productive jobs by the year 2002.

Health insurance reform, which we enacted yesterday on this floor, will end job lock. For many of our fellow Americans, it will make it, as I said earlier, easier to get and keep health insurance. It will make it easier for people to move from job to job without the risk of losing their health insurance due to a pre-existing medical condition, and it will eliminate the longstanding insurance practice of excluding Americans from health insurance based on a pre-existing health condition.

And today we take up the minimum wage package, which is coupled with some very necessary and important small business tax incentives. I was proud to offer the minimum wage increase when that legislation first came to the House floor, and the minimum wage increase will help roughly 10 million of our fellow Americans, and it will reverse this perverse incentive where welfare is more attractive than work.

I think many of us recognize, and this is truly on a bipartisan basis, that we must in America, if we want to move people from welfare to work, make work pay more than welfare. We must make work more attractive than welfare.

Now, this stands in stark contrast to the last Congress, and I am not going to get real partisan for a moment, but I could not help but notice how many speakers on the Democratic side of the aisle have come down to the well during the debate on the rule and during this general debate on the legislation and have made extremely partisan remarks. I think that is unfair.

I think the record speaks for itself. The last Congress, the Democratically controlled Congress, did not pursue welfare reform legislation, did not pursue an increase in the Federal minimum wage, and, of course, did pursue a dramatic overhaul of the American health care delivery system, a 13,000-page bill that would have nationalized and arguably led to a big government takeover of the private health care delivery system in America.

But that partisanship aside, I think it is very important to look at the fact that we have on a bipartisan basis in this Republican-led Congress been able to enact these very important and historic reforms that emphasize work, families, and personal responsibility while leaving in place a very strong safety net for the genuinely indigent and the desperately poor in our society.

We are, and I think we can all take pride in this as we prepare to go home and report to our bosses, our constituents, back home in our congressional districts, we are building a better America with more hope and more opportunity for millions of our fellow citizens and that is, again, why I say this is the most productive and significant and historic Congress in modern history.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. PELOSI].

Ms. PELOSI. Mr. Speaker, I thank the gentleman for yielding this time and thank him for his great leadership in this Congress. I know that we will continue to be well-served by him until the last day of this Congress and we will be the beneficiaries of his legacy for a long time to come. I thank him again for yielding.

Mr. Speaker, today is a good day, not a great day but a good day for the American worker. It is a day that the Republican leadership has finally been dragged kicking and screaming in support of raising the minimum wage.

Democrats can be proud that at long last the pressure that we have brought to bear on Republicans has finally produced real results for 12 million working Americans. The Republicans have finally caved after months of staunch opposition-voting five times to defeat Democratic efforts to bring up an increase in the minimum wage.

Even with polls showing over 80 percent of the American people support increasing the minimum wage, the extreme Republican majority tried to kill the bill or gut the bill and blunt its impact. These delaying tactics cost American workers $5.6 billion. Faced with the failure of their extreme agenda, moderate Republicans finally have embraced this Democratic initiative, but in the meantime the American worker has paid the price for Republican extremism.

By refusing to take action on the minimum wage sooner, Republicans have cost American workers, as I have said, $5.6 billion in lost wages. That increase in the minimum wage would have paid for 3½ months of groceries, 6 months of health care, 4½ months of utility bills or 2 months of housing. Too bad it took 18 months to shame Republicans into doing the right thing and raising the minimum wage from a 40-year low in purchasing power.

House Republican leader, the gentleman from Texas [Mr. ARMEY], has said, and we have quoted him many times, that he would fight an increase in the minimum wage with every fiber of his being. That was an earlier statement. As recently as Monday he blasted the minimum wage increase yet again saying that it was not a matter of importance to real people and dismissing it as an inside-the-beltway issue.

I urge our colleagues to recognize the importance of the Democratic effort and increase the minimum wage.

Mr. CLAY. Mr. Speaker, I yield 1 minute to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, Members of the House, yes, it is a great day for the people of this country who are the working poor. That is right, they are the working poor. They are the lowest level in the financial status that we have, but they work just as hard as my colleagues and I do and everybody else does.

This should have been done a year ago. That meant that those people would have been able to buy shoes for the kids. Not at the retail store, but no, at the yard sale, at the Salvation Army secondhand store.

I challenge all of my colleagues to realize that these people who work every day for the minimum wage are not able to live like my colleagues and I. My colleagues must realize that these people scrape and save to just make ends meet every day.

I challenge those that are going to vote against this bill to take this month of August and go out and visit with some of the people in their home areas that earn the minimum wage and find out how they have to live and how my colleagues wanted them not to have that minimum wage increase.

Mr. GOODLING. Mr. Speaker, I reserve the balance of my time until they are all finished.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentlewoman from Hawaii [Mrs. MINK].

Mrs. MINK of Hawaii. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, it is very important for this body and the country to realize that the vast majority of workers in this country working for the minimum wage are women, and it is these hardworking women who are supporting their families that we need to celebrate today because they are finally going to get 90 cents an hour more, not a whole lot, but it is $36 week, $1,800 a year, something which they should have been getting many, many months ago. They are finally getting it. We have been preached at about the importance of work, so today finally they are getting a pay raise to help support their families.

Under welfare we are forcing single mothers to go to work. With this minimum wage they will have a chance to lift their families out of poverty. Not a single person in this body ought to regret the fact of minimum wage going up today.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, this is a great day that almost never came. America needs a raise. It is a tribute to the dignity and to the hard work of those Americans who get up every morning and go to work for the minimum wage that we are here today about to pass legislation raising the minimum wage by 90 cents.

The American people's overwhelming support for a minimum wage increase has won the day today, but we had to overcome the steadfast opposition of a Republican leadership who vowed to stop it and even denied that minimum wage workers exist in this country.

I know different. I have a letter from Janis Venditto, a working mother in Hamden, CT, whose husband fought in the Persian Gulf war. They are struggling to feed their kids and to pay their bills and my constituent says:

> I really wish someone out there can really listen to me for once. Raise the minimum wage. I know I am not the only person in this situation. It is a shame that the most wonderfulest country in the world cannot give us moms a small break.

That is what this is all about. We need to pass the minimum wage.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentlewoman from New York [Mrs. MALONEY].

Mrs. MALONEY. Mr. Speaker, there is a crisis of fairness in this country.

The rich are getting richer and the poor are getting poorer. In real terms, the minimum wage is at its lowest level in 40 years. Where I come from if one earns the minimum wage and work full-time, they live in extreme poverty. More than 600,000 New Yorkers will benefit from this increase.

This is also a woman's issue; 5.7 million women earn the minimum wage. That is 59 percent of all minimum wage earners.

Raising the minimum wage promotes families. If we want to encourage work and make it pay, we need to do this for the American people. Unfortunately, it took a Democratic uproar in Congress and 80 percent of the American people to get the Republican Congress to give in and do the right thing.

The current minimum wage is indefensible, it discourages work, it demoralizes workers, and it makes a mockery of fairness.

Mr. GIBBONS. Mr. Speaker, I yield my remaining 1 minute to the gentleman from Maryland [Mr. CARDIN] to close debate on our particular part of this.

□ 1115

Mr. CARDIN. Mr. Speaker, once again let me thank the gentleman from Florida [Mr. GIBBONS] for his leadership on this legislation.

Mr. Speaker, we are going to be able to enact this legislation. Why we are going to be able to do it, it is because it is the right mix. We have a well-balanced bill. It is good for small businesses and it is also good for those people who work for small businesses.

It provides real help to small businesses by extending tax credit provisions for work opportunity tax credits; employer-provided educational assistance; the R&D credit; retirement simplification that I talked about before, and which the gentleman from Ohio [Mr. PORTMAN] has talked about; the small business expensing, where it helps small businesses because it increases the minimum wage.

Mr. Speaker, I hope we will use this formula in the future in considering legislation, and rather than looking at extreme legislation, let us look at well-balanced legislation. It is in the interests of our constituents, and I urge my colleagues to support the conference report.

Mr. CLAY. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. BONIOR].

Mr. BONIOR. Mr. Speaker, House Majority Leader DICK ARMEY loves to quote country music lyrics.

Well, the Republican strategy on the minimum wage reminds me of another old country song. It's called, "Walk out Backwards Slowly So I'll Think You're Walking In."

Republicans have been walking up to the podium today to take credit for raising the minimum wage. But we all know that beyond a few people like the gentleman from New York, JACK QUINN, and a few others over there, they have been running away from this issue for months.

Five separate times, this Republican Congress blocked an increase in the minimum wage. NEWT GINGRICH implied that the minimum wage should be based on Mexican wages. TOM DELAY said that minimum wage families don't really exist. JOHN BOEHNER said he would commit suicide before voting to raise the minimum wage.

DICK ARMEY said he would fight a minimum wage increase with every fiber in his being. And just last week, he said the real people don't care about the minimum wage.

Well, I think they've found out the past few months that real people do care about the minimum wage. The American people understand that if we want to move people from welfare to work, we have to make work pay. You can't raise a family on $4.25 an hour.

These are people who work hard—and work long hours—to give their kids a better life. They deserve to be treated with dignity and respect.

Mr. Speaker, it's sad that it took 18 months for Democrats to browbeat the Republicans into doing the right thing for America's families. But thanks to public pressure, and the hard work of people like Senator TED KENNEDY, an increase in the minimum wage will be signed into law by Labor Day.

Mr. Speaker, the Republican leadership can quote all the country songs they want. This is one song that has a happy ending for America's families.

Mr. CLAY. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Missouri [Mr. GEPHARDT], the minority leader, who will be the majority leader.

Mr. GEPHARDT. Mr. Speaker, in a few short moments I believe this House of Representatives will vote to raise the minimum wage, which is at a 40-year low. It is severely impacting, in a negative way, American families.

I realize that for many of my colleagues on the other side of the aisle this is a difficult vote to cast. Even for some who will support this increase, this is a vote of resignation, not one of joy. But while this might not be an easy vote for some of you, I believe with all my heart that this is the right vote and probably the most important vote of this Congress.

Let us put aside this morning all the ideology, all the partisan differences, all of the political argument, and let us put one thing and one thing only in our mind today, which is what the gentleman from Michigan [Mr. BONIOR] talked about: That is American families that are living day-by-day today on the minimum wage.

I had a woman in my district recently, as I went door-to-door, tell me that she had two minimum wage jobs, worked 16 hours a day, two children. She said, "Congressman, I cannot pay my bills. But that is not what I am worried about. That is my problem." She said, "What I am worried about is that I am never home to raise my children." She welled up as she talked about her failure of responsibility to raise her children to be productive citizens. She said, "I am not worried that they will be victims of crime, I am even worried they will commit crimes."

It went through me like a knife. We had women out here the other day who talked about living on the minimum wage, what it means to raise a family on $8,500 a year. We had a woman go through her bills. She had her bills: How much she paid for rent, how much she paid for health care, how much she paid for groceries.

She said, "You know, at the end of the month I always have to put three bills aside because I cannot pay them." She said, "My son hurt his hand in football. We went to the emergency room. They gave me a bill for $1,500 after he was treated." She said, "I will never pay that bill."

The people of this country are responsible. They want to work. They want most desperately to raise their children to be productive citizens. This bill, more than anything we will do in this Congress, gives those American families and those parents and those children the ability to do what they desperately want to do. Two years from now, $1,800 more than they are able to earn today will make their lives better, and allow them to meet their most important and fundamental human responsibility, which is to raise their children to be productive citizens.

Mr. Speaker, Republican or Democrat, conservative, liberal, or moderate, please vote for this bill for the American people.

Mr. GOODLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, is it not amazing? I hope the American people have been listening to this discussion. We have heard from the other side today that yesterday we had welfare reform that was a bipartisan effort because 98 Democrats supported it, but the last speaker did not support it. Then on this side we had 93 who supported minimum wage, but that is a Democrat program. Is that not amazing?

What I want to remind the American people is that for 2 years this minority was in the majority, they had the majority in the House, they had the majority in the Senate, and they had the White House. Not one word in committee was ever mentioned about minimum wage, not one word. Oh, but thanks for the conversion: An election year conversion. We are happy to have you converted. It is good to have you with us.

But nevertheless, we realized from day one, as the President said, because he is the only one who mentioned minimum wage during the 2 years when they had this big majority, and what did the President say? "Hiking the minimum wage is the wrong way to raise the incomes of low-wage workers." That is what the President said, the only thing mentioned about minimum wage.

We knew on our side that we had to do more than just raise the minimum wage if we were going to help American workers, if we were going to help those most in need. We knew that just raising the minimum wage could be devastating if we did not do the other things that are now in this package, which makes it a good package.

We knew that changes would be necessary in the tax program. We knew that including spousal IRA's was important. We knew educational tax assistance to workers was important. So when we got the whole package together, we then had this wonderful election year conversation.

Mr. Speaker, I yield the balance of my time to the gentleman from Ohio [Mr. KASICH].

The SPEAKER pro tempore. The gentleman from Ohio [Mr. KASICH] is recognized for one and three-quarters minutes.

Mr. KASICH. I just wanted to rise and make the point, Mr. Speaker, that was raised by the delegate, the gentleman from Puerto Rico [Mr ROMERO-BARCELO], regarding the 936 program that currently exists, where we try to create incentives for companies to create jobs. We believe that that whole 936 had a very big element of corporate welfare, where companies were able to get signficant tax reductions without providing the kind of jobs and income levels that we had anticipated.

A lot of folks in Puerto Rico and a lot of economists would argue that we should be very careful as we work our way through the wage credit, where we more approximately give a tax incentive based on what you have actually done for an individual in Puerto Rico to get a job. I understand that over the course of the next 10 years we are going to phase this out.

I have to tell the Members, I have been thrilled with the work of the chairman of the committee, the gentleman from Texas [Mr. ARCHER], to close loopholes in the Tax Code that have been given to folks that do not represent strong economic incentives to create growth. What I would say, through, as we move through this period in the next few years, we should take our time to make sure that that wage credit is viewed carefully. There may be a way to reform that program where we in fact can help people in Puerto Rico and provide economic growth, but yet not have tax loopholes that represent giveaways to large corporations.

Mr. Speaker, I appreciate the chairman of the committee yielding to me. I think he made an outstanding statement on this bill.

Mr. GIBBONS. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to support the Democratic-led fight to raise the minimum wage.

Mr. Speaker, I rise today to voice my reluctant support for the conference report on H.R. 3448, the Small Business Job Protection Act and minimum wage increase.

It was my hope that we would not turn the issue of raising the minimum wage into a political football. The weight of public opinion is squarely on the side of raising the minimum wage, but the Republican leadership of both Houses of Congress could not provide a clear victory for the working poor of this country.

This conference report would eliminate the existing provision which requires employers of tipped employees to pay at least 50 percent of the statutory minimum wage in case, and replaces it with a provision which locks the cash wage at the current standard of $2.13 an hour. It would also deny any automatic future increases in the minimum wage to those who work and earn tips as a part of their income.

To further add insult to hard working Americans, this conference report delays the initial start of the 45 cents an hour increase to the minimum wage from July of this year until October 1.

The conference report also eliminates the existing provision exempting certain computer professionals from requirements that they receive overtime pay. This would mean that no additional computer professionals will be protected by the Fair Labor Standards Act's time and one-half overtime requirements.

In my Houston, TX district that would mean a real income drop for computer professionals who would no longer be subject to this protection.

This conference report would make permanent a failed experiment contained in the 1989 Amendment to the Fair Labor Standards Act that expired in 1993. Where employers were allowed on a temporary basis to pay a rate lower than the minimum wage. This change if widely used would create an incentive to displace older workers.

Paying this lower wage to workers under age 20 for 90 days presumes that it must cost them less to live than you or me. This subminimum wage workers will not get a corresponding break in the cost of living. They will still have to care for their children and families just as they are required to do today. This change in the Fair Labor Standards Act would restrict these worker's freedom to seek other employment opportunities that may be presented to them for fear of taking lower pay for a quarter of their first year of employment.

Some would argue that a raise in the minimum wage would result in high unemployment so the idea to limit the number of workers who would qualify for the increase is a good idea. If the proposal was more than a mere 90 cents divided between 2 years their might be some merit to that position. The real discussion should be about supporting those poor families that choose work over welfare.

The first step to moving people from poverty to self sustainment is to raise the minimum wage for all workers with malice toward none. I will support this bill to raise the minimum wage because this is consistent with the longstanding fight we have waged to help hardworking Americans, of which some 69 percent are women with children, get a fair wage for a days work.

This is long overdue.

Mrs. MINK of Hawaii. Mr. Speaker, today is a great day for American workers and their families—not only because we are raising the minimum wage, but because the voice of the American people was heard by the Congress of the United States.

This bill is a true example of how government and this Congress can work together for the people of this Nation. Despite opposition to raising the minimum wage from the major party, the workers and families all across the country rose up and made their voices heard in support for an increase in the minimum wage. And today we are finally responding to their cry for a decent wage for an honest day's work.

The people of this Nation know they are working harder today for less, struggling to make ends meet, and barely getting by even in a strong economy. Over the last decade they have watched as the salaries of CEOs and their corporate bosses skyrocket, as the value of the minimum wage decreased—falling 50 cents since the last increase in 1991.

Mr. Speaker, this increase is even more critical today because of the passage of the welfare reform bill which will soon become law. The new welfare bill will force many women into the work force. It is fine to emphasize work, but we must assure that work pays a living wage.

Many women currently on welfare work at minimum wage jobs. One of the biggest misconceptions about welfare is that welfare mothers stay at home and collect welfare check. In most cases this is simply not true. Forty percent of women on welfare combine their income from work and welfare in order to care for their children. A minimum wage income is not enough to support the basic needs of a family, so women must continue to receive welfare assistance while they work in order to care for their families.

This bill moves us in the right direction for many women in the work force. Ninety cents an hour, $36 a week, $144 a month. It's not much, but it could mean the ability to buy a desperately needed pair of children's shoes or to pay the extra cost of heating in the winter. Raising the minimum wage means women—those on welfare and many who are not—will now be able to better care and provide for their families. Women make up 64 percent of the minimum wage work force. It is for the women of this country that we must pass this bill today.

In addition, Mr. Speaker, I would like to note the small business tax relief provisions and the assistance we are providing to this important sector of our economy. Also, I want to express my support for the provision which allows women who work at home—home makers to invest in IRAs. This is an important step for the economic self-sufficiency and economic security of women in this Nation.

Mr. Speaker, I urge my colleagues to support this conference report.

Mr. POSHARD. Mr. Speaker, today this body can be proud to be passing legislation that will directly impact the lives of millions of American workers. I wholeheartedly support this legislation, and while we have met our goal of providing a more livable wage for those hard-working, citizens who desperately need it, this bill also provides tax incentives to help our small businesses as well. Provisions such as the Work Opportunity Tax Credit will allow our small business owners to claim substantial tax relief at the same time they are giving vital opportunities to new workers.

This measure also rewards the invaluable efforts of housewives across the Nation by allowing nonworking spouses to contribute $2,000 annually tax free to an IRA, finally according the raising of children and other home-related activities the respect they deserve in regard to the tax code. Many more pension reform provisions are included which will help empower the American people to save for their own retirements, which in time will help to take the load off of Federal entitlement programs. At the same time, we have taken strides toward curbing corporate welfare, and have provided incentives in the tax code for the adoption of children.

Perhaps it has taken too long to reach this goal, but we have truly given hope to legions of citizens with this bill. This legislation is all about rewarding work, and it, combined with the welfare reform legislation of earlier this week, goes a long way toward giving incentives to individuals and families to gain economic independence and self-sufficiency through viable work opportunities and wage rates. I urge all of my colleagues to vote in favor of the conference report.

Mrs. COLLINS of Illinois. Mr. Speaker, I would like to say that I am pleased that the Democrats and the Republicans have come to an agreement on raising the minimum wage. It should have been simple: No one can support a family working in a job that pays the current minimum wage. But because the Democrats stayed on task and on track, we were able to convince the Congress that this was the right thing to do for the American economy and for the American family.

For the minimum wage worker, a 90 cents an hour increase means a lot. It could mean the difference between having a roof over your head or living in substandard housing. It could mean the difference between providing a healthy, balanced diet for your family or waiting in line at a soup kitchen so your children can have a square meal. It could mean the difference between having a telephone or being isolated. It could mean the difference between a car or relying on expensive public transportation to get to your job, the doctors, or the grocery. With the increase in the minimum wage, after the 2-year phase in, the American worker will have about $36 a week extra.

In Illinois, nearly 11 percent of the wage earners are paid the minimum wage, currently only $4.25 an hour. There are over 12 million Americans currently working in jobs that pay the minimum wage, and with that, the average wage and salary paid per hour for employee compensation in the private, nonfarm labor sector in 1995 was $12.25 per hour.

According to the Bureau of the Census, women make up 46 percent of the work force, and 40 percent of those women are working mothers. A single mother cannot work at a minimum wage job if she has to pay for nonfamily child care because she can't afford it. When President Clinton declared a "National Pay Inequity Awareness Day" his statement provided the information that last year American women earned only 75 cents for every $1 a man brought home, with African-American women and Hispanic women collecting just 66 cents and 57 cents, respectively, when compared to the male wage earner. Raising the minimum wage will help women achieve a better payday.

Students are a large proportion of minimum wage earners. Students who are supplementing their family's income by working are not a thing of the past; they are the foundation of many communities. In 1980, the minimum wage was raised from $2.90 to a whooping $3.10, and since then it has only gone up to $4.25 where it has stayed since 1991. Since 1980, the cost of college has gone up 260 percent, but the minimum wage for earners trying to pay their way through school only went up by about 30 percent.

Raising the minimum wage will not fill anybody's wallet or bank account, but it will help change lives.

I urge my colleagues to support this conference report and put a little more in the pockets of the American worker by raising the minimum wage.

I yield back the balance of my time.

Mr. STOKES. Mr. Speaker, I rise in strong support of the conference report to H.R. 3448, the Small Business Job Protection/Minimum Wage Increase Act. After months of staunch opposition from our Republican leadership, I am pleased that my colleagues on the other side are finally able to join in support of a minimum wage increase.

At a time when wage inequality has widened dramatically in the United States, this piece of legislation would give over 21 million hard-working Americans a well-deserved wage increase. In addition, a higher minimum wage will serve to benefit families with the least income, those families which have been the target of many of this Republican led Congress' pernicious legislative efforts—low-income and lower middle class families.

Mr. Speaker, research has demonstrated that at least 10 million Americans working at minimum wage would take home an additional $1,800 a year when this legislation becomes law. There can be no doubt that this modest increase in the minimum wage will make a substantial difference for thousands of minimum wage earners in my district in addition to millions of other workers across the Nation who, despite working hard every day, still find themselves in the midst of poverty.

According to the Department of Health and Human Services, with this 90 cent wage increase, as many as 300,000 families could be lifted above the poverty line, including more than 100,000 children.

Mr. Speaker, in my congressional district, 22 percent of my constituents live below the poverty line. There is no doubt in my mind that our Government must do all that it can to provide wage equity for the thousands of working families who work hard but most still live in poverty.

It's been 5 long years since America's minimum wage workers got a raise. The proposed minimum wage is a logical step in our efforts to enable families to be productive and self-supporting.

Mr. Speaker, H.R. 3448 is an historic effort toward economic justice. I urge my colleagues to support this vital legislation.

Mr. BENTSEN. Mr. Speaker, I rise in support of H.R. 3448, the Small Business Job Protection Act of 1996, and in strong support for America's working families who are finally getting the raise they deserve.

Increasing the minimum wage will help ensure that holding a job pays more than being on welfare and it will help lower-income families struggling to make ends meet, it puts our values of work, family, and responsibility ahead of partisan gain or bottom line accounting. This increase will restore not just the purchasing power that has eroded to nearly a 40 year low, but the self-esteem and pride that can't be scored by the CBO or OMB.

Mr. Speaker, families living on the minimum wage do exist and a living wage is integral for workers to provide for themselves and their families in dignity. These are not families seeking a handout, or special provision in a nonrelated tax bill, or line item in an appropriation bill. What they are seeking is the opportunity to provide for themselves and this Congress should not frustrate their determination to pursue this better, dignified life.

Mr. Speaker, we may disagree on a number of social economic theories. However, this disagreement cannot overshadow the pressing concern that families of goodwill are entitled to pursue a living wage.

I also support the provisions in this legislation to help small businesses provide retirement security for their workers and their families. While there are a number of measures not included in this legislation that should have been, I strongly support the SIMPLE plan and the increase in the contribution to an Individual Retirement account for nonworking spouses. These provisions will allow more families to save for their retirement and not penalize parents who choose to stay home and raise their children.

However, I am disappointed that we didn't do more to help families provide for their retirement. This conference agreement should have further expanded IRA eligibility and allowed penalty-free withdrawals from an IRA for a first home purchase, tuition, major medical expenses, or during long-term unemployment, but doesn't. That being said, I do support this conference report and pledge to pursue these changes in future legislation.

Mr. FRANKS of Connecticut. Mr. Speaker, I rise today in strong support of the conference report for H.R. 3448, the Small Business Job Protection Act.

Mr. Chairman, I voted against the original House bill which increased the minimum wage by 90 cents because I firmly believe that losing one American's job is not worth 90 cents. Statistics prove that eight of the last nine increases in the minimum wage have resulted in either a loss of jobs or an increase in the inflation rate. In fact, President Clinton said that raising the minimum wage is not the way to improve the economic well-being of the lower class. I believed that we must include tax reforms for small business. Unfortunately, the House chose not to combine the minimum wage bill and the small business tax reforms. The Senate bill did combine the two initiatives.

Had the Senate bill been considered in the House, I would have unequivocally voted in favor of the bill. The wage increase and the small business tax reforms will prevent the loss of jobs and the raising of product prices.

Mr. Chairman, I proudly rise in support of the conference report Small Business Job Protection Act.

Mr. SABO. Mr. Speaker, today is a great day for American workers who will get a pay raise on October 1 because the Republican majority finally allowed a vote to increase the minimum wage. While $.90 an hour is not a total solution to the growing income gap that plagues our society, it will make a big difference to the 12 million workers who will receive this boost in pay.

American working families have been forced to sit on the sideline while congressional leaders went through legislative maneuvers, made empty promises, and generally used dilatory tactics. By refusing to take action on the minimum wage sooner, Republicans have cost American workers $5.6 billion in lost wages. Had the increase taken place when it was first proposed in this Congress, it would have paid for 3½ months of groceries, 6 months of health care, or 2 months of housing. Today, however, the majority realized they could no longer stall and the minimum wage will increase from a level that left it at a 40-year low in purchasing power.

For many years, I have been speaking about the growing income gap in America. Several months ago, due in large part to the Republican Presidential race, this issue finally catapulted to the forefront of the Nation's consciousness. In fact, it has been hard to open a newspaper op-ed page or turn on a television news program without hearing something about declining worker wages, increased layoffs, and increasing corporate profits and CEO pay.

Thanks in part to the deficit reduction measures we passed in 1993, the American economy today is in good shape. We enjoy strong growth combined with low unemployment and low inflation. The stock market has reached record highs, as have profits of many American companies. This should have all seemed like good news for the average American family; for, in the past, Americans at all income levels shared in our Nation's prosperity. However, in recent years while we have seen stock prices and corporate profits rise, the incomes of most middle-class American families have stagnated or dropped.

If stagnating wages were the only problem that working Americans had to face, things might not be so bad. But, in recent years our Nation has also seen unprecedented worker layoffs in corporate America. Of course, it is understandable that such upheavals may occur as our economy becomes more technology-based and integrated into global markets. What is difficult to understand, however, are the tremendous bonuses and pay increases enjoyed by the very CEO's who lay off thousands of workers.

The United States has prided itself on being a nation of the middle class—one in which if you work hard and follow the rules, you can expect to do well enough to support yourself and your family. Alarmingly, this is no longer true for an increasing number of Americans.

In the decades following World War II, all American workers shared in the Nation's prosperity. Over the past 20 years, however, only high-income Americans have moved ahead economically. Between 1977 and 1990, for instance, the average after-tax income of the wealthiest 1 percent of our population increased by 67 percent, after adjusting for inflation. During this same period, the average after-tax income of the bottom fifth decreased by nearly 27 percent.

This is not a problem that affects only the poor. Every year, thousands of Americans are laid off from well-paying middle-class jobs, to be left with a choice between a new job that pays less or the unemployment line. Clearly, this trend cannot continue.

America's level of income inequality is already higher than that of any industrialized nation. Our middle class is evaporating, and we are well on the road to becoming a Nation divided between a few very rich and many who simply struggle to get by. None of us, in the works of Labor Secretary Robert Reich, will "want to live in a society sharply divided between winners and losers."

The widening income gap lays before us the question of what kind of country we want to be: One sharply divided between the rich and poor, or one in which all citizens can benefit from a strong economy. I believe that our choice is clear. America has always been the land of opportunity. We should work together for policies that do not favor any income group, but enable all Americans to share in our Nation's strength and prosperity.

Today we take a small step in the right direction for those at the very bottom of the income ladder by passing this increase to our Nation's minimum wage. The bill increases the Federal minimum wage from its current $4.25 an hour to $5.15 per hour. I applaud this action and the victory for American workers.

The American people should feel good today because they forced NEWT GINGRICH and the Republican leadership to sit up, listen, and act. The public said that America needs a raise, and on October 1, millions of working Americans will get that raise and find it just a little easier to provide for their families.

Mr. BLUMENAUER. Mr. Speaker, providing for their families is a daily struggle for the working poor. Basics like food, shelter and healthcare are out of reach for too many full-time employees and their children.

Congress, so far, has not chosen to improve upon this sad situation. What we have seen is welfare reform which threatens the little assistance available for those with low-paying jobs. I fear, Mr. Speaker, that poverty may continue to be the reward many receive for their work.

There are solutions to these problems—the proposed minimum wage increase being the most obvious. This simple act will do more to create self-sufficiency than any government program or bureaucracy. I am pleased to be a part of this long overdue adjustment.

Mr. FAZIO of California. Mr. Speaker, I am very pleased to rise in support of H.R. 3448, a bill to increase the minimum wage and provide various tax incentives.

After a long, hard battle, we can be proud of passing a bill that will produce real results for 12 million working Americans.

This increase will pay for an extra 3½ months of groceries, 6 months of health care, 4½ months of utility bills, or 2 months of housing. America's working families are finally getting the raise that they deserve.

This bill, like the health insurance reform bill that was passed yesterday, isn't an "inside the Beltway" issue like some in the Republican leadership have claimed. It's common-sense, pro-family legislation that many of us in Congress have been championing from the beginning.

In addition to the minimum wage increase, this bill also contains some important tax provisions for Americans and small businesses.

The conference agreement includes a pension provision to allow spouses who do not work outside the home to contribute $2,000 annually to an IRA. Now couples living on one income can save the same amount as two-income couples. Not only does this provision encourage saving for thousands of households across the country, it reinforces a feeling that we have started to lose: staying at home to raise a family is one of the most important jobs in America. It is a full-time job which should be rewarded with the opportunity to save for the future.

Along the same family-strengthening lines, H.R. 3448 includes a tax credit up to $5,000 for parents who adopt children. Also included is a $6,000 credit for parents who adopt children with special needs. This provision is a powerful one. It encourages the union of couples who long to be parents with children who might not otherwise belong to a loving family.

Finally, while reinforcing our nation's family structure, H.R. 3448 also strengthens our Nation's economic structure by extending the research and development [R&D] tax credit. Federal support for R&D is the quintessential investment in our Nation's future. R&D is responsible for approximately one-half of the productivity in the Nation's economy and is the single most important source of long-term economic growth.

In my home State of California, R&D has been particularly important to the growth of the State's economy. California received about $722 million in energy R&D funding in 1995. We are heavily involved in programs like energy conservation research and research on fusion energy development. These programs would have suffered severe setbacks under the original bill the house passed in May. Fortunately, an extension of the R&D tax credit is included in the bill before us today.

All of these measures will strengthen the economic foundations of our families and will allow them to invest in themselves and their futures. I urge my colleagues to support the conference agreement for H.R. 3448.

Mr. COSTELLO. Mr. Speaker, I rise in strong support of an increase in the minimum wage. The 90-cent increase that is being considered today by the House of Representatives will begin to address the erosion in American workers' purchasing power. If the minimum wage is not increased, it will fall to its lowest level in 40 years.

Mr. Speaker, this is essential legislation that directly impacts millions of American workers. Over 500,000 of these workers are in Illinois. Because the majority of American workers who are paid the minimum wage are over 20 years old, the increase will aid these workers in supporting themselves and their families. As we encourage people to find jobs instead of relying on public welfare, we must work to ensure that the minimum wage is a living wage. Receiving a living wage makes workers more productive for society and more willing to work. As a result of the reduction in turnover, the employer's costs of recruiting and retraining are lower.

Raising the minimum wage is expected to immediately lift it 300,000 families out of poverty. My colleagues who charge that a 90-cent increase is nominal and unnecessary probably are not aware that a 90-cent increase in the minimum wage could pay for seven months of groceries, rent or mortgage payments for 4 months, or a full year of health costs. These are real expenses that working people have and that can be addressed by a minimum wage increase.

Many of my colleagues also charge that the minimum wage increase will result in lost jobs. However, many economists dispute this claim. In addition, according to the Bureau of Labor Statistics, 10 million jobs have been created since the last increase in the minimum wage.

These are among the reasons why I strongly support a 90-cent increase in the minimum wage and urge my colleagues to join me in voting for the increase.

Mrs. MORELLA. Mr. Speaker, I rise in strong support of the conference report on H.R. 3448, the Small Business Job Protection Act. I commend the members of the Conference Committee for their diligence in sending to the House floor a bill that will provide tax relief for small businesses, equal individual retirement account [IRA] treatment for spouses who work at home, and will raise the minimum wage for our Nation's workers.

I have long supported a so-called Homemaker IRA, which is part of the Women's Economic Equity Act (H.R. 3857) which I introduced last month in my role as co-chair of the Congressional Caucus for Women's Issues. Current law penalizes one-income families by limiting the tax deduction that spouses who work at home can take for money put aside for retirement. Presently, spouses who stay at home to raise children or to take care of an elderly parent can only save $250 above the $2,000 allowed for the spouse who works outside of the home.

Women face a number of barriers when it comes to saving for their retirement. They live longer, earn less than their male counterparts, and receive less from Social Security. The spousal IRA, included in this bill, will go a long way toward helping American women during their retirement years.

This conference report also extends, until June 30 of this year, the tax exclusion for graduate level education assistance provided by an employer. I have supported, since coming to Congress, legislation that would restore and make permanent the exclusion from gross income of employer-provided education assistance. This partnership between employer and employee has enabled millions of Americans to upgrade their work skills in order to improve their productivity and better support themselves and their families.

I am also pleased that the adoption tax credit is part of this package. The provision is similar to the tax credit approved in the Adoption Promotion and Stability Act, which passed the House in May, and which I strongly support. The conference report allows individuals with adjusted gross incomes below a certain level to deduct, over 5 years, up to $5,000 per eligible child—$6,000 for the adoption of hard-to-place children—from their income tax liability. This adoption tax credit will help ease the expenses of adoption, allowing more families to adopt.

Recently, I introduced a resolution regarding tuition prepayment plans by States to allow families to save for their children's college education at a fixed rate. I am very pleased that this conference report includes an amendment which would prohibit the Internal Revenue Service from taxing State-sponsored prepaid college tuition plans until the funds are distributed. These State-sponsored plans have allowed more than 500,000 American families to save years in advance for their children's college tuition. The provision regarding prepaid tuition plans will make it possible for more States to adopt similar programs, affording more families the opportunity to save for their children's education.

From raising the minimum wage to providing tax relief for small businesses, this conference report is an example of bipartisan cooperation for the benefit of all Americans. Again, I commend the conferees, and I urge my colleagues to support this fine legislative effort to promote economic prosperity.

Mr. CAMP. Mr. Speaker, I rise to strongly support H.R. 3448, the Small Business Job Protection Act and congratulate and thank the chairman of the Ways and Means Committee, Mr. ARCHER, for his leadership and success in this matter.

I am very pleased that the bill includes the Tax Fairness for Agriculture Act which I sponsored with bipartisan support from many of our colleagues. The Tax Fairness for Agriculture Act will help State and county farm bureaus across the country continue to serve the farm families which are their members.

I am particularly pleased that the conferees agreed with the Senate to make this proposal effective for taxable years beginning after December 31, 1986, and to provide transitional relief for organizations that had a reasonable basis for not treating amounts received prior to January 1, 1987, as unrelated business income. This is consistent with, and an improvement upon, my original bill.

For these purposes, as I have said many times, reasonable basis includes the longstanding recognized practice by agricultural and horticultural organizations of relying upon the 1983 IRS position that associate member dues are not taxable.

With the passage of my legislation, these unfortunate controversies should be put to an end once and for all. Accordingly, I thank the many Members of this and the other body who have supported me in this important effort.

Mr. CRANE. Mr. Speaker, today I regret that I must speak in opposition to H.R. 3448, the Small Business Job Protection Act. Despite the fact that as one of the conferees on this bill I worked to incorporate, and support, many of the tax provisions contained in the legislation, and despite the fact that as chairman of the Trade Subcommittee I support a key trade provision contained in the bill, I must oppose this bill because of the minimum-wage increase it contains.

Increasing the minimum wage will not protect jobs as the title of this legislation implies, but will do just the opposite—it will destroy jobs. Although I do not intend to dwell entirely on this issue in my statement, as I do not intend to dwell entirely on this issue in my statement, as I do want to discuss the tax and trade portion of the bill as well, I do want to include in the RECORD following my statement, the testimony from someone who certainly knows something about the impact of the minimum wage on a business. Herman Cain, president of Godfather's Pizza testified before the Joint Economic Committee on the subject of a minimum-wage increase, and I must say that his inciteful comments are indicative of conversations I have had over the years on this subject with economists and employers. I would urge my colleagues to review his testimony because he makes clear that this feel good legislation is for people with blinders or rose colored glasses who do not care to acknowledge the real economic consequences or raising the minimum wage.

Supporters of the minimum wage, while they might be well intentioned and might receive an award from the media establishment for being politically correct, are hurting the very people they purport to help—the young, poor, unskilled individual who wants to work. Raising the minimum wage raises the costs for businesses that operate on a thin margin—such as those in the food industry—and leaves them with the choice of marginally raising prices in a highly competitive sector of our economy or cutting costs—i.e. jobs. All too many companies must choose the later, and estimates I have seen indicate that this minimum-wage increase will cost Americans 200,000 jobs. So how does increasing the minimum wage help the young, poor unskilled worker? Good question.

While I oppose the minimum-wage increase, as vice chairman of the Ways and Means Committee and as one of five House conferees on the tax portion of this bill, I would be remiss if I did not comment on the tax provision of H.R. 3448. The tax provisions of the bill, for the most part, will make a positive economic contribution and will hopefully blunt, to some degree, the negative impact of the minimum wage. While this is by no means an all inclusive list, some of the highlights of the bill include the expansion of the expensing provisions for small businesses, the package of S corporation reforms, pension simplification items including critical spousal IRA provisions, the employer provided educational assistance exclusion, the extension of the research and experimentation credit, the clarification of worker classification language relating to independent contractors, and the 6-month delay of the IRS' electric payment system. Also included in the bill was an adoption credit which had passed the House of Representatives by a substantial margin earlier. As I indicated, there are many other positive tax proposals contained in this legislation too numerous to mention here. If signed into law, these provisions will help blunt to some degree the negative fallout from the minimum-wage increase.

Although the overwhelming number of tax provisions in the bill are positive, I must also express my concern, as I did when the bill first passed the House, with regard to that portion of this bill which would phase to section 936 of the Tax Code over a 10-year period. Section 936 of the Tax Code provides tax incentives to companies that locate production facilities in Puerto Rico. I must say that it is most likely that the vast majority of members in this House do not fully appreciate the negative impact that eliminating section 936 will have with regard to the economic vitality of Puerto Rico and what the decline in that regard will mean to our Federal budget in the long run.

Having served on the committee with jurisdiction over this issue for the past 20 years, the Ways and Means Committee, I can unequivocally state that section 936 has been one of the most successful provisions in our entire Tax Code. Section 936 has spurred economic development in Puerto Rico which has in turn created thousands of jobs—American jobs—dramatically reducing the unemployment rate in Puerto Rico. Sadly, all too many people view Puerto Rico as a foreign country rather than as the American territory that it is. Jobs created in Puerto Rico are U.S. jobs. Moreover contrary to what many critics contend, the majority of jobs created in Puerto Rico through section 936 would not have been created on the mainland absent section 936. The production facilities in Puerto Rico would likely have been located in a foreign country if not in Puerto Rico. In short, don't expect a wave of new production facilities opening on the mainland United States because section 936 is being phased out.

By removing this incentive for companies to locate in Puerto Rico, an economic vacuum will be created which I do not see being filled any time soon. This void will bring on increased unemployment, and hope and opportunity, which has been on the rise over the last 20 years in Puerto Rico, will decline steadily. As the economy declines there will be an increased dependency—dependency on Uncle Sam to help those that no longer have jobs. Just what form this dependency will take, whether it be statehood or some other arrangement, remains to be seen, but mark my words, it will mean greater expenditures by the U.S. Treasury. So I would say to those that think they are saving taxpayers dollars when they vote to eliminate this socalled corporate welfare in the Tax Code, that you can either pay now by encouraging economic growth and opportunity, or you can pay later by increasing Federal outlays for welfare and creating a dependency which I don't think the American citizens—either on the mainland or in Puerto Rico—will appreciate. It is my urgent hope that the Ways and Means Committee will revisit this issue at a later date—and sooner rather than later.

Having discussed the minimum-wage provisions and the tax provisions, I must finally comment on the lone trade provision contained in H.R. 3448. As chairman of the Trade Subcommittee, I am very pleased to report that this conference report extends the Generalized System of Preferences [GSP] Program through May 31, 1997. The extension of GSP is critical to our free trade efforts, and I have included a more detailed and separate statement on this subject later in the RECORD.

Mr. Chairman, again I would say that I am disappointed with the minimum-wage portion of this bill. And while I am extremely pleased with the extension of GSP and the long overdue tax provisions contained therein, I must still oppose this bill because of the loss of jobs that will result from the minimum wage provision.

[From the American Enterprise, July/Aug. 1996]

Bad Solution for the Wrong Problem—How Forcing up the Minimum Wage Hurts Those Who Need Help Most

My name is Herman Cain. I am President of Godfather's Pizza, Inc., a 525-unit pizza restaurant chain headquartered in Omaha, Nebraska. I am also President of the National Restaurant Association.

There are nearly 740,000 food service units in this country, including everything from fast-food chains to fine-dining restaurants. We are an industry dominated by small businesses, and we employ a diverse workforce of over nine million people. Our employees are white, African-American, Hispanic-American, Asian-American, and more. We expect to employ 12.5 million by the year 2005, with the fastest growth coming in the category of food service managers. More than 30 percent of Americans under age 35 had their first job in the restaurant industry. Restaurants offer an important boost into the job market for millions, as well as a clearly defined career path for those willing to work hard and stay in the business.

There are numerous reasons why I firmly believe a minimum-wage increase is attacking the wrong problem. Allow me to list the three reasons I believe to be most important.

First, mandated wage increases reduce entry-level job opportunities.

A few weeks ago, a colleague in Oregon told me about a homeless 17-year-old he hired in the mid-1980s. He gave the teenager a job chopping lettuce, deveining shrimp, and sweeping floors. That 17-year-old has worked his way up: He's now the executive chef at the restaurant. But the job that brought him into the business no longer exists. When Oregon raised its minimum wage a few years ago and the restaurant owner looked for ways to cut costs, this job was one of the first to go. Now, my colleague buys lettuce already chopped from a nearby automated facility.

It's a good example of the split personality of the minimum wage. When you make it more expensive to hire people who lack basic work skills and experience, you risk shutting them out of the workforce.

My second point: A minimum-wage increase jeopardizes existing jobs by threatening businesses that may be marginally profitable. In my case, for example, Godfather's Pizza, Inc., has nearly 150 company owned and operated units, and a few of them are either marginally profitable or not profitable at all. If you raise costs for the many thousands of enterprises like these, you risk shutting their doors permanently.

When you're running a restaurant that's on the edge, you're scrutinizing every penny. Can ninety cents an hour put me under? It could. Maybe not by itself—but when labor accounts for about 30 percent of my expenses, second only to my food costs, a mandated wage increase is one more factor tipping the balance. A mandated wage increase triggers wage inflation by rippling up through the entire wage spectrum and by causing increases in payroll-related expenses like FICA taxes.

Some people would say "Just raise your prices." It doesn't work that way. In a competitive market, that's the fastest way to drive away customers with limited discretionary income. That can close a business fast.

My third point: A minimum-wage increase is an ineffective way to raise someone out of poverty. Most minimum-wage earners are part-time workers under age 25—mostly first-time workers, students, people holding down second jobs or supplementing the income of their household's primary earner. In my restaurants, for example, nine out of ten of my hourly employees choose to work less than 35 hours a week—even though fulltime work is available. These are not the poor people policymakers most want to help. By shooting wide and hoping to hit the right target, you're taking a gamble with harmful side effects.

The best way to lift a family out of poverty is to get people into the job market and give them a chance to acquire skills. I think of my father, who worked three jobs until he was skilled enough to cut back to two jobs, and who kept going until his skills were good enough that he could support us on one hourly job.

There are other dangers with a minimum-wage increase. Like the fact that a federal mandate prescribes the same wage for a mom-and-pop restaurant in rural Nebraska as it does for a restaurant located in a high-cost-of-living metro area. It's not a good idea to try to overrule the laws of supply and demand that do a pretty good job of setting local wages according to the specific conditions of specific markets.

Congress has recently been playing close attention to the state and local officials—Democrats and Republicans alike—who say "enough is enough" when it comes to picking up the tab for unfunded federal mandates. Please give businesses the same hearing: An increase in the minimum wage is also an unfunded federal mandate. Someone has to pay—and it's usually the entry-level employee.

I urge you to look deeper for solutions. Some people lack the skills to make them competitive for entry-level employment. This is why we have tax credits to encourage businesses to hire employees who typically have a hard time gaining a foothold in the job market. This is why politicians are setting up empowerment zones to help businesses hire in impoverished areas. These programs rightly recognize that some workers may be overlooked if it gets too expensive for a business to hire them. Congress should be looking for ways to encourage people to work, and businesses to hire, instead of making it more expensive for employers to give the low-skilled a job.

You're getting a good dose of information lately on the theories behind successful welfare reform. In businesses like ours, real life crowds out theory. While our main expertise is in getting out good meals at good prices, as entry-level employers we've also become fairly expert at finding ways to help millions of troubled teens and troubled adults get beyond some daunting barriers to employment. We see that real entry-level jobs provide training in the fundamentals—reliability and teamwork, to name just two—and thereby field long-term social payoffs that don't come in any other way.

Right now we have more than four million people earning the minimum wage in this country, 7½ million unemployed persons, and nine million adults receiving welfare payments. Tackle the right problems first. Focus on creating more jobs, not on raising the cost of entry-level employment and eliminating existing jobs. A minimum-wage increase doesn't attack the right problem. I urge you to reject it.

FACT AND FICTION ON THE MINIMUM WAGE

Minimum-wage workers are the most vulnerable Americans, right? Actually, more adults who earn the minimum wage live in families with over $30,000 in annual income than live in families making under $10,000. Over all, 22 percent of minimum wage earners are poor. The majority of poor Americans don't work at all, at any wage.

Minimum-wage work is undignified. Fifty-five percent of minimum-wage workers are youths age 16–24. Many of these live with their parents. Only 2 percent of workers age 25 or older are paid the minimum wage.

You can't raise a family on the minimum wage. Few have to: 89 percent of all workers now making less than the proposed minimum have no spouse or child depending on them as sole breadwinner. Of these, 44 percent are single individuals living with their parents or other family member, 22 percent are single individuals living alone, and 23 percent have a spouse with a paying job.

Minimum-wage jobs are a dead end. Sixty-three percent of minimum-wage workers earn higher wages within 12 months. Seventy percent of the restaurant managers at McDonald's, plus a majority of the firm's middle and senior management, began in hourly positions. (This includes CEO Ed Rensi, who started at 85 cents an hour in 1965.)

Sources: U.S. Bureau of Labor Statistics: Employment Policy Foundation; Wall Street Journal; Industrial Relations and Labor Review.

Mr. CRANE. Mr. Speaker, as chairman of the Trade Subcommittee, I want to highlight that the conference report on H.R. 3448, the Small Business Jobs Protection Act, contains provisions that extend the Generalized System of Preferences [GSP] Program, through May 31, 1997.

The GSP Program promotes three broad policy goals: First, to help maintain U.S. international competitiveness by lowering costs for U.S. businesses, as well as lowering prices for American consumers; second, to foster economic development in developing countries and economies in transition through increased trade, rather than foreign aid; and third, to promote U.S. Trade interests by encouraging beneficiaries to open their markets and comply more fully with international trading rules.

This important legislation will help American businesses across the country, both small and large, by eliminating unnecessary tariffs on certain imported products. Extension of GSP will expand trade and prevent job losses in a wide variety of U.S. industries currently suffering increased tariff costs as a result of the expiration of GSP.

Reauthorization of GSP, in this difficult budget environment, should be viewed by our trading partners as indicative of our continued commitment to the expansion of international trade and economic opportunity. H.R. 3448 is important trade legislation, which, I believe, will be followed next year by an extension of fast-track trade negotiating authority, and legislation to expand trade with Caribbean Basin region.

H.R., 3448 makes modest reforms and technical changes to title V of the Trade Act of 1974, which are intended to simplify and improve the administration of the GSP Program. For example, the bill recodifies a 3-year rule whereby specific products may only be considered for addition to the GSP Program every third year. The bill would exclude high-income countries from GSP, and would have the effect of reducing the per capita gross-national-product [GNP] limit from $11,800 to $8,600, a number which would be indexed. Beneficiary countries that exceed the per capita GNP limit will be removed form the GSP Program.

The bill would reduce the competitive need limit [CNL] in the expired law from about $108 million to $75 million, to be increased by $5 million annually, but would retain the competitive need waiver authority. Also, a beneficiary country that exceeds the CNL on a particular product would lose GSP on that product. Under certain circumstances, however, the President could waive the CNL and restore the product to GSP status for that country.

The bill also contains new authority, which was requested by the Administration, to designate any article from a least developed developing country [LDDC], if the President determines that the article is not import-sensitive in the context of imports from LDDC's.

Designed to promote economic development through increased trade, rather than foreign aid, GSP is a valuable program, both for beneficiary countries, and for U.S. businesses and consumers. I urge my colleagues to support its inclusion in H.R. 3448.

Mr. RAMSTAD. Mr. Speaker, I rise in strong support of the Small Business Job Protection Act and to discuss a related issue regarding the tax treatment of independent contractors.

The Ways and Means Oversight Subcommittee, on which I serve, has been aggressively working to rationalize the tax laws governing independent contractors. As we learned from the White House Conference on Small Business and through testimony before the subcommittee, sound rules covering employee classification are sorely needed. I commend Chairman ARCHER for the improvements in the bill before us, as they are an important first step in achieving this goal.

I do, however, want to speak to one improvement that is needed to ensure the proper balance between consumer protection and appropriate application of employee classification laws.

I was pleased to see that in the recently issued IRS Worker Classification Training Manual, the Service acknowledged the importance of balancing competing regulatory demands—those designed for consumer protection purposes and those driven by tax considerations. The training manual made significant progress by stating that rules imposed by a business on its workers in order to comply with Governmental agency requirements should be given little weight in determining a worker's status.

Unfortunately, the manual goes on to state that if the business develops more stringent guidelines for a worker in addition to those imposed by a third party, more weight should be given to these instructions in determining whether the business has retained a right to control the worker. As you know, the amount of control exercised over a worker is indicative of that employee's status with respect to classifying workers as independent contractors. It is this second portion of the rule that could unintentionally compromise consumer protection.

For example, in the securities industry, the Securities and Exchange Commission [SEC], the National Association of Securities Dealers [NASD] and State regulatory agencies' regulations are broad in scope and require securities dealers to exercise significant discretion in their implementation. I am concerned that this ambiguity may force businesses to comply with only the most minimal standards in order to avoid potential conflict with the tax laws. It makes no sense to place companies that exercise higher standards of due care in meeting their regulatory obligations at a greater tax risk than more lax competitors. I do not believe this was the intention of Congress.

I urge the IRS to revise its guidelines so that no weight is given to any business policies or procedures that are reasonably designed to achieve compliance with applicable laws and regulations of Government or self-regulatory organizations, including the supervision of activities of workers and associated person to ensure compliance thereto.

I would like to thank both Chairman ARCHER and Subcommittee Chairwoman JOHNSON for their leadership in this area. I look forward to working with them to develop rational employee classification tax rules in general, and also to ensure that our Nation's complex regulatory laws are not undermined by the Tax Code.

Mr. MARTINI. Mr. Speaker, I rise today in support of the American worker and in strong support of raising the minimum wage. To me, this has never been an issue of politics, but rather a simple issue of fairness. Too often Americans are working long hours and even taking second jobs, yet they feel like they are running in place. If we really want people to move from welfare to work, we have to make work worthwhile. Americans deserve a fair wage for a hard day's work.

Raising the minimum wage will reward those able bodied individuals who chose work over welfare by improving their quality of life. Ultimately, that's what this is all about. Mr. Speaker, people want to support their families without Government help, but we have to make work worthwhile. I believe one way to do that is to raise the minimum wage. It just comes down to basic fairness.

Congress has not raised the minimum wage in over 7 years. In comparison to other wages, the minimum wage is now at a 40-year low. I don't think that is fair. I believe people deserve a fair return on a hard day's labor. My record reflects a strong commitment to working people's issues and that is why I joined JACK QUINN and 21 other Republicans to introduce legislation to increase the minimum wage back in April.

It's time to help people earn more and keep more of what they earn. Raising the minimum wage is just one aspect of the kind of economic growth and opportunity package this country desperately needs. In 1 week this historic Congress has done more to advance the agenda of working Americans than any legislative session in recent memory.

We have successfully passed comprehensive welfare reform, the most significant health insurance reform legislation in a generation, and today we will finally give low wage earners a much needed raise. Mr. Speaker, the verdict's out. The 104th Congress has been a champion for working Americans. This Congress has stood up for fairness.

Mr. Speaker, I believe in raising the minimum wage, but I also believe that we have an obligation to our small businesses and mom and pop shops to ease the Federal tax and regulatory burden placed on them. True small businesses are often the most vulnerable and have extremely high rates of failure. Today we are increasing the minimum wage and providing necessary tax relief to our small businesses.

Mr. Speaker, I am proud to have helped introduce a minimum wage increase bill and I am also proud to have cast my vote for the successful tax relief, welfare reform, and immigration reform bills. We need a responsible and fair government for a change, and this Congress is on the right course.

This legislation is a victory for low wage earners, a victory for small business, and a victory for the American people. I strongly urge my colleagues to support the conference report on H.R. 3448.

Mr. ROTH. Mr. Speaker, I rise in strong opposition to this conference report.

While this legislation has some strong points—increased expensing and pension simplification for small businesses—it would also impose a massive unfunded mandate on American businesses, and it would destroy Puerto Rico's enterprise zone status.

Both are grave mistakes with real consequences for real people.

The minimum wage increase will kill 600,000 jobs for low-skilled workers. These are the people who can least afford to lose their jobs. Without work, what will they do?

Phasing out section 936 and immediately repealing QPSII would have a devastating impact on the economy and people of Puerto Rico.

Today, section 936 businesses employ one-third of Puerto Rico's entire work force. They produce 40 percent of Puerto Rico's annual economic output. They are responsible for 200,000 mainland jobs.

Section 936/QPSII has also attracted $15 billion in additional capital to the island—capital that would otherwise have gone elsewhere.

As a result, more entrepreneurs can start new businesses, more consumers can buy household appliances, and more families can purchase homes.

Mr. Speaker, let's not abandon the people of Puerto Rico. Let's not cripple our Nation's job creators with needless unfunded mandates.

Vote for opportunity. Defeat this conference report.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in support of the conference report.

Legislation to increase the minimum wage is long over due. For months, Democrats have been calling for a raise for the American people, but that wasn't enough. Even when 85 percent of the American people voiced their support for an increase, that wasn't enough. I'm glad to see that the Republican majority is finally starting to get it.

The increase in the minimum wage will help to lift millions of Americans out of poverty. For years, single mothers have been struggling to feed their families on a poverty wage. This takes on even more importance, now that this Congress has shredded the safety net of welfare. We must make work pay, and make the pay a living wage.

Although I support this conference report, I also want to express my great anger over the price that some will have to pay for the adoption of this legislation. In classic Republican style, they give a helping hand to the needy while using the other hand to stab someone in the back. By removing the 936 tax credit, Republicans are taking the lifeforce that keeps Puerto Rico alive.

I urge my colleagues to support the conference report. But keep in mind the 300,000 U.S. citizens that live in Puerto Rico, who will not gain but lose under this legislation.

Mrs. THURMAN. Mr. Speaker, I rise today to support the conference report on H.R. 3448 I am particularly happy about a provision that protects the tax exempt status of State-sponsored prepaid tuition programs, which mirrors, H.R. 3842, legislation that I introduced. This provision is of great importance to working parents and their children across this Nation.

For years, parents have been looking for a financially sound way to fund their children's education. In this era of continually rising costs and reduced Federal aid, that desire appears even more unattainable. In response, 16 States, including my home State Florida, have formed innovative partnerships known as prepaid college tuition programs. In fact, Representative ROS-LEHTINEN and I worked on this issue in the Florida State Senate.

Prepaid tuition programs allow individuals to purchase contracts that provide for the cost of college tuition in the future, locking in today's tuition rates. As a result, more than 500,000 mostly middle-class families are taking part nationwide in these programs.

Earlier this year, the IRS announced its intention to tax these programs. This makes no sense because the contributors of this fund have no access to it. As a result, I introduced H.R. 3842, which would clarify that prepaid tuition programs are tax exempt. I was happy then to get 60 bipartisan cosponsor of this bill. But I am even happier today that the conferees included this valuable and meritorious provision in this bill.

Mr. Chairman, the conference report on H.R. 3448 is good policy because it guarantees American workers a higher wage and a better standard of living. But it is even better policy because it guarantees that a good number of our children, our future workers, would be educated and not have to struggle with the notion of a minimum wage. I urge my colleagues to support the report.

Mr. NEAL of Massachusetts. Mr. Speaker, today we are voting on a piece of legislation that is long overdue. We are increasing the minimum wage by 90 cents over 2 years. The value of the minimum wage has dropped to a 40-year low.

Today, by increasing the minimum wage we are doing something tangible for the American worker.

Two days ago on this floor we passed a tough welfare bill. The major goal of this bill is to move individuals off of welfare and to work. Increasing the minimum wage goes hand in hand with welfare reform. To encourage individuals to work we have to make work more attractive. Increasing the minimum wage is a step in making work a better alternative.

By earning more there will be less of a need for Federal assistance such as food stamps. We are helping workers become more self-sufficient.

The Small Business Job Protection Act includes many tax provisions that many of us have been working on the past few years. Many of these provisions have been long awaited.

The tax provisions do not include everything I would have liked, but I believe it's a good package that will go along with helping small businesses.

This bill includes a provision which would assist the fishermen of New Bedford, MA. I cannot think of a better example of a small business.

I am a strong supporter of IRA's and believe we should provide tax incentives to encourage savings. This legislation includes a provision which increases the availability for spousal IRA's. The provisions permit deductible IRA contributions of up to $2,000 to be made for each spouse, including those who do not work outside the home. This will help women to increase savings for their retirement. It corrects an inequity that existed in our Tax Code.

This legislation extends the exclusion for employer provided educational assistance. This provision allows for exclusion from income up to $5,250 for tuition paid for by an employer. As a former professor, I have seen how helpful this provision can be. Unfortunately, the exclusion only applies to graduate-level education until June 30, 1996. I plan on continuing to work on including graduate education. Education is important to increasing our competitiveness in this global economy. We are creating more high wage jobs and we need education workers. The exclusion for education workers helps more than lawyers and doctors.

This legislation provides an extension of the R&D credit. The credit is reinstated for July 1, 1996 to May 31, 1997. This is the first time the credit has not been extended retroactively. I am pleased the credit has been extended and I will continue toward making the R&D credit permanent. We need to assist corporations with research and development. R&D is necessary for global competitiveness. The R&D credit will help keep high wage jobs in the United States.

This legislation contains a package of S corporation reform provisions. The package includes a provision I have worked on the last couple of years. This package will help small businesses that are organized as Subchapter S corporations.

The legislation includes pension simplification provisions. The purpose of this package is to strengthen and simplify the pension provisions of the Tax Code. The package includes provisions which make it easier for small businesses to offer pension plans. Church pension simplification provisions were also included in this package.

This pension package takes a step toward making retirements more secure. These provisions will help increase the access to retirement savings for many American workers. We have to continue to work to make it easier for more American workers to have pensions.

Today is a good day for the American worker and small businesses. The bill is a good compromise and it should make a difference.

Mr. MONTGOMERY. Mr. Speaker, I want to commend the conferees on this measures for including changes to the Tax Code which ensure that employers who reemploy veterans after military service are not penalized for restoring their pension benefits. Two years ago, the Congress enacted the Uniformed Services Employment and Reemployment Rights Act of 1994 [USERRA], Public Law 103-353. This law was a restatement and clarification of the existing veterans reemployment rights law, and like that law, it guarantees that reservists and other persons who go on active military duty will be restored to their civilian jobs without any loss of seniority.

This law originated in 1940 and has been the subject of a number of Supreme Court decisions. The Supreme Court has held that one of the most important benefits of seniority, the high to a pension, is a protected benefit to which a veteran is entitled.

In discussions with various pension experts over the past several years, it was pointed out that technical amendments to the Internal Revenue Code were needed. The Tax Code limits employer and employee contributions to tax-favored pension plans and thus benefits payable to reemployed veterans. Other limits on deductible contributions, and qualified plan non-discrimination, coverage, minimum participation, and top-heavy rules do not take into account the veteran returning from active duty and his right to have his pension rights restored as if he had never left.

Last year, I introduced legislation, H.R. 1469, to allow employers who reemploy veterans to comply with both USERRA and the Internal Revenue Code when they endeavor to restore veterans' pension benefits as required by USERRA. The bill would provide assurance to employers that such contributions would not in any way disqualify a tax-favored plan. I am pleased that the bill before the House today includes the text of H.R. 1469 with minor technical changes.

It is very important to note that the legislation before the House today would allow employers and pension plans to make contributions for any veteran, World War II, Korea, Vietnam, as well as Persian Gulf. In essence, this provision corrects an oversight contained in the 1974 ERISA legislation which failed to take into consideration the rights of reemployed veterans, and is a good measure for employers as well as veterans. Again, I thank the conferees for including this provision in the conference report.

Mr. FAZIO. Mr. Speaker, I am very pleased to rise in support of an increase in the minimum wage.

After a long, hard battle, we can be proud of passing a bill that will produce real results for 12 million working Americans.

This increase will pay for an extra 3½ months of groceries, 6 months of health care, 4½ months of utility bills, or 2 months of housing.

America's working families are finally getting the raise that they deserve.

This bill, like the health insurance reform bill that was passed yesterday, isn't an inside the Beltway issue like some in the Republican leadership have claimed.

It's common sense, pro-family legislation that many of us in Congress have been championing from the beginning.

In addition to the minimum wage increase, this bill also contains some important tax provisions for America's small businesses.

The bill includes an important provision that increases the amount that a small business can deduct from the costs of business-related equipment.

This will allow our Nation's small businesses to expand and contribute even more than they already do to our national economy.

It will also allow homemakers to invest up to $2,000 a year in an individual retirement account, and provides a tax credit of up to $5,000 for parents who adopt.

These measures will strengthen the economic foundations of our families and will allow them to invest in themselves and their futures.

This is a good bill that will help America's workers and small businesses. I urge my colleagues to support the conference agreement.

Mr. BALLENGER. Mr. Speaker, I am opposed to the conference agreement on H.R. 3448, the Small Business Job Protection Act because of my concern that the increase in the minimum wage or starting wage will make it much harder for those with few skills and training or a limited education to get a first job. Minimum wage jobs are often the first rung on the ladder of upward mobility and this increase will likely move that rung beyond reach for many workers. By raising the wage rate, we end up denying job opportunities to thousands of workers.

The conference agreement raises the Federal minimum wage from $4.25 to $5.15, in two increments. The first increase becomes effective on October 1, 1996 and will raise the wage rate to $4.75. The second increase would take effect on September 1, 1997, raising the minimum wage rate to $5.15. It is well known by economists and lawmakers that higher minimum wages lead to job losses. Dozens of studies show that raising the minimum wage costs entry-level job opportunities, and does little to help the working poor. Job loss estimates for this increase range from 100,000 to over 600,000 jobs. In my home State of North Carolina, an estimated 19,100 jobs will be lost. A 90-cent increase is meaningless for the individual who no longer has a job.

Just recently, the Washington Post featured a story on the Kiddie Junction Learning Center in Zachary, LA. The owner of the day care center indicated that an increase in the minimum wage would be bad for her business, her employees, and her customers—and that it will likely force her to let go one employee and increase prices. This is just one more example of how a minimum wage increase does more harm than good by costing some low-wage workers their jobs and raising costs for others. A copy of the article follows.

While I am voting "no" on the conference agreement to signal my concern about the effect wage increases have on job creation, I do support the final agreement to bring tax relief for small businesses and their workers and as well as the provisions bringing long overdue reform to our pension system. These changes will do much to help ease the middle class crunch and help many people make more and save more.

[From the Washington Post, July 30, 1996]

(By Gary Younge)

ZACHARY, LA.—Jeannette Boggs started her working life making $1.25 an hour as a service representative for a utilities company in Baton Rouge in 1965. Since then, she says, she has "bettered myself in dollars and cents" to get where she is today—the proud owner of Kiddie Junction Learning Center, a day-care center 12 miles away in Zachary.

Zachary is a rural town of about 10,000 where churches outnumber banks by about three to one. Like many in the area, Boggs describes herself as religious and conservative. She believes that in America, if you work hard you will be rewarded, and she says her six employees work very hard indeed.

"It's a tough job. It's wiping noses, cleaning butts and tying shoes all day long," she said. None of her staff earns more than $6.50 an hour. Two are paid at or around the current minimum wage of $4.25. Many of the parents who use Kiddie Junction also are minimum-wage, or slightly better, earners.

When it comes to increasing the minimum wage, many low-paid people here are understandably eager to see it happen but recognize that, like a boomerang, that very increase may well come back and hit them in the form of higher costs. Many cannot decide whether tit will spark a vicious circle that will fuel inflation or a virtuous one that will help alleviate poverty.

But Boggs has definitely made up her mind. She argues that an increase will be bad for her business, her employees and her customers. If, as appears likely to happen as early as this week, Congress passes a 90-cent increase in the minimum wage, pushing it up to $5.15 an hour, Boggs contends it will force her to let go one staff member and increase her prices.

"When people talk about the minimum wage, all they think about are kids working in the fast-food chains. If people work hard, they should get paid well, and that's why we have labor laws to protect them," Boggs said. "But I have lots of hidden costs as well as payroll taxes and workers' compensation. All these things cost money, and if you add them up them the minimum wage is not so minimum any more. It's going to add about 12.75 percent to my cost, and I'm going to have to pass some of that on."

That would be bad news for Annette Ponthier. She started her working life at minimum wage six years ago as a driver for a medical transportation company. A few years later, she gave birth to her son, Alex, and soon after that, Alex's father left. At first Ponthier's mother looked after Alex, but she has a heart problem so Annette took Alex to Kiddie Junction, where she pays $62 a week. She now makes $5.50 an hour selling swimming pools and pool chemicals.

At age 23, she still lives with her parents in Zachary because, she said she cannot afford her own place. A minimum wage increase would be good, she said, although "you still couldn't live on it." But if the price of Kiddie Junction went up even by a few dollars a week, she said, she could not really afford it, and "with no child care, there's no job."

There are 4.2 million people earning the $4.25 an hour minimum, and 7 million earning $5.15 or less. With 19.9 percent of its workers earning between $4.25 and $5.15, Louisiana has the highest proportion of working people who will be affected in the country, according to figures compiled in 1994 by the Economic Policy Institute.

During the debate that has raged in Washington over increasing the minimum, both supporters and opponents said they were arguing in the name of the poor and low-skilled.

Opponents said the raise would break small businesses like Boggs's and would price low-skilled workers out of their jobs. Supporters protested that the minimum wage level had been eroded by inflation and that an increase would help alleviate the kind of poverty that is prevalent in Louisiana. The measure passed by the House on a 288 to 144 vote would raise the minimum wage from $4.25 to $4.75 an hour on July 1 and to $5.25 a year later. The Senate also has passed it, and minor differences in the two bills are being worked out in conference.

But Zachary is a long way from Capitol Hill. "It's just a little town on the go," said Norabeth Alexander, who has earned $5.25 an hour as a cook and teacher at Kiddie Junction for the past year and a half. With a large influx of new families eager to take advantage of the local schools, which have a good reputation, Zachary is suffering some growing pains. The community is far less tightknit than it used to be, and urban evils are beginning to arrive from the metropolis. "Drugs and crime are working their way out from Baton Rouge," Alexander said.

The days when doors could be left unlocked are gone here, said Boggs, 48. Last year, Kiddie Junction was broken into twice in one month. "Parents just aren't spending enough time with their children anymore. There's too much divorce and no morals and very little discipline in the family. Kids just won't say "Yes, ma'am' or "Yes, sir" anymore like they used to."

Kellie Valloton is an exception, Boggs said. Valloton is 17, still in high school, and works at Kiddie Junction as part of a work experience program for $4.50 an hour. "Kellie is mature," Boggs said. She wants to be a teacher, but her only experience working with children before she came to Kiddie Junction was baby-sitting for friends. Valloton says there is no way she could live on her own on her wage. "Sure, it would be nice to have a raise. But it would be hard for some of the adults with more experience because if I got an increase, I suppose they would want one, too. I'm just here really to learn some responsibility and hopefully have something to show for it," she said.

Boggs is certain there will be a chain reaction as high-paid workers demand that a differential be maintained between them and their minimum-wage colleagues. Brenda Dugas, co-director of Kiddie Junction, thinks that is unlikely. Dugas says that when she was raising her two children, she earned no more than minimum wage, and sometimes less. Now she makes $6.50 an hour, on which she helps support a son working his way through college. Her daughter makes the minimum at a local Lowe's Lumber store. "Of course it's hard on the young people, but it teaches them responsibility and survival skills," Dugas said.

But Dugas is in the apparent minority here in thinking it is possible to live on the minimum wage. "I think it would be very difficult for the head of the household to live on that," Boggs said. "I do think it is morally wrong for employers to just exploit people."

She prides herself on the benefits Kiddie Junction gives its workers—a week's vacation and two annual sick days after one year; two weeks' vacation and four sick days after three years. "I used to work in personnel, I know that the best way to keep staff is to invest in people," she said.

But, federal and state law imposes tight—and often costly—restrictions on day-care centers. Boggs can have no more than 16 4-year-olds, 14 3-year-olds or 12 2-year-olds for every staff member. There must be 35 square feet inside and 75 square feet outside for each child. She must pay for fingerprinting (to help detect convicted child molesters), a physical and tuberculosis test for each new staff member, and CPR classes and an additional training day for each worker annually.

Boggs charges $62 a week for children age 1 to 3, $56 for those 3 or older and $30 for school-age children who are there before or after school. With 39 children on its books and a waiting list of 11, Kiddie Junction has made a profit for the last eight years.

Boggs's husband, Louis, who build Kiddie Junction in spare time away from his job as an instrument technician for Georgia Pacific Corp., is proud of its success. Louis Boggs is a fan of conservative talk show host Rush Limbaugh and has few good words to say about President Clinton. "Every time I turn around, he's got his hand in my pockets and trying to take my money away in taxes," he said.

It is senseless to talk about poverty in Louisiana, Louis Boggs said, let alone to try to fix it with federal help. "For people at the low end of the wage scale in a state like this, a minimum wage increase is just a vicious circle. People keep talking about poverty. What's poverty? There's no such thing as poverty. There's just workers without skills."

Mr. BEREUTER. Mr. Speaker, this Member rises to express his strong support for the conference report providing an increased minimum wage. This Member supported the bill when it was originally considered by the House and believes the time is right to increase the wage of working Americans. This Member is also pleased to see that the conferees included many important reforms which are designed to offset any potential costs associated with the increased cost in wages.

The minimum wage was last increased on April 1, 1991, from $3.80 to $4.25 per hour. Inflation has increased 15.90 percent since April 1, 1991. At that rate, to have the same purchasing power as the minimum wage did when it was last increased, the minimum wage level today would have to be set at $4.93 per hour. With the buying power of the minimum wage at a 40-year low, this Member has advocated a modest 45-cent-per-hour increase, which would have appropriately returned the minimum wage close to its strength following the latest increase in 1991. Although the measure goes beyond his preferred position, this Member simply could not in good conscience vote against raising the minimum wage up to the level it should be after the effect of inflation. The September 1, 1997, figure of $5.15 per hour will only be 22 cents more than it should be to adjust to the inflation level of July 1, 1996, so the prospective increases put in place are not out of line.

This Member is very pleased that a $5,000 tax credit for adoptions is included in this conference report. As you know, the House passed this provision several times in the past 2 years; however, each time the overall bill was vetoed by the President. It is time that this family-friendly tax credit becomes law.

Additionally, this Member is extraordinarily pleased to see that conferees agreed to include the so-called Homemakers IRA. This Member joined 34 of his colleagues in sending a letter to the conferees requesting that they include the provision in the conference report. This Member would like to thank the gentleman from Texas [Mr. ARCHER], for his prompt response to the letter and thank the conferees for including this provision. The Homemakers IRA will allow America's middle-class families to prepare for their future by raising the tax-deductible amount nonworking spouses may contribute to individual retirement accounts. For a family which contributes the new maximum of $2,000 for a nonworking spouse, assuming they begin when they are 30 years old and retire at 65, they would have contributed an additional $63,000 to their retirement. This figure is strictly their contributions and does not take into account earnings on their savings.

Mr. Speaker, this Member believes the conference report should be approved and urges his colleagues to vote aye.

The SPEAKER pro tempore (Mr. LATOURETTE). All time has expired.

Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to House Resolution 440, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 354, nays 72, not voting 7, as follows:

[Roll No. 398]

YEAS—354

Abercrombie
Ackerman
Andrews
Bachus
Baesler
Baker (LA)
Baldacci
Barcia
Barrett (NE)
Barrett (WI)
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bliley
Blumenauer
Blute
Boehlert
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Buyer
Calvert
Camp
Canady
Cardin
Castle
Chambliss
Chapman
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coburn
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cremeans
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor

Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hamilton
Harman
Hastert
Hastings (FL)
Hayes
Hayworth
Hefner
Heineman
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kleczka
Klink
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Luther
Maloney
Manton
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCrery
McDermott
McHale
McHugh
McInnis
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Meyers
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Nadler
Neal
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Ros-Lehtinen
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Saxton
Schiff
Schroeder
Schumer
Scott
Seastrand
Serrano
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stenholm
Stockman
Stokes
Studds
Stupak
Tanner
Tate
Tauzin
Taylor (MS)
Tejeda
Thomas
Thompson
Thornton
Thurman
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Ward
Waters
Watt (NC)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (AK)
Zeliff
Zimmer

NAYS—72

Allard
Archer
Armey
Baker (CA)
Ballenger
Barr
Bartlett
Barton
Boehner
Bonilla
Burr
Burton
Callahan
Campbell
Chabot
Chenoweth
Combest
Cooley
Cox
Crane
Crapo
Cubin
DeLay
Doolittle
Ehrlich
Fields (TX)
Funderburk
Geren
Hall (TX)
Hancock
Hansen
Hastings (WA)
Hefley
Herger
Hostettler
Inglis
Istook
Johnson, Sam
Jones
Kingston
Largent
Laughlin
Lucas
Manzullo
McCollum
McIntosh
Mica
Miller (FL)
Myers
Myrick
Nethercutt
Packard
Pombo
Radanovich
Rohrabacher
Roth
Royce
Salmon
Sanford
Scarborough
Schaefer
Sensenbrenner
Shadegg
Souder
Stearns
Stump
Talent
Taylor (NC)
Thornberry
Tiahrt
Wamp
Watts (OK)

NOT VOTING—7

Bishop
Brownback
Dickey
Ford
Lincoln
McDade
Young (FL)

□ 1146

Messrs. McCOLLUM, JONES, MICA, MYERS of Indiana, and KINGSTON changed their vote from "yea" to "nay."

Mr. BACHUS changed his vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 1316, SAFE DRINKING WATER ACT AMENDMENTS OF 1996

Mr. McINNIS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 507 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 507

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read.

The SPEAKER pro tempore (Mr. LaTOURETTE). The gentleman from Colorado [Mr. McINNIS] is recognized for 1 hour.

Mr. McINNIS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY] pending which I yield myself such time as I may consume. During the consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 507 is a simple resolution. The proposed rule merely provides that it shall be in order to consider the conference report to accompany S. 1316, a bill to reauthorize and amend the Safe Drinking Water Act. Additionally, this rule waives all points of order against the conference report and against its consideration.

Mr. Speaker, with the passage of the conference report on S. 1316 we can look the American people in the eye and say, we have come up with a good program that is going to protect the water supply for America. This is a good day's work.

The American people have called for a smaller, less costly, less intrusive government, and we have heard their calls. However, we are continuing our responsibilities of protecting the air we breathe and the water we drink. This measure, The Safe Drinking Water Act, provides this protection.

Mr. Speaker, House Resolution 507 is straightforward, and it was reported by the Committee on Rules by unanimous voice vote. I urge my colleagues to support House Resolution 507 as well as the underlying conference report.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume, and I thank my dear friend and colleague, the gentleman from Colorado [Mr. McINNIS], for yielding me the customary half-hour.

Mr. Speaker, I support this rule and I essentially support this bill.

Today's Safe Drinking Water Act is a sound improvement to our national drinking water laws. Those laws were enacted many years ago to help make our drinking water supply safe.

Although you wouldn't know it, Mr. Speaker, given what's coming out of the faucets in Washington, DC, these days, the safe drinking water regulations are a very important part of everyday life in this country.

This bill requires water systems to notify their customers annually of the contaminants found in their tap water. It helps small public water systems comply with national standards.

On the whole it's a good bill and we should pass it.

Unfortunately, the process by which this bill has come to the floor has been one more example of how my Republican colleagues are having trouble running Congress in an efficient and bipartisan way.

For example, Mr. Speaker, the authority to spend the money needed for this bill ran out 2 days ago.

That means that $725 million that could have gone toward making drinking water systems safe all across the country is lost.

Even though the bill passed the House on June 25, the Republican leadership waited 22 days before appointing conferees.

That's right Mr. Speaker, the water systems for American cities and towns will be $725 million poorer because my Republican colleagues didn't finish their work on time.

For example, because of Republican carelessness, my home State of Massachusetts has lost over $7.9 million in funds to rehabilitate aging and dangerous drinking water systems.

And the 3½ million residents of my colleague's home State of Colorado have lost almost $9.3 million.

Mr. Speaker, this is a disgrace.

And, to add insult to injury, the grant program in this bill is loaded down with 24 earmarked pork projects.

Those extravagant pork projects will take much needed money away from the State revolving fund.

It's going to take $8 billion to do all we need to do to fix our Nation's drinking water problems. We ought to get our priorities straight.

I urge my Republican colleagues to get their work done sooner because it's 1996 and American citizens should have no doubts whatsoever about how safe and clean their water is.

Mr. Speaker, I reserve the balance of my time.

Mr. McGINNIS. Mr. Speaker, I yield myself such time as I may consume, and I remind all my colleagues that this bill came out of the committee unanimous. It has the support of the gentleman from Massacuhsetts [Mr. MOAKLEY].

This is what our debate is about here on the rule, and this is one of those few times where I think everybody in the Chamber is in agreement on the rule, so I see no further need to have speakers.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield back the balance of my time.

Mr. McINNIS. Mr. Speaker, I yield back the balance of my time and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. Speaker, pursuant to the House Resolution 507, I call up the conference report on the bill (S. 1316) waiving points of order against the conference report to accompany the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act, commonly known as the Safe Drinking Water Act, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 507, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of August 1, 1996, at page 21284).

The SPEAKER pro tempore. The gentleman from Virginia [Mr. BLILEY] and the gentleman from Michigan [Mr. DINGELL] will each be recognized for 30 minutes.

The Chair recognizes the gentleman from Virginia [Mr. BLILEY].

Mr. BLILEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, 1 week ago today I convened the first meeting of the conference committee on this proposal, the Safe Drinking Water Act Amendments of 1996.

I noted at that time that we had a big job to do and just a short time to do it. We had two bills that, while similar in significant respects, also contained serious differences. As we all know, we had just a small amount of time in which to accomplish our task.

I also noted that, on that occasion, the tremendous principles of both the House and the Senate in developing this legislation. First and foremost, this measure assures each of us, and our children, cleaner, safer, purer drinking water. It represents commonsense environmentalism rather than the rigid, inflexible mandates of prior law.

This measure, instead, promotes flexibility. It empowers States and local water authorities to focus their resources on those contaminants that pose the greatest risks. For the first time ever, it gives those same States and local water authorities the flexibility they need to get the job done.

I was privileged earlier in my life to serve as mayor of the city of Richmond. I have spoken with mayors about this measure and also to the Governors and to local water officials.

□ 1200

They tell me this bill is a godsend. According to the Congressional Budget Office, this conference agreement will "change the Federal drinking water program in ways that would lower the costs to public water systems of complying with existing and future requirements."

We authorize $7.6 billion to the States to help public water systems comply with the Safe Drinking Water Act and for helping local water authorities solve the problem of source water pollution. That is on top of $100 million for States to administer their own safe drinking water programs and $80 million for new studies that tell us more about the health effects of arsenic, radon and cryptosporidium, and how best we can treat them.

Here in the District of Columbia we have seen in the last few weeks why this legislation is so important. Here, in the Capital of the richest, the strongest, the most technologically advanced Nation in the history of the world, people cannot trust the water that they drink. The water mains, hundreds of miles of them, are literally rotting away underneath us. This legislation helps fix the problem, not just here in the District of Columbia, but in cities and small towns from coast to coast.

But that still is not all this measure does. That is because, once this measure is signed into law, Americans will know more about the water that they drink than ever before. We provide for 24-hour notifications of violation. Today they have up to 2 weeks. We provide for community right-to-know, a detailed summary provided to every household telling them what is in the water that they drink.

Yes, this is fine legislation, legislation that reflects the kind of bipartisan spirit of compromise that me have always tried to foster on the Committee on Commerce. I said so at the conference, as others did, but I said something else too. I noted then that this measure has passed the Senate by a vote of 99 to nothing. I noted that it cleared the House unanimously as well, passed by voice vote, and I predicted that none of us, Democrat or Republican, House or Senate, would easily explain to the folks back home why such a good measure, a measure that cleared both houses unanimously, should be sacrificed because we could not resolve the details. The past week we have endeavored to do just that, to put our difference aside and reach common ground, and in the week just past we did just that.

I am proud to have stood shoulder to shoulder with my Committee on Commerce colleagues, Democrat and Republican alike, to defend the integrity of the Committee on Commerce bill. We succeeded. The measure before us reflects in virtually every respect that provisions that were approved unanimously in the Committee on Commerce.

In virtually every respect, this measure echoes the provisions that were developed in large measure because of the contributions of my good friend, the gentleman from Michigan [Mr. DINGELL], and my good friend, the gentleman from California [Mr. WAXMAN]. That is why I regret that they have chosen not to sign the conference report.

Nonetheless, I submit that they will agree with me that even those minor changes that have been adopted in conference actually have improved the bill. Their argument does not focus on the core of the bill, which they themselves worked on. Their argument is with the provisions not within our jurisdiction, provisions incidentally that were approved by this House by unanimous vote. I submit to my friends on the other side respectfully that they should not let perfection be the enemy of the good.

This legislation, my colleagues, is very, very good for the American people. Together with the food safety measure now on the President's desk, it will give this Congress two major pieces of environmental legislation of which we can be proud. Indeed, it will give Bill Clinton the first environmental accomplishments of his presidency.

Let us put the interest of the American people ahead of our own differences. This measure is long overdue. Let us pass it today.

I am very pleased also to congratulate the other body, Senator CHAFEE, Senator KEMPTHORNE and, in particular, my own colleague, the senior Senator from Virginia, JOHN WARNER, whose help was very instrumental in bringing us where we are today.

Mr. Speaker, I reserve the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, this conference cane up a day late and $725 million short. The old saying is, "A day late and a penny short." We are $725 million short and 2 days late. However, the $725 million that should have gone for paying for safe drinking water for this Nation's community water systems somehow got misplaced on the way to the floor with this bill.

That is $725 million that should have been there to help the States pay for what are now unfunded mandates created by this bill. It should have gone for community water systems to pay for filtration and disinfection plants. It should have funded a part of the grant to the District of Columbia to restore the decrepit and unsafe water system of this Nation's Capital.

What happened? That is the interesting story.

Well, it is a tale of speed, and it is a tale of greed. The speed, or should I say the lack of it, and both occurred at unfortunate times, with which the House leadership appointed the conferees made it virtually impossible for the conference to complete its work in time to secure the $725 million that was set aside to make the drinking water of this Nation safe.

Let me explain further. The House has known since April that the 1996 appropriation for EPA included $725 million, which would be immediately available for a new safe drinking water revolving loan fund, if the act was authorized by July 31.

Under the leadership of my distinguished friend, and I want to pay tribute to him, the gentleman from Virginia, the chairman of the Committee on Commerce, the House passed without a dissenting vote a strong, bipartisan safe drinking water bill on June 25. That left us a total of 35 days to reconcile a Senate measure that passed that body, noted for its slow movement last year.

The Committee on Transportation and Infrastructure added to the House bill at the last minute some noteworthy porcine provisions, with the blessing of the leadership. Then, whether due to inattention or the intervention of the Speaker, the conferees on this bill were not appointed until the week the bill passed, the next week or even the next week. In fact, it took 22 days to appoint conferees. Worse, when the conferees were appointed, the leadership added layers of complexity by appointing from three committees. The Committee on Science latched on to a variety of provisions, but their success pales in comparison to their brethren at the Committee on Transportation and Infrastructure.

The Committee on Transportation and Infrastructure desperately wanted their no-priority, high-waste, who-cares-about-State-needs, election-year, bringing-home-the-bacon, name-the-project-after-me, no shame pork fund.

Their insatiable appetite did face one hurdle. The bill included firewall provisions that provided they could not have their luau unless and until the state drinking water revolving fund was capitalized at 75 percent of its appropriation, or $750 million.

Now, because I have dealt with the appetites of the Committee on Transportation and Infrastructure before, as have most of my colleagues, we made a motion to instruct to make sure that the House conferees would not forget this explicit commitment in the House-passed bill. That passed unanimously through this body.

But guess what? In the closing days of the conference, with the deadline staring us in the face, the conferees from the Committee on Transportation and Infrastructure announced that they would not allow the conference report to be filed unless and until the firewall was removed.

In fact, at many points, the Senate offered to recede to the House on these provisions, but the conferees on the part of the House; namely, the Committee on Transportation and Infrastructure, constantly and consistently refused. The Committee on Transportation and Infrastructure would not accept their own provisions unless and until the firewall was removed.

So yesterday, the Speaker gave in to their raid on the Treasury, and the 75 percent trigger was removed to create a $175 million fund. Not surprisingly, and in complete disregard for the numerous claims made by the Committee on Transportation and Infrastructure porkmeisters during the debate on my motion to instruct, the statement of managers quite without shame earmarks the money for 24 projects, many of which are in freshman and marginal Republican districts. Since there is only one pot of money available for safe drinking water, the gain of my pork-loving colleagues comes at the expense of the safe drinking water revolving fund.

I would like my colleagues to know that this raid and this wonderful pork is going to cost everybody except those Members who have been able to dip their hands into this fund to come up with a wonderful little helping of pork for their district, and it is going to come up without any regard to the need of the public or to the questions of public health and safety. It is simply going to be a short-stopping of funds, a plundering of a fund which is inadequate to meet the total needs and a fund which is absolutely necessary to assure the safety of the people from unsafe, unhealthy and dangerous drinking water.

That is what is at issue. This is why it will be impossible for me to support what had been a sound and fair piece of legislation, which is now converted into pure pork for the benefit of a few people who are happily situated.

Now, I want to make it plain that I think that taking care of districts is a good thing. I think that getting necessary projects to better the country is good. But I do not think that this kind of raid falls even within that category. It lies simply in the area of seeking special presents at the expense of all, and we will be submitting to my colleagues a list of how your State, my colleagues, will be adversely impacted by the events that have transpired previous to the bringing of this bill to the House floor.

Mr. Speaker, I include that list for the RECORD.

DRINKING WATER STATE REVOLVING FUND CAPITALIZATION GRANTS LOST BECAUSE OF REPUBLICAN LEADERSHIP'S DELAY ON S. 1316

State	Grant amount	Percent of available dollars
CA	$41,827,400	6.03
TX	38,771,900	5.59
MI	32,984,000	4.75
NY	32,700,300	4.71
PA	29,441,200	4.24
NC	25,486,100	3.67
FL	24,943,600	3.59
OH	23,805,300	3.43
MN	23,259,900	3.35
WI	22,961,600	3.31
IL	21,279,400	3.07
WA	17,213,700	2.48
VA	16,272,200	2.34
NJ	15,445,900	2.23
AK	14,943,900	2.15
GA	14,245,400	2.05
IN	14,210,600	2.05
MO	12,080,400	1.74
CT	11,832,000	1.70
LA	11,286,000	1.63
OR	10,457,200	1.51
MD	9,749,900	1.40
OK	9,706,300	1.40
AZ	9,361,700	1.35
IA	9,316,900	1.34
CO	9,276,500	1.34
MS	9,105,200	1.31
MT	8,194,400	1.18
SC	8,191,900	1.18
MA	7,928,200	1.14
ID	7,825,000	1.13
KS	7,790,300	1.12
NH	7,602,300	1.10
NE	7,087,800	1.02
TN	7,061,400	1.02
NM	7,052,400	1.02
ME	6,993,500	1.01
RI	6,941,300	1.00
VT	6,941,300	1.00
PR	6,941,300	1.00
DC	6,941,300	1.00
DE	6,941,300	1.00
WV	6,941,300	1.00
AL	6,941,300	1.00
AR	6,941,300	1.00
ND	6,941,300	1.00
SD	6,941,300	1.00
UT	6,941,300	1.00
WY	6,941,300	1.00
HI	6,941,300	1.00
NV	6,941,300	1.00
KY	6,941,300	1.00

Mr. BLILEY. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. SHUSTER], the very able chairman of the Committee on Transportation and Infrastructure.

Mr. SHUSTER. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I certainly want to strongly support this legislation, congratulate my colleagues on both sides of the aisle, particularly the gentleman from Virginia [Mr. BLILEY], chairman of the committee, the gentleman from

Minnesota [Mr. OBERSTAR], the gentleman from New York [Mr. BOEHLERT], the gentleman from Pennsylvania [Mr. BORSKI], as well as the gentleman from Massachusetts [Mr. BLUTE], the gentleman from Tennessee [Mr. WAMP], and the gentleman from New Jersey [Mr. MENENDEZ], who were all very positive forces to help bring about the passage of this very important legislation.

Mr. Speaker, this legislation improves source water quality. Our interest in the Committee on Transportation and Infrastructure is essentially title 5, which deals with infrastructure.

I know the gentleman from Michigan [Mr. DINGELL], my dear friend, in years past when he was chairman of the committee, had an extraordinary ability to find elasticity in the jurisdiction of his committee. I guess that is still happening today. However, it is very clear title 5 is under the jurisdiction of the Committee on Transportation and Infrastructure. Indeed, those were the conferees, exclusive conferees.

Mr. Speaker, I am also quite surprised to hear the gentleman taking umbrage at what we in our committee did, those of us who had jurisdiction on both sides of the aisle, over this legislation. I am particularly surprised to see him put pictures of porkers up there and talk about specific projects, when indeed the Rouge River in his district has had over $320 million earmarked in the past for projects, and indeed in the current appropriation bill there is $20 million of unauthorized appropriation. I guess we should be vigorously objecting to $20 million that is earmarked in an appropriation bill for the gentleman's congressional district when it is not even authorized.

So it seems to me fair is fair here, and I guess we better focus a little more intently on some of these unauthorized projects. The good news about this bill is that it provides a billion dollars a year in a State revolving loan fund to finance State drinking water facilities; $350 million a year for a national program for drinking water infrastructure; a program for grants to Alaska and to the States along the United States-Mexican border; a program for grants to the New York City watershed, which is of extraordinary importance.

So, Mr. Speaker, we are very pleased that we have been able to support this. It is a national bill. It is a bill that really makes the American public a real winner because we now have an excellent new drinking water law that provides assistance, not only to specific regions, but to the Nation as a whole.

Mr. Speaker, I strongly urge my colleagues on both sides of the aisle to support this very powerful environmental legislation.

□ 1215

Mr. DINGELL. Mr. Speaker, I yield myself 15 seconds.

I just want to note that because the Republican leadership delayed the consideration of this bill past the Wednesday deadline to accommodate the gentleman from Pennsylvania's taste for pork, his State lost $26.4 million which would have been used to improve the safety of the drinking water for its 12 million citizens.

Mr. Speaker, I yield 6 minutes and 30 seconds to the distinguished gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, before I focus on my substantive concerns with S. 1316, I want to recognize some of the Members and staff who have made invaluable contributions to this legislation: Congressmen JIM SAXTON, SHERWOOD BOEHLERT, and FRANK PALLONE deserve our thanks for their efforts on the right-to-know provision and NITA LOWEY, BART STUPAK, and SHERROD BROWN must be commended for their committed advocacy for the bill's estrogenic screening program. I also want to thank the House Democratic staff, Dick Frandsen and Bill Tyndall, Greg Dotson and Phil Schiliro for their work on this legislation.

In many respects, this is a good bill and one we should be proud to support. We worked hard on a bipartisan basis to resolve difficult issues. It was clear to me that both houses and both parties were committed to passing strong and balanced legislation. But I cannot support the conference report that is before us today. I will vote no for two reasons:

First, the State revolving fund, which is one of the most important provisions in this legislation, has just lost over $700 million in guaranteed funding because Congress missed the July 31 deadline. This is only half a bill without the SRF, and half a bill will not solve our drinking water problems.

There is absolutely no reason why the guaranteed money had to be lost.

The second reason I will not support this legislation is that pork projects took priority over protecting the public health and assuring drinking water standards. The reason this bill made sense is that we took the recommendation of President Clinton to have a revolving fund that would provide money to the water systems in this country to use to make the capital expenditures so they could have drinking water that would meet health standards. That was the carrot.

The stick in this legislation was if they did not do the things that were necessary, funds would be withheld from those water systems.

The bill made sense. The revolving fund was supposed to be distributed based on priorities and merit to those systems that needed those funds. That was the legislation that came out of our Committee on Commerce.

The Committee on Transportation and Infrastructure decided that they wanted $50 million for special projects to be earmarked to receive their money, whether they deserved it or not. When the House bill passed, we incorporated a feature saying maybe some of these pork projects are inevitable. But let us be assured that the revolving fund is appropriated, at least 75 percent of it, before we start funding these special pork projects.

That was the House position. We had a unanimous vote of the House to support that position. And we went into meetings with the Senate and the Senate agreed with that position in conference. But then the chairman of the Transportation Committee insisted that he have his projects funded before the revolving fund would be funded. He insisted that his projects be funded in advance of the revolving fund.

Mr. Speaker, the Republican leadership should have taken the opportunity to show some leadership. They should have said if we could not do this before the deadline, let us extend the deadline, as we recommended by the gentleman from Michigan, Congressman DINGELL. The Republican leadership would not assert their role.

The second thing is that the congressional Republican leadership should have said no to the chairman of the Transportation Committee. You cannot get your pork barrel projects funded without the revolving fund being funded first. And the Republican leadership would not say no to pork.

Then the Republican leadership should have said to the Committee on Appropriations, we want to make sure that we are going to safeguard this money for the drinking water fund. And the Republican leadership would not say no.

If we are going to deal with the problems of fiscal responsibility in this country, the leadership of this House must say no to pork. And if we are going to deal with the drinking water problems in this Nation and have a revolving fund, the leadership must say that fund will be available.

So, Mr. Speaker, it is with a great deal of sadness that I have to stand here, after having worked so hard on this bill, and to announce that I will vote against this bill. I will vote against it because the bill does not work if the revolving fund is not appropriated.

I feel that a miscarriage of fairness has taken place. I will yield to the gentleman from Pennsylvania [Mr. SHUSTER]. I want to point out, before I yield to him, that one of the projects that was earmarked for special consideration was in his district and it was mandated that the Corps of Engineers carry out this project, even though the Corps of engineers said to us they did not think it was a good project.

Mr. SHUSTER. Mr. Speaker, will the gentleman yield?

Mr. WAXMAN. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Speaker, that is not accurate. There is no mandate that the corps carry out that provision, No. 1.

No. 2, there is nothing in this legislation that says the grants in title V will be funded first. No. 3, your commerce conferees violated the instructions of this House yourselves. You did not uphold the instructions and, most important, you sent us a letter to our committee asking us to earmark $7 million for a Santa Monica project for yourself, for yourself, for your own project.

Mr. WAXMAN. Mr. Speaker, the gentleman does not know what he is talking about.

Mr. SHUSTER. Mr. Speaker, I have a letter right here.

Mr. WAXMAN. Mr. Speaker, the gentleman is absolutely incorrect. Maybe it is better to be on the offensive rather than the defensive, but the gentleman is being offensive when he incorrectly states the circumstances.

The House voted unanimously to insist that his project do not get funded until 75 percent of the revolving fund is appropriated. That was disregarded and it means that we have no revolving fund to make the drinking water law work. I regret it and I think that we should unfortunately vote against this bill.

Mr. BLILEY. Mr. Speaker, I yield 30 seconds to the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. SHUSTER. Mr. Speaker, we have right here the proposed Committee on Commerce offer which was that you backed away from the 75-percent trigger with regard to New York City and Alaska. So you violated the instructions of the House, No. 1.

No. 2, I have a letter from my good friend from California, dated March 29 of this year, asking for us to earmark $7.5 million for a project in his district.

Mr. WAXMAN. Mr. Speaker, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. WAXMAN. Is it not true that the Senate receded to the House to provide for the 75-percent funding and then the gentleman from Pennsylvania objected?

Mr. SHUSTER. Reclaiming my time, they did not yield on that simple point. They threw other provisions in as well which we could not accept.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). The Chair would ask the gentleman from Michigan [Mr. DINGELL] if he could remove the item from the table.

Mr. DINGELL. Mr. Speaker, I would be happy to remove it, if the Chair can tell me what is objectionable here?

The SPEAKER pro tempore. The Chair believes it is a breach of decorum of the House.

Mr. DINGELL. Mr. Speaker, what is the breach? I am delighted to comply with the wishes of the Chair, but I am trying to understand what is it, where is the breach?

The SPEAKER pro tempore. The Chair believes that displaying the pig in front of the honored ranking member of the Committee on Commerce is a breach of decorum of the House and would ask that it be removed.

Mr. DINGELL. You mean this little pig, Mr. Speaker, is a breach of decorum of the House?

Mr. SHUSTER. Mr. Speaker, I have no objection, if the gentleman wants to be identified with a pig in front of him. That is perfectly all right to me.

Mr. DINGELL. Mr. Speaker, I would like to comply with the wishes of the Chair. I just want to know what it is that the Chair is finding inconsistent with the rules of the House. I would observe that this pig would probably be more suitably displayed on the Republican committee table, but if the Chair desires that this pig be removed, I will, of course, remove it.

The SPEAKER pro tempore. The Chair appreciates the gentleman's removal of it.

The gentleman from Michigan [Mr. DINGELL] is recognized.

Mr. DINGELL. I have no desire to speak at this time, Mr. Speaker.

The SPEAKER pro tempore. Does the gentleman wish to yield time?

Mr. DINGELL. Mr. Speaker, am I instructed by the Chair to remove this pig or to keep it?

The SPEAKER pro tempore. Yes, the gentleman should remove it. Does the gentleman wish to yield time?

Mr. DINGELL. Not at this time, Mr. Speaker.

Mr. BLILEY. Mr. Speaker, I yield 3 minutes and 30 seconds to the distinguished gentleman from Florida [Mr. BILIRAKIS], distinguished chairman of the Subcommittee on Health and Environment of the Committee on Commerce.

Mr. BILIRAKIS. Mr. Speaker, let us get to the bottom line here. The conference has done its work and has produced a bill which will meet all of our objectives, every single one. First we have reformed and reauthorized one of our Nation's key environmental statutes. We have fundamentally changed the way the statute works and the way that the Safe Drinking Water Act allocates responsibilities between the Federal Government and the States.

Second, as opposed to previous mandates emanating from the ivory tower that is Washington—we are actually paying for new regulations up front. The conference agreement provides authorization for a $7.6 billion State revolving loan fund to meet both past deficiencies and new requirements.

I think this bill makes it clear that we are no longer doing business as usual in Washington. Instead, we are producing legislation which advances the public health while making our laws and regulations more flexible, more sensible, and more responsive to local conditions.

The old Safe Drinking Water Act simply did not work well enough. Evidence of that fact is no more than a few steps away at any drinking water tap in the U.S. Capitol. The smell of extra chlorine lets you know we have a problem.

I believe we have a large part of the solution in this bill and expect that appropriations will be made available, starting in October, to provide money to the State Revolving Loan Fund. In addition, the conference report authorizes new studies on the health effects of drinking water contaminants, the biomedical effects of contaminants in the human body and on the occurrence of waterborne disease.

These efforts should help reassure all Americans that we are taking problems, such as those experienced by the District of Columbia this year and Milwaukee in 1993 very seriously. The final legislation will enhance both our knowledge and our ability to take corrective measures.

But these efforts are only part of the solution that this conference report offers. Under the legislation, EPA will have to "right size" its regulations—identifying affordable technology which can be used by public water systems as small as 25 customers. In addition, public water systems are offered relief from requirements which only increase their costs without a resulting benefit.

We also are promoting the establishment of State programs to train public water system operators and to help ensure that both new and existing systems have the technical, financial, and managerial capacity to meet drinking water standards. Altogether, we are telling the States to develop individual solutions to their local problems and are rejecting the notion that each and every regulation must come from EPA headquarters.

But more than that—I believe this legislation will help to reassure people that the water which flows from their faucets will not cause them harm. In this legislation, we have accelerated public notice of drinking water violations and incorporated a new consumer confidence report to keep people informed, on an annual basis, of the quality of their water.

All of these things are accomplished in a bill which literally pays for itself. According to the Congressional Budget Office, and I quote, "the bill would change the Federal drinking water program in ways that would lower the costs to public water systems of complying with existing and future requirements. On balance, CBO estimates that the bill would likely result in significant net savings to State and local governments."

Mr. Speaker, this legislation passed my subcommittee on a unanimous vote of 24 to 0. It then passed our full committee by a vote of 42–0 and was approved by the full House without dissent. This conference report represents a further refinement and improvement of the underlying statute. I urge its immediate adoption.

□ 1230

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan [Mr. STUPAK].

Mr. STUPAK. Mr. Speaker, it should be pointed out that because of delay of the Republican leadership and consideration of this bill past the Wednesday deadline, the gentleman from Florida, his State lost $25 million to improve the safe drinking water for its 13½ million citizens.

I was a member of the conferees on this report and my colleagues know I was very proud of the bill we have. It is a great public policy bill. But to meet our needs we need $8.6 million to provide for all the Safe Drinking Water Act projects in this Nation. But instead, we found out that pigs do fly and there is such a thing as a pig in a poke because we have lost money because of delays, and we have also lost money because of the earmarking that went onto this bill, something we strongly objected to.

For the past 4 years some of us have tried to come to this Congress to knock off the pork-like projects. Let my colleagues' projects stand on the merit of their project and not on who sits on a committee. That is the way it should be. But no, we cannot have that.

As my colleagues know, we made a historic move this week. We did welfare reform, we did minimum wage earlier today, and we did some health care, but we just cannot seem to get away from those old bad habits we just cannot resist.

Later today we are going to do a motion to recommit. The motion to recommit is going to say let us knock off the pork projects, let us let the legislation, let our colleagues' water projects stand on the merits, project against project. I am proud to put up my district against any district here on the projects.

Let us not do this earmarking. It is wrong. It is contrary to why we came here. I hope each and every Member will look closely at our motion to recommit and knock off the earmarks. Let us break the bad habits that lead us to deficits that we struggled to get under control.

We can do it if we would work together, but to take the needs of this country and for certain Members to carve out their own exception so they can have something to go back home and campaign on is wrong.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. BOEHLERT], a member of the Committee on Transportation and Infrastructure.

Mr. BOEHLERT. Mr. Speaker, it is interesting to watch some of the people who are complaining so vociferously against the enlightened action of the Committee on Transportation and Infrastructure. The same people, one after another, come before me as chairman of the Subcommittee on Water Resources and the Environment and asked for this project and this project and this project.

As for my distinguished colleague from Michigan, he is the graddaddy of them all. Do my colleagues know that little pig he had on this desk? That piggy is named River Rouge. Do my colleagues want to know why? Because he got $325 million over 6 years earmarked for River Rouge. He is so found of that that he needs that little piggy, River Rouge. Glad to see the gentleman bring it here; good to see it once again.

Let me tell my colleagues, today we are taking a historic step toward improving the quality of the water we drink and the environment on which we all depend. The Safe Drinking Water Act Amendments of 1996 is the most significant environmental legislation since President George Bush signed the Clean Air Act Amendments of 1990 on December 11, 1990.

That historic legislation that President Bush signed, the gentleman from California [Mr. WAXMAN] and I were teamed up and we worked very hard to have an acid rain provision in that bill.

I am sorry we do not completely come eye-to-eye on this bill today but, quite frankly, my colleagues know what the drill is. It is a matter of jurisdiction, and the gentleman from Michigan, Mr. DINGELL, does not like the fact that the gentleman from Pennsylvania, Mr. SHUSTER, came up with a good idea in the Committee on Transportation and Infrastructure, and Mr. SHUSTER has designed a program that we are warmly embracing.

Now my colleagues have got to accept the fact that other people have ideas and other committees other than the Committee on Commerce have some jurisdiction. It is a reality of life that we have to accept. I have, and I think most of our conferees have.

The conference report before us today embodies most environmental aspects of the drinking water bills produced by the House and Senate, and I am proud to identify with them. The drinking water provisions before us are pro-environment, pro-State and local government and pro-business.

Every major environmental group in the Nation, the Sierra Club, the Audubon Society, the Natural Resources Defense Council, and the list goes on and on, strongly supports the Safe Drinking Water Act amendments of 1996, and do my colleagues want to know why? It is because we provide $7.6 billion through the year 2003 for improvements to our Nation's crumbling drinking water infrastructure. We provide up to $50 million annually in grants to assist America's poorest communities in providing safe, dependable drinking water. We provide critical new information to consumers on drinking water quality through community right-to-know provisions.

This is a good bill.

Mr. SHUSTER. Mr. Speaker, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. My friend, the gentleman from Michigan [Mr. STUPAK], who is railing against earmarks, has a request before our committee to earmark $4 million for the Grand Maris Harbor for himself.

Mr. BOEHLERT. The gentleman from Pennsylvania proved my point.

Mr. Speaker, I tell my colleague this: If you are for a cleaner, healthier, safer environment, and I think you all are, support this important legislation.

Mr. DINGELL. Mr. Speaker, I yield 15 seconds to the distinguished gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, I only want to correct the record. The environmental groups that had supported this legislation have withdrawn their support because they know this law will not work unless we have an appropriation for that revolving fund.

Mr. DINGELL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, I do not have a dog in this fight and I certainly do not have a pig in this bill, but I did come to this floor to hopefully argue the merits of this bill and to support this bill, and I will argue that there are three good reasons to support this bill.

However, there are two good reasons not to support this bill, and after coming along so quickly with welfare reform and health care reform it is a travesty. We have not only hit a speed bump here but we have gone down into a ravine, with $725 million being lost because this bill was not done in a bipartisan way, and with the pork that is in here with such things as studies and multimedia programs.

I will recommend to most of my colleagues, Mr. Speaker, that we support this bill with those two big flaws in it.

First of all, this gives the EPA better flexibility and our small municipalities better flexibility for alternative and affordable water systems; second, we use risk and cost-benefit analysis, something that I have been a strong advocate for on the Committee on Science for several years. Third, we give better right-to-know for our customers. When there are contaminants in the tap water, every year the water systems must report on those problems.

Now I was a conferee on this conference, Mr. Speaker, and I am very saddened by the fact that we have lost $725 million and the pigs have been added into this bill. I will reluctantly encourage a "yes" vote.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from Idaho [Mr. CRAPO], a member of the committee.

Mr. CRAPO. Mr. Speaker, I am glad to come here and support this bipartisan bill. It has been crafted with strong support from both parties throughout the process. I am a little saddened to see the tenure of the debate today because of the issues that have been raised, but let me talk about why this bill is so important for us to move forward.

Many of my colleagues know I come from a rural State and, like many of the environmental mandates imposed on our States, the original Safe Drinking Water Act was crafted without the careful consideration of the ramifications that cookie-cutter solutions imposed by Washington will have on the States, the counties and cities across our country.

Idaho is home to about a million people, and of the 2,700 water systems in my State, all but 12 have less than 10,000 users. Again and again and again across our State people have asked me to let us use the kinds of scientifically based solutions that will make our drinking water clean without forcing us to spend so much money on the cookie-cutter solutions that do not work. This bill does that.

This bill makes it so that no longer will the EPA be forced to regulate from Washington in a way that does not make sense. We will not have to continue to look for contaminants that do not exist on our water, and we can focus on the things that will work.

The EPA has estimated that the cost of cleaning up the clean water and the systems in our country will be about $8 billion, and this bill provides a revolving State loan fund that will give us the ability to bring those resources to bear to clean the water across our country.

It provides technical assistance for rural water systems like those found in my State, Idaho.

It provides for risk assessment and cost-benefit analysis, and it assures that the public will get clear and accurate information about the effects of contaminations in their population and subgroups and the health risks that they may face.

This is the kind of bill that we ought to be linking arms to move forward to pass, and I encourage Members from both sides of the aisle to put aside our differences. Let us again step forward in this Congress and make some significant progress for the clean drinking water of America.

Mr. DINGELL. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from Oregon [Ms. FURSE].

Ms. FURSE. Mr. Speaker, Members of this Congress are hired to do a job. We are not hired to get reelected. When one is in the majority, one of the jobs they have to do is, they have to get bills to the floor on time.

Now there are few things more important to Americans than the quality of the water they drink. In my hometown, Portland, OR has worked very hard to get safe drinking water, but the job of the Congress is to take care of the details. It is to see that our work gets down on time, an the devil is in the details.

Unfortunately, the Republican leadership took so long to get this bill to the floor that we have lost, we have lost $275 million for projects. Why? Why was there this delay? Well, I would think it is politics. Oregon, my home State, has lost as a real consequence $10.5 million.

I would say let us not worry about pork projects for people who maybe need to get reelected. Let us rather worry about clean drinking water for the people who live in this country, our American citizens.

Mr. STUPAK. Mr. Speaker, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Michigan.

Mr. STUPAK. Mr. Speaker, I would like to address the gentleman from Pennsylvania [Mr. SHUSTER]. He indicated that I had a Grand Maris project in this bill. Nothing could be further from the truth. He should have been honest with the American people.

Now this is a Safe Drinking Water Act. What the gentleman talked about is a break wall. Now I do not know last night if, in expending their definition of pork under Safe Drinking Water Act, they are now adding break walls.

Mr. SHUSTER. Mr. Speaker, if the gentleman would yield, I never said it was in this bill. It is in another bill the gentleman has before our committee.

Mr. STUPAK. Would the gentleman like us to take down his words so he can remember what he said?

Mr. SHUSTER. Mr. Speaker, I did not say it was in this bill.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BILBRAY], a member of the committee.

Mr. BILBRAY. Mr. Speaker, I am very impressed with my colleagues who are concerned about the effective and efficient use of taxpayers' funds. I think all of America will be very impressed with the fact that Congress is finally very, very sensitive on that issue. But let me remind my colleagues, if we defeat this bill here today we will lose over $500 million that can be used for safeguarding our drinking water.

Mr. Speaker, what we are talking about here today is having a new Safe Drinking Water Act that fulfills the promises of the old act. One example is that there are many assumptions that the voters and the citizens of America make about their drinking water.

One of them was the fact that when one bought a bottle of water, that the Federal Government assured that it was as clean as what was coming out of the tap. Under the old act that assurance was not a reality. Under the new act that assurance will be in reality.

Now, our bottled water in America has been very good, but I think the assurance that it is, and will remain good is what the new act is all about. We are fulfilling the promises of the old act with the new act.

☐ 1415

Mr. Speaker, I am privileged to live in the community of San Diego, which, according to every major environmental group that has investigated it, has some of the safest drinking water in the entire United States. It is too bad, though, that when I fly across the country every week and come to work in Washington, I cannot be assured that in Washington, here in the Nation's Capital, where the Federal Government has its greatest responsibility, our drinking water is not as safe as it is on the Pacific coast.

I would ask that my colleagues find reasons to improve on the old, to be able to move forward in a progressive way. This bill is the progressive bill, the bill that fulfills the promises of the old that never were fulfilled. Today it is time to move forward. Let us not find excuses to walk away from our responsibilities. Let us do what is right and approve this new, progressive Safe Drinking Water Act.

I rise in strong support of this progressive and bipartisan bill, which will have an enormously beneficial effect on the health and environment of the American people. As a conferee on this landmark legislation, I can tell you that this conference report on the Safe Drinking Water Act [SDWA] marks a major shift away from the regulatory status quo of placing undue value and emphasis on the regulation itself, toward what the practical effect of the regulation actually is on the public health and our natural resources. This is as it should be.

It is this kind of outcome-driven and science-based environmental policy-setting that I have been proud to be a part of in this Congress. This is the kind of process in which I was used to operating during my time in local government, and the results of this cooperative and effective policy-making which we see here today will allow us to better serve the public health needs of the American people.

It has been a privilege for me to have been able to play a close role in strengthening and improving such an important statute as the SDWA. These amendments will provide for sensible and much-needed reforms in how the SDWA is implemented.

H.R. 3604 will help to refocus EPA's priorities and resources toward those contaminants which present the greatest and most immediate threat to public health, provide EPA and local water authorities with greater flexibility in implementing the improved SDWA law, and place new emphasis on ensuring that public water systems have the necessary technical, managerial, and financial resources available to comply with the SDWA.

Mr. Speaker, this also marks a significant achievement in our ability to recognize and address flaws or gaps in our existing environmental or public health strategies. Laws such as the SDWA were clearly well-meant at the time of their inception—in this case, the 1972-era SDWA has not been reauthorized since 1986.

However, the passage of time invariably exposes weaknesses or shortcomings in the strongest of our statutes, and we need to recognize and respond to this. In the past, it has often been easier to confront problems by simply blaming a law, instead of working together to determine whether the law in question is being properly implemented, or whether it is still effective in serving its intended purpose. These laws need to be as dynamic and flexible as the rapidly changing environments we intend for them to protect, and the people who live in them.

This means that occasionally such laws must be reexamined and renewed, in order to ensure that their original goals are still being achieved.

I have always believed that we ought not to cling to the conventional wisdom that our public health and environment laws are "set in stone", and incapable of being improved with the application of new knowledge. In order to maintain their effectiveness, we have the responsibility to see to it that when modern science and technology can be applied to improve these laws, we take the appropriate action to do so.

Many of our "crown jewel" environmental laws were written over 20 years ago, and it is incumbent upon us in to make these needed improvements when necessary. With this comprehensive reauthorization, this Congress accomplished a challenging but long-unachievable task on behalf of all of our constituents nationwide. I want to commend my chairmen, Mr. BLILEY and Mr. BILIRAKIS, and my other colleagues who worked hard together, in a bipartisan manner, to help make this happen.

In addition to the sound science-based foundation of this bill, I am particularly proud of section 305 of the bill, which addresses health standards for bottled water. Section 305 is a refinement of legislation, H.R. 2601, which I introduced earlier in this Congress. My language will simply require that any EPA regulation which sets a maximum contaminant level for tap water, and any FDA regulation setting a standard of quality for bottled water for the same contaminant, take effect at the same time. If the FDA does not promulgate a regulation within a realistic time frame as established by section 305, the regulation established by the EPA for that element in tap water will be considered the applicable regulation for the same element in bottled water. This will provide consumers with the health assurances that the water they can purchase off the shelf meets at least the same standards as their tap water. I have a letter from the International Bottled Water Association which elaborates on the benefits of this provision, which I would like entered in the RECORD.

Mr. Speaker, I'd like to conclude with an observation. In my hometown of San Diego, my family and my constituents are very fortunate to already enjoy an extremely high standard of quality in our drinking water, in fact a recent study by a national environmental group found that water systems in the San Diego region reported zero health advisories over the last three years.

By comparison, the same study found that an alarmingly high percentage of water systems in some regions of the country—including Washington, DC—had reported health advisories or compliance failures during the same time period. The Safe Drinking Water Act amendments we will pass today, and which will soon be signed into law, will strengthen and improve the weak links in the existing statute, and in so doing will help bring these high levels of health and environmental quality which we appreciate in San Diego to other communities nationwide.

Again, and I can't emphasize it enough, this is a progressive step forward, away from a 1970's-era process which places higher value on process and regulation itself, towards a more responsible and outcome-based approach which focuses on the product that is generated.

This will help us reinforce our common goals of better serving the public health needs of the American people, and providing us with a cleaner and safer overall environment, which is something we ought to be ever mindful of, and never take for granted.

INTERNATIONAL BOTTLED
WATER ASSOCIATION,
Alexandria, VA, June 25, 1996.

Hon. BRIAN BILBRAY,
Longworth House Office Building, House of Representatives, Washington, DC.

DEAR REP. BILBRAY: The International Bottled Water Association, which represents over 85 percent of all bottled water sold in the United States, would like to thank you for your help in drafting the bottled water provision of the Safe Drinking Water Act legislation. We are also grateful to the committee staff who developed this improved version of the Senate bottled water provision in cooperation with your legislative director, Dave Schroeder.

Our industry strongly supports the principal objective of this provision, i.e., to require that any EPA regulation setting a maximum contaminant level for tap water and any FDA regulation setting a standard of quality for bottled water for the same contaminant take effect at the same time.

One in six households relies on bottled water as their source of drinking water. There are 430 companies producing bottled water in the United States with annual sales estimated at $3.4 billion, making bottled water one of the fastest growing segments of the beverage industry.

Bottled water is regulated by the FDA, the states and through IBWA's own model code. The bottled water provision will ensure that a FDA standard for a contaminant in bottled water is set in a timely manner and is no less protective of the public health than the EPA regulation for the same contaminant in tap water.

We look forward to seeing the Safe Drinking Water Act legislation signed into law this year. Thank you.

Sincerely,

SYLVIA E. SWANSON,
Executive Vice President.

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California [Ms. ESHOO].

Ms. ESHOO. Mr. Speaker, I thank the ranking member of our committee for yielding time to me.

Mr. Speaker, I would like to remind our colleague, the gentleman from California [Mr. BILBRAY], that because the Republican leadership delayed consideration of this bill past the Wednesday deadline, that our great State of California, the greatest State in the Union, has lost almost $42 million to improve the safety of the drinking water for our 31 million citizens.

Mr. Speaker, there are many that begin their remarks with, and I remember a famous politician that said, "There you go again." There goes the Congress again. We had a darned good bill that was a bipartisan bill, worked up and worked out over a period of time by the members of the Committee on Commerce. I was proud that the Committee on Commerce rose above what I thought were election year politics to craft a workable solution to a very, very important problem in our country. That was then, and this is now.

Here is a list. Here is a list of the pork. We are mixing pork with water. Here is the list. These are some of the most vulnerable Republican freshmen in the House of Representatives. Now there is a rush to mix pork with water. It is being taken out of the revolving fund, the capitalization grants for States, $725 million, and we have mixed the pork in with it. Where are the reformers in the Congress to rush to this floor? Where are the reformers in the Congress coming to the floor and saying, "This does not belong in this bill"? It is placing at risk one of the most important issues in our Nation.

Every American should be able to travel anyplace in this country and rely on safe drinking water. Instead, this has been bollixed up with pork. So this is not a safe drinking water bill. Now because of the Speaker and the Republican leadership, they have turned it into a safe reelection bill. I urge my colleagues to vote against it. This is not what the bill should be.

Mr. BLILEY. Mr. Speaker, I yield 2 minutes and 30 seconds to the gentleman from Minnesota [Mr. OBERSTAR], a member of the Committee on Transportation and Infrastructure.

Mr. OBERSTAR. Mr. Speaker, I thank the gentleman for yielding time to me.

When all else fails, Mr. Speaker, read the bill. The findings section of the Safe Drinking Water Act says:

> The Congress finds that the Federal Government commits to maintaining and improving its partnership with the States in the administration and implementation of the Safe Drinking Water Act. States play a central role in the implementation of safe drinking water programs and need increased financial resources and appropriate flexibility to ensure the prompt and effective implementation of safe drinking water programs.

Under the rubric of States come cities. Cities are entities of the States.

What we are doing here is helping cities deal with the problems of providing clean and safe drinking water for their people.

Mr. Speaker, I do not have a little friend to bring with me down here to the podium, but I do have an example. Just about 4 years ago, the people in the city of Milwaukee were frightened out of their wits by an attack that hospitalized thousands and affected 400,000 people with abdominal pain, diarrhea, dysentery, and caused 131 deaths when an attack of cryptosporidium found in the drinking water was unable to be cleansed by the drinking water treatment system of the city of Milwaukee.

If ever there were a red flag on the horizon for America to wake up and deal effectively with both the standards and the infrastructure for providing safe drinking water for our people, that was the wake-up call. This legislation originated in the 103d Congress, moved out of our Committee on Public Works and Transportation, did not make it through the Congress; but what we have today is an adaptation of that legislation.

I simply want to emphasize that, while there is a great deal of talk about specific designation of projects, that is in the report language. It is not in the bill. We do this regularly in numerous pieces of legislation. Statements of managers in conference reports make specific references. This is not law, this is an exhortation of examples of the kinds of projects that need to be done and communities that need to be helped. We have rendered that judgment. I urge my colleagues, this is a fine bipartisan piece of legislation. Support the bill.

Mr. DINGELL. Mr. Speaker, I yield 1½ minutes to the distinguished gentlewoman from Illinois [Mrs. COLLINS].

Mrs. COLLINS of Illinois. Mr. Speaker, there was a bipartisan agreement on giving EPA the authority it needs to ensure the safety of the drinking water. It would have guaranteed the public the right to know if their drinking water was safe. It would have required EPA to issue regulations to prevent deadly microbial contamination of public drinking water supplies. It would have prohibited the use of lead pipes, solder, and flux in the installation and repair of any public water system, as well as repair of any facility connected to that public water system.

Unfortunately, these are not the things my Republican colleagues care most about. Instead, at the very last minute, and despite the strong opposition of Democratic Members and the administration, they have turned the safe drinking water conference into the biggest pork barrel this House has seen in years.

In clear violation of the House's instructions to the conferees, the Republican conferees have in fact earmarked $175 million for low-priority pork projects. The conference report forces the EPA to fund 25, 25 earmarked projects, most of which are in the districts of Republican freshmen and other Republicans in marginal districts. What does this tell the American people about the Republican majority in this House and the environment? It tells them that the only way Republicans can support environmental legislation is if it is laden with pork that will help their politically vulnerable Members return to their seats in Congress and keep pork chops on their own tables.

They don't care whether EPA has the authority to combat deadly microbial organisms like cryptosporidium in the drinking water supplies. Last year, Republican Members voted for legislation to prohibit EPA from even working on, much less issuing a rule to keep deadly microbes, like cryptosporidium, out of drinking water.

It was on February 24, 1995, my Democratic colleagues and I offered a motion to recommit the regulatory moratorium bill. The only thing the motion to recommit would have done was to exempt the microbial prevention rule from the moratorium.

The motion was defeated by my Republican colleagues. The vote was 172 yeas and 250 nays. Two hundred and twenty-six Republican Members voted "no," while only one, I repeat, only one Republican Member voted "yes."

This is how Republicans vote when the question is simply whether or not we work for safe drinking water. They oppose it, almost unanimously.

Mr. Speaker, in 1993 an outbreak of the deadly microbe cryptosporidium poisoned the water supply of Milwaukee, WI, making 400,000 people in that city sick and killing over 100 other people. Surveys also showed that cryptosporidium was a problem in municipal water supplies all over the country, not just in Milwaukee.

In addition, last year, water here in Washington had such high levels of bacteria, including E coli, that the public had to boil their water. This year, children and the elderly were advised to refrain from drinking it.

The public is rightfully mad. They are demanding better protection from their Government—protection of their health and safety, not protection of the political careers of freshmen Republican Members.

It is time for us all to do what is right for the people we serve, simply because it is the right thing to do and not because we want some project to talk about at election time.

It is time for this Congress to get on with doing the things that matter: keeping deadly microbes out of our drinking water; keeping bacteria and pesticides out of the meat, poultry and food we eat; and keeping cancer-causing chemicals out of the air and water.

The sooner my Republican colleagues devote their attentions to these fundamental public needs, rather than election year pork, the safer and healthier all Americans will be.

Mr. DINGELL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania [Mr. BORSKI] to discuss the subject of pork.

Mr. BORSKI. Mr. Speaker, I think I want to thank the distinguished gentleman for yielding me this time.

Mr. Speaker, on behalf of the Committee on Transportation and Infrastructure Democrats, I want to urge support for this bill. Our committee had sole jurisdiction over title IV, which provides grants for needy communities all over this country to meet their drinking water needs. Money for projects under this title is available for every area of the country. It is funding for drinking water projects for communities that badly need these funds.

As a conferee on this title, Mr. Speaker, I want to compliment the gentleman from Pennsylvania, Chairman SHUSTER, and the gentleman from New York, Chairman BOEHLERT, who negotiated with the Senate and carefully crafted this compromise on this section of the bill. I want to urge support for the bill and opposition to the motion to recommit.

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee [Mr. WAMP].

Mr. WAMP. Mr. Speaker, I rise in strong support of the safe drinking water conference report.

Mr. Speaker, as vice chairman of the Water Resources and Environment Subcommittee of the House Transportation and Infrastructure Committee, I know that among the most important items we have considered in this 104th Congress is the Safe Drinking Water Act reauthorization. This has already been an active week, and we have seen just how productive our majority can be when we work with our colleagues across the aisle to do the Nation's business, the people's business, on behalf of all those who sent us here. If we are to see progress in our environmental laws to give us cleaner, safer, healthier water, we must work in a timely and bipartisan manner. That is what we have done, with the help of some dedicated staff from both our committees and the other body.

I have been especially interested in the area of providing safe drinking water supplies to communities in need. While we have debated some important national policy items this year in both Chambers, and I'm sure we will again in the remaining days of the 104th Congress, nothing we do is more important to the individuals residing in districts across this country than ensuring their ability to drink clean, pure, safe water. As I hear from the people in my district so often, this is "where the rubber meets the road" on our national water policy.

One last note about meeting our most pressing local needs: in communities where there is no reliable supply of water—either due to contamination of their wells from natural causes or human activity or because of other circumstances beyond local residents' control—our constituents don't think that getting help hooking up to a nearby public water system is anything more than fulfilling our responsibility to provide for their health and safety. Every community with needs like that should have a chance to look for help from this bill, and priority should be given to those in the most urgent state of need.

Finally, Mr. Speaker, Chairman SHUSTER and Chairman BLILEY, and my other fellow conferees, I appreciate being given the opportunity to work with you and everyone on this conference committee to lend a hand to shaping this legislation. East Tennessee—and particularly Chattanooga—has a reputation for being pro-active in finding solutions to our environmental problems and working together as a community to promote sound, scientific research in many areas, but especially in the area of water. I've pledged to the people I represent to make water quality a top priority while I'm in Congress, and participating in this conference has been a great help to me in understanding these complex issues even better.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Speaker, I wish to make four points. This is inside baseball.

Point No. 1, in response to the gentlewoman from California, the conference was not delayed by inaction on the part of any Republican. As has been accurately reported in National Journal's Congress Daily, the conference was delayed because two Members, the gentleman from Michigan [Mr. DINGELL] and the gentleman from California [Mr. WAXMAN], objected and refused to sign the conference agreement.

Point No. 2, this is very important, the dollars that are claimed to have been lost I am convinced will not be lost, because every Member of this body and the other body wants to make certain that that 24-hour delay does not in any way jeopardize the funding that we need for safe drinking water.

Point No. 3, the total amount in dispute is one-quarter of 1 percent of the total amount of money funded in this bill.

Point No. 4, the grants program we are talking about is to help needy communities who are striving to provide a cleaner, healthier, safer environment for their constituents by improving their water system. That is what this program is all about.

Mr. Speaker, I urge my colleagues to give this bill the support it deserves.

Mr. DINGELL. Mr. Speaker, I yield 30 seconds to the gentleman from Minnesota [Mr. MINGE].

(Mr. MINGE asked and was given permission to revise and extend his remarks.)

Mr. MINGE. Mr. Speaker, manipulation of the conference committee process and deadlines to take moneys from general funds from all States to finance specifically named projects for a select few for their political advantage is wrong. It is reprehensible.

The Pork Busters Coalition cannot object strongly enough. Leadership may change, the abuse of the process goes on.

Mr. BLILEY. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BILIRAKIS].

Mr. BILIRAKIS. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I just want to make two points here, and in a way I suppose at least one has already been made.

First, we are not losing money today here, as people on the other side are saying. It is unfortunate, we have all worked so well together on this piece of legislation, and all of a sudden we are throwing stones at each other. It is just a terrible thing to see.

We are not losing money today, because the States could not possibly have been prepared to use the money effective yesterday, which is when this thing was supposed to go into effect. We are not talking about the States sitting there basically just waiting for this money to start putting it into effect right off the bat. It is impossible.

What we are doing today, of course, is granting the legal authority to spend the $7.6 billion on safe drinking water. Actually providing this money, as we all know, but nobody seems to be saying it, is the job of the Committee on Appropriations, as it always is. Can we guess what the Committee on Appropriations is going to do in forthcoming years? I think not.

Second, my colleagues complained rather loudly about so-called pork. They do not talk about the 99.75 percent of the bill that they agree with. Let the record show that the funding under attack here represents less than one-quarter of 1 percent of all funds authorized.

Mr. DINGELL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Pennsylvania [Mr. KLINK].

Mr. KLINK. I thank the gentleman for yielding time to me, Mr. Speaker.

I have grave concerns, Mr. Speaker, about the fact that it does appear, from everything I have said, and I am just talking to counsel, now, that we have indeed lost $725 million that could have been used to clean up the drinking water of this Nation.

When we take a look at the amounts of moneys different States have lost, California, almost $42 million; Texas, almost $39 million; my own State of Pennsylvania, $28.5 million. We could use that money to clean this up. I think what they are saying on the other side is, "Trust us, we will figure out a way to fix it."

The fact of the matter is that the Speaker did not appoint the conferees in time to get this bill done. There is a pattern of this which really is very bothersome to me.

Earlier this week we brought out the fact, and I hope Members on both sides of the aisle will note, that Members are not having their bills paid in their offices. Take a look. For the first time in the history of this institution, in June, your rent payments were not made. That costs us credibility, it costs us money, it costs every Member in this office. Now we are not appointing conferees in time, so the States of this country do not in fact have tens of millions of dollars that they normally would have in order to clean up this water.

When we were doing the contract on America we were marching through, the trains were running on time. Now all of a sudden it comes time for Congress to either pay its bills, pass legislation on time, or lose three-quarters of a billion dollars, and we cannot do it on time.

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How can you run this country when you cannot run this Congress? That is the question that needs to be asked today.

Mr. BLILEY. Mr. Speaker, I reserve the balance of my time.

Mr. DINGELL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Massachusetts [Mr. MARKEY].

Mr. MARKEY. Mr. Speaker, 2 years ago the House freshmen came to Washington to carry out a revolution. They promised to balanced the budget, to slash wasteful spending, to end pork-barrel spending. Now, 2 years later, two unsuccessful Government shutdowns later, the freshmen are running scared.

The voters have said no to Medicare cuts, no to education cuts, no to mean and extreme programs dealing with the environment, no to the Gingrich revolution. So what do the freshmen do now in their desperate attempt to save their own political hides? They attach $350 million for pork-barrel projects for themselves in a clean drinking water bill while more important programs, of course, are going to suffer in the 50 States where the money should have been spent.

So here is what we have:

One little piggy goes to Iowa; one little piggy program stays home in Ohio; one little piggy program gets money for Washington State, and other more important programs get none; and 13 vulnerable House Republicans go wee, wee all the way home with their pork.

Mr. Speaker, if this is a revolution, if this is the most important thing that we can be doing in this country for the next generation, it would be like fighting the French Revolution and not attacking the Bastille for the Republicans to have all this pork in this safe drinking water bill, and for all of them to unanimously be saying vote for it.

What a transformation for the freshman class, so proud that they are now able to stick port in for their own district while knowing that it violates the instructions of this very House, of the recession of the Senate to our position that there should be no pork, and at the same time delaying so long in figuring out how to put in the pork that an extra $725 million are lost across this country for safe drinking water projects in every State in the Union.

Mr. BLILEY. Mr. Speaker, I yield 1½ minutes to the gentleman from Michigan [Mr. BARCIA].

Mr. BARCIA. Mr. Speaker, This bill will enhance the tools that our Government has to assure a safe drinking water supply. The bill will also protect the taxpayer, providing more flexibility to local officials by maintaining standards, but easing excessive requirements. The public has a right to clean water and has a right to know when, and by what, their water supply is at risk. For that reason, the agreement also makes the public right to know part of the law of the land.

With flexibility and protection, we still have billions of dollars in unmet water infrastructure needs. This legislation incorporates provisions of the Water Supply Infrastructure Assistance Act of 1995, which provide for a new State revolving loan fund, which will provide loans and technical assistance to communities with drinking water quality problems.

In discussing this historic compromise, I feel compelled by misleading comments made by a few of our colleagues to discuss a provision in the bill which provides specific assistance for several communities in our Nation. One of those communities is Bad Axe in my Fifth District of Michigan. I have been working with officials in that town for years to find a solution to their problems with arsenic, barium, and visible iron. No resources have been available to address their lack of resources. Their efforts to fix the existing system have cost money, raising citizens' monthly bills. To complicate matters, the water has so much foreign matter that it necessitates the early replacement of pipes, water heaters and other home and municipal water equipment, placing another financial burden on the town and its citizens.

Yet, Mr. Speaker, the solution lies just 17 miles away in three different directions. But, because Federal and State resources are not available, and taxpayers already bear too large a tax burden for a rural farm economy to support, the attempt to connect to one of three plants in adjacent towns has not been possible. Instead, good money is thrown after bad, wasted on stop gap measures to provide enough water which may be appropriate for non-drinking uses like washing clothes. These few dollars are the only way for Bad Axe to solve its drinking water crisis. So, Mr. Speaker, when someone tells the people of Bad Axe that they are the recipients of pork, Federal Government largess, let us remember that we are talking about citizens in need; citizens in a small town which is overextended which lies in a State which receives one of the lowest national returns on its Federal tax dollar. If this is pork, Mr. Speaker, pass the platter.

Mr. DINGELL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from New Jersey [Mr. PALLONE].

Mr. PALLONE. Mr. Speaker, in June we had a very good bipartisan bill passed out of the Committee on Commerce, but unfortunately the Republican leadership could not leave well enough alone. They had to take it into their back rooms and load it up with political pork. This is the same Republican leadership that claims to be for reform and for cutting unnecessary spending.

The House passed the bill on June 25, yet once again the Republican leadership still could not get it right. They delayed and they delayed. It took an astounding 3 weeks for the leadership to appoint conferees.

Now, it is August 2 and we have lost $725 million in fiscal year 1996 funds. In my own State alone we have lost nearly $15.5 million in grants funds. On top of that the Republican leadership has earmarked for their vulnerable Members on a political basis $175 million of what is left.

Mr. Speaker, this is simply an outrage. They have taken legislation that was supported by the industry and environmentalists, by Democrats and Republicans, by the right and the left, and they have basically made it almost unsupportable at this point. It is a real shame. It is a tragedy. This could have been a bill that everyone would have supported and that we could have used as an example of good legislation that this House could pass this session, and instead we have this bill, loaded up with pork that is practically unsupportable at this time.

Mr. DINGELL. Mr. Speaker, I yield 30 seconds to the distinguished gentleman from California [Mr. WAXMAN].

Mr. WAXMAN. Mr. Speaker, I want to set the record straight about the delay on this conference report. The deadline for approving the fund was July 31. We did not get the conference report papers until August 1. The gentleman from New York indicated that the gentleman from Michigan [Mr. DINGELL] and I might have been responsible for that. It was the mangers of this legislation.

The last point I want to make is the House voted unanimously for one position. That was to keep these pork projects out of that revolving fund and let them stand in line later if they can claim on the merits that they should be funded, and that position was rejected.

Mr. DINGELL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I would begin by expressing great respect and affection for my dear friend from Virginia. He worked well with me in the consideration of this legislation. He is a fine and valued Member of this Congress.

I also want to express great respect and affection for the distinguished gentleman from Pennsylvania [Mr. SHUSTER]. That may come as a surprise to the gentleman, but I do feel that way.

I want to talk a little bit about what has happened here and why we are in this mess.

The leadership, the Speaker, took about 3 weeks in which to appoint the conferees. The deadline for money being available under the appropriations law was the last day of July. That deadline passed. It passed in good part because the Public Works Committee and my good friend from Pennsylvania, Mr. SHUSTER, did not accept the concession of the Senate in which the Senate agreed they would recede and concur with regard to the handling of the moneys within the bill.

One of the important things to note is that what is at issue here is not just pork. I have always voted, almost without exception, with the Public Works Committee and at one time I was a member of that committee and I understand the art of pork and the art of taking care of Members of this Congress. But the point that needs to be made is that we have here a fund which is too small. It is about $725 million. That is all that is available to address the problems of clean water in all the districts in this country. The Committee on Public Works has short-stopped half of that money, $350 million worth of it. That means that they will allocate—not on the basis of merit but on the basis of pure, raw, unadulterated politics—money which should be allocated on the basis of real need. There is not enough money. Need should be the basis on which the money is going to be allocated, but that mechanism will not be used. Rather, this money will be short-stopped.

The consequence of this is that in district after district, all around the country, in every State in the union, major projects which need to be addressed on the basis of safety and the public health will not be addressed because money has been allocated on a political basis, not on the basis of need and not on the basis of public health. That is why this is a bad action, and it should be clear in the record as we go forward in our business.

Mr. BLILEY. Mr. Speaker, I yield myself such time as I may consume.

This has been an interesting debate. I would like first to clear up what I consider to be a few inaccuracies. First, this bill is $7.6 billion in total. All of this fuss is over $25 million.

I would also like to point out in this, for all of the Members, those present and those who may be watching, this is very, very important. This motion to recommit that will be offered, I understand, if it is offered, is not debatable.

What it means is that the bill would then go back to conference. It is not something that would come back immediately to the floor, which means you would go home and you would not have passed this vital piece of legislation and we would lose additional millions of dollars of money for these vitally needed projects. That is absolutely important.

Mr. Speaker, we need to pass this bill, this conference report, send it over to the other body, and have them pass it, so that we can ensure the quality of the drinking water of the communities and the citizens of this Nation.

Mr. Speaker, I urge adoption of the conference report.

Mr. BLILEY. Mr. Speaker, I would like to praise the work of the staff: My chief of staff, J.E. Derderian; Bob Meyers; Nandan Kenkeremath; Chris Wolf; and our general counsel, Charles Ingebretson.

Mr. FRANKS of New Jersey. Mr. Speaker, I rise today in support of H.R. 3592, the Water Resources Development Act of 1996. I commend Chairman BUD SHUSTER and Chairman SHERWOOD BOEHLERT for their diligent work in drafting this important legislation.

The Water Resources Development Act of 1996 contains several provisions drawn from legislation that I introduced earlier this year to help our Nation's ports. For centuries, our ports have been the arteries that have kept our economy thriving. More than 95 percent of our Nation's commerce relies on our ports to send or receive goods and raw materials. Our ports not only provide an economical and energy-efficient means of transportation for thousands of businesses, they are also a major source of jobs. Some 15 million people work in port-related jobs across the country. In my region alone, the Port of New York and New Jersey provides jobs for 180,000 workers.

But today, the economic viability of our ports is being threatened by Government regulations that have severely curtailed the centuries-old practice of dredging berths and channels. Ports throughout the Nation, from Oakland to Duluth, Houston to Newark, are facing serious economic consequences because of their inability to dredge.

For decades, the Army Corps of Engineers and private contractors have dredged our Nation's channels and disposed of most of the dredge sediments in the ocean. But as stringent new procedures have been put in place to prohibit the dumping of contaminated materials in the ocean, an increasing amount of dredged material is no longer eligible for ocean disposal. This has led to a national debate over how to safely and economically dispose of the mud. In my State, the Port of New York and New Jersey is already losing business because of the inability to dispose of contaminated sediment.

The lack of dredging is having consequences that reach far beyond the loading and offloading of container ships. Everyone who lives or works in my State benefits from the port. For consumers, it means lower prices for the products they buy. For businesses, the port provides a convenient and inexpensive way to send or receive final products or raw materials. And for workers, the port is a source of thousands of jobs both at the port and at the thousands of businesses that rely on the port itself to transport their goods.

In 1994 alone, 409,000 automobiles passed through our port. In all, some 4,000 ships arrive at the Port of New York and New Jersey every year.

Until recently, 95 percent of the dredged sediment in the Port of New York and New Jersey passed ocean dumping standards. But now, with better testing criteria in place, nearly two-thirds of the sediment lying at the bottom of the Port of New York and New Jersey is so contaminated that under regulations promulgated by the Environmental Protection Agency, it is considered category III and cannot be disposed of in the ocean. With no other viable dredging disposal option yet in place, dredging in the port has literally ground to a halt.

For several years, I have been working with the Port Authority of New York and New Jersey and the two States to help find workable solutions for this dredging crisis. This past March I introduced H.R. 3170, the Port Revitalization Act of 1996. Since then, this legislation has drawn the support of Republicans and Democrats from both New York and New Jersey, businesses, labor groups, and the environmental community.

H.R. 3170 addresses the root cause of the problem now facing the Port of New York and New Jersey and others in the United States, which is to develop a safe and economical means of disposing of contaminated dredged materials. The Water Resources and Environment Subcommittee held hearings on this legislation and the issue of dredging, and much of my bill is incorporated as part of H.R. 3592.

Specifically, my legislation authorized the construction of a long-term confined disposal facility for dredged sediments from the Port of New York and New Jersey. Such a facility could meet the port's dredging disposal needs well into the next century. Like the successful disposal facilities in Baltimore and Norfolk, a contained facility will provide an environmentally safe way of disposing of dredged materials that are unfit for ocean disposal.

There are a variety of types of confined disposal facilities that could be constructed under this bill, including containment islands, subaqueous pits, near-shore facilities, or upland disposal. Moving forward with a long-term disposal facility for the port is essential to assure the shipping community that this port won't be reliving this dredging nightmare every 2 or 3 years. We simply must develop a long-term facility if we are to keep the current shipping business at the port.

This section of the bill complemented New Jersey State legislation that would dedicate substantial State funds to begin dredging and the construction of short- and long-term confined disposal facilities. In fact, this November New Jerseyans will vote on a $300 million bond issue to help with the dredging of our harbor. Together, the Federal Government and the States of New Jersey and New York can provide a permanent and long-term disposal solution to preserve the vitality of this port.

Next, H.R. 3170 opens up the Harbor Maintenance Trust Fund to allow this fund to help finance the construction of a long-term disposal facility and the search for a short-term, interim solution to our region's crisis. This fund, which is supported by a tax on shippers, established in 1986 to make sure channels are dredged regularly so they are safe and navigable. But under current law, the Harbor Maintenance Trust Fund cannot be used to help pay for the construction of new disposal facilities.

At a time when ports across the country cannot be dredged because there is no safe place to dispose of the dredged materials, it makes no sense to keep such tight restrictions on the use of this fund. The Harbor Maintenance Trust Fund has a huge $600 million surplus, a surplus which is expected to grow by $100 million annually. My bill makes this trust fund a significant new funding source for a variety of containment facilities and disposal options being considered for our port.

Another provision of the bill would enable the Federal Government, through the Army Corps of Engineers, to assume 65 percent of the cost of building new confined disposal facilities for dredged sediments, regardless of where they are located. Under current law, the Federal Government is authorized to pay out of general revenue for 65 percent of the cost for only ocean disposal of dredged sediment. The Port of New York and New Jersey, and many others, can no longer rely exclusively on ocean disposal for dredged sediment, and need to find upland or other confined facilities to deposit contaminated mud. Through this provision, my bill ensures that the Federal Government remains a major financing partner in the construction of modern dredged disposal facilities.

Finally, H.R. 3170 reauthorizes the decontamination technology pilot study now underway by the Environmental Protection Agency and raises its authorization level to $10 million annually. Congress must continue to invest in dredged sediment decontamination technology to make the dredged material environmentally safe and eligible for either beneficial upland use or ocean disposal.

I am pleased that each of these provisions in H.R. 3170 is included in the Water Resources Development Act of 1996. Mr. Speaker, each of these provisions will make a significant impact on the status of dredging projects in the ports of the United States.

In addition to these provisions, there are two additional authorizations in this legislation which directly affect the Port of New York and New Jersey.

First, H.R. 3592 provides additional funding for the deepening of the Kill Van Kull shipping channel to 45 feet. The Kill Van Kull is a channel in the Port of New York and New Jersey with a current maintained depth of 35 feet. Having the channels deepened to 45 feet will enable the largest oceangoing vessels to reach the berths of the port without fear of scraping bottom.

The Water Resources Development Act of 1986 authorized this deepening project at the level of $325 million. However, after the completion of the first phase of this deepening project down to 40 feet, this authorization level had been exceeded and the dredging was put on hold. H.R. 3592 raises the authorization for this deepening project to $750 million, allowing the Army Corps to continue with the second phase of the deepening project down to 45 feet.

Second, this legislation increases the authorization for a similar deepening project in the Arthur Kill, a channel between Staten Island, NY, and New Jersey. The new authorization level is $82 million, which will cover the increased costs of deepening this section of channel. Both of these projects will provide invaluable assurance to the shipping companies that depend on the depth of the channels to safely bring their goods to port.

In closing, let me once again thank the chairman of the Transportation and Infrastructure Committee and the chairman of the Water Resources and Environment Subcommittee for their work in drafting this bipartisan, noncontroversial legislation. I urge my colleagues to join me is supporting this bill.

Mr. POSHARD. Mr. Speaker, I appreciate this opportunity to comment on the Water Resources Development Act [WRDA]. This is an important, bipartisan piece of legislation that will provide the country with the resources to meet many pending infrastructure needs. I am particularly concerned with flood-control provisions in this legislation. As we continue to see on a daily basis, investing in sufficient flood-control measures protects our families and property from the devastation in floods. I am concerned that the cost-share formula for these projects is becoming prohibitive for our rural communities. This bill calls for a future formula of 65 percent Federal, 35 percent local, and this will have a significant impact on smaller localities, where this help is needed most.

We must continue to be farsighted in our approach to these problems, including cost share, and I would like to thank the chairman of the Transportation and Infrastructure Committee, Mr. SHUSTER, and the ranking minority member, Mr. OBERSTAR, as well as the chairman of the Subcommittee on Water Resources and Environment, Mr. BOEHLERT, and the ranking minority member, Mr. BORSKI, for their leadership in this regard. The committee staffs worked tirelessly in the spirit of cooperation while crafting this measure, and that attitude has clearly followed this legislation to the floor, as we are considering it as a suspension bill. I hope the rest of the legislative process in regard to WRDA moves this swiftly.

Mr. MINGE. Mr. Speaker, as a cochair of the Congressional Porkbusters Coalition and a Member interested in improving the integrity of Congress, I am strongly opposed to the method by which earmarked water projects were included in the Safe Drinking Water Act. Most, if not all, of these projects circumvented established congressional procedures and were inserted into the bill by the Committee on Transportation and Infrastructure. Congressional districts benefiting because a Representative holds a position of influence on a committee or has made a special arrangements with a member of the committee is simply wrong.

The American people are fed up with the backroom dealing and horse trading that has characterized congressional politics to this day. The time has come to bring fairness and objectivity to the authorization and appropriation processes. If a Member of Congress believes that a project should be funded in their district, then let us hold open, public hearings on that project. We can hear about the merits of the project and why American taxpayers should shell out their hard-earned dollars to pay for it. Let us apply objective criteria to the numerous projects that seek funding in order to create a prioritized list. We then can match our priorities against our limited Federal resources and make fair, impartial decisions as to which projects should be funded.

Mr. Speaker, I share your concern for eliminating the deficit and balancing the budget. To do both, many difficult decisions must be made. One of the easiest decisions, however, should be to eliminate earmarked projects that have not passed the scrutiny of established Congressional procedures and competitive selection processes. Let us begin by opposing these earmarked water projects in the Safe Drinking Water Act.

Mr. FRANKS of Connecticut. Mr. Speaker, I rise today to express my support for the conference report to S. 1316 the Safe Drinking Water Act Amendments. The Safe Drinking Water Act was first passed in 1974 to protect drinking water supplied by public water systems from harmful contaminants. The conference report before us today is commonsense legislation that will continue to assure the safety of our drinking water.

Under this conference report State and local authorities can enhance the purity of drinking water, and focus resources on those contaminants that pose the greatest risk to human health. Local water systems will no longer have to test for contaminants that have never been detected in their water supply.

Also, under this legislation, consumers will be given more information about their drinking water than ever before. Under provisions in the conference report, water systems will be required to mail an annual report to every consumer concerning the levels of regulated contaminants.

This conference report also authorizes $80 million for new studies. These studies will examine the health effects of such substances as arsenic and sulfate.

Finally, this conference report will provide State and local water authorities with the resources they will need to get the job done. H.R. 3604 creates a $7.6 billion State revolving fund. This fund will provide direct grants and loans for compliance activities, enhancement of water system capacities, operator training, and development of solutions to source water pollution.

Mr. Speaker, the public deserves to feel confident that the water they drink is safe. The conference report to S. 1316 accomplishes this. It is commonsense legislation that improves the current drinking water standards, while at the same time lowering costs to water authorities. I would encourage my colleagues to support passage of the conference report so that we may enact meaningful reform of our safe drinking water laws. Thank you, and I yield back the balance of my time.

Mr. WALKER. Mr. Speaker, I rise today in support of the conference report on S. 1316, the Safe Drinking Water Act Amendments. The Science Committee was given conferees on the drinking water research provision in the House and Senate bills. I would like to thank the Science Committee conferees, Congressman ROHRABACHER, and Congressman ROEMER, for their help and support during conference.

The bill as agreed to in conference includes numerous important research provisions. The bill authorizes $26.6 million for safe drinking water research each year for fiscal year 1997 through fiscal year 2003. This authorization is intended to enable the Environmental Protection Agency's [EPA] Office of Research and Development [ORD] to continue its Drinking Water Research Program.

The conference report further authorizes an additional $10 million a year from the new drinking water State revolving loan fund [SRLF] for health effects research on contaminants in drinking water such as cryptosporidium, disinfection byproducts, and for the implementation of a plan for research on subpopulations at greater risk. This $10 million is new money derived from the SRLF and should boost ORD's ability to conduct priority research on drinking water contaminants.

The conference report also includes $2.5 million per year for fiscal year 1997 through fiscal year 2000 for research on arsenic. Finally, the report contains $12.5 million a year for 7 years to develop a research plan and conduct research on harmful substances in drinking water.

Along with these important research authorizations, the conference report includes an important new research review requirement which should help ensure that the drinking water research conducted by EPA is of the highest quality. Section 202, Scientific Research Review, requires the Administrator of EPA to develop a strategic plan for drinking water research. It also requires the Administrator to review all drinking water research conducted by the Agency to ensure it is not duplicative and of the highest quality. This provision is similar to the research review requirement passed by the House earlier this year as part of H.R. 3322, the Omnibus Civilian Science Authorization Act of 1996.

Mr. Speaker, I support the conference report accompanying S. 1316, and I encourage my colleagues to vote for its passage.

Mrs. LINCOLN. Mr. Speaker, I rise in strong support of this bipartisan and bicameral agreement to modify and strengthen the Safe Drinking Water Act. I applaud the conferees for working together on such a short timeframe and delivering a good compromise bill.

Getting a final agreement on this issue has taken nearly 3 years. I remember working with my colleagues last Congress on issues that continued to be the sticking points again this Congress. I'm so relieved that we have reached consensus on these major issues of contention.

My main interest throughout this debate has been to create a more flexible regulatory approach that protects our Nation's drinking water without wasting valuable financial and human resources. I come from an extremely rural area where most people obtain their drinking water from private wells or small water systems. Most of these small water systems operate on a tight budget with only one employee operating the system. If these small systems are forced to monitor for contaminants that do not exist in their watershed or are compelled to comply with other regulations primarily aimed at protecting drinking water from large systems, they must divert valuable dollars that could be better used in addressing problems unique to the specific system. This bill recognizes that small systems are inherently different from larger systems and often have different needs in maintaining compliance with the drinking water standards.

In particular, S. 1316 relieves onerous and excessive monitoring requirements, establishes the development of small system technologies, provides money for the rural water technical assistance and circuit rider program, creates a State revolving fund to provide needed capital to upgrade and build systems and realigns standard setting criteria to take into consideration sound science and cost/benefit analysis. However, this bill does not only ease burdensome Federal requirements, but it also requires the implementation of new obligations. For example, S. 1316 mandates the establishment of State capacity development and State operator certification programs. While these programs will ensure that our water systems are well operated and in compliance with the act, it does compel States and systems to go that extra mile in evaluating the health of their drinking water.

S. 1316 is widely supported—from the environmentalists to the Governors—and I want to urge my colleagues to support this commonsense bill.

Mr. WHITE. Mr. Speaker, all of us want to make sure that the food we eat and the water we drink is clean and safe. That's why I am proud to support a safe drinking water bill that will help make sure we are doing the best job possible to keep our drinking water supplies clean.

Today, as we vote on the Safe Drinking Water Act of 1996, we are showing the American people all the good that can result when Congress works together to get something done.

But this bill is about more than just getting something done. Rather, it is a perfect example of how updating our environmental laws and reducing regulatory hurdles can result in better environmental protection. I believe this bill represents what this Congress is all about—making Government work better by giving local governments more flexibility to make their own decisions.

I truly believe that given the opportunity, local governments, not Federal bureaucrats, are better able to determine the needs and priorities of their own communities. The SDWA gives States more flexibility and does away with the one-size-fits-all approach that is prohibiting some local governments from using new technologies to manage their water supplies.

A perfect example of why we need greater flexibility can be found in the Puget Sound region—which includes a large part of my district.

Most of my constituents get their water supply from the Cedar River Watershed which is run and protected by the city of Seattle. As debate over the SDWA began, I sought input from the city of Seattle and others to determine how we could develop a bill that will result in stronger protection and more flexibility.

The bill we will pass accomplishes both those goals.

Under the current SDWA, which was originally signed into law in 1974 by President Ford, the city of Seattle, and many other larger metropolitan cities, do not have the flexibility to determine what type of water treatment system to use. Seattle is currently required to use the filtration method, even after finding that ozonation can provide a greater degree of protection at a lower cost.

Under this bill, the city of Seattle and many other cities would be able to use alternative treatments to filtration—providing that the alternative is better able to protect the safety of our public water supply and that it receives approval by the Environmental Protection Agency.

The city believes that the ozonation method better meets its water quality objectives. The ozonation treatment is more effective in neutralizing the pathogens especially cryptosporidium and giardia which are commonly found in surface water supplies. For Seattle, the filtration technology would inactivate 99.9 percent of cryptosporidium, but ozonation could be effectively designed to inactive up to 99.999 percent, providing a higher level of public health protection. In addition, it is considerably less expensive than filtration and is believed to be the next up and coming technology for ensuring safe and clean drinking water.

In addition to giving local governments more flexibility, this bill will also accomplish some very important goals: First, focusing on the most serious risks to human health, second, requiring that an annual water quality report be sent to consumers, and third, speeding up the public notification process for violations.

Before closing today, I would like to thank Chairman BLILEY, Chairman BILIRAKAS, Mr. DINGELL, and Mr. WAXMAN for all their work to put together a bipartisan bill that will go a long way in protecting the water we all drink.

Mr. BILBRAY. Mr. Speaker, I rise in strong support of this progressive and bipartisan bill, which will have an enormously beneficial effect on the health and environment of the American people. As a conferee on this landmark legislation, I can tell you that this conference report on the Safe Drinking Water Act (SDWA] marks a major shift away from the regulatory status quo of placing undue value and emphasis on the regulation itself, toward what the practical effect of the regulation actually is on the public health and our natural resources. This is as it should be.

It is this kind of outcome-driven and science-based environmental policy setting that I have been proud to be a part of in this Congress. This is the kind of process in which I was used to operating during my time in local government, and the results of this cooperative and effective policy making which we see here today will allow us to better serve the public health needs of the American people.

It has been a privilege for me to have been able to play a close role in strengthening and improving such an important statute as the SDWA. These amendments will provide for sensible and much-needed reforms in how the SDWA is implemented.

H.R. 3604 will help to refocus EPA's priorities and resources toward those contaminants which present the greatest and most immediate threat to public health, provide EPA and local water authorities with greater flexibility in implementing the improved SDWA law, and place new emphasis on ensuring that public water systems have the necessary technical, managerial, and financial resources available to comply with the SDWA.

Mr. Speaker, this also marks a significant achievement in our ability to recognize and address flaws or gaps in our existing environmental or public health strategies. Laws such as the SDWA were clearly well-meant at the time of their inception in this case, the 1972-era SDWA has not been reauthorized since 1986.

However, the passage of time invariably exposes weaknesses or shortcomings in the strongest of our statutes, and we need to recognize and respond to this. In the past, it has often been easier to confront problems by simply blaming a law, instead of working together to determine whether the law in question is being properly implemented, or whether it is still effective in serving its intended purpose. These laws need to be as dynamic and flexible as the rapidly changing environments we intend for them to protect, and the people who live in them.

This means that occasionally such laws must be reexamined and renewed, in order to ensure that their original goals are still being achieved.

I have always believed that we ought not to cling to the conventional wisdom that our public health and environmental laws are set in stone, and incapable of being improved with the application of new knowledge. In order to maintain their effectiveness, we have the responsibility to see to it that when modern science and technology can be applied to improve these laws, we take the appropriate action to do so.

Many of our crown jewel environmental laws were written over 20 years ago, and it is incumbent upon us to make these needed improvements when necessary. With this comprehensive reauthorization, this Congress accomplishes a challenging but long-unachievable task on behalf of all of our constituents nationwide. I want to commend my Chairmen, Mr. BLILEY and Mr. BILIRAKIS, and my other colleagues who worked hard together, in a bipartisan manner, to help make this happen.

In addition to the sound science-based foundation of this bill, I am particularly proud of section 305 of the bill, which addresses health standards for bottled water. Section 305 is a refinement of legislation (H.R. 2601) which I introduced earlier in this Congress. My language will simply require that any EPA regulation which sets a maximum containment level for tap water, and any FDA regulation setting a standard of quality for bottled water for the same contaminant, take effect at the same time. If the FDA does not promulgate a regulation within a realistic time frame as established by section 305, the regulation established by the EPA for that element in tap water will be considered the applicable regulation for the same element in bottled water. This will provide consumers with the health assurances that the water they can purchase off the shelf meets at least the same standards as their tap water. I have a letter from the International Bottled Water Association which elaborates on the benefits of this provision, which I would like entered in the record.

Mr. Speaker, I'd like to conclude with an observation. In my hometown of San Diego, my family and my constituents are very fortunate to already enjoy an extremely high standard of quality in our drinking water; in fact a recent study by a national environmental group found that water systems in the San Diego region reported zero health advisories over the last 3 years.

By comparison, the same study found that an alarmingly high percentage of water systems in some regions of the country, including

Washington DC had reported health advisories or compliance failures during the same time period. The Safe Drinking Water Act amendments we will pass today, and which will soon be signed into law, will strengthen and improve the weak links in the existing statute, and in so doing will help bring these high levels of health and environmental quality which we appreciate in San Diego to other communities nationwide.

Again, and I can't emphasize it enough, this is a progressive step forward, away from a 1970's-era process which places higher value on process and regulation itself, towards a more responsible and outcome-based approach which focuses on the product that is generated.

This will help us reinforce our common goals of better serving the public health needs of the American people, and providing us with a cleaner and safer overall environment, which is something we ought to be ever mindful of, and never not take for granted.

INTERNATIONAL BOTTLED
WATER ASSOCIATION,
Alexandria, VA, June 25, 1996.

Hon. BRIAN BILBRAY,
Longworth House Office Building, U.S. House of Representatives, Washington, DC.

DEAR REP. BILBRAY: The International Bottled Water Association, which represents over 85 percent of all bottled water sold in the United States, would like to thank you for your help in drafting the bottled water provision of the Safe Drinking Water Act legislation. We are also grateful to the committee staff who developed this improved version of the Senate bottled water provision in cooperation with your legislative director, Dave Schroeder.

Our industry strongly supports the principal objective of this provision, i.e., to require that any EPA regulation setting a maximum contaminant level for tap water and any FDA regulation setting a standard of quality for bottled water for the same contaminant take effect at the same time.

One in six households relies on bottled water as their source of drinking water. There are 430 companies producing bottled water in the United States with annual sales estimated at $3.4 billion, making bottled water one of the fastest growing segments of the beverage industry.

Bottled water is regulated by the FDA, the states and through IBWA's own model code. The bottled water provision will ensure that a FDA standard for a contaminant in bottled water is set in a timely manner and is no less protective of the public health than the EPA regulation for the same contaminant in tap water.

We look forward to seeing the Safe Drinking Water Act legislation signed into law this year. Thank you.

Sincerely,

SYLVIA E. SWANSON,
Executive Vice President.

Mr. BLILEY. Mr. Speaker, earlier this summer, the Congress passed S. 1316, the Safe Drinking Water Act Amendments of 1996, a bill which reauthorizes the Safe Drinking Water Act and makes many important reforms in the law. The President signed this legislation into law on August 6, 1996.

I am convinced that we would not have achieved these important reforms without the support and assistance of the Safe Drinking Water Act Coalition. The coalition is made up of representatives of State and local governments, and organizations representing all types of public water systems, including the National Governors' Association, the National League of Cities, the Association of Metropolitan Water Agencies, the American Water Works Association, the U.S. Conference of Mayors, the National Association of Water Companies, the Association of State Drinking Water Administrators, the National Association of Counties, the National Conference of State Legislatures, the National Water Resources Association, and the National Rural Water Association.

The coalition worked tirelessly for many years to accomplish these important and necessary reforms in the Safe Drinking Water Act. The members of the coalition deserve our thanks for helping to improve the Safe Drinking Water Act to better protect public health and the environment.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore (Mr. TAYLOR of North Carolina). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DINGELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 392, nays 30, not voting 11, as follows:

[Roll No. 399]

YEAS—392

Ackerman
Allard
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Bunning
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Coble
Coburn
Collins (GA)
Collins (IL)
Combest
Condit
Cooley
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeFazio
DeLauro
DeLay
Diaz-Balart
Dicks
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehlers
Ehrlich
Engel
English
Ensign
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
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Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee
(TX)
Jacobs
Johnson (CT)
Johnson (SD)
Johnson, Sam
Johnston
Jones
Kanjorski
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaFalce
LaHood
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McHale
McHugh
McInnis
McIntosh
McKeon
McNulty
Meehan
Menendez
Metcalf
Meyers
Mica
Millender-
McDonald
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (VA)
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Torricelli
Towns
Traficant
Upton
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Yates
Young (AK)
Zeliff
Zimmer

NAYS—30

Abercrombie
Beilenson
Berman
Clyburn
Coleman
Collins (MI)
Dellums
Deutsch
Dingell
Dixon
Eshoo
Evans
Hastings (FL)
Hilliard
Jefferson
Johnson, E. B.
Klink
Lewis (GA)
Markey
McDermott
McKinney
Meek
Miller (CA)
Payne (NJ)
Pelosi
Stupak
Velazquez
Waters
Waxman
Wynn

NOT VOTING—11

Bishop
Brownback
Chenoweth
Conyers
Dickey
Ford
Kaptur
Lincoln
McDade
Schumer
Young (FL)

□ 1332

Mr. LEWIS of Georgia and Mr. PAYNE of New Jersey changed their vote from "yea" to "nay."

Messrs. FATTAH, MEEHAN, BECERRA, SANFORD, LUTHER, Ms. RIVERS, Mrs. MINK of Hawaii, and Mrs. MALONEY changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mrs. CHENOWETH. Mr. Speaker, today, I was unavoidably detained and missed rollcall vote 399. Had I been here, I would have voted "yea" on rollcall 399.

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report on S. 1316.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

REPORT OF CHAIRMAN OF COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

(Mrs. JOHNSON of Connecticut asked and was given permission to address the House for 1 minute.)

Mrs. JOHNSON of Connecticut. Mr. Speaker, pursuant to rule X of the Rules of the Committee on Standards of Official Conduct, and by agreement of the committee, I am authorized to report that the committee continues to work on the issues before it. I would like to say for myself that the committee has traditionally not come to the floor of the House for instruction, as that would undermine the bipartisan foundation of our decisionmaking process, which protects every Member of this body from partisanship.

PROVIDING FOR CONSIDERATION OF A CERTAIN MOTION TO SUSPEND THE RULES

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 508 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 508

Resolved, That it shall be in order at any time on the calendar day of Friday, August 2, 1996, for the Speaker to entertain a motion offered by the majority leader or his designee that the House suspend the rules and pass a bill or joint resolution relating to the subject of combating terrorism.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

PARLIAMENTARY INQUIRIES

Mr. HOYER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOYER. Mr. Speaker, I would just inquire as to the legislation that is being addressed in the rule. Can the Chair inform us as to the bill which is being addressed by the rule?

The SPEAKER pro tempore. The Chair is not fully aware. Under the pending rule it would be up to the majority leader to decide what bill will be called up, and the measure before the House now is House Resolution 508. The gentleman has been recognized for 1 hour for a debate on the rule.

Mr. MOAKLEY. Mr. Speaker, further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MOAKLEY. Mr. Speaker, is this the same matter that was discussed before the Committee on Rules last night or is this a new bill that was just dropped in 5 minutes ago?

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] may be explaining that during his debate.

Mr. MOAKLEY. Mr. Speaker, could the gentleman from Florida inform me?

Mr. GOSS. Mr. Speaker, the gentleman from Florida will be very happy to, but I would prefer that we do this in an orderly way and get on with the customary beginning of the rule debate.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the distinguished gentleman from California [Mr. MOAKLEY], pending which time I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

(Mr. GOSS asked and was given permission to revise and extend his remarks and to include extraneous material in the RECORD.)

Mr. GOSS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from New York [Mr. SOLOMON], chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I rise in support of the rule and the bill that will follow.

Mr. Speaker, I thank my colleague from the Rules Committee, the gentleman from Florida [Mr. GOSS], for yielding. He deserves our commendation for all the work he has put into the effort to combat terrorism. His background working in the intelligence community and then serving on the Intelligence Committee makes him particularly well qualified in this area.

Terrorism is an on-going problem. It is not just the recent bomb incident in Atlanta, or the possibility that the crash of the TWA flight leaving New York was caused by a bomb.

We have had American citizens killed in the Oklahoma City bombing, the World Trade Center bombing, and the barracks blast in Saudi Arabia, among other places.

It is a problem which is not going to go away. This Congress, representing the need of the American people for security, is going to have to take additional action.

According to the testimony presented to the Rules Committee in the wee hours of this morning, there was an effort in the last few days to put together a package of antiterrorism measures which included representatives of the FBI, the Justice Department, the White House, the Senate and the House of Representatives—both Democrats and Republicans.

Those negotiations bogged down. And so last night the decision was made to proceed with a package of antiterrorism proposals which the great majority of the Members of this House can support.

This rule provides for the consideration of that package under suspension of the rules, which means that it will require a two-thirds vote to pass.

If this package is criticized, it will probably be because it does not include some particular provision that some of our colleagues desire. But many of those more controversial proposals would cause the discussion to drag on for months.

This package is something that is doable now. It is not going to solve the problem of terrorism for all time. But it is a step in the right direction, and it implements changes most of us agree need to be made.

For example, according to the testimony in the Rules Committee last night, it includes a series of aviation security measures, which include things like increased baggage and passenger screening, and explosive detection improvements.

It includes increased measures against international terrorists, such as reporting on cooperation in fighting international terrorists, and action plans to sanction terrorist states.

At the same time is includes privacy act amendments to strengthen protections and to prevent and punish abuses of individual privacy rights.

Mr. Speaker, there are other proposals for action which have been suggested. But some of them involve possible infringements to individual liberties which generate opposition on both sides of the aisle. Those controversial provisions have purposely been left out of the package to be brought before the House today.

It should also be noted that this Congress has been attacking terrorism on other fronts as well.

Yesterday, in the Defense Department authorization conference report there were provisions allocating to communities the resources to deal with chemical, biological, or nuclear threats. That conference report improves the preparedness of firemen, policemen, and local emergency personnel regarding weapons of mass destruction. Border protection is also increased by authorizing money for equipment to detect and stop the movement of weapons of mass destruction into the United States.

Earlier in this Congress, the Antiterrorism and Effective Death Penalty Act was adopted, and there are provisions in the bill to be considered today which will aid in the full implementation of that act.

So, Mr. Speaker, this Congress is attacking terrorism from a number of different directions.

We should join together to pass this rule and then to pass the bill to combat terrorists who may be planning to attack innocent Americans.

Mr. GOSS. Mr. Speaker, I yield such time as he may consume to the gentleman from Georgia [Mr. LINDER].

[Mr. LINDER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

Mr. GOSS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Texas [Mr. ARMEY], our majority leader.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, we are about to come to the end of what has been, in fact, a very productive week, and a very busy week, and for many, many of us a very difficult week, with long hours of hard work. While we have been working here, we have had new fears and new concerns and new worries that have come to the American people.

Terrorism is an ugly thing. In a Nation like ours that has prided itself in its ability to, while protecting the liberties of its citizens, also secure their physical safety, shocking events, frightening events, heartbreaking events have taken place in our Nation's land.

We have been engaged in serious and extensive discussions, Members of the House, Members of the other body, and members of the administration searching for some instrument that we could bring to the floor on which we could act that could, on one hand, reassure the American people that, yes, this Congress and this administration and this Government has a resolve; we have a resolve, Mr. and Mrs. America, to protect and secure the safety of you and your children.

We have a resolve in this great land to protect our liberties. We will not take such action in a sense of emergency or panic that infringes against the liberties so precious to these American citizens in order to meet these threats that are so insidious in their nature.

We have worked hard and we have worked late into the night, and, yes, the gentleman from Maryland is correct to say and the gentleman from Massachusetts is correct to say the legislation is late in getting here, and I am sure you have concerns and they are legitimate concerns, and we do not want to disregard those concerns.

So, what I would suggest that we must do here and we must do in order to show the people of this great Nation that this great body shares their anxiety, feels their concern, and will maintain and give surveillance to their resolve for safety and security and liberty, that we proceed with this debate on this rule and that as we do so, the Members of the body that have concern about seeing the final detail, the final print, have that available for them for their study. At the beginning of the consideration of the resolution, if we are not satisfied that we have not had ample time to have full and thoughtful awareness of the details, perhaps we can at that time contemplate a short recess period for people to have that opportunity.

We do not want to rush to judgment. We do not want any Member here to feel that they have been left without an opportunity, but we must, I believe, demonstrate this resolve during this time.

I would ask my colleagues, as you look at this, think in terms of this is a serious business. I do not believe this is a time for political statements. I think this is a time to show America that we are a Nation with a government that understands and cares about the threat and understands and cares about our citizens' liberty.

□ 1345

I think this is a time for a serious discussion, certainly, that we may have differences or questions about some of the details, but we must move forward.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from Maryland.

Mr. HOYER. For clarification, I have, Mr. Leader, and I appreciate the statement that the leader just made, a bill, H.R. 3953, printed August 2, 1996, at 1:51 p.m. Is that the legislation that will be offered under the rule?

The reason I ask that, Mr. Leader, as you know, the rule provides that the leader, yourself, can offer any bill that you so choose.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for his inquiry. That is the bill. I do understand and I have, incidentally, designated on my behalf to take up the bill, when we come to the point, the gentleman from California [Mr. COX]. I do understand that he has taken the bill up and made a few modest changes, and he is here on the floor during this discussion and available to discuss it.

There is nothing here that we seek to keep from anybody's eyes or understanding. We will be here and make all answers to all questions available. And if further time is needed at the conclusion of the debate on this rule, we will accommodate that. This business is too serious for anybody to do anything trifling regarding it. That will not happen.

Mr. HOYER. Mr. Speaker, if the gentleman will continue to yield, again, I want to thank him for his serious treatment of this and his concern that, as far as I know, nobody on this side of the aisle has seen the completed bill at this point in time.

I understand Mr. COX, according to what the gentleman says, has made some modifications of this printed bill. If that is the case, we clearly would like to have, Mr. Leader, as soon as possible, the substance so that we will know what we are considering.

Mr. ARMEY. Mr. Speaker, I appreciate that. I will stay on the floor and be available to be helpful in any way I can.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

What I propose to do, if it meets with approval of the other side, is to make my opening rule statement, then I yield to the gentleman from Massachusetts [Mr. MOAKLEY], and then I would introduce a series on or side that intend to spell out what this is about for those who have not had a chance or have any uncertainty about what exactly we are talking about here.

Mr. Speaker, we find ourselves in an unusual situation. We have been challenged to reexamine our approach to combating terrorism at home and abroad. Working together in a mostly bipartisan spirit of cooperation, we put together a package for short-term measures to reduce the risk of terror attacks without infringing on the rights of our citizens.

All members are familiar with the basic procedure we are using to bring this bill to the floor today, known as suspension of the rules—in which a bill is considered without amendment, by the full House The suspension process expedites the passage of bills and requires a super majority of two-thirds. since the House Calendar only allows the House to consider bills under suspension on Mondays and Tuesdays, this rule is needed so we can consider the bipartisan antiterrorism package under suspension today.

Mr. Speaker, this effort comes in the wake of three horrible tragedies: The bombing of a military installation in Saudi Arabia, the loss of TWA flight 800 out of New York's JFK Airport, and the recent pipe bomb explosion in Atlanta at the Olympics. While we haven't had time to thoroughly assess these tragedies and the effectiveness of the antiterrorism law Congress passed earlier this year, these attacks tell us that our society remains vulnerable to terrorism. Unfortunately, terrorism is a fact of life. In response to recent events, a series of proposals were offered to solve the problem—some with merit, and some that could cause more problems than they might solve by cutting deeply—and unnecessarily—into the constitutional freedoms of American citizens. I include in that category certain proposals for expanded wiretapping authority for Federal law enforcement. This is a dangerous proposition—and one that would be ceding victory to terrorists, whose goal is to disrupt our society, create anxiety and constrain our freedoms. That's the way terrorism attacks a free open society. Let me be clear, this bill does not—I repeat, does not—expand wiretapping authority. In fact, it goes the other direction, strengthening penalties for misuse of Government's existing authority. That's good news for all Americans—especially the many southwest Floridians who urged us not to succumb to the pressure to diminish our liberties. For this we owe our thanks to our able policy committee chairman, CHRIS COX.

Mr. Speaker, we have a vital need for solid, widespread foreign human intelligence capability as our first and best line of defense against attacks on Americans at home and abroad and including soldiers, civilians, tourists, businessmen, and students. I have been alarmed by recent initiatives to constrain our capabilities in this area—we are literally shutting our own eyes and closing our ears. Certain Clinton administration policies actually have the effect of tying our hands and preventing us from cultivating and maintaining useful human intelligence sources that could give us the insight we need to prevent terrorist acts. These policies are ill-advised and there is strong language in this bill charging a new blue ribbon commission with revisiting them.

I urge my colleagues to support the rule so we can get on with this debate.

Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I yield myself such time as I may consume. I thank my colleague and friend, the gentleman from Florida [Mr. GOSS], for yielding me the customary half hour.

Mr. Speaker, some events took place in this very building last night regarding terrorism, and they are not over yet.

A lot of Members probably do not realize it but at midnight last night, under cover of darkness, there were some terrorist-related activities going on in the House of Representatives.

But it was not what you think, Mr. Speaker, it was down in Speaker GINGRICH's office at which a plan was hatched finally to bring up the antiterrorism bill without allowing any Democratic participation whatsoever.

Now there were a few of us who suspected that this type of activity might be going on at the hour when most Members were sleeping. I asked my good friend the chairman of the Rules Committee three times if the antiterrorism bill was going to come up. Twice he assured me the answer was "no" and the last time he said "maybe."

Now, I am not blaming my chairman because he was not the motivating force on this bill.

And, Mr. Speaker, at midnight, only a handful of Members were still here. Most people had gone home after the last vote at 10:32 p.m. last night—before anyone had an inkling that the terrorism bill would be unleashed.

And this is not a small, unimportant bill.

Every single Member of this House has a sincere interest in finding a solution to the horrible terrorism that is infecting our country and in putting a stop to it once and for all.

So I would say to my colleagues, Mr. Speaker, that dropping the bill on the Rules Committee in the wee hours of the morning is no way to conduct business as important as this.

Today this bill is going to come up and very few Democratic Members have had the chance to see it.

It is not as if Democrats have not taken the lead on this issue already.

Over a year ago President Clinton started the whole process by coming up with an antiterrorism proposal and beginning discussions with Republicans. When negotiations broke down, House Republicans wrote this bill on their own, under cover of night, and they left out one of the most important parts of President Clinton's bill—the provisions granting wiretapping authority.

Because Mr. Speaker, rather than just punishing terrorists, we need to prevent terrorism. And the one thing law enforcement officers have asked for time and again, is wiretapping authority.

But my Republican colleagues refuse to give it to them.

Instead, Mr. Speaker, my Republican colleagues have decided to make even the issue of terrorism political.

I would at least expect my Republican colleagues to allow us to offer amendments to this bill, but apparently they will not.

Mr. Speaker, as today's Washington Post reports, this important antiterrorism legislation has been slowed down because of conservative Republicans' refusal to allow law enforcement officers the wiretapping capability they ask for and President Clinton and the Democrats are trying to give them.

As far as I am concerned, Mr. Speaker, when it comes to combating terrorism, we should give law enforcement officers any and every reasonable tool they need, including wiretapping authority.

And, Mr. Speaker, the process only gets worse.

My Republican colleagues have decided on this rule; in addition to hiding the bill from Democrats until this morning; in addition to keeping Democrats from making amendments to the bill; that they will take away the last right of the minority, a right the chairman of the Rules Committee claims he always protects, the motion to recommit.

Mr. Speaker, this rule makes the Chinese Government look permissive.

As far as I am concerned, too many Americans are worried about terrorism to rush an issue this important through in the middle of the night without the full participation of Members of the Congress and not allow any changes including wiretapping authority.

I urge my colleagues to oppose this horrible rule, the issue of terrorism should never ever be used as a political football and our law enforcement officers need every prevention tool we can give them.

Mr. Speaker, we just found out that even the meeting we had in the Committee on Rules last night, the things that were talked about are superseded by a bill that was just filed about 1 hour ago in this Chamber, 1 hour ago.

I would like, because of the lateness of the filing, I would like to address some questions to my dear friend, the honorable Congressman COX, about what changes have been made between the bill that was heard in the Committee on Rules last night and the bill we have today.

How does this treat the provisions dealing with digital communication technology?

Mr. COX of California. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from California.

Mr. COX of California. Mr. Speaker, as the gentleman knows, when we discussed this in the Committee on Rules last night I indicated that that would not be in the bill. It is, in fact, not in the bill.

Mr. MOAKLEY. Is there any specific reason for dropping that technology?

Mr. COX of California. Mr. Speaker, if the gentleman will continue to yield, yes, we are taking care of it through the appropriations process. Congressman ROGERS has informed the Congress that that is already taken care of in his bill. It will be a separate vehicle that we will take up through the normal process. It has already passed the House so we should be in conference with the Senate in 2 weeks.

Mr. MOAKLEY. How did you treat the death penalty provision?

Mr. COX of California. There is no death penalty provision. There are obviously death penalty provisions on the books for terrorism but that is not a subject in this bill. As you know, when we were discussing this before the Committee on Rules, we indicated there would not be anything about the death penalty in the bill.

Mr. MOAKLEY. Was there a death penalty provision in the bill that was before the Committee on Rules last night?

Mr. COX of California. No.

Mr. MOAKLEY. I see that there is a blue ribbon commission established. What are we going to study on the blue ribbon commission?

Mr. COX of California. The purpose of the commission is to review across the board all aspects of U.S. terrorism policy, but in particular to deal with those things that we cannot deal with in legislation of this type on short notice. As the gentleman correctly points out, and I agree wholeheartedly with him, when we are working in this fashion, under suspension of the rules with the requirement for a two-thirds vote, it is very, very important that we have in this bill only those things that Members can digest on short notice, that we have all studied in advance, that we all agree upon.

Therefore, the critical aspects of fighting the war against global terrorism, international terrorism are directed to this commission and this study which will come back to us so that we can legislate in a more thoughtful fashion. I could not agree more with the Washington Post editorial that you cited.

Mr. MOAKLEY. Can the gentleman tell me why this bill was not the vehicle that was brought before the Committee on Rules last night?

Mr. COX of California. In fact it is. I will explain. If the gentleman would permit me, I will explain the reason that we dropped it later in the day than would otherwise have been our desire.

After I left the Committee on Rules at midnight or whenever it was last night, I proceeded immediately to legislative counsel where we put into draft form in the legislative language precisely what it was that we discussed. In consultation this morning, in normal working hours, with the ranking member on the Committee on Transportation and Infrastructure, we learned that the minority side had changes that they wished to make to the aviation security portion of this which, as you know, is the centerpiece of what we are doing.

In order to accommodate the ranking member, who was very supportive of this legislation, as you know, and in order to accommodate both sides, majority and minority, we made those changes.

I am very, very intent on doing so. I told the ranking member that I do not wish to have included in this bill anything that both the majority and minority do not support. Therefore, I think most of the objections that Members will have upon reading this will be about things that they wish were included that are not in it, not what is in that is not acceptable to them.

I apologize for that and I apologize to the gentleman from Minnesota, but I thought that it was worthwhile to try and accommodate those concerns.

Mr. MOAKLEY. Can the gentleman inform me if there are any other major changes between the resolve of last night and what was dropped in an hour ago?

Mr. COX of California. I think that you have covered them.

Mr. MOAKLEY. Mr. Speaker, I reserve the balance of my time.

□ 1400

Mr. GOSS. Mr. Speaker, I yield 5½ minutes to the distinguished gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in support of this antiterrorism legislation. It contains many important provisions to step up the fight against terrorism including aviation security, criminal penalties for terrorist activities, and measures to combat international state terrorism.

This bill, important as it is, is only the first part of a four-part initiative we are undertaking today in the fight against terrorism. This is a comprehensive initiative to provide necessary laws, funding, and action to do what is necessary to mobilize as a country against the lawless criminals—foreign and domestic—who seek to wreak havoc on the innocent men, women, and children of this country.

Here is what the four-part initiative consists of. First, passage of this all-important piece of legislation, put together in less than a week to mount a frontal assault to the tragic events of the last few weeks of TWA Flight 800 and Atlanta's Centennial Park. Second, demanding today that this administration put aside its inaction and immediately spend the money Congress has already provided to exponentially increase its efforts to fight terrorism. Third, we provide the funding in the 1997 appropriations bill which the House passed last week to further expand funding for the FBI and for the Justice Department to increase their resources. Fourth, as chairman of the House Subcommittee on Commerce, Justice, State, and Judiciary of the Committee on Appropriations, I am announcing this minute that I am approving reprogrammings in the Department of Justice directing the administration to use $54 million in surplus funds to add to existing antiterrorism efforts.

This Congress has been extraordinarily responsive in providing tools to this administration for the war against terrorists—tools the administration has failed to utilize.

In response to Oklahoma City and the World Trade Center bombings, the Congress provided $359 million to the Department of Justice in fiscal 1995 and 1996 for counterterrorism, $239 million for the FBI alone. As of July 27, 5 days ago, the FBI had spent 24 percent of that, $58 million out of $239 million.

As a result, the FBI Counter-terrorism Center, designed to anticipate and prevent terrorist incidents that the President so proudly requested and we approved on July 17, 1995, does not exist. It is not functional. The money is laying there.

Critical upgrades to the FBI Command Center for terrorism, meant to coordinate responses during multiple events—which would have been useful for Atlanta and TWA Flight 800—have not been made.

About 400 technicians, engineers, and analysts, desperately needed to support agents and tactical operations and surveillance activities for counterterrorism, have not been hired. The money is there, has been for 2 years.

That is the posture that we have come to expect of this administration: All talk, no action. Calling on the Congress in 1995 to provide resources against terrorism—which we did—and then sitting on the money, not following through, and claiming every bureaucratic reason in the book to explain why the moneys have not been spent.

I hope to God that no terrorism event that has occurred or will occur could have been prevented had this money that we gave been effectively used. We have asked the administration to come up and explain to us why these moneys have not been put to use, and we put the administration on notice that the failure to use existing resources is inexcusable.

And so today, as a third part of our initiative, we are going to go one step further. Today, as chairman of our subcommittee, by letter I am directing the FBI to move forward on 54 million dollars' worth of counterterrorism initiatives. To combat international terrorism, $3.5 million to open four new FBI overseas offices; $4 million to combat Middle Eastern terrorism; to provide the capability to intercept digital communications; $6 million to establish the FBI telecommunications industry liaison unit; and $0 million as the initial funding of the new digital telecommunications fund which we approved as a part of our bill last week.

These steps are in addition to the funding we have already voted out of this House for antiterrorism funding in fiscal 1997.

PARLIAMENTARY INQUIRY

Mr. VOLKMER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. RADANOVICH). The gentleman will state his parliamentary inquiry.

Mr. Speaker, I thought we were discussing the rule on the bill on antiterrorism.

Mr. ROGERS. We are.

Mr. VOLKMER. The gentleman is discussing appropriations, an appropriation process, and what has been appropriated and not been appropriated has nothing to do with this rule, has nothing whatsoever to do with this rule.

Mr. GOSS. Mr. Speaker, this is a little discussion——

The SPEAKER pro tempore. The Chair will rule that debate on the rule may go to the issue of the need to consider a bill to combat terrorism.

Mr. VOLKMER. Has nothing to do with the bill.

Mr. ROGERS. These steps are in addition to the funding we already voted out of the House for antiterrorism in fiscal 1997. We voted for an additional $210 million as a part of our bill just last week including $171 million more for the FBI alone. This House has been consistent and single minded. We have been consistent and single minded since Oklahoma City, since the World Trade Center, and since the most recent tragic events in taking steps necessary to move the war against terrorism forward.

Today this bill, a part of a four-part initiative, is moving forward to ensure that the resources and authorities to fight terrorism are in place. We expect that they will be used by the administration effectively for the first time in a long time.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MANTON].

Mr. MANTON. Mr. Speaker, I rise in strong opposition to this rule.

Mr. Speaker, terrorists are killing our citizens and holding America hostage. We are at war with terrorism, and we must respond accordingly. We must take bold, courageous, and extraordinary measures to shut these terrorists down.

Well, Mr. Speaker, you have gotten tough—tough on the rules of the House that is. Except for the chosen few of the majority leadership, this rule will prevent every Democratic member and virtually every Republican member from having any input into this legislation whatsoever. That is indeed extraordinary.

But this rule is where your courage ends. Because in the wake of opposition from a powerful special interest group, you meekly crumble and surrender.

We have known for 20 years that taggants are a safe and effective means of tracing explosives. For the last 11 years, they have been in use in Switzerland where police have tracked down the source of more than 500 bombings or individuals illegally in the possession of explosives. U.S. law enforcement officials desperately want taggants to be used in black powder.

Yet the NRA opposes taggants. According to the Wall Street Journal, the gun lobby views taggants as an invasion of privacy. Ask the victims of terrorism or the families who have lost loved ones in terrorist attacks how their privacy has been violated.

The NRA also says taggants are unsafe. Yet a physicist who worked on an Air Force funded taggants research project called that claim pure bunk.

At least our bold leadership has agreed to include a study if it is still in the bill, and I hope it is to include a study of taggants in this legislation. I just hope we do not have to suffer another 20 years and an untold number of deaths before we can put this technology to use.

Mr. COX of California. Mr. Speaker, if the gentleman would yield, I just inform the gentleman that taggants are in the bill.

Mr. MANTON. Mr. Speaker, I understand that a study of taggants is in the bill, but I would suggest that we defeat this rule so I may offer as an amendment legislation that I introduced shortly after the World Trade bombing in my city to require the immediate use of taggants in explosive materials.

Mr. GOSS. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. SHUSTER. Mr. Speaker, I rise in strong support of this rule, and let me outline from an aviation security point of view what we can accomplish here with the legislation if indeed we pass this rule.

First, we direct the FAA to deploy the best available bomb detection equipment while the agency attempts to develop a system that can fully certify it. Second, it subjects the security screeners at the airports to the same background checks as other airport employees. Third, it requires the FAA to establish performance standards for security personnel at airports. Next, it directs the Government to work with the airlines to develop a better package of profiling programs to spot potential terrorists. Also, it allows the airports to tap into the airport improvement program and the passage of facility charge funds to pay for better security programs, activities, personnel facilities, and equipment.

I might say as an aside it is one more reason why we need to take the transportation trust funds off budget so that money can be made available for these very important aviation security programs.

Mr. COLEMAN. Will the gentleman yield?

Mr. SHUSTER. When I am completed, I will be happy to.

It directs the FAA to review security arrangements governing air cargo and mailing to decide whether more needs to be done. It directs the FAA to work with the FBI to periodically assist the vulnerability of high-risk airports. It requires bomb-sniffing dogs to be used to supplement security at the 50 largest airports and allows grants from the aviation trust fund to pay for their training. It directs the FAA to upgrade security requirements for small aircraft. It establishes a commission to look at additional ways to improve aviation security.

I would note that in addition to this bill, I have introduced legislation this week that would address the needs of the families who lost loved ones in airline disasters, legislation which has strong bipartisan support from my colleagues on the other side of the aisle.

So these are the various matters that are accomplished in this legislation.

Mr. OBERSTAR. Mr. Speaker, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Minnesota, the distinguished ranking member of our committee.

Mr. OBERSTAR. Mr. Speaker, I just want to make a clarification for the record about the process that was followed.

While certainly our side was not in on the takeoff, we certainly have been in on the flight and on the landing on the development of the aviation security portion of this legislation. We have had splendid cooperation from the Republican side; our chairman, the gentleman from Pennsylvania [Mr. SHUSTER], in fact sort of delegated me to participate in all of these discussions.

The gentleman from California [Mr. COX] has been marvelously cooperative where I raise questions from my background in work that I have done in aviation security over many years. They were most accommodating, responsive. Senator HUTCHISON from the other body has been very cooperative. we have crafted a good piece of legislation here on a bipartisan basis, and I just want to make that clear for the record.

Mr. SHUSTER. I thank the gentleman, and I would reemphasize that we have leaned very heavily on the expertise of the distinguished gentleman from Minnesota [Mr. OBERSTAR], the ranking member of our full committee.

I would emphasize that this is not the first time that Congress has addressed airport and airline security. In 12985 we passed the International Security and Development Cooperation Act requiring that the public be notified when airports do not meet security standards. In 1989, in response to the PanAm bombing, a presidential commission was established on aviation security. Mr. OBERSTAR, Mr. Hammerschmidt, Senators LAUTENBERG and D'AMATO were members of that commission.

In addition, in 1990, in response to the recommendation of the Presidential commission, Congress passed the Aviation Security Improvement Act.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. WATT].

Mr. WATT of North Carolina. Mr. Speaker, I rise in opposition to the rule, and as a member of the Committee on the Judiciary, this whole process is offensive. The first bill that we saw, which was marked in the bottom left corner as having come out of the computer at 4:04 this morning, we received at about 10 o'clock this morning. This bill which is under consideration now is marked in the lower left corner 12:51 p.m. today. That is less than an hour and a half ago.

Now, one of the earlier speakers has got up and said to us and to the American people that this bill represents a frontal attack on terrorism. My friends, this bill is not a frontal attack on terrorism. This bill is a charade. We are already engaged in a crisis of confidence of the American people in our ability to deal with terrorism, and this process further undermines the confidence of the public in our ability and willingness to deal with terrorism.

□ 1415

It allows no amendments; it allows no input, and it is a charade. The American people ought to ask themselves, and use as a standard for evaluating this bill, is there anything in this bill that would have dealt with, had the bill been in place, would have dealt with the Flight 800 in New York, or the bombing that occurred in Atlanta?

There is not a thing here in this bill that would have addressed either one of those. In fact, the thing that would have dealt with the bombing in Atlanta at the Olympics, the tagging of explosives, has been completely removed, except to study the issue, as if we have never studied the issue before.

Mr. Speaker, this is an abomination. It is a charade. We ought to reject this rule and we ought to strongly consider voting against the bill.

Mr. MOAKLEY. Mr. Speaker, I yield 30 seconds to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN. Mr. Speaker, that is plenty of time. I am not worried about 30 seconds. Answer the question: How much does this bill cost? On the Subcommittee on Transportation on the Committee on Appropriations, we have to answer that question.

I did not think you knew. I knew that 30 seconds was probably too much time. I thank the gentleman for yielding. There is nobody that has any idea what this costs. It is a fake and it is a fraud to tell the American people you have an antiterrorism bill. All this stuff is all a sham.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York [Mrs. LOWEY].

Mrs. LOWEY. Mr. Speaker, I rise in strong opposition to the bill, and on behalf of a constituent whose daughter was lost in TWA flight 800, because this bill is an outrage and a disgrace to that family, and an outrage and a disgrace to this body.

This bill should include both taggants and enhanced wiretapping provisions. Instead, it has neither. Law enforcement has repeatedly asked for these critical tools to combat terrorism. Yet this Congress has repeatedly denied them.

When, Mr. Speaker, when are we going to say enough is enough? How many bombs have to go off? How many daughters do we have to lose? How many Americans have to die before the GOP leadership will give us a tough antiterrorism bill?

Once again we had an opportunity today to protect Americans from terrorism, and once again the Republican leadership took its marching orders from the National Rifle Association and gutted the bill. The NRA opposes taggants because it says they will be placed in the types of gunpowder that hunters and marksmen use. Taggants will also be placed in the gunpowder that terrorists use in bombs like the ones that killed and injured more than 100 in Atlanta last weekend.

The taggants in these bombs will lead us to the terrorists who planted them. Today, this Congress has hoisted the white flag of surrender in the fight against terrorism. It is a repeat of the last time we considered terrorism legislation, when the Republican leadership talked tough and acted weak. Those responsible for weakening this bill yet again should be ashamed of themselves, because they have put Americans at risk.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. DICKS].

Mr. DICKS. Mr. Speaker, I rarely take the floor on issues of this kind, but I wanted to just say something today about the concerns that the Speaker has made today about this administration and its dealing with the question of terrorism.

First of all, I have served on the Permanent Select Committee on Intelligence for years, been on the defense subcommittee for many years. There has always been a bipartisan effort to support the Directorate of Operations.

I am very disappointed that the Speaker today refused to meet with John Deutch, after having summoned him to the Capitol. He was able to meet with the gentleman from Missouri, Mr. GEPHARDT, and with Mr.. DASCHLE, and he gave us a very wide-ranging description of what we are doing around the world on the issue of antiterrorism.

Then the Speaker puts out a statement, a statement which I think is utterly false:

> We are going to ask this administration to report to us when we get back in September on how they are going to work with us to rebuild the human intelligence capabilities of the Central Intelligence Agency, which they have undermined and they have crippled, for we lack precisely the people we need to penetrate terrorist organizations and understand what is going on, and we going to insist on rebuilding this country's intelligence capabilities around the world, despite the Clinton administration.

The last thing we need, Mr. Speaker, is to politicize this issue. The best politics on national security matters and matters of importance like this is no politics. I am very disappointed that there is an effort here on the last day of this session, before our recess, to try and politicize this terrorism bill. We need to work together on a bipartisan basis to make certain we have a strong Directorate of Operations.

For the Speaker to say this, when it is utterly false, in my judgment, is an undercut. It undercuts the entire Central Intelligence Agency, undercuts the FBI, and is the wrong way to proceed.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes and 15 seconds to the gentleman from New York [Mr. NADLER].

Mr. NADLER. Mr. Speaker, this bill deals with aspects of the fight against terrorism that many of us have been working on for a long time. Unfortunately, in a rush to do something, anything, in the heat of the moment, in their unbending partisanship and their slavish devotion to extremist special interest groups like the NRA, the Republican leadership has brought us a bill that will not do the job.

Should we vote for it? It makes a start. Should we have had the opportunity to make it tougher and more comprehensive? Absolutely. But the Republican leadership has sacrificed thoroughness to partisanship.

I have introduced two bills that would help our law enforcement authorities deal effectively with the terrorist threat. If we were having an open debate, I would have offered these two bills as amendments. Unfortunately, the majority will not let that happen. The bill before us gives us yet another study of bomb detection equipment and explosion-containing cargo containers, and asks the FAA to make recommendations.

Have we not had enough studies? Have we not wasted enough time studying the problem? We know what the technology is. It is commercially available. It is in use in Europe. Let us quit fiddling while innocent Americans get blown out of the sky. My bill would require the immediate installation, would require the immediate installation, of state-of-the-art bomb detection equipment at all airports, and the immediate use of explosion-containing cargo containers, and it provides the funding to take these steps now.

Mr. Speaker, another aspect of the terrorist threat not addressed by this bill at all is the danger posed by armed militias. Groups like the Freemen and the group of people who apparently blew up the Federal Building in Oklahoma City have been arming and training to attack law enforcement officials and private citizens. Many of these groups are neo-Nazi and Klan-affiliated, yet the Republican leadership does not want to talk about the problem, much less do anything about it.

Mr. Speaker, my legislation would give law enforcement the ability to go after these groups before a tragedy occurs. The bill would violate no one's civil rights. It simply says you do not have the right to form your own private army and make war on the United States and its citizens.

It is unfortunate that the rule is so restrictive that we cannot consider these measures that would save more lives. We should be working together to fight terrorism. This bill begins the job. For that, I will support it. But we have a duty to finish the job. We must come back in September and do it right, and we should do it without this ridiculous partisanship that says that half the House has no right to make its own suggestions.

Mr. GOSS. Mr. Speaker, I yield 3 minutes to my colleague and friend, the distinguished gentleman from Florida [Mr. MCCOLLUM], chairman of the Subcommittee on Crime.

Mr. MCCOLLUM. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise to support this rule. I think the underlying bill it produces is an excellent product. I think all of us have to realize that we share the same common concern with the American people about the rising threat of terrorism to Americans and American interests, both here and abroad.

In April, we passed a very fine antiterrorism bill. It did not contain everything this Member supported and wanted. Some of those provisions were taken out because they were in dispute. There was a lot of controversy about them.

The President has come back on the eve of the TWA tragedy and the tragedy of our Saudi Arabian bombing and what happened in Atlanta last week and asked us to put all of those provisions in the law. We have put into the bill that has come today after a task force meeting I served on for several days, almost every one of those, with the exception of wiretap authority, is in this bill today.

It is a good bill. It is not controversial in the sense that everybody supports everything in here. We had RICO-predicate crimes for terrorism that will make penalties tougher. We have provisions in here which are going to mean that the President is really going to have to name the terrorist organizations they failed to name so far so we can exclude people who are members of those foreign organizations who might come in here, so they will not be able to raise money in the United States. We give them a drop-dead date of October 1, because they have not done that yet, and many other things.

There are questions about the taggant issue, but the responsible thing to do is to march through this with a study. What we did in the April bill is say we know the plastic explosive taggants are safe. In those, we are going to go ahead and order them to be done. But we are going to study other explosives, like nitrogylycerines and so forth, and once the study is completed in a year, then the taggants can be put in if it says it is OK.

But the black powder question was more of a question, because back in 1980 the last Government study that was done said taggants in black powder can be a big problem. There have been some private studies since then, but there have been no public ones. We said, all right, in this bill we are willing to have a study done by the Government, by the National Institute of Justice, but come back to Congress after that, because we think that is really sensitive. If, indeed, we should put taggants in, in the timetable as the others, we will do it.

On the question with respect to the issue of the wiretaps, I support them. I do not think they are well understood, what we are trying to do. The Committee on the Judiciary is going to hold hearings in September on this. We may well be able to bring out a wiretap provision at that time.

The simple fact of the matter, so everybody understands it, is today the FBI can wiretap for organized crime or terrorism or whatever if they name a specific phone to a judge and say, I want to go tap in that building, in that house, with that phone. But if somebody goes and uses a cellular phone or moves around a wee bit, they have to show that person is intentionally trying to avoid the wiretap in order to get the court order to follow the person.

That is not right. What we need to do is change that and simply make it so that if the person is effectively evading the wiretap, whether we prove intent or not, we can get the court order to go follow the bad guy wherever he is going.

A lot of people have made a lot more out of it than that. I think it is misunderstood. We do need to have time for the Members to better educate themselves about this particular issue. That is what we are going to do in this September hearing. Let us vote for this bill and let us vote for this rule. It is a good product and it is a very good furtherance of what we did in April.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. Mr. Speaker, I certainly appreciate the gentleman from Massachusetts yielding me the 3 minutes.

Mr. Speaker, I would like to tell the Members that I have had an opportunity since we first started on this to look at this 33-page bill. As I look through this bill, I find page 1 through 13 has to do with airport and aviation safety. Those are basically good provisions. They are for the future. There is nothing going to happen today, nothing going to happen tomorrow, nothing going to happen next week. That is for the future.

On pages 13 to 16, we have the RICO provisions, predicated to bring these other things under RICO. Big deal.

On pages 17 and 18, there is the big diplomatic efforts that were alluded to by the Speaker, and I think basically make this bill a partisan bill, because they are trying to say that this administration has done nothing as far as terrorism is concerned. And if Members would listen to these people over here, especially the gentleman from Kentucky who spoke in the well earlier, he would lead us to believe that the President of the United States is responsible for what happened in New York and what happened in Atlanta. That is crazy.

☐ 1430

Nothing could be further from the truth. The President of the United States is not responsible. This administration is not responsible. Why do you try to say so right in this bill?

Yes. When you add what your Speaker has said today to what is in this bill, there is no question about it. Pure politics.

Now, further on, Diplomatic Efforts on 17 and 18, and then on pages 21 through 33, you have the Commission on Terrorism. That is all for the future.

How much in this bill out of 33 pages is actually on terrorism? About 3 pages out of 33. They do not do much. There is very little in here. There is a study on black powder. I have questions in regard to that, I tell the gentleman from California. I do not like it. I do not believe in taggants in black powder. I think this study brings us to where you do have taggants in black powder. That is where it leads us, right down that road. That is another reason to vote against this thing.

Why does the Republican majority try to make this effort a political effort and blame it all on the President and this administration? Politics. We have got a Presidential election coming, folks. Their candidate is so far down in the polls you cannot even find him. Now they are trying to blame this administration, with everything else they have tried to blame on this administration, for the acts of terrorism. It is a lot of hogwash.

Why do you not have a good terrorism bill? Let us go after the terrorists. You do not go after one terrorist in this bill. Not one. This bill will not stop one terrorist. While you are home all during August and having your fun, there will not be one act of terrorism stopped by this bill.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. WELDON].

Mr. WELDON of Pennsylvania. Mr. Speaker, this debate is not about whether this institution is concerned with terrorism, because we have a track record in that area. Our problem has been with the administration. In this year's defense bill there was a requirement that the administration give us a report on enhancing domestic terrorism, response due by July 1. We still have not received that document. The bill that we passed 2 days ago requires it by the end of this year.

But what did we do? We took the request the President had for antiterrorism and we increased it by how much? By $220 million. We voted on this. We passed it 2 days ago.

What did it include for my colleagues, who perhaps cannot read or who did not read? It includes $65 million for domestic emergency response programs and training; $30 million improved border security; $10 million counter-proliferation; $4 million counterterrorism explosives research; $16 million to replace, sustain and maintain chemical and biologic detection equipment.

None of that was requested by the President. All of that was added in by this Congress in a bipartisan manner because we held hearings last year, not after the TWA crash, not after the Saudi Arabia bombing, but all through the last 2 years, because we care about terrorism, not because it is on the front page but because of the importance to protect our citizens.

We have been working in a bipartisan manner. The problem is the administration does not follow through. We allocate the dollars, and we all voted for it. Further, beyond that, our bill that we passed 2 days ago provides for a computerized inventory of all the resources to be made available to local emergency responders. It provides for a computerized data program to analyze chemical agents so that our local people can deal with these incidents immediately.

All of these things are now passed. They are awaiting the President's signature. None of them were requested by this President. All of them were added by this Congress, under the leadership of this half of the body that has been concerned about terrorism, not in words and not in sound bites but in substance. Vote for the bill.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. ENGEL].

Mr. ENGEL. Mr. Speaker, in answer to the previous speaker, I do not think anybody cannot say that this is not a political bill. This is frankly a cynical attempt at the last day before we break for the summer recess to be able to go home and tell the American people, we did something about terrorism. That is what this is all about. That is why the Republican majority is doing this.

I just had this bill handed to me. It is 30 pages long. I got it a half an hour ago. I am trying to read it and look at it. As best I can figure out, there are two studies in this bill. The bill tells law enforcement and other officials to do what they are already capable of doing without this legislation.

To me this is Congress at its worst. The American people are not stupid. This is not antiterrorism legislation. This is a Republican majority phony legislation. This is just simply saying we did something, when in reality we have done nothing. The American people are not stupid. If we really want to craft a bill, a good bipartisan bill that does something on terrorism, we need to have the input of both Democrats and Republicans. Mr. Speaker, terrorist acts are not acts against Republicans or acts against Democrats. They are acts against Americans. As Americans, all of us, Democrats, Republicans, independents, we ought to be working together to craft bipartisan legislation.

There were negotiations with the White House. If the negotiations did not work, we ought to come back and do it again. But not to kind of sneak this through in the wee hours of the morning. We all went home last night. We did not know that this was happening. This morning the radio said that antiterrorism legislation was dead. Lo and behold we have new legislation and not even the bill that we saw this morning, half an hour ago, and we are supposed to vote intelligently on this?

This is really not bipartisanship. This is Congress at its worst. Some of us have amendments that we would like to offer that we think would really give real teeth to antiterrorism legislation. We are precluded from offering it under this rule. This rule ought to be defeated.

Mr. GOSS. Mr. Speaker, I yield 3½ minutes to the distinguished gentleman from California [Mr. COX] who has been the chairman of the task force who has presented us with this legislation.

Mr. COX of California. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, let me address first the bulk of the comments that we have heard from the minority side this morning, not all of them, because many of the minority Members, including the ranking member on Transportation, as we heard, were involved in this process, drafted it, and like the bill. But for those people who are getting the bill to read just now, they are in the same position as are the Members on the majority side. The bill is only ready today in legislative form for them to review and determine whether you can support it or not.

But that is not because this is not an effort at bipartisanship. That is not because this is not an effort to cooperate between Republicans and Democrats, in fact, between the House and the Senate, and, in fact, between the Congress and the administration. To the contrary.

This week, not a month ago, not 6 months ago, not last year, but this week, just a few days ago, the President of the United States asked the Congress, not just the House, but the Senate, not just Republicans, but Democrats, to act before we left this weekend.

I notice the gentleman from Michigan [Mr. CONYERS] here. He and I sat together for several days, several hours, odd hours, working with Representatives of the administration, including the White House chief of staff, Leon Panetta, working with representatives of the FBI, the State Department, the CIA, all with one common objective, doing what can be done before we go home, with the strong sense that we will keep it up even over the recess and when we are gone.

What the White House, what the President asked us to do is the following, and this was the President's own request: He said,

> Give me a bill before you go home. Do it in a process that permits it to come up by unanimous consent in the Senate. Do it in a process that permits us to bring the same bill up in the House, so that you can send me a bill.

That means, since we are adjourning today, that there cannot be an amendment.

This is not a process that I like and I would not have designed it. Neither do the Republican Members wish to have so little time to read a bill that the Democrats are complaining they would like to have more time to read. But that is how it worked.

As to what is in the bill, everything that is in this bill has been agreed to by the White House, by your leadership, in the Senate on the Democratic and Republican sides, and by your leadership in the House of Representatives on the Democratic and the Republicans sides. That includes the provision with respect to the full implementation of the 1996 terrorism act, which we have not yet implemented, to be sure. That language, too, was signed off on by the administration.

The truth is that the administration wanted wiretapping language in this bill and, as the Washington Post points out in its editorial today, we have not included it because caution and deliberation are necessary on that topic. But we have included everything else that they wanted.

Mr. Speaker, it has been said that this does not address Flight 800, but, frankly, if Flight 800 was not mechanical failure but was a bomb, then all of the provisions in here on airport security, all of the provisions giving the FBI authority to do background checks, to supervise airplane security, to look at the baggage that goes into the hold, all of these things and more that we hard the chairman of the Committee on Transportation and Infrastructure support and the ranking member of the Committee on Transportation and Infrastructure support—and they feel the same way in the Senate—all of these things are directed precisely to that problem.

It is true that we can do more, but what we can do now, we must do. Then we should come back. We shall do more, because the war on terrorism is one of the grisly realities of the 21st century. We have to be at it perpetually, and we shall do so.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. CONYERS], the ranking member of the Committee on the Judiciary.

Mr. CONYERS. Mr. Speaker, it is great to see the gentleman from California [Mr. COX] again, because the last time I saw him, we adjourned the conference for him to go speak to the Speaker about how we could close this down, and then I find out that at 1:30 last night, he introduced the bill, and then the gentleman from Pennsylvania [Mr. SHUSTER] introduced a newer bill that is on the floor this morning. I want to just welcome him back to the process. I am glad we are all together here.

But we have only got a little part of what we agreed on at the conference. That is the problem. It is not that these are bad items. They are small items. They are peanuts. What we were trying to do is deal with the major question of what most pipe bombs are made of by terrorists in their domestic weapon of choice, how we can trace them through taggants. That is of course not what is happening here. Therein lies the problem.

When the Speaker of the House who, by the way, he and the majority leader were in great agreement at the beginning of the week, and the White House, we almost got an agreement right there, and we said, "Well, let's run it through our legislative committees."

Then we got into these 4 days and nights of conferences in which the gentleman was a key player. As a matter of fact, if he will recall, everybody agreed but him. So now he comes with this little shriveled-up document saying, "Let's do this," the last thing before we go out for a month. I cannot accept it at this point and for those reasons.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. I thank the gentleman for yielding me this time.

Mr. Speaker, it is incredible, really, to listen to Members come here and talk about this very sensitive subject on which we need bipartisanship, and to have them talk about bipartisanship and inclusion, when what they have done through this rule is to move in the dead of night, after everyone was gone, to pass their version or no version and then to say to the American people, "We have a monopoly on truth."

No one else can even offer an amendment. If any American in this body or outside of this body has an idea about how we might deal with terrorism today, they are not open to it, because they have their way or no way. It was that kind of extremism that caused this to be a failed Congress, that led to last year's costly $1.5 billion government shutdowns, waste caused by the zealotry of this Republican leadership.

So we find ourselves today coming to the end of what has been the first successful week that this Congress has had in its existence. We do something for working Americans on their health insurance.

☐ 1445

We give those at the bottom a raise. Through welfare reform we encourage those who are not working to work. Progress made possible because the zealots finally yielded, realizing they could not go home emptyhanded. They needed something to show for the year and a half that they have wasted in this Congress pursuing an extremist agenda.

Mr. Speaker, it is too bad that that spirit of bipartisanship did not reach this issue of antiterrorism, as it should have.

The SPEAKER pro tempore (Mr. RADANOVICH). The gentleman's time has expired.

Mr. GOSS. Mr. Speaker, I yield 1 minute and 15 seconds to the gentleman from Indiana [Mr. BURTON], distinguished chairman of the Subcommittee on Western Hemisphere.

Mr. BURTON of Indiana. Mr. Speaker, let me just tell my colleagues of one good provision in the bill that I think everybody will agree with, and that is that there will be something at the airports that will deter terrorists that is not currently there.

The machines that we are spending $1 to $2 million on to deal with detecting explosives that get on planes simply have not worked. They are not in force. They are not in place. And we have been waiting 7 years for them.

We use dogs at this Capitol, we use them at the Olympics, and they use them at many other areas, but they do not use them at airports. This bill provides a mechanism to get bomb inspecting dogs, bomb-sniffing dogs at every major airport in the country. It will have a deterrent effect on terrorists. They will be able to sniff out bomb devices in luggage and it will protect the public.

Mr. Speaker, this is a step in the right direction. It is not the answer to every problem, but it is a step in the right direction. Until we get a device that is perfect, that will detect bombs getting on planes, the public in this country deserves to have these dogs at every single major airport.

Mr. MOAKLEY. Mr. Speaker, I yield the balance of my time to the gentleman from New York, the honorable Mr. SCHUMER.

Mr. SCHUMER. Mr. Speaker, if we want to know why people are sick and fed up with Congress, look at this debate. On Sunday the President asked and all the law enforcement people asked for two things, the top two things they needed to fight terrorism. One, taggants. Identifiers in explosives, particularly black power and smokeless; and two, multipoint wiretaps. Neither are in this bill.

Neither are in this bill because the NRA did not want it. Neither are in this bill because forces on the extreme dictated what the Republican Party was going to put forward.

This bill is a sham. It does a few good things, but it does not give law enforcement what they want, plain and simple. We all know that.

All the other provisions are an elaborate smokescreen to hide what everyone in this Chamber knows: that the majority party is not doing what the FBI, the ATF and all the other law enforcement experts have asked for. Mr. Kallstrom, long before this conference, the FBI man in the lead at TWA, said please give us multipoint wiretaps. The majority says no.

Mr. Freeh, the head of the FBI, says please give us taggants so we can trace the kind of pipe bomb that blew up at the Olympics. The majority says no.

And last night, when we had agreement from the President, the Republican leaders of the Senate, the Democratic leaders of the Senate and the Democratic side of the House, only the Republican majority in the House refused to go along.

Members, this bill is what should make us ashamed of our inability to pull together and fight terrorism.

Mr. GOSS. Mr. Speaker, I yield myself the balance of my time, and I yield to the gentleman from California [Mr. COX].

Mr. COX of California. Mr. Speaker, I thank the gentleman from Florida for yielding.

What we just heard the gentleman from New York tell us is essentially true; that if we had included in this bill everything that is before us and one other thing, and that is multipoint and warrantless wiretaps, then there would have been agreement. And the truth is that because wiretaps are not in this bill, the gentleman is disappointed.

I have to say that this gentleman is disappointed because there is not a good faith exception to the exclusionary rule in this bill, something that would have helped us in the Oklahoma City prosecution. We passed it through this House five times. It ought to be acceptable to our body, but it was objected to by the Senate.

Now, imagine our predicament if we had brought this bill with everything in it; the only difference was it also had warrantless wiretaps and multipoint wiretaps. That is a very serious issue I think Members deserve more time to consider. And for that reason, above all, it is not put in a bill that is coming to us under a suspension of the rules that we have not had an opportunity to read.

I hope we revisit this issue, and I think we must do so. As I have said, we cannot rest against the war on terrorism. It is one of the grizzly realities of the 21st century. We have to be back at this. But just because we cannot do a subject so complicated as that before we leave this August does not mean that we cannot do all of the rest of this bill, which the gentleman from New York has agreed to, which the Democratic leadership and the Republican leadership have all agreed to, which the Senate has agreed to and which they can pass and send to the President because the administration has agreed to it, and it can be signed into law.

Mr. GOSS. Mr. Speaker, reclaiming my time, I am going to take the final 30 seconds to say it is not just a question of moving barricades on Pennsylvania Avenue. That is not all there is to terrorism. We need to fight the shadows of terrorism overseas, and we need to do it with good human intelligence.

Regrettably we have been cutting back on our resources and assets overseas, and we have been putting out policies of restraint on our abilities to operate overseas under the Clinton administration. I think the Speaker has brought attention to that, properly. I cannot imagine what would happen if we had not brought up a bill today on this. It would have been unthinkable.

Mr. Speaker, I urge support for the bill, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FORBES. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 228, nays 189, not voting 16, as follows:

[Roll No. 400]

YEAS—228

Allard
Archer
Armey
Bachus
Baker (CA)
Baker (LA)
Ballenger
Barr
Barrett (NE)
Barton
Bass
Bateman
Bereuter
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonilla
Bono
Brewster
Bryant (TN)
Bunn
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Castle
Chabot
Chambliss
Chenoweth
Christensen
Chrysler
Clinger
Coble
Coburn
Collins (GA)
Combest
Cooley
Cox
Crane
Crapo
Cremeans
Cubin
Cunningham
Danner
Davis
Deal
DeLay
Diaz-Balart
Dixon
Doolittle
Dornan
Dreier
Duncan
Dunn
Ehlers
Ehrlich
English
Ensign
Everett
Ewing
Farr
Fields (TX)
Flanagan
Foley
Fowler
Fox
Franks (CT)
Frelinghuysen
Frost
Funderburk
Gallegly
Ganske
Gekas
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Goodlatte
Goodling
Goss
Graham
Greene (UT)
Greenwood
Gunderson
Gutknecht
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Heineman
Herger
Hilleary
Hobson
Hoekstra
Hoke
Horn
Hostettler
Houghton
Hunter
Hutchinson
Hyde
Inglis
Istook
Johnson (CT)
Johnson, Sam
Jones
Kasich
Kelly
Kim
Klug
Knollenberg
Kolbe
Largent
Latham
LaTourette
Laughlin
Leach
Lewis (CA)
Lewis (KY)
Lightfoot
Linder
Livingston
LoBiondo
Longley
Lucas
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Meyers
Mica
Miller (FL)
Montgomery
Moorhead
Myers
Myrick
Nethercutt
Neumann
Ney
Norwood
Nussle
Orton
Oxley
Packard
Parker
Paxon
Peterson (MN)
Petri
Pombo
Porter
Portman
Poshard
Pryce
Quinn
Radanovich
Ramstad
Regula
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Royce
Salmon
Saxton
Schaefer
Seastrand
Sensenbrenner
Shadegg
Shaw
Shays
Shuster
Sisisky
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Stearns
Stenholm
Stockman
Stump
Talent
Tate
Tauzin
Taylor (NC)
Thomas
Thornberry
Tiahrt
Traficant
Upton
Vucanovich
Walker
Walsh
Wamp
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wolf
Young (AK)
Zeliff

NAYS—189

Abercrombie
Ackerman
Andrews
Baesler
Baldacci
Barcia
Barrett (WI)
Bartlett
Becerra
Beilenson
Bentsen
Berman
Bevill
Blumenauer
Bonior
Borski
Boucher
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TX)
Cardin
Chapman
Clay
Clayton
Clement
Clyburn
Coleman
Collins (IL)
Collins (MI)
Condit
Conyers
Costello
Coyne
Cramer
Cummings
de la Garza
DeFazio
DeLauro
Dellums
Dicks
Dingell
Doggett
Dooley
Doyle
Durbin
Edwards
Engel
Eshoo
Evans
Fattah
Fawell
Fazio
Fields (LA)
Filner
Flake
Foglietta
Forbes
Frank (MA)
Franks (NJ)
Frisa
Furse
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hefner
Hilliard
Hinchey
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (SD)
Johnson, E. B.
Johnston
Kanjorski
Kaptur
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
King
Kingston
Kleczka
Klink
LaFalce
LaHood
Lantos
Lazio
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney
Manton
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McDermott
McHale
McKinney
McNulty
Menendez
Millender-McDonald
Miller (CA)
Minge
Mink
Moakley
Molinari
Mollohan
Moran
Murtha
Nadler
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pastor
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Pickett
Pomeroy
Rahall
Rangel
Reed
Richardson
Rivers
Roemer
Rose
Roukema
Roybal-Allard
Rush
Sabo
Sanders
Sanford
Sawyer
Scarborough
Schroeder
Schumer
Scott
Serrano
Skaggs
Slaughter
Spratt
Stark
Stokes
Studds
Stupak
Tanner
Taylor (MS)
Tejeda
Thompson
Thornton
Thurman
Torres
Torricelli
Towns
Velazquez
Vento
Visclosky
Volkmer
Ward
Waters
Watt (NC)
Williams
Wilson
Wise
Woolsey
Wynn
Yates
Zimmer

NOT VOTING—16

Bishop
Brownback
Bunning
Deutsch
Dickey
Ford
Lincoln
McDade
Meehan
Meek
Morella
Quillen
Schiff
Torkildsen
Waxman
Young (FL)

□ 1510

The Clerk announced the following pair: On this vote:

Mrs. Morella for, with Mr. Deutsch against.

Mr. DOGGETT and Ms. JACKSON-LEE of Texas changed their vote from "yea" to "nay."

Mr. LIGHTFOOT changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AVIATION SECURITY AND ANTITERRORISM ACT OF 1996

Mr. COX of California. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3953) to combat terrorism.

The Clerk read as follows:

H.R. 3953

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Aviation Security and Antiterrorism Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title.

TITLE I—AVIATION SECURITY

Sec. 101. Interim deployment of commercially available explosive detection equipment.
Sec. 102. Authority for criminal history records checks.
Sec. 103. Audit of performance of background checks for certain personnel.
Sec. 104. Performance standards for airport security personnel.
Sec. 105. Passenger profiling.
Sec. 106. Authority to use certain funds for airport security programs and activities.
Sec. 107. Assessment of cargo.
Sec. 108. Assignment of FBI agents to high-risk airports.
Sec. 109. Supplemental screening.
Sec. 110. Supplemental explosive detection.
Sec. 111. Enhanced security for small airplanes
Sec. 112. Civil aviation security review commission.

TITLE II—ANTITERRORISM

Sec. 201. Addition of terrorist offenses as RICO predicates.
Sec. 202. Enhanced Privacy Act and wiretap penalties.
Sec. 203. Combatting international state terrorism.
Sec. 204. Implementation of the Antiterrorism and Effective Death Penalty Act of 1996.
Sec. 205. Taggants in black and smokeless powder.
Sec. 206 National Commission on Terrorism.

TITLE I—AVIATION SECURITY

SEC. 101. INTERIM DEPLOYMENT OF COMMERCIALLY AVAILABLE EXPLOSIVE DETECTION EQUIPMENT.

Section 44913(a) of title 49, United States Code, is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following new paragraph (3):

"(3) Until such time as the Administrator determines that equipment certified under paragraph (1) of this subsection is commercially available and has successfully completed operational testing as provided in 49 United States Code 44913(a)(1), the Administrator shall facilitate the deployment of commercially available explosive detection devices that the Administrator approves and determines will enhance aviation security significantly. The Administrator shall require that equipment deployed under this paragraph be replaced by equipment certified under paragraph (1) when equipment certified under paragraph (1) becomes commercially available.".

SEC. 102. AUTHORITY FOR CRIMINAL HISTORY RECORDS CHECKS.

Section 44936(a)(1) of title 49, United States Code. is amended—

(1) by striking "(1)" and inserting "(1)(A)";

(2) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively; and

(3) by adding at the end the following:

"(B) The Administrator shall require by regulation that an employment investigation (including a criminal history record check in cases in which the employment investigation reveals a gap in employment of 12 months or more that the individual does not satisfactorily account for) be conducted for individuals who will be responsible for screening passengers or property under this chapter and their supervisors.".

SEC. 103. AUDIT OF PERFORMANCE OF BACKGROUND CHECKS FOR CERTAIN PERSONNEL.

Section 44936(a) of title 49, United States Code, is amended by adding at the end the following:

"(3) The Administrator shall provide for the periodic audit of criminal history record checks conducted under paragraph (1) of this subsection.".

SEC. 104. PERFORMANCE STANDARDS FOR AIRPORT SECURITY PERSONNEL.

Section 44935(a) of title 49, United States Code, is amended—

(1) by striking "and" at the end of paragraph (4); and

(2) by adding at the end the following:

"(6) performance standards for airport and airline security personnel, including counter personnel; and

"(7) guidelines for encouraging the retention of security personnel responsible for passengers and cargo."

SEC. 105. PASSENGER PROFILING.

The Federal Aviation Administration, the Secretary of Transportation, the intelligence community, and the law enforcement community should continue to assist air carriers in developing computer-assisted passenger profiling programs.

SEC. 106. AUTHORITY TO USE CERTAIN FUNDS FOR AIRPORT SECURITY PROGRAMS AND ACTIVITIES.

(a) AUTHORITY TO USE FUNDS.—Notwithstanding any other provision of law, funds referred to in subsection (b) may be used to expand and enhance air transportation security programs and other activities at airports (including the improvement of facilities and the purchase and deployment of equipment) to ensure the safety and security of passengers and other persons involved in air travel.

(b) COVERED FUNDS.—The following funds may be used under subsection (a):

(1) Project grants made under subchapter 1 of chapter 471 of title 49, United States Code.

(2) Passenger facility fees collected under section 40117 of title 49, United States Code.

SEC. 107. ASSESSMENT OF CARGO.

(a) IN GENERAL.— The Administrator of the Federal Aviation Administration shall, in consultation with the appropriate Federal agencies, review—

(1) the oversight by the Federal Aviation Administration of inspections of shipments of mail and cargo by domestic and foreign air carriers; and

(2) the need for additional security measures with respect to such inspections; and

(3) the adequacy of inspection and screening of cargo on passenger air carriers.

(b) LEGISLATIVE PROPOSALS.—The President shall submit relevant legislative proposals to Congress, as may be required.

SEC. 108. ASSIGNMENT OF FBI AGENTS TO HIGH-RISK AIRPORTS.

Section 44904 of title 49, United States Code, is amended by adding at the end the following:

"(d) RESPONSIBILITY OF FBI AGENTS TO AREAS OF HIGH-RISK AIRPORTS.—The Director of the Federal Bureau of Investigation shall assure that agents of the Federal Bureau of Investigation who are assigned to an area where there are airports that are determined to be high-risk airports shall, jointly with the Federal Aviation Administration, carry out periodic threat and vulnerability assessments of security every 3 years, or more frequently, as necessary, at such airports.".

SEC. 109. SUPPLEMENTAL SCREENING.

Section 44903(c) of title 49, United States Code, is amended by adding at the end of the following new paragraph:

"(3) USE OF DOGS IN SCREENING.—

"(A) IN GENERAL.—The law enforcement presence and capability required under paragraph (1) shall include a requirement that the operator of each major airport use dogs or other appropriate animals to supplement existing equipment used for screening passengers and cargo for plastic explosives and other devices or materials which may be used in aircraft piracy. If the Administrator determines that the requirements of the preceding sentence will not significantly enhance the safety and security of passengers and other persons involved in air travel, the Administrator may modify such requirements as appropriate. At the discretion of the Administrator, the use of dogs at an airport may be deemed as compliance with section 449913(a)(3) of this title.

"(B) MAJOR AIRPORT DEFINED.—In this paragraph, the term 'major airport' means an airport that is one of the largest 50 airports in the United States, as determined by the number of passenger enplanements in calendar year 1995.".

SEC. 110. SUPPLEMENTAL EXPLOSIVE DETECTION.

Section 44913(b) of title 49, United States Code, is amended to read as follows:

"(b) SUPPLEMENTAL EXPLOSIVE DETECTION.—

"(1) GRANTS.—The Secretary shall make grants for expenses of training and evaluation of dogs for the explosive detection K–9 team training program for the purpose of detecting explosives at airports and aboard aircraft. Not later than 180 days after the date of the enactment of the Aviation Security Improvement Act of 1996, the Secretary shall extend such program to the largest 50 airports in the United States, as determined by the number of passenger enplanements in calendar year 1995.

"(2) FUNDING.—There is authorized to be appropriated from the Trust Fund for carrying out paragraph (1) such sums as may be necessary for fiscal years beginning after September 30, 1996. Such funds shall remain available until expended.".

SEC. 111. ENHANCED SECURITY FOR SMALL AIRPLANES

Not later than 60 days after the date of the enactment of this Act, the Administrator shall initiate a rulemaking to revise section 108.5 and 108.7 of 14 C.F.R. with respect to airplanes having a passenger seating configuration of less than 61 to enhance the safety and security of air travel in such airplanes.

SEC. 112. CIVIL AVIATION SECURITY REVIEW COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the Civil Aviation Security Review Commission (hereinafter in this section referred to as the "Commission").

(b) FUNCTIONS.—The Commission shall conduct a comprehensive review of aviation security. Matters to be studied by the Commission shall include the following:

(1) A review of the advisability of transferring responsibilities of air carriers under

Federal law for security activities conducted on-site at airports to airport operators or to appropriate entities independent of air carriers.

(2) A review of whether baggage match requirements should be imposed on air carriers providing interstate air transportation and how baggage match can be accomplished to enhance the safety and security of domestic air travel.

(3) A review of the cost and advisability of requiring hardened cargo containers as a way to enhance aviation security and reduce the required sensitivity of bomb detection equipment.

(c) MEMBERSHIP.—The Commission shall be composed of 13 members, appointed from persons knowledgeable about civil aviation in the United States and who are specifically qualified by training and experience to perform the duties of the Commission, as follows:

(1) 3 members appointed by the Secretary of Transportation, in consultation with the Secretary of the Treasury.

(2) 10 members appointed by Congress as follows:

(A) 1 member appointed by each of the chairman and ranking minority member of the Committee on Transportation and Infrastructure of the House of Representatives.

(B) 1 member appointed by each of the chairman and ranking minority member of the Committee on Appropriations of the House of Representatives.

(C) 1 member appointed by each of the chairman and ranking minority member of the Committee on Commerce, Science, and Transportation of the Senate.

(D) 1 member appointed by each of the chairman and ranking minority member of the Committee on Appropriations of the Senate.

(E) 1 member appointed by each of the chairman and ranking minority member of the Committee on Ways and Means of the House of Representatives.

(d) RESTRICTION ON APPOINTMENT OF CURRENT AVIATION EMPLOYEES.—A member appointed under subsection (c)(1) may not be an employee of an airline, airport, aviation union, or aviation trade association at the time of appointment or while serving on the Commission.

(e) TIMING OF APPOINTMENTS.—The appointing authorities shall make their appointments to the Commission not later than 30 days after the date of the enactment of this Act.

(f) CHAIRMAN.—In consultation with the Secretary of Transportation, the Speaker of the House of Representatives and the Majority Leader of the Senate shall designate a chairman and vice chairman from among the members of the Commission not later than 30 days after appointment of the last member to the Commission.

(g) PERIOD OF APPOINTMENT AND VACANCIES.—Members shall be appointed for the life of the Commission, and any vacancy on the Commission shall not affect its powers but shall be filled in the same manner, and by the same appointing authority, as the original appointment.

(h) QUORUM.—A majority of the members of the Commission shall constitute a quorum to conduct business, but the Commission may establish a lesser number for conducting hearings scheduled by the Commission.

(i) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission may hold such hearings, sit and act at such times and places, administer such oaths, take such testimony, and receive such evidence as the Commission considers advisable to carry out its duties.

(2) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information or documents as the Commission considers necessary to carry out its duties, unless the head of such department or agency advises the chairman of the Commission, in writing, that such information is confidential and that its release to the Commission would jeopardize aviation safety, the national security, or pending criminal investigations.

(3) DETAIL OF GOVERNMENT EMPLOYEES.—Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(4) TRAVEL AND PER DIEM.—Members and staff of the Commission shall be paid travel expenses, including per diem in lieu of subsistence, when away from his or her usual place of residence, in accordance with section 5703 of title 5, United States Code.

(j) FINAL REPORT.—Not later than 1 year after the date of the appointment of the last member to the Commission under subsection (c), the Commission shall submit to Congress and the Administrator a final report on the findings of the Commission with corresponding recommendations. Included with this report shall be the independent audit required under subsection (j).

(k) AUTHORIZATION OF APPROPRIATIONS.—There is hereby authorized to be appropriated $2,400,000 for activities of the Commission to remain available until expended.

TITLE II—ANTITERRORISM

SEC. 201. ADDITION OF TERRORIST OFFENSES AS RICO PREDICATES.

(a) TITLE 18 OFFENSES.—Section 1961(1)(B) of title 18 of the United States Code is amended by—

(1) inserting "32 (relating to the destruction of aircraft), section 37 (relating to violence at international airports), section 115 (relating to influencing, impeding, or retaliating against a Federal official by threatening or injuring a family member), section" after "Section";

(2) inserting "section 351 (relating to Congressional or Cabinet officer assassination," after "section 224 (relating to sports bribery),";

(3) inserting "section 831 (relating to prohibited transactions involving nuclear materials), section 844(f) or (i) (relating to destruction by explosives or fire of government property or property affecting interstate or foreign commerce)," after "section 664 (relating to embezzlement from pension and welfare funds),";

(4) inserting "section 930(c) (relating to violent attacks against Federal buildings), section 956 (relating to conspiracy to kill, kidnap, maim, or injure certain property in a foreign country)," after "sections 891–894 (relating to extortionate credit transactions),";

(5) inserting "section 1111 (relating to murder), section 1114 (relating to murder of United States law enforcement officials), section 1116 (relating to murder of foreign officials, official guests, or internationally protected persons), section 1203 (relating to hostage taking)," after "section 1084 (relating to the transmission of gambling information),";

(6) inserting "section 1361 (relating to willful injury of government property), section 1363 (relating to destruction of property within the special maritime and territorial jurisdiction)," after "section 1344 (relating to financial institution fraud),";

(7) inserting "section 1751 (relating to Presidential assassination)," after "sections 1581–1588 (relating to peonage and slavery),";

(8) inserting "section 1992 (relating to train wrecking), section 2280 (relating to violence against maritime navigation), section 2281 (relating to violence against maritime fixed platforms)," after "section 1958 (relating to use of interstate commerce facilities in the commission of murder-for-hire),"; and

(9) inserting "section 2332 (relating to terrorist acts abroad against United States nationals), section 2332a (relating to use of weapons of mass destruction), section 2332b (relating to acts of terrorism transcending national boundaries), section 2332c (relating to use of chemical weapon), section 2339A (relating to providing material support to terrorists)," after "2321 (relating to trafficking in certain motor vehicles or motor vehicle parts),".

(b) NON-TITLE 18 OFFENSE.—Section 1961(1) of title 18 of the United States Code is amended—

(1) by striking "or" before "(E)";

(2) by striking "or" before "(F); and

(3) by inserting at the end the following: "or (G) section 46502 of title 49, United States Code;".

(c) LIMITATION TO CIVIL RICO.—The amendments made by this section shall not apply with respect to section 1964(c) of title 18, United States Code.

SEC. 202. ENHANCED PRIVACY ACT AND WIRETAP PENALTIES.

(a) ENHANCEMENT OF PRIVACY ACT CRIMINAL PENALTIES.—Paragraphs (1) and (3) of section 552a(i) of title 5, United States Code, are each amended by striking "shall be guilty of a misdemeanor" and all that follows through the end of the paragraph and inserting "shall be fined under title 18, imprisoned not more than 5 years, or both.".

(b) ENHANCEMENT OF PRIVACY ACT CIVIL DAMAGES.—Section 552a(g)(4)(A) of title 5, United States Code, is amended by striking "$1,000" and inserting "$5,000".

(c) ENHANCEMENT OF WIRETAP DISCLOSURE CRIMINAL PENALTY.—Section 2511 of title 18, United States Code, is amended—

(1) in subsection (4)(a), by striking "paragraph (b)" and all that follows through "(5)" and inserting "this section"; and

(2) by adding after paragraph (c) the following:

"(d) If the offense is an offense under paragraph (c) or (e) of subsection (1), the offender shall be fined under this title or imprisoned not more than 10 years, or both.".

SEC. 203. COMBATTING INTERNATIONAL STATE TERRORISM.

(a) SANCTIONS AGAINST SPONSORS OF INTERNATIONAL TERRORISM.—The Congress urges the President to commence immediately diplomatic efforts, both in appropriate international fora including the United Nations, and bilaterally with allies of the United States, to establish a multilateral sanctions regime against each of those nations certified under section 6(j) of the Export Administration Act of 1979 as having repeatedly provided support for acts of international terrorism. The President shall report to Congress, not later than 30 days after the date of the enactment of this Act, and annually thereafter, on the extent to which these diplomatic efforts have been successful.

(b) ACTION PLANS FOR DESIGNATED TERRORIST NATIONS.—The President shall provide to the Congress within 30 days after the date of the enactment of this Act an Action Plan for inducing each of those nations certified under section 6(j) of the Export Administration Act of 1979 as having repeatedly provided support for acts of international terrorism to cease their support for acts of international terrorism.

(c) REPORT ON UNITED STATES COUNTERTERROR AND ANTITERROR INTELLIGENCE CAPABILITIES.—Not later than 60 days after the date of the enactment of this Act, the President shall provide to the Permanent Select Committees on Intelligence of the Senate and the House of Representatives a report on the capability of the United States intelligence community to detect, assess, and eliminate international terrorist activities, including an assessment of intelligence collection policies and practices which affect the counterterrorism and antiterrorism activities of the United States intelligence community and of the resources provided the intelligence community for such activities, together with a plan to ensure enhanced human intelligence capabilities. To the extent feasible, such report shall be unclassified and made available to the public. Such report shall be supplemented as necessary by a classified report or annex, which shall be transmitted and maintained under appropriate security procedures.

SEC. 204. IMPLEMENTATION OF THE ANTITERRORISM AND EFFECTIVE DEATH PENALTY ACT OF 1996.

The Secretary of State is hereby directed, before October 1, 1996, to designate foreign terrorist organizations pursuant to the amendment made by section 302 (relating to international terrorism prohibitions) of the Antiterrorism and Effective Death Penalty Act of 1996, and, if possible, justified by the evidence, and consistent with the needs of law enforcement and intelligence, the Secretary of the Treasury shall freeze assets and the Attorney General shall initiate the removal of known alien terrorists and criminals.

SEC. 205. TAGGANTS IN BLACK AND SMOKELESS POWDER.

(a) AMENDMENT TO 1996 ACT TO INCLUDE BLACK AND SMOKELESS POWDER.—Notwithstanding the provisions to the contrary of section 732 of the Antiterrorism and Effective Death Penalty Act of 1996, (concerning the exclusion of black and smokeless powder from the study described thereunder), the Director of the National Institute of Justice shall contract for an independent study of the feasibility, safety, and law enforcement effectiveness of including taggants in black and smokeless powder. The contract shall require the completion of the study within one year after the date of the enactment of this Act. The entity that conducts the study shall be outside the executive branch of the Government and possess the requisite expertise in explosives technology. The study shall, in addition, draw upon expertise and science from consultants in the areas of mining and other industries that rely upon such explosives.

(b) REPORT TO CONGRESS.—Not later than 30 days after the completion of the study conducted under subsection (a), the Director shall submit the study to the Congress. If the results of the study conducted under subsection (a) indicate that the taggants—

(1) will not pose a risk to human life or safety;

(2) will substantially assist law enforcement officers in their investigative efforts;

(3) will not substantially impair the quality of the explosive materials for their intended lawful use;

(4) will not have a substantially adverse effect on the environment; and

(5) the costs associated with the addition of the taggants will not outweigh the benefits of their inclusion;

then the Director may submit to Congress recommendations for legislation for the addition of taggants to black and smokeless powder manufactured in or imported into the United States, of such character and in such quantity as the proposed legislation may authorize or require.

SEC. 206. NATIONAL COMMISSION ON TERRORISM.

(a) ESTABLISHMENT.—There is established a commission to be known as the National Commission on Terrorism (in this title referred to as the "Commission").

(b) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—

(A) GENERALLY.—The Commission shall be composed of 9 members, appointed from persons specially qualified by training and experience to perform the duties of the Commission, as follows:

(i) 2 appointed by the Speaker of the House of Representatives, and 1 appointed by the Minority Leader of the House of Representatives;

(ii) 2 appointed by the Majority Leader of the Senate, and 1 appointed by the Minority Leader of the Senate; and

(iii) 3 appointed by the President of the United States.

(B) TIMING OF APPOINTMENTS.—The appointing authorities shall make their appointments to the Commission not later than 45 days after the date of enactment of this title.

(C) DESIGNATION OF THE CHAIRMAN.—The President of the United States shall designate a chairman from the members of the Commission. The Speaker of the House of Representatives and the Majority Leader of the Senate shall jointly designate a Vice Chairman from the members of the Commission.

(D) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in Commission membership shall not affect the exercise of the Commission's powers, and shall be filled in the same manner as the original appointment.

(c) MEETINGS.—

(1) IN GENERAL.—In not later than 60 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting. Subsequent meetings shall be held at the call of the Chairman.

(2) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

(d) SECURITY CLEARANCES.—Appropriate security clearances shall be required for members of the Commission who are private United States citizens. Such clearances shall be processed and completed on an expedited basis by appropriate elements of the executive branch of Government and shall, in any case, be completed within 90 days of the date such members are appointed.

(e) APPLICATION OF CERTAIN PROVISIONS OF LAW.—In light of the extraordinary and sensitive nature of its deliberations, the provisions of the Federal Advisory Committee Act (5 U.S.C. App.), and the regulations prescribed by the Administrator of General Services pursuant to that Act, shall not apply to the Commission. Further, the provisions of section 552 of title 5, United States Code (commonly known as the "Freedom of Information Act"), shall not apply to the Commission; however, records of the Commission shall be subject to the Federal Records Act and, when transferred to the National Archives and Records Agency, shall no longer be exempt from the provisions of such section 552.

(f) DUTIES OF THE COMMISSION.—

(1) IN GENERAL.—It shall be the duty of the Commission—

(A) to prepare and transmit the reports described in paragraph (2);

(B) to examine the long-term strategy of the United States in addressing the threat of international terrorism, including intelligence capabilities, international cooperation, military responses, and technological capabilities;

(C) to examine the efficacy and appropriateness of Federal efforts to prevent, detect, investigate, and prosecute acts of terrorism, including—

(i) the coordination of counterterrorism efforts among Federal departments and agencies, and Federal coordination of law enforcement with state and local law enforcement in responding to terrorism threats and acts;

(ii) the ability and utilization of counterintelligence efforts to infiltrate and disable or disrupt international terrorist organizations and their activities;

(iii) the impact of Federal immigration laws and policies on acts of terrorism transcending national boundaries;

(iv) the effectiveness of present regulations and practices relating to civil aviation safety and security to prevent acts of terrorism, to include a study of the desirability of assigning, on a permanent basis, personnel of the Federal Bureau of Investigation at high-risk airports, and a study of the practicality and desirability of transferring authority for U.S. airport and security to an entity other than the Federal Aviation Administration;

(v) the extent and effectiveness of present cooperative efforts with foreign nations to prevent, detect, investigate and prosecute acts of terrorism; and

(vi) the impact on present counterterrorism efforts due to the failure to expend and utilize resources and authority previously provided by Congress for the implementation of enhanced counterterrorism activities and the reasons why these resources have not been expended in a timely way; and

(D) to examine the capability of the United States intelligence community to detect, assess, infiltrate, disrupt, and eliminate international terrorist organizations and activities, including an assessment of intelligence collection policies and practices which affect the counterterrorism and antiterrorism activities of the United States intelligence community and of the resources provided the intelligence community for such activities, together with a plan to ensure enhanced human intelligence capabilities; and

(E) to examine all present laws relating to the collection and dissemination of personal information on individuals by law enforcement or other governmental entities, and the necessity for additional protections to prevent and deter the inappropriate collection and dissemination of such information.

(2) REPORTS.—

(A) INITIAL REPORT.—Not later than 2 months after the first meeting of the Commission, the Commission shall transmit to the Committees on the Judiciary of the Senate and the House of Representatives a report setting forth its plan for the work of the Commission.

(B) INTERIM REPORTS.—Prior to the submission of the report required by subparagraph (C), the Commission may issue such interim reports as it finds necessary and desirable.

(C) FINAL REPORT.—No later than 6 months after the first meeting of the Commission, the Commission shall submit to the President and to the Committees on the Judiciary of the Senate and the House of Representatives a report setting forth the activities, findings, and recommendations of the Commission, including any recommendations for the enactment of legislation that the Commission considers advisable. To the extent feasible, such report shall be unclassified and made available to the public. Such report shall be supplemented as necessary by a classified report or annex, which shall be provided separately to the President and the Committees on the Judiciary of the Senate and the House of Representatives.

(g) POWERS.—

(1) HEARINGS.—The Commission or, at its direction, any panel or member of the Commission, may, for the purpose of carrying out the provisions of this title, hold hearings, sit and act at times and places, take testimony, receive evidence, and administer oaths to the extent that the Commission or any panel or member considers advisable.

(2) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any intelligence agency or from any other Federal department or agency any information that the Commission considers necessary to enable the Commission to carry out its responsibilities under this section. Upon request of the Chairman of the Commission, the head of any such department or agency shall furnish such information expeditiously to the Commission, unless the head of the department or agency determines that doing so would threaten national security, the health or safety of any individual, or the integrity of an ongoing investigation or prosecution.

(3) POSTAL, PRINTING AND BINDING SERVICES.—The Commission may use the United States mails and obtain printing and binding services in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(4) SUBCOMMITTEES.—The Commission may establish panels composed of less than the full membership of the Commission for the purpose of carrying out the Commission's duties. The actions of each such panel shall be subject to the review and control of the Commission. Any findings and determinations made by such a panel shall not be considered the findings and determinations of the Commission unless approved by the Commission.

(5) AUTHORITY OF INDIVIDUALS TO ACT FOR COMMISSION.—Any member or agent of the Commission may, if authorized by the Commission, take any action which the Commission is authorized to take under this title.

(h) PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—Each member of the Commission who is a private United States citizen shall be paid, if requested, at a rate equal to the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission. All members of the Commission who are Members of Congress shall serve without compensation in addition to that received for their services as Members of Congress.

(2) TRAVEL EXPENSES.—Each member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(3) STAFF.—

(A) IN GENERAL.—The Chairman of the Commission may, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, appoint a staff director and such additional personnel as may be necessary to enable the Commission to perform its duties. The staff director of the Commission shall be appointed from private life, and such appointment shall be subject to the approval of the Commission as a whole.

(B) COMPENSATION.—The Chairman of the Commission may fix the pay of the staff director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay fixed under this paragraph for the staff director may not exceed the rate payable for level V of the Executive Schedule under section 5316 of such title and the rate of pay for other personnel may not exceed the maximum rate payable for grade GS–15 of the General Schedule.

(4) DETAIL OF GOVERNMENT EMPLOYEES.—Upon request of the Chairman of the Commission, the head of any Federal department or agency may detail, on a nonreimbursable basis, any personnel of that department or agency to the Commission to assist it in carrying out its administrative and clerical functions.

(5) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairman of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay payable for level V of the Executive Schedule under section 5316 of such title.

(i) PAYMENT OF COMMISSION EXPENSES.—The compensation, travel expenses, per diem allowances of members and employees of the Commission, and other expenses of the Commission shall be paid out of funds available to the Attorney General for the payment of compensation, travel allowances, and per diem allowances, respectively, of employees of the Department of Justice.

(j) TERMINATION OF THE COMMISSION.—The Commission shall terminate 1 month after the date of the submission of the report required by subsection (f)(2)(C).

The SPEAKER pro tempore. Pursuant to this rule, the gentleman from California [Mr. COX] and the gentleman from Michigan [Mr. CONYERS] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. COX].

□ 1515

Mr. COX of California. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SHUSTER] be permitted to control 6 minutes and that the gentleman from Illinois [Mr. HYDE] be permitted to control 6 minutes of the time allocated to me.

The SPEAKER pro tempore (Mr. HASTERT). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COX of California. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. GILMAN], chairman of the Committee on International Relations.

Mr. GILMAN. Mr. Speaker, I am pleased for this opportunity to speak on the concise issue of international terrorism, which is so much on the mind of our Nation today. As we move forward with this important bill before us, let us be ever mindful of how we must most effectively fight this scourge, especially on the international front.

I am particularly pleased that the bill before us (H.R. 3953) in section 203 encourages the President to take greater steps to address the problem of foreign government-sponsored international terrorism.

We must keep international terrorism at the top of our foreign policy agenda, as the New York World Trade Center bombing in February 1993 made very clear. International terrorism has come to our own shores. In addition, the recent attacks on American personnel in Saudi Arabia make it clear that terrorist fear no boundaries or jurisdiction when going after our vital interests. The struggle against terrorism is one which all of the nations of the world must wage cooperatively together.

It is gratifying that at our direction and through Republican-led efforts, the State Department was forced to maintain a high-level, visible office of Coordinator for Counter Terrorism to help make known to friendly nations, state sponsors of terrorism, and within the U.S. bureaucracy that international terrorism is a high foreign policy priority. We ought to be proud of those foresighted efforts to keep the fight high on the foreign policy agenda of our State Department.

We must also help prevent easy entry into our Nation of members of terrorist groups whose purpose is to harm our Nation. In the counterterrorism bill that became law in April 1996, Congress included an amendment to the Immigration and Nationality Act [INA] to exclude entry into the U.S. based on "mere membership" in defined terrorist groups. It is now law, despite a lukewarm response from the administration.

Sadly, to date this law pertaining to designating terrorist groups has yet to be implemented. I applaud the authors of the bill before us who mandate that the process of defining terrorist groups, for both fundraising and exclusion purposes, is to be put on the fast track and completed by October 1.

Like the reluctance to support the mere membership provision, the Administration was slow to support our efforts in the Congress on the Iran-Libya sanctions bill. However, they came along. Next week the President will sign that bill into law and give us added tools to isolate and work against these rogue nations like Libya—responsible for the deadly Pam Am 103 attack—and Iran, the leading state sponsor of terrorism in the world.

These and other provisions in this Aviation Security and Antiterrorism Act of 1996 will further the struggle against the evil of terrorism.

Mr. CONYERS. Mr. Speaker, I am pleased to manage the bill, but I do want to allocate a block of time to the gentleman from Minnesota [Mr. OBERSTAR], ranking member of the Committee on Transportation and Infrastructure.

Mr. Speaker, I yield 8 minutes to the gentleman from Minnesota [Mr. OBERSTAR] and I ask unanimous consent that he be permitted to control the time.

The SPEAKER pro tempore. Is thee objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CONYERS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, conveniently omitted from today's discussion of antiterrorism legislation is what occurred on this floor in March of this year, the last time antiterrorism legislation was up for our consideration.

At that time, under pressure from special interest lobby groups, a key provision was stripped from the antiterrorism legislation. The bill was "eviscerated." That is not my word. It is the word of the very distinguished, and he is distinguished, Republican chairman of the Committee on the Judiciary. I want to quote his remarks from that debate on March 13.

He said, "If the Barr amendment passes, we eviscerate the bill. It is a frail representation of what started out as a robust answer to the terrorist menace."

A few minutes later he said, "With the Barr amendment, this is not an antiterrorism bill."

He was right. We have not had an antiterrorism bill this year. We had the opportunity today to join in a bipartisan effort and offer ideas from each side to deal with this national crisis, and it was rejected, denying us the opportunity to contribute our ideas.

I think it was rejected because the same high-handedness and extremism that apparently led one Republican Member to say right here on the floor of the House, "I trust Hamas more than I trust my own Government."

When you have that kind of attitude, you cannot come together and work out reasonable solutions to fight terrorism. That is the opportunity that has been lost in this Congress.

I will vote for this legislation today, but it does not do enough to address this problem. All of us have watched these crime investigators sift through the debris from a bombing, looking for clues in the tiniest spaces and, yet, they are denied today a vital tool.

Mr. SHUSTER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we do not know yet what brought down TWA 800. But of course the probabilities are that it was a bomb. We do not know who planted the bomb at the Olympics. Maybe it was somebody mentally deranged, maybe a terrorist. We do not know yet who killed our troops in Saudi Arabia, but that clearly was an act of terrorism.

We do not need to know all the answers to these questions to know that the American people expect action now, and this bill responds to that demand from the American people.

This bill is not a panacea. It is but a step in the right direction. Indeed, with regard to the aviation security provisions of this bill, once again, these have been crafted in a bipartisan basis, working with my colleagues, particularly the ranking member of our committee, the gentleman from Minnesota [Mr. OBERSTAR]. The majority and the minority have been full partners in crafting the aviation security provisions for this bill.

We need to emphasize that today there are serious gaps in our aviation security system. Even though we have passed several pieces of legislation in the past dealing with security, we need to focus more attention on bomb detection capabilities and, indeed, an awful lot yet remains to be done. So this bill is but a step in the right direction.

Mr. Speaker, I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. OBERSTAR. Mr. Speaker, I yield myself 1½ minutes.

Mr. Speaker, on Christmas Eve 1988, nearly Christmas Eve, the world of aviation as we know it changed. People had felt secure against skyjackings from the time in the late 1960's when we were experiencing one skyjacking every 2 weeks.

Then the United States required the installation of metal detectors and x-ray machines at major airports to screen passengers and their carry-on baggage and skyjackings dropped off the horizon as a threat to aviation in the domestic United States. But with the devastation of Pan Am 103, in which 270 people died, people from 21 countries besides the United States, the world of aviation changed. The new threat was terrorist acts against the flag of the United States.

In the aftermath of Pan Am 103 a commission was created by this Congress, in cooperation with the Bush administration, to look into the causes and recommend actions to be taken to make aviation more secure. We have in place a strong law to protect against terrorist actions. We must understand that we are operating now in a world in which aviation is the target of State-sponsored terrorism, and the American flag and American air carriers and American passengers are its targets.

Mr. Speaker, we must enact strong legislation. I will deal with that later in my further remarks.

Mr. SHUSTER. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. DUNCAN].

Mr. DUNCAN. Mr. Speaker, I rise in strong support of this legislation.

Over the years our Nation has become accustomed to terrorism and acts of violence in other countries. But recent tragic events here at home, in our great Nation, have underscored the fact that we live in a dangerous world—and that we too are vulnerable to terrible acts of violence more and more every day.

The World Trade Center, Oklahoma City, Atlanta, and the possibilities of TWA flight 800 being blown out of the sky by a bomb, all of these have brought terrorism to the forefront of our society.

The American people are demanding, and they deserve, every amount of reasonable protection from acts of violence and terrorism that the Federal Government can muster.

Mr. Speaker, the Aviation Security and Antiterrorism Act makes several needed improvements to our Nation's aviation security system. This legislation will require bomb-sniffing dogs to be used at the 50 largest airports in the Nation.

It directs the Federal Aviation Administration to deploy the best available bomb detection equipment at airports here at home—similar to equipment that is now being used at several airports in Europe and Israel.

The bill also requires airport baggage screeners to undergo in-depth security background checks before they are hired. We should require that all these airport security people be U.S. citizens.

And, among many other provisions, the bill also directs the FBI to work closely with the FAA on security measures at our Nation's airports.

Mr. Speaker, as the Chair of the Aviation Subcommittee, I wholeheartedly support this legislation. It addresses needed improvements in aviation security that I believe a majority of Americans will support. It is a good bill, a responsive bill, and I urge every Member to support it.

Mr. CONYERS. Mr. Speaker, I yield 30 seconds to the gentleman from North Carolina [Mr. HEFNER], a member of the Committee on Appropriations.

Mr. HEFNER. Mr. Speaker, this just shows how far we are into a political campaign. Here we have a bill that nobody knows anything about, that does nothing and, if you vote against it, you are going to have commercials run against you that say you are soft on terrorism. In the meantime, nothing is going to happen that deters terrorism.

This is a sad day in our country when people are out there grieving because they have lost loved ones in these terrorist acts, and we are doing something that absolutely does nothing. It is strictly a political document. That is a sad day in this body.

Mr. HYDE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as every one knows I strongly supported enhanced authority for law enforcement to investigate, prosecute, and punish terrorists. Specifically I believe Federal law enforcement ought to have the necessary tools in terrorism cases, tools that are already available in other types of criminal investigations. I am speaking about multipoint wiretaps, temporary emergency wiretaps and pen registers and trap and trace devices.

In the first session of this Congress, I introduced the Comprehensive Antiterrorism Act of 1995, H.R. 1710, which did contain all of these features. My bill was approved by the Committee on the Judiciary June 20, 1995 by a bipartisan vote of 23 to 12. Unfortunately, some of these key elements were stricken from the final version of the law that was signed by the President on April 24 of this year.

Today I have introduced similar legislation in the House of Representatives as H.R. 3960, the Antiterrorism Law Enforcement Enhancement Act of 1996. It is cosponsored by the gentleman from Michigan, Mr. JOHN CONYERS, the gentleman from Florida, Mr. BILL MCCOLLUM, and the gentleman from New York, Mr. CHUCK SCHUMER.

Among other things, it would expand authority for multipoint wiretaps, allow pen registers and trap and trace devices in counterintelligence cases and authorize temporary emergency wiretaps in terrorism cases.

□ 1530

Obviously H.R. 3960 is a bipartisan initiative to make it clear we intend to continue the effort to bring about the kind of law enforcement enhancements necessary to effectively confront the terrorist threat in our country. The recent events, TWA flight 800 and the bombing at the Centennial Olympic Park in Atlanta, are examples why Federal law enforcement needs these enhanced authorities.

Now I want to say the legislation before us, H.R. 3953, does contain some very positive features which will assist us in countering terrorism. Section 201 adds terrorist offenses as RICO predicates. Section 202 provides increased penalties for violations of the Privacy Act and for the unauthorized disclosure of information obtained through a wiretap. Section 205 provides for a study of taggants in black and smokeless powder under the auspices of the National Institute of Justice. Section 206 authorizes the establishment of a National Commission on Terrorism.

One important aspect of this issue, that is not part of the bill we are considering this afternoon is funding for digital telephony. This is a pivotal element of the antiterrorism effort that will enable the FBI, the DEA, and other Federal law enforcement agencies to deal with the changing technology in telecommunications. The funding is contained in the Commerce, State, and Justice appropriations bill. Specifically, it will give law enforcement access to digital and fiber-optic telephone technology for criminal investigation purposes. I must admit I have concerns about the implementation plan that is required of the FBI by the language in the appropriations bill. We are not against requiring the FBI to provide Congress with a plan, detailing how they expect to proceed but we did not want to have language in the law which would interfere with the prompt implementation of the digital telephony statute.

Again, Mr. Speaker, this is very helpful legislation. But, I do want to again stress that I consider H.R. 3953 to be the beginning and not the end of this effort. The bottom line is that more needs to be done to provide Federal law enforcement with the kind of enhanced tools and authorities they need to effectively deal with the threat of terrorism in the United States and abroad.

Mr. Speaker, I reserve the balance of my time.

Mr. CONYERS. Mr. Speaker, I associate myself with the remarks of the distinguished chairman of the Committee on the Judiciary, and I yield 2 minutes to the gentleman from North Carolina [Mr. WATT], an indefatigable member of the Committee on the Judiciary.

Mr. WATT of North Carolina. Mr. Speaker, I thank the ranking member for yielding this time to me, and I may not take 2 minutes.

I want to express my disappointment, Mr. Speaker, that we are missing an opportunity to deal with a serious issue by playing politics with it. If we had come together and tried to deal with this issue in a way that the American people deserve to have it dealt with, I think we would have a much, much better bill on the floor today rather than this bill, which all of us will go out and say deals with terrorism but all of us, deep in our hearts and minds, really know does not serve the purpose.

The litmus test for terrorism legislation, it seems to me, if we are responding to what happened in New York and what happened in Atlanta, is, can we craft some legislation that would have had an impact had it been in place at the time those tragedies occurred?

I do not think we can say yes to that inquiry when we look at this legislation. The part of the legislation that, had we put it in the bill, would have dealt with the Atlantic situation, would have been the tagging or taggants which would help identify the powder that was used in the Atlanta situation, and we have the capacity to do that. We are missing that opportunity by saying we are going to put this aside and do a study on this issue which has been studied time after time after time. We should be disappointed in ourselves in this legislation.

I am not going to vote against the legislation. But it is so far below what we could have gotten if we had just worked together in this body.

Mr. SHUSTER. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I thank the gentleman for yielding this time to me.

We have reached the stage in our history now where everyone must recognize that airport security and antiterrorism issues are matters for national security. Therefore any little thing that we can do to tighten up security at our air facilities and to move against terrorists on every front, giving as much authority as we can to our law enforcement agencies, is not just a plus for antiterrorist activity but also, I repeat, in the interest of national security.

There should not be one negative vote on this bill, not one, because if we result in this bill in securing an airport, just one airport in our country, it is worth a "yes" vote. So let us not criticize what could have been in the bill or what might have been in the bill. This will strengthen our airports. That is enough for a "yes" vote from very Member of the Congress.

Mr. OBERSTAR. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Maryland [Mr. HOYER].

Mr. CONYERS. Mr. Speaker, I yield 1 additional minute to the distinguished gentleman from Maryland.

The SPEAKER pro tempore (Mr. HASTERT). The gentleman from Maryland [Mr. HOYER] is recognized for 2 minutes.

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding this time.

In October of 1995 a demented person or persons, because of an alleged grievance, killed 168 innocent human beings. Terrorism is a problem and terrorism must be dealt with, met and defeated.

Like every other Member of this body, I presume I will vote for this legislation.

The gentleman from Pennsylvania says if it goes one centimeter forward to make us more secure it is perhaps worth voting for, and in my perception it does not harm and therefore is worth voting for.

But it is a shame, my colleagues, that we did not, as the distinguished gentleman from Illinois said so correctly back in March and repeats today, that we did not take definitive, effective action to enhance our ability to determine who is likely to commit a terrorist act so that we are not responding to that act to determine who killed one or a hundred or a thousand innocent people.

I would urge the individuals in the majority party who have the control and who have presented this to us, frankly, on very short notice, to work in a bipartisan fashion under the leadership of the chairman of the Committee on the Judiciary, the distinguished gentleman from Illinois [Mr. HYDE] to respond effectively and confront those who are demented and who would attack and kill and make less secure this great land.

In closing, let me say as an aside that I would hope we would also focus in the airport security with the dogs, on the ATF's current capability, and make sure that that is fully utilized now and in the future.

Mr. COX of California. Mr. Speaker, I yield 1 minute to the gentleman from San Diego, CA [Mr. CUNNINGHAM], the distinguished expert member of the Committee on National Security.

Mr. CUNNINGHAM. Mr. Speaker, you want real tooth and nail to really vote for the bill. A lot of us fly a lot, and I am an aviator myself, and in this bill it gives the FBI the authority and the power to protect our airways. It strengthens the security at airports, and under the RICO statutes terrorists will fall under the same kind of stringent examination that our racketeers do.

Let me tell my colleagues about a problem. This body and the Senate mandated to the President that he not ship arms to Bosnia. There are over 12,000 Mujahidin, Hamas and Jihad fighters in Bosnia, and I talked to intel. They are real concerned that those weapons are going to end up all over the world now. Did we forget that the World Trade Center was blown up by a Hamas terrorist and a cleric?

We need to put some tooth in our bill, not just this one, but down the line. The real challenge is to start here and let us work together and finish the rest.

Mr. HYDE. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Georgia [Mr. BARR].

Mr. BARR of Georgia. Mr. Speaker, what America has done this past week and what we in the Congress have done this past week is precisely what we should do this past week, and that is to roll up our sleeves, look at the problem, do what can be done now and leave for another day more study and action later on other matters, but not to leave things lying.

This is important legislation that is meaningful legislation and it is balanced legislation. It contains no new wiretapping authority whatsoever. There is no ill-advised, precipitous mandated taggant requirement that could pose a danger to industry and to law enforcement officers. There is no authority for the Government to obtain records without court order. There is no authority for Government to gain access to private encryption keys for computers.

What the bill does do is, it institutes real, meaningful, substantive security measures that will benefit the American people immediately. It forces the administration to do what it should have done already. This is good legislation, it is conservative legislation, and I urge colleagues on both sides of the aisle, of all political persuasions, to support this meaningful legislation today.

Mr. CONYERS. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. SCHUMER], ranking member of the Committee on the Judiciary, former chairman of the Subcommittee on Crime and now presently ranking member of the subcommittee.

Mr. SCHUMER. Mr. Speaker, I thank the gentleman from Michigan not only for the time but for his yielding.

This is a pretty sad day in this Chamber. We are going to have a unanimous vote for this bill. The unanimity speaks to the fact that we have put together a series of noncontroversial cats and dogs that do a little but not what we should do against terrorism.

I just hope that some of the families of people who lost their lives in Oklahoma City, on TWA Flight 800, in Atlanta, are not watching today because we know that they want us to do all we can to fight terrorism. We know that law enforcement has told us they need multipoint wiretaps and taggants, and we know that in an act that some would say is politics and others would call much worse, those on the other side took those out. They were unable to just have the guts to say, "We do not believe in those."

Many on the other side are doing what they think is right. Some on the other side do not have the guts to admit that they have eviscerated what we should do about terrorism and instead put up a series of smokescreen proposals, none of which are objectionable but only one of which does anything real to fight terrorism, and that would have passed here within the next few months anyway in terms of airport security.

So what we have today, my colleagues, is something that belies what is wrong, that explains what is wrong with this Chamber, and that is the inability of the broad membership both of this body and probably of the country to pull together and do what is needed when we face problems, enemies, and now sometimes even crises. What we are doing here is an act at best of deception and at worse of cowardice.

☐ 1545

This is not a game. We are going to have other terrorist incidents that affect us. Once again the head of the FBI would say, "I wish we had those multipoint wiretaps. I wish we had taggants so that incident might not have occurred." Then perhaps once again we will all gather together in a group and we will debate for 3 days in a little conference room what we should do.

I pray to God that the result is not the same as what happened the last two times: We end up with a hodgepodge of proposals, unstudied, unexamined, and at best, marginally effective, and ignore what should be done. Shame on us. We should be doing much, much more.

Mr. HYDE. Mr. Speaker, I am honored to yield 1 minute to the distinguished gentleman from Florida [Mr. MCCOLLUM], chairman of the Subcommittee on Crime of the Committee on the Judiciary.

Mr. MCCOLLUM. Mr. Speaker, contrary to my good friend, the gentleman from New York, CHUCK SCHUMER's comments, my judgment is this is a very fine bill. It is one that is long overdue as a supplement to the terrorism bill we passed in April. We must as a nation unite together to fight terrorism. It is one of the three or four major criminal and international concerns of this Nation as we move into the 21st century.

There are going to be lots of debates over the specific provisions of how we go about doing this. Yes, I believe we ought to have multipoint wiretap sources for the FBI to be able to tap more telephones, to get at these terrorists. But there are a lot of other things we need and they are in this bill today. There are going to be more things down the road. We are going to have hearings on the wiretap in our Committee on the Judiciary in the next month when we come back. I believe we will produce much more substantive legislation in addition to this as we go through this process.

Make no mistake, there is really good and important stuff in this bill. It should be enacted today. As the chairman of the Subcommittee on Crime and a member of the Committee on Intelligence, I pledge to my colleagues and friends that we will work diligently to make sure that terrorism is defeated in every possible source and on every possible occasion.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas, Ms. SHEILA JACKSON-LEE, who has done an enormously useful job on the Committee on the Judiciary.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I really rise this afternoon in the name of Alice Stubbs Hawthorne. Who is being funeralized today, who passed at the Olympics along with a Turkish reporter; the victims of Pan American 103; the victims of TWA flight 800; Pam Lyncher, Myra Royal of Pan American 103; and certainly Oklahoma City.

Mr. Speaker, this bill is a wimpish bill. I am saddened to say that the

House Republicans last year shut down the Government in December, and now they are trying to shut us down on our ability to fight terrorism. They have precluded us from having taggants to track the bombs that may have been the cause of these tragic acts. They have refused to harmonize the terrorism laws with criminal laws, a simple gesture.

Mr. Speaker, I would simply say that what we must do, and I hope that our colleagues will comply with what they have just said today, we must go forward. I will vote for this bill, because there are certain airport security provisions that will allow us to detect bomb devices, but we are just beginning. This is a tiny step, and it is not a very large step for Americans, but I am prepared to work to do better. I hope my colleagues will join with me to do better for America.

Mr. Speaker, I must rise to express my views on the Aviation Security and Antiterrorism Act of 1996. While I understand the urgency of strengthening our current antiterrorism laws, I am concerned about the process that the House leadership used to bring this bill to the House floor without considerable input from members of the minority party and the lack of any opportunity to amend the bill. Every Member of Congress wants to end domestic terrorism but we must provide for some debate and careful reflection on this bill before moving forward with provisions that could undermine the traditional civil liberties of all Americans.

There are some good provisions to this bill and some bad provisions. The bill enhances the penalties for Privacy Act violations from a misdemeanor charge to a charge that would lead to imprisonment of not more than 5 years. Additionally, the civil damages for violating the Privacy Act would be increased from $1,000 to $5,000. With respect to disclosures of wiretaps, this bill enhances the criminal penalties to 10 years for such disclosures.

The close monitoring of standards relating to airport security personnel and authorizing additional funds for this purpose is also something that all Members can agree. As a part of the security procedures, however, the Federal Aviation Administration and the Department of Transportation will work closely with the airlines on developing computer-assisted passenger profiles programs. We must make sure that such profiles do not lead to harassment of certain individuals based upon their race, ethnicity or national origin.

I also support the provisions of the bill that require the United States to work with other countries to combat international terrorism. The development of a multilateral sanctions regime against nations that provide support for acts of international terrorism is a good idea.

The bill requires the Department of Justice to order a study relating to using taggants in black and smokeless powder. Taggants have been studied over and over again and many experts believe that taggants are effective. Hopefully, the result of this study will be issued prior to the 1 year deadline. If it is determined that taggants are effective in helping to identify the source of terrorism, it should be implemented as soon as possible.

The addition of terrorist offenses as predicates for prosecution under the racketeering statute [RICO] deserve careful study because we already know that there are some problems in how the RICO statute has been implemented.

Mr. Speaker, I urge my colleagues to carefully examine the provisions of this bill before moving—casting their vote. It is important to reduce the number of terrorist acts and limit the impact of such acts but we must not unduly burden the rights that all Americans have enjoyed over the years.

Mr. OBERSTAR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to clarify a provision of this bill in the expectation this may become law. We want to make sure we do have a clear understanding.

In section 106, is it the chairman's understanding that in the matter of project grants, that grants for the expanded and enhanced security programs provided for in section 106 would be to airport sponsor, just as they are made today under the AIP Program; that such grants would not be made to entities other than airport sponsor, such as airlines or private companies? Is that the gentleman's understanding?

Mr. SHUSTER. Mr. Speaker, will the gentleman yield?

Mr. OBERSTAR. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. That is my interpretation of the language in section 106.

Mr. OBERSTAR. I thank the chairman of the committee.

Mr. Speaker, as I said at the outset during debate on the rule, we on this side may not have been in on the takeoff, because this legislation did sort of take shape and form and get rolling on its own, but we certainly were in on the flight and in on the landing, and have had a role, and I think a very constructive and positive role to play in each stage of the formation of this legislation as far as the aviation security part is concerned.

That is our committee jurisdiction. I want to again express my appreciation to the chairman of the committee, the gentleman from Pennsylvania [Mr. SHUSTER], for his partnership, and the gentleman from California [Mr. COX] for his very constructive intervention role that he played at very important times in the evolution of this piece of the legislation.

Mr. Speaker, I have had a very long involvement with aviation security, going back to the years when I chaired the Subcommittee on Investigations and Oversight with our then-ranking member, now Speaker of the House, the gentleman from Georgia [Mr. GINGRICH]; later, the gentleman from Pennsylvania [Mr. CLINGER]; and I worked very closely on every aspect of aviation security in crafting the basic structural law, the Aviation Security Act of 1990, which was crafted basically by the Pan American 103 commission on which our former ranking member and dear friend, Mr. Hammersmith, and I served.

With that perspective, I would just like to review some of the provisions of this legislation before us now. I think, all in all, this is basically a sound piece of legislation. Section 44913 which is amended in title I, dealing with explosive detection equipment, provides authority for the administrator of FAA to certify for deployment explosive detection devices that are now commercially available but that may not necessarily meet the standards we set for the 1990 Security Act.

That will provide a measure of enhanced performance while we go through, while we, the FAA and DOT, go through the very time-consuming and technical process of certifying very advanced explosives detection technology.

Section 102 deals with criminal background checks for screeners at the Nation's airports. That is not now provided for in current law. I think this is an important step forward. Pan American 103 commissioned in the 1990 Security Act, did not deal with domestic terrorism, it dealt with international acts. This fills an important hole in current security.

I do want to emphasize that this section amends the 1990 Security Act, which provides and requires a 10-year criminal background security check for other airport and airline personnel, and that we are simply folding this addition into that basic legislation.

Mr. Speaker, the section dealing with passenger profiling I think is a good addition. We have clarified the language on section 106, the use of funds to acquire, improve, deploy, and build the facilities necessary to deploy detection devices.

Assessment of cargo I think is very important. The FBI provisions are very good.

I do want to point out for my colleagues that the provision dealing with small airports is going to result in some additional cost for small airports from which passenger aircraft of less than 61 operate, that will require costs for x-ray machines, metal detectors, screeners, and installation costs.

Mr. Speaker, I reserve the balance of my time.

Mr. COX of California. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. SAXTON].

Mr. SHUSTER. Mr. Speaker, I also yield 1 minute to the gentleman from New Jersey.

The SPEAKER pro tempore. The gentleman from New Jersey [Mr. SAXTON] is recognized for 2 minutes.

Mr. SAXTON. Mr. Speaker, let me just begin, and I had to smile when my friend, the gentleman from New York, CHARLIE SCHUMER, and other speakers on this side characterized what the Republican Party is trying to do for national security as wimpish. I do not think anybody takes that as a credible statement.

The provisions of this bill on aviation safety are certainly not wimpish. The provisions on Federal racketeering statutes and the use of them in regard to terrorist acts is not wimpish. The use of enhanced telephone technology to catch terrorists and know what they are doing is not wimpish. This is not a wimpish bill. In fact, it moves in the right direction.

Mr. Speaker, I remember in 1990 then-Secretary of Defense Dick Cheney coming to the Committee on Armed Services and saying, the world is going to change, folks. The Soviet Union, the threats posed by the Soviet Union are going to diminish, and other threats will become more important. He was talking about regional threats and the threats posed by terrorism.

On June 20, 21, and 22 of this year in Tehran a group of international terrorists met in a conference. They formed an organization known as the International Hezbollah, and they vowed to ratchet up terrorist acts against the West, particularly against the United States and our people overseas.

Shortly following that, a murder occurred in Egypt. It was an American diplomat. This organization took credit. Some time after that a bombing occurred in Dharhan at the airport. Nineteen Americans were killed, and they took credit. Shortly after that an airplane fell out of the sky over Long Island, and we do not know yet, but we suspect there may be a connection there as well.

So what this bill does is simply to try to take us in the direction of a more secure situation for our people overseas, our travelers, and our people here at home. For those who think it does not go far enough, fine. We will go further in the next bill. For those who object to a provision of this, it is their right to object. But vote to support this bill which moves in the right direction.

Mr. CONYERS. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. FORBES].

Mr. FORBES. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, this legislation is woefully inadequate. I am sorry to stand here today and say that. But unfortunately, the tragedy that we have witnessed on Long Island, which is in my congressional district, makes me very concerned about what is going on here.

Can we actually look in the eyes of any one of the families suffering through this tragedy and tell them that this legislation would have made their loved ones more secure? I suggest not. This is an unfortunate and inadequate piece of legislation.

Mr. OBERSTAR. In the interests of advancing the cause here, Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore. The gentleman from Minnesota [Mr. OBERSTAR] is recognized for 1 minute and 15 seconds.

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Mr. OBERSTAR. Mr. Speaker, I do so to address the Civil Aviation Security Review Commission provision of this bill, 13 members, 1 year to report. While I support the idea of a commission, I think this is too many people, too long a time to report. The Pan Am 103 commission did its job in 6 months.

In addition, I have some concerns about the amount of money authorized to be spent on this commission. The Pan Am 103 commission developed recommendations in less time, with a much more conservative budget. The Pan Am commission achieved its mandate with a budget of $1 million. The commission in this bill has an authorized budget of $2.4 million. The cost anticipated in connection with the commission in this bill are excessive.

As for what the commission should focus on, I would urge commission members to look closely at the issue of how the financing of improved security equipment and procedures should be handled. Who should be responsible for incurring the cost that are inevitably associated with improving airport security; airports, airlines, the Federal Government?

I very firmly believe that when the commission discussed potential rulemaking in the area of airport security, the resulting recommendations should be normative in nature. Cost benefit analyses should not influence the discussions or recommendations of the Commission. The costs associated with improved airport security must ultimately be considered, but I do not think that it is the role of the commission to do so. The commission must develop and recommend optimal security recommendations and let Congress and the administration weight those recommendations against the costs and inconveniences associated with them.

One issue that must be considered is whether a positive bag match should be required for passengers traveling domestically, as it is currently required on international flights. Again, while there would unquestionably be a significant impact on aviation in domestic markets should such a bag match be imposed, the commission should, to the extent possible, view a required domestic bag match with regard for potential costs or inconveniences.

In closing, there is a question we must pose to the American public, the executive branch, and this body. It is a question of political and personal will. We all want a higher level of airport security. How much is the public willing to pay? How much is the public willing to be inconvenienced? The answer today may be, to paraphrase President Kennedy, "we are willing to pay any price, bear any burden." From experience I know that the answer a year from now will likely be very different. Now is when we must ask the question and formulate the answer.

Mr. Speaker, I urge my colleagues to support this important legislation.

Mr. CONYERS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Washington [Mr. DICKS].

Mr. DICKS. Mr. Speaker, this morning instead of attending a meeting he had requested with the director of Central Intelligence to discuss activities to combat terrorism, the Speaker of the House chose to make some comments which served no purpose other than to undercut bipartisan efforts to pass a meaningful counterterrorism bill. To suggest that our ability to collect human intelligence on terrorists and terrorist organizations had been undermined by the Clinton administration is simply not correct.

Perhaps the Speaker, an ex officio member of the Permanent Select Committee on Intelligence, should reread the committee's report on the fiscal year 1996 intelligence authorization bill. The report stated, "Overall, the Committee believes that the work of the U.S. intelligence agencies against terrorism has been an example of effective coordination and information sharing." The report also noted, "The Committee, in its mark, has provided added support to the Intelligence Community programs focused on the terrorist threat."

The recent report of the Aspin-Brown commission on intelligence also stated, "U.S. intelligence has played key roles in helping other countries identify and/or arrest several notorious terrorists, including Carlos the Jackal in Sudan, the alleged ringleader of the World Trade Center bombing, in the Philippines, the head of the Shining Path terrorist group in Peru, and those involved in the bombing of Pan Am 103."

Mr. CONYERS. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mr. HASTERT). The gentleman from Michigan [Mr. CONYERS] is recognized for 1 minute.

Mr. CONYERS. Mr. Speaker, we began the attempt to do something during the summer recess by meeting with the President of the United States and the White House with our leadership, the ranking member of judiciary, myself, Vice President, Attorney General, FBI Director, and Speaker GINGRICH was so amicable. Now we come to Friday, and he makes this unusually vituperative attack upon the President and misleads the American people on what has been going on here in our attempts to combat antiterrorism.

We know what is happening here, and I hope that we can communicate this to everyone else.

Mr. COX of California. Mr. Speaker, I yield myself the balance of my time.

I will be brief in closing, because I know that several of our colleagues wish to catch airplanes. We had been long scheduled to adjourn today, but just a few days ago the President of the United States asked the Congress, not just the House but the Senate as well, not just Republicans but Democrats to do what we can before we go. As a consequence, a task force of us comprising our leaders, committee chairmen, ranking and majority members in the

Senate and in the house, representatives of the administration, including the President's chief of staff, including the deputy attorney general, including representatives from the FBI, the Department of State, and many executive branch agencies worked here in this Capitol for long days and long nights.

Much has been said about what we disagreed about. In truth, we did disagree about two major items: This House sought to include in this terrorism package a good-faith exception to the exclusionary rule so that the evidence that will convict terrorists makes it into the courtroom. We passed it five times on the floor of this House, but it was not acceptable to our colleagues in the minority, on the Senate side.

So notwithstanding that the good-faith exception to the exclusionary rule that would permit evidence of terrorism to make it into the courtroom has passed this House five times, it is not included in this legislation; neither is wiretapping legislation that has passed the Senate but has not passed this body. We were charged with a very specific task, and that is to do as much as we can agree upon before we leave and to do so, obviously, under procedures that require unanimous consent in the other body and require us to bring it up under suspension of the rules here.

Rather than dwell upon the two things that we disagreed on, we ought to dwell on the score of things that we did agree upon, because there is much good in this legislation.

As a result of this bill, the Federal Aviation Administration will have immediate authority to put in place performance standards for security personnel at our airports. The FBI does not presently do threat and vulnerability assessments at our riskiest airports such as JFK in New York, but as a result of this bill they will have the immediate authority to do so.

As a result of this bill, airport improvement funds are authorized to be used to fight terrorism and to provide security in our air transport against terrorism.

As a result of this bill, we will now give our criminal prosecutors in our Federal courts the same tools to fight terrorists they use to fight racketeers and organized crime. I want to thank my colleagues, Democrats and Republicans, in the House and in the Senate, and in the administration for the hard work that we have done to bring us to this point. This is amazing good work. It comes after long hours and late nights. Yes, it comes after the imposition of virtually an unreasonable deadline. But we persisted and we should be proud of this result.

Let us also say as we go out to campaign, in some cases against one another in very partisan races, that in this we are united, because this is as close as the 104th Congress will come to dealing with real war. This is America's war against global terrorism. Is this the last time we will address it? Absolutely not. It will require persistence and eternal vigilance. Is this the best that we can do today? Absolutely. We have every right to be proud of it and every reason to vote for it. I urge my colleagues to vote "aye" on this Aviation Security and Antiterrorism Act of 1996.

Mr. DEFAZIO of Oregon. Mr. Speaker, I have grave concerns with the efficacy of the Federal Aviation Administration's measures to combat terrorism aimed at aviation targets. Over the past decade I have made these concerns known to both present and past administrators at the FAA. We need to address these issues through comprehensive and well thought out legislation. If this bill is a good faith attempt to pass stop-gap-type legislation that we can reconsider and perfect in September, then I support this effort. However, if this legislation is being hailed as the ultimate solution to a serious problem, then this bill is clearly a sham.

I understand the desire on the part of many Members of Congress to react swiftly to recent tragedies such as the bombing in Atlanta last week and the downing of TWA Flight 800 last month. We are all anxious to adopt strong security measures to try and correct any current deficiencies in aviation security. But we have had plenty of opportunities to review this type of legislation. I supported many of the measures recommended after the Lockerbie tragedy that have never been adopted by the FAA. For example, we should have adopted recommendations mandating screening of security personnel and development of bomb resistant cargo containers in conjunction with prompt deployment of effective bomb screening devices. However, the United States remains years behind schedule in adopting these proposals.

Aviation security is a serious matter concerning the life or death of our citizens. It is far too serious to deal with in a slapdash bill thrown together by Republican staff behind closed doors in a 24-hour period. There are some provisions in this bill that I fully support and do not find objectionable. I am pleased that the bill recommends a commission on airline safety and security, although this seems to be duplicative of the recently created Gore commission. Some provisions are well intentioned but not practicable. There are other provisions that are outright counterproductive.

We should not rush to a vote on this legislation on the pretext that this is the most comprehensive effective step we can take to combat terrorism particularly if it precludes more thoughtful legislation in September.

Mr. LAZIO of New York. Mr. Speaker, although I rise today in support of this bill, I must admit to experiencing, as Yogi Bera once put it, deja vu all over again. This past spring we passed and the President signed a compromise antiterrorism bill which I supported. There were several provisions that were removed from that legislation that I would have preferred remain, and I am disappointed that they are not included in this bill today.

Rather, the proposal we are considering today only goes part of the way in providing law enforcement the tools they need to combat this threat of terrorism. The expanded law enforcement provisions that were originally reported out of the Judiciary Committee, which are not being considered here today, are not inconsistent with our constitutional protections.

Instead, they are a measured response to a specific and increasing threat. The truth is that as terrorists are becoming more sophisticated, there are some of my colleagues who believe we should unilaterally disarm ourselves, rather than improve our antiterrorism capabilities.

Providing physical security is, as it should be, the first order of business of any government. The preamble to the U.S. Constitution states that the foundational reason the Federal Government formed is to establish justice and insure domestic tranquility. Congress has in the past provided law enforcement additional tools in order to meet specific threats when conventional methods were insufficient, within constitutional limitations.

Although I believe that the provisions in this bill regarding aviation security are laudable, and some of the antiterrorism provisions would be helpful, overall the remedies contained in this bill are, quite frankly, a drop in the bucket.

For example, this bill calls for a separate study of black and smokeless powder that will be relegated to the ash heap of other Government studies. Instead, the bill should include these items as part of the comprehensive study of explosives that is already provided for by the antiterrorism law we passed in April, and regulations should be implemented as soon as possible.

At this point in time, we still do not know the cause of the tragedy of Flight 800 off the southern shore of Long Island. But we are certainly aware of the acts of terrorism that occurred in Saudi Arabia, and most recently at the Olympic games in Atlanta. How many more terrorist incidents do we need before we take the steps needed to more fully protect the public? I sincerely wish that this bill was tougher, and that public policy interests were paramount.

Mr. LINDER. Mr. Speaker, I rise in support of this rule that will permit us to bring a number of modest antiterrorism provisions to the House floor under suspension of the rules. These proposals will provide a short-term response to concerns raised from the bombings at Oklahoma City, the Word Trade Center, Saudi Arabia, and the involvement of terrorism in the recent explosion at Centennial Olympic Park and, possibly, TWA flight 800.

We remain vulnerable to random, cowardly attacks; and we have a duty to reassure our citizens that we will ensure domestic tranquility and protect every American's civil liberties. The terrorist's goal is to undermine free society, and we must not capitulate by infringing upon the constitutionally guaranteed rights of our citizens.

The President met with congressional leaders to discuss initiatives to combat terrorism. President Clinton supported a number of overreaching provisions that would have slowed the progress of its passage in the House. These proposals included increasing the wiretap capability of Federal law enforcement officers and mandating taggants. These proposals were controversial because of concerns about the serious constitutional questions they raised. We were able to delete from the bill the more troublesome suggestions, and we have before us a bill that will receive overwhelming support from the House.

We have already appropriated increased funds and passed an antiterrorism bill in this Congress. However, the President has asked us to pass additional provisions before we go home for the District work period. The House wanted to act before the August recess on the provisions generally agreed upon by a consensus of the House, and the Suspension of the Rules process is the procedure that permits us to achieve this goal. The rule instituting a suspension of the rules procedure is not the best possible situation; but it does require two-thirds majority for passage, it expedites the passage of the bill, and it assures that these important measures will pass the House before our August adjournment.

I am pleased that the bill urges the President to secure multilateral sanctions against international terrorist states, creates a commission to review all aspects of this Nation's terrorism policies, and requires the implementation of past legislation freezing the assets of foreign terrorist organizations and removing aliens convicted of a crime. We also reaffirm our disdain for the misuse of Federal power by including an important provision that increases the penalty for criminal violations of the Privacy Act from a misdemeanor to a felony, increases the minimum penalty for civil violations of the Privacy Act, and increases the punishment for unlawful disclosure of wiretap information from 5 to 10 years.

We can also utilize new products to further protect our airports. To date, the investigation into the recent crash of TWA flight 800 in New York has not yet recovered conclusive evidence that the plane was brought down by an explosive device. However, the incident renewed concerns that this Nation has not elevated its security measures at domestic airports to keep up with advancements in technology. This legislation enables domestic airports to aggressively search for and prevent explosives from causing destruction through enhanced explosive detection procedures and baggage screening.

I support the rule that will bring this bill to the House floor today under suspension of the rules. This is an important bill that has wide bipartisan support, and I support its swift passage.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. COX] that the House suspend the rules and pass the bill, H.R. 3953.

The question was taken.

RECORDED VOTE

Mr. COX of California. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 389, noes 22, not voting 22, as follows:

[Roll No. 401]

AYES—389

Abercrombie
Ackerman
Andrews
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Bliley
Blute
Boehlert
Boehner
Bonior
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (FL)
Brown (OH)
Bryant (TN)
Bryant (TX)
Bunn
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Chapman
Chenoweth
Christensen
Chrysler
Clay
Clayton
Clement
Clyburn
Coble
Coleman
Collins (GA)
Collins (IL)
Collins (MI)
Combest
Conyers
Cox
Coyne
Cramer
Crane
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
de la Garza
Deal
DeLauro
DeLay
Dellums
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Dornan
Doyle
Dreier
Duncan
Dunn
Durbin
Edwards
Ehrlich
Engel
English
Ensign
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Flanagan
Foglietta
Foley
Forbes
Fowler
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frisa
Frost
Funderburk
Furse
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Hansen
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoke
Holden
Horn
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnson, Sam
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kingston
Kleczka
Klug
Knollenberg
Kolbe
LaFalce
Lantos
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lightfoot
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McDermott
McHale
McHugh
McInnis
McIntosh
McKeon
McKinney
McNulty
Menendez
Metcalf
Meyers
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Montgomery
Moorhead
Moran
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Pastor
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quinn
Rahall
Ramstad
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Royce
Rush
Sabo
Salmon
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Spence
Spratt
Stark
Stearns
Stokes
Studds
Stump
Stupak
Talent
Tanner
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Torres
Torricelli
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Williams
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Zeliff
Zimmer

NOES—22

Allard
Bonilla
Bono
Coburn
Cooley
Costello
Ehlers
Hefley
Hoekstra
Hostettler
Klink
LaHood
Mollohan
Murtha
Myers
Radanovich
Sanford
Scarborough
Souder
Stockman
Tiahrt
Young (AK)

NOT VOTING—22

Beilenson
Bishop
Blumenauer
Brownback
Bunning
Clinger
Condit
DeFazio
Deutsch
Dickey
Ford
Gunderson
Lincoln
McCrery
McDade
Meehan
Meek
Morella
Quillen
Stenholm
Torkildsen
Young (FL)

□ 1626

The Clerk announced the following pairs:

On this vote:

Mrs. Morella and Mr. Deutsch for, with Mr. DeFazio of Oregon against.

Mr. POMBO and Mr. CRAPO changed their vote from "no" to "aye."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CONDIT. Mr. Speaker, I was unavoidably detained during rollcall vote No. 401. Had I been present, I would have voted "aye."

PERSONAL EXPLANATION

Mr. DEUTSCH. Mr. Speaker, I missed two rollcall votes earlier today because I was unavoidably detained. Had I been present, I would have voted "no" on rollcall vote No. 400 and "yes" on rollcall vote No. 401, the House antiterrorism bill.

PERSONAL EXPLANATION

Mr. CLINGER. Mr. Speaker, earlier today, I was unavoidably detained and missed rollcall No. 401, final passage of the bipartisan antiterrorism initiative. Had I been present, I would have voted "aye."

□ 1630

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3953, AVIATION SECURITY AND ANTITERRORISM ACT OF 1996

Mr. COX of California. Mr. Speaker, I ask unanimous consent that, in the engrossment of the bill, H.R. 3953, the Clerk be authorized to correct section numbers, cross-references, and punctuation, and to make such stylistic, clerical, technical, conforming, and other changes as may be necessary.

The SPEAKER pro tempore (Mr. HASTERT). Is there objection to the request of the gentleman from California?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. BONIOR asked and was given permission to address the House for 1 minute.)

Mr. BONIOR. Mr. Speaker, I take this time in order to engage the gentleman from Texas [Mr. ARMEY], the majority leader, in a colloquy regarding the schedule for today and the remainder of the day.

Mr. ARMEY. Mr. Speaker, will the gentleman yield?

Mr. BONIOR. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, we have had our last vote, and I am pleased to announce that the House has concluded its legislative business for the week. Members are, have been already, proceeding to their homes for their August district work period.

Mr. Speaker, I am sure I speak for both the distinguished gentleman from Michigan and myself in wishing them Godspeed on this trip home.

As we head into the August district work period today, I think it is important to reflect on our accomplishments of the past week. Working in a bipartisan manner, this Congress has passed comprehensive welfare reform, guaranteed that health care will be both portable and affordable, and ensured that our Nation will have the cleanest, safest drinking water in the world.

After our long-awaited August break, we will return to work on Wednesday, September 4, at 12 noon and hold votes that day after 5 p.m. Consistent with our unanimous-consent agreement of last evening, the House will consider a number of bills under suspension of the rules on September 4, 1996.

Members should be advised that a list of suspensions will be prepared and distributed by August 21. On Thursday, September 5, and Friday, September 6, we hope to take up H.R. 3308, the United States Armed Forces Protection Act, which will be subject to a rule. We also expect to go to conference on the immigration bill and consider any appropriations conference reports that may be available.

We expect to finish our work that week by 2 p.m. Friday, September 6.

Mr. Speaker, I thank the gentleman for yielding me this time and wish him an enjoyable August work period.

Mr. BONIOR. Mr. Speaker, reclaiming my time, I would say the same to my friend from Texas, and I thank him for the information.

ELECTION OF MEMBER TO COMMITTEE ON AGRICULTURE

Mr. ARMEY. Mr. Speaker, I offer a resolution (H. Res. 509) and I ask unanimous consent for its immediate consideration.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

H. RES. 509

Resolved, That the following named Member be, and he is hereby, elected to the following standing committee of the House of Representatives:

Committee on Agriculture: Mr. FUNDERBURK of North Carolina.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, SEPTEMBER 4, 1996

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday rule be dispensed with on Wednesday, September 4, 1996.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING THE SPEAKER AND MINORITY LEADER TO ACCEPT RESIGNATIONS AND MAKE APPOINTMENTS, NOTWITHSTANDING ADJOURNMENT

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that notwithstanding any adjournment of the House until Wednesday, September 4, 1996 the Speaker and the minority leader be authorized to accept resignations and to make appointments authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

GRANTING ALL MEMBERS OF THE HOUSE PRIVILEGE TO EXTEND AND REVISE REMARKS IN CONGRESSIONAL RECORD TODAY

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that for today all Members be permitted to extend their remarks and to include extraneous material in that section of the RECORD entitled "Extensions of Remarks."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DESIGNATION OF HON. FRANK R. WOLF AND HON. CONSTANCE A. MORELLA TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH WEDNESDAY, SEPTEMBER 4, 1996

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
August 2, 1996.

I hereby designate the Honorable Frank R. Wolf, or, if not available to perform this duty, the Honorable Constance A. Morella to act as Speaker pro tempore to sign enrolled bills and joint resolutions through Wednesday, September 4, 1996.

NEWT GINGRICH,
Speaker of the House of Representatives.

The SPEAKER pro tempore. Without objection, the designations are agreed to.

There was no objection.

DIRECTING THE CLERK TO MAKE CORRECTION IN ENROLLMENT OF H.R. 3103, HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996

Mr. THOMAS. Mr. Speaker, I offer a concurrent resolution (H. Con. Res. 208) directing the Clerk of the House of Representatives to make a correction in the enrollment of H.R. 3103, and I ask unanimous consent for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. STARK. Reserving the right to object, Mr. Speaker, and I shall not object, but I would like to engage the distinguished subcommittee chair from California in a brief colloquy and ask if he would explain what this modest change in the bill does.

Mr. THOMAS. Mr. Speaker, if the gentleman will yield, my understanding is that this change removes the item that was added dealing with the particular drug used in the treatment of arthritis which would have created an equity under the Patent Code with another drug that had been given privileged treatment in an earlier piece of legislation that had passed.

My understanding is that the attempt to provide this particular drug with equity under the patent law had been tried in a previous Democratic Congress, including a number of measures, and they all failed. The assumption was, this would be an appropriate route.

I will tell the gentleman, apparently with the concurrent resolution in front of us, there was a conclusion on the Senate side that it was not the appropriate route.

Mr. STARK. Further reserving the right to object, I thank the gentleman for his explanation.

Further reserving the right to object, Mr. Speaker, under that reservation I would like to congratulate the distinguished gentleman from California, the subcommittee chairman of the Subcommittee on Health of the Committee on Ways and Means for his work in completing this bill.

The only reason I could possibly think of to object would be so that I could then be recorded voting in favor of it, but I will not take the time of this body except to add my congratulations and to say that I am glad this was done.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 208

Resolved by the House of Representatives (the Senate concurring), That, in the enrollment of the bill (H.R. 3103), to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, the Clerk of the House of Representatives shall make the following correction:

Strike subtitle H of title II of the bill and the items corresponding to such subtitle in the table of contents of the bill in section 1(b).

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

HOUSE OF REPRESENTATIVES ADMINISTRATIVE REFORM TECHNICAL CORRECTIONS ACT

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2739) to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes, with Senate amendments thereto and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Senate amendments:

Page 2, in the table of contents, strike out: "Sec. 107. Cafeteria plan provision."

Page 2, in the table of contents, strike out "108" and insert "107".

Page 2, in the table of contents, strike out "109" and insert "108".

Page 14, strike out lines 1 through 23.

Page 15, line 1, strike out "108" and insert "107".

Page 16, line 1, strike out "109" and insert "108".

Mr. THOMAS (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. FAZIO of California. Reserving the right to object, Mr. Speaker, and I will not object, I would like to yield to my friend, the gentleman from California [Mr. THOMAS], to describe his request.

Mr. THOMAS. Mr. Speaker, this is the Administrative Reform Technical Corrections Act. We passed it back in March, March 19, as a matter of fact. The Senate passed the bill June 28. They added one amendment to section 107 of the bill. The purpose of this unanimous-consent request is to agree to that Senate amendment.

Mr. FAZIO of California. Reclaiming my time, Mr. Speaker, the minority has no problem with the legislation before us or any of the other four resolutions that the gentleman will present, and we would certainly not object to their adoption at this time.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from California?

There was no objection.

A motion to reconsider was laid on the table.

APPROVING REGULATIONS TO IMPLEMENT PROVISIONS OF THE CONGRESSIONAL ACCOUNTABILITY ACT OF 1995

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the Committee on House Oversight and the Committee on Economic and Educational Opportunities be discharged from further consideration of the resolution (H. Res. 504) approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to employing offices and covered employees of the House of Representatives, and for other purposes, and asked for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 504

Resolved,

SECTION 1. APPROVAL OF REGULATIONS.

(a) IN GENERAL.—The regulations described in subsection (b) are hereby approved insofar as such regulations apply to employing offices and covered employees of the House of Representatives under the Congressional Accountability Act of 1995 and to the extent such regulations are consistent with the provisions of such Act.

(b) REGILATIONS APPROVED.—The regulations referred to in subsection (a) are the regulations issued by the Office of Compliance on July 9, 1996, under section 220(d) of the Congressional Accountability Act of 1995 to implement section 220 of such Act (relating to the application of chapter 71 of title 5, United States code), as published in the Congressional Record on July 11, 1996 (Volume 142, daily edition), beginning on page H7454.

SEC. 2. ADOPTION OF REGULATIONS RELATING TO HEARING OFFICERS.

The Board of Directors of the Office of Compliance shall adopt regulations (in accordance with section 304 of the Congressional Accountability Act of 1995) to implement the requirement that the Board refer any mater under section 200(c)(1) of such Act which relates to employing offices and covered employees of the House of Representatives to a hearing officer.

Mr. THOMAS. Mr. Speaker, on July 9, 1996, the Board of Directors of the Office of Compliance adopted final regulations to implement the Federal Service Labor-Management Relations statutes under section 220(d) of the Congressional Accountability Act. House Resolution 504 approves the regulations applicable to the House, to the extent that such regulations are consistent with the act. The resolution further directs the Board to adopt supplemental regulations to implement the requirement in section 220(c)(1) of the act that all matters relating to Federal Labor Relations be referred to a hearing officer. Regulations relating to section 220(e) of the act have not yet been adopted by the Board.

The resolution was agreed to.

A motion to reconsider was laid on the table.

APPROVING CERTAIN REGULATIONS TO IMPLEMENT CONGRESSIONAL ACCOUNTABILITY ACT OF 1995

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the Committee on House Oversight and the Committee on Economic and Educational

Opportunities be discharged from further consideration of the concurrent resolution (H. Con. Res. 207) approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to covered employees, other than employees of the House of Representatives and employees of the Senate, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 207

Resolved by the House of Representatives (the Senate concurring),

SECTION 1. APPROVAL OF REGULATIONS.

(a) IN GENERAL.—The regulations described in subsection (b) are hereby approved, insofar as such regulations apply to covered employees under the Congressional Accountability Act of 1995 (other than employees of the House of Representatives and employees of the Senate) and to the extent such regulations are consistent with the provisions of such Act.

(b) REGULATIONS APPROVED.—The regulations referred to in subsection (a) are the regulations issued by the Office of Compliance on July 9, 1996, under section 220(d) of the Congressional Accountability Act of 1995 to implement section 220 of such Act (relating to the application of chapter 71 of title 5, United States Code), as published in the Congressional Record on July 11, 1996 (Volume 142, daily edition), beginning on page H7454.

SEC. 2. ADOPTION OF REGULATIONS RELATING TO HEARING OFFICERS.

The Board of Directors of the Office of Compliance shall adopt regulations (in accordance with section 304 of the Congressional Accountability Act of 1995) to implement the requirement that the Board refer any matter under section 220(c)(1) of such Act which relates to covered employees (other than employees of the House of Representatives and employees of the Senate) to a hearing officer.

Mr. THOMAS. Mr. Speaker, House Concurrent Resolution 207 accomplishes the same purpose as the resolution just agreed to with respect to regulations applicable to the Capitol Guide Board, the Capitol Police Board, CBO, the Architect, the Attending Physician, and the Office of Compliance.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR JOINT CONGRESSIONAL COMMITTEE ON INAUGURAL CEREMONIES

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 47) to provide for a Joint Congressional Committee on Inaugural Ceremonies, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 47

Resolved by the Senate (the House of Representatives concurring), That a Joint Congressional Committee on Inaugural Ceremonies consisting of 3 Senators and 3 Representatives, to be appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, is authorized to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States on the 20th day of January 1997.

Mr. THOMAS. Mr. Speaker, Senate Concurrent Resolution 47 provides for a Joint Congressional Committee on Inaugural Ceremonies which will be authorized to make the necessary arrangements for the inauguration of the President-elect and Vice President-elect of the United States on January 20, 1997.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

AUTHORIZING USE OF ROTUNDA ON JANUARY 20, 1997, IN CONNECTION WITH INAUGURATION CEREMONIES OF PRESIDENT-ELECT AND VICE-PRESIDENT-ELECT

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 48) authorizing the rotunda of the U.S. Capitol to be used on January 20, 1997, in connection with the proceedings and ceremonies for the inauguration of the President-elect and the Vice President-elect of the United States, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 48

Resolved by the Senate (the House of Representatives concurring), That (a) the rotunda of the United States Capitol is hereby authorized to be used on January 20, 1997, by the Joint Congressional Committee on Inaugural Ceremonies (the Joint Committee) in connection with the proceedings and ceremonies conducted for the inauguration of the President-elect and the Vice-President-elect of the United States.

(b) The Joint Committee is authorized to utilize appropriate equipment and the service of appropriate personnel of departments and agencies of the Federal Government, under arrangements between such Committee and the heads of such departments and agencies, in connection with such proceedings and ceremonies. The Joint Committee may accept gifts and donations of goods and services to carry out its responsibilities.

Mr. THOMAS. Mr. Speaker, Senate Concurrent Resolution 48 authorizes use of the rotunda of the U.S. Capitol to be used on January 20, 1997, in connection with proceedings and ceremonies for the inauguration of the President-elect and Vice-President-elect of the United States.

Mr. Speaker, I also want to indicate that a resolution introduced by the gentleman from New York [Mr. RANGEL] regarding a commemorative for the late Ham Fish, former Member of the House, will be handled by the Joint Committee on Printing. And as the Chair, I will indicate that it will be handled by the committee and there needs to be adjustments in the language to make sure that the number of copies are an appropriate number based upon the family and the Members of the House that would wish to receive it.

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I have no objection to the manner in which this is being handled by the distinguished gentleman from California [Mr. THOMAS].

The SPEAKER pro tempore. The question is on the Senate concurrent resolution.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

□ 1645

RONALD H. BROWN FEDERAL BUILDING

Mr. GILCHREST. Mr. Speaker, I ask unanimous consent that the Committee on Transportation and Infrastructure be discharged from further consideration of the bill (H.R. 3560) to designate the Federal building located at 290 Broadway in New York, NY, as the "Ronald H. Brown Federal Building," and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. HASTERT). Is there objection to the request of the gentleman from Maryland?

Mr. TRAFICANT. Mr. Speaker, reserving the right to object, I will not object, and I yield to the distinguished gentleman from Maryland [Mr. GILCHREST] for an explanation.

Mr. GILCHREST. Mr. Speaker, the bill designates the Federal building located at 290 Broadway in New York City as the Ronald H. Brown Federal Building.

Ronald H. Brown was the first African-American Secretary of Commerce where he was influential in promoting U.S. trade abroad. He was a champion for expanded markets for U.S. goods and services abroad and opportunities at home.

Ronald H. Brown was a civil rights advocate with a distinguished record of service and commitment to his country. It is unfortunate that he lost his life in the Balkans on April 3, 1996.

I urge my colleagues to support this fitting tribute to this distinguished American. We all here hope today that even though this tragic loss has denied the family of Mr. Brown's presence, as they walk past the courthouse and see his name there, some of the friendly presence that he left with us will be felt by them.

The gentleman from Pennsylvania [Mr. SHUSTER] could not be here for this, but he concurs strongly with the naming of this Federal building after the distinguished life and service of Mr. Brown.

I urge my colleagues to support the bill.

Mr. TRAFICANT. Mr. Speaker, continuing my reservation of objection, I yield to the gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Mr. Speaker, I thank the gentleman for yielding to me, and I thank the gentleman from Maryland for bringing this resolution to the House floor.

I think it is very appropriate and fitting for us to name a building in New York in Secretary Brown's hometown for him to carry on the name and the memory of the very distinguished service that he provided to this country in so many arenas, but particularly as a most distinguished Secretary of Commerce whose focus was jobs, tourism, economic growth, expansion of trade, protecting American interests at home and abroad. He was a truly great American, and naming of this building is a modest way in which we can perpetuate his memory.

Mr. TRAFICANT. Mr. Speaker, I want to commend the gentleman from New York [Mr. RANGEL], the sponsor of this bill, for the work that he has done to bring it up in such a timely fashion. I want to thank Mr. GILCHREST and the majority for being considerate of Mr. RANGEL and our concerns.

I also have great concerns that Mr. Brown's legacy should be reflected here with a presence in Washington and would like to place on notice to our committee that we will look into those regards.

I would also like to say that Ron Brown did something else that was quite unusual. He helped to put the Democrat party together and to elect a Democrat President. And I believe without Ron Brown, the Democrats in the White House would not quite be there.

In addition to that, I echo the words of our distinguished ranking member, Mr. OBERSTAR. I think Ron Brown was a fighter. He was concerned with people. He was always willing to take our calls and work with us on projects.

Mr. Speaker, I am honored to stand today to designate the Federal building on Broadway in New York City, as does its sponsor, Mr. RANGEL, and designate that building as the Ronald H. Brown Federal Building. It is absolutely deserving.

Mr. Speaker, I withdraw my reservation of objection and I urge support of H.R. 3560.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3560

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

Congress finds the following:

(1) Ronald H. Brown, the first African-American Secretary of Commerce, was an extraordinary statesman and an effective and influential force in promoting United States trade abroad;

(2) Ronald H. Brown efficaciously championed expanded markets for United States goods and services abroad, and jobs and opportunities at home;

(3) Ronald H. Brown was a passionate civil rights advocate with a distinguished record of service and commitment to his country and community; and

(4) Ronald H. Brown lost his life in exceptional service to his country on April 3, 1996, in the Balkans.

SEC. 2. DESIGNATION.

The Federal building located at 290 Broadway in New York, New York, shall be known and designated as the "Ronald H. Brown Federal Building".

SEC. 3. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 2 shall be deemed to be a reference to the "Ronald H. Brown Federal Building".

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. GILCHREST

Mr. GILCHREST. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. GILCHREST:

Strike all after the enacting clause and insert the following:

SECTION 1. DESIGNATION.

The Federal building located at 290 Broadway in New York, New York, shall be known and designated as the "Ronald H. Brown Federal Building".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the "Ronald H. Brown Federal Building".

Mr. GILCHREST (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GILCHREST. This amendment, Mr. Speaker, simply strikes the finding from the bill. This is to conform the bill to the style used by the committee.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Maryland [Mr. GILCHREST].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SAM M. GIBBONS U.S. COURTHOUSE

Mr. GILCHREST. Mr. Speaker, I ask unanimous consent that the Committee on Transportation and Infrastructure be discharged from further consideration of the bill (H.R. 3710) to designate a U.S. courthouse located in Tampa, FL, as the "Sam M. Gibbons U.S. Courthouse" and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

Mr. TRAFICANT. Mr. Speaker, reserving the right to object, I will not object, and I yield to the gentleman from Maryland [Mr. GILCHREST] for an explanation.

Mr. GILCHREST. Mr. Speaker, the bill designates the U.S. courthouse located at 611 North Florida Avenue, Tampa, FL, as the Sam M. Gibbons U.S. courthouse.

SAM GIBBONS has been a distinguished Member of this body for 34 years and will be retiring after he finishes his 17th term in the House of Representatives. SAM has a long history of public service, beginning in World War II, where he served as captain in the 501st Parachute Infantry/101st airborne division. He was part of the initial assault force in Normandy on D-Day and was awarded the Bronze Star for his actions.

SAM has been a Member of the Committee on Ways and Means since 1969, where he served as acting chairman in 1994 and became ranking minority member in the 104th Congress.

SAM has conducted himself with dignity and commanded respect from those who have served with him. I urge my colleagues to support this fitting tribute to our distinguished colleague.

The gentleman from Pennsylvania [Mr. SHUSTER], who could not be here today, strongly supports this legislation.

I, as a Member of the House, Mr. GIBBONS, an American and a veteran thank you for your long, distinguished, courageous career to this most great country, the United States.

Mr. TRAFICANT. Mr. Speaker, continuing my reservation of objection, I yield to the distinguished gentleman from Minnesota [Mr. OBERSTAR].

Mr. OBERSTAR. Mr. Speaker, I want to express my appreciation to the ranking member, Mr. GILCHREST, chairman of the subcommittee, and Chairman SHUSTER for moving this and the previous unanimous-consent request to name these buildings for distinguished Americans and in this case for a very distinguished colleague.

All of us will long treasure in our memories the vision of SAM GIBBONS striding to the well of the House without a document in hand but only a gifted, able, agile, and retentative mind to instruct us as a moral conscience on the Tax Code of the United States and our trade laws and to instruct and to guide and to shape responsible legislation.

He will long be remembered by our Canadian colleagues to the north for his service on the Canada-United States interparliamentary group, for the relations that he cemented, established and broadened with our neighbors to the north and during which service he shaped many of the policies that guide the destinies of our two countries and fostered strong and warm relations between us and our neighbor to the north.

He will indelibly be remembered by the French for his landing at St. Mere Egleiese in that Normandy invasion. He was a parachutist, risking life in a manner so vulnerable, none of us can possibly understand it until you have experienced it. None of us can fully appreciate the gratitude of the French until you have seen delegations of French parliamentarians who have been to this country, and I have witnessed it. And Mr. GIBBONS talks about that extraordinary experience and the French respond with tears in their eyes, gratitude in their hearts and a grateful memory of a wonderful nation that appreciates the sacrifice and the risk that was taken.

The naming of this building is a small token that we can all take and we can all offer for the long and enduring memory of the many gifts that SAM GIBBONS has shared with us and the lasting monument, body of legislation and sacrifice that he has offered for this Nation, for its good and for others for all time to come.

Mr. TRAFICANT. Mr. Speaker, SAM GIBBONS was a war hero. He has been a congressional hero. He is an American hero. In the delicate nature of the work he performed not everybody may have agreed on every single little issue. But never, ever was the integrity, the direction, the focus of which he pursued his endeavors ever questioned. No one has been more respected.

I am glad that I am in a position to have an opportunity to speak on this and to have played a part in it.

I want to thank the gentleman, Mr. GILCHREST, and the Republicans. I want to also notify the Members of the House that this enacting and enabling legislation has a date of January 3, 1997, because Mr. GIBBONS is still a powerful seated Member of this Congress and we are so proud to have him.

I just want to say personally on behalf of myself, all the Members from our committee, the entire Democrat caucus and everyone who has worked in this House who knows this man that Tampa will be a much more graceful and elegant place with the naming of this building.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3710

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

The United States courthouse located at 611 North Florida Avenue in Tampa, Florida, shall be designated and known as the "Sam M. Gibbons United States Courthouse".

SEC. 2. REFERENCES.

Any reference in a law map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the "Sam M. Gibbons United States Courthouse".

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. GILCHREST

Mr. GILCHREST. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. GILCHREST: Strike all after the enacting clause and insert the following:

SECTION 1. DESIGNATION.

The United States courthouse under construction at 611 North Florida Avenue in Tampa, Florida, shall be known and designated as the "Sam M. Gibbons United States Courthouse".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the "Sam M. Gibbons United States Courthouse".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the "Sam M. Gibbons United States Courthouse".

SEC. 3. EFFECTIVE DATE.

This Act shall become effective on January 3, 1997.

Mr. GILCHREST (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GILCHREST. Mr. Speaker, this amendment in the nature of a substitute simply sets an effective date of the bill of January 3, 1997.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Maryland [Mr. GILCHREST].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title of the bill was amended so as to read: "A bill to designate the United States courthouse under construction at 611 North Florida Avenue in Tampa, Florida, as the 'Sam M. Gibbons United States Courthouse' ".

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GILCHREST. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the two bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore (Mr. WELDON of Florida). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

CHANGE IN ORDER OF TAKING SPECIAL ORDER

The SPEAKER pro tempore. The gentleman from New York [Mr. LAFALCE], is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I ask unanimous consent to substitute for the time of the gentleman from New York [Mr. LAFALCE].

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

SENSE-OF-CONGRESS RESOLUTION REGARDING THE ARMED MILITIA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, it has been a week, but certainly we can say that though we may have disagreed, this Congress has attempted to work on behalf of the American people.

I would hope that even if something is threatening, that something is confusing, that there is something that we are not sure of, that we still, as a Congress, have the courage to bring it to the attention of the American people.

Today I presented to the American people House Concurrent Resolution 206, which is a sense of Congress that expresses the threat to the security of the American citizens and the U.S. Government by armed militia. This may not be a popular stance, but it does us no good to hide from the issue.

□ 1700

Mr. Speaker, one of the most energetic promoters of the growing antigovernment movement in 1995 was militia of Montana spokesperson Bob Fletcher. Shortly after a 2-ton bomb destroyed the Murrah Federal Building in Oklahoma, killing 169 people, Fletcher made an announcement to the press: Expect more bombs.

To date, as a freshman, we have not been able to secure from this House an opportunity to have hearings on the militia.

The U.S. Government is comprised of democratic institutions, and any change to the Government should occur by peaceful means. Americans agree with that. They believe in the first amendment, the right to freedom of expression and the right to free association. They do not believe in Oklahoma City, Pan Am 103, or TWA 800, and yes, they do not believe in the confrontation of legitimate law enforcement officers by those who would argue that they have the right to overthrow this Government.

Several members of the Arizona militia have recently been arrested. Our militias have repeatedly denounced the legitimacy of the U.S. Government. Our militia consists of more than 800 groups that are active in more than 40 States.

This resolution says that Congress resolves to prosecute and identify all armed conspirators that are brought together to overthrow the Government of the United States. It resolves that individuals and groups possessing illegal possession of firearms and explosives should be prosecuted to the fullest extent of the law by the Department of Justice, and, yes; it resolves that individuals legally possessing firearms and explosives and conspiring to destroy the U.S. Government should be prosecuted to the fullest extent of the law.

It is important to note that we are not making an issue out of something that should not be made an issue of. The militia in America are convinced that American people are being systematically oppressed by an illegal totalitarian government that is intent of disarming all citizens and creating one world government. They believe that the time for traditional political reform over their freedom will be secured by resistance to the Nation's laws and attacks against its institutions. They are not for peaceful addressing of their grievances.

The Patriot press is filled with wild tales of government conspiracies. Some of the most widespread myths assert that the government is using black helicopters to spy on its citizens, mustering Hong Kong police officers to disarm Americans and implanting electronic monitoring devices in newborn babies.

Strange, you say. I think it is important for this Congress to unveil, to disclose all that is being done on behalf of those who would conspire against the U.S. Government. No, I am not here to cry fire in a crowded theater, simply asking that we not hide away from the truth.

A complex and bizarre theology also helps the Patriots explain their belief and justify their tactics, Patriots as a synonymous name for militia. Many subscribe to the Identity religion which holds that white people are God's chosen and that it is their divine duty to battle the satanic beast of government. Though they have no unified leader, these Patriots are connected like no rebel force has ever been. On the Internet and by fax machine, they share their gripes against government and trade tips on how to avoid tax laws and fight government regulation. Through mail ordered manuals they learn how to build bombs and conduct surveillance and disable public utilities. On the weekend in isolated fields they practice the art of guerrilla warfare. At public meetings their rage is rationalized by the propaganda of the movement.

I would simply say that I ask my colleagues to join me in supporting House Concurrent Resolution 206. Let us unveil for the American people those who would conspire to overthrow this Government and seriously address this issue as Americans believing in peace and believing in democracy.

AVAILABILITY OF FINANCIAL ASSISTANCE FROM SBA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, today I am introducing a narrow bill to augment Federal dollars which support financial assistance programs for small business administered by the Small Business Administration. This augmentation would be accomplished by imposing fee increases on participants in these programs, and the fees would be effective only 1 year. During this year, Congress and the Agency would have time to develop other ways to reduce the cost of operating the programs.

Mr. Speaker, I do not generally support the use of fees as a major source of funding for SBA programs. I believe that as a matter of public policy the Government should pay for this assistance.

Moreover, it has been shown that the small businesses which receive this assistance more than pay its costs through growth in their income on which they pay Federal and State taxes. Our investment in these firms via Federal money is more than justified.

Nonetheless, it does not appear that this Congress, despite the President's request, will fully fund the three major financial assistance programs administered by the SBA. I can see no other answer than to impose fees to make up the shortfall. Absent such fees, one of these programs will close down entirely, and the others will operate well below the level of demand.

I am very disappointed that the Small Business Committee, which is responsible for these programs, has not acted. It is only 60 days until the start of the new fiscal year, and Congress will not even be here to act more than one-half of the time remaining.

The committee has become bogged down in an attempt to consider major changes in SBA programs. No legislation is ready for House consideration.

I appreciate the committee's desire to make major changes in some areas. I even support some of the changes being proposed. But in our attempt to develop major legislation, we have delayed enactment of the fee increases which are needed if we are to avoid disruption of financial assistance to the small business community.

I have pared down the necessary legislation to the bare essentials. I urge my colleagues to consider these essential elements in separate legislation which could be presented to the House when we return in September.

Mr. Speaker, we have only a short time remaining in this legislative year. We have the responsibility to act now to continue the SBA's loan and venture capital programs.

Further delay in considering a bare-bones bill is bad government. I urge prompt consideration of a measure to continue at reasonable funding levels the three programs I describe below.

The first program is the 7(a) loan guarantee program, the primary financial assistance program operated by the Small Business Administration. Under this program, SBA guarantees to reimburse a lender for between 75 and 80 percent of any loss sustained by the lender on a loan made to a small business.

The cost of the program is partially paid by the appropriation of Federal money. The balance is from fees paid by both the borrower and the lender.

Legislation enacted last year increased the amount of fees to be paid by the borrower. Except on loans of less than $80,000, borrowers now pay between 3 percent and 3.875 percent, depending upon the size of the loan. In addition, the lender must pay, and absorb as part of its cost of doing business, an annual fee of 0.5 percent or one-half of one percent.

During the current fiscal year, 1996, the Office of Management and Budget, determined that operation of the 7(a) program, including these fees, would result in a subsidy rate of 1.06 percent. This rate determines the amount which must be appropriated in order to operate the program.

As a result of a major study of the 7(a) program and a change in the method of calculating losses, OMB determined that this rate would increase substantially for fiscal year 1997 to 2.68 percent. And the President proposed full funding at the new higher rate, even though it necessitated the budgeting of an additional $170 million.

The House-passed appropriation does not provide the necessary funding, although it does provide a slight additional amount of funding above the 1996 level. It is my understanding that the proposed Federal funding, when added to funds expected to be unused this year, will result in a 7(a) program level next year of $6.5 billion.

On the other hand, demand is expected to be approximately $8.5 billion, a shortfall of $2 billion.

I believe that it is our responsibility to address this problem; we cannot simply sit back and argue that the Appropriations Committee did not provide enough money.

I would hope that as the 1997 appropriations bill moves through the Congress additional moneys could be provided—about an additional $50 million would allow the program to fund an additional $2 billion in guarantees. But I do not believe that we can rely upon this hope.

This program was underfunded in 1995. The result was chaos. The loan window opened and closed. Finally, OMB dictated the result: stretch the available money by reducing the maximum loan per borrower. SBA then made the necessary reduction and refused any loan in excess of one-half of the statutory maximum of $750,000.

I believe it would be unconscionable to allow this situation to repeat itself.

I reluctantly supported the fees legislated last year. It seemed to me to be a choice between imposing the fees and denying small businesses access to a Federally guaranteed loan program.

I believe that we are confronted with the same problem this year, although on a much smaller scale. It is my understanding that an increase of $\frac{1}{12}$ of 1 percent in the annual lender fee would generate sufficient income to restore approximately $2 billion in guarantees.

This minute increase would amount to less than $100 per year on the average loan, and it would decrease each year as the fee is applied to the outstanding balance of the loan which is being reduced each year.

I urge my colleagues to reconsider this very meager fee increase which was rejected by the Republican majority on the Small Business Committee.

The second program is one for small businesses in need of long-term financing for plant and equipment needs: the development company loan program or 504 program.

Under this program, the small business borrower puts up at least 10 percent, a bank provides 50 percent and receives a first lien position, and a private investor provides the other 40 percent by purchasing a debenture issued by a certified development company which is guaranteed by the SBA.

During the current fiscal year, it has been assumed that program participants were fully paying the cost of the program; the OMB approved subsidy rate was set at zero, and no appropriation of funds was necessary to support the program.

This subsidy rate will increase from zero to 6.85 percent for 1997, again as a result of the change in methodology for calculating losses in this program.

The President's budget addressed this need for Federal funding by requesting a change in the nature of the program funding—reverting to direct Treasury funding instead of the more costly use of the debenture guarantee process. This change would be accompanied by the imposition of a fee equal to the administrative cost of selling the debentures to private investors, thus resulting in no increase in total cost to borrowers, but reducing the subsidy rate to zero.

The majority members of both the Appropriations Committee and the Small Business Committee rejected this proposed return to direct Treasury funding. And I must admit I have very serious qualms about the proposal as I see it as a temporary solution—the current use of the private markets is the long range solution and ultimately we would seek to return to it.

But when the Appropriations Committee refused to appropriate any money for the 504 program, there appeared to be only one immediate answer: impose fees, at least for 1 year.

There is agreement on most of the fee provisions—a fee of $\frac{1}{8}$ of 1 percent to be paid by the certified development company as part of its cost of doing business; and a fee of one-half of one percent to be paid by the lender who was taking a first lien position on its one-half of the project cost.

The disagreement is over the amount of the fee to be paid by the borrower. Initially, based upon information received from SBA, I believed that an annual fee of $\frac{13}{16}$ of 1 percent, when added to the other fees, would be sufficient to reduce the subsidy rate to zero and allow the program to operate without the appropriation of any Federal funds to pay losses.

Minutes before the Committee mark-up, however, representatives of OMB suddenly decreed that this amount would not be sufficient. Another $\frac{2}{16}$ would be needed to reach zero.

I saw no other solution. The Appropriations' Committee was not appropriating any money. Either we would have to increase the borrower's fee to $\frac{15}{16}$ or there would be no program. The result would not be a reduced program; the total absence of Federal funding would mean no program whatsoever, unless fee income reduced the cost to zero to equate with the complete absence of Federal dollars.

Due to Republican opposition, I withdrew the amendment. The net result: unless we appropriate Federal money, about $21 million, or we impose further fee increases to yield the same amount, there will be no program next year. That result, to me, is completely unacceptable.

The third program is the SBIC or Small Business Investment Company program. Under this program, the Small Business Administration encourages private venture capital to be made available to small businesses who need equity capital. This encouragement is to provide Federal matching funds to private companies which are licensed by SBA as SBICs.

These matching funds, called leverage, are provided either as debentures, or long term loans, or as participating securities, a hybrid instrument under which SBA will advance amounts needed to pay interest and in return receive re-payment of the advancement plus a share of the company's profits. In either case, the debenture or participating security is issued by the SBIC, guaranteed by SBA, and sold to private investors.

For 1997, the administration requested the authority to issue $225 million in debentures and $400 million in participating securities. It proposed to support this request partially with appropriated funds, but primarily by the imposition of new fees as proposed by an industry task force.

The proposed fees include a one-time up front guarantee fee of 3 percent of the amount of the leverage plus an annual fee of 1 percent of the amount of debentures outstanding.

I believe that the Small Business Committee will approve the requested SBIC fees, but it has not done so to date.

Even if it approves the full fee, the House-passed appropriations bill does not provide sufficient funds to meet anticipated demand. It only would fund a program of $150 million in debentures and $325 million in participating securities. Both levels are too low and would result in the denial of assistance to otherwise qualified applicants.

Mr. Speaker, in conclusion, I urge my colleagues to thoroughly consider the prompt enactment of the fees proposed in my legislation and to re-consider the amount of appropriated funds which are needed to augment this funding.

GOLDEN EAGLE AND CORPORATE VULTURE AWARDS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, last month, the jobs and fair trade caucus presented its monthly Golden Eagle Award to the employee owners of United Airlines, our Nation's leading airline, and our Corporate Vulture Award to Hershey foods, a company that continues to outsource its Hershey Kiss production to Mexico and downsize its American work force. The two companies, United Airlines and Hershey foods, exemplify the best and worst of corporate practices in America today.

As you will recall, the Golden Eagle Award rewards fine U.S. companies that represent the best that is in us as a nation, companies which treat their workers with dignity while making decent profits, strengthen their communities, charge a reasonable price for products, and remain and prosper in the United States. When all of these practices are undertaken by one company, that company deserves our praise and to be recognized as a Golden Eagle Co.

The Corporate Vulture Award, like the scavenger it represents, is given to a company in need of vast improvement, a company which exploits our marketplace yet downsizes its work force in America. These firms outsource most production to foreign countries, and use sweatshop labor abroad but then import these transhipped products back to the United States while keeping prices high here at home and maintaining all of the benefits of being called an American company. Corporate vultures deserve our disdain.

Today, the jobs and fair trade caucus is proud to present this month's Golden Eagle Award to Natural Cotton Colors, a small manufacturer of naturally colored cottons located in Wickenburg, AZ. Sally Fox, the founder of Natural Cotton Colors and inventor of environmentally safe colored cotton suitable for organic farming, is quite an American.

As Sally herself has stated, the success of her company is a real Jack and the Beanstalk Story. In 1982, Sally came across brown cotton seeds in a bag and thought that she could grow and sell the brown cotton to hobbyists who hand spin yarn. A small American business was thus born. Since those humble beginnings, Natural Cotton Colors now sells environmentally safe colored cotton around the world. The company's sales over the past few years have averaged around $5 million.

What makes Natural Cotton Colors unique is its commitment to the environment. Sally developed her own trademark, Fox Fibre, for the purpose of promoting environmentally sustainable production of cotton—while remaining profitable. In order for a textile manufacturer to be licensed to use the Fox Fibre trademark, the manufacturer must agree to abide by numerous environmental standards. Manufacturers using Fox Fibre are not allowed to use dye, bleach, or formaldehyde finish in their production. With so many multinational corporations and countries engaged in a race to lower environmental standards around the world, Natural Cotton Colors is to be strongly commended for one small company's efforts to promote a safer and cleaner environment for our children.

The story of Sally Fox and Natural Cotton Colors is truly an American story. By resisting the temptation to outsource production, Sally Fox and her company provide good jobs for American workers and farmers. When Sally receives an order for her product, Natural Cotton Colors consistently contracts out to American farmers scattered around the Midwest. Although she is able to cut costs dramatically by contracting out the company's work to cheap labor in Mexico and China, Sally Fox has remained strong in her commitment to America.

Natural Cotton Colors is only one of thousands of small businesses in America that do so much to strengthen our communities and our lives. American small businesses provided virtually all of the net new jobs created over the past 10 years. Small businesses account for 50 percent of total sales in the United States.

Many small businesses never are recognized for their achievements and their commitment to America. Today, we present the Golden Eagle Award, which includes this certificate and an American flag flown over the U.S. Capitol, to Natural Cotton Colors and Sally Fox for their commitment to the environment, and their commitment to America. Natural Cotton Colors is a small company with a big vision which we as a nation can benefit from.

In marked contrast to Natural Cotton color's efforts and commitment to remain in the United States, this month's Corporate Vulture Award is presented to the Green Giant division of Pillsbury and its parent company, Grand Metropolitan PLC. Green Giant/Pillsbury is one of many U.S. corporations that have packed their bags and set up shop in the sweatshops and killing fields of the developing world, leaving a wake of wrecked families and communities here at home in America.

In Green Giant's case, the company has shipped their contracts for fresh produce and their frozen food facilities south of the border to Mexico. A close look at virtually any supermarket's frozen food shelves will reveal packages with tiny, obscured, and ambiguous Green Giant labels indicating the food was grown or processed in Mexico or other foreign countries. Green Giant even has the audacity of naming one of their brands "American Mixtures"—a product that contains mostly vegetables grown in and imported from Mexico but packaged in America. More than 60 percent of Green Giant's broccoli and cauliflower is actually grown in Mexico.

As much as Green Giant/Pillsbury and Grand Metropolitan have tried to hide the facts, the truth is that these companies have actively downsized their American work force and sent their production abroad.

Watsonville, CA, was once referred to as the frozen food capital of the world. In the mid-1980's, the frozen food packaging industry, including Green Giant, employed 3,500 workers at its peak. Today, there are less than 1,500 workers in Watsonville employed in frozen food packaging.

Where did the jobs go? In 1993, Green Giant stated during the NAFTA debate that, and I quote, "Not a single job in Watsonville is going to Mexico." Alas, production in Green Giant's Watsonville plant, where American workers once earned from $7.15 to $11.50 an hour with benefits, has since been moved to Irapuato, Mexico, where workers earn 50 cents an hour without benefits. Not surprisingly, Irapuato, Mexico is the city that many now consider to be the new capital of the frozen food industry.

What do American workers and consumers receive in return? Certainly not lower prices. At my local grocery store in Toledo, OH, a 16 ounce bag of Green Giant cut leaf spinach costs $1.66 and Green Giant cream spinach costs $1.69. The price is the same whether the spinach was grown and processed in the United States or Mexico. There is no price differential for imported goods.

What is different though is the profit that Green Giant and Grand Metropolitan are making off moving their production to Mexico. Grand Metropolitan, which again owns Green Giant, enjoyed record sales in 50 countries last year totaling $12.6 billion. In 1993, the year that Green Giant was not going to move any American jobs to Mexico, the CEO of Grand Metropolitan, Sir Allen Sheppard, earned over $1.25 million in salary alone.

Lost U.S. jobs, downward pressure on U.S. wages, high prices, and huge profits are the characteristics of a corporate vulture. And today we recognize that there are no better examples of being a corporate vulture than Green Giant and Grand Metropolitan. What a shame.

WELFARE REFORM "NOT THIS WELFARE REFORM"

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California [Ms. MILLENDER-MCDONALD] is recognized for 5 minutes.

Ms. MILLENDER-McDONALD. Mr. Speaker, the welfare system in this country is in desperate need of reform. The current system has created a cycle of dependency that has had a detrimental effect on our society.

For the first time in my lifetime, we are looking at third generation citizens that have never known the value of hard work and the satisfaction of bringing home a paycheck earned as a result of an honest days work.

The very nature of the term welfare reform implies that our current system is not functioning properly and is in need of modification. But in our zeal, to reform—to score political points in an election year—we must ask ourselves one very important question: Is it fair to gut this welfare program on the backs of our children?

I would submit that the welfare system as we know it today was not intended to function as it does currently. At its inception, welfare was intended to be a transitional program—a proverbial bridge over troubled waters for our citizens who had recently become unemployed, widowed, or forced to deal with some other unfortunate financial crisis.

At its inception, the current welfare program did not contain child care programs for parents who wanted to work. Nor did it provide adequate job training or job location assistance.

We now know that these elements—child care, job training, and job search assistance—are necessary if parents are going to get off of welfare and into the work force.

I recognized this and my constituents recognized this. Throughout the town hall meetings that I have had over the last few weeks I have heard again and again that welfare reform is not true reform unless it contains job training, child care, and job location assistance.

Welfare usually referred to aid to families with dependent children program, AFDC, as it is commonly referred to today, provides benefits to families with children headed by a single parent, or two parents, if one is incapacitated, or unemployed, with incomes below State-determined limits. Most adult AFDC recipients are not working or are looking for work in the months during which they receive aid. Income eligibility thresholds in many States are so low that even meager earnings make a family ineligible for AFDC.

I do not subscribe to the theory that the vast majority of persons on welfare are able-bodied persons who do not want to work. Research has provided evidence that there is much movement between welfare and work, and that the average time spent on welfare is about 2 years.

When I was elected to Congress last March I told my constituents that I was committed to ending welfare as they knew it and to making AFDC the transitional program it was intended to be—a bridge over troubled waters. But I was not committed to the bill that was voted on today.

The legislation that was passed by this body and will be signed by the President will move over 1 million children and 2.6 million families further into poverty, without any safety net provisions or proof that there will be jobs available that allow them to earn a livable wage.

In the State of California there are more than 2.5 million families on welfare: 1.8 million children and 800 thousand adults. What will happen to those families when the promise of a job is not kept and there are no means by which parents can put food on the table?

This reform bill will have disastrous financial consequences for California and Los Angeles County. California alone will be subjected to 40 percent of the Federal funding loss over the next 6 years, totaling $10 billion of an estimated $25 billion in lost revenue.

In Los Angeles County, the estimated 93,000 legal immigrants who would lose SSI benefits would still be eligible for county-funded general relief. The annual increase, however, in county costs could total $236 million if all 93,000 applied for general assistance, putting LA county's budget into a further deficit.

My State and my constituency will bear the full weight of the disproportionate fiscal impact that will ultimately undermine the fiscal health of Los Angeles County.

The current welfare system doesn't work and hadn't worked for a long time. However, in our attempts to aid the families who are on welfare gain economic self sufficiency, we should have been careful not to hurt our Nation's children and bankrupt the counties in which they live.

CORRIDOR H

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, as Congress heads home today for the August recess, and I will be driving home via Route 55, and in much of the eastern Panhandle and eastern part of our State during August, Route 55 and the other roads are going to be curvy. But because of action taken today, the trip will be a little bit lighter.

The Federal Highway Administration today is releasing its Federal record of decision on corridor H. The record of decision is a very significant milestone for this important highway because it is the final signoff for authorizing the West Virginia Division of Highways to proceed with the final design, including the right of way designation. Now the State can begin advertising for engineering for the final design process.

Mr. Speaker, this work is important, and it has been done and achieved because of work done by Governor Caperton and Senator BYRD particularly. Because of Senator BYRD, about 20 percent of the funding is already appropriated. Governor Caperton has provided the matching funds in the West Virginia legislature, so that roughly $200 million is banked to begin this construction. Their efforts and the teamwork of the entire congressional delegation have kept this vital project moving forward.

Now corridor H enters what is known as the contract planned phase that physically locates the actual route, identifies the property owners, does the negotiations. Ground breaking could begin as early as year's end.

This record of decision reflects the analysis of engineering, economic and environmental issues. To those concerned about environmental issues, and I have been involved in this from the very beginning, particularly on a segment between Buckhannon and Elkins where we satisfactorily resolve those issues, and now many people happily drive that four-lane segment.

To those concerned about environmental issues, they should know there has been review, and it is reflected in the ROD issued today, the record of decision of acid mine drainage, excess excavation and flooding issues. We have suffered again flooding in significant parts of eastern West Virginia, as I speak, and you should know and people should know that once again these areas are flooding. Corridor H has not been built there.

To those who are concerned corridor H would make that situation worse, aggravate it, they should know that it does not change the flooding situation in those segments, and so construction of corridor H does not affect the flooding that we have seen. We flooded, incidentally, in many parts of the State that do not have corridor H yet. We flooded three times this year already.

This highway is over 100 miles long, running from Elkins to the Virginia line.

Mr. WOLF. Mr. Speaker, if the gentleman would yield, you mentioned the Virginia line, that it runs to my district, and I had expressed concern. I keep hearing the West Virginia officials talking about dumping traffic in my area. We have decided in Virginia we do not want corridor H.

I would ask the gentleman to deal with the West Virginia highway officials to resolve this matter, because if this matter is not resolved, I may very well come out and do everything in my power to kill corridor H from the Virginia line clear on into West Virginia.

Mr. WISE. Taking my time back, I appreciate the gentleman's remarks. The gentleman and I have talked before, and we are interested in building corridor H in West Virginia. If the gentleman chooses not to build it in Virginia, that is fine. We think that it is an important project for our State. What is done in Virginia is the decision of my colleague and the Virginia officials, and I would hope that we could continue to work together on that.

I would like to be able to complete my remarks.

Mr. WOLF. If the gentleman would just yield for a second, just so I can make it on the record. I am not involving myself in West Virginia, as you know, but I am concerned about the statements that the West Virginia Highway Department is now saying we are going to bring it up to the edge and dump it into Virginia; that will show the people in Virginia.

I would ask the gentleman to look into that.

Mr. WISE. Reclaiming my time again, I am happy to work with the gentleman. As I say, I think the gentleman and I can satisfactorily conclude what is done in West Virginia. We will build in West Virginia. We are not trying to affect Virginia, and Virginia's decision is Virginia's decision. We respect the gentleman for what he wants to do in Virginia, and we ask his respect for what we want to do in West Virginia.

Having said that, I think this project is importantly moving ahead in West Virginia. This is a significant day, and those in the eastern end of the State can know that this project has reached that very, very important point.

Yes, it very likely there could be an environmental lawsuit filed; we will see what happens as a result. But the important thing is that with this record of decision, many of these concerns have already been looked at, reviewed, satisfactorily met. We can now begin to move ahead. Hopefully we could see a ground breaking take place somewhere along this 100 mile segment between Elkins and the Virginia line sometime by the end of the year.

□ 1715

For those who have waited many, many years, today is an important day. We have many more obstacles and many more challenges ahead of us, but the trip home is going to be a little bit better today because of this decision on corridor H.

INTRODUCTION OF H.R. 3950, THE G.I. BILL OF HEALTH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine [Mr. LONGLEY] is recognized for 5 minutes.

Mr. LONGLEY. Mr. Speaker, today is a very significant date. August 2, 1991, was the day Mr. Hussein and the Iraqi Army invaded the city of Kuwait. That was just 6 years ago. At the same time in 1965, August 2 was the date of the Tonkin Gulf Resolution.

I mention that because as a Persian Gulf veteran I certainly can appreciate the significance of the Iraqi invasion of Kuwait, and as a veteran, I can appreciate the sacrifice that resulted from that resolution back in the 1960's. I also can respect the sacrifice that many other veterans have made, not just in Vietnam or Desert Storm, but also Korea, World War II, and many of the other various and sundry conflicts in which American troops have been engaged.

One message that is very clear to those who have served in the military is that you come to understand that there is a form of a compact between the veteran and your country: That you serve your country, and then in exchange, your country is going to take care of you and provide for your family in the event that you need that care, particularly as a result of your service. When you are on active duty in the U.S. Armed Forces, Uncle Sam provides health care for you and for your family. If you are no longer a member of the Armed Services since the 1930's, the Government has met its health care obligation to disabled and poor veterans through the Veterans Administration health care system.

Unfortunately, Mr. Speaker, the VA health care system is not functioning in quite the manner it should. There are questions today as to whether it is receiving adequate funding. There are other questions that relate to whether in fact it is adequately structured to meet the needs of today's veterans as we move into the 21st century. It is interesting to note that eligibility rules are so strict that most of our Nation's 26 million veterans do not have access to the VA system. In fact, a suggestion has been made that in many cases the rules are so strict and complicated that much more time, energy, and resources are devoted to the complex question of sorting out whether or not a veteran is qualified for care, perhaps more funds than would have been necessary to provide the care itself. That is a significant issue for today's veterans.

If you are a military retiree and the nearby base hospital closes, too bad. If you are just returning from Bosnia and you and your family need health care while you search for a job, again, you are not able to use the VA system. If you are a veteran who thinks the VA hospital should be open to you, guess again: Exclusions, restrictions, barriers, limitations; confusion, complexity. It has become absurd.

The system in many cases is failing to serve the veterans it was designed to care for and those who sacrificed for their country. Today I introduced a bold new idea, a new way of thinking about VA health care delivery. I think it is the potential solution to the VA health care crisis. It is called the GI Bill of Health, H.R. 3950, and it presents a vision for change in how health care should be provided to veterans.

The measure seeks to authorize the Department of Veterans Affairs to receive third-party health insurance reimbursements, as well as to incorporate innovative managed care principles to provide for increased medical care options for veterans and their dependents. It attempts to build on what I think are significant increases in funding for the VA.

I might note for the record that in 1995 total funding for VA medical care was in the vicinity of $16.1 billion. In the 1996 budget we provided an increase of over $400 million for VA medical care, and just in the most recent budget we approved for the Veterans Administration, another $500 million increase in the provisions for VA medical care, or well over $1 billion, excuse me, almost $1 billion in increased annual medical care funding. Yet, as I look at the veterans hospital in my district, the Togus Veterans Hospital, located in Togus, ME, just outside of Augusta, and when I sit in Washington I see two different perspectives. When I look at what we are doing for VA medical care here in Washington, and I see an increase of almost $1 billion in annualized funding for VA medical care, it does not jive with the cuts and threats of cuts and cutbacks and loss of essential services that are being discussed and potential layoffs of key personnel that are being discussed back at the hospital in my own district.

Clearly, something is amiss. I have a feeling that the something that is amiss is that the system is not being as responsive to the needs of veterans on the receiving end of medical care as it needs to be. But I think, building on what we have attempted to do for funding for VA medical care, as well as two recent pieces of legislation, one that passed, both that passed within the last 2 weeks, first H.R. 3118, the Veterans Health Care Eligibility Reform Act and the Health Care Coverage Availability and Affordability Act which we passed just yesterday, each provides an opportunity to increase the access to veterans by creating a seamless medical care system that will serve all of our veterans in the context of what we are doing in our health care system.

TO BE PRO-CHOICE MEANS TO RECOGNIZE THE INDIVIDUAL AND INDIVIDUAL RESPONSIBILITY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. CAMPBELL] is recognized for 5 minutes.

Mr. CAMPBELL. Mr. Speaker, I would like to read into the RECORD the words of Governor Pete Wilson of the State of California from the Los Angeles Times of yesterday:

"How do we reverse 50 years of growing out-of-wedlock births and deteriorating families?

"We must begin by recasting our culture. That will not happen by advocating an anti-abortion constitutional amendment that has no hope of being enacted because it is overwhelming opposed by the majority of Americans.

"What we must do is say to every teenage girl that it is morally wrong for her to get pregnant and to bring a child into the world unless she has a father for her child. Both parents must be prepared—emotionally and financially—to raise that child. Their child is their responsibility, not the taxpayers'. . . . We must also focus on the men who are making them welfare mothers. If young men who impregnate women lack the basic decency to send love to their children, then they must at least send money. If they do not, in California we track them down and dock their pay. We lift their license to drive a car or to practice law.

"We also prosecute the older men who victimize young girls. More than half the babies born to teenage girls are fathered by adult men, not by boys.

"Government must never decide who can have children, but society does have a responsibility to discourage from having children those who cannot or will not accept the responsibility of parenthood. We are using mass media to teach abstinence to our children. For those who choose to have sex but reject the burden of parenthood, we must make contraception the available choice and the moral obligation to prevent unwanted pregnancies."

"The objections to even the modest tolerance language Bob Dole has proposed in the abortion plank of the GOP platform is further evidence that many of my fellow delegates to the Republican National Convention later this month will be absorbed by the debate on the rights of the unborn child. Though I am pro-choice, I share with them the desire to greatly reduce the number of abortions performed in America. It is a shocking 1.6 million per year.

"But with all respect to their concern for the unborn child, they and others on both sides of this issue are ignoring the even greater and more urgent challenge to America: How we deal with all the children born to parents who are either unwilling or unable to accept the responsibility of being parents.

"In 1945, the incidence of out-of-wedlock births was 1 in 25. Today, it is 1 in 3. In our inner cities it rises to more than 3 out of 4. Children born into fatherless homes are five times more likely to live in poverty, twice as likely to drop out of high school. Fatherless girls are three times more likely to end up as unwed teen mothers. Fatherless boys are overwhelmingly more likely to end up behind bars.

"We are forced to build too many prisons instead of libraries and laboratories because absent fathers have defaulted on their fundamental responsibility to their sons. At the same time, we have witnessed an explosion in the number of single women on welfare because women without education, marketable skills, or self-esteem can earn little money and less respect."

Nothing will have a more profound impact on the future of this Nation than successfully reversing the irresponsible behavior that sentence children to lives of wasted opportunity and despair. The best answer for curbing the social pathology of fatherless America is abstinence, contraception, and mentors. This will have a far greater impact on the number of abortions performed in America than any party platform can ever hope to have."

Mr. Speaker, Governor Pete Wilson has received more votes than any other political figure in the country on the Republican side, with the exception of our retired Presidents. Governor Wilson is pro-choice. Mr. Speaker, so am I. To be pro-choice is not to be pro-abortion. To be pro-choice is to recognize the individual and the responsibility of the individual.

I think Governor Wilson says, in words that should echo to every delegate to our convention, that it is individual responsibility that is the hallmark of our party, individual responsibility which is the solution to the problem of unwanted pregnancies, unloved and uncared for children in our country.

Mr. Speaker, I urge our colleagues at the convention to heed with care the words of the Governor of California, Pete Wilson.

THE PRESIDENT BEARS FINANCIAL RESPONSIBILITY FOR LEGAL BILLS OF FIRED TRAVEL OFFICE EMPLOYEES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. WOLF] is recognized for 5 minutes.

Mr. WOLF. Mr. Speaker, I am concerned about a statement President Clinton made yesterday that he would not support legislation which would reimburse Billy Dale and the other White House travel office employees' legal bills. His statement is contrary to other White House statements, and I urge him to reconsider this position.

Without rehashing the developing Travelgate saga, Members will recall that Billy Dale and six other White House travel employees, all career employees, one a constituent of mine, were fired so that the President's cousin could take over the operation. Those career Federal employees had their good names and their reputations destroyed. One of those employees was charged and the other six were not charged. One was forced to fight the full investigative and prosecuting power of the Federal Government, and was finally acquitted of any wrongdoing by a jury of his peers.

Billy Dale and his colleagues racked up hundreds of thousands of dollars of legal fees. According to news stories, the President snapped at a reporter who asked a question about the legal fees, because the President is concerned about his own staff's mounting legal bills. Unlike those others who hold high political offices, however, the fired travel office employees are not able to hold glitzy Hollywood fundraisers and have the beautiful people donate $1,000 to their legal fees. Again, my constituent was never charged with anything.

So I call on the President to make sure that this is signed. The Golden Rule says, do onto others as you would have them do onto you. The President ought to be sure, because of the actions of the White House, these people have been hurt, that they are reimbursed. It is the fair thing to do. It is the right thing to do.

I said on this floor one other time, when talking about this case, everything that goes around comes back around. One could almost say, the administration's action with regard to these Federal employees began all of the White House's legal problems. History will judge whether this is right or not, but regardless, career Federal employees should not be punished for a political action taken by any administration, Republican or Democrat.

WARNING AGAINST POTENTIAL POLITICIZING OF THE FBI

Mr. Speaker, I also want to express concern for the potential politicizing of the FBI. I will be inserting two articles in the RECORD whereby it talks about how Mr. Shapiro, who is the general counsel of the FBI, has been doing and involved in activities that the general counsel of the FBI ought not be involved in.

I have been one of the strongest supporters of the FBI and the employees of the FBI in this body. Many of the FBI agents live in my district, and I have been supportive with regard to the benefits and pay raises and other things. But it is chilling, it is chilling when the general counsel of the FBI, Mr. Shapiro, does what he did.

The one FBI agent, Dennis Calabrini, who is also a constituent of mine, he sent two FBI agents out to interview him at his home; very, very chilling. Then he made the data with regard to the Livingstone data available to parties that should not have seen it. This is a conflict of interest. This is inappropriate.

Mr. Speaker, the FBI should be above and beyond all partisan politics. Under no circumstances should any high officials in the FBI use FBI agents to encourage or be involved in anything that could even smack of political partisanship.

Mr. Speaker, I include for the RECORD the following article.

The article referred to is as follows:

[From the Washington Post, Aug. 2, 1996]

MANY NOTIFIED AFTER FBI 'HEADS-UP'

(By George Lardner Jr.)

The White House sent out what amounted to "an all-points bulletin" warning at least 16 people, including lawyers for embattled former White House personnel security chief Craig Livingstone, after the FBI alerted it to politically damaging information in Livingstone's FBI file, House Republicans complained yesterday.

"Those who needed to do damage control were notified first. Those who were investigating were notified last," Rep. William F. Clinger Jr. (R-Pa.), chairman of the House Government Reform and Oversight Committee, said at the windup of a six-hour hearing. He said FBI general counsel Howard Shapiro, who alerted the White House July 15 to the file's contents, should consider resigning.

FBI Director Louis J. Freeh said last night that Shapiro "enjoys my full confidence."

Democrats dismissed the disclosures as a sideshow ginned up after Republicans failed to document their original suspicions: that Livingstone's office had been seeking dirt on political enemies when it wrongly collected confidential FBI reports on hundreds of Republicans from the Bush and Reagan administrations.

"The committee has come to the end of the road and is now looking for new allegations to embarrass the Clinton White House," said Rep. Cardiss Collins (D-Ill.), the panel's ranking minority member.

Shapiro, the hearing's main witness, acknowledged making "a horrific blunder" in telling the White House of an FBI report that Livingstone had been "highly recommended" for his job by first lady Hillary Rodham Clinton.

A protégé of Freeh, Shapiro gave White House deputy counsel Kathleen Wallman the "heads-up" shortly before Clinger's chief investigator was scheduled to inspect the material. He said he had only been trying to be fair and emphasized that the decision was his alone.

Asked what Freeh thought, Shapiro said: "He wishes I hadn't done it."

"So do we," Rep. Dan Burton (R-Ind.) said.

"So do I," Shapiro said.

Committee Republicans accused Shapiro of being "too cozy" with the White House on other occasions as well. Last February, he said, he gave White House counsel Jack Quinn a draft copy of the book "Unlimited Access," by Gary Aldrich, a former FBI agent who had been assigned to the Clinton White House. Laced with allegations that have been widely discredited, it depicted Hillary Clinton as a driving force at the White House, usurping control of domestic policy and hiring decisions.

Shapiro said he gave Quinn the draft, four months before publication, because it was "replete with sensitive internal information" and because he suspected it would be published, as it was, without the requisite FBI pre-publication clearance. He said Aldrich made some changes the FBI wanted, but there were objections to "six somewhat lengthy passages" that were still in the book when it was published last month.

The FBI has recommended that the Justice Department file a civil suit against Aldrich to make him turn over his profits to the government. "It's the only recourse we have," Shapiro said.

Shapiro, 36, also came under attack for giving Quinn advice about a July 25 letter he sent to Freeh. Shapiro told Quinn that one reference to the possibility that an FBI agent had "falsified" a report would be offensive.

The section was an allusion to FBI agent Dennis Sculimbrene, who conducted the 1993 background investigation on Livingstone. In an interview report discovered in Livingstone's file, Sculimbrene quoted then-White House counsel Bernard Nussbaum as saying Livingstone owed his job to the first lady.

Among those notified after Shapiro's call to the White House about the item were Hillary Clinton, her chief of staff and communications director, two lawyers for Nussbaum, deputy White House chief of staff Harold Ickes, senior policy adviser George Stephanopoulos and spokesman mark Fabini.

"We behaved appropriately," Fabiani said. When Clinger made Sculimbrene's account public, "we were able to respond quickly."

Nussaum denied making the remarks attributed to him. Hillary Clinton said she had nothing to do with Livingstone's appointment.

By July 16, when Clinger's investigator went to inspect the interview report, Shapiro and his top deputy, Thomas A. Kelly, had dispatched two agents to Sculimbrene's home to question him about the Nussbaum interview. Sculimbrene has decided to resign from the FBI, sources said yesterday.

House Appropriations Committee Chairman Bob Livingston (R-La.), who had been watching the hearing on C-SPAN, charged that the agents' visit was "absolutely intended to intimidate" Sculimbrene and "constitutes, in my view, obstruction of justice," He told reporters that Shapiro "should immediately resign" and the Justice Department should begin an investigation "to determine whether a criminal charge can be brought."

In his statement last night, Freeh said he was "satisfied that none of Howard's actions were done in bad faith or for partisan purposes. . . . Howard has been instrumental in every major investigation and issue handled by the FBI over the last three years."

[From the Washington Post, Aug. 2, 1996]

CLINTON LOSES COMPOSURE ON TRAVEL OFFICE

(By Adam Nagourney)

WASHINGTON, Aug. 1—His eyes narrowed in anger, President Clinton today punctured what was supposed to be a Rose Garden ceremony celebrating good economic news by heatedly renouncing a White House promise to pay the legal bills of travel office employees who had been dismissed.

"Are we going to pay the legal expenses of every person in America who is ever acquitted of an offense?" Mr. Clinton said, his voice even and steely as he plunged his hands into his pockets, rejecting a suggestion that he urge the Senate to proceed on stalled legislation that would reimburse the employees.

When a reporter reminded him that his own press secretary had previously pledged Mr. Clinton's support to the Senate legislation, Mr. Clinton shook him off:

"Well, he didn't talk to me before he said that," Mr. Clinton said. "I didn't say that. I said, 'I don't know what's going to be in it.'"

At that, Mr. Clinton turned to his questioner, a Washington Times reporter, and said: "I don't believe that we should give special preference to one group of people over others. Do you? Do you?

Mr. Clinton is renowned among staff members for his fast and frequent outbursts of anger, and, typically, equally fast cooling downs and apologies.

In this case, Mr. Clinton later called aside one of his targets, Bill Plante, a CBS White House correspondent who asked the initial question that The Washington Times reporter followed up, and apologized. Mr. Plante said the President attributed his fit of temper to fatigue and the stress he was feeling because of the destruction of T.W.A. Flight 800.

Still, the exchange came over an issue that has caused Mr. Clinton much difficulty in the past two years, the dismissal of seven employees of the White House travel office by Mr. Clinton's Administration shortly after he took office. The Washington Times has closely followed the situation involving Billy R. Dale, the director of the White House travel office, who was dismissed and then acquitted of embezzlement charges brought against him by Mr. Clinton's Justice Department. The reporter who asked the question today, Paul Bedard, said this afternoon that Mr. Clinton had not offered him an apology.

Within hours of the televised news conference, aides to Mr. Clinton's likely opponent this fall, Bob Dole, who have customarily had to deal with questions about Mr. Dole's temperament, pounced on this incident to raise questions about the temper of the man in the White House.

"We have to assume that in anticipation of Dole's pro-growth economic plan coming out next week, Clinton is coming unglued," said John Buckley, Mr. Dole's communications director, referring to Mr. Dole's pending release of an economic plan that has caught White House attention over the past few days.

"But there is the larger issue of the President's ability to control his temper in public. And they're going to have to monitor that very carefully at the White House."

Mr. Dole's aides asserted that Mr. Clinton's exchange in the Rose Garden was the public relations equivalent of Mr. Dole's televised confrontation with Katie Couric, the host of the NBC News "Today" program, over Mr. Dole's ties to the tobacco industry.

"On the Katie Couric interview, Dole was asked several questions on the same subject and he showed a glint of testiness," Mr. Buckley said. "But there's a far cry between that and the leader of the free world having a meltdown at a news conference."

George Stephanopoulos, a senior adviser to Mr. Clinton, said in response to Mr. Buckley: "Valiant spin. What else do you expect him to say in the face of historic economic growth?"

□ 1730

I think there is a real question as to the propriety that Mr. Shapiro has taken. I for one will wait and see what will be done with regard to that. Because we cannot have a situation whereby the general counsel of an agency that has such a long and distinguished record does something like this that can bring blemish and concern with regard to the objectivity in the minds of the American people.

A WAR ON THE WEST

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Oregon [Mr. COOLEY] is recognized for 60 minutes as the designee of the majority leader.

Mr. COOLEY of Oregon. Mr. Speaker, I come before the House today to discuss something I think is very, very important in concept and also to the American people.

We see something in the West that is happening to us. We like to refer to it many, many times as a war on the West, and it is a war. But I want to tell the people of America and the people here in the Chamber, a Member of this House, that if it can happen to us in the timber industry, it also can happen in other industries as well. I want my colleagues to think about this when they hear about what goes on and what is happening to us in the West, because this might be an issue now that is not addressed, does not concern others, but, remember, this lesson can be applied to any issue that we may see coming before you concerning your private property, your interest, your educational systems, and even your self-governing systems.

This is not a fault of any political attitude, it has nothing to do with the executive branch, although I will point out what is happening, but it has to do with the concept of America.

We have a cultural battle going on, a battle of self-determination, of individuality, of being responsible against a culture of liberalism and to a one-world conflict or a big national social government. In this body, if people examine this body, they will see that there are not Democrats or Republicans in this body; there are conservatives in this body and there are liberals. I think that is what the ultimate goal will turn out to be. Who will win this conflict, I think, will be determined in the very, very near future. We are starting to have some very, very serious problems concerning the attitude of a one-government, big-brother-knows-all continuous responsibility for everything that everybody does with no self-responsibility for the individual or the local control by the local communities.

We passed a timber salvage bill, and here is a good example of what is happening in my district, and I want to be able to point this out. We passed an emergency salvage bill in 1995 on June 7. On June 8, the President vetoed it. Between June and July, 1995, there was negotiation between Congress and the administration and a letter from Dan

Glickman implementing the program. The President signed the legislation in a rescission bill.

The bill was signed on July 21, 1995, revising the salvage measure and passed by Congress. On July 27, the President signed this bill. What this bill did in very simple terms is that it would allow the U.S. Forest Service and the Bureau of Land Management to salvage dead and dying and burnt trees.

At the same time, a law that was passed in 1988 which was referred to as rule No. 318, had to do with green-cut sustainable yields in the Northwest. At the same time the salvage bill went through the process in the U.S. Senate, we added the 318 section to the salvage bill, which was actually passed by Congress, and signed by the President of the United States back in 1988 but had never, ever been awarded.

Remember, these contracts were awarded following all the environmental laws, but because of the way our litigation is set up through the appeal process, many contractors who had put their down payments down, their bonds down to cut these trees, were not allowed to do that through litigation. This lasted from 1988 to 1995.

By the way, I want to tell my colleagues that people who put their bonds up in the U.S. Government collect no interest, and some of these bonds ran into the hundreds of thousands of dollars.

In August 1995, the President writes the Cabinet members expressing his reservations about the measure that he signed on July 27. The reason for that is that there was a national uproar by the extreme preservationists that this was a terrible thing, that it was logging without laws, and going on and on.

The President at the time started feeling the political pressure, so he writes a letter. On August 10, the undersecretary, Mr. Lyons, says the program is on track. That was a report to Congress. In late August, the President publicly recants his position on the legislation saying: I really did not know what I was doing, I am sorry I did this, it was not prudent of me and I should not have done it.

The White House on October 28 issued a statement that they will pursue legislative remedies to change the program.

In November, Chief Thomas reaffirms the commitment of the Forest Service and BLM to carry out the goals of the program. We are not sure if the goals of the program were the original goals of the program or the legislative goals of the program, as the President said that he wanted to change and remedy the legislative procedure process.

In November, Chief Thomas reaffirms the commitment of the Forest Service to carry out the goals. In March there is a letter from the President, Mr. Clinton, asking the Senate to repeal the salvage bill, which is Public Law 104–19.

In May 1995, Chief Thomas takes an inspection and tour and announces implementation of the program is excellent. In other words, we are following the proposed cuts as required under the salvage program.

On July 1996, the Secretary issues a directive to significantly modify the implementation of the program. On July 16, 1996, acting under the Office of Management and Budget, the Director Writes Congress urging the repeal of the program.

I want to tell my colleagues what is happening specifically now. This is the kind of flip-flopping and things that are going on concerning just a minor piece of legislation that has to do with the Northwest.

Between 1980 and 1990 sustainable yield harvests in the Northwest forests were running at about 4.5 billion board feet. The forest plan by the U.S. Forest Service was 4.1 billion.

In 1993 the President came to Portland, OR they and developed a forest plan called the President's forest plan. He authorized under that in order to handle any kind of objections from the extreme preservationist group that we would cut 1 billion board feet. In 1994 we cut 1.9 billion feet. In 1995 we cut 340,000 board feet. In 1988, we had 480 mills operating in the Northwest. Today we have 310. At that time we cutting about 10 billion board feet on private and public lands. We are down to 1.9 billion board feet.

We are losing jobs in the Northwest which is drastically affecting our ability to function as a community. It is requiring more and more people to go onto the welfare programs and it is creating havoc economically in the area.

I do not know if you are able to see this, but here is a typical example of Malheur Forest of dead and dying trees that are beetle-killed. These trees do not contribute anything not only to the forest, to the environment, to wildlife or anything else. These are dead and dying and they contribute nothing. If we want to have perpetual forests, in perpetuity, we need to go in and clean these out and replant as under the Forest Practices Act under Public Law 104–19, we should go in and harvest this material out of there while it still has some value and require under law to replant so we can have forests in the future not only for this generation but for generations to come. This is not happening. This still stands like this today.

Here is an example of the Sunrise timber sale in Malheur County where a fire went through. As you can see in this fire, the trees are black, the ground is brown, and nothing is growing in that area. Yet with the President's flip-flopping back and forth, we cannot even go in and salvage this program. We are letting this forest die for lack of any kind of management whatsoever. Bad management.

Here is an example of a 30-inch diameter tree. The blue line, if you can see this on television and you in the audience, is a Douglas fir; the red line is a Ponderosa pine; and the lighter green here is a white fir. After we have a fire, this is a logical thing by the U.S. Forest Service of how long the wood still has some salvageable interest and some monetary return. If we wait under the programs that are presently in place, if we wait from 3 to 4 years before we can go in and cut, we are going to lose as much as 60 percent, down to 20 percent of the value.

Remember, this is an asset, an asset that we all own. This is public land. If we allow this asset to deteriorate, we should absolutely criticized for this. Yet we are allowing to do this under this guise that if we go in there and touch these dead and dying trees, as I showed here previously, dead and dying trees, if we go in and remove those, that in some way we are destroying the environment. These are assets, moneys that could be used in communities around every area where this is involved.

In most areas, and let us go back specifically to in my particular area, the Second Congressional District, 75 percent of all revenue gained from dead and dying or salvage or cutting in the trees goes into road funding and 25 percent goes into the school funding portion of these country revenues.

Specifically let us look at some of the counties and what has happened to our yearly receipts. The black county here is Crook County, and the white county here below us is Wheeler County. Crook County is larger than about six States in the United States alone because I have a very large district. But the population of that county is 15,700.

The principal industries in that county are livestock, timber and some recreation. The total budget to run that county is only $33 million. The timber receipts in 1991 and 1992 before the strict restrictions that came in were $5.1 million. In 1996 and 1997, it had dropped their portion of the timber receipts, to $688,000 an 87 percent drop in revenue.

The Federal Government owns 49 percent of that total county. With a population of 15,700, remember, this takes in women, children, how are they expected to raise enough revenue in order to meet the common needs of a county of this size of land mass with the $33 million that they have to raise when they have been getting from timber receipts on sustainable yields $5 million and that has dropped down to $688,000?

Their schools and roads are suffering. Their social programs are suffering. We have high unemployment, and we have a high problem socially with people that are distressed. In this county here, you cannot sell a home because there is no job. So a person who is locked into this is literally enslaved into these counties. Either that or they have got to take their family and walk away from it and hope someday that somebody will come along. And if people out here in the East want to find a home, a nice home, for under $50,000, come out to my part of the country because there are a lot of them available.

Let us go to a worse situation. Let us go down to Wheeler County. Wheeler County is larger than two or three States on the East Coast. Its population is 1,550. Its total budget, though, is only $5.9 million a year, and its chief principal industries are agriculture, timber and a little tourism. Total receipts from 1991 were $1.6 million. This year the receipts were $269,000, or an 86 percent drop in revenue.

This particular county has the highest unemployment rate in the Pacific Northwest, and it is running anywhere between 30 and 40 percent of everyone living in this county does not have employment.

☐ 1745

I want my colleagues to all think about what happens in these situations. We have allowed outside interests to be concerned with local problems to a point where they do not care any more. These counties are literally going to go bankrupt or dry up; 1,550 people. Who cares? Fifteen thousand five hundred. Who cares?

This the backbone of America. We here, as legislators in this body, do not want to take the responsibility to understand that we cannot allow outside interests to determine the productivity and the culture of particular areas, and we have done that because we do not have the courage.

These people are good stewards of the land. They want the trees there in perpetuity. They are even agreeing not to cut the green trees, but allow them to harvest the dead and dying and beetle kill. Remember that this has nothing to do with man-made problems. This beetle kill that we see here in this dead forest has to do with the lack of managing these forests as we had in the past.

In the past, when we had beetles, we could do some spraying and some other preventive efforts to combat that kind of devastation. But because of certain laws, which I agree with many of them, we cannot do that any more. But at least we should have enough incentive to go in an reap some of the profits out of that dead and dying forest so it can be used for the counties and provide some revenues, and also be able to go back and replant and make sure that we have a healthy forest in our future generations.

I think this principle has been pointed out enough, but I want all Americans to understand that this concept could happen to them and other industries. I think we need to send a strong message to Congress and to the administration and to the agencies that we need to have good management, we need to have sound business practices, we need to have a good environment. But we need to manage our environment, and we are not doing that and it is literally cutting us to pieces.

We do not have anything in this society that we do not grow or mine. Stop to think about it. If we cut this back to where we can no longer harvest the sustainable yields, we can no longer harvest the sustainable yields, we can no longer harvest a renewable resource in a managed way, we are going to devastate our civilization on progress. Remember, we do not have anything that we do not grow or mine in a modern civilization.

Mr. Speaker, I think this is a message that should be spoken loud and clear and should be understood by everybody. It is just not a timber problem, it is a problem with other industries across this country when we have special interest groups that have the power and the influence to shut down logic, shout down rational behavior, shut down basically the growth of civilization through different types of laws and political pressure.

Mr. Speaker, I yield the remainder of my time to my colleague here from Maine.

The SPEAKER pro tempore (Mr. WELDON of Florida). Without objection, the gentleman from Maine is recognized for up to 40 minutes.

There was no objection.

Mr. LONGLEY. Mr. Speaker, I want to build on my remarks, and again I appreciate the gentleman from Oregon yielding this time to me. I appreciate that very much.

Mr. Speaker, I want to build on some earlier remarks I made tonight marking the introduction of H.R. 3950, the GI bill of health. As I indicated, it is a measure authorizing the Department of Veterans Affairs to begin to receive third-party health insurance reimbursements, as well as to incorporate concepts of innovative managed care principles which could provide for increased medical care options for eligible veterans and their dependents.

I indicated that we have seen up to $1 billion in increases in annual veterans affairs medical care funding in the last 2 years. At the same time, just in the past 2 weeks we have seen the passage in this Chamber of H.R. 3118, the Veterans Health Care Eligibility Reform Act of 1996, designed to simplify the very complex eligibility rules of the veterans affairs eligibility system; and just within the past day the passage of H.R. 3103, the Health Coverage Availability and Affordability Act, which is designed to improve access to health insurance for all Americans.

What do these three facts have in common? They have in common the fact that we are attempting as a Congress to deal with health care issues through existing health care delivery systems, by finding ways to deliver medical care in a more efficient, more practical, more cost effective fashion.

I am introducing the GI bill of health to build on these three phenomena, to focus on the next step in the progression of our health care system, which is to move to a seamless system of access that includes veterans of military service, where the first priority will become health care and not whether or not one is eligible under any one of a number of the very complex VA eligibility rules.

What is truly dynamic about our proposed GI bill of health is that it will expand choices available to veterans, it will integrate Medicare and those Veterans who are eligible under Medicare or other health insurance coverage reimbursement plans into the existing health care system. This will be a tremendous plus for veterans and a strong financial shot in the arm to the VA hospital system.

What this in effect means is that a veteran who is qualified for Medicare could, in effect, choose to have that medical care delivered at the local VA hospital or at a veterans facility, if that is what he or she chooses.

Having been actively involved in the future of health care for all Americans, including veterans, I am excited that this bill is coming to the table so that we can continue to address the fundamental question of how to best provide quality health care for those who have served this Nation in our Armed Services.

As I mentioned, the plan incorporates enhanced funding concepts, including third-party VA reimbursement and Medicare subvention to the financial soundness of the Veterans' Administration. The plan assures continued access for those currently eligible under the current system due to service-connected illness or disability at current or possibly even reduced charges.

The GI Bill of Health will reverse recent restrictions imposed on the VA system because of lack of funds. The GI Bill of Health will fundamentally change how the VA is reimbursed for the health care it provides. The GI Bill of Health will change not only how health care is provided and who can receive care but how it is paid for.

The Bill of Health is a prescription that will reduce pressures on the VA health care system, pressure that comes from an aging veterans population, a growth in population that is placing increasing demands on an already strained system, more pressure which can come from Government funding and the difficulties of addressing medical care needs through the existing structure when we recognize that funding alone will not keep up with the rising health care costs that we are experiencing as a society.

When we look at the VA we need to understand, how can this underfunded system meet these challenges? The Bill of Health is designed to reduce the system's dependency on tax dollars by opening it up to funding from individual health benefit plans. It will allow veterans, and this might be controversial, and possibly their families, to use the system to stay healthy, a form of preventive medicine.

Most importantly, what the bill attempts to do is to bring these questions to the table, so that when we examine what we are doing with the VA system we can consider any conceivable option that will protect the integrity of the system for the benefit of veterans, and that might include providing access to their families. Again, allowing the VA system to benefit from the third-party reimbursements that various health insurance coverages, including Medicare, might bring to the system.

We all know that a health care revolution is underway in America. At the heart of that revolution is the desire to contain escalating health care costs. The GI Bill of Health calls for the VA system to use managed care principles to provide medical care for veterans and their families. It will allow additional options for veterans to choose the VA as their primary health care provider, if that is the choice they wish to make.

This plan will, in my opinion, reduce the overall cost of health care and still maintain the quality of health care. The GI Bill of health will assure all veterans, those with service-connected illnesses or disability ratings of 50 percent or greater, continued access to the same VA services that they are eligible for right now at no charge.

The GI Bill of Health will assure access to VA health care either at no charge or at a reduced charge for several other types of veterans, including special category veterans, poor or indigent veterans, or veterans with a service-connected disability that might be rated at less than 50 percent.

The GI Bill of Health assures access to the system for all catastrophically-ill veterans. The GI Bill of Health will allow veterans, military retirees and their dependents to pay for VA services with existing health care plans, including plans available to DOD, Department of Defense, retirees.

And individual would be able to use Medicare, Medicaid, CHAMPUS, Tri-Care, a third-party payer or an employer plan to pay for care at a Veterans administration medical facility.

The GI Bill of Health offers veterans and their dependents the opportunity to enroll in various health care plans. It allows the VA system to collect and retain payment for the services it renders, a provision that it currently is not allowed to do.

If this were to be facilitated, it would be a big step forward in the direction of enhancing the financial soundness of the Veterans' Administration system.

I think we all know there is a better way to handle the medical needs of people who serve their country. Americans veterans and their families need an improved health care delivery system, one that is more in tune with the times, one that can bring them into the 21st century.

Retirees, who, as we all know, have been suffering the loss of medical services through base closing and realignments deserve a system that can help address their needs in an improved fashion. The GI Bill of Health will meet those needs. It will make a vital health care system more accessible to more people and it will take a load off the backs of the taxpayers. We could not ask for a better deal that than.

The VA's hospitals are worth saving. They uphold a health care covenant between veterans and the Government and the country that they have served. But those VA hospitals do more for the country than most people realize. There are aspects of the VA medical care system that many Americans do not understand, including the fact that VA hospitals are currently teaching and research centers for many major medical schools.

VA hospitals play a significant role in medical research advances. VA hospitals back up the military health care system in times of war, and VA hospitals provide medical support for the Federal emergency management agencies when disasters strike, disasters such as hurricanes and floods.

These hospitals serve a variety of purposes and we do not want to do away with them. We must ensure that VA hospitals do what they are supposed to do, but we must also consider opening up new funding streams that will allow the VA health care system to better serve existing veterans.

There are a series of principles, Mr. Speaker, that were developed by the Partnership for Veterans Health Care Reform. This partnership includes the American Legion, the American Veterans of World War II, Korea and Vietnam, otherwise known as AMVETS, the Blinded Veterans Association, the Disabled American Veterans, Jewish War Veterans of the USA, Military Order of the Purple Heart of the USA, the Non Commissioned Officers of the USA, Paralyzed Veterans of America, Veterans of Foreign Wars of the United States, and Vietnam Veterans of America, Inc.

The partnership is designed to enunciate the key principles that we must look to when we evaluate the need for veterans health care reform.

No. 1, reform eligibility. Provide access to a full continuum of care and improve the efficiency of services for all currently eligible Veterans.

Mr. Speaker, we did that in the past week when we passed H.R. 3118 designed to reform the eligibility system for veterans.

□ 1800

No. 2, is the need for guaranteed funding, that we provide adequate funding for the provision of health care services. As I indicated, I think we have made substantial increases in the funding available for VA medical care, but yet we are continuing to see, despite the fact that we have increased funding by up to a billion dollars a year on top of a $16 or $17 billion VA medical care budget, we have increased it by a billion dollars here in Washington, I still see nothing but talk of cutbacks and layoffs back in my own district. Something is wrong with the system, something that I think we need to pay attention to.

By carefully considering the principles of the GI Bill of Health, we may find that we can make the changes that we need to provide the stable funding that the VA needs as well as maintain the continuous services, including valuable services provided to veterans in my State.

Mr. Speaker, No. 3, protect the VA's specialized services. VA has a number of specialized health programs which include spinal cord injury medicine, blind rehabilitation, advanced rehabilitation prosthetics amputee programs, posttraumatic stress disorder treatment programs, extended mental health and long-term care programs, many of which are service unique and veteran unique.

Again we need to protect those services, and by providing stabilized funding and hopefully a reformed system we are going to protect their existence in the future.

No. 4, advance the VA's unique missions. In addition to the specialized services that I discussed, we need to preserve the VA role as a backup to the Department of Defense in a time of emergency to advance the Veteran Administration leadership role in award winning research and health professions education, and again I think we are taking steps in that direction.

No. 5, retain alternative funding sources and, No. 6, streamline the bureaucracy, are both issues which we are attempting to address in H.R. 3950, the GI Bill of Health. By allowing local facilities to retain third-party reimbursements and Medicare payments, I think we can provide for more efficient and more sensitive provision of health care to veterans.

At the same time, by decentralizing the VA's management operations, we can improve efficiency and empower local managers and increase their responsiveness to veterans health care needs. Deregulating, contracting, resource sharing, and personnel management function are issues that can be addressed.

Consider what I said earlier about giving something and expecting something in return. As I mentioned, 6 years ago today we saw the invasion of Kuwait, and 31 years ago today we saw the Gulf of Tonkin Resolution, which sent hundreds of thousands, if not millions of Americans to serve their country in Vietnam and over 50,000 to give their lives.

There was a commitment, and in exchange for that commitment there was an expectation of care, particularly for the sick, the disabled, those who needed the help, those who were injured or wounded in the course of serving their country.

Veterans and their families have sacrificed for the benefit of all Americans. Allowing veterans to use a health care system that is designed to serve them is the right thing to do. It is a choice that we cannot ignore.

I have a proposition for you, Mr. Speaker. Support this plan. I call on other Members to support this plan. Put the issues on the table so that we can begin a full and healthy debate and discussion about the future direction of our health care system. I urge others to do the same. Let us give the VA health care system a clean bill of health: The GI Bill of Health.

The GI Bill of Health is a vision for change. It is a vision for progress. It is a vision for excellence in veterans health care. The GI Bill of Health, in my opinion, is the right thing to do for those who sacrificed for this great Nation, and considering the need for reform of the VA system in the context of the other steps that we are making to improve access to health care for all Americans, as well as for veterans, I think it is the right step to make and it is the least that we can do for those who have served our country and those who have sacrificed for our great Nation.

AMERICA ON THE BRINK OF SELF-DESTRUCTION

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. DORNAN] is recognized for 60 minutes as the designee of the majority leader.

Mr. DORNAN. Mr. Speaker, I do not know why it has turned out this way in the last few periods before we went on a long district work period. It turned out that I would be the last speaker and adjourn the House. And I think this is more exciting than most periods because both of our two major parties are going to have their big conventions, one in San Diego for the Democrats; it is a return to Chicago from a scene that I covered as a television talk show host and news reporter, the madness of that week in Chicago in 1968, which overlapped the ugly and last, until Chechnya, Soviet invasion with tanks of a nation, in this case the sovereign nation of what was once the sovereign nation and is now the sovereign nation of Czechoslovakia.

In this last moment before we adjourn and when we come back in September, it will be to finish up our work in the fastest two years of my life, the 104th Congress. And 94 days from today, we will determine whether this country continues on its road toward self-destruction. That is the description of Reverend Billy Graham in our Rotunda when this Chamber and the other body awarded him unanimously the Congressional Gold Medal, the highest civilian award of this Congress. And we do not make awards to military people, although we have founded them and authorized them. They are made by the military itself up to the Commander in Chief. And it is a tough process that people go through to win a Medal of Honor, loosely but wrongly called the Congressional Medal of Honor and other high designations, Air Force Cross, Navy Cross, and the preeminent Army, because of its older existence, the Distinguished Service Cross. But the highest award we can give anybody, any civilian is the Congressional Gold Medal. And we gave it to both Billy Graham and his wife. Struck the beautiful image of Ruth Graham, his wife of 53 years at his side through all of his ministry to spread the good news of our savior Jesus Christ, and at his acceptance speech in the Rotunda on May 22d, he said this is a Nation on the brink of self-destruction.

Now, have we averted that path in the 104th Congress? Can we do anything to turn that disastrous path around in the month of September and two or three days in October before we adjourn sine die without any more days in the 104th Congress? Well, hardly. Will we do much to turn it around in the 105th Congress? It is all on the line in 94 days.

If we elect an administration that I believe to be utterly and thoroughly morally corrupt and financially corrupt, then we may be approaching the point of no return. Another four years of Clinton, and I do not know how we are going to turn it around once we are a year into the 21st century.

Now, I come to the floor with as much sadness tonight as I have ever felt about a betrayal of American middle-class families, the families who sent our young men, their sons, we were not sending daughters into combat and into the violence of the battlefield in those days of Korea and Vietnam, but middle-class families sent their young people just a half a decade after World War II, the second great cataclysm to make the world safe for democracy, but it seemed to make the world stronger for communism, we sent our young men, mostly farm kids but a lot of college kids and young professionals that were called away from their careers because we did activate the Reserve and the National Guard and the Air National Guard, we sent them to the Choson Peninsula, the Korean Peninsula, a place many of them had never thought of other than a passing reference in high school or grade school geography.

We did teach about such faraway places when I was in high school and college. And they died in those filthy human manure ditches in the freezing cold of Ch'osan Reservoir or the baking hot of the Korean summers of 1951, 1952, and 1953, and we left behind, Mr. Speaker, thousands of live Americans in their prison system. Some may be alive even to this day.

There was our first no win war. We had rejected MacArthur's battle cry, "There is no substitute for victory," and we relived this nightmare with an even worse outcome in the Vietnam war. At least in the Korean War we kept a ragged, much changed but general outline of the 38th Parallel on a different angular river and rugged course. We kept the southern half of that peninsula free, but in Vietnam we forsook our allies. We left them to the cruel agonies of the communist government out of Hanoi.

Some Senators and a few Congressmen licked the boots of the likes of war criminals like General Giap to this day, the architect of only the successful battle of Dien Bien Phu that was fought about honor until the ignoble disgrace of holding back thousands of French and French Moroccan and other foreign legion troops for years, until many died or they were traded for money or traded in their bones, what we are doing disgracefully now. In Vietnam we walked away from one war and betrayed our allies in Laos and Cambodia and South Vietnam to concentration camps euphemistically referred to as reeducation camps. 60,000 were executed, almost three-quarters of a million died on the high seas, and the communist killers are entrenched in Hanoi to this day.

I find out this afternoon that in the foreign ops portion of our appropriation process there is a section involved that we are going to take our taxpayer dollars from our farm and working families and lower middle-class families and their grandchildren, my grandchildren, many they have not even earned yet, and we are going to give it to Vietnam to rewrite their trade rules and their code so that we can start funneling next year foreign aid with borrowed money to the communist conquerers out of Hanoi.

Absurd. What brings me here sadly is, I want to say inadvertently, but a 7-year POW Congressman SAM JOHNSON from Texas and this Member from California gave people warnings for two weeks that we were betraying last night the POW–MIA families by voting for a defense authorization bill, all in all a fine bill with some shortcomings, hard trading with the Senate, but we passed it with only 36 Republicans saying no and some of them for different reasons, even though SAM JOHNSON of Texas had sent around what I thought was to me the saddest handout during a vote that I had ever encountered on this floor.

It says, "A plea from former POW Sam Johnson. Support our MIA/POWs and their families. Vote no on fiscal year 1997 defense authorization conference report."

Now, I have said many times that I was going to read excerpts from Sam's book on this House floor to let the 86 Members of the freshman class know just the caliber of unqualified hero that Sam Johnson of Dallas was that they were serving with. And now I find out that people on the payroll at the defense missing persons office have tried to obfuscate the horror and the terror of Cuban, Cuban involvement with the torture to death of some of our prisoners in the prison system in and around Hanoi from 1963 to February and March of 1973. Unbelievable story.

Mr. Speaker, I do not know how to warn children away from the television screens, assuming that children too young to not be frightened and absorb torture stories, why they would be watching C-SPAN anyway, I do not know unless they are watching with their parents, but I would recommend to any mother and father they owe it to the men who died for our liberty and freedom of speech to stay with us a few moments this evening, but tell the children to go outside and play.

Here is this book that I promised to read excerpts from in a last special order. "POW," by John G. Hubble in association with Andrew Jones and Kenneth Y. Tomlinson. Subtitle: "A Definitive History of the American Prisoner of War Experience in Vietnam: 1964 to 1973."

When I read these words, Mr. Speaker, I hope people will wonder why this body and the other Chamber have Members so anxious to lift trade restrictions, then under a triple draft dodger normalize relations, then after that to remove the combat status, just a few weeks ago that existed. So if we found a live American and could target with all of the technological sophistication available to our secret agencies and our military today, that if we could pull off a rescue mission, we could have done it in a matter of minutes up until a few weeks ago, when Clinton signed an order saying there is no longer a combat situation existing between us and the communist powers of Vietnam.

Now the drive is on to get Most Favored Nation status for this communist country, one of the last four left in the world, to make the same mistake we made with China and then to drive toward taking our borrowed tax dollars, lumping it upon the deficit and helping them rewrite their trade code so that 30 pieces of silver can be extracted for a few foolish business men and women with all the opportunities around the world.

□ 1815

They are going in there with blood on their hands to deal with these people that may still have Americans locked up. One Senator calls speeches like mine on the House floor hobbyist speeches. What a disgraceful challenge to me, particularly after what I just read about honor in the Wall Street Journal today.

Chapter 25 of POW, Fidel, Kassler and the faker. Fidel was the name given to a tall, some prisoners thought he was from Argentina he was so tall, and Castillian as a Cuban, but he is a Cuban, Fidel was the nickname they gave this torture master. Kassler is a hero from both wars, an unparalleled hero from both wars, like our SAM JOHNSON, Jim Kassler, shot down 8 Mig's in the Korean war and then led the first major strike against Hanoi on the Air Force side against the petroleum oil and lubricant storage areas of North Vietnam to stop them from this slaughtering people in South Vietnam. It was written up big in Time Magazine.

Then his fate was to be captured a few weeks later and to be severely tortured because they knew they had their hands on an American war hero.

What they called a criminal and an air pirate and the faker is a man that, when this book was written, his identity was uncovered by the author, John Hubbell. Now we know his remains have been returned, showing the horror of what he had gone through, even in just the bones that remained. It was major Earl Cobeal. This pain is known to his family. I am not revealing anything on the House floor tonight.

My fellow Americans and Mr. Speaker, listen to this: At the zoo in Hanoi, that is an annex, part of the Hanoi prison system, the one whom the prisoners believed to be Cuban and whom they called Fidel had been very busy. Footnote, we knew who this brigadier general was of Cuban intelligence. He was in New York in 1977 and 1978. My 2 years in this House, if only God had let me know he was there, I personally would have made a citizen's arrest on him. Our intelligence people failed miserably under Jimmy Carter to arrest this man as a war criminal, the way we had done in World War II at Nuremberg and at the Japanese trials where we hung people for this type of war crime.

He was allowed to dine in New York restaurants for 2 years, known to our intelligence people, known to Admiral Stansfield Turner, head of the CIA, and allowed to go back to Cuba. I wish I knew where we could get our hands on him today. I believe his name is Fernandez.

He had been very busy. The prisoners were never to be certain of the Latin's mission, but they generally were in agreement that it was to teach the North Vietnamese how to handle captured American military men and how to learn as much as possible on the same subject on behalf of their own Government, Cuba, whatever it was.

Fidel had selected a dozen or so American prisoners and dealt with them one by one. He attempted to browbeat the men into yielding military information and cooperating in Hanoi's propaganda campaign. It seems clear at first that he did not want to brutalize the men, perhaps Hanoi's mysterious ally wanted to demonstrate that mind and will games were more effective than hell cuffs and torture ropes that the men had been undergoing, this horrible torture for, at this point, 3 years or more with them dying under torture and another 100, as Kassler told me himself, executed in the villages before they made it into the prison system.

In any event, the prisoners judged this to be the case and one by one set their own minds and wills to frustrate Fidel. And he thus proved unable to show his host, the Vietnamese Communists, any results. Defeated, furious, he turned to savagery, directing horrendous torture and beatings. So intense was the mistreatment that each prisoner had finally acquiesced to Fidel's enraged demand to surrender. He broke each one of the 11 and some never came home.

Now, there is a man named Robert Destat, who has worked for years in and out of the Pentagon's missing Americans office. He had the gall, the effrontery, the treachery to put in writing recently that these men were interpreters only. It is a plausible Cuban story, he says. I am going to attempt to bring this man up on charges under the law that when Clinton signs it will be stripped out of the books soon over the next few weeks while it is on the books. It is only 5 months old, since February 10. I am going to bring him up on charges for willfully and knowingly lying to our families, and I understand he owns property in Hanoi, that he is marrying into that system over there, and that he has been allowed for years to disgracefully manipulate and psychologically torture the families of these men that were tortured by these three Cubans, nicknamed Fidel, Pancho, and Chico.

But he did not break them unconditionally. For example, the senior ranking officer of the group, Air Force Major Jack Bomar, a navigator, when asked to write on the Doppler method of navigating our aircraft, produced two pages of spurious biography on the system's inventor, a German named

Erich von Doppler who used to listen to trains. Fidel insisted—actually the Doppler effect was discovered by Christian Johann Doppler, a 19th century Austrian physicist. So the Americans are trying to mislead and fight back in this horrible deadly chess game of pitting our wills as the most pathetic of all people.

Christ points this out, the Pope pointed it out to me, Pope Paul VI, when I had eight POW wives in his presence alone, just the Holy Father, BOB DORNAN, a young radio TV talk show host and the eight wives that I had raised money to take around the world in January of 1970.

We are on our way to Hanoi—to Moscow. Clinton is already there, young student, being thanked for his leading and organizing, treacherous help for Hanoi, encouragement, sustenance, assistance, all the words of synonyms for comfort or other words like aid because you get in a little debate on what words you can use out of the Constitution of the United States.

I took four of those wives to Moscow, a few days after we met with the Pope, and we were arrested at the airport on fake document charges, put in a hotel with no heating, 26 degrees below zero. One strong wife did not get sick, and I and the other three wives got near pneumonia. Pope Paul VI, in good English said, never have wives traveled to the battlefields just simply asking, are our men alive or dead. Some of these wives did not know their men were alive and going through this type of medieval torture.

Fidel insisted that the American criminals become more self-sufficient. Therefore, he said they would raise their own fish. They were made to dig two breeding ponds, each about 10 feet long and 4 feet wide. When each hole was filled with water, Fidel produced a supply of approximately 350 tiny fish, each perhaps an inch and a half long. These fish, Fidel explained, would grow to a length of 3 feet and would weigh 12 pounds.

When Fidel finished speaking, someone noticed that in the water the ponds were so muddied that the fish could not swim. They were clustering at the surface dying. At Fidel's frantic commands, the prisoners tried to use mosquito nets to lift the fish out of their muddy mud bath vats. It did not work. The netting engulfed the fish in sticky mud and there soon was mud over all the prisoners, the guards, Fidel and the yards. Wash tubs were brought out. The prisoners descended in the mud pits with pails and bailed out the mud. They picked fish out of the mud, cleaned them off, threw them into the wash tubs and about 120 fish were salvaged. Like the American prisoners whom the fish were eventually supposed to nourish, the fish were soon to find themselves occupied mainly with survival. They were to do none of the spectacular growing Fidel predicted, and no American was ever to taste any of the fish.

Fidel was full of ideas for prisoners self-sufficiency. He decided that the inmates should build a bakery and bake their own bread. Two of his criminals, Norman Dautry, who told me some of these stories in my office way back in the 1970's, and Ed Hubbard immediately represented themselves as bakery building experts and were placed in charge of construction. The project consumed two months.

A sort of mud adobe oven was built with a chimney about 8 feet high.

He goes on to tell the story of how the strange Fidel went through all of these processes of trying to build a prison system, not knowing that he came from Cuba where prisoners had already been held by this time in solitary confinement for better than a decade, stark naked, in totally darkened rooms with spatial disorientation, and what he was trying to do here they never figured out with the ovens and the fishes and all these things.

Finally he begins to get deadly. One day, Fidel, clearly frustrated, turned to Colonel Jack Bomar. Every time you want to talk about something important, you talk secret. Everything else is loud. For the most important, life with Fidel was more than grim. Once the prisoners were divided into small groups and taken off to different work projects, Bomar and Dautry found themselves listening to the sounds of awful beatings being administered outside a stall in a small bath area.

It went on and on, amid shrieks of unrestrained rage and sounds of fists and other things smashing against flesh and bone. The noise chilled the blood and spirit.

After a time, Fidel emerged from the stall and spotting Bomar shouted, we have got a, the F word, that is faking. Nobody is going to fake and get away with it.

The Latin launched on a lengthy tirade describing how the prisoner had pretended illness and injury to avoid interrogation and work. I am going to teach you all a lesson, he vowed. I am going to break this guy in a million pieces. He is going to eat. He is going to bow. He is going to work. He is going to do everything we say. He is going to surrender like all of you surrendered.

A Vietnamese guard brought the man from the stall. The sight of the prisoner stunned Colonel Bomar. He stood transfixed, trying to make himself believe that human beings could so batter another human being. Bob Destat, on your payroll, as taxpayers, says this is all lying. I want this Destat by subpoena in front of my committee. I want him in a court of law.

The man could barely walk. He shuffled slowly, painfully, his clothing was torn to shreds. He was bleeding everywhere, terribly swollen, and a dirty, yellowish, black and purple from head to toe. The man's head was down. He made no attempt to look at anyone.

He was taken into the cell the Fidel prisoner shared, and Fidel grabbed Bomar by the arm and hustled him in, ordering him, shake hands with your comrade. Bomar introduced himself, offering his hand. The man did not react. He stood unmoving, head down.

Fidel smashed a fist into the man's face, driving him against the wall. Then he was brought to the center of the room and made to get down on his knees. Screaming in rage, Fidel took a length of black rubber hose from a guard and lashed it as hard as he could into the man's face. The prisoner did not react.

He did not cry out or even blink an eye. His failure to react seemed to fuel Fidel's rage and again he whipped the rubber hose across the man's face. Bomar was nearly physically ill at what he saw happening, and he was helpless to stop it.

Again and again, a dozen times Fidel smashed the man's face with the hose. Not once did the fearsome abuse elicit the slightest response from this Air Force major. Bomar began to realize that the man was not really there, that somehow his brain had turned out the pain and the damage and everything else. At last Fidel ordered, take him down and clean him up.

Bomar helped the battered pilot to a bath stall. In the stall was a concrete tank containing some dirty water and a pale. Bomar got some soap. He undressed the man and found that he had been through much more than the day's beatings. His body was ripped and torn everywhere. Hell cuffs appeared to have severed the wrist; strap marks still wound around the arms all the way to the shoulders. Slivers of bamboo were embedded in the bloodied shins, and there were what appeared to be treadmarks from the hose across the chest, the back, the legs.

Horrified, Bomar was afraid to touch him for fear of causing him more pain. He spoke softly, trying to comfort the man, to let him know that he was now in friendly hands and that he wanted to help him and make him comfortable. The man did not react. He did not open his eyes or say anything. He simply sat, head down. Gently, Bomar cleaned him as best he could.

☐ 1830

Then suddenly Fidel burst into the stall, grabbed Bomar, slammed him out of the place, out of the way, and began beating the man again. He kept driving his fist into his face, slamming him against the wall, down on to his knees. Then he stalked away, leaving Bomar to get them both back to the cell.

The other Fidel prisoners returned from their work detail. And one of them, Norlan Daughtrey, told me in my office—and as he began to recall these memories, tears streamed down his face as he relived it—the way you will see a rape victim or a family member from a murder on the witness stand, and you can see the visceral images flood into what Shakespeare called our mind's eye and then the tears begin to flow. This is what happened to Norlan in my office, reliving. He witnessed these beatings also of other men, including Colonel Bomar, but also of Major Early Kobeal, only identified in this great work of history as the Faker.

The other Fidel prisoners came back from the detail. As Bomar described what had happened, the new man remained mute, his head down, his eyes closed, his teeth clenched tightly together. It was as though he was alone in a world of his own. None of the others knew him or anything about him. All that was known was that he was an Amercian, that unspeakable horrors had been done to him and that he needed all the solace and help he could get. Conaboy, Trowbridge, distraught people on our payroll denying this type of ugly history, of our chained eagles being destroyed.

His belongings were delivered. His blankets and clothing were soaked with dried blood, puss, and waste matter. A bed was made for him and he was made to lie down. The others discussed what to do. Somehow he had to be brought back from wherever it was that Fidel and his colleagues had driven him. He needed to be kept clean, to be fed, and to be nursed back to physical and mental health.

The bowing program was in full swing, meaning breaking men to bow in front of these stupid, uneducated guards. Guards were opening cells dozens of times daily just for the pleasure of seeing the Americans bow to them. The Fidel prisoners lost no time coming to their feet and bending to obedience, because of their torture, but the new arrival would not so much as acknowledge that the cell door had opened. Unfailingly, an offended guard would stride to his bunk, grab him by the neck of his shirt, pull him up, and slap him hard across the face. The others winced with every blow; some muttered fears for their own sanity if the assault on the man continued. If they stepped in the way, they would be tortured to death.

The man would say nothing and do nothing. The others took turns feeding him, talking to him, soothing him, and offering him encouragement. He ate, and at length he opened his eyes. But he kept his head down, staring blankly, and kept his silence, keeping his teeth clenched tightly when he was not eating.

Then, suddenly, he spoke. Somehow, someone had come by a banana and proposed to feed it to him. Through teeth that remained clenched, he said, "There is a microphone in the banana."

The others gathered round, certain that a turning point had been reached and that important ground was about to be gained. Eagerly they broke the banana open in front of him, showing that there was no microphone in it. He refused to accept this, and refused to eat the banana. Again he fell silent, unresponsive.

Days later, he spoke again muttering as if to himself, that the room seemed to be full of people who "look like Americans."

"We are Americans," Colonel Bomar assured him. "We have gone through a lot of what you have gone through. We are all in the same boat."

"They changed your hands," the man replied. "They changed your face. They needed your face and hands. There are gas jets in the wall."

"Our hands are all right."

"You are Russians, Russian actors on a stage," the man said. "The sun goes too fast. There it goes, across the sky."

Now he refused to eat totally. Bomar and the others could get nowhere. Only occasionally would this tortured figure say, "I know what you are doing. I know you want my hands. I know you are going to kill me. Why won't you go ahead and do it? Kill me."

In comes Fidel. "He's faking." The Latin took the man out into the porch of the Stable—a prison section name—along with Bomar, to warn him that the man had to stop faking. The man would not answer. He stared downward, behaved as if Fidel were not present. Fidel's rage mounted. He ranted at the man, screaming every obscenity. "He's faking, I know he's faking, and I'm gonna prove it."

The man was removed to a hospital.

The events of March 31—interesting, the very day that LBJ, this man's Commander in Chief, throws in the towel and quits the presidential race to pursue a solution to the war in Vietnam, more on-and-off bombing, more treachery, more betrayal of kids. No called up reserves or guard or international guard in this war except for 6 F–100 squadrons, only farm kids, African-American kids, Hispanic and American kids, sons of military families like mine, sons of conservative families like mine.

And as I read this to you, my older brother is in heart surgery today. He has been in surgery for 5 hours. Half an hour to go. My brother, Don.

If you are listening, you identify with me over this mess. Please send prayers for my brother Don, Mr. Speaker.

The events of March 31, 1968, Johnson bug-out day, the halting of the American air campaign against North Vietnam and President Johnson's announcement that he would not seek another term in the White House, were trumpeted to the American POWs as evidence that Hanoi's Communist cause was prevailing. The antiwar movement was succeeding.

Bill Clinton spoke: We are winning, exceeding beyond expectation. There was no secret Soviet money coming into American student groups. All they had to do was reward them with occasional trips to Moscow. They were ahead of the curve, way ahead of any other student group that was pro-Hanoi in Europe.

Generally, however, the American prisoners interpreted the news differently. Most took it for granted that the Communists had come to terms with Johnson. Hope springs eternal, I guess, and the torture goes on.

Jack Bomar found himself speaking freely to one whom the prisoners called Pancho. Pancho, too, was Latin, average height, but powerfully built and with a big, shaggy black beard.

We have him identified too. He got away with these war crimes. Whatever his purpose in Hanoi, he was not an interrogator.

And Bob, to stop, I want you. Hear me. He was not an interpreter. He merely wanted to talk to Americans, and sought Bomar's reaction to the bombing halt. General Wald, do something about this act, I beg you. You are a war hero, Jim. Do something about these people.

"The President didn't stop the bombing without concessions," Bomar told him. "There is no doubt in my mind about that. And I don't know what the other concessions are but the release of the POW's is primary." Five more years in this hell hole. "We'll be out of here within 90 days."

Fidel entered the room where Pancho and Bomar were talking as the American uttered the word "concessions." He grabbed Bomar by the shoulder, threw him to the floor, roared furiously, "Concessions? Never. The Vietnamese have absolutely defeated the United States. You will never leave here."

The next morning Bomar was summoned from his cell. The long stable porch was crammed with Vietnamese, armed guards, and men and women who worked around the camp. Bomar knew he was in for a brutal session. He was made to kneel on the ground, hands in the air. Fidel strode before him, delivering a long, angry lecture on "concessions." At last he said, "Now, we are going to teach you what concessions really are." With that he drove a roundhouse blow straight into Bomar's face, sending him sprawling. Guards brought him back up to his knees.

This is really brave, punching a man with eight guards holding him.

Again Fidel smashed him in the cuba. Brigadier General Fernandez of Cuba, allowed to dine and wine in New York City for 2 years not a decade after this.

And again the spectators appreciated the show. They laughed, probably drooled, shouted encouragement to Fidel.

Now the Latin stepped behind Bomar—remember this guy is about

6'1" or 6'2"—with the length of a rubber hose and lashed him hard, just below the kidneys. Then a second blow. Bomar was down, writhing in the dirt, wondering how much of the rubber hose he could stand. He was yanked up on to his knees again. Now Fidel was screaming for Norlan Daughtrey.

Daughtrey was made to kneel in the dirt beside Bomar. Fidel smashed his fist into his face, guards pulled him back, and Fidel lashed him across the back with the hose. Then the Latin stood behind Bomar and lashed him with the hose, and screamed for Navy Ens. Charles D. "Chuck" Rice, captured on October 26, 1967.

What do you know? The same day, the day before John McCain was shot down.

Rice was smashed in the face, lashed with a hose. Then again Fidel stood behind Bomar and laid the hose across his back.

By the way, some Senators put this all behind them. They said, "Oh the freedom bird, the day I left, I put all this war behind me." Others, like Senator Jeremiah Denton, and like this noble hero we have the honor of serving with, SAM JOHNSON, we do not forget this. We must never forget this any more than Simon Weisenthal allows the world to forget Nazi torture of prisoners.

I remember I put my hands on the rack at Auschwitz. The torture rack is still there, where they would stretch men across in front of groups of 300 and 400, God loved but seemingly forsaken Jewish prisoners, all to die in the gas chambers. They would scourge and beat men hundreds of times to break their will, not for escape attempts, just for the sadistic pleasure of the guards.

The first time I visited there the Vietnam war was going on. I was a newsman heading to Vietnam and I thought to myself, thank God in this modern age with a superpower, the United States of America, behind our Navy, Marines, and Air Force pilots and our Green Berets and ground guys getting captured on the ground, they will all be returned. We are not suffering this way in the prison camp of Hanoi. But my brother's pilots were suffering this way. It is incredible.

So now he begins beating four prisoners at one time.

One by one, the Fidel prisoners, 12 of them, before the crowd made to kneel, smashed in the face, lashed with the rubber hose. Each time Bomar was lashed once again.

So the first guy takes multiple punishments for all the rest.

At last the punishment ended. The Americans were all on their knees, their hands high. Down the steps came Lump—the prisoners' bravado nickname for one of these sadistic pigs, the zoo camp commander. He walked to Bomar, poked a finger at his face and shouted, "Jackasses, these are your concessions."

I wonder what Lyndon, the great Texas boot-wearing tough President, would have done if he had known this was happening. We knew by then it was happening because of the early release programs of the slipperies, the slimies, and the sleezies.

He says the prisoners were kept on their knees for a half hour while Fidel harangued them, warned them to put out of their minds any thoughts that they might be leaving soon. Then all but Bomar were ordered back to their cell. Bomar was treated to additional histrionics, and finally Fidel smashed him sprawling one last time and ordered him dragged back to his cell.

After most of 2 weeks, the man whom Fidel said was faking was returned from the hospital—kept alive for torture.

Only the Nazis and the Japanese war criminals of Manchuria did this kind of sickly stuff. I now have gotten the top secret documents declassified of a Communist-built hospital in North Korea where American young farm kids were used as guinea pigs in medical experiments in North Korea in the early 1950's, the way that it had been done to Australians, British, Americans, hundreds of Soviet prisoners and thousands of Chinese prisoners in Harbin in unit 731, tortured to death in every conceivable way, using Dr. Mengele's playbook from Auschwitz.

Every conceivable, when-Hell-was-in-session type of torture took place in North Korea and our secret agencies in this country did nothing to debrief a defecting Czech general of their joint chiefs of staff named Senya who told us all this in 1968, the very year this is happening, and he was told, "We are not interested in a hospital built in Korea to experiment on captured POW's until they were dead."

Nothing like this has ever been discussed on the floor of this House or in the other body.

Within a few weeks many of the group were covered with boils. When they brought back the so-called faker he was unkempt, a malodorous mess.

That means stinking to high heavens.

He had several huge boils on his back and hips. The camp medic, a Vietnamese whom the prisoners called Slasher, tore the cores out of the boils using some kind of rusty instrument.

□ 1845

He cut in deeply, drawing blood, ripping off patches of skin, draining the pus. The prisoner never even winced. When the medic left, the others ground up sulfur pills they had begged and stashed away and dusted the powder into his gaping wounds.

I have to jump here, Mr. Speaker, and tell the listeners, if they have suffered through to this point, this man was not returned. He was kept back as a live prisoner. When the other people, including some Senators-to-be and current Senators and a couple of House Members now, all came home on the freedom birds, this man and others like J.J. O'Connell, another naval aviator, they were held behind because they were zombies. They were beaten until they had lost their senses. They were held back.

Any man who suffered a slight amputation, had any bad head wounds, they were held back and allowed to die in camp. Then they were buried in the ground, dug up months later, all the fleshy material cut away, their bones put in a box, stuck in a warehouse. There are still 200 boxes of these heroes' remains there at this moment, as I speak on the floor of the U.S. House of Representatives.

Then they would, like they did to the French, trade in 30 pieces of silver, giving us back our heroes' remains, and we still grovel for our heroes' remains, and we still put up money, millions of it, a third of it lost to our taxpayers, in this gruesome relived French Vietnam game of trafficking in heroes' dust and bones, while ignoring the stories of live sightings.

Good God almighty, what has happened to my country, with this corruption in the White House and this lack of focus on justice and history?

The man, Major Cobiel, could not move now. Ed Hubbard had removed more than 2,300 boils from the top of his head, from the soles of his feet. He was in terrible agony and it worsened when he moved. He could not walk, he could not sit, he could not lie down.

The Cubans are all enjoying this.

It was causing himself terrible pain. Still he kept moving, helping with the cleanup chores, trying to take care of himself.

Bomar, the Colonel, Air Force Colonel, had 44 boils, including four in one armpit, and an especially painful one in one of his fingers; using a bamboo self-made needle, he opened this one to drain it. Soon angry red streaks painted the arm, signaling blood poisoning.

Do you know how we panic with our children and grandchildren over one infection on their body, one little red line going up an are or leg?

He became horribly ill. Slasher, the Vietnamese guard, carved into the little finger. The poison flew out of it. Amazingly, Larry Spencer, who was waiting hand and foot on the faker, developed no boils. He scrubbed the major's clothing.

I am inserting his rank and his name on occasion.

He bathed and stayed close to him, tending to his every need, but remaining free of infection. He kept looking after the man in the face of enormous frustration.

The bowing programs remained in effect and the guards enforced it with what the prisoners called fan belts, actually rubber whips cut out of old tires.

One day the door to Fidel's his special prisoners cell, the 12 of them, opened 39 times, requiring 78 bows, one each time a guard entered, a second when he indicated he was leaving.

Imagine, we had college kids, privileged kids dodging the draft, all of them demonstrating across this country and calling these men, to use Jane Fonda's quotes, liars, hypocrites, and professional killers; men fighting for the liberty of a faraway land.

Back to the faker.

Each time all delivered these bows except the faker, Maj. Earl Cobiel. Each time he failed to bow the offended guard would punch him, slap him, kick him, lash the rubber whip across his face. His face and head were ripped bloody, but he never once gave the slightest indication that he felt any of these blows. The others kept caring for the Major, worrying about him, worrying about their own abilities—he was probably a young captain when he was captured—while being forced to witness such grizzly treatment and wondering how to stop the slow murder.

SRO—that means the prisoner camp designated leader—Bomar pleaded with Fidel time and again to make the Latin believe the truth, the man was not faking; that no one who was faking could suffer such a brutally insane punishment without reacting. Give up on him, Bomar urged. Let us take care of him.

Fidel would have none of them. “The F'er is faking,” and the horror continued. Apparently Fidel needed some victories. He remained determined to break the faker to win his total surrender.

Now the story switches to Korean war ace Jim Kasler who had led the first strikes against Hanoi's oil depots 2 years earlier, in 1966. He studied Spot, another guard who had a big lack of pigment, a spot on his cheek. He knew him to be a sadist. He judged him to be a homosexual sadist. He hated him with a quiet, intense hatred and knew that the feeling was mutual. He wondered Why Spot was attempting to be friendly, why the smile and the inane conversation.

Suddenly Spot, are you listening Bob Destat, are you listening, Connaboy, and suddenly Spot announced, “My major has directed me to find a man to meet a delegation and make a TV appearance on the occasion of the downing of the 3,000th enemy airplane.”

That is more fighters than we have on active duty now. But Robert Strange, the most morally corrupt man to ever serve in public office in my lifetime, this arrogant, conceited, and not as bright as people thought, this evil, truly evil man, Robert Strange McNamara, had ground up 3,000 of our aircraft, a superpower, into the ground, accomplishing very little.

“So who should I think of but you, of course, which is an honor for you,” this is Spot, the creepy sadist talking. B.S., Barbara Streisand, as Rush Limbaugh would say.

“I am not going to see any g-d delegation.”

Of course, the men are fighting back with small “g” blashemies.

“You have no choice. You are in our hands now. We have kept you alive. Now you owe this to us.”

I owe you nothing, says this ace pilot, Kasler, terribly ill from infections in his legs. Nonetheless, he had been subjected to prolonged brutal torture and beatings. He had almost died like McCAIN in his bail-out with his body savagely ripped apart.

Only recently Spot had beaten him to a pulp. He kept him on his knees the rest of the day allowing him a 5-minute break each hour because of his leg infections. This the sadist said was in keeping with the humane and lenient treatment. That was their little mantra and chant. You got humane and lenient treatment. Spot got up to leave the room. Handing Castro an English language paper, the Vietnamese Courier. Kasler read of the assassination of Senator Robert Kennedy. He tired to digest this shocking news when Spot returned to demand his final decision.

Kasler advised that he had already said it. he would make no appearances before people or cameras. Spot clapped him in the Ho Chi Minh room; again, bravado, fighting back; designating of rooms and brutal torture masters with Americana names. The filthy darkened cell in the auditorium.

The next day he was summoned again to interrogation. This is a 78-victory ace from Korea. The tables laden with torture paraphernalia, ropes, leg irons, three different sets of cuffs in all different sizes. “You can torture me, you can drag me before that delegation,” Kasler said, “but I am not going to say a goddamned word when I get there. And I'm not making a TV appearance.”

Spot supervised the torture. Lump came in to observe, As the guards lashed Jim Kasler's arms behind him so that the backs of his wrists met, and hell cuffs were ratcheted on down to the bones. then the ropes were pulled on, bone tight, from the elbows to the shoulder and his arms were pulled tightly together. The prisoner suffered this excruciation in silence. Spot kept urging him to put an end to his discomfort. All he need do was agree to meet a delegation.

“Kasler tried to concentrate on not thinking about the awful pain in his wrists. Other prisoners he knew found the pain in the shoulders and chest to be the worst. For him, the hell cuffs were the worst. After perhaps 45 minutes, the cuffs and reasons were removed and Kasler was made to kneel for another beating. Then another smaller set of hell cuffs were ratcheted on.”

I do not think 99 percent of Americans listing tonight out of this audience of 100,000 have a clue that this went on, not with the idiocy that you hear coming out of this administration, and the groveling to Hanoi that goes on today.

Tbe pain was worse this time. After about an hour it was absolutely intolerable. Kasler lost consciousness. When he awakened the cuffs were removed. He was allowed 15 minutes rest. Then another beating. Then hell cuffs reapplied. This time, somehow the pain intensified. He passed out within a few minutes.

“Do you surrender? Do you surrender?” Spot was asking when he regained consciousness. Sick, bathed in pain, he could take no more. He muttered “Okay. I surrender.” Abruptly the torture guards pulled him up to his knees, his arms behind him, ratcheted the cuffs back into his wrist down to the bones; in other words, not accepting his surrender. Again he passed out. When he came to: “Do you surrender?” Again, “I surrender,” but again it was as though he had not spoken. Again he was tortured to unconsciousness.

“This went on and on. At last the torture guard pulled him up on his knees, threw a rope around his neck, and began garotting him to death. Unable to breathe, he lost consciousness.” Are you listening, Bob Destat? “He awakened to find the guards slapping his face, and Spot continued to ask, do you surrender? Yes, yes. Finally it ended.” And it goes on and on and on.

“Who captured you? Mostly unarmed women and children. And what have you observed since you have been in this camp? I have seen hundreds of new prisoners arrive in this camp, and it is obvious that our bombing has been fruitless because Vietnamese production is up on all fronts. We now get fruit, sugar”. They are asking him. They are giving him the answers he is supposed to give in this performance. The torture of Kasler goes on and on.

Yes, my friends, Mr. Speaker, listening, I am going to mercifully skip through some of Jim's awful torture. In one photograph Kasler spotted two elderly gentlemen wearing American Legion caps who had worked their way into the middle of the howling antiwar mob. They smilingly held up a placard inscribed “drop the bomb.”

Grinning, Kasler repeated that he would not be cooperative in any appearance he was forced to make, reassured by a couple of World War II vets in the middle of these screaming hippies: drug-using, free-sex idiots betraying the cause of freedom. There, a little image, months before Chicago, someone maybe gave him heart, and he fought back, to be tortured some more.

It goes on and on. Jim got the Air Force cross for this. He should have gotten the Medal of Honor like my friend, Bud Day, suffered this type of hell, of like Jeremiah Denton or—excuse me, he got the Navy Cross, should have gotten the Medal of Honor, Senator Jerry, should have. Or like James Bond Stockdale, what a courageous leader. I think our guy here, the gentleman from Texas, SAM JOHNSON, should have gotten the Medal of Honor, Jim Gaskin.

Torture guards stuffing rags, not into his mouth but down his throat. He could not cry out, but how many did in torture? The Vietnamese did not like it. He kept spitting the rags out on the floor, the guards kept stuffing them down his mouth. After a while, he had still not screamed, they stopped trying to gag him, so he would hold his screams in a natural impulse to torture, because if he did not they would choke him to death.

Why are you doing this, you Mother F? Why won't you cooperate? You are not gong to make a traitor out of me, Kasler says. Some guys betray their country, like Edison Miller, like Eugene Wilbur, without even being yelled at. Other men go through this, and some went through it to their death. They died under torture for our freedom in this House, in that Senate, in this country. It is all forgotten. As Ronald Reagan said, where is our memory for Normandy, Anzio, Guadalcanal, and this torture in Hanoi?

He says "After a while Fidel ordered the cuffs removed and the ropes. He sat Kasler at the table before him. Who knows you have been here? The Latin asked. Nobody. Then why are you pulling this shit? You don't have to go through this. You will go through this peace delegation of scummy American traitors. I refuse, Kasler said. Shifting psychological gears, Fidel asked, do you want a drink of water? Yes. Having sweated through the tortures, he was completely dehydrated. He was probably shedding what is called urea. I learned this in studying Jesus' passion, where sweat mixes with bodily fluids and blood that comes from places unknown inside your musculature under this horrible torture.

Guards brought the water. Fidel turned on a table fan and Kasler gave him a cigarette. OK. When are you going before the delegation? Forget it, said Colonel Kasler. I'm not doing anything. Back on your knees. More beatings. He recited the Lords' prayer to himself, thinking through the meaning of each word. If anybody knows Kasler, Mr. Speaker, I hope they are calling him to watch today. Somebody has not forgotten, Jim.

Yes, are you going to surrender? No. Taken out of torture. Back to the bath area, cleaned up. You smell like a pig, Fidel says. And then he takes the lash across Kasler's buttocks. I skipped two horrible paragraphs here. Strike the enemy first before he has a chance to hit you, they scream. Another lash. More quotes from various newspapers, bringing back Kasler's interviews prior to his capture.

Lost in pain, he paid no heed to what the torturer was saying. Thirty-six lashes, Fidel asked. Are you going to surrender? No. I will talk to you tomorrow, you son of a bitch. Kasler's buttocks, lower back, and legs hung in shreds. The skin had been completely whipped away and the whole area was a bluish, purplish, greenish mass of bloody raw meat. Are you listening, listening Bob Destat? I want you in front of my subcommittee.

Lump came in to watch. Tomorrow we show you the determination of Vietnamese people, but the next day was the Fourth of July, 1968, and in deference to the American holiday, Fidel gave Kasler a respite.

Another paragraph of torture. After a long time he turned to his cell, made him strip down to the shorts. He was locked in the leg irons and made to sit on the bed pallet. His hands were left free but they were useless now. The wrists, torn and bloody, looked as if though they had been almost served by the hell cuffs, and the discolored hands and fingers remained so swollen that he could not move them.

□ 1900

Another page of torture. Another whole page of torture. Another whole page of torture. Now we are getting back to the Faker.

Fidel departed sometime in August. He was not seen back again. The Vietnamese had finally concluded that the Faker, Maj. Earl Cobiel, was not faking. Frequently they would deliver a few cookies to him. When the other prisoners would urge these extras upon him, he would sometimes accept them, only to fire back at his fellow prisoners who had proffered them. The Vietnamese seemed increasingly frightened over the man's condition. Lump kept asking the other Americans, "What do you want us to do? What is needed?"

Because the Cuban torture masters had gone on to glory at the U.N. and back to Fidel, the first-degree, murdering torture master, who was put in an NBC special in the middle of the Olympics.

What is the matter with you people at NBC? Why would you ruin every Cuban American's enjoyment of those wonderful games by putting this first-degree killer Castro in our face? Why would you glorify this raw evil? Because you know nothing about the history of your country.

I cannot even read this one, it is so bad.

One of the group, Navy Lt. Al Carpenter, captured November 1, 1966, not to be confused with Capt. Air Force Joe Carpenter who was released on August 2, 1968, along with Jim Low and Maj. Fred Neale Thompson. This Carpenter stayed to the bitter end. He would not take an early release.

"Release him," Carpenter suggested. They had a plan which another man who suffered savage medieval torture, Larry Guarino, another hero, another camp commander, an SRO, senior ranking officer. He went down to 90 pounds; an average weight of about 160. Said, "Release him. See that he gets back to the United States where he will receive proper medical treatment, care, psychiatric help. Do that and we'll see the story never gets out about what we saw happen to him here."

The plan was rejected. It seemed clear the man's captors did not want him on view to the world. The guard Lump kept badgering Bomar to write of the good treatment that Cobiel, and I am inserting his name in the Reader's Digest Book POW.

Bomar kept producing such unsatisfactory statements as "He received two oranges after they stopped beating him with a fanbelt"; or "He was allowed a cookie after they stopped beating him and hitting him for hours"; or "Since the beating stopped he's been given a banana."

Dissension began to seethe within the Fidel group. Oh, I am sorry, Fidel is gone but not the others.

Some of the men, sick and weary themselves, reached the end of patience and their deranged compatriot. This is sad.

Tired of trying to cope with Major Cobiel, they urged Bomar to demand that he be taken back to the hospital. Bomar agreed that hospital care was in order. The man has now lost his senses, and he is fighting his friends trying to help him.

He thought it vital that the group retain physical possession of the man. Bomar felt certain that if the man were removed from the company of other Americans, he would never be seen again.

That, Mr. Speaker, is what happened, until his bones came back to Arlington or maybe to some local graveyard that has a marker, Maj. Earl Cobiel, U.S. Air Force, the year of his birth, the year of his death. I hope we gave him the Distinguished Flying Cross or something so it could be dug into the marble of his earthly reminder that he lived.

He thought it vital, Colonel Bomar, that the group keep the man. I repeat.

Still, for the sake of some of the others and their sanity, Bomar wanted him in another cell, preferably nearby, with some Americans who would look after him. Larry Spencer and Ed Hubbard volunteered for the job. Bomar, having divined that all good ideas must originate in his captors' heads, tried to implant this one in Lump's cranium. It didn't take. The disaster continued.

POW, Mr. Speaker. Every student of America who loves freedom of speech should read it. They paid for our speech with their blood.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BUNNING of Kentucky (at the request of Mr. ARMEY), for today after 2 p.m., on account of being inducted into the Baseball Hall of Fame.

Mrs. MORELLA (at the request of Mr. ARMEY), for today after 2 p.m., on account of a death in the family.

Mrs. MEEK of Florida (at the request of Mr. GEPHARDT), for today after 1:30 p.m., on account of personal business.

Mr. BISHOP (at the request of Mr. GEPHARDT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WISE) to revise and extend their remarks and include extraneous material:)

Mrs. COLLINS of Illinois, for 5 minutes, today.

Mr. LAFALCE, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Ms. DELAURO, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. WISE, for 5 minutes, today.

Ms. KAPTUR, for 5 minutes, today.

Mr. FIELDS of Louisiana, for 60 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Ms. KAPTUR, for 5 minutes, today.

Mr. WISE, for 5 minutes, today.

(The following Members (at the request of Mr. CAMPBELL) to revise and extend their remarks and include extraneous material:)

Mr. METCALF, for 5 minutes, today.

Mr. CAMPBELL, for 5 minutes, today.

Mr. WOLF, for 5 minutes, today.

Mr. LONGLEY, for 5 minutes, today.

Mr. RIGGS, for 5 minutes, today.

(The following Member (at his own request) to revise and extend his remarks and include extraneous material:)

Mr. LONGLEY, for 5 minutes, today.

ENROLLED BILL SIGNED

Mr. THOMAS, from the Committee on House Oversight, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon by the Speaker:

H.R. 3603. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight, reported that that committee did on this day present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H.R. 3215. An act to amend title 18, United States Code, to repeal the provision relating to Federal employees contracting or trading with Indians.

H.J. Res. 166. Joint resolution granting the consent of Congress to the Mutual Aid Agreement between the city of Bristol, Virginia, and the city of Bristol, Tennessee.

ADJOURNMENT

Mr. DORNAN. Mr. Speaker, pursuant to House Concurrent Resolution 203, 104th Congress, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. KOLBE). Pursuant to the provisions of House Concurrent Resolution 203, 104th Congress, the House stands adjourned until noon on Wednesday, September 4, 1996.

Thereupon (at 7 o'clock and 5 minutes p.m.), pursuant to House Concurrent Resolution 203, the House adjourned until Wednesday, September 4, 1996, at 12 noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports concerning the foreign currencies and U.S. dollars utilized by various committees, U.S. House of Representatives, during the 2nd quarter of 1996 in connection with official foreign travel, pursuant to Public Law 95–384, are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Dennis Hastert	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)		[4] 1,557.18		1,839.18
	4/13	4/15	Peru		504.00		(3)				504.00
Hon. John Mica	4/9	4/11	Panama		139.00		317.00				456.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Hon. William Zeliff	4/9	4/11	Panama		139.00		317.00				456.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Judith Blanchard	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Robert Charles	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Jane Cobb	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Michele Lang	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Kevin Sabo	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996—Continued

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
	4/13	4/15	Peru		504.00		(3)				504.00
Sally Dionne	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)		69.52		573.52
Hon. Mark Souder	4/8	4/9	Mexico		210.00		(3)				210.00
	4/9	4/11	Panama		278.00		(3)				278.00
	4/11	4/11	Colombia				(3)				0.00
	4/11	4/13	Bolivia		282.00		(3)				282.00
	4/13	4/15	Peru		504.00		(3)				504.00
Committee total					12,042.00		634.00		1,626.70		14,302.70

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

[3] Military air transportation.

[4] Expenses incurred by CODEL group.

BILL CLINGER,
Chairman, July 25, 1996.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON RESOURCES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
David Whaley	6/23	7/1	Scotland		1,250.00		1,056.45		300.00		2,606.45
Karen Steuer	6/22	6/29	Scotland		1,435.00		1,520.15		350.00		3,305.15
Committee total					2,685.00		2,576.60		650.00		$5,911.60

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

DON YOUNG,
Chairman, July 29, 1996.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON RULES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Kristi E. Walseth	5/9	5/11	France		530.00						530.00
Commercial airfare							3,684.65				3,684.65
Committee total					530.00		3,684.65				4,214.65

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JERRY SOLOMON,
Chairman, July 31, 1996.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON SECURITY AND COOPERATION IN EUROPE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996

Name of Member or employee	Date		Country	Per diem[1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]	Foreign currency	U.S. dollar equivalent or U.S. currency[2]
Michael Amitay		6/29	United States				3,662.95				3,662.95
	6/30	7/6	Turkey		696.00				120.00		816.00
	7/6	7/9	Sweden		762.00						762.00
John Finerty		6/9	United States				3,407.35				3,407.35
	6/10	6/20	Russia		2,600.00						2,600.00
Chadwick Gore		4/19	United States				4,687.25				4,687.25
	4/20	4/21	Turkey		212.00						212.00
	4/21	4/21	Georgia		1,065.00				340.00		1,405.00
	4/26	4/29	Azerbaijan		711.00						711.00
	4/29	5/1	Turkey		212.00						212.00
Robert Hand		4/20	United States				2,375.25				2,375.00
	4/21	4/28	Serbia-Montenegro		1,321.50				442.00		1,763.00
	4/28	4/28	Austria		222.50						222.50
		5/22	United States				3,051.35				3,051.35
	5/22	5/23	Austria								0.00
	5/23	5/28	Albania		641.00				20.00		661.00
	5/28	5/29	Austria		203.00						203.00
Janice Helwig		4/10	United States				2,763.15				2,763.15
	4/10	4/21	Austria		2,233.00						2,233.00
	4/21	4/29	Serbia-Montenegro		1,120.00		441.12				1,561.12
	4/29	5/22	Austria		4,466.00						4,466.00
	5/22	5/28	Albania		768.00		773.83				1,541.83
	5/28	7/25	Austria		9,420.59						9,420.59
Michael Ochs		4/19	United States				3,926.25				3,926.25
	4/20	4/21	Turkey		212.00						212.00
	4/21	4/26	Georgia		1,065.00				230.00		1,295.00
	4/26	4/29	Azerbaijan		711.00						711.00
	4/29	5/1	Turkey		212.00						212.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON SECURITY AND COOPERATION IN EUROPE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1996—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
		6/29	United States				3,250.95				3,250.95
	6/30	7/6	Russia		1,750.00						1,750.00
Samuel Wise		4/15	United States				1,604.55				1,604.55
	4/16	4/19	Poland		611.00						611.00
	4/19	4/21	Austria		367.00						367.00
	4/21	4/26	Serbia-Montenegro		451.00						451.00
	4/26	4/29	Italy		165.00						165.00
Committee total					32,197.59		29,944.00		1,152.00		63,293.59

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CHRIS SMITH,
July 30, 1996.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, PERMANENT SELECT COMMITTEE ON INTELLIGENCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APRIL 1 AND JUNE 30, 1996

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Bill Richardson	5/25	5/29	Asia		923.00						923.00
Commercial airfare							6,911.95				6,911.95
Ken Kodama	5/25	5/29	Asia		923.00						923.00
Commercial airfare							6,911.95				6,911.95
Committee total					1,846		13,823.9				15,669.9

[1] Per diem constitutes lodging and meals.

[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

LARRY COMBEST,
Chairman, July 18, 1996.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4510. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Avacados Grown in South Florida; Assessment Rate [Docket No. FV96–915–1 FIR] received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4511. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Florida Grapefruit, Florida Oranges and Tangelos, and Florida Tangerines; Grade Standards [Docket No. FV–96–301] received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4512. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Papayas Grown in Hawaii; Assessment Rate [Docket No. FV96–928–1 FIR] received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4513. A letter from the Chief, Programs and Legislation Division, Department of the Air Force, transmitting notification that the Commander of Laughlin Air Force Base [AFB], TX, has conducted a comparison study to reduce the cost of operating the base operating support [BOS], pursuant to 10 U.S.C. 2304 note; to the Committee on National Security.

4514. A letter from the Assistant Secretary for Legislative Affairs and Public Liaison, Department of the Treasury, transmitting a copy of the 15th monthly report as required by the Mexican Debt Disclosure Act of 1995, pursuant to Public Law 104–6, section 404(a) (109 Stat. 90); to the Committee on Banking and Financial Services.

4515. A letter from the Administrator, Wage and Hour Division, Department of Labor, transmitting the Department's final rule—Amendments to Federal Contract Labor Laws by The Federal Acquisition Streamlining Act of 1994 (RIN: 1215–AA96) received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

4516. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—National Oil and Hazardous Substances Contingency Plan; National Priorities List Update (FRL–5454–1) received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4517. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the Department's final rule—Amendment to the List of Proscribed Destinations [22 CFR Part 126] received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4518. A letter from the Executive Director, Committee For Purchase From People Who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List (41 U.S.C. Sec. 47(a)(2)) received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4519. A letter from the Assistant Secretary for Administration, Department of Commerce, transmitting a report of activities under the Freedom of Information Act for the calendar year 1995, pursuant to 5 U.S.C. 552(d); to the Committee on Government Reform and Oversight.

4520. A letter from the Acting Director, Fish and Wildlife Service, transmitting the Service's final rule—Endangered and Threatened Wildlife and Plants; Endangered Status for the Hawaiian Plant *Pritchardia aylmer-robinsonii* (wahane) (RIN: 1018–AB88) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4521. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to renew and improve certain activities of the National Highway Traffic Safety Administration [NHTSA] for fiscal year 1997; to the Committee on Transportation and Infrastructure.

4522. A letter from the Regulatory Policy Officer, Bureau of Alcohol, Tobacco and Firearms, transmitting the Bureau's final rule—Implementation of Public Law 103–322, the Violent Crime Control and Law Enforcement Act of 1994—Importation of Ammunition Feeding Devices With a Capacity of More Than 10 Rounds (94F–022P) (RIN: 1512–AB35) received July 29, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4523. A letter from the Federal Register Certifying Officer, Department of the Treasury, transmitting the Department's final rule—Management of Federal Agency Disbursements (RIN: 1510–AA56) received July 25, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4524. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Definition of Pooled Income Fund (Revenue Ruling 96–38) received August 1, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4525. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Request for Comments on Procedures Relating to Voluntary and Involuntary Changes in Method of Accounting (Notice 96–40) received July 30, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4526. A letter from the Chief, Regulations Branch, U.S. Customs Service, transmitting the Service's final rule—Centralized Examination Station; Immediate Suspension or

Permanent Revocation as Operator Upon Indictment for Any Felony (RIN: 1515–AB83) received August 2, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4527. A letter from the Director, Corporate Audits and Standards, General Accounting Office, transmitting a corrected report entitled, "Financial Audit: Resolution Trust Corporation's 1995 and 1994 Financial Statements" (GAO/AIMD–96–123), July 1996, pursuant to 31 U.S.C. 9106(a); jointly, to the Committees on Government Reform and Oversight and Banking and Financial Services.

4528. A letter from the Comptroller General of the United States, transmitting a report entitled, "Financial Audit" Capitol Preservation Fund for Years Ended September 30, 1995 and 1994" (GAO/AIMD–96–97) July 1996, pursuant to 40 U.S.C. 188a–3; jointly, to the Committee on House Oversight and Government Reform and Oversight.

4529. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to provide for adjustments to capital and operating assistance grants for the public transit program, and for other purposes; jointly, to the Committees on Transportation and Infrastructure and Ways and Means.

4530. A letter from the Fiscal Assistant Secretary, Department of the Treasury, transmitting the Department's June 1996 "Treasury Bulletin," pursuant to 26 U.S.C. 9602(a); jointly, to the Committees on Ways and Means and Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CLINGER: Committee on Government Reform and Oversight. Laws Related to Federal Financial Management (Rept. 104–745). Referred to the Committee of the Whole House on the State of the Union.

Mr. CLINGER: Committee on Government Reform and Oversight. Protecting the Nation's Blood Supply from Infectious Agents: The Need for New Standards to Meet New Threats (Rept. 104–746). Referred to the Committee of the Whole House on the State of the Union.

Mr. CLINGER: Committee on Government Reform and Oversight. Health Care Fraud: All Public and Private Payers Need Federal Criminal Anti-Fraud Protections (Rept. 104–747). Referred to the Committee of the Whole House on the State of the Union.

Mr. CLINGER: Committee on Government Reform and Oversight. A 2-year review of the White House Communications Agency reveals major mismanagement, lack of accountability, and significant mission creep (Rept. 104–748). Referred to the Committee of the Whole House on the State of the Union.

Mr. CLINGER: Committee on Government Reform and Oversight. Investigation into the activities of Federal law enforcement agencies toward the Branch Davidians (Rept. 104–749). Referred to the Committee of the Whole House on the State of the Union.

Mrs. MEYERS: Committee on Small Business. H.R. 3719. A bill to amend the Small Business Act and the Small Business Investment Act of 1958; with an amendment (Rept. 104–750). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLILEY: Committee on Commerce. H.R. 3056. A bill to permit a county-operated health insuring organization to qualify as an organization exempt from certain requirements otherwise applicable to health insuring organizations under the Medicaid Program notwithstanding that the organization enrolls Medicaid beneficiaries residing in another county (Rept. 104–751). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLILEY: Committee on Commerce. H.R. 3871. A bill to waive temporarily the Medicaid enrollment composition rule for certain health maintenance organizations (Rept. 104–752). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLILEY: Committee on Commerce. H.R. 447. A bill to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made; with an amendment (Rept. 104–753). Referred to the Committee of the Whole House on the State of the Union.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

(Omitted from the Record of August 1, 1996)

H.R. 1816. Referral to the Committee on Commerce extended for a period ending not later than October 4, 1996.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LONGLEY:

H.R. 3950. A bill to amend title 38, United States Code, to reorganize the veterans health system; to improve access to, and the quality and efficiency of, care provided to the Nation's veterans; to operate the veterans health system based on the principles of managed care, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. WALKER:

H.R. 3951. A bill to permit duty-free treatment for certain structures, parts, and components used in the Gemini Telescope Project; to the Committee on Ways and Means.

By Mr. WALKER (for himself, Mr. Brown of California, Mr. Sensenbrenner, Mr. Boehlert, Mrs. Morella, Mr. Weldon of Pennsylvania, Mr. Rohrabacher, Mr. Schiff, Mr. Barton of Texas, Mr. Calvert, Mr. Baker of California, Mr. Bartlett of Maryland, Mr. Ehlers, Mr. Stockman, Mr. Gutknecht, Mr. Largent, Mrs. Seastrand, Mr. Cramer, Ms. Lofgren, Mr. McHale, and Mr. Gordon):

H.R. 3952. A bill to clarify that certain components of certain scientific instruments and apparatus shall be provided duty-free treatment; to the Committee on Ways and Means.

By Mr. SHUSTER (for himself, Mr. Hyde, Mr. Duncan, and Mr. McCollum):

H.R. 3953. A bill to combat terrorism; to the Committee on Transportation and Infrastructure, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FOX:

H.R. 3954. A bill to restrict the access of youth to tobacco products, and for other purposes; to the Committee on Commerce, and in addition to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R. 3955. A bill to amend the Internal Revenue Code of 1986 to allow a refundable credit to businesses which recycle office wastes; to the Committee on Ways and Means.

By Mr. CHRISTENSEN:

H.R. 3956. A bill to eliminate automatic pay adjustments for Members of Congress, and for other purposes; to the Committee on House Oversight, and in addition, to the Committee on Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FIELDS of Texas (for himself and Mr. Dingell):

H.R. 3957. A bill to amend the Communications Act of 1934 to require the Federal Communications Commission to streamline its management, to eliminate unnecessarily burdensome regulatory provisions, and for other purposes; to the Committee on Commerce.

By Mrs. JOHNSON of Connecticut:

H.R. 3958. A bill to permit individuals to continue coverage under Federal health care programs of services while participating in approved clinical studies and to require the Secretary of Health and Human Services to make publicly available information on clinical trials; to the Committee on Commerce, and in addition to the Committees on Ways and Means, National Security, Veterans' Affairs, and Government Reform and Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R. 3959. A bill to establish a demonstration project to study and provide coverage of routine patient care costs for Medicare beneficiaries with cancer who are enrolled in an approved clinical trial program; to the Committee on Ways and Means, and in addition to the Committee on Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HYDE (for himself, Mr. Conyers, Mr. McCollum, Mr. Schumer, Mr. Canady, and Mr. Heineman):

H.R. 3960. A bill to combat terrorism; to the Committee on the Judiciary.

By Mr. BILBRAY (for himself, Mr. Barton of Texas, Mr. Hunter, Mr. Cunningham, Mr. Calvert, Mr. Bono, Mr. Radanovich, and Mr. McKeon):

H.R. 3961. A bill to provide that customs officers and immigration officers have the authority to deny entry into the United States of certain foreign motor vehicles that do not comply with applicable laws governing motor vehicle emissions, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ABERCROMBIE (for himself and Mr. Kim):

H.R. 3962. A bill to establish a visa waiver pilot program for nationals of Korea who are traveling in tour groups to the United States; to the Committee on the Judiciary.

By Mr. ENGLISH of Pennsylvania (for himself, Mr. Ramstad, Mr. Talent, and Mr. Fox):

H.R. 3963. A bill to amend section 8 of the United States Housing Act of 1937 to prohibit the owner of a rental dwelling unit from receiving Federal rental subsidy amounts for rental of the dwelling unit to a member of the owner's family; to the Committee on Banking and Financial Services.

By Mr. LAZIO of New York:

H.R. 3964. A bill to amend title IV of the Stewart B. McKinney Homeless Assistance Act to consolidate the Federal programs for housing assistance for the homeless into a block grant program that ensures that States and communities are provided sufficient flexibility to use assistance amounts effectively; to the Committee on Banking and Financial Services.

By Mr. LEACH:

H.R. 3965. A bill to amend the Internal Revenue Code of 1986 to increase the amount which may be contributed to defined contribution plan; to the Committee on Ways and Means.

By Mr. McHALE (for himself, Mr. Cunningham, Mr. Spence, Mr. Skelton, Mr. Blute, Mr. King, Mr. Abercrombie, Mr. Ackerman, Mr. Bachus, Mr. Baesler, Mr. Baker of California, Mr. Baldacci, Mr. Barcia of Michigan, Mr. Barrett of Wisconsin, Mr. Becerra, Mr. Bonior, Mr. Borski, Mr. Brewster, Ms. Brown of Florida, Mr. Buyer, Mr. Cardin, Mr. Clement, Mr. Clinger, Mr. Coble, Mr. Coyne, Mr. Cramer, Mr. Davis, Ms. DeLauro, Mr. Deutsch, Mr. Dickey, Mr. Dooley, Mr. Dornan, Mr. Doyle, Mr. Duncan, Mr. Edwards, Mr. Ehrlich, Mr. English of Pennsylvania, Mr. Farr, Mr. Fattah, Mr. Fawell, Mr. Foglietta, Mr. Fox, Mr. Franks of New Jersey, Mr. Frost, Mr. Pete Geren of Texas, Mr. Gilman, Mr. Gordon, Mr. Green of Texas, Mr. Hall of Texas, Mr. Hastings of Washington, Mr. Hefner, Mr. Holden, Mr. Horn, Mr. Hunter, Ms. Jackson-Lee, Mr. Jacobs, Mr. Jones, Mr. Kanjorski, Mrs. Kelly, Mr. Kennedy of Rhode Island, Mr. Klink, Mr. Klug, Mr. LaFalce, Mr. Laughlin, Mr. Lazio of New York, Mr. Longley, Mr. Mascara, Mr. McDermott, Mr. McHugh, Mr. McInnis, Mr. McKeon, Mr. Montgomery, Mr. Moran, Mr. Neal of Massachusetts, Mr. Meehan, Mr. Olver, Mr. Ortiz, Mr. Pallone, Mr. Parker, Mr. Pastor, Mr. Pickett, Mr. Pomeroy, Mr. Quinn, Mr. Reed, Mr. Roemer, Mr. Rose, Mr. Saxton, Mr. Shays, Mr. Sisisky, Mr. Solomon, Mr. Spratt, Mr. Stump, Mr. Talent, Mr. Tanner, Mr. Taylor of Mississippi, Mr. Tejeda, Mr. Torkildsen, Mr. Traficant, Mr. Visclosky, Mr. Watts of Oklahoma, Mr. Weldon of Pennsylvania, Mr. Wicker, Mr. Wilson, Mr. Wise, and Mr. Zimmer):

H.R. 3966. A bill to authorize and request the President to award the Congressional Medal of Honor posthumously to Theodore Roosevelt for his gallant and heroic actions in the attack on San Juan Heights, Cuba, during the Spanish-American War; to the Committee on National Security.

By Mr. MENENDEZ:

H.R. 3967. A bill to provide for a judicial remedy for disputes arising under certain agreements with foreign entities; to the Committee on the Judiciary.

By Mr. MOORHEAD (for himself and Mrs. Schroeder):

H.R. 3968. A bill to make improvements in the operation and administration of the Federal courts, and for other purposes; to the Committee on the Judiciary.

By Mr. SKAGGS (for himself, Mr. McInnis, and Mrs. Schroeder):

H.R. 3969. A bill to amend the Colorado Wilderness Act of 1993 to extend the interim protection of the Spanish Peaks planning area in the San Isabel National Forest, CO; to the Committee on Resources.

By Mr. STUPAK (for himself, Mr. Upton, and Mr. Knollenberg):

H.R. 3970. A bill to amend the Act of October 21, 1970, establishing the Sleeping Bear Dunes National Lakeshore to permit certain persons to continue to use and occupy certain areas within the lakeshore, and for other purposes; to the Committee on Resources.

By Mrs. VUCANOVICH:

H.R. 3971. A bill to assist in the conservation and stabilization of water quantity and quality for fish habitat and recreation in the Walker River Basin consistent with Decree C–125, issued by the U.S. District Court for the District of Nevada; to the Committee on Resources.

By Ms. WATERS (for herself and Ms. Brown of Florida):

H.R. 3972. A bill to amend title 38, United States Code, to improve health care services provided by the Department of Veterans Affairs to women veterans; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Alaska:

H.R. 3973. A bill to provide for a study of the recommendations of the Joint Federal-State Commission on Policies and Programs Affecting Alaska Natives; to the Committee on Resources.

By Mr. ZIMMER:

H.R. 3974. A bill to amend the Foreign Assistance Act of 1961 to prohibit the provision of assistance to foreign governments that provide assistance to Cuba; to the Committee on International Relations.

By Mr. BACHUS (for himself, Mr. Barr, Mr. McCollum, and Mr. Leach):

H.R. 3976. A bill to amend the Federal Credit Union Act and the Federal Deposit Insurance Act to prohibit removal of members of the National Credit Union Administration Board and the Board of Directors of the Federal Deposit Insurance Corporation except for cause, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. BILBRAY (for himself, Mr. Matsui, and Mr. Thomas):

H.R. 3977. A bill to suspend temporarily the duty on certain chemicals used in the formulation of an HIV protease inhibitor; to the Committee on Ways and Means.

By Mr. DICKS (for himself, Mr. de la Garza, Mr. Roberts, Mr. McDermott, and Mr. Nethercutt):

H.R. 3978. A bill to authorize the Secretary of Agriculture to purchase commodities under the Emergency Food Assistance Act of 1983 using State funds; to the Committee on Agriculture.

By Mr. FOX:

H.R. 3979. A bill to amend the Internal Revenue Code of 1986 to allow a refundable credit for the contribution of books to any library; to the Committee on Ways and Means.

By Mr. FRANK of Massachusetts:

H.R. 3980. A bill to amend the Cuban Liberty and Democratic Solidarity [LIBERTAD] Act of 1996 relating to the exclusion from the United States of certain aliens; to the Committee on the Judiciary.

By Mr. FRANKS of New Jersey:

H.R. 3981. A bill to provide that a person may use private express for the private carriage of certain letters and packets without being penalized by the Postal Service, and for other purposes; to the Committee on Government Reform and Oversight.

By Mr. FRANKS of New Jersey (for himself, Mr. Herger, Mr. Hoke, Mr. Kasich, Mr. Kolbe, Mr. Meehan, Mr. Smith of Michigan, and Mr. Smith of Texas):

H.R. 3982. A bill to establish a Permanent Performance Review Commission; to the Committee on Government Reform and Oversight, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GUTIERREZ:

H.R. 3983. A bill to amend title 18, United States Code, to prohibit false statements in the offering of adoption services and to prohibit certain persons from soliciting or receiving compensation for placing a child for adoption, and to express the sense of the Congress that there should be civil remedies for victims of fraudulent adoption practices; to the Committee on the Judiciary.

By Mr. HUNTER:

H.R. 3984. A bill to amend the Internal Revenue Code of 1986 to provide for a child tax credit and a deduction for taxpayers with whom a parent or grandparent resides, and for other purposes; to the Committee on Ways and Means.

By Mr. JOHNSON of South Dakota:

H.R. 3985. A bill to authorize the construction of the Fall River Water Users District Rural Water System and authorize the appropriation of Federal dollars to assist the Fall River Water Users District, a nonprofit corporation, in the planning and construction of the water supply system; to the Committee on Resources.

H.R. 3986. A bill to authorize the construction of the Perkins County Rural Water System and authorize the appropriation of Federal dollars to assist the Perkins County Rural Water System, Inc., a nonprofit corporation, in the planning and construction of the water supply system; to the Committee on Resources.

By Ms. KAPTUR:

H.R. 3987. A bill to establish an emergency Commission to end the trade deficit; to the Committee on Ways and Means.

By Mrs. KELLY (for herself, Mr. Boehner, Mr. Clinger, Mr. Cunningham, Mr. Hoekstra, Mr. Klug, Mr. Longley, Mr. Moorhead, Mr. Sensenbrenner, Mr. Thomas, Mr. Weller, and Mr. Dickey):

H.R. 3988. A bill to provide for mandatory prison terms for possessing, brandishing, or discharging a firearm or destructive device during a Federal crime that is a crime of violence or a drug trafficking crime; to the Committee on the Judiciary.

By Mr. LaFALCE:

H.R. 3989. A bill to amend the Small Business Act, and for other purposes; to the Committee on Small Business.

By Mr. LaFALCE (for himself, Mr. Flake, Mr. Meehan, Ms. Velazquez, Mr. Bentsen, Mr. Baldacci, Mr.

JACKSON, Ms. MILLENDER-MCDONALD, and Mr. BLUMENAUER):

H.R. 3990. A bill to encourage the formation of private sector projects to promote the development of women's business enterprise; to the Committee on Small Business.

By Mrs. LOWEY:

H.R. 3991. A bill to assure equitable treatment in health care coverage of prescription drugs; to the Committee on Commerce, and in addition to the Committees on Ways and Means, and Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. MCCARTHY (for herself, Mr. LUTHER, Ms. RIVERS, Mr. CARDIN, Mrs. KENNELLY, Mr. WARD, Mr. FAZIO of California, Ms. LOFGREN, Mr. KENNEDY of Rhode Island, Mr. FROST, Mr. MASCARA, Mr. PALLONE, Mr. DOOLEY, Mr. DOYLE, Mr. DURBIN, Mr. FATTAH, Mr. JACKSON, Ms. MILLENDER-MCDONALD, Ms. JACKSON-LEE, Mr. CUMMINGS, and Mr. BLUMENAUER):

H.R. 3992. A bill to establish the National Commission on the Long-Term Solvency of the Medicare Program; to the Committee on Ways and Means, and in addition to the Committees on Commerce, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. METCALF (for himself, Mr. MCCOLLUM, Mr. GONZALEZ, Mr. BAKER of Louisiana, Mr. LAZIO of New York, and Mr. ORTON):

H.R. 3993. A bill to allow depository institutions to offer negotiable order of withdrawal accounts to all businesses, to repeal the prohibition on the payment of interest on demand deposits, and for other purposes; to the Committee on Banking and Financial Services.

By Mrs. MEYERS of Kansas:

H.R. 3994. A bill to amend the Small Business Act to provide comprehensive and structured business development assistance to emerging small business concerns owned by economically disadvantaged individuals to foster their entrepreneurial potential and marketplace success, without relying on preferential award of Government contracts, and for other purposes; to the Committee on Small Business.

By Mrs. MYRICK (for herself, Mr. LIPINSKI, and Mr. ENGLISH of Pennsylvania):

H.R. 3995. A bill to direct the Federal Trade Commission to impose civil monetary penalties against persons disseminating false political advertisements; to the Committee on Commerce.

By Mrs. MYRICK:

H.R. 3996. A bill to amend title 18, United States Code, to punish false statements during debate on the floor of either House of Congress; to the Committee on the Judiciary, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. NEAL of Massachusetts (for himself and Mr. MATSUI):

H.R. 3997. A bill to amend the Internal Revenue Code of 1986 to repeal the 1990 tax increase on beer; to the Committee on Ways and Means.

By Mr. NETHERCUTT (for himself, Mr. WICKER, and Mr. BARRETT of Wisconsin):

H.R. 3998. A bill to provide that individuals otherwise entitled to receive payments from the Federal Government may specify that a portion of those payments be used for deficit reduction; to the Committee on Ways and Means, and in addition to the Committees on National Security, Veterans' Affairs, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. OBEY:

H.R. 3999. A bill to ensure that the States have sufficient funds to assure the effectiveness of the work requirements of the program of block grants for temporary assistance for needy families, to provide such funds through tax reforms, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DORNAN (for himself, Mr. GILMAN, Mr. SAM JOHNSON, Mr. TALENT, Mr. ALLARD, Mr. ARCHER, Mr. ARMEY, Mr. BACHUS, Mr. BAKER of California, Mr. BAKER of Louisiana, Mr. BALLENGER, Mr. BARR, Mr. BARRETT of Nebraska, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BASS, Mr. BATEMAN, Mr. BEREUTER, Mr. BILBRAY, Mr. BILIRAKIS, Mr. BLILEY, Mr. BLUTE, Mr. BOEHLERT, Mr. BOEHNER, Mr. BONILLA, Mr. BONO, Mr. BREWSTER, Mr. BROWNBACK, Mr. BRYANT of Tennessee, Mr. BUNN of Oregon, Mr. BUNNING of Kentucky, Mr. BURR, Mr. BURTON of Indiana, Mr. BUYER, Mr. CALLAHAN, Mr. CALVERT, Mr. CAMP, Mr. CANADY, Mr. CASTLE, Mr. CHABOT, Mr. CHAMBLISS, Mrs. CHENOWETH, Mr. CHRISTENSEN, Mr. CHRYSLER, Mr. CLINGER, Mr. COBLE, Mr. COBURN, Mr. COLLINS of Georgia, Mr. COMBEST, Mr. CONDIT, Mr. COOLEY, Mr. COSTELLO, Mr. COX, Mr. CAMPBELL, Mr. CRAMER, Mr. CRANE, Mr. CRAPO, Mr. CREMEANS, Mrs. CUBIN, Mr. CUNNINGHAM, Mr. DAVIS, Mr. DEAL of Georgia, Mr. DELAY, Mr. DIAZ-BALART, Mr. DICKEY, Mr. DOOLITTLE, Mr. DREIER, Mr. DUNCAN, Ms. DUNN of Washington, Mr. EHLERS, Mr. EHRLICH, Mr. ENGLISH of Pennsylvania, Mr. ENSIGN, Mr. EVERETT, Mr. EWING, Mr. FAWELL, Mr. FIELDS of Texas, Mr. FLANAGAN, Mr. FOLEY, Mr. FORBES, Mrs. FOWLER, Mr. FOX, Mr. FRANKS of New Jersey, Mr. FRANKS of Connecticut, Mr. FRELINGHUYSEN, Mr. FRISA, Mr. FUNDERBURK, Mr. GALLEGLY, Mr. GANSKE, Mr. GEKAS, Mr. PETE GEREN of Texas, Mr. GILCHREST, Mr. GILLMOR, Mr. GOODLATTE, Mr. GOODLING, Mr. GOSS, Mr. GRAHAM, Ms. GREENE of Utah, Mr. GREENWOOD, Mr. GUNDERSON, Mr. GUTKNECHT, Mr. HALL of Texas, Mr. HANCOCK, Mr. HANSEN, Mr. HASTERT, Mr. HASTINGS of Washington, Mr. HAYES, Mr. HAYWORTH, Mr. HEFLEY, Mr. HEINEMAN, Mr. HERGER, Mr. HILLEARY, Mr. HOBSON, Mr. HOEKSTRA, Mr. HOKE, Mr. HOLDEN, Mr. HORN, Mr. HOUGHTON, Mr. HOSTETTLER, Mr. HUNTER, Mr. HUTCHINSON, Mr. HYDE, Mr. INGLIS of South Carolina, Mr. ISTOOK, Mrs. JOHNSON of Connecticut, Mr. JONES, Mr. KASICH, Mr. KIM, Mr. KING, Mr. KINGSTON, Mr. KLUG, Mr. KNOLLENBERG, Mr. KOLBE, Mr. LAHOOD, Mr. LATOURETTE, Mr. LARGENT, Mr. LATHAM, Mr. LAUGHLIN, Mr. LAZIO of New York, Mr. LEACH, Mr. LEWIS of California, Mr. LEWIS of Kentucky, Mr. LIGHTFOOT, Mr. LINDER, Mr. LIVINGSTON, Mr. LOBIONDO, Mr. LONGLEY, Mr. LUCAS, Mr. MCCOLLUM, Mr. MCCRERY, Mr. MCDADE, Mr. MCHALE, Mr. MCHUGH, Mr. MCINNIS, Mr. MCINTOSH, Mr. MCKEON, Mr. MCNULTY, Mr. MARTINI, Mr. MANZULLO, Mr. METCALF, Mrs. MEYERS of Kansas, Mr. MICA, Mr. MILLER of Florida, Mr. MINGE, Ms. MOLINARI, Mr. MONTGOMERY, Mr. MOORHEAD, Mrs. MORELLA, Mr. MYERS of Indiana, Mrs. MYRICK, Mr. NETHERCUTT, Mr. NEUMANN, Mr. NEY, Mr. NORWOOD, Mr. NUSSLE, Mr. OBERSTAR, Mr. OXLEY, Mr. ORTIZ, Mr. PACKARD, Mr. PARKER, Mr. PAXON, Mr. PETERSON of Minnesota, Mr. PETRI, Mr. PICKETT, Mr. POMBO, Mr. PORTER, Mr. PORTMAN, Ms. PRYCE, Mr. QUILLEN, Mr. QUINN, Mr. RADANOVICH, Mr. RAMSTAD, Mr. REED, Mr. REGULA, Mr. RIGGS, Mr. ROBERTS, Mr. ROGERS, Mr. ROHRABACHER, Ms. ROS-LEHTINEN, Mr. ROTH, Mrs. ROUKEMA, Mr. ROYCE, Mr. SALMON, Mr. SANDERS, Mr. SANFORD, Mr. SAXTON, Mr. SCARBOROUGH, Mr. SCHAEFER, Mr. SCHIFF, Mrs. SEASTRAND, Mr. SENSENBRENNER, Mr. SHADEGG, Mr. SHAW, Mr. SHAYS, Mr. SHUSTER, Mr. SISISKY, Mr. SKEEN, Mr. SKELTON, Mr. SMITH of New Jersey, Mr. SMITH of Texas, Mrs. SMITH of Washington, Mr. SMITH of Michigan, Mr. SPENCE, Mr. SOLOMON, Mr. SOUDER, Mr. STEARNS, Mr. STOCKMAN, Mr. STUMP, Mr. TATE, Mr. TAUZIN, Mr. TAYLOR of North Carolina, Mr. TAYLOR of Mississippi, Mr. TEJEDA, Mr. THOMAS, Mr. THORNBERRY, Mrs. THURMAN, Mr. TIAHRT, Mr. TRAFICANT, Mr. TORKILDSEN, Mr. UNDERWOOD, Mr. UPTON, Mrs. VUCANOVICH, Mr. WALKER, Mr. WALSH, Mr. WAMP, Mr. WATTS of Oklahoma, Mr. WELDON of Pennsylvania, Mr. WELDON of Florida, Mr. WELLER, Mr. WHITFIELD, Mr. WHITE, Mr. WICKER, Mr. WOLF, Mr. YOUNG of Alaska, Mr. ZELIFF, and Mr. ZIMMER):

H.R. 4000. A bill to amend title 10, United States Code, to restore the provisions of chapter 76 of that title, relating to missing persons as in effect before the amendments made by the National Defense Authorization Act for fiscal year 1997; to the Committee on National Security.

By Mr. PAYNE of New Jersey (for himself, Mr. CAMPBELL, Mr. FLAKE, Mr. FOGLIETTA, Mr. LEWIS of Georgia, Mr. HASTINGS of Florida, Mr. OWENS, and Ms. NORTON):

H.R. 4001. A bill to impose sanctions on the governments who violate the arms embargo, participate in the exchange of weapons for resources, for aiding and abetting the civil war in Liberia, and to bring to justice Liberian war criminals; to the Committee on International Relations, and in addition to the Committees on the Judiciary, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. POMEROY (for himself, Mr. JOHNSON of South Dakota, Mr. WILLIAMS, and Mr. PETERSON of Minnesota):

H.R. 4002. A bill to amend the Agricultural Market Transition Act to provide equitable treatment for barley producers so that 1996 contract payments to the producers are not reduced to a greater extent than the average percentage reduction in contract payments for other commodities, while maintaining the level of contract payments for other commodities, and for other purposes; to the Committee on Agriculture.

By Mr. RAMSTAD:

H.R. 4003. A bill to provide for the temporary suspension of duty on certain plastic web sheeting; to the Committee on Ways and Means.

By Mr. SCHUMER:

H.R. 4004. A bill to amend the Internal Revenue Code of 1986 to provide that no loan may be made from a qualified employer plan using a credit card or other intermediary and that loans from qualified employer plans shall be taxed as a distribution unless the loan is used to purchase a first home, to pay higher education or financially devastating medical expenses, or during periods of unemployment; to the Committee on Ways and Means.

H.R. 4005. A bill to amend title I of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to promote availability of private pensions upon retirement; to the Committee on Economic and Educational Opportunities, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of Michigan:

H.R. 4006. A bill to reform the coastwise, intercoastal, and noncontiguous trade shipping laws, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on National Security, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey:

H.R. 4007. A bill to amend title 38, United States Code, to provide a presumption of service connection for injuries classified as cold weather injuries which occur in veterans who while engaged in military operations had sustained exposure to cold weather; to the Committee on Veterans' Affairs.

By Mr. SOLOMON:

H.R. 4008. A bill to prohibit health insurers and group health plans from discriminating against individuals on the basis of genetic information; to the Committee on Commerce, and in addition to the Committee on Economic and Educational Opportunities, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SPRATT:

H.R. 4009. A bill to amend the Solid Waste Disposal Act to improve public accountability and public safety in the management of hazardous waste facilities; to the Committee on Commerce.

By Mr. STARK:

H.R. 4010. A bill to provide for the removal of abandoned vessels; to the Committee on Transportation and Infrastructure.

By Mr. TATE (for himself, Mr. HORN, Mr. MILLER of Florida, Mr. BALDACCI, Mrs. KELLY, Mr. HAYWORTH, Mr. SANFORD, Mr. COBLE, Mr. FUNDERBURK, Mr. WELDON of Florida, Mr. METCALF, Mrs. SMITH of Washington, Mr. BROWNBACK, Mr. INGLIS of South Carolina, Mr. COBURN, Mr. BARRETT of Wisconsin, Mr. HAYES, Mr. LINDER, Mr. WELLER, Mr. CHRISTENSEN, Mr. GREENWOOD, Mr. MCKEON, Mr. TAYLOR of North Carolina, Mr. LOBIONDO, Mr. SOUDER, Mrs. MEYERS of Kansas, Mr. POMEROY, Mr. RAMSTAD, Mr. LAZIO of New York, Mr. REED, Mr. FOX, Mr. FRELINGHUYSEN, Mr. FOLEY, Mr. BEREUTER, Mr. PORTER, Mr. GOSS, Mr. MCCOLLUM, Mr. KLUG, Ms. RIVERS, Mr. DORNAN, Mrs. MYRICK, Mr. HOEKSTRA, Mr. SHAYS, Mr. BLILEY, Mr. PACKARD, Mr. FRANKS of New Jersey, Mr. MCINTOSH, Mr. NEUMANN, Mr. LARGENT, Mr. SENSENBRENNER, Mr. CHRYSLER, Mr. ENSIGN, Mrs. VUCANOVICH, Mrs. FOWLER, Mr. JOHNSON of South Dakota, Mr. CANADY, Mr. WATTS of Oklahoma, Mrs. SEASTRAND, and Mr. HUTCHINSON):

H.R. 4011. A bill to amend title 5, United States Code, to provide that if a Member of Congress is convicted of a felony, such Member shall not be eligible for retirement benefits based on that individual's service as a Member, and for other purposes; to the Committee on Government Reform and Oversight, and in addition to the Committee on House Oversight, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. UPTON (for himself, Mr. DINGELL, Mr. CAMP, Mr. LEVIN, and Mr. CONYERS):

H.R. 4012. A bill to waive temporarily the Medicare enrollment composition rules for the Wellness Plan; to the Committee on Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WALKER (for himself, Mr. BROWN of California, Mr. SCHIFF, Mr. BAKER of California, Mr. EHLERS, Mr. STOCKMAN, Mr. HALL of Texas, Mr. TRAFICANT, Mr. TANNER, Mr. ROEMER, Mr. CRAMER, Mr. DAVIS, and Ms. LOFGREN):

H.R. 4013. A bill to amend section 2118 of the Energy Policy Act of 1992 to extend the Electric and Magnetic Fields Research and Public Information Dissemination Program; to the Committee on Commerce, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WELDON of Pennsylvania (for himself, Mr. CLAY, Mr. QUINN, Mr. MCHUGH, Mr. STEARNS, Mr. TRAFICANT, Mr. ENGLISH of Pennsylvania, Mr. REGULA, Ms. KAPTUR, and Mr. GOODLING):

H.R. 4014. A bill to require the President to certify whether the commitments made in the side agreements on the environment and on labor to the North American Free-Trade Agreement are being met, and to remove certain benefits from a country that is certified as not meeting those commitments; to the Committee on Ways and Means, and in addition to the Committees on International Relations, and Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WYNN:

H.R. 4015. A bill to amend title II of the Social Security Act to provide that a monthly insurance benefit thereunder shall be paid for the month in which the recipient dies, subject to a reduction of 50 percent if the recipient dies during the first 15 days of such month, and for other purposes; to the Committee on Ways and Means.

By Mr. ZELIFF:

H.R. 4016. A bill to amend the Elementary and Secondary Education Act of 1965 to provide funds to States to carry out drug and violence prevention programs; to the Committee on Economic and Educational Opportunities.

By Mr. ZELIFF (for himself, Mr. HASTERT, Mr. BURTON of Indiana, Mr. SOUDER, Mr. BARTON of Texas, and Mr. SCARBOROUGH):

H.R. 4017. A bill to amend the Americans with Disabilities Act of 1990 with respect to safety-sensitive employment functions and individuals who have a record or history of the habitual or regular use of illegal drugs or of the abuse of alcohol, or of clinical alcoholism, and for other purposes; to the Committee on Economic and Educational Opportunities.

By Mrs. MYRICK:

H.J. Res. 188. Joint resolution proposing an amendment to the Constitution of the United States regarding the liability of Members of Congress for false statements made in carrying out their official duties; to the Committee on the Judiciary.

By Mr. THOMAS:

H. Con. Res. 208. Concurrent resolution directing the Clerk of the House of Representatives to make a correction in the enrollment of H.R. 3103; considered and agreed to.

By Mr. RAHALL (for himself, Mr. DINGELL, Mr. LAHOOD, and Mr. HOKE):

H. Con. Res. 209. Concurrent resolution expressing the sense of the Congress regarding the territorial integrity, unity, sovereignty, and full independence of Lebanon; to the Committee on International Relations.

By Mr. STUPAK (for himself and Mr. RAMSTAD):

H. Con. Res. 210. Concurrent resolution expressing the sense of the Congress that a postage stamp should be issued to honor law enforcement officers killed in the line of duty; to the Committee on Government Reform and Oversight.

By Mr. ARMEY:

H. Res. 509. Resolution electing Representative FUNDERBURK of North Carolina to the Committee on Agriculture; considered and agreed to.

By Mr. BARTON of Texas (for himself, Mr. ZELIFF, Mr. SHAYS, Mr. COBURN, Mr. SOLOMON, Mr. CAMP, Mr. STEARNS, Mr. GRAHAM, Mr. TRAFICANT, Mrs. FOWLER, Mr. MCINTOSH, Mr. LAUGHLIN, Mr. MANZULLO, Mr. SOUDER, Mr. PORTMAN, Mr. WAMP, Mr. WELDON of Pennsylvania, Mrs. MYRICK, Mr. DAVIS, Mr. CLINGER, Mr. FOLEY, Mr. SAM JOHNSON, Mr. HANSEN, Mr. HANCOCK, Mr. BLILEY, Mr. RAMSTAD, Mr. BACHUS, Mr. SHADEGG, Mr. SALMON, and Mr. SHAW):

H. Res. 510. Resolution providing for mandatory drug testing of Members of the House of Representatives; to the Committee on House Oversight.

By Mrs. COLLINS of Illinois (for herself, Mr. CLAY, Ms. NORTON, Miss COLLINS of Michigan, Mr. STOKES, and Mr. TOWNS):

H. Res. 511. Resolution expressing the sense of the House of Representatives that a commemorative postage stamp should be issued in honor of Paul Robeson; to the Committee on Government Reform and Oversight.

By Mr. SOLOMON:

H. Res. 512. Resolution to amend House Rules to require the random drug testing of officers and employees of the House; to the Committee on Rules.

By Mr. FARR (for himself, Mr. COLEMAN, Mr. PALLONE, Mr. BRYANT of Texas, Mr. PETERSON of Minnesota, Mr. BONIOR, Mr. FROST, Mr. LEWIS of Georgia, Mr. PORTER, Mrs. MORELLA, Mr. EVANS, Mr. YATES, Ms. LOFGREN, Ms. SLAUGHTER, Mr. OLVER, Ms. ROYBAL-ALLARD, Mr. BECERRA, Ms. WOOLSEY, Mr. DINGELL, Mr. FATTAH, Ms. ESHOO, Mr. BLUMENAUER, Mr. TORRES, Mrs. CLAYTON, Mr. CUMMINGS, Ms. NORTON, Mr. WALSH, Mr. VENTO, Mr. ABERCROMBIE, Mr. SANDERS, Mrs. LINCOLN, Mr. DEUTSCH, Mr. SHAYS, Mr. PAYNE of New Jersey, Mr. FRANK of Massachusetts, Mrs. MALONEY, Ms. JACKSON-LEE, of Texas, Mr. MURTHA, and Mr. MINGE):

H. Res. 513. Resolution providing for the mandatory implementation of the Office Waste Recycling Program in the House of Representatives; to the Committee on House Oversight.

By Mr. SOLOMON:

H. Res. 514. Resolution amending the Rules of the House of Representatives to reduce the number of programs covered by each general appropriation bill; to the Committee on Rules.

By Mr. WOLF (for himself, Mr. SMITH of New Jersey, Mr. RAMSTAD, Mr. TOWNS, and Mr. HEFLEY):

H. Res. 515. Resolution expressing the sense of the House of Representatives with respect to the persecution of Christians worldwide; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under Clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. WALKER:

H.R. 3951. A bill to permit duty-free treatment for certain structures, and components used in the Gemini Telescope Project; to the Committee on Ways and Means.

By Mrs. MEYERS of Kansas:

H.R. 3975. A bill for the relief of Lt. Col. (retired) Robert L. Stockwell, U.S. Army; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Ms. NORTON and Mr. LONGLEY.

H.R. 303: Mr. LONGLEY.

H.R. 608: Mr. DAVIS.

H.R. 739: Mr. METCALF.

H.R. 878: Mr. MORAN.

H.R. 893: Mr. FRANK of Massachusetts, Mr. CONYERS, Mr. KILDEE, Ms. DELAURO, Mr. TOWNS, Miss COLLINS of Michigan, Mr. FRAZER, Mr. NEY, Mr. STUPAK, Mr. DE LA GARZA, Mr. HORN, Mr. SAXTON, Mr. EHLERS, Mr. KASICH, Mr. SMITH of Michigan, Mr. HALL of Ohio, Mr. WILSON, and Mr. BARCIA of Michigan.

H.R. 895: Mr. FROST, Mr. HUTCHINSON, Mr. BLUTE, and Mr. VOLKMER.

H.R. 1010: Mr. ENGEL.

H.R. 1050: Mr. ENGEL and Mr. LANTOS.

H.R. 1073: Mrs. FOWLER.

H.R. 1074: Mrs. FOWLER.

H.R. 1090: Ms. FURSE.

H.R. 1100: Mr. GONZALEZ, Mr. KLECZKA, Mr. BROWDER, Ms. ESHOO, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mrs. MORELLA, Mr. JOHNSTON of Florida, Mr. DEFAZIO, Mr. TAYLOR of Mississippi, Mrs. THURMAN, Mr. CLEMENT, Mr. HALL of Ohio, and Mr. LUTHER.

H.R. 1161: Mr. BURR, Mr. DE LA GARZA, Mr. STUPAK, Mr. SMITH of Michigan, and Mr. YATES.

H.R. 1281: Mr. VENTO, Mr. WAMP, Mr. Hastings of Florida, and Ms. FURSE.

H.R. 1404: Mr. RICHARDSON.

H.R. 1406: Mr. FILNER.

H.R. 1496: Mr. ROEMER.

H.R. 1568: Mr. TOWNS and Mr. ABERCROMBIE.

H.R. 1591: Mr. ENGEL.

H.R. 1796: Mr. CAMPBELL.

H.R. 1805: Mr. MORAN.

H.R. 1876: Mr. BROWN of Ohio.

H.R. 2006: Mr. HORN and Mr. HAYWORTH.

H.R. 2011: Mr. HOLDEN, Mr. COBURN, and Mr. GORDON.

H.R. 2090: Mr. INGLIS of South Carolina.

H.R. 2128: Ms. GREENE of Utah and Mr. HORN.

H.R. 2138: Mr. QUINN.

H.R. 2185: Mr. LEWIS of Georgia, Mr. DIXON, Mr. DURBIN, Mrs. THURMAN, and Mr. CUNNINGHAM.

H.R. 2237: Mr. GEJDENSON, Mr. GUTIERREZ, Mr. LAFALCE, Mr. GILMAN, Mr. ACKERMAN, Mr. MILLER of California, and Ms. FURSE.

H.R. 2244: Mr. LAZIO of New York.

H.R. 2247: Mr. BAESLER and Mr. POMEROY.

H.R. 2476: Mr. JOHNSTON of Florida.

H.R. 2582: Mrs. SCHROEDER and Mr. CUNNINGHAM.

H.R. 2654: Ms. BROWN of Florida and Mr. STUPAK.

H.R. 2727: Mr. DORNAN and Mr. RADANOVICH.

H.R. 2911: Mr. CAMP and Mr. FOX.

H.R. 2976: Ms. ESHOO, Mrs. LOWEY, and Ms. PRYCE.

H.R. 3012: Mr. PETE GEREN of Texas, Mr. STOCKMAN, Mr. LUCAS, Mr. DICKS, Mrs. MEEK of Florida, Mrs. SMITH of Washington, Ms. PRYCE, Mr. ANDREWS, Mr. HEINEMAN, Mr. ENGEL, Mr. TAYLOR of North Carolina, and Mr. SCHAEFER.

H.R. 3089: Mr. BARRETT of Wisconsin.

H.R. 3106: Mr. SANDERS.

H.R. 3142: Mr. SANDERS.

H.R. 3189: Ms. NORTON.

H.R. 3195: Mr. SHADEGG, Mr. STOCKMAN, and Mr. BRYANT of Tennessee.

H.R. 3200: Mr. FAWELL, Mr. HAYWORTH, Mr. SHUSTER, Mr. SALMON, Mr. BAKER of Louisiana, Mr. WAMP, Mr. CASTLE, Mr. WELLER, Mr. BAESLER, Mr. ANDREWS, Mr. LINDER, Mr. BUNNING of Kentucky, Mr. BONO, Mr. SENSENBRENNER, Mr. SMITH of Michigan, Mrs. ROUKEMA, Mr. DUNCAN, and Mr. EHLERS.

H.R. 3201: Mr. SMITH of Texas, Mr. CRANE, Mr. LONGLEY, and Mr. BONILLA.

H.R. 3202: Mr. OWENS and Ms. FURSE.

H.R. 3217: Mrs. CLAYTON.

H.R. 3223: Ms. GREENE of Utah.

H.R. 3226: Ms. EDDIE BERNICE JOHNSON of Texas.

H.R. 3244: Mr. CONYERS and Mr. FOGLIETTA.

H.R. 3274: Mr. STEARNS.

H.R. 3311: Mr. SANDERS Mr. VENTO, Mr. FATTAH, and Mrs. CLAYTON.

H.R. 3337: Mr. RAHALL.

H.R. 3338: Mr. MATSUI.

H.R. 3355: Mr. DELLUMS.

H.R. 3374: Mr. BROWN of Ohio.

H.R. 3391: Mrs. THURMAN.

H.R. 3424: Mr. SCHIFF.

H.R. 3426: Mr. MILLER of California, Mr. GREEN of Texas, and Mr. POMEROY.

H.R. 3508: Mr. WICKER.

H.R. 3511: Mr. GEJDENSON, Mr. FLAKE, Mr. DEUTSCH, Mr. FROST, Mr. LIPINSKI, Ms. WOOLSEY, Mrs. MALONEY, Mr. FILNER, Mr. MILLER of California, Mrs. KENNELLY, Mr. TORRES, and Mr. ACKERMAN.

H.R. 3518: Mr. BONO, Mr. HUNTER, Mr. CAMPBELL, and Mr. LEWIS of California.

H.R. 3527: Mr. WILSON.

H.R. 3565: Mr. BEREUTER and Mr. PAXON.

H.R. 3584: Mr. YATES, Mr. WYNN, Mr. LIPINSKI, Mr. FROST, Mrs. MALONEY, Mr. CHRYSLER, and Mr. ACKERMAN.

H.R. 3618: Mr. LANTOS.

H.R. 3631: Mr. BOEHLERT, Mr. HALL of Texas, and Mr. PETE GEREN of Texas.

H.R. 3646: Mr. OLVER, Mr. FLAKE, Mr. WYNN, Mr. FILNER, Mr. KILDEE, Mr. STARK, and Ms. FURSE.

H.R. 3690: Mr. CALVERT, Mr. MCCRERY, and Mr. ROHRABACHER.

H.R. 3693: Mr. JOHNSTON of Florida, Mr. THOMPSON, Mr. FROST, Mr. TOWNS, and Ms. NORTON.

H.R. 3708: Ms. WOOLSEY, Mr. DEFAZIO, Mr. STUPAK, and Miss COLLINS of Michigan.

H.R. 3710: Mr. WISE and Mr. ENGEL.

H.R. 3713: Mrs. MALONEY.

H.R. 3714: Mr. HOLDEN, Mr. GILMAN, Mr. REGULA, Mr. GUTIERREZ, Mr. DEUTSCH, Mr. MCHUGH, Mr. SPRATT, Ms. DUNN of Washington, Mr. GILLMOR, Mr. BAESLER, and Mr. LEWIS of Kentucky.

H.R. 3716: Mr. MCCOLLUM.

H.R. 3722: Mr. ENGEL, Mr. QUINN, Mr. NADLER, and Ms. SLAUGHTER.

H.R. 3724: Mrs. THURMAN.

H.R. 3732: Mr. BARCIA of Michigan.

H.R. 3736: Mr. LARGENT, Mr. DORNAN, Mr. PETE GEREN of Texas, Mr. CANADY, Mrs. KELLY, Mr. TAUZIN, Mr. GILLMOR, Mr. HERGER, Mr. SENSENBRENNER, Mrs. VUCANOVICH, Mr. DEAL of Georgia, Mr. JACOBS, Mr. SPENCE, Mr. NEY, Mr. HASTINGS of Washington, Mr. COLLINS of Georgia, Mr. LATOURETTE, Mr. HANCOCK, and Ms. DUNN of Washington.

H.R. 3745: Mr. HAYES and Mr. CUNNINGHAM.

H.R. 3748: Mr. JOHNSTON of Florida.

H.R. 3752: Mr. RADANOVICH and Mr. KIM.

H.R. 3757: Mr. MASCARA.

H.R. 3775: Mr. NEUMANN, Mr. HEFNER, and Mr. TANNER.

H.R. 3783: Mr. EVANS, Ms. RIVERS, and Mrs. THURMAN.

H.R. 3785: Mr. LANTOS, Mr. CONDIT, Mr. PETERSON of Minnesota, Mr. BARRETT of Wisconsin, Mr. KANJORSKI, Miss COLLINS of Michigan, Mr. SPRATT, and Ms. NORTON.

H.R. 3795: Mrs. LINCOLN.

H.R. 3803: Mr. ROTH, Ms. MOLINARI, Mr. WALSH, Mr. STOCKMAN, Mr. PORTER, Mr. CLINGER, Mr. STUMP, Mr. CAMP, Mr. ENGLISH of Pennsylvania, Mr. WELDON of Pennsylvania, and Mr. REGULA.

H.R. 3807: Mr. WYNN.

H.R. 3817: Mr. BLUTE and Mr. ROHRABACHER.

H.R. 3821: Mr. JOHNSTON of Florida, Ms. NORTON, and Ms. FURSE.

H.R. 3830: Mr. CHAPMAN, Mr. PASTOR, Ms. LOFGREN, Mrs. THURMAN, Mr. FROST, Mr. HILLIARD, and Mr. BONIOR.

H.R. 3849: Mr. QUILLEN and Mr. NEY.

H.R. 3856: Mr. JOHNSTON of Florida.

H.R. 3863: Mr. EHLERS, Mr. KANJORSKI, Mr. EVANS, and Mr. KENNEDY of Massachusetts.

H.R. 3878: Mr. UPTON.

H.R. 3881: Mr. DIAZ-BALART.

H.R. 3896: Mr. GILCHREST, Mr. JACOBS, Mrs. SEASTRAND, Mr. WATTS of Oklahoma, Mr.

JOHNSTON of Florida, Ms. LOFGREN, and Mrs. MORELLA.

H.R. 3901: Mr. FROST, Mr. NEY, Mrs. KELLY, Mr. ZIMMER, Mr. LEWIS of Kentucky, Mr. DORNAN, Mr. FRANKS of Connecticut, Mr. FLANAGAN, Mr. GILMAN, Mr. DEUTSCH, Mr. HOBSON, Mr. PARKER, Mr. BLUTE, Mr. HOLDEN, Mrs. MYRICK, Mr. WYNN, Mrs. VUCANOVICH, Mr. REGULA, Mr. TEJEDA, Mr. SPRATT, MR. MANTON, Mr. PASTOR, Mr. BILIRAKIS, Mr. JOHNSTON of Florida, Mr. GREEN of Texas, Mr. BONO, and Mr. DOYLE.

H.R. 3905: Mr. SHAW, Mrs. MORELLA, Mr. NETHERCUTT, Mr. JACOBS, and Mr. GREEN of Texas.

H.R. 3927: Mr. SPRATT, Mr. GREEN of Texas, Ms. MILLENDER-MCDONALD, Mrs. MINK of Hawaii, Mr. CUMMINGS, Mr. CLEMENT, and Mr. LARGENT.

H.R. 3928: Mrs. MINK of Hawaii, Mr. SERRANO, and Mr. PASTOR.

H.R. 3939: Mr. ZIMMER, Mr. LATOURETTE, Mr. FUNDERBURK, Mr. COOLEY, Mr. HUNTER, Mr. QUINN, Mr. KING, Mr. EVERETT, Mr. DEAL of Georgia, and Mrs. KELLY.

H.J. Res. 114: Ms. ESHOO.

H. Con. Res. 63: Mr. HEFLEY.

H. Con. Res. 100: Mr. ARCHER, Mr. BREWSTER, Mr. COBLE, Mr. DREIER, Mr. EVERETT, Mr. FRANKS of Connecticut, Mr. FUNDERBURK, Mr. GALLEGLY, Mr. PETE GEREN of Texas, Mr. GRAHAM, Mr. ROBERTS, Mr. SHADEGG, Mr. SMITH of Texas, Mr. STENHOLM, Mr. TANNER, Mr. TAUZIN, Mr. WATTS of Oklahoma, Mr. MYERS of Indiana, Mr. GUNDERSON, Mr. SOUDER, Mr. WALKER, Mr. FROST, Mr. STOCKMAN, Mrs. MEYERS of Kansas, Mr. WAMP, and Mr. KOLBE.

H. Con. Res. 120: Mr. TORRICELLI.

H. Con. Res. 136: Mr. PALLONE, Mr. LEWIS of Georgia, Mr. OLVER, Mr. ENGEL, and Mr. HINCHEY.

H. Con. Res. 200: Mr. WELDON of Florida, Mr. BARRETT of Wisconsin, Ms. PRYCE, and Mr. NEY.

H. Res. 39: Mr. WILLIAMS.

H. Res. 346: Mr. ZIMMER.

H. Res. 470: Mr. PAYNE of Virginia and Mr. ZIMMER.

H. Res. 478: Mr. OXLEY and Mr. NADLER.

H. Res. 484: Mrs. LOWEY.

H. Res. 490: Mr. BARTON of Texas, Mr. BOEHLERT, Mr. CUNNINGHAM, Mr. EVANS, Mr. GEJDENSON, Mr. HINCHEY, Mr. MCINTOSH, and Mr. MENENDEZ.

H. Res. 491: Mrs. MORELLA, Mr. KENNEDY of Rhode Island, and Mr. BERMAN.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions:

Petition 15 by Mr. BONILLA on House Resolution 466: Duncan Hunter, J. Dennis Hastert, Mel Hancock, and Jon Christenson.

SENATE—*Friday, August 2, 1996*

The Senate met at 10:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, our hearts are filled with gratitude. We are thankful that You have chosen to be our God and chosen us to know You. Your love embraces us and gives us security, Your joy uplifts us and gives us resiliency, Your peace floods our hearts and gives us serenity, Your Spirit fills us and gives us strength. You have blessed us with the privilege of prayer so that we could receive Your wisdom and guidance. With never-failing faithfulness You hear and answer our prayers as we seek first Your will and the courage to do it. During the intensely busy past few weeks, You have been with the Senators through long days and late evenings. You have honored their commitment to hard work. Thank You for the magnitude of legislation that has been accomplished. Grant the Senators and all who work with them the perspective of taking victories and defeats in stride. Our best efforts are incomplete so we press on; our steps in each day are only part of the long journey of progress, so we do not lose heart.

We commit this day to You and ask that You will grant us a second wind of renewed energy and vision for the challenges ahead of us today. In the name of our Lord. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. Our able majority leader, Senator LOTT, is recognized.

SCHEDULE

Mr. LOTT. Mr. President, this is the day we can accomplish an awful lot for the American people in passing conference reports which are completed and ready to go to the President for his signature. Truly monumental accomplishments can be achieved today—or tomorrow. We have a lot of work to do, but it is work that we can finish, I think, in a responsible and agreeable way.

For the information of all Senators, there are a number of important matters that are available for consideration that I hope the Senate will be able to proceed to and complete action on today. I understand at this time that the D.C. appropriations conference report, the military construction appropriations conference report, the Department of Defense authorization conference report, the legislative appropriations conference report and the health care reform conference report are available for Senate action. I hope all my colleagues will cooperate in allowing the Senate to do its business and complete action on these measures prior to recess.

It is also still my intention to consider the Veterans' Administration, Housing and Urban Development appropriations matter this week. We need to get that bill completed so we can get into conference. Our veterans and people who seek the American dream of home ownership are dependent, in many instances, on this very important legislation. This is a bill I believe we can get completed, get it into conference, and then move it on to the President early in September.

I will, once again, remind my colleagues there is a lot of work to be done and not a lot of time to accomplish it if we want to get out sometime today or tomorrow to go be with our constituents in our respective States. Therefore, Members can expect a full day and evening with rollcall votes throughout that time. Also, it may be necessary for the Senate to convene tomorrow, if we are unable to complete action on these important matters.

Mr. President, if I could continue, I am prepared now to ask consent to approve the nomination of Ann Montgomery to be a district judge for Minnesota. I would like to do that. I am also, though, then going to move to approve the Commodities Futures—CFTC nominees. I believe there is a Republican nominee and a Democratic nominee. That has been held up for weeks and weeks and weeks. After a lot of effort and serious consideration we have cleared that. We are ready to go with that.

We need desperately to have the Chief of Naval Operations in place. It has been a very slow but very careful consideration of the next admiral to be the Chief of Naval Operations, Admiral Johnson. His nomination is ready to be moved, along with a long list of other military personnel that deserve the opportunity to have their nominations completed. I would like to do that.

We have a number of other very noncontroversial actions that we can take, including the naming of Federal buildings and a list—I mentioned some of them last night that we can get approved. So I am prepared to get started with that. I hope that would break through the logjam and get things started in the right direction.

I am prepared also to begin discussing the D.C. appropriations conference report, the military construction appropriations report, the legislative appropriations conference report, and also to begin discussion on the all-important health insurance reform package. Is it perfect? No. Is it everything we want? I know it is not. But it is a major, major step forward for the women and men and children of this country—the guarantee of available and affordable health care. Could we leave this building tonight, not having done that?

After a lot of fuss and carrying on yesterday and complaining and grousing, the House voted 417 to 2 for genuine, responsible, affordable health care reform that will make it available to people, with choice of the medical savings account. Senator KENNEDY, Senator KASSEBAUM, Congressman HASTERT, Congressman ARCHER, have worked heroically to bring this to conclusion. Can we not begin debate and come to conclusion on this important legislation now? Why not?

Who among us here today, for whatever reason, wants to stop funding for the District of Columbia, as desperately as it is struggling to survive and stand on its feet? And we are going to walk off and leave this conference report uncompleted? I do not believe that will happen.

Are we going to walk away from safe drinking water? Safe drinking water?

Mr. FORD. It's not here yet.

Mr. LOTT. I am a little worried that that bill would not be completed. I live in the District of Columbia. I worry about the water.

It is not here yet. The distinguished minority whip makes that point. It will be here today.

I am just racking them up, as to what we can do today. I urge my colleagues to come on over and let us get started. Let us not wait until the Sun goes down. Let us show them the Senate does not have to be nocturnal. While it may look dark here, it is light outside. We can bring some sunshine to this institution by doing these very important pieces of legislation.

I am prepared to go to the first nomination, but I see at least two or three Senators who appear to be wishing to make some comments. I would be glad to yield the floor.

Why do I not yield the floor and then, if Senators would like to comment, then I will move these nominations when they are prepared to do that.

I yield the floor.

Mr. WELLSTONE. I am prepared.

Mrs. HUTCHISON addressed the Chair.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

The PRESIDENT pro tempore. The Senator from Texas.

THE STALKING BILL

Mrs. HUTCHISON. Mr. President, I would like to just get a little clearer idea of where we are. I feel like there has been a mixture of issues here.

I did object to Judge Montgomery's going forward, because I wanted to finish looking at this. There are a number of people who have been concerned about the nominations that had gone through and want to look at the overall record. I am not prepared—I will object until I know a clear field and have a better idea of where we are going. But I am not saying that I will keep the objection on Judge Montgomery.

But in the rhetoric that has been flying around on the floor I think the stalking bill has been brought up. I did not put them together. But in his statement the night before last, when I objected, the distinguished leader of the Democratic Party said that I should be grateful to him for his help on the stalking bill and, therefore, not use my right to object to a judge. And I was just very concerned about that, because I have worked on this stalking bill since Memorial Day. I have tried to pass a bill that would protect the stalking victims of this country since Memorial Day. I have been held up by a Senator, whose sincerity I do not doubt, but, nevertheless, he knows that the amendment that he wanted to put on had some problems. He knew that it might cause a problem.

I suggested that if he would just put his amendment on another bill, mine then could go forward to the President and we could have the protection for the stalking victims of this country today, because the President, I believe, will sign it very quickly.

All the indications are it passed unanimously in the House. We wanted it to be passed unanimously in the Senate without amendment so it could go straight to the President. We wanted that on Memorial Day. But nevertheless, the minority leader says I should be very pleased he helped me pass my bill, and my bill is dying in the House right now because of the amendment that he forced me to take in order to move on another issue.

So I don't doubt anyone's sincerity here, but I do want to have a clear picture of when we are going to take up the stalking bill. I said I would be happy to work with the Senator, whose amendment is causing the problem, to do it on another issue. But since they have been joined—not my me—I do think that it is fair for us to take a little time and let me see what the clear picture is on the stalking bill, and then I think we can—I am sorry that they were joined. I didn't join them. But now that they are, I would like to have a clear picture. I don't want rhetoric to continue to get out of control here, but I would like an answer.

So, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I was talking when I should have been listening. If I can ask the Senator from Texas, I heard you at the beginning of your remarks indicate that you were perhaps not prepared to allow this consent to go forward at this time. I am sure you heard some of the discussion last night. I was one of the ones who mentioned it in some way had been attached to the stalking bill, and the minority leader had talked about how he had tried to be helpful to the Senator.

I am very much committed to the stalking bill which the Senator from Texas has been working diligently on for months now. I was here the night it was all cleared right up to the last minute, and all of a sudden something happened and it was objected to.

There is not a Senator who thinks we should not pass the stalking bill. If you really care about women and children and how they are treated across State lines, being harassed and stalked, this bill should be done. But it was held up for quite some time by a Senator that had an amendment he wanted to offer.

There was a lot of cooperation from the Senator from Texas, the Senator from New Jersey, the Senator from Idaho, Senator CRAIG. It was worked out. It was sent to the House. It looks like it may not get through the House now. The understanding was if it got tangled up, we would bring it back freestanding without the amendment.

Mrs. HUTCHISON. If the Senator will yield.

Mr. LOTT. I yield.

Mrs. HUTCHISON. I think it is important to know the arrangement that was given, because I have not mentioned that because I did not want to jeopardize the ability of the amendment to stay on the bill in the House. I have been in good faith. I supported the amendment. I have tried to get House support for the amendment. But I did not mention that we had an agreement with the minority leader, with the majority leader, with myself, with the Senator from New Jersey, that, in fact, if it got bogged down that they would let us pass it clean in the Senate. It has gotten bogged down.

Now I want to have an assurance that everyone's word is going to be kept here, and then I will certainly get out of this picture. But it has now become clouded, not of my making, but it has been. That is why I was trying to have the opportunity to see what the commitment will be to see if we cannot have help for the stalking victims starting right now.

Mr. LOTT. Mr. President, if I could respond to that, I want to assure the Senator from Texas, I am absolutely committed to working with her on this very important legislation. I am committed to doing whatever is necessary to get it through with amendment, without amendment, clean, and I commit right here today, after you have had a chance to see what will happen in the other body—I am talking frankly about what is involved here because I don't think we have time to deal in nuances. We need to get right upfront as to what is happening and what we can do to solve it.

We will bring that bill back up by unanimous consent. We will move it, if we have to. We will do it when the Senator from Texas is satisfied that it is not going to move in the House, and it may.

Mrs. HUTCHISON. If the Senator will yield.

Mr. LOTT. I will be glad to yield.

Mrs. HUTCHISON. It was attempted to be brought up last night in the House, and it was thwarted. So it has now had an opportunity and it was to be brought up in a way that the amendment would not be on it.

I have supported the amendment. I would like to see the amendment stay on it. But nevertheless, it is not one person in the House, it was several who have objected to it. And when it was to be brought up in that way, Members of the New Jersey delegation objected, and, of course, I understand that. I am not being critical. That is everyone's right, but nevertheless, I have been told I should be grateful for the help in passing my bill, which is now dying, and I am trying to see where we can make an agreement on this in order to free the business of the Senate.

Mr. LOTT. Mr. President, if the Senator will yield further, I commit to her I will stalk this bill across party lines, across State lines.

Mrs. HUTCHISON. Mr. President, I am not worried about the majority leader being committed.

Mr. LOTT. Let me go one step further. I want to assure her of my own commitment. I will be prepared to try to get unanimous consent to do it this night if that will be helpful.

Let me say, before I yield to the Democratic whip, the Democratic leader and I work together. We try very hard, in our trusting relationship. I think we have that. Sometimes we hope we can do things, we hope to achieve, but we have to deal with 98 other people. Every now and then, we get a little further out on the limb, and we have to back off.

The minority leader is a man of his word, and he has assured the Senator from Texas that he will work with us to try to get this done at the earliest time that the Senator from Texas would like to get that done. I don't want to speak for him or put words in his mouth, but I know him and I know, as he has already worked with me and with the Senator from Texas, that he is for this stalking bill, and he is going to work with us to try to get it done. He has another Senator, or Senators, who have an interest. We have to work through all that, but we will work through that.

Would the whip like to say something? I yield to the whip.

Mr. FORD. Mr. President, I was not privileged to the agreement among the distinguished Senator from Texas and New Jersey and our leader. So I am somewhat in a difficult spot here this morning. I will have to wait until the leader has arrived. He is not here at the moment, and we all understand why he is not, and also the Senator from New Jersey.

Two things happened. I remember the distinguished Senator from Texas making a statement on the floor about how much stronger her bill was after the Lautenberg amendment was attached, and you made a very strong statement about the bill as it left here.

The bill was only passed last week. We have been trying to get bills passed for 8, 9, and 10 months. So it was just passed last week. The problem in the House, as I understand, was they tried to strip the Lautenberg amendment from the stalking bill, and that is where it ran into trouble.

The day is not over and tomorrow is not over, as the majority leader has said. Maybe things can work out. I am willing to help in any way I can, but I am somewhat at a disadvantage, if I may use that as a tool here. I will work with the majority leader, as Senator DASCHLE has.

So I think what I am saying is correct here, that attempting to take the Lautenberg amendment off the stalking bill last night caused the problems, and that was the reason it was not brought up. Today is another day.

Mr. LOTT. Mr. President, if I could seek recognition again.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Before I press the Senator or give assurances to the Senator from Texas even further, could I inquire of the Democratic whip—I was under the impression that, if we could work out the difficulties with the nomination of Ms. Montgomery, we could also move the CFTC nominations, which are Republican and Democrat, we could move the military nominations, and we could begin to move the appropriations conference reports.

I am informed that maybe that is not the case if I move forward in good faith on the nomination of the judge from Minnesota. Have I been informed correctly we are not going to move these other nominations?

Mr. FORD. That depends. That would be my position as of this time, that only the one judge. We can do judges, and that is plural. We can do safe drinking water. We can do the small business minimum wage conference report.

Mr. LOTT. Oh, yes.

Mr. FORD. We could do health care and those sorts of things.

Mr. LOTT. Can we do the health care conference report?

Mr. FORD. Yes, we could. But, I mean, we have a little problem with that bill. As the majority leader knows, we want to have a striking provision relating to a drug patent that was put into the conference report. We would like to have an opportunity to remove that before we move to it.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. FORD. You have the floor.

Mr. LOTT. We are going to have to have some good faith and cooperation. If the Democrats are going to hold up all the legislation until we get agreement on all the judges, then I think that is exceeding anybody's expectations. It is not going to happen. I have acted in good faith. I continue to act in good faith. I have been here before everybody trying to work out one more. But if you are going to hold up agreed-to CFTC nominations and health insurance legislation and all these other bills until there is some agreement on all of the judges here today, then I think that is just not going to be possible.

POINT OF PERSONAL PRIVILEGE

Mr. LOTT. I want to say one other thing, Mr. President, because I have been waiting for an opportunity to rise on a point of personal privilege.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. My integrity has been questioned by a Member of the House of Representatives. The Congressman from California, PETE STARK, alleged that I had committed an ethical violation because, as the majority leader in the U.S. Senate and as a conferee on the conference with the House on the health insurance legislation, I urged consideration of the conference on a specific issue, this drug that was just mentioned.

Mr. FORD. Drug patent.

Mr. LOTT. The drug patent. That tells you how much I know about this. First of all, I resent the fact that my integrity was impugned. I do not act that way. This is not an issue that I have a direct personal interest in, even though I understand, I have been told, that this is intended to be a dagger aimed at my heart, that we are going to take out this drug patent to get at the majority leader.

Why? This is a product for arthritic patients. It is not produced in my State. There is no plant in my State. I do not have a vested interest in this. I act at the request of my colleagues in the Senate, Republicans and Democrats, Senate and House, as a conferee.

I was presented this issue as a fairness issue. I talked to a lot of different Congressmen and Senators. I talked to Congressman WALKER of Pennsylvania. He is the first one that mentioned it to me. I did not know what he was talking about. There are Democratic Congressmen who spoke up in defense of this issue yesterday.

I remind you, after questioning my integrity, Congressman STARK was one of only two—two—House Members who voted against that health insurance reform package. He is totally out of order, and I resent it. I am not going to tolerate that sort of thing.

Also, Senators came to me from all over America, Republicans and Democrats, saying this is something that ought to be done—Senator GORTON of Washington, I do not know what his interest is; Senator SPECTER of Pennsylvania; Senator SANTORUM. These are good and honorable men who made a case for it.

I have a staff member who is an expert tax lawyer, a woman. We discussed it. It seemed like the right thing to do. I urged, if it were possible, that this be included in the package.

That is the whole story. If you are aiming a dagger at my heart, you better pick another issue. I "ain't got no dog in this fight." I am just trying to help work it out with Senator KASSEBAUM and Senator KENNEDY and Democrats and Republicans, House and Senate, to get important legislation done for the women and children and the sick and the elderly in this country. A drug for arthritis, for Heaven's sake. So, you know, take it out; it is OK with me. But before you do it, you better check with a lot of Senators, Republicans and Democrats, that say they wanted that. But, in conclusion, Mr. President, if this is to get at the majority leader, you missed. I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, the argument of the majority leader is not with us here on this side. It is with Representative STARK over there, because we are not in—as he said, our dog is not in that fight. We do believe, however, that this drug for arthritis is one that, if you keep this language in the bill, will be manufactured for 2 more years and the price will be up. It will not be a generic drug.

That is our legislative problem with this and not an argument between the majority leader and Representative STARK. I think they should not jump on us. I think we will come together on it.

But the other side of the coin is there is a legislative problem that we would like to try to work out if we could as it relates to the bill. If that is possible, we will try to do that. I do not like personalities at all. I do not like this, taking another Member on in the press. I think it is wrong. I will defend myself. I am just as political as the next person, but I try, as best I can, not to be personal. I think it is unfortunate.

Mr. WELLSTONE. Will the Senator yield for a question?

Mr. FORD. Yes. I will be delighted.

The PRESIDING OFFICER. The Senator from Minnesota.

NOMINATION OF ANN D. MONTGOMERY

Mr. WELLSTONE. It is in the form of a question, if my colleagues would be tolerant for just a moment. The first question or comment is, again, I understand what the Senator from Texas has said. I do want to point out that Judge Montgomery does not have anything to do with what is going on in the House of Representatives or anywhere else. She is just back in Minnesota waiting to be confirmed.

I say to the majority leader, whom I have worked with in good faith and appreciate all that he is doing, that a long time ago we discussed Judge Montgomery. We were going to do it judge by judge. I hope she just does not get held up in this big puzzle, and we can please go forward with her.

The last point I want to make is just to follow up on the minority whip. Since then I talked to the majority leader yesterday about Lodine. I said this was something I would challenge on the floor. But I understand exactly what the majority leader had to say, and I, in no way, shape, or form, believe this should have anything to do with any kind of personal attack or anything like that. I am opposed to that. When we have this discussion and I have a point of order, I will stay far away from that.

The majority leader has been someone I have enjoyed knowing and enjoyed working with, and I want him to know that, as somebody who will be on the floor later on in that debate. But could we please—Judge Montgomery is just waiting back in Minnesota for us to move this. Could we please do that for her? I have told her that Senators, Democrats and Republicans, are good people, that we all have a big heart. Could we please move her forward?

Mr. FORD. Mr. President, I yield the floor.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

HEALTH INSURANCE REFORM

Mrs. KASSEBAUM. Mr. President, first I would just like to say, it has been a year ago today that the health insurance reform legislation passed unanimously in the Labor Committee. So, it has been a bumpy road to achieve what has been achieved, and, I think, a very important piece of legislation. One of the reasons it is on the floor today has been the active participation and support of the majority leader.

The Senator from Mississippi has been insistent that we achieve the passage of this bill, the conference be successful. I just want to say that I think any differences that may have arisen because of the patent extension provision, which was added late, can be addressed.

But certainly the majority leader is one of the reasons we have before us today the health insurance reform bill, and it is my hope that we can bring it up and we can address this and not put it off to the point that we are going to lose an opportunity to pass this, which is a small but historic step for health insurance reform. I yield the floor, Mr. President.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

LAUTENBERG AMENDMENT TO THE STALKING BILL

Mr. LAUTENBERG. Mr. President, I regret that I was not here at the time this debate began because we are now engaged in a discussion about what it is that is holding up the progress of the U.S. Senate on behalf of the American people. We have a most extraordinary situation here in the Senate. I think it is important the public understand what has happened.

The public is being victimized by procedural gridlock that is going to cost thousands of people across this country an opportunity to have their cases heard, to see justice dispensed, and fairness dealt with.

Last night, the U.S. Senate was thrown into gridlock once again, although an agreement had been reached between the respective leaders to move forward with several important judicial nominations. That agreement was undermined at the last minute when one Member of this body objected unexpectedly, and much contrary to the rules and protocol here—courtesy, if you will—when the minority leader, the Democratic leader, asked the Senator what was her objection, she turned on her heel and walked out. I have never seen that in the 14 years I have been in the U.S. Senate. Usually, there is a courtesy that says, "Well, I object for the following reasons," and that makes sense. That is the way this body operates.

Now the basis of the objection has become clear. It is truly remarkable. The Senate is being held hostage and so is the American public for one reason, and one reason only: So that we do not take away guns from wife beaters and child abusers. We want to make sure they can get their gun if they want it. That is why some 2,000-plus women a year get killed by men who have already beat them up, have been hauled into court, and in many cases convicted of misdemeanors, and then they want their gun back. Around here, we want to make sure those nice boys can get their guns.

Mr. President, the situation is too absurd. It would almost be a comedy, but it is too serious, a matter of life and death for thousands of women and children whose futures are being threatened by a narrow faction of extremists.

I want to take a moment to explain. Mr. President, for months I have been trying to get an amendment included in the bill that deals with the problem of stalking. Stalking is a terrible thing for anyone to have to endure. We see it in New Jersey. We see it across the country. I am sure all 50 States have the problem. I support the bill. In fact, I am cosponsor of the legislation.

I wanted to make it even more effective. That is the right that we have here. When you have an opportunity to add a piece of legislation you think has merit, you put it on a piece of legislation that has already been introduced. I have been working to include an amendment that would prohibit anyone convicted of domestic violence from possessing a firearm. It is pretty simple. My amendment stands for the simple proposition that if you beat your wife, if you beat your kid, you should not have a gun. It says "beat your wife, lose your gun; abuse your child, lose your gun." It is pretty simple. It is little more than common sense.

Mr. President, for months I tried to include my proposal as part of the stalking bill. Finally, on July 25, after agreeing to several changes at the request of my Republican colleagues, my legislation passed the Senate by a voice vote. The compromise, Mr. President, that was worked out was supported by even the most ardent progun Members of this body. Even those Members were not willing to go on record and stand up here and vote to say that someone accused of wife abuse, child abuse should have to have a gun.

They did not want to vote on it, because it would have been a shameful experience. Maybe they would have pleased some, but they would not have pleased all. So our sense was that with the changes that were made at their request, the stalking bill, which was here with my amendment attached, should be able to move quickly and easily through the House.

It was my understanding that the majority party here was going to help work it through the House. Well, Mr.

President, it looks like the extremists are back. Although the House passed a large number of noncontroversial bills earlier this week, this legislation was not among them. Now we hear that there is a move afoot among Republican leaders in the House to eliminate my proposal, the proposal that wife beaters should not get guns.

I think, Mr. President, the American people would share my outrage at this. Every year thousands of women and children die at the hands of a family member, and 65 percent of the time those murderers use that gun. There is no reason why wife beaters and child abusers should have guns, and only the most progun extremists could possibly disagree with that. Unfortunately, these same extremists seem to have veto rights in the House of Representatives.

Mr. President, I made it clear that if the stalking bill comes back from the House with my proposal gutted I will not just sit back and take it. The lives of thousands of women and children are at stake. We are not just talking about the use of a gun in a murder; we are talking about a gun that is used in intimidation, to threaten and to strike fear and harass. Imagine what a child must think when he sees a man holding a gun, threatening a woman, even if he does not pull the trigger. What kind of a society are we that says by law we should not remove the gun from the hands of that individual? I will fight for this every step of the way.

Now we have the progun extremists dictating how this body is going to function. It is across the Capitol, but we are willing to do it here. Things like judicial appointments, so that justice can be administered, so that we can move the process that this country has in its very foundation, a country of laws.

"No, no," the Senator from Texas says. "No, no, you are not getting those judges. I don't care how good they are." What she is saying is, "Unless you take off the denial of a convicted wife abuser to own a gun, I am not letting judges go through." What a contrast. It is perfect. Want to control the law, not let the judges go through, not let other important legislation go through? Tie the place up in a knot.

Well, maybe that is where we are going to be, but I hope the American public hears it. I hope they understand what is being said here, that you can have a gun even though you may have beaten your wife. It reminds me of the story I repeated on this floor now a few times about the judge in Baltimore County, not far from here, who, faced with a sentencing of a man who murdered his wife, sentenced him to 18 months, time to be done on weekends, because he said he "didn't like giving a noncriminal a criminal sentence." In other words, murdering a wife is not the same as murdering a stranger.

Those who want to shut this place down are ignoring what the consequences are of this, not to let us consider noncontroversial judicial appointments. So eager that we protect the rights of child abusers that they will not let us consider a bill to fund veterans health care, environmental protection; so eager not to deprive a wife beater of a gun that they are willing to grind the Senate to a halt on all appropriations bills.

Mr. President, this is extremism run amok. It is outrageous, almost unbelievable. So I hope the people and the press will tell the American people what is going on here. It is quite an amazing story, stranger than fiction. It is unbelievable, in my view. It says a lot about this Congress and the power of the National Rifle Association. It says a lot about our values, priorities, and about our commitments to people victimized by domestic violence.

Mr. President, I am hoping that we can overcome the extremism on this issue, because special interests may have a lot of power in Washington. Extremism may have a lot of power in Washington, but, at the end of the day, the real power in this country rests—and so it should—with the American people. I am convinced that the overwhelming majority of Americans would agree with these basic principles: Wife beaters should not have guns. Child abusers should not have guns.

It is time for Congress to put these principles into law.

Mr. President, I just want to refer to the RECORD of July 25, 1996, when the Senator from Texas [Mrs. HUTCHISON], said:

> Senator Lautenberg is to be commended for working with us to make his amendment a good amendment, and it is a good amendment, and I applaud him for it. I think it adds to the bill. He was willing to work with us, and I think we now have a very strong bill. Because of Senator Lautenberg's amendment, we are also going to be able to keep people who batter their wives or people with whom they live from having handguns. So I think it is going to be a great bill that will give the women and children of this country some protection that they do not now have, and I am very pleased to be supportive of the compromise.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I am pleased that Senator LAUTENBERG has come to the floor, because I think that he is partially correct in his scenario of July 25, and that is that he and I and the leader of the Democratic side and the leader of the Republican side came together and made an agreement, and it was an agreement that I was concerned about but, nevertheless, was willing to work with all of my colleagues to make happen. That was the following: I do agree with his amendment. I think it is a good amendment. That was never the question. The question is, do we hold up a good bill that protects the stalking victims of this country with an amendment that might bog the bill down because it has to go back to the House?

Now, I supported his amendment, but I asked, "Could we put it on another bill? Could we make the agreement that Senator LAUTENBERG would get his vote on another bill?" The distinguished leader of the Democratic Party said, "Well, they can take it up on a suspension in the House. It really won't delay the bill if they will do that." And I said, "What if it runs into opposition in the House?" at which time the Senator from New Jersey and the Senator from South Dakota agreed that they would let the Senate pass a clean bill that could go directly to the President, pass the same bill clean so it could go directly to the President, to get relief for the stalking victims, with the agreement of the distinguished majority leader that Senator LAUTENBERG would be able to go to another forum, another bill for his amendment.

So when we talk about the extremists that are for wife beaters having guns, that is really not the issue. The issue is, are we going to have the stalking bill, which is a good bill, which passed unanimously in the House of Representatives, if we can't get Mr. LAUTENBERG's amendment on the bill? That is the question.

Now, the Senator from New Jersey and the Senator from South Dakota gave their word that if it ran into trouble in the House, they would help pass a clean bill so that we could do that much and give the Senator from New Jersey another opportunity on another bill for his amendment. So that is the issue here. Now it has run into trouble in the House.

The distinguished Senator from Kentucky says, "It has only been passed for a week." We got the bill Memorial Day. I had hoped that we could have it passed before Memorial Day. It has been 2 months since the bill came from the House, and we have had this opportunity.

I am certainly in sympathy with the Senator from New Jersey in wanting to have his amendment. But he did make an agreement that he would not hold up one good bill for his amendment having to go just on that bill. We have other options. There will be other bills. The majority leader, whose word is good, will find another opportunity for the Senator from New Jersey. But we must know that we are going to have the stalking bill at some reasonable time. I would like to see it before the recess so that we can put this law into place. It has been pending since Memorial Day. So I would like to ask if we could work on having this bill out and work with the Senator from New Jersey for his amendment to go on another bill. It is really quite simple. If everyone is in agreement that the underlying stalking bill is good, then I think we should move forward on that.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

VA-HUD APPROPRIATIONS BILL

Mr. BOND. Mr. President, while we are talking about bills that need to be moved, I want to return to the matter of the VA-HUD appropriations bill. As Members in this body and those who are observing our actions will recall, last night, proceeding to the bill was objected to by the Senator from Minnesota. This bill is being held hostage for another issue not related to it.

I rise today to point out to my colleagues the importance of passing this bill as quickly as possible. This is an appropriations bill. This is an important appropriations bill that provides money for the Veterans Administration, the Department of Housing and Urban Development, Environmental Protection Agency, National Aeronautics and Space Administration, National Science Foundation, and others.

We not only have to pass that bill, however, to provide funds beginning on October 1, the start of the new fiscal year, there are, at the request of the administration, certain emergency supplemental matters that have to be dealt with now. Let me advise my colleagues that the consequences of continuing to delay action—and the delay last night may already have made it too late to get this bill through—I am ready, however, to stay here and work as long as the leadership wants us to work, because this bill contains a supplemental appropriation for Ginnie Mae, the Government National Mortgage Corporation. This bill provides a $20 billion increase in the current limitation on loan guarantees for mortgage-backed securities needed to finance FHA and Veterans Administration mortgages through September.

If we do not pass this bill, it means that sometime probably in early September, the VA and FHA will no longer be able to sell in the secondary mortgage market the paper that is generated by an issuance of loans to veterans and to those who qualify for the FHA. These people will be without the financing that should be available to them, and it will be the fault of this body and those who have held up this bill if veterans in my State, in the State of California, the State of New York, or the State of Minnesota are not able to get mortgages in September.

The effect will be ultimately increasing mortgage interest rates and constraining home financing availability.

In addition, if this bill is delayed past the signing after October 1, as of September 30 the Federal Emergency Management Agency advises us that they will no longer be able to write flood insurance policies. Property owners in every State in the Nation depending upon Federal flood insurance will no longer be able to get Federal flood insurance. The authority expires. We have been asked to include an extension of the authorization for one more year in this bill. Without this bill, flood insurance will not be available.

There has also been discussion of water projects. Everybody knows that the District of Columbia is suffering from drinking water problems. This bill includes $2 million for water infrastructure funds, including funds that will go ultimately to the safe drinking water revolving fund in every State and the District of Columbia.

That requires some additional explanation. We know that the House has passed the safe drinking water bill. We know also that the appropriations measure which passed both bodies and was signed into law for the current fiscal year had a provision that if the safe drinking water law was reauthorized prior to August 1, there would be roughly $725 million available for that fund. August 1 has come and gone. As a result of the terms of the appropriations bill for this year, that money goes into the clean water fund. Those moneys are in the process of being paid out by the EPA to the State revolving funds.

When this bill is ultimately passed and signed by the President, traditionally the EPA takes about 3 months to get regulations issued so that funds can be paid out to all of the States under the formula for the drinking water revolving fund.

We are prepared in this measure when the President signs the safe drinking water bill, as I hope he will, to credit the safe drinking water fund with the money that is poured over into the clean water fund and provide additional appropriations, reducing the clean water funds for the next fiscal year.

I have assured the authorizing committees that we will make those moneys available as soon as we can approve this bill. As soon as we can send it to the President and get it signed, that money will be there.

The opposition to moving forward to VA-HUD means that we are holding up money to go to drinking water projects and clean water projects. The money that was temporarily set aside until August 1 for the States for the drinking water funds is now in the clean water fund, and the EPA can continue to distribute that money. It can go to the States and the State revolving fund.

So that money is not lost. There have been some irresponsible statements by people who do not understand the process that the money is being lost. The money is not lost. The money can go to work today, tomorrow, this week on the clean water fund, but if it gets passed by both Houses and the President signs the safe drinking water fund at the direction and at the request of the authorizing committees, I will recommend to the committee and to this body that we put an equivalent amount from the 1997 appropriations into the safe drinking water revolving fund so that the District of Columbia and other States—as soon as the Environmental Protection Agency writes the regulations and can hand out the money—will have the dollars available to improve the drinking water supplies. That is another reason this bill must be protected.

In addition, this bill includes the funds needed as of October 1 to send out benefit checks to about 2 million poor and disabled veterans and veterans' widows. When this bill is held hostage, as it was last night, we are threatening the money that goes to the poor and disabled veterans and their widows.

This bill, Mr. President, also has $1 billion to restore FEMA's disaster relief fund so that disaster victims from floods and other disasters across the country may be helped by FEMA. Mr. President, when someone holds up this bill and holds it hostage, it is holding hostage the money that would go to aid victims of disaster.

I ask my colleagues to quit playing games with a vitally important appropriations bill. Deal with the other matters. There are many sensitive matters. There are many things that I have that are being held up, and I am doing my best to work out agreements with those who are holding them up. But I say to you that the appropriations bills need to go forward not only to fund vital programs that begin October 1, but in the instance of the Ginnie Mae loan limitation, the bill has to be enacted as soon as possible so that Ginnie Mae's ability to sell VA and FHA mortgages will not expire.

In addition, as of October 1, there will be no authority for FEMA to write flood insurance.

Mr. President, we have talked enough about all of these problems. I hope that very shortly the majority leader will be able to ask unanimous consent to move forward on some of these vitally important measures that are pending before this body.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Thank you, Mr. President. I say to my colleagues that I will take only 2 minutes.

Look, the Senator from Missouri—we know each other. We work together on the Small Business Committee. If we want to talk about being held hostage, we have a judge who is being held hostage. The Senator knows—he was up here earlier—that there are a lot of discussions going on. And I think the majority leader is confident that this can be worked out very soon.

Nobody is trying to stop everything. This all started with a wonderful judge. You would think she is wonderful. She thought she was going through the other night. Everybody had given their word. It was going to be by unanimous consent. And then, all of a sudden, for a variety of different reasons, it did not.

It does not do any good for anybody to get angry at anybody any longer. It did happen. We are now trying to work this out. Believe me, this really was the judge that was held hostage. But we are beyond that now. We are working hard on an agreement, and that is going to happen.

That is all I would say to my colleague. I think he knows that.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I would say simply that the effect of what has been done is to hold this bill hostage. I am not in here to fight about judges. I have had judges held up before. I sympathize with people who want to move things forward that are held up. I am simply pointing that out for whatever reason. I am not here to judge whether this judge may or may not be important in all the measures and all of the provisions that I have cited.

I want to call attention to everybody in this body the likely consequences of holding up this bill. It was held hostage last night, and until we hear differently, I regret that it apparently is being held hostage, and the consequences.

I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, let me just take 1 minute, and then I will sit down.

The Senator from Missouri is fussing quite eloquently here about not getting his bill up and giving a lot of reasons. The objection this morning came from your side, not from this side. It came from your side to bringing things up over a bill that is in the House, not in the Senate.

Mrs. HUTCHISON. Will the Senator yield? There has been no objection this morning. There has been no offer. There has been no objection. The objection was last night by the Senator from Minnesota on a judgeship.

Mr. FORD. Mr. President, I know what the objection would be. The reason it has been brought up is because there would be an objection, and the objection was made last night.

The finger pointing has gone too far here. I think we need to call a quorum, wipe the sweat off, and try to work things out instead of pointing fingers at each other. We are getting too harsh.

The majority leader is working hard, trying to make this thing work, and then we have people jumping up and down fussing back and forth. It is time it stopped. It is time it stopped.

I yield the floor.

Mrs. HUTCHISON. The Senator is correct. I suggest the absence of a quorum.

Mr. DORGAN. I want to make the same point. The Senator from Missouri makes an appropriate point about the urgency, and we need to move this legislation. I understand that. I accept that. I hope we can do that.

To suggest somehow that one Senator, the Senator from Minnesota, or anyone else in the Chamber is deliberately holding something hostage is not appropriate.

What has happened here is there are a series of issues that get done by consent and by agreement, and the majority leader and minority leader and others have worked hard to put these things together. Some of them become unraveled, and there are a number of reasons that they become unraveled.

The fact is when you start talking about taking hostages, if we wanted to spend some time we could talk about hostagees here for a while, but I do not think it would serve your interests or mine. I just think it is not appropriate to suggest that the Senator from Minnesota or anyone else is holding up this bill. There is a whole series of things that have to be done by agreement here, and when they are done all these things are going to work and happen.

Again, I say that it is appropriate to talk about the urgency of this bill. I do not want to go back and talk about how this started, but I know how it started and so does the Senator from Missouri, and it needs to get unraveled, which includes a whole series of issues including this bill.

I appreciate the Senator yielding.

The PRESIDING OFFICER. The Senator from Vermont.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. JEFFORDS. Mr. President, I rise to raise the awareness of the Senate as to the importance of being able to pass the D.C. appropriations bill today.

The reason for that is that we have in this city a serious problem with the drinking water. And I will mention that in a little more detail in a moment. The bill is at the desk. It has passed the House. There is an appropriation in that bill to provide for immediate efforts to clean up the serious circumstances with the city's drinking water. I do not want to alarm anyone too much, but it is a health hazard to certain individuals who have immune problems as well as elderly people.

In order to correct it, it is going to take some effort from private contractors, and it is going to take funds in order to contract with respect to certain pumps that may be broken in the efforts to flush the pumps out.

In addition to that, we also have serious problems right now which need attention immediately, that is, we have public safety funds which have been increased in this bill. We have police cars right now on the blocks; we have fire engines in the shop and computer systems in chaos. There are funds in the bill which will allow us to do that and to get started immediately upon passage of the D.C. appropriations bill.

Let me read to you from the report on the drinking water matter so that everybody is fully aware of the situation the city finds itself in:

> The conferees are deeply concerned about recent violations of Federal drinking water standards and continuing problems that beset the drinking water supply and the distribution systems in District of Columbia. The Federal Environmental Protection Agency recently completed a preliminary investigation of the water quality problems attributed to the District water distribution system and concluded that there is an urgent and immediate need for the District to implement steps to assure the integrity of drinking water quality in the District. Among the most important of these recommended actions is that the District hire a private contractor or contractors to flush the drinking water distribution system completely and to inspect and repair water valves. The conferees agree that there is a strong Federal interest in assuring that those who visit, live, and work in the Nation's Capital have safe drinking water. Accordingly, the conference agreement includes $1 million in Federal funds for this purpose under Amendment No. 2. These funds are provided to the Financial Control Board to contract with a private entity or entities to conduct an inspection, the flushing and repair work recommended by the EPA. The conferees direct the Control Board to consult with the Department of Public Works, D.C. Water and Sewer Authority, and EPA in implementing this activity. Further, the conferees encourage the Control Board to move expeditiously to contract for the work in anticipation of the funds provided.

I just want to point out that if this bill passes, an immediate action will be taken to be able to correct the serious problems we have with the water in the city. So I hope that it would come to a point where we can pass that expeditiously today. The majority leader may or may not wish to call it up, but I want to let everyone know I am ready. It has passed the House. I want to assure all of the citizens of the District as well as those who visit us that we are doing everything possible and any delay would, again, impair the safety of certain individuals in the District, and I hope that does not occur.

In addition, we are ready to move on this, and it is important for the city to get into a position where they know where they stand. There are significant differences that have been reconciled in favor of the city with respect to the amount of funds that will be available and to other matters.

So I am hopeful that we will be able to take this bill up. It is ready to go.

We are ready to act on it now and we could have this down to the President for his signature this afternoon if and when it is brought up there is no objection, and I hope that would be the case.

Mr. President, I just hope that everybody is aware of the serious problem we are dealing with and that any attempt to forestall this would imperil people and I hope that will not occur.

Mr. President, I yield the floor.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

MILITARY CONSTRUCTION APPROPRIATIONS

Mr. BURNS. Mr. President, last night the House of Representatives passed and sent to the Senate the conference report on military construction, and that bill, too, is at the desk to be considered today. We have worked very, very hard with both sides of the aisle to work out our differences—and sometimes on the same side of the aisle.

I applaud my good friend from Vermont, with whom I used to serve on D.C. Appropriations, on the work they have done on the D.C. appropriations bill. And the work that Senator BOND has done in his committee as far as VA-HUD.

We have worked very hard, too, on the thrust of military construction in this particular year, not only dealing with less dollars but also dealing with some very important items which have always been put on the shelf. One of them is the environment because of the Base Closure and Realignment Commission, and the other one is family housing and support services for families that serve this country on our posts around the world.

This bill provides the necessary funding for the planning, the design, the construction, the alteration, and the improvement of military facilities around the world, and included in that, of course, is the appropriation that keeps us strong, the NATO Security Investment Program. It also provides the funding to implement base closures and realignment as called for by law.

Again, let me emphasize that in this bill there is included child development centers. We worry about children. We hear speeches made about children. Repairs are needed also for the damage that was done by Hurricane Bertha. In this bill is funding for family support centers on our bases and environmental compliance projects. I think one of the most important parts of the funding in this bill is environmental cleanup when these bases are closed and, of course, taking new actions where active bases are still in operation; hospitals, public safety such as fire stations.

There is $1.2 billion for the implementation of BRAC, $4 billion for family housing. Out of a $9 billion appropriation, $4 billion will be spent on families and family housing to improve the life of our military people. Just to give you an idea on that: Yuma Marine Air Station in Yuma, AR; Camp Pendleton Marine Corps Base, 202 units, spending $29 million; Lenmoore Naval Air Station in California; Florida, Mayport Naval Station; in Hawaii, almost $60 million being spent for family support and housing; in Maryland, just outside of Washington here, the Naval Testing Center at Patuxent River; Camp Lejeune, community centers; family centers in Texas, Corpus Christi Naval Complex; Kingsville Naval Air Station; in Virginia, Chesapeake, Wallops Island; State of Washington, at Bangor Naval Submarine Base, and Everett Naval Air Station, Puget Sound.

The list goes on of those projects that are started or being planned and started, and all of them in support of families that serve this country. One has to remember that they, too, have to live, and we have started a new project, the Secretary of Defense working with the corporate sector in partnership for private housing off base, which is a new approach. By the way, there is funding in the bill for his program. There is certain types of community impact assistance that has to be provided for our military who face the loss of a sale of private residences due to installation realignments and due to some closures.

So, Mr. President, that is what is in limbo here whenever we start talking about gumming up the process. Here is a bill that we have worked very hard to overcome the objections on both sides of the aisle, to make it through not only committee, subcommittee and full committee and, yes, on the floor to pass a bill, send it to the House and then conference and bring it back and it is ready to pass this body because the House passed it last night and it is ready to be sent to the President for his signature to implement what we think is very important in support of our military families around the globe.

So, I ask, if we could work out this so-called flap and get the process back on the move again, lay aside some of our emotions and do the right thing and allow us to bring the conference report of the military construction to this floor, pass it, and let us send it to the President.

Mr. President, I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. LOTT. Mr. President, I think we had some good discussion this morning and I believe we made some progress in talking to Senators on both sides of the aisle, working out problems.

I know several Senators are going to need an opportunity to talk to the minority leader. I know the minority whip will be doing that here in a few minutes. So, hopefully, after those conversations we can get an understanding of how we can move on these very important issues. So, at this time, rather than just keeping the Senate here, what I propose to do is to have the Senate stand in recess until 2:30 p.m., at which time I will again enter into a colloquy with the Senator from Texas and the Senator from New Jersey about how we will deal with the stalking issue and the Lautenberg amendment; and then I would move to get unanimous-consent agreement on Judge Montgomery; and then I would move the CFTC nominees, and then the military nominations, including the new Chief of Naval Operations, which is needed very badly to be on duty. Then I would move to take up the health care issue.

In the meantime, I understand there will be some efforts made to deal with the drug patent issue in a way that, hopefully, is acceptable. And then we would go to the small business tax relief and minimum wage issue, and the safe drinking water conference report; all three of those conference reports.

I would also go to the DOD authorization and I would—of course, we would need to talk to the minority leader about exactly how we deal with that.

I would also attempt to move the three noncontroversial, universally supported military construction appropriations, legislative appropriations and D.C. appropriations. If we could get those issues worked out and completed, we would have made tremendous achievement here today.

If at 2:30 we cannot get an agreement on these, or an agreement on a package of these items, it would be my intent to take the Senate out for the balance of the day and come back tomorrow morning. I see no sense in standing around here waiting or going in and out on recess. So we will have 2½ hours now in which we can consider the situation, decide if we want to pass health insurance reform that so many people labored so hard on, that every voting representative in the House but two voted for just yesterday, the small business tax relief, minimum wage—everybody wants to get this done—and the safe drinking water. Everybody wants these three bills done.

I understand the White House is very anxious for us to get that done. There is no reason why we should not do these three appropriations conference reports. So we will have some time here to work through that and have a chance to talk to the minority leader. I hope to hear from him in the next hour or two. And we will see if we can get this all worked out. And if we can, it would be really great. If we cannot, we will just go out and come back in the morning. I have had that on my mind all week anyway. So we can do that.

Mr. FORD. Would the Senator yield?

Mr. LOTT. I would be glad to.

Mr. FORD. I have no objection to the recess. But we do have a couple Senators that were on their way to make some remarks on our side. If you could withhold that or set it at the end of the statements by Senator KENNEDY and Senator WYDEN and maybe Senator BAUCUS, because those three would like to make some remarks. That way we would not be wasting the time.

Mr. LOTT. As long as there are Senators who would like to speak, obviously, we want to allow that. If those three are going to speak, we would probably want to have maybe some response on our side. But when we reach the point where Senators are not here speaking, instead of just keeping everybody here waiting, I would propose we recess then until 2:30. But at 2:30, regardless, I will move to get this underway.

MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. When Senators have had their say, I will come back and ask that we stand in recess until 2:30. But we will wait on that.

Mr. FORD. With that understanding, Mr. President, I do not think anybody has any problem with that at all. I do have some colleagues that would like to make some remarks. And listening to the majority leader, you may have somebody that would like to come over and make some remarks too after these three Senators have on our side.

Mr. LOTT. We may eat up the time.

Mr. FORD. With the $435 a page, or whatever it is, it costs to print the RECORD.

Mr. LOTT. I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

HEALTH INSURANCE CONFERENCE REPORT

Mr. KENNEDY. Mr. President, I am very hopeful, and I know the American people are, that we will move ahead this afternoon on the conference report dealing with the Kassebaum-Kennedy bill. As we know, it was a year ago today that we passed that bill out of the Human Resources Committee. It languished for close to 9 months on the Senate calendar before it was considered. Then it was considered. And it has been several more months before we were able to get resolution of the principal items which were at issue, the portability issue, the MSA issue and the other provisions in the legislation. And we saw a successful conclusion of those issues just some 2 days ago. All of us are very eager to get that measure down to the President of the United States.

However, I must say, a number of us were very surprised to find that our staffs, around 10:30 or 11 o'clock the night before last, after a number of us were assured that there were only technical corrections in the legislation, discovered that a special provision had been included into the act at page 76. That special provision, which no one knew about, was a patent extension and special treatment for a drug called Lodine which people take for arthritis. And now that is in the health care legislation that we all want to get to the President of the United States as soon as we can. But, this afternoon we are faced with this special interest provision being put into the whole proposal.

I just want to make it very clear that neither I nor do I understand any other Member of our side, and to the best of my knowledge on the other side, had any idea whatsoever that this special interest provision benefiting a single company had been included in the health care bill. It is a special interest provision for one particular company that has annual revenues from this one drug, Lodine, of some $275 million.

The special interest provision gives that company 2 additional years of patent protection and other special benefits. As I understand it, in return, the company would have to pay $10 million each year for a total of $20 million to the Federal Government and pay the States so they do not have to pay for the increased costs due to the patent extension.

So the question is, Who pays? Well, the answer to that is, everyone else in America will pay more for Lodine. Every senior and every American who uses this arthritis drug will pay more because this special provision says no one else can compete with this drug for 2 more years. This provision eliminates competition and gives this company a monopoly, which means it can charge whatever it wants for its drug. Our seniors and everyone else will be paying the bill for this special interest provision.

The question is, then, How much more? How much more money will people have to pay? We know that generic competitors historically undercut the price of drugs like Lodine by 30 to 50 percent. That means that when a patent expires, other companies can make and sell inexpensive generic versions of the drug to compete. This provision means that there can be no competition for 2 more years and that means Americans will pay between $80 to $130 million more each year for this sweetheart deal.

Now, Mr. President, we all know that this sweetheart deal will cause all the other companies to come in here and ask for special favors also. This deal for one drug will open the floodgates and will cost consumers hundreds and hundreds of millions of dollars.

Mr. President, the claim is made that we ought to go ahead with this special deal because their competitor has received an extension. That a competitor, called Daypro, got a deal stuck into the continuing resolution in April 1996, without any hearings, without any testimony, without any public review by the committees with jurisdictions, does not make this right. It is an old saying, but it is true: Two wrongs do not make a right. Because one snuck through, we cannot do it again and again and again.

It will not stop with Lodine. There are 12 drugs in this class on the market. You do this for Lodine, and the other 10 will be here tomorrow. In fact, in the last 2 weeks alone, three or four of those other companies have already been in this building asking for special treatment like Lodine. It will not stop here. The special interests will be banging at the door.

Mr. President, this is not really a new issue for some Members of the Senate because there was an effort to include a special deal for Lodine in June 1996, in the Defense authorization bill in the Senate as part of the Hatch-Specter GATT loophole closing legislation. But, then the lobbyists started lining up asking for special treatment for other drugs. They claimed that if Lodine gets special treatment, then they we would have to do it for others.

Then there was the Bliley-Dingell letter to the Defense conferees saying, "Take Lodine out". And the House Judiciary also objected to Lodine, and the conferees took Lodine out of the Defense authorization bill.

That didn't stop the Lodine special provision. The special deal for Lodine was put into the House agricultural appropriations bill in July. But, Senator PRYOR and Senator CHAFEE drafted a letter dated July 26, 1996 to Senator COCHRAN and Senator BUMPERS saying there was no merit and no basis for a Lodine extension. They said there were no hearings or deliberations of any kind in either the House or the Senate to determine if there were any public purpose served by granting this special extension. They urged that it be taken out of the agricultural appropriations bill.

At about the same time, the Senate health care conferees were appointed on July 25. And on July 30, the Republicans gave the Democrats a draft of this section of the health care bill.

That draft was dated June 25, but it had no provision relating to the patent extension.

Then, at about the same time, the agriculture appropriations conferees took the special provision for Lodine out of the bill. That, I believe, was also on July 30.

Now, back to the health care bill. On July 31, there were extensive negotiations on both of the issues of portability and on the MSA issues.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. KENNEDY. Mr. President, could I ask for 5 more minutes?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KENNEDY. Then at 6:30 that night, July 31, after we worked out the portability and the MSA, I remember the call from Senator KASSEBAUM saying that we only had about 10 more minutes to sign. And so this Senator signed on the basis of the representations of what I knew was in the bill and the representations that were made by the various staff and other Members who were familiar with the language. There was never any mention of any special interest provision for Lodine.

We had the press conference announcing the agreement around 8 p.m. that night.

Then, around 10:30 that night, the Democratic staff go to legislative counsel and see the administrative simplification section, which they were being shown for the very first time. And there it was. Stuck in the administrative simplification section was this special provision for Lodine. This is the first time that anyone had seen this provision. Indeed, it was the first time anyone had even heard about it in connection with the health care bill.

They thought they killed it in the Defense authorization. They thought they killed it in the agriculture appropriations bill. But, they didn't. No. It was snuck into the health care bill and no one knew it and the rest is history.

It is interesting that over in the House on August 1, there was a Democratic effort to recommit the bill due to the special patent provision and also because of the nonparity for mental health.

The vote to re-commit in the House was 224 to 198. I have heard from a number of my colleagues that if that motion had only dealt with the patent provision, it would have been rejected and returned to the conference.

Now, Senator LOTT's spokeswoman was quoted in today's CongressDaily. I know Senator LOTT would want to clear up the alleged quote in Congress Daily because it said that this special provision was added with full knowledge of the conferees and was done for fairness. He was either misquoted or wrong on that, because it was not done with the knowledge of the conferees. If it were done with the knowledge of some of the conferees, then I hope they will come over here and explain it. Explain who knew about it. Explain who didn't know about it. Explain why this special provision was slipped into the health care bill without our knowledge.

Now, it certainly was not done for fairness. It was slipped into the bill without telling anyone, because it is not fair, and it is not deserved. Now, Mr. President, I will not take the time now to go into all of the details, but I will draw the Senate's attention to the fact that we have been addressing these kinds of issues for the last 20, 25 years. Because of the series of different requests during the 1970's and 1980's, the Senate and the Congress, in their wisdom, passed the Hatch-Waxman bill in 1984 to deal with issues of justice and fairness that perhaps arose under some circumstances due to the arbitrariness or termination of patent extensions. To avoid this very problem, that law was passed to treat all companies equally and fairly. That system has worked pretty well. As a matter of fact, Lodine itself has already gone through that process and it has already received a 2-year extension.

But it still claimed that it was treated unfairly by the FDA. It still claimed that the FDA delayed its approval and was unfairly denied years of patent protection. But, as everyone knows, the claim that the FDA delayed approval has no merit. Everyone knows this, because this claim was thoroughly reviewed in 1992 and 1993. In fact, the GAO did a full review and published a detailed report in April of 1993. The conclusions were unambiguous and firm: any delay was the company's fault, not the FDA.

I will conclude with this: In 1993, the GAO issued its report specifically about the Lodine patent. GAO concluded there was no basis for recommending a patent term extension. Lodine's approval was delayed because of the company's actions and for public health reasons. I have that GAO report right here. We will have a chance to get into it in greater detail, but for now let me tell you their fundamental conclusions:

> (1) It is a "me-too" drug which provided no significant public health benefit or therapeutic breakthrough, which would justify expedited review (such as AIDS or cancer drugs);
>
> (2) concerns about Lodine's carcinogenicity were raised both in Canada and the United States, which had to be resolved before the drug could be approved;
>
> (3) FDA found that the Lodine submission was "piecemeal, voluminous, disorganized and based on flawed clinical studies."
>
> (4) the Lodine submission to FDA did not contain "enough data to prove efficacy until September 1989"—almost 7 years after the submission was made to FDA.

It goes on and on. Every single claim made by the company was investigated, reviewed and rejected on the merits. That is why this special interest provision keeps being slipped in under cover of darkness. It can't stand the light of day. There is no merit or basis for special treatment. Indeed, the facts show that this particular drug and this company was already treated fairly and appropriately. Under the rules that everyone else has to abide by, Lodine was treated right. It should have to play by the same rules as its competitors and everyone else.

Mr. President, I had hoped this special interest provision would not be included. It is not the way to do business. It is a special interest provision that was added without the knowledge of the members of the conference. It is bad policy.

Furthermore, it will result in the fact that millions of senior citizens will pay an unwarranted, unjustified additional amount for their prescription drugs because of one particular drug company which refused to follow the rules in terms of going through public hearings, public notice, and to give consumers a right to speak. It is absolutely wrong, Mr. President.

I hope we will have an opportunity to address this more, then move very quickly to the final consideration of the very important health care bill which we have reached resolution on. I see no other reason, if that unjustified special provision was resolved, that we could not resolve the conference report in an hour, or even less, so that it could be on its way to the President of the United States.

But, before we can do that, this special interest slipped into the health care bill will have to be examined. The American consumers deserve better than this type of shabby treatment.

The PRESIDING OFFICER (Mr. KYL). The Senator from Vermont.

MOLLIE BEATTIE REMEMBERED

Mr. LEAHY. I will be very brief, Mr. President. A few weeks ago, one of Vermont's most noted and valued citizens, Mollie Beattie, died. Much was said on the floor of the Senate about her. Much was said in Vermont at her memorial service and again at the Department of Interior when the Secretary of Interior, as well as the Vice President, her husband and others spoke. Much also was written in Vermont.

I noted a commentary by Jim Wilkinson in one of our Vermont newspapers about Mollie Beattie. Jim Wilkinson is one of those quintessential Vermonters who represents the best values of our State. I have known him for decades, both in his role as the commissioner of Vermont Department of Forest, Parks and Recreation, and more recently as the consulting forester for the tree farm my wife and I have in Middlesex, VT. He is a man of great depth, great honesty, and, frankly, great wisdom.

I ask unanimous consent that what he had to say about Mollie Beattie, reported in the Rutland Daily Herald, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Rutland Daily Herald, July 23, 1996]

MOLLIE BEATTIE REMEMBERED

(By Jim Wilkinson)

Webster defines "memoir" as "a report on an event of significance." This memoir is a personal observation on the life of Mollie Beattie, an event of great significance.

Mollie has been proclaimed as a scholar, a forester, a writer, a philosopher—all that and more. She was known as a friend, a public servant, a leader. In all of these roles Mollie's time with us was lived to the fullest, with vitality, commitment, and serenity.

Others have written or spoken of her career in public service to Vermont and to the nation. Her political savvy and integrity brought professional respect, as well as outstanding accomplishment. The great courage of her final year has been cited as she fought and at last accepted death with confidence, peace and encouragement for others. Not only at death's door was courage so evident. Her professional standards and personal values demanded courage and confidence and determination in reaching the goals she set for herself.

Mollie recognized the importance of maintaining a strong, healthy persona—physically, mentally and spiritually—not a selfish concern for her ego, but the pragmatic acceptance that thus only could she give the most of her life. Carlyle wrote that "Life is a little gleam of time between two eternities." Mollie's life was a great burst of light in that time allotted to her. We have been blessed by it.

She had one unusual and wonderful attribute—that of an unconscious but strong sense of personal presence, not one of power or command, but a presence that, of itself, demanded attention and got it. Hard to describe, but easy to recognize when you were exposed to it. Yet there were occasions when, while looking directly at you, she would leave you dreaming or thinking of some secret, transmundane reality, some mystic other world that only she could know and could not share. Then with a glance and a grin she would return her attention to you.

At the end Mollie could have assured us, "I own only my name. I've only borrowed this dust." Mollie's dust has returned to the earth from which it evolved. But her name will live long in our memories. May those memories serve to guide, strengthen and encourage us in our lives of service.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair.

BLANKET HOLDS ON ENERGY COMMITTEE BILLS

Mr. MURKOWSKI. I rise today to inform my colleagues of my degree of frustration with the gridlock that has occurred this entire Congress preventing passage of virtually every bill reported by my committee, the Committee on Energy and Natural Resources. As chairman of that committee, I obviously have the obligation of moving the bills out. I have attempted to do that.

I think it was the night before last, Mr. President, that the minority leader, Senator DASCHLE, expressed similar frustration over an objection from this side of the aisle to a judicial nominee. You can imagine my frustration when a few Senators from the Democratic side have prevented passage of all 72 bills from my committee currently pending on the calendar. Those objections, Mr. President, were not based on the merits of the bills being held; they were based on a problem with some other bill. So we have this chain of "you are not going to support my bill unless your bill passes."

I think it is fair to note that during part of the last year and a half, all of my committee bills were being held not because of any inaction by the Senate or my committee, but the excuse was the House was not acting quickly enough on some matter of interest. There are many, many items that are very important to Senators. I want to get them cleared and get them out.

For example, Sterling Forest, my good friend Senator D'AMATO has been urging me, clear Sterling Forest. The New York Times has taken up the charge. I certainly want to see Sterling Forest cleared. I want to support the position of my friend, Senator D'AMATO from New York, who responded to the editorial of the New York Times as it affects New Jersey, as it affects New York. We attempted to clear that, along with the Utah ski bill, and a couple of small native items for Alaska.

I cannot recall how many holds—it was like a rabbit trail. You could not keep up with it fast enough. Once we attempted to clear them, one hold would go on, someone would attempt to remove the hold, and, bingo, it is back on. My good friend from Utah, Senator BENNETT, spent endless hours trying to clear that. This is a blatant abuse of the whole process. It has to stop. I know the leadership feels that way. The Members are going to have to recognize a few realities.

Over the past several months, I have been working with my House counterparts to put together a package in conference on the Presidio bill. It has virtually everything in it. Everybody is not going to like everything in it, but there is virtually something in it for every Member. If you want to get behind this bill and get these land issues passed, you are simply going to have to recognize that we will have to keep the bill together.

Due to the holds and the situation of the Senate, the process has become cumbersome, to say the least. Virtually everyone who has a parks or public lands bill introduced in the House or Senate wants to be included in any package that is moving.

On the other hand, if I try to move an individual bill separately, Members think the Presidio package is dying and want to be included in the measure, as well. So what we have, Mr. President, is gridlock. I am not going to point fingers. It is just the reality.

Mr. President, frankly, I have had it. Unless those Members who have blanket holds on Energy Committee bills, unless they lift those holds and allow me, as chairman, to work the system, to start moving individual bills and packages where appropriate, no bills are going to move. That would be a shame, Mr. President, because these bills affect our Nation's parks, public lands, our forests. They are good public policy, and they are good for the environment.

I want to also add one more thing, because there is some confusion about the interests of the Senator from the State of Alaska. The Tongass is not part of this package. There is a proposal to allow an extension, for 15 years, of a competitive timber contract with the Forest Service for Louisiana Pulp Co., Louisiana Pacific Co. The rationale behind that, or the necessity, is that they are prepared and required, under the new laws governing effluent and air quality, to invest roughly $200 million in converting this plant—which, I might add, is our only year-round manufacturing plant—in southeastern Alaska, upon which 2,000 jobs are dependent. They simply must have a contractual commitment from the Forest Service for supply of raw material.

Now, why is that different in Alaska? It is different in Alaska, Mr. President, because we have no other source of timber. There is no private timber. There is no State timber. It is all owned by the Federal Government, and their current contract is about to expire.

I ask unanimous consent to have 1½ more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. If the 15-year contract is not extended, this plant—the only manufacturing plant, with 2,000 jobs—will be lost, and the pulp timber will be exported out of the State, which is really a travesty.

Now, that is the interest of the Senator from Alaska in this package. So, Mr. President, I hope that clears up any doubts in the minds of anybody relative to the environmental aspects of the merits of this contract. This is to provide a chlorine-free new mill to replace the old one. But it can only happen if there is a contractual commitment for timber, because nobody is going to spend $200 million without an assured supply and a contract with the Federal Government.

So I am committed to moving these bills. My committee has held hearings on these bills and held the markups. I have supported and voted for each of these bills. I am not the problem, Mr.

President. But unless these holds are lifted, I don't see how I can be part of the solution. So I urge my colleagues—particularly the leadership—to do what they can to end this gridlock. It just has to be stopped.

I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

EXTENSION OF PATENT FOR LODINE

Mr. WELLSTONE. Mr. President, I will be very brief.

Mr. President, I have sent a letter to my colleagues about the inclusion of the extension for the patent of the drug Lodine in the health insurance conference report and announced my intention to raise a point of order about this, since a similar provision was not included in either the House or the Senate bill. Whatever the intentions of whoever inserted this into conference committee report in the dark of night—and I don't know what their intentions were—certainly the impact of this provision on consumers will be disastrous. Moreover, granting such an extension in the dark of night is not the way to legislate.

So all of my colleagues have a letter announcing my intent to challenge this provision on a point of order. I am also considering offering a concurrent resolution to delete this provision from the conference report. My hope is that we can get bipartisan support for this effort, in which case, one way or the other, we can knock this special interest giveaway out of conference committee report.

I want to state to my colleagues that this patent extension that we see before us for the manufacturer of Lodine essentially means that for a period of 2 years, and in effect over a period of 5 years because of the way the provision is written, cheaper versions of the prescription drug will not be made available to consumers. People who are suffering from arthritis and are not able to buy a cheaper drug will pay millions of dollars that they should not have to. This is really outrageous.

When I was a college professor, I talked about conference committees, and I knew they were kind of the third House of the Congress, but I had no idea that this type of thing happened all the time, or some of the time. But it should not happen any of the time.

What we have here is a company that sells over a quarter of a billion dollars worth of a drug, willing to pay the Government $10 billion a year for the additional costs that the patent extension will cost the Government in increased Medicaid and health care costs, but not willing to do anything for consumers and seniors. And quite frankly, the payments to the Government are nothing compared to the ripoff of seniors and consumers.

I hope that we may be able to do something about this situation together, in a bipartisan way. I believe that Senator KENNEDY, Senator KASSEBAUM, and many other Senators will be interested in doing that one way or the other. I started talking about this yesterday when I realized that, in the dark of night, this provision had been inserted, and one way or the other I am going to take action as a Senator from Minnesota to do everything I can to knock this provision out.

This provision represents a giveaway to a special interest at the expense of patients and senior citizens, and, quite frankly, the mysterious manner in which it was added to the conference report late at night is not the way we ought to be conducting our affairs here. This is a perfect example of the kind of practice that makes people lose confidence in our political process. Therefore, I hope all Senators, Republicans and Democrats alike, will join me in my effort to knock this provision out.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

FAMILY HOUR PROGRAMMING

Mr. DEWINE. Mr. President, earlier this week, the President of the United States gathered the TV networks together to work out a much-trumpeted agreement on quality TV programming for children. I certainly applaud the President's efforts, and I am pleased that the meeting has served to at least spotlight this important issue. But the sad fact remains that this new and improved agreement to bring quality programming to our children is really nothing more than a ratification of the status quo. In fact, two of the major networks announced they already met this agreement. Another said that it is just barely short of compliance now.

So, essentially, the President has come out and said he approves of what the networks are already doing about quality programming; the status quo is OK.

Mr. President, as the father of eight children, and now the grandfather of three, let me just say that I do not approve of what the networks are doing. In fact, I find that some of what you see on television during the so-called family hour, from 8 to 9 o'clock at night, is absolutely outrageous today. I do not approve of it. I can say with assurance that parents I have talked to are clearly frustrated with television programming today. The last thing we want to say to the networks is, "Just keep on doing what you are doing."

Parents do not want a measure that has a lot of fanfare and no substance. They want to do something real. Personally, I would like to be able to sit down after dinner with my 13-year-old daughter, Alice, or my 9-year-old son, Mark, or my 4-year-old daughter, Anna, and watch a half an hour or an hour of TV without having to always be in some sort of high state of alert for things that might not be appropriate for any one of them to see.

You know, Mr. President, it was not that many years ago that we did not have this problem. We could all watch TV with our children between 8 and 9 o'clock at night without having to worry about them. While every show between 8 and 9 wasn't a great show, at least you could find one show between 8 and 9 o'clock at night that was appropriate for a child to watch with a parent.

Mr. President, I think we should take advantage of the attention that the White House has focused on this issue, and I think we should use it to call for some measures that really would make a difference.

Our distinguished colleague from Connecticut, Senator LIEBERMAN, has recently proposed a resolution that I think would do a great deal to accomplish this goal. His resolution would call upon the networks, on a strictly voluntary basis, to restore the idea of family hour programming.

That, Mr. President, would make a real difference in the lives of America's families. I would guess that, on this issue, my experience is not unique or unusual. Who among us—among all the parents in this country—has not been very worried about what their children might suddenly be exposed to on TV?

Just a few years ago, during the family hour, you did not have to do that. I am not talking about just the 1950's or the 1960's; I am talking about as recently as less than a decade ago. I think many of us in politics do not fully realize how much and how fast TV has changed just in the last few years. That is why I think my colleagues will be interested in seeing a comparison of the TV Guide listings for the hour between 8 and 9 o'clock as they have changed over the years.

I ask unanimous consent that this very interesting document be printed in the RECORD at the conclusion of my remarks, and I recommend it to the attention of my colleagues.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. DEWINE. This was put together by Dan Wewers, a young man who interned in my office. He researched the TV Guides going back to 1954 and looked at a typical week. We take it every so many years, in 1954, in 1960, all the way up through July 14 through the 20th of 1996. People are not going to approve or like every program on here. They weren't all great shows. But the point is, I think there were very few times where you could not at least find one program between 8 and 9 o'clock that was suitable to watch with your children.

Mr. President, the networks recognize, at least in principle, that they have a responsibility to the public. As parents and citizens, we have both the right and the duty to tell the networks what we think they should do—the little changes they can make that we believe will make a positive difference in the lives of our children and our families.

Scheduling 1 hour of programming in the early evening that is appropriate for parents to watch with their children would be a very big positive step, and it would be a great change from the status quo. That is why I support the Lieberman initiative, and I think my colleagues, if they look at the document I am submitting today, which I asked be printed in the RECORD, they will come to the same conclusion.

I think the President should talk to Senator LIEBERMAN about this idea. It is a good idea, and it would make a real difference.

I yield the floor.

EXHIBIT 1

FAMILY HOUR PROGRAMMING

(8:00–9:00 p.m.)

TV GUIDE LISTINGS

New York Metropolitan Area[1]

Major Network Stations

(CBS, NBC, ABC, and FOX)

For the dates of:

APRIL 2–8, 1954
APRIL 2–8, 1960
APRIL 4–10, 1964
APRIL 4–10, 1970
APRIL 5–11, 1975
APRIL 5–11, 1980
APRIL 6–12, 1985
APRIL 4–10, 1992
JULY 14–20, 1996

WEEK OF APRIL 2–8, 1954

TV GUIDE

New York Metropolitan Area

Friday, April 2, 1954

8:00 p.m.
CBS Mama—Peggy Wood
NBC Dave Garroway—Variety
ABC Ozzie & Harriet—Comedy
8:30 p.m.
CBS Topper—Comedy
NBC Life of Riley—Bendix
ABC Playhouse—Anita Colby

Saturday, April 3, 1954

8:00 p.m.
CBS Jackie Gleason—Comedy
NBC Spike Jones—Variety
ABC My Hero—Comedy
8:30 p.m.
CBS Amateur Hour—Mack
ABC The Unexpected—Film

Sunday, April 4, 1954

8:00 p.m.
CBS Toast of the Town
NBC Comedy Hour—Variety
ABC The Mask—Drama

Monday, April 5, 1954

8:00 p.m.
CBS Burns & Allen—Comedy
NBC Name That Tune—Quiz
ABC Sky King—Kirby Grant
8:30 p.m.
CBS Talent Scouts—Godfrey
NBC Concert—Barlow
ABC Movie—"World Without End"

Tuesday, April 6, 1954

8:00 p.m.
CBS Gene Autry—Western
NBC Milton Berle—Comedy
ABC The Mask—Drama
8:30 p.m.
CBS Red Skelton—Comedy

Wednesday, April 7, 1954

8:00 p.m.
CBS Godfrey & Friends
NBC I Married Joan—Comedy
ABC Film Drama
8:30 p.m.
NBC My Little Margie—Comedy
ABC Into the Night—Mystery

Thursday, April 8, 1954

8:00 p.m.
CBS Meet Mr. McNutley—Film
NBC Groucho Marx—Quiz
ABC Boston Blackie—Film
8:30 p.m.
CBS Four Star Playhouse
NBC Justice
ABC Ray Bolger—Comedy

WEEK OF APRIL 2–8, 1960

TV GUIDE

New York Metropolitan Area

Saturday, April 2, 1960

8:00 p.m.
CBS Perry Mason—Mystery
NBC Bonanza—Western
ABC High Road—Gunther
8:30 p.m.
CBS Wanted—Dead or Alive—Western
NBC Man and the Challenge
ABC Leave It to Beaver

Sunday, April 3, 1960

8:00 p.m.
CBS Playhouse 90—Drama
NBC Hollywood Sings—Variety
ABC Maverick—Western
8:30 p.m.
ABC Lawman—Western

Monday, April 4, 1960

8:00 p.m.
CBS Texan—Western
NBC Riverboat—Adventure
ABC Cheyenne—Western
8:30 p.m.
CBS Father Knows Best
NBC Wells Fargo—Western
ABC Bourbon Street Beat

Tuesday, April 5, 1960

8:00 p.m.
CBS Dennis O'Keefe
NBC Laramie—Western
ABC Bronco—Western
8:30 p.m.
CBS Dobie Gillis—Comedy
NBC Startime—Drama
ABC Wyatt Earp—Western

Wednesday, April 6, 1960

8:00 p.m.
CBS Be Our Guest—Variety
NBC Wagon Train—Western
ABC Spring Night—Music
8:30 p.m.
CBS Men Into Space—Adventure
NBC Price Is Right—Contest
ABC Ozzie and Harriet

Thursday, April 7, 1960

8:00 p.m.
CBS Betty Hutton—Comedy
NBC Bat Masterson—Western
ABC Donna Reed—Comedy
8:30 p.m.
CBS Johnny Ringo—Western
NBC Producers' Choice—Drama
ABC Real McCoys—Comedy

Friday, April 8, 1960

8:00 p.m.
CBS Rawhide—Western
NBC Troubleshooters
ABC Walt Disney—Cartoon
8:30 p.m.
CBS Hotel De Paree
NBC Art Carney—Drama Special
ABC Man From Blackhawk

WEEK OF APRIL 4–10, 1964

TV GUIDE

New York Metropolitan Area

Saturday, April 4, 1964

8:00 p.m.
CBS Jackie Gleason
NBC Lieutenant—Drama
ABC Hootenanny—Songs
8:30 p.m.
CBS Defenders—Drama
NBC Joey Bishop—Comedy
ABC Lawrence Welk

Sunday, April 5, 1964

8:00 p.m.
CBS Ed Sullivan—Variety
NBC Walt Disney's World
ABC Empire—Drama
8:30 p.m.
NBC Grindl—Imogene Coca
ABC Arrest and Trial

Monday, April 6, 1964

8:00 p.m.
CBS I've Got a Secret—Panel
NBC Movie—"The Virgin Queen"—Biography
ABC Outer Limits—Drama
8:30 p.m.
CBS Lucille Ball—Comedy
ABC Wagon Train—Western

Tuesday, April 7, 1964

8:00 p.m.
CBS Red Skelton—Comedy
NBC Mr. Novak—Drama
ABC Combat!—Drama
8:30 p.m.
NBC You Don't Say!—Kennedy
ABC McHale's Navy

Wednesday, April 8, 1964

8:00 p.m.
CBS CBS Reports
NBC Virginian—Western
ABC Patty Duke—Variety
8:30 p.m.
CBS Suspense—Mystery
ABC Farmer's Daughter

Thursday, April 9, 1964

8:00 p.m.
CBS Rawhide—Western
NBC Temple Houston—Western
ABC Donna Reed—Comedy
8:30 p.m.
NBC Dr. Kildare—Drama
ABC My Three Sons

Friday, April 10, 1964

8:00 p.m.
CBS Great Adventure
NBC International Showcase
ABC Destry—Western
8:30 p.m.
CBS Route 66—Drama
NBC Ernie Ford—Variety
ABC Burke's Law—Mystery

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[1] Washington, D.C. Metropolitan Area

WEEK OF APRIL 4-10, 1970

TV GUIDE

New York Metropolitan Area

Saturday, April 4, 1970

8:00 p.m.
CBS Jackie Gleason
NBC Andy Williams
ABC Newlywed Game
8:30 p.m.
CBS My Three Sons
NBC Adam-12
ABC Lawrence Welk

Sunday, April 5, 1970

8:00 p.m.
CBS Ed Sullivan
NBC World of Disney
ABC FBI
8:30 p.m.
NBC Bill Cosby

Monday, April 6, 1970

8:00 p.m.
CBS Gunsmoke
NBC Laugh-In
ABC ABC News Special
8:30 p.m.
CBS Here's Lucy
ABC Movie—"An Eye for an Eye"—Western

Tuesday, April 7, 1970

8:00 p.m.
CBS Lancer
NBC NBC White Paper
ABC Mod Squad
8:30 p.m.
CBS Red Skelton
NBC Julia
ABC Comedy Special

Wednesday, April 8, 1970

8:00 p.m.
CBS Hee Haw—Variety
NBC Virginian
ABC Nanny
8:30 p.m.
CBS Beverly Hillbillies
ABC Room 222

Thursday, April 9, 1970

8:00 p.m.
CBS Jim Nabors
NBC Daniel Boone
ABC That Girl
8:30 p.m.
NBC Ironside
ABC Bewitched

Friday, April 10, 1970

8:00 p.m.
CBS Adventure
NBC High Chaparral
ABC Tales From Muppetland (Regularly, the Brady Bunch)
8:30 p.m.
CBS Hogan's Heroes
NBC Name of the Game
ABC Ghost/Mrs. Muir

WEEK OF APRIL 5-11, 1975

TV GUIDE

New York Metropolitan Area

Saturday, April 5, 1975

8:00 p.m.
CBS All in the Family
NBC Emergency!
ABC Kung Fu
8:30 p.m.
CBS The Jeffersons

Sunday, April 6, 1975

8:00 p.m.
CBS Cher—Variety
NBC World of Disney
ABC Jacques Cousteau—Documentary
8:30 p.m.
CBS Kojak—Crime Drama
NBC McCloud
ABC Movie—"Man in the Wilderness"—Adventure

Monday, April 7, 1975

8:00 p.m.
CBS Gunsmoke
NBC Carl Sandburg's Lincoln
ABC Rookies

Tuesday, April 8, 1975

8:00 p.m.
CBS Good Times—Comedy
NBC Adam-12
ABC Happy Days—Comedy
8:30 p.m.
CBS M*A*S*H
NBC Cavalcade of Champions Awards
ABC Movie—"Guess Who's Sleeping in My Bed?"

Wednesday, April 9, 1975

8:00 p.m.
CBS Tony Orlando and Dawn—Variety
NBC Little House on the Prairie—Drama
ABC That's My Mama—Comedy
8:30 p.m.
ABC Movie—"The Story of Pretty Boy Floyd"—Drama

Thursday, April 10, 1975

8:00 p.m.
CBS The Waltons
NBC Movie—"Conspiracy of Terror"—Comedy-Drama
ABC Barney Miller—Comedy
8:30 p.m.
ABC Karen—Comedy

Friday, April 11, 1975

8:00 p.m.
CBS Comedy Special—"Rosenthal and Jones"
NBC Sanford and Son
ABC Night Stalker—Drama
8:30 p.m.
CBS We'll Get By
NBC Chico and the Man—Comedy

WEEK OF APRIL 5-11, 1980

TV GUIDE

New York Metropolitan Area

Saturday, April 5, 1980

8:00 p.m.
CBS Tim Conway—Variety
NBC B.J. and the Bear
ABC Easter Bunny is Comin to Town—Cartoon

Sunday, April 6, 1980

8:00 p.m.
CBS Archie Bunker's Place
NBC Chips—Crime Drama
ABC Movie—"The Ten Commandments"—Biography
8:30 p.m.
CBS One Day at a Time

Monday, April 7, 1980

8:00 p.m.
CBS WKRP in Cinicinnati
NBC Little House on the Prairie
ABC That's Incredible
8:30 p.m.
CBS Stockard Channing

Tuesday, April 8, 1980

8:00 p.m.
CBS White Shadow
NBC Misadventures of Sheriff Lobo
ABC Happy Days
8:30 p.m.
ABC Laverne & Shirley

Wednesday, April 9, 1980

8:00 p.m.
CBS Movie—"A Boy Named Charlie Brown"—Cartoon
NBC Real People
ABC Eight is Enough

Thursday, April 10, 1980

8:00 p.m.
CBS Palmerstown, U.S.A—Drama
NBC Buck Rogers in the 25th Century—Sci Fi
ABC Mork & Mindy
8:30 p.m.
ABC Benson—Comedy

Friday, April 11, 1980

8:00 p.m.
CBS Incredible Hulk
NBC Here's Boomer—Adventure
ABC When the Whistle Blows—Comedy
8:30 p.m.
NBC The Facts of Life.

WEEK OF APRIL 6-12, 1985

TV GUIDE

New York Metropolitan Area

Saturday, April 6, 1985

8:00 p.m.
CBS Daffy Duck—Cartoon
NBC Diff'rent Strokes
ABC T.J. Hooker—Crime Drama
8:30 p.m.
CBS Bugs Bunny—Cartoon
NBC Gimme a Break!

Sunday, April 7, 1985

8:00 p.m.
CBS Murder, She Wrote—Mystery
NBC Movie—"Florence Nightengale"—Drama
ABC Movie—"Superman II"—Fantasy

Monday, April 8, 1985

8:00 p.m.
CBS Scarecrow and Mrs. King
NBC TV's Bloopers and Practical Jokes
ABC Hardcastle and McCormick—Crime Drama

Tuesday, April 9, 1985

8:00 p.m.
CBS Lucie Arnaz—Comedy
NBC A-Team
ABC Three's a Crowd
8:30 p.m.
CBS Movie—"Coal Miner's Daughter"—Biography
ABC Foul-ups, Bleeps & Blunders

Wednesday, April 10, 1985

8:00 p.m.
CBS Double Dare—Crime Drama
NBC Highway to Heaven—Drama
ABC Fall Guy

Thursday, April 11, 1985

8:00 p.m.
CBS Magnum, P.I.—Crime Drama
NBC Cosby Show
ABC Wildside—Western
8:30 p.m.
NBC Family Ties

Friday, April 12, 1985

8:00 p.m.
CBS Detective in the House—Mystery
NBC Knight Rider
ABC Webster
8:30 p.m.
ABC Mr. Belvedere—Comedy

WEEK OF APRIL 4-10, 1992

TV GUIDE

New York Metropolitan Area

Saturday, April 4, 1992

8:00 p.m.
CBS NCAA Basketball
NBC Golden Girls
FOX Cops

ABC Who's the Boss?
8:30 p.m.
NBC Powers That Be
FOX Cops
ABC Billy—Comedy

Sunday, April 5, 1992

8:00 p.m.
CBS Murder, She Wrote
NBC Mann & Machine—Crime Drama
FOX ROC—Comedy
ABC Funniest Home Videos
8:30 p.m.
FOX In Living Color
ABC America's Funniest People

Monday, April 6, 1992

8:00 p.m.
CBS Evening Shade
NBC Fresh Prince
FOX Movie—"Night of the Comet"—Science Fiction
ABC FBI: The Untold Stories
8:30 p.m.
CBS Major Dad
NBC Blossom
ABC American Detective

Tuesday, April 7, 1992

8:00 p.m.
CBS Rescue 911
NBC In the Heat of the Night—Crime Drama
FOX Movie—"Tough Enough"—Drama
ABC Full House
8:30 p.m.
ABC Home Improvement

Wednesday, April 8, 1992

8:00 p.m.
CBS Royal Family
NBC Unsolved Mysteries
FOX Movie—"All the Right Moves"—Drama
ABC Wonder Years
8:30 p.m.
CBS Davis Rules
ABC Doogie Howser

Thursday, April 9, 1992

8:00 p.m.
CBS Top Cops
NBC Cosby Show
FOX Simpsons
ABC Columbo
8:30 p.m.
NBC Different World
FOX Drexell's Class

Friday, April 10, 1992

8:00 p.m.
CBS Tequila and Bonetti—Crime Drama
NBC Matlock
FOX America's Most Wanted
ABC Family Matters
8:30 p.m.
ABC Step by Step

WEEK OF JULY 14–20, 1996

TV GUIDE

Washington, DC. Metropolitan Area

Sunday, July 14, 1996

8:00 p.m.
CBS Murder, She Wrote
NBC Mad About You
FOX Simpsons
ABC Lois & Clark: The New Adventures of Superman
8:30 p.m.
NBC Movie: "Tequila Sunrise"—Drama
FOX Married . . . With Children

Monday, July 15, 1996

8:00 p.m.
CBS Nanny
NBC Fresh Prince of Bel-Air
FOX Movie: "So I Married An Axe Murderer"—Comedy
ABC Marshal
8:30 p.m.
CBS Almost Perfect
NBC Fresh Prince of Bel-Air

Tuesday, July 16, 1996

8:00 p.m.
CBS The Client
NBC 3rd Rock From the Sun
FOX Movie: "Alien Nation: Dark Horizon"—Sci Fi
ABC Roseanne
8:30 p.m.
NBC Newsradio
ABC Drew Carey

Wednesday, July 17, 1996

8:00 p.m.
CBS Dave's World
NBC Dateline
FOX Beverly Hills, 90210
ABC Ellen
8:30 p.m.
CBS Can't Hurry Love
ABC Faculty

Thursday, July 18, 1996

8:00 p.m.
CBS Wynonna: Revelations—Special
NBC Friends
FOX Martin
ABC High Incident
8:30 p.m.
NBC Mad About You
FOX Living Single

Friday, July 19, 1996

8:00 p.m.
CBS Movie: "National Lampoon's Vacation"—Comedy
NBC Summer Olympic Games: Opening Ceremony
FOX Sliders
ABC Family Matters
8:30 p.m.
ABC Boy Meets World

Saturday, July 20, 1996

8:00 p.m.
CBS Dr. Quinn, Medicine Woman
NBC Summer Olympic Games
FOX Cops
ABC Movie: "Project ALF"—Comedy
8:30 p.m.
FOX Cops

Mr. WYDEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

HEALTH CARE REFORM

Mr. WYDEN. Mr. President, I rise today to discuss for a few moments what will, hopefully, be before the Senate before too long. Also, I will make some comments with respect to the antiarthritic drug, Lodine.

I am particularly pleased that the Senate will have a chance to vote shortly on the Kassebaum-Kennedy legislation, because breaking this political logjam on health care reform means that millions of Americans who are stuck in jobs because they have a preexisting health problem will have a new margin of health security and economic freedom.

This legislation is good for American families. It is good for our workers and our business. What it means is that fear of losing critical health insurance coverage no longer would be a roadblock on the road to a better job and a better life. I want to applaud the bipartisan efforts of the Senate conferees, particularly Senator KENNEDY, Senator KASSEBAUM, and Senator BREAUX, who put long and hard service into this legislation, and it will be an important step forward when adopted.

Besides guaranteeing portability of health insurance coverage, this legislation contains little-noticed provisions that I think are going to make a great difference with respect to expanding health insurance coverage. This legislation, to the bipartisan credit of those Senate leaders, protects State flexibility with respect to State health insurance reforms. States like mine are laboratories for health care reform, and it is essential that we not turn out the laboratories at the State level with unnecessary Federal restrictions.

Senators KASSEBAUM and KENNEDY worked very closely with me so that the exemption language in this legislation will allow Oregon's humane, rational, and far-reaching health insurance reform program to go into effect later this year. It would provide extensive group to individual policy reform in much the same way our Federal legislation envisages, but the approach that Oregon is taking is one that I think other States and possibly the Federal Government will want to emulate in the days ahead.

Mr. President, there are features of this bill and provisions that were not included that I think are unfortunate.

During this debate, I have expressed concern about the possibility of some vulnerable Americans being left behind if medical savings accounts become widespread. Every Senator should want to oppose the balkanization of medicine, where the young, the healthy, and the wealthy get good affordable health coverage at the expense of the sickest, the neediest, and the elderly. It is appropriate to test out the MSA concept, however, and I do believe this conference report offers a reasonable compromise in the form of a limited MSA demonstration project.

I join Senator DOMENICI and Senator WELLSTONE and many of my colleagues in mourning the loss of mental health parity in this legislation. Parity, in my view, is not just fair, it is good health care policy that saves health care dollars in the long run by assuring quality mental health coverage and particularly early intervention. I do not intend to vote against a good, bipartisan bill because of the loss of one provision, but I intend to join with colleagues of both parties to make sure that mental health parity is an issue revisited early in the next Congress.

Finally, as happens often in large conference reports, a few stray cats and dogs find some homes. This bill is no exception. I am going to talk for a moment about a mongrel in this bill that seems to have a pretty bad case of fleas. There is a provision in this legislation that would give the antiarthritic prescription drug Lodine a 2-year patent extension. Supporters of this idea first tried to maneuver it into the 1997 agriculture appropriations bill in the House. It is now in this legislation, page 76, subtitle H.

This is a bad idea, in my view, and it certainly should not be a part of an important bipartisan health reform bill. Lodine has already received one extension under the terms of the 1984 Hatch-Waxman amendments allowing for additional patent life on drugs which become involved in long regulatory approval delays. With that extension, the drug's manufacturers have built sales of $274 million. Many of these purchasers are seniors. Many of those who buy this anti-inflammatory drug are older people, walking on an economic tightrope, balancing their food costs against their fuel costs, their fuel costs against their medical bills, and they are paying for this drug, many of them, out of their pocket.

Mr. President, if Lodine's current extension is allowed to run out in 1997, this drug likely would get a generic competitor, and those consumers, those vulnerable older people would get a price break as a result of the competition. They are not going to get that break with this extension. I think it is unwise for the Senate to take more money out of the pockets of older people in this fashion. There have not been any congressional hearings, have not been any deliberations to look at any public purpose served by another 2-year extension of the Lodine patent. I think granting this extension creates a poor precedent. I am sorry to see this provision in this bill. It is a good bill, a bipartisan bill that needs to be enacted, but it is wrong to have this special-interest provision in this legislation.

Mr. President, I yield the floor.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

MISSOURI WATER RAID OF 1996

Mr. BAUCUS. Mr. President, in the past 2 years, the House of Representatives has made some good decisions, but I must say they have also made some rather questionable ones that is, from the two Government shutdowns not too long ago to the attempted cuts in school lunches, Medicare, and college loans. I think it has left a lot of us not only in the Senate but across the country shaking our heads. But the great water raid they pulled off under Speaker GINGRICH's leadership last Tuesday may be the worst decision yet.

Let me sum up the water raid very simply. The House, operating under a procedure that allowed no vote in the Chamber, passed a water resources development bill that takes 30 days' worth of water out of Montana, out of Wyoming and the Dakotas and sends it downstream.

This was done to give bargeowners downstream 1 month's worth of extra navigation, bypassing the Army Corps of Engineers, putting scientific and environmental analysis in the trash basket, and ignoring basic economics.

For many years—in fact, ever since Fort Peck Dam went up 60 years ago—the Army Corps of Engineers has discriminated in favor of downstream navigation and against the far more economically valuable recreation and tourism industry upstream. They have done it by draining water out of the Upper Basin States, leaving farmers and dockowners high and dry.

Only in the last 3 years has the Army Corps of Engineers finally begun to make decisions on sound science and good economics rather than special interest pleading. They have limited the navigation season and allowed higher pool levels in our upper reservoirs, and that is good. I hasten to say that the system is still grossly biased against our part of the country. I think the corps need to do better, but we have made some progress.

That was up until last Tuesday, when the House decided to take an extreme step backward and steal 1 month's worth of water from us. That is the water we drink. It is the water farmers use to grow their crops. It is the water ranchers need for their stock. It is the water families, tourists, and sportsmen use for fishing, swimming, and rafting. It is our water. And the House has used a rigged procedure—what my colleague, PAT WILLIAMS, called a midnight slam dunk—to take it away.

This great water raid, I might hasten to add, is not a done deal—far from it. The Senate, acting with considerably more fairness, much more clear thinking, did nothing of the kind. In the overall bill that is now headed to the conference committee, we will iron out the differences between the good bill we passed here—and to use a charitable term—flawed bill passed in the House.

There is a good chance that the conference committee will strip out this water raid provision. As ranking member of the Environment and Public Works Committee and a member of the conference, I will do all I can to assure that we take it out. And I, certainly, will strenuously oppose any conference agreement that contains the water raid.

But I must tell my colleagues that if worse comes to worst, I want to put all of them on notice that there could well be a full discussion of all the ramifications of the Missouri River issue. It is very complicated. It requires a lot of background and a lot of study.

So to prepare the Senate fully, I may read aloud the entire Army Corps' "Master Water Control Manual." This was published in July 1994, and it gives the corps present view of the optimal way to manage the Missouri River.

This manual, even in its present form, is inadequate and unfair to the Upper Basin States—that is, Montana, Wyoming, North Dakota, and South Dakota. But it is a crucial document if one hopes to first understand the genesis and present state of the Missouri River debate and, second, to grasp what management changes we need. That is why I will most likely read the entire manual to the Senate.

Now, for the curious who may be listening in on this little discussion, I must say that the manual comes in nine parts. I will just read off the entire front cover to let Senators know what the manual contains and to give them a little preview.

Volume 1: "Alternatives Evaluation Report."

Volume 2: "Reservoir Regulation Studies: Long-Range Study Manual."

Volume 3A: "Low-Flow Studies: Gavins Point Dam to St. Louis, Missouri."

Volume 3B: "Low-Flow Studies: Gavins Point Dam to St. Louis, Missouri," including Appendix A on "Ice Impacts" and Appendix B on "Water Quality Impacts."

Volume 4: "Hydraulic Studies: Upstream from Gavins Point Dam."

Volume 5: "Aggradation, Degradation and Water Quality Conditions."

Volume 6A: "Economic Studies: Navigation Economics."

Volume 6B: "Economic Studies: Water Supply Economics."

Volume 6C: "Economic Studies: Recreation Economics."

Volume 6D: "Economic Studies: Hydropower Economics, Flood Control Economics, and Mississippi River Economics."

Volume 6E: "Economic Studies: Regional Economics."

Volume 7A: "Environmental Studies: Reservoir Fisheries," including the main report along with Appendix A, "Description of Resource," and Appendix B, "Reservoir Fish, Reproduction Impact Methodology."

Volume 7B: "Environmental Studies: Reservoir Fisheries," including Appendix C, "Coldwater Habitat Model."

Volume 7C: "Environmental Studies: Riverine Fisheries," including the main report, and Appendix A, "Description of Resource."

Volume 7D: "Environmental Studies: Riverine Fisheries," including Appendix B, "Physical Habitat Analysis Upstream of Sioux City," and Appendix C, "Physical Habitat Analysis Downstream of Sioux City."

Volume 7E: "Environmental Studies: Riverine Fisheries," Appendix D, "Assessing Temperature Effects on Habitat."

Volume 7F: "Environmental Studies: Wetland and Riparian," including the main report along with Appendix A, "Field and Mapping Methods," and Appendix B, "Plant and Wildlife Species List."

Volume 7G: "Environmental Studies: Wetland and Riparian," including Appendix C, "Fate of Wetland/Riparian

Types," Appendix D, "Diversity," Appendix E, "Backwater Analysis," and Appendix F, "Value Function Testing."

Volume 7H: "Environmental Studies: Least Tern and Piping Plover, Historic Properties, and Mississippi River Environment."

Volume 8: "Economic Impacts Model and Environmental Impacts Model."

And Volume 9: "Socioeconomic Studies."

I know my colleagues must be wondering. They must be wondering, "That is an awful lot of volumes. If the water raid boils down to navigation and taking water from recreation uses, why doesn't the Senator from Montana just read Volume 6A and 6C on recreation and navigation?"

Well, I might say that is the reasonable question. But I believe the water raid issue is so important—it is such a basic, fundamental question of fairness and justice—that each Senator probably deserves the chance to hear the issue in its full context and have the benefits of the entire context of this issue.

So I decided it probably would be more fair and probably more prudent to read the entire manual than it would be, in essence, to cheat Senators by skipping straight to Volumes 6A and 6C and calling it a day.

I might say I have with me just two of the volumes, 6A and 6C. These are the ones that go straight to the heart of matter. They are just two of the total of nine volumes. As I said, I do not want to be unfair to my colleagues. So I feel that they should have the benefit of the entire reading of the entire list of all of the volumes.

Altogether, the manual runs to 21 bound volumes. If we add all of appendices, it comes down to 21, several thousand pages. And having finished the manual, I will then move on to the point of discussing the errors that I believe are contained in the master manual.

I might tell Senators that this probably would take some time. But the conference will be done in September. And if it contains the water raid clause, I will have no alternative. I will be down here each and every day so they can have the benefit of the entire context of all the volumes so they can make a good decision on this issue. And I am pretty confident. I think I can get most of the standards in by September. I may need a couple of weeks in October to get Senators fully informed. But it is, I think, important that we have that.

So I might say, Mr. President, in concluding, I thank my colleagues for allowing additional time. It is my fervent hope and strong intention that the water raid provision will be out before the conference ends, so that it will be in the Senate here and not taking all of this time to learn the full issue, the ins and outs of it all. I do not look forward to reading it in its entirety, but I am taking this step, Mr. President, because it is very simple. This provision was put in totally unfairly, it is totally wrong, and in a procedure that is totally out of the question.

I might remind Senators that water is our lifeblood in Montana. It does not rain very much west of the 100th meridian. We very much want to stand up for what we think is right. I want Senators to know this issue may come up. I thank my colleagues.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Mr. President, I ask unanimous consent to speak for 20 minutes as in morning business.

The PRESIDING OFFICER. Is there objection to the Senator speaking for 20 minutes? Without objection, it is so ordered.

THE COLORADO DECISION

Mr. FEINGOLD. Mr. President, just a month ago we had a discussion here on the Senate floor about the issue of campaign finance reform. I think a lot of us worked hard on the effort. We have taken a bit of a breather for the last month and assessed the situation, and we are ready to consider resuming the fight for this very important issue. Although the debate was abbreviated, it was a pretty good debate. We certainly did not suffer from any shortage of speakers offering their ideas on how we could best reform our campaign finance laws. In the end, I was pleased the bipartisan reform bill offered by myself and the senior Senator from Arizona was able to receive the support of the majority of this body, actually a bipartisan vote, obtaining 54 votes. So I feel very strongly, although we did not complete the task, we are well on our way.

And even though we fell 6 votes short necessary to ward off a well-staged filibuster, I think it is clear that there is a bipartisan majority in favor of acting on campaign reform, and many of us intend to press forward on this issue in the coming months and into the 105th Congress.

The vast, vast majority of the American people want the Congress to act on campaign finance reform and we cannot allow a small minority of Senators to thwart the will of the American people and wage a stealth attempt to sweep this issue under the rug.

Interestingly, less than 24 hours after the Senate voted against further debating the issue of campaign finance reform, the Supreme Court handed down a much anticipated decision that will undoubtedly affect the Federal election landscape.

The case was Colorado Republican Federal Campaign Committee versus Federal Election Committee. It arose out of a 1986 incident in Colorado, in which the Colorado State Republican Party made some $15,000 worth of expenditures on radio advertisements attacking the likely Democratic candidate for a Senate seat.

The FEC had charged that this expenditure had violated the Federal limits on so-called coordinated expenditures and the tenth Circuit Court of Appeals agreed with the FEC's assessment.

The Federal coordinated expenditure limit is the amount of money the national and State parties are permitted to spend on express advocacy expenditures for the purpose of influencing a Federal election. The coordinated expenditure limit is based on the size of each State.

It is important to understand what the litigants were arguing before the Court, because many people have tried to interpret this decision as something other than what it is.

The Colorado Republican Party, joined by the Republican National Committee, argued that the Federal limits on coordinated expenditures were unconstitutional on their face and an infringement on the First Amendment rights of the political parties to participate in the Federal election process.

In other words, these parties wanted the Federal spending limits on coordinated expenditures tossed out completely, not just the narrow ruling that was handed down.

The FEC, on the other hand, argued that the Federal spending limits helped prevent both actual corruption and the appearance of corruption.

In short, the FEC argued that these spending limits were necessary and valid for the same reasons that the Supreme Court found Federal contribution limits constitutional and necessary in the Buckley decision some 20 years ago.

Who won, Mr. President? Really, no one won. The Court, in a 7 to 2 decision, found that this particular case out in Colorado was a unique situation. At the time the expenditures in question were made, there was neither a Democratic nor Republican nominee for the open Senate seat. Moreover, the expenditures were made some 6 months before the date of the general election.

And finally, and perhaps most importantly in the Court's eyes, there was no demonstrable evidence that there was any coordination between the Colorado State party and any of the Republican candidates vying for that party's nomination.

That is the key.

That, Mr. President, is what these Federal limits on coordinated expenditures are supposed to be about. The word "coordinated" implies that there is some sort of cooperation between the party and the candidate in making the expenditure, and in this particular case the Court found that there had been virtually no coordination whatsoever.

The lack of any coordination led the Court to decide that this was an express advocacy, independent expenditure, much like the independent expenditures we see so often made by organizations such as the National Rifle Association, the National Right to Life Committee, and the AFL–CIO.

In the landmark Buckley decision and subsequent decisions such as the 1986 decision in FEC versus Massachusetts Right to Life, the Supreme Court has ruled that the Government cannot limit independent expenditures which the Court found to be pure expressions of political speech protected by the first amendment.

These rulings are the basis for the absence of Federal limits on independent expenditures made by individuals, organizations, and political action committees.

The key determination in the Colorado decision was that the Court found that this particular expenditure was an independent expenditure, and an independent expenditure made by a political party is entitled to the same constitutional protections as an independent expenditure made by anyone else. In short, political parties may make unlimited independent expenditures in Federal elections in the same manner other organizations are free to make such expenditures.

In addition, the Supreme Court, unfortunately, did leave certain key questions unanswered. For example, the Court found the Colorado expenditure to be an independent expenditure largely because it was 6 months before the general election and there was no Democratic nominee and no Republican nominee, to make an express, coordinated attack on.

What would happen if the same expenditure was made 1 month before election day, when both the Democratic and Republican nominees had been chosen?

The Court did not address this question.

Instead, the Court elected to issue an extremely narrow ruling by focusing on the peculiar circumstances relevant in the Colorado decision.

The Court simply ruled that an expenditure made without coordination, made far in advance of an election and before there are any nominees of either party must be treated as an independent expenditure and is therefore not subject to limit.

Mr. President, for the 80 percent of the American people who want us to reduce the role of money in congressional elections, this is not the best news.

What it means is that the parties are free to independently pour millions and millions of dollars into each State months and months before the voters are to go the polls. It will open the door to more expensive campaigns, longer campaigns and if current trends continue, increasingly negative campaigns.

It can mean a proliferation in everything that repulses Americans about our campaign finance system.

That is bad news Mr. President. But it must be understood and the reason I am speaking today, so that this is clarified, this decision could have been far worse.

The Colorado Republican Party had advocated that the Court strike down the actual Federal limits on coordinated expenditures, and in fact, many of the so-called legal experts had predicted that this conservative court would do just that. But they did not.

But the Supreme Court specifically refused to strike down these limits. The Court ruled that this issue needed to be addressed further by the lower courts before the high court could adequately issue a determination of whether such limits are constitutional.

That, Mr. President, is why this was such a narrow ruling. It only affects a certain type of expenditure made by a political party. The Federal limits on coordinated expenditures were left in place and are still a part of the current election system.

Some have suggested that this decision will allow the parties to play a greater role in the election process. I agree. The question is, in the end, will this have a positive or negative effect on our political system.

I think it could go either way. For example, the parties may decide to use this decision to run negative television ads against a particular candidate 8 months before election day.

I do not think that is a positive contribution to the process, and in fact, I think it is exactly the type of activity that has turned the American people against our current political system. I am hopeful, Mr. President, that the American people will reject those kinds of tactics, if they are, in fact, used by the parties.

On the other hand, on a brighter note, there is a possibility that this decision could have a positive impact on the system. If, for example, a challenger is severely underfunded and is facing an incumbent with a colossal war chest, expenditures made by the parties could aid the challenger in running a competitive race.

But I do not think this is the best approach to the very real problem of an uneven electoral playing field.

Why shouldn't we instead empower the challenger to make such reasonable expenditures in this situation in his or her own favor? Why not, in this particular situation, allow the candidate, rather than the party, to play a somewhat greater role in the election process?

That is precisely the approach advocated by the senior Senator from Arizona and myself and many others and was embodied in the bipartisan legislation we offered just a couple of weeks ago. Our proposal created a mechanism that offered candidates who agreed to a reasonable set of limits on their campaign spending the tools to run an effective, credible, and competitive campaign for the U.S. Senate.

I want to make something very clear, Mr. President. The effect of the Colorado decision on the McCain-Feingold legislation, or any legislation like that legislation, is, at best, nominal. I realize that many have tried to say just the opposite, somehow suggesting that the Colorado decision contradicts everything in the McCain-Feingold bill or other reform bills. Mr. President, that is not true. It is wishful thinking on the part of those very same people who have done everything they can to kill campaign finance reform.

The Colorado decision has nothing to do with any of the key components of our proposal, whether it is the voluntary spending limits, the broadcast and postage discounts, the PAC restrictions, bundling restrictions, franking reforms or any other provision. None of these are affected by the Colorado decision.

Some have said that the spending limits in our bill will prevent a complying candidate from responding to an attack made by these new party-independent expenditures.

There is concern expressed that a candidate who has agreed to abide by the voluntary spending limits who is then hit with $100,000 worth of television ads bought by the national party will be unable to respond effectively. That is a fair concern to raise. But, Mr. President, the answer is the same as it was when we debated the proposal 2 weeks ago.

There is a provision in our bill that provides that if any complying candidate is the target of an independent expenditure, that candidate's spending limits are raised in proportion to the amount of independent expenditures made against them. So candidates would not be restrained from reasonably responding to an independent expenditure by the voluntary spending limits that they have agreed to. It is really that simple.

So, Mr. President, I am confident that this legislation will be debated again, if not this year, then early in the 105th Congress. It doesn't matter whether the Senate is under Republican or Democrat control next year, but the American people will surely reject what I like to call the two escape hatches of campaign finance reform, in addition to saying the Supreme Court has foreclosed the matter.

The first escape hatch, which will allow the Congress to talk the talk without walking the walk, is to create yet another commission to study this problem. I say "another" because it has already been done a few years ago. Commissions are meritorious when a relatively new issue needs to be studied, but that is not the situation when it comes to campaign finance reform. In fact, this issue has been the subject of more congressional hearings and testimony than the vast majority of the issues debated on the Senate floor.

Clearly, at a time when so much is known about the issue and when so many creative ideas have been offered, establishing another commission to study the problem is unwarranted and nothing more than a dodge.

The other escape hatch, which has turned into the escape hatch for seemingly every other issue that the Senate has debated in the 104th Congress, is to call again for yet another constitutional amendment. This particular constitutional amendment would allow Congress to set mandatory spending limits on campaign expenditures.

Mr. President, I have no doubt that the people who are supporting this concept are sincere. At one brief moment, I supported such a constitutional amendment before I realized that the 103d Congress will be followed by a 104th Congress that seems to be trying to turn the Constitution into a billboard for every imaginable campaign slogan.

Let's be honest here. A constitutional amendment requiring 67 votes is not going to pass before the turn of the century and, frankly, I don't think would pass by the turn of the next century. We could not even get 60 votes for a modest bipartisan and bicameral bill that had an unprecedented level of public support.

Moreover, even if such a proposal were to somehow miraculously receive 67 votes in the Senate and 291 votes in the House of Representatives, then it has to be ratified by three-fourths of the States.

So I think it is clear that anyone who suggests that a constitutional amendment is the solution to our campaign finance problems must also admit that sort of solution is years and years and years away from realistically coming into play.

We just cannot put off a decision any longer, Mr. President. No games, no side shows. The American people are tired of campaigns in which issues and ideas have become secondary to dollars and cents. They view our electoral system not as part of the American dream, but just another chapter in the "lifestyles of the rich and famous."

The voters have become inherently mistrustful of any individual elected to public office because they know that individual is now part of the Washington money chase, where their principal goal as an elected official sometimes looks like not representing their communities but, instead, raising the requisite millions of dollars for their reelection efforts.

Those are the trademarks of a dysfunctional campaign finance system that is crying out for meaningful bipartisan reform. I remain optimistic that early next year, this Senate can come together on a bipartisan basis and pass the sort of comprehensive reforms that the American people have been demanding for so many years.

I thank the Chair, and I yield the floor.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I ask unanimous consent that I may proceed as in morning business for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator is recognized for 15 minutes.

Mr. PELL. I thank the Chair.

RECENT RIOTS IN INDONESIA

Mr. PELL. Mr. President, I know we all have been saddened in recent days by reports of rioting and violence in Indonesia. Last weekend, the government cracked down on a political opposition group in Jakarta. Supporters of that group took to the street in protest and as a result, several people have been killed and over 200 arrested. The crackdown has reportedly been widened to include other known political activists including Muchtar Pakpahan, the head of the Indonesian Labor Welfare Union.

We also read this week that the military commander in Jakarta ordered his troops to "shoot on the spot" any protestors who are seen to be threatening the peace, a particularly disturbing development. I would urge the government in Jakarta to seek to negotiate and to work with the opposition forces in a peaceful manner, rather than calling on the military to quell any protests. This is the same approach I suggest in the report of my visit to Indonesia 2 months ago.

The root of the current problems is, I believe, the lack of an open political system in Indonesia. Two token legal opposition parties are allowed to exist, but they have little influence over policy. They cannot seriously challenge the ruling Golkar party. The current political and electoral systems are designed such that Golkar is assured of retaining power. But in the most recent parliamentary elections in 1992, Golkar unexpectedly lost a percentage of the parliamentary seats. Hoping for a trend, the two opposition parties were beginning to talk of making greater gains in the parliamentary elections scheduled for next year, although observers never thought either was likely to take the majority. This talk upset the government. Even though retaining ultimate political control was never in question, the government has reacted to even a slight loss in that control by calling on the military.

The government is centering its efforts on the Indonesian Democracy Party—or PDI—led by Megawati Sukarnoputri, the daughter of Indonesia's first president, Sukarno. Megawati had begun a very visible campaign in preparation for the parliamentary elections next year and indicated that she might challenge President Suharto in the presidential elections in 1998, a first for Suharto who has always been unopposed. In what appears to be a nervous reaction, the government allegedly orchestrated a coup within the PDI to force Megawati out of her leadership position. Her supporters took over the PDI headquarters and refused to leave until the military took over the headquarters this past weekend.

President Suharto has done much that is good for his country. Indonesia's population control program, for example, is a model for the developing world. The country's economic development has been admirable and many U.S. companies benefit from their investments throughout the archipelago. But as the country has grown and developed economically, it comes as no surprise that certain elements of Indonesian society now want their country to grow and develop politically as well. The government's current approach to the threat of a serious political challenge—to arrange for Megawati's overthrow within her party, blame the riots on virtually extinct communist sympathizers, and threaten to shoot any protestors—I believe will both hamper Indonesia's continued economic development and cause great harm to our bilateral relationship. Internally, the Indonesian currency and stock market are beginning to fall.

For several months now the U.S. Government has considered selling F-16s to the Indonesian military. In light of the events in Jakarta, I urge the administration to rethink the wisdom of this sale. My own view is that we should not rush forward with a high-technology, glamorous weapon sale to a foreign military that is threatening to shoot peaceful protestors in the street. I am encouraged, Mr. President, by some signs that the administration is considering holding off on this sale.

Indonesia is poised to be one of the region's most important and influential countries. President Suharto has the chance now to accelerate that process by allowing for Indonesia's transition to modern political governance. He could follow the model of Taiwan, which transformed itself from a single-party, authoritarian regime to a thriving multi-party democracy without violence. Indonesia is more than ready to allow full-fledged, active opposition voices to publicly make their case to the people. I would urge the Indonesian Government to call back its military, deal peacefully with the opposition, and show the world it is indisputably ready for the 21st century.

RATIFICATION OF THE LAW OF THE SEA CONVENTION IS AN URGENT NECESSITY

Mr. PELL. Mr. President, the United States will shortly become one of the first and perhaps the first Nation to ratify the Straddling Fish Stocks Agreement. This agreement was approved by the Senate on June 27. I am very pleased that prompt Senate action on the Agreement enabled the United States to continue its leadership on international fisheries issues. The agreement will significantly advance our efforts to improve fisheries management. In effect, it endorses the U.S. approach to fisheries management and reflects the acceptance by other nations of the need to manage fisheries in a precautionary and sustainable manner.

That being said, Mr. President, in advising and consenting to ratification of the Straddling Stocks Agreement, the Senate's work is only partially done. Having approved the Straddling Stocks Agreement, the next logical step for this body is to consider and pass the treaty which provides the foundation for the agreement, namely the United Nations Convention on the Law of the Sea. My purpose today is to highlight the connections between the two and to underscore the many benefits that will accrue to the United States if the Senate grants its advice and consent to ratification of the Law of the Sea Convention, a step that should have been taken long since, and I hope will come about shortly.

Prima facia evidence for the tight linkage between the Law of the Sea Convention and Straddling Stocks Agreement is found in the latter's title, the "Agreement for the Implementation of the United Nations Convention on the Law of the Sea of 10 December 1982 Relating to Fish Stocks." Clearly, the Agreement was negotiated on the foundation established in the Law of the Sea Convention. The connection between the two is made explicit in Article 4 of the agreement which stipulates that the agreement "shall be interpreted and applied in the context of and in a manner consistent with the Convention." Further, Part VIII of the agreement provides that disputes arising under the agreement be settled through the convention's dispute settlement provisions. Indeed, the Law of the Sea Convention establishes a framework to govern the use of the world's oceans that reflects almost entirely U.S. views on ocean policy.

Can the United States become a party to the agreement, but remain outside the Law of the Sea Convention? The answer is yes. The more important question is: Does this best serve U.S. interests? The answer to that question is no. Only by becoming a party to the Law of the Sea Convention can the United States maximize its potential gain from the agreement and protect its fisheries interests.

One way to do this is to ensure that U.S. views on fisheries management are represented on the Law the Sea Tribunal. That is the body which settles disputes arising under the agreement, and it is established in the Law of the Sea Convention. Not surprisingly, in order to nominate a judge to the tribunal, the United States must become a party to the Law of the Sea Convention.

A second way to ensure that U.S. gains are maximized is to ensure that our country's views on fisheries management are well represented in the convention processes themselves. To do this, we must be a party to the convention. The Straddling Stocks Agreement's provisions are to be applied in light of the convention. As the convention itself is an evolving, living document, the United States must be part of the dialogue that will affect not only the Straddling Stocks Agreement, but other oceans management policy.

Mr. President, there are sound reasons for the United States to become a party to the Law of the Sea Convention in order to enhance the benefits of the Straddling Stocks Agreement. There are, however, reasons to become a party to the Law of the Sea Convention far beyond the connection with the Straddling Stocks Agreement.

Indeed, I have always held the view that the strength of the Law of the Sea Convention lies in the multiplicity of interests that it protects and enhances for the United States. It is precisely because the convention addresses our Nation's broad range of interests so comprehensively that the United States has so much to gain by becoming a party. Indeed, I believe there is no action that the Senate can take before the end of this session that would have greater long term benefits for the world as a whole than to ratify the Law of the Sea Convention.

The implications for world peace are enormous; the potential for trade and development is equally far-reaching. I hope this will not be caught up in a spate of politics as usual, but will be seen in the framework of a renewed commitment to bipartisanship in foreign policy.

The old saying was that "politics stops at the water's edge." That would be an apt motto for our consideration of Law of the Sea, since its scope begins precisely at the water's edge.

Perhaps more than any other nation, the United States has a broad range of interests in the oceans and their uses. We are the world's predominant sea power. The United States Navy operates on a global scale and has vital interests in seeing the convention's provisions on freedom of navigation implemented. The Air Force too shares many of these interests. We are also a maritime nation, Mr. President. Fully 95 percent of U.S. export and import trade tonnage moves by sea, with direct repercussions for American workers' jobs. The United States is also a coastal nation—we have one of the longest coastlines in the world—with strong interests in the sound use of resources on our continental shelf.

Mr. President, I think it is useful to remind my colleagues that, more than 20 years ago, the United States was a driving force in initiating the negotiations that produced the Law of the Sea Convention. At that time, the Navy in particular was concerned about other nations' ever increasing maritime jurisdictional claims. To address this problem, the Department of Defense sought a treaty that would set out as a matter of international law a regime to govern such claims. Given this history, it is more than a little ironic that the United States ultimately led efforts to block adoption of the convention upon conclusion of negotiations in 1982.

In my view, while the convention's critics raised some legitimate concerns regarding provisions related to deep seabed mining, they allowed these concerns to blind them to the overriding benefits the convention would confer on the United States. Moreover, all of these concerns have now been addressed in the recently negotiated agreement on deep seabed mining. I would like to recount those benefits for my colleagues' information.

First and foremost, the convention enhances U.S. national security. Remember, Mr. President, that this was the original driving force behind U.S. participation in the convention. The convention establishes, as a matter of international law, freedom of navigation rights that are critical to our military forces. In testimony before the Foreign Relations Committee, Admiral Center stated,

> The Convention strongly underpins the worldwide mobility America's forces need. It provides a more stable legal basis for governing the world's oceans. It reduces the need to fall back on potentially volatile mixture of customary practice and gunboat diplomacy.

The need to protect freedom of navigation is not merely a theoretical issue. There have been recent situations where even U.S. allies denied our Armed Forces transit rights in times of need. Such an instance was the 1973 Yom Kippur war when our ability to resupply Israel was critically dependent on transit rights through the Strait of Gibraltar. Again in 1986, U.S. aircraft passed through the Strait to strike Libyan targets in response to that government's acts of terrorism directed against the United States, after some of our allies had denied us the right to transit through their airspace.

I have heard arguments that the convention's provisions on freedom of navigation are not really important because they reflect customary international law. I disagree. Customary international law is inherently unstable. Governments can be less scrupulous about flouting the precedents of customary law than they would be if such actions were seen as violating a treaty.

Moreover, not all governments and scholars agree that all of the critical navigation rights which are protected by the convention are also protected by customary law. They regard many of those rights as contractual; that is, only available to parties to the convention. For example, it was not long ago that our country claimed a territorial sea of only 3 miles. This zone now extends to 12 miles, as allowed by the convention. But other countries have claimed territorial sea zones that extend to 200 miles, in direct violation of the convention. Currently, the United States routinely challenge such excessive jurisdictional claims through the Freedom of Navigation Program.

I do not doubt that, if necessary, the U.S. Navy will sail where it needs to to protect U.S. interests. But, if we reject the convention, preservation of these rights in nonwartime situations will carry an increasingly heavy price for the United States. By remaining outside of the convention, the United States will have to challenge excessive jurisdictional claims of states not only diplomatically, but also through conduct that opposes these claims. Each time we conduct an operation in contested waters we are sending our young men and women into harms way. Mr. President, we don't need to do that. A widely ratified convention would significantly reduce the need for such operations. A widely ratified convention would also afford us a strong and durable platform of principle to ensure support from the American people and our allies when we have no choice but to confront claims we regard as illegal.

Now I would like to turn to the issue of the Law of the Sea Convention and U.S. economic interests. The convention promotes these interests in a number of ways. It provides the U.S. with exclusive rights over marine living resources within our 200 miles exclusive economic zone; exclusive rights over mineral, oil, and gas resources over a wide continental shelf that is recognized internationally; the right for our communications industry to place its cables on the sea floor and the continental shelves of other countries without cost; a much greater certainty with regard to marine scientific research, and a ground breaking regime for the protection of the marine environment.

Mr. President, seaborne commerce represents 80 percent of trade among nations and is a lifeline for U.S. imports and exports. As I noted earlier, 95 percent of U.S. export and import trade tonnage moves by sea. With continuing economic liberalization occurring globally, exports are likely to continue to grow as a percentage of our economic output. In addition, in some sectors, such as oil, our dependence on imports will continue to grow. Thus our economic well being—economic growth and jobs—will increasingly depend on foreign trade. Without the stability and uniformity in rules provided by the convention, we would see an increase in the cost of transport and a corresponding reduction of the economic benefits currently realized from an increasingly large part of our economy.

Consequently, the United States would stand to lose a great deal if it was no longer assured of the freedom of navigation: trade would be impaired, ports communities would be impacted and our whole maritime industry could be put in jeopardy. The convention addressees the concerns and failure of the United States to ratify would impose a tremendous burden on this industry.

Within its EEZ, the United States has exclusive rights over its living marine resources. Foreign fleets fishing in our waters can be controlled or even excluded, and our regional management councils are in a position to adopt the best management plans available for each of the fisheries on which our industries depend. The settlement of disputes provisions of the convention do not apply to the measures taken by the coastal State within its EEZ. Consequently, the United States has discretionary powers for determining the total allowable catch, its harvesting capacity, the allocation of surpluses to other States and the terms and conditions established in its conservation and management measures.

Indeed, the Law of the Sea Convention will play a paramount role in the implementation of the important international agreements to which the United States is already a party. These include: the 1992 Convention for the Conservation of Anadromous Stocks in the North Pacific Ocean, approved by the Senate on August 11, 1992; the U.N. General Assembly Resolution on Large-Scale High Seas Driftnet Fishing, approved by the Senate on November 26, 1991; the Convention on the Conservation and Management of Pollock Resources in the Central Bering Sea, approved by the Senate on October 6, 1994; and the FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas, approved by the Senate on October 6, 1994.

In approving these treaties, the Senate spoke to the importance of these issues to our Nation; however, the long-term benefits of these fishery agreements will only be realized and mutual enforcement ensured if the underlying principles of the Law of the Sea Convention—the new constitution of the oceans—are ratified by the United States.

Mr. President, in 1982, the Reagan administration was prepared to sign the convention on behalf of the United States, but for part XI. Part XI dealt with deep seabed mining and contained a number of provisions that the United States found objectionable. Unfortunately, at the time, the administration was not able to secure the changes it sought in time for the United States to sign the convention. As a result, neither the United States nor the other industrialized countries signed the convention.

During the Bush administration, with the prospect that the convention would actually enter into force, informal consultations were begun at the United Nations with the aim of resolving concerns with part XI. That goal was achieved in an agreement that, in effect, amends part XI of the convention in a manner that meets all of the concerns first articulated under President Reagan and carried forward through to the Clinton Administration. The modification of part XI is a bipartisan foreign policy success and is the culmination of three decades of U.S. oceans policy efforts.

I feel qualified to say this Mr. President, since I have closely followed the Law of the Sea negotiations from their early days to the present. The initial support for this idea was put forth by Arvid Pardo, Malta's delegate to the United Nations, with his famous "Common Heritage of Mankind" speech before the U.N. General Assembly in 1967. The convention then became the product of visionaries. I remember particularly the "Pacem in Maribus"—Peace on the Seas—meetings organized by Elizabeth Mann Borgese, the daughter of Germany's great writer, Thomas Mann. Her book, The Ocean Regime, published in 1968, gave written expression to the ideas that were to gain a wider audience through Pacem in Maribus, on their way to being embodied in the negotiated texts of the Law of the Sea Convention.

For me the dream began even earlier, during my service in the U.S. Coast Guard during World War II. Why not declare the oceans a zone of peace, open to all peoples and nations, to be free forever from the ravages of warfare? My service on the staff of the San Francisco Convention that prepared the U.N. Charter, just 51 years ago this summer, further confirmed me in my belief that ways could be found to create a working peace system.

The Law of the Sea Convention is the product of one of the more protracted negotiations in diplomatic history. When the process began, the Vietnam war was nearing its peak; the cold war was at its height; it had been only 5 years since the construction of the Berlin Wall.

I was proud to serve as a delegate to those early Law of the Sea negotiations, one of the few who had also attended a Pacem in Maribus meeting. My enthusiasm led me in 1967 to introduce the first Senate resolution calling on the President to negotiate a Law of the Sea Convention.

That resolution and a draft treaty that I proposed in 1969 led to the Seabed Arms Control treaty, which was ratified by the Senate in 1972. This little-known treaty has permanently removed nuclear weapons and other weapons of mass destruction from the ocean floor, which is 70 percent of the Earth's surface. It has been signed by nearly 100 countries, it works, and it provides a good precedent for the Convention on the Law of the Sea. With the Seabed Arms Control Treaty as my model, you can appreciate my enthusiasm for the Law of the Sea Convention.

Now, Mr. President, we must look to the future and U.S. oceans policy for the 21st century. Our interests in the Convention lie not only in what it is today, but in what it may become. Just as form and substance have been given our Constitution by the courts, so too will future uses of the oceans be influenced and shaped by decisions made under the convention. With the convention's entry into force, the United States stands on the threshold of a new era of oceans policy. Under the Convention, U.S. national interests in the world's oceans would be protected as a matter of law. This is a success of U.S. foreign policy that will work to our benefit in the decades to come.

Mr. President, the United States was a leader in initiating the negotiations of the Law of the Sea Convention because our national security interests were at stake. We have also played a widely recognized leadership role in the Straddling Stock Agreement negotiations because our fisheries interests were threatened. Indeed, the United States will be among the very first parties to ratify this very important agreement. It is time for the United States to regain its leadership role by ratifying promptly the United Nations Convention on the Law of the Sea and thus protecting the entirety of our oceans interests.

I yield the floor.

Mr. GRASSLEY addressed the Chair.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER (Mr. FRIST). The Senator from California.

Mrs. BOXER. Mr. President, I understand we are working back and forth. If the Senator from Iowa wishes to be recognized for 5 or 10 minutes, I will be happy to yield to him.

Mr. GRASSLEY. Three minutes.

Mrs. BOXER. Mr. President, I ask unanimous consent that the Senator from Iowa be recognized for 5 minutes, and the Senator from California for 10 minutes immediately following his remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Iowa is recognized.

Mr. GRASSLEY. I thank the Senator from California for her kindness.

THE CASE OF RICARDO CORDERO ONTIVEROS

Mr. GRASSLEY. Mr. President, I am disappointed to have just learned that Mexican officials have arrested Ricardo Cordero. Mr. Cordero came to our attention this week with articles in the Washington Post and other papers in our country because of charges he made about the degree of narcotics-related corruption in Mexico's counterdrug efforts.

When I read those articles, the thought came to my mind, how come this guy is still in Mexico? He will be assassinated, executed, or something. But anyway, now he is arrested. It has been on charges of corruption and taking bribes himself.

I do not want to comment on the merits of those charges. He could be guilty, of course. But what concerns me, and what needs to concern all of us in this body,Cordero's accusations made this week printed in our own newspapers.

The arrest has the appearance of retaliation and intimidation. It gives the impression that instead of investigating his allegations, that the messenger, in fact, has been punished. If this is the case, then it raises further doubts about the ability of Mexico to take serious steps to end corruption and to deal with the problems posed by drug trafficking.

Even if Mr. Cordero is guilty of the charges brought against him, it is a clear indication of the thorough-going nature of corruption in the counterdrug fight in Mexico. If he is innocent, however—and at least in our country we would believe that he is innocent at this point—then his arrest is an example of a system that is on the verge of going out of control.

I want to make it clear here that we will be following Mr. Cordero's arrest closely. How his case and his personal safety are handled will be the subject of considerable attention. I know that bureaucracies hate whistle-blowers, here or, I am for sure, they hate them in Mexico as well. The integrity of public institutions, however, can only be maintained if people in those institutions, with regard for documentation, are able to tell their stories without retaliation.

Mr. Cordero's case is very disturbing. And if it should prove to be a case of retaliation, it does not speak well of Mexico's ability to deal seriously with the problems of corruption.

I call on the Mexican Government to resolve this case quickly, and, of course, fairly. I ask our own U.S. administration, even those of us here in the Congress, to monitor this case very closely. And in the case of the administration, please keep Congress informed. I expect Mr. Cordero's rights—most importantly, his personal safety—will receive particular attention. Thank you.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Thank you very much. Before the Senator from Iowa leaves the floor, I want to thank him for bringing this issue before the Senate.

Mexico is continually asking for cooperation with this country in the areas of trade. I say to my friend, I am in a little bit of a battle right now over the dolphin-safe fishing of tuna where the Mexicans are really fighting very hard to have us change the rules of the game so they can go out and purse seine on dolphin and sell their tuna here in competition with our dolphin-safe American tuna people.

They want our cooperation, and yet we know the drugs are coming from Mexico, yet we know they are doing, I would say, virtually nothing to stop illegal immigration. I believe it is important to have a warm and good relationship with our neighbor, Mexico. But I think the Senator has raised an issue that really requires the attention of the U.S. Senate. And I will work with him, and I know Senator FEINSTEIN, the senior Senator from California, will as well. Again, I want to thank him for raising this issue.

LEGISLATION PASSED BY CONGRESS

Mrs. BOXER. Mr. President, I came to the floor because I have been watching a series of dueling press conferences, one held by the Republicans this morning, the Republican leadership, one held by the Democratic leadership, to discuss who deserves credit for the flurry of legislation that has finally passed this Congress, after a do-nothing Congress.

Of course, the American people are going to make the decision about who deserves the credit or the blame, depending on how they view the legislation. The issues are welfare, health care, and minimum wage. We remember back to President Clinton talking about how it was important to reform welfare as we know it, the fact that he granted many waivers to the States to reform welfare, the fact that he presented some excellent welfare reform bills which I consider to be real reform.

I think what the Republican Congress put out is very hurtful to my home State. It is a huge, unfunded mandate, and it also hurts children. As I said yesterday, it amazed me that Senators who earn large paychecks in relation to most of the people in this country did not have the heart to mandate that the little kids who are helpless and hopeless, whose parents cannot find a job, that they are not assured diapers, school supplies, emergency food and other things. So people will decide on that one.

On health care, we know Senator KENNEDY, for years, has worked on that. Senator KASSEBAUM and he got together and passed two provisions of the Clinton health care reform bill, very important provisions. I am very hopeful we will see portability of health insurance, so that when Americans lose their jobs, they can take their health care with them and they will not be punished if they have a preexisting condition.

Who deserves credit for that? The Republicans say they do; I say look at the record. It was Senator Dole who blocked Senator KASSEBAUM from bringing up the bill time and time again. It is in the RECORD. Finally she said, "I will offer it every day." We finally have a bill.

Minimum wage. I do not have to tell you that DICK ARMEY, the majority leader of the Republicans, said, "I will fight a minimum wage increase with every fiber in my body." Well, it was not good enough, Mr. ARMEY, because the army of people in this country did not agree with you. Now you want to take credit over there for it. The most important thing to this Senator is that people will get a minimum wage increase—I am happy about that—millions of hard-working Americans who do not want a handout, they want to work for a decent wage. Most of them, by the way, are adults, and most of them are women.

So we have an argument going on. As I watched the Republican press conference, it brought to mind a little fable. I want to tell you the little fable. Once upon a time, in 1994, the real Republicans took over the U.S. Congress. They came in like the wolf in Little Red Riding Hood, and this is what they did, on the record: They tried to roll back environmental laws that protect our children. I know, I am on the Environment Committee. I saw it. They tried to sell off our parks. As a matter of fact, Chairman HANSEN said publicly it was not a question that they would close down the parks, it is just how they would do it.

They tried to give huge tax breaks to millionaires, paid for by the middle class. They put through the largest cuts ever in education in the history of our country. They denied many American women the right to choose. That is on the record. They even shut down the Government because Democrats would not let them destroy Medicare.

That is only part of it. Then the real Republicans read the polls and realized they were about to lose the elections. So before your eyes, the wolf has put on a grandma's disguise just like the wolf in Little Red Riding Hood, a grandma's smile, a grandma's voice, sweet, and it is telling the American people, "Look at the goodies we have done for you."

There are different versions for the end of Little Red Riding Hood. In one she gets eaten alive because she trusts the wolf. In the other she found out that Grandma is really a wolf in disguise, and she is saved.

We say, today we do not think the American people will be fooled by this costume because the real Republicans are on the record. I love the new ones. I have never enjoyed it more than the last few days of being able to get some work done around here, that will make life better for the people.

But I have to say in closing, do not take my word for it. Listen to what House Republican whip DENNIS HASTERT has said, on the record, quoted in the St. Louis Dispatch, June 9, 1996: "After November, it will be a different story."

So, for now, we see different Republicans. I am going to reach out to those different Republicans. Let's do something about pensions. Let's do something about paycheck security. Let's put more police on the beat. Let's do something about terrorism. Let's not back off of this taggant issue. Tag those explosives used in bombs. Let's work together on these issues. Let's go with President Clinton's idea to give our middle-class families a tax break for education. Let's put more investment into research for diseases like Alzheimer's and cancer and AIDS, and wipe these scourges off the face of the Earth.

We can to it. We can do it, I say to my friends in your new outlook, in your new desire to work. But I say to the American people, look out. Watch out for the disguise.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

A REPORT CARD ON SCHOOL BUS SAFETY

Mr. DEWINE. Mr. President, I rise today to communicate some very good news to my colleagues in the Senate. The good news is about an issue that I have previously talked about on two or three occasions on the Senate floor, the issue of schoolbus safety.

Over the last year and a half, I have been working on an important problem affecting the safety of America's schoolchildren. Mr. President, tragically, since 1991, at least six children have died in accidents involving defective handrails on schoolbuses. Other children have been injured.

My interest in this issue, Mr. President, came about because of a horrible tragedy in my home county in Greene County, OH. A little girl by the name of Brandie Browder was killed. She was killed because of one of these defective handrails and because the drawstring from her clothing was caught on that handrail as she was trying to get off the bus. She was stuck there, and unfortunately the bus ultimately ran over her.

We have been working for the last year and a half on this particular problem. As I indicated, we have made some, I think, very, very important progress.

Mr. President, ever since I learned about these accidents, we have been trying to warn communities, schools, and parents in Ohio and across the country about this danger. We have publicized some methods for reducing the risk to children, such as a test we use in Ohio to determine whether a handrail is safe.

Mr. President, I have also chaired two Senate hearings—two Senate hearings—to investigate this problem. At the most recent of these hearings, this past April, we displayed this chart. I might say, Mr. President, to explain this for a moment, the question, does your State remove schoolbuses with dangerous handrails? This was the status as of April, the red being "no," the States that did not deal with this problem; the yellow being states that were dealing with this problem. This was an interim report. If we would have gone back a year before that, we probably would have seen virtually every State in the Union in the red with a "no." So this was the progress as of April. You can see, Mr. President and Members of the Senate, at that time there were still at least 15 States that had these dangerous buses on the road.

Since that time I have been working with both my colleagues in the Senate and directly with officials in these States to see what we can do to fix this problem. We have come a long way. I am glad to announce today, that as of today, as you can see in this new chart, all States except one—all States except one—are taking active measures to get schoolbuses with defective handrails off the road.

Mr. President, as we approach a new school year, it is my hope that the last remaining State, the State of Georgia, will follow suit and will do this by the beginning of the school year. I have been working with Senator COVERDELL to bring this issue to the attention of the relevant officials in Georgia. We certainly hope that Georgia will take action soon.

Mr. President, we are close to a solution on the issue of defective handrails. I am encouraged by the cooperation I have received from my colleagues in this Chamber, and I want to help them for all the help they have given my office over the last year and a half. Let me stress that schoolbuses are already the very safest mode of transportation. They should be, because they carry the most precious asset that any of us have, and that is our children.

Mr. President, we do have to do everything we can to make them even safer. That is why I will continue to work on other areas of the schoolbus safety issue. But on this issue, Mr. President, we are very, very close to solving the problem. If we can continue working together in this effective, bipartisan manner, I expect to make a great deal more progress on school bus safety in the months ahead.

I thank the Chair and yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. I thank the Chair.

(The remarks of Mr. THURMOND pertaining to the introduction of S. 2022 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

CONFERENCE REPORT TO ACCOMPANY H.R. 3230, THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

Mr. THURMOND. Mr. President, I want to urge the Senate to consider the conference report on the national defense authorization bill for fiscal year 1997 before we adjourn for the August Recess.

I need not remind my colleagues that the Constitution vests the power to raise and support armies, provide and maintain a navy and to make rules for the Government and regulation of land and naval forces in the Congress. We execute that power through the Defense authorization bill which is currently awaiting consideration by the Senate. The 1997 national defense authorization bill provides the funds and authorities for the Department of Defense to carry out its functions for the coming fiscal year. It is a good bill that provides critical funding for our forces deployed around the globe in support of our national security. It would be a travesty if the security and welfare of our forces is put at risk because of political squabbling in the Senate.

Throughout my 40 years on the Senate Armed Services Committee, it has been my philosophy that national defense is a bipartisan effort. The conference report that is pending before the Senate is a bipartisan effort. It passed the House last night by an overwhelming vote. It will pass the Senate in the same bipartisan vote if given a chance.

Mr. President, I urge my colleagues to work with the leadership to resolve the deadlock that is holding up consideration of the Defense authorization bill by the Senate. We owe it to the Nation, but more importantly we owe it to the men and women in uniform who are deployed to the trouble spots throughout the world.

Mr. President, I would also like to request that before the Senate recesses, it approve the military nominations that are pending. The nominations are not political and we must not allow these nominations, some of which are for critical positions, to be delayed any longer.

Thank you Mr. President. I yield the floor.

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

THE HEALTH INSURANCE REFORM ACT CONFERENCE REPORT

Mr. HEFLIN. Mr. President, I am pleased to rise in support of the conference report to S. 1028, the Health Insurance Portability and Accountability Act of 1996. The road leading to this compromise has been long and tortuous, but I'm happy that the leaders in this effort have finally come to an agreement.

Over the past 5 years, the issue of health care reform has been at the top of our national agenda. The need for an overhaul in our health care delivery system was a centerpiece of the last Presidential campaign, and our inability to enact comprehensive reform legislation 2 years ago was a profound disappointment. At the same time, there remains a firm national consensus that something must be done to reform the health care system.

The Department of Health and Human Services estimates that between 32 and 37 million Americans have no health insurance, and an additional 50 to 60 million are underinsured. As stated by the Office of Management and Budget, a total of 13 percent of all Americans are completely uninsured, with as many as 28 percent without insurance for 1 month or more. The Labor Department reports that each year, 1 million people lose their health insurance.

As currently structured, the private health insurance market provides an insufficient level of coverage for individuals and families with major health problems and makes it difficult for employers to obtain adequate coverage for their employees. This is especially true of small businesses.

The Health Insurance Reform Act will reduce many of the existing barriers to obtaining insurance coverage by making it easier for people who change jobs or lose their jobs to maintain adequate coverage. As many as 25 million Americans will be helped by this legislation, since its protects portability and against losing insurance due to preexisting medical conditions.

This measure builds upon innovative and successful state reforms and enhances the private market by requiring health plans to compete based on quality, price, and service instead of refusing to offer coverage to those who are in poor health and need it the most. It would also provide much-needed momentum for the more comprehensive reform that is still needed. Equally important, it would not increase Federal spending—because of offsets—impose new or expensive requirements on individuals, employers, or States, or create new Federal layers of bureaucracy.

This measure enjoys wide bipartisan support in Congress and from a host of organizations, including the National Association of Manufacturers, the U.S. Chamber of Commerce, the National Governors Association, the American Medical Association, the American Hospital Association, Independent Insurance Agents of America, and the Consortium for Citizens with Disabilities. Virtually every medical group in the country has endorsed the bill and the House passed it by an overwhelming vote of 421 to 2.

I want to commend Senators KENNEDY and KASSEBAUM for their outstanding leadership in bringing us this conference report. They have been tenacious and steadfast when it would have been understandable if they had just called it a day and moved on. It is a sound, targeted, market-based reform measure that will make it easier for millions of Americans to change jobs without the fear of losing their health coverage.

I must say that I share the disappointment of Senators DOMENICI, WELLSTONE, SIMPSON and others that their amendment guaranteeing parity of coverage for mental and physical conditions was dropped by the conference committee. I sincerely hope that the next Congress will again take a close look at mental health coverage and reconsider giving it parity. Too many citizens have mental health conditions that not only affect their personal lives, but also lower their productivity and lead to serious physical problems. This results in higher costs to the health care system and to employers.

While this bill does not make all the necessary changes we need in the health care system, it does make a series of valuable reforms that will make a discernible difference in the lives of millions of our citizens. It does so without interfering with those parts of the system which work and without taking away the ability of States to implement their own reforms. If we learned anything from the health care debate in 1994, it is that our system must be reformed gradually and incrementally. The Health Insurance Reform Act before us is an example of the kind of incremental changes that can be enacted step-by-step in a bipartisan, collegial manner. Hopefully, this will serve as a model for future legislative reforms to our health care system and prompt the two sides of the aisle to seek more ways of working together for the betterment of the Nation.

Again, I congratulate the managers of this bill and am proud to lend my support.

I thank the Chair and yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

THE 104TH CONGRESS

Mr. PRESSLER. Mr. President, I was pleased to participate in an event this morning which summarized the events of the 104th Congress up to this date. It has been a very productive Congress.

This Congress is near the end of passing a major health reform bill which will provide for portability of insurance. It will also provide that a person with a preexisting condition gets certain considerations.

This Congress passed the first major welfare reform legislation since 1963 to initiate "workfare" and to help both the taxpayers and truly deserving welfare recipients.

This Congress also passed a major telecommunications reform bill—a sweeping bill that will creates jobs and moves us into the wireless age.

In addition, this Congress passed the freedom to farm bill which will end some of the bureaucracy and costliness of the farm program, helping both taxpayers and farmers, and will usher us into a new age of deregulated agriculture.

The 104th Congress also passed several other bills of great note making the last 18 or 19 months probably the most productive of any 18 or 19 months that I have seen in the recent history of Congress.

I think that this fiscally responsible approach this Congress has taken has resulted in a prosperity and a confidence in the business community across the country. The business community knows that there is an effort to balance the budget, and we are moving closer to it. The business community knows that we have a Congress that is deregulatory in its intentions in legislation and that it wants to have a balanced budget and a sound fiscal policy.

But there is one more step that this Congress must take, and that is to pass legislation that will fully achieve a balanced budget.

I have been very proud to be associated with the Domenici budget here in the Senate. I proudly voted for it last year. It is a fair budget. It saves Medicare and Medicaid for our senior citizens. It move us to a real balanced budget with real numbers by the year 2002.

Mr. President, the national debt has spiraled upward to more than $5 trillion. Twenty years ago it was $524 billion—only about one-tenth of what it is today. The annual interest on the debt now exceeds $340 billion. It is unfair to us and especially to the future generations of taxpayers to allow the debt to continue on this course.

While the Congressional Budget Office recently revised its deficit estimate for fiscal year 1996 downward to $130 billion, one needs to be careful to note the true sources of this deficit reduction. As pointed out by the distinguished chairman of the Senate Budget Committee, Senator DOMENICI, a large part of the decline was a result of greater fiscal restraint by Congress, which blocked a number of White House spending proposals. Further, the deficit is expected to be lower due to revised technical assumptions and revisions in economic forecasts.

Though this represents progress, let us not kid ourselves. We certainly do not have a settled fiscal policy that will bring an era of unceasing deficits to an end. As the Congressional Budget Office has warned,

> . . . the retirement of the baby-boom population starting about 2010 will put severe pressure on the budget. CBO projects that, if spending and revenue policies are not changed, deficits and debt will soar to unprecedented levels in the following 20 years.

In response to this situation, Mr. President, I have supported and voted for measures that slow the growth of Government across the board. I also voted for the constitutional amendment to balance the budget and line-item veto authority for the President. I am pleased the line-item veto is now law. Yet the most important vote I cast in this Congress was for the Balanced Budget Act of 1995. This bill would achieve a balanced budget in 7 years, reform the costly welfare program, preserve Medicare for seniors, and reduce the tax burden on American families and small businesses. Regrettably, President Clinton vetoed the Balanced Budget Act. This is unfortunate. Each day we fail to pass a balanced budget, we add the cost of doing so on the next generation.

Mr. President, despite last year's veto, I am proud that the Senate continues to move forward in our efforts to achieve a balanced budget. Just a few months ago, we adopted a budget resolution for fiscal year 1997 that maintains our commitment to balance the budget by 2002. If we stick to this plan, we will achieve a $5 billion budget surplus in the year 2002 and, for the first time in decades, bring about a reduction in the national debt.

In addition, this resolution calls for much-needed reforms in the areas of welfare and Medicaid while continuing to allow the programs to grow at a fiscally responsible pace. This budget plan would maintain our commitment to low-income families, seniors, college students, and small businesses.

I am especially concerned with preserving and strengthening the Medicare Program. My mother is a senior citizen. I will be a senior citizen as well in the not-too-distant future. Under the Senate plan, Medicare would increase at an annual rate of about 6.2 percent—nearly twice the rate of inflation. Spending for each Medicare beneficiary would increase from $5,200 per person today to $7,000 per person in 2002. Just as important, we would preserve Medicare for years to come, and quality health care would continue to be provided to those seniors who need it.

Finally, our budget plan calls for tax relief in the form of a permanent, $500-per-child tax credit for families. Millions of middle-class families across the Nation would benefit from this measure. A family with two children, for example, would be given the opportunity to invest or spend as they see fit the $1,000 that otherwise would have been paid to the Federal Government. This is the way it ought to be. This is a true middle-class tax cut. In fact, the tax credit would be phased out for unmarried individuals with incomes over $75,000 and couples with incomes over $110,000.

Mr. President, not many days remain in the 104th Congress. I sincerely hope that before we adjourn, this Congress and the President will be able to agree on legislation to assure a balanced budget by 2002. Our Nation's economic future and the quality of life for the next generation depend on a balanced budget. We must not lose sight of this goal and we must not delay. I urge my colleagues to give their full support for legislation to implement this budget and to push forward in our efforts to ensure economic growth, more job opportunities, a higher standard of living, better opportunities for our children, and a country free from ever-increasing debt.

TRIBUTE TO SOUTH DAKOTA NATIONAL GUARD 57TH TRANSPORTATION DETACHMENT

Mr. PRESSLER. Mr. President, it is with a great sense of pride that I rise to pay special tribute to Capt. Andy Gerlach, Pfc. Jess Berg, Specialist Travis Nelson, Sgt. Alan Kludt, Sgt. Glenn Nordemeyer, Specialist Fred Emmetsberger, Sgt. Jim Aarstad, and my nephew Specialist Steve Pressler. These eight dedicated South Dakotans are members of the South Dakota National Guard 57th Transportation Detachment. Today, they will return to South Dakota after having been the only Guard unit from South Dakota called to serve as part of the peacekeeping mission in and around Bosnia. The 57th Transportation Detachment was called to active duty in December 1995 with the primary responsibility of supporting rail operations in Bamberg, Germany. The 57th coordinated the movement and transportation of military personnel, materials, equipment, and supplies to Bosnia.

Mr. President, all South Dakotans are proud of these eight outstanding guardsmen. As a Vietnam veteran, I have deep respect and high admiration for these young men. I am sorry I cannot be in Brookings, SD, personally to welcome them home and see them reunited with family and friends. The men of the 57th have done their duty to their country with professionalism and dedication. South Dakotans always have been ready to answer their country's call to duty. The men of the 57th are a shining example that Americans stand ready to defend the interests of their Nation and their values. I am confident the 57th will continue to serve South Dakota and our Nation in an equally outstanding manner in the future.

NATIONAL DEFENSE AUTHORIZATION ACT

Mr. WARNER. Mr. President, I rise to speak on behalf of the 1997 defense authorization bill. I am privileged to serve on the committee with the distinguished chairman, Mr. THURMOND, of South Carolina, and the distinguished ranking member, Mr. NUNN, of Georgia, and I wish to compliment them, together with their senior staffs, for putting together an excellent bill and conference report. It is my hope and expectation that conference report will be voted on favorably by this body very shortly.

Mr. President, as we deliberate this bill, let us put ourselves in any of 10 places beyond the shores of this country where men and women of the Armed Forces are standing guard, or actually in some instances basically looking down the rifle bore of a potential enemy, but standing guard and taking those risks in the cause of freedom.

It is for that reason I so fervently hope this body turns to the defense authorization conference report and passes it this afternoon such that it can go on to the President from the Senate and the House and receive the President's signature and be enacted into law.

This conference report goes a long way towards ensuring that our Armed Forces will remain capable of meeting the many challenges that lie ahead. Let me dwell on that for a moment—challenges that lie ahead. Today, we have the finest equipment for the men and women of the Armed Forces, but it takes basically 10 years, 10 years from the drawing board until the next generation of weapons systems are delivered by the American industrial base. And we are proud to have in this country the finest industrial base in the world. But it will take them 10 years from drawing board to delivery to the men and women of the Armed Forces.

Our actions today ensure that those young men and women today barely in their early teens will have that equipment when they, hopefully, volunteer to assume their role on the ramparts not only of this country but across the world to achieve freedom.

To achieve this goal the conferees had to add $11.2 billion to the Clinton administration budget request. We concentrated those additional funds on just that, providing the research and the development, from the drawing board to providing the funds for the production lines all across the America for airplanes and ships and missiles, trucks, tents, and the like for our men and women of the Armed Forces 10 years hence.

Earlier today I had the opportunity to talk by phone to Secretary of Defense Perry. We discussed his mission to Saudi Arabia. Deep in the hearts of every person in this Chamber is the sadness for the loss of life due to terrorism—make it clear, Mr. President, terrorism—when those barracks were maliciously partially destroyed by a truck bomb.

The Secretary advised members of the committee that he is taking steps to ensure greater security for those troops, and, indeed, that requires moving from their present quarters to places elsewhere in Saudi Arabia. But that is what this money is for.

I must point out, however, that even with the funding added by the conferees, this year will mark the 12th straight year of declining defense budgets. The funding level in the fiscal year 1997 conference report represents a real decline of $7.4 billion from last year's bill. Just 12 months ago this Chamber acted on that piece of legislation and already there has been that significant depreciation in the spending level for the Department of Defense. To all of our critics I say that we have not increased defense spending. This bill merely lessens the rate of decline.

As I stated, U.S. troops are currently deployed in 10 separate military operations overseas. Despite the end of the cold war, we are calling on the men and women of the Armed Forces at an ever increasing rate to endure more and more separation from families. What a joy for Members of this Chamber to go home in the evening and join their wives and their children, and for millions and millions of other Americans wherever they may live. But so often the man or the woman in uniform is deployed beyond our shores and separated from that which he or she regards most precious in life—their family. They do that, as volunteers, so that we can have the exercise of free speech and all the other many blessings that this country enjoys.

Despite the end of the cold war, we are calling on these men and women, again, to take more and more deployments abroad. It is our responsibility, then, to provide our troops with adequate resources so they can effectively and, I underscore, Mr. President, safely—not only effectively, but safely—perform their missions. We must not now, tomorrow, or ever send them into harm's way without the best possible equipment.

The conference report which passed the House last night and is currently waiting Senate action provides for our troops, not only by adding desperately needed funding for the procurement, which I have addressed in the R&D, but also by funding vital quality-of-life initiatives such as the 3-percent pay raise for our troops, enhanced military medical benefits, and almost $500 million of budget requests for construction of improved quality-of-life housing, both for families and single troops.

Just remembering back in my own lifetime, having had the privilege to serve in uniform, the pay raise is particularly very important, particularly when you are beyond the shores and your family is back here in the United States. That pay raise means the difference in their quality of life. I cannot tell you the emotional stress on a military person, separated from his or her family, beyond the seas, when they hear that pay raise could well be in jeopardy should this body, this afternoon or tomorrow, not pass this legislation. We owe a duty to those who volunteer to see that they are adequately compensated. I hope we will do that.

In addition, this conference report adds almost $1 billion over the budget request to provide defenses for our troops and our Nation against the very real threat that is in the R&D report, the real threat, particularly to forward-deployed troops, against missile attack. Those of us who visited the gulf operations during the gulf war saw firsthand the damage by the crudest type of ballistic missile, the Scud missile, that Saddam Hussein relentlessly fired upon our troops and those of our allies, and relentlessly fired upon Tel Aviv. Many of us here saw firsthand the devastation of those crude weapons.

We had in place our best defense at that time, barely off the drawing boards, barely off the production lines. We have an obligation to the men and women of the Armed Forces and, indeed, to all of our citizens and others deployed abroad to put our greatest strength of research and development into deterring these systems in the future.

I yield the floor.

The PRESIDING OFFICER (Mrs. HUTCHISON). The Senator from New Hampshire.

Mr. GREGG. Madam President, may I inquire of the Chair what the regular order is? Are we in morning business?

The PRESIDING OFFICER. We are in morning business with Senators permitted to speak for 5 minutes.

Mr. GREGG. I ask unanimous consent, then, to proceed for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

TERRORISM

Mr. GREGG. Mr. President, I wish to talk a little bit today about an issue which is on everyone's mind in America, which is the question of terrorism. I spoke briefly yesterday on this matter, but I wanted to expand on those comments because there is a great deal happening within this body and the other body and in the Government generally on how we react to this new world, which has brought this threat to us with such immediacy, as we see in Atlanta, as we see in flight 800. I think it is important to review what is happening here in the Federal response to it, where we should go from here, and also to talk a little bit about other areas that need to be addressed.

First off, the scope of the problem, I think, cannot be overestimated. The immediacy of the problem cannot be overstated. The fact is, we have stepped out of the cold war into a very hot war, and it is a hot war that involves people who have targeted Americans and American institutions with the intention of bringing physical harm to those institutions and to our citizens.

We should not be naive about this. We are a nation which has some wonderful characteristics. One of the great characteristics of our Nation is that we always believe in the best in people. We always give people the benefit of the doubt. We are an optimistic and upbeat country. It is our nature to think positively, not only about ourselves but about our neighbors throughout the world. That is a wonderful characteristic, and, hopefully, nothing will ever cause us to lose that better nature which makes up the American personality. But it is time, also, for us to be realistic. There are evil people out there. Unfortunately, there are also governments out there which fund, support, and endorse those evil individuals. There are people out there whose intention it is to kill Americans, to destroy American institutions simply because we are Americans.

Some of this terrorist threat is obviously domestic. But the domestic threat is a manageable threat. It is a containable threat, and it is one which I believe our institutions are well structured to address already. The FBI and the various State agencies which do law enforcement are well-tooled and well-experienced in how to address, to meet, to obtain intelligence on and to respond to, domestic terrorism and acts of violence. We, as a nation, have had this happen in the past.

I remember in the 1960's we had a group called the Weathermen, in New York. We have been able to respond. I do not have any question in my mind but that we will find the perpetrator of the bombing in Atlanta and we will prosecute that person, and we will do likewise relative to Oklahoma in the prosecution area and obtain a conviction, hopefully, if that is what the jury finds appropriate.

So, domestic terrorism is a very severe problem, but it is not the core threat that we face as a nation. The core threat that we face as a nation is internationally sponsored terrorist acts, because here you have individuals who are backed up by governments or by institutions or large groups of people who have the physical and economic capacity to wreak incredible harm on our country and our citizens. This international terrorism is a new breed of threat. It is something we as a country have not faced before.

As a result, we need to take a new look from a different view of how we approach the prevention, anticipation, and, hopefully, termination of this threat.

It was reported in the press today that there are actually functions camps in Iran that may have as many as 5,000 individuals who are specifically being trained for the purposes of executing terrorist acts, killing of Americans, killing of people from other cultures around this world that these fanatics, these criminals disagree with.

Now, whether that report is accurate, I do not know, but it is legitimate enough to have been put on the wire by a reasonable news source, and it is clearly reflective of the concern which we, as a nation, must be ready to address.

So, how do we address it? How do we address this new international threat, this new cold war which is now a hot war for us?

I think we have to begin by recognizing that as of right now, the Federal Government is not ready to address it. We have to acknowledge our weakness in this area. We have very good people at the heads of the agencies which are charged with the responsibility for anticipating and developing a response to international terrorism directed at the United States.

There are four primary agencies involved: the State Department, the Central Intelligence Agency, the Defense Department, and the Justice Department. There are also a lot of ancillary agencies that have a role in this—the Treasury Department, for example—but the four primary agencies are headed by good people, in my opinion, and they are all committed to doing something on this issue.

But the problem is that there isn't a comprehensive, systematic plan in place. There are, on paper, some systematic plans. For example, the National Security Council is, by law, charged very appropriately with the responsibility of organizing, orchestrating, anticipating the threat of terrorism and the response to the threat of terrorism. But it doesn't really do it in practice. In practice, it does very little, actually.

If you talk to each of the heads of the different Departments in charge here, they will tell you of their sincere interest in pursuing this and what their Department is doing. You can ask them, "How are you interfacing with the other Department?" And they say, "Well, we're occasionally speaking on this point and speaking occasionally on this point," and it is almost always a personal-relationship-type exchange. There is no system in place, no management structure in place, no comprehensive plan in place which directs the response to the international terrorist threat. That has to be changed.

Now, in a bill that was reported out of the Appropriations Committee yesterday, the Commerce, State, Justice bill, which is the subcommittee I chair, we put in place a series of new initiatives in the area of fighting terrorism. Not new in some instances; in some instances, they were supportive of initiatives which were already in place. But the most important part of this proposal was that we have developed by the Attorney General a comprehensive plan which will be reported back to the Congress by November 15 and which will outline how we are going to get these different agencies to work together.

I don't know if this proposal is going to go anywhere, because that bill, which subcommittee I happen to chair, is sort of at the end of the trail here as we move down the appropriations path, and it may not even get up until the end of September. As a practical matter, we really shouldn't have to have a law passed to tell the administration to do this. As a practical matter—and I don't say this to be derogatory because I don't intend to be, I hope it is constructive—as a practical matter, the President should meet with the Secretary of State, the Director of the Central Intelligence Agency, the Attorney General, and the Defense Secretary and require them to develop such a plan. And those meetings should continue on a regular basis with the heads of those agencies over a series of weeks and months until that plan is not only developed but being executed.

As a practical matter, we are not going to accomplish the goal of putting in place a systematic response from the Federal Government to the threat of international terrorism until we have the President of the United States driving his Department heads to accomplish just that in an organized way.

Having served as a chief executive at a State level—and it doesn't really work much differently at the Federal level; in fact, it probably is even worse at the Federal level as far as getting coordination going—I know from experience that unless the chief executive physically participates and demands a physical participation of the key department heads, then issues like this then get lost either, one, to inattention, or, more significantly and more often is the case, get undermined by the battles over turf.

An equally important initiative to having the President drive this process with his Department heads is that there must be put in place a system which accomplishes the follow-on followup that is necessary to produce results so that it doesn't depend on individuals in the end, but it is functioning as an element of an organized plan which can be executed by people no matter who is sitting in the key seats around the table. Unfortunately, none of that has occurred to date. I hope that it will occur soon.

In the meetings that have been going on this week on the special task force on terrorism that was set up where Members of the Senate, Members of the House, and the White House were meeting, along with the Justice Department, it was suggested we have a blue ribbon panel. I believe the House today will appoint a blue ribbon panel.

Now, I like blue ribbon panels as well as the next person, and I am sure a blue ribbon panel could be useful here to some degree, but the lead time for such a group is considerable, and we don't have to wait to get things started, to hear back from a commission, as good as it may be and as constructive as it may be.

There is a tremendous amount of coordination and planning that can begin now. It is not occurring now. There is a lot of planning and effort going on right now, I don't want to underestimate that. These Departments individually are doing a superior job in trying to get up to speed in their area of responsibility. But so often, the right hand doesn't know what the left hand is doing, and the left hand doesn't tell the left foot what it is doing, and the left foot doesn't tell the right foot what it is doing, and we all end up in different directions, and we end up in a pretzel-like position. And that is, unfortunately, what is occurring, to some degree, to our response of the overall issue of a comprehensive initiative.

So, yes, let's go forward with a blue ribbon commission, because I think it would be helpful to get outside review from people who are very knowledgeable on terrorism as to how to proceed. And yes, let's keep the energies going in the FBI, and the CIA, and in the State Department and in the Defense Department on various actions in their bailiwicks that can be taken to try to get their responsibilities in terrorism response proceeding effectively.

But at the same time, we need to have this comprehensive approach coming from the top, from the President, through the Secretariats, to the departments so that we have an integrated, cooperative effort and one that is focused. That is the most critical thing we need to do right now to address the international terrorist threat, which is huge and extraordinarily dangerous.

In addition to this comprehensive plan, within the bill that was passed out of the Appropriations Committee, we basically took five other steps, five other philosophical steps—or not philosophical because I think they are very tangible steps—steps to try to beef up the effort in fighting terrorists.

First off, we have given significantly more resources to the FBI to help it monitor terrorist groups in the United States and overseas. Obviously, the best way to stop a terrorist attack on the United States is to know when it is going to come and who is going to pursue it. But to do that, you have to have people. You have to have intelligence-gathering. Unfortunately, the intelligence-gathering capability by human beings, which is the way you really have to do it in this area of terrorism, has been significantly reduced, especially at the CIA.

However, the FBI, which our committee has jurisdiction over, is attempting to reach out to police forces around the world in order to use the resources of the police forces in various countries where terrorist groups may be organizing and to take advantage of their knowledge base, which is extraordinary, and thus multiply by hundreds if not thousands and actually tens of thousands their ability to obtain information.

The FBI is attempting to expand that pool of information-gathering by moving agents into international posts. In this bill we propose to strongly support that initiative so that we can begin to better anticipate who and where the threat is coming from.

It is an interesting thing. I met with President Mubarak yesterday, or Wednesday. There is a man who obviously understands and knows the threat of terrorism. One of his biggest concerns—and I would put it down almost as a gripe, and it is a legitimate one. Maybe I should not use the word "gripe" because it is a very legitimate frustration. His biggest frustration is that it is our democratic allies in Europe who have become the prime harborers of some of the most vicious murderers and terrorists.

He points to England and to some of the European Continent countries as being nations which, for whatever reason, have decided to allow to live within their shores people who are known to have an intention of committing terrorist acts and who have a stated policy of doing so relative not only to Egypt and to other modern Arab states, but relative to America.

So we are not talking about access to information in nations which maybe we have trouble dealing with. We are talking about getting access to information in nations who are our allies and maybe working with those allies to be a little more responsible in the manner in which they deal with individuals whom they have allowed into their countries and who may represent threats to our country.

The third issue which we attempted to increase the effort here in our bill is to create a better capacity for response, both at the Federal level and at the State and local level, to a terrorist event. In this area we are very concerned about terrorist events that might involve biological or chemical threats. So that is something we really need to focus in on.

This committee is trying to do that. We have created rapid response teams or increased the funding—they already exist—but increase the funding to allow us to have more capacity to move rapid response teams into positions where there is a local emergency.

In addition, we have significantly increased the effort to break down communication barriers between the Federal Government and the State governments and the local governments. Once again, you have this unfortunate atmosphere which develops amongst bureaucracies, whether they are law enforcement bureaucracies or social services bureaucracies, that is known as turf.

I remember when I was Governor of New Hampshire, one of my great frustrations was that we could not get the State police and the local police to even be on the same radio band so if a State police officer wanted to talk to a local police officer while they were chasing a car at a high speed, they basically had to call in to headquarters and have the headquarters call out to the other police car. They could not talk to each other. It was a turf issue.

Unfortunately, that gets magnified hundreds and hundreds of times in innumerable circumstances. What we are trying to do is break down those barriers of communication so that we will have better communication between Federal, State, and local law enforcement on a two-way-street effort for information.

Fifth, we have attempted to increase the technological information and capability of the FBI. This is very important. We all know that we are dealing in a technological world and there are in the area of communications, in the area of detection, in the area of crime prevention, huge technological advances being made, and we have to stay current. So we are going to significantly increase that effort.

Sixth, it is our desire to make sure that our key facilities in the law enforcement and international community, international stage, are protected. So we have increased the funding for security at our courthouses, and, very important in my mind, we have increased the funding for security for our personnel who are serving overseas in our State Department.

I cannot and will not tolerate—and I do not think anybody in this body would tolerate—putting American citizens who are working for our Government in a post that has a fair amount of risk to it at an unnecessary risk. There are simple things that need to be done to help these people and protect their security and, equally important, protect their family security.

There is no reason why an American who is working for the State Department who has his or her family with him or her should feel that that family is not getting adequate protection from our Government if there is a threat occurring in that country to Americans. So we needed to increase that security effort. And we have done that.

So this bill, this State-Commerce-Justice bill, is a major step, in my opinion, but not a final step, hardly even a midway step really. It is just a part of the beginning steps, but a major thrust in the beginning steps toward getting together our counterterrorism effort. But as I mentioned earlier, it all depends to a great extent on the capacity of the administration to pull together these various agencies. And that has to start at the top.

Also in this bill were two pieces of language—three actually—that have been passed by the Senate relative to terrorism in order to give our police and law enforcement community more flexibility and more capability, which passed this body by 90 to 0. They were a multipoint wiretapping and another wiretapping right and also a study on taggants relative to tracing explosives and the institution of that. That language is also in this bill.

So it is a bill that has a lot of activity in the area of trying to address the terrorist threat. Specifically, the international terrorist threat is, I mentioned, the true concern, should be our true concern, in the area of trying to get ahead of this wave of potential violence directed at the United States. Now, on that score, the Government cannot do everything. The Government has never been able to do everything, in my opinion. It certainly cannot do everything in this arena. It is the primary player. The agencies which we have responsibility for have been described as the Defense Department in this area of counterterrorism. But there still has to be a responsibility among the communities of our citizenship. There still has to be a responsibility in our corporate community.

On that point, I have written, along with some of my colleagues who wish to join me, a letter to the companies who manage Internet access. As I mentioned yesterday, we all recognize that the Internet is the Wild West of information. I, for one, have absolutely no interest in regulating it. I think it would be a mistake. I think it would undermine the great potential of the new medium of education.

The fact is certain people are abusing the Internet. When you punch in the word "explosive" and trace that word on the Internet, you come up with something like 32,000 designations, of which 6,000—6,000—involve directions on how to make an explosive device, directions titled, such as, "How to make a pipe bomb and leave it at your favorite airport or Federal office building." That is wrong.

What I have suggested in writing the leaders of these various entrepreneurial groups who are driving the economy of information, the information economy which is doing so much for our country, what I suggest to them, maybe it is time they gave a little thought here as to what type of access they are affording people relative to the Internet. Maybe they should create some sort of self-policing mechanism which says if something is clearly, clearly, on the Net for the purpose of explaining how to kill people, such as making a pipe bomb and leaving it at your favorite airport or Federal office building, that accessing that information should not be easy. It should not just involve typing in the word "explosive."

When they index these items, maybe they decide not to index some items, recognizing that is a type of censorship they may not want to participate in. In this instance, it may be appropriate. In any event, when they index these systems, whether it is Yahoo, Magellan, or Netscape, generally, or America Online or CompuServe or some Microsoft system, they ought to make it more difficult to get that type of information, that you ought to go through more hoops before you can access. Granted, that might not stop the truly committed individual, but it will certainly make it more difficult for the casual pursuer of this information. That is why I am sending this letter.

I am not sure what processes could be put in place. I think there ought to be some thought given. It should not come from the Government—in other words, the Government saying, "You do this," as managers of the Internet, as people who create the access systems for the Internet. That will lead to all sorts of, in my opinion, more significant issues of freedom of speech and officiousness of Government.

This should be a self-policing exercise. These folks should have the common sense and the civic attitude to proceed to try to develop something. These are creative and imaginative people that have come up with these systems. If put in a room, I suspect they could come up with creative and imaginative solutions to this problem.

That is a brief summary—not that brief, actually—but a summary of where we stand in the counterterrorism exercise relative to the FBI, especially, but it is my concern relative to this administration and how it should pursue it and the Internet, and how it should be addressed in that arena.

I yield back the balance of my time.

The PRESIDING OFFICER. The Senator from Pennsylvania.

IMMIGRATION REFORM

Mr. SPECTER. Madam President, I have sought recognition to discuss briefly one of the aspects of the immigration conference report which will come before the Senate either today or shortly after we return from recess. I think that it is very important that we reform our laws to provide increased resources to protect our borders and combat illegal immigration.

Nevertheless, I have been very much concerned about a number of provisions of the immigration bill. The provision which concerns me the most is the so-called Gallegly amendment, which would give the States the option to limit education opportunities to children of illegal immigrants. In my opinion, it is unthinkable in America to deny education to any children, regardless of their status, whether their parents are illegal immigrants.

That is something I feel particularly strongly about because both of my parents were immigrants. My mother came to this country as a child of 5 with her parents from a small town on the Russian-Polish border. My father came from Ukraine Russia, literally walked across Europe with barely a ruble in his pocket, sailed steerage—the bottom of the boat—to come to America to make a better life for himself. He did not know at the time he had a return trip ticket to France, not to Paris but to the Argonne Forest, where he fought in World War I as a buck private, to make the world safe for democracy, and carried shrapnel in his legs until the day he died.

My parents had legal status as immigrants, but sometimes that is a hard thing to determine. I do not think any child ought to be deprived of educational opportunities because of the status of his parents, even if they are illegal immigrants.

I have been strongly opposed to the Gallegly amendment. I have agreed to sign the conference report, however, because of a significant change which I have insisted upon. That change is that, in addition to some other modifications which have already been made for a child in the first grade to complete the sixth grade and a child in the seventh grade to complete the 12th grade, the modifications I pressed to have included, and I think have been included by agreement, would provide for a comprehensive study to be conducted by GAO, the General Accounting Office, at the end of 2½ years, which would determine what impact the Gallegly amendment had on the children who were excluded from education, what impact it had with respect to juvenile delinquency, the crime rate, what impact it had on their educational status, what impact it had on their family status, and what impact it had on reducing illegal immigration. Following release of the study there will be a mandatory vote on repeal of the Gallegly provision in the Congress, both Houses, within a very short period of time, whatever the results of the GAO report may have been.

If the Gallegly amendment was not repealed on that vote, then there will be a similar study after 5 years, and then another mandated automatic vote on the repeal of the Gallegly provision by the Congress.

It is my judgment, Madam President, that if the Gallegly amendment is subjected to a vote at 2½ or 5 years, it would be repealed by the Congress and signed by whomever might be the President. Whether it is President Clinton or Senator Dole, the then President would sign it. I think if the Gallegly amendment were standing alone now, it would be rejected by the Congress.

I do not think that the entire immigration conference report ought to be rejected because of this single provision, considering the modification that I have presented, which, as I say, I think is being accepted and will be in the conference report. I wanted to make that brief explanation.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader is recognized.

THE STALKING BILL

Mr. DASCHLE. Madam President, I know the majority leader will be here shortly. I look forward to the opportunity to discuss the schedule for the remainder of the day with him when he comes.

Let me just say that I apologize for not having the opportunity to have been here this morning. I know there have been a number of discussions underway with regard to the schedule and individual issues.

The distinguished Senator from Texas, the Presiding Officer, made a number of points this morning regarding the stalking bill that she has made in the past. I am told she suggested that her stalking legislation, which passed the Senate last week after an amendment to the bill was worked out, is being held up in the House and that she referred to a commitment I made to her to try to help her get it passed. I am told she suggested that, because the bill has not cleared the House in the last week, that I have not lived up to that commitment.

As several Senators pointed out earlier this morning, sometimes it takes more than a week for the other body to act. At any rate, I understand that the problem is not as dire as earlier suggested—and that the circumstances surrounding this stalking legislation certainly do not warrant objections to action on the Executive Calendar. I wanted to confirm this, but I can now say with authority—I have the references before me —that the entire language of the Senator's stalking bill, word-for-word, is currently in the defense authorization conference report that is in the Senate. This language was apparently accepted by the House and Senate conferees. She was one of those conferees, so I am sure she understood that.

I am confused as to why that was not recognized this morning, yesterday, or at some point, because she made quite a point of saying that we had not worked in good faith. Well, clearly, the conferees were there and could have objected to the inclusion of that language, and they did not. So the language is in the defense authorization conference report, and I hope that she feels that that represents a fairly significant development in terms of getting her policy accomplished. I am very disappointed that the other half of the stalking legislation that passed last week—the amendment of the Senator from New Jersey that she praised so strongly and so appropriately the other night —was not included. The Senator from Texas has given me her word, as has the majority leader, that they would work with us to get that legislation enacted as well. I know that she will live up to that commitment, just as the majority leader and I have attempted to work in good faith to live up to ours.

The reference, I might point out, to the Senator from Texas's stalking language is section 1069 of the defense authorization conference report. The page in the Congressional Record, dated July 30, 1996, was page 9055, in the House section.

I ask unanimous consent that that section of the conference report be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

SEC. 1069. PUNISHMENT OF INTERSTATE STALKING.

(a) In General.—Chapter 110A of title 18, United States Code, is amended by inserting after section 2361 the following new section:

"§ 2261A. Interstate stalking

"Whoever travels across a State line or within the special maritime and territorial jurisdiction of the United States with the intent to injure or harass another person, and in the course of, or as a result of, such travel places that person in reasonable fear of the death of, or serious bodily injury (as defined in section 1365(g)(3) of this title) to, that person or a member of that person's immediate family (as defined in section 115 of this title) shall be punished as provided in section 2261 of this title.".

(b) Conforming Amendments.—Title 18, United States Code, is amended as follows:

(1) Section 2261(b) is amended by inserting "or section 2261A" after "this section".

(2) Sections 2261(b) and 2262(b) are each amended by striking "offender's spouse or intimate partner" each place it appears and inserting "victim".

(3) The chapter heading for chapter 110A is amended by inserting "AND STALKING" after "VIOLENCE".

(4) The item relating to chapter 110A in the table of chapters at the beginning of part I is amended to read as follows:

"110A. Domestic violence and stalking 2261".

(c) Clerical Amendment.—The table of sections at the beginning of chapter 110A of such title is amended by inserting after the item relating to section 2261 the following new item:

"2261A. Interstate stalking.".

THE SENATE'S SCHEDULE

Mr. DASCHLE. Madam President, let me just say that while I did not hear all of the discussion this morning, I heard about it. I only say that we are prepared this afternoon to work with the majority leader to pass the conference report on minimum wage, to pass the conference report on health care, with the understanding that the last-minute, nonauthorized addition of a provision dealing with a certain drug patent would be removed from the conference report, and to pass the conference report on safe drinking water. We would be prepared to do that, along with the CFTC nominations, and the item on the Executive Calendar dealing with the nominee for the district judgeship in Minnesota.

So that is a good deal of work this afternoon. I see that the majority leader is here. We had the opportunity to discuss this matter earlier, and I look forward to resolving the matters I have just mentioned with him. We are prepared to enter into a colloquy at this time. I yield the floor for that purpose.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Madam President, I apologize to the minority leader for not being here. I got waylaid by the Secretary of Defense, who is anxious about some nominations, particularly the Chief of Naval Operations. I talked with him on that and some other matters. As I understand it from our discussion, we would be prepared to move the nomination of the judge, the CFTC nominees—two of those—and then go to the health insurance conference report.

Mr. DASCHLE. If the distinguished majority leader will yield, as I understand it, our staffs have discussed the matter and the way in which it would come up. There would be a correcting resolution that would be offered, and we would consider that, and it is my understanding that we would then hold the bill until the House has passed the correcting resolution. But in that time we could take up the other legislation as well.

Mr. LOTT. I think there may be a problem with that, but I would like to discuss that some more in a moment.

After that—after we work through however we are going to handle the health insurance conference report and get a time agreement, I presume—and some Senators want to be heard on that, like Senator Domenici and Senator Wellstone, and Senator Specter has an interest there, too—then we would go to the safe drinking water conference report, and small business tax relief, which includes the minimum wage conference report.

I think we do need to talk further about how to handle the health insurance conference report with regard to the Con. Res.

I would like to ask specifically about the military nominations. I understand there is a lengthy list of generals, colonels, majors, whatever, but most importantly, the Chief of Naval Operations. I understand there is a real need for that to be filled.

Mr. NUNN. And the space command general, also.

Mr. LOTT. I would be glad to yield to the Senator from Georgia.

Mr. NUNN. I was going to inquire about the nominations. I see the chairman of the Armed Services Committee on the floor. I know we would both want to inquire about whether we would have the chance to pass the defense authorization conference report, passed by the House last evening, which I believe the Senator from South Carolina believes we can pass within an hour, maybe a shorter time than that.

Mr. THURMOND. Madam President, the House passed the defense authorization bill yesterday in one hour. I think we can pass it here in one hour. All I ask is that my colleagues not object to bringing it up. This is a matter of deep concern to the whole Nation, to those in the service, and to the defense of our country.

We need to take this bill up and pass it. It has a lot of things in it that need to be acted upon. We also have some military nominations, uniform people. There is no reason in the world to hold them up. These are nonpartisan matters. They don't affect anybody personally, but they affect the whole Nation. I hope we can get this bill up, pass it briefly, and send it on to the President.

Mr. LOTT. Madam President, does the Senator wish to respond on the possibility of getting these nominations considered this afternoon?

Mr. DASCHLE. Well, Mr. President, I would be happy to respond. We want very much to be able to clear the calendar of all nominations. We would like very much to deal with all of the military nominees and promotions. They are nonpolitical. The majority leader has pledged that for the entire month of July he would like to deal with the nonpolitical nominations on the judiciary as well. I am sure we can work out an arrangement whereby the military and judiciary—all the nonpolitical nominations—can be dealt with. I look forward to working with him and both of you to see that that happens this afternoon.

It is also my hope that we can deal with a number of conference reports. Our desire is to try to accelerate these considerations. An hour would work very fine with us. If we can work out an arrangement where that can be done, I look forward to taking that up today.

Mr. THURMOND. Since defense is a nonpartisan matter, and Senator NUNN, the ranking member of the committee, favors going ahead, and I as chairman favor going ahead, and it is purely nonpartisan—that is the way we handle defense, and that is the way it should be handled—why not take it up and pass it? We can get through with it in an hour.

Mr. DASCHLE. I agree.

Mr. THURMOND. Do you object to bringing it up? Don't put it in the category of other things. Keep defense as a nonpartisan matter. That is what we are trying to assure that ought to be done.

Mr. DASCHLE. That is right. We want to keep it nonpartisan.

Mr. THURMOND. Everything is not nonpartisan. This affects the whole Nation. This affects the defense of this country.

Mr. DASCHLE. I understand, and the chairman knows that better than anyone does. He has worked admirably to get to the point where consideration of the conference report could be taken up this afternoon in a nonpartisan way. Both the ranking member and the chairman have done an excellent job. But I must say we have worked together all month long on a whole range of bills. A lot of what we have done this month he has cooperated on. We have cooperated in a nonpartisan way in getting the defense bill to this point.

Mr. THURMOND. Please do not put defense in the group of these other things. This is nonpartisan. This is for the good of the whole Nation. Everybody feels defense is nonpartisan. Why not bring it up now? We could pass it in 1 hour.

Mr. LOTT. Madam President, if the distinguished chairman of the committee will allow me, we will continue to work on that. I am very much committed to getting the defense authorization conference report considered. It should be done. I want to have it done. I cannot allow it to be tied to political judges.

I cannot help but smile when my distinguished colleague and good friend, the minority leader, refers to judges as nonpolitical. Give me a break. But we have worked together through thick and thin for the last month. We will keep doing that.

So let me try this for now. Perhaps we could go ahead and do the judge, the CFTC, and go ahead and go to the safe drinking water conference report, because everybody is for that. We can get started. And we will talk about these other two during that time.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. LOTT. With that agreement then, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nomination on the Executive Calendar: No. 512, the nomination of Ann Montgomery to be U.S. District Judge for the District of Minnesota.

Further, I ask unanimous consent that the nomination be confirmed, the motion to reconsider be laid upon the table, and the President be immediately notified of the Senate's action.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The nomination was considered and confirmed as follows:

THE JUDICIARY

Ann D. Montgomery, of Minnesota, to be United States District Judge for the District of Minnesota.

Mr. LOTT. I ask unanimous consent that the Senate immediately proceed to consider the following nominations on the Executive Calendar: Calendar Nos. 596 and 597, Brooksley Elizabeth Born to be chairman of the CFTC, and Calendar No. 598, David D. Spears to be a commissioner of the CFTC.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senate proceeded to consider the nominations.

Mr. LOTT. Madam President, I just want to note here on that one that it has been pending for a long, long time. A lot of cooperation was involved in the CFTC. I am glad we finally have been able to work through the problems that we had.

I further ask unanimous consent that the nominations be confirmed, the motions to reconsider be laid upon the table, that any statements related to the nominations appear at the appropriate place in the RECORD, that the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations were considered and confirmed as follows:

COMMODITY FUTURES TRADING COMMISSION

Brooksley Elizabeth Born, of the District of Columbia, to be a Commissioner of the Commodity Futures Trading Commission for the remainder of the term expiring April 13, 1999.

Brooksley Elizabeth Born, of the District of Columbia, to be Chairman of the Commodity Futures Trading Commission.

David D. Spears, of Kansas, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring April 13, 2000.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to legislative session.

SAFE DRINKING WATER ACT AMENDMENTS OF 1996—CONFERENCE REPORT

Mr. LOTT. Madam President, I ask unanimous consent that the Senate now turn to the conference report to accompany S. 1316, the safe drinking water bill, that the conference report be considered as having been read, and it be in order for me to order the yeas and nays on the adoption of the conference report at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes; having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of August 1, 1996.)

Mr. LOTT. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is sufficient second.

The yeas and nays were ordered.

Mr. LOTT. I ask unanimous consent that the vote occur on the adoption of the conference report at——

Mr. DASCHLE. If the majority leader will yield, I think we need to check with our colleagues for a brief period of time to determine the length of time that may be required to talk on this bill. I know of little opposition, if any, but I do know of a number of Senators who have expressed a desire to speak for the legislation. And so we would not be prepared to enter into a time agreement, but I do not think it will be that long.

Mr. LOTT. Madam President, let me say then that the time for vote will be announced later on today after consultation between the minority leader and myself, and I ask unanimous consent that whatever time is taken up, that it be equally divided between Senators CHAFEE and BAUCUS or their designees.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. Madam President, while we are waiting for the managers of this bill to come to the floor, we will work on these other issues.

I am glad to yield to the Senator from Minnesota.

Mr. WELLSTONE. I thank the Senator.

Madam President, I would like to thank the Chair, and I would like to thank the majority leader for discussions and bargaining in good faith. I very much appreciate the action taken. I thank you.

Mr. LOTT. I observe the absence of a quorum, Madam President.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHAFEE. Madam President, could I ask what is the pending business?

The PRESIDING OFFICER. The conference report on the Safe Drinking Water Act.

Mr. CHAFEE. Madam President, I am prepared to enter into a time agreement of 1 hour equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The agreement is 1 hour equally divided.

Mr. CHAFEE. Madam President, I will control the time on our side.

I ask the Chair that I be notified when I have used 8 minutes of my time.

The PRESIDING OFFICER (Mr. COVERDELL). The Chair will notify the Senator when 8 minutes has expired.

Mr. CHAFEE. Mr. President, I am pleased to join with my colleagues in the Environment and Public Works Committee in bringing the conference report of the Safe Drinking Water Act before the Senate. The committee has been working on this since 1993, and our efforts have received broad, bipartisan support at every step. I particularly pay tribute to the ranking member of this committee, who was the chairman of it during the prior 2 years, the senior Senator from Montana, Senator BAUCUS. He has done an excellent job and has been a real stalwart in achieving reforms to the Safe Drinking Water Act. What we have before us is, to a considerable extent, based upon the fine work he did while he was chairman and the committee was under his guidance.

We all agree reform of the Safe Drinking Water Act is necessary. Public health has been strengthened, there is no question, over the standards that have been issued over the past several years. But these new standards and new treatment have put a strain on the water suppliers. This bill includes many provisions to ease that burden.

What is in the bill? There is a drinking water revolving loan fund that the President first recommended. In addition to all that, the States are authorized to reduce monitoring costs by developing their own testing requirements. The States may grant variances to small systems that cannot afford to comply with the national standard. We are not rolling back any health protection that is now provided. No existing standard will be weakened.

In addition to the SRF grants, there are new programs to prevent pollution at the source. This program lets the cities and towns go to the headwaters and see if they cannot clean up the pollution there, rather than permitting the pollution to come down the river and then the city has to invest in a very, very expensive water purification plant. All of that makes sense.

The bill pushes hard for more and better science, including research programs to determine whether some groups, like children or pregnant women or people with particular illnesses, are likely to experience adverse affects from drinking water contaminants.

Before describing the major provisions in detail, I wish to thank our colleagues for the hard work they have done. Particularly, I thank Senator KEMPTHORNE, who was chairman of the subcommittee that dealt with this bill. Senator KEMPTHORNE, over many months with great patience and superb knowledge of this bill, brought forward this legislation which we now have before us, in essence. His efforts in behalf of State and local governments and others is widely recognized. The trust that Senator KEMPTHORNE had built up with local officials was, I believe, essential in achieving the compromise that is always necessary when you sign a bill into law.

Senator REID, the ranking member of that subcommittee, was a partner in that effort and did excellent work. I mentioned the fine work that Senator BAUCUS has done, and Senator WARNER, likewise, and others.

I also want to thank the House leadership that we worked with, Chairman BLILEY and Congressman DINGELL and WAXMAN and others who are, obviously, members of the conference committee.

We had help from the office of water at the EPA, including Bob Perciasepe, who heads the drinking water office.

Mr. President, if somebody were to ask what is the one thing we can do that will most improve the safety of drinking water in the United States, I think the answer would be help the small systems. There are 54,000 small drinking water systems in the United States, in trailer parks, in villages, in small communities. There are thousands of these systems that are operated by very small towns. Many of these very small systems do not have, obviously, the technical or financial resources to consistently provide safe drinking water. They cannot keep up with the testing and monitoring and determining which contaminants are and which are not so dangerous over a short period of time. The operators have little or no training.

These small systems have been overwhelmed by the regulations imposed by the existing Safe Drinking Water Act, so the conference report that we are bringing before us now, and passing, hopefully, in a short time, addresses the problems of these small systems. How? First, as I mentioned, a grant program, a State revolving loan fund starting off at $725 million, that is for 1 year, provides Federal assistance to build treatment plants, if that is what is required in these communities. This system was proposed in 1993 by President Clinton. As I say, we authorize it for $1 billion, hopefully with an appropriation this year of $725 million.

That is the first big thing. The second is that each State adopts what they call a capacity development strategy, to help these small systems. A State strategy might include what the State decides when they ask, what can we do to help each of these small communities? It is not always necessarily money for investment. Sometimes it is money for training the operators in these small communities, or technical assistance on how do you develop a new safer water supply. It may be the ground water in the present area is contaminated but there may be other sources, deep wells or whatever it might be, that could produce new and safer water. So we are relying on the States to take the lead in designing this capacity enhancement strategy.

What are some of the other things that can be done under this bill? The States are authorized to grant variances to small systems that cannot comply with the stiff requirements you impose on the big cities where they can afford it. A portion of the SRF funds may be set aside for technical assistance, as I mentioned before, the cost of training operators. And the States may reduce the monitoring requirements. There is no point in testing constantly for a substance that never occurs in a certain section of the country. Why make the small systems constantly go through that monitoring for a contaminant that is not found in that section of the nation, as I mentioned before?

When we brought this bill before the Senate it passed 99 to nothing. The House, in many provisions, included our language word for word, for example, in the standard setting. The standard setting is based upon science and technology that I believe makes much more sense than the existing situation. For some contaminants, this approach to standard setting can impose large costs nationwide while producing only small gains. So we believe the science approach that we provided will reduce those large investments that have to be made.

So, I believe we have here an excellent piece of legislation. Again, I congratulate my colleagues.

The PRESIDING OFFICER. The Chair advises the Senator from Rhode Island his 8 minutes have expired.

Mr. CHAFEE. I thank the Chair for notifying me. We will hear from other Members of our side who will have an opportunity to speak.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

PRIVILEGE OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that Jan Harrington and Mike Burton, both fellows in Senator Bob KERREY's office, be granted the privilege of the floor during the consideration of the conference report on this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I, like my good friend and chairman of the committee, Senator CHAFEE, strongly support the Safe Drinking Water Act Amendments of 1996.

We all know that the Safe Drinking Water Act needs to be reformed. We have heard all kinds of stories. They are largely true. We have had problems in many of our cities, our large cities. We heard about Milwaukee, Washington, DC, and the cryptosporidium problems, as well as some problems in small communities.

It is basic, it is fundamental: Americans should be able to drink their water and rest assured that the water they drink is safe, that they will not get sick, whether they are in the comfort of their own home or whether they are visiting the Nation's Capital or wherever they might be in our country.

The current version of the Safe Drinking Water Act, is helpful in this direction, but, in many respects, it produces more paperwork than it does progress. It is my belief that this conference report helps change that.

What does it do? First, it reforms the regulatory process. This is very important. It makes it much more streamlined, and reduces redtape. It cuts monitoring costs. This is extremely important. The monitoring costs for some contaminants are extremely high, and Americans would be amazed at how expensive it is.

The bill also creates a new revolving loan fund so communities will have the resources to get the technology they need. It also requires water systems to give the people they serve more information about the quality of the drinking water the system provides. Consumers will have more notice and more information. And the bill addresses operator training. It is important to have operators who know what they are doing.

Overall, it cuts redtape and, at the same time, increases the protection of public health.

Senator CHAFEE has described some measures in detail. I agree with his assessment. I think this bill is a solid compromise. In praising it, I would like to emphasize two points.

First, as has been stated, this bill is especially important to rural States, to small communities. In my State of Montana, we have over 900 separate drinking water systems. Almost all of them serve fewer than 10,000 people.

Some of the systems serve trailer parks and remote clusters of homes. They are operated part-time by folks who are just trying to be good neighbors. They are very small systems.

The current version of the law requires small drinking water systems to install the same treatment technology as large urban water systems that serve hundreds of thousands of people. In some cases, this doesn't make sense. Small systems do not benefit from what economists call "economies of scale." That is, they cannot spread their costs among a large number of ratepayers. The same high cost of technology has to be spread among fewer ratepayers, resulting in a much higher cost to the ratepayers.

If we force smaller systems to use big-city technology, not only can they not afford the cost, but they will go under. What will that mean? That means people in the area have to revert to using unhealthy well water, not water which is treated, but well water which is untreated.

This point was hammered home to me by the head of the Montana Rural Water Association, Dan Keil. I will never forget meeting with Dan about 6 years ago. He told me about legitimate problems with the Safe Drinking Water Act. We were in the Heritage Motel in Great Falls, MT. He made a very deep impression upon me.

I know Dan Keil is very happy today, now that the Senate is finally, 6 or 7 years later, dealing with the problem that needed to be addressed. At that time, he explained to me how impractical some of the present requirements are. I looked into it, and I agreed with him, they are impractical.

We are now dealing, I think, with most of those problems. One of the most important issues is the variance provision in this conference report. Here is how it works.

If a system has 10,000 people or fewer, they may request a variance to install special small-system technology identified by EPA. That is important. That means that a small system that cannot afford to comply with current regulations through conventional treatment can instead comply by installing affordable small-system technology.

The States review the variance to ensure the technology adequately protects the public health. In those cases where the system serves between 3,300 people and 10,000 people, the variance must be approved by the EPA. That is going to help. It is going to help address the twin objectives of protecting public health and using cost-efficient technology.

Second, over the last few years, there has been a lot of talk about reforming our environmental laws. No doubt about it, although our laws are quite good—they help make the water in our country cleaner and more pure and the air we breathe more healthy—they need some reform. They are a bit outdated.

One noteworthy provision in this bill is transferability. What does that mean? Essentially, the provision allows a State to transfer dollars from the revolving loan fund in the Clean Water Act to the new revolving loan fund in the Safe Drinking Water Act. A State can loan the funds to a community that can use those dollars to pay for technology that it needs to address some of the problems in the drinking water.

A State can do the opposite, too. They can transfer from the Safe Drinking Water Act loan fund to the Clean Water Act loan fund. This provides more flexibility to allow a State to meet its needs, or a community to meet its needs. Washington, DC, is not passing something on to the States that has been described in the past as a one size fits all, view, but rather giving a lot more flexibility to States. This is extremely important.

Another innovative provision is radon. Radon has been a vexing problem because, the proposed radon standard for water is tighter than the amount of radon that occurs in outdoor air.

Radon affects people in their homes. We have basically come up with a multimedia. It allows States to set a lower standard for radon in drinking water only if the State has an alternative indoor air program that achieves just as much public health protection as the drinking water standard would achieve.

In conclusion, Mr. President, no legislation is perfect. This one is not perfect. It contains some flaws. It has a series of special projects, commonly known as pork, which will draw resources away from the new drinking water loan fund. I think those projects should not be in the bill, but we could not get the bill passed, incredibly, without some of them.

But it is a good bill nevertheless. We have made some progress. It is going to help move the ball forward.

In closing, I want to acknowledge the leadership of the chairman of the committee, Senator CHAFEE. I must say that all of us who have worked with the chairman of our committee are very impressed with him. He is basically a down-to-Earth, commonsense fellow. He calls them as he sees them. He is very generous with his time, very generous with his compliments and very generous with the people he is working with. In addition, he keeps his eye on the ball; that is, moving the environmental ball forward in a commonsense way.

It has been kind of tough the last couple of years. We have not passed environmental legislation that is solid, commonsense and balanced. Senator CHAFEE has done a good job to help advance this legislation.

I also want to acknowledge the excellent work of the staff, particularly Jimmie Powell. I don't know anybody who knows this issue better than Jimmie, with the possible exception of my two staff, Jo-Ellen Darcy and Mike Evans, who know it just as well. They have been just terrific.

I am particularly appreciative of Jo-Ellen. When they were trying to wrap this bill up 2 or 3 days ago and they wanted to quit, Jo-Ellen said they were not going to leave until they wrapped it up that night. They didn't leave, and they wrapped it up. That is a testament to Jo-Ellen's hard work.

I pay particular thanks to Senator KEMPTHORNE, chairman of the subcommittee. Senator KEMPTHORNE, like Senator CHAFEE, is a commonsense fellow. Maybe that is because he is from a Western State like Montana. Also, Senator REID from Nevada. He is not out there to try to harm anybody, does not have a political ax to grind. He is trying to get the job done in a very balanced way.

I see Senator BOXER on the floor. There is nobody more tenacious and hard working and a greater champion for environmental causes. And in the case, she was particularly strong on the right-to-know provision, which was her brainchild. I know that Senator BOXER is very pleased we included that provision in the conference report.

People worked hard on this. I am very grateful for the time and effort they put into it. I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I want to thank the distinguished Senator from Montana for his very generous comments about the work I have done and others and our staff. And I want to join him in his salute to Jo-Ellen Darcy and Mike Evans and the others on his staff who really were tremendous.

I now yield 10 minutes to the distinguished chairman of the subcommittee, the person who took this on, mastered it, pushed it forward. And the bill we have before us is really, to a great extent, the bill that Senator KEMPTHORNE brought from his committee that passed in this Senate 99 to 0. So if kudos are deserved around here, they are deserved by Senator KEMPTHORNE.

The PRESIDING OFFICER. The Chair recognizes the Senator from Idaho.

Mr. KEMPTHORNE. Thank you very much.

May I say how much I appreciate those remarks by the chairman of the Environment and Public Works Committee, Senator CHAFEE.

To paraphrase Samuel Taylor Coleridge: Water, water, everywhere, and with the passage of this Safe Drinking Water Act conference report, we'll be able to drink every drop.

Just over 9 months ago, in a unanimous, bipartisan vote of 99 to 0, we passed the bill that I introduced along with Senators CHAFEE, BAUCUS, and REID to reauthorize the Safe Drinking Water Act.

I will say right here that without that sort of partnership with those Senators, we would not be here today. Our bill improved public health, gave States and local governments the flexibility that they need to target their scarce resources on on high priority health risks, and laid the foundation for a safe and affordable drinking water supply into the 21st century.

Following the efforts of the Senate, the House of Representatives last month passed their safe drinking water bill, passed largely on the work that was accomplished here in the U.S. Senate.

Today we have the opportunity to complete the process and approve the conference report on the Safe Drinking Water Act Amendments of 1996. Our job today is a significant one because, surely, there is nothing more important than the health of our families and friends, and in large measure, that is exactly what is riding on this legislation. When you think about it, drinking water is really the only product or service that communities provide that directly affects the health and well-being of every person every day. Unfortunately, the current law often makes it unnecessarily difficult and costly for many communities to provide safe and affordable drinking water.

During the negotiations on the Unfunded Mandates Act, I met with executive committee members of the National Governors' Association to discuss our strategy for passage of that bill. Those Governors told me that after passage of the unfunded mandates legislation, their priority would then turn to fixing the current Safe Drinking Water Act. And so we moved and made that our No. 1 priority after passage of the Unfunded Mandates Act.

I began the process determining that we should have three goals. We needed to write a law that first and foremost would protect and improve public health, and second, we wanted to write a law that would work, one that would put substance and content over bureaucracy for bureaucracy's sake, and, finally, we needed to write a law that would reduce Federal unfunded mandates.

The bill that we are voting on today achieves those three goals. It was written with the advice of many public health experts, State and local government officials, and water providers. And I listened to what they had to say. So this bill reflects their concerns and their recommendations as to how to improve the way the drinking water is regulated.

When I began working on this legislation, I determined that there were key factors that must be incorporated. First, we must protect public health.

And we did. We eliminated the arbitrary requirement that the Administrator of EPA regulate 25 new contaminants every 3 years. Instead, the administrator is given the authority and flexibility to target her regulatory resources on those contaminants that are actually present in drinking water and that, based on the best available, peer reviewed science, are found to pose a real health risk to humans.

For the first time, we provided tens of millions of dollars for important health effects research, including research on the health effects on cryptosporidium, arsenic, and disinfectants, and their potential effect on other sensitive subpopulations, like children, pregnant women, and the elderly.

I said we would give States and local governments greater flexibility to tailor Federal requirements to maximize their resources and meet their specific needs. And we did.

The bill also gives States the sole authority to design and implement capacity development strategies to ensure that drinking water systems have the financial, technical and managerial resources they need to comply with this law. Under the old regulatory approach, we would have required States to adopt a strategy and submit it to EPA for review and approval. But we do not do that here. Once a State adopts a capacity development strategy, EPA has no authority under this law to second-guess it or penalize the State by withholding Federal funds.

The bill also recognizes that in many cases it is easier and more cost-effective to prevent contaminants from getting into source water for a drinking water system, rather than to try to remove them by regulation after they are in the system. This bill encourages States to develop source water protection partnerships between community water systems and upstream stakeholders to anticipate and solve source water problems before they occur. These are voluntary, incentive-based partnerships.

Our experience in my home State of Idaho has repeatedly demonstrated these kinds of programs work, and work well. Locally driven solutions that stakeholders themselves develop in a nonregulatory, nonadversarial setting usually achieve a far greater level of protection than could otherwise be gained through mandatory restrictions on land use or other Federal regulations. I fully expect that these voluntary source water partnership programs will quickly become a valuable tool for States and local government to improve public health, target local risks, and maximize resources.

I said that we would make this law work for small and rural systems. And we did.

We allow States to modify expensive monitoring requirements for small systems so that they do not have to spend their very limited resources testing for contaminants that are not detected in their drinking water. In many communities in Idaho, this new flexibility alone could save systems hundreds of thousands of dollars every year.

I said that we would reduce unfunded mandates. And we did.

First of all, our bill reduces the number of mandates that are imposed on States and local governments under the current law. Then, significantly, we commit substantial Federal resources to assure that the Nation's drinking water supply is safe.

The Congressional Budget Office has reviewed our bill as is now required under the Unfunded Mandates Act, and just yesterday confirmed that this legislation does not impose unfunded mandates. It stated, "the bill would change the Federal drinking water program in ways that would lower the costs to public water systems of complying with existing and future requirements. On balance, CBO estimates that the bill would likely result in significant net savings to State and local governments."

Mr. President, in summary, I just say, for the first time ever, we are providing the funds to the States and communities so that they can deal effectively with their water systems. For the first time ever, we are providing for source water protection. For the first time ever, we are prioritizing those areas that truly are contaminants, and going after those.

But I particularly want to thank my colleagues, Senator CHAFEE, who is the chairman of the Environment and Public Works Committee, for his leadership and efforts on this bill, combined with those of Senator MAX BAUCUS of Montana, who was the chairman in the previous Congress, and Senator HARRY REID, who is the ranking member on the Senate subcommittee we serve on. Again, without that sort of partnership, bipartisan partnership, we would not be here. I also want to acknowledge Senator BOB KERREY who is one of first ones that really came forward and said, let us make this work. And it did work.

I also want to thank majority leader TRENT LOTT for the help and encouragement he provided during the conference to help get this bill completed.

I would like to thank my staff for their hard work and dedication to the cause. To Buzz Fawcett and to Ann Klee. They are truly dedicated and extremely talented individuals. I want to thank Jimmie Powell from Senator CHAFEE's staff. Jimmie's dedication to the Safe Drinking Water Act and his knowledge of the law and the facts made him invaluable to the process. Every State, city, and rural water district in America can say thank you.

I would like to thank Jo-Ellen Darcy and Mike Evans and Ann Loomis and Scott Slesinger, Mike Smith, Gregory Daines, and Stephanie Daigle, Steve Shimberg, and Tom Sliter.

The Senate conferees remained united throughout the conference. And it was due to the uncommon abilities and the good humor of all the people that I have just named that it was successful.

Finally, I would like to thank, on a personal note, my wife Patricia and my children Heather and Jeff who know about the sacrifice that goes into these sorts of efforts: The long hours that keep you from being home, as you try to make something positive happen. It is the families that I think really offer the sacrifice. But in this case I believe it is worth it, because for all the kids of this country, it is safer drinking water. We have done our job. We stepped up to the challenge and we accomplished it.

Again, I thank the chairman and the ranking member. I thank all Members of this Senate—99 to 0—for the tremendous bipartisan support. This Congress is on record. We have positive environmental legislation that is good public health and good for this blessed environment.

Mr. CHAFEE. Mr. President, I yield now several minutes to the Senator from Virginia who is the second ranking member on the committee. He has worked very hard on this bill, and he is unable to be here long, so I ask that he might proceed.

Mr. WARNER. I compliment the managers of this bill and the chairman of the subcommittee. Through their effective leadership in guiding this conference, we are able to return to the Senate an exemplary bill. I was happy to be a part of the conference.

I am particularly pleased that this bill favorably addresses the needs of small systems and establishes a new pollution prevention approach under the source water partnership program.

Mr. President, this conference report clearly demonstrates that we can produce legislation that strengthens our protection of public health, provides relief from excessive Federal regulations and offers more streamlined requirements for local drinking water systems to comply with the law.

Our foremost priority has always been to give consumers confidence that the water that comes from the tap is safe to drink. This bill fulfills that priority.

The cornerstone of this bill is the establishment of the State Revolving Loan program. Funds will be provided to States to make either loans or grants to assist communities with the construction of treatment facilities necessary to meet the Federal standards. These funds are critically needed by our small systems who often don't have a large rate base to support the construction of new treatment plants.

Also during our conference discussions, much attention was focused on the need to require local drinking water systems to provide all of their customers with Consumer Confidence Reports. These reports are to inform customers of the content of their drinking water. It needs to be made clear that the Senate bill mandated that water systems immediately notify, within 24 hours, their customers whenever a contaminant exceeds a Federal health based standard. This is a significant improvement from current law.

I did have concerns about proposals during the Senate debate to expand this requirement on our drinking water systems. I did not want this reporting to unduly alarm our citizens about the presence of contaminants in drinking water. The conference report includes a provision on Consumer Confidence Reports, which I strongly support because it addresses my previous concerns in several ways. Most importantly, it requires the reports to include a plainly worded explanation of the contaminants that are found and of the health risks that may result from violating the Federal standard.

It is important to make the distinction that detecting a chemical in drinking water, many which occur naturally at very low levels, is much different than violating a Federal standard. Federal standards are set at exposure levels which EPA determines are safe and will not adversely affect public health. The modification in the conference report ensures that the public will be fully informed about the meaning of data and sampling collected by a local water system.

The conference report also ensures that the local water systems have the trained personnel necessary to effectively run a treatment plant. Virginia already requires an effective operator certification program and the report requires all States to implement a training program for water system operators. I support fully this provision because with relief from the current monitoring requirements, we must be sure that treatment plants are operated in a sound an efficient manner and that personnel have the expertise to respond to unforeseen problems.

Throughout the committee's deliberations on revising the Safe Drinking Water Act, over the past 4 years, we have learned that small systems are especially burdened by the current regulatory program. Small systems, those serving less than 10,000 persons, represent over 80 percent of the public water systems in this country. Monitoring requirements, often the most expensive activity undertaken by water systems, installation of treatment technologies, and funding constraints have all overburdened our small systems and their capacity to meet the stringent requirements of the current law.

The Congress has responded to these calls for help and this bill holds great promise for assisting small systems. The revolving loan fund, alternative technologies that are affordable, monitoring relief and ensuring that operators are qualified to run treatment plans will greatly enable our small water systems to deliver drinking water that is safe for our citizens.

Mr. President, the Source Water Protection Partnership Program is a new step in pollution prevention. Having worked on this approach for several years, I am pleased that the conference contains the Senate provision. With a modest investment of funds, source water partnerships will prevent problems before they occur. The positive result will be that water quality is improved and communities are relieved from building expensive treatment systems.

A great deal of work went into the development of this approach and I must commend the agricultural community for their cooperative working relationship over the years. Our citizens involved in agriculture today are responsible stewards of our land and water. They want to be involved in a voluntary, solution based approach to these problems. I know from the great progress we have made under the Chesapeake Bay program that this approach can be extremely effective on a national level.

Another issue of great concern to me has been the water quality problems of the Washington Aqueduct and the District of Columbia's water distribution system.

Since the Environmental Protection Agency's boil-water order in December 1993, I have been working to resolve the long-term financial constraints of the system. Owned by the Federal Government, the Washington Aqueduct provides essentially a local service—municipal water supply—to the District of Columbia and the Virginia jurisdictions of Arlington and Falls Church.

Currently, the system's capital improvements are financed on a pay-as-you-go basis where the customers must pay up front the full cost of any construction project.

While user fees are collected for the District of Columbia's Water and Sewer Enterprise Fund, these resources finance the system's annual operating costs and cannot begin to meet the obligations of the system's extensive capital improvement needs.

The Conference Report provides for a reasonable approach to this problem by providing authority for the Corps to borrow funds from the Treasury for the next three years. These funds will be used to continue the improvements of the system as required by the Environmental Protection Agency. Within this 3 year period, the Corps and the customers are to work together to determine a final resolution of the ownership of the Aqueduct. The Corps is authorized to transfer the Aqueduct to a new or existing entity with the approval of a majority of the customers. I would have preferred that all the customers agree to the transfer, but that was not the view of my House colleagues. It is my very strong hope that the Corps and the customers will make every effort to reach consensus on this matter before the borrowing period expires.

It is critical that we resolve this matter because if no solution is reached at the end of 3 years then we return to the status quo. That is continued Corps ownership with no ability to provide long-term financing of the necessary improvements. This would be tragic for our rate payers who would suffer from extreme rate spikes to finance the remaining work on the Aqueduct.

Mr. President, I know that my colleagues expect this matter to be resolved within the next few years and I pledge to remain actively involved in this effort to see that there is a successful conclusion.

In closing, no legislation of this magnitude and in this short time frame can be completed without talented and dedicated professionals. I want to recognize and thank the staff of the Environment and Public Works Committee, Jimmie Powell, Jo-Ellen Darcy, and Mike Evans, and the staff for Senator KEMPTHORNE, Ann Klee and W.H. Fawcett.

Mr. CHAFEE. Madam President, I take this moment to pay particular tribute to the Senator from Virginia for the work he did in connection with providing funding for the city of Washington aqueduct. It supplies, obviously, all the residents of Washington plus some residents of northern Virginia. But for the attention and diligence of the Senator from Virginia in connection with this matter, we would not have dealt with it in the fashion we did.

I believe, as a result of the efforts of Senator WARNER, the problems of the Washington water supply system will be solved in the not too distant future. I pay tribute to what the Senator has done.

Mr. WARNER. I thank the distinguished chairman for his kind remarks and also his strong cooperation, together with the ranking member, in making possible the inclusion of this provision in this important piece of legislation.

The PRESIDING OFFICER. The Chair recognizes the Senator from Montana.

Mr. BAUCUS. I yield 9 minutes to the Senator from New Jersey.

I know no one who fights harder for the environment, who is more tenacious with a greater bulldog tenacity than the Senator from New Jersey.

That is meant as very high praise from me.

Mr. LAUTENBERG. Being a bulldog is not necessarily the kind of pet you want around the house, but it is not bad when it comes to a battle.

Mr. President, I rise to express my satisfaction with the conference report and hope that our colleagues will support it. The final bill will enhance both the quality of our drinking water and America's confidence in its safety.

Americans are concerned about the quality of their drinking water. The sale of bottled water and water filters is skyrocketing. Fewer people believe that the water out of their taps is clean and safe. Their fears are not illusionary. Look at Milwaukee or Philadelphia. Washington, the Nation's Capital has repeatedly had to tell residents to boil their water.

Something had to be done. I believe the bill we crafted will enhance both quality and confidence.

This was not an easy conference, as I am sure my colleagues will agree. Both bills resulted, from a set of delicate compromises, the House bill and the Senate bill. Any changes could raise significant opposition. I am happy the conferees were able to hammer out a draft which I believe is superior to either of the individual versions of the Senate or the House.

I will elaborate on a few of the provisions. Unlike the Senate bill, the House version would have weakened the rights of citizens to sue for violations of the water standard, even when the suits were needed to ensure public safety. The House bill also failed to give States the flexibility to transfer money from the sewage treatment loan revolving fund to the drinking water fund and vice versa. This could delay high priority projects and would prove to be wasteful. I am glad the Senate version prevailed on that issue, protecting the rights of the citizens and giving flexibility to the States.

At the same time, there is much in the House bill that is, in my view, superior to the Senate version. For example, I fully support the Boxer right-to-know amendment. As the author of a similar law that provides information about toxic releases, I think this kind of legislation is critical. Unfortunately, the amendment was not approved by the Senate, but the conference agreement includes provisions for a right-to-know law.

Mr. President, letting people know what is in their water supply is not just common sense, it is common decency. The right-to-know provision provides consumers with information on contaminants that have been detected in their water, even if the levels do not violate EPA or State standards. Since all water includes some contaminants, the conference language also provides for information on the specific impact of those contaminants.

I am disappointed, however, that these provisions fail to provide similar requirements for bottled water. Many consumers buy bottled water because they think it is cleaner than tap water. They have a right to know if that is true, and which pollutants, if any, remain in the bottles.

Several years ago, Mr. President, the FDA published regulations to require the bottled water industry to regularly monitor its products for contaminants. The industry fought these provisions and the FDA relented. That concerned me. A study by the State of Kansas showed 15 percent of the bottled water tested had cancer-causing contaminants at higher levels than allowed by EPA.

I am disappointed the conference report was watered down in this area. At least it does provide for a Federal Food and Drug Administration study on the feasibility of such a requirement. I expect the FDA will find it feasible to require the bottled water industry to provide the same information which we are requiring of suppliers of tap water to communities of 500 or above. After all, if that provision is not too burdensome for public water providers, it cannot be too burdensome for the bottled water industry.

However, if the FDA does not appreciate the importance of providing this information to the public, I will not hesitate to bring up legislation to bring bottled water under the authority of the Safe Drinking Water Act.

I also urge consumer groups to conduct tests on some bottled water sold in their areas and to prepare consumer confidence reports for the general public. This, at least, will educate consumers until proper provisions and safeguards are in place.

In addition to water quality, the controversial part of the legislation dealt with radon. I am pleased the conference came out with a provision that will help lower the risk from radon exposure to a greater degree than either the House or the Senate bill would have. Mr. President, radon is a naturally occurring radioactive contaminant that causes lung cancer by inhalation.

In New Jersey, radon exposure is believed to cause more lung cancer, more than any other environmental cause. That is why I sponsored the Indoor Radon Abatement Act in 1988. The conference report builds on that act by allowing States to implement programs that will decrease radon in the air, as an alternative to meeting the standard for radon in drinking water. A State can choose this option only if the proposed indoor air program provides greater public health benefits in complying with the drinking water standard. Since radon is dangerous only when inhaled, this measure would significantly enhance efforts to reduce this deadly contaminant.

Last, Mr. President, I want to express my appreciation to the chairman of the Environment and Public Works Committee, Senator CHAFEE, the chairman of the Drinking Water, Fisheries and Wildlife Subcommittee, Senator KEMPTHORNE, the ranking Democrat, Senator BAUCUS, in the committee and Senator REID in the subcommittee. I also want to express my thanks to the staff for their hard work, Jimmy Powell, Jo-Ellen Darcy, Michael Evans from the Committee on Environment and Public Works, and W.H. Fawcett, representing Senator KEMPTHORNE.

In particular, I congratulate my staff person, Scott Slesinger, for his hard and diligent work. He made it possible for me to stay totally informed as to what was going on and to make sure that our views were included in any of the comments that we finally sought. Without his time and effort, this would have been a much more difficult assignment for me. I am happy we have the bill we have.

Mr. CHAFEE. I yield the distinguished Senator from Wyoming 4 minutes. I want to say the Senator comes from a State with lots of small communities with small waterworks and he has been particularly vigilant in seeing that those small communities were protected not only in safety but also in the training of their operators who paid a lot of the attention to the requirements of small communities. Senator THOMAS.

Mr. THOMAS. I rise in strong support of the Safe Drinking Water Act Amendments of 1996. We all travel through our States extensively, and the topic of unnecessary regulation in the environmental areas comes up as often as any other topic when I hold meetings in Wyoming. Wyoming folks are tired of the top-down approach mandating expensive regulations for questionable benefits.

This bill says we can do a better job of protecting public health, and at the same time, inject common sense into the process. This bill helps State and local communities meet Federal standards by creating a Federal grant program to capitalize State revolving loan funds for drinking water treatment.

The mandate that 25 new contaminants are regulated every 3 years, whether at risk of human health or not is repealed. Finally, EPA will be able to prioritize efforts and cost benefits are inserted into the process. The State role is increased. Systems will be able to focus their monitoring efforts on those contaminants that actually occur in the systems.

Most importantly for my State, small communities will finally be given special consideration and assistance under the bill. States can grant variances for systems that serve people under 3,300. That is 90 percent of the water systems in Wyoming. With EPA approval that number goes up to 10,000. Small systems qualify for monitoring relief.

There are a few groups that will, once again, find an excuse to oppose this legislation, just as they did when it passed the Senate 99 to 0. I agree with them, this bill is not perfect. For instance, I am skeptical of the so-called consumer confidence report. These reports will not build confidence, in my judgment. They will simply create confusion. They will simply create confusion. I call them consumer confusion reports, at a cost of about $20 million per year. CBO says that, on balance, this bill will save local water systems in State and local governments millions of dollars. That is good news to the taxpayers.

This bill includes several provisions to ensure that Wyoming, the only nonprimacy State, can take full advantage of the benefits of this bill. It makes sense, it furthers the protection of human health and enjoys widespread bipartisan support. S. 1316 is a bill the President can support, he should support it without reservation, and we should get it on his desk quickly.

Mr. President, this is truly historic legislation and I was pleased to have the opportunity to play a part in its development as a member of the Senate Committee on Environment and Public Works as well as the conference committee that crafted the compromise legislation before us today.

This legislation is historic for both what it does, and what it does not do. What this bill does is trust folks in the states and local communities to protect their citizens, increases flexibility to meet standards, injects common sense into the regulatory process, allows the Environmental Protection Agency to set priorities and focus limited resources on the biggest health threats, and finally recognizes that small communities in Wyoming face unique challenges and need different strategies to meet standards than New York City does. What this bill does not do is impose expensive unfunded mandates on localities, rely on the Washington knows best command and control method of regulation or blindly force regulation for regulation sake without addressing the costs and benefits. This is a massive shift in the way we approach environmental regulation that allows us to increase environmental protection while reducing unnecessary costs to the regulated community, and I hope it becomes a model for other statutes that desperately need reform.

I am particularly pleased with the approach this bill takes in helping small public water systems comply with the standards set by the Safe Drinking Water Act. As you know, Mr. President, small communities face unique challenges not found in large cities. These small systems, by their very nature, don't have the economies of scale found in large cities. Unfortunately, the Environmental Protection Agency has always set standards and determined affordable technologies based on water systems of 100,000 or more. What may be affordable for a system of this size is obviously prohibitive in Pinedale, WY. There are several provisions in this conference report that will help small systems affordably comply with the standards of the Safe Drinking Water Act and continue to protect the health of their citizens.

The vast majority of public water systems serve small cities. In my home State of Wyoming, 90 percent of our public water systems serve fewer than 3,300 people. This bill gives States the authority to grant variances from Federal standards for systems serving up to 3,300 people, and for systems serving up to 10,000 people with the approval of the Environmental Protection Agency. Small systems are given flexibility to meet the new consumer confidence reporting requirements contained in this bill. Under this bill, small systems can receive relief from monitoring requirements that today require them to monitor for contaminants that don't even occur in their water. This bill authorizes $15 million per year to provide technical assistance to small public water systems and up to $30 million per year to pay the cost of mandated operator training for small systems. Finally, this bill creates a grant program for at least five university programs to support research, training and technical assistance with respect to problems experienced by small systems. These small public water systems technology assistance centers will provide significant assistance to State and local governments in the development of programs to address special concerns relating to the water systems of rural communities and native Americans. These centers will be particularly important to states, like Wyoming, with relatively low population density that cover very large geographic areas. Coordination of research, training, technical assistance and outreach efforts through these centers will play an important information role for State and local governments. It should be noted, Mr. President, that the Water Resource Research Institutes located at the land grant university in each of the 50 States, the District of Columbia, the Virgin Islands, Puerto Rico, and Guam, can provide similar information on rural water system treatment technologies, development of alternate supplies, and training to enable compliance with State and Federal regulations. I hope the Environmental Protection Agency will better utilize these institutes as part of its drinking water programs.

In addition to the very important accommodations made for small systems in this bill, important changes were made throughout the drinking water program. I am extremely pleased about the increased flexibility that the legislation brings to the standard setting process under the act. This legislation, with its emphasis on using the best available scientific methodology for standard setting, facilitates efforts to bring more rationality to the process. The EPA has already started down this road with its risk characterization policy and its carcinogen risk assessment guidelines and I think our approach in this legislation will build on that effort, hopefully leading to the reevaluation of the standards for a number of substances. I am also pleased that States retain ultimate discretion in this bill over the content of programs that implement a capacity development strategy, and that existing State operator training programs will be allowed to continue unchanged under this legislation.

Mr. President, as with any compromise, this bill is not perfect. This bill truly is a compromise, reflecting hours of negotiations between Republicans and Democrats here in the Senate, then days of hard work and negotiations between the House and Senate. In order to move forward with this bill, and the significant benefits that go with it, it became necessary to include some provisions that I oppose. For instance, I strongly believe the provision in this bill that requires so-called consumer confidence reports is misguided, will cost local water systems from $15 to $20 million per year and will not result in consumer confidence, but instead will confuse consumers and destroy their confidence in their local water supply. Fortunately, the Senate was able to make clear that these reports should contain language that will tell consumers that the presence of trace elements of contaminants are in all drinking water, including bottled water, and this does not create a health hazard. We were also able to increase flexibility for small systems to meet this mandate.

Despite some reservations, I strongly support this bill. We create a State revolving loan fund for drinking water infrastructure under this bill, to help local communities pay for needed improvements to their water supply. We increase flexibility and reduce costs to local communities. The Congressional Budget Office says this bill will:

> * * * change the federal drinking water program in ways that would lower the costs to public water systems of complying with existing and future requirements. On balance, CBO estimates that the bill would likely result in significant net savings to state and local governments. Finally, the bill would extend the authorization of certain existing appropriations and would authorize the appropriation of additional federal funds to help state and local governments meet compliance costs.

Finally, this bill recognizes the unique situation of the State of Wyoming. Mr. President, Wyoming is the only State which does not have primacy over the Safe Drinking Water Act. Chairman CHAFEE, Senator KEMPTHORNE, and Senator BAUCUS worked with me to ensure that the citizens of Wyoming would be able to take full advantage of the benefits of this legislation, despite the fact we don't have primacy. The State of Wyoming will receive a minimum allocation from the new loan fund and will be able to apply for monitoring relief and variances. Most importantly to me, the State of Wyoming will be able to continue their current operator training and certification program. We are very proud of that program, Mr. President, and it is fitting that States continue to be allowed to structure their own programs and not be forced to follow an EPA-directed structure, as the House bill would have required.

Mr. President, many people deserve credit for passage of this legislation. I want to thank Senators CHAFEE, KEMPTHORNE, BAUCUS, and REID for their leadership. This bill would not have been possible without their hard work, and that of their staffs. Senator KEMPTHORNE in particular took some unfair hits over the last few weeks. Well financed Washington-based environmental extremists attacked Senator KEMPTHORNE's integrity and questioned his resolve to get this bill done. Mr. President, these attacks were outrageous, designed to prevent us from passing this important legislation and to build the coffers of the environmental extremists. There is no excuse for this behavior and I want to make it clear that this bill will be signed into law thanks to Senator KEMPTHORNE and despite the irresponsible behavior of a few groups who would rather scare the American people with distortions than see positive reform to environmental laws. That's unfortunate, but we overcame their objections to the Senate bill and approved it 99 to 0, and we should do the same today.

Mr. BAUCUS. Mr. President, I yield 7 minutes to the distinguished Senator from California.

The PRESIDING OFFICER. The Senator recognizes the Senator from California.

Mrs. BOXER. Thank you, Mr. President. I add my voice in support of this bill. I want to thank, particularly, the chairman of the committee, Senator CHAFEE, the ranking member, Senator BAUCUS, and Senators KEMPTHORNE, REID, and the other members of the committee, who worked so hard. And I can say, on behalf of myself and my wonderful staff, Linda Delgado, that working with the staffs of the chairman and the ranking member has just been a joy to us.

Of course, I have some very special feelings about passage of this bill today, because an amendment that I worked very hard to get through this U.S. Senate, the consumer right to know amendment, has been adopted by the conference. The Senator from Wyoming didn't think it was a particularly good amendment, but I have to say that when one looks at what we are facing—I pick up this glass of water to drink what may be Washington, DC, water—and I think it is important that those of us who drink this water, or tap water from anywhere in this country, know what contaminants are in our drinking water.

I am very proud of this particular bill because, first of all, we won on the issue of consumer confidence reports. I disagree with my friend from Wyoming, because he thinks they will confuse people. I think people are smarter than that. I have always believed in giving people information. The way this information is portrayed will be clear and simple, and I think it will be easy to understand. If it is not, it can be revised so that it is even easier.

So I am extremely proud that we will require getting consumer confidence reports out to people, so they will know what is in the water they ingest, the water that is their lifeline. It seems to me a very important thing.

I have to say that the conference and the House deserve a lot of credit, but we built on the 40 votes we got here in the U.S. Senate. I want to say to all my colleagues who supported the Boxer amendment, my deepest thanks, because had we only gotten a few votes, we may not have gotten the agreement of our chair and our ranking member. Our chair and our ranking member knew there was support for the concept. I think the difficulty arose in the details of the amendment.

The other part of this bill that gives me great pride deals with the section on sensitive subpopulations. We attached it to the safe drinking water bill in the last Congress and in this Congress. The language in this bill requires that EPA drinking water standards be set at levels that take into account the special vulnerability of our children, our infants, our pregnant women, our elderly, the chronically ill, and other groups that are at substantially higher risk than the average healthy adult. The truth of the matter is that vulnerable populations are much weaker than a 165-pound man. The way we have set the standard throughout history has been for that very healthy, strong man. A little child, or someone who is ill, or an elderly person may be negatively affected by water that would not hurt a healthy person.

Mr. President, this is an important milestone, in my opinion, because it seems to me that we ought to do this on every bill that impacts the health of our people. We should remember the children, the pregnant women, the frail elderly, the ill. They cannot afford to hire lobbyists to come into the Halls of Congress to knock on my door or your door, Mr. President, and fight for their health and safety. They simply cannot do it. Little babies cannot do it. They count on us to protect them. In this bill, we are doing that. We are taking into account their special needs.

So, today, I am very happy. In closing, I want to mention two other issues that relate to this bill, one of which is particularly important because the South Tahoe Public Utility District needs urgent help in replacing its wastewater export pipeline system, which protects and preserves the water quality in that most magnificent of all lakes, Lake Tahoe. We were able, thanks to the chairman and the ranking member, to list this as a project that should be considered by the Administrator of EPA, should there be sufficient funds. I hope, Mr. President, that the EPA Administrator will recognize the beauty and the vulnerability and the national gift that Lake Tahoe is, and that we will be able to help them fix their problem.

On the disappointment side, I don't have many. The chairman and the ranking member were very helpful in getting authorization in this bill for the Southwest Center for Environmental Research and Policy, which is a consortium of universities in Mexico, California, Arizona, New Mexico, and other States, which is going to look into the serious pollution problems we have at our border region with Mexico. We had the authorization, but the Science Committee in the House asserted its jurisdiction and, unfortunately, removed this provision. I look forward to working with my colleagues in the House from the San Diego area to resolve this problem.

To my chairman and my ranking member, let me say that a Senator could not be more blessed than to be able to work with Senators like you and staffs like the staffs that you have. I hope we can work together for many more years.

As a member of the Environment and Public Works Committee I want to commend Senator CHAFEE, Senator BAUCUS, Senator KEMPTHORNE, and Senator REID for their extraordinary effort on this bill.

The safe drinking water bill we are passing today, is a significant step forward in helping to ensure that one of the most fundamental needs of any society—safe drinking water—is available to all Americans.

This bill will lead to the crafting of a regulatory program to meet this goal at the lowest possible cost and with the most flexibility feasible for the thousands of local water supply systems.

This bill makes very significant progress in the protection of public health. It effectively addresses legitimate concerns about overly burdensome regulation and lack of funding. And it establishes the critically important State revolving loan fund to help States and municipalities comply with Federal law.

Mr. President I want to highlight two specific items included in this bill which I worked very hard to achieve.

As a member of the Environment and Public Works Committee, I have for years worked to protect children and other sensitive subpopulations from contaminants in drinking water. I am therefore very pleased that this bill includes language that reflects the amendment I successfully attached to the safe drinking water bill in the last Congress, and worked to incorporate into the bill this Congress. The language in this bill requires that EPA drinking water standards be set at levels that take into account the special vulnerability of our children, our infants, pregnant women, our elderly, the chronically ill, and other groups that are at substantially higher risk than the average healthy adult. This is a very important step forward.

I am also pleased that this bill incorporates a strong version of the consumer confidence reports amendment that Senator DASCHLE and I offered during Senate consideration of the bill. This is especially important in light of continued reports that many Americans are worried about getting sick from tap water contaminants.

The new consumer confidence reports requirement means that consumers will once a year get a report from the water company serving their neighborhood, about the source, the quality, and the safety of their drinking water.

The information provided in the report will be simple and straightforward.

Consumers have a right to be informed at least once a year about the levels of contaminants found in their drinking water. These consumer confidence reports will empower consumers to take precautionary measures to protect themselves and the most vulnerable members of their family, such as a grandparent or a young child, for example, by boiling water or installing special filters.

It is a pleasure Mr. President, to see this conference report pass today.

In closing I would like to briefly mention two other issues:

I am pleased that the South Tahoe Public Utility District waste water export system project was included on the list of special projects to be considered by the Administrator of EPA if there are sufficient funds.

The South Tahoe Public Utility District needs urgent help in replacing its export pipeline system which protects and preserves the water quality in Lake Tahoe. The export pipeline transports reclaimed water from the wastewater treatment plant in South Tahoe out of the Lake Tahoe basin to a nearby reservoir where the reclaimed water is stored and later used for irrigation and other purposes.

The existing pipeline is reaching the end of its useful life and must be replaced quickly if we are to avoid the possibility of a catastrophic spill resulting in serious environmental harm to Lake Tahoe. Several serious leaks have already occurred over the last 2 years, and the risk of a rupture increases the longer if takes to complete the replacement project.

The local community has raised $10 million towards replacement of the pipeline, but a total of $30 million will be needed. The local community is already paying sewer rates substantially higher than the average in California. If the pipeline is to be replaced in a timely manner, $10 million in Federal assistance is needed. While the local community might be able to pay for the pipeline replacement over the long term by enduring high utility rates, it will not get the job done as quickly as it could be done with Federal assistance. Such Federal assistance would enable the South Tahoe Public Utility District to complete the project in a more expeditious manner, reducing the chances of a large leak with serious environmental consequences for the lake.

Last, I would like to mention my disappointment that authorization for the Southwest Center for Environmental Research and Policy [SCERP], which was included in the Senate-passed bill, was not included in the final conferenced bill.

SCERP is a consortium of American and Mexican universities that works to address environmental problems along the United States-Mexican border including but not limited to air quality, water quality, and hazardous materials. SCERP's members include San Diego State university, New Mexico State University, University of Utah, University of Texas-El Paso, and Arizona State University. SCERP had its origins in the Clean Air Act Amendments of 1990, which authorized the establishment of an entity to research air and water quality and other environmental problems in the border region. Although SCERP is not specifically authorized, it has been funded through congressional appropriations for the last 5 years in fulfillment of the Clean Air Act mandate.

Mr. President, I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. I thank the distinguished Senator from California for her very kind remarks. We express our appreciation to her.

Mr. President, I will yield soon 3 minutes to the Senator from New Hampshire, Senator SMITH. But before doing so, I want to say that Senator SMITH has been deeply involved with this Safe Drinking Water Act from the beginning. He worked very closely with the authors of it and particularly was concerned about the small communities. There are two things he sought for these small communities. One is that they have safe drinking water and, two, that they have it at an affordable price. I pay tribute to the work Senator SMITH did in reflecting the views of his constituents in New Hampshire. I give him sincere praise for his assistance.

I yield to Senator SMITH.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. SMITH. Mr. President, I thank the chairman, Senator CHAFEE, for his very kind remarks. It has been a pleasure to work with Chairman CHAFEE on not only this issue, but Superfund and other environmental issues throughout the last 2 years—actually, longer, but 2 years under his chairmanship.

I also thank Senator BAUCUS for his good work on this. I compliment Senator KEMPTHORNE, who has done an outstanding job in shepherding this legislation to this point.

Everyone wants clean, safe water for drinking and bathing. But the ability to provide this necessary commodity at an affordable price has been a real challenge in recent years. I think we have gotten to this point because of the numerous problems encountered with the 1986 act. Many local governments and drinking water systems around the country, some of which are in New Hampshire as well as other States, have been struggling to comply with this long list of regulations while maintaining reasonable water rates. The legislation before us will help to address this problem.

The folks who live in these communities do not want to drink dirty water, but they want to be able to do what they have to do and have the reasonable opportunity to do it.

So when we talk about the issue of unfunded Federal mandates, the Safe Drinking Water Act is regarded by State and local governments as the king of those unfunded mandates. So to address it, the bill now authorizes $1 billion a year in a Federal grant to establish State revolving loan funds. This is the first time for this. These funds will be allocated to the States on an annual basis, which can then be loaned or granted to municipalities for drinking water projects. There are two provisions of this program that I believe deserve special recognition:

First, the States can use up to 30 percent of the SRF to provide direct grants to the most advantaged communities.

And, second, States can transfer funds between this new drinking water SRF and the existing wastewater treatment SRF.

So these two provisions go a long way in providing our States flexibility and the communities the flexibility they need to maximize their resources with the environmental concerns that are of the most immediate nature.

Also, the issue of radon is one that I have long been involved in, and there is still considerable debate about the amount of risk posed by low-level exposure to radon. But according to the

American Water Works Association, capital costs alone could reach $12 billion nationwide. And from a relative risk standpoint, we should consider the fact that radon in drinking water contributes less than 5 percent to the total amount of radon exposure.

So given these statistics, I believe we chose a responsible course in addressing the radon issue. The bill directs EPA to set a new standard based on risk assessment conducted by the National Academy of Sciences and also would allow for an alternative, less stringent standard equivalent to outdoor air levels. Certainly no one would want to have all the wells, or 90 percent of the wells, in particular States ruled undrinkable because of standards like that. It would just cause chaos. This is a reasonable solution that will both protect public health and save money.

Finally, I thank the managers for also including the provision to establish five small-system technology centers across the country to develop and test new technologies for the smallest of systems. One of these centers, I hope, may be established at the University of New Hampshire, which has an extensive background in this area and will be a huge asset to the New England region.

So I am pleased today that we are at the point that this bill will become law, that the President of the United States has indicated he will sign it, and that it has broad-based support, bipartisan support, and support among hundreds of communities throughout the United States.

Also, I thank my staff assistant Christine Russell for her hard work and help on this issue throughout the year.

With that I yield back any time I have, Mr. President.

Mr. GORTON. Mr. President, today the Senate will pass legislation to amend the Safe Drinking Water Act to give State and local communities the flexibility to ensure that consumers have safe drinking water, and send it to the President for his signature. For the past several years, I have worked closely with communities in my State to support legislation that throws out the one-size-fits-all approach and the costly mandates of the current law, and to replace it with greater flexibility and a commonsense approach. Today all the hard work of these communities paid off.

Several years ago, I began working with communities across my State that were frustrated with the one-size-fits-all approach of current law. The current law tied the hands of the State to work with local communities by mandating prohibitively expensive treatment technologies on the smallest of water systems—the cost of which would have bankrupt some of our State's smaller communities. In 1994, I held a safe drinking water forum in Moses Lake, WA to hear first hand from local leaders how to fix the current law. Over 100 people turned out for that hearing, and their message was clear—the current law was broken and in need of repair. Together with local government leaders I supported legislation in the 103d Congress that overwhelmingly passed the Senate. Unfortunately, that legislation did not make it to the President's desk for his signature.

This year, however, was different. This year, the Senate overwhelmingly passed S. 1316. Included in that legislation, and in the conference report that the Senate will pass today are important reforms to the law that this Senator believes will ultimately facilitate greater compliance with the law—without the bureaucracy and redtape. The conference report addresses some of the most critical concerns raised by local governments in Washington State. The conference report establishes a Safe Drinking Water Act State revolving loan fund to assist communities in financing system improvements to comply with the act, similar to the Clean Water Act State revolving loan fund; throws out the mandate that EPA regulate 25 additional contaminants based upon a benefit-cost analysis; the legislation also gives States the ability to grant variances to small systems in order to facilitate greater compliance with the act.

SECTION 106 OF THE CONFERENCE REPORT

Mr. President, I would like to thank the chairman and ranking member of the Senate Environment and Public Works Committee, and their staff, for including my amendment in the conference report that recognizes that future treatment technologies will have the capacity to provide safer water than that provided by traditional filtration. Section 106 of the conference report establishes a limited alternative to filtration, if the system can utilize another form of treatment that will provide greater removal of pathogens, than that of filtration. The need for this amendment was brought to my attention by the city of Seattle. The city has two water supply sources, the Cedar River Watershed, and the Tolt River supply. Because of turbidity problems in the Tolt supply, the city is in the process of implementing filtration technology on the Tolt. Conversely, the Cedar River supply does not have turbidity problems—it consistently tests below average for turbidity—and the city is seeking an alternative to filtration for the Cedar River supply.

Currently the Cedar is an unfiltered system, and therefore must comply with the surface water treatment rule. The rule sets forward 11 specific criteria, and calls for extensive monitoring of the system, to ensure that the system continues to provide clean water to its customers. During 1992, the Cedar violated 1 of the 11 criteria, and, consequently, was required to initiate filtration plans. Shortly thereafter the city entered into an agreement with the State and EPA region 10 to achieve compliance with the rule without filtration.

Seattle has been working closely with EPA region 10 and the Washington State health department for the past several years to find a way to treat the Cedar supply, without filtration. Filtration would cost the city roughly $200 million, but the city believes that the process of ozonation would better meet the city's drinking water needs. The Ozonation process would only cost $68 million. Ozonation is a process that is considerably less expensive than filtration and is believed to be the next up and coming technology for ensuring clean drinking water.

The ozonation process is proven to be more effective than filtration in getting rid of harmful pathogens in a water supply, like cryptosporidium and giardia. Filtration technology would inactivate 99.9 percent of cryptosporidium, but ozonation would inactivate 99.999 percent of the cryptosporidium. The increase of .099 is considered a greater increase in the level of human health protection.

Mr. President, I want to thank all of the people in Washington State who took the time to call or write me about the need to reform the Safe Drinking Water Act—their message came through loud and clear. By giving State and local communities the flexibility to address unique drinking water problems, the conference report completely and totally rejects the "Washington, D.C. knows best" way of thinking. When this legislation is signed into law communities across Washington State will have safe and affordable drinking water. This legislation is a victory for consumers across our State, and for the local governments that worked hard for its passage. I am proud to support the conference report to reform the Safe Drinking Water Act, and urge my colleagues to do the same.

Ms. MIKULSKI. Mr. President, I will vote in favor of the Safe Drinking Water Act conference report. Government's most important responsibility is to protect public health and safety. Safe drinking water is the lifeblood of our society and the basic foundation of good health. This bill incorporates sound scientific principles and protects public health and safety. The Safe Drinking Water Act keeps our promise to the American people.

This bill provides flexibility to State and local governments, enabling them to better assist water utilities in complying with Federal health and safety standards. This is a win-win situation because it provides utilities with the resources to meet safety standards without putting them out of business.

This legislation not only protects the safety of our drinking water, it will create jobs in construction. Modernizing our infrastructure is one of the best investments we can make. This bill helps burst the myth that environmental protection comes at the expense of economic development. The reality is that good environmental policy is good business.

Staying on the cutting edge of environmental technology presents the American economy with a large and growing market here and around the world. While the United States is already a leader in this burgeoning market, we should seize the initiative to expand our leadership even further.

Marylanders have told me they want adequate resources devoted to making drinking water safe and clean. I believe this bill is the best way to move forward toward the safest, cleanest drinking water for Maryland and America.

Mr. MOYNIHAN. I am pleased to join with my colleagues in support of the Safe Drinking Water Act Amendments of 1996. This conference report represents a thoughtful, bipartisan effort which weds protection of public health with the flexibility necessary for cost-effective implementation. It emphasizes using more and better science in identifying contaminants, and training water system operators to meet the established guidelines. It will improve protection of vulnerable populations, including pregnant women, the sick, and the elderly. It creates a new Federal grant program to help water systems struggling to comply with Federal requirements.

The conference report contains a provision that is of particular interest to New York State. Three upstate watersheds provide New York City with its drinking water, which has been of such high quality historically that the City has had no need to filtrate its water. In recent years, however, it has become evident that a comprehensive watershed protection program is necessary to preserve the purity of the region's water. As such, New York City and State have launched a collaborative effort to safeguard the fragile upstate ecosystem, an effort which I feel will be instructive to other cities and regions of the country. The bill will provide financial support for monitoring the success of this pilot program, which will likely prove effective for other municipalities.

I also wish to praise the provisions of this conference report which will allow the Environmental Protection Agency [EPA] to consider relative costs, health benefits, and competing health risks when formulating new standards for drinking water. This is a rational approach which will help us allocate resources more effectively and efficiently.

Environmental legislation places too much emphasis on risk assessment, resulting in an ineffective use of science. This perverse situation stems from directing EPA, explicitly or implicitly, to regulate environmental pollutants to safe levels of exposure. In so doing, EPA must scientifically determine what is safe.

The problem is simple: the premise is false. Science cannot define safety. Decisions about what is safe—what is an acceptable risk—are based very much on personal or societal values—informed by science, yes, but based on values. Therefore, when legislation forces agencies to use science to determine safe levels of exposure, the effect is to set EPA and other agencies up for failure. Risk managers have no incentive to take any action other than to err on the side of safety.

This bill enables EPA to avoid imposing costly regulations resulting in little or no benefit. It prudently allows EPA to incorporate economic, scientific, and social considerations in achieving its safe drinking water goals efficiently and effectively. It arms EPA with the best tools to address existing and potential problems with the Nation's drinking water supply, in reasoned and measured steps, and it establishes new requirements for keeping the public apprised of the quality of their water.

I thank my colleagues on both sides of the aisle for their hard work and willingness to compromise on the Safe Drinking Water Act Amendments, and I strongly urge its passage.

Mr. LOTT. The Senate is about to take up and, I trust, pass the conference report on the Safe Drinking Water Act Amendments of 1996. This is a strong, but balanced, environmental bill. It was written with the advice of many public health officials across the country, including those who are responsible for providing the very water that their families and friends drink every day. Their advice helped make this a common sense bill that will solve real life problems, without creating new ones. This is legislation that will truly make drinking water safer for all Americans.

Not surprisingly, this bill has strong bipartisan support in both the House and Senate, and the support of virtually every organization representing State and local governments and water agencies responsible for providing safe and affordable drinking water. This bill, first introduced by Republican Senator DIRK KEMPTHORNE, will improve public health and reduce unnecessary costs and Federal regulation.

The legislation fundamentally changes the way drinking water is regulated. It will improve public health protection, gives States and local governments greater flexibility to target their scarce resources on priority health risks, and reduce Federal unfunded mandates.

The legislation requires that a meaningful cost-benefit analysis be done whenever EPA issues a drinking water standard. The legislation requires EPA to use peer-reviewed science to identify and regulate contaminants that pose the greatest risks to public health. This is critical if we are going to protect public health without bankrupting States and local governments that have to implement Federal standards.

The bill strengthens the partnership between States and the Federal Government. For the first time, States will have the authority to tailor Federal requirements to meet their needs.

The legislation helps small systems. Most small systems don't have the financial resources or technical expertise to meet treatment requirements that were really designed for very large systems. Under this legislation systems serving fewer than 10,000 people can get regulatory relief to use alternative treatment technologies that may be less expensive but still protect public health. Small systems also may receive special financial assistance.

The legislation encourages voluntary measures to prevent contamination of source water. The bill provides financial incentives for States, communities and stakeholders to work together in a nonregulatory context to develop programs to prevent contaminants from getting into source water. This provision is endorsed by the national agricultural community.

The legislation gives States financial assistance to get the job done. The legislation authorizes $6 billion in grants to the States over the next 6 years to improve drinking water, and does so in the context of the Republican plan to balance the budget by the year 2002. The States use this grant money to capitalize a loan fund for local communities to construct and upgrade their drinking water systems.

The legislation reduces unnecessary unfunded mandates that increase the costs of drinking water without improving drinking water. The CBO says the Senate bill, on which this final bill was based would likely result in significant net savings over current law. For example, EPA now arbitrarily regulates 25 additional contaminants over 3 years regardless of whether they are found in water or whether they present a health risk. This mandate was expensive, didn't improve public health and diverted resources away from stopping killer waterborne diseases. In its place, this legislation gives EPA flexibility to regulate contaminants that actually occur in drinking water and pose real health risks.

The legislation includes a modified right to know or consumer confidence provision. This provision was part of the House bill. Senate negotiators improved the House language by providing greater flexibility for small systems and adding language to make the reports more meaningful to consumers.

This bill is important for the reforms it contains. It is also important for what the bill represents. This bill is bipartisan, and it shows that issues of public health and environment needs not be partisan. There are many Senators who deserve credit for passage of this conference report. This bill was first introduced by Senator DIRK KEMPTHORNE of Idaho whose 10 months of careful and bipartisan negotiations led to the Senate approving his bill 99–0 last November. He worked tirelessly to get this bill enacted into law. Last Sunday, for example, he spent more than 6 hours negotiating with the House in writing this bill. This is Senator KEMPTHORNE's second major bill to become law this Congress, and it is a remarkable accomplishment for a Senator in just his 4th year in the Senate. Last year, Senator KEMPTHORNE led the congressional effort to pass the Unfunded Mandates Reform Act. And it is significant that the Congressional Budget Office says this Safe Drinking Water Act comply with the Unfunded Mandates Reform Act. In fact, as I have already noted, CBO says this bill will "likely result in significant net savings over current law."

I also want to commend other Senators who worked long and hard to see that this bill passed. Senator JOHN CHAFEE, the chairman of the Environmental and Public Works Committee was getting this bill through his committee, the Senate floor and through conference. I also commend the bipartisan group of Senate conferees—Senators WARNER, THOMAS, SMITH, BAUCUS, REID, and LAUTENBERG who helped develop the original bill and the final bill with the House of Representatives.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, how much time is remaining on this side?

The PRESIDING OFFICER. There are 6 minutes remaining on your side.

Mr. BAUCUS. Mr. President, I yield all of our remaining time to the very distinguished Senator from Nebraska, who, I might say, Mr. President, although he is not a member of the committee, has been so deeply active in this issue to make sure that we get to the Safe Drinking Water Act that I at times thought he was a member of the committee. He is one of the main reasons why we are here today. I very much tip my hat to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, let me first pay my compliments to Senator CHAFEE, Senator BAUCUS, Senator KEMPTHORNE, and Senator REID.

This is a very difficult piece of legislation. If you had asked me a week ago if I thought we would be able to get to conference and final passage before the August recess, I would not be very optimistic about it. In fact, I was prepared to take up the measure on radon in the VA-HUD appropriations bill for the fourth year in a row. I do not know how we managed to get it done. I am very grateful for its completion. For all of the rural communities of Nebraska—90 percent of our public water supply is in communities under 2,500 population—they all thank you. This bill probably saved our State millions of dollars over the next 10 years.

All the consumers of drinking water will have safer drinking water as a consequence of this change, and we are very grateful to Senator CHAFEE, Senator BAUCUS, Senator KEMPTHORNE, and Senator REID.

This is a very important piece of legislation. It is likely to have, I think, a unanimous vote here in the Senate at an age when people wonder whether or not Republicans and Democrats can work together. It is a significant improvement in our law. I am very grateful that we are enacting it.

Chairman CHAFEE and Senator BAUCUS deserve our thanks and appreciation for their leadership on this issue. I also want to thank Senator KEMPTHORNE for his personal commitment to resolving the tough issues involved in providing the public with safe drinking water and for his determination and willingness to take the time necessary to work out a compromise, and Senator REID who, like me, comes from a rural State that has a lot to gain by the passage of this conference report. I know they have put their best into this legislation and I appreciate their efforts.

One of the aspects of this bill that I have supported since the beginning of the debate 3 years ago, is that it gives States and communities more flexibility to meet safe drinking water standards. For example, the bill establishes a State revolving fund [SRF] to help finance drinking water systems. It authorizes the fund at $1 billion per year through 2003. The flexibility built into the bill allows States to transfer up to one third of the funds between the newly established safe drinking water SRF and the already existing Clean Water Act Revolving Fund. Furthermore, the bill allows for 30 percent of the State's revolving fund to be used as grants for disadvantaged communities. States deserve a chance to put their resources where they are most needed.

Nowhere is this more clear than in dealing with the public health threat of radon. For the last 3 years, through the appropriations process, I have kept EPA from publishing a drinking water standard for radon. The reason I did this is because regulating radon in water does not make sense when the known health threat for radon is through inhalation, not ingestion. Ninety-five percent of the risk is from radon in soil, not water. This bill allows States to use a multimedia approach, that focuses on getting rid of radon in homes and schools that enters these facilities through the soil, instead of putting their limited resources into getting radon out of water.

I have long believed that the way to solve this issue is through a multimedia approach. Under this bill, EPA will use a risk assessment completed by the National Academy of Science to promulgate a radon regulation. Once the maximum contaminant level [MCL] is established, if it reduces radon in water to a lower level than that in the air outside, EPA will promulgate an alternative maximum contaminant level which is equal to the amount of radon in air outside or approximately 3,000 picocuries per liter. States will be able to use that alternative MCL if they have a multimedia program which is approved by EPA.

It is a win-win solution, allowing taxpayers to get the must public health protection for their money and ensuring the water is safe.

This is a good approach and I'm glad that I can now stop going to the Appropriations Committee to ask for their assistance on the radon issue.

One of the largest costs of compliance with the Safe Drinking Water Act is monitoring.

States have to monitor contaminants in drinking water whether they exist in their water systems or not.

All Nebraska communities have asked that the current system be revised to let them test for contaminants that exist in Nebraska. Current law allows for a waiver process. However, the process is expensive and time consuming, and the benefits accrue to the local systems while the costs are incurred by the States. I fought hard to see that these provisions be changed.

This bill calls on EPA to revise current monitoring rules and it gives States the authority to give monitoring relief to small systems for a 3-year period if the systems don't have the contaminant. Additionally, States can adopt alternative monitoring requirements if they have a source water assessment program.

Aside from radon and monitoring, standard setting posed a major problem. As we all know, in the 1986 amendments we decided to regulate 25 new contaminants every 3 years whether they were needed or not. This strict method of establishing standards caused some contaminants to be regulated without a sound scientific basis.

I pushed for a change in that process. I believe that EPA needs to spend more time working with other public health agencies prior to considering a regulation. That is why, through the new contaminant selection process, EPA must consult with the Department of Health and Human Services, more specifically the Centers for Disease Control to determine which contaminants should be researched to see if they should be regulated.

Once contaminants are thoroughly research—and this bill provides money to do just that—EPA must conduct a benefit-cost analysis prior to the promulgation of a regulation. That's the way decisions ought to be made. I've fought hard to see this provision implemented and I am confident that it will allow EPA to make the best choices for the protection of public health. Decisions that will allow a State or community's resources to be directed toward the greatest public health threat.

I fully support this bill. I have worked hard to ensure that it provides the best public health protection possible, flexibility for States, and affordability for small systems. I applaud the work of the committee and I thank them for their willingness to allow me into the debate and negotiations.

I want to stop here so this bill can be passed and sent on to the President for signature.

I close again by applauding the heroic efforts of the chairman, the distinguished Senator CHAFEE from Rhode Island, Senator BAUCUS from Montana, Senator KEMPTHORNE from Idaho, and Senator REID from Nevada. I would also like to thank their staff, in particular Jimmie Powell, Steve Shimberg, Jo-Ellen Darcy, Mike Evans, Tom Sliter, Ann Klee and Greg Daines. It simply would not have been possible without their belief that water systems in our Nation need to be safe and that we need to change the way we regulate in order to accomplish that objective.

I am very, very grateful. But, more importantly, the people of Nebraska are very grateful for your hard work, your diligence, and eventually your success.

Mr. CHAFEE. Mr. President, I thank the distinguished Senator from Nebraska, Senator KERREY, for the very generous remarks he made. He was hip deep in this when we started some 4 years ago, and although he is not on the Environment Committee, he has followed it extremely closely and has been extremely helpful and constructive to us. So I thank him personally.

In conclusion, I thank the staff: Ann Klee and Buzz Fawcett with Senator KEMPTHORNE; Jo-Ellen Darcy, Mike Evans, and Tom Sliter with Senator BAUCUS; Ann Loomis with Senator WARNER; Mike Smith with Senator THOMAS; Scott Slesinger with Senator LAUTENBERG; Gregg Daines with Senator REID; Chris Russell with Senator SMITH; Diane Hill with Senator KERREY, and, of course, from the majority staff of the Environment and Public Works Committee, Steve Shimberg, Jimmie Powell, who was the lead on this, who was absolutely phenomenal, and Stephanie Daigle. All of them deserve a lot of praise and thanks.

The PRESIDING OFFICER. All time has expired.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The chair recognizes the Senator from Montana.

Mr. BAUCUS. Mr. President, I ask unanimous consent to speak for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I know the distinguished chairman of the committee will join with me in also thanking Administrator Browner; Bob Perciasepe, Assistant Administrator; and Cynthia Dougherty, and a former administration official who worked very hard on this legislation, Jim Elder.

This administration has shown leadership on this issue by making it an environmental priority back in 1993. Today, we have made that priority a reality. We have a divided Government, as we all know. It takes cooperation to get things done. They were an integral part of the solution. We are all very thankful.

Mr. CHAFEE. Mr. President, I certainly join in those thanks.

Now we are ready to go to a vote.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Before we begin the vote, I believe we are prepared to get a consent agreement on the next two bills, and I would liked to get that done. I would like to make sure that the minority leader is here and has a chance to read it over.

Why not outline what we have here and when he comes, we will actually put it in the form of unanimous consent.

This unanimous consent agreement would be that immediately following the disposition of the safe drinking water conference report vote, the Chair lay before the Senate the health insurance reform conference report, and it be considered as having been read and it be in order for Senator WELLSTONE to make a point of order that the conference exceeded the scope with respect to section 281 of title II, subtitle H, and following the ruling of the Chair, Senator WELLSTONE be recognized to appeal the ruling of the Chair; that the appeal be limited to 10 minutes to be equally divided in the usual form; following the vote on the appeal, if overturned, the point of order be null and void, and that the Senate immediately agree to the Senate Concurrent Resolution now at the desk correcting enrollment of the conference report.

So that would be the first part of how we would deal with the health insurance reform package. And then we would ask that after adopting the correcting resolution, there be 2 hours for debate on the conference report to be equally divided between Senators KASSEBAUM and KENNEDY, with 30 minutes of the Kassebaum time under the control of Senator DOMENICI, and following the conclusion or yielding back of time, the conference report be laid aside; it would be made the pending business at the direction of the majority leader after notification of the Democratic leader, and that the Senate then proceed to an immediate vote on the adoption of the conference report without further action or debate.

So there would be two parts to that consent with regard to the health insurance reform package, first the one with regard to the point of order on section 281, and then we would have 2 hours of debate on the conference report itself, with 30 minutes specifically earmarked for Senator DOMENICI.

Then we would further ask consent, after that is agreed to, that the conference report to accompany the Small Business Tax Relief Act, H.R. 3448, be limited to—we will have to get the exact time, I think 60 minutes there—for debate, to be equally divided between Senators ROTH and MOYNIHAN, and the conference report be considered as having been read, and following the conclusion or yielding back of time, the Senate proceed to vote on adoption of the conference report without any further action or debate.

Does the Senator, the distinguished Democratic leader, have a comment or question about this?

Mr. DASCHLE. Mr. President, as I understand it, our staffs are just now combing through the language, and I think within a few moments we will be prepared to enter into the agreement. I did not hear all of the explanation from the distinguished majority leader.

Mr. LOTT. When the Senator is ready. I think I will read it. I will just read it again so everybody can hear it, but I wondered if the Senator had any questions he wanted to raise.

I might note if I could, if we could get that agreed to, we would have this vote and then we would have a total under that of 3 more hours of debate on the two bills, plus the time that would be taken, which should not be very much, on the section 281 correction, and then we would couple that with votes. That would all be completed by around 8 or 8:30. And then whatever wrap-up we would have at that point, if we could get an agreement on the defense authorization bill, any other unanimous-consent requests, of course, we would do those then. But I just want the Members to know it would involve a vote now, another vote in 2 hours, and then another vote 1½ hours or so after that.

Mr. President, I will yield for a question of the Senator from Rhode Island.

Mr. CHAFEE. I do not think the majority leader would find a rebellion if that 2 hours of debate were reduced.

Mr. LOTT. I would be more than willing to see it reduced.

Mr. CHAFEE. We completed a whole conference report here in 1 hour equally divided.

Mr. LOTT. There are some Senators who would like to be heard on this health insurance issue, including, I know, Senator DOMENICI and Senator KENNEDY and Senator WELLSTONE and others. They can always yield back time. I know it is not something we like to do in the Senate very much. If anybody would like to yield back time, I do not think Senator DASCHLE would object and I know I would not object, and we could finish earlier.

Mr. DASCHLE. If the majority leader will yield——

Mr. LOTT. Yes, I yield to the Democratic leader.

Mr. DASCHLE. To one other possibility, one other possibility would be to have the votes and people who care to talk about these things talk after the votes.

Mr. LOTT. I would like to deem all the votes having occurred now and have the rest of the night for debate.

Mr. DASCHLE. We ought to be able to work something out maybe during the course of this vote.

Mr. LOTT. All right.

Mr. DASCHLE. Perhaps we could get a unanimous-consent agreement right after that vote.

Mr. LOTT. Why not do that.

Mr. CHAFEE. Mr. President, I note the distinguished Senator from Massachusetts is here. I spoke with him earlier in the day, and he seemed to have a case of laryngitis, I thought, and perhaps he will not have the steam for 2 hours or an hour. I say that hopefully.

Mr. LOTT. Mr. President, I think I still have the time.

The PRESIDING OFFICER. The majority leader still has the floor.

Mr. LOTT. Mr. President, since the Senator is having laryngitis, I will not insist that he respond at this time. Let us have the vote. We will work on the final time agreement during the vote, and hopefully we can shorten that time and we can get our work done. So I yield the floor.

Have the yeas and nays been ordered?

Mr. CHAFEE. No, they have not been ordered.

The PRESIDING OFFICER (Mr. COATS). The yeas and nays have been ordered.

The question is on agreeing to the conference report. The clerk will call the roll.

Mr. FORD. I announce that the Senator from Arkansas [Mr. PRYOR] and the Senator from Washington [Mrs. MURRAY] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 263 Leg.]

YEAS—98

Abraham
Akaka
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Bradley
Breaux
Brown
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Exon
Faircloth
Feingold
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Nickles
Nunn
Pell
Pressler
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wellstone
Wyden

NOT VOTING—2

Murray
Pryor

The conference report was agreed to.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. KEMPTHORNE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LOTT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I believe Members will be very interested in this unanimous consent request. This will give them the idea of what will be happening over the next hour and a half, and some feel, maybe, of what might be in store for the balance of the night. We still have some things we are trying to work through. But this is a very important agreement. I am pleased we have it worked out. I think it is fair to all concerned.

UNANIMOUS-CONSENT AGREEMENTS

Mr. LOTT. Mr. President, I ask unanimous consent that immediately following the disposition of the safe drinking water conference report—which we have just done—the Chair lay before the Senate the health insurance reform conference report, and it be considered as having been read, and it be in order for Senator WELLSTONE to make a point of order that the conference exceeded the scope with respect to section 281 of title II, subtitle H, and following the ruling of the Chair, Senator WELLSTONE be recognized to appeal the ruling of the Chair, and that appeal be limited to 10 minutes to be equally divided in the usual form, and following the vote on the appeal, if overturned, the point of order be null and void, and the Senate immediately deem agreed to a Senate Concurrent Resolution now at the desk correcting the enrollment of the conference report.

To put that in everyday language, there will be a point of order made, and the Chair will rule after 10 minutes of debate equally divided. Then action would be taken, and then that would go as a Senate Concurrent Resolution over to the House for disposition. We believe we have everything agreed to, both here and over there. And this is the way to deal with this issue as it now stands.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LOTT. Mr. President, I further ask unanimous consent that following the adoption of the correcting resolution, there be 85 minutes—85 minutes—for debate under the control of Senator KENNEDY, 70 minutes under the control of Senator KASSEBAUM, with 30 minutes of the Kassebaum time under the control of Senator DOMENICI, and following the conclusion or yielding back of time, the conference report be laid aside to be made the pending business at the direction of the majority leader, after notification of the Democratic leader.

The PRESIDING OFFICER. Is there objection?

Mr. DOMENICI. Reserving the right to object, and I shall not. Fellow Senators, I have been heard to say I would do anything I could to kill this bill because of what happened with reference to the mentally ill. But I have conferred with our distinguished leader. And, frankly, I am very proud of what he is doing around here. He is making the Senate work, and we are getting some things done. And to be honest, the only thing I could do is make you all stay around here tonight and tomorrow, if a couple of us could stand on our feet all night. And I do not choose to do that because I think, in the end, this bill is so good for the American people, and that will be expressed by the votes of this body.

But I would like those who have resisted a very modest amendment which we agreed to, which was a compromise, to know—and I told our leader this—that this issue is not going away. In fact, I will introduce a freestanding bill today with many cosponsors. And it will just be on the very simple proposition that we attempted to resolve this on, not the full amendment that came about here on the floor.

I would like everyone to know, including our distinguished leader, during the month of September there will be opportunities to vote again. And I do not intend to let this issue go by. So all of you can be looking at it because you are going to be voting again, except the next vote is a very simple one, just so, so small in dimension that hardly anybody can really object on the grounds of costs. So everybody should know that. And with that, I agree to the unanimous consent request.

I understand, I say to Senator KASSEBAUM, of your 70 minutes, in the event you have a few of them left over, you would yield those to me, also in the event those on my side need more than the 30 minutes. Is that correct?

Mrs. KASSEBAUM. Yes.

Mr. DOMENICI. Thank you for what you are doing.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

Mr. LOTT. Mr. President, I want to thank the distinguished Senator from New Mexico, the chairman of the Budget Committee, for his comments. And Senator DASCHLE, both he and Senator WELLSTONE, I thank for their cooperation. We know how strongly you feel about it. The Senator has been very fair. We appreciate it very much.

I further ask unanimous consent that the time on the conference report to accompany the small business tax relief bill, H.R. 3448, be limited to 60 minutes under the control of Senator MOYNIHAN, 30 minutes under the control of Senator KENNEDY, and 60 minutes under the control of Senator ROTH, and the conference report be considered as having been read, and following the conclusion or yielding back of the time, the Senate proceed to vote on adoption of the conference report without further action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask unanimous consent that at 6 o'clock this evening, if the House has adopted the correcting resolution with respect to the House insurance reform conference report, and consent can be granted to postpone the above-listed debate time, then the Senate proceed to two back-to-back votes, the first on the adoption of the health care conference report, to be followed by a vote on adoption of the small business tax relief conference report, and any remaining debate time not previously consumed be in order following the vote with respect to the small business tax conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I further ask if the Senate receives an identical concurrent resolution correcting the enrollment, it be deemed agreed to and the motion to reconsider be laid upon the table, all without further action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Would the distinguished Democratic leader have any comment at this time?

Mr. DASCHLE. I thank the distinguished majority leader. This unanimous consent agreement is designed to try to accommodate all Senators. There are a number of Senators, as the distinguished Senator from New Mexico has indicated, who wish to be heard on both of these conference reports, but there are a lot of other Senators who would like to be able to plan their travel for early this evening.

What this could do is provide us the opportunity, if we can do it, to have two stacked votes at 6 o'clock, one on the conference report on the minimum wage-small business package, the other on the health bill.

I hope we can get cooperation on both sides to accommodate those two votes no later than 6 o'clock. I believe we can, and I applaud the majority leader for his effort in getting us to this point.

Mr. LOTT. I thank Senator DASCHLE for his comments and his frankly suggesting we could do the two votes at 6 o'clock, as well as his cooperation.

I know a lot of Senators have a lot of other issues they are interested in. We are still working some other issues and some, I believe, for instance, the Emerson food donation bill, a food bank bill, which I think we can get that cleared. We will be talking about other issues, so I hope rather than ask about all these bills, maybe we can go ahead and get started on the debate. I see Senator NUNN, and I know he is very much interested in some nominations.

Mr. NUNN. If I could just take 2 seconds here, I am glad progress is being made.

I join the chairman of the committee, Senator THURMOND, in his plea that we pass the defense authorization bill. It will take a total of about 20 minutes, based on what I know now.

Even more urgently, I urge that we clear the nominations, the military nominations. We have posts all over the world that depend on these nominations. It is extremely important that we do the nominations this evening. Whatever else is still in dispute when we go home tonight, I hope the nominations on the military side are cleared.

I can assure my colleagues that if Senator THURMOND and I are given 20 minutes, equally divided—we will probably cut that down, if necessary—we can finish debate on the defense authorization bill and conference report, which passed the House last night, have the stacked votes at 6 o'clock, and have that vote right after that.

I hope we would be able to get agreement on both sides.

Mr. LOTT. I yield the floor.

The PRESIDING OFFICER. Is there objection to the request of the majority leader?

Mr. LEVIN. Reserving the right to object, would the majority leader yield for a question?

Mr. LOTT. Mr. President, I thought all the unanimous-consents had been agreed to.

The PRESIDING OFFICER. The last consent was not agreed to. The Senator from Michigan has reserved the right to object.

Mr. LOTT. I am happy to yield.

Mr. LEVIN. Earlier in the week, the majority leader indicated there would be an effort made to offer up the nominations of the circuit judges as well as the district court judges. Is that effort going to continue?

Mr. LOTT. I will continue to work on those nominations. We have shown an abundance of good faith. We have confirmed 17 judges. We are not going to be able to get more of them cleared tonight, but we will continue to work on these as we go on into the fall.

Mr. LEVIN. As the majority leader knows, one of the judges I am familiar with, Eric Clay, has the support of both the Republican and the Democratic Senators from Michigan, and he is from Michigan. Is there any possibility now that would be offered this evening?

Mr. LOTT. We will continue to work with the Senator on that. Senator ABRAHAM has talked to me about that. We will continue to work on that.

I yield the floor.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

Mr. WARNER. Mr. President, I join the distinguished chairman of the committee, Mr. THURMOND, and Mr. NUNN in their petition to the leadership of the Senate that we do address the authorization bill. I spoke earlier on that, and that particular military measure, coupled with the nominations pending before the Senate, are absolutely essential pieces that have to be passed before we depart.

I yield the floor.

Mr. THURMOND. Mr. President, I wish to thank the able Senator from Georgia, Senator NUNN, for his remarks on these defense matters, and also Senator WARNER of Virginia.

Defense, I say again, is nonpartisan; military matters and nominations are nonpartisan. Why there is an objection here to the taking up of nominations of the President of the United States for military nominations is beyond me. Why there is objection here to the taking up a defense bill agreed to on both sides, that we can finish in 20 minutes, an objection to taking it up is beyond me. After all, defense is for the whole country. These military nominations are for the whole country.

I hope that the leadership on the Democratic side that is objecting to taking up these matters would relent and let us go ahead and pass these matters. The House yesterday passed this defense conference report in 1 hour. I think we can pass it in 20 minutes.

Again, I ask the leadership on the Democratic side to reconsider this matter and take up these defense matters which are for the benefit of the whole country.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996—CONFERENCE REPORT

Mr. WELLSTONE. Mr. President, what is the regular order?

The PRESIDING OFFICER. The clerk will report the conference report.

The bill clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The Senate proceeded to consider the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 31, 1991.)

POINT OF ORDER

Mr. WELLSTONE. Mr. President, I raise a point of order against the conference report under rule XXVIII, paragraph 2, because provisions contained in section 281 of the report were inserted by the conferees, and such provisions constitute "matter not committed to them by either House."

They have, therefore, exceeded their authority, in violation of rule XXVIII, paragraph 2.

The PRESIDING OFFICER. The Chair will examine the language of the conference report and needs to do that before it can issue a ruling. The Chair will withhold so that examination can be made.

The Chair announces that the point of order is not sustained.

Mr. WELLSTONE. Mr. President, I appeal the ruling of the Chair.

The PRESIDING OFFICER. Under the previous order, 10 minutes are to be equally divided.

The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, let me explain my challenge. I have to thank Senator PRYOR from Arkansas, who has been so diligent on these issues, and also Senator KENNEDY from Massachusetts.

Mr. President, in the dark of night, in this conference committee for this bill, the insurance reform bill, there was a provision that was put in, which was a 2-year patent extension for a prescription drug called Lodine. I think the effect of this would be that for 5 years it would be impossible for consumers to purchase a generic drug. My understanding is that the manufacturer is paying the Federal Government $10 million each year, or $20 million, because this would be additional costs, since the Medicaid assistance would go up more than it would if in fact consumers had access to the generic drug. In addition, the company will be providing reimbursements to some of the States because of the additional Medicaid costs.

The problem, Mr. President, is that this is a gigantic ripoff for the rest of the consumers because the generic drug would give consumers access to affordable treatment, those who are suffering from arthritis. So that, I think, is egregious. Clearly, I think it is the wrong thing for us to do.

The point of this challenge, however, has to do with the process. There was an attempt to stick this provision into the Senate Appropriations Subcommittee, and there was a very strong letter from Senator PRYOR and Senator CHAFEE saying, don't do that. But this was stuck into the committee late at night, not known to very many Members. It had never really passed out of any committee. It hadn't passed out of any committee in either House, certainly not the two committees with jurisdiction over this legislation. Therefore, it was not within the scope of this conference committee to stick this provision in.

So, Mr. President, my point and the reason that I raise this point of order is that I think what was done really was a violation of the way the process is supposed to operate. On a very legal, technical point, it was a violation. This had not been dealt with by committee in either House.

Mr. President, I have to say, I was a college professor and used to teach political science courses, and I knew conference committees were called the third House of the Congress, but I had no idea that this kind of action could be taken, really, in the dark of night, not an open process, not accountable to the citizens of the country. It was the wrong thing to do, and it is for this reason that I raise this point of order and that I appeal the ruling of the Chair.

Mr. SANTORUM. Will the Senator yield for a question?

Mr. WELLSTONE. I reserve the remainder of my time, and I will yield on your time.

Mr. SANTORUM. In that case, I will yield to the senior Senator from Pennsylvania.

Mr. SPECTER. Mr. President, contrary to the statement by the Senator from Minnesota, this matter has been considered in the Judiciary Committee as part of the markup on the drug patent bill. It was on the floor as a part of the Hatch amendment, which was a part of the defense authorization bill.

This measure was also considered by the House, which passed a 2-year patent extension for this drug on separate occasions; in 1992 and again in 1996. It has been so considered as a matter of basic fairness. The FDA delayed action on this matter for some 97 months, contrasted with 27 months on the average.

This matter has been considered extensively. I raised it in open session in the Agriculture Subcommittee of the Appropriations Committee earlier this week. It had been in the House Agriculture appropriations bill and was dropped in conference. I do not vouch for the provision where it was added to the health care bill after conference. I do not know about that and was not a party to that.

But we have a very basic problem in America about research expenditures for drugs that benefit sick people. These drugs benefit everybody including the elderly, the young, and those not in either category. If we are going to expend a very substantial sum of money on research, there is going to have to be a reasonable return. We have a patent period, and the patent period was not honored in this case. The manufacturer here, Wyeth-Ayerst, is a major Pennsylvania constituent of Senator SANTORUM's and mine, employing thousands of people in the Philadelphia suburbs. If they are to be able to continue, they are going to have to have a reasonable return.

Those who added it to this bill did so because this is a health bill. One way or another, these sorts of matters must be considered. I am very sympathetic to generic manufacturers, and I have a very strong voting record for senior citizens on issues like this. But if we are to have the kind of research, productivity and the great miraculous advances, we are simply going to have to have a reasonable rate of return on the patent period that is realistic. That is why on the merits and as a matter of fairness, I have advocated this position publicly and do so today, because I think it is an appropriate and sound position.

I yield to my colleague from Pennsylvania.

Mr. SANTORUM. I think the Senator has articulated the arguments on the merits very well. This is an appropriate remedy. I just ask the Senator from Minnesota if he has ever heard of the drug Daypro. It is a competing drug that had the same problems going through the FDA as Lodine, the same problems, the same delay. But in the 1996 omnibus appropriations bill, Daypro got an extension. I don't recall the Senator from Minnesota objecting to that extension, asking for that to be removed. But they got one, too.

So what we have now is a competitive disadvantage. We have one company with a similar drug, a similar prescription, getting an extension and another drug with the same FDA problem not getting an extension. This is a health care bill. The Chair has ruled that it is within the scope of this bill. So I think what is going on here is, frankly, not a special interest, but simply a matter of fairness that we are trying to address. I think what has gone on here is really a lot of actions that—as the Senator said, this bill passed here in the Senate, passed in the House. It is not a new provision. It has had committee discussion. This thing is not anything new to any Member of this floor. We should have left it alone and created the fairness that this Senate acted on and the House acted on in the past.

Again, I agree with the Senator from Minnesota, and I don't agree with sticking things in conference that weren't originally there. I understand that objection. But this is not a red herring proposal. This is a sound proposal. This is a fair approach, and I think we are going to see either this or, frankly, the repeal of the Daypro. One or the other is going to happen again sometime in the next couple of months.

Mr. WELLSTONE. Mr. President, I appreciate working with both of my colleagues. For all I know that other provision was stuck in conference committee in the dark of night. I did not catch it. I really appreciate what you have said. I think we would probably disagree maybe on the substance because I think by postponing the time that this can be generic. We really provide more cost to the consumers. But it seems like what you have said—and hopefully we can all agree on this—this should not have been stuck in the conference committee the way it was. It was not appropriate, and that is why I challenged the ruling of the Chair.

I think from the point of view of the way our process operates it is a huge mistake to legislate this way. That is why I hope that I will receive strong support on this challenge. And my understanding is that, if we prevail on the voice vote, this will become a successful concurrent resolution which will be a technical correction resolution that I introduced on behalf of myself, and also Senator KENNEDY from Massachusetts.

Again, I thank especially Senator DAVID PRYOR for really bringing this to my attention.

Mr. SPECTER. Mr. President, I would take strong exception to any language if it refers to anything which my distinguished colleague, I, or others in the advocacy of this position have done. We have spoken of it directly. I did so earlier this week in the conference, and we do so on the floor today.

We need medical research. We need these wonder drugs to be produced. It is a matter of fairness as to how we are going to compensate those who produce them. If we are to have them for the consumers, we will have to be able to pay for them. And I think ultimately we will have to take this matter up on the merits, and I think at that time we will see that it is an appropriate position which Senator SANTORUM, I, and others have advocated.

Mr. WELLSTONE. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. The Senator has 36 seconds.

Mr. WELLSTONE. I say to my both my colleagues from Pennsylvania that they clearly are two Senators who are always more than willing to be strong and determined and honest in their positions in public.

This amendment is not at all aimed at the Senator from Pennsylvania. It is aimed at something that I think is wrong with this process.

I yield the floor.

The PRESIDING OFFICER. The question is, Should the decision of the Chair stand as the judgment of the Senate?

The ruling of the Chair was not sustained.

CORRECTING THE ENROLLMENT OF H.R. 3103

The PRESIDING OFFICER. The clerk will now report the concurrent resolution.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 68) to correct the enrollment of H.R. 3103.

The PRESIDING OFFICER. Under the previous order, the concurrent resolution is agreed to.

The concurrent resolution (S. Con. Res. 68) was agreed to as follows:

S. CON. RES. 68

Resolved by the Senate (the House of Representatives concurring), that in the enrollment of the bill (H.R. 3103) entitled "an Act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance converge in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings account, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes", the Clerk of the House of Representatives shall make the following correction:

Strike subtitle H of title II.

Mr. KENNEDY. Mr. President, I wish to make a brief comment on the addition of the special-interest provision that was added in the legislation without knowledge of the Democratic conferees and, to my knowledge, Republican conferees.

I am pleased that a provision to benefit a particular pharmaceutical company will now be dropped from the very important health care legislation.

The provision was surreptitiously included in the conference report without the knowledge of the conferees. Clearly, it did not belong in this legislation.

I simply point out that the provision was rejected when previous efforts to put it into other bills were attempted. An initial attempt to include the special deal was rejected in the defense authorization bill. A second attempt was made to include it in the agriculture conference report, and that was rejected also. Now it has been rejected in the health reform conference, and we were right to reject it.

Let me just conclude by saying, strike three, this provision is out and good riddance.

I will highlight the points in the GAO report that was issued. It said that Lodine is a "me, too" drug which provides no significant health benefit or therapeutic breakthrough which would justify expedited review, such as AIDS or cancer.

FDA found that the Lodine submission was "piecemeal, voluminous, disorganized, and based on flawed clinical studies."

The Lodine submission to FDA did not contain "enough data to prove efficacy, until September 1989."

It has already received special consideration under the Waxman-Hatch amendments. We passed that to try to take into consideration companies that felt they had not been treated fairly before the FDA. We have included in the RECORD the excellent statement that has been made by both Senator CHAFEE and Senator PRYOR. First of all, we note that no hearings or deliberations of any kind have been held in either the House or Senate as to whether any public purpose would be served by granting this extension. Then, finally, the CBO says the patent extension will cost the Federal Government and taxpayers $10 million. These resources would be far better applied and are urgently needed under the submissions jurisdiction.

The other point I will mention, the Lodine patent extension includes language barring importation of active ingredients. This would prevent generic competitors from conducting the essential preclinical tests and clinical studies to prepare for marketing, as they are permitted and required under the 1984 act. This specific clause further extends the patent extension by as much as 5 years and market exclusivity by as much as 7 years.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. The Senate is now operating under control of debate time.

Who yields time?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, as I understand by the previous agreements, we have divided up the time for the next few hours between the Kassebaum-Kennedy bill and also on the minimum wage legislation, but that there has been agreement to vote on these measures at 6 o'clock. So there is an expectation that it would be at 6 o'clock.

So I expect that during the course of the next period of time that we have between now and 6 that perhaps that time could be divided, if it is agreeable with Senator KASSEBAUM; that we might just divide the time between she and I until 6 o'clock.

Mrs. KASSEBAUM. I anticipate, of course, if there is more time allocated to us, that will take us past 6 o'clock. As you know, Senator DOMENICI and Senator WELLSTONE want a large share of that time to be equally divided. We will try to do so. But we will have to make sure that time is allocated to them.

Mr. DOMENICI. Mr. President, I think the Senators will be fair. But it seems to me that the spirit of the understanding would provide a portion of that time to the Senator from New Mexico. I think the spirit of it was that a portion of that time would go directly to the Senator from New Mexico.

Mr. KENNEDY. If we have 55 minutes, I suggest that we divide it between Senator KASSEBAUM and myself. And then we will allocate it to our Members between now and 6 o'clock, if that is agreeable.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, I allocate to myself 5 minutes.

The PRESIDING OFFICER. The Senator from Kansas is recognized for up to 5 minutes.

Mrs. KASSEBAUM. Mr. President, today, we stand on the threshold of passing long-overdue reforms to our Nation's health insurance system.

According to the General Accounting Office, the bipartisan conference agreement before us today will help at least 25 million Americans each year who now face discrimination and live in fear that their health insurance coverage will be canceled if they change jobs, lose their job, or become sick.

It was exactly 1 year ago today that the Senate Labor Committee passed the core provisions of this legislation by a unanimous vote. For many months prior to that time, Senator KENNEDY and I worked together with insurance companies, consumers, Governors, State regulators, large employers, small employees, and other to forge a bipartisan consensus which would bring us to this day.

Mr. President, it has been a long, and sometimes bumpy, road. But the spirit of cooperation and bipartisanship that began this process 1 years ago has allowed us to overcome very difficult obstacles that threatened—but never derailed—our drive to pass common-sense health reforms that would provide real health security.

Whilte there has been a great deal of debate and polemics over the last few months about extraneous provisions, Senator KENNEDY and I have never lost sight of our primary goal. The heart and soul of the Kassebaum-Kennedy bill that passed the full Senate unanimously are firmly embedded in the conference agreement before us.

Mr. President, beginning July 1, 1997, every American who has played by the rules will be able to keep their health insurance coverage even if they change jobs, lose their job, or have a preexisting illness.

Last night, the House of Representatives passed the Health Insurance Portability and Accountability Act by an overwhelming vote of 421 to 2. Today, we will have the opportunity to do the same and to send this bill to President Clinton for his signature.

This is a dramatic victory for the American people—not only because the bill will help millions of Americans with preexisting illnesses, but also because—I believe—the process of compromise, negotiation, and bipartisanship that was the hallmark of this bill will go a long way toward restoring Americans' faith that their Government can work to address their most pressing concern.

Depending on who was speaking yesterday, one would think that health reform was entirely the province of one party. But as Senator KENNEDY and I both know, this effort has been bipartisan from the start.

Senator KENNEDY and Representative ARCHER worked together to develop a compromise on medical savings accounts that broke a months-long impasse on the bill.

The majority and minority leaders, as well as Senator Dole, deserve much credit for breaking the gridlock over this bill.

In fact, Mr. President, I would just like to say a special word of appreciation to the majority leader. I think that Senator LOTT has devoted a great deal of time and energy to making sure that we could reach this point this evening before we go out on our recess.

And there also has been significant bipartisan support in the House from Representatives THOMAS, BLILEY, BILIRAKIS, WAXMAN, HYDE, DINGELL, and others. I especially want to recognize Representative HASTERT of Illinois for his leadership in bringing together members of both parties to reach agreement on this very important bill.

I regret that we could not do more to help small employers. In an effort to avoid controversy that could have derailed the legislation, both the House and Senate small business pooling provisions were dropped from the conference agreement. Representative FAWELL from Illinois is perhaps the greatest advocate of this reform, and Senator JEFFORDS, from Vermont, also has worked very diligently to help small employers enjoy the same economies of scale as large employers. My hope is that those Members and others will continue to show leadership in the future to find constructive bipartisan solutions in this area.

I also regret that this legislation does not include malpractice reforms that could significantly lower costs for consumers.

Finally, Mr. President, I know many of my colleagues are disappointed that the bill does not do more to help end discrimination against those with mental illnesses. I know that Senator DOMENICI and others will speak to that issue later. But I would just like to express my appreciation to Senator DOMENICI who has devoted his time and heartfelt efforts to achieving legislation to address parity in insurance coverage for those with mental illness.

We did not do enough in this bill, and I certainly can understand those who wish we could have done more. However, the bill does represent significant progress for those with mental illness and other chronic conditions. The bill expressly prohibits employers and insurers from denying coverage to individuals because of preexisting mental illnesses as well as physical illnesses, and people who suffer with mental illnesses will be able to change jobs without the fear of losing their health coverage.

I also have received letters in recent days from nearly 30 groups, including the American Association of Retired Persons, the American Medical Association, the American Hospital Association, the American Cancer Society, the Healthcare Leadership Council, the American Lung Association, the American Heart Association, the March of Dimes, and others.

Let me read from one of these letters:

> The American Cancer Society estimates that more than one million people will be diagnosed with cancer this year. Ten million Americans alive today have a history of cancer. Under current insurance practices, many of these people will be denied coverage if they change jobs or lose their job, or they will be squeezed out of their existing plan because of their health status. The health insurance reform bill addresses these critical issues by limiting preexisting condition restrictions and ensuring greater portability of coverage. * * * The modest reforms contained in [this bill] will go a long way toward protecting people with chronic illness and their families. * * *

So, Mr. President, let us move forward. Let us cap this bipartisan effort with another strong vote today and send this historic legislation to the President's desk for his immediate signature.

There is no controversy about the central elements of the bill. There is no question that the President will sign the legislation. There is no question that—despite its long delay—the President, and members of both parties, in both the House and the Senate, can take credit for passing these sensible reforms.

And there is no question that the American people will be the real winners today. This bill will guarantee that those who need coverage the most are not shut out of the system. It is a small step forward, but it is a historic step. And it will mean the world to millions of Americans who will no longer live in fear that they will lose their health coverage when they change jobs or lose their job.

I urge my colleagues to support the conference agreement, and to send this important measure to the President today.

Mr. President, I think many will be helped by this bill. While it is not a great leap, it is an important, historic step forward in addressing many of the American people's most pressing concerns about health care.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, in the final moments before we are going to have legislative completion of this Kassebaum-Kennedy bill, I once again commend the chairman of our committee, Senator KASSEBAUM, for her leadership and work in fashioning this legislation, which reflects the strong bipartisan support of her committee. As she has rightfully pointed out, it was a year ago today that the committee reported it unanimously. It did take us a period of time, some 8½ months, before the Senate finally considered the legislation, and then passed it unanimously. So this does really reflect an extraordinary legislative achievement and accomplishment.

As we come into the final days and hours of this part of the Congress, I think all Americans are very much in the debt of Senator KASSEBAUM for all she has done on this legislation and on many other pieces of legislation, and it is important for the record to note it. I think the Members of the Senate respect and understand that.

Secondly, Mr. President, this legislation is right and necessary not just because, as the leaders of all of the great religions have pointed out, it is morally imperative for those who have some preexisting condition or some illness, or disability. It is not only right because we have virtual unanimous support from the business, consumer, and labor communities, but most powerfully it should pass because it has the support of the working families in this country.

There will be many who will try to claim credit for the legislation. But ultimately this legislation was passed for the parents, those parents who today are worried about a child who may have some disability and wonder what in the world is going to happen to their child when they reach maturity and they are no longer included in that parent's policy. Those parents know that today it is virtually impossible for that child to be able to get some kind of health insurance.

Victory can be expressed by workers, who currently can see a new opportunity for themselves and for their families by moving up in terms of the employment opportunities but hesitate to do so. They hesitate to attempt to fulfill the great American dream because they wonder whether that job which is out there and offered to them in which they feel they can do a superior job may not provide that degree of coverage for a member of their family, for their wife or for one of their children. As a result, they turn down that opportunity. The American dream becomes somewhat more remote and distant to them.

It is a victory for those older workers, in my State of Massachusetts and around the country who, as a result of downsizing, changes in defense procurement, and changes in our commercial markets, become down-sized and put out, effectively to pasture, and wonder whether they are going to be able to acquire any kind of health insurance because maybe they are not as physically able as they were at an earlier period of time. These older workers—who have worked hard, paid their dues over the long period of time and who may be a little ill—now have this anxiety—just when they are looking at their golden years in retirement.

It is the entrepreneur, the individual who wants to start up their own business but knows that because a member of their family has some illness, they are virtually prohibited from acquiring any kind of health insurance. Today, their hopes and dreams are further diminished.

When the final vote on the Kassebaum-Kennedy is taken later today, it will pass overwhelmingly. It will pass because it is bipartisan legislation. It will pass because it is supported by over 200 groups in a broad-based coalition representing consumers, business, labor, and responsible insurance companies. It will pass because the conference committee agreed to limit the controversial medical savings account proposal to a genuine test—not a full-blown program—and to accept meaningful portability reforms. Most of all, it will pass because the American public deserves and demands action.

I want to give special praise to the chair of our committee and the leading sponsor of this bill, Senator KASSEBAUM. It was her leadership that resulted in a unanimous vote from our committee. It was her vision and commitment that made it possible for this bill to pass the Senate without crippling amendments. She was tireless in her efforts to reach a constructive compromise to get a bill that all of us can support. As she nears retirement from the Senate, this bill is her gift to the American people. The American people owe her a great debt of gratitude, and I'm proud to have served with her on the Labor Committee for all these productive years.

This bill will end many of the most serious health insurance abuses and provide greater protection to millions of families. It is an opportunity we can't afford to miss.

The abusive practices addressed by this bill create extensive and unnecessary suffering. Ending them will bring greater opportunity and peace of mind to millions of Americans. Twenty-five million Americans a year will be helped by the provisions of this bill. Everyone knows a family member or friend who has been hurt because of the abuses this bill will end.

Millions of Americans are forced to pass up opportunities to accept new jobs that would improve their standard of living or offer them greater opportunities because they are afraid they will lose their health insurance. Many others have to abandon the goal of starting their own business because health insurance would be unavailable to them or members of their families.

Parents who have a child with a health problem worry that their son or daughter will be uninsurable when they are too old to be covered by the family policy. Early retirees find themselves uninsured just when they are entering the years of the highest health risks. Other Americans lose their health insurance because they become sick, lose their job, or change their job—even when they have faithfully paid their insurance premiums for many years.

With each passing year, the flaws in the private health insurance market become more serious. More than half of all insurance policies impose exclusions for preexisting conditions. As a result, insurance is often denied for the very illnesses most likely to require medical care.

The purpose of such exclusions is reasonable: to prevent people from "gaming" the system by purchasing coverage only when they get sick. But current practices are indefensible. No matter how faithfully people pay their premiums, they often have to start over again with a new exclusion period if they change jobs or lose their coverage.

Eighty-one million Americans have conditions that could subject them to such exclusions if they lose their current coverage. Sometimes these conditions make them completely uninsurable.

Insurers impose exclusions for preexisting conditions on people who don't deserve to be excluded from the coverage they need. Sometimes, insurers deny coverage to entire firms if one employee of the firm is in poor health. Even if people are fortunate enough to obtain coverage and have no preexisting condition, their policy can be canceled if they have the misfortune to become sick—even after paying premiums for years.

One of the most serious consequences of the current system is "job lock." Workers who want to change jobs must often give up the opportunity because it would mean losing their health insurance. A quarter of all workers say they are forced to stay in a job they otherwise would have left—because they are afraid of losing their health insurance.

When we originally debated this legislation on the Senate floor, I spoke of just a few of the millions of Americans who have been victimized by the abuses in the current system.

Robert Frasher from Mansfield, OH works for an employer who offers health coverage to employees. But the insurance company won't cover him because he has Crohn's disease.

Jean Meredith of Harriman, TN and her husband Tom owned Fruitland USA, a small convenience store. They had insurance through their small business for 8 years. But Tom was diagnosed with non-Hodgkin's lymphoma, and their insurance company dropped them because they were no longer profitable insurance risks. Without health insurance, Tom Meredith had to wait a year to get the surgery he needed. After spending $60,000 dollars of his own funds, his cancer recurred and he died a year ago. Tom Meredith might still be alive today, if he hadn't been forced to wait that year.

Diane Bratten from Grove Heights, MN and her family have insurance through her employer. Because of a history of breast cancer now in remission, Diane and her family would not be able to get coverage if she decided to change jobs or was laid off.

Nancy Cummins of Louisville, KY lost her health insurance when her husband's employer went bankrupt. When their COBRA coverage expired, they were uninsured for 3 years until they qualified for Medicare. During this period, she suffered three heart attacks, which left their family with $80,000 in debts.

Jennifer Waldrup of my home state of Massachusetts was covered by her husband's health insurance until his employer went out of business. When she applied for coverage under her own policy, she was turned down because she had multiple sclerosis. Her employer tried to help, but could not find an insurer who would insure here. Her husband had to cash in his life insurance to pay her medical bills.

Tom Hall of Oklahoma City testified before our Committee. He faithfully paid for premiums for 30 years under the group policy of the construction business he co-owned. When the company dissolved and he became self-employed, the same insurance firm refused to give him coverage because he had a heart condition. He lives in fear that his life savings will be wiped out.

This legislation is a health insurance bill of rights for Robert Frasher, for Jean Meredith, for Diane Bratten, for Nancy Cummins, for Jennifer Waldrup, for Tom Hall—and for millions of other Americans as well.

Those who have insurance deserve the security of knowing that their coverage cannot be canceled, especially when they need it the most. They deserve the security of knowing that if they pay their insurance premiums, they cannot suddenly be denied coverage or be subjected to a new exclusion for a preexisting condition when they change jobs and join another group policy, or when they need to purchase coverage in the individual market.

This health insurance reform bill corrects these fundamental flaws in the private insurance system. It limits the ability of insurance companies to impose exclusions for preexisting conditions. Under the legislation, no such exclusion can last for more than 12 months. Once someone has been covered for 12 months, no new exclusion can be imposed as long there is no gap in coverage—even if people change jobs, lose their job, or change insurance companies.

The bill requires insurers to sell and renew group health policies for all employers who want coverage for their employees. It guarantees renewability of individual policies. It prohibits insurers from denying insurance to those moving from group coverage to individual coverage. It prohibits group health plans from excluding any employee based on health status.

These rules are important for helping people with a wide range of health conditions. They also address the relatively new but serious and growing concern that genetic screening information will be used to deny coverage to people who aren't sick yet—a concern that prevents many from getting the medical tests that could help protect them against future illness.

Also, because of this bill, victims of domestic violence will know that they can seek help without jeopardizing their insurance coverage.

The bottom line is that this legislation guarantees that no one who faithfully pays their premiums can have their insurance taken away or preexisting conditions imposed, even if they change jobs or lose their job.

There has been a sudden rush in recent day to claim credit for this bill as it reaches final action. This is not a partisan bill. It was developed by a Republican Senator and a Democratic Senator. Members on both sides of the aisle have made important contributions. But the American people should be clear as to who fought to pass this bill—and who fought to derail it.

The Kassebaum-Kennedy bill was approved by the Labor and Human Resources Committee on August 2, 1995—exactly 1 year ago today. It was approved by a unanimous vote of 17–0. And then it languished for months on the Senate calendar because Bob Dole and the Republican Senate leadership tried to kill it by a system of rolling, anonymous holds. In fact, it would still be on the Senate calendar today, if it had not been for the courageous leadership and timely intervention of President Clinton.

Let there be no mistake about the facts. This bipartisan bill was passed because President Clinton led an all-out effort. And it almost died because Bob Dole and the Republican leadership tried to kill it. They blocked it for months because they were more concerned about the profits of insurance companies than the health care of America's families. The party that tried to slash Medicare was at it again.

President Clinton's eloquent call for action on the bill in the State of the Union Address on January 23d this year was the trumpet that blew down the wall of Republican obstruction. The President focused the attention of both the press and the public on the legislation—and on the secret maneuvers that were stabbing it in the back. The obstruction failed. President Clinton's State of the Union Address lit a fire that Bob Dole couldn't extinguish.

Two months later, on February 6, Bob Dole agreed in principle to let the bill come before the Senate. At that time, hardly by coincidence, he was in the middle of a difficult campaign in the New Hampshire primary.

And even after he agreed in principle to bring up the bill, he still managed to postpone action for more than 3 months—until April 18—so that insurance companies who profit from the abusive practices of the current system would have more time to organize their opposition and prepare their poison pills.

One of the poison pills was medical savings accounts [MSAs]. The House and Senate Republicans tried to force Congress to swallow that pill, even though it would clearly jeopardize passage of the entire reform. This radical and untried concept was fueled by lavish campaign donations from the Golden Rule Insurance Company—one of the worst abusers of the current health insurance system. Authoritative, independent analyses of the concept warned that widespread use of medical savings accounts could easily drive up premiums for other citizens by 60 percent or more. In the words of the Congressional Budget Office, medical savings accounts "could threaten the existence of standard health insurance."

The Republican plan lacked even the most basic consumer protections for people who selected MSAs. Deductibles could be as high at $5,000 per individual and $7,500 per family. There was no limit on how high their total out-of-pocket costs could rise.

The Kassebaum-Kennedy health insurance reform bill is supposed to make the insurance system better for the American people, not undermine it through untested programs or expose people to excessive health care costs. But that is exactly what Senator Dole and the House Republicans tried to do. When medical savings accounts were proposed on the Senate floor, Senator Dole led the effort—and was soundly defeated.

House Republicans also demanded other protections for the insurance industry that would have made a mockery of the entire bill. Under their proposal, the promise of portability became a hollow one. Insurance companies could offer only one policy to sick people at a prohibitive cost. A family plan would have cost $18,000 a year under the Republican plan.

This scheme would have been a setup for the insurance industry and a setback for health reform, if Democrats had not stood firm. The intransigence of the House Republican leadership stalled the bill until July 25—4 months after it passed the Senate. Until the last day of the conference, they continued their attempt to undermine the portability provisions. Because President Clinton and Congressional Democrats stood firm, the American people are the winners.

Obviously, this bill is not a cure-all for the health care system. But it is an important first step on the road to further reform.

We all know the problems that continue to exist. Between 1990 and 1994, the number of uninsured Americans rose 18 percent—from 34 million to 40 million citizens. The average person who becomes uninsured today will stay uninsured twice as long as in the 1980s. According to a recent study, the number of uninsured could rise by another two-thirds—to 67 million Americans—over the next 7 years. The percentage of Americans with job-based insurance will fall from 61 percent in 1989 to 45 percent by 2002.

These trends will not change because of the legislation we are enacting today. Too many families will still be just one pink slip away from losing their coverage. Too many families forced into unemployment or retirement by corporate downsizing will not be able to afford the insurance they need—even if they cannot be denied the right to purchase it simply because they are ill.

Tens of millions of other Americans have no coverage today because they work for employers who won't provide it and because they can't afford it themselves. They will get no relief from this bill.

Too many senior citizens will continue to pay more than they can afford for the health care they need. Too many children will still not get the healthy start in life they deserve.

Across the landscape of America there is not a family that has not been affected by some preexisting condition, some illness, some disability. There is not a family that does not know a neighbor or friend that has not been presented with this kind of fear and anxiety.

So, Mr. President, we move this legislation forward, and we are very hopeful that when this measure is actually signed by the President of the United States, we will be helping to lift that sense of anxiety and fear and frustration from among our fellow Americans when they have been turned down by the fiercest and most abusive policies of insurance companies.

We know that this legislation is not going to resolve all the problems, but there will be those families, there will be those parents, there will be the members of the family, there will be the older worker, there will be the entrepreneur who will know they can look to the future with additional hope and anticipation in fulfilling the American dream.

So, although this is not all of what some of us may have wanted, this is a meaningful, important piece of legislation that can make an extremely important and significant difference in the quality of life for our fellow Americans. The passage of the legislation is the beginning of a journey, not an end.

Next year I hope, under President Clinton's leadership, and I would say a Democratic Congress, we will take the next step forward toward assuring every American family the basic right to health care.

Mrs. KASSEBAUM. Mr. President, I agree with the ranking member of the Labor Committee on some things. But the last part of his statement I would, perhaps, have to have some question about.

I yield 5 minutes, now, to the chairman of the Finance Committee, Senator ROTH.

Mr. DOMENICI. Mr. President, I ask if the senior Senator from Kansas will yield to me for 10 seconds?

Mrs. KASSEBAUM. I will so yield.

Mr. DOMENICI. Senator KENNEDY, I know your desire for next year, but I would remind you, you had the Senate and House for 2 years with the President, and you did not get anything done with health care. I yield the floor.

Mr. KENNEDY. Mr. President, I would like to yield to myself. I think I have a right to recognition—

The PRESIDING OFFICER (Mr. SANTORUM). The Senator from Massachusetts should be warned the Senator from Kansas yielded to the Senator from Delaware.

Mr. ROTH. Mr. President, today we fulfill a promise to the American people. We bring greater security to American families. We offer peace of mind to hard-working, responsible men and women who are providing for themselves and for their families.

There has been no question on either side of the aisle—or throughout America—about the need to make necessary improvements in our health care system.

The improvements in this legislation primarily focus on making health care coverage accessible and affordable. It goes without saying that we have the highest quality of care, the best technology, the finest health care personnel found anywhere in the world.

Our objective, then, is to initiate fundamental reforms in access to health care without doing irreversible harm to quality, research and technology. This legislation is an excellent first step toward accomplishing our objective.

Unlike the health care reform effort made 2 years ago, this legislation does not harm the system in the process of reforming it.

Rather, this legislation meets the most pressing needs associated with reform: Increased portability; limitations on pre-existing conditions exclusions; guaranteed renewability of health care insurance; and, improved means for small businesses and self-employed individuals to provide health care coverage, including long-term care.

I want to particularly thank Senator McCONNELL for his leadership and active participation in these reforms, especially in the area of long-term care. Likewise, I want to acknowledge the work done by Senator COHEN toward preventing health care fraud and abuse. I want to thank Senator GRASSLEY for the work he has done in the area of coordination and duplication of Medicare-related plans, and Senator BOND who has been instrumental in his work for administrative simplification.

This has certainly been a team effort—a valiant effort by Senators and hard-working staff. I am proud of what we have accomplished. Beyond the critical reforms I have already outlined, this legislation also takes a very important first step toward a program that I have long advocated—that is the medical savings account. Medical savings accounts provide a fundamental way to make health insurance affordable to small business employees and self-employed individuals, and this bill provides for a 4-year demonstration project—a project in which self-employed individuals and companies of 50 or fewer can participate.

Mr. firm belief is that this project will prove the success of medical savings accounts, and we will then be in a strong position to provide MSA's for Americans everywhere.

Beyond these important reforms, this legislation also helps control the cost associated with health care by creating new tools in our fight against health care fraud and abuse. While I would like to see our efforts to control fraud and abuse go much further, the provisions in this bill represent a good starting point.

Along with providing these tools, this legislation improves the Medicare and Medicaid programs and the private health care system through uniform standards that will cut out much of the redtape in health care.

It is important to note, Mr. President, that this bill does not pre-empt State privacy laws. Instead, it provides protection for an individual's health information.

Each of these changes represents a significant improvement over current law. Combined they represent a strong first step toward reforming America's health care delivery system in a way that improves without destroying. And this is critically important to the American people.

Two years ago they rejected the wholesale restructuring of our health care system. They understood that reform, as it was proposed then, was throwing the baby out with the bath water. It was tampering dangerously with one-eighth of our Nation's economy, and a system that had the highest standards of quality in the world. What we do with this legislation is make the reforms they want—the reforms they need—without destroying all that is good and working in the current system.

With this Health Insurance Portability and Accountability Act, we keep our promise. We effectively address the problems facing the Nation's health care system in an incremental fashion.

I am honored to be a part of this momentous effort—I appreciate all the work that's been done by valiant staff members—and I am heartened by the positive, bipartisan way in which we have succeeded.

I yield the floor.

Mr. KENNEDY. Mr. President, I yield myself 1 minute.

I am very, very surprised at my good friend from New Mexico, talking about what has been achieved, that this has only been achieved under a Republican Congress. Where were the Democrats? I will tell you where the Democrats were not. They were not cutting Medicare and cutting Medicaid so we could have tax breaks for the wealthiest individuals in this country. And where the Democrats were not is waiting 8½ months to bring this bill up, which the Republicans are crowing about at this time. That is where the Democrats were.

I yield 5 minutes to the Senator from New York.

The PRESIDING OFFICER (Mr. BURNS). The Senator from New York is recognized.

Mr. MOYNIHAN. I rise in support of the Health Insurance Portability and Accountability Act of 1996. It makes elemental and much-needed improvements in health care coverage for Americans by guaranteeing "portability" of health insurance for employees who change jobs, and by eliminating the current practice of denying coverage to persons with preexisting health conditions. These were the areas in which there was by far the greatest consensus when the President's health care legislation was considered in the Finance Committee in 1994, and I am pleased that agreement has been reached to make these changes.

However, I am not pleased with the resolution of another issue in this bill: the provision to prevent persons from renouncing their American citizenship and moving abroad in order to avoid U.S. taxation. That dubious practice has come to be called "expatriation" among members of the tax bar, although that is not a very illuminating term. The word expatriate derives from the Late Latin expatriare, to banish. Ex, out of. Patria, native country. Perhaps a term that better reflects the tax consequences of the issue will emerge in time.

The conference report on the health legislation before us today contains as a revenue offset the House expatriation version, rather than the Senate provision. The Senate provision also was included in the small business tax relief legislation marked up by the Finance Committee on June 12, but it was later dropped in the conference on that legislation. I am convinced that the House proposal will leave in place a continuing tax incentive to renounce citizenship in order to evade taxes.

This issue gained notoriety in late 1994, when expatriation by several very wealthy individuals was widely reported. On April 6, 1995, shortly after the issue arose for the first time in Congress, I introduced S. 700, a bill to close the loophole in the Tax Code that permits "expatriates," as they have come to be called, from escaping U.S. taxation.

Although expatriation to avoid taxes occurs infrequently, it is a genuine abuse. The Tax Code currently contains provisions, dating back to 1966, intended to prevent tax-motivated relinquishment of citizenship, but these provisions have proven difficult to enforce, and they are easily circumvented with the assistance of resourceful tax counsel. One international tax expert described avoiding them as "child's play." Under current law, individuals may, by renouncing their U.S. citizenship, avoid taxes on gains that accrued during the period in which they acquired their wealth—and while they were afforded the many benefits and advantages of U.S. citizenship. Even after renunciation, these individuals are permitted to keep residences and reside in the United States for up to 120 days per year without incurring U.S. taxes. Indeed, certain wealthy Americans have "expatriated" while still maintaining their families and homes in the United States. They need only take care to avoid being in the United States for more than 120 days each year.

Meanwhile, ordinary Americans who remain citizens continue to pay taxes on their gains when assets are sold, or when estate taxes become due at death.

I regret to say that the expatriation issue has been and, in light of the decision taken by the conferees on the health insurance reform bill, may continue to be the subject of more controversy than it probably deserves. In the interest of making the record complete, I will briefly review the history of the issue's consideration in the Congress.

On February 6, 1995, the President announced a proposal to address expatriation in his fiscal year 1996 budget submission. Three weeks later, on March 15, 1995, during Finance Committee consideration of legislation to restore the health insurance deduction for the self-employed, I offered a modified version of the administration's expatriation tax provision as an amendment to the bill. My amendment would have substituted the expatriation proposal for the repeal of minority broadcast tax preferences as a funding source for the bill. The amendment failed in the face of united opposition by members of the majority on the committee. The vote against the amendment was 11-9.

Later in the markup, Senator BRADLEY offered the expatriation provision as a free-standing amendment, with the revenues it raised to be dedicated to deficit reduction. Senator BRADLEY's amendment was adopted by voice vote.

After the Finance Committee reported the self-employed health deduction bill, but before full Senate action and before our conference with the House, the Finance Committee held a hearing to review further the issues raised by expatriation. At our hearing, we heard criticisms of some technical aspects of the provision, as well as testimony raising the issue of whether the provision comported with Article 12 of the International Covenant on Civil and Political Rights, which the United States ratified in 1992. Section 2 of Article 12 states: "Everyone shall be free to leave any country, including his own."

Robert F. Turner, a professor of international law at the U.S. Naval War College, testified that the expatriation provision was problematic under the Covenant because it constituted a legal barrier to the right of citizens to leave the United States. The State Department's legal experts disagreed, as did two other outside experts who provided written opinions to the committee: Professor Paul B. Stephan III, a specialist in both international law and tax law at the University of Virginia School of Law; and Mr.

Stephen E. Shay, who served as International Tax Counsel at the Department of the Treasury under the Reagan administration.

Given this division in authority, it seemed clear that the Senate should not act improvidently on the matter. Genuine questions of human rights under international law, and the solemn obligations of the United States under treaties, had been raised. We therefore sought the views of other experts. Opinions concluding that the expatriation provision did not violate international law were received from Professor Detlev Vagts of Harvard Law School and Professor Andreas F. Lowenfeld of New York University School of Law. The State Department issued a lengthier analysis supporting the legality of the provision, and the American Law Division of the Congressional Research Service reached a like conclusion.

However, there were contrary views, most notably the powerful opinion of Professor Hurst Hannum of the Fletcher School of Law and Diplomacy at Tufts University, who first wrote to me on March 24, 1995.

This is where things stood when the House-Senate conference met on March 28, 1995. At that time, the weight of authority appeared to support the validity of the provision under international law, yet very real questions remained unresolved. The underlying bill had to move at great speed. As my colleagues well know, the legislation restoring the health insurance deduction for the self-employed for calendar year 1994 had to be passed and signed into law well in advance of the April 17, 1995 tax filing deadline, so that self-employed persons would have time to prepare and file their 1994 tax returns.

The conference committee had to decide immediately whether to retain the expatriation provision. There was no time for further inquiry into its validity under international law. We accordingly chose not to risk making the wrong decision, which might violate international law and human rights. We elected not to include the provision in the conference report. The conferees instead adopted a provision directing the Joint Committee on Taxation to study the matter and report back.

That decision, which was the only prudent one at the time, was met with some not very pleasant criticism in the Senate. This was surprising, since I believed it was axiomatic, particularly on our side of the aisle, that Government should proceed with great care when dealing with human rights—particularly the rights of persons who are despised. The persons affected by the expatriation proposal—millionaires who renounce their citizenship for money—certainly fell into the category of persons who are easy to despise.

Since that time, a general consensus has developed that the Senate provision does not conflict with the obligations of the United States under international law. Professor Hannum, after receiving additional and more specific information about the expatriation tax, wrote a second letter on March 31, 1995 stating that he was "convinced that neither its intention nor its effect would violate present U.S. obligations under international law." And in the interim, there has been time to consider other approaches to the problem. On June 1, 1995, the Joint Committee on Taxation published its report on the tax treatment of expatriation.

Shortly thereafter, on June 9, 1995, Chairman ARCHER introduced an expatriation bill that adopted a different approach than S. 700, which was the bill introduced by the Senator from New York. A second Finance Committee hearing on expatriation was held on July 11, 1995 to consider the two competing approaches. The Senate thereafter incorporated in its version of the Balanced Budget Act of 1995 a slightly modified version of the bill I introduced. The Senate bill adopted the accrued gains approach rather than the House alternative as the superior response to the problem. However, the House prevailed in conference and a version very similar to the Archer bill was included in the final Balanced Budget Act of 1995, which was later vetoed by President Clinton.

That same House provision has now been incorporated in the conference agreement before us on the health insurance reform bill.

Adoption of the House expatriation proposal rather than the Senate proposal is being justified, in part, based on the fact that the Joint Committee on Taxation has scored it as raising substantially more revenue than the Senate version. These revenue estimates are difficult to believe, because almost any member of the tax bar would concede that the Senate proposal would deter tax-motivated expatriations far more effectively than the House proposal. In contrast to the Joint Tax Committee, the Treasury Department estimates that the Senate proposal would raise substantially more revenue than the House version. This comports with the views of most tax experts.

Here is why I believe the House provision is unsatisfactory. Under the Senate provision, an expatriate with a net worth of over $500,000 (or average annual tax liability in excess of $100,000) generally would be taxed on his asset appreciation existing at the time of expatriation. Alternatively, an expatriate could elect to continue to be taxed as if a U.S. citizen—i.e., to be subject to worldwide tax on his assets until their disposition. The provision also offers alternatives for delayed payment of the tax on accrued gains, with interest.

Rather than impose a tax on accrued gains, the House bill attempts to build on the current law approach of taxing only a portion of the income generated by assets of expatriates during the 10-year period following expatriation. This approach will fail to eliminate the very substantial tax advantages that currently inure to persons willing to give up their citizenship.

Under the House proposal, several categories of taxpayers would continue to owe no tax at all should the IRS be unable to prove a "tax avoidance motive" for expatriating. As under current law, patient taxpayers would avoid all tax on accrued gains by simply holding their assets for ten years. Gains recognized after that period would never be taxed by the United States. A wealthy expatriate needing money during the 10-year period could simply borrow money using his or her assets as security.

Under the House provision, no tax at all would be owed on income or gains from foreign assets following expatriation, as under current law. Given the enormous incentive to own foreign assets, experienced tax practitioners would continue to find ways to convert U.S. assets into foreign assets in order to avoid tax on the income earned during the 10-year period.

The House approach also would risk nonpayment of amounts owed, as it relies on the voluntary payment of taxes for 10 years following expatriation, well after the taxpayer has moved beyond the reach of U.S. courts. In contrast, the Senate version generally would not require looking beyond the facts at the time of expatriation, making it much more likely that taxes owed would be collected. Further, taxpayers would be required to provide security for delayed payment of taxes.

Another flaw in the House bill is that it will unilaterally override existing tax treaties. In its report on expatriation, the Joint Tax Committee staff stated that the House version may ultimately require that as many as 41 of our 45 existing tax treaties be renegotiated and that it might be necessary for the United States to forego benefits to accomplish renegotiation.

As the first Senator to have introduced legislation to end tax avoidance by so-called expatriates, and as one who urged that it be acted upon expeditiously, I am disappointed that the expatriation changes I have sought, and that have been passed by the Senate on three separate occasions, have been set aside in favor of far less effective measures. I believe the honor of the tax-writing committees is at issue here. The action taken today will allow this issue to fester for some time to come because the new rules will not measurably reduce the tax advantages of expatriation.

On another matter, I also wish we could have addressed the issue of mental health parity in this conference report. In April, I voted for the Domenici-Wellstone amendment to the Senate version of the underlying bill. It would simply have required health plans to provide coverage of mental health services equal to that provided for acute medical services. The amendment got 65 votes.

Subsequent scoring of the amendment by the Congressional Budget Office determined that it would be relatively expensive. Senators DOMENICI and WELLSTONE then prepared a scaled-down version of their amendment which would have required health plans to provide equal treatment only of annual and lifetime limits. This alternative would have cost approximately one-tenth of what the original amendment would have cost.

Unfortunately, this modest revised proposal was also unacceptable to the majority members of the conference. Subsequent proposals by Senator DOMENICI to scale back the parity requirement even further were also rejected without the benefit of consideration by Senators appointed to the conference, or even by our staffs. After the initial meeting of the conference in the Ways and Means room on July 26, 1996, the conferees were never assembled to discuss this or any of the elements of the final conference agreement.

For these reasons, I chose not to sign the conference report on this legislation. We could have done better on expatriation, and on mental health parity. Even so, I am prepared to vote for this legislation because its central features—the health insurance reforms—are important and overdue. I congratulate Senators KENNEDY and KASSEBAUM for their hard work and persistence on this legislation, and I urge its adoption.

The Presiding Officer. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I know the Senator from Iowa, [Mr. GRASSLEY] had wished to speak, because the State of Iowa has done some very innovative things regarding the question of health care insurance, but we are running out of time. He is going to address his full statement and make it a part of the RECORD at some point as we find time at the close of this debate. I would like to right now, though, yield 15 minutes to the Senator from New Mexico [Mr. DOMENICI].

The PRESIDING OFFICER. The Senator from New Mexico is recognized for 15 minutes.

Mr. DOMENICI. Mr. President, I say to my friend from Massachusetts, we may not agree on the issues we just spoke of, but we agree on the issue I am going to speak of, and for that I thank him.

Mr. President, I say to my fellow Senators, about 8 months ago, I went to a meeting in Gallup, NM, at an Indian hospital. I noticed sitting in the audience a very, very handsome Indian woman. My guess is that she was probably 55, 58 years of age. And she stood up and said, "Thank you, Mr. DOMENICI."

I said, "What are you thanking me for?" And she began to cry.

When she finished, she said, "Thank you for asking the Indian Health Service to give the modern drug called Clozaril to my schizophrenic son. He has been catatonic for 22 years. And thank you for giving him back to me. He is home now, and he is performing on almost a hundred percent in my house."

Frankly, I did not deserve the accolade, but I was on a TV show just yesterday about the issue of "should we stop discriminating against people like that young Indian boy who is not on Indian health coverage," and a representative of business said to me, "Well, you just want to provide money for all these ladies that want to go see their shrinks."

To which I said, "You have not read my amendment, and most of the mentally ill people that I am seeing and have become friends with over the last 15 years, whose children have manic depression, deep depression, schizophrenia or one of the serious, serious mental diseases which are almost universally accepted as being diseases of the brain—you would not be talking about shrinks when it comes to the kind of treatment and care that psychiatrists, who have already disavowed Freud"—and I might say to my friend from New York, I am not reluctant to tell the psychiatrists in America that I believe Freud is dead and that the treatment of mentally ill people does not require 50 visits to the "shrink," so to speak, but it does require that qualified doctors and health care centers diagnose and treat the severe mental illnesses as diseases.

All we ask for in this bill, of all the things we could have asked them to provide, we asked for two things, and listen carefully, I say to my fellow Senators, because we are going to do this sooner or later. We said, if you provide mental health coverage, you must provide the same lifetime coverage as you do for everybody else covered, the same total lifetime coverage and the same annual coverage. That is all we asked for.

We did not ask, nor did we say, that for those who are worried about the shrink, we did not say that you had to cover that. In fact, it is clear that they could require any kind of copayments they want. They could require a number of visits being exempt from coverage, if that is what worries them. All we said is if you cover them, don't discriminate against them, and then when they are in the fourth year of a serious illness say, "Oops, there's no more coverage, we only gave you $50,000 worth of lifetime coverage."

Incidentally, that is ordinary for American insurance today. While they cover the other ones for $1 million if you have cancer or heart trouble or you have a transplant—$1 million—in the same policy, they cover mental illness, however, $50,000 for your life. If that is not discrimination, I have never seen it, and if that is not a denial by our community of a reality and hiding your head, then I cannot believe it.

I honestly believe that the mentally ill should get more protection than these two components of what we offered the conferees by way of resolution, and I might say, none of my remarks are directed to Senator KENNEDY, Senator MOYNIHAN, or Senator KASSEBAUM. I believe we would have received this treatment had they been the ones making the decision.

But I will say to the American business community, you have some lobbyists representing you that it seems to me, at least, when they once get a set of facts in their heads, they forget to use their brains. And so what they say is, what DOMENICI offered with WELLSTONE on the floor cost too much.

And then I say, "Did you look at what we offered in compromise?"

"What compromise?" While they have been saying in the newspapers it will bankrupt them.

Frankly, there are many great American businesses toward which these comments are not directed. There already are major ones that cover with full parity, not just parity of annual and lifetime caps, and I do not address these remarks at them. But I submit, you have to face up to reality and get away from the fear that comes with talking about people who have severe mental illness and the trepidation and consternation. Just look around your neighborhood, for the CEO's of American companies, look among the hierarchy of your company, and if you don't find somebody who has a relative with schizophrenia or severe manic depression or severe clinical depression or bipolar illness, then you are a rare, rare exception to the society of the United States, because that is the way it really is.

I have been privileged to meet thousands of relatives of the severely mentally ill of this Nation. We think at any given time there are between 3 and 5 million people with severe illnesses. Frankly, I want to send them a little ray of hope. I don't want them to think we are going to remain as we have been forever.

So, today, with the Senate's permission, I ask unanimous consent that I be permitted to send a bill to the desk and that it be reported to the appropriate committee. I do not ask for any special favors today. But it is very simple.

All it says is if employers and the insurance community cover the mentally ill, they can set whatever standards they want. They can deny coverage for the first 10 visits to a medical doctor psychiatrist if they choose, but they cannot say that your total lifetime coverage is any different than the coverage for the other more well-known and longer defined physical ailments, and the same with the annual payment.

That is the bill I am sending, with my observations. This is for Senator WELLSTONE and about eight other Senators who join me, and Senator MOYNIHAN joins now. I am asking Senator KASSEBAUM and Senator KENNEDY to hold hearings as soon as we come back in September, and I believe they are going to.

That means we are going to bring this little bill out of that committee, hopefully with their support, and we are going to present it again, even in September, when we are trying to get out of here.

So for those in the business community who think they have seen the last of this, just get those fellows ready for September so they will have something to do around here.

Mr. DODD. Will my colleague yield?

Mr. DOMENICI. Yes, I yield.

Mr. DODD. Will you allow the Senator from Connecticut, the insurance capital of this country, to be listed as a cosponsor?

Mr. DOMENICI. You have it.

Mr. KENNEDY. Will you be kind enough to include me as a cosponsor?

Mr. DOMENICI. Senator KENNEDY, Senator GRASSLEY, Senator KASSEBAUM, I am delighted.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I send the bill to the desk and ask it be referred to the appropriate committee.

The PRESIDING OFFICER. Without objection, the bill will be received and will be referred.

Mr. DOMENICI. I would be remiss if I did not thank a lot of Senators, because many have been asked about this and many are going to support this.

I want to say this is a great bill, the bill we are going to pass today.

I just want to make one reminder again to those who oppose the bill that I sent to the desk. There are some representing the business and insurance who say they do not want any mandates. What is the bill we are passing today? What is the bill we are passing today? Is it not a mandate? Of course it is a mandate.

Let me tell you, nobody is even talking about the cost anymore because it is so right. But it will cost a lot more than what that little bill Domenici sent to the desk will cost. To spread the risk of preexisting conditions is going to cost a lot of money, but we think it is the right thing to do. Somehow they do too, the business community and the insurance community. So let me now yield the floor and say, I am very, very grateful for the chance to present this again, soon. And I thank Senator KASSEBAUM for yielding me time.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I just want to join what I know is the overwhelming number of Members here in saluting the Senator from New Mexico as well as our good friend from Minnesota, Senator WELLSTONE. I think many of us still remember the eloquence with which the Senator made his impassioned plea when the Senate debated his amendment. He has been committed and dedicated to the sensible and responsible health policy that includes mental illness. And he is absolutely correct.

I look forward to working closely with the Chair, Senator KASSEBAUM, to move that legislation out and look forward to standing side by side with him as we hopefully will pass that legislation. I think he has done a great service for the Senate. I join in commending him for his eloquence, as well as Senator WELLSTONE. I see the Senator from West Virginia, Senator ROCKEFELLER. I yield the Senator 3 minutes.

The PRESIDING OFFICER. The Senator from West Virginia is recognized for 3 minutes.

Mr. ROCKEFELLER. I thank the Senator from Massachusetts.

I just simply say this. This is not small, this legislation, Mr. President. It is not universal health coverage, but it is going to affect between 25 and 30 million Americans, and about 300,000 West Virginians. And it is extraordinary that it is being done.

Usually, in the past, we have passed a bill or tried to, and then failed. We have backed away from action. This year we did not. Because of Senator KASSEBAUM and Senator KENNEDY, we came forward and we took on a hard job. And they did it. And they deserve enormous praise.

It means that I am going to be able to call Karen McPeak, who I spoke with today. She and her husband have two children, two boys. They have hepatitis and hemophilia. They were making $80,000 a year between them, had two cars, a house, savings, the rest of it.

Because they could not get their two boys insured because they had preexisting conditions, they went through their savings, they then lost their house, they lost both their cars, they then gave up their jobs. They went on Medicaid in order to take care of their two sons, all of this because they are good parents. And that is the only way open to them in the system today.

This bill will change forever what will happen with the McPeak family. The children will be covered. The parents will be able to go back to the life that they knew. This couple is only one of those in West Virginia. And I rejoice along with them.

I close by simply saying this. I can report back to West Virginians now that we have branded a preexisting condition something which insurance companies will insure. The portability of health insurance from one job to another is something which we will vote on and make the law of the land.

I know there have been difficulties. I know there have been disputes. But today I think it is important to celebrate what it is that we in fact have actually done. And then tomorrow let us move on to the broader field of universal health care coverage in one way or another. But let us do that.

I have no way of expressing my respect to the Senator from Massachusetts and the Senator from Kansas, both of them giants on this. And America and West Virginia are better off. And I am very proud to be associated with voting for this bill. I thank the senior Senator from Massachusetts and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. I yield 3 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Thank you, Mr. President.

Mr. President, let me begin by quickly commending our colleague from New Mexico, who has now left the floor. But I just want to associate myself with his remarks and, as he mentioned at the time, to become a cosponsor of his bill. And I deeply appreciate his efforts and the efforts of Senator WELLSTONE on behalf of the mentally ill in this country and their families.

I am sure I speak for many of our colleagues here when we commit to him and others that worked so hard on this that this will be a priority, and as the Senator from New Mexico stated so eloquently, it will happen, and will pass. We regret that it is not happening today.

Second, Mr. President, while we are still a number of weeks away from this Congress adjourning sine die, I want to use the opportunity here today to say to our colleague from Kansas—and I do this with some reluctance because I do not want her career to be placed in jeopardy by having the general chairman of the Democratic National Committee commending her too flowingly and put her in some jeopardy with her constituency—but this is yet one more example of her leadership, this piece of legislation.

It is entirely fitting and proper that, in fact, her name is so closely associated with this bill, as it has been with so many pieces of legislation over her career that have benefited so many millions of people in this country and abroad. I am very proud of the fact that this last day before we adjourn for several weeks that we are completing a piece of legislation that bears her name, and that millions of people, millions and millions of people, will be benefited as a result of this effort.

Second, Mr. President, it is hard to mention the subject of health care at any point over the last three decades and not mention the name of the cosponsor of this bill. For more than 30 years every single major effort, every single major effort that I can think of that involved improving the quality of health care for Americans has borne the name of EDWARD M. KENNEDY.

It is certainly no accident that this piece of legislation bears his name as well. It is not an abstraction, this effort. He knows painfully with his own family and children how difficult these issues can be. I am just proud that this body finally acted after so many months, months that in my view should not have been wasted in dealing with an issue that should have joined every Member of this body, regardless of party and ideology, to support the simple propositions that people with preexisting conditions, that people who lose jobs ought to be able to carry with them the basic kind of health care that would relieve them and their families of the stark fear of being caught in the cracks, of being uncovered, at the time of a medical crisis.

It was 31 years ago, Mr. President, that Medicare became the law of the land. Obviously, that piece of legislation was in many ways far more comprehensive than the Kassebaum-Kennedy legislation. But there is a similarity between these two proposals and bills. By the stroke of a pen, Lyndon Baines Johnson, on that day in 1965, by the stroke of a pen, he literally placed millions and millions of people beyond the fear of a health care crisis. The mere stoke of his pen enfranchised millions of people and protected them from health care crises.

Today when we pass this bill—and within days or hours, I hope, the President of the United States, President Clinton, who has been such a strong supporter of this effort, will sign this legislation into law, and 25 million Americans immediately will be protected, immediately protected. There is no requirement that we go through a lot of agency activity and bureaucracy and regulations. But merely by passing this law and signing his name, we will relieve the fear and burden for 25 million Americans. And for that I say, a deep sense of thank you to Senators KASSEBAUM and KENNEDY for their efforts and their battle. Thank you.

Mrs. KASSEBAUM. Mr. President, I very much appreciate the thoughtful comments of the Senator from Connecticut who has been a very dedicated member of the Labor Committee, who has worked to get this accomplished from the very beginning. I appreciate his valuable support and efforts.

I now yield 3 minutes to the Senator from Wyoming, Senator SIMPSON.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 3 minutes.

Mr. SIMPSON. Mr. President, I thank my colleague from Kansas who came here when I did. We exit together as we entered together. It has been a great privilege to serve with this remarkable woman and see the legislative history that she leaves; and my friend from Massachusetts, too, who I have enjoyed thoroughly in my time here, even though certainly there are times when he tests every bit of my patience, and on more than many occasions. But I will miss him, too. I commend them both.

I just want to briefly follow up on the comments of the Senator from New Mexico. I had made some comments yesterday about my disappointment with one aspect of this conference report. We have had such a productive week here, and on so many things. But I do feel a sense of real hollowness over the failure to include even some modest version of the mental health parity in this bill.

I am a cosponsor and I spoke on the bill originally when it passed here 68–30, a sweeping definition there, when it was approved. Senators DOMENICI and WELLSTONE worked doggedly trying to assure that at least some limited form of that amendment came through this process. It had been my privilege to assist them in that cause. They have worked very hard.

The events of the last few days show again that the wall of discrimination against the mentally ill is very real. It is still too powerful for any of us to overcome, apparently. That is a very sobering fact.

I know my colleagues will not give up this fight, none of us will, even though this singular battle has been lost. I pledge I will continue to assist them. There is a great deal of work to be done in educating and enlightening the American people on the realities of mental illness.

It is troubling and disturbing to me that there still continues to be this stigma associated with mental illness. The unspoken message here is that people afflicted with mental illness are somehow not as worthy of treatment as those afflicted with cancer or heart disease or other physical ailments. No one in this Chamber would consciously ever say such a thing, but this is the message we are sending through our actions.

That is why it is so important for this Congress to revisit this important issue. We should certainly not let this bill and its silence with respect to mental health be any kind of final word on this issue. We will revisit this one in September.

I commend my colleague from New Mexico, and again thank Senator KASSEBAUM and Senator KENNEDY for this remarkable work product which we all deeply appreciate.

Mr. KENNEDY. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 5 minutes and 19 seconds.

Mr. KENNEDY. I yield 3 minutes to the Senator.

Mr. CONRAD. I thank the Chair.

Kennedy-Kassebaum—what a team. What an achievement—25 million people protected because, working together in a bipartisan way, they have broken the gridlock here in Washington.

NANCY KASSEBAUM, who always exhibits grace, civility, and decency, and TED KENNEDY, an absolute lion in this Chamber on whatever issue he decides to weigh in on, thank goodness they weighed in on these issues of portability, so the people, when they change jobs, can take their health insurance policy with them. And preexisting conditions—millions of Americans will no longer be precluded from coverage because of a preexisting condition. This Senate should thank you both. America should thank you both.

I would be remiss if I did not register disappointment, as well, because we did pass on the floor of the U.S. Senate by a vote of 68 to 30, a sweeping change, to say that those who suffer from mental illness will not be discriminated against. A mental illness should be treated the same way as a physical illness.

Mr. President, 68 to 30, this Senate spoke with their votes and said, "No more discrimination." Yet, when we look at what came back from conference, through no fault of the Senator from Massachusetts and through no fault of the Senator from Kansas, what came back from the conference committee on mental health is the square root of zero—nothing, not even the most modest achievement, not even the most modest advancement.

I am very pleased to join Senator DOMENICI and Senator WELLSTONE in cosponsoring a bill that seeks to address this question when we return in the fall. Let me just say again, Senator KENNEDY and Senator KASSEBAUM, I am confident, will be lions in that effort, as well.

I thank the Chair. I yield the floor.

Ms. MIKULSKI. Mr. President, I rise in strong support of the Health Insurance Reform Act. There are three reasons why I support this bill. It makes health insurance portable—people can take it with them from job to job. It provides health insurance to people with preexisting medical conditions. And it makes health insurance more available to working Americans. I am pleased to vote for this bill.

Health insurance is a priority for Maryland's families. It's a top priority for me. I strongly support this commonsense health insurance reform. It's a safety net for working Americans and their families. This bill ends "job lock." Working Americans won't be afraid to change jobs. They no longer have to fear that they'll lose their health insurance coverage if they do.

I know a mother in Baltimore who supports her family in a manufacturing job. Her husband stays home and cares for their disabled child. She has been offered a higher paying job. But she can't take it. I think that's outrageous. She knows if she changes jobs that her son will lose the health coverage he so desperately needs. This bill is good news for people like her. She could make that job change under this bill.

This bill helps people who have preexisting medical conditions. They won't be penalized any longer by insurance companies. They can now get health insurance if they have a disease like diabetes. I am pleased that the bill has the potential to help millions of women and their families. The legislation will help a woman who starts a new job with an employer who provides health insurance.

Under the Health Insurance Reform Act, a woman or her family can't be denied insurance coverage. She and her family can't be denied coverage for a preexisting condition. A woman who is pregnant will get immediate coverage for pregnancy care even if she is already pregnant. Her newborn or adopted child will also receive health insurance coverage. This just isn't good for families. It makes good business sense.

The bill makes health insurance more available to working Americans. It goes along way to eliminating barriers to coverage. There are more than 40 million Americans without health insurance. More than 1 million working Americans lost their insurance over the last 2 years. Workers who are self-employed will be able to take a greater tax deduction for health expenses. It treats long-term care expenses as medical expenses for the purposes of tax deductibility. This bill helps those who practice self-help.

I was disappointed that we were not able to enact comprehensive health insurance reform. After that debate came to a close, I pledged to continue the fight to reform health care—day after day and month after month. This is an important first step in that direction. I thank my colleagues Senator KASSEBAUM and Senator KENNEDY for their hard work in bringing us this far. But didn't get here without tremendous struggle.

Despite broad bipartisan support, this bill has been held up for weeks and months. But we persevered. I wanted to get this bill passed this year. And now we have done that. We have won the day. And helped many Americans gain accessibility and portability to health insurance coverage.

There is much more that I would like to be able to do to make insurance coverage affordable, accessible, portable and undeniable. I would like to see coverage for long-term care. I would like to see a comprehensive benefit package for women and children. But this is a very important step. We have a tremendous opportunity to improve the lives ofmany Americans. I am pleased to support this bill.

Mr. PELL. Mr. President, I am delighted that the Senate will today approve the conference agreement on S. 1028, the Health Insurance Reform Act. Since the House of Representatives has already acted favorably on this legislation, it will be only days before President Clinton can sign this important legislation into law. This new law will have been a very long time in coming.

We need not review the circuitous path that these health reforms have taken since the Clinton administration took over in 1993. But I believe it is fair to say that even these limited reforms could never have happened without the leadership of the President and First Lady, who brought into virtually every American home their passionate and persuasive pleas to reform our Nation's health care system. And without effective and devoted legislative warriors, led over the decades by Senator KENNEDY and joined in recent years by our distinguished Chairwoman, Senator KASSEBAUM, I believe that we would not be here today passing this bill.

Mr. President, as my 36 years on the Senate Labor and Human Resources Committee draw to an end, I could not be more pleased that we will finally see the fruition of so many years of work on health insurance reform issues. The bill before us will correct many of the flaws of our current system, including enhancing portability of insurance from job to job, and limiting the current practice of permitting exclusions for preexisting medical conditions. But, as I have said many times before, this bill does not accomplish many other things that need to be done. Most notably, the bill does nothing to make insurance more affordable to people who need it, including those with preexisting medical conditions. Just today, I got a phone call from a constituent from Pawtucket, RI, who has a thyroid condition and who wants to know whether under this legislation, her insurer will be able to charge her more. I regret very much that I will have to tell her that her insurers can, indeed, charge her more. And I regret very much that I will have to report to the many Rhode Islanders who support the Domenici-Wellstone mental health parity provision that opposing forces prevailed in deleting this provision from the conference agreement.

Health care reform being the lightning rod issue that it is, I recognize—and I hope that the American people recognize—that while this bill represents only incremental change, it is an important step forward. We all know that much, much more needs to be done if every American is to have access to high quality, affordable health care. And I hope that my colleagues who will remain in the Senate and that those who succeed me will take up the challenge as early as possible in the next Congress.

In the meantime, Mr. President, I want to thank all of my colleagues on the Senate Labor and Human Resources Committee, who approved this bill unanimously just 1 year ago. And I would like to take this opportunity to thank the many committee staffers who assisted us so ably in crafting this important legislation. I offer a special tip of the hat to Senator KENNEDY's senior health adviser, David Nexon, who has been of such great assistance to me and to my staff over these many years.

I look forward to voting for this legislation and even more, to its becoming law.

Mr. COHEN. Mr. President, in the spring of 1995, the Medicare trustees, on a bipartisan basis, issued an urgent warning that the Medicare hospital trust fund will go broke by the year 2002, unless major changes are made to protect the system. Since that alarm was sounded, the Congress has been wrestling with ways to bring Medicare spending under control, in order to forestall impending bankruptcy and to strengthen Medicare for both current and future beneficiaries. This year the situation is even more critical. The 1996 trustees' report projects bankruptcy for the trust fund by the year 2001.

I stated at the time of the trustees warning that, at a minimum, we should pass legislation to crack down on the fraud and abuse that drives up the costs of health care for senior citizens and taxpayers. Estimates are that Medicare loses over $18 billion each year to fraud and abuse, and that fraudulent schemes cost the entire health care system and our economy as much as $100 billion each year.

Today, we are reaching a historic milestone by passing one of the most comprehensive and tough anti-fraud packages ever contemplated by Congress. It has been a long road—over 3 years to be exact—but as the author of the antifraud and abuse provisions I am proud that this Congress, in a bipartisan way, did the right thing.

Specifically, my proposal creates tough new criminal statutes to help prosecutors pursue health care fraud more swiftly and efficiently, increases fines and penalties for billing Medicare and Medicaid for unnecessary services, over billing, and for other frauds against these and all Federal health care programs, and makes it easier to kick fraudulent providers out of the Medicare and Medicaid program, so they do not continue to rip off the system. Most importantly, the bill establishes an antifraud and abuse program to coordinate Federal and State efforts against health care fraud, and substantially increases funding for investigative efforts, auditors, and prosecutors.

In early 1993, I first embarked upon writing an antifraud bill. This was based on the recommendations of a health care fraud task force set up by the Bush administration and on an investigation by the Senate Special Committee on Aging, which I chair. That legislation became the basis for the fraud and abuse section of all the Republican health care reform bills proposed in 1993 and 1994 as well as for the administration's proposal. It was one of the few truly bipartisan issues contemplated during that contentious debate. In late 1993, the criminal provisions of my bill passed the Senate unanimously as part of the crime bill but were deleted during conference. Last year, my proposal passed Congress as part of the budget reconciliation bill and were also used as framework by the administration in its budget reconciliation proposal. As we all know, the President vetoed that bill. Today, it stands as an integral part of the Kassebaum-Kennedy health insurance reform proposal, finally on its way to the President for signature.

Health care fraud is an equal opportunity employer that does not discriminate against any part of the system. All Government health care programs—Medicare, Medicaid, CHAMPUS, and other Federal and State health plans, as well as private sector health plans, are ravaged by fraud and abuse.

Similarly, no one type of health care provider or provider group corners the market on health care fraud. Scams against the system run the gamut from small companies or practitioners who occasionally pad their Medicare billings because they know they'll never get caught, to large criminal organizations that systematically steal millions of dollars from Medicare, Medicaid, and other insurers. According to the FBI, health care fraud is growing much faster than law enforcement ever anticipated, and even cocaine distributors are switching from drug dealing to health care fraud schemes because the chances of being caught are so small—and the profits so big.

The inspector general of the Department of Health and Human Services, for example, has cited problems in home health care, nursing home, and medical supplier industries as significant trends in Medicare and Medicaid fraud and abuse. Padding claims and cost reports, charging the Government and patients outrageous prices for unbundled services, and billing Medicare for costs that have nothing to do with patient care are just a few of the schemes that are occurring in these industries.

It is time that we crack down—and shut down—these schemes that are bilking billions of dollars from Medicare and other health care programs. If we have asked honest health care providers to take cuts in reimbursement and asked Medicare and Medicaid recipients to pay more out-of-pocket costs to bring spending under control, we have an absolute duty to ensure the American public that their health care dollars are not lining the pockets of criminals and greedy providers who are manipulating the system through fraud and abuse.

The proponents of strong anti-fraud proposals responded to a mandate from beneficiaries that we need to control spending and ease the burden on taxpayers. The anti-fraud provisions in the Kassebaum-Kennedy bill did precisely that in a reasonable, measured manner that did not infringe on personal liberties nor penalize innocent mistakes.

The fraud provisions substantially mirror existing fraud statutes and are designed to give enforcement more precise tools to protect consumers against fraud and abuse. The proposal simply provides adequate resources for prosecutors and investigators, long strapped by budget cuts and under staffing, to go after serious patterns and cases of abuse. The bill closes loopholes in current law and provides criminal penalties for a defined set of serious and egregious violations, such as embezzlement and misappropriation of assets. Prosecutors would continue to have an extremely high burden to prove that the violations were committed knowingly and willfully.

Despite such a reasoned approach, we were inundated at the last moment by scare tactics and blatant mischaracterizations. There were full page ads depicting a doctor shackled in stocks claiming that doctors would land in jail for committing honest mistakes. There were editorials that grossly distorted the intent and scope of the provisions in a fashion that minimized the very real threat that fraud poses to our health care system and, indeed, to the solvency of Medicare. I am sympathetic to the concerns of physicians and other health care providers that the practice of medicine has become excessively regulated. I also believe that physicians raise legitimate concerns that too often managed care plans manage costs alone at the expense of quality of care for patients and unduly limit physicians' decisions on how to best treat their patients. To blame all of these trends on the health care fraud provisions, particularly at the last stage in the negotiation process, was misguided and inaccurate. I am proud that my Republican and Democratic colleagues were not intimidated by these falsehoods and proceeded on a straight path to passing strong legislation.

As the author of these provisions, and as someone who has been involved in the negotiations of these provisions over a 3-year span, there are a couple of issues I wish to clarify as we debate final passage of the conference report.

First, the fraud and abuse control program established in the bill contemplates increased collaboration between the Department of Justice and the Office of the Inspector General [OIG] in health care law enforcement. It was not my intention, however, to expand the legal responsibility of the Office of Inspector General to private health plans. The jurisdiction of the OIG remains as it exists today, with only those augmentations of its authority specifically authorized in the bill.

Second, it was my intention that the costs covered by the funds appropriated to the Federal Bureau of Investigation provided for in the mandatory appropriation section include those associated with the hiring of additional agents and support resources as supplemental funding to address the burgeoning health care fraud problem.

Third, the moneys from the control account which are directed to the Office of the Inspector General are primarily intended to increase the ability of that office to investigate health care fraud and ensure that Medicare funds are properly spent. If the Office of the Inspector General is assigned the duty of preparing the advisory opinions, I would expect the Secretary and the Attorney General to consider a specific grant of funds for this purpose from any discretionary moneys in the control account as an addition to the amounts already available to the OIG. We would not want to see a reduction in the effort to investigate fraud, in order to provide staff for the advisory opinion function.

Finally, as the author of the original enhanced guidance to providers section, I would like to make some affirmative and declarative statements on the actual advisory opinion language. Although advisory opinions are an appropriate means of giving guidance to the industry on some issues, it is clearly unwise to have the agencies in the position of opining on the intent of the person requesting the opinion. To have a Government agency make an independent determination of what is in someone's head, based solely upon what that person chooses to tell the agency, is a highly questionable Government function.

That is why I want it clearly stated for the record of debate what has been stated during conference and indeed what has been stated by advisory opinion proponents for the last 3 years that this issue has been debated. Advisory opinion advocates have stated definitively and consistently in conference and during many lengthy negotiations that the advisory opinion provision does not require a finding of intent. Not only do I adhere to that view, I will do everything possible to ensure while I am still here, and while this provision will be reviewed prior to implementation by the agencies, that such an expectation is followed. I will also ensure that after I am gone those who have oversight authority here in Congress, and those who are in the leadership, make sure that such an expectation is followed.

I know that the Attorney General has spoken to the Speaker of the House, the Senate Majority Leader, the chairmen of the House and Senate Judiciary Committees as well as numerous members of the Ways and Means Committee and Finance Committee about her concerns relating to the issuance of advisory opinions. None of the existing advisory opinion mechanisms available to the Federal Government require an independent determination of intent. To reiterate, statements were made by the conferees that this was the expectation here as well. I, therefore, expect the agencies to design a process for advisory opinions which does not require such a determination. I also expect that this advisory opinion process will sunset 4 years after the date of enactment of this bill as is required by the bill.

Mr. President, in conclusion, I would like to applaud members for this major antifraud victory. According to the Congressional Budget Office, these provisions will yield billions in scorable savings. I am convinced that the long-term savings are much greater, and that billions more will be saved once dishonest providers realize that we are cracking down on fraud, and that they can no longer get away with illegally padding their bills to pad their own pockets. For years, I have been saying that Federal law enforcement often feel like the mouse has outsmarted the mousetrap, because they lack adequate tools and resources to penalize egregious cases of fraud. While I know that this bill does not solve this enormous and complicated problem, I can state today that the mousetrap has sprung.

I would like to thank Senators ROTH and Dole, for all of their steadfast support and assistance over the years; Alec Vachon of the Finance Committee and Harry Damelin of the Permanent Subcommittee on Investigations, for all their hard work and perseverance; Sue Nestor, formerly of the Finance Committee, for all her hard work before she left the Senate; and Helen Albert, Mary Gerwin, and Priscilla Hanley, of my staff, for their dedication to passage of this important legislation.

MENTAL HEALTH PARITY

Mr. INOUYE. Mr. President, when we in the Senate unanimously passed the health insurance reform bill in April, we included an amendment offered by Senators DOMENICI and WELLSTONE that provided for parity coverage for mental health services.

I was proud of our vote. We did the right thing by ensuring that persons who suffer mental illness are treated fairly by insurance companies.

The conferees stripped the Domenici-Wellstone amendment out of the bill. However, by our April vote, this Chamber made a commitment to fairness in insurance coverage for persons with mental illness.

The health insurance reform bill is about fairness. Just as the bill now prevents insurers from dropping people's coverage when they change jobs or for other reasons, the bill should also have prevented insurers from discriminating against persons suffering mental illness. Leaving the Domenici-Wellstone mental health parity amendment out of the bill is wrong.

I know that the business and insurance communities raised some concerns about the cost and impact of the Domenici-Wellstone amendment with the conferees. I also know that Senators DOMENICI and WELLSTONE answered every concern raised.

While I view the CBO estimate for the cost of the original amendment as extremely reasonable, I understand that Senators DOMENICI and WELLSTONE offered a compromise to the conferees that would have provided parity coverage only for annual and lifetime caps.

This compromise slashed the cost of the original amendment by 90 percent. CBO determined that the compromise would increase private insurance premiums by four-tenths of 1 percent, of which employers would pay only sixteen one-hundredths of 1 percent.

My fellow colleagues, these figures are so low, that employers could meet this slight premium increase by raising their deductible by a mere $5 per year.

I understand that insurance and business interests also raised concerns about the loss of workers' insurance due to the compromises' cost. Considering CBO's extremely low cost estimate, no one could possibly contend that passage of the compromise would cause workers to lose their insurance.

The compromise went even further. It permitted businesses to deliver mental health services through "carveout" arrangements and to adjust deductibles, copayments, and visit limits for mental health services as they saw fit. Small businesses would have been completely exempt from the parity standard.

I believe that Senators DOMENICI and WELLSTONE should be commended for developing a compromise that the conferees should have accepted.

Now, we have made a promise to persons suffering mental illness in this country. We have promised they will treated fairly, just as this bill promises fairer health care coverage for other Americans.

I will personally join with Senators DOMENICI and WELLSTONE to ensure that we make good on our promise.

Mr. GREGG. Mr. President, to our citizens outside of the beltway, Washington politics seem to be the cause of all that ails us. The disease is easy to diagnose: Washington politics getting in the way of real cures. However, I am pleased to stand up today and say that maybe—just maybe—the games have paused as Congress finally passes this incremental step in health care reform.

Health care reform. Three words that have become part of many's vocabulary over the last 3½ years. Obviously, health care reform efforts have been going on since the delivery of health care became something of an organized system. But Federal health care reform has never seemed so necessary as it has in the past few years, and so viable as it is right now, for two critical reasons.

First—because the American public has been bombarded with rhetoric about all of the things that are wrong with their health care system.

Obviously, the U.S. health care system is not without flaws, but I think it is important that the treatment not be worse than the ailments. The "shot in the arm" posed by the Administration during the 103rd Congress in 1993 and 1994 was roundly rejected by the American public. The Health Security Act, drafted by the First Lady and her team of elite health care reform gurus, was 1,342 pages of promises for "universal coverage" for American citizens under a federal program of limited mandated benefits, price controls and tax increases. The tome sent up to Capitol Hill prescribed that centralized bureaucracies run this national program, that the Federal Government regulate medical schools, and that Washington decide what pharmaceuticals and medical procedures would be paid for.

This proposal would have resulted in a further disconnect between the patient and the payer. We have seen through other Federal programs that separating those making demands on the system from those paying for the care ends up both driving up costs and limiting the availability of services. This is not what the American public had in mind as it got involved in asking Washington for positive change in federal policies.

Once the glitter and hype was peeled away, Americans realized this proposal meant no choice in benefits or providers, higher taxes to generate revenue that would be shifted to pay for business subsidies and the like, and the inevitable result of government rationing of health care services. After a year of intense debate, the Health Security Act died a painful, but appropriate, death.

Second, having determined during the debate over President Clinton's Health Security Act what the American public does not want, we were given the opportunity to provide the people with what they do need. And what they need is the Health Insurance Portability and Accountability Act of 1996—the legislation that has become known as the Kassebaum-Kennedy bill.

This legislation grew out of the testimony that was heard in countless Senate hearings on health care reform. It grew out of the recognition that some basic flaws in the regulation of health care caused American families monumental problems: workers are unable to carry their health insurance from one job to the next—portability. Individuals are subject to unfair discrimination in their access to health insurance if they have a medical condition that has required treatment before they joined that health plan.

These are simple, clear concepts. We know how to address them. However, we also know that it took us 3 years of policy development to get to the point where there was a bill that was appropriate in scope, and met the majority of needs our constituents told us they had. A long and arduous process had resulted in legislation that also obtained support from our Democratic colleagues—it looks as though we are close to allowing policy to triumph over politics.

This legislation was further improved with cultivation. During consideration of the bill on the Floor of the Senate, Members decided to act on some other ideas that had been long discussed as part of health care reform on both sides of the aisle. Medical savings accounts are not a new idea. More favorable tax treatment of long term care insurance is not a new idea. Increasing the self-employed tax deduction to 80% to provide equity is not a new idea. But these are all important ideas, that have received support on both sides of the aisle during the last several years of debate.

Why are important aspects of health insurance reform like MSA's suddenly so controversial? Because once again Washington politics got in the way of good policy work. Some Washington politicians have decided it is more important to score a political victory than to pass the type of health care policy that the American public wants: policy based on freedom of choice; policy that ends discrimination and promotes fairness and equity; and policy that forges a stronger relationship between patients, their physicians, and those who are payers for medical services, whether that payer be the individual controlling their own health care dollar, the Government, or an insurer who has offered a plan tailored to best meet the consumers' needs.

Mr. President, I believe that through a great investment of time and a tremendous amount of research we have found a cure for a great deal of what ails the American health care insurance system, and American citizens can begin to benefit from these long sought after changes to the health care system in the United States.

Mr. ROCKEFELLER. Mr. President, today hope is restored as we turn the desire for health care reform into reality. When the Kassebaum-Kennedy bill is signed into law, which will happen very soon, some of the most maddening, often cruel problems with America's health care system will begin to get fixed.

When you look at all the hard work that went into getting this bill hammered out and on the brink of enactment, we could fill Olympic Stadium with the people who deserve some of the credit. But two individuals win the health reform gold medals in achieving this victory for millions and millions of Americans. The senior Senators from Kansas and Massachusetts have been true champions in leading what turned into a legislative marathon for health care reform. On behalf of the people of my State, and from my own heart, I thank both colleagues for their incredible feat.

Over the past few years, Americans had every reason to wonder if Congress would ever be capable of doing anything ever again about the health care problems that cause them so much pain. When the fight for comprehensive health reform failed, it was hard to see how we could ever get out of the ditch of partisan politics, special interests, and fear that did us in.

But while plenty of special interests and politicians wanted health care reform to die, millions of Americans were still waiting desperately for something to be done.

The Senators from Kansas and Massachusetts realized that we had to take a different tack. We had to target just a few of the most serious problems in the health care system, and offer solutions that made obvious sense.

It took persistence, patience, cooperation, and compassion to get this bill to this point today. With this legislation, millions of Americans will be able to get the health insurance they desperately want and need—or I should say that this will happen soon, since one of the compromises was that the insurance reforms won't be effective until July of next year.

When that date is reached, the rules will change. Working Americans will be freed from the trap that locks them into jobs and situations solely because a change will mean losing their health insurance. Preexisting conditions will no longer mean an endless nightmare for the millions of children and adults who have some illness or medical problem that's the very reason they need health care. Small employers won't be shut out from the health insurance marketplace.

When I talk about the Kassebaum-Kennedy bill, I can picture the West Virginians—parents, children, small business owners, health care professionals—who have begged for help.

Now, I can report back to the West Virginian who shared his agony over not being able to get coverage for his cancer, because it was branded a preexisting condition, that the law will soon require an insurance company to sell him that coverage. Now, I can send word to West Virginians who want to switch jobs, move to a different community, or even start their own business that they can hold onto their health insurance while they pursue any of these goals for themselves and their families.

And most importantly, now I can tell all West Virginians, and we can tell all Americans, that health care reform is not dead, it's not code for gridlock, and it's not a pipedream.

The Kassebaum-Kennedy bill also represents the art and necessity of compromise. Some proposals that would have helped numerous families were dropped, because opposition just couldn't be overcome.

And one proposal, to open the door for medical savings accounts, worries me. It is labeled a "demonstration," and I just hope that Congress will be honest and responsible about taking a true look at how people do when they turn from conventional insurance to tax breaks and catastrophic-only coverage. I know that most people don't plan on getting sick or having an accident or developing a serious disease, and I fear that an MSA will go from being a financial benefit into an overwhelming burden for many Americans when the unexpected happens.

But I also know that we won't achieve any positive health reforms without making concessions. And the work will always be difficult. There are too many insurance companies that want to chase after healthy customers, and avoid the sick. There will always be ideology that gets in the way of telling the private sector to do anything differently, no matter how many families are hurting. There will always be fear of the unknown, no matter how many problems exist in the present.

Today, however, let's celebrate what is getting done. And then tomorrow, let's move on to the next round of health care reform. Today, let's thank Senator KASSEBAUM and Senator KENNEDY for their gift to at least 25 million Americans, and many thousands of West Virginians. And then tomorrow, let's be inspired by their leadership to get even more done for millions more who still suffer because they can't get or afford decent health care.

Ms. MOSELEY-BRAUN. Mr. President, 3 years ago, this Senate blocked attempts to act on comprehensive health care reform. While that year's effort to achieve the major reforms that are so needed and so long overdue did not succeed, the problems that led the President to make that proposal have not disappeared. Far from it.

As a nation, we spend 15 percent of our gross domestic product on health care, over $1 trillion. No other industrialized nation spends more than 10 percent of their GDP and the gap is widening. Yet today, there are over 40 million Americans without health insurance, and over 23 million of those Americans are employed. Over 1 million working Americans have lost health care coverage over the past 2 years. And 60 percent or more of all Americans worry about losing their current health insurance coverage. The case for reform, therefore, is perhaps even more compelling now than it was 3 years ago.

I am proud that today the Senate is taking a significant step toward reforming the health care system. The Kassebaum-Kennedy Health Insurance Reform Act is not the panacea for our health problems, but it does represent progress. It is an important step in the right direction.

This bill has many good features. Perhaps the most important is the limits on exclusions for preexisting conditions. This bill says that no one can be denied health insurance coverage for more than 1 year due to a medical condition. If there is any concern which every person has about health insurance, it is the "trap" of preexisting conditions. All too often, individuals find themselves excluded from coverage because of a preexisting condition. Some 81 million Americans have preexisting conditions that could affect their insurability. And more than half of all American workers are enrolled in health insurance plans that impose some form of preexisting condition exclusion. When you consider that most Americans will have seven or more jobs in the course of their working life, the preexisting condition problem affects virtually every American family. The General Accounting Office [GAO] estimates that 21 million Americans will be helped by the limits on exclusions for preexisting conditions included in this health care bill.

In my own State of Illinois, almost 8 million people have private health insurance and almost 2 million are uninsured. This bill will make a critical difference in their lives, and in the lives of similarly situated people all across the Nation.

This bill also includes portability provisions which will end "job lock" by making health coverage portable between jobs. For Americans who might want to leave their jobs to start their own businesses—or who might have to leave their jobs because of corporate restructuring—but who might have a preexisting condition or a family medical history that would currently make it difficult to impossible for them to purchase an individual health policy, this bill will make a huge difference. It will guarantee their access to health insurance.

Families with a small child suffering serious health problems will no longer face the prospect of being unable to obtain health insurance if the parents change jobs. It is tough enough for families to deal with a serious health problem affecting one of their children without having to face the additional problem of losing access to health insurance if they are laid off, restructured out of their jobs, or want to change jobs for new or better paying jobs.

Similarly, this bill will guarantee that small businesses with only a few employees will not lose their group health coverage because one of their employees develops a serious health problem, as is the case now. Moreover, it will help make health insurance more affordable for those small groups, making it more likely that more small businesses will provide health insurance benefits for their employees. Furthermore, the increase in the deductibility of health insurance expenses from 30 percent to 80 percent for self-employed individuals will make health insurance more affordable for those thousands of people who operate their own businesses.

I am also pleased that members have been able to reach a bipartisan agreement on medical savings accounts [MSA]. Issues surrounding the availability of MSAs have held up movement on this important legislation too long. The compromise provision would provide many small businesses and self-employed individuals access to more affordable health insurance options. The MSA options will provide valuable information as to the impact of broader scale high-deductible health plans on cost control and general insurability.

The Health Insurance Reform Act represents a practical, caring attempt to deal with the real health care problems facing so many Americans, based on their everyday realities. This bill is all about incremental reform—but nonetheless real reform. It will help virtually every working American, as well as millions of Americans who are temporarily out of the work force. And it will work because it is based on what is actually going on in the world of people who need health care.

It's worth thinking a bit about those everyday realities of life. Statistics tell us that the average American works at a job about 4½ years. As I stated earlier, over the course of a working career, an average American working person could hold seven or more jobs. That fact alone makes it all too clear just how important it is for Americans to have portable health care coverage. And that fact alone is a good indication of how necessary it is to end preexisting condition restrictions that result in Americans having to pay enormous sums for new health care policies, losing access to health insurance altogether, or having to avoid—at virtually all costs—changing jobs in order to retain affordable health care.

Access to affordable health care is no less important to the American people than pension planning, not only because Americans can't enjoy their retirement if they are in poor health, but because they face being bankrupted by health care costs if they are not able to retain access to affordable health insurance. Being able to roll over insurance coverage, therefore, is just as important as being able to roll over pension savings. Maintaining health security, therefore, deserves the same level of attention we give retirement security, any measures that protect and enhance that health security deserve the same kind of consensus support.

Facing the loss of health insurance is a debilitating fear for all too many Americans, and without reform, it is all too great a risk for every American. This bill will end that fear, and it does so in a manner that makes sense and will work. It is far from the total answer to our health problems, but I do not think we should underestimate the importance we will be achieving once this bill becomes law.

I want to conclude by congratulating the chairman of the Labor and Human Resources, Senator KASSEBAUM, and the ranking democratic member of that committee, Senator KENNEDY, for their leadership and for all the hard work they have put in to bring the bill to this point. I want to particularly congratulate them for the bipartisanship they displayed in putting this bill together.

Mr. DASCHLE. Mr. President, I am delighted to cast my vote for this bill—it is an important first step in ensuring health security for working Americans.

Health security has always been, and always will be, a Democratic priority. It is at the top of our agenda, and we won't give up until every American has access to meaningful, affordable coverage.

Unfortunately, even this small step was controversial.

Senator Dole promised 2 years ago that health reform would be the first thing Republicans would focus on if they controlled Congress. As it turns out, health reform was nearly the last thing they focused on. And only because we insisted they finally act.

This bill was approved unanimously in the Senate Labor Committee exactly 1 year ago on August 2, 1995. But for 8 months, secret Republican "holds" delayed it.

When the bill finally reached the Senate floor on April 18 1996, the Republican leadership tried to attach to the bill poison pills, like MSA's to kill it. Then, 4 more months passed as the Republican leadership tried to stack the conference committee to ensure that MSA's were included in the final bill.

In the meantime, the Republican leadership tried to water down the bill's portability provisions to guarantee that health insurance can be carried from job to job. But they did not succeed.

I am delighted and relieved these "delay and destroy" tactics were finally abandoned and that Republicans joined us in fixing the most badly broken parts of health system. Make no mistake—this bill is badly needed.

One Republican Senator told the Washington Post last year that "Health care is not very bright on anybody's radar screen, if it shows up at all." That's not what I hear in South Dakota and across the country. This issue is still very much on the minds of Americans.

When health reform failed in 1994, Americans' problems securing coverage didn't go away. The problems fueling the health care and insurance crisis still exist today. Forty million people are without insurance, and insurance remains prohibitively expensive for far too many people. The public expects and wants us to tackle this issue.

The bill before us breathed new life into health reform efforts. Still, it does not come close to solving all our health care problems—it is a modest, incremental downpayment on reform.

But this bill does deal with one of the most pressing problems in our system—portability. Indeed, GAO says this legislation could help up to 25 million Americans each year, at no cost to taxpayers. This bill gives workers dismissed from their jobs or looking for better jobs peace of mind.

This bill means that never again will fear of losing their insurance trap people in their jobs.

Still, passage of this bill is the beginning of the debate, not the end of it.

Every single day in this country, 60,000 people lose their health insurance. Unfortunately, only a small fraction of that group will be helped by this legislation. We must do more to provide real health security to every American.

As we celebrate this bill's passage, let us pledge to tackle even more difficult issues. We must ensure that every child has health coverage. We must eliminate barriers to pregnant women getting prenatal care. We must make coverage more affordable for small businesses. We must ensure every child is immunized appropriately. We must end cherry picking by insurance companies. We must ensure rural Americans have the same access to quality care their urban neighbors enjoy.

In sum, we must guarantee every American access to affordable, quality coverage. This will be on the top of the Democrats' agenda in the next Congress.

Despite its limitations, this is an important bill. It's a victory for the President, who put this issue on our collective radar screens. It's a victory for Senators KENNEDY and KASSEBAUM, who worked so hard to make this happen. It's a victory for Democrats, who consider this a priority item.

Most importantly, it's a victory for America's working families.

Mr. KERRY. Mr. President, I am delighted that Americans will finally receive the benefits of the health care reforms contained in the Kennedy-Kassebaum bill—benefits which the General Accounting Offices estimates will help over 21 million people.

But I want to talk today about one particular person who will benefit from this bill, a woman from Florence, MA, who wrote me recently about her daughter. She supports this bill, she said, because her daughter has diabetes and the family had a terrible time finding health insurance that would cover her. In her letter she told me, "I think it's immoral for health insurance companies to cut off coverage even while the people they cover are paying their premiums. No health insurance company should have the power to do this to their clients."

Millions of Americans have medical histories or preexisting conditions that make it difficult to get comprehensive insurance coverage. As many as 81 million Americans have preexisting medical conditions that could affect their insurability. Many people are locked in their jobs because they fear they will be unable to obtain comprehensive insurance in new jobs. And many people who work in small businesses often have trouble getting insurance especially if 1 employee has medical problems.

This bill takes very important steps forward to correct these problems. But we must do more so that ultimately we have coverage for all Americans. Currently, 40 million Americans live without health insurance, and 23 million of the 40 million are workers, according to a study by the Tulane University School of Public Health. Furthermore, an average of more than 1 million children a year have been losing private health insurance since 1987. In Massachusetts alone, there are more than 130,000 children—one-tenth of all the children in my State—who are without any health insurance, private or public, for the entire year. And many more children lack health insurance for part of the year. A recent study in the Journal of the American Medical Association reported that almost one-quarter of U.S. 3-year-olds in 1991 lacked health insurance for at least a month during their first 3 years, and almost 60 percent of those lacked insurance for 6 or more months. It is time that we help the American people get the health insurance they rightfully deserve.

Mr. President, this Congress continues to have an unacceptable record when it comes to addressing the real needs of American workers and families. Political divisions and Presidential politics have become an everyday feature of Senate floor action, making it impossible for us to do much of the people's business. Fortunately, this bill is a notable exception.

Finally, I want to applaud the vision, commitment, and political savvy of the distinguished chairman of the Labor and Human Resources Committee, Senator KASSEBAUM, whom I greatly admire, and the distinguished ranking member of that committee, the senior Senator from my State, who has been a leader for his entire career on health care issues. To a very considerable extent we all are in their debt as we send this legislation to the President, because it was their commitment, stamina, and statesmanship that worked past what again and again appeared to be intractable differences of opinion among 535 members of the House and Senate. This is a tremendous victory for the American people, but it is also a richly deserved personal victory for both Senator KASSEBAUM and Senator KENNEDY. I will proudly vote to send this bill to the President's desk for his signature.

Mr. FAIRCLOTH. Mr. President, Yesterday, when the Senate passed welfare legislation we took an important first step toward reforming our failed welfare system. Similarly, the health care reform bill before us today takes another important first step toward addressing some of the serious flaws that exist in our Nation's health care system.

We must ensure that this health care bill becomes a step in the right direction, a step away from excessive government regulation and a step toward a health care system based on free-market principles that benefits and empowers individuals.

I am very pleased that the conference report includes the foundation for the full implementation of Medical Savings Accounts, this is the single most important feature of this legislation.

When we debated medical savings accounts in April, opponents of the provision argued that anyone who want to include MSA's really wanted just to kill the Kassebaum bill. I believe that the conference agreement has proven them wrong.

This real issue behind medical savings accounts is a question of whether health care reform should move toward greater government control of our health care system, as President Clinton advocates, or whether health care reform should place more decision making authority in the hands of individuals. Once individual Americans have the power to control how their own health care dollars are spent, they will never allow the government to take that power back.

I am certain that when the four year trial period for medical savings accounts ends successfully, the Congress will overwhelmingly endorse MSA's as an unlimited nation-wide policy.

Mr. President, while this conference report is a first step, it is not too soon to consider what our next steps should be. We badly need meaningful reform of our medical malpractice and antitrust laws as well as full deductibility of health care expenses for the self-employed.

The health care reform conference report will improve the health care coverage available to individual Americans. But to preserve those gains, we must make sure that future health care legislation seeks free-market solutions, not big-government solutions.

Mr. SIMON. Mr. President, like most bills, the Health Insurance Portability and Accountability Act contains both good and more worrisome provisions. Some of the better provisions, such as portability, are not perfect and others of importance, such as mental health parity, are now completely absent.

One important provision in this bill that has not received much attention is administrative simplification. It sounds innocuous enough. It aims to cut administrative costs by standardizing the way medical information is electronically stored and transmitted. No one is against cutting health care costs.

This standardization, however, accelerates the creation of large data bases containing personally identifiable information. All this information is transmitted over electronic networks. We need to be very careful about how safe and secure that information is from prying eyes. Some of it may be extremely sensitive and could be used in a malicious or discriminatory manner.

Not only do we need to hold this information securely, we also need to give individuals control over who actually has access to their medical records. We have been working in this Congress this year to try to come up with federal privacy laws for medical records. Senators BENNETT, LEAHY, KASSEBAUM, KENNEDY, DOMENICI, WELLSTONE and MACK have all been concerned with the need to craft meaningful privacy legislation. I commend their efforts in this area. It has been extremely difficult legislation to craft, however.

The States themselves have enacted some medical privacy laws. For instance, several States have passed laws that protect the confidentiality of mental health records or HIV status. We should not preempt such protections. I am glad to see that the preemption of State law in this area has been removed from this bill. I commend the Finance Committee, and particularly Anne Marie Murphy of my own staff, for their work in helping to rectify this problem.

I am still troubled by the possible time lag between the enactment of standardization and the development of privacy regulations by the Secretary of HHS. The way this provision is currently drafted, standards will be developed by standard setting organizations that are mainly business groups, solely on the basis of cost, within 18 months of enactment of this Act. HHS will submit to Congress detailed recommendations on standards with respect to the privacy of individually identifiable health information within 12 months of enactment of this Act. If Congress does not act on these recommendations within 36 months of enactment, the Secretary of HHS will promulgate privacy regulations within 42 months of enactment. There is, therefore, a possible time lag of 36 months between standard setting and privacy regulations.

This puts the cart before the horse. Obviously, privacy should come first. I don t think there is one Senator here who would like to have his or her own medical privacy play second fiddle to business costs.

Furthermore, this order of cost first, privacy later, may in fact be much more disruptive to business. For example, it does not make good privacy sense to use social security numbers as a unique health identifier; it would be far too easy for others to decode these. It might, however, make for easy, cost-effective, standardization. If the standards developed need to be fully revised to take account of privacy concerns, then business will be forced to standardize twice, with probably twice the expense.

It makes much more sense to have the standards developed with both privacy and cost in mind and for the standards to be enacted after and in accordance with the privacy regulations. I would urge my colleagues to alter these dates and modify this section to couple these two very admirable goals of cost reduction and medical records privacy.

In general, although there are weaknesses in this bill and it is far, far less reform than we need, I am pleased that we are finally moving ahead with modest initiatives in the area of access to health insurance. Many Americans will be helped by this legislation. It should be clear, however, to anyone who looks at what is happening to health insurance coverage in this country that this bill is just a first step of many we need to take to meet the health care needs of our Nation. This is especially true in regard to children, where we will fall even farther behind as a result of the Welfare bill we just passed, and in regard to equitable coverage of people with mental illnesses.

Senator DOMENICI and Senator WELLSTONE deserve great credit for fighting for equitable treatment in coverage for the mentally ill. I hope they will win this fight in the near future. I will do everything I can to help in this effort before the end of this Congress.

I hope it will also not be long before the Senate acts to ensure universal access to health care coverage for all children and pregnant women. More than 9.3 million children and half a million expectant mothers in our Nation have no health insurance of any kind. Projections are that by the year 2002 we will have 12.6 million children without coverage and nearly 5 million more may be added to that as a result of proposed changes in Medicaid. When we passed the Kennedy-Kassebaum bill earlier this year, the Senate accepted a sense of the Senate resolution I offered stating that the issue of adequate health care for our mothers and children is important to our nation's future and that the Senate should pass health care legislation ensuring health care coverage for all of our nation's pregnant women and children. The Senate must be held to account on this resolution.

It is unacceptable in our rich country to permit these inequities to continue and to permit so many of the most vulnerable in our society to be denied assurance of even basic health care. While I applaud everyone who worked so hard to bring this agreement to the floor, I hope those who follow us in the next Congress will move on from here to make more fundamental progress toward the fair, just and accessible health care system all of our citizens deserve in this great Nation.

Mr. DODD. Mr. President, the legislation before us today—the conference report on the KASSEBAUM/KENNEDY Health Insurance Reform Act—gives this body a unique and historic opportunity—to pass a sensible, incremental and common-sense health reform measure that will help millions of Americans.

Our actions today will give an estimated 25 million Americans a much needed and deserving helping hand.

This bill would guarantee to American working families—if you change your job you will not lose access to health insurance. This bill will limit pre-existing condition exclusions. It will guarantee renewability of health insurance policies. And it will help self-employed individuals, by increasing the deduction for health insurance expenses.

It's been a long difficult process to reach this point. But, finally these most basic health insurance reforms will become law, exactly 1 year after the Labor and Human Resources Committee unanimously reported the bill.

This bill will not solve every problem in our health care system, but it's an important first step. It is good public policy and it deserves the support of every member of this body.

Frankly, I feared that the majority party would prevent this day from happening.

This legislation passed in the Labor Committee 1 year ago, but objections by members of the majority party prevented this bill from receiving consideration by the Senate until the following April.

President Clinton came to the Congress in January and in his State of the Union address urged us to quickly pass this legislation. But still it took 4 months for the majority party to respond.

Finally, when the Senate was allowed to consider the bill it passed 100-0. These days, not too much in this body is agreed upon in a bipartisan manner. But the unanimous support for the Kassebaum/Kennedy bill is a clear indication that this legislation is an effective, fair, and most important, bipartisan measure.

But again, even after this unanimous vote, the majority tried to load the bill with controversial provisions, rather than move to quickly pass a bill we could all agree upon.

Mr. President, this legislation should have passed last year and if we had done so, the American people would already be reaping the benefits. However, I am pleased that reason prevailed and today we can finally deliver these important protections to the American people.

While this bill is an important step forward, I consider it only a first step in an ongoing process. Many problems remain in our health system. I won't go into all of them today. But I do want to talk briefly about continuing problems in guaranteeing children access to health care.

Our system simply does not work for millions of America's children. We all lose when the worker of tomorrow is crippled for life by the untreated illness of today. We all lose when completely preventable diseases like measles ripple through the child population.

The General Accounting Office, in a series of reports issued to me this summer have reported on trends in children's health insurance that are cause for genuine alarm.

In 1994, the percentage of children with private insurance coverage reached its lowest point since the census began consistently tracking coverage.

In 1987, almost 74 percent of our Nation's children had private coverage. By 1994, that number had dropped to 65 percent.

While Medicaid has certainly helped millions of children who would otherwise be without coverage, the number of children without any insurance rose to its highest point in 1994. Ten million children under age 18, or 14.2 percent, were uninsured in 1994.

In States such as Alabama, Arizona, California, New Mexico, Oklahoma, and Texas, almost 20 percent or more of children are without health care coverage. That means 1 out of every 5 children in these States are lacking coverage.

Too many of our children do not have access to basic health. So, I hope, Mr. President, that no one thinks that we've made the health care system right, because we still have a long way to go.

Let us not forget that approximately 40 million Americans continue to lack health care coverage. Of those, 12 million are children under the age of 21. We still have a commitment to those people to make this measure the first, not the last, step on the road to meaningful health care reform.

So today, we have a historic opportunity to help millions of America's working families keep their health care coverage. It is a chance that must not slip away, and so I urge all my colleagues to join me in supporting this common sense and sensible reform measure.

Mr. LAUTENBERG. Mr. President, I rise in support of this conference report. This is a good first step in trying to provide affordable health care coverage to all Americans. This bill will ensure that people who move from job to job will be able to keep their health insurance, even if they have a pre-existing condition. It also will give the same protection to people who lose their jobs and must get health insurance on their own.

This bill also provides some tax incentives for families to better afford health care. The legislation increases the health insurance deduction for self-employed individuals from 30 percent to 80 percent, bringing health care coverage within reach of many more Americans.

This bill also expands the tax deduction for nursing home and long term care coverage. This will help families better cope with the staggering costs of nursing home coverage for their loved ones. In some facilities, a year in a nursing home can cost over $30,000.

This bill also includes an experiment in Medical Savings Accounts (MSA's). The Senate originally rejected the concept of MSA's by a bi-partisan vote. But the House Republicans insisted on a full blown implementation MSA's even though we have never even evaluated the efficacy of such health policies. Fortunately, this conference report only includes a limited demonstration of MSA's. This makes sense because this concept is untested. I am concerned that MSA's could drain the young, healthy and wealthy out of the traditional insurance system. This could leave old and sick people to cope with escalating insurance premiums, making it even tougher to afford health insurance. Therefore, I am pleased that this is only a time limited experiment.

Mr. President, unfortunately, this bill does not include the so-called mental health parity amendment authored by the Senators DOMENICI and WELLSTONE. This amendment passed overwhelmingly in the Senate but was completely dropped in conference. I hope that some day this amendment will become law so that we can do away with insurance policies that provide more coverage for physical illnesses than for mental illnesses. Families with members who have mental illnesses deserve this much.

Mr. President, while this bill makes improvements in our health care system, we must remember that this is only a first step. We have much more work to do in the next Congress to move toward providing health care coverage for all Americans. This should continue to be our goal.

Tragically, there are now 41 million Americans who do not have health insurance, up from 37 million in 1993. For the most part, these are working Americans. Eighty-four percent of the uninsured work, but they do not get health insurance at their jobs.

We must do something to rectify this. We must continue to enact legislation so that one day no family is without health security.

I yield the floor.

Mr. GLENN. Mr. President, I support the conference agreement on H.R. 3103, the Health Insurance Reform Bill. I am pleased that the Congress is taking long overdue final action on this legislation which is so important to working Americans and their families. As you know, it was approved by the Senate Labor and Human Resources Committee 1 year ago today, and it passed the Senate in April. Once again, I would like to commend Senator KASSEBAUM and Senator KENNEDY for their untiring efforts to work with our colleagues and all interested parties to forge the bipartisan bill we will pass today and send to the President for his signature.

The bill we are passing today is not comprehensive health care reform, but it is an important step forward in addressing problems in our current health insurance system. People who maintain continuous health insurance coverage will not be denied insurance for preexisting conditions, after one initial 12-month exclusion, even if they change jobs or insurance plans; and individuals who lose their jobs or change jobs will be guaranteed the opportunity to continue their insurance through a group or individual plan.

A compromise was made on medical savings account [MSA] provisions passed by the House of Representatives but rejected by the Senate. The bill provides for a four year pilot program in which up to 750,000 taxpayers with high-deductible health insurance plans can make tax deductible contributions to a medical savings account. At the end of the 4-year period, Congress would have to vote to expand the MSA program.

This legislation also increases the health insurance deduction for self-employed individuals from 30 percent to 80 percent over a 10-year period, provides for a medical expense deduction for long term care insurance, and allows terminally ill individuals to receive tax free benefits from their life insurance.

I regret that the Domenici-Wellstone amendment, which passed the Senate, was not included in this conference report nor was any compromise that the sponsors proposed. This amendment would require private health plans to provide medically necessary mental health services that are equal to the medical services provided. A great deal of progress has been made in diagnosing and treating mental illnesses, and I believe that we should provide health insurance coverage that will make this care affordable to people who need it. I will work with my colleagues during the remainder of this Congress to ensure that in the future people with mental illnesses have equal access to the care they need.

The Health Insurance Reform Act will provide peace of mind to many working Americans who have health insurance but fear losing it, and it is a major improvement in our current health insurance system.

PROVIDING TAX EXEMPTION TO STATE HIGH RISK HEALTH INSURANCE POOLS

Mr. COCHRAN. I am pleased that the conference report for the Health Insurance Reform Act includes a provision which confirms the availability of the Federal tax exemption for State health insurance risk pools which has been pending in Congress for the last several years. The purpose of a health risk pool is to make available health and accident insurance coverage to individuals who, because of health conditions, would otherwise not be able to secure health insurance coverage. Health risk pools are one option contemplated by the Health Insurance Reform Act that States could implement as part of their health care reform efforts to seek to ensure access to health insurance.

Since 1976, 28 States have enacted legislation establishing a health insurance pool aimed at protecting uninsurable and high-risk individuals. Most of the pools were established in the last 10 years.

For example, the Comprehensive Health Insurance Risk Pool Association Act was enacted by the Mississippi State Legislature during the 1991 legislative session and became effective April 15, 1991. At that time Mississippi became the 25th State to enact such legislation. This act created the Mississippi Comprehensive Health Insurance Risk Pool Association to implement such a health insurance program. Members of the association include insurance companies, nonprofit health care organizations and health maintenance organizations [HMO's] which are authorized to write direct health insurance policies and contracts supplemental to health insurance policies in Mississippi. The association also includes third-party administrators who are paying and processing health insurance claims for Mississippi residents.

Over the past 4 years, the association has issued medical insurance policies to approximately 1,200 Mississippians. The association is funded by premiums paid by policyholders and quarterly assessments against members of the association. The assessments are necessary to supplement the premiums and operate the program on a financially sound basis. There is no public funding—State or Federal—involved.

Currently, over 100,000 individuals nationwide are members of a State health risk pool. Nationally, there are an additional 1 to 3 million people who are uninsured and uninsurable, and who could be eligible for inclusion in a State health risk pool.

As my colleague knows, unfortunately, several State health risk pools, including the Mississippi Comprehensive Health Insurance Risk Pool Association, have applied for and have been denied exemption for Federal taxation under Internal Revenue Code sections 501(c)(4) and/or 501(c)(6). Generally, the Internal Revenue Service's [IRS] rationale for such denial has been that the sole activity of the health risk pools is the provision of health insurance for individual policyholders. The IRS perceives health risk pools as a regular business ordinarily carried on for profit, which primarily provide commercial type insurance. Moreover, the IRS takes the position that health risk pools are primarily serving the private interests of its members and not the common interest of the community as a whole.

Would my colleague agree that the IRS's position is incorrect?

Mrs. KASSEBAUM. I would agree with the Senator.

Mr. COCHRAN. Is it not the case that health risk pools have been created by statute in the several States to serve a public function of relieving the hardship of those who, for health reasons, are unable to obtain health insurance coverage? Additionally, that these pools do not carry on an activity ordinarily carried on by insurance companies and not designed to make a profit? Further, that they are established by State statute and none of the net earnings benefit any private shareholder, member, or individual?

Mrs. KASSEBAUM. I would agree with the Senator.

Mr. COCHRAN. The Federal Government should serve as an impetus for, not an impediment to, State health care reform. We should do all we can to increase the ability of States to help the uninsured. The Health Insurance Reform Act recognizes the value of health risk pools and includes vital roles for health risk pools in their health care reform legislation.

Would my colleague not agree that in order to allow States flexibility in designing effective health care plans, State health risk pools should be exempt from taxation and that it was never the intent of Congress that health risk pools be subject to taxation?

Mrs. KASSEBAUM. I would agree with the Senator.

Mr. COCHRAN. Would my colleague agree that it is the intent of Congress through this legislation to clarify that health risk pools be exempt from taxation?

Mrs. KASSEBAUM. The Senator is correct. This legislation will clarify the intent of Congress that health risk pools should not be subject to taxation.

Mr. COCHRAN. I thank my colleague for her assistance. By passing this legislation, we will promote State-based health care reform by expressly confirming that State health risk pools are exempt from Federal taxation, notwithstanding the IRS' position. By clarifying the intent of Congress, the IRS should recognize this legislation as confirming the interpretation of existing law, and not creating new law, and accordingly grant tax exempt organization status to all health risk pools that have applied for such status.

ORGAN DONATION INSERT CARD

Mr. DORGAN. I am pleased that the conference committee on the Health Insurance Reform Act has included a small, but lifesaving provision that Senator FRIST and I offered as an amendment to the Senate bill. I am referring to the organ donation insert card provision.

This measure, which I first introduced in 1994, would require the Secretary of the Treasury to send out information about organ and tissue donation with each tax refund mailed in 1997. This provision will help give a new chance at life to the more than 46,000 Americans who are desperately waiting right now for an organ or tissue transplant.

Many opportunities for a lifesaving organ donation are missed each year because family members hesitate to authorize organ or tissue donation when their loved one dies. By providing information to 70 million Americans next year, we can raise awareness about the need for donors and, in the process, we will save lives.

I do want to mention a concern I have about one of two technical changes made to the organ donation insert card amendment during conference. At this time, I would like to engage in a colloquy with Senator FRIST, a cosponsor of this Amendment, and Senator ROTH, the chairman of the Finance Committee, to clarify Congress' intent with regard to this provision.

The conference agreement alters my original provision to read that organ donation information will be included with tax refunds mailed in 1997 to quote "the extent practicable" unquote. I want to make it clear that I feel strongly that providing this information to millions of Americans is not only a cost effective way to save lives but is also a practical measure that does not pose an unreasonable burden on the Department of the Treasury.

Mr. FRIST. Senator Dorgan, is it true that the Treasury Department regularly includes insert cards with the refunds it mails each year?

Mr. DORGAN. The Senator from Tennessee is absolutely correct. This year, for example, taxpayers who receive a refund also received information about how to purchase Olympic commemorative coins. In 1994, an advertisement for World Cup Soccer commemorative coins was mailed along with refunds.

Mr. FRIST. It is my understanding that the cost to the Treasury Department of printing and inserting this information is negligible. Since the Federal Government already incurs this cost on an annual basis, I do not believe this would create a burden. Is that also your belief?

Mr. DORGAN. Yes, it is. I would like to ask the distinguished gentleman from Delaware [Senator ROTH], to clarify for us what the conference committee intended by making this technical change to the Senate's amendment.

Mr. ROTH. The conference committee's intent regarding this change was to ensure that there be no delay in the mailing of refund checks because of this provision. The language "to the extent practicable" originally read "to the maximum extent practicable" to address any potential administrative issues that may arise. For example, if the Internal Revenue Service ran out of organ donor cards we would not want to insinuate that the check could only go out if a donor card was enclosed. The Treasury Department specifically asked us to delete "maximum" from the language.

It was not the conference committee's belief that this provision should cause a delay, and we fully expect that the Treasury Department will make every effort to ensure that all of the individual taxpayers who are mailed refunds in 1997 will also receive organ donation information.

Mr. DORGAN. Thank you Senator ROTH and FRIST. I want to again thank Senators KENNEDY, KASSEBAUM, and FRIST, Congressman RICHARD DURBIN, and the many supportive organizations who have worked with me to get this provision enacted.

Mr. President, I rise today in support of final passage of the Health Insurance Reform Act. It has not been an easy road to agreement on this bill, but for the sake of the American people, I am glad we were able to put aside our differences and reach a compromise on those issues where we do agree.

We are fortunate in our country to have one of the finest health care systems in the world. But unfortunately, not all Americans have access to that health care system or can afford the escalating prices of care.

This bill is not the total answer to those issues. In fact, compared to the health care plan proposed by President Clinton several years ago, which I did not support because I thought it was too bureaucratic, this bill is very, very modest.

Having said that, the Health Insurance Reform Act is a significant step forward in helping Americans who are routinely denied health insurance coverage through no fault of their own, and I am pleased to be a cosponsor and supporter.

Earlier this year, I received a heartbreaking letter from a mother in Williston, ND whose infant son was born with a rare disease called myelamacia. He often stops breathing and doctors have no idea how long he will live or what his quality of life will be. Michael is actually lucky because, right now, he is covered under his mother's employer-based health insurance plan.

But Michael's mother is desperately worried about how long his coverage will last. For one thing, Michael currently must live at the Anne Carlsen Center for Children in Jamestown, ND, which is quite a long distance from Williston. Michael's parents would like to move closer to their son so they can spend more time with him, but they are justifiably afraid that if Michael's mom switches jobs, Michael will lose his insurance coverage.

Michael's parents are not alone. A survey has found that one-quarter of Americans who would have otherwise switched jobs did not because they feared losing their health insurance coverage.

This legislation basically says to insurance companies, if someone has been a good customer of yours, paying their premiums regularly for years, you cannot drop their coverage simply because he or she gets sick or switches jobs.

This bill puts limits on the amount of time that insurance companies can deny coverage for individuals with preexisting medical conditions, even for those who change jobs or whose employer switches insurance companies. It also requires insurance companies to renew the health insurance coverage of individuals or groups as long as they pay their premiums. The bill will also help to ensure that those with preexisting conditions will be able to purchase affordable individual insurance policies if they lose their group health coverage.

This bill also contains provisions which will help many of North Dakota's small business owners and sole proprietors. I have been fighting for one of these provisions ever since I came to Congress, so I am particularly pleased that we are acting to level the playing field for sole proprietors.

Under this bill, farmers and other self-employed individuals will be able to deduct a higher percentage of their health insurance premiums. Right now, large corporations can deduct 100 percent of their health insurance expenses, but sole proprietors may only deduct 30 percent of their health insurance premiums. This bill will gradually increase the amount that the self-employed can deduct to 50 percent by 2003 and to 80 percent by 2006. I would prefer that they be allowed to deduct all of their insurance costs, as corporations already can, but this will go a long way toward making health insurance more affordable for farmers and other self-employed individuals.

This bill also will allow some small employers and their employees to experiment with medical savings accounts, or MSA's. This is a highly controversial issue, and I'm glad we were able to reach an agreement that allows us to move forward on this legislation.

I think MSA's are an intriguing idea. Common sense tells you that making health care consumers think more carefully about the type and cost of care they receive will likely have some positive impact on overall costs.

At the same time, however, I do have concerns about the impact that MSA's could have on the traditional insurance pool. The trial approach taken in this bill will minimize any negative effects on the insurance market while allowing us to evaluate the value of MSA's.

Finally, I want to mention one more provision included in this bill. It is a small, easily overlooked provision which I offered, but it is one that will save lives, and I want to thank Senators FRIST, KENNEDY, KASSEBAUM, and the many other Senators, Members of the House of Representatives and supportive organizations who have worked with me to get this provision included. I am referring to the organ donation insert card provision.

This measure, which I first introduced in 1994, would require the Secretary of the Treasury to send out information about organ and tissue donation with each tax refund mailed in 1997. This provision will help give a new chance at life to the more than 46,000 Americans who are desperately waiting right now for an organ or tissue transplant.

Many opportunities for a lifesaving organ donation are missed each year because family members hesitate to authorize organ or tissue donation when their loved one dies. By providing information to 70 million Americans next year, we can raise awareness about the need for donors and, in the process, we will save lives.

In closing, I want to thank Senators KENNEDY and KASSEBAUM and both of the leaders for their tireless work to move this worthwhile legislation to this point. I am pleased to be a cosponsor of the Health Insurance Reform Act and to finally have this opportunity to vote to send it to the President for his signature.

Mr. BURNS. Mr. President, I rise today to speak about this health insurance reform legislation now before us. After months of gridlock on this bill, I am glad that the Senate finally has a chance to once again consider and pass this straightforward legislation. I must confess, however, that I find it puzzling that this bill has been held up for 3 months over the issue of medical savings accounts—particularly in light of what we are trying to accomplish by passing this legislation.

I am a strong supporter of medical savings accounts. I truly believe MSA's empower health care consumers by giving them the freedom to choose how they spend their health care dollar. Medical savings accounts provide the competitive choice which not only enables folks to keep pace with inflation, but counters the increases that will result from the guaranteed-issue component of this legislation. Nonetheless, I am pleased that this bill creates at least a full-blown test for the MSA.

Though it disturbs me to know that we could have sent this meaningful legislation to the President for his signature months ago, the delay on this bill has given me the opportunity to hear the thoughts of literally thousands of Montanans on this issue, folks who have written to me, folks who have called me, and folks I've seen while traveling in the State. Given all the input I have received on this legislation over these last few months, one thing is certain, the folks in Montana are reaffirming what they have been telling me for years—that they want the commonsense measures contained in this bill passed into law.

It is no secret that the health insurance system in this country is in need of some fine tuning. And I know that many of my colleagues on both sides of the aisle and in both Chambers of Congress would agree with that assessment. It is estimated that 43 million Americans went without health insurance in 1995 and roughly 23 million of those are workers. Though we can't guarantee every American health care coverage—nor would I ever support a plan to do so—we can address the barriers that keep health insurance out of the reach of most of these folks; access and affordability. And this health insurance reform legislation does just that.

There is little doubt in my mind that the Health Insurance and Portability Act will greatly reduce the barriers to obtaining health insurance coverage for millions of Americans by: one, limiting an insurer's ability to withhold coverage for people with pre-existing medical conditions; two, making it easier for workers to get and maintain health coverage; and three, because of its provisions guaranteeing coverage, this legislation will make it easier for workers to change jobs or start their own businesses without fear of losing health care coverage.

This bill also contains many other important provisions. I am especially pleased with the significant improvements in coverage for pregnant women, newborns, and adopted children. This bill will also make health care more affordable by providing the government with the means to crack down on health care fraud and abuse in the health care system, specifically in the Medicare and Medicaid programs. What's more, self-employed people will be able to deduct from their taxes 80 percent of their health insurance premiums by the year 2006, up from the 30 percent which current law allows. In addition, this bill increases tax breaks for small companies. Those provisions are especially important for my State, where 98 percent of our businesses are considered small businesses and have fewer than 50 employees.

What so personally excites me about this bill is a provision that I introduced to this bill that requires reimbursement for telemedicine services under Medicare. As many of my colleagues know, I have been a strong advocate of telemedicine since my election to the Senate. I truly believe that establishing a telecommunications infrastructure is a part of the solution to providing affordable and accessible health care. Telemedicine is being used now in Montana, and across the United States, to bring health care services to those who currently don't have access. Getting health care services can be a challenge, especially when folks in my State and in other rural areas face situations where they are 180 miles away from a specialist. But even if specialists are willing and able to visit their patients via telemedicine, the Health Care Financing Administration will not reimburse them for those services.

Mr. President, HCFA has been reviewing demonstration projects to analyze the cost effectiveness of providing health care services via telecommunications and how to reimburse the health care providers. The HCFA study has no expected deadline, but the provision contained in this bill will require HCFA to complete its study and report back to Congress by March 1, 1997. If we pass this bill today, that gives HCFA almost 8 months, in addition to the time they have already spent studying the issue, to determine the reimbursement of services provided via telemedicine. I don't feel this proposal is unreasonable. In fact, since this study is already ongoing, there is no cost associated with this. I am simply asking that HCFA finish the study and let rural areas and urban residents access the health care services that are currently out of reach geographically.

I realize that there are many Americans, including a number of folks in Montana, who have serious concerns with this legislation. Folks in my State seem to be particularly concerned that this legislation is just a step toward implementing the failed Clinton health care plan and will turn our health care system over to the Government. What's more, I have heard from a number of Montanans who are concerned about health insurance costs going up for all health care consumers. I appreciate and understand these concerns—I don't want to see either of these things take place. In fact, like most Americans, I am completely opposed, and I opposed then, the type of big-government, big-bureaucracy health care agenda that the Clinton administration proposed in 1994. Most people don't want a single-payer, government-controlled health insurance system deciding what is best for them and neither do I. That is why this bill only addresses those aspects of health insurance reform that folks have identified as important and necessary, and want to see passed.

Though I realize that this bill will not solve all the problems with our Nation's health care system—and I have concerns with certain aspects of the act as well—this legislation does take a giant step toward eliminating many of the worst abuses that exist in the private insurance market. Most important, it does all this without substantially raising costs for current health insurance policyholders, without meddling with those parts of the system that work, and without taking away the ability of States or the private sector to initiate their own reforms.

Mr. President, the Republican-led 104th Congress has once again given us an opportunity to change a system that has consistently failed millions of Americans and American families. I want to take a moment to thank the Republican leadership and all of those who have worked so hard, in both parties, to bring this legislation back to the floor. I also want to commend Senators DOMENICI and WELLSTONE for their work on mental health parity. Though this provision has been stripped from the bill, I believe their efforts will help move our country forward in treating the nearly 5 million Americans suffering from severe mental illness. I particularly want to commend the senior Senator from Kansas for leading the way on this issue. I also want to thank Senator KASSEBAUM for the time and dedication she has given over the years to the citizens of our country. I am truly sorry that Senator KASSEBAUM will be leaving us at the end of the 104th Congress. Not only will the U.S. Senate lose a fine legislator but a fine person. On that note, because of Senator KASSEBAUM's efforts, and with the overwhelming bipartisan support this bill received in the House yesterday, it looks as though we are going to see our way clear and bring about these much needed reforms to our health insurance system.

In closing, Mr. President, I believe this health insurance reform legislation is the best hope we have to help America's—particularly Montana's—families and small businesses cope with burdensome health care costs. Not only will this legislation end job lock and the misfortune of pre-existing conditions that prevent thousands of Americans from buying coverage but it will also strengthen our health care system for years to come. In short, because this health insurance reform bill contains so many commonsense measures, I was pleased to support this bill when it first came before this body in April. And because the legislation that is again before us today will immediately and measurably improve the lives and protect the health of millions of American workers and families without putting folks out of business, raising taxes or turning the health care system over to the government, I am going to vote to send this bill to the President. I hope my colleagues in the Senate will do the same. This bill's time has come. Let's not squander the opportunity we have today.

Mr. CHAFEE. Mr. President, I am pleased to support the conference report accompanying the health care reform legislation. Members of Congress have worked for many years to pass health care reform legislation, and it has been a long road. I would like to congratulate the co-sponsors of this legislation, Senators KASSEBAUM and KENNEDY. At a time when most would have doubted that any health care reform bill could pass this year, they persevered. And this legislation is a fitting tribute to the senior Senator from Kansas who retires at the end of this year.

In recent years, we have fought to reduce the number of Americans without access to health insurance and slow the rate of growth in health care costs. Two years ago we had a nationwide debate on health care reform. There were many competing proposals, and ultimately we failed to reach a consensus on comprehensive health reform legislation.

In the wake of that failure, we have put aside our differences and taken a more incremental approach to health care reform. Rather than forcing dramatic change in our health care system, we are making small, yet important changes in the health insurance market which will give working Americans something very important—peace of mind.

Once this legislation is enacted, Americans will know that if they change jobs they will be able to move from one group health insurance plan to another without worrying that preexisting conditions will limit or exclude them from coverage. Once this bill is enacted, families will no longer face being locked into their jobs for fear of losing health insurance coverage. This bill would also assure that if a worker lost his or her job or accepted a job without health insurance coverage, they would have the opportunity to purchase a health insurance policy without limitations or exclusions for preexisting conditions.

This legislation also includes provisions introduced by Senator COHEN, to crack down on individuals who knowingly commit fraud in or health care system. Not only will this help to control health care costs in the private insurance market, but it will also reduce the fraud which plagues the Medicare Program. The bill includes provisions, authored by Senator BOND, to create uniform, standards for the electronic transmission of health care information in an effort to streamline and lower administrative costs.

Finally, the language includes important tax provisions to make health insurance more affordable for the self-employed by allowing them to deduct a greater percentage of their health insurance costs. It also clarifies that the cost of long-term care insurance is deductible—encouraging more Americans to purchase private long-term care insurance. I am hopeful that this provision will lessen the burden of long-term care costs on our Medicaid Program, which many seniors fall back on once they exhaust their life-savings on nursing home care.

I recognize that there are those who are disappointed in the final outcome of some of the provisions in this legislation. Probably the most glaring is the omission of the Domenici-Wellstone provision providing parity for mental illness. During Senate consideration of the health reform proposal, I voted against the mental health parity amendment as well as other key provisions. I did so to assist the managers of the bill in trying to keep the bill free of controversial provisions that could have slowed down the process. I also had concerns that the amendment was too encompassing. I am hopeful that Congress will act in the near future on a narrower version of this important legislation.

In conclusion, no one got exactly what they wanted on every aspect of this bill, myself included. Nonetheless, I think we all should take satisfaction in the passage of this legislation and recognize that great things often come form humble beginning. Thank you Mr. President.

CLARIFYING CERTAIN DEFINITIONS

Mr. HATCH. Mr. President, with respect to the corporate-owned life insurance provision in the conference agreement to the Health Insurance Portability and Accountability Act of 1996, I would like to clarify the definition of a fixed and variable rate of interest as it relates to the deduction of interest on pre-1986 life insurance contracts.

It is my understanding that a life insurance contract with an option to elect a variable rate of interest, which has borne the same rate of interest since its date of issuance, is considered a contract with a fixed rate of interest. If the interest rate under this contract is changed to a variable rate as the result of the exercise of an election under the contract, the contract would then be considered a contract with a variable rate of interest.

Mr. ROTH. Yes, the Senator's understanding is correct.

Mrs. FEINSTEIN. In 1945, President Harry Truman proposed universal health insurance, putting on the public agenda, the goal of universal health insurance, a goal that still eludes us. Too many Americans find that just when they most need health insurance, it is not there. It is terminated. They are denied its purchase, because they are sick. They are determined to be uninsurable.

The bipartisan bill before us today does not provide health insurance to every American. We still face that challenge. But the bill before us today takes an important step toward making health insurance more secure.

This bill provides some health security in several ways:

No Arbitrary Terminations: Insurers will not be able to impose preexisting condition limitations for more than an initial 12-month period. This means that employees can change jobs without fear or facing a new preexisting condition exclusion.

Guaranteed Access: Insurers will be required to offer insurance to all groups, regardless of the health status of any member of the group and employees could not be denied group coverage based on their health status.

Guaranteed Insurance Renewal: Groups and individuals who have insurance will be able to renew their policies as long as they have paid their premiums.

Individual Coverage Guaranteed: People who leave their job where they have had 18 months of prior employer group coverage and who have exhausted their extended [COBRA] coverage would be guaranteed access to an individual policy.

NEED FOR THE BILL

The problems this bill addresses are real:

Twenty-three million Americans lose their insurance every year; 18 million people change insurance policies annually when someone in the family changes jobs.

Over 9 million Americans changed jobs in 1995; millions more wanted to. The General Accounting Office estimates that as many as 4 million employees are locked into their jobs because they fear that the insurer for the next employer will refuse to insure them because of their health condition, something the industry has called a preexisting condition. GAO has said that 21 million Americans could benefit by prohibiting preexisting condition exclusions.

Small employers are often unable to get insurance because a few of the employees are ill; insurers refuse to insure. Small employers lack the leverage of big employers in negotiating good prices and policies. In California, 84 percent of the uninsured are in working families. Fifty-two percent of uninsured employees work in small firms.

And finally, there are 10 to 20 million Americans seeking to buy insurance on their own—individual policies. These individuals, who are not part of a large pool where risk can be spread out, find that insurers refuse to sell to them or price the policies so high they are unaffordable.

GENETIC DISCRIMINATION

I especially appreciate the inclusion of provisions barring genetic discrimination in health insurance, along the lines of S. 1600, a bill I introduced with Senator MACK.

Last fall, as cochairs of the Senate Cancer Coalition, Senator MACK and I held a hearing on the status of genetics research and use of genetic tests. We learned we are all carrying around between 50,000 and 100,000 genes scattered on 23 pairs of chromosomes and that every person has between 5 and 10 defective genes, often not manifested.

Approximately 3 percent of all children are born with a severe condition that is primarily genetic in origin. By age 24, genetic disease strikes 5 percent of Americans. Genetic disorders account for one-fifth of adult hospital occupancy, two-thirds of childhood hospital occupancy, one-third of pregnancy loss and one-third of mental retardation.

About 15 million people are affected by one or more of the over 4,000 currently identified genetic disorders.

We are learning virtually everyday about the explosion of knowledge in genetic science. We know that certain diseases have genetic links, like cancer, Alzheimer's disease, Huntington's disease, cystic fibrosis, neurofibromatosis, and Lou Gehrig's disease.

But understanding genetics brings a new set of problems. Witness after witness at our hearing raised fears of health insurance discrimination. And it is not just fear. It is also reality. We heard about insurers denying coverage, refusing to renew coverage, or denying coverage of a particular condition.

In a 1992 study, the Office of Technology Assessment found that 17 of 29 insurers would not sell insurance to individuals when presymptomatic testing revealed the likelihood of a serious, chronic future disease. Fifteen of thirty-seven commercial insurers that cover groups said they would decline the applicant. Underwriters at 11 of 25 Blue Cross-Blue Shield plans said they would turn down an applicant if presymptomatic testing revealed the likelihood of disease. The study found that insurers price plans higher—or even out of reach—based on genetic information. Another study conducted by Dr. Paul Billings at the California Pacific Medical Center, reached similar conclusions.

Here are a few examples, real-life cases:

An individual with hereditary hemochromatosis—excessive iron—who runs 10K races regularly, but who had no symptoms of the disease, could not get insurance because of the disease.

A health maintenance organization that had covered a child since birth, denied therapy after the child was diagnoses with mucopolysaccharidoses [MPS].

A Colorado insurer terminated the policy of the family of a 3-year-old with the same disease.

An 8-year-old girl was diagnosed at 14 days of age with PKI [phenylketonuria], a rare inherited disease, which if left untreated, leads to retardation. Most States require testing for this disease at birth. Her growth and development proceeded normally and she was healthy. She was insured on her father's employment-based policy, but when the father changed jobs, the insurer at the new job told him that his daughter was considered to be a high risk patient and uninsurable.

The mother of an elementary school student had her son tested for a learning disability. The tests revealed that the son had Fragile X Syndrome, an inherited form of mental retardation. Her insurer dropped her son's coverage. After searching unsuccessfully for a company that would be willing to insure her son, the mother quit her job so she could impoverish herself and become eligible for Medicaid as insurance for her son.

Another man worked as a financial officer for a large national company. His son had a genetic condition which left him severely disabled. The father was tested an found to be an asymptomatic carrier of the gene which caused his son's illness. His wife and other sons were healthy. His insurer initially disputed claims filed for the son's care, then paid them, but then refused to renew the employer's group coverage. The company then offered two plans. All employees except this father were offered a choice of the two. He was allowed only the managed care plan.

A woman was denied health insurance because her nephew had been diagnosed as having cystic fibrosis and she inquired whether she should be tested to see if she was a carrier. After she was found to carry the gene that causes the disease, the insurer told her that neither she nor any children she might have would be covered unless her husband was determined not to carry the CF gene. She went for several months without health insurance because she sought genetic information about herself.

These denials not only deprive Americans of health insurance, they affect people's health. If people fear retaliation by their insurer, they may be less likely to provide their physician with full information. They may be reluctant to be tested. This reluctance means that physicians might not have all the information they need to make a solid diagnosis or decide on a treatment.

All of us are at risk of illness. We all have defective genes. I hope that the addition of my language can help ease the fears of many Americans and discourage insurers from using genetics as a reason to deny insurance.

AN IMPORTANT STEP

This bill, while it does not address all the problems, does take an important step. As a measure of its importance, yesterday morning when agreement on the bill reached the public, my staff got a call at 9:15 a.m.—6:15 a.m. California time—from a worried constituent, asking, "Will it help me?"

This bill can help make health insurance available to those Americans who want to buy it. It can bring peace of mind to millions of Americans. It can restore to insurance what insurance is supposed to be.

I hope we will promptly send this bill to the President for his signature and close this loophole in our erratic patchwork of health insurance.

Mr. HELMS. Mr. President, H.R. 3103, the Health Coverage Availability and Affordability Act of 1996, could very well sound the death knell for the past years of liberal efforts to socialize medicine. The truth is, it puts us well on our way to providing a meaningful health care reform for millions of working Americans.

H.R. 3103 guarantees that American workers can keep their health coverage if they change or lose their jobs, which will be greatly reassuring to millions of American workers having pre-existing conditions. Now they will be able to change jobs without fear of losing their health insurance. The portability provision, as it is called, enables employees to be covered immediately upon taking another job—regardless of their health status.

Mr. President, American dissatisfaction with the existing health care system has gained much of its momentum from the spiraling costs of medical care in the United States. In 1993, nearly $940 billion was spent on health care, more than 14 percent of the GDP; this percentage has been rising steadily for years. Tax relief and medical savings accounts provide the best of all solutions by enabling patients to make their own choices with their own money. Workers and their families—not government bureaucrats—should decide how much to spend on health care and which health care benefits best meet their needs.

This bill, H.R. 3103, will partially correct a senseless disparity in the Tax Code concerning the deductibility of health insurance premiums. Whereas under current law businesses are allowed to deduct such premiums, fully, as a business expense, self-employed workers receive only a 30-percent deduction—thereby increasing the cost of doing business. This bill raises to 80 percent the amount of health insurance they can deduct from their Federal income taxes, it allows the deductibility of premiums for long-term care policies.

Medical savings accounts [MSA's] expand consumer choice and ultimately will reduce health care costs by spurring competition and greater cost-consciousness in the use of health care. MSA's confer upon individuals financial incentive to spend their health care dollars wisely by turning part of the savings over to employees, in effect rewarding efficiency.

Mr. President, many private businesses are already using cash incentives to reduce health care costs while, at the same time, achieving great employee satisfaction with the health care afforded them. MSA's provide workers with a great deal of choice and freedom. A study by the Rand Corp. estimates that MSA's could help low-income workers reduce health care spending by up to 13 percent.

In a truly American way, MSA's harness free enterprise to promote sorely-needed efficiencies in the health care economy.

The fight over MSA's is fundamentally about power. MSA's return power to the American worker. Proponents of socialized medicine recognize that once MSA's are passed, they will dramatically become a bulwark against the liberals' hopes for a government-controlled health care system. Although this limited MSA program will not and cannot instantly solve the problem of the affordability and availability of health insurance, it will be a major step in the right direction.

Mr. President, the majority of Americans are calling for health care reform. I believe further progress can be made by further changes in the Tax Code. But this legislation puts us on the right track.

Mr. LEAHY. Mr. President, today over 62,000 Vermonters are included in the 40 million Americans who are without health insurance. Unfortunately, this number is increasing every year. Health insurance has simply become less available and affordable.

The health insurance reform bill before us today is a small step, but a step in the right direction. It puts an end to the practices of denying health insurance to people with chronic illness and denying the renewal of policies of people that become ill. It makes health care more affordable by increasing the health insurance tax deduction for self-employed individuals from the current 30 percent to 80 percent over the next 10 years and makes the cost of long-term care, such as expenses for nursing home and home health care, tax deductible just as other medical expenses are today.

The passage of this bill is a hard-won battle. I do have concerns, however, about the magnitude of the experimental provision to allow 750,000 health care policies to be withdrawn from traditional insurance system to create a medical tax shelter for routine medical bills. I plan to watch this demonstration closely to make sure that it does what it is intended to do—increase the number of insured—and not just increase premiums for people that have traditional health insurance policies.

While, as I said, this bill moves us in the right direction, I have to be clear that its passage is bittersweet. This bill does not address the larger issue of the skyrocketing cost of health care which will continue to be a looming problem that Americans face. And I am disappointed that the final bill does not include a provision to end discrimination against people with mental illness by requiring insurers to treat mental illness coverage the same as coverage for physical conditions.

I am also very concerned that the bill before us today calls for nationwide data networks for health information to be established within 18 months but contemplates delay of the promulgation of any privacy protection for 42 months. That is not the way to proceed. When the American people become aware of what this law requires and allows by way of computer transmission of individually identifiable health information without effective privacy protection, they should demand, as I do, prompt enactment of privacy protection.

Despite these concerns, the steps that this bill takes are long overdue. Two years ago, Congress was engaged in a great battle over how to get health care costs under control and make health care services available to all Americans. That battle heeded few results and left millions of Americans frustrated and disappointed that health care would continue to be out of their reach. The obstacles that prevented Americans from buying health insurance have not gone away and Congress now owes it to Americans to pass this bill to address some of the issues that these individuals face.

NEED FOR PRIVACY PROTECTION IN CONNECTION WITH COMPUTERIZATION OF HEALTH CARE INFORMATION

• Mr. LEAHY. Mr. President, for the past several years, I have been engaged in efforts to make sure that Americans' expectations of privacy for their medical records are fulfilled. I do not want advancing technology to lead to a loss of personal privacy and do not want the fear that confidentiality is being compromised to deter people from seeking medical treatment or stifle technological or scientific development.

The former Republican Majority Leader Bob Dole put his finger on this problem when he remarked that a "compromise of privacy" that sends information about health and treatment to a national data bank without a person's approval would be something that none of us would accept. Unfortunately, the former Republican majority leader's worst nightmare, and mine, is being facilitated by provisions inserted by the House into this conference report that require the development of a national health information system.

The conference report includes provisions that require a system of health care information exchanges by computers and through computer clearinghouses and data networks. These are provisions that were not included in the Senate bill and have not been separately considered by the Senate.

The Senate sponsors of a similar bill, which is pending without action before the Senate Finance Committee, acknowledged the need to establish standards not just for accomplishing electronic transactions but also for the privacy of medical information. Unfortunately such standards are not included in this bill.

I worked during Senate consideration of the Kennedy-Kassebaum bill in April to include such protections. Indeed, along with Senators KASSEBAUM, KENNEDY, BOND and BENNETT, we were able to reach agreement on an amendment that would have combined administrative simplification provisions with critical privacy protection provisions. Our proposal was, unfortunately, not included in the Senate bill due to an objection from the staff of the Senate Finance Committee. This was especially troubling since similar provisions had been included in the Finance Committee bill reported in the last Congress and in Republican Leader Dole's bill—as well as in the Labor Committee bill and Democratic Leader Mitchell's bill and in the bill produced by the mainstream group.

Now we are confronted with a conference report that calls for nationwide data networks to be established within 18 months but contemplates delay of the promulgation of any privacy protection for 42 months. That is not the way to proceed. When the American people become aware of what this law requires and allows by way of computer transmission of individually identifiable health information without effective privacy protection, they should demand, as I do, prompt enactment of privacy protection.

I have long felt that health care computerization will only be supported by the American people if they are assured that the personal privacy of their health care information is protected. Indeed, without confidence that one's personal privacy will be protected, many will be discouraged from seeking help from our health care system or taking advantage of the accessibility that we are working so hard to protect. These are among the serious problems being created by the conference report provisions that do not enact or require promulgation of effective privacy protection.

The American public cares deeply about protecting their privacy. Louis Harris polling indicated that almost 80 percent of the American people expressed particular concern about computerized medical records held in databases used without the individual's consent. The American people know that confidentiality of medical records is extremely important.

The Commerce Department released a report earlier this year on Privacy and the NII. In addition to financial and other information discussed in that report, there is nothing more personal than our health care information. We must act to apply the principles of notice and consent to this sensitive, personal information. It is time to accept the challenge and legislate so that the American people can have some assurance that their medical histories will not be the subject of public curiosity, commercial advantage or harmful disclosure. There can be no doubt that the increased computerization of medical information has raised the stakes in privacy protection. The nationwide, comprehensive computerization represented by the administrative simplification provisions of this conference report makes the enactment health care privacy legislation essential.

Three years ago, I began a series of hearings before the Technology and the Law Subcommittee of the Judiciary Committee. We explored the emerging smart card technology and opportunities being presented to deliver better and more efficient health care services, especially in rural areas. Technology can expedite care in medical emergencies and eliminate paperwork burdens. But it will only be accepted if it is used in a secure system protecting confidentiality of sensitive medical conditions and personal privacy. Fortunately, improved technology and encryption offer the promise of security and confidentiality and can allow levels of access limited to information necessary to the function of the person in the health care treatment and payment system. Unfortunately, the conference report fails to include technological or legal protections for patients' privacy.

In January 1994, we continued our hearings before that Judiciary Subcommittee and heard testimony from the Clinton Administration, health care providers and privacy advocates about the need to improve upon privacy protections for medical records and personal health care information.

As I focussed on privacy needs, I was shocked to learn how catch-as-catch-can is the patchwork of State laws protecting privacy of personally identifiable medical records. A few years ago we passed legislation protecting records of our videotape rentals, but we have yet to provide even that level of privacy protection for our personal and sensitive health care data.

As policymakers, we must remember that the right to privacy is one of our most cherished freedoms—it is the right to be left alone and to choose what we will reveal of ourselves and what we will keep from others. Privacy is not a partisan issue and should not be made a political issue. It is too important.

I am encouraged by the fact that the Clinton administration has understood that "health security" must include assurances that personal health information will be kept private, confidential and secure from unauthorized disclosure. Early on the administration's health care reform proposals provided that privacy and security guidelines would be required for computerized medical records. The administrations's Privacy Working Group of its NII Task Force has been concerned with the formulation of principles to protect our privacy. In these regards, the President is to be commended.

The difficulty I had with the initial provisions of the President's Health Security Act I now have with this conference report. We cannot delay enactment of laws to protect our health care privacy for several more years. This bill will require that personal health care information be available for electronic transmission without proper protection and without any effective way for a patient to object or withhold consent from such insecure transmission. The two-track system for establishing national computer networks of health care information within 18 months and getting to the fundamental issue of privacy protection some 2 or 3 years later is unacceptable and wrongheaded.

Having introduced health care privacy legislation in the last Congress, I joined with Senator BENNETT and others in introducing the Medical Records Confidentiality Act, S. 1360, in this Congress. Our bill establishes in law the principle that a person's health information is to be protected and to be kept confidential. It creates both criminal and civil remedies for invasions of privacy for a person's health care information and medical records and administrative remedies, such as debarment for health care providers who abuse others' privacy.

This legislation would provide patients with a comprehensive set of rights of inspection and an opportunity to add corrections to their own records, as well as information accounting for disclosures of those records.

The bill creates a set of rules and norms to govern the disclosure of personal health information and narrows the sharing of personal details within the health care system to the minimum necessary to provide care, allow for payment and to facilitate effective oversight. Special attention is paid to emergency medical situations and public health requirements.

We have sought to accommodate legitimate oversight concerns so that we do not create unnecessary impediments to health care fraud investigations. Effective health care oversight is essential if our health care system is to function and fulfill its intended goals. Otherwise, we risk establishing a publicly-sanctioned playground for the unscrupulous: Health care is too important a public investment to be the subject of undetected fraud or abuse.

Those who have been working with us on the issue of health information privacy include the Vermont Health Information Consortium, the Center for Democracy and Technology, the American Health Information Management Association, the American Association of Retired Persons, the AIDS Action Council, the Bazelon Center for Mental Health Law, the Center for Medical Consumers, the New York Public Interest Group, the National Association of Retail Druggists, the Legal Action Center, IBM Corp., and the Blue Cross and Blue Shield Association. They have worked tirelessly to achieve a significant consensus on this important matter.

The Labor Committee conducted hearings last year on this legislation that showed significant support for the measure. Senators KASSEBAUM and KENNEDY have worked hard on this matter and helped us to revise and improve the provisions of the bill. The working version of the bill now includes several important changes from the language originally introduced. We have tried to make it more patient centered and sensitive. We have eliminated the section on and references to a health information service. We would require informed consent for use of individually identifiable health information for research.

It is with this in mind that I am troubled by indications in the conference report discussion that research is viewed by some as an area where privacy rights should be sacrificed and consent not required for use of individually identifiable health information. I feel strongly to the contrary and believe that research should include consent consistent with current, recognized professional standards and codes of conduct for clinical research. We need not and should not weaken those standards and protections through poorly conceived Federal mandates.

It is unfortunately that criticism of S. 1360 from some quarters tended to obscure its purpose and impede its progress. Some critics were unwilling to work with us to improve the bill. Their recalcitrance helped create the threat we face in this conference report of federally mandated computer networks of sensitive health information without simultaneous enactment of privacy protection.

I know that these are important matters about which many of us feel very strongly. It is never easy to legislate about privacy. Those of us who care about protecting privacy have no acceptable alternative and must pull together to achieve that which has always been our goal—prompt enactment of effective privacy protection for health care information.

When I testified before the Labor Committee earlier this year I suggested that our critics look at the bill against the backdrop of the lack of protection that now exists in so many places and in so many ways and the computerization of medical information. Indeed, in 1995 the House had buried within its budget reconciliation bill provisions that would have required the development and use of protocols "to make medical information available to be exchanged electronically." I was the only Member of Congress to protest the inclusion of those provisions without any attention to privacy protection last year. Fortunately, others are now beginning to recognize the need for action.

During the last few days we have been able to improve the conference report, but only slightly to the point that it is now. Initially, it would have expressly preempted all States' laws that provide privacy protection for health information and records and made it virtually impossible later to add privacy protection measures. Now, there is at least an exception to the Federal preemption language for State laws relating to the privacy of individually identifiable health information. This is only a start because, as I have noted, the State laws are not sufficiently protective or comprehensive in the protections they seek to provide.

Senator BENNETT and I have been trying to respond to suggestions for improvements to our bill as originally introduced. We have been working closely with the Chair and Ranking Democrat of the Labor Committee, Senators KASSEBAUM and KENNEDY, and with all interested parties.

I deeply regret that we have not been able to develop a complete consensus to enable privacy provisions to be included in this measure at this time. When supporters of measures to standardize and require the electronic exchange of health care information insisted that administrative simplification mandates be included in this conference report without any significant privacy protection, we could only obtain a limited opportunity to include privacy protection somewhere down the road. While the conference report provides express protection for business trade secrets and confidentiality for commercial information, it all but ignores personal privacy and provides no current protection for individually identifiable health information.

I will continue to work on this important issue. We are still engaged in discussions with some who have come forward with concerns very recently and have yet to offer suggestions for improvements or alternative language. Our fervent desire to make the Medical RECORDS Confidentiality Act the best bill it can be should not be doubted. I come forward today to declare that further delay by critics cannot and will not be tolerated. If they have suggestions for improvements to the bill, they need to make them without delay. Our window of opportunity is closing.

The conference report allows the Secretary 12 months to make recommendations. She has been engaged in this process from the outset so we need and expect her recommendations immediately. Congress must get about the job of enacting tough, effective privacy protection before mandated computer transfers of medical information become effective. We cannot risk the loss of privacy in the interim. Moreover, it will be near impossible to include appropriate privacy protection in the future. We must rededicate ourselves to act at the earliest moment. I hope we can do so before adjourning this year. Privacy was left off the table at this House-Senate conference. It must be given a central place and highest priority if this scheme for technological development is to proceed.

I would ask all to join with us in a constructive manner to create the best set of protections possible at the earliest possible time. With continuing help from the Administration, health care providers and privacy advocates we can enact provisions to protect the privacy of the medical records of the American people and make this part of health care security a reality for all.

Mr. KERREY. Mr. President, I strongly support Senate passage of H.R. 3103, the Health Insurance Portability and Accountability Act of 1996. I am proud to have been an original cosponsor of its predecessor, S. 1028, the Kennedy-Kassebaum proposal that was originally introduced in July of last year. Although I do not believe that this legislation is as strong as the bill that passed the Senate last April, these changes are still long overdue. As many as 25 million Americans will benefit from these modest yet meaningful reforms to the insurance market—as, for example, they move from job to job or lose employer-sponsored coverage as the result of corporate downsizing.

This bill takes an incremental approach to health care reform by fixing the most egregious flaws in our employer-based health insurance system. I believe that we must move far beyond this bill, to comprehensive health care reform, in order to ensure that every American and legal resident knows that they have health insurance coverage. However, we must do what we can, now, to make the first needed changes to the American health care system.

Right now, we can help the many Americans who are currently excluded from meaningful health coverage because they are subject to preexisting condition exclusions or are unable to purchase an individual policy. This bill will address these significant problems.

This bill's great strength is that it will enable American workers to respond to our changing economy. Today, workers risk losing their existing coverage when they seek new skills or new opportunities. If they can find a replacement policy through a new employer or in the individual market, it may leave them under-insured. They can be subject to a preexisting condition exclusion that excludes a part of their body, or a significant health problem, from coverage, even though they have maintained insurance coverage for many years. Because of these constraints, many Americans don't dare switch employers or career-paths. This job-lock phenomenon, which has reportedly affected 25 percent of all Americans, would be eliminated by this bill.

In addition, the portability and renewability protections in this bill will give more Americans the health coverage flexibility they need to survive in our changing economy. This bill takes a responsible approach to ensuring continued access to health care—in the individual market if necessary—for workers who are displaced by corporate downsizing and other lay-offs. Because our economy is fluid and unpredictable, we need to fix these flaws in our employer-based health insurance system.

I believe that this is critically important legislation, but I also believe that this legislation could have been better. It should have included provisions requiring equitable treatment for mental health care—if not the parity provision originally championed by Senators DOMENICI and WELLSTONE, then the compromise proposal on benefit limits that Senator DOMENICI introduced today. I am also concerned that the portability provisions for group to individual coverage were weakened by the conference committee. I think that the original bill's guarantees for individuals who lose group coverage and seek insurance in the individual market took the right approach. Insurers should be required to offer a broad range of insurance policies to these customers. The conference agreement will allow insurance companies to offer only two policies—and even though the bill includes some requirements for these plans, I am concerned that insurers may be able to charge these individuals exorbitant rates.

I also can't pretend that this proposal will fix all of the problems in the American health care system. Many Americans will benefit from this proposal. But many of the 40 million Americans who are currently uninsured will not be among them. I am particularly concerned that so many children continue to be uninsured. In a recent study, the GAO analyzed the recent decline in health insurance among children and concluded that this decline in coverage has been concentrated among low-income children. This report also noted that the proportion of children who are uninsured—14.2 percent, or 10 million children—is at the highest level since 1987. I believe that all children should have health insurance, and that this insurance should cover children's complete developmental needs.

In addition, health insurance premiums will continue to be unaffordable for many, and the significant individual insurance market reforms will not affect people who are already uninsured. Our population will continue to age and Medicare and Medicaid spending will therefore continue to escalate. Overall health expenditures—Federal and State programs, private insurance and out-of-pocket spending which already consume more than 12 percent of GDP—will continue to grow.

We need to recognize that these insurance reforms represent an important step, but only a first step. Until all Americans are guaranteed health coverage, we cannot claim to have fixed the health care crisis. We clearly failed 2 years ago. We need to ensure that every American, regardless of their ability to pay or the generosity of their employer, maintains a meaningful right to health care. We also need to ensure that every American bears their individual responsibility pay for their health care—to the extent possible—and the information they need to make informed decisions about the quality and price of their care.

I applaud Senators KASSEBAUM and KENNEDY for their determination and hard work on this bill. Their efforts, over a number of months, to bring this proposal up before the Senate, and their perseverance since the Senate passed this bill in April, have been remarkable. I believe that the compromises included in the conference report reflect the legislation's original intent to improve access to health insurance for millions of working Americans. We still have worked to do, but this bill is a meaningful first step.

Mr. HATCH. Mr. President, it has been a long journey to this moment in history, as we prepare to approve the conference agreement on H.R. 3103, the Kassebaum/Kennedy Health Insurance Reform Act of 1996, and send it to the President for his signature. What we thought would be a sprint because the ideas made so much sense turned out to be a marathon.

As one of the original cosponsors of this important legislation, I am pleased the impasse which prevented this bill from moving forward has been resolved.

After months of delay, the American people will soon realize the benefits of the time and energy that have been devoted in making this legislation a reality.

The Republican leadership in the House and Senate are to be commended for their steadfast commitment to reach an agreement with the White House on such contentious issues as medical savings accounts, insurance portability, mental health parity, and advisory opinions.

Overall, this legislation embraces many key elements of health care reform that have been pending in Congress for over five years, even before the 1994 health care overhaul proposal by President and Mrs. Clinton.

In my opinion, H.R. 3103 is a good bill. It represents meaningful, workable, and targeted health care reform that will provide a significant measure of assistance to millions of Americans.

The underlying insurance reforms included in the bill have now been enhanced by additional provisions that strengthen and improve the scope of the legislation.

Although much of the controversy over the past several months centered on issues unrelated to the insurance provisions, it is important that we not lose sight on the importance of the insurance reforms.

This bill will provide greater assurance to an estimated 25 million Americans that they can carry their health insurance coverage from job to job, without losing that protection, as well as obtain health insurance irregardless of preexisting health problems.

These protections are clearly the hallmark of the Kassebaum/Kennedy bill.

These protections are important because access to health insurance remains one of the fundamental problems facing Americans in today's health insurance market. The unfortunate fact of today's insurance market is that there is too little protection for individuals and families with significant health problems.

This legislation is clearly aimed at correcting that problem.

By restricting the use of preexisting limitations or exclusions on individuals, H.R. 3103 will increase access to health coverage as well as provide portability of insurance coverage for those wishing to change jobs.

Although these changes have been described as incremental by some, they are significant improvements in the manner in which Americans obtain health insurance. Through the enactment of this bill, Congress is sending a message that the status quo is unacceptable.

This bill will help a significant number of people and for that reason alone it is worthy of passage.

Aside from the insurance reforms, there are a number of other provisions added in the House and on the Senate floor to the underlying insurance bill.

For example, the bill creates a newly coordinated Federal, State and local health care antifraud and abuse program that will dramatically increase the enforcement authority of the Departments of Health and Human Services and Justice.

As Chairman of the Senate Judiciary Committee, I have been particularly interested in the development of the antifraud provisions. It is clear from the hearings conducted in the Judiciary Committee as well as other committees in Congress that more effective law enforcement tools are needed to fight health care fraud.

The problems have been well-documented by the distinguished Senator from Maine, Senator COHEN, who developed the underlying legislation from which many of the fraud provisions of H.R. 3103 were developed.

I strongly support tough and effective measures to address fraud and abuse. But in our efforts to deter, detect and prosecute fraudulent behavior, we need to ensure that these efforts do not penalize innocent behavior or unintentionally bog down the delivery of health care.

The practice and delivery of health care is overwhelmingly conducted by honest and well meaning individuals who should not be suspected of wrongdoing merely because they are physicians, hospital administrators or other health care providers.

Creating a cloud of suspension over the entire health care community will not solve the fraud problem when only a few are guilty of wrongdoing.

We need to ensure that new antifraud and abuse provisions provide clear and unambiguous guidance on what constitutes fraudulent behavior.

Equally important is that antifraud provisions avoid penalizing innocent individuals for inadvertent or clearly innocent behavior.

I would remind my colleagues that antifraud proposals over the past several years have essentially proposed to expand the scope of existing antifraud and abuse laws applicable to health care providers. A clear case is the application of the antikickback laws which are, at best, complex and confusing and are not easily conveyed in the context of managed care.

Overly broad applications of these laws are particularly worrisome.

As an example, the legislation creates a new Federal criminal statute under title 18 of the U.S. Code against health care fraud. Fines and imprisonment for up to 10 years can be imposed for violating provisions of the new statute.

Within the practice of health care, legitimate disagreements regarding medical judgment and treatment decisions should not be cause for imposing legal penalties. It is critical that the antifraud provisions be carefully crafted to avoid punishing unintentional acts by health professions.

Accordingly, I am pleased the conference report contains language I proposed that specifically defines any new Federal health care offense to include both a knowing and willful standard of intent.

The addition of willful in this standard is essential to ensure that inadvertent or accidental conduct is not deemed criminal. The standard is now clear that criminal liability will be imposed only on an individual who knows of a legal duty and, intentionally, violates that duty.

Without this clarification, legitimate disagreements regarding a physician's medical judgment and treatment decisions could have been the basis for imposing criminal penalties.

Another issue which surfaced during consideration of the antifraud provisions concerned the impact on the provision of alternative and complementary health care.

As my colleagues know, I have championed the cause of alternative and complementary medicine. I am sensitive to concerns within this community regarding unintended negative implications of the fraud language on the provision and practice of nontraditional and nonmedical forms of health care.

I want to make it clear to my friends in the alternative and complementary medicine community that under this bill the practice of complementary, alternative, innovative, experimental or investigational medical or health care itself, will not constitute fraud.

I have specifically addressed these concerns in the legislative and conference report language to clarify any misunderstandings or ambiguity arising from the implementation of the fraud provisions.

In this regard, I want to thank the National Nutritional Foods Association, the American Chiropractic Association and the American Preventive Medical Association for their input.

While it is easy to focus only on the laudable benefits of the insurance provisions in this bill, because they are so important, we must not lose sight of the very significant tax provisions that are also included in this legislation. These provisions will work to make health insurance more affordable, to ease the financial burdens of long-term care, and to allow individuals to use individual retirement account funds for catastrophic health expenses without penalty.

Mr. President, I am very pleased that this bill increases the percentage of health insurance costs that can be deducted by the self-employed to 80 percent. This provision takes a huge step toward correcting what has long been a gross inequity. No one has ever been able to defend the policy of allowing corporations to fully deduct health insurance expenses, but allowing the self-employed to deduct only a small portion. At a time when we are trying to encourage the creation of new businesses, especially by those who have been laid off from large corporations over the past few years, this lack of full deductibility has been a real disincentive.

Although this bill takes us most of the way there by getting to 80 percent deductibility, I want to note that our job is far from finished in this area. First, 80 percent is not enough. We must find a way to go the rest of the way and allow for full deductibility.

Second, under this bill, it takes us 10 years to go from the 35 percent that is deductible under the current law to the 80 percent level that this bill finally provides. I urge my colleagues to not sit back and relax on this issue. I hope that in the next Congress, we can find a way to get to full deductibility and sooner.

The long-term care provisions of this bill are also very important, Mr. President. As our population ages, millions of families will find themselves facing the problem of how to pay for needed health care for aged loved ones. Up until now, the Medicaid program has borne the brunt of these expenses in cases where the individual or family did not have the resources to cover the often very significant cost of nursing home care or skilled nursing assistance.

It is clear, however, that our Medicaid system will simply not be adequate to cover such expenses as we move into the next century and the public's capacity to pay for these huge expenses are pushed beyond the limit.

The bill before us begins to address this problem by making it easier for individuals and families to pay for long-term care insurance, easier for insurance companies to provide such coverage, and more beneficial to employees of companies that provide such insurance as part of an employee benefit package. These changes are key in moving the majority of the responsibility for long-term care expenses from the public sector to families and individuals.

Many of these tax provisions are very similar to changes I have long advocated in long-term care legislation. These provisions are, in fact, comparable to the long-term care provisions included in the quality care for life legislation I introduced earlier in this Congress. I believe these provisions will serve to begin to shift public attitude from one largely of government dependence to one of personal responsibility. Private insurance is vital to making this shift, and these provisions will all make it much easier for insurance to be a viable alternative.

Mr. President, I also want to comment on a small, but important, provision, that will help thousands of Americans who are hit by high medical expenses. This bill allows for penalty-free withdrawals from individual retirement accounts to pay medical expenses that exceed 7.5 percent of the taxpayer's adjusted gross income.

When the IRA concept was first enacted into our tax law, penalties were placed on early withdrawals to discourage any use of the money beside that for which it is mainly intended—to provide funds for retirement. This was wise, Mr. President.

However, we also need to recognize that when devastating illness strikes a family, the need for cash is immediate. This provision helps in cases where a family is hard hit with medical expenses but has the means to help pay them in IRA funds. I also commend the provision that allows IRA funds to be used to pay for health insurance premiums in cases of unemployment. This provisions should help many families who might face the ugly choice of dropping health care coverage when the paycheck temporarily stops.

Also included in the conference report is a four year pilot project for medical savings accounts, or MSA's.

Beginning in 1997, MSA's are available to employees covered under an employ-sponsored high deductible plan of a small employer or self-employed individual. Taxpayers (including the self-employed) will be allowed to make tax-deductible contributions within limits of an MSA.

The number of taxpayers benefiting annually from an MSA contribution would be limited to a threshold level of 750,000 taxpayers.

I strongly support MSA's. I believe they will provide needed incentives for Americans to become more cost conscious as purchasers of medical services. MSA's will clearly give people more control over their health care dollars with the opportunity to save unspent MSA dollars for future health and long-term care needs.

Mr. President, overall this legislation represents an appropriate balance between the role of the Federal Government with the private insurance market in addressing the health-related problems currently facing many of our citizens.

However, we must recognize that we are breaking new ground with the enactment of this bill. The level of Federal involvement proposed in H.R. 3103 in the affairs of the historically private marketplace of insurance products does indeed raise concerns. We will not ignore these concerns in the implementation of this new legislation, and we will review carefully the long-term impact of these provisions.

Mr. President, I would also like to say to the gentleman from New Mexico, Senator DOMENICI, that I, too, am disappointed that the conferees could not work out language on mental health.

I voted for that amendment, because I strongly believe we need to do more to address the problem of mental health insurance coverage for the millions of Americans who suffer from mental illnesses that are as devastating to individuals and families as physical ones.

During our preconference sessions, I worked with my colleagues to see if there were alternatives to parity which could be pursued in this legislation, because I truly believe that we are not doing enough on mental health. One idea I put forward was to direct increased resources to mental health through the Substance Abuse and Mental Health Services Administration.

I put this proposal forward in a good-faith effort to increase our federal presence on mental health. I understand the concerns of my colleagues that this would not go far enough when compared to the Domenici amendment, but nevertheless I regret that the bill does not contain any mental health provision. I will continue to work with my colleagues on this issue.

Nevertheless, on balance, I am convinced that this bill will serve the interests of the American people who have long sought responsible health insurance reform.

Finally, Mr. President, I would be remiss if I did not take this opportunity to recognize the efforts of the distinguished Chairman of the Committee on Labor and Human Resources, Senator KASSEBAUM, who is to be commended for her leadership and perseverence, in developing this legislation.

I can think of no fitting tribute to her than the enactment of this health reform bill.

Her dedication, hard work, and common sense have been hallmarks of her career in the U.S. Senate.

Let me also thank the ranking minority member, Senator KENNEDY, who has also been an instrumental player and leader in the development of this legislation.

I urge my colleagues to support the conference report to H.R. 3103.

Mr. KENNEDY. Mr. President, I yield myself the remaining 2 minutes.

Today, in spite of 18 months of Republican attempts to deny a pay increase to the most underpaid American workers, Congress will, at long last, send the President legislation to raise the minimum wage. Finally, 5½ years after the minimum wage was last increased, Congress is taking steps to ensure that all workers can earn a living wage.

This day has been a long time coming; 18 months ago, in February 1995, I introduced legislation to raise the minimum wage to $5.65 an hour in three 50-cent increments, and joined Senator DASCHLE 1 month later to introduce S. 413, which would have raised the minimum wage by 90 cents in two increments—on July 1, 1995 and July 1, 1996.

A year ago, on July 31, 1995, I offered a resolution expressing the sense of the Senate that the Senate should take up the minimum wage increase before the end of last year. It received only two Republican votes and was defeated.

I was unable to get a hearing on our bill until December, and—month after month—the Republican chairman of the Labor Committee refused to schedule a markup session to consider it.

Finally, with the very skillful assistance of the Democratic leader, Senator DASCHLE, I was able to offer our bill as an amendment to another bill in March, and obtained a strong vote in favor of a 90-cent increase in the minimum wage. The Republican leader at the time, Senator Dole, responded by pulling the parks bill from the floor of the Senate. He then tied the Senate in procedural knots for weeks, rather than allow a second vote on our bill.

It was only after Senator Dole left the Senate to campaign for the Presidency that we succeeded in scheduling a vote on our bill, and only after threatening to shut down the Senate. I hope every American remembers that this victory for the working poor became possible only after Senator Dole left Washington to become a private citizen.

Now 13 months have passed since the first of the increases in our original bill would have taken effect. The Republicans' delaying tactics have cost minimum wage workers almost $4 billion. I hope every American remembers how tenaciously and how long the Republicans have fought to prevent this increase in the minimum wage.

By contrast, in vote after vote, my Democratic colleagues have been united in their support of fair wages for all workers. I want to salute them for that unity and thank them for their support throughout this long fight.

Thanks to the perseverance of my Democratic colleagues, the poorest American workers will see their incomes increase by 22 percent. By the time next year that the second increase takes effect, they will see their incomes increase by $1,800 a year, enough to pay for 7 months of groceries or a year of community college.

Unlike the punitive welfare reform bill Congress has just passed, this raise in the minimum wage will actually improve the lives of millions of people. It will lift 300,000 people out of poverty, including 100,000 children, and save families across the Nation from having to make cruel economic decisions, such as choosing between keeping the utilities turned on and paying for groceries or medicine.

The real problem for much of the welfare population is their inability to find jobs that pay enough to support them and their families. If work does not pay a living wage, requiring welfare mothers to work will do nothing to end their poverty.

It is unfortunate that this good legislation for low-wage workers was coupled with a package of tax giveaways to large and small businesses. I regret that many objectionable changes to our tax laws are being made under the cover of raising the minimum wage.

On balance though, H.R. 3448 is legislation that should be passed. This long awaited raise in the minimum wage should be delayed no longer.

These are important factors for hard-working men and women in this country. This is an extremely important achievement and accomplishment. I look forward to casting my vote in favor of the increase in the minimum wage.

Mrs. KASSEBAUM. Mr. President, I say how very grateful I am to so many for all of the efforts that have gone into making the passage of the House insurance reform possible tonight.

It is not possible to name all the names, and I ask unanimous consent they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Labor Committee: Dean Rosen, Susan Hattan, Anne Rufo, David Nexon, Lauren Ewers.

Finance Committee Majority: Lindy Paull, Frank Polk, Julie James, Mark Prater, Doug Fisher, Gioia Bonmartini, Alex Vachon, Brig Gulya, Sam Olchyk, Donna Ridenour.

Minority: John Talisman, Patti McClanahan, David Podoff, Laird Burnett, Keith Lind.

Majority Leader: Annette Guarisco, Vicki Hart, Susan Connell.

Minority Leader: Rima Cohen.

Joint Committee on Taxation: Ken Kies, Mary Schmitt, Carolyn Smith, Cecily Rock, Brian Graff, Judy Xanthopoulos.

Congressional Research Service: Beth Fuchs, Madeleine Smith, Kathleen Swendiman, Jennifer O'Sullivan, Celinda Franco.

Thanks to the staff of: House Ways and Means Committee—particularly Chip Kahn, Elise Gemeinhardt, and Kathy Means; House Commerce Committee—Howard Cohan, Melody Harned; House Economic Opportunities Committee—Russ Mueller; Congressional Budget Office Staff; House and Senate Legislative Counsels—particularly Bill Baird, Ed Grossman, John Goetcheus, and Julie Miller.

Mrs. KASSEBAUM. Without the dedicated efforts of our staff, it would not have been possible. I mention Dean Rosen, Susan Hattan of my staff, and David Nexon and Lauren Ewers of Senator KENNEDY's staff, and many others who have spent countless time and effort.

It is an important piece of legislation. I am very proud we have accomplished it in a bipartisan fashion. It could not have been done without them.

Senator KENNEDY mentioned the minimum wage legislation which we will be voting on as well, in back-to-back votes. I will speak after those votes on something I regard very important to the success of both welfare reform and the minimum wage, and that is job training programs.

Without our willingness to be more innovative and skillful in how we handle job training problems, we will not succeed with the type of welfare reform or minimum wage that enables us to have skilled young people and retrained older people entering our job markets. I think that is an important component of the success of those bills.

I yield any remaining time, but say again how proud and grateful I am to all who have had a hand in the passage of this legislation.

CORRECTING THE ENROLLMENT OF H.R. 3103

The PRESIDING OFFICER. Pursuant to the previous order, the Chair announces the adoption of House Concurrent Resolution 208, just received from the House.

The concurrent resolution (H. Con. Res. 208) was deemed agreed to.

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996—CONFERENCE REPORT

The Senate continued with the consideration of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report of H.R. 3103. The yeas and nays have not been ordered.

Mr. DOMENICI. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays on the minimum wage increase, H.R. 3448, the Small Business Tax Relief Act.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays have been ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report on H.R. 3103.

The yeas and nays have been ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Washington [Mrs. MURRAY] and the Senator from Arkansas [Mr. PRYOR], are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 264 Leg.]

YEAS—98

Abraham
Akaka
Ashcroft
Baucus
Bennett
Biden
Bingaman
Bond
Boxer
Bradley
Breaux
Brown
Bryan
Bumpers
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Exon
Faircloth
Feingold
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kennedy
Kerrey
Kerry
Kohl
Kyl
Lautenberg
Leahy
Levin
Lieberman
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Nickles
Nunn
Pell
Pressler
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wellstone
Wyden

NOT VOTING—2

Murray
Pryor

The conference report was agreed to.

Mr. BREAUX. I move to reconsider the vote.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SMALL BUSINESS JOB PROTECTION ACT OF 1996—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the clerk will report the conference report to accompany H.R. 3448.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 3448 to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take-home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer-owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

(The conference report is printed in the House proceedings of the RECORD of August 1, 1996.)

The PRESIDING OFFICER. The question is on agreeing to the adoption of the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Washington [Mrs. MURRAY] and the Senator from Arkansas [Mr. PRYOR], are necessarily absent.

The result was announced—yeas 76, nays 22, as follows:

[Rollcall Vote No. 265 Leg.]

YEAS—76

Abraham
Akaka
Baucus
Bennett
Biden
Bingaman
Boxer
Bradley
Breaux
Bryan
Bumpers
Byrd
Campbell
Chafee
Cohen
Conrad
D'Amato
Daschle
DeWine
Dodd
Domenici
Dorgan
Exon
Feingold
Feinstein
Ford
Frist
Glenn
Gorton
Graham
Grams
Grassley
Gregg
Harkin
Hatch
Hatfield
Heflin
Hollings
Inouye
Jeffords
Johnston
Kassebaum
Kennedy
Kerrey
Kerry
Kohl
Lautenberg
Leahy
Levin
Lieberman
McCain
McConnell
Mikulski
Moseley-Braun
Moynihan
Murkowski
Nunn
Pell
Pressler
Reid
Robb
Rockefeller
Roth
Santorum
Sarbanes
Shelby
Simon
Simpson
Snowe
Specter
Stevens
Thompson
Thurmond
Warner
Wellstone
Wyden

NAYS—22

Ashcroft
Bond
Brown
Burns
Coats
Cochran
Coverdell
Craig
Faircloth
Frahm
Gramm
Helms
Hutchison
Inhofe
Kempthorne
Kyl
Lott
Lugar
Mack
Nickles
Smith
Thomas

NOT VOTING—2

Murray
Pryor

The conference report was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. NICKLES. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. Will the Senator yield to me?

Mr. KENNEDY. Can I ask for order, Mr. President?

The PRESIDING OFFICER. The Senate will come to order. Will Senators remove audible conversations to the Cloakroom?

The Chair recognizes the Senator from Massachusetts.

Mr. FORD. Mr. President, will the Senator yield me 10 seconds?

Mr. KENNEDY. I yield.

EXPLANATION OF ABSENCE

Mr. FORD. Mr. President, I would like for the record to reflect that our good friend and colleague, DAVID PRYOR, has missed votes yesterday and today because of the death in his family of his father-in-law and the funeral today. I want the record to reflect that because it was not official business.

I thank the Chair.

Mr. KENNEDY. Mr. President, in the last half hour, we have experienced a double-header victory for the American people: health care and a raise in the minimum wage. In a sense, both these bills had nine lives, and they needed all of them. But they have come to a successful resolution this evening and, hopefully, they will be on the President's desk in the very near future.

I would like to just take a moment—I know others want to address the Senate and we still have time for discussion on these two measures—but I do want to at this time express my very, very strong personal appreciation for the support, the assistance, and the help of our leader, Senator DASCHLE, for his leadership throughout the process on both of these pieces of legislation, as well as so much other legislation.

I pay tribute, as I did earlier, to Senator KASSEBAUM for sponsoring the legislation and for all that she has done to move it forward.

To Senator HARKIN for his work on the genetic information, the fraud and abuse provisions. He has been tireless in both of these areas, as well as many others.

Senator WELLSTONE's work on domestic violence, the mental health issues has been enormously important, and although we did not achieve them in this legislation, I think all of us have an understanding we are going to revisit those issues in September, and I look forward to joining with Senator WELLSTONE, Senator DOMENICI and others for, hopefully, an important downpayment on that issue to try and reflect what is the reality, and that is a mental illness should be treated just like every other illness in our health care system.

To Senator SIMON for his work on the privacy issues.

To Senator MIKULSKI and Senator DODD who were extremely active and involved in the markup and are always involved, Senator DODD particularly, on children's issues and Senator MIKULSKI on the impact of this legislation and also the minimum wage legislation on women in our society.

To Senator BREAUX for his help in making the compromise possible.

And to all the others who helped.

I also thank all of my staff who worked so tirelessly: David Nexon who has done such an extraordinary job over many years and has devoted the better part of his life to trying to improve quality health for American people. I think all of us at this time are mindful of the extraordinary quality of individuals on our staff who really make such an enormous difference in the legislative achievements and for changes in policy.

Carey Parker; Nick Littlefield, our overall staff director for his tirelessness in both of these endeavors; Lauren Ewers, who has been a key member of our health staff; Jim Manley; Dennis Kelleher, Sue Castleberry, April Savoy, Brian Moran.

I, too, want to thank Dean Rosen and Susan Hattan of Senator KASSEBAUM's staff.

I think we have been fortunate on our committee to have Republican and Democratic staff. They have been extremely important and cooperative, and have high talent on both sides of the aisle. Senator MOYNIHAN's staff, Laird Burnett and Jon Talisman, have been enormously helpful.

Finally, I also thank Minority Leader GEPHARDT in the House of Representatives for his strong support and advocacy in working with all of our friends and Members of our party.

Congressman DINGELL, Congressman WAXMAN and the others in the House who participated in the conference committee. I am grateful to all of them.

With respect to the minimum wage, this uphill effort against the odds could not have succeeded without the leadership and support of Secretary of Labor Bob Reich and the contributions of his Department. Many people there lent us their expertise, but let me single out Assistant Secretary Geri Palast, Chief Economist Lisa Lynch, John Fraser at the Wage and Hour Administration, and Seth Harris at the Office of Policy.

Many organizations made a difference in this effort, but I want especially to thank the U.S. Catholic Conference, the Women's Legal Defense Fund, the Mon Valley Unemployed Council, and the Business and Professional Women USA for all of their help. As always, the AFL-CIO and its unions worked very hard for this legislation, even though very few union members earn wages low enough to be affected by this increase. They did so because they honor work and care about the well-being of every American—not just their members. Chris Owens worked with all of these groups to help educate the public and the Congress.

Finally, on my own staff, Sarah Fox devoted her phenomenal energy to this bill for a year before leaving to join the National Labor Relations Board. And Ross Eisenbrey, a congressional fellow detailed from the Department of Labor, worked very hard over the last 16 months to help us accomplish this 22 percent pay increase for millions of Americans.

I thank the majority leader for his help and assistance and courtesy on these issues, as on others.

Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nominations on the Executive Calendar: Calendar Nos. 687 through 709, 711 through 715 and all nominations placed on the Secretary's desk in the Air Force, Army, Marine Corps, and Navy.

I further ask unanimous consent that the nominations be confirmed, the motions to reconsider be laid upon the table, the President be immediately notified of the Senate's action, and that the Senate then return to legislative session.

I might say, these are military nominations.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The nominations considered and confirmed, en bloc, are as follows:

PANAMA CANAL COMMISSION

Alberto Aleman Zubieta, a citizen of the Republic of Panama, to be Administrator of the Panama Canal Commission.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

Everett Alvarez, Jr., of Maryland, to be a Member of the Board of Regents of the Uniformed Services University of the Health Sciences for a term expiring May 1, 1999. (Reappointment).

AIR FORCE

The following-named officer for promotion in the Regular Air Force of the United States to the grade indicated under title 10, United States Code, section 624:

To be brigadier general

Col. Gilbert J. Regan [redacted] U.S. Air Force.

The following-named officer for appointment in the Reserve of the Air Force, to the Air Force, to the grade indicated, under title 10, United State Code, sections 8374, 12201, and 12212:

To be brigadier general

Col. Christopher J. Luna [redacted] Air National Guard of the United States.

The following-named officer for appointment to the grade of lieutenant general in the United States Air Force while assigned to a position of important and responsibility under title 10 United States Code, section 601:

To be lieutenant general

Maj. Gen. Roger G. DeKok [redacted]

The following-named officer for appointment to the grade of lieutenant general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Patrick K. Gamble [redacted]

The following-named officer for reappointment to the grade of lieutenant general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be lieutenant general

Lt. Gen. Lester L. Lyles [redacted]

The following-named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. John B. Sams, Jr [redacted] U.S. Air Force.

The following-named officer for reappointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. Charles T. Robertson [redacted] U.S. Air Force.

The following-named officer for reappointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Maj. Gen. Frank B. Campbell, [redacted] U.S. Air Force.

ARMY

The following-named officer for reappointment to the grade of lieutenant general in the United States Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. David L. Benton, [redacted]

The following-named Army Medical Service Corps Competitive Category officer for appointment in the Regular Army of the United States to the grade of brigadier general under the provisions of title 10, United States Code, sections 611(a) and 624(c):

To be brigadier general

Col. Mack C. Hill [redacted] U.S. Army

The following-named Army Medical Corps Competitive Category officers for appointment in the Regular Army of the United States to the grade of brigadier general under the provisions of title 10, United States Code, sections 611(a) and 624(c):

To be brigadier general

Col. Ralph O. Dewitt, Jr [redacted] U.S. Army.

Col. Kevin C. Kiley [redacted] U.S. Army.

Col. Michael J. Kussman [redacted] U.S. Army.

Col. Darrel R. Porr [redacted] U.S. Army.

The following-named officer for appointment to the grade of lieutenant general in the U.S Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

To be lieutenant general

Maj. Gen. Eric K. Shinseki [redacted]

The following-named officers for promotion in the Regular Army of the United States to the grade indicated under title 10, United States Code, sections 611(a) and 624:

To be major general

Brig. Gen. Michael W. Ackerman [redacted]

Brig. Gen. Frank H. Akers, Jr [redacted]

Brig. Gen. Leo J. Baxter [redacted]

Brig. Gen. Roy E. Beauchamp [redacted]

Brig. Gen. Kenneth R. Bowra [redacted]

Brig. Gen. Kevin P. Byrnes [redacted]

Brig. Gen. Michael A. Canavan [redacted]

Brig. Gen. Robert T. Clark [redacted]

Brig. Gen. Michael L. Dodson [redacted]

Brig. Gen. Robert B. Flowers [redacted]

Brig. Gen. Peter C. Franklin [redacted]

Brig. Gen. Thomas W. Garrett [redacted]

Brig. Gen. Emmitt E. Gibson [redacted]

Brig. Gen. David L. Grange [redacted]

Brig. Gen. David R. Gust [redacted]

Brig. Gen. Mark R. Hamilton [redacted]

Brig. Gen. Patricia R.P. Hickerson [redacted]

Brig. Gen. Robert R. Ivany [redacted]

Brig. Gen. Joseph K. Kellogg, Jr [redacted]

Brig. Gen. John M. LeMoyne [redacted]

Brig. Gen. John M. McDuffie [redacted]

Brig. Gen. Freddy E. McFarren [redacted]

Brig. Gen. Mario F. Montero, Jr [redacted]

Brig. Gen. Stephen T. Rippe [redacted]

Brig. Gen. John J. Ryneska [redacted]

Brig. Gen. Robert D. Shadley [redacted]

Brig. Gen. Edwin P. Smith [redacted]

Brig. Gen. John B. Sylvester [redacted]

Brig. Gen. Ralph G. Wooten [redacted]

MARINE CORPS

The following-named brigadier generals of the U.S. Marine Corps Reserve for promotion to the grade of major general, under the provisions of section 5898 of title 10, United States Code:

To be major general

Brig. Gen. John W. Hil [redacted] USMCR.

Brig. Gen. Dennis M. McCarthy [redacted] USMCR.

The following-named colonels of the U.S. Marine Corps for promotion to the grade of brigadier general, under the provisions of section 624 of title 10, United States Code:

To be brigadier general

Col. Robert R. Blackman, Jr. [redacted] USMC.

Col. William G. Bowdon III [redacted] USMC.

Col. James T. Conway [redacted] USMC.

Col. Keith T. Holcomb [redacted] USMC.

Col. Harold Mashburn, Jr [redacted] USMC.

Col. Gregory S. Newbold [redacted] USMC.

The following-named colonel of the U.S. Marine Corps for promotion to the grade of brigadier general, under the provisions of section 624 of title 10, United States Code:

To be brigadier general

Col. Guy M. Vanderlinden, [redacted] USMC.

The following-named colonel of the U.S. Marine Corps for promotion to the grade of brigadier general under the provisions of section 624 of title 10, United States Code:

To be brigadier general

Col. Arnold Fields [redacted] USMC.

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under the provisions of section 601(a) title 10, United States Code:

To be lieutenant general

Maj. Gen. Carlton W. Fulford, Jr. [redacted]

The following-named officer, on the active-duty list, for promotion to the grade of brigadier general in the U.S. Marine Corps in accordanmce with section 5046 of title 10, United States Code:

Theodore G. Hess [redacted]

NAVY

The following-named officers for promition in the Naval Reserve of the United States to the grade indicated under title 10, United States Code, section 5912:

UNRESTRICTED LINE

To be real admiral

Rear Adm. (lh) James Wayne Eastwood, [redacted] U.S. Naval Reserve.

Rear Adm. (lh) John Edwin Kerr [redacted] U.S. Naval Reserve.

Rear Adm. (lh) John Benjamin Totushek, [redacted] U.S. Naval Reserve.

RESTRICTED LINE

To be rear admiral

Rear Adm. (lh) Robert Hulburt Weidman, Jr., [redacted] U.S. Naval Reserve.

STAFF CORPS

To be rear admiral

Rear Adm. (1h) M. Eugene Fussell, [redacted], U.S. Naval Reserve.

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be vice admiral

Rear Adm. (Selectee) Lyle G. Bien, [redacted]

NAVY

The following-named officer for reappointment to the grade of Admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, sections 601 and 5033:

CHIEF OF NAVAL OPERATIONS

To be admiral

Adm. Jay L. Johnson [redacted]

AIR FORCE

The following-named officer for appointment to the grade of general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10 United States Code, section 601:

To be general

Lt. Gen. Howell M. Estes III, [redacted]

ARMY

The following U.S. Army National Guard officer for promotion in the Reserve of the Army to the grade indicated under title 10, United States Code, sections 3385, 3392 and 12203(a):

To be major general

Brig. Gen. Gerald A. Rudisill, Jr., [redacted]

AIR FORCE

The following-named officer for promotion in the Regular Air Force of the United States to the grade indicated under title 10, United States Code, section 624:

To be brigadier-general

Col. Garry R. Trexler, [redacted]

The following-named officers for appointment in the Reserve of the Air Force, to the grade indicated, under the provisions of title 10, United States Code, sections 8373, 8374, 12201, and 12212:

To be major general

Brig. Gen. Keith D. Bjerke [redacted] Air National Guard.

Brig. Gen. Edmond W. Boenisch, Jr., [redacted], Air National Guard.

Brig. Gen. Stewart R. Byrne [redacted] Air National Guard.

Brig. Gen. John H. Fenimore, V, [redacted] Air National Guard.

Brig. Gen. Johnny J. Hobbs, [redacted] Air National Guard.

Brig. Gen. Stephen G. Kearney, [redacted] Air National Guard.

Brig. Gen. William B. Lynch [redacted] Air National Guard.

To be brigadier general

Col. Brian E. Barents [redacted] Air National Guard.

Col. George P. Christakos [redacted] Air National Guard.

Col. Walter C. Corish, Jr. [redacted] Air National Guard.

Col. Fred E. Ellis [redacted] Air National Guard.

Col. Frederick D. Feinstein [redacted] Air National Guard.

Col. William P. Gralow [redacted] Air National Guard.

Col. Douglas E. Henneman [redacted] Air National Guard.

Col. Edward R. Jayne I[redacted] Air National Guard.

Col. Raymond T. Klosowski [redacted] Air National Guard.

Col. Fred N. Larson [redacted] Air National Guard.

Col. Bruce W. Maclane [redacted] Air National Guard.

Col. Ronald W. Mielke [redacted] Air National Guard.

Col. Frank A. Mitol[redacted] Air National Guard.

Col. Frank D. Rezac[redacted] Air National Guard.

Col. John P. Silliman, Jr[redacted] Air National Guard.

Col. George E. Wilson III [redacted] Air National Guard.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

IN THE AIR FORCE, ARMY, MARINE CORPS, NAVY

Air Force nominations beginning Gregory O. Allen, and ending Stephen M. Wolfe, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of June 3, 1996.

Air Force nominations beginning Derrick K. Anderson, and ending Joni E. Young, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of June 3, 1996.

Air Force nominations beginning Stephen D. Chiabotti, and ending John M. Lopardi, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of June 3, 1996.

Army nominations of Wayne E. Anderson, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of June 18, 1996.

Army nominations beginning Ann L. Bagley, and ending *Burkhardt H. Zorn, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of July 11, 1996.

Army nominations beginning James W. Baik, and ending Peter C. Young, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of July 11, 1996.

Marine Corps nominations beginning Richard L. West, and ending Paul P. Harris, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of July 9, 1996.

Marine Corps nomination of John Joseph Canney, which nominations was received by the Senate and appeared in the CONGRESSIONAL RECORD of July 11, 1996.

Navy nominations of Michael P. Agor, and ending Donald H. Flowers, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of May 17, 1996.

Navy nominations beginning William S. Adsit, and ending Crispin A. Toledo, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of June 3, 1996.

Navy nominations beginning Johnny P. Albus, and ending Mark E. Schultz, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of June 3, 1996.

Navy nominations beginning Anthony L. Evangelista, and ending Laura C. McClelland, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of July 9, 1996.

NOMINATION OF ADM. JAY L. JOHNSON

Mr. WARNER. On that list, Mr. President, appears the name of Admiral Johnson, who will take over as Chief of Naval Operations, succeeding Admiral Boorda, a man for whom all of us had the highest respect, a man in whom the Navy, from the lowest ranking enlisted sailors to the top flag officers, had confidence. In the wake of the tragedy concerning Admiral Boorda, it will be a challenge for Admiral Johnson to lead the Navy. But having gotten to know him, having talked to many, many naval officers who know him, both active and retired, I can say that he is regarded as the man best qualified in the U.S. Navy today to assume this role of leadership at this time in the Navy's history.

Mr. President, I would like to read from a letter forwarded to me by a former Chief of Naval Operations, Admiral Trost. Admiral Trost once served with me in the Department of the Navy. He was my naval aide. He writes as follows: "Admiral Johnson enjoys the confidence of his fellow flag officers who see him as the team leader who will lead them in successfully meeting the challenges which face our Navy now and in the future. He is the officer deemed best-suited to lead our superb Navy onward into the 21st century."

May the new Chief have "fair winds and following seas."

I yield the floor, Mr. President.

Mr. BYRD. Mr. President, I do not support the nomination of Admiral Johnson for the top uniformed position in the Navy, Chief of Naval Operations. I take this position because I believe that the stormy seas that the Navy has experienced in recent years call for the selection of Navy leaders who can serve as an inspiration not only in their warfighting specialties and military prowess, but who also demonstrate a solid commitment to the avoidance of the slightest appearance of conflict of interest.

In this case, Admiral Johnson received substantial sums of money, over $175,000 over the last 6 years, to serve on the board of an insurance company, USAA, which caters to military officers. I know that his acceptance of this position was legitimate, and was entirely legal. I do not know how much time the position demanded of Admiral Johnson in his off-duty hours. I do not raise any issue of wrongdoing in this matter. But there is the inherent appearance of conflict of interest in serving as an active duty Admiral while appearing to endorse a commercial insurance service catering to other naval officers, by virtue of the fact that he accepted a paid position on its Board of Directors. I note that the Secretary of Defense has now disallowed this practice of serving on such boards for renumeration, but I think it does not show the kind of judgement I would expect of someone whose personal example must guide the Navy after an era with too many instances of misconduct and poor judgment on the part of Navy leaders.

I support the Navy. It involves tough, demanding work, with long periods of family separation serving in dangerous environments across the world. The spirit of courageous service and the expertise the Navy daily demonstrates in warfighting and in making ready for warfighting needs to be matched with better judgement in areas involving apparent financial conflicts of interest. These issues of character need to be addressed in a way that will serve as a sorely needed example in a society where standards and values seem to be slipping away from where they should be. This is the message I wish to convey in stating my opposition to this nomination. Let the record show that, if a roll call vote were taken on this nomination, I would be recorded as voting "no."

Mr. KEMPTHORNE. Mr. President, I rise in strong support of the nomination of Adm. Jay Johnson to serve as Chief of Naval Operations.

As the chairman of the Personnel Subcommittee of the Armed Services Committee, I have taken a very close look at Admiral Johnson's record of service, his leadership qualities, his vision for the Navy and his character to insure he will lead the Navy with distinction and honor into the next century.

Based upon all of the information provided to the Armed Services Committee and a private meeting in my office, I have concluded Admiral Johnson is the best person to assume the challenges and opportunities that appear on the horizon for the next Chief of Naval Operations.

Admiral Johnson has an exceptional record of performance as a naval aviator. During his career, Admiral Johnson has also served with distinction in numerous command positions such as Commanding Officer VF–84, Commander Carrier Air Wing One, Commander Carrier Group Eight, Commander Theodore Roosevelt Battle Group, Commander Second Fleet, Commander Striking Fleet Atlantic, and Commander Joint Task Force 120. In March, 1996 Admiral Johnson reported for duty as the 28th Vice Chief of Naval Operations.

A review of Adm. Jay Johnson's record indicates leadership qualities that will serve him well as our Nation's next Chief of Naval Operations. I strongly support Admiral Johnson's confirmation to serve as the next CNO. I have every confidence Admiral Johnson will serve our Nation well in this important position.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, I will only take a moment, if I may.

A TRIBUTE TO LEADERSHIP

Mr. KERRY. Mr. President, I would like to pay a special tribute to the leadership of two Senators on the issues that we have just passed. There are a lot of people who often question what happens around here and the meaning of the life of being a Senator, and some people have, obviously, chosen to engage in a different life and move on, some out of frustration from what you can get done around here.

I think the example of my senior colleague, Senator KENNEDY from Massachusetts, on the legislation that we have just passed, both the health care bill and the minimum wage, is precisely what being a U.S. Senator is all about and why it is so important for people to be able to make a difference in the lives of our fellow citizens.

Both of these bills have happened because of many people, and Senator KENNEDY graciously mentioned many of those involved in it.

But I think all of us know that on day after day after day he was down here on the floor blocking, pushing tenaciously, advocating on behalf of people who do not often have a loud voice on the floor of the U.S. Senate. Millions of Americans will now earn more and millions of Americans will preserve more of their income as well as the fabric of their lives as a consequence of his extraordinary commitment to these two issues. I think the entire Senate should salute the meaning that he has given to being a Senator and a legislator in the course of these efforts.

For Senator KASSEBAUM, who will be leaving the U.S. Senate, I think that this health care bill would not have been on the floor, notwithstanding Senator KENNEDY's great efforts, had she not stood up and made it clear that this bill was going to find its moment on the floor of the U.S. Senate. She stood up to the leadership on her side and made that clear.

So this bill is a legacy to two Senators who have cared and remain steadfast in their sense of priorities and of public rectitude. I wanted to pay tribute to both of them for those efforts. And there are many, many Americans whose lives will be better because of what has been achieved here today.

I yield the floor.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, the Senator from Massachusetts has said it so well. I wish to associate myself with his remarks.

This is a very important day for all of us. But I cannot think of anyone who deserves more credit and more commendation for the tremendous work that it has taken to get us to this point of passage of essential health reform than the senior Senator from Massachusetts, Senator KENNEDY.

It has been my great pleasure to work with him, not only on this legislation but on so many other matters. In the view of many of us, he is a professional's professional. His dedication, his intelligence, his integrity, his willingness to compromise and work with Senators from both sides of the aisle on both sides of the issues has been proven throughout this effort to pass this health bill.

His persistence and perseverance to ensure that at some point in this session we would enact the Kennedy-Kassebaum bill is a tribute to him and to the extraordinary effort that he has put forth. So I want to commend him, commend his extraordinary staff and all of those responsible for bringing us to this point this afternoon.

As the distinguished junior Senator from Massachusetts indicated, the Senator from Kansas also deserves our thanks and a great deal of credit for working so diligently with Senator KENNEDY and all of us to bring about this very important accomplishment.

This is a day that will affect many, many millions of Americans, Americans who care deeply about their health and the health of their families, Americans who deeply need help to find and afford adequate health insurance. We are going to be able to help families do that in large measure, thanks to the accomplishments and to the extraordinary leadership demonstrated today by Senators KENNEDY and KASSEBAUM.

I yield the floor.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Thank you, Mr. President.

HEALTH CARE AND MINIMUM WAGE LEGISLATION

Mrs. BOXER. Mr. President, I rise to say how pleased I am on behalf of the people of California that we have made such progress on raising the minimum wage tonight and passing a long overdue health care bill. The things that we did tonight are going to ripple throughout this country. There has been much discussion of the trickle-down effect. People who work hard at the bottom end of the economic ladder deserve dignity and an income to support their families. Today is a good day for them. It is a good day for all of us.

I also want to pay tribute to the senior Senator from Massachusetts, Senator KENNEDY. I had the privilege and honor of standing with him at numerous press conferences and briefings. We brought small business people out who said that they paid their people more than the minimum wage, and they were proud of it. They had loyal and hard-working employees.

At another, we had working women tell us that the difference to them between the hourly wage they are getting and the wage they will get after this 90-cent-an-hour increase meant that they could pay for some long overdue doctor bills. So we have done something very fine here today.

And health care—two of the provisions of the Clinton health care bill were taken out of that bill and passed in the form of a Kassebaum-Kennedy bill. People can take their health insurance with them from job to job. It is a lifting of a burden and a worry. People with pre-existing conditions, like high blood pressure, will not be denied coverage. We should be very, very proud as we leave here this evening.

Mr. President, in closing, I want to call attention to one issue that was not so good, not so kind, not so nice to the American people. When the minimum wage bill left the Senate, it had in it a provision that I was honored to author. It would have protected widows and widowers from poverty when the working spouse with a pension dies first. Currently, when the working spouse dies with a pension, the surviving spouse's pension is cut 50 percent under the only pension option required by federal law.

We can fix this problem without any cost. We can offer those couples when they do their pension planning an option that ensures the surviving spouse pension is not cut in half. We could have done that in this bill. We did it in the Senate's bill on an overwhelming 96–2 vote. But the House leadership took the provision out.

I look forward to coming back here after the break and working with my colleagues on the Family First agenda that Senator DASCHLE has laid out: Income security, pension security, health care security, security in our communities by putting more police on the beat.

These are the things Democrats are working for. I know we can reach across this aisle, as we did on the two bills that just passed, to carry out that agenda. Then we can really feel good about what we do here in the U.S. Senate.

Thank you very much, Mr. President. I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

HEALTH INSURANCE LEGISLATION

Mr. GRASSLEY. Mr. President, Congress has been struggling to address the problems of our health care system for at least 4 years now. We have a bill before us which constructively addresses some of these problems. And the President has indicated that he will sign it.

The bill preserves the essence of the Kassebaum bill. It provides a medical savings account opportunity. It increases the health insurance deduction for the self-employed. It will facilitate and encourage the purchase of private long-term care insurance. And, it will provide major new weapons in the fight against health care fraud and abuse.

Senator KASSEBAUM's legislation addresses some of the most distressing health insurance problems of Americans. It should increase the availability of health insurance by requiring insurers to issue health coverage to businesses which want to purchase health insurance for their employees.

It should substantially increase the portability of health insurance by limiting the ability of group health plans to impose pre-existing condition exclusions on workers moving from one job to another. Workers insured in one job will now be able to move to another job without fear of losing their health insurance. It will also improve portability for individuals moving from the group to the individual health insurance market.

The bill still defers to health insurance reforms passed by the states. In my State, we enacted earlier this year a good health insurance reform law. The Kassebaum bill defers to State insurance reforms which substantially achieve the ends the Kassebaum bill seeks. So, my expectation is that Iowans will continue to receive health insurance under the terms of the Iowa reforms.

But many States have not enacted health system reforms. Should those States continue without their own reforms, the Kassebaum bill will provide their citizens with these protections.

The bill includes a medical savings account program. As the sponsor of one of the major medical savings account proposals in the Senate, I am very pleased to see that the conferees agreed to include a modified version of the original proposal introduced by Congressman ARCHER and myself.

The provisions contained in the bill retain the essential structure of the MSA concept. I would have preferred to see the maximum annual contribution to an MSA account be larger than 65 or 75 percent of the deductible for an individual or a family. I would have preferred that more than 750,000 be able to participate. I do not see as a major limitation the fact that participation will be limited to smaller businesses and the self-employed. That's where the problem of the uninsured is greatest; hence, MSA's make sense for those individuals.

If I have any concerns about the MSA provisions, Mr. President, it is that I have been given to understand that the those provisions are elaborate and complicated. Given this, I can only hope that the MSA program laid out in this bill will not fail because of this complexity. If we must have a trial of this concept, we have the right to expect that it will have a fair chance to succeed, and not hamstrung by overly complicated rules and regulations.

The farm community and the small business community strongly support this MSA concept. In my State of Iowa, a great many people are familiar with high deductible health insurance policies. I believe that many Iowa farmers and small businesspeople will want to participate in this program.

Another feature of the bill that will be welcomed by the small business community in my State is an increase in the deductibility of health insurance premiums for the self-employed from 30 percent to 80 percent by the year 2006.

One of the great inequities in our health care system is that businesses that offer health insurance as an employee benefit can deduct the cost of that insurance from their Federal taxes. The employees of those companies get those benefits, which are a part of their earned compensation, tax free. The self-employed, however, get only the current law 30 percent deduction for what they must spend for health insurance.

The bill provides a medical expense deduction for payment of qualified long-term care insurance premiums and expenses. This should give a boost to the use of private long-term care insurance. Given our Federal budget deficit problem, and the difficulty we are going to have as a government and society paying for the benefits we have already promised, we simply must encourage increased use of private long-term care insurance. These provisions should help.

Second, Senator COHEN's waste, fraud and abuse legislation is included in the bill. These provisions constitute a substantial increase in the remedies available to law enforcement for combatting health care fraud and abuse. The General Accounting Office has estimated that fraud represents as much as 10 percent of total health care spending.

Perhaps 10 percent does not sound like much. But 10 percent of more than $900 billion per year is a huge amount of money. We must do our very best to insure that we are not defrauded of any of this money and that not a penny is wasted.

Mr. President, we have been promising these incremental reforms since at least 1992. Most of us have been saying, since at least 1992, that we could easily enact reforms such as those in this bill. We should pass it.

Mr. President, I feel that I should conclude by making clear to my own constituents what this bill is not designed to do. I think we will be making a serious mistake if we over-sell what it is designed to do and, therefore, what it will accomplish. If we do exaggerate what this bill is designed to do, the American people will be very disappointed and disillusioned when they discover that the bill does not live up to their expectations.

Therefore, I want to make clear, at least to the people I serve in Iowa, what this bill has never been designed to do.

It does not attempt to make health insurance more affordable;

It would not completely eliminate denial of coverage for pre-existing conditions;

It would not provide portability between different individual policies; and

It would not necessarily mean that currently uninsured individuals would have to be sold a health insurance policy.

Having said that, let me conclude by saying that this monumental piece of legislation is the kind of incremental common sense reform individuals and families across the country have been looking for. I am proud to support it and I urge the President to sign it.

GOOD SAMARITAN FOOD DONATION BILL

Mr. SANTORUM. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 2428, which is at the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2428) to encourage the donation of food and grocery products to nonprofit organizations for distribution to needy individuals by giving the Model Good Samaritan Food Donation Act the full force and effect of law.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SANTORUM. Mr. President, I rise to support the passage of the Good Samaritan Food Donation Act, H.R. 2428. This important measure will encourage the charitable distribution of food by establishing a single national liability standard for the good-faith donation of food and grocery products. It has been named in honor of my good friend, the late Bill Emerson, who staunchly advocated this measure as well as other nutrition programs during his service in the House of Representatives, and I believe it is a fine tribute to his interest and commitment to ensuring that hungry Americans are properly fed. I would also like to commend Senator BOND and Senator LEAHY for their efforts in seeing this bill brought to the floor as quickly as possible.

Liability concerns are the overriding reason why unsalable, but otherwise wholesome, food is destroyed rather than donated to charity. In 1990, Congress attempted to address these concerns with enactment of the Model

Good Samaritan Food Donation Act, which gave States a model statute to enact in order to provide some measure of protection from liability. All 50 States and the District of Columbia have enacted some form of legislation aimed at extending liability protections to donors and distributors of donated food. Unfortunately, States have taken a wide variety of approaches to this issue, leaving donors and distributors of food with a confusing patchwork of laws with which to contend.

It is my understanding that none of the various State laws have been tested in the courts. Nevertheless, the fear of potential liability continues to discourage potential donors 6 years after passage of the model statute. When Second Harvest, the Nation's largest network of food banks, commissioned a survey last year to examine the factors affecting food donations, the fear of liability remained the single most important reason why food is destroyed rather than donated.

Computerization and new inventory practices by some of the Nation's largest food retailers and distributors have meant less food is wasted in this country. For food banks, this new efficiency has made it more difficult to obtain food donations. Fear of liability only makes their essential work harder.

By enacting this measure, Congress will be helping to ensure that food banks can respond to the needs of the hungry in our communities. This modest bill should be just the first step in a sustained effort to see that other obstacles to charitable activities are removed as well.

AMENDMENTS NOS. 5148 AND 5149

Mr. SANTORUM. I understand there are two amendments at the desk, one by Senator LEAHY and one by Senator KENNEDY. I ask unanimous consent they be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

The Senator from Pennsylvania [Mr. SANTORUM] proposes amendments en bloc numbered 5148 and 5149.

Mr. SANTORUM. I ask unanimous consent reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (No. 5148 and 5149) were agreed to, en bloc, as follows:

AMENDMENT NO. 5148

Beginning on page 2, strike line 16 and all that follows through page 3, line 11, and insert the following:

(C) by striking subsection (c) and inserting the following:

"(c) LIABILITY FOR DAMAGES FROM DONATED FOOD AND GROCERY PRODUCTS.—

"(1) LIABILITY OF PERSON OR GLEANER.—A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals.

"(2) LIABILITY OF NONPROFIT ORGANIZATION.—A nonprofit organization shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the nonprofit organization received as a donation in good faith from a person or gleaner for ultimate distribution to needy individuals.

"(3) EXCEPTION.—Paragraphs (1) and (2) shall not apply to an injury to or death of an ultimate user or recipient of the food or grocery product that results from an act or omission of the person, gleaner, or nonprofit organization, as applicable, constituting gross negligence or intentional misconduct.".

AMENDMENT NO. 5149

On page 2, line 8, insert "the title heading and" before "sections".

On page 2, strike line 15 and insert the following:

Samaritan";

(C) in subsection (b)(7), to read as follows:

"(7) GROSS NEGLIGENCE.—The term 'gross negligence' means voluntary and conscious conduct (including a failure to act) by a person who, at the time of the conduct, knew that the conduct was likely to be harmful to the health or well-being of another person.";

On page 3, line 11, strike the period and insert "; and".

On page 3, between lines 11 and 12, insert the following:

(E) in subsection (f), by adding at the end the following: "Nothing in this section shall be construed to supersede State or local health regulations.".

On page 4, after line 1, insert the following:

(c) CONFORMING AMENDMENT.—The table of contents for the National and Community Service Act of 1990 is amended by striking the items relating to title IV.

Mr. KENNEDY. Mr. President, H.R. 2428 provides limited immunity from tort liability for nonprofit food banks. I am pleased to support the bill now that it includes my amendment clarifying that nothing in the bill supersedes State or local health regulations.

Tort liability is a central pillar of our legal system. It protects consumers by providing an incentive for reasonable care, and it ensures reimbursement for those who are injured by negligent conduct. Any exceptions to the general rules of tort liability must be narrowly tailored.

I do not object to the effort embodied in this bill to provide a measure of additional protection against liability for food banks. These organizations engage in important work, and they deserve our support. I have some concerns about the scope of the protection we are extending to food banks. I would have preferred a definition of gross conduct which made clear that conduct, including a failure to act, by a person who knew or should have known that the conduct was likely to be harmful to the health or well-being of another person would still be actionable. But I am satisfied that the standard contained in this bill still requires that food donors and food banks exercise care to ensure that the food they donate or distribute does not harm the people receiving the food.

My amendment makes explicit the fact that nothing in this Good Samaritan Food Donation Act supersedes State or local health regulations. If we diminish the protections afforded by the tort laws, it is vital for the health and safety of those who consume donated food that regulatory protections remain in place.

I also remain concerned about subsection (b) of the bill, which transfers this provision from the National and Community Service Act to the Child Nutrition Act. But I will not object or seek to amend that subsection based on my understanding that the Labor and Human Resources Committee will continue to exercise jurisdiction over this provision in conjunction with the Agriculture Committee.

I ask the Senator from Missouri if my understanding of this jurisdictional matter is correct.

Mr. BOND. I agree with the Senator from Massachusetts that we have reached that understanding.

Mr. KENNEDY. I thank my friend.

Mr. SANTORUM. I ask unanimous consent the amendments be agreed, to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 5148 and 5149) were agreed to, en bloc.

Mr. SANTORUM. Mr. President, I ask unanimous consent the bill be deemed read the third time and passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 2428) was deemed read the third time and passed.

Mr. BOND. Mr. President, I am pleased that the Senate supported overwhelmingly the passage of H.R. 2428, the Bill Emerson Good Samaritan Food Donation Act.

This is a tremendous tribute to my good friend and colleague from Missouri, Congressman Bill Emerson, who represented southeast Missouri's Eighth Congressional District for 16 years. Bill Emerson was well known in this body, and certainly to many around this city, and was loved by the people of southeast Missouri. He had a long and distinguished career of service in the U.S. Congress.

Bill was especially well known for his work in agriculture and in the fight against hunger, including being an ardent supporter of food distribution programs. One of his legislative priorities this session was a bill that would make it easier for millions of tons of unused food by restaurants, supermarkets, and other private businesses to end up in food pantries and shelters rather than in garbage cans and dumpsters.

The Bill Emerson Good Samaritan Food Donation Act is identical to legislation championed by Bill Emerson before his death. In the past, private donors have been reluctant to make contributions to nonprofit organizations because they are concerned about potential civil and criminal liability. With this legislation, private donors will be protected from such liability, except in cases of gross negligence and intentional misconduct. Those in need will truly benefit from this legislation.

Again, I am happy to be a part of this commonsense approach to fight hunger, and I appreciate the cooperation of all Members involved in this process.

Mr. SANTORUM. Mr. President, I want to say this bill was a long time coming. We have been hassling through a variety of different amendments. I want to thank Senator LEAHY, Senator KENNEDY, and others for their cooperation in finally getting this bill to pass.

This is a bill that really is a tribute to a friend of mine and many here in this body, Bill Emerson, who recently passed away after a long bout with cancer. Bill did tremendous work in the area of nutrition on the Agriculture Committee in the House. This is a fitting tribute, a bill that will bear his name, that will provide much more food for food banks to be able to feed needy families all over this country.

I am very proud to have been involved with this effort. Thank you, Mr. President.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas is recognized.

HOMEMAKER IRA'S

Mrs. HUTCHISON. Mr. President, I want to say, along with many others who have talked about some of the really important legislation that has been accomplished in the last few weeks in Congress, along with the one that I have worked the hardest for, and the one that I think will have a lasting impact, not tomorrow and not next year, but 20 years from now, and that is the homemaker IRA's.

When I got to the Senate, I was very surprised that there was still the inequity against homemakers being able to save for their retirement security in the same way that someone who works outside the home is now able to do. In fact, this penalizes the one-income-earner family when the homemaker stays home and raises children. I think we should be encouraging homemakers to be able to do that, rather than discouraging them. That is why Senator MIKULSKI and I introduced the homemaker IRA bill in 1993.

We have been working for these 3 years, and this year, Senator ROTH, the chairman of the Finance Committee took up our cause. He and Chairman BILL ARCHER said that this would be a priority for them, and I want to thank Chairman ARCHER and Chairman ROTH for not only saying it would be a priority, but for delivering on that promise. They have delivered homemakers of this country an equal opportunity to save for their retirement security.

What this means, Mr. President, is that a homemaker will now be able to set aside $2,000 a year toward retirement security, accruing tax-free. That can make a difference of over $150,000 in a lifetime of savings, so that now a one-income-earner couple, if they both save the maximum amount for 30 years, would have around $350,000 as a nest egg. That could make a big difference in retirement planning, especially for people who are squeezing to make ends meet so that one parent can stay home and raise the children.

So this is a wonderful accomplishment. It is one for which will not be appreciated, probably, in the near future because it does have to accrue into retirement. But this was a great bipartisan effort.

I do want to commend Senator LOTT for helping us move this through. I want to commend Senator ROTH and Congressman ARCHER for shepherding it through the committees in the House and Senate. I just want to say how much I appreciate Senator MIKULSKI, Senator FEINSTEIN, NANCY JOHNSON, and JENNIFER DUNN and SUSAN MOLINARI on the House side, along with BARBARA KENNELLY, for making sure that this did become an accomplishment of this session of Congress.

Thank you, Mr. President. I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997—CONFERENCE REPORT

Mr. COATS. Mr. President, in a moment, I am going to propound a unanimous-consent request that we move to the conference report to accompany H.R. 3230, the National Defense Authorization Act for fiscal year 1997. I note the absence of members of the other party on the floor. Obviously, they will want to be notified of this. I do not intend to pull any surprises here. I will be propounding that UC in a few moments.

The reason I do this, Mr. President, is that we have worked long and hard and very diligently this year to avoid the problems that we encountered last year in not moving the defense authorization bill for fiscal year 1996 as quickly as we would have liked. There were some issues that were contentious, and we had difficulty resolving some of those issues.

There was a determination on the part of the chairman and members of the committee this year to avoid the problem we had last year. I commend Senator THURMOND for the extraordinary work that he led in bringing this item to closure in a timely fashion. We held hearings earlier than we ever have, we held markups earlier than we ever have—at least since I have been on the committee—and we moved forward in an extraordinarily efficient way. We resolved the contentious issues and the differences between Members and between our parties on those issues, and we have legislation which now has passed both the House and Senate, and we have a conference report that we ought to be prepared to vote on.

Now, the reason why this is so important is that within this conference report are a number of significant items that are important to the security of this Nation. Most important is funding for antiterrorist activities that goes to various committees. And there probably is not a more pressing issue before the American people right now other than this terrorist activity that has taken place in the United States and questions as to what the response of the Congress and the administration is going to be.

This legislation provides for $122 million for the strengthening of domestic preparedness to deal with threatened or actual use of nuclear, chemical, biological, or radiological weapons. We are facing a new world today, a world that leaves no American safe in their home, on the streets, at the Olympic games, in New York City, in Indianapolis, IN, or anywhere else. It is vitally important that we move forward in providing for adequate counters to these threats that exist to the American people. This legislation begins the process of doing just that, and the $122 million that is authorized in this authorization bill is important to accomplish that purpose.

If we cannot move forward before we break for recess, we will have delayed, for at least 30 days, and probably more, moving this legislation onto the President's desk for signature, so that we can begin the process of dealing with the terrorist situation that we face.

There is $201 million in here to carry out the provisions of the Defense Against Weapons of Mass Destruction Act, the Nunn-Lugar Act. This is a cooperative effort between the United States and the former Soviet Union. It is important to the security of the United States.

We have a number of other items in here, including pay raises for military uniform personnel and civilian personnel. We have a dental insurance plan for retired service members and their families. We have money in here, or authorization, to support research into the gulf war veterans' illness. We have $466 million of authorized funds for construction of new barracks, dormitories and family housing.

For those Members who are familiar with the situation that exists within the military on family housing, who have bases in their districts or in their States, they know of the vital importance of moving forward with the rehab and construction of existing housing and the construction of new housing for our military. More than 60 percent of current military housing is labeled as substandard by military standards. It is housing that you, I, or anybody on this floor would not let our families live in, if we could help it. Yet, our service families have no choice. It is an urgent priority of the Secretary of Defense, the Department of Defense, and this Congress to begin to rehab and provide adequate housing for our military.

On and on it goes. There is $6 billion for increasing funding for procurement of ships, aircraft, and tactical systems; $3 billion for an increase for research and development; increased funding for development of a national missile defense system and a tactical missile defense system that protects our troops in the field and Americans here at home.

I could go on, Mr. President, but we are faced with a situation that unnecessarily delays our ability to provide necessary authorization for vital national security interests that are important to the United States. I, for one, do not understand why we can't go forward with this. I believe I would at this point——

Mr. SANTORUM. Will the Senator yield?

Mr. COATS. Yes.

Mr. SANTORUM. Will the Senator from Indiana tell me, were the Democrats who signed this conference report—my understanding was that a majority of the Democrats on the committee signed this conference report, is that correct?

Mr. COATS. This conference report is overwhelmingly supported by Members of both parties, Democrats and Republicans. I do not have the exact numbers.

Mr. SANTORUM. My understanding is that all but two Democrats signed this conference report.

Mr. COATS. That is my understanding. The issues that divided us within this report have been resolved and accepted and signed by all but two Members.

Mr. SANTORUM. I thank the Senator.

Mr. KEMPTHORNE. Mr. President, I ask the Senator from Indiana if it is his belief that, so often when there is a conflict anywhere in the world where we may have to commit troops, that the one statement that you hear universally from this body and the House of Representatives is, "We support our troops."

Do you believe that if we take action on this defense authorization bill that would be a strong signal to our troops that we support them and that there is nothing that can stand in the way of authorizing that bill tonight, and send the message that we support our troops?

Mr. COATS. Mr. President, I say to my friend from Idaho that, if there were outstanding issues over which we had legitimate differences and we had not been able to resolve those differences and that is one reason not to go forward, that might be understandable. But the issues have been resolved. Democrats and Republicans have agreed to the resolutions of the contentious issues.

So, whether it is missile defense, or a pay raise, or readiness, or modernization, or funds to combat terrorism, all of those issues have been decided in the conference. We have done so in an expeditious fashion, and the American public has asked us to come here and do our work. I do not know of anything more important—I do not know of any mandate the Congress has in the Constitution that is more important—than providing for the national defense. I do not know of any issue that is more important for Members of the Senate than being able to say to the people that they represent that we have provided for the national security of the United States. That is our foremost obligation.

As I said, were there outstanding differences of opinion on issues that we had not been able to resolve, I can understand why we might not be able to do this before this Congress recesses for a 30-day period of time. But, since that is not the case, since there is agreement, since it is a bipartisan agreement, I believe we ought to, in the interest of national security and the interest of combating terrorism, go forward. And I for one do not understand why we can't do that.

Mr. KEMPTHORNE. Mr. President, will the Senator yield for one further question?

Mr. COATS. Yes. I am happy to yield to the Senator.

Mr. KEMPTHORNE. This morning I received a personal phone call from the Secretary of Defense, William Perry, who thanked me as a member of the committee for all of the efforts that the committee put forth so that we could have this bill completed in conference, and the fact that it was here before the Senate. The Secretary indicated that he was so pleased with this authorization of the conference report, and he said that he was communicating to the President his strong desire that the President sign this bill because this is what the Pentagon wants, and this is what the administration wants.

Is that the Senator's understanding as well? And, again, is there any reason in the world we should not move on this tonight and give the administration what they have asked for?

Mr. COATS. I think the minority leader is about ready to tell us the reason we can't move forward tonight. Again, that just points to the bipartisan support. The administration has signaled through the Secretary of Defense, President Clinton's appointed Secretary of Defense, that they are happy with the bill. They thank us for moving forward with the bill in an expeditious fashion. They do not want to get into the situation that we got into last year any more than we want to put them in that situation. I have received similar calls. It appears to be a piece of legislation important to the United States, important to the national security, one that is supported by Democrats and Republicans, one that is supported by the administration, and, yet, we are not able to resolve to go forward in what Senator THURMOND and Senator NUNN a few hours ago said we can dispose of in 20 minutes.

Mr. SANTORUM. Will the Senator yield?

Mr. COATS. Yes.

Mr. SANTORUM. I also want to add to that laundry list of support that the House passed this bill with a vetoproof majority. This has overwhelming support in the House of Representatives. As the Senator mentioned, the President would like this bill.

I am anxious for the Senator to propound his unanimous consent to see why we cannot move forward with this very vital piece of legislation for our national security.

Mr. COATS. Mr. President, I will now do that. I am sure the minority leader would like to comment on it. But I ask unanimous consent that we proceed immediately to the conference report to accompany H.R. 3230, the National Defense Authorization Act for fiscal year 1997.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DASCHLE. Mr. President, I appreciate very much the comments made by the distinguished Senator from Indiana and my other colleagues.

This is the bill. It is over 1,000 pages. I will not ask the distinguished Senator from Indiana whether he has read every page or not. But I daresay that I suppose that, if anybody has, he has, as thoughtful and as studious as he is. But there are very few people in this body who have read this report. It is 1,000 pages long. We got it yesterday. Two Democrats on the conference refused to sign this report because they had very serious concerns about it that they would like the opportunity to discuss.

This is the most expensive legislation that we will pass this year in one bill. I intend to vote for it, I think. I want to read it over the next couple of weeks myself. I think I will be supporting it.

But I must say it wouldn't be a bad idea if we just took a little time, had a little chance to read it, and discuss whether or not it is the bill we want to vote for. That is all we are asking.

I have heard a lot of comments about how this would only take 20 minutes or 15 minutes. I must say when you have a bill like this of 1,000 pages, I can recall many times we have been on the floor—whether it was health reform or many other bills—when someone has risen, and said with indignation, "We can't pass this because we do not know what is in it." I heard that speech from my colleagues on the Republican side probably a half-dozen times in the last Congress.

So I do not think it is too much to ask, Mr. President, that we have the opportunity to look at it, read it, hopefully talk about it, have a good discussion, and analyze it. After all, it is the defense of the United States that we are talking about here. We should not minimize it. We certainly should not demean it. And I am not implying that anyone is. But this is a very critical decision. This is something we ought to be careful about.

So we just are not prepared tonight, now that everybody is gone and were told that there would be no more votes, to bring this up under any circumstances, especially under a unanimous consent agreement without any debate or any thoughtful deliberation, and without having read this. I can't do that. Not many of my colleagues can do that.

So let us just take another breath, take another look, and we will be ready to go when we come back in September.

I yield the floor.

Mr. COATS addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. COATS. Mr. President, first of all, I appreciate the fact that the minority leader is willing to read the bill over the August recess. I just want to let him know, as a member of the committee who has helped negotiate the bill and is familiar with all aspects of the bill, that I will leave him my phone number in case he has questions. He can track me down, and I will be happy to answer those.

But I would state to the minority leader that, as he well knows, we frequently bring a bill that comprises a great number of pages to the floor and pass them with less tribulation than would be accorded this particular bill. We do so because they have been subject to weeks, if not months, of negotiations between members of the committee, between leadership, between all of those involved, and all of those who have questions about the various issues.

So when the bill finally arrives at the floor, when it finally comes here for final passage, we are all very familiar with it, and we know what the differences are between us. In this particular instance, probably the most knowledgeable Member of the U.S. Senate as to the national defense issues facing this country is not a Republican but a Democrat—Senator SAM NUNN, chairman of the committee for many, many years, now ranking member of the committee. It was Senator NUNN that just an hour ago stood on the floor and said we have resolved all the differences here; there is no reason why this should take very long. And that was propounded not by a Republican. That was propounded by the Democrat ranking member of the committee. The distinguished chairman of the committee, Senator THURMOND, agreed. Those of us who serve on the committee, both Republicans and Democrats, indicated that we have looked at it. We have been meeting in rooms for weeks attempting to iron out the small details and the differences on this.

There really are no outstanding issues. We could talk about issues, but they have already been discussed and they are already familiar to everybody here. I would also point out to the minority leader that just today the minimum wage conference report came to us, the safe drinking water conference report came to us, the health bill came to us yesterday, defense came on Wednesday.

Now, of those four—minimum wage, safe drinking water, health, defense—defense is the one that got here first. Those other three were passed today without extended debate, with very limited debate. Why? Because all of the details had been worked out, because we have been debating the bill for months and various committees have been meeting and all of us had the opportunity to look and determine what is in the bill, to raise questions about any details we had concerns about, and to resolve the differences. All of that has been done.

So anybody who has been watching this proceeding knows that we have just passed three major pieces of legislation that have been in negotiation for months, and yet they were brought to the floor with less time to debate than the defense bill. As important as those bills are—health, safe drinking water, and minimum wage conference reports—I do not believe they stand higher priority than the national defense of the United States.

I regret that the minority leader felt constrained to object to this bill. I regret that we have to delay moving forward to the important provisions in this legislation that affect all Americans.

Mr. President, with that I yield the floor.

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

SMALL BUSINESS JOB PROTECTION ACT

Mr. ROTH. Mr. President, parliamentary inquiry. Under the unanimous consent agreement, following the vote, we were supposed to complete the debate on the health legislation and then proceed to the legislation on the minimum wage and small business taxes. We are anxious to move ahead on the small business tax legislation.

What is necessary to get us on that?

The PRESIDING OFFICER. The Senator is correct. By a previous consent agreement, debate on the conference report to the Small Business Job Protection Act, H.R. 3448, is the pending business. The Senator from Delaware has 60 minutes under his control, the Senator from New York has 60 minutes under his control, and the Senator from Massachusetts, Mr. KENNEDY, has 30 minutes under his control.

Who yields time?

Mr. ROTH. I yield myself such time as I may take, and I will be very brief.

It is my understanding that there are no requests for time on the minority side. Is that correct?

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MOYNIHAN. That is correct. My distinguished chairman, as always, has so stated the facts. But there is a small semantic issue here. Some call this the small business relief act; others on this side call it the minimum wage bill. But we will not resolve that tonight, nor need we.

Mr. ROTH. Could I ask the distinguished ranking member whether or not his side is willing to yield all time?

Mr. MOYNIHAN. If I may speak directly to the Senator—I ask unanimous consent to do—exactly.

Mr. ROTH. So I think both sides are willing to yield back——

Mr. MOYNIHAN. I cannot speak for the Senator from Massachusetts, who is not present.

That is the case.

Mr. ROTH. Could I ask, would it be possible to check that with the staff?

Mr. MOYNIHAN. I have just so done and am informed that is the case.

I see the Senator from Kansas is present, however.

Mrs. KASSEBAUM. Mr. President, I was going to speak, after the chairman and ranking member finish speaking, on a component I believe was important to consider along with the minimum wage and the welfare reform legislation.

Mr. ROTH. Mr. President, this has certainly been a busy month. I appreciate not only the perseverance of my colleagues, but also the willingness of the many valiant staff members who have been working around the clock—both here and on the House side.

This Congress began with great promise, and I'm pleased to say that we are drawing near conclusion with great accomplishment. With the passage of this small business legislation Americans everywhere will have tools necessary for increased opportunity, greater achievement, and more certain security. This is important. It's important for our future, for the well-being of American families, and for the strength of our communities.

And what a departure this is from the past—from the old philosophies that ran this city. It was then that Washington seemed to have only three criteria when it came to American businesses: if they moved, tax them; if they kept moving, regulate them; if they stopped moving, subsidize them.

I believe this legislation demonstrates that those days are over. This legislation demonstrates that this Congress understands that opportunity for Americans, security for our families, is directly tied to the strength of small business.

There are 22 million small business owners who provide paychecks for 6 out of 10 Americans. These risk takers provide more than half of our economy's output, and what we're demonstrating with this legislation is that this Congress is ready and willing to help create an environment where there can be greater growth, opportunity, and jobs—and environment where these small businessmen and women can hire, expand, and modernize.

Among the many important provisions offered in this legislation, first and foremost is an increase in the amount of equipment eligible for expensing. We raise the current law level of $17,500 per year to $25,000 per year, beginning in 1997 and fully phased in by the year 2003.

Next, we include a package of subchapter S corporation reforms that will permit more shareholders in S corporations, the use of S corporations for estate planning purposes, and increased flexibility for subchapter S corporation business use.

We also include a package of pension simplification provisions. An important element of this package is a new pension plan directed to small business, known as SIMPLE. The SIMPLE plan developed by Senator Dole will enable small business owners to set up pensions with less record keeping and guaranteed benefits to their employees. Additionally, tax exempt organizations, as well as State and local governments, will be able to offer section 401k pension plans.

One provision in this legislation that I'm particularly proud of is the new spousal IRA. This will permit homemakers to contribute up to $2,000 per year to an IRA, the same amount as their spouse. This represents an increase of $1,750 over current law, and will go a long way toward creating self-reliance and retirement security for American families.

Among other important changes offered by this legislation is a 6-month delay in the effective date for electronic filing of taxes for small business. In other words, small businesses will be provided more time to become familiar with, and prepare for, the electronic filing program that was part of NAFTA.

These, Mr. President, are some of the major provisions of the Small Business Job Protection Act of 1996. In addition to these important changes, we offer a package of extensions of expiring tax provisions.

These include an extension of the tax-free treatment of employer provided education expenses. Other important extensions cover the research and development tax credit, the orphan drug tax credit, and a new work opportunity tax credit. Along with these were extend tax deductible contributions of appreciated stock to certain charities, the section 29 tax credit for alternative fuels produced from biomass and coal facilities, and a moratorium on the collection of diesel tax paid by recreational boaters at marinas.

Another very important provision in this legislation—one that is not so much associated with strong businesses as it is with strong families and a strong America—is the new credit for adoption expenses. This tax credit will provide $6,000 for special needs adoptions and $5,000 for other adoptions. This, Mr. President, will go a long way to helping loving parents provide homes for children who will now be raised in families.

Mr. President, these are only a few of the many components of this important legislation. One final change, I would like to mention is that extension of the generalized system of preferences trade program, otherwise known as GSP. This extension will run through May 31, 1997, and will help our exporters better compete in the global economy.

It's important to note that this conference agreement is a bipartisan effort—a bipartisan effort that is fully paid for. It contains incentives that will go a long way toward creating an environment for growth, job creation, economic security, and real opportunity for Americans. With the changes we propose in this legislation, small business men and women will have greater incentives and resources to move our economy forward.

As I've said many times, taxation and regulation have profound influences on the ability of nations to create jobs. What we do with this legislation is take some of the burden off the backs of American small business men and women. My hope is that this is only a beginning.

Mr. President, as we complete action on the H.R. 3448, the Small Business Job Protection Act of 1996, I would like to take this opportunity to thank the many staff members who worked long and hard on this bill.

Senate Finance Committee majority staff—Lindy Paull, Frank Polk, Mark Prater, Dough Fisher, Brig Gulya, Sam Olchyk, Tom Roesser, Rosemary Becchi, Lori Peterson, Erik Autor, and Jeremy Preiss.

Senate Finance Committee minority staff—Mark Patterson, Jon Talisman, Patti McClanahan, Maury Passman, and Debbie Lamb.

Senator LOTT's staff—Annette Guarisco and Susan Connell.

Senator DASCHLE's staff—Larry Stein, Alexandra Deane Thornton, and Leslie Kramerich.

House of Representatives Ways and Means majority staff—Phil Moseley, Chris Smith, Jim Clark, Donna Steele Flynn, Paul Auster, Tim Hanford, John Harrington, Norah Moseley, Mac McKenney, Thelma Askey, and Meredith Broadbent.

House of Representatives Ways and Means minority staff—Janice Mays, John Buckley, Mildeen Worrell, Kathleen O'Connell, Beth Vance, Bruce Wilson, and Maryjane Wignot.

Joint Committee on Taxation staff—Ken Kies, Mary Schmitt, Carolyn Smith, Joe Mikrut, Cecily Rock, Ben Hartley, Mel Thomas, Harold Hirsch, Barry Wold, Steve Arkin, Tom Barthold, Tom Bowne, Barbara Angus, Brian Graff, Leon Klud, Judy Owens, Laurie Mathews, Alysa McDaniel, Joe Nega, Angela Yu, and a special thanks to Bernie Schmitt and his excellent estimating staff who worked long into the night on several occasions.

Mr. MOYNIHAN. An increase in the minimum wage is long overdue, and this legislation should be sent to the President before the August recess. The value of the minimum wage has eroded due to inflation since it was last increased in 1989.

It is true that an increase in the minimum wage will reduce demand for labor somewhat, although not significantly in my view. But if you are looking for a painless time to increase the minimum wage, it is now. The current economic expansion is in its 66th month. Unemployment is down to 5.4 percent. The Washington Post recently reported that labor shortages have developed around the country, so much so that some fast-food franchises are paying substantial signing bonuses to new employees.

In response to concerns of some on the other side that the minimum wage increase will cause hardship to small businesses, the Finance Committee took up the small business tax package last month. We worked on a bipartisan basis to craft a small business relief bill all Senators could support. It was approved unanimously by the Finance Committee on June 12, 1996. The bill passed the Senate with broad bipartisan support by a vote of 74 to 24 on July 9, 1996.

Unfortunately, many of the provisions that lent bipartisan support to the small business tax title of the bill in the Senate were dropped in conference. I will briefly mention two matters of particular importance: the tax exemption for employer-provided educational assistance, and the phaseout of the long-standing tax incentives for Puerto Rico codified in section 936 of the Internal Revenue Code.

The conference agreement inexplicably limits prospective extension of the exclusion for employer-provided educational assistance to undergraduate education. Only undergraduate education is covered prospectively here, whereas both undergraduate and graduate education were extended through 1997 in the Senate bill.

This provision is one of the most successful education programs the Federal Government sponsors. It encourages employees to upgrade their skills and thereby maintain and improve their productivity throughout their careers.

Roughly a million persons a year are assisted by their employers with higher education expenses on a tax-free basis, a quarter of them at the graduate level. Both employers and employees benefit. Many of our most successful companies know the benefits of sending valuable employees to school to learn a new field, or a field that has developed since that person had his or her education. Employers understand the opportunities for bringing a promising young person, or middle management person, to higher levels of productivity, and pay them more in the process. This is an elegant piece of unobtrusive social policy.

Second, addressing the special tax rules for Puerto Rico is a difficult subject, but the Senate approach was acceptable to the elected officials in Puerto Rico, and should have been adopted by the conference. The conference agreement fails to provide a continuing economic incentive for investment in Puerto Rico after 10 years. Puerto Rico still has significant economic problems, such as high unemployment rates and low median incomes. The island's unemployment rate is almost 14 percent. While this rate is the lowest in 20 years, we are still talking about an economy in which unemployment has routinely approached, and exceeded, 20 percent in the last two decades. It is also an economy in which the median income of the American citizens who live there is about $6,200, or half that of Mississippi, our poorest State.

Section 936 of the Tax Code has been in existence for 60 years, and nearly all have come to recognize that it is time to move to the next stage. However, we have a profound responsibility to that possession, which we obtained just short of 100 years ago in the aftermath of the Spanish-American War.

Under the Senate provision, adopted at the urging of this Senator, a permanent, although reduced, wage-based credit for jobs located in Puerto Rico would have remained for existing employers. This would have preserved a limited measure of Federal support for Puerto Rico after the remainder of the section 936 incentives are gone after 10 years. It was the least that should be done, given that the people of Puerto Rico—citizens of the United States—are being asked to pay for half or more of these tax cuts for small business, none of which will benefit Puerto Rico.

Understanding the responsibility we have to this island and its people, I hope that at a later time, as early in the next Congress as possible, we will return to this issue and adequately address our obligations to Puerto Rico. We must work together to provide effective economic incentives for new investment in Puerto Rico to provide new jobs and job security for Puerto Rican workers. The people of Puerto Rico—who are not represented in Congress—have the right to be respected and to have their interests advanced.

Thus, while I am disappointed by the resolution of the conference on the small business tax package, I will vote for the conference report because of the importance of the increase in the minimum wage. I will continue to pursue the issues that were not resolved to my satisfaction in the conference report.

Mr. ROTH. I will yield such time as the distinguished Senator from Kansas desires.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mrs. KASSEBAUM. Mr. President, I certainly thank the chairman of the Finance Committee, Senator ROTH. I appreciate his help and leadership on health insurance reform, and certainly as he worked with small business tax relief as a part of the minimum wage package.

I supported the conference report, Mr. President, on small business tax relief which includes, of course, an increase in the minimum wage. However, I have strong reservations about raising the minimum wage because I have believed that in many instances with small businesses, particularly the mom and pop operations, it will mean some loss of jobs or, indeed, reduced hours. But we will have to see.

I supported the conference report overall because I believe the detrimental effects of the minimum wage increase will be offset by many of the small business tax relief provisions. However, as this minimum wage increase moves closer to becoming law, along with health care and welfare reform, I believe it is important to point out that there is still a gaping hole in our efforts to assist workers and improve their economic security. Congress has yet to act on the legislation to reform our job training system, which is, I would suggest, in drastic need of repair.

I listened with great interest to the debate that took place yesterday on welfare reform where Senator after Senator pointed out the importance of training to bring welfare recipients into the work force. As we debated the minimum wage bill through its passage and briefly the conference report, we heard the argument that this increase is needed to raise the living standards of those who are at the bottom of the economic ladder. Yet we all know that the only way to improve the long-term prospects of those at the bottom of the pay scale is to equip them with the skills and education that will allow them to compete and move upward in today's changing workplace. It is ever more competitive, ever more demanding of new skills and, unfortunately, the training infrastructure that we have now in place is woefully inadequate. In fact, it is nothing less, I would suggest, than a national disgrace.

I will not take up the time of the Senate at this point to discuss the scores of reports documenting with overwhelming evidence why the current system is broken and must be fixed. I would just like to mention one of the latest GAO reports outlining the failure of current Federal programs.

The General Accounting Office compared control groups with participants in JTPA titles II-A and II-C, both programs for the economically disadvantaged, the very people we are trying to help with the minimum wage. Amazingly, the report found that there were no statistically significant differences over time between the earnings of both groups. This was one in which they were assisting the economically disadvantaged and others where there had been no program offered.

In other words, the Federal training these disadvantaged participants received did nothing to improve their income. It had no effect. This is nothing short of a fraud on the American taxpayer and, more importantly, a cruel hoax on the disadvantaged who think they are getting help but end up no better off. I remain astounded that we should want to continue funding these ineffective programs.

I am particularly disappointed with the Secretary of Labor, who supports this increase in the minimum wage but is also responsible for these job training programs which he knows are in a state of disarray. He has done little to advance legislation to reform job training even though bills passed both Houses with wide bipartisan margins. For 3½ years now, the Secretary has stressed the critical importance of training for the closing of the wage gap for those at the bottom. We have talked often about this. He has been supportive of early efforts. Yet he has done nothing to really try to improve our Federal job training system.

Even before the ink was dry, the Secretary recommended that the President veto the job training conference report. Secretary Reich's main concern with the job training reform bill seems to be lack of accountability. But, according to the National Journal article:

> When pressed, (Secretary) Reich acknowledged that his real problem with accountability concerns the legislation's failure to require participation of mayors in local boards and federal approval of state workforce development plans.

In other words, his concerns are largely political. He wants to preserve the Federal Government's control, the status quo, and business as usual. This is not going to solve the problem.

We have such an opportunity to really try to be more innovative and try to bring to the fore something that will reinforce what we are seeking to do with welfare reform and the minimum wage legislation. When it comes to job training, I suggest the status quo is unacceptable. We must move forward this year with comprehensive job training reform. After months and months of negotiations, and compromises made on all sides, we now have a conference agreement that will bring real reform to a broken system, consolidating duplicative programs over some 80 programs. They will be combined and much duplication removed, giving the States the flexibility needed to design the programs that fit their States, whether it be Kansas, Iowa, New Hampshire, New York or California, and focus the resources there where there is the greatest need—whether it would be in vocational education or a job services initiative.

The job training conference report will encourage real partnership between educators, job trainers and the business community. And it will focus accountability on real results. If we are truly concerned about raising living standards, raising the minimum wage is only half the answer. Proponents of the minimum wage have argued that you cannot support a family on $4.25 an hour, and that is certainly correct. You cannot support a family on $5.15 an hour either. Education and training are also needed to improve one's living standards, and right now we are wasting billions of dollars on dozens of ineffective programs that are just not delivering to those who need help the most. I personally cannot believe there is anything more important we could do to really enhance those who, we have argued for months, most need assistance, than by being willing to address this issue.

I want to put my colleagues on notice that I will do everything I can to ensure the job training conference report comes to a vote this year and goes to the President.

The Senator from Nebraska, Senator KERREY, and I have asked Senator LOTT and Senator DASCHLE to bring this conference report up the week that we return from recess. I tend to believe most of us are now asking the majority leader to consider legislation the week we return. But I am hopeful our request will be met. I will continue to push this conference report because I believe it is too important—and the status quo is unacceptable—not only to the American taxpayer but, more important, to those who desperately need and want training education as well.

I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I am happy that the Senate is finally taking up the conference report on the Small Business Job Protection Act. The House has already overwhelmingly passed this measure in a vote of 354 to 72. Finally, we are making laws instead of rhetoric about tax relief.

Finally, American families and entrepreneurs can get a break from the tax man.

As a member of the Finance Committee, I am proud of my part in moving this legislation through the Finance Committee and through the bill's conference committee.

This bill is good, sound bi-partisan work. In my belief, great credit also goes to Finance Chairman ROTH for his leadership of the committee. To ensure that his efforts will not go unnoticed, I want to remind all Senators that Chairman ROTH completed work on three separate conference reports this week. This is no small accomplishment, and I extend my gratitude to my friend from Delaware.

For my State of Iowa, this conference report on the small business tax bill makes some vital improvements. Particularly, I want to point out the provisions enabling new loans for first time farmers. I hope that this legislation will save the future of agriculture.

LOANS FOR FIRST TIME FARMERS

I introduced this Aggie Bond legislation with Senators PRESSLER, BAUCUS, and MOSELEY-BRAUN. It improves the program that allows tax-exempt bonds to finance discount rate loans for beginning farmers.

Loans for beginning farmers are important because of the changing scene in agriculture and the inability of young farmers to get started in farming. Of particular importance are the statistics of the average age of farmers. In Iowa, our farmers average in their late fifties. In 5 to 6 years, we will have 25 percent of our farmers retiring.

The U.S. Department of Agriculture has announced that my State of Iowa has 2,000 less farms today than it did only a year ago. Four other States also lost 2,000 farms each. The largest decreases were in the States of Ohio, Alabama, Georgia, and Indiana. Clearly, farming States are still feeling the effects of the agricultural recession of the 1980's.

Young people are discouraged about becoming farmers because they cannot afford to get started. Many want to continue the family farm when their parents retire and cannot.

This Aggie Bond legislation helps by lifting the present restriction that disallows the bonds from being used to finance family to family transactions. In other words, under present law, a young person cannot get a good loan to continue the family farm. This legislation fixes that problem. I am very proud to be an agent of this important change.

CONTRIBUTIONS IN AID OF CONSTRUCTION

Mr. President, this Conference Report also includes another unrelated important change for families trying to buy a home.

The provision is called Contributions in Aid of Construction. It repeals an indirect tax that has been imposed on families building homes since the 1986 Tax Act.

It will save families up to $2,000 off the price of a new home. Current law requires that water utilities pass a "gross up" tax onto a family that wants to buy a home. The "gross up" tax can increase the cost of extending water services to a new home by 70 percent. This conference report repeals this unfair "gross up" tax. It will foster home ownership where it is currently out of reach.

Repealing the "gross up" tax is an outstanding addition to this Small Business Job Protection Act. I am pleased to have introduced the original bill.

PENSION SIMPLIFICATION

Mr. President, I want to point out that the pension simplification provisions in this bill represent a major step forward. Not much has been said about these provisions in the commentary about what we are accomplishing here this week.

But I think you can argue that these pension simplification provisions could represent one of the major accomplishments of this week of many substantial legislative accomplishments.

Their enactment should ultimately result in more pension plans being created, particularly by smaller businesses. Since it is that segment of the business community that has the greatest difficulty in offering pensions to their employees, enactment of these provisions could result in a major increase in pension coverage.

Ultimately, that means more savings and more income for retirees.

We included in the bill a number of provisions which will help clarify the treatment of church pension plans.

We included last year in the Finance Committee's portions of the Balanced Budget Act a Pryor-Grassley bill designed to deal with many of the problems the church plans were having with the rules pertaining to highly compensated employees and to nondiscrimination.

Ultimately, those provisions were dropped from the legislation on the grounds that they did not meet the requirements of the Byrd Rule.

The legislation that we are considering today will go a long way toward taking care of the most serious of the problems faced by the church plans.

Mr. President, these simplification provisions have been on our Congressional agenda for several years. I understand that President Clinton has indicated support for pension simplification provisions. It is high time they were enacted.

Finally, I just want to stress again the importance that today we are making laws instead of rhetoric about tax relief. Families and small businesses not only need it, they deserve it. I encourage all of my colleagues to support this conference report.

Mr. CONRAD. Mr. President, I strongly support the legislation before us today. I am pleased that Members from both sides of the aisle rolled up their sleeves and got the job done in a bipartisan way. In particular, the ranking member, PATRICK MOYNIHAN, has done a fine job.

The positives of this legislation are many:

It benefits working families by raising the minimum wage which now hovers near a 40-year low.

It benefits orphaned and abandoned children seeking adoption by providing a tax credit to families for adoption expenses.

This bill provides many tax benefits to small businesses encouraging investment and growth.

And, finally, it simplifies dozens of pension provisions for small businesses and working families, thereby, increasing pension savings.

Tens of millions of American workers will benefit from the increase in the minimum wage and from the tax incentives for small businesses, and we have helped them by working out our differences and allowing this measure to move forward.

The current minimum wage is near a 40-year low in purchasing power, and amounts to an annual income of only $8,800. Clearly, a family is not going to make it on $8,800 a year. Workers deserve a living wage for their labor, and this raise in the minimum wage is well earned by those workers. In 1995, 42,000 workers in my State of North Dakota received under $5.15 per hour for their work. This bill is an important and timely raise for them.

The minimum wage increase will also help families move off welfare and into jobs. Welfare reform will not work until jobs that pay a decent, living wage are available. This raise increases the chances of the poorest Americans staying off welfare. It goes hand-in-hand with our efforts to reform the welfare system.

I appreciate the recognition the conference committee gave to orphaned children who are older, handicapped, or have other special needs. Families which adopt these children will be allowed a $6,000 tax credit for adoption expenses. Families adopting nonspecial needs children will be allowed a $5,000 credit.

We have an obligation to not only protect abused, neglected, and abandoned children, but we have a responsibility to help these vulnerable children find nurturing and stable families to adopt them.

The adoption tax credit is a good first step to help place children waiting to be adopted. Many stable and nurturing families may not have the resources to pay adoption expenses and other expenses such as building ramps and modifying a home to make it accessible for an adoptive child with special needs. This will help.

I am also very pleased with the provisions benefiting small and startup businesses. First, the increase in expensing of investment for small businesses by nearly 45 percent—from $17,500 to $25,000—will help thousands of small businesses in my State and around the Nation. I am pleased that this bill permanently extends that benefit to horse ranchers as well.

Second, the modifications of the law relating to subchapter S corporations will stimulate investment and growth of thousands of small businesses. The legislation expands the number of owners allowed from 35 to 75 and provides other benefits to S corporations.

Third, the pension simplification provisions will help millions of Americans working for small businesses provide for their retirement. Anyone who has ever waded through the morass that we call pension law will understand how important these simplifications are to small business owners. Owners of small businesses are too busy running their businesses and providing jobs to have to deal with the virtually incomprehensible language of the Tax Code and of the Internal Revenue Service's rules and regulations. This pension simplification is a significant step forward. We need to make more.

One of the most important pension reforms will allow a family to provide for the retirement of a spouse who chooses to stay home. Spousal individual retirement accounts of up to $2,000 per year for qualifying families for the spouse that chooses to stay at home to take care of children ends the discrimination against families in which one parent works at home. The work of raising children is the most important job in our society.

Fourth, the extension of certain expiring tax provisions will provide incentives for investment in technology, for hiring hard-to-place workers, for producing clean fuels from low-rank coals and lignite, and for developing orphan drugs.

The rapid development and commercialization of new technologies is particularly important to the incomes of working people. High-technology provides better jobs at better pay for millions of Americans and helps keep this Nation competitive in the international marketplace. Additionally, the incentives to develop new technologies to turn our abundant coal resources into environmentally friendly fuels is critical if we are ever to make progress toward energy independence.

With regard to technology development, I am particularly disappointed that we did not continue the R&E tax credit uninterrupted. Our high-technology companies deserve a consistent and supportive tax policy from their government. It is my hope we can revisit this issue next year.

The revenue offsets have been greatly improved from the initial House package, although I continue to have serious reservations about some of them. Dropping the tax on court awarded damages for pain and suffering is a major improvement. Court-awarded damages for pain and suffering are meant to make the plaintiff whole and should not be considered income.

Concerning employee stock ownership plans, I believe that it may be a mistake to take away a portion of the tax benefits used by ESOP's. Employee stock ownership plans are a way for working families to buy a piece of America and to provide for their retirement needs.

I am also concerned that we are extending the airport and airway trust fund excise tax without a serious review of all the issues. While the extension is only for 6 months—until December 1996—it keeps in place a system designed prior to airline deregulation. That leftover tax clearly discriminates against smaller communities which tend to have high airline ticket prices. In addition, it makes little sense that one passenger will pay two to three times more taxes on the same flight as his or her seat-mate. The burden each passenger places on the FAA is the same. While some argue that the excise tax discourages wasteful airline spending since costs plus the tax must be passed on, this current tax also raises by ten percent the cost of every safety measure the airline undertakes.

Finally, I again want to compliment those who worked in a bipartisan fashion to achieve a result. Frankly, there are probably few Members on either side of the aisle that support every provision in this bill, but together, this package advances the Nation's interests. If enacted into law, it will have a positive effect on working families, small businesses, and adoptive families and their children. I recommend that it pass.

Ms. MOSELEY-BRAUN. Mr. President, I want to take this opportunity, as we are about to vote on an extension of the Generalized System of Preferences, to raise a subject that is of great concern to all soybean growing States, including my State of Illinois, which is second only to Iowa in the production of soybeans. A number of countries, including Brazil and Argentina, employ a tax system that works to distort trade. It is designed to create an unfair competitive advantage for the processed agricultural exports of these countries at the expense of our exporters.

Let me briefly describe how this practice, known as a differential export tax scheme, or DET, works. Using soybeans as an example, under a DET system, a much higher export tax is imposed on raw soybeans than on processed soybean products, such as soybean meal and oil. This serves to restrain exports of raw soybeans, giving a foreign country's domestic oilseed processors a captive market, in effect, for raw soybeans at a price that is depressed below world market prices. Because these processors have artificially lower raw material costs, their costs of production are substantially less than those of U.S. oilseed processors. As a result of this government interference, those foreign oilseed processors are receiving an indirect subsidy that clearly violates the spirit of free and fair trade, and, if provided as a direct export subsidy, would be subject to World Trade Organization rules.

U.S. processors are placed at a terrible competitive disadvantage as a result of this practice: They not only must continue to pay the world price for raw soybeans, they are forced to sell their processed soybean products at world prices that are suppressed to the level of the DET-supported export prices. This DET-induced downward pressure on world price levels for these products has severely reduced revenues for the U.S. soybean processing industry. In addition, countries that rely on this trade-distorting practice have dramatically displaced U.S.-processed soybean sales in world markets.

I understand that efforts may be underway in some of these countries to end these tax schemes. I believe, however, unless we see some demonstrable progress by these countries in the coming months, the Senate Finance Committee should undertake a close review of this issue as part of its trade agenda in the next Congress.

Mr. DODD. Mr. President, more than 6 months ago, President Clinton came before the Congress and called for a modest increase in America's minimum wage—from $4.25 to $5.15 an hour.

And for the past nearly 6 months, 12 million Americans woke up every morning, went to work each day and continued to earn a meager $34 a day—waiting for this Congress to uphold its responsibility to working Americans and raise the minimum wage.

Today, their wait is finally over.

Today, working Americans are finally getting a break.

Americans who were being asked to live on $8,500 a year are receiving a much-needed helping hand from the U.S. Congress.

Due to this legislation, minimum wage workers will see an additional $1,800 in their paychecks by the end of the year.

Raising the minimum wage will allow millions of America's working families to pay for 7 months of groceries, 1 year of health care costs, or more than a year's tuition at a 2-year college.

And today, the nearly one in five minimum wage workers who currently live in poverty will now have a genuine opportunity to make a better life for their children.

My only regret is that it took so long to reach this moment. Over the past 6½ months, my colleagues across the aisle used every possible tool to block this legislation.

They claimed that raising the minimum wage would cost jobs—even though study after study shows this to be a fallacious argument.

They raised erroneous economic arguments—even though 101 economists endorsed an increase in the minimum wage.

They proposed amendments that would have excluded 10 million minimum wage recipients from the bill's benefits.

But, in the end, the obstructionist efforts of my Republican colleagues were overwhelmed by the voices of the American people, calling for a minimum wage increase.

For the more than two-thirds of minimum wage workers above the age of 21; for the 4 in 10 who are the sole wage earner for their families; and for all the Americans trying to make ends meet and put food on the table, this vote represents a genuine victory and a first step to a better future.

Throughout America, millions of working families are struggling to get by and the votes today on the minimum wage and Kassebaum-Kennedy health insurance bill make that process just a little bit easier.

It is something we can all take great pride in and I urge all my colleagues to join me in voting on behalf of this bill.

Mr. GRASSLEY. Mr. President, as Chairman of the International Trade Subcommittee of the Senate Finance Committee, I want to point out a provision in the Small Business Job Protection Act relating to trade that I strongly support. That is the extension of the Generalized System of Preferences [GSP]. This extension is long overdue.

The GSP is important for many reasons. From a foreign relations standpoint, it allows the United States to assist the economy of developing countries without the use of direct foreign aid. But it also is of great benefit to American businesses. That is why it is most appropriate that the extension of the GSP be included in the Small Business Job Protection Act. Many American small businesses import raw materials or other products. The expiration of the GSP has forced these companies to pay a duty, or a tax, on some of these products. That's what a duty is: an additional tax.

By extending the GSP retroactively, these companies will not be required to pay this tax. This tax is significant and can cost U.S. businesses hundreds of millions of dollars. In fact in 1995, American businesses saved $650 million due to the GSP. I wonder how many good, high-paying jobs will be created by cutting taxes by $650 million? So, Mr. President, it is very important that the GSP be extended and it is very appropriate that the Senate consider it as part of this bill.

It is essential to remember, however, that since its inception in the Trade Act of 1974, the GSP program has provided for the exemption of "articles which the President determines to be import-sensitive." This is a very important directive and critical to our most import-impacted producing industries. A clear example of an import sensitive article which should not be subject to GSP and, thus, not subject to the annual petitions of foreign producers that can be filed under this program, is ceramic tile.

It is well documented that the U.S. ceramic tile market repeatedly has been recognized as extremely import-sensitive. During the past 30 years, this U.S. industry had to defend itself against a variety of unfair and illegal import practices carried out by some of our closest trading partners. Imports already dominate the U.S. ceramic tile market and have done so for the last decade. They currently provide approximately 60 percent of the largest and most important glazed tile sector according to 1995 year-end Government figures.

Moreover, one of the guiding principles of the GSP program has been reciprocal market access. Currently, GSP eligible beneficiary countries supply almost one-fourth of the U.S. ceramic tile imports, and they are rapidly increasing their sales and market shares. U.S. ceramic tile manufacturers, however, are still denied access to many of these foreign markets.

Also, previous abuses of the GSP eligible status with regard to some ceramic tile product lines have been well documented. In 1979, the USTR rejected various petitions for duty-free treatment of ceramic tile from certain GSP beneficiary countries. With the acquiescence of the U.S. industry, however, the USTR at that time created a duty-free exception for the then minuscule category of irregular edged specialty mosaic tile. Immediately thereafter, I am told that foreign manufacturers from major GSP beneficiary countries either shifted their production to specialty mosaic tile or simply identified their existing products as specialty mosaic tile on custom invoices and stopped paying duties on these products. These actions flooded the U.S. market with duty-free ceramic tiles that apparently had been superficially restyled or mislabeled.

In light of these factors, the U.S. industry has been recognized by successive Congresses and administrations as import-sensitive dating back to the Dillon and Kennedy Rounds of the General Agreement on Tariffs and Trade (GATT). Yet during this same period, the American ceramic tile industry has been forced to defend itself from over a dozen petitions filed by various designated GSP-eligible countries seeking duty-free treatment for their ceramic tile sent into this market.

The domestic ceramic tile industry has been fortunate, to date, because both the USTR and the International Trade Commission have recognized the import-sensitivity of the U.S. market and have denied these repeated petitions. If, however, just one petitioning nation ever succeeds in gaining GSP benefits for ceramic tile, then all GSP beneficiary countries will be entitled to similar treatment. This could eliminate many American tile jobs and devastate the domestic industry. Therefore, it is my strong belief that a proven import sensitive and already import-dominated product, such as ceramic tile, should not continually be subjected to defending against repeated duty-free petitions, but should be exempted from the GSP program.

Mr. President, I would like to address one final trade issue. It is not a part of this bill but it does relate to GSP, because the problem I will discuss is a result of an inequitable tax policy put in place by some countries that are major beneficiaries of the GSP program. This tax policy, known as a differential export tax scheme or DET, is used to confer an unfair competitive advantage for these countries' exports of agricultural products, particularly soybean meal and oil, to the detriment of U.S. producers, processors, and exporters.

Mr. President, I'll briefly describe how this differential export tax scheme operates. Under a DET system, exports of a raw commodity, in this case soybeans, are taxed at a higher rate than exports of the processed derivatives of that commodity, soybean meal and oil. Since this increased tax discourages the export of soybeans, the oilseed crushers in those countries are able to purchase soybeans from their domestic growers at prices well below the world market prices paid by U.S. oilseed crushers. Because they pay a lower cost for their raw materials, these foreign crushers are then able to undercut U.S. processors in the world market for processed soybean products.

For example, the State of Rio Grande do Sul in Brazil recently changed its tax structure so that a tax of 13 percent is levied on all exports of raw soybeans, while the export tax on soybean meal and oil is only 5 percent. At current market values, this gives the Brazilian crushers an additional crushing margin of about $22 per ton. This is essentially an indirect subsidy for these crushers and significantly distorts free trade. I assume this practice would be subject to World Trade Organization rules if the subsidy were provided as a direct export subsidy.

The consequence of this type of practice is a drastic loss in the U.S. share of world export markets for processed soybean products, and artificial downward pressure on world price levels for these same products. This is not acceptable. As you know Mr. President, Iowa is, in any given year, either the first or second leading soybean producing state in the nation. This is a distinction we share with our neighbors in Illinois. So this unfair trade practice is of great concern to Iowa farmers and processors, and those in other states as well.

I understand that progress is being made on resolving this issue, but more work must be done. In the case of Brazil, it is my understanding that the Brazilian federal government strongly supports reform of this DET system, and in fact is considering the complete elimination of all taxes levied upon exports of agricultural products, both raw and processed. In the coming weeks and months, I will be closely watching how Brazil, Argentina, and other countries reform these practices. However, I am serving notice today that if these practices are allowed to continue, I will consider pursuing appropriate legislative or administrative measures to counter them.

Mr. President, I yield the floor.

A VICTORY FOR WORKING AMERICANS

Mr. KERRY. Mr. President, today—finally—we are raising the minimum wage and putting families first. We have won a major victory for every American who values work and believes in fairness. It is a victory for common sense over ideology, for bipartisanship over saber rattling.

It is a victory for 290,000 hard-working families in Massachusetts who are playing by the rules and struggling to make ends meet—who have fallen behind in the last 20 years and now have a chance to do better, to keep up, and give their children a chance at a decent life. It is a victory for the millions of Americans who were trying to make a living and raise a family on $4.25 an hour and now will get $1800 more a year—enough to buy groceries for 7 months.

Raising the minimum wage is a work force enhancement program and a family protection program for an investment of 90 cents an hour—a move which will strengthen the fabric of the American community and narrow the widening gap in the workforce.

For the first time in years, we are giving workers a raise. This is a down payment on our commitment to make sure that everyone in this economy can participate—that everyone can earn more, learn more, provide more for their families, and be part of an economy that works for families—that values the dignity of work for those at the bottom as well as the top.

Mr. President, raising the minimum wage is, in fact, the most basic welfare reform measure we could enact. It helps make work pay for those who will be returning to the workforce. It will allow working mothers who come off welfare to have a fighting chance to put food on the table for their children and still find enough to pay the rent.

In the last few months we have heard a lot of talk from many of my Republican colleagues that welfare recipients need to learn the dignity of work, and we would agree with them and we have passed a welfare reform package incorporating that concept. But I also believe that the dignity of a liveable minimum wage is that, as a society, we believe that if you are willing to work hard, you deserve the dignity of earning enough to at least pull yourself out of poverty and put food on the table and a roof over your children's heads.

Mr. President, this is the beginning of a new era of worker fairness, of giving a raise to those who need it most, and taking one more step toward relieving the insecurities of the American worker. There is no greater gift to a young mother who is trying to make ends meet, trying to pay the rent, buy food, pay child care, pay for health care, and save for the future than to say to her that we know how difficult the struggle is and we, as a nation, as a Congress, as a people are willing to do what we can to help.

Today, Mr. President, with this vote to increase the minimum wage and give workers a raise, we have sent a message to America that we have rejected the extreme, hard line policies of the ideological warriors who believe that the bottom line is the only line, and that if those at the top earn more then those at the bottom will be better off. We have sent a message, instead, that we are, indeed, a common sense, pro-family community that believes in fairness and in a fair wage for a day's work. And we have sent a message that we believe that if you increase the intrinsic value of work you decrease the emotional cost of welfare, and the emotional toll that hopelessness and fear take on hard working mothers and families.

Mr. President, we have done the right thing. Some have fought it. Some have argued vehemently against it. Some have found arguments to try to stop it.

But in the end, we have struck an important blow for fairness, for work, for families; and in so doing we have brought two words back into the lexicon of the 104th Congress and they are "compassion" and "community". Increasing the minimum wage means that we understand that we are all in this together and that we care. That, Mr. President, is a victory for the principles for which I have fought during my tenure here, and for which I will continue to fight in the future.

Mr. LAUTENBERG. Mr. President, I rise to speak in support of the increase in the minimum wage.

Mr. President, 5 years is a long time to go without a raise. Senators and Representatives do not go that long. Nor do corporate executives, or even most average working people.

And neither should those who earn the minimum wage.

Mr. President, the increase in the minimum wage that we will pass today will be the first raise in 5 years for close to 12 million American workers. It's about time.

Mr. President, there's a lot of mythology about just who these minimum wage workers are.

Contrary to those prevailing myths, Mr. President, most minimum wage workers are not rich suburban teenagers who take a job for extra spending money.

The fact is—two-thirds of minimum wage workers are adults; 58 percent are women; 40 percent are the sole breadwinners for their families; and of the 25 percent that are teenagers, over half come from families with below-average income.

Mr. President, fundamental fairness dictates that a person who gets up every day, goes to work, 40 hours a week, 52 weeks a year, should earn a living wage.

And yet, a minimum wage worker who works 40-hours per week, every single week of the year, doesn't even earn enough to reach the poverty line. That's wrong. And we have an obligation to do something about it.

Mr. President, the minimum wage increase in this bill will lift 300,000 American families out of poverty. And that includes 100,000 children.

Mr. President, an increase in the minimum wage to $5.15 per hour means an increase in income of $1,800 per year for about 10 million workers.

That's enough to pay for 7 months of groceries, or 4 months of rent, or even 1 year of tuition at a 2-year college.

It's tremendously important for millions of American families.

In my home State of New Jersey, the minimum wage is currently $5.05 an hour, above the national minimum, and only 10 cents below this new minimum of $5.15.

In my State, this wage increase will amount to $4 per week for a minimum wage worker. You might think that a 10-cent-an-hour raise wouldn't be a big deal. Well, you would be wrong.

In communities and families all over New Jersey, and around this country, even such a small increase in income could mean the difference between caring for children, and having them go hungry.

Four dollars buys 2 more gallons of milk, or 2 more loaves of bread, or 8 more boxes of spaghetti.

To millions of American families, even just a few dollars more per week is a lot of money.

Mr. President, people who work hard and play by the rules should be able to provide for themselves, and their families.

The best way to encourage and honor the work ethic so important to our economic future is to ensure that even those at the bottom earn a living wage.

So, Mr. President, I urge my colleagues to support working Americans and to support this bill. It's the right thing to do. And it's long overdue.

Mr. HARKIN. Mr. President, I supported the health insurance conference agreement. I want to speak a few minutes about some of the very good and some very problematic provisions in this agreement. I want to congratulate Senator KENNEDY and Senator KASSEBAUM and others for their hard work and perseverance.

A number of the provisions of this bill follow the framework of a proposal I put forth in the last Congress. In 1994, I offered what I called a downpayment plan that would have made health insurance affordable for every child in America, provided for increased portability and other insurance reforms, full tax deductibility of health insurance costs for the self-employed and a clampdown on health care fraud, waste, and abuse. I am pleased that provisions similar to several of these items are included in this conference report.

I am very pleased that this legislation prohibits group and individual health plans from establishing eligibility, continuation, or enrollment requirements based on genetic information. I offered an amendment on this issue during committee consideration of S. 1028 and am pleased that it is included in the conference bill.

I believe this is a very important provision that will become even more important as the availability and use of genetic tests grows in the coming years. Genetic information should be used to help people stay healthy and should not be used to put a person at a disadvantage when it comes to health insurance.

While this legislation still leaves serious flaws in our health care system, it represents an important step toward reforming health care and injecting some fairness and common sense into the system.

The portability provision in the bill would provide some much-needed relief for many Americans. Provisions to gradually raise the percentage of health insurance costs that farmers and other self-employed can deduct from their taxes from 30 to 80 percent over the next 10 years, would provide greater relief, if not equity, with larger businesses.

Mr. President, the portability provisions in the bill are particularly important. Americans should not have to worry about facing preexisting condition exclusions if they get sick, change jobs, or lose their job.

This health insurance bill will provide many American families with added security and choices.

The provisions in the legislation related to preexisting conditions are important and add some common sense to the current health insurance market. The bill limits the ability of insurers to impose exclusions for preexisting conditions. Under the legislation, no such exclusion can last for more than 12 months. Once someone has been covered for 12 months, no new exclusions can be imposed as long as there is no gap in coverage—even if someone changes jobs, loses their job, or changes insurance companies.

The preexisting condition provisions will help real people who have already experienced an illness and want to switch insurers or change jobs

For example, a father from Iowa City called my office about his daughter who has a chronic health condition and will graduate from college this spring. He was worried that when she graduates and is no longer covered under his health insurance policy she will not be able to find insurance coverage for her chronic health condition.

Because the Health Insurance Reform Act would require insurers to credit prior insurance coverage, his daughter can move to another health insurance plan without being denied coverage for her preexisting condition.

The portability provision in the bill will help with so-called job lock. Workers who want to change jobs for higher wages or advance their careers often have to pass up opportunities because it might mean losing health coverage. These provisions will provide greater security for Americans currently covered under group health plans.

I've heard form Iowans who have had to pass up new job offers or forgo starting their own small business because they or someone in their family has a preexisting condition. Workers with a sick child are forced to pass up career opportunities because their new insurance may not cover a preexisting condition for 6 months or more.

These families have played by the rules and have been continuously insured—they deserve to know that if they pay their insurance premiums for years, they cannot be denied coverage or be subjected to a new exclusion for a preexisting condition because they change jobs.

But, I do want to express my concern about some of the comments that are being made on both sides of the aisle about this bill.

In today's edition of the Washington Post, House Speaker NEWT GINGRICH is quoted as saying "it means guaranteed health insurance for everyone who's in the system."

Mr. President, this bill is an important step forward, but it in no way means guaranteed health insurance for people now in the system. We should not overpromise or oversell this bill. American workers still face the possibility that their employer will reduce their health insurance or drop coverage altogether.

Workers still face the possibility that coverage for their children will be dropped. In fact, the number of children covered by employment-based health insurance has been decreasing and over 9 million children have no health insurance.

If you lose your job you still face the high costs of health insurance—certainly many people who have just lost their job can't afford health insurance premiums. If you get sick, lose your job, and can't afford health insurance premiums you are still out of luck under this bill.

And, Mr. President, today if a worker switches jobs their next employer may or may not offer health care coverage. The bill before us today does not change this situation. Companies can also continue to eliminate health care coverage for retirees.

So, Mr. President, this bill does not guarantee health insurance. It is an important step forward and it should be passed.

We should not let the perfect be the enemy of the good, but we also shouldn't lead Americans to believe it does more than it really does.

While there are many positive things in this bill that merit its enactment, Mr. President, there are several provisions that I believe would substantially undermine our efforts to combat fraud, waste, and abuse in Medicare and other health programs. Our two lead agencies in combating health care fraud and abuse, the Department of Justice and the office of inspector general of the Department of Health and Human services, have also raised serious concerns with different provisions in this conference report.

First, the conference agreement includes language from the House bill that significantly raises the burden of proof on the Government to prove fraud and impose civil monetary penalties. Let me read from a letter that June Gibbs Brown, HHS inspector general wrote to me recently about this provision.

I ask unanimous consent that the relevant portion of the letter be included at this point.

LETTER FROM JUNE GIBBS BROWN, INSPECTOR GENERAL

September 29, 1995.

Hon. TOM HARKIN,
U.S. Senate, Washington, DC.

Re H.R. 2389: "Safeguarding Medicare Integrity Act of 1995"

DEAR SENATOR HARKIN: You requested our views regarding the newly introduced H.R. 2389, which we understand may be considered in the deliberations concerning the "Medicare Preservation Act." We strongly support the expressed objective of H.R. 2389 of reducing the fraud and abuse which plagues the Medicare program. The proposed legislation contains some meritorious provisions. However, if enacted, certain major provisions of H.R. 2389 would cripple the efforts of law enforcement agencies to control health care fraud and abuse in the Medicare program and to bring wrongdoers to justice.

The General Accounting Office estimates the loss to Medicare from fraud and abuse at 10 percent of total Medicare expenditures, or about $18 billion. We recommend two steps to decrease this problem: strengthen the relevant legal authorities, and increase the funding for law enforcement efforts. Some worthy concepts have been included in H.R. 2389, and we support them. For example, we support:

"a voluntary disclosure program, which allows corporations to blow the whistle on themselves if upper management finds wrongdoing has occurred, with carefully defined relief for the corporation from *qui tam* suits under the False Claims Act (but not waiver by the Secretary of sanctions);

"minimum periods of exclusion (mostly parallel with periods of exclusion currently in regulations) with respect to existing exclusion authorities from Medicare and Medicaid; and

"increases in the maximum penalty amounts which may be imposed under the civil monetary penalty laws regarding health care fraud."

As stated above, however, H.R. 2389 contains several provisions which would seriously erode our ability to control Medicare fraud and abuse, including most notably: making the civil monetary penalty and anti-kickback laws considerably more lenient, the unprecedented creation of an advisory opinion mechanism on intent-based status, and a trust fund concept which would fund only private contractors (not law enforcement). Our specific comments on these matters follow.

MAKING CIVIL MONETARY PENALTIES FOR FRAUDULENT CLAIMS MORE LENIENT BY RELIEVING PROVIDERS OF THE DUTY TO USE REASONABLE DILIGENCE TO ENSURE THEIR CLAIMS ARE TRUE AND ACCURATE

Background: The existing civil monetary penalty (CMP) provisions regarding false claims were enacted by Congress in the 1980's as an administrative remedy, with cases tried by administrative law judges with appeals to Federal court. In choosing the "knows or should know" standard for the mental element of the offense, Congress chose a standard which is well defined in the Restatement of Torts, Second, Section 12. The term "should know" places a duty on health care providers to use "reasonable diligence" to ensure that claims submitted to Medicare are true and accurate. The reason this standard was chosen was that the Medicare system is heavily reliant on the honesty and good faith of providers in submitting their claims. The overwhelming majority of claims are never audited or investigated.

Note that the "should know" standard does not impose liability for honest mistakes. If the provider exercises reasonable diligence and still makes a mistake, the provider is not liable. No administrative complaint or decision issued by the Department of Health and Human Services (HHS) has found an honest mistake to be the basis for CMP sanction.

H.R. 2389 Proposal: Section 201 would redefine the term "should know" in a manner which does away with the duty on providers to exercise reasonable diligence to submit true and accurate claims. Under this definition, providers would only be liable if they act with "deliberate ignorance" of false claims or if they act with "reckless disregard" of false claims. In an era when there is great concern about fraud and abuse of the Medicare program, it would not be appropriate to relieve providers of the duty to use "reasonable diligence" to ensure that their claims are true and accurate.

In addition, the bill treats the CMP authority currently provided to the Secretary in an inconsistent manner. On one hand, it proposes an increase in the amounts of most CMPs which may be imposed under the Social Security Act. Yet, it would significantly curtail enforcement of these sanction authorities by raising the level of culpability which must be proven by the Government in order to impose CMPs. It would be far preferable not to make any changes to the CMP statutes at this time.

MAKING THE ANTI-KICKBACK STATUTE MORE LENIENT BY REQUIRING THE GOVERNMENT TO PROVE THAT "THE SIGNIFICANT" INTENT OF THE DEFENDANT WAS UNLAWFUL

Background: The anti-kickback statute makes it a criminal offense knowingly and willfully (intentionally) to offer or receive anything of value in exchange for the referral of Medicare or Medicaid business. The statute is designed to ensure that medical decisions are not influenced by financial rewards from third parties. Kickbacks result in more Medicare services being ordered than otherwise, and law enforcement experts agree that unlawful kickbacks are very common and constitute a serious problem in the Medicare and Medicaid programs.

The two biggest health care fraud cases in history were largely based on unlawful kickbacks. In 1994, National Medical Enterprises, a chain of psychiatric hospitals, paid $379 million for giving kickbacks for patient referrals, and other improprieties. In 1995, Caremark, Inc. paid $161 million for giving kickbacks to physicians who ordered very expensive Caremark home infusion products.

Most kickbacks have sophisticated disguises, like consultation arrangements, returns on investments, etc. These disguises are hard for the Government to penetrate. Proving a kickback case is difficult. There is no record of trivial cases being prosecuted under this statute.

Let me repeat, the IG says this provision will "significantly curtail enforcement of these sanctions." Mr. President, this provision has no business in this conference report and flies in the face of the bill's section title "Preventing Health Care Fraud and Abuse."

Along with other exemptions provided in the bill, this change will cost taxpayers $200 million, according to the Congressional Budget Office [CBO].

The conference agreement also includes a provision from the House bill requiring the IG to provide advisory opinions to the public on the Medicare anti-kickback statute. The Attorney

General and the HHS strongly oppose this provision. In fact, the Attorney General in a June 6, 1996 to then Majority Leader Dole and Speaker GINGRICH said:

> This is an unprecedented and unwise requirement that would severely undermine our law enforcement efforts relating to health care fraud. The HHS IG said in her letter to me that similar provisions would "severely hamper the Government's ability to prosecute health care fraud."

She goes on to say:

> Even with appropriate written caveats, defense counsel will hold up a stack of advisory opinions before the jury and claim that the defendant read them and honestly believed (however irrationally) that he or she was not violating the law. The prosecution would have to disprove this defense beyond a reasonable doubt. This will seriously affect the likelihood of conviction of those offering kickbacks.

Mr. President, I strongly support the concept of providing the public and health care providers guidance on complying with Medicare law. The government does issue advisory opinions and other guidance and it should be provided the resources to do more. But law enforcement should not be forced to issue information that it feels will undermine compliance with anti-kickback laws.

The Attorney General and IG have said that these requirements are so damaging to their ability to prosecute fraud because they would require law enforcement to issue opinions on intent based statutes. Because of the inherently subjective nature of intent, they believe it would be impossible for them to determine intent based solely upon a written submission from the requestor. They point out that it does not make sense for a requestor to ask the Government to determine the requestor's own intent.

The Congressional Budget Office has scored this advisory opinion provision as costing taxpayers $280 million over the next 7 years. They recognize the obvious, that this provision will result in fewer successful prosecutions of health care fraud.

Mr. President, there are a number of provisions in the conference agreement that would, taken alone, improve our fight against Medicare fraud, waste, and abuse—provisions I have long advocated. The bill creates a mandatory source of funding for the IG, the FBI, and other law enforcement agencies.

Their efforts return many times their costs in savings. In order to make this change significant, though, we can't simply eliminate existing discretionary funding for these activities in the appropriations bill.

The bill also requires some steps to be taken to encourage and assist Medicare beneficiaries in identifying and reporting fraud and abuse. Significant additional steps are needed to assure that seniors really have the tools they need to fully participate in this important effort.

So, Mr. President, this bill is a mixed bag. I will support it because it provides important new protections to working Americans and tax relief for farmers and the self-employed. However, I will actively work to have the provisions which hamper our efforts to combat health care fraud and abuse removed from the books.

AID TO SMALL BUSINESSES

Mr. KERRY. Mr. President, this is a good day for hard-working Americans and small business owners across the Commonwealth of Massachusetts. The final passage of the Small Business Job Protection Act will stoke the engine of job growth in this country and will help further the current economic expansion.

Just 2 days ago, we learned that, in the second quarter of 1996, our national economy posted a robust 4.2 percent growth rate. This buoyant growth figure is just the latest indication that the Clinton economic plan which the Congress passed in 1993 without one single Republican vote is benefiting hard-working Americans. We have unprecedented low interest rates and subdued inflation and unemployment levels. In fact, the Clinton plan has created more than 10 million jobs since its enactment.

Mr. President, the Clinton plan reduced the deficit from a record-high $290 billion in 1992 to a projected $117 billion this year. That is a 60-percent reduction of the deficit in 4 years, Mr. President. But some Members on the other side of the aisle seem to forget that deficit reduction is, in and of itself, not an economic policy. Cutting wasteful spending in order to keep interest rates low whole protecting programs and services which stimulate growth and create jobs is an economic policy. It is an economic plan. It is, in fact, the core of the Clinton plan, and I am pleased to have helped shape this plan.

Just 2 weeks ago, the Chairman of the Federal Reserve, Alan Greenspan told me that our economy has not looked this sanguine in 3 years. But I reminded him during our Banking Committee hearing that all Americans have not yet felt the benefits of the Clinton plan. Accordingly, I introduced the American Family Income and Economic Security Act this year. Several provisions of my 20-point plan will become law when the President signs the conference report before us.

One of these provisions is raising the minimum wage to $5.15 per hour, which I will address in a separate statement later this afternoon.

Two other provisions of my bill which are echoed in the Small Business Job Protection Act are the extension of the credit for research and experimentation and the deduction for employer-provided educational assistance.

This bill will extend the R&E Tax Credit, sometimes called the Research and Development Tax Credit, until May 1997. Mr. President, for years, I have fought to make this credit permanent; it is one of the most important tax provisions for our high-technology, high-wage, job-crating industries, many of which are found in my home State. I am disappointed this bill does not make the credit permanent or retroactive; however, I am pleased the Congress is once again acknowledging the significance of the credit.

The bill will also extend the exclusion, up to $5,250, for employer-provided educational assistance through May 1997. This provision gives many Americans an opportunity to further their education while working. It allows them to upgrade their skills in order to survive and compete in the changing global economy.

These provisions are the logical complements to the Clinton economic plan. They will help more working Americans to enjoy the benefits of the current robust economic growth. I will continue to fight for other provisions of my American Family Income and Economic Security, like allowing more Americans to save for their retirement through IRA's, safeguarding pension plans from corporate raiders, reducing capital gains tax rates for investors in targeted, high-technology industries, furthering training programs and expanding stock option programs.

Mr. President, there is one last provision of the small business job protection bill of which I am extremely proud. For almost 8 years, hard-working owners of fishing vessels in New Bedford, MA, have been subject to an Internal Revenue Service ruling that would have resulted in approximately $11 million in penalties. This situation arose from an IRS misinterpretation of the Tax Code as applied to crewmembers on small fishing vessels. The IRS' interpretation and assessment nearly devastated the fishing families in southeastern Massachusetts—a region struggling with the departure of the textile industry and the demise of the fishery. I am pleased that this bill includes a correction to this wrongheaded interpretation. This action is providing relief for four fishing vessels in New Bedford—F/V *Edgartown*, F/V *Nordic Pride*, F/V *Lady J*, F/V *Steel*—by rendering moot a court action against them.

Life on the seas requires fishermen to be ruggedly independent individuals. Fishing boat operations reflect this independence in that they are fundamentally small business operations with crews that typically vary from trip to trip, with each crewmember acting as a free agent. Recognizing that there was a unique worker arrangement on fishing vessels, Congress amended the Tax Code in 1976 to clarify the employment status of crewmembers as self-employed and required the self-employed crewmembers to be compensated solely with a share of the catch.

It is common practice on fishing boats around the country to provide a small cash payment called a pers to the cook, first mate and engineer in recognition of additional duties they perform at sea. These pers represent only 1 to 5 percent of the total compensation which amounts to approximately $500 annually on a $30,000 income.

This bill will allow the pers payments—which are essentially calculated as a share of the catch—without jeopardizing the self-employment status of crewmembers. Let me emphasize, Mr. President, that the boat owners believed they complied with the new tax laws and regulations, and in fact they did comply with the law as Congress intended it to be applied to small fishing vessels.

With my colleagues from Massachusetts, Senator KENNEDY and Congressman FRANK, I tried to remedy this situation for 7 years. We appealed to the Treasury Department and the Internal Revenue Service, and introduced legislation that was vetoed twice by President Bush. Today, I am pleased that this issue will be resolved as soon as President Clinton signs this bill.

Mr. President, this has been a long and difficult struggle to provide relief for the fishing families of New Bedford. Like the hard-working people of southeastern Massachusetts, small business owners and American workers will enjoy the benefits of this bill. I am pleased that the Senate will speak with a strong bipartisan voice to raise the minimum wage, to provide tax incentives for small businesses and, especially, to assist the families of New Bedford, MA.

I yield the floor.

EMPLOYER SECURITIES IN ERISA PLANS

Mr. BREAUX. Mr. President, I rise today to address the full Senate and the distinguished chairman of our Finance Committee, Senator ROTH. On June 5, I suggested to the Finance Committee that it adopt a provision that would permit subchapter S corporations to sponsor ESOP's, or employee stock ownership plans.

When the precise language of my proposal was published as section 1316 of H.R. 3448, I was disappointed to read that some of the special tax benefits that currently are available with respect to ESOP's would not be available in the case of an ESOP that acquires and holds subchapter S corporation stock.

I would like to note that the provision in the bill before us related to employer securities and sub S ERISA plans is not to take effect until January 1, 1998. Between now and then, I will review how we can make it possible for subchapter S corporations to avail themselves of the special ESOP tax benefits, which will encourage greater use of this provision.

After this review, I hope to be able to offer reasonable alterations to H.R. 3448 that will expand our policy of promoting employee ownership through ESOPs.

Mr. ROTH. Mr. President, I appreciate the comments of the Senator from Louisiana and look forward to reviewing any thinking he may have for future legislation on this matter.

DISCRIMINATION UNDER NEW IRS SECTION 936

Mr. GRAMS. Mr. President, I am very concerned about regulations that were just issued by the IRS in May regarding the section 936 possession tax credit. These new regulations cast aside regulatory rules upon which companies have relied for many years permitting arm's length pricing in the purchase of components. The new regulations produce the discriminatory result that an arm's length third-party price can be used to value outbound sales of components but not inbound purchases of components by the possession company for purposes of the section 936 calculation. I believe that a fair and workable solution can be developed to address these concerns and would ask the Senator to join me in encouraging the Treasury Department to seek such a solution.

Mr. ROTH. I believe this is an area that Treasury and the IRS need to revisit. I join the Senator from Minnesota in encouraging them to do so.

Mr. HATCH. Mr. President, I rise today to describe why the repeal of Internal Revenue Code section 956A, which is included in the Small Business Tax Relief bill, is important to both U.S. businesses and American workers.

In his remarks 2 days ago, the distinguished senator from North Dakota insisted on referring to the repeal of 956A as opening a tax loophole. This is simply not true. Rather, what the repeal does is loosen a noose that has been strangling the competitiveness of many of our U.S. businesses.

How many of my colleagues would stand up and say, "Yes, I would like to hamper the competitiveness of U.S. businesses abroad by imposing tax restrictions on them unequal to any restriction imposed on their competitors." Or, how many of my colleagues would say that they are in favor of discouraging U.S. firms from increasing employment at home by taking advantage of business opportunities abroad. Yet, in essence, this is the effect of not repealing section 956A.

I don't believe there is even one Senator in this Chamber who wants to go home in August and brag about putting U.S. companies at a competitive disadvantage. I don't believe there is even one Senator who wants to go home and brag about eliminating jobs for U.S. workers. Yet, this is exactly what section 956A does.

Mr. President, let me briefly discuss the history of section 956A. Until 1993, when President Clinton signed the largest tax increase in the history of this Nation, the U.S. generally did not tax the active income earned by a U.S. corporation's foreign subsidiaries until that income was actually repatriated to the U.S. parent. This tax deferral enabled U.S. companies with foreign affiliates to compete on a reasonably level playing field with foreign competitors. This is because no other industrial nation's tax law forces a parent corporation to pay taxes on income earned by a subsidiary until that money is sent home to the parent.

However, in 1993, the Clinton administration proposed and Congress enacted a limitation on this tax deferral. The provision, now known as section 956A, forces the parent corporation to pay tax on a portion of its foreign subsidiary corporation's active income to the extent it has an excessive accumulation of passive assets.

Mr. President, this new restriction did not close a tax loophole. Instead, 956A closed doors of opportunity for U.S. business and hindered employment and investment growth. As I mentioned, section 956A has no counterpart in the tax laws of our foreign competitors. Hence, it effectively places an undue burden on U.S.-owned companies abroad—a burden that our competitors do not have.

There are some who want us to believe that the enactment of section 956A would discourage U.S. companies from moving jobs overseas. Mr. President, this is just not true. In fact, the provision has resulted in just the opposite effect—it encourages U.S. companies to employ more overseas workers.

Let me explain. As I stated before, section 956A subjects excessive passive assets to U.S. tax before profits are repatriated to the United States. This provision has actually created an unintended incentive for companies to invest in hard assets, such as manufacturing facilities, outside the United States. Doing so enables the subsidiary to increase its hard assets and thus lower the ratio of it passive assets to total assets, which effectively lowers the tax. Manufacturing facilities, unlike passive assets, require workers, almost always hired from the host nation. Thus, the perverse effect of section 956A is to provide an incentive for U.S. multinational companies to invest in jobs overseas for non-U.S. workers.

Contrary to what some contend, U.S. companies generally do not invest abroad simply to take advantage of lower labor costs. In fact, most foreign investments by U.S. companies are in countries where labor costs are often higher than in the United States. In 1993, two-thirds of the assets and sales of U.S.-controlled foreign corporations were in seven primary locations: Germany, France, Japan, United Kingdom, Netherlands, Canada, and Switzerland. The average annual compensation paid to foreign workers in these countries was 15 percent higher than the average paid to workers in the United States by the parent corporations.

U.S. foreign businesses are almost always established in order to better service foreign customers, to have a local presence, to avoid excessive transportation costs, or to develop natural resources in the geographic locations where they are found. In other words, decisions of where to invest are made for solid business reasons—not for tax avoidance. Many foreign countries insist that contracts be made only with local entities.

It is also important to note that these U.S. subsidiary corporations seldom take jobs away from the United States, but actually supplement domestic production and increase U.S. jobs. U.S.-owned foreign corporations are large purchasers of exports from their affiliated companies in the United States. According to the U.S. Department of Commerce, 40 percent of U.S. multinational corporations' exports are sold to U.S. affiliates overseas.

For every one billion U.S. dollars in manufactured exports, over 14,000 manufacturing jobs are created in the United States. Employment growth between 1987 and 1992 at U.S. plants that started or continued exporting during that time was 17 to 18 percent greater than at comparable plants that did not export.

These statistics clearly indicate that expanding U.S. business overseas increases growth back home, including employment growth. We cannot ignore the global economy we are living in by discouraging U.S. companies from expanding to other countries.

Repeal of section 956A doesn't benefit just a handful of large corporations, as has been suggested. Small businesses must invest overseas also. In today's world, any business that doesn't recognize the necessity to go global is in jeopardy of losing out to foreign competition. In fact, many small Utah businesses are having great success in exporting and are finding a need to invest outside the U.S. to establish a global presence. Does this mean we are losing jobs in Utah? Hardly. Rather, such international growth has further fueled my State's employment boom.

Finally, Mr. President, let me emphasize that repealing 956A will give no special treatment to U.S. businesses with foreign affiliates. In fact, the tax treatment of U.S. businesses after the repeal of 956A will be the same as the tax treatment received by a U.S. individual who holds shares in a company and defers U.S. tax on the earnings of the company until the company actually pays the dividend to the shareholder.

Until 1993, our tax law has always taxed the active profits of American-owned companies abroad when those earnings were sent to the U.S. company through dividend, transfer payment, or other means. Let me reiterate that repeal of section 956A does not change this basic concept of the Internal Revenue Code. Rather, it restores the traditional treatment that was changed by the misguided 1993 provision.

I am proud to say that I stand for creating employment for American workers. I stand for increasing our exports and developing foreign markets, and I stand for repealing section 956A to remove the strangling provisions it places on U.S. businesses trying to compete on a level playing ground with foreign competitors.

Ms. MOSELEY-BRAUN. Mr. President, I rise in support of the Small Business Job Protection Act, particularly its minimum wage provisions. I would like to commend Chairman ROTH and members of the Finance Committee who worked in a bipartisan fashion to put together a very comprehensive bill that helps small businesses invest, grow and create new jobs.

I am particularly proud to have succeeded in including a large number of provisions in the Small Business Job Protection Act that I, along with my colleagues, worked very hard to place in the bill and retain in conference. These provisions will help to change peoples lives by creating pension equity, providing educational assistance, preventing job loss, moving people from welfare to work, encouraging research and development and giving assistance to first-time farmers.

One of my primary focuses during this Congress has been to identify and resolve the current pension laws that are and have been inequitable toward women throughout history. As a result of this effort, earlier this year, I introduced the "Women's Pension Equity Act of 1996." This bill begins to assist millions of women retain pension benefits earned during many years of marriage. Today, I want to thank Chairman ROTH for including in this small business tax legislation two of the most important provisions from my women's pension bill, provisions which received broad bipartisan support. One requires the Department of Treasury to create model language for spousal consent with respect to survivor annuities for widows. The second requires the Department of Treasury to create model language for Qualified Domestic Relations Order forms used to divide pensions during divorce.

Pension retention—issues associated with holding onto earned pension rights—are important safeguards against "retirement surprise." Pensions are often the most valuable financial asset a couple owns—earned together during their many years of marriage. Unfortunately, it is now all too easy for a woman to unknowingly compromise her right to a share of her spouse's pension benefits in case of widowhood or divorce. If she reads "lifetime annuity" to mean her lifetime and signs the forms waiving survivor benefits, she loses her pension if her spouse dies. In case of divorce, if both spouses do not sign a complete QDRO form, she loses her right to any pension benefits, even if the marriage lasted fifty years. The provisions adopted in this bill will make it more likely that women will be able to protect their rights and retain their pensions.

Additionally, I am an original cosponsor of the Spousal IRA Equity legislation. This provision will allow a deductible IRA contribution of up to $2,000 per year to be made by each spouse including homemakers. Currently, a spouse who works outside the home is allowed to make tax-free contributions to an Individual Retirement Account up to $2,000 annually. However, the spouse that works in the home is only allowed to contribute $250 annually. This Congress has agreed for the first time to right this wrong and provide fairness for women who work both outside of and in the home.

I regret the deletion by the conference committee of safeguards against the taxation of non-physical compensatory damages. That provision is inequitable because it makes a distinction between physical and non-physical compensatory damages. Under this bill, victims of sex discrimination, race discrimination, and emotional distress would be required to pay taxes on any damages they receive while, on the other hand, victims of battery will not be taxed. Not only is this provision bad tax policy but it is discriminatory, and will make it more difficult for victims of these crimes to achieve justice. I hope the Congress will revisit this issue and correct this injustice.

Despite my displeasure with this particular provision, this is a good bill. The bill increases investment by small businesses and creates incentives for businesses to move people from welfare to work. It creates a new tax credit, called the Work Opportunity Tax Credit, which replaces the old targeted jobs tax credit program. The Work Opportunity Tax Credit encourages employers to hire people from populations suffering from high unemployment, who are on government assistance or who have limited education. I am just delighted that the conference bill includes a provision I authored, along with my Colleagues Senators BAUCUS and HATCH, that will help expand the pool of eligible employees by adding a category for indigent 18-24-year-olds. Adding this category encourages employers to hire young people who are all too often overlooked, promotes self-sufficiency and prevents our young people from returning to the welfare system. The Work Opportunity Tax Credit will enable employers to access the credit after an employee has worked 400 hours, thereby providing additional incentives for job training.

Job training and educational assistance by employers is essential to create a strong work force. That is why I am so pleased that I was able to work with Senators ROTH and MOYNIHAN to enable employers to provide educational assistance to their employees without including the costs associated with such assistance in their gross income. This exclusion ended December 31, 1994 and is retroactively reinstated in this bill. However, the program only applies to undergraduate study until January 1, 1998 and it troubles me that the House would not agree to extend the benefit to employees who are in graduate school past June 1996. Employer-provided educational assistance on a graduate level helps our national competitiveness, and I hope that we will revisit the limitations of this bill.

The investments we make today in education and research will determine our global competitiveness in the future. That is why I am happy that this bill extends the Research and Experiment Tax Credit through May 31, 1997 however, I believe it should have been retroactively reinstated in this bill and hope that it will be made permanent in the future. If government does not encourage research and development, it will have a negative impact on our international competitiveness and our national security. The R & E tax credit has demonstrated its efficacy, and it should be continued with sufficient certainty to encourage long term planning and investment in this area.

A tax credit for nonconventional fuels is yet another investment that will help develop new sources of coal and methods to recycle biomass that will increase our technological advancement. The section 29 tax credit is important for recovering and managing landfill gas such as methane. In so doing, it helps to improve the quality of life around landfills, reduce smog, and alleviate global warming. With this tax credit, landfill gas has become a practical fuel for use in conventional electrical generating equipment. However, the extension of the credit will be less effective as it relates to coal because an additional year is needed to get plants up and running given the complexity in converting coal into synthetic fuels. I hope we will revisit the effective date of the "placed in service" deadline.

The effective date was changed in the conference agreement for the repeal of the fifty percent interest income exclusion for financial institution loans to Employee Stock Ownership Plans [ESOPs]. In the original legislation, the House wanted to retroactively repeal the fifty percent interest income exclusion for ESOPs using October 13, 1995 as the effective date. As you may assume, that early effective date would have a devastating impact on companies that had reasonably relied upon the current laws and acted to establish an employee stock ownership plan. I am quite pleased that the conference agreement included today as an effective date. Although I am pleased that today will be the effective date for repealing this provision, I wish that we did not have to repeal the fifty percent interest income exclusion for Employee Stock Ownership Plans at all because they are good for business and good for employees. When an employee owns part of the company, their investment is greater, their work product is better and their loyalty will last longer, this bill only makes it harder for this to occur.

Not only does this bill help small businesses but it also helps first- time farm buyers. As a cosponsor of the Aggie Bond bill, I am thrilled that it is included in this conference agreement. Provisions of the aggie bond legislation helps to insure Illinois farmers and farmers all over the nation are given assistance in maximizing their participation in the first-time farm buyer program. This provision allows the purchase of farms from related parties and increases the maximum-size requirements for first-time farmer industrial development bonds.

Not only does this bill help farmers and small businesses but it also helps low wage workers with an increase in the minimum wage. Raising the minimum wage is about allowing people to realize the American Dream. It is about valuing hard work and providing people with the opportunity to provide for their families.

For the millions of American's who support themselves and their families on $4.25 an hour, the current minimum wage is not enough to raise them out of poverty. The ninety cent increase we are voting for today will make a difference to the ten million Americans that earn the minimum wage.

In Illinois, over 10 percent of the workforce, or 545,647 people, earns the minimum wage. The majority of the people earning the minimum wage—two-thirds—are adults, many are parents. Working 40 hours a week, 52 weeks a year, a person earning the minimum wage currently earns only $8,840. The poverty rate for a family of four is $15,600.

In light of our recent vote on ending the welfare safety net for children, I would like to point out that close to 60 percent of those earning minimum wage are women. These are women who are taking responsibility for themselves and their children. They go to work every single day, and still the minimum wage does not provide them with a living wage on which to raise their families. This increase in the minimum wage will make a difference to these women.

Increasing the minimum wage by 90 cents over the next year is the right thing to do. It has been almost five years since the minimum wage was last increased. As I'm sure anybody who has gone to the grocery store or the doctor's office lately can tell you, in the last five years prices have increased, but wages have stayed the same. The report on our economy issued yesterday confirms this fact: wage growth was at 0.08 percent, while our economy grew at an annual rate of 4.2 percent.

Increasing the minimum wage will raise wages, not lose jobs. Last year a group of respected economists, including three Nobel prize winners, concluded that an increase in the minimum wage to $5.15 an hour will have positive effects on the labor market, workers, and the economy. Paying a living wage does not mean that jobs will be lost.

Workers are our greatest resource. We should recognize the contributions of our workers. Our country is founded on the belief that hard work is the foundation of success—this is the American Dream. Congress should encourage, not discourage, effort and perseverance. A minimum wage should provide a living wage for those who are working day in and day out to provide for themselves and their families. Family values and the American Dream are ideas we like to talk about, but today we can actually make them more real for millions of Americans.

Although it is not perfect, this is a good bill. Women, children, and working people will all benefit, and it will help promote job-creation, and economic growth. I want to commend my colleagues on the Finance Committee, particularly Chairman ROTH and the ranking Democratic member, Senator MOYNIHAN, who have worked hard to produce a bipartisan bill that promotes growth and stability among small businesses.

I urge my colleagues to join with me in supporting the final passage of what is generally a common sense, people oriented, bipartisan bill.

Mr. CRAIG. Mr. President, I rise in opposition to the conference report on H.R. 3448.

This title of this bill is supposed to be the "Small Business Job Protection Act of 1996".

Title I, the tax title, is consistent with that spirit. It would make the Tax Code a little fairer, improve economic and employment opportunities, and provide some necessary tax relief.

But the problem remains that, in passing this bill as a whole, we would be driving the economy with one foot on the gas and the other on the brake.

The Senate had the chance to tip this bill in favor of creating more and better jobs and providing necessary relief for small businesses. Unfortunately, on a close vote, this body defeated the amendment offered by the Chairman of the Small Business Committee, the

Senator from Missouri [Mr. BOND]. That amendment would have protected small, vulnerable employers from a one-size-fits-all mandate increasing the federal minimum wage.

The Democrat Party had two years, during which it controlled the White House and the Congress, to increase the minimum wage. They never moved a bill out of committee. They never offered an amendment on the floor. They waited until this year to strike. I just have to suspect there were some political motivations involved, and some crocodile tears shed over the workers they say they want to help.

I commend those who have labored long and hard to take a legislative lemon and turn it into lemonade. I am sorry I cannot, in good conscience, vote for the resulting bill.

All too often, Congresses and Presidents have taken a perceived problem, put it under a microscope, and tried to address it with a one-size-fits-all federal mandate. The result often has been government by anecdote. Unintended consequences and innocent bystanders have not always been taken into account in the rush to adopt a "feel-good" solution.

That risk of unintended consequences is definitely present in the bill before us today.

We feel for those Americans who are working hard at making ends meet. It is easy and it is tempting to look at a $4.25 an hour minimum wage and say, let's just mandate an increase in that wage. But that is the wrong answer. That approach will hurt the very persons it is meant to help—the working poor and entry-level employees.

Common sense, the laws of economics, and experience all tell us this. We've all heard the numbers. The commonly accepted figure is that a stand-alone increase in the minimum wage from $4.25 an hour to $5.15—a 21 percent increase—would result in the loss of at least 621,000 jobs. In Idaho, it would destroy 3,200 jobs.

I don't know how many of those jobs might be saved with the tax provisions in this bill, but it's obvious that many small employers will fall through the cracks. These are the businesses who will have little or no opportunity to use the tax relief provisions elsewhere in this bill.

These are employers who have taken pride in creating jobs and opportunities for those who need them, and who take pride in serving their customers at affordable prices.

I've heard from many small businesses in Idaho who are concerned about this bill. They are already calculating whether they will have to lay off employees because of this bill. Restaurants are already having new menus printed up with higher prices. Jobs will not be available for young and entry-level workers, because some employers simply will no longer be able to afford them when the government arbitrarily raises the price of their labor.

Some have suggested that the economic impact of such an increase is "negligible." But it's not negligible for each American who loses his or her job as a result. In many cases, the job lost would be the most important one that person will ever have—his or her first job.

In recent years, small businesses have created every net new job in this country. They take the risks of hiring and training new workers. They do not have the economies of scale of large businesses and suffer a disproportionate impact from government regulation. They tend to be labor-intensive. If you drive up the costs of their labor, they will be forced to create fewer jobs.

In fact, 77 percent of the economists who responded to a survey of the American Economics Association agreed that, by itself, a higher mandated minimum wage would have a negative impact on employment.

Obviously, that negative impact is going to fall on workers at or near the minimum wage, and especially those who are the least-skilled and need an entry-level job the most.

Realistically, the federal minimum wage today already is a training wage. The average minimum wage worker is earning $6.06 an hour after one year.

In most work places, at every level of compensation, it is common for a new employee to be paid more after a few months. That is because there is almost always a learning curve, during which the employer is investing time, energy, and money in training and acclimating the new employee. The opportunity wage in this amendment simply reflects that reality of labor economics.

Mr. President, I do want to emphasize that I support the tax title of this bill. I particularly want to express my support and appreciation for several of these provisions, including:

The Shelby-Craig adoption tax credit; enactment of this credit is compassionate, pro-family, pro-children, and long overdue; increasing the availability of Individual Retirement Accounts for spouses working in the home as homemakers; revising and extending the Work Opportunity Tax Credit, which will help employers hire and retain disadvantaged employees; restoring and extending the tax exclusion for employer-provided educational assistance; making S corporation rules more flexible; providing fairer treatment for dues paid to agricultural or horticultural organizations; improving depreciation and expensing rules for small businesses.

I also commend the conferees for accepting the House's provision restoring and making permanent the exclusion from FUTA—the Federal Unemployment Tax—for labor performed by a temporary, legal, immigrant agricultural worker. Such employees are ineligible for FUTA benefits that are financed by this tax. Therefore, this tax is imposed on employers for no reason, except that the previous exclusion simply expired.

I have supported these provisions consistently in the past and commend the Finance Committee for including them in this bill.

I do want to express one note of concern. This bill would extend the Research and Experimentation Tax Credit, but with an early sunset—May 31, 1997—and without making it available for investments made after it last expired and before July 1, 1996.

The R and E Credit is one of those "extenders" that keep expiring and keep getting renewed. As a matter of fairness, most, if not all, of these extenders simply should be made permanent, or at least extended for a longer period of time. Several times in the past, these provisions have been renewed retroactively, but that is not the case of the R and E Credit this year.

This stop-and-start approach to tax law undoes much of the good intended by these tax incentive provisions. We need to provide taxpayers with greater predictability in the Tax Code if we want to be effective in helping them invest and create jobs.

Overall, the tax title provisions in this bill are valuable and beneficial. I commend the Chairman and Members of the Finance Committee for their work.

We should be passing laws that boost the economy, increase opportunity and create jobs. We can and should do better than passing a bill that gives with one hand and takes away with the other. Therefore, although there are good provisions in this bill, I must cast a nay vote today.

MORNING BUSINESS

THE PRESIDENT'S "TRAVELGATE" 180

Mr. GRASSLEY. Mr. President, yesterday's display by the President of the United States, snapping at reporters' questions about the Billy Dale bill, says a lot to me.

First, it tells me the President has once again gone back on his word. This is not a surprise. It has happened so often with this President. And to be fair to him, he is certainly not the first politician that has gone back on his word, from either party.

Yet, this President has championed the little guy. He came to town declaring war against all the wrongs resulting from the Washington political culture. Then, his own White House committed such a wrong.

Initially, the President did the right thing. He said his staff had made a mistake. They had handled the matter wrong. Their display of cronyism and favoritism was at the expense of the careers and reputations of seven dedicated public servants and their families.

All the while, the President's staff was waging war against the character of these seven. It's also known as character assassination. After that, the White House launched the IRS and the FBI to harass them, as if to justify the staff's wrongdoing.

Then, they sent the Justice Department out to prosecute them. They had the full force of the Federal Government out after these seven public servants and their families.

The case went to trial. And it took no time at all for a jury to acquit Billy Dale. That is how trumped up the charges were. A jury had no problem seeing that.

Clearly, the White House drove Mr. Dale and the others right out of town with no justification. It was pure, naked politics, cronyism and favoritism. And when a White House uses the powers and resources of the Nation's No. 1 law enforcement agency, the Nation's tax collecting agency—which also happens to be the No. 1 harassment agency—and the Nation's No. 1 prosecution department, against innocent workers and their families, try telling the public that's not grotesquely wrong.

And that is why Congress moved to reimburse Mr. Dale and the others for their legal expenses.

Even the President, after the acquittal, said he regretted what Mr. Dale had to go through. But the President has now decided that the right move is to reverse himself and defend what his staff did to these seven families. He defends zealous White House staffers using the full powers and resources of the Federal Government to harass innocent people. He lines up on the side of politics, cronyism and favoritism. He fails to right a wrong that was perpetrated by the Washington culture of politics.

The President did another reversal as well. After the acquittal, the President's personal attorney, Robert Bennett, issued an inappropriate and sour-grapes response. Mr. Bennett improperly discussed in public a confidential matter involving a plea agreement he alleged Billy Dale's attorney offered. Billy Dale denies the allegation.

Upon Mr. Bennett discussing confidential information, the White House rightly said Mr. Bennett had stepped over the line. His comments were objectionable and improper. The reason is, plea negotiations are confidential. Rules exist to protect that confidentiality. Mr. Bennett may have violated the intent of those rules. And so the White House admonished him.

It turns out, Mr. President, that the plea agreement issue came up again yesterday. In public. Notwithstanding the rules of confidentiality.

But this time, the White House didn't issue a statement of admonishment. That's because it was discussed by none other than the President himself. The President of the United States is discussing confidential information in the public arena. And in the process, he's doing exactly the same thing that his office had admonished the President's attorney for doing earlier this year.

So here is what we have learned from the President's skirmish yesterday with reporters. First, he has now done a U-turn and allowed himself to get caught up in the mean-spirited attitude of his zealous political staff. Second, he has allowed himself to stoop to the level of the leakers and character assassins by discussing confidential information. Is this behavior befitting of what is expected of the President of the United States?

At the same time, the President has not kept his eye on the central issue—the clear need to right the wrong perpetrated by zealous White House agents.

Mr. President, this Travelgate issue is marked by a curious but telling phenomenon. At the beginning, the President was saying one thing, but the government he runs was doing the opposite. Obviously, we don't want or expect this in a Presidency. You want the President to say one thing, and have those in his control do that one thing, too. You want uniformity. You want the "saying" and the "doing" to be one and the same.

But there is another variable in the equation. In the Travelgate matter, the President's words reflected the right thing, and his staff's deeds reflected the wrong thing. So the President, in seeking uniformity, made the wrong choice. Instead of making his administration conform to his admirable utterances, he went native with the wrong side. That is why he is now attacking Billy Dale like his attorney did; and that is why he has suddenly decided he will not sign the bill.

Mr. President, this episode shows that the President has failed to uphold the principle of justice, fairness, and right vs. wrong in this matter. The test of any leader is to view his actions on matters that happen in his own back yard, or which affect him personally. [This is one such matter.] And to me, the President has failed that test of leadership.

By not doing the right thing—and in fact, by now joining the wrong side in the campaign to assassinate one's character—he has undercut his own moral authority as a leader. He has abdicated his responsibility to see that justice was done for seven of his own former employees and their families. He has abandoned his commitment to stand up for the little guy. In a sense—it is okay to stand up for all these high and mighty principles—jut not in my back yard.

And that is why, Mr. President, the President's about face in the Billy Dale matter is disappointing to me. And it tells me much about his leadership capacity.

I yield the floor.

TRIBUTE TO REAR ADM. ROBERT J. NATTER, U.S. NAVY CHIEF OF LEGISLATIVE AFFAIRS

Mr. LOTT. Mr. President, I take this opportunity to recognize and say farewell to an outstanding Naval officer and dear friend, Rear Adm. Robert J. Natter, who has served with distinction for the past 33 months as the Navy's Chief of Legislative Affairs. It is a privilege for me to recognize his many outstanding achievements and commend him for the superb service he has provided this legislative body, the Navy and our great Nation.

A native of Trussville, AL, Admiral Natter comes from a patriotic family of seven boys and two girls that has contributed immeasurably to our Nation's defense. All seven boys have served as commissioned officers in our Armed Forces—six in the Navy and one in the Air Force. Four graduated from the U.S. Naval Academy, one was commissioned through Navy Reserve Officer Training Corps, and one attended Officer Candidate School. Two are currently Navy admirals. I salute this family who has served our Nation so well.

Admiral Natter enlisted in the Naval Reserve at the age of 17 as a seaman recruit. Following 1 year of enlisted service and 4 years at the Naval Academy, he was graduated and commissioned an Ensign in June 1967.

Admiral Natter's service at sea includes department head tours in a Coastal Minesweeper and Frigate, and Executive Officer tours in two Amphibious Tank Landing Ships and a Spruance Destroyer. He distinguished himself in combat as Officer-in-Charge of a Naval Special Warfare detachment in Vietnam. He later commanded the guided missile destroyer U.S.S. *Chandler* and guided missile cruiser U.S.S. *Antietam*. He has been the recipient of many awards and commendations including the Silver Star and Purple Heart.

As the Navy's Chief of Legislative Affairs, Admiral Natter has provided timely support and accurate information on Navy plans and programs. Working closely with the United States Congress, he helped maintain the best-trained, best-equipped, and best prepared Navy in the world. His strong leadership provided a legacy of innovative, affordable and technologically superior naval systems and platforms for those who will serve in the Navy decades after he steps down as the Chief of Legislative Affairs. His consummate leadership, integrity, and tireless energy serve as an example for us all.

Mr. President, Bob Natter, his wife Claudia, and daughters Kelly, Kendall, and Courtney have made many sacrifices during his 30-year naval career. They have made significant contributions to the outstanding naval forces upon which our country relies so heavily. Admiral Natter is a great credit to both the Navy and the country he so proudly serves. As this highly decorated combat veteran now departs to take command of the United States Seventh Fleet, I call upon my colleagues from both sides of the aisle to wish him fair winds and following seas. He is a sailor's sailor.

TRIBUTE TO JOHN WAYNE

Mr. THURMOND. Mr. President, John Wayne, "The Duke". The mere name evokes in people around the world powerful images and fond recollections of the late actor and great American. Though he has been gone for 17 years, his spirit clearly lives on through his many movies and in the minds of his millions of fans. On August 17th, hundreds of people who admire this great man will gather in Los Angeles, CA to pay tribute to an individual who is a legend and an institution.

Americans are a tough lot. We are a nation that was founded by men and women of great courage, strength, and morals. It took tough and determined people to win our independence from the British; to fight for the cause of the Confederacy or the Union; to tame the wild west; to twice lead the world to victory in two vicious global wars; and, to have led the fight against forces bent on subjugating the freedom loving people of the world under the corrupt doctrine of godless Communists. Americans are individuals who admire self-reliance, honesty, and fairness, and without question, John Wayne was someone who personified these traits as a man, and who brought these qualities to the silver screen through his prolific career as an actor, director, and producer.

In countless movies, John Wayne portrayed mythic figures of American lore. Characters that included cowboys, lawmen, soldiers, sailors, and marines in films such as "Stagecoach," "The Sands of Iwo Jima," "The Fighting Seabees," "The Shootist," "The Green Berets," "True Grit," and dozens of other titles that soon became classics. It was impossible not to admire John Wayne and the roles he played for they all embodied the ideals that Americans hold dear. Moviegoers knew that if "The Duke" took a swing at someone, they deserved it, or if John Wayne fired a weapon, it was only to protect the life of an innocent person, to uphold the law, or to help defend the Nation. The characters John Wayne played were decent men committed to doing what is honorable and just, and for those reasons, he will be remembered as a American icon for many generations to come.

Mr. President, the United States is a nation that is made up of men and women who labor tirelessly to make our county a better place. Few people think about the police officers and firefighters who put their lives on the line, or the tens of thousands of service members spread around the world protecting American security, or the nurses who tend to our sick. Day in and day out, these people carry out heroic acts with little or no recognition. John Wayne portrayed these people in his films, and they saw their efforts chronicled and, in The Duke, these Americans saw a little bit of themselves. There will probably never again be another actor who so embodies all the best qualities of our Nation. There will certainly never be another John Wayne.

TRIBUTE TO GARRETT D. BOURNE

Mr. THURMOND. Mr. President, I rise today to pay tribute to Colonel Garrett "Gary" D. Bourne, as he prepares to retire from his career as an officer and a soldier in the United States Army.

Gary Bourne began his career more than 28 years ago when he was commissioned a second lieutenant in the Field Artillery, and spending his first tour of duty with the 82d Airborne Division. Throughout his career, Gary Bourne has expertly met the many challenges of military service as an Army officer, and he has faithfully served his Nation in a variety of command and staff assignments throughout the world including the continental United States, Vietnam, Europe, Southwest Asia, and Panama.

If there is one thing an officer in the Army wants to do, it is to command troops, and Gary Bourne has done so at the battery and battalion levels. He ultimately held the much coveted position of Brigade Commander when he was tapped to lead the 210th Field Artillery Brigade. During his time with the 210th, the United States faced down Saddam Hussien, and Colonel Bourne was responsible for leading his brigade from Germany to Southwest Asia where his unit served as the covering force artillery commander for the VII Corps during Operation Desert Storm.

From 1987–1990, Colonel Bourne traded in his Battle Dress Uniform for a suit and tie and joined the Army Legislative Liaison Office to the U.S. Senate. During those three years many of us came to know this dedicated officer who tirelessly worked to represent the interests of the Army to members of this Chamber, as well as to assist us with matters related to the Army.

After an almost three decade career in the Army, Colonel Bourne will soon leave his present post as Chief of Staff of the Fifth United States Army and bring his service to the Nation to an end. The Colonel's career has been distinguished, and it has been marked by his commitment to duty and selflessness. I commend Colonel Bourne on his career of accomplishment and wish him and his wife good health and great happiness in the years to come.

FDA PERFORMANCE ACCOUNTABILITY ACT

Mr. GRASSLEY. Mr. President, we have accomplished many things this Congress. Just this week we passed a comprehensive welfare reform proposal which will end welfare as we know it. We passed a meaningful small business tax relief bill. And, we will pass a momentous health insurance reform bill that will improve the availability and portability of health insurance coverage.

I would like to point out another opportunity Congress has to pass a significant reform proposal and that is the Food and Drug Administration Performance and Accountability Act. I hope we can consider this bill when we return in September.

The Senate Labor Committee has spent a considerable amount of time on this comprehensive piece of legislation. And, let me point out, this reform proposal passed out of committee on an 11 to 4 vote.

The commonsense proposals in this bill are designed to strengthen the agency's ability to ensure that safe and effective new medicines are made available to patients without delay by eliminating redtape and streamlining operations.

The FDA is designed to achieve the goal of ensuring a safe and efficient approval process. And, the FDA has been concerned to protect the public from unsafe drugs.

But, it is time to ensure that the agency becomes equally concerned about promoting public health by making safe and effective new therapies available to patients as soon as possible. Patients can be harmed by delay in approving safe and effective new medicines just as they can by the approval of unsafe new medicines.

I urge the majority leader to consider this legislation in a timely enough matter so that we can send it to the President and I ask unanimous consent to have printed in the RECORD an editorial by Senators KASSEBAUM and MIKULSKI in support of this piece of legislation.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 26, 1996]

THE FDA CAN WORK BETTER

(ByBarbara Mikulski and Nancy Kassebaum)

The Post's July 17 editorial "Reform Isn't Risk-Free" continues the drumbeat of negative commentary on our efforts and the efforts of a bipartisan group of our colleagues on the Senate Labor and Human Resources Committee to achieve meaningful reform of the Food and Drug Administration.

At the outset, we would make the point that a failure to make needed reforms is by no means a risk-free proposition. Inaction and delay victimize just as surely as the wrong action. We hear constantly about the deformities prevented in the early 1960s by the agency's not approving thalidomide. Rarely, however, is a word spoken about the cases of spina bifida that could have been averted had the FDA not delayed for years in permitting health claims to be made about the benefits of folic acid in preventing such neural tube disorders.

As the 1989 "Edwards Commission" report put it: "The agency should be guided by the principle that expeditious approval of useful and safe new products enhances the health of the American people. Approving such products can be as important as preventing the marketing of harmful or ineffective products." The Edwards Commission was but one of a series of distinguished panels convened during the past two decades that have urged FDA reform.

During the year-long process in which our legislation was developed, we drew heavily from the work on these expert panels. Contrary to The Post's suggestion that we are rushing a poorly though-out piece of legislation to the Senate floor, we believe that this bill embodies the best thinking on this topic produced over years and years of study.

Moreover, we have drawn as well from the successful experience of the FDA in expediting approval of AIDS drugs without jeopardizing safety and effectiveness. In response to sustained pressure from the AIDS community, the agency demonstrated that it could, in fact, change its culture and its procedures to implement reforms it had resisted for years.

Unfortunately, this experience has not been regarded as a foundation upon which to build further improvements but, rather, has been seized upon as "proof" that further changes are unnecessary. Scientific methods and technology have changed dramatically since the thalidomide incident, while regulatory structures have barely bulged. Applications for the approval of new drugs typically run to hundreds of thousands of pages.

An incentive is growing for U.S. companies to move research, development and production abroad, threatening our nation's continued world leadership in new product development, costing American jobs and further delaying the public's access to important new products.

It is disconcerting to us that our efforts are being regarded as a "hostile takeover" of the agency, as opposed to the sincere effort it is to enhance the professionalism, stature and effectiveness of the agency. The bill maintains the FDA firmly in the driver's seat; it does not turn over all the regulatory power to the private sector, as critics have charged inaccurately. It encourages cooperation from the very beginning of the process so that costly delays can be avoided at the end of the road.

It is perhaps even more disconcerting to hear critics of our efforts suggest that we are willing to put people's lives at risk in order to collect large campaign contributions from the drug industry.

The strong bipartisan vote in the Senate Labor and Human Resources Committee reflects the desire of Republicans and Democrats alike to make the FDA work better for all Americans. We have reached out to the administration, and we are more than willing to make constructive changes in the legislation as reported by the committee. We are not, however, willing to tolerate endless rationalizations as to why the status quo should be maintained. Our goal is to maintain these core principles: streamline and clarify the regulatory process while maintaining safety and efficacy.

Our determination to move forward is fueled by the plight of countless individuals who have contacted us over the years to request assistance in speeding the FDA's evaluation of new therapies that hold promise for treating serious illnesses, such as amyotrophic lateral sclerosis (ALS), multiple sclerosis and cancer. For these individuals, the real risk is not that we will act in haste, but rather that we will fail to act at all.

Barbara Mikulski is a Democratic senator from Maryland. Nancy Kassebaum is a Republican senator from Kansas.

RETIREMENT OF COL. JOHN R. BOURGEOIS, USMC

Mr. NUNN. Mr. President, I would like to take a few moments to acknowledge the "passing of a baton" both in the literal and figurative sense.

On July 11, 1996, Col. John R. Bourgeois, the 25th director of the U.S. Marine Band and Music Advisor to the White House, retired. He had led the band, known as the President's Own, for 17 years.

A native of Louisiana, Colonel Bourgeois joined the Marine Corps in 1956 and joined the band just 2 years later as a French horn player. When he was appointed to his present grade, he became the first musician in the Marine Corps to serve in every rank from private to colonel.

As director of the Marine Band and Music Advisor to the White House, Colonel Bourgeois has selected the music for each Presidential inauguration since 1981 and has appeared at the White House more frequently than any other musician.

I am sure that those of my colleagues who have enjoyed the band's incredible performances at the evening parades or in other venues are not surprised that Colonel Bourgeois and the Marine Band remain the favorite of Presidents year after year.

When he retired, Colonel Bourgeois literally passed the baton—a baton that had been given to another director of the Marine Band, John Philip Sousa, over a century ago—to Maj. Timothy W. Foley, who has been nominated to become the next director.

The particular connection between the military profession and its rousing music has transcended the years and national borders. It is as much a part of history as military service itself.

As Colonel Bourgeois retires from active duty after a distinguished career of service to the Marine Corps and his country, I know all of my colleagues join me in expressing our deepest appreciation for the passion and professionalism he has brought to his duties, and the joy and pride he has brought to so many Americans.

TAIWAN STUDENTS AND FREE EXPRESSION

Mr. REID. Mr. President, in our Nation we take for granted the ability to speak freely and express what we please with no governmental interference. There are a number of celebrated legal cases that delineate the standard of time and manner regulation of speech in America and other select limitations. Moreover, here in America we don't believe that expression is allowed for one group and not for comparable organizations. Such designated permission is paramount to censorship of the party denied their speech.

In this regard, I voice my concern today about an incident that has been reported about an incident that occurred at the Olympic Games in Atlanta during a table tennis championship between Taiwan and the People's Republic of China. During the game, two Taiwanese students waving the national flags of Taiwan were arrested under the premise that they could not wave large flags, yet all around them large flags from other countries were in fact being waved by a multitude of those present at the event.

Mr. President, to understand the deep significance of this event is to know that the contentions over flags and other items of national emblems and insignia is one of the issues that has long obstructed an amiable relationship between the People's Republic of China and Taiwan. This history is extensive and, frankly, humiliating to Taiwan, which has not always been afforded the full privileges of national pride at events where both the Peoples' Republic of China and Taiwan have been represented.

Again, at these Olympic Games in Atlanta, Taiwan was subject to not displaying their recognized flag and subjecting their representatives to wearing other colors and design. While the Taiwan Government recognized the need for its official representatives to abide by an arrangement with the Olympic Committee, Taiwanese fans were not subject to such agreements. Nor should they have been. I believe the United States would have been furious if its citizens were asked to not display the Stars and Stripes or substitute the flag for another emblem under which to cheer their teams. Yet, in Atlanta, the Taiwanese citizens were arrested for "disruption of public order by waving the flag of the National Republic of China (Taiwan)." Mr. Hsu, a citizen of the Peoples' Republic of China and chairman of the International Table Tennis Association, admits to calling on the police to arrest the students.

I am concerned that the Atlanta Police Department was answering to a citizen of the Peoples' Republic of China in conducting arrests of individuals in America. Additionally, the question of subjecting citizens from countries to all of the agreements that the formal representatives may agree to is also a disturbing precedent. I believe the International Olympic Committee should carefully examine these circumstances, particularly since we in the United States fundamentally believe in more expression rather than less. Oliver Wendell Holmes once pronounced a need for great protection of the "marketplace of ideas." We should do no less for the expression of national pride. We should not be party to restricting some individuals for waving flags when the premise of the Olympic Games is the competition of athletes representing their nations. I urge an examination of the facts of this situation by the proper authorities.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, August 1, the Federal debt stood at $5,183,636,383,503.29.

Five years ago, August 1, 1991, the Federal debt stood at $3,577,200,446,910.06, hence an increase of more than $1.6 trillion dollars—$1,606,435,936,593.23 to be exact—in the past 5 years.

SUSAN COHEN—THE TIRELESS PURSUIT OF JUSTICE

Mr. KENNEDY. Mr. President, on Monday, August 5, a distinguished American named Susan Cohen will be present in the White House when President Clinton signs H.R. 3107, the Iran and Libya Sanctions Act of 1996. Susan Cohen eminently deserves this honor. She was a dedicated and tireless leader in the effort to enact this legislation.

Susan Cohen, of Cape May Court House, NJ, is the mother of Theodora Cohen—a victim of Pan Am Flight 103. Since the bombing of that flight over Lockerbie, Scotland in December 1988, Susan and her husband, Dan, have dedicated their lives to bringing to justice those responsible for their daughter's death. In recent months, Susan has been extremely effective in her efforts to educate Members of Congress about the importance of applying this legislation to Libya, which continues to harbor the two suspects indicted in the bombing.

All of us who know Susan Cohen admire her inspiring devotion to justice. Her efforts have brought us closer to the goal. I commend her for her leadership, and I ask unanimous consent that a recent New York Times article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 24, 1996]

TIME PASSES, BUT THE PAIN NEVER FADES

(By Evelyn Nieves)

Susan Cohen watched the mourners toss single roses into the sea, heard a reporter talk about "a sense of closure," and turned off her television, shuddering with sadness and disgust.

Of all the hard times in the week since T.W.A. Flight 800 blew up, seeing Monday's seaside memorial to the 230 victims had to be one of the worst. "I couldn't stand to watch those people," she said. "It was just too much. And to hear the talk about closure just made me want to throw up."

The next day, her emotions were still raw. "All these homilies about loved ones going to a better place. I just hate that," she said. "The politician said eight million meaningless things. As if that could help. As if any of that could help."

It is going on eight years since Mrs. Cohen and her husband, Daniel, lost their only child, Theodora, 20, to the terrorist bombing of Pan Am Flight 103 over Lockerbie, Scotland, which killed 270 people. "The pain will not go away," Mrs. Cohen said. "It will never go away."

Theodora—Theo to all she knew—was a singer and aspiring actress. "She had a beautiful soprano voice," Mrs. Cohen said. "She was vibrant and artistic."

She was on her way home from London, where she had spent a semester studying drama. A plastic explosive, hidden in a portable radio in the cargo hold ripped the jet apart and all 259 people aboard, and 11 people on the ground, were killed.

"I feel such a rage of anger that you cannot imagine," Mrs. Cohen said, "Because Theo's murderers are out there. No one has been punished. I looked at Fred Goldman in that ghastly O.J. trial and knew what he was going through for his son."

When she talks, the words spill out in coherent sentences, as if she has thought them a million times.

The Cohens have spent countless hours since the death of their daughter in pursuit of answers, and justice. Two Libyan Government agents indicted for the bombing remain in Libya, free. Over the last several months, Mrs. Cohen has spent six or seven hours a day on the phone, lobbying Congress to pass sanctions against foreign oil companies doing business in Iran and Libya. Yesterday, it passed the House. "Because a plane blew up, not because of anything that I've done," she said, "Is that what has to happen for justice? A bombing?"

Even the prospect of tough sanctions does not make her happy. Getting the bill passed was just the first step, she said. Now, "the fight is to see it's enforced."

She has worked on fighting Congress with a few other people who lost relatives to the Pan Am 103 bombing, but not many. Over the years, Pan Am 103 families, who won a civil suit against Pan Am, have argued bitterly over how best to pursue justice. "There are now four groups of Pan Am families," Ms. Cohen said.

"We've all fought horribly. I look at the pictures today of families locked shoulder to shoulder on the beach. We started together, too. But the idea that everybody gets together as one big unhappy family is one of the myths of these tragedies."

Another great myth: "The Getting On with Your Life story," Mrs. Cohen said. "The idea that you can move beyond the tragedy makes me want to vomit. The year is circular. Theo's birthday is coming up Sept. 10."

When her daughter died, Mrs. Cohen, a writer like her husband, stopped writing. For months, years it seemed, she stopped doing much of anything. Days passed in bed, months in a blur. Four years ago, the Cohens moved from Port Jervis, N.Y., where they raised their daughter, to Cape May County in New Jersey. "I couldn't stand that house any more." Mrs. Cohen said. "I couldn't take the memories any more.

Though it doesn't really help, she knows she is not alone. One woman she knows who lost her 20-year-old son to Pan Am 103 visits his grave every day, sometimes twice a day. Another who lost her husband "has been just as devastated by his loss as I am by my daughter's," Ms. Cohen said. "It takes a great poet to describe this. It takes genius to be able to describe the depths of pain, and I'm not a great poet or a genius."

The Cohens live with a dog and three cats in a ranch house with bird feeders hanging in the backyard. Mrs. Cohen belongs to a P.G. Wodehouse society, a Sherlock Holmes reading group and goes birding near home. They happen to live in one of the world's best venues for bird-watching.

"It's not like I'm living here and can't get out of bed," Ms. Cohen said. "I'm living. But there's an enormous hole, a hole so huge it's the size of the Grand Canyon. It's never the same. It can never be the same."

TRIBUTE TO MICHAEL RHODE, JR.

Mr. NUNN. Mr. President, I rise today to note the passing of and to pay tribute to Michael Rhode, Jr., of South Carolina.

Mike Rhode died after a brave bout with cancer in May, only too briefly after he retired from his position as Secretary of the Panama Canal Commission. I only recently learned of Mike's death.

I first met Mike when he served as Chief of the Army's Senate Legislative Liaison Office in the early 1970's when I was a newly elected Member of the U.S. Senate. Mike, who had combat experience in Korea and Vietnam, literally took me under his wing and played a major role in my education about the capabilities of the U.S. Army and the other services. He accompanied me on my official travels, particularly to the territory of our NATO allies. Mike was extremely knowledgeable about NATO and my first-ever report to the Armed Services Committee on NATO specifically cited Mike's invaluable assistance and expertise on NATO matters.

I continued my association with Mike when, upon his retirement from the Army after 26 years of dedicated service to our Nation, he became the Secretary of the Panama Canal Commission in 1980. Mike was extraordinarily helpful to me and the other members of the Armed Services Committee as Secretary of the Commission. He had that unique ability to explain proposed legislation and to suggest ways in which the laws governing the operation and maintenance of the Panama Canal could be modified over the years to ease the transition to Panamanian control by the year 2000.

In looking back over my association—and my friendship—with Mike over the years, I am most struck by his dedication to duty and his warm and gregarious personality. He always had a warm smile and time to spare to answer any question. Shortly before he retired from the Panama Canal Commission, Mike came by my office for a purely social call. We reminisced about old times and talked about the future that awaited both of us in private life. Mike had been in poor health but was confident that he would lick this health problem as he had all other challenges in the past. My most vivid memory of our last meeting was his broad smile and his plans for retirement with his wife Lin and spending time with his daughter, Pamela Lister, and two sons, Michael and Randy.

Mr. President, Mike Rhode was a valued friend and a dedicated and talented public servant. He will be sorely missed.

FDA REFORM

Mr. LOTT. Mr. President, I rise today to once again commend the distinguished Senator from Kansas, Senator KASSEBAUM, on her remarkable leadership on the health insurance reform bill. In addition to completing action of this important legislation, it is my hope and intention to complete action in the fall on another piece of legislation that Senator KASSEBAUM has worked on for some time—S. 1477, the Food and Drug Administration Performance and Accountability Act.

Negotiations to bring all sides together on FDA reform have been ongoing throughout the 104th Congress and the Labor and Human Resources committee has reported out S. 1477 with overwhelming bipartisan support. Since that action, it is my understanding that some very serious discussions have been underway to resolve outstanding issues and that we are very close to reaching final agreement on compromise legislation. I am encouraged by these continued discussions so that this bill can be passed in a bipartisan manner when the Congress returns.

Mr. President, it is also my understanding that the leadership in the House of Representatives is also close to reaching agreement on its FDA legislation. Working together, I am confident the House and the Senate can agree on bipartisan legislation that the President can be enthusiastic about signing.

I urge my colleagues to work with Senator KASSEBAUM to complete this important legislation to modernize the FDA, to streamline the approval process, and to bring breakthrough medications to patients, all while maintaining the highest levels of safety for consumers.

Mr. President, a remarkable amount of business has been accomplished in the past few weeks in the Senate on a bipartisan manner. It is my hope we can add FDA reform to the list.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting two treaties and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 10:32 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 782) to amend title 18 of the United States Code to allow members of employee associations to represent their views before the U.S. Government.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3103) to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage to simplify the administration of health insurance, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3230) to authorize appropriations for fiscal year 1997 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3517) making appropriations for military construction, family housing, and based realignment and closure for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3845) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1997, and for other purposes.

At noon, a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 123. An act to amend title 4, United States Code, to declare English as the official language of the Government of the United States.

H.R. 2670. An act to provide for the release of the reversionary interest held by the United States in certain property located in the County of Iosco, Michigan.

H.R. 3387. An act to designate the Southern Piedmont Conservation Research Center located at 1420 Experimental Station Road in Watkinsville, Georgia, as the "J. Phil Campbell, Senior Natural Resource Conservation Center."

H.R. 3464. An act to make a minor adjustment in the exterior boundary of the Devils Backbone Wilderness in the Mark Twain National Forest, Missouri, to exclude a small parcel of land containing improvements.

At 12:34 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3448) to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that act.

At 2:28 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House the bill (S. 1316) to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes.

At 5:15 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 208. Concurrent resolution to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes.

At 6:50 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3953. An act to combat terrorism.

The message also announced that the House has agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 47. Concurrent resolution to provide for a Joint Congressional Committee on Inaugural Ceremonies.

S. Con. Res. 48. Concurrent resolution authorizing the rotunda of the United States Capitol to be used on January 20, 1997, in connection with the proceedings and ceremonies for the inauguration of the President-elect and the Vice-President-elect of the United States.

The message further announced that the House agrees to the amendments of the Senate to the bill (H.R. 2739) to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 3603. An act making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore [Mr. THURMOND].

At 7:41 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 782 an act to amend title 18 of the United States Code to allow members of employee associations to represent their views before the United States Government.

S. 1316. An act to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes.

The enrolled bills were signed subsequently by the President pro tempore [Mr. THURMOND].

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 3560. An act to designate the Federal building located at 290 Broadway in New York, New York, as the "Ronald H. Brown Federal Building."

H.R. 3710. An act to designate the United States courthouse under construction at 611 North Florida Avenue in Tampa, Florida, as the "Sam M. Gibbons United States Courthouse."

The message further announced that the House has agreed to the following concurrent resolution:

H. Con. Res. 207. Concurrent resolution approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to covered employees, other than employees of the House of Representatives and employees of the Senate, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 123. An act to amend title 4, United States Code, to declare English as the official language of the Government of the United States; to Committee on the Judiciary.

H.R. 2670. An act to provide for the release of the reversionary interest held by the United States in certain property located in the County of Iosco, Michigan; to the Committee on Agriculture, Nutrition, and Forestry.

H.R. 3387. An act to designate the Southern Piedmont Conservation Research Center located at 1420 Experimental Station Road in Watkinsville, Georgia, as the "J. Phil Campbell, Senior Natural Resource Conservation Center"; to the Committee on Agriculture, Nutrition And Forestry.

H.R. 3464. An act to make a minor adjustment in the exterior boundary of the Devils Backbone Wilderness in the Mark Twain National Forest, Missouri, to exclude a small parcel of land containing improvements; to the Committee on Energy and Natural Resources.

H.R. 3560. An act to designate the Federal building located at 290 Broadway in New York, New York, as the "Ronald H. Brown Federal Building"; to the Committee on Environment and Public Works.

H.R. 3710. An act to designate the United States courthouse under construction at 611 North Florida Avenue in Tampa, Florida, as the "Sam M. Gibbons United States Courthouse"; to the Committee on Environment and Public Works.

The following concurrent resolution was read and referred as indicated:

H. Con. Res. 207. Concurrent resolution approving certain regulations to implement provisions of the Congressional Accountability Act of 1995 relating to labor-management relations with respect to covered employees, other than employees of the House of Representatives and employees of the Senate, and for other purposes; to the Committee on Rules and Administration.

The following bill, previously received from the House of Representatives for the concurrence of the Senate, was read the first and second time by unanimous consent and referred as indicated:

H.R. 3735. An act to amend the Foreign Assistance Act of 1961 to reauthorize the development fund for Africa under chapter 10 of part I of that Act; to the Committee on Foreign Relations.

MEASURES PLACED ON THE CALENDAR

The following measure was ordered placed on the calendar.

S. 1965. An act to prevent the illegal manufacturing and use of methamphetamine.

MEASURE READ THE FIRST TIME

The following bill was read the first time:

H.R. 3953. An act to combat terrorism.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCAIN, from the Committee on Indian Affairs, without amendment:

S. 1970. A bill to amend the National Museum of the American Indian Act to make improvements in the Act, and for other purposes (Rept. No. 104–350).

By Mr. STEVENS, from the Committee on Governmental Affairs, without amendment:

H.R. 1271. A bill to provide protection for family privacy (Rept. No. 104–351).

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute.

S. 982. A bill to protect the national information infrastructure, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GORTON:

S. 2017. A bill to authorize the Secretary of Agriculture to exchange certain lands in the Wenatchee National Forest, Washington, for certain lands owned by Public District No. 1 of Chelan County, Washington, and for other purposes; to the Committee on Energy and Natural Resources.

S. 2018. A bill to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District; to the Committee on Energy and Natural Resources.

By Mr. CRAIG (for himself, Mr. SIMON, Mr. THOMAS, Mr. REID, Mr. GRAHAM, Mr. AKAKA, and Mr. COHEN):

S. 2019. A bill to provide for referenda to resolve the political status of Puerto Rico, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GRASSLEY (for himself and Mr. HARKIN):

S. 2020. A bill to establish America's Agricultural Heritage Partnership in Iowa, and for other purposes; to the Committee on Energy and Natural Resources.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 2021. A bill to suspend temporarily the duty on certain chemicals used in the formulation of an HIV Protease Inhibitor; to the Committee on Finance.

By Mr. THURMOND (for himself, Mr. FAIRCLOTH, Mr. HOLLINGS, Mr. COATS, and Mr. HELMS):

S. 2022. A bill to amend title 23, United States Code, to modify the minimum allocation formula under the Federal-aid highway program, to provide reimbursement to each State with respect to which the highway users in the State paid into the Highway Trust Fund an amount in excess of the amount received by the State from the Highway Trust Fund, and for other purposes; to the Committee on Environment and Public Works.

By Mr. REID:

S. 2023. A bill to provide for travelers' rights in air commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Ms. SNOWE (for herself and Mrs. FEINSTEIN):

S. 2024. A bill to amend the Public Health Service Act to provide a one-stop shopping information service for individuals with serious or life-threatening diseases; to the Committee on Labor and Human Resources.

By Mr. FEINGOLD:

S. 2025. A bill to amend the Communications Act of 1934 to authorize the States to regulate interference with radio frequencies; to the Committee on Commerce, Science, and Transportation.

By Mr. FAIRCLOTH (for himself, Mrs. KASSEBAUM, Mr. COATS, Mr. ASHCROFT, Mr. DEWINE, Mr. FRIST, and Mr. GORTON):

S. 2026. A bill to amend the Fair Labor Standards Act of 1938 to make uniform the application of the overtime exemption for inside sales personnel, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. LAUTENBERG:

S. 2027. A bill to provide for a 5-year extension of Hazardous Substance Superfund, and for other purposes; to the Committee on Finance.

By Mr. LAUTENBERG (for himself, Mr. BAUCUS, Mr. REID, Mr. GRAHAM, and Mr. MOYNIHAN):

S. 2028. A bill to assist the States and local governments in assessing and remediating brownfields and encouraging environmental cleanup programs, and for other purposes; to the Committee on Environment and Public Works.

By Mr. WYDEN (for himself and Mr. D'AMATO):

S. 2029. A bill to make permanent certain authority relating to self-employment assistance programs; to the Committee on Finance.

By Mr. LOTT (for himself and Mr. EXON):

S. 2030. A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DOMENICI (for himself, Mr. WELLSTONE, Mr. SIMPSON, Mr. CONRAD, Mr. WARNER, Mr. SPECTER, Mr. REID, Mr. DODD, Mr. GRASSLEY, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. BURNS, Mr. HARKIN, Mr. CHAFEE, and Mr. MOYNIHAN):

S. 2031. A bill to provide health plan protections for individuals with a mental illness; to the Committee on Labor and Human Resources.

By Mr. KERRY (for himself and Mr. KENNEDY):

S. 2032. A bill to designate a portion of the Sudbury, Assabet, and Concord Rivers as a component of the National Wild and Scenic Rivers System; to the Committee on Energy and Natural Resources.

By Mr. JOHNSTON:

S. 2033. A bill to repeal requirements for unnecessary or obsolete reports from the Department of Energy, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BREAUX (for himself, Mr. MACK, Mr. GRAHAM, and Mr. COHEN):

S. 2034. A bill to amend title XVIII of the Social Security Act to make certain changes to hospice care under the Medicare program; to the Committee on Finance.

By Mr. BIDEN:

S. 2035. A bill to invest in the future American workforce and to ensure that all Americans have access to higher education by providing tax relief for investment in a college education and by encouraging savings for college costs, and for other purposes; to the Committee on Finance.

By Mr. DORGAN (for himself, Mr. BAUCUS, Mrs. MURRAY, Mr. WELLSTONE, Mr. CONRAD, Mr. WYDEN, and Mr. DASCHLE):

S. 2036. A bill to amend the Agricultural Market Transition Act to provide equitable treatment for barley producers so that 1996 contract payments to the producers are not reduced to a greater extent than the average percentage reduction in contract payments for other commodities, while maintaining the level of contract payments for other commodities, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. LAUTENBERG:

S. 2037. A bill to provide for aviation security, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DASCHLE (for himself and Mr. PRESSLER):

S. 2038. A bill to authorize the construction of the Fall River Water Users District Rural Water System and authorize the appropriation of Federal dollars to assist the Fall River Water Users District, a nonprofit corporation, in the planning and construction of the water supply system, and for other purposes; to the Committee on Energy and Natural Resources.

S. 2039. A bill to authorize the construction of the Perkins County Rural Water System and authorize the appropriation of Federal dollars to assist the Perkins County Rural Water System, Inc,. a nonprofit corporation, in the planning and construction of the water supply system, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HATCH (for himself and Mrs. HUTCHISON):

S. 2040. A bill to amend the Controlled Substances Act to provide a penalty for the use of a controlled substance with the intent to rape, and for other purposes; to the Committee on the Judiciary.

By Mr. D'AMATO (for himself, Mr. MOYNIHAN, and Mr. FAIRCLOTH):

S. 2041. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 with respect to the dumping of dredged material in Long Island Sound, and for other purposes; to the Committee on Environment and Public Works.

By Mr. MACK (for himself, Mr. BOND, Mr. D'AMATO, and Mr. BENNETT):

S. 2042. A bill to reform the multifamily rental assisted housing programs of the Federal Government, maintain the affordability and availability of low-income housing, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. KERRY:

S. 2043. A bill to require the implementation of a corrective action plan in States in which child poverty has increased; to the Committee on Finance.

By Mr. SANTORUM:

S. 2044. A bill to provide for modification of the State agreement under title II of the Social Security Act with the State of Pennsylvania with respect to certain students; to the Committee on Finance.

By Mr. HATFIELD:

S. 2045. A bill to provide regulatory relief for small business concerns, and for other purposes; to the Committee on Small Business.

By Mr. ROCKEFELLER:

S. 2046. A bill to amend section 29 of the Internal Revenue Code of 1986 to allow a credit for qualified fuels produced from wells drilled during 1997, and for other purposes; to the Committee on Finance.

By Mr. HATCH (for himself, Mr. CONRAD, Mr. PRESSLER, Mr. PRYOR, Mr. NICKLES, and Mr. BAUCUS):

S. 2047. A bill to amend the Internal Revenue Code of 1986 to modify the application of the pension nondiscrimination rules to governmental plans; to the Committee on Finance.

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, and Mr. DODD):

S. 2048. A bill to amend section 552 of title 5, United States Code, (commonly referred to as the Freedom of Information Act), to provide for disclosure of information relating to individuals who committed Nazi war crimes, and for other purposes; to the Committee on the Judiciary.

By Mr. AKAKA (for himself and Mr. INOUYE):

S.J. Res. 59. A joint resolution to consent to certain amendments enacted by the Legislature of the state of Hawaii to the Hawaiian Homes Commission Act, 1920; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 287. A resolution to authorize the production of records by the Permanent Subcommittee on Investigations; considered and agreed to.

By Mr. WELLSTONE (for himself, Mr. KENNEDY, and Mr. WYDEN):

S. Con. Res. 68. A concurrent resolution to correct the enrollment of H.R. 3103; considered and agreed to.

By Mr. SANTORUM (for himself and Mrs. FEINSTEIN):

S. Con. Res. 69. A concurrent resolution expressing the sense of the Congress that the German Government should investigate and prosecute Dr. Hans Joachim Sewering for his war crimes of euthanasia committed during World War II; to the Committee on Foreign Relations.

By Mr. MURKOWSKI:

S. Con. Res. 70. A concurrent resolution directing the Clerk of the House of Representatives to make technical corrections in the enrollment of H.R. 1975; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GORTON:

S. 2017. A bill to authorize the Secretary of Agriculture to exchange certain lands in the Wenatchee National Forest, Washington, for certain lands owned by Public District No. 1 of Chelan County, Washington, and for other purposes; to the Committee on Energy and Natural Resources.

LAND EXCHANGE LEGISLATION

Mr. GORTON. Mr. President, today I introduce legislation to authorize a land exchange between the Chelan County PUD, in Washington State and the U.S. Forest Service. The land exchange legislation will consolidate land for a wastewater treatment facility onto Chelan County PUD land. Chelan PUD would in turn own and operate the wastewater treatment facility, which serves both the Forest Service and some of the local community.

The legislation was carefully negotiated between the Forest Service and the Chelan County PUD. The Forest Service supports the legislation, and I hope that the legislation can be enacted this year.

By Mr. GORTON:

S. 2018. A bill to approve a settlement agreement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District; to the Committee on Energy and Natural Resources.

SETTLEMENT LEGISLATION

Mr. GORTON. Mr. President, today I introduce legislation that will authorize settlement between the Bureau of Reclamation and the Oroville-Tonasket Irrigation District in Washington state. Congressman DOC HASTINGS has introduced identical legislation on this subject in the House of Representatives.

This legislation will authorize a carefully negotiated settlement between the BOR and the Oroville-Tonasketi Irrigation District. If enacted, this legislation will save the BOR, and therefore the Nation's taxpayers, money that would otherwise be spent fighting with the irrigation district in court. Briefly, the legislation directs the irrigation district to release and discharge all past and future claims against the United States associated with the project—such claims are estimated at $4.5 million. The irrigation district will assume full responsibility to indemnify and defend the United States against any third-party claims associated with the project. The irrigation district will make a cash payment of $350,000 to the United States—a condition that has already been met. The irrigation district will release the United States from its obligation to remove existing dilapidated facilities—cost estimated at $150,000 in 1978. The district will also be solely responsible for the operations and maintenance of the project, and will agree to continue to deliver water to and provide for O&M of the wildlife Mitigation facilities at its own expense.

The legislation directs the BOR to release and discharge the irrigation district's construction charge obligation under the 1979 repayment contract—present value estimated at $4.2 million. Within 180 days of the date of enactment, the BOR will transfer the title of the irrigation works to district at no additional cost to the district. The BOR will continue to provide power and energy for water pumping for the project for a period of 50 years—starting October 1990—as provided for in the irrigation discount provision in the Northwest Power Act. At the end of that 50 year period, the irrigation district will have to purchase its power at nonirrigation discount rates.

Mr. President, this legislation will resolve a long standing dispute between the irrigation district and the Bureau of Reclamation that will save the taxpayers the expense of financing a long, drawn out court fight. I will work with my colleagues on the Energy and Natural Resources Committee to see that this legislation is enacted this year.

By Mr. CRAIG (for himself, Mr. SIMON, Mr. THOMAS, Mr. REID, Mr. GRAHAM, Mr. AKAKA, and Mr. COHEN):

S. 2019. A bill to provide for referenda to resolve the political status of Puerto Rico, and for other purposes; to the Committee on Energy and Natural Resources.

PUERTO RICO LEGISLATION

Mr. CRAIG. Mr. President, today I am introducing legislation which would establish a congressionally recognized self-determination process to resolve the political status of Puerto Rico. This proposal is made in light of the formal request of the Legislature of Puerto Rico, expressly directed to the 104th Congress, for a response to the 1993 plebiscite on Puerto Rico's future political status conducted under local law.

Puerto Rico Legislature Resolution 62, adopted by the elected representatives of the residents of Puerto Rico on November 14, 1994, specifically calls upon this Congress to state the "specific alternatives that it is willing to consider, and the measures it recommends the people of Puerto Rico should take as part of the process to solve the problem of their political status." Even though time is running out on the 104th Congress, this Senator believes it would be wrong to adjourn later this year without introducing in the Senate a proposal which addresses the manner in which Puerto Rico's status can be resolved consistent with both self-determination and the national interest.

The solution to Puerto Rico's status cannot be one which imposes a result on the residents of Puerto Rico or on the United States. The process we are proposing recognizes the right of self-determination on both sides of the relationship. Let me explain why my colleagues should support the bill I am offering.

Puerto Rico has been an unincorporated territory of the United States for almost 100 years, subject to the plenary powers of Congress under the territorial clause of the U.S. Constitution, article IV, section 3, clause 2. Congressional authorization for the adoption of a local constitution and delegation of authority for internal self-government in 1952 represented progress in the evolution of the territory's status, but the 3.8 million U.S. citizens residing in Puerto Rico do not yet have equal legal and political rights with their fellow citizens living in the States, or a guaranteed permanent status protected by the U.S. Constitution.

Puerto Ricans have a statutory citizenship status prescribed by Congress in 1917, with less than equal legal standing and political rights while residing in Puerto Rico because it is not a State. In 1980 the U.S. Supreme Court ruled in *Harris* v. *Rosario* (446 U.S. 651) that as long as Puerto Rico is an unincorporated territory subject to the territorial clause it does not violate the fundamental rights which all U.S. citizens have under the Constitution for Congress to treat the U.S. citizens residing in Puerto Rico differently than their fellow citizens in the 50 States as long as there is a rational basis for such unequal treatment.

While any self-determination process we establish should allow the people in Puerto Rico to express approval of this present status, the idea that perpetual territorial status for such a large and populous area is desirable for either Puerto Rico or the nation as a whole needs to be examined closely. To begin with we need to recognize that Americans from Puerto Rico have served with valor along side their fellow citizens in every war this century, but Congress never has afforded the people an opportunity to express their wishes as to the options for full self-government and a permanent status outside the territorial clause—either as a state or through separate nationhood.

In 1953 the U.N. recognized the Resolution 748 (VIII) that establishment of internal constitutional self-government with the consent of the residents was consistent with self-determination principles of the U.N. Charter, and on that basis the United States stopped reporting to the United Nations on the status of Puerto Rico. While Puerto Rico is no longer a non-self-governing for purposes of Article 73(e) of the U.N. Charter, Puerto Rico remains an unincorporated territory under the U.S. constitutional process. In 1956, 4 years after the commonwealth structure for local self-government was established, the U.S. Supreme Court recognized in *Reid* v. *Covert* (354 U.S. 1), that the status of all such unincorporated territories, results from the exercise of the territorial clause authority and ". . . the power of Congress to provide rules and regulations to govern *temporarily* territories with wholly dissimilar traditions and institutions . . . " (emphasis added).

The traditions and institutions in Puerto Rico most relevant to the political status of the people there are no longer wholly dissimilar to those of the United States. Puerto Ricans have been U.S. nationals since 1899, with U.S. citizenship for 80 years. Puerto Rico has been within the U.S. legal and political system and customs territory for nearly a century. A republican form of constitutional internal self-government was instituted through a democratic process 45 years ago.

Clearly, the time has come to establish a process through which the current territorial status can be ended in favor of a constitutionally guaranteed permanent status consistent with full self-government, full political participation and equal citizenship rights. That means full integration into the United States on the basis of equality, or full citizenship and a constitutionally protected political status through separate nationhood.

Again, if the residents of Puerto Rico prefer to remain in an unincorporated status and continue the present commonwealth structure for local government, any congressionally recognized self-determination process should enable them freely to express their wishes in this regard. But they will not be able to make a free and informed choice unless the legal and political nature of the current status is defined in a constitutionally valid and intellectually honest manner.

Therein lies the problem with the 1993 plebiscite, in which the status options were formulated by the local political parties. The commonwealth option on the 1993 ballot included elements which were simply unconstitutional, and policy proposals that were so implausible and misleading as to make the voting results highly ambiguous. For example, commonwealth received the lowest voter approval ever at 48 percent, while statehood received the highest vote ever at 46 percent. But the commonwealth ballot definition include permanent union, the same citizenship rights as persons born in the States, increased Federal programs, and parity with the States in Federal budget outlay—features which are constitutional guaranteed and/or politically possible only with statehood.

At the same time, the commonwealth option also called for Federal tax exemptions, fiscal autonomy, a local veto over Federal laws passed by Congress under a so-called bilateral pact, and other features more consistent with independence than territorial status. Independence received 4 percent voter approval. The combined vote for the have it both ways definition of commonwealth and independence was 52 percent, but the combined vote for statehood and commonwealth as options which involved guaranteed permanent union and U.S. citizenship was over 95 percent.

I doubt that the 103d Congress would have adjourned more than a year after the 1993 vote without breaking a deafening silence regarding the results of the plebiscite if the ballot definitions had not rendered those results both ambiguous and confusing.

Apparently due in large part to Resolution 62, in this Congress the House committees with primary jurisdiction with respect to Puerto Rico's status conducted hearings on the 1993 voting results on October 17, 1995. Each of Puerto Rico's political parties were given a full and fair hearing regarding their views on the 1993 vote.

Based on the record of that hearing, the leadership of the concerned House committees transmitted a comprehensive statement to the leaders of the Puerto Rico Legislature on February 29, 1996, setting forth authoritative policy statements and points of law regarding the 1993 voting results. On March 6, 1996, legislation consistent with the principles set forth in the February 29 policy statement was introduced in the House. After hearings in San Juan Puerto Rico in which all parties were heard once again regarding H.R. 3024—United States-Puerto Rico Political Status Act—the bill was amended to meet certain concerns that had been raised and unanimously approved by the Committee on Resources on June 26, 1996.

On June 28, 1996, senior minority members on the two House committees which had conducted the hearings on the 1993 vote also transmitted views to leaders in the Puerto Rico Legislature regarding the results thereof. In addition, on July 18, 1996, 11 members of the minority in the House, including some of the most knowledgeable and experienced Members of Congress where the issue of Puerto Rico's status is concerned, wrote to that body's minority leader expressing their support for the Puerto Rico status bill reported unanimously by the Resources Committee on June 26, 1996.

What the measures taken by House committees and members to date demonstrate is that there is some important new thinking in Congress about the Puerto Rico status issue. There is an emerging bipartisan consensus that the time has come for Congress to recognize that a process which makes definitive self-determination and permanent full self-government available to Puerto Rico is in the U.S. national interest, as well as that of the residents of Puerto Rico.

In particular, I want to point out that the July 18, 1996 letter from concerned members of the minority to House Minority Leader GEPHARDT defends the specific approach to legitimate self-determination for Puerto Rico set forth in H.R. 3024 against criticism generated by supporters of the fatally-flawed and discredited definition of commonwealth presented on the 1993 plebiscite ballot. Specifically, the July 18 letter notes that:

> Some have tried to revive discussion over the language and citizenship provisions of the bill, even though these issues were dealt with in the reported text of H.R. 3024. Others claim that the ballot process is unfairly skewed toward one option or another, hoping to revert back to the three-way ballot in 1993 which yielded no clear majority. More than just attempts to amend the legislation, these efforts are aimed at delaying its consideration or tainting its language so that it will never see the light of day.

I have described the response in the House to Resolution 62 of the Puerto Rico Legislature in some detail so that my Senate colleagues can better appreciate the need for some demonstration that Members of this body have an interest in the issues raised by the formal request directed by the local constitutional authorities to the 104th Congress. The bill we are introducing today is not a definitive or final formal response to that request, but it sends an important message to the House and to Puerto Rico that the Senate also will address this matter consistent with the principles of self-determination and the national interest.

Accordingly, the legislation we are proposing, like the House version, recognizes that the commonwealth option can and should be presented accurately and fairly on a status referendum ballot. The voters must be able to evaluate the current status and the commonwealth structure for local government on the merits. But those who think that Congress is required to adopt the same 3-option ballot format employed in the 1993 local plebiscite format need to think again. While we need to respect, study, and consider the 1993 vote despite obvious flaws in the ballot, Congress cannot restrict itself to considering only past practices in Puerto Rico or the approach previously considered by Congress.

We need to keep an open mind, and this bill proposes a new approach consistent with that being developed in the House. It recognizes that Congress may determine that it could be misleading to present the status quo option without distinguishing it in any way from the options for ending territorial status and instituting fundamental changes that would be required to establish permanent full self-government and a constitutionally guaranteed status.

Only when the people who live in Puerto Rico are allowed to vote in a referendum process which defines the choices in a way that is valid and accurate will Congress be able to understand the meaning of the results. Then Congress can respond to those results by proposing the terms under which the preferred option would be possible, after which an additional informed stage of self-determination can take place. If the terms for change are not approved by the people, or the people vote for the option of continued commonwealth, then Congress will have to consider its response to that result as well.

Before my colleagues, or those responsible for these issues in the administration, attempt to defend the approach of the 1993 plebiscite ballot, I suggest they review all of the congressional documents responding to Puerto Rico Legislature Resolution 62 referred to above. To facilitate an openminded consideration of what we are proposing, those documents are included here in the order mentioned above.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON RESOURCES,
Washington, DC, February 29, 1996.

Hon. ROBERTO REXACH-BENITEZ,
President of the Senate.
Hon. ZAIDA HERNANDEZ-TORRES,
Speaker of the House, of the Commonwealth of Puerto Rico, San Juan, PR.

DEAR MR. REXACH-BENITEZ AND MS. HERNANDEZ-TORRES: The Committee on Resources and the Committee on International Relations are working cooperatively to establish an official record which we believe will enable the House to address the subject-matter of Concurrent Resolution 62, adopted by the Legislature of Puerto Rico on December 14, 1994. While the specific measures addressing Puerto Rico's status which the 104th Congress will consider are still being developed, we believe the history of the self-determination process in Puerto Rico, as well as the record of the Joint Hearing conducted on October 17, 1995 by the Subcommittee on Native American and Insular Affairs and the Subcommittee on Western Hemisphere, lead to the following conclusions with respect to the plebiscite conducted in Puerto Rico on November 14, 1993:

1. The plebiscite was conducted under local law by local authorities, and the voting process appears to have been orderly and consistent with recognized standards for lawful and democratic elections. This locally organized self-determination process was undertaken within the authority of the constitutional government of Puerto Rico, and is consistent with the right of the people of Puerto Rico freely to express their wishes regarding their political status and the form of government under which they live. The United States recognizes the right of the people of Puerto Rico to self-determination, including the right to approve any permanent political status which will be established upon termination of the current unincorporated territory status. Congress will take cognizance of the 1993 plebiscite results in determining future Federal policy toward Puerto Rico.

2. The content of each of the three status options on the ballot was determined by the three major political parties in Puerto Rico identified with those options, respectively. The U.S. Congress did not adopt a formal position as to the feasibility of any of the options prior to presentation to the voters. Consequently, the results of the vote necessarily must be viewed as an expression of the preferences of those who voted as between the proposals and advocacy of the three major political parties for the status option espoused by each such party.

3. None of the status options presented on the ballot received a majority of the votes cast. While the commonwealth option on the ballot received a plurality of votes, this result is difficult to interpret because that option contained proposals to profoundly change rather than continue the current Commonwealth of Puerto Rico government structure. Certain elements of the commonwealth option, including permanent union with the United States and guaranteed U.S. citizenship, can only be achieved through full integration into the U.S. leading to statehood. Other elements of the commonwealth option on the ballot, including a government-to-government bilateral pact which cannot be altered, either are not possible or could only be partially accomplished through treaty arrangements based on separate sovereignty. While the statehood and independence options are more clearly defined, neither of these options can be fully understood on the merits, unless viewed in the context of clear Congressional policy regarding the terms under which either option could be implemented if approved in a future plebiscite recognized by the federal government. Thus, there is a need for Congress to define the real options for change and the true legal and political nature of the status quo, so that the people can know what the actual choices will be in the future.

4. Although there is a history of confusion and ambiguity on the part of some in the U.S. and Puerto Rico regarding the legal and political nature of the current "commonwealth" local government structure and territorial status, it is incontrovertible that Puerto Rico's present status is that of an unincorporated territory subject in all respects to the authority of the United States Congress under the Territorial Clause of the U.S. Constitution. As such, the current status does not provide guaranteed permanent union or guaranteed citizenship to the inhabitants of the territory of Puerto Rico, nor does the current status provide the basis for recognition of a separate Puerto Rican sovereignty or a binding government-to-government status pact.

5. In light of the foregoing, the results the November 14, 1993 vote indicates that it is the preference of those who cast ballots to change the present impermanent status in favor of a permanent political status based on full self-government. The only options for a permanent and fully self-governing status are: 1) separate sovereignty and full national independence, 2) separate sovereignty in free association with the United States; 3) full integration into the United States political system ending unincorporated territory status and leading to statehood.

6. Because each ballot option in the 1993 plebiscite addressed citizenship, we want to clarify this issue. First, under separate sovereignty Puerto Ricans will have their own nationality and citizenship. The U.S. political status, nationality, and citizenship provided by Congress under statues implementing the Treaty of Paris during the unincorporated territory period will be replaced by the new Puerto Rican nationhood and citizenship status that comes with separate sovereignty. To prevent hardship or unfairness in individual cases, the U.S. Congress may determine the requirements for eligible persons to continue U.S. nationality and citizenship, or be naturalized, and this will be governed by U.S. law, not Puerto Rican law. If the voters freely choose separate sovereignty, only those born in Puerto Rico who have acquired U.S. citizenship on some other legal basis outside the scope of the Treaty of Paris citizenship statutes enacted by Congress during the territorial period will not be affected. Thus, the automatic combined Puerto Rican and U.S. citizenship described under the definition of independence on the 1993 plebiscite ballot was a proposal which is misleading and inconsistent with the fundamental principles of separate nationality and non-interference by two sovereign countries in each other's internal affairs, which includes regulation of citizenship. Under statehood, guaranteed equal U.S. citizenship status will become a permanent right. Under the present Commonwealth of Puerto Rico government structure, the current limited U.S. citizenship status and rights will be continued under Federal law enacted under the Territorial Clause and the Treaty of Paris, protected to the extent of partial application of the U.S. Constitution during the period in which Puerto Rico remains an unincorporated territory.

7. The alternative to full integration into the United States or a status based on separate sovereignty is continuation of the current unincorporated territory status. In that event, the present status quo, including the Commonwealth of Puerto Rico structure for local self-government, presumably could continue for some period of time, until Congress in its discretion otherwise determines the permanent disposition of the territory of Puerto Rico and the status of its inhabitants through the exercise of its authority under the Territorial Clause and the provisions of the Treaty of Paris. Congress may consider proposals regarding changes in the current local government structure, including those set forth in the "Definition of Commonwealth" on the 1993 plebiscite ballot. However, in our view serious consideration of proposals for equal treatment for residents of Puerto Rico under Federal programs will not be provided unless there is an end to certain exemptions from federal tax laws and other non-taxation in Puerto Rico, so that individuals and corporations in Puerto Rico have the same responsibilities and obligations in this regard as the states. Since the "commonwealth" option on the 1993 plebiscite ballot called for "fiscal autonomy," which is understood to mean, among other things, continuation of the current exemptions from federal taxation for the territory, this constitutes another major political, legal and economic obstacle to implementing the changes in Federal law and policy required to fulfill the terms of the "Definition of Commonwealth."

8. In addition, it is important to recognize that the existing Commonwealth of Puerto Rico structure for local self-government, and any other measures which Congress may approve while Puerto Rico remains an unincorporated territory, are not unalterable in a sense that is constitutionally binding upon a future Congress. Any provision, agreement or pact to the contrary is legally unenforceable. Thus, the current Federal laws and policies applicable to Puerto Rico are not unalterable, nor can they be made unalterable, and the current status of the inhabitants is not irrevocable, as proposed under

the "commonwealth" option on the 1993 plebiscite ballot. Congress will continue to respect the principle of self-determination in its exercise of Territorial Clause powers, but that authority must be exercised within the framework of the U.S. Constitution and in a manner deemed by Congress to best serve the U.S. national interest. In our view, promoting the goal of full self-government for the people of Puerto Rico, rather than remaining in a separate and unequal status, is in the best interests of the United States. This is particularly true due to the large population of Puerto Rico, the approach of a new century in which a protracted status debate will interfere with Puerto Rico's economic and social development, and the domestic and international interest in determining a path to full self-government for all territories with a colonial history before the end of this century.

9. The record of the October 17, 1995 hearing referred to above makes it clear that the realities regarding constitutional, legal and political obstacles to implementing the changes required to fulfill the core elements of the "commonwealth" option on the ballot were not made clear and understandable in the public discussion and political debate leading up to the vote. Consequently, Congress must determine what steps the Federal government should take in order to help move the self-determination process to the next stage, so that the political status aspirations of the people can be ascertained through a truly informed vote in which the wishes of the people are freely expressed within a framework approved by Congress. Only through such a process will Congress then have a clear basis for determining and resolving the question of Puerto Rico's future political status in a manner consistent with the national interest.

Ultimately, Congress alone can determine Federal policy with respect to self-government and self-determination for the residents of Puerto Rico. It will not be possible for the local government or the people to advance further in the self-determination process until the U.S. Congress meets its moral and governmental responsibility to clarify Federal requirements regarding termination of the present unincorporated territory status of Puerto Rico in favor of one of the options for full self-government.

The results of the locally administered 1993 vote are useful in this regard, but in our view are not definitive beyond what has been stated above. The question of Puerto Rico's political status remains open and unresolved.

Sincerely,

DON YOUNG,
Chairman, Committee on Resources.
ELTON GALLEGLY,
Chairman, Subcommittee on Native American and Insular Affairs.
BEN GILMAN,
Chairman, Committee on International Relations.
DAN BURTON,
Chairman, Subcommittee on the Western Hemisphere.

CONGRESS OF THE UNITED STATES,
Washington, DC, June 28, 1996.

Senator CHARLIE RODRIGUEZ,
Majority Leader, Puerto Rico Senate, the Capitol, San Juan, PR.

DEAR SENATOR RODRIGUEZ: As the senior democrats on the House Resources and International Relations Committees we have always been concerned about the economic and political future of Puerto Rico. As the 104th Congress considers proposed legislation regarding the process of self-determination for Puerto Rico, we believe that it is time to reexamine the status issue in light of the 1993 plebiscite.

On December 14, 1994 the Legislature of Puerto Rico adopted Concurrent Resolution 62 which sought congressional guidance regarding the results of the 1993 status plebiscite. Recently, the Chairman of the relevant committees and subcommittees that deal with Puerto Rico's political status responded to this important resolution. Although we agree with many portions of the letter, we would like to outline some of our views on the issue as well.

We believe that the definition of Commonwealth on the 1993 plebiscite ballot was difficult given Constitutional, and current fiscal and political limitations. Through numerous Supreme Court and other Federal Court decisions, it is clear that Puerto Rico remains an unincorporated territory and is subject to the authority of Congress under the territorial clause. Another aspect of this definition called for the granting of additional tax breaks to Section 936 companies and an increase in federal benefits in order to achieve parity with all the states without having to pay federal taxes. It is important that any judgment on the future of Puerto Rico be based on sound options that reflect the current budgetary context in the United States. This context should also reflect the bi-partisan agreement being worked on by Congress which reduces Section 936 benefits.

Since Congress has neither approved nor resolved the 1993 plebiscite results, we are in favor of legislation that will establish a future process of self-determination for the people of Puerto Rico. This legislation should include a requirement for status plebiscites to take place within a certain number of years and define various status options in a realistic manner.

In two years, Puerto Rico will celebrate its 100th year as part of the United States. Congress has both a political and moral responsibility to ensure that the 3.5 million Americans living in Puerto Rico have a right to express their views on the important issue of political status on a regular basis.

We hope this additional response to Concurrent Resolution 62 is helpful.

Sincerely,

ROBERT TORRICELLI,
BILL RICHARDSON,
LEE HAMILTON,
DALE KILDEE,

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, July 18, 1996.

Hon. RICHARD GEPHARDT,
Minority Leader, the Capitol, Washington, DC.

DEAR MINORITY LEADER GEPHARDT: Given the short time before the adjournment of the 104th Congress, we are eagerly trying to secure floor time for a bill that is of great importance to us, H.R. 3024, the United States-Puerto Rico Political Status Act. Unfortunately, we understand that certain Representatives have approached you in recent days in hopes of derailing this legislative effort.

After nearly 100 years as a territory of the United States, Puerto Rico must be provided with the opportunity to determine its future. While some would have you believe that there is no need for a self-determination process, it must be clear that the existing "Commonwealth" structure was never meant to be a permanent solution for Puerto Rico, particularly since the 3.8 million U.S. citizens in Puerto Rico are disenfranchised under the current arrangement. Just as the United Nations has called for an end to colonialism by the year 2000, the United States must lead by example by putting an end to the disenfranchisement of its own citizens and allowing Puerto Rico to resolve, once and for all, its status dilemma.

As you know, H.R. 3024 establishes a process whereby the U.S. citizens of Puerto Rico would be allowed to vote on self-determination by the end of 1998. On the first ballot, the voters would choose to either change their status or maintain the status quo. Then, assuming the majority votes to change their status, they would then again vote to choose between a path toward separation (independence or free association) or a path toward integration (statehood). In each instance, the results would be definitive and would produce a majority.

With over sixty cosponsors in the House, H.R. 3024 has strong bipartisan support. During the full Resources Committee markup last month, the bill was reported unanimously after adopting only minor perfecting amendments. It is now before the Rules Committee and we are hopeful that it will soon proceed to the House floor. Opponents of H.R. 3024, however, are using a number of tactics to try to delay this process and confuse the issue.

Some have tried to revive discussions over the language and citizenship provisions of the bill, even though these issues were dealt with in the reported text of H.R. 3024. Others claim that the ballot process is unfairly skewed toward one option or another, hoping to revert back to the three-way ballot in 1993 which yielded no clear majority. More than just attempts to amend the legislation, these efforts are aimed at delaying its consideration or tainting its language so that it will never see the light of day this year on the House floor.

All told, these efforts should not obscure the original intent of the legislation: to provide Puerto Rico with a fair process of self-determination for the first time in the Island's history. Your support for this effort is needed and would help Congress give the U.S. citizens of Puerto Rico the voice and participation in the democratic process which they are entitled to and deserve.

Thank you for your interest in the affairs of Puerto Rico. If you would like to discuss this matter further, please do not hesitate to contact us.

Sincerely,

Carlos A. Romero-Barceló, Robert A. Underwood, Nick Rahall, Sam Farr, Esteban E. Torres, Bill Richardson, Patrick J. Kennedy, José E. Serrano, Dale E. Kildee, Pat Williams, Neil Abercrombie.

Mr. CRAIG. Mr. President, I am proud to be an original cosponsor of the legislation introduced by my colleague from Idaho, Senator CRAIG, with whom I have worked closely on many issues over the years.

This important bill establishes a process whereby the people of Puerto Rico can vote for a retention or a change of their current Commonwealth status, a status preserved as a result of the November 14, 1993 plebiscite. If Puerto Ricans choose change, they can select a path toward separation—independence or free association—or a path toward incorporation—statehood. In short, the bill establishes an orderly path toward true self-determination in the true democratic spirit of our Nation.

One might ask why such legislation is necessary given that less than 3 years ago, a plurality of U.S. citizens in Puerto Rico chose the Commonwealth option on the November 14 ballot. This option—drafted by the Commonwealth party itself, under the agreed-upon terms of the plebiscite—presented the people of Puerto Rico with utterly inflated and unrealistic expectations regarding the island's future relationship with the United States. In effect, the Commonwealth option guaranteed United States citizens of Puerto Rico many of the benefits of statehood and many of the benefits of separation without any of the accompanying responsibilities of either. Given these pie-in-the-sky promises, it is no wonder that a plurality of Puerto Ricans—though, important, not a majority—chose the Commonwealth option. However, the future of Puerto Rico's relationship with the United States remains unclear, and congressional action providing Puerto Ricans with the power to determine their fate through a fair and orderly process is long overdue.

It is time that Congress' silence on the results of the November 14, 1993 Puerto Rican plebiscite end, and that we afford United States citizens in Puerto Rico realistic and just options for determining Puerto Rico's future relationship with the United States of America. The Puerto Rican Government has asked that we do as much. On December 14, 1994, the legislature of Puerto Rico adopted Concurrent Resolution 62 which formally requested congressional guidance regarding the results of the 1993 status plebiscite. This legislation provides this guidance.

The process established by this legislation would be unprecedented and long overdue, affording Puerto Ricans for the first time a fair process of self-determination that is consistent with everything America stands for. We owe Puerto Rico—which in 2 years will have been part of the United States for 100 years—at least this much.

For decades, we have treated the right to self-determination as a cornerstone of our foreign policy. It is time that we practice what we preach.

By Mr. GRASSLEY (for himself and Mr. HARKIN):

S. 2020. A bill to establish America's Agricultural Heritage Partnership in Iowa, and for other purposes; to the Committee on Energy and Natural Resources.

THE AGRICULTURAL HERITAGE PARTNERSHIP ACT OF 1996

Mr. GRASSLEY. Mr. President, today I am introducing the America's Agricultural Heritage Partnership Act of 1996. This legislation would authorize the designation of several counties in northeast Iowa as America's Agricultural Heritage Partnership. This project is more commonly known as Silos and Smokestacks.

The story of agriculture in the United States is not only one of national progress and bounty, but is also a story of world progress and bounty. American agriculture is a national and a world treasure. It is a story that needs to be told. That is the silos part of Silos and Smokestacks. The smokestacks are the industrial base that supports our country's agriculture. The mission of America's Agricultural Heritage Partnership—Silos and Smokestacks—is to tell their combined story, through traditional exhibits and by designed routes through the countryside highlighting areas of importance and interest.

Community leaders in Waterloo, IA, the surrounding communities, and the rural area began meeting several years ago to determine how best to tell the agricultural story, especially how it relates to our country's great industrial history. Because of their interest, the National Park Service was then requested to conduct a study to develop recommendations as to the location of a heritage area and how to present the history.

That study recommended that northeast Iowa be the location for an agricultural heritage partnership area. Since that time, the communities have continued their work to lay a proper foundation for the project pending congressional authorization for Silos and Smokestacks.

Waterloo is located in the center of some of the richest, most productive agricultural land in the world. It is also home to John Deere and other farm equipment manufacturers and other related agricultural industries. Waterloo is an ideal location to tell the combined story of American agriculture and the industry associated with it.

This legislation would authorize the Secretary of Agriculture to make grants or enter into cooperative agreements to further this project. He may also provide necessary technical assistance.

This is a worthwhile endeavor to tell an important American story to our citizens and the World. I strongly encourage enactment of this legislation.

Mr. HARKIN. Mr. President, I rise as cosponsor of America's Agricultural Heritage Partnership Act of 1996. This bill would establish America's Agricultural Heritage Partnership in northeast Iowa in order to promote the story of agriculture in our Nation's rich history.

A few years ago, leaders from Waterloo and other communities in northeast Iowa developed an initiative called Silos and Smokestacks. Silos and Smokestacks is a private organization that has worked to remodel and renovate old, and often abandoned, buildings in Waterloo. This effort is a wonderful example of communities and concerned citizens working together to preserve a unique part of American history.

The hard work by Silos and Smokestacks has provided the foundation for a unique heritage park that would combine the stories of our Nation's agricultural and industrial development. In the past, the focus of the National Park Service has been to create and administer the so-called natural areas, commonly known as our National Park System. A heritage park involves local, State, Federal, and private interests in recognizing and preserving sites of cultural and historical significance. Heritage areas are something like a large interactive museum in which people have the opportunity to gain firsthand knowledge of an important facet of our Nation's history.

The National Park Service has determined that northeast Iowa is an ideal location for a heritage park. This park would tell the nationally significant, but often overlooked, story of American agriculture. Northeast Iowa combines the rich histories of our Nation's farming and industrial sectors. In the area surrounding Waterloo one will find some of the most productive and fertile land in the Nation. Boasting the production lines of John Deere and other farm equipment manufacturers and some of the largest meatpacking operations in the Midwest, the city of Waterloo represents our Nation's industrial strength. Taken together, this area represents nearly every aspect of agricultural and food production.

The National Park Service has suggested that four principal topics of the heritage area could include: the amazing science of agriculture, agriculture as a way of life, organizing for survival, and crops from the field to the table.

The legislation introduced today would authorize the Secretary of Agriculture to make grants and provide technical and management assistance to those entities developing the introductory heritage park. This assistance would be the critical impetus to see this unique project through to completion. A heritage project in northeast Iowa would provide countless Americans with a valuable insight into one of the most fascinating, and important, aspects of American society.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. 2021. A bill to suspend temporarily the duty on certain chemicals used in the formulation of an HIV protease inhibitor; to the Committee on Finance.

DRUG DEVELOPMENT ACCELERATION LEGISLATION

Mrs. FEINSTEIN. Mr. President, as a nation, we must do everything we can to find a cure for HIV/AIDS. However, until we have a cure for this urgent health priority, we need to find effective treatments and put them in the hands of people with needs.

I rise today to introduce legislation, joined by my colleague Senator BOXER, to eliminate the tariff for several chemical compounds. These compounds are required for the manufacture of an AIDS drug, nelfinavir mesylate, which has produced promising test results.

PROTEASE INHIBITORS

Nelfinavir is one of a new class of AIDS drugs called protease inhibitors. The drugs are designed to block an enzyme, called protease, that appears to play a crucial role in the replication of HIV.

As the Wall Street Journal reported in its coverage of the recently concluded 11th International Conference on AIDS in Vancouver, BC, researchers have evidence that protease inhibitor drugs, when taken in combination with existing therapies, can reduce levels of the AIDS-causing virus in blood to levels so low that the virus is undetectable by even the most sensitive tests. AIDS researchers at the conference describe this new drug therapy as a major and unprecedented step in combating AIDS, one that may represent a treatment approach that may delay the onset of AIDS, extend patients' lives, and transform AIDS into a long-term, manageable disease.

Mr. President, HIV/A is a critical public health issue, requiring the Nation's full attention. In America today, AIDS is the leading cause of death for young Americans between the ages of 25 and 44.

More than 220,700 American men, women and children have died of AIDS by the end of 1993. While the number of deaths trails other urgent health priorities such as cancer or heart disease, AIDS is nearly equally debilitating to the Nation when measured by the years of potential and productive life lost due to the disease.

In my State of California, 1 of every 200 Californians is HIV positive, while 1 of every 25 is HIV positive in my home of San Francisco.

AIDS is a paramount public health concern and every effort should be made to ensure that drugs are made available as swiftly and at as low a cost as possible. We simply cannot delay or waste time in providing drugs, treatments or materials. This tariff legislation represents a modest, but important step.

ZERO TARIFF FOR PHARMACEUTICALS

Under the 1994 GATT agreement, most pharmaceutical products are entitled to enter the country without a tariff. However, the zero tariff does not apply to many new pharmaceutical products or their chemical ingredients. As a result, the chemicals needed to make nelfinavir mesylate, an AIDS protease inhibitor currently undergoing research testing, but not yet a recognized pharmaceutical product under GATT, would be ineligible for the pharmaceutical zero tariff.

During negotiations with World Trade Organization nations to implement the pharmaceutical zero tariff, the administration successfully added the chemical compounds needed to manufacture the AIDS drug. As a result, the tariff will drop to zero on April 1, 1997.

Nelfinavir is on the Food and Drug Administration's fast-track approval process for AIDS drugs. Commercial production of the drug will begin well before April 1, in order that the drug can be immediately available to AIDS patients upon FDA approval. Although currently imported duty-free for use in clinical research trials, the imported chemicals will soon be used for commercial production. During the period of commercial production prior to April 1, the chemical compounds will face a 12 percent tariff, which will only add to the cost and delay the drug's production and distribution to individuals in need.

This proposed legislation would eliminate the tariff for two of the essential and unique chemical inputs, as well as for the active ingredient nelfinavir (Acid Chloride, Chloroalcohol and AG 1346), from August 1 when the drug production increases, until April 1, 1997 when the tariff drops to zero under the WTO pharmaceutical agreement. Without this legislation, the manufacturer would face a 12 percent tariff for its chemicals, which are not available in the United States, as the drug proceeds into production. This tariff reduction will allow for the acceleration of drug production, providing more timely relief for the public.

The Federal Government needs to do everything it can to expedite the development and distribution of AIDS drugs. Without this legislation to remove the tariff, we will be tolerating needless hurdles and delay, rather than needed relief.

The Congressional Budget Office is reviewing the cost of the proposed legislation. However, because the WTO negotiations will already provide a zero tariff for the chemical compounds on April 1, the legislation may have a de minimis impact on tariff revenue. For AIDS patients, their families and those at risk, it's a step Congress should take.

I have also requested various Federal agencies and other organizations to review the legislation and ensure that other important Federal policies, like narcotics enforcement or maintaining a strong, domestic chemical industry, are not undermined. The Drug Enforcement Agency and U.S. Customs Service indicate the chemicals present no risk for law enforcement or anti-narcotics enforcement priorities. Similarly, the U.S. Trade Representative's Industry Sector Advisory Committee for chemicals and the International Trade Commission also reviewed and approved the administration's efforts to include the chemicals in the pharmaceutical appendix negotiations. PhRMA, the Pharmaceutical Research and Manufacturers of America, also has reviewed the proposal and does not oppose the legislation.

The administration deserves tremendous credit for extending a zero tariff for these chemical components. It is my hope that miscellaneous tariff legislation, which is currently pending before the Finance Committee, could accommodate this noncontroversial tariff issue, which can accelerate the development and production of an AIDS drug, with the potential to provide meaningful relief.

As a matter of public policy, we should do everything we can to develop AIDS drugs and treatments. Patients and their families cannot wait for the next round of drugs to be approved and added to the zero-tariff list, scheduled for review in 1999. By importing the chemical compounds without a tariff, we can accelerate the drug development process.

I am pleased to introduce this tariff legislation, along with my colleague Senator BOXER, and will work with the chairman and ranking members of the Finance Committee to pursue the legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2021

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEMPORARY DUTY SUSPENSION.

(a) IN GENERAL.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new headings:

"9902.30.63	3-acetoxy-2-methylbenzoyl chloride (CAS No. 167678–46–8) (provided for in subheading 2918.29.65)	Free	No change	On or before 3/30/97
9902.30.64	2S, 3R-N-Cbz-3-amino-1-chloro-4-phenylsulfanyl-butan-2-ol (CAS No. 159878–02–1) (provided for in subheading 2922.19.60)	Free	No change	On or before 3/30/97
9902.30.65	N-(1,1-dimethylethyl)decahydro-2-[2-hydroxy-3[(3-hydroxy-2-methylbenzoyl) amino]-4-(phenylthio)butyl]-3-isoquinolinecarboxamide, [3S-[2(2S*,3S*), 3.a.,4a.b.,8a.b.]] (CAS No. 159989–64–7) (provided for in subheading 2933.40.60)	Free	No change	On or before 3/30/97".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (a) applies with respect to goods entered, or withdrawn from warehouse for consumption, on or after the date that is 15

days after the date of the enactment of this Act.

(2) RETROACTIVE APPLICATION.—Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, upon proper request filed with the Customs Service, before the 90th day after the date of the enactment of this Act, any entry, or withdrawal from warehouse for consumption, of an article described in heading 9902.30.63, 9902.30.64, or 9902.30.65 of the Harmonized Tariff Schedule of the United States (as added by subsection (a)), that was made—

(A) on or after August 1, 1996, and

(B) before the date that is 15 days after the date of the enactment of this Act,

shall be liquidated or reliquidated as though such entry or withdrawal was made on the 15th day after such date of enactment.

By Mr. THURMOND (for himself, Mr. FAIRCLOTH, Mr. HOLLINGS, Mr. COATS, and Mr. HELMS):

S. 2022. A bill to amend title 23, United States Code, to modify the minimum allocation formula under the Federal-aid highway program, to provide reimbursement to each State with respect to which the highway users in the State paid into the highway trust fund an amount in excess of the amount received by the State from the highway trust fund, and for other purposes; to the Committee on Environment and Public Works.

THE SURFACE TRANSPORTATION EQUITY ACT

Mr. THURMOND. Mr. President, I rise today to introduce legislation, on behalf of myself and Senators FAIRCLOTH, HOLLINGS, COATS, and HELMS, to correct one of the most inequitable and unfair policies of our Government—the Federal aid to highways distribution formulas. Currently, our Federal Aid to Highways Program collects 18.3 cents tax on each gallon of gasoline. That money is then sent to the Federal Treasury where deductions are made for deficit reduction and other Department of Transportation programs. The remainder is then apportioned among the States by statutory formulas which is used for infrastructure projects. In 1995, South Carolina received 52 cents for each dollar its citizens contributed to the fund. Other States were allocated $2 or more for each dollar contributed. This disparity is inexcusable.

This donor State system was originally devised to build the Interstate Highway System. In order to build highways across the vast expanses of the less populated Western States, it was necessary to incorporate a system in which some States contribute more than they receive. Next year, the last segment of the Interstate System will be completed. Subsequently, all our surface transportation priorities will then be local, but the donor/donee system with its unfair formulas will still be in place.

The statutory formulas are largely based on 1950's population data. Needless to say, there have been great population shifts in this country since that time. As a result, high-growth States have become desperate to find money to cope with the growing demand for highway construction and maintenance. Other States, however, are allocated such an excess amount that some of their funds go unused. In some cases they seek legislation to use the money for more exotic transportation purposes. We should not be building roads where people have been—we shoud build them where they are or where they are going. The present situation is equivalent to laying railroad tracks behind the train. It is inefficient, wasteful, and does not address the transportation needs of our Nation.

Unlike other programs, our Federal aid highway system was intended to be a user fee system where the gas taxes motorists pay go to maintain and improve the roads on which they drive. Unfortunately, the current system does not work in that manner. For example, when a school teacher in Mt. Pleasant, SC, buys gas to commute to her job in Charleston, she should expect that the tax she has paid is going to pay part of the cost of replacing the Cooper River Bridge which is in danger of collapse. Instead, 48 cents of each dollar she pays in gas tax goes to finance projects in other States. On the other hand, when a school teacher in one of the donee States does the same thing, she receives more than double her money back in road improvements. This is simply unfair.

The donor States have made tremendous sacrifices to build the Interstate System from which we all benefit. They have for years postponed addressing critical highway needs at home. The time has come for our national policy to recognize this contribution and address this issue fairly.

Mr. President, the bill we are introducing is simple. It stipulates that the portion of the Federal highway distribution to a State in each year shall be equal to its percentage of all contributions to the fund. In other words, if South Carolina contributes 1.8 percent of the trust fund in a year, it would get back 1.8 percent of whatever amount is appropriated out of the fund that year. Further, my bill would establish a 5-year program to bring the historic donor States into parity with the rest of the country. After implementation of this bill then we will have a Federal Highway Program that is fair to all.

Mr. President, if we are to reauthorize a Federal Highway Program, it must be a fair one. My bill presents a fair and equitable formula for doing this. I urge my colleagues to join us in support of this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2022

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Surface Transportation Equity Act of 1996".

SEC. 2. MINIMUM ALLOCATION.

(a) FISCAL YEAR 1998 AND THEREAFTER.—Section 157(a) of title 23, United States Code, is amended by adding at the end the following:

"(5) FISCAL YEAR 1998 AND THEREAFTER.—In fiscal year 1998 and each fiscal year thereafter, the Secretary, after making the allocations described in section 3 of the Surface Transportation Equity Act of 1996, shall allocate among the States amounts sufficient to ensure that a State's percentage of the total apportionments in each fiscal year and allocations for the prior fiscal year from funds made available out of the Highway Trust Fund is not less than 100 percent of the percentage of estimated tax payments attributable to highway users in the State paid into the Highway Trust Fund in the latest fiscal year for which data are available.".

(b) CONFORMING AMENDMENT.—Section 157(a)(4) of title 23, United States Code, is amended by striking the paragraph designation and all that follows before "on October 1" and inserting the following:

"(4) FISCAL YEARS 1992–1997.—In each of fiscal years 1992 through 1997,".

SEC. 3. DONOR STATE REIMBURSEMENT.

(a) ALLOCATION.—Over the period consisting of fiscal years 1998 through 2002, the Secretary of Transportation shall proportionally allocate to each eligible State described in subsection (b) the total amount of the excess described in subsection (b).

(b) ELIGIBLE STATES.—For the purpose of this section, an eligible State is a State with respect to which the highway users in the State paid into the Highway Trust Fund, during the period consisting of July 1, 1957, through the end of the latest fiscal year for which data are available, an amount in excess of the amount received by the State from the Highway Trust Fund during that period.

(c) FORMULA.—For each fiscal year, the Secretary of Transportation shall allocate the amounts made available under subsection (a) for the fiscal year in such a way as to bring each successive eligible State, or eligible States, with the lowest dollar return on dollar paid into the Highway Trust Funding during the period described in subsection (b) up to the highest common return on dollar paid that can be funded with the amounts made available under subsection (a).

(d) APPLICABILITY OF CHAPTER 1 OF TITLE 23.—Funds allocated under this section shall be available for obligation in the same manner and for the same purposes as if the funds were apportioned for the surface transportation program under chapter 1 of title 23, United States Code, except that the funds shall remain available until expended.

(e) ADMINISTRATIVE EXPENSES.—

(1) DEDUCTION.—For each fiscal year, prior to making allocations under this section, the Secretary of Transportation shall deduct such amount, not to exceed 3¾ percent of the amount made available under subsection (f) for the fiscal year, as the Secretary determines is necessary to pay the administrative expenses of carrying out this section. Amounts so deducted shall remain available until expended.

(2) CONSIDERATION OF PRIOR DEDUCTIONS.—In determining each amount to be deducted

under paragraph (1), the Secretary of Transportation shall take into consideration the unexpended balance of any amounts deducted for prior fiscal years under paragraph (1).

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated out of the Highway Trust Fund such sums as are necessary to carry out this section.

Mr. HOLLINGS. Mr. President, 5 years ago I opposed legislation extending our Nation's Highway Program. I did that, not because we do not need highways—they have been a fine investment—but because the funding distribution to States had become so egregiously unfair that it threatened support for any highway program at all. It is interesting to note that today we have proposals in the Congress essentially to follow that logic by repealing most of the program to the States on the basis that the Federal funding pattern is so incredibly wrong. As such, I make the case again today for a fair and rational distribution of highway funds and put the Senate on notice that the distribution must change when the Congress considers highway program revisions next year. The U.S. General Accounting Office has studied highway spending again since the 1991 ISTEA legislation, and reported in November 1995 what Senators have long known—a formula that provided South Carolina 52 cents this year for a dollar of taxes contributed is unfair and untenable.

This is not just a matter of my State receiving less. It is a matter of how best to distribute funds for our Nation's highway needs. Objective studies have found that our current funding pattern is wrong, outdated, and unconnected to highway needs. As the GAO put it, "the States' funding shares for the four major programs are divorced from current conditions," and the underlying factors for the two largest programs are "irrelevant to the highway system's needs."

Particularly, the current distribution to States includes significant, indirect influences from earlier, unfair funding patterns. It includes postal road factors from the 1921 formula, population data from the 1980 census, and bridge costs reported from States nearly a decade ago which were wildly disparate. Why should South Carolina have gotten $38 per square foot to replace bridges while the District of Columbia received $223 per square foot? Why should these amounts be grandfathered into today's allocations?

Not only did the GAO declare last year that these formula factors are "irrelevant," it suggested better factors more than 10 years ago. At that time, the GAO recommended making a transition to a more fair formula in a way that did not hurt states that had been receiving a greater than equitable share of highway formulas. But as the GAO reported last year, "However, the Congress elected not to change the basic formula structure."

Mr. President, I voted against ISTEA because of the objective, well-documented unfairness of the highway formula, and will vigorously oppose any highway bill next year that does not provide fairness. The legislation we are introducing here today is a good starting point to better address our Nation's highway needs.

By Mr. REID:

S. 2023. A bill to provide for travelers' rights in air commerce, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE TRAVELERS' RIGHTS ACT OF 1996

Mr. REID. Mr. President, as our open society has evolved, the Government has consistently, though in varying degrees, had to define the rights of consumers and citizens. In this regard, I introduce today the Travelers' Rights Act. This bill is to expedite access to information to airline customers and broaden the choices that air travelers have through greater information. Additionally, through the Victims Rights Program we call for greater coordination of governmental agencies and American Red Cross in providing facts to victims and survivors of victims.

Mr. President, air travel in America is a fundamental of American transportation. I cannot imagine spanning the distances of Nevada, much less the Western United States to come back here and represent my State without the convenience of air travel. Perhaps we take many things about travel for granted; for instance, I do not know nor can I fathom the many details involved in getting a 747, the size of 12 city busses, into the sky. But, Mr. President, I believe that there are some basic rights of the half-billion passengers of airlines that need to be protected. I have searched the current statutes and regulations and am confident that the Federal Aviation Administration has many of the tools necessary to continue to make our skies safe. I am not convinced, however, that passengers, are receiving sufficient information about the aircraft and the many involved personnel and accessibility to the aircraft. Daily, pilots, mechanics, air tower controllers, and others dedicate themselves to meeting the needs of air travelers, but still the trust relationship requires some understanding that the FAA certificate requirements are being met by the personnel who serve the airline customers.

While some may argue that requires a lot of information. I consider it to be the nature of the information not the quantity to be significant, because the traveler on the airlines are putting their lives in the airlines' hands and should be allowed the knowledge that bestows security, understanding and choice. There is information that ought to be available and if the customer seeks the information the airlines should expeditiously provide it. This bill is not to scare travelers about the safety and security of air travel, rather on the contrary, I believe this bill will inspire confidence through openness and knowledge. Additionally, if customers of air travel exercise their right to know about certain elements about the airlines, aircraft and crew then that too will enhance the trust between customers and the airlines.

The second principle element of the bill is the Victims Rights Program, which is essential in alleviating some of the criticism of the airlines and restoring the confidence of airline customers. Increased coordination of the agencies and the American Red Cross in opening up communication between the investigating parties and the victims, appears to me, to be the least that we can do and an essential right of those who place their trust in air travel.

This legislation is vital in making sure that these fundamental rights of information and knowledge are preserved. As airplane accidents occur and the airplanes are sabotaged, the sense of security that airplane passengers have paid for is undermined. This bill does not try to second guess the Federal Aviation Administration and the inspector general in safety investigations and security methods, because they have been given both the mission and the means of working with the airlines.

Mr. President, last May a ValuJet DC-9 crashed into a Florida swamp, and before that in December an American Airlines aircraft flew into a South American mountainside. Then over 200 individuals died off the coast of New York and the Federal authorities have still not identified all the victims. Indeed, I have heard repeatedly that the survivors of victims cannot get information from the airlines and the National Transportation Safety Board and FBI. I believe that in the past couple of years, air travel have suffered terrible accidents and the American public who travel by air do not seem to get any more consideration, as far as information and education are concerned.

We do hear, Mr. President, that security might be enhanced at the airports, and that more screening of passengers might take place at airplane boarding and other draconian measures are being considered. Those issues need tremendous study and intensive deliberation of classified information among those who have the expertise. This bill focuses on the prerogatives of the traveler and through access of information the choices of the traveler expand and trust is preserved.

I urge my colleagues to act quickly on this legislation so that this fundamental way of travel is not undermined by the airline industry's own protective silence and guarded communication. When unfortunate accidents or harm occurs, trust is best established by allowing the victims open access. Through this legislation the rights of travelers will be firmly preserved.

By Ms. SNOWE (for herself and Mrs. FEINSTEIN):

S. 2024. A bill to amend the Public Health Service Act to provide a one-stop shopping information service for individuals with serious or life-threatening diseases; to the Committee on Labor and Human Resources.

THE ONE-STOP SHOPPING INFORMATION SERVICE ACT OF 1996

Ms. SNOWE. Mr. President, today, I rise to introduce a vital piece of legislation which will help people with serious or life-threatening diseases obtain the information they desperately need about clinical trials. Easy access to this information is critical, because clinical trials provide cancer patients with potentially promising treatments which are otherwise unavailable and which may be on the cutting edge of medical research.

In June of this year, I convened an important hearing with my colleagues, Senators CONNIE MACK and DIANNE FEINSTEIN, Cochairs of the Senate Cancer Coalition, to address recent developments in breast cancer treatments and research. We convened our hearing on the eve of the Seventh Annual National Race for the Cure, a race that raises millions of dollars each year for breast cancer research and education efforts.

During the hearing, we heard testimony from breast cancer advocates on the difficulty patients and physicians face in learning about ongoing clinical trials. One witness, representing Breast Cancer Action in California, testified about the need for "One Stop Shopping" to find out what is available in terms of clinical trials for cancer treatments. She testified that the existing Cancer Information Service at the National Cancer Institute is helpful but underfunded, and provides only partial information because it lists only publicly funded trials. It does not list, however, the 300-plus clinical trials of private pharmaceutical companies, producing a major knowledge gap.

This witness contrasted this difficulty faced by cancer patients with the ease with which AIDS patients obtain information about clinical trials. As the result of a 1988 amendment to the Public Health Service Act, AIDS patients need only dial a 1-800 number in order to obtain information about all clinical trials—both Government financed and private pharmaceutical trials. If you have cancer or some other life-threatening illness, however, you must rely upon your doctor's knowledge about clinical trials, which is likely to be limited. Moreover, information contained on commercial databases are costly to access, difficult to use or understand, and often incomplete.

Since this hearing, I have heard similar complaints not only from cancer patients, but from patients suffering from a wide range of severe or life-threatening illnesses. Today, I rise to introduce legislation to rectify this knowledge gap.

My bill is based closely on the existing language in the Public Health Service Act which created the AIDS database and which has been so successful in making information about AIDS clinical trials available to those who need it. Modeled on that language, my bill establishes a data bank of information on clinical trials and experimental treatments for all serious or life-threatening illnesses. The one stop shopping information service will include a registry of all private and public clinical trials, and will contain information describing the purpose of the trial, eligibility criteria for participating in the trial, as well as the location of the trial. The bill also requires HHS to set up information systems, including a toll-free number, for patients, doctors, and others to access this critical information. The database will also include information on the results of experimental trials, enabling patients to make fully informed decisions about medical treatment.

Imagine facing a deadly disease and not having access to information about the latest treatment options. Imagine enduring great pain and not having access to a centralized source of information about existing clinical trials which may relieve your suffering or extend your life. Imagine the arduous effort needed to gather information about these clinical trials in order to potentially benefit from cutting-edge treatments.

Then consider what this legislation will do for Americans. People with cancer, Alzheimers' disease, Parkinsons, cystic fibrosis, advanced heart disease, multiple sclerosis, or any other serious disease will be able to dial a 1-800 number from their home phone and access the information they need about clinical trials underway across the Nation. They will also be able to obtain information about the results of experimental trials, helping them to make treatment decisions.

All parties will benefit from this legislation. First and foremost, it encourages patient choice and informed decisions. But pharmaceutical companies will also benefit, because this legislation will allow for easier and quicker recruitment of individuals willing to participate in experimental trials, expediting the approval process for investigational new drugs. And the National Institutes of Health and the Food and Drug Administration will be better able to serve the public.

This one-stop shopping service will provide hope to countless Americans. But most importantly, it will help to save lives and reduce the suffering of Americans who are stricken by serious or life-threatening illnesses. We know from experience that this language works. I call for the speedy enactment of this legislation which will be of enormous benefit to countless Americans in times of extraordinary need, and I urge my colleagues to support this important bill.

Mrs. FEINSTEIN. Mr. President, today, with Senator SNOWE, I am introducing a bill to set up a toll-free service so that people with life-threatening diseases can find out about research projects that might help them.

Today there are thousands of serious and life-threatening diseases, diseases for which we have no cure. For genetic diseases alone, there are 3,000 to 4,000. Some of these are familiar, like cancer, Parkinson's disease, and multiple sclerosis. Others are not so common, like cystinosis, Tay-Sachs disease, Wilson's disease, and Sjogren's syndrome. Indeed, there are over 5,000 rare diseases, diseases most of us have never heard of, affecting between 10 and 20 million Americans.

Cancer kills half a million Americans per year. Diabetes afflicts 15 million Americans per year, half of whom do not know they have it. Arthritis affects 40 million Americans every year. 15,000 American children die every year. Among children, the rates of chronic respiratory diseases—asthma, bronchitis, and sinusitis—heart murmurs, migraine headaches, anemia, epilepsy, and diabetes are increasing. Few families escape illness today.

THE BILL

The bill we introduce requires the Secretary of Health and Human Services to establish a "one-stop shopping" database, including a toll-free telephone number, so that patients and physicians can find out what clinical research trials are underway on experimental treatments for various diseases. Callers would be able to learn the purpose of the study, eligibility requirements, research sites, and a contact person for the research project. Information would have to be presented in plain English, not medicalese, so that the average person could understand it.

A CONSTITUENT SUGGESTION

The suggestion for this information center came from Nancy Evans, of San Francisco's Breast Cancer Action, in a June 13 hearing of the Senate Cancer Coalition, which I cochair with Senator MACK. She described the difficulty that patients have in trying to find out what experimental treatments might be available, research trials sponsored by the Federal Government, and by private companies. Most of them are desperate; most have tried everything. She testified that the National Cancer Institute has established 1-800-4-CANCER, but their information is incomplete. It does not include all trials and the information is often difficult for the lay person to understand.

In addition, the National Kidney Cancer Association has called for a central database.

PEOPLE IN SERIOUS NEED

To understand the importance of this bill, we have to stop and think about the plight of the individuals it is intended to help. These are people who have a terminal illness, whose physicians have tried every treatment they can find. Cancer patients, for example, have probably had several rounds of chemotherapy, which has left them debilitated, virtually lifeless. These patients cling to slim hopes. They are desperate to try anything. But step one is finding out what is available.

One survey found that a majority of patients and families are willing to use investigational drugs—drugs being researched but not approved—but find it difficult to locate information on research projects. A similar survey of physicians found that 42 percent of physicians are unable to find printed information about rare illnesses.

HELP FOR PHYSICIANS

Physicians, no matter how competent and well trained, also do not necessarily know about experimental treatments currently being researched. And most Americans do not have sophisticated computer hookups that provide them instant access to the latest information through commercial, government, or medical databases. Our witness, Nancy Evans, testified that she can find out more about a company's clinical trials by calling her stockbroker than by calling existing services.

I have had many desperate families call me, their U.S. Senator, seeking help. Others have lodged their pleas at the White House. Others call lawyers, 911, the local medical society, the local chamber of commerce, anything they can think of. Getting information on health research projects should not require a fishing expedition of futile calls, good connections, or the involvement of elected officials.

In 1988, Congress directed HHS to establish an AIDS Clinical Trials Information Service. It is now operational, 1-800-TRIALS-A, so that patients, providers, and their families can find out more about AIDS clinical trials. All calls are confidential and experienced professionals at the service can tell people about research trials underway which are evaluating experimental drugs and other therapies at all stages of HIV infection.

IMPROVING HEALTH, RESEARCH

Facilitating access to information can also strengthen our health research effort. With a national database enabling people to find research trials, more people could be available to participate in research. This can help researchers broaden their pool of research participants.

MODEST HELP FOR THE ILL

The bill we introduce does not guarantee that anyone can participate in a clinical research trial. Researchers would still control who participates and set the requirements for the research. But for people who cling to hopes for a cure, for people who want to live longer, for people who want to feel better, this database can offer a little help.

It should not take political or other connections, computer sophistication or access to top-flight university medical schools to find out about research on treatments of disease when you have a life-threatening illness.

Mr. President, I hope this bill will offer some hope to the millions who are suffering today and I hope Congress will act on the bill promptly.

By Mr. FEINGOLD:

S. 2025. A bill to amend the Communications Act of 1934 to authorize the States to regulate interference with radio frequencies; to the Committee on Commerce, Science, and Transportation.

CB RADIO FREQUENCY INTERFERENCE LEGISLATION

Mr. FEINGOLD. Mr. President, I rise today to introduce legislation which creates a commonsense solution to a growing problem in U.S. cities and towns—the Federal preemption of State and municipal regulation of citizens band [CB] radio frequency interference with residential home electronic or telephone equipment. This problem can be extremely distressing for residents who cannot have a telephone conversation or watch television without being interrupted by a neighbor's citizen band radio [CB] conversation. Under the current law, those residents have little recourse.

Interference of CB radio signals with household electronic equipment such as telephones, radios, and televisions has been regulated by the Federal Communications Commission [FCC] for nearly 30 years. Up until recently, the FCC has enforced rules outlining what equipment may or may not be used for CB radio transmissions, what content may or may not be transmitted, how long transmissions may be broadcast, what channels may be used, as well as many other technical details. FCC also investigated complaints that a personal radio enthusiast's transmissions interfered with a neighbor's use of home electronic and telephone equipment. FCC receives nearly 45,000 such complaints annually.

Mr. President, for the past 3 years I have worked with constituents who have been bothered by persistent interference of nearby CB radio transmissions. In each case, the constituents have sought my help in securing an FCC investigation of the complaint. In each case, Mr. President, the FCC indicated that due to a lack of resources, the Commission no longer investigates radio frequency interference complaints. Instead of investigation and enforcement, the FCC is able to provide only a packet of self-help information for the consumer to limit the interference on their own.

Municipal residents, after being denied investigative or enforcement assistance from the FCC, frequently contact their city or town government and ask them to police the interference. However, the Communications Act of 1934 provides exclusive authority to the Federal Government for the regulation of radio, preempting municipal ordinances or State laws regulating radio frequency interference. This has created an interesting dilemma for municipal governments. They can neither pass their own ordinances to control CB radio interference, nor can they rely on the agency with exclusive jurisdiction over interference to enforce the very Federal law which preempts them.

In Beloit, WI, as in many Wisconsin communities, this dilemma has been extremely frustrating for local residents who have been powerless to prevent the transmissions of a neighboring CB enthusiast from interfering with their home electronic equipment. One Beloit resident, after having adopted every form of filtering technology for her telephone and other electronic equipment, still experienced persistent interference. Her answering machine picks up calls for which there is no audible ring, and at times records ghost messages. Often, she cannot get a dial tone when she or her family members wish to place an outgoing call. During telephone conversations, the content of the nearby CB transmission can frequently be heard and on occasion, her phone conversations are inexplicably cur off. Her neighbors have experienced similar problems and have complained to the Beloit City Council.

Last month, the Beloit City Council, exasperated by FCC inaction on this matter, passed an ordinance allowing the city to enforce FCC regulations on this type of inference. While the council knew that, if challenged under current law, their ordinance would likely not be upheld by the courts, they felt they had little choice if they wished to address their constituents concerns.

Mr. President, it is not fair that municipalities and their residents should be hamstrung by an outdated Federal preemption of laws the Federal Government no longer has the resources to enforce.

The legislation I am introducing today will help the city of Beloit, and many other municipalities like it, to regulate CB radio transmissions and to enforce those regulations. My bill provides a limited exception to the Federal preemption of State or local laws on radio frequency interference. It simply allows State and local governments to regulate CB radio interference when that interference results from a violation of FCC rules. Thus, States and municipalities can use their enforcement resources to investigate and enforce Federal law thereby protecting the rights of their residents. Even the FCC recognizes that States and localities need to be able to protect their citizens.

Mr. President, this bill simply allows common sense to prevail. If Federal regulators cannot enforce the rules over which they have exclusive jurisdiction, States and localities should be given the authority to investigate and enforce those regulations for them. I hope my colleagues will support this important legislation.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2025

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AUTHORITY OF STATES TO REGULATE RADIO FREQUENCY INTERFERENCE.

Section 302 of the Communications Act of 1934 (47 U.S.C. 302) is amended by adding at the end the following:

(e) Where radio frequency interference to home electronic equipment is caused by a CB Radio Station through the use of a transmitter or amplifier that is not authorized for use by a CB Radio Station pursuant to Commission rules, the state, county, municipal, or other local government shall not be preempted from exercising its police powers to resolve the interference by prohibiting the use of such unauthorized equipment or by imposing fines or other monetary sanctions. For purposes of this subsection, home electronic equipment includes, but is not limited to, television receivers, radio receivers, stereo components or systems, video cassette recorders, audio recorders, loud speakers, telephone equipment, and other electronic devices normally used in the home. Any action taken by the state, county, municipal, or local government shall not preclude concurrent action by the Commission. Nothing in this subsection shall be construed to diminish the Commission's exclusive jurisdiction over radio frequency interference in any matter outside the scope of this subsection.

By Mr. FAIRCLOTH (for himself, Mrs. KASSEBAUM, Mr. COATS, Mr. ASHCROFT, Mr. DEWINE, Mr. FRIST, and Mr. GORTON):

S. 2026. A bill to amend the Fair Labor Standards Act of 1938 to make uniform the application of the overtime exemption for inside sales personnel, and for other purposes; to the Committee on Labor and Human Resources.

OVERTIME EXEMPTION LEGISLATION

Mr. FAIRCLOTH. Mr. President, in 1961, Congress amended the Fair Labor Standards Act to provide a narrow overtime exemption for commissioned employees in retail and service establishments. Under section 207(i) of the FLSA, outside commissioned sales employees are treated as professional employees and are thus exempt from the act. In contrast, most commissioned inside sales employees are not treated as professionals regardless of the similarly of their duties with regard to outside sales employees.

Despite dramatic changes in the workplace since 1961, the FLSA continues to subject professional commissioned sales employees to an outdated, static view of the economy. Therefore, today I am introducing legislation to extend the limited FLSA exemption to all commissioned inside sales personnel. This bill is identical to H.R. 1226 which was introduced by Representative HARRIS FAWELL.

By Mr. LAUTENBERG:

S. 2027. A bill to provide for a 5-year extension of Hazardous Substance Superfund, and for other purposes; to the Committee on Finance.

THE SUPERFUND TAXES EXTENSION ACT OF 1996

Mr. LAUTENBERG. Mr. President, I rise today to introduce legislation to extend the Superfund taxes, which have been in place since 1980.

Mr. President, the Superfund program provides for cleaning-up those toxic waste sites that pose the most serious threats to our environment and to our health. The program is largely funded by a chemical and oil feedstock tax and by taxes on corporate environmental entities, such as petrochemical companies.

Mr. President, few of us may be aware of the fact that these taxes expired in December of 1995. Since that time, not one single penny has been assessed to replenish the Superfund, and so protect our ability to cleanup toxic sites in the future.

The failure to extend the Superfund tax is causing us to lose $4 million dollars a day. That is $4 million a day which could be used to expedite the cleanup at existing Superfund sites, or fund the revitalization of additional sites.

It has been argued that we have sufficient monies in the Superfund trust fund to carry us for the next few years, although there is disagreement concerning how long the money will last. However, Superfund monies are used for long-term construction projects. By utilizing these funds for other purposes, we squander our ability to do long range planning and to continue cleanups without interruption.

Mr. President, as someone who spent most of my life as a businessman, I recognize the importance of long term planning. And I understand the real costs associated with stopping and restarting a project; it is never efficient or cost effective.

Mr. President, I and the citizens of New Jersey, lived through the funding crisis of 1984–1985. The subsequent disruption of cleanups caused unnecessary hardships for the citizens of my state. I don't want to go through that again.

We need to ensure that we have sufficient financial resources to plan for, contract and continue Superfund cleanups without interruption. After all, we owe it to our children to do whatever is possible to preserve the environment, to protect the public health and to provide for the future.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2027

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. 5-YEAR EXTENSION OF HAZARDOUS SUBSTANCE SUPERFUND.

(a) EXTENSION OF TAXES.—

(1) The following provisions of the Internal Revenue Code of 1986 are each amended by striking "January 1, 1996" each place it appears and inserting "January 1, 2001":

(A) Section 59A(e)(1) (relating to application of environmental tax).

(B) Paragraphs (1) and (3) of section 4611(e) (relating to application of Hazardous Substance Superfund financing rate).

(2) Paragraph (2) of section 4611(e) of such Code is amended—

(A) by striking "1993" and inserting "1998",

(B) by striking "1994" each place it appears and inserting "1999", and

(C) by striking "1995" each place it appears and inserting "2000".

(b) INCREASE IN AGGREGATE TAX WHICH MAY BE COLLECTED.—Paragraph (3) of section 4611(e) of such Code is amended by striking "$11,970,000,000" each place it appears and inserting "$22,000,000,000" and by striking "December 31, 1995" and inserting "December 31, 2000".

(c) EXTENSION OF REPAYMENT DEADLINE FOR SUPERFUND BORROWING.—Subparagraph (B) of section 9507(d)(3) of such Code is amended by striking "December 31, 1995" and inserting "December 31, 2000".

(d) EXTENSION OF TRUST FUND PURPOSES.—Subparagraph (A) of section 9507(c)(1) of such Code is amended—

(1) by striking clause (i) and inserting the following:

"(i) paragraphs (1), (2), (5), (6), (7), (8), (9), and (10) of section 111(a) of CERCLA as in effect on the date of the enactment of the Superfund Reform Act of 1995,", and

(2) by striking clause (iii) and inserting the following:

"(iii) subsections (m), (n), (q), (r), (s), and (t) of section 111 of CERCLA (as so in effect), or".

(e) EXTENSION OF AUTHORIZATION OF APPROPRIATIONS TO TRUST FUND.—Subsection (b) of section 517 of the Superfund Revenue Act of 1986 (26 U.S.C. 9507 note) is amended by striking "and" at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting a comma, and by adding at the end the following new paragraphs:

"(10) 1996, $250,000,000,

"(11) 1997, $250,000,000,

"(12) 1998, $250,000,000, and

"(13) 1999, $250,000,000,".

(f) COORDINATION WITH OTHER PROVISIONS.—Paragraph (2) of section 9507(e) of the Internal Revenue

By Mr. LAUTENBERG (for himself, Mr. BAUCUS, Mr. REID, Mr. MOYNIHAN, and Mr. GRAHAM):

S. 2028. A bill to assist the States and local governments in assessing and remediating brownfields and encouraging environmental cleanup programs, and for other purposes; to the Committee on Environment and Public Works.

THE BROWNFIELDS AND ENVIRONMENTAL CLEANUP ACT OF 1996

Mr. LAUTENBERG. Mr. President, today, along with Senators BAUCUS and REID, I am introducing the Brownfields and Environmental Cleanup Act of 1996. This legislation is designed to foster the cleanup and reuse of thousands of lightly contaminated and abandoned properties across the country.

Mr. President, I have long been interested in the issue of abandoned, underutilized and contaminated industrial properties, commonly known as brownfields.

For years, decaying industrial plants have defined the skyline and contaminated the land in many of our urban, suburban, and rural areas.

Their rusting frames, like aging skyscrapers, are a silent reminder of the manufacturers that left, taking jobs—and often hope—with them.

Yet, in these fallow fields may lie the seeds of economic revitalization. I continue to feel, as I did when I introduced similar legislation in 1993, that a brownfields' cleanup program can spur significant economic development and create jobs. Such a cleanup initiative makes good environmental sense, and good business sense.

In fact, if one picture is worth a thousand words, then we need only look at a few of the brownfields' success stories in my State of New Jersey.

In Hackensack, the city's department of public works yard, and an adjacent oil tank farm, have been redeveloped as a Price Club discount store, complete with riverwalk and park area. The site is now estimated to be worth about $15 million dollars, and the project has created 350 jobs.

Near Elizabeth, NJ, a withering brownfield has been converted into a thriving IKEA furniture store.

The story is the same across the country, where unused, unattractive land is being transformed into valuable community assets.

A pilot project in Cleveland resulted in $3.2 million in private investment, a $1 million increase in the local tax base, and more than 170 new jobs. And in Buffalo, NY, a hydroponic tomato farm was built on a former Republic Steel site, bringing 300 new jobs to the area.

In fact, the potential for job creation is enormous. And every revitalized brownfield may represent a field of dreams to an unemployed worker.

Mr. President, while fostering jobs, brownfields' cleanup also means that dangerous contaminants are removed from our environment. The subsequent benefit to our—and our children's—health could be enormous. Furthermore, the scars of decades of neglected industrial waste, which disfigure our cities and suburbs, may finally be allowed to heal.

Brownfield initiatives are important, because the Superfund Program only provides for cleaning-up those abandoned waste sites that pose the most serious threats. However, there are over 100,000 brownfields that don't fall under Superfund, because of lower levels of contamination.

The risks posed by many of these sites may be relatively low. But their full economic use is being stymied, because there's no ready mechanism for fostering and financing cleanups—even when the property owner is ready, willing and eager to do so. In addition, prospective purchasers, developers and bankers are reluctant to invest in brownfields because they could be held liable for cleaning up the contamination.

This is unfortunate because, as I noted these abandoned or underutilized sites have enormous potential for economic development.

To unleash this potential, several States—including New Jersey—have developed expedited procedures to clean-up sites that do not pose a significant threat to public health or the environment.

Under these cleanup programs, owners can volunteer to pay for the costs of remediation and State oversight. In return, they get a letter from the State which assures prospective buyers and lenders that the property has been cleaned up to the Government's satisfaction, and that other parties need not worry about potential liability. This so-called clean bill of health removes a major impediment to economic development, and it can help revitalize stagnant local economies.

In New Jersey, 550 parties signed up for the State's voluntary cleanup program in just the first 18 months of its existence. The economic benefits, in terms of jobs and economic development, are undeniable.

But if we are to move forward, if we are to foster economic revitalization and economic renewal, if we are to continue this public-private partnership for progress, then we must remove all major roadblocks to brownfields' cleanup and reuse.

My legislation addresses the major barriers preventing redevelopment of brownfields sites.

This bill would provide financial assistance, in the form of grants, to local and State governments to evaluate brownfields sites. Consequently, interested parties would know what is required to clean the site, and what reuse would best suit the property.

My bill would also provide grants to State and local governments to establish and capitalize low-interest loan programs for cleanups. These funds could be lent to current owners, prospective purchasers, and municipalities.

The minimal seed money envisioned by this program would leverage substantial economic payoffs, and turn lands which may be of negative worth into assets for the future.

This legislation would also place limits on the potential liability of innocent property buyers. So long as purchasers or landowners made reasonable inquires, they would be exempt from Superfund liability.

The bill also limits the liability of banks and other lending institutions, which hold title merely as a result of their security interest in the property. As long as they did not participate in the management of the site, the institutions could not be held liable.

My bill would make similar reforms in the area of fiduciary liability, and would limit the liability for those who merely act as trustees or executors.

Cleaning up brownfields means a safer environment in the future, and more jobs for places that need them in the present.

Mr. President, the introduction of this bill is not a substitute for a Superfund bill. Throughout this session of Congress, Senators BAUCUS, SMITH, CHAFEE, and I have worked long and hard to try and craft a Superfund bill which we could all agree on and the President could sign into law.

However, I am forced to acknowledge that the calendar is against us at this point. Consequently, I think it is important to use the time remaining to focus on one of the areas where there is general consensus—the desire to facilitate the cleanup and development of blighted areas, and to provide the legislative framework to make this possible.

Interest in fostering the cleanup of brownfields has been bipartisan, and it exists in both in our own body and among our colleagues on the other side of the Capitol. It also has the strong backing of the EPA, and I want to thank Director Carol Browner for her support.

Moreover, this bill is largely based on S. 773, which was unanimously reported by the Environment and Public Works Committee in the 103d Congress, and on the lender, prospective purchaser and innocent landowner provisions in S. 1285 and S. 1834, that was reported by the Environment and Public Works Committee last Congress.

Mr. President, as ranking Democratic member of the Superfund Subcommittee of the Environment and Public Works Committee, I am committed to continuing the quest to reform the Superfund program. But I believe that we should move ahead, now, to cleanup thousands of priority sites not governed by the Superfund.

This is an area where we can—and should—put aside our differences and work for a goal which we all embrace.

Mr. President, our citizens want progress on both the environmental and economic fronts. The Brownfields legislation that I introduce today supports both goals. It creates a vehicle for cleanups which can help keep us onboard for environmental improvement and on-track for economic growth.

Mr. President, I ask unanimous consent to print a copy of the bill in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2028

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Brownfields and Environmental Cleanup Act of 1996".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) past uses of land in the United States for industrial and commercial purposes have created many sites throughout the United States that have environmental contamination;

(2) Congress and the governments of States and political subdivisions of States have enacted laws to—

(A) prevent environmental contamination; and

(B) carry out response actions to correct past instances of environmental contamination;

(3) many sites are minimally contaminated, do not pose serious threats to human health or the environment, and can be satisfactorily remediated expeditiously with little government oversight;

(4) promoting the assessment, cleanup and redevelopment of contaminated sites could lead to significant environmental and economic benefits, particularly in any case in which a cleanup can be completed quickly and during a period of time that meets short-term business needs;

(5) the private market demand for sites affected by environmental contamination frequently is reduced, often due to uncertainties regarding liability or potential cleanup costs of innocent landowners, lenders, fiduciaries, and prospective purchasers under Federal law:

(6) the abandonment or underutilization of affected sites impairs the ability of the Federal Government and the governments of States and political subdivisions of States to provide economic opportunities for the people of the United States, particularly the unemployed and economically disadvantaged;

(7) the abandonment or underuse of affected sites also results in the inefficient use of public facilities and services, as well as land and other natural resources, and extends conditions of blight in local communities;

(8) cooperation among Federal agencies, departments and agencies of State and political subdivisions of States, local community development organizations, and current owners and prospective purchasers of affected sites is required to accomplish timely response actions and the redevelopment or reuse of affected sites;

(9) there is a need for a program to—

(A) encourage cleanups of affected sites; and

(B) facilitate the establishment and enhancement of programs by States and local governments to foster cleanups of affected site though capitalization of loan programs; and

(10) there is a need to provide financial incentives and assistance to characterize certain affected sites and facilitate the cleanup of the sites so that the sites may be redeveloped for beneficial uses.

(b) PURPOSE.—The purpose of this Act is to create new business and employment opportunities through the economic redevelopment of affected sites that generally do not pose a serious threat to human health or the environment and to stimulate the assessment and cleanup of affected sites by—

(1) encouraging States and local governments to provide for characterization and cleanup of sites that may not be remediated under other environmental laws (including regulations) in effect on the date of enactment of this Act;

(2) encouraging local governments and private parties, including local community development organizations, to participate in programs, such as State cleanup programs, that facilitate expedited response actions that are consistent with business needs at affected sites;

(3) directing the Administrator to establish programs that provide financial assistance to—

(A) facilitate site assessments of certain affected sites;

(B) encourage cleanup of appropriate sites through capitalization of loan programs; and

(C) encouraging workforce development in areas adversely affected by contaminated properties; and

(4) reducing transaction costs and paperwork, and preventing needless duplication of effort and delay at all levels of government.

SEC. 3. DEFINITIONS.

As used in this Act (unless the context clearly requires otherwise):

(1) ADMINISTRATIVE COSTS.—The term "administrative costs" means eligible costs that are not nonadministrative costs.

(2) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(3) AFFECTED SITE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the term "affected site" means a facility that has or is suspected of having environmental contamination that—

(i) could prevent the timely use, reuse, or redevelopment of the facility; and

(ii) is relatively limited in scope or severity and can be comprehensively characterized and readily analyzed.

(B) EXCEPTIONS.—The term does not include—

(i) any facility that is the subject of a planned or an ongoing response action under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.), except that the term includes a facility for which a preliminary assessment, site investigation or removal action has been completed and with respect to which the Administrator has decided not to take further response action, including cost recovery action;

(ii) any facility included, or proposed for inclusion, on the National Priorities List maintained by the Administrator under such Act;

(iii) any facility with respect to which a record of decision, other than a no-action record of decision, has been issued by the President under section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9604) with respect to the facility;

(iv) any facility that is subject to corrective action under section 3004(u) or 3008(h) of the Solid Waste Disposal Act (42 U.S.C. 6924(u) or 6928(h)) at the time that an application for loan assistance with respect to the facility is submitted under this title, including any facility with respect to which a corrective action permit or order has been issued or modified to require the implementation of corrective measures;

(v) any land disposal unit with respect to which a closure notification under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921 et seq.) has been submitted and closure requirements have been specified in a closure plan or permit;

(vi) any facility at which there has been a release of polychlorinated biphenyls and that is subject to the requirements of the Toxic Substances Control Act (15 U.S.C. 2601 et seq.);

(vii) any facility with respect to which an administrative order on consent or a judicial consent decree requiring cleanup has been entered into by the President and is still in effect under–

(I) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.);

(II) the Solid Waste Disposal Act (42 U.S.C. 6901, et seq.);

(III) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

(IV) the Toxic Substances Control Act (15 U.S.C. 2601 et seq.); or

(V) title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") (42 U.S.C. 300f et seq.);

(viii) any facility at which assistance for response activities may be obtained pursuant to subtitle I of the Solid Waste Disposal Act (42 U.S.C. 6991 et seq.) from the Leaking Underground Storage Tank Trust Fund established by section 9508 of the Internal Revenue Code of 1986; and

(ix) a facility owned or operated by a department, agency or instrumentality of the United States, except for lands held in trust by the United States for Indian tribes.

(4) CONTAMINANT.—The term "contaminant" includes any hazardous substance (as defined in section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(14)).

(5) CURRENT OWNER.—The term "current owner" means, with respect to a voluntary cleanup, an owner of an affected site or facility at the time of the cleanup.

(6) DISPOSAL.—The term "disposal" has the meaning provided the term in section 1004(3) of the Solid Waste Disposal Act (42 U.S.C. 6903(3)).

(7) ENVIRONMENT.—The term "environment" has the meaning provided the term in section 101(8) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(8)).

(8) ENVIRONMENTAL CONTAMINATION.—The term "environmental contamination" means the existence at a facility of 1 or more contaminants that may pose a threat to human health or the environment.

(9) FACILITY.—The term "facility" has the meaning provided the term in section 101(9) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(9)).

(10) GRANT.—The term "grant" includes a cooperative agreement.

(11) GROUND WATER.—The term "ground water" has the meaning provided the term in section 101(12) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(12)).

(12) INDIAN TRIBE.—The term "Indian tribe" has the meaning provided the term in

section 101(36) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(36)).

(13) LOCAL GOVERNMENT.—The term "local government" has the meaning provided the term "unit of general local government" in the first sentence of section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)), except that the term includes Indian tribe.

(14) NATURAL RESOURCES.—The term "natural resources" has the meaning provided the term in section 101(16) of the Comprehensive Environmental Response, Compensation, Liability Act of 1980 (42 U.S.C. 9601(16)).

(15) NONADMINISTRATIVE COSTS.—The term "nonadministrative costs" includes the cost of—

(A) inventorying and classifying properties with probable contamination;

(B) oversight for a cleanup at an affected site by a contractor, current owner, or prospective purchaser;

(C) identifying the probable extent and nature of environmental contamination at the affected site, and the preferred manner of carrying out a cleanup at the affected site;

(D) the cleanup, including onsite and offsite treatment of contaminants; and

(E) monitoring ground water or other natural resources at the affected site.

(16) OWNER.—The term "owner" has the meaning provided the term in section 101(20) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(20)).

(17) PERSON.—The term "person" has the meaning provided the term in section 101(21) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(21)).

(18) PROSPECTIVE PURCHASER.—The term "prospective purchaser" means a prospective purchaser of an affected site.

(19) RELEASE—The term "release" has the meaning provided the term in section 101(22) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(22)).

(20) RESPONSE ACTION.—The term "response action" has the meaning provided the term "response" in section 102(25) of such Act (42 U.S.C. 9601(25)).

(21) SITE CHARACTERIZATION.—

(A) IN GENERAL.—The term "site characterization" means an investigation that determines the nature and extent of a release or potential release of a hazardous substance at a site and meets the requirements referred to in subparagraph (B).

(B) INVESTIGATION.—For the purposes of this paragraph, an investigation that meets the requirements of this subparagraph—

(i) shall include—

(I) an onsite evaluation; and

(II) sufficient testing, sampling, and other field data gathering activities to accurately determine whether the site is contaminated and the threats to human health and the environment posed by the release of contaminants at the site; and

(ii) may also include—

(I) review of existing information regarding the site and previous uses (available at the time of the review); and

(II) an offsite evaluation, if appropriate.

(22) STATE.—The term "State" has the meaning provided the term under section 101(27) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601(27)).

TITLE I—BROWNFIELD REMEDIATION AND ENVIRONMENTAL CLEANUP

SEC. 101. SITE CHARACTERIZATION GRANT PROGRAM.

(a) IN GENERAL.—The Administrator shall establish a program to provide grants to local governments to inventory brownfield sites and to conduct site characterizations of affected sites at which cleanups are being conducted or are proposed to be conducted under a State voluntary cleanup program, State superfund program, or other State cleanup program.

(b) SCOPE OF PROGRAM.—

(1) GRANT AWARDS.—In carrying out the program establish under subsection (a), the Administrator may award a grant to the head of each local government that submits to the Administrator an application (that is approved by the Administrator) to conduct an inventory of sites and a site characterization at an affected site or sites within the jurisdiction of the local government.

(2) GRANT APPLICATION.—An application for a grant under this section shall include, at a minimum, each of the following:

(A) An identification of the brownfield areas for which assistance is sought and a description of the effect of the brownfields on the community, including a description of the nature and extent of any known or suspected environmental contamination within the areas.

(B) The need for Federal support.

(C) A demonstration of the potential of the assistance to stimulate economic development, including the extent to which the assistance will stimulate the availability of other funds for site characterization, site identification, or environmental remediation and subsequent redevelopment of the areas in which eligible brownfields sites are situated.

(D) The existing local commitment, which shall include a community involvement plan that demonstrates meaningful community involvement.

(E) A plan that shows how the site characterization, site identification, or environmental remediation and subsequent development shall be implemented, including an environmental plan that ensures the use of sound environmental procedures, an explanation of the existing appropriate government authority and support for the project, proposed funding mechanisms for any additional work, and the proposed land ownership plan.

(F) A statement on the long-term benefits and the sustainability of the proposed project that includes the national replicability and measures of success of the project and, to the extent known, the potential of the plan for the areas in which eligible brownfields sites are situated to stimulate economic development of the area on completion of the environmental remediation.

(G) A statement that describes how the proposed site inventory and characterization program will analyze the extent to which the project or projects will reduce potential health and environmental threats caused by the presence of or potential releases of contaminants at or from the site or sites.

(H) A plan for the distribution of the grant monies among sites within the jurisdiction of the State or local government, including mechanisms to ensure a fair distribution of the grant monies.

(I) Such other factors as the Administrator considers relevant to carry out the purposes of this title.

(3) APPROVAL OF APPLICATION.—

(A) IN GENERAL.—In making a decision whether to approve an application submitted under paragraph (1) the Administrator shall consider the criteria in the application, and—

(i) the financial need of the State or local government for funds to conduct a characterization of the site or sites;

(ii) the demonstrable potential of the affected site or sites for stimulating economic development on completion of the cleanup of the affected site if the cleanup is necessary;

(iii) to the extent information is available, the estimated fair market value of the site or sites (4) after cleanup;

(iv) to the extent information is available, other economically viable, commercial activity on real property—

(I) located within the immediate vicinity of the affected site at the time of consideration of the application; or

(II) projected to be located within the immediate vicinity of the affected site by the date that is 5 years after the date of the consideration of the application;

(v) the potential of the affected site for creating new business and employment opportunities on completion of the cleanup of the site;

(vi) whether the affected site is located in an economically distressed community; and

(vii) such other factors as the Administrator considers relevant to carry out the purposes of the grant program under this section.

(B) GRANT CONDITIONS.—As a condition for awarding a grant under this section, the Administrator may, on the basis of the criteria considered under subparagraph (A), attach such conditions to the grant award as the Administrator determines appropriate.

(4) GRANT AMOUNT.—The amount of a grant awarded to any local government under subsection (a) for characterization of an affected site or sites shall not exceed $200,000.

(5) TERMINATION OF GRANTS.—If the Administrator determines that a local government that receives a grant under this subsection is in violation of a condition of a grant award referred to in paragraph (3), the Administrator may terminate the grant made to the local government and require full or partial repayment of the grant award.

SEC. 102. ECONOMIC REDEVELOPMENT ASSISTANCE GRANTS FOR LOAN PROGRAMS.

(a) ESTABLISHMENT OF PROGRAM.—The Administrator shall establish a program to provide grants to be used by State or local governments to capitalize loan programs for the cleanup of affected sites. These loans may be provided by the State or local government to finance cleanups of affected sites by the State or local government, or by an owner or a prospective purchaser of an affected site (including a local government) at which a cleanup is being conducted or is proposed to be conducted under Federal or State authority, including a State voluntary clean-up program.

(b) SCOPE OF PROGRAM.—

(1) IN GENERAL.—

(A) GRANTS.—The Administrator may award a grant to a local or State government that is an eligible applicant described in subsection (a)(1) that submits an application to the Administrator that is approved by the Administrator. The grant monies shall be used by the local or State government to capitalize a loan fund to be used for cleanup of an affected site or affected sites.

(B) GRANT APPLICATION.—An application for a grant under this section shall be in such form as the Administrator determines appropriate. At a minimum, the application submitted by the State or local government to establish a revolving loan program shall include the following:

(i) Insofar as the sites within their jurisdiction have been identified and information as to the contaminated sites is known, a description of the affected site or sites, including the nature and extent of any known or suspected environmental contamination at the affected site or sites.

(ii) Identification of the criteria to be used by the local or State government in providing for loans under the program. This criteria shall include the financial standing of the applicants for the loans, the use to which the loans will be put, and the provisions to be used to ensure repayment of the funds. These criteria shall also include:

(I) A complete description of the financial standing of the applicant that includes a description of the assets, cash flow, and liabilities of the applicant.

(II) A written certification that attests that the applicant has attempted, and has been unable, to secure financing from a private lending institution for the cleanup action that is the subject of the loan application.

(III) The proposed method, and anticipated period of time required, to clean up the environmental contamination at the affected site.

(IV) An estimate of the proposed total cost of the cleanup to be conducted at the site.

(V) An analysis that demonstrates the potential of the affected site for stimulating economic development on completion of the cleanup of the site.

(2) GRANT APPROVAL.—In determining whether to award a grant under this section, the administrator shall consider—

(A) the need of the local or State government for financial assistance to clean up the affected site or sites that are the subject of the application, taking into consideration the financial resources available to the local or State government;

(B) the ability of the local or State government to ensure that the applicants repay the loans in a timely manner;

(C) the extent to which the cleanup of the affected site or sites would reduce health and environmental risks caused by the release of contaminants at, or from, the affected site or sites;

(D) the demonstrable potential of the affected site or sites for stimulating economic development on completion of the cleanup;

(E) the demonstrated ability of the local or State. Government to administer such a loan program;

(F) the demonstrated experience of the local or State government regarding brownfields and the reuse of contaminated land, including whether or not the government has received grant monies under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) to characterize brownfields sites provided however that applicants who have not previously received such grant monies may also be considered for awards under this section;

(G) the efficiency of having the loan administered by the applicant entity level of government;

(H) the experience of administering any loan programs by the entity, including the loan repayment rates;

(I) the demonstrations made regarding the ability of the local or State government to ensure a fair distribution of grant monies among sites within their jurisdiction; and

(J) such other factors as the Administrator considers relevant to carry out the purposes of the loan program established under this section.

(3) GRANT AMOUNT—The amount of a grant made to a local or State applicant under this section shall not exceed $500,000.

(4) STATE APPROVAL.—Each application for a grant under this section shall, as a condition for approval by the Administrator, include a written statement by the local or State government that cleanups to be funded under their loan programs shall be conducted under the auspices of and compliant with the State voluntary cleanup program or State Superfund program or Federal authority, and that—

(A) the cleanup or proposed voluntary cleanup is cost-effective; and

(B) the estimated total cost of the cleanup is reasonable.

(c) GRANT AGREEMENTS.—Each grant under this section shall be made pursuant to a grant agreement. At a minimum, the grant agreement shall include provisions that ensure the following:

(1) The grant recipient shall include in all loan agreements a requirement that the loan recipient shall comply with all applicable Federal and State laws applicable to the cleanup and shall ensure that the cleanup is protective of human health and the environment.

(2) The local or State government shall require and ensure repayment of the loan consistent with this title.

(3) The State or local government shall use the funds solely for the purposes of establishing and capitalizing a loan program pursuant to the provisions of this title and of cleaning up the environmental contamination at the affected site or sites.

(4) The State or local government shall require in each loan agreement, and take necessary steps to ensure, that the loan recipient shall use the loan funds solely for the purposes stated in paragraph (3), and shall require the return any excess funds immediately on a determination by the appropriate State or local official that the cleanup has been completed.

(5) The funds shall not be transferable, unless the Administrator agrees to the transfer in writing.

(6) LIEN.—

(A) IN GENERAL.—A lien in favor of the State shall arise on the contaminated property subject to a loan under this section. The lien shall cover all real property included in the legal description of the property at the time the loan agreement provided for in this section is signed, and all rights to the property, and shall continue until the terms and conditions of the loan agreement have been fully satisfied. The lien shall arise at the time a security interest is appropriately recorded in the real property records of the appropriate office of the State, county, or other governmental subdivision, as designated by State law, in which the real property subject to the lien is located, and shall be subject to the rights of any purchaser, holder of a security interest, or judgment lien creditor whose interest is or has been perfected under applicable State law before the notice has been filed in the appropriate office within the State, county, or other governmental subdivision, as designated by State law, in which the real property subject to the lien is located.

(B) DEFINITIONS.—In this paragraph, the terms "security interest" and "purchaser" have the meanings provided in section 6323(h) of the Internal Revenue Code of 1986.

(7) Such other terms and conditions that the Administrator determines to be necessary to protect the financial interests of the United States or to protect human health and the environment.

(e) AUDITS.—The Inspector General of the Environmental Protection Agency shall audit a portion of the grants awarded under this section to ensure that all funds are used for the purposes set forth in this section. The result of the audit shall be taken into account in awarding any future grant monies to the entity of State or local government.

SEC. 103. REGULATIONS.

The Administrator may promulgate such regulations as are necessary to carry out this Act. The regulations shall include the procedures and standards that the Administrator considers necessary, including procedures and standards for evaluating an application for a grant or loan submitted under this Act.

SEC. 104. ECONOMIC REDEVELOPMENT GRANTS.

(a) EXPENDITURES FROM THE SUPERFUND.—Amounts in the Superfund shall be made available, consistent with and for the purposes of carrying out the grant program established under sections 101 and 102.

(b) AUTHORITY TO AWARD GRANTS.—There are authorized to be appropriated from the Superfund, as grants to local and State governments as provided for in sections 101 and 102, an amount equal to $25,000,000 for each of fiscal years 1997, 1998, 1999, 2000, and 2001.

SEC. 105. AUTHORIZATION OF APPROPRIATIONS

(a) SITE CHARACTERIZATION PROGRAM.—There are authorized to be appropriated to the Environmental Protection Agency to carry out section 101, an amount not to exceed $10,000,000 for each of fiscal years 1997 through 2001.

(b) ECONOMIC REDEVELOPMENT ASSISTANCE PROGRAM.—There are authorized to be appropriated to the Environmental Protection Agency to carry out section 102 an amount not to exceed $15,000,000 for each of fiscal years 1997 through 2001.

(c) AVAILABILITY OF FUNDS.—The amounts appropriated pursuant to this section shall remain available until expended.

SEC. 106. REPORTS.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, and not later than January 31 of each of the 3 calendar years thereafter, the Administrator shall prepare and submit a report describing the achievements of each program established under this title to—

(1) the Committee on Environment and Public Works of the Senate; and

(2) the Committee on Energy and Commerce of the House of Representatives.

(b) CONTENTS OF REPORT.—Each report shall, with respect to each of the programs established under this title, include a description of—

(1) the number of applications received by the Administrator during the preceding calendar year;

(2) the number of applications approved by the Administrator during the preceding calendar year; and

(3) the allocation of assistance under sections 101 and 102 among the States and local governments for assistance under this title.

SEC. 107. FUNDING.

(a) ADMINISTRATIVE COST LIMITATION.—Not more than 15 percent of the amount of a grant made pursuant to this title may be used for administrative costs. No grant made pursuant to this title may be used to pay for fines or penalties owed to a State or the Federal Government, or for Federal cost-sharing requirements.

(b) OTHER LIMITATIONS.—Funds made available to a State or local government pursuant to the grant programs established under sections 101 and 102 shall be used only for inventorying, assessing, and characterizing sites as authorized by this Act, and for capitalizing a loan program as authorized by this Act. Funds made available under this title may not be used to relieve a local government or State of the commitment or responsibilities of the local government or State under State law to assist or carry out cleanup actions at affected sites.

SEC. 108. STATUTORY CONSTRUCTION.

Nothing in this title is intended to affect the liability or response authorities for environmental contamination of any other law (including any regulation), including—

(1) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.);

(2) the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.);

(3) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

(4) the Toxic Substances Control Act (15 U.S.C. 2601 et seq.); and

(5) title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act") (42 U.S.C. 300f et seq.).

TITLE II—PROSPECTIVE PURCHASERS

SEC. 201. LIMITATIONS ON LIABILITY FOR RESPONSE COSTS FOR PROSPECTIVE PURCHASERS.

(a) LIMITATIONS ON LIABILITY.—Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9607) is amended by adding at the end the following new subsection:

"(n) LIMITATIONS ON LIABILITY FOR PROSPECTIVE PURCHASERS.—Notwithstanding paragraphs (1) through (4) of subsection (a), a person who does not impede the performance of response actions or natural resource restoration at a facility shall not be liable under this Act, to the extent liability is based solely on subsection (a)(1) for a release or threat of release from a facility, and the person is a bona fide prospective purchaser of the facility.

(b) PROSPECTIVE PURCHASER AND WINDFALL LIEN.—Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (as amended by subsection (a)) is further amended by inserting after subsection (n) the following new subsection:

"(o) PROSPECTIVE PURCHASER AND WINDFALL LIEN.—

"(1) LIEN.—In any case in which there are unrecovered response costs at a facility for which an owner of the facility is not liable by reason of subsection (n), and the conditions described in paragraph (2) are met, the United States shall have a lien upon such facility, or may obtain from the appropriate responsible party or parties, a lien on other property or other assurances of payment satisfactory to the Administrator, for such unrecovered costs. Such lien—

"(A) shall not exceed the increase in fair market value of the property attributable to the response action at the time of a subsequent sale or other disposition of the property;

"(B) shall arise at the time costs are first incurred by the United States with respect to a response action at the facility;

"(C) shall be subject to the requirements for notice and validity established in paragraph (3) of subsection (l); and

"(D) shall continue until the earlier of satisfaction of the lien or recovery of all response costs incurred at the facility.

"(2) CONDITIONS.—The conditions referred to in paragraph (1) are the following:

"(A) RESPONSE ACTION.—A response action for which there are unrecovered costs is carried out at the facility.

"(B) FAIR MARKET VALUE.—Such response action increases the fair market value of the facility above the fair market value of the facility that existed 180 days before the response action was taken.".

(c) Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601) is amended by adding at the end the following new paragraph:

"(39) BONA FIDE PROSPECTIVE PURCHASER.—The term 'bona fide prospective purchaser' means a person who acquires ownership of a facility after the date of enactment of the Brownfields and Environmental Cleanup Act of 1996, or a tenant of such a person, who can establish each of the following by a preponderance of the evidence:

"(A) DISPOSAL PRIOR TO ACQUISITION.—All active disposal of hazardous substances at the facility occurred before that person acquired the facility.

"(B) INQUIRY.—The person made all appropriate inquiry into the previous ownership and uses of the facility and its real property in accordance with generally accepted good commercial and customary standards and practices. The standards and practices issued by the Administrator pursuant to paragraph (35)(B)(ii) shall satisfy the requirements of this subparagraph. In the case of property for residential or other similar use purchased by a nongovernmental or noncommercial entity, a site inspection and title search that reveal no basis for further investigation satisfy the requirements of this subparagraph.

"(C) NOTICES.—The person provided all legally required notices with respect to the discovery or release of any hazardous substances at the facility.

"(D) CARE.—The person exercised appropriate care with respect to hazardous substances found at the facility by taking reasonable steps to stop on-going releases, prevent threatened future releases of hazardous substances, and prevent or limit human or natural resource exposure to hazardous substances previously released into the environment.

"(E) COOPERATION, ASSISTANCE, AND ACCESS.—The person provides full cooperation, assistance, and facility access to those persons that are responsible for response actions at the facility, including the cooperation and access necessary for the installation, integrity, operation, and maintenance of any complete or partial response action at the facility.

"(F) RELATIONSHIP.—The person is not liable, or is not affiliated with any other person that is potentially liable, for response costs at the facility, through any direct or indirect familial relationship, or any contractual, corporate, or financial relationship other than that created by the instruments by which title to the facility is conveyed or financed.".

TITLE III—FIDUCIARY AND LENDER LIABILITY

SEC. 301. FIDUCIARY LIABILITY.

(a) DEFINITIONS.—Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601) (as amended by section 201(c)) is amended by adding at the end the following:

"(40) FIDUCIARY.—The term 'fiduciary'—

"(A) means a person acting for the benefit of another party as a bona fide—

"(i) trustee;

"(ii) executor;

"(iii) administrator of an estate;

"(iv) custodian;

"(v) guardian of estates or guardian ad litem;

"(vi) court-appointed receiver;

"(vii) conservator;

"(viii) committee of estates of incapacitated persons or other incapacitated persons;

"(ix) personal representative; or

"(x) representative in any other capacity that the Administrator, pursuant to public notice, determines to be similar to those listed in clauses (i) through (ix); and

"(B) does not include any person who—

"(i) had a role in establishing a trust, estate, or fiduciary relationship if such trust, estate, or fiduciary relationship has no objectively reasonable or substantial purpose apart from the avoidance or limitation of liability under this Act; or

"(ii) is acting as a fiduciary with respect to a trust or other fiduciary estate that—

"(I) was not created as part of, or to facilitate, 1 or more estate plans or pursuant to the incapacity of a natural person; and

"(II) was organized for the primary purpose of, or is engaged in, activity carrying on a trade or business for profit.

"(41) FIDUCIARY CAPACITY.—The term "fiduciary capacity", in reference to an act of a person with respect to a vessel or facility, means a capacity in which the person holds title to a vessel or facility, or otherwise has control of or an interest in a vessel or facility, pursuant to the exercise of the responsibilities of the person as a fiduciary.".

(b) LIABILITY OF FIDUCIARIES.—Title I of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) is amended by adding at the end the following new section:

"SEC. 127. LIABILITY OF FIDUCIARIES.

"(a) IN GENERAL—The liability of a fiduciary that is liable under any other provision of this Act for the release or threatened release of a hazardous substance at, from, or in connection with a vessel or facility held in a fiduciary capacity, may not exceed the assets held in such fiduciary capacity that are available to indemnify the fiduciary.

"(b) EXCLUSION.—Subsection (a) does not apply to the extent that a person is liable under this Act independent of such person's ownership or actions taken in a fiduciary capacity.

"(c) LIMITATION—Subsections (a) and (d) shall not limit the liability of a fiduciary whose failure to exercise due care caused or contributed to the release of a hazardous substance.

"(d) SAFE HARBOR.—A fiduciary shall not be liable in its personal capacity under this Act for—

"(1) undertaking or directing another to undertake a response action under section 107(d)(1) or under the direction of an on-scene coordinator;

"(2) undertaking or directing another to undertake any other lawful means of addressing hazardous substances in connection with the vessel or facility;

"(3) terminating the fiduciary relationship;

"(4) including in the terms of a fiduciary agreement covenant, warranty, or other terms of conditions that relate to compliance with environmental laws, or monitoring or enforcing such terms;

"(5) monitoring or undertaking 1 or more inspections of the vessel or facility;

"(6) providing financial or other advice or counseling to any other party to the fiduciary relationship, including the settler or beneficiary;

"(7) restructuring, renegotiating, or otherwise altering a term or condition of the fiduciary relationship;

"(8) acting in a fiduciary capacity with respect to a vessel or facility that was contaminated before the fiduciary's period of service; or

"(9) declining to take any of the actions described in paragraphs (2) through (8).

"(e) SAVINGS CLAUSE.—Nothing in this section shall affect the rights or immunities or other defenses that are available under this Act or other applicable law to any person subject to the provisions of this section. Nothing in this section shall create any liability for any party. Nothing in this section shall create a private right of action against a fiduciary or any other party.

"(f) NO EFFECT ON CERTAIN PERSONS.—Nothing in this section shall be construed to affect the liability, if any, of a person who—

"(1)(A) acts in a capacity other than a fiduciary capacity; and

"(B) directly or indirectly benefits from a trust or fiduciary relationship; or

"(2) who—

"(A) is a beneficiary and a fiduciary with respect to the same fiduciary estate; and

"(B) as a fiduciary, receives benefits that exceed customary or reasonable compensation, and incidental benefits, permitted under other applicable law.

"(g) REGULATORY AUTHORITY.—

"(1) IN GENERAL.—The Administrator may—

"(A) issue such regulations as the Administrator deems necessary to carry out this section; and

"(B) delegate and assign any duties or powers imposed upon or assigned to the Administrator by this section, including the authority to issue regulations.

"(2) AUTHORITY TO CLARIFY.—The authority under paragraph (1) includes authority to clarify or interpret all terms, including those used in this section, and to implement any provision of this section.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any claim that has not been fully adjudicated as of the date of enactment of this Act.

SEC. 302. LIABILITY OF LENDERS.

(a) DEFINITION OF PARTICIPATION IN MANAGEMENT.—Section 101(20) of the Comprehensive Environmental Response, Liability, and Compensation Act of 1980 (42 U.S.C. 9601(20)) is amended—

(1) in subparagraph (A), by striking the second sentence;

(2) by amending paragraph (A)(iii) to read as follows:

"(iii) any person who owned, operated or otherwise controlled activities at a vessel or facility immediately before the United States (including any department, agency or instrumentality), a unit of State or local government, or their agents or appointees, acquired title or control of such vessel or facility in any of the following ways:

"(I) through bankruptcy, tax delinquency, abandonment, or escheat;

"(II) through foreclosure that is connected with the provision of loans, discounts, advances, guarantees, insurance, or other financial assistance, if the United States or unit of State or local government meets the requirements of paragraph (F)(ii) (I) and (II) of this section;

"(III) through the exercise of statutory receivership or conservatorship authority, including any liquidating or winding up the affairs of any person or any subsidiary thereof, if the governmental entity did not participate in management of the vessel or facility prior to acquiring title or control and meets the requirements of paragraph (F)(ii)(II) of this section;

"(IV) through the exercise of any seizure or forfeiture authority;

"(V) in any civil, criminal, or administrative enforcement proceeding, whether by order or settlement, in which an interest in a vessel or facility is conveyed to satisfy a claim of the governmental entity, and the governmental entity meets the requirements of this section; and

"(VI) temporarily in connection with a law enforcement operation.";

(3) by amending paragraph (D) to read as follows:

"(D)(i) The term 'owner or operator' does not include the United States (including any department, agency, or instrumentality) or a unit of State or local government that acquires title or control of a vessel or facility in a manner described in paragraph (A)(iii), or in any other circumstances in which the government involuntary acquires title by virtue of its function as sovereign.

"(ii) Notwithstanding subparagraph (i), if the United States or a unit of State or a unit of State or local government caused or contributed to the release or threatened release of a hazardous substance from the facility, this Act (including section 107) shall apply in the same manner and to the same extent, procedurally and substantively, as the Act does to any non-governmental entity."; and

(4) by adding at the end the following:

"(E) EXCLUSION OF PERSONS NOT PARTICIPANTS IN MANAGEMENT.—

"(i) INDICIA OF OWNERSHIP TO PROTECT SECURITY INTEREST.—The term 'owner or operator' does not include—

"(I) a person, including a successor or assign of such person, who, without participating in the management of a vessel or facility, holds indicia of ownership primarily to protect such person's security interest in the vessel or facility; or

"(II) a successor or assign of a person described in subclause (I).

"(ii) NONPARTICIPATION IN MANAGEMENT PRIOR TO FORECLOSURE.—The term 'owner or operator' does not include a person that forecloses on a vessel or a facility even if such person forecloses on such vessel or facility, sells, re-leases (in the case of a lease finance transaction), or liquidates the vessel or facility, maintains business activities, winds up operations, or undertakes any response action under section 107(d)(1) or under the direction of an on-scene coordinator, with respect to the vessel or facility, or takes other measures to preserve, protect, or prepare the vessel or facility prior to sale or disposition, if—

"(I) the person did not participate in management prior to foreclosure; and

"(II) such person seeks to sell, re-lease (in the case of a lease finance transaction), or otherwise divest such vessel or facility at the earliest practical, commercially reasonable time, on commercially reasonable terms, taking into account market conditions and legal and regulatory requirements.

"(F) PARTICIPATION IN MANAGEMENT.—For purposes of subparagraph (E)—

"(i) the term 'participate in management' means actually participating in the management or operational affairs of the vessel or facility, and does not include merely having the capacity to influence, or the unexercised right to control, vessel or facility operations;

(ii) a person shall be considered to 'participate in management' only if, while the borrower is still in possession of the vessel or facility encumbered by the security interest, such person—

"(I) exercises decisionmaking control over the environmental compliance of a borrower, such that the person has undertaken responsibility for the hazardous substance handling or disposal practices of the borrower; or

"(II) exercises control at a level comparable to that of a manager of the enterprise of the borrower, such that the person has assumed or manifested responsibility for the overall management of the enterprise encompassing day-to-day decisionmaking with respect to environmental compliance, or with respect to all or substantially all of the operational aspects (as distinguished from financial or administrative aspects) of the enterprise, other than environmental compliance;

"(iii) the term 'participate in management' does not include conducting an act or failing to act prior to the time that a security interest is created in a vessel or facility; and

"(iv) the term 'participate in management' does not include–

"(I) holding such a security interest or, prior to foreclosure, abandoning or releasing such a security interest;

"(II) including in the terms of an extension of credit, or in a contract or security agreement relating to such an extension, covenant, warranty, or any other term or condition that relates to environmental compliance;

"(III) monitoring or enforcing the term or condition of the extension of credit or security interest;

"(IV) monitoring or undertaking 1 or more inspections of the vessel or facility;

"(V) requiring the borrower to undertake response action or other lawful means of addressing the release or threatened release of a hazardous substance in connection with the vessel or facility prior to, during, or upon the expiration of the term of the extension of credit;

"(VI) providing financial or other advice or counseling in an effort to mitigate, prevent, or cure default or diminution in the value of the vessel or facility;

"(VII) restructuring, renegotiating, or otherwise agreeing to alter a term or condition of the extension of credit or security interest;

"(VIII) exercising other remedies that may be available under applicable law for the breach of any term or condition of the extension of credit or security agreement; or

"(IX) conducting a response action under section 107(d)(1) or under the direction of an on-scene coordinator,

if such actions do not rise to the level of participation in management, as defined in clauses (i) and (ii).

"(G) OTHER TERMS.—As used in subparagraph (E), subparagraph (F), and this subparagraph, the following definitions shall apply:

"(i) BORROWER.—The term "borrower" means a person whose vessel or facility is encumbered by a security interest.

"(ii) EXTENSION OF CREDIT.—The term 'extension of credit' includes a lease finance transaction—

"(I) in which the lessor does not initially select the leased vessel or facility and does not during the lease term control the daily operation or maintenance of the vessel or facility; or

"(II) that conforms with regulations issued by the appropriate Federal banking agency or the appropriate State bank supervisor (as those terms are defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) or with regulations issued by the National Credit Union Administration Board, as appropriate.

"(iii) FINANCIAL OR ADMINISTRATIVE ASPECT.—The term 'financial or administrative aspect' includes a function such as a function of a credit manager, accounts payable officer, accounts receivable officer, personnel manager, comptroller, or chief financial officer, or any similar function.

"(iv) FORECLOSURE; FORECLOSE.—The term 'foreclosure' and 'foreclose' mean, respectively, acquiring, and to acquire from a nonaffiliated party for subsequent disposition, a vessel or facility through—

"(I) purchase at sale under a judgment or decree, a power of sale, a nonjudicial foreclosure sale, or from a trustee, deed in lieu of foreclosure, or similar conveyance, or through repossession, if such vessel or facility was security for an extension of credit previously contracted;

"(II) conveyance pursuant to an extension of credit previously contracted, including the termination of a lease agreement; or

"(III) any other formal or informal manner by which the person acquires, for subsequent disposition, possession of collateral in order to protect the security interest of the person.

"(v) OPERATIONAL ASPECT.—The term 'operational aspect' includes a function such as a function of a facility or plant manager, operations manager, chief operating officer, or chief executive officer.

"(vi) SECURITY INTEREST.—The term 'security interest' includes a right under a mortgage, deed of trust, assignment, judgment lien, pledge, security agreement, factoring agreement, or lease, or any other right accruing to a person to secure the repayment of money, the performance of a duty, or some other obligation.".

(b) EFFECTIVE DATE.—The amendments made by this section shall be applicable with respect to any claim that has not been finally adjudicated as of the date of enactment of this Act.

(c) LENDER LIABILITY RULE.—(1) Effective on the date of enactment of this section, the final rule issued by the Administrator of the Environmental Protection Agency on April 29, 1992 (57 Stat. Fed. Reg. 18344), shall be deemed to have been validly issued pursuant to the authority of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and to have been effective according to the final rule's terms. No additional administrative or judicial proceedings shall be necessary with respect to such final rule.

(2) Notwithstanding section 113(a) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, no court shall have jurisdiction to review the final rule issued by the Administrator of the Environmental Protection Agency on April 29, 1992 (57 Fed. Reg. 18344).

(3) Nothing in this subsection shall be construed to limit the authority of the President or his delegate to amend the final rule issued by the Administrator of the Environmental Protection Agency on April 29, 1992 (57 Fed. Reg. 18344), in accordance with applicable provisions of law.

(d) REGULATORY AUTHORITY.—

(1) IN GENERAL.—The Administrator may—

(A) issue such regulations as the Administrator deems necessary to carry out the amendments made by this section; and

(B) delegate and assign any duties or powers imposed upon or assigned to the Administrator by the amendments made by this section, including the authority to issue regulations.

(2) AUTHORITY TO CLARIFY.—The authority under paragraph (1) includes authority to clarify or interpret all terms, including those used in this section, and to implement any provision of the amendments made by this section.

TITLE IV—INNOCENT LANDOWNERS

SEC. 401. INNOCENT LANDOWNERS.

(a) ENVIRONMENTAL SITE ASSESSMENT.—Section 107 (as amended by section 201(b)) is amended by adding at the end the following new subsection:

"(p) INNOCENT LANDOWNERS.—

"(1) CONDUCT OF ENVIRONMENTAL ASSESSMENT.—A person who has acquired real property shall have made all appropriate inquiry within the meaning of subparagraph (B) of section 101(35) if the person establishes that, within 180 days prior to the time of acquisition, an environmental site assessment of the real property was conducted which meets the requirements of paragraph (2).

"(2) DEFINITION OF ENVIRONMENTAL SITE ASSESSMENT.—For purposes of this subsection, the term 'environmental site assessment' means an assessment conducted in accordance with the standards set forth in the American Society for Testing and Materials (ASTM) Standard E1527-94, titled 'Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process' or with alternative standards issued by rule by the President or promulgated or developed by others and designated by rule by the President. Before issuing or designating alternative standards, the President shall first conduct a study of commercial and industrial practices concerning environmental site assessments in the transfer of real property in the United States. Any such standards issued or designated by the President shall also be deemed to constitute commercially reasonable and generally accepted standards and practices for purposes of this paragraph. In issuing or designating any such standards, the President shall consider requirements governing each of the following:

"(A) Interviews or owners, operators, and occupants of the property to determine information regarding the potential for contamination.

"(B) Review of historical sources as necessary to determine previous uses and occupancies of the property since the property was first developed. For purposes of this subclause, the term 'historical sources' means any of the following, if they are reasonably ascertainable: recorded chain of title documents regarding the real property, including all deeds, easements, leases, restrictions, and covenants, aerial photographs, fire insurance maps, property tax files, USGS 7.5 minutes topographic maps, local street directories, building department records, zoning/land use records, and any other sources that identify past uses and occupancies of the property.

"(C) Determination of the existence of recorded environmental cleanup liens against the real property which have arisen pursuant to Federal, State, or local statutes.

"(D) Review of reasonably ascertainable Federal, State, and local government records of sites or facilities that are likely to cause or contribute to contamination at the real property, including, as appropriate, investigation reports for such sites or facilities; records of activities likely to cause or contribute to contamination at the real property, including landfill and other disposal location records, underground storage tank records, hazardous waste handler and generator records and spill reporting records; and such other reasonably ascertainable Federal, State, and local government environmental records which could reflect incidents or activities which are likely to cause or contribute to contamination at the real property.

"(E) A visual site inspection of the real property and all facilities and improvements on the real property and a visual inspection of immediately adjacent properties, including an investigation of any hazardous substance use, storage, treatment, and disposal practices on the property.

"(F) Any specialized knowledge or experience on the part of the defendant.

"(G) The relationship of the purchase price to the value of the property if uncontaminated.

"(H) Commonly known or reasonably ascertainable information about the property.

"(I) The obviousness of the presence or likely presence of contamination at the property, and the ability to detect such contamination by appropriate investigation.

A record shall be considered to be 'reasonably ascertainable' for purposes of this paragraph if a copy or reasonable facsimile of the record is publicly available by request (within reasonable time and cost constraints) and the record is practically reviewable.

"(3) APPROPRIATE INQUIRY.—A person shall not be treated as having made all appropriate inquiry under paragraph (1) unless—

"(A) the person has maintained a compilation of the information reviewed and gathered in the course of the environmental site assessment;

"(B) the person exercised appropriate care with respect to hazardous substances found at the facility by taking reasonable steps to stop on-going releases, prevent threatened future releases of hazardous substances, and prevent or limit human or natural resource exposure to hazardous substances previously released into the environment; and

"(C) the person provides full cooperation, assistance, and facility access to persons authorized to conduct response actions at the facility, including the cooperation and access necessary for the installation, integrity, operation, and maintenance of any complete or partial response action at the facility.

"(4) DEFINITION OF CONTAMINATION.—For the purposes of this subsection and section 101(35), the term 'contamination' means an existing release, a past release, or the threat of a release of a hazardous substance.".

(b) Section 101(35) of the Comprehensive Environmental Response, Compensation, and Liability act of 1980 (42 U.S.C. 9601(35)) is by striking subparagraph (B) and inserting the following new subparagraph:

"(B) KNOWLEDGE OF INQUIRY REQUIREMENT.—

"(i) IN GENERAL.—To establish that the defendant had no reason to know, as provided in subparagraph (A)(i), the defendant must have undertaken, at the time of the acquisition, all appropriate inquiry (in accordance with section 107(p)) into the previous ownership and uses of the facility and its real property in accordance with generally accepted good commercial and customary standards and practices. For the purposes of the preceding sentence and until the Administrator issues or designates standards and practices as provided in clause (ii), the court shall take into account any specialized knowledge or experience on the part of the defendant, the relationship of the purchase price to the value of the property if uncontaminated, commonly known or reasonably ascertainable information about the property, the obviousness of the presence or likely presence of contamination at the property, and the ability to detect such contamination by appropriate investigation.

"(ii) RULE.—Within 1 year after the date of enactment of this Act, the Administrator shall, by rule, issue standards and practices or designate standards and practices promulgated or developed by others, that satisfy the requirements of this subparagraph. In issuing or designating such standards and practices, the Administrator shall consider each of the following:

"(I) Conduct of an inquiry by an environmental professional.

"(II) Inclusion of interviews with past and present owners, operators, and occupants of the facility and its real property for the purpose of gathering information regarding the potential for contamination at the facility and its real property.

"(III) Inclusion of a review of historical sources, such as chain of title documents, aerial photographs, building department records, and land use records, to determine previous uses and occupancies of the real property since it was first developed.

"(IV) Inclusion of a search for recorded environmental cleanup liens, filed under Federal, State, or local law, against the facility or its real property.

"(V) Inclusion of a review of Federal, State, and local government records (such as waste disposal records), underground storage tank records, and hazardous waste handling, generation, treatment, disposal, and spill records, concerning contamination at or near the facility or its real property.

"(VI) Inclusion of a visual inspection of the facility and its real property and of adjoining properties.

"(VII) Any specialized knowledge or experience on the part of the defendant.

"(VIII) The relationship of the purchase price to the value of the property if uncontaminated.

"(IX) Commonly known or reasonably ascertainable information about the property.

"(X) The obviousness of the presence or likely presence of contamination at the property, and the ability to detect such contamination by appropriate investigation.

"(iii) SITE INSPECTION AND TITLE SEARCH.—In the case of property for residential use or other similar use purchased by a nongovernmental or noncommercial entity, a site inspection and title search that reveal no basis for further investigation satisfy the requirements of this subparagraph."; and

(c) REGULATORY AUTHORITY.—

(1) IN GENERAL.—The Administrator may—

(A) issue such regulations as the Administrator deems necessary to carry out the amendments made by this section; and

(B) delegate and assign any duties or powers imposed upon or assigned to the Administrator by the amendments made by this section, including the authority to issue regulations.

(2) AUTHORITY TO CLARIFY.—The authority under paragraph (1) includes authority to clarify or interpret all terms, including those used in this section, and to implement any provision of the amendments made by this section.

By Mr. WYDEN (for himself and Mr. D'AMATO):

S. 2029. A bill to make permanent certain authority relating to self-employment assistance programs; to the Committee on Finance.

THE SELF-EMPLOYMENT REAUTHORIZATION ACT

Mr. WYDEN. Mr. President, I rise today to introduce legislation with Senator D'AMATO to reauthorize the Self-Employment Act. As waves of economic change turn our economy into a high-wire act, the Self-Employment Act has helped turn the unemployment safety net into a trampoline of opportunity for the unemployed. The Self-Employment Assistance Program takes an innovative and cost-effective approach to helping eligible dislocated workers become self-sufficient; it enables them to use their weekly unemployment checks to start their own businesses.

Harvard Business School reported earlier this year that from 1978 to the present, 22 percent of the work force, or 3 million workers, at the country's top 100 companies had been laid off, and that 77 percent of all the layoffs involved white-collar workers. Many of these highly skilled workers will never be able to return to their former positions, but some are highly motivated to start their own firms. In 40 out of 50 States, however, those who start their own businesses are forced to give up their weekly unemployment compensation checks as soon as the company starts generating revenue—but before it provides enough income to support the worker. It is exactly this problem the Self-Employment Assistance Program is designed to correct.

In a few short years, the Self-Employment Act (Public Law 103–182; title V) has already enabled thousands of unemployed Americans to use their unemployment compensation to establish new businesses. Two experimental programs, in Massachusetts and Washington, have already shown that self-employment programs can create jobs at no cost to the taxpayer. Using existing funds, the Massachusetts program created dozens of new businesses but actually paid $1,400 less unemployment per worker than the State average. The Washington program created more than 600 new jobs and the firms were paying an average of $10.50 an hour to workers they had hired.

The legislation we introduce today reauthorize a program that allows—but does not require—State to establish self-employment assistance [SEA] programs as part of their unemployment insurance [UI] programs. It permits States to provide income support payments to the unemployed in the same weekly amount as the worker's regular unemployment insurance [UI] benefits would otherwise be, so that they may work full time on starting their own business instead of searching for traditional wage and salary jobs. In effect, this legislation removes a high hurdle facing those who have the ingenuity, motivation, and energy to start their own businesses. It eliminates a barrier in the law that has forced workers interested in self-employment to choose between receiving UI benefits and starting a new business.

Self-employment assistance has not only proved to be a viable reemployment option for unemployed workers; its benefits have exceeded its costs as well. While the law is not a panacea for all of our Nation's unemployed, it's an opportunity for many skilled workers to get back to work faster and helps create new jobs as well.

In a recent tour around Oregon, my State SEA officials found tremendous enthusiasm for this program. They reported to me: "* * * the SEA Program in Oregon is meeting the goal of providing Oregon dislocated workers—as identified through worker profiling—with access to entrepreneurial training and financial assistance while pursuing self-employment and the establishment of a business." Among the examples of businesses developed under the Oregon SEA Program this year are a marine maintenance and repair company, drop-in day care centers at shopping malls and a handmade hats, quilts, and bags business working to develop a mail-order firm.

The 1993 SEA law is based upon self-employment programs that have worked well in 17 other industrialized nations. As the author of two laws, in 1987 and 1993, that have promoted self-employment, I can attest to the dramatic success of the self-employment concept. According to a June 1995 Department of Labor [DOL] evaluation of the Washington State and Massachusetts pilot programs, the two projects "clearly demonstrate that self-employment is a viable reemployment option for some unemployed workers . . . about one-half of those interested actually do start a business and an average of two-thirds were still in business 3 years later." In addition, the DOL report found that self-employment assistance programs increased business starts among project participants, reduced the length of their unemployment periods and increased their total time in employment. Both the Washington and Massachusetts models proved to be cost effective for the participants as well as for taxpayers.

Over the past 2½ years, 10 States used the 1993 legislation to create self-employment programs: California, Connecticut, Delaware, Maine, Maryland, Minnesota, New Jersey, New York, Oregon, and Rhode Island. To date, DOL has approved six State plans—California, Delaware, Maine, New Jersey, New York, and Oregon—and four of these—Delaware, Maine, New York and Oregon—have actually implemented their SEA programs.

Let me briefly describe how the program works. The law directs the DOL to review and approve State SEA Program plans. In States that operate SEA programs, new UI claimants identified through worker profiling—automated systems that use a set of criteria to identify those claimants who are likely to exhaust their UI benefits and need reemployment assistance—will be eligible for self-employment assistance. State SEA programs provide participants with periodic—weekly or biweekly—self-employment allowances while they are getting their businesses off the ground. These support payments are the same weekly amount as the worker's regular UI benefits. The SEA participants are required to participate in technical assistance programs—entrepreneurial training—accounting, cash flow, finances, taxes, etc.—business counseling—business plans, marketing, legal requirements, insurance, etc.—and finance—to ensure they have the skills necessary to operate a business. Finally, SEA programs are required to operate at no additional cost to the unemployment trust fund: The law stipulates that the payment of SEA allowances may not result in any additional benefits charges to the unemployment trust fund. Individuals may choose at any time to opt out of the SEA Program; they may resume collection of regular unemployment compensation until the total amount of regular unemployment compensation paid and the SEA paid equals the maximum benefit amount. States are responsible for the costs of providing basic SEA Program services, like business counseling and technical assistance, but may allow participants to pay for more intensive counseling and technical assistance.

Mr. President, as we move into the global economy of the 21st century, it is imperative that the Government adopt fresh strategies so that our many skilled buy unemployed workers can start anew in the private sector. Congress should extend the Self-Employment Assistance Program so that States will have the continued flexibility to help unemployed workers create their own businesses. Our bipartisan bill promotes the spirit of entrepreneurship. It carries forward a reasonable, and sensible reform of the unemployment insurance system that bears no cost to the taxpayer.

I would like to thank Senator D'AMATO for joining me as an original cosponsor of this bill. New York has a very active and successful Self Employment Assistance Program, and I look forward to working closely with him to see this important program reauthorized.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2029

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SELF-EMPLOYMENT ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Paragraph (2) of section 507(e) of the North American Free Trade Agreement Implementation Act (26 U.S.C. 3306 note) is hereby repealed.

(b) CONFORMING AMENDMENTS.—Subsection (e) of section 507 of such Act is further amended—

(1) by amending the heading after the subsection designation to read "EFFECTIVE DATE.—"; and

(2) by striking "(1) EFFECTIVE DATE.—" and by running in the remaining text of subsection (e) immediately after the heading therefor, as amended by paragraph (1).

By Mr. LOTT (for himself and Mr. EXON):

S. 2030. A bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE NATIONAL MOTOR VEHICLE SAFETY, ANTITHEFT, TITLE REFORM, AND CONSUMER PROTECTION ACT OF 1996

Mr. LOTT. Mr. President, I rise today to introduce legislation to establish national requirements regarding the titling and registration of salvage, nonrepairable and rebuilt vehicles. I am proud to have Senator EXON as my principle cosponsor on this bipartisan bill. Senator EXON has done yeoman's work in previous Congresses to address this issue.

Several years ago, Congress formed a group to study this issue. My bill responds to the recommendations made by that Federal task force regarding the disclosure of vehicle conditions. This consumer safety bill will protect used car consumers from unknowingly purchasing rebuilt automobiles that have not been restored to safe operating conditions. The legislation requires the vehicle title to be branded to show that it has been totaled.

This legislation would create a uniform national policy concerning the disclosure of vehicle conditions. Forty-eight States require some sort of disclosure on the vehicle title. Insistency among these States, however, permits those unscrupulous few to take advantage of unsuspecting consumers.

I hope my colleagues in the Senate will join me as cosponsors of this legislation, which addresses this consumer safety issue in a direct and straightforward manner.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2030

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Motor Vehicle Safety, Antitheft, Title Reform, and Consumer Protection Act of 1996".

SEC. 2. FINDINGS.

The Congress finds that—

(1) many States do not have specific requirements regarding the disclosure of the salvage history of a motor vehicle and some States never require that the title to a motor vehicle be stamped or branded to indicate that the motor vehicle is, or has been, a salvage vehicle;

(2) as of the date of enactment of this Act, State disclosure requirements regarding the salvage history of a motor vehicle—

(A) are inconsistent in scope and content;

(B) require the use of different forms and administrative procedures;

(C) will undercut the effectiveness of the National Automobile Title Information System created by the Anti Car Theft Act of 1992;

(D) are burdensome on interstate commerce; and

(E) do not provide a significant deterrent to unscrupulous sellers of rebuilt vehicles who mislead potential wholesale and retail buyers concerning the condition and value of such vehicles;

(3) the fact that a motor vehicle is salvage, nonrepairable, water damaged, or rebuilt after incurring substantial damage is material in any subsequent purchase or sale of that motor vehicle;

(4) some salvage and nonrepairable vehicles become involved in illegal commerce in stolen vehicles and parts;

(5) in some jurisdictions, the lack of theft inspections prior to allowing a rebuilt motor vehicle back on the road provides an opportunity for an unscrupulous person to use stolen parts in the rebuilding of motor vehicles;

(6) according to the National Highway Traffic Safety Administration, rebuilt motor vehicles—

(A) may not have passed any safety inspection; and

(B) may pose a public safety risk and consumers who unknowingly buy rebuilt motor vehicles face an increased risk of death or serious injury;

(7) statistics prepared by the American Association of Motor Vehicle Administrators indicate that 71 percent of the States require some form of safety inspection before a rebuilt salvage vehicle may be registered for use on the road;

(8) the promulgation of a safety inspection program by the Secretary of Transportation may assist the States in expanding and standardizing their inspection programs for rebuilt vehicles;

(9) duplicate or replacement titles play an important role in many vehicle thefts and various types of vehicle fraud;

(10) State controls on the issuance of such titles must therefore be strengthened and made uniform across the United States;

(11) large quantities of motor vehicles are exported from United States ports to foreign countries without proper documentation of ownership in violation of applicable law; and

(12) in view of the threats to public safety and consumer interests described in paragraphs (1) through (10), the Motor Vehicle Titling, Registration and Salvage Advisory Committee, which was convened by the Secretary of Transportation under section 140(a) of the Anti Car Theft Act of 1992 (15 U.S.C. 2041 note), recommended that—

(A) Federal laws be enacted to require certain definitions to be used nationwide to describe seriously damaged vehicles; and

(B) all States be required to—

(i) use the definitions referred to in subparagraph (A) in determining appropriate title designations;

(ii) use certain motor vehicle titling and control methods; and

(iii) take certain other measures to protect the integrity of the titling process.

SEC. 3. MOTOR VEHICLE TITLING AND DISCLOSURE REQUIREMENTS.

(a) IN GENERAL.—Subtitle VI of title 49, United States Code, is amended by adding at the end the following new chapter:

‘‘CHAPTER 333—AUTOMOBILE SAFETY, ANTITHEFT, AND TITLE DISCLOSURE REQUIREMENTS

‘‘Sec.

‘‘33301. Definitions.
‘‘33302. Passenger motor vehicle titling.
‘‘33303. Petitions for extensions of time.
‘‘33304. Effect on State law.
‘‘33305. Civil and criminal penalties.

‘‘§ 33301. Definitions

‘‘For the purposes of this chapter the following definitions and requirements shall apply:

‘‘(1) PASSENGER MOTOR VEHICLE.—

‘‘(A) IN GENERAL.—The term ‘passenger motor vehicle’ means any vehicle driven or drawn by mechanical power manufactured primarily for use on the public streets, roads, and highways.

‘‘(B) PASSENGER MOTOR VEHICLES AND LIGHT TRUCKS INCLUDED.—Such term includes a multipurpose passenger vehicle or light duty truck if the vehicle or truck is rated at not more than 7,500 pounds gross vehicle weight.

‘‘(C) MOTORCYCLES NOT INCLUDED.—Such term does not include a motorcycle.

‘‘(2) SALVAGE VEHICLE.—

‘‘(A) IN GENERAL.—Subject to subparagraph (E), the term ‘salvage vehicle’ means any passenger motor vehicle that has been wrecked, destroyed, or damaged to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the passenger motor vehicle to its preaccident condition for legal operation on the roads or highways exceeds 75 percent of the retail value of the passenger motor vehicle, as set forth in the most recent edition of any nationally recognized compilation (including automated databases) of current retail values that is approved by the Secretary.

‘‘(B) VEHICLES EXCLUDED.—Such term does not include any passenger motor vehicle that has a model year designation of a calendar year that precedes that calendar year in which the vehicle was wrecked, destroyed, or damaged by 5 or more years.

‘‘(C) DETERMINATION OF VALUE OF REPAIR PARTS.—For purposes of subparagraph (B), the value of repair parts shall be determined by using—

‘‘(i) the published retail cost of the original equipment manufacturer parts; or

‘‘(ii) the actual retail cost of the repair parts to be used in the repair.

‘‘(D) DETERMINATION OF LABOR COSTS.—For purposes of subparagraph (B), the labor cost of repairs shall be computed by using the hourly labor rate and time allocations that are reasonable and customary in the automobile repair industry in the community in which the repairs are performed.

‘‘(E) CERTAIN VEHICLES INCLUDED.—The term ‘passenger vehicle’ includes, without regard to whether the passenger motor vehicle meets the 75 percent threshold specified in subparagraph (B)—

‘‘(i) any passenger motor vehicle with respect to which an insurance company acquires ownership under a damage settlement (except for a settlement in connection with a recovered theft vehicle that did not sustain a sufficient degree of damage to meet the 75 percent threshold specified in subparagraph (B)); or

‘‘(ii) any passenger motor vehicle that an owner may wish to designate as a salvage vehicle by obtaining a salvage title, without regard to the extent of the damage and repairs.

‘‘(F) SPECIAL RULE.—A designation of a passenger motor vehicle by an owner under subparagraph (E)(ii) shall not impose any obligation on—

‘‘(i) the insurer of the passenger motor vehicle; or

‘‘(ii) an insurer processing a claim made by or on behalf of the owner of the passenger motor vehicle.

‘‘(3) SALVAGE TITLE.—

‘‘(A) IN GENERAL.—The term ‘salvage title’ means a passenger motor vehicle ownership document issued by a State to the owner of a salvage vehicle.

‘‘(B) TRANSFER OF OWNERSHIP.—Ownership of a salvage vehicle may be transferred on a salvage title.

‘‘(C) PROHIBITION.—The salvage vehicle may not be registered for use on the roads or highways unless the salvage vehicle has been issued a rebuilt salvage title.

‘‘(D) REQUIREMENT FOR A REBUILT SALVAGE TITLE.—A salvage title shall be conspicuously labeled with the word ‘salvage’ across the front of the document.

‘‘(4) REBUILT SALVAGE VEHICLE.—The term ‘rebuilt salvage vehicle’ means—

‘‘(A) for passenger motor vehicles subject to a safety inspection in a State that requires such an inspection under section 33302(b)(2)(H), any passenger motor vehicle that has—

‘‘(i) been issued previously a salvage title;

‘‘(ii) passed applicable State antitheft inspection;

‘‘(iii) been issued a certificate indicating that the passenger motor vehicle has—

‘‘(I) passed the antitheft inspection referred to in clause (ii); and

‘‘(II) been issued a certificate indicating that the passenger motor vehicle has passed a required safety inspection under section 33302(b)(2)(H); and

‘‘(iv) affixed to the door jamb adjacent to the driver's seat a decal stating ‘Rebuilt Salvage Vehicle—Antitheft and Safety Inspections Passed’; or

‘‘(B) for passenger motor vehicles in a State other than a State referred to in subparagraph (A), any passenger motor vehicle that has—

‘‘(i) been issued previously a salvage title;

‘‘(ii) passed an applicable State antitheft inspection;

‘‘(iii) been issued a certificate indicating that the passenger motor vehicle has passed the required antitheft inspection referred to in clause (ii); and

‘‘(iv) affixed to the door jamb adjacent to the driver's seat, a decal stating ‘Rebuilt Salvage Vehicle—Antitheft Inspection Passed/No Safety Inspection Pursuant to National Criteria’.

‘‘(5) REBUILT SALVAGE TITLE.—

‘‘(A) IN GENERAL.—The term ‘rebuilt salvage title’ means the passenger motor vehicle ownership document issued by a State to the owner of a rebuilt salvage vehicle.

‘‘(B) TRANSFER OF OWNERSHIP.—Ownership of a rebuilt salvage vehicle may be transferred on a rebuilt salvage title.

‘‘(C) REGISTRATION FOR USE.—A passenger motor vehicle for which a rebuilt salvage title has been issued may be registered for use on the roads and highways.

‘‘(D) REQUIREMENT FOR SALVAGE TITLE.—A rebuilt salvage title shall be conspicuously labeled, either with ‘Rebuilt Salvage Vehicle—Antitheft and Safety Inspections Passed’ or ‘Rebuilt Salvage Vehicle—Antitheft Inspection Passed/No Safety Inspection Pursuant to National Criteria’, as appropriate, across the front of the document.

‘‘(6) NONREPAIRABLE VEHICLE.—

‘‘(A) IN GENERAL.—The term ‘nonrepairable vehicle’ means any passenger motor vehicle that—

‘‘(i)(I) is incapable of safe operation for use on roads or highways; and

‘‘(II) has no resale value, except as a source of parts or scrap only; or

‘‘(ii) the owner irreversibly designates as a source of parts or scrap.

‘‘(B) CERTIFICATE.—Each nonrepairable vehicle shall be issued a nonrepairable vehicle certificate.

‘‘(7) NONREPAIRABLE VEHICLE CERTIFICATE.—

‘‘(A) IN GENERAL.—The term ‘nonrepairable vehicle certificate’ means a passenger motor vehicle ownership document issued by the State to the owner of a nonrepairable vehicle.

‘‘(B) TRANSFER OF OWNERSHIP.—Ownership of the passenger motor vehicle may be transferred not more than 2 times on a nonrepairable vehicle certificate.

‘‘(C) PROHIBITION.—A nonrepairable vehicle that is issued a nonrepairable vehicle certificate may not be titled or registered for use on roads or highways at any time after the issuance of the certificate.

‘‘(D) REQUIREMENT FOR NONREPAIRABLE VEHICLE CERTIFICATE.—A nonrepairable vehicle certificate shall be conspicuously labeled with the term ‘Nonrepairable’ across the front of the document.

‘‘(8) FLOOD VEHICLE.—

‘‘(A) IN GENERAL.—The term ‘flood vehicle’ means any passenger motor vehicle that has been submerged in water to the point that rising water has reached over the door sill of the motor vehicle and has entered the passenger or trunk compartment.

‘‘(B) REQUIREMENT FOR DISCLOSURE.—Disclosure that a passenger motor vehicle has become a flood vehicle shall be made by the person transferring ownership at the time of transfer of ownership. After such transfer is completed, the certificate of title shall be conspicuously labeled with the term ‘flood’ across the front of the document.

‘‘(9) SECRETARY.—The term ‘Secretary’ means the Secretary of Transportation.

‘‘§ 33302. Passenger motor vehicle titling

‘‘(a) CARRYFORWARD OF CERTAIN TITLE INFORMATION IF A PREVIOUS TITLE WAS NOT ISSUED IN ACCORDANCE WITH CERTAIN NATIONALLY UNIFORM STANDARDS.—

‘‘(1) IN GENERAL.—If—

‘‘(A) records that are readily accessible to a State indicate that a passenger motor vehicle with respect to which the ownership is transferred on or after the date that is 1 year after the date of enactment of the National Motor Vehicle Safety, Antitheft, Title Reform, and Consumer Protection Act of 1996, has been issued previously a title that bore a term or symbol described in paragraph (2); and

‘‘(B) the State licenses that vehicle for use, the State shall disclose that fact on a certificate of title issued by the State.

‘‘(2) TERMS AND SYMBOLS.—

‘‘(A) IN GENERAL.—A State shall be subject to the requirements of paragraph (1) with respect to the following terms on a title that has been issued previously to a passenger motor vehicle (or symbols indicating the meanings of those terms):

‘‘(i) ‘Salvage’.

‘‘(ii) ‘Unrebuildable’.

‘‘(iii) ‘Parts only’.

‘‘(iv) ‘Scrap’.

‘‘(v) ‘Junk’.

‘‘(vi) ‘Nonrepairable’.

‘‘(vii) ‘Reconstructed’.

‘‘(viii) ‘Rebuilt’.

‘‘(ix) Any other similar term, as determined by the Secretary.

"(B) FLOOD DAMAGE.—A State shall be subject to the requirements of paragraph (1) if a term or symbol on a title issued previously for a passenger vehicle indicates that the vehicle has been damaged by flood.

"(b) NATIONALLY UNIFORM TITLE STANDARDS AND CONTROL METHODS.—

"(1) IN GENERAL.—Not later than 18 months after the date of the enactment of the National Motor Vehicle Safety, Antitheft, Title Reform, and Consumer Protection Act of 1996, the Secretary shall issue regulations that require each State that licenses passenger motor vehicles with respect to which the ownership is transferred on or after the date that is 2 years after the issuance of final regulations, to apply with respect to the issuance of the title for any such motor vehicle uniform standards, procedures, and methods for—

"(A) the issuance and control of that title; and

"(B) information to be contained on such title.

"(2) CONTENTS OF REGULATIONS.—The titling standards, control procedures, methods, and information covered under the regulations issued under this subsection shall include the following:

"(A) INDICATION OF STATUS.—Each State shall indicate on the face of a title or certificate for a passenger motor vehicle, as applicable, if the passenger motor vehicle is a salvage vehicle, a nonrepairable vehicle, a rebuilt salvage vehicle, or a flood vehicle.

"(B) SUBSEQUENT TITLES.—The information referred to in subparagraph (A) concerning the status of the passenger vehicle shall be conveyed on any subsequent title, including a duplicate or replacement title, for the passenger motor vehicle issued by the original titling State or any other State.

"(C) SECURITY STANDARDS.—The title documents, the certificates and decals required by section 33301(4), and the system for issuing those documents, certificates, and decals shall meet security standards that minimize opportunities for fraud.

"(D) IDENTIFYING INFORMATION.—Each certificate of title referred to in subparagraph (A) shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

"(E) UNIFORM LAYOUT.—The title documents covered under the regulations shall maintain a uniform layout, that shall be established by the Secretary, in consultation with each State or an organization that represents States.

"(F) NONREPAIRABLE VEHICLES.—A passenger motor vehicle designated as nonrepairable—

"(i) shall be issued a nonrepairable vehicle certificate; and

"(ii) may not be retitled.

"(G) REBUILT SALVAGE TITLE.—No rebuilt salvage title may be issued to a salvage vehicle unless, after the salvage vehicle is repaired or rebuilt, the salvage vehicle complies with the requirements for a rebuilt salvage vehicle under section 33301(4).

"(H) INSPECTION PROGRAMS.—Each State inspection program shall be designed to comply with the requirements of this subparagraph and shall be subject to approval and periodic review by the Secretary. Each such inspection program shall include the following:

"(i) Each owner of a passenger motor vehicle that submits a vehicle for an antitheft inspection shall be required to provide—

"(I) a completed document identifying the damage that occurred to the vehicle before being repaired;

"(II) a list of replacement parts used to repair the vehicle;

"(III) proof of ownership of the replacement parts referred to in subclause (II) (as evidenced by bills of sale, invoices or, if such documents are not available, other proof of ownership for the replacement parts); and

"(IV) an affirmation by the owner that—

"(aa) the information required to be submitted under this subparagraph is complete and accurate; and

"(bb) to the knowledge of the declarant, no stolen parts were used during the rebuilding of the repaired vehicle.

"(ii) Any passenger motor vehicle or any major part or major replacement part required to be marked under this section or the regulations issued under this section that—

"(I) has a mark or vehicle identification number that has been illegally altered, defaced, or falsified; or

"(II) cannot be identified as having been legally obtained (through evidence described in clause (i)(III)),

shall be contraband and subject to seizure.

"(iii) To avoid confiscation of parts that have been legally rebuilt or manufactured, the regulations issued under this subsection shall include procedures that the Secretary, in consultation with the Attorney General of the United States, shall establish—

"(I) for dealing with parts with a mark or vehicle identification number that is normally removed during remanufacturing or rebuilding practices that are considered acceptable by the automotive industry; and

"(II) deeming any part referred to in clause (i) to meet the identification requirements under the regulations if the part bears a conspicuous mark of such type, and is applied in such manner, as may be determined by the Secretary to indicate that the part has been rebuilt or remanufactured.

"(iv) With respect to any vehicle part, the regulations issued under this subsection shall—

"(I) acknowledge that a mark or vehicle identification number on such part may be legally removed or altered, as provided under section 511 of title 18, United States Code; and

"(II) direct inspectors to adopt such procedures as may be necessary to prevent the seizure of a part from which the mark or vehicle identification number has been legally removed or altered.

"(v) The Secretary shall establish nationally uniform safety inspection criteria to be used in States that require such a safety inspection. A State may determine whether to conduct such safety inspection, contract with a third party, or permit self-inspection. Any inspection conducted under this clause shall be subject to criteria established by the Secretary. A State that requires a safety inspection under this clause may require the payment of a fee for such inspection or the processing of such inspection.

"(I) DUPLICATE TITLES.—No duplicate or replacement title may be issued by a State unless—

"(i) the term 'duplicate' is clearly marked on the face of the duplicate or replacement title; and

"(ii) the procedures issued are substantially consistent with the recommendation designated as recommendation 3 in the report issued on February 10, 1994, under section 140 of the Anti Car Theft Act of 1992 (15 U.S.C. 2041 note) by the task force established under such section.

"(J) TITLING AND CONTROL METHODS.—Each State shall employ the following titling and control methods:

"(i) If an insurance company is not involved in a damage settlement involving a salvage vehicle or a nonrepairable vehicle, the passenger motor vehicle owner shall be required to apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable, before the earlier of the date—

"(I) on which the passenger motor vehicle is repaired or the ownership of the passenger motor vehicle is transferred; or

"(II) that is 30 days after the passenger motor vehicle is damaged.

"(ii) If an insurance company, under a damage settlement, acquires ownership of a passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall be required to apply for a salvage title or nonrepairable vehicle certificate not later than 15 days after the title to the motor vehicle is—

"(I) properly assigned by the owner to the insurance company; and

"(II) delivered to the insurance company with all liens released.

"(iii) If an insurance company does not assume ownership of a passenger motor vehicle of an insured person or claimant that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall, as required by the applicable State—

"(I) notify—

"(aa) the owner of the owner's obligation to apply for a salvage title or nonrepairable vehicle certificate for the passenger motor vehicle; and

"(bb) the State passenger motor vehicle titling office that a salvage title or nonrepairable vehicle certificate should be issued for the vehicle; or

"(II) withhold payment of the claim until the owner applies for a salvage title or nonrepairable vehicle certificate.

"(iv) If a leased passenger motor vehicle incurs damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the lessor shall be required to apply for a salvage title or nonrepairable vehicle certificate not later than 21 days after being notified by the lessee that the vehicle has been so damaged, except in any case in which an insurance company, under a damage settlement, acquires ownership of the vehicle. The lessee of such vehicle shall be required to inform the lessor that the leased vehicle has been so damaged not later than 30 days after the occurrence of the damage.

"(v)(I) Any person who acquires ownership of a damaged passenger motor vehicle that meets the definition of a salvage or nonrepairable vehicle for which a salvage title or nonrepairable vehicle certificate has not been issued, shall be required to apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable.

"(II) An application under subclause (I) shall be made the earlier of—

"(aa) the date on which the vehicle is further transferred; or

"(bb) 30 days after ownership is acquired.

"(III) The requirements of this clause shall not apply to any scrap metal processor that—

"(aa) acquires a passenger motor vehicle for the sole purpose of processing the motor vehicle into prepared grades of scrap; and

"(bb) carries out that processing.

"(vi) State records shall note when a nonrepairable vehicle certificate is issued. No

State shall issue a nonrepairable vehicle certificate after 2 transfers of ownership in violation of section 33301(b)(7)(B).

"(vii)(I) In any case in which a passenger motor vehicle has been flattened, baled, or shredded, whichever occurs first, the title or nonrepairable vehicle certificate for the vehicle shall be surrendered to the State not later than 30 days after that occurrence.

"(II) If the second transferee on a nonrepairable vehicle certificate is unequipped to flatten, bale, or shred the vehicle, such transferee shall be required, at the time of final disposal of the vehicle, to use the services of a professional automotive recycler or professional scrap processor. That recycler or reprocessor shall have the authority to—

"(aa) flatten, bale, or shred the vehicle; and

"(bb) effect the surrender of the nonrepairable vehicle certificate to the State on behalf of the second transferee.

"(III) State records shall be updated to indicate the destruction of a vehicle under this clause and no further ownership transactions for the vehicle shall be permitted after the vehicle is so destroyed.

"(IV) If different from the State of origin of the title or nonrepairable vehicle certificate, the State of surrender shall notify the State of origin of the surrender of the title or nonrepairable vehicle certificate and of the destruction of such vehicle.

"(viii)(I) In any case in which a salvage title is issued, the State records shall note that issuance. No State may permit the retitling for registration purposes or issuance of a rebuilt salvage title for a passenger motor vehicle with a salvage title without a certificate of inspection that—

"(aa) complies with the security and guideline standards established by the Secretary under subparagraphs (C) and (G), as applicable; and

"(bb) indicates that the vehicle has passed the inspections required by the State under subparagraph (H).

"(II) Nothing in this clause shall preclude the issuance of a new salvage title for a salvage vehicle after a transfer of ownership.

"(ix) After a passenger motor vehicle titled with a salvage title has passed the inspections required by the State, the inspection official shall—

"(I) affix a secure decal required under section 33301(4) (that meets permanency requirements that the Secretary shall establish by regulation) to the door jamb on the driver's side of the vehicle; and

"(II) issue to the owner of the vehicle a certificate indicating that the passenger motor vehicle has passed the inspections required by the State.

"(x)(I) The owner of a passenger motor vehicle titled with a salvage title may obtain a rebuilt salvage title and vehicle registration by presenting to the State the salvage title, properly assigned, if applicable, along with the certificate that the vehicle has passed the inspections required by the State.

"(II) If the owner of a rebuilt salvage vehicle submits the documentation referred to in subclause (I), the State shall issue upon the request of the owner a rebuilt salvage title and registration to the owner. When a rebuilt salvage title is issued, the State records shall so note.

"(K) FLOOD VEHICLES.—

"(i) IN GENERAL.—A seller of a passenger motor vehicle that becomes a flood vehicle shall, at or before the time of transfer of ownership, provide a written notice to the purchaser that the vehicle is a flood vehicle. At the time of the next title application for the vehicle—

"(I) the applicant shall disclose the flood status to the applicable State with the properly assigned title; and

"(II) the term 'Flood' shall be conspicuously labeled across the front of the new title document.

"(ii) LEASED VEHICLES.—In the case of a leased passenger motor vehicle, the lessee, within 15 days after the occurrence of the event that caused the vehicle to become a flood vehicle, shall give the lessor written disclosure that the vehicle is a flood vehicle.

"(c) ELECTRONIC PROCEDURES.—A State may employ electronic procedures in lieu of paper documents in any case in which such electronic procedures provide levels of information, function, and security required by this section that are at least equivalent to the levels otherwise provided by paper documents.

"§ 33303. Petitions for extensions of time

"(a) IN GENERAL.—Subject to subsection (b), if a State demonstrates to the satisfaction of the Secretary, a valid reason for needing an extension of a deadline for compliance with requirements under section 33302(a), the Secretary may extend, for a period determined by the Secretary, an otherwise applicable deadline with respect to that State.

"(b) LIMITATION.—No extension made under subsection (a) shall remain in effect on or after the applicable compliance date established under section 33302(b).

"§ 33304. Effect on State law

"(a) IN GENERAL.—Beginning on the effective date of the regulations issued under section 33302, this chapter shall preempt any State law, to the extent that State law is inconsistent with this chapter or the regulations issued under this chapter (including the regulations issued under section 33302), that—

"(1) establish the form of the passenger motor vehicle title;

"(2)(A) define, in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle)—

"(i) any term defined in section 33301;

"(ii) the term 'salvage', 'junk', 'reconstructed', 'nonrepairable', 'unrebuildable', 'scrap', 'parts only', 'rebuilt', 'flood', or any other similar symbol or term; or

"(B) apply any of the terms referred to in subparagraph (A) to any passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle); and

"(3) establish titling, recordkeeping, antitheft inspection, or control procedures in connection with any salvage vehicle, rebuilt salvage vehicle, nonrepairable vehicle, or flood vehicle.

"(b) RULE OF CONSTRUCTION.—

"(1) ADDITIONAL DISCLOSURES.—Additional disclosures of the title status or history of a motor vehicle, in addition to disclosures made concerning the applicability of terms defined in section 33301, may not be considered to be inconsistent with this chapter.

"(2) INCONSISTENT TERMS.—When used in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle), any definition under Federal or State law of a term defined in section 33301 that is different from the definition provided for in that section or any use of any other term listed in subsection (a), shall be considered to be inconsistent with this chapter.

"(3) RULE OF CONSTRUCTION.—Nothing in this chapter shall preclude a State from disclosing on a rebuilt salvage title that a rebuilt salvage vehicle has passed a State safety inspection that differed from the nationally uniform criteria promulgated under section 33302(b)(2)(H)(v).

"§ 33305. Civil and criminal penalties

"(a) PROHIBITED ACTS.—It shall be unlawful for any person knowingly and willfully to—

"(1) make or cause to be made any false statement on an application for a title (or duplicate title) for a passenger motor vehicle;

"(2) fail to apply for a salvage title in any case in which such an application is required;

"(3) alter, forge, or counterfeit—

"(A) a certificate of title (or an assignment thereof);

"(B) a nonrepairable vehicle certificate;

"(C) a certificate verifying an antitheft inspection or an antitheft and safety inspection; or

"(D) a decal affixed to a passenger motor vehicle under section 33302(b)(2)(J)(ix);

"(4) falsify the results of, or provide false information in the course of, an inspection conducted under section 33302(b)(2)(H);

"(5) offer to sell any salvage vehicle or nonrepairable vehicle as a rebuilt salvage vehicle; or

"(6) conspire to commit any act under paragraph (1), (2), (3), (4), or (5).

"(b) CIVIL PENALTY.—Any person who commits an unlawful act under subsection (a) shall be subject to a civil penalty in an amount not to exceed $2,000.

"(c) CRIMINAL PENALTY.—Any person who knowingly commits an unlawful act under subsection (a) shall, upon conviction, be—

"(1) subject to a fine in an amount not to exceed $50,000;

"(2) imprisoned for a term not to exceed 3 years; or

"(3) subject to both fine under paragraph (1) and imprisonment under paragraph (2).".

(b) CONFORMING AMENDMENT.—The analysis for subtitle VI of title 49, United States Code, is amended by adding at the end the following new item:

"333. Automobile Safety, Antitheft, and Title Disclosure Requirements .... 33301".

By Mr. KERRY (for himself and Mr. KENNEDY):

S. 2032. A bill to designate a portion of the Sudbury, Assabet, and Concord Rivers as a component of the National Wild And Scenic Rivers System; to the Committee on Energy and Natural Resources.

THE SUDBURY, ASSABET, AND CONCORD WILD AND SCENIC RIVERS ACT

Mr. KERRY.

Mr. President, I am pleased to join my distinguished colleague from Massachusetts, Senator KENNEDY, in introducing the Sudbury, Assabet, and Concord [SuAsCo] Wild and Scenic Rivers Act. This is the companion bill to H.R. 3405, sponsored by Representatives MEEHAN, MARKEY, and TORKILDSEN.

The Sudbury, Assabet, and Concord river area is rich in history and literary significance. It has been the location of many historical events, most notably the Battle of Concord in the Revolutionary War, that gave our great Nation its independence. The Concord River flows under the North Bridge in Concord, MA, where, on April 18, 1775, colonial farmers fired the legendary "shot heard around the world" which signaled the start of the Revolutionary War.

In later years, this scenic area was also home to many of our literary heroes including, Ralph Waldo Emerson, Henry David Thoreau, and Louisa May Alcott. Their writing often focused on the bucolic rivers. Thoreau spent most of his life in Concord, MA, where he passed his days immersed in his writing and enjoying the natural surroundings. He spoke of the Concord River when he wrote "the wild river valley and the woods were bathed in so pure and bright a light as would have waked the dead, if they had been slumbering in their graves, as some suppose. There needs no strong proof of immortality." This area was held close to many an author's heart. It was a place of relaxation and inspiration for many.

The Sudbury, Assabet, and Concord Wild Rivers Act would amend the Wild and Scenic Rivers Act to include a 29 mile segment of the Assabet, Concord, and Sudbury Rivers. Based on a report authorized by Congress in 1990 and issued by the National Park Service in 1995, these river segments were determined worthy of inclusion in the Wild and Scenic Rivers Program. In its report, the SuAsCo Wild and Scenic Study Committee showed that this area has not only the necessary scenic, recreational, and ecological value, but also the historical and literary value to merit the Wild and Scenic River designation. All eight communities in the area traversed by these river segments are supporting his important legislation.

Our legislation is of minimal cost to the Federal Government but by using limited Federal resources we can leverage significant local and State effort. Provisions in the bill limit the Federal Government's contribution to just $100,000 annually, with no more than a 50 percent share of any given activity. This is a concept that merits the support of Congress. Should our bill become law, the SuAsCo River stewardship council, in cooperation with Federal, State, and local governments would manage the land.

We now have the opportunity to protect the precious 29-mile section of the Assabet, Sudbury, and Concord Rivers. This area is not only rich in ecological value but also in historical and literary value. I urge my colleagues to support this bill and through it to preserve this wild river valley for the enjoyment and instruction of all who live and work there, for visitors from throughout the nation and, perhaps most importantly, for generations yet to come.

I ask unanimous consent that a copy of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2032

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Sudbury, Assabet and Concord Wild and Scenic Rivers Act".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Title VII of Public Law 101-628—

(A) designated segments of the Sudbury, Assabet, and Concord Rivers in the Commonwealth of Massachusetts, totaling 29 river miles, for study of potential addition to the National Wild and Scenic Rivers System, and

(B) directed the Secretary of the Interior to establish the Sudbury, Assabet, and Concord River Study Committee (in this Act referred to as the "Study Committee") to advise the Secretary of the Interior in conducting the study and concerning management alternatives should the river be included in the National Wild and Scenic Rivers System.

(2) The study determined that:

—the 16.6 mile segment of the Sudbury River beginning at the Danforth Street Bridge in the Town of Framingham, to its confluence with the Assabet River

—the 4.4 mile segment of the Assabet River from 1000 feet downstream from the Damon Mill Dam in the Town of Concord to the confluence with the Sudbury River at Egg Rock in Concord, and

—the 8 mile segment of the Concord River from Egg Rock at the confluence of the Sudbury and Assabet Rivers to the Route 3 Bridge in the Town of Billerica

are eligible for inclusion in the National Wild and Scenic Rivers System based upon their free-flowing condition and outstanding scenic, recreation, wildlife, literary, and historic values.

(3) The towns that directly abut the segments, including Framingham, Sudbury, Wayland, Lincoln, Concord, Bedford, Carlisle, and Billerica, Massachusetts, have each demonstrated their desire for National Wild and Scenic River Designation through town meeting votes endorsing designation.

(4) During the study, the Study Committee and the National Park Service prepared a comprehensive management plan for the segments, entitled "Sudbury, Assabet and Concord wild and Scenic River Study, River Management Plan", dated March 16, 1995, which establishes objectives, standards, and action programs that will ensure long-term protection of the rivers' outstanding values and compatible management of their land and water resources.

(5) The river management plan does not call for federal land acquisition for Wild and Scenic River purposes and relies upon state, local and private entities to have the primary responsibility for ownership and management of the Sudbury, Assabet and Concord Wild and Scenic River resources.

(6) The Study Committee voted unanimously on February 23, 1995, to recommend that the Congress include these segments in the National Wild and Scenic Rivers System for management in accordance with the River Conservation Plan.

SEC. 3. WILD, SCENIC, AND RECREATIONAL RIVER DESIGNATION.

Section 3(a) of the *Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding at the end the following new paragraph:

"( ) SUDBURY, ASSABET AND CONCORD RIVERS, MASSACHUSETTS.—

"(A) IN GENERAL.—The 29 miles of river segments in Massachusetts consisting of the Sudbury River from the Danforth Street Bridge in Framingham downstream to its confluence with the Assabet River at Egg Rock; the Assabet River from a point 1,000 feet downstream of the Damondale Dam in Concord to its confluence with the Sudbury River at Egg Rock; and the Concord River from its origin at Egg Rock in Concord downstream to the route 3 bridge in Billerica (in this paragraph referred to as 'segments'), as scenic and recreational river segments. The segments shall be administered by the Secretary of the Interior through cooperative agreements between the Secretary of the Interior and the Commonwealth of Massachusetts and its relevant political subdivisions (including the Towns of Framingham, Wayland, Sudbury, Lincoln, Concord Carlisle, Bedford, and Billerica) pursuant to Section 10(e) of this Act. The segments shall be managed in accordance with the plan entitled "Sudbury, Assabet and Concord Wild and Scenic River Study, River Conservation Plan" dated March 16, 1995 (in this paragraph referred to as the 'Plan'). The Plan is deemed to satisfy the requirement for a comprehensive management plan under section 3(d) of this Act."

SEC. 4. MANAGEMENT.

(a) COMMITTEE.—The Director of the National Park Service (in this paragraph referred to as the 'Director'), or his or her designee, shall represent the Secretary of the Interior on the SUASCO River Stewardship Council provided for in the "Sudbury, Assabet and Concord Wild and Scenic River Study, River Management Plan" (the 'Plan').

(b) FEDERAL ROLE.—(i) The Director represent the Secretary of the Interior in the implementation of the Plan and the provisions of the Wild and Scenic Rivers Act with respect to the segments, including the review of proposed federally assisted water resources projects which could have a direct and adverse effect on the values for which the segments are established, as authorized under section 7(a) of the Wild and Scenic Rivers Act.

(ii) Pursuant to section 10(e) and section 11(b)(1), the Director shall offer to enter into cooperative agreements with the Commonwealth of Massachusetts, its relevant political subdivisions, the Sudbury Valley Trustees, and the Organizations for the Assabet River. Such cooperative agreements shall be consistent with the Plan and may include provisions for financial or other assistance from the United States to facilitate the long-term protection, conservation and enhancement of the segments.

(iii) The Director may provide technical assistance, staff support, and funding to assist in the implementation of the Plan, except that the total cost to the Federal Government of activities to implement the Plan may not exceed $100,000 each fiscal year.

(iv) Notwithstanding the provisions of 19(c) of the Wild and Scenic Rivers Act, any portion of the segments not already within the National Park System shall not under this Act)

(I) become a part of the National Park System;

(II) be managed by the National Park Service; or

(III) be subject to regulations which govern the National Park System.

(c) WATER RESOURCES PROJECTS.—(i) In determining whether a proposed water resources project would have a direct and adverse effect on the values for which the segments were included in the National Wild and Scenic Rivers System, the Secretary shall specifically consider the extent to which the project is consistent with the Plan.

(ii) The Plan, including the detailed Water Resources Study incorporated by reference therein and such additional analysis as may be incorporated in the future, shall serve as the primary source of information regarding the flows needed to maintain instream resources and potential compatibility between resource protection and possible additional water withdrawals.

(d) LAND MANAGEMENT.—(i) The zoning bylaws of the towns of Framingham, Sudbury, Wayland, Lincoln, Concord, Carlisle, Bedford, and Billerica, Massachusetts, as in effect on the date of enactment of this paragraph, are deemed to satisfy the standards and requirements under section 6(c) of the Wild and Scenic Rivers Act. For the purpose of section 6(c) of the Wild and Scenic Rivers Act, the towns are deemed to be 'villages' and the provisions of that section which prohibit Federal acquisition of lands shall apply.

(ii) the United States Government shall not acquire by any means title to land, easements, or other interests in land along the segments for the purposes of designation of the segments under this Act or the Wild and Scenic Rivers Act. Nothing in this Act or the Wild and Scenic Rivers Act shall prohibit federal acquisition of interests in land along the segments under other laws for other purposes.

SEC. 5. FUNDING AUTHORIZATION.

There are authorized to be appropriated to the Secretary of the Interior to carry out the purposes of this Act no more than $100,000 for each fiscal year.

Mr. KENNEDY. Mr. President, it is a privilege to join Senator KERRY today in sponsoring legislation to designate a 29-mile segment of the Sudbury, Assabet, and Concord Rivers in Massachusetts as a component of the National Wild and Scenic Rivers system. Our proposal has the bipartisan support of Congressmen MARTIN T. MEEHAN, PETER G. TORKILDSEN, and EDWARD J. MARKEY, who introduced an identical bill in the House of Representatives on May 7, 1996.

The Sudbury, Assabet, and Concord Rivers have witnessed many important events in the Nation's history. Stone's Bridge and Four Arched Bridge over the Sudbury River date from the pre-Revolutionary War days. On Old North Bridge over the Concord River, the "shot heard 'round the world" was fired on April 19, 1775, to begin the Revolutionary War. At Lexington and Concord, the Colonists began their armed resistance against British rule, and the first American Revolutionary War soldiers fell in battle.

In the 19 century, the Sudbury, Assabet, and Concord Rivers earned their lasting fame in the works of Ralph Waldo Emerson, Nathaniel Hawthorne, and Henry David Thoreau, all of whom lived in this area and spent a great deal of time on the rivers. Emerson cherished the Concord River as a place to leave "the world of villages and personalities behind, and pass into a delicate realm of sunset and moonlight."

Hawthorne wrote "The Scarlet Letter" and "Mosses from an Old Manse" in an upstairs study overlooking the Concord River. He also enjoyed boating on the Assabet River, of which he said that "a more lovely stream than this, for a mile above its junction with the Concord, has never flowed on earth."

Thoreau delighted in long, solitary walks along the banks of the rivers amidst the "straggling pines, shrub oaks, grape vines, ivy, bats, fireflies, and alders," contemplating humanity's relationship to nature. His journals describing his detailed observations of the flora and fauna in the area have inspired poets and naturalists to the present day, and helped to give birth to the modern environmental movement. By protecting the rivers, a future Thoreau, Emerson, or Hawthorne may one day walk along their shores and gain new inspiration from these priceless natural resources.

In 1990, Congress authorized the National Park Service to issue a report to determine whether the three rivers are eligible for designation as Wild and Scenic Rivers. Under the National Park Service's guidelines, a river is considered eligible for the designation if it possesses at least one "outstandingly remarkable resource value." In fact, the three rivers were found to possess five outstanding resource values—scenic, recreational, ecological, historical, and literary. The report also concluded that the rivers are suitable for designation based upon the existing local protection of their resources and the strong local support for their preservation.

Our bill will protect a 29-mile segment of the Sudbury, Assabet, and Concord Rivers that runs through or along the borders of eight Massachusetts towns—Framingham, Sudbury, Wayland, Concord, Lincoln, Bedford, Carlisle, and Billerica. A River Stewardship Council will be established to coordinate the efforts of all levels of government to strengthen protections for the river and address future threats to the environment. The legislation also requires at least a one-to-one non-Federal match for any Federal expenditures, and contains provisions which preclude federal takings of private lands.

Thoreau wrote in 1847 that rivers "are the constant lure, when they flow by our doors, to distant enterprise and adventure. . . . They are the natural highways of all nations, not only leveling the ground and removing obstacles, from the path of the traveler, but conducting him through the most interesting scenery." Standing on the banks of the Sudbury, Assabet, and Concord Rivers, as Thoreau often did, citizens today gain a greater sense of the ebb and flow of the nation's history and enjoy the benefit of some of the most beautiful scenery in all of America. I urge my colleagues to support this legislation, so that these three proud rivers will be protected for the enjoyment and contemplation of future generations.

By Mr. DOMENICI (for himself, Mr. WELLSTONE, Mr. SIMPSON, Mr. CONRAD, Mr. WARNER, Mr. SPECTER, Mr. REID, Mr. DODD, Mr. GRASSLEY, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. BURNS, Mr. HARKIN, Mr. CHAFEE, and Mr. MOYNIHAN):

S. 2031. A bill to provide health plan protections for individuals with a mental illness; to the Committee on Labor and Human Resources.

THE MENTAL HEALTH PARITY ACT OF 1996

Mr. DOMENICI. Mr. President, I regret that it was not possible to retain this eminently fair and simple compromise in the conference agreement on health insurance reform.

Though this attempt to create fundamental fairness for the mentally ill was not completed, this issue will not go away.

The Americans who would have been helped by our compromise will not go away.

Nor will I.

As long as I am in this body, I will continue to fight to end discrimination against Americans with a mental illness.

I am therefore introducing the compromise I offered the conference committee as a free-standing bill.

The measure I am introducing today with the support and cosponsorship of Senators WELLSTONE, WARNER, SPECTER, REID, SIMPSON, and CONRAD, is a vast departure from what the Senate originally passed during consideration of health insurance reform legislation.

The Senate passed full parity for mental illness—full parity means that mental illnesses are treated as equals to physical illnesses in all respects of health coverage—copays, deductibles, inpatient hospital days, outpatient visits, out-of-pocket protections, and overall lifetime and annual expenditure limits.

The measure I present today, however, covers parity only for lifetime and annual caps.

I would very much like to introduce the Senate-passed measure providing full parity, or perhaps even something more than I am now.

But in the interests of time, simplicity, and underlying, basic fairness, I believe this measure is a necessary step toward making health coverage equitable for all Americans, regardless of the nature of their illness.

I believe this measure provides the fundamentals upon which better understanding and treatment can be built, and I believe the Senate should not miss this opportunity to do the right thing and end discrimination against Americans suffering from a mental illness.

WHAT IT IS

Let me again tell you what this bill will and will not do.

This bill simply states that health plans wishing to offer a mental health benefit—this is their option, there is nothing in this provisions saying that they must offer any mental health benefits at all—if they choose to offer a mental health benefit, they must provide the same overall financial protection to people with a mental illness that they provide to people with a physical illness.

If they have a $1 million lifetime limit for someone with cancer, or diabetes, or heart disease, they cannot have a lifetime limit of $50,000 for someone with schizophrenia or manic depression—they must provide $1 million for the person with a mental illness.

They do not have to create another, separate $1 million for mental illness—they can include these treatments in their overall cap if they like.

But they cannot impost a separate, lower overall limit for mental illness.

This same arrangement applies to annual financial caps, as well.

Since this compromise provides equal catastrophic protections, it protects Americans with the most severe and debilitating forms of mental illness.

It does not apply to the constellation of disorders and problems that concern some of my colleagues such as marital problems, or behavioral problems, or maladjustments.

WHAT IT IS NOT

It should be made clear what this bill does not do.

This bill does not mandate mental health benefits;

It does not include substance abuse or chemical dependency;

It does not dictate what a plan can or must charge for services—whether they be copays, deductibles, out-of-pocket limits, and so forth;

It does not set or dictate how many inpatient hospital days or outpatient visits must be provided or covered.

It does not, in any way, restrict a health plan's ability to manage care, such as preadmission screening, preauthorization of services, limiting coverage based on medical necessity, and so forth.

It does not apply to employers of 25 or less.

WHAT IT WILL COST

According to the CBO, this bill will not cost much. Frankly, I believe that even their cost estimates, even though practically inconsequential, are too high.

CBO says this bill will cause a 0.4-percent increase in overall premiums, ultimately resulting in a 0.16-percent increase in employer contributions to employee health plans.

Even though these costs are small—in a typical plan, a $0.60 to $0.67 increase per member per month—these projections are based on an assumption of increased utilization.

This estimate does not even factor in the effects of managed care.

We all know how managed care arrangements affect utilization and overall health care spending.

Of the 99 percent of ERISA plans offering mental health benefits, 75 percent already provide this care through a managed care arrangement—this number is growing each day.

If managed care were included in these assumptions, this provision would not likely cost anything at all.

And the percentage of Americans ever reaching these new limits will be incredibly small—less than 5 percent of beneficiaries.

So you can see why I do not believe this bill will cost even the small amount predicted by CBO.

EXPERIENCES OF STATES THAT HAVE ALREADY IMPLEMENTED PARITY

Some of my colleagues might be skeptical of these claims

Let me just outline the experiences of a few States that have already implemented parity.

Texas—Full parity and chemical dependency benefits for State and local government employees, including all school districts and university employees (over 230,000 lives)—a 47.9-percent reduction in overall yearly mental health expenditures.

Maryland—Full parity for all State-regulated plans—(over 400,000 covered lives)—an increase in cost of 0.6 percent per member per month [PMPM].

Rhode Island—Full parity for severe illnesses and chemical dependency—an increase in cost of 0.33 percent PMPM.

Massachusetts—Full parity for severe illnesses—a 5-percent increase in utilization, but a 22-percent reduction in mental health expenditures.

These numbers are for parity in the general sense, not the very limited balance included in the measure I am introducing today.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2031

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mental Health Parity Act of 1996".

SEC. 2. PLAN PROTECTIONS FOR INDIVIDUALS WITH A MENTAL ILLNESS.

(a) PERMISSIBLE COVERAGE LIMITS UNDER A GROUP HEALTH PLAN.—

(1) AGGREGATE LIFETIME LIMITS.—

(A) IN GENERAL.—With respect to a group health plan offered by a health insurance issuer, that applies an aggregate lifetime limit to plan payments for medical or surgical services covered under the plan, if such plan also provides a mental health benefit such plan shall—

(i) include plan payments made for mental health services under the plan in such aggregate lifetime limit; or

(ii) establish a separate aggregate lifetime limit applicable to plan payments for mental health services under which the dollar amount of such limit (with respect to mental health services) is equal to or greater than the dollar amount of the aggregate lifetime limit on plan payments for medical or surgical services.

(B) NO LIFETIME LIMIT.—With respect to a group health plan offered by a health insurance issuer, that does not apply an aggregate lifetime limit to plan payments for medical or surgical services covered under the plan, such plan may not apply an aggregate lifetime limit to plan payments for mental health services covered under the plan.

(2) ANNUAL LIMITS.—

(A) IN GENERAL.—With respect to a group health plan offered by a health insurance issuer, that applies an annual limit to plan payments for medical or surgical services covered under the plan, if such plan also provides a mental health benefit such plan shall—

(i) include plan payments made for mental health services under the plan in such annual limit; or

(ii) establish a separate annual limit applicable to plan payments for mental health services under which the dollar amount of such limit (with respect to mental health services) is equal to or greater than the dollar amount of the annual limit on plan payments for medical or surgical services.

(B) NO ANNUAL LIMIT.—With respect to a group health plan offered by a health insurance issuer, that does not apply an annual limit to plan payments for medical or surgical services covered under the plan, such plan may not apply an annual limit to plan payments for mental health services covered under the plan.

(b) RULE OF CONSTRUCTION.—

(1) IN GENERAL.—Nothing in this section shall be construed as prohibiting a group health plan offered by a health insurance issuer, from—

(A) utilizing other forms of cost containment not prohibited under subsection (a); or

(B) applying requirements that make distinctions between acute care and chronic care.

(2) NONAPPLICABILITY.—This section shall not apply to—

(A) substance abuse or chemical dependency benefits; or

(B) health benefits or health plans paid for under title XVIII or XIX of the Social Security Act.

(c) SMALL EMPLOYER EXEMPTION.—

(1) IN GENERAL.—This section shall not apply to plans maintained by employers that employ less than 26 employees.

(2) APPLICATION OF CERTAIN RULES IN DETERMINATION OF EMPLOYER SIZE.—For purposes of this subsection—

(A) APPLICATION OF AGGREGATION RULE FOR EMPLOYERS.—all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986 shall be treated as 1 employer.

(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the preceding calendar year, the determination of whether such employer is a small employer shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

(C) PREDECESSORS.—Any reference in this subsection to an employer shall include a reference to any predecessor of such employer.

SEC. 3. DEFINITIONS.

For purposes of this Act:

(1) GROUP HEALTH PLAN.—

(A) IN GENERAL.—The term "group health plan" means an employee welfare benefit plan (as defined in section 3(1) of the Employee Retirement Income Security Act of 1974) to the extent that the plan provides medical care (as defined in paragraph (2)) and including items and services paid for as medical care) to employees or their dependents (as defined under the terms of the plan) directly or through insurance, reimbursement, or otherwise.

(B) MEDICAL CARE.—The term "medical care" means amounts paid for—

(i) the diagnosis, cure, mitigation, treatment, or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body,

(ii) amounts paid for transportation primarily for and essential to medical care referred to in clause (i), and

(iii) amounts paid for insurance covering medical care referred to in clauses (i) and (ii).

(2) HEALTH INSURANCE COVERAGE.—The term "health insurance coverage" means benefits consisting of medical care (provided directly, through insurance or reimbursement, or otherwise and including items and services paid for as medical care) under any hospital or medical service policy or certificate, hospital or medical service plan contract, or health maintenance organization contract offered by a health insurance issuer.

(3) HEALTH INSURANCE ISSUER.—The term "health insurance issuer" means an insurance company, insurance service, or insurance organization (including a health maintenance organization, as defined in paragraph (4)) which is licensed to engage in the business of insurance in a State and which is subject to State law which regulates insurance (within the meaning of section 514(b)(2) of the Employee Retirement Income Security Act of 1974). Such term does not include a group health plan.

(4) HEALTH MAINTENANCE ORGANIZATION.—The term "health maintenance organization" means—

(A) a Federally qualified health maintenance organization (as defined in section 1301(a) of the Public Health Service Act),

(B) an organization recognized under State law as a health maintenance organization, or

(C) a similar organization regulated under State law for solvency in the same manner and to the same extent as such a health maintenance organization.

(5) STATE.—The term "State" means each of the several States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands.

By Mr. JOHNSTON:

S. 2033. A bill to repeal requirements for unnecessary or obsolete reports from the Department of Energy, and for other purposes; to the Committee on Energy and Natural Resources.

THE DOE REPORTS ELIMINATION AND STREAMLINING ACT OF 1996

Mr. JOHNSTON. Mr. President, today I am introducing the DOE Reports Elimination and Streamlining Act of 1996, to implement a number of recommendations that have been received from the administration for the repeal of requirements for unnecessary or obsolete reports to Congress from the Department of Energy. A number of my colleagues, particularly Senators LEVIN, MCCAIN, and COHEN, have devoted considerable effort over the past few years to relieving executive branch agencies from the unnecessary burden of reporting requirements that have outlived their usefulness. It has been a difficult task, and these colleagues and their staff deserve our thanks for what they have been able to accomplish in terms of crafting a long-term solution to the problem. I believe that it remains incumbent, though, on authorizing committees to review statutory reports required of agencies within their jurisdiction and to act to modify or repeal such requirements, where needed. That is what the present bill does. This bill also repeals legislative authorization for two now-defunct offices in the Department of Energy.

Mr. President, I would now like to briefly describe the rationale behind the specific provisions of the bill. Section 1 is the short title. Section 2 is composed of 12 subsections relating to reports and one subsection relating to two obsolete offices in the Department.

Subsection (a) eliminates the need for ongoing reports on the topics of process-oriented industrial energy efficiency and industrial insulation and audit guidelines. The DOE Office of Industrial Technology has worked with seven process-oriented industries to develop industry visions, which include identification of technology needs for industrial energy efficiency and technology barriers. The resulting individual technology road maps, with their associated implementation plans, make these ongoing reports redundant.

Subsection (b) repeals a requirement for a study and report on vibration reduction technologies. Vibration reduction is only tenuously related to energy conservation. It is not a prime DOE mission, and work in this area has not been funded by any appropriations bill. Given the many constraints on the DOE energy conservation budget, initiating work in this area is a low priority.

Subsection (c) repeals a requirement for a study to determine the means by which electric utilities may invest in, own, lease, service, or recharge batteries used to power electric vehicles. The electric utility companies have been working cooperatively with the automobile manufacturers, component industry, and standards setting organizations for several years to determine the infrastructure requirements necessary for recharging and servicing electric vehicle batteries. Another study would not add meaningful information to the body of knowledge that already exists.

Subsection (d) eliminates biennial reports on the status of actions identified under the initial one-time reporting requirements of section 1301 of the Energy Policy Act of 1992. Development of these technologies is not fast paced. Significant reportable change is not likely to occur in 2-year increments. In addition, the program has sustained a significant decrease in funding, and will likely receive less in the future. Under these circumstances it is appropriate to change this requirement to a one-time report, to be submitted upon completion of the entire project.

Subsection (e) changes the frequency with which a comprehensive 5-year program plan for electric motor vehicles must be updated. Currently, this comprehensive plan must be updated annually for a period of not less than 10 years after the date of enactment of the Energy Policy Act of 1992. The first plan was prepared and submitted to the Congress in March 1994. Because programs do not change significantly on an annual basis, and because the cost of preparing and approving new plans for congressional submittal is extensive, annual updates are not justified. Changing the frequency of updates to every 2 years is a cost-savings measure.

Subsection (f) strikes the requirement for biennial updates to a 5-year program plan for a National Advanced Materials Initiative. This program plan was prepared and submitted to Congress as required, but the program was never funded. With no funding, there are no Department-supported programs or projects, and, thus, no need to update the initial program plan.

Subsection (g) eliminates a biennial report on the implementation of the Alaska SWAP Act. The purpose of the act was to take advantage of oil conservation opportunities by expanding the use of coal-fired plants and realizing economies of scale in several remote communities. These opportunities were not numerous and all have been taken advantage of for some time. No need exists for further reports.

Subsection (h) repeals a report that triggered a legislative veto provision governing DOE shipments of special nuclear materials to foreign countries. This legislative veto was exercised by a concurrent resolution and thus would be unconstitutional under the Supreme Court's ruling in INS *v.* Chadha, 1983, 103 S. Ct. 2764, 462 U.S. 919. The report requirement and the related legislative veto should be repealed.

Subsection (i) converts an annual report requirement in the Continental Scientific Drilling and Exploration Act to a periodic report. DOE's role in this multiagency program has become less prominent, and there is no longer a need for a separate DOE report.

Subsection (j) converts a free-standing report requirement on steel and aluminum research and development activities into a requirement that such activities be described in the annual budget submission of the Department.

Subsection (k) converts a free-standing report requirement on metal casting research and development activities into a requirement that such activities be described in the annual budget submission of the Department.

Subsection (l) converts the National Energy Policy Plan from a biennial report to a quadrennial report. The timing called for this report in the DOE Act requires that a new Presidential Administration submit a National Energy Policy Plan less than 3 months after taking office. This is unrealistic. In recent years, an Assistant Secretary of Energy for Policy has often not even been confirmed by that point in time. The biennial requirement also does not make sense from the point of view of requiring any given administration to generate such a report twice during each term of office. It would be more sensible to make this requirement a quadrennial one, in which case each new administration would have two full years to conduct its analysis and policy development process. The resulting energy policy plan would be released in April of the third year of its term.

Subsection (m) repeals the authorization for two offices that no longer exist in the Department of Energy.

The Office of Subseabed Disposal Research was established in 1982 to conduct research on subseabed disposal of nuclear waste. Such disposal is not ever likely to occur, and no such research has ever been proposed by the Department or funded through appropriations acts.

The Office of Alcohol Fuels was established by subtitle A of title II of the Energy Security Act (P.L. 96–294), and during the early 1980's it played a vital role in support of the emerging alcohol fuels industry. In 1985, the last of three loans made to subsidize the construction of grain-based ethanol plants was guaranteed by the Department of Energy, and on June 30, 1987, the Department's loan guarantee authority expired. Only one of the loan guarantee recipients, the New Energy Co. of Indiana, continues to produce alcohol fuels. Other than this plant, all other commercial ethanol plants in operation were built without government financial assistance. A statutory office within the DOE, headed by an Executive Level IV Presidential appointee, is no longer needed simply to manage one loan guarantee. Indeed, the functions of the Office of Alcohol Fuels have already been transferred within the Department to the Assistant Secretary for Energy Efficiency and Renewable Energy, and the Office itself has been closed. Under this proposed amendment to the Energy Security Act, which is essentially technical in nature, the DOE would continue to manage the New Energy Company loan guarantee until the loan is repaid.

Mr. President, there is nothing controversial about this bill. It is simply good government. I look forward to receiving comments on the bill from the Department of Energy and to its speedy passage.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2033

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "DOE Reports Elimination and Streamlining Act of 1996".

SEC. 2. REPEALS AND MODIFICATIONS.

(a) REPORTS ON INDUSTRIAL ENERGY EFFICIENCY PROGRAMS.—

(1) Section 132(d) of the Energy Policy Act of 1992 (42 U.S.C. 6349(d)) is amended by striking "and annually thereafter,".

(2) Section 133(c) of the Energy Policy Act of 1992 (42 U.S.C. 6350(c)) is amended by striking "and biennially thereafter,".

(b) STUDY AND REPORT ON VIBRATION REDUCTION TECHNOLOGIES.—Section 173 of the Energy Policy Act of 1992 (42 U.S.C. 13451 note) is repealed.

(c) REPORT ON POTENTIAL FINANCIAL INVESTMENTS BY ELECTRIC UTILITIES IN ELECTRIC BATTERIES FOR MOTOR VEHICLES.—Section 825 of the Energy Policy Act of 1992 (42 U.S.C. 13295) is repealed.

(d) BIENNIAL REPORTS ON COAL RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROJECTS.—Section 1301(d) of the Energy Policy Act of 1992 (42 U.S.C. 13331(d)) is amended by striking "every two years thereafter for a period of 6 years" and inserting "not later than 6 years thereafter".

(e) CHANGE OF UPDATES TO FIVE-YEAR PROGRAM PLAN FOR ELECTRIC MOTOR VEHICLES TO A BIENNIAL BASIS.—Section 2025(b)(4) of the Energy Policy Act of 1992 (42 U.S.C. 13435(b)(4)) is amended by striking "Annual" and inserting "Biennial".

(f) BIENNIAL UPDATE TO NATIONAL ADVANCED MATERIALS INITIATIVE FIVE-YEAR PROGRAM PLAN.—Section 2201(b) of the Energy Policy Act of 1992 (42 U.S.C. 13501(b)) is amended by striking the last sentence.

(g) BIENNIAL REPORT ON IMPLANTATION OF THE ALASKA SWAP ACT.—Section 6(a) of the Alaska Federal-Civilian Energy Efficiency Swap Act of 1980 (40 U.S.C. 795d) is repealed.

(h) REPEAL OF UNCONSTITUTIONAL LEGISLATIVE VETO AND RELATED REPORT.—Section 54(a) of the Atomic Energy Act of 1954 (42 U.S.C. 2074(a)) is amended—

(1) by striking the colon at the end of the first proviso and inserting a period; and

(2) by striking the second, third, and fourth provisos.

(i) CONVERSION OF ANNUAL REPORT ON SCIENTIFIC DRILLING PROGRAM TO PERIODIC JOINT REPORT.—Section 4(6) of the Continental Scientific Drilling and Exploration Act (P.L. 100–441; 102 Stat. 1762) is amended to read as follows:

"(6) submitting to the Congress periodic joint reports on significant accomplishments of, and plans for, the drilling program."

(j) INCORPORATION OF ANNUAL REPORT ON STEEL AND ALUMINUM RESEARCH AND DEVELOPMENT ACTIVITIES INTO THE PRESIDENT'S BUDGET.—Section 8 of the Steel and Aluminum Conservation and Technology Competitiveness Act of 1988 (15 U.S.C. 5107) is amended to read as follows:

"SEC. 8. REPORTS.

"As part of the annual budget submission of the President under section 1105 of title 31, United States Code, the Secretary shall provide to Congress a description of research and development activities to be carried out under this Act during the fiscal year involved, together with such legislative recommendations as the Secretary may consider appropriate."

(k) INCORPORATION OF ANNUAL REPORT ON METAL CASTING RESEARCH AND DEVELOPMENT ACTIVITIES, INTO THE PRESIDENT'S BUDGET.—Section 10 of the DOE Metal Casting Competitiveness Research Act of 1990 (15 U.S.C. 5309) is amended to read as follows:

"SEC. 10. REPORTS.

"As part of the annual budget submission of the President under section 1105 of title 31, United States Code, the Secretary shall provide to Congress a description of research and development activities to be carried out under this Act during the fiscal year involved, together with such legislative recommendations as the Secretary may consider appropriate."

(*l*) CONVERSION OF NATIONAL ENERGY POLICY PLAN FROM BIENNIAL REPORT TO QUADRENNIAL REPORT.—Section 801(b) of the Department of Energy Organization Act (42 U.S.C. 7321(b)) is amended by striking "biennially" and inserting "every 4 years".

(m) REPEAL OF AUTHORIZATIONS FOR DOE OFFICES NO LONGER IN EXISTENCE.—

(1) OFFICE OF SUBSEABED DISPOSAL RESEARCH.—Section 224 of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10204 is repealed.

(2) OFFICE OF ALCOHOL FUELS.—(A) Subtitle A of title II of the Energy Security Act (42 U.S.C. 8811 through 8821) is repealed.

(B) Any existing loan guarantee under section 214 of the Energy Security Act shall remain in effect until the loan is repaid; and the Department of Energy shall continue to administer an existing loan guarantee under section 214 as if subtitle A had not been repealed.

(C) The table of contents for the Energy Security Act is amended by striking the item relating to subtitle A of title II and the matters relating to sections 211 through 221.

By Mr. BREAUX (for himself, Mr. MACK, Mr. GRAHAM, and Mr. COHEN):

S. 2034. A bill to amend title XVIII of the Social Security Act to make certain changes to hospice care under the Medicare program; to the Committee on Finance.

THE MEDICARE HOSPICE BENEFIT AMENDMENTS OF 1996

Mr. BREAUX. Mr. President, I rise today to introduce legislation to make technical changes to the Medicare hospice benefit which will ensure that high quality hospice services will be available to all terminally ill Medicare beneficiaries. Senators MACK, GRAHAM, and COHEN join me in sponsoring this legislation, which is identical to H.R. 3714 introduced last month. This legislation is endorsed by both the National Hospice Organization and the National Association for Home Care, and I urge my colleagues to support it.

Hospices help care for and comfort terminally ill patients at home or in home-like settings. There are more than 2,450 operational or planned hospice programs in all 50 States. In 1994, approximately 1 out of every 10 people in America who died were tended to by a hospice program, and 1 out of every 3 people who died from cancer or AIDS were cared for by hospice. Services provided under the Medicare hospice benefit include physician services, nursing care, drugs for symptom management and pain relief, short term inpatient and respite care, and counseling both for the terminally ill and their families. Terminally ill patients who elect hospice opt-out of most other Medicare services related to their terminal illness.

Hospice services permit terminally ill people to die with dignity, usually in the comforting surroundings of their own homes with their loved ones nearby. Hospice is also a cost-effective form of care. At a time when Medicare is pushing to enroll more beneficiaries in managed care plans, hospice is already managed care. Hospices provide patients with whatever palliative services are needed to manage their terminal illness, and they are reimbursed a standard per diem rate, based on the intensity of care needed and whether the patient is an inpatient or at home.

With 28 percent of all Medicare costs now going toward the care of people in their last year of life, and almost 50 percent of those costs spent during the last 2 months of life, cost-effective alternatives are needed. Studies show hospices do reduce Medicare spending. A study released last year by Lewin-VHI showed that for every dollar Medicare spent on hospice, it saved $1.52 in Medicare part A and part B expenditures. Similarly, a 1989 study commissioned by the Health Care Financing Administration showed savings of $1.26 for every Medicare dollar spent on hospice. I would ask unanimous consent that a summary of these studies be inserted in the RECORD at the conclusion of my remarks.

Since 1982, when the hospice benefit was added to the Medicare statute, more and more Americans have chosen to spend their final months of life in this humane and cost-effective setting. Yet in recent years it has become clear that certain technical changes are needed in the Medicare hospice benefit both to protect beneficiaries and to ensure that a full range of cost-effective hospice services continues to be available. The bill I am introducing today makes six necessary technical changes.

First, the Medicare Hospice Benefits Amendments of 1996 restructures the hospice benefit periods. The basic eligibility criteria do not change. Under this bill, as in current law, a person is eligible for the Medicare hospice benefit only if two physicians have certified that he is terminally ill with a life expectancy of 6 months or less. Patients who elect to receive hospice benefits give up most other Medicare benefits unless and until they withdraw from the hospice program.

While this bill does not change hospice eligibility criteria, it does change how the benefit periods are structured. Currently, the Medicare benefit consists of four benefit periods. At the end of each of the first three periods, the patient must be recertified as being terminally ill. The fourth benefit period is of unlimited duration. However, a patient who withdraws from hospice during the fourth hospice period forfeits his ability to elect hospice services in the future. Thus, a patient who goes into remission, and is thus no longer eligible for hospice because his life expectancy exceeds 6 months, is not be able to return to hospice when his condition worsens.

This bill restructures the hospice benefit periods to eliminate the existing open-ended fourth benefit period and to provide that after the first two 90 day periods, patients are reevaluated every 60 days to ensure that they still qualify for hospice services. This restructuring ensures that those receiving Medicare benefits are able to receive hospice services at the time they need them and can be discharged from hospice care with no penalty if their prognosis changes.

Second, the bill clarifies that ambulance services, diagnostic tests, radiation, and chemotherapy are covered under the hospice benefit when they are included in the patient s plan of care. No separate payment will be made for these services, but hospices will have to provide them when they are found to be necessary as a palliative measure. This change conforms the statute to current Medicare regulatory policy.

Third, the bill also permits hospices to have independent contractor relationships with physicians. Under current law, hospices must directly employ their medical directors and other staff physicians. This creates a legal problem in some States which prohibit the corporate practice of medicine, and the requirement has made it increasingly difficult to recruit part-time hospice physicians.

Fourth, the bill creates a mechanism to allow waiver of certain staffing requirements for rural hospices, which often have difficulty becoming Medicare-certified because of shortages of certain health professionals. Currently, about 80 percent of hospices are Medicare-certified or pending certification.

Fifth, the bill reinstates an expired provision regarding liability for certain denials. As made clear by an article published on July 18 of last month in the prestigious New England Journal of Medicine, most patients are referred to hospice very late in the course of their terminal illnesses, but some live longer than 6 months. Predicting when an individual will die will never be an exact science, and we should not expect it to be. Therefore, the bill reinstates the expired statutory presumption that hospices with very low error rates on their Medicare claims did not know that denied benefits were not covered, and it expands the bases for waiver of liability to include cases where a prognosis of 6 months life expectancy is found to have been in error.

Finally, this bill provides some administrative flexibility regarding certification of terminal illness. Currently, the statute requires that paperwork documenting physician certification of a patient s terminal illness be completed within a certain number of days of the patient s admission to hospice. This bill will eliminate the strict statutory requirements and give the Health Care Financing Administration the discretion, as it currently has with home health certifications, to require hospice certifications to be on file before a Medicare claim is submitted.

The Medicare Hospice Benefit Amendments of 1996 are noncontroversial and should not affect Medicare spending, but they will make important and necessary changes to the Medicare hospice benefit, to enable hospices to provide high quality, cost effective care to the terminally ill, and to protect beneficiaries who depend on these services. I urge my colleagues to support this bill.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2034

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Medicare Hospice Benefit Amendments of 1996".

SEC. 2. HOSPICE CARE BENEFIT PERIODS.

(a) RESTRUCTURING OF BENEFIT PERIOD.—Section 1812 of the Social Security Act (42 U.S.C. 1395d) is amended in subsections (a)(4) and (d)(1), by striking ", a subsequent period of 30 days, and a subsequent extension period" and inserting "and an unlimited number of subsequent periods of 60 days each".

(b) CONFORMING AMENDMENTS.—(1) Section 1812(d)(2)(B) of such Act (42 U.S.C. 1395d(d)(2)(B)) is amended by striking "90- or 30-day period or a subsequent extension period" and inserting "90-day period or a subsequent 60-day period".

(2) Section 1814(a)(7)(A) of such Act (42 U.S.C. 1395f(a)(7)(A)) is amended—

(A) in clause (i), by inserting "and" at the end;

(B) in clause (ii)—

(i) by striking "30-day" and inserting "60-day"; and

(ii) by striking "and" at the end and inserting a period; and

(C) by striking clause (iii).

SEC. 3. AMBULANCE SERVICES, DIAGNOSTIC TESTS, CHEMOTHERAPY SERVICES, AND RADIATION THERAPY SERVICES INCLUDED IN HOSPICE CARE.

Section 1861(dd)(1) of the Social Security Act (42 U.S.C. 1395x(dd)(1)) is amended—

(1) in subparagraph (E), by inserting "anticancer chemotherapeutic agents and other" before "drugs";

(2) in subparagraph (G), by striking "and" at the end;

(3) in subparagraph (H), by striking the period at the end and inserting a comma; and

(4) by inserting after subparagraph (H) the following:

"(I) ambulance services,

"(J) diagnostic tests, and

"(K) radiation therapy services.".

SEC. 4. CONTRACTING WITH INDEPENDENT PHYSICIANS OR PHYSICIAN GROUPS FOR HOSPICE CARE SERVICES PERMITTED.

Section 1861(dd)(2) of the Social Security Act (42 U.S.C. 1395x(dd)(2)) is amended—

(1) in subparagraph (A)(ii)(I), by striking "(F),"; and

(2) in subparagraph (B)(i), by inserting "or under contract with" after "employed by".

SEC. 5. WAIVER OF CERTAIN STAFFING REQUIREMENTS FOR HOSPICE CARE PROGRAMS IN NON-URBANIZED AREAS.

Section 1861(dd)(5) of the Social Security Act (42 U.S.C. 1395x(dd)(5)) is amended—

(1) in subparagraph (B), by inserting "or (C)" after "subparagraph (A)" each place it appears; and

(2) by adding at the end the following:

"(C) The Secretary may waive the requirements of paragraphs (2)(A)(i) and (2)(A)(ii) for an agency or organization with respect to the services described in paragraph (1)(B) and, with respect to dietary counseling, paragraph (1)(H), if such agency or organization—

"(i) is located in an area which is not an urbanized area (as defined by the Bureau of Census), and

"(ii) demonstrates to the satisfaction of the Secretary that the agency or organization has been unable, despite diligent efforts, to recruit appropriate personnel.".

SEC. 6. LIMITATION ON LIABILITY OF BENEFICIARIES AND PROVIDERS FOR CERTAIN HOSPICE COVERAGE DENIALS.

(a) IN GENERAL.—Section 1879(g) of the Social Security Act (42 U.S.C. 1395pp(g)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and moving such subparagraphs 2 ems to the right;

(2) by striking "is," and inserting "is—";

(3) by making the remaining text of subsection (g), as amended, that follows "is—" a new paragraph (1) and indenting such paragraph 2 ems to the right;

(4) by striking the period at the end and inserting "; and"; and

(5) by adding at the end the following new paragraph:

"(2) with respect to the provision of hospice care to an individual, a determination that the individual is not terminally ill.".

(b) WAIVER PERIOD EXTENDED.—Section 9305(f)(2) of the Omnibus Budget Reconciliation Act of 1986 is amended by striking "and before December 31, 1995.".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on December 31, 1995.

SEC. 7. EXTENDING THE PERIOD FOR PHYSICIAN CERTIFICATION OF AN INDIVIDUAL'S TERMINAL ILLNESS.

Section 1814(a)(7)(A)(i)(II) of the Social Security Act (42 U.S.C. 1395f(a)(7)(A)(i)(II)) is amended by striking ", not later than 2 days after hospice care is initiated (or, if each certify verbally not later than 2 days after hospice care is initiated, not later than 8 days after such care is initiated)," and inserting "at the beginning of the period".

SEC. 8. EFFECTIVE DATE.

Except as provided in section 6(c), the amendments made by this Act shall apply to benefits provided on or after the date of the enactment of this Act, regardless of whether or not an individual has made an election under section 1812(d) of the Social Security Act before such date.

SUMMARY OF STUDIES REGARDING COST-EFFECTIVENESS OF HOSPICE

Lewin-VHI's 1995 report, An Analysis of the Cost Savings of the Medicare Hospice Benefit, prepared for The National Hospice Organization, updates a previous study prepared in 1989 by Abt Associates for the Health Care Financing Administration entitled Medicare Hospice Benefit Program Evaluation.

The 1989 Abt study found that:

(1) Medicare saved $1.26 for every $1.00 spent on hospice care.

(2) Much of these savings were realized during the last month of life of the patient and were largely a result of the substitution of home hospice care for in-hospital care.

The 1995 Lewin-VHI study was based on data generated from a group of Medicare recipients who died of cancer during the period between July 1 and December 31, 1992. This group was further divided into those who had one or more hospices claim during the aforementioned period and those who had none. (Additional analysis was done to ensure no selection bias.)

The Lewin-VHI report concluded:

(1) Medicare saved $1.52 for every $1.00 spent on hospice.

(2) While savings were highest for the last month of life, there were also net savings over the last year of life for those who enrolled in hospice.

(3) While the greatest savings were found in Part A Medicare expenditures, savings were also found in Part B expenditures.

Mr. GRAHAM. Mr. President, I rise today to join in support of the "Medicare Hospice Benefit Amendments of 1996" to be introduced by Senator BREAUX.

The number of terminally ill patients choosing hospice care over conventional Medicare has increased from 11,000 Medicare admission in 1985 to more than 220,000 Medicare beneficiaries last year.

During the current session of Congress, much has been made about the problems with the Medicare Trust Fund. Congress should act as soon as possible to reduce Medicare costs and protect the Medicare Trust Fund. However, radical cuts to the program are not the solution.

Instead, we should emphasize prevention, fraud reduction, and successful programs such as hospice care—all proven efforts at reducing spending while maintaining current Medicare quality and beneficiary protections.

The goal of hospice is to provide comprehensive health care at home to terminally ill patients in a manner that improves the quality of life for the patients and their families. This approach places a high value of personal choice, family support, and community involvement.

Patients covered by Medicare and Medicaid waiver their eligibility for all other public program benefits when choosing hospice care. By doing so, hospice patients are cared for at home with their families and avoid costly hospitalizations. Hospice makes sense from a health care, quality of life, and economic perspective.

The number of terminally ill patients choosing hospice care over conventional Medicare has increased from 11,000 Medicare admission in 1985 to more than 220,000 Medicare beneficiaries last year.

Clearly, hospice is an idea that is rapidly gaining acceptance and acclaim in modern times. Florida has been a pioneer in the modern hospice movement. In 1979, while I was the Governor in Florida, my State became the first to set standards for hospices and recognize hospice as an option for the terminally ill. The Florida law served as a model for national legislation. As a result, inpatient and at-home hospice care has been covered by Medicare since 1982.

The goal of hospice is to make the last months of a person's life as comfortable and meaningful as possible. Hospice does not use artificial life-support systems or surgery when there is no reasonable hope of remission. Hospice offers dignity for the dying and avoids costly—often traumatic—acute-care hospitalization.

For example, according to Lewin-VHI in their 1994 study entitled Hospice Care: An Introduction and Review of the Evidence, Medicare beneficiaries in their last year of life constituted 5 percent of beneficiaries in 1988 but more than 27 percent of Medicare payments. Lewin-VHI adds that "during the last month of life, hospice users cost, on average, $3,069, while those using conventional care cost $4,071." Overall, that study indicates the use of the hospice benefit saved Medicare $1.26 for every $1.00 spent.

However, an updated 1995 Lewin-VHI study shows even better results through the use of hospice. The study, entitled An Analysis of the Cost Savings of the Medicare Hospice Benefit, found that Medicare saves $1.52 for every $1.00 spent on hospice.

According to Lewin-VHI, "First, hospices effectively substitute relatively inexpensive care at home for costly inpatient hospital days during the period in which expenditures are typically the greatest and in which most hospice users enroll in the benefit, in the last month of life. Second, the financial incentives of the current Medicare Hospice Benefit reinforce the organizational incentives of most hospice programs to provide quality care at a lower cost."

In another study entitled "Survival of Medicare Patients After Enrollment in Hospice Programs" in the New England Journal of Medicine on July 18, 1996, authors Nicholas Christakis and Jose Escarce establish that the benefits of hospice should be expanded. They write, "Enrolling patients [in hospice] earlier . . . might enhance the quality of end-of-life care and also prove cost effective."

Again, hospice has been a Medicare benefit since passage of the 1982 law and its implementation in 1983. Hospice care has grown dramatically since the benefit's inception, but few changes have been made to the 1982 law. As the bill's House sponsors—Congressmen BEN CARDIN and ROB PORTMAN—have said, "As more and more patients choose the hospice benefit, it has become clear that certain provisions of the law need to be clarified in order to protect Medicare beneficiaries and to ensure that Medicare hospice patients can continue to receive excellent, cost-effective hospice care."

We should do what we can to encourage hospice care in the Medicare program and through the health care system generally. This bill makes technical amendments to Medicare's hospice program. Specifically, the bill would:

Restructure the benefit periods to require more frequent certifications after 180 days to facilitate appropriate discharge with no penalty to the patient; clarify that ambulances, diagnostic tests, radiation and chemotherapy are covered hospice services when included in the plan of care; amend the "core services" requirement to allow hospices to contract for physician services with independent contractor physicians or physician groups; allow waiver of certain staffing requirements of rural hospices; extend the expired favorable presumption of waiver of liability provisions and include waiver protection where prognosis of terminal illness is found to have been in error; and, allow the Health Care Financing Administration to set documentation requirements of physician certifications.

Finally, I would like to commend Congressman CARDIN from Maryland for his hard work on this legislation on the House side. The Congressman is a great thinker on the topic of how to improve Medicare and his legislation—H.R. 3714—once again serves that purpose.

By Mr. BIDEN:

S. 2035. A bill to invest in the future American work force and to ensure that all Americans have access to higher education by providing tax relief for investment in a college education and by encouraging savings for college costs, and for other purposes; to the Committee on Finance.

THE GET AHEAD ACT

Mr. BIDEN. Mr. President, I have spoken in the Senate before about how the rising cost of a college education is putting a higher education—the American dream—out of reach for many middle-class American families.

When I went to college, middle-class families could pay for the public college tuition and fees of their children for less than 5 percent of their income. It stayed that way until 1980. Since then, however, college costs have skyrocketed and middle-class incomes have stagnated. The result is that today it takes almost 9 percent of the average family's income to send one—just one—child to a public college. And, if you go to a private college or university, tuition and fees will eat up 35 percent of your income.

Who can afford that? Not many middle-class families that I know. Many young people today must choose between going heavily into debt or not going to college at all. And, as the debt burden gets heavier and heavier, more and more middle-class kids will not even have that choice. They simply will not be able to go to college.

And, this is happening at a time when we as a Nation can least afford it.

Educating our work force is one of the best investments we as a society can make, and it is one of the best measurements of future economic well-being. According to one study, a more educated population has been responsible for nearly one-third of America's economic growth since the Great Depression. As we prepare to enter the 21st century and as the world economy is increasingly internationally competitive, we must ensure that no American is denied a higher education solely because of the cost.

In fact, this has been a goal of the Federal Government for over a century. From the establishment of the land-grant university system in the late 1800's to the GI bill at the end of World War II to the creation of the Pell Grant and Guaranteed Student Loan Programs in the 1960's, the Federal Government has been committed to seeing a college education within reach of every American. It is time to renew that commitment.

So, today, Mr. President, I am introducing comprehensive legislation to make college more affordable for American families, so that middle-class parents can afford to send their kids to college and middle-class kids can afford to go.

My bill, titled "Growing the Economy for Tomorrow: Assuring Higher Education is Affordable and Dependable"—Get Ahead, for short—combines numerous proposals to give tax cuts for the cost of college, to encourage families to save for a college education, and to award college scholarships to high school students in the top of their class academically.

For the sake of time, Mr. President, I will not go through all of specific proposals now. Instead, I refer my colleagues to a summary of the legislation.

Mr. President, a college education is the dream of every American family. When I travel around my State of Delaware, I meet with wealthy businessmen, poor welfare mothers, and hundreds of middle-class families. And, they all want the same thing for their kids: a chance to go to college.

They do not need us in Washington to tell them it is becoming harder and harder to get there. They know that. They need us to make it easier for them. I urge my colleagues to cosponsor this important legislation to make sure that the American dream of a college education remains within reach of every American.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE GET AHEAD ACT—SUMMARY

TITLE I—TAX INCENTIVES FOR HIGHER EDUCATION

Subtitle A—Tax Relief for Higher Education Costs

Section 101—Deduction for Higher Education Expenses

An above-the-line tax deduction (available even to those who do not itemize deductions) would be allowed for the costs of college tuition and fees as well as interest on college loans.

In the case of tuition costs, beginning in tax year 1999, the maximum annual deduction would be $10,000 per year; a maximum deduction of $5,000 would be available in tax years 1996, 1997, and 1998. The full deduction would be available to single taxpayers with incomes under $70,000 and married couples with incomes under $100,000; a reduced (phased-out) deduction would be available to those with incomes up to $90,000 (singles) and $120,000 (couples). The income thresholds would be indexed annually for inflation.

Interest on student loans would be deductible beginning with interest payments made in tax year 1996. Interest payments could be deducted on top of the $10,000 deduction for payment of college tuition and fees. There would be no annual maximum and no income limits with regard to the deductibility of interest on student loans.

Language is included to coordinate this tax deduction with other education provisions of the tax code—to ensure that individuals do not receive a double benefit for the same payments. Specifically, qualified higher education expenses that could be tax deductible would be reduced by any payments made from Series EE savings bonds (and excluded from taxable income), any veterans educational assistance provided by the federal government, and any other payments from tax-exempt sources (e.g. employer-provided educational assistance). Also, tax-free scholarships and tax-excluded funds from Education Savings Accounts (see section 112) would first be attributed to room and board costs; the remainder, if any, would count against tuition and fees and would reduce the amount that would be tax deductible. However, if tuition and fees still exceeded $10,000 even after the reductions, the full tax deduction would be available.

Section 102—Exclusion for Scholarships and Fellowships

College scholarships and fellowship grants would not be considered income for the purposes of federal income taxes. This returns the tax treatment of scholarships and fellowships to their treatment prior to the 1986 Tax Reform Act (which limited the exclusion of scholarships and fellowships to that used for tuition and fees).

Scholarships and fellowship grants would be fully excludable for degree candidates. In the case of non-degree candidates, individuals would be eligible for a lifetime exclusion of $10,800—$300 per month for a maximum 36 months.

Language is included to clarify that federal grants for higher education that are conditioned on future service (such as National Health Service Corps grants for medical students) would still be eligible for tax exclusion.

This section would be effective beginning with scholarships and fellowship grants used in tax year 1996.

Section 103—Permanent Exclusion for Educational Assistance

The tax exclusion for employer-provided educational assistance would be reinstated retroactively to January 1, 1995. And, the tax exclusion would be made a permanent part of the tax code.

Subtitle B—Encouraging Savings for Higher Education Costs

Section 111—IRA Distributions Used Without Penalty for Higher Education Expenses

Funds could be withdrawn from Individual Retirement Accounts (IRAs) before age 59½ without being subject to the 10 percent penalty tax if the funds were used for higher education tuition and fees. (However, withdrawn funds, if deductible when contributed to the IRA, would be considered gross income for the purposes of federal income taxes.)

This section would be effective upon enactment.

Section 112—Education Savings Accounts

This section would create IRA-like accounts—known as Education Savings Accounts (ESA's)—for the purpose of encouraging savings for a college education.

Each year, a family could invest up to $2000 per child under the age of 19 in an ESA. For single taxpayers with incomes under $70,000 (phased out up to $90,000) and married couples with incomes under $100,000 (phased out up to $120,000), the contributions would be tax deductible. (These income thresholds would be indexed annually for inflation.) For all taxpayers, the interest in an ESA would accumulate tax free; the contributions would not be subject to the federal gift tax; and, the balance in an ESA would not be treated as an asset or income for the purposes of determining eligibility for federal means-tested programs.

ESA funds could be withdrawn to meet the higher education expenses—tuition, fees, books, supplies, equipment, and room and board—of the beneficiary. Funds withdrawn for other purposes would be subject to a 10 percent penalty tax and would be considered income for the purposes of federal income taxes (to the extent that the funds were tax deductible when contributed). The penalty tax would not apply in cases of death or disability of the beneficiary of the ESA and in cases of unemployment of the contributors.

In addition, when the beneficiary of the account turns age 30 and is not enrolled in college at least half time, any funds remaining in the ESA would be (1) transferred to another ESA; (2) donated to an educational institution; or (3) refunded to the contributors. In the first two cases, there would be no penalty tax and the money would not be considered taxable income. In the third case, the penalty tax would not apply, but the funds would be counted as income to the extent that the funds were tax deductible when contributed.

Finally, parents could roll over funds from one child's ESA to another child's ESA without regard to any taxes, without regard to the $2000 annual maximum contribution to an ESA, and without regard to the age 30 requirement noted above. Funds rolled over would also not be subject to the federal gift tax.

Language is also included to allow individuals to designate contributions to an ESA as nondeductible even if such contributions could be tax deductible. This gives families the option to build up the principal in an ESA while at a lower tax rate, rather than having to pay taxes on unspent ESA funds when the contributors are older and likely in a higher tax bracket.

Tax deductible contributions to ESAs would be allowed beginning in tax year 1996.

Section 113—Increase in Income Limits for Savings Bond Exclusion

For taxpayers with incomes below certain thresholds, the interest earned on Series EE U.S. Savings Bonds are not considered taxable income if the withdrawn funds are used to pay for higher education tuition and fees. This section increases the income thresholds to allow more Americans to use the Series EE Savings Bonds for education expenses.

Effective with tax year 1996, the income thresholds would be the same as the income thresholds for the higher education tax deduction (see section 101): $70,000 for single taxpayers (phased out up to $90,000), and $100,000 for couples (phased out up to $120,000). As with the higher education tax deduction, these income thresholds would be indexed annually for inflation.

Section 114—Tax Treatment of State Prepaid Tuition Plans

Several states have established prepaid tuition plans, where individuals can make advance payments for college tuition. However, because of the uncertainty of federal tax law, some states have put their plans on hold and other states have not gone forward at all. This section clarifies federal tax law in two respects.

First, state-established trusts or corporations created exclusively for managing tuition prepayment plans would be exempt from federal taxes on investment earnings. Second, the letter-ruling issued by the IRS to Michigan would be codified: purchasers and beneficiaries of prepaid tuition plans would be liable for federal income taxes on the increased value of the investment only at the time the funds were redeemed, not each year as the "interest" accrued.

To be eligible for the tax clarification, a state prepaid tuition plan must guarantee at the time of purchase that a certain percentage of costs would be covered at a participating educational institution, regardless of the performance of the investment fund. And, it must guarantee that funds would be refunded in the event of the death or disability of the beneficiary or in the event the beneficiary failed to enroll in a participating institution.

TITLE II—SCHOLARSHIPS FOR ACADEMIC ACHIEVEMENT

Beginning with the high school graduating class of 1997, the top 5 percent of graduating seniors at each high school in the United States would be eligible for a $1000 merit scholarship. If an individual receiving such a scholarship achieved a 3.0 ("B") average during his or her first year of college, a second $1000 scholarship would be awarded.

However, the merit scholarships would be available only to those students in families with income under $70,000 (single) and $100,000 (couples). These income thresholds would be increased annually for inflation.

Funds are authorized (and subject to annual appropriations) for five years. The first year authorization (fiscal year 1997) is $130 million. In each of the next four years (FY 1998–FY 2001), because the scholarships could be renewed for a second year, the authorization is $260 million per year. Total five-year authorization: $1.17 billion.

TITLE III—DEFICIT NEUTRALITY

To ensure that the "GET AHEAD" Act does not increase the deficit, this title declares it the sense of the Senate that the costs of the bill should be paid by closing corporate tax loopholes.

By Mr. DORGAN (for himself, Mr. BAUCUS, Mrs. MURRAY, Mr. WELLSTONE, Mr. CONRAD, Mr. WYDEN, and Mr. DASCHLE):

S. 2036. A bill to amend the Agricultural Market Transition Act to provide equitable treatment for barley producers so that 1996 contract payments to the producers are not reduced to a greater extent than the average percentage reduction in contract payments for other commodities, while maintaining the level of contract payments for other commodities, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

BARLEY GROWERS LEGISLATION

Mr. DORGAN. Mr. President, last week, I was among a group of Senators who tried to correct an inequitable payment reduction in farm program contract payments faced by barley growers. After considerable time and effort we reluctantly came to an agreement on an amendment to address this problem.

At the time, I said it was not the answer to the problem, but rather a small step in the journey. Unfortunately that journey ended up being a very short one that quickly got sidetracked.

Despite the fact that the Senate agreed to the amendment to provide some relief to barley growers, the conference report came back this week with no additional funds to deal with this problem. The Senate amendment was deleted.

Instead the conferees referred the issue back to the authorizing committee and then provided an unfunded directive to the Secretary of Agriculture to deal with the problem. At the time we agreed to the Senate amendment, I was concerned that this would be the outcome. Another referral and no real action.

Barley growers deserve more than that. The freedom to farm fixed contract payment system has been violated, and the Government is once again being viewed as not keeping its word. While the freedom to farm bill was not my choice for farm legislation, I believe the promises it made to producers constitutes a public commitment that should be kept.

It appears that the only way that commitment can be met is if legislation is introduced to require that such action be taken. That is why I am introducing legislation today.

My bill will give the authorizing committee, the Senate Agriculture Committee, a clear opportunity to move forward to resolve this issue. It will establish the goal that we had in mind when we sought to solve this problem by amending the appropriations bill.

It would seem to me that the majority leadership of the authorizing committees would be the first ones in line to correct this problem. They were the ones who developed the freedom to farm proposal, and they were the ones who used their projected schedule of fixed payments to sell their farm policy approach to American farmers.

A news release issued November 21, 1995, by House Agriculture Committee Chairman PAT ROBERTS clearly states that the expected market transition payments under the Freedom to Farm Program would be 46 cents per bushel for barley, 27 cents per bushel for corn, and 92 cents per bushel for wheat.

This news release lists the source of these estimates as the Republican staff of the Senate Committee on Agriculture, Nutrition, and Forestry. These payment projections went unchanged throughout the farm bill debate right through the final farm bill conference committee.

How or why these miscalculations occurred is a moot point. My purpose is not to blame anybody. My purpose is to point out that the freedom to farm bill sponsors developed these projections and used them to advance their farm program proposal. These estimates were the basis of the decisions of many farmers and farm organizations in deciding what they would support as the farm bill moved through Congress.

Throughout the farm bill debate, it was clear that these estimated amounts might be a few cents off, but nobody expected any substantial difference between these estimates and the contract payments.

MISCALCULATION RESULTS IN 30-PERCENT CUT

Unfortunately, there was a $39 million miscalculation in the payments projected for barley producers. Rather than the original payment rate of 46 cents per bushel in 1996, barley producers found out later that their payments will be only 32 cents per bushel. That is a full 30 percent less than the original congressional estimates.

Our barley producers based their farm plans and cash flow for this crop year on the projections that were made last fall. They went to their bankers and creditors who made loans based on these projections.

Frankly, I shouldn't be the one that is trying to correct this problem. This problem should have been corrected by those that developed the freedom to farm bill and its payment projections. However, since North Dakota is the largest barley producing State in the Nation, this is of considerable concern to our barley producers.

My amendment would restore $35 of the $39 million to barley producers. This would be about a 10-percent cut from what was originally projected. A 10-percent cut is in line with the reductions that are expected in other payments for the other commodities.

The purpose of this amendment is to provide equitable treatment to barley producers so that contract payments are not reduced to any greater degree than they are for other commodities. No other commodity has been asked to take as deep a reduction as barley.

Wheat producers will be getting 87 cents, rather than 92 cents. That is a 5-percent reduction. Corn producers will be getting 24 cents, rather than 27 cents. That is an 11-percent reduction. Barley producers should not be expected to take a 30-percent cut in their payments.

This is a matter of keeping faith with those family farmers that made their plans on the basis of a farm bill that was very late in getting passed. It is a matter of fairness to our Nation's barley producers.

I am pleased that Senators BAUCUS, MURRAY, WELLSTONE, CONRAD, WYDEN, and DASCHLE have joined me in this effort and will be original cosponsors of this legislation.

Mr. CONRAD. Mr. President, I rise as an original cosponsor of legislation to correct the provisions of the Federal Agriculture Improvement and Reform Act of 1996 which unfairly penalizes barley producers. In one of the most egregious examples of misinformation I've ever seen, actual payments to barley producers under the act are dramatically lower than the original promises made by proponents of the bill. The bill we are introducing today corrects that error and gives barley producers the equal treatment they deserve.

On November 21, 1995, House Agriculture Committee Chairman PAT ROBERTS released a press statement announcing the estimated market transition payments under freedom to farm. The announcement clearly stated that barley payments for 1996 would be 46 cents per bushel. While the press release does state the figures were estimates, it is undeniable that the figures became the basis on which farm group after farm group made farm policy decisions. Producers were told they would receive this level of payment, or something very close to it, and that the payment would be guaranteed. I know this is true in North Dakota because in meeting after meeting I heard producers tell me it was their belief they would receive 46 cents in 1996 if freedom to farm became law.

Later we find out this is not the case, that the payments to barley producers would not be 46 cents, they would be only 32 cents. I understand other commodities received some reductions—approximately 5–10 percent—but none received the 30 percent reduction barley producers have little choice but to accept. Opponents of this bill will argue all producers were treated the same and that barley producers should have been aware the initial figures were subject to change. Well, barley producers did know there might be some change, maybe 1 or 2 cents, but did not know there might be a 30 percent change.

It's time we set the record straight and admit that barley producers were not treated fairly by the 1996 farm bill. I hope my colleagues will join me in correcting this extremely unfair situation.

By Mr. LAUTENBERG:

S. 2037. A bill to provide for aviation security, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE AVIATION SECURITY ACT OF 1996

Mr. LAUTENBERG. Mr. President, I rise today to introduce the Aviation Security Act [ASA]. This legislation is designed to significantly enhance security measures at U.S. airports, to better protect those who fly.

Mr. President, I join with all Americans in expressing my sorrow at the loss of 230 innocent lives in the crash of TWA flight 800. My sympathy and prayers are with the victims' families and friends as they struggle to cope with this tragedy.

At this time, the sea has not yielded its secrets, and we do not have conclusive evidence of why the jet crashed. However, terrorism appears to be the likely cause of the disaster.

Whether or not the cause of the crash was a bomb, this disaster has focused national attention on the fact that America's shores are not immune from terrorism. And this is a threat which I fear will only increase in scope and sophistication over the next few years.

Terrorism is an act of war, not against any specific individual, but against our entire nation. Consequently, protecting ourselves from this scourge is a matter of national security, and we must act accordingly. We must treat this threat as seriously as any declared war. And we need to adopt measures—and attitudes—to aggressively combat this twentieth century plague.

Mr. President, living in a free society, there is only so much we can do to protect every public building, park and gathering place. However, terrorists usually target a nation where it's most vulnerable. And perhaps nowhere are we more vulnerable than in our air security system.

Mr. President, after the past few agonizing days, it's all too apparent that we must significantly upgrade security measures at U.S. airports. Although it may be impossible to stop every terrorist who is determined to bomb an airline, security can be significantly enhanced to better protect those who fly.

And it must be continually improved as threats and technology change.

The 1.5 million people who daily board flights at American airports undergo security measures which were designed decades ago to stop highjackers with metal guns and knives. These measures are inadequate when dealing with terrorists with Semtex and other plastic explosives. Such explosives are so dangerous that less than 2 pounds can shred a jumbo jet into a pile of scrap metal.

The problem of inadequate protection stems from many causes. In most other countries, government is responsible for air security. In the United States, the Government, the airlines and the airports share responsibility. The highly competitive airlines, many of which are experiencing financial difficulties, face an inevitable and difficult conflict of interest. Although the Federal Aviation Administration issues minimum security standards, individual airlines and airports are responsible for implementing them.

There are also multiple loopholes in the present security system. On U.S. domestic flights, bags and passengers are not even required to travel together. And there are many other points of vulnerability, including cargo and mail.

It is true that our safety procedures were upgraded after the Lockerbie disaster. As a member of the President's Commission on Aviation Security and Terrorism, I helped draft the Aviation Security Improvement Act of 1990. Among its 38 provisions were requirements that the FAA accelerate explosives detection research and heighten security checks on airport personnel.

Additionally, on July 25, the President announced new air travel security measures. These improvements, which include increased searches of carry-on luggage and required pre-flight cargo and cabin inspections, will certainly enhance security. However, they do not go far enough.

Over the past few weeks, I have been briefed by some of our nation's best experts in the field of aviation safety. They are concerned that terrorists are outstripping our current procedures, and are breaking through America's cordon of safety. We can do better; we must do better. It will require leadership and decisiveness.

This Senator believes that we must institute a truly comprehensive security system. In order to achieve this, we must do at least three things. We must adequately invest in security technology in proportion to the increasing threat of terrorism. We must ensure that the airlines enforce necessary security measures at the gate. And we must make sure that our security personnel are adequately trained and perform well.

To begin the debate on these matters, I am introducing the Aviation Security Act (ASA). This legislation effectively addresses the problems which have become apparent recently, by charging the Department of Transportation with implementing a comprehensive aviation security system.

To enhance security before travelers reach the airport, and once they are at the gate, my bill mandates increased screening of passengers, luggage, and cargo. It also requires that the Department of Transportation review and upgrade the current procedures for examining cargo on passenger flight.

To identify passengers and cargo that pose a heightened risk—in other words, to stop the bad guys before they board or get a package on board—this legislation requries the Department of Transportation to develop a methodology to profile passengers and cargo. It also requires that air carriers implement this methodology and institute contingency plans for dealing with individuals identified as potential threats. For those individuals and cargo that pose the greatest threat, airports and airlines would be required to develop and utilize additional measures, including bag-match, personal interview, and enhanced bag search.

To complement the additional profiling and security measures, my legislation also mandates expedited installation of explosive detection devices at those airports which the Department of Transportation identifies as facing the greatest risk. These devices will include density evaluators, scanners, trace and vapor detectors.

Mr. President, the importance of installing these detection systems, as soon as possible, cannot be overemphasized. The latest luggage scanners, which can detect the most elusive plastic explosives, are now not generally used in U.S. airports. The most advanced scanning machine, the CTX-5000, works like a CAT Scan, providing a three dimensional image. There are 14 in use in Europe and Israel, and two are being installed in Manila. In our country, they are currently being tested in only Atlanta, which has two, and San Francisco. Another device, the EGIS machine, uses air samples from passengers' luggage to check for vapors emitted by explosives. Various overseas airports utilize the machine, but it's being used on only a limited basis in the United States. This, and other technologies, which can detect liquid explosives and trace chemicals, need to be further developed and deployed.

Just as important as any new machine or measure is hiring well trained security people. Most airlines, to save money, contract with security companies for low-wage workers with minimal education and little experience. Training is cursory and turnover is high. Yet, this person may be the last line of defense between a plane full of innocent people and a suicide bomber. By contrast, European security personnel are usually highly trained, educated, speak several languages and have taken courses in psychology.

This legislation requires that airport personnel who have security duties or who have access to any secure area must meet stringent requirements for training, job performance and security checks.

In conjunction with training, performance measures will be developed to assess how well security personnel are doing their jobs. Also, comprehensive investigations, including criminal history checks, will be required of all personnel in this category.

The importance of the human factor in improving security is probably best evidenced by the case of Ramzi Ahmed Yousef. Yousef is currently on trial in New York for his alleged role in the 1994 bombing of the World Trade Center. Less well known are the details of a plot to join two other men in blowing up a dozen U.S. jumbo jets in 1995.

In a 2-day reign of terror, Yousef and his compatriots planned to bomb 12 planes, with over 4,000 people on board. The motive was to provoke an end to United States support of Israel.

The heart of each bomb was a timer built by rewiring a common Casio digital watch. The timer would then be connected to a liquid nitroglycerin, disguised as contact lens solution. Even the newest screening devices would have extreme difficulty detecting the substance. Only human vigilance may have been able to stop these murderers if they had reached the airport gate. Luckily, the plot was discovered by police in the Philippines before the night's sky was set ablaze.

In addition to security, what became painfully obvious this week is that procedures to notify and counsel the families of airline disaster victims are totally inadequate. Compassion dictates that we need to adopt more efficient and humane procedures.

This legislation establishes, perhaps within the National Transportation Safety Board, the Office of Family Advocate. In consultation with the Department of State, the Department of Transportation, experts in psychology and representatives of victims' families, this Office will develop standards for informing, counseling and supporting grieving families. Providing this assistance is not just common sense, it's common decency.

Additionally, this legislation requires that information, such as full name, phone numbers and contact person, be collected when a passenger purchases a ticket. This information would be provided to the Office of Family Advocate within a specified time period after an air disaster.

Mr. President, a comprehensive security system will be expensive. The FAA has estimated that it could cost up to $6 billion over the next 10 years, to pay for security improvements. We need to decide how to pay the bill—and we need to remember that this legislation is not about spending dollars, it is about saving lives.

ASA proposes that an aviation security fee, or small surcharge of no more than $2 per one way ticket or $4 per round trip ticket, be instituted to pay for needed improvements. I would note that recent polls suggest that Americans are willing to pay as much as an extra $50 per ticket to upgrade security.

An alternative financing mechanism would be to authorize the Department of Defense to transfer such funds as may be necessary to implement the provisions of the Act. In drawing on defense funds, we would recognize that terrorism is a threat to our national security.

Mr. President, a truly comprehensive system should be put in place as soon as possible. Although not a panacea for every airport security problem, it can provide significant protection for travelers.

Of course, to truly enhance security, there is another price we all must pay. We must be willing to submit to some delay, inconvenience and intrusion when traveling by air. In London, travelers are patted down. And in many Arab airports, passengers must negotiate fourteen checkpoints before boarding. Anyone who flies coach on El Al, the Israeli national airline, is required to report to the airport 3 hours ahead of a scheduled flight. The FAA is working on how to minimize disruption while enhancing security. But we must be willing to make some trade-offs, giving up easy and quick experiences on the ground, for added security in the air.

Finally, it would be inappropriate for me to close without discussing the issue of terrorism. As a Nation, we need to better address the overall problem. We need to clamp down on domestic fundraising for Middle East Terrorist organizations. Press reports indicate that approximately $10 million is being sent annually by Americans to the terrorist group Hamas. We also need to encourage our allies in the Middle East to fight terrorist organizations in the region. And we must work with the international community to target the economies of countries that sponsor terrorism. We also cannot rule out the use of force, where necessary.

If the crash of TWA flight 800 was the work of terrorists, then they may think that they have won the battle—but they certainly haven't won the war. We can fight back.

But even if this tragedy was not the result of an evil act, but an unfortunate accident, we should not delay upgrading our security systems. We need to change the way this country approaches security. We need to be more proactive, anticipating and preempting changes in terrorist methods, rather than being reactive—always waiting for something to happen before we act.

To those who would try to deny the seriousness of the threat, and the intensity of anti-American feelings in many parts of the world, I want to again recall Ramzi Yousef's legacy of hatred. When questioned by a Pakistani interrogator as to his real motive, Yousef remarked, "This is * * * the best thing, I enjoy it." He went on to explain that the United States is the first country in the world making trouble for the Muslim people. Consequently, he was willing to send 4,000 innocent people to their deaths.

Many of the scenes which have flickered across our T.V. screens over the past 2 weeks can never be forgotten. But there is one moment, in particular, which will always remain with me. A husband and father, who had lost his wife and two daughters in the disaster, hired a helicopter to fly over the crash site, which I had visited last weekend. Once there, he tossed two red roses on the water for his wife, and three white rosebuds for his little girls. And as I watched the news footage which showed the flowers slowly drifting in all directions, I thought of everything which the sea now held—the future lives of those taken too soon, and the past memories of those left behind.

I can think of no better memorial to those who died, and to those who were left behind to carry on, than to work to ensure that such a tragedy does not happen again. For the living, and in memory of the deceased, we must act now.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2037

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Aviation Security Act of 1996".

SEC. 2. ENHANCED SECURITY PROGRAMS.

(a) IN GENERAL.—Chapter 449 of title 49, United States Code, is amended by adding at the end of subchapter I the following new sections:

"§ 44916. Enhancement of aviation security

"(a) IN GENERAL.—The Secretary of Transportation (hereafter in this section referred to as the 'Secretary'), in consultation with the Administrator of the Federal Aviation Administration (hereafter in this section referred to as the 'Administrator') and other appropriate officials of the Federal Aviation Administration, shall provide for the enhancement of aviation security programs under the jurisdiction of the Federal Aviation Administration in accordance with this section.

"(b) IMPROVEMENTS IN THE EXAMINATION OF CARGO AND CHECKED BAGGAGE.—The Secretary, in consultation with the Administrator, shall—

"(1) review applicable procedures and requirements relating to the security issues concerning screening and examination of cargo and checked baggage to be placed on flights involving intrastate, interstate, or foreign air transportation that are in effect at the time of the review; and

"(2) on the basis of that review, develop and implement procedures and requirements that are more stringent than those referred to in paragraph (1) for the screening and examination of cargo and checked baggage to be placed on flights referred to in that subparagraph, including procedures that ensure that only personnel with unescorted access privileges have unescorted access at the airport to—

"(A) an aircraft;

"(B) cargo or checked baggage that is loaded onto an aircraft;

"(C) a cargo hold on an aircraft before passengers are loaded and after passengers debark;

"(D) an aircraft servicing area; or

"(E) a secured area of an airport.

"(c) PROFILES FOR RISK ASSESSMENT AND RISK REDUCTION MEASURES.—

"(1) IN GENERAL.—The Secretary, in consultation with the Administrator and appropriate officials of other Federal agencies, shall develop and implement, a methodology to profile the types of passengers, cargo, and air transportation that present, or are most susceptible to, a significant degree of risk with respect to aviation security.

"(2) RISK REDUCTION MEASURES.—In addition to developing the methodology for profiles under paragraph (1), the Secretary, in consultation with the Administrator, shall develop and implement measures to address sources that contribute to a significant degree of risk with respect to aviation security, including improved methods for matching and searching luggage or other cargo.

"(d) EXPLOSIVE DETECTION.—

"(1) IN GENERAL.—The Secretary and the Administrator, in accordance with this section, and section 44913, shall ensure the deployment, by not later than the date specified in subsection (j), of explosive detection equipment that incorporates the best available technology for explosive detection in airports—

"(A) selected by the Secretary on the basis of risk assessments; and

"(B) covered under the plan under paragraph (2).

"(2) PLAN.—The deployment of explosive detection equipment under paragraph (1) shall be carried out in accordance with a plan prepared by the Secretary, in consultation with the Administrator and other appropriate officials of the Federal Government, to expedite the installation and deployment of that equipment.

"(3) REPORT.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this section, and annually thereafter, the Secretary shall submit to the Speaker of the House of Representatives and the President pro tempore of the Senate a report on the deployment of explosive detection devices pursuant to the plan developed under paragraph (2).

"(B) TREATMENT OF CLASSIFIED INFORMATION.—No officer or employee of the Federal Government (including any Member of Congress) may disclose to any person other than another official of the Federal Government in accordance with applicable Federal law, any information in the report under subparagraph (A) that is classified.

"(e) ENHANCED SCREENING OF PERSONNEL.—

"(1) IN GENERAL.—The Secretary, in consultation with the Administrator, shall establish a program for enhancing the screening of personnel of air carriers or contractors of air carriers (or subcontractors thereof) who—

"(A) in the course of their employment have—

"(i) unescorted access privileges to—

"(I) an aircraft;

"(II) cargo or checked baggage that is loaded onto an aircraft;

"(III) a cargo hold on an aircraft; or

"(IV) an aircraft servicing area; or

"(ii) security responsibilities that affect the access and passage of passengers or cargo in aircraft referred to in subparagraph (A); and

"(B) any immediate supervisor of an individual referred to in subparagraph (A).

"(2) TRAINING.—

"(A) IN GENERAL.—The Secretary, in consultation with the Administrator, shall—

"(i) review regulations and standards relating to the training of personnel referred to in paragraph (1) that are in effect at the time of the review; and

"(ii) on the basis of that review, prescribe such regulations and standards relating to minimum standards for training and certification as the Secretary determines to be appropriate.

"(B) PROHIBITION.—The fact that an individual received training in accordance with this paragraph may not be used as a defense in any action involving the negligence or intentional wrongdoing of that individual in carrying out airline security or in the conduct of intrastate, interstate, or foreign air transportation.

"(f) PERFORMANCE-BASED MEASURES.—The Secretary, in consultation with the Administrator, shall—

"(1) develop and implement, by the date specified in subsection (j), performance-based measures for all security functions covered under this section that are carried out by personnel referred to in subsection (e)(1); and

"(2) require that air carriers and owners or operators of airports that provide intrastate, interstate, or foreign air transportation ensure that those measures are carried out.

"(g) SECURITY CHECKS.—

"(1) IN GENERAL.—The Secretary, in consultation with the Administrator and other appropriate officers and employees of the Federal Government, shall, require comprehensive employment investigations to be conducted for any individual that is employed, or commences employment, in a position described in subsection (e)(1).

"(2) CRIMINAL HISTORY CHECK.—The employment investigations referred to in paragraph (1) shall include criminal history checks. Notwithstanding any other provision of law, a criminal history check may cover a period longer than the 10-year period immediately preceding—

"(A) the initial date of employment of an individual by an employer; or

"(B) the date on which a criminal history check is conducted for an applicant for employment.

"(h) ADMINISTRATIVE ACTIONS.—

"(1) IN GENERAL.—The Secretary, in consultation with the Administrator, shall, as appropriate, specify appropriate administrative actions or violations of this section or the regulations prescribed under this section.

"(2) ORDERS.—The administrative actions referred to in paragraph (1) may include an order by the Secretary requiring, in accordance with applicable requirements of this subtitle and any other applicable law—

"(A) the closure of an airport gate or area that the Secretary determines, on the basis of a risk assessment or inspection conducted under this section, should be secured in accordance with applicable requirements of this subtitle; or

"(B) the cancellation of a flight in intrastate, interstate, or foreign air transportation.

"(3) NOTIFICATION.—If the Secretary carries out an administrative action under this subsection, the Secretary shall provide public notice of that action, except in any case in which the President determines that the disclosure of that information would not be in the national security or foreign policy interest of the United States.

"(i) AUDITS AND EVALUATIONS.—

"(1) IN GENERAL.—The Secretary shall require each air carrier and airport that provides for intrastate, interstate, or foreign air transportation to conduct periodic audits and evaluations of the security systems of that air carrier or airport.

"(2) REPORTS.—Not later than 1 year after the date of enactment of this section, and annually thereafter, each air carrier and airport referred to in paragraph (1) shall submit to the Secretary a report on the audits and evaluations conducted by the air carrier or airport under this subsection.

"(3) INVESTIGATIONS.—The Secretary, in consultation with the Administrator, shall conduct periodic and unannounced inspections of security systems of airports and air carriers to determine whether the air carriers and airports are in compliance with the performance-based measures developed under subsection (f). To the extent allowable by law, the Secretary may provide for anonymous tests of the security systems referred to in the preceding sentence.

"(j) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary, in consultation with the Administrator and appropriate officers and employees of other Federal agencies, shall prescribe and implement such regulations as are necessary to carry out this section.

"(k) MODIFICATION OF EXISTING PROGRAMS.—If the Secretary or the Administrator determines that a modification of a program in existence on the date specified in subsection (j) could be accomplished without prescribing regulations to meet the requirements of this section, the Secretary or the Administrator may make that modification in lieu of prescribing a regulation.

"§ 44917. Support for families of victims of transportation disasters

"(a) IN GENERAL.—

"(1) ESTABLISHMENT.—The President shall establish, within an appropriate Federal agency, an office to be known as the Office of Family Advocate.

"(2) STANDARDS OF CONDUCT.—

"(A) IN GENERAL.—The head of the Federal agency specified in paragraph (1) (hereafter in this section referred to as the "agency head"), acting through the Office of Family Advocate, shall develop standards of conduct for informing and supporting families of victims of accidents in air commerce and other transportation accidents involving any other form of transportation that is subject to the jurisdiction of the Department of Transportation.

"(B) CONSULTATION.—In developing the standards under this paragraph, the agency head shall consult with—

"(i) appropriate officers and employees of other Federal agencies;

"(ii) representatives of families of victims of accidents in air commerce and other transportation accidents referred to in subparagraph (A);

"(iii) individuals who are experts in psychology and trauma counseling; and

"(iv) representatives of air carriers.

"(3) THIRD PARTY INVOLVEMENT.—

"(A) IN GENERAL.—The agency head, acting through the Office of Family Advocate, shall provide for counseling, support, and protection for the families of victims of transportation accidents referred to in paragraph (2)(A) by—

"(i) consulting with a nongovernmental organization that the agency head determines to have appropriate experience and expertise; and

"(ii) if appropriate, entering into an agreement with a nongovernmental organization or the head of another appropriate Federal agency (including the Director of the Federal Emergency Management Agency) to provide those services.

"(b) PASSENGER INFORMATION.—

"(1) IN GENERAL.—The Secretary of Transportation (hereafter in this section referred to as the 'Secretary') shall require each air carrier that provides intrastate, interstate, or foreign air transportation to obtain, at the time of purchase of passage, from each passenger that purchases passage on a flight—

"(A) the full name, address, and daytime and evening telephone numbers of the passenger; and

"(B) the full name and daytime and evening telephone numbers of a contact person designated by the passenger.

"(2) REQUIREMENT FOR AIR CARRIERS.—

"(A) IN GENERAL.—The Secretary shall require each air carrier that provides intrastate, interstate, or foreign air transportation to provide the information obtained for a flight under paragraph (1) only—

"(i) in the event of an accident in air commerce in which a serious injury or crime (as determined by the Secretary) or death occurs; and

"(ii) in accordance with section 552a of title 5, United States Code.

"(B) PROVISION OF INFORMATION.—In the event of an accident in air commerce described in subparagraph (A), if the flight involves—

"(i) intrastate or interstate air transportation, the air carrier shall provide the information required to be submitted under subparagraph (A) not later than 3 hours after the accident occurs; or

"(ii) foreign air transportation, the air carrier shall provide such information not later than 4 hours after the accident occurs.

"§ 44918 Exemption; fees

"(a) EXEMPTION.—The regulations issued under sections 44916 and 44917 shall be exempt from any requirement for a cost-benefit analysis under chapter 8 of title 5, United States Code, or any other provision of Federal law.

"(b) FEES.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine, and adjust on an annual basis, a fee that shall be assessed against each individual who purchases passage on a flight in intrastate, interstate, or foreign air transportation that is based on the estimated cost of carrying out sections 44916 and 44917.

"(2) LIMITATION ON AMOUNT.—The amount of a fee assessed under this subsection shall not exceed $2 per flight, per passenger.

"(3) AVIATION SECURITY ACCOUNT.—

"(A) IN GENERAL.—There shall be established within the Treasury of the United States, an Aviation Security Account. The fees collected under this subsection shall be deposited into that account.

"(B) USE OF FUNDS IN ACCOUNT.—The Secretary of the Treasury shall make the funds in the account available only to—

"(i) the Secretary of Transportation for use by the Secretary in accordance with section 44916; and

"(ii) the agency head specified by the President under section 44917, for use by that agency head in accordance with that section.".

(b) EMPLOYMENT INVESTIGATIONS AND RESTRICTIONS.—Section 44936(b)(1)(B) of title 49, United States Code, is amended by striking ", in the 10-year period ending on the date of the investigation,".

(c) CONFORMING AMENDMENT.—The analysis for subchapter I of chapter 449 of title 49, United States Code, is amended by adding at the end the following new items:

"44916. Enhancement of aviation security.
"44917. Support for families of victims of transportation disasters.
"44918. Exemption; fees.".

AVIATION SECURITY PROPOSAL

(1) DOT TO IMPLEMENT AN ENHANCED AVIATION SECURITY SYSTEM

Cargo and checked baggage—The Secretary shall review current procedures for examining cargo and checked baggage on passenger flights and implement a program to reduce all significant security risks. That program shall include, but not be limited to, procedures that restrict access to passenger, cargo, cargo hold and aircraft servicing areas.

Profiling risk assessment—the Secretary shall develop, in consultation with appropriate federal authorities, a methodology to profile passengers, cargo and flights for both pre-airport and airport arrival to identify those passengers and cargo that present a possible risk to aviation security. The Secretary will require that air carriers implement this methodology and develop contingency actions described below with respect to those persons and cargo identified by the methodology. Those measures may include, but not be limited to, bag-match and enhanced bag search.

Explosive Detection Systems—the Secretary shall identify, based on profiles and other information and measures developed in consultation with appropriate federal agencies, all flights that pose the greatest risk to security, and ensure that enhanced, state-of-the-art, explosive detection devices are installed in the appropriate airports to protect against those risks. The Secretary shall, within six months from the enactment of this Act, develop and implement a plan to phase in expedited installation of the devices at priority airports. The Secretary shall submit an annual report to the Speaker of the House of Representatives and the President of the Senate on the progress of the plan. The report may be classified or unclassified at the Secretary's discretion.

(2) INCREASED SCREENING FOR CERTAIN AIRPORT PERSONNEL

Classification of Airport Personnel—the provisions of this section shall apply to those personnel employed by air carriers or their contractors or subcontractors who, through duties and work location, either (a) have unescorted access to all or portions of aircraft that are engaged in the transportation of passengers for hire, or (b) have security responsibilities that affect the access and passage of passengers and/or cargo into the proximity of passenger carrying aircraft.

Training—the Secretary shall review existing standards and, where necessary, impose additional minimum standards for training and certification of security personnel. The fact that the employee passed the minimum standards shall not relieve the air carrier of responsibility if he later is responsible for, or contributes to, an incident or an accident.

Performance Based Measures—the Secretary shall develop performance based measures for all personnel security functions and implement actions to require the air carriers or airports, as appropriate, to accomplish those measures.

Security Checks—the Secretary shall require comprehensive employment investigations on new hires and existing employees, including but not limited to criminal history checks. This provision also lifts the current restriction of ten years on the employee's history.

Penalties—the Secretary shall, within six months from enactment, promulgate regulations that impose penalties for violations that are commensurate with the seriousness of the offense. Such penalties may include temporary suspension of the operating certificate, immediate closure of a gate or secure area, cancellation of flights, public notification of violations or actual revocation of the operating certificate.

(3) MANDATED OPERATIONAL CHECKS OF THE SYSTEM

Self-audits and evaluations—the Secretary shall require air carriers and airports to conduct audits and evaluations on the efficacy of the security systems, and issue annual reports of their results to the Secretary.

The Secretary shall conduct regular, unannounced and/or anonymous tests of the airport and air carrier's security systems to determine whether the systems are in compliance with the performance based measures as determined by the Secretary.

(4) SUPPORT FOR FAMILIES OF VICTIMS OF TRANSPORTATION DISASTERS

Family Advocate—there shall be established an Office of Family Advocate in the appropriate federal agency to be determined by the President. The Office shall develop standards of conduct for informing and supporting families of victims. The standards shall be developed in consultation with any federal agency, representatives of families of victims of airline or other transportation disasters, psychological experts and air carriers.

Third party involvement—the Office shall consult with a third party organization that has the appropriate experience, in offering counseling, support and protection for the families of victims. the Office is authorized to task an organization or other government agency, to carry out the necessary tasks, if appropriate, including the Federal Emergency Management Agency.

Passenger information—the Secretary shall require air carriers, both domestic and foreign flag carriers, to collect the following information at the time of passenger's ticket purchase: full name, address, telephone number (daytime and nighttime) and contact person. The Secretary shall require air carriers to provide, within three hours for domestic flights and four hours for international flights, such information to the Office of Family Advocate only in the event of a transportation disaster where serious injury or death occurred.

(5) FUNDING

Fee per ticket—the Secretary shall determine a fee to be assessed on each airline ticket, the amount of which is based on the cost to implement the provisions of this Act, but not to exceed $4 per ticket. The Secretary shall begin assessing the fee within 30 days from the enactment of this Act.

Aviation Security Account—there shall be established within the Department, an Aviation Security Account. The fees shall be collected and credited to relevant appropriations within the FAA.

By Mr. DASCHLE (for himself and Mr. PRESSLER);

S. 2038. A bill to authorize the construction of the Fall River Water Users District Rural Water System and authorize the appropriation of Federal dollars to assist the Fall River Water Users District, a nonprofit corporation, in the planning and construction of the water supply system, and for other purposes; to the Committee on Energy and Natural Resources.

THE FALL RIVER WATER USERS DISTRICT RURAL WATER SYSTEM ACT OF 1996

S. 2039. A bill to authorize the construction of the Perkins County Rural Water System and authorize the appropriation of Federal dollars to assist the Perkins County Rural Water System, Inc., a nonprofit corporation, in the planning and construction of the water supply system, and for other purposes; to the Committee on Energy and Natural Resources.

THE PERKINS COUNTY RURAL WATER SYSTEM ACT OF 1996

Mr. DASCHLE. Mr. President, the need for water development throughout South Dakota is great. As we prepare to enter the 21st century, all South Dakotans should be able to consider a high quality water supply to be a basic human right, and we should do whatever we can to meet this goal.

While considerable progress has been made in providing clean and safe drinking water to residents of my State, much work remains to be done. Fall River County and Perkins County are examples of areas that urgently need to develop new sources of potable water. That is why I am introducing bills today to authorize the construction of the Fall River Water Users District Rural Water System and the Perkins County Rural Water System.

The communities that would be served by both systems are comprised of farmers and ranchers who for too long have had to endure substandard, and at times remote, sources of drinking water. The drinking water available in Fall River County, SD, like the water in much of the rest of the State, is contaminated with high levels of nitrates, sulfates, and dissolved solids. Wells have been known to run dry, due to the high frequency of droughts in the region. Many people currently must haul water, sometimes as much as 60 miles round-trip. Similar problems exist in Perkins County, where much of the drinking water fails to meet minimum public health standards, thereby posing a long-term health risk to the citizens of that region.

Simply put, this situation is unacceptable and must be remedied.

In Fall River County, the Fall River Water Users District was formed to plan and develop a rural water system capable of supplying the water to sustain this community. I and my congressional colleagues have worked hard over the past year with the district to identify a solution that was affordable and could provide adequate amounts of clean water to satisfy the needs of the community. It became apparent that the only feasible option was the authorization of a rural water system that involved the financial and technical participation of the Federal, State, and local governments.

My first bill would authorize the construction of a system to bring clean water to the residents of Fall River County. I am absolutely committed to continuing to work with the Fall River County Water Users District, the State and the Federal Government to bring a high quality water supply to Fall River County.

Under the second bill I am introducing today, the Perkins County Rural Water System will obtain Missouri River water through the Southwest Pipeline, which is part of the Garrison Diversion Unit in North Dakota. This is an efficient and cost-effective approach that takes advantage of existing water management infrastructure. Clean, safe drinking water will be provided to about 2,500 people who reside in the towns of Lemmon and Bison, and the surrounding areas.

It is my hope that my colleagues will join with me in supporting these two pieces of legislation, which will provide safe, clean drinking water to deserving South Dakota families.

Mr. President, I ask unanimous consent that the text of the bills be printed in the RECORD.

There being no objection, the bills were ordered to be printed in the RECORD, as follows:

S. 2038

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fall River Water Users District Rural Water System Act of 1996".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there are insufficient water supplies of reasonable quality available to the members of the Fall River Water Users District Rural Water System located in Fall River County, South Dakota, and the water supplies that are available are of poor quality and do not meet the minimum health and safety standards, thereby posing a threat to public health and safety;

(2) past cycles of severe drought in the southeastern area of Fall River county have left local residents without a satisfactory water supply and during 1990, many home owners and ranchers were forced to haul water to sustain their water needs;

(3) most members of the Fall River Water Users District are forced to either haul bottled water for human consumption or use distillers due to the poor quality of water supplies available;

(4) the Fall River Water Users District Rural Water System has been recognized by the State of South Dakota; and

(5) the best available, reliable, and safe rural and municipal water supply to serve the needs of the Fall River Water Users District Rural Water System members consists of a Madison Aquifer well, 3 separate water storage reservoirs, 3 pumping stations, and approximately 200 miles of pipeline.

(b) PURPOSES.—The Congress declares that the purposes of sections 1 through 13 are to—

(1) ensure a safe and adequate municipal, rural, and industrial water supply for the members of the Fall River Water Users District Rural Water System in Fall River County, South Dakota;

(2) assist the citizens of the Fall River Water Users District to develop safe and adequate municipal, rural, and industrial water supplies; and

(3) promote the implementation of water conservation programs by the Fall River Water Users District Rural Water System.

SEC. 3. DEFINITIONS.

As used in this Act (unless the context clearly requires otherwise):

(1) ENGINEERING REPORT.—The term "engineering report" means the study entitled "Supplemental Preliminary Engineering Report for Fall River Water Users District" in August 1995.

(2) PROJECT CONSTRUCTION BUDGET.—The term "project construction budget" means the description of the total amount of funds that are needed for the construction of the water supply system, as contained in the feasibility study.

(3) PUMPING AND INCIDENTAL OPERATIONAL REQUIREMENTS.—The term "pumping and incidental operational requirements" means all power requirements that are incidental to the operation of intake facilities, pumping stations, water treatment facilities, cooling facilities, reservoirs, and pipelines up to the point of delivery of water by the Fall River Water Users District Rural Water System to each entity that distributes water at retail to individual users.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(5) WATER SUPPLY SYSTEM.—The term "water supply system" means the Fall River Water Users District Rural Water System that is established and operated substantially in accordance with the feasibility study.

SEC. 4. FEDERAL ASSISTANCE FOR THE WATER SUPPLY SYSTEM.

(a) IN GENERAL.—The Secretary is authorized to make grants to the Fall River Water Users District Rural Water System, a nonprofit corporation, for the planning and construction of the water supply system.

(b) SERVICE AREA.—The water supply system shall provide for safe and adequate municipal, rural, and industrial water supplies, mitigation of wetlands areas; and water conservation within the boundaries of the Fall River Water Users District, described as follows: bounded on the north by the Angostura Reservoir, the Cheyenne River, and the Fall River/Custer County line, bounded on the east by the Fall River/Shannon County line, bounded on the south by the South Dakota/Nebraska State line, and bounded on the west by the previously established Igloo-Provo Water Project District.

(c) AMOUNT OF GRANTS.—Grants made available under subsection (a) to the Fall River Water Users District Rural Water System shall not exceed the amount authorized under section 10.

(d) LIMITATION ON AVAILABILITY OF CONSTRUCTION FUNDS.—The Secretary shall not obligate funds for the construction of the water supply system until—

(1) the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) have been met;

(2) a final engineering report has been prepared and submitted to the Congress for a period of not less than 90 days before the commencement of construction of the system; and

(3) a water conservation program has been developed and implemented.

SEC. 5. WATER CONSERVATION.

(a) PURPOSE.—The water conservation program required under this section shall be designed to ensure that users of water from the water supply system will use the best practicable technology and management techniques to conserve water use.

(b) DESCRIPTION.—The water conservation programs shall include—

(1) low consumption performance standards for all newly installed plumbing fixtures;

(2) leak detection and repair programs;

(3) rate structures that do not include declining block rate schedules for municipal households and special water users (as defined in the feasibility study);

(4) public education programs; and

(5) coordinated operation between the Fall River Water Users District Rural Water System and any preexisting water supply facilities within its service area.

(c) REVIEW AND REVISION.—The programs described in subsection (b) shall contain provisions for periodic review and revision, in cooperation with the Secretary.

SEC. 6. MITIGATION OF FISH AND WILDLIFE LOSSES.

Mitigation of fish and wildlife losses incurred as a result of the construction and operation of the Fall River Water Users District Rural Water System shall be on an acre-for-acre basis, based on ecological equivalency, concurrent with project construction, as provided in the feasibility study.

SEC. 7. USE OF PICK-SLOAN POWER.

(a) IN GENERAL.—From power designated for future irrigation and drainage pumping for the Pick-Sloan Missouri River Basin Program, the Western Area Power Administration shall make available the capacity and energy required to meet the pumping and incidental operational requirements of the water supply system during the period beginning May 1, and ending October 31, of each year.

(b) CONDITIONS.—The capacity and energy described in subsection (a) shall be made available on the following conditions:

(1) The water supply system shall be operated on a not-for-profit basis.

(2) The water supply system shall contract to purchase its entire electric service requirements, including the capacity and energy made available under subsection (a), from a qualified preference power supplier that itself purchases power from the Western Area Power Administration.

(3) The rate schedule applicable to the capacity and energy made available under subsection (a) shall be the firm power rate schedule of the Pick-Sloan Eastern Division of the Western Area Power Administration in effect when the power is delivered by the Administration.

(4) It shall be agreed by contract among—

(A) the Western Area Power Administration;

(B) the power supplier with which the water supply system contracts under paragraph (2);

(C) the power supplier of the entity described in subparagraph (B); and

(D) the Fall River Water Users District,

that in the case of the capacity and energy made available under subsection (a), the benefit of the rate schedule described in paragraph (3) shall be passed through to the water supply system, except that the power supplier of the water supply system shall not be precluded from including, in the charges of the supplier to the water system for the electric service, the other usual and customary charges of the supplier.

SEC. 8. NO LIMITATION ON WATER PROJECTS IN STATE.

This Act shall not limit the authorization for water projects in South Dakota and under law in effect on or after the date of enactment of this Act.

SEC. 9. WATER RIGHTS.

Nothing in this Act—

(1) invalidates or preempts State water law or an interstate compact governing water;

(2) alters the rights of any State to any appropriated share of the waters of any body of surface or ground water, whether determined by past or future interstate compacts or by past or future legislative or final judicial allocations;

(3) preempts or modifies any Federal or State law, or interstate compact, dealing with water quality or disposal; or

(4) confers on any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

SEC. 10. FEDERAL COST SHARE.

The Secretary is authorized to provide funds equal to 80 percent of—

(1) the amount allocated in the total project construction budget for the planning and construction of the water supply system under section 4; and

(2) such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after August 1, 1995.

SEC. 11. NON-FEDERAL COST SHARE.

The non-Federal share of the costs allocated to the water supply system shall be 20 percent of—

(1) the amount allocated in the total project construction budget for the planning and construction of the water supply system under section 4; and

(2) such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after August 1, 1995.

SEC. 12. BUREAU OF RECLAMATION AUTHORIZATION.

(a) AUTHORIZATION.—The Secretary is authorized to allow the Bureau of Reclamation to provide construction oversight to the water supply system for those areas of the water supply system that are described in section 4(b).

(b) PROJECT OVERSIGHT ADMINISTRATION.—The amount of funds used by the Bureau of Reclamation for planning and construction of the water supply system may not exceed an amount equal to 3 percent of the amount provided in the total project construction budget for the portion of the projects to be constructed in Fall River County, South Dakota.

SEC. 13. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $3,600,000 for the planning and construction of the water system under section 4, plus such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after August 1, 1995.

S. 2039

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Perkins County Rural Water System Act of 1996".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there are insufficient water supplies of reasonable quality available to the members of the Perkins County Rural Water System located in Perkins County, South Dakota, and the water supplies that are available do not meet the minimum health and safety standards, thereby posing a threat to public health and safety;

(2) in 1977 the North Dakota State Legislature authorized and directed the State Water Commission to conduct the Southwest Area Water Supply Study, which included water service to a portion of Perkins County, South Dakota;

(3) the Garrison Diversion Unit Reformulation Act of 1986 authorized the Southwest Pipeline project as an eligible project for Federal cost share participation;

(4) the Perkins County Rural Water System has continued to be recognized by the State of North Dakota, the Southwest Water Authority, the North Dakota Water Commission, the Department of the Interior, and the Congress of the United States as a component of the Southwest Pipeline Project; and

(5) the best available, reliable, and safe rural and municipal water supply to serve the needs of the Perkins County Rural Water System, Inc., members is the Missouri River as delivered by the Southwest Pipeline Project in North Dakota.

(b) PURPOSES.—The Congress declares that the purposes of sections 1 through 13 are to—

(1) ensure a safe and adequate municipal, rural, and industrial water supply for the members of the Perkins County Rural Water Supply System, Inc., in Perkins County, South Dakota;

(2) assist the citizens of the Perkins County Rural Water Supply System, Inc., to develop safe and adequate municipal, rural, and industrial water supplies; and

(3) promote the implementation of water conservation programs by the Perkins County Rural Water System, Inc.

SEC. 3. DEFINITIONS.

As used in this Act (unless the context clearly requires otherwise):

(1) FEASIBILITY STUDY.—The term "feasibility study" means the study entitled "Feasibility Study for Rural Water System for Perkins County Rural Water System, Inc.", as amended in March 1995.

(2) PROJECT CONSTRUCTION BUDGET.—The term "project construction budget" means the description of the total amount of funds that are needed for the construction of the water supply system, as contained in the feasibility study.

(3) PUMPING AND INCIDENTAL OPERATIONAL REQUIREMENTS.—The term "pumping and incidental operational requirements" means all power requirements that are incidental to the operation of intake facilities, pumping stations, water treatment facilities, reservoirs, and pipelines up to the point of delivery of water by the Perkins County Rural Water System to each entity that distributes water at retail to individual users.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(5) WATER SUPPLY SYSTEM.—The term "water supply system" means the Perkins County Rural Water System, Inc., that is established and operated substantially in accordance with the feasibility study.

SEC. 4. FEDERAL ASSISTANCE FOR THE WATER SUPPLY SYSTEM.

(a) IN GENERAL.—The Secretary is authorized to make grants to the Perkins County Rural Water System, Inc., a nonprofit corporation, for the planning and construction of the water supply system.

(b) SERVICE AREA.—The water supply system shall provide for safe and adequate municipal, rural, and industrial water supplies, mitigation of wetlands areas, and water conservation in Perkins County, South Dakota.

(c) AMOUNT OF GRANTS.—Grants made available under subsection (a) to the Perkins County Water System, Inc., shall not exceed the amount authorized under section 10.

(d) LIMITATION ON AVAILABILITY OF CONSTRUCTION FUNDS.—The Secretary shall not obligate funds for the construction of the water supply system until—

(1) the requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) have been met;

(2) a final engineering report has been prepared and submitted to the Congress for a period of not less than 90 days before the commencement of construction of the system; and

(3) a water conservation program has been developed and implemented.

SEC. 5. WATER CONSERVATION.

(a) PURPOSE.—The water conservation program required under this section shall be designed to ensure that users of water from the water supply system will use the best practicable technology and management techniques to conserve water use.

(b) DESCRIPTION.—The water conservation programs shall include—

(1) low consumption performance standards for all newly installed plumbing fixtures;

(2) leak detection and repair programs;

(3) rate structures that do not include declining block rate schedules for municipal households and special water users (as defined in the feasibility study);

(4) public education programs;

(5) coordinated operation between the Perkins County Rural Water System and any preexisting water supply facilities within its service area; and

(6) coordinated operation between the Southwest Pipeline Project of North Dakota and the Perkins County Rural Water System, Inc., of South Dakota.

(c) REVIEW AND REVISION.—The programs described in subsection (b) shall contain provisions for periodic review and revision, in cooperation with the Secretary.

SEC. 6. MITIGATION OF FISH AND WILDLIFE LOSSES.

Mitigation of fish and wildlife losses incurred as a result of the construction and operation of the Perkins County Rural Water Supply System shall be on an acre-for-acre basis, based on ecological equivalency, concurrent with project construction, as provided in the feasibility study.

SEC. 7. USE OF PICK-SLOAN POWER.

(a) IN GENERAL.—From power designated for future irrigation and drainage pumping for the Pick-Sloan Missouri River Basin Program, the Western Area Power Administration shall make available the capacity and energy required to meet the pumping and incidental operational requirements of the water supply system during the period beginning May 1, and ending October 31, of each year.

(b) CONDITIONS.—The capacity and energy described in subsection (a) shall be made available on the following conditions:

(1) The water supply system shall be operated on a not-for-profit basis.

(2) The water supply system shall contract to purchase its entire electric service requirements, including the capacity and energy made available under subsection (a), from a qualified preference power supplier that itself purchases power from the Western Area Power Administration.

(3) The rate schedule applicable to the capacity and energy made available under subsection (a) shall be the firm power rate schedule of the Pick-Sloan Eastern Division of the Western Area Power Administration in effect when the power is delivered by the Administration.

(4) It shall be agreed by contract among—

(A) the Western Area Power Administration;

(B) the power supplier with which the water supply system contracts under paragraph (2);

(C) the power supplier of the entity described in subparagraph (B); and

(D) the Perkins County Rural Water System, Inc.,

that in the case of the capacity and energy made available under subsection (a), the benefit of the rate schedule described in paragraph (3) shall be passed through to the water supply system, except that the power supplier of the water supply system shall not be precluded from including, in the charges of the supplier to the water system for the electric service, the other usual and customary charges of the supplier.

SEC. 8. NO LIMITATION ON WATER PROJECTS IN STATES.

This Act shall not limit the authorization for water projects in South Dakota and North Dakota under law in effect on or after the date of enactment of this Act.

SEC. 9. WATER RIGHTS.

Nothing in this Act—

(1) invalidates or preempts State water law or an interstate compact governing water;

(2) alters the rights of any State to any appropriated share of the waters of any body of surface or ground water, whether determined by past or future interstate compacts or by past or future legislative or final judicial allocations;

(3) preempts or modifies any Federal or State law, or interstate compact, dealing with water quality or disposal; or

(4) confers on any non-Federal entity the ability to exercise any Federal right to the waters of any stream or to any ground water resource.

SEC. 10. FEDERAL COST SHARE.

The Secretary is authorized to provide funds equal to 75 percent of—

(1) the amount allocated in the total project construction budget for the planning and construction of the water supply system under section 4; and

(2) such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after May 1, 1994.

SEC. 11. NON-FEDERAL COST SHARE.

The non-Federal share of the costs allocated to the water supply system shall be 25 percent of—

(1) the amount allocated in the total project construction budget for the planning and construction of the water supply system under section 4; and

(2) such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after May 1, 1994.

SEC. 12. BUREAU OF RECLAMATION AUTHORIZATION.

(a) AUTHORIZATION.—The Secretary is authorized to allow the Bureau of Reclamation to provide construction oversight to the water supply system for those areas of the water supply system that are described in section 4(b).

(b) PROJECT OVERSIGHT ADMINISTRATION.—The amount of funds used by the Bureau of Reclamation for planning and construction of the water supply system may not exceed an amount equal to 3 percent of the amount provided in the total project construction budget for the portion of the project to be constructed in Perkins County, South Dakota.

SEC. 13. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated $15,000,000 for the planning and construction of the water system under section 4, plus such sums as are necessary to defray increases in development costs reflected in appropriate engineering cost indices after May 1, 1994.

By Mr. HATCH (for himself and Mrs. HUTCHISON):

S. 2040. A bill to amend the Controlled Substances Act to provide a penalty for the use of a controlled substance with the intent to rape, and for other purposes; to the Committee on the Judiciary.

THE DRUG-INDUCED RAPE PREVENTION ACT OF 1996

Mr. HATCH. Mr. President, I rise today to introduce S. 2040, a bill to prevent the use of controlled substances to facilitate rape. This bill is to strike back at those who would use controlled substances to engage in the most reprehensible of crimes. Joining me in cosponsorship of this legislation is Senator HUTCHISON.

Mr. President, earlier in the year as a member of the congressional task force on national drug policy, I joined in issuing a report, "Setting the Course: A National Drug Strategy." This report noted that every survey of teenage drug use in the past two years indicates not only increasing use of dangerous drugs among teens, but a disturbing change in the attitudes teens have about the dangers of drug use.

Two very important surveys have confirmed that teenage drug abuse is on the rise.

The first study is the national high school report, Monitoring the Future, which surveys over 50,000 students in some 400 public and private secondary schools. The second study is the annual survey by the Parents' Resource Institute for Drug Education, which surveys nearly 200,000 ninth to twelfth graders.

While these studies focused on the use of marijuana, the use of hallucinogens, stimulants, and other drugs are also on the rise. According to reports by the Center on Addiction and Substance Abuse, adolescents who use marijuana are 85 times more likely to move to other dangerous drugs, such as cocaine.

As a recent report that we issued from the Judiciary Committee, Losing Ground Against Drugs noted:

> The implication for public policy is clear. If such increases are allowed to continue for just two more years, America will be at risk of returning to the epidemic drug use of the 1970's.

While the overwhelming abuse of drugs by teenagers focuses on illicit drugs, the illegal diversion and misuse of medicines is also a growing problem in our country.

During the past few years, there has been increasing abuse of a drug called rohypnol. Rohypnol is not approved for marketing in the United States but it is a legitimate therapeutic agent that is approved for use in several countries to treat sleep disorders.

According to a report from the Haight Ashbury Free Clinic, several abuse patterns of rohypnol have evolved in the United States.

Rohypnol is being abused by heroin addicts as an enhancing agent for low-quality heroin, as well as in combination with cocaine. In some areas it is referred to as a "club drug"—where it is used by so called "recreational" users who intermittently abuse a variety of substances.

However, the most disturbing use of rohypnol is its use to facilitate the rape of women. Reports continue to be made that rohypnol has been illicitly put into the drinks of unsuspecting victims before they are sexually assaulted.

I believe that the Federal Government must show that it will not tolerate the use of this drug—or any drug—to facilitate rape. I believe it is necessary and appropriate to establish a new provision that establishes tough penalties for the use of any controlled substance to facilitate rape.

Rohypnol abuse was initially reported in Florida and Texas, but its use has now become more widespread.

In an effort to stem the illegal flow of rohypnol into the United States, the U.S. Customs Service developed and implemented a ban on the importation of rohypnol into the United States.

Unfortunately, the problem continues to grow.

Rohypnol is a member of the widely-used class of prescription medications known as benzodiazapines. This class of drugs is used to treat sleep disorders, anxiety disorders and to control seizures, among other purposes. When used for legitimate medical purposes, this class of drugs is vital to the physical and mental health of thousands of Americans.

The Controlled Substances Act establishes five schedules of controlled substances, based primarily upon a drug's relative potential for abuse. Drugs listed in schedules I and II are those with the highest potential for abuse, while drugs listed in schedule V are those with the lowest potential for abuse.

Rohypnol is currently listed in Schedule IV of the Controlled Substances Act. In addition to rohypnol, more than twenty other benzodiazepine substances are listed as a Schedule IV substance.

Rohypnol is not marketed or manufactured in the United States. While not legally available for legitimate medical uses in the United States, rohypnol is widely used for legitimate medical purposes in many countries throughout the world.

In response to reports that the incidence of abuse of rohypnol was increasing, the Drug Enforcement Administration instituted the formal rescheduling process for this substance by submitting a formal request on April 11, 1996 to the Food and Drug Administration to conduct an evaluation of the scientific and medical evaluation of this substance. That evaluation is ongoing.

In a letter from Health and Human Services Secretary Donna E. Shalala to me on July 24, 1996, Secretary Shalala informed me that the goal of the rescheduling process was to make rohypnol subject to increased penalties for illicit use and trafficking.

Since this particular drug has become a leading agent of abuse and the focus of this debate, I agree with Secretary Shalala that it is appropriate to increase the penalties for illegal trafficking in rohypnol. This bill does that.

However, I am concerned about the precedent that rescheduling would have on this very useful class of medicines. I fee a more appropriate—and rapid—method to respond to this crisis is to implement the increased penalties for illegal trafficking in rohypnol without having Congress circumvent the well-established process for rescheduling a substance.

As I mentioned previously, the rescheduling process requires a careful scientific and medical evaluation of the substance. This evaluation is completed by the FDA in consultation with HHS' National Institute on Drug Abuse. Congress does not have the resources or expertise to complete such an evaluation, and by considering rescheduling may establish an unintentional precedent with regard to scheduling of controlled substances which we may regret later on.

I believe that the Drug-Induced Rape Prevention Act of 1996 provides for a rapid, measured response to the problem that the abuse of rohypnol has presented, without establishing an unintended role for Congress with regard to the scheduling of controlled substances. I urge that this legislation be considered when we reconvene next month.

Mr. President, I ask unanimous consent that the text of the bill and a section-by-section analysis be place in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

S. 2040

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Drug-Induced Rape Prevention Act of 1996".

SEC. 2. PENALTIES FOR DISTRIBUTION OF A CONTROLLED SUBSTANCE WITH INTENT TO RAPE.

Section 401(b) of the Controlled Substances Act is amended by adding at the end the following:

"(7)(A) Whoever, with intent to rape an individual, violates subsection (a) by distributing a controlled substance to that individual without that individual's knowledge, shall be imprisoned not more than 20 years and fined as provided under title 18, United States Code.

"(B) As used in this paragraph—

"(i) the term 'intent to rape' means the intent to facilitate conducted defined in section 2241(b) or 2242(2) of title 18, United States Code; and

"(ii) the term 'without that individual's knowledge' means that the individual is unaware that a substance with the ability to alter that individual's ability to appraise conduct or to decline participation in or communicate unwillingness to participate in conduct is administered to the individual.".

SEC. 3. ADDITIONAL PENALTIES RELATING TO FLUNITRAZEPAM.

(a) General Penalties.—Section 401 of the Controlled Substances Act (21 U.S.C. 841) is amended—

(1) in subsection (b)(1)(C), by inserting "or 1 gram of flunitrazepam" after "I or II"; and

(2) in subsection (b)(1)(D), by inserting "or 30 milligrams of flunitrazepam," after "schedule III,".

(b) Import and Export Penalties.—

(1) Section 1009(a) of the Controlled Substances Import and Export Act (21 U.S.C. 959(a)) is amended by inserting "or flunitrazepam" after "I or II".

(2) Section 1010(b)(3) of the Controlled Substances Import and Export Act (21 U.S.C. 960(b)) is amended by inserting "or flunitrazepam" after "I or II,".

(3) Section 1010(b)(4) of the Controlled Substances Import and Export Act is amended by inserting "(except a violation involving flunitrazepam)" after "III, IV, or V,".

(c) Sentencing Guidelines.—The United States Sentencing Commission shall amend the Sentencing Guidelines so that one dosage unit of flunitrazepam shall be equivalent to one gram of marihuana for determining the offense level under the Drug Quantity Table.

Section 1. Short Title: Establishes the title of the bill as the "Drug-Induced Rape Prevention Act of 1996."

Section 2. Penalties for Distribution of a Controlled Substance with Intent to Rape: Creates a specific violation under the Controlled Substances Act (CSA) for unlawful distribution, with the intent to rape, of a controlled substance to a person without that person's knowledge. The penalty will be up to 20 years without probation, and fines will be imposed of up to two million dollars for an individual. The definition of "intent to rape" is provided in section 2241(b) or 2242(2) of Title 18, U.S.C. and is referenced in this bill.

Section 3. Additional Penalties Relating to Flunitrazepam:

(a) General Penalties.—Provides enhanced penalties for manufacturing, distributing, dispensing, or possessing with the intent to manufacture, dispense or distribute large quantities of the drug flunitrazepam (marketed under the name "Rohypnol"). One gram or more of flunitrazepam will carry a penalty of not more than 20 years in prison, and 30 milligrams a penalty of not more than five years in prison.

(b) Import and Export Penalties.—Extends the so-called "long-arm" provisions of 21 U.S.C. 959(a) to the unlawful manufacture and distribution of flunitrazepam outside the United States with the intent to import it unlawfully into this country.

(c) Sentencing Guidelines.—Directs the U.S. Sentencing Commission to amend the Sentencing Guidelines so that flunitrazepam will be subject to the same base offense level as schedule I or II depressants.

By Mr. D'AMATO (for himself, Mr. Moynihan, and Mr. Faircloth):

S. 2041. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 with respect to the dumping of dredged material in Long Island Sound, and for other purposes; to the Committee on Environment and Public Works.

THE LONG ISLAND SOUND PRESERVATION AND PROTECTION ACT

Mr. D'AMATO. Mr. President, I rise today to introduce legislation along with Senator Moynihan and Senator Faircloth that will help guarantee that one of our Nation's most important estuaries is no longer used as a dumping ground for polluted dredged material. Long Island Sound is a spectacular body of water located between Long Island, NY and the State of Connecticut. Unfortunately, dumping of dredged material of questionable environmental impact has occurred in the sound for a number of years. It is high time that Congress put an end to this practice of willful pollution of the Sound.

The legislation that we are introducing today will prevent any individual or any Government agency from randomly dumping sediments into the ecologically sensitive sound. Specifically, the legislation prevents all sediments that contain any constituents prohibited as other than trace contaminants, as defined by Federal regulations, from being dumped into either Long Island Sound or Block Island Sound. Exceptions to the act can be made only in circumstances where the Administrator of the Environmental Protection Agency shows that the material will not cause undesirable effects to the environment or marine life.

Last fall, the U.S. Navy dumped over 1 million cubic yards of dredged material from the Thames River into the New London dump site located in the sound. Independent tests of this sediment indicated that contaminants were present in that dredged material that now lies at the bottom of the sound's New London dump site–contaminants such as dioxin, cadmium, pesticides, polyaromatic hydrocarbons, PCB's, and mercury. Right now, there is a question as to the long-term impact this material will have on the aquatic life and the environment in this area. Such concerns should not have to occur. It has taken years to come as far as we have in cleaning up Long Island Sound—we should not jeopardize those gains by routinely allowing the dumping of polluted sediments in these waters.

Over $1.2 billion in Federal, State, and local funds have been spent in the State of New York in the last quarter century combating pollution in the sound. However, over the last 25 years, we have continued to look the other way when it comes to dumping in the sound. Such actions are counterproductive in our efforts to restore the Sound for recreational activities such as swimming and boating as well as the economic benefits of sport fishing and the shellfish industry all of which bring more than $5.5 billion to the region each year. We can and must change our current direction. With the passage of this legislation, I am confident that we will do so, and the Long Island Sound will move forward on the road to recovery. I urge my colleagues to join us in cosponsoring this bill, and I encourage its swift passage in the Senate.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2041

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Long Island Sound Preservation and Protection Act of 1996".

SEC. 2. DUMPING OF DREDGED MATERIALS IN LONG ISLAND SOUND.

Section 106(f) of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1416(f)) is amended to read as follows:

"(f) DUMPING OF DREDGED MATERIAL IN LONG ISLAND SOUND.—

"(1) IN GENERAL.—No dredged material from any Federal or non-Federal project that contains any of the constituents prohibited as other than trace contaminants (as defined by the Federal ocean dumping criteria stated in section 227.6 of title 40, Code of Federal Regulations) may be dumped in Long Island Sound or Block Island Sound except in a case in which it is demonstrated to the Administrator, and the Administrator certifies by publication in the Federal Register, that the dumping of the dredged material containing the constituents will not cause significant undesirable effects, including the threat associated with bioaccumulation of such constituents in marine organisms.

(2) FEDERAL PROJECTS EXCEEDING 25,000 YARDS.—In addition to other provisions of law and notwithstanding the specific exclusion relating to dredged material of the first sentence in section 102(a), any dumping of dredged material in Long Island Sound from a Federal project (or pursuant to Federal authorization) by a non-Federal applicant in a quantity exceeding 25,000 cubic yards shall comply with the criteria established under the second sentence of section 102(a) relating to the effects of dumping.

"(3) RELATION TO OTHER LAW.—Subsection (d) shall not apply to this subsection.".

By Mr. MACK (for himself, Mr. BOND, Mr. D'AMATO, and Mr. BENNETT):

S. 2042. A bill to reform the multifamily rental assisted housing programs of the Federal Government, maintain the affordability and availability of low-income housing, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1996

Mr. MACK. Mr. President, I am pleased to introduce, on behalf of Senator D'AMATO, BOND, and BENNETT, the Multifamily Assisted Housing Reform and Affordability Act of 1996. This bill is a serious effort to reform the Nation's assisted and insured multifamily housing portfolio in a responsible manner that balances both fiscal and public policy goals. This legislation will save scarce Federal subsidy dollars while maintaining the affordability and availability of decent and safe rental housing.

About 20 years ago, the Federal Government encouraged private developers to construct affordable rental housing by providing mortgage insurance through the Federal Housing Administration [FHA] and rental assistance through the Department of Housing and Urban Development's [HUD] project-based Section 8 programs. In addition, tax incentives for the development of low-income housing were provided through the tax code until 1986.

The combination of these financial incentives resulted in the creation of thousands of decent, safe, and affordable housing properties but, at a great cost to the American taxpayer. Flaws in the Section 8 rental assistance program allowed owners to receive more Federal dollars in rental subsidy than was necessary to maintain properties as decent and affordable rental housing. A recent HUD study found that almost two-thirds of assisted properties have contract rents greater than comparable market rents. Like the severely distressed public housing stock, some of these Section 8 projects have become targets and havens for crime and drug activities. Thus, in some cases, taxpayers are paying costly subsidies for inferior housing. We believe that a policy that pays excessive rental subsidies for housing is not fair to the American taxpayer, and it cannot be sustained in the current budget environment.

It is critical that this legislation be enacted this year because in the next several years, a majority of the Section 8 contracts on the 8,500 FHA-insured properties will expire. If contracts continue to be renewed at existing levels, the cost of renewing these contracts will grow from $1.2 billion in fiscal year 1997 to almost $4 billion in fiscal year 2000 and $8 billion 10 years from now. However, if these project-based assistance contracts are not renewed most of the FHA-insured mortgages—with an unpaid principal balance of $18 billion—will default and result in claims on the FHA insurance funds. This could lead to more severe actions such as foreclosure, which will adversely affect residents and communities.

Like public housing, federally assisted and insured housing provides critical housing to almost 1.6 million American families. There are other similarities to public housing. For one, the average annual income of residents that reside in project-based housing is less than $7,000. A significant percentage of residents are elderly or persons with disabilities. Many of these developments are located in rural areas where no other rental housing exists. some of these properties serve as "anchors" of neighborhoods where the economic stability of the neighborhoods is dependent upon the viability of these properties.

Unfortunately for residents and communities, HUD does not have the ability to administer and oversee its portfolio of multifamily housing properties. The General Accounting Office and the HUD Office of Inspector General [IG] have found that even though HUD has various enforcement tools to ensure that properties are properly maintained, poor management information systems and ineffective oversight of properties have impeded HUD's ability to identify problems and pursue enforcement actions in a timely fashion. HUD is further hampered by the lack of adequate staffing and inadequately trained staff. For example, the IG found that the average workload for a HUD loan servicer ranged from 28 projects per servicer to 105 projects per servicer. In comparison, State housing finance agencies averaged 12 to 16 projects per servicer.

The Multifamily Assisted Housing Reform and Affordability Act addresses these issues through a new comprehensive structure that provides a wide variety of tools to address the spiraling costs of Section 8 assistance without harming residents or communities. The bill will reduce the long-term ongoing costs of Federal subsidies by restructuring the underlying debt insured by FHA. This restructuring process will reduce the subsidy needs and costs of the properties and minimizes adverse tax consequences to good owners.

In recognition of HUD's inability to manage and service its housing inventory, this legislation would transfer the functions and responsibilities to capable State and local housing agencies who would act as participating administrative entities in managing this program. Incentives would be provided to these entities to ensure that the American taxpayer is paying the least amount of money to provide decent, safe, and affordable housing. Any amount of incentives provided to State and local entities would only be used for low-income housing purposes.

Horror stories of owners that have clearly violated housing quality standards would no longer be tolerated. Our bill screens out bad owners and managers and nonviable projects from the inventory and provides tougher and more effective enforcement tools that will minimize fraud and abuse of FHA insurance and assisted housing programs.

Lastly, our bill provides tools to recapitalize the assisted stock that suffer from deferred maintenance and empowers residents by providing for meaningful community and resident input into the process. Residents would also be empowered through opportunities to purchase properties.

Mr. President, I would like to reemphasize that it is critical that we address this issue this year. Delays will only harm the assisted housing stock, its residents and communities, and the financial stability of the FHA insurance funds. Further, HUD only has limited statutory authority to renew these contracts. In most cases, it cannot and does not have the capability to deal with this housing portfolio under current law.

This legislation will protect the Federal Government's investment in assisted housing and ensure that participating administrative entities are held accountable for their activities. It is also our goal that this process will ensure the long-term viability of these projects with minimal Federal involvement. It is a real effort to reduce the costs of the Federal Government while recognizing the needs of low-income families and communities throughout the Nation.

Mr. President, I ask unanimous consent that a summary and the text of the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2042

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Multifamily Assisted Housing Reform and Affordability Act of 1996".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—FHA-INSURED MULTIFAMILY HOUSING MORTGAGE AND HOUSING ASSISTANCE RESTRUCTURING

Sec. 101. Findings and purposes.
Sec. 102. Definitions.
Sec. 103. Authority of participating administrative entities.
Sec. 104. Mortgage restructuring and rental assistance sufficiency plan.
Sec. 105. Section 8 renewals and long-term affordability commitment by owner of project.
Sec. 106. Prohibition on restructuring.
Sec. 107. Restructuring tools.
Sec. 108. Shared savings incentive.
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TITLE I—FHA-INSURED MULTIFAMILY HOUSING MORTGAGE AND HOUSING ASSISTANCE RESTRUCTURING

SEC. 101. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) as of the date of enactment of this Act, it is estimated that—

(A) the insured multifamily housing portfolio of the Federal Housing Administration consists of 14,000 rental properties, with an aggregate unpaid principal mortgage balance of $38,000,000,000; and

(B) approximately 10,000 of these properties contain housing units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(3) FHA-insured multifamily rental properties are a major Federal investment, providing affordable rental housing to an estimated 2,000,000 low- and very low-income families;

(4) approximately 1,600,000 of these families live in dwelling units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(5) a substantial number of housing units receiving project-based assistance have rents that are higher than the rents of comparable, unassisted rental units in the same housing rental market;

(6) many of the contracts for project-based assistance will expire during the several years following the date of enactment of this Act;

(7) it is estimated that—

(A) if no changes in the terms and conditions of the contracts for project-based assistance are made before fiscal year 2000, the cost of renewing all expiring rental assistance contracts under section 8 of the United States Housing Act of 1937 for both project-based and tenant-based rental assistance will increase from approximately $4,000,000,000 in fiscal year 1997 to over $17,000,000,000 by fiscal year 2000 and some $23,000,000,000 in fiscal year 2006;

(B) of those renewal amounts, the cost of renewing project-based assistance will increase from $1,200,000,000 in fiscal year 1997 to almost $8,000,000,000 by fiscal year 2006; and

(C) without changes in the manner in which project-based rental assistance is provided, renewals of expiring contracts for project-based rental assistance will require an increasingly larger portion of the discretionary budget authority of the Department of Housing and Urban Development in each subsequent fiscal year for the foreseeable future;

(8) absent new budget authority for the renewal of expiring rental contracts for project-based assistance, many of the FHA-insured multifamily housing projects that are assisted with project-based assistance will likely default on their FHA-insured mortgage payments, resulting in substantial claims to the FHA General Insurance Fund and Special Risk Insurance Funds;

(9) more than 15 percent of federally assisted multifamily housing projects are physically or financially distressed, including a number which suffer from mismanagement;

(10) due to Federal budget constraints, the downsizing of the Department of Housing and Urban Development, and diminished administrative capacity, the Department lacks the ability to ensure the continued economic and physical well-being of the stock of federally insured and assisted multifamily housing projects; and

(11) the economic, physical, and management problems facing the stock of federally insured and assisted multifamily housing projects will be best served by reforms that—

(A) reduce the cost of Federal rental assistance, including project-based assistance, to these projects by reducing the debt service and operating costs of these projects while retaining the low-income affordability and availability of this housing;

(B) address physical and economic distress of this housing and the failure of some project managers and owners of projects to comply with management and ownership rules and requirements; and

(C) transfer and share many of the loan and contract administration functions and responsibilities of the Secretary with capable State, local, and other entities.

(b) PURPOSES.—The purposes of this title are—

(1) to preserve low-income rental housing affordability and availability while reducing the long-term costs of project-based assistance;

(2) to reform the design and operation of Federal rental housing assistance programs, administered by the Secretary, to promote greater multifamily housing project operating and cost efficiencies;

(3) to encourage owners of eligible multifamily housing projects to restructure their FHA-insured mortgages and project-based assistance contracts in a manner which is consistent with this title before the year in which the contract expires;

(4) to streamline and improve federally insured and assisted multifamily housing project oversight and administration;

(5) to resolve the problems affecting financially and physically troubled federally insured and assisted multifamily housing projects through cooperation with residents, owners, State and local governments, and other interested entities and individuals; and

(6) to grant additional enforcement tools to use against those who violate agreements and program requirements, in order to ensure that the public interest is safeguarded and that Federal multifamily housing programs serve their intended purposes.

SEC. 102. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) COMPARABLE PROPERTIES.—The term "comparable properties" means properties that are—

(A) similar to the eligible multifamily housing project in neighborhood (including risk of crime), location, access, street appeal, age, property size, apartment mix, physical configuration, property amenities, inapartment rental amenities, and utilities;

(B) unregulated by contractual encumbrances or local rent-control laws; and

(C) occupied predominantly by renters who receive no rent supplements or rental assistance.

(2) ELIGIBLE MULTIFAMILY HOUSING PROJECT.—The term "eligible multifamily housing project" means a property consisting of more than 4 dwelling units—

(A) with rents which, on an average per unit or per room basis, exceed the fair market rent of the same market area, as determined by the Secretary;

(B) that is covered in whole or in part by a contract for project-based assistance under—

(i) the new construction and substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983);

(ii) the property disposition program under section 8(b) of the United States Housing Act of 1937;

(iii) the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937;

(iv) the project-based certificate program under section 8 of the United States Housing Act of 1937;

(v) section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975);

(vi) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965; or

(vii) section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965; and

(C) financed by a mortgage insured under the National Housing Act.

(3) EXPIRING CONTRACT.—The term "expiring contract" means a project-based assistance contract attached to an eligible multifamily housing project which, under the terms of the contract, will expire.

(4) EXPIRATION DATE.—The term "expiration date" means the date on which an expiring contract expires.

(5) FAIR MARKET RENT.—The term "fair market rent" means the fair market rental established under section 8(c) of the United States Housing Act of 1937.

(6) KNOWING OR KNOWINGLY.—The term "knowing" or "knowingly" means having actual knowledge of or acting with deliberate ignorance or reckless disregard.

(7) LOW-INCOME FAMILIES.—The term "low-income families" has the same meaning as provided under section 3(b)(2) of the United States Housing Act of 1937.

(8) MULTIFAMILY HOUSING MANAGEMENT AGREEMENT.—The term "multifamily housing management agreement" means the agreement entered into between the Secretary and a participating administrative entity, as provided under section 103 of the title.

(9) PARTICIPATING ADMINISTRATIVE ENTITY.—The term "participating administrative entity" means a public agency, including a State housing finance agency or local housing agency, which meets the requirements under section 103(b).

(10) PROJECT-BASED ASSISTANCE.—The term "project-based assistance" means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project.

(11) RENEWAL.—The term "renewal" means the replacement of an expiring Federal rental contract with a new contract under section 8 of the United States Housing Act of 1937, consistent with the requirements of this title.

(12) SECRETARY.—The term "Secretary" means the Secretary of Housing and Urban Development.

(13) STATE.—The term "State" has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(14) TENANT-BASED ASSISTANCE.—The term "tenant-based assistance" has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(15) UNIT OF GENERAL LOCAL GOVERNMENT.—The term "unit of general local government" has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(16) VERY LOW-INCOME FAMILY.—The term "very low-income family" has the same meaning as in section 3(b) of the United States Housing Act of 1937.

SEC. 103. AUTHORITY OF PARTICIPATING ADMINISTRATIVE ENTITIES.

(a) PARTICIPATING ADMINISTRATIVE ENTITIES.—

(1) IN GENERAL.—The Secretary shall enter into multifamily housing management agreements with participating administrative entities for the implementation of mortgage restructuring and rental assistance sufficiency plans to restructure FHA-insured multifamily housing mortgages, in order to—

(A) reduce the costs of current and expiring contracts for assistance under section 8 of the United States Housing Act of 1937;

(B) address financially and physically troubled projects; and

(C) correct management and ownership deficiencies.

(2) MULTIFAMILY HOUSING MANAGEMENT AGREEMENTS.—Each multifamily housing management agreement entered into under this subsection shall—

(A) be a cooperative agreement to establish the obligations and requirements between the Secretary and the participating administrative entity;

(B) identify the eligible multifamily housing projects or groups of projects for which the participating administrative entity is responsible for assisting in developing and implementing approved mortgage workout and rental assistance sufficiency plans under section 104;

(C) require the participating administrative entity to review and certify to the accuracy and completeness of a comprehensive needs assessment submitted by the owner of an eligible multifamily housing project, in accordance with the information and data requirements of section 403 of the Housing and Community Development Act of 1992, including such other data, information, and requirements as the Secretary may require to be included as part of the comprehensive needs assessment;

(D) identify the responsibilities of both the participating administrative entity and the Secretary in implementing a mortgage restructuring and rental assistance sufficiency plan, including any actions proposed to be taken under section 106 or 107;

(E) require each mortgage restructuring and rental assistance sufficiency plan prepared in accordance with the requirements of section 104 for each eligible multifamily housing project;

(F) indemnify the participating administrative entity against lawsuits and penalties for actions taken pursuant to the agreement, excluding actions involving gross negligence or willful misconduct; and

(G) include compensation for all reasonable expenses incurred by the participating administrative entity necessary to perform its duties under this Act, including such incentives as may be authorized under section 108.

(b) SELECTION OF PARTICIPATING ADMINISTRATIVE ENTITY.—

(1) SELECTION CRITERIA.—The Secretary shall select a participating administrative entity based on the following criteria—

(A) is located in the State or local jurisdiction in which the eligible multifamily housing project or projects are located;

(B) has demonstrated expertise in the development or management of low-income affordable rental housing;

(C) has a history of stable, financially sound, and responsible administrative performance;

(D) has demonstrated financial strength in terms of asset quality, capital adequacy, and liquidity; and

(E) is otherwise qualified, as determined by the Secretary, to carry out the requirements of this title.

(2) SELECTION OF MORTGAGE RISK-SHARING ENTITIES.—Any State housing finance agency or local housing agency which is designated as a qualified participating entity under section 542 of the Housing and Community Development Act of 1992 shall automatically qualify as a participating administrative entity under this section.

(3) ALTERNATIVE ADMINISTRATORS.—With respect to any eligible multifamily housing project that is located in a State or local jurisdiction in which the Secretary determines that a participating administrative entity is not located, is unavailable, or does not qualify, the Secretary shall either—

(A) carry out the requirements of this title with respect to that eligible multifamily housing project; or

(B) contract with other qualified entities that meet the requirements of subsection (b), with the exception of subsection (b)(1)(A), the authority to carry out all or a portion of the requirements of this title with respect to that eligible multifamily housing project.

(4) PREFERENCE FOR STATE HOUSING FINANCE AGENCIES AS PARTICIPATING ADMINISTRATIVE ENTITIES.—For each State in which eligible multifamily housing projects are located, the Secretary shall give preference to the housing finance agency of that State or, if a State housing finance agency is unqualified or has declined to participate, a local housing agency to act as the participating administrative entity for that State or for the jurisdiction in which the agency located.

(5) STATE PORTFOLIO REQUIREMENTS.—

(A) IN GENERAL.—If the housing finance agency of a State is selected as the participating administrative entity, that agency shall be responsible for all eligible multifamily housing projects in that State, except that a local housing agency selected as a participating administrative entity shall be responsible for all eligible multifamily housing projects in the jurisdiction of the agency.

(B) DELEGATION.—A participating administrative entity may delegate or transfer responsibilities and functions under this title to one or more interested and qualified public entities.

(C) WAIVER.—A State housing finance agency or local housing agency may request a waiver from the Secretary from the requirements of this paragraph for good cause.

SEC. 104. MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.

(a) IN GENERAL.—

(1) DEVELOPMENT OF PROCEDURES AND REQUIREMENTS.—The Secretary shall develop procedures and requirements for the submission of a mortgage restructuring and rental assistance sufficiency plan for each eligible multifamily housing project with an expiring contract.

(2) TERMS AND CONDITIONS.—Each mortgage restructuring and rental assistance sufficiency plan submitted under this subsection shall be developed at the initiative of an owner of an eligible multifamily housing project with a participating administrative entity, under such terms and conditions as the Secretary shall require.

(3) CONSOLIDATION.—Mortgage restructuring and rental assistance sufficiency plans submitted under this subsection may be consolidated as part of an overall strategy for more than one property.

(b) NOTICE REQUIREMENTS.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The Secretary shall establish notice procedures and hearing requirements for tenants and owners concerning the dates for the expiration of project-based assistance contracts for any eligible multifamily housing project.

(B) 12-MONTH NOTICE.—Under the hearing requirements established under this paragraph, the owner shall provide 12 months notice in writing before the expiration of the initial project-based assistance contract to tenants of any eligible multifamily housing project.

(2) EXTENSION OF CONTRACT TERM.—Subject to agreement by a project owner, the Secretary may extend the term of any expiring contract or provide a section 8 contract with rent levels set in accordance with subsection (f)(2) for a period sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by the Secretary.

(c) TENANT RENT PROTECTION.—If the owner of a project with an expiring Federal rental assistance contract does not agree to extend the contract, the Secretary shall make tenant-based assistance available to tenants residing in units assisted under the expiring contract at the time of expiration.

(d) MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.—Each mortgage restructuring and rental assistance sufficiency plan shall—

(1) except as otherwise provided, restructure the project-based assistance rents for the eligible multifamily housing property in a manner consistent with subsection (e);

(2) require the owner or purchaser of an eligible multifamily mortgage housing project with an expiring contract to submit to the participating administrative entity a comprehensive housing needs assessment, in accordance with the information and data requirements of section 403 of the Housing and Community Development Act of 1992, including such other data, information, and requirements as the Secretary may require to be included as part of the comprehensive needs assessment;

(3) require the owner or purchaser of the project to provide or contract for competent management of the project;

(4) require the owner or purchaser of the project to take such actions as may be necessary to rehabilitate, maintain adequate reserves, and to maintain the project in decent and safe condition, based on housing quality standards established by—

(A) the Secretary; or

(B) local housing codes or codes adopted by public housing agencies that—

(i) meet or exceed housing quality standards established by the Secretary; and

(ii) do not severely restrict housing choice;

(5) require the owner or purchaser of the project to maintain affordability and use restrictions for 20 years, as the participating administrative entity determines to be appropriate, which restrictions shall be consistent with the long-term physical and financial viability character of the project as affordable housing;

(6) meet subsidy layering requirements under guidelines established by the Secretary; and

(7) require the owner or purchaser of the project to meet such other requirements as the Secretary determines to be appropriate.

(e) TENANT AND COMMUNITY PARTICIPATION AND CAPACITY BUILDING.—

(1) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall establish procedures to provide an opportunity for tenants of the project and other affected parties, including local government and the community in which the project is located, to participate effectively in the restructuring process established by this title.

(B) CRITERIA.—These procedures shall include—

(i) the rights to timely and adequate written notice of the proposed decisions of the owner or the Secretary or participating administrative entity;

(ii) timely access to all relevant information (except for information determined to be proprietary under standards established by the Secretary);

(iii) an adequate period to analyze this information and provide comments to the Secretary or participating administrative entity (which comments shall be taken into consideration by the Administrator); and

(iv) if requested, a meeting with a representative of the Administrator and other affected parties.

(2) PROCEDURES REQUIRED.—The procedures established under paragraph (1) shall permit tenant, local government, and community participation in at least the following decisions or plans specified in this title:

(A) The Multifamily Housing Management Agreement.

(B) Any proposed expiration of the section 8 contract.

(C) The project's eligibility for restructuring pursuant to section 106 and the mortgage restructuring and rental assistance sufficiency plan pursuant to section 104.

(D) Physical inspections.

(E) Capital needs and management assessments, whether before or after restructuring.

(F) Any proposed transfer of the project.

(3) FUNDING.—

(A) IN GENERAL.—The Secretary may provide not more than $10,000,000 annually in funding to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of this title (including transfer of developments to new owners) and for tenant services, from those amounts made available under appropriations Acts for implementing this title.

(B) ALLOCATION.—The Secretary may allocate any funds made available under subparagraph (A) through existing technical assistance programs and procedures developed pursuant to any other Federal law, including the Low-Income Housing Preservation and Resident Homeownership Act of 1990 and the Multifamily Property Disposition Reform Act of 1994.

(C) PROHIBITION.—None of the funds made available under subparagraph (A) may be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by the Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

(f) RENT LEVELS.—

(1) IN GENERAL.—Except as provided in paragraph (2), each mortgage restructuring and rental assistance sufficiency plan pursuant to the terms, conditions, and requirements of this title shall establish for units assisted with project-based assistance in eligible multifamily housing projects adjusted rent levels that—

(A) are equivalent to rents derived from comparable properties, if—

(i) the participating administrative entity makes the rent determination not later than 60 days after the owner submits a mortgage restructuring and rental assistance sufficiency plan; and

(ii) the market rent determination is based on not less than 2 comparable properties; or

(B) if those rents cannot be determined, are equal to 90 percent of the fair market rents for the relevant market area.

(2) EXCEPTIONS.—

(A) IN GENERAL.—A contract under this section may include rent levels that exceed the rent level described in paragraph (1) at rent levels that do not exceed 120 percent of the local fair market rent if the participating administrative entity—

(i) determines, that the housing needs of the tenants and the community cannot be adequately addressed through implementation of the rent limitation required to be established through a mortgage restructuring and rental assistance sufficiency plan under paragraph (1); and

(ii) follows the procedures under paragraph (3).

(B) EXCEPTION RENTS.—In any fiscal year, a participating administrative entity may approve exception rents on not more than 20 percent of all units in the geographic jurisdiction of the entity with expiring contracts in that fiscal year, except that the Secretary may waive this ceiling upon a finding of special need in the geographic area served by the participating administrative entity.

(3) RENT LEVELS FOR EXCEPTION PROJECTS.—For purposes of this section, a project eligible for an exception rent shall receive a rent calculation on the actual and projected costs of operating the project, at a level that provides income sufficient to support a budget-based rent that consists of—

(A) the debt service of the project;

(B) the operating expenses of the project, as determined by the participating administrative entity, including—

(i) contributions to adequate reserves;

(ii) the costs of maintenance and necessary rehabilitation; and

(iii) other eligible costs permitted under section 8 of the United States Housing Act of 1937;

(C) an adequate allowance for potential operating losses due to vacancies and failure to collect rents, as determined by the participating administrative entity;

(D) an allowance for a reasonable rate of return to the owner or purchaser of the project, as determined by the participating administrative entity, which shall not exceed 7 percent of the return on equity; and

(E) other expenses determined by the participating administrative entity to be necessary for the operation of the project.

(g) EXEMPTIONS FROM RESTRUCTURING.—Subject to section 106, the Secretary shall renew project-based assistance contracts at existing rents if—

(1) the project was financed through obligations such that the implementation of a mortgage restructuring and rental assistance plan under this section is inconsistent with applicable law or agreements governing such financing;

(2) in the determination of the Secretary or the participating administrative entity, the refinancing would not result in significant savings to the Secretary; or

(3) the project has an expiring contract under section 8 of the United States Housing Act of 1937 but does not qualify as an eligible multifamily project pursuant to section 102(6) of this title.

SEC. 105. SECTION 8 RENEWALS AND LONG-TERM AFFORDABILITY COMMITMENT BY OWNER OF PROJECT.

(a) SECTION 8 RENEWALS OF RESTRUCTURED PROJECTS.—Subject to the availability of amounts provided in advance in appropriations Acts, the Secretary shall enter into contracts with participating administrative entities pursuant to which the participating administrative entity shall offer to renew or extend an expiring section 8 contract on an eligible multifamily project, and the owner of the project shall accept the offer, provided the initial renewal is in accordance with the terms and conditions specified in the mortgage restructuring and rental sufficiency plan.

(b) REQUIRED COMMITMENT.—After the initial renewal of a section 8 contract pursuant to this section, the owner shall accept each offer made pursuant to subsection (a) to renew the contract, for a period of 20 years from the date of the initial renewal, if the offer to renew is on terms and conditions specified in the mortgage restoration and rental sufficiency plan.

SEC. 106. PROHIBITION ON RESTRUCTURING.

(a) PROHIBITION ON RESTRUCTURING.—The Secretary shall not consider any mortgage restructuring and rental assistance sufficiency plan or request for contract renewal if the participating administrative entity determines that—

(1) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to this project (or with regard to other similar projects if the Secretary determines that those actions or omissions constitute a pattern of mismanagement that would warrant suspension or debarment by the Secretary), including—

(A) knowingly and materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project;

(B) knowingly and materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937;

(C) knowingly and materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity;

(D) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

(E) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

(F) committing any actions or omissions that would warrant suspension or debarment by the Secretary;

(2) the owner or purchaser of the property materially failed to follow the procedures and requirements of this title, after receipt of notice and an opportunity to cure; or

(3) the poor condition of the project cannot be remedied in a cost effective manner, as determined by the participating administrative entity.

(b) OPPORTUNITY TO DISPUTE FINDINGS.—

(1) IN GENERAL.—During the 30-day period beginning on the date on which the owner or purchaser of an eligible multifamily housing project receives notice of a rejection under subsection (a) or of a mortgage restructuring and rental assistance sufficiency plan under section 104, the Secretary or participating administrative entity shall provide that owner or purchaser with an opportunity to dispute the basis for the rejection and an opportunity to cure.

(2) AFFIRMATION, MODIFICATION, OR REVERSAL.—

(A) IN GENERAL.—After providing an opportunity to dispute under paragraph (1), the Secretary or the participating administrative entity may affirm, modify, or reverse any rejection under subsection (a) or rejection of a mortgage restructuring and rental assistance sufficiency plan under section 104.

(B) REASONS FOR DECISION.—The Secretary or the participating administrative entity, as applicable, shall identify the reasons for any final decision under this paragraph.

(C) REVIEW PROCESS.—The Secretary shall establish an administrative review process to appeal any final decision under this paragraph.

(c) FINAL DETERMINATION.—Any final determination under this section shall not be subject to judicial review.

(d) DISPLACED TENANTS.—Subject to the availability of amounts provided in advance in appropriations Acts, for any low-income tenant that is residing in a project or receiving assistance under section 8 of the United States Housing Act of 1937 at the time of rejection under this section, that tenant shall be provided with tenant-based assistance and reasonable moving expenses, as determined by the Secretary.

(e) TRANSFER OF PROPERTY.—For properties disqualified from the consideration of a mortgage restructuring and rental assistance sufficiency plan under this section because of actions by an owner or purchaser in accordance with paragraph (1) or (2) of subsection (a), the Secretary shall establish procedures to facilitate the voluntary sale or transfer of a property as part of a mortgage restructuring and rental assistance sufficiency plan, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

SEC. 107. RESTRUCTURING TOOLS.

(a) RESTRUCTURING TOOLS.—For purposes of this title, and to the extent these actions are consistent with this section, an approved mortgage restructuring and assistance sufficiency plan may include one or more of the following:

(1) FULL OR PARTIAL PAYMENT OF CLAIM.—Making a full payment of claim or partial payment of claim under section 541(b) of the National Housing Act.

(2) REFINANCING OF DEBT.—Refinancing of all or part of the debt on a project, if the refinancing would result in significant subsidy savings under section 8 of the United States Housing Act of 1937.

(3) MORTGAGE INSURANCE.—Providing FHA multifamily mortgage insurance, reinsurance or other credit enhancement alternatives, including multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992. Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to eligible multifamily housing projects. Any credit subsidy costs of providing mortgage insurance shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(4) CREDIT ENHANCEMENT.—Any additional State or local mortgage credit enhancements and risk-sharing arrangements may be established with State or local housing finance agencies, the Federal Housing Finance Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, to a modified first mortgage.

(5) COMPENSATION OF THIRD PARTIES.—Entering into agreements, incurring costs, or making payments, as may be reasonably necessary, to compensate the participation of participating administrative entities and other parties in undertaking actions authorized by this title. Upon request, participating administrative entities shall be considered to be contract administrators under section 8 of the United States Housing Act of 1937 for purposes of any contracts entered into as part of an approved mortgage restructuring and rental assistance sufficiency plan.

(6) RESIDUAL RECEIPTS.—Applying any acquired residual receipts to maintain the long-term affordability and physical condition of the property. The participating administrative entity may expedite the acquisition of residual receipts by entering into agreements with owners of housing covered by an expiring contract to provide an owner with a share of the receipts, not to exceed 10 percent.

(7) REHABILITATION NEEDS.—Assisting in addressing the necessary rehabilitation needs of the project, except that assistance under this paragraph shall not exceed the equivalent of $5,000 per unit for those units covered with project-based assistance. Rehabilitation may be paid from the provision of grants from residual receipts or, as provided in appropriations Acts, from budget authority provided for increases in the budget authority for assistance contracts under section 8 of the United States Housing Act of 1937, or through the debt restructuring transaction. Each owner that receives rehabilitation assistance shall contribute not less than 25 percent of the amount of rehabilitation assistance received.

(8) MORTGAGE RESTRUCTURING.—Restructuring mortgages to provide a structured

first mortgage to cover rents at levels that are established in section 104(f) and a second mortgage equal to the difference between the restructured first mortgage and the mortgage balance of the eligible multifamily housing project at the time of restructuring. The second mortgage shall bear interest at a rate not to exceed the applicable Federal rate for a term not to exceed 40 years. If the first mortgage remains outstanding, payments of interest and principal on the second mortgage shall be made from all excess project income only after the payment of all reasonable and necessary operating expenses (including deposits in a reserve for replacement), debt service on the first mortgage, and such other expenditures as may be approved by the Secretary. Except as required by the preceding sentence, during the period in which the first mortgage remains outstanding, no payments of interest or principal shall be required on the second mortgage. The second mortgage shall be assumable by any subsequent purchaser of any multifamily housing project, pursuant to guidelines established by the Secretary. The principal and accrued interest due under the second mortgage shall be fully payable upon disposition of the property, unless the mortgage is assumed under the preceding sentence. The owner shall begin repayment of the second mortgage upon full payment of the first mortgage in equal monthly installments in an amount equal to the monthly principal and interest payments formerly paid under the first mortgage. The principal and interest of a second mortgage shall be immediately due and payable upon a finding by the Secretary that an owner has failed to materially comply with this title or any requirements of the United States Housing Act of 1937 as those requirements apply to the applicable project. Any credit subsidy costs of providing a second mortgage shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(b) ROLE OF FNMA AND FHLMC.—Section 1335 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4565) is amended—

(1) in paragraph (3), by striking "and" at the end;

(2) paragraph (4), by striking the period at the end and inserting "; and";

(3) by striking "To meet" and inserting the following:

"(a) IN GENERAL.—To meet"; and

(4) by adding at the end the following:

"(5) assist in maintaining the affordability of assisted units in eligible multifamily housing projects with expiring contracts, as defined under the Multifamily Assisted Housing Reform and Affordability Act of 1996.

"(b) AFFORDABLE HOUSING GOALS.—Actions taken under subsection (a)(5) shall constitute part of the contribution of each entity in meeting their affordable housing goals under sections 1332, 1333, and 1334 for any fiscal year, as determined by the Secretary.".

(c) PROHIBITION ON EQUITY SHARING BY THE SECRETARY.—The Secretary is prohibited from participating in any equity agreement or profit-sharing agreement in conjunction with any eligible multifamily housing project.

SEC. 108. SHARED SAVINGS INCENTIVE.

(a) IN GENERAL.—At the time a participating administrative entity is designated, the Secretary shall negotiate an incentive agreement with the participating administrative entity, which agreement may provide such entity with a share of savings from any restructured mortgage and reduced subsidies resulting from actions under section 107. The Secretary shall negotiate with participating administrative entities a savings incentive formula that provides for periodic payments over a 5-year period, which is allocated as incentives to participating administrative entities and to project owners.

(b) USE OF SAVINGS.—Notwithstanding any other provision of law, the incentive agreement under subsection (a) shall require any savings provided to a participating administrative entity under that agreement to be used only for providing decent, safe, and affordable housing for very low-income families and persons with a priority for eligible multifamily housing projects; and

SEC. 109. MANAGEMENT STANDARDS.

Each participating administrative entity shall establish and implement management standards, including requirements governing conflicts of interest between owners, managers, contractors with an identity of interest, pursuant to guidelines established by the Secretary and consistent with industry standards.

SEC. 110. MONITORING OF COMPLIANCE.

(a) COMPLIANCE AGREEMENTS.—Pursuant to regulations issued by the Secretary after public notice and comment, each participating administrative entity, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this title. Each agreements shall, at a minimum, provide for—

(1) enforcement of the provisions of this title; and

(2) remedies for the breach of those provisions.

(b) PERIODIC MONITORING.—

(1) IN GENERAL.—Not less than annually, each participating administrative entity shall review the status of all multifamily housing projects for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

(2) INSPECTIONS.—Each review under this subsection shall include onsite inspection to determine compliance with housing codes and other requirements as provided in this title and the multifamily housing management agreements.

(c) AUDIT BY THE SECRETARY.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit at any time of any multifamily housing project for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

SEC. 111. REVIEW.

(a) ANNUAL REVIEW.—In order to ensure compliance with this title, the Secretary shall conduct an annual review and report to the Congress on actions taken under this title and the status of eligible multifamily housing projects.

(b) SUBSIDY LAYERING REVIEW.—The participating administrative entity shall certify, pursuant to guidelines issued by the Secretary, that the requirements of section 102(d) of the Department of Housing and Urban Development Reform Act of 1989 are satisfied so that the combination of assistance provided in connection with a property for which a mortgage is to be restructured shall not be any greater than is necessary to provide affordable housing.

SEC. 112. GAO AUDIT AND REVIEW.

(a) INITIAL AUDIT.—Not later than 18 months after the effective date of interim or final regulations promulgated under this title, the Comptroller General of the United States shall conduct an audit to evaluate a representative sample of all eligible multifamily housing projects and the implementation of all mortgage restructuring and rental assistance sufficiency plans.

(b) REPORT.—

(1) IN GENERAL.—Not later than 18 months after the audit conducted under subsection (a), the Comptroller General of the United States shall submit to the Congress a report on the status of all eligible multifamily housing projects and the implementation of all mortgage restructuring and rental assistance sufficiency plans.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) a description of the initial audit conducted under subsection (a); and

(B) recommendations for any legislative action to increase the financial savings to the Federal Government of the restructuring of eligible multifamily housing projects balanced with the continued availability of the maximum number of affordable low-income housing units.

SEC. 113. REGULATIONS.

(a) RULEMAKING AND IMPLEMENTATION.—The Secretary shall issue interim regulations necessary to implement this title not later than the expiration of the 6-month period beginning on the date of enactment of this Act. Not later than 1 year after the date of enactment of this Act, in accordance with the negotiated rulemaking procedures set forth in subchapter III of chapter 5 of title 5, United States Code, the Secretary shall implement final regulations implementing this title.

(b) REPEAL OF FHA MULTIFAMILY HOUSING DEMONSTRATION AUTHORITY.—

(1) IN GENERAL.—Beginning upon the expiration of the 6-month period beginning on the date of enactment of this Act, the Secretary may not exercise any authority or take any action under section 210 of the Balanced Budget Down Payment Act, II.

(2) UNUSED BUDGET AUTHORITY.—Any unused budget authority under section 210(f) of the Balanced Budget Down Payment Act, II, shall be available for taking actions under the requirements established through regulations issued under subsection (a).

SEC. 114. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CALCULATION OF LIMIT ON PROJECT-BASED ASSISTANCE.—Section 8(d) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)) is amended by adding at the end the following new paragraph:

"(5) CALCULATION OF LIMIT.—Any contract entered into under section 104 of the Multifamily Assisted Housing Reform and Affordability Act of 1996 shall be excluded in computing the limit on project-based assistance under this subsection.".

(b) PARTIAL PAYMENT OF CLAIMS ON MULTIFAMILY HOUSING PROJECTS.—Section 541 of the National Housing Act (12 U.S.C. 1735f–19) is amended—

(1) in subsection (a), in the subsection heading, by striking "AUTHORITY" and inserting "DEFAULTED MORTGAGES";

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after subsection (a) the following new subsection:

"(b) EXISTING MORTGAGES.—Notwithstanding any other provision of law, the Secretary, in connection with a mortgage restructuring under section 104 of the Multifamily Assisted Housing Reform and Affordability Act of 1996, may make a one time, nondefault partial payment of the claim under the mortgage insurance contract, which shall include a determination by the Secretary or the participating administrative entity, in accordance with the Multifamily Assisted Housing Reform and Affordability Act of 1996, of the market value of the project and a restructuring of the mortgage, under such terms and conditions as the Secretary may establish.".

SEC. 115. TERMINATION OF AUTHORITY.

(a) IN GENERAL.—Except as provided in subsection (b), this title is repealed effective October 1, 2001.

(b) EXCEPTION.—The repeal under this section does not apply with respect to projects and programs for which binding commitments have been entered into before October 1, 2001.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. IMPLEMENTATION.

(a) ISSUANCE OF NECESSARY REGULATIONS.—Notwithstanding section 7(o) of the Department of Housing and Urban Development Act or part 10 of title 24, Code of Federal Regulations (as in existence on the date of enactment of this Act), the Secretary shall issue such regulations as the Secretary determines to be necessary to implement this title and the amendments made by this title in accordance with section 552 or 553 of title 5, United States Code, as determined by the Secretary.

(b) USE OF EXISTING REGULATIONS.—In implementing any provision of this title, the Secretary may, in the discretion of the Secretary, provide for the use of existing regulations to the extent appropriate, without rulemaking.

Subtitle A—FHA Single Family and Multifamily Housing

SEC. 211. AUTHORIZATION TO IMMEDIATELY SUSPEND MORTGAGEES.

Section 202(c)(3)(C) of the National Housing Act (12 U.S.C. 1708(c)(3)(C)) is amended by inserting after the first sentence the following new sentence: "Notwithstanding paragraph (4)(A), a suspension shall be effective upon issuance by the Board if the Board determines that there exists adequate evidence that immediate action is required to protect the financial interests of the Department or the public.".

SEC. 212. EXTENSION OF EQUITY SKIMMING TO OTHER SINGLE FAMILY AND MULTIFAMILY HOUSING PROGRAMS.

Section 254 of the National Housing Act (12 U.S.C. 1715z-19) is amended to read as follows:

"SEC. 254. EQUITY SKIMMING PENALTY.

"(a) IN GENERAL.—Whoever, as an owner, agent, or manager, or who is otherwise in custody, control, or possession of a multifamily project or a 1- to 4-family residence that is security for a mortgage note that is described in subsection (b), willfully uses or authorizes the use of any part of the rents, assets, proceeds, income, or other funds derived from property covered by that mortgage note for any purpose other than to meet reasonable and necessary expenses that include expenses approved by the Secretary if such approval is required, in a period during which the mortgage note is in default or the project is in a nonsurplus cash position, as defined by the regulatory agreement covering the property, or the mortgagor has failed to comply with the provisions of such other form of regulatory control imposed by the Secretary, shall be fined not more than $500,000, imprisoned not more than 5 years, or both.

"(b) MORTGAGE NOTES DESCRIBED.—For purposes of subsection (a), a mortgage note is described in this subsection if it—

"(1) is insured, acquired, or held by the Secretary pursuant to this Act;

"(2) is made pursuant to section 202 of the Housing Act of 1959 (including property still subject to section 202 program requirements that existed before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act); or

"(3) is insured or held pursuant to section 542 of the Housing and Community Development Act of 1992, but is not reinsured under section 542 of the Housing and Community Development Act of 1992.".

SEC. 213. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.

(a) CHANGE TO SECTION TITLE.—Section 536 of the National Housing Act (12 U.S.C. 1735f-14) is amended by striking the section heading and the section designation and inserting the following:

"SEC. 536. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.".

(b) EXPANSION OF PERSONS ELIGIBLE FOR PENALTY.—Section 536(a) of the National Housing Act (12 U.S.C. 1735f-14(a)) is amended—

(1) in paragraph (1), by striking the first sentence and inserting the following: "If a mortgagee approved under the Act, a lender holding a contract of insurance under title I of this Act, or a principal, officer, or employee of such mortgagee or lender, or other person or entity participating in either an insured mortgage or title I loan transaction under this Act or providing assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents and dealers, knowingly and materially violates any applicable provision of subsection (b), the Secretary may impose a civil money penalty on the mortgagee or lender, or such other person or entity, in accordance with this section. The penalty under this paragraph shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed whether or not the Secretary imposes other administrative sanctions."; and

(2) in paragraph (2)—

(A) in the first sentence, by inserting "or such other person or entity" after "lender"; and

(B) in the second sentence, by striking "provision" and inserting "the provisions".

(c) ADDITIONAL VIOLATIONS FOR MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.—Section 536(b) of the National Housing Act (12 U.S.C. 1735f-14(b)) is amended—

(1) by redesignating paragraph (2) as paragraph (3);

(2) by inserting after paragraph (1) the following new paragraph:

"(2) The Secretary may impose a civil money penalty under subsection (a) for any knowing and material violation by a principal, officer, or employee of a mortgagee or lender, or other participants in either an insured mortgage or title I loan transaction under this Act or provision of assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents, and dealers for—

"(A) submission to the Secretary of information that was false, in connection with any mortgage insured under this Act, or any loan that is covered by a contract of insurance under title I of this Act;

"(B) falsely certifying to the Secretary or submitting to the Secretary a false certification by another person or entity; or

"(C) failure by a loan correspondent or dealer to submit to the Secretary information which is required by regulations or directives in connection with any loan that is covered by a contract of insurance under title I of this Act."; and

(3) in paragraph (3), as redesignated, by striking "or paragraph (1)(F)" and inserting "or (F), or paragraph (2)(A), (B), or (C)".

(d) CONFORMING AND TECHNICAL AMENDMENTS.—Section 536 of the National Housing Act (12 U.S.C. 1735f-14) is amended—

(1) in subsection (c)(1)(B), by inserting after "lender" the following: "or such other person or entity";

(2) in subsection (d)(1)—

(A) by inserting "or such other person or entity" after "lender"; and

(B) by striking "part 25" and inserting "parts 24 and 25"; and

(3) in subsection (e), by inserting "or such other person or entity" after "lender" each place that term appears.

Subtitle B—FHA Multifamily

SEC. 220. CIVIL MONEY PENALTIES AGAINST GENERAL PARTNERS, OFFICERS, DIRECTORS, AND CERTAIN MANAGING AGENTS OF MULTIFAMILY PROJECTS.

(a) CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS.—Section 537 of the National Housing Act (12 U.S.C. 1735f-15) is amended—

(1) in subsection (b)(1), by striking "on that mortgagor" and inserting the following: "on that mortgagor, on a general partner of a partnership mortgagor, or on any officer or director of a corporate mortgagor";

(2) in subsection (c)—

(A) by striking the subsection heading and inserting the following:

"(c) OTHER VIOLATIONS.—"; and

(B) in paragraph (1)—

(i) by striking "VIOLATIONS.—The Secretary may" and all that follows through the colon and inserting the following:

"(A) LIABLE PARTIES.—The Secretary may also impose a civil money penalty under this section on—

"(i) any mortgagor of a property that includes five or more living units and that has a mortgage insured, coinsured, or held pursuant to this Act;

"(ii) any general partner of a partnership mortgagor of such property;

"(iii) any officer or director of a corporate mortgagor;

"(iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or

"(v) any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor.

"(B) VIOLATIONS.—A penalty may be imposed under this section upon any liable party under subparagraph (A) that knowingly and materially takes any of the following actions:";

(ii) in subparagraph (B), as designated by clause (i), by redesignating the subparagraph designations (A) through (L) as clauses (i) through (xii), respectively;

(iii) by adding after clause (xii), as redesignated by clause (ii), the following new clauses:

"(xiii) Failure to maintain the premises, accommodations, any living unit in the project, and the grounds and equipment appurtenant thereto in good repair and condition in accordance with regulations and requirements of the Secretary, except that nothing in this clause shall have the effect of altering the provisions of an existing regulatory agreement or federally insured mortgage on the property.

"(xiv) Failure, by a mortgagor, a general partner of a partnership mortgagor, or an officer or director of a corporate mortgagor, to provide management for the project that is acceptable to the Secretary pursuant to regulations and requirements of the Secretary."; and

(iv) in the last sentence, by deleting "of such agreement" and inserting "of this subsection";

(3) in subsection (d)—

(A) in paragraph (1)(B), by inserting after "mortgagor" the following: ", general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property"; and

(B) by adding at the end the following new paragraph:

"(5) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.";

(4) in subsection (e)(1), by deleting "a mortgagor" and inserting "an entity or person";

(5) in subsection (f), by inserting after "mortgagor" each place such term appears the following: ", general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property";

(6) by striking the heading of subsection (f) and inserting the following: "CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS, GENERAL PARTNERS OF PARTNERSHIP MORTGAGORS, OFFICERS AND DIRECTORS OF CORPORATE MORTGAGORS, AND CERTAIN MANAGING AGENTS"; and

(7) by adding at the end the following new subsection:

"(k) IDENTITY OF INTEREST MANAGING AGENT.—For purposes of this section, the terms 'agent employed to manage the property that has an identity of interest' and 'identity of interest agent' mean an entity—

"(1) that has management responsibility for a project;

"(2) in which the ownership entity, including its general partner or partners (if applicable) and its officers or directors (if applicable), has an ownership interest; and

"(3) over which the ownership entity exerts effective control.".

(b) IMPLEMENTATION.—

(1) PUBLIC COMMENT.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment. The notice shall seek comments primarily as to the definitions of the terms 'ownership interest in' and 'effective control', as those terms are used in the definition of the terms 'agent employed to manage the property that has an identity of interest' and 'identity of interest agent'.

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than one year after the date of enactment of this Act.

(c) APPLICABILITY OF AMENDMENTS.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of the final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after that date.

SEC. 221. CIVIL MONEY PENALTIES FOR NONCOMPLIANCE WITH SECTION 8 HAP CONTRACTS.

(a) BASIC AUTHORITY.—Title I of the United States Housing Act of 1937 is amended by adding at the end the following new section:

"SEC. 27. CIVIL MONEY PENALTIES AGAINST SECTION 8 OWNERS.

"(a) IN GENERAL.—

"(1) EFFECT ON OTHER REMEDIES.—The penalties set forth in this section shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed regardless of whether the Secretary imposes other administrative sanctions.

"(2) FAILURE OF SECRETARY.—The Secretary may not impose penalties under this section for a violation, if a material cause of the violation is the failure of the Secretary, an agent of the Secretary, or a public housing agency to comply with an existing agreement.

"(b) VIOLATIONS OF HOUSING ASSISTANCE PAYMENT CONTRACTS FOR WHICH PENALTY MAY BE IMPOSED.—

"(1) LIABLE PARTIES.—The Secretary may impose a civil money penalty under this section on—

"(A) any owner of a property receiving project-based assistance under section 8;

"(B) any general partner of a partnership owner of that property; and

"(C) any agent employed to manage the property that has an identity of interest with the owner or the general partner of a partnership owner of the property.

"(2) VIOLATIONS.—A penalty may be imposed under this section for a knowing and material breach of a housing assistance payments contract, including the following—

"(A) failure to provide decent, safe, and sanitary housing pursuant to section 8; or

"(B) knowing or willful submission of false, fictitious, or fraudulent statements or requests for housing assistance payments to the Secretary or to any department or agency of the United States.

"(3) AMOUNT OF PENALTY.—The amount of a penalty imposed for a violation under this subsection, as determined by the Secretary, may not exceed $25,000 per violation.

"(c) AGENCY PROCEDURES.—

"(1) ESTABLISHMENT.—The Secretary shall issue regulations establishing standards and procedures governing the imposition of civil money penalties under subsection (b). These standards and procedures—

"(A) shall provide for the Secretary or other department official to make the determination to impose the penalty;

"(B) shall provide for the imposition of a penalty only after the liable party has received notice and the opportunity for a hearing on the record; and

"(C) may provide for review by the Secretary of any determination or order, or interlocutory ruling, arising from a hearing and judicial review, as provided under subsection (d).

"(2) FINAL ORDERS.—

"(A) IN GENERAL.—If a hearing is not requested before the expiration of the 15-day period beginning on the date on which the notice of opportunity for hearing is received, the imposition of a penalty under subsection (b) shall constitute a final and unappealable determination.

"(B) EFFECT OF REVIEW.—If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order.

"(C) FAILURE TO REVIEW.—If the Secretary does not review that determination or order before the expiration of the 90-day period beginning on the date on which the determination or order is issued, the determination or order shall be final.

"(3) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under subsection (b), the Secretary shall take into consideration—

"(A) the gravity of the offense;

"(B) any history of prior offenses by the violator (including offenses occurring before the enactment of this section);

"(C) the ability of the violator to pay the penalty;

"(D) any injury to tenants;

"(E) any injury to the public;

"(F) any benefits received by the violator as a result of the violation;

"(G) deterrence of future violations; and

"(H) such other factors as the Secretary may establish by regulation.

"(4) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.

"(d) JUDICIAL REVIEW OF AGENCY DETERMINATION.—Judicial review of determinations made under this section shall be carried out in accordance with section 537(e) of the National Housing Act.

"(e) REMEDIES FOR NONCOMPLIANCE.—

"(1) JUDICIAL INTERVENTION.—

"(A) IN GENERAL.—If a person or entity fails to comply with the determination or order of the Secretary imposing a civil money penalty under subsection (b), after the determination or order is no longer subject to review as provided by subsections (c) and (d), the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against that person or entity and such other relief as may be available.

"(B) FEES AND EXPENSES.—Any monetary judgment awarded in an action brought under this paragraph may, in the discretion of the court, include the attorney's fees and other expenses incurred by the United States in connection with the action.

"(2) NONREVIEWABILITY OF DETERMINATION OR ORDER.—In an action under this subsection, the validity and appropriateness of the determination or order of the Secretary imposing the penalty shall not be subject to review.

"(f) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

"(g) DEPOSIT OF PENALTIES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is insured or formerly insured by the Secretary, the Secretary shall apply all civil money penalties collected under this section to the appropriate insurance fund or funds established under this Act, as determined by the Secretary.

"(2) EXCEPTION.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is neither insured nor formerly insured by the Secretary, the Secretary shall make all civil money penalties collected under this section available for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary.

"(h) DEFINITIONS.—For the purposes of this section—

"(1) the term 'agent employed to manage the property that has an identity of interest' means an entity—

"(A) that has management responsibility for a project;

"(B) in which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and

"(C) over which such ownership entity exerts effective control; and

"(2) the term 'knowing' means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after such date.

(c) IMPLEMENTATION.—

(1) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment.

(B) COMMENTS SOUGHT.—The notice under subparagraph (A) shall seek comments as to the definitions of the terms "ownership interest in" and "effective control", as such terms are used in the definition of the term "agent employed to manage such property that has an identity of interest".

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than one year after the date of enactment of this Act.

SEC. 222. EXTENSION OF DOUBLE DAMAGES REMEDY.

Section 421 of the Housing and Community Development Act of 1987 (12 U.S.C. 1715z-4a) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence, by striking "Act; or (B)" and inserting the following: "Act; (B) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990); (C) a regulatory agreement or such other form of regulatory control as may be imposed by the Secretary that applies to mortgages insured or held by the Secretary under section 542 of the Housing and Community Development Act of 1992, but not reinsured under section 542 of the Housing and Community Development Act of 1992; or (D)"; and

(B) in the second sentence, by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,";

(2) in subsection (a)(2), by inserting after "Act," the following: "under section 202 of the Housing Act of 1959 (including section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990) and under section 542 of the Housing and Community Development Act of 1992,";

(3) in subsection (b), by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,";

(4) in subsection (c)—

(A) in the first sentence, by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,"; and

(B) in the second sentence, by inserting before the period the following: "or under the Housing Act of 1959, as appropriate"; and

(5) in subsection (d), by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,".

SEC. 223. OBSTRUCTION OF FEDERAL AUDITS.

Section 1516(a) of title 18, United States Code, is amended by inserting after "under a contract or subcontract," the following: "or relating to any property that is security for a mortgage note that is insured, guaranteed, acquired, or held by the Secretary of Housing and Urban Development pursuant to any Act administered by the Secretary,".

SUMMARY OF THE MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1996

Restructures the oversubsidized portfolio and reduces Section 8 subsidy costs while maintaining the affordable housing stock. Projects with subsidy contract rents above the fair market rent would be restructured in a manner that would reduce the rents by restructuring the underlying debt. Rents would be "marked" to comparable market rents where comparable properties exist or at 90 percent of fair market rents (FMR) if comparable properties do not exist.

In some cases (such as properties that provide special services to elderly and disabled households or because of the local market rent conditions), even if debt is restructured, setting rents at comparable market rent levels of 90 percent of FMR may be inadequate to cover the costs of operation. In these cases, a budget-based process would be used to set rents at the minimum level necessary to support proper operations and maintenance costs.

Screens out troubled multifamily properties and noncompliant owners. Nonviable housing projects and bad owners would be screened out from the renewal and debt restructuring process. Community and resident involvement would be used in resolving these problems. Potential outcomes could include demolition or change of ownership to other entities including nonprofits. Alternative housing would be provided to affected residents in cases of demolition. Stronger FHA and Section 8 enforcement authorities would also be provided to address troubled properties and bad owners. In addition, stronger enforcement remedies would be an integral part of all restructuring transactions, to ensure that restructured properties would continue to provide high quality affordable housing.

Recapitalizes the assisted stock that suffer from deferred maintenance. In some cases, recapitalization is needed to address deferred maintenance for properties under portfolio restructuring. Rehabilitation grants or deeper debt writedowns would be used.

Utilizes capable public entities to restructure portfolio and recognizes HUD's limited capacity. Portfolio restructuring is being undertaken to reform and improve the programs from a financial and operating perspective, but not to abandon the long-term commitment to resident protection and ongoing affordability. As a result, balancing the fiscal goals of reducing costs with the public policy goals of maintaining affordable housing requires an intermediary accountable to the public interest. With HUD's acknowledged lack of capacity to address these issues, public intermediaries that have demonstrated expertise in affordable housing and responsible management would be selected. State housing finance agencies would be given a priority in acting as Participating Administrative Entities (PAE). Incentives would be negotiated with the PAEs to protect the financial interests of the Federal Government.

Addresses the tax issues facing debt restructuring. Under current tax law, debt restructuring could result in the triggering of a large income tax liability on the owners/investors without generating sufficient cash with which the owners/investors could pay the tax. As a result, a tax solution is needed to avoid resistance and delays from owners and investors. Debt restructuring results in an event that reduces the outstanding mortgage that is owed by the owners and investors. This reduction in the mortgage amount will result in a tax liability—referred to as "cancellation of indebtedness" or COD. COD is generally treated as ordinary taxable income under the Internal Revenue Code.

The bill addresses this problem by bifurcating the existing mortgage into two obligations. The first piece would be determined on the amount the mortgage could be supported by the rental income stream. Payment on the second piece would be deferred until the first mortgage is paid off. According to Treasury officials, this practice would not result in an immediate tax liability to owners and investors.

Provides for resident and community input into the restructuring process. To ensure that portfolio restructuring does not adversely affect the residents or local communities in which the properties are located, communities, residents, and local government officials would be provided an opportunity to comment on the process.

Strengthens HUD and FHA enforcement authority. This bill contains important provisions that will minimize the incidence of fraud and abuse of federally assisted programs. Such key provisions include (1) expanding HUD's ability to impose sanctions on lenders, (2) expanding equity skimming prohibitions, and (3) broadening the use of civil money penalties.

Mr. BOND. Mr. President, I stand in strong support of the Multifamily Assisted Housing Reform and Affordability Act of 1996. This bill goes a long way toward developing a constructive and comprehensive section 8 mark-to-market contract renewal program for reducing the costs of expiring project-based section 8 contracts, limiting the financial exposure of the FHA multifamily housing insurance fund for FHA-insured section 8 projects, and preserving, to the maximum extent possible, the section 8 project-based housing stock for very-low- and low-income families.

I congratulate Senators D'AMATO, MACK, and BENNETT for their contribution and commitment to this comprehensive legislation, as well as their commitment to finding a bipartisan approach to the many difficult issues associated with the renewal of over subsidized section 8 project-based contracts. This legislation is a meaningful step in developing a reasonable policy toward the concerns raised by these expiring section 8 project-based contracts.

Over the last 25 years, a number of HUD programs were established for the construction of affordable, low-income housing by providing FHA mortgage insurance while financing the cost of the housing through section 8 project-based housing assistance. Currently, there are some 8,500 projects with almost 1 million units that are both FHA-insured and whose debt service is almost totally dependent on rental assistance payments made under section 8 project-based contracts. Most of these projects serve very-low-income families, with approximately 37 percent of the stock serving elderly families.

The crisis facing this housing stock is that the section 8 project-based housing assistance was initially budgeted and appropriated through 15- and 20-year section 8 project-based contracts that are now expiring and for which contract renewal is prohibitively expensive. For example, at least 75 percent of this housing stock have rents that exceed the fair market rent of the local area.

Since current law prohibits HUD from renewing these section 8 contracts at rents above 100 percent of the fair market rent, with some exceptions not to exceed 120 percent, in many cases, the failure to renew expiring section 8 project-based contracts at existing rents will leave owners without the financial ability to pay the mortgage debt on these projects. This means that owners likely will default on their FHA-insured mortgage liabilities, resulting in FHA mortgage insurance claims and foreclosures. HUD would then own and be responsible for managing these low-income multifamily housing projects. This bill is intended to avoid this potential crisis through a fiscally responsible and housing sensitive strategy.

In addition, the cost of the section 8 contracts on these projects reemphasizes the difficult budget and appropriation issues facing the Congress. In particular, according to HUD estimates, the cost of all section 8 contract renewals, both tenant-based and project-based, will require appropriations of about $4.3 billion in fiscal year 1997, $10 billion in fiscal year 1998, and over $16 billion in fiscal year 2000. In addition, the cost of renewing the section 8 project-based contracts will grow from $1.2 billion in fiscal year 1997 to almost $4 billion in fiscal year 2000, and to some $8 billion in 10 years.

Since the HUD appropriations account cannot sustain these exploding costs, this legislation is intended to be a comprehensive response which will reduce the financial cost and exposure to the Federal Government and preserve this valuable housing resource. The Senate bill would generally preserve this low-income housing by using various tools to restructure these multifamily housing mortgages to the market value of the housing with resulting reductions in section 8 costs.

I also am troubled by some of the other section 8 mark-to-market proposals being promoted, including the position taken by HUD which, in general, opposes preserving this housing as FHA-insured or as assisted through section 8 project-based assistance, including the elderly assisted housing, in favor of vouchers. This position is very questionable, and I emphasize that it is widely opposed by the housing industry and tenant groups and advocates.

I highlight the underlying principles of the bill which would authorize the establishing of participating administrative entities [PAE's] which would generally be a public agency, with a first preference that a PAE be a State housing finance agency or, second, a local housing agency. These entities would be contracted by HUD to develop work-out plans in conjunction with owners of FHA-insured projects with expiring, oversubsidized section 8 contracts. Each PAE would develop mortgage restructuring and rental assistance sufficiency plans as workout instruments to reduce the section 8 subsidy needs of projects through mortgage restructuring.

The basic tool provided in the draft bill, and the likely key to any successful strategy to preserve this housing, is to authorize the restructuring of the mortgage debt on these oversubsidized section 8 multifamily housing projects. In particular, the bill would allow the restructuring of these high cost mortgages with a new first mortgage reflecting, generally, the market value of a project, and a soft second mortgage held by HUD, with interest at the applicable Federal rate, covering the remainder of the original mortgage debt and payable upon disposition or upon full payment of the first mortgage. This provision will reduce the cost of section 8 assistance and minimize any loss to the FHA multifamily insurance fund. In addition, this approach ensures that there is no taxable event by virtue of the mortgage restructuring.

I also think it would be beneficial to look at some kind of exit tax relief to encourage owners, especially limited partners, to divest their interest in these properties, to encourage new investment in and revitalization of these properties. Nevertheless, I am convinced that the tax committees are unlikely to take up this issue during this Congress and that any discussion on tax relief will have to wait for another time.

Finally, I emphasize that it is time to act now. I am currently sponsoring a section 8 mark-to-market demonstration to be included in the VA–HUD fiscal year 1997 appropriations bill which is similar to the Multifamily Assisted Housing Reform and Affordability Act and which represents an interim approach to the section 8 mark-to-market contract renewal issue. This appropriation language indicates my strong belief that we can no longer afford, as a matter of housing policy and fiscal responsibility, to renew expiring section 8 project-based contracts at the existing, over-market rents. Nevertheless, I strongly prefer that section 8 reform legislation be acted on by the authorizing committees before the end of the fiscal year, with the full benefit of hearings and discussion on these very difficult policy issues.

I look forward to working with my colleagues on the legislation and hope that the Housing Subcommittee and Banking Committee can act in an expeditious manner on this measure. I emphasize the need to work together and I look forward to moving this legislation through Congress and onto the desk of the President.

Mr. D'AMATO. Mr. President, I rise today to cosponsor the Multifamily Assisted Housing Reform and Affordability Act of 1996. I wish to thank my colleagues, Senators CONNIE MACK and KIT BOND, for their outstanding efforts in crafting and advancing this vitally important piece of legislation to restructure the Department of Housing and Urban Development's [HUD] Federal Housing Administration [FHA] insured and section 8 assisted multifamily housing portfolio. Also,I would like to thank Senator BENNETT for his diligence in confronting the complex issues surrounding our federal multifamily housing programs.

Mr. President, this legislation represents a significant step forward in addressing the complicated and vexing problem of the rising costs of HUD's section 8 assisted housing program. Over the course of the next several years, the costs of renewing expiring section 8 contracts at their current rent levels will skyrocket from $4.3 billion in fiscal year 1997 to $20 billion in fiscal year 2002—a figure which represents the entire existing HUD budget. This is the result of the expiration of long-term housing assistance contracts which were entered into 15 to 20 years ago. In addition, many of these contracts support projects with rents that are far higher than local market rents. While these rising costs are clearly significant and represent a formidable challenge, the expiration of these long-term contracts also presents us with an opportunity to address the oversubsidized and often inflated costs of the section 8 program.

During the course of the past year, the Banking Committee has held hearings and has conducted an ongoing dialogue with residents, lenders, servicers, public officials and leading professionals within the housing community to find a consensus solution to the problems associated with the section 8 program. This legislation represents the culmination of that important effort.

Mr. President, I would like to emphasize the guiding principles of this legislation: To contain the growth of the expanding costs of the section 8 program; to protect existing tenants; to maintain the existing stock of decent, safe and affordable housing for future needs; to remove bad owners and managers; to protect the FHA insurance fund and minimize the liability of the Federal taxpayer; and to provide for local control and flexibility while reducing HUD's administrative burden.

This legislation seeks to: Reduce inflated contract rents to market-rate and budget-based rent levels; screen out bad owners, replace corrupt managers and encourage transfers to resident-supported nonprofit corporations; and provide must needed capital and facilitate private financing to address backlogged maintenance needs. This comprehensive approach will allow us to reduce the costs of the section 8 program while protecting the FHA insurance fund and minimizing the liability of the federal taxpayer. The outstanding debt on the oversubsidized portfolio would be restructured to reflect market rent levels. This debt restructuring would include the continuation of project-based subsidies as well as FHA multifamily insurance. This bill also addresses the significant tax dilemma which would be caused by debt restructuring. In order to avoid adverse tax consequences, a bifurcation of the mortgage into two separate obligations is proposed.

The legislation recognizes the lack of capacity at HUD and seeks to maximize local control and flexibility in carrying out debt restructuring in order to reduce inflated rents. A preference would be provided to State and local housing finance agencies to oversee mortgage workouts. These public entities are ideally suited for this role and are already accountable to the public interest in their own jurisdictions. Also, residents of affected properties would be provided with input in a communitywide consultation process, and will be provided adequate notice, access to information, and an adequate time period for analysis and comment.

In conclusion, let me reiterate my appreciation for my colleagues who made tremendous contributions to the effort to stem this impending crisis. As chairman of the Subcommittee on Housing Opportunity and Community Development, Senator MACK has charted a reasonable and rational course for us to follow. He has utilized a fair and bipartisan approach in the development of this legislation, and should be commended for his efforts. Also, Senator BOND, chairman of the Subcommittee on VA–HUD Appropriations and my fellow colleague on the Banking Committee, has been very instrumental in moving the process forward. Throughout, he has insisted on our continued federal commitment to providing affordable housing and the protection of the interests of existing low and moderate income tenants.

I thank all members of the Banking Committee for their tireless efforts on behalf of affordable housing and look forward to pursuing our bipartisan commitment to resolving the HUD section 8 crisis as expeditiously as possible.

By Mr. KERRY:

S. 2043. A bill to require the implementation of a corrective action plan in States in which child poverty has increased; to the Committee on Finance.

CHILD POVERTY LEGISLATION

Mr. KERRY. Mr. President, the welfare bill we passed this week would allow States to experiment with various welfare policies. Many States may implement innovative welfare policies to move parents from welfare to work. But if we are sending Federal money to States, if we are going to take this risk and allow States to experiment, we must be sure that child poverty does not increase.

There is nothing more important than constantly reminding ourselves that our focus is—or ought to be—this Nation's children. That was the focus when under Franklin Roosevelt's leadership title IV–A of the Social Security Act was originally enacted. The objective here is to help impoverished children.

This bill I am introducing today says that if child poverty increases in a State after the date of enactment of the welfare bill, then that State would be required to submit a corrective action plan. Although a weaker version of my bill passed and was included in the welfare bill, I am introducing this as a separate bill in the hope that ultimately we will be able to pass the strongest possible version.

What would this bill do? This bill says that if the most recent State child poverty rate exceeds the level for the previous year by 5 percent or more then the State would have to submit to the HHS Secretary within 90 days a corrective action plan describing the actions the state shall take to reduce child poverty rates.

Mr. President, I want to be clear that this bill in no way intrudes on a State's ability to design its own welfare program. State flexibility would not be decreased in any way. This bill simply says that if a state's welfare system increases child poverty, that state must take corrective action.

Mr. President, I believe all of us regardless of party can agree on two things at least: We can all agree that the child poverty rate in this country is too high. The fact is that 15.3 million U.S. children live in poverty. This means that more than 1 in 5 children—21.8 percent—live in poverty. In Massachusetts, there are more than 176,000 children who live in poverty. And despite the stereotypes, Mr. President, the majority of America's poor children are white (9.3 million) and live in rural or suburban areas (8.4 million) rather than central cities (6.9 million).

The other thing on which we can all agree, because it is a fact rather than an opinion, is that the child poverty rate in this country is dramatically higher than the rate in other major industrialized countries. According to an excellent, comprehensive recent report by an international research group called the Luxembourg Income Study, the child poverty rate in the United Kingdom is less than half our rate (9.9 percent), the rate in France is less than one-third of our rate (6.5 percent), and the rate in Denmark (3.3 percent) is about one-sixth our rate.

Mr. President, we know that poverty is bad for children. This should be obvious. Nobel prizewinning economist Robert Solow and the Children's Defense Fund recently conducted the first-ever long-term impact of child poverty. They found that their lowest estimate was that the future cost to society of a single year of poverty for the 15 million poor children is $36 billion in lost output per worker. When they included lost work hours, lower skills, and other labor market disadvantages related to poverty, they found that the future cost to society was $177 billion.

With this bill, I want to make sure that, at the very least, if a State's welfare plan increases child poverty—instead of increasing the number of parents moving from welfare to work and self-sufficiency—that State will take immediate steps to refocus its program.

Mr. President, I urge all my colleagues to support this bill to ensure that welfare reform results in more parents working, not more child poverty.

By Mr. SANTORUM:

S. 2044. A bill to provide for modification of the State agreement under title II of the Social Security Act with the State of Pennsylvania with respect to certain students; to the Committee on Finance.

LEGISLATION HELPING PENNSYLVANIA STUDENTS

Mr. SANTORUM. Mr. President, I wanted to take a few minutes of Senate business today to introduce legislation of importance to the Pennsylvania state system of higher education and to the students enrolled and working at our state-related universities.

The bill is a companion measure to legislation in the House of Representatives. The House proposal was introduced by my friend and distinguished colleague from Pennsylvania, Representative BILL CLINGER.

Mr. President, this legislation will affect students and graduate assistants employed by Pennsylvania's public universities and will allow them to keep more of their pay from campus employment. Currently, student employees of Pennsylvania's State system of higher education are covered under FICA and pay taxes unlike working students at schools in most other states. Only a change in the law would enable Pennsylvania's colleges and universities to exempt their student employees from FICA coverage.

This legislation would make Pennsylvania schools more attractive and competitive with the other states who have opted out of Social Security coverage. Graduate students are often called upon to perform paid assistant teaching duties. The current system and application of FICA coverage does not make Pennsylvania institutions as competitive with other out of state graduate programs.

If a student or graduate student compares their employment earning possibilities with other states, Pennsylvania students are at a distinct disadvantage. At a time in young adults' lives when resources are usually limited, it makes practical sense to free up more funds for student employees who are working hard toward their educational goals.

Today, colleges and universities are being called upon to downsize and make better use of dollars. This legislation is an easy way to support individuals who are attaining goals while attending Pennsylvania state-related universities.

By Mr. HATFIELD:

S. 2045. A bill to provide regulatory relief for small business concerns, and for other purposes; to the Committee on Small Business.

THE NATIONAL SMALL BUSINESS REGULATORY RELIEF ACT

Mr. HATFIELD. Mr. President, one of the most common small business complaints my constituents bring to my attention is the issue of burdensome government regulations. As we all recognize, small businesses rarely have the expertise or resources necessary to keep up to date with changing Federal requirements. Consequently, many small businesses are not in compliance with Federal regulations and face potential fines. Fines or costly compliance procedures can be devastating to small businesses which characteristically operate at a very narrow profit margin.

All across this Nation conscientious small business owners are frustrated with Federal regulations simply because they cannot get concise and specific answers to their compliance questions. How can we realistically expect to increase environmental protection, work place safety or tax compliance, if these respective agency's regulations are so complex that professionals in these fields cannot determine the meanings and applications of these rules? While our regulatory reform efforts have done much to change the rulemaking process and the sheer volume of regulations, very little has been done to translate rules written by bureaucrats into easy to understand language that the owner of any small firm can implement.

Mr. President, according to a 1995 study by the Small Business Administration's Office of Advocacy, 94 percent of small businesses were unsure of what they needed to do to comply with Federal regulations. The same study revealed that it is difficult, if not impossible, for small businesses to obtain concise answers to compliance questions from a Federal agency. It is no wonder that so many business owners, who have honestly believed they were in compliance, have either lost or had their businesses crippled because they were uninformed or misunderstood Federal regulations which applied to them.

Congress has considered several proposals which would scale back intrusive Federal regulations. However, we must realize that Federal regulations will continue in some capacity. Consequently, it is vital to establish a mechanism which assists small businesses in complying with these regulations.

The Small Business Development Centers have established themselves as a valuable resource for small businesses. They have an existing network of over 950 centers nationwide which have been providing education and technical assistance to small business owners for years.

The Oregon Small Business Development Center Network has distinguished itself as a national model of how SBDC's can play an integral role in ensuring the success of small businesses. In April 1995 I conducted a field hearing in Portland, OR on a proposal to expand the responsibilities of the SBDC's to include regulatory compliance assistance. At that hearing, I heard from several Oregon small business owners who testified about their experience with the Oregon Small Business Development Center Network and the positive benefits these centers have had on small businesses in the State of Oregon.

The proposal to accomplish a shift in Federal regulatory policy from enforcement to education was at a conceptual stage at the time of the Oregon field hearing. However, this idea was extremely intriguing and the small business owners who discussed this issue were impressive in conveying their vision for the future of this proposal. Since that time, I have worked with the National Association of Small Business Development Center and the Director of the Oregon SBDC Network to develop this concept into the legislation I am introducing today.

The National Small Business Regulatory Relief Act provides comprehensive regulatory assistance to small firms by enlisting the nationwide network of over 950 Small Business Development Centers (SBDC's). Over 550,000 small businesses each year seek SBDC help in drafting business plans and expansion strategies, developing financing and marketing tactics, improving management and personnel skills, and addressing many other business needs. The locally controlled and managed SBDC network's long-standing confidentiality policy and its proven track record of success make it an ideal, cost-effective and user-friendly delivery system for meaningful compliance assistance. Even though SBDC's are funded by all 50 States and the Federal Government they do not have enough resources to provide the regulatory help small businesses so desperately need.

Mr. President this legislation provides the resources necessary to expand SBDC assistance, creating a one-stop shop business resource that can explain how a company's marketing, finance, personnel, international trade, procurement and technology strategies comport with the regulatory requirements of EPA, OSHA, and IRS. The result will be a holistic delivery system of business assistance that will not only increase compliance with today's regulations, but will help small businesses bring about a cleaner environment, safer work place and better tax compliance. Most importantly, by utilizing the vast SBDC network, the cost of making comprehensive regulatory assistance available to all of America's small businesses is minimized for a program of this magnitude.

This legislation authorizes appropriations to the Occupational Safety and Health Administration, the Environmental Protection Agency and the Internal Revenue Service to accomplish the goals I described earlier. However, I would like to point out that similar legislation has been introduced in the House of Representatives which directs each of these three Federal agencies to set-aside a percentage of their overall budget for SBDC compliance assistance activities. While I sympathize with the intentions of the House sponsors of this measure to use existing funds for this program, as Chairman and a longtime member of the Senate Appropriations Committee I feel the appropriations process is the proper way to distribute Federal discretionary dollars. I believe that the goals of this proposal can be accomplished using existing Federal dollars.

Mr. President, America's small businesses are frustrated by the current Federal regulatory situation and have been pleading for help. The National Small Business Regulatory Relief Act is a creative approach towards balancing economic growth with regulatory compliance. I urge my colleagues to join me in this important effort to assist our Nation's small businesses in complying with Federal regulations.

I ask unanimous consent that a letter from the Oregon Small Business Development Center Network in support of this legislation be included in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OREGON SMALL BUSINESS
DEVELOPMENT CENTER NETWORK,
Eugene, OR, January 8, 1996.

Hon. MARK O. HATFIELD,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR HATFIELD: Thank you for taking time from your busy schedule to meet with me and John Eskildsen regarding the Oregon Small Business Development Center Network and the National Small Business Extension Network proposal. We appreciate your strong support and advocacy for the OSBDCN and the NSBEN proposal.

I believe that the NSBEN proposal represents a tremendous opportunity to reduce the federal regulatory burden on small business while simultaneously reducing the federal budget. This legislation, if enacted, will enable small business owners in Oregon and throughout the United States to meet federal regulatory standards without fear of reprisal.

Thank you again for your leadership and support for small business.

Sincerely,

SANDY CUTLER,
State Director, Oregon Small Business Development Center Network.

By Mr. ROCKEFELLER:

S. 2046. A bill to amend section 29 of the Internal Revenue Code of 1986 to allow a credit for qualified fuels produced from wells drilled during 1997, and for other purposes; to the Committee on Finance.

THE MARGINAL WELL DRILLING INCENTIVE ACT OF 1996

Mr. ROCKEFELLER. Mr. President, today I offer a bill that is very important to my State of West Virginia, and can benefit the entire Nation. This very small bill will have a very big impact on the ability of small oil and gas producers in my State and across the Nation to compete. The bill creates a new tax incentive, modeled on the old section 29 tax credit, to help small marginal well drillers.

I offer this with a measure of frustration, based on the fact that while Congress managed to incorporate a great number of narrowly targeted amendments into the small business tax bill passed today, the final bill did not include this provision that I propose today. I am pleased that the tax package includes an extension of the part of section 29 dealing with facilities that manufacture gas from biomass and coal. That is helpful to a variety of States, including West Virginia. But for less than one tenth the cost of that provision, we could and should have done something to help drillers get gas from devonian shale and other nonconventional sources.

The original section 29 credit for drilling expired in 1992 after some of the larger gas companies in this country put emphasis on getting relief from the alternative minimum tax instead of renewing section 29. They got that, but it didn't help a lot of the smaller drillers, which happen to include most of the gas producers in West Virginia.

Mr. President, I'd like the record to show that since the credit expired, drilling for margin gas wells in West Virginia has dropped off by more than 30 percent. In 1992, the last year of the credit, 760 wells were drilled in West Virginia. By 1995, that number had fallen to 530 wells. In that same timeframe, the number of rigs actively drilling wells in the Appalachian basin declined from 73 to 45—a 48-percent decline. That translates directly into jobs, as the average rig employs about 25 people. When you add to that all the jobs associated with a well (from transportation to bookkeeping), you have a job loss of more than 1,500 in the Appalachian Basin, which stretches from New York to Kentucky, and from Ohio to Virginia.

Mr. President, this is about more than jobs. I have spoken in the past of the great problem our Nation has with oil dependency. Following the oil shocks of the 1970's, Congress made a concerted effort to help ease our dependency on foreign energy sources. That effort showed much success in the 1980's when imports fell by more than 40 percent from 1970's highs. However, the 1990's have seen import totals steadily rise, to today when more than 50 percent of our oil is imported. In fact, Mr. President, the biggest 1-year rise in imports since 1986 came in the year following the expiration of section 29, in 1993.

The Senate knows well the problem raised by energy dependency. The Gulf war was fought largely to protect our foreign oil sources in the Middle East, and 19 brave American soldiers died in June for that very same cause. Our energy dependency, in addition to years of cheap oil and an exceptionally harsh winter, also led to the outrage earlier this spring when gas prices at the pump rose steeply.

For all these reasons, Mr. President, it is important that we foster the development of new sources of domestic energy. Gas in my State, and many others, is hard to get at. It is locked in rock formations that yield their fuel much more slowly, and at lower profits, than wells in the oil patch out West.

This bill is specifically designed to offer a very modest incentive to those producers, when the price of natural gas gets so low that they can't make a profit from their wells. Unlike the original section 29, the credit will be available only for the first 10 million cubic feet of gas produced each year by each well. Additionally, the credit will only be available to wells that produce less than 100 million cubic feet of gas per year.

Mr. President, I have intentionally limited the scope of this bill so that it is only available to smaller wells, and only there, for a limited amount of gas. The idea behind this bill is not to have a big giveaway for big oil and gas producers. But instead, it is designed to give a little bit of insurance to risk-taking drillers who make their living tilling nonconventional sources for fuel.

This is a modest bill, but one that can make a big difference in certain places that have the potential for more prosperity, more job growth, and more economic growth like West Virginia. Reviving and revising section 29 will put an incentive in place to seize more of this potential while reducing the entire country's dependence in foreign oil. I urge the Senate to find a way to make this bill a reality—the sooner, the better.

By Mr. HATCH (for himself, Mr. CONRAD, Mr. PRESSLER, Mr. PRYOR, Mr. NICKLES, and Mr. BAUCUS):

S. 2047. A bill to amend the Internal Revenue Code of 1986 to modify the application of the pension nondiscrimination rules to governmental plans; to the Committee on Finance.

NONDISCRIMINATION RULES FOR GOVERNMENT PENSION PLANS LEGISLATION

Mr. HATCH. Mr. President, I rise today to introduce legislation with Senators CONRAD, PRESSLER, PRYOR, NICKLES, and BAUCUS that would make permanent the current moratorium on the application of the pension nondiscrimination rules to State and local government pension plans.

For nearly 20 years, State and local government pension plans have been deemed to satisfy the complex nondiscrimination rules of the Internal Revenue Code for qualified retirement plans until Treasury can figure out how or if these rules are applicable to unique Government pension plans. This bill simply puts an end to this stalled process and dispels over 20 years of uncertainty for administrators of State and local retirement plans. Let me summarize the evolution of this issue and why this bill is being introduced today.

Mr. President, the Federal Government has a long-established policy of encouraging tax deferred retirement savings. Most retirement plans that benefit employees are employer sponsored tax deferred retirement plans.

Over the years, Congress has required that these plans meet strict nondiscrimination standards designed to ensure that they do not provide disproportionate benefits to business owners, officers, or highly compensated individuals.

In response to the growing popularity of employer sponsored tax deferred pension plans, Congress passed the Employee Retirement Income Security Act [ERISA] in 1974 to enhance the rules governing pension plans. However, during consideration of ERISA Congress recognized that nondiscrimination rules for private pension plans were not readily applicable to public pension plans because of the unique nature of governmental employers. Former Representative Ullman, during Ways and Means Committee consideration of ERISA, stated, "The committee exempted Government plans from the new higher requirements because adequate information is not now available to permit a full understanding of the impact these new requirements would have on Governmental plans." Thus, Congress was not prepared to apply nondiscrimination rules to public plans. After studying the issue, the Internal Revenue Service on August 10, 1977, issued News Release IR–1869, which stated that issues concerning discrimination under State and local government retirement plans would not be raised until further notice. Thus, an indefinite moratorium was placed on the application of the new rules to government plans.

In 1986, Congress passed the Tax Reform Act of 1986, which made further changes to pension laws and the general nondiscrimination rules. On May 18, 1989, the Department of the Treasury, in proposed regulations, lifted the 12-year public sector moratorium and required that public sector plans comply with the new rules immediately. However, further examination revealed, and Treasury and the IRS recognized, that a separate set of rules was required for State and local government plans because of their unique features. Consequently, through final rules issued in September 1991, the Treasury reestablished the moratorium on a temporary basis until January 1, 1993, and solicited comments for consideration. In addition, government pension plans were deemed to satisfy the statutory nondiscrimination requirements for years prior to 1993. Since then, the moratorium has been extended three more times, the latest of which began this year and is in effect until 1999.

Mr. President, here we are, in August 1996, 22 years since the passage of ERISA and State and local government pension plans are still living under the shadow of having to comply with the cumbersome, costly, and complex nondiscrimination rules. Experience over the past 20 years has shown that the existing nondiscrimination rules have limited utility in the public sector. Furthermore, the long delay in action illustrates the seriousness of the problem and the doubtful issuance of nondiscrimination regulations by the Department of the Treasury.

Mr. President, last year during consideration of another extension of the moratorium, a coalition of associations representative of State and local governmental plans summarized their current position in a letter to IRS Commissioner Margaret Richardson dated October 13, 1995.

> In our discussions with Treasury over the past two years, there have been no abuses or even significant concerns identified that would warrant the imposition of such a cumbersome thicket of federal rules on public plans that already are the subject of State and local government regulation.
>
> Accordingly, while we always remain open to further discussion, as our Ways and Means statement indicates the experience of the past two years in working with Treasury to develop a sensible and workable set of nondiscrimination rules for governmental plans has convinced us that the task ultimately is a futile one—portending tremendous cost, complexity, and disruption of sovereign State operations in the absence of any identifiable problem.

Mr. President, the sensible conclusion of this 20 year exercise is to admit that the Treasury is not likely to issue regulations for State and local pension plans and Congress should make the temporary moratorium permanent.

Furthermore, there are examples to support this legislation. Relief from the pension nondiscrimination rules is not a new concept. Multiemployer plans are currently not covered by the nondiscrimination rules under the theory that labor-management collective bargaining will ensure nondiscriminatory treatment to rank-and-file workers. In reality, Mr. President, State and local government pension plans face an even higher level of scrutiny. State law generally requires publicly elected legislators to amend the provisions of a public plan. Electoral accountability to the voters and media scrutiny serve as protections against abusive and discriminatory benefits.

Moreover, further precedent exists for Congress to grant relief from the nondiscrimination rules. In 1986, the Congress established the Thrift Savings Fund for Federal employees. As originally enacted, the Fund was required to comply with the 401(k) nondiscrimination rules on employee contributions and matching contributions to the fund. However, in 1987, as part of a Continuing Appropriations Act for 1988, the Congress passed a provision that made these nondiscrimination rules inapplicable to the Federal Thrift Savings Fund. Thus, Congress has reaffirmed the need to treat Governmental pension plans as unique.

Mr. President, this legislation is not sweeping nor does it grant any new treatment to these plans. Because of moratorium, governmental plans are currently treated as satisfying the nondiscrimination rules. Lifting the moratorium would impose on governmental pension plans the costly task of testing for discrimination when no significant abuses or concerns exist. In fact, finally imposing these rules may require benefits to be reduced for State and local government employees and force costly modifications to these retirement plans. This legislation coincides with the principle of allowing a State to enjoy the right to determine the compensation of its employees.

Mr. President, with another expiration of the moratorium looming in the future, I believe it is time to address this issue. I am under no delusion that it will be resolved quickly. The complexities of these rules and the uniqueness of governmental plans have brought us to where we are today. I believe that as members better understand the history of this issue they will agree with us that the appropriate step is to end this uncertainty and make the temporary moratorium permanent.

Mr. President, I ask unanimous consent that the text of the bill be printed following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2047

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MODIFICATIONS TO NONDISCRIMINATION AND MINIMUM PARTICIPATION RULES WITH RESPECT TO GOVERNMENTAL PLANS.

(a) GENERAL NONDISCRIMINATION AND PARTICIPATION RULES.—

(1) NONDISCRIMINATION REQUIREMENTS.—Paragraph (5) of section 401(a) of the Internal Revenue Code of 1986 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by adding at the end the following new subparagraph:

"(F) GOVERNMENTAL PLANS.—Paragraphs (3) and (4) shall not apply to a governmental plan (within the meaning of section 414(d))."

(2) ADDITIONAL PARTICIPATION REQUIREMENTS.—Subparagraph (H) of section 401(a)(26) of such Code is amended to read as follows:

"(H) EXCEPTION FOR GOVERNMENTAL PLANS.—This paragraph shall not apply to a governmental plan (within the meaning of section 414(d))."

(3) MINIMUM PARTICIPATION STANDARDS.—Paragraph (2) of section 410(c) of such Code is amended to read as follows:

"(2) A plan described in paragraph (1) shall be treated as meeting the requirements of this section for purposes of section 401(a), except that in the case of a plan described in subparagraph (B), (C), or (D) of paragraph (1), this paragraph shall only apply if such plan meets the requirements of section 401(a)(3) (as in effect on September 1, 1974)."

(b) PARTICIPATION STANDARDS FOR QUALIFIED CASH OR DEFERRED ARRANGEMENTS.—Paragraph (3) of section 401(k) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(E)(i) The requirements of subparagraph (A)(i) and (C) shall not apply to a governmental plan (within the meaning of section 414(d)).

"(ii) The requirements of subsection (m)(2) (without regard to subsection (a)(4)) shall apply to any matching contribution of a governmental plan (as so defined)."

(c) NONDISCRIMINATION RULES FOR SECTION 403(b) PLANS.—Paragraph (12) of section 403(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(C) GOVERNMENTAL PLANS.—For purposes of paragraph (1)(D), the requirements of subparagraph (A)(i) shall not apply to a governmental plan (within the meaning of section 414(d))."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning on or after the date of enactment of this Act.

(2) TREATMENT FOR YEARS BEGINNING BEFORE DATE OF ENACTMENT.—A governmental plan (within the meaning of section 414(d) of the Internal Revenue Code of 1986) shall be treated as satisfying the requirements of sections 401(a)(3), 401(a)(4), 401(a)(26), 401(k), 401(m), 403 (b)(1)(D) and (b)(12), and 410 of such Code for all taxable years beginning before the date of enactment of this Act.

By Mr. MOYNIHAN (for himself, Mr. D'AMATO, and Mr. DODD):

S. 2048. A bill to amend section 552 of title 5, United States Code (commonly referred to as the Freedom of Information Act), to provide for disclosure of information relating to individuals who committed Nazi war crimes, and for other purposes; to the Committee on the Judiciary.

WAR CRIMES DISCLOSURE ACT

Mr. MOYNIHAN. Mr. President, today I am joined by Senators D'AMATO and DODD in introducing the War Crime Disclosure Act. This legislation is a companion measure to a bill pending in the House, H.R. 1281, sponsored by Representative MALONEY.

The measure is a simple one. It requires the disclosure of information under the Freedom of Information Act regarding individuals who participated in Nazi war crimes.

Ideally, such documents would be made available to the public without further legislation and without having to go through the slow process involved in getting information through the Freedom of Information Act [FOIA]. Unfortunately this is not the case. Researchers seeking information on Nazi war criminals are denied access to relevant materials in the possession of the United States Government, even when the disclosure of these documents no longer pose a threat to national security—if indeed they ever did.

With the passing of time it becomes ever more important to document Nazi war crimes, lest the enormity of those crimes be lost to history. The greater access which this legislation will provide will add clarity of this important effort. I applaud those researchers who continue to pursue this important work.

I would also like to call to the attention of my colleagues the excellent work of the Office of Special Investigations of the Department of Justice. This office has a monumental task and I would not wish to add to that burden or divert its officials from their primary goal of pursuing Nazi war criminals. To that end, I would note that this legislation does not apply to the Office of Special Investigations, as it is not identified in paragraph (1)(B) of the bill as a "specified agency." I would also add that there is a provision in the bill which specifically prohibits the disclosure of information which would compromise the work of the Office of Special Investigations.

Mr. President, I would like to thank Representative MALONEY for her original work on this subject in the House of Representatives. I would also thank Senators D'AMATO and DODD for joining me in this effort here in the Senate. Finally, I would be remiss if I did not pay special tribute to A.M. Rosenthal, whose indefatigable efforts on this subject are as admirable as they are effective.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2048

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "War Crimes Disclosure Act".

SEC. 2. REQUIREMENT FOR DISCLOSURE UNDER FOIA OF INFORMATION RELATING TO INDIVIDUALS WHO COMMITTED NAZI WAR CRIMES.

(a) IN GENERAL.—Section 552 of title 5, United States Code, is amended—

(1) by redesignating subsections (d), (e), and (f) as subsections (e), (f), and (g), respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d)(1)(A) Notwithstanding subsection (b), this section shall apply to any matter in the possession of a specified agency, that relates to any individual as to whom there exists reasonable grounds to believe that such individual, during the period beginning on March 23, 1933, and ending on May 8, 1945, under the direction of or in association with—

"(i) the Nazi Government of Germany,

"(ii) any government in any area occupied by the military forces of the Nazi Government of Germany,

"(iii) any government established with the assistance or cooperation of the Nazi government of Germany, or

"(iv) any government that was an ally of the Nazi government of Germany,

ordered, incited, assisted or otherwise participated in the persecution of any person because of race, religion, national origin, or political opinion.

"(B) For purposes of subparagraph (a), the term 'specified agency' means the following entities, any predecessors of such an entity, and any component of such an entity (or of such a predecessor):

"(i) The Central Intelligence Agency.

"(ii) The Department of Defense.

"(iii) The National Security Agency.

"(iv) The National Security Council.

"(v) The Department of State.

"(vi) The Federal Bureau of Investigation.

"(vii) The United States Information Agency.

"(2)(A) Except as provided in subparagraph (B), Paragraph (1) shall not apply to the disclosure of any matter when there is clear and convincing evidence that such disclosure would—

"(i) reasonably be expected to constitute an unwarranted invasion of personal privacy;

"(ii) pose a current threat to military defense, intelligence operations, or the conduct of foreign relations of the United States;

"(iii) reveal an intelligence agent whose identity currently requires protection;

"(iv) compromise an understanding of confidentiality currently requiring protection between an agent of the Government and a cooperating individual or a foreign government;

"(v) constitute a substantial risk of physical harm to a living person who provided confidential information to the United States; or

"(vi) compromise an enforcement investigation,inquiry, or prosecution by the Office of Special Investigations of the Department of Justice.

"(B) Subparagraph (A) shall only apply to records, information, or other relevant matter which is—

"(i) properly classified; and

"(ii) the protection of which outweighs the public interest in disclosure.

"(3) Any reasonably segregable portion of a matter referred to in paragraph (2) shall be provided, after deletion of all portions of the matter that are referred to in such subparagraph, to any person requesting the matter under this section if the reasonably segregable portion of the matter would otherwise be required to be disclosed under this section.

"(4) In the case of a request under this section for any matter required to be disclosed under this subsection, if the agency receiving such request is unable to locate the records so requested, such agency shall promptly supply, to the person making such a request, a description of the steps which were taken by such agency to search the indices and other locator systems of the agency to determine whether such records are in the possession or control of the agency.".

(b) INAPPLICABILITY OF NATIONAL SECURITY ACT OF 1947 EXEMPTION.—Section 701 of the National Security Act of 1947 (50 U.S.C. 431) is amended—

(1) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively; and

(2) by inserting after subsection (d) the following new subsection:

"(e) Subsection (a) shall not apply to any operational file, or any portion of any operational file, described under section 552(d) of title 5, United States Code (Freedom of Information Act).".

SEC. 3. EFFECTIVE DATE.

The amendments made by this Act shall apply to requests made after the expiration of the 180-day period beginning on the date of the enactment of this Act.

ADDITIONAL COSPONSORS

S. 607

At the request of Mr. AKAKA, his name was added as a cosponsor of S. 607 a bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to clarify the liability of certain recycling transactions, and for other purposes.

S. 1487

At the request of Mr. GRAMM, the name of the Senator from Washington [Mr. GORTON] was added as a cosponsor of S. 1487 a bill to establish a demonstration project to provide that the Department of Defense may receive medicare reimbursement for health care services provided to certain medicare-eligible covered military beneficiaries.

S. 1493

At the request of Mr. LAUTENBERG, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 1493, a bill to amend title 18, United States Code, to prohibit certain interstate conduct relating to exotic animals.

S. 1542

At the request of Mr. LEVIN, his name was added as a cosponsor of S. 1542, a bill to amend the Internal Revenue Code of 1986 to provide for the expensing of environmental remediation costs in empowerment zones and enterprise communities.

S. 1662

At the request of Mr. HATFIELD, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 1662, a bill to establish areas of wilderness and recreation in the State of Oregon, and for other purposes.

S. 1735

At the request of Mr. PRESSLER, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 1735, a bill to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1820

At the request of Mr. DASCHLE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 1820, a bill to amend title 5 of the United States Code to provide for retirement savings and security.

S. 1821

At the request of Mr. DASCHLE, the name of the Senator from Washington [Mrs. MURRAY] was added as a cosponsor of S. 1821, a bill to amend the Internal Revenue Code of 1986 to provide for retirement savings and security.

S. 1832

At the request of Ms. MIKULSKI, the name of the Senator from Ohio [Mr. GLENN] was added as a cosponsor of S. 1832, a bill to amend title II of the Social Security Act to provide that a monthly insurance benefit thereunder shall be paid for the month in which the recipient dies, subject to a reduction of 50 percent if the recipient dies during the first 15 days of such month, and for other purposes.

S. 1892

At the request of Mr. LAUTENBERG, the name of the Senator from Illinois, [Mr. SIMON] was added as a cosponsor of S. 1892, a bill to reward States for collecting medicaid funds expended on tobacco-related illnesses, and for other purposes.

S. 1900

At the request of Mr. DORGAN, the name of the Senator from Idaho [Mr. CRAIG] was added as a cosponsor of S. 1900, a bill to amend title XVIII and XIX of the Social Security Act to permit a waiver of the prohibition of offering nurse aide training and competency evaluation programs in certain nursing facilities.

S. 1901

At the request of Mr. DORGAN, the name of the Senator from Idaho [Mr. CRAIG] was added as a cosponsor of S. 1901, a bill to amend title XIX of the Social Security Act to repeal the requirement for annual resident review for nursing facilities under the Medicaid program and to require resident reviews for mentally ill or mentally retarded residents when there is a significant change in physical or mental condition.

S. 1944

At the request of Mr. HATFIELD, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of S. 1944, a bill to establish a commission to be known as the Harold Hughes Commission on Alcoholism.

SENATE RESOLUTION 277

At the request of Mr. CRAIG, the name of the Senator from Kansas [Mrs. FRAHM] was added as a cosponsor of Senate Resolution 277, a resolution to express the sense of the Senate that, to ensure continuation of a competitive free-market system in the cattle and beef markets, the Secretary of Agriculture and Attorney General should use existing legal authorities to monitor commerce and practices in the cattle and beef markets for potential antitrust violations, the Secretary of Agriculture should increase reporting practices regarding domestic commerce in the beef and cattle markets (including exports and imports), and for other purposes.

SENATE CONCURRENT RESOLUTION 68—TO CORRECT THE ENROLLMENT OF H.R. 3103

Mr. WELLSTONE (for himself, Mr. KENNEDY, and Mr. WYDEN) submitted the following resolution; which was considered and agreed to:

S. CON. RES. 68

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H.R. 3103) entitled "An Act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes", the Clerk of the House of Representatives shall make the following correction:

Strike subtitle H of title II.

SENATE CONCURRENT RESOLUTION 69—RELATIVE TO EUTHANASIA DURING WORLD WAR II

Mr. SANTORUM (for himself and Mrs. FEINSTEIN) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 69

Whereas Dr. Hans Joachim Sewering was a member of the Nazi party beginning on November 11, 1933, as well as a member of the SS;

Whereas Dr. Sewering served as staff physician and medical director at the Schoenbrunn Sanitarium beginning in 1942;

Whereas, between 1943 and 1945, under Dr. Sewering's supervision, 909 German Catholic mentally and physically disabled patients, mainly children, were transferred from the sanitarium to a "Healing Center" at Eglfing-Haar;

Whereas, subsequently, these patients were killed by starvation and an overdose of a sleeping drug, Luminal;

Whereas there is documentation with Dr. Sewering's signature on its that transfers a 14-year-old epileptic girl names Babette Frowis from the sanitarium to the healing center on October 26, 1943;

Whereas Babette Frowis was pronounced dead on November 16, 1943, just 15 days after being transferred there by Dr. Sewering;

Whereas Dr. Sewering has enjoyed a successful and lengthy medical career after the war, most recently acting as the President of the Federal Physicians Chamber in Germany;

Whereas 4 Franciscan nuns, who worked in the sanitarium at the time these acts occurred, came forward in January of 1993 to corroborate the accusations against Dr. Sewering made by physicians in Germany;

Whereas these nuns broke a 50-year-long vow of silence at the suggestion of the Bishop of Munich to expose Dr. Sewering and share their accounts of the patients;

Whereas these being elected president-elect of the World Medical Association in 1993, protest by the American Medical Association about his alleged crimes led Dr. Sewering to resign as president-elect;

Whereas the German Government has never conducted a criminal inquiry or indicted Dr. Sewering;

Whereas the German Government has all of the patient records, including the signature of the doctor that ordered the transfers to the "Healing Center", in a government archival center, and these records have never been examined by government prosecutors; and

Whereas the German Government has so far protected this criminal: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the German Government should investigate and prosecute Dr. Hans Joachim Sewering for his war crimes of active euthanasia and crimes against humanity committed during World War II.

Mr. SANTORUM. Mr. President, I rise today to submit a concurrent resolution with my colleague Senator FEINSTEIN and to give a few remarks on the Holocaust. Mr. President, many Americans probably have the opinion that we have closed the door on the Holocaust. In fact, we have a museum here in Washington that stands as a reminder of this black mark in our history. Unfortunately, the very submission of this concurrent resolution tells us that this chapter has not yet been closed.

By way of background, my father- and mother-in-law, Dr. Ken and Betty Lee Garver, have done extensive research on the medical history of Nazi war time. In their continued work within the medical community, they have come in contact with Dr. Michael Franzblau from California. It is Dr. Franzblau who brought to our attention the background and history of a German doctor who was a member of the Nazi party and referred many of Germany's disabled and afflicted to "healing centers" or death camps during the 1940's.

Of the millions of victims of World War II, it is the faces of the children we remember most, like the face of Babette Frowis. Babette Frowis was a 14-year-old child who suffered from epilepsy. She was sent to the Schoenbrunn Sanitarium in 1943 when Adolf Hitler began "cleansing" the German race. The Medical Director of the Sanitarium, Dr. Hans Joachim Sewering, then transferred her to the Healing Center at Eglfing-Haar on October 26, 1943. Twenty-one days later, on November 16, 1943, she was pronounced dead.

Babette Frowis was not the only one. It is estimated that between 1942 and 1945, 909 patients, the overwhelming majority of whom were children, were transferred to the "Healing Center" for extermination, under Dr. Sewerings' command. At Eglfing-Haar, the children were subjected to a mixture of starvation and an overdose of a sleeping drug, Luminal. Authorities at the center saw this method as a low cost way of disposing of disabled children.

Dr. Sewering was a member of the Nazi party, as well as the Medical Director of the Sanitarium. When the war ended, Dr. Sewering went on to enjoy a full and rewarding medical career in Bavaria. In 1993 he became the president-elect of the World Medical Association, but after protest he resigned. Shortly after this, the Department of Justice placed Dr. Sewering on the "watch list" thereby preventing his entry into the United States. Dr. Sewering, at the age of 78, still practices medicine in Bavaria.

I have been in contact with the German Ambassador on this matter requesting an explanation and information on behalf of the German Government as to why Dr. Sewering has not been investigated and why the documents regarding the transfer of patients have not been made public. This concurrent resolution expresses the Sense of Congress that the German Government should investigate and prosecute Dr. Sewering for his war crimes of active euthanasia and crimes against humanity committed during World War II.

I appreciate the interest and joint sponsorship of Senator FEINSTEIN, and look forward to working with her as we continue to draw the attention of Congress to this situation and ultimately action by the German Government.

SENATE CONCURRENT RESOLUTION 70—DIRECTING THE CLERK OF THE HOUSE OF REPRESENTATIVES

Mr. MURKOWSKI submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 70

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H.R. 1975) to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

(1) On page 5, line 23, strike the word "provision" and insert in lieu thereof the word "provisions".

(2) On page 29, line 23, insert the word "so" before the word "demonstrate".

(3) On page 36, line 2, insert the word "not" after the word "shall".

(4) On page 36, line 19, strike the word "rate" and insert in lieu thereof the word "date".

(5) On page 36, line 24, strike the word "owned" and insert in lieu thereof the word "owed".

(6) On page 39, line 8, strike the word "dues" and insert in lieu thereof the word "due".

(7) On page 44, line 24, strike the word "it" and insert in lieu thereof the word "its".

SENATE RESOLUTION 287—TO AUTHORIZE THE PRODUCTION OF RECORDS BY THE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. LOTT (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 287

Whereas, the Office of the Attorney General of the State of New Jersey has requested that the Permanent Subcommittee on Investigations provide it with copies of Subcommittee records in connection with a licensing investigation that the Office is currently conducting;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that documents, papers, and records under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistently with the privileges of the Senate: Now, therefore, be it

Resolved, That the Chairman and Ranking Minority Member of the Permanent Subcommittee on Investigations, acting jointly, are authorized to provide to the Office of the Attorney General of the State of New Jersey copies of Subcommittee records that the Office has requested for use in connection with its pending licensing investigation.

Mr. LOTT. Mr. President, the Permanent Subcommittee on Investigations has received a request from the New Jersey Attorney General's Office for copies of subcommittee records relevant to a background investigation that the Office is conducting in connection with a solid waste disposal company's licensing application.

In the course of drug enforcement hearings in the mid-1970s, the subcommittee investigated allegations relating to an individual who was then a federal drug enforcement official and is now a principal in the solid waste firm seeking licensure from the State of New Jersey. The Attorney General's Office is seeking access to subcommittee records to enable the Office to fulfill its responsibilities under state law to conduct a thorough background investigation of this individual.

Mr. President, this resolution would authorize the chairman and ranking minority member of the Permanent Subcommittee on Investigations, acting jointly, to provide subcommittee records in response to this request.

AMENDMENTS SUBMITTED

THE FOOD AND GROCERY PRODUCTS DONATION ACT OF 1996

LEAHY AMENDMENT NO. 5148

Mr. SANTORUM (for Mr. LEAHY) proposed an amendment to the bill (H.R. 2428) to encourage the donation of food and grocery products to nonprofit organizations for distribution to needy individuals by giving the Model Good Samaritan Food Donation Act the full force and effect of law.

Beginning on page 2, strike line 16 and all that follows through page 3, line 11, and insert the following:

(C) by striking subsection (c) and inserting the following:

"(c) LIABILITY FOR DAMAGES FROM DONATED FOOD AND GROCERY PRODUCTS.—

"(1) LIABILITY OF PERSON OR GLEANER.—A person or gleaner shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the person or gleaner donates in good faith to a nonprofit organization for ultimate distribution to needy individuals.

"(2) LIABILITY OF NONPROFIT ORGANIZATION.—A nonprofit organization shall not be subject to civil or criminal liability arising from the nature, age, packaging, or condition of apparently wholesome food or an apparently fit grocery product that the nonprofit organization received as a donation in good faith from a person or gleaner for ultimate distribution to needy individuals.

"(3) EXCEPTION.—Paragraphs (1) and (2) shall not apply to an injury to or death of an ultimate user or recipient of the food or grocery product that results from an act or omission of the person, gleaner, or nonprofit organization, as applicable, constituting gross negligence or intentional misconduct.".

KENNEDY AMENDMENT NO. 5149

Mr. SANTORUM (for Mr. KENNEDY) proposed an amendment to the bill, H.R. 2428, supra; as follows:

On page 2, line 8, insert "the title heading and" before "sections".

On page 2, strike line 15 and insert the following: Samaritan";

(C) in subsection (b)(7), to read as follows:

"(7) GROSS NEGLIGENCE.—The term 'gross negligence' means voluntary and conscious conduct (including a failure to act) by a person who, at the time of the conduct, knew that the conduct was likely to be harmful to the health or well-being of another person.";

On page 3, line 11, strike the period and insert "; and".

On page 3, between lines 11 and 12, insert the following:

(E) in subsection (f), by adding at the end the following: "Nothing in this section shall be construed to supercede State or local health regulations."

On page 4, after line 1, insert the following:

(c) CONFORMING AMENDMENT.—The table of contents for the National and Community Service Act of 1990 is amended by striking the items relating to title IV.

THE OREGON RESOURCE CONSERVATION ACT OF 1996 OPAL CREEK WILDERNESS AND OPAL CREEK SCENIC RECREATION AREA ACT OF 1996

HATFIELD AMENDMENT NO. 5150

Mr. HATFIELD proposed an amendment to the bill (S. 1662) to establish areas of wilderness and recreation in the State of Oregon, and for other purposes; as follows:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Oregon Resource Conservation Act of 1996".

TITLE I—OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA

SEC. 101. SHORT TITLE.

This title may be cited as the "Opal Creek Wilderness and Opal Creek Scenic Recreation Area Act of 1996".

SEC. 102. DEFINITIONS.

In this title:

(1) BULL OF THE WOODS WILDERNESS.—The term "Bull of the Woods Wilderness" means the land designated as wilderness by section 3(4) of the Oregon Wilderness Act of 1984 (Public Law 98–328; 16 U.S.C. 1132 note).

(2) OPAL CREEK WILDERNESS.—The term "Opal Creek Wilderness" means certain land in the Willamette National Forest in the State of Oregon comprising approximately 12,800 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated July 1996.

(3) SCENIC RECREATION AREA.—The term "Scenic Recreation Area" means the Opal Creek Scenic Recreation Area, comprising approximately 13,000 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated July 1996 and established under section 104(a)(3) of this title.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

SEC. 103. PURPOSES.

The purposes of this title are:

(1) to establish a wilderness and scenic recreation area to protect and provide for the enhancement of the natural, scenic, recreational, historic and cultural resources of the area in the vicinity of Opal Creek;

(2) to protect and support the economy of the communities in the Sanitiam Canyon; and

(3) to provide increased protection for an important drinking water source for communities served by the North Santiam River.

SEC. 104. ESTABLISHMENT OF OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA.

(a) ESTABLISHMENT.—On a determination by the Secretary under subsection (b)—

(1) the Opal Creek Wilderness, as depicted on the map described in Section 102(2), is hereby designated as wilderness, subject to the provisions of the Wilderness Act of 1964, shall become a component of the National Wilderness System, and shall be know as the Opal Creek Wilderness;

(2) the part of the Bull of the Woods Wilderness that is located in the Willamette National Forest shall be incorporated into the Opal Creek Wilderness; and

(3) the Secretary shall establish the Opal Creek Scenic Recreation Area in the Willamette National Forest in the State of Oregon, comprising approximately 13,000 acres, as generally depicted on the map described in Section 102(3).

(b) CONDITIONS.—The designations in subsection (a) shall not take effect unless the Secretary makes a determination, not later than 2 years after the date of enactment of this title, that the following conditions have been met:

(1) the following have been donated to the United States in an acceptable condition and without encumbrances—

(A) all right, title, and interest in the following patented parcels of land—

(i) Santiam Number 1, mineral survey number 992, as described in patent number 39–92–0002, dated December 11, 1991;

(ii) Ruth Quartz Mine Number 2, mineral survey number 994, as described in patent number 39–91–0012, dated February 12, 1991;

(iii) Morning Star Lode, mineral survey number 993, as described in patent number 36–91–0011, dated February 12, 1991;

(B) all right, title, and interest held by any entity other than the Times Mirror Land and Timber Company, its successors and assigns, in and to lands located in section 18, township 8 south, range 5 east, Marion County, Oregon, Eureka numbers 6, 7, 8, and 13 mining claims; and

(C) an easement across the Hewitt, Starvation, and Poor Boy Mill Sites, mineral survey number 990, as described in patent number 36–91–0017, dated May 9, 1991. In the sole discretion of the Secretary, such easement may be limited to administrative use if an alternative access route, adequate and appropriate for public use, is provided.

(2) a binding agreement has been executed by the Secretary and the owners of record as of March 29, 1996, of the following interests, specifying the terms and conditions for the disposition of such interests to the United States Government—

(A) the lode mining claims known as Princess Lode, Black Prince Lode, and King Number 4 Lode, embracing portions of sections 29 and 32, township 8 south, range 5 east, Willamette-Meridian, Marion County, Oregon, the claims being more particularly described in the field notes and depicted on the plat of mineral survey number 887, Oregon; and

(B) Ruth Quartz Mine Number 1, mineral survey number 994, as described in patent number 39–91–0012, dated February 12, 1991.

(c) ADDITIONS TO THE WILDERNESS AND SCENIC RECREATION AREAS.—

(1) Lands or interests in lands conveyed to the United States under this section shall be included in and become part of, as appropriate, Opal Creek Wilderness or the Opal Creek Scenic Recreation Area.

(2) On acquiring all or substantially all of the land located in section 36, township 8 south, range 4 east, of the Williamette Meridian, Marion County, Oregon, commonly known as the Rosboro section by exchange, purchase from a willing seller, or by donation, the Secretary shall expand the boundary of the Scenic Recreation Area to include such land.

(3) On acquiring all or substantially all of the land located in section 18, township 8 south, range 5 east, Marion County, Oregon, commonly known as the Times Mirror property, by exchange, purchase from a willing seller, or by donation, such land shall be included in and become a part of the Opal Creek Wilderness.

SEC. 105. ADMINISTRATION OF THE SCENIC RECREATION AREA.

(a) IN GENERAL.—The Secretary shall administer the Scenic Recreation Area in accordance with this title and the laws (including regulations) applicable to the National Forest System.

(b) OPAL CREEK MANAGEMENT PLAN.—

(1) IN GENERAL.—Not later than 2 years after the date of establishment of the Scenic Recreation Area, the Secretary, in consultation with the advisory committee established under section 106(a), shall prepare a comprehensive Opal Creek Management Plan (Management Plan) for the Scenic Recreation Area.

(2) INCORPORATION IN LAND AND RESOURCE MANAGEMENT PLAN.—Upon its completion, the Opal Creek Management Plan shall become part of the land and resource management plan for the Williamette National Forest and supersede any conflicting provision in such land and resource management plan. Nothing in this paragraph shall be construed to supersede the requirements of the Endangered Species Act or the National Forest Management Act or regulations promulgated under those Acts, or any other law.

(3) REQUIREMENTS.—The Opal Creek Management Plan shall provide for a broad range of land uses, including—

(A) recreation;

(B) harvesting of nontraditional forest products, such as gathering mushrooms and material to make baskets; and

(C) educational and research opportunities.

(4) PLAN AMENDMENTS.—The Secretary may amend the Opal Creek Management Plan as the Secretary may determine to be necessary, consistent with the procedures and purposes of this title.

(c) RECREATION.—

(1) RECOGNITION.—Congress recognizes recreation as an appropriate use of the Scenic Recreation Area.

(2) MINIMUM LEVELS.—The management plan shall permit recreation activities at not less than the levels in existence on the date of enactment of this title.

(3) HIGHER LEVELS.—The management plan may provide for levels of recreation use higher than the levels in existence on the

date of enactment of this title if such uses are consistent with the protection of the resource values of Scenic Recreation Area.

(4) The management plan may include public trail access through section 28, township 8 south, range 5 east, Willamette Meridian, to Battle Axe Creek, Opal Pool and other areas in the Opal Creek Wilderness and the Opal Creek Scenic Recreation Area.

(d) Transportation Planning.—

(1) In general.—Except as provided in this subparagraph, motorized vehicles shall not be permitted in the Scenic Recreation Area. To maintain reasonable motorized and other access to recreation sites and facilities in existence on the date of enactment of this title, the Secretary shall prepare a transportation plan for the Scenic Recreation Area that:

(A) evaluates the road network within the Scenic Recreation Area to determine which roads shall be retained and which roads should be closed;

(B) provides guidelines for transportation and access consistent with this title;

(C) considers the access needs of persons with disabilities in preparing the transportation plan for the Scenic Recreation Area;

(D) allows forest road 2209 beyond the gate to the Scenic Recreation Area, as depicted on the map described in 102(2), to be used by motorized vehicles only for administrative purposes and for access by private inholders, subject to such terms and conditions as the Secretary may determine to be necessary; and

(E) restricts construction on or improvements to forest road 2209 beyond the gate to the Scenic Recreation Area to maintaining the character of the road as it existed upon the date of enactment of this title, which shall not include paving or widening. In order to comply with subsection 107(b) of this title, the Secretary may make improvements to forest road 2209 and its bridge structures consistent with the character of the road as it existed on the date of enactment of this title.

(e) Hunting and Fishing.—

(1) In general.—Subject to applicable Federal and State law, the Secretary shall permit hunting and fishing in the Scenic Recreation Area.

(2) Limitation.—The Secretary may designate zones in which, and establish periods when, no hunting or fishing shall be permitted for reasons of public safety, administration or public use and enjoyment of the Scenic Recreation Area.

(3) Consultation.—Except during an emergency, as determined by the Secretary, the Secretary shall consult with the Oregon State Department of Fish and Wildlife before issuing any regulation under this subsection.

(f) Timber Cutting.—

(1) In general.—Subject to paragraph (2), the Secretary shall prohibit the cutting and/or selling of trees in the Scenic Recreation Area.

(2) Permitted cutting.—

(A) In general.—Subject to subparagraph (B), the Secretary may allow the cutting of trees in the Scenic Recreation Area only—

(i) for public safety, such as to control the continued spread of a forest fire in the Scenic Recreation Area or on land adjacent to the Scenic Recreation Area;

(ii) for activities related to administration of the Scenic Recreation Area, consistent with the Opal Creek Management Plan; or

(iii) for removal of hazard trees along trails and roadways.

(B) Salvage sales.—The Secretary may not allow a salvage sale in the Scenic Recreation Area.

(g) Withdrawal.—

(1) Subject to valid existing rights, all lands in the Scenic Recreation Area are withdrawn from—

(i) any form of entry, appropriation, or disposal under the public land laws;

(ii) location, entry, and patent under the mining laws; and

(iii) disposition under the mineral and geothermal leasing laws.

(h) Bornite Project.—

(1) Nothing in this title shall be construed to interfere with or approve any exploration, mining, or mining-related activity in the Bornite Project Area, depicted on the map described in subsection 102(3), conducted in accordance with applicable laws.

(2) Nothing in this title shall be construed to interfere with the ability of the Secretary to approve and issue, or deny, special use permits in connection with exploration, mining, and mining-related activities in the Bornite Project Area.

(3) Motorized vehicles, roads, structures, and utilities (including but not limited to power lines and water lines) may be allowed inside the Scenic Recreation Area to serve the activities conducted on land within the Bornite Project.

(4) After the date of enactment of this title, no patent shall be issued for any mining claim under the general mining laws located within the Bornite Project Area.

(i) Water Impoundments.—Notwithstanding the Federal Power Act (16 U.S.C. 791a et seq.), the Federal Energy Regulatory Commission may not license the construction of any dam, water conduit, reservoir, powerhouse, transmission line, or other project work in the Scenic Recreation Area, except as may be necessary to comply with the provisions of subsection 105(h) with regard to the Bornite Project.

(j) Cultural and Historic Resource Inventory.—

(1) In general.—Not later than 1 year after the date of establishment of the Scenic Recreation Area, the Secretary shall review and revise the inventory of the cultural and historic resources on the public land in the Scenic Recreation Area developed pursuant to the Oregon Wilderness Act of 1984 (Public Law 98-328; U.S.C. 1132).

(2) Interpretation.—Interpretive activities shall be developed under the management plan in consultation with State and local historic preservation organizations and shall include a balanced and factual interpretation of the cultural, ecological, and industrial history of forestry and mining in the Scenic Recreation Area.

(k) Participation.—So that the knowledge, expertise, and views of all agencies and groups may contribute affirmatively to the most sensitive present and future use of the Scenic Recreation Area and its various subareas for the benefit of the public:

(1) Advisory council.—The Secretary shall consult on a periodic and regular basis with the advisory council established under section 106 with respect to matters relating to management of the Scenic Recreation Area.

(2) Public participation.—The Secretary shall seek the views of private groups, individuals, and the public concerning the Scenic Recreation Area.

(3) Other agencies.—The Secretary shall seek the views and assistance of, and cooperate with, any other Federal, State, or local agency with any responsibility for the zoning, planning, or natural resources of the Scenic Recreation Area.

(4) Nonprofit agencies and organizations.—The Secretary shall seek the views of any nonprofit agency or organization that may contribute information or expertise about the resources and the management of the Scenic Recreation Area.

SEC. 106. ADVISORY COUNCIL.

(a) Establishment.—Not later than 90 days after the establishment of the Scenic Recreation Area, the Secretary shall establish an advisory council for the Scenic Recreation Area.

(b) Membership.—The advisory council shall consist of not more than 13 members, of whom—

(1) 1 member shall represent Marion County, Oregon, and shall be designated by the governing body of the county;

(2) 1 member shall represent Clackamas County, Oregon and shall designated by the governing body of the county;

(3) 1 member shall represent the State of Oregon and shall be designated by the governor of Oregon; and

(4) 1 member shall represent the City of Salem, and shall be designated by the mayor of Salem, Oregon;

(5) 1 member from a city within a 25 mile radius of the Opal Creek Scenic Recreation Area, to be designated by the governor of the State of Oregon from a list of candidates provided by the mayors of the cities located within a 25 mile radius of the Opal Creek Scenic Recreation Area; and

(6) not more than 8 members shall be appointed by the Secretary from among persons who, individually or through association with a national or local organization, have an interest in the administration of the Scenic Recreation Area, including, but not limited to, representatives of the timber industry, environmental organizations, the mining industry, inholders in the Opal Creek Wilderness and Scenic Recreation Area, economic development interests and Indian Tribes.

(c) Staggered Terms.—Members of the advisory council shall serve for staggered terms of three years.

(d) Chairman.—The Secretary shall designate one member of the advisory council as chairman.

(e) Vacancies.—The Secretary shall fill a vacancy on the advisory council in the same manner as the original appointment.

(f) Compensation.—Members of the advisory council shall receive no compensation for service on the advisory council.

SEC. 107. GENERAL PROVISIONS.

(a) Land Acquisition.—

(1) In general.—Subject to the other provisions of this title the Secretary may acquire any lands or interests in land in the Scenic Recreation Area or the Opal Creek Wilderness that the Secretary determines are needed to carry out this title.

(2) Public land.—Any lands or interests in land owned by a State or a political subdivision of a State may be acquired only by donation or exchange.

(3) Condemnation.—Within the boundaries of the Opal Creek Wilderness or the Scenic Recreation Area, the Secretary may not acquire any privately owned land or interest in land without the consent of the owner unless the Secretary finds that—

(A) the nature of land use has changed significantly, or the landowner has demonstrated intent to change the land use significantly, from the use that existed on the date of the enactment of this title; and

(B) acquisition by the Secretary of the land or interest in land is essential to ensure use of the land or interest in land in accordance with the purposes of this title or the management plan prepared under section 105(b).

(4) Nothing in this title shall be construed to enhance or diminish the condemnation authority available to the Secretary outside the boundaries of the Opal Creek Wilderness or the Scenic Recreation Area.

(b) ENVIRONMENTAL RESPONSE ACTIONS AND COST RECOVERY.—

(1) RESPONSE ACTIONS.—Nothing in this title shall limit the authority of the Secretary or a responsible party to conduct an environmental response action in the Scenic Recreation Area in connection with the release, threatened release, or cleanup of a hazardous substance, pollutant, or contaminant, including a response action conducted under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

(2) LIABILITY.—Nothing in this title shall limit the authority of the Secretary or a responsible party to recover costs related to the release, threatened release, or cleanup of any hazardous substance or pollutant or contaminant in the Scenic Recreation Area.

(c) MAPS AND DESCRIPTION.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this title, the Secretary shall file a map and a boundary description for the Opal Creek Wilderness and for the Scenic Recreation Area with the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate.

(2) FORCE AND EFFECT.—The boundary description and map shall have the same force and effect as if the description and map were included in this title, except that the Secretary may correct clerical and typographical errors in the boundary description and map.

(3) AVAILABILITY.—The map and boundary description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

(d) Nothing in this title shall interfere with any activity for which a special use permit has been issued, has not been revoked, and has not expired, before the date of enactment of this title, subject to the terms of the permit.

SEC. 108. ROSBORO LAND EXCHANGE.

(a) AUTHORIZATION.—Notwithstanding any other law, if the Rosboro Lumber Company (referred to in this section as "Rosboro") offers and conveys marketable title to the United States to the land described in subsection (b), the Secretary of Agriculture shall convey all right, title and interest held by the United States to sufficient lands described in subsection (c) to Rosboro, in the order in which they appear in subsection (c), as necessary to satisfy the equal value requirements of subsection (d).

(b) LAND TO BE OFFERED BY ROSBORO.—The land referred to in subsection (a) as the land to be offered by Rosboro shall comprise Section 36, Township 8 South, Range 4 East, Willamette Meridian.

(c) LAND TO BE CONVEYED BY THE UNITED STATES.—The land referred to in subsection (a) as the land to be conveyed by the United States shall comprise sufficient land from the following prioritized list to be of equal value under subparagraph (d):

(i) Section 5, Township 17 South, Range 4 East, Lot 7 (37.63 acres);

(ii) Section 2, Township 17 South, Range 4 East, Lot 3 (29.28 acres);

(iii) Section 13, Township 17 South, Range 4 East, S½SE¼ (80 acres);

(iv) Section 2, Township 17 South, Range 4 East, SW¼SW¼ (40 acres);

(v) Section 2, Township 17 South, Range 4 East, NW¼SE¼ (40 acres);

(vi) Section 8, Township 17 South, Range 4 East, SE¼SW¼ (40 acres);

(vii) Section 11, Township 17 South, Range 4 East, W½NW¼ (80 acres);

(d) EQUAL VALUE.—The land and interests in land exchanged under this section shall be of equal market value as determined by nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, or shall be equalized by way of payment of cash pursuant to the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law. The appraisal shall consider access costs for the parcels involved.

(e) TIMETABLE.—

(1) The exchange directed by this section shall be consummated not later than 120 days after the date Rosboro offers and conveys the property described in subsection (b) to the United States.

(2) The authority provided by this section shall lapse if Rosboro fails to offer the land described in subsection (b) within two years after the date of enactment of this title.

(3) Rosboro shall have the right to challenge in United States District Court for the District of Oregon a determination of marketability under subsection (a) and a determination of value for the lands described in subsections (b) and (c) by the Secretary of Agriculture. The Court shall have the authority to order the Secretary to complete the transaction contemplated in this Section.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 109. DESIGNATION OF ELKHORN CREEK AS A WILD AND SCENIC RIVER.

Section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding at the end the following:

"( )(A) ELKHORN CREEK.—The 6.4 mile segment traversing federally administered lands from that point along the Willamette National Forest boundary on the common section line between Sections 12 and 13, Township 9 South, Range 4 East, Willamette Meridian, to that point where the segment leaves federal ownership along the Bureau of Land Management boundary in Section 1, Township 9 South, Range 3 East, Willamette Meridian, in the following classes:

(i) a 5.8-mile wild river area, extending from that point along the Willamette National Forest boundary on the common section line between Sections 12 and 13, Township 9 South, Range 4 East, Willamette Meridian, to its confluence with Buck Creek in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to be administered as agreed on by the Secretaries of Agriculture and the Interior, or as directed by the President; and

(ii) a 0.6-mile scenic river area, extending from the confluence with Buck Creek in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to that point where the segment leaves federal ownership along the Bureau of Land Management boundary in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to be administered by the Secretary of Interior, or as directed by the President.

(B) Notwithstanding Section 3(b) of this Act, the lateral boundaries of both the wild river area and the scenic river area along Elkhorn Creek shall include an average of not more than 640 acres per mile measured from the ordinary high water mark on both sides of the river."

SEC. 110. ECONOMIC DEVELOPMENT.

(A) ECONOMIC DEVELOPMENT PLAN.—As a condition for receiving funding under subsection (b) of this section, the State of Oregon, in consultation with Marion and Clackamas Counties and the Secretary of Agriculture, shall develop a plan for economic development projects for which grants under this section may be used in a manner consistent with this title and to benefit local communities in the vicinity of the Opal Creek area. Such plan shall be based on an economic opportunity study and other appropriate information.

(b) FUNDS PROVIDED TO THE STATES FOR GRANTS.—Upon completion of the Opal Creek Management Plan, and receipt of the plan referred to in subsection (a) of this section, the Secretary shall provide, subject to appropriations, $15,000,000 to the State or Oregon. Such funds shall be used to make grants or loans for economic development projects that further the purposes of this title and benefit the local communities in the vicinity of Opal Creek.

(c) REPORT.—The State of Oregon shall—

(1) prepare and provide the Secretary and Congress with an annual report on the use of the funds made available under this section;

(2) make available to the Secretary and to Congress, upon request, all accounts, financial records, and other information related to grants and loans made available pursuant to this section; and

(3) as loans are repaid, make additional grants and loans with the money made available for obligation by such repayments.

TITLE II—UPPER KLAMATH BASIN

SEC. 201. UPPER KLAMATH BASIN ECOLOGICAL RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section:

(1) ECOSYSTEM RESTORATION OFFICE.—The term "Ecosystem Restoration Office" means the Klamath Basin Ecosystem Restoration Office operated cooperatively by the United States Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, and Forest Service.

(2) WORKING GROUP.—The term "Working Group" means the Upper Klamath Basin Working Group, established before the date of enactment of this title, consisting of members nominated by their represented groups, including:

(A) 3 tribal members;

(B) 1 representative of the city of Klamath Falls Oregon;

(C) 1 representative of Klamath County, Oregon;

(D) 1 representative of institutions of higher education in the Upper Klamath Basin;

(E) 4 representatives of the environmental community, including at least one such representative from the State of California with interests in the Klamath Basin National Wildlife Refuge Complex;

(F) 4 representatives of local businesses and industries, including at least one representative of the wood products industry and one representative of the ocean commercial fishing industry and/or the recreational fishing industry based in either Oregon or California;

(G) 4 representatives of the ranching and farming community, including representatives of federal lease-land farmers and ranchers and of private land farmers and ranchers in the Upper Klamath Basin;

(H) 2 representatives from State of Oregon agencies with authority and responsibility in the Klamath River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department;

(I) 4 representatives from the local community;

(J) 1 representative each from the following federal resource management agencies in the Upper Klamath Basin: Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, Bureau of Indian Affairs, Forest Service, Natural Resources Conservation Service, National Marine Fisheries Service and Ecosystem Restoration Office; and

(K) 1 representative of the Klamath County Soil and Water Conservation District.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(4) TASK FORCE.—The term "Task Force" means the Klamath River Basin Fisheries Task Force as established by the Klamath River Basin Fishery Resource Restoration Act (P.L. 99-552, 16 U.S.C. 460ss-3, et seq.).

(5) COMPACT COMMISSION.—The term "Compact Commission" means the Klamath River Basin Compact Commission created pursuant to the Klamath River Company Act of 1954.

(6) CONSENSUS.—The term "consensus" means a unanimous agreement by the Working Group members present and consisting of at least a quorum at a regularly scheduled business meeting.

(7) QUORUM.—The term "quorum" means one more than half of those qualified Working Group members appointed and eligible to serve.

(8) TRINTY TASK FORCE.—The term "Trinity Task Force" means the Trinity River Restoration Task Force created by P.L. 98-541, as amended by P.L. 104-143.

(b) IN GENERAL.—

(1) The Working Group through the Ecosystem Restoration Office, with technical assistance from the Secretary, will propose ecological restoration projects, economic development and stability projects, and projects designed to reduce the impacts of drought conditions to be undertaken in the Upper Klamath Basin based on a consensus of the Working Group membership.

(2) The Secretary shall pay, to the greatest extent feasible, up to 50 percent of the cost of performing any project approved by the Secretary or his designee, up to a total amount of $1,000,000 during each of fiscal years 1997 through 2001.

(3) Funds made available under this title through the Department of the Interior or the Department of Agriculture shall be distributed through the Ecosystem Restoration Office.

(4) The Ecosystem Restoration Office may utilize not more than 15 percent of all federal funds administered under this section for administrative costs relating to the implementation of this title.

(5) All funding recommendations developed by the Working Group shall be based on a consensus of Working Group members.

(c) COORDINATION.—

(1) The Secretary shall formulate a cooperative agreement among the Working Group, the Task Force, the Trinity Task Force and the Compact Commission for the purposes of ensuring that projects proposed and funded through the Working Group are consistent with other basin-wide fish and wildlife restoration and conservation plans, including but not limited to plans developed by the Task Force and the Compact Commission.

(2) To the greatest extent practicable, the Working Group shall provide notice to, and accept input from, two members each of the Task Force, the Trinity Task Force, and the Compact Commission, so appointed by those entities, for the express purpose of facilitating better communication and coordination regarding additional basin-wide fish and wildlife and ecosystem restoration and planning efforts. The roles and relationships of the entities involved shall be clarified in the cooperative agreement.

(d) PUBLIC MEETINGS.—The Working Group shall conduct all meetings subject to applicable open meeting and public participation laws. They chartering requirements of 5 U.S.C. App 2 ss 1-15 are hereby deemed to have been met by this section.

(e) TERMS AND VACANCIES.—Working Group members shall serve for three-year terms, beginning on the date of enactment of this title. Vacancies which occur for any reason after the date of enactment of this title shall be filled by direct appointment of the governor of the State of Oregon, in consultation with nominations from the appropriate groups, interests, and government agencies outlined in subsection (a)(2).

(f) RIGHTS, DUTIES, AND AUTHORITIES UNAFFECTED.—The Working Group will supplement, rather than replace, existing efforts to manage the natural resources of the Deschutes Basin. Nothing in this title affects any legal right, duty or authority of any person or agency, including any member of the working group.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this title $1,000,000 for each of fiscal year 1997 through 2002.

TITLE III—DESCHUTES BASIN.

SEC. 301. DESCHUTES BASIN ECOSYSTEM RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section:

(1) WORKING GROUP.—The term "Working Group" means the Deschutes River Basin Working Group established before the date of enactment of this title, consisting of members nominated by their represented groups, including:

(A) 5 representatives of private interests including one each from hydroelectric production, livestock grazing, timber, land development, and recreation/tourism;

(B) 4 representatives of private interests including two each from irrigated agriculture and the environmental community;

(C) 2 representatives from the Confederated Tribes of the Warm Springs Reservation of Oregon;

(D) 2 representatives from Federal agencies with authority and responsibility in the Deschutes River Basin, including one from the Department of the Interior and one from the Agriculture Department;

(E) 2 representatives from the State of Oregon agencies with authority and responsibility in the Deschutes River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department; and

(F) 4 representatives from county or city governments within the Deschutes River Basin county and/or city governments.

(2) SECRETARY.—the term "Secretary" means the Secretary of the Interior.

(3) FEDERAL AGENCIES.—The term "Federal agencies" means agencies and departments of the United States, including, but not limited to, the Bureau of Reclamation, Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, Forest Service, Natural Resources Conservation Service, Farm Services Agency, the National Marine Fisheries Service, and the Bonneville Power Administration.

(4) CONSENSUS.—The term "consensus" means a unanimous agreement by the Working Group members present and constituting at least a quorum at a regularly scheduled business meeting.

(5) QUORUM.—The term "quorum" means one more than half of those qualified Working Group members appointed and eligible to serve.

(b) IN GENERAL.—

(1) The Work Group will propose ecological restoration projects on both Federal and non-federal lands and waters to be undertaken in the Deschutes River Basin based on a consensus of the Working Group, provided that such projects, when involving Federal land or funds, shall be proposed to the Bureau of Reclamation in the Department of the Interior and any other Federal agency with affected land or funds.

(2) The Working Group will accept donations, grants or other funds and place such funds received into a trust fund, to be expended on ecological restoration projects which, when involving federal land or funds, are approved by the affected Federal agency.

(3) The Bureau of Reclamation shall pay from funds authorized under subsection (g) of this title up to 50 percent of the cost of performing any project proposed by the Working Group and approved by the Secretary, up to a total amount of $1,000,000 during each of the fiscal years 1997 through 2001.

(4) Non-federal contributions to project costs for purposes of computing the federal matching share under paragraph (3) of this subsection may include in-kind contributions.

(5) Funds authorized in subsection (g) of this title shall be maintained in and distributed by the Bureau of Reclamation in the Department of the Interior. The Bureau of Reclamation shall not expend more than 5 percent of amounts appropriated pursuant to subsection (h) for Federal administration of such appropriations pursuant to this title.

(6) The Bureau of Reclamation is authorized to provide by grant to the Working Group not more than 5 percent of funds appropriated pursuant to subsection (g) of this title for not more than 50 percent of administrative costs relating to the implementation of this title.

(7) The Federal agencies with authority and responsibility in the Deschutes River Basin shall provide technical assistance to the Working Group and shall designate representatives to serve as members of the Working Group.

(8) All funding recommendations developed by the Working Group shall be based on a consensus of the Working Group members.

(c) PUBLIC NOTICE AND PARTICIPATION.—The Working Group shall conduct all meetings subject to applicable open meeting and public participation laws. The chartering requirements of 5 U.S.C. App 2 ss 1-15 are hereby deemed to have been met by this section.

(d) PRIORITIES.—The Working Group shall give priority to voluntary market-based economic incentives for ecosystem restoration including, but not limited to, water leases and purchases; land leases and purchases; tradable discharge permits; and acquisition of timber, grazing, and land development rights to implement plans, programs, measures, and projects.

(e) TERMS AND VACANCIES.—Members of the Working Group representing governmental agencies or entities shall be named by the represented government agency. Members of the Working Group representing private interests shall be named in accordance with the articles of incorporation and bylaws of the Working Group. Representatives from federal agencies will serve for terms of 3 years. Vacancies which occur for any reason after the date of enactment of this title shall be filled in accordance with this title.

(f) ADDITIONAL PROJECTS.—Where existing authority and appropriations permit, Federal agencies may contribute to the implementation of projects recommended by the Working Group and approved by the Secretary.

(g) RIGHTS, DUTIES AND AUTHORITIES UNAFFECTED.—The Working Group will supplement, rather than replace, existing efforts to manage the natural resources of the Deschutes Basin. Nothing in this title affects any legal right, duty or authority of any person or agency, including any member of the Working Group.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this title $1,000,000 for each of fiscal years 1997 through 2001.

TITLE IV—MOUNT HOOD CORRIDOR

SEC. 401. LAND EXCHANGE.

(a) AUTHORIZATION.—Notwithstanding any other law, if Longview Fibre Company (referred to in this section as "Longview") offers and conveys title that is acceptable to the United States to some or all of the land described in subsection (b), the Secretary of the Interior (referred to in this section as the "Secretary") shall convey to Longview title to some or all of the land described in subsection (c), as necessary to satisfy the requirements of subsection (d).

(b) LAND TO BE OFFERED BY LONGVIEW.—The land referred to in subsection (a) as the land to be offered by Longview are those lands depicted on the map entitled "Mt. Hood Corridor Land Exchange Map", dated July 18, 1996.

(c) LAND TO BE CONVEYED BY THE SECRETARY.—The land referred to in subsection (a) as the land to be conveyed by the Secretary are those lands depicted on the map entitled "Mt. Hood Corridor Land Exchange Map", dated July 18, 1996.

(d) EQUAL VALUE.—The land and interests in land exchanged under this section—

(1) shall be of equal market value as determined by nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, or shall be equalized by way of payment of cash pursuant to the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law.

(e) REDESIGNATION OF LAND TO MAINTAIN REVENUE FLOW.—So as to maintain the current flow of revenue from land subject to the Act entitled "An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon", approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary may redesignate public domain land located in and west of Range 9 East, Willamette Meridian, Oregon, as land subject to that Act.

(f) TIMETABLE.—The exchange directed by this section shall be consummated not later than 1 year after the date of enactment of this title.

(g) WITHDRAWAL OF LANDS.—All lands managed by the Department of the Interior, Bureau of Land Management, located in Townships 2 and 3 South, Ranges 6 and 7 East, Willamette Meridian, which can be seen from the right-of-way of U.S. Highway 26 (in this section, such lands are referred to as the "Mt. Hood Corridor Lands"), shall be managed primarily for the protection or enhancement of scenic qualities. Management prescriptions for other resource values associated with these lands shall be planned and conducted for purposes other than timber harvest, so as not to impair the scenic qualities of the area.

(h) TIMBER CUTTING.—Timber cutting may be conducted on Mt. Hood Corridor Lands following a resource-damaging catastrophic event. Such cutting may only be conducted to achieve the following resource management objectives, in compliance with the current land use plans—

(1) to maintain safe conditions for the visiting public;

(2) to control the continued spread of forest fire;

(3) for activities related to administration of the Mt. Hood Corridor Lands; or

(4) for removal of hazard trees along trails and roadways.

(i) ROAD CLOSURE.—The forest road gate located on Forest Service Road 2503, located in T. 2 S., R. 6 E., sec. 14, shall remain closed and locked to protect resources and prevent illegal dumping and vandalism. Access to this road shall be limited to—

(1) Federal and State officers and employees acting in an official capacity;

(2) employees and contractors conducting authorized activities associated with the telecommunication-sites located in T. 2 S., R. 6 E., sec. 14; and

(3) the general public for recreational purposes, except that all motorized vehicles will be prohibited.

(j) NEPA EXEMPTION.—The National Environmental Policy Act of 1969 (P.L. 91–190) shall not apply to this section for one year after the date of enactment of this title.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

TITLE V—COQUILLE TRIBAL FOREST

SEC. 501. CREATION OF THE COQUILLE FOREST.

(a) The Coquille Restoration Act (P.L. 101–42) is amended by inserting at the end of section 5 the following:

"(d) CREATION OF THE COQUILLE FOREST.—

(1) DEFINITIONS.—In this subsection:

(A) the term "Coquille Forest" means certain lands in Coos County, Oregon, comprising approximately 5,400 acres, as generally depicted on the map entitled "Coquille Forest Proposal", dated July 8, 1996.

(B) the term "Secretary" means the Secretary of Interior.

(C) the term "the Tribe" means the Coquille Tribe of Coos County, Oregon.

(2) MAP.—The map described in subparagraph (d)(1)(A), and such additional legal descriptions which are applicable, shall be placed on file at the local District Office of the Bureau of Land Management, the Agency Office of the Bureau of Indian Affairs, and with the Senate Committee on Energy and Natural Resources and the House Committee on Resources.

(3) INTERIM PERIOD.—From the date of enactment of this subsection until two years after the date of enactment of this subsection, the Bureau of Land Management shall:

(A) retain federal jurisdiction for the management of lands designated under this subsection as the Coquille Forest and continue to distribute revenues from such lands in a manner consistent with existing law; and,

(B) prior to advertising, offering or awarding any timber sale contract on lands designated under his subsection as the Coquille Forest, obtain the approval of the Assistant Secretary for Indian Affairs, acting on behalf of and in consultation with the Tribe.

(4) TRANSITION PLANNING AND DESIGNATION.—

(A) During the two year interim period provided for in paragraph (3), the Assistant Secretary for Indian Affairs, acting on behalf of and in consultation with Tribe, is authorized to initiate development of a forest management plan for the Coquille Forest. The Secretary, acting through the director of the Bureau of Land Management, shall cooperate and assist in the development of such plan and in the transition of forestry management operations for the Coquille Forest to the Assistant Secretary for Indian Affairs.

(B) Two years after the date of enactment of this subsection, the Secretary shall take the lands identified under subparagraph (d)(1)(A) into trust, and shall hold such lands in trust, in perpetuity, for the Coquille Tribe. Such lands shall be thereafter designated as the Coquille Forest.

(C) So as to maintain the current flow of revenue from land subject to the Act entitled "An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon" (the O & C Act), approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary may redesignate, from public domain lands within the Tribe's service area, as defined in this Act, certain lands to be subject to the O & C Act. Lands redesignated under this subparagraph shall not exceed lands sufficient to constitute equivalent timber value as compared to lands constituting the Coquille Forest.

(5) MANAGEMENT.—The Secretary of Interior, acting through the Assistant Secretary for Indian Affairs shall manage the Coquille Forest under applicable State and Federal forestry and environmental protection laws, and subject to critical habitat designations under the Endangered Species Act, and subject to the standards and guidelines of Federal forest plans on adjacent or nearby Federal lands, now and in the future. The Secretary shall otherwise manage the Coquille Forest in accordance with the laws pertaining to the management of Indian Trust lands and shall distribute revenues in accord with PL 101–630, 25 U.S.C. 3107.

(A) Unprocessed logs harvested from the Coquille Forest shall be subject to the same Federal statutory restrictions on export to foreign Nations that apply to unprocessed logs harvested from Federal lands.

(B) Notwithstanding any other provision of law, all sales of timber from land subject to this subsection shall be advertised, offered and awarded according to competitive bidding practices, with sales being awarded to the highest responsible bidder.

(6) INDIAN SELF-DETERMINATION ACT AGREEMENT.—No sooner than two years after the date of enactment of this subsection, the Secretary may, upon a satisfactory showing of management competence and pursuant to the Indian Self-Determination Act (23 U.S.C. 450 et seq.), enter into a binding Indian self-determination agreement (agreement) with the Coquille Indian Tribe. Such agreement may provide for the Tribe to carry out all or a portion of the forest management for the Coquille Forest.

(A) Prior to entering such an agreement, and as a condition of maintaining such an agreement, the Secretary must find that the Coquille Tribe has entered into a binding memorandum of agreement (MOA) with the State of Oregon, as required under paragraph 7.

(B) The authority of the Secretary to rescind the Indian self-determination agreement shall not be encumbered.

(i) The Secretary shall rescind the agreement upon a demonstration that the Tribe and the State of Oregon are no longer engaged in a memorandum of agreement as required under paragraph 7.

(ii) The Secretary may rescind the agreement on a showing that the Tribe has managed the Coquille Forest in a manner inconsistent with this subsection, or the Tribe is no longer managing, or capable of managing, the Coquille Forest in a manner consistent with this subsection.

(7) MEMORANDUM OF AGREEMENT.—The Coquille Tribe shall enter into a memorandum of agreement (MOA) with the State of Oregon relating to the establishment and management of the Coquille Forest. The MOA shall include, but not be limited to, the terms and conditions for managing the Coquille Forest in a manner consistent with paragraph (5) of this subsection, preserving public access, advancing jointly-held resource management goals, achieving Tribal restoration objectives and establishing a coordinated management framework. Further, provisions set forth in the MOA shall be consistent with federal trust responsibility requirements applicable to Indian trust lands and paragraph (5) of this subsection.

(8) PUBLIC ACCESS.—The Coquille Forest shall remain open to public access for purposes of hunting, fishing, recreation and transportation, except when closure is required by state or federal law, or when the Coquille Indian Tribe and the State of Oregon agree in writing that restrictions on access are necessary or appropriate to prevent harm to natural resources, cultural resources or environmental quality; Provided That, the State of Oregon's agreement shall not be required when immediate action is necessary to protect archaeological resources.

(9) JURISDICTION.—

(A) The U.S. District Court for the District of Oregon shall have jurisdiction over actions against the Secretary arising out of claims that this subsection has been violated. Any affected citizen may bring suit against the Secretary for violations of this subsection, except that suit may not be brought against the Secretary for claims that the MOA has been violated. The Court has the authority to hold unlawful and set aside actions pursuant to this subsection that are arbitrary and capricious, an abuse of discretion, or otherwise an abuse of law.

(B) The U.S. District Court for the District of Oregon shall have jurisdiction over actions between the State of Oregon and the Tribe arising out of claims of breach of the MOA.

(C) Unless otherwise provided for by law, remedies available under this subsection shall be limited to equitable relief and shall not include damages.

(10) STATE REGULATORY AND CIVIL JURISDICTION.—In addition to the jurisdiction described in paragraph 7 of this subsection, the State of Oregon may exercise exclusive regulatory civil jurisdiction, including but not limited to adoption and enforcement of administrative rules and orders, over the following subjects:

(A) management, allocation and administration of fish and wildlife resources, including but not limited to establishment and enforcement of hunting and fishing seasons, bag limits, limits on equipment and methods, issuance of permits and licenses, and approval or disapproval of hatcheries, game farms, and other breeding facilities: *Provided* That, nothing herein shall be construed to permit the State of Oregon to manage fish or wildlife habitat on Coquille Forest lands;

(B) allocation and administration of water rights, appropriation of water and use of water;

(C) regulation of boating activities, including equipment and registration requirements, and protection of the public's right to use the waterways for purposes of boating or other navigation;

(D) fills and removals from waters of the State, as defined in Oregon law;

(E) protection and management of the State's proprietary interests in the beds and banks of navigable waterways;

(F) regulation of mining, mine reclamation activities, and exploration and drilling for oil and gas deposits;

(G) regulation of water quality, air quality (including smoke management), solid and hazardous waste, and remediation of releases of hazardous substances;

(H) regulation of the use of herbicides and pesticides; and

(I) enforcement of public health and safety standards, including standards for the protection of workers, well construction and codes governing the construction of bridges, buildings, and other structures.

(11) SAVINGS CLAUSE, STATE AUTHORITY.—

(A) Nothing in this subsection shall be construed to grant Tribal authority over private or State-owned lands.

(B) To the extent that the State of Oregon is regulating the foregoing areas pursuant to a delegated Federal authority or a Federal program, nothing in this subsection shall be construed to enlarge or diminish the State's authority under such law.

(C) Where both the State of Oregon and the United States are regulating, nothing herein shall be construed to alter their respective authorities.

(D) To the extent that federal law authorizes the Coquille Indian Tribe to assume regulatory authority over an area, nothing herein shall be construed to enlarge or diminish the Tribe's authority to do so under such law.

(E) Unless and except to the extent that the Tribe has assumed jurisdiction over the Coquille Forest pursuant to Federal law, or otherwise with the consent of the State, the State of Oregon shall have jurisdiction and authority to enforce its laws addressing the subjects listed in subparagraph 10 of this subsection on the Coquille Forest against the Coquille Indian Tribe, its members and all other persons and entities, in the same manner and with the same remedies and protections and appeal rights as otherwise provided by general Oregon law. Where the State of Oregon and Coquille Indian Tribe agree regarding the exercise of tribal civil regulatory jurisdiction over activities on the Coquille Forest lands, the Tribe may exercise such jurisdiction as is agreed upon."

(12) In the event of a conflict between Federal and State law under this subsection, Federal law shall control.

TITLE VI—BULL RUN WATERSHED PROTECTION

SEC. 601. The first sentence of Section 2(a) of Public Law 95-200 is amended after "referred to in this subsection (a)" by striking "2(b)" and inserting in lieu thereof "2(c)".

SEC. 602. The first sentence of Section 2(b) of PL 95-200 is amended after "the policy set forth in subsection (a)" by inserting "and (b)".

SEC. 603. Section 2(b) of PL 95-200 is redesignated as "2(c)".

SEC. 604. (a) Public Law 95-200 is amended by adding a new subsection 2(b) immediately after subsection 2(a), as follows:

"(b) TIMBER CUTTING.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary of Agriculture shall prohibit the cutting of trees in that part of the unit consisting of the hydrographic boundary of the Bull Run River Drainage, including certain lands within the unit and located below the headworks of the city of Portland, Oregon's water storage and delivery project, and as depicted in a map dated July 22, 1996 and entitled "Bull Run River Drainage".

"(2) PERMITTED CUTTING.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of Agriculture shall prohibit the cutting of trees in the area described in paragraph (1).

"(B) PERMITTED CUTTING.—Subject to subparagraph (C), the Secretary may only allow the cutting of trees in the area described in paragraph (1)—

"(i) for the protection or enhancement of water quality in the area described in paragraph (1); or

"(ii) for the protection, enhancement, or maintenance of water quantity available from the area described in paragraph (1); or

"(iii) for the construction, expansion, protection or maintenance of municipal water supply facilities; or

"(iv) for the construction, expansion, protection or maintenance of facilities for the transmission of energy through and over the unit or previously authorized hydroelectric facilities or hydroelectric projects associated with municipal water supply facilities.

"(C) SALVAGE SALES.—The Secretary of Agriculture may not authorize a salvage sale in the area described in paragraph (1)."

(b) Redesignate subsequent subsection of PL 95-200 accordingly.

SEC. 605. REPORT TO CONGRESS.

(a) The Secretary of Agriculture shall, in consultation with the city of Portland and other affected parties, undertake a study of that part of the Little Sandy Watershed that is within the unit (hereinafter referred to as the "study area"), as depicted on the map described in Section 604 of this title.

(b) The study referred to in (a) shall determine—

(1) the impact of management activities within the study area on the quality of drinking water provided to the Portland Metropolitan area;

(2) the identity and location of certain ecological features within the study area, including late successional forest characteristics, aquatic and terrestrial wildlife habitat, significant hydrological values, or other outstanding natural features; and

(3) the location and extent of any significant cultural or other values within the study area.

(c) The study referred to in subsection (a) shall include both legislative and regulatory recommendations to Congress on the future management of the study area. In formulating such recommendations, the Secretary shall consult with the city of Portland and other affected parties.

(d) To the greatest extent possible, the Secretary shall use existing data and processes to carry out this study and report.

(e) The study referred to in subsection (a) shall be submitted to the Senate Committees on Energy and Natural Resources and Agriculture and the House Committees on Resources and Agriculture not later than one year from the date of enactment of this section.

(f) The Secretary is prohibited from advertising, offering or awarding any timber sale within the study area for a period of two years after the date of enactment of this section.

(g) Nothing in this section shall in any way affect any State or Federal law governing appropriation, use of or Federal right to water on or flowing through National Forest System lands. Nothing in this section is intended to influence the relative strength of competing claims to the waters of the Little Sandy River. Nothing in this section shall be construed to expand or diminish Federal, State, or local jurisdiction, responsibility, interests, or rights in water resources development or control, including rights in and current uses of water resources in the unit.

SEC. 606. Lands within the Bull Run Management Unit, as defined in PL 95-200, but not contained within the Bull Run River Drainage, as defined by this title and as depicted on the map dated July 1996 described in Section 604 of this title, shall continue to be managed in accordance with PL 95-200.

TITLE VII—OREGON ISLANDS WILDERNESS, ADDITIONS

SEC. 701. OREGON ISLANDS WILDERNESS, ADDITIONS.

(a) In furtherance of the purposes of the Wilderness Act of 1964, certain lands within the boundaries of the Oregon Islands National Wildlife Refuge, Oregon, comprising approximately ninety-five acres and as generally depicted on a map entitled "Oregon Island Wilderness Additions—Proposed" dated August 1996, are hereby designated as wilderness. The map shall be on file and available for public inspection in the offices of the Fish and Wildlife Service, Department of Interior.

(b) All other Federally-owned named, unnamed, surveyed and unsurveyed rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, not currently designated as wilderness and also within the Oregon Islands National Wildlife Refuge boundaries under the administration of the U.S. Fish and Wildlife Service, Department of Interior, as designated by Executive Order 7035, Proclamation 2416, Public Land Orders 4395, 4475 and 6287, and Public Laws 91-504 and 95-450, are hereby designated as wilderness.

(c) All Federally-owned named, unnamed, surveyed and unsurveyed rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, and presently under the jurisdiction of the Bureau of Land Management, are hereby designated as wilderness, shall become part of the Oregon Islands National Wildlife Refuge and the Oregon Islands Wilderness and shall be under the jurisdiction of the U.S. Fish and Wildlife Service, Department of the Interior.

(d) As soon as practicable after this title takes effect, a map of the wilderness area and a description of its boundaries shall be filed with the Senate Committee on Energy and Natural Resources and the House Committee on Resources, and such map shall have the same force and effect as if included in this title; *provided, however*, that correcting clerical and typographical errors in the map and land descriptions may be made.

(e) Public Land Order 6287 of June 16, 1982, which withdrew certain rocks, reefs, islets and islands lying within three geographical miles off the coast of Oregon and above mean high tide, including the ninety-five acres described in subsection (a), as an addition to the Oregon Islands National Wildlife Refuge is hereby made permanent.

TITLE VIII—UMPQUA RIVER LAND EXCHANGE STUDY

SEC. 801. UMPQUA RIVER LAND EXCHANGE STUDY: POLICY AND DIRECTION.

(a) IN GENERAL.—The Secretaries of the Interior and Agriculture (Secretaries) are hereby authorized and directed to consult, coordinate and cooperate with the Umpqua Land Exchange Project (ULEP), affected units and agencies of State and local government, and, as appropriate, the World Forestry Center and National Fish and Wildlife Foundation, to assist ULEP's ongoing efforts in studying and analyzing land exchange opportunities in the Umpqua River basin and to provide scientific, technical, research, mapping and other assistance and information to such entities. Such consultation, coordination and cooperation shall at a minimum include, but not be limited to:

(1) working with ULEP to develop or assemble comprehensive scientific and other information (including comprehensive and integrated mapping) concerning the Umpqua River basin's resources of forest, plants, wildlife, fisheries (anadromous and other), recreational opportunities, wetlands, riparian habitat and other physical or natural resources;

(2) working with ULEP to identify general or specific areas within the basin where land exchanges could promote consolidation of timberland ownership for long-term, sustained timber production; protection and improvement of habitat for plants, fish and wildlife (including any Federally listed threatened or endangered species); protection of drinking water supplies; recovery of threatened and endangered species; protection and improvement of wetlands, riparian lands and other environmentally sensitive areas; consolidation of land ownership for improved public access and a broad array of recreational uses; and consolidation of land ownership to achieve management efficiency and reduced costs of administration; and

(3) developing a joint report for submission to the Congress which discusses land exchange opportunities in the basin and outlines either a specific land exchange proposal or proposals which may merit consideration by the Secretaries or the Congress, or ideas and recommendations for new authorizations, direction, or changes in existing law or policy to expedite and facilitate the consummation of beneficial land exchanges in the basin via administrative means.

(b) MATTERS FOR SPECIFIC STUDY.—In analyzing land exchange opportunities with ULEP, the Secretaries shall give priority to assisting ULEP's ongoing efforts in—

(1) studying, identifying and mapping areas where the consolidation of land ownership via land exchanges could promote the goals of long term species protection, including the goals of the Endangered Species Act of 1973 more effectively than current land ownership patterns and whether any changes in law or policy applicable to such lands after consummation of an exchange would be advisable or necessary to achieve such goals;

(2) studying, identifying and mapping areas where land exchanges might be utilized to better satisfy the goals of sustainable timber harvest, including studying whether changes in existing law or policy applicable to such lands after consummation of an exchange would be advisable or necessary to achieve such goals;

(3) identifying issues and studying options and alternatives, including possible changes in existing law or policy, to insure that combined post-exchange revenues to units of local government from state and local property, severance and other taxes or levies and shared Federal land receipts will approximate pre-exchange revenues;

(4) identifying issues and studying whether possible changes in law, special appraisal instruction, or changes in certain Federal appraisal procedures might be advisable or necessary to facilitate the appraisal of potential exchange lands which may have special characteristics or restrictions affecting land values;

(5) identifying issues and studying options and alternatives, including changes in existing laws or policy, for achieving land exchanges without reducing the net supply of timber available to small businesses;

(6) identifying, mapping, and recommending potential changes in land use plans, land classifications, or other actions which might be advisable or necessary to expedite, facilitate or consummate land exchanges in certain areas; and,

(7) analyzing potential sources for new or enhanced Federal, state or other funding to promote improved resource protection, species recovery, and management in the basin.

SEC. 802. REPORT TO CONGRESS.

(a) No later than February 1, 1998, ULEP and the Secretaries shall submit a joint report to the Committee on Resources of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate concerning their studies, findings, recommendations, mapping and other activities conducted pursuant to this title.

SEC. 803. AUTHORIZATION OF APPROPRIATIONS.

(a) In furtherance of the purposes of this title, there is hereby authorized to be appropriated the sum of $2 million, to remain available until expended.

THE BANKRUPTCY TECHNICAL CORRECTIONS ACT OF 1996

HEFLIN AMENDMENT NO. 5151

Mr. STEVENS (for Mr. HEFLIN) proposed an amendment to the bill (S. 1559) to make technical corrections to title 11, United States Code, and for other purposes; as follows:

On page 9 of the Committee amendment, strike lines 11 through 17 and insert the following:

(1) in subsection (f)(1)(A)—

(A) in the matter preceding clause (i), by striking "; or" at the end; and

(B) in clause (ii), by striking the period at the end and inserting "; or"; and

(2) in subsection (g)(2), by striking "subsection (f)(2)" and inserting "subsection (f)(1)(B)".

COVERDELL AMENDMENT NO. 5152

Mr. STEVENS (for Mr. COVERDELL) proposed an amendment to the bill, S. 1559, supra; as follows:

At the appropriate place in the Committee amendment, insert the following new section:

SEC. . ENFORCEMENT OF CHILD SUPPORT.

Section 362(b)(1) of title 11, United States Code is amended by inserting before the semicolon the following: "(including the criminal enforcement of a judicial order requiring the payment of child support)".

KOHL AMENDMENT NO. 5153

Mr. STEVENS (for Mr. KOHL) proposed an amendment to the bill, S. 1559, supra; as follows:

At the appropriate place, insert the following new section:

SEC. . LIMITATION.

Section 522 of title 11, United States Code, as amended by section 9, is further amended—

(1) in subsection (b)(2)(A), by inserting "subject to subsection (n)," before "any property"; and

(2) by adding at the end the following new subsection:

"(n) As a result of electing under subsection (b)(2)(A) to exempt property under State or local law, a debtor may not exempt an aggregate interest of more than $500,000 in value in—

"(1) real or personal property that the debtor or a dependent of the debtor uses as a residence;

"(2) a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence; or

"(3) a burial plot for the debtor or a dependent of the debtor.".

GRASSLEY (AND LOTT) AMENDMENT NO. 5154

Mr. STEVENS (for Mr. GRASSLEY, for himself and Mr. LOTT) proposed an amendment to the bill, S. 1559, supra; as follows:

SECTION 1.

"Section 27", on page 15, line 3, is redesignated "Section 28".

SEC. 2.

On page 15, line 3 insert the following:

"SEC. 27. STANDING TRUSTEES."

(a) Section 330 of Title 11 of the United States Code is amended by adding to the end thereof the following:

"(e) Upon the request of a trustee appointed under Section 586(b) of Title 28, and after all available administrative remedies have been exhausted, the district court in the district in which the trustee resides shall have the exclusive authority, notwithstanding Section 326(b) of this title, to review the determination of the actual, necessary expenses of the standing trustee. In reviewing the determination, the district court shall accord substantial deference to the determination made by the Attorney General, and may reverse the determination only if the Attorney General has abused his or her discretion."

(b) Section 324 of Title 11, United States Code, is amended by adding to the end thereof the following:

"(c)(1) Notwithstanding any provision of Section 586 of Title 28, in the event the United States Trustee ceases assigning cases to a trustee appointed under Section 586(b) of Title 28, the trustee, after exhausting all available administrative remedies, may seek judicial review of the decision in the district court in the district in which the trustee resides. The district court shall accord substantial deference to the determination made by the United States Trustee, and may reverse the determination only if the United States Trustee has abused his or her discretion.

"(2) Notwithstanding any other provision of law, the district court may order interim relief under this paragraph only if the court concludes, viewing all facts most favorably to the United States Trustee, that there was no basis for the United States Trustee's decision to cease assigning cases to the trustee. The denial of a request for interim relief shall be final and shall not be subject to further review.".

THE IMPACT AID TECHNICAL AMENDMENTS OF 1996

KASSEBAUM (AND OTHERS) AMENDMENT NO. 5155

Mr. STEVENS (for Mrs. KASSEBAUM, for herself, Mr. PRESSLER, Mr. D'AMATO, Mr. KERREY, Mr. MOYNIHAN, Mr. SIMPSON, and Mrs. FRAHM) proposed an amendment to the bill (H.R. 3269) to amend the Impact Aid program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. HOLD-HARMLESS AMOUNTS FOR PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY.

Section 8002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702) is amended by adding at the end the following new subsections:

"(g) FORMER DISTRICTS.—

"(1) IN GENERAL.—Where the school district of any local educational agency described in paragraph (2) is formed at any time after 1938 by the consolidation of two or more former school districts, such agency may elect (at any time such agency files an application under section 8005) for any fiscal year after fiscal year 1994 to have (A) the eligibility of such local educational agency, and (B) the amount which such agency shall be eligible to receive, determined under this section only with respect to such of the former school districts comprising such consolidated school districts as such agency shall designate in such election.

"(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—A local educational agency referred to in paragraph (1) is any local educational agency that, for fiscal year 1994 or any preceding fiscal year, applied for and was determined eligible under section 2(c) of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect for such fiscal year.

"(h) HOLD-HARMLESS AMOUNTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2)(A), the total amount that the Secretary shall pay under subsection (b) to a local educational agency that is otherwise eligible for a payment under this section—

"(A) for fiscal year 1995 shall not be less than 85 percent of the amount such agency received for fiscal year 1994 under section 2 of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect on September 30, 1994; or

"(B) for fiscal year 1996 shall not be less than 85 percent of the amount such agency received for fiscal year 1995 under subsection (b).

"(2) RATABLE REDUCTIONS.—(A)(i) If necessary in order to make payments to local educational agencies in accordance with paragraph (1) for any fiscal year, the Secretary first shall ratably reduce payments under subsection (b) for such year to local educational agencies that do not receive a payment under this subsection for such year.

"(ii) If additional funds become available for making payments under subsection (b) for such year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.

"(B)(i) If the sums made available under this title for any fiscal year are insufficient to pay the full amounts that all local educational agencies in all States are eligible to receive under paragraph (1) after the application of subparagraph (A) for such year, then the Secretary shall ratably reduce payments under paragraph (1) to all such agencies for such year.

"(ii) If additional funds become available for making payments under paragraph (1) for such fiscal year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.".

SEC. 2. APPLICATIONS FOR INCREASED PAYMENTS.

(a) PAYMENTS.—Notwithstanding any other provision of law—

(1) the Bonesteel-Fairfax School District Number 26-5, South Dakota, and the Wagner Community School District Number 11-4, South Dakota, shall be eligible to apply for payment for fiscal year 1994 under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such section was in effect on September 30, 1994); and

(2) the Secretary of Education shall use a subgroup of 10 or more generally comparable local educational agencies for the purpose of calculating a payment described in paragraph (1) for a local educational agency described in such paragraph.

(b) APPLICATION.—In order to be eligible to receive a payment described in subsection (a), a school district described in such subsection shall apply for such payment within 30 days after the date of enactment of this Act.

(c) CONSTRUCTION.—Nothing in this section shall be construed to require a local educational agency that received a payment under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such section was in effect on September 30, 1994) for fiscal year 1994 to return such payment or a portion of such payment to the Federal Government.

SEC. 3. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN RESIDING ON MILITARY INSTALLATION HOUSING UNDERGOING RENOVATION.

(a) IN GENERAL.—Section 8003(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(a)) is amended by adding at the end the following new paragraph:

"(4) MILITARY INSTALLATION HOUSING UNDERGOING RENOVATION.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1)(D)(i), the Secretary shall consider such children to be children described in paragraph (1)(B) if the Secretary determines, on the basis of a certification provided to the Secretary by a designated representative of the Secretary of Defense, that such children would have resided in housing on Federal property in accordance with paragraph (1)(B) except that such housing was undergoing renovation on the date for which the Secretary determines the number of children under paragraph (1).".

(b) EFFECTIVE DATE.—Paragraph (4) of section 8003(a) of the Elementary and Secondary Education Act of 1965, as added by subsection (a), shall apply with respect to fiscal years after fiscal year 1995.

SEC. 4. COMPUTATION OF PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN IN STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.

(a) IN GENERAL.—Section 8003(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)) is amended by adding at the end the following new paragraph:

"(3) STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.—

"(A) In General.—In any of the 50 States of the United States in which there is only one local educational agency, the Secretary shall, for purposes of paragraphs (1)(B), (1)(C), and (2) of this subsection, and subsection (e), consider each administrative school district in the State to be a separate local educational agency.

"(B) Computation of maximum amount of basic support payment and threshold payment.—In computing the maximum payment amount under paragraph (1)(C) and the learning opportunity threshold payment under paragraph (2)(B) for an administrative school district described in subparagraph (A)—

"(i) the Secretary shall first determine the maximum payment amount and the total current expenditures for the State as a whole; and

"(ii) the Secretary shall then—

"(I) proportionately allocate such maximum payment amount among the administrative school districts on the basis of the respective weighted student units of such districts; and

"(II) proportionately allocate such total current expenditures among the administrative school districts on the basis of the respective number of students in average daily attendance at such districts.".

(b) Effective Date.—Paragraph (3) of section 8003(b) of the Elementary and Secondary Education Act of 1965, as added by subsection (a), shall apply with respect to fiscal years after fiscal year 1994.

SEC. 5. DATA AND DETERMINATION OF AVAILABLE FUNDS.

(a) Data.—Paragraph (4) of section 8003(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)) is amended—

(1) in the heading, by striking "Current year";

(2) by amending subparagraph (A) to read as follows:

"(A) shall use student, revenue, and tax data from the second fiscal year preceding the fiscal year for which the local educational agency is applying for assistance under this subsection;"; and

(3) in subparagraph (B), by striking "such year" and inserting "the fiscal year for which the local educational agency is applying for assistance under this subsection".

(b) Determination of Available Funds.—Paragraph (3) of section 8003(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)) is amended—

(1) in the matter preceding subclause (I) of subparagraph (A)(iii), by inserting ", except as provided in subparagraph (C)," after "but"; and

(2) by adding at the end the following new subparagraph:

"(C) Determination of available funds.—When determining the amount of funds available to the local educational agency for current expenditures for purposes of subparagraph (A)(iii) for a fiscal year, the Secretary shall include, with respect to the local educational agency's opening cash balance for such fiscal year, the portion of such balance that is the greater of—

"(i) the amount that exceeds the maximum amount of funds for current expenditures that the local educational agency was allowed by State law to carry over from the prior fiscal year, if State restrictions on such amounts were applied uniformly to all local educational agencies in the State; or

"(ii) the amount that exceeds 30 percent of the local educational agency's operating costs for the prior fiscal year.".

(c) Effective Date.—The amendments made by subsections (a) and (b) shall apply with respect to fiscal years after fiscal year 1996.

SEC. 6. PAYMENTS RELATING TO FEDERAL PROPERTY.

Section 8002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702) (as amended by section 1) is further amended by adding at the end thereof the following new subsection:

"(i) Priority Payments.—Notwithstanding subsection (b)(1)(B), and for any fiscal year beginning with fiscal year 1997 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996, the Secretary shall first use such excess amount to increase the payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under subsection (b) for any local educational agency that—

"(1) received a payment under this section for fiscal year 1996;

"(2) serves a school district that contains all or a portion of a United States military academy;

"(3) serves a school district in which the local tax assessor has certified that at least 60 percent of the real property is federally owned; and

"(4) demonstrates to the satisfaction of the Secretary that such agency's per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.".

SEC. 7. TREATMENT OF IMPACT AID PAYMENTS.

(a) In General.—The Secretary of Education shall treat any State as having met the requirements of section 5(d)(2)(A) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1991 (as such section was in effect for such fiscal year), and as not having met those requirements for each of the fiscal years 1992, 1993, and 1994 (as such section was in effect for fiscal year 1992, 1993, and 1994, respectively), if—

(1) the State's program of State aid was not certified by the Secretary under section 5(d)(2)(C)(i) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for any fiscal year prior to fiscal year 1991;

(2) the State submitted timely notice under that section of the State's intention to seek that certification for fiscal year 1991;

(3) the Secretary determined that the State did not meet the requirements of section 5(d)(2)(A) of such Act for fiscal year 1991; and

(4) the State made a payment to each local educational agency in the State (other than a local educational agency that received a payment under section 3(d)(2)(B) of such Act for fiscal year 1991) in an amount equal to the difference between the amount such agency received under such Act for fiscal year 1991 and the amount such agency would have received under such Act for fiscal year 1991 if payments under such Act had not been taken into consideration in awarding State aid to such agencies for fiscal year 1991.

(b) Repayment Not Required.—Notwithstanding any other provision of law, any local educational agency in a State that meets the requirements of paragraphs (1) through (4) of subsection (a) and that received funds under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1991 (as such section was in effect for such fiscal year) shall not, by virtue of subsection (a), be required to repay those funds to the Secretary of Education.

SEC. 8. SPECIAL RULE RELATING TO AVAILABILITY OF FUNDS FOR THE LOCAL EDUCATIONAL AGENCY SERVING THE NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS, NEW JERSEY, UNDER PUBLIC LAW 874, 81ST CONGRESS.

The Secretary of Education shall not consider any funds that the Secretary of Education determines the local educational agency serving the North Hanover Township Public Schools, New Jersey, has designated for a future liability under an early retirement incentive program as funds available to such local educational agency for purposes of determining the eligibility of such local educational agency for a payment for fiscal year 1994, or the amount of any such payment, under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress), as such section was in effect for such fiscal year.

SEC. 9. CORRECTED LOCAL CONTRIBUTION RATE.

(a) Computation.—The Secretary of Education shall compute a payment for a local educational agency under the Act of September 30, 1950 (Public Law 874, 81st Congress) for each of the fiscal years 1991 through 1994 (as such Act was in effect for each of those fiscal years, as the case may be) using a corrected local contribution rate based on generally comparable school districts, if—

(1) an incorrect local contribution rate was submitted to the Secretary of Education by the State in which such agency is located, and the incorrect local contribution rate was verified as correct by the Secretary of Education; and

(2) the corrected local contribution rate is subject to review by the Secretary of Education.

(b) Payment.—Using funds appropriated under the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal years 1991 through 1994 that remain available for obligation (if any), the Secretary of Education shall make payments based on the computations described in subsection (a) to the local educational agency for such fiscal years.

SEC. 10. STATE EQUALIZATION PLANS.

Subparagraph (A) of section 8009(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7709(b)(2)) is amended by striking "more than" and all that follows through the period and inserting "more than 25 percent.".

THE U.S. TOURISM ORGANIZATION ACT

PRESSLER AMENDMENT NO. 5156

Mr. STEVENS (for Mr. Pressler) proposed an amendment to the bill (S. 1735) to establish the U.S. Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States; as follows:

On page 7, line 8, strike "46" and insert "48".

On page 9, beginning in line 3, strike "Retail Travel Agents Association;" and insert "Association of Retail Travel Agents;".

On page 9, between lines 6 and 7, insert the following:

(L) 1 member elected by the National Trust for Historic Preservation.

(M) 1 member elected by the American Association of Museums.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a full committee hearing has been scheduled before the Energy and Natural Resources Committee to receive testimony on S. 1852, the Department of Energy Class Action Lawsuit Act.

The hearing will take place on Thursday, September 5 at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Those wishing to testify or submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact Kelly Johnson or Jo Meuse at (202) 224–6730.

SUBCOMMITTEE ON FORESTS AND PUBLIC LAND MANAGEMENT

Mr. CRAIG. Mr. President, I would like to announce for the public that at the hearing scheduled before the Subcommittee on Forests and Public Land Management of the Committee on Energy and Natural Resources, to receive testimony regarding S. 931, S. 1564, S. 1565, S. 1649, S. 1719, S. 1921, measures relating to the Bureau of Reclamation, the subcommittee will also receive testimony regarding S. 1986, the Umatilla River Basin Project Completion Act, and S. 2015, To convey certain real property located within the Carlsbad Project in New Mexico to the Carlsbad irrigation district. The hearing will take place on September 5, 1996, at 2 p.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please call James Beirne, senior counsel at (202) 224–2564 or Betty Nevitt, staff assistant at (202) 224–0765 of the subcommittee staff.

SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources.

The hearing will take place on Thursday, September 12, 1996 at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to review S. 150, a bill to authorize an entrance fee surcharge at the Grand Canyon National Park; S. 340, a bill to direct the Secretary of the Interior to conduct a study concerning equity regarding entrance, tourism, and recreational fees for the use of Federal lands and facilities; and S. 1695, a bill to authorize the Secretary of the Interior to assess up to $2 per person visiting the Grand Canyon or other national park to secure bonds for capital improvements to the park.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on Parks, Historic Preservation, and Recreation, Committee on Energy and Natural Resources, United States Senate, 364 Dirksen Senate Office Building, Washington, DC. 20510–6150.

For further information, please contact Jim O'Toole of the subcommittee staff at (202) 224–5161.

SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources.

The hearing will take place on Thursday, September 19, 1996, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to review S. 1539, a bill to establish the Los Caminos del Rio National Heritage area along the Lower Rio Grande Texas-Mexico border; S. 1583, a bill to establish the Lower Eastern Shore American Heritage area; S. 1785, a bill to establish in the Department of the Interior the Essex National Heritage Commission; and S. 1808, a bill to amend the act of October 15, 1966 (80 Stat. 915), as amended, establishing a program for the preservation of additional historic property throughout the Nation.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Subcommittee on Parks, Historic Preservation, and Recreation, Committee on Energy and Natural Resources, U.S. Senate, 364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole of the subcommittee staff at (202) 224–5161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. DEWINE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, August 2, 1996, at 10 a.m. to hold a hearing on White House access to FBI background summaries.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

Mr. DEWINE. Mr. President, the Finance Committee requests unanimous consent for the Subcommittee on Social Security and Family Policy to conduct a hearing on Friday, August 2, 1996, beginning at 10 a.m. in room SD–215.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

LEGISLATION TO AMEND THE COMMODITY EXCHANGE ACT

• Mr. LUGAR. Mr. President, today Senator LEAHY and I announced that we will propose legislation to amend the Commodity Exchange Act, which establishes the ground rules for commodity futures trading in the United States. Our decision to proceed with legislation follows a public hearing on June 5 and extensive discussions with industry and federal regulators.

I commend Senator LEAHY for his bipartisan cooperation in this as in so many other matters. In order that our colleagues and the general public may understand the legislation we plan to introduce, I ask that a statement issued earlier today by the two of us be printed in the RECORD. I further ask that a letter signed by the two of us and addressed to Acting CFTC Commissioner Tull also be printed in the RECORD.

The material follows:

REFORMING AND UPDATING THE COMMODITY EXCHANGE ACT: OUTLINE OF PLANNED LEGISLATION

The Commodity Exchange Act has benefited the American economy. It has helped encourage a dynamic, world-class futures trading industry that allows farmers, ranchers and other business operators to manage risk, provides investment opportunities and offers protection to consumers of its services. From time to time, Congress has re-examined the Act to bring it up to date with changing markets. Such an update is now opportune.

On June 5, the Committee on Agriculture, Nutrition, and Forestry heard testimony on the need to update the Commodity Exchange Act. Since then, committee staff have consulted extensively with federal agencies and private industry, seeking to explore the implications of legislative proposals by various groups.

As a result of this thorough process, we have decided to introduce legislation to amend the Commodity Exchange Act. Because it is late in the legislative session, it is unlikely the bill we introduce will become law this year. We intend it to spark discussion, with the aim of completing work on revisions to the Act in 1997.

In considering possible legislation, we have been ably advised by CFTC staff. While the CFTC is unconvinced that new legislation is needed, commission officials have cooperated with our staff whenever they have been asked. We want to thank them publicly for this assistance.

In addition, commission staff have been receptive to addressing some issues through administrative action. Although some reforms we propose are beyond the scope of the commission's current statutory authorities, others could be resolved without legislation. We encourage the CFTC to work toward this end.

There is a public interest in a strong, competitive U.S. futures industry because of its critical role in price discovery and business risk management. This public interest implies, and requires, a degree of regulation. In recent years, U.S. futures exchanges have also faced increasing competition from foreign exchanges and from over-the-counter derivative products.

U.S. exchanges face some regulatory costs that are not borne by their competitors. The Act, and the Commodity Futures Trading Commission's actions to implement its requirements, must strike an appropriate balance between prudent regulation and the need for a cost-competitive industry.

We will introduce legislation in September. The reason for delaying introduction is a provision of the Act called the "Treasury amendment." The amendment excludes certain transactions from the CFTC's jurisdiction and has been the subject of varying interpretations since it was first enacted. Many firms and associations have requested that Congress clarify the Treasury amendment, and we agree that clarification is in order.

The CFTC and the Treasury Department have been working to arrive at a common interpretation of the Treasury amendment. We believe it is wise to give them, and other relevant agencies, a chance to complete these discussions before making a legislative proposal. Therefore, we are writing to Secretary Rubin and Acting Chairman Tull to encourage their agencies to complete their discussions and advise us of their progress. If these conclusions suggest a need to modify the Treasury amendment, we will strongly consider incorporating those modifications into the bill we introduce.

In order for our colleagues to have an opportunity to examine the legislation before this session of Congress ends, we will need to introduce the bill in the first week Congress returns from the August recess, that is the week ending September 6. Therefore, we would like to receive the Administration's counsel before the Labor Day holiday.

It is premature to propose a specific change to the Treasury amendment. However, we can say that we do not intend for the CFTC to become involved in markets where it does not now have any significant role. An example is the "when-issued" market in Treasury securities.

We invite public comment during August on the legislative proposals we will outline in this statement. The bill we introduce in September will be a discussion document. It might subsequently be scaled back, but it also might be expanded to make additional changes to the Act. It will be neither an opening gambit nor a least common denominator. It will represent our best judgment of how the Act should prudently be changed, but our minds remain open to other approaches.

The committee's work on the Commodity Exchange Act has been bipartisan and collegial. Like the 1996 farm bill, the landmark food safety legislation now on the President's desk, and other important laws originated by the committee, this legislative effort is one on which we will work together.

A summary of planned legislative provisions follows.

Considerations required in regulatory actions.—For each significant regulation it imposes (not including enforcement, emergency and similar actions), the CFTC will be directed to take into account both the anticipated costs and the anticipated benefits of the action it contemplates, and to explain publicly its evaluation of the various costs and benefits. In weighing costs and benefits, CFTC will consider whether the proposed action, taken as a whole, will promote customer protection, market integrity and efficiency, fair competition and sound risk management. The provision will apply to actions commenced after the date of enactment, and will require an evaluation, not a cost-benefit analysis in the strict, quantitative sense.

Audit trail.—The bill will clarify the intent of Congress that the audit trail statute does not mandate the development or adoption of any particular technology, but establishes a performance standard. This clarification will be consistent with 1995 Senate testimony by then-Chairman Mary Schapiro.

Contract designation.—The legislation will end the requirement that proposed futures contracts be pre-approved by the CFTC before trading can commence. Instead, the bill will provide that exchanges must submit information about contracts they intend to trade to the CFTC, which will have a reasonable but limited period to examine the proposed contract terms. The CFTC will analyze the information with a presumption in favor of allowing the contract to trade. However, within the examination period, the CFTC may require additional information, or delay the start of trading for a limited time, if it finds reason to believe the contract is susceptible to manipulation, violates the Act or is contrary to the public interest. Ultimately, the CFTC would have the ability to prevent a contract from trading, but only after instituting proceedings to disallow the exchange from commencing trading. Comments are invited on the appropriate length for the periods specified above.

Similar procedures would apply to other proposed exchange rules. Committee report language will direct the CFTC to report, on an ongoing basis, its evaluation of how well exchange governing bodies meet the statutory requirement for meaningful representation of a diversity of interests.

Disciplinary actions and penalties.—The bill will state the sense of Congress that, in deploying enforcement resources, the CFTC should avoid unnecessary duplication of effort in areas where self-regulatory organizations also have enforcement duties, while ensuring a CFTC presence and role sufficient to safeguard market integrity and customer interests. The CFTC will be directed to report to Congress on its enforcement program. The report is to include an analysis of the CFTC's performance in preventing, deterring and disciplining violations of the CEA that involve fraud against individual investors through "bucket shops" and similar abuses. The report will be due a year after enactment, and may follow one or more commission round tables on the subject.

Exemptive authority.—The bill will direct the CFTC to re-evaluate its Part 36 Rules (which allow exchanges to set up less-regulated professionals-only markets in certain limited circumstances) in light of the need to provide equitable competitive conditions among various participants in derivative product markets. Any revisions to the rules would remain within the CFTC's discretion. The bill will also state the sense of Congress that any revisions should ensure the financial integrity of markets and customer protection. The CFTC will be encouraged to convene a round table meeting or meetings to receive public input on possible improvements in Part 36 Rules.

Swaps exemption.—The statute will be amended to enhance the legal certainty of contracts involving swaps and similar products. Products meeting the requirements of the CFTC's 1993 swaps exemption will be exempt from the Act's provisions to the same extent as at present. The provision will not diminish the CFTC's authority to grant additional exemptions. In addition, the bill will end the current prohibition on granting an exemption from CEA regulation to any transactions subject to the Shad-Johnson accord (which establishes CFTC and SEC jurisdiction on such products as stock index futures). Instead, the bill will allow the CFTC to exempt such products, but only with the concurrence of the Securities and Exchange Commission. Comments are invited on additional or alternative means of enhancing the legal certainty of contracts while assuring market integrity.

Definition of a hedge.—The statute will be amended to clarify that a hedge may be established to reduce risks other than price risks. The bill will make clear that the change does not affect the ability of exchanges and the CFTC to establish speculative limits, require reporting of large trader positions and otherwise discharge their responsibilities.

Delivery by Federally licensed warehouses.—The bill will repeal an outdated provision that allows any federally licensed warehouse to deliver grain against a futures contract, even if it is not a designated delivery point. The current statute could allow market manipulation in some circumstances.

Delivery points for foreign futures contracts.—The CFTC will be directed to commence negotiations with appropriate foreign agencies which regulate exchanges that have established delivery points in the U.S., with the goal of securing adequate assurance (through improvements in the foreign regulatory scheme or other means) that the presence of U.S. delivery points for foreign exchange contracts does not create the potential for market manipulation or other disruptions of U.S. markets. The CFTC will also be granted additional powers, if necessary, to obtain needed information on such delivery points. Comments are invited on the appropriate scope of additional authorities, if any, required by the CFTC to ensure that U.S. markets are not subject to manipulation.

Delegation of authority.—The bill will state the sense of Congress that the CFTC should review its authorities with a view to delegating additional duties to the National Futures Association or other self-regulatory bodies, requiring a report one year after enactment on the results of the review. Report language will state that among the duties the CFTC may consider delegating are the review of disclosure documents and reparations procedures. The statute will further state the sense of Congress that in making any additional delegations, the CFTC should establish a procedure of spot checks, random audits or other means of ensuring adequate performance, and may also make the delegation on a pilot basis.

Treasury amendment.—The bill's provisions to modify the Treasury amendment (an exemption from CEA regulation for the interbank currency markets and some other markets) will be drafted following review of suggestions received by the Administration.

Technical changes.—The bill may also include technical changes to the Act such as those suggested by the National Futures Association in its June 5 testimony.

U.S. SENATE, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC, August 1, 1996.

Hon. JOHN TULL,
Acting Chairman, Commodity Futures Trading Commission, Washington, DC.

DEAR MR. CHAIRMAN: We were heartened to learn that the Commodity Futures Trading Commission and the Treasury Department have been discussing the so-called "Treasury amendment" to the Commodity Exchange Act, with a view toward arriving at a common interpretation of the provision. At a hearing our committee held June 5, the Treasury amendment was cited by several witnesses as a provision of the Act that needed review and clarification.

We intend to introduce legislation that will make a number of changes to the Act, and believe it is appropriate to address the Treasury amendment in that bill. It would be highly desirable to have the benefit of the Treasury and the CFTC's joint advice in this regard.

In order for our colleagues to have adequate opportunity to review the bill this fall, we intend to introduce it in the first week Congress returns from its August recess, that is the week ending September 6, 1996. We would appreciate hearing from relevant federal agencies their views on the Treasury amendment before the Labor Day holiday, if possible. However, we are confident you share our strong hope that agencies will resolve any differences by that time and arrive at a common understanding, so that the statute's provisions and scope can be made clear.

Thank you for your assistance in this matter. A similar letter has been sent to Secretary Rubin.

Sincerely yours,
PATRICK J. LEAHY,
Ranking Democratic Member.
RICHARD G. LUGAR,
Chairman.•

CONNECTICUT SUPREME COURT JUSTICE T. CLARK HULL

• Mr. DODD. Mr. President, I rise today to pay tribute to one of Connecticut's most colorful and witty politicians, Connecticut State Supreme Court Justice T. Clark Hull. Known for his penetrating intelligence and passion for justice—and perhaps better known for his warmth and good spirit—T. Clark Hull, had the rare distinction of serving at the top levels of all three branches of state government—executive, legislative and judicial.

Born in Danbury, CT in 1921, T. Clark Hull attended many prestigious academic institutions including Philips Exeter Academy, Yale University and Harvard Law School, and yet he always retained the perspective of a common man.

His political career spanned some 33 years, beginning with his election to the Connecticut State Senate in 1962. He was known as a liberal Republican who charmed many conservatives, and his Irish humor and zest for public service eventually earned him the nomination for Lieutenant Governor in 1970. He went on to win the election as the running mate of THOMAS J. Meskill and served until his appointment to the Connecticut Superior Court. After serving for 10 years, he was nominated by Governor William A. O'Neill to the Appellate Court and served for 4 years before becoming a justice on the highest court in Connecticut on September 25, 1987.

Justice Hull's political career earned him the reputation for being a gifted writer and captivating speaker and a colleague once said his decisions would "forever enrich the literature of the law." Justice Hull had great aspirations for the people of Connecticut and was one of the few politicians who managed to be well-liked on both sides of the aisle. Throughout his illustrious career, he maintained an optimistic activism that continually propelled the interests of Connecticut and its people forward. Justice Hull was a dedicated public servant who "had an enthusiasm for public office that was contagious."

Justice Hull was a champion of the people and was one of the few to truly believe that government and politics should be "positive, energizing celebrations of life." Although he was small in stature, T. Clark Hull's charming personality and exuberance for serving the public made him a giant in the eyes of others. Upon retiring from the State Supreme Court in 1991, when he reached the mandatory retirement age of 70, Justice Hull continued to serve the public as a State referee and as co-chairman of a commission to study government efficiency. The commission made many recommendations to streamline government, and under the chairmanship of Justice Hull, Connecticut underwent the biggest reorganization in state government in nearly two decades.

T. Clark Hull has doubtless had a distinguished career. While he gained prominence as a life-long Connecticut politician, Justice Hull gained the respect of his colleagues and the general public for his good humor, exuberance for life, and his love of public service. The people of Connecticut are truly blessed to be able to call T. Clark Hull one of their own.

My thoughts and prayers go out to his wife Betty Jane, and his three sons Steven, Josh, and Treat.•

U.S.S. "LANDING CRAFT INFANTRY"(G) 450

• Mr. BROWN. Mr. President, I rise today to recognize the members of the U.S.S. *Landing Craft Infantry* (G) 450. This ship was commissioned August 26, 1943 and participated in three major campaigns in the South Pacific during World War II. The U.S.S. *Landing Craft Infantry* (G) 450 was originally designed to carry troops, run up the beach, disembark the assault troops, and then release itself from the beach. This troop carrier was later converted to a gunboat, indicated by the symbol (G) in its name. As a gunboat, its primary mission was to approach the beach and engage the enemy with rockets and deck guns in support of its landing forces. Of the three major campaigns that the 450 was a part of, the ship was damaged only once. For their actions during the Marshall and Marianas campaign, the crew was awarded the Navy Unit Citation. The crew also received the Presidential Unit Citation for their outstanding performance at Iwo Jima. Five crewmembers received the Bronze Star, and its captain received the Navy Cross. Mr. President, these men are brave soldiers, and true Americans, who deserve to be remembered and honored for their actions in defense of this great country.•

THE 50TH ANNIVERSARY OF THE VERMONT AIR NATIONAL GUARD

• Mr. LEAHY. Mr. President, on July 1, 1946, 27 World War II veterans formed the nucleus of a new military unit, and the Vermont Air National Guard was born. Today, when the 158th Fighter Wing pilots strap into the technological marvel that is the F-16, the Revolutionary War soldier painted on the tail stands as a stark reminder to us all: There is a direct lineage between the militia tradition that our Nation was founded on and which is very much alive today here in Vermont.

The original Green Mountain Boys were mostly farmers who left their homes in the 1700's to defend against encroaching New Yorkers and then fought enthusiastically against the British in the Revolutionary War. The Vermonters wore homespun civilian clothes, often with only a sprig of evergreen in their caps to identify each other in the field.

But the Green Mountain Boys were citizen soldiers, and throughout most of our history the American people have relied on the militia to defend them. It has only been in the recent past that we have created a large peacetime standing army. Now with the former Soviet Union gone, we are seeing a renewed emphasis on National Guard and Reserve forces as the Nation's premier insurance against worldwide aggression.

When I go to Vermont in the coming weeks, I will be giving the Vermont Air National Guard a token of my appreciation for the tremendous service that they have shown over the last 50 years. The list of aircraft that have been flown by the Vermont Air Guard reads like a who's who of American air power—the P–47 Thunderbolt, the P–51 Mustang, the F–94 Starfighter, F–89 Scorpion, the F–102 Delta Dagger, the EB–57, the F–4 Phantom, and now the F–16 Falcon. Those who have served in Vermont have different memories depending on the aircraft and people of the time, but the sense of duty has remained constant over the years.

Having said that, Randy Green, one of America's most renowned aviation artists, has painted a very special picture that perfectly captures the spirit of the Vermont Air Guard. Entitled, "Vermont Thunder" it is a depiction of a Vermont F-16 flying into a stormy sunset. To me it represents the great contrasts of flying military aircraft; the beauty of flight is tempered by the responsibility and danger of military service. It is my sincere hope that this painting will serve as a small reminder to future Air Guard members of our State's proud past.

As the ultimate reminder of that past, it is fitting that we remember here on the floor of the U.S. Senate the memories of those who paid the ultimate sacrifice for their service. The following is a list of Vermont Air National Guardsmen who have died in the line of duty since 1946:

Lieutenant Thomas A. Mundy, Major Carroll A. Phylblo, Lieutenant John Williamson, Lieutenant Francis W. Escott, Colonel Robert P. Goyette, Lieutenant Jeffrey B. Pollock, Major John J. Ulrich, Captain John A. Harrell, Captain Bertrand R. White, Jr., Captain Charles W. Diggle III, Captain Robert W. Noble, Lieutenant Stephen L.C. Taylor.•

WELFARE REFORM

• Mr. BROWN. Mr. President, I rise today to speak on behalf of the welfare reform bill that passed this body yesterday.

Much has been said on the House and Senate floor and in the media about the impact of this bill on children and the working poor. Those who have spoken out against the bill have called it, draconian, and legislative child abuse. Well, I disagree.

For the past 61 years we have allowed a program originally designed to help families through a difficult time to become a welfare program that discourages able-bodied citizens from working. The current welfare system takes away the dignity and self respect that comes from earning an honest living and has replaced it with generation after generation of families dependant on public assistance.

In the past 61 years instead of teaching our children about work ethics, responsibility, hard work and determination, we have taught them how easy it can be to live off public assistance. Now, ladies and gentlemen, that is abuse.

Everyday men and women get up in the morning, dress their children and get them ready for the day. After the morning routine, these same men and women get into their cars and negotiate traffic on their way to work. Everyday these people work long hours to provide for their families, pay the bills and if they are lucky put a little money away in a college or retirement fund. All this bill asks is that those who are able to work try to perform a service for their benefits.

The working men and women of America have been doing their part for 61 long years. Now we have the golden opportunity to respond to the working men and women who believed us when we said we would reform the welfare program and to the States that have proven that they can handle the task of administering their own welfare programs. By returning some of the power to the States we make it possible to help people out of poverty.

Colorado is initiating a Personal Responsibility and Employment Program. There are innovative and insightful people in my State as there are in others. These State leaders have shown that there are alternatives to Federal control and that they can meet the needs of the residents of the State. The States have the best chance of moving people to work and restoring their self respect.

This bill included an amendment concerning the State Appropriation of Block Grant Funds. It ensures States expend block grant funds in the same way in which a State expends its own funds. Consequently, both the legislative and executive branch in the State share control of block grant funds through the appropriations process.

In addition, the bill included an amendment that places a 15 percent cap on administrative costs. Funds for welfare programs should go to individuals who need help, not to bureaucratic administrators.

When the 104th Congress convened in January 1995, we made a promise to the American people. We promised to reform the welfare program and rein in runaway entitlement spending. I must commend the work of my colleagues for enabling us to keep our word and follow through on our commitment to reform welfare.•

CAPT. JOHN WILLIAM KENNEDY

• Mr. ROBB. Mr. President, today, at Arlington National Cemetery, the remains of Capt. John William Kennedy, U.S. Air Force, will be laid to rest with full military honors. Captain Kennedy's mother, brother, relatives and friends will join a grateful Nation in paying final tribute to a courageous American who gave his life for his country.

This day and this ceremony are long overdue, Mr. President, because Captain Kennedy lost his life over the Quangtin Province of the Republic of Vietnam. Though his family was told he was missing in action on August 16, 1971, he was not confirmed killed in action until May 1996.

Mr. President, this brings back sad memories for me, because during my own time in Vietnam, families of many of the young men who served under my command received word that their loved ones would not be coming home. But as difficult as this notification was, it was even more difficult for the families who could not learn with certainty the fate of their loved ones. The most painful ordeal was ultimately the seemingly endless uncertainty of MIA families.

With mixed emotions, I note that the terrible ordeal of the Kennedy family of Arlington, VA, is at last resolved. A sorrowful peace has finally been found.

So I rise today, Mr. President, to honor the service rendered to our country by Capt. John William Kennedy.

Captain Kennedy was serving as a forward air controller with the 20th Tactical Air Support Squadron based in Chu Lai. On August 16, 1971, Captain Kennedy failed to check in during normal radio checks while flying a visual reconnaissance mission over the Quangtin Province. He was listed as missing in action until July 1978, when his status was changed to presumed killed in action. Finally, in May of this year, after using new DNA identification techniques, Captain Kennedy's family was notified that his remains have been recovered for burial.

Captain Kennedy graduated from the Virginia Military Institute in 1969 and then joined the U.S. Air Force. He graduated from pilot training in October 1970, where he was first in his class and was awarded the Undergraduate Pilot Training Office Training Award. He then reported to O–2A pilot training, and from there was assigned to the 20th Tactical Air Support Squadron in South Vietnam. He was serving there when his plane disappeared.

Captain Kennedy's awards include the Distinguished Flying Cross, the Purple Heart, the Air Medal with two Oak Leaf Clusters, the National Defense Service Medal, the Vietnam Service Medal, and the Republic of Vietnam Campaign Medal.

Mr. President, Captain Kennedy's distinguished service to his country clearly represents the very best of America. I believe I can speak for my colleagues in the U.S. Senate when I pay tribute to his service today—and when I convey our gratitude to his family for sharing their exceptional son with us.•

THE ARREST OF TWO TAIWAN STUDENTS IN ATLANTA

• Mr. CRAIG. Mr. President, I had the pleasure of meeting for the first time yesterday with the new representative from the Taipei Economic and Cultural Representative Office in the United States, Dr. Jason Chih-chiang Hu. While it was a good opportunity to discuss areas of mutual interest, I was concerned to learn about an incident that occurred recently at the Olympic Games in Atlanta.

On July 31, two Taiwan students—one currently studying at Georgia Tech, the other a recent graduate of a university in Dallas—were arrested during the gold medal table tennis match between the People's Republic of China and Taiwan. It is my understanding that the incident was sparked when one of the students waived the national flag of the Republic of China during the hotly contested championship match. The other individual was arrested when trying to assist his fellow student in resisting police arrest.

Mr. President, what began as an innocent, outward show of pride in his country ended with what would appear to be an excessive response. It is my hope that officials in Atlanta will carefully consider this situation and work toward a fair and equitable remedy that will not unduly punish these students.

Nationalism and love of flag and country are something we as Americans can appreciate. As we look around the various venues at the Olympics, I think we all feel a source of pride to see the stars and stripes waiving in the stands and being carried by our athletes. What we may not understand is some of the history behind the conditions under which the Republic of China on Taiwan is able to participate in the Olympics.

Athletes from Taiwan were banned from participating in the International Olympic Games in the 1970's due to controversies over the name, flag, and national anthem of their team. Later in that decade the International Olympic Committee amended its charter by striking out all references to national flags and national anthems. Instead, committee flag and committee song of the National Olympic Committee of each individual nation are used to describe the flag and anthem each nation's team uses. While almost all National Olympic committees use their national flag and anthem, the Republic of China, referred to in the Olympics as "Chinese Taipei," are not allowed to use their flag and song.

Mr. President, this prohibition applies to the Chinese Taipei Olympic team—not its fans. It is my understanding that the charter does not contain references to restrictions on individuals participating as spectators in the audience.

Mr. President, while I do not have all the final details of this situation, I felt it was worthy of our notice. One purpose of the Olympic Games is for the world of nations to gather together in an event that allows us to rise above our differences. While that purpose is not always achieved, it is certainly a worthy goal. Therefore, it is my hope that we will see a swift and equitable resolution to this unfortunate situation.•

UKRAINIAN INDEPENDENCE DAY

• Mr. LEVIN. Mr. President, this year has been an historic one for the nation of Ukraine. Ukraine has adopted a new constitution, has taken part in its first Olympic games, and will celebrate the fifth anniversary of its independence from the former Soviet Union.

Ukrainian Independence Day, August 24, is a time to remember Ukraine's past and to look to its future. Since Ukrainian independence in 1991, the country has made great strides in many important areas.

On June 28, the Verkhovna Rada of Ukraine adopted a new Ukrainian constitution. The new Constitution establishes Ukraine as an independent, democratic nation. The constitution also clearly divides power between the executive and legislative branches.

Ukraine has exhibited much economic potential. Working with the International Monetary Fund, Ukraine is making significant gains in halting hyperinflation and securing an efficient and cost-effective source of energy for the country. A partnership has been established with the European Union which will give Ukraine most-favored-nation status and other trade advantages, and opens the possibility of a free trade agreement after 1998. Ukraine's natural resources, its heavy industry, and its innovative and hardworking people promise to transform the country into a successful economic partner in the world marketplace.

Ukraine has now become a nuclear-free state. Ukraine has faithfully followed guidelines for the elimination of nuclear weapons under the START I Treaty and it has ratified the Non-Proliferation Treaty. And, in joining the Partnership for Peace Program for NATO membership, Ukraine has positioned itself to become a member of the strongest military alliance in the world.

Ukraine's transition to a democratically-governed, free-market economy has not been without its problems. But these strains are natural. The recent assassination attempt on Prime Minister Pavlo Lazarenko is troubling. However, we expect that the government of Ukraine will take the necessary steps to see that the rule of law is upheld. Ukraine has shown strong leadership in the face of such turmoil by pledging itself to adhere to the principles of the Helsinki Final Act. This should help ensure that whatever problems Ukraine may encounter in the future, it will continue to be an example of respect for civil and human rights in the region.

This year, Ukraine joined the world athletic community by fielding its first Olympic team. It was heartening to see the joy on the faces of Ukraine's athletes as they represented their country in this year's centennial Olympic games. Ukraine's fine athletes graciously represented the Ukrainian people.

The people of Ukraine deserve our admiration and support for the fine work they have done during the past 5 years. I know that the Ukrainian-American community in Michigan is in the front ranks of such support. United States-Ukraine relations are, and will continue to be, an important part of our national interests.

This is an historic time for Ukraine, one in which it is possible to witness its citizens decide for themselves what kind of government and what kind of future they want for their country. I know my Senate colleagues join me in honoring Ukraine on the fifth anniversary of its independence.•

ROGER TORY PETERSON

• Mr. DODD. Mr. President, I rise today to pay tribute to the life of one of Connecticut's pioneers. Roger Tory Peterson devoted his life to the study of birds. Peterson's "A Field Guide to the Birds," published in 1934, revolutionized the concept of field guides by intricately depicting distinguishable characteristics of thousands of birds. Often referred to as the "birder's bible," this handbook brought the once eccentric hobby of bird watching to the mainstream.

Born 122 years after John James Audubon, Roger Tory Peterson was the definitive expert on birds in this century. Many people believe he began the environmental movement by bringing tens of millions of bird watchers outdoors to study birds. Any avid bird watcher looking for the illusive bird would not dare go out without one of Peterson's guides in their pocket.

A master of detail, Roger photographed, painted, and identified thousands of birds throughout his 60-year career. His descriptions, both in words and drawings, were done with such clarity and precision that the birds came to life on paper. Even today, I continue to marvel at his prints, several of which hang in my home in Connecticut.

A world renown artist, naturalist, and environmentalist, Peterson believed that any serious study of natural history would lead people to care about and protect the environment. This philosophy is the backbone of the legacy he leaves behind. The Roger Tory Peterson Institute of Natural History in Jamestown, NY, is dedicated to educating the public and teaching young and old alike about natural history. This center and the guidebooks used by millions of hikers everyday will continue to promote environmental awareness for years to come.

The people of Connecticut were proud to have Dr. Peterson reside in Old Lyme for over 40 years. My parents were honored to know him as a neighbor and friend. We will all miss his work and remember him fondly.•

COACH DON CASEY

• Mr. KERRY. Mr. President, I rise today concerning one of the most beloved sports figures in Boston, Mr. Don Casey, assistant coach of the Boston Celtics. Coach, as he is known to the thousands whose lives he has touched, is leaving the Celtics to take on new challenges with the New Jersey Nets.

Since arriving in Boston, Coach has had an inspiring influence on the fans of the Boston Celtics. Through various charitable endeavors, Coach has affected the lives of thousands of people across the Nation. Most recently, Coach was selected to the Committee of Friends of the Secret Service, an organization dedicated to raising funds for the surviving family members of those Federal agents killed in the tragic Oklahoma City bombing. Even the White House has recognized Coach Casey's contributions to the world of sports by selecting him to serve on the President's Council on Physical Fitness and Sports.

Coach Casey has a long and storied career shaping the minds of basketball players of all ages and talent levels. At the age of 20, Coach landed his first coaching post at Bishop Eustace High in Pennsauken, NJ. He led his team to two State championships and was selected South Jersey Coach of the Year at age 24. Many of the players he coached at Bishop Eustace went on to successful college careers. Soon after achieving remarkable success at the high school level. Coach started his own impressive college career by being appointed to the head coach slot at Temple University. He led the Owls to several postseason tournament berths, including an NIT Championship over Boston College in 1966. Coach participated in the first NCAA college basketball game played outside of the United States when his Owls traveled to Tokyo, Japan, to take on the UCLA Bruins.

Coach broke into the National Basketball Association in 1982 as an assistant coach with the Chicago Bulls. The next year, he move to the Los Angeles Clippers in the same post. In 1984, Coach became head coach for an Italian league team. He returned to the NBA and the Los Angeles Clippers as an assistant coach, and in 1989 he was promoted to the head coach slot. He soon traveled to Boston where he has been the assistant coach for six seasons.

As Coach prepares to leave the city of Boston, his friends prepare for everyday life without him. Many joggers will be left to find new running mates, the Boston Celtics' employees will be listening for, but not hearing, the familiar vibrant, bellowing voice that shakes the hallways every morning with warm greetings, and the wait staff at his favorite restaurant, Ciao Bella on Newbury Street, will miss the energetic presence that so often electrified the ambience there.

Coach Casey is leaving our beloved Boston Celtics to start a new chapter in his basketball story. The players, the fans, and the staff of the New Jersey Nets are lucky to get him. I wish him the best of luck and the greatest success with his new team, unless, of course, the Nets ever meet the Celtics in the playoffs.•

MOVEMENT TO BAN JUNK GUNS GAINS STRENGTH

• Mrs. BOXER. Mr. President, earlier this year I introduced legislation with Senators JOHN CHAFEE and BILL BRADLEY to prohibit the manufacture and sale of junk guns—or as they have also been called, saturday night specials. These cheap, poorly constructed, easily concealable firearms pose such a great threat to public safety that their sale and manufacture should be prohibited.

Nearly 20 years ago, Congress prohibited the importation of junk guns, but allowed their domestic manufacture to soar virtually unchecked. Today, 8 of the 10 firearms most frequently traced at crime scenes are junk guns that cannot legally be imported. My view is that if a gun represents such a threat to public safety that it should not be imported, its domestic manufacture should also be restricted. A firearm's point of origin should be irrelevant.

Since the introduction of my legislation, a strong grassroots movement has developed to help get these weapons off the streets. Thousands of volunteers have worked to educate local, State, and Federal elected officials about the issues. The emerging coalition against junk guns includes law enforcement officials, physicians, children's advocates, and religious organizations. More than two dozen California police chiefs, including those from California's largest cities, have endorsed my legislation.

The movement to get these junk guns off the streets is clearly gaining steam. Many of California's largest cities, such as San Francisco, Oakland, and San Jose, have enacted local ordinances prohibiting the sale of junk guns. Two weeks ago, the mayors of more than a dozen cities from California's East Bay pledged to push for local junk gun prohibitions in each of their jurisdictions, creating the one of the largest junk-gun-free zones in the country.

I am dedicated to working hard on this issue in the 104th Congress and beyond. We will get these killer guns off our streets. When Senators return to their States over the August recess, I encourage them to discuss this issue with their constituents. I believe they will find that citizens do not support the current junk gun double standard, allowing poor quality weapons to be produced domestically, but not imported.•

JAPAN CONSTRUCTION PRACTICES

• Mr. MURKOWSKI. Mr. President, I rise to speak about an item that is not in the news right now. But that could have significance for United States construction companies and for United States-Japan trade relations. It has come to my attention that the Japanese Government is building a new airport near Nagoya, Japan called the Chubu International Airport. This multibillion-dollar project will be that country's largest public works effort for the next decade. The first flights are planned for the year 2005.

As many of my colleagues are already aware, American construction companies must be included in any list of our most competitive international industries. These companies have particular expertise in building large airports, having constructed the international airports in Hong Kong and Seoul, Korea, among others. Curiously, only in Japan have they been unsuccessful.

This is not for lack of trying. American construction, architecture, and design engineering firms have been trying to participate in the Japanese market for over a decade, with limited success. I have taken to the Senate floor many times to complain about how United States companies were blocked from participating in any meaningful way in the construction of the Kansai International Airport, despite numerous promises from the Japanese Government to allow their participation.

But Mr. President, my purpose here is not to recount the sorry tale of closed construction markets in Japan. I will just note that we have gone through years of negotiations to try to open Japan's construction market and break their corrupt dango system. In 1994, in the face of United States sanctions under title VII, Japan agreed to adopt an action plan to eliminate the numerous barriers to foreign participation in their public works market.

And I must say, Mr. President, that the first two reviews of the action plan have been very disappointing. In fiscal year 1995, foreign firms won only one construction project, out of a total of 613 let out for bid, and one design project, out of 20. The dedicated commerce officials monitoring Japan's performance indicate that United States companies still face unsatisfactory restrictions on the size and scope of joint-venture consortia that can bid on major procurement projects and still face discriminatory prequalification criteria.

But you don't get anywhere crying over lost opportunities, so today I instead want to use my remarks to point out to the Japanese Government that the Chubu project presents an opportunity for the Government to demonstrate its openness to foreign participation. And, it gives Japan the opportunity to enjoy a world class international airport.

In order to make this happen, the procurement agency for Chubu should immediately move to adopt open and competitive bidding procedures as called for under the United States-Japan bilateral understandings.

Mr. President, I will be watching very closely and I fully expect United States firms to be given equal opportunity to participate, commensurate with their ability.

I understand that our Commerce Department officials will travel to Japan again in September for further consultations, and I hope that they will receive positive news on the Chubu project.•

BOSNIA POLICY

• Mr. FEINGOLD. Mr. President, the deployment to Bosnia of the International Force [IFOR] has passed its midway mark and I would like to review with my colleagues what I believe has been accomplished to date, the many questions yet unanswered by the Administration, as well as the dangerous pitfalls I see on the road ahead.

Mr. President, I was one of those who voted against the deployment of U.S. troops to Bosnia, to take part in the NATO-led effort to enforce the military provisions of the Dayton Accord. I was skeptical then, and remain so today, of Administration assertions that U.S. strategic interests in Central Europe or in the "future of NATO" justified this costly investment of troops and resources abroad. I took with a grain of salt Administration promises that U.S. troops would be out of Bosnia in a year's time and Administration assurances that it would work to level the military playing field between Serbs and Muslims.

I maintained then—I reiterate today—that it is the Congress—the Congress—which had to authorize the deployment, after thorough consultation with the Administration. From all reports coming out of Bosnia, we are now paying the piper for moving without the careful deliberation and consideration of pros and cons that a real policy debate would have engendered. If the Administration had truly consulted with the Congress—and not simply presented us with a fait accompli—we might have been able to anticipate many of the problems now facing IFOR and its parallel civilian institutions. I recognize that the issues and problems are complex and I do not mean to suggest that I or the Senate would have all or even some of the answers.

But I did pose a number of questions to the Administration during last year's all-too-brief hearings on the deployment and in the subsequent cursory debate on the Senate floor, in an attempt to focus priorities and anticipate problems. But as you know, the decision had already been made to move forward and the Congress sidelined, a sad fact I blamed as much on our timidity as the Administration's circumvention of constitutional process.

I recognize, Mr. President, that the Dayton Accord and the IFOR deployment to enforce its provision has not been without some real benefit. We can all be grateful that people are no longer dying en masse in Bosnia; U.S. and other IFOR troops are to be applauded for having largely succeeded in enforcing the military aspects of the agreement.

The head of the Defense Intelligence Agency [DIA], Lt.Gen. Patrick Hughes, testified earlier this year that he expected that the parties would continue generally to comply with the military aspects of the Dayton Accord and with IFOR directives. Hughes "did not expect" U.S. or allied forces to face organized military resistance; any "modest" threat remained limited to mines and sporadic low-level violence, such as terrorism. NATO commander Joulwan recently confirmed that many of the peacekeeping tasks delegated to IFOR have been completed, including overseeing the transfer of territory, the demobilization of troops and the storage of heavy weapons.

But there are disturbing signs, Mr. President, that the progress is transitory and perhaps even an illusion. Compliance is begrudging; "the spirit of Dayton" encouraged at the point of NATO arms.

In an October 19, 1995 letter to Secretary Perry, I asked just how durable an IFOR-enforced peace would be. Specifically, I asked for some assurance that the Serbs had abandoned their quest for a "Greater Serbia" and that the territorial integrity of Bosnia would be protected.

The facts on the ground provide the disturbing answer. General Hughes, for one, was troubled by the "fundamentally" unchanged strategic political goals of the former warring factions; that is, eventual permanent partition. Upon IFOR's withdrawal, Hughes foresaw: Bosnian Serbs seeking political confederation with Yugoslavia; Bosnian Croats with Zagreb; resistance by Serbs and Croats to efforts of the Muslim-led government to assert its authority; collapse of the "Federation" of Croats and Muslims, intended as a counterweight to the Serbian entity created by Dayton, under the mutual hostility of Muslim and Croat; and delay or stymie of civil affairs, such as elections.

In short, Mr. President, there is the real possibility that after a nearly $2.8 billion investment just for the deployment of our troops to Bosnia, we will be back at square one: hostile, ethnically-divided factions facing off at tenuous borders under unstable military, economic and social conditions.

In my letter to Secretary Perry and during floor debate, I also raised the question of cost, especially in light of how this expensive deployment would undermine efforts to balance the budget. In December, the Congress was told the cost would be roughly $2.0 billion. I predicted then that the bill would be a lot more. Now, because of unexpected costs and delay associated with a winter deployment, intelligence gathering and engineering efforts, the most recent DoD estimate of which I am aware is for $2.8 billion. Just how reliable is this estimate, or will there be more unexpected costs? I suspect it is hardly prophetic if I venture that the tab presented to the American taxpayer—just for the military side of this adventure—will top $3 billion, if not more.

I asked the Administration back in October if the U.S. would withdraw regardless of whether the mission was a success. I asked because I had my doubts that the stated goal—ending the fighting and raising an infrastructure capable of supporting a durable peace—was doable in twelve months time. I foresaw a danger that conditions would remain so unsettled that it would then be argued that it would be folly—and waste—to withdraw on schedule.

It should be no surprise then, Mr. President, that European diplomats are questioning whether IFOR should exit on schedule—claiming success—if the "fundamental" nation-building task of elections has not been completed. We know from press reports that the Europeans are pressuring the U.S. to stay on as well, in an undefined role and for an uncertain period of time.

While I welcomed Vice President GORE's declaration that our troops would be withdrawn on schedule, I also note that only yesterday Secretary of State Christopher testified before the SFRC that "final decisions" on withdrawal would have to await the results of the September elections and then qualified that by stating the military mission would be completed "roughly" by the 1-year deadline. In short, the very spectre I envisioned 7 months ago may be coming to haunt us.

Speculation that IFOR (and U.S. troops) will extend beyond one year is worrisome, given the assurances we heard last December that this deployment was limited in time. Even the weak resolution passed by the Senate accepting the deployment did not envision an open-ended affair. I urge the Administration to heed the sage observation of Joint Chiefs of Staff Chairman General Shalikashvili, who has reiterated that U.S. troops will be out of Bosnia by December. He said that if the factions wanted peace, then a one year IFOR deployment was enough; an extended mission would not alter the intentions of the parties.

In any event, the Pentagon has also apparently modified the President's promise that our troops would be home by December 20. Now, I understand, exit will begin on or around that date, ensuring that some of our men and women will be in Bosnia well into 1997. Another option I have heard mentioned is having a reduced IFOR force—principally British and French troops—remain in Bosnia after December, under U.S. air cover.

Let me say now, Mr. President, that I am opposed to the continued deployment of U.S. ground forces in Bosnia after December 1996. I do not think they should be there now and I expect the Pentagon to brief us on its plans for a timely exit.

That said, I am not necessarily opposed to a limited U.S. support role. I remain deeply concerned that Dayton produced a Muslim geographic entity essentially DOA. If ethnic partition is inevitable, the Muslim rump state likely to emerge will have no coastline, be an economic basketcase for the foreseeable future, and remain surrounded by hostile neighbors.

Our political, moral, financial and strategic investment in Dayton and in IFOR requires that we not allow the Muslim entity to wither on the vine. The dividends—stability in Europe, enhanced credibility in the Muslim world, undermining Iranian inroads, economic opportunities for U.S. business—outweigh the costs.

Which brings me, Mr. President, to the next question I raised in October: what provision had the Administration made for the arming and training of Bosnia's Muslims? I have argued almost from the moment I first entered the Senate that we should arm and train the Muslims, permitting them to adequately defend themselves. If we had done so three years ago, we would likely not have found ourselves in a position of enforcing a peace that the factions may not want.

I am pleased to note President Clinton's July announcement that the military assistance program for the Bosnian-Muslim federation is finally scheduled to begin. A contingent of Bosnian soldiers—all Muslims—reportedly arrived in Turkey in June for training and $98.4 million in U.S. arms are scheduled to be shipped to the Bosnian army, including M60 tanks, armored personnel carriers and antitank weapons in the next several weeks. Turkey has reportedly matched the U.S. pledge and U.S private contractors will assist the Turks in improving command-and-control and other military procedures. I hope that this marks the genesis of a Muslim force capable of defending itself against the better-armed Serbs, should the peace collapse, a not unforeseeable possibility.

But I wonder, Mr. President, where are our European allies? Even with the U.S. and Turkish pledges, there remains a $600 million shortfall on the amount needed to adequately equip and train the Muslims. The Europeans—especially the French and British—have contributed nothing and their support for Dayton Accord provisions calling for adequate arming and training of the Muslims, are lukewarm, at best. Yet while they continue to view sending Western arms to Bosnia as destabilizing, they do not seem to object to having Iran—an otherwise hostile state with which they wish to trade—arm the Muslims.

I had thought that we had received assurances from the Europeans that they would support the arm and train provisions of Dayton. Have we been bamboozled? What is the Administration doing to press the issue?

Yet another question I asked of Secretary Perry last year regarded U.S. treatment of indicted war criminals, such as General Mladic and Mr. Karadzjic. The issue of dealing with persons today government officials responsible for effecting Dayton's provisions, but who yesterday were mass murderers, is not an easy one. All the factions in Bosnia harbor such men and each of the ethnic communities—especially the Muslims—suffered grievously at their hands.

Some argue that the process of reconciliation would be better served by putting the past behind us. I disagree wholeheartedly. The international community has made a judgment that those involved in genocide must be brought before a court of justice. Certainly in investigating these cases and prosecuting these men we risk exacerbating old wounds. But I believe the healing process is better served by bringing these crimes out into the light of day and punishing those responsible. Otherwise, the victims families will allow the resentments to fester and the cycle of violence inevitably erupt anew.

I understand the view of the IFOR military commanders, who are reluctant to involve themselves and their troops in this sort of distasteful civilian task and in the dangers of "mission creep." In a cauldron such as Bosnia, the last thing the peace enforcers want is to be perceived as taking sides.

But I believe that the higher moral and practical obligation involved requires that IFOR troops vigorously protect those seeking to uncover evidence of these crimes. The presence of a protective cordon of IFOR troops at Srebrenica, where the first solid evidence of mass murder and atrocities on an appaling scale is now being exhumed, is a welcome development. I note, however, that the two most prominent war criminals, Karadzic and Mladic, continue to flout their disdain for such pronouncements. Karadzic, for example, dismissed the moderate Serbian prime minister, Rajko Kasagic, in mid-May.

That act seems to me to be an act of real political power and certainly not in keeping with State Department assessments that the man is being "sidelined." Karadzic's June 30 transfer of power to a political flunky was merely another transparent attempt to avoid punishing economic sanctions. And despite Ambassador Holbrooke's efforts last month to strip Karadzic of political influence, I think we all understand that Karadzic continues to call the shots, which are aimed at the underpinnings of Dayton.

There are other problems, of course. Carl Bildt, the High Representative for implementation of Dayton has noted that while the formal structures of civilian implementation are in place, the political will to make Dayton work is clearly missing. Conditions are nowhere near settled enough to conduct "free and fair" elections; absent are freedom of movement, freedom of association, a balanced media, and the right to vote in secret near one's home.

Ambassador Frowick, the Organization of Security and Cooperation in Europe (OSCE) mission head in Bosnia, even went so far as to admit July 29 that, at best, the elections could be expected to be "reasonably democratic," adding that "free and fair is a stretch." Frankly, I'm puzzled as to how elections neither free nor fair can ever be reasonably democratic.

Yet, the OSCE certified June 25 that such elections can be held by September 14. The chief of staff of the OSCE, William Steubner, resigned in June, reportedly over a disagreement as to whether Bosnia is anywhere near being ready for an election. The continued influence of thugs such as Karadzic, the reports that Serbian goons are preventing Serbs from voting in the their former home districts—one Serb official reportedly dismissed objections by stating: "Who cares where they want to vote; they'll vote where we say." It was only in June that another 100 Muslims were forced out of their homes in Bosnian Serb territory. In the suburbs of Sarajevo and in countless villages across the former Yugoslavia the triumph of ethnic cleansing is apparent. All prisoners of war have not been released, as required by Dayton. Foreign forces remain in Bosnia long after the deadline for their departure; indeed, despite the Administration's certification that these people have left, the Washington Post reported July 8 that some Islamic fighters are burrowing in, creating mischief and posing a potential threat to IFOR troops. If true, how will this affect the Administration's pledge that the arm and train program will not come up to speed until those forces are gone?

These political problems—which certainly threaten the long term health of Dayton—are compounded by economic difficulties. A question I did not ask in October, but which looms now over the process, is that of paying for the reconstruction of Bosnia? How realistic is the expectation that the international community will pony up the estimated $5.1 billion necessary over three years to put Bosnia back on the road to recovery? In April, in Brussels, World Bank and EU officials requested $1.8 billion in reconstruction aid for 1996. Donors have pledged barely one-third of that amount and the World Bank has received only one-half (or $300 million) of that in actual commitments. Is it any wonder that the Sarejevo government may look again to Tehran, which recently offered $50 million in assistance?

Which leads me Mr. President, in a roundabout way back to the first and most important question I put to Secretary Perry back in October, and which I discussed at length during the December floor debate: why would the Administration not seek Congressional approval and support for the deployment to Bosnia? As I said then, it is through the authorization process—a procedure mandated by the Constitution—that a deployment is explained and refined; that questions are answered; fears alleviated; and the American people given an opportunity to air their views on what the mission is worth to them.

This first and last question, Mr. President, has never been answered. The result has been uncertainty and more questions. To date, we have been fortunate that the results have not been more tragic, the sad circumstances surrounding Secretary Brown's mission notwithstanding.

I remain unconvinced that the IFOR-imposed ceasefire masks anything more than an inevitable slide towards permanent partition; if that is the case—and I hope I am wrong—then I and the American people want to know how this costly deployment furthered the national interest. Mr. President, I hope we will have public hearings soon on the status of the deployment and that the Administration will answer the questions I put forward in October and repeated here today. I acknowledge again the Congress' own culpability in not forcing the issue and asserting its constitutional authority and responsibility on the deployment. I hope that the lessons learned here will lead to more backbone in the future.•

CENTERS FOR DISEASE CONTROL AND PREVENTION: 50th ANNIVERSARY

• Mrs. KASSEBAUM. Mr. President, this summer, the eyes of the world are turned toward Atlanta, the host of the centennial Olympic games. But a careful look reveals another anniversary taking place in Atlanta—an anniversary that we should herald as well. On July 1, 1996, the Centers for Disease Control and Prevention [CDC] reached a milestone: The agency turned 50 years old. What began during World War II as a program to stop the spread of malaria among U.S. military personnel has become a world-renowned scientific agency the mission of which is to prevent and control disease, disability, and injury. With time-tested expertise in communicable disease control, the agency has led efforts in developing a strategy to address the newly emerging infectious diseases of today. The Senate Committee on Labor and Human Resources, which I am honored to chair, has held hearings on this major global public health issue and the role which the United States plays in fighting the spread of communicable diseases, and I am personally committed to this battle. Recently, President Clinton, recognizing the threat that infectious diseases present, issued a Presidential Decision Directive on Emerging Infectious Diseases. In recognition of CDC's golden anniversary, I would like to summarize the problem, along with the prevention strategy that CDC has developed.

ADDRESSING EMERGING INFECTIOUS DISEASE THREATS: A PREVENTION STRATEGY FOR THE UNITED STATES

Two to three decades ago, many scientists believed that infectious diseases could and would be eliminated as a public health problem in their lifetimes. Today, those very same diseases remain the leading cause of death worldwide, and a major cause of illness, death, and escalating medical costs in the United States.

More and more Americans recognize the threat that emerging and re-emerging infectious diseases pose to domestic and global health. Accordingly, they understand the need to improve surveillance and response capacity inside and outside our borders—infectious microbes know no borders and disregard immigration laws.

Several dramatic changes in our behavior and environment have contributed to the resurgence of infectious diseases. Across the globe, explosive population growth has led to unprecedented migration of people across borders. These population shifts are aggravated by rapidly changing technology and increasing international travel. The widespread misuse of anti-microbial drugs has accelerated the emergence of new drug-resistant microorganisms. In addition, scientists are identifying, with remarkable frequency, a growing number of new infectious diseases along with microorganisms that cause previously unexplained chronic diseases.

In response to the threat of emerging infectious diseases, CDC developed a plan designed to safeguard our Nation's health. Entitled "Addressing Emerging Infectious Disease Threats: A Prevention Strategy for the United States", 1994, the plan was developed in cooperation with local and State public health officials, various Federal agencies, medical and public health professional associations, infectious disease experts from academia and clinical practice, and international and public service organization. The plan lays down CDC's domestic and international strategy for addressing emerging and reemerging infectious disease threats. The plan has four goals:

First, surveillance and response. The first goal is to improve the detection, investigation, and monitoring of emerging pathogens, the diseases they cause, and the factors influencing their emergence. Essential to this goal is an adequate laboratory capacity that assures accurate diagnosis of infectious diseases.

Second, research. The second goal is to integrate laboratory science with surveillance to optimize public health practice. CDC, in partnership with pubic agencies, universities, and private industry, will support research programs to address a number of pressing issues. They include: development and application of modern and rapid laboratory techniques for identification of new pathogens and drug-resistant organisms; determination of how behavioral factors influence emerging infections; and evaluation of the economic benefit of prevention and control strategies.

Third, prevention and control. The third goal is to enhance communication of public health information about emerging diseases. This would ensure prompt implementation of prevention strategies.

Fourth, infrastructure. The fourth goal is to strengthen infrastructure at local, State, and Federal public health levels. This includes plans for addressing the diminished capacity of health agencies to respond to infectious diseases. Critical losses in personnel over the past years have resulted in dangerous limitations in laboratory expertise. To respond to these losses, CDC has placed a top priority on building and maintaining expertise in rare or unusual diseases through the establishment of appropriate training programs for young health professionals.

CDC's initial efforts have focused resources on improving the capacity of the United States to address emerging infectious diseases through collaborations among State and local health departments and academic institutions. Thus far, CDC has provided funds through cooperative agreements to 14 States and two large local health departments to enhance their ability to monitor and respond to infectious diseases, including foodborne disease, drug-resistant infections, and a variety of other infectious disease public health programs. Health departments have used these funds to improve State health laboratories, build epidemiologic capacity to investigate outbreaks, and develop electronic technology for disease reporting and tracking.

CDC has also begun developing a national network of emerging infections programs. This network will conduct special surveillance projects and develop and improve surveillance methods. Emerging infections programs [EIP] address a variety of infectious disease problems, including food- and water-borne disease caused by E. coli and cyptosporidium, tickborne diseases such as Lyme disease, and the newly recognized ehrlichiosis, and antibiotic resistance.

Through cooperative agreements with State health departments and their collaborators in local health departments and academic institutions, CDC has provided funds to establish the first four such programs in health departments in California, Connecticut, Minnesota, and Oregon; a fifth EIP will be initiated this year. As resources permit, CDC will institute three additional EIPs in fiscal year 1997 in other State health departments.

With new microbe threats confronting us daily, CDC had developed a public health microbiology fellowship program in partnership with the Association of State and Territorial Pubic Health Laboratory Directors. CDC has also reinstituted an extramural research program that is focusing initially on tickborne disease and antibiotic resistance.

Although extensive work to address emerging infections has begun, substantial further effort is needed to strengthen defenses against potential disasters caused by infectious microorganisms. Long-term cooperation and partnerships are needed with clinicians, microbiologists, public agencies, universities, private industry, and communities. It is indeed critical that we all work together to ensure rapid, comprehensive responses to the microbial risks challenging the health of the world's population. I commend CDC on their 50th anniversary and on their outstanding effort to control and eliminate emerging infectious diseases.•

DOMESTIC VIOLENCE/GUNS BILL

• Mr. LAUTENBERG. Mr. President, this morning we had a discussion on the floor about legislation I am sponsoring to prohibit people convicted of domestic violence from owning guns.

My bill stands for the simple proposition that wife beaters and child abusers should not have guns. It says: Beat your wife, lose your gun. Abuse your child, lose your gun. It's that simple. And it's really little more than common sense.

Mr. President, for many months, I had tried to include my proposal as part of the stalking bill. And, finally, on July 25, after agreeing to several changes at the request of my Republican colleagues, my legislation passed the Senate by voice vote.

Mr. President, the compromise we worked out was supported by the most ardent progun Members of this body. And we had an understanding that the leadership on both sides of the aisle would work to get the legislation passed promptly in the House.

Now we have just learned that the stalking bill has been inserted into the conference report on the DOD authorization bill—but without my amendment to keep guns away from wife beaters.

Mr. President, given the understanding that we had with the leadership, this news came as something as a shock to me.

Earlier this morning, there was a suggestion that somehow I was not respecting an agreement we had on this matter. And now this.

Mr. President, this is not how we should be doing business in this body.

Mr. President, I continue to be amazed at just how far the NRA and their supporters are willing to go to let wife beaters and child abusers get guns.

And I think the American people would share my outrage at this. Every year, thousands of women and children die at the hands of family members. And 65 percent of the time, these murderers use a gun.

There is no reason why wife beaters and child abusers should have guns. Only the most progun extremists could possible disagree with that. Unfortunately, these same extremists have incredible power here in the Congress.

Mr. President, I want to make clear to my colleagues that I am not going to let this issue die. The lives of thousands of women and children are at stake. And I'm going to continue this battle for as long as it takes.

Members of Congress on both sides of Capitol Hill need to be held accountable on this. The public has got to know what's going on here.

Mr. President, I'm convinced that the overwhelming majority of Americans would agree.

Wife beaters should not have guns. Child abusers should not have guns.•

SALUTE TO THE WORLD'S GREATEST ATHLETE

• Mr. KEMPTHORNE. Mr. President, I rise to pay tribute today to an Idahoan who has overcome adversity to become an Olympic champion.

Dan O'Brien of Moscow last night won the Olympic decathlon gold medal and set an Olympic record with a score of 8,824 points, the sixth best mark ever. Success is not new to Dan, but neither is bitter disappointment. He has been very successful on the national and even the world level, but his dream, an Olympic gold medal, has eluded him.

By now most sports fans around the world have heard the story of how, 4 years ago, Dan was one of the favorites for the Barcelona games and how he failed to qualify by not clearing any height in the pole vault at the Olympic trials in New Orleans.

Since that crushing result, Dan has shown the determination, hard work and drive that embodies the American spirit. He trained like he had never trained before. He won the world championships three times since the 1992 trials and set the world decathlon record with a score of 8,891 points just weeks after the Barcelona games.

At the Olympics in Atlanta, Dan seized his opportunity. He started out well, and claimed the lead after the first day of the 10-event competition. The eighth event was his old nemesis, the pole vault. Learning the lessons of 4 years ago, Dan cleared a cautious 14 feet, 9 inches. Gaining in confidence, he vaulted past the height he missed at the 1992 trials, and then wound up clearing 16 feet, 4¾ inches to score 910 points in the event.

The ninth event pretty much clinched the gold medal. In his final javelin throw, O'Brien recorded his only personal best of the competition, with a toss of 219 feet, 6 inches. That gave Dan a 209-point lead heading into the final event, the 1,500 meters.

Dan has never liked this race, and although he didn't need to run a particularly fast race, he did pick up around the final turn and sprint to the finish line. He could then claim redemption for 1992's performance.

Immediately after finishing, Dan broke down in tears. I am sure they were tears of joy and triumph. He had finally answered all his critics and those who doubted him. He had proven to himself and the world that his determination and commitment to be the best would prevail.

Mr. President, to this fine young man, who I am proud to say graduated from the University of Idaho and lives and trains in Moscow, I extend my heartfelt congratulations. I know the people of Idaho join me in saying "Well done, Dan" to the Olympic gold medal champion in the decathlon, the world's greatest athlete, Dan O'Brien.•

RETIREMENT OF MR. ROBERT DAVID YOUNG, OF SAGINAW, MI

• Mr. LEVIN. Mr. President, I am pleased to have the opportunity to salute Robert David Young on his retirement from the Great Lakes Sugar Beet Growers Association.

I have appreciated Bob's long service as the Executive Vice-President for the Great Lakes Sugar Beet Growers. He has been an excellent source of information regarding agriculture policy, and particularly the sugar program. In his capacity with the association, he has effectively represented not only growers but all the communities of the Thumb and Bay areas of Michigan. And, in fact, he did that officially as a formidable State Senator of the 35th District for many years. Because of his skill and experience, Bob's counsel and expertise have helped me and the people he has served.

We have worked together for many years, through flood and drought, and through several Farm Bills and sometimes excessive USDA red tape. Our different party affiliations have not intruded on a joint desire to produce good, pragmatic agriculture policy that would benefit Michigan.

I will be sad to see Bob retire. However, I salute his accomplishments and recognize that he has earned some time off. The people of Michigan owe him a debt of gratitude.•

THE SENATE'S WORLD WIDE WEB SITE ON THE INTERNET

• Mr. WARNER. Mr. President, earlier this week a Washington Post editorial entitled "Wiring Congress" implied that the Senate has not embraced the idea of providing legislative information in electronic format. I am here today to set the record straight.

This past fall, in one of my first initiatives as chairman of the Senate Committee on Rules and Administration, Senator FORD and I announced the availability of the Senate's World Wide Web site on the Internet. This site, which is continuously updated with information about the Senate, is also the public's gateway to legislative information. Today, using the Senate Web site and linking through the Government Printing Office, the American public have electronic access to bills, resolutions, filed committee reports, and the CONGRESSIONAL RECORD.

In addition, we are working hard to develop a centralized system that will allow committee chairmen to also post committee hearings and prints on the Government Printing Office access system.

The Rules Committee has also been holding a series of hearings to address the issues concerning public access to Government information in the 21st century. I am well aware of how important it is that in our quest to provide information in electronic format, we do not lose sight of our responsibility to maintain a public record and to assure access to Government information for those who do not have access to the information highway.

The Rules Committee is taking an aggressive approach toward ensuring the Senate—and the American public—have timely and complete access to all legislative information.•

MODIFICATION OF PENSION NONDISCRIMINATION RULES

• Mr. CONRAD. Mr. President, I rise today as an original cosponsor of legislation to modify the application of pension nondiscrimination rules to governmental pension plans. This legislation will provide relief to State and local governments from unnecessary and overly burdensome Federal regulations.

Pension nondiscrimination laws enacted by the Federal Government ensure that workers at all levels of employment are given access to the benefits of tax-exempt pension plans. As employers, State and local governments employ a wide range of workers, from judges to firefighters to teachers. Each occupation requires that its unique circumstances be considered when determining pension benefits. Laws that were created by the Federal Government do not adequately address the needs of the diverse work force of State and local governments.

Public pension plans are negotiated by popularly elected governments and subject to public scrutiny. They do not require a high degree of Federal review. The process of enacting these plans promotes fair benefits for governmental employees. Public pension plans have been given temporary exemption from nondiscrimination laws for almost 20 years, and the result is that full-time public employees enjoy almost twice the pension coverage rate of their counterparts in the private sector. It is time to make this temporary exemption permanent.

This bill enjoys a wide range of support from State and local governments, as well as public employee representatives. I urge my colleagues to join Senator HATCH and myself, along with a bipartisan group of Senators, to ease the burden of Federal regulation on State and local governments. I look forward to this bill's consideration in committee and on the Senate floor.•

TRIBUTE TO CAMP NATARSWI, BAXTER STATE PARK, ME

• Ms. SNOWE. Mr. President, I would like to recognize the 60th anniversary of Camp Natarswi in Baxter State Park, ME.

In August, Girl Scouts from Maine and across the United States will reunite to mark this occasion, exemplifying the strong bond of friendship that young women gain through their Girl Scout experiences. Such relationships are vital for young women and foster an appreciation for helping others whether it be in the community, at school, or at home. It is clear that these women have cherished the spirit of the Girl Scout tradition as they now gather 60 years later to renew their friendships.

Before this land in Baxter State Park became Camp Natarswi in 1936, it was used to house Civilian Conservation Corps workers who were building a road from Togue Pond to Roaring Brook. The property was leased from Great Northern Paper until 1975 when the paper company designated ownership to the Girl Scouts. Conducive to camping and scenic views, the young girl scouts found themselves inspired by this natural habitat while learning lessons on the environment and work ethics that would accompany them on their future endeavors.

For the alumnae from 12 States as far away as California, Camp Natarswi will forever be a place where friendships flourished and lessons were learned about life and the importance of our natural resources. Most of all, these women were instilled with the Girl Scout tradition, something they have passed down to their children and grandchildren. I am pleased to recognize the 60th anniversary of this very special place for so many of my fellow Mainers.•

PEACETREES VIETNAM

• Mrs. MURRAY. Mr. President, I rise today to describe a project being undertaken by a remarkable organization in my home State of Washington. PeaceTrees Vietnam, the 20th international PeaceTrees Program sponsored by the Earthstewards Network, represents the dedicated work of individuals working to promote peace on a local and global scale.

For over a decade, Earthstewards has worked around the world to foster dialog between peoples of various countries, and to contribute to communities around the world. Earthstewards has organized PeaceTrees Programs in many communities, including Capetown, South Africa; Auroville, South India; Bluefields, Nicaragua; and Tacoma, WA. Now, this organization is embarking on a project in Vietnam.

Every week in Vietnam, a child is killed or maimed by the explosion of an antipersonnel landmine. At this time, there are over 58,000 leftover landmines and unexploded ordnance in the Quang Tri Province of Vietnam, the DMZ during the Vietnam war. PeaceTrees Vietnam seeks to eliminate the threat of these devices by removing landmines, planting trees, raising community awareness, and reducing the dangers of landmines in Vietnam and across the globe.

This important program has several phases. First, beginning this summer, landmines will be removed near the old Khe May military base in the town of Dong Ha in Quang Tri Province. American and Canadian retired military experts as well as Vietnamese local militia will extract these destructive weapons of war. Then, in November, a Friendship Forest will be planted in this area. Not only will this serve as a cooperative effort of the Westerners and Vietnamese who plant these trees, it will help set up a buffer to stop the dry, hot winds from Laos and restore life to deforested terrain.

Next, construction of a Landmine Awareness Education Center will begin. Educational displays will be created, so children and adults may understand how to identify potentially unsafe areas, and what to do if a landmine is encountered. Mine clearance will continue through 1997 in the thousands of hectares of the surrounding farm and forest land. This will allow citizens to productively and effectively utilize the land again, and will help reforest the area.

As a member of the PeaceTrees Vietnam International Advisory Board, I am pleased to have the opportunity to assist efforts to make this landmine-ridden area safe again, and to raise awareness of the global problem of landmines. I applaud the work of all those who have helped organize and implement PeaceTrees Vietnam. Efforts such as theirs truly make a difference in the lives of countless individuals around the world.•

CELEBRATE HOSIERY WEEK—AUGUST 5-11, 1996

• Mr. HELMS. Mr. President, next week, August 5-11, marks the 23d annual observance of Celebrate Hosiery Week. It always gives me great pride to join in recognizing an industry which has contributed so much to the free enterprise system of our country and so much to the economy of North Carolina.

Mr. President, National Hosiery Week is of special importance to me because North Carolina is the leading hosiery State in the Nation. North Carolina is proud of the leadership of the hosiery industry and the fine quality of life that it has provided for so many people.

In fact, the hosiery industry plays a substantial role in the economy of more than half of the States of the Union. There are 343 companies in the hosiery business, operating 456 plants employing 62,300 people in 28 States. The statistics are staggering: these 62,300 people produce and distribute 22 million dozens pairs of hosiery a year. They contributed a record $7.2 billion to the U.S. economy in 1995.

The hosiery industry has made great strides in improving productivity and the quality of its product. These efforts to make the hosiery industry more competitive have resulted in significant technological and design improvements in the manufacture of hosiery.

As a result, the hosiery industry has likewise made enormous gains in the area of foreign trade. Exports in 1995 grew by 9 percent over 1994 levels to 22 million dozen pairs—and that, Mr. President, is a lot of hosiery exports.

Mr. President, my hat's off to the hosiery industry because it is making a real difference in many small communities where the hosiery plant is often the main employer, providing good, stable jobs for its employees.

I extend my sincere thanks and congratulations to the hosiery industry and to its many thousands of employees for their outstanding contribution to our State and Nation.•

HIGH RUSSIAN HONOR TO IOWAN JOHN CHRYSTAL

• Mr. HARKIN. Mr. President, John Chrystal, an outstanding Iowan, is one of only two Americans to be awarded the Order of Friendship, the highest honor that the Government of Russia can bestow on a noncitizen. This award, which was given at the behest of Russian President Boris Yeltsin, was presented at a ceremony in Des Moines, IA, by the Russian Ambassador to the United States, Yuli M. Vorontsov. It has been my privilege to have John as a close personal friend for many years, and I am extremely proud of his achievement in receiving this high and well-deserved honor.

Under Russian law, the Order of Friendship, which was established in 1994 by President Yeltsin, "is awarded to persons for significant contribution to strengthening friendship and cooperation between nations and nationalities, for helping the development of the Russian economy, for especially fruitful activities in scientific development, for bringing together and mutually enriching the cultures of nations and nationalities, and for strengthening peace and friendship between nations." John was honored for all of these reasons and in recognition of his 70th birthday, which was December 11 of last year.

John has had a long and distinguished career as a farmer and banker, and is recognized as a leading expert on agricultural, trade and economic matters involving the former Soviet Union. He has long worked to improve trade relations between our nation and the countries of the former Soviet Union and to help those countries modernize and restructure their agriculture and food systems. As a farmer himself, John has real credibility when he talks with farmers in Russia, Ukraine or one of the other countries of the NIS.

John has traveled to Russia, Ukraine, Georgia, and other nations of the former Soviet Union some 50 to 60 times since 1959, representing our State of Iowa and our Nation as a private-citizen ambassador of good will and understanding. In addition, he has been remarkably generous in hosting many exchanges and delegations from those countries to our Nation and our State of Iowa. John has known personally all of the recent leaders of the Soviet Union and Russia and is well known among farmers and policy makers in the countries of the former Soviet Union.

We Iowans are tremendously proud of all the good work that John Chrystal has done over the years to help improve food and agriculture systems in the former Soviet Union and to foster stronger ties and a deeper level of understanding among our peoples.

Mr. President, I ask that a number of articles pertaining to the awarding of the Order of Friendship to John Chrystal be printed in the RECORD.

The article follows:

[From the Carroll, IA, Daily Times Herald, June 24, 1996]

CHRYSTAL EARNS HIGH RUSSIAN HONOR

(By Butch Heman)

John Chrystal jokes that dozens of times he's gone to Russia, "one of the few major nations in the world that we've never had a war with," and apparently hasn't angered anybody there yet.

Russia honored the rural Coon Rapids man today with its highest honor bestowed on a foreigner: the Order of Friendship.

Russia's ambassador to the United States, Yuli Vorontsov, presented the award during a ceremony at The Des Moines Club in Des Moines.

President Boris Yelstin established the Order of Friendship in 1994. It is warded to persons for significant contributions toward "strengthening friendship and cooperation between nations and nationalities, for helping the development of the Russian economy, for especially fruitful activities in scientific development, for bringing together and mutually enriching the cultures of nations and nationalities, and for strengthening the peace and friendship between nations."

The Russian Embassy in Washington, D.C., said Chrystal was being honored for activities in all those areas, according to a press release.

The other American to receive it was astronaut Norman Thagard, the first U.S. citizen to live aboard the Russian space station Mir.

Chrystal, who has been visiting Russia, the Ukraine, Georgia and other parts of the former Soviet Union for 36 years, was chosen for the award at the urging of Yeltsin.

Since 1959 he has been helping those countries modernize farming and agriculture infrastructure.

Chrystal has known all Russian leaders—from Nikita Khrushchev through Yeltsin—and most of their agricultural ministers.

"I've traveled from the Baltic States to Vladivostok, from the permafrost to palm trees. I'm more widely traveled in Russia than I am in the U.S.," he said with a chuckle.

He observed the evolution from collective state-owned farms to "a modern attempt at democracy that has not yet been achieved."

Chrystal teasingly says he's done more criticizing of Russian agriculture than assisting.

"I've always been anxious to better our relations with Russia because I think it can become an economic partner with the U.S.," he said.

Russia is not a third world nation by any means, Chrystal said, describing it as a place with vast natural resources and a very well-educated populace that survived 1,000 years of autocracy under the czars and communism.

The country has some grave faults, mainly no management of culture by competitive ideas and no cash, he said.

"And they are having a social, political and economic revolution simultaneously and without blood, which is certainly one of the first times in the history of the world," Chrystal said.

A big problem for Russia is that change has to happen quickly, he said.

"When I was growing up on the farm we had a two-row planter, and when the neighbor had a four-row planter, boy that was a big deal and we had to have one too," Chrystal said.

"Imagine these 44-row planters we have today and a satellite that tells you when to increase fertilizer. It's the beginning of a new era, and the Russians are going to have to run faster if they want to be in the same place. It's a really difficult but exciting time for them."

"I suppose it will be another decade or generation before they achieve the goals that I hold dear, but I have no doubt they'll achieve them."

Chrystal said that despite the fall of communism, less stability exists in the region. Communism, although a government by edict, maintained control, he said.

"That's not to say this isn't a much better situation," he said, noting that while the Soviet Union might be dead but economic relationships among its former members exist.

America has an opportunity to form friendly relations with the newly independent countries, and Iowa, because of its agriculture, has a special chance, Chrystal said.

His goals are to have the federal government encourage American business to form joint ventures with Russian firms. Chrystal already services on the Overseas Private Investment Corp., a government agency that helps developing nations.

"I think our foreign aid ought to be practical rather than theoretical," he said. "Countries that are hard-up think less about democracy than they do about tomorrow."

Chrystal recently spoke about agribusiness at a seminar in Moscow.

"I detect already a substantial change in attitude," he said. ". . . The tone of the participants was something new. They were talking about competition, efficiencies, cropping and ventures that were either new or in cooperation with various aspects of the economy."

Even through he's visited exotic locales and rubbed elbows with international dignitaries, Chrystal says he gets the most happiness out of what he sees right here in Carroll County.

"I think the most successful thing I've done is seeing farmers in Carroll County entertain Soviets, Russians and Ukrainians. The hosts have fallen in love with these people and even traveled to their homes. That's really thrilling to see Americans develop great relationships with them," He said.

The 70-year-old Chrystal is a native of Coon Rapids. Chairman of Iowa Savings Bank of Coon Rapids and Carroll and a director at several rural Iowa banks as well as Bankers Trust Co. of Des Moines. Chrystal was president of Bankers Trust from 1984–86.

For many years he was a grain and cattle farmer and is still a partner in his family's farm operation.

Chrystal is a former state banking superintendent, former member of the Iowa Board of Regents and former president of the Iowa Bankers Association and the Iowa Civil Liberties Union. He is also a trustee of Grinnel College and a director of F.M. Hubbell and Sons Co.

"I really don't know how I was chosen for this award, but I'm very honored and I certainly haven't expected it," her remarked.

"I was always afraid I'd make the Russians mad, but obviously I haven't," he added with a laugh. "And who would've though a fella from Coon Rapids would get to know all these Russian leaders?"

Among the other recipients of the Russian Order of Friendship is South Africa President Nelson Mandela.

Chrystal said some of the Russian officials attending today's ceremony would be staying in Iowa for several days and he hopes to bring some to a Carroll Chamber of Commerce reception Friday night at Iowa Savings Bank in Carroll.

[From the Des Moines Register, June 25, 1996]

RUSSIAN FRIENDSHIP HONOR TO CHRYSTAL

(By Jerry Perkins)

John Chrystal, Iowa banker and longtime agricultural adviser to the Soviet Union and Russia, received on Monday the Order of Friendship, the highest honor Russia can bestow on a foreigner.

Chrystal, 70, of Coon Rapids is one of two Americans to receive the award, which also has been given to heads of state such as South African president Nelson Mandela.

Yuli Vorontsov, Russian ambassador to the United States, praised Chrystal for his many years of advising first the Soviet Union and now Russia.

"This is the highest Russian civilian award," Vorontsov said, "It is for leaders of nations and leading citizens. It is highly regarded in Russia. We appreciate him very much in Russia."

Chrystal has made frequent visits to the former Soviet Union and Russia for 36 years.

In an interview at The Des Moines Register, Vorontsov predicted that Russian President Boris Yeltsin will win re-election easily on July 3 when Russians vote in a runoff election.

On June 16, Yeltsin narrowly defeated Communist Gennady Zyuganov, 35 percent to 32 percent, in the first round of voting but didn't garner enough votes to prevent a runoff.

Yeltsin has been endorsed by the third-place finisher, Alexander Lebed, who has joined Yeltsin's government, and the fourth-place finisher, Grigory Yavlinsky, an economic reformer.

Those two endorsements should deliver enough votes to give Yeltsin a comfortable 55 percent to 45 percent victory over Zyuganov, Vorontsov said.

After the July 3 runoff, Yeltsin will reshuffle his government, go to work on the social problems confronting Russia and work to make it possible for Russian citizens to own land, Vorontsov said.

A decree issued by Yeltsin to make it possible for Russians to own land has been stopped in the Russian parliament, he said.

Yeltsin hopes to be able to push the measure through the parliament after his re-election.

If he wins, Yeltsin will serve his second four-year term. Russian law prevents a president from serving more than two terms.

"Economic reform in Russia will continue, but we will not be in a rush," Vorontsov said. "We will analyze before making changes and bad things should be thrown away."

It is unrealistic to expect change to come swiftly, he said.

Five to seven years will be needed to turn around the industrial economy and 10 years will be needed before agriculture is put on track.

Chrystal said Russian agriculture reforms have been hurt by a lack of infrastructure, including credit, roads and machinery.

Vorontsov agreed.

"We've made very meager progress" in agriculture, he said. "It's not as we should have done and that's where we should concentrate now."

Developing a market-oriented economy has been slower than the Russian government has wanted, Vorontsov said, but changes have been made.

"Some seeds of a new market economy have been sown," he said.

Vorontsov said corruption is not being punished in Russia and it will be very hard to stamp out because of the well-entrenched Russian bureaucracy.

"Corruption is unpunishable now," he said. "Corrupt people should be sent to jail, but it will be very difficult. The bureaucracy is still there."

However, Vorontsov said foreign investment is needed in the Russian economy.

"Participate with us" in the Russian economy, he said.

[From the Des Moines Register, June 26, 1996]

A MARK OF FRIENDSHIP

There are corn and hogs, but a lesser known state hallmark is Iowa's long-term relationship with the former Soviet Union that has continued with present-day Russia.

The essential ingredient: people—Russians and Iowans who have moved to a productive common ground where international bridges are built from a shared interest in agriculture and progress.

Among the Iowans is John Chrystal, a 70-year-old Coon Rapids resident, Iowa banker and agricultural adviser to the Soviet Union and now Russia.

Chrystal is a charming and insightful fountain of memories about meetings with Mikhail Gorbachev, observations of Soviet communism and of Russians coming up to him just to touch the fabric of his—at the time—all-polyester wardrobe.

On Monday, Chrystal was given the highest award that Russians bestow on foreigners: the Order of Friendship.

Praised by the Russian ambassador to the United States, Yuli Vorontsov, Chrystal joins a noted group of Order of Friendship honorees that includes South African President Nelson Mandela.

It's proud recognition for Chrystal, but also for Iowa and its contribution to the futures of two great nations.

[From the Nebraska World-Herald, July 7, 1996]

RUSSIA FOUND A GOOD FRIEND IN OUTSPOKEN IOWAN

(By Rainbow Rowell)

COON RAPIDS, IOWA.—A statue of Lenin that once sat in Russian President Mikhail Gorbachev's office now sits in John Chrystal's Coon Rapids farmhouse.

It's as much of a surprise to see it there as it is to meet an agricultural adviser and friend of the Russian people in this small Iowa town.

Chrystal has spent 36 years cultivating a relationship with the former Soviet Union. Last month, Russia awarded him the Order of Friendship, the highest honor it bestows on foreigners.

Chrystal has become an expert on the affairs of the Soviet Union. He said he's an accidental expert. He never had any particular interest in the nation, never was especially interested in foreign affairs.

And he certainly didn't expect the Russians to ask for his help. Yet that's almost exactly what happened.

Chrystal folded his 6-foot-2-inch frame into a living room chair last week and started talking about the history of his unique friendship.

A Soviet delegation came to Iowa in 1956, looking for trade. They found Chrystal's uncle, Roswell "Bob" Garst, and a whole lot of seed corn. Garst visited the Soviet Union a few times but didn't feel like going when he was invited in 1960.

So Garst sent Chrystal, who never had been east of South Bend, Ind., in his place.

Chrystal thought that first visit would be his last, he said. Communist officials took him on a tour of the country's key agricultural areas and he was critical of their farming methods.

Surely, Chrystal recalled, the Soviets wouldn't ask him to return. But they did, again and again.

And after every trip, he wondered if there would be another invitation, never really counting on it.

Chrystal didn't quit his many day jobs to become a diplomat. When he wasn't visiting the Soviet Union—or later, Russia and the other independent states—Chrystal worked as partner on the family farm, a successful banker and a Democratic party leader.

"I've been very fortunate," Chrystal said. "People that I've been associated with let me do other things. Maybe they wanted to get rid of me. That never occurred to me until this second."

Slim chance. His colleagues described Chrystal as a rare patriot, a man who is at once intelligent and humble, able and energetic. At 70, he is chairman of the Iowa Savings Bank in Coon Rapids and serves on many boards.

Bill Hess, the bank's president, said Chrystal is "Tops. Mr. Integrity, spelled with capital T's."

"He's a wonderful human being," Valentina Slater Fominykh said. "Your country must be very proud."

Ms. Fominykh, who now lives in Des Moines, first met Chrystal in 1989. She was a Soviet foreign-language professor, part of a delegation to Iowa.

She described Chrystal as a fair man who isn't afraid to express his opinions.

People respect that, Dale Dooley said. Dooley of Johnston, Iowa, worked with Chrystal to help form Iowa Transfers System, now Shazam Inc.

The company almost failed, Dooley said, but Chrystal's confidence, contacts and know-how saved it.

"It amazed me," he said, "the depth of that man's knowledge and complexity."

Chrystal has vision, Ms. Fominykh said, and that vision helped him foresee major changes in the Soviet Union.

"He was a loyal friend when friendships with the Soviet Union were not in vogue yet," she said.

Chrystal downplays any risks he may have taken by befriending the communist nation. When he talks about the Cold War, it hardly seems like enough to send Americans scrambling for their bomb shelters.

"I don't think we were ever going to attack Russia," Chrystal said. "I don't think we're an attacking country, and Russia is isolationist."

He said he never hated communists, never thought they were an evil people. He saw their empire as one on the cusp of great change.

"I never questioned what I was doing," Chrystal said. "I never questioned that they would have to change and would be an enormous market for us."

His willingness and frankness made him a valued adviser to the rapidly changing Soviet government. Chrystal is widely known and well-respected there, Ms. Fominykh said.

"People listen to what Chrystal has to say," she said.

The Soviets respected his opinion because they knew he was independent from the U.S. government, that he was speaking only for himself, Chrystal said.

That respect brought him close to leaders such as former Soviet Premier Nikita Khrushchev and Gorbachev. He speaks easily about the two and their roles in history. He speaks with confidence and with the insight of an eyewitness.

Chrystal never counted his many visits. Some years, he didn't visit at all. Other years, he made three or four trips. He figures he has spent about a year and a half there total.

Yet he never learned to speak Russian. He has picked up some. If the conversation is about agriculture, he probably can follow along.

"I never thought that I would be going back so much," Chrystal said, explaining why he never learned. "I was a farmer and a banker and I would have had to drive to Ames to take lessons. Maybe I was lazy."

Chrystal said he sees his role as agricultural adviser coming to an end.

"I don't think I have as much to offer anymore," he said.

Russia will get along fine without him, he said. The country is becoming more and more stable. Those who predict a return to communism, he said, should consider all the nation has accomplished since the Soviet Union dissolved.

The still-struggling government needs independence, he said.

"I think they'll succeed, and I think they'll succeed on their own. The faster the better for us."

He already sees that independence growing, he said, giving as an example an agribusiness seminar he attended in Moscow in May.

"For the first time, I met young people who were talking a new kind of economic language," who were ambitious and determined.

After an hour of talking and tracing the history of his ties to Russia, Chrystal looked around his living room, at the many gifts and souvenirs from his travels—at the paintings, the carved clock and the colorful rug. He has many Russian friendships that will outlife his official relationship with the government.

"My impression is that there will be a new critic," he said, smiling, "which is fine."●

SALUTE TO NATIONAL REHABILITATION WEEK

● Mr. FRIST. Mr. President, I rise today to salute the founding and success of National Rehabilitation Week which celebrates the accomplishments of people with disabilities and focuses on continuing efforts to improve the lives of people with disabilities. This year marks the 20th anniversary of National Rehabilitation Week, and as we celebrate this week, it is important that we take time to applaud the individuals who live, work, and succeed with these disabilities everyday. National Rehabilitation Week serves as a reminder that it is our responsibility, as legislators, to insure that those individuals with disabilities are able to enjoy the same freedoms and privileges as all Americans.

While National Rehabilitation Week is normally held in September, it was moved up this year to August 15–25 to coincide with the Paralympic Games being held in Atlanta. Both events bring together Americans who strive to overcome barriers and herald the victories of Americans with disabilities.

The Paralympic Games-which have coincided with the Olympic Games since their inception in 1960-were started by Dr. Ludwig Guttmann, a doctor in Post World War II London who dreamed that sports could be used to improve the quality of life for people with spinal cord injuries. It took him 12 years to achieve his goal of creating a worldwide sports competition like the Olympics for disabled men and women.

Like the Paralympics in which more than 4,000 athletes from over 100 countries will compete this year, National Rehabilitation Week will celebrate the strength of human perseverance over physical disabilities. As chairman of the Senate Subcommittee on Disability Policy, I have been fortunate to have witnessed that strength firsthand.

The last 20 years have brought many milestones for Americans with disabilities. We have learned the value of rehabilitation for the disabled, and we have seen the glory of a dream coming true with the help of a rehab professional and sheer determination. We have also watched as perceptions of people with disabilities have been shattered by the perseverance of those people with disabilities and rehabilitation professionals who never shied away from a challenge.

Mr. President, please join me in saluting the 49 million Americans with disabilities and the countless rehabilitation professionals who take the time and care to reach for these dreams and shatter the myths. National Rehabilitation Week continues to gain momentum. This year, more than 5,000 organizations are observing this event nationwide, including Health-South Hospitals in my home state of Tennessee. This is a week to applaud the accomplishments of people with disabilities and to recognize what still must be done.●

CRIME PREVENTION

● Mr. KOHL. Mr. President, I rise today to discuss the growing problem of juvenile crime, and the failure of this Congress to adequately address it. As the former chairman of the Senate Subcommittee on Juvenile Justice, I am particularly alarmed by the growth of juvenile violence today, and the fact that we are doing little to slow this trend with investments in our young people.

At a time when crime is generally falling, a growing number of young people are becoming the perpetrators—and victims—of violence in America. Juvenile offenders are now responsible for 14 percent of all violent crime and 25 percent of all property crime. Criminologists report that 14 to 24-year-old-black males, who represent just 1 percent of the population, comprise 17 percent of all homicide victims and 30 percent of all offenders. Arguments that used to be solved with fists in a school yard are now being settled with Uzi's and Tech 9 semi-automatic weapons. Some schools are starting to resemble prisons, with metal detectors, armed guards, and bars on the windows.

This is not the healthy environment that will nurture a new generation. Instead, this is a recipe for disaster—a formula for creating an army of young criminals whose only future is to commit more heinous and vicious crimes with each passing year. And this army is likely to expand: there are now more pre-teenagers in America—39 million under 10 years old—than at any other time in the past generation.

There are many ways that society can combat this juvenile crime trend—and I support all of them. First, we can get tough on the most violent juveniles—trying them as adults and locking them up—so that serious crimes receive serious punishment. Second, we can improve our ability to catch all juvenile offenders through more vigilant law enforcement. Accomplishing these goals requires more prisons and more police, and Congress is providing billions to build penitentiaries and fund 100,000 new police officers through the Crime Act of 1994.

However, a third part of the Crime Act calls for a different approach. Instead of spending all the money on prisons and police, Congress wanted some of it, about 20 percent, to be spent on preventing crime before it happens.

Now, crime prevention used to be a dirty phrase in Washington, something that so-called liberals touted and conservatives criticized as a strategy for coddling criminals. I hope we have moved past those simplistic arguments and are prepared to recognize the value of crime prevention programs. For years we have heard evidence about the value of investing some funds in crime prevention, and the fact that these programs measurably reduce crime. More recently, numerous studies have documented how small investments in a troubled young person's life will not only save that child from a life of crime and misery, but will also save society thousands of dollars in court costs and prison fees. Most important, these investments protect the lives of citizens and prevent tragic crimes before they occur.

There are literally hundreds of examples—I'll note only two here. A few years ago Fort Worth, TX, initiated a program called Code Blue. The program offered year round structured social, education and recreational activities for young people. Kids not only engaged in sports, but received homework assistance and help with college and GED preparation. Five community centers were established to help young people get on the right track and make a difference in the local neighborhoods.

According to the Fort Worth Police Department, crime dropped by 28 percent within a one mile radius of each center. Gang crimes declined by 30 percent city wide in the first 6 months of 1995. This was achieved at a cost of $10 a year per student—that compares with the $40,000 a year it costs to incarcerate a juvenile offender.

The results are the same across the country. A program called Children-At-Risk [CAR] coordinates social service agencies, police, and school officials to target intensive education, counseling, and family services at 11–13 year olds. A National Institute of Justice quasi-experimental study in five cities found that the CAR test group had almost half the number of contacts with police as the non-participant control group, and had less than half the number of contacts with the juvenile court as the control group.

We have seen these kinds of case studies proving the value of crime prevention programs for years. But, Mr. President, we are now seeing comprehensive reports demonstrating the cost-effectiveness of crime prevention. Last month the Rand Corp. released a 2-year study comparing the value of investing in crime prevention versus tougher penalties and incarceration. It compared prevention programs such as graduation incentives, delinquent supervision, and parent training to a "three-strikes-and-you're-out" law. The study found that crime prevention was three times more cost-effective than increased punishment.

The study concluded that a State government could prevent between 157 and 258 crimes a year by investing $1 million in crime prevention, compared with preventing 60 crimes by investing the same amount in incarceration.

Law enforcement officers—the troops on the front lines in this battle—are also calling on Congress to fund prevention programs. A recent Northeastern University survey of more than 500 police chiefs and sheriffs found that three-quarters of them believe the best way to reduce crime and violence is to increase investment in prevention programs. This is not surprising: it confirms what we found out last year when we polled Wisconsin police chiefs and sheriffs: almost 90 percent supported the Crime Act's prevention programs. These front line crime fighters know—better than anyone else—that crime prevention works.

Mr. President, let me be clear on this point. I am not advocating that we commit all our resources to crime prevention and no money to punishment and incarceration. Like the police chiefs and sheriffs, I support the Crime Act funding formula which allocates 80 percent for punishment, tougher penalties, and more police, as well as 20 percent for crime prevention.

Unfortunately, in the last 2 years since that legislation was passed, Congress has not lived up to its promise to adequately fund crime prevention programs and is actually moving toward eliminating the few programs that it has funded. Just this week, two bills were reported out of Committee which either defund or eliminate virtually all effective prevention programs. As a member of both relevant committees, I spoke out against these cuts in committee, and will work to reverse them on the Senate floor.

First, the Senate Appropriations Committee voted out the Commerce, State, Justice appropriations funding measure for 1997. Despite mounting evidence of the cost effectiveness of crime prevention, this bill fails to fund more than $500 million in prevention programs authorized under the Crime Act. While I commend the drafters for appropriating $20 million for Boys and Girls Clubs, this is a fraction of the prevention Congress authorized 2 years ago.

During the same week, the Senate Judiciary Committee passed the new 4-year authorization for the Juvenile Justice and Delinquency Prevention Act. The legislation eliminates all crime prevention grants and uses that money for "research and evaluation." Mr. President, I am a strong advocate of research and evaluation, and have introduced a bill with Senator BILL COHEN of Maine that would require federally funded prevention programs to set aside money for rigorous, independent evaluation. But this proposed reauthorization funds research at the expense of all crime prevention programs. That is unacceptable.

Mr. President, at a time when juvenile crime is on the rise, when law enforcement officials are asking for more prevention funds, and when case studies and statistical evidence are proving that we can prevent crimes, protect citizens, and save money in the long run—how can this Congress cut funding for crime prevention and eliminate these programs?

When I walk the streets with police officers in Wisconsin and I tell them what Congress is considering, they are shocked. These people know what works and they want our help. We should not turn our backs on America's police officers and future generations, and resign ourselves to even more prisons and police. We have other alternatives that we should fund—cost effective measures which can prevent crime before it happens.

Mr. President, I look forward to working with my colleagues in a bipartisan fashion to correct the lack of juvenile crime prevention in the proposed versions of the Justice Department's funding bill and the Juvenile Justice and Delinquency Prevention Act. This is not a partisan issue—members from both parties recognize the common sense of spending at least a small portion of federal funds on prevention. As these bills come to the floor, I hope more colleagues see the tremendous progress we can make if we just move past the simplistic arguments and recognize the value of a small investment in crime prevention programs.•

SALUTE TO BRISTOL TREE CITY USA BOARD

Mr. FRIST. Mr. President, I rise today to commend the Bristol TN, Tree City USA Board, which was founded 6 years ago to enhance the natural beauty of the Bristol area.

Under the leadership of Dr. Donald Ellis, the tree board has embarked on a massive reforestation project in their area. Since the effort began, Tennesseeans have volunteered one by one to plant trees around Bristol with the goal of planting 1 million trees by the Tennessee bicentennial this year. Mr. President, I'm proud to say that these volunteers have not only reached their goal, but they will gather together on September 6 to plant tree number 1 million and one.

This is truly an example of the spirit that has made the Volunteer State great for 200 years, and it's fitting that the 1 million and first tree will be planted this year by a volunteer.

In celebration of the bicentennial, my family and I also planted a tree—in Washington DC. Earlier this summer, Karyn, the boys and I planted a tulip poplar—the Tennessee State tree —on the grounds of the U.S. Capitol Building. This bicentennial tree will serve as the official Tennessee State tree on the Capitol grounds and as a testament to the contagious nature of beautification efforts like Tree City USA.

Mr. President, I commend Tree City USA for its dedication to the community of Bristol. Projects like Tree City USA not only benefit the people of Bristol, but all Americans. I would also like to commend the people of Bristol, TN and thank them for their efforts. Tree City USA could not reach its goal without the hard work of these community-minded citizens.

TRIBUTE TO SERVICE CORPS OF RETIRED EXECUTIVES CHAPTER NO. 38 ON THEIR 30TH ANNIVERSARY

• Mr. SMITH. Mr. President, I rise today to pay tribute to Service Corps of Retired Executives Chapter No. 38. This year, Chapter 38 celebrates 30 years of service to the Laconia area. As a former small business owner myself, I am proud to extend my warmest congratulations to this outstanding business advocacy organization on this momentous occasion.

SCORE is a volunteer program sponsored by the Small Business Administration which helps New Hampshire's small businesses to establish themselves, expand, and create jobs in our communities. It is a nationwide service organization with 13,000 volunteers. There are 383 locally organized and self-administered chapters, all of which work in or near their home communities and offer their services at no charge. SCORE has been helping American small businesses to prosper since 1964.

SCORE matches volunteers with small businesses that need expert advice. They share management skills and technical advice with prospective and present small business owners. Their in-depth counseling and training helps business owners identify management problems and find solutions. Most of SCORE's volunteers are retired executives, but some are still employed full time. New Hampshire Chapter 38's 24 active members have worked tirelessly, handling one of the largest caseloads in the state. One member, Horace Walsh, for example, has been with Chapter 38 for 25 years. This outstanding record of service is the epitome of the Granite State community spirit and entrepreneurship.

SCORE is an excellent example of community service at its finest. It gives people the opportunity to share their expertise with others, that they may find the same measure of success. Such service allows executives to give back to the community that supported them. By helping small businesses grow, they are contributing to the growth of their local economy and providing more opportunities for the community.

New Hampshire is fortunate to have an organization like SCORE helping small businesses. I commend SCORE and each one of their committed and dedicated volunteers for their tremendous community service as they celebrate their 30th anniversary.•

CONGRATULATIONS TO PATRICIA MACK

Mr. WELLSTONE. Mr. President, I rise to pay tribute to my constituent, Patricia Mack, an outstanding Housing and Urban Development [HUD] employee and housing activist. Over the years, she has accomplished a great deal in her work in the area of public housing.

In 1971, Patricia began her first job in the housing field in the Chicago Regional Office of the Department of Housing and Urban Development [HUD]. She worked as an Urban Renewal Representative, advocating for and advancing the cause of civic renewal projects in the Chicago area.

In October 1971, HUD established an office in Patricia's home State of Minnesota. Patricia moved back to the Twin Cities to serve as a Metropolitan Development Representative where she worked closely with metro-area communities to use HUD grant funds for water and sewer projects, neighborhood facilities, parks, and historical preservation initiatives. She played crucial roles in both the Minnesota Valley Restoration Project and the Hennepin County Park Reserve District.

In July 1974, Patricia's career path took her to Alexandria, VA, to serve as assistant to the director of the Alexandria, VA, Planning Department. Working primarily on housing issues, she helped to lay the groundwork for Alexandria's Housing Assistance Program.

In February 1976 she returned to Minnesota to the Minnesota HUD Office as Housing Assistance Specialist. She worked with Minnesota communities on the implementation of the Housing Assistance Program much as she had in Virginia.

In 1985, Patricia was named Special Assistant to the Field Office Manager, a position in which she handled responsibilities ranging from public and congressional affairs to HUD special projects like the affirmative action plan. In this capacity, Patricia played a key role in assuring that adequate minority participation was utilized in the construction of the new Federal building that was being built in downtown Minneapolis.

In the last decade, Patricia has continued to become actively and centrally involved in many programs pertaining to housing and the homeless. Patricia's dedication, leadership, and spirit have been instrumental in countless successes as a volunteer with Habitat for Humanity and in working with the Metropolitan Interfaith Community for Affordable Housing,

In 1995, Patricia was the first Government official to receive a well-deserved award from the Minnesota Coalition for the Homeless.

Today, Patricia continues her work helping to address such serious and complex issues as homelessness and the availability, quality, and affordability of public housing on behalf of Minnesotans and their communities.

It is a privilege for me to recognize and applaud Patricia Mack for her fine work and many contributions over the years. She is an inspiration, and I wish her continued future success.

RECIPIENTS OF EDISON ELECTRIC INSTITUTE'S 1996 COMMON GOALS AWARDS

• Mr. McCAIN. Mr. President, I am proud to announce that two local electric companies in Arizona recently were honored as recipients of the Edison Electric Institute's 1996 Common Goals Awards.

The Arizona Public Service Company received a Special Distinction Award for energy efficiency from Edison Electric Institute for their work on electrical efficiency in architectural design. Specifically, Arizona Public Service Co. was honored for its design of an

Environmental Showcase Home that uses 60 percent less electricity and water than standard energy efficient homes built in Arizona today. Increased energy efficiency is of great importance to Arizona and the Nation. I commend Arizona Public Service Co. for its efforts to achieve greater energy efficiency in our homes and encourage other utilities across the country to follow their lead in working toward more energy efficient architectural designs.

I also want to congratulate the Tucson Electric Power Co. for their work on a project entitled "Driving Drunk Will Put Your Lights Out." The Tucson Electric Power Co. received a Community Responsibility-Special Needs Award from the Edison Electric Institute for this successful project to combat drunk driving. Their efforts were recognized for producing dramatic results, including a 60-percent decline in alcohol-related traffic incidents in Pima County after ten months. The national conscience has been raised to the need for community involvement in order to eliminate the preventable deaths associated with drunk driving. Tucson Electric Power Co. is to be commended for working to meet the special needs of their community and getting involved in such a worthwhile cause.

Energy efficiency and meeting the special needs of our communities to prevent the harms caused by drunk driving are important public matters and I am very proud that Arizona companies have been recognized for their leadership in those areas.•

U.S. INTELLIGENCE RESPONSE TO TERRORISM

• Mr. KERREY. Mr. President, when I took to the floor to discuss the bombing at Khobar Towers several weeks ago I stated someone is making war on us. I would like to reiterate that point.

We are in active conflict, Mr. President, and this is not the time for politicians safe behind secure barriers to publicly snipe at the way our Government is fighting this battle. Yet I note the Speaker of the House of Representatives is accusing the administration of having undermined and crippled one of our principal weapons against terrorism, the human intelligence capabilities of the Central Intelligence Agency.

This charge is baseless, Mr. President. In fact, the greatest build-up of our human intelligence capability occurred under the bipartisan leadership of Senators Boren and COHEN several Congresses ago. They understood that growing stronger in human intelligence is a long-term enterprise. It involves the recruitment and development of people over many years, and it is one of the activities of government which are not much affected by sudden infusions of money.

The Speaker's inference that the Clinton administration has allowed the nation's intelligence capabilities to deteriorate is not supported by the facts. He has clearance, as does every Member, to examine the budget numbers and see that the Clinton administration has requested, and Congress has generally supported, a very robust intelligence capability for the United States.

Mr. President, the Speaker's comments are an effort to draw short-term political advantage out of some of the painful events in a long-term conflict.

I would suggest another approach: To take a long view of why we Americans are vulnerable to attack, why this war is being waged, and to examine whether our adversaries are having much effect.

We are likely terrorist targets for at least four reasons.

First, more than any other country, we are uniquely present in the world. We are the only superpower, our military is by far the most deployed military on earth, and our businesses are also present everywhere. I trust the Speaker is pleased with America's forward presence; I certainly am. It is both a sign of, and an essential component of, our power.

Second, we are a country that takes strong positions in foreign policy matters. Strong positions buy you enemies, and some of those enemies are terrorists. We stand up for Israel, the only democracy in its area. That buys us enemies. We are publicly allied with Turkey, another embattled democracy in a tough neighborhood. That, Mr. President, buys us more enemies. We are leading the global fight against international narcotics trafficking, and some violent people take umbrage at that. We should be proud of these strong policy positions. I am.

Third, we are the most open society in the world, which is a main reason it is such a delight to live in this country. I do not advocate changing our openness—but it does make us more vulnerable to terrorism.

Fourth, we are the world's greatest capitalist nation. We represent the power to make life better by improving your material circumstances, and by enjoying the wealth you produce by your own labor. To many fundamentalists—not all of them Moslem—that makes us the "great Satan." Still, I trust no politician would want to change this element of our character, even though it does buy us enemies.

Mr. President, despite this vulnerability, I submit we Americans are still safer from terrorism than any other people on earth. When it comes to terrorism and political violence, I challenge anyone to name a safer country. As for Americans abroad, I do not constitute that our people overseas are in any greater risk from terrorism than they have ever been in peacetime in our history. Why this anomaly, when we see how uniquely vulnerable we are?

One reason is our superb intelligence. It is present everywhere in the world, working closely with our allies to actively track terrorist organizations and individuals far from atrophying under the Clinton administration, it is a potent instrument to keep Americans safe.

Rather than fear of failure, we should recognize we are living in a period of successful action against terrorism. We should praise the Americans involved in this shadowy struggle and support them, and continue to give them what they need. Saying they are crippled is neither constructive nor accurate, although it may give false comfort to our enemies.•

TRIBUTE TO MARGUERITE'S PLACE OF NASHUA, NEW HAMPSHIRE

• Mr. SMITH. Mr. President, I rise today to pay tribute to Marguerite's Place, a support home for disadvantaged women and children in Nashua, NH. This outstanding service organization, sponsored by the Sisters of Charity, provides a very welcome service in New Hampshire. The Grey Nuns have worked hard to ensure the success of this very special place.

Marguerite's Place is designed to provide a fresh start for women in abusive or other disadvantaged situations. It is unique because it allows women to keep and continue to care for their children, promoting strong family values. It is also a long-term support program that teaches women how to put their lives back together. Sisters Sharon Walsh and Elaine Fahey, who manage Marguerite's Place, previously ran a similar program in inner city Philadelphia that had a very high success rate. Between them they have 20 years experience helping poor women restructure their lives.

Marguerite's Place can accommodate seven women and their children and provides vital support services like day-care. Women may stay in Marguerite's Place for up to 2 years and have access to continuing day-care for 5 years through the aftercare program. While Marguerite's Place does provide some necessary services, the sisters are determined not to do anything for the women that they are capable of doing for themselves. During their stay, the women must pay rent and utilities, buy and prepare their own food, and are responsible for the maintenance of their quarters. The Grey Nuns' philosophy for Marguerite's Place is to empower women to move forward into the future with hope.

The sisters are tough about the rules of Marguerite's Place, but they provide a safe environment for women who need time to heal. For example, no men are allowed in the building at any time and there is a security system. They employ drug testing if necessary and allow the women only one slip or relapse before removing them from the program. A thorough screening finds women who can demonstrate a commitment to the program and improving their lives and the lives of their children.

Marguerite's Place enjoys a tremendous amount of state and community support from the citizens of Nashua. It received funds from the Office of Alcohol and Drug Prevention for the purchase and rehabilitation of the building and from the Department of Housing and Urban Development as a continuum care program. They now receive operational funding from the United Way for their program, and local religious groups have been invaluable. Community youth help Marguerite's Place through events such as the United Way Youth Day of Caring and Rivier College, which sends staff out to discuss health issues with the women.

Marguerite's Place is the type of program that this country needs because it not only provides people with an immediate opportunity but teaches them how to improve their lives. The women are given a chance and the responsibility to make something of it. By giving them this responsibility, they empower these women. Their success rate shows that this type of program, combining aid with responsibility, works. I commend Marguerite's Place for an excellent job meeting community needs. The caring of Sisters Sharon and Elaine has given hope to women in desperate situations and provided a way out of that situation. I am proud to thank them of behalf of the Granite State.•

TRIBUTE TO NEW HAMPSHIRE BOY SCOUTS OF AMERICA TROOP NO. 135 AS THEY CELEBRATE THEIR 50TH ANNIVERSARY

• Mr. SMITH. Mr. President, I rise today to pay tribute to New Hampshire Boy Scouts of America Troop No. 135 as they celebrate their 50th anniversary. I am proud to congratulate such an outstanding organization as they observe this impressive milestone. Troop 135 has a long history of achievement and service to their community.

Boy Scout Troop 135 was founded in 1946 by seven men with Leo Leclerc as their Scoutmaster. Among the founding members was Albert Bellemore, whose son Raymond is the current Scoutmaster for the troop. Raymond, who has served for 34 years is the holder of the Catholic Diocese St. George Award of Merit, the Boy Scout Silver Beaver Award from the National Council of Boy Scouts of America, and was the first in the state to receive the National Eagle Scout Association Scoutmaster's Award.

Troop 135's 50-year history is marked by distinction and achievement like Raymond's. More than 968 Boy Scouts have been members of Troop 135 over the years and 81 of them have attained the rank of Eagle Scout. To become an Eagle Scout, a young man must earn badges for citizenship in the community, citizenship in the nation, and citizenship in the world. This is an important recognition for a young man.

Troop 135 has been involved in numerous Scout activities and won many prestigious awards over the years. They have participated in many High Adventure trips and every National Boy Scouts Jamboree since the troops founding. Troop 135 has won the Klondike Derby district and statewide trophy almost every year for the past 20 years. Many of Troop 135's 968 members have been very decorated Scouts. Many alumni of Troop 135 are returning for the anniversary celebration festivities on the weekend of August 16–18. They will hold a reunion, an open house, and a formal court of honor for Scoutmasters and Eagle Scouts.

The Boy Scouts of America promotes good citizenship, character-building, and community service among the boys of this country. Troop 135 of Sacred Heart Parish has built a reputation for providing the youth of the community with the leadership skills needed to be successful in today's society. Boy Scouts of America provides good, solid role models for the youth of our Nation and teaches them to be community minded. In this organization, they learn valuable skills that will serve them for a lifetime. I am proud to have such an outstanding Boy Scout troop here in the Granite State. Congratulations on reaching this tremendous milestone.•

THE QUALITY OF MERCY

• Mr. LAUTENBERG. Mr. President, I ask that an excellent article about welfare, "The Quality of Mercy", by James McQueeny, be printed in the Record.

Mr. President, I had the good fortunate of benefiting from Jim McQueeny's competence and compassion when he served as my press secretary several years ago. These same qualities are evident in his article, which is an eloquent statement about what it means to be on welfare, and what the welfare reform bill will mean for real people.

I urge all my colleagues to read the article.

The article follows:

[From the New Jersey Monthly, July 1995]

The Quality of Mercy—Many New Jerseyans Believe That Welfare Is a Waste. One Man—Now a Successful Executive—Who's Lived on It Disagrees

(By James McQueeny)

I'm not a member of any obvious minority group (being the son of an Irish immigrant no longer counts), although these days I might qualify as out of the mainstream because I am a Democrat. My views on welfare seem to place me even more squarely in the minority. And I am very concerned about what we as a society are saying and doing about that issue.

We in New Jersey, the second richest state in the nation, are in the best position possible to do something about poverty and welfare reform, yet we're going about it with the worst possible attitude. The very success of New Jersey's post-war suburbanization has fueled what some pollsters call the Drawbridge Mentality—the mindset of people who find their castle and pull up the drawbridge on everybody and everything else. And who in suburbia actually lives near someone in poverty or on welfare? C'mon, I mean really knows them. By face. By name.

I do. I was one of them. So I've always been aware of poverty slights, and they're on the increase. I've cringed at a "progressive" suggestion by a prominent New Jersey business leader who told me he wants to help the poor "get off their asses." As if these people wake up every morning looking for ways to make themselves poorer. Or the Democratic politician who was trying to rationalize reforming welfare by not extending benefits to additional children of welfare mothers. As if the child had a choice of mother and neighborhood.

As someone who has lived at the extreme ends of the economic spectrum in New Jersey, I know firsthand the frightening reality of life in poverty. I grew up on welfare, in a well-off town in Bergen County, one of the wealthiest counties in the state. I worked my way up through the ranks of New Jersey's largest newspaper, covering every county and the statehouse in Trenton, and eventually I became the paper's Washington bureau chief. Later, I was a television reporter for New Jersey Network, and I was the spokesman for one of our United States senators. I am now the president and an owner of a multimillion dollar company.

I point this out only to emphasize that I cobbled together a professional life after starting out poor—and on welfare—in New Jersey. And now, a day hardly goes by without a personal incident or a public headline reminding me how we're making it harder in New Jersey for the disadvantaged to follow a similar path of opportunity. And that upsets me.

Several months ago, I was at Menlo Park Mall conducting voter interviews with a camera team for a weekly political commentary I do for NJN. Person after person in these opulent surroundings railed against big government. The phrase "welfare cheats" was usually the caboose on their long trains of lament, mostly about the economy.

As I stood before them, I reverted to a habit I've had since poverty. I looked at the shoes of the people I was talking to. Why? Probably because my four brothers and I thought good shoes were the province of "rich people." Our "school shoes" were worn only to school and Mass, and they had to last until they literally disintegrated on our feet. I can still recall going into town to a business that had an industrial staple gun, so I could either secure the flapping soles or repatch the holes with wads of oilcloth stapled from the inside so no one would notice.

Instinctively, my gaze fell upon the shoes of the people complaining about things being so bad economically in New Jersey. Without exception, they were wearing designer shoes—those kinds of sneakers that salespeople bring to you so delicately you'd think they were explosives, or those spiffy Rockport walking shoes. I was so amazed by those walking shoes that I was compelled to go into a shoe store and price them. One hundred and twenty dollars! On sale!

With those kinds of shoes on their feet, they're feeling that much anger? I thought. And about the economy? They're not complaining about what they don't have. They're complaining that they don't have enough. Has poverty become so trivialized that the New Downtrodden are those who can't afford Rockports?

Unfortunately, it looks like it. I only wish that some of these people could have learned the lessons of poverty the way I did—through experience. Like the time I couldn't tell my teacher I didn't have $1.50 for a science magazine subscription because I'd be revealing that I was on welfare in a rich town. Instead, I always said I forgot the money. He marked me up as a wise-guy deportment case, which helped drive my grades down.

Some teachers ridiculed my scraggly shoes in front of classmates, unthinkingly viewing them as an issue of cleanliness rather than pennilessness.

On one free field trip (I stayed behind in study hall for the paid ones), I borrowed a camera from a classmate on the bus to take a picture of some mundane highway bridge that crossed the Passaic River, about ten miles from home. They all had a riotous laugh when they found out I'd never been this far from home because we never had a car.

And, yes, we were forced to "cheat" on welfare, too. The "welfare lady" visited the house at pre-arranged times to make sure we weren't buying things that would indicate alternative incomes of some kind. That would be cheating the taxpayer. I had to hide any evidence of the prosperity I was enjoying form my paper route—even the household essentials we bought with the money I earned. My brothers' bikes, bought second-hand, had to be hidden before the visits.

What got us into this predicament? My father lost his job. Does it become a more acceptable welfare story when I say it was because he contracted terminal lung cancer and took six years to die? As opposed to being a victim of economic cancer?

I won't insult victims of poverty or families on welfare by fully equating my time on welfare, or being poor and white in suburbia in the sixties, with the problems they are facing now. The problems now are worse, meaner. And bleaker.

From my experience, and in discussions with people who lived or live in similar circumstances, there is one profound misunderstanding that policymakers and the public have about poverty: You do not choose it; by and large, it chooses you.

The Democratic party meant to do well when it stitched together the welfare safety net during the Depression. And welfare worked well enough for a while. But as time passed, we didn't have the political common sense to stop sewing when it wasn't working well enough. We do need to come up with something else.

But the latest plan being bandied about, the Contract With America welfare-reform proposal, really boils down to turning the program back to the states with guidelines about cutting off benefits to the needy tomorrow, while declaring victory today. The reason that this reform plan won't work is that you can cut spending all you want, but the same mothers and children will have the same food and sheltering needs at roughly the same cost come the end of the day—no matter how you cook the books or serve the baloney. And, yes, there will always be some lumpen layabouts or drug-fried fools who will rip off the system for dollars at the margins, get all the headlines, and jump-start another sorry cycle of retribution against the truly poor and needy.

Part of the problem is that Congress, and state legislatures, are overstocked with affluent lawyers, professionals, and full-time politicians who are more than able and willing to impart their professional experiences on tort reform, health care, or the next day's news cycle. I know it's not fair, but I've seen what these politicians drive to work and leave in the parking lots outside the Congress and the state capital. Nobody's holding the mufflers of those cars together with hanger wire, I can assure you.

All of this seems so fresh, so important to me, because I know that welfare made it possible for me to go as far as I have. I still have my family's welfare application, signed by both my parents, for my sons to see. I tell them to remember it's nothing to be ashamed about. To the contrary, it was a safety net that scooped up seven people from our family, and the investment in us let us re-invest our lives—and our taxes—in America.

The shame would come from not extending our hands to someone else. But the real shame is that that could become a minority view in a state like New Jersey.●

SALUTE TO MARY MOORMAN RYAN CALDWELL AND ANN HARDIN GRIMES

● Mr. FRIST. Mr. President, the last 2 weeks have been filled with triumphs and struggles for United States athletes competing in the Centennial Olympics in Atlanta. We have all watched and waited with baited breath for official scores and times to be posted and medals to be awarded. The Olympic spirit—brought to the United States through our athletes and the host city of Atlanta—has spread throughout the Nation.

I rise today to recognize two great American swimmers from another Olympic time, whose Olympic ideals and spirit shone brightly even during the darkest days of modern Olympic history. Mary Moorman Ryan Caldwell and Ann Hardin Grimes qualified for the American Women's Swim Team to participate in the 1940 Olympics in Helsinki, Finland. Scheduled to be held from July 20 through August 4, the Games were canceled because Nazi Germany occupied all of Western Europe and the Soviet Union invaded Finland.

Mary and Ann swam the three-mile, the one-mile and the 880-yard races to qualify for the team and would have represented the United States in the 880-yard and 440-yard swimming freestyle races in Helsinki. They had been swimming together in friendly competition at the same club since 1933, and were coached by the same man, Bud Swain. The two 15 year olds from Louisville, Kentucky never got the chance to go for the Olympic gold. But their spirit never faded.

Still good friends today, Ann and Mary attended the Centennial Olympic Games in Atlanta together to cheer the 1996 United States Olympic swim teams to victory. Mr. President, Mary Moorman Ryan Caldwell and Ann Hardin Grimes are true representatives of the Olympic character in this country. Through the years as friends, swimmers, competitors, and Olympians, they have experienced it all—the hardship, the pain, and the disappointment, but most of all the triumph and the glory. I thank them for their contributions to their sport and to the Olympic spirit.●

CRUISE SHIP REVITALIZATION ACT

● Mrs. BOXER. Mr. President, on this, the last day of Senate action before the long August break, I want to speak about a matter of great importance to a key sector of the California economy—the cruise ship industry.

On the first day of the 104th Congress, I introduced legislation, S. 138, to amend a law passed by the 102d Congress that allowed gambling on U.S.-flag cruise ships and allowed States to permit or prohibit gambling on ships involved in intrastate cruises only. Representatives BILBRAY and HARMON introduced identical language in the House. Our bills, titled the California Cruise Ship Revitalization Act, would lift the ban on gaming on cruise ships traveling between consecutive California ports.

The cruise ship bill is now part of the Coast Guard Authorization Act of 1995, S. 1004, which passed the Senate last November. The House has passed its version of the Coast Guard Act with an identical California cruise ship provision. However, controversy over other provisions attached to the Coast Guard bill in the House delayed the appointment of conferees and now threatens to sink the entire bill.

The Coast Guard Revitalization Act has strong bipartisan support and no opposition. Only the State of California would be affected, and the California State Legislature has approved a joint resolution in favor of this bill.

The bill corrects a problem that occurred when California took advantage of a 1992 amendment to the Johnson Act that permitted States to prohibit gambling on intrastate cruises, the infamous "cruises to nowhere." Unfortunately, California's law was drafted in such a way that it also prohibited ships on international cruises from making multiple ports of call within the state.

My bill simply amends the Johnson Act to exclude State regulation of gaming aboard vessels so long as the ship's itinerary is an international cruise.

This bill is essential to restoring California's cruise ship industry, which has lost hundreds of jobs and more than $300 million in tourist revenue since the 1992 law was enacted. Many cruise ship companies have bypassed second and third ports of call within California. Ships that used to call at Catalina and San Diego after departing Los Angeles en route to Mexico no longer make those interim stops. According to the Port of San Diego, that port alone has lost $90 million in economic impact, hundreds of jobs, and over 400 cruise ship calls—more than two-thirds of the port's cruise ship business.

Neighboring ports have experienced similar losses. In Los Angeles, the estimated loss of port revenue through 1995 was $3 million. Beyond the port, the economic impact to the city amounted to $14 million in tourism and $26 million in retail sales. The total impact estimated by the Port of Los Angeles was an estimated $159 million and 2,400 direct and indirect jobs.

The State's share of the global cruise ship business has dropped from 10 to 7 percent at the same time that growth in the cruise ship business overall has climbed 10 percent a year. Our lost market share has gone not to other States but to foreign countries along the Pacific Coast.

For a State still recovering from an economic recession, defense downsizing, and back-to-back natural disasters, a blow to one of our leading industries—tourism—is unfathomable.

The cruise ship industry books its ports of calls well in advance of the season. Therefore, action on this cruise ship provision this fall is crucial to our State if we are going to prevent another season of lost business—lost jobs—to my State.

Mr. President, I want to assure the supporters of the California Cruise Ship Revitalization Act that I will continue to press for final enactment of this legislation. When the Congress returns next month I will do everything in my power to ensure that we do not lose another year without this correction in law.•

TRIBUTE TO THE BOSTON AIR ROUTE TRAFFIC CONTROL CENTER IN NASHUA FOR WINNING THE NATIONAL EN ROUTE FACILITY OF THE YEAR AWARD

• Mr. SMITH. Mr. President, I rise today to pay tribute to the Boston Air Route Traffic Control Center [ARTCC] in Nashua, NH. The Boston ARTCC won the National En Route Facility of the Year Award, for which I offer my warmest congratulations. This is certainly an accomplishment of which they should be very proud and I salute them for their achievement.

The National En Route Facility of the Year Award is presented annually to an Air Route Traffic Control Center which has made a significant contribution to the National Air Traffic Control System. The Boston ARTCC provides air traffic control service to commercial, military, and private aircraft in all of New England and most of New York State. This facility is 1 of 20 ARTCC facilities throughout the continental U.S., along with 3 in Honolulu, Guam, and San Juan.

The Boston ARTCC is responsible for handling flights from all six New England States, eastern New York State, extreme northeastern Pennsylvania, and coastal waters to 6700 west longitude. This is an enormous area, amounting to an area of 125,000 square miles. Within this impressive area, there are 30 positions of operation and the Boston ARTCC coordinates with 7 other centers from Montreal to Washington. Each year, the Boston ARTCC performs 1,620,000 operations in this region. Their facility operates with 290 active controllers, 12 controller trainees, 62 support staff, and 95 technicians. With extensive radar systems, radio facilities, a high tech computer system and enough telephone equipment to serve a city of 10,000 people, the Boston ARTCC is a model of efficiency.

Centers like the Boston ARTCC are becoming vital to our country's infrastructure with ever increasing air traffic. With a center like this running so efficiently, we can rest easier and know that flights to and from the east coast are safe and on time. Excellence and dedication like theirs deserves to be recognized and applauded. I am proud to commend the Boston ARTCC, the many air travelers in New Hampshire join me in wishing them congratulations and best wishes.•

RECYCLING TRANSACTIONS UNDER SUPERFUND

• Mr. AKAKA. Mr. President, I want to express my support for S. 607, a bill to clarify the liability of certain recycling transactions under the Superfund law. This legislation clarifies the Superfund Act to ensure that the product of scrap recycling is not subject to Superfund liability if certain standards are met.

S. 607 does not exempt from Superfund liability recyclers who operate contaminated facilities. Nor does it exempt from Superfund contamination caused in whole or in part by waste generated during the course of processing recycled materials.

My support for this legislation is not unconditional, however. During a review of this legislation I have identified a serious flaw in S. 607, as introduced. The language that appears in section 127(b)(2)(E) is drafted in a way that would, I believe, achieve exactly the opposite result that the bill's sponsor intends.

After discussing this issue with industry and environmental groups, I have concluded that the best thing to do is support the bill and work to correct the error in the legislation. I have received assurances by the industry supporters of this legislation that they will not allow this error to stand, and will work to have the problem corrected. I will join with them in this effort.•

READY FOR THE WORLD

• Mrs. KASSEBAUM. Mr. President, the Honorable Edward W. Brooke, our distinguished former colleague from Massachusetts, recently delivered an outstanding speech entitled "Ready for the World" at the First Alpha Scholarship Forum in New Orleans. His remarks were befitting of the inaugural Charles H. Wesley Memorial Lecture.

Mr. President, I trust that our colleagues will benefit from Senator Brooke's thoughtful remarks as I have, and I ask that the text of his speech be printed in the CONGRESSIONAL RECORD.

The speech follows:

READY FOR THE WORLD

(By Brother Edward W. Brooke)

1. WESLEY'S EXAMPLE AND LEGACY

Dear Brothers and guests, I cannot tell you how privileged, honored and humbled I feel to have been chosen by our General President, Brother Milton C. Davis, to deliver this First Charles H. Wesley National Lecture. When I was initiated into Alpha Phi Alpha nearly six decades ago, Dr. Wesley was our General President. I came to love him and admire him. He was my brother, my leader, my teacher and my friend. I have never stopped trying to follow his example and, God willing, I never shall.

Let me take a few minutes to remind all of you just who Brother Dr. Charles H. Wesley was and why his is a name, and why his was a life, that you should always remember.

Brother Dr. Wesley was born nearly 105 years ago and lived some 95 years. He graduated from Fisk, where he had been a star student, athlete and singer, and entered graduate school at Yale at age 19. He was the fourth African American to earn a Ph.D. at Harvard. He traveled and studied in Europe. He taught history at Howard University and rose through the ranks to become Dean of Liberal Arts and Dean of the Graduate School. As a scholar, he published 12 books and 125 articles. He served as president of Wilberforce College and of Central State University in Ohio. He was an ordained minister in the African Methodist Episcopal Church. He wrote the history of our fraternity and served as its General President for nine critical years between 1931 and 1940. He served as president of the Association for the Study of Afro-American Life and History for 15 years.

But, in his own words, he gave his best to Alpha. And we should be thankful that he did.

There is more to know about Brother Wesley, however.

First, he was a loving and caring husband and father.

Second, despite his considerable talents and accomplishments, there was no arrogance about him. If at times he was first of all, he was, nevertheless, always a servant of all. "One's attainments," he said, "can serve as object lessons for others. There is no need to draw attention to them."

Third, he believed, correctly, that notions of racial superiority and inferiority explain very little, if anything, in human history.

Fourth, instead of talking about what America owed black people, he talked about what America owes itself and all of its people, and about what black people owe themselves.

Fifth, his interests and his horizons were never limited by the waters which separate North America from the rest of the world. His concern and his love were for all mankind.

Sixth, he made the nurturing of young people an integral part of his life.

And, to his everlasting credit, he never turned a deaf ear to any call to duty.

So perhaps you can understand why I feel compelled to say today that Brother Dr. Charles H. Wesley—scholar, athlete, teacher, musician, preacher; and Alpha man—was as American as they come. He knew the truth of that, even if most Americans didn't. And instead of giving up on, or giving in to, Americans who would deny his Americanness, he stood up for America and worked as hard as he could to make America own up to what it says it stands for.

With the kindness and courtesy of Dr. Wesley's accomplished daughter, Mrs. Charlotte Wesley Holloman, I have been privileged to read some of Brother Wesley's papers and original drafts of speeches. In the one which he delivered in Charleston, South Carolina, in 1977—the 201st year of American independence and the 71st year of alpha history—I found a message which gives meaningful insight into Charles H. Wesley, the man and philosopher. And I want you the hear his thoughts and his words as he delivered them to Alpha men there assembled. He said:

"It has become very necessary that thinking should be used in all our individual endeavors, for it is one of the powerful forces operating in our lives. America was built by its thinkers both in 1776 and subsequently as a great nation in 1976, and the method of this achievement and our own have been indicated very cogently in his familiar statement:

Back of the hammers beating,
By which the steel is wrought
Back of the workshop's clamor
The seeker may find the thought.

The thought that ever is master
Of iron, of steam and steel
That rises above disaster
And tramples it under its heel.

Back of the motor's humming
Back of the cranes that swing
Back of the hammers drumming
Back of the belts that sing.

There is an eye that scans them
Watching through stress and through strain
There is a mind that plans them
Back of the brawn the brain.

"In the long run," Brother Wesley continued, "whether it is in 1776 of 1976, the world is in the keeping of its idealists. . . . It is in the hands of men and women who with revolutionary impatience walk the lanes of the villages, with their feet on the ground opposing unjust laws with a song on their lips and with their hearts in the stars. . . . Such a one is never defeated until he gives up within. . . ."

This is Brother Wesley's legacy and our inheritance. Our duty today is to pick up where he left off and to stay the course in to the next century and the next millennium.

2. THE MOMENT

There could hardly be a more appropriate moment than this one—with the dusk of the twentieth century descending upon the global village and the dawn of the Third Millennium hovering somewhere just beyond the horizon—to pause and consider the state of this world and our place and our possibilities in it. Regrettably, both the world and our place in it are in many respects in a perilous state.

Our is called a new age. The Cold War is over. The Soviet Union no longer exists. Totalitarianism, Marxism and socialism are in full retreat. Capitalism, democracy and freedom are everywhere the rage.

Feedom is something about which we African Americans know a great deal. We know what it's like to be deprived of it, to hunger and thirst for it, to fight and die for it, even though the Creator never intended for men and women to be either slaves or masters. As the 18th century English poet William Cowper wrote:

They found them slaves: But who that title
gave?
The God of Nature never formed a slave!
Though pride or force may acquire a master's name
Nature and justice must remain the same;
Nature imparts upon whate'er we see
That has a heart and life in it—be free!

And so, here in the age of freedom and democracy, we ought—all things being equal—to be dancing in the streets and on the crumbling walls of political, economic and cultural oppression.

But, for many, things seem to have gone terribly awry; everything new seems old again. In so many places and situations, we and many of our brothers and sisters in the human race find ourselves in an all-too-familiar situation: marginalized—excluded from the fun if not the games; victimized by poverty, politics, disease, famine, war, corruption, indifference, malign neglect and outright bigotry.

Major challenges confront us. But, as we know, challenges offer opportunities. And so there are, today, even in our relatively small sector of this world, abundant opportunities for us to demonstrate not just our loyalty and devotion to our country but also, as all Alphas are sworn, our love for all mankind.

So let us not fail to find inspiration in the many beacons of hope in the world and in our country. In South Africa, President Mandela and the African National Congress have not only taken command of the ship of state; they have skillfully guided it toward the open seas where the economic and social possibilities seem limitless.

Even in poor Haiti hope is alive. And here in the United States, a million black men, including many Alpha brothers, marched in support of individual and parental responsibility.

Nor should we fail to recognize our dear sister, the highly motivated Marian Wright Edelman, who only recently led her own march on Washington on behalf of this nation's children, and who has made it clear that she will never stop fighting for our young people—black, brown, yellow, red or white—who, after all, our most precious natural resource and the link between our past and our future.

3. AMERICA'S MISSIONS

Of course, the United States has its troubles; but is still a special and sometimes wondrous place. Over the centuries many people have believed, and many still believe today, that Almighty God provided for the establishment of the United States—a new nation in a new world—to give man and woman an opportunity nearly unique in history to experience, and on the basis of that experience to cherish, peace, freedom, justice and brotherhood on Earth.

So far, that vision—whether it is God's or man's, whether it is legitimate or not—has not been fully realized. America has not yet lived up to its promise. But if we take the long view of history, we can see that the United States has served for more than two centuries as a shining example to many millions of people around the world, and has grappled successfully with certain enormous challenges both at home and abroad.

In the 19th century, for example, Americans had no choice but to decide once and for all whether human slavery had a legitimate place in the Republic. In 1858, Abraham Lincoln said, "A house divided against itself cannot endure permanently, half slave and half free * * * I expect it will cease to be divided. It will," he said, "become all one thing, or all the other." And after a terribly bloody and destructive civil war, the United States emerged as a country in which slavery had no place—even if, tragically, de jure as well as de facto racism did.

Freed from the albatross of slavery, the United States enjoyed in the last quarter of the 19th century rapid economic growth and political as well as economic expansion into the larger world. And before long it became impossible for America's leaders to continue to heed George Washington's advice to avoid foreign entanglements. Indeed, by 1916, the midpoint of the First World War, it could no longer be argued that American security and freedom were somehow separate from western Europe's. As he dispatched American forces to the war "over there," President Woodrow Wilson spoke of the imperative to make the world, not just the United States, safe from would-be global emperors. At no time since then has this country been able to remain aloof from international politics without exposing itself, not to mention its brothers, cousins and friends, to powerful and sometimes ruthless antagonists who wish them, and us, ill.

This reality became indisputable when, during our isolationist period, would-be emperors of the world came into power in Germany, Italy and Japan and undertook to conquer, subjugate or intimidate those who dared to resist them. Only massive and sustained, if somewhat belated, intervention by the United States prevented those tyrants from achieving most if not all of their aims.

After the Second World War, yet another imperial threat emerged in the form of our former ally against the Axis powers, namely Josef Stalin's Soviet Union. I need not recount here today the details of the half-century-long Cold War fought by American presidents from Truman to Reagan. But I must say that prevailing in that struggle, as well as the Second and First World Wars, was indeed an essential component of America's mission in the 20th century. And to all those—and I am proud to be one of them—whose efforts and sacrifices made it possible for us to live in a world over which no would-be emperor's shadow falls, we should be thankful.

As you recall, there was another tyrant who was overthrown during this century. He went by the name of Jim Crow. And under his authority millions of African Americans, and many white Americans, were deprived of their most basic civil and human rights. But since 1954 segregation has been illegal in America. And to all those whose efforts and sacrifices made it possible for us to live in a land in which no "whites only" sign can legally be erected, we should be thankful.

Now, I do not want to give the impression that I believe for a moment that all of the national and international atrocities served up by the 19th and 20th centuries have been completely or even satisfactorily eliminated. I do not, and you should not.

However, some of the most horrendous of them have been, and for that we should be thankful.

We know, of course that the 21st century will serve up horrors of its own; and although we are confident that good and capable men and women will rise up to grapple with them, we can afford to be neither complacent nor mentally unprepared. Quite the contrary; we should, and must, be alert; we must be ready for the world. And that means having principles, if not a plan, to guide us.

I believe we need look no further for ideals upon which to base our actions than the precepts of our fraternity and the examples set by Brother Wesley and so many other distinguished Alpha men over these last ninety years. I refer specifically to manly deeds, scholarship and, especially, love for all mankind, with special emphasis on "all." It was Brother Martin Luther King, Jr.'s dream that one day this nation would rise up and live out the true meaning of its creed—"that all men are created equal". And, lest we be tempted to reserve our love only for those who are easy to love, let us not forget that Jesus Christ said, "Inasmuch as ye have done it unto one of the least of these my brethren, ye have done it unto me."

4. WHAT YOU CAN DO AND WHERE YOU CAN START

Just as we do not have to look any farther than to our beloved and renowned Alpha to find precepts and principles on which to base our actions, neither, unfortunately, do we have to look any farther than down the street or across town to find tragic conditions that cry out for human attention, ingenuity and love. but on top of that, television and the other mass media bring into our homes on a daily basis stories of untold suffering and dehumanization—much of it done to, and even by, people of color. These stories tug at our heartstrings and, too, cry out for human attention, ingenuity and love.

Caught between the local and the global, between what's happening over there and what's happening over here, we may be tempted to focus on one and ignore the other, or simply to pretend to see neither. But I believe, and I pray that you will come to share my belief—if you don't already—that there is only one race, only one place, and only one God who made them both. I pray, too, that if you do come to share my belief, then you will accept, if you have not already accepted, some measure of responsibility, no matter how small, for bringing to bear, on the afflictions which burden humankind and our planetary home, whatever attention, ingenuity and love you can muster.

Now, some of you may be wondering what you can do and where you can start. The best answer is that you should do what you feel you reasonably can, given your talents and resources; and you should start wherever your interests and your concern lead you.

Allow me, if you will, to share with you some of my thoughts about some of the issues that the American people and our government, among others around the world, should be thinking about and acting on.

It seems to me that we face three kinds of problems: Those that are traceable to, and best addressed by, individuals in their personal, family and community lives; Those that are traceable to, and best addressed, by private industry; and Those that are traceable to, and best addressed by, governments.

Concerning problems which I think of as being attributable and amenable mainly to the action or the inaction of individuals in their personal, family and community lives, Ten Deadly Sins, as I have labeled them, come to mine.

First, there is child abuse in all its forms, including neglect and physical, psychological and sexual abuse;

Second, there is the abuse and misuse of alcohol and other drugs, both legal and illegal;

Third, there is domestic violence, which takes place behind the closed doors of too many homes;

Fourth, there is gang violence, often related to the marketing of illegal drugs. Let me say that I include in my definition of gang violence the illegal hazing of young men who are pledges of our fraternity and quite a few others in these United States.

Fifth, there is the epidemic of teen pregnancy or premature parenthood, which obviously involves young men as well as young girls and young women;

Sixth, there is prejudice and discrimination, often accompanied by hate crimes, against our fellow men and women because of their race, creed, color, national origin or sexual orientation. In this regard, we must condemn unequivocally the cowardly and dastardly burning of African American and other churches. We must condemn hate crimes against Jewish people, their places of worship and their cemeteries. we must condemn hate crimes against homosexuals, which include assault, battery and even murder. and we must condemn the tendency of white America to blame either black men or people of Middle Eastern heritage for nearly every criminal or terrorist event in this country.

Seventh, and along the same line, there is the unforgivably unfair and costly tradition of subordinating the welfare of women and girls to that of men and boys. This is unacceptable in all its aspects, though especially so when girls' minds are neglected or their bodies mutilated, and when women are prohibited by government from exercising their right to terminate legally, safely and affordably an unwanted or health- and life-threatening pregnancy;

Eighth, there are the many unhealthy behaviors in which so many of us engage. I refer specifically to smoking, chewing tobacco, the overconsumption of food—especially foods with high fat, salt and calorie content. And perhaps most important in this age of AIDS, the highly irresponsible practice of unsafe sex by adults and teenagers who know, or ought to know, better.

Ninth, there is the regrettable and ominous mixture of apathy, cynicism and disrespect for law, government and politics;

And tenth, there is the stifling isolationism which has overtaken so many individuals, families and communities. I refer to our growing lack of interest in people, places and issues with whom and with which we may not have everyday contact. It is right to be worried about average Americans' lack of interest, and even hostility, toward foreign people and places. But we should be downright alarmed about average Americans' lack of interest in, and interaction with, their neighbors and fellow citizens.

Next, let us consider problems which are traceable mainly to, and best addressed by, the private sector in this country and in others. But before I focus on troubling aspects of contemporary private enterprise, let me make at least two things clear: First, the private sector is not an enemy of whom we should wish to be rid; in fact, because the private sector is the principal source of employment, innovation, growth and progress, we should, and do, want it to grow and prosper Second, many companies, large and small, are models of corporate social responsibility. You don't have to be a Republican or a conservative to acknowledge this fact and give credit where it's due. The President did it a few weeks ago when he invited some of the more praiseworthy companies to send representatives to Washington and tell their stories to the country and the world.

Now, concerning private sector problems to be addressed, I have five in mind.

One—and for me the most important one today—is the problem of the violent images and antisocial ideas disseminated so broadly by the media and the entertainment industry, especially through movies, television shows and certain kinds of music. I don't necessarily advocate more regulation at this time, but the entertainment industry has to show allegiance to some moral principle other than "give them whatever they want, so long as it sells."

A second problem, similar to the first, is the lack of corporate social responsibility demonstrated by companies and industries which target advertising for alcohol, tobacco and games of chance at the most vulnerable segments of society, namely children and poor people.

A third important problem is the widely varying performance of companies and industries, especially in the United States, with respect to equal employment and affirmative action for women and underrepresented minorities. It is unacceptable that a person is subject to harassment or denial of a job or promotion because of physical traits or beliefs.

A fourth is the insensitivity of some large corporations to the genuine human needs and just deserts of their employees and communities. It doesn't seem unreasonable that a corporation can be compassionate and commercially viable at the same time. But it does seem unreasonable that a corporation can be in a community but not of it.

And, fifth, is the problems of corporate respect for this planet and for its wondrous ecological systems. One would expect businesspeople to know that there is a relationship between nature and the economy, even if, sadly, their knowledge is based solely on pragmatism. The overfishing of our oceans, for example, isn't just a crime against Mother Earth; it puts thousands of people out of work.

I come now to my third set of concerns, namely problems which are traceable to, or at least best addressed by, governments around the world.

Our federal government, and other national governments, face both inward and outward as they strive, we hope, to promote the general welfare, insure domestic tranquility, provide for the common defense and help secure, for any one who hungers for them, the same blessings of liberty and justice that we ourselves seek and sometimes enjoy.

Even if some Americans don't think so, there still are some things that our federal government, and national governments in developed and developing countries ought to be doing, or doing better, to improve conditions in their own societies. Several things come to mind.

First, government can do a much better job of educating young people. No nation that fails to educate its children will have much of a present or a future.

Second, government can do a much better job of insuring that as many people as possible, especially children, have the best health care that a society can reasonably provide.

Third, government can do a much better job of insuring employment and decent and affordable housing for low and moderate income people.

Fourth, government can do a much better job of making our streets, neighborhoods and commercial districts safe for everyone, not just the wealthy and the politically influential.

Fifth, government can do a much better job of taking responsibility for protecting our natural environment and preserving it for future generations as a cultural and economic resource. Let me elaborate just a bit. When I say environment I don't mean just protecting the ecology from destructive people; I also mean protecting people from environments that are unhealthy because the air is dirty, toxic wastes have been dumped there, or the water is unsafe for human consumption.

Sixth, governments can do a much better job of governing. Too often, governments and the people who run them conduct themselves in ways that a are highly deficient when it comes to honor, morality and integrity. They should be on notice that their people's patience has its limits and that they should either conform, reform or perform, or else expect to be informed that their time in office has expired.

Now, as I said earlier, governments face not only inward but outward, toward other government. And there are some things that outward-looking and forward-looking governments ought to be doing or doing better. I label these Ten Expressions of Love for Humankind.

One is to take effective steps to head off interstate and intrastate armed conflict.

A second is to take effective steps to stop any fighting or killing if prevention should fail.

A third is to prohibit, in law and in fact, ethnic cleansing, or anything that resembles it.

A fourth is to come to the aid of people displaced by conflict or natural disasters.

A fifth is to find ways to make war—if it is inevitable,and I pray that it isn't—less lethal, especially for innocent civilians during and after violent episodes. One of the great tragedies of our time is the killing and maiming of unsuspecting children, mothers an fathers by landmines encountered in their perfectly legitimate and innocent daily life.

A sixth thing that government ought to be doing better is coming to the aid of people and nations who have overthrown, or want to overthrow, tyranny and are likely to choose the path of democracy, freedom and tolerance.

A seventh is to treat the international AIDS epidemic more seriously. No person of any ethnicity should be indifferent to the fact that African American men have been harder hit by the virus than other groups of Americans, or that HIV and AIDS infection rates in Africa, where some 14 million men, women and children have contracted the virus, are the highest in the world and still rising. Nor should anyone fail to be greatly concerned that the AIDS epidemic has become established in the Caribbean and especially in Asia, where its explosive infection rate will soon overtake Africa's.

An eighth is to work harder to insure that the world economy operates fairly and justly for all nations, not just a fortunate few. As we race ahead toward the high-tech information economy of the twenty-first century, let us consider how we might bring up to 20th century living standards the three billion or so of the world's people left behind in 18th and 19th century conditions.

A ninth is to build on the work begun four summers ago at the United Nations Conference on Environment and Development by following though on national and international commitments and agreements to address critical environmental problems.

And the tenth is to work harder to make the United Nations the place where all nations meet not just to talk—which is valuable, of course—but also to resolve conflicts peacefully and work together to elimiante the problems which threaten all, many or some of our fellow human beings.

5. CONCLUSION

Brothers, three years ago, when I spoke to many of you here in New Orleans at the 87th Anniversary General Convention, I said: "We have, and will always have, a further contribution to make, a place to fill, a work to perform." I suspect that the litany of concerns which I have just sumamrized—most of them not only serious but painfully complex as well—will serve to confirm the continuing truth of that statement. And although this reality is in many ways a said commentary on the state of the nation and the world, it should also serve as a reminder of why we as men of Alpha Phi Alpha are needed more and more in the community, in the nation, and in the world.

My Brothers, I call on each of you—as Americans, as Americans of African Heritage, and as children of God, sent by Him to dwell temporarily on this Earth—to do whatever you can to improve the quality of life on this planet.

You don't have to be a politician; you don't have to be a diplomat; you don't have to be a general or an admiral; nor a scholar or a preacher. All you have to be is someone who cares abut his family, his community, his environment and his fellow human beings, wherever they may be, whatever their language, whatever their religion, and whatever the color of their skin.

I think the great 19th Century American philosopher and poet, Ralph Waldo Emerson, put it best:

So near is grandeur to our dust
So near is God to man
When duty whispers low "thou must"
The Youth replies, "I can!"

My dear Brothers in Alpha, that is the message I bring to you today. That is the message I thank you for listening to. And that is the message in the spirit of Charles Harris Wesley that I ask you to accept an respond to as men worth of being Alphas.

Good luck and godspeed.•

ANTARCTIC SCIENCE, TOURISM, AND CONSERVATION ACT

• Mr. KERRY. Mr. President, I rise today to support final passage of H.R. 3060 as amended by S. 1645, the Antarctic Science, Tourism, and Conservation Act of 1996, which I introduced earlier this year. This legislation will enable the United States to implement the Protocol on Environmental Protection to the Antarctic Treaty. The Protocol was negotiated by the parties of the Antarctic Treaty System and signed in October, 1991. The Senate gave its advice and consent to the Protocol on October 7, 1992. In August 1993, I introduced the precursor to this bill and the Senate Commerce Committee reported it to the full Senate in early 1994. Unfortunately, continuing disagreements among scientists, conservation groups, and the Administration about the legislative changes needed for the United States to carry out its responsibilities under the Protocol prevented further action on that bill. Passage of this bill today brings to a close a long, arduous process in which all of the parties mentioned above have finally reached agreement.

The bill Senator HOLLINGS and I introduced is supported by all the parties engaged in this somewhat lengthy, but ultimately successful, consensus-building process. The Commerce Committee held a hearing on S. 1645 in June and ordered the bill to be favorably reported. During committee consideration of the bill, members agreed to work with Senator STEVENS on a floor amendment addressing polar research and policy. That amendment offered today to S. 1645 requires the National Science Foundation to report to Congress on the use and amounts of funding provided for Federal polar research programs. There is no opposition to this amendment.

Mr. President, S. 1645 builds on the existing U.S. regulatory framework provided in the Antarctic Conservation Act to implement the Protocol and to balance two important goals. The first goal is to conserve and protect the Antarctic environment and resources. The second is to minimize interference with scientific research. S. 1645 amends the Antarctic Conservation Act to make existing provisions governing U.S. research activities consistent with the requirements of the Protocol. As under current law, the Director of the National Scientific Foundation (NSF), would remain the lead agency in managing the Antarctic science program and in issuing regulations and research permits. In addition, the bill calls for comprehensive assessment and monitoring of the effects of both governmental and nongovernmental activities on the fragile Antarctic ecosystem. It also would continue indefinitely a ban on Antarctic mineral resource activities. Finally, S. 1645 amends the Act to Prevent Pollution from Ships to implement provisions of the Protocol relating to protection of marine resources.

As one of the founders of the Antarctic Treaty System, the United States has an obligation to enact strong implementing legislation, and is long overdue in completing ratification of the Protocol.

In closing, Mr. President, I would like to thank Senator HOLLINGS for all of his assistance in getting agreement on this legislation. The House passed similar legislation, H.R. 3060, by a vote of 352–4 in June. I urge my colleagues' support for final passage of the Antarctic Science, Tourism, and Conservation Act of 1996.•

HENRY A. WALLACE

• Mr. HARKIN. Mr. President, I would like to take this opportunity to bring to the attention of the Senate a notable speech by one of our colleagues, and one of my fellow Iowans, Senator John C. Culver. The subject of Senator Culver's speech is that of another prominent Iowan, Henry A. Wallace. Both these men embody the wisdom and insight of the residents of the great State of Iowa.

Senator Culver's distinguished speech, given March 14 at the Carnegie Institution of Washington, marked the inaugural of the Henry A. Wallace Annual Lecture. Sponsored by a research center named after Henry A. Wallace, the annual lecture will address agricultural science, technology, and public policy. Senator Culver's speech, entitled "Seeds and Science: Henry A. Wallace on Agriculture and Human Progress," held listeners spellbound as he described the life and times of a pragmatic farmer from Iowa.

As many of you know, Henry A. Wallace served our country in many ways: as a farmer, editor, scientist, Secretary of Agriculture, Secretary of Commerce, and Vice-President. As a farmer, Wallace realized the importance of environmental stewardship. As he once wrote, "The soil is the mother of man and if we forget her, life eventually weakens." While Henry A. Wallace made many contributions to this Nation for which we thank him, it is perhaps Mother Nature who thanks him the most.

I ask that the text of Senator Culver's speech appear in the RECORD.

SEEDS AND SCIENCE: HENRY A. WALLACE ON AGRICULTURE AND HUMAN PROGRESS—GUEST LECTURER: SENATOR JOHN C. CULVER

Sometime in 1933, while he was battling to rescue American agriculture from its greatest crisis, Secretary of Agriculture Henry Agard Wallace was invited to be the featured guest at a swanky party in New York City. It was not the sort of thing Wallace enjoyed. A quiet, cerebral man, Wallace often found such social functions uncomfortable. He wasn't good at flattery or small talk, had no interest in gossip and disdained off-color humor.

Gathered around him that evening was a group of writers, planners, technicians and other members of the New York intelligensia eager to take his measure. Wallace was still something of a mystery to them, as he was to most of the nation. At age 44, he was the youngest member of President Roosevelt's Cabinet. The son and grandson of prominent Iowa Republicans—his father had served in the Harding and Coolidge cabinets—Wallace was still a registered Republican himself. He was, by background, an editor and corn breeder; he had never sought public office and had accepted his current position with considerable reluctance.

Perhaps most intriguing to the people in the room was the depth and breadth of Wallace's intellectual interests. Wallace was not only a geneticist and journalist, he was one of the nation's leading agriculture economists, an authority on statistics and author of the leading text on corn growing. His interests ranged from diet to religion, from weather to monetary policy, from conservation to Native American folklore. Somewhere along the line, he also found time to start the world's first—and still the world's largest and most successful—hybrid seed corn company.

So his small audience had much to ask Wallace about and they peppered him with questions. Finally one of them inquired: "Mr. Wallace, if you had to pick the one quality which you thought most important for a man to have in plant-breeding work, what would it be?" The man settled back to enjoy a long scholarly reply but Wallace's response was brief and startling. Without a moment's hesitation he said: "Sympathy for the plant."

For Wallace, the failure to understand the nature of plants and animals—their structure and purpose, their needs and cycles—was symptomatic of modern man's inability to understand life itself. "When you sweat on the land with a purpose in mind you build character," he wrote. "Watching things grow, whether plant or animal, is all important. One of the wisest of the old Anglo-Saxon sayings is, 'The eye of the master fattens the ox.' How, he wondered, could man grasp the essence of life without taking into account the totality of living things: plants and animals and human beings and the spirit that animates their existence? He later acknowledged that he usually liked plants better than animals, but he appreciated the latter because "they gave [the] manure that nourished the plants."

Wallace had nothing sentimental in mind when he used the expression "sympathy for the plant." Rather, he viewed "sympathy" as an outgrowth of rigorous observation and exacting employment of scientific principles. Throughout his life, beginning at an unusually early age, Wallace placed great store in the value of scientific understanding. By training and temperament, he was an unusually unsentimental man.

About 1904, when Henry Wallace was in his mid-teens, he attended a young farmer's "corn show" and watched as ears of corn were judged by their appearance. The "beauty contest" winners, based on their uniformity, shape, color and size, were deemed to be the superior breeding stock. Professor P.G. Holden, part crusading scientist and part flamboyant showman, was the great evangelist of corn, and he was undoubtedly the best-known corn show judge in the United States. He was also a personal friend of the Wallace family. Young Henry's grandfather, the beloved preacher-journalist known to thousands of midwestern readers as "Uncle Henry" Wallace, had been largely responsible for bringing Holden to his teaching position at Iowa State.

The story of what happened at that corn show was later written by Paul de Kruif, author of a colorful book on the great food scientist called The Hunger Fighters:

Gravely, for the instruction of youth, [Holden] held up a great cylindrical ear that was not so good to his learned eye. "This ear, boys, shows a marked lack of constitution!" cried Holden. "And look at this one for contrast," said he. "Observe its remarkably strong middle!" And such is the folly of teaching—that every boy, hypnotized, could do none other than see what Holden wanted him to see. Solemnly the professor judged and awarded the medal to the very finest ear of all those hundreds of ears of maize, and pronounced it champion.

A mob of disappointed farm boys straggled out of the room. Henry stayed. The professor unbent. "Now young man, if you really want proof that I'm right, why don't you take thirty or so of these prize ears? Then next spring plant them! Plant them, one ear to a row of corn. Then harvest them next fall—and measure the yield of them."

The next spring Henry Wallace took those 33 fine ears, shelled them into separate piles, stuck them under the soil, four kernels to a hill, in 33 rows, one ear to a row, on a little piece of land his father gave him. What he learned from those 33 rows of corn, of course, was that Holden and his corn shows were all wet. The ten ears of corn judged fairest by the good professor were among the poorest yielders in the test, and some of the ugliest ears produced the highest yields. Conventional wisdom or not, Holden's personal friendship with the Wallace family notwithstanding, the scientific experiment showed the appearance of corn had nothing whatever to do with its yield. As Wallace himself put it succinctly: "What's looks to a hog?"

Henry Wallace's first lesson in agricultural experimentation came from his mother, May, a woman endowed with strong religious convictions and a great love of plants. May Wallace taught her young son how to crossbreed pansies, to his great delight. "It happened that in that particular outcome, the flowers were not as pretty as either parent, but I attributed to them unusual value simply because they had been crossed." His mother also frequently said, "Henry, always remember, you are a Wallace and a gentleman." Wallace never forgot.

From his father and grandfather he inherited his first and last names, a tradition of progressive thinking and an intense belief in the value of "a distinctive and satisfying rural civilization" that offered "nothing less than the comforts and the cultural elements of the best city life blended with the individualism and the contact with nature that the country gives." His father and grandfather had founded the family's influential farm journal, Wallaces' Farmer, and summed up their philosophy in six words that appeared on the cover of every issue: "Good farming, clear thinking, right living."

Another important influence on young Henry, as he was called in the family, occurred when he was a very young boy. Wallace had moved with his family to Ames, Iowa, where his father completed his degree at Iowa State and taught for a few years as a professor of dairying. There the shy boy was befriended by one of his father's students, a gangly black man by the name of George Washington Carver, who had been born in slavery. Together this unlikely duo—one who became the nation's greatest secretary of agriculture, and the other who gained international fame as a botanist and chemist—tramped through the woods and fields around Ames exploring nature in intimate detail. Six decades later, it was said, Henry Wallace was still able to impress agrostologists with the minute knowledge of grasses he learned at Carver's feet. His lifelong fondness for grass was later evidenced by a national radio address he made while Secretary of Agriculture entitled "The Strength and Quietness of Grass."

It was Carver, Wallace said, who introduced him to the "mysteries of botany and plant fertilization" and who demonstrated that "superior ability is not the exclusive possession of any one group or class. It may arise anywhere," Wallace noted, "provided men are given the right opportunities." He also learned from Carver an approach to science: "Carver's search for new truth," Wallace later observed, "both as botanist and chemist, was a three-pronged approach involving himself, his problem, and his Maker." He earnestly believed that God was in every plant and rock and tree and in every human being, and that he was obligated not only to be intensely interested but to call on the God in whom he so deeply believed and felt as a creative force all around him. "There is, of course, no scientific way of proving Carver . . . right or wrong," Wallace noted. "But we can safely say," he added, "that if a corn breeder has a real love for his plants and stays close to them in the field, his net result, in the long run, may be a scientific triumph, the source of which will never be revealed in any statistical array of tables and cold figures."

As a boy growing up in Des Moines, there was always available to Wallace a small plot of land on which to experiment and ample encouragement from his family to let his curiosity range free—provided, of course, that he had milked the cows, fed the chickens and completed his other routine chores. As a student at Iowa State he worked on experimental farms operated on the county's "poor farm" and learned first hand that progeny from one ear of open-pollinated corn could yield twice as much as progeny from another ear of corn of the same variety.

Having proved that ability to yield is more important than appearance, he was receptive to the concept of hybrid corn. He carefully followed scientific reports and experiments relating to its development while graduating first in the agricultural class of 1910, at Iowa State College.

Throughout the 1920s, Wallace worked intensely on his own breeding projects and to promote the development and use of hybrid corn. In the early years of that decade, he had been influential in founding the Iowa Corn Yield Contest, which he saw not only as a scientifically valid replacement of the "corn shows," but as a means to demonstrate to farmers the superiority of hybrid corn.

Wallace knew even then that a revolution—his word—was coming to the Corn Belt. It was a revolution which he predicted and, more than any other individual, led. In 1933, six years after he started his own little company to develop and market hybrid seed, only one percent of the corn planted in the midwest was grown from hybrid seed. Ten years later, more than three-fourths of corn grown in the Corn Belt came from hybrids. Today, of course, virtually all commercial corn comes from hybrids. Yields grew from less than 25 bushels an acre in 1931 to 110 or more bushels today. The corn revolution stimulated an agricultural revolution throughout the world and transformed American agriculture from an art to an applied science.

Wallace viewed this revolution not in the raw statistics of yields-per-acre, certainly not in bottom-line sales and profits, but in an intimately personal way. "Every living thing, whether it be plant, animal or human being, has an individuality of its own," he wrote at the height of his corn breeding work. "Some are pleasing, some repulsive, but all are interesting to whosoever tries to understand them. For fifteen years, I have tried to understand corn plants, until now the individuality of corn plants is almost as interesting to me as the personality of animals or human beings."

It has been said that Henry Wallace was the only genius to have served as Secretary of Agriculture. The period 1933 to 1940 was the golden age in the Department's history and the creation of much of the intellectual dynamism of the New Deal. Agricultural programs and policies were enacted which remain the basic framework today. Under Wallace's creative stimulus, soil conservation, to protect what his grandfather called "the voiceless land," was promoted. The ever-normal granary, to ensure against famine, an idea which Wallace derived from reading Confucius and the Bible, was established. These food reserves later proved of critical value in World War II. In addition, the REA, food stamps, the school lunch program, and "food for peace" were all begun.

He was responsible for the Yearbooks of Agriculture in 1936 and 1937, which were the first devoted to agricultural research and plant genetics. He was proud that he had not succumbed during this period to the pressures to have the scientific work of the department reduced. He wrote: "Science, of course, is not like wheat or cotton or automobiles. It cannot be over-produced. It does not come under the law of diminishing utility, which makes each extra unit in the stock of a commodity of less use than the preceding unit. In fact, the latest knowledge is usually the best. Moreover, knowledge grows or dies. It cannot live in cold storage. It is perishable and must be constantly renewed. Static science would not be science long, but a mere junk heap of rotting fragments. Our investment in science would vanish if we did not freshen it constantly and keep training an alert scientific personnel."

Secretary Wallace was also directly involved with the expansion of the Beltsville Agricultural Research Facility. He noted in his diary on April 5, 1940, just prior to the fall of France:

"President Roosevelt was very emphatic about moving the Agricultural Department out of the farm at Arlington [where the Pentagon now sits]. He wanted to bring in the rest of an army battalion and a regiment of cavalry. The President has the War of 1812 in mind and doesn't want some foreign nation to come in and burn up Washington. Perhaps his ideas are sound, although responsible people seemed to be inclined to pooh-pooh them. The President wanted Agriculture to get in touch with the Budget Bureau and the War Department and get prepared to move out at once."

President Roosevelt had developed great respect for Wallace's counsel as a Cabinet member for eight years on a great variety of subjects beyond agricultural policy. He referred to him as "old man common sense," and selected him as his vice presidential candidate in 1940 because, according to Eleanor Roosevelt, he could best carry out Roosevelt's domestic and foreign policy if something should happen to the president.

In December 1940, Wallace, recently elected vice president, was sent to Mexico by President Roosevelt to attend the inauguration of its new president. While there, Wallace, who had learned Spanish a few years before, asked to tour the rural areas and saw the desperate need for better agricultural methods to improve food yields. He was impressed by the prominent role of corn in Mexican agriculture, as well as the reverence the people had for it. Upon his return to the United States, he persuaded the Rockefeller Foundation to establish the first of a series of highly successful international agricultural research centers. The Wallace proposal was timely because the foundation had begun to realize that its global public health programs, while controlling diseases such as hookworm, yellow fever and malaria, might be saving people from disease only to have them experience slow starvation due to inadequate diets. He was also responsible for the establishment of the Institute of Tropical Agriculture in Costa Rica and took an active part in the plans which led to the creation of the Food and Agricultural Organization of the United Nations.

A fellow Iowan, Norman Borlaug, who received the Nobel Prize for his work with the "Green Revolution," once remarked that the award should have gone to Henry Wallace, whose leadership and inspiration was the moving force in these efforts.

Wallace was the first vice president in American history to be given formal executive branch responsibilities as head of the Board of Economic Warfare. This agency was charged with the critical task of obtaining and ensuring the availability of vital raw resources from Latin America and elsewhere after the United States entered World War II.

Wallace, in implementing the procurement contracts with countries from whom materials were obtained, required the commitment that they would in turn provide improved wages and living conditions for the workers. His objective was two-fold: healthy workers would best provide the supplies needed, and, in Wallace's view, such economic and social developments within the society would help advance democracy, ensure better post-war trading opportunities and good relations with the U.S. This approach was vigorously opposed by conservatives within the administration and the U.S. Congress, and the practice was therefore discontinued.

Wallace typically, like his forebears, was concerned not only with the problems of his generation, but also with those of his grandchildren. Painfully mindful of the errors in U.S. policy, which he felt lost the peace following World War I, Wallace, as early as 1941, predicted with typical vision: "The wisdom of our actions in the first three years of peace will determine the course of world history for half a century."

On May 8, 1942, Vice President Wallace delivered his most well known public address entitled "The Price of Free World Victory," but known to millions throughout the world as the "Century of the Common Man" speech.

The speech represented Wallace's effort to inform World War II with a moral purpose: "This is a fight between a slave world and a free world," he declared, "and the free world must prevail." His remarks, however, went far beyond a call for the defeat of Germany and Japan. Wallace saw the war as a struggle against oppression everywhere. "Victory for the allies," he said, "must lift the men and women of all nations from the bonds of military, political and economic tyranny." In short, Wallace envisioned a worldwide revolution against the old order.

"Some have spoken of the 'American Century,'" he said, referring to an earlier address by Henry Luce of Time Magazine. "I say that the century on which we are entering—the century which will come out of this war—can and must be the century of the common man." In Wallace's mind the postwar situation should be a world free from want and deprivation in which nations traded freely and where lawful international order superseded national militarism. Wallace wrote:

"When a political system fails to give large numbers of men the freedom it has promised, then they are willing to hand over their destiny to another political system. When the existing machinery of peace fails to give them any hope of national prosperity or national dignity, they are ready to try the hazard of war. When education fails to teach them the true nature of things, they will believe fantastic tales of devils and magic. When their normal life fails to give them anything but monotony and drabness, they are easily led to express themselves in unhealthy or cruel ways, as by mob violence. And when science fails to furnish effective leadership, men will exalt demagogues and science will have to bow down to them or keep silent."

Wallace preached that Americans must be prepared to support decolonization, international demilitarization and economic cooperation if victory was to have any true meaning. He was, however, frequently frustrated in these objectives. The voice of the common man, he complained in his diary, was not heard by the powerful elitists who ran foreign affairs. "So long as the foreign affairs of the U.S. are allowed to be controlled as the sacrosanct preserve of one social class only, the weight of this country will continue to be thrown on the side of the 'proper' people in other countries, all lip service to democracy notwithstanding * * *." In an earlier speech responding to Hitler's claim of the superiority of the Aryan race, Wallace said that, "As a result of my study of genetics . . . there is nothing in science to interfere with what might be called a genetic basis for democracy. The seed bed of the great leaders of the future, as of those of the past, is in the rank and file of the people."

As the cold was developed in March 1946, Wallace said, "The common people of the world will not tolerate a recrudescence of imperialism even under enlightened Anglo-Saxon atomic bomb auspices. If English-speaking people have a destiny, it is to serve the world, not to dominate it." In light of his scientific background, Wallace had been designated by President Roosevelt as his personal liaison to secretly work with the group proposing the development of the atomic bomb. It has been said that the explosion of the atomic bomb "changed everything but man's thinking." Not true with Wallace, for he immediately understood the threat now represented to human survival and rededicated all his efforts from that point forward to the cause of world peace.

On September 21, 1945, in his last Cabinet meeting as Secretary of War, Republican patrician, Henry Stimson, proposed that information about atomic energy (not how to make the bomb) should be shared with other members of the United Nations, including the Soviet Union. Failing that, Stimson argued, the Russians would view atomic energy as another weapon in the Anglo-American arsenal that must—and would—be matched. Wallace sided with Stimson and, in a follow-up letter to President Truman, joined those U.S. atomic scientists who warned that, in attempting to maintain secrecy about these scientific developments, we will be indulging in "the erroneous hope of being safe behind a scientific Maginot Line."

Wallace was also acutely aware that another bomb was ticking—the growing global discrepancy between rich and poor—and that dramatic population growth, accompanied by even greater human misery and suffering, would lead to an explosion even more probable than the bomb itself.

For the last 17 years of his life, Wallace was retired on his New York farm, out of public life and politics, continuing the work he loved most—his experiments with gladioli, strawberries, corn and chickens, as well as his efforts to increase agricultural productivity and improve the nutrition of the people in the less developed world with a special emphasis on Central and Latin America.

In 1963, in a commencement address at the Pan American School of Agriculture in Honduras, Wallace told the young graduates that if any people wished long to survive, they should work at least one-third of the time with their hands and preferably in contact with soil. He urged them to invest "their personal interest wisely," and the "depth of that interest will draw other people to you. Some of them good, some bad. Eventually some of you will come to understand human beings which is the most difficult job of all." He went on to say that "you are scientists who have learned to use your hands in a practical way. In so doing you will be intensely patriotic, serving your country in the most fundamental way. You will not belong to the right or the left or the center, but to the earth and those who work the earth lovingly and effectively so that it may be preserved and improved century after century."

What, then, are we to make of this shy revolutionary, this complex genius with such an elusive personality, and what can we learn from his attitude towards plants, science, agriculture—and human life and progress?

We might begin by asking ourselves the question he often asked himself: "What is worthwhile?" This is the question at the heart of our inner selves, part of the Presbyterian catechism he learned as a young boy from his grandfather. It is a question of faith. The answer given by the catechism is: "The chief end of man is to glorify God and enjoy Him forever." How is one to glorify God? The Wallaces were believers in the "social gospel;" that is, one glorified God by serving one's fellow human beings.

In his oral history, Wallace said that if he were:

To draw conclusions from my life so far I would say that the purpose of existence here on earth is to improve the quality and increase the abundance of joyous living. The improved quality and increased abundance of life is a progressive matter and has to do not only with human life but with all plants and animals as well. The highest joy of life is complete dedication to something outside of yourself. I am convinced that God craves and needs humanity's help and that without that help expressed in terms of joyous vitality, God will have failed in this earthly experiment.

This is the core of Henry A. Wallace. If these views strike you as an odd way for a plant geneticist to talk about his work, rest assured you are not alone. Plenty of Wallace's contemporaries were equally perplexed. "A senator moves easily from corn to hogs," the journalist Jonathan Daniels wrote. "But he can be disturbed by a grinning Iowan who moves casually from genetics to God."

Dr. Raul C. Manglesdorf, head of the Harvard University Botanical Museum, said, "It was Wallace's fate to be often regarded as a 'dreamer' when actually he was only seeing in his own pragmatic, realistic way some of the shapes of things to come and more often than not he was right. . . . Wallace's predictions," he further noted, "were based less on inspiration or intuition than upon an objective evaluation of the available facts in the light of historical perspective. As a student of history he was well aware that history often repeats."

During his lifetime, political opponents often derided Wallace as a "mystic," a term which they intended to conjure up visions of crystal balls and secret ceremonies. Wallace himself accepted the term "practical mystic." "I've always believed that if you envision something that hasn't been, that can be, and bring it into being, that is a tremendously worthwhile thing to do." Wallace once co-authored a wonderful little book with William Brown on the history of corn, titled Corn and Its Early Fathers, at the beginning of which he devoted an entire page to this quotation from Jonathan Swift: "And he gave it for his opinion, that whoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do more essential service to his country, than the whole race of politicians put together."

Wallace, the "practical mystic," saw a way to make the equivalent of two or four ears of corn grow where one grew before. This, in his view, seemed a "tremendously worthwhile thing to do," precisely because it seemed an obvious way of improving the lot of his fellow human beings.

But there was another component to his vision. This was the hope that hybrids would help bring about the "distinctive rural civilization" of his family's dreams. He asked: "Can we go ahead to create a rural civilization that will give us a material foundation solid enough so that life can be enjoyed instead of being wasted in a chase after enough dollars to keep the sheriff and wolf away?" Perhaps hybrid seed, and science in general, provided an answer.

It may be charged—certainly it was in his own time—that such a vision is utopian. But Wallace was not intimidated by such language. "Our utopias," he wrote, "are the blueprints of our future civilization, and as such, airy structures though they are, they really play a bigger part in the progress of man than our more material structures of brick and steel. The habit of building utopias shows to a degree whether our race is made up of dull-spirited bipeds or whether it is made up of men who want to enjoy the full savoring of existence that comes only when they feel themselves working with the forces of nature to remake the world nearer to their heart's desire."

It is worth reflecting upon this comment, for it encompasses Wallace's answer to both those who would say science must be allowed to work its will regardless of the consequences, and to the critics of science who would rather forego knowledge than cope with change.

To scientists he said this:

"The cause of liberty and the cause of true science must always be one and the same. For science cannot flourish except in an atmosphere of freedom, and freedom cannot survive unless there is an honest facing of facts. . . . Democracy—and that term includes free science—must apply itself to meeting the material need of men for work, for income, for goods, for health, for security, and to meeting their spiritual need for dignity, for knowledge, for self-expression, for adventure and for reverence. And it must succeed."

In other words, the ends of science must always be mankind. Scientists, no less than the rest of us, must every day ask themselves; What is worthwhile?

To the anti-scientists, Wallace said this in 1933:

"I have no patience with those who claim that the present surplus of farm products means that we should stop our efforts at improved agricultural efficiency. What we need is not less science in farming, but more science in economics . . . . Science has no doubt made the surplus possible, but science is not responsible for our failure to distribute the fruits of labor equitably."

In other words, the answer to society's problems lies not in blocking progress but in guiding it to serve mankind's ends.

And to everyone he offered this warning:

"The attacks upon science stem from many sources. It is necessary for science to defend itself, first, against such attacks, and second, against the consequences of its own successes. What I mean is this: That science has magnificently enabled mankind to conquer its first great problem—that of producing enough to go around; but that science, having created abundance, has now to help men live with abundance. Having conquered seemingly unconquerable physical obstacles, science has now to help mankind conquer social and economic obstacles. Unless mankind can conquer these new obstacles, the former successes of science will seem worse than futile. The future of civilization, as well as of science, is involved."

Wallace also once observed "scientific understanding is our joy. Economic and political understanding is our duty." His concept of scientific research was a broad one and included the lifting of the social sciences to the same level as the natural sciences. In turn, he challenged these scientists to have a greater conscience concerning the implications of their work. Applied research would properly involve social planning, which would enable man to have more leisure time and thus better enjoy non-material things, such as "music, painting, literature, sport for sport's sake, and the idle curiosity of the scientist himself."

The New Republic, which he served briefly as editor after his retirement from politics, once described his concept of political democracy as ". . . that of a science which would blend political freedom with the full use of resources, both of manpower and of technologies, for everyone's welfare."

It is intriguing to speculate about what Wallace might say if he were here today, about the state of agriculture in this country and around the world, about the movement for a sustainable alternative agriculture, about the role of science and the march of human progress. Probably his comments would surprise all of us, as they so often surprised audiences during his lifetime. His was a provocative and remarkably original mind, unfazed by popular opinion and conventional wisdom. The absence of "corn shows" testifies to that.

First, on a very contemporary note, we can assume Wallace would be appalled and disgusted by the attack now being made on the nation's conservation programs, especially those related to agriculture. The efforts made to preserve land—to remove marginal land from production and protect the remainder from erosion and abuse—were among his proudest accomplishments. "People in cities may forget the soil for as long as a hundred years, but mother nature's memory is long and she will not let them forget indefinitely," he wrote. "The soil is the mother of man and if we forget her, life eventually weakens.

Second, Wallace would admonish us to use our abundance more "virtuously and wisely." In the long run, Wallace believed, a healthy democracy could not tolerate the politics of scarcity. In his own time, Wallace saw the devastating consequences of scarcity run amuck; one-third of a nation ill-nourished, ill-clad, and ill-housed. Today, however, we might imagine that Wallace would see too much money, made in unproductive ways, in the hands of too few people, too many people without health insurance or secure and satisfying employment, and far, far too many people leading wasted lives in the poverty and degradation of our major cities. He would deplore the national priorities which call for huge defense budgets while reducing investments in education, environment, and job training. He would be greatly troubled by the lack of concern for the "general welfare," the widespread violence in our country, and the lack of civility and loss of community in our national life. He would urge creative social and economic planning to address these issues.

While he would welcome the liberalization of international trade, he would decry the enormous expenditure of scarce Third World resources on arms. He would advocate a stronger U.N. military force and greater foreign assistance through more efficient and reformed multilateral lending institutions.

Third, we might guess that Wallace would look upon the sustainable agriculture movement with considerable affection. This is speculative because Wallace, like all of us, was a man of his times, and no one would say he was close to being "certified organic" in his own practices. He used chemical pesticides and fertilizers liberally, and, some would argue, helped pave the way for a highly mechanized, industrialized agriculture through the introduction of hybrid seed to commercial farming.

Still, Wallace was a man who believed in facts. If the facts argued against chemical pesticides, he would have accepted them totally. What he sought, in his life's work, was not prosperity for corporations, but for the men and women living on farms, doing God's work, preserving their land and seeing "the fruits of their labor raise the living standards of mankind." Prosperity, he often warned farmers, was not an end but the means to an end. He wrote: "Can we remember that prosperity is worthless except insofar as it gives us more freedom and strength to do good work, to love our fellow men and to take delight in the beauty of a world wonderful enough to give pleasure to the Workman who planned it?"

Finally, we can guess that he would say to farmers and scientists: "Small is good." When Wallace began his corn breeding experiments, he recalled, he "had only a fraction of an acre within the city limits of Des Moines on which to work. An inbred corn capable of unusually high yield came out of [this] backyard garden, which was but ten by twenty feet. . . ." He was concerned that breeders might substitute masses of data for real understanding and pointed out that James Logan, an 18th Century experimenter, had learned from four hills of corn, and that the principles of heredity were discovered by Gregor Mendel, growing peas in a monastery garden about 15 feet wide and 30 or 40 feet long, and finally, that George H. Shull, one of the inventors and developers of hybrid corn, used no more than one quarter of an acre each season in conducting his experiments.

He deplored that the modern trend in science is in exactly the opposite direction. "The present emphasis," he wrote, "is directed toward doing things in a big way, toward large numbers and multidisciplinary research. In many of our educational institutions, scientific progress seems to be measured in terms of the growth of departments and the number and size of financial grants that can be obtained for support of the work. . . . The great scientific weakness of America today," he said, "is that she tends to emphasize quantity at the expense of quality—statistics instead of genuine insight—immediate utilitarian application instead of genuine thought about fundamentals. . . . True science cannot be evolved by mass-production methods."

At 75 years of age and in outwardly remarkable physical condition, Wallace became afflicted with Amyotrophic Lateral Sclerosis, or Lou Gehrig's disease. This disease affects the nervous system and causes muscular atrophy. There is no cure. An experimenter to the end, he kept a careful record of his symptoms and reactions in a memo entitled, "Reflections of an ALSer." In the final weeks of his illness, in September 1965, Wallace was visited by a friend while a patient at NIH. The visitor noted that the flowers in his room had been sent by President Lyndon Johnson. Wallace, who, given the disease's progression, could no longer speak, wrote on a notepad, "I hope they think about decentralization as the hope of the future. Big cities will become cesspools."

Wallace always rose very early on his Farvue farm and, as long as his failing health permitted, continued to type his own correspondence with geneticists, plant breeders and others around the world before going out to the field in a mechanized wheelchair to work with his research plots.

One of his last letters was to a long-time friend and corn breeder:

"Your 3306 [a hybrid seed corn code] has me all excited. So glad you have 2,000 acres of it. . . . I was feeling rather blue when I got up this morning, thinking the end of the road was not far off. But when I got to thinking about 3306, I felt I just had to live to see how [it] would adapt to the tropical program, the Argentine program, and the South Georgia program. Yes, this is the most exciting letter I have ever received from you."

That was his message. Think big, plant small, work hard, seek the truth, glorify God, and have sympathy for the plant.•

ORDER OF BUSINESS

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

WAR CRIMES ACT OF 1996

Mr. INHOFE. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3680 which was received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3680) to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva Conventions to provide criminal penalties for certain war crimes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. INHOFE. Mr. President, this particular act is known as the War Crimes Act of 1996. This was called to my attention by a very articulate young

Congressman from North Carolina, Walter Jones, Jr., whose father we served with for many, many years over in the House of Representatives.

He was very observant in discovering something, that after 40 years, after the ratification of the Geneva Conventions, that it was not self-enacting, and we actually have never passed the necessary legislation to accept jurisdiction within our Federal courts to prosecute war crimes that we were aware of.

So this legislation will correct that after this long period of time. It is kind of inconceivable to me that we would send out to battle and to various parts of the world our young troops, trying to equip them properly—I would say properly, that if we ever get our authorization passed—and have these people ready to do the work that they are trained to do, and yet if a crime is perpetrated against them, and that criminal happens to be in the United States, we cannot even prosecute them in our Federal courts. That is all going to come to a stop.

I think also this bill might even address another problem that is taking place right now in this country. As you know, I am from Oklahoma. And one of the worst terrorist acts took place just a little over a year ago in Oklahoma City with the bombing of the Murrah Federal Office Building. And with all of the terrorist acts recently, this could act as a deterrent, this War Crimes Act of 1996, for people who may be considering perpetrating some terrorist act that could be defined as a war crime.

So I believe this is something that should have been done some 40 years ago, but was not. So we will correct that tonight. This has been cleared by both sides.

Mr HELMS. Mr. President, this bill will help to close a major gap in our Federal criminal law by permitting American servicemen and nationals, who are victims of war crimes, to see the criminal brought to justice in the United States.

Before addressing the need for this legislation, let me thank and commend the distinguished WALTER JONES, who so ably represents the third district of North Carolina, for his commitment and hard work toward the passage of this bill. I'd also like to thank my distinguished colleague, Senator JAMES INHOFE, for his support of this important bill.

Many have not realized that the U.S. cannot prosecute, in Federal court, the perpetrators of some war crimes against American servicemen and nationals. Currently, if the United States were to find a war criminal within our borders—for example, one who had murdered an American POW—the only options would be to deport or extradite the criminal or to try him or her before an international war crimes tribunal or military commission. Alone, these options are not enough to insure that justice is done.

While the Geneva Convention of 1949 grants the U.S. authority to criminally prosecute these acts, the Congress has never enacted implementing legislation. The War Crimes Act of 1996 corrects this oversight by giving Federal district courts jurisdiction to try individuals charged with committing a grave breach of the Geneva Conventions, whenever the victim or perpetrator is a U.S. serviceman or national.

The bill would also allow an American, who is charged with a war crime, to be tried in an American court and to receive all of the procedural protections afforded by our American justice system.

Mr. President, at a time when American servicemen and women serve our Nation in conflicts around the world, it is important that we give them every protection possible. I urge my colleagues to support this bipartisan bill and reaffirm our commitment to our country's servicemembers.

I ask unanimous consent that an article from the New York Times be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 25, 1996]

MS. MALONEY AND MR. WALDHEIM

(By A.M. Rosenthal)

For a full half-century, with determination and skill, and with the help of the law, U.S. intelligence agencies have kept secret the record of how they used Nazis for so many years after World War II, what the agencies got from these services—and what they gave as payback.

Despite the secrecy blockade, we do know how one cooperative former Wehrmacht officer and war crimes suspect was treated. We know the U.S. got him the Secretary Generalship of the U.N. as reward and base.

For more than two years, Congress has had legislation before it to allow the public access to information about U.S.-Nazi intelligence relations—a bill introduced by Representative Carolyn B. Maloney, a Manhattan Democrat, and now winding through the legislative process.

If Congress passes her War Crimes Disclosure Act, H.R. 1281, questions critical to history and the conduct of foreign affairs can be answered and the power of government to withhold them reduced. The case of Kurt Waldheim is the most interesting example—the most interesting we know of at the moment.

Did the U.S. know when it backed him for Secretary General that he had been put on the A list of war-crime suspects, adopted in London in 1948, for his work as a Wehrmacht intelligence officer in the Balkans, when tens of thousands of Yugoslavs, Greeks, Italians, Jew and non-Jew, were being deported to death?

If not, isn't that real strange, since the U.S. representative on the War Crimes Commission voted to list him? A report was sent to the State Department. Didn't State give the C.I.A. a copy—a peek?

And when he was running for Secretary General why did State Department biographies omit any reference to his military service—just as he forgot to mention it in his autobiographies?

If all that information was lost by teams of stupid clerks, once the Waldheim name came up for the job why did not the U.S. do the obvious thing—check with Nazi and war-crime records in London and Berlin to see if his name by any chance was among those dearly wanted?

Didn't the British know? They voted for the listing too. And the Russians—Yugoslavia moved to list him when it was a Soviet satellite. Belgrade never told Moscow?

How did Mr. Waldheim repay the U.S. for its enduring fondness to him? Twice it pushed him successfully for the job. The third time it was among few countries that backed him again but lost. Nobody can say the U.S. was not loyal to the end.

Did he also serve the Russians and British? One at a time? Or was he a big-power groupie, serving all?

One thing is not secret any longer, thanks to Prof. Robert Herzstein of the University of South Carolina history department. He has managed through years of perseverance to pry some information loose. He found that while Mr. Waldheim worked for the Austrian bureaucracy, the U.S. Embassy in Vienna year after year sent in blurby reports about his assistance to American foreign policy—friendly, outstanding, cooperative, receptive to American thinking. All the while, this cuddly fellow was on the A list, which was in the locked files or absent with official leave.

On May 24, 1994, I reported on Professor Herzstein's findings and the need for opening files of war-crime suspects. Representative Maloney quickly set to work on her bill to open those files to Freedom of Information requests—providing safeguards for personal privacy, ongoing investigations and national security if ever pertinent.

Her first bill expired in the legislative machinery and in 1995 she tried again. She got her hearing recently thanks to the chairman of her subcommittee of the Government Reform Committee—Stephen Horn, the California Republican.

If the leaders of Congress will it, the Maloney bill can be passed this year. I nominate my New York Senators to introduce it in the Senate. It will be a squeeze to get it passed before the end of the year, so kindly ask your representatives and senators to start squeezing.

If not, the laborious legislative procedure will have to be repeated next session. Questions about the Waldheim connection will go unanswered, and also about other cases that may be in the files or strangely misplaced, which will also be of interest.

Mr. INHOFE. Mr. President, I ask unanimous consent that the bill be deemed read a third time, and passed, and the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The bill (H.R. 3680) was deemed read the third time and passed.

Mr. INHOFE. Thank you, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

OREGON RESOURCE CONSERVATION ACT OF 1996 OPAL CREEK WILDERNESS AND OPAL CREEK SCENIC RECREATION AREA ACT OF 1996

Mr. HATFIELD. Mr. President, I ask unanimous consent to bring up S. 1662, which has been cleared on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1662) to establish areas of wilderness and recreation in the State of Oregon, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Oregon Resource Conservation Act of 1996".

TITLE I—OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA

SEC. 101. SHORT TITLE.

This title may be cited as the "Opal Creek Wilderness and Opal Creek Scenic Recreation Area Act of 1996".

SEC. 102. DEFINITIONS.

In this title:

(1) BULL OF THE WOODS WILDERNESS.—The term "Bull of the Woods Wilderness" means the land designated as wilderness by section 3(4) of the Oregon Wilderness Act of 1984 (Public Law 98–328; 16 U.S.C. 1132 note).

(2) OPAL CREEK WILDERNESS.—The term "Opal Creek Wilderness" means certain land in the Willamette National Forest in the State of Oregon comprising approximately 12,800 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated June 1996.

(3) SCENIC RECREATION AREA.—The term "Scenic Recreation Area" means the Opal Creek Scenic Recreation Area, comprising approximately 13,000 acres, established under section 103(a)(3).

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(5) COUNTIES.—The term "counties" means Marion and Clackamas Counties in the State of Oregon.

SEC. 103. ESTABLISHMENT OF OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA.

(a) ESTABLISHMENT.—On a determination by the Secretary under subsection (b)—

(1) the Opal Creek Wilderness, as depicted on the map described in section 102(2), is hereby designated as wilderness, subject to the Wilderness Act of 1964, shall become a component of the National Wilderness System, and shall be known as the Opal Creek Wilderness;

(2) the part of the Bull of the Woods Wilderness that is located in the Willamette National Forest shall be incorporated into the Opal Creek Wilderness; and

(3) the Secretary shall establish the Opal Creek Scenic Recreation Area in the Willamette National Forest in the State of Oregon, comprising approximately 13,000 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated June 1996.

(b) CONDITIONS.—Subsection (a) shall not take effect unless the Secretary makes a determination, not later than 2 years after the date of enactment of this Act, that:

(1) the following have been donated to the United States in an acceptable condition and without encumbrances:

(A) All right, title, and interest in the following patented parcels of land:

(i) Santiam number 1, mineral survey number 992, as described in patent number 39–92–0002, dated December 11, 1991.

(ii) Ruth Quartz Mine number 2, mineral survey number 994, as described in patent number 39–91–0012, dated February 12, 1991.

(iii) Morning Star Lode, mineral survey number 993, as described in patent number 36–91–0011, dated February 12, 1991.

(B) all right, title, and interest held by any entity other than the Times Mirror Land and Timber Company, its successors and assigns, in and to lands located in section 18, township 8 south, range 5 east, Marion County, Oregon, Eureka numbers 6, 7, and 8, and 13 mining claims.

(C) A public easement across the Hewitt, Starvation, and Poor Boy Mill Sites, mineral survey number 990, as described in patent number 36–91–0017, dated May 9, 1991.

(2) a binding agreement has been executed by the Secretary and the owners of record as of March 29, 1996, of the following parcels, specifying the terms and conditions for the disposition of these parcels to the United States Government:

(A) The lode mining claims known as Princess Lode, Black Prince Lode, and King Number 4 Lode, embracing portions of sections 29 and 32, township 8 south, range 5 east, Willamette Meridian, Marion County, Oregon, the claims being more particularly described in the field notes and depicted on the plat of mineral survey number 887, Oregon.

(B) Ruth Quartz Mine Number 1, mineral survey number 994, as described in patent number 39–91–0012, dated February 12, 1991.

(c) EXPANSION OF SCENIC RECREATION AREA BOUNDARIES.—On acquiring all or substantially all of the land located in section 36, township 8 south, range 4 east, of the Willamette Meridian, Marion County, Oregon, by exchange, purchase on a willing seller basis, or donation, the Secretary shall expand the boundary of the Scenic Recreation Area to include the land.

SEC. 104. ADMINISTRATION OF THE SCENIC RECREATION AREA.

(a) IN GENERAL.—The Secretary shall administer the Scenic Recreation Area in accordance with the laws (including regulations) applicable to the National Forest System.

(b) OPAL CREEK MANAGEMENT PLAN.—

(1) IN GENERAL.—Not later than 2 years after the date of establishment of the Scenic Recreation Area, the Secretary, in consultation with the advisory committee established under section 105(a), shall prepare a comprehensive Opal Creek Management Plan for the Scenic Recreation Area.

(2) INCORPORATION IN LAND AND RESOURCE MANAGEMENT PLAN.—On completion of the Opal Creek Management Plan, the Opal Creek Management Plan shall become part of the land and resource management plan for the Willamette National Forest and supersede any conflicting provision in the land and resource management plan.

(3) REQUIREMENTS.—The Opal Creek Management Plan shall provide a broad range of land uses, including—

(A) recreation;

(B) harvesting of nontraditional forest products, such as gathering mushrooms and material to make baskets; and

(C) educational and research opportunities.

(4) PLAN AMENDMENTS.—The Secretary may amend the Opal Creek Management Plan as the Secretary may determine to be necessary, consistent with the procedures and purposes of this title.

(c) CULTURAL AND HISTORIC RESOURCE INVENTORY.—

(1) IN GENERAL.—Not later than 1 year after the date of establishment of the Scenic Recreation Area, the Secretary shall review and revise the inventory of the cultural and historic resources on the public land in the Scenic Recreation Area that were developed pursuant to the Oregon Wilderness Act of 1984 (Public Law 98–328; 98 Stat. 272).

(2) INTERPRETATION.—Interpretive activities shall be developed under the management plan in consultation with State and local historic preservation organizations and shall include a balanced and factually-based interpretation of the cultural, ecological, and industrial history of forestry and mining in the Scenic Recreation Area.

(d) TRANSPORTATION PLANNING.—

(1) IN GENERAL.—To maintain access to recreation sites and facilities in existence on the date of enactment of this Act, the Secretary shall prepare a transportation plan for the Scenic Recreation Area that evaluates the road network within the Scenic Recreation Area to determine which roads should be retained and which roads closed.

(2) ACCESS BY PERSONS WITH DISABILITIES.—The Secretary shall consider the access needs of persons with disabilities in preparing the transportation plan for the Scenic Recreation Area.

(3) MOTOR VEHICLES.—

(A) IN GENERAL.—Except as provided in subparagraph (B) and in the transportation plan under paragraph (1), motorized vehicles shall not be permitted in the Scenic Recreation Area.

(B) EXCEPTION.—Forest road 2209 beyond the gate to the Scenic Recreation Area, as depicted on the map described in section 103(a)(3), may be used by motorized vehicles only for administrative purposes and for access to a private inholding, subject to such terms and conditions as the Secretary may determine to be necessary.

(4) ROAD IMPROVEMENT.—Any construction or improvement of forest road 2209 beyond the gate to the Scenic Recreation Area shall be only for the purpose of maintaining the character of the road at the time of enactment and may not include paving or widening.

(e) HUNTING AND FISHING.—

(1) IN GENERAL.—Subject to other Federal and State law, the Secretary shall permit hunting and fishing in the Scenic Recreation Area.

(2) LIMITATION.—The Secretary may designate zones in which, and establish periods when, no hunting or fishing shall be permitted for reasons of public safety, administration, or public use and enjoyment.

(3) CONSULTATION.—Except during an emergency, as determined by the Secretary, the Secretary shall consult with the Oregon State Department of Fish and Wildlife before issuing any regulation under this section.

(f) TIMBER CUTTING.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall prohibit the cutting and/or selling of trees in the Scenic Recreation Area.

(2) PERMITTED CUTTING.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may allow the cutting of trees in the Scenic Recreation Area only—

(i) for public safety, such as to control the spread of a forest fire in the Scenic Recreation Area or on land adjacent to the Scenic Recreation Area;

(ii) for activities related to administration of the Scenic Recreation Area, consistent with the Opal Creek Management Plan; or

(iii) for removal of hazard trees along trails and roadways.

(B) SALVAGE SALES.—The Secretary may not allow a salvage sale in the Scenic Recreation Area.

(g) WITHDRAWAL.

(1) Subject to valid existing rights, all lands in the Scenic Recreation Area are withdrawn from—

(A) any form of entry, appropriation, or disposal under the public land laws;

(B) location, entry, and patent under the mining laws; and

(C) disposition under the mineral and geothermal leasing laws.

(h) BORNITE PROJECT.

(1) Nothing in this title shall be construed to interfere with or approve any exploration, mining, or mining-related activity in the Bornite Project Area conducted in accordance with applicable laws. The Bornite Project Area is depicted on the map described in section 103(a)(3).

(2) Nothing in this title shall be construed to interfere with the ability of the Secretary to approve and issue special use permits in connection with exploration, mining, and mining-related activities in the Bornite Project Area.

(3) Motorized vehicles, roads, structures, and utilities (including but not limited to power lines and water lines) shall be allowed inside the Scenic Recreation Area to serve the activities conducted on land within the Bornite Project.

(4) After the date of enactment of this title, no patent shall be issued for any mining claim under the general mining laws located within the Bornite Project Area.

(i) WATER IMPOUNDMENTS.—Notwithstanding the Federal Power Act (16 U.S.C. 791a et seq.), the Federal Energy Regulatory Commission may not license the construction of any dam, water conduit, reservoir, powerhouse, transmission line, or other project work in the Scenic Recreation Area, except as may be necessary to comply with (h).

(j) RECREATION.—

(1) RECOGNITION.—Congress recognizes recreation as an appropriate use of the Scenic Recreation Area.

(2) MINIMUM LEVELS.—The management plan shall accommodate recreation at not less than the levels in existence on the date of enactment of this Act.

(3) HIGHER LEVELS.—The management plan may provide for levels of recreation use higher than the levels in existence on the date of enactment of this Act if the levels are consistent with the protection of resource values.

(k) PARTICIPATION.—In order that the knowledge, expertise, and views of all agencies and groups may contribute affirmatively to the most sensitive present and future use of the Scenic Recreation Area and its various subareas for the benefit of the public:

(1) ADVISORY COUNCIL.—The Secretary shall consult on a periodic and regular basis with the advisory council established under section 105 with respect to matters relating to management of the Scenic Recreation Area.

(2) PUBLIC PARTICIPATION.—The Secretary shall seek the views of private groups, individuals, and the public concerning the Scenic Recreation Area.

(3) OTHER AGENCIES.—The Secretary shall seek the views and assistance of, and cooperate with, any other Federal, State, or local agency with any responsibility for the zoning, planning, or natural resources of the Scenic Recreation Area.

(4) NONPROFIT AGENCIES AND ORGANIZATIONS.—The Secretary shall seek the views of any nonprofit agency or organization that may contribute information or expertise about the resources and the management of the Scenic Recreation Area.

SEC. 105. ADVISORY COUNCIL.

(a) ESTABLISHMENT.—On the establishment of the Scenic Recreation Area, the Secretary shall establish an advisory council for the Scenic Recreation Area.

(b) MEMBERSHIP.—The advisory council shall consist of not more than 13 members, of whom—

(1) 1 member shall represent Marion County, Oregon, and shall be designated by the governing body of the county;

(2) 1 member shall represent Clackamas County, Oregon and shall be designated by the governing body of the county;

(3) 1 member shall represent the State of Oregon and shall be designated by the Governor of Oregon; and

(4) 1 member each from the City of Salem and a city within a 25 mile radius of the Opal Creek Scenic Recreation Area.

(5) not more than 8 members shall be appointed by the Secretary from among persons who, individually or through association with a national or local organization, have an interest in the administration of the Scenic Recreation Area, including, but not limited to, representatives of the timber industry, environmental organizations, the mining industry, inholders in the wilderness and scenic recreation area, and economic development interests and Indian Tribes.

(c) STAGGERED TERMS.—Members of the advisory council shall serve for staggered terms of 3 years.

(d) CHAIRMAN.—The Secretary shall designate 1 member of the advisory council as chairman.

(e) VACANCIES.—The Secretary shall fill a vacancy on the advisory council in the same manner as the original appointment.

(f) COMPENSATION.—A member of the advisory council shall not receive any compensation for the member's service to the advisory council.

SEC. 106. GENERAL PROVISIONS.

(a) LAND ACQUISITION.—

(1) IN GENERAL.—Subject to the other provisions of this subsection, the Secretary may acquire any lands or interests in land in the Scenic Recreation Area or the Opal Creek Wilderness that the Secretary determines are needed to carry out this title.

(2) PUBLIC LAND.—Any lands or interests in land owned by a State or a political subdivision of a State may be acquired only by donation or exchange.

(3) CONDEMNATION.—Subject to paragraph (4), the Secretary may not acquire any privately owned land or interest in land without the consent of the owner unless the Secretary finds that—

(A) the nature of land use has changed significantly, or the landowner has demonstrated intent to change the land use significantly, from the use that existed on the date of the enactment of this Act; and

(B) acquisition by the Secretary of the land or interest in land is essential to ensure use of the land or interest in land in accordance with the management plan prepared under section 104(b).

(b) ENVIRONMENTAL RESPONSE ACTIONS AND COST RECOVERY.—

(1) RESPONSE ACTIONS.—Nothing in this title shall limit the authority of the Secretary or a responsible party to conduct an environmental response action in the Scenic Recreation Area in connection with the release, threatened release, or cleanup of a hazardous substance, pollutant, or contaminant, including a response action conducted under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

(2) LIABILITY.—Nothing in this title shall limit the authority of the Secretary or a responsible party to recover costs related to the release, threatened release, or cleanup of any hazardous substance or pollutant or contaminant in the Scenic Recreation Area.

(c) MAPS AND DESCRIPTION.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall file a map and a boundary description for the Opal Creek Wilderness and for the Scenic Recreation Area with the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate.

(2) FORCE AND EFFECT.—The boundary description and map shall have the same force and effect as if the description and map were included in this title, except that the Secretary may correct clerical and typographical errors in the boundary description and map.

(3) AVAILABILITY.—The map and boundary description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

(d) Nothing in this title shall interfere with any activity for which a special use permit has been issued and not revoked before the date of enactment of this title, subject to the terms of the permit.

SEC. 107. ROSBORO LAND EXCHANGE.

(a) AUTHORIZATION.—Notwithstanding any other law, if the Rosboro Lumber Company (referred to in this section as "Rosboro") offers and conveys title to the United States acceptable to the Secretary of Agriculture to the land described in subsection (b), all right, title and interest held by the United States to sufficient lands described in subsection (c) of equivalent equal value are conveyed by operation of law to Rosboro.

(b) LAND TO BE OFFERED BY ROSBORO.—The land referred to in subsection (a) as the land to be offered by Rosboro is the land described as follows: Section 36, township 8 south, range 4 east, Willamette Meridian.

(c) LAND TO BE CONVEYED BY THE UNITED STATES.—The land referred to in subsection (a) as the land to be conveyed by the United States is the land described as follows:

(1) Section 2, township 17 south, range 4 east, lot 3 (29.28 acres).

(2) Section 2, township 17 south, range 4 east, NW¼, SE¼ (40 acres).

(3) Section 13, township 17 south, range 4 east, S½, SE¼ (80 acres).

(4) Section 2, township 17 south, range 4 east, SW¼, SW¼ (40 acres).

(5) Section 8, township 17 south, range 4 east, SE¼, SW¼ (40 acres).

(6) Section 5, township 17 south, range 4 east, lot 7 (37.63 acres).

(7) Section 11, township 17 south, range 4 east, W½, NW¼ (80 acres).

(d) The values of lands to be exchanged pursuant to this subsection shall be equal as determined by the Secretary of Agriculture, or if they are not equal, shall be equalized by additional lands or by the payment of money to Rosboro or to the Secretary subject to the 25 per centum cash equalization limitation of section 206 of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1716).

(e) TIMETABLE.—The authority provided by this section shall lapse if Rosboro fails to offer the land described in subsection (b) within two years after the date of enactment of this Act. If Rosboro does offer the land described in subsection (b) within such two-year period, the Secretary shall within 180 days convey the land described in subsection (c) to Rosboro.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 108. DESIGNATION OF ELKHORN CREEK AS A WILD AND SCENIC RIVER.

Section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding at the end the following:

"( )(A) ELKHORN CREEK.—Elkhorn Creek from its source to its confluence on Federal land to be administered by agencies of the Departments of the Interior and Agriculture as agreed

on by the Secretary of the Interior and the Secretary of Agriculture or as directed by the President. Notwithstanding subsection 3(b), the lateral boundaries of the Elkhorn River shall include an average of not more than 640 acres per mile measured from the ordinary high water mark on both sides of the river.

"(B) The 6.4-mile segment traversing federally administered lands from that point along the Willamette National Forest boundary on the common section line between sections 12 and 13, township 9 south, range 4 east, Willamette Meridian, to that point where it leaves Federal ownership along the Bureau of Land Management boundary in section 1, township 9 south, range 3 east, Willamette Meridian, in the following classes:

"(i) a 5.8-mile wild river area, extended from that point along the Willamette National Forest boundary on the common section line between sections 12 and 13, township 9 south, range 4 east, Willamette Meridian, to be administered as agreed on by the Secretaries of Agriculture and the Interior, or as directed by the President; and

"(ii) a 0.6-mile scenic river area, extending from the confluence with Buck Creek in section 1, township 9 south, range 3 east, Willamette Meridian, to that point where it leaves Federal ownership along the Bureau of Land Management boundary in section 1, township 9 south, range 3 east, Willamette Meridian, to be administered by the Secretary of the Interior, or as directed by the President.

"(C) Notwithstanding section 3(b) of this Act, the lateral boundaries of both the wild river area and the scenic river area along Elkhorn Creek shall include an average of not more than 640 acres per mile measured from the ordinary high water mark on both sides of the river.".

SEC. 109. ECONOMIC DEVELOPMENT.

(a) ECONOMIC DEVELOPMENT PLAN.—As a condition for receiving funding under subsection (b) of this section, the State of Oregon, in consultation with the counties and the Secretary of Agriculture, shall develop a plan for economic development projects for which grants under this section may be used in a manner consistent with this Act and to benefit local communities in the vicinity of the Opal Creek Area. Such plan shall be based on a formal economic opportunity study and other appropriate information.

(b) FUNDS PROVIDED TO THE STATES FOR GRANTS.—Upon certification of the management plan, and receipt of a plan referred to in subsection (a) of this section, the Secretary shall provide $15,000,000, subject to appropriations, to the State of Oregon which shall be used to make grants and loans for economic development projects that further the purposes of this Act and benefit the local communities in the vicinity of the Opal Creek Area.

(c) REPORT.—The State of Oregon shall—

(1) prepare and provide the Secretary and Congress with an annual report to the Secretary and Congress on the use of the funds made available under this section;

(2) make available to the Secretary and to Congress, upon request, all accounts, financial records, and other information related to grants and loans made available pursuant to this section; and

(3) as loans are repaid, make additional grants and loans with the money made available for obligation by such repayments.

TITLE II—UPPER KLAMATH BASIN

SEC. 201. UPPER KLAMATH BASIN ECOLOGICAL RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section:

(1) ECOSYSTEM RESTORATION OFFICE.—The term "Ecosystem Restoration Office" means the Klamath Basin Ecosystem Restoration Office operated cooperatively by the United States Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, and Forest Service.

(2) WORKING GROUP.—The term "Working Group" means the Upper Klamath Basin Working Group, established before the date of enactment of this Act, consisting of members nominated by their represented groups, including:

(A) 3 tribal members;

(B) 1 representative of the city of Klamath Falls, Oregon;

(C) 1 representative of Klamath County, Oregon;

(D) 1 representative of institutions of higher education in the Upper Klamath Basin;

(E) 4 representatives of the environmental community, including at least one such representative from the State of California with interests in the Upper Klamath Basin Wildlife Refuges;

(F) 4 representatives of local businesses and industries, including at least one representative of the ocean commercial fishing industry and/or recreational fishing industry based in either Oregon or California;

(G) 4 representatives of the ranching and farming community, including representatives of Federal lease-land farmers and ranchers and of private land farmers and ranchers in the Upper Klamath Basin;

(H) 2 representatives from State of Oregon agencies with authority and responsibility in the Klamath River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department;

(I) 4 representatives from the local community; and

(J) 1 representative each from the following Federal resource management agencies in the Upper Klamath Basin: Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, Bureau of Indian Affairs, Forest Service, Natural Resources Conservation Service, and Ecosystem Restoration Office.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(4) TASK FORCE.—The term "Task Force" means the Klamath River Basin Fisheries Task Force as established by the Klamath River Basin Fishery Resource Restoration Act (Public Law 99–552, 16 U.S.C. 460ss–3, et seq.).

(5) COMPACT COMMISSION.—The term "Compact Commission" means the Klamath River Basin Compact Commission created pursuant to the Klamath River Compact Act of 1954.

(6) CONSENSUS.—The term "consensus" means a unanimous agreement by the Working Group members present at a regularly scheduled business meeting.

(b) IN GENERAL.—

(1) The working Group through the Ecosystem Restoration Office, with technical assistance from the Secretary, will propose ecological restoration projects, economic development and stability projects, and projects designed to reduce the impacts of drought conditions to be undertaken in the Upper Klamath Basin based on a consensus of the Working Group membership.

(2) The Secretary shall pay, to the greatest extent feasible, up to 50 percent of the cost of performing any project approved by the Secretary or his designee, up to a total amount of $1,000,000 during each of fiscal years 1997 through 2001.

(3) Funds made available under this title through the Department of the Interior or the Department of Agriculture shall be distributed through the Ecosystem Restoration Office.

(4) The Ecosystem Restoration Office may utilize not more than 15 percent of all Federal funds administered under this section for administrative costs relating to the implementation of this title.

(5) All funding recommendations developed by the Working Group shall be based on a consensus of Working Group members.

(c) COORDINATION.—

(1) The Secretary shall formulate a cooperative agreement between the Working Group, the Task Force, and the Compact Commission for the purposes of ensuring that projects proposed and funded through the Working Group are consistent with other basin-wide fish and wildlife restoration and conservation plans, including but not limited to plans developed by the Task Force and the Compact Commission.

(2) To the greatest extent practicable, the Working Group shall provide notice to, and accept input from, two members each of the Task Force and the Compact Commission, so appointed by those entities, for the express purpose of facilitating better communication and coordination regarding additional basin-wide fish and wildlife and ecosystem restoration and planning efforts.

(d) PUBLIC MEETINGS.—The Working Group shall conduct all meetings consistent with Federal open meeting and public participation laws. The chartering requirements of 5 U.S.C. App 2 §§1–15 are hereby deemed to have been met by this section;

(e) TERMS AND VACANCIES.—Working Group members shall serve for three year terms, beginning on the date of enactment of this Act. Vacancies which occur for any reason after the date of enactment of this Act shall be filled by direct appointment of the Governor of the State of Oregon, in consultation with the Secretary of Interior and the Secretary of Agriculture, in accordance with nominations from the appropriate groups, interests, and government agencies outlined in section (a)(2).

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 1997 through 2002.

TITLE III—DESCHUTES BASIN

SEC. 301. DESCHUTES BASIN ECOSYSTEM RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section:

(1) WORKING GROUP.—The term "Working Group" means the Deschutes River Basin Working Group established before the date of enactment of this Act, consisting of members nominated by their represented groups, including:

(A) 5 representatives of private interests including one each from hydroelectric production, livestock grazing, timber, land development, and recreation/tourism;

(B) 4 representatives of private interests including two each from irrigated agriculture and the environmental community;

(C) 2 representatives from the Confederated Tribes of the Warm Springs Reservation of Oregon;

(D) 2 representatives from Federal Agencies with authority and responsibility in the Deschutes River Basin, including one from the Interior Department and one from the Agriculture Department;

(E) 2 representatives from the State of Oregon agencies with authority and responsibility in the Deschutes River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department; and

(F) 4 representatives from Deschutes River Basin county and/or city governments, which may include representatives from Deschutes, Crook, Jefferson, and Wasco/Sherman counties.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(3) FEDERAL AGENCIES.—The term "Federal Agencies" means agencies and departments of the United States, including, but not limited to, the Bureau of Reclamation, Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, Forest Service, Natural Resources Conservation Service, Farm Services Agency, the National Marine Fisheries Service, and the Bonneville Power Administration.

(4) Consensus.—The term "consensus" means a unanimous agreement by the Working Group members present at a regularly scheduled business meeting.

(b) In General.—

(1) The Working Group will propose ecological restoration projects on both Federal and non-federal lands and waters to be undertaken in the Deschutes River Basin based on a consensus of the Working Group, provided that such projects, when involving Federal land or funds, shall be proposed to the Bureau of Reclamation in the Department of the Interior and any other Federal agency with affected land or funds.

(2) The Working Group will accept donations, grants or other funds and place the amount of such funds received into a trust fund, to be expended on the performance of ecological restoration projects which, when involving federal land or funds, are approved by the affected Federal Agency.

(3) The Bureau of Reclamation shall pay, to the greatest extent feasible, from funds authorized under subsection (g) of this Act up to 50 percent of the cost of performing any project proposed by the Working Group and approved by the Secretary, up to a total amount of $1,000,000 during each of the fiscal years 1997 through 2001.

(4) Non-Federal contributions to project costs for purposes of computing the Federal matching share under paragraph (3) of this subsection may include in-kind contributions.

(5) Funds authorized in subsection (g) of this section shall be maintained in and distributed by the Bureau of Reclamation in the Department of the Interior. The Bureau of Reclamation shall not expend more than 5 percent of amounts appropriated pursuant to subsection (g) for Federal administration of such appropriations pursuant to this Act.

(6) The Bureau of Reclamation is authorized to provide by grant to the Working Group not more than 5 percent of funds appropriated pursuant to subsection (g) of this section for not more than 50 percent of administrative costs relating to the implementation of this title; and

(7) The Federal Agencies with authority and responsibility in the Deschutes River Basin shall provide technical assistance to the Working Group and shall designate representatives to serve as members of the Working Group.

(8) All funding recommendations developed by the Working Group shall be based on a consensus of the Working Group members.

(c) Public Notice and Participation.—The Working Group shall give reasonable public notice of all meetings of the Working Group and allow public attendance at the meetings. The activities of the Working Group and the Federal Agencies pursuant to the provisions of this Act are exempt from the provisions of 5 U.S.C. App 2 §§1–15.

(d) Priorities.—The Working Group shall give priority to voluntary market-based economic incentives for ecosystem restoration including, but not limited to, water leases and purchases; land leases and purchases; tradable discharge permits; and acquisition of timber, grazing, and land development rights to implement plans, programs, measures, and projects.

(e) Terms and Vacancies.—Members of the Working Group representing governmental agencies or entities shall be named by the represented government. Members of the Working Group representing private interests shall be named in accordance with the Articles of Incorporation and Bylaws of the Working Group. Representatives from Federal Agencies will serve for terms of 3 years. Vacancies which occur for any reason after the date of enactment shall be filled in accordance with this section.

(f) Additional Projects.—Where existing authority and appropriations permit, Federal Agencies may contribute to the implementation of projects recommended by the Working Group and approved by the Secretary.

(g) Authorization of Appropriations.—There are authorized to be appropriated to carry out this sections $1,000,000 for each of fiscal years 1997 through 2001.

TITLE IV—MOUNT HOOD CORRIDOR

SEC. 401. LAND EXCHANGE.

(a) Authorization.—Notwithstanding any other law, if Longview Fibre Company (referred to in this section as "Longview") offers and conveys title that is acceptable to the United States to some or all of the land described in subsection (b), the Secretary of the Interior (referred to in this section as the "Secretary") shall convey to Longview title to some or all of the land described in subsection (c), as necessary to satisfy the requirements of subsection (d).

(b) Land To Be Offered by Longview.—The land referred to in subsection (a) as the land to be offered by Longview is the land described as follows:

(1) T. 2 S., R. 6 E., sec. 13—E½SW¼, W½SE¼, containing 160 record acres, more or less;

(2) T. 2 S., R. 6 E., sec. 14—All, containing 640 record acres, more or less;

(3) T. 2 S., R. 6 E., sec. 16—N½, SW¼, N½SE¼, SW¼SE¼, containing 600 record acres, more or less;

(4) T. 2 S., R. 6 E., sec. 26—NW¼, N½SW¼, SW¼SW¼, NW¼SE¼; (and a strip of land to be used for right-of-way purposes in sec. 23), containing 320 record acres, more or less;

(5) T. 2 S., R. 6 E., sec. 27—S½NE¼NE¼, NW¼NE¼, SE¼NE¼, NW¼NW¼, containing 140 record acres, more or less;

(6) T. 2 S., R. 6 E., sec. 28—N½, Except a tract of land 100 feet square bordering and lying west of Wild Cat Creek and bordering on the north line of sec. 28, described as follows: Beginning at a point on the west bank of Wild Cat Creek and the north boundary of sec. 28, running thence W. 100 feet, thence S. 100 feet parallel with the wet bank of Wild Cat Creek, thence E. to the west bank of Wild Cat Creek, thence N. along said bank of Wild Cat Creek to the point of beginning, also excepting that portion of the NW¼NW¼ lying east of Wildcat Creek, containing 319.77 record acres, more or less;

(7) T. 2 S., R. 7 E., sec. 19—E½SW¼, SW¼SE¼, Except a tract of land described in deed recorded on August 6, 1991, as Recorder's Fee No. 91–39007, and except the portion lying within public roads, containing 117.50 record acres, more or less;

(8) T. 2 S., R. 7 E., sec. 20—S½SW¼SW¼, containing 20 record acres, more or less;

(9) T. 2 S., R. 7 E., sec. 27—W½SW¼, containing 80 record acres, more or less;

(10) T. 2 S., R. 7 E., sec. 28—S½, containing 320 record acres, more or less;

(11) T. 2 S., R. 7 E., sec. 29—SW¼NE¼, W½SE¼NE¼, NW¼, SE¼, containing 380 record acres, more or less;

(12) T. 2 S., R. 7 E., sec. 30—E½NE¼, NW¼NE¼, Except the portion lying within Timberline Rim Division 4, and except the portion lying within the county road, containing 115 record acres, more or less;

(13) T. 2 S., R. 7 E., sec. 33—N½NE¼, E½NW¼NW¼, NE¼SW¼NW¼, containing 110 record acres, more or less;

(14) T. 3 S., R. 5 E., sec. 13—NE¼SE¼, containing 40 record acres, more or less;

(15) T. 3 S., R. 5 E., sec. 26—The portion of the E½NE¼ lying southerly of Eagle Creek and northeasterly of South Fork Eagle Creek, containing 14 record acres, more or less;

(16) T. 3 S., R. 5 E., sec. 25—The portion of the N½SW¼ lying northeasterly of South Fork Eagle Creek, containing 36 record acres, more or less; and

(17) T. 6 S., R. 2 E., sec. 4—SW¼, containing 160.00 record acres, more or less.

(c) Land To Be Conveyed by the Secretary.—The land referred to in subsection (a) as the land to be conveyed by the Secretary is the land described as follows:

(1) T. 1 S., R. 5 E., sec. 9—SE¼NE¼, SE¼SE¼, containing 80 record acres, more or less;

(2) T. 2 S., R. 5 E., sec. 33—NE¼NE¼, containing 40 record acres, more or less.

(3) T. 2½ S., R. 6 E., sec. 31—Lots 1–4, incl. containing 50.65 record acres, more or less;

(4) T. 2½ S., R. 6 E., sec. 32—Lots 1–4, incl. containing 60.25 record acres, more or less;

(5) T. 3 S., R. 5 E., sec. 1—NE¼SW¼, SE¼, containing 200 record acres, more or less;

(6) T. 3 S., R. 5 E., sec. 9—S½SE¼, containing 80 record acres, more or less;

(7) T. 3 S., R. 5 E., sec. 17—N½NE¼, containing 80 record acres, more or less;

(8) T. 3 S., R. 5 E., sec. 23—W½NW¼, NW¼SW¼, containing 120 record acres, more or less;

(9) T. 3 S., R. 5 E., sec. 25—The portion of the S½S½, SW¼NW¼ lying southwesterly of South Fork Eagle Creek, containing 125 record acres, more or less;

(10) T. 3 S., R. 5 E., sec. 31—Unnumbered lot (SW¼SW¼), containing 40.33 record acres, more or less;

(11) T. 7 S., R. 1 E., sec. 23—SE¼SE¼, containing 40 record acres, more or less;

(12) T. 10 S., R. 2 E., sec. 34—SW¼SW¼, containing 40 record acres, more or less;

(13) T. 10 S., R. 4 E., sec. 9—NW¼NW¼, containing 40 record acres, more or less;

(14) T. 4 N., R. 3 W., sec. 35—W½SW¼, containing 80 record acres, more or less;

(15) T. 3 N., R. 3 W., sec. 7—E½NE¼, containing 80 record acres, more or less;

(16) T. 3 N., R. 3 W., sec. 9—SE¼NW¼, containing 40 record acres, more or less;

(17) T. 3 N., R. 3 W., sec. 17—S½NE¼, containing 80 record acres, more or less;

(18) T. 3 N., R. 2 W., sec. 3—SW¼NW¼, containing 40 record acres, more or less;

(19) T. 2 N., R. 2 W., sec. 3—SE¼SE¼, containing 40 record acres, more or less; and

(20) T. 1 S., R. 4 W., sec. 15—SW¼NE¼, S½NW¼, containing 120 record acres, more or less.

(d) Equal Value.—The land and interests in land exchanged under this section—

(1) shall be of equal market value; or

(2) shall be equalized using nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law.

(e) Redesignation of Land To Maintain Revenue Flow.—So as to maintain the current flow of revenue from land subject to the Act entitled "An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon", approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary may redesignate public domain land located in and west of range 9 east, Willamette Meridian, Oregon, as land subject to that Act.

(f) Timetable.—The exchange directed by this section shall be consummated not later than 1 year after the date of enactment of this Act.

(g) Withdrawal of Lands.—All lands managed by the Department of the Interior, Bureau of Land Management, located in townships 2 and 3 south, ranges 6 and 7 east, Willamette Meridian, which can be seen from the right of way of Oregon State Highway 26 (referred to in this section as the "Mt. Hood Corridor"), shall

be managed primarily for the protection of important scenic values. Management prescriptions for other resource values associated with these lands shall be planned and conducted for purposes other than timber harvest, so as not to impair scenic quality.

(h) TIMBER HARVEST.—Timber harvest may be conducted in the Mt. Hood Corridor after the occurrence of a resource-damaging catastrophic event. Such harvest, and any additional timber harvest, may only be conducted to achieve the following resource management objectives, in compliance with the current land use plans—

(1) to maintain safe conditions for the visiting public;

(2) to control the continued spread of forest fire;

(3) for activities related to administration of the Mt. Hood corridor; or

(4) for removal of hazard trees along trails and roadways.

(i) ROAD CLOSURE.—The forest road gate located on Forest Service Road 2503, located in T. 2 S., R. 6 E., sec. 14, shall remain gated and locked to protect resources and prevent illegal dumping and vandalism in the Mt. Hood Corridor. Access to this road shall be limited to—

(1) Federal and State officers and employees acting in an official capacity;

(2) employees and contractors conducting authorized activities associated with the telecommunication sites located in T. 2 S., R. 6 E., sec. 14; and

(3) the general public for recreational purposes, except that all motorized vehicles will be prohibited.

(j) NEPA EXEMPTION.—Notwithstanding any other provision of law, the National Environmental Policy Act of 1969 (Public Law 91–190) shall not apply to this section.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

TITLE V—COQUILLE TRIBAL FOREST

SEC. 501. CREATION OF THE COQUILLE FOREST.

(a) The Coquille Restoration Act (Public Law 101–42) is amended by inserting at the end of section 5 the following:

"(d) CREATION OF THE COQUILLE FOREST.—

"(1) Within 90 days of the enactment of this title, the Secretary of Interior is authorized to and shall, in accordance with this title and in consultation with the Coquille Tribe of Coos County, Oregon, designate approximately five thousand acres of forest lands in Coos County, Oregon, to which the United States holds title, located in the historic territory of the Coquille Indian people, as the Coquille Forest.

"(2) A map showing the Federal portions of these sections designated as the Coquille Forest, and such additional legal descriptions which are applicable, shall within 180 days of the date of enactment of this title, be prepared by the Secretary in consultation with the Tribe and placed on file at the local District Office of the Bureau of Land Management, the Agency Office of the Bureau of Indian Affairs, and with the Senate Committee on Energy and Natural Resources and the House Committee on Resources.

"(3) Two years from the date of enactment of this subsection, the Secretary shall transfer lands designated under subsection (d)(1), to the Bureau of Indian Affairs, to be held in trust, in perpetuity, for the Coquille Tribe. As Indian trust forest lands, the Secretary of Interior, acting through the Assistant Secretary for Indian Affairs shall manage these lands under applicable forestry laws and in a manner consistent with the standards and guidelines of Federal forest plans on adjacent lands. The Secretary and the Tribe may authorize management of the Coquille Forest consistent with the Coquille Forest management strategy developed by the Independent Scientific Advisory Team and set forth in the report entitled, "A Forest Management Strategy for the Proposed Coquille Forest" dated August 31, 1995 and including the December 20, 1995 Addendum.

"(4) From the date of enactment of this title until two years after the date of enactment of this title, the Bureau of Land Management shall:

"(A) retain Federal jurisdiction for the management of lands designated under this title as the Coquille Forest; and

"(B) prior to advertising, offering or awarding any timber sale contract on lands designated under this title as the Coquille Forest, obtain the approval the Bureau of Indian Affairs, which shall act on behalf of and in consultation with the Coquille Tribe.

"(5) After completion of the transfer to the Bureau of Indian Affairs, required in this subsection, the Secretary may, pursuant to the Indian Self-Determination Act (25 U.S.C. 450 et seq.), enter into an Indian self-determination agreement with the Coquille Indian Tribe. Such agreement shall provide for the Tribe to carry out all or a portion of the forest management program for the Coquille Forest. Prior to entering such an agreement, and as a condition of maintaining such an agreement, the Secretary must find that the Coquille Tribe has entered into a Memorandum of Agreement (MOA) with the State of Oregon, as required under subsection (8) this title.

"(6) The Land designated under this title shall be subject to valid existing rights, including all valid liens, rights-of-way, licenses, leases, permits, and easements existing on date of the enactment of this title. These lands will remain open to public access for purposes of hunting, fishing, recreation and transportation, except when closure is required by state or Federal law.

"(7) Unprocessed logs harvested from the Coquille Forest shall be subject to the same Federal statutory restrictions on export to foreign Nations that apply to unprocessed logs harvested from federal lands.

"(8) All sales of timber from land subject to this title shall be advertised, offered and awarded in accordance with the public bidding and contracting laws and procedures applicable to the Bureau of Land Management.

"(9) The Coquille Tribe shall enter into a Memorandum of Agreement (MOA) with the State of Oregon relating to the establishment and management of the Coquille Forest. The MOA shall include, but not be limited to, the terms and conditions for preserving public access, continuing public rights, advancing jointly-held resource management goals, achieving Tribal restoration objectives and establishing a coordinated management framework. Further, provisions set forth in the MOA shall be consistent with Federal trust responsibility requirements applicable to Indian trust lands. The United States District Court for the District of Oregon shall have jurisdiction over actions arising out of claims of breach of the MOA.

"(10) So as to maintain the current flow of revenue from land subject to the Act entitled "An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon", approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary shall redesignate public domain land located in the Coquille Tribe's service area, as defined in the Coquille Tribal Restoration Act of 1989 (Public Law 101–42), as land subject to that Act. In no event shall payments due to Coos County, Oregon, under that Act be diminished as a result of the land designations required pursuant to this title.

"(11) Within two years of the date of enactment of this subsection, the Secretary shall complete a formal scientific peer review of the management strategy developed by the Independent Scientific Advisory Team and set forth in the report entitled, "A Forest Management Strategy for the Proposed Coquille Forest" dated August 31, 1995 and including the December 20, 1995 Addendum.".

TITLE VI—BULL RUN WATERSHED PROTECTION

SEC. 601. Section 2(a) of Public Law 95–200 is amended on line 7 by striking "2(b)" and inserting in lieu thereof "2(c)".

SEC. 602. Public Law 95–200 is amended by adding a new subsection 2(b) immediately after subsection 2(a), as follows:

"(b) TIMBER CUTTING.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary of Agriculture shall prohibit the cutting of trees in that part of the unit consisting of the hydrographic boundary of the Bull Run River Drainage and as depicted in a map dated June 1996 and entitled "Bull Run River Drainage".

"(2) PERMITTED CUTTING.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of Agriculture shall prohibit the cutting of trees in the area described in subparagraph (1).

"(B) PERMITTED CUTTING.—Subject to subparagraph (B), the Secretary may allow the cutting of trees in the area described in subparagraph (1)—

"(i) for the protection or enhancement of water quality in the area described in subparagraph (1); or

"(ii) for the protection, enhancement, or maintenance of water quantity available from the area described in subparagraph (1); or

"(iii) for the construction, expansion, protection or maintenance of municipal water supply facilities; or

"(iv) for the construction, expansion, protection or maintenance of facilities for the transmission of energy through and over the unit or previously authorized hydroelectric facilities or hydroelectric projects associated with municipal water supply facilities.

"(C) SALVAGE SALES.—The Secretary of Agriculture may not authorize a salvage sale in the area described in subparagraph (1).".

SEC. 603. Section 2(b) of Public Law 95–200 is amended by inserting in the first line after (a) "and (b)".

SEC. 604. Section 2(b) of Public Law 95–200 is redesignated as "2(c)".

SEC. 605. Redesignate the following subsections accordingly.

TITLE VII—OREGON ISLANDS WILDERNESS, ADDITIONS

SEC. 701. OREGON ISLANDS WILDERNESS, ADDITIONS.

(a) In furtherance of the purposes of the Wilderness Act of 1964, certain lands within the boundaries of the Oregon Islands National Wildlife Refuge, Oregon, comprising approximately ninety-five acres and as generally depicted on a map entitled "Oregon Island Wilderness Additions—Proposed" dated June, 1996, are hereby designated as wilderness. The map shall be on file and available for public inspection in the offices of the Fish and Wildlife Service, Department of the Interior.

(b) All other federally-owned named, unnamed, surveyed and unsurveyed rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, not currently designated as wilderness and also within the Oregon Islands National Wildlife Refuge boundaries under the administration of the United States Fish and Wildlife Service, Department of the Interior, as designated by Executive Order 7035, Proclamation 2416, Public Land Orders 4395, 4475 and 6287, *and Public Laws 91–504 and 95–450, are hereby designated as wilderness.*

(c) As soon as practicable after this title takes effect, a map of the wilderness area and a description of its boundaries shall be filed with the Senate Committee on Energy and Natural Resources and the House Committee on Resources, and such map shall have the same force and effect as if included in this title; provided, however, that correcting clerical and typographical errors in the map and land descriptions may be made.

(d) Public Land Order 6287 of June 16, 1982, which withdrew certain rocks, reefs, inslets and islands lying within three geographical miles off the coast of Oregon and above mean high tide, including the ninety-five acres described in (a), as an addition to the Oregon Islands National Wildlife Refuge is hereby made permanent.

TITLE VIII—UMPQUA RIVER LAND EXCHANGE STUDY

SEC. 801. UMPQUA RIVER LAND EXCHANGE STUDY: POLICY AND DIRECTION.

(a) IN GENERAL.—The Secretaries of the Interior and Agriculture are hereby authorized and directed to consult, coordinate and cooperate with the Umpqua Land Exchange Project (ULEP), affected units and agencies of state and local government, and, as appropriate, the World Forestry Center and National Fish and Wildlife Foundation, to assist ULEP's ongoing efforts in studying and analyzing land exchange opportunities in the Umpqua River basin and to provide scientific, technical, research, mapping and other assistance and information to such entities. Such consultation, coordination and cooperation shall at a minimum include, but not be limited to:

(1) Working with ULEP to develop or assemble comprehensive scientific and other information (including comprehensive and integrated mapping) concerning the Umpqua River basin's resources of forest, plants, wildlife, fisheries (anadromous and other), recreational opportunities, wetlands, riparian habitat and other physical or natural resources.

(2) Working with ULEP to identify general or specific areas within the basin where land exchanges could promote consolidation of timberland ownership for long-term, sustained timber production; protection and improvement of habitat for plants, fish and wildlife (including any federally listed threatened or endangered species); recovery of threatened and endangered species; protection and improvement of wetlands, riparian lands and other environmentally sensitive areas; consolidation of land ownership for improved public access and a broad array of recreational uses; and consolidation of land ownership to achieve management efficiency and reduced costs of administration.

(3) Developing a joint report for submission to the Congress which discusses land exchange opportunities in the basin and outlines either a specific land exchange proposal or proposals which may merit consideration by the Secretaries or the Congress, or ideas and recommendations for new authorizations, direction, or changes in existing law or policy to expedite and facilitate the consummation of beneficial land exchanges in the basin via administrative means.

SEC. 802. REPORT TO CONGRESS.

(a) No later than February 1, 1998, ULEP and the Secretaries of the Interior and Agriculture shall submit a joint report to the Committee on Resources of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate concerning their studies, findings, ideas, recommendations, mapping and other activities conducted pursuant to this Act.

(b) At a minimum, the report shall include:

(1) A complete analysis and discussion of issues, options and alternatives considered with respect to the specific study items set forth in Section 3(b) (1–7) of this Act and a discussion of the perceived advantages, disadvantages, and obstacles to implementation of such options and alternatives.

(2) Recommendations and mapping for specific land exchanges, or the identifications and mapping of general areas where exchanges should be considered.

(3) Recommendations, if any, for any changes in law or policy that would authorize, expedite, or facilitate specific land exchanges or facilitate general land exchange procedures.

(4) Recommendations, if any, for special provisions of law or policy that might be applied to specific areas of private or Federal lands after consolidations of lands are completed through land exchanges.

(5) Recommendations, if any, for new or enhanced sources of Federal, state or other funding to promote improved resource protection, recovery and management in the basin.

SEC. 803. AUTHORIZATION OF APPROPRIATIONS.

In furtherance of the purposes of this title, there is hereby authorized to be appropriated the sum of $2 million.

AMENDMENT NO. 5150

Mr. HATFIELD. Mr. President, I understand that there is a substitute amendment at the desk offered by myself and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from Oregon [Mr. HATFIELD] proposes an amendment numbered 5150.

Mr. HATFIELD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. HATFIELD. Mr. President, as my colleagues know, at the end of this year, I will leave the Senate and return to the inviting shores of Oregon. Oregon is the State of my birth and the State that I have labored to represent for over four decades. It has never been a mystery to me why so many have been drawn to my State. The rich pioneer spirit of Oregon's citizenry is matched only by the blessings of the State's bountiful natural treasures.

I am pleased to speak today about legislation that will ensure that several of Oregon's most significant natural treasures will be protected for future generations. This legislation, the Oregon Resources Conservation Act, of which I am the proud sponsor, includes eight titles addressing a host of natural resource issues. Many of the issues within these titles have been the subject of great debate and lingered unresolved for years.

The heart of this proposal is title one, which creates a 25,800-acre Opal Creek Wilderness and National Scenic Recreation Area. Opal Creek is one of the last remaining intact, low-elevation old growth forest areas in Western Oregon. The Opal Creek title of the Oregon Resources Conservation Act would create a 25,800-acre Opal Creek Wilderness and National Scenic-Recreation Area. Of the 25,800 acres, 12,800 acres would be designated as new wilderness to be managed under the Wilderness Act of 1964, and 13,000 acres would be managed as a national scenic-recreation area.

A great public debate has surrounded the Opal Creek issue for decades. It is my firm hope that this is a debate we are about to resolve. Opal Creek is a very special place, and I have always believed the area merits permanent protection.

I sought to include protection for the area in my 1984 Oregon wilderness bill, and again in my 1988 wild and scenic rivers bill. Both times I was forced to remove the provision at the request of Oregon's Governor. Representative Mike Kopetski made a bold effort to legislate protection in 1994, but time ran out in the 103d Congress before final action could be taken in the Senate.

Today, the entire 35,000 acre watershed that includes the Opal Creek subbasin is protected from commercial timber harvest under President Clinton's forest plan. Timber companies have indicated to me that they doubt commercial timber harvests will ever occur again in the drainage. Similarly, environmentalists have indicated to me that they believe there is no danger of harvests in the drainage in the foreseeable future.

Surely this is an area fertile for agreement. It is time to show the public some small sign of reconciliation in this continuing feud over our natural resources. It was my hope that the Opal Creek Working Group, which met over a period of 6 months with the assistance of a professional mediator, would provide the agreement Oregonians of all persuasions desire so much. While the working group failed to reach a comprehensive agreement, areas of common interest and shared values were uncovered, and the group's deliberations assisted me greatly in developing this legislation.

This issue has lingered unresolved for far too long, and with this legislation, we have an opportunity to settle it, once and for all.

The Opal Creek title of my legislation addresses each and every one of the sub-watersheds in the Little North Fork Santiam River drainage, either through a wilderness or a National Scenic Recreation Area designation. By doing this, I have attempted to protect the outstanding resource values in each of these sub-drainages, while at the same time addressing the area comprehensively as an intact ecosystem.

Significant portions of the Cedar Creek sub-watershed have been included, part in the Opal Creek Wilderness and part in the Scenic Recreation

Area. This protection includes approximately three-quarters of the old growth in the sub-watershed. The five sections that comprise the center of the area include private interests. The presence of these private interests has made this area one of the most difficult to resolve. Through the cooperation of the Rosboro Lumber Co. and the Forest Service, we have provided the framework for a very directed land exchange. This exchange will allow this full section, approximately 640 acres, to be included in the Scenic Recreation Area. In exchange, Rosboro will receive sufficient parcels to accomplish an equal value exchange. The prioritized list of parcels provided in the S. 1662 represent parcels which border, many on three sides, land already owned by Rosboro.

One important part of this protection is the designation of Elkhorn Creek as Oregon's newest wild and scenic river. This designation will protect nearly the full length of the Elkhorn as it moves from land managed by the Forest Service to land managed by the Bureau of Land Management. The BLM manages approximately three sections through which the Elkhorn flows. It is my intent that the full amount of these three sections be included in the wild and scenic designation. The language in the bill has been written to accomplish that result. The BLM portions are designated as "scenic", while the Forest Service portions are designated as "wild". This distinction is provided for to allow the BLM to put in a trail head and viewpoint for recreationalists to view this very special area.

In addition to addressing the protection of the entire watershed, the Opal Creek title of this bill maintains recreation at existing levels and allows for growth in uses where appropriate. The bill also calls for historical, cultural, and ecological interpretation in the newly created area to be conducted in a balanced and factually accurate manner. Motorized recreation will be prohibited except on the existing road system and nonmotorized use will be permitted throughout the area, except, of course, in the wilderness. The existing road system will be analyzed and evaluated through a management planning process, which will decide which roads to close and which to leave open. No new water impoundments will be allowed in this area. No new mining claims will be allowed to be filed under the 1872 Mining Law, and no existing claims will be allowed to be patented. In addition, the bill calls for the creation of an advisory council composed of members of the local community, industry, environmental groups, locally elected officials, the Forest Service and an appointee by the Governor. Finally, the bill will not allow commercial timber harvesting of any kind in the Opal Creek area except to prevent the spread of a forest fire or to protect public health and safety. It is important to note that the lands covered by my legislation are not included now in the timber base and are not currently open to commercial harvest.

The final element of the Opal Creek package, Mr. President, was an important part of the working group's discussions. I am referring to an economic development package for the Santiam Canyon, which includes the communities immediately adjacent to the Opal Creek area. This package is based, primarily, on a set of infrastructure improvements developed by these communities in conjunction with the State Economic Development Office, which are designed to improve the water quality and delivery systems of the communities in the area. It is also my intention that the funding allowed here would be available for cleanup and transportation costs related to the Amalgamated Mill site in the Opal Creek area on Battle Ax Creek.

I have made the first down payment on this economic commitment package by including a $300,000 appropriation in the fiscal year 1996 Omnibus Appropriations Act to help begin the cleanup of the contaminated Amalgamated Mill site. There is a continuing discussion of the best way to accomplish the cleanup of this site at the earliest possible date and in a manner that does not endanger public health or safety. This legislation is neutral on the method of cleanup, but should be read as a directive to all parties involved to move forward with deliberate speed to clean up this anomaly in an area of such profound beauty.

Throughout the coming fiscal year 1997 appropriations cycle, I will work closely with Oregon's Governor, John Kitzhaber, and my colleague on the House Appropriations Committee from Oregon, JIM BUNN, to further refine this package and provide additional funding, as needed, for the Amalgamated Mill cleanup and for the critical community infrastructure projects designed to allow these former timber communities to diversify their economic bases and improve their water systems.

In short, the Opal Creek title of this bill attempts to address every issue raised both in the 1994 hearings on Opal Creek and in the working group process conducted out in Oregon. This is an issue I have worked on for almost 20 years. I am extremely pleased that, with this legislation and accompanying infrastructure development package, we will finally be able to address the protection of Opal Creek and the adjacent portions of the Little North Fork Santiam Watershed, as well as improvements to the water quality and delivery systems of nearby, timber-dependent communities.

Mr. President, the second and third titles of the Oregon Resources Conservation Act provide for the establishment of 5-year pilot projects for two, consensus-based natural resource planning bodies now working in Oregon's Klamath and Deschutes Basins. Both of these bodies are already in place and have been working to provide the Federal agencies with recommendations about how best to prioritize spending for ecological restoration, economic health and reducing drought impacts.

I called for the creation of the Upper Klamath Basin Working Group in 1995. This group is citizen-led and includes environmentalists, irrigators, local business leaders, locally elected officials, educators, the Klamath Tribes, and Federal land management agencies in an advisory capacity. This group was charged with developing both short- and long-term recommendations for restoring ecological health in the Klamath Basin. They were successful in developing short-term funding recommendations ranging from riparian and wetland restoration, to fish passage and the coordination of geological information systems in the basin. I followed through on these recommendations and was able to obtain either funding or direction to the pertinent agencies in the fiscal year 1996 appropriations process. I am again attempting to provide funding for the consensus based projects of the Klamath Working Group in the fiscal year 1997 appropriations process.

The group has also developed a long-term recommendation which includes a formal registration of the group as a State-sanctioned foundation and congressional legislation enabling them to help land management agencies set priorities for how money is spent in the basin on various ecological restoration and economic stabilization projects.

Senate bill 1662 addresses the group's long-term recommendation by creating a 5-year pilot project to allow the Upper Klamath Basin Working Group/Foundation, in conjunction with the Federal land management agencies in the basin, to develop funding priorities for ecological restoration in the basin. It will authorize $1 million per year to be spent consistent with these priorities. This money will be administered by the agencies and matched by an equal amount of non-Federal dollars.

Under title III of the bill, the Deschutes Basin in central Oregon would also be allowed to develop a similar regime using, as its base, a group formed by the Warm Springs Tribes, the Environmental Defense Fund, local irrigators, and locally elected officials. This group has been meeting and collaborating on projects in the basin for several years.

Recently, both of these working groups have been able to make significant progress in building coalitions and consensus on natural resource management challenges that, not too long ago, many felt were insurmountable. By giving them more authority to temporarily assist Federal agencies with setting policy priorities using a finite amount of money, I hope we can begin to enter a new era of more local control and greater public input regarding resource management decisions. I also hope these groups, and others that may follow, will continue to use the consensus-based management approach to return resource management decisions to a collaborative, inclusive process rather than the divisive, litigious morass in which we find ourselves today.

The fourth title provides for a land exchange in Oregon's beautiful Mt. Hood corridor. The purpose of this title is to protect the viewshed along the Highway 26 corridor on the way to Mt. Hood, the highest mountain peak in my State. The exchange between the Bureau of Land Management and the Longview Fibre timber company would withdraw lands within the viewshed of the Mt. Hood corridor from the timber base. Both parties are willing participants in this process.

Longview Fibre owns approximately 3,500 acres of timber land in the scenic Mt. Hood corridor, which are interspersed with BLM lands in a checkerboard fashion. Longview would like to harvest these lands within the next 5 years, but is sensitive about the public perception regarding these clearcuts along such a heavily traveled route. I agree with Longview Fibre and feel harvesting these trees along Highway 26 would be a disaster both for the ecological and visual characteristics of the resource. Longview, to their credit, has been extremely interested in working with local planning and environmental groups to identify BLM parcels elsewhere in western Oregon that could be traded for the Longview Fibre lands in the corridor.

This proposal is a unique opportunity to forge ahead with a plan that has been built at the local level over the past 5 years and which has virtually unanimous support, including the local county government, local businesses, the timber industry, and local environmental groups.

Included in this title is a very limited exemption from the National Environmental Policy Act. I want to be clear that this exemption is in no way to be used as a precedent for future waivers of NEPA. This is a unique circumstance, and to counterbalance this exemption, I have included funding in the fiscal year 1997 appropriations process to undertake environmental analysis for this exchange.

The fifth title of S. 1662 would establish the Coquille Forest near the town of Coos Bay, OR. During my Senate career, it has been my pleasure, and I believe my obligation, to take an active role in the restoration of Federal recognition to a number of Indian tribes in the State of Oregon. One of those tribes, the Coquille Tribe from near Coos Bay, OR, was restored in 1989. In the Coquille Restoration Act, Public Law 101–42, which I was proud to sponsor in the Senate, a requirement was included that the Secretary of the Interior and the tribe develop and submit a plan for the tribe's pursuit of economic self-sufficiency.

The Coquille Tribe took that mandate to heart and developed and submitted an extraordinarily comprehensive plan. Wisely, I think, the plan encompassed self-suficiency initiatives across a diverse range of projects. The centerpiece of the plan was a proposal to establish a significant forest land for the tribe within its aboriginal territory. The overall goal of the plan and the forest are to move the standard of living for the members of the Coquille Tribe closer to that of the people of Oregon overall and to provide for the cultural restoration of the Coquille people.

The Coquille Tribe's forest proposal is not, nor is this legislation, some new and novel precedent. Land bases have already been established for a number of federally recognized Oregon tribes, including the Grand Rondes, Siletz, Warm Springs, and Umatillas. These tribal land bases range from 3,600 acres to 640,000 acres. This title would establish a 5,400-acre land base for the Coquille Tribe. Hardly a precedent in either size or action.

Moreover, the Coquille proposal is quite innovative and unique. The proposal originally developed by the Coquille Tribe was a cutting-edge, scientifically based plan to manage the land. The plan would have used environmentally sensitive methods of land management to benefit not only the tribe but the surrounding communities as well. This land management approach was as innovative as any I have seen during my public career, and it prompted me to lend my support to the tribe's effort.

This provision is intended to provide a measure of restitution to the Coquille Tribe. This land was forcibly taken from its inhabitants, an act that I think anyone today would decry as unjust. In the past, atrocities have been heaped upon Oregon's native American tribes, including the Army's efforts to round up the southwestern Oregon tribes like cattle and march them hundreds of miles to government-created Indian reservations at Siletz and Klamath Falls.

To the tribes affected by these U.S. Government policies, the act of uprooting them from their homelands and herding them to far-away reservations destroyed their culture and killed many of their people. These acts were the equivalent of the ethnic cleansing we have seen in recent years against the Muslim people in Bosnia. The restoration of 5,400 acres could never atone for the hardships imposed upon the Coquille people. It can, however, begin to help restore some semblance of culture and a tie to the land that our Federal Government attempted to destroy over 150 years ago.

I have gathered as much public input on the Coquille Tribe forest proposal as on any single legislative effort throughout my entire Senate career. I held two Senate hearings on the matter, one in Salem, OR, and one in Washington, DC. I also have received many letters and phone calls carefully analyzed related public polls, and reviewed newspaper editorials. All of these factors have contributed to the 5,400-acre proposal I have developed.

The forming of this title as it appears today in the substitute has been very challenging. The myriad interests of the Interior Department, the people of Coos County, the logging and environmental communities, the State of Oregon, and certainly the Coquille Tribe have brought together starkly divergent viewpoints.

This title reflects many of the elements from the tribe's earlier proposal, but it is also very different. To accommodate the diversity of interests, and to do so within the parameters of the current discourse regarding the Federal lands, I have fashioned a unique and scaled-down hybrid. I must say that in so doing, the Coquille Tribe has made some very substantial concessions.

First, title five creates a Coquille Forest of only approximately 5,400 acres in size. While the parcels are shown on a BLM map, referenced in the legislation, for clarity I am adding the legal descriptions in the RECORD. The Coquille Forest consists of the Federal portions of the following descriptions:

Willamette Meridian West, Oregon
T28S R10W S. 30,33
T28S R11W S. 14,25,26
T29S R10W S. 5
T30S R11W S. 5,7,15,24,25,29,33
T29S R11W S. 23 SE¼ SE¼
  S. 26 E½ NE¼
  S. 26 SW¼ NE¼
  S. 26 N½ SE¼
T29S R12W S. 26 S½ SW¼
  S. 35 NE¼ NW¼
  S. 35 NW¼ NE¼

Second, a 2-year transition period is required prior to the Forest transferring into trust for the tribe. To preserve Federal timber revenues to the O&C Counties, the Interior Secretary is authorized to designate an appropriate amount of nearby Federal public domain land into O&C status.

Third, after the forest is transferred to the Assistant Secretary for Indian Affairs, its management must be consistent with the standards and guidelines of adjacent and nearby Federal forest plans. While this consistency requirement is to extend into the future, it should be noted that I do not anticipate that this requirement will foreclose the tribe from realizing at least some significant cultural or economic benefits from its forest.

Fourth, the Assistant Secretary for Indian Affairs is to manage the Coquille Forest pursuant to all applicable State and Federal forestry and environmental laws, specifically including critical habitat designations under the Endangered Species Act. Federal log export restrictions will apply to logs from the Coquille Forest, and competitive bidding is specifically required on all sales.

Fifth, this statute assures continued public access and State regulation of hunting and fishing. Conversely, it is expected that tribal access is assured to all its parcels.

Sixth, Federal law and policies fostering Indian self-determination are recognized by providing opportunity for the tribe to assume some or all of the management of the Coquille Forest. As a requirement for the tribe assuming such management functions, a memorandum of agreement is required with the State of Oregon that details the State's jurisdiction and regulatory functions, and which incorporates the requirements for management consistency with surrounding plans. To assure enforceability of the MOA, both the tribe and the State are authorized to take each other to Federal court.

Finally, the title provides that any affected citizen may sue the Secretary of the Interior for violations of the title. This is not intended to expand laws or case law related to standing to sue. The court is specifically authorized to order the Secretary to withdraw any management authority delegated to the tribe for the management of the forest.

I want to emphasize again the unique arrangement of this provision. It is intended to establish a Coquille Forest for the Coquille Tribe that will mesh into the broader forest management of Coos County. Within that context, the Coquille Forest is to provide a basis for restoring the tribe's culture as well as providing economic benefits.

I hope this proposal, with its relatively modest acreage and the required adherence to the most environmentally friendly forest management plan ever implemented in the Pacific Northwest—President Clinton's forest plan—is successful and can become a model for how our Nation deals with other claims by native American tribes.

The sixth title of S. 1662 addresses a longstanding issue in my State. The Portland area has been blessed with one of the cleanest sources of drinking water in the Nation. The Bull Run Watershed, east of Portland in the Cascade Mountains, has been providing safe and pure drinking water to Portlanders for over a century. I have always supported protection for this vital resource, including my working to enact the 1977 Bull Run Protection Act, Public Law 95-200.

Title six amends Public Law 95-200 by additional restrictions on management within the hydrographic boundary of the Bull Run Watershed. This is depicted on a map refered to in the legislation. The additional protections do not include the controversial buffer areas or the adjacent Little Sandy Watershed. These additional areas have long been the source of controversy which has effectively blocked providing the additional protections within area that have a direct impact on Portland's drinking water.

I am pleased that, in working with my colleague from Oregon, Mr. WYDEN, we have reached an important agreement on this matter, which is included in S. 1662. The vital part of the agreement involves a study of the impact of management activities within the Little Sandy on Portland's drinking water. This is the heart of the issue with respect to the Little Sandy. With that critical agreement, the additional protections for the main drainage may go forward.

I want to pay a special tribute to my colleague for working so constructively with me on this important matter to Oregonians. Senator WYDEN has made an impressive commitment to this issue and I commend him for his leadership. Let me also commend Representative ELIZABETH FURSE for her commitment to this issue. She has partnered with Senator WYDEN to resolve elevate this important issue in the public dialog.

Finally, I wish to commend the newest member of the Oregon delegation, Representative EARL BLUMENAUER, for the valuable role he played in resolving this issue. The Bull Run Reservoir is located in Congressman BLUMENAUER's legislative district, and through his prompt intervention in this matter at a critical stage, he performed a valuable service to his constituents.

The seventh title of this bill would add approximately 120 acres to the existing Oregon Islands Wilderness. This area is comprised of islands, reefs and rocks within 3 miles of the Oregon coast.

In 1991, the Fish and Wildlife Service completed a wilderness suitability study on 1,200 of these formations, which extend 307 miles, from Tillamook Head to just north of the California border. The Fish and Wildlife Service has recommended a wilderness designation for the study area.

These islands, rocks, and reefs are small and extremely rugged in appearance. The soil cover is shallow. Light vegetation consists primarily of low-growing grasses and herbaceous plants. These areas are valuable as nesting, roosting and foraging habitat for bald eagles, peregrine falcons, California brown pelicans, Canadian geese, and a number of other seabirds and shorebirds. They are also extensively used by marine mammals, such as Steller sea lions, California sea lions, Pacific harbor seals, and threatened northern elephant seal.

Protection of this area would help preserve a reflection of America's rich island heritage. They are also closely associated with the culture of coastal native Americans and early European settlers.

The final title of this legislation provides direction for a land exchange study within the Uppqua Basin in southern Oregon. The goal of the Uppqua land exchange project is to determine if there is a land ownership pattern within the Uppqua River Basin, different from the current one, that would more effectively protect fish and wildlife habitat and allowing more sustainable resource production. The project has hired a team of Oregon scientists to study the resources of this basin to determine if opportunities exist for public and private land exchanges are possible to achieve this goal.

On Federal lands, the opportunity exists for increasing wildlife and fisheries habitat protection as well as sustainable supply of timber as a result of exchanging lands. On private lands, the project could assist land owners better meet their land management goals by providing lands better suited for timber productions that are not as ecologically sensitive as those traded into Federal ownership.

To test this theory, this title directs the land management agencies to take a careful look at the land ownership patterns in this area and at the current makeup of laws and policies. I believe this study will uncover great potential for improvements in our land ownership patterns.

Mr. President, this is comprehensive legislation. I am extremely pleased with this bill. It protects some of Oregon's most important natural resource areas, Opal Creek, Bull Run, the Oregon Islands and the Mt. Hood corridor. It also promotes consensus-based, watershed planning at the local level in the Klamath and Deschutes Basins. Finally, it makes investments in the future through important studies.

I have worked many years to protect Oregon's magnificent natural resources. I am pleased that in this, my last year in the Senate, I will be able to continue this legacy of protecting Oregon's natural beauty for the enjoyment and use of future generations.

At this point I ask unanimous consent to have printed in the RECORD a letter addressed to myself from Under Secretary James Lyons of the Department of Agriculture in which they indicate the administration support for the two titles, the Opal Creek title and the one on the Bull Run.

I would also ask unanimous consent to have printed in the RECORD a letter from Mayor Vera Katz of the city of Portland and Commissioner Mike Lindberg also endorsing title VI which relates to Portland's main and only water supply, which is called the Bull Run.

And I ask unanimous consent to have printed in the Record a section-by-section analysis.

There being no objection, the material was ordered to be printed in the Record, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, DC, August 2, 1996.

Hon. Mark O. Hatfield,
Washington, DC 20510.

Dear Senator Hatfield: I am writing in support of the two provisions in S. 1662, as amended, which affect Opal Creek and Bull Run in the Willamette National Forest in Oregon.

The Administration testified in support of the Opal Creek Wilderness and Opal Creek Scenic Recreation Area Act of 1996. S. 1662 adds approximately 12,800 acres of mixed old growth forest and anadromous fish habitat to the Wilderness Preservation System granting it permanent protection for primitive use and resource conservation. In addition, the legislation provides Wild and Scenic River protection for Elkhorn Creek as recommended in our hearing testimony. You have worked hard to prepare legislation which balances the concerns of all parties and I appreciate your diligent efforts.

The Department of Agriculture supports the compromise position taken in Title VI of the bill regarding the Bull Run and Little Sandy Watersheds. Conservation in these two watersheds is important to the success of the President's Forest Plan for the owl region and for the City of Portland. The report to Congress authorized in the legislation will help provide information to decide whether any further action is necessary regarding these lands. I especially support the public process which will be used to prepare the study.

Again, I want to congratulate you on your hard work on these provisions. The Department of Agriculture supports enactment of these two titles.

Sincerely,

James R. Lyons,
Under Secretary.

July 24, 1996.

Hon. Mark O. Hatfield,
711 Hart Senate Office Building,
Washington, DC.

Dear Senator Hatfield: On behalf of the citizens of Portland and the drinking water consumers of the Portland metropolitan region, thank you for your outstanding efforts in the development of Title VI, Bull Run Watershed Protection, in S. 1662, "The Oregon Resource Conservation Act of 1996".

We were pleased by the unanimous passage of S. 1662 on June 19 by the Senate Energy and Natural Resources Committee. We have been very grateful to work with you and your staff since then on enhancements to the provisions of Title VI which will be added during forthcoming consideration by the full Senate.

It has been a great honor to work with you on the issue of additional statutory protection for Bull Run water quality since the adoption by the City Council Resolution covering this subject in October 1993.

The provisions of Title VI covering a ban on timber cutting in the hydrographic boundary of the Bull Run drainage, including certain lands within the unit and located below the headworks of the City's water storage and delivery project, except in activities expressly reserved for the City, and the ban on salvage sales, will greatly improve the City's ability to ensure water quality protection in the years to come. The study on the portion of the Little Sandy Watershed within the unit, to be undertaken by the Secretary of Agriculture in consultation with the City, will help to provide useful guidance for the future regarding logging in the Little Sandy and water quality impacts.

We plan to work very closely with you and your staff as S. 1662 continues through the subsequent phases of the legislative process to help in any way we can to ensure that it can be enacted in the few remaining weeks of this Congress.

Thank you again for your leadership on this important initiative.

Warm regards,

Vera Katz,
Mayor.
Mike Lindberg,
Commissioner.

Section-by-Section Analysis

S. 1662—OREGON RESOURCES CONSERVATION ACT OF 1996

TITLE I—Opal Creek Wilderness and Scenic Recreation Area

12,800 acre Opal Creek Wilderness Area.

13,000 acre Opal Creek National Scenic-Recreation Area.

Designates Elkhorn Creek Wild and Scenic River.

Sets up management planning process for Scenic Area.

Sets up 13 member Advisory Council consisting of locally elected officials, environmentalists, timber industry, mining industry, inholders.

Establishes guidelines for disposition of existing inholdings.

Authorizes $15 million Economic Development Plan.

TITLE III—Upper Klamath Basin Pilot Project

Creates a five-year pilot project to allow consensus-based citizen working group to provide ecological restoration recommendations to federal agencies.

Authorizes $1,000,000 per year for consensus-based projects.

Projects must be matched 1-to-1 with non-federal sources.

Fish and Wildlife Service is lead agency.

TITLE III—Deschutes Basin Pilot Project

Creates a five-year pilot project similar to the Klamath Working Group.

Also authorizes $1,000,000 per year for ecosystem restoration projects, 1-to-1 match with non-federal funds.

Bureau of Reclamation is lead agency.

TITLE IV—Mt. Hood Corridor Land Exchange

Authorizes 3,500 acre land exchange in the Mt. Hood Corridor between the Bureau of Land Management and the Longview Fibre timber company.

Both parties are willing participants in this process, which seeks to protect the viewshed along the Highway 26 corridor from Portland to Mt. Hood, Oregon.

Land acquired by BLM in corridor is removed from timber base, consistent with current BLM management of adjacent lands.

Exchange is to be completed within one year.

Title V—Coquille Tribal Forest

Creates 5,400 acre Coquille Forest from BLM lands in SW Oregon.

Management of land will remain with BLM for two years, with no change in existing management structure or funding distribution. Transition plan is authorized.

After two years, title and management will be transferred to Bureau of Indian Affairs. The lands will be held in trust for Coquille Tribe (restored in 1989).

After transfer to BIA, land will be managed consistent with President's Forest Plan and applicable forestry and environmental protection laws.

All timber sales will be subject to competitive and open bidding procedures.

Title VI—Bull Run Watershed Protection

Amends P.L. 95-200, the Bull Run Protection Act, by establishing additional timber harvest restrictions for Bull Run watershed, Portland's primary municipal drinking water source.

Requires a study of the adjacent Little Sandy Watershed to determine the impact of management on Portland's drinking water. Requires report to Congress on findings and recommendations for future management in the area.

Title VII—Oregon Islands Wilderness Additions

Adds approximately 120 acres of islands, reefs and rocks within three miles of Oregon Coast to existing Oregon Islands Wilderness System.

Title VIII—Umpqua River Land Exchange Study

Authorizes and directs Secretaries of Interior and Agriculture to consult, coordinate and cooperate with the Umpqua Land Exchange Project.

Project's mission is to develop scientific basis for and evaluation of land exchanges which involve federal acquisition of sensitive private parcels in exchange for private acquisition of less sensitive, timber producing parcels.

Joint Report to Congress submitted no later than Feb. 1, 1998 making recommendations.

Mr. HATFIELD. Mr. President, there are some very important people who have helped bring this day, now, to fruition. I want to mention the former Congressman from Oregon, Mike Kopetski, who made a valiant effort in 1994 to pass an Opal Creek protection bill. The bill was passed in the House. However, time ran out, in the Senate. It was not enacted. But, certainly, for years he and I had the privilege of trekking this whole area together. That is a wonderful memory I have. I want to pay tribute to his efforts as part of the overall accomplishment of this bill.

I want to also make particular mention of the staff, of David Robertson and Doug Pahl of my staff, who, for years, have been involved in this and have done a great job; to Ms. Alexandra Buell of Senator Wyden's staff, who has been very meshed into the whole common effort and has an excellent background in resource management; the Energy Committee staff, Gary Ellsworth, Mark Rey and Tom Williams worked together as one staff, so to speak, even though they represent both sides of the aisle. I am very grateful, always, to each of those staff members for their real nitty-gritty and their real creative ability.

The PRESIDING OFFICER. The Senator from Oregon, Mr. Wyden.

Mr. WYDEN. Mr. President, I want to say first, I very much share Senator Hatfield's view with respect to the yeoman work that has been done by many parties, in terms of bringing this legislation together. I am especially pleased he has mentioned Ms. Buell and Mr. Pahl. It reflects the bipartisan effort that has gone into moving this legislation forward. I very much want to associate myself with Senator HATFIELD's words of praise for the many staff who have worked on this legislation.

I also want to begin by telling Senator HATFIELD, on behalf of the people of our State, how much we appreciate the extraordinary efforts he has made in the conservation field specifically. As Oregonians know, when you think about the history of our State, it will not just be conservation that Senator HATFIELD has touched. It will be the Oregon Health Sciences Center, where we have built a remarkable medical infrastructure that is going to serve our State into the 21st century. People are going to talk about the exceptional work that was done in the transportation field, where, again, we have led the Nation in terms of looking forward, in terms of making gutsy decisions.

We are going to talk about the agriculture, the maritime efforts, particularly in the field of research which, again, gives us a chance to get out in front of these huge waves of change that so mark these and so many of the issues that are before the Senate.

I just want to tell Senator HATFIELD, I think it is particularly appropriate now, as we move to the last days of this session, that this legislation, which is something of a crowning jewel, moves forward in the Senate. It is a tribute to all of the exceptional work that he has done, now, for 3 decades for the people of our State. I want you to know how much I appreciate all this effort. As you know, I am looking into the possibility of being able to phone you express, when you are at the coast in a much-deserved retirement, to have you help on other matters. I am just so pleased that this legislation is moving forward today, and to be associated with you.

Mr. President, very briefly let me comment on some of the provisions, the excellent provisions in this legislation. It is going to protect Opal Creek, both the drinking water source for the city of Salem and one of the crown jewels of our old growth forests. It is a remnant of what used to be common in the Oregon Cascade Range, but it is now the largest intact low elevation old growth forest that is left, after years of management in the region.

Opal Creek is simply beloved. People hike and swim, and many go simply to experience the grandeur and solace that tall trees and waterfalls have to offer. Visitation is now at about 15,000 people annually, and increases each year.

The President's Forest plan recognized the special nature of Opal Creek and designated it as a late-successional reserve and tier 1 watershed. Although that designation puts some limits to management in the watershed, it does not ensure permanent protection. Only an act of Congress can do that and Senator HATFIELD is responding to the great interest among the people of our State in making sure that there will be permanent protection for Opal Creek. We have been trying to protect this treasure for more than 25 years. Last year, Senator HATFIELD convened a working group of Oregonians interested in Opal Creek that included environmentalists, the timber industry, State and local officials, and the Forest Service. This legislation is a product of those efforts. One prominent Oregon environmental group called the provision precedent setting, and the most protective they have seen in any Federal legislation.

Mr. President, this legislation, Senator HATFIELD has noted, contains other extremely important provisions for our State. I am especially pleased Senator HATFIELD has included in his bill, additional protection for the Bull Run Watershed. This is so important to water users in our State. Hundreds of thousands of Oregonians depend on that watershed for pure, clean drinking water. And the history of Federal protection for the Bull Run Watershed goes back more than 100 years, to President Harrison's proclamation reserving the drainage basin of the Bull Run and Little Sandy Rivers as protected sources of water for the City of Portland.

The Bull Run Watershed now serves more than 20 water districts and over 735,000 people in our metropolitan area.

It is projected by the year 2050, it will be the prime source of drinking water for over 1 million Oregonians.

When I served in the House of Representatives, I joined with Congresswoman ELIZABETH FURSE in introducing H.R. 4063 in the 103d Congress. This earlier piece of legislation increased substantially protections for the Bull Run and the Little Sandy watersheds. Although S. 1662 does scale down the scope of lands covered by new protections, I am pleased that this legislation increases protections for the portion of the Bull Run watershed that serves as the municipal drinking water source for the city of Portland, while maintaining the existing protections for the remainder of the watershed. The city of Portland strongly supports these added protections for the Bull Run watershed.

This legislation includes several other important provisions. It would fund two citizen working groups that have been active in addressing a wide array of ecological restoration, economic development and stability and drought impact reduction projects in the Klamath and Deschutes River basins in our State.

I am excited about both of these groups because I firmly believe that the key to solving many of our environmental problems—the key to solving environmental problems—has to come from strong local input. Oregonians have been successful using this model of strong local involvement in reforming health care, in reforming welfare, and I am pleased to see that as a result of Senator HATFIELD's legislation, the same effort to encourage local involvement is being used in the environmental area.

I believe that no bill is ever perfect, and we all have things that we might want in an ideal situation. The proposal to create the Coquille Tribal Forest has caused concern, has caused anxiety among a number of our citizens. I commend Senator HATFIELD for his hard work in addressing many of these concerns, while at the same time remaining true to his commitment to the Coquille tribe. I believe that the provision in this legislation is improved by reducing greatly the size of the transfer. I also believe it has been improved by requiring the land to be managed under applicable State and Federal forestry and environmental protection laws.

The bill also would require that these lands be subject to critical habitat designations under the Endangered Species Act and the standards and guidelines of the Federal forest plans adjacent or nearby forest lands apply now and in the future.

Additionally, changes to the bill ensure that the land will remain open to public access for hunting, fishing and recreation, and that the prohibition on the export of unprocessed logs from Federal lands are a matter of great importance to our citizens and will continue.

With that said, I still remain concerned about the size of the land to be transferred from the Bureau of Land Management to the Bureau of Indian Affairs to be held in trust for the Coquille tribe.

Further, I am concerned about adding another layer of complexity to an already confusing array of forest and environmental management requirements and a potential lack of clarity with regard to Tribal, State and Federal roles in environmental requirements. I am also very concerned about a lack of clear direction with regard to citizen appeals. I am very pleased to have a chance to work with Senator HATFIELD on these matters. Senator HATFIELD has worked very, very hard to try to develop consensus with respect to this issue which is extremely controversial, and I intend to work closely with him on this matter in the days ahead.

Mr. President, despite my reservation about the Coquille Tribal Forest, I believe that, on balance, this is a good bill for Oregon. I also want to say that recognition for our former colleague, Mike Kopetski, is especially appropriate. I recall several years ago when my good friend, Mike Kopetski, first made his pledge to protect Opal Creek. Because Mike showed exceptional vision and leadership, the bill made great progress. I join Senator HATFIELD in saying that because of the work done by former Congressman Kopetski, it has been possible to move this bill towards a reality.

Though this bill is not perfect, through Senator HATFIELD's efforts and wise judgment, there is a bill now before the Senate that will benefit countless Oregonians for generations to come. It remains one of the most important conservation efforts for the State of Oregon put forward in many, many years. I look forward to working closely with our senior Senator to ensure that this bill is signed into law.

Mr. President, I yield the floor.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the substitute amendment be considered and agreed to, the committee amendment be agreed to, as amended, the bill be deemed read a third time, and passed as amended. I withhold.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 5150) was agreed to.

The committee amendment was agreed to.

The bill (S. 1662), as amended was deemed read the third time and passed.

Mr. HATFIELD. Mr. President, on the bill that we have just passed, which is the Oregon Resources Conservation Act of 1996, I would ask unanimous consent to list Senator WYDEN, my colleague, as a cosponsor of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, we would like to go ahead and get these unanimous-consent agreements done so that the distinguished Democratic leader could go to a very important meeting.

Senator DASCHLE, if I could just say once again—I have told you privately—I want to say publicly, I appreciate the cooperation we have had over the last 3 weeks. We could not get it all done at the end, but I think we made a lot of good progress. And I appreciate your help wherever you could give it. I think we did pretty good overall.

Mr. DASCHLE. Mr. President, if the majority leader would allow me to respond, I want to commend him. He has taken on his responsibilities under very difficult circumstances. I cannot imagine a more challenging way with which to begin your new role than to take on the responsibilities midcourse.

I must say, Mr. President, he has done it in a way that he can be proud. It has been a joy to work with him.

I think we have gotten more done than most people would have expected. I think, in fact, we surprised a few people. And we will continue to do our best to represent our caucuses but also to work to try to represent our country. I look forward to working with him for many months and years to come.

Mr. LOTT. Thank you very much.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. We do have a number of unanimous-consent agreements that we have worked out. We would like to go through these. And some of them are still being worked on as we speak. But we can go ahead and get started.

UNANIMOUS-CONSENT REQUEST—H.R. 3953

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to consideration of H.R. 3953, the House-passed terrorism bill just received from the House.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, reserving the right to object, I ask unanimous consent the majority leader modify his consent to provide for passage of the bill as amended by a substitute amendment, providing for roving wiretaps, and requiring taggants for black powder, that the bill be read the third time and passed, and the motion to reconsider be laid upon the table.

Mr. LOTT. Mr. President, I would not be able, at this time, to agree to that addition to the unanimous-consent request.

A lot of good work was done in this area this week. I think they came very, very close to getting an overall agreement, and I thought yesterday afternoon, actually, it was going to be achieved. They did not quite make it. This is something we will have to work on.

I do personally think additional authority should be granted on wiretap. I think a lot of the aviation security matters that are included in this bill are very, very important. I am sorry we could not get it worked out. I think more than anything else, time has run out on us.

However, I have to object to that.

Mr. DASCHLE. Reserving the right to object, I share the view expressed by the majority leader. I was very hopeful at the beginning of this week that we could have concluded our work to provide yet another opportunity to pass a good piece of legislation dealing with a very important matter by the end of this week. That was not possible.

I am disappointed, but we will have to dedicate our effort to ensure that does happen when we get back. I hope we could do it sooner rather than later.

I object to this bill.

The PRESIDING OFFICER. The objection is heard.

MEASURE READ FOR THE FIRST TIME—H.R. 3953

Mr. LOTT. Mr. President, in light of the objection, I ask that H.R. 3953 be read for the first time.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 3953) to combat terrorism.

Mr. LOTT. Mr. President, I now ask for its second reading, and I believe the Democratic leader would object, so I object on his behalf.

The PRESIDING OFFICER. The objection is heard. The bill will be read on the next legislative day.

NOMINATIONS TO REMAIN IN STATUS QUO UNTIL SEPTEMBER 2, 1996

Mr. LOTT. Mr. President, as in executive session, I ask unanimous consent that all nominations received by the Senate during the 104th Congress, 2d session, remain in status quo notwithstanding the August 2 adjournment until September 2, 1996, and rule XXXI, paragraph 6 of the standing rules of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. LOTT. Mr. President, I ask unanimous consent the Senate immediately proceed to executive session to consider the following nominations: Calendar 384, Charles Hunnicutt, Assistant Secretary of Transportation; Calendar 509, Charles Burton, U.S. Enrichment Corporation; Calendar 510, Christopher Coburn, U.S. Enrichment Corporation; Calendar 710, Thomas Hill Moore, Consumer Product Safety Commission; Calendar 716, Edward McGaffigan, Jr., Nuclear Regulatory Commission; Calendar 717, Nils Diaz, Nuclear Regulatory Commission; I further ask unanimous consent that the nominations be confirmed en bloc, the motions to reconsider be laid upon the table en bloc, that any statements relating to the nominations appear at the appropriate place in the RECORD, and the President be immediately notified of the Senate's action.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF TRANSPORTATION

Charles A. Hunnicutt, of Georgia, to be an Assistant Secretary of Transportation.

UNITED STATES ENRICHMENT CORPORATION

Charles William Burton, of Texas, to be a Member of the Board of Directors of the United States Enrichment Corporation for a term expiring February 24, 2001.

Christopher M. Coburn, of Ohio, to be a Member of the Board of Directors of the United States Enrichment Corporation for a term expiring February 24, 2000.

CONSUMER PRODUCT SAFETY COMMISSION

Thomas Hill Morre, of Florida, to be a Commissioner of the Consumer Product Safety Commission for a term of seven years from October 26, 1996.

NUCLEAR REGULATORY COMMISSION

Edward McGaffigan, Jr., of Virginia, to be a Member of the Nuclear Regulatory Commission for the term of five years expiring June 30, 2000.

Nils J. Diaz, of Florida, to be a Member of the Nuclear Regulatory Commission for the term of five years expiring June 30, 2001.

NOMINATION OF CHRISTOPHER COBURN

Mr. McCONNELL. Mr. President, I rise in opposition to the nomination of Christopher Coburn to the Board of the U.S. Enrichment Corporation. I believe the nomination of Mr. Coburn to this board would put the Paducah Gaseous Diffusion Plant at a disadvantage in the siting of the Atomic Vapor Laser Isotope Separation [AVLIS] technology.

As a member of the USEC Board, Mr. Coburn will have the responsibility of implementing the privatization of the USEC and charting its future course, including the implementation of the AVLIS technology.

The commercialization of this technology would mean billions of dollars of investment as well as ensuring the continued viability of the U.S. enrichment industry. If I may put the issue in stark, but accurate terms, the USEC's decision about siting AVLIS is more fundamentally a decision about which one of these plants will be able to remain competitive and viable into the next century.

Earlier this year, President Clinton appointed Mr. Coburn to the board because he believed Mr. Coburn was uniquely qualified following his service as the executive director of the Thomas Edison Program and as the science and technology advisor to the Governor of Ohio. It has come to my attention that while serving as the executive director of the Thomas Edison Project, Mr. Coburn developed a proposal to locate the AVLIS technology in Portsmouth, OH.

Mr. President, the placement of Mr. Coburn on the USEC's board at this time would cause serious doubts about the objectivity and fairness of the USEC as it begins to assess which facility should obtain the AVLIS technology. The stakes concerning this decision are so monumental that we cannot allow any inference of bias to infect the process by which that decision is made.

In an effort to protect the interests of the workers employed at the Paducah plant and the economy of western Kentucky I asked the President to withdraw the nomination of the Mr. Corburn. Since the President has ignored my concerns I have tried to block the confirmation of Mr. Coburn.

Unfortunately, I realize the votes are not in my favor. Nonetheless, I will continue to follow the actions of the Board and Mr. Coburn to ensure that the best interests of the Paducah Gaseous Diffusion Plant are protected.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 104–28 AND TREATY DOCUMENT NO. 104–29

Mr. LOTT. Mr. President, I ask unanimous consent the injunction of secrecy be removed from two treaties: A Protocol Amending the 1916 Convention for the Protection of Migratory Birds (Treaty Document No. 104–28); and a United Nations Convention to Combat Desertification in Countries Experiencing Drought, Particularly in Africa, with Annexes (Treaty Document No. 104–29); transmitted to the Senate by the President today; and ask that the treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The messages of the President are as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Protocol between the United States and Canada Amending the 1916 Convention for the Protection of Migratory Birds in Canada and the United States, with a related exchange of notes, signed at Washington on December 14, 1995.

The Protocol, which is discussed in more detail in the accompanying report of the Secretary of State, represents a considerable achievement for the United States in conserving migratory birds and balancing the interests of conservationists, sports hunters, and indigenous people. If ratified and properly implemented, the Protocol should further enhance the management and protection of this important resource for the benefit of all users.

The Protocol would replace a protocol with a similar purpose, which was signed January 30, 1979, (Executive W, 96th Cong., 2nd Sess. (1980)), and which I, therefore, desire to withdraw from the Senate.

I recommend that the Senate give early and favorable consideration to the Protocol, with exchange of notes, and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 2, 1996.*

To the Senate of the United States:

I transmit herewith, for the advice and consent of the Senate to ratification, the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, with Annexes, adopted at Paris, June 17, 1994, and signed by the United States on October 14, 1994. The report of the Department of State is also enclosed for the information of the Senate.

The purpose of the Convention is to combat desertification and mitigate the effects of drought on arid, semi-arid, and dry sub-humid lands through effective action at all levels. In particular, the Convention addresses the fundamental causes of famine and food insecurity in Africa, by stimulating more effective partnership between governments, local communities, nongovernmental organizations, and aid donors, and by encouraging the dissemination of information derived from new technology (e.g., early warning of impending drought) to farmers.

The United States has strongly supported the Convention's innovative approach to combatting dryland degradation. I believe it will help Africans and others to make better use of fragile resources without requiring increased development assistance. Ratification by the United States would promote effective implementation of the Convention and is likely to encourage similar action by other countries whose participation would also promote effective implementation.

United States obligations under the Convention would be met under existing law and ongoing assistance programs.

I recommend that the Senate give early and favorable consideration to this Convention and its Annexes, with the declaration described in the accompanying report of the Secretary of State, and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 2, 1996.*

TREATIES

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to consider the following treaties on today's Executive Calendar, Executive Calendar Nos. 24 through 35; I further ask unanimous consent that the treaties be considered as having passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification; that all committee provisos, reservations understandings, et cetera, be agreed to; that any statements in regard to these treaties be inserted in the CONGRESSIONAL RECORD as if read; and that the Senate take one vote on the resolutions of ratification to be considered as separate votes; further, that when the resolutions of ratification are voted upon the motion to reconsider be laid upon the table; the President then be notified of the Senate's action and that following disposition of the treaties, the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered. The treaties will be considered to have passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification.

The resolutions of ratification are as follows:

TREATY WITH THE REPUBLIC OF KOREA ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the United States of America and the Republic of Korea on Mutual Legal Assistance in Criminal Matters, signed at Washington on November 23, 1993, together with a Related Exchange of Notes signed on the same date. The Senate's advice and consent is subject to the following two provisos, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Pursuant to the rights of the United States under this Treaty to deny requests which prejudice its essential public policy or interest, the United States shall deny a request for assistance when the Central Authority, after consultation with all appropriate intelligence, anti-narcotic, and foreign policy agencies, has specific information that a senior government official who will have access to information to be provided under this Treaty is engaged in a felony, including the facilitation of the production or distribution of illegal drugs.

TREATY WITH THE UNITED KINGDOM ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland on Mutual Legal Assistance in Criminal Matters, signed at Washington on January 6, 1994, together with a Related Exchange of Notes signed the same date. The Senate's advice and consent is subject to the following two provisos, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Pursuant to the rights of the United States under this Treaty to deny requests which prejudice its essential public policy or interest, the United States shall deny a request for assistance when the Central Authority, after consultation with all appropriate intelligence, anti-narcotic, and foreign policy agencies, has specific information that a senior government official who will have access to information to be provided under this Treaty is engaged in a felony, including the facilitation of the production or distribution of illegal drugs.

TREATY WITH AUSTRIA ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Austria on Mutual Legal Assistance in Criminal Matters, signed at Vienna on February 23, 1995. The Senate's advice and consent is subject to the following two provisos, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Pursuant to the rights of the United States under this Treaty to deny requests which prejudice its essential public policy or interest, the United States shall deny a request for assistance when the Central Authority, after consultation with all appropriate intelligence, anti-narcotic, and foreign policy agencies, has specific information that a senior government official who will have access to information to be provided under this Treaty is engaged in a felony, including the facilitation of the production or distribution of illegal drugs.

TREATY WITH HUNGARY ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Hungary on Mutual Legal Assistance in Criminal Matters, signed at Budapest on December 1, 1994. The Senate's advice and consent is subject to the following two provisos, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Pursuant to the rights of the United States under this Treaty to deny requests which prejudice its essential public policy or interest, the United States shall deny a request for assistance when the Central Authority, after consultation with all appropriate intelligence, anti-narcotic, and foreign policy agencies, has specific information that a senior government official who will have access to information to be provided under this Treaty is engaged in a felony, including the facilitation of the production or distribution of illegal drugs.

TREATY WITH THE PHILIPPINES ON MUTUAL LEGAL ASSISTANCE IN CRIMINAL MATTERS

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Philippines on Mutual Legal Assistance in Criminal Matters, signed at Manila on November 13, 1994. The Senate's advice and consent is subject to the following two provisos, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Pursuant to the rights of the United States under this Treaty to deny requests which prejudice its essential public policy or interest, the United States shall deny a request for assistance when the Central Authority, after consultation with all appropriate intelligence, anti-narcotic, and foreign policy agencies, has specific information that a senior government official who will have access to information to be provided under this Treaty is engaged in a felony, including the facilitation of the production or distribution of illegal drugs.

EXTRADITION TREATY WITH HUNGARY

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and The Government of the Republic of Hungary on Extradition, signed at Budapest on December 1, 1994. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

EXTRADITION TREATY WITH BELGIUM

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Extradition Treaty Between the United States of America and the Kingdom of Belgium signed at Brussels on April 27, 1987. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

SUPPLEMENTARY EXTRADITION TREATY WITH BELGIUM

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Supplementary Treaty on Extradition Between the United States of America and the Kingdom of Belgium to Promote the Repression of Terrorism, signed at Brussels on April 27, 1987. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

EXTRADITION TREATY WITH THE PHILIPPINES

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Extradition Treaty Between the Government of the United States of America and the Government of the Republic of the Philippines, signed at Manila on November 13, 1994. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

EXTRADITION TREATY WITH MALAYSIA

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Extradition Treaty Between the Government of the United States of America and the Government of the Malaysia, and a Related Exchange of Notes signed at Kuala Lumpur on August 3, 1995. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

EXTRADITION TREATY WITH BOLIVIA

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Extradition Treaty Between the Government of the United States of America and the Government of the Republic of Bolivia, signed at La Paz on June 27, 1995. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

EXTRADITION TREATY WITH SWITZERLAND

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Extradition Treaty Between the Government of the United States of America and the Government of the Swiss Confederation, signed at Washington on November 14, 1990. The Senate's advice and consent is subject to the following proviso, which shall not be included in the instrument of ratification to be signed by the President:

Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

Mr. LOTT. Mr. President, I ask for a division vote on the resolutions of ratification.

The PRESIDING OFFICER. A division is requested. Senators in favor of the resolutions of ratification will rise and stand until counted. (After a pause.) Those opposed will rise and stand until counted.

On a division, two-thirds of the Senators present and voting, having voted in the affirmative, the resolutions of ratification is agreed to.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

CONGRATULATIONS KELLY RIORDAN

Mr. DASCHLE. Mr. President, at the close of business today, the Senate will lose a valued and important part of the Democratic floor staff. Today, Kelly Riordan leaves the Senate to pursue a law degree at the University of Virginia in Charlottesville.

Kelly graduated from Northwestern University and came to the Senate in August of 1989 to work in the mail room for the former Senate majority leader, George Mitchell. She spent much of the following 4 years in Senator Mitchell's office working as a legislative correspondent before she was chosen to join the Democratic floor staff in 1993.

Kelly has never forgotten where she comes from. She was born in Livermore Falls, ME, and worked hard for the people of Maine during her time in Senator Mitchell's office. There is no doubt she has made her parents and her family and her State proud through her work here on the Senate floor.

She has proven herself to be a hard working and loyal part of the Democratic floor staff. She has become a true friend to many Senators and staff on both sides of the aisle, and we all wish her well as she starts the next chapter of her life.

Congratulations, Kelly.

Mr. LOTT. Mr. President, I join the distinguished minority leader in extending best wishes. Kelly has been a very valuable asset here in the Senate, mostly on the other side of the aisle, but she has a very pleasant personality. I have enjoyed visiting with her on occasion.

AUTHORITY FOR COMMITTEES TO REPORT

Mr. LOTT. Mr. President, I ask unanimous consent the committees have between 11 a.m. and 2 p.m. on Tuesday, August 27, to file legislative or executive reported legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—H.R. 3396

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, we have worked out an agreement on the handling of the Defense of Marriage Act legislation.

Again, we have worked together through a lot of concerns. I think we have a fair agreement here.

I ask unanimous consent that on September 5, 1996, at 10 a.m., the Senate proceed to the consideration of H.R. 3396, the Defense of Marriage Act, and it be considered under the following constraints: I ask that the time for debate on the bill be limited to 2 hours, to be equally divided in the usual form, with 1 additional hour under Senator BYRD's control.

I ask that Senator KENNEDY or his designee be recognized to offer up to four first-degree amendments; that Senator NICKLES or his designee be recognized to offer up to four first-degree amendments; that time on the amendments be limited to 45 minutes equally divided in the usual form, except that on the first Kennedy amendment there be 90 minutes, with no other amendments or motions to refer in order; that at the conclusion or yielding back of time, the Senate vote on each amendment; provided further that Senator KENNEDY be recognized to offer the first amendment; and that the amendments be in order notwithstanding the adoption of a previous amendment.

I further ask unanimous consent that the amendments be submitted to each leader by 5 p.m. on Tuesday, September 3, and that they be printed in the RECORD; provided further that either leader, following review of the submitted amendments, may void this agreement after notification, prior to 5 p.m. on Wednesday, September 4, 1996; that following disposition of all the amendments, the bill be read for a third time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, I yield the floor.

UNANIMOUS-CONSENT AGREEMENT—S. 39

Mr. STEVENS. Mr. President, I do thank the leader. I do now wish to propound a unanimous-consent agreement for Calendar No. 422, which is S. 39, the Sustainable Fisheries Act.

I ask unanimous consent that, on Wednesday, September 4, 1996, or thereafter at a time to be determined by the majority leader after consultation with the Democratic leader, the Senate turn to the immediate consideration of S. 39, Calendar 422, an act to amend the Magnuson Fishery Conservation and Management Act, that debate on the bill be limited to 1 hour equally divided in the usual form, and only the following amendments be in order to the bill: The committee substitute, a manager's amendment to be offered by me, Senator STEVENS, an amendment to be offered by Senator HOLLINGS, an amendment to be offered by Senator KERRY, up to two amendments to be offered by Senator MURRAY, up to two amendments to be offered by Senator WYDEN, and up to four amendments to be offered by Senator SNOWE.

There shall be no more than 30 minutes, equally divided, on any one of the first- or second-degree amendments; the committee substitute shall be considered original text for the purpose of the other amendments; only relevant second-degree amendments shall be in order to the amendments by Senators HOLLINGS, KERRY, MURRAY, SNOWE, and WYDEN; no other amendments, first or second degree, shall be in order; all amendments shall be relevant to S. 39; that the time on second-degree amendments be limited to 30 minutes each.

Further I ask all points of order be waived and no other motions be in order to this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Thank you very much. I am indebted to all the Senators involved. Mr. President, I do believe this will be one of the most significant acts passed by this Congress. It is a very significant thing as far as my State and all coastal States are concerned. I am grateful to all concerned who have labored so hard today to get this agreement so we can proceed with this in September.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

IMPACT AID TECHNICAL AMENDMENTS ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 392, H.R. 3269.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3269) to amend the Impact Aid program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

AMENDMENT NO. 5155

(Purpose: To amend the Impact Aid program.)

Mr. STEVENS. Mr. President, there is a substitute amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mrs. KASSEBAUM, for herself, Mr. PRESSLER, Mr. D'AMATO, Mr. KERREY, Mr. MOYNIHAN, Mr. SIMPSON and Mrs. FRAHM, proposes an amendment numbered 5155.

Mr. STEVENS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. STEVENS. Mr. President, I ask unanimous consent that the amendment be agreed to.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 5155) was agreed to.

Mr. PRESSLER. Mr. President, I am proud to be a cosponsor of H.R. 3269, a bill to make technical corrections in the law that governs the Impact Aid Program. This bill represents the culmination of months of hard work. I would like to thank the Chair of the Labor and Human Resources Committee, Senator KASSEBAUM for her diligent work in bringing this extremely important bill to the floor. Her efforts helped to ensure that federally impacted schools will get the financial assistance they deserve and need.

Impact Aid is an important program for many schools. Impact Aid is a Federal responsibility. The program reimburses school districts that lost tax base due to a Federal presence, such as a military base or Indian reservation. This program provides funds for day-to-day school operations, such as buying books and paying teachers. These are not special funds for extra projects. This is a program based on the basic principle of fairness. We should fund the basics of education before we spend money on extra programs.

The expeditious passage of this bill today would ensure that many Federally impacted schools will have the funds needed to keep their doors open, literally, this fall. School districts depend on Impact Aid for basic operating expenses. This bill would ensure that payments are made in a timely manner.

I am particularly concerned about Section 2 of the Impact Aid program as it pertains to two school districts in South Dakota. Specifically, without passage of this critical bill, two South Dakota schools, Bonesteel-Fairfax and Wagner, could stand to lose together almost $1 million. That must not be allowed to happen. Essentially, the bill before us would allow these school districts to claim eligibility under Section 8003. The Bonesteel-Fairfax and Wagner districts were in fact eligible for Impact Aid funds, but were unaware of their eligibility because of a change in the Federal statute. Unfortunately, the Department of Education could not allow these districts to amend their applications. Consequently, they were denied funds that they deserved due to the simple error of not checking the proper eligibility box. This bill would correct this situation and provide these districts the opportunity to reapply for Impact Aid funds. As always, I will fight to see that both these schools and all other federally impacted schools in South Dakota get the funding they need under the Impact Aid program. This is the fair thing to do. It was not the intention of Congress to deny schools funds due to administrative errors or technical oversights. Quite simply, this is a fairness issue.

The bill before us would not create new criteria to implement the intent of Congress. These technical corrections permit the Department of Education to administer the Impact Aid program consistent with the intent of Congress. The technical amendments provide recourse for the schools to receive funds to which they are entitled under the intent of the law.

I am pleased that we are taking action on this legislation. The schools that would benefit from this bill need and deserve the assistance. The Federal Government has placed these schools in a very difficult position, through no fault of their own. That's why impact aid must remain a top Federal responsibility.

Unfortunately, getting this bill through has not been easy, in part because the current administration does not have its priorities straight. For the fourth consecutive year, the Clinton administration's budget called for the Federal Government to lessen its commitment to impact aid. For the next year, the Clinton administration requested only $617 million for impact aid. It recommended the elimination of payments for Federal lands. This means 23 South Dakota school districts would not have been eligible for Federal funds. That is wrong. How can President Clinton claim he is the education President when his budgets would deny the most basic needs to schools in South Dakota? Federally impacted districts and the children they serve cannot withstand further reductions in the program.

It is my understanding that the President will not sign this legislation, but allow it to become law. This is yet another indication of the administration's hostility to the Impact Aid Program. Obtaining the appropriate level of funding is a struggle every year. There will be more battles over impact aid funding. I'm ready. I will continue to fight for our Nation's children and federally impacted school districts. This is my commitment to those schools and the familes they serve.

Again, I thank the chair of the Labor and Human Resources Committee, its ranking member and their counterparts in the House for their good work to get this bill through Congress and to the President. This bill enjoys widespread, bipartisan support. With the support of my colleagues, we can fulfill our legislative responsibility to federally impacted school districts and pass this impact aid technical corrections.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read the third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3269) was deemed read the third time and passed, as amended.

BANKRUPTCY TECHNICAL CORRECTIONS ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 434, S. 1559.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1559) to make technical corrections to title 11, United States Code, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bankruptcy Technical Corrections Act of 1996".

SEC. 2. DEFINITIONS.

Section 101 of title 11, United States Code, is amended—

(1) by striking "In this title—" and inserting "In this title:";

(2) in paragraph (51B)—

(A) by inserting "family farms or" after "other than"; and

(B) by striking all after "thereto" and inserting a semicolon;

(3) by reordering the paragraphs so that the terms defined in the section are in alphabetical order and redesignating the paragraphs accordingly;

(4) in paragraph (37)(B) (defining insured depository institution), as redesignated by paragraph (3) of this section, by striking "paragraphs (21B) and (33)(A)" and inserting "paragraphs (23) and (35)(A)";

(5) in each paragraph, by inserting a heading, the text of which is comprised of the term defined in the paragraph;

(6) by inserting "The term" after each paragraph heading; and

(7) by striking the semicolon at the end of each paragraph and "; and" at the end of paragraphs (35) and (38) and inserting a period.

SEC. 3. ADJUSTMENT OF DOLLAR AMOUNTS.

Section 104 of title 11, United States Code, is amended by inserting "522(f)(3)," after "522(d)," each place it appears.

SEC. 4. COMPENSATION TO OFFICERS.

Section 330(a) of title 11, United States Code, is amended—

(1) in paragraph (1), by inserting ", or the debtor's attorney" after "1103"; and

(2) in paragraph (3), by striking "(3)(A) In" and inserting "(3) In".

SEC. 5. EFFECT OF CONVERSION.

Section 348(f)(2) of title 11, United States Code, is amended by inserting "of the estate" after "property" the first place it appears.

SEC. 6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

Section 365 of title 11, United States Code, is amended—

(1) in subsection (c)—

(A) in paragraph (2), by adding "or" at the end;

(B) in paragraph (3), by striking "or" at the end and inserting a period; and

(C) by striking paragraph (4);

(2) in subsection (d), by striking paragraphs (5) through (9); and

(3) in subsection (f)(1), by striking "; except that" and all that follows through the end of the paragraph and inserting a period.

SEC. 7. ALLOWANCE OF ADMINISTRATIVE EXPENSES.

Section 503(b)(4) of title 11, United States Code, is amended by inserting "subparagraph (A), (B), (C), (D), or (E) of" before "paragraph (3)".

SEC. 8. PRIORITIES.

Section 507(a)(7) of title 11, United States Code, is amended by inserting "unsecured" after "allowed".

SEC. 9. EXEMPTIONS.

Section 522 of title 11, United States Code, is amended—

(1) in each of subsections (b)(1) and (d)(10)(E), by striking "unless" and inserting "but only to the extent that";

(2) in subsection (f)(1)(A)(ii)(II), by striking "support.;" and inserting "support;"; and

(3) in subsection (g)(2), by striking "subsection (f)(2)" and inserting "subsection (f)(1)(B)".

SEC. 10. EXCEPTIONS TO DISCHARGE.

Section 523(a)(3) of title 11, United States Code, is amended by striking "or (6)" each place it appears and inserting "(6), or (15)";

SEC. 11. PROTECTION AGAINST DISCRIMINATORY TREATMENT.

Section 525(c) of title 11, United States Code, is amended—

(1) in paragraph (1), by inserting "student" before "grant" the second place it appears; and

(2) in paragraph (2), by striking "the program operated under part B, D, or E of" and inserting "any program operated under".

SEC. 12. PROPERTY OF THE ESTATE.

Section 541(b)(4)(B)(ii) of title 11, United States Code (as added by section 208(b) of the Bankruptcy Reform Act of 1994), is amended by inserting "365 or" before "542".

SEC. 13. LIMITATIONS ON AVOIDING POWERS.

Subsection (g) of section 546 of title 11, United States Code, as added by section 222(a) of the Bankruptcy Reform Act of 1994 (108 Stat. 4129), is redesignated as subsection (h).

SEC. 14. LIABILITY OF TRANSFEREE OF AVOIDED TRANSFER.

(a) IN GENERAL.—Section 550(c) of title 11, United States Code, is amended—

(1) in paragraph (1), by striking "avoided under section 547(b)" and inserting "avoidable under section 547"; and

(2) in the matter following paragraph (2), by striking "recover under subsection (a) from a transferee that is not an insider" and inserting "avoid under section 547 such transfer, to the extent that such transfer was made for the benefit of a transferee that was not an insider at the time of such transfer, or recover under subsection (a) from a transferee that was not an insider at the time of such transfer".

(b) CONFORMING AMENDMENT.—Section 547(b) of title 11, United States Code, is amended by inserting "or in section 550(c) of this title" after "subsection (c) of this section".

SEC. 15. SETOFF.

Section 553(b)(1) is amended by striking "362(b)(14)" and inserting "362(b)(17)".

SEC. 16. DISPOSITION OF PROPERTY OF THE ESTATE.

Section 726(b) is amended by striking "1009,".

SEC. 17. GENERAL PROVISIONS.

Section 901(a) of title 11, United States Code, is amended by inserting "1123(d)," after "1123(b),".

SEC. 18. PAYMENTS.

Section 1226(b)(2) is amended—

(1) by striking "1202(c) of this title" and inserting "586(b) of title 28"; and

(2) by striking "1202(d) of this title" and inserting "586(e)(1)(B) of title 28".

SEC. 19. DISCHARGE.

Section 1228 of title 11, United States Code, is amended by striking "1222(b)(10)" each place it appears and inserting "1222(b)(9)".

SEC. 20. CONTENTS OF PLAN.

Section 1322 of title 11, United States Code, is amended—

(1) in subsection (b), by striking "(c)" and inserting "(d)"; and

(2) in subsection (e), by striking the comma after "default" the second place it appears.

SEC. 21. DISCHARGE.

Section 1328(a) of title 11, United States Code, is amended by striking all after "except any debt—" and inserting the following:

"(1) provided for under section 1322(b)(5) of this title;

"(2) of the kind specified in paragraph (5), (8), or (9) of section 523(a) of this title; or

"(3) for restitution, or a criminal fine, included in a sentence on the debtor's conviction of a crime.".

SEC. 22. BANKRUPTCY REVIEW COMMISSION.

Section 604 of the Bankruptcy Reform Act of 1994 (108 Stat. 4147) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 23. APPOINTMENT OF TRUSTEE.

Section 1104(b) of title 11, United States Code, is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following new paragraph:

"(2)(A) If an eligible, disinterested trustee is elected at a meeting of creditors under paragraph (1), the United States trustee shall file a report certifying that election. Upon the filing of a report under the preceding sentence—

"(i) the trustee elected under paragraph (1) shall be considered to have been selected and appointed for purposes of this section; and

"(ii) the service of any trustee appointed under subsection (d) shall terminate.

"(B) In the case of any dispute arising out of an election under subparagraph (A), the court shall resolve the dispute.".

SEC. 24. EXTENSIONS.

Section 302(d)(3) of the Bankruptcy, Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (28 U.S.C. 581 note) is amended—

(1) in subparagraph (A), in the matter following clause (ii), by striking "October 1, 2002" and inserting "October 1, 2012"; and

(2) in subparagraph (F)—

(A) in clause (i)—

(i) in subclause (II), by striking "October 1, 2002" and inserting "October 1, 2012"; and

(ii) in the matter following subclause (II), by striking "October 1, 2003" and inserting "October 1, 2013"; and

(B) in clause (ii), in the matter following subclause (II), by striking "October 1, 2003" and inserting "October 1, 2013".

SEC. 25. KNOWING DISREGARD OF BANKRUPTCY LAW OR RULE.

Section 156(a) of title 18, United States Code, is amended by striking "case under this title" and inserting "case under title 11".

SEC. 26. BANKRUPTCY CASES AND PROCEEDINGS.

Section 1334(d) of title 28, United States Code, is amended—

(1) by striking "made under this subsection" and inserting "made under subsection (c)"; and

(2) by striking "This subsection" and inserting "Subsection (c)".

SEC. 27. EFFECTIVE DATE OF AMENDMENTS.

(a) IN GENERAL.—Except as provided in subsection (b) of this section, the amendments made

by this Act shall apply to all cases pending on the date of enactment of this Act or commenced on or after the date of enactment of this Act.

(b) EXCEPTION.—The amendment made by section 2(2)(B) of this Act shall apply to all cases commenced on or after the date of enactment of this Act.

AMENDMENTS NOS. 5151, 5152, 5153, AND 5154, EN BLOC

Mr. STEVENS. Mr. President, there are four amendments at the desk offered by Senators HEFLIN, GRASSLEY, KOHL, and COVERDELL. I ask that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS] proposes amendments numbered 5151, 5152, 5153, and 5154, en bloc.

Mr. STEVENS. Mr. President, I ask unanimous consent that the reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 5151

(Purpose: To make technical changes)

On page 9 of the Committee amendment, strike lines 11 through 17 and insert the following:

(1) in subsection (f)(1)(A)—

(A) in the matter preceding clause (i), by striking "; or" at the end; and

(B) in clause (ii), by striking the period at the end and inserting "; or"; and

(2) in subsection (g)(2), by striking "subsection (f)(2)" and inserting "subsection (f)(1)(B)".

AMENDMENT NO. 5152

(Purpose: To bolster criminal law enforcement of child support orders in cases involving bankruptcy proceedings)

At the appropriate place in the Committee amendment, insert the following new section:

SEC. . ENFORCEMENT OF CHILD SUPPORT.

Section 362(b)(1) of title 11, United States Code, is amended by inserting before the semicolon the following: "(including the criminal enforcement of a judicial order requiring the payment of child support)".

AMENDMENT NO. 5153

At the appropriate place, insert the following new section:

SEC. . LIMITATION.

Section 522 of title 11, United States Code, as amended by section 9, is further amended—

(1) in subsection (b)(2)(A), by inserting "subject to subsection (n)," before "any property"; and

(2) by adding at the end the following new subsection:

"(n) As a result of electing under subsection (b)(2)(A) to exempt property under State or local law, a debtor may not exempt an aggregate interest of more than $500,000 in value in—

"(1) real or personal property that the debtor or a dependent of the debtor uses as a residence;

"(2) a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence; or

"(3) a burial plot for the debtor or a dependent of the debtor.".

MENDMENT NO. 5154

(Purpose: To amend Title 11 of the United States Code)

SECTION 1.

"Section 27", on page 15, line 3, is redesignated "Section 28".

SEC. 2.

On page 15, line 3 insert the following:

"SEC. 27. STANDING TRUSTEES.

(a) Section 330 of Title 11 of the United States Code is amended by adding to the end thereof the following:

"(e) Upon the request of a trustee appointed under Section 586(b) of Title 28, and after all available administrative remedies have been exhausted, the district court in the district in which the trustee resides shall have the exclusive authority, notwithstanding Section 326(b) of this title, to review the determination of the actual, necessary expenses of the standing trustee. In reviewing the determination, the district court shall accord substantial deference to the determination made by the Attorney General, and may reverse the determination only if the Attorney General has abused his or her discretion."

(b) Section 324 of Title 11, United States Code, is amended by adding to the end thereof the following:

"(c)(1) Notwithstanding any provision of Section 586 of Title 28, in the event the United States Trustee ceases assigning cases to a trustee appointed under Section 586(b) of Title 28, the trustee, after exhausting all available administrative remedies, may seek judicial review of the decision in the district court in the district in which the trustee resides. The district court shall accord substantial deference to the determination made by the United States Trustee, and may reverse the determination only if the United States Trustee has abused his or her discretion."

"(2) Notwithstanding any other provision of law, the district court may order interim relief under this paragraph only if the court concludes, viewing all facts most favorably to the United States Trustee, that there was no basis for the United States Trustee's decision to cease assigning cases to the trustee. The denial of a request for interim relief shall be final and shall not be subject to further review."

Mr. STEVENS. Mr. President, I ask unanimous consent that the amendments be considered agreed to, en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments (Nos. 5151, 5152, 5153, and 5154) were agreed to, en bloc.

Mr. STEVENS. Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be deemed read the third time and passed, as amended, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1559), as amended, was deemed read the third time and passed.

(The text of the bill will be printed in a future edition of the RECORD.)

REAUTHORIZATION OF THE INDIAN ENVIRONMENTAL GENERAL ASSISTANCE PROGRAM ACT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 544, S. 1834.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1834) to reauthorize the Indian Environmental General Assistance Program Act of 1992, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read a third time, passed, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1834) was deemed read the third time and passed, as follows:

S. 1834

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. REAUTHORIZATION.

Section 502(h) of the Indian Environmental General Assistance Program Act of 1992 (42 U.S.C. 4368b(h)) is amended by striking "$15,000,000" and inserting "such sums as may be necessary".

FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 548, S. 1130.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1130) to provide for the establishment of uniform accounting systems, standards and reporting systems in the Federal Government, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Governmental Affairs, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Financial Management Improvement Act of 1996".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds the following:

(1) Much effort has been devoted to strengthening Federal internal accounting controls in the past. Although progress has been made in recent years, Federal accounting standards have not been uniformly implemented in financial management systems for agencies.

(2) Federal financial management continues to be seriously deficient, and Federal financial management and fiscal practices have failed to—

(A) identify costs fully;

(B) reflect the total liabilities of congressional actions; and

(C) accurately report the financial condition of the Federal Government.

(3) Current Federal accounting practices do not accurately report financial results of the Federal Government or the full costs of programs and activities. The continued use of these practices undermines the Government's ability to provide credible and reliable financial data and encourages already widespread Government waste, and will not assist in achieving a balanced budget.

(4) Waste and inefficiency in the Federal Government undermine the confidence of the American people in the Government and reduce the Federal Government's ability to address vital public needs adequately.

(5) To rebuild the accountability and credibility of the Federal Government, and restore public confidence in the Federal Government, agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial management systems so that all the assets and liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

(6) Since its establishment in October 1990, the Federal Accounting Standards Advisory Board (hereinafter referred to as the "FASAB") has made substantial progress toward developing and recommending a comprehensive set of accounting concepts and standards for the Federal Government. When the accounting concepts and standards developed by FASAB are incorporated into Federal financial management systems, agencies will be able to provide cost and financial information that will assist the Congress and financial managers to evaluate the cost and performance of Federal programs and activities, and will therefore provide important information that has been lacking, but is needed for improved decisionmaking by financial managers and the Congress.

(7) The development of financial management systems with the capacity to support these standards and concepts will, over the long term, improve Federal financial management.

(b) PURPOSES.—The purposes of this Act are to—

(1) provide for consistency of accounting by an agency from one fiscal year to the next, and uniform accounting standards throughout the Federal Government;

(2) require Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management, so that programs and activities can be considered based on their full costs and merits;

(3) increase the accountability and credibility of Federal financial management;

(4) improve performance, productivity and efficiency of Federal Government financial management;

(5) establish financial management systems to support controlling the cost of Federal Government;

(6) build upon and complement the Chief Financial Officers Act of 1990 (Public Law 101–576; 104 Stat. 2838), the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285), and the Government Management Reform Act of 1994 (Public Law 103–356; 108 Stat. 3410); and

(7) increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities.

SEC. 3. IMPLEMENTATION OF FEDERAL FINANCIAL MANAGEMENT IMPROVEMENTS.

(a) IN GENERAL.—Each agency shall implement and maintain financial management systems that comply with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

(b) PRIORITY.—Each agency shall give priority in funding and provide sufficient resources to implement this Act.

(c) AUDIT COMPLIANCE FINDING.—

(1) IN GENERAL.—Each audit required by section 3521(e) of title 31, United States Code, shall report whether the agency financial management systems comply with the requirements of subsection (a).

(2) CONTENT OF REPORTS.—When the person performing the audit required by section 3521(e) of title 31, United States Code, reports that the agency financial management systems do not comply with the requirements of subsection (a), the person performing the audit shall include in the report on the audit—

(A) the name and position of any officer or employee responsible for the financial management systems that have been found not to comply with the requirements of subsection (a);

(B) all facts pertaining to the failure to comply with the requirements of subsection (a), including—

(i) the nature and extent of the noncompliance;

(ii) the primary reason or cause of the noncompliance;

(iii) any official responsible for the noncompliance; and

(iv) any relevant comments from any responsible officer or employee; and

(C) a statement with respect to the recommended remedial actions and the timeframes to implement such actions.

(d) COMPLIANCE DETERMINATION.—

(1) IN GENERAL.—No later than the date described under paragraph (2), the Director, acting through the Controller of the Office of Federal Financial Management, shall determine whether the financial management systems of an agency comply with the requirements of subsection (a). Such determination shall be based on—

(A) a review of the report on the applicable agency-wide audited financial statement;

(B) the agency comments on such report; and

(C) any other information the Director considers relevant and appropriate.

(2) DATE OF DETERMINATION.—The determination under paragraph (1) shall be made no later than 90 days after the earlier of—

(A) the date of the receipt of an agency-wide audited financial statement; or

(B) the last day of the fiscal year following the year covered by such statement.

(e) COMPLIANCE IMPLEMENTATION.—

(1) IN GENERAL.—If the Director determines that the financial management systems of an agency do not comply with the requirements of subsection (a), the head of the agency, in consultation with the Director, shall establish a remediation plan that shall include the resources, remedies, and intermediate target dates necessary to bring the agency's financial management systems into compliance.

(2) TIME PERIOD FOR COMPLIANCE.—A remediation plan shall bring the agency's financial management systems into compliance no later than 2 years after the date on which the Director makes a determination under paragraph (1), unless the agency, with concurrence of the Director—

(A) determines that the agency's financial management systems are so deficient as to preclude compliance with the requirements of subsection (a) within 2 years;

(B) specifies the most feasible date for bringing the agency's financial management systems into compliance with the requirements of subsection (a); and

(C) designates an official of the agency who shall be responsible for bringing the agency's financial management systems into compliance with the requirements of subsection (a) by the date specified under subparagraph (B).

(3) TRANSFER OF FUNDS FOR CERTAIN IMPROVEMENTS.—For an agency that has established a remediation plan under paragraph (2), the head of the agency, to the extent provided in an appropriation and with the concurrence of the Director, may transfer not to exceed 2 percent of available agency appropriations to be merged with and to be available for the same period of time as the appropriation or fund to which transferred, for priority financial management system improvements. Such authority shall be used only for priority financial management system improvements as identified by the head of the agency, with the concurrence of the Director, and in no case for an item for which Congress has denied funds. The head of the agency shall notify Congress 30 days before such a transfer is made pursuant to such authority.

(4) REPORT IF NONCOMPLIANCE WITHIN TIME PERIOD.—If an agency fails to bring its financial management systems into compliance within the time period specified under paragraph (2), the Director shall submit a report of such failure to the Committees on Governmental Affairs and Appropriations of the Senate and the Committees on Government Reform and Oversight and Appropriations of the House of Representatives. The report shall include—

(A) the name and position of any officer or employee responsible for the financial management systems that have been found not to comply with the requirements of subsection (a);

(B) the facts pertaining to the failure to comply with the requirements of subsection (a), including the nature and extent of the noncompliance, the primary reason or cause for the failure to comply, and any extenuating circumstances;

(C) a statement of the remedial actions needed; and

(D) a statement of any administrative action to be taken with respect to any responsible officer or employee.

(f) PERSONAL RESPONSIBILITY.—Any financial officer or program manager who knowingly and willfully commits, permits, or authorizes material deviation from the requirements of subsection (a) may be subject to administrative disciplinary action, suspension from duty, or removal from office.

SEC. 4. APPLICATION TO CONGRESS AND THE JUDICIAL BRANCH.

(a) IN GENERAL.—The Federal financial management requirements of this Act may be adopted by—

(1) the Senate by resolution as an exercise of the rulemaking power of the Senate;

(2) the House of Representatives by resolution as an exercise of the rulemaking power of the House of Representatives; or

(3) the Judicial Conference of the United States by regulation for the judicial branch.

(b) STUDY AND REPORT.—No later than October 1, 1997—

(1) the Secretary of the Senate and the Clerk of the House of Representatives shall jointly conduct a study and submit a report to Congress on how the offices and committees of the Senate and the House of Representatives, and all offices and agencies of the legislative branch may achieve compliance with financial management and accounting standards in a manner comparable to the requirements of this Act; and

(2) the Chief Justice of the United States shall conduct a study and submit a report to Congress

on how the judiciary may achieve compliance with financial management and accounting standards in a manner comparable to the requirements of this Act.

SEC. 5. REPORTING REQUIREMENTS.

(a) REPORTS BY DIRECTOR.—No later than March 31 of each year, the Director shall submit a report to the Congress regarding implementation of this Act. The Director may include the report in the financial management status report and the 5-year financial management plan submitted under section 3512(a)(1) of title 31, United States Code.

(b) REPORTS BY THE COMPTROLLER GENERAL.—No later than October 1, 1997, and October 1, of each year thereafter, the Comptroller General of the United States shall report to the appropriate committees of the Congress concerning—

(1) compliance with the requirements of section 3(a) of this Act, including whether the financial statements of the Federal Government have been prepared in accordance with applicable accounting standards; and

(2) the adequacy of uniform accounting standards for the Federal Government.

SEC. 6. CONFORMING AMENDMENTS.

(a) AUDITS BY AGENCIES.—Section 3521(f)(1) of title 31, United States Code, is amended in the first sentence by inserting "and the Controller of the Office of Federal Financial Management" before the period.

(b) FINANCIAL MANAGEMENT STATUS REPORT.—Section 3512(a)(2) of title 31, United States Code, is amended by—

(1) in subparagraph (D) by striking "and" after the semicolon;

(2) by redesignating subparagraph (E) as subparagraph (F); and

(3) by inserting after subparagraph (D) the following:

"(E) a listing of agencies whose financial management systems do not comply substantially with the requirements of the Federal Financial Management Improvement Act of 1996, the period of time that such agencies have not been in compliance, and a summary statement of the efforts underway to remedy the noncompliance; and".

SEC. 7. DEFINITIONS.

For purposes of this Act:

(1) AGENCY.—The term "agency" means a department or agency of the United States Government as defined in section 901(b) of title 31, United States Code.

(2) DIRECTOR.—The term "Director" means the Director of the Office of Management and Budget.

(3) FEDERAL ACCOUNTING STANDARDS.—The term "Federal accounting standards" means applicable accounting principles, standards, and requirements consistent with section 902(a)(3)(A) of title 31, United States Code, and includes concept statements with respect to the objectives of Federal financial reporting.

(4) FINANCIAL MANAGEMENT SYSTEMS.—The term "financial management systems" includes the financial systems and the financial portions of mixed systems necessary to support financial management, including automated and manual processes, procedures, controls, data, hardware, software, and support personnel dedicated to the operation and maintenance of system functions.

(5) FINANCIAL SYSTEM.—The term "financial system" includes an information system, comprised of one or more applications, that is used for—

(A) collecting, processing, maintaining, transmitting, or reporting data about financial events;

(B) supporting financial planning or budgeting activities;

(C) accumulating and reporting costs information; or

(D) supporting the preparation of financial statements.

(6) MIXED SYSTEM.—The term "mixed system" means an information system that supports both financial and nonfinancial functions of the Federal Government or components thereof.

SEC. 8. EFFECTIVE DATE.

This Act shall take effect on October 1, 1996.

Mr. BROWN. Mr. President, several years ago, in an effort to identify excess spending in the federal budget, I inquired as to overhead costs in federal programs. I was advised that the federal accounting system makes it impossible to identify overhead expenses for most federal operations. The Federal Government, it turned out, has over two hundred separate primary accounting systems, making it impossible to compare something as basic as overhead costs.

Worse, many of these systems are shamefully inadequate even on their own terms. A 1995 General Accounting Office report reveals that the Pentagon made more than $400 billion in adjustments to correct errors in defense reporting data for fiscal years 1991 to 1993—and the resulting statements still were not reliable. The Pentagon paid vendors $29 billion that could not be matched with supporting documents to determine if these payments were proper. The Pentagon made an estimated $3 million in fraudulent payments to a former Navy supply officer for more than 100 false invoice claims, and approximately $8 million in Army payroll payments were made to unauthorized persons, including six "ghost" soldiers and 76 deserters.

The Internal Revenue Service offers another disturbing example of poor financial management and its consequences. The General Accounting Office testified before the Governmental Affairs Committee on June 6, 1996 that despite years of criticism, "fundamental, persistent problems remain uncorrected" at the IRS. For example, the IRS cannot substantiate the amounts reported for specific types of taxes collected, such as social security taxes, income taxes, and excise taxes. The IRS cannot even verify a significant portion of its own nonpayroll operating expenses, which total $3 billion. One can hardly resist observing that this is the agency that demands precision from every taxpayer in America.

The General Accounting Office also reports that the Medicare program is undermined by flawed payment policies, weak billing controls and inconsistent program management. Instances of fraud and abuse abound in the $190 billion program. In a January 1996 report, GAO detailed a long list of frauds. They include a $4.3 million overpayment to a company providing heart monitoring services as well as 4,000 fraudulent claims by a Medicare supplier totaling approximately $1.5 million. GAO discovered that frauds like these are perpetrated on a vast scale; one recently uncovered was operating across 20 states. The GAO report locates the root of the problem in financial management: "[O]ur work shows that outlandish charges or very large reimbursements routinely escape the controls and typically go unquestioned." Even when fraudulent billing is discovered, Medicare usually has paid out the money and rarely acts effectively to recover it.

Together the Department of Defense, the IRS, and the Medicare Program are just a small part of a government so massive and complex that it controls and directs cash resources of almost $2 trillion per year, issuing 900 million checks and maintaining a payroll and benefits system for over 5 million government employees. Clearly it is imperative that the government use a uniform and widely accepted set of accounting standards across the hundreds of agencies and departments that make up this government.

Today we are taking a great step toward putting Federal financial management in order. The Federal Financial Management Improvement Act of 1996 requires that all Federal agencies implement and maintain uniform accounting standards. The result will be more accurate and reliable information for program managers and leaders in Congress, meaning better decisions will be made: tax dollars will be put to better use, and a measure of confidence in the government will be restored. While this is not the kind of legislation that makes headlines, it is of great significance and I am proud that the Senate has passed it. I am very grateful to Senator STEVENS for steering the bill through his Committee.

Mr. GLENN. Mr. President, over the last 6 years, we have enacted several laws to improve Federal agency financial management. The Chief Financial Officers Act of 1990 put into place the first requirements for agencies to prepare annual audited financial statements. These requirements were strengthened by the Government Management Reform Act of 1994, and now all the major agencies are covered by the CFO Act requirements.

In oversight hearings conducted by the Governmental Affairs Committee, both when I was Chair and now as Ranking Minority Member, we have seen how these laws are making significant improvements in agency financial management. Unfortunately, we also have seen that many agencies still have a ways to go to make the necessary reforms.

The legislation before us today, the "Federal Financial Management Improvement Act" (S. 1130), which I cosponsored, helps agencies go those final miles to put into place necessary financial management systems and provide real accountability for the expenditure of public funds.

The legislation addresses the financial management systems that are needed to provide financial accountability. Annual financial statements will not do it alone, if agencies do not have the systems or personnel in place to account for their financial operations. Accordingly, the bill requires agencies to comply with applicable accounting standards and systems requirements.

The legislation further requires auditors to identify agencies with deficient financial management systems. This puts added teeth in the CFO Act financial statement process, and will lead to practical remediation steps, to be overseen by OMB. I am concerned, however, that the legislation's requirements for auditors to identify officials responsible for agency financial systems may have the untoward consequence of intimidating our civil servants.

If this requirement is used to identify specific decisions that have frustrated the development of needed financial management reforms, it will be a success. It will also be a success if it creates incentives for improved training for financial management personnel. If, however, it is used to unfairly blame managers who are constrained by resource or policy decisions made above them, whether in the agency or by Congress, then we will have to revisit this requirement. At this point, however, I believe that on balance the time has come to demand more accountability from our agencies and agency officials for their financial management performance.

I commend Senator BROWN for introducing this bill and for working with us in Committee to improve it. I believe the "Federal Financial Management Improvement Act" is important legislation and will work to improve agency financial management. I urge my colleagues to support it.

Mr. STEVENS. Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be deemed read the third time, passed, the motion to reconsider be laid upon the table, and any statement relating to this bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1130), as amended, was deemed read the third time and passed.

NATIONAL ENVIRONMENTAL EDUCATION AMENDMENT ACT OF 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar 542, S. 1873.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1873) to amend the National Environmental Education Act to extend programs under the Act, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Environment and Public Works, with an amendment to strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Environmental Education Amendments Act of 1996".

SEC. 2. OFFICE OF ENVIRONMENTAL EDUCATION.

Section 4 of the National Environmental Education Act (20 U.S.C. 5503) is amended—

(1) in subsection (b)—

(A) in paragraph (1) by inserting after "support" the following: "balanced and scientifically sound";

(B) by striking paragraph (6);

(C) by redesignating paragraphs (7) through (13) as paragraphs (6) through (12), respectively; and

(D) in paragraph (12) (as so redesignated), by inserting before the period the following: "through the headquarters and the regional offices of the Agency"; and

(2) by striking subsection (c) and inserting the following:

"(c) STAFF.—The Office of Environmental Education shall—

"(1) include a headquarters staff of not more than 10 full-time equivalent employees; and

"(2) be supported by 1 full-time equivalent employee in each Agency regional office.

"(d) ACTIVITIES.—The Administrator may carry out the activities specified in subsection (b) directly or through awards of grants, cooperative agreements, or contracts.".

SEC. 3. ENVIRONMENTAL EDUCATION GRANTS.

Section 6 of the National Environmental Education Act (20 U.S.C. 5505) is amended—

(1) in the second sentence of subsection (i), by striking "25 percent" and inserting "15 percent"; and

(2) by adding at the end the following:

"(j) LOBBYING ACTIVITIES.—A grant under this section may not be used to support a lobbying activity (as described in the documents issued by the Office of Management and Budget and designated as OMB Circulars No. A–21 and No. A–122).".

SEC. 4. ENVIRONMENTAL INTERNSHIPS AND FELLOWSHIPS.

(a) IN GENERAL.—The National Environmental Education Act is amended—

(1) by striking section 7 (20 U.S.C. 5506); and

(2) by redesignating sections 8 through 11 (20 U.S.C. 5507 through 5510) as sections 7 through 10, respectively.

(b) CONFORMING AMENDMENTS.—The National Environmental Education Act is amended—

(1) in the table of contents in section 1(b) (20 U.S.C. prec. 5501)—

(A) by striking the item relating to section 7; and

(B) by redesignating the items relating to sections 8 through 11 as items relating to sections 7 through 10, respectively;

(2) in section 4(b) (20 U.S.C. 5503(b))—

(A) in paragraph (6) (as redesignated by section 2(1)(C)), by striking "section 8 of this Act" and inserting "section 7"; and

(B) in paragraph (7) (as so redesignated), by striking "section 9 of this Act" and inserting "section 8";

(3) in section 6(c)(3) (20 U.S.C. 5505(c)(3)), by striking "section 9(d) of this Act" and inserting "section 8(d)";

(4) in the matter preceding subsection (c)(3)(A) of section 9 (as redesignated by subsection (a)(2)), by striking "section 10(a) of this Act" and inserting "subsection (a)"; and

(5) in subsection (c)(2) of section 10 (as redesignated by subsection (a)(2)), by striking "section 10(d) of this Act" and inserting "section 9(d)".

SEC. 5. NATIONAL EDUCATION AWARDS.

Section 7 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended to read as follows:

"SEC. 7. NATIONAL EDUCATION AWARDS.

"The Administrator may provide for awards to be known as the 'President's Environmental Youth Awards' to be given to young people in grades kindergarten through 12 for outstanding projects to promote local environmental awareness.".

SEC. 6. ENVIRONMENTAL EDUCATION ADVISORY COUNCIL AND TASK FORCE.

Section 8 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended—

(1) in subsection (b)(2), by striking the first and second sentences and inserting the following: "The Advisory Council shall consist of not more than 11 members appointed by the Administrator after consultation with the Secretary. To the extent practicable, the Administrator shall appoint to the Advisory Council at least 1 representative from each of the following sectors: primary and secondary education; colleges and universities; not-for-profit organizations involved in environmental education; State departments of education and natural resources; business and industry; and senior Americans.";

(2) in subsection (c), by striking paragraph (2) and inserting the following:

"(2) MEMBERSHIP.—Membership on the Task Force shall be open to representatives of any Federal agency actively engaged in environmental education."; and

(3) in subsection (d), by striking paragraph (1) and inserting the following:

"(1) BIENNIAL MEETINGS.—The Advisory Council shall hold a biennial meeting on timely issues regarding environmental education and issue a report and recommendations on the proceedings of the meeting.".

SEC. 7. NATIONAL ENVIRONMENTAL EDUCATION AND TRAINING FOUNDATION.

(a) CHANGE IN NAME.—

(1) IN GENERAL.—The first sentence of subsection (a)(1)(A) of section 9 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking "National Environmental Education and Training Foundation" and inserting "Foundation for Environmental Education".

(2) CONFORMING AMENDMENTS.—The National Environmental Education Act (20 U.S.C. 5501 et seq.) is amended—

(A) in the item relating to section 9 (as redesignated by section 4(b)(1)(B)) of the table of contents in section 1(b) (20 U.S.C. prec. 5501), by striking "National Environmental Education and Training Foundation" and inserting "Foundation for Environmental Education";

(B) in section 3 (20 U.S.C. 5502)—

(i) by striking paragraph (12) and inserting the following:

"(12) FOUNDATION.—'Foundation' means the Foundation for Environmental Education established by section 9; and"; and

(ii) in paragraph (13), by striking "National Environmental Education and Training Foundation" and inserting "Foundation for Environmental Education";

*(C) in the heading of section 9 (as redesignated by section 4(a)(2)), by striking "**NATIONAL ENVIRONMENTAL EDUCATION AND TRAINING FOUNDATION**" and inserting "**FOUNDATION FOR ENVIRONMENTAL EDUCATION**"; and*

(D) in subsection (c) of section 10 (as redesignated by section 4(a)(2)), by striking "National Environmental Education and Training Foundation" and inserting "Foundation for Environmental Education".

(b) BOARD OF DIRECTORS; NUMBER OF DIRECTORS.—The first sentence of subsection (b)(1)(A) of section 9 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking "13" and inserting "19".

(c) ACKNOWLEDGMENT OF DONATIONS.—Section 9(d) of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking paragraph (3) and inserting the following:

"(3) ACKNOWLEDGMENT OF DONORS.—The Foundation may acknowledge receipt of donations by means of a listing of the names of donors in materials distributed by the Foundation, but any such acknowledgment—

"(A) shall not appear in educational material to be presented to students; and

"(B) shall not identify a donor by means of a logo, letterhead, or other corporate commercial symbol, slogan, or product.".

SEC. 8. AUTHORIZATION OF APPROPRIATIONS.

Section 10 of the National Environmental Education Act (as redesignated by section 4(a)(2)) is amended by striking subsections (a) and (b) and inserting the following:

"(a) IN GENERAL.—There are authorized to be appropriated to the Environmental Protection Agency to carry out this Act—

"(1) $10,000,000 for each of fiscal years 1997, 1998, 1999, 2000, 2001, and 2002; and

"(2) such sums as are necessary for each of fiscal years 2003 through 2007.

"(b) LIMITATIONS.—

"(1) IN GENERAL.—Subject to paragraph (2), of the amounts appropriated under subsection (a) for a fiscal year—

"(A) not more than 25 percent may be used for the activities of the Office of Environmental Education;

"(B) not more than 25 percent may be used for the operation of the environmental education and training program;

"(C) not less than 40 percent shall be used for environmental education grants; and

"(D) 10 percent shall be used for the Foundation for Environmental Education.

"(2) ADMINISTRATIVE EXPENSES.—Of the amounts made available under paragraph (1) for a fiscal year for the activities of the Office of Environmental Education, not more than 25 percent may be used for administrative expenses.".

SEC. 9. EFFECTIVE DATE.

The amendments made by this Act shall take effect as of the later of—

(1) October 1, 1996; or

(2) the date of enactment of this Act.

Mr. INHOFE. Mr. President, today the Senate is passing an important piece of legislation, S. 1873, the National Environmental Education Act amendments. I introduced this bill on June 13 along with my colleagues, Senators CHAFEE, LIEBERMAN, FAIRCLOTH, KEMPTHORNE, MOYNIHAN, REID, and LUGAR. Since that date nine more senators have joined me in this bipartisan show of support for this legislation.

This bill will reauthorize the educational efforts at the National Environmental Education and Training Foundation and the EPA's Office of Environmental Education. These programs support environmental education at the local level. They provide grant money and seed money to encourage local primary and secondary schools and universities to educate children on environmental issues.

With the importance of the environment and the continuing debate on how best to protect it, it is vital to educate our children so that they truly understand how the environment functions.

Over the last few years environmental education has been criticized for being one-sided and heavy-handed. People have accused environmental advocates of trying to brainwash children and of pushing an environmental agenda that is not supported by the facts or by science. They also accuse the Federal Government of setting one curriculum standard and forcing all schools to subscribe to their views. This is not how these two environmental education programs have worked, and I have taken specific steps to ensure that they never work this way.

The programs that this act reauthorizes have targeted the majority of their grants at the local level, allowing the teachers in our community schools to design their environmental programs to teach our children, and this is where the decisions should be made. In addition, the grants have not been used for advocacy or to lobby the Government, as other grant programs have been accused of doing.

This legislation accomplishes two important functions. First, it cleans up the current law to make the programs run more efficiently. And second, it places two very important safeguards in the program to ensure its integrity in the future.

I have placed in this bill language to ensure that the EPA programs are balanced and scientifically sound. It is important that environmental education is presented in an unbiased and balanced manner. The personal values and prejudices of the educators should not be instilled in our children. Instead we must teach them to think for themselves after they have been presented with all of the facts and information. Environmental ideas must be grounded in sound science and not emotional bias. While these programs have not been guilty of this in the past, this is an important safeguard to protect the future of environmental education.

Second, I have included language which prohibits any of the funds to be used for lobbying efforts. While these programs have not used the grant process to lobby the Government, there are other programs which have been accused of this and this language will ensure that this program never becomes a vehicle to lobby Congress or the Executive branch.

This bill also makes a number of housekeeping changes to the programs which are supported by both the EPA and the Education Foundation which will both streamline the programs and make them more efficient.

For those people who remain concerned about the Federal role in environmental education let me assure everyone that I will be personally monitoring these programs. If there are abuses or questionable grants or programs I will be the first to call for an investigation or to invoke the oversight functions of Congress. Educating our children is a serious matter and should not be abused by anyone. It is my intent and goal that these programs provide objective material in a balanced and scientifically sound manner that does not instill any particular viewpoint in our Nation's youths. We need to teach our children the facts and let them reach their own conclusions, and I believe this bill accomplishes this goal.

I thank my colleagues for supporting this bill and I hope the House can act quickly and this legislation can be signed into law.

Mr. CHAFEE. Mr. President, I join Senator INHOFE in urging the Senate to pass S. 1873, the National Environmental Education Act Amendments of 1996. I commend Senator INHOFE for his leadership on this bill. Mr. INHOFE and other members of the Senate Environment and Public Works Committee have crafted a reauthorization of the National Environmental Education Act of 1990. It is a bipartisan bill sponsored by 11 members of the Environment and Public Works Committee, including myself and Senators INHOFE, BAUCUS, LIEBERMAN, FAIRCLOTH, KEMPTHORNE, MOYNIHAN, REID, LAUTENBERG, SMITH, and GRAHAM.

S. 1873 extends the authorization for programs authorized by the National Environmental Education Act until 2007. The bill also includes a number of changes to make programs authorized under the act operate more effectively and efficiently.

The goal of the National Environmental Education Act is to increase public understanding of the environment and to advance and develop environmental education and training.

The act has been successful in supporting environmental education through grants and training programs aimed at schools, nature centers, museums, and other educational organizations. The act has benefited thousands of teachers and millions of students—children and adults.

Educational programs supported through this act increase the public's awareness and knowledge about environmental issues, and provide them with the skills needed to make informed decisions.

I urge my colleagues to support passage of this important environmental education legislation.

Mr. STEVENS. Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be deemed read the third time, passed, the motion to reconsider be laid upon the table, and any statements relating to this bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1873), as amended, was deemed read the third time and passed.

AUTHORIZING PRODUCTION OF RECORDS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of a Senate resolution 287 submitted earlier today by Senators LOTT and DASCHLE.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 287) to authorize the production of records by the Permanent Subcommittee on Investigations.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. LOTT. Mr. President, the Permanent Subcommittee on Investigations has received a request from the New Jersey Attorney General's Office for copies of subcommittee records relevant to a background investigation that the office is conducting in connection with a solid waste disposal company's licensing application.

In the course of drug enforcement hearings in the mid-1970's, the subcommittee investigated allegations relating to an individual who was then a Federal drug enforcement official and is now a principal in the solid waste firm seeking licensure from the State of New Jersey. The Attorney General's Office is seeking access to subcommittee records to enable the office to fulfill its responsibilities under State law to conduct a thorough background investigation of this individual.

Mr. President, this resolution would authorize the chairman and ranking minority member of the Permanent Subcommittee on Investigations, acting jointly, to provide subcommittee records in response to this request.

Mr. STEVENS. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble agreed to, the motion to reconsider be laid on the table, and any statements relating to this resolution appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 287) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 287

Whereas the Office of the Attorney General of the State of New Jersey has requested that the Permanent Subcommittee on Investigations provide it with copies of subcommittee records in connection with a licensing investigation that the office is currently conducting;

Whereas by the privileges of the Senate of the United States and rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas when it appears that documents, papers, and records under the control or in the possession of the Senate may promote the administration of justice, the Senate will take such action as will promote the ends of justice consistently with the privileges of the Senate: Now, therefore, be it

Resolved, That the chairman and ranking minority member of the Permanent Subcommittee on Investigations, acting jointly, are authorized to provide to the office of the Attorney General of the State of New Jersey copies of subcommittee records that the office has requested for use in connection with its pending licensing investigation.

DAY OF NATIONAL CONCERN ABOUT YOUNG PEOPLE AND GUN VIOLENCE

Mr. STEVENS. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of Senate Resolution 282, designating October 10, 1996, as "Day of National Concern About Young People and Gun Violence," and that the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 282) to designate October 10, 1996, as the "Day of National Concern about Young People and Gun Violence."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. STEVENS. Mr. President, I ask unanimous consent that the resolution and preamble be agreed to, en bloc, and the motion to reconsider be laid upon the table; further, that any statements relating thereto be placed in the RECORD at the appropriate place as if read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 282) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 282

Whereas violent crime among juveniles in American society has dramatically escalated in recent years;

Whereas between 1989 and 1994, juvenile arrest rates for murder in this country skyrocketed 42 percent;

Whereas in 1993, more than 10 children were murdered each day in America;

Whereas America's young people are this country's most important resource, and Americans have a vested interest in helping children survive, free from fear and violence, to become healthy adults;

Whereas America's young people can, by taking individual and collective responsibility for their own decisions and actions, help chart a new and less violent direction for the entire country;

Whereas American school children will be invited to participate in a national observance involving millions of their fellow students and will thereby be empowered to see themselves as the agents of positive social change; and

Whereas this observance will give American school children the opportunity to make a solemn decision about their future and control their destiny by voluntarily signing a pledge promising that they will never take a gun to school, will never use a gun to resolve a dispute, and will use their influence to prevent friends from using guns to settle disputes: Now, therefore, be it

Resolved, That the Senate designates October 10, 1996, as the "Day of National Concern About Young People and Gun Violence". The President is authorized and requested to issue a proclamation calling upon the school children of the United States to observe such day with appropriate activities.

NATIONAL SILVER HAIRED CONGRESS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 554, Senate Concurrent Resolution 52.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 52) to recognize and encourage the convening of a National Silver Haired Congress.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. STEVENS. Mr. President, I ask unanimous consent that the concurrent resolution and preamble be agreed to, en bloc, and the motion to reconsider be laid upon the table, that any statements related thereto appear at the appropriate place in the RECORD as if read.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 52) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, is as follows:

S. CON. RES. 52

Whereas many States have encouraged and facilitated the creation of senior citizen legislative and advocacy bodies;

Whereas in creating such bodies such States have provided to many older Americans the opportunity to express concerns, promote appropriate interests, and advance the common good by influencing the legislation and actions of State government; and

Whereas a National Silver Haired Congress, with representatives from each State, would provide a national forum for a nonpartisan evaluation of grassroots solutions to concerns shared by an increasing number of older Americans: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby recognizes and encourages the convening of an annual National Silver Haired Congress in the District of Columbia.

AUTHORIZING THE AGENCY FOR INTERNATIONAL DEVELOPMENT TO OFFER VOLUNTARY SEPARATION INCENTIVE PAYMENTS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 3870, which was received from the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3870) to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read the third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3870) was deemed read the third time, and passed.

UNITED STATES TOURISM ORGANIZATION ACT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 551, S. 1735.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1735) to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

S. 1735

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "United States Tourism Organization Act".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the travel and tourism industry is the second largest retail or service industry in the United States, and travel and tourism services ranked as the largest United States export in 1995, generating an $18.6 billion trade surplus for the United States;

(2) domestic and international travel and tourism expenditures totaled $433 billion in 1995, $415 billion spent directly within the United States and an additional $18 billion spent by international travelers on United States flag carriers traveling to the United States;

(3) direct travel and tourism receipts make up 6 percent of the United States gross domestic product;

(4) in 1994 the travel and tourism industry was the nation's second largest employer, directly responsible for 6.3 million jobs and indirectly responsible for another 8 million jobs;

(5) employment in major sectors of the travel industry is expected to increase 35 percent by the year 2005;

(6) 99.7 percent of travel businesses are defined by the Federal Government as small businesses; and

(7) the White House Conference on Travel and Tourism in 1995 brought together 1,700 travel and tourism industry executives from across the nation and called for the establishment, by federal charter, of a new national tourism organization to promote international tourism to all parts of the United States.

SEC. 3. UNITED STATES TOURISM ORGANIZATION.

(a) ESTABLISHMENT.—There is established with a Federal charter, the United States Tourism Organization (hereafter in this Act referred to as the "Organization"). The Organization shall be a **[**nonprofit**]** *not for profit* organization. The Organization shall maintain its principal offices and national headquarters in the **[**city of Washington, District of Columbia,**]** *greater metropolitan area of Washington, D.C.*, and may hold its annual and special meetings in such places as the Organization shall determine.

(b) ORGANIZATION NOT A FEDERAL AGENCY.—Notwithstanding any other provision of the law, the Organization shall not be considered a Federal agency for the purposes of civil service laws or any other provision of Federal law governing the operation of Federal agencies, including personnel or budgetary matters relating to Federal agencies. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Organization or any entities within the Organization.

(c) DUTIES.—The Organization shall—

(1) facilitate the development and use of public-private partnerships for travel and tourism policymaking;

(2) seek to, and work for, an increase in the share of the United States in the global tourism market;

(3) implement the national travel and tourism strategy developed by the National Tourism Board under section 4;

(4) operate travel and tourism promotion programs outside the United States in partnership with the travel and tourism industry in the United States;

(5) establish a travel-tourism data bank and, through that data bank collect and disseminate international market data;

(6) conduct market research necessary for the effective promotion of the travel and tourism market; and

(7) promote United States travel and tourism.

(d) POWERS.—The Organization—

(1) shall have perpetual succession;

(2) shall represent the United States in its relations with international tourism agencies;

(3) may sue and be sued;

(4) may make contracts;

(5) may acquire, hold, and dispose of real and personal property as may be necessary for its corporate purposes;

(6) may accept gifts, legacies, and devices in furtherance of its corporate purposes;

(7) may provide financial assistance to any organization or association, other than a corporation organized for profit, in furtherance of the purpose of the corporation;

(8) may adopt and alter a corporate seal;

(9) may establish and maintain offices for the conduct of the affairs of the Organization;

(10) may publish a newspaper, magazine, or other publication consistent with its corporate purposes;

(11) may do any and all acts and things necessary and proper to carry out the purposes of the Organization; and

(12) may adopt and amend a constitution and bylaws not inconsistent with the laws of the United States or of any State, except that the Organization may amend its constitution only if it—

(A) publishes in its principal publication a general notice of the proposed alteration of the constitution, including the substantive terms of the alteration, the time and place of the Organization's regular meeting at which the alteration is to be decided, and a provision informing interested persons that they may submit materials as authorized in subparagraph (B); and

(B) gives to all interested persons, prior to the adoption of any amendment, an opportunity to submit written data, views, or arguments concerning the proposed amendment for a period of at least 60 days after the date of publication of the notice.

(e) NONPOLITICAL NATURE OF THE ORGANIZATION.—The Organization shall be nonpolitical and shall not promote the candidacy of any person seeking public office.

(f) PROHIBITION AGAINST ISSUANCE OF STOCK OR BUSINESS ACTIVITIES.—The Organization shall have no power to issue capital stock or to engage in business for pecuniary profit or gain.

SEC. 4. NATIONAL TOURISM BOARD.

(a) ESTABLISHMENT.—The Organization shall be governed by a Board of Directors known as the National Tourism Board (hereinafter in this Act referred to as the "Board").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Board shall be composed of 46 members, and shall be self-perpetuating. Initial members shall be appointed as provided in paragraph (2). The Board shall elect a chair from among its members.

(2) FOUNDING MEMBERS.—The founding members of the Board shall be appointed, or elected, as follows:

(A) The Under Secretary of Commerce for International Trade Administration shall serve as a member ex officio.

(B) 5 State Travel Directors elected by the National Council of State Travel Directors.

(C) 5 members elected by the International Association of Convention and Visitor Bureaus.

(D) 3 members elected by the Air Transport Association.

(E) 1 member elected by the National Association of Recreational Vehicle Parks and Campgrounds; 1 member elected by the Recreation Vehicle Industry Association.

(F) 2 members elected by the International Association of Amusement Parks and Attractions.

(G) 3 members appointed by major companies in the travel payments industry.

(H) 5 members elected by the American Hotel and Motel Association.

(I) 2 members elected by the American Car Rental Association; 1 member elected by the American Automobile Association; 1 member elected by the American Bus Association; 1 member elected by Amtrak.

(J) 1 member elected by the National Tour Association; 1 member elected by the United States Tour Operators Association.

(K) 1 member elected by the Cruise Lines International Association; 1 member elected by the National Restaurant Association; one member elected by the National Park Hospitality Association; 1 member elected by the Airports Council International; 1 member elected by the Meeting Planners International; 1 member elected by the American Sightseeing International; 4 members elected by the Travel Industry Association of [America.] *America; 1 member elected by the Retail Travel Agents Association; 1 member elected by the American Society of Travel Agents; and 1 member elected by the Rural Tourism Development Foundation.*

(3) TERMS.—Terms of Board members and of the Chair shall be determined by the Board and made part of the Organization bylaws.

(c) DUTIES OF THE BOARD.—The Board shall—

(1) develop a national travel and tourism strategy for increasing tourism to and within the United States; and

(2) advise the President, the Congress, and members of the travel and tourism industry concerning the implementation of the national strategy referred to in paragraph (1) and other matters that affect travel and tourism.

(d) AUTHORITY.—The Board is hereby authorized to meet to complete the organization of the Organization by the adoption of a constitution and bylaws, and by doing all things necessary to carry into effect the provisions of this Act.

(e) INITIAL MEETINGS.—Not later than 30 days after the date on which all members of the Board have been appointed, the Board shall have its first meeting.

(f) MEETINGS.—The Board shall meet at the call of the Chair, but not less frequently than semiannually.

(g) COMPENSATION AND EXPENSES.—The chairman and members of the Board shall serve without compensation but may be compensated for expenses incurred in carrying out the duties of the Board.

(h) TESTIMONY, REPORTS, AND SUPPORT.—The Board may present testimony to the President, to the Congress, and to the legislatures of the States and issue reports on its findings and recommendations.

(i) IMMUNITY.—Members of the Board shall not be personally liable for any action taken by the Board.

SEC. 5. SYMBOLS, EMBLEMS, TRADEMARKS, AND NAMES.

(a) IN GENERAL.—The Organization shall provide for the design of such symbols, emblems, trademarks, and names as may be appropriate and shall take all action necessary to protect and regulate the use of such symbols, emblems, trademarks, and names under law.

(b) UNAUTHORIZED USE; CIVIL ACTION.—Any person who, without the consent of the Organization, uses—

(1) the symbol of the Organization;

(2) the emblem of the Organization;

(3) any trademark, trade name, sign, symbol, or insignia falsely representing association with, or authorization by, the Organization; or

(4) the words "United States Tourism Organization", or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Organization or any Organization activity;

for the purpose of trade, to induce the sale of any goods or services, or to promote any exhibition shall be subject to suit in a civil action brought in the appropriate court by the Organization for the remedies provided in the Act of July 5, 1946 (60 Stat. 427; 15 U.S.C. 1501 et seq.), popularly known as the Trademark Act of 1946. Paragraph (4) of this subsection shall not be construed to prohibit any person who, before the date of enactment of this Act, actually used the words "United States Tourism Organization" for any lawful purpose from continuing such lawful use for the same purpose and for the same goods and services.

(c) CONTRIBUTORS AND SUPPLIERS.—The Organization may authorize contributors and suppliers of goods and services to use the trade name of the Organization as well as any trademark, symbol, insignia, or emblem of the Organization in advertising that the contributions, goods, or services were donated, supplied, or furnished to or for the use of, approved, selected, or used by the Organization.

(d) EXCLUSIVE RIGHT OF THE ORGANIZATION.—The Organization shall have exclusive right to use the name "United States Tourism Organization", the symbol described in subsection (b)(1), the emblem described in subsection (b)(2), and the words "United States Tourism Organization", or any combination thereof, subject to the use reserved by the second sentence of subsection (b).

SEC. 6. UNITED STATES GOVERNMENT COOPERATION.

(a) SECRETARY OF STATE.—The Secretary of State shall—

(1) place a high priority on implementing recommendations by the Organization; and

(2) cooperate with the Organization in carrying out its duties.

(b) DIRECTOR OF THE UNITED STATES INFORMATION AGENCY.—The Director of the United States Information Agency shall—

(1) place a high priority on implementing recommendations by the Organization; and

(2) cooperate with the Organization in carrying out its duties.

(c) TRADE PROMOTION COORDINATING COMMITTEE.—Section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727) is amended—

(1) by striking out "and" at the end of subsection (c)(4);

(2) by striking the period at the end of subsection (c)(5) and inserting a semicolon and the word "and";

(3) by adding at the end thereof the following:

"(6) reflect recommendations by the National Tourism Board established under the United States Tourism Organization Act." and

(2) in paragraph (d)(1) by striking "and" in subparagraph (L), by redesignating subparagraph (M) as subparagraph (N), and by inserting the following:

"(M) the Chairman of the Board of the United States Tourism Organization, as established under the United States Tourism Organization Act; and".

SEC. 7. SUNSET.

If, by the date that is 2 years after the date of incorporation of the Organization, a plan for the long-term financing of the Organization has not been implemented, the Organization and the Board shall terminate.

AMENDMENT NO. 5156

(Purpose: To make minor and technical corrections in the bill as reported)

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. PRESSLER, proposes an amendment numbered 5156.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 7, line 8, strike "46" and insert "48".

On page 9, beginning in line 3, strike "Retail Travel Agents Association;" and insert "Association of Retail Travel Agents;".

On page 9, between lines 6 and 7, insert the following:

(L) 1 member elected by the National Trust for Historic Preservation.

(M) 1 member elected by the American Association of Museums.

Mr. PRESSLER. Mr. President, I am pleased that today the Senate has approved S. 1735, the United States Tourism Organization Act, legislation I introduced on May 8, 1996. This bill is aimed at promoting the United States as a tourist destination in the increasingly competitive world tourism market. Passage of this bipartisan measure would help to ensure the United States remains a leader in this growing industry. In particular, I thank my distinguished colleague from Nevada, Senator RICHARD BRYAN, and my good friend from Virgina, Senator JOHN WARNER, who joined me in sponsoring this legislation.

Mr. President, the travel and tourism industry is the second most productive in the world. In the United States, the tourism industry employs more than 6.3 million people—making it the second largest employer in the country.

Unfortunately, the United States is no longer the world's No. 1 tourist destination. As other nations have recognized the economic potential of tourism, the United States has allowed itself to fall behind. We must reverse this trend.

As Chairman of the U.S. Senate Committee on Commerce, Science, and Transportation and Co-chair of the Senate Tourism Caucus, I am committed to increasing tourism—both in my home State of South Dakota and across the nation. S. 1735 is designed to keep the industry vibrant and growing. Most significantly, the legislation would develop a public-private partnership, charged with research, advertising, and marketing our country as a tourism destination.

This bill also would establish a U.S. Tourism Organization—a non-profit, private group to promote the United

States both in our country and abroad. This is not an expensive new program funded by the hard-earned dollars of America's taxpayers. Instead, the organization would be funded primarily by members of the tourism industry.

One source of revenue made possible by this bill is from the sale of U.S. tourism logos, trademarks or emblems, similar to the five adjoining rings used with great financial success by the U.S. Olympic Committee. In addition, American business could pay an annual fee to become an official member of the U.S. Tourism Organization and use the logo for advertising and business promotion. Not only would this boost individual businesses, it also would advance the tourism industry as a whole.

Significantly, under this legislation, the structure of the tourism organization would ensure that no member business—big or small—would be left behind. A National Tourism Board would represent all aspects of the tourism industry—from transportation to accommodations, from dining and entertainment to tour guides. This board would put South Dakota's small-business owners on an equal footing with New York City's larger businesses as they compete for potential visitors.

This provision would be particularly helpful to small-business owners in South Dakota like Al Johnson who runs the Palmer Gulch Resort near Hill City, or for Alfred Mueller, owner of Al's Oasis in Chamberlain—the famous home of the buffalo burger.

U.S. tourism needs to aim for high-tech promotion. Today's technology has enormous potential to shape positively and promote the tourism industry. Tomorrow's technology will be even more useful. In this area, the travel and tourism industry will benefit significantly from legislation I sponsored earlier in this Congress, the Telecommunications Act of 1996. That new law will unleash even more advanced communications technologies and services. South Dakotans, like the Husteads, owners of the famous Wall Drug, in Wall, SD, already are taking advantage of such technologies as the World Wide Web. These evolving technologies can transmit information on U.S. tourism destinations to all corners of the globe.

Austrians could learn about the world-class Shrine to Music Museum in Vermillion. Kenyan safari hunters would be able to find out when hunting season is in Redfield, SD—the pheasant capital of the world. Dog-sledders in the Yukon may want to try out the snowmobile trails of the Black Hills National Forest.

The use of the latest developments in communications technology could promote places like the city of Deadwood—one of the fastest growing tourist destinations in South Dakota. Across the globe, people could learn that Deadwood's main street is lined with old-fashioned saloons and gaming halls—inspiring memories of the 1890's gold rush. This, in turn, might inspire them to visit Saloon No. 10 where Wild Bill Hickock was shot—making famous his poker hand of aces and eights, the "Deadman's Hand."

S. 1735 represents just one more step in a series of actions I've taken to boost tourism in South Dakota and the Nation. For instance, earlier this year, I wrote to foreign Ambassadors and other heads of missions in the United States urging them to promote the virtues of South Dakota as a prime U.S. tourist attraction. I gave them copies of the South Dakota vacation guide to pass along to appropriate officials in their embassies and home governments who are responsible for disseminating tourism information. Not long after receiving my letter, the Ambassador from Austria visited our State. Foreign visitors are our fastest growing tourist population. We welcome them.

The U.S. Tourism Organization would partner the Federal Government with the men and women who are the tourism industry. This type of public-private partnership was discussed by South Dakotans like Vince Coyle, of Deadwood, and Julie Jensen, of Rapid City, when they attended the White House conference on tourism last year. The legislation we are considering today was drafted using the recommendations of the White House conference. Working together, we can make tourism the new key to this country's economic success.

This is our opportunity to forge ahead. There is no reason the U.S. travel and tourism should be relegated to the back seat any longer. I am pleased that the Senate has given this legislation its unanimous support. I look forward to working with my colleagues in the House to send this bill to the President before the end of the 104th Congress. The time is now. We must once again make the United States the top tourist destination in the world.

Mr. STEVENS. Mr. President, I ask unanimous consent that the amendment be considered read and agreed to, the bill be deemed read the third time, passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be placed at the appropriate place in the RECORD.

The amendment (No. 5156) was agreed to.

The bill (S. 1735) was deemed read the third time, and passed, as follows:

S. 1735

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "United States Tourism Organization Act".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the travel and tourism industry is the second largest retail or service industry in the United States, and travel and tourism services ranked as the largest United States export in 1995, generating an $18.6 billion trade surplus for the United States;

(2) domestic and international travel and tourism expenditures totaled $433 billion in 1995, $415 billion spent directly within the United States and an additional $18 billion spent by international travelers on United States flag carriers traveling to the United States;

(3) direct travel and tourism receipts make up 6 percent of the United States gross domestic product;

(4) in 1994 the travel and tourism industry was the nation's second largest employer, directly responsible for 6.3 million jobs and indirectly responsible for another 8 million jobs;

(5) employment in major sectors of the travel industry is expected to increase 35 percent by the year 2005;

(6) 99.7 percent of travel businesses are defined by the Federal Government as small businesses; and

(7) the White House Conference on Travel and Tourism in 1995 brought together 1,700 travel and tourism industry executives from across the nation and called for the establishment, by federal charter, of a new national tourism organization to promote international tourism to all parts of the United States.

SEC. 3. UNITED STATES TOURISM ORGANIZATION.

(a) ESTABLISHMENT.—There is established with a Federal charter, the United States Tourism Organization (hereafter in this Act referred to as the "Organization"). The Organization shall be a not for profit organization. The Organization shall maintain its principal offices and national headquarters in the greater metropolitan area of Washington, D.C., and may hold its annual and special meetings in such places as the Organization shall determine.

(b) ORGANIZATION NOT A FEDERAL AGENCY.—Notwithstanding any other provision of the law, the Organization shall not be considered a Federal agency for the purposes of civil service laws or any other provision of Federal law governing the operation of Federal agencies, including personnel or budgetary matters relating to Federal agencies. The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Organization or any entities within the Organization.

(c) DUTIES.—The Organization shall—

(1) facilitate the development and use of public-private partnerships for travel and tourism policymaking;

(2) seek to, and work for, an increase in the share of the United States in the global tourism market;

(3) implement the national travel and tourism strategy developed by the National Tourism Board under section 4;

(4) operate travel and tourism promotion programs outside the United States in partnership with the travel and tourism industry in the United States;

(5) establish a travel-tourism data bank and, through that data bank collect and disseminate international market data:

(6) conduct market research necessary for the effective promotion of the travel and tourism market; and

(7) promote United States travel and tourism.

(d) POWERS.—The Organization—

(1) shall have perpetual succession;

(2) shall represent the United States in its relations with international tourism agencies;

(3) may sue and be sued;

(4) may make contracts;

(5) may acquire, hold, and dispose of real and personal property as may be necessary for its corporate purposes;

(6) may accept gifts, legacies, and devices in furtherance of its corporate purposes;

(7) may provide financial assistance to any organization or association, other than a corporation organized for profit, in furtherance of the purpose of the corporation;

(8) may adopt and alter a corporate seal;

(9) may establish and maintain offices for the conduct of the affairs of the Organization;

(10) may publish a newspaper, magazine, or other publication consistent with its corporate purposes;

(11) may do any and all acts and things necessary and proper to carry out the purposes of the Organization; and

(12) may adopt and amend a constitution and bylaws not inconsistent with the laws of the United States or of any State, except that the Organization may amend its constitution only if it—

(A) publishes in its principal publication a general notice of the proposed alteration of the constitution, including the substantive terms of the alteration, the time and place of the Organization's regular meeting at which the alteration is to be decided, and a provision informing interested persons that they may submit materials as authorized in subparagraph (B); and

(B) gives to all interested persons, prior to the adoption of any amendment, an opportunity to submit written data, views, or arguments concerning the proposed amendment for a period of at least 60 days after the date of publication of the notice.

(e) NONPOLITICAL NATURE OF THE ORGANIZATION.—The Organization shall be nonpolitical and shall not promote the candidacy of any person seeking public office.

(f) PROHIBITION AGAINST ISSUANCE OF STOCK OR BUSINESS ACTIVITIES.—The Organization shall have no power to issue capital stock or to engage in business for pecuniary profit or gain.

SEC. 4. NATIONAL TOURISM BOARD.

(a) ESTABLISHMENT.—The Organization shall be governed by a Board of Directors known as the National Tourism Board (hereinafter in this Act referred to as the "Board").

(b) MEMBERSHIP.—

(1) COMPOSITION.—The Board shall be composed of 48 members, and shall be self-perpetuating. Initial members shall be appointed as provided in paragraph (2). The Board shall elect a chair from among its members.

(2) FOUNDING MEMBERS.—The founding members of the Board shall be appointed, or elected, as follows:

(A) The Under Secretary of Commerce for International Trade Administration shall serve as a member ex officio.

(B) 5 State Travel Directors elected by the National Council of State Travel Directors.

(C) 5 members elected by the International Association of Convention and Visitor Bureaus.

(D) 3 members elected by the Air Transport Association.

(E) 1 member elected by the National Association of Recreational Vehicle Parks and Campgrounds; 1 member elected by the Recreation Vehicle Industry Association.

(F) 2 members elected by the International Association of Amusement Parks and Attractions.

(G) 3 members appointed by major companies in the travel payments industry.

(H) 5 members elected by the American Hotel and Motel Association.

(I) 2 members elected by the American Car Rental Association; 1 member elected by the American Automobile Association; 1 member elected by the American Bus Association; 1 member elected by Amtrak.

(J) 1 member elected by the National Tour Association; 1 member elected by the United States Tour Operators Association.

(K) 1 member elected by the Cruise Lines International Association; 1 member elected by the National Restaurant Association; one member elected by the National Park Hospitality Association; 1 member elected by the Airports Council International; 1 member elected by the Meeting Planners International; 1 member elected by the American Sightseeing International; 4 members elected by the Travel Industry Association of America; 1 member elected by the Association of Retail Travel Agents; 1 member elected by the American Society of Travel Agents; and 1 member elected by the Rural Tourism Development Foundation.

(L) 1 member elected by the National Trust for Historic Preservation.

(M) 1 member elected by the American Association of Museums.

(3) TERMS.—Terms of Board members and of the Chair shall be determined by the Board and made part of the Organization bylaws.

(c) DUTIES OF THE BOARD.—The Board shall—

(1) develop a national travel and tourism strategy for increasing tourism to and within the United States; and

(2) advise the President, the Congress, and members of the travel and tourism industry concerning the implementation of the national strategy referred to in paragraph (1) and other matters that affect travel and tourism.

(d) AUTHORITY.—The Board is hereby authorized to meet to complete the organization of the Organization by the adoption of a constitution and bylaws, and by doing all things necessary to carry into effect the provisions of this Act.

(e) INITIAL MEETINGS.—Not later than 30 days after the date on which all members of the Board have been appointed, the Board shall have its first meeting.

(f) MEETINGS.—The Board shall meet at the call of the Chair, but not less frequently than semiannually.

(g) COMPENSATION AND EXPENSES.—The chairman and members of the Board shall serve without compensation but may be compensated for expenses incurred in carrying out the duties of the Board.

(h) TESTIMONY, REPORTS, AND SUPPORT.—The Board may present testimony to the President, to the Congress, and to the legislatures of the States and issue reports on its findings and recommendations.

(i) IMMUNITY.—Members of the Board shall not be personally liable for any action taken by the Board.

SEC. 5. SYMBOLS, EMBLEMS, TRADEMARKS, AND NAMES.

(a) IN GENERAL.—The Organization shall provide for the design of such symbols, emblems, trademarks, and names as may be appropriate and shall take all action necessary to protect and regulate the use of such symbols, emblems, trademarks, and names under law.

(b) UNAUTHORIZED USE; CIVIL ACTION.—Any person who, without the consent of the Organization, uses—

(1) the symbol of the Organization;

(2) the emblem of the Organization;

(3) any trademark, trade name, sign, symbol, or insignia falsely representing association with, or authorization by, the Organization; or

(4) the words "United States Tourism Organization", or any combination or simulation thereof tending to cause confusion, to cause mistake, to deceive, or to falsely suggest a connection with the Organization or any Organization activity; for the purpose of trade, to induce the sale of any goods or services, or to promote any exhibition shall be subject to suit in a civil action brought in the appropriate court by the Organization for the remedies provided in the Act of July 5, 1946 (60 Stat. 427; 15 U.S.C. 1501 et seq.), popularly known as the Trademark Act of 1946. Paragraph (4) of this subsection shall not be construed to prohibit any person who, before the date of enactment of this Act, actually used the words "United States Tourism Organization" for any lawful purpose from continuing such lawful use for the same purpose and for the same goods and services.

(c) CONTRIBUTORS AND SUPPLIERS.—The Organization may authorize contributors and suppliers of goods and services to use the trade name of the Organization as well as any trademark, symbol, insignia, or emblem of the Organization in advertising that the contributions, goods, or services were donated, supplied, or furnished to or for the use of, approved, selected, or used by the Organization.

(d) EXCLUSIVE RIGHT OF THE ORGANIZATION.—The Organization shall have exclusive right to use the name "United States Tourism Organization", the symbol described in subsection (b)(1), the emblem described in subsection (b)(2), and the words "United States Tourism Organization", or any combination thereof, subject to the use reserved by the second sentence of subsection (b).

SEC. 6. UNITED STATES GOVERNMENT COOPERATION.

(a) SECRETARY OF STATE.—The Secretary of State shall—

(1) place a high priority on implementing recommendations by the Organization; and

(2) cooperate with the Organization in carrying out its duties.

(b) DIRECTOR OF THE UNITED STATES INFORMATION AGENCY.—The Director of the United States Information Agency shall—

(1) place a high priority on implementing recommendations by the Organization; and

(2) cooperate with the Organization in carrying out its duties.

(c) TRADE PROMOTION COORDINATING COMMITTEE.—Section 2312 of the Export Enhancement Act of 1988 (15 U.S.C. 4727) is amended—

(1) by striking out "and" at the end of subsection (c)(4);

(2) by striking the period at the end of subsection (c)(5) and inserting a semicolon and the word "and";

(3) by adding at the end thereof the following:

"(6) reflect recommendations by the National Tourism Board established under the United States Tourism Organization Act." and

(2) in paragraph (d)(1) by striking "and" in subparagraph (L), by redesignating subparagraph (M) as subparagraph (N), and by inserting the following:

"(M) the Chairman of the Board of the United States Tourism Organization, as established under the United States Tourism Organization Act; and".

SEC. 7. SUNSET.

If, by the date that is 2 years after the date of incorporation of the Organization, a plan for the long-term financing of the Organization has not been implemented, the Organization and the Board shall terminate.

MEASURE PLACED ON CALENDAR—S. 1965

Mr. STEVENS. Mr. President, I ask unanimous consent that S. 1965 be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

L. CLURE MORTON POST OFFICE AND COURTHOUSE LEGISLATION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of calendar No. 549, S. 1931.

The PRESIDING OFFICER. Without objection, so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1931) to provide that the U.S. Post Office building that is to be located at 9 East Broad Street, Cookeville, Tennessee, shall be known and designated as the "L. Clure Morton Post Office and Courthouse."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I ask unanimous consent that the committee substitute be agreed to, the bill be deemed read the third time and passed, the motion to reconsider be laid upon the table, the amendment to the title be agreed to, and that any statements relating to the bill appear at this point in the RECORD.

The committee amendment was agreed to.

The bill was deemed read the third time, and passed, as follows:

S. 1931

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF L. CLURE MORTON UNITED STATES POST OFFICE AND COURTHOUSE.

The United States Post Office and Courthouse building located at 9 East Broad Street, Cookeville, Tennessee, shall be known and designated as the "L. Clure Morton United States Post Office and Courthouse".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States Post Office and Courthouse building referred to in section 1 shall be deemed to be a reference to the "L. Clure Morton United States Post Office and Courthouse".

The title was amended so as to read: "A bill to provide that the United States Post Office and Courthouse building located at 9 East Broad Street, Cookeville, Tennessee, shall be known and designated as the 'L. Clure Morton United States Post Office and Courthouse'.".

ROSE Y. CARACAPPA UNITED STATES POST OFFICE BUILDING

Mr. STEVENS. I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3139, which was received from the House.

The PRESIDING OFFICER. Without objection, so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3139) to redesignate the United States Post Office Building located at 245 Centereach Mall on Middle Country Road in Centereach, New York, as the "Rose Y. Caracappa United States Post Office Building."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read the third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3139) was deemed read the third time, and passed.

ROGER P. MCAULIFFE POST OFFICE

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate now proceed to consideration of the House bill H.R. 3834, which was received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3834) to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office."

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. STEVENS. I ask unanimous consent that the bill be deemed read a third time and passed, the motion to reconsider be laid upon the table, and that any statements appear at this point in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 3834) was deemed read the third time and passed.

FEDERAL OIL AND GAS ROYALTY SIMPLIFICATION AND FAIRNESS ACT OF 1995

Mr. STEVENS. I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 500, which is House bill H.R. 1975.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1975) to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MURKOWSKI. Mr. President, I rise to urge my Senate colleagues to support H.R. 1975, the Federal Oil and Gas Royalty Fairness and Simplification Act, also known as the "royalty fairness" bill, which passed the House of Representatives on July 16, 1996. H.R. 1975 is identical in every respect to S. 1014, reported to the Senate by the Committee on Energy and Natural Resources on May 1 by a unanimous voice vote, with one exception: It makes a technical amendment in the effective date section that was not made in S. 1014. The technical amendment was included at the urging of the administration and, as a result, the Clinton administration strongly supports H.R. 1975. The bill also is supported by the governors of fourteen States.

This is historic legislation, Mr. President. It is the only legislative initiative taken in the last 14 years to cost effectively increase the Nation's third largest source of revenue—mineral royalties from Federal lands, more specifically, oil and gas royalties. This legislation would establish a comprehensive statutory plan to increase the collection of royalty receipts due the United States. Those receipts will help reduce our budget deficit. Without this legislation, an ineffective and costly royalty collection system will continue, perpetuating long delays and uncollected royalties.

Let me make clear, Mr. President: This legislation does not apply to Indian lands. It applies only to royalties from oil and gas production on Federal lands.

Let me also make absolutely clear that this bill does not—repeat, does not—provide royalty relief or lower royalty rates for oil and gas producers who operate on Federal onshore lands or the Outer Continental Shelf. H.R. 1975 is about royalty collection, not royalty rates. This bill is about improving government efficiency, not about increasing government bureaucracy. And this bill is about increasing revenues to the Federal Treasury, not about giving money away.

This legislation is historic for another reason, Mr. President: It would empower States to perform oil and gas royalty management functions, such as auditing and collecting, that are essential to bringing additional receipts to the Treasury and the States within a 7-year limitation period established by this legislation. By expanding the

States' role in performing Federal oil and gas royalty management and collection functions consistent with Federal law and regulation, States will be given a great economic incentive that will benefit the Federal Treasury. The more aggressive States are in performing delegated functions, the greater their share of net receipts under the Mineral Leasing Act. That act requires 50 percent of all royalties from Federal onshore oil and gas production to be shared with the States from which that production comes.

H.R. 1975 establishes a framework for the federal oil and gas royalty collection program that will accelerate the collection of offsetting receipts to the Treasury by $80 million in the 1997–2002 period, half of which moneys would be shared with the States. These receipts result primarily from: (1) requiring the Secretary of the Interior and delegated States to timely collect all claims within 7 years rather than allow the claims to become stale and uncollectible; (2) requiring early resolution and collection of disputed claims before their value diminishes; (3) requiring federal and State resources to be used in a manner that maximizes receipts through more aggressive collection activities; and (4) increasing production on federal lands by creating economic and regulatory incentives. Without the statutory framework of this legislation, the Nation's third largest revenue source (the Interior Department's Minerals Management Service is the third largest source of revenue behind the IRS and Customs Service) will continue to be subject to greatly delayed collections and the risk of reduced receipts due to non-collection over time.

To achieve the goal of maximizing collections through more timely and aggressive collection efforts, this legislation would do the following specific things. It would require the Secretary, delegated States, and lessees to take action respecting a royalty obligation within seven years from the date that obligation became due. The provisions require that judicial proceedings or demands (*e.g.*, orders to pay) be commenced or issued within seven years of the date when the obligation became due or be barred. Lessees would be required to maintain their records during the 7-year period in order to verify production volumes.

H.R. 1975 would expedite the administrative appeals process at the Interior Department by establishing a 33-month limitation on appeals. Presently, over $450 million in disputed claims languish in a bureaucratic appeals process and continue to lose value. By speeding up the appeals process, the Secretary would increase the value of those obligations and collections to the Treasury.

The legislation also would level the playing field for royalty payors by authorizing the payment of interest on overpayments. Present law requires lessees to pay interest on late payments and underpayments as a disincentive for being tardy or underpaying royalties, but does not compensate lessees who overpay royalties and who lose the time value of that money through some legitimate error.

And finally, Mr. President, the legislation would authorize the Secretary to allow prepayment of royalties and to provide other regulatory relief for "marginal properties," and require that adjustments or requests for refunds for underpayments or overpayments be pursued within a 6-year window coinciding with the 7-year limitation period.

Mr. President, I want to thank my colleague, Senator NICKLES, for introducing the Senate companion to H.R. 1975, S. 1014, last June. Senator DOMENICI and I joined Senator NICKLES as sponsors of this historic bill, and Senator THOMAS has been deeply involved as well. I want to thank Senators NICKLES, DOMENICI, and THOMAS for their efforts in regard to the royalty fairness legislation.

Mr. President, the fact that S. 1014 was reported from the Committee on Energy and Natural Resources on May 1 by a unanimous voice vote and subsequently drew the support of the Clinton administration, and the fact that the House swiftly passed H.R. 1975, speaks to the merits of this legislation, the lengths to which we have gone to resolve differences with the administration over the language of the bill, and the fact that this legislation is not partisan legislation.

This is good-government legislation, and no mater what criticism we may hear of it, it will be good for the taxpayers, good for the States, and good for the energy producing sector of our economy.

Importantly, Mr. President, H.R. 1975 will empower States to join in partnership with the Federal Government in assuming certain royalty management functions pursuant to a delegation of authority. By providing States with a role in performing oil and gas royalty management functions, we will be giving States the economic incentive to perform those functions in a more cost effective manner. Aggressive pursuit of royalty obligations by States will be rewarded by higher net receipts shares for the States, because 50 percent of oil and gas receipts are shared with the States, and it will result in higher receipts to the federal treasury.

This is a fiscal "win-win" no matter how you view it. This is good public policy. I urge my colleagues to join me in supporting the Federal Oil and Gas Royalty Simplification and Fairness Act.

Mr. President, I ask unanimous consent that a letter dated June 6, 1996, from the Department of the Interior; a statement of administration policy, dated July 16, 1996, from OMB; a letter dated May 30, 1996, from Leon Panetta; and a DOE news release dated July 16, 1996, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, DC, June 6, 1996.

Hon. FRANK MURKOWSKI,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to express the views of the Department of the Interior on S. 1014, the "Federal Oil and Gas Royalty Simplification and Fairness Act of 1996." As you are aware, we have conducted extensive discussions with the staff of the Senate Energy and Natural Resources Committee in an effort to address concerns and resolve differences raised by both parties.

S. 1014, as marked up and passed by the full Committee on May 1, incorporated negotiated language that is acceptable to the Department. After marking up the bill, the Committee staff and the Minerals Management Service identified a technical error, and the Committee has developed an amendment for Senate floor consideration. The amendment would correct an error in section 11, so that the effective date exception will apply to the appeals provision in section 115(h) and not to the records retention provision in section 115(f). The Department supports S. 1014 as reported out of the Committee, with the adoption of the pending technical amendment.

In general, S. 1014 would amend the Federal Oil and Gas Royalty Management Act, the Outer Continental Shelf Lands Act, and the Mineral Leasing Act. The amendments change the requirements that govern how the Secretary of the Interior manages royalty payments from Federal oil and gas leases onshore and on the OCS. The bill would limit the persons that can be held liable for royalty payments; establish a 7-year statute of limitations and detail the circumstances under which the statute of limitations can be tolled; establish time limits for administrative appeals decisions; require the Secretary to pay interest on all overpayments; process OCS refunds and credits in the same manner as onshore leases; undertake measures to encourage efficiency and reduce duplicate reporting; and relax reporting and payment requirements on marginal producing leases, including accepting prepayments of future royalties. Lastly, S. 1014 would change existing statutory authority for the Secretary to delegate royalty management activities to States.

This delegation issue has been of particular interest to the Department. Our priority has been to ensure that the delegation provision does not contain unacceptable bars to the exercise of Secretarial discretion. We believe that the language contained in the current version of S. 1014 provides new benefits for states by expanding the list of delegable authorities which a state may seek and requiring the Secretary, to make a decision regarding any pending state application for delegation within 90 days of its submission. At the same time, however, the bill preserves the Secretary's discretion regarding important decisions affecting public lands, unlike similar language in the companion House bill (H.R. 1975) which unacceptably diminishes the Secretary's discretionary authority. Certainly, we could not accept any amendments that would weaken the Secretary's authority as currently provided in S. 1014.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

SYLVIA V. BACA,
Acting Assistant Secretary for Land and Minerals Management.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, July 16, 1996.

STATEMENT OF ADMINISTRATION POLICY

(This statement has been coordinated by OMB with the concerned agencies.)

H.R. 1975—FEDERAL OIL AND GAS ROYALTY SIMPLIFICATION/FAIRNESS

(Calvert (R) CA) and 10 cosponsors)

The Administration is committed to ensuring the efficient management of the Federal oil and gas program and to finding new ways for the States to work cooperatively and creatively with the Federal Government. Accordingly, the Administration strongly supports enactment of H.R. 1975 if amended to adopt the language of S. 1014, as reported by the Senate, with the technical amendment agreed upon by the Administration and the Senate Energy and Natural Resources Committee. The Senate reported bill maintains Federal discretion in delegating royalty collection and other duties to States while expanding the list of delegable authorities that a State may seek.

THE WHITE HOUSE,
Washington, DC, May 30, 1996.

Hon. FRANK H. MURKOWSKI,
U.S. Senate,
Washington, DC.

DEAR MR. MURKOWSKI: I am writing to inform you of the Administration's position regarding the pending Oil and Gas Royalty Simplification and Fairness legislation (S. 1014). Let me assure you that the Administration remains committed to ensuring the efficient management of Federal lands and finding new ways for the States to work cooperatively and creatively with the Federal Government. The President shares your hope that an agreement can be reached on the State delegation issue.

In an effort to resolve this issue, Administration representatives, working with the staff of the Senate Energy Committee, were successful in reaching an agreement on language that would expand the list of delegable royalty management authorities, without reducing the Secretary of the Interior's responsibility with respect to the management of Federal lands. That language was included in S. 1014, which was reported out of the Senate Energy Committee on May 1st. The Administration supports S. 1014 as reported out of Committee, but will seek a minor technical amendment. The Administration believes this bill's State delegation language is acceptable, unlike the language included in H.R. 1975, the House Resources Committee bill on Royalty Simplification.

The Administration will continue to work with Congress as the legislative process moves forward, and stands ready to work in support of the language included in the Senate Energy Committee bill. I appreciate your interest and support in this important legislation.

Sincerely,

LEON E. PANETTA, *Chief of Staff.*

DOE NEWS

STATEMENT OF CHARLES B. CURTIS, DEPUTY SECRETARY, U.S. DEPARTMENT OF ENERGY ON ROYALTY FAIRNESS

"The Clinton Administration is extremely pleased by passage in the House today of H.R. 1975, the Federal Oil and Gas Royalty Simplification and Fairness Act. This legislation will improve the competitiveness of America's natural gas and oil industry by reducing red tape and making the federal regulatory structure more efficient and responsive.

"The Administration has worked hard to advance this legislation because we believe that simplifying royalty collection procedures will make it less costly for domestic energy producers to find and produce more natural gas and oil on federal lands. That, in turn, will reduce America's reliance on foreign oil. Furthermore, the Congressional Budget Office estimates that enactment of this measure will contribute an additional $51 million in federal revenues and $33 million in state revenues over seven years.

"The bipartisan support in the House for this bill is a major step forward in making government work for the American people. If the Senate also approves this legislation, it will be good news for American workers, good news for the U.S. Treasury and, most important, good news for our Nation's energy and National security."

Mr. DOMENICI. Mr. President, I speak today about extremely important legislation that we will pass in the Senate: The Federal Oil and Gas Royalty Simplification and Fairness Act of 1996.

This bill is a win-win solution for our beleaguered domestic oil and gas industry, oil and gas-producing States like my State of New Mexico, and the Federal Treasury.

As one of the three cosponsors of this legislation, I wish to commend Senator NICKLES for introducing the bill, Senator MURKOWSKI for joining with me as a cosponsor, and Senator THOMAS for fighting hard with us to move this bill through committee and past initial administration objections.

The bill before us reflects solid bipartisan support and the hard work of the majority and the minority to narrow our differences and reach a good compromise.

The Royalty Fairness bill will generate more revenue for the State and Federal Government, which means more funding will be available for New Mexico schools and for other vital State programs that depend on revenues from oil and gas royalties.

According to CBO, the Royalty Fairness bill has the potential to save taxpayers more than $50 million over 7 years. States keep half of the oil and gas royalties, and because of our legislation will have the potential to receive over $30 million of additional royalty revenue into their State treasuries when this bill is enacted into law.

Let me remind my colleagues that the Federal royalty collection system is our Nation's third largest source of revenue, and this bill makes long-needed improvements to that system.

This bill will finally give the oil patch more consistency and less uncertainty in the royalty collection process, which will, in turn, give a much-needed boost to our domestic oil and gas industry and lessen our dependence on foreign imports.

This is a good-government bill, a win-win bill, and I urge the President to sign this bill into law as soon as possible.

Mr. NICKLES. Mr. President, today we have finally passed the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996. I introduced this bill last year. It is a bipartisan bill that has the support of the administration as well as 14 State Governors who represent 99 percent of all Federal onshore production, the Interstate Oil and Gas Compact Commission and industry trade associations who represent virtually 100 percent of all Federal lessees.

This bill amends the Federal Oil and Gas Royalty Management Act of 1982 and applies to leases issued by the Secretary of the Interior on Federal onshore lands and the Outer Continental Shelf. The bill's objectives are to provide greater certainty, simplicity, fairness and administrative efficiencies in the laws that govern Federal royalties.

Over time, serious problems have developed with the ways courts and consequently the Minerals Management Service [MMS] have interpreted the Federal statute of limitations governing royalty collection. Basically the issue is: At what time does the statute of limitations begin to run on the underpayment of royalties?

Some courts claim that the statute of limitations does not begin to run until the MMS "should have known about the deficiency" in the amount the producer has paid [Mesa versus U.S. (10th Cir. 1994)]. Other courts have held that the current 6-year statute "is tolled until such time as the government could reasonably have known about a fact material to its right of action." [Phillips versus Lujan (10th Cir. 1993)].

Either of the above interpretations subjects producers to unlimited liability—a period that well exceeds the statute of limitations on other agency actions regarding producers. This situation has created a climate of deep uncertainty in the payment of royalties that was not intended by Congress and that is not in the best interests of consumers, producers, or ultimately the U.S. Government.

Oil and gas producers pay billions of dollars every year for the opportunity to drill on Federal land. The payment of royalties is a routine part of doing business with the Federal Government. There is no attempt here to alter that obligation to pay.

However, as in all other businesses, oil and gas producers need certainty in their business relationships and in their business transactions with the Federal Government. That certainty is not now present in the MMS's regulations or in numerous court decisions interpreting the applicable statute of limitations. Certainty can be achieved only through legislation. For that reason, I introduced the Royalty Fairness Act of 1995.

The main objective of this legislation is to establish a clear statute of limitations and identify the time when the statute of limitations begins to run on royalty payments. This bill establishes a 7-year statute of limitations n most cases, the statute will begin to run when the obligation to pay the royalty begins.

In addition, this bill permits the Secretary of the Interior to delegate royalty collections and related activities to the States, it provides for adjustments or refund requests to correct underpayments or overpayments of obligations, it authorizes the payment of interest to lessees who make overpayments, and it provides alternativnatives for marginal properties including prepayment of royalties or regulatory relief.

In conclusion, the Congressional Budget Office estimates this bill would increase revenues to the U.S. Treasury by $36 million over 6 years, and cumulatively to the States by $9 million during the same interval. I am confident that passage of this bill is much needed to create a climate of certainty in the oil and gas industry as well as being very much in the national economic interest.

Mr. STEVENS. Mr. President, I ask unanimous consent that the bill be deemed read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1975) was deemed read the third time and passed.

TECHNICAL CORRECTIONS IN THE ENROLLMENT OF H.R. 1975

Mr. STEVENS. Mr. President, I now ask unanimous consent that the Senate proceed to the immediate consideration of Senate Concurrent Resolution 70 submitted earlier today by Senator MURKOWSKI; further, that the resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 70) was agreed to, as follows:

S. CON. RES. 70

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (H.R. 1975) to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes, the Clerk of the House of Representatives shall make the following corrections:

(1) On page 5, line 23, strike the word "provision" and insert in lieu thereof the word "provisions".

(2) On page 29, line 23, insert the word "so" before the word "demonstrate".

(3) On page 36, line 2, insert the word "not" after the word "shall".

(4) On page 36, line 19, insert the word "rate" and insert in lieu thereof the word "date".

(5) On page 36, line 24, insert the word "owned" and insert in lieu thereof the word "owed".

(6) On page 39, line 8, insert the word "dues" and insert in lieu thereof the word "due".

(7) On page 44, line 24, insert the word "it" and insert in lieu thereof the word "its".

ORDERS FOR TUESDAY, SEPTEMBER 3, 1996

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 11 a.m. on Tuesday, September 3; further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, and the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and that there then be a period for morning business until the hour of 2 p.m. with the first 90 minutes under the control of Senator DASCHLE or his designee, and that the second 90 minutes be under the control of Senator COVERDELL or his designee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I ask unanimous consent that following morning business on Tuesday, September 3, the Senate proceed to the consideration of House bill H.R. 3666, the VA-HUD appropriations bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. STEVENS. Mr. President, there will be no rollcall votes on September 3.

The Senate may also be asked to turn to consideration of any other executive or legislative items cleared for action. There are a number of available appropriations conference reports, such as the D.C. appropriations, military construction appropriations, legislative appropriations, as well as the defense authorization conference report. On Wednesday the Senate will resume consideration of the VA-HUD appropriations bill or any of the above mentioned reports with rollcall votes expected. On Thursday the Senate will consider the Defense of Marriage Act under a previous unanimous-consent agreement.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Public Law 104–132, appoints Robert M. Stewart, of South Carolina, as a member of the Commission on the Advancement of Federal Law Enforcement.

APPOINTMENT BY THE MINORITY LEADER

The PRESIDING OFFICER. The Chair, on behalf of the minority leader, pursuant to Public Law 104–132, appoints Donald C. Dahlin, of South Dakota, as a member of the Commission on the Advancement of Federal Law Enforcement.

ADJOURNMENT UNTIL 11 A.M., TUESDAY, SEPTEMBER 3, 1996

Mr. STEVENS. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment in accordance with House concurrent resolution 203.

There being no objection, the Senate, at 9:16 p.m., adjourned until Tuesday, September 3, 1996, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate August 2, 1996:

THE JUDICIARY

ROBERT W. PRATT, OF IOWA, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF IOWA VICE HAROLD D. VIETOR, RETIRED.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 2, 1996:

COMMODITY FUTURES TRADING COMMISSION

BROOKSLEY ELIZABETH BORN, OF THE DISTRICT OF COLUMBIA, TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR THE REMAINDER OF THE TERM EXPIRING APRIL 13, 1999.

BROOKSLEY ELIZABETH BORN, OF THE DISTRICT OF COLUMBIA, TO BE CHAIRMAN OF THE COMMODITY FUTURES TRADING COMMISSION.

DAVID D. SPEARS, OF KANSAS, TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR THE TERM EXPIRING APRIL 13, 2000.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE JUDICIARY

ANN D. MONTGOMERY, OF MINNESOTA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF MINNESOTA.

DEPARTMENT OF TRANSPORTATION

CHARLES A. HUNNICUTT, OF GEORGIA, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION.

UNITED STATES ENRICHMENT CORPORATION

CHARLES WILLIAM BURTON, OF TEXAS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE U.S. ENRICHMENT CORPORATION FOR A TERM EXPIRING FEBRUARY 24, 2001.

CHRISTOPHER M. COBURN, OF OHIO, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE U.S. ENRICHMENT CORPORATION FOR A TERM EXPIRING FEBRUARY 24, 2000.

COMMODITY FUTURES TRADING COMMISSION

BROOKSLEY ELIZABETH BORN, OF THE DISTRICT OF COLUMBIA, TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR THE REMAINDER OF THE TERM EXPIRING APRIL 13, 1999.

BROOKSLEY ELIZABETH BORN, OF THE DISTRICT OF COLUMBIA, TO BE CHAIRMAN OF THE COMMODITY FUTURES TRADING COMMISSION.

DAVID D. SPEARS, OF KANSAS, TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR THE TERM EXPIRING APRIL 13, 2000.

PANAMA CANAL COMMISSION

ALBERTO ALEMAN ZUBIETA, A CITIZEN OF THE REPUBLIC OF PANAMA, TO BE ADMINISTRATOR OF THE PANAMA CANAL COMMISSION.

UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES

EVERETT ALVAREZ, JR., OF MARYLAND, TO BE A MEMBER OF THE BOARD OF REGENTS OF THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES FOR A TERM EXPIRING MAY 1, 1999.

CONSUMER PRODUCT SAFETY COMMISSION

THOMAS HILL MOORE, OF FLORIDA, TO BE A COMMISSIONER OF THE CONSUMER PRODUCT SAFETY COMMISSION FOR A TERM OF 7 YEARS FROM OCTOBER 26, 1996.

NUCLEAR REGULATORY COMMISSION

EDWARD MCGAFFIGAN, JR., OF VIRGINIA, TO BE A MEMBER OF THE NUCLEAR REGULATORY COMMISSION FOR THE TERM OF 5 YEARS EXPIRING JUNE 30, 2000.

NILS J. DIAZ, OF FLORIDA, TO BE A MEMBER OF THE NUCLEAR REGULATORY COMMISSION FOR THE TERM OF 5 YEARS EXPIRING JUNE 30, 2001.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

THE JUDICIARY

ANN D. MONTGOMERY, OF MINNESOTA, TO BE U.S. DISTRICT JUDGE FOR THE DISTRICT OF MINNESOTA.

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR PROMOTION IN THE REGULAR AIR FORCE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be brigadier general

COL. GILBERT J. REGAN [redacted] U.S. AIR FORCE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER TITLE 10, UNITED STATES CODE, SECTIONS 8374, 12201, AND 12212:

To be brigadier general

COL. CHRISTOPHER J. LUNA [redacted] AIR NATIONAL GUARD OF THE UNITED STATES.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. ROGER G. DEKOK [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. PATRICK K. GAMBLE [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

LT. GEN. LESTER L. LYLES [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. JOHN B. SAMS, JR. [redacted] U.S. AIR FORCE.

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

LT. GEN. CHARLES T. ROBERTSON, [redacted] U.S. AIR FORCE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. FRANK B. CAMPBELL, [redacted] U.S. AIR FORCE.

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. DAVID L. BENTON [redacted]

THE FOLLOWING-NAMED ARMY MEDICAL SERVICE CORPS COMPETITIVE CATEGORY OFFICER FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE OF BRIGADIER GENERAL UNDER THE PROVISIONS OF THE TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624(C):

To be brigadier general

COL. MACK C. HILL, [redacted] U.S. ARMY.

THE FOLLOWING-NAMED ARMY MEDICAL CORPS COMPETITIVE CATEGORY OFFICERS FOR APPOINTMENT IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE OF BRIGADIER GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624(C):

To be brigadier general

COL. RALPH O. DEWITT, JR. [redacted] U.S. ARMY.
COL. KEVIN C. KILEY [redacted] U.S. ARMY.
COL. MICHAEL J. KUSSMAN [redacted] U.S. ARMY.
COL. DARREL R. PORR [redacted] U.S. ARMY.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. ERIC K. SHINSEKI [redacted]

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624:

To be major general

BRIG. GEN. MICHAEL W. ACKERMAN [redacted]
BRIG. GEN. FRANK H. AKERS, JR. [redacted]
BRIG. GEN. LEO J. BAXTER [redacted]
BRIG. GEN. ROY E. BEAUCHAMP [redacted]
BRIG. GEN. KENNETH R. BOWRA [redacted]
BRIG. GEN. KEVIN P. BYRNES [redacted]
BRIG. GEN. MICHAEL A. CANAVAN [redacted]
BRIG. GEN. ROBERT T. CLARK [redacted]
BRIG. GEN. MICHAEL L. DODSON [redacted]
BRIG. GEN. ROBERT B. FLOWERS [redacted]
BRIG. GEN. PETER C. FRANKLIN [redacted]
BRIG. GEN. THOMAS W. GARRETT [redacted]
BRIG. GEN. EMMITT E. GIBSON [redacted]
BRIG. GEN. DAVID L. GRANGE [redacted]
BRIG. GEN. DAVID R. GUST [redacted]
BRIG. GEN. MARK R. HAMILTON [redacted]
BRIG. GEN. PATRICIA R.P. HICKERSON [redacted]
BRIG. GEN. ROBERT R. IVANY [redacted]
BRIG. GEN. JOSEPH K. KELLOGG, JR. [redacted]
BRIG. GEN. JOHN M. LE MOYNE [redacted]
BRIG. GEN. JOHN M. MCDUFFIE [redacted]
BRIG. GEN. FREDDY E. MCFARREN [redacted]
BRIG. GEN. MARIO F. MONTERO, JR. [redacted]
BRIG. GEN. STEPHEN T. RIPPE [redacted]
BRIG. GEN. JOHN J. RYNESKA [redacted]
BRIG. GEN. ROBERT D. SHADLEY [redacted]
BRIG. GEN. EDWIN P. SMITH, [redacted]
BRIG. GEN. JOHN B. SYLVESTER [redacted]
BRIG. GEN. RALPH G. WOOTEN [redacted]

IN THE MARINE CORPS

THE FOLLOWING-NAMED BRIGADIER GENERALS OF THE U.S. MARINE CORPS RESERVE FOR PROMOTION TO THE GRADE OF MAJOR GENERAL, UNDER THE PROVISIONS OF SECTION 5898 OF TITLE 10, UNITED STATES CODE:

To be major general

BRIG. GEN. JOHN W. HILL [redacted] USMCR.
BRIG. GEN. DENNIS M. MCCARTHY, [redacted] USMCR.

THE FOLLOWING-NAMED COLONELS OF THE U.S. MARINE CORPS FOR PROMOTION TO THE GRADE OF BRIGADIER GENERAL, UNDER THE PROVISIONS OF SECTION 624 OF TITLE 10, UNITED STATES CODE:

To be brigadier general

COL. ROBERT R. BLACKMAN, JR. [redacted] USMC.
COL. WILLIAM G. BOWDON, III [redacted] USMC.
COL. JAMES T. CONWAY [redacted] USMC.
COL. KEITH T. HOLCOMB [redacted] USMC.
COL. HAROLD MASHBURN, JR. [redacted] USMC.
COL. GREGORY S. NEWBOLD, [redacted] USMC.

THE FOLLOWING-NAMED COLONEL OF THE U.S. MARINE CORPS FOR PROMOTION TO THE GRADE OF BRIGADIER GENERAL, UNDER THE PROVISIONS OF SECTION 624 OF TITLE 10, UNITED STATES CODE:

To be brigadier general

COL. GUY M. VANDERLINDEN, [redacted] USMC.

THE FOLLOWING-NAMED COLONEL OF THE U.S. MARINE CORPS FOR PROMOTION TO THE GRADE OF BRIGADIER GENERAL, UNDER THE PROVISIONS OF SECTION 624 OF TITLE 10, UNITED STATES CODE:

To be brigadier general

COL. ARNOLD FIELDS [redacted] USMC.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER THE PROVISIONS OF SECTION 601(A), TITLE 10, UNITED STATES CODE:

To be lieutenant general

MAJ. GEN. CARLTON W. FULFORD, JR. [redacted]

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF BRIGADIER GENERAL IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 5046 OF TITLE 10, UNITED STATES CODE:

THEODORE G. HESS, [redacted]

IN THE NAVY

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE NAVAL RESERVE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 5912:

UNRESTRICTED LINE

To be rear admiral

REAR ADM. (LH) JAMES WAYNE EASTWOOD [redacted] U.S. NAVAL RESERVE.

REAR ADM. (LH) JOHN EDWIN KERR, [redacted] U.S. NAVAL RESERVE.

REAR ADM. (LH) JOHN BENJAMIN TOTUSHEK [redacted] U.S. NAVAL RESERVE.

RESTRICTED LINE

To be rear admiral

REAR ADM. (LH) ROBERT HULBURT WEIDMAN, JR., [redacted] U.S. NAVAL RESERVE.

STAFF CORPS

To be rear admiral

REAR ADM. (LH) M. EUGENE FUSSELL [redacted] U.S. NAVAL RESERVE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 U.S.C., SECTION 601:

To be vice admiral

REAR ADM. (SELECTEE) LYLE G. BIEN [redacted]

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTIONS 601 AND 5033:

CHIEF OF NAVAL OPERATIONS

To be admiral

ADM. JAY L. JOHNSON, [redacted]

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 UNITED STATES CODE, SECTION 601:

To be general

LT. GEN. HOWELL M. ESTES, III [redacted]

IN THE ARMY

THE FOLLOWING U.S. ARMY NATIONAL GUARD OFFICER FOR PROMOTION IN THE RESERVE OF THE ARMY TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 3385, 3392, AND 12203(A):

To be major general

BRIG. GEN. GERALD A. RUDISILL, JR. [redacted]

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR PROMOTION IN THE REGULAR AIR FORCE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

To be brigadier general

COL. GARRY R. TREXLER [redacted]

THE FOLLOWING-NAMED OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER THE PROVISIONS OF TITLE 10, U.S.C., SECTIONS 8373, 8374, 12201, AND 12212:

To be major general

BRIG. GEN. KEITH D. BJERKE [redacted] AIR NATIONAL GUARD.

BRIG. GEN. EDMOND W. BOENISCH, JR. [redacted] AIR NATIONAL GUARD.

BRIG. GEN. STEWART R. BYRNE [redacted] AIR NATIONAL GUARD.

BRIG. GEN. JOHN H. FENIMORE, V [redacted] AIR NATIONAL GUARD.

BRIG. GEN. JOHNNY J. HOBBS [redacted] AIR NATIONAL GUARD.

BRIG. GEN. STEPHEN G. KEARNEY [redacted] AIR NATIONAL GUARD.

BRIG. GEN. WILLIAM B. LYNCH, [redacted] AIR NATIONAL GUARD.

To be brigadier general

COL. BRIAN E. BARENTS [redacted] AIR NATIONAL GUARD.

COL. GEORGE P. CHRISTAKOS [redacted] AIR NATIONAL GUARD.

COL. WALTER C. CORISH, JR., [redacted] AIR NATIONAL GUARD.

COL. FRED E. ELLLIS [redacted] AIR NATIONAL GUARD.

COL. FREDERICK D. FEINSTEIN [redacted] AIR NATIONAL GUARD.

COL. WILLIAM P. GRALOW [redacted] AIR NATIONAL GUARD.

COL. DOUGLAS E. HENNEMAN [redacted] AIR NATIONAL GUARD.

COL. EDWARD R. JAYNE, II, [redacted] AIR NATIONAL GUARD.

COL. RAYMOND T. KLOSOWSKI [redacted] AIR NATIONAL GUARD.

COL. FRED N. LARSON [redacted] AIR NATIONAL GUARD.

COL. BRUCE W. MACLANE [redacted] AIR NATIONAL GUARD.

COL. RONALD W. MIELKE [redacted] AIR NATIONAL GUARD.

COL. FRANK A. MITOLO [redacted] AIR NATIONAL GUARD.

COL. FRANK D. REZAC [redacted] AIR NATIONAL GUARD.

COL. JOHN P. SILLIMAN, JR. [redacted] AIR NATIONAL GUARD.

COL. GEORGE E. WILSON, III [redacted] AIR NATIONAL GUARD.

IN THE AIR FORCE

AIR FORCE NOMINATIONS BEGINNING GREGORY O. ALLEN, AND ENDING STEPHEN M. WOLFE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 3, 1996.

AIR FORCE NOMINATIONS BEGINNING DERRICK K. ANDERSON, AND ENDING JONI E. YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 3, 1996.

AIR FORCE NOMINATIONS BEGINNING STEPHEN D. CHIABOTTI, AND ENDING JOHN M. LOPARDI, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 9, 1996.

IN THE ARMY

ARMY NOMINATION OF WAYNE E. ANDERSON, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 18, 1996.

ARMY NOMINATIONS BEGINNING ANN L. BAGLEY, AND ENDING BURKHARDT H. ZORN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 11, 1996.

ARMY NOMINATIONS BEGINNING JAMES W. BAIK, AND ENDING PETER C. YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 11, 1996.

IN THE MARINE CORPS

MARINE CORPS NOMINATIONS BEGINNING RICHARD L. WEST, AND ENDING PAUL P. HARRIS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 9, 1996.

MARINE CORPS NOMINATIONS BEGINNING JOHN JOSPEH CANNEY, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 11, 1996.

IN THE NAVY

NAVY NOMINATIONS BEGINNING MICHAEL P. AGOR, AND ENDING DONALD H. FLOWERS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON MAY 17, 1996.

NAVY NOMINATIONS BEGINNING WILLIAM S. ADSIT, AND ENDING CRISPIN A. TOLEDO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 3, 1996.

NAVY NOMINATIONS BEGINNING JOHNNY P. ALBUS, AND ENDING MARK E. SCHULTZ, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JUNE 3, 1996.

NAVY NOMINATIONS BEGINNING ANTHONY L. EVANGELISTA, AND ENDING LAURA C. MC CLELLAND, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON JULY 9, 1996.

EXTENSIONS OF REMARKS

INSTITUTIONAL PERJURY

HON. DAVID FUNDERBURK

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FUNDERBURK. Mr. Speaker, on October 18, 1995, Thomas A. Busey, then Chief of the National Firearms Act Branch of the Bureau of Alcohol, Tobacco and Firearms—hereafter BATF—made a videotaped training presentation to BATF headquarters personnel during a rollcall training session. Rollcall training is weekly or periodic in-house training for BATF officials—a routine show and tell whereby bureaucrats learn about each other's duties and functions.

Busey's National Firearms Act Branch administers the National Firearms Act of 1934,* the taxation and regulatory scheme governing machineguns, silencers, short-barreled rifles and shotguns, destructive devices, and so forth. In his capacity of NFA Branch, Chief Busey was the official custodian of the National Firearms Registration and Transfer Record—hereafter NFR&TR—mandated by 26 U.S.C. § 5841.

Busey's presentation was anything but normal, routine, or customary. In describing the NFR&TR, Busey made the startling revelation that officials under his supervision routinely perjure themselves when testifying in court about the accuracy of the NFR&TR.

Every prosecution and forfeiture action brought by the United States and involving an allegedly unregistered NFA firearm requires testimony under oath by a duly authorized custodian of the NFR&TR that after a diligent search of the official records of which he/she is custodian, no record of the registration of the firearm in question was found—or was found but showed a different registrant than the person being prosecuted.[2] An alternative method of proving the same facts is by admission into evidence of a certified copy under official Treasury Department seal of a similar written declaration by the custodian.[3] This is a critical element of the Government's proof, and, according to Busey, occurred 880 times in 1995 alone, presumably fiscal year 1995.

Busey began his rollcall presentation by acknowledging that "Our first and main responsibility is to make accurate entries and to maintain accuracy of the NFRTR." Moments later Busey makes the astonishing statement that "when we testify in court, we testify that the data base is 100 percent accurate. That's what we testify to, and we will always testify to that. As you probably well know, that may not be 100 percent true."

Busey then goes on for several minutes describing the types of errors which creep into the NFR&TR and then repeats his damning admission:

> So the information on the 728,000 weapons that are in the data base has to be 100 percent accurate. Like I told you before, we testify in court and, of course, our certifications testify to that, too, when we're not physically there to testify, that we are 100 percent accurate.

How bad was the error rate in the NFR&TR? Busey again:

> When I first came in a year ago, our error rate was between 49 and 50 percent, so you can imagine what the accuracy of the NFRTR could be, if your error rate's 49 to 50 percent.

Does anyone recall the phrase, "Hey, close enough for government work"?

Consider this matter in its starkest terms: a senior BATF official lecturing other senior BATF officials at BATF national headquarters in Washington, DC, declares openly and without apparent embarrassment or hesitation that BATF officers testifying under oath in Federal—and State—courts have routinely perjured themselves about the accuracy of official government records in order to send gun-owning citizens to prison and/or deprive them of their property. Just who is the criminal in these cases?

All this was too brazen for even some BATF officials to stomach. Acting on tips from several BATF officials—there are honest men and women in government, even in BATF—I promptly filed a Freedom of Information Act[4] demand precisely describing the Busey tape. The first reaction was predictable. After reviewing the incriminating tape, BATF officials discussed whether they could get away with destroying it. Wiser heads prevailed; obviously any outsider who knew of the tape probably would learn of its destruction—and I would have. Or perhaps all the official shredders were on the loan to the White House.

After much tooing and froing with a dismayed Department of Justice a transcript of the Busey tape was sent to me in February 1996. The Department of Justice was dismayed because the Busey tape was clearly Brady material. Every defense lawyer knows that under the Supreme Court's 1963 decision in *Brady* v. *Maryland*, 373 U.S. 83, the government is required in all criminal prosecutions to provide the defense, in advance of trial, with any evidence tending to show the defendant's innocence. Failure to do so can result in dismissal of an indictment, reversal of a conviction, or other sanctions. Willful failure to produce Brady material can constitute contempt of court, professional misconduct or even a crime.

The Busey tape was clearly exculpatory and clearly implicated every National Firearms Act prosecution and forfeiture in living memory. Worse yet, Busey was only the tip of the iceberg. When the fog had cleared Justice learned that the NFR&TR inaccuracy problem had been the subject of internal BATF discussion since at least 1979. BATF's files were replete with minutes of meetings, statistical studies, memoranda, correspondence, et cetera, admiring the problem. The only thing missing was any attempt to correct the problem, or to reveal it to anyone outside the agency.[5]

Justice has now commenced the painful chore of advising every NFA defendant in the country of the situation. It did this with a recent mass mailing by U.S. attorneys to defense lawyers and defendants of relevant BATF documents, including the Busey transcript.

The direct consequences of this institutional perjury are just now beginning to occur. In Newport News, VA, on May 21, 1996, U.S. District Judge John A. MacKenzie, after reviewing the Busey transcript, promptly dismissed five counts of an indictment charging John D. LeaSure with possession of machineguns not registered to him.[6] LeaSure, a Class II NFA manufacturer, had received BATF transfer approval for the five guns, but then decided to void the transfers and keep the guns, as he was legally permitted to do. He promptly faxed the voided forms 3 to NFA Branch.[8]

BATF subsequently raided LeaSure and charged him with illegally possessing the five NFA firearms which, according to the NFR&TR, were registered to someone else. The Government ignored the fact that on the date LeaSure said he voided the transfers there was a 21-minute call on his toll records from his fax number to NFA Branch's fax number—at a time when he could have had no idea he would one day be prosecuted for continuing to possess the guns. Rather, the prosecution produced NFA Branch firearms specialist Gary Schaible to testify as custodian of the NFR&TR that the Government's official records did not show any voided transfers and therefore LeaSure was in illegal possession of the guns.[9]

In essence Schaible was testifying that "We can't find an official record and therefore the defendant is guilty." What we now know is that Schaible should have testified that "We can't find half our records—even when we know they're there—and therefore we're not sure if anyone is guilty."

The Government's case was not aided when Schaible was forced to admit on cross-examination that two NFA Branch examiners were recently transferred because they had been caught shredding NFA registration documents in order to avoid having to work on them.[10] Note that they were transferred. Not disciplined. Not fired. Not prosecuted. Not destroyed in place. Transferred. Just who is the criminal in these cases?

It is too early to predict how many new trials, appeals and habeas corpus actions will result from this affair. Also of importance is the number of convicted felons presently suffering legal disabilities[11] from flawed firearms convictions and what effect the Busey disclosures will have on their situation.

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* Footnotes at end of article.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

The indirect consequences of BATF's conduct will not be so readily apparent but are potentially devastating. All across the country assistant U.S. attorneys, U.S. district judges, and other Federal and local law enforcement officials are going to learn what most defense lawyers and gun dealers have known for years and what the aftermath of Waco and Ruby Ridge starkly illustrated: BATF officers and agents lie, dissemble, and cover up on an institutionalized basis. These are not aberrations; they are an institutional ethic, an organizational way of life. Just who is the criminal in these cases?

Lawyers and defendants in NFA cases who have not received the Busey package from the U.S. attorney should be making prompt demands—both for the package and for an explanation of why it was not timely produced. I am acting as an informal clearing house for these matters. Those lawyers or dealers with questions or problems, or with new information, involving the Busey phenomenon, or its continuing aftermath, are invited to contact me at (910) 282–6024.

[The author is a retired U.S. Department of Justice lawyer and a retired colonel in the marine Corps Reserve practicing firearms law in Greensboro, NC. He is a 1959 graduate of the University of Kentucky and a 1962 graduate of the UK College of Law, where he was note editor of the Kentucky Law Journal. He is a life member of the NRA and holds BATF in minimum high regard.]

FOOTNOTES

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[1] Public Law No. 474, ch. 757, 48 Stat. 1236–1240 (Act of June 26, 1934), 26 U.S.C. §§1132–1132q; as amended by Act of April 10, 1936, ch. 169, 49 Stat. 1192; as codified by chap. 736, Act of August 16, 1954 (Internal Revenue Code of 1954), 68A Stat. 721–729; as amended by Public Law No. 85–859, Title II, §203, 72 Stat. 1427, 1428 (Act of September 2, 1958); as amended by Public Law No. 86–478, §§1–3, 74 Stat. 149 (Act of June 1, 1960); as amended by Public Law No. 90–618, Title II, §201, 82 Stat. 1227–1235 (Act of October 22, 1968); as amended by Public Law No. 94–455, 90 Stat. 1834 (Act of October 4, 1976); as amended by Public Law No. 99–308, §109, 100 Stat. 449, 460 (Act of May 19, 1986); and as amended by Public Law No. 100–203, 101 Stat. 1330 (Act of December 22, 1987); Internal Revenue Code of 1986, Title 26 United States Code, ch. 53, 26 U.S.C. §§5801–5872 Title II of the Gun Control Act of 1968).

[2] See Federal Rule of Criminal Procedure 27 and Federal Rule of Civil Procedure 44. See also rules 803(8), 901(b)(7), 902(1), (2), (4), and 1005 of the Federal Rules of Evidence.

[3] Ibid.

[4] 5 U.S.C. §552.

[5] The first rule of a bureaucrat is "Never disturb a body at rest." The second, "If I don't do anything, I can't do anything wrong." The third, "When in doubt, mumble."

[6] *United States* v. *LeaSure*, Criminal No. 4:95CR54 (E.D. Va. Newport News Div.).

[7] "Special Occupational Taxpayers" under 26 U.S.C. §5801 fall into one of three categories: Class III dealers can possess, sell, and transfer NFA firearms; class II manufacturers can, in addition, manufacture and register them; class I importers can, in addition to all the foregoing, import them. All SOTs are also required to possess Federal firearms licenses, which themselves come in six different classifications. Throw in the import and exports licenses and permits required, the various taxes imposed, and the State and local licensing and registration schemes involved, the mandatory recordkeeping required, and the shipping and transportation limitations concerned, and you have a lawyer's paradise.

[8] BATF forms 3 are used to authorize tax-exempt dealer-to-dealer transfers are to reregister the firearm(s) involved to the transferee. There are numerous other transfer and registration forms used depending upon the nature of the transaction, the status of the parties involved, and the type of firearm and its origin.

[9] Violations of the NFA are all 10-year, $10,000 felonies. See 26 U.S.C. §5871. NFA firearms, which carry some impressive sticker prices, are also forfeit if used in any violation of the NFA. See 26 U.S.C. §5872.

[10] We are left to conjecture where the NFA Branch shredder is located in relation to its fax machine.

[11] In addition to the loss of civil rights imposed on convicted felons by the laws of most States, felons permanently lose the right under federal law to possess firearms, as well as being potentially debarred from service in the armed forces, civil employment in government, receiving security clearances, bidding on Federal contracts, etc.

GOOD HUNTING, TIM PIFHER

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BARCIA. Mr. Speaker, many people fail to appreciate the true therapeutic value of hunting. It sharpens the senses. It challenges the mind. It hones skills. For many people, hunting is the best activity that there can be. Tim Pifher, who has served for 2 years as the president of the Flint regional chapter of Safari Club International is such an individual.

What is particularly special about Tim Pifher's devout interest in hunting and the activities of Safari Club International is that he is thought to be physically challenged. Tim has never stricken me as limited in any way. He makes the most of each day and each activity. And he consistently obtains recognition for his accomplishments.

Tim has been named the "Special Hunter of the Year" by the Detroit chapter of the club. He has also been named "Special Hunter of the Year" by Safari Club International. This honor is given only to those individuals who have out-of-the-ordinary achievement in the sport of trophy hunting, including those individuals who have persevered against physical limitations despite overwhelming odds.

Many of us here know Safari Club International because of its efforts to conserve wildlife, protect hunters, and educate people. These national and international goals are achieved only through the dedicated local efforts of individuals like Tim Pifher who take their membership in the club seriously.

An avid sportsman, Tim has served as a speaker for many outdoor clubs and disability groups. He has testified at State Senate hearings for crossbows for the disabled. He has served as an archery and airgun instructor for various Cub Scout camps, and been involved with the Tall Pine Council of the Boy Scouts of America. He also is a past vice president of Outdoors Forever's Outdoor Disability Awareness effort.

Tim, his wife Sandy, and his son Matt, all deserve recognition for setting the example that the only limit which matters is that which we place upon ourselves. If we act unlimited, we are unlimited. Mr. Speaker, I urge you and all of our colleagues to join me in congratulating Tim Pifher on his accomplishments, and wishing him the very best for the year to come.

SUB-ACUTE CARE AT NURSING HOMES

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ENGEL. Mr. Speaker, with more people living longer in our country, the care of the elderly ill is a growing concern. A new type of care among nursing homes and health care providers is called sub-acute care and is for otherwise seriously ill people needing such treatments as ventilator support, respiratory care, complex IV therapy, peritoneal dialysis, and pain management.

For relatively brief stays, these patients can be given constant and detailed attention in a nursing home to curtail overcrowding at hospitals.

The Split Rock Nursing Home and the Eastchester Park Nursing Home, both in the Bronx, are initiating this type of care, a first in the New York City area. Both facilities, which have 440 beds and are owned by the Zelmanowicz family, have been operating for 25 years and 30 years respectively.

They can provide this care for less than the cost in hospitals, saving money and other resources for the more gravely ill. It also makes life and treatment easier for these patients and their families to have this type of treatment in the usually friendlier confines of a nursing home.

The Split Rock and the Eastchester Nursing Homes are accredited and progressive long-term care facilities serving the diverse communities of the northeastern Bronx.

I want to use this opportunity to congratulate Naomi Zelmanowicz, M.D., Abe Zelmanowicz, and Rebecca Rich for the years they have spent making life more worth living for the elderly in the Bronx.

SALUTING RECENT GRADUATES OF GENERAL EDUCATION DEGREE PROGRAM

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STOKES. Mr. Speaker, I rise today to salute the men and women in Ohio's 11th Congressional District who have recently completed their General Education Degrees [GED]. This honor confers on them the equivalence of a high school diploma, which is an important stepping stone to future success. This degree will enjoin them with the hundreds of thousands of GED recipients who have completed this program over its 54-year existence.

These students of the Cleveland Heights-University Heights school district have a wide range of ages and future plans. Many of them are pursuing further education at the college or vocational school level. Several may now pursue opportunities in the working world with their new degrees. Others will continue their lives with the satisfaction of fulfilling the standards of our rigorous school system.

These GED's represent the culmination of many hours of hard work, commitment, and motivation. I am also proud to note the continued support of the adult basic literary education teachers, staff, and volunteers throughout the community who gave their time and talents to prepare students for the demanding GED course.

Mr. Speaker, the GED program continues to bring pride and self-esteem to young adults and older students. These students have invested valuable time to obtain a crucial level of education that can help open doors to opportunity. I extend my warmest wishes to these determined men and women, and ask my colleagues to join me in wishing them all the best in their future endeavors. I ask that their names now be entered into the CONGRESSIONAL RECORD.

Jason Franklin, 1992 Green Road, Cleveland, OH.

Ashirah Goldman, (helped tutor other students, also), 1643 Rydalmount Road, Cleveland, OH.

Marcia Green, 16321 Greyton Road, Cleveland, OH.

Aaron Gundersen, 1284 Argonne Road, Cleveland, OH.

Kaiser Hamelin, Jr., 20221 Blackfoot Drive, Euclid, OH.

Martha Jane Johnson, 19590 Euclid Avenue, Euclid, OH.

Susan Johnson, 1556 Ansel Road, Cleveland, OH.

Aron G. Kurlander, 3496 Bendemeer Road, Cleveland, OH.

Sarah Levensen, 14254 Cedar Road, Cleveland, OH.

Anna Lippman, 1411 Dill Road, Cleveland, OH.

Ellen Morrison, 931 Helmsdale Road, Cleveland, OH.

Angelo Nyiri, 1195 Monarch, Cleveland, OH.

Kim Ottino, 1549 Temple, Cleveland, OH.

Joseph Paszko, 4495 Ammon Road, Cleveland, OH.

Sarah Radcliffe, 2940 Washington Blvd., Cleveland, OH.

Arlana Robinson, 14009 Northfield Avenue, Cleveland, OH.

Solomon Rogers, Jr., 2452 Warrensville Center Road, Cleveland, OH.

Omar Santos, 13709 Blenheim, Cleveland, OH.

April Sellers, 11911 Browning Avenue, Cleveland, OH.

Carl Sims, 1687 Belmar Road, Cleveland, OH.

Stacy Spetrino, 995 Evangeline, Cleveland, OH.

Nellie Thomas, 1622 Coventry Road, Cleveland, OH.

Devorah Weisz, 3501 Bendemeer Road, Cleveland, OH.

INTRODUCTION OF H.R. 3952

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. WALKER. Mr. Speaker, today we are introducing a bill to broaden the interpretation of language contained in the Florence Agreement, a multilateral international agreement regarding the importation of educational, scientific, and cultural materials. Signed by the United States, it allows for the duty-free importation of scientific apparatus into the United States, if used by U.S. approved institutions for educational, scientific, and cultural purposes.

The problem which has raised this issue involves two large optical telescopes now under construction in Hawaii and Chile. The Gemini International Telescope Project, managed by the Association of Universities in Astronomy [AURA], involves the United States, the United Kingdom, Canada, Chile, Argentina, and Brazil. The U.S. Customs Service has narrowly defined the words "scientific instruments or apparatus" not to include components of these instruments or apparatus.

The telescopes contain several components, one of which is an eight meter mirror which was manufactured in the United States. The mirrors were shipped to France for polishing before being returned to Hawaii and Chile for final assembly. The U.S. Customs Service initially contended that the mirror was a component and that components are not eligible for duty-free entry. Chile, however, is not charging duties on the mirror destined for there. Following requests from Members of Congress and the administration, the U.S. Customs Service finally agreed to allow the duty-free import of the mirror, because it ruled that the mirror involved the essence of the telescopes. However, there are several other major components of the telescope that should receive duty free status. Separate legislation (H.R. 3951) has also been introduced to allow favorable treatment of these components.

While demonstrated by the difficulties encountered with the Gemini International Telescope Project, this bill addresses the broader problem of the interpretation of the words "instruments or apparatus" by the U.S. Customs Service. This bill states that separable components shall be included under the definition of "instruments or apparatus" and shall thus be eligible for duty-free import into the United States under the Harmonized Tariff Schedule of the United States. This bill will ensure that the United States fulfills the intent of the Florence Agreement.

TRIBUTE TO JUDGE MAYO MASHBURN

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. DUNCAN. Mr. Speaker, Judge Mayo Mashburn, a great Tennessee judge, recently passed away.

Judge Mashburn presided as a Criminal Court judge in McMinn County and the rest of the 10 Judicial District over the past decade. While Judge Mashburn was described as a "no nonsense" judge who was to the point, he was also a man who went out of his way to help people.

Judge Mashburn was one of the most respected citizens in east Tennessee and was loved by many people. A close friend, Dr. Bill Trotter was quoted in the Daily Post-Athenian saying, "Our community will miss him both as a judge and a man who served the community in many ways."

I request that a copy of the article which appeared in the Daily Post-Athenian be placed in the RECORD at this point. I would like to call it to the attention of my colleagues and other readers of the RECORD.

IN HONOR OF AMERICORPS GRADUATES FROM THE UNION CITY DAY CARE PROGRAM

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. MENENDEZ. Mr. Speaker, I rise today to pay tribute to an industrious group of individuals, the 1995–96 participants in the AmeriCorps Program of the Union City Day Care Program, Inc. and the Urban League of Hudson County who have chosen the selfless path of service to the community. A commencement ceremony for these graduates will be held on August 5 at the Urban Starting Points in Jersey City, NJ.

This joyous occasion marks the culmination of a extensive training program which prepares these men and women for careers attending to the needs of the children in their communities. When our honorees first entered the AmeriCorps Program, their expectations of success were modest. However, the educational experiences gained over the past year have tremendously increased their personal determination to handle any obstacle they may face.

The 1995–96 graduating AmeriCorps class consist of 22 dedicated individuals, including: Sabrina Arnold, Alberto Canal, Judith Concepcion, Yesenia Flores, Doreen Griffin, Waynette Harris, Luis Hernandez, Maria Hernandez, Tawanda Holmes, LaToya Leak, April Lewis, Brandi McCrea, Darcel McRae, Frank Meloi, Nicole Myrick, Lydia Nieves, Aida Paredes, Abdullah Payton, Dellar Reid, Wilma Sanchez, Yolanda Seruya, and Mylove Tetterton. The unique contributions these people will make in their neighborhoods will have an impact for generations to come.

Something as complex an undertaking as the AmeriCorps Program of the Urban League of Hudson County is never accomplished through the efforts of one person. This particular program has been successful due to the efforts of Elnora Watson, president and chief executive officer and her staff headed by director of the program Diane Fuller, Luis Mendez, Jeffrey, Lischin, Eloisa Lacson, and Richard Blas. They are exceptional community leaders.

The AmeriCorps graduates of the Union City Day Care Program exemplify the true meaning of community service. For their outstanding work and leadership, I ask my colleagues to join me in honoring these wonderful individuals. I am proud to have this valuable endeavor operating within my district.

INTRODUCTION OF THE FCC MODERNIZATION ACT OF 1996

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FIELDS of Texas. Mr. Speaker, in February of this year, we passed, and the President signed, the most sweeping change to our Nation's telecommunications laws in over 62 years—the Telecommunications Act of 1996, Public Law 104–104.

Earlier this Congress, I promised that after we finished rewriting our telecommunications laws the Subcommittee on Telecommunications and Finance would then focus its efforts on downsizing and reducing unnecessary underbrush at the Federal Communications Commission. Today, I introduce the FCC Modernization Act of 1996 for just that purpose.

Mr. Speaker, the FCC Modernization Act of 1996 is not an effort to revolutionize the telecommunications industry. We already did that, and the industry and the Commission are still feeling the effects of our changes. In fact, yesterday the Commission adopted its report and order to implement the centerpiece of the 1996 act—bringing competition to the local telephone market. The Commission has been working long and hard on this proposal, and I am interested in seeing their results.

The FCC Modernization Act of 1996, instead, is about further reducing the regulatory burdens on a competitive industry and streamlining the operations of the Commission. More important, this bill is about asking the Commission to plan for the future—the future of the Commission in a competitive world. Specifically, section 2 of the bill requires the Commission to prepare and submit a detailed report to Congress on exactly what the Commission should look like once the 1996 act is implemented.

Mr. Speaker, a fully competitive marketplace will ultimately decrease the role of a Federal regulator. In my opinion, competition, if we have done our jobs right, should develop very, very quickly. Section 2 forces the Commission to prepare for the moment when markets are ruled by competition rather than by regulation; it asks the important questions before that moment is upon us.

This bill also reduces what I call the regulatory underbrush, those provisions of telecommunications law that no longer are applicable in an information age. For example, this bill would eliminate the requirement that telephone companies file every contract, agreement, or arrangement with another telephone company with the Commission, section 4. Instead, my bill retains the Commission's authority to file such information when it deems necessary. Thus, the bill eliminates an unnecessary provision of law without harming the Commission's ability to protect the public interest, convenience, and necessity.

The FCC Modernization Act of 1996 is another step forward in this Congress' effort to prepare for a competitive telecommunications market. I believe that providing further regulatory relief to our Nation's fast growing, most important sector will help create more high-technology, high-paying jobs for American workers. Further, it will stir industry investment and innovation that will only benefit consumers in the long run.

Mr. Speaker, I am happy to have my good friend, Mr. DINGELL, join me as an original cosponsor of the legislation. It is my hope that we can move this bill quickly through the legislative process and make it law. I urge all Members to support this bill.

H.R. 3816, 1997 ENERGY AND WATER APPROPRIATIONS BILL

HON. DAVID E. SKAGGS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SKAGGS. Mr. Speaker, when the House debated the 1997 energy and water appropriations bill, I voted against an amendment to kill funding for the Animas La Plata project, in Colorado and New Mexico. I want the RECORD to reflect my reasons for that vote.

Current law and legal agreements link the Animas La Plata project to settlement of long-standing Ute Indian water rights claims. These claims must be honored. The Federal Government must fulfill this obligation to native Americans. Voting now simply to kill the project would signal a default on that obligation, and I do not see that as a constructive or responsible step to take.

I am aware of the serious environmental and other problems of the project. That's why both last year and again this year, I made sure the legislative history of the appropriations bills clearly showed that all environmental laws will continue to apply to the project. There's been no decision on the adequacy of the latest supplemental environmental impact statement about the project, and I believe that there almost certainly will be a court challenge of that decision, whichever way it goes. Even with continued funding for the project, the environmental and other questions about it have to be and will be addressed and resolved—one way or another—before any significant construction can start.

Nonetheless, I think all parties should recognize that the House vote against funding Animas La Plata in 1997 clearly signals that it's increasingly unlikely that the project as now designed can be built or can assure resolution of the Indian water rights claims. The time has arrived for serious exploration of other ways to achieve that objective and to fulfill that commitment, ways that will be less problematic in terms of both environmental and money costs.

JIM DUNN: TWENTY YEARS AND COUNTING

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BARCIA. Mr. Speaker, there is no substitute for experience when we want to get a job done, and get it done right. The Michigan Public Transit Association has for the past 20 years been ably represent by attorney James Dunn who has a stellar record of achievement in the area of transportation.

Jim Dunn started in public interest matters the way many accomplished people have: as a staff person. In his case, he served the Michigan Senate Transportation Committee for several years in the 1970's. His accomplishment allowed him to merit appointment by Governor Milliken in 1978 to the Michigan Transportation Needs Study Committee, and later by the Speaker of the House and the majority leader to the legislative ad hoc task force on transportation financing. His learned capabilities allow him to serve as an adjunct professor for Transportation Law at Thomas Cooley Law School in Lansing.

Along with these activities, since 1976 Jim Dunn has been with the Michigan Public Transportation Association, where he has participated in the development of public transit administrative legislation and funding proposals. As an individual who has worked with him as a member of the Michigan State House, the Michigan State Senate, and now as a Member of Congress particularly in my capacity as a member of the Transportation and Infrastructure Committee, I can tell you that Jim Dunn has always conducted himself in a thoroughly professional manner. He has always provided information that could be relied upon in critical situations.

It is no surprise to anyone that his arguments are always on target, with his having been trained at the U.S. Army Artillery and Missile Officer Candidate School. That discipline helps him recognize the objective, compute the proper solution, and implement the response most effectively.

I have had the good fortune to work with many skilled individuals during my time in public office. I rank James Dunn among the best. Mr. Speaker, I urge you and all of our colleagues to join me in wishing him the very best on his anniversary of representation, and wishing him every success in the years to come.

HONORING NELLIE A. THORNTON

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ENGEL. Mr. Speaker, Nellie A. Thornton was a wonderful person who labored long and hard for her community and the people in it. Her influence and good works spread beyond the borders of Mount Vernon, where she lived and taught, to being named as one of the 100 most influential black leaders in the Nation.

She was the first black woman principal to be hired in Mount Vernon, NY, and she served as a principal there for 22 years. She was the organizer and first president of the Greater Hudson Valley Chapter of Links, Inc., where she was instrumental in organizing a program to bring children to visit parents in the Bedford Hills Correctional Center.

As a member of the Grace Baptist Church, she was selected by the church to the Wall of Honor for her faithfulness and dedication. She was also invited to the signing of the 1991 Civil Rights bill by then President Bush and by President Clinton to his Inauguration. The city of Mount Vernon declared March 29, 1989, as Nellie Thornton Day.

She is especially missed by her husband, Daniel Thornton, and their children, Danielle and Gabrielle, and by all of us who know of the great work she has done. To further honor her memory, Mount Vernon is renaming a school in her honor and on May 29, 1996, will officially open the Nellie Arzelia Thornton Elementary School. What she has done is an inspiration to all who want to further the goal of making America a truly equal home for all its peoples. Her name and her spirit lives on, and for this we should all be thankful.

A SPECIAL SALUTE TO JUDGE CARL J. CHARACTER

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STOKES. Mr. Speaker, I rise to pay tribute to the Honorable Carl J. Character, judge of the Cuyahoga County Common Pleas Court. Judge Character will be retiring from the Court in January, 1997. As he prepares to depart his post, plans are underway for special ceremonies and other events to recognize Judge Character's commitment to public service and this Nation. I am proud to participate in the tribute to Judge Character. I want to share with my colleagues and the Nation some information regarding this distinguished member of the judiciary.

Carl J. Character was appointed to the Cuyahoga Court of Common Pleas in 1987 by former Ohio Governor Richard Celeste. In 1990 he was elected to the bench and has served with distinction. His elevation to a judgeship in the Common Pleas Court represented the highlight of a 30-year career in the legal profession.

Judge Character attended Cleveland public schools and graduated from Glenville High School. He completed studies at Ohio State University and received his juris doctorate from the University of Michigan. He went on to earn a masters of law from Cleveland Marshall College of Law of Cleveland State University.

Prior to his appointment to the bench, Judge Character was a trial attorney. He represented a variety of clients, from Fortune 500 companies to welfare recipients and professional athletes. As a lawyer, Carl Character epitomized excellence in the courtroom. He and I were partners for a number of years in the law firm founded by my brother Carl Stokes, Carl Character, and myself. The law firm was known as Stokes, Character, Terry, Perry Whitehead, young and Davidson. It was during those years that I came to know Carl Character as an outstanding trial lawyer who was totally dedicated to his clients and the cause which he espoused. More than that, however, he was active in our community where he volunteered many hours of service. He was a leader and advocate in the civil rights movement in Cleveland.Whenever his community needed him, Carl Character was there. As a judge he has been compassionate and strong. He is highly respected by the bench and bar and leaves a legacy of excellence as a judge. Carl has been a role model for young lawyers and he has really enjoyed being a judge.

Mr. Speaker, Judge Character is a veteran of the United States Army, having served in the Korean war. He is a past president of the National Bar Association and a member of the American Bar Association. Other memberships include the World Association of Lawyers, American Trial Lawyers Association, National Conference of Black Lawyers, and the Cuyahoga County Bar Association, just to name a few.

In addition to his judicial duties, Judge Character is an integral part of the Cleveland community. He is active in the Cleveland NAACP, Alpha Phi Alpha Fraternity, the Ohio Commission on Racial Fairness, the American Legion, and the University Hospital Board of Trustees. I am also proud to note his membership in the Emmanuel Baptist Church.

Mr. Speaker, throughout his career, Judge Character has been recognized for his dedication and commitment to public service. He received the Distinguished Service Award from the Judicial Council of the National Bar Association. In addition, he received the organization's Presidential Award and C. Francis Strafford Award. Judge Character has been named "Father of the Year" by the Teen Father Program. Further, he received special recognition from the Legal Aid Society of Cleveland and has been honored by Beta Gamma Sigma and Beta Alpha Psi Fraternities.

Judge Character and his lovely wife, DeeAnn reside in Shaker Heights, OH. They are the proud parents of Darla and Dea Character. I know that members of Judge Character's family share our pride in his many accomplishments.

Mr. Speaker, I am proud to salute Judge Carl J. Character. He is a dedicated public servant who has fought to ensure justice and fairness in the legal system. I join his colleagues and others in congratulating him and wishing him well in the future.

INTRODUCTION OF H.R. 3951

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. WALKER. Mr. Speaker, today we are introducing a bill to clarify the interpretation of language contained in the Florence Agreement, a multilateral international agreement regarding the importation of educational, scientific, and cultural materials. It allows the duty-free importation of scientific apparatus into the United States, if used by U.S. approved institutions for educational, scientific, and cultural purposes.

This legislation specifically broadens the interpretation of the words "scientific instruments or apparatus" by the U.S. Customs Service as it pertains to the Gemini International Telescope Project. The U.S. Customs Service has narrowly defined these terms not to include "components" of these instruments or apparatus.

The present problem involved two large optical telescopes now under construction in Hawaii and Chile. The Gemini International Telescope Project, managed by the Association of Universities in Astronomy [AURA], involves the United States, the United Kingdom, Canada, Chile, Argentina, and Brazil. The telescopes contain several major components, one of which is an 8-meter mirror which was manufactured in the United States. The mirrors were shipped to France for polishing before being returned to Hawaii and Chile for final assembly. The U.S. Customs Service initially contended that the mirror was a component and that components are not eligible for duty-free entry. Chile, however, is not charging duties on the mirror destined for there.

Following requests from Members of Congress and the administration, the U.S. Customs Service finally agreed to allow the duty-free import of the mirror, because it ruled that the mirror involved the essence of the telescopes. However, there are several other major components of the telescope that should also receive duty-free status.

This bill addresses the specific problem being faced by the Gemini International Telescope Project by allowing the duty-free importation of major components of the telescope now under construction in Hawaii. The components are specifically listed in the legislation. This bill also addresses the issue of fairness under the United States obligations under the Florence Agreement. By allowing the duty-free importation of the components of the Gemini telescope, we are fulfilling an agreement we made with the international scientific community.

TRIBUTE TO DR. DAVID G. CRAIG

HON. JOHN J. DUNCAN, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. DUNCAN. Mr. Speaker, I want to congratulate Dr. David G. Craig, a University of Tennessee human ecology professor, for being named as the 1996 Higher Education Teacher of the Year. This indeed is a great honor and one which Dr. Craig should be very proud to receive.

The Tennessee Education Association selected Dr. Craig based on several criteria. He has demonstrated excellence in the classroom, professional merit, and participation in professional, community, and political activities at the University of Tennessee.

I request that a copy of the article "Professor Distinguished as Teacher of Year" which appeared in the University of Tennessee Daily Beacon be placed in the RECORD at this point. I would like to call it to the attention of my colleagues and other readers of the RECORD.

INTERNATIONAL TRADE PATENT AND ROYALTY ENFORCEMENT

HON. ROBERT MENENDEZ

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. MENENDEZ. Mr. Speaker, the current legal situation in the international trade arena, places small companies and American businesses in a position where they have little recourse against unfair trade acts, and where they are vulnerable to foreign predatory practices. The bill that I am introducing today would mandate that there be legislative change to enable small companies, who have endured unfair methods of competition by their foreign trading partners, to seek redress in a court of competent jurisdiction in the United States.

This legislation will help small business owners like Mr. Salvatore Monte. Mr. Monte is the president of Kenrich Petrochemical Inc., and an inventor in the proud New Jersey tradition of Thomas Edison. Mr. Monte holds numerous patents for organo-metallic compounds, which are used in everything from rocket fuels, to ammunition, to tires, to cars, to printed circuit boards, to photocopiers. In 1976, Mr. Monte signed a contract with Ajinomote Co. [AJICO] of Japan to import, and later, gave license to manufacture, his chemical products. Since that time, Mr. Monte has experienced extensive violation of his intellectual property rights, and questionable business practices—robbing him of millions of dollars. Mr. Monte has been faced with such anticompetitive business practices as:

> Improper recordkeeping; so narrow an interpretation of Japanese patents as to be considered infringement—to the point that the Japanese manufacturer even copied his technical literature; patent flooding; and unauthorized sublicensing for the manufacture of his chemicals.

I believe Mr. Monte is not alone in his dilemma. The U.S. Trade Representative received numerous complaints about Japanese narrow patent interpretation and patent flooding practices. As a result, Japan remains on the special 301 priority watch list. Absent legislative change which gives U.S. courts jurisdiction over the unfair acts and unfair methods of competition in which foreign companies are engaging under the protection of their government, there is little recourse under law for small business owners, like Mr. Monte. The WTO has no jurisdiction over private actions. One cannot proceed before the WTO except against a government action. For Mr. Monte, he is essentially condemned to bring an action before a Japanese tribunal. This is absurd. Japanese courts have been accused by both the European Union and the United States for their lack of enforcement of intellectual property laws, and for supporting the Japanese unfair patent system. Government enforcement agencies are no better. The Japanese Federal Trade Commission is notorious for tolerating anticompetitive and unfair trade practices.

Mr. Monte's situation raises fundamental questions about the role of our Federal Government in protecting the constitutional rights of our citizens in the context of international trade. Upholding the standard of free markets and free trade is not a license to do nothing. The price of freedom is not without cost for either personal liberties or economic freedom. It is a constitutional right under the first amendment that our citizens may petition the Government for redress of grievances. Also, it is a constitutional prerogative under article 1, section 8, clause 8 "to promote the progress of science and useful arts, by securing for limited times to authors and inventors, the exclusive right of their respective writings and discoveries."

Mr. Monte's case shows how defenseless American small business is in international trade and how little the Federal Government does to protect fair trade. As we enter the globalized marketplace of the 21st century, the U.S. Government must take action to ensure that we have policies and laws that support and enhance the position of our businesses. Unfair trade affects everyone—businesses, consumers, and workers. Predatory practices are actionable under U.S. law and we must continue to require that the rights of U.S. citizens are freely and fairly insured. The bill I am introducing today will do just that. I urge my colleagues to join me in cosponsoring this important piece of legislation. Free trade is irrelevant if the trade is not fair.

THANK YOU, NANCY SIMPSON, FOR YOUR LOYAL SERVICE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FIELDS of Texas. Mr. Speaker, it was with mixed emotions that I announced last December 11 my decision to retire from the House at the conclusion of my current term. As I explained at the time, the decision to retire was made more difficult because of the loyalty and dedication of my staff—and because of the genuine friendship I feel for them. Each one of them has served the men and women of Texas' Eighth Congressional District in an extraordinary way.

Today, I want to thank one member of my staff—Nancy Simpson, my director of casework—for everything she's done for me and my constituents in the 16 years that she has worked in my office.

Since January 1981, Nancy has handled more than 10,000 cases—helping constituents who were experiencing problems with Federal agencies. Whether the problem was a lost Social Security check, denial of a veteran's disability benefits claim, an immigration problem that defied easy resolution, or a request for aid as a result of a flood, hurricane, or other disaster, Nancy has been there day in and day out, helping the men and women of my district when Federal red tape seemed to be overwhelming.

Over the years, Nancy has managed to cut through that redtape on behalf of veterans, senior citizens, Americans seeking to bring family members to the United States, small business owners and many other of my constituents. She has earned their undying gratitude—and mine.

When constituents haven't come to Nancy for help, Nancy has gone to them. She has participated in outreach meetings, visiting communities throughout my district in order to be available to constituents who might not be able to travel to one of my local offices. She has also participated in many of my more than 500 town meetings, visiting communities throughout the district in order to help local residents experiencing problems with the Federal Government.

Her outstanding record of success and compassion has earned Nancy the respect of other caseworkers in other congressional offices. And her dedication and, yes, tenacity, have earned her the respect of officials in a variety of Federal agencies in Texas and Washington, DC.

In addition to helping individual men and women, Nancy has established casework procedures for my office—procedures that have been adopted by other congressional offices. Her training and supervisory skills have been recognized at several Federal agency training seminars.

In addition to her casework, Nancy has handled a variety of special projects in my district; helped conduct legislative research; and helped constituents, small businesses and other organizations in Texas obtain information related to doing business with the Federal Government and to obtaining Federal grants.

Nancy Simpson is one of those hardworking men and women who make all of us in this institution look better than we deserve. I know she has done that for me, and I appreciate this opportunity to publicly thank her for the dedication, loyalty, and professionalism she has exhibited throughout the years it has been my privilege to know and work with her.

Nancy has yet to make a definite decision about what she wants to do in the years ahead. But I am confident that the skills and the personal qualities she has demonstrated in my office will lead to continued success in the future.

Mr. Speaker, I know you join with me in saying thank you to Nancy Simpson for her years of loyal service to me, to the men and women of Texas' Eighth Congressional District, and to this great institution. And I know you join with me in wishing Nancy, and her husband, Richard, all the best in the years ahead.

BILL TO EXTEND WILDERNESS PROTECTION FOR SPANISH PEAKS AREA, CO

HON. DAVID E. SKAGGS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SKAGGS. Mr. Speaker, I am today introducing a bill to continue the protection of wilderness values in the Spanish Peaks area in Colorado. The bill is cosponsored by my colleagues from Colorado, Mr. MCINNIS and Mrs. SCHROEDER.

The mountains now usually known as the Spanish Peaks are two volcanic peaks in Las Animas and Huerfano Counties whose native American name is Wayatoya. The eastern peak rises to 12,683 feet above sea level, while the summit of the western peak reaches

13,626 feet. The two served as landmarks not only for native Americans but also for some of Colorado's other early settlers and for travelers along the trail between Bent's Old Fort on the Arkansas River and Taos, NM. With this history, it's not surprising that the Spanish Peaks portion of the San Isabel National Forest was included in 1977 on the National Registry of Natural Landmarks.

The Spanish Peaks area has outstanding scenic, geologic, and wilderness values, including a spectacular system of over 250 free-standing dikes and ramps of volcanic materials radiating from the peaks. The State of Colorado has designated the Spanish Peaks as a Natural Area, and they are a popular destination for hikers seeking an opportunity to enjoy an unmatched vista of southeastern Colorado's mountains and plains.

The Spanish Peaks area was considered for possible wilderness designation in the 1970's, but the Colorado Wilderness Act of 1980 provided instead for its continued management as a wilderness study area. A decade later, the Colorado Wilderness Act of 1993 included provisions for long-term management of all the other wilderness study areas in our State's national forests, but questions about the land-ownership pattern in the Spanish Peaks area led to a decision to require continued management of that area as a wilderness study area for 3 years—until August 13, 1996. The 1993 Act also required the Forest Service to report to Congress concerning the extent of non-Federal holdings in the area and the likelihood of acquisition of those holdings by the United States with the owners' consent.

The required report was submitted last year. It indicated that within the approximately 20,825 acres being managed as a wilderness study area, there were about 825 acres where the United States owned neither the surface nor the mineral rights, and about 440 acres more where the United States owned the surface but not the minerals.

To date, through voluntary sales, the United States has acquired some of the non-Federal holdings in the Spanish Peaks area, and there are indications that others will or can be acquired in the same way.

I think there is every reason to believe that it will soon be possible to designate lands within the Spanish Peaks area as part of the National Wilderness Preservation System. Clearly, however, it will not be possible to achieve enactment of such legislation by the middle of next month.

Therefore, the bill we are introducing today simply provides that the Forest Service will continue to manage the Spanish Peaks as a wilderness study area until Congress determines otherwise. This will remove an artificial, arbitrary deadline and will ensure that decisions about the future management of this very special area will be made deliberately, through legislation, rather than by default.

I greatly appreciate the assistance and support of Representatives MCINNIS and SCHROEDER in connection with this legislation.

TRIBUTE TO STATE TROOPER BARRY WASHINGTON

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to recognize the work that Trooper Barry Washington has done in curtailing drug trafficking in the State of Texas.

Trooper Washington is doing his part in helping Americans win the war on drugs. Each year, he hauls in more than 1,000 pounds of marijuana and 20,000 grams of cocaine according to the Texas Department of Public Safety. In an average week, Trooper Washington sends two drug-trafficking suspects through the local court system. As a result the system has become so taxed with drug arrests that the legislature granted a county court wider jurisdiction so that they could help handle the backlog. And drug smugglers, many of whom depend on the stretch of U.S. 59 that Trooper Washington patrols, have noticed. Authorities say the smugglers are finding other routes to get drugs from Houston to other parts of the Nation.

Some have suggested that Trooper Washington finds drugs only because he is allergic to them; however, he would need more than an allergic reaction to start a search. He begins searches because he studies the fourth amendment and tries to read as many law cases that deal with searches and seizures as he can. He has taught classes on the subject to several city and county police departments. Additionally, he uses modern technology—his cruiser is equipped with a video recorder, and he wears a microphone on his uniform. During some of his travels up and down highway 59, he has found drugs inside tires, dashboards, headlights, doors, and just about every other part of a vehicle where something can be hidden.

I want to thank State Highway Patrol Trooper Barry Washington for his incredible record of service to our State and our community. I salute him for his commitment to keeping our streets safe from drugs and drug dealers. I congratulate him for a job well done and I hope he continues to match or beat his own records of bringing drug trafficking to an end.

TRIBUTE TO TEMPLE ADAS ISRAEL'S 100TH ANNIVERSARY

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to Temple Adas Israel in Sag Harbor, NY, a cornerstone of the Jewish religious and cultural life on Long Island's East End that is celebrating its 100th anniversary this year.

From its early days as the Temple Mishkan Israel, Adas Israel has been the focal point of the Jewish experience on Eastern Long Island. Not only has it served the spiritual and cultural needs of its congregants, but the temple has fortified the cultural diversity of our entire East End community.

The history of Temple Adas Israel in many ways illustrates the Jewish immigrant experience in the United States at the turn of the century. Like the vast majority of their compatriots, Sag Harbor's early immigrants established a toe-hold in the community, formed mutual-aid benefit societies, and founded cemeteries. As their numbers grew, they built a synagogue. They also struggled to redefine Jewish family life in a new world.

The first Jewish immigrants moved to Sag Harbor from New York City in the early 1880's when the Fahy watch factory moved to the former whaling port, bringing hundreds of good factory jobs. Jewish immigrants from Russia, Hungary, Poland, and Germany, drawn to America by this country's promise of religious and political freedom, flocked to Sag Harbor, attracted by the Fahy watch factory's promise of economic opportunity.

In 1896, when Nissan Myerson paid $350 for the land along Elizabeth Street where the temple was to be built, the 50 families of Sag Harbor's Jewish community established what would become Long Island's oldest Jewish house of worship in continuous use. The synagogue was built 2 years later and formally dedicated during the celebration of Rosh Hoshanah in 1898. Legend has it that Temple Mishkan Israel received its first Torah from Teddy Roosevelt when the Long Island native returned to America with the 1,200 Rough Riders he led up San Juan Hill during the Spanish-American War. Quarantined at Montauk, Jewish brigade members held services with a Torah they procured, the Torah that Roosevelt donated to the temple when the brigade departed.

A bedrock of Eastern Long Island's Jewish community, the temple attracted Jews from Montauk, East Hampton, Riverhead, and Westhampton. When Sag Harbor suffered economic decline after the watch factory was consumed by fire in 1925, many families moved from the village, and the temple saw a similar drop in its congregation.

In 1948, the year of modern Israel's birth, when the post-war boom began to regenerate Sag Harbor, descendants of Temple Mishkan Israel's founders revived the synagogue. Renamed Temple Adas Israel, the synagogue was soon again a vibrant focal point of the community. Leaving its Orthodox roots, for conservative then reform practices, the temple earned a reputation as a center of liberal Judaism, attracting hundreds of summer Hampton residents to high holy day services.

Throughout its 100 years, the temple has preserved its community's Jewish heritage, providing for its spiritual sustenance, and that commitment to cultural strength persists. Jewish community life on the East End has changed much since the founding of Temple Adas Israel 100 years ago. What remains constant is the temple community's commitment to maintain their religious and cultural heritage, while enriching the entire East End of Long Island. Congratulations to the Temple Adas Israel. Mazel Tov.

TRIBUTE TO KWABENA ADUTUWUN ADDEI, M.D.

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, Dr. Kwabena Addei was born to Akua and the late Kwado Addei, an Ashanti chief, in Oyoko, near Kumasi, Ghana, in West Africa. He received his early education from the Achimota British Preparatory School in Accra, Ghana, graduated from Cambridge University in England, and received his medical degree from Columbia University's College of Physicians and Surgeons.

Following an internship at Metropolitan Hospital, Dr. Addei completed his residency in surgery at Nassau Hospital—now Winthrop University Hospital—in Mineola, NY. As an attending surgeon, he entered private practice, and assisted in establishing Winthrop Hospital's academic affiliation with the surgery department at State University of New York at Stony Brook Medical Center. In addition to private practice, Dr. Addei is the director of surgical education at Winthrop University Hospital and an associate professor of surgery at the State University of New York at Stony Brook School of Medicine.

He is a diplomat of the American Board of Surgery and a fellow of the American College of Surgeons and holds memberships in the American Medical Association, the National Medical Association, the Nassau Surgical Society, Alpha Omega Alpha—the medical honor society, One Hundred Black Men of Nassau/Suffolk, Inc., the National Society of Poets, and is a founding member of the American Association of the Clinical Anatomists. He has also served as the newsletter editor and cochairman of the Scientific and Continuing Education Committee—Brooklyn, Long Island Chapter, American Medical Association; executive committee member of the board of directors, American Cancer Society, Long Island Division, Inc.; medical consultant, Sickle Cell Clinic of Nassau Hospital; and director of the Trauma Unit, Winthrop University Hospital. Dr. Addei has also published his research in many professional journals such as the Journal of Surgical Research and American Journal of Surgery.

Dr. Addei's community spirit has been honored by various groups: The Westbury Club of the National Association of Negro Business and Professional Women's Clubs, Inc.; the National Association for the Study of Black History and Life; the Long Island Black History Association; and the Mothers Group of Westbury. In addition, Dr. Addei has been selected, for 10 consecutive years, to receive the Award for Outstanding Teaching. Community School District 19 in East New York, Brooklyn, presented Dr. Addei with an award of appreciation for his dedication and concern for the welfare of the students in the district's seven middle schools. I am pleased to introduce him to my House colleagues.

ROBERT YOUNG, A MAN OF GREAT DISTINCTION

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BARCIA. Mr. Speaker, those of us in public office know the value of representing the interests of our constituents. Some who have been in public service continue to distinguish themselves by using their skills to continue to work for people who need someone who can take the time to study the details of proposals affecting their daily lives, and translate those concerns into effective solutions. Robert Young is one of these valuable individuals who has melded his public representation skills with effective leadership of the Great Lakes Sugar Beet Growers Association.

Robert Young has announced his retirement as executive vice president of the association, a position which he has held since 1983. Prior to that time, Bob served in the Michigan State Senate from 1974 to 1982, and the Michigan State House from 1970 to 1974. Rarely has there been an individual with whom I have worked that has been the wonderful combination of informed, helpful, and pleasant, as has been Bob Young.

Bob has worked most effectively for the thousands of sugar beet growers across our districts who know that our Federal sugar program is vital to their future. He has taken his concerns for Michigan's growers before the American Sugar Beet Growers Association. And he has certainly met with many of our colleagues as he and a number of our growers spent time earlier this year and last helping us understand the importance of the Federal sugar program.

His talents have been put to excellent use on behalf of his community, his church, and those matters in which he has a strong personal belief, including business development, agriculture, and fiscal responsibility.

His wife, Shirley, his children Mary Jo, Barbara, Gary, and their spouses Howard Ring, Gary Konuszewski, and Amy, and his grandchildren Ashley and Courtney Ring, Garret, Spencer, Mackenzie, and Hunter Konuszewski, and the forthcoming new Young, can all be proud to be members of a family where devotion to principle and support of what is needed are the hallmarks.

As Bob Young is honored on August 14 for his years of service to the Great Lakes Sugar Beet Growers Association, I urge you and all of our colleagues, Mr. Speaker, to join us in wishing the best to Bob Young, a man who has set an example worthy of following.

HONORING HERBERT WARSHAVSKY

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ENGEL. Mr. Speaker, Herbert Warshavsky has been a leading member of the real estate profession in New York City and, for the past 20 years, has been executive director of the Associated Builders and Owners of Greater New York. His dynamism and ability has caused the organization to grow and prosper. Through his hard work and industry, the ABO trade show has become the largest business event for the buildings industry in the New York metropolitan area.

Mr. Warshavsky has also performed important civic duties in his hometown of Lawrence, NY, where he has served as an official with the United Fund and as president of the Lawrence Civic Association, as deputy mayor and, currently, as chairman of the Village Planning Board. In short, he has worked hard in his profession and in his civic life to bring prosperity to both. I wish all the best to Herb, his wife Rosita, and their children, Bruce, Alan, and Sharon.

SALUTING THE PUBLIC SERVICE OF HOWARD LANDAU

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STOKES. Mr. Speaker, I rise today to salute the dedication and hard work of an active and caring citizen of Ohio's Eleventh Congressional District, Mr. Howard Landau. Mr. Landau is currently completing his third and final year as board chairman of the northern Ohio region of the Anti-Defamation League, where he has done an outstanding job. Mr. Landau's tenure as the region's ADL board chairman has been signified by the elevated level of activity within the agency and in ADL's role in the Greater Cleveland community. He has fostered committees to address intergroup relations, public relations, and civil rights. Howard has also shown the importance of leadership development by serving on ADL's Leadership Development Committee. He has executed this leadership further by magnifying the prominence of the northeast Ohio ADL at the national level.

Previous to assuming the regional chairmanship, Howard served as the first Chair of the agency's local "A World of Difference" diversity education program. This program has now trained more than 2,000 educators and community representatives, and thousands more students. This was the product of Mr. Landau's leadership.

Mr. Speaker, Mr. Landau, who has spent more than a quarter of a century as a public relations specialist for interesting and influential clients, has given greatly of his time to serve our community. Other organizations he has served include the Great Lakes Science Center in Cleveland, the boards of the Cleveland Restoration Society and Leadership Cleveland, and he is a former president of the Cleveland City Club. I ask my colleagues to join me in saluting Mr. Howard Landau's devotion to public service and efforts to further understanding, diversity, and civil rights.

ENERGY POLICY ACT OF 1992

HON. ROBERT S. WALKER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. WALKER. Mr. Speaker, I am introducing legislation requested by the administration that will amend the Energy Policy Act of 1992 [EPACT] by extending the Electric and Magnetic Fields Research and Public Information Dissemination [RAPID] Program by 1 year.

The RAPID Program was established under section 2118 of EPACT to expand and accelerate the research needed to address public concerns that electric and magnetic fields [EMF] might be a human health hazard. The program, authorized for a total of $65 million, was to run for 5 years and is scheduled to expire on December 31, 1997.

EPACT required the establishment of two advisory committees and 50 percent cost-sharing from non-Federal sources. The program schedule slipped by 1 year due to delays in establishing the advisory committees and in receiving appropriated funds. The bill would extend the RAPID Program until December 31, 1998, and all interim deadlines by 1 year, in order to complete the work mandated by EPACT. No additional funds beyond the $65 million authorized in EPACT are required to complete the program.

Mr. Speaker, I urge extension of the RAPID Program by 1 year; otherwise we will have wasted 4 years of Federal and utility funding and efforts to address the important public policy issue of the health effects of EMF.

GENETIC INFORMATION HEALTH INSURANCE NONDISCRIMINATION ACT OF 1996

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SOLOMON. Mr. Speaker, the rapid advancement of gene discovery and molecular medicine are leading scientists and doctors to a future where information about genetic diseases will be readily available and easily assessable. Unfortunately, as knowledge in this area grows so does the potential for discrimination in health coverage for a number of Americans.

That is why I am introducing a bill today which will protect Americans from discrimination by health insurers based on their genetic makeup.

My bill was crafted to prevent health insurers from denying, limiting, refusing to renew, or canceling insurance coverage on the basis of genetic information or because the individual or family member has requested or received genetic testing information.

In addition, this legislation would prohibit insurers from varying the premiums, terms or conditions of coverage on the basis of genetic information.

Mr. Speaker, currently there are insufficient laws to protect not only the disclosure of genetic information but also its use, and we are beginning to hear frightening stories about discrimination against people who are perceived to be at risk in the future for certain diseases.

Certainly, it is a miracle of modern medicine that doctors and scientists can now screen for hundreds of genetic conditions including cystic fibrosis, sickle cell anemia, and muscular dystrophy and can save lives through early detection. It is not a miracle, however, for those who are subsequently denied coverage based on the detection of one of these genes, especially because we know that carrying a certain gene does not mean that a disease will ultimately become manifest.

At this time, 13 States have already enacted or are currently considering legislation to address the problem of genetic discrimination. However, Federal law is needed because employers that self-insure are exempt from State mandates due to ERISA preemption—which counts for 50 percent of all insured Americans.

Mr. Speaker, I would like to share a few stories with you which really illustrate the need for legislation. A pregnant woman whose fetus tested positive for cystic fibrosis was told that her HMO would be willing to cover the cost of abortion but would not cover the infant if she elected to carry it to term. In another instance, a healthy 5-month-old boy was denied health insurance because he had a gene that predisposed him to a heart attack, even though the child was taking medication that eliminated the risk of cardiac problems.

Mr. Speaker, there are countless stories surfacing with equally horrific consequences. Yet, while genetic information may provide clues to future health risks, it is not the only factor in determining risk. No doubt there are countless stories of people overcoming these odds and leading perfectly healthy lives. Why should they have to function with a handicap which is completely out of their control when they are otherwise perfectly healthy? It is time for Congress to show our commitment to protecting the American people from this kind of discrimination.

HUNGARY'S RELATIONS WITH HER NEIGHBORS

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SMITH of New Jersey. Mr. Speaker, I want to bring to the attention of my colleagues the joint declaration adopted in Budapest on July 5 by representatives of the Hungarian Government and by representatives of Hungarian communities abroad—the so-called Hungarian-Hungarian summit declaration. The status of the various and sizable Hungarian minority communities in Romania, Slovakia, and Serbia is of considerable interest to many in Congress. How governments treat their minority communities is often a significant barometer of how they will treat their citizens as a whole, and a strong indicator of the progress of democratization in countries in transition.

In fact, I remain concerned about the minority situation in each of these countries, and, as Chairman of the Helsinki Commission, have raised such concerns on a number of occasions. Many hoped the Hungarian-Hungarian summit document would provide some useful insight into the concrete concerns of Hungarian minorities.

Unfortunately, the summit document adopted in Budapest does not address the kind of specific and concrete issues that are usually raised with the Commission, such as minority language schooling or electoral districting. Instead, the declaration stands as a broad and somewhat ambiguous endorsement of "autonomy" and "self-government." Those terms—guaranteed to alarm those already afraid of alleged Hungarian irredentism—were unfortunately left undefined, fostering the perception in some quarters that the declaration represents only a thinly veiled effort by Budapest to extend its influence beyond current Hungarian borders and, implicitly, to turn back the clock to the days when Hungarians were united in a single country.

I appreciate the Hungarian Embassy's willingness to clarify for the Commission the underlying intent of his declaration. In particular, the Embassy asserted that the word "autonomy" was in no way intended to signal "territorial autonomy." I also believe the declaration's positive emphasis on the importance of the accession of all Hungary's neighbors into NATO and the European Union should not be overlooked and, indeed, is especially important in light of the recent congressional debate on NATO expansion.

Nevrtheless, I believe that the declaration, through the use of wording that is ambiguous at best and, at worst, predictably inflammatory, stands in contradiction to Hungary's stated goal of pursuing "good neighbor" policies. Surprisingly, Hungary implies that its goal of gaining admission to NATO and other European organizations should be dependent on "the fundamental interests of Hungarian national communities abroad"—a message that suggests a qualified interest in accession to NATO.

Finally, I must note that concerns about this declaration were only heightened by the statement of the Hungarian representative to the OSCE in Vienna, Ambassador Martin Krasznai. In defending the use of the word "autonomy," Ambassador Krasznai presented the Basques, Catalans, and South-Tyroleans as positive examples of Europe's experience with autonomous movements. The irony of these particular references was probably not lost on the representatives of Italy or Spain—especially in the wake of the numerous terrorist bombings attributed to Basque separatists last month.

Mr. Speaker, while a rare opportunity for discussion about real minority concerns may have been missed, I also see the Hungarian-Hungarian summit declaration as an aberration from the current government's usually constructive approach. I will continue to follow the situation of minority communities in central Europe and the inseparable issue of the progress of democratization in general. As I do so, I hope that Hungarian representatives will join with the Commission in seeking to promote democracy for all the citizens of all the countries of the OSCE.

TRIBUTE TO ANTHONY MARK HANKINS

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to congratulate and recognize Mr. Anthony Mark Hankins who is being honored as a fashion designer in Washington, DC.

At the age of 7, Anthony Mark Hankins designed and stitched a suit for his mother which she actually wore to an important wedding—crooked seams and all. She bragged to her friends that "little Anthony" had made her suit. With this, a designer was born.

Mr. Hankins began his career designing and sewing clothes for other women in town, prom dresses for his peers, theatrical costumes, and marching band uniforms. He enrolled at Pratt Institute in Brooklyn, NY, then traveled to Paris to study at the Ecole de la Chambre Syndicale de la Couture. After returning to the United States, he worked for two seasons with Adrienne Vittadini before taking a job with the J.C. Penney Co. as a factory field inspector in their quality control division.

Anthony Mark Hankins is a consummate professional. He is a fashion designer who designs his clothes at a reasonable price so that those who might not otherwise be able to purchase quality clothing will be able to do so. Mr. Hankins was cited in the Wall Street Journal in a front page story as "the Calvin Klein of the coupon clipping set."

I would like to extend my heartfelt appreciation to Mr. Hankins and best wishes for continued success for all of his endeavors with his high-quality, price-conscious clothing line.

ASIAN GOVERNMENTS COLLUDE IN DRACONIAN CONSPIRACY

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, I rise today to bring to my colleagues' attention that the Governments of India, Thailand, and Nepal have colluded to abduct Sikhs living abroad and transport them to India in complete violation of pertinent human rights treaty and customary law. Two cases highlight this alarming trend.

On July 16 at 6 a.m., about 20 Thai police officers surrounded a house owned by a Thai Sikh. Police entered the house and arrested the owner along with a Sikh independence activist named Nam Singh, a Pakistani passport holder who was working in Thailand on a valid Thai work permit. Although the owner of the house was eventually released, Nam Singh was detained and held without formal charge or access to loved ones and legal counsel. Twenty-four hours later, the owner of the house where Nam Singh was staying retained the help of a well-known Thai human rights activist, Mr. Thonghai Thongpao. But by then it was too late.

Mr. Singh had been secretly placed on flight TG3112 bound for Katmandu where Nepalese authorities transferred Mr. Singh to Indian authorities. It is my understanding that Mr. Singh has been brought before a Punjab court and has been charged. However, given the illegality of his abduction, I have no idea what the charge may be. I have enclosed a copy of a letter sent by Thai Sikhs to the Center for Human Rights in Geneva, the letter details Nam Singh's abduction.

The second case is with regard to Mr. Jagjit Singh Chohan, an elder Sikh independence leader from the United Kingdom. Mr. Chohan's story has already been presented, however, I want to highlight his inhumane treatment by Thai police officials. After Mr. Chohan was brutally beaten by Indian officials and placed back on the plane, and after he was assured by Thai Airways managers that he would receive medical treatment upon arrival in Bangkok, Mr. Chohan was instead placed in a detention center for 18 hours without access to medical treatment, he could not even make a telephone call. Mr. Chohan was lucky, he had his medication with him, without it, the beating which he suffered coupled with his detention may have resulted in his death.

Mr. Speaker, both Mr. Chohan and Nam Singh have been treated worse than animals, apparently as a result of some unspoken alliance between Thai, Indian, and in the case of Nam Singh, Nepalese authorities. If these two were bona fide suspects, surely some formal proceeding should have been undertaken. But I suspect that the rule of law was not foremost in the minds of the police and government officials who brutalized the two Sikhs. In little over 2 months, the Indian Government has illegally detained United States citizen Balbii Singh Dhillon in violation of United States sovereignty, brutalized an elder Sikh leader living in the United Kingdom for 18 years and apparently arranged the virtual kidnaping of a Sikh whose citizenship is Pakistani.

Secretary of State Christopher, recently and rightfully, attacked Indonesia's human rights record. However, the United States must employ a consistent standard of human rights for all countries, whether they are friends or foes. The United States should openly condemn these extrajudicial abductions and deportations by Indian, Thai, and Nepalese authorities. The current practice of condemning one country's human rights violations while ignoring others creates a double standard which leaves us open to accusations of racial and ethnic bias.

Copy of Fax received from: Sikh residents of Thailand. Dated: July 18, 1996. Addressed to: The Centre for Human Rights—Geneva. Copied to: Council of Khalistan—Washington, DC.

DEAR SIR: We the Sikh residents of Thailand solemnly affirm that on the 15th of July around 6:00 AM a house owned by a Thai Sikh was encircled and searched by about twenty fully armed Thai policemen. Nothing incriminating was found in the house. The police arrested and detained the owner of the house along with a pro-Khalistan activist named Mr. Nam Singh who is well known in the Indian Government circles as Kanwar Pal Singh Chawla of Amritsar who was holding a Pakistan passport and a Thai work permit.

The pro-Khalistani activist or the so-called extremist is reported to have been outside India for several years and was only attached to the political wing of the Khalistan movement and was not involved directly or indirectly in any kind of violent actions.

The owner of the house was cleared on bail around 6 o'clock on the same evening on the minor charge of harbouring an alien.

The pro-Khalistani or the so-called extremist was interrogated for long hours and forced to sign un-specified papers and was denied and deprived of his fundamental right to have an access to legal advice. No visitors were allowed to see or talk to him. On the following morning the owner of the house contacted in person a Thai Human Rights activist and Magsasay Award winner Mr. Thonghait Thongpao to seek his help in this matter. Before Mr. Thongpao could do anything about the so-called extremist the Thai police secretly put him on flight TG3112 to Katmandu to be handed over to the Indian authorities which is grossly against Human Rights. As he was a bona-fide Pakistan holder and had a legal and valid Thai work permit he should have either been deported to Pakistan or be allowed to fight his case in Thailand. We have no knowledge whatsoever whether this unwarranted action of the Thai police was taken with the knowledge of the Thai government or not. If he was on the so-called "wanted" list of the Indian government the Indian authorities should have gone through the proper and legal channels to have him deported directly to India instead of Nepal. The reason for deporting the "extremist" to Nepal and not India is an old Indian tact to fool the world that an armed militant was killed while trying to infiltrate into India using Pakistani passport via Nepal.

We the Sikh residents of Thailand would really appreciate if the Centre for Human Rights could look into this matter and take the necessary and urgent measures with the Indian government to ensure that the so-called extremist is humanely and well treated and justice is done with him. Please make sure that he is not subject to a third degree torture or killed in false encounter.

Thanking you in anticipation for your favorable and prompt action.

Truly Yours,

SIKH RESIDENTS OF THAILAND.

UNIVERSITY OF MARYLAND

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HOYER. Mr. Speaker, we in Maryland are a proud lot. We take pride in the natural beauty of our State, in its diverse and flourishing business community, and in the variety and character of our citizens.

It is with this deeply instilled pride that I rise today to report the recent outstanding successes of one of the crown jewels in our State's educational system, the University of Maryland.

The University of Maryland at College Park is consistently noted as one of the finest institutions of higher learning in the country. To bolster this widely held view, the U.S. News and World Report's "Graduate Rankings Issue" hit the newsstands this spring to announce that an impressive number of the University of Maryland's graduate programs were ranked in the top tier. In fact, no university—public or private—in the mid-Atlantic region and few public universities in the country scored as consistently high as the University of Maryland in fields ranging from journalism, business, economics, and computer sciences to mathematics, physics, education, and engineering.

Specifically, the U.S. News and World Report survey ranked the public relations program in the college of journalism No. 1 in the Nation. The college of business and management was ranked in the top 25 in the country. The college of education and the A. James Clark School of Engineering, as well as the departments of computer science, mathematics and physics, were also highly ranked.

These achievements in excellence speak highly of the students and faculty thriving to achieve greatness and advance the threshold of knowledge.

But the excellence does not end there. It was nothing less than the national championship for the University of Maryland mock trial team. Competing with prestigious schools from across the country, including Yale, Cornell, Duke, Georgetown, and Carnegie Mellon, the Terps took home the top prize.

Not to be outdone, a team from the University of Maryland took top honors at this year's Texas Instruments DSP—digital signal processors—Solutions Challenge. The team of three beat out teams from MIT, Princeton, and the University of California-Berkley, among other schools to grab first prize. The team's successful design used a video compression system that compresses the large volume of data needed for the representation of video signals, making it possible to transmit video signals over communication channels, such as telephone lines.

And if Marylanders weren't already bursting with pride over these accomplishments, the Terps became the first ever back-to-back champions in women's division I lacrosse by defeating our neighbors, the Virginia Cavaliers. The win also extended their NCAA record for consecutive wins to 36.

Mr. Speaker, the University of Maryland is truly committed to excellence, both in the classroom and on the athletic field. These achievements make me extremely proud to have this fine institution in my district. I look forward to reporting further their scholastic and academic successes in the near future.

VISION IS MORE THAN SEEING

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BARCIA. Mr. Speaker, many of us take our senses for granted, until some situation comes so close to us that we can no longer ignore the fact that some people cannot see, cannot hear, or cannot do some other thing that the rest of us do thousands of times each day.

Last year, the Saginaw News, under the editorial leadership of Paul Chaffee, the moving photography of Steve Jessmore, and the profound writing skills of Jean Spenner, published a wonderful story entitled "Blind Faith." The story detailed how the more than 500 students of Carrollton Elementary School worked for 11 months to train Carl, a lovable puppy, into a leader dog who has become the source of sight for Gordon W. Bailey, a motorcycling minister from Kansas City, MO.

Steve Jessmore won several well deserved awards for his photography in this 24-page story. He was named the "Midwestern Region Photographer of the Year" by the National Press Photographers Association, the "Michigan Photographer of the Year" by the Michigan Press Photographers Association, and won the Barry Edmonds Michigan Understanding Award by the Michigan Association. It seems rather poignant that the story of a man who could no longer see without help was so strongly portrayed by Steve's moving photographs. Every shot served to remind us that we take for granted one of God's blessings. It also served to demonstrate that even though many of us can see, we can still be blind to what is in front of us without the skilled assistance of a photographer with a vision for the ordinary things around us that are so important.

The series itself also won the Robert F. Kennedy Journalism Award for Photo Journalism, the Detroit Press Club Foundation Award, the Women in Communications Great Lakes Regional Journalism Competition, and the Lincoln University Unity Award.

Chris Chambers, the fifth grade teacher at Carrollton Elementary, and her students learned about a puppy growing into a dog, leader dogs, and the very important training work done by Leader Dogs for the Blind in Rochester, MI. They also learned about holding fundraisers to pay for the expenses of their dreams.

After a year at Carrollton Elementary School, Carl goes on to Leader Dogs for the Blind where he becomes the 10,048th dog graduated from the organization since 1939. He met his new owner, Gordon Bailey, who continued training with him. Remarkably, Carl, as a puppy, made a difference in the lives of the students at Carrollton Elementary, and as a leader dog has restored a great freedom of mobility to Gordon Bailey.

There are times when many of us criticize the media for concentrating on bad news. This is one time when these proficient journalists have brought us a moving story of hope, of sacrifice, of need, and success. I commend this story by the Saginaw News to you and our colleagues and urge all of you to look for these stories of worth from your own media. Let editors, reporters, and photographers know that we appreciate what they do, and want to see more of it.

HONORING THE BERLOFSKYS

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ENGEL. Mr. Speaker, it is with great pleasure that I honor two good friends and neighbors, Miriam and Jerome Berlofsky, who are celebrating 35 years of marriage this November. The Berlofskys are active and vital citizens in my home community of Co-op City.

Since 1951, Jerome has been a knight in the Fraternal Order Knights of Phythias, Kingsbridge Lodge No. 810, and participated in many of the altruistic endeavors of that organization. Miriam joined the Pythias Sisters in 1960 and has worked tirelessly in many capacities, culminating in her election as grand chief of the State of New York in 1984. The Berlofskys have always been active in their faith as members of the Traditional Synagogue of Co-op City and holding several important positions. They are charter members of the AARP Co-op City chapter and they bring culture and entertainment to the community as members of the Bronx Concert Singers.

This is just a partial list of the many good deeds performed by the Berlofskys. Perhaps more than anything else, however, they are most proud of the enduring love and the joy they have had in raising their son, Rodger. On this special occasion I want to join with their family and friends in wishing them happiness and good health.

CONGRATULATING GERIC HOME HEALTH CARE, INC.

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STOKES. Mr. Speaker, I rise to salute GERIC Home Health Care, Inc. This outstanding business which is located in my congressional district was recently selected to receive the Entrepreneur of the Year Award. I am proud to extend my congratulations to GERIC's founders, Gwen and Eric Johnson, as they mark this outstanding achievement.

The Entrepreneur of the Year program was founded by the professional services firm of Ernst & Young. The program recognizes entrepreneurs who have demonstrated excellence in such areas as innovation, financial performance, and personal commitment to their businesses and communities.

Mr. Speaker, I am pleased to note that GERIC Home Health Care received the Entrepreneur of the Year Award in the area of social responsibility. Since the company's inception 4 years ago, this mother and son team has demonstrated a sincere commitment to improving the Cleveland community.

GERIC is now the fastest growing home health care agency in northeast Ohio. The company provides services such as skilled nursing, physical therapy, occupational therapy, and social services. GERIC has been able to provide critical jobs and job training opportunities throughout the greater Cleveland area. Equally important, the company has provided high quality health care services to some of our most vulnerable populations.

Mr. Speaker, I hope that my colleagues will join me in saluting Gwen and Eric Johnson, and members of the GERIC Home Health Care family. I am proud of their selection for the Entrepreneur of the Year Award and I am pleased to recognize their efforts.

TRIBUTE TO SOUTH COUNTRY LIBRARY IN BELLPORT, NY

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FORBES. Mr. Speaker, I rise before you today to pay tribute to the South Country Library in Bellport, Long Island, which is celebrating the centennial of its founding this year.

The Bellport Library was originally organized in 1897 because of the foresight and enthusiasm of 14 young women who called themselves the Entre Nous Club. Seeing the need for a library in their bustling seaside village, the Entre Nous Club raised money by sponsoring a reception in the home of one of its members, Mrs. Spencer S.W. Toms. Each member brought with them a book—60 books were collected that day—forming the nucleus of the Bellport Library.

In 1919, village residents met at the home of Mrs. Charles E. Osborn to plan a memorial in honor of local soldiers and sailors who sacrificed their lives in World War I. It was decided to build a new library building and dedicate it to the fallen soldiers. The seed money raised at a block party was used to incorporate the Bellport Memorial Library Association in 1920. Mrs. Frederick Edey opened her playhouse to hold benefits for the library, Mrs. Edward Bok of Philadelphia, a summer resident, gave $1,000 toward the library building, and Mrs. J.L.B. Mott donated the property.

The charming library building became a reality in 1923, at a cost of $8,000, and stood on the site of Capt. Thomas Bell's apple orchard. In 1924, the library was registered under the New York State Board of Regents. In 1926, the memorial tablet was dedicated and a portrait of Mrs. Mott was hung above the mantel.

During the 1950's the library association was extended to include all residents of the South Country School District. Then in 1986, the library moved to its modern building on Station Road and changed its name to the South Country Library to reflect its service to the entire school district.

In 1997, the library will celebrate the centennial of its organization and on August 17, 1996, a centennial fundraising event is being held to launch a season of celebratory programs at the library.

During the past 100 years, the South Country Library has maintained a strong commitment to scholarship. Occupying small quarters in its early days, the library has grown in both scope and size since 1897. With the dedication of its founders, the hard work of the board of trustees, librarians, and staff members, it has become a wonderful resource for the school district and entire community. We must continue to promote literacy and education throughout Long Island. With the help of the South Country Library, we can continue to achieve these goals as we move into the next century.

CLUSTER RULE STATEMENT

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SOLOMON Mr. Speaker, I am pleased to speak today, along with many of my colleagues, regarding the cluster rule for the pulp and paper industry and specifically the EPA's July 15 Federal Register notice.

America's forest and paper industry ranges from state-of-the-art paper mills to small family-owned saw mills. In New York State, the industry plays an integral role in keeping and creating jobs. This industry ranks in the top half of manufacturing industries in the State, representing over 5 percent of the work force. Employing 62,300 workers, the timber business carries a payroll of $1.9 billion and will expend a total of $263 million for upgrading operations.

The original cluster rule, as proposed in 1993, would have jeopardized over 33 mills nationwide, the loss of 21,500 direct mill jobs and 86,000 additional jobs, for a total of 107,500 American jobs lost. This was clearly unacceptable.

Over the past 3 years since the cluster rule was proposed, many of us have closely monitored its development. I have always urged creation of an alternative approach that will not destroy jobs or the economic well-being of the vital timber industry. With the recognition of the need for this approach, I commend the EPA for the work which has been done to present a more balanced option of the cluster rule and urge quick approval of this alternative approach.

We must continue to support the pulp and paper industry in this country by encouraging the implementation of this fair cluster rule. Specifically, I support the option that allows the complete substitution of elemental chlorine with chlorine dioxide. This alternative, known as best available technology option A, will provide virtually the same level of environmental and health protection as the original approach the Environmental Protection Agency introduced in 1993.

The EPA's own research demonstrates that the main difference between these two options is the exorbitant costs associated with the earlier approach. Improving the environment remains an immediate concern. However, the original cluster rule proposal goes beyond what is necessary to protect the environment and the public. We must be careful not to endanger workers and their families. Option A protects both jobs and our environment.

Mr. Speaker, I strongly support option A and encourage using this opportunity to rectify the unnecessary costs associated with the original cluster rule proposal. This Government, with this Congress' support, must put forward a final regulation which will assure a more responsible approach to environmental health and continued growth in the pulp and paper industry.

HAPPY BIRTHDAY TO MY MENTOR, FRED LANDOLPHI

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PAYNE of New Jersey. Mr. Speaker, on August 18, during our August district work period, one of my mentors will celebrate his 88th birthday. This special person is Mr. Fred Landolphi. When I was a young teacher, Mr. Landolphi was the principal of my school, South Side High School in Newark, NJ. I learned a great deal from him. Today, several of my philosophies can be directly attributed to him.

I would like to share with my colleagues one of Mr. Landolphi's bright moments to illustrate why he has been such an influence on so many lives.

In 1960, Mr. Landolphi was selected Principal of the Year in the annual nationwide search for outstanding elementary and secondary school heads by Croft Publishers. The judges based their choice of Mr. Landolphi on the nominating statement submitted by his faculty. This statement read in part:

> In justice, a manual on ideal school administration is necessary to convey the qualities of Fred Landolphi, for he is the creative center of the activities of South Side High School, both within the school's physical plant and in the community in general.
>
> When he assumed the principalship of the school, morale, good manners, scholarship, loyalty and devotion had reached an unpleasant ebb. A fine by disunited faculty was valiantly, but aimlessly and dejectedly, trying to adjust to a complete turnover in the nature of the student body. An unhappy and rebellious student body was vociferously and, in some cases, violently reacting to the school situation because they were without clearly stated principles of behavior, without clearly stated scholastic aims, without leadership in the cohesive and inspiring aspects of school spirit.
>
> This dismal situation has slowly, patiently, and decisively changed since Mr. Landolphi became our principal. He has accomplished the material rejuvenation of the structure and the revitalization of student-teacher-community morale.

At the time, Mr. Landolphi spoke of a principal that had guided him through this 29-year teaching career. He felt that you had to give the students a feeling of confidence. You had to let them know that you're interested in them and that you only bawl them out because you care for them.

Mr. Landolphi established the South Side Scholarship Fund because he noted that while the most gifted of his students were able to win scholarships, other youngsters with great potential were denied a college education because of poverty.

As a teacher and youth advocate, I have treated the thousands of young people with whom I have had contact just as Mr. Landolphi did. I treat them with respect and challenge them to plan and reach for the stars. For more than 20 years at high school seniors awards programs, I have presented the Donald M. Payne Award to seniors who are not the stars of the graduating classes but have done the best they can, sometimes under difficult circumstances, to become a productive member of our society. I want them to know that doing one's best is extremely important. That was something I learned from Mr. Landolphi.

I want to personally thank him for the confidence he showed me during my first teaching assignment. We had many discussions about my experience as a new teacher. He always put a positive spin on any dilemma. In 1970 I became president of the YMCA of the USA probably as a result of Mr. Landolphi's encouragement and support. He supported my concepts of after-school programs and encouraged me to continue to work with our young people through the "Y" experience.

Mr. Speaker, I am sure my colleagues will want to join me and many of Mr. Landolphi's former students as we wish him a happy birthday and wish him and his wife the best.

MEL RENFRO INDUCTED INTO PRO FOOTBALL HALL OF FAME

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to recognize and congratulate a former Dallas Cowboy and good friend, Mr. Mel Renfro, for his induction into the Pro Football Hall of Fame. He is the seventh Cowboy to be inducted.

After leaving the Dallas Cowboys, Mel Renfro worked as a scout for the Cowboys and dabbled in various business deals. In 1983, Mr. Renfro began a sojourn that took him all over the United States until he settled in Portland, OR. He returned to Portland with a dream of revitalizing the northeast community where he grew up. He understood the importance of giving something back to his community.

From the very start of Mel Renfro's tenure with the Dallas Cowboys, he was known as an impact player. In the Cowboys' man-to-man scheme, Mr. Renfro eliminated receivers from the game. His long arms and instincts allowed him to anticipate routes and deflect or intercept passes. One of Mr. Renfro's biggest assets was his ability to sprint backward, meaning he didn't have to come out of his backpedal until late in the route. He was very much the Deion Sanders of the Cowboys for the seventies and early eighties.

Mel Renfro's induction into the Pro Football Hall of Fame is a well-deserved reward, and that is why, Mr. Speaker, I want to congratulate him for his well-deserved recognition. I urge my colleagues to join with me in thanking him for his work. He is proud to have been a Dallas Cowboy and he richly deserves his Pro Football Hall of Fame designation.

TRIBUTE TO DR. HECTOR P. GARCIA

HON. PETE GEREN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PETE GEREN of Texas. Mr. Speaker, I rise to commemorate the life of an American hero who dedicated his life to others and whose actions advanced the lives of millions. He founded the G.I. Forum, he was a war hero, and he unselfishly devoted his professional life to providing health care to citizens of his community.

Dr. Hector P. Garcia, a friend and a resident of my home State of Texas, was mourned by thousands as he was laid to rest last week. An immigrant from Mexico, Hector Garcia was dedicated to education, as was his father, and received a medical degree from the University of Texas Medical Branch in Galveston after completing his undergraduate work at the University of Texas. He then volunteered for service in World War II and received a Bronze Star with six battle stars for his service.

Hector began his greatest work when he returned from the war and contracted with the Veterans Administration to treat veterans of World War I. When he learned that the Veterans Administration was not complying with the requirements of the GI bill of rights and was discriminating against Mexican-Americans, Dr. Garcia gave birth to the American G.I. Forum with a mission to fight racial discrimination.

Hector Garcia believed in the American dream and worked to help others live that dream, using the American G.I. Forum to advance equality for all Americans. Long before the civil rights movement of the sixties, Hector Garcia confronted segregation in south Texas and helped bring it to an end. In addition to his work with the G.I. Forum, Hector Garcia continued his practice of medicine, often providing free medical care to those who could not afford it.

Hector Garcia once said that he did not deserve the awards that he had received, but appreciate them. Certainly, we all appreciate what Hector Garcia did for Mexican-Americans, my State of Texas, and for America.

Mr. Speaker and my colleagues, please join me in celebrating the life of an American whose dedication and work for equal rights for all people will never be forgotten.

TRIBUTE TO HARDING N. BOWMAN

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, since arriving in New York City during the African-American Renaissance period of the 1930's, Harding N. Bowman, a native of Bowman, SC, has dedicated his life to uplifting and empowering his community.

Most notably, in the 1950's, Mr. Bowman founded the Barbershop Owners Association while owning and operating three barbershops. In 1961, after moving to east New York, he was instrumental in organizing numerous community-based initiatives. Some of his key roles, to name a few, arising from such initiatives include: president, Council for a Better East New York; chairman, Community Redemption Foundation; treasurer, Citywide Council Against Poverty; director, United Negro and Puerto Rican Front; chairman, East New York Manpower; chairman, East New York Non-Profit Housing; executive director, East New York Community Corporation; and chairman, Jerome Street Block Association. In addition, for over 30 years, he has been an active participant in various New York City political organizations that have produced electoral success. While participating in these activities, Mr. Bowman has managed to earn certificates and degrees from Goddard College, Pratt Institute, Staten Island Community College, and the New York Training Institute.

Married to Phyllis Bowman for 47 years, he is a father of seven, a grandfather, and a great grandfather. At age 75, Harding Bowman continues to help the community by staying active and admonishing elected officials "not to forget where they came from." I am pleased to recognize his outstanding contributions and to introduce him to my colleagues.

THE 100TH ANNIVERSARY OF THE CHARLES COUNTY COURTHOUSE

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HOYER. Mr. Speaker, It is a great pleasure to bring to the attention of my colleagues the celebration of the 100th anniversary of the Charles County Courthouse in Maryland. Located in the town of La Plata with a unique history, the Courthouse has special meaning to the entire region.

Court was convened for the first time at the Charles County Courthouse on May 25, 1658, in what is currently referred to as Port Tobacco. In 1674, a building was erected at Moore's Lodge about one mile from La Plata. This building was abandoned in 1728 and the courts moved back to original dwellings in Port Tobacco. This was one of the earliest known communities on the east coast and it later became the site of Charles County Colonial government.

The courthouse was completed in 1729 at a cost of 12,000 pounds of tobacco. Destroyed by a windstorm in the early 1800's, a brick structure was built on the same site and occupied by 1820. A suspicious fire completely destroyed the courthouse, reportedly due to the controversy surrounding the proposed move of the county seat to La Plata. In 1894, the legislature approved moving the county seat and provided for a special election to determine the site. On June 4, 1895 La Plata was picked to become the county seat. Completed in 1896 under architect Joseph C. Johnson, a brick Victorian Gothic edifice was built on the present site.

This new courthouse changed little over the years, until the completion of the south addition in 1954. This addition was actually much larger than the original courthouse, easily doubling the size. The courthouse was dedicated with fitting ceremonies on October 2, 1954. In the mid-1970's, the rear of the 1896 building was extended in a typical 18th century style, completely covering the old structure. Today the courthouse is in continuous use, serving as one of the focal points of the growing Charles County region.

Mr. Speaker, I ask my colleagues to join with me in congratulating the fine people of Charles County on this momentous occasion and in wishing the best of luck for the courthouse and its occupants over the next 100 years.

CONGRATULATIONS TO DECATUR AIRPORT

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. POSHARD. Mr. Speaker, I rise today to congratulate the Decatur Airport, owned and operated by the Decatur Park District, on the occasion of its 50th anniversary of service to the community. Since its inception in 1946, the Decatur Airport has provided an excellent facility as a gateway to the national air transportation system and a vital link to the rest of the globe. Due to the airport's emphasis of superior safety and maintenance, public relations, and Federal grant administration, it is not surprising that this facility earned the coveted Airport of the Year awards from the State of Illinois in 1988, 1994, and again in 1996, its golden anniversary year.

The Decatur Airport serves not only the various facets of aviation—general and corporate aviation, military, scheduled passenger, and air cargo carrier services—but also as an economic engine for the community. The airport and the various businesses and agencies that call it home generate in excess of $35 million in total economic impact for the community of Decatur and the surrounding area, as well as providing employment for over 400 of its citizens.

Mr. Speaker, on August 31, 1996, the Decatur Airport will offer a 50th Birthday Party for the community to celebrate this half-century of progress with special events both on the ground and in the air for all to enjoy. I am proud to join with the citizens of Decatur and other airport users in congratulating the Decatur Park District on their foresight and efforts in developing the Decatur Airport into the superior facility it has grown to be. It is an honor to represent the Decatur area in the U.S. Congress, and I wish the airport continued success as it ventures into the 21st century.

ESTABLISH A 3-YEAR PILOT PROGRAM FOR KOREAN NATIONALS

HON. JAY KIM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. KIM. Mr. Speaker, I rise today—along with my colleague Mr. ABERCROMBIE—to offer legislation which would establish a 3-year pilot program that would waive the visa requirement of Korean nationals who travel to the United States in tour groups.

While I still believe that a bill that includes Korea in the overall Visa Waiver Pilot Program is the best answer, I realize there are still some obstacles that need to be worked out. Therefore the bill we introduce today is a good first step and I commend the gentleman from Hawaii for it.

My reasons for cosponsoring this legislation are twofold: First, the current situation at the U.S. Embassy's Consular Affairs office in Seoul is embarrassing and unacceptable. The problem stems from two counteracting forces: the lack of sufficient space and personnel in the Consular Affairs office and the ever increasing number of South Koreans requesting nonimmigrant, visitor visas.

Currently, the Consular Affairs office in Seoul is understaffed, over-worked and unable to meet the demands of reviewing over 2,000 visa applications per day. This unfortunate situation has resulted in extremely long lines of potential tourists to the United States who are growing more and more impatient, annoyed and disheartened with the way they are being treated.

During a recent trip to South Korea, I personally witnessed the most shameful treatment of human beings. One potential tourist told me that he had been waiting in line for 3 days. Three days. He had come all the way from the southern end of South Korea, since the United States does not have any other Consular Affairs offices in Korea. Another woman, who appeared to be in her thirties, explained her frustration at having to stand outside during a thunderstorm because there is no shelter from the elements available. I was personally ashamed, as I suspect many of my colleagues would have been, by these tales of inhumane treatment.

These are but two examples of the growing frustration and disappointment many South Koreans are vocalizing. This has resulted in a growing sentiment of discontent with the United States. They rightly point out that this is no way for friends to treat friends. If we are to retain our place in the hearts of the Korean people we must do something to reverse this trend. While I have been able to persuade the State Department to focus more resources in this area, and while the worst of these situations have been resolved—at least for the time being—there remains a tremendous backlog and frequent examples of frustrating delays and arbitrary rejections. Providing a visa waiver for tour groups would alleviate some of this problem.

My second reason for cosponsoring this legislation is pure economics. Currently, South Korea is the sixth largest trading partner with the United States. This has resulted in total United States exports equalling over $14 billion with a cumulative direct investment of over $1 billion by United States companies in South Korea. This ever growing market has allowed for a continued growth in personal incomes for the South Korean people. The net result has been an increased demand by Korean tourists to visit the United States.

According to the Travel and Tourism Administration, South Korean arrivals were expected to reach over 600,000 in 1995, up an astonishing 900 percent from the 1987 levels. Of the over 400,000 South Korean travelers who came to the United States in 1993, 35 percent came for vacations or holidays with another 35 percent coming to visit friends or relatives. Most of such travel has been to California, New York, Hawaii, Arizona, and Florida. With an estimated $1 billion in potential tourism dollars to spend, it is easy to see the importance of promoting easier access to the U.S. tourist market which has experienced considerable losses over the past few years. Simply put, more Korean tourists equals more business and jobs in the United States.

My home State of California is a perfect example of how important tourism is to the United States. According to the California Division of Tourism, California's travel and tourism industry generates $55.7 billion annually, which is 6.5 percent of the Gross State Product. Overall, California would rank eighth in terms of international tourism as a separate nation, ahead of Switzerland, Singapore, Mexico, Canada, and Japan.

On a more national front, travel and tourism is the third largest employer in the Nation after business and health services. In fact, travel exceeds the combined payrolls of the U.S. steel and motor vehicles manufacturing industries. Between 1983 and 1993, travel-related employment and payroll has steadily increase—with payrolls nearly doubling and the number of jobs rising 38 percent. These kinds of numbers only further the argument that travel and tourism will double in size over the next decade, resulting in more job opportunities for people throughout the world. The United States must work to ensure its place in the travel and tourism industry by opening our doors to an economy which has been growing continuously over the past decade—South Korea. America has always been the first choice of destination for almost all Koreans.

However, under the current situation of long lines and endless delays, many Koreans are fed up with waiting and are going instead to Canada—which has a waiver policy toward Korea—Europe or Australia. We stand to lose millions of dollars and thousands of American jobs because of our broken visa system.

The legislation we offer today would establish a 3-year pilot program that would waive the visa requirement for Korean nationals who travel to the United States in tour groups. Under the program, selected travel agencies in Korea would be allowed to issue temporary travel permits. The applicants would be required to meet the same prerequisites required by the U.S. Embassy.

This pilot program also includes additional restrictions to help prevent overstays. These include: The stay can be no longer than 15 days; The visitor must have a round-trip ticket; The visitor must pose no threat to the welfare, health, safety, or security of the United States; Tour operators must post a $200,000 bond with the Secretary of State, and will be penalized if a visitor fails to return on time; tour operators will be required to provide written certification of the on-time return of each visitor within the tour group; the Secretary of State or Attorney General can terminate the program if the overstay rate exceeds 2 percent.

This bill represents a strong first step in solving the visa backlog in Seoul.

I urge my colleagues to join Mr. ABERCROMBIE and me and cosponsor this legislation.

JOINT COMMISSION ON POLICIES AND PROGRAMS AFFECTING ALASKA NATIVES

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. YOUNG of Alaska. Mr. Speaker, I am pleased to offer legislation which will authorize a study to assist in the implementation of the recommendation of the Joint Federal/State Commission on Policies and Programs affecting Alaska Natives. This legislation is needed to address the social and economic crisis status of Alaska Natives.

In 1990, President Bush signed Public Law 101–379 which created a public commission funded jointly by Federal and State appropriations to complete a comprehensive study on the social and economic conditions of Alaska Natives and the effectiveness of programs and policies of the United States and the State of Alaska which provide services to the Alaska Native communities. This was in response to the 1989 report "Report on the Status of Alaska Natives: A Call for Action" published in cooperation by the Alaska Federation of Natives and the University of Alaska's Institute for Social and Economic Research. A 14-member commission was formed, half of whom were appointed by the President of the United States and the remainder of whom were appointed by the Governor of the State of Alaska.

The primary focus of the study was to provide an in-depth analysis, with specific recommendations to Congress, the President of the United States, the Alaska Legislature, the Governor of the State of Alaska, and the Native community on the social and economic conditions of Alaska Natives. The commission completed 2 years of research, public hearings, and task force discussions, and submitted its report to the Congress, the President of the United States, the Alaska Legislature, and the Governor of Alaska in May 1994.

Volume one of a three-volume report provides an overview and summary of 22 months of hearings, research, and deliberations. "Native Self-Reliance," "Native Self-Determination," and the "Integrity of Alaska Native Cultures" are the central fundamentals of the first volume. It also provides the historical causes of Native personal and cultural breakdowns. Also include in this first volume are statistics on Native social/cultural, judicial/correctional, economic, educational, physical/behavioral health problems. Finally, 34 main policy recommendations—plus an additional 76 recommendations—was submitted to the United States, and State of Alaska, the Alaska Native community and the general public.

Volume two provides a narrative text, data, and recommendations of five separate studies of Native problems conducted by the Commission's task forces: "Alaska Native Physical Health," "Social/Cultural Issues and the Alcohol Crisis," "Economic Issues and Rural Development; Alaska Native Education," and "Self-Governance & Self-Determination."

The final volume provides a full narrative text, data, and recommendations of two separate studies of Native public policy issues conducted by the Commission: "Alaska Native Subsistence," and "Alaska Native Tribal Government."

The Committee on Resources held a joint oversight hearing with the Senate Energy and Natural Resources Committee and the Senate Indian Affairs Committee to accept testimony on the Alaska Native Commission report dated May 1994 from the Alaska Native Community, the Governor of the State of Alaska, industry representatives and from the administration. Their testimony focused on recommendations provided by the Commission report on how to address the extremely volatile social and economic conditions of Alaska Natives. This legislation is the outcome of the testimony accepted by all entities in the first step of addressing the crisis status of the Alaska Natives.

NATIONAL GUARD'S ROLE IN THE FIGHT AGAINST DRUGS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. GILMAN. Mr. Speaker, the illegal production, transportation, sale and use of drugs has caused widespread concern both in domestic and international circles. Unfortunately, illicit drugs are a lucrative business, with the total volume of drug trading estimated by some at many billions each and every year. Indeed, according to data released by the National Guard, the retail value of illegal drugs may now exceed international trade in oil, and is second only to the arms trade. The complex problems arising from drug abuse cannot be underestimated, and we need all of our government entities to unite in fighting this scourge.

The National Guard Bureau's Counterdrug Directorate is one entity that has done excellent work in combatting the spread of illicit substances in our schools and on the streets. Its citizen soldiers in our local communities, play a key role in support of local law enforcement, and local community action to battle illicit drugs and drug abuse, especially by our young.

The National Guard's supportive role is essential. They provide direct support to local and Federal law enforcement agencies, along with drug reduction activities in our schools, and in over 3,700 communities in the United States.

The National Guard Bureau Counterdrug Directorate serves to provide world-class counterdrug support to local, State, and Federal drug law enforcement agencies. Their expertise in the field of counter drug production, smuggling, and sale is being increasingly relied upon, not only by domestic agencies, but also by international law enforcement agencies as well.

Perhaps the National Guard's success lies in the premise that the Bureau permits civilian citizen soldiers to take a proactive role in confronting one of our greatest social problems, and thus contributing toward the quality of life in their local communities, and in our society overall.

The National Interagency Counterdrug Institute [NICI] is just a small example of the efforts made by the National Guard to train military organizations, civilian agencies, and community organizations in coordinated, and effective counter drug efforts. The goal is to improve the efficiency of support for civil authorities, and the National Guard has proven itself to be more than equal to this important challenge.

Indeed, the National Guard also provides critical, technical, and general support to law enforcement agencies, such as intelligence analysis, engineering support, language assistance, and cargo inspection. Their function does not end there, for the Guard will assist with aerial reconnaissance, and drug education efforts as well.

My own bill—H.R. 3524—introduced on May 23, 1996, would expand the role of the National Guard in helping the Immigration and Naturalization Service [INS] to efficiently and economically transport for eventual deportation, those criminal aliens who have violated a Federal or State law prohibiting or regulating illegal substances. In instances such as these, the National Guard must be legally authorized by Congress when the desire arises, to fly these convicted illegal immigrants, linked to drugs, to Federal deportation centers for the processing out of our Nation. My bill will allow the National Guard to complete this necessary and essential job, and thus expediting the process of ridding our society of those who engage in the trade or promotion of illicit drugs, which threaten our communities and future generations.

TRIBUTE TO DR. HECTOR GARCIA

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise in remembrance of a great man of Texas. The passing of Mr. Hector P. Garcia of Corpus Christi was a significant loss to the State of Texas and to Mexican-Americans throughout the Southwest.

Dr. Garcia was a caring physician and a leader in the postwar struggle for Hispanic civil rights. He was the first Mexican-American appointed to serve on the U.S. Commission on Civil Rights. In 1984, he was awarded the Presidential Medal of Freedom.

In 1954, the American GI Forum, of which he was the founder, joined with the League of United Latin American Citizens to send a team of attorneys to successfully argue a case before the U.S. Supreme Court. The decision cleared the way for Hispanics to serve on trial juries.

A veteran of World War II campaigns in North Africa and Italy, Dr. Garcia always held America to its promises. He first gained national prominence because of a civil rights case in Three Rivers, TX. A funeral home there denied the use of its chapel to the family of a Mexican-American soldier who had been killed in the Philippines 4 years earlier and whose remains had just been transported to Texas for burial. Through the efforts of Dr. Garcia and then Senator Lyndon Johnson, the young Mexican-American was buried with full honors in Arlington National Cemetery.

With his passing, Texas has lost a great civil rights leader, and a great man.

HAPPY 50TH WEDDING ANNIVERSARY TO MR. AND MRS. FRANK FARRELL

HON. CHRISTOPHER COX

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. COX of California. Mr. Speaker, today I rise in celebration of the 50th wedding anniversary of Mr. and Mrs. Frank Farrell of Naples, FL.

Frank and Floria were both born and raised in Minnesota. Frank, a native of Duluth, and Floria, a native of Hibbing, were married in 1946.

During World War II, Frank served as a fighter pilot in the southern Pacific theater. Altogether, he flew 33 combat missions in his P–51 Mustang.

After the war, Frank returned to school and graduated from the University of Minnesota Law School in 1948. Upon graduation, he went to work for what was then the Northern Pacific Railroad and would later become the Burlington/Northern Railroad. During his long and distinguished career, he ran the law department and eventually retired as senior vice president of law in the early 1980's.

Frank and Floria were active in Minnesota politics for many years. Frank served as a member of the Minnesota GOP State Central Committee and eventually ran for the Minnesota House of Representatives in 1956 and the U.S. Congress in 1958.

In addition to his work in party politics, Frank led the fight to get the Minnesota State Legislature to reapportion itself. At the time, the metropolitan areas of Minnesota were growing rapidly. Yet, the State legislature was apportioned so that the per capita representation of the metropolitan areas was about one-third to one-half of the rest of the State. The legislators from the nonmetro areas refused to change the apportionment. This decision was a severe drain on the higher tax-assessed and underrepresented Twin Cities metro area counties. Frank's case, McGraw versus Donovan, eventually was instrumental in forcing the legislature to reapportion itself. A group in Tennessee later used Frank's briefs and strategy in their own case, Baker versus Carr, which went all the way to the U.S. Supreme Court. For his work on reapportionment, Frank was nominated for a Lasker Award.

Throughout the years, Frank and Floria have also been very active members in the community. Frank served on the board of directors of the Minnesota Chapter of the American Red Cross and on the board of the directors of Alina, one of the largest health maintenance organizations in Minnesota. In addition, he was chairman of the St. Paul Civic Center Authority which built the multimillion-dollar civic center in St. Paul. He also served as vice president of Junior Achievement in St. Paul and as president of the Ramsey County Bar Association.

Upon retirement, Frank and Floria moved to Naples, FL, where they have both remained active in community affairs.

Frank and Floria raised their three children, Frank, Mary Jane, and Alfred. They also are the proud grandparents of five grandchildren.

Mr. Speaker, on behalf of their children, grandchildren, and many friends, I wish Frank and Floria a happy golden wedding anniversary in the hopes of many more to come.

JAMES FRED BOONE

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. RICHARDSON. Mr. Speaker, it is with great respect and admiration that I honor today a fellow New Mexican and great American, James Fred Boone of Portales.

Fred Boone greatly distinguished himself during World War II in connection with military operations against an armed enemy of the United States on the Kumagaya, Japan, raid of August 15, 1945. Then Lieutenant Boone demonstrated an exceptional act of courage by putting himself in an extremely dangerous position, including risking his life. To assure the safety of his entire bomber group, he attempted to trigger electronically some of the bombs that failed to release in an aircraft. When Lieutenant Boone attempted to go through the bulkhead door, the wind blast was so strong that he opted to go to the front of the aircraft. In order to accomplish this, he had to cross over the mid-window section which he could not do with his parachute on. He, therefore, removed his parachute and entered the forward bay with the bomb bay doors open. Lieutenant Boone then pried the bombs loose with a screw driver, in an awkward position of practically standing on his head, while the crew watched in suspense. His valor and courage will never be forgotten.

I invite my colleagues, all New Mexicans and the entire Nation, to join me in paying tribute to this very great America. His valor and courage will never be forgotten.

TRIBUTE TO FOUR PILLARS OF THE ART COMMUNITY

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise to recognize four pillars of the local art community who were honored by the Dallas Visual Art Center. This distinction was presented by the Dallas Visual Art Center to individuals who have contributed to the advancement of the visual arts in Texas. The four recipients of this award are: Mr. Raymond D. Nasher, art collector; Mr. Barney Delabano and Mr. Octavio Medellin, both artists; and Patricia Meadows, the center's cofounder—who received special recognition.

In Dallas, we enjoy a rich heritage of philanthropy. We live in a giving community, and all four of these gifted individuals believe in giving back to the community. Together, the honorees represent the necessary components of a cultural community—the teacher, the artist, the patron, and the promoter.

PASTOR TO MANY, FRIEND TO ALL

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STUPAK. Mr. Speaker, it is with great pride that I bring to the attention to the U.S. House of Representatives and this Nation not just the announcement of the retirement of an outstanding member of the clergy in my Northern Michigan congressional district, but that I have the opportunity to relay to you the many contributions that Reverend Edwin J. Frederick has made to his faith, community, and priesthood.

Most affectionately known to all as Father Fred, he attended grade school and high school in his home town of Grand Rapids and later earned a Bachelor's degree at Sacred Heart in Detroit. Post graduate work earned him a Masters degree in Philosophy and Theology at Grand Seminary, Montreal, Quebec, Canada. On June 3, 1950, he was ordained a Roman Catholic priest.

During the 1950's, Father Fred was assigned to various churches in Michigan including Sacred Heart in Mt. Pleasant, St. Joseph's Church in Manistee, St. Michael's in Muskegon, and Our Lady of Assumption in Rothbury. After completing one year at the Carmelite Monastery in Traverse City in 1960, Father Fred was then assigned to the Traverse City Regional Psychiatric Hospital where he remained from 1959 until the hospital closed in 1989.

For the past six years, Father Fred has served as Pastor of St. Joseph's parish in Mapleton, MI. It has been at St. Joseph's Parish where Father Fred has done his best work. As pastor, he has made numerous physical improvements to the parish and provided accessibility to the facilities for the physically impaired.

Father Fred has touched many, many people over the years, but no one will question the tremendous influence he has had on and the love he has for children. He has baptized over 200 children in his last six years at St. Joseph's and truly considers them to be the lifeblood of the church and her future. The children of the parish, like the adults there and elsewhere, consider Father Fred to be more than their priest: they think of him as their friend.

Father Fred has truly made his mark on society with his extensive work and effort on behalf of the needy. After the hospital closed in 1989, he founded the Father Fred Foundation, an organization that provides food and clothing to those in need. The foundation has gown from what was a very small office to what is now a large building with over 100 volunteers. Fortunately for the foundation, he will continue to serve as its director after his retirement.

Father Fred reminds us every Thanksgiving that it is better "to serve than to receive" by hosting dinner at one of the area's finest restaurants, not for his parishioners, but for the needy. Father Fred recruits elected government leaders, community and business leaders as servers for his guests.

Father Fred has been recognized by numerous organizations for his work, including the Traverse City Chamber of Commerce who presented him in 1991 with the Distinguished Service Award. He is also the recipient of the Sara Hardy Memorial Award in recognition of his work on behalf of human rights.

In the book of Hebrews it states, "one does not take this honor on his own initiative, but only when called upon by God, as Aaron was * * * you are a priest forever." Father Fred has been called by God to be a spiritual leader and a humanitarian and has fulfilled each of those callings now and forever.

Mr. Speaker, Father Fred will be honored at a retirement dinner on August 11, 1996 at the Grand Traverse Resort in Traverse City, Michigan. At that time, past and present parishioners, friends and family will thank him for all that he has done for them and so many others. On behalf of northern Michigan, the entire State and this House, I thank Father Fred for his contributions to so many causes and extend to him best wishes for an enjoyable retirement from the church and for many years to come as Director of the Father Fred Foundation.

HONORING RAUL S. VARGAS

HON. ED PASTOR

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PASTOR. Mr. Speaker, it is with great pleasure that I rise today to pay special tribute to a lifelong friend and colleague, Mr. Raul S. Vargas, director of the University of Southern California Mexican American Alumni Association as we celebrate 25 years of his valuable service to Hispanic students pursuing a higher level of education.

Born on May 21, 1939 in Lordsburg, NM, to a family of coppermine workers, Mr. Vargas lost his father at the age of 2 in a tragic underground mining accident. His mother remarried and in 1944, his family resettled in a low-income complex in Miami, AZ—the place where he and his five siblings were raised. After his early years of schooling in Miami, his family relocated to San Manuel, AZ, in 1957. While in high school, he played the trombone, served as student body vice president, and was also a star basketball player for the Miami Vandals. After graduating high school, he moved on to Arizona State University where he received a degree in business administration in 1961.

Shortly after graduating from ASU, he served a 3-year tour of duty with the U.S. Army in Berlin. He returned to Arizona State University during 1964 to complete his teaching credentials. He obtained his teaching credentials in 1966 and began a distinguished career teaching in math and Spanish at the junior high school level in Ontario, CA.

In 1970, Mr. Vargas witnessed the Vietnam antiwar demonstrations and the East Los Angeles riots which inspired him to pursue social causes at the community level. His passion for fostering better relations between civic leaders and community members led him to work at the Rio Hondo Area Action Council [RHAAC] where he handled community action programs. However, his yearning to teach and work one-on-one with students led him back to the education sector where in 1971, he joined the faculty and staff of the University of Southern California.

It was at USC where he began working at the department of student affairs and services as director of the USC Mexican American Alumni Association. Mr. Vargas began primarily as an academic adviser providing guidance and counsel to students, who were primarily first-time college graduates of their respective families. He found these college students to be talented and hardworking who were often hampered by the financial constraints of a college education. Recognizing the impact of such constraints, he concluded that this was the source of high college dropout rates for Hispanic students.

Realizing the issue was not being addressed, Mr. Vargas decided to do something about the situation. In 1974, he set up a series of meetings with USC alumni, faculty, business and civic leaders, and students which established the foundation of the USC Mexican American Alumni Association Scholarship Fund. Today, the USC–MAAA Scholarship Fund exceeds $5.0 million dollars and has assisted over 3,500 students at both undergraduate and graduate levels. Because of his determination and hard work, Mr. Vargas did much more than fulfill his desire to help young students pursuing higher education—he committed his life to it and has changed peoples lives forever.

It was at Arizona State University where I met and shared a room with Mr. Vargas. Gradually, we developed a friendship that has grown and strengthened throughout the years on both a professional and personal level. As a former teacher myself, I commend Mr. Raul Vargas for having the vision to change individual lives, the courage to make his dreams a reality, and the commitment to follow through with this plan for the past 25 years. I commend Raul Vargas for his hard work, determination, and invaluable contribution to our Nation's youth.

THE ECONOMY IS STRONG AND GROWING

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mrs. MALONEY. Mr. Speaker, this morning we were going to hold a hearing of the Joint Economic Committee to hear the July jobs report. It was canceled. And that's a shame—because the President has an economic record any President could be proud of.

After 3½ years of President Clinton, the economy continues to grow stronger and stronger. We've created more than 10 million new jobs—a faster rate of job growth than under any Republican administration since the 1920's. In our global economy, job creating exports have increased by one-third—up $162 billion. And today's job report, issued by the Bureau of Labor Statistics shows that we added 193,000 more jobs in July.

We have the highest rate of new business incorporations since World War II, with the Commerce Department reporting that our Nation's economy grew at an extremely healthy 4.2-percent annual rate from April through June, and with the lowest combined rates of unemployment, inflation, and mortgage rates since the 1960's.

Best of all for both working Americans and our fixed-income retirees under President Clinton we've sustained this growth while keeping inflation stable and low.

Mortgage rates are the lowest they've been in 30 years. The result: Millions of Americans have been able to purchase their first home, giving us the highest homeownership rate in 15 years.

Mr. Speaker, the current issue of Money Magazine reports: "The majority of Americans are better off on most pocketbook issues after 3½ years under [President] Clinton, who's presided over the kind of economic progress any Republican would be proud to post."

Barron's reports "In short, Clinton's economic record is remarkable. Clinton also rightfully boasted that, 'our economy is the healthiest that it has been in 30 years.'"

This record is no mere happenstance. It is the result of tough decisions. Under President Clinton, the deficit has been cut to $117 billion this year—the lowest deficit as a percentage of GDP of any major economy—and less than half of what it was when he took office.

In fact, were it not for the interest on the debt accumulated during the Reagan and Bush years, we would be running a surplus. Alan Greenspan said earlier this year that the deficit reduction in President Clinton's 1993 Economic Plan was "an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

On that other side, some are still talking about hundreds of billions of dollars in tax cuts for the wealthiest. President Clinton has proven that responsible deficit reduction that maintains our investments in research and development, in our cities, our kids, our schools, and infrastructure can work.

I do not believe the American people want a return to the pie-in-the-sky promises that built up this deficit in the first place. Today's jobs report is another indication that the President's economic plan is working.

The question the American people are facing is do we stay the course, or do we go back to the budget-busting policies of the 1980's. I, for one, truly believe the American people are beyond being fooled by false promises. Yes, there is work to be done, but they know we are headed in the right direction.

TIME FOR CONGRESS TO SPEAK OUT ABOUT THE PERSECUTION OF CHRISTIANS

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. WOLF. Mr. Speaker, in many countries of the world today, Christians live in fear. Fear for their lives and fear for their livelihood.

Worldwide persecution and martyrdom of Christians has increased and intensified to such an extent that more Christians have died for their faith in the 20th century than in all prior 19 centuries combined.

In some parts of the world, Christians are forbidden to practice their faith and are victimized by religious apartheid which subjects them to discrimination as well as inhumane and humiliating treatment. In several Islamic countries, converting to Christianity from Islam is punishable by death. In many countries today, Christians are imprisoned, enslaved, tortured, and killed simply because of their faith.

The Government of Sudan is waging a jihad against the Christian southern part of the country, enforcing Sharia'—Islamic law—against non-Muslim African Sudanese—torturing, starving, killing, and displacing over 1 million people and enslaving tens of thousands of its women and children. Today in Sudan, a human being can be bought for as little as $15.

Christians in China have experienced the worst persecution since the pre-Deng period in the 1970's. There are more documented cases of Christians in prison or in some form of detention in China than in any other country. Both Evangelical Protestant house church groups and Roman Catholics have been targeted and named "a principal threat to political stability" by the Central Committee of China's Communist Party. In recent months, in three separate incidents, three Chinese Christian leaders were beaten to death by Chinese authorities simply because of their religious activities.

In Pakistan last year, a 13-year-old boy was forced to flee the country after he was convicted under Pakistan's blasphemy law. His uncle, who was also convicted, was shot dead by someone in the angry mob that swarmed outside the courtroom.

In 1994, three Christians in Iran were kidnaped and murdered during 1994 as part of a crackdown on the Iranian Christian community.

In Vietnam and other countries, Catholic bishops and priests and Protestant pastors are routinely imprisoned, Bibles are confiscated and churches are raided.

There is also severe persecution of Christians in North Korea, Cuba, and some countries in the Middle East.

Leaders of the international Christian community have begun to speak out about this serious and growing problem. Pope John Paul II recently sounded a call against regimes that "practice discrimination against Jews, Christians, and other religious groups, going even so far as to refuse the right to meet in private for prayer," declaring that "this is an intolerable and unjustifiable violation not only of all the norms of current international law, but of the most fundamental human freedom, that of practicing one's faith openly."

The National Association of Evangelicals in January 1996 issued a "Statement of Conscience and Call to Action" subsequently endorsed by the Southern Baptist Convention, the executive council of the Episcopal Church, and the general assembly of the Presbyterian Church, United States of America. It pledged to "do what is in our power to the end that the Government of the United States will take appropriate action to combat the intolerable religious persecution now victimizing fellow believers and those of other faiths."

The World Evangelical Fellowship has declared September 29, 1996, and each annual last Sunday in September, as an international day of prayer on behalf of persecuted Christians. That day will be observed by numerous churches and human rights groups around the world.

Mr. Speaker, its time for Congress to speak out. I am introducing a resolution that would condemn the human rights abuses and denials of religious liberty to Christians around the world; strongly recommend that the President expand and reinvigorate United States international advocacy on behalf of persecuted Christians; encourage a reexamination of all U.S. policies that affect persecuted Christians; encourage the President to appoint a White House special adviser on religious persecution; and applauds the actions of the World Evangelical Fellowship in designating an annual day of prayer on behalf of persecuted Christians.

The United States has forcefully taken up the cause of other persecuted religious minorities. During the cold war, we repeatedly passed resolutions condemning the persecution of the Soviet Jews. In recent years, we have passed resolutions condemning the persecution of people of the Baha'i faith.

We have the ability to intervene in a similar manner for persecuted Christians. I urge my colleagues to cosponsor this important resolution.

H. RES. —

Whereas the worldwide persecution and martyrdom of Christians has increased and intensified to such an extent that more Christians have died for their faith in the 20th century than in all prior 19 centuries combined;

Whereas in many places throughout the world, Christians are restricted in or forbidden from practicing their faith, victimized by a "religious apartheid" that subjects them to inhumane, humiliating treatment, and are imprisoned, tortured, enslaved, and killed;

Whereas in some countries proselytism is forbidden, and extremist elements persist unchecked by the government in their campaigns to eradicate Christians and force conversions through intimidation, rape, and forced marriage;

Whereas in several Islamic countries conversion to Christianity from Islam is a crime punishable by death;

Whereas the militant Muslim Government of Sudan is waging a jihad (religious war) against the Christian southern part of the country, enforcing Shari'a (Islamic law) against non-Muslim African Sudanese, torturing, starving, killing, and displacing over 1,000,000 people, and enslaving tens of thousands of women and children. Today in Sudan, a human being can be bought for as little as $15;

Whereas Christians in China have experienced the worst persecution since the pre-Deng period in the 1970s. There are more documented cases of Christians in prison or in some form of detention in China than in any other country. Both Evangelical Protestant house church groups and Roman Catholics have been targeted and named "a principal threat to political stability" by the Central Committee of China's Communist party. In recent months, in separate incidents 3 Chinese Christian leaders were beaten to death by Chinese authorities simply for their religious activities;

Whereas an Islamic court in Kuwait has denied religious liberty to a convert from Islam to Christianity, and the judge recommended that he be put to death;

Whereas 3 Christian leaders in Iran were kidnapped and murdered during 1994 as part of a crackdown on the Iranian Christian community;

Whereas severe persecution of Christians is also occurring in North Korea, Cuba, Vietnam, and certain countries in the Middle East, to name merely a few;

Whereas religious liberty is a universal right explicitly recognized in numerous international agreements, including the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights;

Whereas Pope John Paul II recently sounded a call against regimes that "practice discrimination against Jews, Christians, and other religious groups, going even so far as to refuse them the right to meet in private for prayer," declaring that "this is an intolerable and unjustifiable violation not only of all the norms of current international law, but of the most fundamental human freedom, that of practicing one's faith openly," stating that this is for human beings "their reason for living";

Whereas the National Association of Evangelicals in January 1996 issued a "Statement of Conscience and Call to Action," subsequently commended or endorsed by the Southern Baptist Convention, the Executive Council of the Episcopal Church, and the General Assembly of the Presbyterian Church, United States of America. They pledged to end their "silence in the face of the suffering of all those persecuted for their religious faith" and "to do what is in our power to the end that the Government of the United States will take appropriate action to combat the intolerable religious persecution now victimizing fellow believers and those of other faiths";

Whereas the World Evangelical Fellowship has declared September 29, 1996, and each annual last Sunday in September, as an international day of prayer on behalf of persecuted Christians. That day will be observed by numerous churches and human rights groups around the world;

Whereas the United States of America since its founding has been a harbor of refuge and freedom to worship for believers from John Winthrop to Roger Williams to William Penn, and a haven for the oppressed, and has guaranteed freedom of worship in this country for people of all faiths;

Whereas, unfortunately, the United States has in many instances failed to raise forcefully the issue of anti-Christian and other religious persecution and international conventions and in bilateral relations with offending countries; and

Whereas, however, in the past the United States has forcefully taken up the cause of other persecuted religious minorities, and the United States has the ability to intervene in a similar manner for persecuted Christians throughout the world: Now, therefore, be it

Resolved, That the House of Representatives—

(1) unequivocally condemns the egregious human rights abuses and denials of religious liberty to Christians around the world, and calls upon the responsible regimes to cease such abuses;

(2) strongly recommends that the President expand and invigorate United States international advocacy on behalf of persecuted Christians, and initiate a thorough examination of all United States policies that affect persecuted Christians;

(3) encourages the President to proceed as expeditiously as possible in appointing a White House special advisor on religious persecution; and

(4) applauds the actions of the World Evangelical Fellowship in declaring an annual international day of prayer on behalf of persecuted Christians.

GENERALIZED SYSTEM OF PREFERENCES

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. NEY. Mr. Speaker, when the House debated budget reconciliation last October, I submitted a statement for the RECORD in support of the provisions in the bill to reauthorize the generalized system of preferences [GSP] duty-free import program. Today, the House will again debate this issue as part of a larger bill to raise the minimum wage. I would like to again reaffirm my support for the reauthorization of the GSP Program. This program was designed as a way to help less developed nations export into the U.S. market. The GSP Program allows duty-free imports of certain products into the United States from over 100 GSP-eligible countries. The bill wisely provides that import-sensitive products are not to be subject to GSP treatment. Ceramic tile is a clear example of an import-sensitive product and is exactly the type of product which should not be subject to lower tariffs under the GSP Program.

Imports have dominated the U.S. ceramic tile market for the last decade and they currently capture nearly 60 percent of the market. This extraordinary level of import penetration is a result, in part, of over 30 years of documented unfair predatory foreign trade practices including dumping, subsidies, Customs fraud, import diversion, and abuse of a loophole in the GSP. The American ceramic tile industry, though relatively small, is efficient and competitive at normal tariff levels.

From its inception in the Trade Act of 1974, the GSP Program has provided for the exemption of "articles which the President determines to be import-sensitive." In light of the history of unfair trade in ceramic tile and the significant and growing import participation in the U.S. ceramic tile market, the U.S. industry has been recognized by successive Congresses and administrations as import sensitive, dating back to the Dillion and Kennedy rounds of the General Agreement on Tariffs and Trade [GATT]. During this period the American ceramic tile also has been forced to defend itself from over a dozen petitions filed by various designed GSP-eligible counties seeking duty-free treatment for ceramic tile into this market. If just one petitioning nation succeeds in gaining GSP benefits for ceramic tile, then by law, every GSP beneficiary country is also entitled to GSP duty-free benefits for ceramic tile. If any of these petitions were granted, it would eliminate American tile jobs and could destroy the industry.

A major guiding principle of the GSP Program has been reciprocal market access. Current GSP eligible beneficiary countries supply almost one-third of the U.S. ceramic tile imports and they are increasing their sales and market shares. U.S. ceramic tile manufacturers, however, are still denied access to many of these foreign markets. Many developing counties maintain exclusionary tariff and nontariff mechanisms which serve to block the entry of U.S. ceramic tile exports into these markets. Industrial countries, including the European Union [EU], may use less transparent methods such as discriminatory product standards and testing methods to control their ceramic tile imports and, in some cases, to divert ceramic tile manufactured in third countries over to the U.S. market by imposing restrictions on those third-country exports to the EU.

I am in support of the reauthorization of the GSP Program and trust that import-sensitive products such as tile will not be subject to GSP.

PITTSBURGH'S CONTRIBUTION TO THE 1996 OLYMPICS

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. COYNE. Mr. Speaker, I rise to call attention to the contribution that one of my constituents, Mr. Peter Calaboyias, has made to the 1996 Centennial Olympic games in Atlanta.

Mr. Calaboyias, a resident of the Shadyside neighborhood in Pittsburgh, created the sculpture "Tribute" that adorns Centennial Park in Atlanta. Mr. Calaboyias, who is also an art instructor at Grove City College, is a very talented sculptor. He has spent years designing and creating this beautiful bronze sculpture, which features three Olympic athletes.

In this work, Calaboyias has highlighted the unchanging spirit of the Olympic games over the last 2,700 years by incorporating three separate athletes—one from ancient Greece, one from the first modern Olympic games in 1896, and one representing the present and future games—into his composition. The modern figure, incidentally, is a woman—to reflect the changing nature of the games as well as the values they share in common.

This outstanding sculpture is located in Centennial Plaza, the emotional focal point of the Olympic games. Consequently, it will be seen by millions of visitors—and by millions of television viewers—in the course of the games. After the games are over, "Tribute" will remain as a lasting reminder of the glory and human drama of the Centennial Olympics.

Mr. Speaker, this statue is a fitting tribute to the spirit of the Olympic games, and to the determination, skill, and camaraderie of the athletes who have competed in the Olympics over the millennia. I am honored that one of my constituents has made such an outstanding contribution to the Centennial Olympic games in Atlanta. I want to recognize Peter Calaboyias today on the House floor and commend him for creating this remarkable work of art.

BILL TO AMEND THE RESOURCE CONSERVATION AND RECOVERY ACT

HON. JOHN M. SPRATT, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SPRATT. Mr. Speaker, I rise today to inform my colleagues of a bill I'm introducing to toughen Federal laws regulating hazardous waste facilities. Hazardous waste treatment and disposal is regulated by the Resource Conservation and Recovery Act [RCRA]. Since RCRA was enacted in 1976, we have made dramatic progress in improving oversight of hazardous waste though a flexible regulatory structure in which States have the primary role in enforcing the statute. The bill I introduce today takes three simple, but powerful, further steps to assist State environmental agencies in protecting the environment from hazardous wastes.

First, the bill requires the Administrator of the EPA to certify that authorized State RCRA programs include standards for the siting of hazardous waste facilities. Currently, a number of States have no regular standards which guard against the placement of hazardous waste facilities in environmentally sensitive or unstable areas. These States operate on an ad hoc basis when making permitting decisions. But the ad hoc approach has two weaknesses. The public is left with little to no information to judge whether a particular site represents a true danger to public health, and business is left with little certainty as to which sites are likely to garner approval. Standards which preclude siting in places like flood plains, karst terrain, or over important aquifers will clear up this confusion for both parties. And the bill allows each State the flexibility to tailor standards to its own needs and conditions.

Second, it authorizes the States to fund their RCRA programs through permit fees, and requires the EPA to determine for each State the cost of fully maintaining its program. In many States, taxpayers are funding RCRA programs from general revenues. Not only is this unfair, since the burden of supporting oversight functions properly belongs to those who treat and dispose of the waste, but it often leads to underfunding of State programs. This bill provides every State the opportunity and the ability to recover these costs through permits fees in accordance with the polluter pays principle.

Third, the bill corrects the problem that owners of hazardous waste facilities who are currently violating State or Federal environmental laws are still legally eligible to receive and do receive new operating permits. The third part of my bill, called a good-guy provision, prevents any company which is violating State or Federal environmental laws from obtaining a permit for a hazardous waste facility. This provision provides a strong incentive for operators to obey laws designed to protect public safety and minimize environmental risks.

I have a particular interest in ensuring that hazardous waste facilities are safe because my congressional district is adjacent to a hazardous waste landfill in Sumter County, SC—the second largest hazardous waste landfill in the Southeast, and my district formerly hosted a hazardous waste incinerator in Rock Hill, SC, which is now a reprocessing facility. Both have experienced problems, and I believe facilities of this kind would benefit from stricter Federal laws. I know the general public would benefit. Similar situations exist in almost every congressional district in the country. That's why this legislation is appropriate and deserves the support of the entire Congress.

I believe this bill represents modest but important change in environmental law. Hazardous waste facilities will continue to pose a danger to our health and the environment, but this legislation can help minimize that risk.

ABANDONED AND DERELICT VESSEL REMOVAL ACT OF 1996

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. STARK. Mr. Speaker, today I am introducing the Abandoned and Derelict Vessel Removal Act of 1996. This act will provide the necessary tools to encourage the cleanup of a long-term public nuisance resulting from abandoned boats and barges found in the navigable waters of many communities in this country.

This issue centers on dozens of abandoned boats and other debris which has accumulated along the Guadalupe Channel, which surrounds the community of Alviso, CA. This concern was first brought to my attention by members of the San Jose City Council, the Alviso Master Plan Task Force and, most important, members of the Alviso community. These abandoned vessels have become a public health and safety hazard to both the community as well as to those that use the adjacent public waterways. Unfortunately, Alviso is far from the only community that suffers from this problem.

The Abandoned and Derelict Vessel Removal Act also make sense economically. Abandoned vessels do not just sit harmlessly by—these vessels are often used as an illegal dumping ground for hazardous materials. Cleaning up this mess is both expensive, time consuming, and places the health of the community in jeopardy. Between January 1988 and September 1991, the Federal Government spent $5.2 million to remove 282 abandoned vessels that blocked waterways. In that same time, Government spent nearly $5.7 million to clean up pollutants from just 96 abandoned vessels. This legislation would cut cleanup costs to the Government by more than 300 percent.

This legislation will establish clear authority to remove vessels left unattended in a public waterway that has not been designated as a harbor or marina for more than 45 days or those left unattended in an approved harbor or marina for more than 60 days. There are approximately 17 million recreational boaters using public waterways nationwide. It is estimated that this number will increase, on average, 4 percent per year. Given this substantial increase in waterway users, regulation becomes necessary.

This legislation empowers local authorities to keep public waterways clear while allowing boat or barge owners the opportunity to repair and remove vessels that are not actually abandoned. In addition, the removal of these derelict vessels will alleviate concerns regarding water quality and its impact on the public health of the local community.

This legislation will promote cooperation between interested local citizens, community groups, and government agencies in their joint efforts to preserve and protect the navigable waters of the United States, and it will return the power to take action to the communities and force boat owners to take responsibility for their vessels. A community could instigate action simply by petitioning a local elected official to notify the Secretary of the Army of the problem. Proceedings to notify the boat owner, and ultimately to remove the boat, would then be taken by the Secretary.

I urge my colleagues to support this legislation.

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Abandoned and Derelict Vessel Removal Act of 1995".

SEC. 2. DEFINITIONS.

In this Act, the following definitions apply:

(1) ABANDON.—The term "abandon" means to moor, strand, wreck, sink, or leave a vessel unattended for longer than 45 days.

(2) NAVIGABLE WATERS OF THE UNITED STATES.—The term "navigable waters of the United States" means waters of the United States, including the territorial sea.

(3) REMOVAL; REMOVE.—The term "removal" or "remove" means relocation, sale, scrapping, or other method of disposal.

(4) SECRETARY.—The term "Secretary" means the Secretary of the Army.

(5) VESSEL.—The term "vessel" includes recreational, commercial, and government-owned vessels but does not include vessels operated by the Coast Guard or the Navy.

(6) VESSEL REMOVAL CONTRACTOR.—The term "vessel removal contractor" means a person that enters into a contract with the United States to remove an abandoned vessel under this Act.

SEC. 3. ABANDONMENT OF VESSEL PROHIBITED.

An owner or operator of a vessel may not abandon it on the navigable waters of the United States. A vessel is deemed not to be abandoned if—

(1) it is located at a federally or State-approved mooring area;

(2) it is on private property with the permission of the owner of the property; or

(3) the owner or operator notifies the Secretary that the vessel is not abandoned and the location of the vessel.

SEC. 4. PENALTY FOR UNLAWFUL ABANDONMENT OF VESSEL.

Thirty days after the notification procedures under section 5(a)(1) are completed, the Secretary may assess a civil penalty of not more than $500 for each day of the violation against an owner or operator that violates section 3. A vessel with respect to which a penalty is assessed under this Act is liable in rem for the penalty.

SEC. 5. REMOVAL OF ABANDONED VESSELS.

(a) PROCEDURES.—

(1) IN GENERAL.—The Secretary, in cooperation with the Commandant of the Coast Guard, may remove a vessel that is abandoned if—

(A) an elected official of a local government has notified the Secretary of the vessel and requested that the Secretary remove the vessel; and

(B) the Secretary has provided notice to the owner or operator—

(i) that if the vessel is not removed it will be removed at the owner or operator's expense; and

(ii) of the penalty under section 4.

(2) FORM OF NOTICE.—The notice to be provided to an owner or operator under paragraph (1)(B) shall be—

(A) if the identity of the owner or operator can be determined, via certified mail; and

(B) if the identity of the owner or operator cannot be determined, via an announcement in a notice to mariners and in an official journal of the county (or other equivalent political subdivision) in which the vessel is located.

(3) LIMITATION ON LIABILITY OF UNITED STATES.—The United States, and any officer or employee of the United States is not liable to an owner or operator for damages resulting from removal of an abandoned vessel under this Act.

(b) LIABILITY OF OWNER OR OPERATOR.—The owner or operator of an abandoned vessel is liable, and an abandoned vessel is liable in rem, for all expenses that the United States incurs in removing the abandoned vessel under this Act.

(c) CONTRACTING OUT.—

(1) SOLICITATION OF BIDS.—The Secretary may, after providing notice under subsection (a)(1), solicit by public advertisement sealed bids for the removal of an abandoned vessel.

(2) CONTRACT.—After solicitation under paragraph (1) the Secretary may award a contract. The contract—

(A) may be subject to the condition that the vessel and all property on the vessel is the property of the vessel removal contractor; and

(B) must require the vessel removal contractor to submit to the Secretary a plan for the removal.

(3) COMMENCEMENT DATE FOR REMOVAL.—Removal of an abandoned vessel may begin 30 days after the Secretary completes the procedures under subsection (a)(1).

SEC. 6. LIABILITY OF VESSEL REMOVAL CONTRACTORS.

A vessel removal contractor and its subcontractor are not liable for damages that result from actions taken or omitted to be taken in the course of removing a vessel under this Act. This section does not apply—

(1) with respect to personal injury or wrongful death; or

(2) if the contractor or subcontractor is grossly negligent or engages in willful misconduct.

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out this Act such sums as may be necessary for fiscal years beginning after September 30, 1996. Such funds shall remain available until expended.

INTRODUCTION OF 50/50 WAIVER FOR THE WELLNESS PLAN

HON. JOHN CONYERS, JR.

OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Friday, August 2, 1996

Mr. CONYERS. Mr. Speaker, I am pleased to join my colleagues from Michigan in sponsoring legislation which will provide an opportunity for The Wellness Plan, a well-established HMO headquartered in Detroit, to enroll Medicare beneficiaries. This plan inadvertently has been frozen out of enrolling Medicare beneficiaries since January 1996 through a health care prepayment plan contract because of a technical change in the Social Security and Technical Corrections Act of 1994.

State-licensed as a 501(c)(3) not-for-profit HMO since 1975, and federally qualified since 1979, The Wellness Plan has been recognized as a model quality Medicaid managed care plan by national leaders, including President Bush and two former secretaries of the Department of Health and Human Services. The Wellness Plan is a model of the type of HMO into which our Government would like Medicare beneficiaries enrolled because it has a proven record with both the Medicaid and Medicare Programs. I urge that the House leadership advance this bill in this Congress so that we do not delay any further the enrollment beneficiaries into this plan.

THE GAMES WOMEN WIN

HON. CARDISS COLLINS

OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Friday, August 2, 1996

Mrs. COLLINS of Illinois. Mr. Speaker, I have been watching the 1996 Summer Olympics with a great deal of pride and admiration. I might even say that I have swelled with pride at the marvelous athletic ability demonstrated by all the athletes from the United States. I have almost burst with pride for the women athletes who have risen to the rolls of honor among athletes. We are a little over halfway through the events for these 1996 Summer Olympics and I would like to read the names of the medal-winning women athletes representing the United States through July 30, 1996:

Angel Martino, 2 bronzes; Allison Wagner, silver; Amanda Beard, 2 silvers; Beth Botsford, gold; Whitney Hedgepeth, 2 silvers; Kim Rhode, 2 golds; Amy Van Dyken, 2 golds; Brooke Bennett, gold; Dana Chladek, silver; Mary Ellen Clark, bronze; Gail Devers, gold; Gwen Torrence, bronze; Amy Chow, silver; Shannon Miller, gold; and Dominique Dawes, bronze.

U.S. women's team—swimming: 400-meter freestyle relay, gold; 400-meter medley relay, gold; and 800-meter freestyle relay, gold.

U.S. women's gymnastics team, gold.

U.S. equestrian team—women: Team 3-day event, silver.

Team dressage, bronze.

U.S. women's rowing team—four without coxswain, silver.

Lightweight double sculls, silver.

These medal winners are representative of the women athletes that make up 42.4 percent of the U.S. competitors at the 1996 Summer Olympics. Imagine 42.4 percent, almost as many women as men competing in the Olympics on U.S. soil. Many of us know that there were fewer events available in which women could participate during most of Olympic history. In fact, until the passage of title IX in 1972, there were fewer women athletes to compete. These 1996 Summer Olympics are a tribute to all the dreams, sweat, and tears of all athletes, their parents, partners, and coaches. I stand today to honor all that these medals represent.

RESTORING FAIRNESS TO BARLEY PRODUCERS

HON. EARL POMEROY

OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Friday, August 2, 1996

Mr. POMEROY. Mr. Speaker, I rise today to introduce necessary legislation to correct a grave error in the 1996 farm bill. The bill I am introducing today will make good on the promises made to barley producers during the farm bill debate earlier this year. North Dakota barley growers were promised a transition payment of 46 cents per bushel under the production flexibility contracts. From November until April this estimate stood as the payment barley producers expected from participation in the new program. Many made financial and planting plans based on this figure.

Once the new farm bill was signed into law, however, barley producers discovered an error had been made in estimating the payments. Barley producers found they would now be eligible for a 32-cent payment, over a 30-percent decrease from the promised amount, and a much steeper decrease from the estimates promised to producers of other commodities. In my State of North Dakota, the Nation's leading barley producing State, this error will cost farmers $13 million. Nationwide, this error amounts to over $30 million in lost income to barley producers.

The bill I am introducing today along with Representatives JOHNSON of South Dakota and WILLIAMS of Montana will increase the amount allotted for barley contract payments by $35 million. This is the amount necessary to fulfill the promises made and restore equity to barley producers. We do not reduce the amounts available to other commodities through this action. We only increase the amount available to our Nation's barley putting them on even footing with their counterparts who grow other commodities.

The new farm bill promised 7 years of payments in exchange for the elimination of the historical safetynet. We are beginning to find out now what those promises were worth. I urge my colleagues to support this measure which forces Congress to make good on its promises to the American barley grower.

EXPLOSIVES FINGERPRINTING ACT

HON. THOMAS J. MANTON

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Friday, August 2, 1996

Mr. MANTON. Mr. Speaker, I rise today to voice my sadness and outrage over the bombing at the Centennial Park in Atlanta. My thoughts and prayers are with the families and friends of those injured or killed in the blast.

Living in fear of random acts of terrorism is relatively new for Americans, but sadly, it has become a reality. After a series of terrorist attacks, we can no longer presume our safety is guaranteed.

Mr. Speaker, while comprehensive terrorism legislation has passed Congress and been signed into law by President Clinton, we must take additional steps to prevent future terrorist acts from occurring. In 1993, I introduced the Explosives Fingerprinting Act in response to the World Trade Center bombing. This bill would require that explosive manufacturers introduce high-technology additives into explosives that will give them identifying "signatures" which would tell our law enforcement officials when and where they were made. President Clinton has expressed his support for the use of these chemical taggants in explosive material.

Mr. Speaker, Americans are being murdered. Our citizenry is at risk. We must not let the gun lobby or any other special interest groups deny our law enforcement agents powerful antiterrorism tools.

[From the Daily News, July 30, 1996]

TRACING GUNPOWDER BOMBS WITH GOP POLS

(By Jim Dwyer)

You may not realize the sacred status of the black gunpowder that was stuffed into pipes and exploded in front of the world this weekend. But black powder is holy stuff, by decree of Congress.

Even though it is possible to put chemical "tags" into black powder so it can be traced back to the seller, it is against the law for the government to even study using those tags.

That makes the average pipe bomb into an American sacrament.

And if you thought one bomb in Atlanta might change that, check out yesterday's White House meeting on terrorism.

Minutes after the TV cameras were turned off, it became clear that the Republican leaership—Newt Gingrich, Trent Lott and elder statesman Orrin Hatch—would not yield an inch on tags for black powder, a source at the meeting said.

I have to go back to the members who didn't want tags before, said Gingrich, who lives in Georgia, home of the world's most famous pipe bomb.

The tags may not be safe, said Lott, the Senate majority leader.

Meanwhile, Hatch, from Utah but apparently lost in space, thought the key to stopping terrorism was not tracing explosives, but cutting back a defendant's right to an attorney during questioning.

Here are the facts.

For nearly two decades, it has been possible to place tiny chemical tags, known as taggants, into explosive materials as they are being manufactured. The tags are like the lot numbers on a package of aspirin. They show the name of the company that made them, and what batch they came from.

The chemical tags are not destroyed by the explosion, so investigators could use them to trace the bomb material to the place where it was sold.

A few months ago, a major anti-terrorism law was passed by Congress and signed by President Clinton. It included money to study the chemical tags used in identifying some explosives—like TNT and plastic.

But the far right of the Republican Party flat-out refused to permit the study of tagging black powder. Why? The National Rifle Association is absolutely opposed to tagging black powder because it is used by sports shooters to pack their own shotgun shells. For the NRA, tagging powder is a half-step away from bullet control, and then we would hurtle down the slippery slope to more gun control.

The NRA has a freshman congressman named Robert Barr of Georgia to defend it on every issue.

For months, Barr wrestled with Henry Hyde, a veteran and very conservative Republican congressman, on the issue of tags. At one point, Hyde blurted out that tags were being blocked by "arch-conservatives . . . who seemed insensitive to the advances [of terrorists] and are unwilling to let our law enforcement people catch up to them.

"I want my party to be the party of law and order, as it always has been, and not the party of the militias."

In the end, Hyde was defeated on a study of tags for black powder.

Right now, black powder is the explosive material in more than half of the bombs investigated by the Federal Bureau of Alcohol, Tobacco and Firearms. So refusing even to study tags for black powder is a big victory for dangerous psychos. But it is also a win for the militia-type extremists who view ATF agents as jackbooted thugs bent on destroying the constitutional right to bear arms.

In the last hours of the debate on the terrorism bill, Rep. Charles Schumer, a Brooklyn Democrat, was able to include language that permitted a study of tagging other explosives—like dynamite and plastics.

The Republicans went along with the idea of a study, as long as it excluded black powder—although they provided a total of zero ($00.00) dollars for the study in the federal budget.

Yesterday, the NRA and the Republican leadership stuck with their line that tags in black powder might make them unsafe. "We do not believe you're going to achieve public safety by introducing a safety hazard into millions of U.S. homes," said NRA spokesman Tom Wyld.

"There isn't a reliable piece of evidence that shows the taggants are unsafe," said Richard Livesay, their inventor.

"If the tags aren't safe, a study will show that," said Schumer. "But when the right-wing rabid forces don't want something in, this Congress just bows and scrapes and goes along."

This is not only catching bomb nuts—it's about making it just a little more difficult for them.

"If taggants applied to black powder, it would have been a real deterrent to those who set off this pipe bomb in Atlanta," said Schumer.

[From the Wall Street Journal, July 31, 1996]

TRACING EXPLOSIVES THROUGH TAGGANTS DRAWS HEAVY FIRE FROM GUN LOBBIES

(By John J. Fialka)

WASHINGTON.—The nation's gun lobbies are blazing away at one of President Clinton's new antiterrorist proposals—to put tiny plastic markers called taggants in explosives and gunpowder.

Taggants are color-coded identifiers that allow authorities to trace explosives back to the retailer, which could ultimately lead to the buyer. Originally developed in the U.S., taggants have been used for 11 years in Switzerland. According to Microtrace Inc. of Minneapolis, Minn., which manufactures them, Swiss police have used the microscopic markers to trace the source of explosives in more than 500 cases of bombing or illegal possession of explosives.

The gun lobbies, however, consider taggants an invasion of privacy as well as a potential safety hazard.

"We need to be registering politicians, not citizens," asserts Larry Pratt, executive director of 150,000-member Gun Owners of America. He claims the use of the markers is a hidden form of gun registration that won't thwart terrorists.

"I don't believe you achieve safety by introducing hazards into the homes of millions of Americans," argues Tom Wyld, a spokesman for the National Rifle Association, which claims three million members.

The gun owners' chief concern is putting taggants into two types of gunpowder, smokeless and black powder, which are used by some three million hunters and marksmen who buy powder in bulk to load their own ammunition. There are also a small group of hunters and war re-enactors who use black powder in antique rifles. As in last weekend's terrorist incident at the Olympics in Atlanta, which killed one person and injured more than a hundred, gunpowder can also be used to make crude pipe bombs.

According to Mr. Wyld of the NRA powder containing the taggants could cause a "catastrophic failure" in some guns, causing bullets not to explode properly. But Charles Faulkner, general counsel of privately held Microtrace, said: "We don't know of any case where a premature explosion was caused by taggants."

The NRA, one of the strongest and most free-spending lobbies in Congress, wants an independent study of taggants before any commitment is made. Taggants have been under consideration since the late 1970s.

On Monday, President Clinton proposed a $25 million, six-month Treasury Department study of the taggants, which are designed to survive an explosion. If found to be safe, the Treasury would order manufacturers to put them in all explosives, including black and smokeless powder. Mr. Clinton said yesterday, however, that if lawmakers can't agree on the taggant issue, he would be willing to put it aside for now.

Taggants, which are also opposed by the Institute of Makers of Explosives, were tested by Congress' former Office of Technology Assessment in 1980 and found to be "compatible" with most explosives. The OTA, however, found they could cause "increased reactivity" with at least one form of smokeless powder.

The markers were also studied by Aerospace Corp., an Air Force-funded research company, which found they caused no hazard to explosives or gunpowder. Referring to the explosive manufacturers' opposition, Gerald H. Fuller, a physicist who worked on the Aerospace study, called it "pure bunk, pure smoke screen." He asserted that the real reason companies that make and use explosives oppose taggants is the legal liability they could incur if explosives are traced back to them.

"If their products are stolen and used in bombings and can be traced back, they're going to be subject to lawsuits, and this bugs them," he said.

J. Christopher Ronay, president of the Institute of Makers+ of Explosives, couldn't be reached for comment. Mr. Ronay, who formerly headed the Federal Bureau of Investigation's bomb laboratory, has claimed that the industry is opposed to the addition of taggants because it will drive up manufacturing costs and amount to a "hidden tax" of $700 million a year on the products of mining and quarrying industries—the primary users of explosives.

PERSONAL EXPLANATION

HON. CHAKA FATTAH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FATTAH. Mr. Speaker, I request that you please record my vote for final passage of H.R. 123, during the markup of the Language of Government Act on Wednesday, July 24, 1996. I was unavoidably detained at a prior commitment, and when I returned, the final vote had been taken.

Had I been present, I would have voted "no" on final passage.

TRIBUTE TO ROBERT FOERSTER ON HIS RETIREMENT

HON. PAUL E. GILLMOR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. GILLMOR. Mr. Speaker, I rise today to pay tribute to Colonel Robert Y. Foerster, an outstanding individual and a fine soldier, who is entering civilian life after a distinguished career in the United States Air Force.

Since August of 1990, Robert Foerster has served as Director of Admissions for the United States Air Force Academy in Colorado Springs. Robert has worked tirelessly assisting candidates and their families as well as Congressional staff members to work within the USAFA Admissions process to identify, nominate and offer appointments to a select few of the best and the brightest of our high school seniors.

Robert Foerster is a Baltimore native. Robert graduated from University Military School in Mobile, AL in 1960 and after one year at Michigan State, entered the U.S. Air Force Academy. Upon graduation from the Academy, he was commissioned a second lieutenant and entered pilot training in Texas. Colonel Foerster earned a master's degree in business administration from Inter American University, Puerto Rico, in 1971. He attended Squadron Officer School in 1972, the Naval College of Command and Staff in 1976, and the National War College in 1980.

Robert Foerster has received numerous military decorations, including the Legion of

Merit with three oak leaf clusters, Distinguished Flying Cross with oak leaf cluster, Meritorious Service Medal with oak leaf cluster, Air Medal with five oak leaf clusters, and Air Force Commendation Medal with oak leaf cluster.

Mr. Speaker, Robert Foerster's distinguished military service is a model of patriotism and citizenship. I ask my colleagues to join me in wishing Robert, his wife Sheila, his daughters Janet, Leslie, Katrina and his son Mark well as the Foerster family begins this new chapter in their lives.

May they fully enjoy the blessings of peace and freedom that Robert Foerster has so ably defended as an officer in the United States Air Force.

SALUTE TO GIRL SCOUT CHRISTY WILLEY

HON. SHERWOOD L. BOEHLERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BOEHLERT. Mr. Speaker, today I would like to salute an outstanding young woman who has been honored with the Girl Scout Gold Award by Foothills Girl Scout Council in Utica, New York. She is Christy Willey of Girl Scout Troop 429. She is being honored on August 1, 1996 for earning the highest achievement award in U.S. Girl Scouting. The Girl Scout Gold Award symbolizes outstanding accomplishments in the areas of leadership, community service, career planning, and personal development. The award can be earned by a girl aged 14–17, or in grades 9–12.

Girl Scouts of the U.S.A., an organization serving over 2.5 million girls, has awarded more than 20,000 Girl Scout Gold Awards to Senior Girl Scouts since the inception of the program in 1980. To receive the award, a Girl Scout must earn four interest project patches, the Career Exploration Pin, the Senior Girl Scout Leadership Award, and the Senior Girl Scout Challenge, as well as design and implement a Girl Scout Gold Award project. A plan for fulfilling these requirements is created by the Senior Girl Scout and is carried out through close cooperation between the girl and an adult Girl Scout volunteer.

As a member of Foothills Girl Scout Council, Christy began working toward the Girl Scout Gold Award in 1994. She completed her project in the areas of Adapted Aquatics and Water Safety, and I believe she should receive the public recognition due her for this significant service to her community and her country.

MAHARISHI UNIVERSITY OF MANAGEMENT CELEBRATES 25TH ANNIVERSARY

HON. JIM LIGHTFOOT

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. LIGHTFOOT. Mr. Speaker, this year the Maharishi University of Management in Fairfield, IA, is celebrating its Silver Jubilee. The University was founded in 1971 by Maharishi Mahesh Yogi as Maharishi International University. In 1995, the original name was changed to Maharishi University of Management "to emphasize the importance of students' gaining the complete knowledge and experience of how to successfully manage all areas of life, both personal and professional." I congratulate the university on this milestone and as requested ask that the following be placed in the CONGRESSIONAL RECORD.

HIGHLIGHTS AND ACHIEVEMENTS

Maharishi University of Management was granted bachelor's and master's accreditation from the North Central Association of Colleges and Schools (NCACS) in 1980, and doctoral accreditation in 1982. Now, in its Silver Jubilee Year, the University is establishing itself as a truly global institution.

The rigorous and innovative curriculum offers academic excellence, development of consciousness and creativity, and a high quality of life, preparing students from all over the world to be leaders of their professions and their nations—competent to manage any challenge and to create a prosperous, progressive and peaceful world.

The research of its distinguished faculty has gained international recognition; faculty publish or present over 100 papers a year, many in prestigious referred journals. The University and faculty have received over 155 grants and contact totaling $18.3 million since 1977 from federal, state, and private sources, supporting research, development of new academic programs and infrastructure, endowment, and fellowships.

Graduates are enjoying successful careers in business, education, law, high technology, the health care professions, the arts, and the sciences. Of its 2,888 graduates, alumni have been accepted by over 130 graduate and professional schools, and have been hired by many leading corporations and institutions, or have become entrepreneurs founding their own highly successful companies. Many have established businesses in Iowa, contributing to the economic development of the state. Alumni are achieving a level of success higher than national norms as measured by their salaries.

Students achieve high scores on national examinations, and awards and prizes in competitions in art, literature, computer science, writing, management, and mathematics. The University's internship programs give students practical, professional training as part of their academic studies.

Consciousness Based Approach to Education. While students excel in a full range of traditional academic disciplines, they also develop their consciousness and unfold their full creative potential through systematic programs including the Maharishi Transcendental Meditation® and TM-Sidhi® program, including Yogic Flying. Research finds that, as a result of this unique educational system, students grow in intelligence, orderliness in brain functioning, self-development and creativity. Their physical and mental health improves, and they display high moral development.

One of Maharishi University of Management's greatest and ongoing achievements is to create a measurable influence of coherence, harmony and peace for the U.S. and the world, through Maharishi's technologies of consciousness. The University is the world's leading center of research on this phenomenon, which is known as the Maharishi Effect.

The University has pioneered in the development, application, and research on prevention-oriented health approaches for maintaining good physical and mental health throughout life.

Hundreds of students in India are currently enrolling in the University's distance education MBA programs, via videotaped courses, telephone conferencing, and the Internet.

Students at Maharishi School of the Age of Enlightenment, Maharishi University of Management's successful primary and secondary school, have won many Iowa state championships and awards in drama, history, science, creativity, spelling, and tennis; the school's classes characteristically score in the 95th percentile and above on standardized tests.

Since 1974, the Maharishi University of Management has been fortunate to find a home in the City of Fairfield, IA, a community rich in the natural beauty, dynamism, and good-heartedness typical of America's heartland. People from all over the world have been drawn to Fairfield because of the University's academic excellence, quality of life, and unique programs for the development of consciousness. The University has promoted very fruitful partnerships for progress in the community, working with the Fairfield Area Chamber of Commerce and the Fairfield Economic Development Association to attract and develop new businesses in the area, especially in high tech areas such as computer software and communications. Maharishi University of Management has contributed greatly to this vital and growing community, which the Honorable Terry Branstad, Governor of Iowa, has called the "economic superstar of Iowa."

It is evident by the above that the faculty, students, alumni, and community are proud of their contribution to our State, Nation, and world. I hope all will join me in offering warmest congratulations to Maharishi University of Management and to its founder, Maharishi Mahesh Yogi, on its upcoming Silver Jubilee celebration on September 12, 1996.

PREVENT TEEN PREGNANCY

HON. EVA M. CLAYTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mrs. CLAYTON. Mr. Speaker, I am pleased that we have established a congressional advisory panel to the National Campaign to Prevent Teen Pregnancy. This bipartisan, multiidealogical panel is an important step. During the 104th Congress, I have spoken out often and devoted more time and energy to teen pregnancy prevention.

The "Kids Having Kids" report recently released by the Robinhood Foundation gives the alarming costs and consequences of teenage childbearing. It shows that teenage childbearing costs U.S. taxpayers a staggering $6.9 billion per year and the cost to the Nation in lost productivity rises to as much as $29 billion annually. The consequences to the families and the children of these teen parents in health, social, and economic development are devastating.

Let me just list a few of the report's findings about children born to teenage mothers:

They are more likely to be born prematurely and 50 percent more likely to be born low birthweight than if their mothers had waited 4 years to bear them.

They are twice as likely to be abused or neglected.

They are 50 percent more likely to repeat a grade and perform significantly worse on cognitive development tests.

The girls born to adolescent moms are up to 83 percent more likely to become teenage moms themselves.

The sons of adolescent mothers are up to 2.7 times more likely to land in prison than their counterparts in the comparison group. By extension, adolescent childbearing in and of itself costs taxpayers roughly $1 billion each year to build and maintain prisons for the sons of young mothers.

"Kids Having Kids" is the most comprehensive report done on the costs and consequences of teenage pregnancy to parents, children, and society. This groundbreaking report graphically illustrates this financial loss in terms of social and economic costs to our Nation.

I commend this report to all of my colleagues as essential reading.

Yesterday, the House passed the welfare reform conference agreement, with the Senate expected to vote on it today. This welfare reform legislation will then be signed into law by the President. However, we should realize that this alone will not prevent or drastically reduce teenage pregnancy. A far more expansive effort will be required to motivate and encourage young people to take positive development options rather than the negative options that result in teen pregnancy.

We, in the House, missed an opportunity to make a statement about teen pregnancy prevention and to provide funding for the $30 million Teen Pregnancy Prevention Initiative requested in the Labor, Health and Human Services and Education appropriations bill. Thirty million dollars is less than one-half of 1 percent of the 6.9 billion tax dollars per year spent on teenagers once they become pregnant and give birth.

Each year approximately 1 million teenagers become pregnant. Once a teenager becomes pregnant there simply is no good solution to the problem. The best solution is to prevent the pregnancy in the first place.

Teenage pregnancy is a condition that can be prevented. It is critical that this Nation take a clear stand against teenage pregnancy. Devoting more energy, resources, and funding to preventing teen pregnancy will not only save us money in the long run, but it will also improve the health, education and economic opportunities of our Nation's youth.

The situation is urgent. I encourage other House Members and Senators and all Americans to unite in a sustained, comprehensive effort to prevent teen pregnancy.

MANDATORY ARBITRATION VIOLATES CIVIL RIGHTS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mrs. SCHROEDER. Mr. Speaker, many employers are forcing their employees to relinquish their civil rights by requiring them to sign contracts mandating arbitration under the employers' terms.

This past week, the New York Times told about another victim of mandatory arbitration—a woman named Michele Peacock.

As the July 28 article points out, Ms. Peacock's sexual harassment case against Great Western Mortgage Corporation was compelling, but she will probably never be able to take her case to court because her company required her to agree, as a condition of her employment, to mandatory arbitration under terms that were highly advantageous to her employer. I ask that this article be included in the RECORD.

Members of this body have the opportunity to ensure that employees don't sign away their civil rights at the corporate door by cosponsoring a bill introduced by myself and Mr. MARKEY, the Civil Rights Procedures Protection Act, H.R. 3748.

H.R. 3748 would prevent the involuntary application of arbitration to claims that arise from unlawful employment discrimination. It would amend seven federal statutes to make it clear that the powers and procedures provided under those laws are the exclusive ones that apply when a case arises.

This bill would also invalidate existing agreements between employers and employees that require employment discrimination claims be submitted to mandatory, binding arbitration, while allowing employees who want to resolve their claim under arbitration to elect to do so voluntarily.

I urge Members to support this bill.

[From the New York Times, July 28, 1996]

WORKERS WHO SIGN AWAY A DAY IN COURT

(By Roy Furchgott)

When Michele Peacock left the Great Western Mortgage Corporation in January 1996, she and her lawyers thought they had an ironclad sexual harassment suit, one rife with examples of on-the-job innuendo. At an Atlantic City convention, she said, one executive tried to maneuver her into bed as a chance "to get to know you better." Ms. Peacock sued. "I wanted my trial by jury," she said. "There is no doubt in my mind that I would win. None."

But like an increasing number of American workers, she will probably never have her day in court. When Ms. Peacock, 31, joined Great Western she was required to sign a contract that mandated that any dispute with the company would be settled through binding arbitration. The human resources manual contained the rules for arbitration: the company would pick the arbitrator, whose fees would largely be paid by Great Western; Ms. Peacock could not win punitive damages or recover lawyers' fees; her lawyers could not question opponents and she would get no documents before the hearing. Ms. Peacock is now suing for the right to take her case to court. Tim McGarry, a spokesman for Great Western, said the company did not comment on pending litigation.

Ms. Peacock is not alone. Employers increasingly use employment contracts not only for traditional purposes—protecting trade secrets and limiting competition from former employees—but to be able to dismiss employees without being sued and to insulate themselves from discrimination suits. A poll commissioned in 1995 by Robert Half International, a headhunting firm, found that 30 percent of United States companies with 20 or more employees planned to increase their use of employment contracts, compared with 17 percent that said they would decrease the use of the contracts.

These contracts for lower-level workers are a far cry from what "employment contract" often brings to mind when applied to top executives—million-dollar bonuses and golden parachute severance agreements. "People are signing away their right to take their claims to Federal court, and they are signing away their right not to be discriminated against," said Ellen J. Vargyas, a lawyer for the Equal Employment Opportunity Commission.

Employers counter that employees have abused rights granted under a 1991 amendment to the Civil Rights Act of 1964. The law, called Title VII, provides for jury trials and allows punitive damages in discrimination cases. But dismissed workers, employers say, often claim sex, age, race and religious discrimination unfairly.

"An employee who loses a job just has to find one of those cubbyholes to fit their claim in," said John Robinson, the chairman of the American Bar Association's Employment and Labor Relations Litigation Committee in Tampa, Fla. "Everyone is a protected something. Even a white male can claim reverse discrimination."

Employers says that without mandating arbitration, employees would choose jury trials, which are expensive for both parties. "Arbitration brings the recurring costs of discovery and appeals under control," said Mr. McGarry of Great Western. He also said arbitration "levels the playing field."

"A company with vast resources can't wear down an opponent with fewer resources," he said.

Lawyers say courts have been blurring distinctions between "at will" employees, who can be dismissed without being told a reason, and "just cause" employees, who can be let go only for poor work or misconduct. "What's changed is courts in several states find bland statements in handbooks, comments on growing up together and making lots of money in the future, two good reviews and a comment at the company Christmas party" and accept these as a contract, said William F. Highberger, a lawyer at Gibson, Dunn & Crutcher, which often represents employers.

Such contracts were born in the securities industry, which has long required all employees to sign an arbitration agreement. This practice has withstood several attacks in court, forcing employees into arbitration, where they frequently fare less well than before a jury.

Paul De Nisco of Staten Island is a former trader for Merrill Lynch who signed a mandatory arbitration agreement in 1990. He wanted to sue his employer for age discrimination in 1991 when, at 48, despite years of good employee reviews, he was dismissed during what Merrill Lynch said was a reorganization of Mr. De Nisco's department. In 1995, Mr. De Nisco went into arbitration with what he thought was a strong piece of evidence: a page of notes written in 1992 by a 30-year-old manager.

Nancy Smith of West Orange, N.J., one of Mr. De Nisco's lawyers, said the page was notes taken from a conversation the manager had with Mr. De Nisco's equally young boss. She said the note showed that the manager had been directed to hire someone "our age—male" for another department and showed a predisposition of the company to hire young workers.

Timothy Gilles, a spokesman for Merrill Lynch, said on Thursday, "These notes do not indicate any discriminatory intent or conduct at Merrill Lynch, and the claimant did not attempt to present any evidence to the contrary."

Arbitrators denied Mr. De Nisco's claim.

"I wrote a letter asking the arbitrators for their rationale," Mr. De Nisco said. "They said they don't have to tell me and they don't want to." No appeal is allowed.

Arbitration need not use previous cases in rendering a decision, and they do not have to provide a written decision, as judges do, or provide for appeals. Arbitrators must make judgments under any rules laid down by the company, and that has caused some arbitrators to turn down these assignments.

"I personally have a problem with it," said Arnold Zack, an arbitrator and past president of the National Academy of Arbitrators. Employers often stack the deck, he said, "and we are for fair play." The National Employment Lawyers Association, made up of lawyers who represent employees, had threatened to boycott arbitration companies that hear mandatory arbitration disputes. The group has since worked out guidelines with arbitrators that halt some practices, like arbitrations in which employees cannot collect lawyers' fees if they win, but may have to pay employers' legal fees if they lose.

Many judges seem to have no problem with arbitration. Not only have they upheld arbitration decisions, but arbitration keeps many disputes out of crowded courts. Some judges are being enticed off the bench by the high pay of arbitration. One employee lawyer, Cliff Palefsky, said arbitrators charged up to $500 an hour and commonly earned $300,000 to $400,000 a year.

Not all courts uphold arbitration, though, and employee lawyers continue to probe for a chink in the armor. One successful challenge was mounted by Jane Letwin, a lawyer in Fort Lauderdale, Fla., on behalf of her husband, Bob. According to Mrs. Letwin, when his employer, the Bentley's Luggage Corporation, demanded that all employees, even part-timers like Mr. Letwin, sign a contract agreeing to mandatory arbitration, he balked.

The Letwins said that when he refused to sign, Mr. Letwin was dismissed after eight months at the company. But Mrs. Letwin pressed her husband's claim with the National Labor Relations Board, contending unfair labor practices because the arbitration threat could be used to prevent labor from organizing. Mr. Letwin was reinstated with full back pay. Officials at Bentley's did not respond to requests for comment.

The trend in contracts has not escaped notice in Washington. Senator Russell D. Feingold of Wisconsin and Representatives Patricia Schroeder of Colorado and Edward J. Markey of Massachusetts, all Democrats, have proposed bills to protect employees. The Senate version says it would "prevent the involuntary application of arbitration to claims that arise from unlawful employment discrimination."

For now, experts expect the mandatory-arbitration trend to grow. And employees faced with the requirement on employment contracts appear to have two choices: take it or leave it.

CONGRATULATIONS TO DR. PATRICIA C. DONOHUE

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. CLAY. Mr. Speaker, I applaud and salute Dr. Donohue on her tenure as President of the National Council for Occupational Education [NCOE].

Dr. Patricia C. Donohue has provided dynamic leadership as the 1995–96 president of the National Council for Occupational Education. During her tenure, she focused on initiating exemplary policies and practices in economic development and workforce preparation for workers in our global economy, The NCOE's members are professionals in community and technical college education who serve as workforce development and occupational education resources for legislators and policymakers from various governmental agencies. NCOE also promotes innovative practices in community and technical colleges and tracks student achievement in these areas.

Early in Dr. Donohue's tenure, she convened a strategic planning process which established five critical goals for NCOE for the years 1995–1997.

The first goal is to transform education and training programs and structures to better prepare workers for the 21st century. The NCOE-produced monograph Workforce Development defines the need for national policy in this critical area and identifies strategies necessary for progress. NCOE provided copies of Workforce Development to congressional committees, Representatives, and Senators, for use in their important work on new education and workforce training legislation including efforts to streamline dozens of job training and education programs.

The second goal emphasizes improving legislative relations by the organization. A National Policy Response Team was implemented for this purpose. Team members made monthly visits to agencies and legislators on Capitol Hill in Washington, DC. The team provided information to legislators and facilitated communication with practitioners. In addition, the policy response team provided quick responses to congressional and agency requests.

The third goal is to collaborate in workforce preparation initiatives. Partnerships have been established with the National Council of Advanced Technology Centers. Network (a Department of Labor project), and the National Council on Community Service and Continuing Education [NCCSCE]. Monographs will be forthcoming from project partnerships with the League for Innovation and the National Center for Research on Vocational Education and also from the joint work with NCCSCE. The National Association for Manufacturing and the National Skill Standards Board are among other partners working with NCOE.

The fourth goal established is to inaugurate a leadership development program. Regional training conferences will be established to implement this goal.

The fifth goal is that of enhancing operating strategies for member services. In addition to improvements in the organization's newsletter, an Internet electronic Web page has been initiated to provide information and respond to questions.

Dr. Donohue also serves on the Commission on Community and Workforce Development of the American Association of Community Colleges [AACC]. She is a coauthor of a Commission Monograph on the community college role in implementing reforms in workforce preparation proposed in Federal legislation.

Again, congratulations and best wishes for continued success in your efforts with the National Council for Occupational Education as well as with St. Louis Community College.

CENTENNIAL CELEBRATION OF F. SCOTT FITZGERALD

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mrs. MORELLA. Mr. Speaker, I rise today in honor of the city of Rockville's Centennial Celebration of F. Scott Fitzgerald. This year-long celebration will commemorate the centennial year of his birth as well as his association with the city of Rockville.

F. Scott Fitzgerald is widely regarded as having been one of America's foremost authors. The novels and short stories he wrote during the 1920's and 1930's were distinctly American in their cultural view, yet the humanity that his characters displayed was universal. His masterpiece, "The Great Gatsby," remains a mainstay in literature classes across the country. Francis Scott Key Fitzgerald passed away on Dec. 21, 1940. He now is buried alongside his wife, Zelda, his daughter, Scottie, and his parents and grandparents at Rockville's St. Mary's Cemetery.

The F. Scott Fitzgerald Centennial Committee has done an exceptional job in preparing this year of celebration. In addition to movie nights and theme months—April was "Roaring Twenties Month"—they have planned events to raise public awareness about Fitzgerald's life and his current literary heirs. In September they have planned a "Gatsby Ball" for charity, with all profits from the evening going to Rockville Arts Place. Also in September is the first ever F. Scott Fitzgerald Literary Conference at the Montgomery College Theater Arts Building, located at Montgomery College's Rockville Campus. This event will be marked by the presentation of the first F. Scott Fitzgerald Literary Prize to William Styron, author of the Pulitzer Prize-winning novel "The Confessions of Nat Turner," as well as many other works, including 1979's "Sophie's Choice."

I know my colleagues will join me in recognizing the citizens of Rockville who have given their time to help in the remembrance of one of America's premier writers: John Moser and Don Boebel, Co-Chairs of the F. Scott Fitzgerald Centennial Committee; Hon. Rose G. Krasnow, mayor of the city of Rockville; the members of the city of Rockville Public Information Office. As this centennial year continues, let us all remember F. Scott Fitzgerald and his literary creations.

CONGRESSIONAL PENSION FORFEITURE ACT

HON. RANDY TATE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TATE. Mr. Speaker, today I am proud to introduce the Congressional Pension Forfeiture Act with my colleagues, Mr. RIGGS and Mr. DICKEY. The three of us have worked long and hard to define this important, historic legislation to deny pension benefits to Members of Congress convicted of federal felonies. I'd like to thank them for their hard work, and I think I can speak for all three of us in thanking Mr. HOEKSTRA, chairman of the Speaker's Task Force on Reform, for his continued interest and involvement in our efforts.

The Congressional Pension Forfeiture Act combines the best elements of the three bills we introduced separately. The American people are fed up with business as usual in Washington, DC. The last thing that hard-working Americans and their families should expect is to pay for a convicted felon's retirement. No family struggling to pay for their groceries, health care, or education should be handing their hard earned money over to Congressional felons.

This bill has over 50 cosponsors and bipartisan support. I know an overwhelming majority of Americans support this commonsense, historic Congressional reform legislation.

A former Representative was recently sentenced to 17 months in prison for crimes he committed against the American people. But while he sits behind bars, he'll be collecting nearly $100,000 a year from his taxpayer-funded Congressional pension account. For this Congress to turn its back on the American public and let another Member leave office with his retirement nest egg would be unconscionable. Our bipartisan, consensus bill ends this taxpayer rip-off.

Every Member of Congress has a contract with the working men and women in his district when the Oath of Office is taken: to uphold the public trust. Last year 14 lawmakers-turned-lawbreakers collected $667,000 in taxpayer-subsidized Congressional pension benefits. We should help hard-working middle class Americans, not Congressional felons.

Our bill states that after the beginning of the 105th Congress, Members who are convicted of a federal felony that is committed while the Members are serving will forfeit their Congressional pensions and will forfeit their matching benefits and increased earnings under their Thrift Savings Plan.

By passing this legislation, we are once again standing up for hard-working American families. Americans who have never broken the law and pay taxes out of their hard-earned money want us to eliminate this egregious policy now.

Passage of this historic legislation will be the crown jewel of the Congress with the strongest reform agenda in forty years. The 104th Congress has done more to reform this institution than any Congress before us. It is what the American people want and it is what we in the House of Representatives should give them.

I urge all my colleagues to lend their wholehearted support to this historic legislation and I ask the House leadership to work with Mr. RIGGS, Mr. DICKEY, and me to bring this important bill to the floor before the 104th Congress adjourns.

TRIBUTE TO ANTONIO D. MARTIN

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, Brooklyn-born Antonio "Tony" D. Martin attended Boston University and the New School for Social Research where he earned his masters degree in health science administration and policy. He began his career in health care 13 years ago at the Metropolitan Hospital Center in New York and later moved to Kings County Hospital Center in Brooklyn. Since 1991, he has served as the executive director of the East New York Diagnostic and Treatment Center [ENYD&TC] transforming it into a fully accredited New York State article 28 health center.

Mr. Martin's success is largely attributed to his belief in teamwork, which has resulted in the expansion and strengthening of the ENYD&TC's role in the East New York community. Through his leadership, the center has actively collaborated with various churches, schools, and community organizations to create and launch health care programs such as: breast health and mammography services; medical and dental clinics; child adolescent mental health clinics; family-based mental health clinics; HIV/AIDS counseling, testing, and education; and mental health services for the homebound. His newest endeavor, a school-based health center placed in local Beacon schools, will provide primary care, mental health, and dental services to students and community residents. In addition to his role as executive director, Mr. Martin serves as a mentor and role model to youth. As a result of this personal commitment, he is a highly popular speaker on both health and youth issues.

Mr. Martin's ability and achievements have been recognized by various organizations and elected officials such as the Lions Club; Rosetta Gaston Foundation; People Alliance Community Organization; Grace Baptist Church of Christ; Reeder Youth Care; Congressman EDOLPHUS "ED" TOWNS; Assemblymen Clarence Norman, Jr., Nick Perry, and Darryl Towns; and former mayor David Dinkins.

His accomplishments are a testament to his commitment to improve both the quality of life and health for Brooklyn residents. I am pleased to introduce him to my House colleagues.

LEXINGTON PARK CORPORATE CENTER

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HOYER. Mr. Speaker, I recently had the honor of presiding at the groundbreaking for the Lexington Park Corporate Center, a project undertaken by Millison Development. The groundbreaking ceremony signified the opening of a development which will be occupied by three companies—DCS, Semcor, and the Rail Co.—conveniently located to serve the Patuxent River Naval Base.

The companies that will occupy this new center were not here during the changes brought in the 1940's when this rural community was transformed from one dependent on farming and seafood, to one that is now technology driven.

A family that has been in St. Mary's throughout the expansion and that has played a significant role in what has become one of the broadest expansions of a military base in our country is none other than the Millison family. Theirs is a long and solid history of support of the Navy and small business entrepreneurship. The Millison's family story is worth sharing with my colleagues.

Israel "Jake" Levine was a native of Lithuania. He bought his peddlers' license from a man named Millison and soon changed his name to reflect the name atop the important document. Israel Millison, who is the grandfather of J. Laurence Millison, the current president of Millison Development, then purchased a store from a Mr. Pearson around 1925 and later sold the business to his sons, Samuel and Hiram.

Hiram Millison continued to operate the store as Millison brothers, even after his brother Sammie left the business, until 1943 when the Government purchased his store and other Cedar Point properties to build the naval base.

When the Navy moved in during the Second World War to consolidate several naval air test bases and establish Patuxent River as one of the premier such bases in the world, many families were very rapidly displaced from their homes and business. Most were forced to leave within 20 days of receiving their property appraisals and then it took 6 months or more to get their money.

Hiram used his money to build a store and restaurant outside the main gate of the new base and subsequently developed a number of properties in the town that became known as Lexington Park. Upon his death in 1965, Hiram Millison's obituary described him as a man who "planted seeds of progress."

Hiram Millison saw opportunity when others were reeling from the trauma of disruption. He proved to be a great visionary—serving as the first president of the Patuxent River Council of the Naval League. This council played an important role in providing the community support for the Navy and the start of a tradition that has become a key reason that consolidation of bases continue to redound to the benefit of Patuxent River today.

Today, we see this same support of the Navy with Hiram's son Larry, who has served as a county commissioner, as a member of the board of education, and, in his role as a businessman, in his support of organizations like the Navy Alliance. Now, another Millison—Rachelle—is involved in the family business and she has proven herself as a citizen with community spirit who will not only continue to reap the seeds sown by her family, but she will also continue to sow seeds for future generations, as her father and grandfather did in the past.

I know that the companies involved with the Patuxent River base are experiencing disruption as a result of consolidations. Employees may be relocating from Crystal City, VA or Warminster, PA.

Aaron Davidson is a native Pennsylvanian. He works for Semcor and along with his wife, will follow his job in Warminster down to Patuxent. In so doing, he has convinced many of his coworkers to follow suit. I want to assure Aaron, and the many other families relocating to this area, that this community is eager to have you and will do everything it can to make the transition for you and other families as smooth as possible.

In the transition and change brought on by this consolidation, I hope that you—like Hiram Millison—will come to find opportunities here and join with the Millisons and other proud families, planting seeds in this great community for future generations.

Mr. Speaker, I ask my colleagues to join me in saluting the Millison family. Their story of perseverance, community spirit, and patriotism is a shining example of what this great country can produce when opportunity is seized.

TRIBUTE TO TOMMY LASORDA

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. UNDERWOOD. Mr. Speaker, I rise this morning to pay tribute to an outstanding individual, Tommy Lasorda. In an emotional address for fans and players alike, Lasorda announced last Monday that he will step down as manager of the beloved Dodgers.

Born in 1927 to Italian immigrants in Norristown, PA, Lasorda's ethnicity is something he has celebrated and cherished. He is an individual who has brought an unmatched level of enthusiasm to the great game of baseball. A man of 1,613 wins, he became the most active manager in baseball—and 12th all-time. In 20 seasons, he led the Dodgers to two World Series championships, four National League pennants and seven division titles. He is one of only four major league managers ever to spend more than 20 years or more with one team. Mr. Speaker, there is so much more at which we could marvel.

Lasorda is the heart and soul of not only the Dodgers, but for all of baseball. He is a man of more funny lines than anyone associated with the game. His personality will be missed. His energy level during a game was unequaled. His enthusiasm and love for the game of baseball is contagious.

His strength to overcome criticism made him one of baseball's greatest engineers. He brought the biggest post-season upsets. Just like many of us here in Congress, he had a love-hate relationship with the media; like most of us, he loved all people. .

Lasorda has met the expectations of the people of Los Angeles in an unfailing manner. Off the field, Lasorda gives hundreds of speeches a year to charities, including his annual visit to the Cystic Fibrosis Foundation's childrens' organization called 65 Roses.

A man of integrity who brought happiness to millions. A man who brought the game of baseball in a colorful way to the city of Los Angeles. It was the spirit of Tommy Lasorda that drew more than 3 million fans a year to the Dodgers, a record set 10 times.

Today, you cannot mention the Dodgers, without thinking about Tommy Lasorda. As a long time Dodgers fan, I feel honored today to recognize Tommy Lasorda's great contribution not only to the Dodger organization and the city of Los Angeles but to the game of baseball, the Nation, and the world. From the Dodger fans on Guam, we revere and honor Tommy.

I ask my colleagues to join with me in recognizing Tommy Lasorda's efforts and well-deserved achievements. Mr. Speaker, today there is no doubt that his great feat will be long remembered and that future players and fans will be inspired by him.

TEENS WHO CARE SALUTED

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. MILLER of California. Mr. Speaker, I rise today to recognize all the participants and supporters of Teens Who Care, a wonderful program which brings together high school students from throughout Contra Costa County, CA, who volunteer their time and energy to refurbish the homes of seniors and the disabled. While providing a tremendous community service to people whose homes would otherwise fall into disrepair, Teens Who Care also goes a long way toward debunking the myths about today's youth. The students are giving free to those in their community less fortunate than themselves, and they are exhibiting the characteristics of citizenship and compassion which I would hope we all want to see as our generation gives way to the next. I want to pay special tribute to Mary Perez who is the founder and inspiration behind Teens Who Care. Teens Who Care is a very special project, and I know my colleagues join me in saluting the following student participants and supporters who make it possible.

STUDENTS OF "TEENS WHO CARE" 1996

Erin Abney, Leonor Aguilar, Lindsay Carlson, Serena Chew, Ames Cruz, Mike Dias, Andy Dussel, Monica Garrotto, Sonya Harrison, Jason Heltsley, Melisa Henderson, Lacey Hyat, Samantha Kim, Kathy Kreuger, Steve Lamb, Dennis Lenart, and Michael Light.

Also, Bill Lindenmuth, Kathy Malloy, Jamal Marr, Andrea Martini, Olivia Martini, Lee Menken, Melanie Michaud, Sarah Mowdy, Alis Perez, Poncho Perez, Mathew Perona, Marcia Raines, Jocasta Ruano, Ken Stoll, Bill Walsh, Phil Woods, and Micah Zuorski.

VOLUNTEERS OF "TEENS WHO CARE"

Mr. and Mrs. Matt Arena, Barbara Bacon, Doug Boyd, Ruth Derose, Jeff Haydon, Pete Jurichko, Margaret Lesher, Bonnie MacBride, Mike Menesini, Stella Moore, Tom Norton, Vivian Norton, Marcia Raines, Tom Stewart, Mr. and Mrs. Gary Stockdale, Brian Weiman, and Joann Zehrung.

CONTRIBUTORS OF "TEENS WHO CARE"

Alwaste of No. California, Ameron Protective Coating System, Bechtel, B.F.I., Business Promotion Center, Citibank, City of Martinez, Clementina Refinery Svc., Creative Croisant, Eagle Awards, Far West Sanitation, Raymond Forrest Tree & Landscaping, Industrial Lumber, Kiwanis Club of Martinez, Longs Drugs, Martinez Community Foundation, Martinez Deli, Martin Painting, Pacific Pizza, P.D.Q. Printing, G.L. Rangel Construction, Redwood Painting Co., Inc., Rhone-Poulene, Robinson-Prezisso, Inc., S&S Tool & Supply, Inc., Shell Oil Refinery Co., Sheraton Concord Hotel, U.S. Postal Service Letter Carriers, Paddock Bowl, and Martinez News Gazette.

TRIBUTE TO GEORGE "SKEET" RICHARDSON

HON. PETE GEREN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PETE GEREN of Texas. Mr. Speaker, I rise to commemorate the life of George "Skeet" Richardson, a great American who was a champion of the common man.

Skeet left high school before graduating to serve with the Army Air Corps during World War II, but returned to obtain his diploma and then went on to earn a bachelor's degree in history and political science from Texas Christian University in Fort Worth.

Skeet Richardson served in the State legislature for 8 years, as a Tarrant County commissioner for 6 years, and as mayor of the city of Keller for 2 years. He advanced legislation for workers, civil servants, and the elderly. Skeet also helped make the University of Texas at Arlington a 4-year institution. However, the accomplishment that Skeet was most proud of was Bear Creek Park in Keller. He saw it as his lasting legacy, something that all people could enjoy.

Mr. Speaker and my colleagues, join me in celebrating the life of an American and a Texan who worked for the people and was known for his independent thinking rather than advancing special interests. We all have something to learn from this great man.

THE 50/50 WELLNESS PLAN

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. LEVIN. Mr. Speaker, I am proud to be a cosponsor of the 50/50 enrollment composition rule waiver for the Wellness Plan. I am well aware that the Health Care Financing Administration strongly supports congressional approval of this waiver at this time, given the now certainty that comprehensive legislation to address the 50/50 rule will not materialize in this Congress. The Wellness Plan is firmly positioned to become a full Medicare risk contractor in the Detroit area and beyond once this waiver is achieved. It is the prototype for the type of HMO into which HCFA hopes Medicare beneficiaries will enroll. I urge the leadership to work in a bipartisan fashion to ensure its enactment in this Congress.

UNITED STATES-NORTHERN IRELAND FREE TRADE ZONE

HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. MANTON. Mr. Speaker, today I rise to introduce legislation that will begin the process of establishing a free trade zone relationship between the United States, Northern Ireland and the border counties of the Irish Republic.

Mr. Speaker, on June 10, 1996, representatives from the political parties in Northern Ireland came together to attempt to change the political landscape of Northern Ireland forever. Past acrimony, grievances, and strife are the subject of the all-party talks. Those participating in the talks have received a clear and powerful charge from the voters of Northern Ireland. That charge is nothing less than to fashion a new, progressive, peaceful, and equitable society for all the citizens of Northern Ireland regardless of their political or religious persuasion. The mandate they have and the responsibility they bear is to secure the peace and common good.

While the representatives to the talks labor to overcome their own burdens of history and to reach into the future, the legislation I am introducing will operate to guarantee the economic future and prosperity for all the citizens of Northern Ireland and the border counties. Peace in Northern Ireland without hope for a real economic future is a cold peace. Only a society that is capable of competing and thriving in an intensely competitive economic environment can have any real expectation of social and political cohesion. The trade relationship this legislation will engender affords this most troubled region the economic tool to close the economic gap with other more prosperous regions of the United Kingdom and the European Union.

This legislation represents the marker of Congress. It says, very clearly, to all the parties who will be fashioning the political future of Northern Ireland that Congress will walk this arduous path with them. When their road becomes steep and obstacles abound, which will happen in the upcoming talks, this legislation makes it clear that Congress stands by them. This legislation says that there is good reason for them to hope and to strive for a better future.

To our friends in the European Union, I say, join with us in this worthy endeavor. The seminal importance of Union participation and approval is clearly noted. As you review this initiative through the lens of your own policies and regulations, I ask you to consider this legislation in a spirit of liberality, generosity, and creativity. As Jacques Santer so correctly noted in his recent speech to the Irish Institute For European Affairs in Dublin, as he reviewed the prospect of all party talks, "* * * the problems of the future and their solutions are sufficiently to those of the past to require new thinking and new attitudes." Further, I submit that a free trade relationship between the United States and Northern Ireland and the border counties will operate as a new and predictive paradigm for future trade relations between the worlds two most powerful economies.

To our friends in the United Kingdom, I ask you to view this endeavor in the spirit that it is offered. Work with us in a committed and cooperative manner. The special and historical nature of the relationship between our counties should bind us together and make us of one mind as we pursue all possible paths toward a new day for Northern Ireland. Together with the Republic of Ireland and the European Union, you have been carrying the burden of the peace maker. Let your friends lift up some of that burden. While this initiative has some unique attributes, your continued good will and efforts will guarantee that this proposal establishes a new high water mark in all our joint labors to bring peace and prosperity to Northern Ireland.

Mr. Speaker, the legislation that I am introducing, puts at the disposal of the United Kingdom, Ireland, and the European Union, the one tool that only Congress can provide. A favorable trade relationship with the United States—albeit one that conforms to the needs of both the EU and GATT—can and will operate as an engine for economic progress. Further, it can do so without noticeable or negative impact on this country's own trade relationships.

Upon effectuation of this trade relationship, much depends upon what the contracting parties to this agreement make out of it. I have every confidence that—with the able assistance of both the United Kingdom and the Republic of Ireland—the people of Northern Ireland and the border will firmly grasp this unique opportunity. In sum, this legislation will give them the ability to revitalize their economy through trade, not aid.

Mr. Speaker, for all the people of good will in Northern Ireland, their future is before them. Their time is now. Let us join with them on their voyage to a brighter tomorrow. Let us not fail them.

Mr. Speaker, I include the following letters of support for this important legislation.

EUROPEAN PARLIAMENT,
JUNE 6, 1996.

Hon. BENJAMIN A. GILMAN,
Chairman, Committee on International Relations, Washington, DC.

DEAR MR. CHAIRMAN: As you know, there is currently pending for your considerations, draft legislation that would begin the legislative process of establishing a free trade area between the United States, Northern Ireland and the border counties of the Irish Republic. Because of your unstinting efforts to find imaginative ways for your country to assist in securing the peace and prosperity of Northern Ireland and the border counties, I can think of no one better situated to initiate and shepherd this important legislative effort.

The current legislative initiative that you are considering could, in my opinion, represent the key ingredient in bringing a severely disadvantaged area of this island into economic parity with other areas of the European Union. As you know, Northern Ireland and the border counties' area will lose their EU Objective 1 status in 1999, when they reach 75% economic parity with the rest of the union. Attendant funding with that status will be reduced or eliminated. My fear is that there will always be that remaining 25% deficit that cannot be bridged without our acquisition of an economic development tool to close and secure that gap. The proposed legislation before you will achieve that goal and interestingly, assist in achieving the EU's own internal policy of economic and social cohesion and parity.

Mr. Chairman, no area of the European Union has suffered the kinds of assaults on its people or the pressures on its economy as has Northern Ireland and the border counties. There is simply no parallel with any other area in the EU. Standard, unimaginative responses to our current economic reality are likely to fall short. The legislation you are currently contemplating will give us a unique and powerful tool to regenerate and revitalize those areas of Northern Ireland and the border areas of the Republic that have been flattened by civil discord and neglected and forgotten because of geographic isolation and peripherality.

As I look at this initiative, I can state that I am aware of and conversant with the hurdles that will need to be cleared for this legislation to succeed in London, Dublin and Brussels. Innovative solutions will always be met with initial scepticism and doubt. However, my view is that there are no impediments this proposal presents that cannot be managed. As for myself, I can give you every assurance that I will do all in my power as a member of the European Parliament to speed this initiative on its way in Strasbourg and Brussels. I am confident that I will be joined, shoulder to shoulder by my fellow MEPs from Ireland, north and south.

Mr. Chairman, on 10 June 1996, representatives of all or nearly all political parties in Northern Ireland will begin talks to secure the future peace for Northern Ireland. The legislation you are considering could help guarantee the future prosperity of the region. My request of you would be that you introduce the legislation prior to commencement of all party talks to demonstrate that a successful conclusion to those talks can and will yield a brighter tomorrow. As you move this legislation forward, know that I and my colleagues will stand with you.

Yours sincerely,

JOHN HUME.

IRISH NATIONAL CAUCUS, INC.
June 4, 1996.

Hon. BEN GILMAN,
Chairman, House International Relations Committee, Washington, DC.

DEAR BEN: I want you to know that the Irish National Caucus supports the proposed Bill creating a Free Trade Agreement between the United States and Northern Ireland and the Border Counties.

Such an Agreement would be a powerful "boost" to those troubled and depressed areas. And since the MacBride Principles would be attached, the "boost" would be done in a way consistent with fair employment and nondiscrimination.

This combined approach—U.S. aid to the most disadvantaged parts of Ireland, with fairness and equality for all—is an approach that accurately reflects your own long record of concern for Ireland.

You can count on our support for this imaginative and practical way of promoting economic stability, justice and peace in Ireland.

Sincerely,

FR. SEAN MCMANUS,
President.

IRISH AMERICAN UNITY CONFERENCE,
June 4, 1996.

Hon. BENJAMIN GILMAN,
Chairman, Committee on International Relations, Washington, DC.

DEAR MR. CHAIRMAN: Currently pending for your consideration is draft legislation that would, if enacted and approved by all parties, establish a free trade area relationship between the United States, Northern Ireland and the six border counties of the Republic. As we understand it, the draft legislation encourages and expects the participation and eventual approval of the European Union, the United Kingdom and the Republic of Ireland.

The Irish American Unity Conference is one of the preeminent organizations that have worked to secure peace with justice in Ireland. To ensure a lasting peace it is imperative that economic disparity, a cause of conflict in itself, is addressed. Of particular concern to us are the most economically deprived areas of Northern Ireland, such as West Belfast and the border counties. We have found that this legislation adequately addresses these areas by specifically naming such areas and by the inclusion of the MacBride Principles for fair employment.

Mr. Chairman, we have reviewed this free trade zone proposal and found it to be advantageous to business in both the US and Ireland and we are pleased to support the initiative. We are ever grateful of your own commitment to peace through justice in Ireland, consistently proven through the years you have been in Congress.

We thank you for your consideration and look forward to working with you on this legislation.

Sincerely,

IAUC EXECUTIVE COMMITTEE.
JAMES A. DELANEY.
DANIEL P. O'KENNEDY.
NOREEN A. WALSH.
BERNADETE C. PEHRSON.
MARIE T. SMITH.

HOUSE OF COMMONS,
London, England.

Hon. BENJAMIN A. GILMAN
Chairman Committee on International Relations, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: You are shortly scheduled to meet with a delegation from Northern Ireland and the Republic of Ireland. The delegation will be seeking your support for a legislative initiative that I regard as one of the most promising economic development proposals on the horizon for my beleaguered party of Northern Ireland. The initiative would have a profoundly positive impact on other deprived areas of Northern Ireland and the border region of the Republic as well. I am speaking of the proposed legislation that would begin the process of creating a free trade relationship between your country, Northern Ireland, and the border counties of the Republic.

Mr. Chairman, it was my intention to be with and lead the Irish delegation you are about to meet with to communicate personally just how important this initiative is for the economic future of Northern Ireland and the border counties. Following the recent Northern Ireland election however, the preparations within my political party for the forthcoming all party talks have foreclosed the possibility of my absence from Northern Ireland, even for one day. However, I look towards the very near future when we can meet and personally discuss this legislation as it begins its legislative journey through Congress.

I believe it is very important to communicate to you my personal commitment to do all in my power, both within the SDLP and inside the House of Commons, to support this endeavour. I am conversant with current UK reservations. Together with my parliamentary colleagues I shall endeavour to bring about a sea change in opinion within the current UK government. While the proposed legislation requires the efforts and goodwill from both London and Brussels, I see no barrier that cannot be overcome. This opportunity is simply too important to be allowed to flounder.

Mr. Chairman, the delegation you will meet with speak for me. They will ask you to assist in introducing this legislation immediately. That is my request. What you are being asked to consider will help to bring a new day to Northern Ireland and the border counties of Ireland. Move forward and we will be with you.

Kind regards,

JOE HENDRON, M.P.,
West Belfast.

NEWTOWNGORE, CO. LEITRIM.
May 28, 1996.

Hon. BENJAMIN A. GILMAN,
Chairman, Committee on International Relations, Washington, DC.

DEAR MR. CHAIRMAN: As you know, there is currently pending for your consideration, draft legislation that would begin the legislative process of establishing a free trade area between the United States, Northern Ireland and the border counties of the Irish Republic. Because of your unstinting efforts to find imaginative ways for your country to assist in securing the peace and prosperity of Northern Ireland and the border counties, I can think of no one better situated to initiate and shepherd this important legislative effort.

The current legislative initiative that you are considering could, in my opinion, represent the key ingredient in bringing a severely disadvantaged area of this island into economic parity with other areas of the European Union. As you know, Northern Ireland and the border counties' area will lose their EU Objective 1 status in 1999, when they reach 75 percent economic parity with the rest of the union. Attendant funding with that status will be reduced or eliminated. My fear is that there will always be that remaining 25 percent deficit that cannot be bridged absent our acquisition of an economic development tool to close and secure that gap. The proposed legislation before you will achieve that goal and interestingly, assist in achieving the EU's own internal policy of economic and social cohesion and parity.

Mr. Chairman, no area of the European Union has suffered the kinds of assaults on its people or the pressures on its economy as Northern Ireland and the border counties. There is simply no parallel with any other area in the EU. Standard, unimaginative responses to our current economic reality are likely to fall short. The legislation you are currently contemplating will give us a unique and powerful tool to regenerate and revitalize those areas of Northern Ireland and the border areas of the Republic that have been flattened by civil discord and neglected and forgotten because of geographic isolation and peripherality.

As I look at this initiative, I can state that I am aware of and conversant with the hurdles that will need to be cleared for this legislation to succeed in London, Dublin and Brussels. Innovative solutions will always be met with initial skepticism and doubt. However, my view is that there is no impediments this proposal presents that cannot be managed. As for myself, I can give you every assurance that I will do all in my power as a Member of the European Parliament to speed this initiative on its way in Strasbourg and Brussels. I am confident that I will be joined, shoulder to shoulder by my fellow MEPs from Ireland, North and South.

Mr. Chairman, on June 10th, 1996, representatives of all or nearly all political parties in Northern Ireland will begin talks to secure the future peace for Northern Ireland. The legislation you are considering could help guarantee the future prosperity of the region. My request to you would be that you introduce the legislation prior to commencement of all party talks to demonstrate that a successful conclusion to those talks can and will yield a brighter tomorrow. As you move this legislation forward, know that I and my colleagues will stand with you.

Best Regards.

JOHN JOSEPH MCCARTIN,
Member, European Parliament.

TOWER ONE CELEBRATES 25TH ANNIVERSARY

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. DELAURO. Mr. Speaker, I offer my heartfelt congratulations to Tower One/Tower East on the 25th anniversary of this outstanding multicultural senior housing facility. For a quarter of a century, the New Haven Jewish Federation Housing Corp. has given New Haven area seniors a place to call home in Tower One.

Tower One was a special concept 25 years ago, and is a model to this day. The many distinguished leaders and business people who have taken up the mantle of leadership have helped assure the building's continued renewal. Most important, Tower One is a measure of this community's sense of obligation to its retirees, our parents and grandparents.

Tower One's history illustrates its commitment to people. Through the years, the organization has been creative and innovative in its response to the needs of residents. In the late 1970's, Tower One focused mainly on providing necessities, such as serving meals, filling apartment vacancies, and making building repairs. However, the nature of public housing and the needs of the residents began to change and in response, the board implemented extraordinary reforms. A new management structure for the staff was created, additional committees were formed to help the board deliver social services and plan for the long term. Finally, a new executive director, Dorothy Giannini-Meyers, was named to inaugurate imaginative new programs that would allow residents to keep living independently. The result was the broad array of services now available to residents and the transformation of Tower One from an elderly apartment complex to a caring, close-knit, and involved community.

When we celebrate Tower One's 25th anniversary, we celebrate the values that make families and communities strong—the values that enable Tower One to create a true home for Connecticut's seniors. Tower One is a community where people have fun, where the help and support they need is available. Their religious faith is affirmed, even as they age beyond the rituals of family. We all understand that this is a community that affirms our unity and humanity.

I treasure the yearly opportunity I have to host a holiday party at Tower One because it gives me the chance to share in the holiday celebrations so dear to Tower One's residents. Most important, the seniors at Tower One are able to honor the religious and cultural traditions that keep them close to family and friends. It is truly a place where residents feel at home.

I sincerely congratulate all those at Tower One on this proud occasion. I know that Bob Bachman's leadership will enable Tower One to continue its development and growth. I congratulate Tower One on 25 great years and with it the same success in the future.

TRIBUTE TO DR. JEFFREY GARDERE

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, Mr. Jeffrey Gardere was born in Manhattan on May 3, 1956. Although his parents were from the island of Haiti, he was raised in Brooklyn and attended Brooklyn Tech High School. While working full-time, he managed to obtain his bachelor of arts degree from the University of Rochester and, at age 27, received his doctorate in philosophy and psychology from George Washington University.

As a licensed clinician, Dr. Gardere rose from a staff psychologist for the Federal Bureau of Prisons to one of only two African-American chief psychologists. During his tenure, he was instrumental in designing the policy on psychological treatment for HIV-infected prisoners, participated in hostage negotiations at the Atlantic prison siege, and conducted witness protection relocation evaluations throughout the United States. A focal point in Dr. Gardere's career has been the founding of the Rainbow Psychological Services 5 years ago. This culturally sensitive psychological health care program provides services for children, adults, and families in Brooklyn and the tristate area.

As a reorganized psychological expert on police brutality issues and posttraumatic stress disorder, Dr. Gardere has provided key evaluations and structural recommendations for a major lawsuit against the New Jersey State Department of Corrections. In addition, over the past few years, Dr. Gardere has taken his practice to the air waves, becoming a highly-sought-after media psychologist appearing on every major talk and news show on radio and television. Dr. Gardere is presently negotiating the publication of his book, "How to Raise Your Child in an Urban Jungle" with the St. Martens Press.

Despite his grueling schedule, Dr. Gardere has maintained his involvement in local and humanitarian issues for children and families. His efforts, to name a few, include: hosting gala benefits for nonprofit groups in his home and private clubs; providing mental health consultations for the treatment of Haitian minors in Guantanamo Bay, Cuba; and consulting with "KISS"—WRKS radio—initiatives on the mental health of African-Americans program.

Complementing his life's work, Dr. Gardere, a married father with two children ages 2 and 3, is a musician, singer, pianist, alto-sax player who has performed with Mickey Bass, John Hicks, Louis Haynes, and Hilton Ruiz. Dr. Jeffrey Gardere has won the respect of his peers and serves as an example of the best in our community. I am pleased to introduce him to my House colleagues.

CONGRESSIONAL REFORM

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, July 31, 1996, into the CONGRESSIONAL RECORD:

MAKING CONGRESS WORK BETTER

Early last year at the beginning of the 104th Congress, the House passed some significant reforms of the way it does business, some of which were useful and others of which were not. While additional reforms and rules changes should be considered now, I believe there are serious overriding problems in the House that affect its effectiveness, accountability, and public respect.

RECENT REFORMS

Several of the reforms passed last year to make Congress more open and accountable were based on the work of the bipartisan Joint Committee on the Organization of Congress, which I cochaired. Significant reforms included streamlining the committee system, cutting staff, and opening up Congress to more public scrutiny.

One of the most significant reforms was congressional compliance, which requires Congress to live under the same laws we pass for everyone else, including workplace safety and labor laws. It simply makes no sense for Congress to pass a law and then exempt itself. In the 103rd Congress we passed congressional compliance for the House, and early in the 104th that was extended by statute to the entire legislative branch. I am concerned about some of the delays this session in bringing Congress into full compliance, but overall this has been a worthwhile reform.

ADDITIONAL REFORMS

Certainly additional reforms are needed to address specific problems. I was particularly disappointed that the House leadership decided not to accept our Joint Committee recommendation to have private citizens help us investigate ethics complaints against Members of Congress. The difficulties the Ethics Committee has had this session show that the House simply cannot police itself without outside help, as charges against Speaker Gingrich and others keep being put off and are never resolved one way or the other. The addition of ordinary citizens to the process would force action on cases that could be held up indefinitely under the current system. A variety of professions—from lawyers to clergy—have moved away from self-regulation to involve outsiders; Congress should too.

We also need to better publicize special interest tax breaks hidden away in revenue bills; reduce our reliance on huge omnibus bills that allow Members only one up or down vote on a package containing hundreds of provisions; make sure House reform is taken up on a much more regular, ongoing basis; and expand the compressed congressional schedule which limits the time available for serious deliberation.

NEED FOR MORE BASIC CHANGES

But much more than this is needed. We need a serious reassessment of what has happened during this Congress.

One of the key tests of reform is whether it makes Congress a more effective institution—improving our ability to deliberate and pass legislation addressing our nation's challenges. On that test, the reforms have not worked particularly well.

The test is not whether we get something through the House, but whether we pass something that can also get through the Senate and be signed into law. Most Congress-watchers would say that the legislative accomplishments of the 104th Congress have been fairly meager, as Congress has failed to pass a balanced budget, campaign finance reform, Medicare reform, and many other items considered top priorities early on. This dissatisfaction with the accomplishments of the 104th is shared by the public. Despite reform, public confidence in Congress remains low.

OVERRIDING FACTORS

So what has happened? My basic view is that although we passed some significant reforms, they were simply overwhelmed by two other factors: the centralization of power by Speaker Gingrich and the increased partisanship of the 104th Congress.

CENTRALIZATION OF POWER BY SPEAKER

All of us who have been active in reform over the years have talked about the need to centralize more power in the office of the Speaker. But I believe this has been carried too far this Congress, with too many key policy decisions taken away from the committees and instead made behind closed doors by the leadership or by task forces set up by the leadership. For example, the bill to sharply cut back Medicare was basically written in the Speaker's office and proposed amendments to the Constitution have suddenly appeared on the House floor without any committee consideration.

This approach to the legislative process reduces accountability. It is largely a closed process. Most Members, and certainly most Americans, have no way of learning which Members are involved, which positions are being considered, and which special interests are consulted or locked out. Many Members with significant expertise are simply shut out of the critical formative stages of a bill. Last year's reforms to open up committee deliberations make little difference if an important bill simply bypasses the committee altogether or is largely handled in secret by a leadership task force.

EXCESSIVE PARTISANSHIP

Secondly, I believe many of last year's reforms have been overwhelmed by the excessive partisanship of the 104th. Certainly some partisanship can be expected in the House, but in this Congress it has seemed excessive. As one observer put it, "Healthy competition between cohesive parties has degenerated into bombastic, mean-spirited, and often ugly confrontation." When the House becomes too negative, too bitter, too contentious—and there is plenty of blame to go around on both sides of the aisle—that clearly affects our ability to come together to pass legislation for the good of the country. Indeed it can be a much greater roadblock to effective governance than many of the procedures that were reformed early this Congress.

I believe that reducing the excessive partisanship of the House should be our number one priority. By every indication, whichever party controls the House next session will do so by a slim margin; we must learn to work together in a more bipartisan way if we want to get important legislation passed for the good of the country. That is something I will certainly work to bring about.

Fortunately Congress has a self-correcting mechanism for excessive partisanship. In recent weeks as Members have gone home to their districts and have heard from their constituents that they just don't like what they are seeing, the partisan tensions in Congress have been reduced. It is too early to see if this will continue, but it has been a positive and welcome development.

BIG BROTHER IN ATLANTA

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SOLOMON. Mr. Speaker, on July 31, two Taiwanese students were arrested at the Olympic Games in Atlanta for waving the flag of the Republic of China on Taiwan during a ping-pong match.

Mr. Speaker, this defies both the American and the Olympic spirit, and the authorities who made the arrest ought to be ashamed of themselves.

Apparently, a citizen of the People's Republic of China, who happens to be chairman of the International Table Tennis Association, called the police and asked that the students be arrested.

Teaming up with this privileged member of the elite from a Communist country in order to snuff out the free speech of two individuals right here in America is a disgusting reminder of how far the so-called civilized world will go in order to appease the Communist bullies in Beijing.

What an ugly stain on the Olympics, Mr. Speaker.

PERMANENT PERFORMANCE REVIEW ACT OF 1996

HON. BOB FRANKS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FRANKS of New Jersey. Mr. Speaker, today I rise to introduce the Permanent Performance Review Act of 1996. This bill would apply performance reviews to all of the agencies and departments of the Federal Government and thus enable Congress to tackle more effectively both our Government's budget and performance deficits.

Performance reviews enable an organization to measure how successful a program or office is in reaching its goals. With such information in hand, those responsible for making a budget can do a better job in allocating the available resources.

The Permanent Performance Review Act would enable Congress to develop, in coordination with the executive branch, a better picture of the successes and failures among its myriad of programs and departments. Congress could then target more intelligently its resources so that the American taxpayer gets better performance from a reduced number of federally supported programs. Performance reviews would enable Congress to tackle more effectively both the Government's budget deficit and performance deficit.

This bill recognizes that real change will only take place when there is an institutionalized, permanent, and cooperative effort on the part of Congress, the Federal bureaucracy and the President to increase Government's efficiency and to build a framework that can be used to reduce and then eliminate our credit card spending. Whether under Presidents Kennedy, Carter, or Reagan, every recent drive to improve the efficiency of the Federal Government has failed because it was sabotaged by at least one of these three stakeholders who was never allowed to participate as a full partner at the decisionmaking table. It must be a team effort, able to draw upon the support of the American people's desire for smaller, more efficient government.

My bill would establish a permanent commission which would provide that participation for the Congress, the Federal bureaucracy, and the President. The Permanent Performance Review Commission would be appointed by both the President and congressional leaders. The Commission would be responsible for managing self-studies to be conducted over time by all the major Federal agencies. The Commission would hold hearings and consult with the appropriate congressional committee leaders in developing their final performance reviews and related legislative recommendations.

After receiving a performance review, the appropriate standing committee of the House would hold its own hearings and review all of the legislative recommendations of the Commission. These recommendations would become the basis for a bill that would be required to receive consideration on the floor of the House.

Mr. Speaker, truly effective performance reviews would ensure that Congress can reform this Government so that it serves the best interests of all of our citizens. I thank those members of the Budget Committee who are original cosponsors of this measure and urge all my colleagues to support the bill.

IN MEMORY OF S. SGT. BENJAMIN L. GILLESPIE

HON. JAMES V. HANSEN

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HANSEN. Mr. Speaker, serving in the U.S. Military is one of the most honorable and noble professions one could aspire to. It requires sacrifice, dedication, and commitment. Many of our Nation's finest men and women have served, and are serving in our Armed Services—keeping this Nation strong and free.

This service is not without risk or loss. I want to bring to our attention today that my State, and indeed, our Nation has lost an extraordinary young man while in service to his country. S. Sgt. Benjamin L. Gillespie, U.S. Army, of the 168th Armored Battalion, stationed at Fort Carson, CO, was killed in an unfortunate humvee accident on July 26 while conducting a training exercise.

Sergeant Gillespie was born April 20, 1965, to Ardell and Almon Dean Gillespie of North Salt Lake City, UT, and graduated from Woods Cross High School in 1983. He leaves behind his parents, as well as his beloved wife, Veronica, and son Brandt, as well as many other close family members in Utah, Arizona, and Tennessee.

He enlisted with the United States Army on September 15, 1983, and was stationed in Bamberg, Germany, with the 2/2 ACR where he worked with the East/West German border patrol. Later, he served at Fort Carson with the 27th Cavalry. Later, he served with the Salt Lake City Recruiting Battalion, stationed out of South Salt Lake from 1990–94, before returning to the duty which he loved, which was working directly with the troops with the 168th, again at Fort Carson. He earned many honors during his distinguished career, including two Army Commendation Medals, six Army Achievement Medals, the Gold Recruiter Badge with three Sapphire Achievement Stars, the Recruiter's Ring, the Order of the Cobra, and two Meritorious Service Medals.

He was well-beloved by everyone who knew him. His commanding officer stated that he was one of the finest young men and soldiers he had ever known. Clearly, Sergeant Gillespie was one of the best this country has to offer, and we all mourn that his time was cut short. It is my hope and prayer that the pain and sadness that his family feels at this time will eventually be replaced by the comfort and assurance that his service will not be forgotten, and the knowledge that he has now entered into the rest of the Lord in whom he had great faith.

At this time, Mr. Speaker, our hearts, our thoughts, and our prayers are with the family of Sergeant Gillespie; particularly his young wife and son. May they be blessed and watched over during this difficult time.

PERKINS COUNTY RURAL WATER SYSTEM ACT OF 1996

HON. TIM JOHNSON

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. JOHNSON of South Dakota. Mr. Speaker, today I am proud to introduce legislation to authorize two critically important rural water systems in South Dakota, the Perkins County Rural Water System Act of 1996, and the Fall River Water Users District Rural Water System Act of 1996. Both bills are strongly supported by local project sponsors who have demonstrated that support by agreeing to substantial financial contributions from the local level.

Like many parts of South Dakota, these two counties have insufficient water supplies of reasonable quality available, and the water supplies that are available do not meet the minimum health and safety standards, thereby posing a threat to public health and safety.

In addition to improving the health of residents in the region, I strongly believe that these rural drinking water delivery projects will help to stabilize the rural economy in both regions. Water is a basic commodity and is essential if we are to foster rural development in many parts of rural South Dakota, including the Perkins County and Fall River County areas.

The Perkins County Rural Water System Act of 1996 authorizes the Bureau of Reclamation to construct a Perkins County Rural Water System providing service to approximately 2,500 people, including the communities of Lemmon and Bison, as well as rural residents. The Perkins County Rural Water System is located in northwestern South Dakota along the South Dakota/North Dakota border and it will be an extension of an existing rural water system in North Dakota, the southwest pipeline project. The State of South Dakota has worked closely with the State of North Dakota over the years on the Perkins County connection to the southwest pipeline project. A feasibility study completed in 1994 looked at several alternatives for a dependable water supply, and the connection to the southwest pipeline project is clearly the most feasible for the Perkins County area.

Past cycles of severe drought in the southeastern area of Fall River County have left local residents without a satisfactory water supply and during 1990, many home owners and ranchers were forced to haul water to sustain their water needs. Currently, many residents are either using bottled water for human consumption or they are using distillers due to the poor quality of the water supplies available. After conducting a feasibility study and preliminary engineering report, the best available, reliable, and safe rural and municipal water supply to serve the needs of the Fall River Water Users District consists of a Madison aquifer well, three separate water storage reservoirs, three pumping stations, and approximately 200 miles of pipeline. The legislation I am introducing today authorizes the Bureau of Reclamation to construct a rural water system in Fall River County as described above. The Fall River system will serve rural residents, as well as the community of Oelrichs and the Angostura State Recreation Area.

Mr. Speaker, South Dakota is plagued by water of exceedingly poor quality, and the Perkins County and Fall River County rural water projects are efforts to help provide clean water—a commodity most of us take for granted—to the people of South Dakota. I am a strong believer in the Federal Government's role in rural water delivery, and I hope to continue to advance that agenda both in South Dakota and around the country. I urge my colleagues to support both of these important rural water bills, and I look forward to working with my colleagues on the House Resources Committee to move forward on enactment as quickly as possible.

ENVIRONMENTALLY SOUND AGRICULTURE PRODUCTION

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SMITH of Michigan. Mr. Speaker, those that have suggested that the use of pesticides by producers of our food supply is not environmentally sound have missed the most important environmental benefit of modern farming: It produces more food from fewer acres, so it leaves more land for nature.

The best possible agriculture for the environment would look amazingly like modern, high-yield technology supported farming. High-yield agriculture is the best available model—and the only proven success for a world that must triple its farm output over the next 45 years, and whose largest demonstrated environmental threat is loss of wildlife habitat.

Our environmentally ideal agriculture must use monocultures, potent new seed varieties, irrigation, fertilizers, and pesticides to get high yields. It must do this because high yields are the most critical factor in preserving millions of square miles of wildlife habitat from being plowed down for lower yielding crops.

These technologies have more than doubled the yields on our farmlands. Since 1960, we have been able to get twice the amount of grain and oilseeds, and feed better diets to 80 percent more people on the same amount of land. If these new technologies had not taken place we would have lost 10 million square miles of habitat, about the land area of North and Central America combined.

Pesticide bans would cause yield reductions that would themselves lead to significant loss of wildlife habitat. Several studies have been conducted to ascertain the yield differences between farming with or without pesticides. According to a Department of Agriculture Economics study, production in crops would drop between 24 and 57 percent without pesticides. Farming without pesticides would cost us 20 to 30 square miles of wildlife by the time world population peaks in the year 2040.

Environmentally sensitive agriculture is one that uses the best possible use of our land—by technology supported fertilizer use and other high-yield methods which most efficiently produce our feed supply and hence protect wildlife species from habitat loss. Our goal must be to produce more food on fewer acres, leaving the rest to wildlife and for future generations to enjoy.

TRIBUTE TO HAMILTON FISH, JR.

HON. EDDIE BERNICE JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I rise in remembrance of one of the greatest Congressmen from New York State, Mr. Hamilton Fish, Jr., my friend and colleague with whom I had the pleasure of serving in Congress during my first term. Although we sat on opposite sides of the aisle, we shared many interests and common goals.

Congressman Fish, who was known for his ability to compromise, worked on some of the major legislation for the last half of the 20th century. He spearheaded legislation for his party which led to the passage of the Fair Housing Act of 1988 and the Americans With Disabilities Act in 1990. He was a principal sponsor of the Civil Rights Act of 1991, legislation that was denounced by President George Bush as a quota bill. Representative Fish also sponsored amendments to the Voting Rights Act and the Fair Housing Act.

Hamilton Fish's inspiration and leadership will be remembered. He was a tremendous decent man. His legacy to the United States has been legislation like the Americans With Disabilities Act which now allows people with disabilities to be treated equally and to have equal access to buildings, education, and employment.

I will miss him, and I will miss his decency—I believe all Americans will. Mr. Speaker, I extend my condolences to the family of this fine public servant.

JONES ACT REFORM

HON. NICK SMITH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SMITH of Michigan. Mr. Speaker, today thousands of agricultural producers across America cannot sell their products to their own U.S. neighbors because they cannot secure waterborne transportation. My own farmers in Michigan can't sell their grain to livestock producers desperately needing feed in the South because there is no means of coastal transportation. American farmers and industry are forced to purchase foreign goods, rather than those produced in the U.S. because there is no means of transportation within the coastal U.S. for American products.

In all parts of the Nation, industry and farmers have watched business opportunities pass them by and go to foreign competitors because of lack of adequate transportation of U.S. goods to U.S. purchasers along our coastal waters. In effect the United States is subsidizing foreign farmers to the detriment of U.S. producers.

This system is contrary to the free-market system and the buy-American philosophy. That is why I am introducing reforms to our Federal maritime law, commonly known as the Jones Act to allow more free movement of agricultural commodities and other cargo within our domestic waters.

Currently the 1920 Jones Act, borne out of national security concerns, requires the transport of goods within the United States be done on domestic carriers, with domestic crews, under domestic flags. My bill is designed to spur economic activity by increasing the means of transportation for agriculture and others goods within the United States and in turn boost the maritime industry which has suffered dramatically in the last 20 years.

My bill that I am introducing today would bring competition to ocean transportation and level the playing field between domestic and foreign carriers by allowing cargo to be carried on foreign ships, while requiring only U.S.-manned crews in compliance with immigration laws, and adherence by foreign carriers to all tax and regulations currently imposed on U.S. ships.

Reforming the Jones Act will strengthen the competitive position of American businesses and agricultural producers. Please lend your support to American industry by helping to promote trade and economic activity throughout the United States.

CORINTH GRANGE NO. 823 CELEBRATES 100TH ANNIVERSARY

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SOLOMON. Mr. Speaker, if there's one organization that has consistently been at the center of American society for generation upon generation, it is the Grange. From its inception in rural America, to the Grange Halls that span across middle America and towns of all sizes and backgrounds today, the Grange has remained the consummate centerpiece for community life.

Mr. Speaker, that is no easy task considering the times and changes we've seen over the course of this 20th century. And that's not to say that the Grange hasn't had to change along with it, because they have. How else can they remain a central part of so many communities? But thankfully, they have remained faithful to those core ideals and principles that have made them a central part of American life.

One such Hall I'd like to make particular note of today is from my congressional district in upstate New York. I'm talking about the Corinth Grange No. 823 who will be celebrating their 100th anniversary later this month. Over the course of 100 years, the Corinth Grange has remained a focal point for community camaraderie and a source of traditional ideals like community service and volunteerism. Mr. Speaker, to me, those are the two ideals to which I most credit the tremendous history and progress of this country. And Mr. Speaker, they have played no less significant role in the history of Corinth and Grange No. 823.

In fact, this fraternal organization is steeped in American history, so centrally tied to our Nation's roots and heritage it is impossible to separate one from the other. It is in places like Corinth, NY, where this rings true to this very day. Because of the work and activities of my fellow Grangers there, the ideals and values that have for so long comprised the American way of life survive today.

That's right, Mr. Speaker, my wife and I have belonged to the Grange for over 25 years now, and I can't tell you how proud I am to be a part of this organization. I have always been one to put community and country above self and it is the Grange that embodies this spirit. In that regard, I always judge people based on what they return to their community. By that regard, all the members, past and present, of the Corinth Grange are truly great Americans.

Mr. Speaker, the members of the Corinth Grange No. 823 will be holding an open house to commemorate their 100th anniversary on August 25 of this year. As they will gather at the Grange Hall on Main Street, I ask now that you, and all Members of the House join with me to pay tribute to everyone who has comprised their history since back in 1896, they certainly deserve it.

WOMEN'S BUSINESS TRAINING PROGRAM

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. LAFALCE. Mr. Speaker, today I am introducing legislation to authorize permanently a very successful, low-cost, community-based program that I created as part of the Women's Business Ownership Act of 1988, to train and counsel current and potential women business owners.

Mr. Chairman, women entrepreneurs remain an increasingly significant part of the U.S. economy. They account for approximately one-third of all U.S. businesses and are starting businesses at twice the rate of men. Masked by these impressive statistics, however, is the fact that women encounter numerous obstacles trying to start, maintain or expand a business—obstacles which must be eliminated if we are ever to realize the full potential of this dynamic sector of our economy.

While all small businesses have common challenges—access to capital, for example—there are particular problems faced by women. In 1988, the Committee on Small Business heard testimony from dozens of women business owners on this issue, and one area which was repeatedly cited was a need for business training to teach women financial management and technical skills. The women's business training program, which is the subject of today's legislation, thus was established as a pilot program to see if it could help fill the training void. I can report to you today that it has exceeded our hopes for it.

Currently, the authorization for this program expires at the end of fiscal year 1997. My bill does not change any of the terms or conditions of the program; it simply removes the expiration date, thereby allowing existing training centers to plan their futures with more certainty, and encouraging States and locales without centers to try to establish them.

As befitting a program administered by the Small Business Administration, this program takes a very business-like approach to fostering and assisting women entrepreneurs. Organizations experienced in business counseling and training may submit to the SBA proposals for Federal funding to start a training center. The proposals are very competitive for a number of reasons, including the facts that Federal funds for the program are limited, are given for a maximum of 3 years, and must be matched by non-Federal assistance according to a specified formula. I can assure you that such terms weed out all but those who are the most committed to assisting women entrepreneurs and are the most likely to be able to keep their center operational when Federal assistance ends after 3 years.

If, as one says, the proof is in the pudding, let me now turn to that. Eight years after getting off the ground, there are currently 54 training sites in 28 States, with each center tailoring its style and curriculum to the particular needs of the community—be it rural, urban, low income, or linguistically or culturally diverse. More than 55,000 women have sought and benefited from the training and counseling in business management, marketing, financial and technical assistance offered by the centers. The centers have directly led to business start-ups, expansions and job creation. Equally important, the program has also prevented business failures.

Mr. Chairman, I could spend hours giving concrete examples of the accomplishments of this program and describing the experienced and talented people who put enormous time and energy into running their sites. I will, however, take just a minute to give a few examples:

There is a site in Mississippi where the National Council of Negro Women operates the training program, essentially "circuit riding" from place to place to bring assistance to rural women who are or want to be business owners.

The Center for Women and Enterprise in Massachusetts, a new site, has been given $150,000 by the Bank of Boston toward the center's matching fund requirement. I think this says volumes about the center's importance to the community. The director of this training site has a Harvard MBA and experience in microenterprise development in South America.

The Ms. Foundation has given a grant of $150,000 to the site in Ukiah, CA, a rural area some hours north of San Francisco. This training center is one of the many still up and running even though its Federal start-up funding has ended.

One of the earliest sites started under the program, run by the National Association of Women Business Owners in Chicago, remains operational 4 years after it stopped receiving Federal money under this program. For mere seed money in the late 1980's, we are still helping women get their economic footing.

Mr. Chairman, this program has since its inception received broad bipartisan support in both houses of Congress. It does what we want most Federal programs to do: runs on a shoestring, produces concrete results, reaches and benefits a wide array of individuals, permits only a finite and brief period of financial aid to any one recipient location, and requires no bureaucracy to run it. This program works and it puts people to work. I urge all Members to support this bill and I look forward to its quick passage.

HONORING AMERICAN WORKING MEN AND WOMEN

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ACKERMAN. Mr. Speaker, I rise today, to commemorate our Nation's Labor Day holiday, and to honor New York's vibrant and diverse work force. Appropriately enough, before Congress adjourns, we will have passed a bill to raise the minimum wage and sent it to the President for his signature. This marks a tremendous victory for those people who have been working tirelessly to ensure that this vital, and long overdue, action be taken. Many people deserve praise for their work on this and other issues, but I would especially like to recognize the New York State AFL–CIO, the Long Island Central Labor Council, the New York Central Labor Council, and the Building and Construction Trades Union of the AFL–CIO, as well as all of you in the labor community who have united to work together against the antilabor sentiment that has pervaded Congress in the last 18 months. Your immeasurable support in this effort has assisted Congress in finally, after 7 years, passing a much-needed raise in our Nation's minimum wage, as well as staving off several vitriolic attacks on our Nation's workers.

In a short time, those workers who have been scraping by on $4.25 an hour will get some relief for their families by earning a little bit more. Right now, the minimum wage is at 40-year low in terms of purchasing power. The simple fact is that people can no longer raise a family on this kind of wage. Yes, it's a small step, but it's no secret that it's a step that most Americans have desired for a long time. In fact, 80 percent of the American public supports this raise. Additionally, this legislation is the essence of family values—in other words, by enacting this measure, we are truly valuing our families. In my view, it is a simple matter. If we don't assist, nurture, and encourage our families to attain a higher standard of living, how do we expect America as a whole to succeed?

Howeer, this labor-unfriendly majority has, for some time now, been a virtual roadblock in the way of achieving meaningful legislation such as this, as well as other important labor and family related matters. We need to continue to be in the business of improving, not undercutting, the well being, and survival, of our families. Nonetheless, whether its been in the form of striker-replacement legislation, allowing companies to raid the pensions of its workers, crafting a bill to mandate employer-led organizations to address labor issues, or cutting funding for important agencies such as the Occupational Safety and Health Administration [OSHA] and the National Labor Relations Board [NLRB], the Republican leadership has strived to make it more difficult for American workers to have access to safety and security in their jobs. These actions do not send the right message to hardworking Americans, and I intend to ensure that trend is reversed.

Lastly, through the persistent efforts of those such as my colleague Senator TED KENNEDY, we are also able to pass a serious first step toward meaningful health insurance reform. This bill will affect at least 25 million Americans who either change or lose their jobs, or have preexisting conditions in their family that has, up until now, given insurance companies an excuse not to offer comprehensive health insurance. That is patently unfair and just plain wrong, and I have consistently made sure that these concerns are addressed properly.

Working men and women have been the glue of this country ever since its inception, and I heartily salute them on Labor Day 1996. I strongly urge my colleagues to commemorate with me the workers of New York and their families on this day, and I look forward to a time when all Americans can feel safe in their jobs and financially secure in their lives.

TRIBUTE TO THE EIGHTH BRONX PUERTO RICAN DAY PARADE

HON. JOSÉ E. SERRANO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SERRANO. Mr. Speaker, I rise today to pay tribute to the eighth Bronx Puerto Rican Day Parade, which will be held this Sunday in my South Bronx congressional district.

Mr. Speaker, this year, like each of the past 7, Puerto Ricans from all five boroughs of New York City, and from Puerto Rico have come together to march along the Grand Concourse, the South Bronx, in celebration of Puerto Rican traditions, music, and history.

Under the leadership of its President, Adolfo Carrión, Jr., the parade has continued to grow attracting thousands of visitors from New York State and other areas of the United States. This year more than 400,000 participants are expected.

The 1996 Bronx Puerto Rican Day Parade will commemorate the centenary of the flag of Puerto Rico. In its honor, participants will march carrying the Puerto Rican flag with pride.

Mr. Speaker, the idea and design of the Puerto Rican flag were conceived in New York City. On December 22, 1895, a group of Puerto Ricans patriots met at Chimney Hall, between 25th Street and 6th Avenue, in Manhattan, to approve a resolution for the adoption of the Puerto Rican flag. The flag which was presented that day was sewn by Ms. Mima Barbosa.

The parade will also honor and recognize the Puerto Rican community for transforming New York City into a bilingual city. It is in their honor that we celebrate Puerto Rican culture and the Spanish language.

The parade will feature the music of "La India," Pete "Conde" Rodriguez, and Ray Sepulveda, among other performers. It will be a day of joyful celebration of Puerto Rican heritage.

Mr. Speaker, I ask my colleagues to join me in recognizing the individuals and participants who have made possible the celebration of the Bronx Puerto Rican Day Parade—8 years of bringing joy to the community.

IN APPRECIATION OF ROBERT BITZER

HON. GLENN POSHARD

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. POSHARD. Mr. Speaker, I rise today to honor Mr. Robert Bitzer of Shelbyville, IL. For half a century, he touched many lives as a selfless community leader and businessman. Mr. Bitzer passed way on July 18, leaving behind a legacy of hard work and dedication.

Mr. Bitzer was born March 30, 1923 in East St. Louis, IL. He graduated from the University of Illinois with a degree in business administration. From 1945 to 1947 he assumed the role of Chief Illiniwek and made an appearance in the Rose Bowl. Though such an experience would often lead to a lifetime of storytelling, those who heard the story of this modest man, only heard it from others.

As a World War II veteran, he went on to serve as president of Bitzer-Taggart Motor Co. for 44 years. During this time, his tireless involvement in the community led some to dub him "Mr. Shelbyville." He was an instrumental force in the development of Lake Shelbyville and served as the chairman of the Lake Shelbyville 25th Anniversary Celebration. His numerous leadership positions in the community were rewarded with the Business Ethics and Social Involvement Award and the Outstanding Businessman Award from the city of Shelbyville. Despite his unwavering dedication to the community, his family was always his first priority.

Mr. Speaker, Robert Bitzer was a model citizen whose humble service and dedication were the archetype of "leading by example.'" His life is an inspiration that we can all look to with pride, and do our best to emulate. It is a privilege to represent him in the United States Congress.

TRIBUTE TO KAREN CLARK

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. TOWNS. Mr. Speaker, as president and CEO of Managed Healthcare Systems, Inc. [MHS], Karen L. Clark has pioneered the concept of community-based managed care in New York City. In leading MHS from its inception 2 years ago to its current position as the fourth largest provider of Medicaid managed care in the city, Ms. Clark has demonstrated that a minority-controlled and operated, for-profit health maintenance organization [HMO] can successfully deliver quality health care to residents of inner-city neighborhoods that have traditionally lacked extensive medical and health services.

With a mission to improve the quality of life for Medicaid recipients and other medically underserved citizens by elevating their health status, MHS, under Ms. Clark's stewardship, has designed a health plan that seeks to increase its members' utilization of services by helping them foster a relationship with a primary care physician, educating them about the importance of wellness and preventive care and offering them a series of creative outreach and case management programs.

Ms. Clark brings extensive experience in health care management to MHS. A graduate of Rider College and the Columbia School of Business, Ms. Clark was senior vice president for Healthcare Management Alternatives [HMA], an innovative inner-city health plan in Philadelphia, from 1989 to 1993. At HMA, Ms. Clark was responsible for quality assurance, utilization review, and provider relations for approximately 85,000 residents of South and West Philadelphia.

Prior to joining HMA, Ms. Clark served at Travelers Health Network of New York from 1987 to 1989, initially as director of operations and provider relations and then as executive director. As executive director, she was responsible for development and maintenance of the provider network for the Travelers' managed health care division in Metropolitan New York and northern New Jersey.

Ms. Clark has also exemplified her pioneering spirit through prior positions with such companies as Whittaker Health Services, Interracial Council for Business Opportunity, Managed Health Plan, Health Insurance Plan of Greater New York, Manhattan Health Plan, and Lancaster & Co.

As a shining beacon of hope, Karen Clark has made a difference through her tireless undaunted mission to improve the health of urban communities faced with diminished resources. I am pleased to introduce her to my House colleagues.

THE JOHNSTOWN ASSOCIATION OF LIFE UNDERWRITERS 75TH ANNIVERSARY

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. MURTHA. Mr. Speaker, I would like to take this opportunity before the House to congratulate the men and women of the Johnstown Association of Life Underwriters on its 75th anniversary.

JALU was founded in 1921. Since that time it has been a dedicated community service-oriented organization, coordinating numerous public service efforts over the years with the Salvation Army, the St. Vincent DePaul food banks, and New Day.

The organization, whose members are from Cambria, Somerset, and Bedford Counties in my home State of Pennsylvania, has won numerous national and state awards for public service throughout its existence. For the past 3 years, the JALU has been working to raise funds to establish the first scholarship fund for Cambria County Area Community College.

One of the most notable activities in which they engage annually is hosting a summer picnic for underprivileged children. It means so much to those kids to know that these adults care about them—it makes such an impact on those young lives that I can't emphasize enough its importance. It's that kind of involvement in the community that we need more of and I want to applaud and thank this organization for its service in that regard.

I also want to applaud their tenacity in the face of economic hardship and corporate downsizing within the insurance industry because they've been able to keep their agencies open and continue to provide the kind of professional service the area needs and has come to rely on.

A CELEBRATION OF LIFE

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. MILLENDER-McDONALD. Mr. Speaker, I rise today to congratulate my daughter and son-in-law, Angela McDonald Thomas and Juan Demeris Thomas, on the birth of their child, my new granddaughter, Ramia Regina McDonald Thomas. Ramia was born on Tuesday, July 23, 1996, at 10:07 p.m. at the Sutter Roseville Hospital in Roseville, CA, weighing 8 lbs., 4 oz., and 20.5 inches in length.

The relationship between grandmother and grandchild is a special one and the bond between grandmother and granddaughter is one that has been cherished by millions of women around the world. I shall love Ramia and cherish every moment that we spend together. I shall do my best to provide her with the benefit of whatever knowledge that I have gained over the years. I will share with her many good experiences, as well as those that I wish to forget and hopefully be a bridge to our family's past. Once Ramia is armed with the knowledge of her forebears, she can chart a course for her future.

In Africa, a family's wealth was judged by the number of children and grandchildren they had. By my heritage, I am a wealthy woman. I have five wonderful children, Valerie, Angela, Sherryl, Keith, my daughter-in-law Lori Blair McDonald, and son-in-law Juan Demeris Thomas of whom I am proud. They have blessed me with Ayanna Damaris McDonald Thomas, Myles Chandler Millender McDonald, Diamond Sequoia Short (adopted), and new Ramia, four wonderful grandchildren. My husband Jim and I thank God for each and every one of them and we will love them for as long as they shall live.

IMPROVING ACCESS TO CLINICAL TRIALS FOR ENROLLEES OF FEDERAL HEALTH PROGRAMS

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mrs. JOHNSON of Connecticut. Mr. Speaker, today I am introducing two bills to give Americans covered by Federal health insurance programs access to peer-reviewed clinical trials when no standard therapies are available to treat their very serious medical conditions.

The first bill would require the Medicare, Federal employee and military health plans, and the Department of Veterans Affairs to cover the medical costs associated with the clinical investigation. In addition, the bill ensures that Federal matching funds under Medicaid would be available to States electing to cover clinical trials in their Medicaid programs. Finally, the bill requires the Secretary of Health and Human Services to make available information about on-going clinical investigations and the results of those studies.

The second bill is limited to a Medicare demonstration project covering clinical trials for cancer treatment.

Both bills stipulate that the Federal Government is only to pay for routine medical costs associated with the patient's treatment, such as hospital room and board, and radiology and laboratory services to monitor the patient's condition. The Federal Government would not be paying for the cost of the investigational agent itself.

Tragically, many patients must turn down these opportunities because they cannot afford to pay the routine costs associated with the clinical trial—a terrible irony, in my opinion, as these plans will cover the same medical treatment if it were provided as part of standard medical therapy.

Until a new therapy, technique or device is proven, many private payers of health care will cover the patient's medical costs. Therefore, I am pleased that one of my home State insurers, Aetna, has been a leader in working with researchers to pay some of the costs of patients enrolled in clinical studies. Such access gives these patients hope that their medical conditions may be improved or even cured, when no other door is open to them.

Mr. Speaker, the Federal Government already funds potentially life-saving clinical research every year, but bringing breakthroughs into standard medical practice requires these investigations. These initiatives back up the Federal Government's investment in the basic research with financial backing to bring these promises to fruition.

REPEAL OF THE BEER TAX

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. NEAL of Massachusetts. Mr. Speaker, today I am introducing legislation which would reduce the excise tax on beer from $18 to $9 a barrel. The Omnibus Reconciliation Act of 1990 doubled the excise tax on beer to $18 a barrel. The Omnibus Budget Reconciliation Act of 1990 included provisions commonly referred to as "luxury taxes" on high-priced items such as boats, furs, and automobiles. All of these luxury taxes have been reviewed by Congress. For example, today we passed the Small Business Job Protection Act of 1996 which includes a phaseout of the luxury automobile excise tax. The automobile excise tax is the last luxury tax still in effect.

I believe it is time for Congress to look at a repeal of the beer tax. The tax increase of 1990 doubled the tax on beer. Currently, consumers pay 32.6 cents per six pack. This legislation would reduce the tax to 16.3 cents a six pack. The beer tax is an example of an excise tax which affects the average working American.

Congress has repealed and reviewed the luxury taxes which mostly affect the wealthiest of all Americans. We should now review a repeal of the increase on the excise tax on beer. This type of excise tax is regressive and it affects the average American. If we can repeal excise taxes on items that affect the wealthy, we should look at items that affect the average working person. Forty-three percent of the cost of beer is taxes. This is simply too high.

Lately, there has been a lot of talk about tax reform and tax fairness. Repealing the excise tax on beer would help make the Tax Code more fair. Mr. Speaker, I urge Congress to take another look at the beer tax.

SALUTE TO THE NATIONAL STEINBECK CENTER

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. FARR of California. Mr. Speaker, I am honored to bestow congressional recognition on the National Steinbeck Center, a national cultural institution located in Salinas, CA, in the heart of my congressional district. The city of Salinas is John Steinbeck's hometown and the Salinas Valley is the setting for some of Steinbeck's most powerful writings. It is only fitting, then, that a national center be located in Salinas, dedicated to the preservation of the art of John Steinbeck and to the celebration of his works and ideas through a variety of historical exhibits and cultural programs.

John Steinbeck was one of our Nation's greatest authors, a native son of California, Pulitzer Prizewinner, and Nobel Laureate. "Grapes of Wrath," which become an American classic, earned him the Pulitzer Prize Fiction Award in 1940. In describing the journey of an Oklahoma family's migration to California during the Depression in the hopes of realizing a better life, Steinbeck achieved worldwide recognition for his keen observations and powerful writings of the human condition. With "Cannery Row," published in 1945, Steinbeck wrote a lively story about life in the thirties in Monterey, a sleepy California fishing village, when life seemed to him to have more meaning, although the conditions were quite different. Steinbeck's fiction represents the character of our people, in particular their vitality and uniquely American qualities. As a resident of California's central coast, John Steinbeck's novels are rich in the portrayal of our region's abundant agricultural heritage, and the locales of his stories are reflective of life and the people of the Salinas Valley. In 1962 he received the Nobel Prize for Literature "for his realistic as well as imaginative writings, distinguished by a sympathetic humor and keep social perception" for his work.

I join the State of California in proclaiming the National Steinbeck Center. The national center will be a world-class museum and cultural center dedicated to Steinbeck teachings and lore. It encompasses one of the largest existing collections of Steinbeck artifacts, papers, and photographs in the world, and commemorates the Salinas Valley's multibillion-dollar agricultural industry, an industry which has earned the valley the designation as the Salad Bowl of our country. The National Steinbeck Center hosts an annual Steinbeck Festival at the beginning of August, where visitors can immerse themselves in films, tours, panel discussions, and special events depicting Steinbeck's writings. The National Steinbeck Center is not only a tribute to Steinbeck's life and literary genius, but also a unique repository for American culture from the first half of this century.

John Steinbeck's literary accomplishments make him an icon of our cultural heritage. In bringing the plight of the poor and disadvantaged to the forefront of our social consciousness, Steinbeck's writings are as contemporary to modern day societal problems as they were in previous decades. In his acceptance speech for the Nobel Prize in 1962, John Steinbeck left each one of us with words to live by "* * * celebrate man's proven capacity for greatness of heart and spirit—for gallantry in defeat, for courage, compassion and love. In the endless war against weakness and despair, these are the bright rally flags of hope and of emulation."

I ask the Speaker and all my colleagues to join me in saluting the National Steinbeck Center in Salinas, CA.

ESTABLISH A VISA WAIVER PILOT PROGRAM FOR NATIONALS OF KOREA

HON. NEIL ABERCROMBIE

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. ABERCROMBIE. Mr. Speaker, I am proud to introduce this measure in support of economic growth and jobs for Americans.

The American Chamber of Commerce in Korea reports that the average visitor from South Korea to the United States spends over $3,400. South Korean visitors to the United States spent nearly $2 billion in 1995. This means economic growth and jobs for Americans particularly those in States most visited by South Koreans: California, New York, Hawaii, Guam, Nevada, Arizona, Illinois, and Washington, DC. All indications show that this boom is just the beginning. Today, South Korea has the 11th largest economy in the world and is the 6th largest United States trading partner. We need to take positive advantage of this new phase of South Korean prosperity.

Unfortunately, the United States continues to restrict Korean travelers by not allowing South Korea to participate in the Visa Waiver Pilot Program [VWPP]. Although many more Koreans would like to visit the United States, they find the visa process to cumbersome. Today, the United States lags behind Canada, Australia, and other countries in cornering the Korean tourist market.

The bill I offer with Mr. JAY KIM would establish a visa waiver pilot program for nationals of Korea who are traveling in tour groups to the United States. Under this bill, Korean visitors are allowed for a period of not more than 15 days. The bill would also establish special bond and notification requirements for tour operators. These include the posting of a $200,000 bond and approval by the Secretary for a tour operator's application to escort tour groups to the United States.

As we work to strengthen our economy in this country, I am confident that increased revenues generated from Korean visitors will be most welcomed.

LET LEBANON BE LEBANON: GIVE BACK ITS TERRITORIAL INTEGRITY

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. RAHALL. Mr. Speaker, I rise to introduce a House Concurrent Resolution, expressing the sense of the Congress regarding the territorial integrity, unity, sovereignty, and full independence of Lebanon.

You may ask what that means, and you may ask why it is prudent or necessary to introduce such a resolution. I will tell you.

As a Lebanese-American Member of Congress, I am aware of recent events in the Middle East which despite secret diplomacy may have slowed the peace process. I have seen resolutions introduced in this body which would do the same by calling upon Syria to get its Armed Forces out of Lebanon—as though Syria is the only occupying force that needs to get itself out of Lebanon; as though Syria is to blame for every single averse thing that has happened to Lebanon in recent years.

Mr. Speaker, Syria is no angel—but Syria isn't the only problem Lebanon has, or that the Middle East has, for that matter. We all know that to be true.

The biggest problem today appears to be that everyone views Lebanon as some kind of bargaining chip, or pawn, to be used by Israel and Syria and then whoever else find themselves with an ax to grind in the region—not an ax to grind with Lebanon necessarily—and they then proceed to grind their axes at will and at Lebanon's expense.

The most recent grinding of axes in and around Lebanon was called Operation Grapes of Wrath. And the axes were turned into shells and rockets and so-called precision weaponry that allegedly could penetrate buildings in the middle of the city of Beirut and search out a floor with a window that supposedly was concealing Hizbollah, without harming the innocent mothers and children also living in that building. But the precision weapons turned out not to be so precise, and more than 100 Lebanese civilians were killed, 400,000 were displaced and many left homeless, injured, and suffering.

This resolution is for Lebanon and about Lebanon. It isn't about Israel or Syria—except that all non-Lebanese forces are asked to get out of Lebanon. It is an idea whose time has come and perhaps a point of discussion in current secret diplomacy and/or other talks.

Another idea whose time has come is that the United States Government—the Congress—the President of the United States—need to reformulate their policy toward Lebanon and they need to reaffirm their support for a country that has long been friendly toward the United States. Not only do they need to reformulate a policy, the policy needs to be implemented.

Lebanon has a government, and it has an army, and it is rebuilding and it is getting stronger and more secure every day. It is time that the United States Government began looking at and considering Lebanon as the master of its own house—the captain of its own ship—and understand that the United States Government should negotiate directly with Lebanon's government on issues concerning Lebanon and its future.

There is no need for the President, the Congress, or anyone else to look toward Syria to the North, or toward Israel in the South—they have no right to decide Lebanon's future.

As a matter of fact, our Government needs to look backward 18 years ago—and recall United Nations Security Council's Resolution 425 which calls for the withdrawal forthwith of Israeli forces from Lebanon and for which the United States representative to the United Nations voted.

The Taif agreement regarding Syria did not go far enough because it did not call for withdrawal. It did call for a redeployment of Syrian forces to the entrance of the Bekaa Valley and the disarmament of all militia in Lebanon, both of which Syria has ignored.

And so, Mr. Speaker, I introduce this concurrent resolution, urging the President to take the necessary steps to activate the Consultative Group for Lebanon's Reconstruction, which was established by the April 26, 1996, understanding between Lebanon and Israel—entered into after Operation Grapes of Wrath, which rained so much death and destruction upon innocent civilians in the land of my grandfathers.

By this resolution I and my colleagues who cosponsor with me call for the withdrawal of all non-Lebanese forces from Lebanon so that she will no longer serve as the preferred battleground for her neighbors.

It tells the President that he need not wait upon the reconvening of the official Middle East peace talks, or the finalization of a comprehensive peace accord with all nation states in the region—to help Lebanon get non-Lebanese forces out of Lebanon.

The resolution calls upon the President to negotiate directly with officials of the Government of Lebanon on issues pertaining to Lebanon. To negotiate directly means just that—without any middlemen.

In closing Mr. Speaker, I submit this resolution to the House, calling upon Lebanon to assert more independence to assure the international community that Lebanon has the political will and the military capability to guaranteed security along her borders, for herself and her neighbors, and to disarm all militia upon the withdrawal of all non-Lebanese forces from Lebanon.

Let Lebanon be Lebanon.

VOICE OF DEMOCRACY CONTEST WINNER

HON. DAN SCHAEFER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SCHAEFER. Mr. Speaker, I rise today to submit into the RECORD a copy of the winning entry for the State of Colorado in the Veterans of Foreign Wars Voice of Democracy broadcast scriptwriting contest. Out of the more than 116,000 secondary students who entered, Kelsey Perkins, of Aurora, CO—Smoky Hill High School—was selected as 1 of 54 national winners of a college scholarship.

ANSWERING AMERICA'S CALL

(By Kelsey Perkins)

Good Morning, and welcome to the American Safari Corporation. I will be your guide for today's tour. What brought most of you here was not the call of the wild, rather it was the call of America. Today we will be conducting a tour in search of some rare species. Now I'm sure that some of you have been told that our search is futile since the price we are seeking is often considered to be almost extinct. I'll let you be the judge of that. For those of you who are not familiar with our goal today, let me begin by telling you that we are searching for some responsible Americans. Before we set out, I will outline three identifying marks of a responsible American which will help you in our hunt.

The first sign of a responsible American is often that of involvement in our country's armed services. In many countries across the world, military service is mandatory for young men. They have no choice in whether or not to serve their country. In the United States we have no such requirements. Service is voluntary during peace-time. The strength of a country's military is often the standard by which it is judged by other nations. The military is not only a fighting force, it is an international representative of its country. Service shows patriotism and pride for one's home. The armed forces serve the common good by protecting America's interests in all areas, and by embodying the strength, skill, and patriotism that symbolizes our country and fills every American with pride. For many citizens, military service offers the perfect opportunity to answer America's call and take on responsibility for our nation. Our armed forces have very high standards for their applicants. By meeting this standard of excellence through service in the armed forces, many men and women are successfully answering America's call to responsibility.

The second tell-tale mark to look for in our hunt is involvement in the government. Perhaps one of the best days to search for responsible Americans is on the first Tuesday in November. They can be seen in herds as they assemble to vote. In a day and age where many people are content to sit on the sidelines and not become involved in our government, utilizing one's right to vote and becoming involved in the government is a sure sign of a responsible American. As President Harry S. Truman observed, "It's not the hand that signs the laws that holds the destiny of America. It's the hand that casts the ballot." Responsible Americans not only participate, but realize what an honor their role in government is. Our founding fathers risked execution by first daring to give Americans their rights to vote and to be involved in government because their actions of protesting unfair government were seen as treasonous. Since the Revolution, Americans have fought and died in many wars to keep Americans free. They fought and died to maintain our rights which include voting and government participation. As citizens of the United States today, it is our duty and privilege to vote in elections and to be involved and informed about our national and local government. Answering America's call includes meeting these responsibilities which support the rights for which many men and women have risked their lives.

One final way to find a responsible American is to look for those who are involved in community service. Acts of unselfish kindness for the common good or the benefit of others is not too much to ask in a nation which has so much. Community service touches the individual lives which make up this great country. It serves as a testimony to our country's humanity. Behind the mass of the armed forces and government are the everyday individuals in life which can be touched and inspired by the work of a few citizens who have realized their responsibility as members of this nation. Many organizations work year round to meet the basic needs of our nation's people because we have a responsibility to those less fortunate than ourselves. So, be sure to search for those who spend their free time helping others in such places as food banks, soup kitchens, and schools.

Well, I hope my little overview has given you a better idea of what to look for in your hunt for a responsible American. Don't forget to look for those obvious signs we reviewed: military service, government participation, and community service. With these in mind, you're sure to find a trail. Please also consider yourself in regards to what's been said today. Don't be afraid to answer America's call personally. By doing so, you could greatly increase the responsible American population. They don't have to be an endangered species.

DAYTON POWER AND LIGHT HONORED

HON. FRANK A. CREMEANS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. CREMEANS. Mr. Speaker, the Dayton Power and Light Co., which serves my district, was honored in a Capitol Hill ceremony here in Washington, receiving the Edison Electric Institute's Common Goals Special Distinction Award for outstanding achievements in community responsibility/special needs.

Mary Kilbane, DP&L's school program coordinator, and Ann Farmer, manager, corporate communications, were presented the award by EEI president Thomas R. Kuhn.

The award recognizes DP&L's energy conservation and environmental awareness patch program. The course uses hands-on activities, visual aids, and creative learning techniques to teach Girl Scouts and Boy Scouts in the company's service area about energy production and conservation and how these functions affect the environment. When participants complete certain requirements, they qualify as energy smart citizens. Scouts receive a colorful way to go patch with second-year students able to earn a Lucky the Dog pin. With such incentives, DP&L's program in 3 years educated more than 10,500 scouts and leaders.

I want to extend my congratulations and best wishes to Dayton Power and Light for receiving the EEI Common Goals Award and for its good work on behalf of a better community. Congratulations, DP&L.

THE BALANCE THE BUDGET FIRST ACT OF 1996

HON. JON CHRISTENSEN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. CHRISTENSEN. Mr. Speaker, today I introduce legislation that will repeal the automatic annual pay adjustment for Members of Congress that was written into law by a previous Democratic Congress, making clear that pay for Members should not be increased until the Federal budget has been balanced.

I decided to introduce this legislation for two reasons. First, as public servants, we shouldn't be accepting automatic, backdoor annual pay increases. I believe that pay raises for Members of Congress should only happen after debate in the open, on the House floor, so that the American people will know that we are doing.

Second, I believe that this body has no business accepting a pay raise until we've balanced the budget. This body has been granted a public trust by the American people to keep our Nation's fiscal house in order, and the Congresses of yesteryear have not kept their part of the bargain. Instead, Congress has run up a $5 trillion national debt that our children and grandchildren will have to pay off.

While I know that some Members have been in Washington so long that they view the act of balancing the budget as an exercise in futility, the simple truth is that we can balance the budget in 6 more years if we have the political will to do so. When this body shows the fortitude to balance the Federal budget, then, and only then, will we be deserving of a pay raise.

ENFORCE ENVIRONMENTAL AND LABOR SIDE AGREEMENTS

HON. CURT WELDON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. WELDON of Pennsylvania. Mr. Speaker, I introduce this bill today to help enforce the environmental and labor side agreements sold to the Congress by President Bill Clinton to obtain ratification of the North American Free Trade Agreement [NAFTA].

NAFTA's detrimental effect upon both the environment and the American worker are being further realized the longer we allow current practice to continue. Today, I propose a mechanism that requires the President to verify the enforcement of the side agreements that were used to gain Congressional approval of NAFTA. Unfortunately, these well-intentioned, feel good side agreements have no teeth, and thus, provide none of the environmental or labor protections promised during the passage of NAFTA.

My bill requires the President to certify to Congress, on an annual basis, the compliance of NAFTA parties—Mexico, Canada, and the United States—with the side agreements. Should a party fail to meet certification, the United States will deny financial assistance—including loans or extension of credit by international financial institutions—to that country. As a last resort, targeted tariffs against products most benefitting from side-agreement noncompliance may be pursued.

In short, my bill merely requires the President to verify side-agreement compliance and creates a mechanism to help ensure Mexico enforces its own laws. It is my hope that such enforcement will protect the environment and economy of the United States, two things that are endangered under current practice.

AMERICAN JEWISH COMMITTEE'S PUBLIC EDUCATION CAMPAIGN

HON. JOHN LEWIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. LEWIS of Georgia. Mr. Speaker, I rise today to call to the attention of my colleagues a very constructive public education campaign that has been undertaken by the American Jewish Committee [AJC], an organization with which I have had the pleasure to work with for many years.

As part of its mandate to promote tolerance and safeguard the essential ideal of pluralism, the AJC has run full-page advertisements in the New York Times, the Washington Post, and other publications enunciating the theme, "It Takes All Kinds." The AJC statement proudly commends our country for having achieved, to an extent nowhere else on Earth, a common dream of freedom. But, at the same time, the statement acknowledges that this dream has been subject to challenge. From the recent series of church burnings, to the increasingly loud voices that promote division along racial, ethnic, and religious lines, and with the threat of domestic and international terrorism within our borders, America's common dream is threatened by the haters and the dividers.

I applaud the American Jewish Committee for the service it has performed in raising public consciousness of the danger posed to all of us by those few who espouse words—and carry out actions—of hate and divisiveness, and in inviting us to partake in the daily enterprise of ensuring that America fulfills its promise of freedom, justice, and mutual respect for all.

I ask that the text of the American Jewish Committee's ad "It Takes All Kinds" be included in the CONGRESSIONAL RECORD.

IT TAKES ALL KINDS

The tired. The poor. The huddled masses yearning to breathe free.

From every corner of the world, from every race, faith, culture and creed, we have come or been brought to America. Separately and together, we have dreamed of freedom. And in America, as nowhere else on earth, we have made the dream of freedom real.

But today, that common dream of freedom, that common pursuit by a diverse people of a stronger and fairer America, is challenged. In communities across the land, suspicious fires lay waste to African-American and other churches, sowing fear and outrage. In the media, in the halls of Congress, on the campaign trail and in the streets, angry voices echo distressingly familiar calls to divide America into "us" and "them" along ethnic, racial, religious and other lines. The well-being of American democratic pluralism—in which each of us holds an equal stake in our nation's future—is in question.

At the American Jewish Committee, we have worked for 90 years to safeguard that essential ideal of pluralism. The task is critical. Too easily and too often, the delicate cords of law and civility that bind society have frayed, setting group against group. When those cords snap, all are threatened, indeed, the essence of America is imperiled.

Join us in the cause of keeping America safe from the haters and dividers. Join us in the vital, daily enterprise of ensuring America fulfills its promise of freedom, justice and mutual respect for all.

A TRIBUTE TO ESTHER LEAH RITZ

HON. THOMAS M. BARRETT

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. BARRETT of Wisconsin. Mr. Speaker, I pay tribute today to one of Milwaukee County's truly outstanding citizens, Esther Leah Ritz. As the Jewish Community Centers Association of Milwaukee prepares to honor Ms. Ritz with the Community Builders Award, for her multitude of contributions to our community, I would like to take a moment to reflect on the remarkable achievements of this great woman.

Esther Leah Ritz has been nationally recognized for her unfailing and tireless commitment to working for the betterment of Milwaukee County, the State of Wisconsin, and the entire Nation. Esther Leah has held major leadership positions in her Milwaukee Jewish Community Center, Federation, and the Jewish Community Center movement in North America. During her presidency, the Jewish Community

Centers Association launched and began implementing the innovative and acclaimed Commission on Maximizing the Effectiveness of Jewish Education which established Jewish Community Centers as full partners in the community process of promoting formal and informal Jewish education and continuity.

Esther Leah has also provided skilled leadership for many other Jewish organizations including Americans For Peace Now, Council For Initiatives In Jewish Education, Council of Jewish Federations, Jerusalem Center For Public Affairs, Jewish Agency For Israel, Joint Distribution Committee, Mandel Institute For Advanced Study and Development of Jewish Education, Shalom Harman Institute of Israel, and the World Confederation of Jewish Community Centers.

In addition to her excellent work on behalf of so many Jewish organizations in our community, Esther Leah Ritz' influence has been felt far and wide. She was worked diligently for the betterment of key Wisconsin institutions such as the Milwaukee Art Museum, the Institute for Wisconsin's Future, the United Way of Greater Milwaukee, and the Milwaukee Foundation.

Mr. Speaker, I commend the Jewish Community Centers Association on its excellent selection of Esther Leah Ritz for the distinguished Community Builders Award. I wish Esther Leah continued success in all of her endeavors.

TRIBUTE TO ARIZONA PUBLIC SERVICE CO.

HON. MATT SALMON

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. SALMON. Mr. Speaker, I rise today to pay tribute to an Arizona electric company that has done outstanding working the area of electrical efficiency. Recently, the Arizona Public Service Co. won an award from the Edison Electric Institute for its electrical efficiency in architectural design. As you know, we have some very warm weather in the Southwest, just like we do right here in Washington, DC, creating a tremendous demand for air conditioning and refrigeration. To find ways to make the most efficient use of electricity, the people at Arizona Public Service Co. designed an Environmental Showcase Home. Sacrificing neither comfort nor aesthetics, the home uses 60 percent less electricity and water. Mr. Speaker, I assure you that savings such as this will rapidly add up in Phoenix's large home-building market.

Ms. Pat Vincent, APSC marketing and sales director, was in Washington recently to receive the award from EEI President Thomas R. Kuhn in a Capitol Hill ceremony. My congratulations to Arizona Public Service Co. for this well-deserved honor.

TRIBUTE TO THE GRASSY HOLLOW VISITOR CENTER

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. LEWIS of California. Mr. Speaker, I would like to bring to your attention the fine work and outstanding public service of the U.S. Forest Service as it prepares to open the long anticipated Grassy Hollow Visitor Center on California's Angeles National Forest, Valyermo Ranger District. Under the leadership of U.S. Forest Service district ranger Bill Helin, the visitor center will open at a public ceremony on August 17.

The grand opening of Grassy Hollow Visitor Center represents an innovative approach to the management of our natural resources. Recently passed legislation enables national forests to operate facilities largely as a business, reinvesting revenues directly to the specific site generating those revenues. This type of management is attributed largely to unique community-based partnerships involving the Forest Service and local citizen groups in the area. This is an indication that the entrepreneurial spirit is alive and well at the Forest Service.

Like other similar facilities, the Grassy Hollow Visitor Center will be a gateway to our local national forest. More than providing information to the general public and our youth, this center will share tenets of responsible land stewardship which is vital to the long-term viability of our local natural resources.

Mr. Speaker, as competition for Federal dollars becomes more intense over time, the management of the Grassy Hollow Visitor Center provides a model to be emulated across the country. I commend Bill Helin for his leadership in promoting local partnerships and the conservation of our natural resources. It is only appropriate that the House recognize Grassy Hollow Visitor Center as it opens its doors for the first time on August 17.

TRIBUTE TO OLYMPIANS OF THE 14TH CONGRESSIONAL DISTRICT

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. ESHOO. Mr. Speaker, I rise today to honor Olympic athletes and coaches from California's 14th Congressional District. Two schools in the 14th District, both with outstanding academic reputations, have an unusually high number of students participating in the games this year.

Castilleja School is a college preparatory school serving girls and young women in grades 6 through 12. Its students are known for their aptitude and achievements, and now for their athletic accomplishments. Although it is a small school, Castilleja has three alumni in the Olympics. These distinguished athletes are Amy Chow, Laura Korholtz, and Katy McCandless.

Stanford University is one of the most distinguished private universities in our country. Stanford has demonstrated how multitalented its students truly are. Forty-nine Stanford students, alumni, and coaches are participating in the 1996 Olympic Games in Atlanta. These distinguished athletes and coaches are Jennifer Azzi, Nich Bravin, Ray Carey, Amy Chow, Domonique Dawes, Janet Evans, Scott Fortune, Catherine Fox, Chryste Gaines, Kurt Grote, Barbara Fontana-Harris, Julie Foudy, A.J. Hinch, Joe Hudepohl, Lisa Jacob, Regina Jacobs, Skip Kenney, Kristin Klein, Mike Lambert, Jeremy Laster, Jair Lynch, Rick McNair, Bev Oden, Dave Popjoy, Sherry Posthumus, Richard Quick, Nancy Reno, Jeff Rouse, Katy Steding, Kent Steffes, Fred Sturm, Jenny Thompson, Zoran Tulum, Tara VanDerveer, Erica Wheeler, Wolf Wigo, Jessica Amey, Elin Austevoll, Gus Envela, Claudia Franco, Andrew Gooding, Ted Huang, Eddie Parenti, Sean Pickering, Gabrielle Rose, Brady Sih, Dave Strang, Andrew Vlahov, and Robert Weir.

In addition, there are three remarkable Olympic athletes who reside in my district: Josh Davis, Mary Harvey, and Heather Simmons-Carrasco. These Olympians have distinguished themselves in swimming, soccer, and synchronized swimming, respectively and I am exceedingly proud that these athletes call the 14th Congressional District home.

Mr. Speaker, I ask my colleagues to join me in saluting these remarkable athletes whose determination, prowess, and incredible performances inspire us all. These Olympians who have excelled in both academics and athletics are role models to our Nation and to the world.

EXPRESSING SORROW AT THE DOWNING OF TWA FLIGHT 800

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. McCARTHY. Mr. Speaker, I rise today to express my deep sorrow at the downing of TWA flight 800, and to extend my heartfelt sympathy to the families of the victims. As investigators continue the difficult chore of determining the cause of the accident, and the torturous process of recovering the bodies, citizens the world over are horrified by this tragedy.

My community of Kansas City, though 1,500 miles from the site of the crash, feels a particularly strong connection to TWA 800. The lives of five Kansas City area residents were taken by the crash. Missouri is home to TWA, and to many of its thousands of dedicated employees, and TWA is the air carrier of choice for many of my constituents.

TWA has a long history of providing safe, secure, efficient, and dependable air transportation. Recently, employee-owned TWA emerged from financial difficulties to post significant earnings and now seems destined for a successful future. In addition, TWA is a responsible corporate citizen that continues its long and dedicated commitment to serving its community.

This tragedy has rightly caused us all to more closely examine safety precautions at airports, and to consider new methods for preventing terrorist activities. Safety and security must be our foremost concerns, and we have a responsibility to ensure that air travel is free from terrorist threat. We must also always bring to justice those responsible for cowardly acts of terrorism.

I again want to express my sympathy to the families and friends of the victims. Those unwitting victims will forever live in our memories. Let us work together and do all we can to prevent tragedies like this from occurring again. Thank you Mr. Speaker.

PRIVATE VOLUNTARY ORGANIZATIONS AND U.S. FOREIGN POLICY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. HAMILTON. Mr. Speaker, several weeks ago I had the honor of co-hosting a ceremony during which three private U.S. groups that help the U.S. Government and the U.N. distribute food aid—CARE, Save the Children, and World Vision—signed new working agreements with the U.N. World Food Program. This event provides an opportunity to pay tribute to the inspiring work of U.S.-based private voluntary organizations that help meet basic humanitarian needs worldwide.

Private voluntary organizations, many of them church- and synagogue-based, have played important roles in promoting U.S. humanitarian and foreign policy objectives since World War II. Catholic Relief Services, CARE, Save the Children, World Vision, and other U.S.-based groups have been key participants in one of the most successful U.S. foreign policy initiatives of the post-war era: the Food for Peace Program. Since the enactment of the Food for Peace statute in 1954, the United States has distributed nearly $55 billion in food aid in 150 countries. U.S. food aid, much of it distributed by private voluntary organizations, has saved millions of people from starvation and improved the health and quality of life of tens of millions of others. Private U.S. development agencies, medical teams, and refugee groups have enhanced the living standards of countless others in the developing world.

Americans take pride in the impressive humanitarian achievements of U.S. private voluntary organizations, whose work has been generously supported by millions of U.S. donors. But some Americans may not be aware that the work of these groups also supports important U.S. foreign policy interests.

U.S. food aid has promoted economic development in dozens of countries. Economic development has turned many food aid recipients into big markets for U.S. farm exports, and it has enhanced the political stability of many friendly countries. U.S. food aid has also helped ease the transition to market-oriented economies in many former communist countries. The efforts of other private voluntary organizations to build homes, teach skills, care for the sick and wounded, and shelter refugees have eliminated many of the underlying sources of political violence and military conflict.

The role of U.S. private voluntary organizations overseas has been extraordinary: no private-public partnership has been more effective in promoting key U.S. foreign policy goals. Americans owe these groups considerable gratitude for their vital contribution to our humanitarian objectives, our national security, and our international prestige.

But the dedicated and talented people who work for U.S. private voluntary organizations would not want note to be taken of their work without some attention also being paid to the human deprivation that still exists in the developing world. We need consider only the stunning data on world hunger to gain a sense of the scope of the world's unmet humanitarian needs. More than 13 million children die from hunger-related causes every year—an average of 35,000 each day, or 1,500 an hour. More than 180 million children are seriously malnourished today; many of those who survive will never reach their full physical and intellectual potential. The U.S. Department of Agriculture predicts that world food aid needs will double just in the next decade. Yet the food aid budgets of many countries are declining, food prices are rising, and farm surpluses are low.

U.S. food aid spending has been declining since 1993. The major farm bill enacted into law earlier this year included several measures that will make U.S. food aid programs more effective, but there is a limit to what we can do with declining resources.

Most Americans support U.S. Government food aid and other assistance to the world's poorest people. They want to help people in need, and they recognize that alleviating suffering make the world more secure and peaceful. As they learn more about the essential role played by private voluntary organizations in implementing the humanitarian programs of U.S. foreign policy, I am confident Americans will want to expand and improve those programs.

MEDICARE WAIVER FOR THE WELLNESS PLAN OF MICHIGAN

HON. JOHN DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. DINGELL. Mr. Speaker, today, I am joining with a number of my colleagues in introducing legislation to help the Medicare population in Michigan. This bill will make it possible for a longstanding, quality federally qualified health maintenance organization [HMO] that primarily has served the Medicaid population, to become available to Medicare beneficiaries. The Wellness Plan is a not-for-profit 501(c)(3) federally qualified HMO serving several counties in Michigan, including the Detroit MSA. The Wellness Plan currently has 150,000 enrollees, 141,000 of whom are Medicaid, 12,000 commercial and 2,000 Medicare.

The Wellness Plan is a nationally recognized leader in providing quality health services to this population. Since 1993, The Wellness Plan has had a Health Care Prepayment Plan [HCPP] contract with Medicare. Technical changes enacted by Congress and effective January 1, 1996, unintentionally prevent the Wellness Plan from enrolling additional Medicare beneficiaries under the HCPP contract.

The Wellness Plan is positioned to become a full Medicare risk contractor but currently is precluded from doing so due to the 50-50 Medicare enrollment composition rule. Given that the Wellness Plan has an established managed care record with respect to both the Medicaid and Medicare populations, and that the Health Care Financing Administration supports The Wellness Plan receiving a plan-specific 5-050 waiver at this time, this bill should be moved through the Congress as soon as practically possible.

INTEGRATING THE $500-PER-CHILD CREDIT WITH THE EITC TO IMPROVE BOTH

HON. THOMAS E. PETRI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PETRI. Mr. Speaker, yesterday I introduced legislation to create one seamless system of tax breaks for families with children, combining the best aspects of the earned income tax credit, and the proposed $500-per-child credit. My bill will begin to alleviate the problems related to the current EITC such as the marriage tax penalty, the lack of additional help to low-income families with more than two children and especially the high marginal tax rates in the phaseout range. It will give families with children a tax break just as was the intent of the $500-per-child credit but will do so in a more equitable way with most of the benefits targeted to the lower half of the income scale.

I ask that a description of the bill and a copy of a letter from the Joint Committee on Taxation scoring my bill be printed in the RECORD.

INTEGRATING THE $500-PER-CHILD CREDIT WITH THE EITC TO IMPROVE BOTH

Problems to be solved:

1. Current earned income tax credit (EITC)—a vital adjunct to welfare reform because it enables low-skilled people with kids to support themselves by working—has 3 big flaws:

a. contains high marginal tax rates (21% or 16%) during phaseout—when combined with other taxes and phaseouts (i.e. food stamps, housing subsidies, and a possible medicaid voucher), removes any incentive to get ahead because total marginal tax rate can top 100%;

b. contains high marriage penalties ($6018 + $750 income tax penalty in extreme case this year);

c. provides no extra help to larger families with greatest need.

2. $500 per child tax credit in Balanced Budget Act (BBA) was skewed toward upper half of income distribution because it wasn't refundable. Almost half of all children wouldn't get full credit, including all in 2 parent families below following income thresholds (single parent thresholds are each $3350 lower, but they are more likely to take full dependent care credit):

	With no dependent care credit	With full dependent care credit
1 child	$17,684	$21,524

	With no dependent care credit	With full dependent care credit
2 children	23,567	29,967
3 children	29,450	35,850
4 children	35,333	41,733
5 children	41,216	47,616
6 children	47,099	53,499
7 children	52,982	59,382
8 children	58,865	65,265

At same time, EITC cuts in BBA hit families hard in upper 'teens and 20's. Example: couple with 2 kids, $25,000 income, and no dependent care credit gets full $1000 child credit but loses $642 of EITC, for net tax cut of only $358.

Solution:

1. For kids under 18, eliminate personal exemption ($2550 in '96) and substitute $1000 credit—provides net tax cuts per child as follows:

15% bracket (about 0 to $40K taxable 1996 joint return income)—$618.

28% bracket (about 40K to 97K taxable 1996 joint return income)—$286.

Upper brackets—credit phases down to same value as a personal exemption for AGIs above $110,000 (joint) & $75,000 (household head), thereby providing no tax cut for families above those thresholds.

2. Universal $1000 credit is refundable for those with earned income and substitutes for a major portion of the EITC—NO PHASE-OUT NECESSARY BECAUSE EVERYONE GETS IT. Provide extra EITC to PARENTS—maximum of $1665 for couples and net of $1267 for single parents (due to their lowered tax threshold), phased out at 10% for couples and 11% for single parents.

Advantages:

1. Costs $11 billion less than $500 credit + EITC cuts in '97 Budget Res.;

2. Tax cut is progressive;

3. Credit itself is doubled;

4. Maximum EITC marriage penalty cut from $6018 to $2770 in '96 & more later;

5. EITC marginal tax (i.e. phaseout) rates cut from 16% & 21% (current law) or 34% (BBA conference report maximum) to 10 and 11%;

6. Provides extra $618 per child for WORKING poor families with more than two kids;

7. Supports welfare reform in which basic income of able-bodied is wages plus general tax credits plus a general health plan voucher.

JOINT COMMITTEE ON TAXATION,
Washington, DC, June 13, 1996.

Hon. THOMAS PETRI,
House of Representatives,
Washington, DC.

DEAR MR. PETRI: This letter is in response to your request of May 22, 1996, for a revenue estimate of a proposal to provide tax credits for certain families with children. The proposal would change the present-law earned income tax credit into a refundable parental credit and would replace the personal exemption applicable to dependents under the age of 18 with a refundable dependent credit.

The new dependent credit would allow a taxpayer a credit equal to 12.5 percent of earned income up to $8,000 for each of two dependents under the age of 18, the credit would be equal to 4 percent of earned income up to $25,000. For all other dependents under the age of 18, the credit would be 3.33 percent of earned income up to $30,000. The maximum credit would be $1,000 for each eligible dependent.

The new parental credit would be 15 percent of earned income up to $11,000 for non-joint returns. The maximum credit would be $1,650. For joint returns, the parental credit would be 18.5 percent of earned income up to $9,000. The maximum credit would be $1,665.

The dependent credit would be phased out in two stages. The initial phasedown would reduce the credit for each dependent by 5 percent of modified adjusted gross income ("AGI") in excess of $75,000 ($110,000 for joint returns) up to a maximum reduction of $272. The remaining credit would be phased out as is the present law dependent exemption. That is, the credit would be reduced by 2 percent for every $2,500 or part thereof by which the taxpayer's AGI exceeds the threshold amount ($118,150 for single returns, $177,250 for joint returns and $147,700 for head of household returns in 1996).

The parental credit would be phased out at a rate of 11 percent of modified AGI in excess of $11,600 for non-joint returns and 10 percent of modified AGI in excess of $12,000 for joint returns.

Modified AGI would be equal in AGI plus nontaxable Social Security benefits, certain alimony and child support payments in excess of $6,000 per year, tax-exempt interest, certain nontaxable pension income and minus certain capital and business losses.

In general, the dependent credit would not be indexed. The second stage phaseout level would continue to be indexed as under present law.

In the case of the parental credit, the credit percentage and phaseout threshold for non-joint returns would be indexed beginning in 1999 at a rate 2 percentage points lower than that applicable to other tax parameters. For other returns the credit percentage and phaseout threshold would be indexed beginning in 1998 at a rate 1 percentage point higher than the rate applicable to other tax parameters.

This proposal, effective for taxable years beginning after December 31, 1996, would have the following effect on Federal fiscal year budget receipts:

[In billions of dollars]

Fiscal years						
1997	1998	1999	2000	2001	2002	1997–2002
3.5	−19.9	−18.4	−17.1	−15.9	−14.9	−89.7.

Note.—Details do not add to total due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

KENNETH J. KIES.

OPPOSES MINIMUM WAGE INCREASE

HON. ENID GREENE

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Ms. ENID GREENE of Utah. Mr. Speaker, 2 months ago, I voted against the Riggs amendment to increase the minimum wage because I believed it will have negative consequences—particularly for those it portends to help.

I remain convinced that, on its own, increasing the minimum wage will result in the loss of thousands of entry-level and low-wage jobs, which are needed not only by young people but also by those who are seeking to reenter the work force.

Raising the minimum wage is a tax on an employer who is offering someone a job. It is not paid by all Americans, but only by those who seek to employ others. The natural result is that there will be fewer jobs available.

History shows that raising the minimum wage costs jobs. In fact, since 1973, congress has increased the minimum wage nine times. In each case, except one, unemployment increased. The one exception was during the period 1977–79, when the economy was growing robustly at over 5 percent annually. We are not now enjoying such growth. While I sincerely hope to be proven wrong, I remain concerned that raising the minimum wage will cost jobs.

Nevertheless, I voted for the Small Business Job Protection Act today because I believe that the construction of job opportunities for those who seek work will be at least partially offset by the tax breaks for small business that have been added to the bill in conference. Since it is clear that Congress will raise the minimum wage, I voted for this conference report, with its added tax relief provisions because I believe it encompasses the best means we have of softening the negative effects—that is, job loss—of a minimum wage increase during these lethargic economic times.

In addition, Mr. Chairman, I am particularly pleased that this bill contains key provisions from the Adoption Promotion and Stability Act to assist loving, caring Americans who are willing to open their homes and provide permanent, loving and stable homes for adoptive children.

In a successful adoption, everyone wins—the dearly wanted child, who is brought into a loving home; the adoptive parents, who have welcomed the child into their lives; and the birth parents, who know that their child is well cared for. Unfortunately, there are barriers that reduce the number of successful adoptions such as adoption fees, court costs, and attorney's fees.

As a result, one in seven children in foster care is waiting for adoption, and will wait for up to 6 years. At a time when adoption costs can reach upward of $20,000, providing a $5,000 per eligible child deduction to middle and low-income families for qualified adoption expenses offers valuable assistance to those who are willing to give so much to our most vulnerable children.

MICHELLE DORAN McBEAN, A WOMAN OF CONVICTION

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, August 2, 1996

Mr. PAYNE. of New Jersey. Mr. Speaker, my constituent, Michelle Doran McBean, will celebrate her 50th birthday on August 5. This event is a significant one for her since she was not expected to live beyond her 30th year. She was born to Frederick Carl Doran and Pauline Dean Doran in Alexandria, VA. She grew up in Boston where she was educated. It was through her family life that she came to appreciate the family home center that instilled the importance of interrelationships. It was through her environment at Harvard University that the fusion of spirit and intellect was affirmed.

Michelle Doran McBean is a woman of conviction. To best know her is to simply witness her walk of life. It is a simple life based on truth, equality, and peace. It is a life that supports and advocates for others. It is a life that often stimulates and challenges perceptions, assumptions, and agendas for the betterment of all people.

Those who walk along with Michelle eventually come to know a very important principle that governs her life. It is the principle of truth that is most evident and appreciated by her husband, Nathan, and son, Michael.

An integral part of Michelle's spiritual growth was supported in her acceptance to the Friends School of the Spirit, a national 2-year program. Consistent with who she is, Michelle is formalizing a place, a sanctuary, where people can get spiritual direction when struggling with ethical decisions.

Mr. Speaker, I am sure my colleagues will want to join me as I offer my best wishes to Michelle Doran McBean and her family.

SENATE—*Tuesday, September 3, 1996*

The Senate met at 11 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, Lord of new beginnings, we return to the work of the Senate after a month of party conventions and political campaigns. As we convene, it is difficult not to consider every issue in terms of the forthcoming elections. Our differences are sharply focused; the spirit of competition runs high; we are tempted to become users of our process here to posture our positions. Sometimes our eyes are on the polls and not on You, and our passion for winning vies with our passion for patriotism.

In this quiet moment, before we begin this day, and our fall season, we deliberately reorder our priorities. We renew our basic commitment to seek first Your will, what is best for America, and what will glorify You. May these priorities be the basis of our unity. Keep us close to You and open to each other. We commit to Your care our friends and brother Americans, Bill Clinton and AL GORE, Bob Dole and Jack Kemp, as they debate the issues and prepare for the November Presidential elections. Watch over their families and surround them with Your protection. We ask for Your guidance in dealing with the crisis of aggression by Saddam Hussein in the Kurdish zone of northern Iraq. Grant us wisdom each step of the way in this strategic situation. Through our Lord and Savior. Amen.

WELCOME BACK

Mr. LOTT. Welcome back, Mr. President. I hope you had a restful August period and time for renewal, as well as perhaps a little campaigning. I want to thank the Chaplain for opening the session in the way he has this morning, and extend a welcome back to my colleague, the Democratic leader, this morning, and hope he had time for rest and renewal, too, in addition to the conventions we both had to attend. I look forward to working with him during the next month or so.

SCHEDULE

Mr. LOTT. This morning, the Senate is resuming its business following the August adjournment. There will be a period for morning business until the hour of 2 p.m., with the first 90 minutes under the control of Senator DASCHLE or his designee and the second 90 minutes under the control of Senator COVERDELL or his designee. Immediately following morning business, the Senate will begin consideration of H.R. 3666, the VA–HUD appropriations bill.

As a reminder, there will be no rollcall votes during today's session. I hope amendments, though, will be offered and debated on the bill today, with those votes to occur tomorrow morning, hopefully, beginning at 9 or 9:30. I hope we complete action on the VA–HUD appropriations bill early this week so we may consider other available appropriations, as well as conference reports for such bills as the D.C. appropriations conference, the military construction appropriations conference, the legislative appropriations conference, as well as the Defense authorization conference report.

Also, this week we have a consent agreement with respect to the consideration of H.R. 3396, the Defense of Marriage Act. All Senators should be prepared for busy sessions of the Senate this week and the weeks to follow as we prepare to complete our business prior to the adjournment of this Congress.

Also, I should note that under the unanimous-consent agreement with relation to H.R. 3396, the Defense of Marriage Act, there were four amendments on each side that were provided for, and those amendments will need to be filed by 5 o'clock this afternoon or exchanged, so we can get a chance to look at the amendments that might be offered on Thursday of this week.

MEASURE PLACED ON CALENDAR—H.R. 3953

Mr. LOTT. I understand, Mr. President, that there is a bill due for its second reading.

The PRESIDING OFFICER (Mr. THOMAS). The clerk will read the bill for the second time.

The assistant legislative clerk read as follows:

A bill (H.R. 3953) to combat terrorism.

Mr. LOTT. I object to further consideration of this matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

PENDING ISSUES

Mr. LOTT. I might also note, before I yield the floor to the distinguished Democratic leader, that we have some important issues that we need to continue to work on that were pending as we went out of session. I hope we can begin to do that right away, in a bipartisan manner. I will be talking to Senator BRADLEY and the Democratic leader about a bill that he is very interested in, and maybe we can work on that some during the week and decide how that can be brought up.

Also, Members of the Senate and the House and the administration have been working to try to come to some agreement on the terrorism bill. If they would resume their work early this week, which I encourage, and not leave that to come up in some haphazard way later on in a week or two or three, but rather get back to it right quick in the cool of the evening, maybe we can come to some early agreement on that legislation.

With that, Mr. President, I yield the floor.

ISSUES CONFRONTING THE SENATE

Mr. DASCHLE. Mr. President, let me welcome back the distinguished majority leader and the Presiding Officer and indicate how pleased I am to have the opportunity, once again, to be working with him as we consider the many issues that we must confront in the short time that we have available to us. I trust, as well, that his month was productive and restful and successful in many respects.

I look forward to working with him on a number of the issues he mentioned. The one omission I cite, and I am sure it was an oversight, but I look forward to working with him on that as well, is the Executive Calendar, which was a matter that was unresolved prior to the time we left, and of great concern to colleagues on this side of the aisle.

I also indicate to the majority leader that it would be my hope that he and I could sponsor a joint resolution or a resolution which would indicate our support for the actions taken in Iraq. I hope there would be broad bipartisan, virtually unanimous, support for the actions taken. I intend to talk with the distinguished majority leader about that throughout the day.

Mr. President, we have a lot of work to do. I must say I am very hopeful that in the short time that we have available to us we can make it a productive time. Obviously, appropriations bills will deserve, as they should, the highest priority. As we were able to do in the remaining days of the session prior to the recess, Democrats and Republicans came together on a number of bills, and I hope that would set a very important precedent and a standard by which we will judge our progress

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

and our ability to work together in the remaining weeks of this session.

I will have much more to say about the President's actions in Iraq, as well as the convention, in the time allotted to Democrats prior to 2 o'clock this afternoon.

I yield the floor.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 2 p.m.

Mr. DASCHLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMITH). Without objection, it is so ordered.

IRAQ

Mr. DASCHLE. This morning, the President of the United States ordered the use of cruise missiles against key strategic targets in Iraq. President Clinton noted in his address that despite clear warnings from the United States and the international community, Iraqi forces attacked and seized the Kurdish-controlled city of Irbil. Iraq's latest attack repeats a pattern the civilized world has seen before. Saddam Hussein is prepared to use force at any time to achieve his end, to threaten his neighbors, to terrorize his own people, and to undermine the stability of the entire Middle East.

This act of naked aggression violates the spirit if not the letter of the United Nations' resolution adopted shortly after Saddam's earlier misguided attempts at transforming the balance of power in the Middle East. President Clinton correctly stated that if we did not respond firmly and decisively at this time, Saddam would conclude he could act with impunity.

The purpose of the U.S. military action is twofold: First, Saddam must pay a price for his attack on the Kurds; second, by extending the no-fly zone and eliminating certain air defense assets, we have reduced the threat he poses to others. To our allies and to others overseas, President Clinton and the United States will continue to do all that is necessary to protect our national and our international interests. And the President will continue to consult closely with our allies as he did before taking this action.

Finally, I am optimistic that all Americans will set aside partisan political differences and stand behind the administration at this important time. Senator Dole's latest comments indicate that he supports the United States strikes, and I am pleased to know that others in his party have had similar reactions. I expect strong, if not unanimous, bipartisan support for the President's decision to launch a United States strike against Iraq this morning.

As I indicated earlier today, it will be my intention to work with the majority leader to propose a resolution of support for the President's actions later today, to be voted upon tomorrow.

Mr. President, I hope Saddam Hussein and those who are in control of the Iraqi Government clearly understand the resolve and the determination of this administration and this country. This may be a political year, and we may now be in the most contentious time of the entire Presidential campaign, but on this issue there can be no disunity. There can be no lack of cohesion. We stand united, Republicans and Democrats, determined to send as clear a message with as clear a resolve as we can articulate: Saddam Hussein's actions will not be tolerated. His willingness to brutally attack Kurds in northern Iraq and abrogate U.N. resolutions is simply unacceptable.

We intend to make that point clear with the use of force, with the use of legislative language, and with the use of other actions that the President and the Congress have at their disposal. We stand united in support of the President's commitment to stand up against Iraq's aggression, and we should continue to demonstrate our support for the administration's response in the weeks and months ahead, regardless of the actions taken by Saddam Hussein.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COVERDELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. Parliamentary inquiry, Mr. President: It is my understanding that from the hour of 12:30 until 2 o'clock that time is allotted to either myself or a designee.

The PRESIDING OFFICER. The Senator is correct.

MEN AND WOMEN IN THE ARMED SERVICES

Mr. COVERDELL. Mr. President, in just a moment I am going to call on the distinguished senior Senator from Texas. I know I am another American here that is thinking every moment and every day about the condition of our men and women in the armed services that are engaged in the conflict with Iraq. That will not be the subject of our discourse this afternoon. But before we get into it I wanted to acknowledge my concern, and I am sure the concerns of all of my citizens in Georgia at home and across the Nation as we hope that each of their journeys is a safe one and that they all return ultimately to their assignments and ultimately at home here in the United States safely and in good keeping.

So our thoughts are with all our armed services personnel wherever they may be at this very, very difficult time.

THE DRUG EPIDEMIC

Mr. COVERDELL. Today we are going to talk about another war, and that is the domestic war that is infecting millions upon millions of Americans—primarily teenagers—as we deal with yet a new drug epidemic in the United States. And "epidemic" is the right word. It is hard to believe that we are in the midst of one. And we hope that the next hour and a half will be in part a wake-up call to Americans across our land that all of us have to be engaged in—putting the question mark in the mind of every teenager as to the effect on their lives of abuse of drugs. All I can say is, even if they ultimately recuperate from it, that their lives will be unalterably and forever changed.

With that, Mr. President, I yield to the distinguished Senator from Texas for up to 10 minutes on this issue. I know he wants to say a word or two about Iraq as well.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, let me thank our dear colleague from Georgia.

THE CONFLICT IN IRAQ

Mr. GRAMM. Mr. President, I have always tried to make it a matter of policy to be supportive of the President on international and military affairs whenever possible. I think each of us in the Senate owe it to the President to give him the benefit of the doubt on military matters. Certainly we owe it to those in uniform to be supportive of them when they are in harm's way.

I believe that given the conflict among the warring Kurdish factions in the northern part of Iraq and the instability there that the President's actions can be justified both to send a warning to Saddam Hussein and to destroy the air defense capability in the southern part of the country so that we might extend the no-fly zone.

But, having said that, Mr. President, let me make it very clear that while giving the President the benefit of the doubt I can support the actions he has taken in firing 27 cruise missiles and destroying air defense capacity in expanding the no-fly zone, and while I certainly support our military forces in the region, if we look at the fundamental conflict, it is a conflict between two warring Kurdish factions—one backed by Iraq and one backed by Iran, and we do not have a dog in that fight.

If this conflict escalates, if this becomes a conflict between Iran and Iraq, I think the President would be poorly advised in becoming involved in that conflict and I would not and could not support such an involvement.

THE DRUG EPIDEMIC

Mr. GRAMM. Mr. President, I want to talk a little bit about drug use. You may recall that many people derided or made fun of Nancy Reagan's "just say no" approach to the use of illegal drugs. But I think it is interesting that for 11 years in a row during the Reagan-Bush era drug use among our children declined. Just saying no was a policy that worked. It seems now that we are not saying no enough in Washington and our children are not saying no enough in our junior high schools.

If we look at the record on drug use, it is a frightening sight as to what is happening. Overall drug use has more than doubled in the last 4 years. Drug use among teenagers is up 105 percent in the last 4 years. The use of marijuana among teenagers has risen 141 percent. Cocaine usage among teenagers in the last 2 years has gone up by 160 percent. Today 1 out of every 10 children in America between the ages of 12—that is the sixth grade—and 17 now are using drugs at least once a month.

How did Washington contribute to this tragedy that is occurring in every junior high school in America? I think it started when President Clinton took office and, in his first days, cut the drug czar's office by 83 percent. President Clinton cut drug interdiction spending 25 percent below the level carried in the last Bush budget. Between 1992 and 1995, 227 positions at DEA were eliminated. Drug prosecutions in 1993 and 1994 declined by 12 percent, and the average sentence for selling marijuana declined by 13 percent from 1992 to 1995.

I think if we are serious about this problem that we need to end the debate that we have been engaged in with the administration for the last 4 years where the President is trying to eliminate mandatory minimum prison sentences for hoodlums who are selling drugs at junior high schools, and we need to enact reforms that the Senate has adopted numerous times, and yet which has not yet become the law of the land. I have proposed 10 years in prison without parole for selling drugs to a minor or involving a minor in drug trafficking, so every hoodlum in America, when they are thinking about selling drugs to a child, will understand that if they are convicted they are going to prison and they are going to serve every day of 10 years in prison no matter who their daddy is or how they may think society has done them wrong.

I also want life in prison for people who get out of prison having been convicted once of selling drugs to a minor and turn right around and do it again.

I think when we look at this data on drug use it is obvious that we are not doing our job. I think we need to change that pattern. I want to double the size of the Border Patrol. This last year we took a first step. It is a major step in the right direction. Right now we have more police officers in Washington, DC, than we have Border Patrol agents trying to police and control the entire border of the United States of America. It is not unusual—in fact it is the norm—to have on any shift in a 300-mile strip from Brownsville to Laredo 87 Border Patrol agents actually working that line. We are using in many cases near-obsolete sensing devices, while the military has great night vision and infrared capacity. We do not have similar capability in the Border Patrol. That needs to change.

We need to double the size of the Border Patrol over the next 5 years. I believe that given the threat we face from armed drug gangs, with automatic weapons, with night-vision capability, and with sophisticated electronic communications basically invading our country nightly, that we do not now have the resources we need and we have certainly not committed the will to keep drugs out of our country.

We need to expand the capacity of the FBI Academy. I think we should have a goal that within 5 years we double the training capacity of the FBI Academy. In no other way can we give local law enforcement personnel the enrichment of training that they need and which can, in turn, be passed on within their police departments and their sheriff departments.

We need to expand the size of the DEA. I think if you will look at your individual State, you are going to find that in many vast regions we have only two or three or four DEA agents. And let me make it clear. I have no criticism of our Border Patrol agents, our FBI agents, our DEA agents. They are doing their job. The problem is they are not getting the support they need from Washington.

We need to prosecute vigorously drug felons in general and criminals who are selling drugs to children. I would like to see us change our building code and stop building prisons like Holiday Inns. We have at least three Federal statutes which criminalize making prisoners work. Prisoners cannot produce goods to be sold across State lines. They cannot produce items to be sold within the State. We have limits on the transport of prison-produced goods and you have to pay the union scale if you make prisoners work. Needless to say, not many prisoners in America are working and producing anything of value.

We took the first step in the Senate toward changing that last year. That effort died because it was opposed in the House and by the President. But I think we need to continue to work to change the criminal justice system in America.

In addition to that, we have to take a zero-tolerance approach to drugs. We need to make it very clear to young people that drug use is not acceptable. We need to hold people who are buying drugs just as responsible as people who are selling drugs. Whether we are talking about a high school student or a wide receiver for the Dallas Cowboys, drug use should be a serious matter. I think we ought to call on our professional athletic leagues, the NFL, professional baseball, professional basketball, to set higher standards. If people are going to be set out as role models for our children, I think when they have established a pattern of drug use they ought not to be playing professional football or professional basketball.

I think these are changes that need to be looked at. If you look at this data and you are not alarmed, then I think you do not understand this problem. I think drug use represents one of the greatest threats we face.

I thank our colleague from Georgia for leading this effort to try to make the public more aware of it. I am hopeful that we will have an opportunity in Commerce-State-Justice appropriations to look at our priorities in terms of the Border Patrol and law enforcement. We should pass a major new crime and antidrug bill which is aimed at getting tough on those who are selling drugs but which also holds accountable those who are buying drugs.

I am very proud of the provision in the welfare bill which for the first time takes the public policy position that if you are convicted of a drug felony, we are not going, through our welfare programs, to give you a base pay in welfare and food stamps while you are out selling drugs at the local junior high school; that one of the things that is going to happen to you if we convict you of a drug felony under our new welfare bill is you are going to lose your cash welfare benefits and you are going to lose your food stamps.

I think that is a perfectly reasonable proposal, and I think it is something that should be expanded. Our society should take a zero-tolerance approach to drugs. I think that is the only way we are going to solve this problem. When Nancy Reagan was saying no, when our country was taking a stronger approach, drug use fell for 11 years. It seems in recent years our Government has not been saying no, and, as a result, drug use has skyrocketed among our children. I think we need to do something about it.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Texas for the remarks he has made and the contribution he has made over the years with regard to our constant battle with narcotics. I appreciate very much him joining us this afternoon.

Mr. GRAMM. I thank the Senator.

Mr. COVERDELL. Mr. President, in a moment I am going to call on the distinguished Senator from Ohio, but I would like to take just a few moments to put before the Senate a question I put before local policymakers all across my State about a week ago. I went from one end of the State to the other and in each jurisdiction I said: I want this meeting to be a wakeup call. I want it to be absolutely clear in all of our minds when we leave this meeting and when we leave here today that there is a new drug epidemic in the United States. Epidemic. You will hear these figures throughout the afternoon, but essentially drug use among teenagers has doubled.

What does that mean? That means 2 million more teenagers are involved with drugs today than were just 36 months ago. The increase on the part of teenagers in the last 12 months—12 months—increased 33 percent.

You heard the Senator from Texas begin to talk about the fact that we had to restore interdiction efforts on the border. You will hear many other suggestions that we need to restore and reopen the drug czar's office, that we need to double our efforts, we need to quit reducing military capacity involved in interdiction and restore it. But that is going to take some time. That is not going to happen tomorrow. These systems were being shut down, and it takes a lot of funding and time to turn them back on.

In the meantime, what I would ask is that every policymaker, be they Federal officers, Members of the of the Senate, a county commissioner or teacher, every policymaker at every level, every chamber member, every business leader, every church, every family at their kitchen table, the media, they can make an enormous contribution by being part of the wakeup system. While we are waiting for these other systems to be put back in gear, I would ask every citizen of this country to help us warn teenagers, particularly young children, kids that are 8 to 13, that drugs are dangerous, that drugs will ruin their lives, alter their lives, change the way they are educated, where they can get a job or cannot get a job. They are making decisions that are going to affect them for their whole life.

For some reason—and I am sure it will be talked about here this afternoon—we have the highest number of teenagers in modern history who do not think drugs are a threat or a risk, so, conversely, they are using drugs in unprecedented numbers. It is up to us, the leaders of our Nation, to warn them, to give them the opportunity to understand this is dangerous stuff; this will unalterably affect their lives. Hopefully, those who are ensnared can be rehabilitated. But even if we do, it will be at great cost and you will never be able to put all the pieces back together for these kids.

One last thing and I am going to turn to the Senator from Ohio. The difference between this epidemic that we are in now and the one in the 1960's and 1970's? There is a striking difference. The target audience then was age 17 to 21. The target of the cartels today is kids 8 to 13—8 to 13. This is the first war that has ever been waged against kids.

I yield up to 10 minutes to the distinguished Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for up to 10 minutes.

Mr. DEWINE. Mr. President, I first thank my colleague from Georgia for leading this discussion today. I cannot think of a more appropriate forum than the U.S. Senate, nor can I think of a more appropriate topic for us to be discussing today than what is literally the crisis that is facing our young people.

The evidence is out. The statistics are there. We have seen the headlines in the newspapers in the last few weeks that others have detailed on this floor already today. But I would like to spend a little time talking about it and maybe reflecting on my personal experiences in dealing with this problem. I used to be a county prosecuting attorney in Ohio. I dealt with kids who were certainly at risk, kids who were starting out on lives of crime, kids who had unbelievable problems. Later I served as Lieutenant Governor in a State with a very large at-risk youth population. I worked on the education system, but I also worked on the prison system, and I saw a lot of kids leading, certainly what we would describe as, broken lives.

Based on that experience, I am convinced, if we truly want to save the next generation of young people in this country, we can no longer, as a country, pretend the problem does not exist. I am afraid, to some extent that is what we have been doing. We have to face the problem and we cannot do that, frankly, without Presidential leadership. Over the last 4 years, we have basically surrendered on the fight against drugs. A couple of weeks ago, President Clinton's Department of Health and Human Services released a report stating the total failure of the Clinton administration on this particular issue. The statistics are unbelievable.

From 1992 to 1995, overall drug use by teenagers, young people age 12 to 17, has risen by 78 percent. Marijuana use is up 105 percent, more than double what it was 4 years ago. That is after 11 years of declining marijuana use, 11 straight years of declining marijuana use under President Reagan and President Bush. Now we are up 105 percent in just a couple of years. Use of LSD and other hallucinogens is up 183 percent, nearly triple what it was 4 years ago. Cocaine use is up 166 percent. If you really want to see the tragedy my colleague from Georgia has talked about in the past, if you really want to see the tragedy, look at the emergency rooms and look at the people who have gone into the emergency rooms for overdose problems today.

One out of every ten children age 12 to 17 is using drugs on a monthly basis—1 out of every 10 children. We must do something. This administration's approach has basically been one of neglect. For years, the Reagan and Bush Justice Departments would concentrate their most intensive efforts on two areas of law enforcement: Gun crimes and drugs. When President Clinton came in, this effort simply withered away. Here are the statistics. Under President Clinton, the prosecution of gun-related offenses in Federal court by U.S. attorneys went down 20 percent—down 20 percent. That is after an increase year after year under the Bush and Reagan administrations. Further, under President Clinton, drug prosecutions have gone down 12.5 percent.

It is incredible. The drug problem is skyrocketing but the Clinton administration's willingness to fight has gone down. President Clinton has cut 625 individuals, soldiers, out of the ranks of the war on drugs; 625 law enforcement personnel from 6 separate Federal agencies are gone. Under President Clinton, Federal spending on drug interdiction went down 25 percent.

These are not just statistics, these are not just facts. This matters. This makes a difference, because spending less on interdiction makes a difference. According to recent Federal law enforcement statistics, the disruption rate—that is the amount of drugs that are blocked from coming into this country—dropped 53 percent between 1993 and early 1995. That means that an additional 84 metric tons of marijuana and cocaine came into America and comes into America every single year.

Since 1993, Coast Guard seizures of cocaine are down 45 percent. Coast Guard seizures of marijuana for that same period of time are down 90 percent. That says a lot about the priorities of this administration. Instead of cracking down on gun criminals, people who use a firearm to commit an offense, repeat violent offenders, and instead of getting tough on drugs, this administration has literally taken a walk. I am sure that is one reason Democratic Congressman CHARLIE RANGEL—certainly someone in the U.S. Congress who is one of the foremost leaders in this area, who has spent a lot of time battling the drug problem—said, "I have never, never, never met a President who cares less about this issue."

That sums up very well the prevalent attitude of the current administration with regard to the war on drugs. It is an attitude of neglect. For anyone who cares about the future of this country, this attitude is totally unacceptable. The average young person who is using drugs in high school ends up in trouble. That individual represents America's future. This is something we have to get serious about. This administration, unfortunately, did just the opposite. They cut the drug czar's office. One of the first things they did is they cut the drug czar's office by 83 percent. Their Surgeon General talked about legalizing drugs. "We should study that," she said. Their National Security Council dropped drugs—this is astonishing, absolutely amazing—their National Security Council dropped drugs from the top 3 of national priorities down to 29th, the last, 29 out of 29, when they ranked the national priorities; dead last. That tells you something about what this administration's attitude has been.

As a statement of our national priorities, as a statement of our national consensus, this administration's attitude and record are simply unacceptable. It is time for our national leadership to let the teenagers of this country know we are serious. Drugs do kill. We have to speak in this country with one clear voice.

In the first 9 months of 1995, President Clinton was interviewed 112 times. He mentioned drugs just once. He made 119 statements during that period of time, formal statements. He mentioned drugs just twice.

We need an attitude of "just say no." This administration, by contrast, has just said nothing. Drugs are a threat to the future of our children. They are a threat to the future of our country. That will be true even after this election year. It is time, frankly, for some followthrough in the Oval Office. We need to realize that our national effort against drugs is really not a war. All of us, myself included, use that term. That really is not the best of terms, because in a sense it is something more difficult than a war. When we talk about a war, we usually think of something where we go in as a country, we make the commitment, we pay the price, we get the job done, and we win and we go home, men and women go home—mission accomplished.

The antidrug effort in that sense is a not a war. Rather, it is more of a struggle, a struggle that is always going to be with us day in and day out and for every young person is, in a sense, a new battlefield, and victory is never final.

We live, Mr. President, in a society where we want everything instant, quick—instant oatmeal, instant coffee, everything has to be resolved in 30 minutes on TV from beginning to end, everything has to happen quickly. That is how we live our lives.

I think we have to understand and accept the fact it simply is not true in regard to our efforts in the drug area, that we have to hang in there, we have to stay in there, we have to talk about this problem and fight this problem day in and day out. The good news is we can, in fact, make a difference if we are willing to stay in there and if we are willing to have patience and if we are willing to persevere.

Mr. President, we need to win this struggle, but to win this struggle, we need to be focused. We need leadership. We need leadership from the top. We need leadership all the way through the system. There are many things that, frankly, we need to do.

We spend a lot of time debating what is more important: treatment, education, or law enforcement. The reality is, they are all important; we have to do them all. That is what the reality is. We have to have education. We have to have treatment. We have to have domestic law enforcement, and we also have to have drug interdiction that goes to the source and goes to the transit countries. We have to do all four, and we have to continue to do them day in and day out.

Mr. President, in a sense, this is a tall order. It is difficult to accomplish even when we have the best of intentions. But if you turn away from this effort, as this administration has done for several years, if you really do not act like there is a drug problem, you send the wrong message to the American people, but particularly to the most impressionable, and that is our young people. You send them the message that drugs are really not that big a problem.

My colleague from Georgia said it very well a moment ago. The most frightening statistic in all these polls we have seen published, all this data we have seen, is that consistently as drug use goes up, the fear of drugs is going down, and there is a relationship—I should say an inverse relationship—between those two. Part of that lack of fear is maybe lack of experience. That is what we deal with when we deal with young people, a lack of experience. But part of it also is that the message has not been reinforced as it has to be time after time after time after time. That is what, frankly, we need the President of the United States to do.

So, Mr. President, I ask that we recommit ourselves, from the President on down, to this antidrug effort, understanding that it is a long fight, it is a struggle, and that we are going to have to hang in there to get the job done.

I, again, thank my colleague from Georgia for taking time on the Senate floor today. It is an appropriate forum for a very, very critical issue that we need to be dealing with in this country. I thank the Chair.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from Ohio. I know that he is the father of a very large family and that there are many teenagers in that family, and this has to be an issue of personal concern to any parent, including the Senator from Ohio.

Mr. President, I would like to, if I can, read from an article that appeared in the Washington Post this past Friday, August 30. It is an article about the military role in the drug war, which is now being debated, and ought to be, because I often say that we suffer more casualties annually in the drug war than we did during the entirety of the Vietnam war. If you add up the collateral damage, the personal damage, it is staggering.

But to read from this article, not in its entirety, it says:

> It was the last Republican President, George Bush, who in 1989 began enlisting military forces in regular patrols of Caribbean trafficking routes. But 4 years later, the Clinton administration reduced the number of planes and ships monitoring narcotics transit zones as a Democratic Congress slashed counterdrug funds. The move came in part of a shift in U.S. strategy that placed less emphasis on interdicting shipments into the United States and more on assisting South American countries where the narcotics are produced. Pentagon spending on antidrug actions dropped about 27 percent in 1993, from $1.1 billion to $800 million, and has remained at about that level since.

The point I am making here, Mr. President, is that, if I can take one exception with the Senator from Ohio, I don't believe our situation is one of neglect, but rather one of conscious decisions made to dismantle much of the interdiction force, just as this article has documented.

> The impact of the change has been argued ever since. Cocaine seizures in the transit zone between the United States and South American borders declined 47 percent between 1992 and 1995.

That is by half.

> A General Accounting Office report recently criticized interdiction activities as inadequately planned and staffed.

The Senator from Texas spoke to the downsizing of the efforts at interdiction. The article says:

> A study for the White House last year by EBR, Inc., a Virginia research firm, estimated that restoring $500 million in military assets to blocking Caribbean routes could lower—

Lower—

> the traffickers' success rate in shipping cocaine from 69 to 53 percent. But the estimate

> carried a high degree of uncertainty and the administration—

The White House—

> concluded the possible gain wasn't worth the cost.

My point here is that the administration made specific changes in policy: closed the drug czar's office, cut interdiction in half, lowered military assets across the board.

And now, Mr. President, the results are coming in. The data by the administration itself has ratified what we have been saying for well over a year: that drug use among our youngsters and teenagers is skyrocketing.

I was just quoting from the Washington Post.

Here is another periodical less known. This is called the Gwinnett Daily Post, which is in a county north of Atlanta. And they recently published an article in our own State. This is just a suburban newspaper and probably will not go down in the chronicles of policy setting.

But, Mr. President, it is sort of interesting. I picked this up over the weekend scanning through clippings. It is written by Stacey Kelley, a staff writer for the Gwinnett Daily Post. But what she chronicles here is very significant. It says, "The number of drug related cases handled by the Gwinnett County Juvenile Court has increased 738 percent since 1992, * * *" Mr. President, I will repeat that: 738 percent in 36 months. "* * * with the most common cases involving marijuana and LSD, according to court records." And in 1992 the juvenile court handled 21 cases of drug-related crimes involving juveniles, kids. In 1995, 3 years later, that figure had increased to 176.

As I said to community leaders across my State—I would say it anywhere in the Nation—do not think your community is not experiencing these kinds of data because they are. It is everywhere. There is nobody free of this new epidemic. Nobody is free from this. Juvenile court deals with minors 16 years of age and under. Remember, Mr. President, a moment ago I said this epidemic is with a different-aged audience, aged 8–13 when they are getting ensnared in this. And this documents it. You could document this anywhere you go in the country.

We have been joined by the distinguished Senator from Idaho. I am going to call on him in just a moment.

If I might read one other paragraph in this Gwinnett Daily Post. It says:

> Most of the drug cases that end up there [in juvenile court] are cases of drug possession. Jackie White, Juvenile Court Administrator, said it is rare to see a juvenile charged with distributing drugs.
>
> "Drug cases are growing at a rate higher than all our delinquent cases," White said. Delinquent cases are those presented in Juvenile Court which involve criminal charges. In 1992, the Gwinnett court had 2,275 delinquent cases, and in 1995, 2,740 cases.

If you had these kinds of records in county after county across the country, and if you talked to local sheriffs or police officers, people that deal with juvenile courts, youth detention, they would all tell you the same thing. This is a massive epidemic. This is affecting a younger and younger audience, and the consequences are stunning and staggering.

Mr. President, I yield up to 10 minutes to the distinguished Senator who joins us from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 10 minutes.

Mr. CRAIG. Mr. President, thank you very much.

Let me express my appreciation to the Senator from Georgia for bringing about this special order in which we could discuss a topic that has just now again burst upon the scene, at least from the standpoint of us having new figures and statistics to be concerned about. But many of us have recognized that it has been going on for some time in a way that this administration and others have just either ignored it or failed to address it.

As I came to the floor this afternoon, my friend from Georgia was talking about national statistics on teenage drug abuse versus local statistics and that national averages probably mean local averages if you take a close look at the problem, because I have a feeling that many of us have the habit of saying, well, gee, that really does sound bad and certainly the consequence for younger Americans is tragic but that really is not going on in my backyard. I think in a State like Idaho that remains relatively rural and, at least from the standpoint of metropolitan areas has few, that would be the case with many of my friends and associates in Idaho.

Let me start my comments this afternoon by talking about my home State of Idaho because what we are now finding in our checking of statistics with law enforcement is that the national trends are Idaho's trends. I think that is probably true across the Nation.

In the last 4 years we have seen a dramatic reversal in the trends that we saw in the late 1980's and early 1990's in my home State of Idaho according to the Idaho Statistical Analysis Center. Juvenile drug arrests have jumped from a 9 percent decrease—a 9-percent decrease in 1991—to a 69-percent increase in 1995, an absolute flip-flop of the record. Why is it going on?

Juvenile drug arrests in Idaho are now growing at a faster rate than adult drug arrests. Let me repeat that. Juvenile drug arrests in Idaho are growing at a faster rate than adult drug arrests. Teens are experiencing drugs at younger and younger ages. And 7.1 percent of the ninth grade females and 1.5 percent of the 12th grade females used marijuana for the first time before the age of 13 in Idaho. And those are the statistics that ought to be alarming all of us because those are the same kinds of statistics that we have had reported to us by the substance abuse and medical health services administration in their statistics of a few weeks ago.

Illicit drug use among youth doubling since 1992. Marijuana use among 12- and 13-year-olds more than doubled since 1992, and tripling among 14- to 15-year-olds. Those are the national statistics, Mr. President. And yet those are the same statistics of Idaho, a State of about 1,300,000 people.

Cocaine, crack, heroin, LSD use among teenagers is expected to soon rival the highest rates of the 1970's. Why? What has changed? What in America is different in 1995 and 1996 than was existing in 1990, in 1988, in 1987 when we actually saw peaks and then declines in the use of some of these substances by our teenaged population? I think one thing has changed. And while over the last several years I have been unwilling to be bold in talking about it, clearly I think it is time to talk about it.

I remember because I was here in the early 1980's when Nancy Reagan said, "Just say no." There were a lot of the press and a lot of the liberal critics that said, "Are you kidding me? Just say no? We have to have control. We have got to have institutional programs. You can't just argue with teenage America that they ought to just say no."

But what Nancy Reagan knew as a mother and what a lot of citizens know in our country, that one of the greatest areas of control is when national leaders speak out and when in most instances there is the kind of internal peer pressure that really does have an impact. And that kind of national leadership, certainly that kind of internal peer pressure that is produced as a product of national leadership has been relatively nonexistent since the early 1990's at a time when our President openly admits he once smoked marijuana, at a time when his press secretary says, "Well, yes, of course I did. And I've used it from time to time." In other words, what I am saying is, a national leadership with a relatively cavalier attitude that just simply says, "oh, so what." Well, the "oh, so what" is very simple. The "oh, so what" is teenage America listening to our national leaders with a tone that it does not really make any difference, that there is not really a problem there, that somehow it is OK.

I am not suggesting in any sense that our President has openly said that. But what I am suggesting is that a White House that cannot get security clearances because of its current drug use, a White House whose press secretary says "so what" a President who says, "My only defense against a past action is that I really didn't inhale," I am sorry, that is a leadership speaking out. That is our national icon, and the President of the United States is less than caring and less than leading on this issue.

What remains today as the greater deterrent? A statement that was made in the early 1980's by a lady who was openly ridiculed for making it, "Just say no." That "just say no" amongst teenagers today, with high school counselors and those who associate in peer-type organizations with young Americans is the strongest defense today against the use of illegal drugs or substance abuse. Say no, stand up, be an individual, speak out. But most importantly, say no. Say no for yourself and no for your peers.

What is the rest of the story beyond that, beyond tone setting, beyond leadership? We could pour billions of dollars into this, and we should put more into it. We tried to put more into it. As you know, the Clinton Justice Department issued a study recommending a reduction in mandatory minimum drug sentences, and the Clinton administration cut 355 DEA agents and 102 persons from the Justice Department's crime drug enforcement task force, and the Clinton administration cut the Coast Guard drug interdiction budget by $14.6 billion. I could go on and on and on. We do need that side of it. We must have that side of it to stem the flow, to deter that kind of activity. Put all of that together, and this Congress will work hard to get it back on line.

But well beyond that, Mr. President, remains the fundamental responsibility that our national leadership must speak out that this is no longer something that you shrug and grin and walk away from because those who you put around you cannot meet the test, cannot meet the standard, are violating the law by their action behind the scenes. That is something that is unacceptable in this country.

We reap the whirlwind of inaction. We reap the whirlwind amongst our teenagers for a failure on the part of our leadership to clearly and openly stand out in opposition to this kind of illegal and harmful activity. We all know what it can mean when drug abuse starts, when substance abuse begins. One action can lead to another. The use of marijuana oftentimes—by the admission of those who have used it—can lead to the use of harder drugs. That can lead to criminal activity beyond the act itself. Those are the kind of things that we need to worry about.

Why now, then, do the criminologists of this country, why, now, do the people who study our demographics say to us that as a society we need to prepare for something that we are institutionally unprepared to handle? That in the coming decade, starting now, we can anticipate a teenage and juvenile crime wave of the kind this country has never seen. That is the whirlwind we reap because we have failed to be responsive in the kind of leadership necessary to deal with the current statistics, the kind that we now see today, be they national or in my State of Idaho or any other State in the Nation.

This is an issue that will not go away. It is clearly an issue that this administration and that this Congress has to redress and move forward on. I want to thank my colleague, the Senator from Georgia, for his willingness to take this kind of leadership. What I have said today and what he is saying is not easy to say. I do not want to be a condemner. I want to be a supporter. I want to build up. In this area, clearly, amongst all other areas, we would like to be proud of the statistics that would be positive for our young people. That is nonexistent in this area today. We must deal with it. I hope we deal with it aggressively.

Again, it will not come by throwing money at it. It must come by a national conscience. It must come by knowing the difference between right and wrong. It must come from all of us as leaders here in the Senate and in the very White House that I have spoken of. That is the kind of leadership that we must have if we are going to deal with this issue and convince the young of our country that their actions must be changed for themselves and for their future.

I thank my colleague and yield back the time.

Mr. COVERDELL. Mr. President, I thank my colleague from Idaho. He has reinforced several points that are worth talking about a little more.

I am convinced that most parents, until very recently, did not realize that we are in a new epidemic. I think they had heard year after year that drug use amongst our teenagers was falling. It did from 1980 to 1992. It was cut in half, which should be a sign of optimism for us as a people because it means that you can win this battle.

As the Senator from Ohio said earlier, it is a long struggle. It will never be over. But we can change the behavior and relationship of teenagers to drugs.

What we are doing here today is something that has to reverberate all across the country. That is that we have to warn our parents that once again their children are at grave risk of being embroiled in this epidemic.

The second point that the Senator from Idaho makes that I think is very important is that if you think as a parent or a policymaker that this problem is an inner city ghetto problem, that it is just in poverty zones across our country, you are making a grave, grave mistake.

I do not care where you go in this country, you are going to find data like we have been hearing all afternoon. There is going to be more action in the juvenile court. There will be more action among law enforcement officials and teenagers.

The article, which I will return to in a minute—the Gwinnett Daily Post is in one of the largest suburban counties in our country, just outside of Atlanta. In rural and inner city and suburban communities it was consistent. It did not matter where you went or what the sociostrata of the community was. It did not matter. This is the kind of data that we were finding in every kind of community. No one is exempt from this. Everybody better have that yellow light on in their home. Every church needs to rethink what it is doing about this problem. Every business leader needs to be thinking about what is happening with the colleagues in that business. If you think that you do not need a drug-free workplace program, you are making a mistake.

I was talking to an executive of a substantial company in Augusta, GA. They make water cups. It has been a very long success story. They bought some facilities and they doubled their production. All of a sudden, Mr. President, there was theft of petty items, wallets, and purses. Then suddenly more and more material was missing.

They called in outside consultants and they said, "We think you have a drug problem." They said "could not" then. They resisted it. Finally, they hired an outside consultant, went to an undercover agent and, indeed, discovered a drug ring in the company, robbing it of its production costs and much, much productivity and many, many funds. It was difficult to correct, but they corrected it.

The point I am making, Mr. President, is that any business, any family, any church, any community—it doesn't matter where —better have the wake-up bell on full. This is an epidemic, and it is in our backyard and our front yard.

Now, it also means you are talking about a classmate, a brother, or a sister. Sometimes we lose the proportions of this when we talk about numbers, such as 178 percent, 141 percent, 2 million people. Just remember, Mr. President, that every one of those numbers is a personal tragedy, and the tragedy goes far beyond the person that has been embroiled in the use of drugs. It is going to affect everybody around them—their family, their workplace, their school, their church.

Mr. President, about 4 months ago, I guess, I visited a youth development center. I know the chair, along with all of us, is constantly visiting places and trying to understand how they operate and work. Sometimes you are never quite prepared. You go to so many meetings like that, and you never really prepare yourself for them. The poignancy of them hits you cold in the face.

In this youth development center, I met around 12 young females. Their average age was 14 to 16. They agreed to come and talk to me about what happened to them. I thought that was pretty courageous. One by one, they walked around, and they represented every walk of life, every income level, the mix of America. And they were there for attempted murder, assault and battery, auto theft, you name it. You can look at these groups of innocent faces and wonder how in the world this could happen. In a word: drugs.

Every one of them had come there through a journey of drugs. Drugs had caused them to lose control of their lives. Three of them said that if they had not been arrested, they would be dead. I asked them, "What would you say to the youth of the country if you could speak to them?" I wish we could have filmed this and have every teenager in our country hear them talk.

Mr. President, they said, "Don't do it. Do not do it." No. 2, they said, "You think that you can control these drugs, and you are wrong. The drugs will take over." No. 3, they said, "Never, ever use drugs to enter a peer group or to be a part of it. If somebody wants you to use drugs to be their friend, they are not your friend."

I asked each of them, "Well, how did you get started on this, and how old were you?" Every one of them got into drugs between the ages of 8 and 11. Every one of them said drugs are everywhere. There was no problem at all getting them. And every one of them acknowledged that their lives would never be the same if they were lucky enough to get over it. The damage to their families, the damage to their dreams, the damage to their hopes and aspirations had in much part already occurred. I wish every youngster could have heard that message.

Now, the Senator from Idaho was talking about message. In the article I just read from the Post, we talked about the fact that we had lowered interdiction budgets. We have heard various figures about shutting down the drug czar's office. Yes, all of those things have had an affect and are the underlying reason for this change of attitude among teenagers. But, in my judgment, the single most profound change that has occurred is in the message, what these very vulnerable citizens, these youngsters aged 8 to 13, are hearing. I think everybody admits that the Hollywood message is very, very disruptive, the glorification of drug use. It is a great debate in our Nation.

The Senator from Texas talked about the role models that our great sports heroes are to a very vulnerable population. And I believe that professional athletics is going to have to step back and take a look at what their contribution is here. Everywhere I went, somebody in the audience would stand up and say, "Well, what are we going to do about the fact that a national athlete, a $20 million baby, gets involved in drugs, and there is nothing that really happens about it?" What does that say to these girls, to these 8 to 12-year olds, Mr. President?

Mr. President, on June 16, 1992, on MTV, a youth-driven communications system, the questioner asked the President of the United States, "If you had it to do over again, would you inhale?" Candidate Clinton: "Sure, if I could. I tried before." [Laughter.]

Mr. President, the message is having a more profound affect on what our young people think about drugs than probably all these other assets we are talking about. I don't mean to suggest that we don't need to get that drug czar's office back in line. I think the selection of General McCaffrey is an excellent one. I wish he had been there all along. I wish we weren't confronted with this epidemic. But the most profound affect is what our leaders are saying to the country about drug use. This cavalier response, and the fact that there are contemporary employees of the White House who have recently broken the law and have engaged in drug use, the remarks by the press office about it, the remarks that were made by the first Surgeon General of this administration flirting with legalization, that message races through the country and very quickly sanctions, becomes nonthreatening to this very, very young target of the drug cartels.

That is why I said earlier that we need a wake-up call at every level including the White House. All of us need to be engaged in putting that question mark in the head of every young person in America. This stuff is dangerous. This stuff is life altering. This will have a profound effect on you, your family, and your future. If that message begins to resonate, it will become the first line of defense in this struggle that we have with this new national epidemic. Message: What we say and how we act influences—always has and always will—the children of any country and any nation.

Mr. President, we have been joined by my colleague from Texas. I yield up to 10 minutes to the distinguished Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 10 minutes.

Mrs. HUTCHISON. Thank you, Mr. President, and I thank the Senator from Georgia for starting off after Labor Day on this very important issue.

Many of us were stunned when the first report came out that showed the enormous leap in drug use and drug abuse in this country in the last 3 years. We knew that it was a problem. But I do not think we realized how big a problem this has become. In fact, I was privileged to be able to see Mrs. Ronald Reagan, Nancy Reagan, who started the "just say no" whole effort when she was the First Lady of this country. And I think she was a leader. She was prophetic.

I remember that people sort of ridiculed her in a way when she started the "just say no" program. They sort of acted like, oh, you know—that really was not cool. Well, it was proven by all of the studies that in fact her willingness to stand up and say we need to go out into our schools and tell our young people to just say no was in fact very effective because it started the thinking of our young people—that they did not have to be with their peers. They did not have to be cool just because their peers would ridicule people who just said no to drugs. In fact, it worked because she started the thinking process in their minds. And the studies showed that between 1985 and 1992 drug use did go down.

I remember the ads on television of some of our sports stars talking about the importance of keeping your body clean. That sold to our young people. But then when President Clinton came into office and his administration, he slashed the Office of Drug Control Policy from 147 people to 25 people. There was not a focus on this very important issue. So the gains that were won during those earlier years went by the wayside.

In the study that came out just recently in September 1995—the National Household Survey on Drug Abuse from the U.S. Department of Health and Human Services—said that since 1992 marijuana use among young people has increased an average of 50 percent. Marijuana use jumped 137 percent among 12- to 13-year olds since 1992, and 200 percent among 14- and 15-year olds.

Mr. President, we used to worry about our high school kids. And we still need to worry about our high school kids. We are talking junior high and even elementary schoolchildren who are now being introduced to marijuana and other kinds of drugs. And worse yet, of course, they are being introduced to it by their peers because the drug dealers have learned that if they can get a juvenile to do this crime that the juvenile will not be subject to the same penalties.

So, Mr. President, it is going to take a concerted effort by the President with his leadership, and by the Congress standing with the President and saying enough is enough. Just say no makes a lot more sense than just say nothing. We must not let a whole generation of our young people think that we do not care about their minds and their futures and their potential. We cannot let that happen, Mr. President. We have to stand up and say we are going to do something about this and we are going to take it from every level.

Gen. Barry McCaffrey, who is the new drug czar, is well aware of this. I think he is a man who can handle this issue. He, too, believes that having an annual drug awareness day is not enough for our young people; that we must show how serious we are by stopping drugs at our borders, by having education efforts, by having counseling efforts, by having peer groups work with troubled youth. And he is going to try to turn this around. But it is going to take more than just one person. It is going to take all of us working together to try to turn back this terrible increase that we are seeing. The national drug control strategy should interdict drugs in Latin America and at our borders.

I am particularly hit by this because I have seen in my State what is happening with the drugs coming from South America through Mexico and right into Texas as well as New Mexico, Arizona, and California. But I happen to be closer to it because my own ranchers are devastated by what they are seeing. And they are frankly in a war with no defenses. We have common ranchers who are now meeting drug warlords with automatic weapons. And if a rancher objects to a drug lord coming across his or her property along the border they will be shot down. It has happened. They are so scared and so defenseless that the worst of all things is now happening. They are having to sell their property. Who do you think is giving them 10 times the worth? The drug dealers. They are the only ones who can afford it.

So we are seeing drug dealers buying up the lands in remote parts of our borders so that they will have a free trail right up through South America through Mexico and into the United States. Mr. President, we cannot let this happen. This is a war and we must treat it as a war. If they had chemical weapons coming across our borders we would have an all-out alert. We would declare a war. Well, Mr. President, this is chemical weaponry. Drugs are chemical weapons that are ruining the people, and especially the young people of our country.

So, Mr. President, we must get serious about this. I have seen it firsthand. We must increase the number of Border Patrol agents. We must use all the technology that we have available that we are not now using. We have better technology than we are using. A drug enforcer can sit in an office and survey for 25 miles and see movement. But we do not have the up-to-date technology on our borders that is available to us in this country right now, and we have to do something about that. We have to stop the money laundering.

I was talking to a Border Patrol agent who said these people are getting so bold that they stopped a man walking down the streets of one of our border cities with a suitcase, dragging the suitcase along. And when they stopped the man and opened the suitcase there was $3 million in cash. That is incredible—that people would be dragging a suitcase with $3 million of cash down the main street of a border community right here in our own country because that money was headed right back into the mainstream of America. That was clearly drug money.

So they think they can get by with this—that they would be so bold. Well, we have to tell them that the time has come and we are not going to allow the money laundering. We are not going to allow the buying up of our property. We are not going to allow people to just come into our country with chemical weapons against our young people. We cannot let that happen. We are going to have to come at this from all angles.

I thank the Senator from Georgia for working with us to make sure that the people of this country know the seriousness of this issue and to let the people of this country know that Congress is going to get serious about it. We have to be able to work with the President to take control of this cancer on our society.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

The Senator from Georgia.

Mr. COVERDELL. Mr. President, I thank the Senator from Texas particularly for the personal observations with regard to the property. I have heard of that, but I have never heard it so vividly described as the Senator from Texas just revealed, an unbelievable condition in her State. I appreciate her bringing that to our attention.

I yield up to 7 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 7 minutes.

Mr. BOND. Mr. President, I thank my good friend and colleague from Georgia for the time. I join with him in thanking our colleague from Texas, Senator HUTCHISON, for describing the scope of the problem.

We have all seen the numbers in recent surveys, the percentage of adolescents between the ages of 12 and 17 who admit to using drugs within the last month. That increase has gone from 5.3 percent in 1992 to 10.9 percent in 1995. The statistics from these surveys show that the use of LSD and hallucinogens is up anywhere from 183 percent, cocaine up 166 percent, marijuana use up 144 percent. But there are other factors that give us a better idea of the pervasiveness and the impact that drugs are having in our country. When the Senator from Texas tells about the Texas border and other places where ranchers are threatened by drug lords—and we have heard the same thing from the Senator from New Mexico [Mr. DOMENICI], talking about how the drug efforts are really moving a foreign, hostile nation into our borders—we ought to be seriously concerned; the problems are very acute in the border areas.

There are some other statistics that are very alarming away from the borders, in the heartland of the United States. In the August 21 edition of the St. Louis Post-Dispatch, we had the very frightening news that emergencies in the medical care units in St. Louis were up an astounding amount as it relates to drugs. The overall increase in drug-related emergencies nationally has gone up significantly, but St. Louis for one had an even greater increase. Since 1992, heroin-related emergencies are up 111 percent in St. Louis hospitals and medical care facilities. That is even worse than the national rate, which is up 58 percent. We are talking about an explosion of emergencies linked to heroin.

Now they say: Oh, well, it may not all be exactly statistically related to the increase in drug use. It may be some bad heroin.

When you look at the numbers nationwide and you see these emergencies, these are not people responding to a survey about whom we may question their veracity. These are people who are hauled in in serious condition to an emergency room. They are not deciding whether or not to honestly answer a question of a survey. They are hoping to start breathing again.

Cocaine-linked emergencies were up 38 percent in St. Louis in the last 4 years. They are up 19 percent nationwide. Marijuana-related emergencies increased 316 percent in St. Louis in the last 4 years.

There is no question, from whatever statistics you use, whether you listen to the Senator from Texas talk about the problems of property being taken over on the Texas-New Mexico-Arizona borders, whether you read the general national statistics that drug use is up, whether you take a look at the hospital and emergency-room-related emergencies, we see a very clear pattern that drug use is up, the abuse of drugs is up, and the problem for our society is getting worse, not better.

I believe that the Clinton administration has had countless failures in this area, and they have even taken actions which might be conducive to an atmosphere of permissiveness. The former Surgeon General, as has been pointed out here before, advocated legalization of many drugs and also advocated needle exchange programs for heroin addicts.

I served as the ranking member on the Treasury-Postal Appropriations Committee and wondered why, in 1993, there was so much of a problem in getting White House personnel security clearances. Well, it has come out that some of the officials in the White House have had recent drug use and among the drugs used were crack, powdered cocaine, and hallucinogens. The administration proposed and we opposed decimating the Office of National Drug Policy. But they were bringing into the White House people who used drugs in recent times.

We saw significant cuts in the funding for the efforts against drug importation. We saw cuts across the board. We saw Customs cut significantly in terms of the efforts. The DEA has been cut by 227 agents. The FBI had proposed cuts of significance. All of these areas were where we are fighting on the front line against the importation, the trafficking and the use of drugs through law enforcement efforts. I think a primary goal of drug control policy must be to reduce the amount of cocaine entering the United States. Interdiction programs target source countries in the transit zone, about 2 million square miles between the United States and South American borders, including Central America, Mexico, Caribbean Sea, and the Caribbean Islands. About 780 metric tons of cocaine are produced each year in South America, and about 30 percent is shipped through the Caribbean into the United States, Puerto Rico, and Mexico.

Funding for interdiction declined from $1 billion in 1992 to $569 million in fiscal year 1995. There was no funding increase in source-country activities. So the overall funding was decreased by nearly half. As a result, cocaine seizures are down from 70,000 kilograms in 1992 to 37,000 kilograms in 1995. DOD funding for interdiction is down. Coast Guard funding for drug interdiction is down.

I think the executive branch needs to develop a plan to implement a national interdiction strategy. Agencies have their own plans, but they need the coordination of the ONDP. We need to get serious once again about the war on drugs.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I know our time has expired. I ask unanimous consent for 2 minutes just to wrap up this session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COVERDELL. I thank the Senator from Missouri. I think he has reinforced everything we have been saying all afternoon. It does not matter what community you are in, whether St. Louis or Gwinnett County, GA, we are in the midst of a new epidemic.

Just to summarize, major policy with regard to the management of the drug issue in the United States has been changed. The message has been either nonexistent or acquiescent, and as a result we have produced headlines like the Marietta Daily Journal, "Georgia Crime Rate Reaches New High. Juveniles Are More Apt To Break the Law." Or, in the now famous Gwinnett Daily Post, "Juvenile Drug Cases Up 738 Percent Over 1992."

The first wake-up call has to be in our communities. Every policymaker has to get the message right. Drugs are not good and drugs will do enormous damage. Teenagers, do not use it. Listen to those little ladies, those friends in the Macon Youth Development Center, when they said: "Don't use drugs. Don't think you can control them. Never use drugs to be a part of a clique, a group. Just say no."

I yield the floor.

TRIBUTE TO C.H. ALBRIGHT

Mr. THURMOND. Mr. President, in my many years of public service to the people of South Carolina, one of the finest and most dedicated public servants I have known in C.H. "Icky" Albright, a leading businessman, civic booster, and the former mayor of Rock Hill. Today, I rise to pay tribute to my friend, and to wish him a happy 90th birthday, which he celebrated on August 30.

Without question, Icky has had a full life, and one marked by many impressive accomplishments. A graduate of Clemson College, Icky's initial calling in life was as an architect, and he practiced his profession first at the South Carolina Highway Commission, and later in his beloved Rock Hill. To this day, many of the buildings he designed remain standing, including several on what has become the campus of Winthrop University. Despite his success as an architect, Icky, as so many enterprising Americans do, wanted to try his hand at running a business, and he eventually gave up architecture in order to manage the Marshall Hardware Co. where he demonstrated his skills as an administrator and entrepreneur.

In communities throughout the Nation, being a business leader is a natural springboard into public service, and it was not long before Icky's reputation for hard work, integrity, and desire to help others led my friend into politics. In the years following World War II, during which Icky had volunteered for the Navy and earned the rank of lieutenant, we was elected as a city councilman, mayor, and State senator. In each instance, he held himself to the highest standards of his office and he worked diligently to represent his constituents capably, effectively, and fully. During my term as governor, Icky was serving as Mayor of Rock Hill, and I remember being impressed by his dedication to improving his city and the many projects which he successfully undertook during his tenure.

Icky's reputation around Rock Hill was that of a man of action. He was always eager to become involved in any endeavor that would benefit his hometown and make it an even better place. Many of his initiatives are still part of life in Rock Hill, including the Come-See-Me celebration, an annual event designed to celebrate the beauty and hospitality of that city. Without question, Icky has left a commendable legacy through his many years of public service.

My friend's commitment to helping others was not limited to the public sector. Through his involvement with numerous broads, commissions, and committees, Icky worked to help build South Carolina and its business community into a vibrant and successful place. He established Albright Realty Company; served as president of both the South Carolina Hardware Association and the South Carolina Association of Realtors; and ended his professional career as the District Director of the Small Business Administration in South Carolina. Additionally, Icky served on the board of visitors of Presbyterian College; the building committee for the Medical University of South Carolina; as a delegate to the Democratic National Convention in 1948; and, as an elder in the Presbyterian Church. Icky's commitment to service has earned him many awards and recognitions, including being inducted as a Paul Harris Fellow by Rotary International, the highest recognition a non-Rotarian may be awarded.

Mr. President, Icky Albright is a man whose friendship I value greatly. He is the godfather of my daughter, Nancy Moore Thurmond, and a man who has been one of my strongest supporters through the years. I am always pleased whenever I have the opportunity to visit with Icky, his loverly wife Sophie, or their sons. Without question, Icky Albright is a man who has served his city, State, and Nation admirably, and it is my hope that others will follow the lead he has set for public spiritedness and willingness to help others. We are proud of his many accomplishments and contributions, and that we are able to claim him as a citizen of South Carolina.

TRIBUTE TO THE GOOD SAMARITAN HOSPITAL SCHOOL OF NURSING

Mr. FORD. Mr. President, I am pleased to have the opportunity today to pay tribute to the Good Samaritan Hospital School of Nursing, which is marking its 100th year of service to Cincinnati, OH, and northern Kentucky.

Good Samaritan, the sixth nursing education program established in Ohio, was founded by the Sisters of Charity and has graduated nearly 5,000 nurses over the past century. These nurses have brought skilled and compassionate care to hundreds of thousands of patients throughout the world.

Consistently a leader in nursing education, in 1906 Good Samaritan Hospital School of Nursing was among the first in the United States to earn accreditation. Its leadership status was again affirmed in 1927 when it affiliated with a baccalaureate degree program at the College of Mount St. Joseph; in 1952 when it created a third-year internship; in 1972 when it tailored a nationally recognized registered nurse program to further the skills of licensed practical nurses; and in 1981 when it introduced its diploma program for part-time students.

Good Samaritan has also been a good neighbor. More than 30 years ago, realizing the existence of a medically underserved population in the area, it reached out and created its community health nursing course.

Mr. President, I know I speak for many when I say that a huge debt of gratitude is owed to the Good Samaritan Hospital School of Nursing for its century of service. I congratulate the students and the school's graduates and leaders as they gather to commemorate the school's first 100 years of nursing excellence.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business Friday, August 30, the Federal debt stood at $5,208,303,439,417.93.

On a per capita basis, every man, woman, and child in America owes $19,607.09 as his or her share of that debt.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The period of time for morning business has expired.

DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 3666, the VA–HUD appropriations bill, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3666) making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

H.R. 3666

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes, namely:

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFERS OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans as authorized by law (38 U.S.C. 107, chapters 11, 13, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540–548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); **[$18,497,854,000]** *$18,671,259,000*, to remain available until expended: *Provided*, That not to exceed $26,417,000 of the amount appropriated shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: *Provided further*, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992 (38 U.S.C. chapter 55).

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, **[$1,227,000,000]** *$1,377,000,000*, to remain available until expended: *Provided*, That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98–77, as amended.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, $38,970,000, to remain available until expended.

GUARANTY AND INDEMNITY PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $105,226,000, which may be transferred to and merged with the appropriation for "General operating expenses".

LOAN GUARANTY PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $33,810,000, which may be transferred to and merged with the appropriation for "General operating expenses".

DIRECT LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That during 1997, within the resources available, not to exceed $300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct loan program, $80,000, which may be transferred to and merged with the appropriation for "General operating expenses".

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $1,000, as authorized by 38 U.S.C. 3698, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $3,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $195,000, which may be transferred to and merged with the appropriation for "General operating expenses".

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $49,000, as authorized by 38 U.S.C. chapter 31, as amended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed **[$1,964,000]** *$2,822,000*.

In addition, for administrative expenses necessary to carry out the direct loan program, $377,000, which may be transferred to and merged with the appropriation for "General operating expenses".

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, $205,000, which may be transferred to and merged with the appropriation for "General operating expenses".

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; aid to State homes as authorized by 38 U.S.C. 1741; and not to exceed $8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); $17,008,447,000, plus reimbursements: *Provided*, That of the funds made available under this heading, [$570,000,000] *$596,000,000* is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1997, and shall remain available until September 30, 1998.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, 1998, [$257,000,000] *$262,000,000*, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; [$59,207,000] *$62,207,000*, plus reimbursements.

TRANSITIONAL HOUSING LOAN PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $7,000, as authorized by Public Law 102–54, section 8, which shall be transferred from the "General post fund": *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $70,000.

In addition, for administrative expenses to carry out the direct loan program, $54,000, which shall be transferred from the "General post fund", as authorized by Public Law 102–54, section 8.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; [$823,584,000] *$813,730,000*: *Provided [further]*, That during fiscal year 1997, notwithstanding any other provision of law, the number of individuals employed by the Department of Veterans Affairs (1) in other than "career appointee" positions in the Senior Executive Service shall not exceed 6, and (2) in schedule C positions shall not exceed 11: *Provided further*, That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act.

NATIONAL CEMETERY SYSTEM

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of two passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, $76,864,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $30,900,000.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is $3,000,000 or more or where funds for a project were made available in a previous major project appropriation, [$245,358,000] *$178,250,000*, to remain available until expended: *Provided*, That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: *Provided further*, That funds provided in this appropriation for fiscal year 1997, for each approved project shall be obligated (1) by the awarding of a construction documents contract by September 30, 1997, and (2) by the awarding of a construction contract by September 30, 1998: *Provided further*, That the Secretary shall promptly report in writing to the Comptroller General and to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above; and the Comptroller General shall review the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93–344): *Provided further*, That no funds from any other account except the "Parking revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, where the estimated cost of a project is less than $3,000,000; [$160,000,000] *$190,000,000*, to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than $3,000,000: *Provided*, That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe, and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, [$12,300,000, together with] income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from "Medical care".

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, $47,397,000, to remain available until expended.

GRANTS FOR THE CONSTRUCTION OF STATE VETERANS CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, $1,000,000, to remain available until expended.

FRANCHISE FUND

(INCLUDING TRANSFER OF FUNDS)

There is hereby established in the Treasury a franchise fund pilot, as authorized by section 403 of Public Law 103–356, to be available as provided in such section for expenses and equipment necessary for the maintenance and operation of such administrative services as the Secretary determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment and other assets pertaining to the services to be provided by the franchise fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize the franchise fund: *Provided further*, That the franchise fund may be paid in advance from funds available to the Department and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Secretary: *Provided further*, That the franchise fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed four percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Departmental financial management, ADP, and other support systems: *Provided further*, That no later than thirty days after the end of each fiscal year amounts in excess of this reserve limitation shall be transferred to the Treasury: *Provided further*, That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103–356.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for 1997 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for 1997 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for "Construction, major projects", "Construction, minor projects", and the "Parking revolving fund") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 104. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901–7904 or 42 U.S.C. 5141–5204), unless reimbursement of cost is made to the "Medical care" account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 1997 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 1996.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year 1997 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100–86, except that if such obligations are from trust fund accounts they shall be payable from "Compensation and pensions".

SEC. 107. Notwithstanding any other provision of law, during fiscal year 1997, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the "General operating expenses" account for the cost of administration of the insurance programs financed through those accounts: *Provided*, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year 1997, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: *Provided further*, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: *Provided further*, That the Secretary shall determine the cost of administration for fiscal year 1997, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING PROGRAMS

[ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

[(INCLUDING RESCISSION)

[For assistance under the United States Housing Act of 1937, as amended (the "Act" herein) (42 U.S.C. 1437), not otherwise provided for, $5,272,000,000 (reduced by $140,000,000), to remain available until expended: *Provided*, That of the total amount provided under this head, $4,472,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts of which $875,000,000 shall be available on September 15, 1997: *Provided further*, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 1997: *Provided further*, That of the total amount provided under this head, $800,000,000 (reduced by $140,000,000) shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: *Provided further*, That 50 per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100–628, 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section.

[HOUSING FOR SPECIAL POPULATIONS: ELDERLY AND DISABLED

[For capital advances, including amendments to capital advance contracts, and for project rental assistance and amendments thereto, for Supportive Housing for the Elderly under section 202 of the Housing Act of 1959, as amended, $595,000,000 (increased by $100,000,000), to remain available until expended.

[For capital advances, including amendments to capital advance contracts, and for project rental assistance and amendments thereto, for Supportive Housing for Persons with Disabilities under section 811 of the Cranston-Gonzalez National Affordable Housing Act, $174,000,000 (increased by $40,000,000), to remain available until expended, of which 25 percent shall be used for tenant-based rental assistance under section 8(o) of the United States Housing Act of 1937 (42 U.S.C. 1437(o)), in addition to any other amounts available for section 8(o).

[The Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the Cranston-Gonzalez National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate.

[FLEXIBLE SUBSIDY FUND

[(INCLUDING TRANSFER OF FUNDS)

[From the fund established by section 236(g) of the National Housing Act, as amended, all uncommitted balances of excess rental charges as of September 30, 1996, and any collection during fiscal year 1997, shall be transferred, as authorized under such section, to the fund authorized under section 201(j) of the Housing and Community Development Amendments of 1978, as amended.

[RENTAL HOUSING ASSISTANCE

[(RESCISSION)

[The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z–1) is reduced in fiscal year 1997 by not more than $2,000,000 in uncommitted balances of authorizations provided for this purpose in appropriations Acts.

[PUBLIC AND INDIAN HOUSING

[HOUSING CERTIFICATE FUND

[For tenant-based assistance under section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), as amended, $166,000,000, to remain available until expended: *Provided*, That of the total amount provided under this head, $50,000,000 shall be for nonelderly disabled families relocating pursuant to designation of a public housing development under section 7 of such Act: *Provided further*, That the remainder of the amount provided under this head shall be used only for housing assistance for relocating residents of properties (i) that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA) in accordance with the terms and conditions of the tenth and eleventh provisos of the second undesignated paragraph under the head "Annual Contributions for Assisted Housing" in Public Law 104–134; (ii) that are owned by the Secretary and being disposed of; (iii) for which section 8 assistance is allocated under subsection (f) of section 204 of this Act (relating to portfolio reengineering); or (iv) subject to special workout assistance team intervention compliance actions: *Provided further*, That notwithstanding any other provision of law, a public housing agency administering certificate or voucher assistance provided under subsection (b) or (o) of section 8 of the United States Housing Act of 1937, as amended, shall delay for 3 months, the use of any amounts of such assistance (or the certificate or voucher representing assistance amounts) made available by the termination during fiscal year 1997 of such assistance on behalf of any family for any reason, but not later than October 1, 1997, with the exception of any certificates assigned or committed to project-based assistance as permitted otherwise by the

Act, accomplished prior to the effective date of this Act: *Provided further*, That section 8(c)(2)(A) of the United States Housing Act of 1937, as amended (42 U.S.C. 1437f(c)(2)(A)) is further amended—

[(1) in the third sentence by inserting "and fiscal year 1997" after "1995"; and

[(2) in the last sentence by inserting "and fiscal year 1997" after "1995".

[PUBLIC HOUSING OPERATING FUND

[For payments to public housing agencies and Indian housing authorities for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), $2,850,000,000.

[PUBLIC HOUSING CAPITAL FUND

[(INCLUDING TRANSFERS OF FUNDS)

[For the Public Housing Capital Fund program under the United States Housing Act of 1937, as amended (42 U.S.C. 1437), $2,700,000,000, to remain available until expended, of which $2,415,000,000 shall be for modernization of existing public housing projects; $200,000,000 for Indian Housing Development; $50,000,000 for grants to public housing agencies (including Indian housing authorities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act, and other low-income families and individuals, principally for the benefit of public housing residents, to become self-sufficient; $20,000,000 for technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public and Indian housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the department and of public housing agencies and to residents in connection with the public and Indian housing program or for carrying out activities under section 6(j) of the Act; $10,000,000 for the Tenant Opportunity Program; and $5,000,000 for the Jobs-Plus Demonstration for Public Housing families: *Provided*, That all obligated and unobligated balances as of the end of fiscal year 1996 heretofore provided for the development or acquisition costs of public housing (including public housing for Indian families), for modernization of existing public housing projects (including such projects for Indian families), for public and Indian housing amendments, for modernization and development technical assistance, for lease adjustments for the section 23 program, and for the Family Investment Centers program shall be transferred to amounts made available under this heading.

[REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VII)

[For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition, $550,000,000, to remain available until expended, of which the Secretary may use up to $2,500,000 for technical assistance, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: *Provided*, That, notwithstanding any other provision of law, the funds made available to the Housing Authority of New Orleans under HOPE VI for purposes of Desire Homes, shall not be obligated or expended for on-site construction until an independent third party has determined whether the site is appropriate.

[DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

[(INCLUDING TRANSFER OF FUNDS)

[For grants to public and Indian housing agencies for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, $290,000,000, to remain available until expended, $10,000,000 of which shall be for grants, technical assistance, contracts and other assistance training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training), $5,000,000 of which shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development, and $5,000,000 of which shall be transferred to the Office of Inspector General for Operation Safe Home: *Provided*, That the term "drug-related crime", as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary.]

DEVELOPMENT OF ADDITIONAL NEW SUBSIDIZED HOUSING

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low income families under the United States Housing Act of 1937, as amended ("the Act" herein) (42 U.S.C. 1437), not otherwise provided for, $969,000,000, to remain available until expended: Provided, That of the total amount provided under this head, $595,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly under section 202(c)(2) of the Housing Act of 1959; and $174,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act; and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act: Provided further, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of the Cranston-Gonzalez National Affordable Housing Act for tenant-based assistance, as authorized under that section, which assistance is five years in duration: Provided further, That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate: Provided further, That of the total amount provided under this head, $200,000,000 shall be for the development or acquisition cost of public housing for Indian families, including amounts for housing under the mutual help homeownership opportunity program under section 202 of the Act (42 U.S.C. 1437bb).

PREVENTION OF RESIDENT DISPLACEMENT

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts or expiration of use restrictions, or other changes in housing assistance arrangements, $4,775,000,000, to remain available until expended: Provided, That of the total amount provided under this head, $3,800,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts: Provided further, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 1997: Provided further, That of the total amount provided under this head, $800,000,000 shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: Provided further, That of the total amount provided under this head, $175,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for nonelderly disabled families relocating pursuant to designation of a public housing development under section 7 of such Act, for a demonstration linking housing assistance to State welfare reform initiatives to help families make the transition from welfare to work and for housing assistance for relocating residents of properties (i) that are owned by the Secretary and being disposed of; (ii) that are discontinuing section 8 project-based assistance; or (iii) subject to special workout assistance team intervention compliance actions.

PRESERVING EXISTING HOUSING INVESTMENT

For operating, maintaining, revitalizing, rehabilitating, preserving, and protecting existing housing developments for low income families, the elderly and the disabled, $6,590,000,000, to remain available until expended: Provided, That of the total amount made available under this head, $2,900,000,000 shall be available for payments to public housing agencies and Indian housing authorities for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g): Provided further, That of the total amount made available under this head, $2,500,000,000 shall be available for modernization of existing public housing projects as authorized under section 14 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437l): Provided further, That of the total amount made available under this head, $550,000,000 shall be for grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act *of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition, of which the Secretary may use up to $2,500,000 for technical assistance, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: Provided further, That of the total amount provided under this head, $350,000,000 plus amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1997 (which amounts shall be transferred and merged with this account), shall be for use in conjunction with properties that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the emergency Low-Income Housing Preservation Act of 1987 (ELIHPA): Provided further, That the Secretary may continue to impose a moratorium on the acceptance of initial notices of intent by potential recipients of such funding: Provided further, That funding shall be limited to: (1) tenant-based assistance under the terms of the tenth and eleventh provisos of the second undesignated paragraph under the "Annual Contributions for Assisted Housing" head of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996; (2) plans of action for sales of projects to nonprofit organizations, tenant-sponsored organizations and other priority purchasers; (3) projects that are subject to a repayment or settlement agreement that was executed between the owner and the Secretary prior to September 1, 1995; (4) projects for which submissions were delayed as a result of their location in areas that were designated as a Federal disaster area in a Presidential Disaster Declaration; and (5) projects whose processing was, in fact, or in practical effect, suspended, deferred, or interrupted for a period of nine months or more because of differing interpretations, by the Secretary and an owner concerning the timing of the ability of an uninsured section 236 property to prepay or by the Secretary and a State or local rent regulatory agency, concerning the effect of a presumptively applicable State or local rent control law or regulation on the determination of preservation value under section 213 of LIHPRHA, as amended, if the owner of such project filed a notice of intent to extend the low-income affordability restrictions of the housing, or transfer to a qualified purchaser who would extend such restrictions, on or before November 1, 1993: Provided further, That priority shall be given to funding tenant-based assistance under the terms of the tenth and eleventh provisos of the second undesignated paragraph under the "Annual Contributions for Assisted Housing" head of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996, and plans of action for sales of projects to nonprofit organizations, tenant-sponsored organizations, and other priority purchasers: Provided further, That the Secretary may give priority to funding approved plans of action for the following projects: (1) projects that are subject to a repayment or settlement agreement that was executed between the owner and the Secretary prior to September 1, 1995; (2) projects for which submissions were delayed as a result of their location in areas that were designated as a Federal disaster area in a Presidential Disaster Declaration; and (3) projects whose processing was, in fact, or in practical effect, suspended, deferred, or interrupted for a period of nine months or more because of differing interpretations, by the Secretary and an owner concerning the timing of the ability of an uninsured section 236 property to prepay or by the Secretary and a State or local rent regulatory agency, concerning the effect of a presumptively applicable State or local rent control law or regulation on the determination of preservation value under section 213 of LIHPRHA, as amended, if the owner of such project filed a notice of intent to extend the low-income affordability restrictions of the housing, or transfer to a qualified purchaser who would extend such restrictions, on or before November 1, 1993: Provided further, That section 241(f) of the National Housing Act is repealed and insurance under such section shall not be offered as an incentive under LIHPRHA and ELIHPA: Provided further, That a capital loan may be provided as an incentive under LIHPRHA or ELIHPA on such terms and conditions as the Secretary may prescribe: Provided further, That the following provisos under the second undesignated heading under the "Annual Contributions for Assisted Housing" head of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 shall continue in effect: the fourth proviso, the sixth proviso, the seventh proviso, the ninth proviso, the tenth proviso, the eleventh proviso, and the twelfth proviso: Provided further, That notwithstanding any other provision of law, effective October 1, 1997, the Secretary shall suspend further funding of plans of action: Provided further, That of the total amount provided under this head $290,000,000 shall be for grants to public and Indian housing agencies for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, of which $10,000,000 shall be for grants, technical assistance, contracts and other assistance training, program assessment, and execution for or on behalf of public housing agencies and resident organizations (including the cost of necessary travel for participants in such training), up to $5,000,000 of which may be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home program administered by the Inspector General of the Department of Housing and Urban Development, and up to $5,000,000 of which may be provided to the Office of Inspector General for Operation Safe Home: Provided further, That the term "drug-related crime", as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: Provided further, That notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants.*

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (106 Stat. 3739), $3,000,000: *Provided*, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $36,900.000.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT BLOCK GRANTS FUND

(INCLUDING TRANSFER OF FUNDS)

For grants to States and units of general local government and for related expenses, not otherwise provided for, to carry out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (the "Act" herein) (42 U.S.C. 5301), $4,600,000,000, to remain available until September 30, 1999, [of which $300,000,000 shall become available for obligation on September 30, 1997, and] of which [$61,400,000] *$68,500,000* shall be for grants to Indian tribes notwithstanding section 106(a)(1) of the Act: *Provided*, That $2,100,000 shall be available as a grant to the Housing Assistance Council, [$1,000,000] *$1,500,000* shall be available as a grant to the National American Indian Housing Council, and $49,000,000 shall be available for grants pursuant to section 107 of such Act, including up to $14,000,000 for the development and operation of a management information system: *Provided further*, That not to exceed 20 percent of any grant made with funds appropriated herein (other than a grant made available under the preceding proviso to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended) shall be expended for "Planning and Management Development" and "Administration" as defined in regulations promulgated by the Department: *Provided further*, That for fiscal year 1997 and thereafter, section 105(a)(25) of such Act, shall continue to be effective and the termination and conforming provisions of section 907(b)(2) of the Cranston-Gonzalez National Affordable Housing Act shall not be effective: *Provided further*, That section 916(f) of the Cranston-Gonzalez National Affordable Housing Act is repealed.

Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to $50,000,000 for grants to public housing agencies (including Indian housing authorities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals to become self-sufficient: Provided, That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: Provided further, That the supportive services shall include congregate services for the elderly and disabled, service coordinators, and coordinated educational, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: Provided further, That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: Provided further, That the Secretary shall select public and Indian housing agencies to receive assistance under this head on a competitive basis, taking into account the quality of the proposed program (including any innovative approaches), the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary.

Of the amount made available under this heading, notwithstanding any other provision of law, [$20,000,000] *$40,000,000* shall be available for youthbuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading.

Of the amount made available under this heading, notwithstanding any other provision of law, $60,000,000 shall be available for the lead-based paint hazard reduction program as authorized under sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992.

For the cost of guaranteed loans, $31,750,000, as authorized by section 108 of the Housing and Community Development Act of 1974: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $1,500,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act of 1974. In addition, for administrative expenses to carry out the guaranteed loan program, $675,000 which shall be transferred to and merged with the appropriation for *departmental* salaries and expenses.

HOME INVESTMENT PARTNERSHIPS PROGRAM

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625), as amended, $1,400,000,000, to remain available until expended: *Provided*, That $21,000,000 shall be available for grants to Indian Tribes: *Provided further*, That up to 0.5 percent, but not less than $7,000,000, shall be available for the development and operation of a management information system: *Provided further*, That $15,000,000 shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968.

HOMELESS ASSISTANCE FUNDS

For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (Public Law 100–77), as amended); the supportive housing program (as authorized under subtitle C of title IV of such Act); the section 8 moderate rehabilitation single room occupancy program (as authorized under the United States Housing Act of 1937, as amended) to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and the shelter plus care program (as authorized under subtitle F of title IV of such Act), $823,000,000, to remain available until expended.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901), $171,000,000, to remain available until expended: *Provided*, That any amounts previously appropriated for such program, and any related assets and liabilities, in the "Annual contributions for assisted housing" account, shall be transferred to and merged with amounts in this account.

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year 1997, commitments to guarantee loans to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of $110,000,000,000: *Provided*, That during fiscal year 1997, the Secretary shall sell assigned mortgage notes having an unpaid principal balance of up to $2,000,000,000, which notes were originally insured under section 203(b) of the National Housing Act: *Provided further*, That the Secretary may use the amount of any negative subsidy resulting from the sale of such assigned mortgage notes during fiscal year 1997 for the purposes included under this heading.

During fiscal year 1997, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed $200,000,000: *Provided*, That the foregoing amount shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under section 203 of such Act.

For administrative expenses necessary to carry out the guaranteed and direct loan program, [$341,595,000] *$350,595,000*, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt account, of which not to exceed [$334,483,000] *$343,483,000* shall be transferred to the appropriation for departmental salaries and expenses; and of which not to exceed $7,112,000 shall be transferred to the appropriation for the Office of Inspector General.

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z–3 and 1735c), including the cost of loan guarantee modifications (as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended) $85,000,0000, to remain available until expended: *Provided*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to $17,400,000,000: *Provided further*, That during fiscal year 1997, the Secretary shall sell assigned notes having an unpaid principal balance of up to $2,500,000,000, which notes are held by the Secretary under the General Insurance and Special Risk Insurance funds: *Provided further*, That any amounts made available in any prior appropriations Act for the cost (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guaranteed loans that are obligations of the funds established under section 238 or 519 of the National Housing Act that have not been obligated or that are deobligated shall be available to the Secretary of Housing and Urban Development in connection with the making of such guarantees and shall remain available until expended, notwithstanding the expiration of any period of availability otherwise applicable to such amounts.

Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238(a), and 519(a) of the National Housing Act, shall not exceed $120,000,000; of which not to exceed $100,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and formerly insured under such Act; and of which not to exceed $20,000,000 shall be for loans to nonprofit and governmental entities in connection with the sale of single-family real properties owned by the Secretary and formerly insured under such Act.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, [$202,470,000, of which $198,299,000] *$207,470,000, of which $203,299,000* shall be transferred to the appropriation for *departmental* salaries and expenses; and of which $4,171,000 shall be transferred to the appropriation for the Office of Inspector General.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

During fiscal year 1997, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed $110,000,000,000.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, [$9,101,000] *$9,383,000*, to be derived from the GNMA-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed [$9,101,000] *$9,383,000* shall be transferred to the appropriation for *departmental* salaries and expenses.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z–1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, $34,000,000, to remain available until September 30, 1998.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and for contracts with qualified fair housing enforcement organizations, as authorized by section 561 of the Housing and Community Development Act of 1987, as amended, $30,000,000, to remain available until September 30, 1998, of which $15,000,000 shall be to carry out activities pursuant to section 561.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed $7,000 for official reception and representation expenses, [$962,558,000 (reduced by $1,411,000) (reduced by $42,000,000)] *$976,840,000*, of which [$532,782,000] *$546,782,000* shall be provided from the various funds of the Federal Housing Administration, [$9,101,000] *$9,383,000* shall be provided from funds of the Government National Mortgage Association, and $675,000 shall be provided from the Community Development Grants Program account.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $52,850,000, of which $11,283,000 shall be provided from the various funds of the Federal Housing Administration and $5,000,000 shall be [provided] *transferred* from the amount earmarked for Operation Safe Home in the Drug elimination grants for low income housing account.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, [$14,895,000] *$15,751,000*, to remain available until expended, from the Federal Housing Enterprise Oversight Fund: *Provided*, That such amounts shall be collected by the Director as authorized by section 1316(a) and (b) of such Act, and deposited in the Fund under section 1316(f) of such Act.

ADMINISTRATIVE PROVISIONS

[SEC. 201. MINIMUM RENTS.—Notwithstanding section 3(a) and 8(o)(2) of the United States Housing Act of 1937, as amended, for fiscal year 1997—

[(1) public housing agencies shall require each family who is assisted under the certificate or moderate rehabilitation program under section 8 of such Act to pay a minimum monthly rent of up to $25;

[(2) public housing agencies shall reduce the monthly assistance payment on behalf of each family who is assisted under the voucher program under section 8 of such Act so that the family pays a minimum monthly rent of up to $25;

[(3) with respect to housing assisted under other programs for rental assistance under section 8 of such Act, the Secretary shall require each family who is assisted under such program to pay a minimum monthly rent of up to $25; and

[(4) public housing agencies shall require each family who is assisted under the public housing program (including public housing for Indian families) to pay a minimum monthly rent of up to $25.]

SEC. 201. EXTENDERS.—(a) PUBLIC HOUSING FUNDING FLEXIBILITY.—Section 201(a)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking "1996" and inserting "1997".

(b) ONE-FOR-ONE REPLACEMENT OF PUBLIC AND INDIAN HOUSING.—Section 1002(d) of Public Law 104–19 is amended by striking "before September 30, 1996" and inserting "on or before September 30, 1997".

(c) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS, AND PREFERENCES.—(1) Section 402(a) of the Balanced Budget Downpayment Act, I is amended by inserting after "1995" the following: ", and effective for fiscal year 1997".

(2) Section 402(f) of such Act is amended by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997".

(3) The second sentence of section 230 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by inserting before the period the following: "during the entire time the family receives assistance under the United States Housing Act of 1937".

(d) APPLICABILITY TO IHAS.—In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by subsections (a), (b), and (c) shall apply to public housing developed or operated pursuant to a contract between the Secretary of Housing and Urban Development and an Indian housing authority.

(e) STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.—Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997".

(f) SECTION 8 FAIR MARKET RENTALS AND DELAY IN REISSUANCE.—(1) The first sentence of section 403(a) of the Balanced Budget Downpayment Act, I, is amended by striking "1996" and inserting "1997".

(2) Section 403(c) of such Act is amended—

(A) by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997"; and

(B) by inserting before the semicolon the following: "for assistance made available during fiscal year 1996 and October 1, 1997 for assistance made available during fiscal year 1997".

(g) SECTION 8 RENT ADJUSTMENTS.—Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended—

(1) in the third sentence by inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995";

(2) in the fourth sentence, by striking "For" and inserting "Except for assistance under the certificate program, for";

(3) after the fourth sentence, by inserting the following new sentence: "In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area."; and

(4) in the last sentence, by—

(A) striking "sentence" and inserting "two sentences"; and

(B) inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995".

SEC. 202. ADMINISTRATIVE FEES.—Notwithstanding section 8(q) of the United States Housing Act of 1937, as amended—

(a) The Secretary shall establish fees for the cost of administering the certificate, voucher and moderate rehabilitation programs.

(1)(A) For fiscal year 1997, the fee for each month for which a dwelling unit is covered by an assistance contract shall be 7.5 percent of the base amount, adjusted as provided herein, in the case of an agency that, on an annual basis, is administering a program of no more than 600 units, and 7 percent of the base amount, adjusted as provided herein, for each additional unit above 600.

(B) The base amount shall be the higher of—

(i) the fair market rental for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency; and

(ii) such fair market rental for fiscal year 1994, but not more than 103.5 percent of the amount determined under clause (i).

(C) The base amount shall be adjusted to reflect changes in the wage data or other objectively measurable data that reflect the costs of administering the program during fiscal year 1996; except that the Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

(2) For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for the agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the cost of administering the program, as determined by the Secretary.

(3) The Secretary may increase the fee if necessary to reflect higher costs of administering small programs and programs operating over large geographic areas.

(4) The Secretary may decrease the fee for PHA-owned units.

(b) Beginning in fiscal year 1997 and thereafter, the Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of $500, for a public housing agency, but only in the first year it administers a tenant-based assistance program under the United States Housing Act of 1937 and only if, immediately before the effective date of this Act, it was not administering a tenant-based assistance program under the 1937 Act (as in effect immediately before the effective date of this Act), in connection with its initial increment of assistance received;

(2) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

(3) extraordinary costs approved by the Secretary.

SEC. 203. SINGLE FAMILY ASSIGNMENT PROGRAM.—Section 407(c) of the Balanced Budget Downpayment Act, I (12 U.S.C. 1710 note), is amended by striking "October 1, 1996" and inserting "October 1, 1997".

SEC. 204. FLEXIBLE AUTHORITY.—During fiscal year 1997 and fiscal years thereafter, the Secretary may manage and dispose of multifamily properties owned by the Secretary and multifamily mortgages held by the Secretary on such terms and conditions as the Secretary may determine, notwithstanding any other provision of law.

SEC. 205. USE OF AVAILABLE FUNDING FOR HOMEOWNERSHIP.—Up to $20,000,000 of amounts of unobligated balances that are or become available from the Nehemiah Housing Opportunity Grant program, repealed under section 289(b) of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101–625, shall be available for use for activities relating to promotion and implementation of homeownership in targeted geographic areas, as determined by the Secretary.

SEC. 206. DEBT FORGIVENESS.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the Greene County Rural Health Center relating to a loan received under the Public Facility Loan program to establish the health center (Loan #Mis–22–PFL0096). The Greene County Rural Health Center is hereby relieved of all liability to the Federal Government for such loan and any fees and charges payable in connection with such loan.

SEC. 207. FLEXIBLE SUBSIDY FUND.—From the fund established by section 236(g) of the National Housing Act, as amended, all uncommitted balances of excess rental charges as of September 30, 1996, and any collection during fiscal year 1997, shall be transferred, as authorized under such section, to the fund authorized under section 201(j) of the Housing and Community Development Amendments of 1978, as amended.

SEC. 208. RENTAL HOUSING ASSISTANCE.—The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z–1) is reduced in fiscal year 1997 by not more than $2,000,000 in uncommitted balances of authorizations provided for this purpose in appropriations Acts.

SEC. 209. D.C. MODERNIZATION FUNDING.—Notwithstanding the provisions of section 14(k)(5)(D) of the United States Housing Act of 1937, the withheld modernization funds that became credited in fiscal years 1993, 1994 and 1995, *due to the troubled status of the former Department of Public and Assisted Housing of the District of Columbia, shall be made available without diminution to its successor, the District of Columbia Housing Authority, at such time between the effective date of this Act and the end of fiscal year 1998 as the District of Columbia Housing Authority is no longer deemed "mod-troubled" under section 6(j)(2)(A)(i) of such Act; after fiscal year 1998, the District of Columbia Housing Authority shall become subject to the provisions of section 14(k)(5)(D) of such Act should it remain mod-troubled.*

SEC. 210. FINANCING ADJUSTMENT FACTORS.—Fifty per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100–628, 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section.

SEC. 211. SECTION 8 CONTRACT RENEWALS.—(a) AUTHORITY.—Notwithstanding section 405(a) of Public Law 104–99, for fiscal year 1997, the Secretary of Housing and Urban Development may use amounts available for the renewal of assistance under section 8 of the United States Housing Act of 1937, upon termination or expiration of a contract for assistance under section 8 (other than a contract for tenant-based assistance) to provide assistance under section 8, at rent levels not to exceed the lesser of (1) the rents in effect upon termination or expiration, or (2) comparable market rents, for the eligible families assisted under the contracts at expiration or termination but, in no case may rents be increased to comparable market rents. The contract term of such renewal of assistance shall not exceed one year. In the case of any project assisted under section 8, not insured under the National Housing Act, and for which the original primary financing was provided by a public agency and remains outstanding, contract rents shall be renewed at the rents in effect upon termination or expiration of the contract. Such assistance shall be in accordance with terms and conditions prescribed by the Secretary. The Secretary may approve assisted rents in excess of market rents (but not more than the rents in effect upon termination or expiration) for a particular housing project, but only if and to the extent that the Secretary finds that market rents are not sufficient to cover debt service and reasonable operating expenses for that project, taking into account reasonable operating costs for similar properties.

(b) REPEAL.—The sentence immediately preceding section 8(w) of the United States Housing Act of 1937 (42 U.S.C. 1437f(w)) is hereby repealed.

SEC. 212. FHA MULTIFAMILY DEMONSTRATION.—Section 210(f) of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (Public Law 104–134, 110 Stat. 1321, April 26, 1996) is amended (1) by striking out "$30,000,000" and inserting "$40,000,000" in lieu thereof, and (2) by inserting the following new proviso before the period: ": Provided further, That not less than $10,000,000 of the amount appropriated by this subsection shall be available for reducing monthly debt service costs by offering owners secondary mortgages on deferred payment terms".

SEC. 213. HAWAIIAN HOME LANDS.—Section 282 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12832) is amended by adding at the end the following new sentence: "The Secretary may waive this section in connection with the use of funds made available under this title on lands set aside under the Hawaiian Homes Commission Act, 1920 (42 Stat. 108).".

TITLE III

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; $22,265,000, to remain available until expended: *Provided*, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby made available for the payment of such allowance: *Provided further*, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as Secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: *Provided further*, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it.

DEPARTMENT OF THE TREASURY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

For grants, loans, and technical assistance to qualifying community development lenders, and administrative expenses of the Fund, $45,000,000, to remain available until September 30, 1998, of which $8,000,000 may be used for the cost of direct loans, and up to $800,000 may be used for administrative expenses to carry out the direct loan program: *Provided*, That the cost of direct loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That not more than $19,400,000 of the funds made available under this heading may be used for programs and activities authorized in section 114 of the Community Development Banking and Financial Institutions Act of 1994.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18, purchase of nominal awards to recognize non-Federal officials' contributions to Commission activities, and not to exceed $500 for official reception and representation expenses, $42,500,000.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the "Corporation") in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the "Act") (42 U.S.C. 12501 et seq.), **[**$365,000,000**]** *$400,500,000*, of which $265,000,000 shall be available for obligation from September 1, 1997, through September 30, 1998: *Provided*, That not more than $25,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): *Provided further*, That not more than $2,500 shall be for official reception and representation expenses: *Provided further*, That not more than **[**$40,000,000**]** *$59,000,000*, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.): *Provided further*, That not more than **[**$201,000,000**]** *$215,000,000* of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program), *of which not more than $40,000,000 may be used to administer, reimburse or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2))*: *Provided further*, That not more than **[**$5,000,000**]** *$5,500,000* of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et seq.): *Provided further*, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12571(b)): *Provided further*, That to the maximum extent feasible, funds appropriated in the preceding proviso shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs that demonstrate quality, innovation, replicability, and sustainability: *Provided further*, That not more than **[**$17,500,000**]** *$18,000,000* of the funds made available under this heading shall be available for the Civilian Community Corps authorized under subtitle E of title I of the Act (42 U.S.C. 12611 et seq.): *Provided further*, That not more than **[**$41,500,000**]** *$43,000,000* shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (42 U.S.C. 12521 et seq.): *Provided further*, That not more than $30,000,000 shall be available for quality and innovation activities authorized under subtitle H of title I of the Act (42 U.S.C. 12853 et seq.): *Provided further*, That not more than $5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639): *Provided further*, That no funds from any other appropriation, or from funds otherwise made available to the Corporation, shall be used to pay for personnel compensation and benefits, travel, or any other administrative expense for the Board of Directors, the Office of the Chief Executive Officer, the Office of the Managing Director, the Office of the Chief Financial Officer, the Office of National and Community Service Programs, the Civilian

Community Corps, or any field office or staff of the Corporation working on the National and Community Service or Civilian Community Corps programs: *Provided further*, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector, shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal costs per participant in all programs.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $2,000,000.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Veterans Appeals as authorized by 38 U.S.C. sections 7251–7292, $9,229,000 [(increased by $1,411,000)], of which [$634,000] *$700,000*, to remain available until September 30, 1998, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set forth, under this heading in Public Law 102–227.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of one passenger motor vehicle for replacement only, and not to exceed $1,000 for official reception and representation expenses, $11,600,000, to remain available until expended.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

For science and technology, including research and development activities, which shall include research and development activities under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended; necessary expenses for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; procurement of laboratory equipment and supplies; other operating expenses in support of research and development; construction, alteration, repair, rehabilitation and renovation of facilities, not to exceed $75,000 per project, [$540,000,000 (reduced by $1,500,000)] *$545,000,000*, which shall remain available until September 30, 1998.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

For environmental programs and management, including necessary expenses, not otherwise provided for, for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; and not to exceed $6,000 for official reception and representation expenses, [$1,703,000,000 (increased by $1,500,000)] *$1,713,000,000*, which shall remain available until September 30, 1998.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $28,500,000.

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or for use by, the Environmental Protection Agency, [$107,220,000] *$27,220,000*, to remain available until expended[:*Provided*, That EPA is authorized to establish and construct a consolidated research facility at Research Triangle Park, North Carolina, at a maximum total construction cost of $232,000,000, and to obligate such monies as are made available by this Act for this purpose: *Provided further*, That EPA is authorized to construct such facility through multi-year contracts incrementally funded through appropriations hereafter made available for this project: *Provided further*, That, notwithstanding the previous provisos, for monies obligated pursuant to this authority, EPA may not obligate monies in excess of those provided in advance in annual appropriations, and such contracts shall clearly provide for this limitation].

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, including sections 111 (c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; not to exceed [$2,201,200,000] *$1,394,245,000 (of which $100,000,000 shall not become available until September 1, 1997)*, to remain available until expended, consisting of [$1,951,200,000] *$1,144,245,000* as authorized by section 517(a) of the Superfund Amendments and Reauthorization Act of 1986 (SARA), as amended by Public Law 101–508, and $250,000,000 as a payment from general revenues to the Hazardous Substance Superfund as authorized by section 517(b) of SARA, as amended by Public Law 101–508: *Provided*, That funds appropriated under this heading may be allocated to other Federal agencies in accordance with section 111(a) of CERCLA: *Provided further*, That $11,000,000 of the funds appropriated under this heading shall be transferred to the "Office of Inspector General" appropriation to remain available until September 30, 1997: *Provided further*, That notwithstanding section 111(m) of CERCLA or any other provision of law, not to exceed [$59,000,000] *$64,000,000* of the funds appropriated under this heading shall be available to the Agency for Toxic Substances and Disease Registry to carry out activities described in sections 104(i), 111(c)(4), and 111(c)(14) of CERCLA and section 118(f) of the Superfund Amendments and Reauthorization Act of 1986: *Provided further*, That $35,000,000 of the funds appropriated under this heading shall be transferred to the "Science and technology" appropriation to remain available until September 30, 1998: *Provided further*, That none of the funds appropriated under this heading shall be available for the Agency for Toxic Substances and Disease Registry to issue in excess of 40 toxicological profiles pursuant to section 104(i) of CERCLA during fiscal year 1997[: *Provided further*, That $861,000,000 of the funds appropriated under this heading shall become available for obligation only upon the enactment of future appropriations legislation that specifically makes these funds available for obligation: Provided further, That $1,200,000 of the funds appropriatated under this heading shall be used by the Agency for Toxic Substances and Disease Registry to conduct a health effects study of the Toms River Cancer Cluster in the Toms River area in the State of New Jersey].

LEAKING UNDERGROUND STORAGE TANK TRUST FUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out leaking underground storage tank cleanup activities authorized by section 205 of the Superfund Amendments and Reauthorization Act of 1986, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, [$46,500,000 (increased by $20,000,000)] *$60,000,000*, to remain available until expended: *Provided*, That no more than $7,000,000 shall be available for administrative expenses: *Provided further*, That $577,000 shall be transferred to the "Office of Inspector General" appropriation to remain available until September 30, 1997.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to carry out the Environmental Protection Agency's responsibilities under the Oil Pollution Act of 1990, $15,000,000, to be derived from the Oil Spill Liability trust fund, and to remain available until expended: *Provided*, That not more than $8,000,000 of these funds shall be available for administrative expenses.

STATE AND TRIBAL ASSISTANCE GRANTS

For environmental programs and infrastructure assistance, including capitalization grants for State revolving funds and performance partnership grants, [$2,768,207,000] *$2,815,207,000*, to remain available until expended, of which [$1,800,000,000] *$1,976,000,000* shall be for making capitalization grants for State revolving funds to support water infrastructure financing; $100,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico Border, after consultation with the appropriate border commission; $50,000,000 for grants to the State of Texas, which shall be matched by an equal amount of State funds from State resources, for the purpose of improving wastewater treatment for colonias; $15,000,000 for grants to the State of Alaska subject to an appropriate cost share as determined by the Administrator, to address *water supply and* wastewater infrastructure needs of rural and Alaska Native Villages; [$129,000,000 for making grants for the construction of wastewater treatment facilities and the development of groundwater in accordance with the terms and conditions specified for such grants in the Report accompanying this Act;] and $674,207,000 for grants to States and federally recognized tribes for multi-media or single media pollution prevention, control and abatement and related activities pursuant to the provisions set forth under this heading in Public Law

104–134: *Provided*, That, from funds appropriated under this heading, the Administrator may make grants to federally recognized Indian governments for the development of multi-media environmental programs: *Provided further, That notwithstanding any other provision of law, beginning in fiscal year 1997 the Administrator may make grants to States, from funds available for obligation in the State under title II of the Federal Water Pollution Control Act, as amended, for administering the completion and closeout of the State's construction grants program, based on a budget annually negotiated with the State: Provided further*, That of the **[**$1,800,000,000**]** *$1,976,000,000* for capitalization grants for State revolving funds to support water infrastructure financing, **[**$450,000,000**]** *$550,000,000* shall be for drinking water State revolving funds, but if no drinking water State revolving fund legislation is enacted by June 1, 1997, these funds shall immediately be available for making capitalization grants under title VI of the Federal Water Pollution Control Act, as amended.

WORKING CAPITAL FUND

(INCLUDING TRANSFER OF FUNDS)

There is hereby established in the Treasury a franchise fund pilot to be known as the "Working capital fund", as authorized by section 403 of Public Law 103–356, to be available as provided in such section for expenses and equipment necessary for the maintenance and operation of such administrative services as the Administrator determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize such fund: *Provided further*, That such fund shall be paid in advance from funds available to the Agency and other Federal agencies for which such centralized services are performed, at rates which will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve, as determined by the Administrator: *Provided further*, That such fund shall provide services on a competitive basis: *Provided further*, That an amount not to exceed four percent of the total annual income to such fund may be retained in the fund for fiscal year 1997 and each fiscal year thereafter, to remain available until expended, to be used for the acquisition of capital equipment and for the improvement and implementation of Agency financial management, ADP, and other support systems: *Provided further*, That no later than thirty days after the end of each fiscal year amounts in excess of this reserve limitation shall be transferred to the Treasury: *Provided further*, That such franchise fund pilot shall terminate pursuant to section 403(f) of Public Law 103–356.

[ADMINISTRATIVE PROVISION

[SEC. 301. Notwithstanding any other provision of law, funds made available in this Act to the Environmental Protection Agency for any account, program or project may be transferred to Science and Technology for necessary research activities, subject to the terms and conditions set forth in the Report accompanying this Act.**]**

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

For necessary expenses of the Office of Science and Technology Policy, in carrying out the purposes of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, not to exceed $2,500 for official reception and representation expenses, and rental of conference rooms in the District of Columbia, $4,932,000.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses to continue functions assigned to the Council on Environmental Quality and Office of Environmental Quality pursuant to the National Environmental Policy Act of 1969, the Environmental Quality Improvement Act of 1970, and Reorganization Plan No. 1 of 1977, **[**$2,250,000**]** *$2,436,000*.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For necessary expenses in carrying out the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), **[**$1,120,000,000**]** *$1,320,000,000*, and, notwithstanding 42 U.S.C. 5203, to become available for obligation on September 30, 1997, and remain available until expended.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

For the cost of direct loans, $1,385,000, as authorized by section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.): *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000.

In addition, for administrative expenses to carry out the direct loan program, $548,000.

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire and purchase of motor vehicles (31 U.S.C. 1343); uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; expenses of attendance of cooperating officials and individuals at meetings concerned with the work of emergency preparedness; transportation in connection with the continuity of Government programs to the same extent and in the same manner as permitted the Secretary of a Military Department under 10 U.S.C. 2632; and not to exceed $2,500 for official reception and representation expenses, **[**$168,000,000**]** *$166,733,000*.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, **[**$4,533,000**]** *$4,673,000*.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For necessary expenses, not otherwise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 et seq.), the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977, as amended (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), sections 107 and 303 of the National Security Act of 1947, as amended (50 U.S.C. 404–405), and Reorganization Plan No. 3 of 1978, **[**$209,101,000**]** *$199,101,000*.

EMERGENCY FOOD AND SHELTER PROGRAM

To carry out an emergency food and shelter program pursuant to title III of Public Law 100–77, as amended, $100,000,000: *Provided*, That total administrative costs shall not exceed three and one-half percent of the total appropriation.

NATIONAL FLOOD INSURANCE FUND

For activities under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, not to exceed $20,981,000 for salaries and expenses associated with flood mitigation and flood insurance operations, and not to exceed $78,464,000 for flood mitigation, including up to $20,000,000 for expenses under section 1366 of the National Flood Insurance Act, which amount shall be available until September 30, 1998. In fiscal year 1997, no funds in excess of (1) $47,000,000 for operating expenses, (2) $335,680,000 for agents' commissions and taxes, and (3) $35,000,000 for interest on Treasury borrowings shall be available from the National Flood Insurance Fund without prior notice to the Committees on Appropriations. For fiscal year 1997, flood insurance rates shall not exceed the level authorized by the National Flood Insurance Reform Act of 1994.

WORKING CAPITAL FUND

For the establishment of a working capital fund for the Federal Emergency Management Agency, to be available without fiscal year limitation, for expenses and equipment necessary for maintenance and operations of such administrative services as the Director determines may be performed more advantageously as central services: *Provided*, That any inventories, equipment, and other assets pertaining to the services to be provided by such fund, either on hand or on order, less the related liabilities or unpaid obligations, and any appropriations made hereafter for the purpose of providing capital, shall be used to capitalize such fund: *Provided further*, That such fund shall be reimbursed or credited with advance payments from applicable appropriations and funds of the Federal Emergency Management Agency, other Federal agencies, and other sources authorized by law for which such centralized services are performed, including supplies, materials, and services, at rates that will return in full all expenses of operation, including accrued leave, depreciation of fund plant and equipment, amortization of automated data processing (ADP) software and systems (either acquired or donated), and an amount necessary to maintain a reasonable operating reserve as determined by the Director: *Provided further*, That income of such fund may be retained, to remain available until expended, for purposes of the fund: *Provided further*, That fees for services shall be established by the Director at a level to cover the total estimated costs of providing such services, such fees to be deposited in the fund shall remain available until expended for purposes of the fund: *Provided further*, That such fund shall terminate in a manner consistent with section 403(f) of Public Law 103–356.

ADMINISTRATIVE PROVISION

The Director of the Federal Emergency Management Agency shall promulgate through rulemaking a methodology for assessment and collection of fees to be assessed and collected beginning in fiscal year 1997 applicable to persons subject to the Federal Emergency Management Agency's radiological emergency preparedness regulations. The aggregate charges assessed pursuant to this section during fiscal year 1997 shall approximate, but not be less than, 100 per centum of the amounts anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency preparedness program for such fiscal year. The methodology for assessment and collection of fees shall be fair and equitable, and shall reflect the full amount of costs of providing radiological emergency planning, preparedness, response and associated services. Such fees shall be assessed in a manner that reflects the use of agency resources for classes of regulated persons and the administrative costs of collecting such fees. Fees received pursuant to this section shall be deposited in the general fund of the Treasury as offsetting receipts. Assessment and collection of such fees are only authorized during fiscal year 1997.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER FUND

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, $2,260,000, to be deposited into the Consumer Information Center Fund: *Provided*, That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of $7,500,000. [Administrative expenses of the Consumer Information Center in fiscal year 1997 shall not exceed $2,602,000.] Appropriations, revenues, and collections accruing to this fund during fiscal year 1997 in excess of $7,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts[: *Provided further*, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1997, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational material; may expend up to $1,100,000 of those gifts for those purposes, in addition to amounts otherwise appropriated; and the balance shall remain available for expenditure for such purpose to the extent authorized in subsequent appropriations Acts]*: Provided further, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1997 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities; may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available; and the balance shall remain available for expenditure for such purpose.*

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

For necessary expenses, not otherwise provided for, in the conduct and support of human space flight research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, $5,362,900,000, to remain available until September 30, 1998.

SCIENCE, AERONAUTICS AND TECHNOLOGY

For necessary expenses, not otherwise provided for, in the conduct and support of science, aeronautics and technology research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, [$5,662,100,000] *$5,762,100,000*, to remain available until September 30, 1998. Chapter VII of Public Law 104-6 is amended under the heading, "National Aeronautics and Space Administration" by replacing "September 30, 1997" with "September 30, 1998" and "1996" with "1997".

MISSION SUPPORT

For necessary expenses, not otherwise provided for, in carrying out mission support for human space flight programs and science, aeronautical, and technology programs, including research operations and support; space communications activities including operations, production and services; maintenance; construction of facilities including repair, rehabilitation, and modification of facilities, minor construction of new facilities and additions to existing facilities, facility planning and design, environmental compliance and restoration, and acquisition or condemnation of real property, as authorized by law; program management; personnel and related costs, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901-5902; travel expenses; purchase, lease charter, maintenance, and operation of mission and administrative aircraft; not to exceed $35,000 for official reception and representation expenses; and purchase (not to exceed 33 for replacement only) and hire of passenger motor vehicles; $2,562,200,000, to remain available until September 30, 1998.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $17,000,000.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

Notwithstanding the limitation on the availability of funds appropriated for "Human space flight", "Science, aeronautics and technology", or "Mission support" by this appropriations Act, when (1) any activity has been initiated by the incurrence of obligations for construction of facilities as authorized by law, or (2) amounts are provided for full-funding for the Tracking and Data Relay Satellite (TDRS) replenishment program, such amount available for such activity shall remain available until expended. This provision does not apply to the amounts appropriated in "Mission support" pursuant to the authorization for repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design.

Notwithstanding the limitation on the availability of funds appropriated for "Human space flight", "Science, aeronautics and technology", or "Mission support" by this appropriations Act, the amounts appropriated for construction of facilities shall remain available until September 30, 1999.

Notwithstanding the limitation on the availability of funds appropriated for "Mission support" and "Office of Inspector General", amounts made available by this Act for personnel and related costs and travel expenses of the National Aeronautics and Space Administration shall remain available until September 30, 1997 and may be used to enter into contracts for training, investigations, cost associated with personnel relocation, and for other services, to be provided during the next fiscal year.

In order to avoid or minimize the need for involuntary separations due to a reduction in force, installation closure, reorganization, transfer of function, or similar action affecting the National Aeronautics and Space Administration, the Administrator shall establish a program under which separation pay, subject to the availability of appropriated funds, may be offered to encourage employees to separate from service voluntarily, whether by retirement or resignation: Provided, That payments to individual employees shall not exceed $25,000.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

During fiscal year 1997, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions, as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795), shall not exceed $600,000,000: *Provided*, That administrative expenses of the Central Liquidity Facility in fiscal year 1997 shall not exceed $560,000: *Provided further*, That $1,000,000, together with amounts of principal and interest on loans repaid, to be available until expended, is available for loans to community development credit unions.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For necessary expenses in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880-1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; acquisition of aircraft; [$2,422,000,000 (increased by $9,110,000)] *$2,432,000,000*, of which not to exceed $226,000,000 shall remain available until expended for Polar research and operations support, and for reimbursement to other Federal agencies for operational and science support and logistical and other related activities for the United States Antarctic program; the balance to remain available until September 30, 1998: *Provided*, That receipts for scientific support services and materials furnished by the National Research Centers and other National Science Foundation supported research facilities may be credited to this appropriation: *Provided further*, That to the extent that the amount appropriated is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

MAJOR RESEARCH EQUIPMENT

For necessary expenses of major construction projects pursuant to the National Science Foundation Act of 1950, as amended, $80,000,000, to remain available until expended.

EDUCATION AND HUMAN RESOURCES

For necessary expenses in carrying out science and engineering education and human resources programs and activities pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, [$612,000,000] *$624,000,000*, to remain available until September 30, 1998: *Provided*, That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

SALARIES AND EXPENSES

For necessary salaries and expenses of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $9,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; rental of conference rooms in the District of Columbia; reimbursement of the General Services Administration for security guard services and headquarters relocation; $134,310,000 [(reduced by $9,110,000)]: *Provided*, That contracts may be entered into under salaries and expenses in fiscal year 1997 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General as authorized by the Inspector General Act of 1978, as amended, $4,690,000, to remain available until September 30, 1998.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For payment to the Neighborhood Reinvestment Corporation for use in neighborhood reinvestment activities, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101–8107), [$50,000,000] *$49,900,000*.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by 5 U.S.C. 4101–4118 for civilian employees; and not to exceed $1,000 for official reception and representation expenses; $22,930,000: *Provided*, That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: *Provided further*, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

TITLE IV—GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefore in the budget estimates submitted for the appropriations: *Provided, That this provision does not apply to accounts that do not contain an object classification for travel: Provided further*, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act; to travel performed by the Offices of Inspector General in connection with audits and investigations; or to payments to interagency motor pools where separately set forth in the budget schedules: *Provided further*, That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefore set forth in the estimates in the same proportion.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811–1831).

SEC. 404. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 405. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905.

SEC. 407. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: *Provided*, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 408. None of the funds in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the rate paid for Level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 409. None of the funds provided in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 410. Except as otherwise provided under existing law or under an existing Executive order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are (1) a matter of public record and available for public inspection, and (2) thereafter included in a publicly available list of all contracts entered into within twenty-four months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

SEC. 411. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), for a contract for services unless such executive agency (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder, and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analyses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning (A) the contract pursuant to which the report was prepared, and (B) the contractor who prepared the report pursuant to such contract.

SEC. 412. Except as otherwise provided in section 406, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 413. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 414. None of the funds appropriated in title I of this Act shall be used to enter into any new lease of real property if the estimated annual rental is more than $300,000 unless the Secretary submits, in writing, a report to the Committees on Appropriations of the Congress and a period of 30 days has expired following the date on which the report is received by the Committees on Appropriations.

SEC. 415. (a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) NOTICE REQUIREMENT.—In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 416. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees for indirect costs, except as published in Office of Management and Budget Circular A-21.

SEC. 417. Such sums as may be necessary for fiscal year 1997 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 418. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 419. Such funds as may be necessary to carry out the orderly termination of the Office of Consumer Affairs shall be made available from funds appropriated to the Department of Health and Human Services for fiscal year 1997.

SEC. 420. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Act as may be necessary in carrying out the programs set forth in the budget for 1997 for such corporation or agency except as hereinafter provided: *Provided*, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

[SEC. 421. None of the funds appropriated or otherwise made available by this Act may be used to pay the salaries of personnel who approve a contract for the purchase, lease, or acquisition in any manner of supercomputing equipment or services after a preliminary determination, as defined in 19 U.S.C. 1673b, or final determination, as defined in 19 U.S.C. 1673d, by the Department of Commerce that an organization providing such supercomputing equipment or services has offered such product at other than fair value.

[SEC. 422. None of the funds made available in this Act for the National Aeronautics and Space Administration may be used for the National Center for Science Literacy, Education and Technology at the American Museum of Natural History.

[SEC. 423. (a) DENIAL OF FUNDS FOR PREVENTING ROTC ACCESS TO CAMPUS.—None of the funds made available in this Act may be provided by contract or by grant (including a grant of funds to be available for student aid) to an institution of higher education when it is made known to the Federal official having authority to obligate or expend such funds that the institution (or any subelement thereof) has a policy or practice (regardless of when implemented) that prohibits, or in effect prevents—

[(1) the maintaining, establishing, or operation of a unit of the Senior Reserve Officer Training Corps (in accordance with section 654 of title 10, United States Code, and other applicable Federal laws) at the institution (or subelement); or

[(2) a student at the institution (or subelement) from enrolling in a unit of the Senior Reserve Officer Training Corps at another institution of higher education.

[(b) EXCEPTION.—The limitation established in subsection (a) shall not apply to an institution of higher education when it is made known to the Federal official having authority to obligate or expend such funds that—

[(1) the institution (or subelement) has ceased the policy or practice described in such subsection; or

[(2) the institution has a longstanding policy of pacifism based on historical religious affiliation.

[SEC. 424. (a) DENIAL OF FUNDS FOR PREVENTING FEDERAL MILITARY RECRUITING ON CAMPUS.—None of the funds made available in this Act may be provided by contract or grant (including a grant of funds to be available for student aid) to any institution of higher education when it is made known to the Federal official having authority to obligate or expend such funds that the institution (or any subelement thereof) has a policy or practice (regardless of when implemented) that prohibits, or in effect prevents—

[(1) entry to campuses, or access to students (who are 17 years of age or older) on campuses, for purposes of Federal military recruiting; or

[(2) access to the following information pertaining to students (who are 17 years of age or older) for purposes of Federal military recruiting: student names, addresses, telephone listings, dates and places of birth, levels of education, degrees received, prior military experience, and the most recent previous educational institutions enrolled in by the students.

[(b) EXCEPTION.—The limitation established in subsection (a) shall not apply to an institution of higher education when it is made known to the Federal official having authority to obligate or expend such funds that—

[(1) the institution (or subelement) has ceased the policy or practice described in such subsection; or

[(2) the institution has a longstanding policy of pacifism based on historical religious affiliation.

[SEC. 425. None of the funds made available in this Act may be obligated or expended to enter into or renew a contract with an entity when it is made known to the Federal official having authority to obligate or expend such funds that—

[(1) such entity is otherwise a contractor with the United States and is subject to the requirement in section 4212(d) of title 38, United States Code, regarding submission of an annual report to the Secretary of Labor concerning employment of certain veterans; and

[(2) such entity has not submitted a report as required by that section for the most recent year for which such requirement was applicable to such entity.

[SEC. 426. The amount provided in title I for "Veterans Health Administration—Medical Care" is hereby increased by, the amount provided in title I for "Departmental Administration—General operating expenses" is hereby increased by, and the total of the amounts of budget authority provided in this Act for payments not required by law for the fiscal year ending September 30, 1997 (other than any amount of budget authority provided in title I and any such amount provided in title III for the American Battle Monuments Commission, the Court of Veterans Appeals, or Cemeterial Expenses, Army), is hereby reduced by, $40,000,000, $17,000,000, and 0.40 percent, respectively.

[SEC. 427. The amounts otherwise provided by this Act are revised by increasing the amount made available for "Veterans Health Administration—Medical Care", increasing the amount made available for "Veterans Health Administration—Medical and Prosthetic Research", reducing the amount made available for "Corporation for National and Community Service—National and Community Service Programs Operating Expenses", and reducing the amount made available for "Corporation for National and Community Service—Office of Inspector General", by $20,000,000, $20,000,000, $365,000,000, and $2,000,000, respectively.

[SEC. 428. None of the funds made available in this Act may be used by the Environmental Protection Agency to issue, reissue, or renew any approval or authorization for any facility to store or dispose of polychlorinated biphenyls when it is made known to the Federal official having authority to obligate or expend such funds that there is in effect at the time of the issuance, reissuance, or renewal a rule authorizing any person to import into the customs territory of the United States for treatment or disposal any polychlorinated biphenyls, or polychlorinated biphenyl items, at concentrations of more than 50 parts per million.

[SEC. 429. None of the funds made available to the Environmental Protection Agency under the heading "Hazardous Substance Superfund" may be used to implement any retroactive liability discount reimbursement described in the amendment made by section 201 of H.R. 2500, as introduced on October 18, 1995.

[SEC. 430. FHA MORTGAGE INSURANCE PREMIUMS.—Section 203(c)(2)(A) of the National Housing Act (12 U.S.C. 1709(c)(2)(A)) is amended by inserting after the first sentence the following new sentence: "In the case of mortgage for which the mortgagor is a first-time homebuyer who completes a program of counseling with respect to the responsibilities and financial management involved in homeownership that is approved by the Secretary, the premium payment under this subparagraph shall not exceed 2.0 percent of the amount of the original insured principal obligation of the mortgage.".

[SEC. 431. (a) AUTHORITY TO USE AMOUNTS BORROWED FROM FAMILY MEMBERS FOR DOWNPAYMENTS ON FHA-INSURED LOANS.—Section 203(b)(9) of the National Housing Act (12 U.S.C. 1709(b)(9)) is amended by inserting before the period at the end the following: ": *Provided further*, That for purposes of this paragraph, the Secretary shall consider as cash or its equivalent any amounts borrowed from a family member (as such term is defined in section 201), subject only to the requirements that, in any case in which the repayment of such borrowed amounts is secured by a lien against the property, such lien shall be subordinate to the mortgage and the sum of the principal obligation of the mortgage and the obligation secured by such lien may not exceed 100 percent of the appraised value of the property plus any initial service charges, appraisal, inspection, and other fees in connection with the mortgage''.

[(b) DEFINITION OF FAMILY MEMBER.—Section 201 of the National Housing Act (12 U.S.C. 1707) is amended by adding at the end the following new subsections:

[''(e) The term 'family member' means, with respect to a mortgagor under such section, a child, parent, or grandparent of the mortgagor (or the mortgagor's spouse). In determining whether any of the relationships referred to in the preceding sentence exist, a legally adopted son or daughter of an individual (and a child who is a member of an individual's household, if placed with such individual by an authorized placement agency for legal adoption by such individual), and a foster child of an individual, shall be treated as a child of such individual by blood.

[''(f) The term 'child' means, with respect to a mortgagor under such section, a son, stepson, daughter, or stepdaughter of such mortgagor.''.

[SEC. 432. Sections 401 and 402 of the bill, H.R. 1708, 104th Congress, as introduced in the House of Representatives on May 24, 1995, are hereby enacted into law.

[SEC. 433. None of the funds made available in this Act for the National Aeronautics and Space Administration may be used to carry out, or pay the salaries of personnel who carry out, the Bion 11 and Bion 12 projects.]

TITLE V

SUPPLEMENTAL

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE BACKED SECURITIES

LOAN GUARANTEE PROGRAM ACCOUNT

During fiscal year 1996 and in addition to commitments previously provided, additional commitments to issue guarantees to carry out section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed $20,000,000,000.

This Act may be cited as the "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997".

The PRESIDING OFFICER (Mr. COATS). The Senator from Missouri is recognized.

Mr. BOND. I thank the Chair and thank my colleague, the ranking member, the distinguished Senator from Maryland.

Before proceeding with the opening statements and the usual motions to begin consideration of the appropriations bill—and we are going to be doing a lot of that today—I would like to go over, for our Members and the staff, our intentions, how we would like to be able to expedite floor consideration of this measure.

The bill was reported by the Committee on Appropriations 6 weeks ago, on July 11. We tried very hard to minimize the number of new issues raised in the recommendations. Where compromises have been achieved, we have restated bill language and mirrored funding levels, reflecting the agreements for the current fiscal year. We think we have made a good-faith effort to avoid reopening controversial issues.

Again, I express my sincere thanks to the ranking member. This has been a bipartisan effort to try to move this bill forward. But in an $85 billion appropriations bill, there are disputes and policy differences. We did make a concerted effort to minimize the issues, specifically with the intent of facilitating consideration of this bill. It is critical that we move this bill quickly if we are to avoid the disruption, the waste, and inefficiencies which would result if we failed to enact the bill before the start of the fiscal year and have to resort to cumbersome continuing resolutions or other measures.

I add, as I did in the discussion when this bill was brought up en bloc for consideration prior to the August recess, that there is a supplemental appropriation, increasing the loan limitation of the Government National Mortgage Corporation, or Ginnie Mae, as most people know it, which has to be enacted soon to prevent the disruption of orderly placement and financing of FHA- and Veterans' Administration-guaranteed mortgages later this month. If we do not get this bill passed and sent to the President, they are going to run out of opportunities to refinance these mortgages later this month. I think that is something we ought to be concerned about.

The bill also provides an extension of the Federal Emergency Management Agency flood insurance authorization, which is necessary to continue FEMA's writing of these critical insurance policies beyond the end of this month. Coming from a State where floods happen and flood insurance is vital, I ask all my colleague to focus on the fact that there are these gravely needed portions of the bill that are in some ways even more important than the appropriations parts for some individuals.

It is my view that our efforts to avoid unnecessary disputes have been successful, laying the groundwork for a relatively quick disposition of the bill. I will be making the standard motions for en bloc consideration of the committee amendments after my ranking member has the opportunity to be heard.

In the course of that motion, I will propose a compromise on the FHA home mortgage issue, which provides for a narrow demonstration of a revised downpayment formula, limited to the States of Alaska and Hawaii, which I believe is acceptable to all sides. We had much interest from Members on the entire matter of the FHA issues. I want everyone to be on notice we are going to be dealing with those. We hope the compromise is acceptable.

Beyond that matter, we have a number of other noncontroversial amendments, several of which make necessary technical and clarifying changes in the bill. We have heard of other issues which we are attempting to work out. All Members, please be on notice that at this point we can dispose of all but a handful of amendments within the hour. At that time it is the floor managers' intent to seek time agreements on remaining amendments which do require some debate and rollcall votes. We are limited in the amount of time that we have to deal with this bill. I ask Members or their staffs to contact us so we can provide this in an orderly fashion, for debate today and votes tomorrow, to move on with this bill.

The issues in dispute include an amendment to delete the space station funding, by the Senator from Arkansas, Mr. BUMPERS; an amendment by the Senators from New Hampshire and Wisconsin, Mr. SMITH and Mr. FEINGOLD, proposing to terminate U.S. participation in the Bion space life sciences mission; and one by the minority leader, the Senator from South Dakota, relating to a new VA entitlement program and discretionary benefits for the offspring of veterans in Vietnam suffering from spina bifida. I hope we can arrive at time agreements so we can air all sides of these issues and move on to a prompt resolution.

I ask any Member who has an issue to come down to the floor and to work with us to address these concerns. If you work with our floor staff and leadership, we will be seeking to limit time for debate on a short list of remaining amendments by the conclusion of debate today. Again, I urge any Member who has concern over an issue under the subcommittee's jurisdiction, come to the floor so we can work to find an acceptable compromise or at least establish time agreements to facilitate debate and disposition.

From past experience, I know there are likely to be a flurry of colloquies that we are asked to accept at the last moment. We have had some of those submitted to us. Both the ranking member and I need to look at the colloquies. In the past, sometimes colloquies have gone in which have caused problems for other Senators. We will be happy to accept as many of the colloquies as we can, if we can get them cleared and make sure that everyone is comfortable with them. But to do that we really need to have them by 5 o'clock today if we are to be able to give them the full consideration so that we do not have any unnecessary delay tomorrow or have to put off consideration of those issues to a later time.

Mr. President, having said that, it is my pleasure to present to the Senate the VA, HUD, and independent agencies appropriations bill for fiscal year 1997 as reported by the Committee on Appropriations. I am especially pleased that I am doing so prior to the start of the fiscal year rather than 6 months after it has begun. That is a pleasant change for us. None of us want to repeat the long delays and frustrations we experienced during the past year, being unable to enact this critical funding measure. Unfortunately, less than a month of legislative activity remains in this session.

So if we are to avoid a lapse of funding, or the necessity of a continuing resolution, and if we are to deal with the problems that I mentioned in my earlier statements, we have to act quickly. The bill before us attempts to provide a fair and balanced approach to many competing programs and activities under the VA-HUD subcommittee's jurisdiction, within the constraints imposed by a very tight budget allocation. We have attempted to avoid reopening past disagreements and controversy which blocked the bill last year. It is our hope that by pursuing this course, we can expedite consideration and enactment of the measure.

Our efforts to facilitate this measure has meant that the bill, in a number of respects, reflects funding levels and policies which are compromises between very different viewpoints. Nobody is going to be happy with all of the decisions we have reached in this bill. Certainly I have had to make many compromises myself in the hopes of making it acceptable.

One example is inclusion of funds at the 1996 enacted level for the Corporation for National and Community Service. I and many others on my side continue to have some strong reservations about the program. No doubt that failure to fund the program would result in a Presidential veto. I think that there are reforms that have been enacted and will be enacted that can improve the operation of the program.

Despite the misgivings, the bill proposes to maintain the current level of funding for the program, less than what is requested, more than what I believe is warranted, but certainly more than would be included in a continuing resolution or other subsequent action if we have to deal with vetoes of this measure.

With respect to other agencies funded in the bill, the committee has attempted to balance a wide variety of competing interests within a very constrained budget allocation. The committee recommendation provides $39 billion for the Department of Veterans Affairs, including full funding for VA medical care and an increase for VA research.

VA medical programs were afforded the highest priority in order to assure quality care for all veterans. The veterans currently being served by the VA will receive that quality care. There will be a smooth transition to a new organizational structure with the emphasis we expect on a managed care approach.

For the Department of Housing and Urban Development, the committee recommendation continues the policies and programmatic reforms enacted last year. We are hopeful and strongly support enactment of a comprehensive public and assisted housing reform bill from the authorizing committees. Make no mistake about it, we believe that we have to have authorizing legislation. We would like to see it done. But this appropriations bill contains temporary extensions of provisions needed to halt the ever increasing cost of housing subsidy commitments.

And as I point out, and as the Secretary has agreed, under the reduced funding levels, many of these programmatic changes have to be made right now in the appropriations measure to enable particularly local housing authorities, public housing agencies to deal with the reduced levels of funding. We cannot cut back on the funds without giving relief to the local agencies who must administer the program. That is why in the HUD provisions there are temporary authorizing provisions to facilitate their use of the lower amounts of resources available until such time as we get a good authorizing bill that establishes a new framework.

Similarly, the appropriations bill complements the multifamily housing restructuring proposals now under consideration by the authorizing committee. We cannot continue excessive subsidies currently being paid to sustain the inventory of nearly a million apartments for low-income families. Unless we in Congress act to reduce the excessive debt of this housing inventory along with implementing other management improvements, there could be massive defaults and widespread resident displacement. So make no mistake about it, the housing provisions in this appropriations bill are vitally important.

The complexity and difficulty of developing a consensus on these issues obviously is substantial. Project owners, including limited and general partners, project managers, the residents themselves with the greatest stake in it, the State housing finance agencies, local community development organizations, bondholders, and municipal governments are among those with significant interests in how we address this issue.

These interests are, while we seek the same general goals, often divergent and sometimes competing. We must be mindful of the fact that we have billions of taxpayer dollars previously invested in this multifamily housing inventory, and billions more which are at risk over the next several years depending on which policies and financing mechanisms we select to deal with these issues.

The reported bill reflects our attempts at finding a reasonable balance between these sometimes conflicting concerns. We cannot afford to continue to pay excessive, way above market-rate subsidies for these multifamily housing projects through our supplements of rent through section 8, even those which provide very good housing for low-income families. And some portions of this inventory, I might add, are little more than slums that it was intended to replace. Those have to be dealt with as well.

The committee recommendation is not a comprehensive solution. We are striving for a workable compromise. It simply is an attempt to deal with the issues in that fraction of the multifamily inventory that has section 8 contracts expiring during fiscal year 1997. We are acting solely because of affirmative efforts and the forward motion necessary to prevent defaults and potential resident displacement during the fiscal year. This ought to be of great importance to all Members of this body.

Many people will shy away from housing because it is complicated. But let me tell you, if we fail to do our job, there could be citizens in our States who are left without housing, which I think is a result that we must avoid.

Since this bill was reported, we have heard from a number of affected parties, including the Department of Housing and Urban Development, who have made suggestions as to how our proposal could be improved or made more effective. We are examining these ideas and incorporating the good ones as they come along.

We may be able to recommend a perfecting amendment to our multifamily housing provisions. We intend to do so before the bill is finally passed. In any event, since the House bill contained no recommendations on this issue, we will have extensive discussions on these concerns prior to and during conference. I hope that we can come out of conference, if not out of this body, which will be my first choice, with a workable temporary solution.

Mr. President, I wish to acknowledge and express my sincere thanks for the critically important role that the Senator from Oregon, the chairman of our full Appropriations Committee, has played in addressing the potential adverse effects of the House budgetary allocations. Specifically, Senator HATFIELD has recognized how that allocation would curtail our ability to maintain housing occupied by low-income families in developments which could prepay their subsidized mortgages and convert to market-rate housing.

Based on the chairman's recommendation, the committee revised the subcommittee's allocation which enabled us to include $19.7 billion for HUD. Perhaps what is more important, the increase in our outlay allocation allowed the increased funding for activities which prevent the displacement of currently assisted families through contract renewals and housing prevention payments.

I am especially pleased that the bill restores funding for the Community

Development Block Grants program, the CDBG, at the current full fiscal year 1996 level of $4.6 billion and does not have to withhold $300 million from the obligation as was proposed in the House-passed bill, operating under a lower allocation.

For the Environmental Protection Agency, the recommendation totals $6.6 billion, an increase of $70 million over last year, with increases in key areas, particularly grants to States. Most programs are funded at last year's level, and programs such as Superfund and safe drinking water revolving funds are increased as requested by the President. Despite the very compelling arguments made by some Members, this recommendation does not include so-called riders in EPA in view of our desire to keep this bill as free of controversy as possible in the limited time available.

For FEMA, the bill provides the President's full request and, in addition, restores $1 billion in previously rescinded disaster relief funds which FEMA anticipates will be needed to meet ongoing disaster relief requirements.

The recommendations for NASA totals $13.7 billion, an increase of $100 million over the House, and restores funds for the critical Mission to Planet Earth program to study global climate change.

Finally, $3.27 billion is recommended for the National Science Foundation, an increase of $55 million over the 1996 level and $22 million over the House amount, with very high priority given to instrumentation and informal science education.

I note it was only 4 months ago we finally gained enactment of the bill for the current fiscal year. As a consequence, much of what is recommended simply builds on agreements achieved in that measure. Mr. President, in aggregate, this bill appears to provide $2.1 billion more than the fiscal year 1996 appropriations level. But this reflects two major adjustments which are unrelated to program levels. The first is an increase of $1.1 billion to replenish the FEMA disaster relief account, which was drained by that amount to accommodate other appropriations measures in the cycle for the current year. The other change is $948 million in one-time legislative savings which were enacted for HUD housing programs. When these adjustments are made, the net aggregate increase in program funding is reduced to $84 million, or just one-tenth of 1 percent of the fiscal year 1996 appropriation.

Mr. President, this very modest increase, all but a freeze, reflects the net of increases and decreases in several of our agencies. The biggest increase, $481 million, was provided for the discretionary programs of the Department of Veterans Affairs. The only other agencies to receive significant increases were the Environmental Protection Agency, with a $70 million increase, and the National Science Foundation, which received $55 million more than last year. These increases were offset by cuts of $411 million in HUD and $200 million in NASA.

Finally, again, I express my sincere appreciation to my ranking member and valuable colleague, the Senator from Maryland. I appreciate her assistance and cooperation in putting this bill together. I now take pleasure in yielding the floor to her for such statement as she wishes to make.

PRIVILEGE OF THE FLOOR

Ms. MIKULSKI. Mr. President, I ask unanimous consent that during the consideration of H.R. 3666, Miss Catherine Corson, a detailee from the National Science Foundation serving with the VA-HUD subcommittee, be provided floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MIKULSKI. Mr. President, I know we are debating the VA-HUD bill, and I want to make my comments on it. I think, like all Americans today, our thoughts and our prayers are with our U.S. military, who, once again, are called upon to stand sentry to protect those who cannot protect themselves. For all who might be watching this on C-SPAN and seeing how we want to help the veterans, we are going to keep our promises to America's veterans, but we should really hold these men and women in our hearts today.

Today, I want to join my distinguished colleague, the Senator from Missouri, to offer for floor debate the fiscal year 1997 appropriations bill. This is an $84.7 billion bill. It funds seven Cabinet or Cabinet-level agencies, as well as 18 independent agencies. We fund all of the veterans programs—both the veterans pensions, as well as veterans medical care, veterans medical research, housing, the Environmental Protection Agency, the National Science Foundation, National Community Service, the Federal Emergency Management Agency. While we are looking at those large and significant agencies, we also fund programs like Selective Service, Arlington Cemetery, the Consumer Product Safety Agency.

Somebody might say, "Well, how did all that happen?" It sounds like a lot of money, and it is, but years ago, this was the subcommittee that before you got to be a Cabinet agency, you were an independent agency. Hopefully, these agencies still have independence and backbone, but we now have seven of these. Of course, the largest and most significant, in terms of our obligations to the American people, is the Veterans Administration.

Dealing with these competing interests has been an enormous and difficult job. I want to thank Senator BOND and his appropriations staff, as well as my own for all the hard work they have done to get this bill to the floor. I want to acknowledge the role of Senator HATFIELD and Senator BYRD in ensuring we have an allocation to meet day-to-day needs of American people, as well as in science and technology, looking at the long-range interests of the American people.

I am particularly grateful for Chairman BOND's efforts to work on a collegial basis with this. I want to thank him for the collegiality and civility with which we have been able to work on these issues. This bill continues the process of implementing many of the recommendations of the National Academy of Public Administration that I raised on issues related to HUD and EPA.

It is my commitment and, I know, the chairman's commitment that we want to make sure that a dollar's worth of taxes is used for a dollar's worth of services. When we are working, whether it is to fund Housing and Urban Development or the Environmental Protection Agency, we want to fund results and not bureaucracy. That is why when I chaired the subcommittee, we turned to the National Association of Public Administration to give us kind of an x ray of what they thought we should be doing so we could get rid of the bureaucracy and focus on the results.

I thank Senator BOND for continuing that. When we look at HUD, we can see we have been able to do that. It has been my concern that in Housing and Urban Development, too often we create programs without thinking about their results. Do we empower the poor, which I know the Presiding Officer is deeply concerned about? We share a belief and commitment in the role that nonprofit agencies play in the empowerment of the poor.

We want to make sure that our section 8 program is an opportunity, but not a hollow one, and that along the way we do not create such large subsidies that we are creating a new generation of slum landlords or creating a new and expanded liability for taxpayers.

I have been deeply distressed in my own State of Maryland, particularly in Baltimore and some of the surrounding areas, of the failure to stand sentry with section 8 housing itself to make sure that it is an opportunity for the poor. Too often section 8 housing is riddled with housing abuse, poor housing conditions from plumbing and other fire and safety violations. We want to make sure HUD is on track on how they spend their money, that we do get results and we are not creating more liability for the taxpayer and minimizing opportunity for the poor. Then we also looked at the funding for the Environmental Protection Agency. Both the chairman and I have worked to get them focused on the fact that they need to spend their money on that which is the greatest public health risk. The whole idea is not only to protect natural resources and make sure we have clean air and clean water, but in the process let us look at those areas that ensure public health and safety, and not move around on certain boutique programs that might grab a headline. Chairman BOND and I are more interested in saving lives than in grabbing headlines. That is why we urged EPA to focus on this kind of risk-based approach. We believe EPA is doing it. I believe Secretary Browner is actually trying to move it in this direction.

There is one other area in this bill where we were able to restore cuts that the House made. We restored a $1 billion cut in Federal emergency disaster relief. As you know, many disasters have hit the United States, from blizzards to hurricanes, to terrible tornadoes that have affected our States. We wanted to be sure that if a Governor calls President Clinton 911 to help with emergency relief, we will have the money to be able to do that. We now have Edouard and we have Fran whizzing around out there. We want to be sure that the Governors of our Southeastern States know we are behind them.

This bill also restores a cut in NASA's Mission to Planet Earth. All of us have been mesmerized about this new finding about life on Mars, that maybe there is life on Mars, or maybe there was life on Mars. It is a fascinating topic. But there is one planet that we believe there is intelligent life on and it is called the Planet Earth. Dr. Sally Ride said we should study it because by stepping back in space and studying Mission to Planet Earth, studying our own planet as if it were a distant one, we will come up with an incredible amount of information that will be able to help our farmers, help our fishermen, and help communities prepare for natural disasters.

Mission to Planet Earth is a scientific mission, a civilian mission that looks at our environmental condition, which can then prepare communities for natural disasters, and not only here, Mr. President, but around the world. We can help Africa predict and know about a famine. We can help Japan and our friends in the Pacific rim know how to estimate typhoons and be able to save lives and property and evacuate people. What a great way for us to advance our scientific knowledge but, again, be able to help in our commercial activity and be able to save lives.

Another cut restored was in the national service AmeriCorps Program. I know that is significantly controversial. I thank Senator BOND for working with me in restoring AmeriCorps at a modest funding level. This is a program that is very special to President Clinton and, I believe, to many people. What it essentially says is that by getting out there and volunteering, being part of AmeriCorps, you can earn a voucher to reduce your student debt.

You see, for every opportunity, we think there is an obligation. This is not about giveaways. We want our kids to be able to reduce their student debt, but at the same time rekindle those habits of the heart, so when the voucher is over and they are back in their communities, they are part of the volunteer effort, working in nonprofits, or hands-on, or being members of boards and commissions.

I am very proud of the fact that Senator BOND has worked very hard to ensure veterans medical care and veterans medical research. It is promises made and promises kept to America's veterans. I think we were able to do that. There are over 187 veterans hospitals. There are also many new outpatient clinics in many areas where I believe we have not done all we would like to do, but I believe we have kept our promises.

Some of the yellow flashing lights for me are in EPA. I know that while funding for EPA is $70 million more than last year, it is $400 million below the President's request. There is concern about deep cuts in core programs or other priority programs like Boston Harbor, the Montreal protocol, climate exchange, and the environmental technology initiative. Some in Congress do not always make the case between public health and the environment. We know it is so, and that is why we need to ensure adequate funding for EPA.

Another area which is controversial is NASA. Because we face so many compelling human needs, many people say, "Why are we funding NASA?" Well, by funding NASA, we develop new ideas, new knowledge and new technology that helps advance the cause of mankind through scientific discovery. That is the nature of what we are as Americans. We are discoverers. And through it, we are able to also come up with tremendous opportunities for technology transfer, which helps our American people. I could list those programs, but I don't think we need to do it. I do know that we will be looking at all of these special programs, some in Maryland and some in other States. Goddard Space Agency is in my own home State. I know the recent discovery of possible life on Mars is an example of how exciting and important the space program continues to be.

Some people feel that money is wasted. But we cannot look that way. It is too narrow. You know, they laughed at the Louisiana Purchase, they laughed at Columbus, and they laughed at Pasteur.

The Presiding Officer knows that scientific discovery and the technology around it is always ridiculed, such as the automobile, and all those things, and one day they transformed our society. Whoever thought a couple of guys working in a garage with spare parts could spawn a whole new computer industry that has now revolutionized the entire planet?

We want to make sure that by funding the National Science Foundation, we continue to make sure that the United States of America is on the cutting edge. There are many issues that we have to face in the future, whether it is in housing, space, and so on. But I believe that we can solve those problems if we work with good will, common sense, and focus on the results we want to achieve in science and technology for the long-range needs of our country and looking at the day-to-day needs of the American people. How can we give help to those who practice self-help? I believe if those are our guiding principles, we will be able to move this bill, and I think we have followed those principles in this.

Again, I thank Senator BOND for his very hard work and willingness to listen to my concerns and those of the members of my own party, and to work with my staff and me. I am going to echo the words of Senator BOND. Less than a month remains in this session. We don't want this bill to be in a continuing resolution. Let us make the U.S. Senate work and get the appropriations bill done. I look forward to voting for final passage of this bill tomorrow.

I yield the floor.

Mr. BOND. Mr. President, I thank my distinguished ranking member for a very forceful presentation. I tell her that I share that desire for a final vote tomorrow very strongly. I endorse and second all of the strong things she said about the science function. She knows and understands these programs extremely well. That is why she is an invaluable member of this subcommittee. I certainly would hate to lose her from this subcommittee to Small Business, as has been suggested in other quarters.

Ms. MIKULSKI. I am right here.

Mr. BOND. I am delighted to have the good Senator from Maryland working with me on this. I enjoy working with the Senator from Arkansas on small business.

Mr. President, turning to some of the procedural matters, I ask unanimous consent that the amendments of the committee to H.R. 3666 be considered and adopted, en bloc, with the proviso that no points of order are to be waived thereon by such adoption, and that the bill, as amended, be considered original text for the purpose of further amendment, with the further proviso that this consent request exclude the following amendments: On page 72, line 10, relating to an earmark for drinking water funds; page 85, lines 6 through 15, relating to NASA buyouts; page 102, line 23, through page 104, line 20, relating to FHA; page 104, lines 21 through 24, relating to NASA's Bion mission.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The committee amendments were agreed to, en bloc, with the above noted exceptions.

AMENDMENT NO. 5157 TO EXCEPTED COMMITTEE AMENDMENT ON PAGE 72, LINE 10

(Purpose: To increase the amount provided for EPA drinking water state revolving funds by $725,000, offset by a commensurate reduction to clean water state revolving funds)

Mr. BOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 5157.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 72, line 10, in lieu of the sum proposed by the committee amendment, insert "$1,275,000,000".

Mr. BOND. Mr. President, this is an amendment to the first excepted committee amendment. It increases the amount provided for drinking water State revolving funds by $725 million in recognition of the fact that, on August 1, 1996, funds previously appropriated for drinking water State revolving funds were reallocated to clean water State revolving funds pursuant to a requirement in the fiscal year 1996 omnibus appropriations bill.

Congress mandated this transfer if a drinking water authorization bill had not been enacted into law as of that date. That measure was enacted less than 1 week after the August 1 deadline, and we believe it is appropriate that these funds be restored. The funds which have been released for clean water revolving funds can be considered as an advance on the fiscal year 1997 appropriation.

This amendment simply adjusts the new appropriations to reflect this prior funding and will have no effect on our intended program levels. We gave our assurances to members of the authorizing committee that this would be one of the first orders of business as we dealt with this bill. The members of the committee worked so hard for the passage of the safe drinking water measure. We are very anxious to have these funds available, and the funds under this amendment will be available crediting the transfer of the funds on August 1 to the clean water revolving fund account for 1997 and giving the 1996 appropriations along with the 1997 appropriations to drinking water.

Ms. MIKULSKI. Mr. President, I concur with the amendment offered by Senator BOND. It does make the compelling need that we have talked about and does so in a timely way.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 5157) was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The excepted committee amendment on page 72, line 10, as amended, was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the amendment, was amended, was agreed to.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5158 TO EXCEPTED COMMITTEE AMENDMENT ON PAGE 85, LINES 6–15

(Purpose: To modify language providing NASA authority to provide special incentive payments to encourage voluntary retirements to extent necessary to avoid a reduction in force (RIF), subject to a $25,000 limitation, with a further limitation to assure no net increase in Federal expenditures)

Mr. BOND. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 5158 to the excepted committee amendment on page 85, line 15.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 85, line 15, before the period insert the following: ": *Provided further*, That in addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, NASA shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this paragraph".

Mr. BOND. Mr. President, this is a perfecting amendment to the next excepted committee amendment.

The modification proposed is necessary to clarify the intent of the committee that the buyout authority granted for NASA be conducted entirely with the appropriated funds. The modification requires NASA to reimburse the civil service retirement disability fund for the full cost of anticipated retirement benefits and lost contributions associated with employees who accept these incentives and retire voluntarily to separate from Federal service. By requiring such payments, we prevent an increase in expenditures occurring during fiscal year 1997 as a result of the buyout since NASA will have to use other expenditures in order to meet these costs.

Ms. MIKULSKI. Mr. President, I concur with Senator BOND's amendment. Again, what we are finding is that NASA must encourage people to retire. Their original request was excessive. I think this is a prudent way to proceed, and this side accepts the amendment.

The PRESIDING OFFICER. The question is on agreeing to the perfecting amendment offered by the Senator from Missouri.

The amendment (No. 5158) was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the underlying committee amendment, as amended.

The excepted committee amendment on page 85, lines 6–15, as amended, was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXCEPTED COMMITTEE AMENDMENT ON PAGE 102, LINE 23, THROUGH PAGE 104, LINE 17

Mr. BOND. Mr. President, next I move that the committee amendment beginning on page 102, line 23, through page 104, line 17, the amendment which would have eliminated two House-passed sections, first, mirroring the current administrative policy to reduce the FHA payment 25 basis points by first-time home buyers and, second, permitting loans by family members to meet FHA downpayment requirements, be tabled.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

AMENDMENT NO. 5159 TO EXCEPTED COMMITTEE AMENDMENT ON PAGE 104, LINES 18 THROUGH 20

(Purpose: To permit a demonstration of application of a streamlined formula to calculate down payment requirements for the Federal Housing Administration [FHA] home mortgage guarantee program in the States of Alaska and Hawaii and to provide for the delegation of single family insuring authority to direct endorsement mortgagees)

Mr. BOND. Mr. President, I send an amendment to the desk to the language proposed to be stricken by the pending committee amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 5159 to excepted committee amendment on page 104, lines 18 through 20.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter stricken on page 104, lines 18 through 20, insert the following:

SEC. 423. CALCULATION OF DOWN PAYMENT.

Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end the following new paragraph:

"(10) ALASKA AND HAWAII.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage originated in the State of Alaska or the State of Hawaii, involve a principal obligation not in excess of the sum of—

"(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

"(ii) (I) in the case of a mortgage for a property with an appraised value equal to or less than $50,000, 98.75 percent of the appraised value of the property;

"(II) in the case of a mortgage for a property with an appraised value in excess of $50,000 but not in excess of $125,000, 97.65 percent of the appraised value of the property; or

"(III) in the case of a mortgage for a property with an appraised value in excess of $125,000, 97.15 percent of the appraised value of the property.".

SEC. 424. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) is amended by adding at the end the following new section:

"DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

"SEC. 256. (A) AUTHORITY.—The Secretary may delegate, to one or more mortgages approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

"(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee compared to the default rate of all insured mortgages in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

"(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period specified by the Secretary, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss.

"(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss regardless of when an insurance claim is paid.

"(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

"(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the mortgagee.".

Mr. BOND. Mr. President, this amendment restores another House-passed provision to the FHA single-family mortgage program with an amendment which limits a proposed change in the formula for determining downpayment requirements to a demonstration in the States of Alaska and Hawaii.

This perfecting amendment also inserts the text of the language incorporated by reference in the original House-passed provision relating to the delegation of ensuring authority to direct endorsement mortgagees.

Ms. MIKULSKI. Mr. President, I concur with the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 5159) was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. By virtue of the Senate having agreed to the previous amendment, the excepted committee amendment on page 104, lines 18 through 20 falls.

Mr. BOND. Mr. President, we have dealt with three of the four provisions of the committee amendments.

The fourth one relates to the NASA Bion mission.

Colleagues who wish to deal with that are not available.

So I now ask unanimous consent that the amendment on page 104, lines 21 through 24, relating to NASA's Bion mission be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 5160 THROUGH 5166 EN BLOC

Mr. BOND. Mr. President, I now have several amendments which have been cleared on both sides, I believe. I send them to the desk and ask for their immediate consideration en bloc.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes amendments numbered 5160 through 5166 en bloc.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments are as follows:

AMENDMENT NO. 5160

(Purpose: To provide an interim extension of the National Flood Insurance Act of 1968 to enable the Federal Flood Insurance Administration to continue writing flood insurance policies and conduct floodplain mapping during fiscal year 1997, pending enactment of authorizing legislation)

On page 77, line 22, after the sentence ending "September 30, 1998." insert:

The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), is amended by striking all after "this subchapter" and inserting: "such sums as may be necessary through September 30, 1997 for studies under this title."

On page 78, line 5, after the sentence ending "Insurance Reform Act of 1994." insert:

Section 1319 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), is amended by striking out September 30, 1996.", and inserting "September 30, 1997."

AMENDMENT NO. 5161

(Purpose: To make a technical correction to a grant provided in the fiscal year 1995 VA, HUD, and Independent Agencies Appropriations Act for the City of Bangor, ME)

On page 72, line 15, before the period, insert: : Provided further, That the funds made available in Public Law 103-327 for a grant to the City of Bangor, Maine, in accordance with House Report 103-715, shall be available for a grant to that city for meeting combined sewer overflow requirements.

AMENDMENT NO. 5162

(Purpose: To express the sense of the Senate with regard to compliance by the Environmental Protection Agency with international obligations)

At the end of title IV, add the following:

SEC. 4. SENSE OF THE SENATE WITH REGARD TO COMPLIANCE WITH INTERNATIONAL OBLIGATIONS.

(a) FINDINGS.—Congress finds that—

(1) in response to a dispute settlement finding against the United States by the World Trade Organization, the United States informed the World Trade Organization on June 19, 1996, that the United States intends to meet its international obligations to the World Trade Organization with respect to the Environmental Protection Agency's requirements on imported reformulated and conventional gasoline;

(2) the Environmental Protection Agency has initiated an open process to examine any and all options for compliance with international obligations of the United States in which a key criterion will be fully protecting public health and the environment; and

(3) many United States environmental and industrial organizations are concerned about the "Regulation of Fuels and Fuel Additives: Individual Foreign Refinery Baseline Requirements for Reformulated Gasoline" proposed on May 3, 1994 (59 Fed. Reg. 84).

(b) SENSE OF THE SENATE.—It is the sense of the Senate that, in evaluating any option for compliance with international obligations, the Administrator of the Environmental Protection Agency should—

(1) take fully into account the protection of public health and the environment and the international obligations of the United States as a member of the World Trade Organization;

(2) ensure that the compliance review process not result in the degradation of the gasoline quality required by the Clean Air Act (42 U.S.C. 7401 et seq.) with respect to conventional and reformulated gasoline;

(3) not recognize individual foreign refiner baselines unless the Administrator determines that the issues of auditing, inspection of foreign facilities, and enforcement have been adequately addressed; and

(4) provide a full and open administrative process in the formulation of any final rule.

Mr. ROTH. Mr. President, I rise to comment on the pending sense-of-the-Senate offered by my colleague, Senator BURNS. This measure strikes what I believe to be the proper balance. It recognizes both our obligation to comply with the World Trade Organization's [WTO] recent dispute-settlement finding against the United States' regulation of imports of reformulated and conventional gasoline, and our obligation to take fully into account the protection of the public health and the environment in evaluating all options for compliance.

As the chairman of the Senate Finance Committee, I want to underscore the importance of the United States honoring its obligations and commitments under the WTO, particularly with respect to the dispute-settlement process. Mr. President, creation of an effective binding WTO dispute-settlement mechanism was an important achievement of the Uruguay Round trade agreement.

I believe that any attempt to frustrate U.S. efforts to implement the WTO's decision on reformulated and conventional gasoline, or any future WTO decision, would be harmful to U.S. interests and the multilateral trading system for the following reasons.

First, WTO rules permit retaliation to be taken against a WTO member country that refuses to implement a WTO decision. Therefore, U.S. failure to comply with a WTO decision could prompt our trading partners with an interest in the decision to seek authority from the WTO to retaliate against the United States. Such retaliation could come in the form of increased tariffs on U.S. exports.

Second, I believe that U.S. failure to implement a WTO decision would undermine the WTO dispute-settlement process and our ability to end unfair foreign trade practices. Other countries may use U.S. non-compliance as an excuse for refusing to implement WTO decisions that are unfavorable to them, including the many WTO disputes the United States is currently pursuing against other countries' trade restrictions.

Third, I worry that if WTO decisions are ignored by the United States or other countries, the ability to enforce WTO obligations generally is sharply reduced, as is the value of the obligations themselves. A weakening of WTO obligations would be a major setback for the multilateral trading system and could complicate any future efforts to further expand the system and reduce existing trade barriers.

For these reasons, Mr. President, I am heartened that this Sense of the Senate recognizes the important U.S. interests in complying with the WTO's recent decision on reformulated and conventional gas and in maintaining the integrity of the WTO dispute-settlement process.

Finally, I would like to make two further points on the WTO decision at issue here. I hope that these points will clear up any misconceptions surrounding United States compliance with the WTO's finding that current Environmental Protection Agency [EPA] regulations discriminate against foreign refiners in Brazil and Venezuela and do not comply with WTO rules.

First, the WTO decision does not dictate what actions the United States or the EPA must take to come into compliance with the decision, because under WTO rules the United States retains the discretion to decide the best way to comply with the WTO's finding.

Second, as my good friend Senator CHAFEE, chairman of the Committee on Environment and Public Works, will point out, the WTO decision does not undermine the United States' ability to enforce its environmental laws. In its decision, the WTO was very careful to note that it did not object to the goals of the Clean Air Act or the United States' right to take measures to protect the environment. Nor does the decision require the United States to lower its environmental standards. Instead, the decision simply found that the United States had not adequately explored ways to achieve its environmental objectives without discriminating against imports.

I appreciate having the opportunity to share my views on this important matter.

Mr. CHAFEE. Mr. President, if my colleagues would permit, I would like to add a few comments of my own on the subject of the Burns sense-of-the-Senate included in the managers' amendment.

As my colleagues may know, earlier this spring a World Trade Organization [WTO] panel found that a 1993 regulation adopted by the Environmental Protection Agency [EPA] discriminated against imports. The regulation in question established baselines against which refiners must measure compliance with requirements under the Clean Air Act for conventional and reformulated gasoline. In coming to its conclusions, the WTO panel noted that the United States had not fully explored ways to overcome the administrative difficulties relating to imported gasoline, and that although the United States had considered the costs to domestic refiners of complying with the regulation, the same consideration was not given to the costs that would be incurred by foreign refiners. On June 19, the United States informed the WTO that we would endeavor to meet our international obligations by complying with the panel decision.

This case has received a good deal of attention, and provoked a good deal of comment. Unfortunately, many of the assertions that have been made about this case misinterpret both its meaning and its effect. As chairman of the Senate Environment and Public Works Committee, I regret such misinterpretations, and want to take a moment to set the record straight.

First, let me stress that the April WTO decision has nothing to do with the Clean Air Act itself; nor does it undermine the act in any way. Rather, the WTO decision deals with the approach set by a regulation issued pursuant to the Act. The Clean Air Act did not force EPA to discriminate against foreign refiners. EPA had a range of options from which to choose and, unfortunately, they chose one that ran afoul of our international obligations.

I want to emphasize that the panel decision did not invalidate or otherwise undermine the act's requirements or the concept of using baselines. What the decision did do is say that the law must be implemented in a fair and nondiscriminatory manner. That concept is one of the most basic—and most important—elements of our global trading system. And I would point out that it need not conflict with strong environmental protection.

The WTO ruling does not affect the ability of the United States to enforce the Clean Air Act. The WTO itself explicitly recognizes the right of member nations to take steps to protect human health and exhaustible natural resources. Neither the Clean Air Act nor its objectives were ever at issue in this case.

Finally, the panel decision does not mandate whether, or how, the United States should come into compliance with the WTO ruling. Such matters are left to the member nation to decide for itself. In this case, the United States informed the WTO that we will take steps to comply—a decision I believe was the right one. Indeed, I would urge EPA in the strongest terms possible to act without delay, so that we may come into compliance as quickly as possible.

So there should be no confusion about this case or its outcome. The WTO examined a regulation promulgated under the Clean Air Act and found that its separate requirements for foreign refiners were discriminatory. That is all there is to it. Fix the discrimination, and the problems cease. Meanwhile, the Clean Air Act and our other environmental laws remain in effect, as always.

Now, with regard to the sense of the Senate, which attempts to describe the current situation and hold the EPA to certain commitments regarding the upcoming review process, since it does not constitute an amendment to the Clean Air Act and is not binding, I do not intend to raise an objection.

However, let me say this: there is no question that complying with the WTO decision is in the best interests of the United States, not only for the reasons outlined just now by my colleague, the distinguished chairman of the Finance Committee, but for our own interests in environmental protection. Frankly, there are some in the domestic refining industry who have benefited from the current unequal state of affairs, and who would prefer to see the United States avoid coming into compliance in this case. They may attempt to influence the review process to ensure that at the end of the day, they retain their current advantage. An outcome along those lines would be an act of cynicism that would do us serious damage in our efforts to maintain a fair international trading system. Such an outcome will not do.

We have an obligation to make a good faith effort to come into compliance with the WTO decision as soon as possible. Adopting an approach that purports to solve the problem, but that merely prolongs the current inequity, is not acceptable. An acceptable solution is one in which no unfair distinction is drawn between domestic and foreign gasoline; in which domestic and foreign refiners alike meet the levels currently allowed by the Clean Air Act; and in which the United States may ensure enforcement for both domestic and foreign industry using approaches that have proven effective in the past. That truly would be a level playing field.

For my colleagues' information, I ask unanimous consent to have printed in the RECORD a copy of a letter on this issue that was sent to me by the Environmental Defense Fund, the National Wildlife Federation, the Sierra Club, and the World Wildlife Fund. I appreciate the managers of the bill allowing me the opportunity to make comments about this matter, and yield the floor.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ENVIRONMENTAL DEFENSE FUND,
NATIONAL WILDLIFE FEDERATION,
SIERRA CLUB, WORLD WILDLIFE FUND,

July 25, 1996.

Hon. JOHN CHAFEE, *Chairman*,
Hon. MAX BAUCUS, *Ranking Member*,
Environment and Public Works Committee, U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATORS CHAFEE AND BAUCUS: We write to register our environmental opposition to a potential rider, identical to that attached to the 1995 and 1996 VA/HUD/Independent Agencies Appropriations bill, that would prohibit the Environmental Protection Agency (EPA) from signing, promulgating, implementing, or enforcing certain regulations concerning reformulated gasoline (RFG). We are concerned that this rider would limit the authority of EPA to promulgate sound regulations to protect the U.S. environment and the health of U.S. citizens.

First, EPA has a mandate under the Clean Air Act to protect the U.S. environment from hazards in reformulated gasoline, whether such gasoline is domestically produced or imported. EPA should be free to fulfill that congressional mandate in the way that it sees fit, consistent with the required public comment process. We believe such a procedure places decision-making on trade and environment issues where it belongs: with the American people and the government agencies that serve them. This process should not be cut off prematurely by Congressional action on an Appropriations bill.

Second, all of our organizations strongly oppose weakening environmental laws in response to trade pressures, and harbor deep concerns about the WTO. However, the WTO Appellate Report in the RFG case concedes that the United States can adopt "non-arbitrary" discriminatory rules if we and our RFG trading partners are unable to agree on a mutually satisfactory approach for maintaining our high level of protection of the U.S. environment. Thus the EPA is not constrained to weaken U.S. environmental standards (in fact, it has a mandate not to), and there is no environmental benefit to be gained by the proposed rider.

One further note: it has come to our attention that certain industry entities may have stated, directly or by implication, that some of the undersigned organizations are supporting the Burns rider on environmental grounds. Any such statements reflect a misunderstanding and are inaccurate. Some of our organizations did object to an earlier effort by EPA to change the RFG rule. These organizations did so because EPA did not provide adequate public notice and opportunity for public comment. Moreover, a compromise rule considered at the time could have weakened environmental protections. EPA's latest Federal Register Notice does provide the opportunity for comment that we were originally seeking, and provides the public with the opportunity to ensure that high levels of U.S. environmental protections are maintained. Because EPA has met our concerns about public notice and comment, there is no reason to support the Burns rider, or to hamper EPA from pursuing its new course.

We therefore urge you to oppose the rider currently being considered by Senator Burns for attachment to the EPA Appropriations bill in the floor debate in the Senate.

Thank you for your consideration.

Sincerely yours,

ANNIE PETSONK,
International Counsel, Environmental Defense Fund.

RODRIGO PRUDENCIO,
Trade & Environment Program Coordinator, The National Wildlife Federation.

DANIEL SELIGMAN,
Senior Trade Fellow, Sierra Club.

DAVID SCHORR,
Senior Program Officer, Trade and Environment World Wildlife Fund.

AMENDMENT NO. 5163

(Purpose: To allow the Administrator of the Environmental Protection Agency to use certain funds to implement comprehensive conservation and management plans under the national estuary program)

At the end of title IV, add the following:

SEC. 4. IMPLEMENTATION OF COMPREHENSIVE CONSERVATION AND MANAGEMENT PLANS.

Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year 1997 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

AMENDMENT NO. 5164

On page 30, line 14, strike "$6,590,000,000", and insert "$6,740,000,000".

On page 31, strike the proviso beginning on line 16, and insert the following: "*Provided further*, That of the total amount provided under this head, $500,000,000 shall be available for use in conjunction with properties that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low-Income Housing Preservation Act of 1987 (ELIHPA): *Provided further*, that amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1997 shall be rescinded."

AMENDMENT NO. 5165

On page 30, line 9, delete the period and insert the following: "; *Provided*, That of the total amount made available under this head, $50,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act or the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 [42 U.S.C. 13611]."

AMENDMENT NO. 5166

(Purpose: To allow states which are unprepared to receive the entire amount of their share of the $725 million in recently released clean water state revolving funds in fiscal year 1996, but receive the funds in fiscal year 1997, to participate in any reallotment of FY 1996 funds)

On page 72, line 15, before the period, insert: ": *Provided further*, That, notwithstanding any other provision of law, a State that did not receive, in fiscal year 1996, grants under Title VI of the Federal Water Pollution Control Act, as amended, that obligated all the funds allotted to it from the $725,000,000 that became available for that purpose on August 1, 1996, may receive reallotted funds from the fiscal year 1996 appropriation, provided the State receives such grants in fiscal year 1997".

Mr. BOND. Mr. President, let me give Members a brief rundown of the provisions in these en bloc amendments so everybody will know what we are dealing with.

The first amendment, which is supported by FEMA and is cosponsored by Senator BYRD, provides an interim extension of FEMA's flood insurance legislation to enable FEMA to continue writing flood insurance policies after September 30, 1996, until the committee of jurisdiction reauthorizes the flood insurance program. Without this extension, FEMA would be forced to stop writing policies on October 1, a problem which I have already dealt with here and which I have stated is of great importance to many States and particularly those like mine which have had significant flood events in them.

The second amendment is offered on behalf of Senators SNOWE and COHEN. It represents a technical correction to the fiscal 1995 VA-HUD bill pertaining to a project in Bangor, ME. The amendment relates only to the fiscal year 1995 appropriations for the project and allows the funds to be utilized in a manner required by that community.

The third, on behalf of Senators BURNS and MIKULSKI, is an amendment which expresses the sense of the Senate regarding imports of reformulated and conventional gasoline.

That has been cleared on both sides, and it has been cleared by the Environment and Public Works Committee.

Next, in the en bloc amendment, on behalf of Senators MACK, GRAHAM, and LIEBERMAN, an amendment which has been cleared on both sides and has wide support would allow EPA's national estuary program funds to be used for implementing cleanup plans in fiscal year 1997 and prior years.

Next, on behalf of Senators CRAIG, SARBANES, MOSELEY-BRAUN, KERRY, and MURRAY is an amendment to clarify the $500 million appropriation for low-income housing preservation.

Next, on behalf of Senators KERRY and DOMENICI, the final amendment sets forth an earmark of $50 million for vouchers for displaced and disabled individuals or families currently in buildings being converted to all-elderly.

The last amendment which has been requested by the EPA Administrator is technical in nature. It is one which addresses $725 million in funds recently released for the clean water State revolving funds from funds previously appropriated for drinking water State revolving funds. These funds are considered an advance on the fiscal year 1997 appropriation for clean water State revolving funds. The amendment simply ensures that States' clean water funds are not penalized by the 1996 release of funds so late in the fiscal year. It enables States which are not prepared to receive the entire amount of the share of $725 million in clean water State revolving funds in fiscal year 1996 but do receive the balance in fiscal year 1997 to participate in any possible reallotment of fiscal year 1996 funds.

The PRESIDING OFFICER. Is there further discussion of the amendments? If not, the question is on agreeing to the amendments offered en bloc by the Senator from Missouri.

The amendments (Nos. 5160 through 5166) were agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Ms. MIKULSKI. Mr. President, I know in a few minutes one of our distinguished colleagues, Senator GLENN of Ohio, wants to speak about the importance of NASA and its adequate funding. We are so honored to have a Senator astronaut with us who, of course, can speak in a unique way, but I wish to make one comment on the amendments that we just passed because when we run through them they sound so technical, they sound so dry, and they sound so easy.

I should like to bring to the attention of my colleagues that each one of these took a lot of hard work and a lot of staff time and will be enormously important to people.

The FEMA flood insurance authorization means that we can actually write flood insurance. What we are facing with Edouard and Fran, and so on—flood insurance.

We have worked to protect the American refiner industry. We had something a lot stronger, but we were told that we would trigger a WTO action, so therefore we sat down and worked very hard to make sure we comply with international trade but we made sure we had our dukes up to protect America's jobs in the gulf coast, to make sure that Americans are working, being able to have jobs in the refiner industry, and ultimately with Iran and Iraq staring each other down now it would be very important to ensure our independence in the refinery process.

When we look at the amendment of a $50 million earmark for vouchers for displaced disabled, what does that mean? It means now that disabled people are now living in housing for the elderly. That is what was included in the Americans With Disabilities Act. These are younger people. There is a clash of culture between the younger disabled and the elderly. We want to have the elderly be able to have their own housing. We want to make sure that we do not abandon our commitment, and that is what this amendment is about. I could go through example after example. We want to show when we are spending this money we are protecting jobs, we are looking out for the disabled, and we are also protecting property owners with flood insurance. It takes a lot of hard work, focusing on the detail, and making sure that Government is working in a way that serves people.

So having said that, I did not mean to give a long speech but that is why we agree to these amendments and again we find that a sensible Senate can protect our jobs and protect our folks.

I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Ohio.

Mr. GLENN. I thank the Chair.

Mr. President, I want to make a statement on NASA today before we get in the throes of some of the amendments and get into the more time-constrained portion of our debate on the floor.

I wish I could have the very personal attention of every person in this country who is 60 years of age or older. Do you know how many there are? According to the statistics from the Bureau of the Census, as of July 1 of this year, it is estimated we had 43,872,000 people above the age of 60. That number is expanding, as was pointed out in a U.S. News & World Report full-page article earlier this year in June called, "Waves of Gray."

The Census Bureau also tells us that over the next 50 years or so when those people who are in their twenties now are in their real senior years, the numbers of people over 60 years of age will have grown to almost 100 million people.

Now, why do I bring that up in the context of NASA? Because I think if I had the attention of every single one of those people we could make very decided moves into getting every single one of those people to support everything about the space program, and for this reason. One thing that has happened in the look into the life and biosciences in the NASA program has been that we find some notable parallels between what happens to astronauts in space and what happens to the elderly right here on Earth. And if we can find what triggers some of these similarities, perhaps we will have a whole new handle on approaching difficulties that people have right here on Earth.

There is an excellent article that was put out by Joan Vernikos, who is the Director of Life Sciences at NASA, and I wanted to read most of this article here because I think it is very good and it lays out exactly what NASA has found. Then I will have some additional remarks at the end. The article is titled "Parallel Processes? The Study of Human Adaptation to Space Helps Us Understand Aging."

> In 1963, the U.S. population included 17 million people who were 65 years old or older—today there are twice as many.

That is just since 1963.

> Meanwhile, the number of Americans 85 years or older is projected to grow from 3.3 million today to 18.9 million by 2050.

Many people just getting out of college and starting their working years will fit into that group.

Gerontologists—scientists who study the aging process—say that more research into diseases that afflict older people could help to reduce the number of individuals who require expensive full-time medical care in their later years.

Studies of age-related health problems have shown that the process of physiological adaptation to the low gravity of space induces symptoms also seen in aging (some effect of aging appear to be due to inactivity rather than the aging process itself). Hence, gerontologists and space life scientists are collaborating to determine how people adapt to aging and to the virtual absence of gravity in space and to develop countermeasures where possible. Space biomedical research could improve understanding of the basic mechanisms of aging, and aging research could contribute to a better understanding of physiological deconditioning in space.

ASTRONAUTS: SIMULATING THE AGING PROCESS?

Life on Earth evolved in the presence of gravity. For this reason, gravity plays a role in all life processes, and exposure to the microgravity environment of space affects living things significantly. Certain physiological changes that occur in space also occur with aging: for instance, cardiovascular deconditioning, balance disorders, weakening bones and muscles, disturbed sleep, and depressed immune response. An important difference, however, is that these changes are reversible in astronauts.

Research has shown that insufficient excercise—due to aging, paralysis, weakness, or prolonged bed rest, for example—can cause a downward spiral in an individual's health over time, increasing susceptibility to bone fractures and slowing recovery from injuries and other ailments. What researchers learn about the physiological effects that accompany space flight may yield ways of limiting the deconditioning symptoms of the inactivity that comes with aging.

Are these changes inevitable? Do they result from the same processes? Can people take steps to lessen, prevent, or reverse them? With the understanding that similar results may be due to different mechanisms and processes, biomedical researchers are attempting to gain insights into the aging process by studying physiological adaptation to space and visa versa.

A primary goal of NASA's life sciences program is to understand the mechanisms underlying these physiological changes and to find ways of preventing them in astronauts. The National Institute on Aging's high-priority research interests reflect a similar focus, encompassing nervous system function, frailty, osteoporosis, dizzy spells, sudden drops in blood pressure often causing falls and fractured bones, problems with coordination of movements, and the effects of physical exercise on bone and muscle in the older population.

BALANCE DISORDERS

Space crew members experience neurosensory disturbances such as dizziness and inability to maintain their balance upon returning from space flights. Humans sense gravity on Earth directly through receptors in the inner ear and indirectly by touch and stretch. In space these sensing mechanisms don't review their usual cues. Studies of the neurosensory system conducted in space offer a unique opportunity to understand how gravity, and the absence of it, affects the central nervous system and neurosensory-dependent functions such as hand-eye coordination, posture, balance, and gait.

Much space flight sciences research focuses on better understanding the mechanisms involved in the brain's interpretation of the body's orientation in three-dimensional space. With sufficient information in hand, researchers can develop procedures to protect space crew members from such disturbances, especially when crews return to Earth after long space voyages. The results of this research apply to patients with gait and postural disorders of neurological origin, including elderly people for whom falls may have especially serious consequences.

SLEEP DISTURBANCES

The change in sleep pattern that typically comes with aging is early waking and fragmented sleep. In space, sleep is also fragmented or otherwise disturbed. Optimal alertness during the day and sound sleep at night, valuable qualities on Earth and in space, require proper synchronizing of the human circadian pacemaker (the "body clock"). Thus, researchers seek to better understand how aging and space flight affect the mechanisms governing circadian rhythms.

While researchers surmise that aging changes the properties of the human circadian pacemaker, they are not precisely sure how changes occur. Research has shown that bright light can reset the human circadian pacemaker; this treatment, originally developed for aging people, more recently has proven useful to astronauts preparing for space flight.

BONE DETERIORATION

Loss of bone mass is a problem common to aging and space travel. Although the results may be the same, the causes may be different. Space life scientists and researchers studying aging are interested in how exercise affects bones; whether hormones or drugs can prevent bone loss or promote bone formation; and what mechanism translates mechanical loading (physical street or force) on bones into biochemical signals that stimulate bone formation and resorption.

Normally, the breakdown of old bone mass (resorption) and the formation of new bone mass occur constantly, in a balanced cycle called remodeling. Mechanical forces (that is, gravity-driven stresses) appear to coordinate these fundamental bone shaping processes. Determining how the body translates these forces into the signals that control bone structure may reveal whether and how exercise or drugs can prevent osteoporosis in the elderly and in astronauts.

CARDIOVASCULAR DECONDITIONING AND ORTHOSTATIC INTOLERANCE

Exposure to microgravity degrades the general condition of the cardiovascular system and specifically degrades orthostatic tolerance (the ability of the cardiovascular system to supply the brain with enough blood to maintain consciousness while an individual stands upright).

It is what adjusts our body if we are lying down and stand up or are sitting down and stand up suddenly. We know a lot of people have a problem with this, have a dizziness. If they fall over, with maybe osteoporosis, have a broken hip, whatever.

Since orthostatic tolerance may decline with aging, whatever space researchers learn about this particular adaptation should help to solve the problem on Earth as well as in space, even though the mechanisms of adaptation may be different.

DRUG AND NUTRIENT ABSORPTION

Nausea and sometimes vomiting were the earliest and mostly consistent symptoms experienced in the first few days of spaceflight. A broad array of drugs used to treat motion sickness on Earth were only slightly helpful in space. Many theories were developed to explain this lack of effectiveness, until an astronaut doctor gave a fellow suffering astronaut one of these drugs by injection.

The effect was miraculous. It became clear that the same drug taken orally in space was not nearly as effective because perhaps it was not absorbed nearly as well. Recent experiments in spaceflight suggest the absorption of calcium may also be reduced in space. Perhaps the same is true for other nutrients? Ground studies, using the inactivity of bed rest to mimic the effects of spaceflight in young volunteers, have also indicated reduced absorption through the stomach and gut, similar to what is suspected to be found in the elderly. Research in the absorption and distribution of drugs and nutrients in astronauts may help increase awareness that as people get older daily nutritional requirements as well as the effect of drugs prescribed may change.

IMMUNE RESPONSE

Both aging and space flight depress the human immune response (though the change in space is temporary while the change due to aging is not). Reduced proliferation of infection-fighting cells in the immune system may underlie changes in both conditions. It is not clear, however, whether aging or other factors that typically accompany aging (such as declining activity) cause this immune-system depression.

Models of age-related changes in immune function are difficult to find, so microgravity may be a very useful model system to use to increase our understanding of changes due to aging.

FOR THE FUTURE

Although humans have been traveling into space for three decades—

A little over three decades now—

researchers have had few opportunities thus far to carry out systematic biomedical research in space. The dedicated space biomedical research missions of Skylab in the early 1970's and two Spacelab Life Sciences missions aboard the Space Shuttle stand out as exceptions. Future Spacelab missions such as Neurolab, a joint mission with the National Institute of Health to be launched in 1998—and expanding collaboration with Russia on Shuttle-Mir missions will give researchers greater opportunities to solve the mysteries of space deconditioning and aging.

Mr. President, NASA has a book published by some of its most notable physicians. The book is called "Space Physiology and Medicine." And it is a great book. It describes the changes that have come up in space flight with the different astronauts. And they have come up with a list of 55—55 different areas where there are changes on the human body that occur in space. It is a long list. It is in that book.

I did a little research on my own. We came up with some very similar findings, as a matter of fact. I had the Merck Manual of Geriatrics. Everyone is familiar with the Merck Manual that almost every doctor has on his or her desk as a reference work. It is the definitive reference work. It has been published, I think, for over 100 years now, the Merck Manual.

Just a few years ago, back in the 1980's, Merck started putting out the Merck Manual of Geriatrics. It is one where it gives all the same things that apply to the regular Merck Manual for normal-aged people. But this one book has a different emphasis to it. In the index they have, for instance, "disequilibrium of aging," one I just happen to turn to here. The book gives a great number of things where changes in the human body occur with aging. And they note them here and the effects of them.

What we did is go through the NASA book on space physiology and medicine and compare it with the Merck Manual where there is a special relationship to aging and the human body. We came up with some similarities that are excellent. I mentioned some of them a moment ago.

But there are 10 very basic areas we think should be looked into and can be looked into that can give us not only better control for the deterioration that occurs in the human body in space, but perhaps even more importantly for those almost 44 million people I mentioned who are over 60 years of age, these things, if we do more research on them, can apply to a better senior citizen life expectancy here on Earth. And that to me is exciting. That is something to really look into and find out. I am of an age where I could probably benefit from some of that, and so are some 44 million other Americans. And that list is growing all the time. As I said, over the next 50 years or so that number is expected to double up to almost 100 million people.

Listen to these for just a moment. These are physiological changes that are referred not only in the Merck Manual, but also in the experience of astronauts in space as recorded in the space physiology book.

First, bone density. What happens? Net loss of bone density in both the normal age process where it is irreversible as far as we know now, and during space flight where when they come back to Earth it is reversible. What causes this? What is the mechanism that triggers changes in bone density? What can lead us to breakthroughs in the treatment of osteoporosis? Are there some similarities here where we can make some experiments on the elderly and on astronauts in space? If we had an older person go up in space, would that breakdown in the bone be in addition to what has already occurred just because that person had become elderly? We do not know the answer to that yet. But I think we should be finding out.

Second area, orthostatic tolerance, the difference in blood pressure measured when standing or sitting. How the lower extremities and the abdominal area react to the changing role of gravity as you stand up. Orthostatic tolerance decreases during and after flight in space before returning to normal. It takes several days before astronauts, when they come back from space, feel normal again. But it is a symptom that, once it occurs in the elderly, they may have to live with it the rest of their lives. So research into neurosensory mechanisms that control this adaptation could lead to cures for motion sickness and help prevent falls, a very major factor with the elderly.

Another area, balance and vestibular problems. Dizziness and the inability to maintain balance is common in the elderly and astronauts returning from space flight. Research could lead to advances in treatment of patients with walking disorders or posture disorders of a neurological origin.

Sleep disturbances. Fragmented sleep and early wakening are common problems in space flight and aging. That is, disruption of the human circadian rhythm I mentioned a few moments ago. Learning how to control the circadian rhythm will improve quality of life for the elderly as well as others with sleep disorders or schedule changes.

Muscle strength. Decreases during and after space flight before returning to normal, and decreases with aging, just across the board in general. What causes this? Understanding the mechanism for muscle weakening and developing treatments can benefit patients with prolonged bed rest, as an example.

Immunology. I find this absolutely fascinating, and the portent of this or the possibility of what research in this area may bring—I do not think we can predict what it might be. The normal aging process in space flight depresses the human immune response. Now, what triggers this? Why is that triggered in someone in the weightlessness of space flight for a few days? What causes it in the elderly here on Earth where they become less immune to certain diseases? Since these immune system changes are similar, I think it is just an ideal opportunity that exists to better understand how the elderly fight infection, cancer, AIDS in younger people, across the board. We are talking about one of the most basic things in the human body, that the immune system changes its response. The immune system changes its response in the elderly but is triggered off in younger, healthy people that go into space. Now, say we send someone into space. In an elderly person would that change in immunology be in addition to what they have already experienced just by growing older here on Earth, or would they be immune from further changes induced by microgravity? We do not know the answer yet. Maybe we will someday.

To me, that is one of the most exciting areas of all because it opens up the thought of so many other areas and the potential is enormous. What if all of our elderly people here on Earth could do something that would let them continue their immune response that they had in their younger years? What if they can find a way to stimulate the immunology of young people who may be at risk for AIDS or cancer or whatever? This to me is a very, very exciting area to look into.

Drug and nutrient absorption. Reduced absorption of medicine and nutrients in the stomach and gut evidenced during space flight and also suspected with many elderly where medicines do not have the same effect they are expected to have. Space flight research may increase awareness of changing nutrient and pharmaceutical needs of the elderly.

Cardiac electrical activity increases PR interval and QT interval in space flight and aging. What effect this may have or the impact it may have is not clear, but it certainly is an area for further research.

Serum glucose postflight increases and it increases with aging. The implication of this, once again, is not clear.

Reflexes, particularly Achilles tendon reflex. Reflex duration is decreased after flight for astronauts coming back. We do not know why. For a while, until they readapt to their Earth environment, their reflexes change. Now, that also occurs with the elderly. It may be diminished or even absent as a reflex in the elderly. All of these things are areas where we have seen changes in the elderly as well as with those who are on space flight.

Mr. President, I think these areas are exciting areas to look into. In a life science project that NASA has and is planning they are looking into these areas. I know that the Administrator, Dan Goldin at NASA, is interested in this area. I have talked to him about some of the similarities in these areas and he is very interested in seeing that these things are looked into. Exactly how that will be done is under some discussion right now. These are areas that obviously have enormous potential benefits for people right here on Earth.

Mr. President, let me go into some of the other areas of NASA that I want to talk about for a little while this afternoon. Curiosity is at the heart of all research. Who are we going to see as being responsible for establishing a curious attitude, the curious mind of those, say, in the class of 2015 or 2025? The Government's responsibility, as I see it, is to fund long-term basic research that is not being done or cannot be done by anyone in private corporations here on Earth and be conducted on the space station. Certainly no company is going to invest significantly in that particular area.

The CRS report discussing case studies of federally sponsored research is interesting. Mr. President, the Congressional Research Service has recently published a report which examines some case studies of federally-sponsored research and development activities. While these are not directly related with the space station, I want to cite some of these as examples where curiosity or some inquiry into the unknown—that has been an American trade ever since our founding days—has led on to things that were undreamed of when they started out.

Some of the examples discussed in the report indicate that we do not always know what the outcome or benefit will be from research, but these examples clearly demonstrate federally-sponsored research in these areas can change the way we live. I want to make clear, as CRS stresses, it is often difficult to extrapolate findings from particular cases to support for other types of research. The point I wish to make is that basic research can have unforeseen and unintended benefits.

Here are some of the examples cited by CRS: Titanium, in common use today, until the 1940's the titanium industry did not exist because nobody knew how to convert titanium ore into metal of a high-quality product. Intense Government involvement surmounted this technological barrier and allowed the industry to grow. Like so many research programs, early applications of titanium were for military use. However, commercial use of titanium now is three times that of the military.

The Internet: As most people now know, the predecessor to the Internet was created in the late 1960's to establish a secure and reliable communications network between the DOD and universal researchers. Out of this early narrow application has evolved today an entirely new media form which will possibly impact our lives as much as the development of the telephone or television.

The National Advisory Committee for Aeronautics and the $25 cowling: NACA, NASA's predecessor, was involved with the federally-sponsored research effort to improve America's international standing in aviation and aeronautics back in that time. One of the first major successes in the 1920's was development of a cowling around aircraft engines, the housing which surrounds it. In 1928, NACA announced test results that showed if a $25 cowling was installed on existing aircraft, then the possible annual savings in fuel and associated costs could amount to more than $5 million. In addition, one of the first aircraft equipped with an NACA-designed cowling set a new cross-country record, allowing the maximum speed of the aircraft to be increased by more than 10 percent.

Food processing control is another example. In the early days of the space program, NASA wrestled with the question of how and what to feed astronauts. They were aided in this effort by researchers from Pillsbury, working on a Government contract. A major issue that had to be overcome was to develop assurances against bacteria contamination.

Pillsbury responded to this problem by developing the hazard analysis and critical control point, HACCP, concept, which was designed to prevent food safety problems rather than catch them after they had occurred. Pillsbury used the HACCP process to manufacture food that went to the moon with the Apollo spacecraft. Subsequently, this system was incorporated in the Food and Drug Administration regulation on canned foods and has since become industry practice and provides for safety for food that our producers here can now ship all over the world.

Compact disc technology. Compact discs have made a substantial impact throughout our economy—in education, music, and computer systems. Not many people know this technology was originally developed from R&D sponsored by the Air Force, who were looking for better data storage systems for the strategic bomber force. Air Force research in this area successfully demonstrated the concept in the early seventies, but it was not until the mid 1980's that CD's became the commercial success that they are today.

Of course, with any research, there is no guarantee of the greatness of discovery. Arthur Compton, a Nobel Prize physicist, noted:

> Every great discovery I ever made, I gambled that the truth was there and then I acted on it in faith until I could prove its existence.

From Eli Whitney to Thomas Edison, great Americans have pursued research leading to vast improvements in the quality of the American way of life. I am convinced that research conducted on the international space station will impact our lives in a manner comparable to the other research programs I have mentioned.

Today I want to discuss for a little while the type of research that will be conducted on the international space station and discuss the research currently being done on the space shuttle. As I talk about this research, I want to emphasize what the benefits of the research have been, or could be, for those of us right here on Earth. Then I would like to discuss a particularly promising area of research, and that was the one I mentioned before that involves the very similarities of aging and space flight.

Space station research areas. The following is a list of some of the fields to be explored aboard the space station: Biotechnology, which is very promising. While some significant advances have been made in microgravity research aboard the space shuttle, many projects need a sustained microgravity environment in order to obtain any useful result. For example—and this is a very promising—protein crystal growth projects, conducted in microgravity, have resulted in new cancer drugs, among other pharmaceutical breakthroughs. However, the longest shuttle mission has only been 17 days. Often, this is not long enough to grow adequate crystals for drug research and production. A sustained microgravity environment provided by the space station could lead to new weapons in the fight against such things as cancer, AIDS, and other terminal illnesses. I find that very exciting.

In talking to some of the people at NASA who are dealing with these areas, they say that some day a Nobel Prize will be given for some of the breakthroughs that are imminent. I think that is entirely possible.

Private industry is working with NASA's Center for Macromolecular Crystallography to produce high-quality protein crystals for new drug development. Drug companies such as Scherring Plough, Eli-Lilly, Upjohn, Bristol-Myers, Squibb, Smith Kline Beecham, Biocryst, Dupont Merck, Eastman Kodak, and Vertex are using protein crystals to research cancer, diabetes, emphysema, and immune system disorders, including the HIV virus. That is exciting to me because you cannot develop crystals of this purity or size here on Earth because of the "G" environment. In space, they grow differently, larger, and you can separate them out, and they grow more pure than on Earth. It opens up new fields of application for pharmaceutical breakthroughs. You can only do that in a lengthy period of time on the space station. To me, the potential in that area alone is worth everything that we are thinking about spending on the space station.

Another area is mammalian tissue culture. Consider that field. The purpose of tissue culturing is to replicate what goes on inside the body, but in a controlled environment. Unfortunately, several factors conspire to limit the size and the shape of tissue cultures in a normal Earth-bound lab.

For example, tissue cultures are extremely sensitive to shear forces caused by fluid flow. Microgravity provides a reduced stress environment, which allows much larger tissue masses to develop. Tissues grown in a microgravity environment not only grow large, but they resemble what actually happens in the body. They would no longer settle at the bottom of a Petri dish in a lab. You would develop that tissue culture much as it would occur here on Earth in a human body where it is in a 3D environment. Clearly, the more accurate and living model we have, the more accurate the results of any experiment that is done with the model. This branch of research is particularly promising for cancer research. That is actively underway, and it has been on the space shuttle and will be to a greater degree on the space station.

Materials science. The space station will play an integral role in this research area. The zero-gravity environment available in the space station will allow scientists to study how gravity influences the crystal growth process I mentioned, and the primary offshoot of crystalline growth can also be polymer production. Polymers are long chains of organic molecules used in everything from nylon and polyester to the plastics found in cars and medical implants. With breakthroughs in this area, the impact could be enormous.

Life sciences. Variable gravitational fields are an excellent research tool in addressing fundamental biological questions. Cell response to external forces results in changes in gene expression and protein synthesis. By studying cells in microgravity, researchers hope to better understand how such basic cell functions are carried out. This is the first step in learning how to improve care for genetic disorders and other cell imbalance problems.

Space physiology. Microgravity research also helps improve our understanding of bodily systems. From the basic functions of the heart and lungs to the complex neurosystems controlling balance, perception and cognition, information gathered from space station research will improve health care on Earth. For example, astronauts lose bone and muscle mass in microgravity. In learning to treat these flight problems, scientists have uncovered new insights into osteoporosis and aging. With continued microgravity experiments, it is possible that researchers could minimize some of the debilitating effects of aging.

Technology and engineering. Not only will the space station help improve human life on Earth, but it will also contribute to a more energy-efficient future. The microgravity environment of the space station will allow scientists to study combustion processes. Improved combustion efficiency leads to improved energy conservation. Just a 2-percent increase in burner efficiency for heaters would save the United States $8 billion per year. Advances in combustion research have already occurred on the shuttle. They have been working on that on several flights already.

Fluid physics experiments will be also conducted aboard the space station. By studying fluid behavior, scientists hope to improve their understanding of important activities from energy production to materials engineering.

Recent shuttle research. Mr. President, one of the challenges in describing the benefits of NASA research is explaining how it affects our everyday lives. Too often when scientific issues come to this floor, my colleagues become afflicted with that unfortunate condition we are all familiar with known as MEGO—My eyes glaze over. Today, I hope to relate recent scientific findings from the space shuttle program in an easily understandable fashion so that we can understand what our significant investments in this program are yielding. I would like to spend a few minutes describing some of the research conducted on three recent shuttle flights. This discussion is relevant because the research and experiments I will discuss are examples of the type of research that will be conducted on the space station.

One of the missions up a short time ago was the life and microgravity sciences mission, STS–78. Earlier this month the astronauts on flight STS–78, also called the Life and Microgravity Sciences, or LMS, mission, returned to Earth after a record-setting 17-day mission.

During this mission a number of important experiments were conducted that could lead to new breakthroughs in our understanding of disease, how it occurs, the aging process, as well as basic research in materials formation.

Musculoskeletal tests: Research conducted in this area could help scientists develop measures to reduce inflight muscle atrophy and also fight certain muscle diseases and osteoporosis on Earth.

Metabolic experiments: These experiments involved the crew collecting fluid and calcium tracer samples throughout the flight to help investigators measure bone loss and changes in metabolism.

Circadian rhythm and sleep study: This study examined the crew's brain waves, eye movement and muscle movement during sleep. Results of this study may also benefit people on Earth by helping people whose sleep schedule suffers from shift changes or jet lag.

Neuroscience experiments: These experiments examine the crew's adaptation to microgravity in regard to balance and spatial orientation. What is learned in this area could lead to developments to combat motion sickness in cars, boats or aircraft—as well as in space.

Advanced gradient heating facility: Six individual experiments were run that examined solidification of alloys and crystals. The benefits of this research could lead to improvements in the way semiconductors are manufactured. And that would be an enormous step forward.

The bubble, drop, and particle unit: A dozen experiments were conducted to examine how gas bubbles and liquid drops interact during heating. Research gathered from experiments completed could lead to advances in material processing on Earth, including the development of new types of glass and ceramics.

USMPS–3—STS–75

In March of this year, seven astronauts aboard the shuttle *Columbia*, on flight STS–75, returned to Earth. This flight included two astronauts from the European Space Agency—thus demonstrating that international cooperation is working well with the shuttle program. One of the successes of that flight was the research conducted using the U.S. microgravity payload (USMP–3). Using four major experiments on support trusses in *Columbia*'s payload bay, the astronauts and researchers on the ground, studied the formation of solids and liquids in microgravity. Much of the work conducted on USMP–3 will help calibrate and improve the research done on the space station—thus enabling station researchers to more quickly begin more productive research.

Basic research was also conducted with USMP–3. On an experiment dubbed "Zeno" researchers were able to identify the precise critical point of the element xenon. The critical point or temperature is that precise point when an element is in a liquid and gas phase at the same time. This research goal was achieved by lowering the xenon sample's temperature and pressure in increments of a millionth of a degree. Because gravity on Earth causes mixing of samples that destabilizes them as they near the critical point, this is research that simply cannot be conducted on Earth.

This is basic research. It is not immediately clear what scientists might learn from this experiment. What is clear is that researchers now have a more fundamental understanding of what happens when materials change from one phase to another. This insight could lead to breakthroughs in superconductivity or magnetism. I ask unanimous consent that an article discussing this experiment that appeared in Science News be included in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Science News, Vol. 149, Apr. 20, 1996]

CREEPING TO A CRITICAL POINT

(By Ivars Peterson)

When the space shuttle Columbia touched down at NASA's Kennedy Space Center in Orlando, Fla. on March 9, it returned a remarkable instrument to Earth. Designed to monitor laser light scattered by a dense, compressed gas teetering on the brink of turning into a liquid, this precision apparatus had operated continuously in space for more than 14 days.

During this time, researchers had relayed dozens of instructions to the equipment, controlling the temperature of an ultrapure, high-pressure sample of xenon to millionths of a degree. By taking advantage of a setting in which the effects of gravity do not obscure details of a material's activity, they could bring the xenon sample excruciatingly close to its critical temperature—the point at which its liquid and gas phases coexist and blend into one.

Robert W. Gammon of the Institute for Physical Science and Technology at the University of Maryland in College Park and head of the research team dubbed this project the Zeno experiment in honor of the philosopher of ancient Greece who pondered the paradox of traveling a finite distance in steps that became vanishingly small.

The recent shuttle experiment represented the culmination of years of work by a large group of scientists, students, engineers, and technicians at the University of Maryland, NASA's Lewis Research Center in Cleveland, Ball Aerospace in Boulder, Colo., and several other organizations.

"No other microgravity instrument has logged as many hours as the Zeno experiment," says R. Allen Wilkinson of the space experiments division at Lewis. "It's gone through two launches and two landings, and it's gone through hundreds of hours of operation in orbit and more than 10,000 hours of testing on the ground.

"That's an impressive reliability record," he insists.

The data provided by this instrument brought researchers closer to a fundamental understanding of what happens when materials change from one phase to another, whether from gas to liquid, from ordinary conductor of electricity to superconductor, or from nonmagnet to magnet.

In particular, Gammon, project scientist Jeffrey N. Shaumeyer of Maryland, and their team observed with unprecedented clarity xenon's behavior as the gas hovered within microkelvins of its critical temperature of 289.72 kelvins, or about 16.7°C.

The physical state of a material depends on its temperature and pressure. For instance, at sea level pressure on Earth, water exists as a liquid at temperatures between 0°C and 100°C. When the temperature goes above 100°C, it changes phase to become a vapor. During this phase transition, the material's density decreases considerably.

By increasing the pressure, it's possible to raise water's boiling point while increasing the vapor's density. At sufficiently high temperature and pressure, the difference in density between the liquid and vapor phases diminishes to zero. At temperatures within millikelvins of this critical point, the fluid fluctuates rapidly between liquid and vapor, creating density waves.

These density fluctuations scatter light, making the fluid appear milky instead of clear and colorless. This phenomenon is known as critical opalescence.

On Earth, it's difficult to observe the details of these fluctuations because the fluid's own weight compresses part of the sample, distorting the waves. In orbit, where the apparent force of gravity is only one-millionth as strong as it is on the ground, such distortions disappear.

For their experiment, Gammon and his team used a sample of pressurized xenon only 100 micrometers thick. By shining laser light into the sample, they could monitor how the density fluctuations scattered light, making the sample look like a twinkling star.

As the sample temperature approaches the critical point, "those twinkles get slower and slower and more and more intense," Gammon says.

By watching these trends, the researchers could readily monitor how closely the xenon had crept to its critical state as they slowly and systematically manipulated the temperature. They had to be extremely careful not to step through the critical point itself.

"If we had made a temperature error and gone through too large a step too quickly, we would have messed the sample up," Gammon says.

On its first shuttle flight, in March 1994, the instrument allowed the researchers to make measurements to within 100 microkelvins of the critical temperature.

"The outstanding performance of the Zeno instrument during the mission gave a fine demonstration of the possibility of making high-precision materials measurements in low gravity, as well as the power of a flexible, ground-commanded experiment," the research team concluded in its report on the first run.

Two years later, having learned how to control temperature changes considerably more carefully, the researchers put the Zeno experiment back on board space shuttle Columbia for a second try (SN:3/16/96, p. 165).

"For 14 days, we worked our way up to more and more intense fluctuations, and on the last day, we scanned across and actually saw the transition more sharply than I have ever seen it," Gammon says.

Beyond the transition, as the sample cooled further, it began breaking apart into separate phases, with drops of liquid forming within the vapor and pockets of vapor forming within the liquid to create a kind of fog.

"The transition was really there, right where we projected it would be," Gammon observes. "We could locate the transition to about 10 microkelvins.

"You can't see it this way on the ground," he says. "It was a delightful conclusion to the 2-week experiment."

There are no more flights planned for the Zeno experiment. To get even closer to the transition point and to get more detailed data, the researchers need more than 14 days in space: It takes longer than that for tiny temperature differences across the sample to even out. "We're still struggling with equilibration issues in the microgravity environment," Wilkinson notes.

"There's more to be learned," he adds. "But the experiments would be very difficult and require a lot more time."

Mr. GLENN. Another interesting experiment conducted on USMP–3 is called the isothermal dendritic growth experiment. Dendrites are tiny crystalline structures formed from molten materials as these materials solidify. The size, shape, and orientation of the dendrites determine the strength and durability of steel, aluminum, and superalloys used in automobiles and airplanes. This experiment was designed to test assumptions concerning the effect of gravity driven fluid flows on dendritic formation. What is learned from this experiment could have an impact on such major industrial processes as alloy and steel manufacturing.

USML–2—STS–73

Last November the shuttle flight STS–73 returned to Earth thus concluding the space-based portion of the second U.S. microgravity laboratory flight [USML–2]. On board the shuttle were a number of sophisticated scientific instruments to explore biological, chemical, and materials sciences in microgravity. The experiments carried aboard USML–2 include the following:

Advanced protein crystallization facility: This facility can grow crystals three different ways. By growing larger, more highly ordered crystals, scientists may be able to better understand biological processes, leading to advances in medicine and agriculture.

Astroculture facility: This facility is designed to support growth of plants and to study how starch accumulation in plants is affected by the microgravity environment.

Commercial generic bioprocessing apparatus: This research tool allows a variety of experiments to be performed in the area of biomedical testing and drug development, ecological systems development, and biomaterials products and processes.

Crystal growth furnace: This furnace is also used for crystal growth experiments. It can process multiple large samples at temperatures above 1,000 degrees Celsius.

Drop physics module: This experiments has been developed so that scientists can study several fluid physics phenomena: a simple surface, such as the sphere formed by a liquid drop in the absence of gravity; how a drop reacts to different forces: and how surfaces and compound drops—a drop in one liquid surrounding a drop of a different liquid—interact.

These are important things and what they can learn here from manufacturing processes and for laboratory experiments right here on Earth.

Geophysical fluid flow cell: The purpose of this experiment is to study how fluids move in microgravity as a means of understanding fluid flow in oceans, the atmosphere—even stars.

Glovebox: The glove box is used for a variety of experiments, and enables hazardous or toxic materials to be incorporated in experiments, while they are isolated from the general environment in the lab.

Space acceleration measurement systems: This equipment enables scientists to accurately measure the microgravity environment on the shuttle to better calibrate experiments and design experiments for the station.

Surface tension driven convention experiment: This experiment will allow scientists to investigate the basic fluid mechanics and heat transfer of thermocapillary flows generated by temperature variations along free surfaces of liquids in low gravity.

Zeolite crystal growth experiment: Zeolite crystals are used in the chemical process industry as filters, catalysts, and adsorbents. The purpose of this experiment is to understand zeolite crystallization and growth so as to achieve high yields of large nearly perfect crystals in space, something that cannot be done here on Earth.

What can be learned from all of this? Why am I going through all of these technical terms here? What good is it? Let me talk about that a moment.

Knowledge gained from USML–2 research could lead to:

Custom tailored drugs, made possible by determining structures of proteins involved in diseases, and then designing drugs to disrupt specific protein;

Faster, more efficient and less costly semiconductors for high speed digital circuits, solid state lasers, and infrared detectors;

A new form of drug delivery: injecting a disease fighting cell into the body, protected by a polymer outer shell developed in space;

Improved crude oil recovery, environmental cleanup and synthetic drug production, based on better knowledge of how chemicals alter the surface properties of liquids;

Sophisticated materials production by controlling unwanted fluid flows in molten materials and welding;

More accurate weather forecasts, as improved computer models of atmospheric fluid behavior and in predicting ocean flows and weather patterns;

Implants, such as synthetic skin and blood vessels for burn victims, based on commercial research into biological materials;

Less expensive gasoline, by improving zeolite crystals used to crack crude oil into refined petroleum;

Stronger, more easily shaped ceramics from insights into how the microscopic structures of solids form; and

More efficient fuel use and pollution control, derived from a better understanding of the combustion process.

Mr. President, any one of those items I just mentioned as possible benefits out of this research going into space—just one breakthrough in any one or two of those areas—would make the whole space station program worth every penny that we are going to spend on it.

USML–2 technologies are already being used on Earth. For example, devices for early detection of cataracts, based on laser light scattering instruments developed for USML–2 investigations.

These are already being used right now.

Efficient lighting systems for large commercial nurseries, designed for the space plant growth chamber.

These are already in the news.

Let me talk for a little while about another issue, the bioreactor.

Growing tissue samples—so-called tissue culture—is one of the fundamental goals of biomedical research.

Scientists use laboratory containers called bioreactors to grow or culture samples of body tissues. Scientists could use cancer tumors and other tissues that are successfully grown outside the body to test and study treatments, like chemotherapy, for instance, without risking harm to patients, if we were able to do this. These tissues from bioreactors will also offer important medical insights into how tissues grow and develop in the body.

NASA engineers have already created breakthrough technologies for cell culture research on the ground and major breakthroughs can be expected once time on the space station becomes available.

For example, NASA developed bioreactors have already produced the first 80-day lung culture, the first normal human intestine culture, and major breakthroughs in the quality of ovarian cancer tumor cultures. Though superior tissues may be grown in some Earth bound bioreactors, when compared with traditional sell culturing techniques, there are still limits to the size and quality of the tissue. Many scientists believe that far superior tissues can be grown in the extended microgravity afforded on the space station and preliminary tests on the space station support this idea.

Mr. President, when we do these experiments in a laboratory here on Earth, we are still affected by gravity so that experiments that are done in a Petri dish or whatever the experimental laboratory piece of equipment may be, you still have difficulty in that tissue does not grow in its normal way that it would if it was in a 3–D environment in the body. And with the bioreactor in space that kind of growth is possible and has already occurred on the first experiments so we then can have a culture, a tissue culture that is more like what occurs in the real human body.

In the long term, tissues cultured outside the body may be used directly even for replacing damaged tissues, treating diseases, or eventually perhaps sometime even replacing organs.

Let me give a few highlights of recent research.

Dr. Jeanne Becker of the University of South Florida has applied NASA technology to create a breakthrough in culturing ovarian cancer tumors for cancer research.

Dr. Josh Zimmerberg of the NIH National Institute for Child Health and Human Development is using NASA-developed bioreactors and NASA-funded resident technical staff to pursue AIDS research goals under a 1994 to 1998 NASA–NIH joint venture. And I would add that the NASA and NIH have 18, I believe there are, memoranda of agreement—they are cooperative agreements in any event back and forth—to work in this area of how the studies of NIH and NASA can be correlated together to get the maximum effect.

Dr. Lisa Freed of the Massachusetts Institute of Technology is using a NASA bioreactor to grow cartilage cells on biodegradable scaffolds. Her work shows a clear prospect for using the space station to produce models and transplantable cartilage tissues that could revolutionize treatment for joint diseases and injuries.

STS–70 in July 1995. In July 1995, a NASA bioreactor flew to orbit aboard the space shuttle *Discovery*, and the primary purpose of this experiment was to test the performance of the bioreactor which worked successfully.

Poorly differentiated human colon carcinoma cells were grown in a bioreactor aboard the space shuttle *Discovery* and their growth was compared with that of similar cells in a bioreactor in normal gravity as well as in conventional two dimensional tissue cultures. The space grown clusters of cells were approximately two times larger than the ground-based samples but the significance of this must be determined yet by much study on the ground and many more data points from space experiments.

Ground-based analyses by Dr. J. Milburn Jessup of the Harvard Medical School will address the histology of the preserved tissue specimens and the production of specific proteins such as CEA.

The NASA–NIH agreement on biomedical research, let me talk about that for a moment. NASA and the National Institutes of Health recently have signed an agreement that will combine the unique talents and experience of both agencies in biomedical research and exploit NASA's bioreactor technology to produce fully three-dimensional tissue cultures for laboratory research. This agreement will increase the capabilities of biomedical researchers throughout NIH by transferring NASA technology to NIH and establishing a center within the National Institute of Child Health and Human Development. The new center will teach this new technology to hundreds of neighboring NIH intermural laboratories that currently employ other tissue culture techniques as part of their ongoing research. The initial goal of the agreement is to engineer a human lymph node model for AIDS research and then to extend the use of this technology to a broad spectrum of tissues available at the NIH. This collaborative effort will enable researchers to culture tissues previously deemed too complex for current tissue culturing technology.

To accelerate the development of this critical tissue culturing technology, research grants were recently awarded under a NASA research announcement. Included in the selections are support for two research centers located at the Massachusetts Institute of Technology in Cambridge and the Wistar Institute in Philadelphia that will transfer the NASA bioreactor technology for culturing three-dimensional tissues to university researchers. These centers expand the pace of technology transfer in the biotechnology areas begun when NASA and NIH established a joint cooperative program within the NIH's Institute of Child Health and Human Development to exploit the NASA-developed bioreactor technology.

Protein crystal growth. Data from space to revolutionize pharmaceuticals in the 21st century.

Rapid advances in biotechnology combined with enhanced data from protein structures promise to revolutionize the pharmaceutical industry in this country—indeed, around the world. Researchers seek to define the structures of proteins and ultimately to design drugs that interact with them. Penicillin is a well-known example of a drug that works by blocking a protein's function. In order to define protein structures with precision, researchers analyze protein crystals. Unfortunately, many Earth-grown crystals have flaws that limit their usefulness as data sources or are too small to provide adequate data.

Orbital experiments provide researchers with superior protein crystals for analysis and they also help scientists understand the fundamental concepts about the crystallization process. This information can be used to improve crystallization techniques here on Earth. Researchers will soon be able to use enhanced data on protein structure derived from space station research to design a whole new generation of drugs to target a long list of specific diseases.

Once again, if we didn't have anything come out of the space station except advances in this particular area, it would be worth far more than anything we are spending on it.

Rationally designed drugs promise to revolutionize health care, and orbital research will feed this revolution with the crucial protein structure data it needs. NASA researchers have already used space shuttle missions to produce protein crystals for a variety of clinical conditions including cancer, diabetes, emphysema, and immune system disorders.

Let me start that sentence again. They have already used space shuttle missions to produce protein crystals for a variety of purposes. These space-grown crystals were far superior to any crystals grown on Earth for revealing the structure of proteins and supporting the development of drugs.

Recombinant DNA human insulin. The Hauptman Institute of Buffalo, in collaboration with Eli Lilly, has obtained an improved description of human insulin-drug complex based on space-grown crystals. They are currently working on the design of a nontoxic drug that will bind insulin, thereby improving the treatment of diabetic patients.

Porcine elastase. Elastase is a protein which is involved in emphysema. The refined structure of this protein was obtained using space-grown crystals. Vertex Pharmaceuticals is designing drugs based on this data to improve treatment for emphysema.

HIV, the virus that causes AIDS. NASA is supporting the microgravity crystallization of HIV reverse transcriptase. That is a critical enzyme for viral replication. It is believed this research will better define the enzyme structure, so that effective pharmaceuticals can be developed to inhibit the HIV virus.

What could be more important than looking into that?

The structural biology space program at NASA's Center in Excellence in Biotechnology was the first to publish a structure of a major human antibody that recognizes the AIDS virus. That was a breakthrough.

Human serum albumin, HSA. That is a primary binding protein in the blood and is responsible for distributing drugs throughout the body. Eli Lilly and Co. is using this structural information from space-grown crystals to design drugs that exhibit improved interactions with HSA. The potential impact of this HSA structure on drug design and delivery is also enormous.

Mr. President, that takes us through quite a listing here of some technical things I thought it was important to get into the RECORD. Let me talk for a moment about the international aspects.

Thirteen nations, including the United States, Canada, Italy, Belgium, The Netherlands, Denmark, Norway, France, Spain, Germany, United Kingdom, Japan, and Russia will join together in the largest scientific cooperative program in history. This is the first time this number of nations has been able to draw together and run this type of project together. Drawing on Russian expertise in long-duration space flight and existing Russian technology and equipment, the international space station will help redirect the focus of Russian technology programs to nonmilitary pursuits.

Perhaps more important, the space station will serve as a symbol of the opportunities available through peaceful international initiatives. There will be several laboratories aboard the space station. One United States lab, one other United States facility, a European space agency Columbus Orbital Facility, a Japanese experiment module, and Russian research modules. Partner nations will contribute $9 billion to the U.S. cooperative effort.

International contribution means international cooperation, bringing together the best scientific minds worldwide to answer fundamental scientific questions.

Since NASA began, the agency has been very effective. They have reached out to the community at large with programs to educate the average U.S. citizen on the contributions of NASA to society. Astronauts make thousands of appearances every year all over the world, speaking with people of all ages about their experiences and their research. Traveling aerospace education units, sponsored by NASA, visited over 500,000 students last year, and tens of thousands of students participated in urban community enrichment programs to get students interested in science and mathematics.

These inspirational efforts are an investment in our future. It is a future including a fully operational space station. Students here on Earth will be able to place experiments on the space station and run those experiments, indeed, from their classrooms. NASA virtual reality technology will make it possible for students to experience life on the space station without ever leaving their classrooms.

Mr. President, these are enormous steps forward. They will only become reality if we have the space station. I know there are those, and we will probably have a vote on it tomorrow sometime, who wish to knock out support for the space station. I think that would be extremely myopic in our vision of the future. I think the space station has the promise of developing wholesale changes and contributing to the changes in medicine, materials research and all those things I have gone through, not in complete detail today because any one of these items could be talked about as long as I have stood here this afternoon. But I have tried to hit the high points of some of the things I think are important as to why the space station should continue into the future.

There are some other areas that are less quantifiable, that are a little less describable. That is how we look at ourselves. Are we willing to put money into this research for the future? If there is one thing, it seems to me, we have learned throughout the past in this country it is that we, more than any other nation on Earth, we have been the ones who have had the curiosity. We were the ones who did the research, whether macroresearch or geographical research or microresearch, going into the laboratory and trying to get down to discover things at atom size. We have been the Nation that led the whole world in this kind of technology and this research. However every single time it has not resulted in a home run.

But if there is one thing we have learned in the past in this country it is that money spent on basic research, the basic fundamental breakthrough type research, is that has usually paid off in the future beyond any possible thing we can imagine at the outset. I think this space station, with its capability to do research in microgravity over an extended period of time, has the greatest potential of anything we have come into for a long time.

Not only that research, but also just having the space station, and having space flights, having this kind of research go on, is exciting to our young people. I run into kids, young people of grade school, high school, college age, all the time in my travels around the country and back home in Ohio, who are excited about these things. They want to know about it, what it is like. What experiments can they run? They are very interested in it. A lot of them are studying math and science now because of their interest in these programs. I do not want to take that encouragement away. I want to see that encouragement expanded and continued.

I wish we had money enough to send up several space stations. Maybe that would hasten things somewhat. I am realist enough to know that is not about to happen. But these programs have truly been an inspiration to our young people. It has given them goals, has given them a vision of what we in this country can do. If we can do it in science research why can we not improve our Government? Why can we not improve our relationships with each other? Why can we not do lots of things?

The answer is, we can. This stands as a symbol to our young people of encouragement to be curious, to do the research. Not just in this, but in a lot of different areas. It is inspirational to our young people and I think to those of us who are older also. Because we do see ourselves leading the world with this technology and leading research. We do not want to lay that kind of lead down. We cannot afford to see some other nation take up that kind of a lead.

Being a leader in technology and research is what results in us having control of our own future. To take any other view of it, to say we will cut this out because we have some other needs, I think would be very shortsighted. Do we have other needs? Of course. Can we provide for some of those other needs? Yes, I think we can. At the same time, we do not want to give up what I think is one of our greatest projects for the future, and that is the space station.

Mr. President, we are always faced with the people who say what good is it, as though you are supposed to know the results of research in advance. Of course, we have the example of Faraday talking to Disraeli, the British Prime Minister. It has been often quoted. This was in the early dawn of the electrical age, when they had some sparks jumping from one bottle to another.

Disraeli is supposed to have asked Faraday, "But what good is it?"

Faraday's reply was, "What good is a baby?" What is the potential? We do not know. Yet, out of that curiosity, that research, came the whole electronic, electrically powered world that we know today, with all the benefits and the standard of living and improvements in health that is brought to us and the whole world.

Another example of this is one I used here on the floor last year. Daniel Webster rose in the Senate Chambers, even as we rise and debate this subject every year. Daniel Webster rose back in his day in the early 1800's when they were debating whether to buy some land for the Government, to acquire some land west of the Mississippi River. Daniel Webster was against that. He put into very eloquent words what he thought about what good it could possibly be out there.

This is what he said referring to that area beyond the Mississippi.

> What do we want with this vast worthless area, this region of savages and wild beasts, of deserts of shifting sands and whirlwinds of dust and cactus and prairie dogs? To what use could we ever hope to put these great deserts or those endless mountain ranges, impenetrable and covered to their very base with eternal snow? What can we ever hope to do with the western coast, a coast of 3,000 miles, rock-bound, cheerless, uninviting, and not a harbor on it? What use have we for this country? Mr. President, I will never vote one cent from the public treasury to place the Pacific coast one inch nearer to Boston than it is now.

Daniel Webster's quote reminds us that when we are looking to territorial exploration, or whether it be microexploration in the laboratory, or combining the two in research in new places to travel and microexperimentation on something like the space station, we really cannot predict what may come from that kind of curiosity. Curiosity has built this country, how to do things better, how to do things in a better way, whether it is to establish a better democracy and a better representation of the people, how to do industrial research, how to do transportation research, all of these different areas—medical research—that we lead the world in.

I hope that we can have a resounding vote, when the vote comes up, if there are efforts made to cut back on the space station.

Mr. President, I have gone on longer than I have before when this subject has come up because I thought it was important this year, in support for the space station, to just at least name some of these areas that I know do have big titles. They are difficult to understand, but they are the scientific research that is the building blocks for everything else that happens in our society. I think it is important that we establish very solid support for this program. I yield the floor. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COVERDELL). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I thank our good friend, the very distinguished colleague from Ohio, for his very perceptive and persuasive comments about space programs generally and specifically about the space station. No one in this body speaks with more personal authority than Senator GLENN on these very important issues. What he has said is of great importance to all of us. I share his hope that not only all our colleagues, but people throughout this country, will listen to his comments and his heartfelt statements about the importance of space and of scientific inquiry.

URBAN SEARCH AND RESCUE

Mr. KERREY. Mr. President, I wanted to bring to the chairman's attention a fine urban search and rescue team in Lincoln, NE. It was the first team to be recognized by FEMA and has been ongoing since 1991.

Mr. BOND. I thank the Senator for bringing that to my attention.

Mr. KERREY. I am concerned that the Lincoln team has been underfunded. At the same time, this bill calls for five new teams. Is it the Senator's intention to start five new teams prior to adequately funding existing teams?

Mr. BOND. I fully support strong urban search and rescue teams, especially in the Midwest. I believe FEMA should move quickly to assure an appropriate geographical mix of teams that are funded adequately. Furthermore, FEMA should consider decommissioning some teams that do not meet the urban search and rescue programs' high standards.

Mr. KERREY. Would the Chairman encourage FEMA to strengthen existing Midwest teams, as they start new teams?

Mr. BOND. Yes.

ENDOCRINE DISRUPTER RESEARCH

Mr. D'AMATO. Mr. President, I would like to take this opportunity to thank my colleagues for supporting my successful effort last session to add an amendment to the Safe Drinking Water Act legislation. The amendment would establish a new screening program to identify pesticides and other substances in drinking water that would have an effect on humans similar to effects produced by naturally occurring estrogen or other endocrine effects. A provision very similar to my amendment was also included in the bipartisan food safety legislation, H.R. 1627, that overwhelmingly passed the Senate last week.

These amendments address a growing concern over the effect of pesticides and other substances on human endocrine systems and their ability to increase the likelihood of disease, such as breast cancer. The screening program established in these amendments will play an important role in developing our understanding of the nature of so called endocrine disrupters and their potential effect on exposed individuals. Given the passage and likely enactment of these provisions, I now want to make sure that there will be sufficient funds to implement these testing programs and that the testing programs will be based on the best science available. For this reason, I would like to ask my colleague from Missouri, Senator BOND, chairman of the Appropriations Subcommittee responsible for this legislation, whether there are sufficient funds in this bill to cover the anticipated cost of developing these screening programs and ensuring that they are based on the best science available.

Mr. BOND. I thank the Senator from New York for his concern for the health of the American public. The legislation under consideration does include funding for basic research on endocrine disrupters. If necessary, the Environmental Protection Agency should consider proposing a reprogramming of funds to develop the screening programs required under the food safety and safe drinking water legislation. I do, however share the Senator's concern that EPA base its testing programs and future regulations on the best science available, particularly as it embarks on relatively new areas of scientific investigation.

Mr. D'AMATO. I thank my colleague from Missouri. Given our shared concerns over the importance of the science in this new field of scientific inquiry, would it not be appropriate for the Environmental Protection Agency to enter into agreement with the National Academy of Sciences to conduct a comprehensive study of both the potential effects and the actual and potential exposures of humans to synthetic and naturally occurring hormonally active agents in the environment? The study could address a number of important issues central to the development of an effective screening program, such as how to select and prioritize chemicals and samples for testing, which test or tests to include in a screening program, and the most appropriate way to use the resulting information in developing risk estimates.

Mr. BOND. The Senator from New York is correct. Such a study could provide the Agency and the Congress with a comprehensive analysis of the relative risks from both synthetic and naturally occurring endocrine disrupters and mixtures of both, as well as the most cost-effective way of developing a screening program that identifies substances of potential concern.

Mr. INHOFE. If my colleagues will yield for a moment, I would like to endorse the recommendation made by the Senator from New York. Requiring EPA to arrange for the National Academy of Sciences to conduct a full analysis of the science on endocrine disrupters will enhance our understanding of this new potential environmental threat. While I understand that the Academy's Board on Environmental Studies and Toxicology is already undertaking a study at the request of the Department of the Interior and the Environmental Protection Agency that focuses primarily on wildlife, toxicological mechanisms, and some human effects, this analysis could and should be broadened substantially to include a more comprehensive analysis of human exposures, sources of exposure, and the best ways to measure them, in order to help guide the EPA in developing these screening programs. In addition to comparing the relative risks between natural and synthetic endocrine disrupters and providing information on the proper way to prioritize chemicals and samples for testing, the Academy could also be useful in providing advice on how to use the resulting information in making public policy decisions and how to best communicate the results of any screening and testing program to the public.

Mr. FRIST. If my colleagues will yield for an additional comment, I would like to associate myself with the recommendations made by the Senator from New York and the Senator from Oklahoma. Since joining the Senate I have been surprised, as a physician and a lawmaker, with how few of our rules and laws seem to incorporate the best of our current scientific understanding, but instead have only political goals in mind. Good politics and good science must be combined in the promulgation of new rules, standards, and laws. With the recommendations outlined by my colleagues from Missouri, New York, and Oklahoma, I believe we have the opportunity to have good science and possible future regulation necessarily linked, and I commend them for their commitment.

Mr. BOND. I thank my colleagues from New York, Oklahoma, and Tennessee for their recommendations, and I agree fully. Given the expected value of this more comprehensive study, I would expect that the Administrator would consult with the National Academy of Sciences prior to the release of the comprehensive study before proposing a testing program for public comment that addresses potential endocrine disrupters. Once the study has been released, the Administrator would be expected to consider the findings and recommendations of the National Academy of Sciences included in the study in developing any future testing program or regulatory initiatives. I thank my colleagues for their recommendations.

HUNTSVILLE GLOBAL HYDROLOGY AND CLIMATE CENTER

Mr. SHELBY. Would the chairman yield for a question?

Mr. BOND. I would be happy to yield to the Senator from Alabama for a question.

Mr. SHELBY. I want to first commend the chairman and the ranking member for their skill in crafting this bill. I am particulary pleased that the committee reported bill has included an additional $100 million for the National Aeronautics and Space Administration over that proposed by the House. As the chairman knows, NASA is an important part of the Huntsville-Madison County, AL, economy, and I am grateful for the chairman's willingness to add these extra funds for NASA's 1997 budget.

I would like to make the chairman aware of an important project in north Alabama. Since 1994, NASA, the University of Alabama in Huntsville and the Universities Space Research Association have jointly run a Global Hydrology and Climate Center [GHCC] in Huntsville.

Since its creation, the center has developed a unique expertise in studying the importance of the Earth's hydrologic cycle and its importance to climate change. The GHCC has created a state-of-the-art capability and understanding the importance of water vapor and its effect on greenhouse gases. In addition to this basic research, the center has developed important applications that demonstrate the links between better understanding of hydrology and more cost-effective use and regulation of natural resources in the southeastern United States.

The Global Hydrology and Climate Center is currently located in leased space whose cost is shared between NASA and UAH. However, the center now has an opportunity to relocate to permanent, dedicated space as part of an existing UAH-owned facility by permitting the buildout of 46,500 square feet for the center's exclusive use. Unfortunately, because of NASA's accounting rules, driven by GSA guidelines, NASA cannot pay for its share of the cost of this buildout since the facility in question is nonfederal space. However, with an appropriation of $2 million, which could cover only those costs of this relocation that are attributable to NASA's share of the total cost of the relocation project, NASA and UAH could proceed to continue the GHCC in this new and more cost-effective space.

The cost savings of such a relocation are significant as NASA can reduce the long-term costs of its support for the center. Some estimates suggest that NASA could save more than $500,000 per year in rental costs that they now pay for their share of the leased space.

I wonder if the chairman would consider identifying $2 million within NASA's science, aeronautics and technology account to pay for this relocation in the upcoming conference on the 1997 VA-HUD appropriations bill?

Mr. BOND. I would be happy to consider the Senator from Alabama's request in conference.

Mr. SHELBY. I thank the chairman for his willingness to consider my request.

JAMES H. QUILLEN SCHOOL OF MEDICINE

Mr. FRIST. Mr. President, I would like to bring to the attention of my colleagues a very important project for the Department of Veterans Affairs and the James H. Quillen School of Medicine at Mountain Home, TN, which has been under construction for several years. The project involves the relocation of the medical school and the renovation of several VA buildings, with the intended result being an improved environment for both the medical school and the VA, and most importantly the highest quality medical care to Tennessee's veterans. Funding to complete this project in fiscal year 1997 is an extremely high priority to me.

Mr. THOMPSON. If I may echo the sentiments of my colleague from Tennessee, Mr. FRIST, that the joint project at Mountain Home represents a model relationship and combined effort between a Department of Veterans Affairs hospital and a medical school. The relationship provides both access to quality medical care for our veterans who are living at Mountain Home, and it provides a tremendous level of access to patients for the students and their teachers. Both the medical school and Mountain Home believe this relationship is critical to their success, and would like to further the level of cooperation.

Mr. FRIST. Mr. President, to that end of further enhancing the cooperative efforts between the two institutions, the State of Tennessee and the Congress have, since 1993, funded the planning and construction of a new, joint facility at Mountain Home. The State of Tennessee has provided $12 million thus far, with another $8 million this year. Congress has funded a total of $16.3 million, with the House of Representatives including the final Federal obligation of $15.5 million in their spending bill this year.

Mr. BOND. I thank both Senators from Tennessee for raising this important project. I would note that both Senators from Tennessee wrote me earlier this year expressing their strong support for funding in the fiscal year 1997 appropriation for the VA. Unfortunately, we were unable in the committee to provide the funds needed to complete this project since a decision was made to limit VA construction funds to outpatient projects, cemetery projects, and research facilities. However, I note that both Senators have been strong advocates for this project, and that funding for this project will be an issue in conference with the House on the VA-HUD appropriations bill.

Mr. FRIST. Mr. THOMPSON and I fully understand the constraints under which his subcommittee currently operates with regards to limiting Veterans Administration construction funds largely to outpatient facilities. However, would the Senator from Missouri be willing to consider receding to the House position in conference?

Mr. BOND. Mr. President, I would say to my colleagues from Tennessee that I, too, recognize the importance of this project for the James H. Quillen School of Medicine, for our veterans at Mountain Home, and for the State of Tennessee. I assure them that I will give very close consideration to their request when the Senate and House meet in conference on this bill.

Mr. FRIST. I sincerely thank my colleague from Missouri.

Mr. THOMPSON. I, too, offer my thanks for his diligent efforts on our behalf.

NEW YORK BOTANICAL GARDEN

Mr. MOYNIHAN. Mr. President, I rise to enter into a colloquy about the New York Botanical Garden with the distinguished Senator from Missouri and the distinguished Senator from Maryland. The New York Botanical Garden has the largest collection of plant specimens in the hemisphere, some 5 million including those collected by Lewis and Clarke. These are available to virtually any institution or researcher at no charge. The Department of Agriculture is the most frequent borrower.

Mr. D'AMATO. I would like to join my colleague from New York in support of the New York Botanical Garden. The Garden is much more than a collection of plant specimens. Its research scientists are continually out in the field collecting new specimens, particularly in Central and South America. In addition, one of the Garden's major initiatives is in economic botany, trying to find and promote rain forest plants that can be harvested and sold, such as those with medicinal value, rather than deforesting a region for farming.

Mr. MOYNIHAN. The New York Botanical Garden is in need of a new laboratory in which it will train graduate students and visiting scientists from this country and abroad. Their work is most important to the Garden's many efforts, but especially to the economic botany program.

Senator D'AMATO and I ask that when this bill goes to conference, the chairman and ranking member look for an opportunity to provide a $50,000 planning grant so that the New York Botanical Garden can begin the process of building a new laboratory.

Mr. BOND. I will certainly keep in mind the request from my colleagues from New York.

Ms. MIKULSKI. I too will keep this request in mind during the conference.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that a letter to Senator BOND be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON UNIVERSITY IN ST. LOUIS,
St. Louis, MO, July 29, 1996.

Hon. KIT BOND,
Washington, DC.

DEAR SENATOR BOND: I am asking you to support a $50,000 planning to determine the feasibility of a new laboratory at the New York Botanical Garden. The Garden serves as a training facility for graduate students as well as visiting scientists from the U.S. and foreign countries in wide areas of plant biology and agriculture. The laboratory, if built, will house a mycology lab with research conducted in pathology of crops, etc., the study of systematic and developmental plant anatomy which will compliment research being done at the Missouri Botanical Garden (St. Louis), and other programs involved in research for medicinal properties of plants. The latter will be particularly valuable in relation to Washington University's program of drug discovery associated with our International Cooperative Biodiversity Group project which you helped so positively through the final stages of funding. The research and laboratory at the New York Botanical Garden are an integral part of modern science and the institution is world-famous for conducting first-rate scientific research.

I understand that such a study could be funded through the Environmental Protection Agency, the budget for which is under your Committee's jurisdiction. I appreciate you attention to and support for this request.

Sincerely yours,
WALTER H. LEWIS,
Professor.

AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY (ATSDR)

Mr. JOHNSTON. Mr. President, I rise today to speak to the merits of a program that has done great work in the field of medicine. The Agency for Toxic Substances and Disease Registry, or ATSDR, funded through the Environmental Protection Agency, has addressed the concerns of a lot of Americans, and has garnered the support of the Louisiana Department of Health and Hospitals, particularly the Louisiana Office of Public Health. The program has also received accolades from a network of universities that host programs aimed at expanding and enhancing numbers and qualities of specialists entering the health professions field. In Louisiana, the program has been essential to Xavier University, whose college of pharmacy is in the fourth year of a 5-year cooperative agreement with ATSDR and the Minority Health Professions Foundation. ATSDR helps the college provide training for pharmacists who are challenged with meeting the expanding needs of our society. Xavier is 1 of 11 universities nationwide that have ongoing programs of this nature.

Mr. SHELBY. I, too, would like to express my support for this program. In my State of Alabama, Tuskeegee University's School of Veterinary Medicine also participates in the Association of Minority Health Professions Schools, by contributing materially toward helping to control the cost of human health care by preventing zoonotic diseases. This, in turn, helps prevent an overload on human primary health care systems. The value of this program is self-evident.

Mr. JOHNSTON. Mr. President, I would like to ask my colleagues to join me in supporting this very worthwhile program, to stress the importance of funding ATSDR at the budget request level of $69 million, and to direct the Environmental Protection Agency to fund at $4 million the ATSDR minority health professions for the purposes of conducting essential research on hazardous substance induced diseases.

Mr. BOND. I can assure my colleague that this subcommittee has supported ATSDR in the past, and in particular has supported the minority health professions initiative. It continues to be a worthwhile program, and I am cognizant of the need associated with ongoing research and treatment efforts. I am sure that I and my colleague, the distinguished Senator from Maryland, ranking member on this subcommittee, will keep this in mind as we proceed to conference on the VA, HUD and independent agencies appropriations bill, H.R. 3666.

Ms. MIKULSKI. I would agree with the chairman, and support this excellent program.

Mr. JOHNSTON. I thank my colleagues.

CLEAN AIR

Ms. MIKULSKI. I would be grateful if the Senator would provide an interpretation of the assurance contained in the letter dated July 23, 1996, addressed to you and me from the U.S. Trade Representative and the Administrator of EPA. I will submit the text of the letter for the RECORD.

The letter states that compliance with the WTO decision "will not result in the degradation of gasoline quality required by the Clean Air Act with respect to imported conventional and reformulated gasoline." I understand that the EPA proposed in 1994 a foreign refiner baseline rule that could have allowed foreign oil companies to export gasoline to the United States with higher levels of sulfur and olefins than allowed under existing rules. However, the letter we recently received provides assurances that the WTO compliance process will not allow foreign refiners to supply gasoline with higher levels of precursors of ozone pollution than are currently allowed.

Mr. BOND. The letter indicates there will be no degradation in the gasoline quality required by the Clean Air Act with respect to imports. My understanding is that foreign refiners will not be allowed to increase the content of precursors of ozone pollution in its gasoline supplied to the United States above the levels currently allowed.

Mr. BURNS. I would be grateful if the gentlemen would yield for one additional point. I received a letter from the U.S. Trade Representative and the Administrator of EPA regarding the foreign refiner baseline issue dated July 25, 1996. I will submit the text of the letter for the RECORD.

The letter provides additional comments regarding enforcement and states, "EPA will not recognize individual foreign refiner baselines unless we have adequately addressed the issues of auditing, inspection of foreign facilities, and enforcement." It is my understanding the letter gives the administration's commitment to seek equivalent levels of enforcement for foreign refiners before allowing the access that these refiners desire to reformulated and conventional gasoline markets.

Mr. BOND. I believe the Senator from Montana is correct. The letter indicates the U.S. Government will seek to bring all appropriate and available U.S. enforcement efforts to bear upon foreign refiners to assure that the data foreign refiners provide is useful and reliable.

Mr. BURNS. I thank the Senators from Missouri and Maryland and appreciate their hard work. I will continue to monitor this issue in the future and look forward to our continued cooperation on this issue.

I believe this is a good compromise to expedite the bill yet send a strong message about clean air and a level playing field for our domestic refiners.

Mr. President, I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. TRADE REPRESENTATIVE, U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, July 26, 1996.

Hon. CONRAD BURNS,
U.S. Senate,
Washington, DC.

DEAR SENATOR BURNS: Thank you for bringing to our attention your concerns regarding the WTO decision with respect to EPA's regulation on reformulated and conventional gasoline. We appreciate your understanding of the Administration's need for regulatory flexibility and your agreement not to support Congressional action circumscribing that flexibility, including introduction of a rider to H.R. 3666, the FY 1997 VA, HUD and Independent Agencies appropriations bill, regarding EPA's treatment of foreign gasoline under its regulations implementing the Clean Air Act.

On June 19, after consulting with Congress, we advised the World Trade Organization (WTO) that the United States intends to meet our WTO obligations with respect to the results of the dispute settlement proceeding brought by Venezuela and Brazil concerning the EPA's regulations on reformulated and conventional gasoline. We announced that we had initiated an open process which will examine any and all options for compliance. In evaluating options, the overriding criterion will be fully protecting public health and the environment, consistent with this Administration's commitment to strong and effective implementation of the Clean Air Act, in a manner consistent with U.S. obligations under the WTO. We can assure you that this process will not result in the degradation of the gasoline quality required by the Clean Air Act with respect to imported conventional and reformulated gasoline.

The U.S. government understands that the foreign refiner baseline issue and the WTO Appellate Body report on EPA's gasoline regulation is of great continuing concern to U.S. environmental and industrial organizations. We are committed to working closely with all interested parties, including specifically U.S. industry, the states and the environmental NGO community, during our review process. We recognize the concerns raised by members of the industry regarding the 1994 EPA proposal to use foreign refiner baselines. EPA will not recognize individual foreign refiner baselines unless we have adequately addressed the issues of auditing, inspection of foreign facilities, and enforcement. We are also very mindful of the concerns expressed by members of Congress and others that any response to the WTO decision should take into account impacts on the environment and should recognize the significant infrastructure investments undertaken by industry to meet the requirements for reformulated gasoline. We can assure you that we will incorporate these concerns of members of Congress in the review process. We are committed to a full and open administrative process in the formulation of any final rule.

We look forward to continuing to work with you throughout this process. Please do not hesitate to contact either one of us if we may provide you with further information.

Sincerely,

CHARLENE BARSHEFSKY,
Acting U.S. Trade Representative.
CAROL M. BROWNER,
Administrator, Environmental Protection Agency.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the letter dated July 23, 1996, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT.
ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, July 23, 1996.

Hon. CHRISTOPHER S. BOND, *Chairman,*
Hon. BARBARA MIKULSKI, *Ranking Member,*
Subcommittee on VA, HUD and Independent Agencies.

DEAR SENATORS: We are writing to strongly urge you to oppose a potential rider to H.R. 3666, the FY 1997 VA, HUD and Independent Agencies appropriations bill, regarding EPA's treatment of foreign gasoline under its regulations implementing the Clean Air Act.

On June 19, after consulting with Congress, we advised the World Trade Organization (WTO) that the United States intends to meet our WTO obligations with respect to the results of the dispute settlement proceeding brought by Venezuela and Brazil concerning the EPA's regulations on reformulated and conventional gasoline. We announced that we had initiated an open process which will examine any and all options for compliance. In evaluating options, the overriding criterion will be fully protecting public health and the environment, consistent with this Administration's commitment to strong and effective implementation of the Clean Air Act, in a manner consistent with U.S. obligations under the WTO. We can assure you that this process will not result in the degradation of the gasoline quality required by the Clean Air Act with respect to imported conventional and reformulated gasoline.

We are very concerned that any action taken by Congress casting doubt upon U.S. intentions could seriously interfere with our ability to reach the best possible resolution of this matter and could prompt Venezuela and Brazil to quickly seek authority from the WTO to retaliate by raising tariffs on U.S. exports. Even if such authority were not granted, there is a serious risk that we could face a harmful shortening of the period available for us to evaluate our options.

We are also concerned about the precedent such action could set. It would be most unfortunate if this type of legislative action were to be used by other countries as an excuse to avoid implementing the results of the many WTO disputes that we expect to win. The United States is pursuing numerous disputes against other countries' measures, including, for example, one against the European Union for unjustifiably limiting U.S. beef exports.

The U.S. government understands that the foreign refiner baseline issue and the WTO Appellate Body report on EPA's gasoline regulation is of great continuing concern to U.S. environmental and industrial organizations. We are committed to working closely with all interested parties, including specifically U.S. industry, the states and the environmental NGO community, during our review process. We recognize the concerns raised by members of the industry regarding the 1994 EPA proposal to use foreign refiner baselines. We are also very mindful of the concerns expressed by members of Congress and others that any response to the WTO decision should take into account impacts on the environment and should recognize the significant infrastructure investments undertaken by industry to meet the requirements for reformulated gasoline. We can assure you that we will incorporate these concerns of members of Congress in the review process. We are committed to a full and open administrative process in the formulation of any final rule.

We strongly urge you to oppose the rider. Please do not hesitate to contact either one of us if we may provide you with further information.

Sincerely,

CHARLENE BARSHEFSKY,
Acting U.S. Trade Representative.
CAROL M. BROWNER,
Administrator, Environmental Protection Agency.

CENTER FOR MOLECULAR MEDICINE AND IMMUNOLOGY

Mr. LAUTENBERG. Mr. President, I would like to engage in a colloquy with the distinguished managers of the bill.

Mr. President, the Center for Molecular Medicine and Immunology [CMMI], located in Newark, NJ, has been a leader in developing life saving treatment for cancers that plague our Nation's veteran population. In particular, CMMI is conducting research into radioimmunodetection and radioimmunotherapy, a new technology that uses radioisotopes and monochlonal antibodies to target tumors often too small for detection with traditional equipment and delivers cancer fighting therapy to targeted muscle tissue and organs with virtually no side effects. This has the potential to be very helpful to treating our Nation's veterans, many of whom suffer from cancer.

Mr. President, the House report on the fiscal year 1997 VA–HUD appropriations bill included language that encourages the Veterans' Administration to enter into a partnership with nonprofit research centers to expand these research efforts. The Senate report does not include such language. Does the Senator support the intent of the House language?

Mr. BOND. Yes. I am supportive of the House language.

Ms. MIKULSKI. I concur with the distinguished manager of the bill.

FUNDING FOR THE EPA LONG ISLAND SOUND OFFICE

Mr. LIEBERMAN. Mr. President, I rise to engage the chairman of the VA–HUD Appropriations Subcommittee, the Senator from Missouri, in a colloquy to discuss funding for the EPA's Long Island Sound Office. Senators D'AMATO, DODD, and MOYNIHAN have asked to join in this colloquy as well.

Mr. President, as the Chairman knows, the Long Island Sound Office [LISO] is responsible for coordinating the implementation of the sound's comprehensive conservation management plan [CCMP]. This office is faced with the daunting task of orchestrating a multibillion dollar, decade-long initiative that requires the cooperation of nearly 150 different Federal, State, municipal, and private institutions and agents.

Despite the odds, and the limited resources it has had to work with, the LISO is succeeding. Over the last 2 years, it has made tremendous progress in getting the cleanup started and beginning work toward the key goals outlined in the CCMP-limiting nitrogen loads, restoring damaged habitats, cracking down on nonpoint source pollution and the release of pathogens, and educating area residents about the importance of these conservation efforts and ways they can help.

We are deeply concerned, however, that this progress may be in jeopardy. In contrast to past years, the subcommittee has chosen not to provide any funding for the grant program the LISO is authorized to administer. In addition, it is our understanding that the National Estuary Program [NEP], which supplied $300,000 to the LISO in the current fiscal year to fund the office's operating budget, is planning to phase out its support of the LISO in fiscal year 1977. In fact, because of the increasing budgetary strain on the NEP, it is possible the LISO may be zeroed out completely.

Mr. DODD. I join my colleagues in urging the Senate to maintain our commitment to supporting the LISO. The loss of funding that Senator LIEBERMAN has described would severely handicap the LISO's ability to continue implementing the management plan, and could force the office to shut down operations, which would effectively stop the cleanup dead in its tracks.

Our conclusion is based on past experience. The New England River Basin Commission drafted a cleanup plan in 1975, and it disintegrated soon after its adoption because the program ended with the plan and did not focus on implementation. In other words, there was no central organizing and coordinating force keeping the many players at the table. The LISO is the glue that is holding this project together, and after spending millions of dollars and enormous time and energy getting to this point, we cannot afford to lose it. The environmental and economic health of our region depends on a sound Sound.

Mr. MOYNIHAN. Mr. President, we understand that the subcommittee is working under considerable budget pressures. But given the importance of this project to our respective States, we would ask that you make a concerted effort in conference to provide funding to keep this office moving forward. We are seeking an appropriation of $975,000 to cover the LISO's operating expenses and to expand its efforts to provide grants to State and local partnerships involved in the cleanup. But at a minimum, we would request that the conferees maintain support for the office at the current level of $650,000. We thank the chairman and the subcommittee's ranking member, Senator MIKULSKI, for consideration of this matter.

Ms. MIKULSKI. I understand the Long Island Sound Office is, as my colleague, Senator DODD, states, "the glue that is holding" the restoration of the Long Island Sound together. Recognizing the office's importance, I will do everything I can to support the Senator's request in conference.

Mr. D'AMATO. I would like to join my colleagues in expressing my support for the continued funding of the Long Island Sound Office. What many Senators may not know is that Long Island Sound is an economic as well as an environmental asset. The sound generates billions of dollars from tourism, boating, sportfishing, and a newly-revived shellfish industry. If the sound's recovery is threatened, the economies of both States will suffer and we will lose jobs that these industries sustain. Funding to continue to carry out the important work of the sound's management plan will help keep that recovery moving.

Mr. LIEBERMAN. In closing, I think it is important to point out that unlike other NEP participants, the LISO was chartered for the express purpose of carrying the sound's management plan beyond the development stage and to actually oversee and contribute to the implementation of this plan. It was for this reason that the office is authorized at $3 million annually to provide grants to State agencies, municipalities, and local partnerships. While we understand that the NEP may no longer be the appropriate source of funding for the LISO, we feel strongly that in no way should justify stripping this project of all its Federal support.

I also want to point out that the State of Connecticut reaffirmed its commitment to cleaning up the sound just last week when it approved a $52 million bond issue to upgrade wastewater treatment facilities in the cities of Norwalk and Waterbury. That investment is just the latest show of support from Connecticut and New York, and we strongly urge the Congress not to let those dollars go to waste.

Mr. BOND. I understand the priority the Senators from New York and Connecticut place on the restoration of Long Island Sound, and I recognize the unique challenges you face in implementing the long-term management plan. It seems clear that this effort cannot succeed without the guiding hand of the EPA Long Island Sound Office. Knowing of your deep concern, I will do everything I can to support your request in conference and at a minimum maintain funding at its current level. My hope is to secure report language directing the EPA to provide funding to the LISO at a satisfactory level.

COMMUNITY DEVELOPMENT

Mr. KOHL. Mr. President, I would like to address a question to the managers of the bill, the chairman and ranking member of the VA/HUD Subcommittee, Senators BOND and MIKULSKI. Let me begin by commending them for their hard work in crafting this bill under tough budgetary circumstances. We all agree that this bill will provide funds for diverse programs of vital importance to communities all across America. As such, I hope this Senate floor debate will yield a cost-effective and responsible bill that we can all support.

In particular, I would like to ask for the managers' input on HUD programs to foster community development. More specifically, funds in this bill are designed to promote economic growth and development that benefits entire communities, and it is my understanding that Congress has taken steps to target some of those funds to urban areas where Americans of the low and middle range live, work and raise their families.

As you may know, Marquette University has headed up the Avenues West Neighborhood Crime Intervention Demonstration Program in Milwaukee, WI. This innovative program has brought together a diverse group of public and private entities to focus resources on the causes of crime and its effects on individuals, families, and neighborhoods. The underlying goal of this effort has been to generate comprehensive community-based solutions to complex urban problems. Program participants include the city of Milwaukee, Marquette University, the Milwaukee Police Department, as well as other community organizations. Do the managers agree that the avenues west initiative is the type of comprehensive, community-based program that Congress would want to support through community development grants?

Ms. MIKULSKI. Yes. In fact, Congress has appropriated funds for this worthwhile program in the past through special purpose grants.

Mr. BOND. Mr. President, over the past 2 years the committee has worked very hard to eliminate the number of narrowly focused categorical programs in HUD. Instead we have placed a priority on focusing our declining budgetary resources on block grants such as the CDBG program, and other activities designed to increase local flexibility and decisionmaking. I would note that the reported appropriations bill has the effect of increasing the amount available to cities and States under the CDBG program by $300 million. This will maintain the full $4.6 billion level for CDGB. I would add that there is no doubt in my mind that this neighborhood crime intervention program of Marquette qualifies for such CDBG funding.

In addition, let me note that earlier this month HUD issued a notice of funding availability for the $50 million appropriated in the current fiscal year for the Economic Development Initiatives Program. This is a nationwide competitive program which is designed to combat urban decline and to foster economic revitalization in our cities. The Marquette University sponsors should definitely consider participation in this competition since their program appears very much on point to the EDI effort, and I suspect, such an application should fare well in this HUD competition.

BENEFITS OF A DISPOSAL ENDOSHEATH

Mr. D'AMATO. Mr. President, I would like to state my support for an issue that I believe is important to the health of all veterans in detecting colorectal cancer. Specifically, I am referring to the flexible endoscopic procedures performed by physicians. Currently, there are two types of flexible endoscopes available to physicians to perform these procedures: One is a conventional endoscope that is manually cleaned and disinfected. The other is a redesigned endoscope which incorporates the use of a sterile protective covering called the EndoSheath. Using the EndoSheath protects the patient and health care provider from the risks associated with cross-contamination.

I am very concerned by the contamination risks associated with the use of impure patient-ready endoscopes on veterans. As such, it is important to ensure that the Veterans Health Administration is aware of and encouraged to explore the overall effectiveness of the single-patient, sterile, condom-like protective coverings that may help protect veterans from the risk of cross-contamination.

Mr. BOND. Mr. President, I share the concern expressed by Senator D'AMATO, and agree with him about the benefits of utilizing a disposal sheath when physicians conduct procedures using a flexible sigmoidoscope on patients to detect colorectal cancer. Disposal sheaths are widely used in private practice. Therefore, I also encourage the Veterans Health Administration to explore their use as a means of protecting veterans from the risk of cross-contamination.

NASA'S ACADEMIC PROGRAMS

Mr. INOUYE. Mr. President, the House of Representatives approved $110.8 million in fiscal year 1997 for the National Aeronautics and Space Administration's [NASA] academic programs. This amount reflects a $3.9 million increase from fiscal year 1996, and a $10 million increase above the administration's budget request. I understand that the Senate proposal did not include a funding increase for NASA's academic programs.

I support increased funding for this valuable program. This will allow NASA to fund ongoing programs as well as fund new innovative programs. One such program involves a science education program developed by Hawaii's Bishop Museum. NASA Administrator Daniel Goldin has indicated his personal support for this program which involves the creation of two dynamic multimedia planetarium programs and associated educational materials around the theme of exploration. The "Journey by Starlight" program is an interactive simulation of navigating a Hawaiian canoe from Tahiti to Hawaii. The "Eyes of the Universe" program will focus on modern technology and human exploration of the universe from earth and space-based observatories, particularly those in Hawaii.

Using various distribution techniques, it is estimated that at least 800,000 students and 500,000 families and nontraditional students across the Nation will experience these programs. Complementing the planetarium programs will be educational curricula for grades 3 through 12, an interactive and evolving World Wide Web site, video resources, and an interactive CD-ROM.

Mr. President, it is my hope that during the House-Senate conference you will support increased funding for NASA's academic programs and give consideration to the joint initiative between NASA and Hawaii's Bishop Museum.

Mr. BOND. I will be pleased to give your request every consideration during conference deliberations with the House.

FUTURE USE OF LAND ADJACENT TO THE LOS ANGELES NATIONAL CEMETERY

Mrs. FEINSTEIN. Mr. President, I would like to say a few words today relative to an effort being undertaken by veterans and local community organizations to protect and preserve land adjacent to the Los Angeles National Cemetery.

This land, 44 acres, was deeded as a gift to the Federal Government provided that its use would be for veterans. It is hoped that the land can be preserved so that as the need for veterans cemeteries grows, this land, which is adjacent to the Los Angeles National Cemetery, will be a valuable resource to the Department of Veterans Affairs.

It is my understanding that there have been requests of the DVA to lease this land for commercial development, including its use as the site for an NFL stadium. This has raised concerns by veterans and local communities as to the appropriate use of this land so close to a national cemetery where families and veterans go to honor their loved ones.

Local organizations are willing and able, through private resources, to develop this land as a park honoring our Nation's veterans. This proposal, in keeping with the intent of the gift of land, complements the existing cemetery and protects the land for future veterans' use.

I have received letters from the American Legion, the California Department of Veterans Affairs, and officials of numerous veterans organizations in the State expressing their support for this effort.

I would ask that the committee include language in its conference report directing the Department of Veterans Affairs to work with these organizations to develop the land into a veterans memorial park and to prohibit the Department from entering into any long-term, binding leases which would tie the use of that land into one inconsistent with the intent of its donor.

I applaud the local veterans, the California veterans groups, the U.S. Department of Veterans Affairs both in Los Angeles and Washington, DC, and the local citizens groups for working together to arrive at an approach to protect this land for veterans now and in the future

Mr. BOND. Mr. President, I would like to ask the Senator from California a few additional questions on this matter. Senator, you mention the land is under deed restrictions against development inconsistent with veterans needs. If this is the case, why are these organizations worried about suggestions for commercial development?

Mrs. FEINSTEIN. The 44 acres in question are part of the original deed; however, they are contiguous to lands under less restrictive deeds thus creating a danger to this parcel.

Mr. BOND. The committee understands that the Department of Veterans Affairs is not prepared to create new cemetery space in this region and that there is not an immediate need for additional cemetery space. Are there not higher priorities for the Department of Veterans Affairs for cemetery space in other regions of the United States?

Mrs. FEINSTEIN. It is not my intent to request that this land be converted into a cemetery at this time. The Senator is correct, there are other regions in the country that are in great need of additional cemetery space. My goal is to ensure that this land is preserved so that when the need for additional cemetery space arises, 20–50 years from now, the Federal Government will have land without major construction or contamination issues which can be easily converted into a cemetery.

Veterans Affairs Secretary Jesse Brown has suggested both to local leaders and the House that a veterans memorial park would be a good interim step to protect the land. This action would not be an additional burden on the taxpayer because local leaders strongly feel they can raise the needed funds privately to create this park. I hope that the committee will support this effort with the inclusion of language in the conference report.

Mr. BOND. I appreciate the issues you have raised and will be pleased to work with Mr. LEWIS of the House Appropriations Committee to address this issue in conference.

SOUTHERN OXIDANTS STUDY

Mr. FAIRCLOTH. Mr. President, as you know, the Southern Oxidants Study has brought together 35 industrial and government organizations and 20 universities in 21 States to study a critical economic, environmental, and health issue—the formation of ground level ozone. Ground level ozone is a problem that has plagued many areas of the United States, having a negative impact on economic growth, human health, and forest and crop productivity. In the Southeast, ground level ozone may have its root causes in environmental factors unique to my region. Because of this, the basic scientific research conducted by the Southern Oxidants Study scientists is so critical to providing policymakers with unbiased data for use in developing solutions to the problem. Not only is this information beneficial to my region, but the methodologies and knowledge gained in this study will add to ozone research nationally and internationally. The Southern Oxidants Study approach has been endorsed by the National Research Council and others and is considered a model of regional cooperation. It is imperative that appropriate funding be continued for this vital study.

Mr. BOND. I am aware of the important scientifically based contributions made by the university-based Southern Oxidants Study to understanding the causes of ground level ozone pollution in the Southeast as well as other areas of the country. I agree that the Environmental Protection Agency should continue to provide the appropriate funding to ensure that the critical objectives of the study can be fulfilled.

PCB-LANDFILL PERMIT APPLICATION

Mr. LEVIN. Mr. President, as some of my colleagues know, PCB's are an extremely sensitive matter in the Great Lakes region. These substances bioaccumulate, biomagnify and cause permanent damage to the environment and public health. And, they are ubiquitous. They are in the water, the sediment, and still stored around the country. Long ago, we made a decision to discontinue their manufacture and import because of their negative effects on human health.

Recently, in March of this year, the EPA decided that a 15-year-old ban on the importation of PCB's should be lifted. This seems like a curious decision, since I am not aware that the negative health implications of PCB disposal, incineration or other treatment, which motivated the original ban have significantly changed in that time. I plan to review this decision very carefully and hope my colleagues will join me in that process.

It is true that some novel and cleaner permanent destruction options are now nearly ready for commercial use. But, PCB's are toxic wastes that have an extremely long half-life and their basic characteristics have not changed. I am concerned about their importation especially if they are simply going to be landfilled or their incineration generates dioxins and other air toxics.

As my colleagues may know, Representatives BENTSEN and RIVERS successfully attached a rider to the House version of this bill that would prohibit any PCB disposal or treatment so long as EPA's rule allowing importation of PCB waste is in force. Though that provision has some merit, I would prefer a narrower approach to correct what seems to be a clearly flawed process that EPA has followed to date on a landfill permit for PCB disposal.

Generally, EPA does a very good job of informing the public and considering its view prior to making regulatory decisions. But, in this case, things have not gone very well. And, due process seems to have been thrown out the window.

In approximately July of 1995, an application was filed with the EPA to dispose of 1.4 million cubic feet of PCB-contaminated waste, much of which would be higher than the Federal action level of 50 ppm, at a facility in Michigan.

According to EPA, legal notice of this application was given at about the same time in various local newspapers.

At a public meeting in April of this year, during the public comment period on a landfill permit application, EPA and the Michigan Department of Environmental Quality representatives responded to questions from a very concerned local audience. My staff attended this meeting.

This meeting occurred weeks prior to the conclusion of the public comment period. The deadline for public comments was May 18, 1996.

At that meeting, an EPA official apparently spoke words to the effect that the people can say all they want but that the permit is "a done deal." EPA has video tape of the event and we will try to check that tape. But, my staff was in attendance and heard the remark. It was later retracted, but the damage was done.

Mr. President, I am appalled at the implication in that official's statement, regardless of the situation or the retraction. There can be no confidence now that the permit process that EPA has followed has been fair and objective, that the public's comments will even be factored into the permit decision. In fact, in a letter that I ask be inserted into the RECORD following my remarks, Congresswoman RIVERS and I suggested that EPA discontinue consideration of the permit application simply because of this event. (See exhibit 1.)

Further complicating this situation are the merits of the permit application. The regulations developed by EPA to implement the Toxic Substances Control Act [TSCA] are fairly specific. They lay out all of the technical requirements that each chemical waste landfill must meet before it can be approved for PCB disposal. Based on the excellent information provided to me by Van Buren Township, the landfill application in question apparently fails to meet 5 of the 7 major technical requirements.

Mr. President, it becomes more disturbing. My staff has been given the impression from EPA staff that a waiver of the technical requirements is necessary to approve this permit, since it clearly violates the criteria for proximity and connection to water, and that such waiver will be granted. Combining that with a statement to the effect that the permit is "a done deal," I am truly disappointed. The people who live in the vicinity of this gargantuan waste disposal facility are not getting fair treatment from the regulators who are supposed to be looking out for the public health and welfare.

Mr. President, this permitting process should not go forward, if it has been as tainted as I have been led to believe. It should be discontinued. If the public cannot be assured of a fair hearing on such weighty matters, we are in real trouble.

Mr. BOND. The Senator from Michigan has stated his case clearly and forcefully. EPA certainly seems to have seriously erred, if its representative indicated an outcome before the permit process has concluded.

Having said that, however, there is a related provision, as the Senator has mentioned, in the House bill on PCB's. As a result, this matter will have to be discussed in conference. EPA has been made aware of the mistakes that have weakened his trust in the Agency's ability to be fair and objective in this permitting process. I cannot speak for the Administrator, but I believe that it may be possible for the Agency to review this situation and start afresh.

There may be something that we can do in Conference report language that would help the concerned citizens feel that they are being treated reasonably and the real environmental risks are being considered.

Mr. LEVIN. Would the chairman be willing to seek to include language in the conference report that directs EPA to review the process that has been followed in this particular case for breaches of the public trust and breakdowns in the normal process that should be followed when considering a permit of this magnitude? And, if the representatives of the EPA have, by their own words during public consideration of a landfill permit application stated the intended outcome prior to a final permitting decision, direct that further consideration of the permit be discontinued?

Mr. BOND. I will certainly work to inform and convince the conferees that such language is important and may be appropriate.

Mr. LEVIN. Would he further request that the conference report include language directing EPA to report back to Congress within 90 days on the location and number of chemical waste landfills that have received waivers pursuant to 40 CFR 761.75(c)(4) and a justification for each waiver?

Finally, and I appreciate the chairman's patience, would he also consider directing EPA to engage an independent body to review whether or not the facility in question meets the technical requirements spelled out in 40 CFR 761.75(b), prior to any final decision on the permit?

Mr. BOND. I will do my best to accommodate his requests.

Mr. LEVIN. I thank the Chairman.

AMENDMENT NO. 5167

(Purpose: To make a series of amendments relating to housing)

Mr. BOND. Mr. President, I now send an amendment to the desk.

The PRESIDING OFFICER. If there is no objection, the pending committee amendment will be set aside. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] for himself, Mr. D'AMATO and Mr. BENNETT, proposes an amendment numbered 5167.

Mr. BOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. BOND. Mr. President, what I have offered today is an amendment to provide a section 8 mark-to-market transition demonstration program for the restructuring of mortgages on FHA-insured multifamily housing projects with expiring oversubsidized section 8 project-based contracts.

At the end of my remarks, unless others wish to make comments on it, I will ask this amendment be set aside. My purpose in sending it today is to allow it to be printed in the RECORD so that all my colleagues have an opportunity to review the amendment.

This amendment reflects our best efforts at solving a critical and costly issue which is necessary to preserve affordable low-income housing. Because it is a very complex amendment, it has gone through significant work, readjustments, revisions, and recriminations. I felt it would be wise to give all Members and their staffs an opportunity to give this amendment thorough consideration. If there are improvements on it or if there are ways we can change it now or when we go into conference, I hope Members will come forward and offer their views and their advice on it. It is absolutely essential we deal with this problem right away so we will not trap ourselves in an escalating series of commitments that are beyond our financial resources to satisfy.

I know many Members are at this point perhaps only marginally aware of the exorbitant costs needed to maintain some one million units of FHA-insured section 8 project-based housing that are affordable to low-income families. This marginal awareness is understandable because the section 8 new construction and modern rehabilitation programs were financed in previous years through oversubsidized 15- and 20-year section 8 project-based contracts which are only now coming due for contract renewal. This housing is a valuable resource for low-income families, but the cost of renewing section 8 for this housing often will be an unreasonable expense.

We have an opportunity now and an obligation to readjust the cost of this housing to the cost of market rents. The Banking Committee recently held a hearing on the mark-to-market issue which emphasized the escalating costs of this section 8 project-based assistance. In response, the Banking Committee is currently preparing to mark up a bill to establish a comprehensive program to reduce the costs of expiring project-based section 8 contracts, limit the financial exposure of the FHA multifamily mortgage insurance fund for costly mortgage defaults, and preserve, to the maximum extent possible, the section 8 project-based housing stock for very low- and low-income families.

In conjunction with the efforts of the Banking Committee, I am proposing today an interim section 8 mark-to-market demonstration as a stepping stone to the Banking Committee bill to provide HUD and certain public agencies with the authority and tools to test various approaches to restructure mortgages and reduce the cost of section 8 project-based assistance to these multifamily housing projects. I expect and hope that Congress will enact a comprehensive reform bill this year.

I give my special thanks to Chairman D'AMATO and Senator MACK as well as to Senator SARBANES and Senator KERREY for their interests, their dedication and commitment to finding a bipartisan approach that preserves this low-income housing stock at a reasonable cost to the Government.

Let me emphasize the depth of the section 8 mark-to-market problem. There are some 8,500 projects with almost one million units that are both FHA-insured and whose debt service is almost totally dependent on rental assistant payments made under section 8 project-based contracts. Most of these projects serve very low-income families, with approximately 37 percent of the stock serving elderly families. Most of these projects are also oversubsidized and are at risk of mortgage default if we do nothing and attempt to renew the project-based contract at fair market rents.

Some 75 percent of this housing stock has rents that exceed the fair market rent in the local area. This means without the renewal of the section 8 project-based contracts, many project owners likely will default on their FHA-insured mortgage liabilities, resulting in FHA mortgage insurance claims and foreclosures. HUD would then own and be responsible for managing these low-income multifamily housing projects.

In addition, the cost of renewing the section 8 project-based contracts on these projects reemphasizes the difficult budget and appropriations choices Congress must make in seeking to control spending and achieve a balanced budget over the next 6 years. In particular, according to HUD estimates, the cost of all section 8 contract renewals, both tenant-based and project-based, would require appropriations of about $4.3 billion in fiscal year 1997, $10 billion in fiscal year 1998, and over $16 billion in fiscal year 2000.

In addition, the cost of renewing only the section 8 project-based contracts will grow from $1.2 billion in fiscal year 1997 to almost $4 billion in fiscal year 2000, and to some $8 billion in 10 years. These exploding costs are unacceptable and unsustainable.

The section 8 mark-to-market demonstration included in this amendment would authorize HUD to renew for up to 1 year all expiring section 8 project-based contracts with rents at or below 120 percent of the fair market rents for an area. This safe harbor will cover many of the 240,000 units which are supported by the expiring section 8 contracts and will provide HUD with the administrative ability to focus on those FHA-insured multifamily housing projects with significantly oversubsidized rents.

The projects with units which do not qualify for the contract renewal safe harbor will be eligible to participate in the section 8 mark-to-market demonstration. In addition, similar to the Banking Committee's mark-to-market draft bill, the demonstration would encourage HUD to enter into contracts with State housing finance agencies, local housing agencies, and other public agencies to administer the demonstration program and to work at the local level to restructure the FHA-insured mortgages and to reduce the cost of section 8 project-based assistance.

Finally, the demonstration would provide HUD and the public agencies with a number of tools to restructure the FHA-insured mortgages and reduce the cost of section 8 project-based housing assistance. These tools include the authority to restructure mortgages so that a first mortgage will reflect the market value of a project, while HUD holds a soft second on the remainder of the front debt. This is a critical tool because it preserves both the low-income housing while reducing the cost of section 8 project-based assistance and the risk of foreclosure. The demonstration allows HUD to implement budget-based rents to squeeze out any inflated projects, while covering the debt service and operating costs of these federally assisted projects.

In addition, this demonstration would exclude those projects which are not properly managed or do not meet appropriate housing quality standards. The demonstration, however, is flexible enough to address the unique characteristics of projects such as elderly projects in rural areas and the unique characteristics of localities such as those with very low vacancy rates.

I again emphasize that this demonstration is still a place holder as an interim approach to preserving federally assisted low-income housing through restructuring FHA-insured mortgages and reducing the associated cost of section 8 project-based assistance. We look forward to working with the administration, the Banking Committee, and the housing industry to find a responsible permanent method of preserving this valuable section 8 housing resource.

Mr. President, I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I support Senator BOND's amendment. It starts to address the serious problem with section 8. A large number of housing projects, or housing programs, are subsidized by rents that far exceed the rent in a given area. In 1997 alone, over 2,100 of these section 8 contracts with nearly 132,000 units will expire. The Government cannot afford to continue paying these excessive rents indefinitely. This is almost like a Ponzi scheme, which is to come on in and get an FHA mortgage to build it. But in order to sustain the mortgage at inflated rents so you don't default, you need section 8 contracts. Well, we are heading for a financial disaster in three ways. No. 1, this could become an incredible taxpayer liability if all this begins to cascade in default. No. 2, we cannot continue to pay rents above market value, nor should we. No. 3, what we find is that we have an incredible number of these section 8 contracts coming due over the next 3 to 5 years. We must get a handle on the problem.

Senator BOND's approach is a very, very reasonable approach. It is a demonstration project. It gives a variety of tools to the local area to resolve this, because so much housing in a national program is locally set. The market value in Utah of section 8 is remarkably different than in the San Francisco area or the Seattle area. So we think it is a very good approach. I think the Bond amendment begins a process that enables us to begin to, in a reasonable, rational, well-paced way, begin to move on this. We cannot ignore the fact that over 850,000 units with subsidy problems are in the pipeline. Now is the time to act. I look forward to additional debate on this amendment, but I look forward to supporting this amendment. Most of all, I support beginning the process of getting a real grip on this issue.

Mr. President, I will have more to say later, but I think that summarizes my thinking.

Mr. BOND. Mr. President, I thank my distinguished friend from Maryland, who has stated very clearly and eloquently what I was trying to say, which is that we have a financial disaster facing us, and we cannot resolve it easily. We have to do something that preserves this low-income housing. As I indicated earlier, my purpose in presenting the amendment at this time was to allow it to be printed in the RECORD, to draw the attention of my colleagues to it, so that they may give us the benefit of their wisdom or any views that they have on it before we seek to adopt it tomorrow, with the full knowledge that we may well have to address it again in conference. It is vitally important for low-income housing in every State in the Nation. I hope that my colleagues will look at it.

With that, Mr. President, I ask unanimous consent that the amendment be set aside for further discussion. I see colleagues on the floor who may wish to speak, so I yield the floor.

Mr. DORGAN. Reserving the right to object, Mr. President, I don't want to interrupt my friend, who was, I think, on the floor before I came. I want to ask a few questions about the section 8 program and this amendment. You have no doubt forgotten more about this than I even know. I have had some meetings about section 8 recently, and I would like to spend some time inquiring about the direction this amendment will take us. So I can do that following the presentation by Senator SHELBY. I am happy to do that.

I ask unanimous consent to be able to do that.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Without objection, it is so ordered.

The Chair recognizes the Senator from Alabama.

Mr. SHELBY. Mr. President, I rise in support of the bill before the Senate this afternoon.

Mr. President, the United States of America is the undisputed leader in space technology development and space exploration. We can thank the American people for this.

It is they who had the foresight to commit to space exploration and to demand that we reach beyond what is already within our grasp.

Mr. President, the bill before us today continues that fine tradition and will help the United States maintain its leading role in space.

It fulfills our commitment to space exploration in a number of ways, but primarily by funding the international space station.

We have heard on this floor countless times and we will continue to hear that we cannot afford such an investment in our future.

I cannot explain why someone would choose not to complete this noble journey. I can explain, however, why Americans throughout this Nation insist that we must. It is because Americans have always dreamed larger, reached farther, and excelled beyond all expectation. It is an American destiny to take this next step in space exploration. We must not quit now.

By providing more than $5.3 billion to fund the Human Space Flight Program, which includes the international space station, this bill will preserve American leadership in space exploration. I am pleased the committee chose to continue this great endeavor.

Mr. President, I also want to take this opportunity to highlight two other very important NASA provisions in this bill. The first is the WINDSAT Program within Mission to Planet Earth. The Mission to Planet Earth Program will provide valuable long-term climate forecasting information essential to a number of U.S. industries, including environmental, agricultural, forestry management, and disaster prediction and mitigation programs. The most difficult task facing this program is predicting seasonal and annual climate changes. This is the purpose of the WINDSAT Program. The global wind data provided by the WINDSAT is critical to Mission to Planet Earth's ability to predict these changes.

Without this information, we are getting only part of the picture. WINDSAT will provide the data needed to complete that picture. I am very pleased the committee has supported this program.

Mr. President, 50 years ago, it would have taken an entire warehouse to hold a computer with the capabilities of today's small hand-held calculators. Again and again we have seen how technology development reduces size and increases power. This is happening in the satellite industry as well.

By the year 2000, advanced microsatellite technologies will yield small high-power, low-cost satellites, yet launch costs will be prohibitively expensive, unless we do something about it.

Therefore, I am pleased that the committee has directed an augmentation for the low-cost small-launch technology demonstration project.

This project promises to establish American leadership in the low-cost small-launch market. Without this additional funding, the objectives of the program simply cannot be met. The funding level in this bill will ensure that as microsatellites become available, we will have a cost-effective way to put them into orbit.

Mr. President, in short, the bill we have before us today fulfills an American vision of our future in space by continuing our commitment to space exploration and high-technology research and development. It will ensure that we continue on our national journey into space and will mean more opportunities and a brighter future for our country.

I urge my colleagues to share this vision and support this bill.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. DORGAN. Mr. President, I listened to some of the presentation by Senators BOND and MIKULSKI. I indicated that they obviously know much more about section 8 housing than I. I am certainly not an expert in this area. But I have begun to look at section 8 housing because housing authorities and some others have called it to my attention and have asked how this can be justified. The more I have reviewed what has happened in section 8 housing, the more I have become convinced that if you were to try to find among the dumbest ideas on how you might provide housing for low-income folks, among the dumbest ideas, you would select the approach selected some 20 years ago called section 8 housing.

It resulted in, as I understand it, a series of very significant tax benefits paid upfront—generous, significant tax benefits paid upfront—for the construction of housing with preferential mortgages and mortgage amounts being given in excess, in most cases, of what would be provided in normal private sector construction. In addition to that, once the property was built with these tax benefits and with the preferential mortgages, section 8 provided a contract for rents that provided automatic escalators every year for whatever the period of the contract—in most cases, 20 years, I understand.

The result is, for example, that in a rural county of North Dakota, Towner County, the fair market rent for a one-bedroom apartment is $270. But someone owning a section 8 property is not given the $270, but instead paid a rent of $536. This is a microcosm of what is happening around the country.

As you can see from this chart, in Williams County, ND, the fair market rent would be $263. If you happen to have a series of low-income units in section 8 in Williams County, you wouldn't be getting a check for $263; you would be getting $508.

I made a list of these properties just in North Dakota, a tiny little fraction of the properties nationally, and discovered that a substantial amount of money is being paid above market rent. This will not be news to the chair and the ranking member. That is what they are attempting to address. That is what they have been talking about. But when you look at this, let me say at the outset that this is not a case of landlords doing anything wrong. The landlords signed up for a program that was made available by the Government, and the Government said we want to make sure some housing units are available for low-income people. So here are the incentives. Grab the incentives. Build some units and join in. What has happened, however, over the years is, with these automatic escalators, the rents that are now being charged the taxpayer to house low-income people are outrageous. They are way out of whack.

I also understand an evaluation has been done recently by Ernst & Young about deferred maintenance costs and short and long-term maintenance requirements on these section 8 properties across the country. There are, I believe, more than 1 million rental units receiving section 8 subsidies—132,000 of which will come up this year for an extension of the contract. The Ernst & Young study showed that there is somewhere around $9.2 to $10.2 billion in deferred maintenance costs.

If that is the case, I ask the question: First, what do we do about this as the contracts expire? Do we simply renew the contracts? If I were a section 8 landlord—again, I emphasize these landlords have done nothing wrong.

They have simply taken advantage of a fundamentally dumb program constructed improperly without good forethought in a way that was guaranteed to ravage the taxpayer. But, nonetheless, if I were one of those landlords, I suppose I would say, "Gee, I would like to sign up for another 20 or 10 years. Let me sign up at the same rate. Let me get $508 for a unit where the fair market rent would be $260. I would like some of that." I am sure the landlords would say that. I know that across the country section 8 landlords are saying, "We want extensions at the same rate."

The Senator from Missouri, as I understand his amendment—and I do not understand all of the details of it; that is why I am going to ask some questions—he says, well, these contracts, if extended, are going to have to be reduced and the rents are going to have to come down some. But if you bring them down to market rent or fair market rent immediately, these folks who own them will simply walk away. They have their tax benefits. They have 10, 15, or 20 years of well above market rents. They will simply walk away, and all of these properties will be defaulted, or many of them will be defaulted. The Federal Government or someone will end up owning all of this property.

I would like to understand and talk through for a minute where we go with this. I am almost inclined to think that we ought to just decide this construct is so inappropriate, at least given the taxpayers' interests, that maybe we should find a way to get to simply a voucher system. We could give those who are eligible a voucher that they can take and go find an apartment or a housing unit somewhere. But I do not quite understand how we get there from where we are now. And I fully agree with the Senator from Missouri and the Senator from Maryland. It is totally unacceptable and must be changed. It must be altered.

How do we get from where we are now to where we want to be? It seems to me that where we would want to be would be in a circumstance where the taxpayers are helping in providing the incentives for some low-income housing, because I think we need to do that. But the question is, how do you get to that point? Can you make a silk purse out of a sow's ear? Can you take a program that now exists and conduct an experimental program of some type? Can you create something out of this that the taxpayers will look at and say, "Yes, that makes sense"? If so, how do we do that? I ask the Senator from Missouri.

Mr. BOND. Mr. President, I appreciate my colleague asking simple questions. This obviously is a major financial problem. It is a question of preservation of housing stock, particularly for the elderly in rural areas. We also have been sensitive to the cost of this housing. Over the past several years, we have capped the automatic escalator, or annual adjustment factor, on section 8 contract rents to limit the upward cost of this housing.

In addition, depending on how we treat this housing and the section 8 subsidies, the Federal Government faces significant financial exposure as a result of FHA mortgage guarantees on these projects. If we were to walk away from this housing, the FHA insurance fund could be faced with the full cost of these mortgages. This is many billions of dollars of risk and exposure. In addition, mortgage defaults will mean that FHA and HUD would have the projects in the HUD inventory, and be responsible for managing and selling them. In some cases, many of the better projects could command high rents and be taken out of the publicly assisted housing program.

We have attempted to look at the alternatives. Under the demonstration, HUD could hold a soft second mortgage by paying down the insured project debt to market. This would limit the exposure of FHA which otherwise could be subject to the exposure of the full amount of the guarantee on project debt. The FHA, the Government, the taxpayers, will have a soft second mortgage on that property which will essentially kick in after the first mortgage is paid off. In this way, section 8 would be paid at the market rent and good owners of projects could stay in the program and not be forced into default and foreclosure.

It was our hope in working with all of the parties involved—as I said, originally many of them with adverse and competing interests—that we could maintain this housing for those who need assisted housing most by allowing HUD to enter into a demonstration project. We tried to involve State housing authorities in this project to do the workouts. We have provisions that would permit HUD to set a budget-based rent that would take into account the costs of maintaining the project debt service and operating expenses.

Finally, the purpose of the demonstration is to preserve low-income housing at affordable prices. This is critical for the people who depend upon this housing, in North Dakota, as in Missouri. Preservation is especially critical for the elderly who depend on these projects in rural areas.

It is our view that attempting to shut down on the projects and voucher out the people who are displaced would lead to a tremendous loss to the FHA insurance fund and a loss of housing. In many areas, there may not be housing to supplant this housing that has been constructed.

I do not intend and will not try to justify the decisions which were made to get us into this crack. We are in a very difficult financial situation. We have a commitment to provide housing. It is my view that this is the best way we can get out of it. If the Senator and his staff would like to work with us and have a better way to do it, I am anxious to have improvements. But from our standpoint, having worked with all of the competing interests in this, this seems to be the best way to minimize the exposure to taxpayers and maintain vitally important housing for those who need assistance.

Mr. DORGAN. Mr. President, I am not suggesting there may be a better idea. It appears to me that this is a maze from which there is not an easy escape. I guess I do not yet understand what a soft second mortgage is, and I also want to try to understand how this $10 billion in deferred maintenance on these projects, projects for which there have been substantial tax advantages paid up front and substantial rent advantages given over a contract period, how that relates to what one might or might not do with these properties.

So I guess the first question I would ask is, what is a soft second mortgage? Is there an anticipation that that will be paid? And why might not a landlord simply walk away from a soft second mortgage? After satisfying the obligation of the next contract period over which the original mortgage is written down and rents are sufficient to provide a profit ostensibly to those property holders, why would they not walk away from a soft second mortgage? I am asking the question only because I do not know anything about this proposal.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri.

Mr. BOND. In answer to that question, there are significant tax liabilities for an owner who walks away from a project. There were tax benefits which accrued to the people who produced the project in the first place. Walking away means they lose not only the property, but they also are subject to significant tax recapture.

There is a proposal from HUD that the write-down include funds sufficient to pay any tax liabilities. I do not agree with that. I do not think that in the housing business we should change the tax implications. But there are very serious tax implications if they walk away. The second mortgage is one which does not require payments in the initial years while the first mortgage is being paid off.

To address the deferred maintenance, the owners will have access, for the first time, to residual sums which had been set aside in the past for maintenance, and by converting a portion of the debt on the project to the soft second and freeing the owners from the responsibility of paying that portion, paying current debt service on that portion, that will free up money for the deferred maintenance. Will it handle all of it? We cannot say. But there will be a substantial sum made available. We are calling it a demonstration project because we do not know for sure how this will work, but it is our best idea of how to deal with these related problems.

Ms. MIKULSKI. If I could comment——

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland.

Ms. MIKULSKI. To the Senator from North Dakota, the Senator first of all is right; we use a vocabulary nobody understands, like "mark-to-market," "soft seconds," and all of that. It is part of budget speak and one of the reasons the American people cannot follow much of the debate. The language of Washington is not the language of everyday people nor the language of everyday mortgage speaking, and so on. So I want to acknowledge that.

Let me first explain to the Senator what "mark-to-market" means. It is really called multifamily portfolio reengineering. It is a program designed simply to refinance the FHA-insured project base, meaning that it is the actual building. Section 8 assisted multifamily, meaning more than one family lives in it. It is private sector housing. It is not public housing. The Senator is right. It was a program created during the Nixon era and worked, but every good intention got layered on and now we are in a situation where there is a tremendous possible liability to the U.S. Government if these mortgages go into default. If so, it is like a mini S&L crisis. What we are all trying to avoid, including working with the Clinton administration and Secretary Cisneros, is that.

There is no answer. So what we are doing is providing the flexibility for refinancing and restructuring. If you are a lousy landlord, you are going to be pushed out. They will not renew it. We are all in kind of this quagmire. This demonstration project is providing flexibility to the local government.

But let me come back to what the Senator says, how he needs to understand this. I want to understand it, too. The best explanation, quite frankly—and I mention it for the Senator's staff—the Baltimore Sun in a column called, "The Perspective," August 18, had an exceptional article done by John Barth, who was the chief economist at the Office of Thrift Supervision during President Bush, and Robert Litan, who is the director of economic studies at Brookings. He goes through what this time bomb is, and it is a time bomb, including a variety of the options that we have at our disposal. There are none that are easy. There are none that are simple. There are none that are cheap. So what we are in the process of doing with the Bond amendment is beginning the process of getting our hand around it.

Now, I could go through item after item after item on tax consequences, and so on. But I do not know that it would serve the Senator, and also perhaps we could get this even Xeroxed because we will be debating this tomorrow. But one thing the Clinton administration agrees upon, and I believe the Republican Caucus as well as our side, is this is a time bomb, and where ultimately we might go to vouchers or some other thing, right now we have this, and we will be faced with this I would say for the next 3 to 5 years.

I know this because of a problem in Maryland where the guy took the section 8 money, did nothing on maintaining it. HUD, Maryland HUD, preferred sitting in an air-conditioned office rather than going out standing sentry on these projects, and now this guy is walking away from it. I have an IG report on it. I cannot go into it in more detail.

So you have the bums like what I had in Riverdale, in Maryland, and then you have others that got into it—well-intentioned, aging projects, section 8, tax credits—but now they cannot continue to pay that rent and so they say, "Whoops, we are now caught. How can we work it out?" And the Bond amendment is how to deal at the local level with landlords, owners who are ready to deal in good faith so we do not place the tenants in jeopardy and we do not place the taxpayers in jeopardy. It is the beginning of a process, and the only tool we have is to restructure these mortgages and to begin to kind of phase them out. Will the Senator characterize that as accurate?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I am advised by the distinguished majority whip that he needs to offer amendments, I believe, that are required on the unanimous consent.

If there is no objection, I will yield the floor to allow him to meet the 5 o'clock deadline which was previously entered into. I yield the floor.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Oklahoma [Mr. NICKLES] is recognized.

UNANIMOUS-CONSENT AGREEMENT—DEFENSE OF MARRIAGE ACT

Mr. NICKLES. Mr. President, I will be very brief. Under the unanimous consent agreement entered into prior to our recess for the August break, we entered into a unanimous consent agreement on a bill called the Defense of Marriage Act. Under the time agreement, it called for bringing this act up on Thursday of this week with each side permitted to offer up to four amendments. Those amendments must be submitted, each side, by 5 o'clock today.

This Senator, on behalf of Senator LOTT and others, submitted three amendments. But I want to tell the minority leader and others it is our hope there will be no amendments adopted to the Defense of Marriage Act. We submitted those basically so we would have those in as possible amendments, should an amendment on the other side by adopted. So I wanted to make sure that the minority leader, that Senator KENNEDY and others, who have an interest in this—at least it is this Senator's hope and desire there will be no amendments adopted to the Defense of Marriage Act. Under the unanimous consent agreement that was called for, we did just submit three amendments for their consideration. But, again, it is this Senator's hope that we will consider the bill and pass it expeditiously. The House passed it overwhelmingly. Hopefully, the Senate will as well, without any further amendments, so it can go to the President for his expected signature.

I thank my colleagues from Missouri and Maryland and North Dakota for their willingness to let me make this statement. I yield the floor.

DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Missouri [Mr. BOND] is recognized.

Mr. BOND. I thank the Senator from Oklahoma. I also wanted to follow up on the question the Senator from Maryland addressed. I think the information she provided is most helpful. I note many of the contractual arrangements, including the excessively large mortgages and excessive contract rents, are due to contractual agreements made by the Federal Government 20 or 30 years ago. Some excessive costs have resulted from some of the Federal regulations and standards, which could be characterized as onerous, that applied to these projects. Other costs are due to the very difficult areas where the projects were being built. They were trying to get people into areas where you would not normally build multifamily housing. This included going into rural areas where there is elderly population, or projects in depressed inner city areas where costs of construction were very high.

Some of the multifamily housing in this portfolio represents the only—or certainly the best standard housing in many areas, or the only housing available to low-income families. Our purpose is to squeeze out the excessive subsidies. But we also have to be sensitive to the critical housing needs of the low-income families, and especially the elderly who were subsidized—assisted by the project. That is why this is a very difficult problem. That is why we are engaged in this discussion of how we get out of a bad situation.

I yield the floor.

Mr. DORGAN. It is not my intention to be critical, and I hope I have not in any way been critical of what the Senator is trying to do.

Ms. MIKULSKI. Not at all.

Mr. DORGAN. I am trying to understand what the problem is and what the potential solutions are. While there are undoubtedly some other elements of the cause of the problems in section 8, I think it is fair to say the 500-pound gorilla here started with an idea that must have seemed right to those who propounded it, but in retrospect it was a pretty dumb idea. It put us in the position, in small towns in this country, of having the Federal taxpayer pay $500 or $600 a month rent for one-bedrooms that everybody in town knows would not rent for that, would not rent for half that.

The problem is not only that you are wasting a lot money—when I say, "you," I mean the Federal Government—not only are we wasting a lot of money, we are also undermining public confidence again in Government. Because instead of this being the right approach that thoughtfully provides housing for those who need it, it provides housing, over a period of some many years, at rents that are so substantially above the market. That is why I am asking the questions.

It may be that the approach suggested is the right approach, I just do not know. I am trying to think through this myself. I do not know that there is the right idea to extract ourselves from this problem. But both the Senator from Missouri and the Senator from Maryland indicated this is kind of a time bomb because this problem does not get better, it gets worse unless it gets solved. The quicker it gets solved the better off are the taxpayers.

The Senator from Missouri just made a point I fully agree with. You cannot solve this problem without being mindful of the housing needs of the people who rely on the housing stock. I understand that. If there are 132,000 units that are going to come up for renewal this year in section 8, and somewhere between 800,000 and 1 million that eventually will come up whose contracts expire, the question is: what happens to those who rely on or who have needs for public housing that are now satisfied by those units. I do not know the answer to that. But it is also clear to me we cannot sustain nor should the taxpayers expect us to make a decision ever to sustain what has been done. Because it has grown into a circumstance where it is a grotesque caricature of what it ought to be.

When you ask someone in a small town, small county in North Dakota, how much should you have to pay for a one-bedroom unit to solve some low-income person's housing needs, no one would come up with the amount that is now being paid to that project owner. The project owner has not done anything wrong, he has simply taken advantage of a program that, in my judgment, was inappropriately constructed, that allows this mangled result to occur.

Let me ask one additional question and, again, I do not mean to be putting you on the spot because this is not the area you would necessarily be involved in. You are involved in the appropriations necessary to pursue the goals of these housing programs that are authorized.

In today's paper, Mr. Gugliotta has an article that talks about section 8 landlords. It says, "Law Says Section 8 Landlords Can Keep It All in the Family." The article talks about a fellow in Allegheny County, the controller for that county, who is supposed to be collecting taxes who thought he would start dunning low-income landlords for failing to pay local property taxes. This is a quote now:

> During his investigation, however, he happened upon an anomaly. Nearly 100 landlords in the greater Pittsburgh area were receiving federal subsidies for renting apartments and houses to their supposedly poor relatives.

All of this, according to this story, was under section 8. That, it seems to me, is a dilemma. He sent this to Secretary Cisneros, who indicated he had not heard of such practices.

It is just another small example of something in that system that just smells to high heaven.

Ms. MIKULSKI. If I might respond to the Senator from North Dakota, I read that article this morning, too. It was the first I have ever heard of this in my 10 years of being on this subcommittee, where someone owns a property, rents it to a relative, and then gets a section 8 to pay for the relative's rent. The gentleman referred to is Mr. Frank Lucchino, a very well-regarded public official in, I believe, the Pittsburgh area of the State of Pennsylvania. That is Allegheny County.

I was quite concerned and had intended to talk with Senator BOND about that this afternoon. No. 1, I think Cisneros owes us an explanation. No. 2, this says exactly the point that I made: HUD is not standing sentry on its section 8, nor is local government. It has met often compelling needs. There are many good landlords. But there have also been bums and scams and schemes along the way. We need to clear those out.

I was going to suggest to Senator BOND that we have an inspector general look into this, rather than GAO, because I think we will get a quicker response. And as you know, the inspector general is intimately familiar with all the details of both the financing and management of HUD.

So I assure the Senator from North Dakota and anyone who has read that article and wonders what is up that we are going to get a response from Mr. Cisneros. I would like to recommend that we get an IG report on it. But I am like you. There are the tenants, the good-guy landlords, the well-intentioned taxpayers. And then under every rock we seem to find another rock on section 8.

What disturbs me is that in some instances, because of poorly maintained buildings, it has been a hollow opportunity for the poor. All we have is unaccountable private-sector housing imitating the worst of the public housing. Second, we have many good landlords, but we have also in some instances—like Riverdale in Maryland had a new slum landlord, and then to add insult, the taxpayers were left holding the mortgage for $5 million.

So we have a lot to do here. And to Mr. Cisneros' credit, and really to Senator BOND, and working on our committee, Senator SARBANES, Senator D'AMATO with the authorizing, we're trying to dig out. But the Senator from North Dakota, he knows when he walks into a stable, sometimes doing it one shovel at a time is difficult; but we will get to it.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I will follow up the comments by my colleague from Maryland. If there was ever an Augean stable that had to be cleaned out, it is probably HUD. What was referred to in the article today by our colleague and what our colleague from North Dakota mentioned is a real problem of management by HUD of its facilities and all of the housing that it provides.

It is my belief and understanding that HUD has the authority to deal with these problems. And there are a lot more problems. Let me assure you just renting to relatives and getting section 8 contracts is not the whole game. There is equity skimming. There are many other abuses.

One of the things we have attempted to do in recent years is to get HUD to focus on its job which is assuring that we provide good, clean, affordable housing to people who are entitled to it and do not pay one cent more out of the taxpayers' hard-earned money than we should pay. Many of us have been on the floor ranting and raving that we have put too many programs into HUD. Congress has been at fault. We have some 240 programs that HUD is supposed to administer. And we have chastised the Secretary and predecessors of

HUD for coming up with new ideas and new programs. And almost every week there has been a new program coming out of HUD. Some of us in frustration have said: Stop. Time out. Stop creating new programs. Focus the resources on the programs that you have because there are problems.

I think this problem that has been identified in the article demands an IG investigation. What was it that allowed this kind of an abuse of the system to go forward? Any program that is this large will attract some abuses. Are we doing enough? Do we have a system set up within the Department to identify these abuses? And if there are violations of the law, are we referring those to the appropriate authorities either for civil or criminal penalties?

I think there is a lot to the administration side of it that needs to be addressed. Fortunately, the Senator from Maryland and I have the very simple task of appropriating the dollars. When you look at the task of authorizing the programs in the Banking Committee, that is another headache. When you look at administering the programs and the executive side, that is a very large headache. And that is one which I think rightly deserves scrutiny.

We will join with, if the inspector general happens not to be listening to this debate today, in requesting of the inspector general that they do give us a report on that particular situation and how well HUD is equipped to deal with abuses such as these, and others. I thank my friend from North Dakota for bringing this out into the discussion on the floor today because it is just this kind of abuse of the system that rightfully drives taxpayers nuts.

I do not think anybody or certainly a very small number of people in the country would say that they did not want to provide housing assistance for those in great need. But there is an overwhelming majority that say we should not be paying one cent to provide a section 8 payment to somebody who is using a Federal program as a scam to get money off of housing a relative. I think that administration of the program is a very, very difficult challenge, one, frankly, I would not want under any circumstances.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I will finish at this point. If the Senator from Missouri and the Senator from Maryland are going to ask the inspector general to look into this, I would be delighted to join them in that request. I think that we should do that. I would be happy to join them. Let me just make an additional comment. The job that the appropriators have here is a difficult enough job, and the dimensions of this are very complicated. This is a very difficult issue. And I want to understand this evening a little bit—reading through what your proposal is—what soft second mortgages are and what some of the terminology is because I must confess I do not understand all of it.

I had intended, not only to come and ask questions about section 8 today, friendly questions I hope, but also to bring some pictures to the floor of the Senate. Unfortunately, I was unable to do so. I hope to do so when the Interior appropriations bill comes to the floor, to say this: I stood on a street in a very small community recently on an Indian reservation and looked around 360 degrees, and I saw HUD-owned housing—owned by HUD, I believe managed by the tribal housing authority—that was in such desperate condition it was absolutely shocking.

I have seen bad housing. I have seen housing that is unfit to live in all over the world, and in this country, but I have not ever seen housing in such disrepair owned by the Federal Government—holes in the walls, holes in the roof, windows missing, front steps gone, never painted, never maintained. I have seen better looking housing in Nicaragua. And Nicaragua is one of the poorest countries in this hemisphere. I was shocked to see the condition of some of the housing stock owned by the Federal Government. Shame on the Federal Government for having its name on housing, for which there is a 3-year wait to get in, that is almost unfit for habitation.

I say to the Senator from Missouri, he is correct, this deals with management. It does not deal with politics. HUD has been guilty, in my judgment, for mismanagement for some long while. We need to get at these problem areas, and get at them now. There are little children playing out there in the dirt in front of those places who live in those places. I am telling you, what I saw there was absolutely shocking. I am going to bring pictures to the floor of the Senate to show my colleagues what I have seen.

Let me mention one additional point. The day after I visited those areas on one Indian reservation, I went to a second Indian reservation. And they had some of the same kind of housing, but they had something else that made me leave that reservation feeling a little bit good at what was going on. On that reservation they had taken some kids, some kids who had troubled backgrounds, and as part of AmeriCorps, they put them in something called the Youthbuild project. And those kids were learning to become associate carpenters, helping to restore a little house. And they did a wonderful job restoring this house for a near-invalid elderly couple. The couple came to the house the day that I was there, and it was the first time they saw what had been done to restore their house to make it livable. And you should have seen the tears in the eyes of the woman who was seeing that house and the kitchen for the first time.

You should have seen these young kids, as part of AmeriCorps and Youthbuild, who now had learned to plumb a door, who now had learned to hang a door, who now had learned the basic carpentry skills of how to hang closets. It was a wonderful thing. A lot of things you see are shocking but there are some things you see that give you a little hope, as well. There is some good work going on.

I cited the Indian reservation and the Youthbuild project, a small little project, helping some kids help others by restoring housing units, because if we can replicate that thousands of times across this country, we will help a lot of people and we will address the right issues.

I regret I was not able to bring the pictures today of the housing I described initially. I intend to do that in the next day or two so that Members of the Senate can see what I saw and see the shame of the Federal Government having the title in its name of housing, for which there is a 3-year waiting period to get in, and housing which, in my judgment, is nearly unlivable.

Ms. MIKULSKI. To respond to the Senator from North Dakota about AmeriCorps Youthbuild, it is this subcommittee and with the concurrence and cooperation of Senator BOND and Senator HATFIELD that we have restored the House cuts. Again, it is not some Government giveaway. It is almost like a conservation corps, but instead of outdoor work it is focused on rehabilitating housing.

In their own way, youths learn those skills and go into the private sector. Some of the kids that are now working in Youthbuild, not only did we stop them from being dead-end kids, but you will go back to North Dakota and see that they will be members of the North Dakota Home Builders Association, and I mark-to-market my words on that.

Mr. DORGAN. I was not aware that was something originated by your subcommittee.

Ms. MIKULSKI. We saved it.

Mr. DORGAN. Let me thank you for doing that and tell you I have seen young kids whose lives are turning around because of it. I have seen elderly people who had tears in their eyes when they saw the work the kids have done to improve housing.

If ever there is an investment that makes sense, this is the kind of investment that improves kids' lives and improves housing in this country. That is a good place to end, so I say thank you for saving that program because I think it is a wonderful promise that represents the best of what we can do in Government.

Mr. BOND. Mr. President, I join in thanking our colleague from North Dakota for his kind comments about

Youthbuild. We did put in the $40 million requested for that program.

I, too, have seen the benefits in St. Louis of the Youthbuild Program. I regret to inform my colleague that if he wants to deal with the problems of Indian housing, we do that, too. That is not Interior. That is in this committee. We will have, in the public housing reform bill that is working its way through the authorizing committees, there is a chapter that is in conference between the Senate and House Banking Committees that would reform Indian housing. Indian housing is unique. It has unique solutions. Instead of HUD micromanaging responsibilities, under the authorizing bill that is now in conference, the responsibility would be returned to the tribes to address their own needs.

I suggest our colleague may want to take some time to acquaint himself with the provisions in that public housing bill that deal with Indian housing, because I share the concerns about Indian housing and how the U.S. Government has not done a good job in addressing those needs. We do Youthbuild, we do Indian housing, we do AmeriCorps, National Science Foundation, lots of things you never heard of. We are sort of a general complaint window and always glad to have comments and participation by our Members in these programs.

Mr. DORGAN. I understand.

My only point was I was not able to get the photographs, but when we talk about Indian issues in the next appropriations bill I will show the photographs to the Senate at that point.

Mr. BOND. I thank my colleague from North Dakota.

Mr. President, I ask that the pending amendments be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 5175

(Purpose: To provide HUD authority to provide special incentive payments to encourage voluntary retirements to extent necessary to avoid a reduction in force (RIF), subject to a $25,000 limitation)

Mr. BOND. Mr. President, I send to the desk an amendment relating to reductions in force in HUD.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri [Mr. BOND], proposes an amendment numbered 5175.

Mr. BOND. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 59, after line 2, insert the following:

"SEC. . In order to avoid or minimize the need for involuntary separations due to a reduction in force, departmental restructuring, reorganization, transfer of function, or similar action affecting the Department of Housing and Urban Development, the Secretary shall establish a program under which separation pay, subject to the availability of appropriated funds, may be offered to encourage employees to separate from service voluntarily, whether by retirement or resignation: *Provided*, That payments to individual employees shall not exceed $25,000: *Provided further*, That in addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, HUD shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this paragraph".

Mr. BOND. Mr. President, I believe this amendment is cleared on both sides. This amendment is being submitted pursuant to a request from the Secretary of HUD which inserts language similar to that provided in this bill for NASA which proposes a buyout provision to address the substantial personnel reductions confronting the Department of Housing and Urban Development at headquarters and in several other locations.

The buyout authority would enable the agency to meet its personnel targets without resorting to very disruptive and potentially costly RIF procedures.

In addition, to make this subject to the availability of appropriated funds, the language requires HUD to reimburse the civil service fund for expected loss revenue and increase beneficiary payments from appropriated funds. These limitations assure that no net increase in the expenditures would occur during fiscal year 1997.

Ms. MIKULSKI. Mr. President, I absolutely support Senator BOND's amendment. We worked very closely on this. We think it is what we need to downsize Government without downgrading HUD. It gives, essentially, many of the employees the opportunity to be able to take an early retirement. We think that is a good idea. We support it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5175) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BOARD OF VETERANS' APPEALS

Mr. COHEN. Mr. President, I would like to engage the distinguished chairman of the Appropriations Subcommittee on Veterans' Affairs, Housing and Urban Development, and Independent Agencies, Senator CHRISTOPHER BOND, in a colloquy regarding processing veterans' claims and the reduction of the claims backlog due to the efforts of the Board of Veterans' Appeals [BVA].

The Board of Veterans' Appeals [BVA] is responsible for the final decision in each of the many thousands of claims for entitlement to veterans benefits that are presented annually for appellate review. The Board's mission is to issue quality decisions in a timely manner. The timeliness of BVA's decision-making has come under intense scrutiny as unprecedented appellate backlogs have developed in recent years, primarily as a result of the process of adapting to a judicial review environment. However, beginning in 1995, BVA has done much to reverse this trend and is making progress in reducing the time veterans must wait for decisions on appeals.

Mr. President, in 1994 our veterans had to wait 781 days, over 2 years, for an appelant decision on their benefits and medical claims. This response time was reduced to 763 days in 1995. This reduction was still possible even with an increase of approximately 4,500 cases. Thus far in 1996 the response time has been reduced even further to 623 days. The anticipated appeals response time will be reduced to 545 days upon implementation of the BVA's staff increase by 50 attorneys in 1997. While this time is still too long for America's veterans to wait, it represents a substantial reduction from 1994 in the waiting time for appeals.

I believe two factors are responsible for the improvements in the BVA decision output and timeliness: First, productivity has increased at all levels, primarily as a result of the Board's successful implementation of its organizational realignment at the outset of 1996 and second, additional staffing resources made available in fiscal year 1996 have enabled the Board to add additional attorneys to the mission critical tasks of reviewing and drafting decisions on appeals. The Board's principal indicator of productivity is the number of appeals decided per full time employee [FTE]. As of may 31, 1996, BVA appeals decided per FTE had risen over 20 percent to a level of 80.1 from the fiscal year 1995 level of 65.1 appeals per FTE. This compares with fiscal year 1994's productivity of 49.9 appeals per FTE.

As the distinguished chairman is aware the other body approved the $4 million to fund the additional 50 positions on the Board. The bill before us specifically removes that funding. While the funding adding the 50 positions will decrease the processing time and lead to long term reduction, what is just as important is the impact of not adding those 50 positions. The processing time will not only increase in the near future, but will continue to increase and that is why I'm so concerned over the $4 million reduction.

I ask the chairman of the VA/HUD Subcommittee on Appropriations to support the $4 million request to the Board of Veterans' Appeals for an additional 50 staff so that we may continue to reduce the veterans' appeals response time.

Mr. JEFFORDS. Mr. President, I would like to associate myself with the remarks of the Senator from Maine, Senator COHEN. I think it's worth remembering that this $4 million increase at the Board of Veterans' Appeals [BVA] is supported by the American Legion, the Disabled American Veterans, AMVETS, the Paralyzed Veterans of America, and the Veterans of Foreign Wars. The administration asked for this money and the House of Representatives has included the increase in its bill. Thus, the support for this increase is substantial.

I understand that there are various studies looking at the adjudication process at the VA, including the appellate process. The committee's report points that out. However, we will not receive these results until December, and although this and future studies are ongoing, we cannot delay addressing the horrendous backlog at the BVA. Studies are fine, Mr. President, but we have veterans that could benefit now with an increase of 50 BVA personnel for only $4 million within a $84.71 billion bill. According to the Department of Veterans' Affairs, failure to increase funding levels for the BVA would mean that veterans will have to wait an additional five months to have their appeals decided. To many, that may not seem like a long time. I believe that most surviving World War II veterans would disagree.

So I will conclude by asking the distinguished chairman of the subcommittee, Senator BOND, to support an additional $4 million for the BVA in the VA/HUD appropriations bill when it goes to conference with the House.

Mr. AKAKA. Mr. President, I would also like to associate myself with the remarks of the senior Senator from Maine [Mr. COHEN] and the Senator from Vermont [Mr. JEFFORDS].

As a member of the Senate Veterans' Affairs Committee, I have a special interest in the Board of Veterans' Appeals. In 1994, our committee sought to address the unacceptable backlog of pending claims and passed legislation that streamlined the Board's process and helped retain experienced and qualified judges.

This year, the President, veterans organizations, and the House of Representatives agreed to increase the Board's appropriations by $4 million to further reduce its response time. The Department of Veterans Affairs has indicated that the additional funds will reduce the processing time by 132 days in fiscal year 1997 and 272 days in fiscal year 2002.

The Senate Appropriations Committee did not fund the administration's request. I understand the committee is awaiting the results of studies being undertaken on the effectiveness and efficiency of the adjudication and appeals system and decided against providing the additional funds. I, however, believe that the money will provide much needed relief to veterans currently waiting for a response from the Board. A veteran should not have to wait over a year and a half for a decision. We need to reduce the average response time and address the results of the studies when they are completed and made available to the appropriate committees for action.

Therefore, I respectfully request that the chairman and the distinguished ranking member of the Appropriations Subcommittee on VA, HUD and independent agencies support the restoration of the $4 million in conference.

Mr. BOND. Mr. President, I understand the concerns of Senators COHEN, JEFFORDS, and AKAKA. I can assure them that I will consider their request for $4 million for the Board of Veterans' Appeals, in conference with the House. Reducing the response time to process veterans claims is extremely important. I believe the BVA should continue to look at improving the process, in addition to looking at acquiring more staff to process the claims.

FEDERAL EMERGENCY MANAGEMENT ACTIVITIES IN ARIZONA

Mr. KYL. Mr. President, it is with great reluctance that I take the time of the Senate today to discuss an issue involving my State that should have been resolved years ago. The Federal Emergency Management Agency—the funding of which we are now discussing—has not given Arizona the same prompt response other States have enjoyed.

We have seen FEMA respond to the needs of communities across the country, helping the American people put their lives and property back together after major catastrophes. In Arizona, however, several communities have been living with the damage caused by a flood in early 1993, for which they have yet to receive FEMA's help in restoring significant damage.

The areas damaged, and as yet unrepaired, include the Wellton-Mohawk Irrigation and Drainage District, the town of Kearny, and Romero and Aravaipa Roads in Pinal County, AZ.

The Arizona congressional delegation first contacted FEMA Director James Lee Witt in September 1995 to express our concern and dismay about unresolved repair projects from the 1993 Presidential declared disaster. In a meeting last October with Director Witt, he pledged that he would immediately get his staff to work on resolving the outstanding issues that had prevented the completion of the disaster repairs in Arizona. Shortly thereafter, a member of his staff visited Arizona and promised action. There was no discernible progress toward resolution of the problems until March 1996.

In March, during another meeting with FEMA's Washington staff, our constituents were dismayed to learn that FEMA had failed to follow through on the commitments made by agency staff during the fall visit to Arizona. It is incomprehensible that FEMA has failed to fulfill its obligation in any of the projects which have been its responsibility since the disaster was declared in early 1993.

As a result, the town of Kearny has not yet seen restoration of its airport, a recreational park, or a campground destroyed by the flooding. Delays in constructing a flood control levee have left the town's sewer treatment ponds susceptible to further flood damage and have left the Gila River exposed to the threat of contamination from the ponds.

River crossings for Romero and Aravaipa Roads remain unrestored. School children have been forced to cross the Gila River at the Romero Road crossing by walking across a 1,300 foot railroad bridge with frequent train activity and not enough clearance for both the trains and the children. At the Aravaipa crossing, families are required to leave vehicles on both sides of Aravaipa Creek and traverse the crossing by rope in order to commute to their jobs and bring food supplies and other basic staples to their homes when the creek is impassable. Emergency service to both communities are severely hampered by the lack of adequate crossings.

Again, this flood damage occurred some 3½ years ago. Despite a Presidential disaster declaration, these important public facilities remain closed.

We understand that there are regulations and requirements governing the restoration of facilities following a disaster. Especially in light of FEMA's recent history, it is imperative that taxpayer funds not be spent unwisely and without justification. However, this is not the issue in these cases.

FEMA has simply not given these Arizona projects the attention necessary to get them completed. And when agency personnel have worked on Arizona's projects, they have proven to be more adept at throwing up bureaucratic obstacles than at helping these small communities—as they have helped hundreds of other towns and cities around the country in the 3½ years since areas of Arizona were flooded.

In one instance, FEMA notified the Wellton-Mohawk Irrigation District in May that its project would be funded, conditioned on the completion of all environmental requirements. Apparently unknown to the FEMA official writing the letter, however, the District had already completed the necessary environmental documentation—to the satisfaction of the Corps of Engineers and with the instrumental participation of FEMA staff.

Nonetheless, FEMA officials have spent the months from early May until now trying to decide whether additional environmental work must be done. I was informed this week that FEMA has agreed to complete the environmental work by early November. But given our past experience with FEMA, there is no certainty that the commitment will be kept. This sort of delay and indecision are simply unconscionable, and I would suggest that the distinguished committee chairman would grow very impatient if disaster-stricken areas in his State were treated so irresponsibly by Federal officials charged with their recovery.

I would ask that the chairman take note of FEMA's failure to provide even an adequate level of attention to Arizona's disaster-affected communities.

Mr. BOND. I will make note of the circumstances in Arizona. As you have mentioned, if a disaster had occurred in my State, I would expect FEMA to respond quickly. We recognize that FEMA has worked to help many areas around the country, but it appears that they need to complete their commitments in Arizona. Could the Senator from Arizona tell me how long the communities have waited for a resolution?

Mr. KYL. In 1993, a flood caused severe damage to four areas of Arizona. They were considered Federal disaster areas. The Arizona congressional delegation met with Director Witt in October of last year. He assured us that FEMA would move promptly to conclude the unresolved issues in Arizona. So to answer the chairman's question, the communities have been living in damaged areas since 1993 and roughly 10 months have elapsed since FEMA recommitted itself to solving the problems quickly.

Mr. BOND. Have they completed any of the projects?

Mr. KYL. No.

Mr. BOND. I understand the Senator's concern especially given that 3 years have passed without relief. I appreciate the Senator's bringing this to my attention, and I will do what I can to work with the Arizona delegation to rectify the situation.

Mr. KYL. I thank the chairman for recognizing the problems in Arizona and for his leadership on this bill.

Mr. BOND. Mr. President, we have been open for business for 3½ hours today. We have handled some routine matters and had a very good discussion on mark to market.

We would like to know if there are any other Members who have anything they wish to act on this afternoon. We have major amendments that will have to be debated tomorrow. We certainly hope that we can conclude this bill sometime between the resolutions or actions on the situation in Iraq and the Defense of Marriage Act. I hope that the very important programs that are covered by VA, HUD, and independent agencies bill will be given full consideration. If there are any other amendments or actions today, I ask that they be brought forward.

I yield the floor and ask my colleague if she has any further comments.

Ms. MIKULSKI. Mr. President, I think we have gotten a lot accomplished. We look forward to tomorrow moving our bill in a crisp way. We ask all Democratic Senators who have amendments to please notify my staff, and on all of the major ones we hope to be working on time agreements, particularly those related to the space station. We know Senator Daschle has an amendment, which is very important, on veterans health care. We know one will involve experimental research with animals in the space program. We hope to deal with those.

We say to our colleagues, please notify us. If you don't need to offer an amendment, and we can resolve it, please discuss it with us. As we have seen in colloquies, people of good will and good manners can get a lot done pretty quickly.

Mr. BOND. Mr. President, I have been advised by floor staff that there will be a briefing on the situation in Iraq tomorrow afternoon. I believe leadership is working to get a very short time agreement on a resolution. We have had indications that the Senators involved in the Bion amendment for NASA would be willing to accept a 2-hour time agreement. Is it possible to get a time agreement from, say, 9:30 to 11:30 tomorrow morning, with a vote at 11:30 on or in relation to the NASA Bion amendment? I pose that question to my colleague for further discussion with the leadership on the minority side.

Ms. MIKULSKI. Several things. We cannot agree to a time agreement on the Daschle amendment. I don't know whether he would like his amendment to go first. We hope to have that clarified.

Second, for many of our Members, there is a request from the Democratic leader that votes be postponed until after the caucus, and I think that is not only for our side, but your Members who are also flying back. So we are trying to find out whether in the morning there will be, first, a resolution on Iraq or whether we can go to Bion. I am ready to go to Bion.

Mr. BOND. Mr. President, I thank my colleague. It was the intent, I believe, of the majority leader to move—or it was hoped that we could move forward on the Bion amendment and have a vote at 11:30. It appears that this has been raised to a higher pay grade than ours. So it cannot be resolved at this time.

Ms. MIKULSKI. I say to the Senator from Missouri that I believe when we convene tomorrow morning, and the two leaders will have conferred about how they want to pace the day, both in terms of a resolution relating to Iraq, and then from there proceed back to our bill. I believe the Democratic leader wishes to speak to the Republican leader, the majority leader, Senator LOTT, about what they want to go first. So I am not quite sure how that will all be worked out.

Mr. BOND. Mr. President, I don't think anybody is particularly concerned about what time we have votes, so long as we can reach an agreement. On behalf of the majority leader, and really on behalf of those of us who worked on this bill, I hope we will be able to come up with an orderly procedure, get agreements on the order in which we will bring up these very important amendments, when we can get a resolution, get a time agreement, and get final passage. For my part, we are ready. We have been ready since early August to go forward with this. We have very difficult and constructive disagreements to work out with the House over this measure so we can get it passed. We really want to move forward on it as quickly as possible. So all things are negotiable. I hope we can get an orderly procedure and handle these amendments, which will require some good debate, and get them done tomorrow as quickly as possible.

Ms. MIKULSKI. I say to the Senator from Missouri, I believe we will have an orderly procedure. I believe we are in a situation because of two factors. One is because of the Iraq situation. There is a question of when we will do a resolution on that, which was not anticipated.

No. 2, many Members are not yet back for the two leaders to be able to confer and do this. I think we are clear for where we are going. It is just a matter for the two leaders to talk and for us to work on a time agreement.

I tried to get an agreement on the space station. I have tried for three Congresses to get a time agreement from the Senator from Arkansas. So we are all working on this. I think by the time we get to tomorrow we will be a little clearer on the order and our pacing. It is just a matter of getting everybody focused. People are just flying in now from the break.

Mr. BOND. I thank the Senator from Maryland. We can have debate on the space station all night tonight, as far as I am concerned. For those who wish to debate a new entitlement program, that could go on as long as we want tonight. This facility is not being used otherwise. I hope that when we get ready to begin voting tomorrow, we will be able to have votes in a timely fashion.

At this point, the floor staff is checking with the leadership. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. BOND. Mr. President, I now ask unanimous consent that there be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO SOPHIE GERSON

Mr. MOYNIHAN. Mr. President, I rise today to pay tribute to Sophie Gerson, a remarkable New Yorker who provides a superb example of how one citizen can make an important difference. In particular, she has shown how one dedicated educator can pass on a brighter future to numerous young people. Through her dedication to education, as a parent, parent association leader, teacher, school board member and president, Sophie has been an important leader for better education in the city of New York and our Nation.

Sophie Gerson taught physical education and health in public junior high schools in lower income areas of New York City for over 36 years. She endured budget cuts, increases in class sizes and other adverse conditions to make sure all of her students would enjoy a healthier and more successful future. She imparted health skills, athletic skills, and the values of team work, sportsmanship, and healthy competition. She took an interest in coaching students in dance and, as a result, students were able to rise out of poverty by pursuing dance-related careers. Upon Sophie Gerson's retirement from teaching, her students composed the following tribute to her:

> Mrs. Gerson gave new meaning to the word protect
> Because she taught us to apply it to ourselves
> We will not be a generation whose health is wrecked
> And we'll put trophies she inspired on our shelves.

Recently, many of her former students paid the ultimate tribute that could be bestowed on a teacher by remembering and honoring Sophie many years after she had taught them at an award ceremony by the Puerto Rican Family Institute. She shall be missed.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting a treaty and sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE RECEIVED DURING ADJOURNMENT

ENROLLED BILLS SIGNED

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on August 6, 1996, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bills:

H.R. 1975. An act to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes.

H.R. 2739. An act to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes.

H.R. 3103. An act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes.

H.R. 3139. An act to redesignate the United States Post Office building located at 245 Centereach Mall on Middle Country Road in Centereach, New York, as the "Rose Y. Caracappa United States Post Office Building".

H.R. 3448. An act to provide tax relief for small business, to protect jobs, to create opportunities, to increase the take home pay for workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under the act.

H.R. 3834. An act to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office."

H.R. 3680. An act to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva Conventions to provide criminal penalties for certain war crimes.

H.R. 3870. An act to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency.

Under the authority of the order of the Senate of January 4, 1995, the enrolled bills were signed on August 6, 1996, during the adjournment of the Senate by the President pro tempore [Mr. THURMOND].

Under the authority of the order of the Senate of January 4, 1995, the Secretary of the Senate, on August 8, 1996, during the adjournment of the Senate, received a message from the House of Representatives announcing that the Speaker has signed the following enrolled bill:

H.R. 3734. An act to provide for reconciliation pursuant to section 201 (a)(1) of the concurrent resolution on the budget for fiscal year 1997.

Under the authority of the order of the Senate of January 4, 1995, the enrolled bill was signed on August 8, 1996, during the adjournment of the Senate by the President pro tempore [Mr. THURMOND].

MEASURES PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

H.R. 3953. An act to combat terrorism.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on August 2, 1996 he had presented to the President of the United States, the following enrolled bill:

S. 1316. An act to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–3616. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC–3617. A communication from the Chief of the Office of Legislative Liaison (Programs and Legislative Division), Department of the Air Force, transmitting, pursuant to law, the report of a cost comparison study concerning the cost of operating the Base Operating Support at Laughlin Air Force Base, Texas; to the Committee on Armed Services.

EC–3618. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "United States Standards for Florida Grapefruit, United States Standards for Grades of Florida Oranges, and United States Standards for Grades of Florida Tangerines"; to the Committee on Agriculture, Nutrition, and Forestry.

EC–3619. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Avacados Grown in South Florida; Assessment Rate," received on August 2, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC–3620. A communication from the Administrator of the Agricultural Marketing

Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Papayas Grown in Hawaii; Assessment Rate," received on August 2, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC–3621. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to Enhanced 911 Emergency Calling Systems, received on August 1, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3622. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of three rules including one entitled "Establishment of Class E Airspace; Grants Pass, Oregon," (RIN2120, 2120–AA64) received August 1, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3623. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of seven rules including one entitled "Drawbridge Operation Regulation; Saginaw River, MI," (RIN21115–AE47, 2115–AE46, 2115–AE84, 2115–AA97) received August 1, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3624. A communication from the Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a final rule relative to endangered and threatened wildlife and plants, (RIN1018–AB88) received on August 1, 1996; to the Committee on Environment and Public Works.

EC–3625. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Revenue Ruling 96–38," received on August 1, 1996; to the Committee on Finance.

EC–3626. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Revenue Procedure 96–42," received on August 1, 1996; to the Committee on Finance.

EC–3627. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a rule entitled "Amendment to the International Traffic in Arms Regulations," received on August 1, 1996; to the Committee on Foreign Relations.

EC–3628. A communication from the Inspector General of the Department of Health and Human Services, transmitting, pursuant to law, the semiannual report for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC–3629. A communication from the Secretary of the Treasury, transmitting, pursuant to law, the fiscal year 1995 financial statements of the United States Mint; to the Committee on Banking, Housing, and Urban Affairs.

EC–3630. A communication from the Attorney-Advisor Federal Register Certifying Officer, Financial Management Service, Department of the Treasury, transmitting, pursuant to law, the report of an interim rule entitled "Management of Federal Agency Disbursements," (RIN1510–AA56) received on July 25, 1996; to the Committee on Finance.

EC–3631. A communication from the Employee Benefits Manager of the AgFirst Farm Credit Bank, transmitting, pursuant to law, the annual reports of federal pension plans for calendar year 1995; to the Committee on Governmental Affairs.

EC–3632. A communication from the Executive Director of the Committee For Purchase From People Who Are Blind or Severely Disabled, transmitting, pursuant to law, the report of a rule relative to the Committee's Procurement List, received on July 31, 1996; to the Committee on Governmental Affairs.

EC–3633. A communication from the Comptroller General of the United States, transmitting, pursuant to law, the report of the list of General Accounting Office reports and testimony for June 1996; to the Committee on Governmental Affairs.

EC–3634. A communication from the Deputy Associate Administrator for Acquisition Policy, Office of Policy, Planning and Evaluation, General Services Administration, transmitting, pursuant to law, the report of a rule relative to the Federal Travel Regulation for the maximum per diem rate, (RIN3090–AG07) received on July 26, 1996; to the Committee on Governmental Affairs.

EC–3635. A communication from the Director of the Office of Personnel Management, transmitting, pursuant to law, the report of a rule entitled "Funding of Administrative Law Judge Examination," received on July 25, 1996; to the Committee on Governmental Affairs.

EC–3636. A communication from the District of Columbia Auditor, transmitting, pursuant to law, the report entitled "Review of the District of Columbia Public Schools' Official Membership Count Procedures"; to the Committee on Governmental Affairs.

EC–3637. A communication from the District of Columbia Auditor, transmitting, pursuant to law, the report entitled "Review of Implementation of the D.C. Depository Act During Fiscal Years 1994 and 1995"; to the Committee on Governmental Affairs.

EC–3638. A communication from the District of Columbia Auditor, transmitting, pursuant to law, the report entitled "Review of Check Generation and Vendor File Procedures for Non-FMS Disbursements"; to the Committee on Governmental Affairs.

EC–3639. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report on the proliferation of missiles and essential components of nuclear, biological, and chemical weapons for the period December 1, 1994 through December 31, 1995; to the Committee on Foreign Relations.

EC–3640. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 96–39, received on August 5, 1996; to the Committee on Finance.

EC–3641. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Ruling 96–42, received on August 12, 1996; to the Committee on Finance.

EC–3642. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Revenue Procedure 96–43, received on August 8, 1996; to the Committee on Finance.

EC–3643. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 96–75, received on August 7, 1996; to the Committee on Finance.

EC–3644. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of Announcement 96–77, received on August 7, 1996; to the Committee on Finance.

EC–3645. A communication from the Attorney-Advisor, Federal Register Certifying Officer, Financial Management Service, Department of the Treasury, transmitting, pursuant to law, the rule entitled "Delivery of Checks and Warrants to Addresses Outside the United States, its Territories and Possessions," received on August 7, 1996; to the Committee on Finance.

EC–3646. A communication from the President of the United States, transmitting, pursuant to law, a notice relative to the U.S. International Trade Commission; to the Committee on Finance.

EC–3647. A communication from the Chief of the Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Centralized Examination Stations," received on August 2, 1996; to the Committee on Finance.

EC–3648. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report of the calendar year 1997 physician fee schedule update and fiscal year 1997 Medicare volume performance standard recommendations; to the Committee on Finance.

EC–3649. A communication from the Administrator of the Health Care Financing Administration, Department of Health and Human Services, transmitting, pursuant to law, the rule entitled "Special Enrollment Periods and Waiting Period," (RIN0938–AH33) received on August 8, 1996; to the Committee on Finance.

EC–3650. A communication from the Secretary of Veterans' Affairs, transmitting, a draft of proposed legislation to amend title 38, United States Code, to provide benefits for certain children of Vietnam veterans who are born with spina bifida; to the Committee on Veterans' Affairs.

EC–3651. A communication from the Director of the Office of Regulations Management, Office of the General Counsel, Department of Veterans' Affairs, transmitting, pursuant to law, a rule entitled "Schedule for Rating Disabilities, Infectious Diseases, Immune Disorders and Nutritional Deficiencies (Systemic Conditions)," (RIN2900–AE95) received on July 30, 1996; to the Committee on Veterans' Affairs.

EC–3652. A communication from the Principal Deputy Under Secretary of Defense (Comptroller), transmitting, pursuant to law, a notice to invoke authority to incur obligations in excess of available appropriations; to the Committee on Appropriations.

EC–3653. A communication from the Acting Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the notice of the intention to obligate funds in fiscal year 1996; to the Committee on Appropriations.

EC–3654. A communication from the Acting Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the notice of the intention to obligate funds in fiscal year 1996; to the Committee on Appropriations.

EC–3655. A communication from the Acting Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the notice of the intention to obligate funds in fiscal year 1996; to the Committee on Appropriations.

EC–3656. A communication from the Acting Assistant Secretary, Legislative Affairs, Department of State, transmitting, pursuant to law, the notice of the intention to obligate funds in fiscal year 1996; to the Committee on Appropriations.

EC–3657. A communication from the Comptroller General of the United States, transmitting, pursuant to law, the report on General Accounting Office employees detailed to congressional committees as of July 19, 1996; to the Committee on Appropriations.

EC-3658. A communication from the Vice Chairman of the Federal Election Commission, transmitting, pursuant to law, proposed regulations governing Electronic Filing of Reports by Political Committees; to the Committee on Rules and Administration.

EC-3659. A communication from the Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a determination concerning assistance to support Pakistan's contribution to the voluntary international military contingent in Haiti; to the Committee on Foreign Relations.

EC-3660. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC-3661. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC-3662. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC-3663. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC-3664. A communication from the Assistant Attorney General, transmitting, pursuant to law, a report on the use of the federal electronic surveillance laws; to the Committee on the Judiciary.

EC-3665. A communication from the Director of the Federal Bureau of Prisons, Department of Justice, transmitting, pursuant to law, the rule entitled "Use of Force and Application of Restraints," (RIN1120-AA41) received on July 30, 1996; to the Committee on the Judiciary.

EC-3666. A communication from the Director of the Federal Bureau of Prisons, Department of Justice, transmitting, pursuant to law, the rule entitled "Central Inmate Monitoring System," (RIN1120-AA43) received on July 29, 1996; to the Committee on the Judiciary.

EC-3667. A communication from the Under Secretary of Commerce for Technology, transmitting, pursuant to law, a rule concerning the acquisition and protection of foreign rights in inventions, (RIN0692-AA15) received on July 30, 1996; to the Committee on the Judiciary.

EC-3668. A communication from the Chief Financial Officer, Assistant Secretary of Commerce (for Administration), transmitting, pursuant to law, the report under the Freedom of Information Act for calendar year 1995; to the Committee on the Judiciary.

EC-3669. A communication from the Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks, transmitting, pursuant to law, a rule entitled "Service of Process," (RIN0651-XX07) received on August 7, 1996; to the Committee on the Judiciary.

EC-3670. A communication from the Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks, transmitting, pursuant to law, a rule entitled "Revision of Patent and Trademark Fees for Fiscal Year 1997," received on August 7, 1996; to the Committee on the Judiciary.

EC-3671. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Changes in Disease Status of the Netherlands Because of Hog Cholera and Swine Vesicular Disease," received on August 7, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3672. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Milk in the Carolina, Southeast, Tennessee Valley and Louisville-Lexington-Evansville Marketing Areas; Interim Amendment of Rules," received on August 12, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3673. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Kiwifruit Grown in California; Assessment Rate," received on August 5, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3674. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Apricots and Cherries Grown in Designated Counties in Washington, and Prunes Grown in Designated Counties in Washington and in Umatilla County, Oregon; Assessment," received on August 7, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3675. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Spearmint Oil Produced in the Far West; Assessment Rate," received on August 7, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3676. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Fresh Prunes Grown in Washington and Oregon; Handling Requirement Revision; Fruits; Import Regulations; Fresh Prune Import Requirements," received on August 7, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3677. A communication from the Administrator of the Rural Utilities Service, Department of Agriculture, transmitting, pursuant to law, the report of a final rule entitled "Accounting Requirements for RUS Telecommunications Borrowers," (RIN0572-AB10) received on August 7, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3678. A communication from the Director of the Defense Finance and Accounting Service, transmitting, pursuant to law, the report on multi-function cost comparison studies; to the Committee on Armed Services.

EC-3679. A communication from the Assistant Secretary of the Army (Research, Development and Acquisition), transmitting, pursuant to law, a notice of intent to award a contract relative to the George C. Marshall Awards Seminar; to the Committee on Armed Services.

EC-3680. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the annual Defense Manpower Requirements Report (DMRR) for fiscal year 1997; to the Committee on Armed Services.

EC-3681. A communication from the Director, Office of Small and Disadvantaged Business Utilization, Department of Defense, transmitting, pursuant to law, a report relative to the progress of the Department in awards of minority contracts for fiscal year 1995; to the Committee on Armed Services.

EC-3682. A communication from the President of the United States, transmitting, pursuant to law, the report concerning the national emergency with respect to organizations that threaten to disrupt the Middle East peace process; to the Committee on Banking, Housing, and Urban Affairs.

EC-3683. A communication from the Chairman of the Board of Governors of the Federal Reserve System, transmitting, pursuant to law, the report on the profitability of credit card operations of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC-3684. A communication from President and Chairman of the Export-Import Bank of the United States, transmitting, pursuant to law, a notice relative to U.S. exports of agricultural machinery to Kazakstan; to the Committee on Banking, Housing, and Urban Affairs.

EC-3685. A communication from the General Counsel of the Department of Housing and Urban Development, transmitting, pursuant to law, the report of two rules including a rule entitled "Single Family Mortgage Insurance Premium Final Rule," (FR3899 and 3569) received on August 12, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3686. A communication from the General Counsel of the Department of Housing and Urban Development, transmitting, pursuant to law, the report of a rule entitled "Single Family Mortgage Insurance—Loss Mitigation Procedures," (FR4032) received on July 30, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3687. A communication from the Managing Director, Federal Housing Finance Board, transmitting, pursuant to law, the report of a rule entitled "Federal Home Loan Bank Directors Compensation and Expenses," received on August 12, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3688. A communication from the Managing Director, Federal Housing Finance Board, transmitting, pursuant to law, the report of a rule entitled "Management Approvement," received on August 12, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3689. A communication from the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of two rules including a rule entitled "Guidelines for Evaluating the Environmental Effects of Radiofrequency Radiation," received on August 7, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3690. A communication from the Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning directed fishing for the Pacific cod fishery by vessels using trawl gear in the Bering Sea and Aleutian Islands management area (BSAI), received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3691. A communication from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning a delay in the opening of the second (non-roe) directed fishing season for pollock in the Bering Sea and Aleutian Islands management area (BSAI), (RIN0648–A158) received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3692. A communication from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Northeastern United States; Northeast Multispecies; Amendment 7; Open Access Nonregulated Multispecies Permit," (RIN 648–AH70) received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3693. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the closure of the Northwest Hawaiian Islands Crustace Fishery, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3694. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning Groundfish of the Gulf of Alaska and Pacific Ocean Perch in Eastern Regulatory Area, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3695. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the prohibition of retention of the sharpchin/northern rockfish species group in the Aleutian Islands subarea of the Bering Sea and Aleutian Islands management area (BSAI), received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3696. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the reopening of the directed fishery for the Atka mackerel in the Central and Eastern Aleutian District and the Bering Sea subarea of the Bering Sea and Aleutian Islands management area, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3697. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the reopening of directed fishing for the "other rockfish" species group in the Western Regulatory Area of the Gulf of Alaska, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3698. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the closure of the Angling category fishery for large school and small medium Atlantic bluefin tuna, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3699. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the closure of the directed fishery for species in the rock sole/flathead sole/"other flatfish" fishery category by vessels using trawl gear in the Bering Sea and Aleutian Islands, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3700. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning Fisheries of the Exclusive Economic Zone off Alaska and Northern Rockfish in the Eastern Gulf of Alaska, received on August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3701. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the prohibition of directed fishing for species that comprise the shallow-water species fishery by vessels using trawl gear in the Gulf of Alaska, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3702. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning Atka Mackerel and Groundfish of the Bering Sea and Aleutian Islands, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3703. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning Atka Mackerel and Fisheries of the Exclusive Economic Zone off Alaska, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3704. A communication from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning Fisheries of the Exclusive Economic Zone and improving the Individual Fishing Quota Program, (RIN0648–AH61) received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3705. A communication from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the addition of the city of Akutan to the list of western Alaska communities that are eligible to certain other CDQ management measures, (RIN0648–AH61) received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3706. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning a closure to prohibit directed fishing for species that comprise the deep-water species fishery by vessels using trawl gear in the Gulf of Alaska, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3707. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning an inseason action for the ocean salmon fisheries off the coasts of Washington, Oregon, and California, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3708. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning an inseason action for the West Coast ocean salmon fisheries, received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3709. A communication from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning International Fisheries Regulations for 1996 Halibut Report No. 6., received on August 12, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3710. A communication from the Secretary of Transportation, transmitting, pursuant to law, a report entitled "Regulatory Actions Affecting Tourist Railroads"; to the Committee on Commerce, Science, and Transportation.

EC–3711. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of two rules including one entitled "Anchorage Areas; Ashley River, Charleston, SC," (RIN21115–AA98 and 2115–AE59) received August 5, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3712. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of eight rules including one entitled "IFR Altitudes; Miscellaneous Amendments (21)—Amdt. No. 397," (RIN2120–AA63, 2110–AA66, 2120–AA65, 2120–AA66) received August 5, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3713. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of seven rules including one entitled "Amendment of Class E Airspace; New York, NY," (RIN2120–AA64 and 2120–AA65) received August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3714. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of five rules including one entitled "Special Local Regulations; Inland Seafood Festival Jet Boat Races; Ohio River, Cincinnati, OH, (RIN2115–AE46, 2127–AF28, 2127–AG02, 2127–AF59) received August 8, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3715. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of eight rules including one entitled "Airworthiness Directives; Boeing Model 757 Series Airplanes," (RIN2120–AA64 and 2110–AA66) received on August 13, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3716. A communication from the Acting Assistant Secretary of State, Legislative Affairs, transmitting, pursuant to law, the report of a certification regarding the incidental capture of sea turtles in commercial shrimping operations; to the Committee on Commerce, Science, and Transportation.

EC–3717. A communication from the Under Secretary of Defense (Acquisition and Technology), transmitting, pursuant to law, the Selected Acquisition Reports for the period April 1 through June 30, 1996; to the Committee on Armed Services.

EC–3718. A communication from the Under Secretary of Defense (Policy), transmitting, pursuant to law, the report on the U.S.-China Joint Defense Conversion Commission; to the Committee on Armed Services.

EC–3719. A communication from the Administrator of the Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report on 1993 Department of Defense Military Base Closures and Realignments; to the Committee on Armed Services.

EC–3720. A communication from the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, transmitting, pursuant to law, a rule entitled "Miscellaneous Changes in Patent Practice," (RIN0651–AA75) received on August 14, 1996; to the Committee on the Judiciary.

EC–3721. A communication from the Director of the Office of Regulations Management, Office of the General Counsel of the Department of Veterans' Affairs, transmitting, pursuant to law, a rule entitled "Appeals Regulations, Rules of Practice," (RIN2900–AI11) received on August 16, 1996; to the Committee on Veterans' Affairs.

EC–3722. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC–3723. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on direct spending or receipts legislation within five days of enactment; to the Committee on the Budget.

EC–3724. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a report on appropriations legislation within five days of enactment; to the Committee on the Budget.

EC–3725. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to Notice 96–41 received on August 26, 1996; to the Committee on Finance.

EC–3726. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to Notice 96–42 received on August 26, 1996; to the Committee on Finance.

EC–3727. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to Revenue Ruling 96–43 received on August 21, 1996; to the Committee on Finance.

EC–3728. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to Revenue Ruling 96–44 received on August 15, 1996; to the Committee on Finance.

EC–3729. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to Revenue Ruling 96–45 received on August 15, 1996; to the Committee on Finance.

EC–3730. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to the rule entitled "Time for Performance of Acts Where Last Day for Performance Falls on Saturday, Sunday, or Legal Holiday," (RIN1545–AT22) received on August 13, 1996; to the Committee on Finance.

EC–3731. A communication from the Chief of Staff of the Office of the Commissioner of Social Security, transmitting, pursuant to law, a rule entitled "Living In the Same Household and the Lump-Sum Death Payment," (RIN0960–AE20) received on August 19, 1996; to the Committee on Finance.

EC–3732. A communication from the Chief of the Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Emissions Standards For Imported Nonroad Engines," (RIN1515–AB94) received on August 23, 1996; to the Committee on Finance.

EC–3733. A communication from the Chairman of the U.S. International Trade Commission, transmitting, pursuant to law, the report on the operation of the U.S trade agreements program for calendar year 1995; to the Committee on Finance.

EC–3734. A communication from the Secretary of Transportation, transmitting, pursuant to law, the report of a violation of the Antideficiency Act; to the Committee on Appropriations.

EC–3735. A communication from the Administrator of the U.S. Environmental Protection Agency, transmitting, pursuant to law, the report of a violation of the Antideficiency Act; to the Committee on Appropriations.

EC–3736. A communication from the Principal Deputy Under Secretary of Defense (Comptroller), transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 964–02; to the Committee on Appropriations.

EC–3737. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 96–01; to the Committee on Appropriations.

EC–3738. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 94–08; to the Committee on Appropriations.

EC–3739. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 94–04; to the Committee on Appropriations.

EC–3740. A communication from the Secretary of Defense, transmitting, notices concerning retirements; to the Committee on Armed Services.

EC–3741. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to Argentina; to the Committee on Banking, Housing, and Urban Affairs.

EC–3742. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to Pakistan; to the Committee on Banking, Housing, and Urban Affairs.

EC–3743. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to the People's Republic of China; to the Committee on Banking, Housing, and Urban Affairs.

EC–3744. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to the People's Republic of China; to the Committee on Banking, Housing, and Urban Affairs.

EC–3745. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to the People's Republic of China; to the Committee on Banking, Housing, and Urban Affairs.

EC–3746. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to the People's Republic of China; to the Committee on Banking, Housing, and Urban Affairs.

EC–3747. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to Russia; to the Committee on Banking, Housing, and Urban Affairs.

EC–3748. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to Thailand; to the Committee on Banking, Housing, and Urban Affairs.

EC–3749. A communication from the President and Chairman of the Export-Import Bank, transmitting, pursuant to law, a report regarding U.S. exports to Trinidad and Tobago; to the Committee on Banking, Housing, and Urban Affairs.

EC–3750. A communication from the Legislative and Regulatory Activities Division, Administrator of National Banks, Comptroller of the Currency, transmitting, pursuant to law, a rule entitled "Interagency Guidelines Establishing Standards for Safety and Soundness," (RIN1557–AB17) received on August 21, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–3751. A communication from the Assistant Chief Counsel of the Office of Thrift Supervision, Department of the Treasury, transmitting, pursuant to law, a rule entitled "Interagency Guidelines Establishing Standards for Safety and Soundness," (RIN1557–AB17) received on August 22, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC–3752. A communication from the President of the United States, transmitting, pursuant to law, a report concerning the national emergency with respect to Iraq; to the Committee on Banking, Housing, and Urban Affairs.

EC–3753. A communication from the President of the United States, transmitting, pursuant to law, a notice concerning the continuation of the emergency regarding export control regulations; to the Committee on Banking, Housing, and Urban Affairs.

EC-3754. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a rule entitled "Pay Under the General Schedule," (RIN3206-AG88) received on August 8, 1996; to the Committee on Governmental Affairs.

EC-3755. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a rule entitled "Elections of Retirement Coverage," (RIN3206-AH57) received on August 8, 1996; to the Committee on Governmental Affairs.

EC-3756. A communication from the Office of the District of Columbia Auditor, transmitting, pursuant to law, the report entitled "The Evaluation of the Management and Financial Systems for Federal Grants"; to the Committee on Governmental Affairs.

EC-3757. A communication from the Office of the District of Columbia Auditor, transmitting, pursuant to law, the report entitled "The Financial and Administrative Audit of the LaShawn Limited and General Receiverships"; to the Committee on Governmental Affairs.

EC-3758. A communication from the Senior Vice President for Business Services, Farm Credit Bank of Texas, transmitting, pursuant to law, the report for the pension plan for calendar year 1995; to the Committee on Governmental Affairs.

EC-3759. A communication from the Benefits Manager (Thrift and Pension), Farm Credit Bank of Texas, transmitting, pursuant to law, the report for the Thrift Plus Plan for calendar year 1995; to the Committee on Governmental Affairs.

EC-3760. A communication from the Manager of Employee Benefits and Payroll of the Agribank, transmitting, pursuant to law, the report disclosing the financial condition of the Retirement Plan for the Employees of the Seventh Farm Credit District; to the Committee on Governmental Affairs.

EC-3761. A communication from the Executive Director of the Committee For Purchase From People Who Are Blind or Severely Disabled, transmitting, pursuant to law, the report of a rule relative to the Committee's Procurement List, received on August 12, 1996; to the Committee on Governmental Affairs.

EC-3762. A communication from the Deputy Associate Administrator for Acquisition Policy, Office of Policy, Planning, and Evaluation, General Services Administration, transmitting, pursuant to law, a rule concerning a Federal Acquisition Regulation; to the Committee on Governmental Affairs.

EC-3763. A communication from the Vice Chairman of the Federal Election Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1995; to the Committee on Governmental Affairs.

EC-3764. A communication from the Chairman of the Federal Mine Safety and Health Review Commission, transmitting, pursuant to law, the report under the Government in the Sunshine Act for calendar year 1995; to the Committee on Governmental Affairs.

EC-3765. A communication from the Executive Director of the Federal Retirement Thrift Investment Board, transmitting, pursuant to law, a rule entitled "Allocation of Earnings," received on August 19, 1996; to the Committee on Governmental Affairs.

EC-3766. A communication from the Executive Director of the Federal Retirement Thrift Investment Board, transmitting, pursuant to law, a rule entitled "Nonappropriated Fund Employees," received on August 12, 1996; to the Committee on Governmental Affairs.

EC-3767. A communication from the Director of the U.S. Office of Personnel Management, transmitting, pursuant to law, a report concerning the Physicians' Comparability Allowance; to the Committee on Governmental Affairs.

EC-3768. A communication from the Chairman of the U.S. Merit Systems Protection Board, transmitting, pursuant to law, a report entitled "Fair and Equitable Treatment: A Progress Report on Minority Employment in the Federal Government"; to the Committee on Governmental Affairs.

EC-3769. A communication from the Assistant Secretary of the Marketing and Regulatory Programs, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Fees for Official Inspection and Official Weighing Services," (RIN0580-AA40) received on August 16, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3770. A communication from the Acting Executive Director of the Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a final rule relative to publicizing broker association memberships, received on August 16, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3771. A communication from the Chief of the Natural Resources Conservation Service, Department of Agriculture, transmitting, pursuant to law, the report of an final rule entitled "Wetlands Reserve Program" (RIN0578-AA16); to the Committee on Agriculture, Nutrition, and Forestry.

EC-3772. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Changes in Disease Status of Spain Because of African Swine Fever," received on August 22, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3773. A communication from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Importation of Horses," received on August 23, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3774. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "United States Standards for Grades of Frozen Cauliflower," received on August 27, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3775. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Hazelnuts Grown in Oregon and Washington; Assessment Rate," received on August 21, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3776. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Oranges and Grapefruit Grown in the Lower Rio Grande Valley in Texas; Interim Final Rule to Revise Pack and Size Requirements," received on August 21, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3777. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Idaho-Eastern Oregon Onions; Assessment Rate," received on August 23, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3778. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Cranberries Grown in the States of Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington, and Long Island in State of New York; Assessment Rate," received on August 14, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3779. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Irish Potatoes Grown in Colorado; Assessment Rate," received on August 27, 1996; to the Committee on Agriculture, Nutrition, and Forestry.

EC-3780. A communication from the Program Management Officer of the National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the limit on Fishery Management Plan Development, (RIN0648-XX63) received on August 15, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3781. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the closure of the Angling category fishery for school Atlantic bluefin tuna, received on August 19, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3782. A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule concerning the Fishing Capacity Reduction Initiative, (RIN0648-ZA16) received on August 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3783. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to FM Broadcast Stations (Dearing, Kansas), received on August 27, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3784. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule concerning the implementation of sections of the Cable Television Consumer Protection and Competition Act of 1992, received on August 27, 1996; to the Committee on Commerce, Science and Transportation.

EC-3785. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule concerning the Interconnection and Resale Obligations Pertaining to Commercial Mobile Radio Services, received on August 27, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3786. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to

FM Broadcast Stations (Apalachicola, Monticello, Perry, Quincy, Springfield, Trenton, and Woodville), received on August 27, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3787. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to FM Broadcast Stations (Macomb, Illinois), received on August 27, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3788. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule concerning the Implementation of the Telecommunications Act of 1996 , received on August 19, 1996; to the Committee on Commerce, Science and Transportation.

EC–3789. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule concerning the Regulatory Flexibility Act, received on August 19, 1996; to the Committee on Commerce, Science and Transportation.

EC–3790. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule concerning the Regulatory Flexibility Act, received on August 19, 1996; to the Committee on Commerce, Science and Transportation.

EC–3791. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to FM Broadcast Stations (Las Vegas, New Mexico), received on August 21, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3792. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule relative to Children's Television Programming for Television Broadcast Stations, received on August 21, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3793. A communication from the Managing Director of the Federal Communications Commission, transmitting, pursuant to law, the report of a final rule concerning Permit Flexible Service Offerings in the Commercial Mobile Radio Services, received on August 21, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3794. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to FM Broadcast Stations (Willows, California), received on August 21, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3795. A communication from the Office of the Managing Director, Federal Communications Commission, transmitting, pursuant to law, the report of a rule relative to automatic stays of certain allotment orders, received on August 21, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3796. A communication from the Secretary of Transportation, transmitting, pursuant to law, the Overview to the report on the Commercial Feasibility of High-Speed Ground Transportation; to the Committee on Commerce, Science, and Transportation.

EC–3797. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of seven rules including one entitled "Protective Breathing Equipment," (RIN2120–AD74 and 2120–AA64) received on August 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3798. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of three rules including one entitled "Vessel Traffic Service New York Area," (RIN2115–AE36, 2115–AE46, 2127–AF78) received on August 26, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3799. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a final rule entitled "Federal Motor Carrier Safety Regulations; Intermodal Transportation," (RIN2125–AD14) received on August 15, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3800. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of five rules including one entitled "Establishment of Class E Airspace; Coolidge, AZ," (RIN2120–AA65 and 2110–AA66) received August 15, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3801. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of nine rules including one entitled "Establishment of Class E Airspace; Dexter, ME," (RIN2120–AA66 and 2110–AA64) received on August 19, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3802. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of five rules including one entitled "Alteration of VOR Federal Airways," (RIN2120–AA66 and 2110–AA64) received on August 22, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3803. A communication from the Office of the Chairman, Surface Transportation Board, transmitting, pursuant to law, the report of a rule entitled "Regulations Governing Fees for Service Performed in Connection with Licensing and Related Services—1996 Update," received on August 19, 1996; to the Committee on Commerce, Science, and Transportation.

EC–3804. A communication from the Deputy Associate Director for Compliance, Royalty Management Program, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notice of the intention to make refunds of offshore lease revenues where a refund or recoupment is appropriate; to the Committee on Energy and Natural Resources.

EC–3805. A communication from the Deputy Associate Director for Compliance, Royalty Management Program, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, notice of the intention to make refunds of offshore lease revenues where a refund or recoupment is appropriate; to the Committee on Energy and Natural Resources.

EC–3806. A communication from the Director of the Office of Surface Mining, Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, a rule concerning the Wyoming Regulatory Program, (WY022FOR) received on August 21, 1996; to the Committee on Energy and Natural Resources.

EC–3807. A communication from the Director of the Office of Surface Mining, Reclamation and Enforcement, Department of the Interior, transmitting, pursuant to law, a rule concerning the Virginia Regulatory Program, (VA107FOR) received on August 13, 1996; to the Committee on Energy and Natural Resources.

EC–3808. A communication from the Acting Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, the report of a notice on leasing systems; to the Committee on Energy and Natural Resources.

EC–3809. A communication from the Acting Assistant Secretary of the Interior (Land and Minerals Management), transmitting, pursuant to law, the report of a notice on leasing systems; to the Committee on Energy and Natural Resources.

EC–3811. A communication from the Secretary of Energy, transmitting, pursuant to law, a report entitled "Clean Power from Integrated Coal/Ore Reduction (CPICO) Demonstration Project"; to the Committee on Energy and Natural Resources.

EC–3812. A communication from the Secretary of Energy, transmitting, pursuant to law, the 1995 annual report on low-level radioactive waste management; to the Committee on Energy and Natural Resources.

EC–3813. A communication from the Secretary of Energy, transmitting, pursuant to law, a notice relative to the privatization of the Western Environmental Technology Office (WETO); to the Committee on Energy and Natural Resources.

EC–3814. A communication from the Secretary of Energy, transmitting, pursuant to law, the report on the Building Energy Efficiency Standards Activities for fiscal year 1995; to the Committee on Energy and Natural Resources.

EC–3815. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the annual report for calendar year 1995; to the Committee on Energy and Natural Resources.

EC–3816. A communication from the General Counsel, Department of Energy, transmitting, pursuant to law, the report of a final rule entitled "Acquisition Regulation; Regulatory Reinvention," (RIN1991–AB25) received on August 22, 1996; to the Committee on Energy and Natural Resources.

EC–3817. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the report of the Annual Energy Review for calendar year 1995; to the Committee on Energy and Natural Resources.

EC–3818. A communication from Assistant Secretary of the Army (Civil Works), transmitting, a draft of proposed legislation relative to a project for inland navigation at Grays Landing Lock and Dam, Monogahela River, Pennsylvania; to the Committee on Environment and Public Works.

EC–3819. A communication from Assistant Secretary of the Army (Civil Works), transmitting, a draft of proposed legislation relative to a project for flood control at Saw Mill Run, Pittsburgh, Pennsylvania; to the Committee on Environment and Public Works.

EC–3820. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of eight rules including one rule entitled "Delaware; Final Authorization of State Hazardous Waste Management Program Revisions," (FRL5548–8, 5391–4, 5391-3, 5391-2, 5547–5, 5530–5, 5543–9, 5543–5) received on August 8, 1996; to the Committee on Environment and Public Works.

EC-3821. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans; Massachusetts; Emissions Banking, Trading, and Averaging Program Approval," (FRL5533-2) received on August 13, 1996; to the Committee on Environment and Public Works.

EC-3822. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of two rules including one rule entitled "Indiana: Final Authorization of Revision to State Hazardous Waste Management Program," (FRL5552-4) received on August 15, 1996; to the Committee on Environment and Public Works.

EC-3823. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of two rules including one rule entitled "State of Alaska Petition for Exemption from Diesel Fuel Sulfur Requirement," (FRL5555-5 and 5551-9) received on August 21, 1996; to the Committee on Environment and Public Works.

EC-3824. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of five rules including one rule entitled "Approval and Promulgation of Implementation Plan; Wisconsin," (FRL5553-1, 5552-9, 5547-1, 5550-6, 5560-1) received on August 22, 1996; to the Committee on Environment and Public Works.

EC-3825. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Approval and Promulgation of Implementation Plans California State Implementation Plan Revision; San Joaquin Valley Unified Air Pollution District" (FRL5557-2) received on August 23, 1996; to the Committee on Environment and Public Works.

EC-3826. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of three rules including one rule entitled "Promulgation of Reid Vapor Pressure Standard; Michigan," (FRL5559-1, 5601-2, 5542-1) received on August 23, 1996; to the Committee on Environment and Public Works.

EC-3827. A communication from the Acting Administrator of the General Services Administration, transmitting, the Vice President's report on the Blue Pages Project; to the Committee on Governmental Affairs.

EC-3828. A communication from the Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a final rule relative to endangered and threatened plants, (RIN1018-AB88) received on August 21, 1996; to the Committee on Environment and Public Works.

EC-3829. A communication from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Extension of Decision on the Conditional Approval of Bismuth-Tin Shot as Nontoxic for the 1996-97 Season," (RIN1018-AD41) received on August 12, 1996; to the Committee on Environment and Public Works.

EC-3830. A communication from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting, pursuant to law, the report of a rule relative to hunting and/or sport fishing in ten national wildlife refuges, (RIN1018-AD77) received on August 26, 1996; to the Committee on Environment and Public Works.

EC-3831. A communication from the Director of the Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled "Codes and Standard for Nuclear Power Plants; Subsection IWE and Subsection IWL," (RIN3150-AC93) received on August 8, 1996; to the Committee on Environment and Public Works.

EC-3832. A communication from the Chairman of the Nuclear Regulatory Commission, transmitting, pursuant to law, the report on the nondisclosure of Safeguards Information for the period April 1 through June 30, 1996; to the Committee on Environment and Public Works.

REPORTS SUBMITTED DURING ADJOURNMENT

Under the authority of the order of the Senate of August 2, 1996, the following reports of committees were submitted on August 27, 1996:

By Mr. STEVENS, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute and an amendment to the title:

S. 1376: A bill to terminate unnecessary and inequitable Federal corporate subsidies (Rept. No. 104-352).

By Mr. GREGG, from the Committee on Appropriations, with amendments:

H.R. 3814: A bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1997, and for other purposes (Rept. No. 104-353).

By Mr. STEVENS, from the Committee on Governmental Affairs, with amendments:

S. 94: A bill to amend the Congressional Budget Act of 1974 to prohibit the consideration of retroactive tax increases (Rept. No. 104-354).

By Mr. McCAIN, from the Committee on Indian Affairs, without amendment:

S. 1972: A bill to amend the Older Americans Act of 1965 to improve the provisions relating to Indians, and for other purposes (Rept. No. 104-355.

S. 1983: A bill to amend the Native American Graves Protection and Repatriation Act to provide for Native Hawaiian organizations, and for other purposes (Rept. No. 104-356).

By Mr. HATCH, from the Committee on the Judiciary:

Report to accompany the bill (S. 982) to protect the national information infrastructure, and for other purposes (Rept. No. 104-357).

Report to accompany the bill (S. 1237) to amend certain provisions of law relating to child pornography, and for other purposes (Rept. No. 104-358).

Report to accompany the bill (S. 1556) to prohibit economic espionage, to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes (Rept. 104-359).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCAIN, from the Committee on Indian Affairs, without amendment:

S. 1893. A bill to provide for the settlement of issues and claims related to the trust lands of the Torres-Martinez Desert Cahuilla Indians, and for other purposes (Rept. No. 104-360).

By Mr. McCAIN, from the Committee on Indian Affairs, with an amendment in the nature of a substitute:

H.R. 3068. A bill to accept the request of the Prairie Island Indian Community to revoke their charter of incorporation issued under the Indian Reorganization Act (Rept. No. 104-361).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. THOMPSON:

S. 2049. A bill to reform the budget and oversight processes of the Congress; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one Committee reports, the other Committee have thirty days to report or be discharged.

By Mr. BIDEN:

S. 2050. A bill to provide an enhanced penalty for distribution of controlled substances to recovering addicts; to the Committee on the Judiciary.

S. 2051. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the development of drugs to treat an addiction to illegal drugs, and for other purposes; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. THOMPSON:

S. 2049. A bill to reform the budget and oversight processes of the Congress; to the Committee on the Budget and the Committee on Governmental Affairs, jointly, pursuant to the order of August 4, 1977, with instructions that if one committee reports, the other committee have thirty days to report or be discharged.

THE BUDGET PROCESS AND OVERSIGHT REFORM ACT OF 1996

• Mr. THOMPSON. Mr. President, today, I am introducing legislation designed to improve the way Congress conducts its business. This legislation, entitled the "Budget Process and Oversight Reform Act of 1996," would create a 2-year budget process, and provide designated times for Congress to conduct oversight and work in their home States or districts.

As anyone who has followed Congress over the years knows, the changes proposed in this legislation are not new. However, in the past, proposals to create a 2-year budget and move toward a citizen legislature have languished in Congress.

Mr. President, I will do everything in my power to assure that these proposals get the most thorough consideration. In fact, I have already begun the process of reviewing them in Congress. In late July, the Governmental Affairs Committee's Subcommittee on Financial Management and Accountability, which I chair, held a hearing that began creating the record for legislative action that I hope will occur early in the next Congress.

Surely, after our experience with the budget process over the last year and a half, most in Congress would agree that biennial budgeting is an idea whose time has finally come. Since I came to Congress, I have spent an unusually high percentage of my time considering matters related to the budget. No sooner did we finish working on the fiscal 1996 budget, then we had to start work on the budget for fiscal year 1997.

Although I believe that a biennial budget will prevent recent history from being repeated, I do not believe that it is a panacea for all of our budget problems. It cannot bring the budget into balance—Members of the Senate and House, along with the President of the United States, must still make the tough choices to bring that about. And, it will not automatically solve the serious problems posed by the increased demand on entitlement programs as the next generation begins to retire.

What a biennial budget can do is to give us time for the important tasks that often get short shrift these days, such as conducting oversight and long-range planning, and spending more time at home. The legislation that I am introducing today will ensure that time for oversight and work at home is set aside.

Mr. President, let me briefly summarize the specifics of that legislation.

First, the bill would create a 2-year budget process, and would require Congress to complete action on the budget by September 30 of the first session. If Congress misses that legal deadline, absent a national emergency, Members would not be paid.

In addition, the legislation would require Congress to perform oversight of the executive branch during the second year of the Congressional session.

Finally, the bill would require Congress to adjourn by July 31 of the second session. If Congress missed that legal deadline—again, absent a national emergency—Members would not be paid.

Mr. President, I would like to explain how this legislation came about. Ever since I began campaigning for the Senate, I have expressed the view that we need to cut the pay of Members of Congress and send them home. This, too, is not a new idea. It was first advocated by former majority leader Howard Baker and reproposed by Governor Lamar Alexander during his Presidential campaign.

The legislation I just described is the very first step in that direction. It shortens the amount of time that Members must devote to the budget process. However, in return, Members must spend more time overseeing the activities of the Federal Government and more time at home—either working with their constituents or pursuing the work that they engaged in before they came to Congress. I believe that these steps will help us re-create the citizen legislature that existed much earlier in this country's history.

I look forward to working with my colleagues on these and other ideas to make Congress more responsive and efficient.•

By Mr. BIDEN:

S. 2050. A bill to provide an enhanced penalty for distribution of controlled substances to recovering addicts; to the Committee on the Judiciary.

THE RECOVERING ADDICT PROTECTION ACT

• Mr. BIDEN. Mr. President, as anyone familiar with substance abuse treatment knows, recovery from addiction is a one-day-at-a-time procedure—often recovering addicts literally struggle on a daily basis to resist the temptation to use drugs. In recognition of this daily struggle, many treatment and 12-step programs run daily group meetings for those in treatment to gain support and help from others who are also committed to staying sober.

Unfortunately, as has become all too clear in all areas of drug policy, the people who traffic in drugs are unscrupulously cunning in constantly finding new ways to increase the number of people buying and becoming addicted to drugs. One of the easiest targets for drug dealers looking to increase their number of customers are the people most vulnerable to the temptations of drugs—recovering addicts.

Because those in treatment are often so easily tempted and because once they purchase drugs they are likely to become regular customers as their addiction retakes hold full force, they are, perversely, the most sought-after clients for drug dealers, representing a steady and high-consumption consumer base.

It is obviously a problem every time a drug dealer sells narcotics to anyone. It is an even greater problem when drug dealers try to increase their profits by targeting the most susceptible and weakest members of our society. Recognizing this, Congress created drug-free school zones which recognized that drug dealers were finding schools a good place to target potential new customers—susceptible children—where they were most likely to be and where there are a lot of them together. Drug traffickers caught selling drugs in these areas are subject to harsher penalties than for selling outside of these areas.

This step to protect our children has obviously not completely solved the problem of youth drug abuse, but it has increased the chances that children can avoid being pressured by drug dealers into trying drugs. The same type of protection needs to be given to those similarly susceptible to coercion by drug dealers—recovering addicts. This type of tactic is a common occurrence, and it undermines the entire treatment community's efforts.

In addition, many recovering addicts are targeted in the very places they should be most safe: their recovery meetings. It is unfortunately easy for a dealer to attend a meeting such as Narcotics Anonymous, listen to the other attendees, discover who is most vulnerable to a relapse, and approach those people after the meeting in order to expand their client base.

The people targeted are obviously in the unfortunate position of the dealer having heard them in the meeting discussing how tempted they are, what they are craving, and why. It is then very easy for the drug dealer to pretend to be a fellow recovering addict concerned about the addict's struggle and willing to stay after the meeting to talk further—with the intention of getting the person alone and then offering drugs, often free of charge, in the hopes that the unsuspecting addict is drawn into the drug abusing lifestyle once again, thereby becoming a regular paying customer.

In an even more simple scheme, drug dealers often track down former customers after they have entered a treatment program. The drug dealer then becomes a constant presence in the recovering person's life—calling them, coincidentally running into them on the street, and showing up places they know the addict will be. These dealers know it is only a matter of time before the recovering addict has a weak or particularly difficult day, and the dealer wants to be sure the addict's temptation leads to a return to regular drug abuse.

For these reasons, I am now introducing a bill to send a strong message to drug dealers and to severely punish those who don't heed the warning: "stay away from recovering addicts who are trying to put their lives back together."

My bill directs the Sentencing Commission to increase penalties for drug distributors who intentionally target recovering addicts. This will send the clear signal to drug dealers to stay away from treatment meetings, former customers who are now in treatment, and anyone else they know is committed to kicking their addiction.

It also sends the right message to those drug addicts who are trying to regain their lives—that society is behind them; that we recognize their admirable struggle; that we are willing and able to help them resist the temptation to return to drug abuse; that we want them to succeed in staying drug free; and that we will punish those who knowingly try to make them fail.

This is a simple yet vital piece of legislation in our fight against drugs, and I urge my colleagues to join me in this effort.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2050

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Recovering Addict Protection Act of 1996".

SEC. 2. ENHANCED PENALTY FOR DISTRIBUTION OF CONTROLLED SUBSTANCES TO RECOVERING ADDICTS.

(a) IN GENERAL.—Pursuant to its authority under section 994 of title 28, United States Code, the United States Sentencing Commission shall promulgate guidelines or amend existing guidelines to provide an appropriate enhancement of the punishment for a defendant convicted of violating section 401(a)(1) of the Controlled Substances Act (21 U.S.C. 841(a)(1)) if the defendant distributes, dispenses, or possesses with intent to distribute or dispense, a controlled substance to a person the defendant knows or should know is a recovering narcotics addict.

(b) RECOVERING NARCOTICS ADDICT.—For purposes of subsection (a), the term "recovering narcotics addict" means any individual who—

(1)(A) has previously habitually used any narcotic drug, as defined in section 102 of the Controlled Substances Act (21 U.S.C. 802(17)), so as to endanger the public morals, health, safety, or welfare; or

(B) who has been so far addicted to the use of such narcotic drug as to have lost the power of self-control with reference to such addiction; and

(2) has stopped using such narcotic drug by engaging in treatment as defined in section 2901(d) of title 28, United States Code.•

By Mr. BIDEN:

S. 2051. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the development of drugs to treat an addition to illegal drugs, and for other purposes; to the Committee on Labor and Human Resources.

THE PHARMACOTHERAPY DEVELOPMENT ACT OF 1996

• Mr. BIDEN. Mr. President, since the first call to arms against illegal drugs in 1989, we have learned just how insidious hardcore drug addiction is, even as the ravages of substance abuse—on both the addict and his victims—have become ever more apparent. The frustration in dealing with a seemingly intractable national problem is palpable, most noticeably in the heated rhetoric as politicians blame each other for the failure to find a cure. What gets lost underneath the noise is the recognition that we have not done everything we can to fight this problem and that, like all serious ills, we must take incremental steps one at a time, and refuse to be overwhelmed by the big picture.

Throughout my tenure as chairman of the Senate Judiciary Committee, I called for a multifaceted strategy to combat drug abuse. One of the specific steps I advocated was the creation of incentives to encourage the private sector to develop medicines that treat addiction, an area where promising research has not led—as one would normally expect—to production of medicines. The bill I am introducing today, the Pharmacotherapy Development Act of 1996, will hopefully change that. It takes focused aim at one segment of the drug-abusing population—hardcore addicts, namely users of cocaine and heroin—in part because these addicts are so difficult to treat with traditional methods, and in part because this population commits such a large percentage of drug-related crime.

In December, 1989, I commissioned a Judiciary Committee report, "Pharmacotherapy: A Strategy for the 1990's." In that report, I posed the question, "If drug use is an epidemic, are we doing enough to find a medical 'cure' for this disease?" The report gave the answer "No." Unfortunately, almost a decade later, the answer remains the same. Developing new medicines for the treatment of addiction should be among our highest medical research priorities as a nation. Until we take this modest step, we cannot claim to have done everything reasonable to address the problem, and we should not become so frustrated that we effectively throw up our hands and do nothing.

Recent medical advances have increased the possibility of developing medications to treat drug addiction. These advances include a heightened understanding of the physiological and psychological characteristics of drug addition and a greater base of neuroscientific research.

One example of this promising research is the recent development of a compound that has been proven to immunize laboratory animals against the effects of cocaine. The compound works like a vaccine by stimulating the immune system to develop an antibody that blocks cocaine from entering the brain. Researchers funded through the National Institute of Drug Abuse believe that this advance may open a whole new avenue for combating addiction.

Despite this progress, we still do not have a medication to treat cocaine addiction or drugs to treat many other forms of substance abuse, because the private sector is unsure of the wisdom of making the necessary investment in the production and marketing of such medicines.

Private industry has not aggressively developed pharmacotherapies for a variety of reasons, including a small customer base, difficulties distributing medication to the target population, and fear of being associated with substance abusers. We need to create financial incentives to encourage pharmaceutical companies to develop and market these treatments. And we need to develop a new partnership between private industry and the public sector in order to encourage the active marketing and distribution of new medicines so they are accessible to all addicts in need of treatment.

While pharmacotherapies alone are not a magic bullet that will solve our national substance abuse problem, they have the potential to fill a gap in current treatment regimens. The disease of addiction occurs for many reasons, including a variety of personal problems which pharmacotherapy cannot address. Still, by providing a treatment regimen for drug abusers who are not helped by traditional methods, pharmacotherapy holds substantial promise for reducing the crime and health crisis that drug abuse is causing in the United States.

The Pharmacotherapy Development Act would encourage and support the development of medicines to treat drug addictions in two ways. Both approaches are designed to create greater incentives and protections for private sector companies willing to undertake this difficult but important task.

First, the bill would provide additional patent protections for companies that develop drugs to treat substance abuse. Under the bill, pharmacotherapies could be designated "orphan drugs" and qualify for an exclusive 7-year patent to treat a specific addiction. These extraordinary patent rights would greatly enhance the market value of pharmacotherapies and provide a financial reward for companies that invest in the search to cure drug addiction. This provision was contained in a bill introduced by Senator KENNEDY and me in 1990, but was never acted on by Congress.

Second, the bill would establish a substantial monetary reward for companies that develop drugs to treat cocaine and heroin addiction but shift the responsibility for marketing and distributing such drugs to the Government. This approach would create a financial incentive for drug companies to invest in research and development but enable them to avoid any stigma associated with distributing medicine to substance abusers.

The bill would require the National Academy of Sciences to develop strict guidelines for evaluating whether a drug effectively treats cocaine or heroin addiction. If a drug meets these guidelines and is approved by the Food and Drug Administration, then the Government must purchase the patent rights for the drug from the company that developed it. The purchase price for the patent rights is established by law: $100 million for a drug to treat cocaine addiction and $50 million for a drug to treat heroin addiction. Once the Government has purchased the patent rights, then it is responsible for producing the drug and distributing it to clinics, hospitals, State, and local governments, and any other entities qualified to operate drug treatment programs.

This joint public/private endeavor will correct the market inefficiencies that have thus far prevented the development of drugs to treat addiction and require the Government to take on the responsibilities that industry is unwilling or unable to perform.

America's drug problem is reduced each and every time a drug abuser quits his or her habit. Fewer drug addicts mean fewer crimes, fewer hospital admissions, fewer drug-addicted babies, and fewer neglected children. The benefits to our country of developing new treatment options such as pharmacotherapies are manifold. Each dollar we spend on advancing options in this area can save us ten or twenty times as much in years to come. The question isn't can we afford to pursue a pharmacotherapy strategy, but rather, can we afford not to.

Congress has long neglected to adopt measures I have proposed to speed the approval of and encourage greater private sector interest in pharmacotherapy. We cannot let another Congress conclude without rectifying our past negligence on this issue. I urge my colleagues to join me in promoting an important, and potentially groundbreaking approach to addressing one of our Nation's most serious domestic challenges.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2051

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Pharmacotherapy Development Act of 1996".

TITLE I—DEVELOPMENT OF DRUGS FOR THE TREATMENT OF ADDICTIONS TO ILLEGAL DRUGS

SEC. 101. RECOMMENDATION FOR INVESTIGATION OF DRUGS.

Section 525(a) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360aa(a)) is amended—

(1) by striking "States" each place it appears and inserting "States, or for treatment of an addiction to illegal drugs"; and

(2) by striking "such disease or condition" each place it appears and inserting "such disease, condition, or treatment of such addiction".

SEC. 102. DESIGNATION OF DRUGS.

Section 526(a) of the Federal, Food, Drug, and Cosmetic Act (21 U.S.C. 360bb(a)) is amended—

(1) in paragraph (1)—

(A) by inserting before the period in the first sentence the following: "or for treatment of an addiction to illegal drugs";

(B) in the third sentence, by striking "rare disease or condition" and inserting "rare disease or condition, or for treatment of an addiction to illegal drugs,"; and

(C) by striking "such disease or condition" each place it appears and inserting "such disease, condition, or treatment of such addiction"; and

(2) in paragraph (2)—

(A) by striking "(2) For" and inserting "(2)(A) For";

(B) by striking "(A) affects" and inserting "(i) affects";

(C) by striking "(B) affects" and inserting "(ii) affects"; and

(D) by adding at the end thereof the following new subparagraphs:

"(B) The term 'treatment of an addiction to illegal drugs' means any pharmacological agent or medication that—

"(i) reduces the craving for an illegal drug for an individual who—

"(I) habitually uses the illegal drug in a manner that endangers the public health, safety, or welfare; or

"(II) is so addicted to the use of the illegal drug that the individual is not able to control the addiction through the exercise of self-control;

"(ii) blocks the behavioral and physiological effects of an illegal drug for an individual described in clause (i);

"(iii) safely serves as a replacement therapy for the treatment of drug abuse for an individual described in clause (i);

"(iv) moderates or eliminates the process of withdrawal for an individual described in clause (i);

"(v) blocks or reverses the toxic effect of an illegal drug on an individual described in clause (i); or

"(vi) prevents, where possible, the initiation of drug abuse in individuals at high risk.

"(C) The term 'illegal drug' means a controlled substance identified under schedules I, II, III, IV, and V in section 202(c) of the Controlled Substance Act (21 U.S.C. 812(c)).".

SEC. 103. PROTECTION FOR DRUGS.

Section 527 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360cc) is amended—

(1) by striking "rare disease or condition" each place it appears and inserting "rare disease or condition or for treatment of an addiction to illegal drugs";

(2) by striking "such disease or condition" each place it appears and inserting "such disease, condition, or treatment of the addiction"; and

(3) in subsection (b)(1), by striking "the disease or condition" and inserting "the disease, condition, or addiction".

SEC. 104. OPEN PROTOCOLS FOR INVESTIGATIONS OF DRUGS.

Section 528 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 360dd) is amended—

(1) by striking "rare disease or condition" and inserting "rare disease or condition or for treatment of an addiction to illegal drugs"; and

(2) by striking "the disease or condition" each place it appears and inserting "the disease, condition, or addiction".

TITLE II—DEVELOPMENT, MANUFACTURE, AND PROCUREMENT OF DRUGS FOR THE ADDICTION OF COCAINE AND HEROIN ADDICTIONS

SEC. 201. DEVELOPMENT, MANUFACTURE, AND PROCUREMENT OF DRUGS FOR THE TREATMENT OF ADDICTIONS TO ILLEGAL DRUGS.

Chapter V of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 351 et seq.) is amended by adding at the end thereof the following new subchapter:

"Subchapter D—Drugs for Cocaine and Heroin Addictions

"SEC. 551. CRITERIA FOR AN ACCEPTABLE DRUG TREATMENT FOR COCAINE AND HEROIN ADDICTIONS.

"(a) IN GENERAL.—Subject to the provisions of subsections (b) and (c), the Secretary shall, through the Institute of Medicine of the National Academy of Sciences, establish criteria for an acceptable drug for the treatment of an addiction to cocaine and for an acceptable drug for the treatment of an addiction to heroin. The criteria shall be used by the Secretary in making a contract, or entering to a licensing agreement, under section 552.

"(b) REQUIREMENTS.—The criteria established under subsection (a) for a drug shall include requirements—

"(1) that the application to use the drug for the treatment of addiction to cocaine or heroin was filed and approved by the Secretary under this Act after the date of enactment of this section;

"(2) that a performance-based test on the drug—

"(A) has been conducted through the use of a randomly selected test group that received the drug as a treatment and a randomly selected control group that received a placebo; and

"(B) has compared the long-term differences in the addiction levels of control group participants and test group participants;

"(3) that the performance-based test conducted under paragraph (2) demonstrates that the drug is effective through evidence that—

"(A) a significant number of the participants in the test who have an addiction to cocaine or heroin are willing to take the drug for the addiction;

"(B) a significant number of the participants in the test who have an addiction to cocaine or heroin and who were provided the drug for the addiction during the test are willing to continue taking the drug as long as necessary for the treatment of the addiction; and

"(C) a significant number of the participants in the test who were provided the drug for the period of time required for the treatment of the addiction refrained from the use of cocaine or heroin for a period of 3 years after the date of the initial administration of the drug on the participants; and

"(4) that the drug shall have a reasonable cost of production.

"(c) REVIEW AND PUBLICATION OF CRITERIA.—The criteria established under subsection (a) shall, prior to the publication and application of such criteria, be submitted for review to the Committee on the Judiciary and the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on the Judiciary and the Committee on Labor and Human Resources of the Senate. Not later than 90 days after notifying each of the committees, the Secretary shall publish the criteria in the Federal Register.

"SEC. 552. PURCHASE OF PATENT RIGHTS FOR DRUG DEVELOPMENT.

"(a) APPLICATION.—

"(1) IN GENERAL.—The patent owner of a drug to treat an addiction to cocaine or heroin, may submit an application to the Secretary—

"(A) to enter into a contract with the Secretary to sell to the Secretary the patent rights of the owner relating to the drug; or

"(B) in the case in which the drug is approved by the Secretary for more than 1 indication, to enter into an exclusive licensing agreement with the Secretary for the manufacture and distribution of the drug to treat an addiction to cocaine or heroin.

"(2) REQUIREMENTS.—An application described in paragraph (1) shall be submitted at such time and in such manner, and accompanied by such information, as the Secretary may require.

"(b) CONTRACT AND LICENSING AGREEMENT.—

"(1) REQUIREMENTS.—The Secretary shall enter into a contract or a licensing agreement with a patent owner who has submitted an application in accordance with (a) if the drug covered under the contract or licensing agreement meets the criteria established by the Secretary under section 551(a).

"(2) SPECIAL RULE.—The Secretary shall enter into—

"(A) not more than 1 contract or exclusive licensing agreement relating to a drug for the treatment of an addiction to cocaine; and

"(B) not more than 1 contract or licensing agreement relating to a drug for the treatment of an addiction to heroin.

A contract or licensing agreement described subparagraph (A) or (B) shall cover not more than 1 drug.

"(3) PURCHASE AMOUNT.—Subject to appropriations—

"(A) the amount to be paid to a patent owner who has entered into a contract or licensing agreement under this subsection relating a drug to treat an addiction to cocaine shall be $100,000,000; and

"(B) the amount to be paid to a patent owner who has entered into a contract or licensing agreement under this subsection relating a drug to treat an addiction to heroin shall be $50,000,000.

"(c) TRANSFER OF RIGHTS UNDER CONTRACTS AND LICENSING AGREEMENT.—

"(1) CONTRACTS.—A contract under subsection (b)(1) to purchase the patent rights relating to a drug to treat cocaine or heroin addiction shall transfer to the Secretary—

"(A) the exclusive right to make, use, or sell the patented drug within the United States for the term of the patent;

"(B) any foreign patent rights held by the patent owner;

"(C) any patent rights relating to the process of manufacturing the drug; and

"(D) any trade secret or confidential business information relating to the development of the drug, process for manufacturing the drug, and therapeutic effects of the drug.

"(2) LICENSING AGREEMENTS.—A licensing agreement under subsection (b)(1) to purchase an exclusive license relating to manufacture and distribution of a drug to treat an addiction to cocaine or heroin shall transfer to the Secretary—

"(A) the exclusive right to make, use, or sell the patented drug for the purpose of treating an addiction to cocaine or heroin within the United States for the term of the patent;

"(B) the right to use any patented processes relating to manufacturing the drug; and

"(C) any trade secret or confidential business information relating to the development of the drug, process for manufacturing the drug, and therapeutic effects of the drug relating to use of the drug to treat an addiction to cocaine or heroin.

"SEC. 553. PLAN FOR MANUFACTURE AND DEVELOPMENT.

"(a) IN GENERAL.—Not later than 90 days after the date on which the Secretary purchases the patent rights of a patent owner, or enters into a licensing agreement with a patent owner, relating to a drug under section 551, the Secretary shall develop a plan for the manufacture and distribution of the drug.

"(b) PLAN REQUIREMENTS.—The plan shall set forth—

"(1) procedures for the Secretary to enter into licensing agreements with private entities for the manufacture and the distribution of the drug;

"(2) procedures for making the drug available to nonprofit entities and private entities to use in the treatment of a cocaine or heroin addiction;

"(3) a system to establish the sale price for the drug; and

"(4) policies and procedures with respect to the use of Federal funds by State and local governments or nonprofit entities to purchase the drug from the Secretary.

"(c) APPLICABILITY OF PROCUREMENT AND LICENSING LAWS.—The procurement and licensing laws of the United States shall be applicable to procurements and licenses covered under the plan described in subsection (a).

"(d) REVIEW OF PLAN.—

"(1) IN GENERAL.—Upon completion of the plan under subsection (a), the Secretary shall notify the Committee on the Judiciary and the Committee on Economic and Educational Opportunities of the House of Representatives, and the Committee on the Judiciary and the Committee on Labor and Human Resources of the Senate, of the development of the plan and publish the plan in the Federal Register. The Secretary shall provide an opportunity for public comment on the plan for a period of not more than 30 days after the date of the publication of the plan in the Federal Register.

"(2) FINAL PLAN.—Not later than 60 days after the date of the expiration of the comment period described in paragraph (1), the Secretary shall publish in the Federal Register a final plan. The implementation of the plan shall begin on the date of the final publication of the plan.

"(e) CONSTRUCTION.—The development, publication, or implementation of the plan, or any other agency action with respect to the plan, shall not be considered agency action subject to judicial review.

"(f) REGULATIONS.—The Secretary may promulgate regulations to carry out this section.

"SEC. 554. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this subchapter, such sums as may be necessary in each of the fiscal years 1997 through 1999.".●

ADDITIONAL COSPONSORS

S. 773

At the request of Mrs. KASSEBAUM, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 773, a bill to amend the Federal Food, Drug, and Cosmetic Act to provide for improvements in the process of approving and using animal drugs, and for other purposes.

S. 969

At the request of Mr. BRADLEY, the names of the Senator from South Carolina [Mr. HOLLINGS], the Senator from New York [Mr. MOYNIHAN], the Senator from Connecticut [Mr. DODD], the Senator from Louisiana [Mr. BREAUX], the Senator from South Dakota [Mr. PRESSLER], the Senator from Montana [Mr. BAUCUS], the Senator from North Dakota [Mr. DORGAN], and the Senator from Oregon [Mr. WYDEN] were added as cosponsors of S. 969, a bill to require that health plans provide coverage for a minimum hospital stay for a mother and child following the birth of the child, and for other purposes.

S. 1189

At the request of Mr. DEWINE, the names of the Senator from Mississippi [Mr. COCHRAN] and the Senator from Nevada [Mr. REID] were added as cosponsors of S. 1189, a bill to provide procedures for claims for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products.

S. 1233

At the request of Ms. MIKULSKI, the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of S. 1233, a bill to assure equitable coverage and treatment of emergency services under health plans.

S. 1477

At the request of Mrs. KASSEBAUM, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 1477, a bill to amend the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act to improve the regulation of food, drugs, devices, and biological products, and for other purposes.

S. 1797

At the request of Mr. LEVIN, the name of the Senator from Kentucky [Mr. MCCONNELL] was added as a cosponsor of S. 1797, a bill to revise the requirements for procurement of products of Federal Prison Industries to meet needs of Federal agencies, and for other purposes.

S. 1838

At the request of Mr. FAIRCLOTH, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 1838, a bill to require the Secretary of the Treasury to mint and issue coins in commemoration of the centennial anniversary of the first manned flight of Orville and Wilbur Wright in Kitty Hawk, NC, on December 17, 1903.

S. 1963

At the request of Mr. ROCKEFELLER, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1963, a bill to establish a demonstration project to study and provide coverage of routine patient care costs for Medicare beneficiaries with cancer who are enrolled in an approved clinical trial program.

S. 1967

At the request of Mr. BROWN, the names of the Senator from Indiana [Mr. COATS], the Senator from Arizona [Mr. MCCAIN], the Senator from Illinois [Ms. MOSELEY-BRAUN], and the Senator from Alabama [Mr. SHELBY] were added as cosponsors of S. 1967, a bill to provide that members of the Armed Forces who performed services for the peacekeeping efforts in Somalia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone, and for other purposes.

S. 1981

At the request of Mr. CRAIG, the name of the Senator from Idaho [Mr. KEMPTHORNE] was added as a cosponsor of S. 1981, a bill to establish a Joint United States-Canada Commission on Cattle and Beef to identify, and recommend means of resolving, national, regional, and provincial trade-distorting differences between the countries with respect to the production, processing, and sale of cattle and beef, and for other purposes.

S. 1987

At the request of Mr. FAIRCLOTH, the names of the Senator from Arizona [Mr. KYL] and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of S. 1987, a bill to amend titles II and XVIII of the Social Security Act to prohibit the use of Social Security and Medicare trust funds for certain expenditures relating to union representatives at the Social Security Administration and the Department of Health and Human Services.

AMENDMENTS SUBMITTED

THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

BOND AMENDMENTS NOS. 5157–5159

Mr. BOND proposed three amendments to the bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes; as follows:

AMENDMENT NO. 5157

On page 72, line 10, in lieu of the sum proposed by the Committee amendment, insert "$1,275,000,000".

AMENDMENT NO. 5158

On page 85, line 15, before the period insert the following: ": *Provided further*, That in addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, NASA shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this paragraph".

AMENDMENT NO. 5159

In lieu of the matter stricken on page 104, lines 18 through 20, insert the following:

SEC. 423. CALCULATION OF DOWN PAYMENT.

Section 203(b) of the National Housing Act (12 U.S.C. 1709(b)) is amended by adding at the end the following new paragraph:

"(10) ALASKA AND HAWAII.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subsection, with respect to a mortgage originated in the State of Alaska or the State of Hawaii, involve a principal obligation not in excess of the sum of—

"(i) the amount of the mortgage insurance premium paid at the time the mortgage is insured; and

"(ii) (I) in the case of a mortgage for a property with an appraised value equal to or less than $50,000, 98.75 percent of the appraised value of the property;

"(II) in the case of a mortgage for a property with an appraised value in excess of $50,000 but not in excess of $125,000, 97.65 percent of the appraised value of the property; or

"(III) in the case of a mortgage for a property with an appraised value in excess of $125,000, 97.15 percent of the appraised value of the property.".

SEC. 424. DELEGATION OF SINGLE FAMILY MORTGAGE INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES.

Title II of the National Housing Act (12 U.S.C. 1707 et seq.) Is amended by adding at the end the following new section:

"DELEGATION OF INSURING AUTHORITY TO DIRECT ENDORSEMENT MORTGAGEES

"SEC. 256. (A) AUTHORITY.—The Secretary may delegate, to one or more mortgages approved by the Secretary under the direct endorsement program, the authority of the Secretary under this Act to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by 1 to 4 families.

"(b) CONSIDERATIONS.—In determining whether to delegate authority to a mortgagee under this section, the Secretary shall consider the experience and performance of the mortgagee compared to the default rate of all insured mortgages in comparable markets, and such other factors as the Secretary determines appropriate to minimize risk of loss to the insurance funds under this Act.

"(c) ENFORCEMENT OF INSURANCE REQUIREMENTS.—

"(1) IN GENERAL.—If the Secretary determines that a mortgage insured by a mortgagee pursuant to delegation of authority under this section was not originated in accordance with the requirements established by the Secretary, and the Secretary pays an insurance claim with respect to the mortgage within a reasonable period specified by the Secretary, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss.

"(2) FRAUD OR MISREPRESENTATION.—If fraud or misrepresentation was involved in connection with the origination, the Secretary may require the mortgagee approved under this section to indemnify the Secretary for the loss regardless of when an insurance claim is paid.

"(d) TERMINATION OF MORTGAGEE'S AUTHORITY.—If a mortgagee to which the Secretary has made a delegation under this section violates the requirements and procedures established by the Secretary or the Secretary determines that other good cause exists, the Secretary may cancel a delegation of authority under this section to the mortgagee by giving notice to the mortgagee. Such a cancellation shall be effective upon receipt of the notice by the mortgagee or at a later date specified by the Secretary. A decision by the Secretary to cancel a delegation shall be final and conclusive and shall not be subject to judicial review.

"(e) REQUIREMENTS AND PROCEDURES.—Before approving a delegation under this section, the Secretary shall issue regulations establishing appropriate requirements and procedures, including requirements and procedures governing the indemnification of the Secretary by the mortgagee.".

BOND (AND BYRD) AMENDMENT NO. 5160

Mr. BOND (for himself and Mr. BYRD) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 77, line 22, after the sentence ending "September 30, 1998." insert:

The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), as amended by striking all after "this subchapter" and inserting: "such sums as may be necessary through September 30, 1997 for studies under this title."

On page 78, line 5, after the sentence ending "Insurance Reform Act of 1994." insert:

Section 1319 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), is amended by striking out September 30, 1996.", and inserting "September 30, 1997."

BOND (AND OTHERS) AMENDMENT NO. 5161

Mr. BOND (for himself, Mr. COHEN, and Ms. SNOWE) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 72, line 15, before the period, insert: ": *Provided further*, That the funds made available in Public Law 103–327 for a grant to the City of Bangor, Maine, in accordance with House Report 103–715, shall be available for a grant to that city for meeting combined sewer overflow requirements".

BOND (AND OTHERS) AMENDMENT NO. 5162

Mr. BOND (for himself, Mr. BURNS, and Ms. MIKULSKI) proposed an amendment to the bill, H.R. 3666, supra; as follows:

At the end of title IV, add the following:

SEC. 4 . SENSE OF THE SENATE WITH REGARD TO COMPLIANCE WITH INTERNATIONAL OBLIGATIONS.

(a) FINDINGS.—Congress finds that—

(1) in response to a dispute settlement finding against the United States by the World Trade Organization, the United States informed the World Trade Organization on June 19, 1996, that the United States intends to meet its international obligations to the World Trade Organization with respect to the Environmental Protection Agency's requirements on imported reformulated and conventional gasoline;

(2) the Environmental Protection Agency has initiated an open process to examine any and all options for compliance with international obligations of the United States in which a key criterion will be fully protecting public health and the environment; and

(3) many United States environmental and industrial organizations are concerned about the "Regulation of Fuels and Fuel Additives: Individual Foreign Refinery Baseline Requirements for Reformulated Gasoline" proposed on May 3, 1994 (59 Fed. Reg. 84).

(b) SENSE OF THE SENATE.—It is the sense of the Senate that, in evaluating any option for compliance with international obligations, the Administrator of the Environmental Protection Agency should—

(1) take fully into account the protection of public health and the environment and the international obligations of the United States as a member of the World Trade Organization;

(2) ensure that the compliance review process not result in the degradation of the gasoline quality required by the Clean Air Act (42 U.S.C. 7401 et seq.) with respect to conventional and reformulated gasoline;

(3) not recognize individual foreign refiner baselines unless the Administrator determines that the issues of auditing, inspection of foreign facilities, and enforcement have been adequately addressed; and

(4) provide a full and open administrative process in the formulation of any final rule.

MACK (AND OTHERS) AMENDMENT NO. 5163

Mr. BOND (for Mr. MACK for himself, Mr. GRAHAM, and Mr. LIEBERMAN) proposed an amendment to the bill, H.R. 3666, supra; as follows:

At the end of title IV, add the following:

SEC. 4 . IMPLEMENTATION OF COMPREHENSIVE CONSERVATION AND MANAGEMENT PLANS.

Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year 1997 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

CRAIG (AND OTHERS) AMENDMENT NO. 5164

Mr. BOND (for Mr. CRAIG, for himself, Mr. SARBANES, Ms. MOSELEY-BRAUN, Mr. KERRY, and Mrs. MURRAY) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 30, line 14, strike "$6,590,000,000", and insert "$6,740,000,000".

On page 31, strike the proviso beginning on line 16, and insert the following: "*Provided further*, That of the total amount provided under this head, $500,000,000 shall be available for use in conjunction with properties that are eligible for assistance under the Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low-Income Housing Preservation Act of 1987 (ELIPHA): *Provided further*, that amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1997 shall be rescinded."

KERRY (AND DOMENICI) AMENDMENT NO. 5165

Mr. BOND (for Mr. KERRY, for himself, and Mr. DOMENICI) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 30, line 9, delete the period and insert the following: "; *Provided*, that of the total amount made available under this head, $50,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act or the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 [42 U.S.C. 13611]."

BOND AMENDMENT NO. 5166

Mr. BOND proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 72, line 15, before the period, insert: ": *Provided further*, That, notwithstanding any other provision of law, a State that did not receive, in fiscal year 1996, grants under title VI of the Federal Water Pollution Control Act, as amended, that obligated all the funds allotted to it from the $725,000,000 that became available for that purpose on August 1, 1996, may receive reallotted funds from the fiscal year 1966 appropriation, provided the State receives such grants in fiscal year 1997".

BOND (AND OTHERS) AMENDMENT NO. 5167

Mr. BOND (for himself, Mr. D'AMATO, and Mr. BENNETT) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 57, strike line 3 and all that follows through page 58, line 20, and insert the following:

SEC. 211. SECTION 8 CONTRACT RENEWAL AUTHORITY.

(a) DEFINITIONS.—For purposes of this section—

(1) the term "expiring contract" means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(2) the term "family" has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(3) the term "multifamily housing project" means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance under section 8 of the United States Housing Act of 1937;

(4) the term "owner" has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(5) the term "project-based assistance" means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(6) the term "public agency" means a State housing finance agency, a local housing agency, or other agency with a public purpose and status;

(7) the term "Secretary" means the Secretary of Housing and Urban Development; and

(8) the term "tenant-based assistance" has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) SECTION 8 CONTRACT RENEWAL AUTHORITY.—

(1) IN GENERAL.—Notwithstanding section 405(a) of the Balanced Budget Downpayment Act, I, upon the request of the owner of a multifamily housing project that is covered by an expiring contract, the Secretary shall use amounts made available for the renewal of assistance under section 8 of the United States Housing Act of 1937 to renew the expiring contract as project-based assistance for a period of not more than 1 year, at rent levels that are equal to those under the expiring contract as of the date on which the contract expires, only if those rent levels do not exceed 120 percent of fair market rent for the market area in which the project is located.

(2) EXEMPTION FOR STATE AND LOCAL HOUSING AGENCY PROJECTS.—Notwithstanding paragraph (1), upon the expiration of an expiring contract with rent levels that exceed the percentage described in that paragraph, if the Secretary determines that the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a public agency, the Secretary shall, upon the request of the public agency, renew the expiring contract—

(A) for a period of not more than 1 year; and

(B) at rent levels that are equal to those under the expiring contract as of the date on which the contract expires.

(3) INELIGIBLE CONTRACTS.—

(A) PARTICIPATION IN DEMONSTRATION.—For contracts covering a multifamily housing project that expire during fiscal year 1997 with rent levels that exceed the percentage described in paragraph (1), the Secretary shall, at the request of the owner of the project, include that multifamily housing project in the demonstration program under section 212 of this Act. The Secretary shall ensure, to the maximum extent practicable, that a project in the demonstration is maintained as affordable for low-income families for the maximum feasible period of time.

(B) EFFECT OF MATERIAL ADVERSE ACTIONS OR OMISSIONS.—Notwithstanding paragraph (1) or any other provision of law, the Secretary shall not renew an expiring contract if the Secretary determines that the owner of the multifamily housing project has engaged in material adverse financial or managerial actions or omissions with regard to the project (or with regard to other similar projects if the Secretary determines that such actions or omissions constitute a pattern of mismanagement that would warrant suspension or debarment by the Secretary).

(C) TRANSFER OF PROPERTY.—For properties disqualified from the demonstration program because of actions by an owner or purchaser in accordance with subparagraph (B), the Secretary shall establish procedures to facilitate the voluntary sale or transfer of the property, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

(4) TENANT PROTECTIONS.—To the extent provided in advance in an appropriations Act, any family residing in an assisted unit in a multifamily housing project that is covered by an expiring contract that is not renewed, shall be offered tenant-based assistance before the date on which the contract expires or is not renewed.

SEC. 212. FHA MULTIFAMILY DEMONSTRATION AUTHORITY.

(a) IN GENERAL.—

(1) REPEAL.—

(A) IN GENERAL.—Section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321) is repealed.

(B) EXCEPTION.—Notwithstanding the repeal under subparagraph (A), amounts made available under section 210(f) the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 shall remain available for the demonstration program under this section through the end of fiscal year 1997.

(2) SAVINGS PROVISIONS.—Nothing in this section shall be construed to affect any commitment entered into before the date of enactment of this Act under the demonstration program under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996.

(3) DEFINITIONS.—For purposes of this section—

(A) the term "affordable" means, with respect to a dwelling unit, a unit for which the rents are restricted to the rent levels established under a mortgage restructuring;

(B) the term "demonstration program" means the program established under subsection (b);

(C) the term "designee" means a third-party public agency that enters into an arrangement with the Secretary under subsection (b)(3);

(D) the term "expiring contract" means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(E) the term "family" has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(F) the term "multifamily housing project" means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance;

(G) the term "owner" has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(H) the term "project-based assistance" means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(I) the term "Secretary" means the Secretary of Housing and Urban Development; and

(J) the term "tenant-based assistance" has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) DEMONSTRATION AUTHORITY.—

(1) IN GENERAL.—The Secretary shall administer a demonstration program with respect to multifamily projects—

(A) whose owners agree to participate;

(B) with rents on units assisted under section 8 of the United States Housing Act of 1937 that are, in the aggregate, in excess of 120 percent of the fair market rent of the market area in which the project is located; and

(C) the mortgages of which are insured under the National Housing Act.

(2) PURPOSE.—The demonstration program shall be designed to test the feasibility and desirability of—

(A) ensuring, to the maximum extent practicable, that the debt service and operating expenses, including adequate reserves, attributable to such multifamily projects can be supported at the comparable market rent with or without mortgage insurance under the National Housing Act and with or without additional subsidies;

(B) utilizing project-based assistance, while taking into account the capital needs of the projects and the need for assistance to low- and very low-income families in such projects; and

(C) preserving low-income rental housing affordability and availability while reducing the long-term cost of project-based assistance.

(3) DESIGNEES.—In carrying out the demonstration program, the Secretary may enter into arrangements with one or more third-party public entities, under which the Secretary may provide for the assumption by the designee (by delegation, by contract, or otherwise) of some or all of the functions, obligations, and benefits of the Secretary.

(c) GOALS.—

(1) IN GENERAL.—The Secretary shall carry out the demonstration program in a manner that will protect the financial interests of the Federal Government through debt restructuring and subsidy reduction and, in the least costly fashion, address the goals of—

(A) maintaining existing affordable housing stock in a decent, safe, and sanitary condition;

(B) minimizing the involuntary displacement of tenants;

(C) taking into account housing market conditions;

(D) encouraging responsible ownership and management of property;

(E) minimizing any adverse income tax impact on property owners; and

(F) minimizing any adverse impacts on residential neighborhoods and local communities.

(2) BALANCE OF COMPETING GOALS.—In determining the manner in which a mortgage is to be restructured or a subsidy reduced under this subsection, the Secretary may balance competing goals relating to individual projects in a manner that will further the purposes of this section.

(d) JOINT VENTURE ARRANGEMENTS.—

(1) IN GENERAL.—In carrying out the demonstration program, the Secretary may enter into joint venture arrangements with designees, under which the Secretary may provide for the assumption by the third parties (by delegation, by contract, or otherwise) of some or all of the functions, obligations, and benefits of the Secretary.

(2) PREFERENCE.—In entering into any arrangement under this subsection, the Secretary shall give preference to State housing finance agencies and local housing agencies to act as designees to the extent such agencies are determined to be qualified by the Secretary.

(3) PUBLIC AGENCIES.—Each joint venture arrangement entered into under this subsection shall include a public agency as the primary partner.

(4) DESIGNEE PARTNERSHIPS.—For purposes of any joint venture arrangement under this subsection, designees are encouraged to develop partnerships with each other, and to contract or subcontract with other entities, including—

(A) public housing agencies;

(B) financial institutions;

(C) mortgage servicers;

(D) nonprofit and for-profit housing organizations;

(E) the Federal National Mortgage Association;

(F) the Federal Home Loan Mortgage Corporation;

(G) Federal Home Loan Banks; and

(H) other State or local mortgage insurance companies or bank lending consortia.

(e) LONG-TERM AFFORDABILITY.—After the renewal of a section 8 contract pursuant to a restructuring under this section, the owner shall accept each offer to renew the section 8 contract, for a period of 20 years from the date of the renewal under the demonstration, if the offer to renew is on terms and conditions, as agreed to by the Secretary or designee and the owner under a restructuring.

(f) PROCEDURES.—

(1) NOTICE OF PARTICIPATION IN DEMONSTRATION.—Not later than 45 days before the date of expiration of an expiring contract (or such later date, as determined by the Secretary, for good cause), the owner of the multifamily housing project covered by that expiring contract shall notify the Secretary or designee of the owner's intent to participate in the demonstration program.

(2) DEMONSTRATION CONTRACT.—Upon receipt of a notice under paragraph (1), the owner and the Secretary or designee shall enter into a demonstration contract, which shall provide for initial section 8 project-based rents at the same rent levels as those under the expiring contract or, if practical, the budget-based rent to cover debt service, reasonable operating expenses (including reasonable and appropriate services), and a reasonable return on equity, as determined solely by the Secretary. The demonstration contract shall be for the minimum term necessary for the rents and mortgages of the multifamily housing project to be restructured under the demonstration program.

(g) HUD-OWNED AND HUD-HELD MORTGAGES.—For purposes of carrying out the demonstration program—

(1) the Secretary may manage and dispose of multifamily properties owned by the Secretary and multifamily mortgages held by the Secretary, on such terms and conditions as the Secretary may determine, without regard to any other provision of law; and

(2) as provided under subsection (b)(3), the Secretary may delegate to one or more designees the authority to carry out some or all of the functions and responsibilities of the Secretary in connection with mortgages held by the Secretary under the National Housing Act.

(h) DEMONSTRATION ACTIONS.—For purposes of carrying out the demonstration program, and in order to ensure that contract rights are not abrogated, subject to such third party consents as are necessary (if any), including consent by the Government National Mortgage Association if it owns a mortgage insured by the Secretary, consent by an issuer under the mortgage-backed securities program of the Association, subject to the responsibilities of the issuer to its security holders and the Association under such program, and consent by parties to any contractual agreement which the Secretary proposes to modify or discontinue, the Secretary or, except with respect to paragraph (2), designee, shall take not less than 1 of the actions specified in paragraphs (6), (7), and (8) and may take any of the following actions:

(1) REMOVAL OF RESTRICTIONS.—

(A) IN GENERAL.—Notwithstanding any other provision of law, and subject to the agreement of the owner of the project and after consultation with the tenants of the project, the Secretary or designee may remove, relinquish, extinguish, modify, or agree to the removal of any mortgage, regulatory agreement, project-based assistance contract, use agreement, or restriction that had been imposed or required by the Secretary, including restrictions on distributions of income which the Secretary or designee determines would interfere with the ability of the project to operate without above-market rents.

(B) ACCUMULATED RESIDUAL RECEIPTS.—The Secretary or designee may require an owner of a property assisted under the section 8 new construction/substantial rehabilitation program under the United States Housing Act of 1937 to apply any accumulated residual receipts toward effecting the purposes of this section.

(2) REINSURANCE.—With respect to not more than 5,000 units during fiscal year 1997,

the Secretary may enter into contracts to purchase reinsurance, or enter into participations or otherwise transfer economic interest in contracts of insurance or in the premiums paid, or due to be paid, on such insurance to the designee, on such terms and conditions as the Secretary may determine.

(3) INDUCE PARTICIPATION OF THIRD PARTIES.—Notwithstanding any other provision of law, of amounts made available under appropriations Acts, including amounts made available under this section, the Secretary or designee may enter into such agreements, provide such concessions, incur such costs, make such grants (including grants to cover all or a portion of the rehabilitation costs for a project) and other payments, and provide other valuable consideration, as may reasonably be necessary to induce participation of owners, lenders, servicers, third parties, and other entities in the demonstration program, including the use of fees for contract administration under section 8 of the United States Housing Act of 1937 for purposes of any contract restructured or renewed under the demonstration program.

(4) FULL OR PARTIAL PAYMENT OF CLAIM.—Notwithstanding any other provision of law, the Secretary may make a full payment of claim or partial payment of claim prior to default.

(5) CREDIT ENHANCEMENT.—

(A) IN GENERAL.—The Secretary or designee may provide FHA multifamily mortgage insurance, reinsurance, or other credit enhancement alternatives, including retaining the existing FHA mortgage insurance on a restructured first mortgage at market value or using the multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992.

(B) EFFECT OF LIMITATIONS.—Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to insurance issued for purposes of the demonstration program.

(C) MAXIMUM PERCENTAGE.—During fiscal year 1997, not more than 10 percent of multifamily housing projects with expiring contracts may be restructured without FHA insurance, unless otherwise agreed by the owner of a project.

(D) CREDIT SUBSIDY.—Subject to the funding restrictions under subsection (l), any credit subsidy costs of providing mortgage insurance shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(6) MORTGAGE RESTRUCTURING.—

(A) IN GENERAL.—The Secretary or designee may restructure mortgages to provide a restructured first mortgage to cover debt service and operating expenses at the market rent, and a second mortgage equal to the difference between the restructured first mortgage and the mortgage balance of the eligible multifamily housing project at the time of restructuring.

(B) INTEREST RATE ON SECOND MORTGAGE.—The second mortgage shall bear interest at a rate not to exceed the applicable Federal rate for a term not to exceed 40 years.

(C) TIMING OF PAYMENTS.—If the first mortgage remains outstanding, payments of interest and principal on the second mortgage shall be made from all excess project income only after the payment of all reasonable and necessary operating expenses (including deposits in a reserve for replacement), debt service on the first mortgage, and such other expenditures as may be approved by the Secretary.

(D) ASSUMPTION OF SECOND MORTGAGE.—The second mortgage shall be assumable by any subsequent purchaser of the multifamily housing project.

(E) DISPOSITION OF PROPERTY.—The balance of the principal and accrued interest due under the second mortgage shall be fully payable upon disposition of the property, unless the mortgage is assumed under subparagraph (D).

(F) SECOND MORTGAGE REPAYMENT.—The owner shall begin repayment of the second mortgage upon full payment of the first mortgage in equal monthly installments in an amount equal to the monthly principal and interest payments formerly paid under the first mortgage.

(G) FAILURE TO COMPLY.—The principal and interest of a second mortgage shall be immediately due and payable upon a finding by the Secretary that an owner has failed to materially comply with this section or any applicable requirement of the United States Housing Act of 1937 in relation to the project at issue.

(H) CREDIT SUBSIDY.—Subject to the funding restrictions under subsection (l), any credit subsidy costs of providing a second mortgage shall be paid from the General Insurance Fund and the Special Risk Insurance Fund.

(7) DEBT FORGIVENESS.—The Secretary or designee, for good cause and at the request of the owner of a multifamily housing project, may forgive at the time of the restructuring of a mortgage any portion of a debt on the project that exceeds the market value of the project. In exchange for debt forgiveness under this paragraph, the project shall remain affordable to low-income families for a period of 20 years, unless otherwise provided by the Secretary.

(8) BUDGET-BASED RENTS.—During fiscal year 1997, the Secretary or designee may renew an expiring contract, for a period of not more than 1 year, at a budget-based rent that covers debt service, reasonable operating expenses (including all reasonable and appropriate services), and a reasonable return on equity, as determined solely by the Secretary, but that does not exceed the rent levels under the expiring contract. The Secretary may establish a preference under the demonstration program for budget-based rents for unique housing projects, such as projects designated for occupancy by elderly families in rural areas.

(i) COMMUNITY AND TENANT INPUT.—In carrying out this section, the Secretary shall develop procedures to provide appropriate and timely notice, including an opportunity for comment, to officials of the unit of general local government affected, the community in which the project is situated, and the tenants of the project.

(j) LIMITATION ON DEMONSTRATION AUTHORITY.—The Secretary shall carry out the demonstration program with respect to mortgages not to exceed 50,000 units.

(k) PRIORITY FOR PARTICIPATION.—The Secretary or designee shall give priority for participation in the demonstration program to any owner of an eligible multifamily housing project with an expiring contract for project-based assistance.

(l) FUNDING.—In addition to the $30,000,000 made available under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321), for the costs (including any credit subsidy costs associated with providing direct loans or mortgage insurance) of modifying and restructuring loans held or guaranteed by the Federal Housing Administration, as authorized under this section, $10,000,000, are hereby appropriated, to remain available until September 30, 1998.

(m) REPORT TO CONGRESS.—

(1) IN GENERAL.—

(A) BIANNUAL REPORTS.—Not less than biannually, the Secretary shall submit to the Congress a report describing and assessing the programs carried out under the demonstration program.

(B) FINAL REPORT.—Not later than 6 months after the end of the demonstration program, the Secretary shall submit to the Congress a final report on the demonstration program.

(2) CONTENTS.—Each report submitted under paragraph (1) shall include—

(A) any findings and recommendations for legislative action; and

(B) a description of the status of each multifamily housing project selected for the demonstration program.

(3) CONTENTS OF FINAL REPORT.—The report submitted under paragraph (1)(B) may include—

(A) with respect to each multifamily housing project participating in the demonstration program, information relating to—

(i) the size of the project;

(ii) the geographic locations of the project, by State and region;

(iii) the physical and financial condition of the project;

(iv) the occupancy profile of the project, including the income, family size, race, and ethnic origin of the tenants, and the rents paid by those tenants;

(v) a description of actions undertaken pursuant to this section, including a description of the effectiveness of such actions and any impediments to the transfer or sale of the projects;

(vi) a description of the extent to which the demonstration program has displaced tenants of the project;

(vii) a description of the impact to which the demonstration program has affected the localities and communities in which the projects are located; and

(viii) a description of the extent to which the demonstration program has affected the owners of the projects; and

(B) a description of any of the functions performed in connection with this section that are transferred or contracted out to public or private entities or to State entities.

THE DEFENSE OF MARRIAGE ACT

NICKLES AMENDMENT NO. 5168–5170

(Ordered to lie on the table.)

Mr. NICKLES submitted three amendments intended to be proposed by him to the bill (H.R. 3396) to define and protect the institution of marriage; as follows:

AMENDMENT NO. 5168

At the appropriate place in the bill, insert the following new sections:

SEC. . REIMBURSEMENT OF CERTAIN ATTORNEY FEES AND COSTS.

(a) IN GENERAL.—The Secretary of the Treasury shall pay, from amounts in the Treasury not otherwise appropriated, such sums as are necessary to reimburse former employees of the White House Travel Office whose employment in that Office was terminated on May 19, 1993, for any attorney fees and costs they incurred with respect to that termination.

(b) VERIFICATION REQUIRED.—The Secretary shall pay an individual in full under subsection (a) upon submission by the individual of documentation verifying the attorney fees and costs.

(c) NO INFERENCE OF LIABILITY.—Liability of the United States shall not be inferred from enactment of or payment under this section.

SEC. . LIMITATION ON FILING OF CLAIMS.

The Secretary of the Treasury shall not pay any claim filed under this Act that is filed later than 120 days after the date of the enactment of this Act.

SEC. . REDUCTION.

The amount paid pursuant to this Act to an individual for attorneys fees and costs described in section shall be reduced by any amount received before the date of the enactment of this Act, without obligation for repayment by the individual, for payment of such attorney fees and costs (including any amount received from the funds appropriated for the individual in the matter relating to the "Office of the General Counsel" under the heading "Office of the Secretary" in title I of the Department of Transportation and Related Agencies Appropriations Act, 1994).

SEC. . PAYMENT IN FULL SETTLEMENT OF CLAIMS AGAINST THE UNITED STATES.

Payment under this Act, when accepted by an individual described in section , shall be in full satisfaction of all claims of, or on behalf of, the individual against the United States that arose out of the termination of the White House Travel Office employment of that individual on May 19, 1993.

AMENDMENT NO. 5169

At the appropriate place in the bill, insert the following new sections:

SEC. . SHORT TITLE.

This Act may be cited as the "Workers Political Freedom Act of 1996".

SEC. . WORKERS' POLITICAL RIGHTS.

(a) UNFAIR LABOR PRACTICES BY EMPLOYEES PROHIBITED.—Section 8(a) of the National Labor Relations Act (29 U.S.C. 158(a)) is amended by—

(1) striking the period at the end of paragraph (5) and inserting in lieu thereof "; or"; and

(2) adding after paragraph (5) the following new paragraph:

"(6) to receive from an employee dues, initiation fees, assessments, or other payments as a condition of employment for use for political activities in which the employer is engaged unless with the prior written voluntary authorization of the employee."

(b) UNFAIR LABOR PRACTICES BY LABOR ORGANIZATIONS PROHIBITED.—Section 8(b) of the National Labor Relations Act (29 U.S.C. 158(b)) is amended by—

(1) striking "and" at the end of paragraph (6);

(2) striking the period at the end of paragraph (7) and inserting in lieu thereof a semicolon; and

(3) adding after paragraph (7) the following new paragraph:

"(8) to receive from a member or nonmember dues, initiation fees, assessments, or other payments as a condition of membership in the labor organization or as a condition of employment for use for political activities in which the labor organization is engaged unless with the prior written voluntary authorization of the member or nonmember: *Provided*, That nothing in this paragraph shall be construed to deprive the courts of their concurrent jurisdiction over claims that a labor organization's use of the monies specified in this paragraph, or over the procedures for objecting to such spending, breaches the duty of fair representation.".

AMENDMENT NO. 5170

At the appropriate place in the bill, insert the following new section:

SEC. . REQUIREMENT TO COMPLY WITH 5-YEAR TIME LIMIT FOR WELFARE ASSISTANCE.

(a) IN GENERAL.—Not later than 10 days after the date of the enactment of this Act, the Secretary of Health and Human Services (in this Act referred to as the "Secretary") shall rescind approval of the waiver described in subsection (b). Upon such rescission, the Secretary shall immediately approve such waiver in accordance with subsection (c).

(b) WAIVER DESCRIBED.—The waiver described in this subsection is the approval by the Secretary on August 19, 1996, of the District of Columbia's Welfare Reform Demonstration Special Application for waivers, which was submitted under section 1115 of the Social Security Act, and entitled the District of Columbia's Project on Work, Employment, and Responsibility (POWER).

(c) CONDITION FOR WAIVER APPROVAL.—The Secretary of Health and Human Services shall not approve any part of the waiver described in subsection (b) that relates to a time limit on receipt of assistance.

KENNEDY (AND OTHERS) AMENDMENT NO. 5171

(Ordered to lie on the table.)

Mr. KENNEDY (for himself, Mr. JEFFORDS, and Mr. LIEBERMAN) submitted an amendment intended to be proposed by them to the bill, H.R. 3396, supra; as follows:

Insert before section 1 the following:

TITLE I—DEFENSE OF MARRIAGE

In section 1, strike "This Act" and insert "This title".

At the end of the bill, add the following new title:

TITLE ___—EMPLOYMENT NONDISCRIMINATION

SEC. ___01. SHORT TITLE.

This title may be cited as the "Employment Nondiscrimination Act of 1996".

SEC. ___02. PURPOSES.

It is the purpose of this title—

(1) to provide a comprehensive Federal prohibition of employment discrimination on the basis of sexual orientation;

(2) to provide meaningful and effective remedies for employment discrimination on the basis of sexual orientation; and

(3) to invoke congressional powers, including the powers to enforce the 14th amendment to the Constitution and to regulate commerce, in order to prohibit employment discrimination on the basis of sexual orientation.

SEC. ___03. DEFINITIONS.

As used in this title:

(1) COMMISSION.—The term "Commission" means the Equal Employment Opportunity Commission.

(2) COVERED ENTITY.—The term "covered entity" means an employer, employment agency, labor organization, joint labor management committee, an entity to which section 717(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e–16(a)) applies, an employing authority to which section 302(a)(1) of the Government Employee Rights Act of 1991 (2 U.S.C. 1202(a)(1)) applies, or an employing authority to which section 201(a)(1) of the Congressional Accountability Act of 1995 (2 U.S.C. 1311(a)(1)) applies.

(3) EMPLOYEE.—The term "employee" means an employee, as defined in section 701(f) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(f)), an employee or applicant to whom section 717(a) of the Civil Rights Act of 1964 applies, a Presidential appointee or State employee to whom section 302(a)(1) of the Government Employee Rights Act of 1991 applies, and a covered employee to whom section 201(a)(1) of the Congressional Accountability Act of 1995 applies. The term "employee" does not include an individual who volunteers to perform services if the individual receives no compensation for such services.

(4) EMPLOYER.—the term "employer" means a person engaged in an industry affecting commerce (as defined in section 701(h) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(h))) who has 15 or more employees for each working day in each of 20 or more calendar weeks in the current or preceding calendar year, and any agent of such a person, but such term does not include a bona fide private membership club (other than a labor organization) that is exempt from taxation under section 501(c) of the Internal Revenue Code of 1986.

(5) EMPLOYMENT AGENCY.—The term "employment agency" has the meaning given such term in section 701(c) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(c)).

(6) EMPLOYMENT OR EMPLOYMENT OPPORTUNITIES.—Except as provided in section ___09(a)(1), the term "employment or employment opportunities" includes job application procedures, hiring, advancement, discharge, compensation, job training, or any other term, condition, or privilege of employment.

(7) INDIVIDUAL.—The term "individual" includes an employee.

(8) LABOR ORGANIZATION.—The term "labor organization" has the meaning given such term in section 701(d) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(d)).

(9) PERSON.—The term "person" has the meaning given such term in section 701(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(a)).

(10) RELIGIOUS ORGANIZATION.—The term "religious organization" means—

(A) a religious corporation, association, or society; or

(B) a college, school, university, or other educational institution, not otherwise a religious organization, if—

(i) it is in whole or substantial part controlled, managed, owned, or supported by a religious corporation, association, or society; or

(ii) its curriculum is directed toward the propagation of a particular religion.

(11) SEXUAL ORIENTATION.—The term "sexual orientation" means homosexuality, bisexuality, or heterosexuality, whether such orientation is real or perceived.

(12) STATE.—The term "State" has the meaning given such term in section 701(i) of the Civil Rights Act of 1964 (42 U.S.C. 2000e(i)).

SEC. ___04. DISCRIMINATION PROHIBITED.

A covered entity shall not, with respect to the employment or employment opportunities of an individual—

(1) subject the individual to a different standard or different treatment on the basis of sexual orientation;

(2) discriminate against the individual based on the sexual orientation of a person

with whom the individual is believed to associate or to have associated; or

(3) otherwise discriminate against the individual on the basis of sexual orientation.

SEC. ___05. BENEFITS.

This title does not apply to the provision of employee benefits to an individual for the benefit of such individual's partner.

SEC. ___06. NO DISPARATE IMPACT.

The fact that an employment practice has a disparate impact, as the term "disparate impact" is used in section 703(k) of the Civil Rights Act of 1964 (42 U.S.C. 2000e–2(k)), on the basis of sexual orientation does not establish a prima facie violation of this title.

SEC. ___07. QUOTAS AND PREFERENTIAL TREATMENT PROHIBITED.

(a) QUOTAS.—A covered entity shall not adopt or implement a quota on the basis of sexual orientation.

(b) PREFERENTIAL TREATMENT.—A covered entity shall not give preferential treatment to an individual on the basis of sexual orientation.

SEC. ___08. RELIGIOUS EXEMPTION.

(a) IN GENERAL.—Except as provided in subsection (b), this title shall not apply to a religious organization.

(b) FOR-PROFIT ACTIVITIES.—This title shall apply with respect to employment and employment opportunities that relate to any employment position that pertains solely to a religious organization's for-profit activities subject to taxation under section 511(a) of the Internal Revenue Code of 1986.

SEC. ___09. NONAPPLICATION TO MEMBERS OF THE ARMED FORCES; VETERANS' PREFERENCES.

(a) ARMED FORCES.—

(1) EMPLOYMENT OR EMPLOYMENT OPPORTUNITIES.—For purposes of this title, the term "employment or employment opportunities" does not apply to the relationship between the United States and members of the Armed Forces.

(2) ARMED FORCES.—As used in paragraph (1), the term "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(b) VETERANS' PREFERENCES.—This title does not repeal or modify any Federal, State, territorial, or local law creating a special right or preference for a veteran.

SEC. ___10. CONSTRUCTION.

Nothing in this title shall be construed to prohibit a covered entity from enforcing rules regarding nonprivate sexual conduct, if such rules of conduct are designed for, and uniformly applied to, all individuals regardless of sexual orientation.

SEC. ___11. ENFORCEMENT.

(a) ENFORCEMENT POWERS.—With respect to the administration and enforcement of this title in the case of a claim alleged by an individual for a violation of this title—

(1) the Commission shall have the same powers as the Commission has to administer and enforce—

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.); or

(B) sections 302, 303, and 304 of the Government Employee Rights Act of 1991 (2 U.S.C. 1202, 1203, and 1204);

in the case of a claim alleged by such individual for a violation of such title or of section 302(a)(1) of such Act (2 U.S.C. 1202(a)(1)), respectively;

(2) the Librarian of Congress shall have the same powers as the Librarian of Congress has to administer and enforce title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of a claim alleged by such individual for a violation of such title;

(3) the Board (as defined in section 101 of the Congressional Accountability Act of 1995 (2 U.S.C. 1301) shall have the same powers as the Board has to administer and enforce the Congressional Accountability Act of 1995 in the case of a claim alleged by such individual for a violation of section 201(a)(1) of such Act (2 U.S.C. 1311(a)(1));

(4) the Attorney General shall have the same powers as the Attorney General has to administer and enforce—

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.); or

(B) sections 302, 303, and 304 of the Government Employee Rights Act of 1991 (2 U.S.C. 1202, 1203, and 1204);

in the case of a claim alleged by such individual for a violation of such title or of section 302(a)(1) of such Act, respectively; and

(5) a court of the United States shall have the same jurisdiction and powers as such court has to enforce—

(A) title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of a claim alleged by such individual for a violation of such title;

(B) sections 302, 303, and 304 of the Government Employee Rights Act of 1991 (2 U.S.C. 1202, 1203, and 1204) in the case of a claim alleged by such individual for a violation of section 302(a)(1) of such Act; and

(C) the Congressional Accountability Act of 1995 (2 U.S.C. 1301 et seq.) in the case of a claim alleged by such individual for a violation of section 201(a)(1) of such Act.

(b) PROCEDURES AND REMEDIES.—The procedures and remedies applicable to a claim alleged by an individual for a violation of this title are—

(1) the procedures and remedies applicable for a violation of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) in the case of a claim alleged by such individual for a violation of such title;

(2) the procedures and remedies applicable for a violation of section 302(a)(1) of the Government Employee Rights Act of 1991 (2 U.S.C. 1202(a)(1)) in the case of a claim alleged by such individual for a violation of such section; and

(3) the procedures and remedies applicable for a violation of section 201(a)(1) of the Congressional Accountability Act of 1995 (2 U.S.C. 1311(a)(1)) in the case of a claim alleged by such individual for a violation of such section.

(c) OTHER APPLICABLE PROVISIONS.—With respect to claims alleged by a covered employee (as defined in section 101 of the Congressional Accountability Act of 1995 (2 U.S.C. 1301)) for a violation of this title, title III of the Congressional Accountability Act of 1995 (2 U.S.C. 1381 et seq.) shall apply in the same manner as such title applies with respect to a claim alleged by such a covered employee for a violation of section 201(a)(1) of such Act.

SEC. ___12. FEDERAL AND STATE IMMUNITY.

(a) STATE IMMUNITY.—A State shall not be immune under the eleventh amendment to the Constitution of the United States from an action in a Federal court of competent jurisdiction for a violation of this title. In an action against a State for a violation of this title, remedies (including remedies at law and in equity) are available for the violation to the same extent as such remedies are available in an action against any public or private entity other than a State.

(b) LIABILITY OF THE UNITED STATES.—The United States shall be liable for all remedies (excluding punitive damages) under this title to the same extent as a private person and shall be liable to the same extent as a nonpublic party for interest to compensate for delay in payment.

SEC. ___13. ATTORNEYS' FEES.

In any action or administrative proceeding commenced pursuant to this title, an entity described in section ___11(a), in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee, including expert fees and other litigation expenses, and costs. The United States shall be liable for the fees, expenses and costs described in the preceding sentence to the same extent as a private person.

SEC. ___14. RETALIATION AND COERCION PROHIBITED.

(a) RETALIATION.—A covered entity shall not discriminate against an individual because such individual opposed any act or practice prohibited by this title or because such individual made a charge, assisted, testified, or participated in any manner in an investigation, proceeding, or hearing under this title.

(b) COERCION.—A person shall not coerce, intimidate, threaten, or interfere with any individual in the exercise or enjoyment of, or on account of such individual's having exercised, enjoyed, assisted, or encouraged the exercise or enjoyment of, any right granted or protected by this title.

SEC. ___15. POSTING NOTICES.

A covered entity shall post notices for employees, applicants for employment, and members describing the applicable provisions of this title in the manner prescribed by, and subject to the penalty provided under, section 711 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–10).

SEC. ___16. REGULATIONS.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the Commission shall have authority to issue regulations to carry out this title.

(b) LIBRARIAN OF CONGRESS.—The Librarian of Congress shall have authority to issue regulations to carry out this title with respect to employees of the Library of Congress.

(c) BOARD.—The Board referred to in section ___11(a)(3) shall have authority to issue regulations to carry out this title, in accordance with section 304 of the Congressional Accountability Act of 1995 (2 U.S.C. 1384), with respect to covered employees to which section 201(a)(1) of such Act applies (2 U.S.C. 1311(a)(1)).

SEC. ___17. RELATIONSHIP TO OTHER LAWS.

This title shall not invalidate or limit the rights, remedies, or procedures available to an individual claiming discrimination prohibited under any other Federal law or any law of a State or political subdivision of a State.

SEC. ___18. SEVERABILITY.

If any provision of this title, or the application of such provision to any person or circumstance, is held to be invalid, the remainder of this title and the application of such provision to other persons or circumstances shall not be affected by such invalidity.

SEC. ___19. EFFECTIVE DATE.

This title shall take effect 60 days after the date of enactment of this title and shall not apply to conduct occurring before such effective date.

FEINSTEIN (AND WYDEN) AMENDMENT NO. 5172

(Ordered to lie on the table.)

Mrs. FEINSTEIN (for herself and Mr. WYDEN) submitted an amendment intended to be proposed by them to the bill, H.R. 3396, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. . FEDERALLY PROTECTED ACTIVITIES.

Section 245(b) of title 18, United States Code, is amended—

(1) in paragraph (2) in the matter before subparagraph (A), by inserting ", sexual orientation," after "religion"; and

(2) in paragraph (4)(A), by inserting ", sexual orientation," after "religion".

LAUTENBERG AMENDMENT NO. 5173

(Ordered to lie on the table.)

Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill, H.R. 3396, supra; as follows:

At the appropriate place ______, insert the following:

SEC. . GUN BAN FOR INDIVIDUALS COMMITTING DOMESTIC VIOLENCE.

(a) DEFINITIONS.—Section 921(a) of title 18, United States Code, is amended by adding at the end the following new paragraph:

"(33) The term 'crime involving domestic violence' means a felony or misdemeanor crime of violence, regardless of length, term, or manner of punishment, committed by a current or former spouse, parent, or guardian of the victim, by a person with whom the victim shares a child in common, by a person who is cohabiting with or has cohabited with the victim as a spouse, parent, or guardian, or by a person similarly situated to a spouse, parent, or guardian of the victim under the domestic or family violence laws of the jurisdiction in which such felony or misdemeanor was committed.".

(b) UNLAWFUL ACTS.—Section 922 of title 18, United States Code, is amended—

(1) in subsection (d)—

(A) by striking "or" at the end of paragraph (7);

(B) by striking the period at the end of paragraph (8) and inserting "; or"; and

(C) by inserting after paragraph (8) the following new paragraph:

"(9) has been convicted in any court of any crime involving domestic violence, if the individual has been represented by counsel or knowingly and intelligently waived the right to counsel.";

(2) in subsection (g)—

(A) by striking "or" at the end of paragraph (7);

(B) in paragraph (8), by striking the comma and inserting "; or"; and

(C) by inserting after paragraph (8) the following new paragraph:

"(9) has been convicted in any court of any crime involving domestic violence, if the individual has been represented by counsel or knowingly and intelligently waived the right to counsel,"; and

(3) in subsection (s)(3)(B)(i), by inserting before the semicolon the following: "and has not been convicted in any court of any crime involving domestic violence, if the individual has been represented by counsel or knowingly and intelligently waived the right to counsel".

(c) RULES AND REGULATIONS.—Section 926(a) of title 18, United States Code, is amended—

(1) by striking "and" at the end of paragraph (2);

(2) by striking the period at the end of paragraph (3) and inserting "; and"; and

(3) by inserting after paragraph (3) the following new paragraph:

"(4) regulations providing for the effective receipt and secure storage of firearms relinquished by or seized from persons described in subsection (d)(9) or (g)(9) of section 922.".

BRADLEY (AND OTHERS) AMENDMENT NO. 5174

(Ordered to lie on the table.)

Mr. BRADLEY (for himself, Mrs. KASSEBAUM, and Mr. FRIST) submitted an amendment intended to be proposed by them to the bill, H.R. 3396, supra; as follows:

At the appropriate place, add the following:

TITLE ___—NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT OF 1996

SEC. ___1. SHORT TITLE.

This title may be cited as the "Newborns' and Mothers' Health Protection Act of 1996".

SEC. ___2. FINDINGS.

Congress finds that—

(1) the length of post-delivery inpatient care should be based on the unique characteristics of each mother and her newborn child, taking into consideration the health of the mother, the health and stability of the newborn, the ability and confidence of the mother and father to care for the newborn, the adequacy of support systems at home, and the access of the mother and newborn to appropriate follow-up health care; and

(2) the timing of the discharge of a mother and her newborn child from the hospital should be made by the attending provider in consultation with the mother.

SEC. ___3. REQUIRED COVERAGE FOR MINIMUM HOSPITAL STAY FOLLOWING BIRTH.

(a) IN GENERAL.—Except as provided in subsection (b), a health plan or an employee health benefit plan that provides maternity benefits, including benefits for childbirth, shall ensure that coverage is provided with respect to a mother who is a participant, beneficiary, or policyholder under such plan and her newborn child for a minimum of 48 hours of inpatient length of stay following a normal vaginal delivery, and a minimum of 96 hours of inpatient length of stay following a caesarean section, without requiring the attending provider to obtain authorization from the health plan or employee health benefit plan.

(b) EXCEPTION.—Notwithstanding subsection (a), a health plan or an employee health benefit plan shall not be required to provide coverage for post-delivery inpatient length of stay for a mother who is a participant, beneficiary, or policyholder under such plan and her newborn child for the period referred to in subsection (a) if—

(1) a decision to discharge the mother and her newborn child prior to the expiration of such period is made by the attending provider in consultation with the mother; and

(2) the health plan or employee health benefit plan provides coverage for post-delivery follow-up care as described in section ___4.

SEC. ___4. POST-DELIVERY FOLLOW-UP CARE.

(a) IN GENERAL.—

(1) GENERAL RULE.—In the case of a decision to discharge a mother and her newborn child from the inpatient setting prior to the expiration of 48 hours following a normal vaginal delivery or 96 hours following a caesarean section, the health plan or employee health benefit plan shall provide coverage for timely post-delivery care. Such health care shall be provided to a mother and her newborn child by a registered nurse, physician, nurse practitioner, nurse midwife or physician assistant experienced in maternal and child health in—

(A) the home, a provider's office, a hospital, a birthing center, an intermediate care facility, a federally qualified health center, a federally qualified rural health clinic, or a State health department maternity clinic; or

(B) another setting determined appropriate under regulations promulgated by the Secretary, in consultation with the Secretary of Health and Human Services;

except that such coverage shall ensure that the mother has the option to be provided with such care in the home. The attending provider in consultation with the mother shall decide the most appropriate location for follow-up care.

(2) CONSIDERATIONS BY SECRETARY.—In promulgating regulations under paragraph (1)(B), the Secretary shall consider telemedicine and other innovative means to provide follow-up care and shall consider care in both urban and rural settings.

(b) TIMELY CARE.—As used in subsection (a), the term "timely post-delivery care" means health care that is provided—

(1) following the discharge of a mother and her newborn child from the inpatient setting; and

(2) in a manner that meets the health care needs of the mother and her newborn child, that provides for the appropriate monitoring of the conditions of the mother and child, and that occurs not later than the 72-hour period immediately following discharge.

(c) CONSISTENCY WITH STATE LAW.—The Secretary shall, with respect to regulations promulgated under subsection (a) concerning appropriate post-delivery care settings, ensure that, to the extent practicable, such regulations are consistent with State licensing and practice laws.

SEC. ___5. PROHIBITIONS.

In implementing the requirements of this title, a health plan or an employee health benefit plan may not—

(1) deny enrollment, renewal, or continued coverage to a mother and her newborn child who are participants, beneficiaries or policyholders based on compliance with this title;

(2) provide monetary payments or rebates to mothers to encourage such mothers to request less than the minimum coverage required under this title;

(3) penalize or otherwise reduce or limit the reimbursement of an attending provider because such provider provided treatment in accordance with this title; or

(4) provide incentives (monetary or otherwise) to an attending provider to induce such provider to provide treatment to an individual policyholder, participant, or beneficiary in a manner inconsistent with this title.

SEC. ___6. NOTICE.

(a) EMPLOYEE HEALTH BENEFIT PLAN.—An employee health benefit plan shall provide conspicuous notice to each participant regarding coverage required under this Act not later than 120 days after the date of enactment of this title, and as part of its summary plan description.

(b) HEALTH PLAN.—A health plan shall provide notice to each policyholder regarding coverage required under this title. Such notice shall be in writing, prominently positioned, and be transmitted—

(1) in a mailing made within 120 days of the date of enactment of this title by such plan to the policyholder; and

(2) as part of the annual informational packet sent to the policyholder.

SEC. ___7. APPLICABILITY.

(a) CONSTRUCTION.—

(1) IN GENERAL.—A requirement or standard imposed under this title on a health plan

shall be deemed to be a requirement or standard imposed on the health plan issuer. Such requirements or standards shall be enforced by the State insurance commissioner for the State involved or the official or officials designated by the State to enforce the requirements of this title. In the case of a health plan offered by a health plan issuer in connection with an employee health benefit plan, the requirements or standards imposed under this title shall be enforced with respect to the health plan issuer by the State insurance commissioner for the State involved or the official or officials designated by the State to enforce the requirements of this title.

(2) LIMITATION.—Except as provided in section ___8(c), the Secretary shall not enforce the requirements or standards of this title as they relate to health plan issuers or health plans. In no case shall a State enforce the requirements or standards of this title as they relate to employee health benefit plans.

(b) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to affect or modify the provisions of section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144).

(c) RULE OF CONSTRUCTION.—Nothing in this title shall be construed to require that a mother who is a participant, beneficiary, or policyholder covered under this title—

(1) give birth in a hospital; or

(2) stay in the hospital for a fixed period of time following the birth of her child.

SEC. ___8. ENFORCEMENT.

(a) HEALTH PLAN ISSUERS.—Each State shall require that each health plan issued, sold, renewed, offered for sale or operated in such State by a health plan issuer meet the standards established under this title. A State shall submit such information as required by the Secretary demonstrating effective implementation of the requirements of this title.

(b) EMPLOYEE HEALTH BENEFIT PLANS.—With respect to employee health benefit plans, the standards established under this title shall be enforced in the same manner as provided for under sections 502, 504, 506, and 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132, 1134, 1136, and 1140). The civil penalties contained in paragraphs (1) and (2) of section 502(c) of such Act (29 U.S.C. 1132(c)(1) and (2)) shall apply to any information required by the Secretary to be disclosed and reported under this section.

(c) FAILURE TO ENFORCE.—In the case of the failure of a State to substantially enforce the standards and requirements set forth in this title with respect to health plans, the Secretary, in consultation with the Secretary of Health and Human Services, shall enforce the standards of this title in such State. In the case of a State that fails to substantially enforce the standards set forth in this title, each health plan issuer operating in such State shall be subject to civil enforcement as provided for under sections 502, 504, 506, and 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132, 1134, 1136, and 1140). The civil penalties contained in paragraphs (1) and (2) of section 502(c) of such Act (29 U.S.C. 1132(c)(1) and (2)) shall apply to any information required by the Secretary to be disclosed and reported under this section.

(d) REGULATIONS.—The Secretary, in consultation with the Secretary of Health and Human Services, may promulgate such regulations as may be necessary or appropriate to carry out this title.

SEC. ___9. DEFINITIONS.

As used in this title:

(1) ATTENDING PROVIDER.—The term "attending provider" shall include—

(A) the obstetrician-gynecologists, pediatricians, family physicians, and other physicians primarily responsible for the care of a mother and newborn; and

(B) the nurse midwives and nurse practitioners primarily responsible for the care of a mother and her newborn child in accordance with State licensure and certification laws.

(2) BENEFICIARY.—The term "beneficiary" has the meaning given such term under section 3(8) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(8)).

(3) EMPLOYEE HEALTH BENEFIT PLAN.—

(A) IN GENERAL.—The term "employee health benefit plan" means any employee welfare benefit plan, governmental plan, or church plan (as defined under paragraphs (1), (32), and (33) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002 (1), (32), and (33))) that provides or pays for health benefits (such as provider and hospital benefits) for participants and beneficiaries whether—

(i) directly;

(ii) through a health plan offered by a health plan issuer as defined in paragraph (4); or

(iii) otherwise.

(B) RULE OF CONSTRUCTION.—An employee health benefit plan shall not be construed to be a health plan or a health plan issuer.

(C) ARRANGEMENTS NOT INCLUDED.—Such term does not include the following, or any combination thereof:

(i) Coverage only for accident, or disability income insurance, or any combination thereof.

(ii) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act).

(iii) Coverage issued as a supplement to liability insurance.

(iv) Liability insurance, including general liability insurance and automobile liability insurance.

(v) Workers compensation or similar insurance.

(vi) Automobile medical payment insurance.

(vii) Coverage for a specified disease or illness.

(viii) Hospital or fixed indemnity insurance.

(ix) Short-term limited duration insurance.

(x) Credit-only, dental-only, or vision-only insurance.

(xi) A health insurance policy providing benefits only for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(4) GROUP PURCHASER.—The term "group purchaser" means any person (as defined under paragraph (9) of section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(9)) or entity that purchases or pays for health benefits (such as provider or hospital benefits) on behalf of participants or beneficiaries in connection with an employee health benefit plan.

(5) HEALTH PLAN.—

(A) IN GENERAL.—The term "health plan" means any group health plan or individual health plan.

(B) GROUP HEALTH PLAN.—The term "group health plan" means any contract, policy, certificate or other arrangement offered by a health plan issuer to a group purchaser that provides or pays for health benefits (such as provider and hospital benefits) in connection with an employee health benefit plan.

(C) INDIVIDUAL HEALTH PLAN.—The term "individual health plan" means any contract, policy, certificate or other arrangement offered to individuals by a health plan issuer that provides or pays for health benefits (such as provider and hospital benefits) and that is not a group health plan.

(D) ARRANGEMENTS NOT INCLUDED.—Such term does not include the following, or any combination thereof:

(i) Coverage only for accident, or disability income insurance, or any combination thereof.

(ii) Medicare supplemental health insurance (as defined under section 1882(g)(1) of the Social Security Act).

(iii) Coverage issued as a supplement to liability insurance.

(iv) Liability insurance, including general liability insurance and automobile liability insurance.

(v) Workers compensation or similar insurance.

(vi) Automobile medical payment insurance.

(vii) Coverage for a specified disease or illness.

(viii) Hospital or fixed indemnity insurance.

(ix) Short-term limited duration insurance.

(x) Credit-only, dental-only, or vision-only insurance.

(xi) A health insurance policy providing benefits only for long-term care, nursing home care, home health care, community-based care, or any combination thereof.

(E) CERTAIN PLANS INCLUDED.—Such term includes any plan or arrangement not described in any clause of subparagraph (D) which provides for benefit payments, on a periodic basis, for—

(i) a specified disease or illness, or

(ii) a period of hospitalization,

without regard to the costs incurred or services rendered during the period to which the payments relate.

(6) HEALTH PLAN ISSUER.—The term "health plan issuer" means any entity that is licensed (prior to or after the date of enactment of this title) by a State to offer a health plan.

(7) PARTICIPANT.—The term "participant" has the meaning given such term under section 3(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(7)).

(8) SECRETARY.—The term "Secretary" unless otherwise specified means the Secretary of Labor.

SEC. ___10. PREEMPTION.

(a) IN GENERAL.—The provisions of sections ___3, ___5, and ___6 relating to inpatient care shall not preempt a State law or regulation—

(1) that provides greater protections to patients or policyholders than those required in this title;

(2) that requires health plans to provide coverage for at least 48 hours of inpatient length of stay following a normal vaginal delivery, and at least 96 hours of inpatient length of stay following a caesarean section;

(3) that requires health plans to provide coverage for maternity and pediatric care in accordance with guidelines established by the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, or other established professional medical associations; or

(4) that leaves decisions regarding appropriate length of stay entirely to the attending provider, in consultation with the mother.

(b) FOLLOW-UP CARE.—The provisions of section ___4 relating to follow-up care shall not preempt those provisions of State law or regulation that provide comparable or greater protection to patients or policyholders than those required under this title or that provide mothers and newborns with an option of timely post delivery follow-up care (as defined in section ___4(b)) in the home.

(c) EMPLOYEE HEALTH BENEFIT PLANS.—Nothing in this section affects the application of this title to employee health benefit plans, as defined in section ___9(3).

SEC. ___11. REPORTS TO CONGRESS CONCERNING CHILDBIRTH.

(a) FINDINGS.—Congress finds that—

(1) childbirth is one part of a continuum of experience that includes prepregnancy, pregnancy and prenatal care, labor and delivery, the immediate postpartum period, and a longer period of adjustment for the newborn, the mother, and the family;

(2) health care practices across this continuum are changing in response to health care financing and delivery system changes, science and clinical research, and patient preferences; and

(3) there is a need to—

(A) examine the issues and consequences associated with the length of hospital stays following childbirth;

(B) examine the follow-up practices for mothers and newborns used in conjunction with shorter hospital stays;

(C) identify appropriate health care practices and procedures with regard to the hospital discharge of newborns and mothers;

(D) examine the extent to which such care is affected by family and environmental factors; and

(E) examine the content of care during hospital stays following childbirth.

(b) ADVISORY PANEL.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this title, the Secretary of Health and Human Services shall establish an advisory panel (hereafter referred to in this section as the "advisory panel") to—

(A) guide and review methods, procedures, and data collection necessary to conduct the study described in subsection (c) that is intended to enhance the quality, safety, and effectiveness of health care services provided to mothers and newborns;

(B) develop a consensus among the members of the advisory panel regarding the appropriateness of the specific requirements of this title; and

(C) prepare and submit to the Secretary of Health and Human Services, as part of the report of the Secretary submitted under subsection (d), a report summarizing the consensus developed under subparagraph (B) if any, including the reasons for not reaching such a consensus.

(2) PARTICIPATION.—

(A) DEPARTMENT REPRESENTATIVES.—The Secretary of Health and Human Services shall ensure that representatives from within the Department of Health and Human Services that have expertise in the area of maternal and child health or in outcomes research are appointed to the advisory panel established under paragraph (1).

(B) REPRESENTATIVES OF PUBLIC AND PRIVATE SECTOR ENTITIES.—

(i) IN GENERAL.—The Secretary of Health and Human Services shall ensure that members of the advisory panel include representatives of public and private sector entities having knowledge or experience in one or more of the following areas:

(I) Patient care.

(II) Patient education.

(III) Quality assurance.

(IV) Outcomes research.

(V) Consumer issues.

(ii) REQUIREMENT.—The panel shall include representatives from each of the following categories:

(I) Health care practitioners.

(II) Health plans.

(III) Hospitals.

(IV) Employers.

(V) States.

(VI) Consumers.

(c) STUDIES.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall conduct a study of—

(A) the factors affecting the continuum of care with respect to maternal and child health care, including outcomes following childbirth;

(B) the factors determining the length of hospital stay following childbirth;

(C) the diversity of negative or positive outcomes affecting mothers, infants, and families;

(D) the manner in which post natal care has changed over time and the manner in which that care has adapted or related to changes in the length of hospital stay, taking into account—

(i) the types of post natal care available and the extent to which such care is accessed; and

(ii) the challenges associated with providing post natal care to all populations, including vulnerable populations, and solutions for overcoming these challenges; and

(E) the financial incentives that may—

(i) impact the health of newborns and mothers; and

(ii) influence the clinical decisionmaking of health care providers.

(2) RESOURCES.—The Secretary of Health and Human Services shall provide to the advisory panel the resources necessary to carry out the duties of the advisory panel.

(d) REPORTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall prepare and submit to the Committee on Labor and Human Resources of the Senate and the Committee on Commerce of the House of Representatives a report that contains—

(A) a summary of the study conducted under subsection (c);

(B) a summary of the best practices used in the public and private sectors for the care of newborns and mothers;

(C) recommendations for improvements in prenatal care, post natal care, delivery and follow-up care, and whether the implementation of such improvements should be accomplished by the private health care sector, Federal or State governments, or any combination thereof; and

(D) limitations on the databases in existence on the date of enactment of this title.

(2) SUBMISSION OF REPORTS.—The Secretary of Health and Human Services shall prepare and submit to the Committees referred to in paragraph (1)—

(A) an initial report concerning the study conducted under subsection (c) and the report required under subsection (d), not later than 18 months after the date of enactment of this title;

(B) an interim report concerning such study and report not later than 3 years after the date of enactment of this title; and

(C) a final report concerning such study and report not later than 5 years after the date of enactment of this title.

(e) TERMINATION OF PANEL.—The advisory panel shall terminate on the date that occurs 60 days after the date on which the last report is submitted under this section.

SEC. ___12. SALE OF GOVERNORS ISLAND, NEW YORK.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Administrator of General Services shall dispose of by sale at fair market value all rights, title, and interests of the United States in and to the land of, and improvements to, Governors Island, New York.

(b) RIGHT OF FIRST REFUSAL.—Before a sale is made under subsection (a) to any other parties, the State of New York and the city of New York shall be given the right of first refusal to purchase all or part of Governors Island. Such right may be exercised by either the State of New York or the city of New York or by both parties acting jointly.

(c) PROCEEDS.—Proceeds from the disposal of Governors Island under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

SEC. ___13. SALE OF AIR RIGHTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Administrator of General Services shall sell, at fair market value and in a manner to be determined by the Administrator, the air rights adjacent to Washington Union Station described in subsection (b), including air rights conveyed to the Administrator under subsection (d). The Administrator shall complete the sale by such date as is necessary to ensure that the proceeds from the sale will be deposited in accordance with subsection (c).

(b) DESCRIPTION.—The air rights referred to in subsection (a) total approximately 16.5 acres and are depicted on the plat map of the District of Columbia as follows:

(1) Part of lot 172, square 720.

(2) Part of lots 172 and 823, square 720.

(3) Part of lot 811, square 717.

(c) PROCEEDS.—Before September 30, 1997, proceeds from the sale of air rights under subsection (a) shall be deposited in the general fund of the Treasury and credited as miscellaneous receipts.

(d) CONVEYANCE OF AMTRAK AIR RIGHTS.—

(1) GENERAL RULE.—As a condition of future Federal financial assistance, Amtrak shall convey to the Administrator of General Services on or before December 31, 1996, at no charge, all of the air rights of Amtrak described in subsection (b).

(2) FAILURE TO COMPLY.—If Amtrak does not meet the condition established by paragraph (1), Amtrak shall be prohibited from obligating Federal funds after March 1, 1997.

SEC. ___14. EFFECTIVE DATE.

Except as otherwise provided for in this title, the provisions of this title shall apply as follows:

(1) With respect to health plans, such provisions shall apply to such plans on the first day of the contract year beginning on or after January 1, 1998.

(2) With respect to employee health benefit plans, such provisions shall apply to such plans on the first day of the first plan year beginning on or after January 1, 1998.

THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

BOND AMENDMENT NO. 5175

Mr. BOND proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 59, after line 2, insert the following:

SEC. . In order to avoid or minimize the need for involuntary separations due to a reduction in force, departmental restructuring, reorganization, transfer of function, or similar action affecting the Department of Housing and Urban Development, the Secretary shall establish a program under which separation pay, subject to the availability of appropriated funds, may be offered to encourage employees to separate from service voluntarily, whether by retirement or resignation: *Provided*, That payments to individual employees shall not exceed $25,000: *Provided further*, That in addition to any other payments which it is required to make under subchapter III of chapter 83 or chapter 84 of title 5, United States Code, HUD shall remit to the Office of Personnel Management for deposit in the Treasury of the United States to the credit of the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each employee who is covered under subchapter III of chapter 83 or chapter 84 of title 5 to whom a voluntary separation incentive has been paid under this paragraph".

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Committee on Energy and Natural Resources to receive testimony on the issue of U.S. climate change policy.

The hearing will take place on Tuesday, September 17, beginning at 9:30 a.m. in room 366 of the Dirksen Senate Office Building.

Those who wish to testify or submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. For further information, please contact David Garman at (202) 224–8115.

CANCELLATION OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce that a hearing before the Committee on Energy and Natural Resources to receive testimony on S. 1852, the Department of Energy Class Action Lawsuit Act, has been canceled.

The hearing was scheduled to take place Wednesday, September 5, 1996, at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

There are no plans to reschedule this hearing. For further information, please contact Kelly Johnson or Jo Meuse at (202) 224–6730.

BANKRUPTCY TECHNICAL CORRECTIONS ACT OF 1996

The text of the bill (S. 1559) to make technical corrections to title 11, United States Code, and for other purposes, as passed by the Senate on August 2, 1996, is as follows:

S. 1559

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Bankruptcy Technical Corrections Act of 1996".

SEC. 2. DEFINITIONS.

Section 101 of title 11, United States Code, is amended—

(1) by striking "In this title—" and inserting "In this title:";

(2) in paragraph (51B)—

(A) by inserting "family farms or" after "other than"; and

(B) by striking all after "thereto" and inserting a semicolon;

(3) by reordering the paragraphs so that the terms defined in the section are in alphabetical order and redesignating the paragraphs accordingly;

(4) in paragraph (37)(B) (defining insured depository institution), as redesignated by paragraph (3) of this section, by striking "paragraphs (21B) and (33)(A)" and inserting "paragraphs (23) and (35)(A)";

(5) in each paragraph, by inserting a heading, the text of which is comprised of the term defined in the paragraph;

(6) by inserting "The term" after each paragraph heading; and

(7) by striking the semicolon at the end of each paragraph and "; and" at the end of paragraphs (35) and (38) and inserting a period.

SEC. 3. ADJUSTMENT OF DOLLAR AMOUNTS.

Section 104 of title 11, United States Code, is amended by inserting "522(f)(3)," after "522(d)," each place it appears.

SEC. 4. COMPENSATION TO OFFICERS.

Section 330(a) of title 11, United States Code, is amended—

(1) in paragraph (1), by inserting ", or the debtor's attorney" after "1103"; and

(2) in paragraph (3), by striking "(3)(A) In" and inserting "(3) In".

SEC. 5. EFFECT OF CONVERSION.

Section 348(f)(2) of title 11, United States Code, is amended by inserting "of the estate" after "property" the first place it appears.

SEC. 6. EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

Section 365 of title 11, United States Code, is amended—

(1) in subsection (c)—

(A) in paragraph (2), by adding "or" at the end;

(B) in paragraph (3), by striking "or" at the end and inserting a period; and

(C) by striking paragraph (4);

(2) in subsection (d), by striking paragraphs (5) through (9); and

(3) in subsection (f)(1), by striking "; except that" and all that follows through the end of the paragraph and inserting a period.

SEC. 7. ALLOWANCE OF ADMINISTRATIVE EXPENSES.

Section 503(b)(4) of title 11, United States Code, is amended by inserting "subparagraph (A), (B), (C), (D), or (E) of" before "paragraph (3)".

SEC. 8. PRIORITIES.

Section 507(a)(7) of title 11, United States Code, is amended by inserting "unsecured" after "allowed".

SEC. 9. EXEMPTIONS.

Section 522 of title 11, United States Code, is amended—

(1) in subsection (f)(1)(A)—

(A) in the matter preceding clause (i), by striking "; or" at the end; and

(B) in clause (ii), by striking the period at the end and inserting "; or"; and

(2) in subsection (g)(2), by striking "subsection (f)(2)" and inserting "subsection (f)(1)(B)".

SEC. 10. EXCEPTIONS TO DISCHARGE.

Section 523(a)(3) of title 11, United States Code, is amended by striking "or (6)" each place it appears and inserting "(6), or (15)";

SEC. 11. PROTECTION AGAINST DISCRIMINATORY TREATMENT.

Section 525(c) of title 11, United States Code, is amended—

(1) in paragraph (1), by inserting "student" before "grant" the second place it appears; and

(2) in paragraph (2), by striking "the program operated under part B, D, or E of" and inserting "any program operated under".

SEC. 12. PROPERTY OF THE ESTATE.

Section 541(b)(4)(B)(ii) of title 11, United States Code (as added by section 208(b) of the Bankruptcy Reform Act of 1994), is amended by inserting "365 or" before "542".

SEC. 13. LIMITATIONS ON AVOIDING POWERS.

Subsection (g) of section 546 of title 11, United States Code, as added by section 222(a) of the Bankruptcy Reform Act of 1994 (108 Stat. 4129), is redesignated as subsection (h).

SEC. 14. LIABILITY OF TRANSFEREE OF AVOIDED TRANSFER.

(a) IN GENERAL.—Section 550(c) of title 11, United States Code, is amended—

(1) in paragraph (1), by striking "avoided under section 547(b)" and inserting "avoidable under section 547"; and

(2) in the matter following paragraph (2), by striking "recover under subsection (a) from a transferee that is not an insider" and inserting "avoid under section 547 such transfer, to the extent that such transfer was made for the benefit of a transferee that was not an insider at the time of such transfer, or recover under subsection (a) from a transferee that was not an insider at the time of such transfer".

(b) CONFORMING AMENDMENT.—Section 547(b) of title 11, United States Code, is amended by inserting "or in section 550(c) of this title" after "subsection (c) of this section".

SEC. 15. SETOFF.

Section 553(b)(1) is amended by striking "362(b)(14)" and inserting "362(b)(17)".

SEC. 16. DISPOSITION OF PROPERTY OF THE ESTATE.

Section 726(b) is amended by striking "1009,".

SEC. 17. GENERAL PROVISIONS.

Section 901(a) of title 11, United States Code, is amended by inserting "1123(d)," after "1123(b),".

SEC. 18. PAYMENTS.

Section 1226(b)(2) is amended—

(1) by striking "1202(c) of this title" and inserting "586(b) of title 28"; and

(2) by striking "1202(d) of this title" and inserting "586(e)(1)(B) of title 28".

SEC. 19. DISCHARGE.

Section 1228 of title 11, United States Code, is amended by striking "1222(b)(10)" each place it appears and inserting "1222(b)(9)".

SEC. 20. CONTENTS OF PLAN.

Section 1322 of title 11, United States Code, is amended—

(1) in subsection (b), by striking "(c)" and inserting "(d)"; and

(2) in subsection (e), by striking the comma after "default" the second place it appears.

SEC. 21. DISCHARGE.

Section 1328(a) of title 11, United States Code, is amended by striking all after "except any debt—" and inserting the following:

"(1) provided for under section 1322(b)(5) of this title;

"(2) of the kind specified in paragraph (5), (8), or (9) of section 523(a) of this title; or

"(3) for restitution, or a criminal fine, included in a sentence on the debtor's conviction of a crime.".

SEC. 22. BANKRUPTCY REVIEW COMMISSION.

Section 604 of the Bankruptcy Reform Act of 1994 (108 Stat. 4147) is amended—

(1) by striking subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 23. APPOINTMENT OF TRUSTEE.

Section 1104(b) of title 11, United States Code, is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following new paragraph:

"(2)(A) If an eligible, disinterested trustee is elected at a meeting of creditors under paragraph (1), the United States trustee shall file a report certifying that election. Upon the filing of a report under the preceding sentence—

"(i) the trustee elected under paragraph (1) shall be considered to have been selected and appointed for purposes of this section; and

"(ii) the service of any trustee appointed under subsection (d) shall terminate.

"(B) In the case of any dispute arising out of an election under subparagraph (A), the court shall resolve the dispute.".

SEC. 24. EXTENSIONS.

Section 302(d)(3) of the Bankruptcy, Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (28 U.S.C. 581 note) is amended—

(1) in subparagraph (A), in the matter following clause (ii), by striking "October 1, 2002" and inserting "October 1, 2012"; and

(2) in subparagraph (F)—

(A) in clause (i)—

(i) in subclause (II), by striking "October 1, 2002" and inserting "October 1, 2012"; and

(ii) in the matter following subclause (II), by striking "October 1, 2003" and inserting "October 1, 2013"; and

(B) in clause (ii), in the matter following subclause (II), by striking "October 1, 2003" and inserting "October 1, 2013".

SEC. 25. KNOWING DISREGARD OF BANKRUPTCY LAW OR RULE.

Section 156(a) of title 18, United States Code, is amended by striking "case under this title" and inserting "case under title 11".

SEC. 26. BANKRUPTCY CASES AND PROCEEDINGS.

Section 1334(d) of title 28, United States Code, is amended—

(1) by striking "made under this subsection" and inserting "made under subsection (c)"; and

(2) by striking "This subsection" and inserting "Subsection (c)".

SEC. 27. ENFORCEMENT OF CHILD SUPPORT.

Section 362(b)(1) of title 11, United States Code, is amended by inserting before the semicolon the following: "(including the criminal enforcement of a judicial order requiring the payment of child support)".

SEC. 28. LIMITATION.

Section 522 of title 11, United States Code, as amended by section 9, is further amended—

(1) in subsection (b)(2)(A), by inserting "subject to subsection (n)," before "any property"; and

(2) by adding at the end the following new subsection:

"(n) As a result of electing under subsection (b)(2)(A) to exempt property under State or local law, a debtor may not exempt an aggregate interest of more than $500,000 in value in—

"(1) real or personal property that the debtor or a dependent of the debtor uses as a residence;

"(2) a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence; or

"(3) a burial plot for the debtor or a dependent of the debtor.".

SEC. 29. STANDING TRUSTEES.

(a) Section 330 of title 11 of the United States Code is amended by adding to the end thereof the following:

"(e) Upon the request of a trustee appointed under section 586(b) of title 28, and after all available administrative remedies have been exhausted, the district court in the district in which the trustee resides shall have the exclusive authority, notwithstanding section 326(b) of this title, to review the determination of the actual, necessary expenses of the standing trustee. In reviewing the determination, the district court shall accord substantial deference to the determination made by the Attorney General, and may reverse the determination only if the Attorney General has abused his or her discretion.".

(b) Section 324 of title 11, United States Code, is amended by adding to the end thereof the following:

"(c)(1) Notwithstanding any provision of section 586 of title 28, in the event the United States Trustee ceases assigning cases to a trustee appointed under section 586(b) of title 28, the trustee, after exhausting all available administrative remedies, may seek judicial review of the decision in the district court in the district in which the trustee resides. The district court shall accord substantial deference to the determination made by the United States Trustee, and may reverse the determination only if the United States Trustee has abused his or her discretion.

"(2) Notwithstanding any other provision of law, the district court may order interim relief under this paragraph only if the court concludes, viewing all facts most favorably to the United States Trustee, that there was no basis for the United States Trustee's decision to cease assigning cases to the trustee. The denial of a request for interim relief shall be final and shall not be subject to further review.".

SEC. 30. EFFECTIVE DATE OF AMENDMENTS.

(a) IN GENERAL.—Except as provided in subsection (b) of this section, the amendments made by this Act shall apply to all cases pending on the date of enactment of this Act or commenced on or after the date of enactment of this Act.

(b) EXCEPTION.—The amendment made by section 2(2)(B) of this Act shall apply to all cases commenced on or after the date of enactment of this Act.

OREGON RESOURCE CONSERVATION ACT OF 1996

The text of the bill (S. 1662) to establish areas of wilderness and recreation in the State of Oregon, and for other purposes, as passed by the Senate on August 2, 1996, is as follows:

S. 1662

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Oregon Resource Conservation Act of 1996".

TITLE I—OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA

SEC. 101. SHORT TITLE.

This title may be cited as the "Opal Creek Wilderness and Opal Creek Scenic Recreation Area Act of 1996".

SEC. 102. DEFINITIONS.

In this title:

(1) BULL OF THE WOODS WILDERNESS.—The term "Bull of the Woods Wilderness" means the land designated as wilderness by section 3(4) of the Oregon Wilderness Act of 1984 (Public Law 98-328; 16 U.S.C. 1132 note).

(2) OPAL CREEK WILDERNESS.—The term "Opal Creek Wilderness" means certain land in the Willamette National Forest in the State of Oregon comprising approximately 12,800 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated July 1996.

(3) SCENIC RECREATION AREA.—The term "Scenic Recreation Area" means the Opal Creek Scenic Recreation Area, comprising approximately 13,000 acres, as generally depicted on the map entitled "Proposed Opal Creek Wilderness and Scenic Recreation Area", dated July 1996 and established under section 104(a)(3) of this title.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

SEC. 103. PURPOSES.

The purposes of this title are—

(1) to establish a wilderness and scenic recreation area to protect and provide for the enhancement of the natural, scenic, recreational, historic and cultural resources of the area in the vicinity of Opal Creek;

(2) to protect and support the economy of the communities in the Santiam Canyon; and

(3) to provide increased protection for an important drinking water source for communities served by the North Santiam River.

SEC. 104. ESTABLISHMENT OF OPAL CREEK WILDERNESS AND SCENIC RECREATION AREA.

(a) ESTABLISHMENT.—On a determination by the Secretary under subsection (b)—

(1) the Opal Creek Wilderness, as depicted on the map described in section 102(2), is hereby designated as wilderness, subject to the provisions of the Wilderness Act of 1964, shall become a component of the National Wilderness System, and shall be know as the Opal Creek Wilderness;

(2) the part of the Bull of the Woods Wilderness that is located in the Willamette National Forest shall be incorporated into the Opal Creek Wilderness; and

(3) the Secretary shall establish the Opal Creek Scenic Recreation Area in the Willamette National Forest in the State of Oregon, comprising approximately 13,000 acres, as generally depicted on the map described in section 102(3).

(b) CONDITIONS.—The designations in subsection (a) shall not take effect unless the Secretary makes a determination, not later than 2 years after the date of enactment of this title, that the following conditions have been met—

(1) the following have been donated to the United States in an acceptable condition and without encumbrances—

(A) all right, title, and interest in the following patented parcels of land—

(i) Santiam Number 1, mineral survey number 992, as described in patent number 39-92-0002, dated December 11, 1991;

(ii) Ruth Quartz Mine Number 2, mineral survey number 994, as described in patent number 39-91-0012, dated February 12, 1991;

(iii) Morning Star Lode, mineral survey number 993, as described in patent number 36-91-0011, dated February 12, 1991;

(B) all right, title, and interest held by any entity other than the Times Mirror Land and Timber Company, its successors and assigns, in and to lands located in section 18, township 8 south, range 5 east, Marion County, Oregon, Eureka numbers 6, 7, 8, and 13 mining claims; and

(C) an easement across the Hewitt, Starvation, and Poor Boy Mill Sites, mineral survey number 990, as described in patent number 36-91-0017, dated May 9, 1991. In the sole discretion of the Secretary, such easement may be limited to administrative use if an alternative access route, adequate and appropriate for public use, is provided;

(2) a binding agreement has been executed by the Secretary and the owners of record as of March 29, 1996, of the following interests, specifying the terms and conditions for the disposition of such interests to the United States Government—

(A) the lode mining claims known as Princess Lode, Black Prince Lode, and King Number 4 Lode, embracing portions of sections 29 and 32, township 8 south, range 5 east, Willamette-Meridian, Marion County, Oregon, the claims being more particularly described in the field notes and depicted on the plat of mineral survey number 887, Oregon; and

(B) Ruth Quartz Mine Number 1, mineral survey number 994, as described in patent number 39-91-0012, dated February 12, 1991.

(c) ADDITIONS TO THE WILDERNESS AND SCENIC RECREATION AREAS.—

(1) Lands or interests in lands conveyed to the United States under this section shall be included in and become part of, as appropriate, Opal Creek Wilderness or the Opal Creek Scenic Recreation Area.

(2) On acquiring all or substantially all of the land located in section 36, township 8 south, range 4 east, of the Williamette Meridian, Marion County, Oregon, commonly known as the Rosboro section by exchange, purchase from a willing seller, or by donation, the Secretary shall expand the boundary of the Scenic Recreation Area to include such land.

(3) On acquiring all or substantially all of the land located in section 18, township 8 south, range 5 east, Marion County, Oregon, commonly known as the Times Mirror property, by exchange, purchase from a willing seller, or by donation, such land shall be included in and become a part of the Opal Creek Wilderness.

SEC. 105. ADMINISTRATION OF THE SCENIC RECREATION AREA.

(a) IN GENERAL.—The Secretary shall administer the Scenic Recreation Area in accordance with this title and the laws (including regulations) applicable to the National Forest System.

(b) OPAL CREEK MANAGEMENT PLAN.—

(1) IN GENERAL.—Not later than 2 years after the date of establishment of the Scenic Recreation Area, the Secretary, in consultation with the advisory committee established under section 106(a), shall prepare a comprehensive Opal Creek Management Plan (Management Plan) for the Scenic Recreation Area.

(2) INCORPORATION IN LAND AND RESOURCE MANAGEMENT PLAN.—Upon its completion, the Opal Creek Management Plan shall become part of the land and resource management plan for the Williamette National Forest and supersede any conflicting provision in such land and resource management plan. Nothing in this paragraph shall be construed to supersede the requirements of the Endangered Species Act or the National Forest Management Act or regulations promulgated under those Acts, or any other law.

(3) REQUIREMENTS.—The Opal Creek Management Plan shall provide for a broad range of land uses, including—

(A) recreation;

(B) harvesting of nontraditional forest products, such as gathering mushrooms and material to make baskets; and

(C) educational and research opportunities.

(4) PLAN AMENDMENTS.—The Secretary may amend the Opal Creek Management Plan as the Secretary may determine to be necessary, consistent with the procedures and purposes of this title.

(c) RECREATION.—

(1) RECOGNITION.—Congress recognizes recreation as an appropriate use of the Scenic Recreation Area.

(2) MINIMUM LEVELS.—The management plan shall permit recreation activities at not less than the levels in existence on the date of enactment of this title.

(3) HIGHER LEVELS.—The management plan may provide for levels of recreation use higher than the levels in existence on the date of enactment of this title if such uses are consistent with the protection of the resource values of Scenic Recreation Area.

(4) PUBLIC TRAIL ACCESS.—The management plan may include public trail access through section 28, township 8 south, range 5 east, Willamette Meridian, to Battle Axe Creek, Opal Pool and other areas in the Opal Creek Wilderness and the Opal Creek Scenic Recreation Area.

(d) TRANSPORTATION PLANNING.—

(1) IN GENERAL.—Except as provided in this subparagraph, motorized vehicles shall not be permitted in the Scenic Recreation Area. To maintain reasonable motorized and other access to recreation sites and facilities in existence on the date of enactment of this title, the Secretary shall prepare a transportation plan for the Scenic Recreation Area that—

(A) evaluates the road network within the Scenic Recreation Area to determine which roads should be retained and which roads should be closed;

(B) provides guidelines for transportation and access consistent with this title;

(C) considers the access needs of persons with disabilities in preparing the transportation plan for the Scenic Recreation Area;

(D) allows forest road 2209 beyond the gate to the Scenic Recreation Area, as depicted on the map described in 102(2), to be used by motorized vehicles only for administrative purposes and for access by private inholders, subject to such terms and conditions as the Secretary may determine to be necessary; and

(E) restricts construction on or improvements to forest road 2209 beyond the gate to the Scenic Recreation Area to maintaining the character of the road as it existed upon the date of enactment of this title, which shall not include paving or widening. In order to comply with subsection 107(b) of this title, the Secretary may make improvements to forest road 2209 and its bridge structures consistent with the character of the road as it existed on the date of enactment of this title.

(e) HUNTING AND FISHING.—

(1) IN GENERAL.—Subject to applicable Federal and State law, the Secretary shall permit hunting and fishing in the Scenic Recreation Area.

(2) LIMITATION.—The Secretary may designate zones in which, and establish periods when, no hunting or fishing shall be permitted for reasons of public safety, administration, or public use and enjoyment of the Scenic Recreation Area.

(3) CONSULTATION.—Except during an emergency, as determined by the Secretary, the Secretary shall consult with the Oregon State Department of Fish and Wildlife before issuing any regulation under this subsection.

(f) TIMBER CUTTING.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall prohibit the cutting and/or selling of trees in the Scenic Recreation Area.

(2) PERMITTED CUTTING.—

(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may allow the cutting of trees in the Scenic Recreation Area only—

(i) for public safety, such as to control the continued spread of a forest fire in the Scenic Recreation Area or on land adjacent to the Scenic Recreation Area;

(ii) for activities related to administration of the Scenic Recreation Area, consistent with the Opal Creek Management Plan; or

(iii) for removal of hazard trees along trails and roadways.

(B) SALVAGE SALES.—The Secretary may not allow a salvage sale in the Scenic Recreation Area.

(g) WITHDRAWAL.—Subject to valid existing rights, all lands in the Scenic Recreation Area are withdrawn from—

(1) any form of entry, appropriation, or disposal under the public land laws;

(2) location, entry, and patent under the mining laws; and

(3) disposition under the mineral and geothermal leasing laws.

(h) BORNITE PROJECT.—

(1) Nothing in this title shall be construed to interfere with or approve any exploration, mining, or mining-related activity in the Bornite Project Area, depicted on the map described in subsection 102(3), conducted in accordance with applicable laws.

(2) Nothing in this title shall be construed to interfere with the ability of the Secretary to approve and issue, or deny, special use permits in connection with exploration, mining, and mining-related activities in the Bornite Project Area.

(3) Motorized vehicles, roads, structures, and utilities (including but not limited to power lines and water lines) may be allowed inside the Scenic Recreation Area to serve the activities conducted on land within the Bornite Project.

(4) After the date of enactment of this title, no patent shall be issued for any mining claim under the general mining laws located within the Bornite Project Area.

(i) WATER IMPOUNDMENTS.—Notwithstanding the Federal Power Act (16 U.S.C. 791a et seq.), the Federal Energy Regulatory Commission may not license the construction of any dam, water conduit, reservoir, powerhouse, transmission line, or other project work in the Scenic Recreation Area, except as may be necessary to comply with the provisions of subsection 105(h) with regard to the Bornite Project.

(j) CULTURAL AND HISTORIC RESOURCE INVENTORY.—

(1) IN GENERAL.—Not later than 1 year after the date of establishment of the Scenic Recreation Area, the Secretary shall review and revise the inventory of the cultural and

historic resources on the public land in the Scenic Recreation Area developed pursuant to the Oregon Wilderness Act of 1984 (Public Law 98-328; U.S.C. 1132).

(2) Interpretation.—Interpretive activities shall be developed under the management plan in consultation with State and local historic preservation organizations and shall include a balanced and factual interpretation of the cultural, ecological, and industrial history of forestry and mining in the Scenic Recreation Area.

(k) Participation.—So that the knowledge, expertise, and views of all agencies and groups may contribute affirmatively to the most sensitive present and future use of the Scenic Recreation Area and its various subareas for the benefit of the public:

(1) Advisory council.—The Secretary shall consult on a periodic and regular basis with the advisory council established under section 106 with respect to matters relating to management of the Scenic Recreation Area.

(2) Public participation.—The Secretary shall seek the views of private groups, individuals, and the public concerning the Scenic Recreation Area.

(3) Other agencies.—The Secretary shall seek the views and assistance of, and cooperate with, any other Federal, State, or local agency with any responsibility for the zoning, planning, or natural resources of the Scenic Recreation Area.

(4) Nonprofit agencies and organizations.—The Secretary shall seek the views of any nonprofit agency or organization that may contribute information or expertise about the resources and the management of the Scenic Recreation Area.

SEC. 106. ADVISORY COUNCIL.

(a) Establishment.—Not later than 90 days after the establishment of the Scenic Recreation Area, the Secretary shall establish an advisory council for the Scenic Recreation Area.

(b) Membership.—The advisory council shall consist of not more than 13 members, of whom—

(1) 1 member shall represent Marion County, Oregon, and shall be designated by the governing body of the county;

(2) 1 member shall represent Clackamas County, Oregon, and shall be designated by the governing body of the county;

(3) 1 member shall represent the State of Oregon and shall be designated by the governor of Oregon;

(4) 1 member shall represent the City of Salem, and shall be designated by the mayor of Salem, Oregon;

(5) 1 member from a city within a 25 mile radius of the Opal Creek Scenic Recreation Area, to be designated by the governor of the State of Oregon from a list of candidates provided by the mayors of the cities located within a 25 mile radius of the Opal Creek Scenic Recreation Area; and

(6) not more than 8 members shall be appointed by the Secretary from among persons who, individually or through association with a national or local organization, have an interest in the administration of the Scenic Recreation Area, including, but not limited to, representatives of the timber industry, environmental organizations, the mining industry, inholders in the Opal Creek Wilderness and Scenic Recreation Area, economic development interests and Indian Tribes.

(c) Staggered Terms.—Members of the advisory council shall serve for staggered terms of three years.

(d) Chairman.—The Secretary shall designate one member of the advisory council as chairman.

(e) Vacancies.—The Secretary shall fill a vacancy on the advisory council in the same manner as the original appointment.

(f) Compensation.—Members of the advisory council shall receive no compensation for service on the advisory council.

SEC. 107. GENERAL PROVISIONS.

(a) Land Acquisition.—

(1) In general.—Subject to the other provisions of this title the Secretary may acquire any lands or interests in land in the Scenic Recreation Area or the Opal Creek Wilderness that the Secretary determines are needed to carry out this title.

(2) Public land.—Any lands or interests in land owned by a State or a political subdivision of a State may be acquired only by donation or exchange.

(3) Condemnation.—Within the boundaries of the Opal Creek Wilderness or the Scenic Recreation Area, the Secretary may not acquire any privately owned land or interest in land without the consent of the owner unless the Secretary finds that—

(A) the nature of land use has changed significantly, or the landowner has demonstrated intent to change the land use significantly, from the use that existed on the date of the enactment of this title; and

(B) acquisition by the Secretary of the land or interest in land is essential to ensure use of the land or interest in land in accordance with the purposes of this title or the management plan prepared under section 105(b).

(4) Nothing in this title shall be construed to enhance or diminish the condemnation authority available to the Secretary outside the boundaries of the Opal Creek Wilderness or the Scenic Recreation Area.

(b) Environmental Response Actions and Cost Recovery.—

(1) Response actions.—Nothing in this title shall limit the authority of the Secretary or a responsible party to conduct an environmental response action in the Scenic Recreation Area in connection with the release, threatened release, or cleanup of a hazardous substance, pollutant, or contaminant, including a response action conducted under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.).

(2) Liability.—Nothing in this title shall limit the authority of the Secretary or a responsible party to recover costs related to the release, threatened release, or cleanup of any hazardous substance or pollutant or contaminant in the Scenic Recreation Area.

(c) Maps and Description.—

(1) In general.—As soon as practicable after the date of enactment of this title, the Secretary shall file a map and a boundary description for the Opal Creek Wilderness and for the Scenic Recreation Area with the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate.

(2) Force and effect.—The boundary description and map shall have the same force and effect as if the description and map were included in this title, except that the Secretary may correct clerical and typographical errors in the boundary description and map.

(3) Availability.—The map and boundary description shall be on file and available for public inspection in the Office of the Chief of the Forest Service, Department of Agriculture.

(d) Nothing in this title shall interfere with any activity for which a special use permit has been issued, has not been revoked, and has not expired, before the date of enactment of this title, subject to the terms of the permit.

SEC. 108. ROSBORO LAND EXCHANGE.

(a) Authorization.—Notwithstanding any other law, if the Rosboro Lumber Company (referred to in this section as "Rosboro") offers and conveys marketable title to the United States to the land described in subsection (b), the Secretary of Agriculture shall convey all right, title and interest held by the United States to sufficient lands described in subsection (c) to Rosboro, in the order in which they appear in subsection (c), as necessary to satisfy the equal value requirements of subsection (d).

(b) Land To Be Offered by Rosboro.—The land referred to in subsection (a) as the land to be offered by Rosboro shall comprise Section 36, Township 8 South, Range 4 East, Willamette Meridian.

(c) Land To Be Conveyed by the United States.—The land referred to in subsection (a) as the land to be conveyed by the United States shall comprise sufficient land from the following prioritized list to be of equal value under subparagraph (d):

(1) Section 5, Township 17 South, Range 4 East, Lot 7 (37.63 acres).

(2) Section 2, Township 17 South, Range 4 East, Lot 3 (29.28 acres).

(3) Section 13, Township 17 South, Range 4 East, S½SE¼ (80 acres).

(4) Section 2, Township 17 South, Range 4 East, SW¼SW¼ (40 acres).

(5) Section 2, Township 17 South, Range 4 East, NW¼SE¼ (40 acres).

(6) Section 8, Township 17 South, Range 4 East, SE¼SW¼ (40 acres).

(7) Section 11, Township 17 South, Range 4 East, W½NW¼ (80 acres).

(d) Equal Value.—The land and interests in land exchanged under this section shall be of equal market value as determined by nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, or shall be equalized by way of payment of cash pursuant to the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law. The appraisal shall consider access costs for the parcels involved.

(e) Timetable.—

(1) The exchange directed by this section shall be consummated not later than 120 days after the date Rosboro offers and conveys the property described in subsection (b) to the United States.

(2) The authority provided by this section shall lapse if Rosboro fails to offer the land described in subsection (b) within two years after the date of enactment of this title.

(3) Rosboro shall have the right to challenge in United States District Court for the District of Oregon a determination of marketability under subsection (a) and a determination of value for the lands described in subsections (b) and (c) by the Secretary of Agriculture. The Court shall have the authority to order the Secretary to complete the transaction contemplated in this section.

(f) Authorization of Appropriations.—There are authorized to be appropriated such sums as are necessary to carry out this section.

SEC. 109. DESIGNATION OF ELKHORN CREEK AS A WILD AND SCENIC RIVER.

Section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding at the end the following:

"( )(A) Elkhorn Creek.—The 6.4 mile segment traversing federally administered lands from that point along the Willamette National Forest boundary on the common section line between Sections 12 and 13, Township 9 South, Range 4 East, Willamette Meridian, to that point where the segment leaves Federal ownership along the Bureau of Land Management boundary in Section 1, Township 9 South, Range 3 East, Willamette Meridian, in the following classes—

"(i) a 5.8-mile wild river area, extending from that point along the Willamette National Forest boundary on the common section line between Sections 12 and 13, Township 9 South, Range 4 East, Willamette Meridian, to its confluence with Buck Creek in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to be administered as agreed on by the Secretaries of Agriculture and the Interior, or as directed by the President; and

"(ii) a 0.6-mile scenic river area, extending from the confluence with Buck Creek in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to that point where the segment leaves Federal ownership along the Bureau of Land Management boundary in Section 1, Township 9 South, Range 3 East, Willamette Meridian, to be administered by the Secretary of the Interior, or as directed by the President.

"(B) Notwithstanding section 3(b) of this Act, the lateral boundaries of both the wild river area and the scenic river area along Elkhorn Creek shall include an average of not more than 640 acres per mile measured from the ordinary high water mark on both sides of the river.".

SEC. 110. ECONOMIC DEVELOPMENT.

(a) ECONOMIC DEVELOPMENT PLAN.—As a condition for receiving funding under subsection (b) of this section, the State of Oregon, in consultation with Marion and Clackamas Counties and the Secretary of Agriculture, shall develop a plan for economic development projects for which grants under this section may be used in a manner consistent with this title and to benefit local communities in the vicinity of the Opal Creek area. Such plan shall be based on an economic opportunity study and other appropriate information.

(b) FUNDS PROVIDED TO THE STATES FOR GRANTS.—Upon completion of the Opal Creek Management Plan, and receipt of the plan referred to in subsection (a) of this section, the Secretary shall provide, subject to appropriations, $15,000,000 to the State of Oregon. Such funds shall be used to make grants or loans for economic development projects that further the purposes of this title and benefit the local communities in the vicinity of Opal Creek.

(c) REPORT.—The State of Oregon shall—

(1) prepare and provide the Secretary and Congress with an annual report on the use of the funds made available under this section;

(2) make available to the Secretary and to Congress, upon request, all accounts, financial records, and other information related to grants and loans made available pursuant to this section; and

(3) as loans are repaid, make additional grants and loans with the money made available for obligation by such repayments.

TITLE II—UPPER KLAMATH BASIN

SEC. 201. UPPER KLAMATH BASIN ECOLOGICAL RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section:

(1) ECOSYSTEM RESTORATION OFFICE.—The term "Ecosystem Restoration Office" means the Klamath Basin Ecosystem Restoration Office operated cooperatively by the United States Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, and Forest Service.

(2) WORKING GROUP.—The term "Working Group" means the Upper Klamath Basin Working Group, established before the date of enactment of this title, consisting of members nominated by their represented groups, including—

(A) 3 tribal members;

(B) 1 representative of the city of Klamath Falls Oregon;

(C) 1 representative of Klamath County, Oregon;

(D) 1 representative of institutions of higher education in the Upper Klamath Basin;

(E) 4 representatives of the environmental community, including at least one such representative from the State of California with interests in the Klamath Basin National Wildlife Refuge Complex;

(F) 4 representatives of local businesses and industries, including at least one representative of the wood products industry and one representative of the ocean commercial fishing industry and/or the recreational fishing industry based in either Oregon or California;

(G) 4 representatives of the ranching and farming community, including representatives of Federal lease-land farmers and ranchers and of private land farmers and ranchers in the Upper Klamath Basin;

(H) 2 representatives from State of Oregon agencies with authority and responsibility in the Klamath River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department;

(I) 4 representatives from the local community;

(J) 1 representative each from the following Federal resource management agencies in the Upper Klamath Basin: Fish and Wildlife Service, Bureau of Reclamation, Bureau of Land Management, Bureau of Indian Affairs, Forest Service, Natural Resources Conservation Service, National Marine Fisheries Service and Ecosystem Restoration Office; and

(K) 1 representative of the Klamath County Soil and Water Conservation District.

(3) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(4) TASK FORCE.—The term "Task Force" means the Klamath River Basin Fisheries Task Force as established by the Klamath River Basin Fishery Resource Restoration Act (P.L. 99-552, 16 U.S.C. 460ss-3, et seq.).

(5) COMPACT COMMISSION.—The term "Compact Commission" means the Klamath River Basin Compact Commission created pursuant to the Klamath River Compact Act of 1954.

(6) CONSENSUS.—The term "consensus" means a unanimous agreement by the Working Group members present and consisting of at least a quorum at a regularly scheduled business meeting.

(7) QUORUM.—The term "quorum" means one more than half of those qualified Working Group members appointed and eligible to serve.

(8) TRINITY TASK FORCE.—The term "Trinity Task Force" means the Trinity River Restoration Task Force created by Public Law 98-541, as amended by Public Law 104-143.

(b) IN GENERAL.—

(1) The Working Group through the Ecosystem Restoration Office, with technical assistance from the Secretary, will propose ecological restoration projects, economic development and stability projects, and projects designed to reduce the impacts of drought conditions to be undertaken in the Upper Klamath Basin based on a consensus of the Working Group membership.

(2) The Secretary shall pay, to the greatest extent feasible, up to 50 percent of the cost of performing any project approved by the Secretary or his designee, up to a total amount of $1,000,000 during each of fiscal years 1997 through 2001.

(3) Funds made available under this title through the Department of the Interior or the Department of Agriculture shall be distributed through the Ecosystem Restoration Office.

(4) The Ecosystem Restoration Office may utilize not more than 15 percent of all Federal funds administered under this section for administrative costs relating to the implementation of this title.

(5) All funding recommendations developed by the Working Group shall be based on a consensus of Working Group members.

(c) COORDINATION.—

(1) The Secretary shall formulate a cooperative agreement among the Working Group, the Task Force, the Trinity Task Force and the Compact Commission for the purposes of ensuring that projects proposed and funded through the Working Group are consistent with other basin-wide fish and wildlife restoration and conservation plans, including but not limited to plans developed by the Task Force and the Compact Commission.

(2) To the greatest extent practicable, the Working Group shall provide notice to, and accept input from, two members each of the Task Force, the Trinity Task Force, and the Compact Commission, so appointed by those entities, for the express purpose of facilitating better communication and coordination regarding additional basin-wide fish and wildlife and ecosystem restoration and planning efforts. The roles and relationships of the entities involved shall be clarified in the cooperative agreement.

(d) PUBLIC MEETINGS.—The Working Group shall conduct all meetings subject to applicable open meeting and public participation laws. The chartering requirements of 5 U.S.C. App 2 §§ 1-15 are hereby deemed to have been met by this section.

(e) TERMS AND VACANCIES.—Working Group members shall serve for three-year terms, beginning on the date of enactment of this title. Vacancies which occur for any reason after the date of enactment of this title shall be filled by direct appointment of the governor of the State of Oregon, in consultation with the Secretary of the Interior and the Secretary of Agriculture, in accordance with nominations from the appropriate groups, interests, and government agencies outlined in subsection (a)(2).

(f) RIGHTS, DUTIES, AND AUTHORITIES UNAFFECTED.—The Working Group will supplement, rather than replace, existing efforts to manage the natural resources of the Deschutes Basin. Nothing in this title affects any legal right, duty or authority of any person or agency, including any member of the working group.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this title $1,000,000 for each of fiscal years 1997 through 2002.

TITLE III—DESCHUTES BASIN

SEC. 301. DESCHUTES BASIN ECOSYSTEM RESTORATION PROJECTS.

(a) DEFINITIONS.—In this section—

(1) WORKING GROUP.—The term "Working Group" means the Deschutes River Basin Working Group established before the date of enactment of this title, consisting of members nominated by their represented groups, including:

(A) 5 representatives of private interests including one each from hydroelectric production, livestock grazing, timber, land development, and recreation/tourism;

(B) 4 representatives of private interests including two each from irrigated agriculture and the environmental community;

(C) 2 representatives from the Confederated Tribes of the Warm Springs Reservation of Oregon;

(D) 2 representatives from Federal agencies with authority and responsibility in the Deschutes River Basin, including one from the Department of the Interior and one from the Agriculture Department;

(E) 2 representatives from the State of Oregon agencies with authority and responsibility in the Deschutes River Basin, including one from the Oregon Department of Fish and Wildlife and one from the Oregon Water Resources Department; and

(F) 4 representatives from county or city governments within the Deschutes River Basin county and/or city governments.

(2) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(3) FEDERAL AGENCIES.—The term "Federal agencies" means agencies and departments of the United States, including, but not limited to, the Bureau of Reclamation, Bureau of Indian Affairs, Bureau of Land Management, Fish and Wildlife Service, Forest Service, Natural Resources Conservation Service, Farm Services Agency, the National Marine Fisheries Service, and the Bonneville Power Administration.

(4) CONSENSUS.—The term "consensus" means a unanimous agreement by the Working Group members present and constituting at least a quorum at a regularly scheduled business meeting.

(5) QUORUM.—The term "quorum" means one more than half of those qualified Working Group members appointed and eligible to serve.

(b) IN GENERAL.—

(1) The Working Group will propose ecological restoration projects on both Federal and non-Federal lands and waters to be undertaken in the Deschutes River Basin based on a consensus of the Working Group, provided that such projects, when involving Federal land or funds, shall be proposed to the Bureau of Reclamation in the Department of the Interior and any other Federal agency with affected land or funds.

(2) The Working Group will accept donations, grants or other funds and place such funds received into a trust fund, to be expended on ecological restoration projects which, when involving Federal land or funds, are approved by the affected Federal agency.

(3) The Bureau of Reclamation shall pay from funds authorized under subsection (g) of this title up to 50 percent of the cost of performing any project proposed by the Working Group and approved by the Secretary, up to a total amount of $1,000,000 during each of the fiscal years 1997 through 2001.

(4) Non-Federal contributions to project costs for purposes of computing the Federal matching share under paragraph (3) of this subsection may include in-kind contributions.

(5) Funds authorized in subsection (g) of this title shall be maintained in and distributed by the Bureau of Reclamation in the Department of the Interior. The Bureau of Reclamation shall not expend more than 5 percent of amounts appropriated pursuant to subsection (h) for Federal administration of such appropriations pursuant to this title.

(6) The Bureau of Reclamation is authorized to provide by grant to the Working Group not more than 5 percent of funds appropriated pursuant to subsection (g) of this title for not more than 50 percent of administrative costs relating to the implementation of this title.

(7) The Federal agencies with authority and responsibility in the Deschutes River Basin shall provide technical assistance to the Working Group and shall designate representatives to serve as members of the Working Group.

(8) All funding recommendations developed by the Working Group shall be based on a consensus of the Working Group members.

(c) PUBLIC NOTICE AND PARTICIPATION.—The Working Group shall conduct all meetings subject to applicable open meeting and public participation laws. The chartering requirements of 5 U.S.C. App 2 §§ 1–15 are hereby deemed to have been met by this section.

(d) PRIORITIES.—The Working Group shall give priority to voluntary market-based economic incentives for ecosystem restoration including, but not limited to, water leases and purchases; land leases and purchases; tradable discharge permits; and acquisition of timber, grazing, and land development rights to implement plans, programs, measures, and projects.

(e) TERMS AND VACANCIES.—Members of the Working Group representing governmental agencies or entities shall be named by the represented government agency. Members of the Working Group representing private interests shall be named in accordance with the articles of incorporation and bylaws of the Working Group. Representatives from Federal agencies will serve for terms of 3 years. Vacancies which occur for any reason after the date of enactment of this title shall be filled in accordance with this title.

(f) ADDITIONAL PROJECTS.—Where existing authority and appropriations permit, Federal agencies may contribute to the implementation of projects recommended by the Working Group and approved by the Secretary.

(g) RIGHTS, DUTIES AND AUTHORITIES UNAFFECTED.—The Working Group will supplement, rather than replace, existing efforts to manage the natural resources of the Deschutes Basin. Nothing in this title affects any legal right, duty or authority of any person or agency, including any member of the Working Group.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this title $1,000,000 for each of fiscal years 1997 through 2001.

TITLE IV—MOUNT HOOD CORRIDOR

SEC. 401. LAND EXCHANGE.

(a) AUTHORIZATION.—Notwithstanding any other law, if Longview Fibre Company (referred to in this section as "Longview") offers and conveys title that is acceptable to the United States to some or all of the land described in subsection (b), the Secretary of the Interior (referred to in this section as the "Secretary") shall convey to Longview title to some or all of the land described in subsection (c), as necessary to satisfy the requirements of subsection (d).

(b) LAND TO BE OFFERED BY LONGVIEW.—The land referred to in subsection (a) as the land to be offered by Longview are those lands depicted on the map entitled "Mt. Hood Corridor Land Exchange Map", dated July 18, 1996.

(c) LAND TO BE CONVEYED BY THE SECRETARY.—The land referred to in subsection (a) as the land to be conveyed by the Secretary are those lands depicted on the map entitled "Mt. Hood Corridor Land Exchange Map", dated July 18, 1996.

(d) EQUAL VALUE.—The land and interests in land exchanged under this section shall be of equal market value as determined by nationally recognized appraisal standards, including, to the extent appropriate, the Uniform Standards for Federal Land Acquisition, the Uniform Standards of Professional Appraisal Practice, or shall be equalized by way of payment of cash pursuant to the provisions of section 206(d) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716(d)), and other applicable law.

(e) REDESIGNATION OF LAND TO MAINTAIN REVENUE FLOW.—So as to maintain the current flow of revenue from land subject to the Act entitled "An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon", approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary may redesignate public domain land located in and west of Range 9 East, Willamette Meridian, Oregon, as land subject to that Act.

(f) TIMETABLE.—The exchange directed by this section shall be consummated not later than 1 year after the date of enactment of this title.

(g) WITHDRAWAL OF LANDS.—All lands managed by the Department of the Interior, Bureau of Land Management, located in Townships 2 and 3 South, Ranges 6 and 7 East, Willamette Meridian, which can be seen from the right-of-way of U.S. Highway 26 (in this section, such lands are referred to as the "Mt. Hood Corridor Lands"), shall be managed primarily for the protection or enhancement of scenic qualities. Management prescriptions for other resource values associated with these lands shall be planned and conducted for purposes other than timber harvest, so as not to impair the scenic qualities of the area.

(h) TIMBER CUTTING.—Timber cutting may be conducted on Mt. Hood Corridor Lands following a resource-damaging catastrophic event. Such cutting may only be conducted to achieve the following resource management objectives, in compliance with the current land use plans—

(1) to maintain safe conditions for the visiting public;

(2) to control the continued spread of forest fire;

(3) for activities related to administration of the Mt. Hood Corridor Lands; or

(4) for removal of hazard trees along trails and roadways.

(i) ROAD CLOSURE.—The forest road gate located on Forest Service Road 2503, located in T. 2 S., R. 6 E., sec. 14, shall remain closed and locked to protect resources and prevent illegal dumping and vandalism. Access to this road shall be limited to—

(1) Federal and State officers and employees acting in an official capacity;

(2) employees and contractors conducting authorized activities associated with the telecommunication-sites located in T. 2 S., R. 6 E., sec. 14; and

(3) the general public for recreational purposes, except that all motorized vehicles will be prohibited.

(j) NEPA EXEMPTION.—The National Environmental Policy Act of 1969 (P.L. 91–190) shall not apply to this section for one year after the date of enactment of this title.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

TITLE V—COQUILLE TRIBAL FOREST

SEC. 501. CREATION OF THE COQUILLE FOREST.

(a) The Coquille Restoration Act (P.L. 101–42) is amended by inserting at the end of section 5 the following:

"(d) CREATION OF THE COQUILLE FOREST.—

"(1) DEFINITIONS.—In this subsection—

"(A) the term 'Coquille Forest' means certain lands in Coos County, Oregon, comprising approximately 5,400 acres, as generally depicted on the map entitled 'Coquille Forest Proposal', dated July 8, 1996.

"(B) the term 'Secretary' means the Secretary of the Interior.

"(C) the term 'the Tribe' means the Coquille Tribe of Coos County, Oregon.

"(2) MAP.—The map described in subparagraph (d)(1)(A), and such additional legal descriptions which are applicable, shall be placed on file at the local District Office of the Bureau of Land Management, the Agency Office of the Bureau of Indian Affairs, and with the Senate Committee on Energy and Natural Resources and the House Committee on Resources.

"(3) INTERIM PERIOD.—From the date of enactment of this subsection until two years after the date of enactment of this subsection, the Bureau of Land Management shall—

"(A) retain Federal jurisdiction for the management of lands designated under this subsection as the Coquille Forest and continue to distribute revenues from such lands in a manner consistent with existing law; and

"(B) prior to advertising, offering or awarding any timber sale contract on lands designated under his subsection as the Coquille Forest, obtain the approval of the Assistant Secretary for Indian Affairs, acting on behalf of and in consultation with the Tribe.

"(4) TRANSITION PLANNING AND DESIGNATION.—

"(A) During the two year interim period provided for in paragraph (3), the Assistant Secretary for Indian Affairs, acting on behalf of and in consultation with the Tribe, is authorized to initiate development of a forest management plan for the Coquille Forest. The Secretary, acting through the director of the Bureau of Land Management, shall cooperate and assist in the development of such plan and in the transition of forestry management operations for the Coquille Forest to the Assistant Secretary for Indian Affairs.

"(B) Two years after the date of enactment of this subsection, the Secretary shall take the lands identified under subparagraph (d)(1)(A) into trust, and shall hold such lands in trust, in perpetuity, for the Coquille Tribe. Such lands shall be thereafter designated as the Coquille Forest.

"(C) So as to maintain the current flow of revenue from land subject to the Act entitled 'An Act relating to the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land situated in the State of Oregon' (the O & C Act), approved August 28, 1937 (43 U.S.C. 1181a et seq.), the Secretary may redesignate, from public domain lands within the Tribe's service area, as defined in this Act, certain lands to be subject to the O & C Act. Lands redesignated under this subparagraph shall not exceed lands sufficient to constitute equivalent timber value as compared to lands constituting the Coquille Forest.

"(5) MANAGEMENT.—The Secretary of the Interior, acting through the Assistant Secretary for Indian Affairs shall manage the Coquille Forest under applicable State and Federal forestry and environmental protection laws, and subject to critical habitat designations under the Endangered Species Act, and subject to the standards and guidelines of Federal forest plans on adjacent or nearby Federal lands, now and in the future. The Secretary shall otherwise manage the Coquille Forest in accordance with the laws pertaining to the management of Indian Trust lands and shall distribute revenues in accordance with Public Law 101-630 (25 U.S.C. 3107).

"(A) Unprocessed logs harvested from the Coquille Forest shall be subject to the same Federal statutory restrictions on export to foreign nations that apply to unprocessed logs harvested from Federal lands.

"(B) Notwithstanding any other provision of law, all sales of timber from land subject to this subsection shall be advertised, offered and awarded according to competitive bidding practices, with sales being awarded to the highest responsible bidder.

"(6) INDIAN SELF-DETERMINATION ACT AGREEMENT.—No sooner than two years after the date of enactment of this subsection, the Secretary may, upon a satisfactory showing of management competence and pursuant to the Indian Self-Determination Act (25 U.S.C. 450 et seq.), enter into a binding Indian self-determination agreement (agreement) with the Coquille Indian Tribe. Such agreement may provide for the Tribe to carry out all or a portion of the forest management for the Coquille Forest.

"(A) Prior to entering such an agreement, and as a condition of maintaining such an agreement, the Secretary must find that the Coquille Tribe has entered into a binding memorandum of agreement (MOA) with the State of Oregon, as required under paragraph 7.

"(B) The authority of the Secretary to rescind the Indian self-determination agreement shall not be encumbered.

"(i) The Secretary shall rescind the agreement upon a demonstration that the Tribe and the State of Oregon are no longer engaged in a memorandum of agreement as required under paragraph 7.

"(ii) The Secretary may rescind the agreement on a showing that the Tribe has managed the Coquille Forest in a manner inconsistent with this subsection, or the Tribe is no longer managing, or capable of managing, the Coquille Forest in a manner consistent with this subsection.

"(7) MEMORANDUM OF AGREEMENT.—The Coquille Tribe shall enter into a memorandum of agreement (MOA) with the State of Oregon relating to the establishment and management of the Coquille Forest. The MOA shall include, but not be limited to, the terms and conditions for managing the Coquille Forest in a manner consistent with paragraph (5) of this subsection, preserving public access, advancing jointly-held resource management goals, achieving Tribal restoration objectives and establishing a coordinated management framework. Further, provisions set forth in the MOA shall be consistent with Federal trust responsibility requirements applicable to Indian trust lands and paragraph (5) of this subsection.

"(8) PUBLIC ACCESS.—The Coquille Forest shall remain open to public access for purposes of hunting, fishing, recreation and transportation, except when closure is required by State or Federal law, or when the Coquille Indian Tribe and the State of Oregon agree in writing that restrictions on access are necessary or appropriate to prevent harm to natural resources, cultural resources or environmental quality: *Provided*, That the State of Oregon's agreement shall not be required when immediate action is necessary to protect archaeological resources.

"(9) JURISDICTION.—

"(A) The United States District Court for the District of Oregon shall have jurisdiction over actions against the Secretary arising out of claims that this subsection has been violated. Any affected citizen may bring suit against the Secretary for violations of this subsection, except that suit may not be brought against the Secretary for claims that the MOA has been violated. The Court has the authority to hold unlawful and set aside actions pursuant to this subsection that are arbitrary and capricious, an abuse of discretion, or otherwise an abuse of law.

"(B) The United States District Court for the District of Oregon shall have jurisdiction over actions between the State of Oregon and the Tribe arising out of claims of breach of the MOA.

"(C) Unless otherwise provided for by law, remedies available under this subsection shall be limited to equitable relief and shall not include damages.

"(10) STATE REGULATORY AND CIVIL JURISDICTION.—In addition to the jurisdiction described in paragraph 7 of this subsection, the State of Oregon may exercise exclusive regulatory civil jurisdiction, including but not limited to adoption and enforcement of administrative rules and orders, over the following subjects—

"(A) management, allocation and administration of fish and wildlife resources, including but not limited to establishment and enforcement of hunting and fishing seasons, bag limits, limits on equipment and methods, issuance of permits and licenses, and approval or disapproval of hatcheries, game farms, and other breeding facilities: *Provided*, That nothing herein shall be construed to permit the State of Oregon to manage fish or wildlife habitat on Coquille Forest lands;

"(B) allocation and administration of water rights, appropriation of water and use of water;

"(C) regulation of boating activities, including equipment and registration requirements, and protection of the public's right to use the waterways for purposes of boating or other navigation;

"(D) fills and removals from waters of the State, as defined in Oregon law;

"(E) protection and management of the State's proprietary interests in the beds and banks of navigable waterways;

"(F) regulation of mining, mine reclamation activities, and exploration and drilling for oil and gas deposits;

"(G) regulation of water quality, air quality (including smoke management), solid and hazardous waste, and remediation of releases of hazardous substances;

"(H) regulation of the use of herbicides and pesticides; and

"(I) enforcement of public health and safety standards, including standards for the protection of workers, well construction and codes governing the construction of bridges, buildings, and other structures.

"(11) SAVINGS CLAUSE, STATE AUTHORITY.—

"(A) Nothing in this subsection shall be construed to grant Tribal authority over private or State-owned lands.

"(B) To the extent that the State of Oregon is regulating the foregoing areas pursuant to a delegated Federal authority or a Federal program, nothing in this subsection shall be construed to enlarge or diminish the State's authority under such law.

"(C) Where both the State of Oregon and the United States are regulating, nothing herein shall be construed to alter their respective authorities.

"(D) To the extent that Federal law authorizes the Coquille Indian Tribe to assume regulatory authority over an area, nothing herein shall be construed to enlarge or diminish the Tribe's authority to do so under such law.

"(E) Unless and except to the extent that the Tribe has assumed jurisdiction over the Coquille Forest pursuant to Federal law, or otherwise with the consent of the State, the State of Oregon shall have jurisdiction and authority to enforce its laws addressing the subjects listed in subparagraph 10 of this subsection on the Coquille Forest against the Coquille Indian Tribe, its members and all other persons and entities, in the same manner and with the same remedies and protections and appeal rights as otherwise provided by general Oregon law. Where the State of Oregon and Coquille Indian Tribe agree regarding the exercise of tribal civil regulatory jurisdiction over activities on the Coquille Forest lands, the Tribe may exercise such jurisdiction as is agreed upon.

"(12) In the event of a conflict between Federal and State law under this subsection, Federal law shall control.".

TITLE VI—BULL RUN WATERSHED PROTECTION

SEC. 601. SECTION 2(a) OF PUBLIC LAW 95-200 AMENDED.

The first sentence of section 2(a) of Public Law 95-200 is amended after "referred to in this subsection (a)" by striking "2(b)" and inserting in lieu thereof "2(c)".

SEC. 602. SECTION 2(b) OF PUBLIC LAW 95-200 AMENDED.

The first sentence of section 2(b) of Public Law 95-200 is amended after "the policy set forth in subsection (a)" by inserting "and (b)".

SEC. 603. SECTION 2(b) REDESIGNATION.

Section 2(b) of Public Law 95-200 is redesignated as "2(c)".

SEC. 604. TIMBER CUTTING.

(a) Public Law 95-200 is amended by adding a new subsection 2(b) immediately after subsection 2(a), as follows:

"(b) TIMBER CUTTING.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary of Agriculture shall prohibit the cutting of trees in that part of the unit consisting of the hydrographic boundary of the Bull Run River Drainage, including certain lands within the unit and located below the headworks of the city of Portland, Oregon's water storage and delivery project, and as depicted in a map dated July 22, 1996 and entitled 'Bull Run River Drainage'.

"(2) PERMITTED CUTTING.—

"(A) IN GENERAL.—Subject to subparagraph (B), the Secretary of Agriculture shall prohibit the cutting of trees in the area described in paragraph (1).

"(B) PERMITTED CUTTING.—Subject to subparagraph (C), the Secretary may only allow the cutting of trees in the area described in paragraph (1)—

"(i) for the protection or enhancement of water quality in the area described in paragraph (1); or

"(ii) for the protection, enhancement, or maintenance of water quantity available from the area described in paragraph (1); or

"(iii) for the construction, expansion, protection or maintenance of municipal water supply facilities; or

"(iv) for the construction, expansion, protection or maintenance of facilities for the transmission of energy through and over the unit or previously authorized hydroelectric facilities or hydroelectric projects associated with municipal water supply facilities.

"(C) SALVAGE SALES.—The Secretary of Agriculture may not authorize a salvage sale in the area described in paragraph (1).".

(b) Redesignate subsequent subsection of Public Law 95-200 accordingly.

SEC. 605. REPORT TO CONGRESS.

(a) The Secretary of Agriculture shall, in consultation with the city of Portland and other affected parties, undertake a study of that part of the Little Sandy Watershed that is within the unit (hereinafter referred to as the "study area"), as depicted on the map described in section 604 of this title.

(b) The study referred to in subsection (a) shall determine—

(1) the impact of management activities within the study area on the quality of drinking water provided to the Portland metropolitan area;

(2) the identity and location of certain ecological features within the study area, including late successional forest characteristics, aquatic and terrestrial wildlife habitat, significant hydrological values, or other outstanding natural features; and

(3) the location and extent of any significant cultural or other values within the study area.

(c) The study referred to in subsection (a) shall include both legislative and regulatory recommendations to Congress on the future management of the study area. In formulating such recommendations, the Secretary shall consult with the city of Portland and other affected parties.

(d) To the greatest extent possible, the Secretary shall use existing data and processes to carry out this study and report.

(e) The study referred to in subsection (a) shall be submitted to the Senate Committees on Energy and Natural Resources and Agriculture and the House Committees on Resources and Agriculture not later than one year from the date of enactment of this section.

(f) The Secretary is prohibited from advertising, offering or awarding any timber sale within the study area for a period of two years after the date of enactment of this section.

(g) Nothing in this section shall in any way affect any State or Federal law governing appropriation, use of or Federal right to water on or flowing through National Forest System lands. Nothing in this section is intended to influence the relative strength of competing claims to the waters of the Little Sandy River. Nothing in this section shall be construed to expand or diminish Federal, State, or local jurisdiction, responsibility, interests, or rights in water resources development or control, including rights in and current uses of water resources in the unit.

SEC. 606. LANDS WITHIN BULL RUN MANAGEMENT UNIT.

Lands within the Bull Run Management Unit, as defined in Public Law 95-200, but not contained within the Bull Run River Drainage, as defined by this title and as depicted on the map dated July 1996 described in section 604 of this title, shall continue to be managed in accordance with Public Law 95-200.

TITLE VII—OREGON ISLANDS WILDERNESS, ADDITIONS

SEC. 701. OREGON ISLANDS WILDERNESS, ADDITIONS.

(a) In furtherance of the purposes of the Wilderness Act of 1964, certain lands within the boundaries of the Oregon Islands National Wildlife Refuge, Oregon, comprising approximately ninety-five acres and as generally depicted on a map entitled "Oregon Island Wilderness Additions—Proposed" dated August 1996, are hereby designated as wilderness. The map shall be on file and available for public inspection in the offices of the Fish and Wildlife Service, Department of the Interior.

(b) All other federally-owned named, unnamed, surveyed and unsurveyed rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, not currently designated as wilderness and also within the Oregon Islands National Wildlife Refuge boundaries under the administration of the United States Fish and Wildlife Service, Department of the Interior, as designated by Executive Order 7035, Proclamation 2416, Public Land Orders 4395, 4475 and 6287, and Public Laws 91-504 and 95-450, are hereby designated as wilderness.

(c) All federally-owned named, unnamed, surveyed and unsurveyed rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, and presently under the jurisdiction of the Bureau of Land Management, are hereby designated as wilderness, shall become part of the Oregon Islands National Wildlife Refuge and the Oregon Islands Wilderness and shall be under the jurisdiction of the United States Fish and Wildlife Service, Department of the Interior.

(d) As soon as practicable after this title takes effect, a map of the wilderness area and a description of its boundaries shall be filed with the Senate Committee on Energy and Natural Resources and the House Committee on Resources, and such map shall have the same force and effect as if included in this title: *Provided however*, That correcting clerical and typographical errors in the map and land descriptions may be made.

(e) Public Land Order 6287 of June 16, 1982, which withdrew certain rocks, reefs, islets and islands lying within three geographic miles off the coast of Oregon and above mean high tide, including the ninety-five acres described in subsection (a), as an addition to the Oregon Islands National Wildlife Refuge is hereby made permanent.

TITLE VIII—UMPQUA RIVER LAND EXCHANGE STUDY

SEC. 801. UMPQUA RIVER LAND EXCHANGE STUDY: POLICY AND DIRECTION.

(a) IN GENERAL.—The Secretaries of the Interior and Agriculture (Secretaries) are hereby authorized and directed to consult, coordinate and cooperate with the Umpqua Land Exchange Project (ULEP), affected units and agencies of State and local government, and, as appropriate, the World Forestry Center and National Fish and Wildlife Foundation, to assist ULEP's ongoing efforts in studying and analyzing land exchange opportunities in the Umpqua River basin and to provide scientific, technical, research, mapping and other assistance and information to such entities. Such consultation, coordination and cooperation shall at a minimum include, but not be limited to—

(1) working with ULEP to develop or assemble comprehensive scientific and other information (including comprehensive and integrated mapping) concerning the Umpqua River basin's resources of forest, plants, wildlife, fisheries (anadromous and other), recreational opportunities, wetlands, riparian habitat and other physical or natural resources;

(2) working with ULEP to identify general or specific areas within the basin where land exchanges could promote consolidation of timberland ownership for long-term, sustained timber production; protection and improvement of habitat for plants, fish and wildlife (including any federally listed threatened or endangered species); protection of drinking water supplies; recovery of

threatened and endangered species; protection and improvement of wetlands, riparian lands and other environmentally sensitive areas; consolidation of land ownership for improved public access and a broad array of recreational uses; and consolidation of land ownership to achieve management efficiency and reduced costs of administration; and

(3) developing a joint report for submission to the Congress which discusses land exchange opportunities in the basin and outlines either a specific land exchange proposal or proposals which may merit consideration by the Secretaries or the Congress, or ideas and recommendations for new authorizations, direction, or changes in existing law or policy to expedite and facilitate the consummation of beneficial land exchanges in the basin via administrative means.

(b) MATTERS FOR SPECIFIC STUDY.—In analyzing land exchange opportunities with ULEP, the Secretaries shall give priority to assisting ULEP's ongoing efforts in—

(1) studying, identifying and mapping areas where the consolidation of land ownership via land exchanges could promote the goals of long term species protection, including the goals of the Endangered Species Act of 1973 more effectively than current land ownership patterns and whether any changes in law or policy applicable to such lands after consummation of an exchange would be advisable or necessary to achieve such goals;

(2) studying, identifying and mapping areas where land exchanges might be utilized to better satisfy the goals of sustainable timber harvest, including studying whether changes in existing law or policy applicable to such lands after consummation of an exchange would be advisable or necessary to achieve such goals;

(3) identifying issues and studying options and alternatives, including possible changes in existing law or policy, to insure that combined post-exchange revenues to units of local government from State and local property, severance and other taxes or levies and shared Federal land receipts will approximate pre-exchange revenues;

(4) identifying issues and studying whether possible changes in law, special appraisal instruction, or changes in certain Federal appraisal procedures might be advisable or necessary to facilitate the appraisal of potential exchange lands which may have special characteristics or restrictions affecting land values;

(5) identifying issues and studying options and alternatives, including changes in existing laws or policy, for achieving land exchanges without reducing the net supply of timber available to small businesses;

(6) identifying, mapping, and recommending potential changes in land use plans, land classifications, or other actions which might be advisable or necessary to expedite, facilitate or consummate land exchanges in certain areas; and

(7) analyzing potential sources for new or enhanced Federal, State or other funding to promote improved resource protection, species recovery, and management in the basin.

SEC. 802. REPORT TO CONGRESS.

No later than February 1, 1998, ULEP and the Secretaries shall submit a joint report to the Committee on Resources of the United States House of Representatives and to the Committee on Energy and Natural Resources of the United States Senate concerning their studies, findings, recommendations, mapping and other activities conducted pursuant to this title.

SEC. 803. AUTHORIZATION OF APPROPRIATIONS.

In furtherance of the purposes of this title, there is hereby authorized to be appropriated the sum of $2,000,000, to remain available until expended.

LEGISLATIVE BRANCH APPROPRIATIONS ACT, 1997—CONFERENCE REPORT

Mr. BOND. Mr. President, I submit a report of the committee of conference on H.R. 3754 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3754) making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of July 30, 1996.)

Mr. MACK. Mr. President, the conference report is an appropriation of $2,165,000,000, for the legislative branch for fiscal year 1997.

This is a reduction of $22 million below the enacted program levels in fiscal year 1996, $174 million below the requested amount, and, compared to fiscal 1995 the bill reflects a $225 million reduction.

Mr. President, I thank the members of the committee, and especially our ranking member, Senator MURRAY for her help and cooperation in producing this legislation.

Mrs. MURRAY. Mr. President, I rise in support of the conference agreement to H.R. 3754, the fiscal year 1997 legislative branch appropriation bill.

I commend Senator MACK for his leadership of the managers on the part of the Senate. I also compliment the House conferees, particularly the House subcommittee chairman, Mr. PACKARD, and his minority counterpart, Mr. THORNTON. Their obvious knowledge of this legislation certainly played a large part in the expeditious manner in which this conference proceeded.

All in all, Mr. President, this is a good conference agreement. In most cases, we split the difference with the House with respect to the funding levels for the related agencies in this bill. One exception is the funding for the Joint Economic Committee. The Senate-passed bill funded that committee at a level of $750,000 and the House-passed bill at a level of $3,000,000. The conferees agreed to a funding level of $2,750,000 with language stating that the long-term need for this committee should be reviewed and that funding for the committee is expected to be phased down to zero in the future.

In addition, I was pleased that the House accepted my amendment regarding the disposal of excess computer equipment to public schools. And, at the recommendation of Congressmen FAZIO and SERRANO, the House included language stating that they support this policy for excess House computer equipment.

Mr. President, I note that section 312 of the House-passed bill, the issue of so-called dynamic scoring, was dropped from the conference agreement. As Members are aware from previous statements I have made on the floor, I steadfastly opposed this provision and, therefore, am pleased to report that the House agreed to remove this provision from the conference agreement.

In closing, I again commend this Legislative Branch Subcommittee chairman, Senator MACK, for his leadership and for the spirit of bipartisanship in which he operates. Many difficult issues have arisen with respect to this legislation over the 2 years of his subcommittee chairmanship and he has unfailingly faced those issues and resolved them in a fair and objective way on a nonpartisan basis. He has always endeavored to keep me fully informed on all matters coming before the subcommittee, for which I am deeply appreciative.

I urge the support of this conference agreement by all Members.

Mr. DOMENICI. Mr. President, I rise in support of the conference report on H.R. 3754, the legislative branch appropriations bill for fiscal year 1997.

This bill provides new budget authority of $2.2 billion and new outlays of $1.9 billion for the Congress and other legislative branch agencies, including the Library of Congress, the General Accounting Office, and the Government Printing Office, among others.

When outlays from prior-year appropriations and other adjustments are taken into account, the bill totals $2.3 billion in budget authority and $2.2 billion in outlays. The bill is under the Senate subcommittee's 602(b) allocation by $21 million in budget authority and $47 million in outlays.

I commend the distinguished chairman and ranking member for producing a bill that is substantially within their 602(b) allocation. I am pleased that this bill continues to hold the line on congressional spending.

Mr. President, I ask unanimous consent that a table displaying the Budget Committee scoring of H.R. 3754, as reported by the committee of conference, be inserted in the RECORD. I urge the Senate to support this conference report.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

LEGISLATIVE BRANCH SUBCOMMITTEE SPENDING TOTALS—CONFERENCE REPORT

[Fiscal year 1997, dollars in millions]

	Budget authority	Outlays
Nondefense discretionary:		
Outlays from prior-year BA and other actions completed		214
H.R. 3754, conference report	2,166	1,917
Scorekeeping adjustment		
Subtotal nondefense discretionary	2,166	2,131
Mandatory:		
Outlays from prior-year BA and other actions completed	92	92
H.R. 3754, conference report		
Adjustment to conform mandatory programs with Budget:		
Resolution assumptions	−0	−0
Subtotal mandatory	92	92
Adjusted bill total	2,258	2,223
Senate Subcommittee 602(b) allocation:		
Defense discretionary		
Nondefense discretionary	2,187	2,178
Violent crime reduction trust fund		
Mandatory	92	92
Total allocation	2,279	2,270
Adjusted bill total compared to Senate Subcommittee 602(b) allocation:		
Defense discretionary		
Nondefense discretionary	−21	−47
Violent crime reduction trust fund		
Mandatory		
Total allocation	−21	−47

Note.—Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Prepared by SBC Majority Staff.

BOOKS FOR THE BLIND

Mr. CHAFEE. Mr. President, I am pleased to support final passage of the conference report on the appropriations bill for the legislative branch. The managers of the bill have done a laudable job in their continued efforts to reduce spending, and I am particularly delighted that they were able to include my amendment on books for the blind.

This amendment, which makes a very small change in current copyright law, will make an enormous difference to our Nation's blind children and adults. It has the approval of the authorizing committees in both Chambers, as well as the support of the National Federation of the Blind, the American Foundation for the Blind, the American Printing House for the Blind, Recording for the Blind and Dyslexic, the American Council of the Blind, the Association of American Publishers, and the U.S. Office of Copyright.

The amendment which I offered with Senators FRAHM, STEVENS, LEAHY, McCONNELL, BINGAMAN, FRIST, FORD, PRESSLER, and DEWINE resulted from the efforts of Ambassador Anthony Veliotes, representing the Association of American Publishers, and Dr. Kenneth Jernigan, representing the blindness community. In January, they met and agreed that this amendment would address the needs of the blindness community without compromising the rights and interests of the publishers. I greatly appreciate their help and the help of my constituent, Ed Beck, the legislative representative for the Rhode Island affiliate of the National Federation of the Blind, who first brought this to my attention.

National Library Service and a number of nonprofit organizations, such as The American Printing House for the Blind and Recording for the Blind and Dyslexic, reproduce, in specialized formats, published material that is readily available to sighted individuals in libraries, bookstores, newsstands, and countless other locations. "Specialized formats" refers to braille, sound recordings—either on cassette or phonorecord—and new digital formats that can be used with special software. My amendment seeks to end the unintended censorship of blind individuals' access to current information. Under this amendment, groups that produce specialized formats for the blind no longer are required to gain permission from the copyright holder before beginning production.

James Gashel of the National Federation of the Blind was invaluable in his efforts to help us put forth a proposal that would be acceptable to all sides. He is a strong and able spokesman for the blind. Also, I would like to thank the managers of the bill, who were completely accepting of this amendment, as well as their staff, Larry Harris with Senator MACK and Jim English with Senator MURRAY.

Let me close by quoting from a letter I received from Mr. Gashel that explains the significance of this amendment to the blindness community. Mr. Gashel writes:

> This is a significant change for us. It means, for example, that the current best-sellers, which the Library of Congress produces for us, should be available in Braille or recorded format within months rather than a year or more. It also means that blind children in schools should be able to have the editions of textbooks being used by their sighted classmates this year rather than the ones in use last year.

I yield the floor.

Mr. McCAIN. Mr. President, I want to commend the managers of the bill for reconciling the differences between the two bodies on this measure. They have indeed produced a good bill.

I want to comment on one issue in specific. I am saddened that the managers did not keep language offered by Senator FEINGOLD and myself to stop the revolving door and restrict former staff and Members from lobbying the Hill until after a decent cooling-off period elapses. Unfortunately, this issue will not be resolved today and we will have to return to it at another time.

Our amendment would have doubled from 1 year to 2 the time a staffer would have to wait before he or she could lobby the office that previously employed them. It was our intention that senior staff and former Members would have to wait 5 years before being able to lobby.

Some have raised the issue that the amendment offered by the Senator from Wisconsin and myself was harder on senior staff than it was on Members. I want to clarify for the RECORD that in the drafting process, we inadvertently neglected to include the provision that made the lobbying ban for Members 5 years. Instead, the amendment as offered, made the lobbying ban for Members the same as that for lower level staff. Again, I want to repeat, that was not our intention. We had hoped that our error could be corrected when the bill was considered in conference. However, we were told that the Senate receded to the House regarding this matter and subsequently the McCain-Feingold provision was dropped from the bill.

Additionally, I want to note that the cooling-off period for staff—regardless of salary—only restricts that individual from lobbying his or her own boss or committee of employment. On the other hand, the cooling-off period for former Members of Congress would restrict such individuals from lobbying the entire congressional branch of government. This restriction is much tougher than that for staff. However, I again repeat, it should have been a 5-year restriction.

I thank my colleagues for their indulgence. I yield the floor.

GENERAL ACCOUNTING OFFICE ISSUES

Mr. DOMENICI. Mr. President, this conference report provides $338.4 million for the General Accounting Office. This is $44.4 million less than 1996 appropriations. This reduction is the second year of a program to reduce GAO funding by a total of 25 percent.

GAO should be commended for agreeing to this downsizing program. GAO's work here is an example to Federal agencies for how to downsize quickly, while still performing the agency's mission.

In addition to this model downsizing, there are two matters of note for GAO this year.

First, this year is GAO's 75th anniversary. I want to express to the evaluator staff at GAO my sincere appreciation for their hard work, much of it on difficult and controversial issues and all of it under the strenuous circumstance of a major downsizing.

Also, this is the last year of Comptroller General Charles A. Bowsher's 15-year term. After September 30 Congress and the President will jointly select and appoint a new Comptroller General. As that process is started, I want to express three thoughts that I believe should be kept in mind as a new Comptroller General is selected.

First, it has been traditional to select an individual with an accounting background as Comptroller General. However, most of GAO's work is actually not accounting; much of it is evaluations and other types of investigations. We should consider for Comptroller General an individual who has a broad background in the type of work

GAO actually does, not necessarily just accounting. I believe this approach may help in improving the quality of GAO work that has concerned some of us in recent years.

Second, for many years I have been an advocate of outside expert peer review of enforce high quality standards of GAO's work. I continue to believe that GAO work would benefit from regular review by outside experts, and I will want to discuss how best to effect such review with the new Comptroller General-designate as the Senate confirms his, or her, nomination.

Third, my concern for peer review for GAO reports has been heightened by a recent GAO action. GAO has just decided to eliminate its Program Evaluation and Methodology Division. While very small, this division has distinguished itself by producing some exceptional reports and by helping other GAO divisions improve the quality of many of their reports. Disbanding this division will eliminate and important source of internal expert review; this decision increases the need for external peer review.

I congratulate Comptroller General Bowsher and GAO and their 75th anniversary and I look forward to working with GAO and my colleagues in the Senate to continue this agency's tradition of very important and valuable work for Congress.

Mr. BOND. Mr. President, I ask unanimous consent that the conference report be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the conference report be placed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The conference report was agreed to.

ORDERS FOR WEDNESDAY, SEPTEMBER 4, 1996

Mr. BOND. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:30 a.m. on Wednesday, September 4; further, that immediately following the prayer the Journal of proceedings be deemed approved to date, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day, and that the Senate immediately resume consideration of H.R. 3666, the VA-HUD appropriations bill; and, further, that the Senate recess between the hours of 12:30 p.m. and 2:15 p.m. for the weekly policy conferences to meet.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BOND. Mr. President, for the information of all Members, there is a pending committee amendment to the VA-HUD appropriations bill that we are hoping to reach a time agreement on which would allow for a rollcall vote perhaps tomorrow morning prior to the Senate recessing for the weekly policy conferences. We hope that we can adopt a timeframe and time agreements on these measures.

We also expect that on Wednesday the Senate will take action on a resolution in regard to the situation in Iraq.

Rollcall votes are therefore expected throughout the day, and it is hoped that any Senators intending to offer an amendment to the pending bill will be available tomorrow so that we may complete action on this appropriations bill as early as possible tomorrow.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. BOND. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 5:49 p.m., adjourned until Wednesday, September 4, 1996, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate August 2, 1996.

DEPARTMENT OF STATE

MADELEINE KORBEL ALBRIGHT, OF THE DISTRICT OF COLUMBIA, TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE FIFTY-FIRST SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS.

EDWARD WILLIAM GNEHM, JR., OF GEORGIA, TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE FIFTY-FIRST SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS.

KARL FREDERICK INDERFURTH, OF NORTH CAROLINA, TO BE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE FIFTY-FIRST SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS.

VICTOR MARRERO, OF NEW YORK, TO BE ALTERNATE REPRESENTATIVE OF THE UNITED STATES OF AMERICA TO THE FIFTY-FIRST SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS.

DEPARTMENT OF COMMERCE

SUSAN G. ESSERMAN, OF MARYLAND, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE, VICE GINGER EHN LEW.

NATIONAL SCIENCE FOUNDATION

MARY K. GAILLARD, OF CALIFORNIA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 2002, VICE MARYE A. FOX, TERM EXPIRED.

EAMON M. KELLY, OF LOUISIANA, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 2002, VICE HOWARD E. SIMMONS, TERM EXPIRED.

RICHARD A. TAPIA, OF TEXAS, TO BE A MEMBER OF THE NATIONAL SCIENCE BOARD, NATIONAL SCIENCE FOUNDATION, FOR A TERM EXPIRING MAY 10, 2002, VICE PHILLIP A. GRIFFITHS, TERM EXPIRED.

LEGAL SERVICES CORPORATION

ERNESTINE P. WATLINGTON, OF PENNSYLVANIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE LEGAL SERVICES CORPORATION FOR A TERM EXPIRING JULY 13, 1999. (REAPPOINTMENT)

NATIONAL INSTITUTE OF BUILDING SCIENCES

NIRANJAN S. SHAH, OF ILLINOIS, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE NATIONAL INSTITUTE OF BUILDING SCIENCES FOR A TERM EXPIRING SEPTEMBER 7, 1998, VICE JOHN H. MILLER, TERM EXPIRED.

THE JUDICIARY

ROBERT W. PRATT, OF IOWA, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF IOWA, VICE HAROLD D. VIETOR, RETIRED.

NOMINATIONS

Executive nominations received by the Senate September 3, 1996:

DEPARTMENT OF STATE

WYCHE FOWLER, JR., OF GEORGIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF SAUDI ARABIA, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

NATIONAL LABOR RELATIONS BOARD

JOHN E. HIGGINS, JR., OF MARYLAND, TO BE A MEMBER OF THE NATIONAL LABOR RELATIONS BOARD FOR THE TERM OF 5 YEARS EXPIRING AUGUST 27, 2001, VICE CHARLES I. COHEN, RESIGNED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

MARY LUCILLE JORDAN, OF MARYLAND, TO BE A MEMBER OF THE FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION FOR A TERM OF 6 YEARS EXPIRING AUGUST 30, 2002, (REAPPOINTMENT), TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

CORPORATION FOR PUBLIC BROADCASTING

HEIDI H. SCHULMAN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2002, VICE MARTHA BUCHANAN, RESIGNED, TO WHICH POSITION SHE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

KEVIN L. THURM, OF NEW YORK, TO BE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES, VICE WALTER D. BROADNAX, RESIGNED, TO WHICH POSITION HE WAS APPOINTED DURING THE LAST RECESS OF THE SENATE.

IN THE COAST GUARD

THE FOLLOWING REGULAR OFFICERS OF THE U.S. COAST GUARD FOR PROMOTION TO THE GRADE OF CAPTAIN:

JOSEPH F. AHEARN
JEFFREY G. LANTZ
ADAN D. GUERRERO
WALTER S. MILLER
MARK E. BLUMFELDER
RICHARD W. GOODCHILD
JON T. BYRD
DAVID W. RYAN
JEFFREY FLORIN
JOHN C. SIMPSON
WILLIAM C. BENNETT
JOEL R. WHITEHEAD
JAMES J. LOBER, JR.
WAYNE D. GUSMAN
MICHAEL J. DEVINE
SCOTT F. KAYSER
JAMES B. CRAWFORD
WILLIAM J. HUTMACHER
GLENN L. SNYDER
DOUGLAS P. RUDOLPH
JOHN L. GRENIER
TIMOTHY S. SULLIVAN
MARK G. VANHAVERBEKE
JAMES SABO
PAUL C. ELLNER
STEVEN A. NEWELL
DOUGLAS E. MARTIN
RICHARD A. ROOTH
LAWRENCE M. BROOKS

THE FOLLOWING RESERVE OFFICER OF THE U.S. COAST GUARD FOR PROMOTION TO THE GRADE OF CAPTAIN:

CATHERINE M. KELLY

THE FOLLOWING OFFICERS OF THE U.S. COAST GUARD PERMANENT COMMISSIONED TEACHING STAFF AT THE COAST GUARD ACADEMY FOR PROMOTION TO THE GRADE INDICATED:

To be commander

ROBERT R. ALBRIGHT, II
LUCRETIA A. FLAMMANG

To be lieutenant commander

JAMES R. DIRE

THE FOLLOWING REGULAR OFFICERS OF THE U.S. COAST GUARD FOR PROMOTION TO THE GRADE OF COMMANDER:

GEORGE A. RUSSELL, JR.
PATRICK J. CUNNINGHAM, JR.
DANE S. EGLI
JEFFREY S. GORDON
BRET K. MCGOUGH
JODY B. TURNER
MARK L. MCEWEN
MARK A. SKORDINSKI
DONALD K. STROTHER
FRANCIS X. IRR, JR.
ROBERT A. FARMER
RICHARD M. KASER
KURTIS J. GUTH
GARY E. FELICETTI
DANIEL A. LALIBERTE
KURT W. DEVOE
ROBERT J. LEGIER
ROBERT E. KORROCH
THOMAS P. OSTEBO
MARK A. PRESCOTT
KENNETH H. SHERWOOD
MARK S. GUILLORY
PRESTON D. GIBSON
DAVID L. HILL
MICHAEL P. FARRELL
RICHARD A. STANCHI
SCOTT S. GRAHAM
MARK R. DEVRIES
KENNETH R. BURGESS, JR.
WARREN L. HASKOVEC
JENNIFER L. YOUNT
BARRY P. SMITH
WILLIAM D. LEE
JOHN R. LINDLEY, JR.
ROBERT R. O'BRIEN, JR.
SCOTT G. WOOLMAN
WILLIAM W. WHITSON, JR.
LARRY E. SMITH
MARK A. FROST
MITCHELL R. FORRESTER
PATRICK J. NEMETH
CURTIS A. STOCK
CHRISTOPHER K. LOCKWOOD
BARRY L. DRAGON
MICHAEL D. BRAND
BRUCE E. GRINNEL
BRIAN K. SWANSON
ROBERT J. MALKOWSKI

BRIAN J. GOETTLER
CHARLES W. RAY
STEPHEN J. MINUTOLO
VIRGINIA K. HOLTZMAN-BELL
MATHHEW M. BLIZARD
RICHARD A. RENDON
BRYAN D. SCHRODER
JOHN W. YAGER, JR.
MARSHALL B. LYTLE, III
THOMAS D. CRIMAN
STEPHEN J. OHNSTAD
CAROL C. BENNETT
THOMAS E. HOBAICA
DAVID S. STEVENSON
JAMES T. HUBBARD
GEORGE P. VANCE, JR.
ROBERT M. ATKIN
CHRISTINE D. BALBONI
MARK D. RUTHERFOOD
PATRICK B. TRAPP
DENNIS D. BLACKALL
BRADLEY R. MOZEE
RICHARD J. FERRARO
RICHARD L. MATTERS
EKUNDAYO G. FAUX
DAVID L. LERSCH
RICKI G. BENSON
NORMAN L. CUSTARD, JR.
GREGORY B. BREITHAUPT
STEVEN E. VANDERPLAS
FREDERICK J. KENNEY, JR.
STEVEN J. BOYLE
THOMAS K. RICHEY
DENNIS A. HOFFMAN
DAVID M. GUNDERSEN
JEFFREY N. GARDEN
JAMES E. TUNSTALL
KEVIN G. QUIGLEY
JOHN R. OCHS
RONALD D. HASSLER
TIMOTHY J. DELLOT
KENNETH D. FORSLUND
TOMAS ZAPATA
DENNIS M. SENS
PETER V. NEFFENGER
ALVIN M. COYLE
DANIEL R. MAC LEOD
MELISSA A. WALL
ROBERT M. WILKINS
CURTIS A. SPRINGER
TIMOTHY G. JOBE
CHRISTIAN BROXTERMAN
RICKEY W. GEORGE
ELMO L. ALEXANDER, II

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. WILLIAM J. DONAHUE [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. NORMAND G. LEZY [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. WILLIAM P. HALLIN [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

MAJ. GEN. JOSEPH J. REDDEN [redacted]

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be lieutenant general

LT. GEN. GEORGE T. BABBITT, JR [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 8374, 12201, AND 12212:

To be brigadier general

COL. GERALD W. WRIGHT, [redacted] AIR NATIONAL GUARD OF THE UNITED STATES

IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. DOUGLAS D. BUCKHOLZ [redacted] U.S. ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. EDWARD G. ANDERSON, III [redacted] UNITED STATES ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

To be lieutenant general

MAJ. GEN. GEORGE A. CROCKER [redacted]

THE FOLLOWING U.S. ARMY NATIONAL GUARD OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY TO THE GRADES INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 3385, 3392, AND 12203(A):

To be major general

BRIG. GEN. FRANK A. CATALANO, JR. [redacted]

To be brigadier general

COL. CLARENCE E. BAYLESS, JR. [redacted]
COL. JOHN D. BRADBERRY [redacted]
COL. ROGER B. BURROWS [redacted]
COL. WILLIAM G. BUTTS, JR. [redacted]
COL. DALTON E. DIAMOND [redacted]
COL. GEORGE T. GARRETT [redacted]
COL. LARRY E. GILMAN [redacted]
COL. JOHN R. GROVES, JR. [redacted]
COL. HUGH J. HALL [redacted]
COL. ELMO C. HEAD, JR. [redacted]
COL. WILLIE R. JOHNSON [redacted]
COL. STEPHEN D. KORENEK [redacted]
COL. BRUCE M. LAWLOR [redacted]
COL. PAUL M. MAJERICK [redacted]
COL. TIMOTHY E. NEEL [redacted]
COL. JEFF L. NEFF [redacted]
COL. ANTHONY L. OIEN [redacted]
COL. TERRY L. REED [redacted]
COL. MICHAEL H. TAYLOR [redacted]
COL. EDWIN H. WRIGHT [redacted]

THE FOLLOWING-NAMED ARMY COMPETITIVE CATEGORY OFFICERS FOR PROMOTION IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE OF BRIGADIER GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624(C):

To be brigadier general

COL. ANDERS B. AADLAND [redacted]
COL. LAWRENCE R. ADAIR [redacted]
COL. ROBERT E. ARMBRUSTER, JR. [redacted]
COL. RAYMOND D. BARRETT, JR. [redacted]
COL. JOSEPH L. BERGANTZ [redacted]
COL. WILLIAM L. BOND [redacted]
COL. COLBY M. BROADWATER III [redacted]
COL. JAMES D. BRYAN [redacted]
COL. KATHRYN G. CARLSON [redacted]
COL. JOHN P. CAVANAUGH [redacted]
COL. RICHARD A. CODY [redacted]
COL. BILLY R. COOPER [redacted]
COL. JOHN M. CURRAN [redacted]
COL. PETER M. CUVIELLO [redacted]
COL. DELL L. DAILEY [redacted]
COL. JOHN J. DEYERMOND [redacted]
COL. JAMES M. DUBIK [redacted]
COL. JOHN P. GEIS [redacted]
COL. LARRY D. GOTTARDI [redacted]
COL. JAMES J. GRAZIOPLENE [redacted]
COL. ROBERT H. GRIFFIN [redacted]
COL. RICHARD A. HACK [redacted]
COL. WAYNE M. HALL [redacted]
COL. WILLIAM P. HEILMAN [redacted]
COL. RUSSEL L. HONORE [redacted]
COL. JAMES T. JACKSON [redacted]
COL. TERRY E. JUSKOWIAK [redacted]
COL. GEOFFREY C. LAMBERT [redacted]
COL. WILLIAM J. LESZCZYNSKI [redacted]
COL. WADE H. MC MANUS, JR. [redacted]
COL. RICHARD J. QUIRK III [redacted]
COL. WILLIAM H. RUSS [redacted]
COL. DONALD J. RYDER [redacted]
COL. JOHN K. SCHMITT [redacted]
COL. WALTER L. SHARP [redacted]
COL. TONEY STRICKLIN [redacted]
COL. FRANK J. TONEY, JR. [redacted]
COL. ALFRED A. VALENZUELA [redacted]
COL. JOHN R. VINES [redacted]
COL. CRAIG B. WHELDEN [redacted]
COL. ROY S. WHITCOMB [redacted]
COL. ROBERT WILSON [redacted]
COL. WALTER WOJDAKOWSKI [redacted]
COL. JOSEPH L. YAKOVAC, JR. [redacted]

THE FOLLOWING-NAMED JUDGE ADVOCATE GENERAL'S CORPS COMPETITIVE CATEGORY OFFICERS FOR PROMOTION IN THE REGULAR ARMY OF THE UNITED STATES TO THE GRADE OF BRIGADIER GENERAL UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTIONS 611(A) AND 624(C):

To be brigadier general

COL. JOSEPH R. BARNES [redacted]
COL. MICHAEL J. MARCHAND [redacted]

IN THE NAVY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. WILLIAM J. HANCOCK [redacted]

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10 UNITED STATES CODE, SECTION 601:

To be vice admiral

REAR ADM. WILLIAM J. FALLON [redacted]

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

To be vice admiral

VICE ADM. CONRAD C. LAUTENBACHER, JR. [redacted]

IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR PERMANENT PROMOTION IN THE U.S. AIR FORCE, UNDER THE APPLICABLE PROVISIONS OF SECTIONS 618, 624, AND 628, TITLE 10, UNITED STATES CODE, AS AMENDED, WITH DATE OF RANK TO BE DETERMINED BY THE SECRETARY OF THE AIR FORCE.

CHAPLAIN

To be lieutenant colonel

EDGAR W. HATCHER [redacted]

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE DUTY LIST, FOR APPOINTMENT IN THE REGULAR AIR FORCE IN ACCORDANCE WITH SECTION 531 OF TITLE 10, UNITED STATES CODE, WITH A VIEW TO DESIGNATION IN ACCORDANCE WITH SECTION 8067 OF TITLE 10, UNITED STATES CODE, TO PERFORM DUTIES INDICATED WITH GRADE AND DATE OF RANK TO BE DETERMINED BY THE SECRETARY OF THE AIR FORCE PROVIDED THAT IN NO CASE SHALL THE FOLLOWING OFFICER BE APPOINTED IN A HIGHER GRADE THAN INDICATED.

MEDICAL CORPS

To be colonel

MALCOLM N. JOSEPH III [redacted]
GREGORIA MARRERO [redacted]

To be lieutenant colonel

DAVID A. LANTZ [redacted]

DENTAL CORPS

To be lieutenant colonel

RICHARD M. GREIFF [redacted]
JAMES J. KANE [redacted]

To be major

JOHN M. YACCINO [redacted]

To be captain

CHRISTOPHER CIAMBOTTI [redacted]

THE FOLLOWING-NAMED INDIVIDUALS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, IN GRADE INDICATED, UNDER SECTIONS 8067 AND 12203 OF TITLE 10, UNITED STATES CODE, WITH A VIEW TO DESIGNATION TO PERFORM THE DUTIES INDICATED.

MEDICAL CORPS

To be colonel

THOMAS A. REEDER [redacted]

To be lieutenant colonel

STEPHEN GATES [redacted]

DENTAL CORPS

To be lieutenant colonel

GEORGE M. HIGENDORF, JR. [redacted]
ETIENNE I. TORMOS [redacted]

IN THE ARMY

THE FOLLOWING APPOINTMENT TO BE PERMANENT PROFESSOR AT THE U.S. MILITARY ACADEMY UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 4333(B).

To be permanent professor

GEORGE B. FORSYTHE [redacted]

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF MAJOR IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE.

To be major

GARY J. COUCH [redacted]
DOUGLAS A. DENN [redacted]
WAYNE R. MARTIN [redacted]
JOEL G. OGREN [redacted]

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF MAJOR IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE.

To be major

RALPH P. DORN [redacted]
MICHAEL F. KENNY [redacted]

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE-DUTY LIST, FOR PROMOTION TO THE GRADE OF LIEUTENANT COLONEL IN THE U.S. MARINE CORPS IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE.

To be lieutenant colonel

JOHN C. SUMNER [redacted]

IN THE NAVY

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVY IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE.

UNRESTRICTED LINE

To be captain

JOHN L. WILLSON [redacted]

THE FOLLOWING-NAMED OFFICER, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVY IN ACCORDANCE WITH SECTIONS 618 AND 628 OF TITLE 10, UNITED STATES CODE:

MEDICAL CORPS

To be lieutenant commander

ERIC L. PAGENKOPF [redacted]

IN THE AIR FORCE

THE FOLLOWING-NAMED U.S. AIR NATIONAL GUARD OFFICERS FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE, TO THE GRADE INDICATED, UNDER THE PROVISIONS OF TITLE 10 UNITED STATES CODE, SECTIONS 8374, 12201, AND 12212:

To be brigadier general

COL. ARCHIE J. BERBERIAN, II [redacted]
COL. WILLIAM J. BOARDLEY [redacted]
COL. WALTER R. ERNST, II [redacted]
COL. DENNIS A. HIGDON [redacted]
COL. ENRIQUE J. LANZ [redacted]
COL. THOMAS P. LAUPPE [redacted]
COL. JAMES A. MCDEVITT [redacted]
COL. JOSEPH I. MENSCHING [redacted]
COL. FISK OUTWATER [redacted]
COL. LAWRANCE L. PAULSON [redacted]
COL. MAXEY J. PHILLIPS [redacted]
COL. WALLACE F. PICKARD, JR. [redacted]
COL. RICHARD A. PLATT [redacted]
COL. JOHN C. SCHNELL [redacted]
COL. ALLEN J. SMITH [redacted]
COL. PAUL J. SULLIVAN [redacted]
COL. MICHAEL H. TICE [redacted]

IN THE ARMY

THE FOLLOWING U.S. ARMY NATIONAL GUARD OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY TO THE GRADES INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 3385, 3392, AND 12203(A):

To be major general

BRIG. GEN. CARROLL D. CHILDERS [redacted]
BRIG. GEN. CECIL L. DORTON [redacted]
BRIG. GEN. CLYDE A. HENNIES [redacted]
BRIG. GEN. WARREN L. FREEMAN [redacted]

To be brigadier general

COL. JOHN E. BARNETTE [redacted]
COL. ROBERTO BENAVIDES, JR. [redacted]
COL. ERNEST D. BROCKMAN, JR. [redacted]
COL. DANNY B. CALLAHAN [redacted]
COL. REGINALD A. CENTRACCHIO [redacted]
COL. TERRY J. DORENBUSH [redacted]
COL. THOMAS W. ERES [redacted]
COL. EDWARD A. FERGUSON, JR. [redacted]
COL. GARY L. FRANCH [redacted]
COL. PETER J. GRAVETT [redacted]
COL. ROBERT L. HALVERSON [redacted]
COL. JOSEPH G. LABRIE [redacted]
COL. BENNETT C. LANDRENEAU [redacted]
COL. JOHN W. LIBBY [redacted]
COL. MARIANNE MATHEWSON-CHAPMAN [redacted]
COL. EDMOND B. NOLLEY, JR. [redacted]
COL. JAMES F. REED, III [redacted]
COL. DARWIN H. SIMPSON [redacted]
COL. ALLEN E. TACKETT [redacted]
COL. MICHAEL R. VAN PATTEN [redacted]

IN THE AIR FORCE

THE FOLLOWING AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR PROMOTION IN THE RESERVE OF THE AIR FORCE UNDER THE PROVISIONS OF SECTIONS 12203 AND 8379, TITLE 10 OF THE UNITED STATES CODE. PROMOTIONS MADE UNDER SECTION 8379 AND CONFIRMED BY THE SENATE UNDER SECTION 12203 SHALL BEAR AN EFFECTIVE DATE ESTABLISHED IN ACCORDANCE WITH SECTION 8374, TITLE 10 OF THE UNITED STATES CODE:

LINE

To be lieutenant colonel

JOHN W. AMSHOFF, JR. [redacted]
BARBARA A. ANDERSON [redacted]
JOHN D. BLEDSOE, JR. [redacted]
MICHALE W. BROUGH [redacted]
TIMOTHY J. CHILDERS [redacted]
DUSTIN L. COUEY [redacted]
KIRK S. DAVIDSON [redacted]
SHARON S. DIEFFENDERFER [redacted]
KARL L. ELDERS [redacted]
KENNETT R. ELLIS [redacted]
BRIAN J. FLOOD [redacted]
MICHAEL P. HANNIN, JR. [redacted]
THOMAS M. JOHNSON [redacted]
RUSSELL A. MADDERRA [redacted]
JOHN W. MERRITT [redacted]
DAIVD W. NEWMAN [redacted]
THOMAS J. ROGERS [redacted]
ALAN K. RUTHERFORD [redacted]
DARRELL A. SAMPLES, JR. [redacted]
WILLIAM G. SULLIVAN [redacted]
MARY J. WARD [redacted]

JUDGE ADVOCATE GENERALS DEPARTMENT

To be lieutenant colonel

DOROTHY J. DONNELLY [redacted]

CHAPLAIN CORPS

To be lieutenant colonel

GERALDINE S. YOULDEN [redacted]

MEDICAL SERVICE CORPS

To be lieutenant colonel

DEBRA K. RHODES [redacted]

BIO MEDICAL SCIENCE CORPS

To be lieutenant colonel

MARK A. MC CULLOUGH [redacted]

MEDICAL CORPS

To be lieutenant colonel

SALVATORE J. LOMBARDI [redacted]

IN THE MARINE CORPS

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE-DUTY LIST OF THE U.S. MARINE CORPS FOR APPOINTMENT IN THE TEMPORARY GRADE INDICATED IN ACCORDANCE WITH SECTION 6222 OF TITLE 10, UNITED STATES CODE:

To be lieutenant colonel

TIMOTHY FOLEY [redacted]

To be major

DENNIS R. BURIAN [redacted]

To be first lieutenant

MICHAEL J. COLBURN [redacted]

THE FOLLOWING-NAMED OFFICERS OF THE REGULAR MARINE CORPS FOR PERMANENT APPOINTMENT AS LIMITED DUTY OFFICERS TO THE GRADE OF CAPTAIN UNDER PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 531:

To be captain

MICHAEL G. ALEXANDER [redacted]
DEBRA A. ANDERSON [redacted]
JOHN C. ANNESS [redacted]
TOMMY F. BAILEY [redacted]
DIEGO J. BARELA [redacted]
JEFFREY C. BARNES [redacted]
MICHAEL E. BEAN [redacted]
FRANK D. BERTRAND [redacted]
RICHARD D. BETSINGER [redacted]
MARSHALL R. BOURGEOIS [redacted]
LAWRENCE D. BUTTS [redacted]
CRAIG W. CARLSON [redacted]
CLARENCE G. CLARK, JR. [redacted]
ROBERT J. CORNELIUS [redacted]
JORGE E. CRISTOBAL [redacted]
EGBERT N. DAWKINS [redacted]
TIMOTHY D. EATON [redacted]
ROBERT D. ELLIS [redacted]
DONALD Q. FINCHAM [redacted]
BRIAN A. FISHER [redacted]
ERIC H. FOLSOM [redacted]
STEVEN P. GEORGE [redacted]
CURTIS L. GOYETTE [redacted]
ROBBIE GRIGGS, JR., [redacted]
DAVID B. GROVES [redacted]
JAMES J. HORZEMPA [redacted]
STEVE E. HOWELL [redacted]
DEREK J. HUTZLEY [redacted]
FREDERICK D. HYDEN [redacted]
RANDALL D. JOHNSON [redacted]
KRISTEN S. KARNETSKY [redacted]
MICHAEL W. KROMER [redacted]
RAYMOND H. LEGALL [redacted]
CARNELL LUCKETT [redacted]
MICHAEL K. MACKEY [redacted]
BRYAN M. MAKI [redacted]
JEFFREY C. MC CARTNEY [redacted]
ROBERT F. MC KINNEY, JR. [redacted]
WILLIAM H. MC NUTT [redacted]
DONALD L. MILLER [redacted]
BRIAN K. MITCHELL [redacted]
WALTER C. MURPHY, JR. [redacted]
JAMES L. NORMILE [redacted]
TODD. P. OHMAN [redacted]
RUSSELL E. PEPPER [redacted]
JOHN A. POLANCO [redacted]
RICHARD K. ROHR [redacted]
ELLIOTT J. ROWE [redacted]
JOHN J. SAGUL [redacted]
WALTER SHIHINSKI [redacted]
JOSE E. SIMONSON [redacted]
CARL G. SMALL [redacted]
JAMES W. SMITH [redacted]
BRUCE T. VINCENT [redacted]
ROBERT M. WELBORN [redacted]
SCOTT C. WHITNEY [redacted]
ANTHONY S. WILSON [redacted]
JOYCE V. WOODS [redacted]

THE FOLLOWING-NAMED RESERVE OFFICERS FOR PROMOTION TO THE GRADE OF LIEUTENANT COLONEL IN THE U.S. MARINE CORPS RESERVE IN ACCORDANCE WITH SECTION 5912 OF TITLE 10, UNITED STATES CODE.

JAMES R. ADAMS [redacted]
RONALD H. ANDERSON [redacted]
DONALD F. ARMENTO [redacted]
BRUCE S. ARNOLD [redacted]
JAMES A. ATWOOD, JR. [redacted]
WILLIAM R. BALL, JR. [redacted]
BARBARA U. BALLARD [redacted]
JOHN R. BALLARD [redacted]
JESSE R. BARKER [redacted]
JOHN W. BARNARD [redacted]
WILLIAM G. BASSETT [redacted]
ROY W. BEDEAUX [redacted]
WILLIAM J. BENDER III [redacted]
WILLIAM J. BLALOCK III [redacted]
ERIC J. BLOOM [redacted]
STEPHEN K. BOLLINGER [redacted]
KEVIN D. BOND [redacted]
RONALD L. BOOKER [redacted]
ROBERT A. BOOTH, JR. [redacted]
WILLIAM F. BOOTH [redacted]
DAVID J. BOWERS [redacted]
DAVID J. BOWERS [redacted]
TERRENCE P. BRENNAN [redacted]
STEVEN E. BURKE [redacted]
KERRY L. BURKHOLDER [redacted]
PAUL R. CALI [redacted]
DRUCILLA H. CAMERON [redacted]
CRAIG H. CARLSON [redacted]
JOHN D. CODDOU [redacted]
DENNIS M. CONLEY [redacted]
JOHN J. COOKE III [redacted]
RONALD N. CORBIN [redacted]
KEVIN F. CROCKFORD [redacted]
DEBRA L. DECKER [redacted]
WILLIAM J. DEMPSTER [redacted]
KIM L. DILLARD [redacted]
ALEXANDER F. DIMITREW [redacted]
MICHAEL J. DOYLE [redacted]
JAMES H. DRESCHER [redacted]
MICHAEL P. DROUIN [redacted]
THOMAS DUHS [redacted]
RAYMOND G. DUQUETTE [redacted]
WILLIAM O. DWIGGINS [redacted]
WALTER T. ELLINGSON [redacted]
MARIO ENRIQUEZ [redacted]
ANDREW C. FALES, JR. [redacted]
MICHAEL J. FEICHTINGER [redacted]
RICHARD D. FERRANDO II [redacted]
DAVID D. FERRUCCI [redacted]
RICHARD A. FINDELL [redacted]
JENNIFER L. FINDLAY [redacted]
JANE M. FITZGERALD [redacted]
MICHAEL P. FLYNN [redacted]
MICHAEL R. FOGAL [redacted]
STEPHEN W. FOSTER [redacted]
ALBERTO GARCIA [redacted]
JAMES O. GAY [redacted]
JOHN H. GIESEN [redacted]
CHARLES W. GITTINS [redacted]
DENNIS A. GOLDSMITH [redacted]
PATRICIA A. GRAHAM [redacted]
PATRICK T. GREGOIRE [redacted]
FRANK R. GUNTER [redacted]
JAMES K. HALDEMAN [redacted]
CRAIG T. HARTIGAN [redacted]
ROBERT W. HEMMEN [redacted]
ROBERT D. HERMES [redacted]
RICHARD D. HINE [redacted]
JAMES S. HINKLE [redacted]
STEVEN R. HOENIE [redacted]
JON T. HOFFMAN [redacted]
JENNY M. HOLBERT [redacted]
WILLIAM A. ICKES [redacted]
CARL R. JESSEN [redacted]
CHRIS A. JOHNSON [redacted]
DAVID S. JOHNSON [redacted]
MICHAEL J. KANTARIS [redacted]
MICHAEL L. KELLEY [redacted]
MICHAEL A. KELLY [redacted]
JAMES A. KERKHOVE [redacted]
THOMAS R. KLEIN [redacted]
GERRY A. KNOWLES [redacted]
KEITH D. KURLAND [redacted]
MATTHEW J. KUZNIEWSKI [redacted]
STEPHEN C. LAKIN [redacted]
JAMES M. LARIVIERE [redacted]
CANDACE A. LEWIS [redacted]
MICHAEL D. LEWIS [redacted]
RODNEY C. MANN [redacted]
JAMES S. MARTINSON [redacted]
PAUL H. MAUBERT [redacted]
MARY P. MC CAFFREY [redacted]
JAMES A. MC CUSKER [redacted]
DOUGLAS E. MC DONALD [redacted]
JAMES M. MC GEE [redacted]
JOHN J. MC GUIRE [redacted]
ROBERT H. MC KENZIE [redacted]
CHARLES L. MC NABB [redacted]
MICHAEL F. MORTER [redacted]
CHRISTOPHER W. MURPHY [redacted]
SHAUN M. MURPHY [redacted]
TIMOTHY P. MURPHY [redacted]
GEORGE H. O'KELLEY, JR. [redacted]
JAMES S. ORD [redacted]
MICHAEL R. PANNELL [redacted]
LAURENCE S. PATZMAN [redacted]

ROCKNEY W. PAYNE, [redacted]
CHARLES J. PEARSON II, [redacted]
STEPHEN D. PEPER, [redacted]
MARK A. PETRICK, [redacted]
MARC T. RICHARDSON, [redacted]
MICHAEL K. RILEY, [redacted]
DANA G. RINEHART, [redacted]
ANDREW L. ROBINS, [redacted]
TIMOTHY J. ROTHMAN, [redacted]
THOMAS D. RUSSELL, [redacted]
PATRICIA D. SAINT, [redacted]
JEFFREY M. SANKEY, [redacted]
DAVID O. SAXTON, JR., [redacted]
ROBERT S. SHOENWETTER, [redacted]
RICHARD A. SCHOLLMANN, [redacted]
MICHAEL J. SHAMP, [redacted]
JAMES P. SHEAHAN, [redacted]
JAMES P. SILLIMAN, [redacted]
WILLIAM F. SINNOTT, [redacted]
MARK P. SLAUGHTER, [redacted]
DOUGLAS SMITH, [redacted]
HOBART N. SMITH, [redacted]
RICHARD A. SWEDBERG, [redacted]
MATTHEW T. SWEET, [redacted]
DAVID W. SZELOWSKI, [redacted]
WILLIAM M. THAMM, [redacted]
ROBERT M. THOME, [redacted]
SHANE W. TIPPETT, [redacted]
JEFFREY TAVALINE, [redacted]
DANIEL L. TRAVERS, [redacted]
GARY A. VAUGHAN, [redacted]
JOHN M. VINING, [redacted]
NANCY L. VISSER, [redacted]
MICHAEL D. VOLLAND, [redacted]
MICHAEL M. WALKER, [redacted]
LOUIS W. WALTER, [redacted]
WARD L. WALTMAN, [redacted]
EDWARD M. WARD, [redacted]
DAVID J. WASSINK, [redacted]
THOMAS J. WATT, [redacted]
COURTNEY WHITNEY III, [redacted]
MARK WILCOX, [redacted]
HARVEY B. WILLIAMS III, [redacted]
JOHN H. WILLIAMS, [redacted]

IN THE NAVY

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVY IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE:

MEDICAL CORPS OFFICERS

To be commander

DANIEL C. ALDER, [redacted]
CHARLES F. BAXTER, JR., [redacted]
DANIEL S. BEGGS, [redacted]
MONTE L. BIBLE, [redacted]
JOHN T. BIDDULPH, [redacted]
JEFFREY M. BIKLE, [redacted]
DAVID A. BRADSHAW, [redacted]
HARPREET S. BRAR, [redacted]
ANTHONY J. CAMEROTA, [redacted]
FRANK J. CARLSON, [redacted]
JOHN R. CARNEY, [redacted]
VICTOR J. CATULLO, [redacted]
RONALD F. CENTNER, [redacted]
SUSAN L. CHITTUM, [redacted]
LAUREL B.S. CLARK, [redacted]
MARK W. COCALIS, [redacted]
BRUCE COHEN, [redacted]
GERALD A. COHEN, [redacted]
PAUL R. COLAVINCENZO, [redacted]
WALTER J. COYLE, [redacted]
JAMES M. CRAVEN, [redacted]
GREGORY H. CROSS, [redacted]
MICHAEL J. CURRAN, [redacted]
DAVID L. DAUGHERTY, [redacted]
MARLENE DEMAIO, [redacted]
RAYMOND B. DEMOVILLE, [redacted]
ELLEN C. DENIGRIS, [redacted]
JOSEPH L. DONOVAN, [redacted]
MURRAY S. DONOVAN, [redacted]
DANIEL R. ELIZONDO, [redacted]
RAYMOND J. EMANUEL, [redacted]
WESLEY W. EMMONS, [redacted]
WILLIAM ERNOEHAZY, [redacted]
ANDREW L. FINDLEY, [redacted]
SCOTT D. FLINN, [redacted]
FREDERICK O'FOOTE, [redacted]
MICHAEL J. FRANCIS, [redacted]
MICHAEL W. GALLAGHER, [redacted]
RUSSELL C. GILBERT, [redacted]
JOHN H. GREINWALD, JR., [redacted]
THOMAS M. GUDEWICZ, [redacted]
ALBERT S. HAMMOND III, [redacted]
TERRY A. HARRISON, [redacted]
JOHN P. HEFFERNAN, [redacted]
BYRON HENDRICK, [redacted]
ROBERT E. HERSH, [redacted]
BRIANA M. HILL, [redacted]
HAL E. HILL, [redacted]
WALTER R. HOLLOWAY, [redacted]
STEPHEN J. HOLMAN, [redacted]
MARK J. INTEGLIA, [redacted]
THOMAS E. JAVERY, [redacted]
BRIAN L. JOHNSON, [redacted]
PETER A. JOHNSTONE, [redacted]
DANIEL W. KARAKLA, [redacted]
WALTER M. KIDWELL, [redacted]
KERRY J. KING, [redacted]
KENNETH D. KLIONS, [redacted]
WAYNE A. KRUITHOFF, [redacted]
STEVEN V. LEWINSKI, [redacted]
PETER E. LINZ, [redacted]
ERIC R. LOVELL, [redacted]
PAUL A. LUCHA, [redacted]
JON D. LUND, [redacted]
ANDREW T. MAHER, [redacted]
RANDALL C. MAPES, [redacted]
ROBERT D. MATTHEWS, [redacted]
STEPHEN D. MATTSON, [redacted]
MARTIN MC CAFFREY, [redacted]
MICHAEL C. MC CARTHY, [redacted]
FRANCIS X. MC GUIGAN, [redacted]
MARGARET MC KEATHERN, [redacted]
ROBERT J. MENDEZ, [redacted]
BRUCE C. MENELEY, [redacted]
DANIEL M. MERRILL, [redacted]
BRIAN P. MONAHAN, [redacted]
VERNON D. MORGAN, [redacted]
ASA MORTON, [redacted]
MICHAEL MULDOON, [redacted]
GARY L. MUNN, [redacted]
JAMES D. MURRAY, [redacted]
NEAL A. NAITO, [redacted]
MEENAKSHI A. NANDEDKAR, [redacted]
JULIE A. NEELY, [redacted]
WILLIAM F. NELSON, [redacted]
PATRICK T. NOONAN, [redacted]
MURRAY C. NORCROSS, JR., [redacted]
OLAF B. NORDLING, [redacted]
JOSEPH R. NOTARO, [redacted]
LACHLAN D. NOYES, [redacted]
PAUL J. O'BRIEN, [redacted]
CHRISTOPHER A. OHL, [redacted]
CHRISTOPHER L. OLCH, [redacted]
JOHN C. OLSEN, [redacted]
ROBERT J. OLSON, [redacted]
DONALD E. O'MALLEY, [redacted]
HOWARD A. ORIBA, [redacted]
JENNIFER B. OTA, [redacted]
ROBERT K. PARKINSON, [redacted]
JOHN S. PARRISH, [redacted]
JEFFERY W. PAULSON, [redacted]
PAUL PEARIGEN, [redacted]
PETER J. PEFF, [redacted]
NANCY F. PETIT, [redacted]
WENDELL S. PHILLIPS, [redacted]
CRAIG C. POWELL, [redacted]
TERRY L. PUCKETT, [redacted]
PAUL A. PUDIMAT, [redacted]
RAYMOND M. PUMAREJO, [redacted]
EDWARD V. ROSS, JR., [redacted]
JOSEPH E. SARACHENE, [redacted]
ERIC H. SCHINDLER, [redacted]
ANN R. SECORD, [redacted]
NEIL R. SEELEY, [redacted]
PEGGY M. SHAFFER, [redacted]
JAMES M. SHEEHY, [redacted]
WYATT S. SMITH, [redacted]
RICKY L. SNYDER, [redacted]
HENRY E. SPRANCE, [redacted]
DOUGLAS M. STEVENS, [redacted]
THOMAS A. TALLMAN, [redacted]
THOMAS K. TANDY III, [redacted]
GARY A. TANNER, [redacted]
JON K. THIRINGER, [redacted]
TIMOTHY H. TROTTER, [redacted]
PATRICIA L. VERHULST, [redacted]
MARYANN P. WALL, [redacted]
JOSEPH R. WAX, [redacted]
LYNN E. WELLING, [redacted]
JERRY W. WHITE, [redacted]
DAVID A. WOODS, [redacted]
EDWARD A. WOODS, [redacted]
MARK S. WRIGHT, [redacted]
JACOB N. YOUNG, [redacted]
STEVEN A. YOUNG, [redacted]
SCOTT W. ZACKOWSKI, [redacted]
JAMES W. ZACOVIC, [redacted]
ERIC J. ZINTZ, [redacted]

SUPPLY CORPS OFFICERS

To be commander

CHRISTOPHER J. BARBER, [redacted]
DAVID F. BAUCOM, [redacted]
BRAD A. BELLIS, [redacted]
ANDREW L. BENSON, [redacted]
ROBERT E. BJELLAND, [redacted]
GREGORY F. BREEN, [redacted]
CHARLES L. BRYANT, [redacted]
CHARLES R. COPELAND, JR., [redacted]
WILLIAM R. DAWSON, [redacted]
BERNARD D. DUNN, [redacted]
DOUGLAS R. EADES, [redacted]
THOMAS M. EASON, JR., [redacted]
RICHARD A. ELLIS, [redacted]
GUY A. ETHRIDGE, [redacted]
JACK L. EVANS, [redacted]
JEFFREY L. FORD, [redacted]
MARCO S. FURFORO, [redacted]
MARSHALL G. GEIB, [redacted]
RICHARD F. GONZALEZ, [redacted]
RICHARD C. GOTTLICK, [redacted]
JAMES M. GRIMM, [redacted]
CHARLES P. HEROLD, JR., [redacted]
ARTHUR B. HORSLEY, [redacted]
ALBERT W. HOSKINS, [redacted]
ROBERT L. JACOBS, [redacted]
ROBIN A. JOSEPH, [redacted]
TODD D. KIRST, [redacted]
WAYNE D. KOTTMAN, [redacted]
DAVID A. S. LARSON, [redacted]
MICHAEL J. LAURENT, [redacted]
JAMES L. LEPSE, [redacted]
LAWRENCE J. LEWIS, JR., [redacted]
BRION W. LOFTUS, [redacted]
BARBETTE H. LOWNDES, [redacted]
ANACLETO M. MAGSOMBOL, [redacted]
KEVIN J. MAHER, [redacted]
JESUS C. MALGAPO, [redacted]
CAROL D. MARCINEK, [redacted]
TONY R. MARTINEZ, [redacted]
JAMES K. MC CARTHY, [redacted]
WILLIAM S. MUNSON, [redacted]
GARY T. MURPHY, [redacted]
STEVEN M. NAGORZANSKI, [redacted]
CLIFFORD D. NOE, JR., [redacted]
GORDON L. PERKINS, JR., [redacted]
JAMES G. POUND, [redacted]
JOHN F. QUA, [redacted]
WALTER D. RUEHLIN, [redacted]
JEFFREY T. SCHROER, [redacted]
ROBERT K. SCOTT, [redacted]
MICHAEL W. SKRATULIA, [redacted]
BRADLEY K. SLUSHER, [redacted]
WILLIAM C. SMALL, [redacted]
DANIEL R. SMITH, [redacted]
DONALD G. SMITH, [redacted]
TERENCE G. SMITH, [redacted]
ROBERT J. SZABO, [redacted]
THOMAS C. TRAAEN, [redacted]
NICHOLAS TSOUGAS, [redacted]
ANNIANO T. TUMALIUAN, [redacted]
PATRICIA D. VANBELLE, [redacted]
THOMAS A. E. WATSON, JR., [redacted]
CRAIG S. WHEELER, [redacted]
KEVIN R. WHEELOCK, [redacted]
ERIC G. WILSON, [redacted]
JAMES C. WORKMAN, [redacted]
JONATHAN A. YUEN, [redacted]
NICHOLAS W. ZIMMON, [redacted]

CHAPLAIN CORPS OFFICERS

To be commander

STEPHEN P. BEYER, [redacted]
JOHN S. EVANS, [redacted]
JON C. FREDRICKSON, [redacted]
LUIS F. GARCIA, [redacted]
HARRY W. GRIFFITH, [redacted]
PATRICK A. HAHN, [redacted]
BRIAN F. KELLY, [redacted]
JEROME C. KIENZLE, [redacted]
THOMAS G. KLAPPERT, [redacted]
BOBBITTI N. MAY, [redacted]
PETER W. MC GEORY, [redacted]
JAMES J. MELLEY, [redacted]
WILLIAM M. PETRUSKA, [redacted]
SHELIA C. ROBERTSON, [redacted]
LYMAN M. SMITH, [redacted]
MARK L. TIDD, [redacted]
ANTHONY M. TRAPANI, [redacted]
DOUGLAS J. WAITE, [redacted]
GARY L. WHITSON, [redacted]
CHARLES E. WILSON, [redacted]

CIVIL ENGINEER CORPS OFFICERS

To be commander

MARK C. ASHLEY, [redacted]
FERNAND F. AUCREMANNE, [redacted]
CHARLIE A. BIGELOW, [redacted]
CHARLES E. CASSIDY, [redacted]
DAVID M. COLEMAN, [redacted]
JEFFERY E. FRIAR, [redacted]
RICHARD O. GAMBLE II, [redacted]
JAMES P. GERNER, [redacted]
MICHAEL A. GIORGIONE, [redacted]
MARK A. HANDLEY, [redacted]
MICHAEL A. HARBER, [redacted]
VINCENT T. HARTMANN, [redacted]
SCOTT A. HAYWARD, [redacted]
JAY R. HUSTON, [redacted]
CRAIG E. JAMES, [redacted]
JAMES A. JONES, [redacted]
BARRY K. LOVELESS, [redacted]
JOSEPH D. LUDOVICI, [redacted]
FRANCIS E. LUTTAZI, [redacted]
GERALD R. MANLEY, [redacted]
CHRISTOPHER J. MOSSEY, [redacted]
WILLIAM M. PEACOCK III, [redacted]
GARY N. PIRTLE, [redacted]
VINCENT RACANELLI, [redacted]
DAVID L. RICKS, [redacted]
FRANCIS J. RUBINO, [redacted]
BRIAN M. SCOTT, [redacted]
KEVIN R. SLATES, [redacted]
TIMOTHY M. SMITH, [redacted]
LEE W. THOMAS, JR., [redacted]
LARRY F. VANDESSEL, [redacted]
DANIEL G. WHEELAND, [redacted]
LORETTA E. Y. WINSPER, [redacted]

JUDGE ADVOCATE GENERAL'S CORPS OFFICERS

To be commander

ANN M. DELANEY, [redacted]
PAUL M. DELANEY, JR., [redacted]
MARTIN J. EVANS, [redacted]
ERIC E. GEISER, [redacted]
DAVID F. HAYES, [redacted]
MAX B. JENKINS, [redacted]
KURT A. JOHNSON, [redacted]

MARC G. LAVERDIERE, [redacted]
MARK D. LAWTON, [redacted]
BRENDA J. LYLES, [redacted]
LYNN R. MCNEES, [redacted]
CHRISTOPHER N. MORIN [redacted]
MARK E. NEWCOMB, [redacted]
ROBERT J. ORR III [redacted]
DANIEL E. O TOOLE [redacted]
RAUL A. F. PEDROZO [redacted]
STEPHEN M. RODGERS [redacted]
ORLANDO RUIZROQUE, [redacted]
GERALD G. SCHAFF [redacted]
JEFFREY W. STYRON [redacted]
DAWN M. TOMPKINS, [redacted]
ALEXANDER W. WHITAKER IV, [redacted]
JAMES P. WINTHROP [redacted]
CHARLOTTE O. WISE [redacted]
RICHARD D. ZEIGLER [redacted]

DENTAL CORPS OFFICERS

To be commander

MICHAEL J. ASHE [redacted]
RANDALL J. AVERS, [redacted]
ZACHARY J. BERRY, [redacted]
MORRIS A. BRANCH, [redacted]
THOMAS J. CANAAN, [redacted]
LIONEL M. CANDELARIA, [redacted]
NORMAN B. COOK, [redacted]
AMY L. COUNTS, [redacted]
MARGARET E. DEGGES, [redacted]
ARNOLD G. DELFINER, [redacted]
KIM E. DIEFENDERFER, [redacted]
GEORGE DIKTABAN, [redacted]
TIMOTHY M. DOWD, [redacted]
MICHAEL J. GENTILE [redacted]
THU P. GETKA [redacted]
GARY G. GOODELL, [redacted]
MARTIN L. GOTTSTINE [redacted]
BILLY W. HANES, JR. [redacted]
BRADLEY W. HUNT, [redacted]
JOSEPH F. IANNONE [redacted]
GLEN M. IMAMURA, [redacted]
TRACY JOHNSON [redacted]
PHILIP J. KING [redacted]
JOSEPH R. KLOCHAK, [redacted]
EDWARD D. KOSAKOSKI, [redacted]
WILLIAM J. LEONARD [redacted]
DENNIS M. MAHAN, [redacted]
STEVEN M. MARINELLI [redacted]
MICHAEL G. MARKS, [redacted]
JAMES C. MARTIN III [redacted]
HEIDI L. MOOS [redacted]
JOHN H. MUMFORD [redacted]
MERLIN P. OHMER, [redacted]
JAMES R. OXFORD, JR. [redacted]
STEPHEN M. PACHUTA [redacted]
CATHY L. REARDEN, [redacted]
DAVID N. RICKEY [redacted]
WILLIAM P. RIEGER, [redacted]
TRACY A. SCOTT [redacted]
BRUCE C. SMITH, [redacted]
THOMAS R. SPRADLIN, [redacted]
MICHAEL D. TURCK [redacted]
JOHN M. VININGS [redacted]
MARK S. WALLACE [redacted]
GREGORY A. WASKEWICZ, [redacted]
GREGORY L. WATFORD [redacted]
KEVIN L. WEBER, [redacted]
DAVID K. WHITE, [redacted]
GEORGE A. WORONKO, [redacted]

MEDICAL SERVICE CORPS OFFICERS

To be commander

ROBERT P. AITKEN, [redacted]
WILLIAM K. ALEXANDER, [redacted]
RICHARD L. BAKER, [redacted]
MARK O. BOMAN [redacted]
LINDA M. BORIS [redacted]
JOSEPH M. CONLON, [redacted]
DAVID R. DAVIS [redacted]
MICHAEL J. DEJAEGER, [redacted]
MARK A. DOBBS, [redacted]
STEVEN W. DOREMUS, [redacted]
MU Y. H. DOW, [redacted]
CARROLL D. FORCINO, [redacted]
JOSEPH D. FORSHA [redacted]
GREGORY M. GORSUCH [redacted]
JEFFREY H. GRODEN [redacted]
CHRISTIAN W. HANSEN III [redacted]
KATHLEEN G. HARTMANN [redacted]
OLAF G. HAUGEN, [redacted]
JAMES M. HOOPER [redacted]
ROBERT J. JACOBS [redacted]
SAMUEL P. JENKINS, JR. [redacted]
BILL C. KINNEY [redacted]
ANDREW M. KIRSHNER, [redacted]
SARAH K. KIRTLAND [redacted]
PAUL L. KNECHTGES [redacted]
DOUGLAS J. KOLLASCH [redacted]
GREGORY T. KUHN [redacted]
LINDA A. LININGER, [redacted]
MICHAEL E. MAHONY [redacted]
CONNIE L. MCDONALD, [redacted]
KEVIN R. MOTTINGER, [redacted]
FRANCESCA C. MUSIC [redacted]
STEVEN M. NICHOLS [redacted]
PETER F. O CONNOR [redacted]
THOMAS L. POKORSKI [redacted]
JOAN R. QUEEN [redacted]
CHRISTOPHER P. RENNIX [redacted]

JOHN ROSSI III [redacted]
MICHAEL D. SASHIN [redacted]
JOHN K. SCHMIDT, [redacted]
RICHARD A. SHAFFER, [redacted]
TIMOTHY P. STEELE [redacted]
RICKY D. TOYAMA, [redacted]
SCHUYLER C. WEBB [redacted]
JAMISON A. WHITEMAN, [redacted]
DANILO L. YU, [redacted]
DESIDER P. ZUBRITZKY, [redacted]

NURSE CORPS OFFICERS

To be commander

JANICE F. ADAMS, [redacted]
KATHRYN R. BAUER, [redacted]
CHARLES O. BENNINGER, [redacted]
CHRISTINE BOLTZ, [redacted]
DENISE M. BOREN, [redacted]
DEBORAH J. BORTISSER, [redacted]
EARTHA I. BURNS, [redacted]
JAIME A. CARROLL, [redacted]
MARY E. CONDON, [redacted]
DIANE P.M. DANIELS [redacted]
GERALD A. DAVIDSON, [redacted]
ANITA L. DILLON, [redacted]
SAMUEL E. DIXON [redacted]
RONALD G. FORBUS [redacted]
MARY I. GREENWOOD, [redacted]
KEVIN W. HAWS, [redacted]
MARIA C. HORTON [redacted]
CHRISTINA L. HOWARD, [redacted]
JOY J. KARANICK, [redacted]
JULIE M. KIRKPATRICK [redacted]
JANINE L. MAISONNEUVE, [redacted]
COLLEEN O. MCLARNON, [redacted]
MARY M.H. MEDINA, [redacted]
DIANE M. MILLER, [redacted]
JOSEPH F. MURRAY, [redacted]
MARY J. OSTERMAN [redacted]
DOROTHY I. OVERY [redacted]
WILLIE R. PATTON [redacted]
BRUCE M. PETERSON [redacted]
REBECCA A. PHILLIPS, [redacted]
ERIN E.S. PIERCE [redacted]
DENISE A. SALISBURY, [redacted]
BONNY C. SCHOFIELD, [redacted]
MELISA K.B. SHARP [redacted]
ERICA A. SPENCE, [redacted]
KEVIN P. SUMNER, [redacted]
KATHERINE A. SURMAN, [redacted]
DANETTE M. SVOBODNY, [redacted]
TERESA A. ULSES, [redacted]
PEGGY A. WALTERS [redacted]
CASEY A. WEBERT [redacted]
DEE R. WESTON, [redacted]
RICHARD J. WESTPHAL, [redacted]
KRISTIANE M. WILEY [redacted]
PEGGY W. WILLIAMS, [redacted]
LAURIE L. WILLIAMSON, [redacted]

LIMITED DUTY OFFICERS (STAFF)

To be commander

TERRANCE L. NICHOLLS, [redacted]

THE FOLLOWING NAMED OFFICERS FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVAL RESERVE IN ACCORDANCE WITH SECTION 5912 OF TITLE 10, UNITED STATES CODE:

UNRESTRICTED LINE OFFICERS

To be commander

JAMES C. ACKLEY, [redacted]
JAMES N. ACREE [redacted]
SANDRA E. ADAMS, [redacted]
GREGORY W. ALBERTS, [redacted]
GEORGE R. ALEXANDER II, [redacted]
JOHN M. ALLISON, [redacted]
GARY S. ALMEIDA [redacted]
GORDON C. ANDERSON, [redacted]
LEWIS E. ANDERSON, [redacted]
CRAIG F. ARNDT, [redacted]
RICHARD M. ATWOOD, [redacted]
ARTHUR B. BALENSIEFER, [redacted]
HARRY BALIAN, [redacted]
STEVEN D. BALLARD, [redacted]
MICHAEL R. BALLO, [redacted]
JAMES W. BARNES, [redacted]
PAUL L. BARRY [redacted]
EMMANUEL L. BASHAKES, [redacted]
MARK W. BAUCKMAN, [redacted]
JOHN L. BEDKER, [redacted]
MARK V. BEHL, [redacted]
GARY E. BELL, [redacted]
STANLEY R. BELLOWS, [redacted]
STEVEN A. BENNET [redacted]
BROOKS D. BERG, [redacted]
SCOTT A. BILLINGTON, [redacted]
WILLIAM P. BIRCH [redacted]
JOHN C. BISHOP, [redacted]
PAUL B. BLISK [redacted]
SHAWN T. BODKIN, [redacted]
THOMAS M. BOERUM, [redacted]
JOHN P. BOLICH, [redacted]
JOSEPH C. BONNER, [redacted]
BILL A. BOUDOURIS, [redacted]
GERALD L. BOUTS [redacted]
GARY C. BOWSER, [redacted]
PATRICK M. BRAICH [redacted]
GREGORY D. BRANNON, [redacted]
CHRISTOPHER D. BRENNER, [redacted]

MARY A. BRIGDEN, [redacted]
JOHN M. BRODARICK, [redacted]
RICHARD H. BROWN, [redacted]
NEAL G. BUNDO, [redacted]
FREDERICK M. BUNKE, [redacted]
JACK W. BURGESS, [redacted]
DENIS M. BURKE [redacted]
JOHN H. BURKE [redacted]
THOMAS P. BURKE [redacted]
CHRISTOPHER M. BURNS, [redacted]
RAYMON D. BURROWS, [redacted]
TIMOTHY K. BYRNE, [redacted]
KENNETH L. CALHOUN, [redacted]
DANIEL R. CALL, [redacted]
JOSELITO O. CALLE [redacted]
JOSEPH S. CALLEJO [redacted]
VINCENT V. CALVENTE, [redacted]
MARSHALL F. CAMPBELL II, [redacted]
SCOTT E. CAMPBELL, [redacted]
PETER J. CANALICHIO [redacted]
PETER T. CANTARANO [redacted]
GARY S. CARLSON, [redacted]
THOMAS E. CARR, [redacted]
CHARLES M. CARROLL, JR., [redacted]
DALE P. CAZIER, [redacted]
ROSS W. CHAMBERLAIN, [redacted]
STEVEN P. CHAMBERS, [redacted]
TODD R. CHAMBERS, [redacted]
DAVID M. CHANDLER, [redacted]
ROBERT D. CHANDLER, [redacted]
CHARLES J.I. CHANDONNET, [redacted]
DOYLE W. CHASTEEN III, [redacted]
BRIAN G.O. CHESLACK, [redacted]
CHARLES L. CHIPLEY [redacted]
ERIC C. CLARK, [redacted]
JAMES S. CLARK [redacted]
NEIL A. CLARK, [redacted]
DOUGLAS D. CLARKE [redacted]
JAMES E. CLEMENT [redacted]
JAMES B. COLE, [redacted]
STEPHEN E. COLE [redacted]
STEVEN W. COLON, [redacted]
BERNARDO E. CONTRERAS, [redacted]
STANLEY K. COOK, [redacted]
CHRISTOPHER S. COOKE, [redacted]
KEVIN M. COTHERMAN, [redacted]
JAMES M. COTOPOLIS, [redacted]
DAVID R. COUGHLIN, [redacted]
LEONARD P. COULTER, [redacted]
RAYMOND J. CRAVAACK, JR., [redacted]
JACK R. CROCKETT [redacted]
JOSEPH T. CRONAUER, [redacted]
MYRON K. CROUCH, [redacted]
ROBERT C. CUMMINGS, [redacted]
JEFFREY F. CUSICK [redacted]
JERRY A. DALO, [redacted]
PHILLIP L. DALTON, [redacted]
GEOFFREY D. DANIELS, [redacted]
MARK F. DARROW, [redacted]
CURTIS J. DASHIELL, [redacted]
RAYMOND T. DAVIS II, [redacted]
RICHARD R. DAVIS, [redacted]
WILLIAM N. DAY, JR., [redacted]
DWIGHT H. DEGROFF III, [redacted]
GREGORY M. DENKLER, [redacted]
DONALD E. DENSFORD, JR., [redacted]
KENNETH T. DICKERSON, [redacted]
DANIEL P. DIDOMENICO, [redacted]
WILLIAM K. DIETRICK, [redacted]
PARKER H. DINWIDDIE, JR., [redacted]
CONRAD S. DOAK, [redacted]
ALAN R. DODGE, [redacted]
BRIAN F. DOLAN, [redacted]
TONEY R. DOLLINS, [redacted]
JOEL F. DORGAN, [redacted]
CHRISTOPHER P. DRANCE, [redacted]
RICHARD C. DRIESSLEIN, [redacted]
MARK D. DROY, [redacted]
MICHAEL L. DUNN, [redacted]
ANDREW W. EBERHART, [redacted]
ALAN C. EDKINS, [redacted]
ROBERT E. ENGLISH [redacted]
JOSEPH E. ENO, JR. [redacted]
JACK L. EPPARD, JR. [redacted]
MICHAEL F. ERICKSON, [redacted]
ERIK A. ERIKSEN [redacted]
CARL A. ERLANDSON, [redacted]
RUSSELL R. ERVIN, [redacted]
RUDOLPH N. ESCHER, [redacted]
JOHN R. EYNON, [redacted]
CHRISTOPHER S. FANCHER, [redacted]
TIMOTHY F. FANNING, [redacted]
STEVEN M. FARR, [redacted]
RICHARD J. FEELY III [redacted]
TIMOTHY FERGUSON, [redacted]
MARK A. FEURER, [redacted]
STEPHEN E. FIDUK [redacted]
ROBERT W. FILLER, [redacted]
MICHAEL R. FINN, [redacted]
MARY S. F. FISK [redacted]
BERNARD L. FLANK, [redacted]
ROBERT A. FORD, [redacted]
DAVID M. FOSTER, [redacted]
DUANE B. FOUTS, [redacted]
JAMES H. FOWLES III, [redacted]
NORMAN W. FREY, [redacted]
RONALD P. FRIDDLE, [redacted]
GREGORY A. FUDERER, [redacted]
BRIAN J. FULLER, [redacted]
JEFFREY W. FUNDERBURK [redacted]
THOMAS J. GALLO, [redacted]
JOHN J. GAMBOLD III, [redacted]

ROBERTO M. GARCIA, [redacted]
JOSEPH D. GARRETT, JR., [redacted]
JOHN K. GARRISON, [redacted]
BRADLEY D. GAWBOY, [redacted]
MICHAEL G. GEOGHEGAN, [redacted]
JAMES M. GERDING, [redacted]
HARVEY R. GERRY, [redacted]
JOSEPH G. GIBALDI, [redacted]
DAVID A. GILLILAND, [redacted]
JOHN B. GIUDA, [redacted]
DAVID N. GLASS, [redacted]
SETH GOODMAN, [redacted]
ROBERT L. GRABAREK, JR., [redacted]
JAMES C. GRAHAM, [redacted]
WILLIAM P. GRAY, [redacted]
CHRISTOPHER H. GREATWOOD, [redacted]
JEFFREY H. GREEN, [redacted]
VIRGIL L. GRISHAM, [redacted]
TODD A. GROSZER, [redacted]
MICHAEL J. GUNNING, [redacted]
STEPHEN A. GUSTIN, [redacted]
JAY A. GUTZLER, [redacted]
JOHN M. HACKETT, [redacted]
STUART P. HALL, [redacted]
DANIEL J. HARRIGAN, [redacted]
MICHAEL R. HARRIS, [redacted]
JACOB A. HARRISON, [redacted]
WILLIAM G. HARRISON, [redacted]
RICHARD L. HARTMAN, [redacted]
JAMES R. HARTMEYER, [redacted]
JON T. HAUGEN, [redacted]
KEVIN J. HAUGHEY, [redacted]
STEVEN G. HAUPT, [redacted]
G. W. HAWKINS III, [redacted]
GEORGE A. HAYES III, [redacted]
HALFORD I. HAYES, JR., [redacted]
FRANCIS C. HEIL, [redacted]
RICHARD A. HEINBAUGH, [redacted]
EDWARD W. HEINS III, [redacted]
TODD T. HELLMAN, [redacted]
JEFFREY G. HERMAN, [redacted]
DANIEL V. HERRSCHER, [redacted]
RICHARD J. HIGGINS, [redacted]
THOMAS G. HILTZ, [redacted]
KATHRYN P. HIRE, [redacted]
THOMAS L. HOFFMAN, [redacted]
DENIS P. HOGAN, [redacted]
JEFFREY W. HOLLAND, [redacted]
MARK M. HOLLIS, [redacted]
WILLIAM G. H. HOMAN, [redacted]
ROBERT S. HORBY, [redacted]
STEPHEN G. HOWARD, [redacted]
DANIEL W. HUDSON, [redacted]
SCOTT R. HUMMER, [redacted]
MARK G. HUNN, [redacted]
TIMOTHY P. HUNT, [redacted]
JOSEPH R. HURT, [redacted]
JAMES H. HUTZELMAN, [redacted]
ALAN P. HYNES, [redacted]
ARTHUR Y. INOUYE, [redacted]
BRIAN R. IZENBERG, [redacted]
GERALD A. JABLONSKI, [redacted]
FRANCIS A. JACKMAN, [redacted]
BRIAN D. JACKSON, [redacted]
ROBERT W. JACKSON, [redacted]
THOMAS R. JACOB, [redacted]
JAMES K. JANISCH, [redacted]
THOMAS J. JARDINE, [redacted]
VINCENT D. JEFFRIES, [redacted]
GARY M. JENSEN, [redacted]
JEFFREY B. JEROME, [redacted]
ELLEN M. JEWETT, [redacted]
MELVIN D. JOHNSON, [redacted]
MICHAEL J. JOHNSON, [redacted]
ROBERT J. JOHNSON, [redacted]
THOMAS W. JOHNSON, [redacted]
RAYMOND C. JONES, [redacted]
DAVID M. JUDY, [redacted]
ARNO C. JUSTMAN, [redacted]
ROBERT D. KALINOWSKI, [redacted]
NICKOLAS G. KATSIOTIS, [redacted]
JEFFREY G. KATZ, [redacted]
ROSS A. KELLS, [redacted]
KRISS M. KENNEDY, [redacted]
PETER L. KENNEDY, [redacted]
WILLIAM L. G. KENNON, [redacted]
JAMES D. KENT, [redacted]
JASON L. KESSEL, [redacted]
ANDREW L. KILGORE, [redacted]
BENJAMIN F. KING, [redacted]
BYRON W. KING, [redacted]
JON C. KING, [redacted]
ALAN E. KNUTH, [redacted]
ROBERT G. KOERBER, [redacted]
JOHN M. KREGER, [redacted]
STEPHAN S. KREISER, [redacted]
MICHAEL J. KRONZER, [redacted]
GRANT E. KRUEGER, [redacted]
DOUGLAS J. KURTZ, [redacted]
GREG T. LACHENMAYER, [redacted]
STEPHEN F. LAKEWAY, [redacted]
DAVID B. LANE, [redacted]
PAUL T. LANGE, [redacted]
RICHARD A. LARSEN, [redacted]
LEX J. LAULETTA, [redacted]
JOSEPH LAWRENCE, [redacted]
DAVID J. LEBLANC, [redacted]
CHARLES S. LEDBETTER, [redacted]
RANDAL D. LEE, [redacted]
JAMES P. LEHMANN, [redacted]
DOUGLAS E. LEMASTERS, [redacted]
GREGORY A. LEUTE, [redacted]
WILLIAM R. LEVIN, [redacted]
DAVID A. LEWIS, [redacted]
CHRISTOPHER C. LILES, [redacted]
ROBERT G. LITTLEJOHN, [redacted]
PAUL B. LOSIEWICZ, [redacted]
RICHARD W. LOTH, [redacted]
RICHARD F. LOVE, [redacted]
GEORGE H. LUCHS, [redacted]
ERIC M. LUM, [redacted]
STEPHEN R. LYON, [redacted]
JOHN C. MACKEY, [redacted]
GERALD N. MADIGAN, [redacted]
JAMES C. MAGUIRE, [redacted]
KEITH J. MAHOSKY, [redacted]
MANUEL MAMALAKIS, JR., [redacted]
JOHN W. MARINCIC, [redacted]
HARRY A. MARSH, [redacted]
ROBERT G. MASCIANICA, [redacted]
CHARLES M. MC CLESKEY, [redacted]
VICTOR MC CREE, [redacted]
ROBERT W. MC DOWELL, [redacted]
DANIEL M. MC ELROY, [redacted]
NEIL F. MC GINN, [redacted]
MICHAEL MC LAUGHLIN, [redacted]
CURT P. MC NEW, [redacted]
JULIA A. MC TAGUE, [redacted]
ROBERT S. MC TAGUE, [redacted]
DENNIS F. MC VICKER, [redacted]
ROBERT A. MEIER, [redacted]
MATHEW W. MERRIMAN, [redacted]
NORMAN H. MESSINGER, [redacted]
CHRISTOPHER G. MILLER, [redacted]
WARREN J. MILLER, [redacted]
ROBERT V. MILLS, [redacted]
WILLIAM C. MILLS, [redacted]
LARRY D. MILNER, [redacted]
JAMES E. MITCHELL, [redacted]
ROBERT N. MIXON, [redacted]
DAVID W. MOON, [redacted]
STEVEN M. MORAN, [redacted]
RANDALL W. MOREHEAD, [redacted]
FRANK A. MOREMAN, [redacted]
ROBIN Y. MORISHITA, [redacted]
ROBERT G. MORISSETTE, [redacted]
JAMES W. MORRIONE, [redacted]
MICHAEL C. MORRIS, [redacted]
EDWARD A. MORSE, [redacted]
THOMAS E. MORTON, [redacted]
DANA D. MULLIS, [redacted]
DONN L. MYERS, [redacted]
JOHN E. MYERS, [redacted]
DENNIS D. NAHORNEY, [redacted]
PIETER F. NAUTA, [redacted]
ROLAND N. NICOL, [redacted]
PHILIP O. NOLAN, [redacted]
KEVIN K. NONAKA, [redacted]
JOHN P. NORRIS, [redacted]
KENNETH W. NOVOTNY, [redacted]
GARY M. NUSS, [redacted]
KEITH C. O'CONNOR, [redacted]
THOMAS V. O'CONNOR III, [redacted]
JAMES P. O'HARA, [redacted]
CHRISTOPHER S. OMAN, [redacted]
KEVIN C. O'NEIL, [redacted]
DAVID B. PABINQUIT, [redacted]
JOSEPH J. PAPARELLA, [redacted]
HARRELL K. PARKER, [redacted]
PATRICK M. PASQUA, [redacted]
CONWAY D. PATERNOSTRO, [redacted]
LARRY A. PECK, [redacted]
JAMES R. PEGRAM, [redacted]
DOUGLAS E. PENCE, [redacted]
DON F. PERRY, [redacted]
DEAN B. PFEIFFER, [redacted]
ROBERT A. PFEIFFER, [redacted]
MARTIN D. PICKARD, [redacted]
THOMAS J. PINSON, III, [redacted]
EDWARD R. PIOTROWSKI, [redacted]
ERIC R. POMALES, [redacted]
EDWARD F. POSS, III, [redacted]
JULIUS PRYOR, III, [redacted]
JOHN F. QUIGLEY, JR., [redacted]
KEVIN P. QUINN, [redacted]
BRIAN L. QUISENBERRY, [redacted]
ALAN K. RAGAN, [redacted]
RICHARD A. RAINEY, [redacted]
JUDE N. D. RAMOS, [redacted]
RICHARD W. RATHBUN, [redacted]
RICHARD S. REASOR, [redacted]
KEVIN P. REDFERN, [redacted]
RODNEY M. REGAN, [redacted]
FRED P. REITZEL, [redacted]
RICHARD C. REYNOLDS, [redacted]
WILLIAM N. RHYNE, [redacted]
THOMAS G. RICHTER, [redacted]
WILLIAM E. RICHTER, [redacted]
ROBERT M. RIVERA, [redacted]
WILLIAM H. ROBERTS, JR., [redacted]
GARRY R. ROLEDER, [redacted]
DANIEL P. ROUSE, [redacted]
JOSHUA B. RUNYAN, [redacted]
ROBINSON D. RUSSELL, [redacted]
DAVID A. SAEGER, [redacted]
ROBIN J. SAINSBURY, [redacted]
PATRICK A. SCHANEN, [redacted]
JOSEPH T. SCHARTUNG, [redacted]
ROBERT L. SCHETKY, [redacted]
DAVID R. SCHOENE, [redacted]
GARY R. SCOTT, [redacted]
MATTHEW SEAMON, [redacted]
JAMES W. SHANKS, [redacted]
KENT E. SHERRER, [redacted]
ANDREW H. SHETTERLY, [redacted]
HERRICK N. SHINN, [redacted]
DALE A. SHIPLEY, [redacted]
MALCOLM B. SHUEY, [redacted]
LUKE D. SIDDALL, [redacted]
PHILIP C. SILVERS, [redacted]
STEVEN M. SIMPSON, [redacted]
PHILIP M. SKOPEK, [redacted]
WILLIAM H. SLAGLE, [redacted]
CHARLES R. SMITH, [redacted]
MICHAEL P. SMITH, [redacted]
PHILLIP J. SMITH, [redacted]
ALBERT E. SNELL, [redacted]
GARY G. SOLA, [redacted]
RICHARD B. SOUTHARD, JR., [redacted]
DANA C. SPAULDING, [redacted]
DAVID W. SPEER, [redacted]
ROBERT C. SPERO, [redacted]
JOSEPH C. SPITEK, [redacted]
JEROME D. STACK, JR., [redacted]
JAMES E. STAHLMAN, [redacted]
JONATHAN H. STAIRS, [redacted]
PAUL J. STAMER, [redacted]
JOHN B. STANLEY, [redacted]
JOHN W. STANSBURY, [redacted]
KEVIN P. STAPLETON, [redacted]
GARY W. STASCO, [redacted]
DAVID R. STASER, [redacted]
JAMES R. STEDMAN, [redacted]
GEORGE W. STEED, III, [redacted]
CHRIS G. STEIN, [redacted]
DANNY A. STEWART, [redacted]
DOUGLAS STEWART, [redacted]
DAVID R. STITZLEIN, [redacted]
MARK A. STOFFEL, [redacted]
VICTOR B. STUCKEY, [redacted]
T. D. STUDWELL, [redacted]
BRIEN D. SULLIVAN, [redacted]
EUGENE P. SULLIVAN, [redacted]
KEVIN P. SULLIVAN, [redacted]
WILLIAM T. SULLIVAN, [redacted]
BRADLEY D. TAYLOR, [redacted]
WILLIAM E. TAYLOR, [redacted]
DANNYLEE TEEL, [redacted]
ROSS D. TELSON, [redacted]
MICHAEL D. THOMAS, [redacted]
GORDON D. THOMPSON, [redacted]
ROBERT T. THWEATT, [redacted]
MARTIN E. TOHER, [redacted]
ROBERT P. TOLENO, [redacted]
GARY M. TON, [redacted]
JAMES J. TOWNSEND, [redacted]
STEVEN J. TROTTA, [redacted]
CHARLES S. UDE, [redacted]
STEVEN A. UNTZ, [redacted]
MICHAEL J. VANBROCKLIN, [redacted]
RICHARD M. VANDERHOEVEN, [redacted]
NIELS W. VANGEMEREN, [redacted]
ROBERT W. VESSELS, [redacted]
TIMOTHY C. VICKERS, [redacted]
FRANK F. VOLER, [redacted]
JOSEPH M. VRTIS, [redacted]
JEFFREY D. WAIN, [redacted]
WILLIAM H. WAKELEY, [redacted]
BOBBY D. WALDEN, [redacted]
JOEL S. WALKER, [redacted]
STEPHEN A. WALSH, [redacted]
JOEL B. WANNEBO, [redacted]
MICHAEL J. WASSIK, [redacted]
WEYMAN W. WATSON, [redacted]
D. E. WEATHERFORD, [redacted]
SALVATORE J. WEAVER, [redacted]
MICHAEL E. WELLS, [redacted]
PAUL W. WERNER, [redacted]
DAVID P. WHITE, [redacted]
PATRICK W. WHITE, [redacted]
ROGER C. WHITE, [redacted]
SCOTT WHITFIELD, [redacted]
ALAN B. WHITING, [redacted]
FRANK E. WHITNEY, [redacted]
DAVID F. WIEFELS, [redacted]
ERIC A. WIEMAN, [redacted]
SCOTT A. WILKENING, [redacted]
BRIAN R. WILLARD, [redacted]
KEVIN G. WILLIAMSON, [redacted]
STEVEN W. WILSON, [redacted]
DAVID F. WINKLER, [redacted]
DAVID J. WINKOWSKI, [redacted]
JEFFREY D. WINTER, [redacted]
MARKUS A. WOEHLER, [redacted]
GARY L. WOLFE, [redacted]
JOHN R. WOMER, [redacted]
LESLIE K. YAMASHITA, [redacted]
BILLY L. YANCEY, [redacted]

UNRESTRICTED LINE OFFICERS (TAR)

To be commander

JOHN L. AGGAS, [redacted]
JOHN B. ALLEN, [redacted]
MICHAEL P. ARGO, [redacted]
DAVID L. ATENCIO, [redacted]
TIMOTHY D. BALLARD, [redacted]
RICHARD A. BARNHART, [redacted]
ANDREW C. BOENING, [redacted]
GARY L. BRESSLER, [redacted]
DENNIS J. BROPHY, [redacted]
JEFFREY M. BRUSOSKI, [redacted]
THOMAS C. BUFFINGTON, [redacted]
REGINALD C. CAMPBELL, [redacted]
JEFFREY F. CARLSON, [redacted]
BRADLEY A. COSGROVE, [redacted]

RICHARD S. DELAQUIS [redacted]
MARK E. DONAHUE, [redacted]
MICHAEL J. DRAKE [redacted]
RONALD T. DROHR, [redacted]
ROBERT W. FOWLER, [redacted]
JEFFERY G. FREEMAN [redacted]
JAMES M. GROSS, [redacted]
THOMAS J. GUNNELL [redacted]
DANIEL J. HAJDUK [redacted]
TIMOTHY R. HALE, [redacted]
JOHN C. HALL, [redacted]
GREGORY P. HANSEN [redacted]
KEVIN R. HEMPEL, [redacted]
ALLEN B. HIGGINBOTHAM, JR., [redacted]
JOHN A. HIGGINS, [redacted]
JAMES F. IANNONE, [redacted]
KENNETH C. IRELAND [redacted]
RICHARD W. JONES, [redacted]
MARK W. KRAUSE, [redacted]
RICHARD Z. LADAO, [redacted]
KENNETH R. LEWKO, [redacted]
JOSEPH L. LOVELACE [redacted]
BERKALA K. LOWE, [redacted]
KEVIN G. MC CARTHY, [redacted]
PATRICK M. MC KINNEY, [redacted]
KRIST F. MORRITT [redacted]
CARL J. MURRAY, [redacted]
GEORGE W. MYERS, JR., [redacted]
BRUCE M. PATROU, [redacted]
EDWARD M. PHELPS [redacted]
STEVEN J. RICHEY, [redacted]
STEVEN L. RICHTER [redacted]
CHARLES M. SAYLOR, [redacted]
PERRY L. SCHMIDT, [redacted]
MICHAEL SCHWENK, [redacted]
JOEY C. SPARKS [redacted]
BENJAMIN R. VANDIEST [redacted]

ENGINEERING DUTY OFFICERS

To be commander

FREDERICK M. ANDREW, [redacted]
DAVID S. CARLSON, [redacted]
ALFRED J. CIESLUK [redacted]
DANIEL P. COUCH [redacted]
CHARLES N. EDWARDS, [redacted]
PATRICK J. FALLON [redacted]
WILLIAM K. GALT [redacted]
JOSEPH R. JABLONSKI [redacted]
CHARLES L. KANEWSKE, [redacted]
RICHARD S. KOPP [redacted]
PATRICK F. LOUGHLIN [redacted]
JOSEPH M. NOWACK [redacted]
GREGG R. PELOWSKI [redacted]
THOMAS A. ROLLOW, JR., [redacted]
JAMES R. ROTON, JR., [redacted]
CHARLOTTE V. SCOTTMCKNIGHT [redacted]
MARK C. THALLER, [redacted]
RUSSELL VRANICAR [redacted]
ROBERT J. WALLS [redacted]

AEROSPACE ENGINEERING DUTY OFFICERS (ENGINEERING)

To be commander

BRADLEY W. JOHNSON [redacted]
MARK F. LILLY, JR., [redacted]

AEROSPACE ENGINEERING DUTY OFFICERS (MAINTENANCE)

To be commander

WENDAL C. DOWDY, [redacted]
PAUL M. FRANCIS [redacted]
PAMELA M. MARSH [redacted]
JEFFREY R. MC FETRIDGE [redacted]
ROBIN R. MC PHILLIPS [redacted]
RICHARD M. MURPHY [redacted]
MARK T. RADER, [redacted]
JENNIFER L. RATHMAN [redacted]

AEROSPACE ENGINEERING DUTY OFFICERS (MAINTENANCE) (TAR)

To be commander

EDWARD E. BAMRICK [redacted]
ROBERT H. DEAN [redacted]
DUANE W. MALLICOAT [redacted]

SPECIAL DUTY OFFICERS (MERCHANT MARINE)

To be commander

IAN D. ALLEN [redacted]
JOSEPH W. ASTBURY [redacted]
STEVEN J. DELONG [redacted]
OWEN J. DOHERTY [redacted]
WILLIAM J. DUTOUR [redacted]
JOSEPH FERRARA [redacted]
JOEL N. HAKA, [redacted]
REID A. HOOVER, [redacted]
JAMES I. LUM [redacted]
STEPHEN MATHIS [redacted]
JOHN J. MC FADDEN [redacted]
PHILIP J. MC FARLAND, JR., [redacted]
JEFFREY PERLSTEIN [redacted]
RICHARD H. RUSSELL [redacted]
ROBERT SHAUGHNESSY [redacted]
JEFFREY D. SPEIGHT [redacted]
ROBERT R. SWANBECK, JR., [redacted]
ROBIN S. WEST [redacted]

SPECIAL DUTY OFFICERS (CRYPTOLOGY)

To be commander

ROBERT M. CRAIG, [redacted]
GREGORIO G. DARROCA, [redacted]
CHRISTOPHER GUYER, [redacted]
ROBERT W. HORRE, [redacted]
CHERYL A. LOCKE, [redacted]
MICHAEL D. MC PHERSON, [redacted]
CATHERINE L. MORGAN, [redacted]
PATRICK J. MURPHY, [redacted]
ROBERT B. MURPHY, [redacted]
RICHARD H. TUEY, [redacted]
FRANK R. VELLUCCI, [redacted]
RAYMOND C. WINSLOW, [redacted]

SPECIAL DUTY OFFICERS (INTELLIGENCE)

To be commander

EDWARD P. ABBOTT, [redacted]
GREGORY S. AHERN, [redacted]
KAREN M. ARMESON, [redacted]
PHILIP A. AUSTEN, [redacted]
HENRY J. BABIN [redacted]
STEPHEN C. BARTO [redacted]
WILLIAM E. BATTLE II, [redacted]
KIRK D. BERKHIMER, [redacted]
CHRISTOPHER W. BIRD, [redacted]
ZANE F. BIRKY [redacted]
MICHAEL C. BURGER, [redacted]
DANIEL S. BUTLER, [redacted]
CHRISTINE E. CARTY, [redacted]
MARK S. CHAMBERLAIN, [redacted]
ROBERT E. CHEW, [redacted]
JAMES S. CLAUSEN, [redacted]
TIMOTHY J. COLLINS, [redacted]
VIRGINIA E. CORNWELL, [redacted]
WILLIAM B. DAUS, [redacted]
PETER W. DAVIS, [redacted]
JOHN F. DELCAMPO, [redacted]
WILLIAM C. DODGE, [redacted]
RANDY E. DUNCAN, [redacted]
TIMOTHY D. ELLIS, [redacted]
BRIAN E. ERWIN, [redacted]
DENNIS C. FLOYD, [redacted]
DAVID B. FRANKS, [redacted]
MARK J. GAOUETTE, [redacted]
KAREN F. GERRINGER, [redacted]
WILLIAM S. GIECKEL, [redacted]
MICHAEL A. GREEN, [redacted]
DON L. HAYES, JR., [redacted]
FRANK J. HEFESTAY, JR., [redacted]
JOHN D. HEINSELMAN, [redacted]
KIRBY G. HOLMES, JR., [redacted]
RONALD L. HOOVER, [redacted]
STEVE R. HUJARSKI, [redacted]
STEPHEN HUNTER, [redacted]
MARK E. HYMAN, [redacted]
DAVID R. JAHN, [redacted]
JEFFERY J. KAISER, [redacted]
ROBERT B. KLOCK, [redacted]
JEFFREY J. KRSTICH, [redacted]
DALE R. LIGHTFOOT, [redacted]
DENNIS L. LOVEJOY, [redacted]
PATRICIA L. LOW, [redacted]
PATRICIA A. LUCAS, [redacted]
TIMOTHY P. LYON, [redacted]
RORY N. MAC NEIL, [redacted]
STEVEN E. MAFFEO, [redacted]
PHILIP C. MANKIN, [redacted]
GARY L. MARKFORT, [redacted]
EDWARD B. NAIDAMAST, [redacted]
SANDRA K. OSTEEN, [redacted]
DERRICK W. OWINGS, [redacted]
BARBARA J. PALUSZEK, [redacted]
BRADLEY A. PETERSON, [redacted]
MATTHEW A. PETITCLAIR, [redacted]
DEBRA M. PLASTINE, [redacted]
JAMES F. RANSOME, [redacted]
JOHN A. RODGAARD, [redacted]
JOHN W. ROGERS, [redacted]
RAMON L. ROMAN, [redacted]
DAVID A. ROSENBERG, [redacted]
DAVID G. RUSSELL, [redacted]
PETER M. SAUER, [redacted]
DENNIS M. SCHNEIDER, [redacted]
JAMES M. SOLUM, [redacted]
CRAIG S. SYWASSINK, [redacted]
STEPHEN G. TOIGO, [redacted]
RAYMOND H. VANGUNTEN III, [redacted]
CANDACE C. VESSELLA, [redacted]
VINCENT T. VLASHO, [redacted]
JAMES D. WALLACE III, [redacted]
DALE K. WARE, [redacted]
KEVIN C. WARNKE, [redacted]
MICHAEL K. WEBB, [redacted]
RAYMOND T. WHEELER, [redacted]
DAVID W. WILDE, [redacted]
PETER A. WITHERS, [redacted]
WILFRID K. WOOD, [redacted]
KATHRYN D. YATES, [redacted]

SPECIAL DUTY OFFICERS (INTELLIGENCE) (TAR)

To be commander

ROBERT A. FARLEY, [redacted]
JENNITH E. HOYT, [redacted]
STEPHEN H. S. KIM, [redacted]

SPECIAL DUTY OFFICERS (PUBLIC AFFAIRS)

To be commander

CHRISTOPHER P. BOYLAN, [redacted]

GORDON V. COLE, [redacted]
ROBERT S. MCWADE, [redacted]
KELLY S. MURPHY, [redacted]
JOAN E. O'CONNOR, [redacted]
CURTIS G. REILLY, [redacted]
CARL E. RUSNOK, [redacted]

SPECIAL DUTY OFFICERS (FLEET SUPPORT)

To be commander

ALBERT D. BARKSDALE, JR., [redacted]
CAROL A. BATKER, [redacted]
GAIL A. T. BEMBENEK, [redacted]
ROBERT L. BETTI, [redacted]
SUZANNE BONNER, [redacted]
DEATRI L. BREWER, [redacted]
JOHN M. BROGAN, [redacted]
RICHARD J. CAMARDA, [redacted]
GWENDOLYN M. S. CANFIELD, [redacted]
FRED L. CHAMBERLAIN, [redacted]
CYNTHIA R. CLARK, [redacted]
ROBERTA L. COUVER, [redacted]
JUDITH A. CROOKSHANKS, [redacted]
REECY L. DANCER, [redacted]
ROBERT A. DEMARINIS, [redacted]
MARIO L. DIDOMENICO, [redacted]
NANCY A. DOSS, [redacted]
CRISTINA E. DUNCHESKIE, [redacted]
JAMES E. ECKRICH, [redacted]
WILLIE M. EDWARDS, [redacted]
JAMES B. ERVIN, [redacted]
TED D. FISHER, [redacted]
MICHAEL A. A. FLEMING, [redacted]
TIMOTHY FORSYTH, [redacted]
JOHN R. FRAGOSO, [redacted]
AURELIUS B. GIBSON, JR., [redacted]
STACY A. GILLOW, [redacted]
ROBERT D. GREER, [redacted]
GREGORY P. GRESHAM, [redacted]
DAVID R. GUIN, [redacted]
MARTHA G. GUZMAN, [redacted]
KATHLEEN G. HALEY, [redacted]
MARILYN HAND, [redacted]
DAVID T. HEIM, [redacted]
RICHARD A. HENNING, [redacted]
THOMAS J. HIGGINS, [redacted]
MICHAEL J. HOLOHAN, [redacted]
ROBIN M. HORNE, [redacted]
KELLY J. R. HUNTER, [redacted]
THOMAS J. INGRAHAM, [redacted]
EDITH R. ISON, [redacted]
FELIX J. JACKSON, [redacted]
DAVID R. JANSON, [redacted]
ANITA L. JONES-QUINONES, [redacted]
JANET P. JORDAN, [redacted]
MICHAEL A. KURZ, [redacted]
JACQUELINE J. LOCKHART, [redacted]
KAREN V. LOFTUS, [redacted]
JOHN W. LUFKIN, [redacted]
VALERIE A. MAURER, [redacted]
DONALD S. MC CUNE II, [redacted]
MONI MC INTYRE, [redacted]
TIMOTHY S. MOXON, [redacted]
MICHAEL D. MURPHY, [redacted]
TROY R. NABATILAN, [redacted]
SCOTT D. NELSON, [redacted]
ANTHONY R. PAIGE, [redacted]
NANCY R. PALUMBO, [redacted]
CLARENCE L. PREVOST, [redacted]
LYNNE E. PUCKETT, [redacted]
PAUL G. PUHER, [redacted]
JOHN J. PUPA, [redacted]
SUSAN P. SAUNDERS, [redacted]
PAUL E. SCHNATZ, [redacted]
JEFFR SCHUTTER, [redacted]
CYNTHIA E. SCHWIND, [redacted]
GREGORY G. SCOTT, [redacted]
LORI D. SHELBY, [redacted]
VIRGINIA R. SIMPSON, [redacted]
JAMES M. SORRENTINO, [redacted]
MICHAEL J. STIERWALT, [redacted]
TINA J. TALLEY, [redacted]
ANDREW C. TAYLOR, [redacted]
STEPHEN J. TERRACINA, [redacted]
DAVID P. TORMA, [redacted]
MICHAEL F. VANVLECK, [redacted]
ANTHONY M. WEGNER, [redacted]
JOEL C. WEINBERGER, [redacted]
CHERYL E. WHITE, [redacted]
DANIEL J. WHITEHEAD, [redacted]
FRANCIS O. WOLOSZYK, [redacted]
JOANNE L. YATES, [redacted]

SPECIAL DUTY OFFICERS (FLEET SUPPORT) (TAR)

To be commander

CHRISTINE E. CHRISTIAN, [redacted]
DONNA J. GRISHAM, [redacted]
FRANCESCA HALL, [redacted]
JENNIFER M. STROTHER, [redacted]
SPECIAL DUTY OFFICERS
(OCEANOGRAPHY)

SPECIAL DUTY OFFICERS (OCEANOGRAPHY)

To be commander

JEFFREY T. GLEDHILL, [redacted]
ROBERTA M. RUNGE, [redacted]
PERRY T. TUEY, [redacted]

LIMITED DUTY OFFICERS (LINE)

To be commander

JOHN C. BEAL, [redacted]

JAMES W. CALDWELL, JR., [redacted]
LOUIS S. KOBET, [redacted]
MARTY G. LUTHER, [redacted]
ALBERT F. VANDERVOORT, [redacted]

THE FOLLOWING-NAMED OFFICERS, ON THE ACTIVE DUTY LIST, FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVY IN ACCORDANCE WITH SECTION 624 OF TITLE 10, UNITED STATES CODE.

MEDICAL CORPS OFFICERS

To be lieutenant commander

GREGORIO A. ABAD, [redacted]
AFZAL H. ABDULLAH, [redacted]
DANIEL J. ACKERSON, [redacted]
STANLEY D. ADAMS, [redacted]
PHILLIP C. AGRUSA, [redacted]
CURTIS G. ANDERSEN, [redacted]
KARIE F. ANDERSEN, [redacted]
STEVEN A. ARCHIBALD, [redacted]
DEBRA A. ARSENAULT, [redacted]
DOUGLAS K. ASH, [redacted]
KEVIN K. BACH, [redacted]
BRIAN K. BAIN, [redacted]
DANIEL J. BALOG, [redacted]
CATHERINE S. BARD, [redacted]
KEVIN P. BARRETT, [redacted]
TIMOTHY J. BARRON, [redacted]
TANIS M. BATSEL, [redacted]
MICHAEL J. BATTAGLIA II, [redacted]
ELISEO A. BAUTISTA, [redacted]
KELLY J. BETHEL, [redacted]
ABHIK K. BISWAS, [redacted]
WILLIAM H. BRAGDON, JR., [redacted]
EDWARD A. BREWER, JR., [redacted]
DOROTHY W. BROWN, [redacted]
LANCE F. BROWN, [redacted]
PAUL J. BRUHA, [redacted]
DOUGLAS S. BULL, [redacted]
MICHAEL L. BURLESON, [redacted]
ROBERT J. CABRY, JR., [redacted]
GUSTAVO I. CADAVI [redacted]
GREGORY S. CAMPBELL, [redacted]
JAMES D. CAMPBELL, [redacted]
JEFFREY P. CAPOROSSI, [redacted]
JOHN K. CAPOS, [redacted]
THADDEUS L. CHAPMAN, [redacted]
KEITH T. CHESSER, [redacted]
MARK E. CHISAM, [redacted]
CHRISTOPHER D. CLAGETT, [redacted]
CHRISTOPHER A. CLARKE, [redacted]
MICHAEL J. COONEY, [redacted]
JOSEPH A. COSTA, [redacted]
JOHN F. CROASDELL, [redacted]
WILLIAM T. CULVINER, [redacted]
MICHAEL H. DANENBERG, [redacted]
MICHAEL R. DAWDY, [redacted]
MICHAEL J. DECICCO, [redacted]
VINCENT L. DECICCO, [redacted]
DAMIAN P. DERIENZO, [redacted]
KATHRYNE R. DERROUGH, [redacted]
ANDREW P. DESJARDINS, [redacted]
CHRISTOPHER E. DEVEREAUX, [redacted]
MICHAEL G. DICKINSON, [redacted]
KEITH J. DIETRICK, [redacted]
AMALIA B. DIGAN, [redacted]
ROBERT M. DOUGLAS, [redacted]
ALAN B. DOUGLASS, [redacted]
WALTER M. DOWNS, JR., [redacted]
JEFFREY S. DRIBEN, [redacted]
TIMOTHY D. DUNCAN, [redacted]
BARBARA EBERT, [redacted]
LORA F. EFAW, [redacted]
MICHAEL J. ELLIOTT, [redacted]
STEVEN ELWELL, [redacted]
JAY B. ERICKSON, [redacted]
LORIANNE T. EZMAN, [redacted]
WILLIAM C. FINNERAN, [redacted]
KEITH R. FISCHER, [redacted]
ROBERT J. FLECK, JR., [redacted]
LYNN FLOWERS, [redacted]
CHRISTY D. FONTANA, [redacted]
PATTI I. FOREST, [redacted]
QUENTIN J. FRANKLIN, [redacted]
EMORY A. FRY, [redacted]
MARGARET M. GAGLIONE, [redacted]
LYNDON B. GAINES, [redacted]
JAMES A. GASHO, [redacted]
ROBERT B. GHERMAN, [redacted]
GEORGIA L. GILL, [redacted]
ADAM D. GOLDSTEIN, [redacted]
SITTA B. GOMBEH, [redacted]
DAVID GOODFRIEND, [redacted]
PATRICK B. GREGORY, [redacted]
MONICA P. GRIFFIN, [redacted]
JOHN M. GRUBBS, [redacted]
RICHARD D. GUINAND, [redacted]
JAMAL A. HADDAD, [redacted]
TAMARA W. HAMMETT, [redacted]
TONY S. HAN, [redacted]
MAUREEN S. HARDERS, [redacted]
MICHAEL K. HARDY, [redacted]
DAVID A. HARMON, [redacted]
MICHAEL J. HARRISON, [redacted]
KURT A. S. S. HENRY, [redacted]
PHILIP R. HENRY, [redacted]
MATTHEW HEPLER, [redacted]
THOMAS M. HERRMANN, [redacted]
LOURDES E. HEUMANN, [redacted]
STANLEY C. HEWLETT, [redacted]
HANSJOACHIM A. HILDEBRANDT, [redacted]
FREDERICK K. HILTON, JR., [redacted]
RENE R. HINKLE, [redacted]
AMY A. HOCUTT, [redacted]
STEPHEN H. HOOPER, [redacted]
ESTHER J. HUNTE [redacted]
WILLIAM J. JAWIEN, [redacted]
MICHAEL J. JENNEWEIN, [redacted]
DOMINIC A. JOHNSON, [redacted]
MICHAEL B. JOHNSON, [redacted]
VINCENT JOHNSTON, [redacted]
BRIAN A. JONES, [redacted]
JOEL M. JONES, [redacted]
RACHEL L. KATZ, [redacted]
KEVIN J. KEMPF, [redacted]
NAVIN R. KILAMBI, [redacted]
CHRISTOPHER J. KLINKO, [redacted]
WILLIAM J. KOBLE, [redacted]
PHILIP T. KORTHUIS, [redacted]
ANDREW E. KORTZ, [redacted]
SHERRY L. KROLL, [redacted]
KENNETH C. KUBIS, [redacted]
MARK B. KUHSE, [redacted]
GREGORY J. KUNZ, [redacted]
JOEL W. LARCOMBE, [redacted]
SUSAN J. LARSON, [redacted]
LOUIS V. LAVOPA, [redacted]
CALVIN S. LEDFORD, [redacted]
DANDY LEE, [redacted]
WILLIAM M. LEININGER, [redacted]
CHRISTOPHER S. LEVEY, [redacted]
ALAN A. LIM, [redacted]
PETER M. LISTERMAN, [redacted]
CASEY N. LOCARNINI, [redacted]
JOHN S. LOCKE, [redacted]
JEFFREY L. LORD, [redacted]
KARL A. LORENZ, [redacted]
CHERYL S. LOUBERT, [redacted]
JAMES D. LOUTHAN, [redacted]
JEFFREY R. LUKISH, [redacted]
ROXANNE M. MACOMBER, [redacted]
MARK L. MADENWALD, [redacted]
RICHARD E. MANOS, [redacted]
PETER A. MARKS, [redacted]
DAVID L. MARSHALL, [redacted]
ROBERT P. MARTIN, [redacted]
ROBERT O. MARTSCHINSKE, [redacted]
DOMINIC N. MASTRUSERIO, [redacted]
JEFFREY D. MC GUIRE, [redacted]
JOSEPH R. MC KINLAY, [redacted]
DAVID B. MC LAREN, [redacted]
KIMBERLY M. MC NEIL, [redacted]
JOSEPH MC QUADE, [redacted]
RONALD J. MC VICAR, [redacted]
WILLIAM R. MEEKER, [redacted]
MARIA H. MELBOURNE, [redacted]
BARTH E. MERRILL, [redacted]
SHARON M. MILLER, [redacted]
PAUL J. MIRONE, [redacted]
RICHARD M. MONDRAGON, [redacted]
JOHN M. MONTGOMERY, [redacted]
KAREN L. MORRISSETTE, [redacted]
NANCY L. MOYA, [redacted]
SUSAN M. MULLER, [redacted]
MARY C. MURPHY, [redacted]
RICHARD W. NAYLOR, [redacted]
CARLA I. NELSON, [redacted]
CHRISTOPHER M. NELSON, [redacted]
LISA D. NELSON, [redacted]
DAI NGUYEN, [redacted]
GARY W. NOBLE, [redacted]
ROBERT J. NORDNESS, [redacted]
BURL F. NORRIS, JR., [redacted]
TIMOTHY J. O'BRIEN, [redacted]
EILEEN M. O'DONNELL, [redacted]
MAUREEN E. O'HARA, [redacted]
BRADLEY G. OLSON, [redacted]
LILLIAN D. OSTERGAARD, [redacted]
JOHN L. PANICO, [redacted]
BHARAT S. PATEL, [redacted]
MICHAEL D. PENTALERI, [redacted]
ALEXANDER C. PEREZ, [redacted]
STEVEN D. PETARRA, [redacted]
LAURA E. PETER, [redacted]
KENNETH C. PETRONI, [redacted]
ARTHUR S. PETTIGREW, [redacted]
KENNETH J. PHENOW, [redacted]
JOHN G. PHOCAS III, [redacted]
MARK R. POLAK, [redacted]
JONDAVID POLLOCK, [redacted]
STEVEN J. PORTOUW, [redacted]
CURTIS R. POWELL, [redacted]
MARK D. PRESSLEY, [redacted]
ROBERT S. PYNE, [redacted]
JOHN G. RAHEB, [redacted]
TIMOTHY H. RAYNER, [redacted]
WARD L. REED III, [redacted]
JONATHAN W. RICHARDSON, [redacted]
RICHARD R. RIGGINS, [redacted]
DAVID H. RING, [redacted]
ERIC C. RINGWALT, [redacted]
ALLEN L. ROBERTS, [redacted]
RICK A. ROLAIN, [redacted]
KEVIN J. RONAN, [redacted]
PETER ROSENFELD, [redacted]
CRAIG E. ROSS, [redacted]
FRANCIS P. SAJBEN, [redacted]
CRAIG J. SALT, [redacted]
JAMES A. SANTOS, [redacted]
ADAM A. SARBIN, [redacted]
RICHARD J. SAVARINO, JR., [redacted]
MICHAEL C. SCANNELL, [redacted]
THEODORE W. SCHAFER, [redacted]
JUDY R. SCHAUER, [redacted]
JAY SCHEINER, [redacted]
ROBERT J. SCHMALL, [redacted]
KENNETH A. SCHROETER, [redacted]
CAROLYN S. SEEPE, [redacted]
ALISON R. SENNELLO, [redacted]
RICHARD P. SHARPE, [redacted]
DANIEL P. SHEESLEY, [redacted]
ANDREW E. SIMAYS, [redacted]
BARBARA A. SMITH, [redacted]
JOEL A. SMITHWICK, [redacted]
MARTIN P. SORENSEN, [redacted]
THOMPSON S. L. SORTER, [redacted]
WILLIAM A. SRAY, [redacted]
JOHN B. STABLER, [redacted]
ROBERT E. STAMBAUGH, [redacted]
HENRY B. STAMPS, [redacted]
MARK B. STEPHENS, [redacted]
ERIC B. STUART, [redacted]
KEVIN F. SUMPTION, [redacted]
EDWARD M. SUPINSKI, [redacted]
DALE F. SZPISJAK, [redacted]
CINDY L. TAMMINGA, [redacted]
DAVID A. TANEN, [redacted]
WILLIAM J. TANNER, [redacted]
JOHN T. TAYLOR, [redacted]
MARK TAYLOR, [redacted]
JOEL D. TEMPLE, [redacted]
PRISCILLA C. THIBAULT, [redacted]
IRVIN I. THOMAS, [redacted]
JOSEPH G. THOMAS, [redacted]
KEVIN D. THOMAS, [redacted]
LESTER D. THOMPSON, [redacted]
ROBERT S. TRIEFF, [redacted]
DOUGLAS R. TROCINSKI, [redacted]
ROBERT T. TSUJI, [redacted]
ROSEMARY H. TULLOH, [redacted]
KEITH M. ULNICK, [redacted]
JEFFREY R. URBAN, [redacted]
MARGARET A. VANBLERK, [redacted]
DARIN K. VIA, [redacted]
PATRICIA L. VOLD, [redacted]
KEVIN C. WALTERS, [redacted]
JOHN E. WANEBO, [redacted]
JENELLE S. WATTS, [redacted]
MICHAEL S. WEINER, [redacted]
KAREN L. WEISMANTLE, 8849
MICHAEL I. WEISS, [redacted]
JOSEPH K. WEISTROFFER, [redacted]
STEVEN T. WELCH, [redacted]
MARGOT G. WHEELER, [redacted]
STEPHEN B. WHITESIDE, [redacted]
TODD R. WILLIAMS, [redacted]
KATHLEEN G. WILSON, [redacted]
JOHNNY WON, [redacted]

SUPPLY CORPS OFFICERS

To be lieutenant commander

ROBERT P. ALLEN, [redacted]
WILLIAM J. ALLISON, [redacted]
JOHN C. ANDERSON, [redacted]
WILLIAM E. BAILEY II, [redacted]
DENNIS L. BAIRD, [redacted]
ROBERT D. BALL, [redacted]
ROBERT E. BALLENGER, [redacted]
BRADLEY A. BERGAN, [redacted]
VICTOR D. BLANCO, [redacted]
CHRISTOPHER BOWER, [redacted]
BRUCE R. BRETH, [redacted]
MICHELE M. BURK, [redacted]
MARK P. BUSINGER, [redacted]
DAVID B. BYRES, [redacted]
ROBERT CAMPBELL, [redacted]
HUGH R. CLINTON III, [redacted]
TIMOTHY W. COLYER, [redacted]
PIERRE C. COULOMBE, [redacted]
JOHN F. COUTURE, [redacted]
DAVID F. CRUZ, [redacted]
PAUL X. DOUGHERTY, [redacted]
BARRY J. DOWELL, [redacted]
BRIAN T. DRAPP, [redacted]
TONY R. ENCINIAS, [redacted]
ERNEST G. FAGAN, JR., [redacted]
DAVID N. FOWLER, [redacted]
ROBERT A. GANTT, [redacted]
JAIME A. GARCIA, [redacted]
GREGORY D. GJURICH, [redacted]
ERIC L. GLASER, [redacted]
RODNEY A. GRAY, [redacted]
JEFFREY K. GRIMES, [redacted]
PAUL W. HAGEN, [redacted]
GREGORY A. HAJZAK, [redacted]
SCOTT L. HAWKINS, [redacted]
ROBERT D. HECK, [redacted]
DAVID K. HENDERSON, [redacted]
MARSHALL W. HEPHNER, [redacted]
JOYCELIN R. HIGGS, [redacted]
BETH A. HOWELL, [redacted]
ROBERT E. HOWELL, [redacted]
RODERICK R. HUBBARD, [redacted]
JOSEPH J. ILLAR, [redacted]
JOSEPH JACKSON, [redacted]
EDUARDO JARAMILLO, [redacted]
STEVEN W. KINSKIE, [redacted]
DAVID R. KLESS, [redacted]
ALLEN W. LANDERS, [redacted]
MICHAEL L. LAVIGNA, [redacted]
CAREY M. A. MANHERTZ, [redacted]
DISMAS E. MEEHAN, [redacted]
STEVEN A. MORGAN, [redacted]
KENT A. MORIOKA, [redacted]
PHILIP M. NELSON, [redacted]

DOUGLAS C. NEWELL, [redacted]
JOHN S. NORTON, [redacted]
JOSEPH O. OSAZUWA, [redacted]
PAUL T. PARK, [redacted]
MICHAEL P. PATTEN, [redacted]
MARK A. PATZMAN II, [redacted]
JOHN M. PEARSON, [redacted]
CRAIG P. R. PERRI [redacted]
MICHAEL J. PETEE [redacted]
INGRID A. PHILLIPS, [redacted]
JOHN P. POLOWCZYK, [redacted]
KEVIN W. POORT, [redacted]
DOUGLAS P. PORTER, [redacted]
WILLIAM C. POWER, [redacted]
JAMES L. PROCTOR, JR., [redacted]
FRANCIS M. PURDY, [redacted]
FRANK D. QUADRINI, [redacted]
CHRISTOPHER J. RAY, JR., [redacted]
REGINA L. ROBERTS, [redacted]
RICHARD P. RUIZ, [redacted]
MARK E. SEMMLER, [redacted]
JOSEPH T. SERMARINI, JR., [redacted]
EDWARD M. SHINE, [redacted]
MICHELLE C. SKUBIC, [redacted]
GARY W. SOUTHERLAND, [redacted]
JOSEPH M. SPEAR, [redacted]
RICHARD G. STEFFEY, JR., [redacted]
TREVERN A. STERLING, [redacted]
SUSAN A. TALWAR, [redacted]
JOHN D. TITUS, JR., [redacted]
JAMES F. TRAA, [redacted]
TODD K. VARVEL, [redacted]
BOBBY J. WARFIELD, [redacted]
TODD E. WASHINGTON, [redacted]
MICHAEL R. WATT, [redacted]
KURT E. WAYMIRE, [redacted]
JAMES J. WEISER, [redacted]
CARL F. WEISS, [redacted]
MIGUEL A. ZAYAS, [redacted]
JOHN F. ZOLLO, [redacted]

CHAPLAIN CORPS OFFICERS

To be lieutenant commander

ARTHUR M. BROWN, [redacted]
JON J. BRZEK, [redacted]
GARY W. CLORE, [redacted]
WAYNE R. FREIBERG, [redacted]
MICHAEL P. GARVEY, [redacted]
JOHN S. HICKMAN, [redacted]
STEVEN R. HUFF, [redacted]
AARON JEFFERSON, JR., [redacted]
TOMMIE L. JENNINGS, [redacted]
PHILLIP A. KANICKI, [redacted]
MAURICE S. KAPROW, [redacted]
WILLIAM M. KENNEDY, [redacted]
BRUCE D. MENTZER, [redacted]
CRAIG G. MUEHLER, [redacted]
HERMAN G. PLATT, [redacted]
ABRAHAM I. RAMIREZ, [redacted]
DOUGLAS E. ROSANDER, [redacted]
MILAN S. STURGIS, [redacted]
ATTICUS T. TAYLOR, [redacted]
MARY W. TINNEA, [redacted]
MATTHEW L. WARNKE, [redacted]
JAN P. WERSON, [redacted]

CIVIL ENGINEER CORPS OFFICERS

To be lieutenant commander

DEAN L. AMSDEN, [redacted]
DARIUS BANAJI, [redacted]
PAUL D. BECKWITH, [redacted]
DENNIS L. CARLSON, [redacted]
STEVEN G. CHALLEEN, [redacted]
ERIC J. DENFELD, [redacted]
MICHAEL J. DOLAN, [redacted]
WILLIAM E. DUNNING, [redacted]
ALAN W. FLENNER, [redacted]
DONALD A. GROSS, JR., [redacted]
DAVID W. HERRIOTT, [redacted]
SCOTT K. HIGGINS, [redacted]
JEFFREY M. JOHNSTON, [redacted]
ANDERS C. KINSEY, [redacted]
GARY R. LEACH, [redacted]
CLAYTON O. MITCHELL, JR., [redacted]
PHILLIP L. NELSON, [redacted]
JOHN J. NESIUS, [redacted]
MICHAEL L. PHILLIPS, [redacted]
KARYN M. RINALDI, [redacted]
JEFFREY M. SALTER, [redacted]
DAVID J. SASEK, [redacted]
GREGORY S. SIMMONS, [redacted]
MARK A. TERRILL, [redacted]
MARK E. VANVLECK, [redacted]
KATHERINE D. WARE, [redacted]
THOMAS L. WOOD, [redacted]

JUDGE ADVOCATE GENERAL'S CORPS OFFICERS

To be lieutenant commander

MELANIE A. ANDREWS, [redacted]
VIDA M. ANTOLIN-JENKINS, [redacted]
NORMAN J. ARANDA, [redacted]
KATHLEEN A. ATKISSON, [redacted]
MICHAEL H. BANDY, [redacted]
DANIEL K. BEAN, [redacted]
KENNETH B. BROWN, [redacted]
CONNIE J. BULLOCK, [redacted]
WILLIAM J. DUNAWAY, [redacted]
DANA T. DYSON, [redacted]
RICHARD K. GIROUX, [redacted]
KEITH M. GOULD, [redacted]
DAVID J. GRUBER, [redacted]
REX A. GUINN, [redacted]
JEFFREY L. HUNT, [redacted]
MICHAEL J. JACKONIS, JR., [redacted]
JOHN S. JENKINS, JR., [redacted]
JOHN C. KAUFFMAN, [redacted]
ROBERT C. KLANT, [redacted]
SCOTT J. LAURER, [redacted]
PAUL C. LEBLANC, [redacted]
PATRICIA M. LYNCHEPPS, [redacted]
STEVEN L. MILLER, [redacted]
JOSEPH C. MISENTI, JR., [redacted]
DERWIN B. POPE, [redacted]
ROBERT A. PORZEINSKI, [redacted]
ANDREA Y. PRINCE, [redacted]
CHARLES N. PURNELL, II, [redacted]
JAMES M. RYAN, [redacted]
PHILIP M. SKILLMAN, [redacted]
DENISE E. STICH, [redacted]
PHILIP L. SUNDEL, [redacted]
MICHAEL D. SUTTON, [redacted]
JAMES A. TALBERT, [redacted]
INGRID M. TURNER, [redacted]
DANA O. WASHINGTON, [redacted]
DOMINICK G. YACONO, JR., [redacted]
HERMEN Y. YEE, [redacted]

DENTAL CORPS OFFICERS

To be lieutenant commander

SEVAK ADAMIAN, [redacted]
EDWIN ALVAREZ, [redacted]
WALLIS ANDELIN, [redacted]
JEFFERY L. ANDRUS, [redacted]
EROL S. APAYDIN, [redacted]
SMITH C. E. BARONE, [redacted]
RANDALL L. BITTNER, [redacted]
FRANK A. BIVINS, [redacted]
JOHN D. BLOOM, [redacted]
JEFFREY H. BRAIN, [redacted]
RICHARD B. BRINKER, [redacted]
KURT J. BROCKMAN, [redacted]
MARY M. BUCHER, [redacted]
ANDREA L. BURGESS, [redacted]
JERRY N. BURTON, JR., [redacted]
KIMBERLY A. BUSCH, [redacted]
MATTHEW J. BUSCH, [redacted]
HECTOR A. CABALLERO, [redacted]
BRUCE K. CAMPBELL, [redacted]
MICHELE A. CARTER, [redacted]
LEE M. CERESA, [redacted]
MARISA L. CINCOSKI, [redacted]
RICHARD C. COLBY, [redacted]
JOHN T. CONTRERAS, [redacted]
CATHERINE L. CUMMINGS, [redacted]
WILLIAM R. K. DAVIDSON, [redacted]
PAYTIE L. DAVIS, [redacted]
DANIEL C. DELROSE, [redacted]
ANDREW J. DUNBAR, [redacted]
JOHN A. DUVENEZ, [redacted]
KYLE D. EBERLEIN, [redacted]
KIMBERLY K. ERICKSON, [redacted]
OWEN M. FORBES, [redacted]
RICK FREEDMAN, [redacted]
STEVEN I. GEDULD, [redacted]
BOYD B. GLASGOW, [redacted]
TAMARA K. GRAY, [redacted]
JULIE T. GROVE, [redacted]
ALAN F. HAMAMURA, [redacted]
DAVID H. HARTZELL, [redacted]
MICHAEL L. HASSON, [redacted]
HOLLY D. HATT, [redacted]
DARYL G. HOLDREDGE, [redacted]
KURT HUMMELDORF, [redacted]
JOHN A. JOBOULIAN, [redacted]
DAVID W. JOHNSON, [redacted]
ALISON D. JUNKIN, [redacted]
JONATHAN B. JUNKIN, [redacted]
SEAN R. KELLY, [redacted]
CRAIG J. KOSLICA, [redacted]
DAVID A. LOWREY, [redacted]
LINDA L. P. LOWREY, [redacted]
RODERICK M. MACINTYRE, [redacted]
MICHAEL MARCHIGIANO, [redacted]
ANTHONY J. MARCIANTE, [redacted]
DONALD D. MARDIS, [redacted]
JOHN A. MARSHALL, [redacted]
JOSEPH C. MAVEC, [redacted]
BRIAN S. MAYDAY, [redacted]
DAVID C. MCKAY, [redacted]
CARRIE M. MUEHLENPFORT, [redacted]
BRENT E. NEUBAUER, [redacted]
TIMOTHY B. NEWSOM, [redacted]
THOMAS J. NOVAK, [redacted]
STEVEN D. NYTKO, [redacted]
MARTHA J. O'HARA, [redacted]
PAUL G. O'LOUGHLIN, [redacted]
CHARLES W. I. PADDOCK, [redacted]
CHARLES W. PATTERSON, [redacted]
BILLY J. PHILLIPS, [redacted]
MARK L. PLEDGER, [redacted]
THOMAS E. POWERS, JR., [redacted]
DANIEL PRICE, [redacted]
ANDREW I. RADOVAN, [redacted]
WILLIAM G. RITCHIE, [redacted]
BRIAN K. RITTER, [redacted]
IVAN ROMAN, [redacted]
MICHAEL T. RONCONE, [redacted]
LUIS F. ROSARIO, [redacted]
PETER A. RUOCCO, [redacted]
GEORGE D. SELLOCK, [redacted]
GAYLE D. SHAFFER, [redacted]
ANDREA L. SHORTER, [redacted]
RANDOLPH R. STANTON, [redacted]
KURT D. STORMBERG, [redacted]
DEAN P. SUANICO, [redacted]
JAY S. SULLINS, [redacted]
SUSAN B. TIEDE, [redacted]
MARTHA P. VILLALOBOS, [redacted]
RANDALL J. WALKER, [redacted]
THEODORE C. WEESNER, [redacted]
DAVID C. WEIGLE, [redacted]
CURTIS M. WERKING, [redacted]
ROBERT B. WHITE, [redacted]
RICHARD L. WINBURN, [redacted]
WALTER R. WITTKE, [redacted]
PAUL R. YETTER, [redacted]

MEDICAL SERVICE CORPS OFFICERS

To be lieutenant commander

PIUS A. AIYELAWO, [redacted]
MICHAEL A. ANAYA, [redacted]
JEFFREY M. ANDREWS, [redacted]
ROLAND E. ARELLANO, [redacted]
IRIS J. ASHMEADE, [redacted]
SIMON J. BARTLETT, [redacted]
DECIMA C. BAXTER, [redacted]
FREDERICK C. BEAL, [redacted]
REBECCA J. BERNARD, [redacted]
DAWN A. BLACKMON, [redacted]
LANNY L. BOSWELL, JR., [redacted]
JAMES C. BRENNAN, [redacted]
THEODORE P. BRISKI, JR., [redacted]
LEA B. CADLE, [redacted]
ANTHONY M. CAPANO, [redacted]
GLENDA D. CARTER, [redacted]
DERRIK R. CLAY, [redacted]
WALKER L. A. COMBS, [redacted]
CHRISTINE L. CONGDON, [redacted]
GLENN C. CONTE, [redacted]
RICHARD G. CRABB, [redacted]
LORING J. CREPEAU, [redacted]
GREGORY J. DANHOFF, [redacted]
JOHN T. DOTTER, [redacted]
LYNN T. DOWNS, [redacted]
JEFFREY T. EVANS, [redacted]
LUIS FERNANDEZ, [redacted]
PAMELA T. FETHERSTON, [redacted]
ANTHONY W. FRABUTT, [redacted]
ROBERT E. FULLER, [redacted]
BARBARA A. GIES, [redacted]
DAVID P. GRAY, [redacted]
DAVID L. HAMMELL, [redacted]
DEXTER A. HARDY, [redacted]
DWIGHT D. HART, [redacted]
STEPHEN M. HASELROTH, [redacted]
VIRGINIA P. HAVILAND, [redacted]
LINDA S. HITE, [redacted]
SUSAN E. HOLT, [redacted]
PHILLIP E. JACKSON, [redacted]
RAMON A. JIMENEZ, [redacted]
WILLIAM R. JOHNSON III, [redacted]
SCOTT R. JONSON, [redacted]
LINDA V. KANE, [redacted]
CHRISTOPHER J. KARDOHELY, [redacted]
THEODORE KELLY, [redacted]
DAVID O. KEYSER, [redacted]
TRACY J. KOLOSIK, [redacted]
MARY R. LACROIX, [redacted]
RAKESH LALL, [redacted]
PATRICIA A. LANDO, [redacted]
ALISON C. LEFEBVRE, [redacted]
KIM L. LEFEBVRE, [redacted]
DENNIS D. LINGBEEK, [redacted]
MARGARET A. LLUY, [redacted]
MICHELE F. LOSCOCCO, [redacted]
PATRICK S. MALONE, [redacted]
BONNEY J. MANN, [redacted]
STEVE MARTINEZ, JR., [redacted]
WILLIAM M. MCGEE, [redacted]
EDWARD A. METCALF, [redacted]
HUMPHREY MINX, [redacted]
CHARLES R. MIRANDA, [redacted]
MAZZILLI E. MONTCALM, [redacted]
LESLIE V. MOORE, [redacted]
THOMAS A. MOWELL, [redacted]
MIRANDA NANCESEVIER, [redacted]
TAMMY M. NATHAN, [redacted]
RONALD A. NOSEK, JR., [redacted]
REGINA P. ONAN, [redacted]
MARY C. POLKOSKI, [redacted]
GLEN R. PORTER, [redacted]
SHIRLEY K. PRICE, [redacted]
SHERON A. PUSEY, [redacted]
SHANNON D. PUTNAM, [redacted]
LYNDA M. RACE, [redacted]
ROBERT A. RAHAL, [redacted]
STEVEN E. RANKIN, [redacted]
MICHAEL D. REDDIX, [redacted]
SCOTT A. REESE, [redacted]
TONY B. RICHARD, [redacted]
GAIL J. ROBIN, [redacted]
DARIN P. ROGERS, [redacted]
DANIEL J. ROSENBAUM, [redacted]
ANN C. C. ROSS, [redacted]
PATRICK J. ROZMAJZL, [redacted]
MARK C. RUSSELL, [redacted]
WILLIAM E. SCHUTT, [redacted]
GILBERT SEDA, [redacted]
MARGE M. SELL, [redacted]
CHARLES H. SHAW, [redacted]
MARK K. SOLBERG, [redacted]

VELDA R. STEWART, [redacted]
DAVID R. STREET, JR., [redacted]
BENJAMIN F. TAYLOR, [redacted]
CARL V. TRESNAK, [redacted]
RESA L. WARNER, [redacted]
WILSON J. WASHINGTON, [redacted]
MICHELE L. WEINSTEIN, [redacted]
ROBERT A. WELCH III, [redacted]
MARVA L. WHEELER, [redacted]
GEORGE S. WOLOWICZ, [redacted]
JOSEPH YOUNG, JR., [redacted]
MARCIA L. YOUNG, [redacted]
MICHAEL D. ZYZAK, [redacted]

NURSE CORPS OFFICERS

To be lieutenant commander

LINDA M. ACOSTA, [redacted]
MARK C. ALBRECHT, [redacted]
ROBBINANN L. ALEX, [redacted]
ANGELICA L. C. ALMONTE, [redacted]
SCOTT L. ANDERSON, [redacted]
UNKYONG S. ARCHER, [redacted]
KHIN AUNGTHEIN, [redacted]
MARY L. BAKER, [redacted]
ELICIA BAKERROGERS, [redacted]
EDWARD S. BATES, JR., [redacted]
ALLISON R. BEATTY, [redacted]
JOY M. BIERNESSER, [redacted]
CHRISTINE A. BLYTHE, [redacted]
TERRY V. BOLA, [redacted]
JANET M. BRADLEY, [redacted]
MARY A. BRANTLEY, [redacted]
CLARIBEL L. BROWN, [redacted]
DONALD J. BURKE, JR., [redacted]
PAMELA A. BURNS, [redacted]
SUSAN A. CARMACK, [redacted]
DAVID T. CASTELLANO, [redacted]
PATRICIA A. CICHMINSKI, [redacted]
LUCIO CISNEROS, JR., [redacted]
ELIZABETH B. COTTEN, [redacted]
DEBRA T. CROWELL, [redacted]
DONNA M. CROWLEY, [redacted]
JUDITH A. DAMSTROM, [redacted]
KENNETH E. DEMOTT, JR., [redacted]
NANCY J. DOBER, [redacted]
SANDRA L. DOUCETTE, [redacted]
ANN L. EBERHART, [redacted]
DAVID A. FARMER, [redacted]
DANNY L. FOUST, [redacted]
JEAN B. FREEMAN, [redacted]
CYNTHIA J. GANTT, [redacted]
DEBRA C. GARDNER, [redacted]
CAROLYN G. GOERGEN, [redacted]
DEBORAH D. GREGORY, [redacted]
JUDY E. GROOVER, [redacted]
SARA J. HANSON, [redacted]
KIRSTEN L. HARVISON, [redacted]
SANDRA HEARN, [redacted]
BRENDA K. HOOLAPA, [redacted]
JAMES T. HOSACK, [redacted]
LORETTA A. HOWERTON, [redacted]
SALLYANNE JARVIS, [redacted]
JOSEPHINE C. JENKINS, [redacted]
MELVERN E. JOHN, [redacted]
RICHARD W. JOHNSON, [redacted]
SHIRLEY L. JOHNSON, [redacted]
LENA M. JONES, [redacted]
NICHOLAS M. KALYNYCH, [redacted]
MCGREADY D. KELSO, [redacted]
JAMIE M. KERSTEN, [redacted]
SHELLEY J. KOLLAR, [redacted]
TERESA A. LANGEN, [redacted]
MATTHEW T. LASKY, [redacted]
FREDERICK T. LEWIS IV, [redacted]
CHARLES G. LOFTIS, [redacted]
PETER A. LOMBARDO, [redacted]
RICHARD S. MAFFEO, [redacted]
JOHN T. MANNING, [redacted]
SANDRA A. MASON, [redacted]
CAROLYN R. MCGEE, [redacted]
BRADLEY A. MCGLOIN, [redacted]
MICHELLE L. MCKENZIE, [redacted]
CHRISTINE T. MILLER, [redacted]
ANNE M. MITCHELL, [redacted]
ALICIA A. MORRISON, [redacted]
ELIZABETH B. MYHRE, [redacted]
MARY S. NADOLNY, [redacted]
MARY K. NUNLEY, [redacted]
CATHY J. OLSON, [redacted]
CAROL A. PAPINEAU, [redacted]
SUSAN N. PASCHALL, [redacted]
RUSSELL M. PLEWINSKI, [redacted]
CHRISTOPHER J. PRATT, [redacted]
SABRINA L. PUTNEY, [redacted]
ANN RAJEWSKI, [redacted]
NOEL T. RIVERA, [redacted]
PAMELA J. RONCZKOWSKI, [redacted]
DIANA L. SCHOLTZ, [redacted]
SARAH L. SCHULZ, [redacted]
AMANDA G. SIERRA, [redacted]
SANDRA S. SKYLES, [redacted]
BETSY J. SMITH, [redacted]
HARRY F. SMITH III, [redacted]
VANESSA D. SMITH, [redacted]
DOVIE S. SOLOE, [redacted]
AMY L. SPEARMAN, [redacted]
ANDREW P. SPENCER, [redacted]
CONSTANCE E. STAMATERIS, [redacted]
LISA K. STENSRUD, [redacted]
MICHAEL STIDHAM, [redacted]
JAMES X. STOBINSKI, [redacted]
DANA G. STUARTMAGDA, [redacted]
NANCY L. SWANSIGER, [redacted]
SCOTT C. SWANSON, [redacted]
THOMAS A. SWEET, [redacted]
DAVID A. TAIT, [redacted]
NELIDA R. TOLEDO, [redacted]
KAREN D. TORRES, [redacted]
PAMELA TRAHAN, [redacted]
KATHLEEN TRAINORYATES, [redacted]
CYNTHIA D. TURNER, [redacted]
DICK W. TURNER, [redacted]
BARBARA J. VOTYPKA, [redacted]
CHRISTINE M. WARD, [redacted]
TERESE M. WARNER, [redacted]
MICHELLE S. WILLIAMS, [redacted]
RAYMOND D. WILSON, [redacted]
JULIE L. WISE, [redacted]
HILARY V. WONG, [redacted]
JOAN L. WRIGHT, [redacted]
STAN A. YOUNG, [redacted]

LIMITED DUTY OFFICERS (STAFF)

To be lieutenant commander

JOHN A. BARTELS, [redacted]
GREGORY M. CHAPMAN, [redacted]
ERNESTO B. CORNEJO, [redacted]
ROBYN D. EASTMAN, [redacted]
MILTON W. FRAZIER, [redacted]
KENNETH W. KEARLY, [redacted]
EDGARDO M. LABAO, [redacted]
MICHAEL S. PINETTE, [redacted]
JOHN R. ROGERS, [redacted]
ROBERT E. ZULICK, [redacted]

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVAL RESERVE IN ACCORDANCE WITH SECTION 5912 OF TITLE 10, UNITED STATES CODE.

MEDICAL CORPS OFFICERS

To be captain

ROBERT E. AGUIRRE, [redacted]
GARELD W. ANDERSON, [redacted]
WILLIAM C. BAERTHLEIN, [redacted]
LAWRENCE C. BANDY, [redacted]
WEBSTER C. BAZEMORE, [redacted]
ANN E. BIDWELL, [redacted]
JOHN A. CARAS, [redacted]
ROBERT R. CELLI, [redacted]
JOHN N. CHILDS, [redacted]
WILLIAM A. COMBS, [redacted]
JOSE A. CORNEJO, [redacted]
JAMES M. CRUTCHER, [redacted]
WILLIAM V. CUTHRELL, [redacted]
THOMAS W. DEBECK, [redacted]
ROLANDO P. DULAY, [redacted]
RONALD J. ESCUDERO, [redacted]
DOUGLAS L. EUBANKS, [redacted]
JOHN A. FORNADLEY, [redacted]
MARCIA W. FUNDERBURK, [redacted]
DAVID J. FUNSCH, [redacted]
JESUS R. GARCIA, [redacted]
KENNETH P. GEIL, [redacted]
STEPHAN GREENBERG, [redacted]
DAVID D. HOOD, [redacted]
DAVID B. JONES, [redacted]
STEVEN M. KIEL, [redacted]
RUSSELL A. KURIHARA, [redacted]
WILLIAM H. LAWRENCE, JR., [redacted]
LOUIS W. LESSARD, [redacted]
WILBUR D. LIVINGSTON, [redacted]
CHARLYNN C. MANIATIS, [redacted]
PATRIC R. MCPOLAND, [redacted]
RICHARD T. MEEHAN, [redacted]
WILLIAM S. MILLER, [redacted]
ANTHONY L. MORTON, [redacted]
CLAIBORNE L. MOSELEY II, [redacted]
DONNA S. MULLER, [redacted]
PHILIP J. OPPENHEIMER, [redacted]
NEIL T. PETERSON, JR., [redacted]
CAROL A. PHILLIPS, [redacted]
DONALD E. PICHLER, [redacted]
HARRY G. RAE, [redacted]
DANIEL S. REIFSNYDER, [redacted]
GUILLERMO J. SALAZAR, [redacted]
KATHLEEN Y. SAWADA, [redacted]
DONALD R. SCHAFER, [redacted]
GEORGE E. SKYE II, [redacted]
ROBERT S. SMITH, [redacted]
ROBERT R. TOMPKINS, [redacted]
BRIAN W. WAMSLEY, [redacted]
EDDIE B. WARREN, [redacted]
TIMOTHY B. WATSON, [redacted]
DAVID L. WILKEY, [redacted]
DENNIS A. WILSON, [redacted]

DENTAL CORPS OFFICERS

To be captain

PAUL ALCOBA, [redacted]
GEORGE M. BALACH, [redacted]
BYRON W. BENSON, [redacted]
JAMES S. BIRD, [redacted]
MEDICK M. CAPIRANO, [redacted]
ARTHUR R. JENKINS, [redacted]
FRANK A. JOHNSTON, [redacted]
CHARLES L. KIMBERLY, [redacted]
GARY L. LIVACARI, [redacted]
JACKIE D. NANNY, [redacted]
RADAMEE ORLANDI-ALVAREZ, [redacted]

MEDICAL SERVICE CORPS OFFICERS

To be captain

LARRY A. BENTLE, [redacted]
STEVEN CURL, [redacted]
RONALD S. JULIANA, [redacted]
RICHARD C. MARTINO, [redacted]
DAVID B. MATHER, [redacted]
JEANINE N. O'ROURKE, [redacted]
RAY R. QUINTO, [redacted]
RANDOLPH A. REDPATH, [redacted]
MARSHA A. SCHJOLBERG, [redacted]
CAROL L. SMITH, [redacted]
CREED TAYLOR, JR., [redacted]
ALAN D. WILL, [redacted]
DENNIS P. WOOD, [redacted]

JUDGE ADVOCATE GENERAL'S CORPS OFFICERS

To be captain

WILLIAM H. ARCHAMBAULT, [redacted]
JOSEPH J. CHOVANEC II, [redacted]
KRISTY L. CHRISTEN, [redacted]
THOMAS N. DAVIS, JR., [redacted]
HARRY A. DUSENBERRY, [redacted]
DANTE M. FILETTI, [redacted]
STEPHEN J. FIREOVED, [redacted]
ALFRED J. FRENCH III, [redacted]
PAUL H. GILLIAM, [redacted]
THOMAS P. GROCE, [redacted]
ARTHUR L. HAIZLIP, [redacted]
LEONARD J. HENSON, [redacted]
ROBERT F. HUARD, [redacted]
GORDON D. IVINS, [redacted]
HENRY LAZZARO, [redacted]
DOUGLAS C. LEHMAN, [redacted]
FRANK A. MANFREDI, [redacted]
RICHARD B. MILLER, [redacted]
BENJAMIN J. PIAZZA, JR., [redacted]
ROBERT J. SMITH, [redacted]
KENT N. STONE, [redacted]
ANDREW A. THOMAS, [redacted]
JOSEPH P. TWINING, [redacted]
THOMAS H. VANHOOZER, JR., [redacted]
FREDERICK A. WILD, III, [redacted]
JAMES E. WILLIAMSON, JR., [redacted]
JAMES A. WYNN, JR., [redacted]

NURSE CORPS OFFICERS

To be captain

ANGELA DIGRANDE, [redacted]
KATE G. FELIX, [redacted]
KAREN A. FLAHERTY, [redacted]
KARLA G. HANLEY, [redacted]
KATHY A. HEITER, [redacted]
YUKI KATO, [redacted]
CLAIRE L. KEANE, [redacted]
SANDRA A. MEADOWCROFT, [redacted]
VICTORIA E. MEYER, [redacted]
ANNE T. POWERS, [redacted]
CHRISTINA F. RICKENBACK, [redacted]
JUDITH E. ROCKWELL, [redacted]
MARGARET E. SPATH, [redacted]
SHARON L. SPROWLS, [redacted]
DONNA D. STAIGER, [redacted]
JULIA G. STEVENS, [redacted]
JANICE C. STINSON, [redacted]
MABELLE K. STURM, [redacted]
TOBY A. TURNER, [redacted]
CHRISTINE M. WALSH, [redacted]

SUPPLY CORPS OFFICERS

To be captain

KENNETH J. ADAM, [redacted]
JOHN C. BONIFAS, [redacted]
DOUGLAS W. BROWN, [redacted]
DOUGLAS CHIN, [redacted]
STEVEN M. DREW, [redacted]
CHARLES R. EDWARDS, [redacted]
DAVID J. FALVEY, [redacted]
ELMER S. HARMON, [redacted]
HARRY F. MCDAVID, [redacted]
STEPHEN R. PRICE, JR., [redacted]
WILLIAM D. QUINN, [redacted]
GROVE G. THOMPSON, JR., [redacted]
WILLIAM H. WARREN III, [redacted]
MICHAEL G. WILLOUGHBY, [redacted]

SUPPLY CORPS OFFICERS (TAR)

To be captain

PAUL E. VARNER, [redacted]
BRUCE D. WOOLNOUGH, [redacted]

CHAPLAIN CORPS OFFICERS

To be captain

ANTHONY H. CARPENTER, [redacted]
THOMAS C. KEHAYES, [redacted]

CIVIL ENGINEER CORPS OFFICERS

To be captain

DOUGLAS K. BARBER, [redacted]
RONALD N. BATDORF, [redacted]
JAMES M. BOERNGE, [redacted]
JAMES A. CAULDER, JR., [redacted]
IRWIN R. MARTIN, JR., [redacted]
RICHARD C. MICHEL, [redacted]
GARY R. MINCK, [redacted]

WILLIAM S. PERKINS, [redacted]
ALEXANDER A. ROBERTSON, [redacted]
KURT D. SISSON, [redacted]

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION TO THE GRADE INDICATED IN THE U.S. NAVAL RESERVE IN ACCORDANCE WITH SECTION 5912 OF TITLE 10, UNITED STATES CODE.

MEDICAL CORPS OFFICERS

To be commander

DAVID W. ANDERSON, [redacted]
WILLIAM AUBUCHON, [redacted]
STEVEN D. BERNDT, [redacted]
CHRISTOPHER K. BODINE, [redacted]
DANIEL G. BOSSO, [redacted]
DAVID M. BOWER, [redacted]
RONALD R. BOWMAN, [redacted]
JAMES S. CAIN, [redacted]
JAMES E. CAMPBELL, [redacted]
ROBERT E. CARROLL, JR., [redacted]
CHRISTOPHER A. CLARK, [redacted]
ROBERT P. COLLIGAN, [redacted]
WILLIAM L. DAHUT, JR., [redacted]
JOHN A. DUNCAN III, [redacted]
STEPHEN G. ECKRICH, [redacted]
JEFFREY E. FAABERG, [redacted]
TIMOTHY W. FLEMING, [redacted]
DANIEL S. FOREMAN, [redacted]
CHARLES A. FROSOLONE, [redacted]
BRUCE E. FULLER, [redacted]
PETER G. GERBINO II, [redacted]
JAMES F. GOLDSZER, [redacted]
BRIAN D. HAAS, [redacted]
WILLIAM A. HAMILTON, [redacted]
ADAM L. HARMON, [redacted]
DAVID A. HOLDEN, [redacted]
HILTON O. HOSANNAH II, [redacted]
JOHN C. HOWARD, [redacted]
GEORGE M. HUDSON, [redacted]
DAVID M. JABLONS, [redacted]
SLOBODAN JAZAREVIC, [redacted]
LAWRENCE P. JINDRA, [redacted]
DELMAR F. KAMPE, JR., [redacted]
JON P. KELLY, [redacted]
KUN Z. KIM, [redacted]
JAMES KLEINSCHMIDT, [redacted]
KATHERINE I. KRAUSE, [redacted]
THADDEUS J. KRENSAVAGE, [redacted]
KEVIN W. LANIGHAN, [redacted]
JEFFREY A. LEE, [redacted]
VICTOR D. LENZI, [redacted]
JAMES J. LITYNSKI, [redacted]
JOHN B. MAC CARTHY, [redacted]
JOHN H. MAHON, [redacted]
RICHARD MANNING, [redacted]
MARISOL MARTINEZ, [redacted]
ANTHONY S. MELILLO, [redacted]
THOMAS G. MERRY, [redacted]
JOHN C. MEYER, [redacted]
RADU C. MIHAIL, [redacted]
RUSTY A. MILHOAN, [redacted]
CARLTON D. MILLER, [redacted]
DANIEL L. MILLER, [redacted]
LANCE A. MYNDERSE, [redacted]
CHRISTOPHER NIGHTENGALE, [redacted]
ALLYN M. NORMAN, [redacted]
JOHN A. NOVOTNY, [redacted]
WILLIAM W. O'CONNOR, [redacted]
STEVEN L. OREBAUGH, [redacted]
KENNETH L. PARISH, [redacted]
WILLIAM F.I. POMPUTIUS, [redacted]
ROBERT A. PONTE, [redacted]
THOMAS J. RHODEMAN, JR., [redacted]
JOSEPH L. RICHEY, [redacted]
SHERI L. ROLF, [redacted]
CEDRIC H. SENTER, JR., [redacted]
MARTY W. SHIELDS, [redacted]
WILLIAM H. SOREY, [redacted]
STEPHEN R. STEELE, [redacted]
ROBERT C. STRONG, [redacted]
CHARLES P. STUCKEY II, [redacted]
JAMES A. SWENSON, [redacted]
GREGORY M. TAYLOR, [redacted]
MARK C. THEL, [redacted]
ROBERT M. TRAFELI, [redacted]
DAVID E. TURNER, [redacted]
DAVID E. WELCH, [redacted]
CHARLES D. WHITE, [redacted]
ROBERT B. WILSTERMAN, [redacted]

DENTAL CORPS OFFICERS

To be commander

JOYCE L. AWRAMIK, [redacted]
JOHN M. BARRY, [redacted]
RICHARD W. BERG, [redacted]
ADAM G. BERNHARDT, [redacted]
BARBARA S. BLACK, [redacted]
THOMAS L. BOWERS, [redacted]
THOMAS A. CORWIN, [redacted]
STEVE CROSSLAND, [redacted]
ROBERT L. GEDEON, JR., [redacted]
KENT S. GORE, [redacted]
WILLIAM B. HANN, [redacted]
MARK S. HEGEMAN, [redacted]
SCOTT A. JOHNSON, [redacted]
MICHAEL J. KUCSERA, [redacted]
JOHN P. LABANC, [redacted]
ULYSSES S. MARTIN, JR., [redacted]
JOHN W. MASTERS, [redacted]
BLAINE E. MOWREY, [redacted]
ERIC M. OLSON, [redacted]
LOUISE PEARSON, [redacted]
SCOTT B. PETERS, [redacted]
GARY D. REINHARDT, [redacted]
JOHN K. ROBERTSON, [redacted]
ALVIN R. SAMS, [redacted]
PAUL E. SCHMIDT, JR., [redacted]
THOMAS G. SHAW, [redacted]
ORSURE W. STOKES, [redacted]
DANIEL J. TRAUB, [redacted]
JENNIFER L.L. WANG, [redacted]

MEDICAL SERVICE CORPS OFFICERS

To be commander

THOMAS E. BEEMAN, [redacted]
DAVID S. BURROUGHS, [redacted]
LYNDLE R. BURTON, [redacted]
JAMES E. CAMPBELL, II, [redacted]
FRANKLIN B. CARVER, [redacted]
ROBERT L. CATHEY, [redacted]
JOAN T. CHRZAN, [redacted]
TIMOTHY J. CHURCHILL, [redacted]
CELINDA R. CREWS, [redacted]
STEVEN J. DWINE, [redacted]
HERBERT M. FALCONER, [redacted]
RICHARD I. FREDERICK, [redacted]
MICHAEL C. GARCIA, [redacted]
GERALD D. GIBB, [redacted]
DONALD R. GINTZIG, [redacted]
JAMES B. GOEBEL, [redacted]
SHERRI M. GOLDMAN, [redacted]
CHARLES D. KIMSEY, JR., [redacted]
RONALD O. KIRKPATRICK, JR., [redacted]
MICHAEL J. KIRSCHNER, [redacted]
EDWARD C. KLEITSCH, JR., [redacted]
LAWRENCE T. LEONE, JR., [redacted]
CHARLES C. LEWIS, [redacted]
ADRIEL LOPEZ, [redacted]
DAVID P. MATTHEWS, [redacted]
DAVID J. MISISCO, [redacted]
DIANA L. MITTSCARCAVALLO, [redacted]
DAVID C. NEILL, [redacted]
CLYDE L. PARKIS, [redacted]
LAWRENCE J. PARRISH, [redacted]
ROBIN F. PASLEY, [redacted]
DIANA L. PRESSLEY, [redacted]
LEE R. RAS, [redacted]
CATHY J. SHULER, [redacted]
JANICE M. STACY, [redacted]
JIM W. TISHER, [redacted]
PETER P. TONG, [redacted]
VIRGINIA M. TORSCH, [redacted]
DAVID A. WHALEN, [redacted]

JUDGE ADVOCATE GENERAL'S CORPS OFFICERS

To be commander

ERNESTO G. AMPARO, [redacted]
PAMELA L. ARANGNOTRIMMER, [redacted]
DAVID B. AUCLAIR, [redacted]
MATTHEW E. AUGER, [redacted]
EDWARD C. BERDICK, [redacted]
DANIEL R. BROOKS, [redacted]
JIMMIE L. J. BROWN, JR., [redacted]
PAUL F. CAGINO, [redacted]
LARRY H. COLLETON, [redacted]
ADA N. CROOM, [redacted]
MICHAEL A. DAVENPORT, [redacted]
DENNIS A. DONCHAK, [redacted]
JANET R. DONOVAN, [redacted]
STANTON D. ERNEST, [redacted]
BRIAN L. ERNST, [redacted]
GENEVIEVE M. FAHERTY, [redacted]
DOUGLAS R. FOLKERT, [redacted]
OTIS K. FORBES III, [redacted]
BRUCE F. FRASER, [redacted]
THOMAS J. FUCILLO, [redacted]
DEBRA F. GAMBRILL, [redacted]
TERRY C. GANZEL, [redacted]
WILLIAM S. GARNER, JR., [redacted]
DANIEL J. GLARY, [redacted]
MICHAEL W. S. HAYES, [redacted]
JAMES HOHENSTEIN, [redacted]
WILLIAM A. HOUGH III, [redacted]
ROBERT B. HUG, [redacted]
MICHAEL F. HUGHES, [redacted]
DAVID C. IGLESIAS, [redacted]
FRANKLIN V. JENSEN, [redacted]
STEPHEN H. JOHNSON, [redacted]
JOHN D. KARAGOUNIS, [redacted]
DELORA L. KENNEBREW, [redacted]
VICTOR M. LAMPASSO, [redacted]
LOUIS H. LANG, [redacted]
TIMOTHY P. LENES, [redacted]
ALEXANDER M. LUDLOW, [redacted]
PHILIP A. MAC TAGGART, [redacted]
HAROLD G. MURRAY, [redacted]
PRISCILLA M. RAE, [redacted]
JAMES R. REDFORD, [redacted]
EDWARD J. REGAN, [redacted]
HAROLD D. REGISTER, JR., [redacted]
RONALD RINGO, [redacted]
FRANK B. ROBARDS III, [redacted]
BRADFORD H. ROBERTS, [redacted]
HERMAN H. ROSS, [redacted]
RANDALL D. RUSSELL, [redacted]
STEPHEN R. SARNOSKI, [redacted]
TIMOTHY P. SCEVIOUR, [redacted]
ANNETTE SMITH, [redacted]
KEVIN R. SMITH, [redacted]
STEVEN A. STRUHAR, [redacted]
KATHLEEN K. THOMPSON, [redacted]
JOSEPH J. VELLING, [redacted]
RYAN M. WILSON, [redacted]
ARENDA L. WRIGHTALLEN, [redacted]

NURSE CORPS OFFICERS

To be commander

LYNN P. ABUMARI, [redacted]
ESTHER K. ALEXANDER, [redacted]
ANTOINETTE L. ANDERSON, [redacted]
JEAN C. BAILEY, [redacted]
DIANE C. BAUGHMAN, [redacted]
JOAN M. BEARD, [redacted]
BENNETT V. BOCCUZZI, [redacted]
LEE M. BRIDGEWATER, [redacted]
JUDITH A. BROOKS, [redacted]
JOAN M. CEBATORIS, [redacted]
ANDREA M. CENSKY, [redacted]
ARLENE E. CHRISWELL, [redacted]
SALLY A. COMER, [redacted]
MAUREEN A. CONNERS, [redacted]
ROBERT CONTINO, [redacted]
MARY T. COUNTS, [redacted]
CATHERINE W. COX, [redacted]
ARTHUR B. DAVIES IV, [redacted]
PAMALA K. DEAL, [redacted]
FLORENCE E. DEANER, [redacted]
CATHERINE U. DISCHNER, [redacted]
ELLEN M. DUVALL, [redacted]
MARY A. EASLEY, [redacted]
KATHLEEN T. EGGERT, [redacted]
DEBRA A. ELLIOTT, [redacted]
ROBYN F. ELSNER, [redacted]
DEBORAH L. ENIS, [redacted]
GENEVIEVE FITZPATRICK, [redacted]
DEBRA S. FLOYD, [redacted]
MARJORIE A. FONZA, [redacted]
MARYBETH O. FRAZER, [redacted]
NANCY H. GILMAN, [redacted]
NORMA J. GRENFELL, [redacted]
NANCY E. GRIFFIS, [redacted]
CAROLYN A. GUENVEUR, [redacted]
JOANN C. HACKLEY, [redacted]
LINDA C. HALE, [redacted]
JONI R. HALL, [redacted]
DORIS V. HANNA, [redacted]
CAROLYN B. HARGROVE, [redacted]
SHEILA A. HIGGINS, [redacted]
KENNETH L. HUFFMAN II, [redacted]
THERESA L. KAISER, [redacted]
VIRGINIA N. KELLER, [redacted]
LAURETTA A. KOENIGSEDER, [redacted]
DIERDRE A. KRAUSE, [redacted]
BERNADETTE A. LANDOWSKI, [redacted]
JANICE C. LEONARD, [redacted]
MARY J. LYONS, [redacted]
KIMBER D. MARTIN, [redacted]
DIANE G. MARVIN, [redacted]
SUSAN D. MC CONNELL, [redacted]
PATRICE M. MOORE, [redacted]
SANTA B. MUCKLOW, [redacted]
MARY M. MURPHY, [redacted]
LEE A.B. POWELL, [redacted]
NANCY L. RAMIREZ, [redacted]
SALLY M. RAPPOLD, [redacted]
CARLA A. REDIFER, [redacted]
SILVANA F. RICHARDSON, [redacted]
LAURA L. RIDDLE, [redacted]
KATHERINE L. RUSSELL, [redacted]
MARGARET A. RYKOWSKI, [redacted]
JULIA H. SAUVE, [redacted]
NANCY E. SHANK, [redacted]
LAURIE C. SHEPPARD, [redacted]
SHARON L. SIMS, [redacted]
DIANA K. SMITH, [redacted]
JANICE A. SMITH, [redacted]
KAY B. STEPLER, [redacted]
KENNETH R. STIGEN, [redacted]
SARA E. TORRES, [redacted]
PATRICIA TRUJILLO, [redacted]
BARBARA A. TUBBESING, [redacted]
GLORIA J. TURNER, [redacted]
MARY A. WALKER, [redacted]
LOUISE C. WASZAK, [redacted]
S.M. WATKINS, [redacted]
DIXIE L. WEBB, [redacted]
CARON L. WEST, [redacted]
NANCY A. WHITE, [redacted]
THOMAS A. WILSON, [redacted]
PATRICIA M. WURGLER, [redacted]
SUSAN YOKOYAMA, [redacted]

SUPPLY CORPS OFFICERS

To be commander

STEVEN R. ANDERSON, [redacted]
JESSIE BARLOW, [redacted]
ROBERT B. BODENSCHATZ, [redacted]
SAMUEL L. BOGLE, [redacted]
HARRY P. BURRIS, [redacted]
DENNIS P. COBURN, [redacted]
RONALD D. CONRAD, [redacted]
CRAIG CURTIS, [redacted]
ROBERT C. DOWELL, [redacted]
STEPHEN A. ETHRIDGE, [redacted]
RUSSELL E. FINK, [redacted]
KAREN S. GREGORY, [redacted]
RICHARD A. GUERNSEY, [redacted]
ALAN L. GUNN, [redacted]
BRADLEY G. GUTCHER, [redacted]
BRUCE A. HANSBROUGH, [redacted]

DEBORAH D. HELLER, [redacted]
DALE R. HOCKENBERRY [redacted]
CALVIN L. HOWARD, [redacted]
VALERIE K. HUEGEL [redacted]
KATHLEEN JENSEN [redacted]
STEVEN M. JONES [redacted]
JAMES R. KENNEDY III [redacted]
MICHAEL G. KREBS [redacted]
JAMES D. LAWSON [redacted]
JOHN J. LEDVINA [redacted]
GORDON R. LIVINGSTON [redacted]
GARY R. MACK [redacted]
MICHAEL S. MCGRATH [redacted]
MARGARET METZGER [redacted]
ROBERT H. MILBURN, JR. [redacted]
KENNETH T. MIRE [redacted]
JAMES J. MOCZARNY [redacted]
RUDDIE D. PUTMAN [redacted]
SHEILA B. RAUSCH [redacted]
PATRICIA E. SAKOWSKI [redacted]
RANDALL L. SENF [redacted]
TYLER D. SERVIES [redacted]
BARBARA M. THIBADEAU [redacted]
ROBERT D. TRICE [redacted]
CHERYL A. D. UPTON [redacted]
RICHARD M. VERY [redacted]
GARY M. VOLZ [redacted]
LARRY D. WALLACE [redacted]
THOMAS E. WELKE [redacted]
RICHARD R. WHITE [redacted]
RONALD W. WHITE, JR. [redacted]
PHILIP H. WRIGHT [redacted]

SUPPLY CORPS OFFICERS (TAR)

To be commander

JACK E. CLOUD, JR. [redacted]
RICK A. FORSYTHE [redacted]
LEE C. HENWOOD [redacted]
GLEN A. KOHLHAGEN [redacted]
JAMES T. ROSS [redacted]
MARK J. SAKOWSKI [redacted]

CHAPLAIN CORPS OFFICERS

To be commander

RICHARD J. CARRINGTON, JR. [redacted]
CHARLES E. CROSBY [redacted]
DANIEL E. DEATON [redacted]
JOHN M. HACKWORTH [redacted]
ROBERT J. HOEM [redacted]
DEBORAH A. JETTER [redacted]
FRANK P. LIERSEMANN, JR. [redacted]
JOSIAH A. MAULTSBY III [redacted]
TERRY L. PLETKOVICH [redacted]
ROBERT L. RICHARDSON [redacted]
PAUL G. ROBICHAUD [redacted]
CHARLES D. SHOAFF [redacted]
PHILIP E. SUMRALL [redacted]
LAUGHTON D. THOMAS [redacted]
THOMAS L. TODD [redacted]
JACK K. UNANGST, JR. [redacted]

CIVIL ENGINEER CORPS OFFICERS

To be commander

KENNETH C. ALEXANDER, [redacted]
THOMAS P. ALLAN, [redacted]
HARLAN H. CHAPPELLE [redacted]
KENNETH L. COWAN, [redacted]
JOHN M. GENT, [redacted]
FRANCINE M. GOMES, [redacted]
MICHAEL N. GUSSIS [redacted]
RICKY K. HERMAN, [redacted]
TERRENCE R. HUXEL [redacted]
CHRISTOPHER W. JENNISON, [redacted]
DEAN E. KOEPP, [redacted]
RONALD E. LONGSHORE, [redacted]
MICHAEL T. MCCOY, [redacted]
STEVEN M. MILLER, [redacted]
JEFFREY D. PARADEE [redacted]
MICHAEL J. PRICE, [redacted]
ANDREW S. SANCHEZ [redacted]
DARREL B. SISK, JR. [redacted]
THOMAS J. SPENCER, [redacted]
ROBERT A. WEENINK [redacted]
SCOTT A. WEIKERT [redacted]
DOUGLAS A. WOLFE [redacted]

LIMITED DUTY OFFICERS (STAFF)

To be commander

JEROME J. SQUATRITO, [redacted]

SENATE—*Wednesday, September 4, 1996*

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, our loving Heavenly Father, thank You for Your gracious care of each of us. Your loving hand is upon us seeking to assure us and direct our steps. Help us to be sensitive to every guiding nudge of Your direction. We face great challenges and even greater opportunities. Help us to be positive, creative thinkers today. Keep us from quickly making up our minds and then seeking Your approval for our decisions and actions. We do not have all the answers, so give us a spirit of true humility that constantly seeks to apply Your truth to the issues before us. Save us from the frustration and exhaustion of rushing up self-determined paths without Your guidance. Give us insight to see Your path and the patience and the endurance to walk in it with our hands firmly held by Yours. You have promised never to leave or forsake us, so we walk on with hope in our hearts. In the name of the Way, the Truth, and the Light. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT, is recognized.

Mr. LOTT. I thank the Chair.

SCHEDULE

Mr. LOTT. For the information of all Senators, this morning the Senate will resume consideration of the VA-HUD appropriations bill. There is a pending committee amendment which I understand will need a short-time limitation for debate prior to a vote. I hope we will reach a consent agreement shortly with respect to that amendment so that all Members can be notified as to when the first rollcall vote can be expected.

Additionally, I ask for the cooperation of all Senators who have amendments to this measure, to be available during the day so that we may dispose of those amendments and complete action on the VA-HUD appropriations bill during today's session. Also, the Senate may consider a resolution regarding the current situation in Iraq. Therefore, Senators should be prepared for rollcall votes throughout the day. As a reminder, the Senate will recess between the hours of 12:30 and 2:15 for the weekly policy conferences to meet.

Mr. President, I do wish to commend the distinguished Senator from Maryland for her work yesterday. I know she and the chairman of the subcommittee, the Senator from Missouri [Mr. BOND], did some preliminary statements and disposed of some work that could be accomplished, and that is very positive. I appreciate their time.

I think it is only fair and respectful of the two leaders of this subcommittee that the Members come over here and offer their amendments and let us do our work. I hope that the two Senators who have worked so hard on this good legislation do not have to stand here and look at each other without some action taking place. As pleasant as that may be, I know instead they would like to be dealing with Senators who have legitimate amendments that may be offered.

I understand there are three or four serious amendments that have to be offered and debated and probably voted on. Some others hopefully can be worked out. But we must keep our eye on the ball. The thing that we have to get done this week and for the next couple of weeks is these appropriations bills. It is the Senate's responsibility. Right after this bill, we will go in short order to Interior appropriations and then Treasury-Postal Service next week, and hopefully then I guess the Commerce-State-Justice appropriations bill, and finally Labor-HHS.

It is my intent, with the cooperation of the Democratic leader and all of our colleagues, to get through all of these appropriations bills in an expeditious manner. In order to do that, we are not going to be able to bring up a lot of other bills that do not have very tight time agreements, maybe not even if they do have time agreements. Until we complete these appropriations bills, I am going to do everything I can to limit the distractions, including issues that may cause us to start tangling with each other unnecessarily, so that we can hopefully have a spirit of cooperation and dedication in getting this work done.

I want to reiterate what I read in my opening statement. We did not get a response until 6:30 Monday afternoon in terms of some language perhaps that we could work out on the Iraqi situation. The appropriate Senators now are involved. Staff members are working. We hope we can get something worked out. We cannot give 2, 3, 4 hours to a resolution of this nature. Hopefully, we can come to something that is agreed to and bipartisan, and we can just have a vote that would be unanimous and move forward. But I am working in good faith to try to accomplish that.

I want to plead again to Senators. Come on over and do the work. These two Senators were jerked around considerably before the recess because they were ready to go, and we indicated that we were going to go to their bill before the August recess. We did not get to it. But now we are here, and they are doing good work. Let us give them our cooperation and get this bill done.

Mr. President, I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Maryland.

Ms. MIKULSKI. I thank the majority leader for his very kind words about the way we have tried to move the bill. We, too, urge our colleagues to come over, particularly those who now have an amendment that they wish to bring to the floor. We were open for business yesterday, did 4 hours of very good, yeoman work. I think both sides of the aisle want to move the bill. We would like to concentrate on the major amendments, space station and veterans health care, and if others would just come over and discuss them with us, we believe we can iron some of them out and move ahead.

I thank the leader.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER. Under the previous order, leadership time is reserved.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 3666, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Bond amendment No. 5167, to further amend certain provisions relating to housing.

Mr. LOTT. Mr. President, I observe the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

The assistant legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, I think the parliamentary situation in which we find ourselves is this particular provision dealing with the Bion Program in NASA was included in the House bill. The committee amendment struck the House prohibition on those activities.

So, procedurally, the people who want to maintain the amendment will, after discussion, move to table the committee amendment, which is, I believe, the pending business. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BOND. Therefore, we can begin the discussion whenever the proponents wish. The tabling motion will come at the end of the discussion. We would like to make sure that everyone who wants to be heard on this issue has an opportunity. We do not yet have a time agreement. We talked about 2 hours last night. I would like to know from the proponents, and will be discussing with them, how much time we need. There are some on our side who wish to maintain the amendment.

I hope we can wrap up the debate in fairly short order this morning and then move to the tabling motion. But I reserve my comments on the issue until those who are proponents have an opportunity to present their views.

Ms. MIKULSKI. I think that is a very good way to proceed. Hopefully, we can conclude this before 11:30 and then be able to move to the Iraqi amendment, so when we come back after the conference we can dispose of both of those and be then ready to continue to move the bill. That is kind of the way I see it.

Mr. BOND. I thank the ranking member for her very helpful suggestions. My view is we are now open for business for the next hour or so. We could have a very spirited debate on this important issue, and I hope then we will be in a position to resolve it.

I ask my colleague from New Hampshire if he is ready to proceed. If so, I will yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

EXCEPTED COMMITTEE AMENDMENT ON PAGE 104, LINES 21–24

Mr. SMITH. Mr. President, the pending amendment is a committee amendment to strike the language in the bill, as the Senator from Missouri has just indicated, that prohibits funding from being used for the so-called Bion 11 and 12 missions. The amendment will prevent the waste of approximately $15.5 million on wasteful research involving sending Russian primates into space. Let me repeat that, because one may wonder why we are spending money to send Russian primates into space. I wonder that myself, but that is what we are talking about. What we are trying to do is prevent the waste of $15.5 million of taxpayer money involving research—and it is wasteful research—sending Russian primates into space.

I would also like the record to reflect that Senators FEINGOLD, HELMS, KERRY of Massachusetts, D'AMATO, and BUMPERS have joined me in opposition to funding for this Bion Program. It is a bipartisan group of Senators, as you can tell, crossing the whole political spectrum. I believe Senator FEINGOLD will be speaking on the issue, if not others.

Just so there is no confusion, the language before the Senate passed the House by an overwhelming vote of 244 to 171. It appears on page 104 of the Senate bill. It reads as follows:

> None of the funds made available in this act for the National Aeronautics and Space Administration may be used to carry out or pay the salaries of personnel who carry out the Bion 11 and 12 projects.

The pending committee amendment strikes this language. This is what we object to. I want to say at the outset, it is very important, I spent almost 6 years on the Science and Technology Committee in the House of Representatives before I came to the Senate. On that committee I do not think there is anyone who was a stronger supporter of NASA or the space program. I continued that support in my time in the Senate. This is not, and I want to make it very clear, it is not a NASA-bashing amendment. I am not asking these funds be taken out of NASA. I am just asking they not be spent on this particular project, the Bion project.

So let me make it very clear. This Senator has offered a number of amendments in the past to cut spending, and I am proud of them, but that is not what this is. I am not trying to take the money from NASA. I am trying to stop NASA from wasting money that NASA probably could find good use for in some other way.

I had hoped the committee would retain the Bion language, given that it passed the House by a majority of 73 votes. I felt it was reasonable that that language be retained. Frankly, I am disappointed it was not. We had 147 Republicans and 96 Democrats on the House side who supported the amendment to eliminate that funding.

There has been a great deal of criticism of the program from a wide variety of groups: the science community—it is interesting—the science community; not all in the science community, but many; taxpayer groups, those who wish to save tax dollars; animal welfare organizations; and, as well, interestingly enough, from people who had the courage to speak up inside NASA. So when we have NASA people, people within the science community, animal rights organizations, and taxpayer groups all together on an issue, I think it is worth the Senate's time to look at it very carefully.

This letter is from Tom Schatz of Citizens Against Government Waste, which strongly supports this amendment. He says here, this vote will be considered for inclusion in their 1996 congressional ratings. This is a group I have come to deeply respect because they have the knack for finding the most egregious examples of waste in the Federal bureaucracy. It is a very good group. Most Senators here are aware of this group and the very good job they do.

Mr. Schatz is very specific in his letter. I ask unanimous consent this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

> DEAR SENATOR: On behalf of the 600,000 members of the Council for Citizens Against Government Waste (CCAW), I urge you to support the efforts by Sens. Smith (R-N.H.) and Feingold (D-Wis.) to eliminate funding for two Bion missions in the FY 1997 Veterans' Affairs, Housing and Urban Development, and Independent Agencies Appropriations bill (H.R. 3666). By eliminating this unnecessary program, taxpayers could save as much as $15.5 million.
>
> These missions, known as Bion 11 and 12, are joint U.S./Russian/French flights scheduled for September 1996 and July 1998. The Russians will send Rhesus monkeys into space for 14 days so that scientists can study the effects of microgravity on the body. According to the Congressional Research Service, Russia has been executing these missions since 1973, and NASA has participated in the last eight, beginning in 1975. A variety of experiments on rodents, insects, and primates have been performed for the U.S. in the 17 years between 1975 and 1992, the date of the last Bion mission.
>
> Data from the seventy-five successful Space Shuttle flights or long-term stays by Russian cosmonauts, such as Valery Polyakov's 439 day flight, could more accurately and less expensively provide the information scientists need to study these effects. In fact, NASA has performed several of its own experiments on monkeys, including two shuttle missions. If NASA feels that it is necessary to do further study on the matter, they only need ask astronaut Shannon Lucid how she feels when she returns from the Mir Space Station. Tax dollars should not be spent on duplicative and wasteful programs.
>
> During consideration of H.R. 3666, the House supported an amendment to eliminate funding by a solidly bipartisan vote of 244–171. The Senate must also reject this funding. We urge you to support Sens. Smith and Feingold and kill this program at once. Any vote on this program will be considered for inclusion in the CCAGW 1996 Congressional Ratings.
>
> Sincerely,
>
> THOMAS A. SCHATZ,
> *President.*

Mr. SMITH. I will quote from the letter just a couple of lines:

> On behalf of the 600,000 members of the Council for Citizens Against Government Waste, I urge you to support the efforts by

> Sens. Smith and Feingold to eliminate funding for two Bion missions in the FY 1997 Veterans' Affairs, Housing and Urban Development, and Independent Agencies Appropriations bill (H.R. 3666). By eliminating this unnecessary program, taxpayers could save as much as $15.5 million.

He goes on to say what these missions are.

> These missions known as Bion 11 and 12 are joint U.S./Russian/French flights scheduled for September 1996 and July 1998. The Russians will send Rhesus monkeys into space for 14 days so that scientists can study the effects of microgravity on the body. According to the Congressional Research Service, Russia has been executing these missions since 1973, and NASA has participated in the last eight, beginning in 1975. A variety of experiments on rodents, insects, and primates have been performed for the U.S. in the 17 years between 1975 and 1992, the date of the last Bion mission.

In addition, Mr. Schatz goes on to say:

> Data from the seventy-five successful Space Shuttle flights or long-term space by Russian cosmonauts . . . could more accurately and less expensively provide the information scientists need to study these effects. In fact, NASA has performed several of its own experiments on monkeys, including two shuttle missions. If NASA feels it is necessary to do further study on the matter, they only need to ask Shannon Lucid how she feels when she returns from the Mir Space Station. (She has been up there several months.) Tax dollars should not be spent on duplicative and wasteful programs.

That is the end of the information from that letter. It is amazing that NASA would ask the taxpayers of the United States, or this committee, bringing this bill to the floor, would ask the taxpayers of the United States to spend $15.5 million to put monkeys in flight for 14 days to find out what effect space has on those monkeys in 14 days when we put human beings in space for 469 days. If there is anyone listening to me or anyone, a Member of this body, who can tell me how that money is well spent, I would like to hear from them. Again, let me repeat, putting monkeys in space for research for 14 days to find out the effects on the body when we send human beings in space for 469 days—can somebody help me? I am sending out the alert here.

Mr. President, this is one of the best examples that I have seen in my entire congressional career of a case of a program that began with good intentions that has outlived itself, because you see, many, many years ago when we started this, astronauts were not the first in space, primates were. We were obviously trying to find out the effects of the future human beings who were going to be in space. Well, that is past; that is over. But, O my God, let's not cut a Government program. Whatever we do, let's keep it going, let's keep it funded, let's not get rid of any bureaucrats who might be doing research we do not need to do. My goodness, we certainly would not want to do that, but that is exactly what the situation is here, Mr. President. This is outrageous. It is outrageous. There is no need for it, and, yet, we are doing it.

I also have a letter cosigned by Mr. Schatz and Ralph De Gennaro of Taxpayers for Common Sense, another antiwaste group that has done excellent work on this issue.

Mr. President, I said it is estimated that this amendment would prevent the waste of 15.5 million taxpayers' dollars by prohibiting funding of these two projects, Bion 11 and Bion 12, which involves sending primates into space. The Bion 11 mission is scheduled for liftoff this month, with Bion 12 in 1998.

Russian-owned rhesus monkeys would be launched from Kazakhstan in Russian capsules loaded with Russian technology for 2 weeks to study the effects of weightlessness. I say to my friends, the Senator from Maryland and the Senator from Missouri, who I know care about wasting taxpayers' dollars, 14 days in space for rhesus monkeys to determine the effects of weightlessness on the human body when we have human beings in space for 469 days? Please, give me a break. Save $15.5 million. The House said so. Let's be reasonable.

I realize that some are going to suggest this is still important. I am waiting to hear how someone can tell me that it is. NASA has already conducted five similar missions using primates as test subjects, as well as two shuttle missions dedicated to studying the effects of gravity on humans. Shuttle mission spacelab life sciences 1 and 2 focused on the effect of microgravity on astronauts in 1991 and 1993. Five United States-Russian ventures in the eighties and early nineties sent primates into space to research the same subject. It is bad enough the Russians are doing it. Why do we have to do it? I know there are a lot of people in my State of New Hampshire who would love to have that $15.5 million, a lot of needy people, people who do not have enough money for fuel in the winter—that is coming on us—or perhaps helping some small business get started and create more jobs.

This is not an anti-NASA amendment. This is a commonsense amendment, and the taxpayers group says they are going to rate this one, and they should, they absolutely should. I am glad they are doing it, because this is an outrageous waste of taxpayers' money.

I know year after year, we do see anti-NASA amendments. We always have one from the Senator from Arkansas cutting the space station, and I oppose it every time because I support the space station. I oppose that amendment because I support the space station. I have always voted against these amendments to cut NASA or to cut the space station.

As I mentioned, I was a member of the Science, Space and Technology Committee in the House of Representatives for 6 years. I was a member of the Congressional Space Caucus and the Republican task force on space exploration. So I come at this not anti-NASA, and every person in the space agency who has worked there for any period of time knows this. They also know that this project is a waste of money.

I coauthored NASA authorization bills. In fact, I wrote language providing for the National Weather Service to conduct pH monitoring to provide the public with access to information about the acidity of rainfall. I cosponsored a resolution urging support for the space station budget and have consistently voted against efforts to cut the space station. I cosponsored legislation to promote space commercialization.

This is a pro-NASA amendment. That is what this is. This is a pro-NASA amendment because it is going to provide $15.5 million for something worthwhile. Taxpayers deserve to have their money spent wisely. They work hard to pay taxes to the Federal Government, and they deserve to have that money spent, not only wisely but reasonably.

(Mr. BROWN assumed the chair.)

Mr. SMITH. Mr. President, if you want to cast a NASA bashing vote, then this amendment is not the amendment for you, because that is not what this is. This amendment, this $15 million comes right out of important NASA programs like the space station and the space shuttle. But if you are like me and you are excited about the advances we are making in space exploration, you ought to vote to eliminate this kind of waste and provide it in areas where the space program could use the money. Every nickel we spend on the Russian Bion program is money that would have been spent on important United States space priorities. Every nickel.

For example, we could divert this money to speed up the development of Lockheed Martin's Venture Star, the new X-33 single-stage reusable reorbit launch vehicle. The cost of this project will be about $1 billion through the year 2000. This is exciting, revolutionary technology, and it represents precisely the kind of innovation that I am talking about and precisely the kind of innovation that the American people expect out of their space program, which will create millions of jobs in the 21st century.

Furthermore, in the Venture Star Project, we will have a public-private partnership that helps ease the financial burden on the taxpayer. I am told that the estimated cost of sending payloads into space on the Venture Star will be approximately $1,000 per pound, compared with a $10,000 per pound cost on the space shuttle. A tremendous savings.

This $15 million could be used to accelerate the development of technology that will truly benefit our knowledge of space and enhance the competitiveness of the U.S. industry.

Mr. President, we all know how a program takes a life of its own. There has never been an example, as I said before, in all of my years in Congress that is a more egregious example of this exact fact: a program that went beyond what it was supposed to do and yet it continues because no one wants to pull the plug, because somebody is getting some research dollars to do this, somebody is tending the cages of the animals, somebody is making the money, getting a salary somewhere, so God forbid we should cut off a program.

I know that the current occupant of the chair, the Senator from Colorado, has joined me on many occasions in cutting spending. I say to the distinguished Senator that this is an example of the kinds of things that he has fought for for so many years in the House and in the Senate. Again, a program to find out the effects of weightlessness on human beings by putting primates in space for 14 days. We now have humans in space for over 400 days, and we still have the program. I repeat that because I know the distinguished occupant of the chair came in after my comments. I want to be sure he heard them because I need his vote on this issue.

The Bion Program is this kind of program. It has outlived itself. Let me give you a historical perspective. Let me read from a 1969 letter to Senator Peter Dominick, whose constituents at the time objected to NASA monkey experiments identical to Bion. NASA stated:

> The purpose of the biostat light mission is to determine the effects of prolonged exposure to the space environment, including weightlessness on the central nervous system, the cardiovascular system, metabolism and the behavior of a primate.

That was 1969. Thirty years later, almost, NASA still makes the same argument for the program even though humans have gone to the Moon and spent more than 400 days in space at one time. Shannon Lucid is there now, and has been there a lot longer than 14 days.

According to a July 11, 1995, article in the New York Times, more than 300 American and Russian astronauts have logged a total of 38 years in space since Yuri Gagarin in 1961 became the first person to ride a rocket into orbit. Think of that. More than 300 American and Russian astronauts have logged a total of 38 years in space since Gagarin in 1961 became the first person. Yet we still have to send primates into space for 14 days to determine the effects of weightlessness on the central nervous system? And 38 years of time in space by humans. But the project continues.

Why should we waste $15 million on a Russian project that is dedicated to an area of research that American scientists have already examined on seven previous missions? I do not know. Who knows? Nobody wants to pull the plug on the program. We do not want to offend the Russians? I do not know. We do not want to offend the French? I do not know, and I do not care. My responsibility is not to the French, it is not to the Russians. It is to the taxpayers. It just does not make sense. What are we going to learn?

Please, somebody, tell me what we are going to learn 15 million dollars' worth of new information on these two 14-day flights. The bill before us cuts NASA's budget for 1997 by almost $200 million below last year's funding level. When I say "cut," I do not mean it in President Clinton's terms where we increase a program by billions of dollars and call it a cut. That is the President's language. We have been through that with Medicare and Medicaid where we increase a program by 25 to 42 percent and it is called a cut.

This is a real cut, Mr. President. In simple math in 1996 we spent $13.9 billion on the NASA budget. This year we spent $13.7 billion. So we are going down. And yet we still waste this kind of money. I am not arguing the need to cut the budget in light of our $5 trillion debt. But if there is anything I hear consistently from my constituents back home is they want us to start with waste, start with waste. Cut out the waste, the fraud, the mismanagement and then we can look at other programs that we may have to cut to get the job done but, for goodness sakes, start with the most outrageous, egregious waste of taxpayer dollars.

As one who is unabashedly a strong supporter for the NASA program, who is looking forward to the development of a new and exciting technology in the space program, who is looking forward to space exploration and the space station and all the positive spinoffs we will get, who is looking forward to the jobs that are being created, I would hate to see this money wasted on controversial and outdated research that reflects poorly on the agency. And it does. It reflects poorly on the agency.

Somebody in management somewhere did not have the courage to tell somebody they no longer had to attend those primate cages or whatever they do or get any more money. Somebody did not have the courage to tell them or to move them to some other position. So here we go. This is going to reflect poorly on NASA. It reflects poorly on NASA.

The Senate has an obligation to stop it just like the House did, Mr. President. I would like to share with my colleagues an article from the Washington Post on August 30, 1996, entitled, "Reducing Force a Bad Idea, Space Center Director Says." Mr. President, I ask unanimous consent that article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 30, 1996]

REDUCING FORCE A BAD IDEA, SPACE CENTER DIRECTOR SAYS—MULTIPLE PROBLEMS PREDICTED FOR KENNEDY FACILITY

(By Seth Borenstein)

CAPE CANAVERAL.—Plans for a smaller work force at Kennedy Space Center will lead to hundreds of layoffs in two years and leave the center unable to do everything NASA expects of it, the center's director said in a letter to his bosses.

A dozen different types of work at Kennedy—including some safety inspections—can't be done if the center's civil service work force is cut to 1,445 as planned in October 1998, Director Jay Honeycutt said in an Aug. 7 letter. There are more than 2,100 federal workers at the space center.

A total of 547 people would have to be laid off as of Oct. 1, 1998, if the employment target doesn't change, Honeycutt wrote. In the past, Honeycutt had said layoffs might be avoided.

"The reduction predicted in . . . [the 1999 fiscal year] effectively removes all but direct mission operations support as of Oct. 1, 1998," Honeycutt wrote. "I do not feel this is a prudent approach for the center . . . or the agency."

In his letter, Honeycutt noted that the cuts would come just as the space center begins overseeing massive upgrades to the space shuttle and getting pieces of NASA's space station ready for launch.

Honeycutt said the 1,445-employee figure that NASA wants to impose on the center was based on it becoming a government-owned, contractor-run facility—an approach that has been heavily changed by NASA officials since it was announced in May 1995.

NASA plans to shrink the center's government work force even further by October 1999, though be less than originally planned. The agency had set a target of 1,135 workers for Oct. 1, 1999, but in late July NASA's deputy administrator wrote the General Accounting Office to say the revised target would probably be 1,360.

Honeycutt sent his letter to top space flight officials at NASA headquarters and Johnson Space Center.

The letter was part of a private, ongoing dialogue between the space center and Washington about staffing levels, but it became public Monday on an Internet computer site devoted to upcoming layoffs at the space agency, spokesman Hugh Harris said.

Harris confirmed the letter on the non-NASA World Wide Web site had been written by Honeycutt. He wrote that cutting the civil service work force to 1,445 would, among other things:

Leave NASA unable to monitor the safety and quality of contractors' work.

Make it impossible for the government to conduct safety inspections of certain facilities.

Force the center to discontinue independent safety studies called for by the federal commission that investigated the 1986 Challenger explosion.

Bring a halt to shuttle upgrade work beyond 1998.

Prevent the space center from making technological improvements that would cut shuttle launch costs and save NASA money in the long run.

If the current work force target for October 1998 isn't changed, "KSC's core engineering skills, [and] technical expertise . . . are seriously eroded," Honeycutt wrote.

Outsiders said Honeycutt's letter was a serious action for a center director to take.

"After awhile you stop being overly polite," said Seymour Himmel, a member of the Aerospace Safety Advisory Panel who has studied morale and safety issues at the space center. "It's trying to be realistic about what they're being asked to do with less, and what the consequences are.

"You are put in a position where you don't know what the hell to do," Himmel said of Honeycutt's situation. "If you really have the programs of the agency at heart, you've got to stand up and be counted."

A spokesman for Rep. David Joseph Weldon (R–Fla.), who is vice chairman of the House space subcommittee, said Honeycutt was justifiably upset. "This is the doomiest and gloomiest letter you will see," said the spokesman, J.B. Kump, "Hopefully, this will open some eyes at headquarters."

Ed Campion, a spokesman at NASA headquarters, said the agency takes comments such as those in Honeycutt's letter very seriously. "These are the kind of frank discussions that we have to have when we're in tight budget times and trying to make hard decisions," he said.

Mr. SMITH. The article is about a proposal where 547 people would have to be laid off as of October 1, 1998. For the $15.5 million we are spending on Bion we could afford to pay each of these people $28,000. I am not saying necessarily that I advocate that, but I just want to point out how much money $15 million is. Every one of those people are going to lose their job. They could be paid $28,000 a year just from this project. It is obvious they do not all make under $28,000, but the point is, we are laying off American workers at the Kennedy Space Center while we send $15.5 million to Russia to conduct redundant and wasteful research, not to mention the pain that you inflict on animals for no purpose, no purpose whatsoever—no purpose.

I am not an advocate of totally eliminating all research, but I think if you all remember the recent story about the gorilla who picked up a small child that had fallen into a gorilla cage, picked it up in its arms and gently carried it to the door of the zookeeper so that they could open the door and carry that child out to safety, it saved the child's life from other gorillas that may have hurt it when the child had fallen into the cage. These are animals. They have feelings. Why would you want to inflict this kind of pain for nothing? It is the same family. They are primates, gorillas and chimps or monkeys. Why would you want to inflict that pain for no reason—no reason? To find out what weightlessness is like in space on these animals for 14 days?

Let me go a little further on to why this research is so wasteful. I am going to cite a number of quotes from NASA experts, NASA documents, scientists, scholars, and medical experts that prove this point.

Let me start with a memo from February 9 of this year. It was written by Jack Gibbons who serves as both the Assistant to the President for Science and Technology and the Director of the Office of Science and Technology Policy. And it is written to Dan Goldin, the Administrator of NASA.

I ask unanimous consent that this be printed in the RECORD, Mr. President.

There being no objection, the memo was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, February 9, 1996.

Memorandum for Dan Goldin.
From Jack Gibbons.
Re Primates in Research.

I am following up on our conversation about the situation at NASA with respect to the use of primates in research. I sympathize with your concern that the era of need for primates in NASA's research is now behind us, and that it may be time to retire those animals. I would be pleased to talk with you about the situation and to discuss alternate options to consider.

I should point out that the Air Force is also interested in options concerning their primates, and that the National Institute of Medicine is planning to do a related study under NIH sponsorship.

Please let me know if you want to follow up. I look forward to hearing from you.

Mr. SMITH. This is on White House stationery, written on February 9, 1996, from Jack Gibbons. And it is to the Director of NASA. Let me quote it. It is very brief.

> I am following up on our conversation about the situation at NASA with respect to the use of primates in research. I sympathize with your concern that the era of need for primates in NASA's research is now behind us, and that it may be time to retire those animals. I would be pleased to talk with you about the situation and to discuss alternate options to consider.

How could you possibly be any clearer than that? This is from Mr. Gibbons, who is involved with these programs at NASA, to the Director saying it is time to wrap it up, we do not need the money for this project. Yet, here it is, stricken by the House, to their credit overwhelmingly, by a bipartisan vote. But here we go again. Let us leave it in. Who is the lobbyist for this? Who is pushing this? Why is it still in here? Why are we fighting this battle on the Senate floor? Who is this? Where is this coming from?

NASA does not want it, apparently. Where is the lobby for this? I think it is a strong affirmation of my point that this research is unimportant and unnecessary. They do not want it. As this memo clearly states, our two top space officials did not think it was a priority in February, yet here we are in September, by golly, we will put it right in there. Let us spend that money. I do not know who called whom but somebody did, I guess.

In fact, they concluded without hesitation, these two officials, that there is no longer any need whatsoever for such research, and the House of Representatives agreed with them overwhelmingly in June. I give a lot of credit to my friends in the House for acting reasonably.

Since February is there any new startling information out there somewhere that provides some new development, some new revelation that now putting primates in space for 14 days is somehow going to prove, help us to understand weightlessness and the effects on the nervous system for humans who have been in space for 469 days?

I want to hear this tremendous revelation of information. I want to hear about it. It must be exciting, because it persuaded somebody to change their mind between June and now. Where is this information? Where are the documents? People say, "Why do you go out and get so excited over $15.5 million, over a couple of rhesus monkeys?" If enough people got excited over $15.5 million every time we wasted that kind of money, we would save money around here and get the budget balanced a lot quicker and we would spend money a lot wiser. We have an obligation to take care of the little things, and the big things will take care of themselves.

Proponents might talk about a recent commission that considered animal welfare. The commission was thrown together with the expectation that Congress might consider cutting the Bion Program. It is very interesting that we see a situation like this. It makes me wonder. I have been in Congress now 12 years. It really makes me wonder who is making the decisions in this Government? Who is really making the decisions? You have a situation where the top two officials in NASA, who deal with the project, do not want it. I don't know of any proponent in the White House that wants it. The House took it out. Yet, here we are on the Senate floor battling over it, wasting a couple of hours of time, perhaps, arguing about this $15.5 million spent on this primate research. Why? It really is amazing. Is somebody who works below these people going around them and somehow getting information here to this Senate? Yes, probably. I think the Senator from Colorado, who occupies the chair and who has had so many amendments on this Senate floor and in the House regarding this kind of funding, knows that. That is exactly what happens. Frankly, whoever is doing this ought to be fired. They ought to be fired, and we would save a little more money.

There have been a number of these sham committees already that were set up to study something long before this memo was written. So the latest round has taught us nothing. There is a quote from Dr. Larry Young, a professor of astronautics at the Massachusetts Institute of Technology, MIT:

> We are about at the limit of what we can do on shuttle missions in terms of understanding the long play of weightlessness as it affects humans and animals.

I would certainly think so. Fourteen days for primates and 400-plus days for humans, and we are still putting primates in space to study weightlessness on the human nervous system.

This quote is from the final reports of the U.S. experiments flown of the Soviet biosatellite Cosmos 2044 Bion 9:

> The small number of animals studied after space flight preclude drawing any major conclusions for the present.

Now, I don't know if I can stand here and say, well, there is no circumstance at all, no chance that we might learn anything at all from these launches. I am sure we can probably figure something out. Who knows? Maybe monkeys' ears grow more in space. We can probably come up with something if we worked at it. But that is not the point. The point is that it is not cost effective, it is not humane, it is not an American priority, and it is not NASA's priority. That is the point. It is not NASA's priority, not humane, not cost effective, and not cost efficient. Yet, we are going to spend the money anyway.

Unless I can get 50 people plus myself to disagree with the committee, we will spend it and put these animals through suffering for nothing. It is bad enough we have to do it for something, but here we are going to do it for nothing and spend the money. Unless I can get 50 people to agree with me, that is exactly what will happen. I wonder how many Americans even realize that we are still sending primates into space. Frankly, until this amendment came to my attention, I didn't know it.

Our two highest science officials, in the memo I just read, agree that the area of need for primates in NASA's research is now behind us. We have had humans in space for over 400 days. We have learned that most of the problems associated with weightlessness occur after about 2 weeks in space, and the Bion flights are only 2 weeks long. Only in Washington, DC, really, only in Washington, only in the U.S. Government would you have a project as ridiculous as this. I'll repeat that. We have learned that most of the problems associated with weightlessness occur after 2 weeks in space. Yet, we put primates up for 2 weeks and then bring them down. They are not just sitting in the capsule; they are doing all kinds of pretty nasty things to these animals while they are in there.

Mr. President, I do have some more comments to make, but I have used up a good portion of the hour. I think at this point I am going to yield the floor and reserve the remainder of the time for other Senators who may wish to speak.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I thank the Chair, and I thank my friend from New Hampshire for giving me an opportunity to answer some of the very pertinent questions he has raised. The effect of this amendment would be to prohibit NASA from spending $6.8 million in fiscal year 1997 on an important, efficient, peer-reviewed, biomedical research program using rhesus monkeys flown on Russia's space vehicle. It doesn't change the total budget. It forces NASA to withdraw from a signed contract with Russia, override scientific peer review, and undermine the Animal Welfare Act, while at the same time handing animal rights extremists a victory.

Now, there is no one in this body who has any greater aversion to Government waste and unnecessary spending than I do. I think my record as a Governor and in the Senate is one of opposing Government waste. I have challenged duplication of effort. I have pointed out time and time again where the Federal Government wastes money duplicating efforts and where States and local governments have duplicating authorities. I have fought many battles to cut out unnecessary activities. I have fought these battles where I know, from my experience as an ex-executive and as an administrator and as a legislator, where we can cut out waste.

But there is also another area where I think we have made a lot of mistakes in this body, and that is in the area of science. I had a few courses in science, just enough to know that I am not a scientist. So when it comes to scientific matters, I think we ought to rely on the scientific community and get the best judgments from the scientists. If I were going to give a seat-of-the-pants science response, I might say something very simple like, "We ought to be testing monkeys rather than human beings." That is a nonscientific response. But good science is at issue here. Are we going to substitute the scientific judgment of this body for the peer-reviewed science of the experts who have been brought together to say that we need this research? There are perhaps one or two Members of this body who are really qualified to make scientific judgments, who have some background in this area. I would be interested to hear from them. But for the most part, we are going to have to rely on what the scientists have told us. There are some in the opposing-Government-waste category who think that maybe, on the face of it, this is a wasteful activity. But they are plain wrong when you compare the science.

Astronauts' bodies undergo major changes during long durations of space flight, changes which are debilitating on return to Earth.

Some people can survive over a year in space. But we still do not know how to prevent the changes, or even if these changes are reversible.

Let us see what science has said about it. Bion 11 and Bion 12 are outstanding values for the American taxpayer.

Who is lobbying for this? Mr. President, I have a letter here of July 31, 1996 signed by Cornelius Pings, president, Association of American Universities, C. Peter Magrath, president, National Association of State Universities and Land-Grant Colleges, and Jordan J. Cohen, president, Association of American Medical Colleges.

There you have it. That is a pretty tough lobbying group, the Association of American Universities, the National Association of State Universities and Land-Grant Colleges, and the Association of American Medical Colleges. What do they say?

> The Bion missions are designed to study the biological effects of low gravity and the space radiation environment on the structure and function of individual physiological systems and the body as a whole. Bion 11 and 12 will focus specifically on the musculoskeletal system. While the loss of muscle and bone mass during space flight is well documented, neither the rate nor the specific mechanisms involved are well understood. Research on human subjects in this area is difficult because human crew members regularly practice countermeasures designed to nullify some of the adaptive responses to microgravity. While these actions may enhance crew performance and comfort, they also alter or mask the physiological symptoms being studied. Since tissue loss in the musculoskeletal system may be one of the critical factors limiting human space exploration, it is essential that we understand how and why these changes occur and how we might prevent them.

Their conclusion is:

> We strongly support the use of merit review to determine how limited Federal funds may most productively be spent for scientific research. The Smith amendment would override scientific peer review . . .

Let me repeat that.

> The Smith amendment would override scientific peer review and force NASA to withdraw from a signed contract with international partners. We urge you to oppose the amendment.

Mr. President, that is who is lobbying for this provision.

I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

> ASSOCIATION OF AMERICAN UNIVERSITIES, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES; ASSOCIATION OF AMERICAN MEDICAL COLLEGES,
>
> *July 31, 1996.*
>
> DEAR SENATOR: When the Senate turns to consideration of HR 3666, the VA-HUD-Independent Agencies Appropriations bills, we understand that Senator Robert Smith plans to offer an amendment prohibiting NASA funding of the Bion 11 and 12 projects. We urge you to oppose this amendment.
>
> We are concerned about the precedent this amendment sets in terminating research that has been reviewed and approved on the basis of scientific merit. The Bion missions have been peer-reviewed and approved by five independent panels over the past eight years. The most recent panel, which submitted its unanimous recommendations to NASA Administrator Dan Goldin only last

week, found that the quality of science proposed is very high, that there are no known alternative means to achieve the objectives, and that the animal care and welfare proposals meet all requirements and U.S. legal standards.

The Bion missions are designed to study the biological effects of low gravity and the space radiation environment on the structure and function of individual physiological systems and the body as a whole. Bion 11 and 12 will focus specifically on the musculoskeletal system. While the loss of muscle and bone mass during space flight is well documented, neither the rate nor the specific mechanisms involved are well understood. Research on human subjects in this area is difficult because human crew members regularly practice countermeasures designed to nullify some of the adaptive responses to microgravity. While these actions may enhance crew performance and comfort, they also alter or mask the physiological symptoms being studied. Since tissue loss in the musculoskeletal system may be one of the critical factors limiting human space exploration, it is essential that we understand how and why these changes occur and how we might prevent them.

We strongly support the use of merit review to determine how limited federal funds may most productively be spent for scientific research. The Smith amendment would override scientific peer-review and force NASA to withdraw from a signed contract with international partners. We urge you to oppose the amendment.

Sincerely,

CORNELIUS J. PINGS,
President, Association of American Universities.

C. PETER MAGRATH,
President, National Association of State Universities and Land-Grant Colleges.

JORDAN J. COHEN,
President, Association of American Medical Colleges.

Mr. BOND. Mr. President, the Administrator took notice of the concerns of those who objected to the Bion effort. He convened a high-level independent review program which completed its work on the Bion Task Force on July 1 with the unanimous recommendation to the NASA Advisory Council that NASA proceed with Bion 11 and 12 missions.

He states in his letter of July 26:

. . . the NASA Advisory Council unanimously approved the findings and recommendations of the Task Force and forwarded them to me.

That is a letter of Daniel Goldin of July 26 of the NASA Advisory Council which is composed, among others, of professors at Stanford University, Cornell University, Massachusetts Institute of Technology, Florida A&M, DePaul University, California Institute of Technology, Harvard University, and a number of private sector organizations are involved. This NASA advisory council unanimously approved the recommendation of the Bion task force chaired by Ronald C. Merrell, Lampman professor and chairman, Department of Surgery of Yale University.

That letter of July 2 to the advisory council says:

We unanimously recommend that the Agency proceed with the Bion Project. In response to the three questions you asked us to address in reaching our recommendation we find the following:

1. The quality of the science proposed in the integrated protocol is excellent. It has been reviewed by peers in a very thorough and repeated manner and has withstood analysis for nearly a decade. The science has been thoughtfully integrated to accommodate an enormous matrix of material which is highly likely to yield meaningful results.

2. There are no known alternative means to achieve the objectives of the proposal. The data do not exist at present and there are no alternative species to test the hypotheses. Specifically, the use of Rhesus monkeys seems inevitable to achieve the objectives.

3. The animal care and welfare proposals meet all requirements and US legal standards.

Mr. President, I ask unanimous consent that the letter from Daniel C. Goldin and the attachments from the advisory council and the Bion task force be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, OFFICE OF THE ADMINISTRATOR,
Washington, DC, July 26, 1996.

Hon. CHRISTOPHER S. BOND,
Chairman, Subcommittee on VA-HUD-Independent Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I wish to thank the Committee for rejecting the limitation included in the House-passed version of H.R. 3666, the FY 1997 VA-HUD-Independent Agencies appropriations bill, which would have precluded NASA's use of any appropriations in the bill for the conduct of the Bion 11 and 12 missions. The Bion Program is a cooperative space venture among the U.S., Russian and French space agencies for the conduct of international biomedical research using Russian-provided infrastructure, spacecraft, payload and primates. The House limitation effectively threatened the principle of rigorous peer review in biomedical research, and the Committee wisely chose to delete this limitation.

As I indicated to you in my letter of July 5, a high-level independent review of the program was completed by the Bion Task Force on July 1, with a unanimous recommendation to the NASA Advisory Council that NASA proceed with the Bion 11 and 12 missions. Yesterday, the NASA Advisory Council unanimously approved the findings and recommendation of the Task Force and forwarded them to me. I have accepted the recommendation of the Council and the Task Force (enclosures 1 and 2) that the Agency proceed with the Bion missions. I seek the Committee's continued support for NASA's participation in the Bion 11 and 12 missions as the Senate considers H.R. 3666, and rejection of any amendment to restrict NASA's participation in Bion.

Again, thank you for allowing NASA to pursue its open process of review for selecting the highest quality science by peer review in conformance with U.S. animal welfare laws and the highest ethical principles.

Sincerely,

DANIEL S. GOLDIN,
Administrator.

NASA ADVISORY COUNCIL, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,
Washington, DC, July 25, 1996.

Mr. DANIEL S. GOLDIN,
Administrator, NASA Headquarters, Washington, DC.

DEAR MR. GOLDIN: As you requested, a task force of the NASA Advisory Council was formed to provide you with advice and recommendations on NASA participation in the U.S.-French-Russian Bion Program. The task force, led by Dr. Ronald Merrell, met on July 1. The membership was technically competent with broad expertise appropriate for addressing the task force's charter.

At our meeting on July 24, Dr. Merrell briefed us on the task force's activities and deliberations. We unanimously approved its three findings and its recommendation to proceed with the Bion project. We also support its strong advocacy for continued efforts to strengthen the bioethics review policy and process for animal experimentation to be implemented before Bion 12. These findings and recommendations are contained in the enclosed letter from Dr. Merrell.

The public was present and participated in both meetings. Members of the Bion Task Force are to be commended for the seriousness, care, and depth with which they carried out this sensitive task. If we can be of any further assistance, please do not hesitate to ask.

BRADFORD W. PARKINSON,
Chair.

YALE UNIVERSITY,
New Haven, CT, July 2, 1996.

Re Bion task force.

BRADFORD W. PARKINSON, MD,
Chairman, NASA Advisory Council, NASA Headquarters, Code Z, 300 E Street SW, Washington, DC.

DEAR DR. PARKINSON: The Bion Task Force, summoned by the NAC to consider the matter of Bion 11 and 12, met at NASA Headquarters on July 1, 1996. We responded to the attached charge and all members were in attendance except for Dr. Borer. Assignments and logistics had been discussed on a telephone conference call May 15. At our meeting we were ably supported by Dr. Frank Sulzman and aided by an extensive panel of NASA scientists as well as project participants from France and Russia. The public was present and participated in the presentations. The agenda for our meeting and the assignments are attached. Minutes of our activities will be ready shortly. However, I though it appropriate to report immediately our recommendation.

We unanimously recommend that the Agency proceed with the Bion Project. In response to the three questions you asked us to address in reaching our recommendation we find the following:

1. The quality of the science proposed in the integrated protocol is excellent. It has been reviewed by peers is a very thorough and repeated manner and has withstood analysis for nearly a decade. The science has been thoughtfully integrated to accommodate an enormous matrix of material which is highly likely to yield meaningful results.

2. There are no known alternative means to achieve the objectives of the proposal. The

data do not exist and there are no alternative species to test the hypotheses. Specifically, the use of Rhesus monkeys seems inevitable to achieve the objectives.

3. The animal care and welfare proposals meet all requirements and US legal standards.

However, we were sensitive to the concerns raised by the public and within our committee about divisive opinions over animal research. We were reminded that NASA has been a leader in bioethics and a driver for raising the standards of biomedical research. Therefore, we strongly urge NASA to devise and implement a bioethics review policy for animal experimentation to include participation of a professional bioethicist. This group should begin its activities before Bion 12 is activated. We believe it is not morally justified to proceed otherwise. We challenge NASA to raise existing standards by this new policy and thereby continue leadership in the realm of bioethics.

I thank you for the honor to chair this group and on their behalf I thank you for the opportunity to serve.

Sincerely,

RONALD C. MERRELL, MD,
Lampman Professor and Chairman,
Department of Surgery.

BION TASK FORCE CHARTER

The charter of the BTF is to provide advice and recommendations to the NASA Administrator on whether NASA should continue to participate in the joint U.S.-French-Russian Bion Program. Specific activities will include the following:

(1) Review the integrity of the science plan for the mission;

(2) Assure that there are no alternative means for obtaining the information provided by these experiments; and

(3) Review the Bion Program for ethical and humane animal treatment during all phases of the mission.

Membership is comprised of distinguished individuals with expertise in medicine, biomedical research, ethics and the humane care and treatment of animals.

The BTF will report to the NASA Advisory Council (NAC), and will be staffed by the Office of Life and Microgravity Sciences and Applications.

The BTF is expected to submit its report with recommendations to the NAC in July 1996.

Mr. BOND. Mr. President, I do not think we need to say more about this. It is very clear that the scientific community says we need it. We can find out things on monkeys operating under the legal and ethical standards that we cannot find out when we send humans into space, and we are far better testing on monkeys under the ethical standards that are imposed what the impacts of weightlessness is.

I cannot understand all of the scientific jargon in the letters. But I can read the headlines. And the headlines from these letters are from the scientific community supported by the Association of American Universities, the Land-Grant Colleges, and the Association of American Medical Colleges which say that we need this information. Are we to substitute our scientific judgment for theirs? I happen to think personally that would be the height of arrogance to say that we know more about science than the professionals, the great leading scientific minds and institutions of higher education around the country.

That is why I hope, Mr. President, that an overwhelming bipartisan majority of this body will join me in rejecting the motion to table.

I yield the floor.

Mr. FEINGOLD addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. FEINGOLD. Thank you, Mr. President.

Mr. President, I would like to continue this debate by first thanking the Senator from New Hampshire. I am very pleased to be working jointly with him and several other Senators on this matter. I believe that is important to pursue matters legislatively when there is unusual agreement on both sides of the aisle. And in this case there is that agreement between many of us on both sides of the aisle that this program needs to be reevaluated. I want to add a little bit to what the Senator from New Hampshire has said.

My colleague from New Hampshire and I are moving to table the committee amendment which would strike language that passed the House as an amendment to the VA-HUD appropriations bill on June 26, 1996 by a vote of 244 to 171. The amendment was sponsored by Representatives ROEMER and GANSKE. The Senate Appropriations Committee, in preparing the VA-HUD bill for the floor, has recommended that this language be struck from the bill. The language would explicitly prohibit the National Aeronautics and Space Administration [NASA] from expending any funds on the Bion 11 and Bion 12 missions. I believe that the committee's amendment to strike this language should not prevail.

That is why the Senator from New Hampshire, I, and others will move to table. As I said, Mr. President, this move to save this money passed on a bipartisan basis in the House and in this body. It has the support of not only the Senator from New Hampshire and myself but also the Senator from Massachusetts [Mr. KERRY], the Senator from North Carolina [Mr. HELMS], the Senator from Arkansas [Mr. BUMPERS], and the Senator from New York [Mr. D'AMATO].

As the Senator from New Hampshire indicated, it would be pretty hard to come up with a more diverse group of Senators from a political point of view than that combination.

So what is this all about?

Under this program, NASA transfers money to Russia to launch the Bion 11 and Bion 12 capsules, and also funds United States researchers to be involved in designing the experiments and interpreting the results. The Bion Program gets its name from the small crewless Russian Bion satellite it uses to launch biological experiments into near-Earth orbits to study the physiological effects of space flight. Since 1973, Russia has launched 10 Bion satellites. The last was done with NASA participation for space flights of between 5 and 22 days.

In fiscal year 1993, $35.1 billion was appropriated to support this whole program. At present, $15.5 million remains in the Bion account for the next two flights.

So when the Senator from Missouri correctly points out that a little over $6 million will be involved in terms of this fiscal year, there is still more to come—and still more in my view and in the view of the Senator from New Hampshire to be wasted if we do not take the steps that we recommend today.

Bion 11 and Bion 12 are the last of these flight missions, scheduled to fly in October 1996 and July 1998 respectively with United States, French, and Russian participation. Two Russian-owned rhesus monkeys will fly on each of the missions, scheduled to last 14 days, to study the effects of microgravity on bone loss, muscle deterioration, and balance.

I oppose the committee amendment to strike the Roemer-Ganske language because I believe that these funds could be allocated for higher priority science at NASA or preferably for deficit reduction. I am also concerned that the scientific justification for the program is questionable and the results redundant, given that NASA has both previous Bion experiment data and significant human data on the effects of space flight. Since the Apollo missions humans have stayed in space for months at a time, and on July 16, 1996, Shannon Lucid set the U.S. record for the longest space flight aboard the space station *Mir* at 115 days, and as of last Friday has now spent 5 months orbiting the Earth. There is substantial information and data with regard to the humans involved, which is obviously our ultimate concern. In addition, Mr. President, the last *Columbia* shuttle mission, which lasted 17 days, included an experiment similar to those proposed for Bion and in that case was done on actual human astronauts.

The termination of expenditures on the Bion Program is supported by a coalition of taxpayer and animal welfare groups, not simply animal welfare groups. It includes Citizens Against Government Waste and Taxpayers for Common Cause, who have found a common ground on this issue and believe that the money can be saved from these missions.

Mr. President, the Bion Program, to quote, according to the February 1996 Bion 11/12 Science Assessment, is "very important for future long-term manned space flights and life on a space station."

Let me emphasize this statement. It says the Bion Program, and arguably

NASA's entire life sciences program, exists to support the continuation of the pursuit of long-term manned space flight and the development of the space station.

That is really the context in which we should be evaluating Bion and NASA's continued participation in it. It is not simply a crusade of animal rights activists, as proponents would have you believe and as the Senator from Missouri at least suggested in his remarks. There is much more involved for those of us who are concerned about waste in Government, and I think that includes everyone in this body.

Of course, there may be issues pertaining to humane treatment and the future of the Bion protocol, but for the Members of this body who do not support the space station for fiscal reasons—and there are a number of Senators, including myself—Bion is really an outgrowth of space station development and for that reason, as well, ought to be terminated for fiscal reasons.

For those who support manned space flight, I believe that the research which will be conducted on Bion 11 and 12, despite the Bion Program having cleared a fourth reevaluation of the experiments, is arguably duplicative. So it may well be something that standing alone can be argued to have merit, but if it is already adequately being done, it is still duplicative and it is still wasteful.

I say this despite the fact that individuals from two very well-respected research institutions in my State of Wisconsin, Marquette University and the Medical College of Wisconsin, have participated in the Bion Program and one of the individuals actually will be directly involved in interpreting data from Bion 11.

I ask those in this body who support manned space flight to ask themselves this question: Despite the scientific merit of the study design, will the termination of the Bion 11 and 12 flights keep the United States from sending astronauts into space if we cannot find the mechanisms behind bone calcium loss and the deterioration of muscles that help humans fight gravity and stand upright? The answer is obvious. It is resounding. It is an empirical no. This will not make the difference.

So the proponents of this program then make four primary arguments in support of the continuation of Bion. Let me just mention what their arguments are and respond briefly. First, they say the scientific and humane concerns are overblown and have been addressed.

Second, they say the Bion Program results are important for manned space flight.

Third, they say we are likely to get useful domestic byproducts from Bion research for osteoporosis and other disease sufferers.

Finally, they say with regard to the fiscal issues that the savings figures are not savings at all. I will try to address all of these, and of course some of this has already been addressed by the Senator from New Hampshire, but I want to add to it.

I think the strongest argument against the Bion missions is the question of whether or not the experiments are redundant, which, of course, speaks to their importance to manned space flight. That is a distinct question from whether or not the scientific study methods and the experiment design will produce legitimate and scientifically valid results.

Let me say a bit about them. Four of the rookie astronauts from the July 7, 1996, shuttle *Columbia* mission, which had a total crew of seven, participated both prior, during, and after the flight as, in effect, human guinea pigs in the study on the effect of human space travel on the body.

Within an hour of touchdown, as reported on July 8, 1996, by the Chicago Tribune, "The four astronauts who had endured medical poking and prodding in orbit were in a clinic at Kennedy Space Center undergoing painful muscle biopsies and other tests. NASA wanted to examine the men before their bodies had adjusted to gravity."

The Houston Chronicle also provided additional detail on the mission on July 8, 1996. NASA "billed the mission as a preview of its operations aboard the U.S.-led international space station."

Following landing, the Chronicle continues, "The crew were ushered into medical facilities at Kennedy for evaluation of their muscle, skeletal and respiratory and balance systems. The test included biopsies of their calf muscles with large gauge needles and full body scans with a magnetic resonance imaging device."

So the contention of the supporters of Bion has been that the Bion tests are too invasive to be done on humans and thus should be done on rhesus monkeys. As Charles Brady, a physician and one of the rookie astronauts, stated about the test as reported in the Orlando Sentinal on July 7, 1996: "Having had to subject many patients to things I wouldn't rather do at the time, I think it is appropriate that I have to go through with it."

Now, why do I provide all this detail on the recent *Columbia* mission experiments on astronauts? It is because NASA's real justification for the Bion experiments is not that they are collecting data from the rhesus monkeys they are not collecting from astronauts. They are. It is that they feel that the monkey studies will help them better interpret the changes in humans from the biopsy studies and the studies in the noninvasive tests they conducted on the *Columbia* astronauts. The astronauts' biopsies are limited in size, and allegedly the Bion monkeys could provide more samples from more muscles. The Bion monkeys will provide bone biopsies, to which astronauts would not submit, and the Bion monkeys' results will be compared with the astronauts' results.

Why do this? Because those involved in the experiments want to confirm that, indeed, the same changes occur in immobile rhesus monkeys that occur in reasonably active astronauts. What does this say in response to those who argue that these tests are not really that invasive and should proceed on rhesus monkeys.

But to return to the main point, Mr. President, this is research designed to confirm that what we know about the body, that what we know about the effect of space flight on the body is indeed what we already know. We already know it. And this apparently is just an attempt to spend some of our tax dollars to confirm it.

I am concerned about this, given the amount that has already been spent to collect the astronaut data. The Rocky Mountain News reported on June 21, 1996, that the *Columbia* shuttle astronaut study on the effect of space travel on the human body cost $138 million. And this expenditure on the rhesus monkeys procedures will simply add to that figure, I think that is unnecessarily, and would be redundant.

Let me return to the second issue. The second issue I want to address is the issue of humane treatment, because Senators will likely hear that the Bion experiment animal treatment protocol has been reviewed several times—most recently in early July 1996.

In April 1996 NASA Administrator Dan Goldin set up an independent panel, chaired by the head of surgery at Yale, Dr. Ronald Merrell, to review the care and treatment of the Bion monkeys, the fourth such review. But, as the Bion launch is scheduled for October 1996, and the panel could not meet until July 1, the surgical procedures to implant monitoring wires and the steel cranial caps on the monkeys went ahead in Kazakhstan in June at the Institute for Biomedical Problems in Moscow. NASA was then in the awkward position of agreeing to allow the Russians to proceed with the surgery even though it had not yet decided to support the mission.

What happened in the interim? The House agreed overwhelmingly on a bipartisan vote to prohibit the continued spending of NASA funds on Bion.

The independent panel met on July 1, 1996 and issued a letter the day after the meeting. The letter does say that the proposed science will "likely yield meaningful results," the animal welfare proposal meets "U.S. legal standards," and that rhesus monkeys are appropriate surrogate human animal subject for these types of experiments.

I am concerned the previous argument by the Senator from Missouri did not include in his verbal statement, although he may have included it in the RECORD, the rest of the story, if you will, the rest of the letter.

I am concerned by how the Merrell panel letter concludes:

> However, we were sensitive to the concerns raised by the public and within our committee about divisive opinions over animal research. . . . Therefore, we strongly urge NASA to devise and implement a bioethics review policy for animal experimentation to include participation of a professional bioethicist. This group should begin its activities before Bion 12 is activated. We believe it is not morally justified to proceed otherwise.

The conclusion of the Merrell panel has led some to believe that the panel really met just for show, and that the pressure of having already implanted wires in the monkeys made the recommendations what they were. As the associate director for Life Sciences at the Ames Research Center was reported as having said in a July 12, 1996, Science article announcing the Merrell panel decision and reporting the House vote "we have to turn this [House vote] around in the Senate."

On July 23, 1996 I received a letter in support of the Bion project from the Americans for Medical Progress Educational Foundation. The letter makes several arguments on the need for continuation of Bion, most which I have previously described, but adds an additional one that I would like to share with colleagues—"the animal subjects in Bion are treated well and, upon return, will be retired in Russia and idolized as space heroes." I am sure the monkeys are very excited about that, but I am not certain that the authors realized how concerning and bizarre that statement sounds, particularly as a justification for spending $15 million over the next 2 fiscal years. Odder still, is that the statement has some basis in fact. NASA staff, in meeting with my staff, described that the chairs in which the monkeys are restrained are actually lined with bear fur, the same as the seats of the Russian cosmonauts. This is done because the Russian cosmonauts believe such seat covering is thought to be more comfortable.

Finally, I believe that question about whether the Russians might be able to financially support these missions without United States involvement is unclear. On May 24, 1996, in a Science magazine article on the Bion project, the director of biomedical and life sciences at NASA is quoted as saying "if NASA were to pull out, Russia could proceed on its own. If they can afford to do it, they will. It's their animals and their capsule." The July 12, 1996, Science paints a different picture. Quoting the head of the Bion Program at the Institute for Biomedical Problems in Moscow, Science reports that he is concerned about the fate of Bion 12. "Given Russia's cash strapped space program," he says, "if any partner pulled out it would pose a serious problem."

In the end, either situation concerns me and I think it concerns the Senator from New Hampshire and the rest of us who are working on this. I believe it confirms why colleagues should oppose the committee amendment and table it. If Russia can afford this experiment, then Russia should conduct it. If Russia can't support it, and the United States is funding the lion's share of the program, then we should not proceed with a program about which there are serious lingering concerns about humane treatment of the animal subjects as well as the necessity for the program. The Merrell panel specifically calls for an additional ethicist to be added to the research team, and I believe casts doubt on Bion 11. I can assure Senators that if we ignore the action of the House, we will be asked to terminate Bion 12 next year. Instead, I think we should act now to end our involvement and to reinstate the House-passed language.

Everyone knows the Federal budget has constant pressure from numerous competing needs, and NASA itself is facing significant pressures. For example, last Friday's—August 30, 1996—Washington Post reported that there is an ongoing dialog among top officials at Kennedy Space Center about significant civil service cuts that may number as many as 1,445 people with 547 layoffs at that site which now employs approximately 2,100 Federal workers. Given those kind of pressures, this project makes little sense. It cannot be fiscally justified.

I thank the Senator from New Hampshire and urge my colleagues to support the motion to table, which will have the effect of supporting the committee amendment and opposing spending additional dollars on the Bion Program.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I rise in opposition to the amendment offered by my friends from New Hampshire and Wisconsin, and I want to speak in support of the Bion mission.

We are singling out a particular area of animal research because it happens to be on a space flight, I guess, because it happens to be up there a little bit above the atmosphere, going around, where we have a unique opportunity to do some of this research in the microgravity environment of near-Earth space. We are not talking about doing away with all animal research, as I understand it. Yet, we have hundreds and hundreds and hundreds of thousands of animal research projects with animals involved in medical research right here on Earth.

My distinguished colleague from New Hampshire said a while ago, why do we need these monkeys up there because we have some 38 years of human experience in space? We do have that kind of experience. But I also submit we have hundreds of thousands of years of human experience right here on Earth and we still find the need to do medical research here on Earth and use animals to do that medical research.

So, if we are just against medical research using animals, that is one thing. But to say that because we happen to be up here a little distance off the Earth's surface, we are now going to prohibit it up there, or to say the money spent, the comparatively small amount of money being spent on this is going to be cut out, I just think flies in the face of what our experience has been with animal research.

What am I talking about? Here on Earth we now have open heart operations. I am a frustrated doctor at heart. I started out wanting to be a doctor years ago. I got sidetracked by World War II. But when I was in Houston with the astronaut program down there, Mike DeBakey was a good friend of ours. I used to go in and watch him operate. Do you know what all those operations were prefaced on? They prefaced them on animal experiments. The heart operation, the valve replacements and the operations of heart replacement, all were done with animal experiments ahead of time.

We could go on and on. For all the drug tests that we have in this country—I do not mean drug tests to see if people are using drugs, I mean drugs that are antibiotics and so on that we use—we preface our human use by making experiments on animals. I am sure the whole medical community would be up in arms if we tried to knock all of that out.

We try out vaccines on animals. We try out bone research on things that will make bones knit together better. We do that in animal research. We do that in eye research, we did corneal transplants on animals—I believe it was rabbits, as I recall —before we did it on human beings. We did that because it is safer for people to have that kind of experiment.

We were concerned these experiments be done humanely, so we passed the Animal Welfare Act. It is the law that sets the standards of how we permit animal research to be done in this country, so it is done humanely. Those rules are basically the rules that we follow and also, as I understand it, the Russians follow, or are following now. I am the first to say some of the things we heard early on about the Bion project, I questioned about whether it was being done properly or not. But those things are corrected if they ever were true. They are being corrected and they are being monitored very, very closely.

The point is, these Bion flights represent an effective approach to conducting very important biomedical research. To knock this out just because the laboratory happens to be up here weightless, going around in microgravity up a little bit off the Earth's surface here, to knock it out because it is part of the space program and ignore all of the other hundreds of thousands of animal research projects going on, I do not think makes much sense.

Bion research is fundamental, peer-reviewed research at the center of NASA's program for exploring how the body changes in microgravity, and there are a lot of changes. NASA and Russia have cooperated on Bion missions for 20 years now. This is not something just starting up. We have been at this for a long time. The fact is, we have used the Bion spacecraft to produce major findings on space flight and health.

Mr. President, the amendment's proponents argue that the Bion missions are not necessary because we have already sent people in orbit and, therefore, we can study the effects of microgravity directly on people who have already flown. Obviously, we know people have survived space flight, but this does not mean we know what happens in our bodies. We are still trying to find out what the basic changes in the body are that occur in microgravity that give us some of the results that we get. Just as researchers on the ground sometimes need to use animal models by the hundreds of thousands all over the country, researchers in space must use animals as well.

The plain fact is that for some types of research, animals are better subjects than people. For one thing, human astronauts are not genetically uniform. Compared to lab animals, there is a lot more natural variability in the human population from both environmental and genetic factors. With the small sample sizes and brief time periods inherent in most space flight opportunities, more reliable baselines for certain measurements can be obtained using lab animals.

Another benefit is that a lab animal's diet can be more easily controlled than an astronaut's. Astronauts up there for 14 days, 17 days, as the STS-78 mission, get a little cranky when you tell them they have to eat the same pellets for 14 days, or whatever it is you want the animals to eat to control its diet and dietary intake.

Given the fact lab animals fulfill a vital role in microgravity research, it is imperative that these animals be treated in a humane way, and I agree with that 100 percent. All people involved with the Bion Program should be held accountable for the animals' welfare, and they are. The animals' care and well-being is maintained before and during flight. Following the flight, the animals are returned to the Russian breeding colony, or another suitable habitat, where they are maintained humanely for the remainder of their natural lives. This program has been reviewed—I point this out very specifically—this program has been reviewed by independent experts who have concluded that it is legitimate science performed in a humane manner.

Several months back, Dr. Jane Goodall, who is famous for her primate experiences in Africa along Lake Tanganyika in Africa—she is known all over the world, and I have known her a number of years—contacted me about her concerns in this regard, about the Bion Program specifically. I relayed these concerns both by telephone and letter to NASA Administrator Dan Goldin, who established an independent task force to review the Bion project. I want to quote from a letter the task force wrote to the chairman of the NASA advisory council dated July 2, 1996. I think the letter was entered into the RECORD a little while ago by Senator BOND. The task force unanimously recommended the Bion project proceed with the following findings:

> (1) The quality of science proposed . . . is excellent. It has been reviewed by peers in a very thorough and repeated manner and has withstood analysis for nearly a decade.
>
> (2) There are no known alternative means to achieve the objectives of the proposal.
>
> (3) The animal care and welfare proposals meet all requirements and—

Listen to this—

> and U.S. legal standards.

In other words, the Bion project is being conducted under our Animal Welfare Act, under the same guidelines we have for our own research laboratories in this country.

In addition, the task force recommended NASA devise and implement a bioethics review concerning their policies for animal experimentation and that this review include participation by a professional bioethicist. Not only did Mr. Goldin accept this recommendation, but such a task force review is getting underway with not one but four bioethicists, in addition to other veterinarians and researchers.

Mr. President, NASA has made the space environment seem almost commonplace. It has been an amazingly successful program. We see videos of astronauts floating in the space shuttle, and it looks like a lot of fun, and it is. But along with that goes an awful lot of research. It is a tremendous amount of research. That is the only reason we have the program, is to do basic research, not to see whether we can go up there and get back now, but to do basic research in orbit.

It is easy to forget just what a foreign and challenging environment space is. Zero gravity is unique, not just in the history of human experience, but in the history of life itself. Few of us have been able to experience weightlessness, and we are the first people to have done that in the some 4.5-billion-year history of life on Earth. Nothing in our evolutionary history prepares us for being weightless.

But here is what we find after people are up there weightless for a period of time:

The bones begin to lose some of their mass. Calcium content comes out of the bones;

Muscles atrophy, they get less capable;

The body's system for maintaining balance begins to change;

Coordination is reduced;

The immune system becomes less effective;

Sleep patterns and the body's natural clock are affected. And that is just for starters.

Some of my colleagues may find this list has a very, very familiar ring to it, and I talked about this in more detail on the floor yesterday. I know it has a familiar ring to me. It is not because I have been in orbit, but because reduced muscle mass, bones becoming more fragile, deteriorated balance and coordination, reduced immune efficiency and sleep disturbances are changes that occur with the normal aging process here on Earth, as well as what happens on a space flight.

What are the mechanisms for these changes? Are the same mechanisms in play among the aging on Earth and the astronauts in orbit? Would an older astronaut experience slower or faster deconditioning on orbit? Are these changes reversible in space by some artificial means or here on Earth for those of our elderly citizens, some 44 million, almost, above the age of 60, as I pointed out yesterday? If so, then how do we make these changes reversible for benefit right here on Earth?

We do not know the answers to these questions, and that is the challenge. But, Mr. President, that is also the opportunity and that is why the Bion missions are so important, because when we identify the underlying mechanisms by which the body adapts to space, we may also identify much, much more.

What if this research leads to new insights on how to treat osteoporosis? Not only would that make the lives of thousands of elderly people more enjoyable, it would save countless millions of dollars in health care costs.

A better understanding of balance and vestibular changes in the elderly could help prevent falls and avoid debilitating injuries for elderly people. That is another area.

The immune system changes. Think what happens if we can just figure out what the common ground is between what happens to people in space over a lengthy period of time as the immune system goes downhill, becomes less effective and in the elderly here on Earth whose immune systems normally with old age become less effective. If we could find out by comparing back and forth what causes that kind of a mechanism, can we trigger it off artificially, is this a new approach to AIDS, is it something we can learn here that is a new approach to cancer?

We do not know, but that is the purpose of research, to find out exactly some of those answers that are of benefit not only in space but will have direct application to people's lives right here on Earth.

I am not trying to say that the Bion missions are the key to the fountain of youth. Far from it. But it is basic research on processes analogous to aging that can only be performed on orbit, and we don't know where it will lead. But if there is one thing we know from our whole U.S. experience in supporting basic research throughout our history, it is that money spent in this area normally has a way of paying off beyond anything we normally see at the outset.

I think we owe it to our children and to our grandchildren to find the answers as best we can to some of these things and the opportunity we have to do that.

Mr. President, my colleagues have heard me speak in detail about the value of basic research and how we do not always know what benefits will come from such research. But let me just talk very briefly about some of the benefits and technology spinoffs that have come out of the Bion Program to date.

Doctors at the University of California at San Francisco are using the biosensors and telemetry technology developed for the Bion Program to monitor the condition of fetuses with life threatening conditions. For some congenital medical conditions, doctors can more safely and effectively operate on fetuses in the womb. Such surgery was much riskier before this sensor technology was available.

A computerized video system developed to test the behavioral performance of Bion monkeys is now being used to teach learning disabled children.

A device to noninvasively test bone strength was proven effective in Bion monkeys and is now commercially available to assess the condition of human patients suffering osteoporosis and other bone diseases.

While conducting ground-based research in preparation for a Bion mission, Dr. Danny Riley of the Medical College of Wisconsin discovered a staining technique that surgeons can use to more accurately reconnect the peripheral nerves in severed limbs. And this discovery did not involve any amputation of animals' limbs to do that research. In the past, the only markers surgeons have had for accurately rejoining the peripheral nerves have been the positions and size of the nerve axons. Dr. Riley discovered a staining technique that stains sensory axons but not motor axons. Not only is this a boost for neurological research, but it will improve the successful prospects for reattaching limbs that have been severed.

Mr. President, to conclude—I gave a more lengthy statement yesterday in detail of some of these areas—but to conclude, Bion research is important. It is thoroughly reviewed research. It is conducted humanely. It presents a real opportunity for new insights into the human body every bit as much as medical research right here on the surface of the Earth.

We have a new environment up here. It is the microgravity of space flight. It offers a whole new opportunity to do animal research ahead of the human beings perhaps doing the same thing later on. As I said, initially we do those same things right here on Earth with regard to all sorts of experiments that have led to heart operations, drug tests, new vaccines, bone research, eye research, and so on, that we do here on Earth. And I see no reason whatsoever why we should knock this out when it is a very, very valuable program.

So, Mr. President, I hope that we will defeat this amendment and I hope our colleagues will see the wisdom of going in that direction also. I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I rise today to oppose the Smith motion. A while ago, the chairman of this subcommittee on appropriations said that we run into a lot of things in this business, and especially here on the floor of the U.S. Senate, that we do not quite understand. I chair the Subcommittee on Science, Technology and, of course, Space, and NASA. That is the committee that provides the authorization for NASA.

So I state my support for the Bion Program and, of course, this appropriations here which rejects the House language that prohibits the funding of the Bion 11 and 12 missions. In science and technology we run into a lot of things that we do not quite understand because I do not think there are very many of us on this floor that are scientists.

The Bion Program is an important cooperative space venture between the United States, Russian, and French space agencies for international biomedical research using Russian-provided support systems, their spacecraft, payload and, of course, the rhesus monkeys. It is a cost-effective program. It is based on sound science. It has been peer-reviewed, I think, four times. I could be wrong, but I think four times. And every time they have come away with the recommendation that the research should move forward. Some of the results are likely to provide insights into understanding complex physiological processes which occur during the normal aging process or are involved in Earth-based diseases such as anemia, osteoporosis, muscular atrophy and the immune system dysfunction.

In Billings, MT, the Deaconess Research Institute there has the largest data base on osteoporosis in women that there is in the country. Because of a stable population in my town of Billings, MT, they have been able to move forward on a lot of this research. But the research that is done in space becomes evermore important. Indeed, the first 10 missions of the Bion Program have already benefited our lives through technological spinoffs, such as the development of devices to monitor human fetuses following life-saving surgery and to noninvasively test bone strength in patients suffering from bone diseases. These benefits to our health and well-being are an addition to the knowledge gained to help NASA protect the health and safety of our space travelers.

Yes, there are those who would like to scrap the space program altogether. I am not one of those. I am saying that this society, this American society, in fact the unique American is a person that is always reaching out, going into the unknown, exploring the unknown. When we quit doing that, then we lose a part of ourselves.

Basically, I have a hunch that this amendment is not really about NASA. It is an anti-animal research amendment. The animal welfare groups have targeted the Bion project for elimination. They claim that research is not necessary and it is inhumane and it wastes the taxpayers' money. And all of that could not be further from the truth.

Animal welfare groups are waging an all-out campaign against the program simply because four Russian rhesus monkeys are scheduled to be used in the Bion 11 and 12 missions. Because of this continued pressure, the Bion Program has been continuously scrutinized and it has been continuously peer-reviewed. The experiments were peer-reviewed in 1988, 1992, and again in 1993.

In December 1995 the Administrator of NASA, Daniel Goldin, again requested an external panel of scientists to review the research. And the 12-person panel of independent experts strongly recommended that NASA proceed with the remaining Bion missions. As in the previous reviews, their findings reconfirmed the importance of the program and its scientific merit. The panel concluded that the science is excellent; rhesus monkeys are the appropriate species to address the scientific objectives; and there are no alternative means for obtaining the essential information that will be gained from this research.

So the Bion Program is being debated here because the most radical animal rights activists have elevated their own agenda above the interests of good science and, further, above the lives of human beings.

I think this amendment, if it is passed, will have very serious repercussions on other Federal agencies. I think these agencies include the National Science Foundation, the National Institutes of Health, the Department of Energy, the Department of Defense, and the Veterans' Administration. Their support for research in the biomedical and life sciences can also be jeopardized by the outcome of this vote today. There is a well-established scientific process leading to awards of Federal support. Being chairman of that committee, we deal with this every day. The proposed experiments undergo peer review by experts, and this includes the review of the use and care of animals that are used in research programs. So this is nothing new to the authorizing committee that I chair.

This amendment contradicts existing Federal policies, contradicts the procedures for scientific peer review and laboratory animal welfare that has already been put in place by Congress. It sends a message that Members of Congress, not scientists, are the best judge of the quality of the science projects. I, therefore, challenge any Members of this body, as certain projects come before us, especially in the area of research science and science development, that if everybody is an expert on everything that we talked about and allocated money to do research for, I would really be surprised. But we do have a peer review system, and, thus, if the passage of this amendment were successful, it would undermine the whole foundation that has been assumed on scientific research.

Animal research plays an integral part in all of our lives. It has been said that without animal research, most, if not all, of the medical advances in the last century might never have occurred. For example, we could still have polio, and today nearly 38 million Americans would be at risk of death from a heart attack, stroke, kidney failure, for the lack of medication to control their high blood pressure. I could go on and on. I am getting more of an education in that field all the time. I happen to be a very proud father of a doctor who graduates medical school next spring. So I have a feeling that my education is going to continue until they put me in the ground, so to speak.

The antianimal research amendment forces NASA to withdraw from a signed contract with the other nations—Russia and France. It derails scientific peer review and thwarts the Animal Welfare Act. Is this the message, I ask this body, that we want to send? Allowing a single interest group that totally opposes animal research to dictate NASA's or other Government agencies' research goals cannot be tolerated. I have seen these groups work. Sometimes they have a less-than-candid view of what has to happen as far as science and technology is all about just to further their own cause.

So, Mr. President, the Bion Program is worthy. The amendment is not truly about the merits of research or the costs, because the costs are nothing. What it is about is the welfare of animals being used for research. I support appropriate procedures to protect the safety and well-being of animals, but this amendment is simply inappropriate.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Ms. MIKULSKI. Will the Senator withhold for a second?

Mr. BENNETT. Yes, I am pleased to.

Ms. MIKULSKI. Mr. President, I bring to the Presiding Officer's attention, and to my colleagues' in the Senate, I believe we are moving at a good pace in this debate. I see on the floor our colleague from Tennessee, Dr. FRIST, who wants to speak on this. I do, as well. I encourage anybody else who wishes to speak, to please come to the floor so we can move to concluding this debate before the respective caucus. I think this has been an outstanding discussion.

Mr. BOND. I thank my colleague from Maryland for pointing that out. I hope if there are others—particularly proponents of the motion to strike—they will come down by the time the Senator from Maryland is prepared to talk. I have asked her if she will conclude comments on this side. I think that the Senator from New Hampshire wants to close and then make the tabling motion. But I sincerely hope that we can wrap this up by noon. The Senator from South Carolina would like to speak for 3 minutes on this measure. I hope we can conclude this debate by noon, or at least by 12:30, and then have the tabling motion. We will discuss with the leadership when that vote will occur.

Ms. MIKULSKI. Yes, because, as I understand it, when the motion to table is made, isn't the vote immediate?

The PRESIDING OFFICER. We are in a nondebatable posture at that point, that is correct.

Ms. MIKULSKI. Must the vote occur immediately, or could it be delayed after the party conferences?

The PRESIDING OFFICER. Unless the Members would seek a unanimous consent agreement to schedule it for a different time.

Ms. MIKULSKI. While the Senator from Utah is speaking, perhaps we can talk with the leaders about how they wish to handle the vote. I believe the Democratic leader wishes it to be after the conference.

Mr. BOND. I thank the Senator from Maryland. I will defer to our leadership. I understand from the Senator from New Hampshire that there are no further speakers on his side. So we will hear from the speakers who are now lined up to speak in opposition to that tabling motion. Then we will, after they have spoken, ask the Senator from New Hampshire to proceed and make the tabling motion, perhaps, with a unanimous consent request that the vote be postponed until a time certain.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I was particularly enlightened by the comments of the Senator from Ohio, who has a unique perspective on this particular issue. As I have noted here before, I come as the successor to Senator Jake Garn, who also has a unique perspective on this issue, and who, if he were still in the Senate, would be speaking out very strongly in favor of the committee position.

We are talking about America's space effort, America's interest in exploring in space, and we made the decision, as a country, to put humans into space for a prolonged period of time at some point in the future. It makes no sense to fund a program and put humans into space and not to do the research necessary to understand what will happen to humans when they get there. That is essentially what the motion to table would do. It would say, yes, we will go ahead and fund the programs to put humans in space, but we will not fund the research to find out what will happen to them.

We are told that we already know what will happen, that humans have stayed in space for 439 days. It is true that on the basis of that, we know what happens. They experience loss of bone mass and muscle deterioration, and brain and motor functioning is different. We know that space affects the spinal cord and bones, muscles and immune system, as well as the brain. But what we don't know is whether these effects are long-term, and whether the bone and muscle loss is permanent. We don't know that. Can the deterioration be counteracted in space? We don't know that. What else occurs that might not have occurred in 400 days that might occur for a longer period of time? We don't know that.

We have an opportunity to find out by using animal experiments in space. Science doesn't tell us where the answers are. As we look at the great breakthroughs in science, they have come, sometimes, with hard research. They have sometimes come by complete chance, as people are looking for one thing and stumble across something else. But we do know that they never come if the research is not conducted and if people do not make an attempt to find out these answers.

I won't repeat all of the arguments that have been made on the floor, because I think they have been very cogent. I do agree that the Senate is not the appropriate place to try to micromanage a scientific project when, in fact, it has been subjected to the amount of peer review and overall management guidance that this particular program has.

The Senator from Ohio has quoted Dr. Ronald Merrell, the chairman of surgery from Yale, who is the scientist who has written to the NASA advisory council. I urge my colleagues to refer to those quotes. I would like to add just a few more to those which we have already seen. From the American Physiological Society, I have a letter that says:

> The research is scientifically necessary, important to NASA's mission, and should be allowed to proceed.
>
> The Bion research is intended to expand what we know about how space flight affects muscles, bones, balance, and performance. While human beings have spent long periods of time in space, it has not been possible to fully document the changes to their bodies. In part that is because for their own comfort and protection, astronauts take medications to counteract space sickness and do intensive exercise to overcome the harmful wasting effects of prolonged weightlessness. These countermeasures make it hard to determine exactly what is happening to their bodies. The Bion 11 and 12 experiments are intended to fill gaps in our knowledge so that we can find better ways to counteract the effects of weightlessness on the body.

I found that interesting. I remember talking with our former colleague, Senator Garn, about the problems that he had both preparing for his space flight and some of the space sickness experiences he had while he was there. He took the countermeasures to which the letter that I quoted refers, and he was able to function properly. But that is something that had not occurred to me until this letter came in as a reason why we need to proceed with the animal research.

From the American Society for Gravitational and Space Biology, I offer the following:

> To kill this program just as mankind embarks on permanent presence in space would be a serious mistake.

From the Association of American Universities, the National Association of State Universities and Land-Grant Colleges, and the Association of American Medical Colleges, I have this quote:

> We are concerned about the precedent this amendment sets in terminating research that has been peer reviewed and approved on the basis of scientific merits.

That is another interesting thought where the Congress has authorized science to go forward. The science has been peer reviewed. It has been declared to be appropriate. Then for the Congress to come in and say, no, we do not like your peer reviews, we are not going to pay any attention to the scientists, we are going to override it, is, indeed, a bad precedent for us to set.

Finally, from the Americans for Medical Progress Educational Foundation, this quote:

> Bion makes sense.
>
> (1) Scientifically it will yield critical knowledge of the effects of space travel on human physiology. This knowledge is essential for the safety of current and future space travelers;
>
> (2) Financially, $14 million of the total $33 million has already been spent. To halt in midstride would mean that all of that money was wasted. More to the point, Russia has funded the vast majority of the costs of all of these projects. If the United States was to attempt to garner this data on its own, the costs could exceed $.5 billion.

In summary then, Mr. President, I am a supporter of the space program. I believe we should move ahead with our attempt to discover and explore in this final frontier. I do not believe that we should prepare the space program to send humans up into space without doing all of the appropriate research that we possibly can on the impact on human physiology of space travel. This program is the most intelligent, the most carefully charted, and the most financially responsible way for us to gather that data.

For those reasons I support the committee's position.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Thank you, Mr. President.

Mr. President, I rise in opposition to the tabling motion and in support of the Bion research project.

My perspective is a bit different than many of the people that you have heard from today in that we have talked this morning and debated this morning about animal research, about the use of various animals, notably monkeys and primates in research.

I stand before you as one who has seen through my own picture window as a heart and lung transplant surgeon, as a heart specialist, as a lung specialist, as someone who spent the last 20 years of his life in the field of medicine, as one who has been a beneficiary of that research and seen the great benefits to mankind, to people throughout the world.

My perspective is one of a scientist who has written over 100 papers that have been peer reviewed. I would like to come through the peer-review process because I think it is not only critical to the way we address this fairly complex issue but one which I think the peer-review process and the importance it places on our review will go a long way to keep us, Members of Congress, from micromanaging the scientific process today.

About 2 months ago I was in Tennessee, and someone came up to me and handed me a picture of a young 6-year-old boy. I did not recognize the boy, to be honest. But the two proud grandparents, I found out later, handed me the picture and were a little surprised I did not recognize him. But I did not recognize him because I had not seen him in 6 years. He was 6 years old. At 3 weeks of age I had done a heart transplant on that young boy when he was, I think, 20 or 21 days of age. Now he is alive today playing baseball and in the first grade. I talked to his parents actually just a couple of weeks ago.

The research which allowed me to take the 5-week-old heart and put it in a 3-week-old individual that has allowed this little boy to be alive today came out of operations on monkeys, rhesus monkeys, and, yes, as a U.S. Senator I can tell you that I have operated on rhesus monkeys. I have done it in a humane way, and those were treated just like other patients—were given anesthesia and were protected. Safeguards were in place. But that little boy is alive today because I learned that procedure and helped to figure out that procedure based on operating on monkeys about 8 years ago.

I can't help but think of a 60-year-old man today who I did a heart transplant on about probably 6 years ago who was kept alive for about 32 days with an artificial heart. That artificial heart I had learned to implant and figured out the details of in animal research spending day after day operating and placing that device in animals before placing it into a human being who is alive today because of the technology and because of the scientific advances that were made because of animal research.

I can't help but think about 1986 when I was engaged very directly in primate research doing heart-hung transplants on monkeys. Just 12 months after doing those heart-lung transplants on monkeys in a humane way, I was able to transplant in a 21-year-old woman who had in-stage heart and lung disease, who underwent the first successful heart-lung transplant in the Southeast back in 1985.

So you can see that I stand before you as someone who has had very direct experience in the benefits of this type of research. I say all of that because a lot of the rhetoric that has sprung around today of monkeys in space and getting monkeys off the taxpayers' backs we really need to put aside and engage this in a very serious and scientific way because this scientific research, I think, can be critical to the safety of human beings both in space but also ultimately in this country.

Much has been said in terms of the peer-review process. Let me tell you as a scientist, as someone who has operated on monkeys, as someone who has taken that research to the human arena, I cannot stand before this body and before the American people and say that I, BILL FRIST, a physician with about 16 years of medical training, can evaluate this specific research. So what do I do? I turn to my peers who are experts, who five times in the past through a peer-review process have looked at these specific projects and said that this is sound research, that this is important research, important research that needs to be carried out in this environment and elsewhere.

We have to be very careful, I think, in this body before engaging in the micromanagement of the type of research that goes on in this country, or that will go on. The temptation is going to always be, I think, to rely upon what feels best to us as legislators, or to people who come before us. I think we have to be very careful, in setting national priorities, to rely upon the medical community, to rely upon the scientific community through that peer-review process.

In that regard, much has been made already this morning of the fact that the Bion experiments have been peer reviewed five times for scientific merit. We have already talked about that. In December 1995 an expert panel of scientists—the Bion Sience Assessment Panel—conducted a review of the science which encompasses the United States and French portions of the experiments. We know that the Bion assessment panel—this was mentioned by the Senator from Wisconsin—recommended certain procedural improvements in program management that overall the panel has commended since as meritorious and recommended that the Bion 11 and 12 missions proceed.

In addition to this 1995 review, we had reviews of outside committees in 1988 and 1992 and 1993. In 1988, a panel convened by the American Institute of Biological Sciences reviewed and determined the scientific merit of the experimental proposal submitted in response to a NASA research announcement.

In March 1992, a second independent review of the integrated United States-French set of flight experiments was conducted to assess continued relevance of rhesus experiments, and again they recommended that the rhesus project should continue. And in July 1993, an independent science critical design review gave the rhesus project the authority to proceed with the transition to payload development.

I did receive a letter from the Association of American Medical Colleges which most people know represents over 120 accredited U.S. medical schools, represents some 400 major teaching hospitals, represents 74 Veterans' Administration medical centers, 86 academic and professional societies representing 87,000 faculty members and the Nation's 67,000 medical students and 102,000 medical and surgical and other medical specialty residents.

This letter basically says that "the AAMC is deeply concerned about the precedent the House action sets in terminating research that has been reviewed and approved on the basis of scientific merit. The Bion Project has undergone repeated external expert review."

They close by saying that the AAMC, that is, the Association of American Medical Colleges, "strongly supports the use of merit review to determine how limited Federal funds may most productively be spent for scientific research."

Again, a letter that has been quoted already this morning, from the president of the Association of American Universities, from the president of the National Association of State Universities and Land Grant Colleges, and from the president of the Association of American Medical Colleges reads: "The Bion missions have been peer reviewed and approved by five independent panels over the past 8 years. The most recent panel found that the quality of science proposed is very high."

And let me underline this following part, that "there are no known alternative means to achieve the objectives" and that "the animal care and welfare proposals meet all requirements of United States legal standards."

In closing, as I step back again as someone who has seen the benefits of science in primate research, as someone who has some experience with the peer review process, I would like to caution my fellow Members that we must be very careful in micromanaging biomedical research. That is why we have a peer review process, and that is why it works so well. So let us let that process work.

I do hope my colleagues will support the continuation of the Bion Program for these reasons and resist that temptation to micromanage research which has also met the criteria of numerous peer reviews.

I thank the Chair.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Will the Senator yield me 3 minutes?

Ms. MIKULSKI. Absolutely.

Mr. THURMOND. I wish to thank the able Senator.

I rise today in support of H.R. 3666, the fiscal year 1997 appropriations bill for the Department of the Veterans Affairs, Housing and Urban Development, and independent agencies. This is a broad measure which provides appropriations for a variety of programs. It funds veterans, public and assisted housing, environmental protection, NASA, the Federal Emergency Management Agency, and other programs. I commend the managers of this bill for their balanced approach in funding the many Government functions contained in this bill.

Mr. President, let me note a few of the highlights of this bill. This bill reflects the intent of Congress of keeping Government costs under control. The total appropriation, $84.7 billion, is only a slight increase over last year's funding. However, it is $2.8 billion less than the President requested. Reductions to the President's request are primarily in administrative costs. In most program areas, for actual benefits, funding in this bill is above the President's request.

I particularly support the committee's funding proposal for veterans programs. This bill provides $39 billion for veterans, which is an increase over last year's funding and above the President's request. These funds will adequately provide for veterans' compensation and pensions, medical care, and construction projects related to outpatient care, medical research, and veterans' cemeteries.

As a member of the Committee on Veterans' Affairs and as chairman of the Committee on Armed Services, my commitment to the veterans of our armed services remains strong.

I have stated many times that the highest obligation of American citizenship is to defend this country in time of need. In return, this grateful Nation must care for those who are in any way disabled because of their patriotic duty in our Armed Forces. I believe the funding levels in this bill will provide the resources for the Government to meet its obligations to our Nation's veterans.

Again, I congratulate the managers of this bill for the support of our veterans. I yield the floor. I thank the Senator.

Ms. MIKULSKI. I thank the Senator.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. I thank the Chair.

I think we are about to move to the conclusion of this debate, and I think it has been an excellent debate. I think proponents of terminating the Bion Project are, indeed, well-intentioned people in the Senate, the Senator from Wisconsin, and the Senator from New Hampshire, and I think their sensitivity and concern about the sanctity of life should be acknowledged. It is exactly because of our concern about human life that many of us who are proponents of science and technology support well-regulated, well-monitored, well-thought-through and necessary animal research.

The issue of animal research is not new to this Senator. As a Senator from Maryland, I not only have the honor of representing one of the primary space centers in the United States, Goddard, but I also represent the National Institutes of Health as well as Johns Hopkins University and the University of

Maryland, all of which engage in very strong scientific research and, in many instances, do use animal testing in their protocols.

So as someone who believes that we need to have scientific breakthroughs to save lives, whether it is at NASA or NIH, I do believe we do need to have animal research in life science projects.

I am not alone in that view. We have heard from a Senator-astronaut, Senator GLENN, from Ohio, who, as we know, was the first astronaut-Senator to orbit the Earth, and I think Senator GLENN is alive today because the first lives to go into orbit were monkeys and we knew how to deal with gravity, how to deal with oxygen, how to make sure that we could launch him and bring him back safely. We heard from the distinguished Senator from Tennessee, Dr. BILL FRIST, a medical doctor, again talking about the compelling nature of doing animal research in order to be able to save human lives.

Much has been said about this project, and I would like to use this opportunity to engage in a factual conversation.

Just to go over some of the facts, I would like to bring to my colleagues' attention that Bion 11 and Bion 12 are two cooperative United States, Russian, and French space flights and they are scheduled to go up October 1996 and July 1998 using Russian Bion biosatellites. Now, Bion spacecraft are satellites that do not have crews on them, so this will be unmanned. They were developed by the Russians, and they fly biological experiments with, yes, primates—rodents, insects, and plants—in near Earth orbit.

In very general terms, the major objectives of these biosatellite investigations are to study the effects of low gravity and space radiation environment on the structure and function of individual physiological systems and the body as a whole.

Understand, this is not the space shuttle with monkeys on it or rodents or insects or plants. These are 8 feet in diameter. They carry a 2,000-pound payload. We have had about 10 of these since 1973. What we are talking about here are 10 monkeys that were on previous Bion missions that were recovered. In the Bion protocols the monkeys are actually recovered. Also, Bion protocols do not include the sacrifice of monkeys. So we are not talking about ghoulish, Kafka, grim practices here. We are talking about research, done on mammals, that has been adequately scrutinized for protecting the animals.

First, the experiments have been peer reviewed four times for their merit. So, no, these are not just idle experiments. They have been reviewed on many occasions for their scientific merit. The whole point of their scientific merit was to ensure we were getting a dollar's worth of research for a dollar's worth of taxpayer dollars. And, was there another way to do this research on Earth? The answer came back resoundingly that this was valid scientific research and it was worth the money and it was worth the effort.

These protocols are evaluated and monitored for humane treatment of animals. Prior to the external peer review by a group called the AIBS, a scientific group, there was a prerequisite for funding in which the proposals needed to be reviewed by the sponsoring institution's internal animal care and use committee. This is in accordance with the Animal Welfare Act, that every institution that conducts research with Federal funds must have an animal care and use committee, it must include a veterinarian, a scientist, an ethicist, and so on. So, again, it was not "let's put a bunch of monkeys or rodents in space and put electrodes on them and see what happens." All of the scientific protocols were used to ensure the Animal Welfare Act was honored and was practiced on this project.

I knew there would be reservation because this was done by the Russians. We are not in the cold war, so that is not the issue. But, frankly, one of the characteristics of the Russian space agency was the astronauts were known for their incredible bravery. It was an endurance contest. Often, their work focused on endurance test research.

What ours is, though, is more about how we can protect astronauts in space, but also learning from life science projects that would study these biological effects that would protect people here on Earth.

What I am told is that NASA is gathering data on bone mass, muscles, bone structure, healing in space, osteoporosis—something of tremendous interest to me—and so on. This research is leading to enormous medical advances. This benefits you and I and other Americans. We hope to save young children because of Bion research. We are helping to protect women from debilitating bone disease, particularly osteoporosis.

Let me share a few examples. The Bion Project has enabled scientists to study the cause, treatment, and prevention of spinal cord injuries in space by using this primate research. The Bion Project has also produced data on fluid and electrolyte balance. This has tremendous impact on research for people with kidney problems on kidney dialysis. Often, people get sick not only because their kidneys are in failure but because of the failure to maintain an electrolyte balance. It has also looked at the generation of new blood cells and the whole issue of immunology. It is related to cancer research.

We could give many examples of this. One of the things I think has also been very important is, because of the technology to monitor the primates, we have also been able to improve other monitoring systems—for example, on fetal health, which I know is of great interest to many of our colleagues. The 8 joint Bion missions to date have produced access to space for 100 U.S. experiments, 90 peer review journals, and has accounted for one-half of all the life science flight experiments accomplished with nonhumans. According to NASA, similar unmanned satellite programs developed by NASA alone, without Russian support, would cost 20 to 30 times as much.

It is not our job to review the project for scientific merit. In fact, that has been established. It has been reviewed four times for that merit. I believe we need to ensure the ongoing part in this.

Ames Research Center has an excellent animal care program, as demonstrated by its full accreditation by the Association for the Assessment and Accreditation of Laboratory Animal Care International. This is a nonprofit organization that reviews animal research around the facilities to make sure they are fit for duty and humane in their operation.

So I think this project is of merit. I think we should continue it. I do not think we should cancel it.

Earlier in the conversation, someone talked about the OSTP, the President's Office of Science and Technology. They also do support the project. I have a letter here from Dr. Gibbons stating that. I ask unanimous consent that be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, DC, July 25, 1996.

Memorandum for Dan Goldin, Administrator, NASA.

From: John H. Gibbons, Assistant to the President for Science and Technology.

Subject: BION Task Force Recommendations.

Thank you for transmitting to me the recommendations from the BION Task Force of the NASA Advisory Council. I was pleased that you decided to form the Task Force to provide you with independent and expert advice on the program. Their recommendations are clear and confirm earlier findings by other groups charged to review BION missions 11 and 12. The scientific merit of the proposed research, as determined by rigorous peer review, was judged as excellent and important to the future of manned space flight. Furthermore, it is noteworthy that the review panel observed that there is no known alternative means to achieve the objectives of the program. I also was pleased to learn that the animal care and welfare proposals for the Rhesus monkeys meet U.S. legal standards. Finally, I am sympathetic with the Task Force's compliments to NASA for its leadership in bioethics and their encouragement for NASA to expeditiously implement a bioethics review policy, thereby continuing its leadership in this important arena.

Ms. MIKULSKI. It said:

> I was . . . pleased to learn that animal care and welfare proposals . . . meet U.S. legal

> standards . . . and the [NASA] task force compliments . . . its leadership in bioethics [as well as its scientific merit].

So, when you hear from the Senator from Ohio, the Senator from Tennessee, the scientific community, I think the evidence speaks for itself.

I know the Senator from New Hampshire wishes to conclude the debate on this, and that is his right. We respect that. I just ask unanimous consent that, when the Senator makes his tabling motion, the vote occur at 2:15.

I will reel that right back in. Senator BOND and I were trying to expedite the vote. It is just a clarification of the time. Many of our colleagues on both sides of the aisle are flying back in. They may be delayed until afternoon, and I know they want to have their voices heard on this most important amendment.

The PRESIDING OFFICER. Who seeks recognition? The Senator from New Hampshire is recognized.

Mr. SMITH. Mr. President, this debate, on the part of those who are defending the project, I must say, has been very skillfully conducted. Frankly, someone who was paying maybe just a little attention to this and not to all of the detail would probably agree with them. It is unfortunate the debates and facts get twisted on the floor of the Senate as they do.

This basically now is coming down to being an anti-NASA vote, which it is not. I have made a very strong point earlier in my comments about my strong support for NASA.

It does not take one dime from NASA. It allows NASA to reprogram the money into areas that I believe and I think NASA would probably agree are more important.

It is also coming down as being total opposition to any and all research that has ever been done on animals in the name of helping human beings. That is not the issue either.

The issue is very simply this: Do you continue to do research after you have gotten the facts? Do you continue to do research over and over and over again for no reason?

No one has presented any good reason for this project. There have been some general statements made about research by some very sophisticated people who I certainly respect, such as the Senator from Tennessee. That is not the issue. Once you develop a vaccine or once you develop something that cures a disease, do you continue to do the same research on the same vaccine over and over and over again once you have found out what it does? If you vaccinate your child against smallpox, do you continue to vaccinate over and over and over and over and over again, or is there some limit? That is the issue. Do you want to continue to waste $15.5 million on research which is duplicative or don't you? That is the issue.

The Senator from Maryland said a few moments ago, "It's not our job to review this project, or any project, for scientific merit," referring to this project. "It's not our job to review this project for scientific merit."

I ask my colleagues, if it is not our job, since this bill is before us, whose job is it? Whose job is it? The White House said, "We don't need this project." In essence, that was the conclusion they drew. The Administrator of NASA, in a memo that cites him, basically agrees that we do not need it. The House of Representatives has voted overwhelmingly, 244 to 170-something that we do not need it. So if it is not our job to review it, why is it here? Why is it in this bill? Whose job is it to review?

When we take that attitude, that is one of the reasons why we have a $5 trillion debt, Mr. President, because no one wants to take the time to review these projects, and the truth of the matter is, we have oversight responsibility in this body, and I take it very seriously. So we should review it. We should review everything. We do not review enough. If we reviewed more, we would find a lot more waste.

There has been a lot of testimony from people who are experts, and some who pretend to be experts, in this debate. Let me cite a couple, because I think it is important to get some balance here.

Sharon Vanderlipp is a veterinarian. She writes a letter to me in which she says:

> As former chief of veterinary services for NASA Ames Research Center—

That is where this work is done; that is who supervises this project.

> As former chief of veterinary services for NASA Ames Research Center, and as a veterinarian with more than 15 years experience in the specialty of laboratory animal medicine—

I hardly would consider her an animal rights activist, I think we could draw that conclusion fairly safely. She spent 15 years in laboratory animal medicine—

> I am writing to request your support of Smith-Feingold regarding the Bion experiments. I support animal-related research when there are no other research alternatives and when the derived benefits justify the loss of animals lives and monetary expenditure.
>
> This is not the case in the Bion project.
>
> It is the charge of the U.S. Senate to represent the will of the constituency in determining how their tax dollars will best serve them. There is still time to salvage this $15 million.
>
> During my service at NASA Ames Research Center, July 1993 until my resignation in March of 1994, a review of the medical records of the nonhuman primates indicated NASA's failure to provide appropriate surgical monitoring, pre- and post-operative care. Post-operative deaths were not uncommon. These records were reviewed indepth by myself and included animals involved in the Bion protocols.

She goes on to talk about some other violations.

> NASA officials repeatedly ignored my request for assistance in resolving a variety of animal welfare related issues.

She also says:

> Many of the individuals associated with the animal research components of Bion protocols are the same individuals who demonstrated a total lack of respect for animal welfare laws.

And on and on.

Mr. President, there are people who are very close to this project, highly respected people, who differ, as we heard differing opinions expressed here earlier. I respect those differences. It does not mean, though, that just because they have differences that they are correct.

I have a page here listing seven or eight physicians. Senator FRIST is a physician. I respect him. But here are physicians who disagree with him on this project. Let me just read a couple.

Dr. Roger White, board certified anesthesiologist, Mayo Clinic, Mr. President—Mayo Clinic:

> Any assessment must be reviewed as one of the most invasive experimental procedures ever imposed on an animal, beginning with surgical procedures of implementation of multiple monitoring devices. It is particularly aggressive to the point of being macabre as well as cruel.

The Senator from Maryland said all this was done in the best interest of the animal, nothing macabre was done. I am not sure that was the term she used.

Let me read exactly what is done. I think we should know what is done. It is the subject of debate. I do not think this is the only issue, but I think we should say what is done.

Now remember, no matter how you feel about research, this is done because, and Senator GLENN brought this up, we want to determine the effects of weightlessness on these animals in space. Astronauts train and exercise vigorously in space to keep their muscles and their bones moving so that they don't atrophy, if you will. These monkeys are restrained. They cannot move. So I ask whether or not this kind of treatment is necessary now in this day and age after we have had astronauts in space over 400 days at a time to determine the effects of weightlessness on monkeys who are restrained, who cannot move.

I do not know what "macabre" means. I do not know what "gruesome" means or "grotesque" means. I thought I knew what it meant until I heard the statement from the Senator from Maryland. If this isn't, then I would like to know what it is.

This is in a letter to Daniel S. Goldin from Leslie Alexander of the Houston Rockets. They live in the Houston area, have business in the Houston area. They are very supportive of NASA and the space program, as I am.

This is what is done to the animals in question:

> The Bion space project causes unimaginable suffering to the young monkeys.

Again, thinking of the words "macabre," "cruel," whatever you want to call it. If you don't think it is, fine, then you should vote the other way.

> The tops of the monkeys' skulls are opened, electrodes are wired to their brains, holes are cut in their eyelids and eyeballs, wires are run through the holes and stitched to their eyeballs. The wires are threaded under their scalps to reach the circuit boards cemented into the openings in their skulls. Eight holes are then drilled into each monkey's skull so a metal halo can be screwed into it for immobilizing the animal for up to 16 days. Fourteen electrode wires hooked up to seven muscles in the monkeys' arms and legs tunnel under the skin and exit from a hole in the animals' backs. A thermometer is surgically buried in each animal's stomach and it too exits their backs. Straight jackets are sown on to monkeys to keep them from ripping the wires out of their bodies.

He goes on to say that this project is cruel, pointless, wasteful, scandalous, shameful, and harmful to NASA's reputation.

Mr. President, if you assume—if you assume; I do not—but if some do, that this type of medical research is necessary, then why do it after you have the results? How does a monkey, restrained, that cannot even move, how does this experiment in space help anybody find out anything? And the truth of the matter is, Mr. President, it does not. And everybody in NASA knows it. Mr. Goldin knows it. The White House knows it. And 244 Members of the House know it. But somebody in this Government, some bureaucrat, somebody who is not in a leadership role on this, has decided otherwise.

So they send in this stuff. And they make it out to be an issue that somehow if you oppose this kind of treatment, that somehow you are opposed to all research, that you want to let heart doctors not have the opportunity to test and to do the things they have to do to determine how to operate on a human being. It is outrageous to make those kinds of statements on the floor of the U.S. Senate. This is a repetitious, unnecessary, experiment putting these monkeys through this for 14 days in space to find out the effect of weightlessness, when an astronaut moves around. He exercises. They give them, as the Senator from Ohio knows, prescribed exercises to do in space. They move around. A monkey in a straitjacket cannot move. And yet we still are doing it.

This is not 1960. This is 1996. We have had 40 years of humans in space. Why are we doing it? Because somebody, whom we cannot identify—no name has been given—in this bureaucracy has decided we have to have it. And it is being painted that this Senator is opposed to NASA. This Senator supports NASA. This Senator wants money to be spent in NASA for worthwhile projects, not wasted on this. We need to ask ourselves, is this the way the American people want us to spend their money?

Dr. David Wiebers of the Mayo Clinic, chairman of the neurology/epidemiology department:

> I write this letter from the perspective of an academic and practicing neurologist who supports progress in medicine but who also has considerable concern about the well-being of animals who are utilized in experimental procedures, particularly when those procedures are not scientifically necessary . . .

That is the issue here, not sickness.

> . . . and when they involve cruelty to animals . . . it is my opinion that the scientific gains from these procedures will be insignificant. Moreover, these particular animal studies are extremely invasive and would be expected to cause major discomfort . . .

He is opposed to the project.

Mr. President, I ask unanimous consent that a sheet entitled "Doctors say YES to the Smith-Feingold amendment to H.R. 3666" be printed in the RECORD. It is a long list of physicians, very well-respected from Stanford, as well as the Mayo Clinic and others.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DOCTORS SAY YES TO THE SMITH-FEINGOLD AMENDMENT TO H.R. 3666

(Excerpts from statements from physicians and scientists who reviewed NASA's Bion 11/12 protocols)

By any assessment this must be viewed as one of the most invasive experimental procedures ever imposed on an animal, beginning with the surgical procedures of implantation of multiple monitoring devices. "Surgery #3" is particularly aggressive, to the point of being macabre as well as cruel.—Roger D. White, M.D. Board-Certified Anesthesiologist, Mayo Clinic.

I write this letter from the perspective of an academic and practicing neurologist who supports progress in medicine but who also has considerable concern about the well-being of animals who are utilized in experimental procedures, particularly when those procedures are not scientifically necessary and when they involve cruelty to animals. . . . It is my opinion that the scientific gains from these procedures will be insignificant. Moreover, these particular animal studies are extremely invasive and would be expected to cause major discomfort. . . .—David O. Wiebers, M.D. Board-Certified Neurology/Epidemiology, Chair, Mayo Clinic.

This kind of animal experimentation might have proceeded only a few years ago with little or no comment or objection. Now it cannot and must not. If human alternatives cannot be identified, as the investigators assume, then this project should be abandoned or radically revised and reviewed again.—Jennifer Leaning, M.D., M.S. Hyg. Board-Certified Internal/Emergency Medicine, Harvard Medical School

During my service at NASA/Ames Research Center (July 1993 until my resignation in March 1994), a review of the medical records of the non-human primates indicated NASA's failure to provide appropriate surgical monitoring, pre- and post-operative care, and analgesia. Post-operative deaths were not uncommon. . . . NASA officials told me NASA had no control over the care of BION monkeys in Russia. Veterinarians participating in the project who had visited the Russian facility and observed the animals on location told me conditions were "draconian" and that the animals received food of little or no nutritional quality.—Sharon Vanderlip, D.V.M. former Chief of Veterinary Service, NASA/Ames Research Center.

The question is: [W]ill this project substantially contribute to [astronauts'] health in future space missions? . . . My answer is that it will not. The rationale for this project, as set forth in the protocols I reviewed, is completely insufficient to justify continuation of this work.—Robert Hoffman, M.D., Board-Certified Neurologist, Stanford University.

[H]uman data would be more valid and cost-effective than animal data. Many of the surgical procedures are minor for humans (anesthesia being necessary in animals for restraint.) A cooperative human subject would not require some procedures which are done for fixation. . . . I am not convinced that this project will provide meaningful information in a cost-effective manner.—Dr. Dudley H. Davis, M.D., Board-Certified Neurologist.

[T]here have beeh a vast number of . . . sophisticated studies of . . . vestibular function performed in humans, above and beyond [the huge number using] animals, without any appreciable gain. . . . [C]learly this same old type of stimulate/record study of . . . pathways which has been done exhaustively offers no probability of affording any significant advancement.—Carol Van Petten, M.D., Board-Certified Neurologist.

The only benefit ascertained in my estimation is the continual drain of dollars out of the taxpayer's pocket and into the pockets of "researchers" like the irresponsible scientist[s] . . . who [are] common denominator[s] in all of this quackery.—Jack M. Ebner, Ph.D., Physiologist.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER (Mr. ASHCROFT). The Senator from Missouri.

Mr. BOND. Mr. President, if I might interrupt to propound a unanimous-consent request.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield for the purposes of that unanimous-consent request?

Mr. SMITH. Yes.

Mr. BOND. Mr. President, I believe we have reached agreement on the unanimous-consent request that the vote on the tabling motion, which Senator SMITH is about to propound, occur at 2:15. After he makes that motion, then the pending amendment would be set aside, and Senator MCCAIN would be recognized to offer an amendment or amendments. And we would recess at 12:30 and come back in to vote at 2:15. And when that vote is concluded, Senator BUMPERS will be recognized to offer his amendment related to the space station. There is no time agreement on that. But debate will begin at 2:30 roughly, 2:30, 2:35, while the Iraqi briefing is going on. Would my colleague care to comment on it?

Ms. MIKULSKI. Mr. President, the Democratic leader has instructed me, on behalf of our side of the aisle, to, upon the completion of the Senator from New Hampshire's debate and his anticipated motion to table, that we agree to the unanimous consent that a vote occur at 2:15. We further agree that between now and the time we recess for party caucuses that Senator MCCAIN will be speaking on his veterans amendments. And the Democratic leader also agrees to the unanimous consent that upon the completion of the vote on the Feingold-Smith motion, that we move to the debate on the space station as proposed by Senator BUMPERS.

Mr. BOND. Mr. President, I, therefore, propound a unanimous-consent request that when Senator SMITH makes his tabling motion, that that will be set aside with a vote to occur on that amendment at 2:15, that when he completes the propounding of that motion, then Senator MCCAIN be recognized to offer his amendment or amendments, further, that upon the completion of the vote on the Smith-Feingold motion, Senator BUMPERS be recognized to offer his amendment on the space station.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BOND. Mr. President, I thank the Chair and I thank my colleague from New Hampshire.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. SMITH. Thank you, Mr. President. Colleagues are here who wish to speak. I will be very brief. In another few moments I will be completing my remarks. I will then move to table.

Mr. President, I have cited a number of doctors who have indicated their opposition to this. Again, one other one I want to mention comes from Dr. Neal Barnard who wrote me a letter regarding whether or not this is research that is worthwhile or not.

> Relevant studies have already been conducted on humans, the results of which are obviously more pertinent to human space flight. Extensive data is also available from previous human space missions, some which have exceeded 400 days. NASA's experiments using rhesus monkeys to study motion sickness, calcium loss and "sea legs" are not applicable to humans at all. The physiology of monkeys and humans differ drastically. A restrained monkeys with electrodes implanted in his legs cannot hope to offer insights into the largely neurological, short-lived and self-correcting problem of "sea legs. "* * * We already know of methods to limit calcium loss and treat the symptoms of the motion sickness and "sea legs."

Of course, in this case the monkey is restrained. So any benefits would be minimal.

Again, Mr. President, let me conclude on these few points. Sending a primate into orbit 30 years ago, 40 years ago, you could claim there would be some justification. But this is 1996. We have had, as I said, 38 to 40 years of humans in space. Even our two highest science officials in the memo I already cited have said that project is not necessary.

We have had humans in space for over 400 days at a time. Just about the time astronauts begin experiencing some of the problems associated with weightlessness the Bion trip with the monkeys end. Most of the weightlessness problems referred to by Senator GLENN happened after the 14th day in space. And these monkeys are brought out of space in 14 days. In the 2-week Bion missions the animals are being monitored by remote electronic instruments.

The February 1996 Bion science assessment report said a major weakness of the overall project is the limited data collection capability. Many of the experiments planned for Bion 11 are weakened by the lack of a digital data storage. There are any number of people who would indicate that this research is bad.

The second reason is even less of value, the bulk of research that would deal with muscle loss and bone deterioration. Our astronauts are placed on rigorous exercise regimes, as the Senator from Ohio knows, while the animals are strapped in and remain immobile.

It is my understanding, Mr. President, that all of the members on the assessment panel that the proponents have all cited—they have all been cited here—admitted that the fact that the animals are restrained is a major flaw.

Let me just end on this point, Mr. President.

I don't know where the votes are going to fall on this. But, look, this is $15.5 million spent on a program that is supposed to look at the weightlessness of monkeys in space when, in fact, we have had humans in space for almost 40 years, and inflicting unbearable pain on these animals. To do that kind of thing for no reason, I think there is no validity to it. I think it says a lot about a society, a lot about the people in the Senate, frankly, who have the courage to stand up and say, you know, the Citizens Against Government Waste are correct that this is a waste of taxpayers' money. They are going to rip this vote, and they should. It is a waste of taxpayers' money, and whether you are an animal rights advocate or you want to save taxpayers' dollars, it doesn't matter.

I don't really particularly care which side you are on. I just need your vote. That is the point. The point is that it wastes Government money. If you want to stop wasting Government money, you ought to vote to table the committee amendment, and if you believe that you should not do duplicative research on animals—not eliminate all research—then you ought to vote for the amendment.

So I think that really says all that needs to be said.

Mr. President, at this time, I move to table the committee amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays having been ordered, the question will be before the body at 2:15 this afternoon, consistent with a previous order.

Under the previous order, the Senator from Arizona is recognized.

AMENDMENT NO. 5176

(Purpose: To control the growth of Federal disaster costs)

Mr. McCAIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Arizona [Mr. MCCAIN] proposes an amendment numbered 5176.
>
> On page 75, line 10, after the word "expended" insert the following: "*Provided*, That no money appropriated for the Federal Emergency Management Agency may be expended for the repair of marinas or golf courses except for debris removal: *Provided further*, That no money appropriated for the Federal Emergency Management Agency may be expended for tree or shrub replacement except in public parks: *Provided further*, That any funds used for repair of any recreational facilities shall be limited to debris removal and the repair of recreational buildings only."

Mr. McCAIN. Mr. President, my understanding is that this amendment is accepted by both sides of the aisle. That is my understanding. I would be glad to have a rollcall vote, but I believe it will be accepted.

Mr. President, this amendment would restrict the Federal Emergency Management Agency [FEMA] from spending funds on certain low priority items. Specifically, the amendment would prohibit FEMA from expending funds for the repair of marinas or golf courses except for debris removal, for tree or shrub replacement except in public parks, and limits what can be repaired at recreational facilities.

This amendment is based on recommendations made by the inspector general at FEMA. The inspector general's report concludes,

> . . . that while grant funding appeared to be within the legal parameters of the program, policymakers may want to consider whether program eligibility should continue to include repairing such nonessential facilities as golf resorts, marinas for large boats, tennis courts, archery ranges, and equestrian trails, all of which serve a relatively small segment of the population.

This amendment gives us that opportunity.

According the IG's report, based on their inspection sample alone, had this amendment had been in effect, about $171 million could have been saved. That $171 million could have used to assist others more in need.

Some will argue that adoption of this amendment would place greater burdens on State and city governments. While that is partly true, it ignores the fact that the Federal Government does not have an automatic obligation to repair city and State facilities. For example, FEMA spent $5,687,002 to repair the Anaheim Stadium scoreboard.

While I am sure that the good people of Anaheim appreciate this Federal largess—and will undoubtedly enjoy watching their sporting events with a working scoreboard—such repair is not a Federal responsibility.

The Anaheim Stadium is an entity that charges admission. I would assume it strives to make a profit. Yet I have heard of no one offering to pay back the Federal Government for its investment. And I'm not sure that many would believe that scoreboard repair is something that would fall under the responsibilities of FEMA.

Mr. President, there are needs in my State of Arizona that FEMA has promised to address but has yet to fund. And this is only one of many examples from around the country. In Kearny, AZ, flooding washed out a bridge that allowed students to go to school. FEMA has agreed to fund the building of a new bridge, but has yet to produce the needed dollars.

Mr. President, I am not asking that Arizona be treated differently than any other State or that a problem in my State be given any preferential treatment. But I highlight this issue because allowing children to go to school is more important than the repair of a scoreboard or the fixing of a golf course.

Mr. President, the Disaster Relief Act of 1970, specifically excluded States and local facilities "used exclusively for recreations purposes" from receiving Federal funds. In subsequent disaster relief legislation, Public Law 93–288, the authorizing committee chairman stated "such funds should not be spent on golf courses, football or baseball fields, tennis courts, parks or picnic areas * * *." Yet the law does not specifically prohibit such expenditures.

The inspector general's report states:

> [A] community hit by a disaster needs to have its hospitals, schools, and police department functioning as soon as possible; it does not need to have its golf course repaired, or not at federal expense. However, as the Public Assistance program currently operates, a golf course is just as eligible to receive grant funding as a hospital, a marina is just as deserving as a school, and an equestrian trail is just as worthy as a police department.

Mr. President, I hope that the people at FEMA will be able to prioritize a little better than they have. Unfortunately, now we have to take legislative action. We must prioritize where Federal dollars are spent and golf courses, horse trails, and luxury boat marinas simply are not high priorities.

Mr. President, since its creation, FEMA has been the Federal Government's disaster response agency. In recent years, we have come to depend more and more upon FEMA. And although FEMA has been criticized at times for acting too slowly, it has done an admirable job. From the hurricane disasters on the east coast, to the California earthquake, to the flooding along the Mississippi River, FEMA has reacted to help those most in need.

FEMA deserves praise for all its good work. But it also appears that a change in the law that dictates how it spends tax dollars is clearly in order.

I recall being here on the Senate floor when the junior Senator from California made an impassioned plea to pass the California earthquake emergency appropriations bill. She showed the Senate pictures of the disaster and some of the unfortunate individuals affected by it. Those pictures were stirring, and the Senate quickly passed the bill. Well, I would like to share some pictures that tell a less compelling story.

This first picture is of the city of Indian Wells, CA, golf course—which is known as a vacation resort facility. Indian Wells has a population of about 2,600 people and one of the highest household incomes in the country: Approximately $100,000, which is almost triple the national average of $32,000. The city has four private golf courses. This course, which is open to the public, charges a staggering $120 per person—including cart—for a round of golf. And because of the cost to golf at Indian Wells, the course runs a surplus of about $1 million a year.

Yet, Mr. President, when in 1993 the golf course sustained flood damage, FEMA gave the city of Indian Wells $871,977 to repair cart paths, sprinkler systems, and erosion. Mr. President, the general public does not—or cannot afford—to use a golf course in a resort vacation community that charges $120 per person. And spending the general public's money to restore this exclusive golf course is just wrong.

The next picture is that of the Links at Key Biscayne. This course received $300,000 for tree replacement.

The famous Vizcaya Mansion Museum and Gardens in Dade County, FL, received over $70,000 for uninsured tree and shrub damage. The IG report notes,

> . . . [that] since the county charges an admission fee to tour the museum and gardens, policymakers should determine whether the Federal Government should be responsible for restoring the opulent gardens of a tourist attraction.

The next picture is of the Dinner Key Marina in Miami, FL. This marina only allows boats to use its slips if such boats are 30 feet or more. Slip fees range from $230 to $850 per month, the equivalent of the monthly housing rent for most Americans.

Mr. President, I had my staff call some local boat stores there. They were informed that the cost of a 30-foot basic yacht starts at about $90,000. Not many middle and lower income individuals that I know of can afford a $90,000 yacht. Clearly, this facility is used only by the wealthiest of individuals, and not by the general public.

Simply said, FEMA should not be spending its money on these projects. Mr. President, FEMA did not have to spend money on these golf courses and marinas, but the Agency chose to. And the money was, indeed, spent. We can't afford to continue this practice.

I recognize that natural disasters do not discriminate. They affect the poor and the rich. The Federal Government's dollars are limited, and we cannot afford to spend them equally on the poor and the wealthy. We must prioritize how we spend the taxpayers' money. We only have a finite amount of money to spend. And as long as natural disasters continue to occur—and indeed they will—we cannot afford to continue to fund these kinds of repairs.

There are many examples of waste and abuse of FEMA funds in this manner, in the manner I have elaborated here, and this amendment would stop that waste. I hope that it will be adopted.

Mr. President, the inspector general made a report in May of 1996 entitled "Intended Consequences—the High Cost of Disaster Assistance for Park and Recreational Facilities." I think it is a very worthwhile document.

Just to quote from a couple of findings on page 10, it says:

> Based on our sample, we found that FEMA has paid millions of dollars for tree replacement in golf courses, parks, and other recreational areas. Crandon Park in Key Biscayne, Florida, received almost $3.5 million for tree replacement as a result of Hurricane Andrew. Approximately $1.7 million, or almost half of this amount, was to replace trees in areas that were not used for recreational purposes. More than $1.6 million of the $1.7 million was to replace trees in a 3.5 mile stretch of a median strip and swale areas (side of the road) through the park that were damaged in the disaster and $100,000 was to replace trees in parking lots.

Ms. MUKULSKI. Will the Senator yield for a question?

Mr. McCAIN. I am glad to yield.

Ms. MIKULSKI. For purposes of clarification, this Senator knows full well that the Senator from Arizona is a graduate from the Naval Academy, and knows essentially the issues around the Chesapeake Bay. I am very sympathetic to the Senator's desire to implement the report of the IG. I have another flashing light about the marina issue.

Let me ask a few questions because the Senator knows from his time on the bay that we have 2,300 miles of shoreline with many marinas, and they are the small businesses, kind of general stores along the water. Some are higher income persons, as the Senator said. But a lot of them are owned by people named Buck, and this is what keeps them going.

My question is about the consequences of the Senator's amendment. Is the prohibition limited only to publicly owned marinas, or does it include private sector marinas as well?

Mr. McCAIN. I believe, according to the inspector general's report, that it would exclude marinas from receiving any Federal funds—this is their report—except for debris removal.

> Marinas in our inspection sample incurred over $22.3 million in disaster damage, not including debris removal costs. Most of these marinas are for recreational boaters and serve a small segment of the public. Some of the marinas . . . generated enough revenue to cover their operating expenses prior to the disaster, and a few of them produced excess revenue which was transferred to the local government's operating general fund accounts. Most of the damage to the marinas was to piers and docks rather than buildings, which were insured. The impact would be mitigated by purchasing insurance, which some of the marinas have already done for their buildings.
>
> Within our inspection sample we found that eliminating marinas would have resulted in Federal savings of at least $17 million.
>
> In commenting on a draft report of the associated direct response recovery directive, it was difficult to justify excluding marinas while allowing other types of like facilities which are also designed for recreation, such as swimming pools . . . tennis courts . . . because of the cost, marinas generally cater to a small segment of the population.

So in answer to the question, if there is a way to shape this legislation in either the report or in amendment language so that we could make sure that where there are low-income people and low-income boaters and not the minimum of 30-foot vessels, then I would be more than happy to work with the Senator from Maryland to clarify the intent of this language.

Ms. MIKULSKI. I appreciate the Senator's courtesy.

If I might comment, first I want to reiterate my support for the IG report and for the general thrust of the Senator's amendment. I thank him for the courtesy of acknowledging the cost and the very nature of the geography of the State of Maryland with its 2,300 miles of shoreline. When it says "small impact," that might be true with all of the continent, but Maryland is unique.

I know the Senator from Missouri wishes to accept the amendment. I wish to cooperate. I wonder if our staff can see what we can do to ensure that the issue of marinas—that we get rid of waste, but yet I want to protect the small business guys that are named Buck and Harry. The Senator knows what I am talking about.

So if I could have the concurrence, I look forward to working with the Senator. Again, I thank him for his courtesy.

Mr. McCAIN. Mr. President, I would like to thank the Senator from Maryland. She raises a very valid point. There are mom-and-pop operations at marinas. I would be happy to try to work with her in discriminating between those kind of facilities that are only available to a few. I think we can work that out.

I ask unanimous consent to modify my amendment.

The PRESIDING OFFICER. Is there objection?

Ms. MIKULSKI. We can't agree to a modification until we know what the modification is.

Mr. McCAIN. I ask unanimous consent that my amendment be set aside until such time as we reach agreement for modification, and then we will bring it up at that time.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. McCAIN. Mr. President, could I also ask my friend from Missouri—as he knows, I have two other amendments. One, I believe, is in discussion stage with his staff, and the other, I believe, is acceptable to him. Would he like me to discuss either one or both of those amendments at this time or wait until a later time?

Mr. BOND. Mr. President, I would like to confer with my ranking member to determine whether one of those might be accepted now. I do have a couple of minutes. I would like to comment on this FEMA amendment because this is a very important and very complicated issue.

Ms. MIKULSKI. Is that the concern the Senator has about the population changes and so on? We have discussed this. I believe the Senator in his steadfast way has represented that he would like to offer an amendment on another issue, and I think we could take it. Does the Senator from Missouri desire to acquiesce in that?

Mr. BOND. Mr. President, I think we can take that amendment. I have some further comments on that to accommodate my colleague. I will save those comments.

Mr. McCAIN. Mr. President, I would be glad to put my statement in the RECORD because, as the distinguished managers of the bill know, this issue has been ventilated on numerous occasions. I point out that for 3 years this amendment has been accepted and then dropped in conference. So I feel compelled here in the fourth year to ask for a recorded vote to make sure that the Senate is completely on record on this issue, in all due respect to my two dear friends and colleagues. But 3 years in a row is enough. I would be glad to submit my statement for the RECORD.

On that amendment, I will be asking for a recorded vote at the appropriate time.

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. We have a unanimous-consent agreement to proceed to the space station amendment at 2:30. That will require a vote. I ask unanimous consent that a vote on Senator McCAIN's amendment relating to the VA resource allocation be placed immediately after the vote on the space station amendment.

I ask unanimous consent that no second-degree amendments be in order on the McCain amendment on VA resource allocation and that that vote be 10 minutes in length.

The PRESIDING OFFICER. Is there objection?

AMENDMENT NO. 5177

(Purpose: To require a plan for the allocation of Department of Veterans Affairs health care resources)

Mr. McCAIN. Mr. President, reserving the right object, I do not intend to object, but I think it would be necessary for me at this time to send the amendment to the desk. I ask indulgence of my colleagues to do so.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

> The Senator from Arizona [Mr. McCAIN], for himself and Mr. GRAHAM, proposes an amendment numbered 5177.

Mr. McCAIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 104, below line 24, add the following:
>
> SEC. 421. (a) PLAN.—(1) The Secretary of Veterans Affairs shall develop a plan for the allocation of health care resources (including personnel and funds) of the Department of Veterans Affairs among the health care facilities of the Department so as to ensure that veterans who have similar economic status, eligibility priority, or medical conditions and who are eligible for medical care in such facilities have similar access to such care in such facilities regardless of the region of the United States in which such veterans reside.
>
> (2) The plan shall—
>
> (1) reflect, to the maximum extent possible, the Veterans Integrated Service Network and the Resource Planning and Management System developed by the Department to account for forecasts in expected workload and to ensure fairness to facilities that provide cost-efficient health care; and
>
> (2) include—
>
> (A) procedures to identify reasons for variations in operating costs among similar facilities; and
>
> (B) ways to improve the allocation of resources so as to promote efficient use of resources and provision of quality health care.
>
> (3) The Secretary shall prepare the plan in consultation with the Under Secretary of Health of the Department of Veterans Affairs.
>
> (b) PLAN ELEMENTS.—The plan under subsection (a) shall set forth—
>
> (1) milestones for achieving the goal referred to in paragraph (1) of that subsection; and
>
> (2) a means of evaluating the success of the Secretary in meeting the goal.
>
> (c) SUBMITTAL TO CONGRESS.—The Secretary shall submit to Congress the plan developed under subsection (a) not later than 180 days after the date of the enactment of this Act.

(d) IMPLEMENTATION.—The Secretary shall implement the plan developed under subsection (a) not later than 60 days after submitting the plan to Congress under subsection (c), unless within that time the Secretary notifies Congress that the plan will not be implemented in that time and includes with the notification an explanation why the plan will not be implemented in that time.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

Mr. MCCAIN. Mr. President, this is the third year in a row that Senator GRAHAM of Florida and I have sponsored legislation to better allocate health care funding among the Veterans Department's health care facilities. Despite the fact that this amendment would enable veterans to receive equal access to quality health care, no matter where they live or what circumstances they face, this piece of legislation has never been made law.

Mr. President, in March 1994, I originally brought to Secretary Jesse Brown's attention the inequity in veterans access to health care. Despite their knowledge of the problems in the system that is currently being used, the Department of Veterans Affairs is still using an archaic and unresponsive formula to allocate health care resources. This system must be updated to account for population shifts. That is why Senator GRAHAM and I are continuing our efforts, for the third year in a row, to change the way health care is allocated among veterans health funding by eliminating funding disparities among VA health care facilities across the country.

The veterans population in three States, including Arizona, is growing at the same time that it is declining in other parts of the country. Unfortunately, health care allocations have not kept up with the changes. The impact of disparate funding has been very obvious to me during my visits to many VA Medical Centers throughout the country, and particularly in Arizona, and was confirmed by a formal survey of the Carl T. Hayden VA Medical Center in Phoenix, which was conducted by the Veterans of Foreign Wars [VFW] in April 1994.

The problem has been further verified by the General Accounting Office [GAO] in a report entitled "Veterans Health Care: Facilities' Resource Allocations Could be More Equitable." The GAO found that the Department of Veterans Affairs continues to allocate funding based on past budgets rather than current needs, and has failed to implement the resource planning and management system [RPM] developed 2 years ago to help remedy funding inequity.

Mr. President, the GAO cities VA data that the workload of some facilities increased by as much as 15 percent between 1993 and 1995, while the workload of others declined by as much as 8 percent. However, in the two budget cycles studied, the VA made only minimal changes in funding allocations. The maximum loss to a facility was 1 percent of its past budget and the average gain was also about 1 percent.

This inadequate response to demographic change over the past decade is very disturbing, and, I believe, wrong. To illustrate the problem, I would point out that the Carl T. Hayden VA Medical Center experienced the third highest workload growth based on 17 hospitals of similar size and mission, yet was only funded at less than half the RPM process.

Mr. President, the GAO informs me that rather than implementing the RPM process to remedy funding inequities in access to veterans health care, the VA has resorted to rationing health care or eliminating health care to certain veterans in areas of high demand.

The GAO says:

> Because of differences in facility rationing practices, veterans' access to care system wide is uneven. We found that higher income veterans received care at many facilities, while lower income veterans were turned away at other facilities. Differences in who was served occurred even within the same facility because of rationing.

The GAO also indicates that there is confusion among the Department's staff regarding the reasons for funding variations among the VA facilities and the purpose of the RPM system.

Mr. President, this problem must be addressed now. This amendment compels the VA to take expeditious action to remedy this serious problem and adequately address the changes in demand at VA facilities.

To conclude, I want to reiterate that I find it simply unconscionable that the VA could place the Carl T. Hayden VA Medical Center at the bottom of the funding ladder, when the three VA medical facilities in the State of Arizona must care for a growing number of veterans, and are inundated every year by winter visitors, which places an additional burden on the facilities.

I ask unanimous consent that the VFW survey be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MCCAIN. I also want to finish my time by emphasizing to this Senate that the problems that exist at the VA have occurred for years, and that it is about time that we change the system to give our veterans the better care they deserve.

EXHIBIT 2

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, DC, April 7, 1994.

In Reply Refer to: 94–24.

JOHN T. FARRAR, M.D.,
Acting Under Secretary for Health (10), Veterans Health Administration, Department of Veterans Affairs, Washington, DC.

DEAR DR. FARRAR: A member of my staff, Robert F. O'Toole. Senior Field Representative, conducted a survey of the Phoenix, Arizona, Department of Veterans Affairs Medical Center, on March 14–15, 1994. During his time at the medical center, he was able to talk with many patients, family members and staff. This enabled him to gather information concerning the quality of care being provided and the most pressing problems facing the facility.

While those receiving treatment in the clinics and wards felt that the quality was good, they almost all commented on the long waits in the clinics and the understaffing throughout the medical center. In discussing their problem with various staff members, it was noted that nurses were under extreme stress. More than one was observed by Mr. O'Toole in tears when completing their tour. The nursing staff on evening shifts must rush continually through their duties in an attempt to cover all their patients needs due to the shortage in staffing in both support and technical personnel.

In attempting to determine the reason for this problem, it became apparent that the station was grossly underfunded. Which means that the staff must either take unwanted shortcuts or continue to work beyond the point expected of staffs at the other medical centers. While it is well understood that the Veterans Health Administration is underfunded throughout the system, it is clear from the comparisons that this facility has not received a fair distribution of the available resources resulting in the deplorable situation now facing the health care team.

Another problem in Phoenix that must be addressed is the serious space deficiency, especially in the clinical areas. The ambulatory care area was designed to handle 60,000 annual visits. In fiscal year 1993, the station provided 218,000 annual visits, almost four times the design level. Many physicians are required to conduct exams and provide treatment from temporary cubicles set up inside the waiting rooms. This bandaid approach has added to the already overcrowding.

The other problem that we feel should be pointed out is that of the staffing ceiling assigned to the Carl T. Hayden Veterans Medical Center. Currently, the medical center has a FTEE of 1530 which is over the target staffing level. Based on available reports, the medical center would need an additional 61 registered nurses just to reach the average Resource Program Management (RPM) within their group. This facility operates with the lowest employee level in their group when comparing facility work loads, and 158th overall. To reach the average productivity level of the Veterans Health Administration medical centers, they would need an additional 348 full-time employees. While it is realized that this station will never be permitted to enjoy that level of staffing, it is felt that they, at the least, should have been given some consideration for their staffing problems during the latest White House ordered employee reductions.

To assist the medical center to meet their mandatory work load, and the great influx of winter residents, it is recommended that the $11.4 million which was reported to the Arizona congressional delegation to have been given Phoenix in addition to their FY 94 budget be provided. To enable the station to handle the ever increasing ambulatory work load, the Veterans Health Administration must approve the pending request for leased clinic space in northwest Phoenix and, the implementation plan for the use of the Williams Air Force Base hospital as a satellite outpatient clinic, along with the necessary funding to adequately operate the facility. In addition, VHA should approve and fund, at a minimum, the expansion of the medical centers clinical space onto the Indian School land which was acquired for that purpose.

Approval of the above recommendations would make it much easier for this medical center to meet the needs of the ever increasing veteran population in the Phoenix area. There is no indication that the increasing population trends will change prior to the year 2020. This hospital cannot be allowed to continue the downhill slide. The veterans of Arizona deserve a fair deal and the medical staff should be given the opportunity to provide top quality health care in a much less stressful setting.

I would appreciate receiving your comments on the Phoenix VA Medical Center at your earliest opportunity.

Sincerely,

FREDERICO JUARBE, Jr.,
Director,
National Veterans Service.

Mr. BOND. Mr. President, under the previous order, we were supposed to adjourn at 12:30. I ask unanimous consent that I may be permitted an additional 5 minutes to comment on the MCCAIN amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 5176

Mr. BOND. I want to address the FEMA amendment because the Senator from Arizona has raised some excellent points, and I believe they are very important points this body ought to address.

In fact, the Senator's amendment stems from one of a series of reports I requested of the inspector general last year in an effort to reduce Federal disaster relief costs and improve FEMA operations. The IG has found a weak financial management system at FEMA as well as a number of questionable practices in terms of disaster expenditures. The most recent IG report found some very startling and troubling examples of what could be characterized as an abuse of taxpayer funds.

We have already seen the pictures of a golf course where fees as high as $120 per person were charged yet has received $872,000 in public assistance grants following flood damage.

Let me make it clear, because this area is very complicated, that the disaster relief that we are talking about is available only to publicly owned facilities. If they are privately owned, there are SBA loans that are available. But the FEMA disaster assistance goes generally with the cost share 25 percent local or State cost share with the Federal Government providing the other 75 percent.

We talked about marinas and golf courses, but we could talk about equestrian trails, archery ranges, and other facilities benefiting a very small segment of the population where they receive millions of dollars for tree and shrub replacement. I believe very strongly in trees and shrubs; I plant a lot of them myself, but I seriously question whether that is an essential use of our scarce taxpayer dollars. There is erosion repair, sprinkler systems, and the like. In examples of the facilities the IG looked at which received Federal funds between 1989 and 1995 totaling $286 million, the Federal cost share was between 75 percent and 100 percent.

While I strongly support the intentions of the Senator from Arizona, I am delighted that we are going to have an opportunity to work with him and other colleagues because we have asked of the FEMA Director, and he has promised, to report back to Congress by October 1 a comprehensive plan to reduce the amounts spent and to improve controls on disaster relief expenditures. He has promised to respond to the series of IG and GAO reports that I have requested. These reports do detail a number of what I would consider very questionable expenditures. There is a much larger issue, and we must pursue it comprehensively, not only in the position I serve on this subcommittee but I formerly cochaired a task force on disaster relief with the Senator from Ohio, Senator GLENN, and we have in that task force expressed our grave concerns about the escalating costs of FEMA disaster relief.

Last year, some of my colleagues may remember, in this subcommittee we had to cut $7 billion in other agency programs, primarily housing, housing programs, in order to pay for the Northridge earthquake, and in tight fiscal times we have to be far more prudent in the kinds of relief we provide for public facilities where they are essentially profitmaking though publicly owned facilities.

I can assure my colleague from Arizona that I intend to hold FEMA's feet to the fire in their commitment to submit a plan by October 1. It is essential not only that we but the authorizing committees address this issue.

I look forward to working with my colleague from Arizona and others, particularly my colleague from Maryland, who are very much concerned about this issue.

If there are no further Senators wishing to speak, I yield back my time.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:36 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. CAMPBELL).

DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

The Senate continued with the consideration of the bill.

EXCEPTED COMMITTEE AMENDMENT ON PAGE 104, LINES 21–24

The PRESIDING OFFICER. Under the previous order, the vote will now occur on the Smith motion to table the committee amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Oregon [Mr. HATFIELD], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SANTORUM] are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "nay."

Mr. FORD. I announce that the Senator from New Jersey [Mr. LAUTENBERG] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 42, nays 54, as follows:

[Rollcall Vote No. 266 Leg.]

YEAS—42

Abraham
Akaka
Baucus
Biden
Boxer
Brown
Bumpers
Cohen
Conrad
D'Amato
Dorgan
Faircloth
Feingold
Grams
Grassley
Gregg
Harkin
Hatch
Helms
Inhofe
Jeffords
Johnston
Kennedy
Kerrey
Kerry
Kohl
Leahy
Levin
McCain
Murray
Nickles
Pryor
Reid
Roth
Smith
Snowe
Specter
Thomas
Thompson
Warner
Wellstone
Wyden

NAYS—54

Ashcroft
Bennett
Bingaman
Bond
Bradley
Breaux
Bryan
Burns
Byrd
Campbell
Chafee
Coats
Cochran
Coverdell
Craig
Daschle
DeWine
Dodd
Domenici
Exon
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Heflin
Hollings
Hutchison
Inouye
Kassebaum
Kempthorne
Kyl
Lieberman
Lott
Lugar
Mack
McConnell
Mikulski
Moseley-Braun
Moynihan
Nunn
Pell
Pressler
Robb
Rockefeller
Sarbanes
Shelby
Simon
Simpson
Stevens
Thurmond

NOT VOTING—4

Hatfield
Lautenberg
Murkowski
Santorum

The motion to lay on the table the committee amendment on page 104, lines 21–24, was rejected.

Mr. BOND. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the underlying amendment is agreed to.

The committee amendment on page 104, lines 21–24, was agreed to.

Mr. FORD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 5178

(Purpose: To reduce the appropriation for the implementation of the space station program for the purpose of terminating the program)

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. KERRY, Mr. JEFFORDS, Mr. KOHL, Mr. SIMON, Mr. WELLSTONE, Mr. BRYAN, Mr. FEINGOLD, Mr. LEAHY, Mr. BRADLEY, and Mr. WYDEN, proposes an amendment numbered 5178.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 82, strike lines 6 through 7, and insert in lieu thereof the following: "sion and administrative aircraft, $3,762,900,000, to remain available until September 30, 1998. *Provided*, That of the funds made available in this bill, no funds shall be expended on the space station program, except for termination costs."

Mr. BUMPERS. Mr. President, as most of my colleagues know, this amendment would terminate NASA's space station program. This morning on the way to work, I was discussing this amendment with my administrative assistant, and we were discussing the fact that this is perhaps the fifth year I have offered this amendment in an effort to stop what I consider is a disaster in the making. She said, "Why do you persist in doing this every year?" That is an easy question to answer. The short answer is that I believe very strongly that we are embarked on the expenditure of $100 billion that, in the final analysis, is going to be considered by every physicist, every top medical man in the country, and by most Members of Congress, those who are willing to admit that we may have made a mistake, as a terrible financial disaster.

We still have a chance to prevent that disaster. If we were to adopt the Bumpers amendment today, we have a chance to save between $50 and $74 billion. I invite all of my colleagues to look at the budget for the future. Defense continues to go up. Entitlements will continue to go up. Everything will go up, except that roughly 18 percent of the budget which we call domestic discretionary spending, within which lies this $100 billion for the space station.

Do you know what domestic discretionary spending is? It is not Social Security. It is not Medicaid. It is not senatorial pensions, Government pensions, or military pensions. It is not interest on the debt. It is that very small portion of money that Congress still has some control over that determines the kind of nation we are going to be. It is the money we spend on education. How many times have I said that when American families sit around the dinner table in the evening and talk about what they love the most, it is not that Mercedes out in the driveway, it is not the farm out back, or that posh office downtown, or the country club and the golf course on weekends. It is their children.

The more money you pour into wasteful spending, like the space station, the less you are going to have for the thing you love most, your children. When people talk about how much they love their children, what do they talk about? They talk about their education. What else? They talk about their children, long after the parents are dead, being able to breathe clean air and drink clean water. And where are the environmental constraints and improvements located? In domestic discretionary spending right there with the space station.

When people talk about their children, they talk about how to keep them out of gangs, the place where so much of the crime in this country is located. Where is law enforcement found? Right in that small pocket of money for domestic discretionary spending.

So this vote is about whether you believe in space. This vote is not about whether you get teary-eyed every time you see the shuttle take off. You are making a big, big decision, a big, big choice on where you want our country's money spent. For every dime you put into the space station, it is a dime that will not be available for our children's education. It will not be available for legitimate, honest-to-God medical research. It will not be available for all of those things that go right to the heart of what kind of nation we want to be.

In 1984—some Members of this body remember it well—Ronald Reagan stood on the floor of the House of Representatives and he talked about the space station and how we were going to build a space station and have it completed by 1992. In 8 years we were going to build this monumental demonstration of our scientific skills. For how much? $8 billion. That was the cost. By the time we spent $11 billion we didn't even have a good blueprint.

So President Clinton came to town and said this thing is out of control. It is much too expensive. Back in those days it was called Space Station *Freedom*, and the cost was absolutely staggering. So President Clinton said, "Bring me another plan." So they brought him this plan called the Alpha, and he signed off on it. But it is not the Alpha anymore. It is the international space station because the European Space Agency is participating. And Russia is going to participate, if we give them the money. They are totally incapable of participating otherwise.

Mr. President, do you realize that we have been in space for almost 35 years? We have been in space for almost 35 years, and the Russians have had a space station of one kind or another since 1971. For 25 years the Russians have had a space station. The first one in 1971 was called the *Soyuz I*. Then there were five succeeding Soyuzes. Then the *Mir*, which they deployed in 1986 and is still there in 1996. The *Mir* has been up 10 years.

You are going to hear during the course of this debate all of these monumental claims about what we have gotten out of the space program so far. You are going to hear people talk about AIDS, cancer, arthritis and all of the terrible diseases that people fear so much. I am going to respond on the front end right now by saying, "Ask the Russians." They have had a space station up for 25 years. Ask them. What have they gotten? I will tell you the answer. Nothing. You are going to hear all kinds of exotic technical arguments about different kinds of cells and crystals, protein crystals, gallium arsenide crystals. You are going to hear about bone structure, cell structure, and what all you get in space.

I am going to give you a bunch of quotes that are not particularly interesting to listen to, but I am going to quote them to you anyway before I finish this statement, where every single scientist in America, every physicist who is not on NASA's payroll, every medical doctor worth his salt in America, says that to try to justify the space station on the grounds of scientific and medical research is laughable. You will not hear me reading to you a statement prepared by NASA. You will not hear me reading a statement to you that was prepared in a big four-page ad by Boeing. I am telling you that I am not a scientist. I am not a doctor. You can tell me anything, and I cannot refute it. But I will let the experts refute the arguments for the space station.

I used to say that I believe in picking the best brains in America. On any subject I can find the best brains. If I were going into anything, say, into the popcorn business, I would go to somebody that has been successful in the popcorn business. If I want to know about medical research, I might go to the Harvard Medical School. I will quote for you some of those people. If I were going to do something in an area of physics, I would go to somebody in the American Physical Society. Do you know who that is, Mr. President? The American Physical Society is 40,000 physicists. It is virtually every physicist in America. I will tell you before I finish this statement how adamantly opposed to this space station the American Physical Society is. I will tell you why the top medical people at Harvard and all across the country, from the Arthritis Foundation on down, are utterly opposed to the space station. You do not have to be a scientist to know the reason they are opposed to it. They are opposed to it because it is an utter misuse of the money.

Let me digress for just a moment. I assume that most people in this body heard President Clinton's acceptance speech at the convention the other night, and you heard him say that in the past 4 years we have doubled the life of AIDS victims. That is a monumental success. Do you know what the space station had to do with that? Nothing. Do you know why we were able to do that for the people who are victims of AIDS? Because we put $12 billion a year out at the National Institutes of Health where real medical research takes place. How does it take place? The National Institutes of Health passes the money out to schools like the University of Arkansas, MIT, Harvard, and Pennsylvania and all of the other great universities of this country.

It is those universities and the private sector who have been going all out to find a cure for AIDS, or something that would prevent it. But what is Congress doing? We are getting ready to drop another $74 billion into the space station—$74 billion. Where I come from, $74 billion "ain't bean bag." When the year 2002 comes around, you are going to see this domestic discretionary spending account having gone from today's $264 billion to $220 billion.

We are going to cut it $40 billion over the next 6 years. You tell me. How are we going to find the money to fund the things that we want to fund? We are not only going to have to cut $40 billion out of the account by the year 2002 but we are going to continue to fund this space station. It will be safely ensconced in that $224 billion.

Mr. President, when it looked as though the space station might be in serious trouble, everybody said, "Well, let's make it an international project. Let's get the Russians involved. Let's get Europe involved." And so we have been able to get them involved to some extent. But I can tell you that right now the Russians are 6–8 months behind. They are supposed to build a module where the astronauts will live and control the station. The Russians are going to build a module where the men actually live, or the men and women, whichever the case may be. They are behind. And the Russian Government has not given the Khrunichev Corp. that is supposed to build it any money to build it with.

I am one who has favored virtually all the assistance we have given to Russia and will continue to do everything I can to help foster democracy in Russia because I think it is to our advantage and we are the beneficiaries. But if you think the Russians are going to come in on time and they are going to be able to launch all their Soyuz rockets right on time, you have to be smoking something.

It is going to take 90, about, space shuttle flights to deploy the space station and to service it. You know something that is really interesting? How many times have you ever heard your mom talk about something that is worth its weight in gold? Well a pound of water sent by shuttle from Earth to the space station once it is deployed—1 pound of water, 1 pound of food, 1 pound of anything—will cost $12,800, twice the cost of gold. Can you believe that? Every time we launch that shuttle today it cost almost $400 million. We are going to have 90 shuttle flights to deploy the space station and to service it and take food and water to our astronauts.

And so when they talk about the $50 billion for these shuttle flights to service and maintain the space station, there is a big assumption, and the big assumption is that everything is going to happen right on time, that the launches will take place precisely when they are supposed to, they will arrive at the space station right when they are supposed to, they will hook up right when they are supposed to. The editors of Space News say it is utter folly to plan on that basis.

The space shuttle was supposed to take off for the Russian space station *Mir* in July. But it was grounded for six weeks because of technical problems. Yesterday it was on the launch pad being prepared for a launch on September 14. Do you know where *Atlantis* is right now? It is back in the hangar. It is in the hangar in Florida because a hurricane is approaching Florida. So they had to probably download it, that is, take the fuel out of it, and put it in the garage. What if we were planning to launch the *Atlantis* today? We could not because of the hurricane. You say that is no big deal. It is a big deal. It cost millions every time you miss the target to take off in one of those things. To assume that every one of those missions is going to take off right on time and everything is going to go hunky-dory, as the General Accounting Office says, is the height of folly.

Now, Mr. President, we have already built 17 percent of the hardware of the space station. That translates into 167,000 pounds. So the argument on the other side will be that we have gone so far, we have already put this much money into it; we cannot stop now. Lord, how many times have I heard that argument in 22 years I have been in the Senate. Once a month.

I was absolutely the most shocked person in the Senate when we killed the super collider because I had listened to that argument for 3 years. Three years I had been trying to kill that thing. Incidentally, I do not take a lot of credit for that. The House killed it. The House killed it and held firm in the conference. We only got about 44 votes in the Senate to kill it. You cannot kill anything in the Senate that costs money. You can get a lot of noise about balancing the budget until you start trying to balance the budget.

Two weeks ago Aerospace Daily said that the space station construction budget is already $500 million above target. If you think the current $94 billion estimate, which is what the General Accounting Office says it is going to cost, NASA says 72 or 3—I will put my money on the General Accounting Office. They say it is going to cost $94 billion if everything goes perfectly from now on. Everybody knows it is going to cost more than that because everything will not go perfectly.

On that night when Ronald Reagan assured the American people that we were going to build this space station in 8 years for a total cost of $8 billion, NASA also said here is what we are going to do with the space station. Here is the mission. Listen. This is 1984.

No. 1, we are going to make it a staging base for future missions. If we decide to go to Mars, we will have the space station there. We can park a rocket there, refuel it and send it on to Mars. That mission is gone. No longer one of the missions.

No. 2, we are going to make a manufacturing facility out of it. For example, we will manufacture crystals for computers. They will be perfect because they are made in space. Nobody can tell you quite why zero gravity is important. Most physicists will tell you it is not important. But everybody assumes if you do it in space it must have some kind of benefit, or you must be able to do something in space you cannot do anyplace else. I will come back to that argument in a moment.

But, No. 2, it says we are going to make a manufacturing facility out of it—gone. It is no longer one of the missions.

No. 3, we are going to make a permanent observatory out of it. I assume we were going to observe Mars and space and observe the Earth also. So, No. 3 was to make a permanent observatory, observing the stars and the planets—gone. No longer one of the eight missions.

No. 4, we were going to make a transportation node, sort of a bus stop in space. But that mission is gone too.

No. 5, a servicing facility. It will be a place where shuttles could park and get any service work done. If they had to recharge the batteries, put on new fuel, whatever. We could also repair satellites there. It was going to be a garage in space—gone. No longer one of the missions.

No. 6, it was going to be an assembly facility where we would assemble a satellite or a spacecraft for further use, to go to Mars or maybe just to orbit the Earth or something else. That was the sixth one, to make an assembly facility—that is gone.

No. 7, a storage depot, where we would store fuel and parts and supplies, a gas station in space—gone.

No. 8, a research laboratory to study the impact of weightlessness—that is still there. Of the eight original missions, seven are gone. So, with this mission of research laboratory now the only mission remaining, what are they going to do? They are going to do medical research, according to a very lengthy statement that was put into the RECORD by my very good friend from Ohio.

Let me digress for a moment and say the Senator from Ohio and I came to the Senate together and we have become very close friends. He is one of the finest men I know. But he is entitled to be wrong occasionally. His wife, Anna, will tell you that. We just happen to disagree on this. We do not disagree on much.

But when it comes to the kind of research you are going to do, let us talk about the life sciences, the medical research part of it. As I said earlier, I am not a doctor, so I have to depend on people that I respect, whose judgment I trust. So, here is then-Presidential Science Adviser D. Alan Bromley. He wrote the Vice President remarks on March 11, 1991, and here is what he said:

> The space station is needed to find means of maintaining human life during long space flights. This is its only scientific justification, in our view. And all future design efforts should be focused on this one purpose, how to maintain human beings in space.

He went on to say.

> The primary thrust of whatever life research is conducted will be focused on manned space exploratory programs. Medicine and commercial applications will be secondary.

Carl Sagan—who, incidentally, favors the space station because he favors space exploration, but the purposes are quite different, according to Carl Sagan, than those of the proponents of the space station—said:

> The only substantive function of a space station, as far as I can see, is for long-duration space flight.

Before I forget it, here are the organizations who oppose this thing: The American Physiological Society, American Society for Biochemistry and Molecular Biology, American Society for Pharmacology and Experimental Therapeutics, American Society for Investigative Pathology, American Institute for Nutrition, American Association of Immunologists, American Society for Cell Biology, Biophysical Society, American Association of Anatomists.

Let me continue. Here is what the American College of Physicians said, in April 1992:

> We agree that much if not all of the money slated for the space station, the super collider, SDI, and for defense intelligence could be better spent on improving the health of our citizens, stimulating economic growth, and reducing the deficit.

Here is what the American Physical Society said on July 24, 1994. Bear in mind they speak for 40,000 physicists who are charged primarily with building the space station. Here is what they said in 1994:

> The principal scientific mission of the station is to study the effects on humans of prolonged exposure to a space environment. Medical researchers scoff at claims that these studies might lead to cures for diseases on Earth.

David Rosenthal, Harvard Medical School, testifying on behalf of the American Cancer Society. Listen to this:

> We cannot find valid scientific justification for the claims that this will affect vital cancer research. Based on the information we have seen thus far, we do not agree that a strong case has been made for choosing to do cancer research in space over critically needed research on the Earth.

Dr. Sean Rudy, who runs the American Arthritis Foundation:

> I will submit to you the medical research done here on Earth is of greater value than that planned in space. Space station proponents have indicated that the space station will provide a first-class laboratory. We used to have first-class laboratories in universities and medical schools across the country. Reports by the National Institutes of Health and National Science Foundation have indicated that in over 51 percent of the biological laboratory research, space is deemed inadequate for the conduct of research. Furthermore, the National Science Foundation report estimated that the capital construction backlog for lab research space is $12 billion. Should our priorities now be a first-class laboratory in space or correction of a long-standing deficiency in laboratories throughout the country?

His point is not debatable, not arguable.

Donald Brown, president of the American Society for Cell Biology, in an article in the Washington Post called "Who Needs A Space Station?" Here is what he said:

> In reference to experiments on cellular processes in normal and diseased cells and organisms, there is no obvious need for this research. It is extremely difficult to imagine what special conditions space might provide for answering important questions about the causes, diagnosis and treatment of human diseases.

Dr. James Van Allen—everybody has heard about the Van Allen radiation belt around the Earth. Here is what he, the world's most famous astrophysicist, said:

> There has been nothing that resulted from the manned space program, essentially nothing in the way of extraordinary pharmaceuticals or cures for disease or any extraordinary crystals which have revolutionized electronics. Claims to the contrary are false—not true.

If you are not going to listen to people like James Van Allen, I might as well sit down and go home. If you are not going to listen to people like Alan Bromley and Dr. Rosenthal, what am I doing standing here? What I am doing is quoting the top people in America, the people everybody should look to on issues like this.

Then we have the subject of growing cells in zero gravity. For some reason or another, we have this cockamamie idea that if you want to do research, if you can just do it in zero gravity, somehow or another you are going to get some benefit that you could not possibly get on Earth.

But here is what the Space Studies Board said on the subject:

> The promise of protein crystallography and potential usefulness of microgravity in producing protein crystals of superior quality should not provide any part of the justification for building a space station. Growing crystals of superior quality in space is not close, nor is it likely to become close, to being cost-effective. It currently is, and is likely to remain, faster and very much less expensive to obtain superior quality crystals on the ground.

On making industrial crystals, here is what T.J. Rodgers, the founder of a semiconductor company said:

> I run a semiconductor company, and I am director of Vitesse, a gallium arsenide semiconductor company. So I know about this stuff. All I can say is, this program of growing gallium arsenide wafers in space is a colossal con job, and there is nobody I know in my industry who wants those wafers in the first place. There is no economic benefit to increasing the purity of crystal beyond the point we can currently improve it. The cost is huge, and the economic benefit is almost nil for that last step.

Namely, going into space.

Dr. Al Joseph, founder of Vitesse, a gallium arsenide semiconductor company. I have met Dr. Joseph two or three times. Here is what he said on industrial crystals:

> The idea of making better gallium arsenide crystals in space is an absurd—

Absurd.

> business proposition. Even if you give me perfect and pure crystals made in space, it won't help me commercially, because 90 to 95 percent of my costs and 85 to 90 percent of the integrated circuit yield on a wafer is driven by what I put on the wafer and not so much by the purity of the wafer itself. The cost of one trip to the space station would finance just about everything the American electronic industry needs to do to ensure its technological superiority for years to come. That's for sure.

I have never seen a project or a mission as desperate for a justification as this one. I look at those ads Boeing puts out. Of course, Boeing is the prime contractor. They stand to make billions out of this. And so that makes their efforts slightly jaundiced to me. I certainly understand why any Senator in Florida, Texas, California, and Maryland, I can understand why any of those Senators would vote for this. They have a lot of jobs in their State, and those jobs pay well over $100,000 each. The cost of this project in jobs will be the most expensive jobs program in the history of America, by far.

On microgravity research, one of the most interesting statements I have seen was by Dr. Bromley when he talks about manned space flights and how important that is to microgravity. Dr. Bromley said:

> The human habitation of the space station is fundamentally incompatible with the requirement that the microgravity experiments be unperturbed.

In other words, if you are operating in microgravity, you don't want anybody jarring around in the space station. And so he says, having men on board is incompatible with any research that requires zero gravity or even microgravity.

The Space Science Board of the National Research Council said in 1991:

> Continuing development of the Space Station Freedom cannot be supported on scientific grounds.

One article in Newsweek in 1994 I thought had the best one. "What is the space station for?" That is a question that nobody has been able to answer.

The author said something which was demeaning in a sense to astronauts, which I am reluctant to quote. But he called them a bunch of people floating around in space looking for something to do. Well, they are all very brave men. We are always proud of our astronauts. I don't know when I have ever been prouder than I was watching our astronauts repair the Hubble telescope, a magnificent thing to behold and they saved the country a tremendous amount of money, simply because it was flawed in the first place.

In 1995 the National Research Council's Space Studies Board said:

> The committee reaffirms the findings of the previous report that there is little potential for a successful program to develop manufacturing on a large scale in space for the purpose of returning high-quality, economically viable products to space.

And the American Physical Society, once more:

> It is the view of the Council of the American Physical Society that scientific justification is lacking for a permanently manned space station. We are concerned that the potential contributions of a manned space station to the physical sciences have been greatly overstated and that many of the scientific objections currently planned for the space station could be accomplished more effectively and at a much lower cost on Earth on unmanned robotic platforms or on the shuttle.

There are a lot more quotes I could give you. I am just telling you what all the top people in the country say.

I think about the fact that we have been in space almost 35 years and we have had space stations up since 1971, and nobody walks in here and says, "Here is where we found a cure for this," "Here is where we make great advances of that."

Tang, Velcro, magnetic resonance imaging, Teflon—the space station had nothing to do with those.

The space program had nothing to do with those. Yet those myths persist that somehow or other we have gotten Tang and Velcro and Teflon and all those things out of the space station. That has been debunked totally, so I will not use it anymore. But I will say this. There are not 10 medical doctors in this country who would support the space station if you gave them the option of putting this $2 billion into the National Institutes of Health, who in turn will put it out to the great researchers of this country to cure or make great advances toward curing some of the terribly incurable diseases we have—it is a no brainer. You think about the poor National Institutes of Health sitting over there able to fund only one out of every four good applications. I am not talking about one of four of all applications; I am talking about one out of four they would like to fund, that they consider viable, scientifically viable.

I saw a thing that my good friend, Senator GLENN, sent out about the National Institute on Aging, that they can do studies on aging on the space station. Do you know one shuttle flight would fund the National Institute on Aging for a full year?

When you say, What do you get out of the space station that you do not get out of just a shuttle flight? The answer is always, Well, it takes longer. You can't do this research in 2 weeks. It takes longer. I do not know how much longer.

Then if you ask what kind of research? You hear all of these possibilities. Well, we can look at this and we can look at that and we can look at this and we can look at that. They give you some complicated stuff. NASA has all that stuff cataloged on a computer over there. They can give it to you in spades.

As I say, we have been at it 35 years. We have not gotten anything yet except a space suit. Space suits are marvelous contraptions, but there is not much demand for space suits in this country. There is a lot of demand for education. There is a lot of demand to feed the poor. There is a lot of demand for cleaning up our rivers and lakes. There is a lot of demand for stopping gangs in high schools. There is a lot of demand for bringing crime under control and doing something about drugs. No demand for space suits.

So Mr. President, if I were to ask each Member of this body, if you had a chance to go back over the last 15 years and spend the $4 trillion that we spent that we did not have—the deficit has gone up $4 trillion since 1981—if I were to ask you, would you have spent the $4 trillion over the last 15 years the same way we spent it? Why, of course you would not have. If you had a chance right now, if somebody came to you and said, Look, here's a chance to save $74 billion on this space station. Do you think you could solve some of this country's problems? Why, it would be like a child at Christmas; people saying, Oh, my gosh, we could educate every child in the country for what that's going to cost. We could pave every road in the country for what that's going to cost. We could go through all those things.

Every problem we have in this country can be traced not to a lack of money, but to the way we spent it. It would not have been for a space suit, even though I am a strong proponent of the space program. I got teary-eyed with the rest of America when I watched JOHN GLENN soar into space. I have gotten teary-eyed a lot of times, but not as teary-eyed as I am going to get after we have spent the rest of this $74 billion on the space station.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. HOLLINGS] is recognized.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, just a brief statement. Someone, sometime, somehow should get out here and support the wonderful leadership of our distinguished colleague from Arkansas on this particular score. I have been relatively quiet on the space station because I have learned after 30 years how to stay quiet up here.

With respect to any kind of space program, necessarily having been the chairman and now the ranking member of the Commerce, Science, and Transportation Committee, I am very much an enthusiast of the space program. So my brief comment is to save that space program. I have watched it over the past several years.

I can remember back in 1993 that we had President Clinton coming in and having to ask that the space station be redesigned. Why, Mr. President? Because in 1984 when we started this program it was sold to the American public as an $8 billion program. Then in 1987 it went to $16 billion. By 1993, when President Clinton took office, it was some $30 billion. So the distinguished President said, "Well, go back to the drawing boards. I don't want to come in here as the new Chief Executive and cancel an important program for space, so let's see what we can do to redesign it." And the cost went down on that redesigning to some $19.4 billion. That was in early 1993.

By the end of the year, those working on the program realized that even that was not realistic. So the President and Vice President announced a joint program with the Russians of $17.4 billion. That was only for the station itself. We found out, after we went down and asked GAO to look at the costs and everything else, that with launch and operational costs through the year 2012 the total cost of the space station is $93.9 billion.

So I am sitting there and I am trying to be a good friend, which I am, of the space program. I think it has been a wonderful American success. There is nothing that has thrilled me more than seeing the distinguished Senator seated here in front of me, the Senator from Ohio, who is a true American hero—we all thrilled at his courage and his valor and his common sense. I am sorry we differ on this particular score. But I am forced to talk money.

When I talk money, Mr. President, I get to that space program. I found out, when I listened at the hearings, that the science, aeronautics, and technology account of NASA, everything except the human space flight and the civil service salaries and related mission support—all the rest of it, other than the human space flight and civil service salaries—was some $5.9 billion this past year and by the year 2000 is estimated to be or cut back by NASA to $5.2 billion, which does not take care of inflation, which does not take care of cost-of-living adjustments and everything else.

So I am in a catch-22 situation. I want the space station like everyone else, but I am looking at the formative basic fundamental space program, including these unmanned programs as well as the rest of the human space flight account, and I am saying that investment in human valor and technique and courage, namely, the astronauts themselves, what we have going on in Houston and at Cape Kennedy is just too valuable to risk cutting to save this massive hardware project. We should not be cutting back and paring and scraping and everything else in NASA, like that little debate we are having and have just voted with respect to the Bion Program. I agree with that scientific program. The Post picked up the word "monkey" and said you can run a touchdown on this one, saying let us get rid of this program. We already had humans up there and now you want to finance $15 million worth of monkeys. That is good at election time, but it is outrageous nonsense.

Our problem here in the U.S. Senate is that we choke on the gnat and swallow the camel. All those debating and wanting to do away with the $15 million should be voting for the $15 million, and all those looking at space and its program, generally speaking, ought to be withholding votes for the space station. There are priorities, there are times we have to make choices, and we still, Mr. President, are not out of the woods in a budget sense.

The distinguished Senator from Illinois, Senator SIMON, has been a leader in trying to get us on a pay-as-you-go basis. He knows exactly of which I speak. I can give you exact figures where we still are increasing that deficit and debt. I say that too quickly, where we are still increasing that deficit. When we increase the deficit, we increase the debt, which increases interest costs on the debt, which increases taxes, because you can't avoid interest costs. They say there are two things you can't avoid, death and taxes. Well, put interest costs in the column with taxes. They can't be avoided. They must be paid.

All of that crowd running around on the floor of the U.S. Congress saying, "I am against taxes, I am against taxes, I am against taxes" are raising the debt $1 billion a day, and $353 billion is the estimate. If growth continues and inflation starts in, it will be more.

I was around, Mr. President, as chairman of the Budget Committee when we were at less than $1 trillion in debt. Then comes what gobbled us all up, namely that supply-side nonsense, which my distinguished friend from Kansas, Senator Dole ridiculed. He had a favorite story. I can hear it on the floor of the Senate. "Mr. President, there is good news and bad news." You would say, "Senator, what is the good news?" He said, "A bus load of supply-siders just went over the cliff." You said, "What is the bad news." He said, "There was one empty seat." Now, my poor friend Bob Dole has taken the empty seat, and we are doing it seriously here.

Haven't we learned anything going from less than $1 trillion under Ronald Reagan, who was going to balance the budget in 1 year, to $5 trillion under the Reagan-Bush administrations? And they are talking about who is really for balanced budgets. Well, to balance the budget, we have to do all of the above, as they say in the classroom, on that local option quiz, not just true or false. It is all of the above. Yes, you are going to have to freeze spending, cut spending, and yes, you are going to have to increase taxes to get on top of this monster.

We in the Budget Committee, with eight votes, two of our distinguished Republican colleagues, and six of us on the Democratic side, 10 years ago almost voted for a value-added tax dedicated to eliminating the deficit and the debt. The reason we did it is because we realized that freezes were insufficient. The spending cuts under the best of the best spending cutters, Ronald Wilson Reagan, were not enough. Gramm-Rudman-Hollings was not enough, automatic cuts across the board. So we needed taxes. We voted it at that time. Now, all discipline and reality is gone.

You have to withhold new programs. That was my vote against voluntarism—against AmeriCorps. Maybe I am the only Democratic Senator who voted against it. I helped start the Peace Corps. I can give you chapter and verse, where we had the conference down in Miami, and we called first the then-candidate, John Kennedy. We could not get him and we got Myer Fellman, his legislative assistant on the line. I proposed a program to Jim Gavin at the conference, head of Arthur D. Little, and quoting William Paley, called it the Freedom Corps. That is how we started it. The first broach of the subject was in Cadillac Square in Detroit, and we fleshed it out during the week to be presented in San Francisco.

So I believe in voluntarism, which the Peace Corps is. But I had to withhold on this new program because in order to get it we played the peanut in the shell trick. We took away 347,000 student loans—the money, therefore—in order to finance 25,000 volunteers, who get paid at the cost of $25,000 apiece. I wish I could have gotten out of high school hoping to go to college and jumped into a $25,000 program. But that is what we are doing here, trying to identify with pollster politics. We have a real problem on our hands. We are not talking here on the floor of the U.S. Senate about saving the space program, and we should be.

When I see my distinguished colleague who has really gotten into the subject in tremendous detail, the Senator from Arkansas—and nobody here to support him—I feel I must speak by way of conscience, having listened, because we got these hearings before our committee on all the facets of the particular program. When you get the environmental satellites, the aeronautics programs, all those things that will be just practically decimated, and in order to go for a space station, then it is just bad planning—particularly at a time when the United States of America is in a position of having to stop the hemorrhage of tax increases, $1 billion a day. Tell the American public out there. The media are not doing their job. They have no idea. The candidates can run and get elected, saying, "I am for cutting spending, I am for cutting spending, I am for cutting spending."

Then they come up here with that silly nonsense of wanting to abolish the Department of Commerce. Who do you think I am on the telephone with now? The National Oceanic and Atmospheric Administration. I am trying to find out whether that hurricane now bearing down on South Carolina is going to hit my house again like Hugo did down in Charleston. What are we going to do with the patent office? We can go down the list of the various endeavors at that department. Our export endeavor was ridiculed. They ridiculed Secretary Brown, who was doing what every Governor worth his salt did. He got offices in London, in Tokyo, talking to industry, and that is what the Secretary should be doing.

That is the effort they want to get rid of, the Department of Commerce, and departments for energy, education, and housing, and then they come around here and put $93.9 billion in a program that is going to really hurt the basic space program, where we are going to have to really cut back on the valued astronauts, the human side, to pay for this hardware. We are just going to make it truly unattractive for them. Their sacrifice is great enough. They practically have to separate themselves from their families and everything else. Their diligence, and time and time again, their discipline and everything else is the hardest work in the world. There is not enough pay. But then they say, like we have at NIH—if you cut the research, the smart graduates see that of all the particular research grants that were presented this year, we were able to actually fund less than 20 percent of those who passed muster competitively. We are not funding. So the smart researchers, scientists, and graduates say, well, there is no future there. I don't want to work my way into trying to get a space station, saying, "Wait a minute. There is no future there."

So I have voted to support the basic space program. I have never taken the floor because I did not want to, as chairman of that particular program, indicate opposition to space. I worked with the distinguished Senator from Ohio when President Reagan was in office to save the space program. I will work again to save the space program. Mr. President, that is why I am here this afternoon to save the space program. In this budget climate, we cannot keep both the basic space program and the space station.

I yield the floor.

SPACE STATION FUNDING

Mr. KERRY. Mr. President, I join with the distinguished Senator from Arkansas as a cosponsor of his amendment and urge my colleagues to support this effort to terminate funding for the National Aeronautics and Space Administration Space Station program, which the General Accounting Office estimates will cost American taxpayers $94 billion.

Every day, the working families of Massachusetts have to make tough choices about what they can afford, how to pay the rent, and whether they can send their kids to college.

The Federal budget deficit, while reduced by two-thirds due to President Clinton's leadership and the courage of the Democratic-controlled Congress in 1993, is still too high and must be eliminated. It is a drain on our economy and, increasingly, the debt service we pay is robbing us of the ability to make badly needed investments in our future. I have been working in the U.S. Senate to make the tough choices necessary to balance the budget.

When measured against this imperative, I believe the space station's potential benefits—which I recognize—do not stand the test. I believe we must terminate funding for this program.

We cannot spend nearly $100 billion of the taxpayers money to fund the space station and then say that we do not have enough money to put cops on the beat, clean our environment, and ensure that our children get the best education possible.

The Senator from Arkansas, joined by several others of us, has made a valiant effort to halt this project again and again over the past several years. I am hopeful that this year the time has come when the Senate will exercise fiscal responsibility over our Federal budget, like any family in Massachusetts would over its own family budget, by terminating the space station immediately in order to reduce the deficit.

In 1984, NASA justified the space station based on eight potential uses. Now only one of these assignments remains: the space station will be used as a research laboratory. However, the costs of performing scientific research in space simply outweigh the potential benefits. It will cost over $12,000 to ship 1 pound of payload to the space station.

Many of my colleagues support the space station because it creates jobs. But the project's costs for developing jobs are exorbitant—those jobs will cost approximately $161,000 each. If invested here on terra firma, that amount of money would fund three or four or even more jobs.

As a member of the Senate Commerce Committee, I have fought, along with the distinguished Senator from South Carolina [Mr. HOLLINGS] and other Senators, to secure funding for many important scientific programs. Many of these programs have been shortchanged in order to help pay for the costs associated with the development of the space station. Allowing this extraordinary large science program to receive funding at the expense of these other so-called small science programs—which I believe will produce more products and more valuable products—is unacceptable. These small programs are creating thousands of high wage technology jobs at a fraction of the cost associated with the space station.

In the space program itself, the enormous level of funding consumed by the space station is crowding out much smaller programs for satellites and unmanned space probes, which most experts consider more cost-effective than manned missions.

These activities are aimed at expanding our understanding of the Sun, the solar system, and the universe beyond. The specific programs in this category include the "new millennium," a program to build robotic spacecraft one-tenth the size and cost of satellites; the Cassini mission to Saturn, scheduled for launch in 1997; continuation of the Discovery missions, each of which costs less than $150 million, can be launched within 3 years of the start of its development, and is used by NASA to find ways to develop smaller, cheaper, faster, better planetary spacecraft; and the Mars surveyor program which funds a series of small missions to resume the detailed exploration of Mars after the loss of the Mars Observer mission in 1993.

Funding for projects in this area will be approximately $1.86 billion in fiscal year 1997 which represents a 9-percent reduction from last year. The academic research establishment is concerned that the space station appears to be draining funds from these other space projects.

Also included among the programs placed at risk by the space station is the mission to planet Earth, NASA's satellite program to explore global climate change by means of a series of Earth observing satellites launched over a 15-year period, beginning in 1998—a program endorsed by the National Academy of Sciences.

Given the structure of congressional appropriations bills, the enormous funding for the space station has come not just at the expense of other space programs but at the expense of environmental research and other important activities that promise to improve the lives of our citizens and enhance our security more completely.

Building the space station has become a joint effort between the United States and Russia. We all want to see continued progress in United States-Russian relations. However, we should be encouraging Russia to house and feed its own people, provide jobs, and above all care for its deteriorating nuclear powerplants and dismantle its nuclear missiles and warheads. Asking Russia to commit its resources to pursue an uncertain and risky space station venture instead of encouraging it to tend to these important matters is unwise.

Some may argue that we have lost our vision if we terminate the space station. But their concern is misplaced. We still have vision. But the vision is to restore the American dream to our citizens, to restore their sense of safety on the streets, to invest in technology that will increase our competitiveness and the quality of jobs, to invest in research that will cure our deadly diseases, and to restore our communities to the condition where children can learn and dream.

It is time to decide. I think the American people are watching impatiently to see whether the U.S. Congress can deliver spending reductions for programs that are politically popular but fiscally unwise.

I commend my distinguished colleague from Arkansas, Senator BUMPERS, for his continuing leadership on this important issue. I urge all my colleagues to vote to terminate the space station.

Mr. PRESSLER. Mr. President, I rise to oppose the Bumpers amendment on space station. As the chairman of the Senate Committee on Commerce, Science, and Transportation, which authorizes and oversees the NASA budget, I believe space station will be the foundation of our space program for many years to come. In just 1 year, we will finally begin the assembly of the largest structure ever constructed in space. Space station also is one of the most ambitious international science exports ever undertaken. Space station will bring together the United States and its foreign partners—Japan, Western Europe, Canada, and its newest partner, Russia—in this great challenge to build an orbiting laboratory to conduct important microgravity and biomedical research requiring the unique environment of outer space. The research of space station is expected to eventually lead to new drugs to fight disease, improve our health, and permit the invention of new advanced materials. These benefits will be enjoyed and experienced by the entire world community.

In addition, we can expect commercial spinoffs and breakthrough technologies just as past NASA programs have spawned such great advances as communications satellites. Many products we take for granted today were the result of work performed on NASA missions. Laser faxes, pacemakers, advanced water filters, hearing aid testers, and Doppler radar systems all were generated from NASA projects. I am confident space station will usher in a new generation of such advances to benefit the world.

Mr. President, after a decade of hard work and planning, NASA is finally prepared to embark on its greatest challenge. Americans in 37 States have contributed their time and talent to brings us to this point. More the $15 billion already has been spent, not including the $6 billion invested by our foreign partners. Next winter, the first element of space station will be launched—a propulsion and navigation system—to begin the assembly of the facility which will conclude in the year 2002. It is in our national interest to move forward, into the future, and begin assembly of the space station.

Let me say my support for the space station is not without some reservations. For instance, I continue to be concerned about the program's heavy reliance on Russian contributions of critical hardware and launch services. Since joining the program 3 years ago, our former cold war rival has gone from being a nonparticipant in the program to an indispensable partner. For example, over half of the 73 space missions to assemble and supply the station are Russian launches, compared with about 27 shuttle launches. Moreover, both the navigation and propulsion system as well as its crew rescue vehicles are to be built and launched by the Russians. While NASA assures Congress and the Nation that the space station could still survive even if the Russians were to withdraw, this may be wishful thinking.

I am also concerned about the cost of the space station project. NASA estimates the total cost of the program at $30 billion through the year 2000. In a report released last month, GAO indicated space station is experiencing troubling cost overruns which, if left unchecked, could ultimately balloon to $400 million.

In addition, there have been recent reports of cost increases which threaten to exhaust much of the reserves budgeted for the project. If this program experiences any significant cost overruns, its huge budget could start to crowd out other worthy space programs like Mission to Planet Earth—which I consider the most important and relevant of all of NASA's activities. Clearly, this result would not be in the public interest.

These concerns were addressed at our July 24 hearing on space station and again at a meeting between the subcommittee chairman, Senator BURNS, and NASA Administrator Dan Goldin. With regard to the Russian issue, Vice President GORE and Administrator Goldin recently traveled to Russia where they negotiated an agreement in principle regarding the respective roles and responsibilities of Russia in the program. The agreement will be the basis for a formal memorandum of understanding to be finalized later this year. Participants in the United States-Russian talks are confident the Russians will make a firm commitment to provide the support to which they have agreed. However, in the event the Russians do not perform, NASA has viable contingency plans to move forward using United States contractors to replace any lost Russian contribution.

As for the space station costs, NASA has assured the Commerce Committee the alarming press accounts are overblown and the program will exceed neither its $2.1 billion annual cap nor its cost estimate of $17.4 billion from October 1993 through assembly completion in the year 2002. NASA is mindful of the potential for cost overruns and the need for better cost control systems. In that connection, the head of the space station program, Wilbur Trafton, testified before our Space Subcommittee that NASA has budgeted $2.9 billion over the program's life to cover unexpected cost overruns. Administrator Goldin is an exceptionally talented administrator so I have great confidence in NASA's assurances the program is on track and within budget.

Accordingly, I support the space station, but as chairman, of the Commerce Committee, I continue to monitor its progress closely through our oversight function. The program has come a long way from the early 1980's when the space station was still a dream of President Reagan and existed only as the blueprints of NASA engineers. Space station is now almost a reality. The plans have been finalized, hardware has been built, and the launches have been scheduled. Next year the space station adventure will finally begin with the launches have been scheduled. Next year, the space station adventure will finally begin with the launch of its first piece of hardware. Now is the time to go forward, not backward, and move the country and our technology into the 21st century. I hope my colleagues will join me in voting for this country's future by opposing the Bumpers amendment. Thank you, Mr. President.

Mr. SHELBY. Mr. President, I rise today to oppose the amendment offered by Senator BUMPERS to terminate the international space station. The distinguished Senator from Arkansas again tells us that America should abandon its commitment as the leader of this historic endeavor. Supporters of this amendment have many reasons why we should desert our international partners just when we are about to launch the first sections of this incredible project into orbit. Mr. President, I reject these arguments for a number of reasons.

First, Mr. President, the opposition talks of cost overruns, and yet, despite the complexity of this task and the various challenges that will be encountered as the station moves from the drawing board to reality, NASA is committed to remaining within the $17.4 billion projected cost for the redesigned space station. Frankly, Mr. President, we have cut and trimmed the resources available for the space station to the point where NASA has little, if any, flexibility in dealing with the inevitable challenges it will face. Today we debate the very existence of the space station when we should be talking about maximizing NASA's flexibility within the limits that we have already placed upon them.

Second, the opposition tells us that NASA may divert science funds to construction accounts, thereby leaving the station with no scientific capability at all. While NASA may rephase funds intended for developing scientific experiments, this management initiative in no way reflects a reduction in NASA's commitment to research on the space station. Some payload facilities are developing ahead of schedule, and NASA is wisely coordinating these elements to be complete when the station is ready to accept them. This rephasing of funds will allow NASA to augment its program reserve accounts to place them at acceptable levels. This is the type of planning and initiative that we should support, not attack.

Third, we are told that the contractors involved in the station's construction are encountering significant problems with the first two nodes. Mr. President, if all great research and development projects were terminated because they encountered significant problems, we would be without many, if not all, of the greatest discoveries in human history. Yes, the space station is a great challenge, but, the men and women working on the station have yet to encounter an obstacle that they cannot surmount. In fact, node 1 has recently completed a successful pressure test and will now undergo a post-test inspection and final preparation for launch. This is an exciting time for the space station and we should be focusing our attention on its permanent successes and not its temporary setbacks.

Fourth, termination of the international space station will undermine the credibility of the United States with its international partners who have already invested more than one-half of their planned $10 billion contribution. We have taken the lead on this project and given our word that we will see it through. Leadership requires resolve and character. It is not in the American character to break our promises and abandon our friends and partners, especially when the prize we all seek is within our grasp.

Finally, Mr. President, termination of the space station will end any promise of meaningful space-based long-duration research in cell and developmental biology, human physiology, biotechnology, fluid physics, combustion science, materials science, low-temperature physics and the large-scale commercial development of space.

For decades, the space program has driven science and technology development, motivated our children, and inspired a nation and the world. Mr. President, we stand at the threshold of a new millennium. Let it not be said that we squandered one of our first opportunities for greatness in the 21st century.

I urge my colleagues to oppose this amendment. Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I rise to propound a unanimous-consent request. We have I believe cleared this on both sides of the aisle.

I ask unanimous consent that the vote occur on or in relation to amendment No. 5178 after 2 hours of debate and that the time be equally divided between Senator BUMPERS and Senator BOND with 15 minutes of the time under my control allocated to Senator HUTCHISON, 10 minutes allocated to Senator MIKULSKI, 20 minutes allocated to Senator GLENN, and that no second-degree amendments or motions to refer be in order prior to the vote in relation to the Bumpers amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, I have great respect for my colleague.

The PRESIDING OFFICER. Who yields time to the Senator from Illinois?

Mr. SIMON. Will the Senator from Maryland yield 5 minutes to me?

Ms. MIKULSKI. I can only yield Senator BUMPERS' time. Actually in behalf of the opposition to my position, I will graciously yield to one of the great Senators 5 minutes.

Mr. SIMON. I thank the distinguished Senator from Maryland for her graciousness.

I have great respect for the Senator from Ohio. No Member of the Senate has shown more courage. Any of you who have visited the Air and Space Museum and seen that little thing that JOHN GLENN crawled into, I do not know very many human beings who would risk what he did.

So I speak in opposition to his position with great reluctance. But my friends, we simply have to get hold of things.

This morning's New York Times has an op-ed piece by Paul Krugman, a professor of economics at MIT. He says, in referring to the two candidates for President:

> The sad truth about this year's economic debate is that the biggest issue facing the Federal Government—the issue that should be uppermost in our minds—is not being discussed at all. Most of what happens in our economy is beyond the reach of government policy. In particular, the evidence suggests that it is difficult for the Government to have any visible effect on the economy's long-term growth rate.
>
> There is one thing, however, that the Government can and must control: its own budget. And it is heading inexorably toward fiscal disaster, as the baby boomers in the tens of millions march steadily toward the age at which they can claim Social Security and Medicare. True, the crisis is still about 15 years away. But we expect responsible adults to start preparing for their retirement decades in advance; why shouldn't we ask the same of our Government?
>
> Unfortunately, everything that a responsible government should be doing now—raising taxes, raising the retirement age, scaling back benefits for those who can manage without them (that means for the affluent, not the poor)—is political poison.
>
> It may be too much to ask the candidates to preach responsibility to the public, but we can at least ask them not to make things even worse by offering goodies the nation cannot afford.

My friends, this debate is an illustration of why we need the balanced budget constitutional amendment. There are a lot of good things that we would like to do. If we had a $100 billion surplus, I probably would vote for a space station, even though the Aviation Week & Space Technology of August 26 starts off its story—the heading is "Cost Increases Add to Station Woes"—with the first paragraph:

> NASA is considering ways to scale back early scientific work on the international space station to pay for cost increases that threaten to exhaust reserves for the project.

There are a lot of things that we would like to do that we just cannot do. I think the space station is one of them. I happen to believe that both political parties are being irresponsible right now in asking for a tax cut. Would I like a tax cut? Sure. Would the distinguished Presiding Officer, my friend from Idaho, like a tax cut? Sure. We ought to restrain ourselves and not have tax cuts until we have the surplus. That means that we are going to have to restrain ourselves on some spending that would be nice but is it essential for our Government. And a space station is one of those things. I think we have to use some common sense.

I say to my friend from Arkansas who is here that I am going to be leaving the Senate shortly. You are not going to get an amendment like this passed until we have a constitutional amendment requiring a balanced budget. Until that time, candidates for office are going to continue to promise tax cuts, and we are going to vote for things like this that really do not make sense. I hope that one of these days we will recognize that Thomas Jefferson was right when he said we need fiscal constraint in the Constitution that we do not have.

In the meantime, let us do what is right on this and say, it would be nice, it is not essential, and let us not vote for it. That is what we ought to do.

Let me just add. I want to commend my colleague from Arkansas for year after year after year pursuing this. I know he feels like he is in the bottom of a well of no one listening. But if we do not push for this kind of restraint we are going to have fiscal chaos in this country. That is the simple reality.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BOND. Mr. President, I yield 20 minutes to Senator GLENN.

The PRESIDING OFFICER. The Senator from Ohio is recognized for up to 20 minutes.

Mr. GLENN. I thank the Chair.

Mr. President, I gave a very lengthy statement yesterday on the space program, and the space station in particular, on items that got into considerable detail on the various aspects of the scientific reasoning for it, the corollary between some of the things that happened to astronauts in space and the normal processes of aging here on Earth, and how some of these things are being investigated, or planned to be investigated more in the future than they have been up to now. But I think these are very, very interesting. But for a few minutes, I will not use all of my 20 minutes on this, and I do not want to go back and address all of those things I did yesterday much as I would like to have that time. I know we are under some time constraints. But I want to make sure that we get into the RECORD, or that we put out for our colleagues' consideration, some items that express concerns about the cost growth and schedule slippage on the space station without getting into the scientific background of justification of why we are doing this thing at all because those were put out by my friend from Arkansas, Senator BUMPERS, in a "Dear Colleague" letter.

Let me just respond to his comments of a little while ago. I do not have a better friend in the Senate than Senator BUMPERS. We came in here the same day. I would say that our voting records are nearly similar, except once a year we get into opposition on this particular item. I always regret that we have to oppose each other on this because we both feel strongly about this particular issue. So this is not a slam at Senator BUMPERS. But I do want to respond to some of the things that were put out in his "Dear Colleague" letter.

In that letter it stated, "Scheduled delays in cost overruns will add additional billions to the price of the project."

The bottom line is that as of now the station is over 45 percent complete. The hardware is being cut. This is not some prospective thing off into the future. The hardware is in existence; 45 percent; 122,000 pounds of the space station have already been built and are currently undergoing testing. According to GAO, the $17.4 billion project is about $89 million over cost and about $88 million behind schedule. I repeat. It is a $17.4 billion project, and only $89 million over cost. That is roughly within 1 percent of the planned targets. I think that is better than probably 99 percent of Government projects, or maybe even industrial projects also.

I think very clearly NASA and its contractors need to strive to complete the project on time and on budget, of course. The facts indicate that the program is slightly—I say slightly—over budget; the figures I just gave—and behind schedule. However, NASA managers are taking steps to reverse that trend. A very important tool in NASA's case is its contract with the prime contractor, Boeing, which ties a very substantial portion of Boeing's payment to successful performance of the contract.

Here is another very important management tool for dealing with cost growth. Administrator Goldin set up a program reserve, so included within these planned $17.4 billion program costs are program reserves. Nearly $3 billion of the station's budget fall into this category. These are funds which are to be used for unplanned or unforeseen costs. It is a research program. You cannot define it like buying 22 trucks off the line at GM or Ford or some place where you know the exact costs, and so on. So you do have to plan for unplanned or unforeseen costs. That is a likely occurrence when one is designing and building and testing and operating a very unique research facility, the only one of its kind.

Up until recently, NASA had not had much need to tap into these program reserves. The program was going along well, being well managed, staying within budget. However, the last half of fiscal 1996, 1997, and 1998 are the peak construction and spending years. It is during this time that program managers anticipated they might need to use reserves. The bottom line is that there are adequate reserves to fund all anticipated cost growths that are foreseen right now.

Also, my friend from Arkansas said in that "Dear Colleague," "NASA is considering making up the shortfall by diverting funds intended for developing scientific experiments on the station. If this happens, NASA could end up with a space station with no scientific capability at all."

That is a very troubling assertion. But my colleagues know, I believe, that research to be performed on the station will significantly benefit those of us right here on Earth. The research is the reason we have the program. It is not just to let a few people go up and experience the view from up there in space. It is to do the basic, fundamental research in the new laboratory of space, a capability that humankind has never had before through our hundreds of thousands of years of existence here on Earth. For the first time, we can use this new laboratory of space.

So I have asked NASA about this issue and NASA reports the following:

Station managers have taken steps to ensure that the scientific payloads are being developed on a parallel course with the space station vehicle and are synchronized with their planned use aboard the space station. NASA has shifted some funds from the space station science accounts to the program reserve accounts where they may be needed for construction of the vehicle itself during the next year or so. Before these schedule changes were made, some of the scientific payloads were moving ahead of schedule and would have been completed before they would have been used on the station. The rephasing of some of these development activities also has the effect of freeing up funding planned for the next 2 years but that would simply augment the program reserves and place those reserves and figures at a more acceptable level as a percentage of the total budget for those 2 years. So in the end there is no reduction in the commitment to research on the space station. It is a matter of timing, not a reduction in scientific capability.

The overall level of funds for science activity has not been reduced one penny.

Also it has been said, an issue has been made of the problems that have been encountered by NASA and Boeing in building the space station's nodes, the connecting pieces for the space station modules. Earlier this year one of the nodes failed a pressure test. However, this problem has been corrected. Last week, just a week ago, the nodes passed the pressurization test. There have been some costs in schedule penalties when this problem has been addressed. However, the costs can be met through the use of the program reserves I mentioned a moment ago.

Let me say this pressure test takes it up to about 1½ times what the normal pressure will be in that structure while it is in space. They have approximately a sea level pressure, slightly over sea level pressure, which is 14.7 pounds per square inch. I think it is planned that the station will operate at 15.2, and they went up to 1½ times that 15.2, and it passed with no problems. So NASA does not believe that any delays in launching any space station element will occur as a result of this now corrected problem. It was a problem at one time, but that has been overcome.

Finally, the Senator from Arkansas has asserted that the Russians are falling behind on their share of the program and that the United States is bailing out the Russians by renting time on the *Mir* spacecraft. The Russians play a crucial role in the international space station, but their participation will result in the United States ultimately spending less on the program rather than more.

The schedule problems encountered by the Russians have been the subject of high level government-to-government negotiations. In July of this year, 1996, Prime Minister Chernomyrdin and Vice President GORE signed a document detailing key milestones for both sides to meet in order to keep the program on schedule. This meeting resulted in needed funds being freed up within the Russian bureaucracy so that work on the Russian components could continue. That is just a month and a half ago, a little less than that. The Russian officials have assured NASA that their schedule slippages can be eliminated as long as necessary funding levels are maintained.

In the meantime, the United States and Russia are continuing to cooperate on what I think is an exciting program, a productive joint program on the *Mir* space station. As many of us are certainly aware, U.S. astronaut Shannon Lucid is still up there right now completing a record-setting stay on the *Mir* space station. When she comes back down in another week or so, I believe she will have about 185 days in space. When she comes back down, she will be replaced by another U.S. astronaut, John Blaha, thus continuing what will eventually be 2½ years of continuous U.S. presence on the Russian station. This streak began with Norm Thagard's mission last year.

The goals of this first phase of United States-Russian space cooperation are being met and include, No. 1, experience in long-duration space operation. As discussed above, U.S. astronauts are getting invaluable experience to better understand the requirements of sustained permanent space operations. This experience will enable NASA scientists and engineers to more productively plan for the research that will be conducted on the international space station.

No. 2, science research. U.S. astronauts Norm Thagard and Shannon Lucid have conducted literally hundreds of experiments during their respective stays on *Mir* and hundreds more are being planned over the next 2 years.

So, Mr. President, those are just a few comments in rebuttal to what was put out in the "Dear Colleague" letter that was sent around. I will reserve the remainder of my time here to reply to some of the other areas, so I will yield the floor at this time. I reserve the remainder of my time.

How much time do I have remaining, please?

The PRESIDING OFFICER. The Senator has 8 minutes 50 seconds.

Mr. GLENN. I thank the Chair.

Mr. BOND. Mr. President, I would like to have Senator MIKULSKI recognized for her time, and would allocate 10 minutes to her.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I rise again this year in support of America's space program and in opposition to the Bumpers amendment that strikes the funding for the space station. How ironic it is, at this time of great space discoveries like the possibility of life on Mars, that my colleague wants to eliminate one of NASA's greatest programs. Once again, I will come to the defense of the American people who depend on the space station in so many ways.

What do I mean? I am talking about jobs. Killing the space station is about jobs, and jobs in the United States of America. It is about putting people out of work or keeping people on the job, many thousands of men and women who work directly in the program or in factories that work on the space station itself. There are many thousands whose jobs result from the multiplier effect of the station's construction. Most are middle class, blue and white-collar workers who make family level wages, with health security, and we want to be sure that they have paycheck security, health security and can count on this job.

They are the same kind of Americans who are already affected by military base closings. For my colleagues who insist we need a defense conversion strategy to deal with the end of the cold war, the space station is an opportunity to retain our high-tech manufacturing skills for a civilian economy.

My opponent claims that commercialization as a result of the space station is not materializing. The 1993 National Association of Public Administrators committee report stated this:

> Through university-based partnerships with industry and government, and also through traditionally federally sponsored commercial space initiatives conducted at diverse NASA field centers, private investment in commercial space processing ventures has grown.

So I urge my colleagues not to be lulled into thinking that killing the space station will not have a serious negative effect on our economy, the economy of the State of Alabama, and more important, on the lives of thousands of Americans throughout the entire United States, both in Alabama and in Texas.

Also, let us fight for the space station for scientific value. One of the points raised by my opponent is there is little science of any value that will be done aboard the space station. Quite the contrary: The science proposed for the space station cannot be accomplished on Earth. The space station science requires access to very low levels of gravitational force, and it must be sustained. It is technologically impossible to create a low-gravity environment for this type of research without going into space orbit.

The thinking behind the Bumpers amendment is the same kind of thinking that would stifle our understanding of bacteria and germs that cause disease. It is that kind of philosophy that would have stopped Madam Curie from discovering radium, from which the field of radiology developed, or Jonas Salk from finding the cure for polio.

With technology being developed for the space station, scientists are already beginning to understand how cancer cells form in the human body, and they can do so because of a zero-gravity environment which permits them to grow tissues just like they are growing in the human body. What does that mean? We can actually simulate tumors in a way we could never do here on Earth. For those who say, "Do not give it to NASA, give it to NIH," there is a joint agreement between NASA and the National Institutes of Health, just on this exact same kind of life science research.

This type of research has produced important microgravity research findings. This is particularly so in the area of protein crystal growing. No other lab on Earth can simulate that kind of tissue growth. Other labs must contend with the distorting factor of gravity.

What does the absence of gravity mean? It will allow the kind of research that produces new insights into human health and disease treatment, like heart and lung functions, cardiovascular disease, osteoporosis, immune system functionings, and so on.

The other reason we support the space station is because of technological innovation. The space station is not only about science, it is about technology development. By the mere fact of building the station and by the mere fact of doing medical and life science and crystal development, in order to do the research we have to develop new technology. That can be medical equipment technology, mineralization techniques, and a whole series of other things. That has been the history of NASA.

Also, let us be clear, the space station is about the entrepreneurial spirit that has been at the heart of our country's aerospace industry. In the history and development of ideas, there are always the naysayers who say let us stick with the status quo. But we can do better. Through history it has been bold people with entrepreneurial ideas, backed up with resources, that invented new technology that led to new products that led to new jobs that has made the United States of America an economic superpower. We are an economic superpower because of our scientific and technological development. In high-technology innovation, the United States has always led the way. U.S. competitiveness can only be maintained by long-term, cutting-edge, high-risk research and development.

So I will continue to fight for the space station, both for what it represents now and what it represents in the future. I will vote no on Bumpers and yes for America's space program for the 21st century.

I yield back such time as I might yet have.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Missouri.

Mr. BOND. Mr. President, I yield the time allocated to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I thank the Senator from Missouri and the Senator from Maryland for the leadership that they are providing in making sure that we have NASA and the space program, because they know how much this has done for our country. They have been there with me, looking at what the space station will be able to do. We have walked through the modules. We have looked at the experiments and how they are done in space and at the unique attributes they have in that space station which will allow them to do things they cannot do on Earth. They cannot duplicate the microgravity conditions on Earth.

I just wish the Senator from Arkansas would go with me one day and see what a difference it makes for our country that we have this commitment to space and the future, the essence of what we are debating today, when we take up funding for the space station yet again. This is the 14th time that there have been attempts to terminate the funding, but fortunately Congress has been farsighted, and the administration has as well, to make sure we do not walk away from the future.

What we are talking about today is whether we are going to summon the vision to continue this quest in cooperation with other nations. Or would we clip the wings of our civilization and just hunker down here on Earth?

The benefits of NASA research are long proven. Every dollar spent on space results in $2 in direct and indirect economic benefit. Breakthroughs in medical technology that we now take for granted are rooted in NASA technology. For example, NASA has developed a cool suit for Apollo missions which now helps improve the quality of life of multiple sclerosis victims.

NASA technology has provided pacemakers that can be programmed from outside the body. NASA has developed instruments to measure bone mass and bone density without penetrating the skin. These are now widely used to give a test for osteoporosis so that a woman can get a benchmark and then know if she is losing bone loss and needs to add extra calcium to her diet.

NASA research has led to an implant for delivering insulin to diabetics that is only 3 inches across. It provides more precise control of blood sugar levels and frees diabetics from the need for daily insulin injections.

The space shuttle has begun to lift the curtain on the enormous opportunities that lie ahead in a manned microgravity laboratory. The station will allow scientists to modify their experiments in orbit and take advantage of the unanticipated results. This is the kind of flexibility that has historically led to the greatest scientific breakthroughs and will do so again to fight cancer, osteoporosis and diabetes.

Despite these benefits, some critics have said that the scientific returns for more than a decade of experiments in weightless conditions are not really cost-benefit approved. Dr. Michael DeBakey, the chancellor and chairman of the Department of Surgery at Baylor College of Medicine said:

> Present technology on the shuttle allows for stays in space of only about 2 weeks. We do not limit medical researchers to only a few hours in the laboratory and then expect them to find cures for cancer. We need much longer missions in space in months and years to obtain research results that may lead to the development of new knowledge and breakthroughs.

So, Dr. DeBakey is saying we don't need less time, we don't need less emphasis on the space station, we need more. Dr. DeBakey knows what can be done, because he is one of the innovators in this field.

Life and work on the station also generates breakthroughs that improve life on the ground. We expect to develop lighter, stronger, superalloy metals, lower cost heating and cooling systems, longer life power converters, safer chemical storage, air and water purification, waste management, and recycling systems.

As with the Apollo program before, the space station will be the proving ground for advances in communications, computers, and electronics. Research equipment developed for the space station is already paying dividends. Scientists are growing ovarian tumor samples in NASA's new cell culturing device so that tumors can be studied outside the body without harm to the patient. A similar trial is underway for brain tumors.

The question we are asking today is, will we pursue this knowledge? Science alone is not the reason that we are reaching into space. As the world redefines itself in the wake of the cold war, the space station is a catalyst for international cooperation and a symbol of U.S. leadership in a changing world.

We now are drawing on the expertise of 13 nations—the United States, Canada, Italy, Belgium, The Netherlands, Denmark, Norway, France, Spain, Germany, the United Kingdom, Japan, and Russia. Failure to fund the space station would undermine our partnerships with Europe, Japan, and Canada which have expended over half of their $9 billion commitment to the $17 billion space station program. It would cause them to conclude that they can no longer count on the United States as an ally; that our commitment would not be good. Mr. President, we do not want to be bad partners. That is not the legacy that this Congress would want to leave.

I also remind my colleagues that the space station and NASA has not just been out there in a vacuum as we have been trying to cut the rate of growth of spending. They have stepped right up to the line. They have taken their fair share. Dan Goldin has a zero-based review in place that has shaved the cost off NASA and has made it more efficient for the taxpayers of this country.

A 1993 redesign of the program resulted in a space station that is $6 billion more cost efficient. I watched this process closely, and I commend Dan Goldin for this approach. If every agency would do this, we would have a 35-percent budget reduction, saving taxpayers $40 billion more and be able to continue with the mission.

So I do not want us to be the Congress in the last half of the last decade of the 20th century that is remembered for displaying the failure of will. No, Mr. President, we have goodwill in the space agency, in the space station and abandoning it would signify, I think, a myopic view of our country and of the world.

America has been the leader in space, and now we have a chance to cooperate with our friends around the world and continue to do better for mankind. This is not the time to walk away from the gigantic investment we have made. Any scientist will tell you that you cannot predict what the results are going to be when you go into research, but you can make sure that we have the underpinnings that will keep America vibrant and growing so that we can absorb the new people that come into our system, so that we will create the new industries that create the new jobs that will keep our country economically strong.

Our young people must have a place that they know they can go for scientific research and breakthroughs for the future. As we are going into the 21st century, we cannot go back into the 18th century and say, "Space is out there, but we're not going to explore it." Mr. President, that is not the American way.

So I hope my colleagues will join us for the 15th time and make sure that we send the clear signal that we are committed to this research, that it is right for America and that we will do better things for the world because of it.

Mr. President, I yield the rest of my time to my colleague from Texas, Senator GRAMM.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. Six minutes.

Mr. GRAMM. Mr. President, let me commend my colleague from Texas for an excellent statement. We have debated this issue with our dear friend from Arkansas on many occasions. I feel confident that the outcome of the vote today will be the same as it has been on the many previous occasions that we have voted on this matter. And since my colleague from Texas has done such a great job of focusing in on the space station, let me take a little bit bigger picture and try to develop that.

In 1965, we spent 5.7 percent of the Federal budget on nondefense research and development. In 1965, we invested 5.7 percent of the Federal budget in new science, new technology, new know-how to plant the seeds to generate jobs in the future.

Today, under the budget submitted by the President, including the funding level that we have for the space station, we are spending 1.9 percent of the Federal budget on nondefense research and development. From 1965 until today, our investment in science and technology in the future has declined from 5.7 cents out of every dollar we spend in the Federal budget down to 1.9 cents out of every dollar we spend in the Federal budget.

From 1965 to 1997, we have had an explosion in Federal spending, and yet in the midst of this explosion in Federal spending, we have increased spending not as an investment in the future, not as an investment in the next generation, not as an investment in science and technology, but, by and large, we have spent our money on social programs. And in the process, our Government has become the largest consuming institution in our society and one of the smallest investing institutions in our society as a percentage of the budget.

In 1965 we were plowing back 5.7 cents out of every budget dollar into investments in science, technology, the future, investing in the next generation of Americans. We have seen that fall progressively down to the point in this budget where we are investing only 1.9 percent of our Federal budget in science, technology and the future. We are investing increasingly in the next election by spending money on social programs, and we are not investing in the next generation by investing in science and technology and the future.

If you look at the Bumpers amendment, what it says is: Prohibit funding for the space station except for program termination costs. It in no way lowers the annual spending caps. It in no way says these savings have to be applied to deficit reduction. So as we all know, since we are operating under spending caps, every penny that would supposedly be saved, if we kill the space station, would end up being spent in other areas of the Federal budget.

If we did this, if we kill the space station, we would be going further in taking money away from investments in the future, in the science and technology on which jobs in the future will be based and we would basically be converting that money into consumption programs where we would be investing in social programs and investing in the next election and not the next generation. This would be a tragic mistake.

I am confident we are not going to do it today. Our investment in science and technology is already too low. I would like to have a 5-year program to double investment in science and technology instead of cutting it as the Senator from Arkansas proposes.

No nation in history has benefited so much from science and technology as the United States of America. In this century we have been the principal contributor of all nations in the world to science and technology. And we have built a technological base that we have used better than any other country in the world. Our global leadership is threatened because we are not making the investments that we once made in pure science and technology.

No other institution in our society is capable of building the space station. If we do not make this investment, we are again saying we are going to take money out of investment in the future and we are going to invest it in social programs today. That would be a mistake.

I urge my colleagues to reject the Bumpers amendment as we have on 14 previous occasions. We have already cut the space station. We have refocused it. We have broadened the participation. We have taken on the Russians as partners. We have spread the cost of the program. We have made international commitments. We have saved money by paring back on the program. Now is the time to move ahead and build the space station. This is not the time to cut spending for the space station to free up funds to go into social programs. Let us invest in the next generation and not the next election by defeating the Bumpers amendment. I yield back the balance of my time.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, I wish we had a lot more time because there are many things to be said. I used a lot of time yesterday and will not be able to repeat all that today. Let me talk for a moment about this protein crystal thing because I think there have been some misconceptions put forth on the floor here. This is not something we are just talking about that may be out there some time in the future. It is here now.

Private industry is working with the NASA Center for Macromolecular Crystallography to produce high-quality protein crystals for new development. Let me tell you the companies that are involved with this: Schering-Plough, Eli-Lilly, Upjohn, Bristol-Myers, Squibb, Smith Kline Beecham, Biocryst, DuPont Merck, Eastman Kodak, and Vertex. This is not some time in the future they may do this. They are using them now to research cancer, diabetes, emphysema, and immune system disorders, and including the HIV virus.

There has been such rapid advancements in these particular areas. And this protein structure that can be developed in space promises to revolutionize the pharmaceutical industry. You would not have all these companies directly involved with NASA if that was not true. Researchers seek to define the structure of proteins and design drugs that interact with them.

Penicillin is a well known example of a drug that works by blocking a protein's function. Orbital experiments provide researchers with superior protein crystals for analysis and they also help scientists understand the fundamental concepts about the crystallization process. You cannot do that on Earth. The information could be used to improve crystallization techniques here on earth however.

Rationally designed drugs promise to revolutionize health care. Orbital research will feed this revolution with the crucial protein structure data it needs. NASA researchers have already used—not in the future—but already have used space shuttle missions to produce protein crystals for a variety of clinical conditions, including cancer, diabetes, emphysema, and immune system disorders.

What if we broke through with something on HIV or found out from something from these protein crystal studies that space-grown crystals were in such a way different that we came up with a new approach to HIV or something like that? We would think that was well worth anything that we were looking into on the whole space program.

Mr. President, one other area—without getting into a lot more of those details—there is one other area I wanted to mention here today. You know, we have a lot of things that occur to astronauts when they are up there in space flight. After a few days their bodies start changing. They have a lot of physiologic changes. On the floor here yesterday I had the book that NASA has put out on space medicine, space physiology. If you look at that and then you look over into the Merck Manual on Geriatrics you find some very similar things, you find out that some of the things that occur to astronauts in space in a very short period of time also occur to the elderly in the normal processes of aging.

I wish we could have those 44 million Americans today that are over 60, those 44 million Americans listening to this. I am sure we would have every single one of them supporting the space program when they realize that such things as bone density changes that affect the aging here on Earth also affect astronauts. Orthostatic intolerance, the difference in blood pressure when standing, sitting, and so on, decreases during flight and returns to normal, but it is a symptom associated with aging.

Balance and vestibular problems, dizziness, the inability to maintain their balance upon returning from a flight, sleep disturbances, muscle strength, immunology. The body in space reduces its immunology. Why the immune system? Why, we do not really know. The elderly have the same thing happen. Normally, as people get older, their body's immune system goes down hill. If we could just make some experiments to find out why this occurs and trigger off the body's response, its own immune system against cancer and AIDS and all the other diseases and all the other infections we have here on Earth, that one area alone would be worth everything that we are spending in this area.

Reduced absorption of medicine and nutrients in the stomach and gut evidenced during space flight and also suspected with many elderly. Perhaps some of the elderly do not get the nutrients, and their drugs are not as effective as they otherwise would be.

Cardiac electrical activity changes, serum glucose tolerance changes, reflexes change, all these things that occur to astronauts in space and also occur to the elderly normally here on Earth.

I know I am rapidly going through these things. I wish I had time to go into these things in more detail. But these are areas of research for the future that I think are extremely, extremely valuable.

Mr. President, one thing we have not mentioned either is the international aspects of this. Isn't it nice that we are cooperating in space rather than fighting each other here on Earth? I think that is an important item. And 13 nations, the United States, Canada, Italy, Belgium, The Netherlands, Denmark, Norway, France, Spain, Germany, the United Kingdom, Japan, and Russia are joining together in the largest scientific cooperative program ever, the biggest single scientific cooperative program ever in the history of this country.

We are drawing on the history of the world. We are drawing on Russian expertise and long duration space flight and existing Russian technology and equipment. And the international space station will help redirect the focus of Russian technology programs to nonmilitary pursuits.

This service is a symbol of the opportunities available through a peaceful international initiative. We will have several laboratories aboard the space station: the United States lab, one other United States facility, the European space agency Columbus Orbital Facility, a Japanese experiment module, and three Russian research modules. Partner nations will contribute $9 billion to the U.S. cooperative effort. And international contributions mean international cooperation bringing together the best scientific minds worldwide to answer fundamental scientific questions in this new laboratory of space.

Mr. President, I have used on the floor before the statement by Daniel Webster when they were contemplating in the Senate of the United States whether to provide money to buy land beyond the Mississippi. And he said as follows:

> What do we want with this vast worthless area, this region of savages and wild beasts, of deserts of shifting sands and whirlwinds of dust and cactus and prairie dogs? To what use could we ever hope to put these great deserts or those endless mountain ranges, impenetrable and covered to their very base with eternal snow? What can we ever hope to do with the western coast, a coast of 3,000 miles, rock-bound, cheerless, uninviting, and not a harbor on it? What use have we for this country? Mr. President, I will never vote 1 cent from the Public Treasury to place the Pacific coast 1 inch nearer to Boston than it is now.

Mr. President, I use that statement again to show how myopic Daniel Webster's vision was, learned though he might have been. Certainly, that Western half of the United States, which we were better able to explore than we are going into space, took more than any 25 or 30 years to develop to where it was useful and bring back all the benefit of all of the money we had spent on it.

People have stood here on Earth and looked up for a hundred years, or several hundred thousand years. We have wanted to travel up there. We wanted to go see what it was like. Now we can use that area of space.

One other area. It is not only international cooperation but it is inspiration for our own youth in this country. I think that is an important byproduct, or important add-on to the space program that we sometimes ignore. It is exciting for our young people to know that we are leading the world in science, technology, and research. It is exciting enough that a lot more are going into science and math because of this. How do we measure those benefits? I don't know. In the future, if we can inspire our young people through the space program and the continuing space station, I think that pays off in benefits for the future beyond anything we can see at the outset. Just like the history of this country has shown, that money spent on basic research, even though we can't quite see the benefits at the outset—if there is one thing we have learned, money spent on basic research seems to have a way of paying off in the future beyond anything we see at the outset. This is one of the biggest research programs that the whole world has ever undertaken, and I think it has the biggest potential payoff.

I ask unanimous consent to have some additional information printed in the RECORD at this time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHY A SPACE STATION?

To create a permanent orbiting science institute in space capable of performing long-duration research in the materials and life sciences in a nearly gravity-free environment.

To conduct medical research in space.

To develop new materials and processes in industry.

To accelerate breakthroughs in technology and engineering that will have immediate, practical applications for life on Earth— and will create jobs and economic opportunities today and in the decades to come.

To maintain U.S. leadership in space and in global competitiveness, and to serve as a driving force for emerging technologies. To forge new partnerships with the nations of the world.

To inspire our children, foster the next generation of scientists, engineers, and entrepreneurs, and satisfy humanity's ancient need to explore and achieve.

To invest for today and tomorrow. (Every dollar spent on space programs returns at least $2 in direct and indirect benefits.)

To sustain and strengthen the United States' strongest export sector-aerospace technology—which in 1995 exceeded $33 billion.

MEDICAL RESEARCH AND THE LIFE SCIENCES

The early space program and experiments conducted on the Space Shuttle have made remarkable contributions to medical research and the study of life on Earth.

The Space Station is the next step: a permanent orbiting laboratory.

The Space Station will provide a unique environment for research on the growth of protein crystals, which aid in determining the structure and function of proteins. Such information will greatly enhance drug design and research in the treatment of diseases. Crystals already grown on the Space Shuttle for research into cancer, diabetes, emphysema, parasitic infections, and immune system disorders are far superior to crystals grown on Earth.

The almost complete absence of gravity on the Space Station will allow new insights into human health and disease prevention and treatment, including heart, lung, and kidney function, cardiovascular disease, osteoporois (bone calcium loss), hormonal disorders, and immune system function.

Space Station research will build on the proven medical research already conducted on the Space Shuttle. The Space Station will enable long-term research with multiple subjects among the six-member crews.

Research equipment developed for the Space Station is already paying dividends on the ground. Scientists are growing ovarian tumor samples in NASA's new cell-culturing device so that tumors can be studied outside the body, without harm to the patient. A similar trial is under way for brain tumors.

Medical equipment technology and miniaturization techniques developed for the early astronauts are still paying off today, 30 years later. For example:

NASA has developed a "cool suit" for the Apollo missions, which is now helping to improve the quality of life of multiple sclerosis patients.

NASA technology has produced a pacemaker that can be programmed from outside the body.

NASA has developed instruments to measure bone loss and bone density, without penetrating the skin, that are now being used by hospitals.

NASA research has led to an implant for delivering insulin to diabetics that is only 3 inches across; it provides more precise control of blood sugar levels and frees diabetics from the burden of daily insulin injections.

TECHNOLOGY AND ENGINEERING FOR THE FUTURE

The race to the Moon required great advances in engineering and technology that still fuel our economy today. The Space Station will be a testbed for the technologies of the future, as well as a laboratory for research on new, high-technology industrial materials.

Experimental research in the near absence of gravity produces new insights into industrial processes in materials that cannot be replicated on Earth, including an increased understanding of fluid physics and combustion. Space Shuttle experiments that study metal alloy solidification in space could lead to making lighter, stronger superalloys. A better understanding of the combustion process can lead to energy conservation on Earth. A 2-percent increase in burner efficiency for heaters would save the United States $8 billion per year.

The Space Station will be an industrial research and development laboratory to test lower-cost heating and cooling systems, long-life power converters, safer chemical storage and transfer processes, air and water purification, waste management, and recycling systems.

Telerobotic and robotic systems validated on the Space Station will increase human efficiency in space and result in reliable, low-maintenance robots for industry and commercial purposes on Earth.

Research on large space vehicles will lead to improved computer software for developing new, lightweight structures, such as antennae and solar collectors with precision-pointing accuracy. Such developments will greatly benefit the communications, utility, and transportation industries.

As with the Apollo program before it, the Space Station will be a proving ground for advances in communications, computers, and systems integration. The International Space Station program will use telepresence, telescience, expert systems, and the integration of communications and data on an unparalleled scale.

Space Station facilities with the near absence of gravity will permit researchers to study materials that could not exist and processes that could not take place in full Earth gravity. These materials include polymers for everything from paint to contact lenses, semiconductors for high-speed computers and electronics, and high-temperature superconductors for efficiency in electrical devices.

A NEW ERA OF PEACEFUL COOPERATION

As the world redefines itself in the wake of the Cold War, the Space Station is a catalyst for international cooperation and a powerful symbol of U.S. leadership in a changing world. The Space Station:

Continues the largest scientific cooperative program in history, drawing on the resources and scientific expertise of 13 nations: the United States, Canada, Italy, Belgium, Netherlands, Denmark, Norway, France, Spain, Germany, the United Kingdom, Japan, and Russia.

Will channel the aerospace industry of Russia and other countries into non-military pursuits to reduce the risk of nuclear proliferation and slow the traffic of high-technology weaponry to developing nations.

Will provide international commercial opportunities for U.S. companies.

Uses existing Russian space technology, capability, expertise, and hardware to build a better Space Station more quickly and cost-effectively.

Taps into the Russians' vast experience in long-duration spaceflight to benefit the international partnership.

Serves as a symbol of the power of nations to work together on peaceful initiatives and serves as a test case for building mutual trust and shared goals.

Demonstrates that former adversaries can join forces in a peaceful pursuit at a fraction of the cost of the arms buildup during the Cold War era.

Provides a means to influence policies beyond space cooperation, such as giving Russia and the other countries of the former Soviet Union a greater interest in broader U.S. policy initiatives.

Draws significant financial support from the partner nations, which will collectively add more than $9 billion to the U.S. contribution. The partners from the European Space Agency, Canada, and Japan have already expended more than $5 billion on their development programs.

INSPIRATION AND INVESTMENT IN THE FUTURE

The Space Station will inspire a new generation of Americans to explore and achieve, while pioneering new methods of education to teach and motivate the next generation of scientists, engineers, entrepreneurs, and explorers.

Space science is a catalyst for academic achievement. Enrollment trends of U.S. college students majoring in science and engineering track closely with the funding trends of the U.S. space program.

NASA is a leader in the development of virtual reality and telepresence technologies, giving students the same benefits they would get from actual presence on the Space Station and interaction with real astronauts.

Astronauts and cosmonauts serve as role models, capturing the imagination of future leaders and encouraging more students to study science and engineering.

In addition to lessons from space, students of the future will have experiments on the Space Station and will conduct them from their classrooms on the ground. Students will transmit and receive data, manipulate equipment remotely, and evaluate the experiments through data interpretation.

With the new international focus, students will absorb broad lessons in the value of cooperation as we work with partners in Russia, Europe, Japan, and Canada.

Teachers and communities across the nation are already using Space Station concepts in the classroom. NASA receives unsolicited drawings and models of the Space Station by students of all ages. Communities and states conduct "Space Week," during which students live in a bus outfitted as a Space Station.

DESIGN, MANAGEMENT, AND COST

Independent external review teams have confirmed that the management structure of the International Space Station program has been greatly improved. Now the Space Station will have more laboratory space, more electric power, and a larger crew. It will cost $5 billion less than the cost projected for Space Station Freedom. Greater international participation will be present.

Dr. Charles M. Vest, chair of an independent review committee and President of MIT, stated: "NASA has performed a remarkable management turnaround."

Instead of four NASA offices overseeing four prime contractors, the Space Station program is now managed by a single NASA office through a single prime contractor, the Boeing Company, which is known for its innovative management.

This program is affordable. The Space Station constitutes only ¼ of 1 percent of the federal budget and less than 15 percent of the total NASA budget. It will cost each American $9 a year—about the same as a night at the movies.

NASA has met all of its external and internal deadlines in redesigning the Space Station.

Fully 75 percent of Space Station Freedom's elements will be used on the International Space Station.

The Space Station program has successfully managed its $2.1 billion average annual expenditure since redesign. The program's budget is $11 billion from the present through completion in 2002, for a total of $17.4 billion.

Our international partners have endorsed the design of the International Space Station and the new management structure. Their commitments will total more than $9 billion on the Space Station, of which more than $5 billion has already been expended or placed on contract.

FACTS ON LIFE AND MICROGRAVITY RESEARCH

Statistics

There were 627 total lead investigators in 1995.

Investigators represent more than 100 institutions of higher learning and more than 40 laboratories and other institutions in 40 states and the District of Columbia.

More than 900 graduate students were supported through NASA research in 1995.

Life and microgravity researchers published more than 1,000 journal articles in 1995.

There were more than 1,000 new research proposals received in 1995.

Background

Life and microgravity science research is solicited through an open, highly competitive, peer-review process to ensure that the most meritorious science gains access to orbit.

Historically, NASA's resources have allowed the agency to accept only about the top fifth of the proposals it receives for life and microgravity research. This level of selectivity is comparable to that of other major U.S. science funding sources, such as the National Institutes of Health and the National Science Foundation. Only 10 to 20 percent of these accepted proposals lead to flight experiments, so selection for flight is even more competitive.

Because of the great demand for limited orbital research opportunities, NASA selects research for flight opportunities only if it cannot be conducted on Earth. Flight research is selected from and supported by a larger research effort on the ground.

NASA is fully committed to its close working relationship with the scientific community and to full access to NASA facilities for the most meritorious scientific research. NASA works with the scientific community through its advisory committees and subcommittees, the National Research Council, and working groups of distinguished scientists.

FACTS ON INSPERATION AND INVESTMENT IN THE FUTURE

Astronauts

Astronauts make thousands of appearances each year all over the world.

Eighteen percent of the active members of the astronaut corps are women.

Col. Guion S. Bluford, USAF, was the first African-American in space (1983).

Dr. Sally K. Ride was the first American woman in space (1983).

Lt. Col. Ellison S. Onizuka, USAF, was the first Asian-American in space (1985).

Dr. Franklin R. Change-Díaz was the first Hispanic-American in space (1986).

Maj. Eileen Collins, USAF, was the first female Space Shuttle pilot (1995).

Education

Traveling aerospace education units

These units visit hundreds of thousands of students each year.

Space science student involvement program

This program provides challenges in science, writing, and art.

This includes elementary, middle, and secondary school students.

The program provides an aerospace internship competition for students in grades 9–12.

Thousands of students participate every year.

Urban Community enrichment program

This program is designed to serve middle school students in urban areas.

It raises an awareness of multicultural contributions to NASA.

The program fosters career awareness in science and mathematics.

Thousands of students and hundreds of teachers participate each year.

NASA educational workshops for teachers

These workshops recognize outstanding teachers.

They provide educational advancement opportunities in science, mathematics, and technology.

Hundreds of elementary and secondary teachers participate each year.

Americans and the Space Program

The National Air and Space Museum has averaged more than 9 million visitors per year.

NASA operates hundreds of traveling exhibits each year, which are attended by millions of people.

Millions of people visit NASA Visitor Centers every year.

FACTS ON INTERNATIONAL SPACE STATION CONFIGURATION

Statistics

End-to-End Width (Wingspan)—356 feet
Length—290 feet
Weight—470 tons (940,000 pounds)
Operating Altitude—220 miles (average)
Inclination—51.6 degrees to the Equator
Atmosphere—14.7 pounds per square inch (same as Earth)
Crew Size—6

Hardware

Canadian Mobile Servicing System—includes a 55-foot robot arm with a 125-ton payload capability. It also includes a mobile transporter, which can be positioned along the truss for robotic assembly and maintenance operations.

Functional Cargo Block (FGB—acronym from the Russian term)—includes the energy block contingency fuel storage, propulsion, and multiple docking points. The 42,600-pound element, built in Russia, but purchased by the United States, will be launched on a Proton vehicle.

Russian Service Module—provides life support and utilities, thrusters, and habitation functions (toilet and hygiene facilities). The 46,300-pound element will also be launched on a Proton vehicle.

Science Power Platform (SPP)—provides power (approximately 25 kilowatts) and heat rejection for the Space Station's science and operations.

Crew Transfer Vehicles (CTVs)—include a modified Russian Soyuz TM capsule and another vehicle yet to be determined. The Soyuz CTV can normally accommodate a crew of three, or a crew of two when considering return of an ill or injured crewmember with room for medical equipment.

Progress Cargo Vehicles—carry reboost propellant (up to 6,600 pounds) to the Space Station about four times per year.

FACTS ON INTERNATIONAL SPACE STATION CONFIGURATION

Seven laboratories

Two U.S.—a laboratory and a Centrifuge Accommodation Module (CAM).

One European Space Agency (ESA) Columbus Orbital Facility (COF).

One Japanese Experiment Module (JEM).

Three Russian Research Modules.

The U.S., European, and Japanese laboratories together provide 33 International Standard Payload Racks; additional science space is available in the three Russian laboratory modules.

The JEM has an exposed platform, or "back porch," attached to it, with 10 mounting spaces for experiments, which require direct contact with the space environment. The JEM also has a small robotic arm for payload operations on the exposed platform.

U.S. Habitation Module—contains the galley, toilet, shower, sleep stations, and medical facilities.

Italian Mini Pressurized Laboratory Module (MPLM)—carries all the pressurized cargo and payloads launched on the Space Shuttle. It is capable of delivering 16 International Standard Payload Racks.

Two U.S. Nodes—Node 1 is for storage space only; Node 2 contains racks of equipment used to convert electrical power for use by the international partners. The nodes are also the structural building blocks that link the pressurized modules together.

Total Pressurized Volume—46,200 cubic feet.

External Sites—four locations on the truss for mounting experiments intended for looking down at Earth and up into space or for direct exposure to space.

Power—110-kilowatt average (46-kilowatt average for research, with the Russian segment producing an additional 14 kilowatts for research). There are four large U.S. photovoltaic modules; each module has two arrays, each 112 feet long by 39 feet wide. Each module generates approximately 23 kilowatts. The arrays rotate to face the Sun, providing maximum power to the Space Station.

FACTS ON INTERNATIONAL SPACE STATION CONFIGURATION

Station schedule

Schedule, Date, and Payload

First U.S. Element Launch, November 1997, FGB
First Russian Element Launch, April 1998, Service Module
Continuous Human Presence, May 1998, Soyuz
U.S. Laboratory Launch, November 1998, U.S. Pressurized Laboratory
Japanese Laboratory Launch, March 2000, JEM Pressurized Laboratory
ESA Laboratory Launch, September 2001, Attached Pressurized Module
Centrifuge Launch, August 2001, Centrifuge Accommodation Module
Habitation Module Launch, February 2002, U.S. Habitation Module
Assembly Complete/Continuous Full Crew, June 2002, CTV, Hab Outfitting

Transportation

Total Space Shuttle flights (1997-2002)	27
Assembly	21
Utilization/Outfitting	6
Total Russian flights	44
Assembly	13
Crew Transport	10
Reboost (propulsion)	21
ESA Assembly Flights (Ariane 5)	1
Launch Vehicle for CTV	1

Cost

	Billion
Preliminary Design (1985–1987)	$0.6
Station-Related Design/Development	0.7
Development	8.9
NASA Estimate for Assembly Complete	17.4
FY 94–96 Development, Utilization, Payloads and Mir Support	6.4
Cost to Go (1997—Assembly Complete in June 2002)	11.0
Development	(4.4)
Operations	(4.1)
Utilization Support	(0.3)
Payloads and Mir Support	(2.2)
Operations (2003–2012)	13.0

Mr. GLENN. Mr. President, I wish we had several more hours to discuss this. I hope my colleagues will take time to look at the more complete statement I had in the RECORD yesterday because it went into a lot of these areas in greater detail.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GLENN. Thank you. I yield the floor.

Mr. BOND. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. The Senator from Arkansas has 55 minutes. The Senator from Missouri has 15 minutes. The Senator from Maryland has 4 minutes.

Mr. BOND. Mr. President, I invite my colleague from Arkansas, since we are about out of time, to utilize what time he wishes.

Mr. BUMPERS. Mr. President, I have listened to the speakers who oppose this amendment. I have listened very carefully. I have not heard anybody make any claims of any beneficial research, mechanical, medical, physical, or any other successful research being accomplished by the Russians and the former Soviet Union after 25 years in space. That is right. The Russians have had a space station orbiting the Earth for 25 years. The only reason in God's world we are putting one up there is because they have one. If you don't like that explanation, there is another one that is probably about as good, which is to figure out how we are going to get to Mars, because it is going to take at least 24 months to get there and back, and we want to know, can man survive that long in space. If you want that to be the justification for the space station, for Pete's sake, be honest about it and let us debate that. Carl Sagan is not rhapsodic about all these arguments about curing cancer, but he is about the exploration of space. Even Daniel Goldin said that we not only need to go to Mars, we need to have an outpost there on a permanent basis. He as much as said that is the reason for the space station. If you want to buy that as a rationale for building a space station, I won't vote for it because we don't have the money. Bear in mind that every dime you put into this space station is borrowed money.

Now, just as soon as we get through with this debate and I lose and we continue inexorably, irreversibly toward spending $94 billion we don't have, the same people will come over and you hear all these pompous speeches about balancing the budget. Senator HUTCHISON, a moment ago, talked about all the magnificent accomplishments so far of the space program. One was a remotely programmable heart pacemaker. And she mentioned other products and inventions. But I say to Senator HUTCHISON, those things could have been accomplished for peanuts right here on Earth. You don't have to go into space to develop a remotely programmable heart pacemaker. I also say that those things were discovered and developed by NASA, not the space station. The space station had absolutely zilch to do with those accomplishments.

If you want to do research in the space program on the shuttle, that's fine. I talked earlier about how many times I had gotten teary-eyed watching the shuttle take off. I want you to know that once I got involved in the space program—and I went on the space committee when I first came here and, believe you me, it was a spacey committee—I quit shedding tears when I found out it cost $400 million to send one of those things up. Think of that—$400 million. My good friend, Senator GLENN, said that I misspoke when I said we had only built 17 percent of the hardware of the space station. He suggested we had done 45 percent. Let me clarify that. We have built 165,000 pounds of the station's total 950,000 pounds of hardware. That is about 17 percent. However, NASA says Boeing has accomplished 45 percent of the prime contract. But of the $17 billion the space station is going to cost in the bill, the prime contract is now only $6 billion of it. It is true, we have done 45 percent of the prime contract, but we have actually only built 17 percent space station's hardware. And we are, according to the General Accounting Office, using up those reserves he talked about at a much faster pace than the program can sustain. I might also point out that Boeing is indeed at least 4 months behind, and the Russians are 6 to 8 months behind, and the press is reporting that the space station is already $500 million over its construction budget—$500 million.

If you ask any Senator how he would like to have $500 million for some of his favorite programs, he will start salivating.

I have not heard one single claim that one single case of influenza has been cured by anything we found in space. I have not heard one single claim anyone plans to commercially grow gallium arsenide crystals in space. They can be made there but nobody argues that you can do it economically. On the contrary, everybody says it is totally uneconomical. It is always what we are going to do. We have been at this business 35 years headed for a $94 billion project, and we are saying look what we are going to do.

Look at this chart. The cost is all broken down for you neat as a pin; $94 billion. I can hardly wait for us to get through with this so we can listen to all of the speeches about balancing the budget again.

Where is the cost going? We have already spent $18 billion since Ronald Reagan made that famous speech about how we are going to build this whole thing for $8 billion. We have spent $18 billion since then—$10 billion more than President Reagan suggested. That is just for building the station. That does not include the $51 billion we are going to spend on shuttle launches to keep the space station supplied with water, food, and whatever else they may need for 10 years, which is supposed to be the life of the space station. So it is all right there—shuttle launches, construction, operations, and $1 billion in additional costs. You still have $76 billion to spend. You can vote "aye" on this amendment and save the taxpayers of this country $76 billion. Give it to the National Institutes of Health and you might cure cancer. You might make a greater impact on AIDS, arthritis, and a host of other diseases which make life miserable for so many millions of people. You are not going to accomplish anything by putting it into the space station except maybe a good, warm, fuzzy glow occasionally.

This whole thing, $94 billion, works out to a total cost of $25 million for each day the space station will be in operation. You think of that. This thing is going to cost $25 million a day every 24 hours. What is it worth in gold? Twenty-five times its weight in gold. Isn't that something? You think about something costing 25 times its weight in gold for no tangible benefit.

Jobs—each job on this thing of the 15,000 jobs costs $140,000. I can tell you one thing. If I were from Texas, Alabama, or California, I would probably be on the other side of this issue. If I had 15,000 jobs, or any portion of those 15,000 jobs at $140,000 apiece, I would probably think the space station was the greatest thing since sliced bread.

It is going to cost us $12,880 to transport one pound of water or bread or anything else to the space station. Each astronaut is going to use how many pounds of water a day? They are allocated for all purposes I believe 9.5 liters per day. It all comes to $319,000 a day I believe for each astronaut, just for bottled water. That is $1.9 million in water per day for a crew of six astronauts.

Mr. President, I want to read a portion of a letter which I consider to be extremely important in this debate. The testimony by Prof. Robert L. Park before the Commerce Committee, the Subcommittee on Science, Technology, and Space, which he delivered on July 1, 1993. I am not going to attempt to read the whole letter. But I am going to read the salient parts of it. I hope my colleagues will pay close attention to this.

Dr. Park represents the American Physical Society with 40,000 physicists including astrophysicists. About the only physicists who support the space station are the ones that are on NASA's payroll. Here is what Dr. Park said:

> It is the view of the American Physical Society that scientific justification is lacking for a permanent manned space station in Earth orbit. We are concerned that the potential contribution of a manned space station to the physical sciences has been greatly overstated, and many of the scientific objectives currently planned for the space station could be accomplished more effectively and at a much lower cost on Earth by unmanned robotic platforms, or the Shuttle.

You have two groups of experts on the space station. You have physicists and you have medical science. Here is what the physicists say. He goes on to say:

> The only unique property of a space station environment is microgravity. It is not surprising, therefore, that much has been made of this environment in attempts to sell the space station, but many years of research on shuttle flights and in continuous operation of the Russian space station Mir have produced absolutely no evidence that this environment offers any advantage for processing materials or drugs. Indeed, there are sound reasons for doubting that it could. Gravitational forces are simply too weak to significantly affect most processes.

He goes on:

> A possible exception was thought to be the growth of molecular crystals, specifically protein crystals. In November, however, a team of the Americans that collaborated in protein crystal growth experiments on Mir and on the U.S. space shuttle reporting in Nature magazine that 10 years of work at stupendous cost has produced no significant breakthrough in protein crystal growth. Microgravity has no effect on crystallization of most proteins, they report, and, if it does, crystals are as likely to be worse as better. No protein has been observed to crystallize in microgravity that does not crystallize on Earth.

In short, you can do it on Earth. You do not have to spend $100 billion to go into space.

He goes on to say, in quoting Dr. Blumberg at Harvard, a Nobel laureate and physicist, and he summed it up bluntly in testimony before a Senate committee. Microgravity, he says, is of "microimportance."

Then he goes on to the spinoff, what you are going to get out of the spinoff. "It is both false and demeaning for NASA to claim"—listen to this. He says:

> It is both false and demeaning for NASA to claim that products, from magnetic resonance imaging to synthetic pig teats, are spinoffs of the space program. Any program that spends $15 billion per year is bound to produce something that society can use, but few of NASA's claims stand up. Indeed, an internal NASA study of technology transfer which became public in January acknowledged that NASA's spinoff claims were exaggerated, including such famous examples as Velcro, Tang and Teflon. Contrary to popular belief, the study found NASA created none of these.

I have heard that old Teflon, Velcro, Tang argument for 5 years. NASA had nothing to do with it except publicize it.

Let me just close this segment by saying the opportunities for saving money are very limited around here. This year, the deficit is going to be $116 billion. If Bill Clinton had not acted when he did in 1993, it would be $290 billion this year. I do not care whether you like Bill Clinton or not. A lot of people here do not. But he did something that was very unpopular in 1993—he raised taxes. But he raised taxes on the wealthiest 1.2 percent of the people of this country; 28 million people actually got their taxes lowered. But we are today looking at the most dramatic reduction in the deficit any of us ever dreamed would happen. It is a gratifying thing to see that deficit reduced so dramatically over a 4-year period. But I can tell you, while that was not easy, it is easy compared to how you are going to find that other $116 billion toward a balanced budget. You are not going to balance the budget by spending this $76 billion. You keep spending money like this and all you can do is make those great speeches about balancing the budget but you will never balance it. You may convince the chamber of commerce back home that your heart is in a balanced budget, but you just cannot find it in your heart to vote for the things that bring about a balanced budget.

So I plead with my colleagues to show the kind of spine and spunk that your constituents have a right to expect of you. Oh, it is an easy vote; 99 percent of the people in this country really do not care whether you vote "aye" or "nay" on this. That is the reason you cannot win it. That is the reason I have not won it in 5 years; it is too easy to vote "aye."

So, as I said, I have no illusions about what the vote is going to be, but I am just like the turtle. A man was riding the turtle across the creek. The turtle got out in the middle of the creek and he went under after he promised he would not. And the man who was on the turtle's back said, "You promised me you wouldn't do that. Why on Earth did you do it?" And the old turtle said, "I guess it is just my nature." That is the way it is around here. It is just our nature to vote for big spending projects like this and make speeches about balancing the budget.

I yield the floor, Mr. President.

The PRESIDING OFFICER (Mr. ABRAHAM). The Senator from Missouri.

Mr. BOND. Mr. President, I thank my colleague from Arkansas. I understand that there may not be additional speakers on his side. Is that correct? We have, I believe, under my control only about 15 minutes left. There are five people who have asked for that 15 minutes, including myself, Senator BENNETT, Senator SHELBY, Senator HEFLIN, and Senator BURNS. I urge those who want to share in that largess to come join us very quickly because we may—and I want to put all Senators on notice—be able to go to a vote earlier than 10 minutes of 6.

Mr. BUMPERS. Mr. President, if I may say to the Senator from Missouri, I recognize I have been in that position too many times when Senators want to speak but do not come to the floor. But in the interest of accommodating him, if the Senator would like to put in a quorum call without the time being charged to either side, that would be satisfactory until the speakers get here.

Mr. BOND. Mr. President, unfortunately, as much as we wish to accommodate speakers, we also have to accommodate the leadership, which wants us to move forward on the bill. We do have a Senator who is ready to go, and I am pleased to allocate 3 minutes to the Senator from Utah, Mr. BENNETT.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. I thank the Chair. I thank the Senator.

I will not give all the arguments for the space station. I have given them in times past and Congresses past in debate with my friend from Arkansas. He says it is his nature to bring it up. It is my nature to be for it. I will, however, return to a previous quote that I have used in past debates that I think summarizes why it is we go ahead with it. Samuel Eliot Morison, the great historian, wrote this about this country. He said:

> America was discovered accidentally by a great seaman who was looking for something else. When discovered, it was not wanted and most of the exploration for the next 50 years was done in the name of getting through or around it. America was named after a man who discovered no part of it. History is like that, very chancy.

Mr. President, that is why we are going into space. No, we do not know with exactness what we are going to find. We cannot predict it any more than the people who discovered this continent from the European side could predict what would happen, and indeed what we find there may not be wanted just as this country was not wanted for a long period of time. But I will share with the Senate this experience.

Every year, I sponsor in the State of Utah an activity called Space Talk, where we get together and talk about space and what can be done in space and what the prospects of space are. Last year, as part of Space Talk, NASA agreed to allow the shuttle on its way from Cape Canaveral to Edwards Air Force Base to stop in Salt Lake City to refuel and stay overnight. As it turned out, the 747 carrying the shuttle banked in over the Salt Lake Valley just about at the end of the day, just about at sunset it came over. There were approximately 100,000 people who stopped in their cars on the freeway, who came out of their houses and stood in their front yards and who waved and acknowledged that as it made a pass down the valley, then turned, came back in low over the valley and finally landing at the Salt Lake airport. I still have people who will come up to me on the street corner literally with tears in their eyes and say, "Senator, that was one of the most emotional experiences of my life. How proud I am to be an American," demonstrating their support for the space program. America has not lost the sense of exploration that it had all the way back to Columbus' time, and we should not lose it again.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BOND. Mr. President, I yield myself 3 minutes and ask that I be notified when that 3 minutes has expired.

I do wish to urge my colleagues who had wanted time to come over, those in support. The time is running out.

I did want to answer the legitimate question asked by the Senator from Arkansas: What do you expect to get out of this? What good is going to come from it?

Just a small sample, Mr. President. The National Depressive and Manic-Depressive Association in a letter of July 27, 1995, to Administrator Goldin, the executive director, expresses "our support for the human brain and neurological research that is part of NASA's international space station program."

We have a similar letter from the Multiple Sclerosis Association of America, saying:

> We are especially optimistic about a project on the station called Neurolab, dedicated to neurological research. This research could be essential to MS patients. Because MS is a neurological disease, the more we know about the brain, the closer we are to understanding and overcoming this illness.

The American Medical Women's Association has written that:

> The space station will provide important research opportunities in the following areas:
>
> Diseases predominantly affecting women, including breast, ovarian and cervical cancers and endometriosis;

Diseases more prevalent in women, such as osteoporosis, diabetes and other autoimmune diseases;

Areas in which women are particularly vulnerable, such as biological rhythms, cyclic hormonal changes and balance disorders . . ..

I ask unanimous consent all these letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE PLANETARY SOCIETY,
July 24, 1995.

House of Representatives,
Washington, DC.

DEAR REP. GINGRICH: In the past few weeks you have received mail and calls from some of your constituents who are among the over 100,000 members of The Planetary Society. We are urging you to support the President's proposed budget for NASA. Although that budget calls for significant cuts—about four percent per year for the rest of the decade—it preserves important NASA missions and programs to explore other worlds and to understand our own.

This week, the House will vote on the NASA Appropriation as part of the HUD-VA-Independent Agencies bill. There will an amendment offered to cancel the space station. We oppose that amendment.

The Appropriations bill gives NASA $600 million less in FY 1996 than in the President's proposed budget. We believe that cut, on top of the Administration reductions, is too deep and threatens the vitality of the American enterprise in space.

The recent shuttle-Mir success; the stirring results from the Hubble Space Telescope; and the new cheaper, faster, better missions of Mars Surveyor, Discovery and New Millennium bode well for the future. The great interest in the movie Apollo 13 is a reminder of how much these successes mean to the American public, and how important the NASA "can-do" philosophy is to our nation.

The building of the space station is an important global effort. It is the largest and greatest international engineering project in history. Many European nations, Japan, Russia, and Ukraine have investments commensurate with that of the United States. The international space station, like Project Apollo, is serving a greater national interest besides that of space development. Like Apollo, it is playing on a world stage.

Several years ago, Carl Sagan, Bruce Murray, and Louis Freidman—the officers of The Planetary Society—testified to Congress with a statement called "A Space Station Worth the Cost." We opposed the then-space station plan as serving no national purpose, as being unrealistic and counter-productive in its budgeting, and as not contributing to the goals of human exploration beyond Earth orbit.

Those defects have now been remedied. The present plan is working on a fixed budget with meaningful cost-savings from Russia's participation. It is serving national and international interests. And, in perhaps the biggest difference from the previous plan, it has put Americans back in space, making progress toward understanding the physiological effects of long-duration spaceflight. Norm Thagard just broke the American endurance record in space—five years earlier than anyone would have under the previous space station plan.

For Congress to cancel the space station now would cause huge disruptions in many local and regional economies, and worse yet, it would scar our national psyche. It would end the rationale for America's manned space program, and with it would die some of the spirit of a great nation bold enough to seek great achievements.

We ask your support now for the entire NASA program; Manned Spaceflight, Science, Mission to Planet Earth, Technology and Aeronautics. All have been cut this year as well as in the past several years. There is a delicate balance among them now, important to preserving each enterprise, and important to preserving the whole.

Thank you very much for your consideration.

Sincerely,

CARL SAGAN.
LOUIS FRIEDMAN.

MULTIPLE SCLEROSIS
ASSOCIATION OF AMERICA,
June 20, 1995.

Hon. ROBERT S. WALKER,
Chairman, House Subcommittee on Science, House of Representatives, Washington, DC.

DEAR CONGRESSMAN WALKER: I am writing on behalf of the Multiple Sclerosis Association of America (MSAA) to express our support for the International Space Station and the medical research that is an integral part of the project. MSAA is a national organization in its 25th year of service in improving the lives of the 300,000 people diagnosed with multiple sclerosis (MS) in the United States and an additional 200,000 as yet not diagnosed.

The MSAA is hopeful, as new findings continue to emerge from space-based research and the possibilities that the International Space Station holds. We are especially optimistic about a project on the station called Neurolab, dedicated to neurological research. This research could be essential to MS patients. Because MS is a neurological disease, the more we know about the brain, the closer we are to understanding and overcoming this illness.

The MS community has benefited from NASA technology to date by utilizing microclimate cooling systems to control MS patients' exacerbations, which are brought on or worsened by heat. Controlling body temperature is crucial to MS patients' health since overheating can cause painful and debilitating symptoms. The MSAA has signed a Memorandum of Understanding (MOU) with NASA to provide information on liquid cooled garments ("cool suits") as well as helping to make the present technology widely available to patients and utilizing other spinoff technology.

The MSAA urges Congress to appropriate funding for this important research project. NASA's "cool suit" literally has changed the lives of some of those suffering from MS. If space-based research continues, perhaps MS patients will have more options and more information in understanding this elusive and incurable disease.

Sincerely,

JOHN G. HODSON, Sr.,
President and Chairman of the Board.

NATIONAL DEPRESSIVE AND MANIC-
DEPRESSIVE ASSOCIATION,
July 27, 1995.

Hon. DANIEL S. GOLDIN,
Administrator, National Aeronautics and Space Administration Washington, DC.

DEAR ADMINISTRATOR GOLDIN: On behalf of the 275 chapters of the National Depressive and Manic-Depressive Association (National DMDA), I want to express to you our support for the human brain and neurological research that is part of NASA's International Space Station program. As an organization representing patients affected with depressive disorders, we are strong advocates for improving treatments for diseases of the brain.

Founded in 1986, by and for patients and their families, National DMDA's mission is to educate patients, families, professionals, and the public about the nature of depressive (unipolar) and manic-depressive (bi-polar) illness as medical disease. As the only illness-specific, patient-run organization in the nation, National DMDA seeks to foster self-help for patients and families, eliminate discrimination and stigma, improve access to care and advocate for research toward the elimination of these illnesses.

We believe the International Space Station will augment and complement ground-based brain research and add to the nation's arsenal of research facilities. NASA's cooperative agreements with the National Institutes of Health's (NIH) National Institute of Mental Health (NIMH) and National Institute of Neurological Disorders and Stoke (NINDS) ensure that human brain research efforts are carefully coordinated and contribute to significant progress in the understanding and treatments of brain and neurological disorders. We are also encouraged by the potential for medical breakthroughs offered by NASA's Neurolab, which involves six Institutes of the NIH and several nations in joint spaceflight research ventures dedicated to research in neurological and behavioral sciences.

The Space Station program and related cooperative agreements with NIH are providing needed medical research into brain disorders that will improve the quality of life for millions of Americans. Therefore, we support full and continued funding of the human brain research programs of NASA's International Space Station.

Sincerely,

SUSAN DIME-MEENAN,
Executive Director.

AMERICAN MEDICAL
WOMEN'S ASSOCIATION,
June 12, 1995.

Hon. LINDA SMITH,
House of Representatives,
Washington, DC.

DEAR CONGRESSWOMAN SMITH: The American Medical Women's Association (AMWA), a professional organization of 13,000 women physicians, has been committed to improving the state of women's health for 80 years. Of primary concern to AMWA is the need for increased research in women's health. As such, AMWA supports the continuation of funding for NASA's International Space Station because it provides one of the most promising new visions for medical research on diseases that strike women and have unknown causes or cures.

Traditional research approaches have not been sufficient to unravel the complex mechanisms underlying diseases that afflict millions of women. The microgravity environment of space allows researchers to carry out experiments that cannot be performed on earth, potentially loading to medical breakthroughs. The Space Station will provide important research opportunities in the following areas: diseases predominantly affecting women, including breast, ovarian and cervical cancers and endometriosis; diseases more prevalent in women, such as osteoporosis, diabetes and other autoimmune diseases; area in which women are particularly vulnerable, such as biological rhythms, cyclic hormonal changes and balance disorders; diseases with different risk factors or interventions for women, such as cardiovascular disease, blood pressure control, lung cancer and AIDS.

NASA research has already benefitted women's health research. Since 1992, NASA entered into 18 different cooperative agreements with the National Institutes of Health to ensure that NASA biomedical research activities contribute to significant progress in the understanding and treatment of diseases and other medical conditions that affect women.

NASA is also a model for the inclusion of women in medical research, having performed and supported research related to the physiological function of healthy women (25 percent of NASA astronauts are women). This has included research in cardiovascular, neurological, endocrinological and musculoskeletal function; in biological rhythms, in behavior and performance; and in the effects of exercise and inactivities. These studies together represent a valuable and perhaps unique data base on the physiology of healthy women.

AMWA strongly urges Congress to consider the important biological research benefits of longer duration space-based research and maintain full funding of the International Space Station.

Sincerely,

DIANNA L. DELL, M.D.,
President.

Mr. BOND. I just conclude these brief remarks by saying that Carl Sagan who, in the past, along with the Planetary Society, raised great questions about the space station serving no national purpose has, now, written saying that the defects in the space program "have been remedied" and it is meaningful. "We ask your support now for the entire NASA program."

The PRESIDING OFFICER. The Senator's 3 minutes has expired. Who yields time?

Mr. BOND. Mr. President, I yield 4 minutes to the Senator from Alabama, Senator HEFLIN.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. HEFLIN. Mr. President, I rise in opposition to the Bumpers amendment. I have supported the space station from the very beginning. In fact, I made a speech and have been told by people at NASA that I was the first Senator to call for the building of the space station, more than 15 years ago.

I think the space station is coming along in an excellent manner. I happen to have had the opportunity to visit Boeing during the recess and saw the progress that is being made on the space station. It is up to schedule and is moving in a manner that will mean it will be launched on time and it will move forward in a proper manner.

The space station has many benefits for mankind. People sometimes question the byproducts that have occurred as a result of the space program. There are many, many byproducts that have come about as a result of the space program. Many of them were not anticipated, but they developed as you develop the program for the space station. For example, digital watches came out of the space program.

I happen to be sort of a walking example of the various benefits that the space program has provided in the field of medical services. I have a pacemaker. The pacemaker idea came as a result of activities involved in the space station.

I also have what is known as a stent. A stent is sort of a metal pipe that is placed in my coronary artery, that holds open an area that became occluded. Therefore, this program with the idea of having a stent originated out of the space program, in regard to the use of metal and how metal could tie into tissue. So I am sort of a walking example of what the space program has done. There are many other benefits that have occurred as a result of the space program. There are volumes, actually, that have been developed, outlining the various programs.

So, I am fully supportive of the space program and of the space station. I think there are several things that are very important. Senator GLENN has gone into this in detail. But the crystallography, by which you grow crystals in microgravity, has been exceptionally beneficial to working toward finding a cure for disease. There is another program known as the electrophoresis program, which is the ability to separate a cell down to the smallest integral parts. To be able to someday use the ability to grow crystals and to grow cells to a much higher degree than they exist on Earth in microgravity, and then use the process of electrophoresis to separate those cells, into the smallest integral parts, has a great potential relative to finding cures for diseases.

So I am fully supportive of this.

Mr. President, to reiterate, I rise today in firm opposition to the amendment before us which seeks to terminate funding for the international space station. I have been, and will continue to be, a strong and vocal supporter of the international space station. I first rose on this floor over 15 years ago as one of the first proponents of a manned laboratory in space. I share with many in this Nation and this Congress a vision of maintaining and expanding the human experience in space. The space station is an investment in the future, an investment fully consistent with NASA's mission. The first words appearing in the 1958 act which created NASA state that the "Congress declares it is the policy of the United States that activities in space should be devoted to peaceful purposes for the benefit of all mankind." This project, more so than many others, is true to that charter.

The space station is the largest international peacetime cooperative effort ever undertaken. It will provide a platform for scientific research which could never be duplicated in any laboratory on the ground. The rhetoric surrounding this celebrated program seems to have taken on a life of its own. Old complaints, long since recognized and addressed, resurfaced with every budget debate. From the moment President Reagan proposed the space station in 1984, however, the project has been engulfed in controversy. Skeptics are not shy about decrying the space station as a flagrant misuse of tax dollars in a time of fiscal restraint. Social critics have argued that the money would be better spent at home, shoring up fractured urban areas and investing in better schools.

Congress has repeatedly voted by substantial bipartisan margins to continue our space exploration projects. But in a time of tight budgets, more attempts to kill sound investments in our future are expected. It seems to me, however, that we cannot back away from a strong investment in public interest and research, any more so than parents can decide not to fund their children's college education just because they might still have a mortgage on their home or a large balance on their credit card accounts. At the same time, we cannot ignore our fiscal dilemma. I have long been in the forefront of efforts to inject responsibility and discipline into the Federal budget process. Any public investment must be cost effective. I believe it is time to review the results of efforts to date and recognize the benefits of the project.

The vision of the Congress was to construct in orbit a permanently-manned space station. The purpose of the project was to exploit and enhance the technological superiority of our scientific, engineering, and aerospace industries. While much of the hard science and technology necessary to construct such a facility did exist, the scope of the project extended into hundreds of areas where the existing technology and knowledge base were not fully developed.

The need to create an environment in space which would support a permanent manned presence led us through years of life sciences experiments which have added to our understanding of the human body and produced countless biomedical breakthroughs which are saving or improving the quality of life for people everywhere. I have personally benefited from one such technology breakthrough when I have experienced heart problems in the recent past. The technique used to treat my condition came from the space station's life sciences developments. Our defense systems have also benefited from space exploration. Composite materials needed to endure the harsh environment of space have enhanced our competitive advantage in the engineering and aerospace industries.

Our international relations were enhanced and our construction and operations costs were reduced when we extended participation in this project to our international partners in Europe, Canada, and Japan. Each makes a contribution to the overall design in return for access to the completed station. And an unprecedented cooperative effort was forged when we extended our hand in friendship to the Russian people to join in this truly international space station.

Over the last few years, an enormous number of technological, organizational, and managerial difficulties have been resolved. A diffused and decentralized program structure suitable to the early design stages has been replaced by a lean, integrated, and responsive management structure where communication and accountability are clear. A single host center and a single prime contractor now coordinate and integrate the hardware which support the program.

Just a few days ago, the first U.S. space station module, node 1, passed a critical pressure test. This module features six docking ports and will serve as a gate-way connecting other station modules. The space station is expected to begin assembly in November 1997 with the launch of the Russian-built core vehicle, the functional cargo block. Node 1 is expected to be launched into space 1 month after this core-vehicle.

Now is not the time to pull the collective rug out from under this effort. We have made commitments to our international partners which we must not breach. We have sought the intellectual and capital investment of countless scientists, engineers, and program managers who have labored long and hard to support our ever elusive vision of this project. We gave these groups the vision of an international space station. We gave them the mission of constructing an orbiting laboratory in space. We have held the reins tight and offered considerable course correction at every turn in the development and design stages. Just as we are about to realize the results of this long labor, there are calls to squander our investment, terminate the work, and redirect the funding.

Such calls are short-sighted and ill-conceived, and should not be supported. This Nation enjoys a technological competitive advantage in aeronautics and space issues because of its tradition in investing in the future. Continued construction and operation of the space station will further our advantage. It will provide a laboratory in microgravity which will enhance our understanding of crystallography. It will give us advancements in biomedical research which will improve our health and welfare. It will provide a platform for environmental study of our fragile planet by allowing us to monitor and measure global changes both above and below the atmosphere.

When I hear some of my colleagues rail against the space station and other projects designed to propel us into the future, I cannot help but wonder what they would have said had they been around in 1492. Certainly had these political pundits been in Spain, the news headlines would have read: "Columbus voyage disaster, ship lost, India not found."

We never know what benefits research and development will ultimately yield. Some of the most important discoveries in medicine and other field have been accidental in nature, just as Columbus' arrival in the New World was 500 years ago. Could any of us argue, with a straight face, that the cost of that long-ago voyage, which at that time was astronomical, has not been outweighed many, many times over by the benefits that were bestowed upon mankind?

As we reflect upon that journey during 1996, it would serve us well to think of and focus on the miraculous technological advances and discoveries—many of which have benefitted the human race immeasurably—that would never have been possible had the naysayers carried the day.

In his inaugural address to the Nation over 30 years ago, President Kennedy told Americans that they stood "on the edge of a New Frontier." In describing the phrase that has become synonymous with his short administration, he inspired an entire generation by saying, "Let both sides seek to invoke the wonders of science instead of its terrors. Together let us explore the starts, conquer the deserts, eradicate disease, tape the ocean-depths * * *".

Those words are no less profound today that they were in Kennedy's time, for as long as man is on this Earth, and as long as we are able to move forward with scientific and technological advances, we will always be on the brink of a new frontier.

As this will probably be my last opportunity to champion the international manned space laboratory, I remain fully committed to our vision. I ask my fellow colleagues to join with me today in defeating this unreasonable amendment and signaling our collective resolve to support the continued construction and operation of the international space station.

Mr. BOND. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator from Missouri has 3 minutes and 25 seconds.

Mr. BOND. I thank the Chair. Mr. President, does Senator MIKULSKI have additional time remaining?

The PRESIDING OFFICER. She has 4 minutes.

Mr. BOND. There is 4 minutes for Senator MIKULSKI and 3 minutes on this side. I believe other speakers have now indicated they will submit their statements and will not give them directly. At this point I will just wrap up. If Senator MIKULSKI wishes to make any further comments, I will be happy to have her comments. Otherwise, I propose to offer a tabling motion.

The PRESIDING OFFICER. Who yields time?

Mr. BOND. Does the Senator from Arkansas wish further time?

Mr. BUMPERS. I was just going to yield myself 2 or 3 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I want to clarify the record on one thing, before Senator HEFLIN leaves the floor. As he knows, he and I talked about it, I also have a stent in my heart. We are getting conflicting information. My doctor told me he was part of the team that developed stents out at the National Institutes of Health. He never did mention the space station or any part of space. So we will have to reconcile that little difference about who developed stents.

In any event, I am grateful to whoever did it.

Mr. HEFLIN. Amen.

Mr. BUMPERS. Mr. President, I want to add one point about the cost of keeping the astronauts supplied with in water in space. As I said before, it will cost $12,880 per pound to ship water to the space station. With each astronaut allocated 9.5 liters of water per day, that comes to $1.9 million per day just to keep a crew of six supplied with water. I've done some more calculations and that comes out to about $700 million per year.

Let me say that again, because I think that is sliding over everybody's head. We are talking about almost three-quarters of a billion dollars a year to send water to six people on the space station. Now, you talk about balancing the budget, that is a great way to do it.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, how much of my time remains?

The PRESIDING OFFICER. The Senator from Arkansas has approximately 31 minutes remaining.

Mr. BUMPERS. Is the distinguished manager of the bill short on time? I will be glad to yield some time.

Mr. BOND. Mr. President, I think we have all the time we need on this side. The Senator from Maryland has 4 minutes, if she wants to use it. I can conclude in the little time I have. If the Senator from Arkansas is ready to yield back, I will offer a tabling motion.

Ms. MIKULSKI. Mr. President, I understand I have yet 4 minutes.

The PRESIDING OFFICER. It is the Chair's understanding the Senator from Maryland has 4 minutes remaining.

Ms. MIKULSKI. I claim those 4 minutes.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I conclude in my opposition to the Bumpers amendment by talking about the impact, what it would mean to both taxpayers' jobs and scientific innovation.

Cost to terminate the station would erode any fiscal 1997 savings gained from cancelling the program. Termination costs are estimated at $700 million. The U.S. Government has invested $6.4 billion in the redesigned station and, for the most part, what the Bumpers amendment would do is essentially lose what we have already put in.

Let's go to mission and employment. Termination of the space station would result in the loss of 15,000 highly skilled engineering and production jobs currently under contract, Mr. President, 15,000 jobs in Texas, in Alabama, and in other parts of our great country. In addition, 1,300 civil service positions directly supporting the space station would become expendable. A conservative multiplier effect in California, Texas, Alabama, and Florida estimates 40,000 jobs.

We could talk about science impact, international impact, and the intangibles. Since its inception, the U.S. space program has driven science and technology. It has also motivated our young people to enter careers in space research, engineering, and has inspired the Nation.

We all went to see "Apollo 13." Apollo 13 was more than a movie. It was the whole Apollo program, the space station program. The Hubble telescope is inspiring young people to move in to study science and engineering, and whether they come or go in the space program, they are going to be fit for duty in the 21st century and inventing products we do not begin to think of.

The long-term cutting edge, high-risk R&D is exactly what the United States of America needs. The investment NASA is making in breakthroughs in science and technology will make long-term economic growth possible. It is exactly this type of activity that we need in the United States of America.

Right now in Desert Strike, we are using smart new weapons of war to bring a dictator under heel. I also want to see in the civilian area these new smart technologies that will generate jobs and keep our economy a 21st century economy. Therefore, we cannot approach it with a 19th century attitude or framework.

Mr. President, that concludes my remarks. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BOND. Mr. President, does my colleague from Arkansas wish any further time?

Mr. BUMPERS. I do not think so. Is the Senator from Missouri prepared to yield back?

Mr. BOND. I am going to conclude with my 2 minutes.

The PRESIDING OFFICER. One minute thirty seconds for the Senator from Missouri.

Mr. BOND. I ask unanimous consent that the vote be held at 5:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. With the time equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Missouri.

Mr. BOND. Mr. President, I claim a minute of that time just to follow up on the comments I made earlier. There were questions raised about what we can learn from the space station. We have not learned anything yet. Well, we have not had the space station up yet.

Here is a letter that I thought particularly compelling. This letter begins:

> On Earth, we are prisoners of gravity. Gravity influences all life on Earth . . .
>
> In orbit, there is very little gravity—
>
> Or zero-g.
>
> The microgravity environment of space allows researchers to unmask gravity and to see, in many cases for the first time, deeply into physical, chemical, and biological processes which were previously obscured by gravity. . . . This promises to lead to radical new scientific discoveries about life on Earth.
>
> Fundamental insights from international Space Station research will produce broad-ranging benefits for humanity for generations to come.

The writer says:

> I don't have space here to catalog all of the potential contributions that the international Space Station could make to the world's biomedical research efforts. I hope the examples I have provided will serve to illustrate this basic point: NASA technology and Space Station research will support the broader fight against human disease and make tremendous contributions to the quality of life here on Earth.

The letter is signed, from the Baylor College of Medicine, Dr. Michael E. DeBakey.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BAYLOR COLLEGE OF MEDICINE,
Houston, TX, July 26, 1995.

Hon. ROBERT WALKER,
Chairman, Committee on Science, House of Representatives, Washington, DC.

DEAR CONGRESSMAN WALKER. On Earth, we are prisoners of gravity. Gravity influences all life on Earth. Gravity influences the behavior of everything—from single-celled organisms to rocks, plants, and ships at sea—on the surface of this small blue planet. When we fall, we fall down. We stay attached to the chairs in our offices because of the constant pull of gravity. In the plant world, roots grow down. Even in our own bodies, our hearts have to work harder when we stand than when we're lying down. Try as hard as I might, I can't even begin to imagine what life would be like on Earth without gravity.

In orbit, there is very little gravity. This radically different environment is sometimes referred to as "zero-g," or, more accurately, microgravity. The microgravity environment of space allows researchers to unmask gravity and to see, in many cases for the first time, deeply into physical, chemical, and biological processes which were previously obscured by gravity. Thus, thanks to our space program, for the first time in the history of humankind, scientists can manipulate gravity by decreasing its force as well as increasing it. This allow us to manipulate a primary force of nature in a way that promises to lead to radical new scientific discoveries about life on Earth.

Fundamental insights from international Space Station research will produce broad-ranging benefits for humanity for generations to come. Indeed, we are already seeing significant benefits from the limited research we can conduct on the Space Shuttle. One example is in the field of telemedicine.

Telemedicine is the practice of medicine through the exchange of information, data, images, and video across distances using telecommunications networks such as telephone lines, satellites, microwaves, and the Internet. Today's telecommunications technology, which provides international accessibility in real-time, greatly enhances the delivery of medical care.

The available technologies can link remote sites to larger medical centers, which can provide an opportunity for specialty consultations that might not otherwise be possible. The application of telemedicine offers advantages of cost-effectiveness as well as improved care to remote areas, disaster sites, and undeserved populations.

NASA has been a pioneer in telemedicine since the early 1960s, when it was faced with the challenge of monitoring the health of astronauts in spacecraft orbiting the Earth. NASA's continued use and development of telemedicine to enhance the delivery of medical care in space for future long-duration platforms, such as a space station, will help to support the rapidly expanding application of this technology to health care here on Earth.

In addition to its contributions to the study of basic human physiology, the international Space Station will support a vigorous program of research in biotechnology. The potential of biotechnology to change human society is at least as great as that of the microelectronics revolution. Everyone knows that NASA technologies have been instrumental in microelectronics, but few realize that NASA supported research and the resulting technologies are also driving whole new endeavors in biotechnology.

These new technologies, such as tissue culturing, allow the growth of human tissues for the possible treatment of diseases, such as arthritis and diabetes, and the growth of cancerous tumors, allowing researches to address the development and treatment of colon, breast, and ovarian cancers. This new NASA technology has broad applications in medical research and in the treatment of diseases.

Millions of Americans suffer tissue or organ loss from diseases and accidents every year; the annual cost of treating these patients exceeds $400 billion. At present, the only treatment for these losses is transplantation of tissues and organs; however, these procedures are severely limited by donor shortages. The shortage of replacement tissue and organs has generated a substantial research effort for the development of alternative sources for transplantations.

A major advance would be the ability to grow functional human tissues like those found in the human body, thereby providing the necessary tissues for transplantations and biomedical research. However, medical researchers have been frustrated in their inability to grow human tissues outside the body. Most present-day tissue growth systems do not provide the conditions needed to form the complex structure of tissue in the human body. However, NASA tissue-growth technologies hold the promise of someday alleviating the suffering caused by tissue and organ loss, a major breakthrough for biomedical research.

NASA technology has played an important role in my own work on the development of a mechanical artificial heart using elements of NASA turbopump technology. The use of these new artificial heart pumps is nearing reality.

I don't have space here to catalog all the potential contributions that the international Space Station could make to the world's biomedical research efforts. I hope the examples I have provided will serve to illustrate this basic point; NASA technology and Space Station research will support the broader fight against human disease and make tremendous contributions to the quality of life here on Earth.

Sincerely,

MICHAEL E. DEBAKEY, M.D.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I am prepared to yield back the remainder of my time and vote now, if it is agreeable with the managers. The unanimous-consent agreement a moment ago was to vote at 5:30. We can just go ahead and vote now.

Mr. BOND. Mr. President, might I suggest we can handle one or two other matters while we are waiting for that. They are procedural matters. We had set earlier in the day, immediately following the vote on the space station amendment, a vote for an amendment offered by Senator McCAIN and Senator GRAHAM. We have on both sides worked with them.

Ms. MIKULSKI. I wish to bring to the attention of the Senator from Missouri that Senator McCAIN has changed the original amendment to actually improve it, I think substantially, and Senator HARKIN of Iowa wishes to be sure it has no negative impact in terms of his State. We cannot agree to the UC until we get a signoff from Senator HARKIN. So we cannot get consent to modify it.

Mr. BOND. Mr. President, then I will not make the unanimous-consent request. We think during the course of this next vote that we can bring everybody together and point out that the modification has moved in the direction that would be very beneficial to the interest that Senator HARKIN has raised.

With that, the time of 5:30 has arrived.

The PRESIDING OFFICER. Not yet, but it is approximately 5:30.

Mr. BOND. Close enough for Government work.

The PRESIDING OFFICER. It is close enough to 5:30 for the Presiding Officer.

Mr. BOND. Under that scenario, I move to table the Bumpers amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table amendment No. 5178. The yeas and nays have been ordered. The clerk will call the roll.

Mr. NICKLES. I announce that the Senator from Oregon [Mr. HATFIELD], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SANTORUM] are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 60, nays 37, as follows:

[Rollcall Vote No. 267 Leg.]

YEAS—60

Akaka
Bennett
Biden
Bingaman
Bond
Boxer
Breaux
Burns
Campbell
Coats
Cochran
Coverdell
Craig
D'Amato
Daschle
DeWine
Dodd
Domenici
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hatch
Heflin
Hutchison
Inhofe
Inouye
Johnston
Kassebaum
Kempthorne
Kyl
Lieberman
Lott
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Murray
Nickles
Pell
Pressler
Reid
Robb
Rockefeller
Roth
Sarbanes
Shelby
Simpson
Smith
Stevens
Thompson
Thurmond

NAYS—37

Abraham
Ashcroft
Baucus
Bradley
Brown
Bryan
Bumpers
Byrd
Chafee
Cohen
Conrad
Dorgan
Exon
Faircloth
Feingold
Harkin
Helms
Hollings
Jeffords
Kennedy
Kerrey
Kerry
Kohl
Lautenberg
Leahy
Levin
Lugar
Moynihan
Nunn
Pryor
Simon
Snowe
Specter
Thomas
Warner
Wellstone
Wyden

NOT VOTING—3

Hatfield
Murkowski
Santorum

The motion to lay on the table the amendment (No. 5178) was agreed to.

Mr. BOND. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. COHEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5177, AS MODIFIED

Mr. McCAIN. Mr. President, I ask unanimous consent to modify my amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment (No. 5177), as modified, is as follows:

On page 104, below line 24, add the following:

SEC. 421. (a) PLAN.—The Secretary of Veterans Affairs shall develop a plan for the allocation of health care resources (including personnel and funds) of the Department of Veterans Affairs among the health care Networks of the Department so as to ensure that veterans who have similar economic status and eligibility priority and who are eligible for medical care have similar access to such care regardless of the region of the United States in which such veterans reside.

(2) The plan shall—

(1) reflect, to the maximum extent possible, the Veterans Integrated Service Network developed by the Department to account for forecasts in expected workload and to ensure fairness to facilities that provide cost-efficient health care; and

(2) include—

(A) procedures to identify reasons for variations in operating costs among similar facilities where network allocations are based on similar unit costs for similar services and workload; and

(B) ways to improve the allocation of resources so as to promote efficient use of resources and provision of quality health care.

(C) adjustments to unit costs in subsection (a) to reflect factors which directly influence the cost of health care delivery within each Network and where such factors are not under the control of Network or Department management, and

(D) include forecasts in expected workload and consideration of the demand for VA health care that may not be reflected in current workload projections.

(3) The Secretary shall prepare the plan in consultation with the Under Secretary of Health of the Department of Veterans Affairs.

(b) PLAN ELEMENTS.—The plan under section (a) shall set forth—

(1) milestones for achieving the goal referred to in paragraph (1) of that subsection; and

(2) a means of evaluating the success of the Secretary in meeting the goal.

(c) SUBMITTAL TO CONGRESS.—The Secretary shall submit to Congress the plan developed under subsection (a) not later than 180 days after the date of the enactment of this Act.

(d) IMPLEMENTATION.—The Secretary shall implement the plan developed under subsection (a) not alter than 60 days after submitting the plan to Congress under subsection (c), unless within that time the Secretary notifies Congress that the plan will not be implemented in that time and includes with the notification an explanation why the plan will not be implemented in that time.

Mr. McCAIN. Mr. President, I thank my colleague from Florida, Senator GRAHAM, for all of his efforts on behalf of this amendment. It has been modified. We have worked with the administration.

Mr. President, since this amendment was accepted in the three previous years and then dropped in conference, the Senator from Florida and I felt that we should have a rollcall vote on this although I think that vote will be nearly unanimous since it is basically the same. It was accepted 3 years before.

So, Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona, as modified. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Oregon [Mr. HATFIELD], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SANTORUM] are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon [Mr. HATFIELD] would vote "yea."

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 79, nays 18, as follows:

[Rollcall Vote No. 268 Leg.]

YEAS—79

Abraham
Akaka
Ashcroft
Bennett
Bingaman
Bond
Boxer
Breaux
Brown
Bryan
Bumpers
Burns
Campbell
Chafee
Coats
Cochran
Cohen
Conrad
Coverdell
Craig
D'Amato
Daschle
DeWine
Domenici
Dorgan
Exon
Faircloth
Feinstein
Ford
Frahm
Frist
Glenn
Gorton
Graham
Gramm
Grams
Grassley
Gregg
Hatch
Heflin
Helms
Hollings
Hutchison
Inhofe
Inouye
Jeffords
Johnston
Kassebaum
Kempthorne
Kerrey
Kyl
Levin
Lott
Lugar
Mack
McCain
McConnell
Mikulski
Moseley-Braun
Nickles
Nunn
Pell
Pressler
Pryor
Reid
Robb
Roth
Sarbanes
Shelby
Simpson
Smith
Snowe
Specter
Stevens
Thomas
Thompson
Thurmond
Warner
Wyden

NAYS—18

Baucus
Biden
Bradley
Byrd
Dodd
Feingold
Harkin
Kennedy
Kerry
Kohl
Lautenberg
Leahy
Lieberman
Moynihan
Murray
Rockefeller
Simon
Wellstone

NOT VOTING—3

Hatfield
Murkowski
Santorum

The amendment (No. 5177), as modified, was agreed to.

Mr. LOTT. Mr. President, I move to reconsider the vote.

The PRESIDING OFFICER. Without objection, a motion to table the motion to reconsider is agreed to.

The majority leader.

UNANIMOUS-CONSENT AGREEMENT—H.R. 3517 and H.R. 3845

Mr. LOTT. Mr. President, I ask unanimous consent that, at 9:30 a.m., on Thursday, September 5, the Senate proceed to the consideration of the conference report to accompany H.R. 3517, the military construction appropriations bill; further that, there be 20 minutes for debate only, equally divided in the usual form, and that following the expiration of debate the conference report be temporarily set aside and the Senate proceed to the conference report to accompany H.R. 3845, the D.C. appropriations bill, there be 10 minutes of debate only equally divided in the usual form, and that following debate the Senate proceed to a vote on the adoption of the military construction conference report, to be followed immediately by a vote on the adoption of the D.C. appropriations conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. LOTT. So Senators should be aware, this agreement will allow for two consecutive rollcall votes in the morning, Thursday, at 10 a.m. We will come in session at 9:30, and then we will have the votes, two consecutive votes, at 10 o'clock.

The two votes we just had will be the last votes of tonight, provided we can get agreement on a list of amendments that will be brought up tomorrow. I have the commitment of cooperation of the Democratic leader to work with us to identify the amendments, get a finite list of amendments, so we will have that list we can proceed on tomorrow. If we cannot, you know, get this list of amendments worked out, we will have to consider other options, but I am assuming we are going to have good-faith cooperation, we are going to get these amendments, get them identified so we can complete action on the VA-HUD appropriations bill tomorrow. We had hoped to have more votes tonight and get it completed tonight, but there has been a good-faith effort made, certainly by the chairman and ranking Senator. And there have been other circumstances that have intervened that caused us to see if we could get the amendments agreed to and get the votes in the morning at 10 o'clock, back to back, and be prepared to complete the VA-HUD appropriations bill.

For the information of all Senators, there are two other things they need to be aware of. We are working on a bipartisan basis to see if we can come up with a resolution with regard to the situation in Iraq. There is going to be a meeting at 10 o'clock in the morning, bipartisan meeting, to see if some language can be agreed to.

In addition to that, with regard to the Defense of Marriage Act, you will recall there was a unanimous consent agreement entered into before we left for the August recess that provided a procedure to get that issue up for consideration beginning at 10 o'clock on Thursday. It provided that by 5 o'clock on Tuesday, up to four amendments could be offered on each side that would be voted on before we would get to final passage on the Defense of Marriage Act. But, also, after those four amendments on each side were filed as of 5 o'clock on Wednesday, the agreement could be vitiated and we would move on to other issues and decide on another way to handle the Defense of Marriage Act.

That has happened. After the amendments were filed there was a feeling, I presume on both sides, that the amendments were going to be a distraction. They were going to contribute to an atmosphere that would not be helpful in our trying to get agreements and passage on appropriations bills that we simply must get done during this month. So the minority leader and I talked about it and we understand each other. We are not going to go with that unanimous consent agreement.

I do want to emphasize we are going to have this issue brought up at some point. Unless we reach some other agreement, it would be my intent to bring it up and lay down the cloture motion on the motion to proceed. I have not made a decision exactly how we will do that or when we will do that. Part of it will depend on the cooperation we get on other issues, and whether or not we are making progress. But we would expect a vote or votes will occur on that issue sometime, probably next week, but without any final decision having been made as yet. Certainly I will consult with the Democratic leader before we take any action in that regard.

There is a lot more that could be said, a lot more accusations, charges or countercharges. Can we dispense with that and just get on with the business? I would like to proceed that way. I hope that is the way we will approach this appropriations bill and other appropriations bills.

I do have some additional unanimous consent requests here. I see the leader is on his feet. Would you like to comment at this point? I yield the floor at this time.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, let me just confirm the agreement that was anticipated, I think, by the majority leader's comments. He and I have been talking throughout the day in attempts to find some resolution to the problems we are facing with regard to finalizing the list on amendments to the HUD-VA bill. I have committed to the majority leader that it would be our hope that we could come up with a finite list tonight. I think we are pretty close to having that finite list available. I will share that with the majority leader later on.

It is my expectation the majority leader, as he has indicated, will work with us to finalize the language on the resolution relating to Iraq. The meeting, as he indicated, will be in his office tomorrow at 10. It will be my hope we could have the vote tomorrow on that resolution, and find a way in which to resolve the outstanding issues on the HUD–VA bill.

It is not our desire to preclude a vote, or to hold up a vote on the Defense of Marriage Act. Obviously, we had hoped we could come up with an agreement that would allow us a couple of amendments. As the majority leader indicated, there was concern on both sides and that was not possible. We want to work with the majority leader in finding a way to schedule that legislation and I am sure we can work through that as well.

So we hope we can get everyone's cooperation. As it relates to the pending bill, I have committed our best effort to see if we can come to closure on it. I know there are a number of amendments that will be offered. Hopefully, if we have the list, at least we can confine ourselves to that list and I pledge our best efforts to make that happen.

I yield the floor.

DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

The Senate continued with the consideration of the bill.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I do have a unanimous consent request that would list the amendments that have been identified on both sides at this point. I assume there is a little padding going on, on both sides. But at least, if we could get this list agreed to, we would have then a finite list we could work from. I believe, as the night proceeds and the day proceeds tomorrow, we will not have to do all these amendments, but I would like to go ahead, if I could, and get agreement on it.

I ask unanimous consent during the remaining consideration of H.R. 3666, the VA-HUD appropriations bill, the following be the only remaining first-degree amendments in order and they be subject to relevant second-degree amendments, and no motions to refer be in order, and following the disposition of the listed amendments, the bill be advanced to third reading. The amendments are as follows:

An amendment by Senator BOND regarding multifamily housing; a Faircloth amendment on HUD fair housing; Senator BENNETT, GAO review; another one by Senator BENNETT, reimburse State housing finance agencies; Senator SHELBY, land transfer; Senator THOMAS, antilobbying general provision; Senator THOMAS, decrease funding for Council on Environmental Quality; Senator HELMS, law enforcement in housing; Senator McCAIN, two amendments, one on FHA mortgages, one on FEMA disaster relief; one by Senator BOND regarding HUD grant and loan programs; a technical amendment by Senator BOND; two amendments by Senator NICKLES, one on union dues, one on runaway plants; Senator BOND, a managers' amendment; Senator HATFIELD, relevant; Senator COVERDELL, relevant; Senator LOTT, two relevant amendments; Senator LOTT, one on Iraq; Senator NICKLES, an amendment on 48-hour hospital stay.

Democratic amendments identified: Senator BINGAMAN on United States-Japan commission; Senator BRADLEY, one amendment regarding hospital stay for newborns; Senator BYRD, two relevant amendments; Senator DASCHLE, or his designee, one on runaway plants and one on Iraq; Senator FEINGOLD, one on NASA; one by Senator FEINSTEIN dealing with Downy land transfer, one on biotech, one identified as relevant; Senator GRAHAM, veterans resource allocation; Senator HARKIN, funding vets health care; Senator KENNEDY, an amendment on employment discrimination; Senator MIKULSKI, four relevant amendments; Senator MOSELEY-BRAUN, an amendment on mortgage registration; Senator SARBANES, an amendment on NASA; Senator WELLSTONE, an amendment on mental health; Senator LEVIN, an amendment on lobbying; and Senator BAUCUS, an amendment on environmental quality.

It seems that any amendments that did not make it before the August recess, or the heart may desire to be considered any time soon, is on this list. I hope we will consider those that really do contribute to development of legislation that we can pass for VA–HUD, and we will work together and try to get that done. I so ask unanimous consent.

Ms. MIKULSKI. Reserving the right to object, my staff has advised me that the majority leader's list did not include a Fritz Hollings amendment on HUD.

Mr. LOTT. Mr. President, I ask that be included in the list of amendments identified for consideration.

Mr. WARNER. Mr. President, reserving the right to object, if I might just address the distinguished leader, Senator SARBANES and I are the cosponsors of the amendment designated "Sarbanes, NASA." I believe it is my understanding that the managers have accepted that; is that correct?

Ms. MIKULSKI. Yes.

Mr. BOND. That is correct.

Mr. WARNER. I thank the distinguished managers.

Mr. LOTT. So that amendment has already been accepted; is that correct?

Mr. BOND. It will be accepted. It has not yet been accepted.

Mr. LOTT. It is the Sarbanes-Warner amendment dealing with NASA.

Mr. WARNER. I thank the distinguished leader and managers.

Mr. DASCHLE. Reserving the right to object, I obviously failed to list as one of our amendments the amendment relating to spina bifida. That was supposed to have been listed. It was left off. I think everybody just understood it was going to be here.

Mr. LOTT. I thought that was one of the two or three really serious amendments we had for consideration that related to the bill itself. I cannot believe we left that off. We will have an amendment by Senator DASCHLE relating to veterans' program for children with spina bifida.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement?

Mr. BYRD. Mr. President, reserving the right to object, and I do not expect to object, I think I understood the distinguished majority leader correctly in that debate is not prohibited after third reading in his request.

Mr. LOTT. That is correct, that the bill be advanced to third reading and then stopped. I believe the Senator from West Virginia has made clear his desire that we have a few moments to look at this legislation when we reach that point, and we intend to do that.

Mr. BYRD. I thank the distinguished majority leader. I remove my reservation.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered. The request is agreed to.

Mr. LOTT. Mr. President, I yield the floor. I hope the managers of the legislation will continue to work to see if they can reduce this list. I hope tomorrow that a number of these amendments will, in fact, be withdrawn and will be considered in some other forum another day. I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, may I inquire what is the pending business?

AMENDMENT NO. 5167

The PRESIDING OFFICER. The question recurs on the BOND amendment, No. 5167.

Mr. BOND. Mr. President, we raised this issue and filed this amendment yesterday. We had a good discussion on it. We had it printed. We wanted everybody to have an opportunity to look at it. As I advised yesterday, this is an attempt to deal with a very complex problem that has some real consequences.

HUD has given us estimates that if we don't do something with the oversubsidized section 8 contracts for multifamily housing, we are going to do one of two things: No. 1, if we continue to renew the contracts at existing rates, these are multifamily units where subsidies were granted in the form of section 8 rental payments to get people to develop housing for the elderly in rural areas, needed housing in urban areas, these overmarket rent section 8 contracts would have an exploding cost.

The appropriations for this year would be about $4.3 billion; for 1998, $10 billion; $16 billion by fiscal year 2000. The actual cost each year would grow from $1.2 billion in fiscal year 1997 to $4 billion in fiscal year 2000 and to $8 billion in 10 years. Those are the costs. If we just refuse to renew the contracts, we could have tens of thousands of people who depend upon these section 8 subsidized contracts thrown out on the street. These could be elderly people in rural areas. These are people in many parts of the country where there are no readily available alternatives for which vouchers could get them housing.

So we have proposed a system that sounds complex, but, basically, we would write down a portion of the debt on the project and the Government would take back a second mortgage that would be paid back at the end of the first mortgage, writing these contracts down to fair market rentals.

That is a very brief and overly simplistic discussion of the amendment. We have worked on this on a bipartisan basis not only in the Appropriations Committee but, more important, with the authorizing committee, with Senator D'AMATO, Senator SARBANES, Senator MACK and Senator KERRY. We appreciate very much their assistance on it.

This is a demonstration project for 1 year on the way to getting a permanent resolution of these exploding contract costs. I hope that we can adopt this amendment by voice vote.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I rise in support of the Bond amendment. I do it because it is the right thing to do at this time.

It starts to address a serious problem with our public housing. A large number of section 8 multifamily housing projects are subsidized by rents that far exceed the fair-market rent in the area. In fiscal year 1997 alone, HUD estimates there are 40,000 units whose contracts will expire at rents over 120 percent of the fair-market rent.

But Mr. President, this is not just an issue of numbers and statistics. This is an issue about real Americans and real lives. If we take the do-nothing approach, American taxpayers will continue to have their hard-earned tax money wasted by paying excessive rents. The Government can't afford to pay these excessive rents indefinitely.

If we take a strong-arm approach and try to force owners to lower the rents and we reduce subsidies, we risk massive defaults. In addition to the massive multibillion-dollar costs to HUD and the administrative burden it would cause the Agency, it could lead to massive resident displacement.

Mr. President, we're talking about real people in real communities potentially being out on the streets. None of us wants to be a part of putting people on the streets and increasing the homeless problem in our Nation. We as a nation are better than that. The residents deserve better and so do their communities.

I support the effort to begin addressing the problem. We must ensure that while we do so, we don't create hollow opportunities, don't create a generation of slum landlords, and don't create a new liability for the taxpayers. We don't want to just address the problem, we want to solve it—with creative and effective approaches.

This amendment is not a perfect solution, but it is a start. It allows HUD to negotiate with landlords of oversubsidized projects with contracts expiring in fiscal year 1997. HUD will seek to bring the rents of units over 120 percent of fair-market rent in line with the market rate where the units are located.

This amendment begins a process that we must continue to work on during the coming year. Some will voice concerns that this amendment goes too far, others will say it doesn't go far enough.

Mr. President, we must not make the perfect the enemy of the good. A modest beginning is better than no beginning. We can't afford to ignore the fact that over 750,000 units with subsidy problems are in the pipeline. The time to act is now. We can't afford to delay any longer. I urge my colleagues to support the amendment.

Mr. President, I just want to say this. This is not just an issue of numbers and statistics, this is an issue about real Americans and real lives. If we do nothing, the American taxpayer will continue to pay excessive rents. If we take a strong-arm approach, we could risk massive defaults.

I support this effort, because it absolutely begins to address the problem. We must ensure that in doing so we do not create a hollow opportunity for the poor, that Federal assistance does not generate a new class of sublandlords and new liability for the taxpayers.

I believe the Bond amendment is the right approach that talks about real opportunities for the poor, provides a safety net so that these projects do not collapse, but we begin to bring this into discipline and really focus on a market-based approach.

So, Mr. President, I support the amendment and urge its adoption.

The PRESIDING OFFICER. Is there further debate on the amendment? The question is on agreeing to the amendment.

The amendment (No. 5167) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOND. Mr. President, I am most grateful for the assistance of my ranking member in dealing with that very difficult question. We may have to address this again in conference. But we think this is the start on the right path.

We have a number of amendments that I believe have been cleared on both sides. I propose that we proceed to those.

AMENDMENT NO. 5181

(Purpose: Prohibit HUD from removing regulatory requirements that HUD issue public notice and comment rulemaking.)

Mr. BOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 5181.

Mr. BOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Insert at the appropriate place at the end of the section on HUD:

SEC. . REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING.

The Secretary of Housing and Urban Development shall maintain all current requirements under Part 10 of the Department of Housing and Urban Development's regulations (24 CFR part 10) with respect to the Department's policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.

Mr. BOND. Mr. President, this is a prohibition on a HUD rulemaking effort to eliminate HUD public notice and comment. The HUD recently issued a proposed rule that would, as a practical matter, remove any requirement for HUD to issue public notice and comments. This amendment would prohibit HUD from doing that. The Administrative Procedures Act does not require agencies to issue public notice and comment rulemaking for grant loan programs, but HUD has traditionally deferred to congressional and public interest that HUD programs be developed in an open manner to ensure that the implementation of programs are consistent with congressional intent and receive the benefit of public input and scrutiny.

Basically, the requirement for HUD to issue the public notice and comment rulemaking is not an accident. Because of the program abuses at HUD in the late 1960's, HUD chose public notice, this public airing, to get them out of a real crack, to convince people that a change HUD was operating on the up and up. It is critical that they do this because, without public notice and comment rulemaking, HUD can and has designed programs in the past that are inconsistent with congressional intent, not in the best interest of beneficiaries, and, frankly, smell.

Last year the inspector general raised some very real questions about the way that empowerment zones had been selected. A lot of compelling questions were raised in that report. I think it is necessary to keep the spotlight on HUD so that we can be sure that we know what they are doing, that Congress and the media and the public have a right to see what they are doing, so that there will be less temptation to abuse the process.

The most recent example of HUD's disregard of the congressional intent is one that is particularly galling to many of us who fought for the provision for a long time. There was a provision in S. 1494, the Housing Opportunity Programs Extension Act, which provided public housing authorities with broad authority to designate public housing as "elderly only," "disabled only," or a combination thereof. HUD proceeded to issue a proposed rule that would require extensive micromanagement by HUD and place an unreasonable burden on public housing authorities that want to designate the public housing as "elderly only" or "disabled only" housing. It is finding out that kind of activity before it occurs that should save us a great deal of heartburn and avoid a lot of heartburn for HUD.

Ms. MIKULSKI. Mr. President, I support the Bond amendment, even though my State, my city of Baltimore got an empowerment zone. We think we met the test. I still support the amendment. We believe that there should be public notice. It was part of a reform. We believe that public notices act in the public interest. It is as straightforward and as simple as that. I urge the adoption of the Bond amendment and the continuation of existing policy.

Mr. BOND. Mr. President, as I have previously discussed, I remain very concerned about HUD's ability and capacity to administer its programs effectively, and in some cases, fairly.

In early 1995, Senator MACK and I requested the HUD IG to review the HUD's procedures and decisionmaking in selecting and designating six urban empowerment zones. As you know, the use of empowerment zones to revitalize decaying urban centers has a long history, with perhaps its greatest proponent in Jack Kemp, when he was Secretary of Housing and Urban Development. Secretary Kemp never had an opportunity to implement his vision of empowerment zones.

Empowerment zone legislation was finally enacted as part of the Omnibus Budget and Reconciliation Act of 1993 on August 10, 1993. This legislation proposed the establishment of nine empowerment zones, six urban and three rural zones, in distressed communities. Empowerment zones received some funding of $100 million as well as significant tax benefits designed to encourage employment in the empowerment zone. On December 21, 1994, President Clinton announced the designation of six urban empowerment zones and three rural empowerment zones. Another 66 urban communities and 30 rural communities were designated as enterprise communities with reduced benefits. The urban zones were New York City, Camden/Philadelphia, Atlanta, Chicago, Baltimore, and Detroit.

Nevertheless, no program, however well intended and designed, will work if the wrong people and the wrong communities are selected to implement and carry through the program. Much to my concern, the HUD IG confirmed my worst fears that HUD's designation of the empowerment zones did not likely include those communities that had put together the best partnerships and plans for implementing the empowerment zones.

The HUD IG report—pages 2, 6, and 7—indicates that the entire selection process was handled as a discretionary process, with all final decisions made by the Secretary. The report raises major issues as to whether HUD used a competitive or meritorious process in designating zones. The report is clear that if a competitive process was used, there is no record of the decisionmaking.

This is no way to run a program. Cities and localities exerted tremendous energy to forge partnerships and leverage local funding to put the best empowerment zone plan forward. These cities and localities believed that their applications would be considered on a level playing field.

I have heard reports that many of the designated empowerment zones have not performed well, that projected partnerships have faded and that groups in some cities are having a food fight over the funding and the benefits. I know that major concerns have been raised with respect to the empowerment zones in Camden/Phillie and New York City. I think that it is time that we revisit and audit the current status of empowerment zones. If Federal dollars are being misused or abused, we need to find out, and we need to ensure that HUD is doing its job in preventing abuses.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. BOND. Mr. President, I note that Kansas City got an empowerment zone as well. But there were many questions raised in it. I have no further debate on this.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 5181) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5182

(Purpose: To require the Secretary of Veterans Affairs to convey certain real property to the City of Tuscaloosa, Alabama)

Mr. BOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration. This amendment is offered on behalf of Senator SHELBY. It has been cleared on both sides.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] for Mr. SHELBY, proposes an amendment numbered 5182.

Mr. BOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of title I, add the following:

SEC. 108. (a) The Secretary of Veterans Affairs may convey, without consideration, to the city of Tuscaloosa, Alabama (in this section referred to as the "City"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the northwest quarter of section 28 township 21 south, range 9 west, of Tuscaloosa County, Alabama, comprising a portion of the grounds of the Department of Veterans Affairs medical center, Tuscaloosa, Alabama, and consisting of approximately 9.42 acres, more or less.

(b) The conveyance under subsection (a) shall be subject to the condition that the City use the real property conveyed under that subsection in perpetuity solely for public park or recreational purposes.

(c) The exact acreage and legal description of the real property to be conveyed pursuant to this section shall be determined by a survey satisfactory to the Secretary of Veterans Affairs. The cost of such survey shall be borne by the City.

(d) The Secretary of Veterans Affairs may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

Mr. BOND. I do not believe this is controversial. It provides permissive authority to the Veterans' Administration to transfer lands to the city of Tuscaloosa, AL, for a recreational facility.

Ms. MIKULSKI. Mr. President, we consulted with the Veterans' Administration, and they have advised us they also concur with the amendment. I do so and therefore urge that the amendment be adopted.

The PRESIDING OFFICER. Without objection, the amendment is adopted.

The amendment (No. 5182) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 5176, AS MODIFIED

Mr. BOND. Mr. President, I ask that the pending business be amendment No. 5176, the McCain amendment on the Federal Emergency Management Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, on behalf of Senator McCAIN, I send to the desk a modification. This modification makes one small change.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 75, line 10, after the word "expended" insert the following: "*Provided*, That no money appropriated for the Federal Emergency Management Agency may be expended for the repair of yacht harbors or golf courses except for debris removal; *Provided further*, That no money appropriated for the Federal Emergency Management Agency may be expended for tree or shrub replacement except in public parks; *Provided further*, That any funds used for repair of any recreational facilities shall be limited to debris removal and the repair of recreational buildings only."

Mr. BOND. This change, after much intensive work, and extensive staff discussion and thought, changes the word "marinas" to "yacht harbors," which I think satisfies the concerns that were raised in the discussion of the McCAIN amendment. I believe it is agreeable on both sides.

As I stated in the discussion of it, this is just the beginning of what needs to be a major review of the limitations on disaster relief for recreational and landscape facilities, a part of the process that the FEMA IG has said must be undertaken. FEMA has agreed to undertake it, and we may be revisiting this in conference. Certainly we will work with the authorizing committees afterward to get a much better control over the expenditures of disaster relief money.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. First of all, Mr. President, the modification was made at my request. As the Senator knows, marinas in many instances are small businesses and are the equivalent in my State of family farms or small ranches. So we thank Senator McCAIN for his courtesy in modifying it. We do support the amendment because it is based on an IG report. We think it really brings an important discipline to the FEMA program. We can fund disasters but we cannot create a budget disaster for ourselves. Therefore, I urge the adoption of the McCAIN amendment as modified.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 5176), as modified, was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5183

(Purpose: Deletes EPA language relating to funds appropriated for drinking water state revolving funds. This language is no longer necessary given the enactment of drinking water state revolving fund legislation)

Mr. BOND. Mr. President, I send to the desk a technical amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] proposes an amendment numbered 5183.

Mr. BOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 72, beginning on line 11, strike the phrase beginning with ", but if no drinking water" and ending with "as amended" on line 15.

Mr. BOND. Mr. President, this amendment is a technical amendment. It is cleared on both sides. It simply deletes a provision that we carried in the bill when it was reported out of the Appropriations Committee at that time. The drinking water legislation had not been enacted. It obviously has now been enacted and signed into law. So we delete the provision, and with the enactment of the drinking water legislation, this language is no longer necessary.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I concur with Senator BOND's amendment and urge its adoption.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (No. 5183) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Missouri.

AMENDMENT NO. 5184

Mr. BOND. Mr. President, I send an amendment to the desk on behalf of Senator BENNETT and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND] for Mr. BENNETT, proposes an amendment numbered 5184.

Mr. BOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert:

SEC. . GAO AUDIT ON STAFFING AND CONTRACTING.

The Comptroller General shall audit the operations of the Office of Federal Housing Enterprise Oversight concerning staff organization, expertise, capacity, and contracting authority to ensure that the office resources and contract authority are adequate and that they are being used appropriately to ensure that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are adequately capitalized and operating safely.

Mr. BENNETT. Mr. President, I rise today to add an amendment to H.R. 3666 which will emphasize my concern about the multiyear delay of a scheduled GAO audit of the OFHEO, Office of Federal Housing Enterprise Oversight. OFHEO is required by statute to create an effective review process to, in effect, ensure the fiscal safety and soundness of Freddie Mac and Fannie Mae. Quite frankly, it concerned me when I was informed that OFHEO was, in turn, several years behind schedule in producing a model to oversee these two important housing enterprises.

I continue to be concerned that mission creep may take hold of this regulator. Trips abroad to consult with other countries on how to regulate their housing enterprises should be curtailed until our own regulator is up and running. Therefore, it is my intent to refocus the GAO report to make sure OFHEO is still on track, and that it continues to focus all of its efforts on completing its very important mission. It is my intent to make sure that before OFHEO grows any larger, it is on track with a clear vision of its goals and responsibilities.

Mr. BOND. Mr. President, Senator BENNETT has been a leader in this area in attempting to develop adequate oversight of the Office of Federal Housing Enterprise Oversight.

He directs that the Comptroller General audit the operations to ensure that the office resource's contract authority are adequate, they are being used appropriately to ensure that the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Fannie Mae and Freddie Mac are adequately capitalized and operating safely.

Ms. MIKULSKI. Mr. President, I support the amendment as offered by the Senator from Utah. He raised this very important issue during our hearings and was concerned very much about mission creep in this Office of Federal Housing and Enterprise Oversight. It was his intent, as it is ours, that it focus on ensuring that Fannie Mae and Freddie Mac have fiscal safety and soundness. It was not meant to take foreign trips and see how the world is doing this. Fannie Mae and Freddie Mac have been around. It is our job to make sure that they are not only around, but are safe and sound and ready to do the job. We want to make sure they are fit for duty.

I support the Bennett amendment as offered by Senator BOND.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5184) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5185

(Purpose: To prohibit the consolidation of NASA aircraft at Dryden Flight Research Center, California)

Ms. MIKULSKI. Mr. President, I send an amendment to the desk on behalf of Senator SARBANES, Senator WARNER, Senator FEINSTEIN and myself.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maryland [Ms. MIKULSKI], for Mr. SARBANES, for himself, Mr. WARNER, Mrs. FEINSTEIN, and Ms. MIKULSKI, proposes an amendment numbered 5185.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 104, below line 24, add the following:

SEC. 421. None of the funds appropriated or otherwise made available to the National Aeronautics and Space Administration by this Act, or any other Act enacted before the date of the enactment of this Act, may be used by the Administrator of the National Aeronautics and Space Administration to relocate aircraft of the National Aeronautics and Space Administration to Dryden Flight Research Center, California, for purposes of the consolidation of such aircraft.

Ms. MIKULSKI. This is a very straightforward amendment, Mr. President. What it does is preclude that no Federal funds be spent in consolidating NASA aeronautics facilities at Dryden Air Force Base. We feel NASA's proposal to do this is premature. Questions have been raised about the NASA proposal by the inspector general. We have been consulting with NASA about this and have lacked clarity from NASA in terms of what its future intent is.

It is one thing, I think, to talk about consolidation, but the IG raises many yellow flashing lights. So for now we wish to prohibit the consolidation until NASA comes forward with justification that then meets the requirements established by Senator SARBANES, myself, Senator WARNER, and Senator FEINSTEIN.

We hope this can be resolved before conference. In the meantime, we support the fact that none of the funds be used by the Administrator to relocate aircraft of NASA to Dryden.

Mr. BOND. Mr. President, the Senator from Maryland has been concerned and has been very active in bringing these matters to our attention. I do agree we will look at this very carefully prior to conference. We want to work with NASA to make sure that steps they are taking are, indeed, efficient, effective and could not cause any unnecessary dislocation or hardship.

Since there are a number of colleagues who have expressed great interest in this, we will attempt to learn more about it prior to the conference. We strongly support the amendment in the current form, and urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 5185) was agreed to.

Mr. BOND. I move to reconsider the vote.

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 5179

(Purpose: To amend provision appropriating monies to the Council on Environmental Quality to the level approved by the House)

Mr. THOMAS. Mr. President, I call up my amendment numbered 5179.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Wyoming [Mr. THOMAS] proposes an amendment numbered 5179.

In title III, at the end of the subchapter entitled: Council on Environmental Quality and Office of Environmental Quality, strike "$2,436,000." and insert in lieu thereof "$2,250,000."

Mr. THOMAS. Mr. President, this is an amendment, obviously, that decreases the funding level for the Council of Environmental Quality in the amount of funding that was passed by the House, and I rise to discuss this.

This amendment is offered largely because of what I think is the unfortunate changes that have taken place in CEQ during the Clinton administration. Congress established this council, the National Environmental Policy Act, to facilitate the implementation of NEPA and to coordinate the environmental activities of the executive branch.

Congress envisioned CEQ as a technical resource for Federal agencies that were confronted with questions about NEPA. Unfortunately, the intention and reality have diverged under the Clinton administration. CEQ has not fulfilled the statutory mandates of NEPA, nor many of the promises which the chairman made to this Congress. I happened to be involved with the committee hearings last year on the confirmation of this chairman, and we talked a lot about how we were going to work together.

Instead, CEQ has been actively engaged in partisan kinds of things with respect to those issues before the Congress. CEQ has not done many of the things that have been prescribed under the law. NEPA requires CEQ to provide an annual quarterly report—annual. The last report prepared was completed 3 years ago, in 1993, and that report remains the only report CEQ has prepared under the Clinton administration despite the statutory mandate.

In that report, CEQ promised a handbook to facilitate Agency compliance of NEPA. This handbook still has not been drafted, let alone published for Agency use. CEQ promised the Congress a comprehensive study of NEPA's effectiveness at the end of 1995. CEQ's effectiveness study has still not been finalized despite repeated assurances that it would be. They promised Congress it would assist the Forest Service in streamlining the Agency's issuance of grazing permits. After some initial progress, there has not been a meeting between the Forest Service and CEQ in 6 months.

Last November, Senator CRAIG and I sent a detailed letter to Ms. McGinty, the chairman, suggesting reform to NEPA, compliance at the Forest Service. Other than an initial "thank you" for the letter, we have not heard anything about those suggestions.

This lack of followup is all too common at the CEQ and indicative of an Agency which apparently has lost its way. Things CEQ has been doing under the administration, CEQ has been involved in every timber sale which has occurred in national forests, been involved in the northern spotted owl debate in the Pacific Northwest, and now injected itself into the California spotted owl.

Ms. McGinty has taken up a number of things that are basically political, propaganda, including grazing, and has characterized the Public Rangeland Management Act, passed by this Senate, as a special interest give-away; lambasted the Republican platform as full of "anti-environmental language," such as private property rights and streamlining regulations, despite the fact that in the hearings she indicated that is what we ought to do, make it simpler and streamline.

On timber salvage legislation, House Members have written to the President complaining about mischaracterization of the law.

Mr. President, I guess I use this opportunity to talk a little bit about something that bothers me a great deal.

I am very much interested in the kinds of things that go on in the environment and very much interested in the kinds of things that go on in the West. I am very much interested in trying to simplify and make more effective NEPA and some of the other activities that relate to that. I think that this has not been done. I think it should be done. There needs to be a wake-up call to that committee. Perhaps this will be that.

Rather than pursue it, however, in view of the time and things we are doing, I will withdraw my amendment. But I do want to have this opportunity to say that I think we need to do something differently. There are great opportunities for this committee to be effective and to bring about less rhetoric and more action.

So, Mr. President, I thank the managers of the bill for this opportunity. I ask unanimous consent that the amendment be withdrawn, and I will continue to work with it in the conference committee.

The PRESIDING OFFICER (Mr. JEFFORDS). Without objection, it is so ordered.

The amendment (No. 5179) was withdrawn.

Ms. MIKULSKI. Mr. President, I want to comment before the Senator from Wyoming leaves the floor. I thank him for withdrawing the amendment rather than embroiling us in controversy. I want to acknowledge the concerns that he has raised, and I respect them. As we move toward conference, perhaps there is report language or something that prods EPA in the direction to be more responsive to Members' inquiries and that the focus of the agency is to review environmental legislation and comment on it from that perspective and not be a propaganda machine. I acknowledge the validity of that.

Mr. THOMAS. I thank the Senator from Maryland, and I look forward to further discussion.

Mr. BOND. Mr. President, let me add my thanks, also, to the Senator from Wyoming for allowing us to move past that particular amendment. We have worked very hard to avoid some of the controversies. We are not going to avoid all of them. But we did understand what he said and the concerns he has. We have heard others raise those concerns. We will work with him and other Members to try to resolve those concerns. We very much appreciate his consideration in withdrawing the amendment.

FEMA AUDIT OF KAUAI COUNTY

Mr. INOUYE. I wish to raise an issue of concern with the managers of the bill. It relates to the direction of an audit conducted by the Federal Emergency Management Agency's [FEMA] inspector general on the county of Kauai and the State of Hawaii on the damages caused by Hurricane Iniki. It looks to undo insurance settlements, sanctioned by FEMA and agreed upon 4 years ago. In doing so, the inspector general would renege on funding commitments FEMA previously made, thereby leaving the county with outstanding obligations and in debt. The State of Hawaii voluntarily purchased insurance over that which was required after Hurricane Iwa hit in 1981. To now second guess the county's settlement with its insurance carriers, and then use it as the basis for denying previously approved damage survey reports [DSR's] is without precedent. It is a disincentive for States and cities to insure themselves against natural disasters. FEMA is wrongly penalizing a State for its good faith effort to minimize future losses and reduce the expenditure of Federal funds. There are currently no clear guidelines in the Stafford Act.

Mr. BOND. As the Senator from Hawaii knows, I support efforts to improve controls on disaster relief expenditures. However, I am sympathetic to the concerns raised by the Senator. I understand that the county of Kauai and the State of Hawaii are concerned with a FEMA IG's audit report regarding damages caused by Hurricane Iniki, and I encourage FEMA to reach a resolution in which FEMA ensures that the county and State are reimbursed for all eligible costs resulting from the 1992 event. The committee also directs FEMA to provide its policy justifications and recommendations regarding this matter. Finally, I believe that FEMA's policies should do everything to encourage, not discourage, States for efforts to minimize future losses and reduce the expenditure of Federal funds, such as strong insurance requirements.

Ms. MIKULSKI. I join Chairman BOND in encouraging FEMA to reach a resolution in which FEMA ensures that the county of Kauai and the State of Hawaii are reimbursed for all eligible costs resulting from Hurricane Iniki. I also support the chairman's effort in directing FEMA to provide its policy justifications and recommendations on this matter.

Mr. INOUYE. I thank the managers of the bill for your assistance in this matter.

Mr. MURKOWSKI: Mr. President, I am here today because the people of Alaska face a very serious problem. But, unlike other times when we face problems and find solutions, in this case the solution may be even worse. I'm referring to the use of oxygenated fuels to reduce the emissions of carbon monoxide. These alternative fuels are required by the Clean Air Act Amendments of 1990. Alaska has two areas where carbon monoxide levels are above those required by the law. But when we tried using gasoline treated with ether-based oxygenates, the people of Alaska became ill. Headaches, coughs, nausea, as well as other ailments, all resulted from exposure to these fuel additives.

Additionally, study after scientific study shows, oxygenated fuel doesn't reduce carbon monoxide levels in the extreme cold of Alaska. This finding was recently reinforced by a report of the National Research Council [NRC]. The NRC recognized that oxygenated fuels decrease carbon monoxide emissions under Federal test procedure conditions using fuel-control systems, but also stated that "* * * the data presented do not establish the existence of this benefit under winter driving conditions." And oxygenates increase the costs of gasoline for the average working Alaskan. In sum, Mr. President, no environmental benefit, adverse health effects, and higher fuel costs. This is not the solution the Clean Air Act intended.

I am pleased to be here with my friend Senator BOND from Missouri and my friend Senator FAIRCLOTH from North Carolina to discuss this issue today. In previous years, the VA/HUD Appropriation Act has included language that prohibited implementation of an oxygenated fuel program in States where the winter temperature is below 0 degree. That language was designed to allow time for additional studies to be conducted on using ethanol-treated fuel in our cold weather, and to keep Alaskans from suffering adverse health effects with no environmental improvement in the quality of our air. I had hoped to see that amendment included in this year's bill.

Mr. BOND. I appreciate the situation facing the Senator from Alaska. I know he also appreciates the situation of our committee. We in Congress have tried very hard this year to address difficult issues that arise over implementation of our environmental laws. America has made significant progress in improving environmental quality, but sometimes our efforts to protect health and the environment have the opposite effect. Unfortunately, it has become increasingly difficult and unwieldy to address each of these instances in appropriations legislation.

Mr. MURKOWSKI. I thank my friend from Missouri, and I understand that his appropriations legislation cannot be turned into the Senate's version of the Corrections Day Calendar such as we have in the House. It is my intention to refrain from offering my amendment at this time, but I will need the able assistance of the chairman of the VA/HUD Subcommittee, and my distinguished colleague from North Carolina, the chairman of the Subcommittee on Clean Air of the Environment and Public Works Committee in addressing this problem. I believe the people of Fairbanks want to take the appropriate steps to address their carbon monoxide problem. I also think that the administration of region 10 of the U.S. Environmental Protection Agency is willing to work with them in a cooperative, flexible manner. But the science is clear that oxygenated fuel may not be the answer in very cold weather. I would ask the assistance of the subcommittee chairmen in two areas. First, will they aid us in working with the EPA to craft emission reduction programs for Alaskans that are flexible and workable? And second, will they work with the Alaska delegation to fix the provisions in the statute that may be driving Alaska toward remedies for air pollution that don't work?

Mr. FAIRCLOTH. I will be happy to assist the Senator from Alaska in any way I can regarding the possible misapplication of Clean Air Act requirements. The citizens of Alaska should not be forced to accede to a regulatory scheme which imposes significant additional costs, has no discernable health or environmental benefit, and may actually be creating harmful health effects. Together with the EPA, we can work to fix this situation for the people of Alaska and those similarly situated in other parts of the country.

Mr. BOND. The Senator from Alaska can count on any assistance I may be able to provide as he seeks a solution of this problem for his affected constituents.

Mr. MURKOWSKI. I thank my colleagues and I thank the Chair.

CLEAN LAKES PROGRAM FUNDING IN EPA BUDGET

Mr. LEAHY. Mr. President, the Clean Lakes Program, administered by EPA under Section 314 of the Clean Water Act, is in serious jeopardy. For many years, this valuable program helped define the causes and extent of pollution problems in our Nation's lakes. States used program grants to implement effective treatments to restore environmentally degraded lakes, and to guard against future damage.

Nearly 90 percent of the U.S. population lives within 50 miles of a lake, with a combined economic impact of billions of dollars. The Clean Lakes Program has provided targeted assistance to these lakes resulting in renewed recreational opportunities, increased wildlife, and enhanced property values that improved water quality brings.

Despite this track record however, EPA is in the process of combining the Clean Lakes Program with the much larger Nonpoint Source Pollution Control Program, Section 319 of the Clean Water Act. Section 319 is designed to address polluted runoff from cities, farms, and other sources. The needs of lake managers and lake users are too easily lost when forced to compete with projects affecting entire watersheds. Ironically, some of the most visible and immediate problems facing lake users, such as controlling non-native nuisance aquatic weeds like Eurasian water milfoil and hydrilla, are not even eligible for funding under the 319 program. These weeds, introduced from Asia and other locations, are threatening aquatic habitat, recreation, navigation, flood control efforts, and waterfront property values. When Vermont found a beetle that appeared to be controlling milfoil, the Clean Lakes Program provided funds to investigate further to determine whether the beetle could be used for weed control. Vermont's investigations have now ended, but numerous other States around the country, including Minnesota, Wisconsin, Illinois, Massachusetts, and Washington, have recently taken up the effort and are carrying on the work. Together, this work may result in a cost-effective control method for Eurasian milfoil. Without the Clean Lakes Program, Vermont would not have been able to initiate the studies, and other States would not have been able to expand on Vermont's efforts to solve a national problem.

The Clean Lakes Program has been highly successful in helping individual States restore lakes with severe problems, and then using the lessons learned in the process to help other States restore their lakes as well. Each State needs the information and experience gained by other States to cost-effectively restore their own lakes.

The Appropriations Committee recognized the importance of preserving the important qualities of the Clean Lakes Program in the fiscal year 1996 Appropriations bill, as the House has done in its fiscal year 1997 report, by including language specifically requiring EPA to continue funding the activities of the Clean Lakes Program through section 319. Senator BOND, do you support the language included in the House Appropriation bill specifying that activities like aquatic plant control, previously eligible for funding under the Clean Lakes Program, qualify for funding under the section 319 program?

Mr. BOND. Senator LEAHY, I know you have been a long time supporter of the Clean Lakes Program, and that the program has funded valuable lake inventory and restoration activities in Vermont and around the country. While this bill does not fund a separate Clean Lakes Program I do continue to support the language included in the fiscal year 1996 Appropriations bill and again in the House appropriations bill for fiscal year 1997, clarifying that activities funded under the Clean Lakes Program should continue to be funded under the 319 program.

ROBERT S. KERR ENVIRONMENTAL RESEARCH LABORATORY

Mr. INHOFE. Mr. President, I would like to take this opportunity to thank my colleagues for including language in last year's report that accompanied the VA, HUD, and independent agencies appropriations bill, encouraging the ground-water quality and remediation procedure research at the Kerr Environmental Research Laboratory in Ada, OK. I would like to particularly thank Subcommittee Chairman BOND and ranking member Senator MIKULSKI. I would also like to thank my colleagues for including the reauthorization of the Kerr Laboratory and University Consortium in the Senate-passed Safe Drinking Water Act. The Kerr Environmental Research Laboratory is a vital component of our country's environmental research. The laboratory is the premier ground water research facility in the United States and the world. The work accomplished at this facility is vital to both the Drinking Water and Superfund programs.

Mr. BOND. I thank the Senator from Oklahoma for raising the importance of this research facility. The legislation under consideration does not specifically reference the Kerr laboratory although the importance of its research is fundamental to many of the programs at the Environmental Protection Agency. It is my understanding that the purpose of the Kerr Laboratory is to develop the knowledge and technology needed to protect the United States' ground water supplies and conduct research to develop better ways to clean up existing ground water contamination. This research is important for the recently reauthorized Safe Drinking Water Act and the Superfund Program.

Mr. INHOFE. I thank my colleague from Missouri. As members of the Senate Environment and Public Works Committee we share a concern that the programs at the EPA should be grounded in sound science and that the Agency must continue to produce sound scientific research to be used in the regulatory process. Continuing and encouraging the ground water research at the Kerr Laboratory will not only help protect the environment but will ensure that newly developed knowledge and technology for ground water remediation at contaminated sites to be made available to the remediation industry in a usable and timely manner. This research facility is essential in continuing to protect our country's ground water resources and I urge the EPA to continue to support the Kerr Laboratory.

EPA FUNDING FOR THE SOKAOGON CHIPPEWA COMMUNITY

Mr. KOHL. I would like to engage the chairman of the subcommittee, the Senator from Missouri, in a colloquy regarding EPA funding for the Sokaogon Chippewa community in Wisconsin to assess the environmental impacts of a proposed sulfide mine.

In the fiscal year 1995 and fiscal year 1996 VA, HUD, and Independent Agencies Appropriations Acts, funding has been provided to assist the Sokaogon Chippewa community in Crandon, WI, in their efforts to gather the baseline data needed to adequately assess the effects of a large sulfide mine proposed adjacent to their reservation. As a result of the proposed mine, concerns have been raised about the possible degradation of the ground and surface water in the area, as well as possible negative effects on the wild rice production activities within the reservation.

I believe that the efforts undertaken by the Sokaogon Chippewa community are very worthwhile, and have been helpful in allowing the tribe to contribute accurate and up-to-date data to the Federal agencies reviewing the mine proposal. Would the Senator from Missouri agree that this project is very worthwhile?

Mr. BOND. I thank the Senator from Wisconsin for raising the ongoing concerns of the Sokaogon Chippewa community, and I concur with the Senator that their efforts to be proactive in assessing the potential efforts of mining on their lands are worthwhile and laudable.

Mr. KOHL. While funding has not been provided specifically for the Sokaogon Chippewa in the Senate version of this year's bill, it is my understanding that there are many other opportunities for securing Federal funding for this project. First and foremost, I would like to request the chairman's strong consideration for this project during conference with the House. In the past 2 fiscal years, the conference committee has included funding for this project, and the same arguments for its inclusion continue this year as well.

Mr. BOND. I assure the Senator from Wisconsin that I will certainly give this project every consideration in conference. Further, there are many additional options available for funding important projects such as this. For example, it is not unusual for EPA to fund projects through the reprogramming of funds from other programs or lower priority projects.

Mr. KOHL. I thank the Senator for his comments, and look forward to continuing to work with him on this matter.

WEST CENTRAL FLORIDA ALTERNATIVE WATER SOURCE PROJECT

Mr. MACK. Mr. President, the subcommittee has generously funded several alternative water source projects in west central Florida in the last two EPA budgets. These funds have provided critical support to assist with the development of new technologies and applications to help ensure that the fastest growing State in the country will be able to keep up with the ever-increasing demand for water for potable, agricultural, commercial, and industrial uses. The subcommittee's support for these programs has been greatly appreciated as Senator GRAHAM and I have been working with our colleagues in both the Senate and the House to establish an authorized program for Florida and other Eastern States to assist with the development of alternative water sources similar to those currently available to most of the Western States through the Bureau of Reclamation. Although the subcommittee was not able to make any funds available during fiscal year 1997 for the projects in Florida, I want to thank the chairman for his past support and look forward to working with him to address this important concern in next year's appropriations bill for EPA.

Mr. BOND. I appreciate the remarks of the Senator from Florida and commend him and others working on this to responsibly plan for our Nation's future water supply needs. I share his concerns and look forward to working with him. I would note that the VA/HUD bill provides $1.275 billion for drinking water State revolving funds, providing much needed assistance to every State for such meritorious projects as those raised by the Senator from Florida.

UPPER MIDWEST AERONAUTICS CONSORTIUM

Mr. DORGAN. I would like to thank the chairman and the ranking member for including language in the report to accompany the fiscal year 1997 VA-HUD appropriations bill concerning the Upper Midwest Aeronautics Consortium [UMAC], a group of universities and businesses which are working with NASA's Mission to Planet Earth. I would simply like to clarify one point about the report language.

Mr. BOND. We would be happy to engage in a colloquy with the Senator on this matter.

Mr. DORGAN. The report language accompanying the bill states that UMAC has successfully completed an initial study of the concept of converting Mission to Planet Earth [MTPE] data into practical information for use by the public and that NASA should give every consideration to funding UMAC under a solicitation program for the expanded use of MTPE data in the areas of agriculture, education and natural resources. I would just like to clarify that UMAC is not limited by the report language solely to funding under this grant program but can seek additional assistance from other NASA sources as well.

Mr. BOND. The Senator from North Dakota is correct. UMAC can seek funding from any available sources within NASA, and is not limited to the grant solicitation program mentioned in the Committee report.

Ms. MIKULSKI. That is my understanding as well. I am very pleased with the work accomplished by UMAC to date in making data from MTPE available to the public. This kind of practical application of scientific data is exactly the type of public private partnership that we should be encouraging. It has the potential for reaching thousands of our citizens, providing them with a broader base of understanding and support for the important work of Mission to Planet Earth.

Mr. DORGAN. I would like to thank both Chairman BOND and Senator MIKULSKI for this clarification.

DIABETES INSTITUTES AT THE EASTERN VIRGINIA MEDICAL SCHOOL

Mr. ROBB. Would the distinguished chairman and ranking member of the subcommittee be willing to enter into a colloquy with this Senator concerning some language included in the conference report to the House passed VA/HUD appropriations bill?

Ms. MIKULSKI. The Senator from Missouri and I would be pleased to enter into a colloquy with the Senator from Virginia.

Mr. ROBB. I thank my colleague and I say to my friends, we have in Norfolk, Virginia, a medical center—the Diabetes Institutes at the Eastern Virginia Medical School—which is distinguished for its work in diabetes research, education, and clinical care. The Diabetes Institutes is interested in establishing a research program with the Veterans' Administration to reduce the cost of care to veterans with diabetes. The House of Representatives included report language in support of the diabetes Institutes in this regard, and I wondered if the Chairman and ranking member of the subcommittee here in the Senate would be willing to work to retain the House language in conference.

Mr. BOND. I have no objection to the House report language.

Ms. MIKULSKI. I would be pleased to do what I can to retain the House language in support of the Diabetes Institutes in the final conference report.

Mr. ROBB. I thank my friends from Missouri and Maryland for their kind assistance with this matter.

ONONDAGA LAKE MANAGEMENT CONFERENCE

Mr. MOYNIHAN. Mr. President, I rise to enter into a colloquy with the distinguished Senator from Missouri and the distinguished Senator from Maryland about funding for the Onondaga Lake Management Conference. As they both know, the conference was authorized in 1990 to develop a plan for the cleanup of Onondaga Lake, the most polluted lake in the country. The commission is composed of the State and local officials involved in the cleanup effort, as well as representatives from the Army Corps of Engineers and the EPA.

In addition to the ongoing planning effort, the Commission helps support pilot programs to restore plants and fish to the lake, demonstration projects to measure oxygenation of the lake, remediation projects to address combined sewer overflow problems, and other important initiatives.

Ongoing funding is necessary to complete the work of the conference, including these projects. I ask my colleagues to consider an allocation of $500,000 for the management conference when this bill goes to conference.

Ms. MIKULSKI. I am aware of the work being done by the management conference, and that we have funded it each year since fiscal year 1990. I too hope we will be able to set aside funds for the operations of the conference.

Mr. BOND. I agree that we should try to identify funds to keep the management conference in operation.

SARASOTA BAY NATIONAL ESTUARY PROGRAM

Mr. MACK. Mr. President, I want to express my appreciation for the chairman's support of my efforts in coordination with Senators GRAHAM, LIEBERMAN, and DODD to clarify the EPA's authority to obligate funds to assist State and local governments in implementing comprehensive conservation and management plans prepared through the National Estuary Program. It is important that we do this so that the knowledge we have gained since the program's inception is not lost for lack of the Federal Government being able to contribute its fair share for implementation activities. On that point, Mr. Chairman, I would like to call to your attention the committee report which expresses its support for the administration's request for, among other EPA programs, the National Estuary Program, and of particular interest to me, "full funding of the Sarasota Bay project." As the Chairman knows, the administration's request for the NEP is not adequate to support a full implementation effort and I would ask for your confirmation of the subcommittee's intent that EPA make every effort to make funds available from other programs to supplement its budget request for the NEP to support CCMP implementation efforts such as the Sarasota Bay project.

Mr. BOND. I thank the Senator from Florida for bringing this important issue to the subcommittee's attention and appreciate his kind words. We are glad to be able to help with this in cooperation with Senator CHAFEE and the Committee on Environment and Public Works. I concur that EPA should provide adequate support to the NEP, and request a reprogramming if necessary.

Mr. CRAIG. If I might ask the distinguished chairman of the Subcommittee on VA, HUD, and Independent Agencies Appropriations about the EPA review of the national ambient air quality standard for particulate matter. I understand that there are recent epidemiological studies that indicate a correlation between exposure to air polluted with particulates and adverse human health effects, and that EPA is studying this matter as a high priority.

Mr. BOND. I thank the Senator from Idaho for raising this important point. The EPA has indicated to our committee that it is highly concerned about the health effects of particulates. We have met the EPA's request for funding for this program, and included $18.8 million. These funds are for health effects research, exposure research, improving monitoring technologies, modeling studies, and other key requirements.

Mr. CRAIG. I am pleased to learn that the committee has directed this level of funding to EPA for this important research. This comprehensive research program is very much needed. At present, there appears to be insufficient data available for the agency to decide what changes, if any, should be made to the current standard. There is no scientific consensus on whether it is necessary to change the current ambient air quality standards for particulate matter to protect human and environmental health. It has come to my attention that in a letter to EPA on June 13, 1996, EPA's own Clean Air Scientific Advisory Committee concluded that "our understanding of the health effects of [particulates] is far from complete," and these scientific uncertainties prevented the committee from agreeing on the agency's suggested new particulate standards. In addition, the former chairman of this advisory committee who is now a consultant to the advisory committee, Roger McClellan, wrote the current chairman in May to advise him that "the current staff document does not provide a scientifically adequate basis for making regulatory decisions for setting of National Ambient Air Quality Standards and related control of particulate matter as specified in the Clean Air Act." Finally, in a peer-reviewed article just published in the Journal of the National Institute of Environmental Health Sciences, scientists John Gamble and Jeffery Lewis conclude that the recent epidemiology studies that show statistically significant acute health effects of particulate air pollution do not meet the criteria for causality. They suggest that the weak statistical correlations of increased mortality are as likely due to confounding by weather, copollutants, or exposure misclassification as they are by ambient particulate matter.

As the chairman is aware, EPA is under a Federal court order to make a final decision on whether to revise the current clean air rule regarding particulate matter. Under the court order, EPA must make a proposed decision on or before November 29, 1996, and a final decision on or before June 28, 1997. Can the Chairman inform me whether the court order allows the agency to decide not to revise the particulate standard until there is sufficient scientific basis for doing so?

Mr. BOND. It is my understanding that the court order only requires the agency to make a final decision on whether to revise the current ambient air standard for particulates, but the order does not require the agency to promulgate a new standard.

Mr. FAIRCLOTH. If I might interject, the fact that EPA has found several studies that indicate a correlation between loading of particulates in the air and premature mortality is important. This suggested link to human health problems needs to be promptly and thoroughly investigated. My objective is to provide protection of public health and the environment by designing control strategies that reduce harmful particulates and other pollutants form the air people breathe. However, I am concerned that EPA may be rushed to judgment by the Federal courts before real science has been developed to inform the agency about which particulates, in which geographic locations, and in which concentrations are harming people and the environment. There are many questions that need to be answered about particulate matter, as EPA's Clean Air Scientific Advisory Committee, referred to as "CASC," made clear in its June 13, 1996, letter to EPA—to which the Senator from Idaho just referred. For example, we do not know the mechanisms by which particulates might affect public health. Since 1988, particulate matter concentrations have declined by more than 20 percent, with substantial future declines in particulates expected to result from compliance with existing clean air standards. Moving forward with the targeted research program recommended by the CASAC is essential to understand the health problems associated with particulates. That better understanding of the health effects caused by particulates is needed before we can design an effective control strategy. I would note for my colleagues that this EPA advisory committee is meeting again in early September to design this particulate research program.

* * * * *

Mr. FAIRCLOTH. If the chairman would yield, I would ask whether any of the money in the fiscal year 1997 funding for particulate research will go to implementing an ambient air quality and emissions monitoring program, and will EPA be placing the monitors, or simply telling the States to do it? We want to know not just whether this expense will bring any health benefits, but also whether it will create serious unfunded mandates problems. I would ask the chairman if he would join me in requesting that the EPA send the appropriate committees of Congress, within 90 days, a description of the monitoring program they will be implementing and to what extent EPA will fund the cost of that program, and whether they intend to ask for additional funding in fiscal year 1998.

Mr. BOND. Yes; the agency has informed me that it will be using the 1997 appropriation for both increased health effects research and, in addition, more than $2 million will be for initiating an emissions monitoring program. In addition, it is my understanding EPA will be requesting additional funds for monitoring in its fiscal year 1998 budget submission. It is my expectation that the agency will request the funds necessary to establish a thorough and scientifically defensible monitoring program. I concur that EPA should send us a description of their proposed comprehensive monitoring program and a budget proposal.

I thank my colleagues, and I agree with my colleagues that EPA should seriously consider a no change option as part of its proposed decision due by November 29. However, I would add that in view of the potential for harm to the public from particulates, a prudent option for the November deadline would be to reaffirm the current ambient air standard—and thus not disrupt ongoing programs—while moving expeditiously to implement a sound research agenda upon which to base future decisions.

Mr. President, I am also concerned that EPA must pay closer attention to the potential adverse impacts of changes to the particulates standard on small businesses. I am aware that EPA is taking the position that changes to the particulates standard do not impact small business in terms of implicating the Regulatory Flexibility Act, because the EPA's standards do not create burdens on small business, it is the State implementation plan. As a primary author of the 1996 amendments to the Regulatory Flexibility Act, I strongly disagree with the agency's interpretation, and believe that EPA agency should fully comply with the requirements imposed on Federal agencies by that act.

NASA WORK FORCE RESTRUCTURING REPORT

Mr. GLENN. I would like to discuss an important issue with the distinguished Chairman and ranking member of the subcommittee regarding NASA's civil servant work force and their collective future. Last month the General Accounting Office [GAO] provided me with an assessment of NASA's efforts and plans to decrease its staffing levels. As ranking member of the Governmental Affairs Committee with jurisdiction over the Federal civil service laws, I was keenly interested in learning how NASA was meeting its aggressive work force restructuring goals.

As my friends know, in the early 1990's, NASA was projecting its civil service work force to be about 25,500; however, budget levels have drastically changed that projection. Currently NASA's work force stands at about 21,500, and plans to reduce it to 17,500 by fiscal year 2000. The GAO report, entitled "NASA Personnel: Challenges to Achieving Workforce Reductions," discusses various steps NASA has taken to reduce its work force to current levels. The GAO report suggests that NASA should provide to Congress a work force restructuring plan which lays out in detail how NASA intends to meet its work force goals. I would note that I have heard from employees at NASA's Lewis Research Center outside the Cleveland who are very concerned about their future, and the future of NASA-Lewis. I will continue to do everything I can to make sure that Lewis remains a top flight research facility.

Ms. MIKULSKI. The subcommittee is deeply concerned about the timetable and process which NASA intends to follow to achieve its stated goal of reducing the NASA work force from the current level to 17,500 by the year 2000. Notwithstanding its civil service goals, the subcommittee believes that NASA should maintain the institutional capability to accomplish our national aerospace objectives.

In part due to the severe budget constraints the agency faces, various NASA initiatives have called for the following: One, shifting program management from headquarters to field centers; two, transitioning to a single prime contractor for space flight operations; and three, privatization initiatives such as the science institute concept. It is unclear how each of these proposals will contribute to the future FTE goals.

Many employees at Goddard Space Flight Center, NASA's Wallops island facility and headquarters are my constituents, and have expressed concerns similar to those my friend from Ohio has heard from NASA Lewis. I will stand sentry to ensure that as many jobs as possible are protected. I have asked NASA headquarters to explain why their current approach is necessary.

Mr. BOND. I would add my recommendation that NASA develop a work force restructuring plan to be submitted with the agency's fiscal year 1998 budget. This document should provide NASA's current plan for reaching the fiscal year 2000 FTE figure. In developing this plan, the Administrator shall consult with the Secretary of Labor, appropriate representatives of local and national collective bargaining units of individuals employed at NASA, appropriate representatives of agencies of State and local government, appropriate representatives of State and local institutions of higher education, and appropriate representatives of community groups affected by the restructuring plan.

Mr. GLENN. I strongly support that such a plan be submitted to the Congress. Further, I believe that for NASA headquarters and each field center, the plan should clearly establish the annual FTE targets by job description. The plan should also discuss what process and any assistance that will be provided to those employees whose jobs will be eliminated or transferred. To the extent possible the plan should be developed so as to minimize social and economic impact.

I would note that the Department of Energy has a legislative mandate to prepare a work force restructuring plan prior to any significant change in the work force at any of DOE's facilities. I was a primary author of this legislative provision—Public Law 102-484, section 3161. I believe that NASA should take a careful look at how DOE has developed their work force restructuring plans as it prepares the plan which we are requesting.

Ms. MIKULSKI. I agree with the Senator from Ohio. In addition, the President has indicated the need for a national space summit to elucidate our national space goals. I have been calling for such a summit for several months, and am pleased to see the President take this necessary step. Clearly the results of the space summit should also be incorporated into this work force restructuring plan.

Mr. GLENN. I thank my friend from Missouri and my friend from Maryland for their courtesy, and I would strongly encourage them to adopt language in the statement of the conference managers which would implement the work force restructuring plan we have discussed today.

Mr. BOND. The subcommittee will seriously consider the Senator's suggestion, and will work to implement it during the conference on our bill.

IMPROVEMENT AND REFORM OF THE FEDERAL ABOVEGROUND STORAGE TANK PROGRAM

Mr. ROBB. Mr. President, as the Senate considers fiscal year 1997 appropriations for the Environmental Protection Agency, it is only fitting that we highlight the need for reform in the manner in which EPA, in conjunction with the Department of Transportation and the Occupational Safety and Health Administration, regulates aboveground petroleum storage tanks [AST's]. Under current Federal law, no less than five Federal offices are tasked with jurisdiction over these tanks. The myriad of Federal and State statutes coupled with the number of Federal offices administering the various regulations results in a situation which is at best confusing for aboveground storage tank owners, costly to taxpayers, and harmful to the environment.

Twice, once in 1989 and again in 1995, GAO has issued reports which detail how EPA should strengthen its program to improve the safety of aboveground oil storage tanks. While it is true that EPA has taken steps to implement some of the recommendations, EPA has yet to take substantive action on many others.

Ms. MIKULSKI. We are certainly committed to protecting and improving our environment. I would like to thank the distinguished Senator for highlighting this issue. I know that his State experienced a serious leak at an aboveground storage tank farm in Fairfax County, VA. I am interested in knowing how serious is the problem nationwide?

Mr. ROBB. In addition to the confusion created by the patchwork of laws regulating these aboveground petroleum tanks, a far graver problem exists with respect to the frequency with which these tanks and their pipes are currently leaking, releasing petroleum into the environment. Two GAO studies, one in 1989 and the other in 1995, found a significant number of tanks were leaking between 43 and 54 million gallons of oil per year.

More recently, there have been countless news reports on tank releases, leaks, failures and fires. Unfortunately, current Federal law only requires tank owners to report releases that contaminate surface water. There is no similar reporting requirement for underground leaks, and EPA does not have the authority to respond to leaks that contaminate ground water. Just last month, lightening struck an AST at a Shell gasoline facility in Woodbridge, NJ, igniting a fire that seriously injured 2 people and forced the evacuation of 200 nearby residents.

Although this fire was started by an act of nature, it's instructive because it highlights the serious dangers associated with AST fires, which pose complex challenges to firefighters, jeopardize nearby communities, and threaten ground water contamination. From Anchorage, AK, to the Everglades in Florida, damage from leaking tanks has been incurred, and some areas permanently spoiled from millions of gallons of leaked oil. This problem poses a critical threat to our country's ground, surface, and drinking water. With approximately half a million aboveground storage tanks located throughout this Nation, this is simply a matter we cannot continue to ignore. The tank fire in New Jersey serves to further demonstrate the need for improvement of AST safety and operation. The future safety of our families and homes depends upon meaningful reform in this area.

I think my colleague from South Dakota can also shed some light on this problem. Mr. President, would the Democratic leader please share his State's experience with an AST release that occurred 6 years ago in Sioux Falls.

Mr. DASCHLE. Certainly, but first I want to take a moment to thank the Senator from Virginia for his longstanding dedication and leadership on this issue. We have worked together on AST legislation since the 102d Congress, and again I appreciate this opportunity to work with him.

Senator MIKULSKI may remember that 6 years ago Sioux Falls suffered an AST leak of great magnitude. I can tell my colleague from personal observation that the environmental and public health effects of the spill were devastating, not to mention the costly cleanup expenses incurred. We now have the means to prevent similar incidents in my State and throughout the Nation.

My colleague from Virginia indicated the two GAO reports confirm that AST leakage is a prevalent problem across the country.

Mr. ROBB. I want to add that the underground storage tank program at EPA has enjoyed a wide measure of success. It is both comprehensive and understandable. Certainly, the regulation of above-ground petroleum tanks warrants similar consideration. Also, EPA has established an effective response program to surface water oilspills. EPA should now place a focus on improving the safety of AST operations and on leaks to ground water. This could only bolster EPA's spill prevention and response program.

Ms. MIKULSKI. In the opinion of the Senator, what would be the most effective means of addressing the issue?

Mr. ROBB. First, a commonsense approach is necessary. We can improve the Federal program so that it complements industry's efforts to improve voluntary AST standards. Some say that industry and environmental groups cannot work together to improve the environment. I simply do not believe this has to be the case.

In January, Senator DASCHLE, Senator SIMPSON, and I introduced a bill on AST's that is the product of a coalition of several industry and environmental groups. Our bill seeks not only to improve the environment with respect to above-ground tanks, but also seeks to reduce the regulatory requirements on industry.

We need Federal legislation to improve and reform the Federal program regulating AST's. This will provide more clear, concise guidelines to tank owners and operators, and enable EPA to deal swiftly and effectively with threats to human health and the environment.

Specifically, the bill would require EPA to consolidate its aboveground storage tank offices into one office on storage tanks. In conjunction with this restructuring, the bill requires EPA to work with the Department of Transportation and the Occupational Safety and Health Administration to streamline and simplify the current regulatory structure affecting aboveground petroleum storage tanks and their owners.

To improve the safety of large AST's that store oil, the bill also requires EPA to review current regulations to determine if gaps may exist, specifically with reference to secondary containment, overfill prevention, testing, inspection, compatibility, installation, corrosion protection, and structural integrity of these large petroleum tanks. Where current industry standards do not address those deficiencies identified, the EPA would be responsible for promulgating rules in the most cost-effective manner to alleviate those gaps.

Lastly, the bill would impose new reporting requirements for petroleum leaks so that EPA will know when they occur underground. EPA should not have to wait until leaks are too large to ignore or until they have contaminated an important ground water source.

I believe EPA has worked hard to implement a strong AST program. But I also know that more could be done. It is my hope that our bill will not only compliment EPA's efforts, but also allow EPA to place a higher priority on this issue.

Mr. DASCHLE. I would also like to emphasize one final point about our AST bill. We are more than aware of the frustration felt by many over the development and enforcement of Federal regulations and the lack of sensitivity exhibited by Federal agencies, particularly in regard to environmental statutes.

The bill does not exacerbate this problem. Rather, Senator ROBB, Senator SIMPSON, and I have worked together to ensure that our bill creates workable and streamlined regulations to ensure proper precautions are taken to prevent AST leakage and spills. This bill's simplicity is its elegance. I thank the Senator for her attention to this matter.

Ms. MIKULSKI. I thank my colleagues for bringing this important issue to the Senate's attention. I look forward to working with them to help reach some meaningful resolution to the problem at hand.

Mr. ROBB. I want to thank our distinguished ranking member for the opportunity to highlight the need for this type of reform and also look forward to working with her in the future.

NCAR

Mrs. BOXER. As the distinguished ranking member of the subcommittee is aware, the National Center for Atmospheric Research, or NCAR, is in the process of procuring a supercomputer to conduct complex weather simulation analyses. NCAR is a major grantee of the National Science Foundation, NSF.

NCAR published a request for proposals to provide the most capable supercomputer for a fixed price of $35 million. Three companies made proposals—Fujitsu, NEC, and Cray Research.

Ms. MIKULSKI. I am aware of the proposed procurement. NCAR initially selected NEC, but NSF announced last week that it is halting action on the proposed procurement until the completion of an investigation into illegal dumping.

Mrs. BOXER. I am very concerned by the possibility of dumping in this case. An internal analysis conducted by Cray Research estimated that NEC's costs exceed its sales price to NCAR by over 400 percent. According to Cray's analysis, NEC proposed selling a supercomputer fairly valued at almost $100 million for only $35 million.

The day after the selection of NEC was announced, Paul Joffe, Acting Assistant Secretary of the Department of Commerce for Import Administration, advised Dr. Neal Lane, Director of the National Science Foundation, of the strong possibility of dumping in this case. In the letter, Secretary Joffe states:

> Using standard methodology prescribed by the antidumping law, we estimate that the cost of production of one of the foreign bidders is substantially greater than the funding levels projected by NCAR's request for proposals. In antidumping law terms, this means that the "dumping margin," that is, the amount by which the fair value of the merchandise to be supplied exceeds the export price, is likely to be very high.

Mr. KOHL. On July 29, Cray Research filed a formal petition for investigation with the Department of Commerce and the International Trade Commission. Under the antidumping law, the Department of Commerce was required to decide whether or not to initiate a formal investigation within 20 days. The ITC has 45 days to reach a preliminary determination.

Mr. FEINGOLD. On August 19, the Department of Commerce announced that it would initiate a formal antidumping investigation. The following day, Dr. Neal Lane, Director of the National Science Foundation announced that the NSF was halting action on the supercomputer procurement. Dr. Lane said in a written statement, "It would be inappropriate for NSF to approve this procurement until the dumping issue has been resolved." I would ask the distinguished ranking member of the subcommittee if she agrees with Dr. Lane's view.

Ms. MIKULSKI. I do agree. I especially agree with Dr. Lane's statement that "Acting now on this procurement would be inconsistent with the responsible stewardship of taxpayer money." It is critical, both from an economic and national security perspective, that the United States maintain its leading role in supercomputing technology. Because the supercomputer industry survives on relatively few sales, each procurement project plays an important role in maintaining the supercomputer industrial and technology base. I therefore strongly concur with the NSF's recent action.

Mr. KOHL. The committee report, which was filed on July 17, notes that no official determination of dumping, preliminary or otherwise, has been made in this case. Would the Senator agree that this statement is no longer accurate?

Ms. MIKULSKI. The decision by the Department of Commerce to initiate a formal investigation is an official determination that illegal dumping may have occurred. Furthermore, the letter written earlier by Secretary Joffe strongly suggests the possibility of dumping.

Mrs. BOXER. I thank the distinguished ranking member for sharing her views on this important subject. I know that she shares my view that the NSF is a very important agency and that this procurement is very important both for NCAR and the U.S. supercomputer industry.

Ms. MIKULSKI. I will continue to monitor this situation and will do all I can to ensure taxpayer dollars are spent responsibly by the NSF and its grantees.

Mrs. BOXER. I thank the Senator. I ask unanimous consent that the statement by NSF Director Neal Lane and the letter to Dr. Lane from Secretary Paul Joffe be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT BY DR. NEAL LANE, DIRECTOR, NATIONAL SCIENCE FOUNDATION, ON SUPERCOMPUTER ACQUISITION

The U.S. Department of Commerce has announced that it is initiating an investigation to determine whether Japanese vector supercomputers were being dumped in the United States and whether these imports were injuring the U.S. industry. The investigation includes a bid submitted in a supercomputer procurement being conducted by the University Corporation for Atmospheric Research (UCAR)—an awardee of the National Science Foundation. In my view, it would be inappropriate for NSF to approve this procurement until the dumping issue has been resolved.

In light of the numerous questions raised about and interest expressed in this procurement, I am pleased that the issue of dumping is being properly addressed by the appropriate federal agencies. The Department of Commerce and the International Trade Commission have the statutory authority, the expertise, and the established procedures to determine whether this offer is being made at less than fair value, and whether it would be injurious to America industry.

I am acutely aware that the National Center for Atmospheric Research (NCAR), which is operated by UCAR, needs state-of-the-art computational equipment to maintain U.S. world leadership in climate modeling research. I feel, however, that acting now on this procurement would be inconsistent with the responsible stewardship of taxpayer monies.

I hope the investigations will proceed expeditiously and bring a prompt resolution to this matter.

U.S. DEPARTMENT OF COMMERCE,
INTERNATIONAL TRADE ADMINISTRATION,
Washington, DC, May 20, 1996.

Dr. NEAL LANE,
Director, National Science Foundation,
Arlington, VA.

DEAR DR. LANE: The Department of Commerce is responsible for administering the U.S. antidumping law, which guards against unfair international pricing practices that harm U.S. industries. Injurious dumping, which is condemned by the General Agreement on Tariffs and Trade, can have serious adverse consequences for domestic producers and future consumers.

As you requested, we have examined the proposed procurement of a supercomputer system by the National Center for Atmospheric Research (NCAR), which is funded in part by the National Science Foundation and other federal agencies through the University Corporation for Atmospheric Research, to determine if it involves dumping. We have evaluated the NCAR procurement, and have information that we believe is relevant.

Using standard methodology prescribed by the antidumping law, we estimate that the cost of production of one of the foreign bidders is substantially greater than the funding levels projected by NCAR's request for proposals. In antidumping law terms, this means that the "dumping margin," that is, the amount by which the fair value of the merchandise to be supplied exceeds the export price, is likely to be very high.

We have significant concerns that importation of the NCAR supercomputer system would threaten the U.S. supercomputer industry with material injury within the meaning of the antidumping law, because the imports are likely to have a significant suppressing or depressing effect on domestic prices and because these imports could have a serious adverse impact on the domestic industry's efforts to develop a more advanced version of the supercomputer system to be supplied.

Antidumping investigations can be initiated either at the request of the domestic industry or on the initiative of the Department of Commerce. If the Department finds dumping margins and the U.S. International Trade Commission finds injury, the Department will issue an antidumping order and will instruct the U.S. Customs Service to collect from the importer of the dumped merchandise an antidumping duty in the amount of the dumping margin.

Please let us know if we may answer any questions you may have. I may be reached at (202) 482–1780.

Sincerely,

PAUL L. JOFFE,
Acting Assistant Secretary
for Import Administration.

LIHPRHA FUNDING

Mr. CRAIG. Mr. President, the Senate adopted an amendment to H.R. 3666, which was included in a package of managers' amendments, and which originally was offered by the Senator from Massachusetts [Mr. KERRY], myself, and others. This amendment will restore some certainty to the Senate's appropriation for assistance under the Low Income Housing Preservation and Resident Homeownership Act, or LIHPRHA. I appreciate the managers accepting this amendment.

Senators MOSELEY-BRAUN, KEMPTHORNE, KERRY, and I had written Chairman BOND earlier to express our support for appropriating at least $500 million for LIHPRHA this year, and to note that, within a tight and fiscally responsible budget, this program remains a reasonable priority.

Mr. President, as always, I want to reiterate my commitment to balancing the Federal budget and keeping it balanced. Balancing the budget is all about setting priorities. This Congress, the bravest in 40 years, has passed balanced budgets and I have supported them. I have no trouble finding room within those budgets for reasonable appropriations for LIHPRHA.

I have spoken with Idahoans—tenants and owners alike—who have turned to LIHPRHA as a cost-effective way to maintain private ownership of low-income housing, to preserve that housing stock, and to keep it in good repair. Just last month, such a transfer was concluded in Moscow, ID, involving a seller and buyer who care about tenants of modest means and wanted to see their affordable housing maintained.

The VA-HUD appropriations bill, as reported, had stated its hope and intent that $500 million is available for LIHPRHA in fiscal year 1997.

But, because $150 million of that appropriation would have been conditioned on recapturing interest savings when some owners sell what we call section 236 projects and pre-pay their mortgages, the timing of that funding stream would have been highly uncertain.

Such uncertainty would hamper effective decisionmaking in HUD's regional offices and would discourage the very buyers and sellers who want to keep low-income housing available to those who need it. This preservation has noble, beneficial goals. But the current process already takes too long and involves too much redtape. We don't need to make things worse by making the timing its funding still more unpredictable.

Also, it would have mixed apples and oranges to rely on money generated when housing loses its status as low-income housing to pay for a program intended to preserve low-income housing.

Our amendment offers the best of both worlds. The funding stream for LIHPRHA would be more certain. Any unexpected surplus section 236 savings would go to deficit reduction. This creates a win-win situation.

Our amendment is budget-neutral because LIHPRHA simply would be decoupled from the section 236 recaptured interest savings. These savings would continue, as they do under current law, to go into the Treasury, instead of being made directly available to LIHPRHA. This makes more sense.

Chairman BOND and I have visited about this program last year and I appreciate his continued willingness to support this program. I know the committee has been looking for the best means of continuing the program. I hope and believe that our amendment has been helpful to the chairman and the committee in this regard.

Once this bill goes to conference, I urge the committee to do everything possible to safeguard LIHPRHA funding. It is my hope that, if possible, the conference committee on this bill could provide more for this program.

The $500 million in this bill represents a 20 percent cut from fiscal year 1996 dollars. Even at this level, there is much more low-income housing ready for sale that can be accommodated by fiscal year 1997 appropriations for preservation. These are projects for which most of the work on the part of the sellers and buyers has been completed, and for which HUD has approved plans of action. Obviously, some sellers will not be able to postpone selling until fiscal year 1998—if there are appropriations then—and will have to sell sooner, without the guarantee of preserving the low-income status of the housing.

I understand there are concerns that the results of this program may not be as favorable and economical in every case as has been our experience in Idaho. Some reforms can and should be made that would make the program more cost-effective. Chairman BOND and Senator KERRY are both members of the Banking, Housing, and Urban Affairs Committee, and I look forward to their leadership in this area.

I thank Senator KERRY for his leadership on this amendment, I commend Chairman BOND for his helpfulness in this process, and I thank the managers and the Senate for accepting our amendment.

THE PRESIDENT'S EXECUTIVE ORDER TO BRING FEDERAL SURPLUS COMPUTER EQUIPMENT TO PUBLIC SCHOOLS

Mr. LEAHY. Earlier this year President Clinton signed Executive Order 1299 to aid in the process of transferring Federal surplus computer equipment to our public schools. This is equipment that in the past has sat on palettes in Federal warehouses gathering dust and becoming obsolete while schools all around the country try to scrape together the funds to buy computer technology equipment for their students.

I applaud the administration's effort to put this unused equipment to work in our classrooms. To help support that initiative I offered an amendment to the Treasury, Postal Service, and general Government appropriations bill with Senator MURRAY which reiterates the importance of this initiative and urges Federal Agencies to work with the Federal Executive Boards to implement it. I also strongly supported Senator MURRAY's language in the legislative branch appropriations bill bringing the Senate into compliance with the Executive order. We in Congress should be leading the effort to bring computer technology to our public schools.

Making unused computer equipment available to schools is too important to let fall between the cracks of the many bureaucracies involved in this initiative. A report to Congress at the end of the year is needed to ensure that the Executive order is carried out and to monitor its progress in bringing Federal surplus computers to our educators. The Office of Science and Technology Policy has been deeply involved in coordinating the implementation of the Executive order. I believe that the office is the appropriate one to carry out such a report.

I have written to John Gibbons, Director of OSTP requesting that his office provide such a report to Congress by January 30, 1997. He responded by concurring that such a report is needed and offering the services of his office to carry it out within available resources. I ask unanimous consent that those letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, July 31, 1996.

Mr. JOHN H. GIBBONS,
Director, Office of Science and Technology Policy, Old Executive Office Building, Washington, DC.

DEAR MR. GIBBONS: I would like to congratulate you on the work your office has done to implement the President's Executive order to bring Federal surplus computer equipment to schools. This initiative is sorely needed to transfer serviceable computer equipment no longer needed by Federal Agencies to our public schools where the need for this technology is great.

Senator Murray and I offered an amendment to the Fiscal Year 1997 Appropriations report for Treasury, Postal Service, and General Government which reinforces the importance of the Executive Order and urges governmentwide cooperation in speeding its implementation. I also strongly supported Senator Murray's language in the Legislative Appropriations bill bringing the United States Senate into compliance with the Executive Order. Congress should be leading the charge to bring surplus and excess computer equipment to our schools—Senator Murray's language will put the Senate in the race. For your information, I have included a copy of the report language in the Treasury and Legislative Appropriation bills.

I believe that the steps Federal Agencies are taking to conform with the Executive Order will be effective in bringing more surplus equipment to schools at less cost to the government and the schools themselves. A timely analysis of the progress that has been made and the problems Departments and the Federal Executive Boards may have run into would be very helpful in evaluating the success of the initiative. Because of the central role your office has played in this important effort to bring computers to schools, I think the Office of Science and Technology Policy (OSTP) is the most appropriate body to carry out such an evaluation.

Specifically, I request that OSTP report to Congress by January 30, 1997 on the implementation of the Federal Executive Order. This report should include information on the progress of Federal Agencies and Congress in making surplus computer equipment available to schools, and on the effectiveness of the Federal Executive Boards in channeling this equipment through the regions.

I look forward to working with your office to make sure that unused Federal computer equipment is made available to schools around the country. If you have any questions about the requested report please contact Amy Rainone in my office at 224-4242.

Sincerely,

PATRICK LEAHY,
U.S. Senator.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY POLICY,
Washington, DC, August 1, 1996.

Hon. PATRICK LEAHY,
U.S. Senate,
Washington, DC.

DEAR SENATOR LEAHY: As you know the President has worked hard to ensure that education technology is used effectively to prepare our children for the 21st century. I want to thank you for the leadership you have provided in helping America's schools make effective use of new technology. Your leadership in the Senate Education Technology Working group is very much appreciated.

I strongly concur with your recommendation that a study be conducted to determine how effectively the executive order to improve the transfer of excess federal computer equipment to schools and nonprofit organizations is being implemented. Within the limits of OSTP's resources, we will survey the way federal agencies are responding to the order and provide an estimate of the kinds of equipment that is being made available to schools. The study will be provided to the Congress by January 30, 1997 together with recommendations about any administrative or legislative actions that may be needed to improve the operation of the federal program and advice about the need for further reviews and oversight.

Sincerely,

JOHN H. GIBBONS,
Director.

Mr. LEAHY. Mr. President, does the Senator from Maryland support the use of OSTP funds to cover the expenses of preparing this important report for Congress?

Ms. MIKULSKI. I agree that this is an important initiative and one which Congress should support. Maryland schools are also trying very hard to ramp up to the information highway by providing Internet links and computer technology for students. I do think that producing such a report is an appropriate use of the funds provided in this bill and I join the Senator in urging OSTP to carry out the report by January 30, 1997.

CORPORATION FOR NATIONAL SERVICE, AMERICORPS USA

Mr. GRASSLEY. Mr. President, I want to talk about the Senate's appropriation for the Corporation for National Service. In particular, I want to talk about the appropriation for AmeriCorps. The program is not yet out of the woods. Though the program may be funded, the Senate should do so only with continued and close scrutiny.

I have been one of the most outspoken critics of the President's AmeriCorps Program. It has begun reform, but still needs more time to succeed. AmeriCorps has former Senator Harris Wofford as its new chief executive officer. He has approached me for assistance in helping the program to succeed.

Senator Wofford has assured me that he is attempting to reform the program. I think that the program deserves that chance. It is a high priority for the President, and I believe that a President should have the benefit of the doubt on his highest priorities. However, this program still needs to meet the tough standards that the President set. Frankly, AmeriCorps has not yet met those standards.

I want to praise the appropriators. In their subcommittee, Senators BOND and MIKULSKI have funded the National Service Corporation for fiscal 1997 at last year's levels. Because of my involvement, I am particularly proud of one new initiative to be funded in the AmeriCorps Program.

AWARDS FOR EDUCATION ONLY

I want to draw attention to this new cost saving initiative that I helped to develop. Of the entire appropriation for the National Service Trust, $9.5 million will be set aside to award true education scholarships for service. AmeriCorps has announced that it is awarding the first of 2,000 separate volunteers with scholarships, and only scholarships.

In other words, for volunteerism there shall be a reward of education. Gone will be the living allowances, recruitment costs, and much of the administrative overhead. These education-only awards will help true students go to college. The taxpayers will be rewarded with a greater value for their dollar. I believe that this pilot project may become so successful that it could become the future of AmeriCorps.

MATCHING REQUIREMENTS

Senator Wofford has told me he has increased the program matching requirement for all grantees. This requirement was 25 percent and has become 33 percent. This means that 67 percent of the program subsidy for AmeriCorps volunteers should come directly from the Federal taxpayer. This might seem attractive to some, but I have reservations.

I am reserved because, if there is an immediate problem with this target, then the problem could be in the sources of the 33 percent matching funds. It seems that a sizable portion of these matching funds will come from coffers of State governments. Because State taxpayers are also Federal taxpayers, I think that the State taxpayers reasonably expect that we in the Federal Government will do careful oversight of their tax dollars. That is why I hope that AmeriCorps will quantify and reach an acceptable goal for true private sector contributions. I emphasize the words private sector, and I hope that AmeriCorps will adopt a similar emphasis.

A NEW GAO STUDY

In its brief history, AmeriCorps has developed an infamous past. The inspector general of the Corporation for National Service attempted to audit the AmeriCorps' books and determined that the books were unauditable. There has been a lack of financial controls. It seems that some people who were in charge of writing checks were also in charge of accounting for receipts.

Last year, the General Accounting Office found that the AmeriCorps cost per participant was $27,000 instead of the $18,000 promised by the President.

This year, Senator BOND and I have asked the General Accounting Office to conduct another study. The GAO will go out to study the AmeriCorps programs at the State level.

The GAO will audit matching funds gathered by the State programs. The GAO will also look into the feasibility of giving more responsibility to the State commissions under the AmeriCorps Program. Greater autonomy for the State programs is a criterion that was reached in my agreement with Senator Wofford.

THE PRESIDENT'S NEW AMERICORPS INITIATIVE, READ AMERICA

Mr. President, before I conclude, I want to briefly discuss something regarding AmeriCorps that the President mentioned at his political convention. He mentioned that he would like to employ AmeriCorps subsidized workers to help teach some children to read. Although teaching children to read is a worthy cause, I will say two things about using AmeriCorps to do it.

First, as far as I am concerned, AmeriCorps is still on probation until it solves all of its current and continuing troubles. I question the wisdom of sending more money and increased responsibility to AmeriCorps until it has proven to the taxpayers that it is out of the woods.

The President has called for a massive increase in a program that has only had trouble. That plays into the claims of many that the President has no real interest in seeing AmeriCorps succeed. To them it shows that the President is only interested in seeing it used for campaign promises and political commercials.

Second, I think that if the President wants to help kids to learn to read, then he should allow parents to help their own kids to learn to read. He could do this by delivering on the middle class-tax cut that he promised. With fewer taxes, maybe both parents in a family will not have to work full time as they currently do. I think that many parents would enjoy teaching their own children to read if they only had the time. In short, families do not need more government spending, they need less government spending and fewer taxes.

Mr. President, AmeriCorps has reported that it is attempting to mend its programs. I think that the program deserves that chance. I conservatively support this appropriation with the reservations that I have spoken of.

SAFE DRINKING WATER REVOLVING LOAN FUND

Mr. BAUCUS. Mr. President, I would like to thank the managers of this bill, Senators BOND and MIKULSKI, for providing the first-time capitalization grant for the long awaited safe drinking water revolving loan fund. The much needed $725 million for the recently established drinking water loan fund will provide assistance to those drinking water suppliers who are trying to comply with the Federal law.

There are so many communities, especially small communities, that need the funding and have been counting on Congress to act. Small communities lack the economies of scale to spread the cost of compliance among their customers, even though they have to comply with the same regulations as large systems. The bill signed into law last month recognizes these differences by, among other things, providing a funding source.

I appreciate the manager's recognition of this need and look forward to working with them in the future to ensure that this new loan fund meets the needs of the Nation's drinking water suppliers.

YOUTHBUILD BUILDS FOUNDATIONS FOR SUCCESS

Mr. KERRY. Mr. President, I would like to thank and congratulate my colleagues on the VA, HUD, Independent Agencies Appropriations Subcommittee, Senator BOND and Senator MIKULSKI, for their wisdom in providing $40 million for the Youthbuild program for fiscal year 1997. This amount is the same approved by the Senate last year for the current fiscal year, which was cut in half in negotiations with the House.

The Youthbuild Program gives young adults in our inner cities a chance. This program offers young adults ages 16 to 24 the opportunity to rehabilitate housing for the homeless or low-income people while attending academic and vocational training classes half time. Participants typically alternate a week on a construction site with a week in the Youthbuild classroom, where they work toward their GED's or high school diplomas. Youthbuild programs usually run for 12 months, after which graduates are placed in jobs or college. The programs are able to provide another 12 months of followup to assist these graduates to successfully complete their transitions from school to work.

The design of Youthbuild makes it unique among job training and community development programs. Youthbuild places a major emphasis on leadership development, with leadership defined as taking responsibility to make things go right for yourself, your family, and your community. Intensive counseling and a positive peer group provide personal support and an affirmative set of values to assist young people to make a dramatic change in their relationship to their communities and their own families. Thus, through Youthbuild's learning, construction, and personal components, students simultaneously gain the educational skills, work training, and sense of self they need to go on to productive, responsible futures.

In 1995 alone, Youthbuild programs helped more than 3,000 young people to become positive leaders and peer models in their communities. There are now 90 HUD-funded Youthbuild programs in operation in 38 States, and 56 organizations are planning to establish Youthbuild programs in their own cities and rural communities. Over 540 community organizations in 49 States and the District of Columbia applied to HUD last year for Youthbuild funding.

Despite the program's success, fiscal 1996 funding for this program was cut from $40 to $20 million at the behest of the House of Representatives. The Senate bill had contained a $40 million earmark. A return to the 1995 funding level is necessary if we are to maintain the achievements and realize the promise of this valuable movement. This program and the young people it serves—who also are the young people who do much of its work—need our help. They are some of the best that we have in this country and I am proud of their achievements and their drive to help themselves and to help others around them. They are a class act and the work they do is truly inspiring.

The $40 million for Youthbuild for fiscal year 1997 will allow Youthbuild to enroll 2,000 more young people nationwide, directly helping at-risk youth and furthering the development of affordable housing for the communities in which they live. It will preserve the infrastructure of local programs upon which we can then build and expand while steadily leveraging increased local support. I want to thank the 38 other Senators signing a letter to Senators BOND and MIKULSKI requesting the $40 million figure and I urge my Senate colleagues to insist on this amount in conference.

Mr. President, I would also like to offer my sincere congratulations to Ms. Dorothy Stoneman, the founder and president of Youthbuild USA, for her tireless and selfless contributions to the Youthbuild Program and to youth across the United States. She was recently awarded the prestigious MacArthur Foundation Award in recognition of her long fight to uplift the lives of youths on the margins of poor communities. She is a wonderful example of how individuals can really do good for others in this world and I want to make known my great admiration and praise for her efforts. This award is a testament to her hard work, and to the youth that are making our cities and towns better places to live every day. Her vision is inspiring and her enthusiasm contagious.

When people say that nothing works, when people say that poverty is inevitable, and when people say that there is no way to change injustice, Ms. Dorothy Stoneman is there to demonstrate that futility is not inevitable. She is a real life hero and I would like to thank her for her commitment to excellence. But what Dorothy Stoneman wants more than anyone's words of praise is the ability to offer to more young people Youthbuild's demonstrated ability to help young people take responsibility for themselves and their communities—to rescue down and out youths for lives of fulfillment and contribution. We help our country when we help these young people via Youthbuild.

ROUGE RIVER NATIONAL WETWEATHER DEMONSTRATION PROJECT AND THE CLINTON RIVER WATERSHED

Mr. LEVIN. Mr. President, I am pleased that the managers have made changes to the House-passed bill to allow the expenditure of $725 million in already appropriated funds for the new drinking water State revolving fund in fiscal year 1996. I encourage the conferees to retain this change so that money can flow to the States and local governments as soon as possible.

As my colleagues may know, the Rouge River National Wetweather Demonstration Project serves as a model for watershed-basin management, but on a very large, very urban scale. It combines all the key components affecting water quality in the Rouge watershed, which feeds into the Detroit River and then into Lake Erie. Cleaning up the Rouge River basin will have a beneficial effect on water quality from Detroit to the mouth of the St. Lawrence River and beyond. The House bill provides $20 million in fiscal year 1997 for this important project and I strongly urge the managers and the conferees to maintain that amount, if the final conference report includes project level recommendations.

Also, I would like to urge inclusion of approximately $500,000 for the Clinton River watershed Council in the conference report. The Clinton River Watershed feeds into Lake St. Clair, which experienced severe pollution in the summer of 1994 that closed beaches and threatened the local economy. Nutrient loadings, sewage overflows, and zebra mussel infestation contributed to a very unpleasant, if not public health-threatening situation. Clearly, something needs to be done in this dynamic part of Michigan to ensure that growth is sustainable. I encourage the managers and the conferees to include the above requested funds so that an integrated and comprehensive watershed management plan can be developed and executed. Some of the methods and experiences of the Rouge watershed will be very useful in the Clinton watershed.

I look forward to working with the conferees on these items.

Mr. BOND. Mr. President, I believe that concludes the work on the VA-HUD bill for the evening.

MORNING BUSINESS

Mr. BOND. Mr. President, I ask unanimous consent that there be a period for the transaction of morning business with Senators permitted to speak therein for up to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOTICE OF ADOPTION OF REGULATIONS AND SUBMISSION FOR APPROVAL

Mr. THURMOND. Mr. President, pursuant to section 304(b) of the Congressional Accountability Act of 1995 (2 U.S.C. sec. 1384(b)), a Notice of Adoption of Regulations and Submission for Approval was submitted by the Office of Compliance, U.S. Congress. The notice contains final regulations related to Federal Service Labor-Management Relations (Regulations under section 220(e) of the Congressional Accountability Act.)

Section 304(b) requires this notice to be printed in the CONGRESSIONAL RECORD, therefore I ask unanimous consent that the notice be printed in the RECORD.

There being no objection, the notice was ordered to be printed in the RECORD, as follows:

OFFICE OF COMPLIANCE—THE CONGRESSIONAL ACCOUNTABILITY ACT OF 1995: EXTENSION OF RIGHTS, PROTECTIONS AND RESPONSIBILITIES UNDER CHAPTER 71 OF TITLE 5, UNITED STATES CODE, RELATING TO FEDERAL SERVICE LABOR-MANAGEMENT RELATIONS (REGULATIONS UNDER SECTION 220(e) OF THE CONGRESSIONAL ACCOUNTABILITY ACT)

NOTICE OF ADOPTION OF REGULATIONS AND SUBMISSION FOR APPROVAL

Summary: The Board of Directors of the Office of Compliance, after considering comments to both the Advance Notice of Proposed Rulemaking published on March 16, 1996 in the Congressional Record and the Notice of Proposed Rulemaking published on May 23, 1996 in the Congressional Record, has adopted, and is submitting for approval by Congress, final regulations implementing section 220(e) of the Congressional Accountability Act of 1995, Pub. L. 104-1, 109 Stat. 3.

For Further Information Contact: Executive Director, Office of Compliance, 110 2nd Street, S.E., Room LA 200, John Adams Building, Washington, DC 20540-1999, (202) 724-9250.

SUPPLEMENTARY INFORMATION

I. Statutory Background

The Congressional Accountability Act of 1995 ("CAA" or "Act") was enacted into law on January 23, 1995. In general, the CAA applies the rights and protections of eleven federal labor and employment law statutes to covered Congressional employees and employing offices.

Section 220 of the CAA address the application of chapter 71 of title 5, United States Code ("chapter 71"), relating to Federal Service Labor-Management Relations. Section 220(a) of the CAA applies the rights, protections, and responsibilities established under sections 7102, 7106, 7111 through 7117, 7119 through 7122, and 7131 of chapter 71 to employing offices, covered employees, and representatives of covered employees.

Section 220(d) of the Act requires the Board of Directors of the Office of Compliance ("Board") to issue regulations to implement section 220 and further states that, except as provided in subsection (e), such regulations "shall be the same as substantive regulations promulgated by the Federal Labor Relations Authority ("FLRA") to implement the statutory provisions referred to in subsection (a) except—

(A) to the extent that the Board may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section; or

(B) as the Board deems necessary to avoid a conflict of interest or appearance of conflict of interest."

The Board adopted final regulations under section 220(d), and submitted them to Congress for approval on July 9, 1996.

Section 220(e)(1) of the CAA requires that the Board issue regulations "on the manner and extent to which the requirements and exemptions of chapter 71 . . . should apply to covered employees who are employed in the offices listed in" section 220(e)(2). The offices listed in section 220(e)(2) are:

(A) the personal office of any member of the House of Representatives or any Senator;

(B) a standing select, special, permanent, temporary, or other committee of the Senate or House of Representatives, or a joint committee of Congress;

(C) the Office of the Vice President (as President of the Senate), the Office of the President pro tempore of the Senate, the Office of the Majority Leader of the Senate, the Office of the Minority Leader of the Senate, the Office of the Majority Whip of the Senate, the Office of the Minority Whip of the Senate, the Conference of the Majority of the Senate, the Conference of the Minority of the Senate, the Office of the Secretary of the Conference of the Majority of the Senate, the Office of the Secretary of the Conference of the Minority of the Senate, the Office of the Secretary for the Majority of the Senate, the Office of the Secretary for the Minority of the Senate, the Majority Policy Committee of the Senate, the Minority Policy Committee of the Senate, and the following offices within the Office of the Secretary of the Senate: Offices of the Parliamentarian, Bill Clerk, Legislative Clerk, Journal Clerk, Executive Clerk, Enrolling Clerk, Official Reporters of Debate, Daily Digest, Printing Services, Captioning Services, and Senate Chief Counsel for Employment;

(D) the Office of the Speaker of the House of Representatives, the Office of the Majority Leader of the House of Representatives, the Office of the Minority Leader of the House of Representatives, the Offices of the Chief Deputy Majority Whips, the Offices of the Chief Deputy Minority Whips, and the following offices within the Office of the Clerk of the House of Representatives: Offices of Legislative Operations, Official Reporters of Debate, Official Reporters to Committees, Printing Services, and Legislative Information;

(E) the Office of the Legislative Counsel of the Senate, the Office of the Senate Legal Counsel, the Office of the Legislative Counsel of the House of Representatives, the Office of the General Counsel of the House of Representatives, the Office of the Parliamentarian of the House of Representatives, and the Office of the Law Revision Counsel;

(F) the offices of any caucus or party organization;

(G) the Congressional Budget Office, the Office of Technology Assessment, and the Office of Compliance; and,

(H) such other offices that perform comparable functions which are identified under regulations of the Board.

These offices shall be collectively referred to as the "section 220(e)(2) offices."

Section 220(e)(1) provides that the regulations which the Board issues to apply chapter 71 to covered employees in section 220(e)(2) offices "shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71 and of [the CAA] . . " To this end, section 220(e)(1) mandates that such regulations "shall be the same as substantive regulations issued by the Federal Labor Relations Authority under such chapter," with two separate and distinct provisos:

First, section 220(e)(1)(A) authorizes the Board to modify the FLRA's regulations "to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section."

Second, section 220(e)(1)(B) directs the Board to issue regulations that "exclude from coverage under this section any covered employees who are employed in offices listed in [section 220(e)(2)] if the Board determines that such exclusion is required because of (i) a conflict of interest or appearance of a conflict of interest; or (ii) Congress' constitutional responsibilities."

The provisions of section 220 are effective October 1, 1996, except that, "[w]ith respect to the offices listed in subsection (e)(2), to the covered employees of such offices, and to representatives of such employees, [section 220] shall be effective on the effective date of regulations under subsection (e)."

II. Advance notice of proposed rulemaking

In an Advance Notice of Proposed Rulemaking ("ANPR") published on March 16, 1996, the Board provided interested parties and persons with the opportunity to submit comments, with supporting data, authorities and argument, concerning the content of and bases for any proposed regulations under section 220. Additionally, the Board sought comment on two specific issues related to section 220(e)(1)(A): (1)Whether and to what extent the Board should modify the regulations promulgated by the FLRA for application to employees in section 220(e)(2) offices? and (2) Whether the Board should issue additional regulations concerning the manner and extent to which the requirements and exemptions of chapter 71 apply to employees in section 220(e)(2) offices? The Board also sought comment on four issues related to section 220(e)(1)(B): (1) What are the constitutional responsibilities and/or conflicts of interest (real or apparent) that would require exclusion of employees in section 220(e) offices from coverage? (2) Whether determinations as to such exclusions should be made on an office-wide basis or on the basis of job duties and functions? (3) Which job duties and functions in section 220(e) offices, if any, should be excluded from coverage, and what is the legal and factual basis for any such exclusion? and (4) Are there any offices not listed in section 220(e)(2) that are candidates for the application of the section 220(e)(1)(B) exclusion and, if so, why? In seeking comment on these issues, the Board emphasized the need for detailed legal and factual support for any proposed modifications in the FLRA's regulations and for any additional proposed regulations implementing sections 220(e)(1)(A) and (B).

The Board received two comments in response to the ANPR. These comments addressed only the issue of whether the Board should grant a blanket exclusion for all covered employees in certain section 220(e)(2) offices. Neither commenter addressed issues arising under section 220(e)(1)(A) or any other issues arising under 220(e)(1)(B).

III. The notice of proposed rulemaking

On May 23, 1996, the Board published a Notice of Proposed Rulemaking ("NPR") (142

Cong. R. S5552-56, H5563-68 (daily ed., May 23, 1996)) in the Congressional Record. Pursuant to section 304(b)(1) of the CAA, the NPR set forth the recommendations of the Executive Director and the Deputy Executive Directors for the House and the Senate.

A. Section 220(e)(1)(A)

In its proposed regulations, the Board noted that, under section 220(e)(1)(A), the Board is authorized to modify the FLRA's regulations only "to the extent that Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under [section 220(e)]." The Board further noted that no commenter had taken the position that there was good cause to modify the FLRA's regulations for more effective implementation of section 220(e). Nor did the Board independently find any basis to exercise its authority to modify the FLRA regulations for more effective implementation of section 220(e). Thus, the Board proposed that, except as to employees whose exclusion from coverage was found to be required under section 220(e), the regulations adopted under section 220(d) would apply to employing offices, covered employees, and their representatives under section 220(e).

B. Section 220(e)(1)(B)

With regard to section 220(e)(1)(B), the Board concluded that the requested blanket exclusion of all of the employees in certain section 220(e)(2) offices was not required under the stated statutory criteria. However, the Board did propose a regulation that would have allowed the exclusion issue to be raised with respect to any particular employee in any particular case. In addition, the Board again urged commenters who supported any categorical exclusions, in commenting on the proposed regulations, to explain why particular jobs or job duties require exclusion of particular employees so that the Board could exclude them by regulation, where appropriate.

C. Section 220(e)(2)(H)

Finally, in response to a commenter's assertion and supporting information, the Board found that employees in four offices identified by the commenter performed functions "comparable" to those performed by employees in the other section 220(e)(2) offices. Accordingly, the Board proposed, pursuant to section 220(e)(2)(H), to identify those offices in its regulations as section 220(e)(2) offices.

IV. Analysis of comments and final regulations

The Board received six comments on the NPR, five from congressional offices and one from a labor organization. Five commenters objected to the proposed regulations because all covered employees in the section 220(e)(2) offices were not excluded from coverage. These commenters further suggested that the Board has good cause, pursuant to section 220(e)(1)(A), to modify the FLRA's regulations by promulgating certain additional regulations. One of the commenters stated its approval of the proposed regulations.

The Board has carefully reexamined the statutory requirements embodied in 220(e), and evaluated the comments received, as well as the recommendations of the Office's statutory appointees. Additionally, the Board has looked to "the principles and procedures" set forth in the Administrative Procedure Act, 5 U.S.C. §553 ("APA"), which sections 220(e) and 304 of the CAA require the Board to follow its rulemakings. See 2 U.S.C. §1384(b). Finally, the Board has carefully considered the constitutional provisions and historical practices that make Congress a distinct institution in American government.

Based on its analysis of the foregoing, on the present rulemaking record, the Board has determined that:

under the terms of the CAA, the requirements and exemptions of chapter 71 shall apply to covered employees who are employed in section 220(e)(2) offices in the same manner and to the same extent as those requirements and exemptions are applied to covered employees in all other employing offices;

no additional exclusions from coverage of any covered employees of section 220(e) offices because of (i) a conflict of interest or appearance of conflict of interest or (ii) Congress' constitutional responsibilities are required; and

in accord with section 220(e)(2)(H) of the CAA, eight additional offices beyond those identified in the Board's NPR perform "comparable functions" to those offices identified in section 220(e)(2).

The Board is adopting final regulations that effectuate these conclusions. The Board's reasoning for its determinations, together with its analysis of the comments received, is as follows:

A. Section 220(e)(1)(A) Modifications

Section 220(e)(1) provides that the Board "shall issue regulations pursuant to section 304 on the manner and extent to which the requirements and exemptions of chapter 71 should apply to covered employees" in section 220(e)(2) offices. In response to the Board's ANPR, no commenter suggested that the Board's regulations should apply differently to section 220(e)(2) employees and employing offices than to other covered employees and employing offices. Several commenters have now suggested that the regulations should be modified in various respects for section 220(e)(2) employees who are not excluded pursuant to section 220(e)(1)(B). The Board, however, is not persuaded by any of these suggestions.

First, contrary to one suggestion, the Board is neither required nor permitted "to issue regulations specifying in greater detail the application of [Chapter 71] to the specific offices listed in section 220(e)(2)." Section 220(e)(1) provides that the Board's "regulations shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71 and of the Act." Section 220(e)(1) further specifically states that the Board's "regulations shall be *the same* as substantive regulations issued by the Federal Labor Relations Authority under" chapter 71. (Emphasis added.) While section 220(e)(1)(B) makes an "except[ion]" to these statutory restrictions "to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section," this exception neither authorizes nor compels the requested regulations.

As the Board has explained in other rulemakings, it is not possible to clarify by regulation the application of the pertinent statutory provisions and/or the pertinent executive branch agency's regulations (here, the FLRA's regulations) while at the same time complying with the statutory requirement that the Board's regulations be "the same as substantive regulations" of the pertinent executive branch agency. Moreover, modification of substantive law is legally distinct from clarification of it. In this context, to conclude otherwise would improperly defeat the CAA's intention that, except where strictly necessary, employing offices in the legislative branch should live with and under the same regulatory regime—with all of its attendant burdens and uncertainties—that private employers and/or executive branch agency employers live with and under. Much as the Chairman of the House Committee on Economic and Educational Opportunities stated at the time of passage of the CAA: "The Congress should not be allowed to escape the problems created by its own failure to draft laws properly and, perhaps, through this approach [it] will be forced to revisit and clarify existing laws which, because of a lack of clarity, are creating confusion and litigation." 141 Cong. Rec. H264 (Jan. 17, 1995) (remarks of Rep. Goodling).

Indeed, in the Board's judgment, adding new regulatory language of the type requested here (*e.g.*, references to job titles) would be contrary to the effective implementation of the rights and protections of the CAA. Such new regulatory language would itself have to be interpreted, would not be the subject of prior interpretations by the FLRA, and would needlessly create new ground for litigation about additional interpretive differences.

Second, the Board cannot accede to the request that it issue regulations providing that all employees of personal, committee, Leadership, General Counsel, and Employment Counsel offices are "confidential employees," within the meaning of 5 U.S.C. §7103(13). As noted above, to the extent that this commenter seeks a declaratory statement that clarifies the appropriate application of 5 U.S.C. §7103(13), the board is not legally free to provide such clarifications through its statutorily limited remaking powers. Moreover, contrary to the proposal of a commenter, the Supreme Court has approved, and the NLRB and the FLRA have applied, a definition of confidential employee" that is narrowly framed and that applies only to employees who, in the normal course of their specific job duties, properly and necessarily obtain in advance or have regular access to confidential information about management's positions concerning pending contract negotiations, the disposition of grievances, and other labor relations matters. See *NLRB* v. *Hendricks County, et al.*, 454 U.S. 170, 184 (1981); *In re Dept. Labor, Office of the Solicitor, Arlington Field Office and AFGE Local 12*, 37 F.L.R.A. 1371, 1381–1383 (1990). In fact, in both the private and public sectors, it has been held that "bargaining unit eligibility determinations [must be based] on testimony as to an employee's actual duties at the time of the hearing rather than on duties that may exist in the future;" "[b]argaining unit eligibility determinations are *not* based on evidence such as written position descriptions or testimony as to what duties had been or would be performed by an employee occupying a certain position, because such evidence might not reflect the employee's actual duties." Id at 1377 (emphasis added). Since these rulings have not been addressed or distinguished by the commenter, the Board must conclude that the requisite "good cause" to modify the FLRA's regulations has not been established.

Third, the Board similarly must decline the request that it promulgate regulations: (a) excluding from bargaining units all employees of the Office of Compliance as employees "engaged in administering the provisions of this chapter," within the meaning of 5 U.S.C. §7112(b)(4); and (b) excluding from bargaining units all employees of the Office of Inspector General as employees "primarily engaged in investigation or audit functions relating to the work of individuals employed by an agency whose duties directly affect the internal security of the agency," within the meaning of 5 U.S.C. §7112(b)(7). To the extent that these requests seek clarification concerning the application of existing statutory provisions, the Board is foreclosed by statute from providing such regulatory clarifications (especially for the Office of Inspector General, which does not appear to be a section 220(e)(2) office and which, in contrast to inspector general offices in the executive branch, appears primarily to audit or investigate employees of *other* employing offices, as opposed to auditing employees of its own agency). Moreover, to the extent that these requests seek to have the Board make eligibility determinations in advance of a specific unit determination and without a developed factual record, the commenters again seek a modification in the substantive law for which no "good cause" justification has been established.

Fourth, the Board similarly must decline the suggestion that it promulgate regulations: (a) limiting representation of employees of section 220(e)(2) offices to unions unaffiliated with noncongressional unions; (b) clarifying that a Member's legislative positions are not properly the subject of collective bargaining; (c) clarifying the ability of a Member to discharge or discipline an employee for disclosing confidential information or for taking legislative positions inconsistent with the Member's positions; and (d) authorizing section 220(e)(2) offices to forbid their employees from acting as representatives of the views of unions before Congress or from engaging in any other lobbying activity on behalf of unions. The issues raised by the suggested regulations are of significant public interest. But, to the extent that the suggested regulations are requested merely to clarify the application of existing statutory or regulatory provisions, the Board may not properly use its limited rulemaking authority to promulgate such regulatory clarifications. Moreover, there is not "good cause" to so "modify" the FLRA's regulations, as section 220(e) does not itself provide the Board with authority to modify statutory requirements such as those found in 5 U.S.C. §7112(c) (specifying limitations on whom a labor organizations may represent), 5 U.S.C. §§7703(a)(12), 7106, 7117 (specifying subjects that are not negotiable), 5 U.S.C. §7116(a) (specifying prohibited employment actions), and 5 U.S.C. §7102 (specifying scope of protected employee rights).

Finally, for similar reasons, the Board must reject the request that it place regulatory limitations and prohibitions on the proper uses of union dues. Again, the Board cannot properly use its statutorily-limited regulatory powers either to clarify what commenters find ambiguous or to codify what commenters find unambiguous. Moreover, nothing in chapter 71 (or the CAA) authorizes a labor organization and an employing office to establish a closed shop, union shop, or even an agency shop; accordingly, under chapter 71 (and the CAA), employees cannot be compelled by their employers to join unions against their free will and, concomitantly, employees can resign from union membership and cease paying dues at any time without risk to the security of their employment. In these circumstances, there is no evident basis—legal or factual—for the Board to seek to regulate the proper uses of voluntarily-paid union dues.

In sum, the proposed modifications of the FLRA's regulations are not a proper exercise of the Board's section 220(e) and section 304 rulemaking powers. Accordingly, the Board may not adopt them.

B. Section 220(e)(1)(B) Exclusions

Section 220(e)(1)(B) provides that, in devising its regulations, the Board "shall exclude from coverage under [section 220] any covered employees [in section 220(e)(2) offices] if the Board determines that such exclusion is required because of (i) a conflict of interest or appearance of a conflict of interest; or (ii) Congress' constitutional responsibilities."

Accordingly, the Board has, with the assistance of the Office's Executive Director and two Deputy Executive Directors, carefully examined the comments received, other publicly available materials about the workforces of the section 220(e)(2) offices, and the likely constitutional, ethical, and labor law issues that could arise from application of chapter 71 to these workforces. The Board has also carefully examined the adequacy of the requirements and exemptions of chapter 71 and section 220(d) of the CAA for: (a) addressing any actual or reasonably perceived conflicts of interests that may arise in the context of collective organization of employees of section 220(e)(2) offices; and (b) accommodating Congress' constitutional responsibilities. Having done so, on the present rulemaking record the Board concludes that additional exclusions from coverage beyond those contained in chapter 71 and section 220(d) are not required by either Congress' constitutional responsibilities or a real or apparent conflict of interest; and the Board now further concludes that an additional regulation specifically authorizing consideration of these issues in any particular case is unnecessary in light of the authority available to the Board under chapter 71's implementing provisions and precedents and the Board's regulations under section 220(d).

1. Additional exclusions from coverage are justified under section 220(1)(B) only where necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict or interest

In the preamble to its NPR, the Board expressed its view that additional exclusions of employees from coverage are justified under section 220(e)(1)(B) only where *necessary* to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict or interest. Although several commenters have objected to the Board's construction of the statute, the Board is not persuaded by these objections.

First, the Board finds no basis for the suggestion that "Board has been instructed by the statute to exclude *offices* from coverage based on any of the specified" statutory criteria. (Emphasis added.) What is mandated is an inquiry by the Board concerning whether exclusion of an employee is justified by the statutory criteria; specifically, an exclusion of a covered employee is mandated only "*if*[as a result of the Board's inquiry] the Board determines such exclusion is required." (Emphasis added). Thus, the exclusion provision is only conditional, and the exclusion inquiry is to be addressed on an employee-by-employee basis, not on an office-by-office basis, as the commenter erroneously suggests.

Second, contrary to another commenter's suggestion, the statutory language does not require exclusion of employees where such exclusions would merely be "suitable" or "appropriate" to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. The statutory language cannot properly be read in this fashion.

The statute expressly states that an exclusion of an employee is appropriate only "if the Board determines that such exclusion is *required* because of" the stated-statutory criteria. (Emphasis added.) The term "[r]equired implies something mandatory, not something permitted . . . ." *Mississippi River Fuel Corporation* v. *Slayton*, 359 F.2d 106, 119 (8th Cir. 1966) (Blackburn, J.). Moreover, while the term "required" is capable of different usages, the usage equating with "necessity" or "indispensability" is the most common one. See Webster's Third New International Dictionary 1929 (1986). And, as part of an "except[ion]" to a statutory requirement that the Board's regulations be "the same" as the FLRA's regulations and be consistent with the "provisions and purposes" of chapter 71 to the "greatest extent practicable," it is highly unlikely that Congress would mandate "exclusion from coverage"—with loss of not only organization rights, but also rights against discipline or discharge because of engagement in otherwise protected activities—when less restrictive alternatives (e.g., exclusion from a bargaining unit; limitation on the union that may represent the employee) would adequately safeguard Congress' constitutional responsibilities and resolve any real or apparent conflicts of interest.

In these circumstances, the term "required" cannot properly be read to require additional exclusions from coverage merely because they would be "suitable" or "appropriate" to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. Such an interpretation would not be, "to the greatest extent practicable," "consistent with the provisions and purposes of chapter 71," as section 220(e) requires. Moreover, such an interpretation would be contrary to the CAA's promise that, except where strictly necessary, Congress will be subject to the same employment laws to which the private sector and the executive branch are subject. Indeed, contrary to the CAA's purpose, such an interpretation would rob Members of direct experience with traditional labor laws such as chapter 71, and leave them without the first-hand observations that would help them decide whether and to what extent labor law reform is needed and appropriate.

Third, for these reasons, the Board also rejects one commenter's suggestion that the omission of a "good cause" requirement from section 220(e)(1)(B) suggests that a lesser standard for exclusion from coverage was intended. The omission of a "good cause" requirement in section 220(e)(1)(B) is more naturally explained: The term "required" sets the statutory standard in section 220(e)(1)(B), and the "good cause" standard is simply not needed.

Finally, contrary to the objections, the legislative history does not support the commenters' view that additional exclusions from coverage are mandated even if not strictly necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. It appears that, at one point in the preceding Congress, some Members expressed: "concern that, if legislative staff belonged to a union, that union might be able to exert undue influence over legislative activities or decisions. Even if such a conflict of interest between employees' official duties and union membership did not occur, the mere appearance of undue influence or access might be very troubling. Furthermore, there is a concern that labor actions could delay or disrupt vital legislative activities. S. Rep. No. 397, 103d Cong., 2d Sess. 8 (1994)."

But the legislative sponsors did not respond to these concerns by excluding all legislative staff from coverage or by requiring exclusion of any section 220(e)(2) office's employees wherever it would be "suitable" or "appropriate."

Rather, the legislative sponsors responded by applying chapter 71 (rather than the NLRA) to the legislative branch. Senators John Glenn and Charles Grassley urged this course on the ground that chapter 71 "includes provisions and precedents that address problems of conflict of interest in the governmental context and that prohibit strikes and slowdowns." Id. at 8; 141 cong. rec. S444–45 (daily ed., Jan. 5, 1995) (statement of Sen. Grassley).

To be sure, the legislative sponsors further provided that, "as an extra measure of precaution, the reported bill would not apply labor-management law to Members' personal or committee offices or other political offices until the Board has conducted a special rulemaking to consider such problems as conflict of interest." Id. However, the legislative sponsors made clear that an appropriate solution to a real or apparent conflict of interest would include, for example, precluding certain classes of employees "from being represented by unions affiliated with noncongressional or non-Federal unions." Contrary to the commenter's argument, exclusion of section 220(e)(2) office employees from coverage was not viewed as inevitably required, even where a conflict of interest is found to exist. 141 Cong. Rec. S626 (daily ed., Jan. 9, 1995). Moreover, the legislative sponsors expressly stated that the rulemaking so authorized "is not a standardless license to roam far afield from such executive branch regulations. The Board cannot determine unilaterally that an insupportably broad view of Congress' constitutional responsibilities means that no unions of any kind can work in Congress." Id. That, of course, would be precisely the result of the commenters' proposed standard.

2. No additional exclusion from coverage of any covered employee of a section 220(e)(2) office is necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest

The question for the Board, then, is whether, on the present rulemaking record, the additional exclusion from coverage of any covered employee of a section 220(e)(2) office is necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. The Board concludes that no such additional exclusions from coverage are required.

a. No additional exclusion from coverage is necessitated by Congress' constitutional responsibilities

The CAA does not expressly define the "constitutional responsibilities" with which section 220(e)(1)(B) is concerned. But, as one commenter has suggested, it may safely be presumed that this statutory phrase encompasses at least the responsibility to exercise the legislative authority of the United States; to advise and consent to treaties and certain presidential nominations; and to try matters of impeachment. Even so defined, however, the Board has no factual or legal basis for concluding that any additional employees of the section 220(e)(2) offices must be excluded from coverage in order for Congress to be able to carry out these constitutional responsibilities or any others assigned to Congress by the Constitution.

Chapter 71 was itself "designed to meet the special requirements and needs of the Government." 5 U.S.C. §7101(b). Thus, chapter 71 authorizes the exclusion of any agency or subdivision thereof where necessary to the "national security," and completely excludes from coverage aliens and noncitizens who occupy positions outside of the United States, members of the uniformed services, and "supervisors" and "management officials." Id. at §§7103(a)(2), 7103(b). In addition, chapter 71 requires that bargaining units not include "confidential" employees, employees "engaged in personnel work," employees "engaged in administering" chapter 71, both "professional employees and other employees," employees whose work "directly affects national security," and employees "primarily engaged in investigation or audit functions relating to the work of individuals" whose duties "affect the internal security of the agency." Id. at §7112(b). Likewise, chapter 71 provides that a labor organization that represents (or is affiliated with a union that represents) employees to whom "any provision of law relating to labor-management relations" applies may not represent any employee who administers any such provision of law; and, chapter 71 prohibits according exclusive recognition to any labor organization that "is subject to corrupt influences or influences opposed to democratic principles," id. at §§7112(c), 7111(f), and precludes an employee from acting in the management of (or as a representative for) a labor organization where doing so would "result in a conflict or apparent conflict of interest or would otherwise be incompatible with law or with the official duties of the employee." Id. at §7120(e). Furthermore, chapter 71 broadly preserves "Management rights," limits collective bargaining to "conditions of employment," and, in that regard, among other things, specifically excludes matters that "are specifically provided for by Federal statute." Id. at 7106, 7103(12)(a), (14). Finally, chapter 71 makes it unlawful for employees and their labor organizations to engage in strikes, slowdowns, or picketing that interferes with the work of the agency. Id. at 7116(b)(7).

Just as the provisions and precedents of chapter 71 are sufficient to allow the Executive Branch to carry out its constitutional responsibilities, the provisions and precedents of chapter 71 are fully sufficient to allow the Legislative Branch to carry out its constitutional responsibilities. Congress is, of course, a constitutionally separate branch of government with distinct functions and responsibilities. But, by completely excluding "supervisors" and "management officials" from coverage, and by preserving "Management rights," chapter 71 ensures that Congress is not limited in the exercise of its constitutional powers. Furthermore, by denying "exclusive recognition" to any labor organization that "is subject to corrupt influences or influences opposed to democratic principles," chapter 71 ensures that labor organizations will not become a foothold for those who might seek to undermine or overthrow our nation's republican form of government. In addition, by outlawing strikes and other work stoppages, chapter 71 ensures that employee rights to collective organization and bargaining may not be used improperly to interfere with Congress' lawmaking and other functions. Indeed, by specifying that its provisions "should be interpreted in a manner consistent with the requirement of an effective and efficient Government," 5 U.S.C. §7101(b), chapter 71 makes certain that its provisions will expand and contract to accommodate the legitimate needs of Government, which no doubt in this context include the fulfillment of Congress' constitutional responsibilities.

The Board cannot legally accept the suggestion of some commenters that collective organization and bargaining rights for section 220(e)(2) office employees are "inherently inconsistent" with the conduct of Congress' constitutional responsibilities. These commenters' position may be understood in political and administrative terms. But, under the CAA, such a claim must legally be viewed with great skepticism, for the CAA adopts the premise of our nation's Founders, as reflected in the Federalist papers and other contemporary writings, that government works better and is more responsible when it is accountable to the same laws as are the people and is not above those laws. Such interpretive skepticism is particularly warranted in this context, for the claim that collective bargaining and organization rights for section 220(e)(2) office employees are "inherently inconsistent" with Congress' constitutional responsibilities is in considerable tension with the CAA's express requirement that the Board examine the exclusion issue on an employee-by-employee basis. Indeed, section 220(e) of the CAA expressly requires the Board to accept, "to the greatest extent practicable," the findings of Congress in chapter 71 that "statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them—(A) safeguards the public interest, (B) contributes to the effective conduct of public business, and (C) facilitates and encourages the amicable settlements of disputes between employees and their employers involving conditions of employment." 5 U.S.C. §7101(a). The statutory instruction to honor these findings to "the greatest extent practicable" is directly at odds with the commenters' "inherent inconsistency" argument.

Moreover, contrary to the commenters' suggestion, neither the allegedly close working relationships between the principles of section 220(e)(2) offices and their staffs nor the allegedly close physical quarters in which section 220(e)(2) office employees work can legally justify the additional exclusions from coverage that the commenters seek. Chapter 71 already excludes from coverage all "management officials" and "supervisors"—i.e., those employees who are in positions "to formulate, determine, or influence the policies of the agency," and those employees who have the authority to hire, fire, and direct the work of the office. Moreover, chapter 71 excludes from bargaining units "confidential employees," "employees engaged in personnel work," and various other categories of employees who, by the nature of their job duties, might actually have or might reasonably be perceived as having irreconcilably divided loyalties and interests if they were to organize. Beyond these carefully crafted exclusions, however, chapter 71 rejects both the notion that "unionized employees would be more disposed than unrepresented employees to breach their obligation of confidentiality," and the notion that representation by a labor organization or "membership in a labor organization is in itself incompatible with the obligations of fidelity owed to an employer by its employee." *In re Dept. of Labor, Office of the Solicitor, Arlington Field Office and AFGE Local 12*, 37 F.L.R.A. at 1380 (citations omitted; internal quotations omitted), Rather at the Supreme Court recently reiterated, the law in the private and public sectors requires that acts of disloyality or misuse of confidential information be dealt with by the employer through, e.g., non-discriminatory work rules, discharge and/or discipline. See *NLRB* v. *Town & Country Electric, Inc.*, 116 S. Ct. 450, 457 (1995). These rulings are especially applicable and appropriate in the context of politically appointed employees in political offices of the Legislative Branch, since such employees generally are likely to be uniquely loyal and faithful to their employing offices.

In this same vein, the Board cannot legally accept the suggestion that additional exclusions from coverage of section 220(e)(2) office employees are justified by reference to Members' understandable interest in hiring and firing on the basis of "political compatibility." While a long and forceful tradition in this country, hiring and firing on the basis of "political compatibility" is not a constitutional right, much less a constitutional responsibility, of the Congress or its Members. Moreover, while section 502 of the CAA provides that it "shall not be a violation of any provision of section 201 to consider the . . . political compatibility with the employing office of an employee, "2 U.S.C. §1432, section 502 noticeably omits section 220 from its reach. Thus, the Board has no legal basis for construing section 220(e)(1)(B) to require additional exclusions from coverage in order to protect the interest of Members in ensuring the "political compatibility" of section 220(e)(2) office employees.

Furthermore, the Board cannot legally accept the suggestion that exclusion of all employees in personal, committee, leadership or legislative support offices is justified to prevent labor organizations from obtaining undue influence over Members' legislative activities. The issue of organized labor's influence on the nation's political and legislative processes is one of substantial public interest. But commenters have not explained how organized labor's effort to advance its political and legislative agenda legally may be found to constitute an interference with Congress' constitutional responsibilities. Moreover, chapter 71 only authorizes a labor organization to compel a meeting concerning employees' "conditions of employment" that are not specifically provided for by Federal statute. Thus, a labor organization may not lawfully use chapter 71 either to demand a meeting about a Member's legislative positions or to seek to negotiate with the Member about those legislative positions.

Finally, the Board cannot legally accept the suggestion that additional exclusions from coverage of section 220(e)(2) office employees are necessary to ensure that Members are neither inhibited in nor distracted from the performance of their constitutional duties. The Board does not doubt that, if employees choose to organize, compliance with section 220 may impose substantial administrative burdens on Members (just as compliance with the other laws made applicable by the CAA surely does). Such administrative burdens might have been a ground for Congress to elect in the CAA to exempt Members and their immediate offices from the scope of section 220 (just as the Executive Office of the President is exempt from chapter 71 and from many of the other employment laws incorporated in the CAA). But Congress did not do so. Instead, Congress imposed section 220 on all employing offices and provided an "except[ion]" for employees of section 220(e)(2) offices only where exclusion from coverage is required by Congress' constitutional responsibilities (or a real or apparent conflict of interest). The Board cannot now lawfully find that the administrative burdens of compliance with section 220 are the constitutional grounds that justify the additional exclusion from coverage of any section 220(e)(2) office employees; on the contrary, the Board is bound to apply the CAA's premise that Members of Congress will better and more responsibly carry out their constitutional responsibilities if they are in fact subject to the same administrative burdens as the laws impose upon our nation's people.

b. No additional exclusion is necessitated by any real or apparent conflict of interest

Nor can the Board lawfully find on this rulemaking record that additional exclusions from coverage of employees of section 220(e)(2) offices are required by a real or apparent conflict of interest. Since the phrase "conflict of interest or appearance of conflict of interest" is not defined in the CAA, it must be construed "in accordance with its ordinary and natural meaning." *FDIC* v. *Meyer*, 114 S.Ct. 996, 1001 (1994). The "ordinary and natural meaning" of "conflict of interest or appearance of conflict of interest" is a real or reasonably apparent improper or unethical "conflict between the private interest and the official responsibilities of a person in a position of trust (such as a government official)." Webster's Ninth New Collegiate Dictionary 276 (1990). *Accord*, Black's Law Dictionary 271 (5th ed. 1979). Specifically, as Senate and House ethics rules make clear, under Federal law the phrase "conflict of interest or appearance of conflict of interest" refers to "a situation in which an official's conduct of his office conflicts with his private economic affairs." House Ethics Manual 87 (1992); Senate Rule XXXVII. After thorough examination of the matter, the Board has found no tenable legal basis for concluding that additional exclusions from coverage of any employees of section 220(e)(2) offices are necessary to address any real or reasonably perceived incompatibility between employees' private financial interests and their public job responsibilities.

As noted above, by excluding "management officials" and "supervisors" from coverage, and by requiring that bargaining units not include "confidential employees" and "employees engaged in personal work," chapter 71 already categorically resolves the real or apparent conflicts of interest that may be faced by employees whose jobs involve setting, administering or representing their employer in connection with labor-management policy or practices. Similarly, by require that bargaining units not include employees "engaged in administering" chapter 71, chapter 71 already resolves real or apparent conflicts of interest that might arise for employees of, for example, the Office of Compliance. Furthermore, by precluding an employee from acting in the management of (or as a representative for) a labor organization, where doing so would "result in a conflict of interest or apparent conflict of interest or would otherwise be incompatible with law or with the official duties of the employee," chapter 71 already directly precludes an employee from assuming a position with the union (or from acting on behalf of the union) where he or she could confer a personal economic benefit on him or herself. And, as an added precaution, the Board has adopted a regulation under section 220(d) that authorizes adjustment of the substantive requirements of section 220 where "necessary to avoid a conflict of interest or appearance of conflict of interest." Therefore, all conceivable real and apparent conflicts of interests are resolvable without the need for additional exclusions from coverage.

The Board finds legally untenable the suggestion of several commenters that, by directing the Board to consider these real or apparent conflict of interest issues in its rulemaking process, section 220(e)(1)(B) entirely displaces and supersedes the conflict of interest provisions and precedents of chapter 71 and section 220(d) where employees of section 220(e)(2) offices are concerned. Section 220(e) specifically provides that the Board's regulations for section 220(e)(2) offices "shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71" and "shall be the same as substantive regulations issued by" the FLRA. As pertinent here, it makes an "except[ion]" only "if the Board determines that * * * exclusion [of a section 220(e)(2) office employee] is required because of * * * a conflict of interest or appearance of a conflict interest." This conditional exception—applicable only "if" the Board determines that an exclusion from coverage is "required" by a real or apparent conflict of interest—plainly does not displace or supersede the provisions and precedents of chapter 71 and section 220(d) that section 220(e) expressly applies to section 220(e)(2) offices. Indeed, as the statutory language and legislative history discussed above confirm, section 220(e)(1)(B) requires this rulemaking merely as a "special precaution" to ensure that chapter 71 and section 220(d) appropriately and adequately deal with conflict of interest issues in this context.

The Board similarly cannot legally accept the suggestion that exclusion of employees in personal, committee, leadership and party caucus offices is necessary to address "the most important legislative conflict of interest issue—the appearance or reality of influencing legislation." While understandable in political terms, this suggestion has no foundation in the law which the Board is bound to apply.

To begin with, the Board has no basis for concluding that the provisions and precedents of chapter 71 and section 220(d) are inadequate to resolve any such conflict of interest issues. Although commenters correctly point out that the Executive Office of the President is not covered by Chapter 71, they provide no evidence that this exclusion resulted from conflict of interest concerns. Moreover, though commenters suggest that employees of the Executive Branch engage in only administrative functions, the Executive Branch in fact has substantial political functions relating to the legislative process—including, e.g. recommending bills for consideration, providing Congress with information about the state of the Union, and vetoing bills that pass the Congress over the President's objection. Furthermore, almost every executive agency covered by chapter 71 has legislative offices with both appointed and career employees who, like section 220(e)(2) office employees, are responsible for meeting with special interest groups, evaluating and developing potential legislation, and making recommendations to their employees about whether to sponsor, support or oppose that or other legislation. Chapter 71 does not exclude from its coverage Executive Branch employees performing such policy and legislation-related functions (much less the secretaries and clerical personnel in their offices); and, contrary to one commenter's suggestion, chapter 71 does not exclude from its coverage schedule "C" employees who are outside of the civil service and who are appointed to perform policy-related functions and to work closely with the heads of Executive Branch departments. See *U.S. Dept of HUD and AFGE Local 476*, 41 F.L.R.A. 1226, 1236–37 (1991). Since the Board has no evidence that the conflict of interest issues for section 220(e)(2) office employees materially differ from the conflict of interest issues that these Executive Branch employee face, the Board has no proper basis for finding that additional section 220(e)(2) office employees must be excluded from coverage simply because they too are outside of the civil service and perform legislative-related functions.

Second, the Board is not persuaded that the concern expressed by the commenters—i.e. that labor organizations will attempt to influence the legislative activities of employees who they are seeking to organize and represent—even constitutes a "conflict of interest or appearance of conflict of interest" within the meaning of that statutory term. As noted above, under both common usage and House and Senate ethics rules (as well as under federal civil service rules and other federal laws), the statutory phrase "conflict of interest of appearance of conflict of interest" refers to a situation in which an official's conduct of his office actually or reasonably appears unethically to provide him or her with a private economic benefit. While the Board understands that accepting gifts from labor organizations might actually or apparently constitute receipt of such an improper pecuniary benefit, the board fails to see how working with labor organizations concerning their legislative interests confers or appears to confer any improper private economic benefit or legislative branch employees—just as the board does not see how working on legislative matters with other interest groups to which the employee might belong (such as the American Tax Reduction Movement, the Sierra Club, the National Rifle Association, the National Right to Work Foundation, the NAACP, and/or the National Organization or Women) would do so. On the contrary, it is the employees' job to meet with special interest groups of this type, to communicate the preferences and demands of these special interest groups to the Members or communities for which they work, and, where allowed or instructed to do so, to assist or oppose these special interest groups in pursuing their legislative interests.

It is true, as one commenter notes, that, in contrast to other interest groups, a labor organization could, in addition, to its legislative activities, seek to negotiate with an employing office about the employees' "condition of employment." But each of the employees would have to negotiate individually with the employing office if the union did not do so collectively for them. Moreover, since those who negotiate for the employing office and decide whether or not to provide or modify any such "conditions of employment" may by law not be part of the unit that the union represents, section 220(e)(2) office employees could not through the collective negotiations of their "conditions of employment" unethically provide themselves or appear to provide themselves with an improper pecuniary benefit for the way that they perform their official duties for the employing office. Thus, collective organization of section 220(e)(2) office employees would not create a real or apparent conflict of interest—just as it does not for appointed and career employees in the Executive Branch who perform comparable policy or legislative-related functions.

To be sure, because of an employee's sympathy with or support for the union (or any other interest group), the employee could urge the Member or office for which he or she works to take a course that is not in that employer's ultimate best political or legislative interest. Indeed, it is even conceivable that, because of the employee's sympathy with or support for a particular interest group such as organized labor, the employee could act disloyally and purposefully betray the Member's or the employing office's interests. But employees could have such misguided sympathies, provide such inadequate support, and/or act disloyally whether or not they are members of or represented by a union. Thus, just as was true in the context of Congress' constitutional responsibilities (and as is true for Executive Branch employees), the legally relevant issues in such circumstances are ones of acceptable job performance and appropriate bargaining units, work rules, and discipline—not issues of real or apparent conflicts of interest. See *NLRB* v. *Town and Country Electric, Inc.*, 116 S. Ct. at 456–57.

It is also true that organized labor has a particular interest in legislative issues relating to employment and that, if enacted, some of the resulting laws could work to the personal economic benefit of employees in section 220(e)(2) offices and, indeed, sometimes even to the economic benefit of Members (e.g., federal pay statutes). But whenever Members or their staffs work on legislation there is reason for concern that they will seek to promote causes that will personally benefit themselves or groups to which they belong—whether it be with respect to e.g. their income tax rates, their statutory pay and benefits, the grounds upon which they can be denied consumer credit, or the ease with which they can obtain air transportation to their home states. These concerns, however, will arise whether or not employees in section 220(e)(2) offices are allowed to organize and bargain collectively concerning their "conditions of employment," and cannot conceivably "require" the exclusion of additional section 220(e)(2) office employees from coverage under section 220. As a Bipartisan Task Force on Ethics has so well stated: "A conflict of interest is generally defined as a situation in which an official's private financial interests conflict or appear to conflict with the public interest. Some conflicts or interest are inherent in a representative system of government, and are not in themselves necessarily improper or unethical. Members of Congress frequently maintain economic interests that merge or correspond with the interests of their constituents. This community of interests is in the nature of representative government, and is therefore inevitable and unavoidable. House Bipartisan Task Force on Ethics, Report on H.R. 3660, 101st Cong., 1st Sess. 22 (Comm. Print, Comm. on Rules 1989), reprinted in 135 Cong. Rec. H9253, H9259 (daily ed. Nov. 21, 1989).

The Board does not mean to suggest that the public does not have a legitimate interest in knowing about the efforts that interest groups (such as organized labor) make to influence Members and their legislative staffs or the financial benefits that Members and their legislative staffs receive. But, as the recently enacted Lobbying Disclosure Act evidences, and as the Bipartisan Task Force on Ethics long ago concluded, lobbying contact disclosure and "public financial disclosure, coupled with the discipline of the electoral process, remain[s] the best safeguard[s] and the most appropriate method[s] to deter and monitor potential conflicts of interest in the legislative branch." House Bipartisan Task Force on Ethics, 135 Cong. Rec. at H9259.

For these reasons, the Board also declines to adopt the suggestion that it exclude from coverage by regulation, on the ground of "conflict of interest or appearance of conflict or interest," all employees of section 220(e)(2) offices who are shown in an appropriate case to be "exempt" employees within the meaning of the Fair Labor Standards Act ("FLSA"). This suggestion would improperly allow unions and/or the General Counsel to challenge an employing office's compliance with section 203 of the CAA in the context of a section 220 proceeding. Moreover, under both private sector law and chapter 71, employees are not uniformly excluded from coverage by virtue of their "exempt" status, even though such employees may exercise considerable discretion and independent judgment in performing their duties, serve in sensitive positions requiring unquestionable loyalty to their employers, and/or have access to privileged information. Thus, doctors who are responsible for the counseling and care of millions of ill person are allowed to organize; engineers who are responsible for ensuring the safety of nuclear power plants are allowed to organize; lawyers who are responsible for providing privileged advice and for prosecuting actions on behalf of the Government (such as attorneys at the Department of Labor and at the NLRB) are allowed to organize; and schedule "C" employees who are outside of the civil service, work closely with the heads of Executive Branch departments, and assist in the formulation of Executive Branch policy are not excluded from coverage under chapter 71. Nothing about those employees' "exempt" status itself establishes a real or apparent incompatibility between an employee's conduct of his office and his private economic affairs. No tenable legal basis has been offered for reaching a different conclusion about the "exempt" employees of section 220(e)(2) offices.

For similar reasons, the Board declines to adopt the suggestion that it exclude from coverage by regulation, on the ground of "conflict of interest or appearance of conflict of interest," all employees in section 220(e)(2) offices who hold particular job titles—e.g., Administrative Assistants, Staff Directors, and Legislative Directors. The Board has no doubt that many section 220(e)(2) office employees in such job classifications will, because of the actual duties that these employees perform, be excluded from coverage as "management officials" or "supervisors." And the Board similarly has no doubt that many section 220(e)(2) office employees in these or other job classifications will, because of the actual duties that these employees perform, be excluded from particular bargaining units as "confidential employees," "employees engaged in personnel work," "professional employees," etc. But, as decades of experience in myriad areas of employment law have taught, these legal judgments must turn on the actual job duties that the employees individually perform, and not on their job titles or job classifications. It is the actual job duties of the employees that dictate whether the concern of the particular law in issue is actually implicated (*e.g.*, whether there is a real or apparent conflict of interest); and the use of job titles in a regulation would unwisely have legal conclusions turn on formalisms that are easily subject to manipulation and error (*e.g.*,different employing offices may assign the same job title or job classification to employees who perform quite distinct job responsibilities and functions).

In sum, in the six month period during which the job titles and job classifications applicable to section 220(e)(2) office employees have been thoroughly investigated and studied by the Board, neither the statutory appointees nor the Board—or, for that matter, any commenter—has identified any job duty or job function that, in the context of collective organization, would categorically create a real or apparent conflict of interest that is not adequately addressed by the provisions and precedents of chapter 71 and the Board's section 220(d) regulations. Accordingly, on this record, the Board has no legal basis for excluding any additional section 220(e)(2) office employees from coverage by regulation; and, for the reasons here stated, it would be contrary to the effective implementation of the CAA for the Board to reframe existing regulatory exclusions in terms of the job titles or job classifications presently used by certain section 220(e)(2) offices.

3. Final regulations under section 220(e)(1)(B)

For these reasons, the Board will not exclude any additional section 220(e)(2) office employees from coverage in its final section 220(e) regulations. Moreover, the Board will not adopt a regulation that specially authorized consideration of these exclusion issues in any particular case. Although the Board proposed to do so in its NPR (as a precautionary measure to ensure that employing offices were not prejudiced by the paucity of comments provided in response to the ANPR), commenters have vigorously objected to any such regulation. Having carefully considered this matter and determined both that no exclusions are required on this rulemaking record and that all foreseeable constitutional responsibility and conflict of interest issues may be appropriately accommodated under section 220(d) and chapter 71, the Board now concludes that no such regulation is necessary.

We now turn to the partial dissent. With all due respect to our colleagues, we strongly disagree that the CAA envisions a different rulemaking process for the Board's section 220(e)(1)(B) inquiry than the one that the Board has followed in this rulemaking and in all of its other substantive rulemakings. The section 220(e)(1)(B) inquiry is unique only in terms of the substantive criteria which the statute directs the Board to apply and the effective date of its provisions. In terms of the Board's process, section 220(e) expressly requires—just as the other substantive sections of the CAA expressly require—the Board to adopt its implementing regulations "pursuant to section 304" of the CAA, 2 U.S.C. §1351(e), which in turn requires that the Board conduct its rulemakings "in accordance with the principles and procedures set forth" in the APA. 2 U.S.C. §1384(b). The partial dissent's arguments that a different and distinct process is required under section 220(e)(1)(B) is at odds with these express statutory requirements.

Nor is there any basis for the partial dissent's charge that the Board's section 220(e)(1)(B) inquiry was "passive," "constrained solely by written submissions," and undertaken without "sufficient knowledge of Congressional staff functions, responsibilities and relationships. . . ." In the ANPR and the NPR, the Board afforded all interested parties two opportunities to address these issues. The Board carefully considered the comments received from employing offices and their administrative aids—i.e., those who are most knowledgeable about the job duties and functions of congressional staff and who should have had the most interest in informing the Board about the relevant issues in this rulemaking. Moreover, over the past six months, the Board has received extensive recommendations from the Executive Director and the Deputy Executive Directors of the House and Senate—recommendations that were based upon the statutory appointees' own legislative branch experiences, their substantial knowledge of these laws, their appropriate discussions with involved parties and those knowledgeable about job duties and responsibilities in section 220(e)(2) offices, and their own independent investigation of the pertinent factual and legal issues. In addition, the General Counsel has provided interested Board members with extensive legal advice about these issues. Indeed, during the past six months, members of the Board were able to review vast quantities of publicly available materials that, among other things, describe in detail the job functions, job responsibilities, and office work requirements and restrictions for employees of the section 220(e)(2) offices. The claim of the partial dissent that this material still needs to be found is thus completely mystifying to the Board; and, since neither the dissenters nor the commenters have pointed to any other information that would be of assistance in deciding the section 220(e)(1)(B) issues, it seems clear that the dissenting members' objection is not with the sufficiency of the information available to themselves or to the Board, but rather is with the result that the Board has reached.

In advocating a different result about the appropriateness of additional exclusions from coverage, however, the partial dissent simply ignores the statutory language and legislative history of section 220 of the CAA. For all of its repeated exhortations about the need to implement the will of Congress, the partial dissent does not identify the constitutional responsibilities or conflicts of interests that supposedly require the additional exclusions from coverage that the dissenters raise for consideration. Indeed, the partial dissent does not even conclude which of its various suggested possible exclusions from coverage are "required" by section 220(e)(1)(B) or why.

The partial dissent's critique of the Board's analysis is similarly bereft of legal authority. While criticizing the Board for relying on precedents under chapter 71, the partial dissent ignores section 220(e)'s express command that the Board's implementing regulations under section 220(e)(1)(B) be consistent "to the greatest extent practicable" with the "provisions and purposes" of chapter 71. Moreover, while noting that legislative branch employees of state governments have not been granted the legal right to organize, the partial dissent fails to acknowledge that this gap in state law coverage results from state laws having generally been modelled after federal sector law (which, until the CAA's enactment, did not cover congressional employees); and, in all events, the partial dissent fails to acknowledge that section 220 itself rejects this state law experience by covering without qualification non-section 220(e)(2) office employees and by allowing exclusion of section 220(e)(2) office employees only *if* required by the stated statutory criteria. Finally, while asserting that employees in the section 220(e)(2) offices perform functions that are not comparable to functions employed by any covered employees in the Executive Branch, the partial dissent never specifically identifies these supposedly unique job duties and functions and, even more importantly, never explains why the provisions of chapter 71 and section 220(d) are inadequate to address constitutional responsibility or conflict of interest issues arising from them. In short, with all respect, the partial dissent does not provide any acceptable legal basis for concluding that additional regulatory exclusions from coverage are required to address any constitutional responsibility or conflict of interest issues.

The partial dissent similarly errs in suggesting that the Board has "apparent reluctance or disdain" for regulatory resolutions and instead prefers adjudicative resolutions. Like our dissenting colleagues, the Board applauds the NLRB's innovative effort—undertaken under the leadership of then-NLRB Chairman Jim Stephens, who is now Deputy Executive Director for the House—to use rulemaking to address certain bargaining unit issues that have arisen in the health care industry. But the issue here is not whether the NLRB should be praised for having done so or, for that matter, whether regulatory resolutions are generally or even sometimes superior to adjudicative resolutions in that or other contexts. Nor is the issue whether Congress has stated a preference for regulatory resolutions in the CAA. Rather, the issue here is whether additional exclusions from coverage are required to address any constitutional responsibility or conflict of interest issues that may arise in connection with collective organization of section 220(e)(2) office employees. For the reasons earlier stated, the Board has concluded that no such additional exclusions from coverage are required to do so. Thus, to the extent that any constitutional responsibility or conflict of interest issue is left to be resolved adjudicatively, it is only because, where complete exclusion from coverage is not required, the CAA instructs the Board to follow chapter 71's preference for addressing matters of this type in the context of a particular case, and because any constitutional responsibility or conflict of interest issue may be satisfactorily addressed by approaches that are less restrictive than complete exclusion from coverage of section 220(e)(2) office employees. The Board regrets that the partial dissent confuses the Board's respect for the commands of the CAA with a "disdain" for rulemaking that the Board does not have.

With all respect to our colleagues, the partial dissent's own lack of attention to the commands of the CAA is strikingly revealed by its discussion of the uncertainty and delay that allegedly will result from not resolving all constitutional responsibility and conflict of interest issues through additional exclusions from coverage. Regulatory uncertainty and delay should be reduced where legally possible and appropriate. But inclusion of the constitutional responsibility and conflict of interest issues in the mix of issues that inevitably must be addressed in a unit determination will not have the unique practical significance that the dissent claims, since employment in the legislative branch is in fact not substantially more transient than is employment in many parts of the private and federal sectors (e.g., construction, retail sales, canneries in Alaska), since private and Executive Branch employers also work under "time pressures" that "are intense and uneven," and since the Board has designed its section 220(d) procedures to deal with all unit determination issues as promptly as or more promptly than comparable issues are dealt with in the private and federal sectors. And, in all events, it is clear that administrative burdens of the type discussed by the partial dissent cannot legally justify additional exclusions from coverage, because these administrative burdens legally have nothing to do with the constitutional responsibility and conflict of interests inquiries to which the Board is limited under the statute; indeed, as noted above, the premise of the CAA is that Congress will better exercise its constitutional responsibilities if it is subject to the same kinds of administrative burdens as private sector and Executive Branch employers are subject to under these laws.

The Board appreciates its dissenting colleagues' concern that, if employees of section 220(e)(2) offices should choose to organize, elected officials in Congress may have to negotiate about their employees' conditions of employment" with political friends or foes. But the Board cannot agree that these political concerns require or allow the additional possible exclusions from coverage that are mentioned in the partial dissent. Such political concerns do not legally establish an interference with Congress' constitutional responsibilities or a real or apparent conflict of interest; and the CAA by its express terms only allows additional exclusions from coverage that are required by such constitutional responsibilities or conflicts of interest. If the CAA is to achieve its objectives and the Board is to fulfill its responsibilities, the Board must adhere to the terms of the law that the Congress enacted and that the President signed; the Board may not properly relax the law so as to address non-statutory concerns of this type.

C. Section 220(e)(2)(H) Offices

Section 220(e)(2)(H) of the CAA authorizes the Board to issue regulations identifying "other offices that perform comparable functions" to those employing offices specifically listed in paragraphs (A) through (G) of section 220. In response to a comment on the ANPR, the Board proposed in the NPR to so identify four offices—the Executive Office of the Secretary of the Senate, the Office of Senate Security, the Senate Disbursing Office, and the Administrative Office of the Sergeant at Arms of the Senate. No comments were received regarding this proposal, and the final regulation will specifically identify these offices, pursuant to section 220(e)(2)(H), as section 220(e)(2) offices.

In response to comments received by the Board, the final regulation will also identify and include the following employing offices in the House of Representatives as performing "comparable functions" to those offices specified in section 220(e)(2) of the CAA: the House Majority Whip; the House Minority Whip; the Office of House Employment Counsel; the Immediate Office of the Clerk; the Office of Legislative Computer Systems; the Immediate Office of the Chief Administrative Officer; the Immediate Office of the Sergeant at Arms; and the Office of Finance.

As explained by one of the commenters, these offices have responsibilities and perform functions that are commensurate with those offices specifically listed in section 220(e)(2) or those offices identified in the proposed regulations. Thus, the duties and functions of the House Majority and Minority Whips are similar to the Offices of the Chief Deputy Majority Whips and the Offices of the Chief Deputy Minority Whips, which are expressly included in section 220(e)(2)(D). The Office of House Employment Counsel was created, following the enactment of the CAA, to provide legal advice and representation to House employing offices on labor and employment matters; this office performs functions similar to those of the Office of the House General Counsel, which is included in section 220(e)(2)(E), and those of the Senate Chief Counsel for Employment, which is identified in section 220(e)(2)(C).

Similarly, the Immediate Office of the Clerk of the House performs functions parallel to those performed by the Executive Office of the Secretary of the Senate, which is treated as a section 220(e)(2) office under these final regulations. Both offices are responsible for supervising activities that have a direct connection to the legislative process. Likewise, the Immediate Office of the House Sergeant at Arms has duties that correspond to those of the Administrative Office of the Senate Sergeant at Arms. Both offices are charged with maintaining security and decorum in each legislative chamber.

The House Office of Legislative Computer Systems runs the electronic voting system and handles the electronic transcription of official hearings and of various legislative documents; these functions are similar to those functions performed by the Office of Legislative Operations and Official Reporters, both of which are listed in section 220(e)(2)(D).

The Immediate Office of the Chief Administrative Officer has responsibilities and performs functions that are comparable to those performed by the Executive Office of the Secretary of the Senate and the Administrative Office of the Senate Sergeant at Arms, which are treated as section 220(e)(2) offices under these final regulations. Similarly, the House Office of Finance, like the Senate Disbursing Office, is responsible for the disbursement of payrolls and other funds, together with related budget and appropriation activities, and therefore will be treated, pursuant to section 220(e)(2)(H), as a section 220(e)(2) office.

VI. Method of approval

The Board received no comments on the method of approval for these regulations. Therefore, the Board continues to recommend that (1) the version of the regulations that shall apply to the Senate and employees of the Senate should be approved by the Senate by resolution; (2) the version of the regulations that shall apply to the House of Representatives and employees of the House of Representatives should be approved by the House of Representatives by resolution; and (3) the version of the regulations that apply to other covered employees and employing offices should be approved by concurrent resolution.

Accordingly, the Board of Directors of the Office of Compliance hereby adopts and submits for approval by the Congress the following regulations.

Signed at Washington, D.C., on this 19th day of August, 1996.

GLEN D. NAGER,
Chair of the Board of Directors,
Office of Compliance.

Member Seitz, concurring: In section 220 of the Congressional Accountability Act ("CAA" or "Act"), Congress instructed the Board of Directors of the Office of Compliance ("the Board") to issue regulations that provide Congressional employees with certain rights and protections of chapter 71 of Title 5 of the United States Code. Most significantly, Congress commanded that the regulations issued be "the same as substantive regulations issued by the Federal Labor Relations Authority" unless the Board determines either that modified regulations would more effectively implement the rights and protections of chapter 71 (section 220(e)(1)(A)) or that exclusion from coverage of employees in the so-called political offices is "required" because of a conflict of interest or appearance of conflict of interest or because of Congress' constitutional responsibilities (220(e)(1)(B)). The Board faithfully fulfilled its statutory duty: We conducted the rulemaking required under section 304 of the Act, adhering to the principles and procedures embodied in the Administrative Procedure Act, as Congress instructed us to do. We examined and carefully considered the comments received and—with the assistance of the experienced and knowledgeable Executive Director and Deputy Executive Directors of the Office—we independently collected and analyzed the relevant factual and legal materials. Ultimately, the Board determined that there was no legal or factual justification for deviation from Congress' principal command—that the regulations issued to implement chapter 71 be the same as the regulations issued by the Federal Labor Relations Authority. The regulations we issue today reflect that considered determination.

The dissent unfairly attacks both the Board's processes and its conclusion.

The dissent attacks the Board's processes by stating both that section 220(e)(1)(B) of the Act requires some kind of a different "proactive" rulemaking process and that "the Board did not undertake to make an independent inquiry" regarding the regulatory issues. As the preamble details, this attack is baseless. The Board conducted the statutorily-required rulemaking, a process which included substantial supplementation of the comments received with independent inquiry and investigation and the application of its own—and its appointees'—expertise.

The dissent's suggestion that the Board majority and the Board's appointees did not, in fact, do the spadework necessary to make the judgments made is both ungenerous and untrue, as it impugns the hard work and careful thought devoted to a sensitive issue by all concerned. And, indeed, the dissenters, like the Board majority, had access both to the publicly available materials that might have been relevant to the Board inquiry—such as job descriptions for various positions in Congress—and to legal and factual analyses generated by Board appointees.

To be sure, the Board would not approve *ex parte* factfinding contacts between Board members and interested persons in Congress during the rulemaking period in order to preserve the integrity of its rulemaking process. But neither the commenters nor the dissenting Board members have suggested *even one* additional fact that should have been considered by the Board. Accordingly, the dissent's attack on the Board's processes merely reflects the dissent's unhappiness with the Board's substantive determination. But, it is both wrong and unjust to accuse the Board of failing to engage in an appropriate *process* simply because the Board ultimately *disagreed* with those advocating substantial exclusions from coverage under section 220(e)(1)(B).

The dissent's attack on the substance of the Board's conclusion is similarly misguided. It makes no attempt to ground itself in law, and, in fact, ignores fundamental principles of statutory interpretation: First, in interpreting a statute one looks initially and principally to its language; here the statute authorizes exclusions from coverage only when "*required*" by the statutory criteria. Second, in interpreting a statute, the most relevant legislative history is that addressing the particular provision at issue; here what legislative history there is acknowledges that the substitution of chapter 71 for the National Labor Relations Act ensured the elimination of perceived problems with permitting employee organization in Congress and reveals that section 220(e)(1)(B) was inserted only to make that assurance doubly sure and not as a "standardless license to roam far afield from . . . executive branch regulations." Third, in interpreting a statute, the broad purposes of legislation illuminate the meaning of particular provisions; here the Act in question was designed to bring Congress under the same laws that it has imposed upon private citizens. That purpose has already been diluted by Congress' application to itself of only the limited rights and protections of chapter 71, rather than the broader provisions of the National Labor Relations Act; it would be eviscerated altogether by broad exclusions from coverage of the sort the dissent would endorse.

Nothing in the comments received or in the independent investigation done by the Board suggests that broad exclusions of employees from the coverage of chapter 71 are "required" by conflicts of interest (real or apparent) or by Congress' constitutional responsibilities. As noted in the preamble, chapter 71, by application through the Act, broadly excludes numerous employees from coverage, narrowly confines the permissible arena of collective bargaining, and eliminates most of labor's leverage by barring strikes and slowdowns. There is nothing to fear here, unless one fears the (minimal) requirement that a Congressional employer and its employees communicate about terms and conditions of employment (or, at least those not set by statute) before the employer sets them. And the substantial limits that chapter 71 places on employee organization and collective bargaining fully protect Congress' ability to carry out its constitutional responsibilities and entirely prevent any employee conflicts of interest (real or apparent). While we agree with the dissent that Congress is an exceptional institution, that exceptionalism does not warrant a broad exception from the coverage of chapter 71; neither the dissent nor the Board has identified any constitutional reasonability or conflict of interest that chapter 71's provisions do not adequately address.

The Board's determination that no further regulations are "required" under section 220(e)(1)(B) does not render that section a nullity, as the dissent states. Nor does it indicate a "disdain" for regulatory resolutions. Section 220(e)(1)(B) does not require either regulations or exclusions; it requires a Board inquiry into whether any such exclusions by regulation are necessary. The Board has conducted such an inquiry and has made the statutorily-required determination. That determination is the result of principled statutory interpretation, factual investigation, and legal analysis.

It is, in fact, the dissent's position that would render a portion of the CAA a nullity, because it would insulate Members of Congress from direct experience with employees dignified by labor-relations rights and protections. The Board's position keeps the promise of the Congressional Accountability Act. If the language, legislative history, and fundamental purpose of that Act are to be directly contradicted, that decision is for Congress alone. Such a result cannot lawfully be achieved by Board regulation.

Member Lorber, joined by Member Hunter, dissenting in part:

"The Congressional Accountability Act ("CAA") is one of the most significant legislative achievements of the Congress in many years. While its reach is peculiarly insular, covering only the employees of the Congress and designated instrumentalities of the Congress, its import is global. As the bipartisan leadership of the Congress stated upon the CAA's enactment, this law brings home the promise first offered by Madison in the Federalist Papers that the Congress would experience itself the impact of the [employment] laws it passes and requires of all [employers]."

The CAA established an Office of Compliance within the Congress to operationally carry out the functions of the CAA. The CAA established an independent Board of Directors appointed by the Bi-Partisan Congressional leadership to supervise the operation of the Office, prepare regulations for Congressional approval and act in an appellate capacity for cases adjudicated within the Office of Compliance procedures. As noted by Senator Byrd when the CAA was debated, this tri-partite responsibility of the Board is somewhat unique. In the present rulemaking, the Board is acting in its role as regulator, not adjudicator.

Pursuant to the CAA, the Board was charged with conducting a detailed review of all existing Executive Branch regulations implementing eight labor laws, deciding which of those regulations were appropriate to be adapted for implementation under the CAA and then drafting them to conform with the requirements of the CAA. For the regulations issued and adopted to date and for *most* future regulations, the Board engaged or will engage in a notice and comment process which was modeled after similar procedures followed by the Executive Branch. For the regulations adopted prior to the current rulemaking, after the conclusion of the comment period and after its analysis of the comments, the Board promulgated final regulations formally recommended by its statutory appointees and submitted them for the consideration of Congress.

We believe that this background discussion is appropriate since we are here publishing our dissenting opinion regarding the preamble and recommendation regarding regulations to implement section 220(e)(1)(B) of the Congressional Accountability Act. We note that these proposed regulations also address the statutory inquiry required by section 220(e)(1)(A) of the Act which require the Board to modify applicable regulations issued by the Federal Labor Relations Authority for good cause shown, to determine whether the regulations adopted pursuant to section 220(d) will apply to the political offices listed in section 220(e) and regulations required by section 220(e)(2)(H) of the Act which requires the Board to determine if there are other offices which meet the standards of section 220(e)(2) so as to be included in the consideration required by section 220(e)(1)(B). We do not dissent from the Board's final resolution of these regulatory issues.

We do not undertake to issue this first dissent in the Board's regulatory function lightly. At the outset, the Board appropriately decided that it would endeavor to avoid dissents on regulatory matters. We felt then, and indeed do so now, that the public interest and the Congressional interest in a responsible implementation of the CAA required that the Board work out, in its own deliberative process, differences in policy or procedure. While the issues there addressed were and are some of the most contentious employment issues in the public debates, the Board and staff worked through the issues with a remarkable degree of unity and comity.

However, in enacting the Congressional Accountability Act, the Congress included one section that differs from all others in its requirements of the Board and in its process of adoption. Indeed, unlike any other substantive provision of the CAA, this section finds no parallel in the published regulations of the Executive Branch. Section 220 of the CAA, which adopts for Congressional application the relevant sections of the Federal Labor Relations Act contains within its subsections 220(e)(1)(B) and (e)(2), which deal with the application of the FLRA to the staff of Congressional personal offices, committee offices and the other offices listed in section 220(e)(2), ("the political offices").

Section 220(e)(1)(B) of the Act requires the Board to undertake its own study and investigation of the impact of covering the employees in the political offices and determine itself, as a matter of first impression and after its own inquiry, whether such coverage of some or all of those employees would create either a constitutional impediment or a real or apparent conflict of interest such as to require the Board to exempt from coverage, by regulation, some or all of those employees or some or all of the positions employed in the political offices. Due to the speed of enactment, and apparently because the CAA culminated a protracted period of prior debate by previous Congresses on this issue, neither the statute nor any accompanying explanations provided specific guidance as to the method and procedure the Board was to follow in reaching its 220(e)(1)(B) recommendations.

The section in question contains two separate requirements for the Board. Section 220(e)(1)(A) repeats the standard for all other Executive Branch Regulations that the Board may, for good cause shown, amend the applicable FLRA regulations as applied to the Congress. As previously noted, we join the Board's resolution of this section. However, unique to the CAA, section 220(e)(1)(B) requires of the Board that it independently review the coverage question for the political offices enumerated in section 220(e)(2) in order to determine if the Board should, by regulation, recommend that some or all of the employees of those offices be excluded from coverage. This exclusion from coverage merely means that the Board has determined that certain positions be exempted from inclusion in bargaining units for the statutory reasons set forth in section 220(e)(1)(B). The other applicable exemptions found in the FLRA and noted by the majority are unaffected by section 220(e)(1)(B). Thus, reference to the applicability of those exemptions may have been necessary to respond to certain commenters but are irrelevant for these purposes. Again, unlike any other regulation proposed by the Board, the 220(e) regulations will not take effect until affirmatively voted on by each House of Congress. It should be noted that the 220(d) regulations governing application of the FLRA to Congressional employees not working in the 220(e)(2) political offices are not affected by this enactment requirement. This requirement was necessary in part because there are no comparable Executive Branch regulations which will come into effect in the absence of Congressional action. Thus, the Congress must exercise greater oversight in reviewing these regulations because there is no preexisting regulatory model against which to compare the Board's decision. By requiring this independent analysis, the Congress clearly intended for the Board to investigate these issues in a manner different from the passive or limited review as defined by the majority.

Faced with this novel requirement, the Board attempted to fashion a means of addressing this issue which would continue its practice of ensuring fair, prompt and informed consideration of regulatory issues. The majority adopted as its guide the process heretofore followed by the Board in its previous regulatory actions in the standard notice and comment manner. Its methodology was apparently modeled after its belief that the Administrative Procedure Act ("APA") is either directly incorporated into the CAA or that the reference to the APA in section 304 binds the Board in a way so as to preclude it functioning in a normal and accepted regulatory manner. Of course, if the majority does not now assert that its analysis is constrained by its restrictive interpretation of the APA, then we are in some doubt about the majority's stated reason for its passive review of written comments and failure to undertake any examination on its own of the issues here before us.

The Board attempted to frame the 220(e)(1)(B) issue broadly enough to encourage informed comment by the regulated groups. It responded to the comments received by proposing a regulatory scheme (in this case a decision not to issue any 220(e)(1)(B) regulations), and it elicited comments on the proposed regulations after which it reached the decision published today. The undersigned members believe, however, that section 220(e)(1)(B) charged the Board with a different role. We believe that the Board had the obligation to direct its staff and that the staff itself with independent obligations to each respective House of Congress had to undertake a more involved role. We believe that the uniqueness of this statutory provision required the Board to be proactive in its approach and analysis. Indeed by its very inclusion in the statute, and the requirement that the Congress affirmatively approve of its resolution, section 220(e)(1)(B) indicated a concern on behalf of the entire Congress that potential unionization of the political employees of the political offices in the Congress might pose a constitutional or operational burden (as defined by a conflict or apparent conflict of interest) on the effective operations of the legislative branch. Whatever the individual views of any Board member regarding this section, we believe that our responsibility is to effectuate the intent of the Congress as reflected in the Statute.

Response to the Board's initial invitation for informed input was not substantial. However, after the Notice of Proposed Rulemaking was published, substantial comments were received. In fact, the Board made special efforts to elicit comments and even briefly extended the comment period to accommodate interested parties who could offer assistance. By the end of the process, the Board did receive comments from most of the interested Congressional organizations. It received only one comment from a labor organization during the ANPR period and a separate letter during the NPR period in which the labor organization indicated that it reaffirmed its opposition to a total exemption of the political offices employees. The quality and informative content of the comments received are subject to differing views. The majority of the Board apparently believes that the comments were not particularly helpful or informative. We can only reach this conclusion by noting that the Board took pains to disclaim the substance and import of the comments received except apparently to credit substantive weight to the sole comment urging that the Board refuse to exercise its authority under 220(e)(1)(B). We believe, on the other hand, that the substantive comments did articulate a cogently expressed concern about the coverage of the employees in question and the disruptive effect a case by case adjudicatory process would have on the activities of the Congress. In any event, the section of the statute here in question *requires* the Board to move its inquiry beyond the written submissions.

Unfortunately, the Board did not undertake to make independent inquiry regarding these questions or to engage in inquiry of Congressional employees or informed outside experts. Rather, the Board continued its nearly judicial practice by which it analyzed the comments as submitted and neither requested follow up submissions nor conducted any independent review. Contrary to the majority's opinion, the undersigned believed that the submitted comments were helpful in indicating areas of concern and setting forth possible methods of addressing this issue. And in any event, under the majority's own standards, the lack of *any* substantive comments supporting the majority's ultimate conclusion is telling.

In the type of insulated analysis undertaken by the Board, where it relies so heavily upon submitted comments, we find it curious that the majority apparently adopted a position that it was only the obligation of those supporting a full or partial exclusion under section 220(e)(1)(B) to persuade the Board and that those opposing such exclusion can rely upon the Board's own analysis. We believe that the Board was charged with a different task and that it had to reach its own conclusions unanchored to the quality or inclusiveness of the comments. The undersigned relied, in addition, on our own understanding of the responsibilities of the Congress and the various offices designated for consideration, the criteria set forth for decision in the Statute, and our own experience. We believe that the Board's deliberations were hampered by its constricted view of its role and by not undertaking its own investigative process so as to better understand the tasks generic to the various Congressional job titles in the political offices.

The Board's discussions were detailed and frank. They were carried out in a professional and collegial manner. Various formulations of resolution were put forth by various commenters and the dissenters, including regulatory exemption of all employees, regulatory exemption of employees with designated job titles, regulatory exemption of all employees deemed to be exempt as professional employees under section 203 of the Act (the FLSA) and other regulatory formulations. We believed that the statute did not give the Board the discretion to set its analytical standards so high as to make a nullity of section 220(e)(1)(B). Indeed, we believe that the statute legally compelled the Board to undertake efforts to give meaning to the exemptions. The majority has been resistant to any formulation which would apply the 220(e)(1)(B) regulatory exemption. The result of the Board's deliberations are found in the proposed 220(e)(1)(B) regulations (or lack thereof) and the explanatory preamble.

We dissent from this resolution for several reasons. As set forth above, we believe that the Board was charged with a different and unique role. In this case, the credibility of the Board's response to section 220(e)(1)(B) demanded a proactive, investigatory effort under the authority of the Board which we believe simply did not occur. The majority, as expressed in the preamble, relied instead upon past precedents and concepts which we believe inapplicable or at least not determinative of the complex issue raised by 220(e)(1)(B). Indeed, as discussed below, its limited view of the leeway regulators have to interpret their statutes so as to give meaning and substance to Congressional enactment mars this entire process. We note, for example, the majority's reliance on *In re Department of Labor, Office of the Solicitor and AFGE Local 12*, 37 F.L.R.A. 1371 (1990), for its discussion of "confidential employees" and for other purposes. While this case may be pertinent if that issue comes before the Board in an adjudicatory context, we fail to see its relevance when the statute commands the Board to view the issue of unionization of *politically appointed* employees who work in *political offices* in the legislative body under separate and novel standards. Indeed, as we noted above, the standard statutory exemptions for professional or confidential employees are simply irrelevant to this discussion. Thus, in the case relied upon so heavily by the majority, we would simply note that Labor Department attorneys are, like the vast majority of federal employees covered by the FLRA, career civil servants who must conduct their professional activities in a nonpartisan environment. We believe that the conflict or apparent conflict of interest implicated by each workplace environment and type of employee is different. Politically appointed employees in political offices are under different constraints.

We note as well that the majority looked to private precedent decided under the National Labor Relations Act for guidance. If the majority believes that NLRB precedent is of assistance to our deliberations, we too would look to applicable NLRB precedent for guidance. Apparently faced with a growing caseload and inconsistent decisions by the appellate courts, the NLRB undertook in 1989 to decide by formal rulemaking the appropriate number of bargaining units for covered health care institutions. At the conclusion of this rulemaking process, the NLRB decided that in the absence of exceptional circumstances defined in the regulation, see 29 CFR §130.30 (1990), eight bargaining units would be appropriate. This rulemaking was challenged on several grounds including citation to §159(b) of the NLRA which appears to state that the NLRB should establish appropriate bargaining units in *each case* (emphasis added). However, in *American Hospital Association* v *NLRB* 499 US 606 (1991), a unanimous Supreme Court rejected the view that the NLRB was constrained from deciding any matter on the basis of rulemaking and was compelled to decide every matter on a case by case basis. The Court cited its precedents in other statutory cases for the proposition that a regulatory decision maker "has the authority to rely on rulemaking to resolve certain issues of general applicability unless Congress clearly expresses an intent to withhold that authority." 499 US 606, 612. (citations omitted.) In our statute, the Congress has clearly stated its preference for a regulatory resolution. Indeed, the Court cited with approval the following from Kenneth C. Davis, described by the Court as "a noted scholar" on administrative law: "[T]he mandate to decide 'in each case' does not prevent the

Board from supplanting the original discretional chaos with some degree of order, and the principal instruments for regularizing the system of deciding 'in each case' are classifications, rules, principles, and precedents. *Sensible men could not refuse to use such instruments and a sensible Congress would not expect them to.*" (emphasis added.) 499 US at 612.

We see absolutely nothing in the CAA which nullifies this observation. The majority finds statutory constraints where we find statutory encouragement to act in the manner of "the sensible man" as defined by Davis and relied upon by the Supreme Court. To the extent other similar experience is relevant, we would look to the fact that the Board was informed that no state legislative employees are included in unions even in states which otherwise encourage full union participation for their own public employees. Unfortunately, the majority neglected to analyze the relevance of this fact.

The preamble reflects the majority's belief that it was constrained to act only upon the public rulemaking record. We believe that this analytical model is flawed. The Board cites the reference to the Administrative Procedure Act in section 304 of the Act as implicitly signaling that the Congress somehow incorporated that Act's procedural requirements into the CAA. The majority's view overstates the statutory reality. Most simply, the statutory reference does not command slavish adherence to a formalistic APA inquiry. While APA procedures are certainly good starting points for any rulemaking process, its intricacies and judicial interpretations cannot be deemed binding on the CAA process. Indeed, with respect to most of our regulatory activities, the statute places additional limitations on the Board's discretion and inquiry far more limited than that permitted by the APA. Particularly with regard to section 220(e)(1)(B), the statute clearly places different responsibilities and procedural requirements on the Board. The majority erred in adopting its passive analytical role.

But perhaps more importantly, we believe that the Board's understanding of the appropriate response by regulators to Rulemaking obligations is seriously constricted. Rulemaking never required a hermetically sealed process in which the decision makers sit in a judicial like cocoon responding only to the documents and case before them. Since this Board has disparate functions, it must adapt itself to the specific role rather than bind itself to a singular method of operation, particularly when the issue in question calls for a unified decision and guidance rather than the laborious and time consuming process inherent in case by case resolution. And in any event, as it has evolved, modern rulemaking encourages active participation by regulatory decision makers in the regulatory process, including staff fact finding and recommendation, contacts with involved parties so that all information is obtained and other independent means of acquiring the information necessary to reach the best policy decision. There is no requirement that regulatory decision makers be constrained solely by written submissions which are subject to the expository ability of the commenters rather than the actual facts and ideas they wish to convey. Indeed, while every other regulatory responsibility of this Board is limited to merely reviewing existing federal regulations, in this one area the statute demands that the Board act proactively on a clean slate. This the Board did not do.

We note as well the majority's equation of the Executive Branch functions with the legislative process of the Congress in its citations to past FLRA cases and in its general analysis. We frankly find this comparison to be without any legal or constitutional support. The two branches have wholly different functions. While the Executive Branch has officials who obviously interact with the Congress, their role is not the same as legislative employees who directly support the legislative process in the political offices and institutions of the Congress. Perhaps it should be noted with some emphasis that *advocacy before the Congress is not the same as working in the Congress*. Thus, it is simply wrong to suggest, as the majority does, that Executive Branch employees perform legislative functions. Or that the Board is somehow bound, in this instance, to mutely follow the holding of one FLRA case which addressed the bargaining unit status of government attorneys employed to interpret and enforce a host of laws directed at employment issues, the vast majority of which have absolutely nothing to do with labor management issues. The issue before us requires a sufficient knowledge of Congressional staff functions, responsibilities and relationship so that the statutorily required determination will be meaningful.

We wish to comment on the majority's apparent reluctance or disdain for at least a partial regulatory resolution of this issue. Case by case adjudication of individual factual issues may well be the best means of assuring procedural due process as well as fundamental fairness to the parties involved. The history (until recently) of labor management enforcement had shown a reluctance for regulatory resolution of labor management issues and opted instead for case by case resolution. However, the decisions by the NLRB and the Supreme Court in the *American Hospital Association* case and more recent efforts by the NLRB to engage in more extensive rulemaking indicates that even in the labor-management arena, in which we find ourselves, there is a recognition that regulatory resolution of global issue requiring resolution is often preferable to time consuming and expensive case by case litigation. We share the concern of some of the commenters that a process of adjudicatory resolution, regardless of the efficient manner in which it may be conducted by the Office of Compliance, is time consuming and subject to delay. To add to this, we note that the Board is a part time body whose members must pursue their professional activities as well as serve in the capacity of Board Member. The Board has justified its refusal to issue advisory opinions on other interpretative matters in part on its resource limitations. We agreed with that decision. We merely think it appropriate that the implications and rationale of that decision be applied to the matter before us.

Cognizance must also be taken of the fact that the offices and employees at issue here are transient. In some instances, the entire composition of an employing office may change every two years. We understand that employment in the positions at issue is often not considered a career opportunity but rather represents a period in the professional life of such an employee where they devote their energy and ability to a public pursuit before embarking on their private careers. We point out that case by case adjudication of the eligibility of various employees of various employing offices to be included within collective bargaining units may not be resolved until the employee or the office itself is no longer part of Congress. Thus, while the coverage issue is litigated on a case-by-case, employee-by-employee basis, final resolution of the underlying representational issue is delayed. In a body such as Congress where time pressures are intense and uneven, the inherent disruption and confusion attendant to such uncertainty is highly unfortunate. We believe that the Congress recognized this dilemma by including section 220(e)(1)(B) in the statute. In addition, we look to the impact on employees in those offices who may nevertheless be eligible to join a union if their positions are otherwise not deemed exempt under whatever formulation and note that their statutory rights will be denied because of the insistence on treating this issue as merely another adjudication.

We finally must address one argument put forward by the Board that suggests that since Congressional employees are apparently free to join, in their private capacity, whatever organizations they wish such as the Sierra Club, the National Right to Work Committee, or NOW, (but see section 502(a) of the CAA), distinguishing between these activities and union membership or ceding authority to the collective bargaining representative represents an unfair discrimination against unions in violation of the FLRA. While of some obvious surface appeal, this argument is entirely frivolous. We must observe that there is one salient difference between those organizations and the labor representation we are here discussing. The organizations cited by the majority *do not* represent the employees for the purpose of their employment and working conditions. They have no official status regarding the working relationships and responsibilities of their members. In contrast, the major purpose of labor organizations, aside from their historical and active participation in the political process, is to represent bargaining unit employees with respect to the terms and conditions of their employment as permitted by law. In the case of the FLRA, once a union is the certified bargaining representative, it represents the employee regardless of whether the employee is a member of the union or not. Thus, the reference to other organizations is of absolutely no relevance to issues being decided today and, in fact, raises issues not before us now and not even within the scope of the CAA.

For at least the reasons set forth above, we must dissent from the Board's decision regarding Section 220(e)(1)(B) regulations and the explanation for that decision set forth in the Preamble to the final regulation. We emphasize that this dissent should not be deemed as precedent for future divisions of the Board. We cannot emphasize enough the unique requirements of section 220(e)(1)(B). Indeed, the statute itself recognizes this distinction by treating employees of the instrumentalities in a wholly different manner than employees of the 220(e)(2) offices. The Board has spent extensive time reviewing this issue. The majority comes to its conclusions backed by its view of the historical treatment of labor management issues and its belief that its scope of review is limited. In short, the Board adopted an unjustified stance regarding its legal authority and self-perceived constraints in the statute. We believe, however, that precedent and our statute command a different treatment. We also believe that the majority ignores the modern developments in regulatory issues. Thus, in view of the explanations offered in the preamble and the decisions reached by the majority, we regretfully believe those decisions to be wrongly considered and wrongly decided.

We add a brief coda to our dissent to simply respond to our colleagues who apparently feel that their lengthy preamble insufficiently set forth their views. We begin by apologizing to the Congress by burdening it at this extraordinary time in the second session of the 104th Congress with these arcane arguments regarding the meaning of the CAA, or PL 104–1. Indeed it is precisely this time constraint which partially drives our concern over the majority's action. We have no doubt that cannery workers, construction workers or sales persons have time constraints. So do health care workers. The Congress will have less than thirty days to complete this session. Critical public business must be completed. These are the time pressures inherent in the Congress which find little parallel in other workplace environments. We respectfully question whether section 220(e)(2) employees are the same as the aforementioned employees, or indeed Executive Branch employees who must perform their critical public business of administering or enforcing the laws Congress passes over a normal full year time span. To underscore our comments in the dissent, our colleagues surely understand the constitutional difference between Article I employees and Article II employees and the constitutionally different responsibilities assigned to each.

Our colleagues suggest that we did not read or misunderstood the wealth of materials gathered during the six month period this issue has been before us. While we applaud the majority's acknowledgement now expressed that it must go beyond the submitted comments, we confess not having had the privilege of knowing that these materials existed. But of much more importance, if these materials existed and were of such weight in the majority's consideration, then its own articulately stated view of the statutory obligations of notice and comment should have required that this information be described and listed in the various notices so that the commenters could fairly respond and argue how this information impacted their comments. It wasn't.

We respectfully submit that our colleagues misconstrue the discussion regarding the *American Hospital Association* case. Our point was not to laud the NLRB or even our Deputy Executive Director, which we surely do. Rather it was to suggest that the Supreme Court precedent involving both labor-management laws and regulatory flexibility did provide the guidance and legal authority we understand our colleagues to be searching for. We particularly note that the Court there apparently considered the observations of an administrative law scholar regarding the need to impute into every statute establishing regulatory authority the obligation of sensible interpretation as being as of much or even more precedential weight as the prior decisions of that Court.

Too much has been written on this issue. We hope that the Congress does devote some time to considering the recommendation being sent to it by the Board of the Office of Compliance. If this dissent has some resonance, perhaps the Congress might consider returning it to the Board with some guidance as to its intentions regarding the factors to be considered and methodology to be followed by the Board in reaching its recommendations.

ADOPTED REGULATIONS

§2472 Specific regulations regarding certain offices of Congress

§2472.1 Purpose and scope

The regulations contained in this section implement the provisions of chapter 71 as applied by section 220 of the CAA to covered employees in the following employing offices:

(A) the personal office of any Member of the House of Representatives or of any Senator;

(B) a standing select, special, permanent, temporary, or other committee of the Senate or House of Representatives, or a joint committee of Congress;

(C) the Office of the Vice President (as President of the Senate), the Office of the President pro tempore of the Senate, the Office of the Majority Leader of the Senate, the Office of the Minority Leader of the Senate, the Office of the Majority Whip of the Senate, the Office of the Minority Whip of the Senate, the Conference of the Majority of the Senate, the Conference of the Minority of the Senate, the Office of Secretary of the Conference of the Majority of the Senate, the Office of the Secretary of the Conference of the Minority of the Senate, the Office of the Secretary for the Majority of the Senate, the Office of the Secretary for the Minority of the Senate, the Majority Policy Committee of the Senate, the Minority Policy Committee of the Senate, and the following offices within the Office of the Secretary of the Senate: Offices of the Parliamentarian, Bill Clerk, Legislative Clerk, Journal Clerk, Executive Clerk, Enrolling Clerk, Official Reporters of Debate, Daily Digest, Printing Services, Captioning Services, and Senate Chief Counsel for Employment;

(D) the Office of the Speaker of the House of Representatives, the Office of the Majority Leader of the House of Representatives, the Office of the Minority Leader of the House of Representatives, the Offices of the Chief Deputy Majority Whips, the Offices of the Chief Deputy Minority Whips, and the following offices within the Office of the Clerk of the House of Representatives: Offices of Legislative Operations, Official Reporters of Debate, Official Reporters to Committees, Printing Services, and Legislative Information;

(E) the Office of the Legislative Counsel of the Senate, the Office of the Senate Legal Counsel, the Office of the Legislative Counsel of the House of Representatives, the Office of the General Counsel of the House of Representatives, the Office of the Parliamentarian of the House of Representatives, and the Office of the Law Revision Counsel;

(F) the offices of any caucus or party organization;

(G) the Congressional Budget Office, the Office of Technology Assessment, and the Office of Compliance; and

(H) the Executive Office of the Secretary of the Senate, the Office of Senate Security, the Senate Disbursing Office, the Administrative Office of the Sergeant at Arms of the Senate, the Office of the Majority Whip of the House of Representatives, the Office of the Minority Whip of the House of Representatives, the Office of House Employment Counsel, the Immediate Office of the Clerk of the House of Representatives, the Immediate Office of the Chief Administrative Officer of the House of Representatives, the Office of Legislative Computer Systems of the House of Representatives, the Office of Finance of the House of Representatives and the Immediate Office of the Sergeant at Arms of the House of Representatives.

§2472.2 Application of chapter 71

(a) The requirements and exemptions of chapter 71 of title 5, United States Code, as made applicable by section 220 of the CAA, shall apply to covered employees who are employed in the offices listed in section 2472.1 in the same manner and to the same extent as those requirements and exemptions are applied to other covered employees.

(b) The regulations of the Office as set forth at sections 2420–29 and 2470–71, shall apply to the employing offices listed in section 2472.1, covered employees who are employed in those offices and representatives of those employees.

RETIREMENT OF DELAWARE STATE SENATOR RICHARD S. CORDREY

Mr. BIDEN. Mr. President, there are moments in the history of every legislative body when the members, and the public, are forcefully reminded that the achievements of the body as a whole have depended significantly upon the skills and the leadership of a single individual. One of those moments has arrived for the Delaware State Senate with the decision of State Senator Richard S. Cordrey not to seek reelection in 1996, after 30 years of public service.

That his colleagues have long recognized his outstanding personal qualities is made clear by the fact that for 24 of those 30 years, Senator Cordrey has served as president pro tempore of the Delaware Senate—an exceptional tenure in that office that is unrivaled in Delaware's history or among his counterparts in other States. As no one knows better than those of us who serve in the U.S. Senate, such extended recognition of legislative leadership is a certain sign of a rare and enduring trust, and Senator Cordrey's legislative record demonstrates why he has been for so long accorded that trust—fully 80 percent of the bills he has introduced in the Delaware Senate have been passed by both houses of the Delaware General Assembly and signed into law by one of the five Delaware Governors who have held office since Senator Cordrey first entered the Delaware Senate. I doubt that any of us here, or any of our predecessors in this Senate could claim equivalent legislative success.

A major legacy of that success is Delaware's Rainy Day Fund that sets aside 2 percent of the state's revenues in a fund that can be called upon in the event of a devastating economic recession. Delaware's thriving economy and its solid reputation on Wall Street can be largely attributed to that Cordrey-led initiative in fiscal responsibility. He demonstrated similar economic insight and leadership in shepherding through the general assembly in the 1980's Delaware's landmark Financial Center Development Act and related legislation which has expanded Delaware's thriving financial-services sector and given the State's economy a major boost.

But the hallmark of Richard Cordrey's leadership of the Delaware State Senate has been his character and personality—an honest and affable man with a set of well-defined personal values and an adamant integrity who could nevertheless create bipartisan consensus out of legislative chaos. A Republican colleague, State Senator Myrna Bair, has said of Cordrey, a Democrat, "He had a way of promoting what he believed while allowing others to vote their way with no hard feelings;" and a Democratic colleague, State Senator Thurman Adams, has said, "He always spoke what he thought was the truth. He took time with people, and they developed tremendous trust in him. His word was his bond."

Mr. President, no legislature would willingly say good-by to a leader who consistently demonstrated such qualities over a quarter-century, and the Delaware State Senate will miss the steady hand of Richard Cordrey at the helm, as will the people of Delaware—but he has chosen to retire from office with the same firmness that characterized him in office and, knowing Delaware will benefit far into the future from the body of law and the style of leadership he has created, we Delawareans all wish him well as he returns to private life.

RETIREMENT OF THOMAS R. VOKES FROM THE U.S. MARSHALS SERVICE

Mr. SPECTER. Mr. President, on August 31, 1996, while the Senate was in recess, Thomas R. Vokes retired from the U.S. Marshals Service after a distinguished law enforcement career of 33 years, including 26 years with the Marshals Service.

Mr. Vokes was born and raised in Clearfield, PA. He attended the public schools there through high school. In 1963, he embarked on what proved to be a most distinguished career in law enforcement when he joined the Washington, DC, Metropolitan Police Department as a police officer.

In 1966, Mr. Vokes joined the Federal service by becoming a White House police officer, a predecessor to today's Uniformed Division of the Secret Service. Four years later, Mr. Vokes joined the U.S. Marshals Service, the agency from which he just retired.

Upon joining the Marshals Service, Mr. Vokes returned to Pennsylvania as a deputy U.S. marshal for the Middle District of Pennsylvania. Five years later, in 1975, Mr. Vokes became a supervisory deputy marshal in the Middle District. In 1980, Mr. Vokes was promoted and moved to California to become a court security inspector. He received a court appointment to serve as the U.S. marshal for the Central District of California, one of the Nation's largest Federal judicial districts, in January 1981 and served until March 1982.

Upon completing his term as U.S. marshal in Los Angeles, Mr. Vokes returned to Pennsylvania and served as chief deputy U.S. marshal, the senior career position, in the Middle District of Pennsylvania for 2 years. After additional service as chief deputy U.S. marshal in North Dakota, Mr. Vokes returned once again to Pennsylvania in 1991, having been appointed by the Attorney General to serve as the U.S. marshal for the Eastern District of Pennsylvania, based in Philadelphia.

It was in this capacity that I came to know Mr. Vokes. As the U.S. marshal for the Eastern District of Pennsylvania, Mr. Vokes was widely recognized and esteemed by Federal, State, and local law enforcement agencies and by the Federal courts for his effective leadership and management of the functions of the Marshals Service in the district. I knew the security of the Federal courts in Philadelphia was in good hands when Marshal Vokes was at the helm.

In March 1994, Marshal Vokes left Philadelphia and returned to Washington, where he had started his law enforcement career, to serve as the chief of the Marshal Service's Prisoner Operations Division, managing the agency that ensures that Federal prisoners awaiting trial show up in court at the appointed time. It was from this position that Marshal Vokes just retired.

If the measure of the man is the trust reposed in him, Marshal Vokes has been highly respected throughout his career. Twice he was selected to serve as chief deputy U.S. marshal, the senior career position in the Marshals Service. And twice he was selected to serve as the U.S. marshal in two of the Nation's largest and busiest judicial districts, Los Angeles and Philadelphia. Finally, he ended his career in charge of one of the operational divisions of the entire Marshals Service.

Too often we in Congress fail to recognize publicly the thousands of dedicated civil servants like Marshal Vokes who carry out the laws that we adopt. I am pleased to honor Marshal Vokes for his dedication to our Nation and its people. He is one of Pennsylvania's finest, and we have been honored to share his talents with the rest of the Nation. I know all my colleagues join me in wishing Marshal Thomas R. Vokes all the best in his retirement.

NOMINATION OF CONGRESSMAN PETE PETERSON TO BE AMBASSADOR TO VIETNAM

Mr. THOMAS. Mr. President, I come to the floor today as the chairman of the Subcommittee on East Asia and Pacific Affairs of the Foreign Relations Committee to outline for my colleagues a decision that I and the distinguished full committee chairman Mr. HELMS have made to postpone the nomination hearing of Congressman DOUGLAS "PETE" PETERSON to be Ambassador to the Socialist Republic of Vietnam (SRV).

At the outset let me say, as I did to Congressman PETERSON yesterday, that the reason for the postponement—and I will address this in greater detail in a moment—is the White House's failure to meet the constitutional requirements for the nomination; it has nothing to do with PETE PETERSON as a nominee. If the White House had avoided this oversight, we could have moved ahead with this nomination—a nomination I believe most of the committee would support—without all the fits and starts and delays.

The President nominated Congressman PETERSON for the position of Ambassador to the SRV on May 23, 1996. His file was received by the full committee in June and was finally complete and ready for consideration by the committee on June 25. The full committee scheduled a confirmation hearing on the Peterson nomination and three others for July 23, which I was to chair in my capacity as chairman of the subcommittee of jurisdiction. However, because of a series of conflicts with the Senate schedule, the hearing had to be postponed twice; first to July 29 and then to September 5, after the August recess.

But at the same time this series of postponements was taking place, the distinguished Senator from North Carolina [Mr. HELMS] and I were growing concerned over a legal issue which had come to our attention regarding to the nomination. On July 17, our legal staffs informed us that a provision of the Constitution might preclude Congressman PETERSON from serving as Ambassador. We contacted the White House, and asked for a detailed clarification of the issue from them. At the same time, we asked the Office of Senate Legal Counsel [SLC] to provide us with their opinion. Mr. Jack Quinn, Counsel to the President, provided us with a letter outlining the administration position on July 22; their legal opinion from the Office of Legal Counsel [OLC] at the Department of Justice followed after the close of business on July 26. The SLC opinion was delivered to us the same day.

After carefully reviewing the opinions of the OLC and the SLC over the August recess, and the legal authorities cited in them, we have concluded that the constitutional issue requires us to postpone Congressman PETERSON's nomination hearing until January next year in order to meet the requirements of the Constitution.

Mr. President, article I, section 6, clause 2 of the U.S. Constitution provides in part:

> No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been increased during such time. . . .

In other words, this provision of the Constitution—called the ineligibility clause—prohibits a Member of Congress from being appointed to a civil position in the Government which was created, or for which there was a salary increase, during that Member's term of office.

The first time the ineligibility clause arose as an issue was during the Presidency of George Washington; the second was during the administration of President Arthur. In both cases, the President's interpreted the provision literally and it was concluded that the Constitution prohibited even the nomination of a Member of Congress to an office created during his term—thus equating nomination with appointment. As President Arthur's Attorney General stated:

> It is unnecessary to consider the question of the policy which occasioned this constitutional prohibition. I must be controlled exclusively by the positive terms of the provision of the Constitution. The language is precise and clear, and, in my opinion, disables him from receiving the appointment. The rule is absolute, as expressed in the terms of the Constitution, and behind that I can not go, but must accept it as it is presented regarding its application in this case.

Under a literal reading, then, Congressman PETERSON cannot be even considered for the nomination until after January 3, 1997—the expiration of his present term. It would seem to me that if President Washington found a nomination similar to Congressman PETERSON's void from the outset because of the ineligibility clause, that reasoning should be good enough for the Clinton administration.

Even if we assume for the sake of argument that a literal construction of the clause is not warranted here—and that we have to determine exactly which act or series of acts constitutes an appointment under the clause—an examination of the facts in Congressman PETERSON's case yields the same conclusion. It has been argued that some precedent exists to support the conclusion that appointment requires both the acts of nomination and of confirmation by the Senate. For example, in Marbury versus Madison, Chief Justice Marshall wrote:

> These . . . clauses of the Constitution and laws of the United States which affect this part of the case [governing the appointment of U.S. marshals] . . . seem to contemplate three distinct operations:
>
> 1. The nomination. This is the sole act of the President, and is completely voluntary.
>
> 2. The appointment. This is also the act of the President, and is also a voluntary act, though it can only be performed by and with the advice and consent of the Senate.
>
> 3. The commission. To grant a commission to a person appointed might, perhaps, be deemed a duty enjoined by the Constitution. "He shall," says that instrument, "commission all the officers of the United States."
>
> The acts appointing to office, and commissioning the person appointed, can scarcely be considered as one and the same; since the power to perform them is given in two separate and distinct sections of the Constitution.

Although that case is not controlling in the Peterson situation because it did not involve the ineligibility clause, assuming that it governed here would still preclude our taking up the Congressman's nomination before the expiration of his present term. Under the reasoning of Marbury, Congressman PETERSON would be appointed within the meaning of the ineligibility clause at the time the Senate were to give its advice and consent. Given the facts of his case, it would be unconstitutional for this body to confirm the Congressman by a floor vote prior to the next Congress.

Moreover, Chairman HELMS and I consider the nomination hearing to be an integral part of the process of advice and consent. It is, after all, the only time that the Senate as a body—through its Foreign Relations Committee—has a chance to personally examine and question the nominee and his qualifications for office. The committee then prepares a written report urging the full Senate to a particular course of action in voting for or against the nomination. We would, therefore, consider it constitutionally inadvisable to proceed with a hearing on a constitutionally ineligible nominee such as in this case until January next year—when the constitutional issue is no longer a problem.

Next, Mr. President, we must consider whether the office of ambassador is a "civil office of the United States" and thus is governed by the clause. The OLC opinion contends that "there is a difficult and substantial question" whether it is a civil office, and that the only precedent it could find "assum[ed] (without discussion) that it should be considered to be such an office. In accordance with that precedence [sic], we shall assume here, without deciding, that the Ambassadorship to Vietnam would be a 'civil Office' within the meaning of the ineligibility clause." While the OLC opinion thus concedes the point for purposes of this particular argument, I believe that an examination of the history of the ineligibility clause, as well as the nature of the office itself, clearly establishes that it is a civil office contemplated by the provision.

The early drafts of what became the ineligibility clause did not limit the prohibition to civil office, but encompassed all offices of the United States. During the debates at the Constitutional Conventions, however, the Framers came to realize the danger in having the clause prohibit what might be some of the most able military men in the country from serving in the Armed Forces in time of war. Many officers from the Continental Army had become Members of Congress; if a war had broken out, the fledgling country would have been deprived of much of its officer corps because the then-proposed ineligibility clause would have prevented their joining until the expiration of their respective terms of office. So the adjective "civil" was added, to distinguish it from the military. This is in line with the dictionary definition of civil: "of ordinary citizen or ordinary community life as distinguished from the military or ecclesiastical." So as contemplated by the Framers, an ambassadorship is clearly "civil" in nature.

Similarly, an ambassadorship is clearly a Federal office, as that term is defined both in law and practice. For example, in United States versus Hartwell, the Supreme Court stated that "a[] [Federal] office is a public station, or employment, conferred by the appointment of government. The term embraces the ideas of tenure, duration, emolument, and duties." Ambassadors are appointed by the President, and serve for the duration of a President's term or until they retire or are reassigned; they are paid from the Treasury; and they have a well-defined and customary series of duties they perform—all the criteria of a Federal office.

I would also note that article II, section 2 of the Constitution declares that "the President shall nominate, and . . . shall appoint ambassadors . . . and all other officers of the United States." Note, Mr. President, the use of the term "all other." This infers that ambassadors are part of the class of "officers of the United States." In view of these facts, it can hardly be argued that an ambassadorship is not a civil office of the United States, and thus falls within the clause's prohibition.

Finally, Mr. President, the ineligibility clause requires us to determine whether the office of Ambassador to the SRV is one which was created during the Congressman's term of office. As I previously mentioned, Representative PETERSON was most recently elected on November 8, 1994, for a term that began on January 4, 1995, and that will end at noon on January 3, 1997. The President formally extended full diplomatic recognition to the SRV for the very first time in August 1995 and nominated Mr. PETERSON to be Ambassador to the SRV on May 23, 1996.

The White House has taken the creative position that:

> ...based on the facts and circumstances of this case, the office of Ambassador to Vietnam has not yet been created. If the Senate confirms Mr. Peterson, the President will not create the position of Ambassador to Vietnam until after noon on January 3, 1997. Therefore, so long as the Office is created at a time after Mr. Peterson's term of office . . . has expired, he can be appointed to the Office of Ambassador [without running into constitutional problems].

Rather than paraphrase the OLC argument, Mr. President, I ask unanimous consent the relevant portions be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXCERPT FROM OFFICE OF LEGAL COUNSEL OPINION

III.

We think it fair to say that the patterns of constitutional practice that we have described do not conclusively answer the question when the office of an ambassadorship is created. Nonetheless, we think that the legal and historical materials strongly point towards a particular answer, and we find that answer to be considerably more persuasive than any of the alternatives. Based on our survey of the materials, including the 1814 debate, we believe that the following tests are appropriate in determining when, for purposes of the Ineligibility Clause, the President has created the office of ambassador to a particular foreign State, in cases when such an ambassadorship has not existed before or (as in the case of Vietnam) has lapsed or been terminated:

1. In the usual course, the office is created at the time of appointment of the first ambassador to a foreign State once the President establishes diplomatic relations with that State. All that precedes the appointment—offering to establish normal diplomatic relations, receiving the foreign State's agreement to receive a particular person as the United States' ambassador, nominating and confirming that individual as ambassador—are all steps preparatory to the creation of the office. If the President ultimately declines to appoint an ambassador, the "office" is never created.

2. The President, nonetheless, retains the power to alter the ordinary course of events, and to create the office at some other time—or not at all. The act of creating the office must be distinguished from the preparatory steps leading to its creation. The preparatory acts indicate that the President intends to create the office; they do not in themselves constitute its creation. Indeed, in the ordinary course, the President should be understood to intend to create the office of ambassador upon the appointment of the individual as the first ambassador to the receiving State.

We turn now to the application of these tests to the ambassadorship to Vietnam.

IV.

The process by which the United States have been normalizing its relations with Vietnam has been underway for several years. The Republic of Vietnam ("RVN") was constituted as an independent State within the French Union in 1950, and the United States sent a Minister to that State. (The United States did not recognize the Democratic Republic of Vietnam ("DRVN"), which had earlier declared itself to be an independent State.) Thereafter, on June 25, 1952, the United States appointed an Ambassador to the RVN, and upgraded the United States Legation in Saigon to Embassy status. In 1954, Vietnam was partitioned into what came commonly to be called "North" and "South" Vietnam. Despite an international agreement calling for the reunification of Vietnam, that did not occur; instead, the RVN, functionally, became South Vietnam, and the DRVN, functionally, North Vietnam. The United States maintained an ambassadorial post in the RVN from 1952 onwards. The last United States Ambassador left his post in Saigon on April 29, 1975.

After the Communist victory over South Vietnam in April, 1975, it became the position of the United States that "[t]he Government of South Vietnam has ceased to exist and therefore the United States no longer recognizes it as the sovereign authority in the territory of South Vietnam. The United States has not recognized any other government as constituting such authority." *Republic of Vietnam* v. *Pfizer, Inc.*, 556 F.2d 892, 895 n.4 (8th Cir. 1977) (quoting letter from State Department).

During the present Administration, several successive and carefully measured steps were taken with a view to improving, and perhaps normalizing, relations between the United States and Vietnam. On July 2, 1993, President Clinton announced that the United States would no longer oppose the resumption of aid to Vietnam by international financial institutions. On February 3, 1994, the President announced the lifting of the United States' embargo against Vietnam. He also announced an intent to open a liaison office in Hanoi in order to promote further progress on issues of concern to both countries, including the status of American prisoners of war and Americans missing in action. His statement emphasized, however, that "[t]hese actions do not constitute a normalization of our relationships. Before that happens, we must have more progress, more cooperation and more answers." On May 26, 1994, the United States and Vietnam formally entered into consular relations within the framework of the 1963 Vienna Convention on Consular Relations, to which both States were party. The United States, however, continued to condition diplomatic relations on progress in areas of concern to it. On January 28, 1995, the United States and Vietnam signed an agreement relating to the restoration of diplomatic properties and another agreement relating to the settlement of private claims. On July 11, 1995, the President announced an offer to establish diplomatic relations with Vietnam under the Vienna Convention on Diplomatic Relations—an offer that Vietnam accepted on the following day. In announcing that offer, the President stated that from the beginning of his Administration, "any improvement in relationships between America and Vietnam has depended upon making progress on the issue of Americans who were missing in action or held as prisoners of war." Soon thereafter, the United States Liaison Office in Hanoi was upgraded to a Diplomatic Post.

On May 8, 1996, the Government of Vietnam gave its agreement ("agreement") to the United States' proposal that Representative Peterson be Ambassador Extraordinary and Plenipotentiary of the United States to Vietnam. On May 23, 1996, the President submitted Mr. Peterson's name to the United States Senate for its advice and consent to that appointment.

In our judgment, while this pattern of activity demonstrates that the President fully intends and expects to create the office of ambassador to Vietnam, it does not establish that he has, in fact, yet done so. The establishment of diplomatic relations does not entail the establishment of a diplomatic mission or the creation of the office of an ambassador. See Vienna Convention on Diplomatic Relations, art. 2. Moreover, the existence of diplomatic relations with Vietnam does not require (although it may normally assume) an exchange of ambassadors, since relations may be conducted at a lower diplomatic level. Further, we do not think that Vietnam's agreement to receive Mr. Peterson as ambassador establishes that that office exists for constitutional purposes. Nor (although the question is closer) does the President's decision to submit Mr. Peterson's name to the Senate for confirmation. Even if Mr. Peterson is confirmed, the President would retain the discretion not to send an ambassador to Vietnam, or otherwise not to create that office. In view of the facts that the United States has not had an ambassador to Vietnam since 1975 (and has never had an ambassador to the present government), that the process of normalizing relations between the United States and Vietnam has been a complex and protracted one, and that contingencies, however unlikely, may yet arise that would lead the President to conclude that it was not in the United States' best interests to appoint and send an ambassador, we do not think that the office of ambassador to Vietnam can be said to exist unless and until the President actually completes the process by appointing an officer to that position. Accordingly, if the President decides not to appoint Mr. Peterson to that office until after the expiration of the present term of Congress on January 3, 1997, we do not think that Mr. Peterson is constitutionally ineligible for that appointment.

In the interests of clarity, we repeat that we are not maintaining that an "appointment" within the meaning of the Ineligibility Clause does not occur until the appointee is actually commissioned by the President. Whatever the merits of that view as an original proposition (and they are substantial),[31] we are not writing on a clean slate. Accordingly, we follow the centuries-old teaching and practice of the Executive branch in assuming that the nomination of an ineligible individual is itself a constitutional nullity, even if the commissioning of that individual were to occur after the term of his or her ineligibility. Our position is that, in the singular circumstances of this case, the relevant office—the Ambassadorship to Vietnam—has not yet been "created," so that no ineligibility exists. Thus, both the President's act of nominating Mr. Peterson, and the Senate's act of confirming him (if it does), are constitutionally valid.

Mr. THOMAS. Mr. President, I must say that this is one of the least straightforward legal arguments that I have seen. In effect, the administration is saying "go ahead and hold a hearing on the fitness of this nominee to occupy and conduct the duties of an office which we have not yet created but will create at some time in the future." I believe that the clear and serious problems with that argument are self-evident.

Mr. President, what the OLC proposes raises a serious constitutional separation of powers issue in my mind. The Senate's advice and consent function requires a review not simply of the nominee, but of his or her qualifications and fitness to fill a particular office. To call for Senate confirmation of a nominee before the creation of the office that he would fill would deprive the Senate of that complete inquiry.

The OLC has sought to brush aside the problems created by asking us to hold a hearing on an uncreated office by stating that "[e]ven if that particular ambassadorship has yet to be created, the duties and responsibilities of an ambassador are of course perfectly familiar to the Senate." But hypothetically, Mr. President, if we were to confirm an ambassador for an as-yet uncreated office, what is there to assure us that a President could not simply change the nature or duties of the office at his whim after the fact, leaving us—having given our consent—with no constitutional recourse? The Framers of the Constitution did not envision a carte blanche for the State Department in circumstances such as these.

To hold a hearing under these circumstances would set an unadvisable precedent for the Senate. Although the OLC states that there is precedent for our confirming a nominee for which the office did not yet exist, their two examples are not applicable to the facts in the Peterson case. First and foremost, none involved the position of ambassador. Second, both involved executive-branch bodies that were legislatively created—the Occupational Safety and Health Review Commission, and the Department of Health, Education and Welfare. The legislation creating each office had already become law, but provided that the particular respective offices and their holders —in these cases OSHRC Commissioner and Secretary of HEW—were to become effective at a later specific date. So OLC overlooks the fact that the offices had therefore already been created, but they were just not yet functional at the time the nominees were confirmed. An unfilled office is hardly the same thing as an uncreated office.

Given all this, Mr. President, I feel that the Constitution presently precludes our giving our advice and consent regarding the Peterson nomination. Moreover, I believe that it is inadvisable—in view of the Senate's constitutional role in the nomination process—to move ahead with the nomination hearing. If we accept for the sake of argument the White House position that, as the State Department spokesman put it, the office of ambassador is not created until the nominee actually takes up that office, we would be holding a hearing on confirming an individual for a position that does not yet exist. I have just mentioned the problems I have with that conclusion. How then would we exercise what is basically our constitutionally mandated oversight function? How would we determine whether the nominee is fit for the office to which he has been nominated if that office—and consequently its constituent functions and duties —has not come into being?

Given all these substantial problems, I and the chairman have concluded that it would be better to postpone the hearing on Representative PETERSON's nomination until after January 3, 1997, when his term—and the constitutional issue—expire. I pledge to my colleagues, and more importantly to Congressman PETERSON, that if I am chairman of the East Asia Subcommittee in the next Congress my very first hearing will be on this nomination. And I will, in any case, do everything I can to expedite the nomination process for him.

Mr. President, in closing let me stress what our decision to postpone the hearing is not about. First, as I mentioned at the beginning of my statement today it is not about PETE PETERSON. I have never heard any Member, regardless of their position on normalization of relations with the SRV, have anything but praise for the Congressman. He has an exemplary record of service to his country spanning several decades of which I believe all my colleagues are aware. As an Air Force captain, he was flying a combat mission in September 1966 when a North Vietnamese surface-to-air missile struck his Phantom jet fighter. He ejected free of the plane, but parachuted into a tree in the dark breaking an arm, leg, and shoulder. He was captured by the Vietnamese and spent 6½ years as a POW. He first came to Congress in 1991. When his nomination comes before the committee and the full Senate, I intend to vote in favor of it.

It is unfortunate, frankly, that Congressman PETERSON has become the victim of what I would charitably characterize as administration bungling. The administration completely failed to address this issue until our staffs brought it to their attention in mid-July. But it should not have come as a surprise to them, Mr. President—the issue has come up several times in previous administrations and even once in this administration with the nomination of Senator Lloyd Bentsen to be Treasury Secretary. Sadly, the only mention of the issue in the Administration prior to our raising the issue was the following one-page memo dated May 17, 1996, which somewhat ironically only addresses the emoluments portion of the clause—the only portion of the clause not applicable in Congressman PETERSON's case. Mr. President, I ask unanimous consent that the full text of the memo be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF STATE,
Washington, DC, May 17, 1996.

Memo for the file.

Subject: Nomination of Congressman Pete Peterson to be Ambassador to Vietnam.

In response to a question from the Executive Clerk at the White House, Mary Beth West, L/LM, and her staff researched the possible impact on Congressman Peterson's ambassadorial nomination of Article 1, Section 6, of the Constitution which states:

"No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been increased during such time; and no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office."

In consultation with the Office of Legal Counsel at the Justice Department and the White House Counsel's Office, it was determined that this constitutional requirement only prohibits the appointment of a Senator or Representative to a civil office if an act of Congress has created, or increased, the emoluments of that office during that Senator's or Representative's current term of office. In Congressman Peterson's case, there have been no salary increases covering ambassadors during his current term of office.

Mr. THOMAS. Had the administration done its job, Congressman PETERSON would have been spared the surprise and awkwardness of having his hearing postponed for several months. It is unfortunate that he has become a victim of this administration's unfortunate tendency to be reactive, rather than proactive, in its foreign policy decisions.

In some other circumstances, Mr. President, I might worry about a delay in sending an ambassador to a particular country and the effect such a delay might have on our foreign policy. Since May the State Department has been strongly urging the Senate to take up the Peterson nomination at the earliest possible date because "it is vital to U.S. interests that we have an Ambassador in place there." With that sense of urgency, the Department was continually requesting that the nomination be placed on a fast track. That sense of urgency is unabated, but the White House has terminally undercut its own argument by stating that even if the Senate gave its advice and consent in this session to avoid a constitutional problem it would not officially commission and send him to Hanoi until after the expiration of his present term—in other words not until next January—to avoid constitutional complications. It seems to make little sense to hold a hearing now on a nominee who all sides agree is constitutionally barred from taking office until the next Congress convenes. Thankfully for Congressman PETERSON, our delay will not appreciably add to the time he will now be kept from his new position.

Second, the postponement it is not about what I view as the administration's hurried move to normalize relations with the SRV. It will not come as a surprise to anyone that as a Senator I have opposed normalization in the past. My opposition was not based on my dislike of that country's communist dictatorship, or even its brutal repression of its own people—although in this administration's somewhat hypocritical view these two bases seem sufficient to deny diplomatic recognition to other countries such as Cuba, North Korea, and Burma. Rather, I did not believe that we should reward Hanoi with normalization when, in my opinion and the opinion of many other Members of this and the other body, Hanoi had not been sufficiently forthcoming with information about our country's missing and dead servicemen.

I acknowledge that the President has wide latitude in the conduct of foreign policy, he has made the decision to normalize relations, and the Congress has more or less decided to go along with that decision. I have repeatedly stated that I will not stand in the way of that process simply because I disagree with the original decision.

Third, the decision to postpone is decidedly not—I repeat not—about politics. While it has become somewhat "normal" in the Senate for a committee controlled by one party to hold up action on the nominees proposed by a President from the opposing party at the close of an election year, such is not the case in this committee this year. The distinguished full committee chairman, Mr. HELMS, made it clear several months ago that it is his intention to move all matters pending before the committee—whether nominations, legislation, or treaties—out to the full Senate in time for them to be acted upon before the Senate adjourns sine die sometime in October; I fully support that position.

In addition, I have never managed issues within the jurisdiction of my subcommittee in anything less than a fully bipartisan spirit. I firmly believe that to be effective, U.S. foreign policy is an issue that should be insulated from the currents and eddies of partisan politics. Toward that end, I have never raised objections to an ambassadorial nominee solely because he or she was a Democrat, or a political, as opposed to a career, nominee. First, I would not have scheduled, and then rescheduled, this nomination hearing if I had not had every intention of moving forward with it. Nor would I go on record as publicly committing myself to make the Peterson nomination my first of 1997.

Fourth, this is not a question of the committee making a mountain out of a molehill. It is not some arcane issue to which we can turn a blind eye. It exists in black and white in the Constitution, the very document that many Members of this body carry with them daily and which all of us have sworn to uphold.

Some might ask, "What would it harm to simply overlook the problem?" What would it harm, Mr. President? Simply put, I believe strongly that it would harm the Constitution and the Senate. There is an enormous temptation to chisel at the margins of the Constitution. The temptation becomes almost irresistible when the corner chiseled at is deemed a nuisance and the likelihood is very remote that anyone would bring a lawsuit against those holding the chisel. The ineligibility clause would seem to fall into this category.

But a constitutional violation is no less a constitutional violation simply because the offended provision is perceived to be a minor one, or because of the absence of a judicial ruling to that effect. The President has taken an oath to uphold the Constitution; so have I, and I take that oath very seriously. The duty extends to every part of that document, not just to those portions that are considered convenient or more expedient than others. We should not turn our backs on the Constitution simply because we agree Congressman PETERSON is a good candidate or because the State Department would rather that he have his hearing now as opposed to later. Given the Constitution or the administration's convenience, the choice is clear.

INNOVATIVE BUSINESS PRACTICES AT NORFOLK NAVAL BASE

Mr. NUNN. Mr. President, in an article entitled "An Admiral Turns Big Guns on Waste at Norfolk, VA, Base" last month, Wall Street Journal reporter John Fialka described some of the new business practices that the Navy is employing to improve the efficiency of its base operations. I will ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks for the benefit of my colleagues who may have missed it.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NUNN. This article documents a number of innovative initiatives undertaken by the Navy at Norfolk Naval Base—energy audits; joint agreements with civilian port terminals to increase the Navy's railroad access and terminal capacity; and lease arrangements with private real estate developers to increase the quality and quantity of housing for Navy members and their families. Mr. President, this kind of aggressive and innovative approach to reducing infrastructure costs is essential if our military services are going to have the funds to invest in the new systems and equipment need to modernize our forces.

According to the Wall Street Journal, the individual most responsible for these efforts at Norfolk Naval Base is Adm. William J. "Bud" Flanagan, the Commander of the Atlantic Fleet. Many of my colleagues remember Admiral Flanagan from his tour as head of the Navy's Office of Legislative Affairs in the late 1980's. Following that assignment, Admiral Flanagan commanded the Navy's Second Fleet before taking over as Commander of the Atlantic Fleet.

Mr. President, I have known and worked with Admiral Flanagan for many years. He is an extremely capable naval officer, and I am not at all surprised to see that he is also an energetic and creative business manager who is bringing innovative practices to the Navy's base operations. I hope that he keeps up the good work, and that others throughout the military services follow his good example.

EXHIBIT 1

[From the Wall Street Journal, Aug. 19, 1996]

AN ADMIRAL TURNS BIG GUNS ON WASTE AT NORFOLK, VA., BASE

FACING A SEA OF BUSINESS DEALS, FLANAGAN CHARTS A COURSE THAT CHANGES U.S. NAVY

(By John J. Fialka)

NORFOLK, VA.—Not long ago, a private company wanted to rent one of the Navy's sagging, "temporary" buildings here. It offered $400,000 a year for a Cold War relic that was sitting empty.

"We can't do that! Tear it down," ordered Adm. William J. "Bud" Flanagan Jr., commander of the Atlantic Fleet and the short, stocky czar of the sprawling Norfolk Naval Base.

The admiral, who now oversees an $11 billion budget but spent many of his 29 years in the Navy hunting for Soviet submarines, had reason to torpedo the deal. He had hired an outside research firm to analyze the base's $100 million energy bill—a first—and found that heating and cooling the 70,000-square-foot, uninsulated structure would cost nearly $1 million a year. So the rental would lose money. Now, the building is the 84th the admiral has ordered destroyed, and he has targeted 80 more.

Not that Adm. Flanagan hates business deals. In fact, he views this 55-square-mile naval base as awash in entrepreneurial possibilities. He will welcome tourists to what will be, in effect, a theme park with aircraft carriers. He will let a neighboring cargo terminal store cocoa beans on the base—if it helps load Navy ships. He will let developers build fancy townhouses and offices on a slummy-looking peninsula.

For decades, the Navy played a cat and mouse with the Soviet Union at sea, but on shore it operated much like its old adversary. Nobody itemized costs. Electricity wasn't metered. Submarine, aircraft and surface-ship commanders built redundant fiefs and, Adm. Flanagan complains, "didn't talk to each other." As with many federal bureaucracies, leftover funds reverted to the Treasury at year end; so they were spent—on almost anything. "The old tradition was if the Navy can spend some money, it will," he recently noted to a group of naval auditors.

CHANGED RULES

Last year, however, the Navy changed the rules—after hard lobbying by Adm. Flanagan. He did so partly because, as one of a Cape Cod, Mass., policeman's eight children, he admired his mother's gentle but firm grasp on the family budget. But he also was strongly influenced by four mid-career months at Harvard Business School, where he became acquainted with marketing concepts. "It opened up a whole new avenue of thought," he recalls.

Under the Navy's new rules, a commander who saves money or generates outside income can use the funds to buy new ships, planes or other equipment. Now Adm. Flanagan, perhaps with more determination than most senior officers, is trying to get his subordinates on board. His reasoning: The Navy's job remains "to fight and win." he says, but, in an era of shrinking budgets, it can't win "unless we learn to look more like GE than USN."

When he found the Norfolk base renting several hundred vans it didn't need and its overstaffed golf course losing vast sums, he didn't "shoot anybody" but got the problems corrected, he says. "If you start assessing fear and blame," he adds, waste simply goes "underground." Instead, he praises managers who improve matters.

Meanwhile, the first new business was peering through the front gate. Lured by hulking carriers moored at the docks, some 350,000 visitors showed up at base entrances every year, but most couldn't get past the guards. So in October, the admiral removed the guards from the gates. "It took some old salts here some time to get used to it," recalls Norfolk's mayor, Paul Fraim.

Before long, tour buses will call at a new, privately owned marina and restaurant, which will share any profits with the base, and a "Welcome Center" complete with souvenir shops. Naval Number-crunchers—more use to counting munitions—expect 500,000 tourists this year, causing one naval officer to exult: "When they each buy a baseball cap at $6 a pop, we've just made $3 million!"

Nearbly Norfolk International Terminals is also pleased. Cramped for space, it finds itself inundated by two million bags of cocoa beans after a market upheaval. For years, Robert Bray, executive director of the Virginia Port Authority, which runs it, had sought access to empty Navy warehouses just across the fence but found "the answer was always no."

BARTER DEAL PROPOSED

Adm. Flanagan said yes. But he wants a billion-dollar barter deal; if the terminal will load cargo onto Navy ships, it can build storage facilities on unused naval property. Under the projected agreement, the railroad serving the terminal could use Navy land, allowing it to operate longer freight trains. Both the terminal and the base would gain cargo capacity.

Another possible deal that interests Adm. Flanagan involves Willoughby spit, a landfill area with 440 somewhat-shabby Navy apartments—each needing $70,000 of renovation. Two local developers see opportunity—prime waterfront land for a hotel-office-marina complex and townhouses. Monica R. Shephard, the Navy's negotiator, hopes to lease out the site on a long-term basis and use the revenue to finance better naval housing elsewhere. However, civilian tenants would be warned they could be temporarily locked off the base in a national emergency.

In addition, many other tacky, prefab buildings are coming down. Adm. Flanagan, who first came here as a freighter crewman in 1964, remembers even then wondering why so many "temporaries" were still around. As the landlord, he found 132 Navy tenants, some with no direct connection to his base's mission, and told them to pay rent or ship out. "The goal is to make people aware that this stuff isn't free. . . . We are in a limited-resources game," he explains.

REPAIR FACILITIES CONSOLIDATED

His staffers also have consolidated 13 electric-motor repair facilities into one and have cut some 30 instrument-calibration shops to five. The savings so far: about $39 million. And Rear Adm. Art Clark, the Atlantic fleet's chief maintenance officer, says he can cut more.

Not all this pleases private repair yards. They invested heavily in drydocks and piers when President Reagan wanted a 600-ship Navy, and now they fear that the Navy will do more of its own work.

J. Douglas Forrest, vice president of Collona's Shipyard Inc., a family business operating here since 1875, grumbles about naval officers going to "90-to-120-day whiz-bang programs at Harvard, so then they can deal in the financial world." Nothing personal, he adds quickly. "People like Bud Flanagan broke the Red Navy. . . . They're great guys. . . . But the Navy never prepared them for making all the decisions that have been forced upon them by a government that is downsizing."

Adm. Flanagan, too, sometimes longs for the days when "win the war" was the Navy's bottom line: "that was easy. You just got up in the morning and followed the plan."

CONGRATULATIONS TO CAPT. JOHN "TAL" MANVEL, U.S. NAVY

Mr. NUNN. Mr. President, I would like to take this opportunity to recognize Navy Capt. John "Tal" Manvel who has been named the Navy's program manager for the next generation aircraft carrier. Until this assignment, Captain Manvel had been serving as the Executive Assistant to Assistant Secretary of the Navy for Research, Development and Acquisition John Douglass, where he established an outstanding record of service. Navy acquisition has benefited greatly from Captain Manvel's professional advice to the Assistant Secretary Douglass.

Captain Manvel's next assignment carries a very important responsibility. The aircraft carrier is the backbone of our Navy. With a 50-year expected life cycle—greater than any other weapon platform in the Navy—over 80,000 men and women will serve aboard each of these new ships during their life as well as several generations of Naval aircraft. As the program manager for the next generation aircraft carrier, Captain Manvel's influence on our Navy will be evident for more than a half century.

Captain Manvel has broad experience as both an acquisition professional and as a naval engineer with experience onboard aircraft carriers, including duty as chief engineer onboard the *U.S.S. America* (CV 66). He is superbly suited to lead this project. I know my colleagues join me in congratulating Captain Manvel on his new assignment and in wishing him continued success in his career of service to the Navy and our country.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, September 3, the Federal debt stood at $5,226,657,169,759.06.

Five years ago, September 3, 1991, the Federal debt stood at $3,617,116,000,000.

Ten years ago, September 3, 1986, the Federal debt stood at $2,110,332,000,000.

Fifteen years ago, September 3, 1981, the Federal debt stood at $979,575,000,000.

Twenty-five years ago, September 3, 1971, the Federal debt stood at $414,181,000,000, an increase of more than $4,812,476,169,759.06 in the past 25 years.

MESSAGES FROM THE HOUSE

At 6:01 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 3269) to amend the Impact Aid Program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–3833. A communication from the Acting Director of the Office of Management and Budget, Executive Office of the President, transmittng, pursuant to law, a notice of the intent to exempt all millitary personnel accounts from sequester for fiscal year 1997; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, and Committee on Armed Services.

EC–3834. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the cumulative report on rescissions and deferrals dated August 1, 1996; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, Committee on Agriculture, Nutrition, and Forestry, Committee on Armed Services, Committee on Finance, Committee on Foreign Relations, and the Committee on Governmental Affairs.

EC–3835. A communication from the Director of the Congressional Budget Office, transmitting, pursuant to law, the Sequestration Update Report for fiscal year 1997; referred jointly, pursuant to the order of August 4, 1977, to the Committee on the Budget, and to the Committee on Governmental Affairs.

EC–3836. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report relative to the eighth special impoundment message for fiscal year 1996; referred jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, and the Committee on Finance.

EC–3837. A communication from the Secretary of Defense, transmitting, pursuant to law, the second semi-annual report on program activities to facilitate weapons destruction and nonproliferation in the Former Soviet Union for fiscal year 1995; referred jointly, pursuant to Section 1208 of Public Law 103–160, to the Committee on Appropriations, to the Committee on Armed Services, and to the Committee on Foreign Relations.

EC–3838. A communication from the Secretary of Education, transmitting, pursuant to law, the third biennial report on vocational education data the performance standards and measurement systems developed by States for their vocational education programs; to the Committee on Labor and Human Resources.

EC–3839. A communication from the Commissioner of the National Center For Education Statistics, Office of Educational Research and Improvement, Department of Education, transmitting, pursuant to law, a report entitled "Quality and Utility: The 1994 Trial State Assessment in Reading"; to the Committee on Labor and Human Resources.

EC–3840. A communication from the Assistant General Counsel for Regulations, Department of Education, transmitting, pursuant to law, the rule entitled "Indian Fellowship and Professional Development Programs," (RIN1810–AA79) received on August 27, 1996; to the Committee on Labor and Human Resources.

EC–3841. A communication from the Assistant Secretary for Occupational Safety and Health, Department of Labor, transmitting, pursuant to law, the rule entitled "Scaffolds Used in the Construction Industry," (RIN1218–AA40) received on August 28, 1996; to the Committee on Labor and Human Resources.

EC–3842. A communication from the Office of the Pension and Welfare Benefits Administration, Department of Labor, transmitting, pursuant to law, the report of a rule entitled "Class Exemption To Permit Certain Authorized Transaction Between Plans and Parties in Interest," received on August 1, 1996; to the Committee on Labor and Human Resources.

EC–3843. A communication from the Administrator of the Wage and Hour Division, Employment Standards Administration, Department of Labor, transmitting, pursuant to law, the report of a rule entitled "Regulations to Implement Amendments to Federal Contract Labor Laws by the Federal Acquisition Streamline Act of 1994," (RIN 1215–AA96) received on July 30, 1996; to the Committee on Labor and Human Resources.

EC–3844. A communication from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting, pursuant to law, the report of a rule entitled "Regulations Relating to Definition of 'Plan Assets'—Participant Contributions," (RIN1210–AA53) received on August 19, 1996; to the Committee on Labor and Human Resources.

EC–3845. A communication from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting, pursuant to law, the report of a rule entitled "Class Exemption to Permit the Restoration of Deliquent Participant Contributions to Plans," received on August 8, 1996; to the Committee on Labor and Human Resources.

EC–3846. A communication from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting, pursuant to law, the report of a rule relative to affirmative action and nondiscrimination obligations of contractors and subcontractors, (RIN1210–AA62, 1215–AA76) received on August 7, 1996; to the Committee on Labor and Human Resources.

EC–3847. A communication from the Assistant Secretary for Employment Standards, Department of Labor, transmitting, pursuant to law, the report of a rule relative to Job Training Partnership Act intertitle transfer of funds, received on August 27, 1996; to the Committee on Labor and Human Resources.

EC–3848. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Food Labeling; Nutrition Labeling, Small Business Exemption," (RIN0910–AA19) received on August 7, 1996; to the Committee on Labor and Human Resources.

EC–3849. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Food Labeling; Nutrient Content Claims and Health Claims; Restaurant," (RIN0910–AA19) received on August 7, 1996; to the Committee on Labor and Human Resources.

EC–3850. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Medical Devices; Medical Device Reporting; Baseline Reports; Stay of Effective Date," (RIN0919–AA19) received on August 8, 1996; to the Committee on Labor and Human Resources.

EC–3851. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Food Standards: Amendment of Standards of Identity for Enriched Grain Products to Require Addition of Folic Acid; Correction," (RIN0919–AA19) received on August 12, 1996; to the Committee on Labor and Human Resources.

EC–3852. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule relative to current good manufacturing pratices, received on July 25, 1996; to the Committee on Labor and Human Resources.

EC–3853. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule relative to medical device distributor and manufacturer reporting, (RIN0919–AA09) received on July 26, 1996; to the Committee on Labor and Human Resources.

EC–3854. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Food Labeling: Health Claims; Sugar Alcohols and Dental Caries," received on August 23, 1996; to the Committee on Labor and Human Resources.

EC–3855. A communication from the Director of the Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule relative to food labeling guidelines, (RIN0919–AA19) received on August 27, 1996; to the Committee on Labor and Human Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mrs. BOXER:

S. 2052. A bill to provide for disposal of certain public lands in support of the Manzanar National Historic Site in the State of California, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. GRASSLEY (for himself, Mr. D'AMATO, and Mr. SHELBY):

S. 2053. A bill to strengthen narcotics reporting requirements and to require the imposition of certain sanctions on countries that fail to take effective action against the production of and trafficking in illicit narcotics and psychotropic drugs and other controlled substances, and for other purposes; read the first time.

By Mr. COCHRAN:

S. 2054. A bill to amend the Higher Education Act of 1965 to exempt certain small lenders from the audit requirements of the guaranteed student loan program; to the Committee on Labor and Human Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

THE OWENS RIVER VALLEY ENVIRONMENTAL RESTORATION AND MANZANAR LAND TRANSFER ACT OF 1996

By Mrs. BOXER:

S. 2052. A bill to provide for disposal of certain public lands in support of the Manzanar National Historic Site in the State of California, and for other purposes; to the Committee on Energy and Natural Resources.

• Mrs. BOXER. Mr. President, I am pleased to introduce legislation that would allow the Federal Government to obtain expeditiously the lands designated as the Manzanar National Historic Site.

As we look back in United States history, we see many triumphs, as well as many failures. We must be humble about our successes and apologetic for our errors. One of those mistakes was committed during World War II when 11,000 Japanese-Americans were held at the Manzanar Internment Camp. These individuals were some of the over 120,000 Japanese-Americans interned at 10 sites throughout the United States.

While we revel in the victory of World War II, we also make redress for the suffering that Japanese-Americans endured as a result of the internment. Legislation passed in 1988 directed an official apology by the Federal Government and symbolic payments to Japanese Americans that were interned. This legislation also included efforts to educate Americans about the internment.

The National Park Service determined in the 1980's that, of the 10 former internment camps, Manzanar was best suited to be preserved as a reminder to Americans of the blatant violation of civil rights that the internment represented. As a result, Congress passed legislation in 1992 to establish a national historic site at Manzanar.

My legislation will allow us to finish the process of creating the Manzanar national historic site and complete a necessary acknowledgment of mistaken practices. The bill will make it possible for the Federal Government to obtain the Manzanar site through a land exchange with the Los Angeles Department of Water and Power [LADWP], which currently owns the property. The LADWP, the National Park Service, the Bureau of Land Management, and Inyo County have agreed to a land exchange that can occur rapidly once our legislation is passed. I commend these parties, as well as the Manzanar National Historic Site Advisory Commission and the Japanese-American community, for their work in bringing us to this stage in the process. I also deeply appreciate the commitment of my colleagues in the House, Congressman BOB MATSUI and Congressman JERRY LEWIS.

In addition to the cultural significance of this legislation, the land transfer will allow for the completion of a necessary environmental restoration project. Through an agreement between the LADWP and Inyo County, 60 miles of the Owens River Valley will be revived—wetlands will be restored, riparian areas will be renewed, and wildlife will again thrive.

The injustice that occurred at Manzanar should not be forgotten. Manzanar should be preserved as a reminder of a terrible mistake—one which should never have been committed and one we should never repeat. I urge my colleagues to support this bill, so that we can quickly make the Manzanar national historic site a reality and instill in our citizens a high level of public awareness about the internment.•

By Mr. GRASSLEY (for himself, Mr. D'AMATO, and Mr. SHELBY):

S. 2053. A bill to strengthen narcotics reporting requirements and to require the imposition of certain sanctions on countries that fail to take effective action against the production of and trafficking in illicit narcotics and psychotropic drugs and other controlled substances, and for other purposes; read the first time.

NARCOTICS TRAFFICKING LEGISLATION

Mr. GRASSLEY. Mr. President, I am introducing legislation today to revise the annual certification process for drugs. It is called the International Narcotics Control Act of 1996.

Ten years ago, Congress passed bipartisan legislation in the Foreign Assistance Act that requires the President to report annually on international illegal drug production. That legislation also requires him to certify annually to the American public what major drug producing and transiting countries are doing to cooperate with international efforts to stop the production and transit of illegal drugs.

Virtually all the illegal drugs that come to the United States reach our shores from overseas. These drugs—particularly heroin and cocaine—are illegal to grow and produce in their countries of origin. In addition, these same major producers of illegal drugs are also signatories to various international agreements that commit them to stop this terrible trade. The certification legislation has the practical goal of giving us a realistic gage by which to determine whether others are doing their fair share in stopping illegal drugs.

The legislation of 10 years ago also encourages U.S. administrations to make stopping illegal drugs a foreign policy priority. It has also been instrumental in encouraging greater cooperation by other countries in taking meaningful steps to deal with illegal drug production and transportation.

We and others in the international community expect each nation—producer or consumer—to take serious measures to stop the flow or use of illegal drugs. Unfortunately, not all countries have undertaken such efforts.

When these countries fall short of reasonable standards, the certification legislation requires the President to take note of this. In serious cases, it requires him to decertify a country if that country's efforts fall short of meaningful, credible cooperation.

It also requires the imposition of sanctions on countries that fail to take effective action against the production and trafficking of illegal drugs. These sanctions, however, have no real teeth. They are mainly an embarrassment.

Although there are tough sanctions available, in the Narcotics Control Trade Act, these are optional and have never been used. This is true even though some of the decertified countries, like Burma, have been on the list almost since the list was started. To many decertified countries, then, embarrassment is hardly a serious concern. For others, once they learn how limited the practical effects are, embarrassment soon disappears. It is time, therefore, to update the present legislation and to give it more realistic measures to encourage serious cooperation. This is even more important at a time when illegal drug production is growing overseas and teenage use in this country is on the rise.

The legislation I am proposing today puts more force behind our policy. It introduces serious sanctions for noncooperation. These sanctions would not take effect until the third year of decertification. They are, therefore, not arbitrary. It allows ample time for a country to improve its record. In addition, the proposed sanctions are more flexible than the present ones, which means they are more realistic. They give the President greater ability to use meaningful sanctions against countries that he determines are not living up to reasonable standards. If the administration has seen fit to decertify a country for 3 consecutive years, it is fitting that we take steps to support that judgment. This legislation does that.

In an effort to strengthen the reporting and certification process, this legislation would require the President to include information on the bilateral trade relationship between the United States and each country. This information will be necessary to evaluate the potential effect of various sanctions. Trade sanctions are perhaps one of the most powerful tools we have to put pressure on foreign governments, and also one of the least used. This legislation, however, gives us an effective tool for the future.

In addition, this legislation will require an update from the president on the status of cooperation of any country that did not receive full certification. As this information is already gathered throughout the year, and would only apply to a small number of countries—nine from 1996—this should not be a significant additional burden for the State Department.

This legislation also would codify additional items that should be taken into consideration regarding cooperation.

These cover changes in the drug trafficking industry that have occurred since certification was enacted in 1986. It also considers additional cooperation benchmarks that were unnecessary 10 years ago: such as, the better inspection of loaned or leased U.S. equipment; certification of the destruction of confiscated illegal drugs; and, enforcement of adequate confinement so that narco-traffickers cannot continue their activities from inside prisons.

The present legislation also contains a provision for reporting on extraditions. Congress has had considerable difficulty in getting information from the State Department or the Justice Department on pending extraditions. Often, the first notice that an extradition has been agreed to is discovered in the morning paper, weeks after the extradition occurred. In an effort to shed more light on extraditions, this legislation would require a notice to Congress of any extradition agreement that has been reached. It has very simple requirements. And it will increase information on what the United States is giving up in order to reach these extradition agreements.

This legislation also expands the trade sanctions that are available for the President to choose from to penalize countries that do not adequately participate in drug efforts. Presently, there are five sanctions which the President may implement. This legislation adds five more sanctions to this list, both more and less severe than those presently available.

These sanctions include withdrawal of U.S. personnel and resources from participation in any Customs preclearance; denial of trade benefits under any existing free-trade area agreements; refusal to begin or continue negotiations on the establishment of a free trade area; denial or restriction of applications for immigrant or nonimmigrant visas; increased inspection standards to at least 35 percent for goods coming in; and denial of export of U.S. products or importation from that country.

Implementation of these sanctions are at the President's discretion for the first 2 years that a country is decertified. If a country is fully decertified or receives a national interest waiver for 3 consecutive years, then the President must choose and implement at least one of the listed sanctions. These sanctions will remain in effect until a country receives full certification.

The third change to the certification process that this legislation would make are changes in the international narcotics control strategy report.

These added reporting requirements identify what action the United States has taken under section 487—official corruption—of the Foreign Assistance Act and how the country has been affected by its implementation. Also, the report should indicate how a country has been affected economically by the production and trafficking in illegal drugs, and how and where U.S. equipment are being used. And finally, any country that is defined as a major money laundering country will be treated as a major drug transit or drug producing country.

These proposed changes enhance the ability of the United States to encourage full international cooperation in dealing with the illegal drug trade. The provisions are fully in keeping with reasonable standards of international conduct. They are a serious part of making the stopping illegal drugs an important part of our foreign policy. There are fewer more direct and dangerous threats to our citizens today than that posed by illegal drugs. It is time to take the next step in ensuring that we are taking the responsible measures to control international drug trafficking.

That's why I am introducing this legislation today. I urge my colleagues to review this legislation and support this change.

By Mr. COCHRAN:

S. 2054. A bill to amend the Higher Education Act of 1965 to exempt certain small lenders from the audit requirements of the guaranteed student loan program; to the Committee on Labor and Human Resources.

THE HIGHER EDUCATION ACT OF 1965 AMENDMENT ACT OF 1996

• Mr. COCHRAN. Mr. President, today I am introducing legislation to provide regulatory relief to small-and medium-sized financial institutions and protect the availability of student loans.

In the Higher Education Amendments of 1992, Congress required financial institutions participating in the Federal Family Education Loan [EFEL] Program to audit their student loan portfolios.

Unfortunately, this change did not take into account the impact this audit requirement would have on lenders with small student loan portfolios. These small lending institutions earn only a few thousand dollars annually, while the audit costs as much or more.

As a result of this prohibitively expensive and unnecessary audit requirement, many lenders are selling off their portfolios and leaving the FFEL Program altogether.

The Department of Education has indicated they do not have the authority to waive the audit requirement. Further, the Department has informed those with loan portfolios of less than $10 million that, while they must perform the audits annually, the audit results shall be submitted to the Department only upon request. Thus, much of the time and money spent on these audits will be wasted.

The inspector general indicated in its semiannual report that they were concerned that the costs of legislatively required annual audits may outweigh the benefits. The inspector general has recommended that the Department take steps to establish in legislation a threshold for requiring these audits.

My legislation would eliminate the lender audit on institutions with portfolios equaling $10 million or less. Without the change in current law lending institutions will continue to sell off their portfolios, leave the FFEL Program, and reduce the opportunities for our Nations' students.

I urge my colleagues to support this much needed reform.•

ADDITIONAL COSPONSORS

S. 706

At the request of Mr. HARKIN, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 706, a bill to prohibit the importation of goods produced abroad with child labor and for other purposes.

S. 1417

At the request of Mr. HELMS, his name was added as a cosponsor of S. 1417, a bill to assess the impact of the NAFTA, to require further negotiation of certain provisions of the NAFTA, and to provide for the withdrawal from the NAFTA unless certain conditions are met.

S. 1660

At the request of Mr. GLENN, the names of the Senator from Indiana [Mr. LUGAR], the Senator from Minnesota [Mr. WELLSTONE], and the Senator from Idaho [Mr. KEMPTHORNE] were added as cosponsors of S. 1660, a bill to provide for ballast water management to prevent the introduction and spread of nonindigenous species into the waters of the United States, and for other purposes.

S. 1712

At the request of Mr. DORGAN, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 1712, a bill to provide incentives to encourage stronger truth in sentencing of violent offenders, and for other purposes.

S. 1797

At the request of Mr. ABRAHAM, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1797, a bill to revise the requirements for procurement of products of Federal Prison Industries to meet needs of Federal agencies, and for other purposes.

S. 1954

At the request of Mr. HATCH, the name of the Senator from North Carolina [Mr. HELMS] was added as a cosponsor of S. 1954, a bill to establish a uniform and more efficient Federal process for protecting property owners' rights guaranteed by the fifth amendment.

S. 1984

At the request of Mr. GRAHAM, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of S. 1984, a bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to require a 10-percent reduction in certain assistance to a State under such title unless public safety officers who retire as a result of injuries sustained in the line of duty continue to receive health insurance benefits.

S. 1987

At the request of Mr. FAIRCLOTH, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1987, a bill to amend titles II and XVIII of the Social Security Act to prohibit the use of Social Security and Medicare trust funds for certain expenditures relating to union representatives at the Social Security Administration and the Department of Health and Human Services.

S. 2024

At the request of Ms. SNOWE, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 2024, a bill to amend the Public Health Service Act to provide a one-stop shopping information service for individuals with serious or life-threatening diseases.

SENATE RESOLUTION 277

At the request of Mr. CRAIG, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of Senate Resolution 277, a resolution to express the sense of the Senate that, to ensure continuation of a competitive free-market system in the cattle and beef markets, the Secretary of Agriculture and Attorney General should use existing legal authorities to monitor commerce and practices in the cattle and beef markets for potential antitrust violations, the Secretary of Agriculture should increase reporting practices regarding domestic commerce in the beef and cattle markets (including exports and imports), and for other purposes.

AMENDMENTS SUBMITTED

THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

McCAIN AMENDMENT NO. 5176

Mr. McCAIN proposed an amendment to the bill (H.R. 3666) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1997, and for other purposes; as follows:

On page 75, line 10, after word "expended" insert the following: "*Provided*, That no money appropriated for the Federal Emergency Management Agency may be expended for the repair of marinas or golf courses except for debris removal: *Provided further*, That no money appropriated for the Federal Emergency Management Agency may be expended for tree or shrub replacement except in public parks: *Provided further*, That any funds used for repair of any recreational facilities shall be limited to debris removal and the repair of recreational buildings only."

McCAIN (AND OTHERS) AMENDMENT NO. 5177

Mr. McCAIN (for himself, Mr. GRAHAM, and Mr. KYL) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 104, below line 24, add the following:

SEC. 421. (a) PLAN.—(1) The Secretary of Veterans Affairs shall develop a plan for the allocation of health care resources (including personnel and funds) of the Department of Veterans Affairs among the health care facilities of the Department so as to ensure that veterans who have similar economic status, eligibility priority, or medical conditions and who are eligible for medical care in such facilities have similar access to such care in such facilities regardless of the region of the United States in which such veterans reside.

(2) The plan shall—

(1) reflect, to the maximum extent possible, the Veterans Integrated Service Network and the Resource Planning and Management System developed by the Department to account for forecasts in expected workload and to ensure fairness to facilities that provide cost-efficient health care; and

(2) include—

(A) procedures to identify reasons for variations in operating costs among similar facilities; and

(B) ways to improve the allocation of resources so as to promote efficient use of resources and provision of quality health care.

(3) The Secretary shall prepare the plan in consultation with the Under Secretary of Health of the Department of Veterans Affairs.

(b) PLAN ELEMENTS.—The plan under subsection (a) shall set forth—

(1) milestones for achieving the goal referred to in paragraph (1) of that subsection; and

(2) a means of evaluating the success of the Secretary in meeting the goal.

(c) SUBMITTAL TO CONGRESS.—The Secretary shall submit to Congress the plan developed under subsection (a) not later than 180 days after the date of the enactment of this Act.

(d) IMPLEMENTATION.—The Secretary shall implement the plan developed under subsection (a) not later than 60 days after submitting the plan to Congress under subsection (c), unless within that time the Secretary notifies Congress that the plan will not be implemented in that time and includes with the notification an explanation why the plan will not be implemented in that time.

BUMPERS (AND OTHERS) AMENDMENT NO. 5178

Mr. BUMPERS (for himself, Mr. KERRY, Mr. JEFFORDS, Mr. KOHL, Mr. SIMON, Mr. WELLSTONE, Mr. BRYAN, Mr. FEINGOLD, Mr. LEAHY, Mr. BRADLEY, and Mr. WYDEN) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 82, strike lines 6 through 7, and insert in lieu thereof the following: "sion and administrative aircraft, $3,762,900,000, to remain available until September 30, 1998: *Provided*, That of the funds made available in this bill, no funds shall be expended on the space station program, except for termination costs."

THOMAS AMENDMENT NO. 5179

Mr. THOMAS proposed an amendment to the bill, H.R. 3666, supra; as follows:

In Title III, at the end of the subchapter entitled: Council on Environmental Quality and Office of Environmental Quality, strike "$2,436,000." and insert in lieu thereof "$2,250,000."

THOMAS AMENDMENT NO. 5180

(Ordered to lie on the table.)

Mr. THOMAS submitted an amendment intended to be proposed by him to the bill, H.R. 3666, supra; as follows:

Add a new section to the end of Title IV stating: "No part of any appropriation contained in this Act shall be available for any activity or the publication or distribution of literature that in any way tends to promote public support or opposition to any legislative proposal on which congressional action is not complete."

BOND AMENDMENT NO. 5181

Mr. BOND proposed an amendment to the bill, H.R. 3666, supra; as follows:

Insert at the appropriate place at the end of the section on HUD:

"SEC. . REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING.

The Secretary of Housing and Urban Development shall maintain all current requirements under part 10 of the Department of Housing and Urban Development's regulations (24 CFR part 10) with respect to the Department's policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.

SHELBY AMENDMENT NO. 5182

Mr. BOND (for Mr. SHELBY) proposed an amendment to the bill, H.R. 3666, supra; as follows:

At the end of title I, add the following:

SEC. 108. (a) The Secretary of Veterans Affairs may convey, without consideration, to the City of Tuscaloosa, Alabama (in this section referred to as the "City"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, in the northwest quarter of section 28, township 21 south, range 9 west, of Tuscaloosa County, Alabama, comprising a portion of the grounds of the Department of Veterans Affairs medical center, Tuscaloosa, Alabama, and consisting of approximately 9.42 acres, more or less.

(b) The conveyance under subsection (a) shall be subject to the condition that the City use the real property conveyed under that subsection in perpetuity solely for public park or recreational purposes.

(c) The exact acreage and legal description of the real property to be conveyed pursuant to this section shall be determined by a survey satisfactory to the Secretary of Veterans Affairs. The cost of such survey shall be borne by the City.

(d) The Secretary of Veterans Affairs may require such additional terms and conditions in connection with the conveyance under this section as the Secretary considers appropriate to protect the interests of the United States.

BOND AMENDMENT NO. 5183

Mr. BOND proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 72, beginning on line 11, strike the phrase beginning with ", but if no drinking water" and ending with "as amended" on line 15.

BENNETT AMENDMENT NO. 5184

Mr. BOND (for Mr. BENNETT) proposed an amendment to the bill, H.R. 3666, supra; as follows:

At the appropriate place insert:

SEC. . GAO AUDIT ON STAFFING AND CONTRACTING.

The Comptroller General shall audit the operations of the Office of Federal Housing Enterprise Oversight concerning staff organization, expertise, capacity, and contracting authority to ensure that the office resources and contract authority are adequate and that they are being used appropriately to ensure that the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are adequately capitalized and operating safely.

SARBANES (AND OTHERS) AMENDMENT NO. 5185

Ms. MIKULSKI (for Mr. SARBANES, for himself, Mr. WARNER, Mrs. FEINSTEIN, and Ms. MIKULSKI) proposed an amendment to the bill, H.R. 3666, supra; as follows:

On page 104, below line 24, add the following:

SEC. 421. None of the funds appropriated or otherwise made available to the National Aeronautics and Space Administration by this Act, or any other Act enacted before the date of the enactment of this Act, may be used by the Administrator of the National

Aeronautics and Space Administration to relocate aircraft of the National Aeronautics and Space Administration to Dryden Flight Research Center, California, for purposes of the consolidation of such aircraft.

THE ANTARCTIC SCIENCE TOURISM AND CONSERVATION ACT OF 1996

STEVENS AMENDMENT NO. 5186

Mr. BOND (for Mr. STEVENS) proposed an amendment to the bill (S. 1645), a bill to regulate U.S. scientific and tourist activities in Antarctica, to conserve Antarctic resources, and for other purposes; as follows:

At the end of the bill, add the following:

TITLE III—POLAR RESEARCH AND POLICY STUDY

SEC. 301. POLAR RESEARCH AND POLICY STUDY.

Not later than March 1, 1997, the National Science Foundation shall provide a detailed report to the Congress on—

(1) the status of the implementation of the Antarctic Environmental Protection Strategy and Federal funds being used for that purpose;

(2) all of the Federal programs relating to Arctic and Antarctic research and the total amount of funds expended annually for each such program, including—

(A) a comparison of the funding for logistical support in the Arctic and Antarctic;

(B) a comparison of the funding for research in the Arctic and Antarctic;

(C) a comparison of any other amounts being spent on Arctic and Antarctic programs; and

(D) an assessment of the actions taken to implement the recommendations of the Arctic Research Commission with respect to the use of such funds for research and logistical support in the Arctic.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

SUBCOMMITTEE ON PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. CAMPBELL. Mr. President, I would like to announce for the public that S. 150, a bill to authorize an entrance fee surcharge at the Grand Canyon National Park and S. 340, a bill to direct the Secretary of the Interior to conduct a study concerning equity regarding entrance, tourism, and recreational fees for the use of Federal lands and facilities have been deleted from the agenda of bills to be heard at the hearing scheduled before the Subcommittee on Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources on Thursday, September 12, 1996, at 9:30 a.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

For further information, please contact Jim O'Toole of the subcommittee staff at (202) 224–5161.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce that a full committee hearing has been scheduled before the Committee on Energy and Natural Resources.

The hearing will take place Wednesday, September 18, 1996, at 9:30 a.m., in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of this hearing is to receive testimony on S. 1920, a bill to amend the Alaska National Interest Lands Conservation Act, and for other purposes, and S. 1998, a bill to provide for expedited negotiations between the Secretary of the Interior and the villages of Chickaloon-Moose Creek Native Association, Inc., Ninilchik Native Association, Inc., Seldovia Native Association, Inc., Tyonek Native Corporation, and Knikatnu, Inc. regarding the Conveyances of certain lands in Alaska under the Alaska Native Claims Settlement Act, and for other purposes.

Those who wish to testify or to submit written testimony should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510. Presentation of oral testimony is by committee invitation only. For further information, please contact Jo Meuse or Brian Malnak at (202) 224–6730.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BOND. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be granted permission to meet during the session of the Senate on Wednesday, September 4, 1996, for purposes of conducting a full committee hearing which is scheduled to begin at 9:30 a.m. The purpose of this hearing is to consider S. 1678, to abolish the Department of Energy, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE JUDICIARY

Mr. BOND. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, September 4, 1996, at 11:30 a.m., to hold an executive business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE JUDICIARY

Mr. BOND. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, September 4, 1996, at 2 p.m. to hold a hearing on "Teenage Drug Use: The Recent Upsurge."

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BOND. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Wednesday, September 4, 1996, at 2 p.m. to hold a closed business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SMALL BUSINESS JOB PROTECTION ACT

• Mr. FAIRCLOTH. Mr. President, the Senate passed the Small Business Job Protection Act, but I voted against the final bill. I ran for the Senate on a pro-growth and low-tax platform. This bill is a step in the wrong direction. I cannot vote for a bill that raises the minimum wage and thus closes opportunities for thousands of low-skill workers and that raises numerous taxes on the American people and businessmen. However, I will say a few words in support of certain provisions of H.R. 3448, which do, in fact, benefit the public interest.

The bill includes provisions that will contribute to increased savings, higher wages, and improved economic growth. These are three of our most important economic challenges, and, Mr. President, I wish to express my belief that provisions of this bill begin to address these issues.

I am a strong supporter of the expansion of tax-deferred individual retirement accounts [IRA's] to permit nonworking spouses to establish an account and thus defer taxes on a maximum of $2,000 per year. This homemaker IRA provision, which I have cosponsored as a separate bill, is an important tool for families and their efforts to plan for retirement. In fact, over 30 years at a 6 percent rate of return, the homemaker IRA can add close to $150,000 to retirement savings.

The previous law limited a nonworking spouse to a $250 maximum IRA contribution, and, as women often leave the work force to raise their families, the homemaker IRA will help to offset the effects of their smaller pensions. The homemaker IRA thus offers significant assistance to these spouses in their efforts toward a secure retirement.

The pension simplification provisions are an important contribution to the long-term financial security of our citizens. These measures are designed for the benefit of working Americans and will permit small businesses to establish pension plans for their employees. Further, these measures encourage savings and bring additional safeguards to pension plans, which will ensure the financial independence of millions of Americans in their retirement. The bill also includes a provision to clear up longstanding problems that plague church pension plans and will ensure that clergymen will not face unanticipated additional taxes on their modest pensions.

The extension of the tax exclusion for educational assistance is another important aspect of this legislation. This provision will extend the exclusion for those who benefit from employer-provided tuition assistance. There is no reason to penalize workers for the generosity of their employers. The Tax Code cannot ignore the national interest in a well-educated and highly skilled work force.

This bill also includes numerous commonsense tax provisions. The limited extension of the orphan drug tax credit will renew credits to defray the costs of clinical tests for drugs designed to treat rare diseases. The bill also extends the research and experimentation tax credit to encourage investment in innovative approaches and new technologies.

I believe that economic growth is one of our most important concerns—growth has been anemic since President Clinton pushed through his record tax increases of 1993 without a single Republican vote—and the growth provisions will begin to address this issue. The bill boosts the allowance for small business equipment expensing and extends the work opportunity tax credit that brings low-skill people into the work force. Unfortunately, however, the minimum wage increase will erect additional hurdles for those in search of job opportunities.

The minimum wage increase is good politics, but, Mr. President, it is bad economics. It will result in job losses for hundreds of thousands of people in low-skill jobs. It will become prohibitively expensive to hire these workers at increased wages. Further, the increased minimum wage will result in inflationary ripples through the economy as wage costs drive up prices. I also believe that the minimum wage increase is, in effect, an unfunded mandate that will increase labor costs for State and local governments and thus boost tax rates.

If we are serious about growth and the expansion of opportunity, Mr. President, this Congress will focus its attention on small business incentives and pension reforms, not minimum wage increases. We will bring economic opportunities to millions of Americans through elimination of the barriers to entry-level jobs rather than congressional efforts to set wages. After all, the typical worker earns the minimum wage for just a brief period, and the minimum wage is a way-station rather than a destination in American careers.

I wish that the Congress passed a bill that I could support, and, yet, I believe that our obligation is to the Americans of the next generation rather than the political imperatives of the next election. There are some good provisions in this bill, but there are provisions to which I cannot lend my support, and I thus voted against the bill.•

THE 15TH ANNIVERSARY OF EAST SHORE REGIONAL ADULT DAY CENTER

• Mr. LIEBERMAN. Mr. President, I rise today to honor the East Shore Regional Adult Day Center on the occasion of their 15th anniversary.

For the past 15 years, the Adult Day Center has been serving the needs of the elderly and the disabled with loving care. The center has provided medical monitoring, recreational therapeutic treatment, and innovative programs to the mentally and physically challenged adults of the Connecticut community. Over 600 families from the Greater New Haven area have been granted respite from the Adult Day Center and both the State and the Nation have recognized the center with awards for service and humanitarianism.

The East Shore Regional Adult Day Center's dedication and commitment to the citizens of Connecticut can be seen not only through its continued efforts to provide clients and families with comfort and support, but also in its Intergenerational Program, a program designed to involve children from various local schools in the area in activities at the center.

I am confident that I speak for all of the citizens of Connecticut in expressing pride and gratitude for the East Shore Regional Adult Day Center as it celebrates its 15th anniversary. The executive director, Thomas Russell Romano, and his staff have committed themselves to providing much needed care and treatment for the people of Connecticut.•

BUDGET SCOREKEEPING REPORT

• Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of section 5 of Senate Concurrent Resolution 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through August 2, 1996. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the 1996 concurrent resolution on the budget—House Concurrent Resolution 67, show that current level spending is above the budget resolution by $15.6 billion in budget authority and by $14.3 billion in outlays. Current level is $45 million below the revenue floor in 1996 and $7.8 billion above the revenue floor over the 5 years, 1996–2000. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $259.9 billion, $14.2 billion above the maximum deficit amount for 1996 of $245.7 billion.

Since my last report, dated July 29, 1996, Congress has cleared and the President has signed the 1997 Agriculture appropriations bill (Public Law 104–180, which includes a 1996 supplemental, the Small Business Job Protection Act—Public Law 104–188, the Health Insurance Portability and Accountability Act of 1996—Public Law 104–191, and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996—Public Law 104–193. These actions have changed the current level of budget authority, outlays, and revenues.

This submission also includes my first report for fiscal year 1997, reflecting congressional action through August 2, 1996. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the 1997 concurrent resolution on the budget House Concurrent Resolution 178.

The material follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 3, 1996.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington DC.

DEAR MR. CHAIRMAN: The attached report for fiscal year 1996 shows the effects of Congressional action on the 1996 budget and is current through August 2, 1996. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the 1996 Concurrent Resolution on the Budget (H. Con. Res. 67). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Since my last report, dated July 29, 1996, the Congress has cleared and the President has signed the 1997 Agriculture Appropriations Bill (P.L. 104–180), which includes a 1996 supplemental, the Small Business Job Protection Act (P.L. 104–188), the Health Insurance Portability and Accountability Act of 1996 (P.L. 104–191), and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104–193). These actions have changed the current level of budget authority, outlays, and revenues.

Sincerely,

JUNE E. O'NEILL,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1996, 104TH CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS AUGUST 2, 1996

[In billions of dollars]

	Budget resolution H. Con. Res. 67	Current level	Current level over/under resolution
ON-BUDGET			
Budget Authority[1]	1,285.5	1,301.1	15.6
Outlays[1]	1,288.2	1,302.4	14.3
Revenues:			
1996	1,042.5	1,042.5	0.0
1996–2000	5,691.5	5,699.3	7.8
Deficit	245.7	259.9	14.2
Debt Subject to Limit	5,210.7	5,092.8	−117.9
OFF-BUDGET			
Social Security Outlays:			
1996	299.4	299.4	0.0
1996–2000	1,626.5	1,626.5	0.0
Social Security Revenues:			
1996	374.7	374.7	0.0
1996–2000	2,061.0	2,060.6	−0.4

[1] The discretionary spending limits for budget authority and outlays for the Budget Resolution have been revised pursuant to Section 103(c) of P.L. 104–121, the Contract with America Advancement Act.

Note.—Current level numbers are the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 104TH CONGRESS, 2D SESSION, SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1996, AS OF CLOSE OF BUSINESS AUGUST 2, 1996

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			1,042,557
Permanents and other spending legislation	830,272	798,924	
Appropriation legislation		242,052	
Offsetting receipts	−200,017	−200,017	
Total previously enacted	630,254	840,958	1,042,557
ENACTED IN FIRST SESSION			
Appropriation Bills:			
1995 Rescissions and Department of Defense Emergency Supplementals Act (P.L. 104–6)	−100	−885	
1995 Rescissions and Emergency Supplementals for Disaster Assistance Act (P.L. 104–19)	22	−3,149	
Agriculture (P.L. 104–37)	62,602	45,620	
Defense (P.L. 104–61)	243,301	163,223	
Energy and Water (P.L. 104–46)	19,336	11,502	
Legislative Branch (P.L. 105–53)	2,125	1,977	
Military Construction (P.L. 104–32)	11,177	3,110	
Transportation (P.L. 104–50)	12,682	11,899	
Treasury, Postal Service (P.L. 104–52)	23,026	20,530	
Offsetting receipts	−7,946	−7,946	
Authorization Bills:			
Self-Employed Health Insurance Act (P.L. 104–7)	−18	−18	−101
Alaska Native Claims Settlement Act (P.L. 104–42)	1	1	
Fishermen's Protective Act Amendments of 1995 (P.L. 104–43)		(1)	
Perishable Agricultural Commodities Act (P.L. 104–48)	1	(1)	1
Alaska Power Administration Sale Act (P.L. 104–58)	−20	−20	
ICC Termination Act (P.L. 104–88)			(1)
Total enacted first session	366,191	245,845	−100
ENACTED IN SECOND SESSION			
Appropriation Bills:			
Ninth Continuing Resolution (P.L. 104–99)[2]	−1,111	−1,313	
District of Columbia (P.L. 104–122)	712	712	
Foreign Operations (P.L. 104–107)	12,104	5,936	
Offsetting receipts	−44	−44	
Omnibus Rescissions and Appropriations Act of 1996 (P.L. 104–134)	330,746	246,113	
Offsetting receipts	−63,682	−55,154	
1997 Agriculture (P.L. 104–180)	−4		
Authorization Bills:			
Gloucester Marine Fisheries Act (P.L. 104–91)[3]	14,054	5,882	
Smithsonian Institution Commemorative Coin Act (P.L. 104–96)	3	3	
Saddleback-Mountain Arizona Settlement Act (P.L. 104–102)		−7	
Telecommunications Act of 1996 (P.L. 104–104)[4]			
Farm Credit System Regulatory Releif Act (P.L. 104–105)	−1	−1	
National Defense Authorization Act of 1996 (P.L. 104–106)	369	367	
Extension of Certain Expiring Authorities of the Department of Veterans Affairs (P.L. 104–110)	−5	−5	
To award Congressional Gold Medal to Ruth and Billy Graham (P.L. 104–111)	(1)	(1)	
An Act Providing for Tax Benefits for Armed Forces in Bosnia, Herzegovina, Croatia and Macedonia (P.L. 104–117)			−38
Contract with America Advancement Act (P.L. 104–121)	−120	−6	
Agriculture Improvement and Reform Act (P.L. 104–127)	−325	−744	
Federal Tea Tasters Repeal Act of 1996 (P.L. 104–128)			(1)
Antiterroriam and Effective Death Penalty Act (P.L. 104–132)			2
An Act to Amend the Foreign Assistance Act of 1961 and the Arms Export Control Act (P.L. 104–164)	−72	−72	
The Taxpayer Bill of Rights 2 (P.L. 104–168)			−30
Small Business Job Protection Act (P.L. 104–188)			92
Health Insurance Portability and Accountability Act of 1996 (P.L. 104–191)		10	62
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104–193)	104		
An Act for the Relief of Benchmark Rail Group, Inc. (Pvt. L. 104–1)		1	
An Act for the Relief of Nathan C. Vance (Pvt. L. 104–2)	(1)	(1)	
Total enacted second session	292,727	201,679	88
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	11,913	13,951	
TOTALS			
Total Current Level[5]	1,301,085	1,302,434	1,042,545
Total Budget Resolution	1,285,515	1,288,160	1,042,500
Amount remaining:			
Under Budget Resolution			−45
Over Budget Resolution	15,570	14,274	

[1] Less than $500,000.

[2] P.L. 104–99 provides funding for specific appropriated accounts until September 30, 1996.

[3] This bill, also referred to as the sixth continuing resolution for 1996, provides funding until September 30, 1996, for specific appropriated accounts.

[4] The effects of this act on budget authority, outlays, and revenues begin in fiscal year 1997.

[5] In accordance with the Budget Enforcement Act, the total does not include $4,785 million in budget authority and $2,686 million in outlays for funding of emergencies that have been designated as such by the President and the Congress.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 3, 1996.
Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report, my first for fiscal year 1997, shows the effects of Congressional action on the 1997 budget and is current through August 2, 1996. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the 1997 Concurrent Resolution on the Budget (H. Con. Res. 178). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended.

Sincerely,

JUNE E. O'NEILL,
Director.

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1997, 104TH CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS AUGUST 2, 1996

[In billions of dollars]

	Budget resolution H. Con. Res. 178	Current level	Current level over/under resolution
ON-BUDGET			
Budget Authority	1,314.8	844.5	−470.2
Outlays	1,311.0	1,032.0	−279.0
Revenues:			
1997	1,083.7	1,101.6	17.8
1997–2001	5,913.3	6,012.7	99.4
Deficit	227.3	−69.6	−269.9
Debt Subject to Limit	5,432.7	5,041.5	−391.2
OFF-BUDGET			
Social Security Outlays:			
1997	310.4	310.4	0.0
1997–2001	2,061.3	2,061.3	0.0
Social Security Revenues:			
1997	385.0	384.7	−0.3
1997–2001	2,121.0	2,120.6	−0.4

Note.—Current level numbers are the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE 104TH CONGRESS, 2D SESSION SENATE SUPPORTING DETAIL FOR FISCAL YEAR 1997, AS OF CLOSE OF BUSINESS AUGUST 2, 1996

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			1,100,355
Permanents and other spending legislation	843,212	804,226	
Appropriation legislation		238,509	
Offsetting receipts	−199,772	−199,772	
Total previously enacted	643,440	842,963	1,100,355
ENACTED THIS SESSION			
Appropriations Bills:			
Agriculture (P.L. 104–180)	52,345	44,936	
Authorization Bills:			
Taxpayer Bill of Rights 2 (P.L. 104–168)			−15
Federal Oil & Gas Royalty Simplification & Fairness Act of 1996 (P.L. 104–185)	−2	−2	
Small Business Job Protection Act of 1996 (P.L. 104–188)	−76	−76	579
An Act to Authorize Voluntary Separation Incentives at A.I.D. (P.L. 104–190)	−1	−1	
Health Insurance Portability & Accountability Act of 1996 (P.L. 104–191)	305	315	590
Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104–193)	−2,341	−2,934	60
Total enacted this session	50,230	42,238	1,214
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted	150,853	146,763	
Total Current Level[1]	844,523	1,031,964	1,101,569
Total Budget Resolution	1,314,760	1,311,011	1,083,728
Amount remaining:			
Under Budget Resolution	470,237	279,047	
Over Budget Resolution			17,841

[1] In accordance with the Budget Enforcement Act, the total does not include $37 million in outlays for funding of emergencies that have been designated as such by the President and Congress.•

SOUTHERN MARYLAND'S HISTORY—THE 100TH ANNIVERSARY OF THE CHARLES COUNTY COURTHOUSE

• Mr. SARBANES. Mr. President, Southern Maryland is rich in history—a history that has helped make our State and our Nation great. Southern Maryland is also the fastest growing part of the State of Maryland with thousands of jobs coming into the area as a result of the favorable recommendations of the Base Realignment and Closure Commission.

On September 8 in Charles County, the region pauses from the hustle and bustle in the area to mark a milestone in Southern Maryland's history with the 100th anniversary celebration of the Charles County Courthouse in the Town of LaPlata.

The Maryland Independent on September 4 included a supplement to its newspaper on the history of the Charles County Courthouse and its initiation through construction and subsequent additions.

Mr. President, I ask that the article be printed in the RECORD.

The article follows:

[From the Maryland Independent, Sept. 4, 1996]

ONE HUNDRED YEARS OF COURTHOUSE HISTORY

The 1896 courthouse is the last of four structures the county judicial and administrative bodies have occupied in the county's 338 years. In 1674, a building was erected at Moore's Lodge about one mile from La Plata. This building was abandoned in 1728, and the Charles County Court moved to Port Tobacco where the Maryland State Assembly authorized the building of a jail and a new courthouse.

Over time, the 1727–30 building became old and inadequate and a new courthouse was occupied by September 1821. It is this building that was destroyed by fire in 1892 in the midst of a bitter controversy over moving the courthouse to La Plata, and in 1896 a brick Victorian Gothic edifice was built on the present site.

The front facade was renovated in 1954 as it is seen today. In the middle 1970s, the rear of the building was extended in a typical 18th-century style, completely enclosing the 1896 structure.

THE FIRST COURTHOUSE

Charles County, named for Lord Baltimore's son and heir apparent, Charles Calvert, was formally established in 1658. The court sat for the first time on May 25, 1658, and it is believed its first meetings were held at what is now Port Tobacco; however, there is no indication in the earliest records that this was the case. The first two volumes of the court records covering the period 1658–66 mention the exact meeting place only twice: "At A Counties Court Held at Humpherie Atwikses the 4th of June A 1658," and "The Court is Adiourned until the 12th of March A 1660 & appoynted to bee held at Clement Theobals hows."

According to the plaque in the 1954 addition to the present courthouse, the first Charles County Courthouse was built in 1658 and it is described as "One room built of logs, located on the western shore of Port Tobacco Creek."

COURTHOUSE AT MOORE'S LODGE

It was not until 1674 that a permanent location for a courthouse and prison was decided on. In the late fall of 1674, the county entered into a contract with John Allen to purchase Moore's Lodge, a one-acre tract of land on which Allen was then building a house. For a consideration of 20,000 pounds of tobacco, Allen contracted to have both the prison, a simple building, and the courthouse, which was of the cross style, ready for use by May 1675.

The clapboard-sheathed, timber-framed structure built in 1674 was located a mile south of La Plata and eventually abandoned in 1728. The courthouse, a one-story, one-room building with two small shed rooms at the rear, a two-story porch tower centered on the front and a brick outside chimney at one end, was initially intended for use as a dwelling.

Apparently Allen found himself unable to fulfill his agreement for at the January term, 1677, Thomas Hussey was given 20,000 pounds of tobacco for finishing the courthouse and the two rooms in the shed behind, "all of this to be done by September court following."

In 1682, after eight years of service, the courthouse was lengthened by 10 feet to provide for a "seat of Judicature." In September 1692, it was noted that the 1682 addition "wherein ye seat of judicature is, is very leaky."

In 1699, 25 years after its initial construction, the courthouse had to be almost entirely rebuilt. Work included extensive repairs to the supporting frame and replacement of the original chimney, exterior sheathing, floors, stairs, doors and windows. The rear shed rooms were removed and a 20-foot square room "with an Outside Chimney & Closett" was erected in their place Despite this extensive renovation, the courthouse required further substantial repairs by 1715.

About 10 years after the repairs, the building was again "impaired, ruined and decayed." After deciding they had spent more than enough money and effort to keep the building standing, the commissioners petitioned the Assembly to build a new courthouse and prison on a site adjacent to the port settlement known as Chandler Town, then Charles Town and later as Port Tobacco. In 1731, the courthouse at Moore's Lodge was demolished and sold for salvage.

COURTHOUSE AT CHANDLER TOWN—CHARLES TOWN—PORT TOBACCO

In 1727, permission was granted to build a new courthouse . . .

"That the Justices of Charles County-court . . are hereby authorized . . . to go to such Place commonly known by the name of Chandler-Town, on the East Side of Port-Tobacco Creek . . ."

Once the site had been chosen and the courthouse was under construction, the Assembly passed another act permitting the laying out of land and erecting a town adjacent to the new courthouse and the name was to be changed from Chandler Town to Charles Town.

There perhaps has been a settlement at Chandler Town as early as 1686, but by 1727 the buildings were in ruin or gone and titles uncertain. A commission was chosen to select three acres within the town to be surveyed for the new courthouse and to fix a fair price. The survey was completed on Dec. 20, 1727, and the price was 2,000 pounds of tobacco. The commission then contracted with Robert Hanson and Joshua Doyne to build a courthouse and prison, stocks and pillory for 122,000 pounds of tobacco. Since the specifications for the building were lost, there is no information available on the structure other than it was probably brick because of the cost.

The date it was completed is confirmed by a note in the court proceedings of Aug. 11, 1730:

"The Court adjourns til tomorrow morning Eight o'clock to meet at the new Court house in Charles Town."

SECOND COURTHOUSE AT CHARLES TOWN—PORT TOBACCO

The 1727–30 building became old and inadequate, and the effort to replace it began with the demand for a new jail. In 1811, an act was passed to permit the Levy Court of Charles County to raise $2,000 for this purpose.

Four years later, the commissioners, who had been appointed to build the jail, were authorized to levy an additional $3,000 in the same manner and to devote the entire sum to the building of a new courthouse at Charles Town, and nothing more is mentioned about the jail. The courthouse could not be finished for the amount estimated, and the General Assembly had to be petitioned for a revision upward. in 1818, the Assembly authorized the levying of an additional sum not to exceed $15,000.

The new courthouse was occupied by the county in September 1821 and is generally associated with Port Tobacco, since it is the only one of which there is any type of pictorial representation. It was often confused as the first courthouse of the county. Also about this time, public sentiment succeeded in having the name Charles Town changed officially to Port Tobacco.

This courthouse continued in service until the fire of Aug. 3, 1892, when it was completely destroyed.

The circumstances surrounding the fire are curious. The town of La Plata, three miles north of Port Tobacco, began around 1873. Soon thereafter, the Popes Creek Railroad established a line of communication (railroad and telegraph station) between the village and the rest of the state. As a result it grew, and Port Tobacco declined. Sentiment grew to remove the county seat to La Plata, and a bill was passed in the General Assembly in 1882 for this purpose. The move was defeated by referendum and no further action was attempted until 1890 when a similar bill was introduced. The bill was passed, but was vetoed by the governor.

At the next session, a bill was introduced and approved by the governor which provided for a special referendum to be held May 7, 1892, to decide the issue between the two towns. The proposal was defeated by a vote of 995–1,329. During the night of Aug. 3 the courthouse burned. The cause of the fire was undetermined, but fortunately all the records had been carefully removed before the fire. No one was ever prosecuted and no one ever admitted to knowledge of the deed.

Whatever the cause, the fire did settle the issue for Port Tobacco. Feelings ran high that it was impractical to rebuild the courthouse at Port Tobacco since it had long since lost its entrance to the sea because of silting and had been bypassed by the railroad.

When the question was brought before the General Assembly in 1894, the rivals for the county seat were La Plata and Chapel Point. Subsequently, a special election was held, and at midnight on June 4, 1895, La Plata became the county seat. Provision was also made for a $20,000 bond issue for a new courthouse and jail.

FIRST COURTHOUSE AT LA PLATA

The same law empowered the building commissioners to sell the old courthouse and jail lots and to apply the proceeds to the cost of the new buildings. This was done, and Port Tobacco rapidly declined. It was taken in hand again 50 years later by the Society for the Restoration of Port Tobacco with little left but the memory of the public buildings.

The courthouse in La Plata was built of red brick in a rather imposing, but unattractive Victorian style. The architect of the building, completed in 1896; was Joseph C. Johnson, and the contractor was James Haislip. They worked under the supervision of a building committee including Dr. James J. Smoot, William Wolfe, J. Hubert Roberts, John H. Mitchell, John W. Waring, Adrian Posey and George W. Gray.

The general style of architecture was Romanesque and was finished in pressed brick with slate roofing. It was 90 feet long, 52 feet wide and 30 feet high with a 70-foot tower in the front.

There were five offices on the first floor. The county commissioners shared a large office with the school superintendent. The clerk of court's office included a vault for court records and a working area. The county treasurer and register of wills occupied offices on each, side of the main entrance. The state's attorney and sheriff shared a small office in the rear of the building. Each office was equipped with a cuspidor to accommodate the tobacco-chewing occupants and visitors.

A large rope hung from the belfry to the second floor landing which was used to ring the courthouse bell. The bell was tolled each day at 10 a.m. by the clerk of the court or a bailiff to announce the beginning of a session.

The second floor included a court room in the center to accommodate 250 persons, with a law library to the rear and rooms for the grand and petit juries. There were two restrooms in the basement adjacent to the furnace room. There were four fireplaces in the courthouse, and, though not used, existed until the 1954 addition.

The first meeting of the county commissioners in their new quarters in the courthouse was on Jan. 5, 1897, and the first-ever term of the circuit court in the new courthouse began in February 1897.

The jail built in the courtyard behind the courthouse was two stories high and made of stone, brick and cement. There were rooms on the first floor for the jailor and cells on the second floor for the prisoners. Its cost was $2,500 and considered fireproof. Criminals condemned to death were hanged from a gallows just outside its walls.

ADDITIONS TO THE COURTHOUSE AT LA PLATA

The first addition to the 1896 courthouse was in 1949. It consisted of two restrooms and an office for the clerk of the court on the first floor. The second floor of this addition provided for an addition to the law library and an office and restroom for the country's newly appointed judge, J. Dudley Digges, who at age 37 was the youngest circuit judge in the state. The addition was made to the rear of the courthouse, and the contractor was Cleveland Herbert of Hughesville.

The courthouse changed little inwardly and not at all outwardly until 1954. In 1953, the Greek Revival facade of the building was added as the south addition to the original. The architect was Frederick Tilp (who also designed the county seal), and the contractor was Kahn Engineering Co. of Washington, D.C.

Dedicated on Oct. 2, 1954, the renovations had been sponsored by county commissioners William Boone, Bernard Perry and Calvin Compton. The building committee was chaired by Judge John Dudley Digges, with DeSales Mudd, Patrick Mudd, Calvin Compton and J. Hampton Elder as members. The cost was around $300,000. The commissioners to whom the building was turned over were John Sullivan, W. Edward Berry and Lemuel W. Wilmer.

The 1954 addition created much needed space for all courthouse occupants. The new front provided offices for the county commissioners in the east wing. The register of wills, trial magistrate and sheriff occupied the west wing. The county treasurer and assessor took over the west wing of the old building along with the state's attorney. The clerk of court's office was extended to include the entire east wing of the old building. The east wing of the second floor of the new front was occupied by the superintendent of schools and the entire staff of the board of education.

In addition to the planned office space, rooms were added by means of temporary partitions to make space for probation, county roads superintendent and town commission officials. The new library occupied a wing of the courthouse.

Two of the old, high desks used in the last Port Tobacco courthouse were saved, like the records, from the fire. One is in the trial magistrate's office and the other is in the office of the supervisor of assessments.

The former jail, occupied for a time by the library and county agent's office, housed the Children's Aid Society and possibly the surveyor's office. In later years, the former local jail became home to the county's parks and recreation department, Economic Development Commission and currently houses a division of the sheriff's office.

The first fence around the courthouse yard was a wooden board fence which was replaced by a black pipe fence until 1954 when a brick serpentine wall was erected duplicating the one Thomas Jefferson designed for the University of Virginia at Charlottesville.

In 1974, the center section and north addition was completed in Georgian design and added an additional 35,000 square feet to the building. Baltimore architects Wrenn, Lewis and Jencks designed the addition. Renovation was directed by county commissioners James C. Simpson, Michael J. Sprague and Eleanor Carrico. The building committee was chaired by Judge James C. Mitchell with Judge George Bowling, J. Douglas Lowe, John McWilliams, Thomas F. Mudd, and Gertrude Wright assisting. The construction, begun in 1973, was by the Davis Corp. of La Plata, with the cost at $2,038,238.

In 1965, plans for the addition were halted when the voters failed to give the county bonding authority to finance the project.

During the renovation, court was conducted in the social hall of Christ Church, and the treasurer's office was in the basement of Sacred Heart Catholic Church.

In 1988, county government offices moved from the courthouse to the former Milton Somers Middle School building. Now the courthouse includes the circuit and district courts, and offices of the state's attorney, clerk of the circuit court and register of wills.

Mr. SARBANES. Mr. President, in closing, I ask my colleagues to join me and the citizens of southern Maryland in celebrating the 100th anniversary of the Charles County Courthouse. Steeped in the rich history of southern Maryland, this structure serves as a bridge from the past to the emerging hi-tech area that southern Maryland is rapidly becoming.•

TRIBUTE TO CONSTITUTION WEEK

• Mr. BOND. Mr. President, I rise today to pay a special tribute to Constitution Week and Citizenship Day. It is a great pleasure to recognize these two events as annual occasions that will continue to remind our Nation's future generations of the importance of constitutional government.

In 1952, to commemorate the signing of the Constitution, the U.S. Congress authorized an annual Presidential proclamation designating September 17 as Citizenship Day. Later, on August 2, 1955, the Daughters of the American Revolution proposed and Congress approved a second resolution authorizing the President to designate annually the week of September 17–23 as Constitution Week.

I believe that both of these occasions provide the American people with the opportunity to learn about and reflect upon the rights and priveleges of citizenship which are protected by the Constitution. This year, as we celebrate Constitution Week and Citizenship Day, I invite every citizen and institution to join in the national commemoration.•

THE 50TH ANNIVERSARY OF JUNIOR ACHIEVEMENT OF WESTERN CONNECTICUT

• Mr. LIEBERMAN. Mr. President, I rise today to honor the Junior Achievement of Western Connecticut as it celebrates its 50th anniversary this year.

For the past 50 years, Junior Achievement has been dedicated to serving over 5,000 children in my home State of Connecticut. It gives me great pleasure to acknowledge the accomplishments of an organization that recognizes the needs of today's youth.

I am especially proud of the Junior Achievement Program's ability to motivate over 2,000 volunteers to participate in this year's event. We share the sentiment that by educating our children now, they will be better prepared to enter the workplace in the future.

Again, Mr. President, I would like to congratulate Junior Achievement of Western Connecticut on the occasion of its 50th anniversary. Junior Achievement has served the people of Connecticut through organized events such as their annual Bowl-A-Thon, which will celebrate its 11th anniversary on November 2. I thank Chairman Ronald J. Martin, his staff, and the thousands of Junior Achievement volunteers for their service, dedication, and contribution to the Connecticut community.•

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 104–31; TREATY DOCUMENT NO. 104–32; AND TREATY DOCUMENT NO. 104–33

Mr. BOND. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the following three treaties transmitted to the Senate on September 4, 1996, by the President of the United States:

Taxation Convention with Austria; Taxation Protocol Amending Convention with Indonesia; and Taxation Convention with Luxembourg.

I further ask that the treaties be considered as having been read the first time; that they be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's messages be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The messages of the President are as follows:

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention Between the United States of America and the Republic of Austria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Vienna May 31, 1996. Enclosed is an exchange of notes with an attached Memorandum of Understanding, which provides clarification with respect to the application of the Convention in specified cases. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Convention.

This Convention, which is similar to tax treaties between the United States and other OECD nations, provides maximum rates of tax to be applied to various types of income and protection from double taxation of income. The Convention also provides for exchange of information to prevent fiscal evasion and sets forth standard rules to limit the benefits of the Convention to persons that are not engaged in treaty shopping.

I recommend that the Senate give early and favorable consideration to this Convention and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1996.*

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification a Protocol, signed at Jakarta July 24, 1996, Amending the Convention Between the Government of the United States of America and the Government of the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, with a Related Protocol and Exchange of Notes Signed at Jakarta on the 11th Day of July, 1988. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Protocol.

This Protocol reduces the rates of tax to be applied to various types of income earned by U.S. firms operating in Indonesia.

I recommend that the Senate give early and favorable consideration to this Protocol and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1996.*

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention Between the Government of the United States of America and the Government of the Grand Duchy of Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital, signed at Luxembourg April 3, 1996. Accompanying the Convention is a related exchange of notes providing clarification with respect to the application of the Convention in specified cases. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Convention.

This Convention, which is similar to tax treaties between the United States and other OECD nations, provides maximum rates of tax to be applied to various types of income and protection from double taxation of income. The Convention also provides for exchange of information to prevent fiscal evasion and sets forth standard rules to limit the benefits of the Convention to persons that are not engaged in treaty shopping.

I recommend that the Senate give early and favorable consideration to this Convention and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 4, 1996.*

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 104–30

Mr. BOND. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the following treaty transmitted to the Senate on September 3, 1996, by the President of the United States:

Taxation Agreement with Turkey.

I further ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Agreement Between the Government of the United States of America and the Government of the Republic of Turkey for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, together with a related Protocol, signed at Washington March 28, 1996. Also transmitted for the information of the Senate is the report of the Department of State with respect to the Agreement.

This Agreement, which is similar to tax treaties between the United States and other OECD nations, provides maximum rates of tax to be applied to various types of income, protection from double taxation of income, exchange of information to prevent fiscal evasion, and standard rules to limit the benefits of the Agreement to persons that are not engaged in treaty shopping.

I recommend that the Senate give early and favorable consideration to this Agreement and related Protocol and give its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *September 3, 1996.*

REGARDING LAND CLAIMS OF PUEBLO OF ISLETA INDIAN TRIBE

Mr. BOND. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 740.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

A bill (H.R. 740) to confer jurisdiction on the United States Court of Federal Claims with respect to land claims of Pueblo of Isleta Indian Tribe.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BOND. Mr. President, I ask unanimous consent that the bill be deemed read the third time, passed, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 740) deemed read the third time and passed.

ANTARCTIC SCIENCE TOURISM AND CONSERVATION ACT OF 1996

Mr. BOND. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar 513.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

A bill (S. 1645) to regulate U.S. scientific and tourist activities in Antarctica, to conserve Antarctic resources, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

ANTARCTICA SCIENCE, TOURISM, AND CONSERVATION ACT OF 1996

Mr. PRESSLER. Mr. President, as chairman of the Committee on Commerce, Science, and Transportation, I am pleased we are able to bring to the Senate S. 1645, the Antarctica Science, Tourism, and Conservation Act of 1996, a bill introduced by Senator KERRY and cosponsored by Senator HOLLINGS. The bill has been considered by the Committee on Commerce, Science, and Transportation, and was reported June 6, 1996. A similar bill, H.R. 3060, introduced by Congressman WALKER of the House of Representatives has been adopted by the House.

During consideration of the bill, Senator STEVENS had asked that he be allowed to provide an amendment addressing Arctic research programs to the bill prior to floor action. The amendment that has been included does that.

S. 1645, amends the Antarctic Conservation Act to make the existing law governing U.S. research activities in Antarctica consistent with the requirements of the Protocol on the Environmental Protection to the Antarctica Treaty. As under current law, the National Science Foundation would remain the lead agency in managing the Antarctic science program, and in issuing regulations and research permits.

In addition, the bill would amend the Antarctic Conservation Act to: First, use established procedures under the National Environmental Policy Act to meet the protocol mandate for comprehensive assessment and monitoring of the effects of both governmental and nongovernmental activities on the fragile Antarctic ecosystem; second, prohibit introduction of prohibited products and open burning or disposal of any waste onto ice-free land areas or into fresh water systems in Antarctica; and third, require a permit for any incineration, waste disposal, entry in special areas, and takings or harmful interference.

Mr. President, this bill also amends the Antarctic Protection Act to continue indefinitely a ban on Antarctic mineral resource activities. And finally, the bill amends the act to Prevent Pollution from Ships to implement provisions of the protocol relating to protection of marine resources.

Mr. President, the amendment that has been added simply requires that the National Science Foundation report to Congress not later than March 1, 1997, on the use and amounts of funding provided for Federal polar research programs. This report will allow Congress to reexamine funding priorities for Arctic and Antarctic research programs.

Mr. HOLLINGS. Mr. President, today I rise to support final passage of the Antarctic Science, Tourism, and Conservation Act of 1996, legislation to implement the protocol on Environmental Protection to the Antarctic Treaty, a longstanding concern of the American scientific community and environmental groups. The protocol was signed by the United States 5 years ago and approved by the Senate in the 102d Congress, but implementing legislation remains to be completed. Senator KERRY and I introduced S. 1645 earlier this year to accomplish that task.

In pressing for legislation, our primary objective has been to provide a balanced approach that preserves both the environment and the ability to conduct scientific research in the Antarctic. Having had the opportunity to visit Antarctica, I can attest to its special beauty and pristine wilderness. While on the continent, I was impressed by a number of dedicated scientists operating under difficult circumstances to help us to understand better our global environment. The Antarctic provides scientists with a truly unique laboratory to conduct activities that cannot be done anywhere else. However, as important as these scientific activities are, we must be honest and accept the fact that the U.S. Antarctic Program has not always been the best steward of the Antarctic environment. Scientists themselves understand the critical importance of preserving the Antarctic as a natural reserve for generations to come. While much has been done in recent years to improve U.S. operations in the Antarctic, S. 1645 will help to ensure that present and future U.S. activities by scientists, explorers, tourists, and others comply with the highest environmental standards.

Mr. President, I commend the Senator from Massachusetts, Senator

KERRY, for his persistent and thoughtful leadership in balancing environmental protection and the pursuit of greater scientific understanding. And I urge my colleagues to support final passage of this legislation today.

AMENDMENT NO. 5186

(Purpose: To provide for a polar research and policy study)

Mr. BOND. Mr. President, Senator STEVENS has an amendment at the desk. I ask for its consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mr. BOND], for Mr. STEVENS, proposes an amendment numbered 5186.

Mr. BOND. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, add the following:

TITLE III—POLAR RESEARCH AND POLICY STUDY

SEC. 301. POLAR RESEARCH AND POLICY STUDY.

Not later than March 1, 1997, the National Science Foundation shall provide a detailed report to the Congress on—

(1) the status of the implementation of the Arctic Environmental Protection Strategy and Federal funds being used for that purpose;

(2) all of the Federal programs relating to Arctic and Antarctic research and the total amount of funds expended annually for each such program, including—

(A) a comparison of the funding for logistical support in the Arctic and Antarctic;

(B) a comparison of the funding for research in the Arctic and Antarctic;

(C) a comparison of any other amounts being spent on Arctic and Antarctic programs; and

(D) an assessment of the actions taken to implement the recommendations of the Arctic Research Commission with respect to the use of such funds for research and logistical support in the Arctic.

Mr. STEVENS. Mr. President, today before the Senate is S. 1645, the Antarctica Science, Tourism, and Conservation Act of 1996. This bill was introduced on March 26, 1996, by Senator KERRY and Senator HOLLINGS. House Science Committee Chairman WALKER has sponsored similar legislation, H.R. 3060, which the House passed earlier this year, provides for the U.S. implementation of the Protocol on the Environmental Protection to the Antarctica Treaty.

This legislation will help protect the natural resources of the Antarctica by establishing regulations to protect native species, prevent marine pollution, manage waste disposal, and extend specially protected areas. It will implement the Environmental Protocol to the Antarctica Treaty.

I support S. 1645, and ask for unanimous consent that I be added as a cosponsor. In addition, I am offering an amendment that is equally important to the protection of the Arctic, an area very important to my State and for the entire Nation. My amendment would require the National Science Foundation to report to Congress on the status of its implementation of the Arctic environmental protection strategy. We are very concerned about delays and inadequate funding for this important environmental initiative.

My amendment would also require the National Science Foundation to report to Congress on the use and amounts of funding provided for Federal polar research programs, and tell us why they have not followed some of the recommendations of the Arctic Research Commission.

I have spoken to Chairman WALKER in the House, and explained this amendment to him. I do not believe there is any opposition to it in the Senate.

Mr. BOND. Mr. President, I ask unanimous consent that the amendment be considered as read and agreed to, the bill be deemed read a third time, the Senate then immediately proceed to Calendar No. 445, H.R. 3060; further, that all after the enacting clause be stricken and the text of S. 1645 be inserted in lieu thereof, the bill then be deemed read a third time and passed, as amended, the motion to reconsider be laid upon the table, and that any statements relating to the bill be placed at the appropriate place in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 5186) was agreed to.

The bill (S. 1645), as amended, was deemed read for a third time.

The bill (H.R. 3060), as amended, was deemed read a third time, and passed as follows:

Resolved, That the bill from the House of Representatives (H.R. 3060) entitled "An Act to implement the Protocol on Environmental Protection to the Antarctic Treaty", do pass with the following amendment:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Antarctic Science, Tourism, and Conservation Act of 1996".

TITLE I—AMENDMENTS TO THE ANTARCTIC CONSERVATION ACT OF 1978

SEC. 101. FINDINGS AND PURPOSE.

(a) FINDINGS.—Section 2(a) of the Antarctic Conservation Act of 1978 (16 U.S.C. 2401(a)) is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (4) and (5) respectively, and inserting before paragraph (4), as redesignated, the following:

"(1) for well over a quarter of a century, scientific investigation has been the principal activity of the Federal Government and United States nationals in Antarctica;

"(2) more recently, interest of American tourists in Antarctica has increased;

"(3) as the lead civilian agency in Antarctica, the National Science Foundation has long had responsibility for ensuring that United States scientific activities and tourism, and their supporting logistics operations, are conducted with an eye to preserving the unique values of the Antarctic region;";

(2) by striking "the Agreed Measures for the Conservation of Antarctic Fauna and Flora, adopted at the Third Antarctic Treaty Consultative Meeting, have established a firm foundation" in paragraph (4), as redesignated, and inserting "the Protocol establish a firm foundation for the conservation of Antarctic resources,";

(3) by striking paragraph (5), as redesignated, and inserting the following:

"(5) the Antarctic Treaty and the Protocol establish international mechanisms and create legal obligations necessary for the maintenance of Antarctica as a natural reserve devoted to peace and science.".

(b) PURPOSE.—Section 2(b) of such Act (16 U.S.C. 2401(b)) is amended by striking "Treaty, the Agreed Measures for the Conservation of Antarctic Fauna and Flora, and Recommendation VII-3 of the Eighth Antarctic Treaty Consultative Meeting" and inserting "Treaty and the Protocol".

SEC. 102. DEFINITIONS.

Section 3 of the Antarctic Conservation Act of 1978 (16 U.S.C. 2402) is amended to read as follows:

"SEC. 3. DEFINITIONS.

"For purposes of this Act—

"(1) the term 'Administrator' means the Administrator of the Environmental Protection Agency;

"(2) the term 'Antarctica' means the area south of 60 degrees south latitude;

"(3) the term 'Antarctic Specially Protected Area' means an area identified as such pursuant to Annex V to the Protocol;

"(4) the term 'Director' means the Director of the National Science Foundation;

"(5) the term 'harmful interference' means—

"(A) flying or landing helicopters or other aircraft in a manner that disturbs concentrations of birds or seals;

"(B) using vehicles or vessels, including hovercraft and small boats, in a manner that disturbs concentrations of birds or seals;

"(C) using explosives or firearms in a manner that disturbs concentrations of birds or seals;

"(D) willfully disturbing breeding or molting birds or concentrations of birds or seals by persons on foot;

"(E) significantly damaging concentrations of native terrestrial plants by landing aircraft, driving vehicles, or walking on them, or by other means; and

"(F) any activity that results in the significant adverse modification of habitats of any species or population of native mammal, native bird, native plant, or native invertebrate;

"(6) the term 'historic site or monument' means any site or monument listed as an historic site or monument pursuant to Annex V to the Protocol;

"(7) the term 'impact' means impact on the Antarctic environment and dependent and associated ecosystems;

"(8) the term 'import' means to land on, bring into, or introduce into, or attempt to land on, bring into or introduce into, any place subject to the jurisdiction of the United States, including the 12-mile territorial sea of the United States, whether or not such act constitutes an importation within the meaning of the customs laws of the United States;

"(9) the term 'native bird' means any member, at any stage of its life cycle (including eggs), of any species of the class Aves which is indigenous to Antarctica or occurs there seasonally through natural migrations, and includes any part of such member;

"(10) the term 'native invertebrate' means any terrestrial or freshwater invertebrate, at any

stage of its life cycle, which is indigenous to Antarctica, and includes any part of such invertebrate;

"(11) the term 'native mammal' means any member, at any stage of its life cycle, of any species of the class Mammalia, which is indigenous to Antarctica or occurs there seasonally through natural migrations, and includes any part of such member;

"(12) the term 'native plant' means any terrestrial or freshwater vegetation, including bryophytes, lichens, fungi, and algae, at any stage of its life cycle (including seeds and other propagules), which is indigenous to Antarctica, and includes any part of such vegetation;

"(13) the term 'non-native species' means any species of animal or plant which is not indigenous to Antarctica and does not occur there seasonally through natural migrations;

"(14) the term 'person' has the meaning given that term in section 1 of title 1, United States Code, and includes any person subject to the jurisdiction of the United States and any department, agency, or other instrumentality of the Federal Government or of any State or local government;

"(15) the term 'prohibited product' means any substance banned from introduction onto land or ice shelves or into water in Antarctica pursuant to Annex III to the Protocol;

"(16) the term 'prohibited waste' means any substance which must be removed from Antarctica pursuant to Annex III to the Protocol, but does not include materials used for balloon envelopes required for scientific research and weather forecasting;

"(17) the term 'Protocol' means the Protocol on Environmental Protection to the Antarctic Treaty, signed October 4, 1991, in Madrid, and all annexes thereto, including any future amendments thereto to which the United States is a party;

"(18) the term 'Secretary' means the Secretary of Commerce;

"(19) the term 'Specially Protected Species' means any native species designated as a Specially Protected Species pursuant to Annex II to the Protocol;

"(20) the term 'take' means to kill, injure, capture, handle, or molest a native mammal or bird, or to remove or damage such quantities of native plants that their local distribution or abundance would be significantly affected;

"(21) the term 'Treaty' means the Antarctic Treaty signed in Washington, DC, on December 1, 1959;

"(22) the term 'United States' means the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and any other commonwealth, territory, or possession of the United States; and

"(23) the term 'vessel subject to the jurisdiction of the United States' includes any 'vessel of the United States' and any 'vessel subject to the jurisdiction of the United States' as those terms are defined in section 303 of the Antarctic Marine Living Resources Convention Act of 1984 (16 U.S.C. 2432).".

SEC. 103. PROHIBITED ACTS.

Section 4 of the Antarctic Conservation Act of 1978 (16 U.S.C. 2403) is amended to read as follows:

"SEC. 4. PROHIBITED ACTS.

"(a) IN GENERAL.—It is unlawful for any person—

"(1) to introduce any prohibited product onto land or ice shelves or into water in Antarctica;

"(2) to dispose of any waste onto ice-free land areas or into fresh water systems in Antarctica;

"(3) to dispose of any prohibited waste in Antarctica;

"(4) to engage in open burning of waste;

"(5) to transport passengers to, from, or within Antarctica by any seagoing vessel not required to comply with the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), unless the person has an agreement with the vessel owner or operator under which the owner or operator is required to comply with Annex IV to the Protocol;

"(6) who organizes, sponsors, operates, or promotes a nongovernmental expedition to Antarctica, and who does business in the United States, to fail to notify all members of the expedition of the environmental protection obligations of this Act, and of actions which members must take, or not take, in order to comply with those obligations;

"(7) to damage, remove, or destroy a historic site or monument;

"(8) to refuse permission to any authorized officer or employee of the United States to board a vessel, vehicle, or aircraft of the United States, or subject to the jurisdiction of the United States, for the purpose of conducting any search or inspection in connection with the enforcement of this Act or any regulation promulgated or permit issued under this Act;

"(9) to forcibly assault, resist, oppose, impede, intimidate, or interfere with any authorized officer or employee of the United States in the conduct of any search or inspection described in paragraph (8);

"(10) to resist a lawful arrest or detention for any act prohibited by this section;

"(11) to interfere with, delay, or prevent, by any means, the apprehension, arrest, or detention of another person, knowing that such other person has committed any act prohibited by this section;

"(12) to violate any regulation issued under this Act, or any term or condition of any permit issued to that person under this Act; or

"(13) to attempt to commit or cause to be committed any act prohibited by this section.

"(b) ACTS PROHIBITED UNLESS AUTHORIZED BY PERMIT.—It is unlawful for any person, unless authorized by a permit issued under this Act—

"(1) to dispose of any waste in Antarctica (except as otherwise authorized by the Act to Prevent Pollution from Ships) including—

"(A) disposing of any waste from land into the sea in Antarctica; and

"(B) incinerating any waste on land or ice shelves in Antarctica, or on board vessels at points of embarcation or debarcation, other than through the use at remote field sites of incinerator toilets for human waste;

"(2) to introduce into Antarctica any member of a nonnative species;

"(3) to enter or engage in activities within any Antarctic Specially Protected Area;

"(4) to engage in any taking or harmful interference in Antarctica; or

"(5) to receive, acquire, transport, offer for sale, sell, purchase, import, export, or have custody, control, or possession of, any native bird, native mammal, or native plant which the person knows, or in the exercise of due care should have known, was taken in violation of this Act.

"(c) EXCEPTION FOR EMERGENCIES.—No act described in subsection (a)(1), (2), (3), (4), (5), (7), (12), or (13) or in subsection (b) shall be unlawful if the person committing the act reasonably believed that the act was committed under emergency circumstances involving the safety of human life or of ships, aircraft, or equipment or facilities of high value, or the protection of the environment.".

SEC. 104. ENVIRONMENTAL IMPACT ASSESSMENT.

The Antarctic Conservation Act of 1978 is amended by inserting after section 4 the following new section:

"SEC. 4A. ENVIRONMENTAL IMPACT ASSESSMENT.

"(a) FEDERAL ACTIVITIES.—(1)(A) The obligations of the United States under Article 8 of and Annex I to the Protocol shall be implemented by applying the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) to proposals for Federal agency activities in Antarctica, as specified in this section.

"(B) The obligations contained in section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) shall apply to all proposals for Federal agency activities occurring in Antarctica and affecting the quality of the human environment in Antarctica or dependent or associated ecosystems, only as specified in this section. For purposes of the application of such section 102(2)(C) under this subsection, the term "significantly affecting the quality of the human environment" shall have the same meaning as the term "more than a minor or transitory impact".

"(2)(A) Unless an agency which proposes to conduct a Federal activity in Antarctica determines that the activity will have less than a minor or transitory impact, or unless a comprehensive environmental evaluation is being prepared in accordance with subparagraph (C), the agency shall prepare an initial environmental evaluation in accordance with Article 2 of Annex I to the Protocol.

"(B) If the agency determines, through the preparation of the initial environmental evaluation, that the proposed Federal activity is likely to have no more than a minor or transitory impact, the activity may proceed if appropriate procedures are put in place to assess and verify the impact of the activity.

"(C) If the agency determines, through the preparation of the initial environmental evaluation or otherwise, that a proposed Federal activity is likely to have more than a minor or transitory impact, the agency shall prepare and circulate a comprehensive environmental evaluation in accordance with Article 3 of Annex I to the Protocol, and shall make such comprehensive environmental evaluation publicly available for comment.

"(3) Any agency decision under this section on whether a proposed Federal activity, to which paragraph (2)(C) applies, should proceed, and, if so, whether in its original or in a modified form, shall be based on the comprehensive environmental evaluation as well as other considerations which the agency, in the exercise of its discretion, considers relevant.

"(4) For the purposes of this section, the term 'Federal activity' includes all activities conducted under a Federal agency research program in Antarctica, whether or not conducted by a Federal agency.

"(b) FEDERAL ACTIVITIES CARRIED OUT JOINTLY WITH FOREIGN GOVERNMENTS.—(1) For the purposes of this subsection, the term 'Antarctic joint activity' means any Federal activity in Antarctica which is proposed to be conducted, or which is conducted, jointly or in cooperation with one or more foreign governments. Such term shall be defined in regulations promulgated by such agencies as the President may designate.

"(2) Where the Secretary of State, in cooperation with the lead United States agency planning an Antarctic joint activity, determines that—

"(A) the major part of the joint activity is being contributed by a government or governments other than the United States;

(B) one such government is coordinating the implementation of environmental impact assessment procedures for that activity; and

(C) such government has signed, ratified, or acceded to the Protocol,

the requirements of subsection (a) of this section shall not apply with respect to that activity.

"(3) In all cases of Antarctic joint activity other than those described in paragraph (2), the requirements of subsection (a) of this section

shall apply with respect to that activity, except as provided in paragraph (4).

"(4) Determinations described in paragraph (2), and agency actions and decisions in connection with assessments of impacts of Antarctic joint activities, shall not be subject to judicial review.

"(c) NONGOVERNMENTAL ACTIVITIES.—(1) The Administrator shall, within 2 years after the date of the enactment of the Antarctic Science, Tourism, and Conservation Act of 1996, promulgate regulations to provide for—

"(A) the environmental impact assessment of nongovernmental activities, including tourism, for which the United States is required to give advance notice under paragraph 5 of Article VII of the Treaty; and

"(B) coordination of the review of information regarding environmental impact assessment received from other Parties under the Protocol.

"(2) Such regulations shall be consistent with Annex I to the Protocol.

"(d) DECISION TO PROCEED.—(1) No decision shall be taken to proceed with an activity for which a comprehensive environmental evaluation is prepared under this section unless there has been an opportunity for consideration of the draft comprehensive environmental evaluation at an Antarctic Treaty Consultative Meeting, except that no decision to proceed with a proposed activity shall be delayed through the operation of this paragraph for more than 15 months from the date of circulation of the draft comprehensive environmental evaluation pursuant to Article 3(3) of Annex I to the Protocol.

"(2) The Secretary of State shall circulate the final comprehensive environmental evaluation, in accordance with Article 3(6) of Annex I to the Protocol, at least 60 days before the commencement of the activity in Antarctica.

"(e) CASES OF EMERGENCY.—The requirements of this section, and of regulations promulgated under this section, shall not apply in cases of emergency relating to the safety of human life or of ships, aircraft, or equipment and facilities of high value, or the protection of the environment, which require an activity to be undertaken without fulfilling those requirements.

"(f) EXCLUSIVE MECHANISM.—Notwithstanding any other provision of law, the requirements of this section shall constitute the sole and exclusive statutory obligations of the Federal agencies with regard to assessing the environmental impacts of proposed Federal activities occurring in Antarctica.

"(g) DECISIONS ON PERMIT APPLICATIONS.—The provisions of this section requiring environmental impact assessments (including initial environmental evaluations and comprehensive environmental evaluations) shall not apply to Federal actions with respect to issuing permits under section 5.

"(h) PUBLICATION OF NOTICES.—Whenever the Secretary of State makes a determination under paragraph (2) of subsection (b) of this section, or receives a draft comprehensive environmental evaluation in accordance with Annex I, Article 3(3) to the Protocol, the Secretary of State shall cause timely notice thereof to be published in the Federal Register.".

SEC. 105. PERMITS.

Section 5 of the Antarctic Conservation Act of 1978 (16 U.S.C. 2404) is amended—

(1) in subsection (a) by striking "section 4(a)" and inserting in lieu thereof "section 4(b)";

(2) in subsection (c)(1)(B) by striking "Special" and inserting in lieu thereof "Species"; and

(3) in subsection (e)—

(A) by striking "or native plants to which the permit applies," in paragraph (1)(A)(i) and inserting in lieu thereof "native plants, or native invertebrates to which the permit applies, and";

(B) by striking paragraph (1)(A)(ii) and (iii) and inserting in lieu thereof the following new clause:

"(ii) the manner in which the taking or harmful interference shall be conducted (which manner shall be determined by the Director to be humane) and the area in which it will be conducted;";

(C) by striking "within Antarctica (other than within any specially protected area)" in paragraph (2)(A) and inserting in lieu thereof "or harmful interference within Antarctica";

(D) by striking "specially protected species" in paragraph (2)(A) and (B) and inserting in lieu thereof "Specially Protected Species";

(E) by striking "; and" at the end of paragraph (2)(A)(i)(II) and inserting in lieu thereof ", or";

(F) by adding after paragraph (2)(A)(i)(II) the following new subclause:

"(III) for unavoidable consequences of scientific activities or the construction and operation of scientific support facilities; and";

(G) by striking "with Antarctica and" in paragraph (2)(A)(ii)(II) and inserting in lieu thereof "within Antarctica are"; and

(H) by striking subparagraphs (C) and (D) of paragraph (2) and inserting in lieu thereof the following new subparagraph:

"(C) A permit authorizing the entry into an Antarctic Specially Protected Area shall be issued only—

"(i) if the entry is consistent with an approved management plan, or

"(ii) if a management plan relating to the area has not been approved but—

"(I) there is a compelling purpose for such entry which cannot be served elsewhere, and

"(II) the actions allowed under the permit will not jeopardize the natural ecological system existing in such area.".

SEC. 106. REGULATIONS.

Section 6 of the Antarctic Conservation Act of 1978 (16 U.S.C. 2405) is amended to read as follows:

"SEC. 6. REGULATIONS.

"(a) REGULATIONS TO BE ISSUED BY THE DIRECTOR.—(1) The Director shall issue such regulations as are necessary and appropriate to implement Annex II and Annex V to the Protocol and the provisions of this Act which implement those annexes, including section 4(b)(2), (3), (4), and (5) of this Act. The Director shall designate as native species—

"(A) each species of the class Aves;

"(B) each species of the class Mammalia; and

"(C) each species of plant,

which is indigenous to Antarctica or which occurs there seasonally through natural migrations.

"(2) The Director, with the concurrence of the Administrator, shall issue such regulations as are necessary and appropriate to implement Annex III to the Protocol and the provisions of this Act which implement that Annex, including section 4(a)(1), (2), (3), and (4), and section 4(b)(1) of this Act.

"(3) The Director shall issue such regulations as are necessary and appropriate to implement Article 15 of the Protocol with respect to land areas and ice shelves in Antarctica.

"(4) The Director shall issue such additional regulations as are necessary and appropriate to implement the Protocol and this Act, except as provided in subsection (b).

"(b) REGULATIONS TO BE ISSUED BY THE SECRETARY OF THE DEPARTMENT IN WHICH THE COAST GUARD IS OPERATING.—The Secretary of the Department in which the Coast Guard is operating shall issue such regulations as are necessary and appropriate, in addition to regulations issued under the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), to implement Annex IV to the Protocol and the provisions of this Act which implement that Annex, and, with the concurrence of the Director, such regulations as are necessary and appropriate to implement Article 15 of the Protocol with respect to vessels.

"(c) TIME PERIOD FOR REGULATIONS.—The regulations to be issued under subsection (a)(1) and (2) of this section shall be issued within 2 years after the date of the enactment of the Antarctic Science, Tourism, and Conservation Act of 1996. The regulations to be issued under subsection (a)(3) of this section shall be issued within 3 years after the date of the enactment of the Antarctic Science, Tourism, and Conservation Act of 1996.".

SEC. 107. SAVING PROVISIONS.

Section 14 of the Antarctic Conservation Act of 1978 is amended to read as follows:

"SEC. 14. SAVING PROVISIONS.

"(a) REGULATIONS.—All regulations promulgated under this Act prior to the date of the enactment of the Antarctic Science, Tourism, and Conservation Act of 1996 shall remain in effect until superseding regulations are promulgated under section 6.

"(b) PERMITS.—All permits issued under this Act shall remain in effect until they expire in accordance with the terms of those permits.".

TITLE II—CONFORMING AMENDMENTS TO OTHER LAWS

SEC. 201. AMENDMENTS TO ACT TO PREVENT POLLUTION FROM SHIPS.

(a) DEFINITIONS.—Section 2 of the Act to Prevent Pollution from Ships (33 U.S.C. 1901) is amended—

(1) by redesignating paragraphs (1) through (9) of subsection (a) as paragraphs (3) through (11), respectively;

(2) by inserting before paragraph (3), as so redesignated by paragraph (1) of this subsection, the following new paragraphs:

"(1) 'Antarctica' means the area south of 60 degrees south latitude;

"(2) 'Antarctic Protocol' means the Protocol on Environmental Protection to the Antarctic Treaty, signed October 4, 1991, in Madrid, and all annexes thereto, and includes any future amendments thereto which have entered into force;"; and

(3) by adding at the end the following new subsection:

"(c) For the purposes of this Act, the requirements of Annex IV to the Antarctic Protocol shall apply in Antarctica to all vessels over which the United States has jurisdiction.".

(b) APPLICATION OF ACT.—Section 3(b)(1)(B) of the Act to Prevent Pollution from Ships (33 U.S.C. 1902(b)(1)(B)) is amended by inserting "or the Antarctic Protocol" after "MARPOL Protocol".

(c) ADMINISTRATION.—Section 4 of the Act to Prevent Pollution from Ships (33 U.S.C. 1903) is amended—

(1) by inserting ", Annex IV to the Antarctic Protocol," after "the MARPOL Protocol" in the first sentence of subsection (a);

(2) in subsection (b)(1) by inserting ", Annex IV to the Antarctic Protocol," after "the MARPOL Protocol";

(3) in subsection (b)(2)(A) by striking "within 1 year after the effective date of this paragraph,"; and

(4) in subsection (b)(2)(A)(i) by inserting "and of Annex IV to the Antarctic Protocol" after "the Convention".

(d) POLLUTION RECEPTION FACILITIES.—Section 6 of the Act to Prevent Pollution from Ships (33 U.S.C. 1905) is amended—

(1) in subsection (b) by inserting "or the Antarctic Protocol" after "the MARPOL Protocol";

(2) in subsection (e)(1) by inserting "or the Antarctic Protocol" after "the Convention";

(3) in subsection (e)(1)(A) by inserting "or Article 9 of Annex IV to the Antarctic Protocol" after "the Convention"; and

(4) in subsection (f) by inserting "or the Antarctic Protocol" after "the MARPOL Protocol".

(e) VIOLATIONS.—Section 8 of the Act to Prevent Pollution from Ships (33 U.S.C. 1907) is amended—

(1) in the first sentence of subsection (a) by inserting "Annex IV to the Antarctic Protocol," after "MARPOL Protocol,";

(2) in the second sentence of subsection (a)—

(A) by inserting "or to the Antarctic Protocol" after "to the MARPOL Protocol"; and

(B) by inserting "and Annex IV to the Antarctic Protocol" after "of the MARPOL Protocol";

(3) in subsection (b) by inserting "or the Antarctic Protocol" after "MARPOL Protocol" both places it appears;

(4) in subsection (c)(1) by inserting ", of Article 3 or Article 4 of Annex IV to the Antarctic Protocol," after "to the Convention";

(5) in subsection (c)(2) by inserting "or the Antarctic Protocol" after "which the MARPOL Protocol";

(6) in subsection (c)(2)(A) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol";

(7) in subsection (c)(2)(B)—

(A) by inserting "or the Antarctic Protocol" after "to the MARPOL Protocol"; and

(B) by inserting "or Annex IV to the Antarctic Protocol" after "of the MARPOL Protocol";

(8) in subsection (d)(1) by inserting ", Article 5 of Annex IV to the Antarctic Protocol," after "Convention";

(9) in subsection (e)(1)—

(A) by inserting "or the Antarctic Protocol" after "MARPOL Protocol"; and

(B) by striking "that Protocol" and inserting in lieu thereof "those Protocols"; and

(10) in subsection (e)(2) by inserting ", of Annex IV to the Antarctic Protocol," after "MARPOL Protocol".

(f) PENALTIES.—Section 9 of the Act to Prevent Pollution from Ships (33 U.S.C. 1908) is amended—

(1) in subsection (a) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol,";

(2) in subsection (b)(1) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol,";

(3) in subsection (b)(2) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol,";

(4) in subsection (d) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol,";

(5) in subsection (e) by inserting ", Annex IV to the Antarctic Protocol," after "MARPOL Protocol"; and

(6) in subsection (f) by inserting "or the Antarctic Protocol" after "MARPOL Protocol" both places it appears.

SEC. 202. PROHIBITION OF CERTAIN ANTARCTIC RESOURCE ACTIVITIES.

(a) AGREEMENT OR LEGISLATION REQUIRED.—Section 4 of the Antarctic Protection Act of 1990 (16 U.S.C. 2463) is amended by striking "Pending a new agreement among the Antarctic Treaty Consultative Parties in force for the United States, to which the Senate has given advice and consent or which is authorized by further legislation by the Congress, which provides an indefinite ban on Antarctic mineral resource activities, it" and inserting in lieu thereof "It".

(b) REPEALS.—Sections 5 and 7 of such Act (16 U.S.C. 2464 and 2466) are repealed.

(c) REDESIGNATION.—Section 6 of such Act (16 U.S.C. 2465) is redesignated as section 5.

TITLE III—POLAR RESEARCH AND POLICY STUDY

SEC. 301. POLAR RESEARCH AND POLICY STUDY.

Not later than March 1, 1997, the National Science Foundation shall provide a detailed report to the Congress on—

(1) the status of the implementation of the Arctic Environmental Protection Strategy and Federal funds being used for that purpose;

(2) all of the Federal programs relating to Arctic and Antarctic research and the total amount of funds expended annually for each such program, including—

(A) a comparison of the funding for logistical support in the Arctic and Antarctic;

(B) a comparison of the funding for research in the Arctic and Antarctic;

(C) a comparison of any other amounts being spent on Arctic and Antarctic programs; and

(D) an assessment of the actions taken to implement the recommendations of the Arctic Research Commission with respect to the use of such funds for research and logistical support in the Arctic.

Mr. BOND. Mr. President, I ask unanimous consent that S. 1645 be placed back on the calendar.

MEASURE READ THE FIRST TIME—S. 2053

Mr. BOND. Mr. President, I understand that S. 2053 introduced today by Senator GRASSLEY is at the desk and I ask for its first reading.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 2053) to strengthen narcotics control reporting requirements and to require the imposition of certain sanctions on countries that fail to take effective action against the production of and trafficking in illicit narcotics and psychotropic drugs and other controlled substances, and for other purposes.

Mr. BOND. Mr. President, I now ask for its second reading, and I object to my own request on behalf of Senators on the Democratic side of the aisle.

The PRESIDING OFFICER. Objection is heard, and the bill will be read on the next legislative day.

ORDERS FOR THURSDAY, SEPTEMBER 5, 1996

Mr. BOND. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:30 a.m. on Thursday, September 5; further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, the morning hour be deemed to have expired, the time for the two leaders be reserved for their use later in the day, and the Senate then proceed under the order to the consideration of the military construction appropriations conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BOND. Mr. President, for the information of all Members, tomorrow morning following the 30 minutes of debate there will be two consecutive rollcall votes beginning at approximately 10 a.m. with the first vote on the military construction appropriations conference report to be followed by a vote on the District of Columbia appropriations conference report. Following those votes the Senate will resume the VA-HUD appropriations bill. All Senators can expect additional votes on Thursday as we attempt to and I hope actually complete action on the bill.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. BOND. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 7:02 p.m., adjourned until Thursday, September 5, 1996, at 9:30 a.m.

HOUSE OF REPRESENTATIVES—*Wednesday, September 4, 1996*

The House met at 12 noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray for Your blessing, gracious God, in all the moments of life from the morning light to eventide, from the rush of activity that greets each day to the quiet and solitude when work is over and time is past. Our petitions reach out to You, O God, from the early instants of life through all the encounters of daily living until we rest from our labors and the burdens of life are over. As we contemplate the opportunities that are before us, we pray that Your benediction will ever be with us, Your counsel will lead us in the right path, and Your grace will be sufficient for our every need. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Mississippi [Mr. MONTGOMERY] come forward and lead the House in the Pledge of Allegiance.

Mr. MONTGOMERY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. McDevitt, one of its clerks, announced that the Senate had passed with amendments bills of the House of the following titles in which concurrence of the House is requested:

H.R. 2428. An act to encourage the donation of food and grocery products to nonprofit organizations for distribution to needy individuals by giving the Model Good Samaritan Food Donation Act the full force and effect of law; and

H.R. 3269. An act to amend the Impact Aid program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property, and for other purposes.

The message further announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3754) "An act making appropriations for the Legislative Branch for the fiscal year ending September 30, 1997, and for other purposes."

The message also announced that the Senate has passed bills and concurrent resolutions of the following titles in which the concurrence of the House is requested:

S. 1130. An act to provide for the establishment of uniform accounting systems, standards, and reporting systems in the Federal Government, and for other purposes;

S. 1559. An act to make technical corrections to title 11, United States Code, and for other purposes;

S. 1662. An act to establish areas of wilderness and recreation in the State of Oregon, and for other purposes;

S. 1735. An act to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States.

S. 1834. An act to reauthorize the Indian Environmental General Assistance Program Act of 1992, and for other purposes;

S. 1873. An act to amend the National Environmental Education Act to extend the programs under the Act, and for other purposes;

S. 1931. An act to provide that the United States Post Office and Courthouse building located at 9 East Broad Street, Cookeville, Tennessee, shall be known and designated as the "L. Clure Morton United States Post Office and Courthouse";

S. Con. Res. 52. Concurrent resolution to recognize and encourage the convening of a National Silver Haired Congress;

S. Con. Res. 68. Concurrent resolution to correct technical errors in the enrollment of the bill, H.R. 3103; and

S. Con. Res. 70. Concurrent resolution to correct technical errors in the enrollment of the bill, H.R. 1975.

The message also announced that pursuant to Public Law 104–132, the Chair, on behalf of the minority leader, appoints Donald C. Dahlin, of South Dakota, as a member of the Commission on the Advancement of Federal Law Enforcement.

The message also announced that pursuant to Public Law 104–132, the Chair, on behalf of the President pro tempore, appoints Robert M. Stewart, of South Carolina, as a member of the Commission on the Advancement of Federal Law Enforcement.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, August 5, 1996.

Hon. NEWT GINGRICH,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, the Clerk received the following messages from the Secretary of the Senate on Monday, August 5, 1996 at 2:35 p.m.: that the Senate agreed to conference report S. 1316, that the Senate passed without amendment H.R. 1975, that the Senate agreed to conference report H.R. 3103, that the Senate passed without amendment H.R. 3139, that the Senate agreed to conference report H.R. 3448, that the Senate passed without amendment H.R. 3680, that the Senate passed without amendment H.R. 3834, that the Senate passed without amendment H.R. 3870, that the Senate passed without amendment H. Con. Res. 208.

With warm regards,

ROBIN H. CARLE,
Clerk.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of Rule I, the Speaker signed the following enrolled bills on Friday, August 2, 1996:

H.R. 782, to amend title 18 of the United States Code to allow members of employee associations to represent their views before the United States Government;

S. 1316, to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the Safe Drinking Water Act), and for other purposes.

And Speaker pro tempore WOLF signed the following enrolled bills on Tuesday, August 6, 1996:

H.R. 1975, to improve the management of royalties from Federal and outer continental shelf oil and gas leases, and for other purposes;

H.R. 2739, to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes;

H.R. 3103, to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical saving accounts, to improve access to long-term care services

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

and coverage, to simplify the administration of health insurance, and for other purposes;

H.R. 3139, to redesignate the United States Post Office building located at 245 Centereach Mall on Middle County Road in Centereach, New York, as the "Rosey Caracappa United States Post Office Building";

H.R. 3448, to provide tax relief for small business, to project jobs, to create opportunities, to increase the take home pay for workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that act;

H.R. 3680, to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva conventions to provide criminal penalties for certain war crimes;

H.R. 3834, to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office."; and

H.R. 3870, to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency.

And the Speaker signed the following enrolled bill on Thursday, August 15, 1996:

H.R. 3734, to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997.

COMMUNICATIONS FROM THE CHIEF ADMINISTRATIVE OFFICER

The SPEAKER pro tempore (Mr. WICKER) laid before the House the following communication from the Chief Administrative Officer of the House of Representatives:

CHIEF ADMINISTRATIVE OFFICER,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, August 22, 1996.

Hon. NEWT GINGRICH,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the United States District Court for the Northern District of Illinois.

After consultation with the General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

SCOT W. FAULKNER,
Chief Administrative Officer.

COMMUNICATION FROM THE HONORABLE PETER DEUTSCH, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable PETER DEUTSCH, Member of Congress:

CONGRESS OF THE UNITED STATES,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, August 22, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that a member of my staff has been served with a subpoena issued by the Circuit Court for the Seventeenth Judicial Circuit for Broward County, Florida.

After consultation with the General Counsel, I have determined that compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

PETER DEUTSCH,
Member of Congress.

COMMUNICATION FROM THE HONORABLE MAC COLLINS, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable MAC COLLINS, Member of Congress:

U.S. HOUSE OF REPRESENTATIVES,
August 27, 1996.

Hon. NEWT GINGRICH,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by Superior Court of Muscogee County, Georgia.

After consultation with the General Counsel, I will make determinations required by Rule L.

Sincerely,

MAC COLLINS,
Member of Congress.

COMMUNICATION FROM THE HONORABLE TODD TIAHRT, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable TODD TIAHRT, Member of Congress:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 4, 1996.

Hon. NEWT GINGRICH,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you pursuant to Rule L (50) of the Rules of the House that I have been served with a subpoena issued by the District Court of the Eighteenth Judicial District for Sedgwick County, Kansas.

I am consulting with the General Counsel to determine whether compliance with the subpoena is consistent with the privileges and precedents of the House.

Sincerely,

TODD TIAHRT,
U.S. Congressman.

THE WAR ON DRUGS

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, there is only one way to wage an effective campaign against drugs and that is to remain forever vigilant.

With that said, it is no wonder overall drug use by 12- to 17-year-olds is up 78 percent when we have an administration asleep at the wheel.

The Clinton White House dozed off early and often in their new administration when they slashed the Office of National Drug Policy by 80 percent and cut interdiction by 25 percent.

They continued to snooze until they were rudely awakened by a Republican Congress which took it upon themselves to restore funding for drug interdiction.

And then, the Clinton White House fell back into slumber again only to be roused by a Presidential campaign.

Mr. Speaker, the Clinton White House needs to turn off their political alarm system when it comes to drugs and remain forever attentive to the ongoing war.

THE REPUBLICAN AGENDA

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, I spent most of the month of August during our district work period at forums and town meetings throughout my district.

I have to tell you, overwhelmingly the public that I represent was opposed to the Gingrich Republican agenda that seeks to cut back on Medicare and Medicaid, that seeks to cut back on student loan programs and education programs, and that also tries to roll back the environmental agenda and the environmental protection that we have fought so hard for over the last 25 years here in the Congress.

What my constituents were telling me is that they feel there needs to be more student loan programs and programs that allow students to finance their education at college or graduate school. The same thing about Medicare; the senior citizens feel that Medicare should be expanded so that it covers prescription drugs, so that it covers home health care. And with regard to environmental programs, they would like to see more cleanup of Superfund sites and better protection and better enforcement of our environmental laws.

One thing is absolutely clear, that is that the Gingrich Republican agenda has really created a mess and the last 2 years have been a failure.

ENGLISH AS OUR OFFICIAL LANGUAGE

(Mr. ROTH asked and was given permission to address the House for 1 minute.)

Mr. ROTH. Mr. Speaker, on August 1 we in this House took a historic step by passing English as our official language by a vote of 259 to 101. I thank all of my colleagues in the House of Representatives for joining me in getting this bill passed. Those of us who are committed to keeping this country as one Nation, one people—the "United" States of America realize that to do this we need one common language.

Now to complete this task we must spur the Senate into action. That's why I'm asking the Members of this body to contact their Senators and request that they take up this bill, pass it, and send it on to the President for his signature.

Then we will have completed a task we started years ago. It will demonstrate that while success does not always come with rushing speed, success does come with persistence.

English must become our official language; but that will only happen if we make it happen.

LET US REMEMBER GUAM

(Mr. UNDERWOOD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. UNDERWOOD. Mr. Speaker, American leadership in the world and in particular, the measured and timely response of President Clinton to Saddam Hussein's jabs into Northern Iraq should be recognized and supported by all Americans.

America's leadership in the unleashing of the cruise missiles and her projection of power in the world has again manifested itself in these latest developments. Over the concerns of Allies and despite problems with fly over rights, America alone can project power throughout the world in the name of peace and security.

As demonstrated by the use of the B-52's, Guam remains a crucial and proud part of America's projection of power around the world. Guam did its part, there were no concerns about fly over rights, and the bases on Guam performed their role.

Mr. Speaker, let's remember Guam in more settled times as the people of Guam recover from Brac decision to close bases and as the people of Guam attempt to recover land that the military no longer desires. Even though we can always count on Guam, we should never take Guam for granted.

SITUATION IN IRAQ

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, most of the Members of the Congress have in one way or another asserted their support of the President of the United States in the actions that he has taken in Iraq, and we will continue to do so. But there is a time now for the White House to articulate the policy and the goals and the targets of this attack with missiles on Iraq.

We should not be subjected now, as Members of Congress, to a bulletin of the missile of the day, 20-some the first time, 17 the next time and another one, most recently. This missile of the day does not constitute a policy for long-term solution of the wide-ranging problems of the Middle East. We urge the President to continue to earn the support of the Congress, to articulate a policy that we can all see and feel and hear so that we can continue to support efforts against Saddam Hussein.

THE TRUTH ABOUT AMERICAN WORKERS

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, the speeches are over. Rosy scenario and glad tidings are now behind us; a reality check is in order.

Over 1 million American families filed bankruptcy last year. A record number of Americans went belly up. How is that for family values to both the Democrat and Republican Parties?

Think about it. While politicians say fat city, bankers say foreclose. While politicians say super, bankers say sue.

Beam me up, Mr. Speaker. The truth is, while lawyers, bankers and CEO's are doing the macarena all over America, American families are going belly up in record numbers, doing the same old shuffle trying to make ends meet.

I yield back the balance of any pay they are missing.

FIGHT ILLEGAL DRUGS, NOT TOBACCO FARMERS

(Mr. FUNDERBURK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FUNDERBURK. Mr. Speaker, Bill Clinton's assault on tobacco has upset farmers all across my district in eastern North Carolina. Clinton's proposal by definition has made every tobacco grower, warehouseman and wholesaler a drug dealer and every smoker a drug user. One tobacco farmer asked me to deliver a message to the politically correct in Washington, DC. He said,

> Tell the President that I am not a drug dealer, nor is anyone else in the tobacco community. In fact, there are probably fewer drug users among all tobacco growers than there are on the White House staff.

Another tobacco farmer asked me to urge Clinton to wage war on illegal drugs, not tobacco farmers. I traveled across my district visiting several tobacco farms and auction warehouses, where hard-working farmers believe Clinton decided to deflect criticism of the staggering increases in illegal teenage drug use by attacking tobacco. Mr. Speaker, the farmers of North Carolina are angry. Washington is treating them like criminals. They are taxpaying, law-abiding citizens who believe the President should keep the FDA off the farm and out of NASCAR racing.

□ 1215

GINGRICH CONGRESS

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, today we begin the final push of the 104th congressional session, and to welcome the Republican leadership back, we have a new CNN/USA Today/Gallup poll that shows that voters prefer the Democrats in Congress over Republicans by a 10-point margin. The reason for the American people rejecting the Gingrich Republican revolution and turning toward the Democrats' families first agenda is that the Republican leadership have their priorities backward.

The American people do not support Republican efforts to cut Medicare, and the people do not support Republican efforts to cut student loans, and the American people do not support efforts to roll back environmental protections. And mostly, the American people do not support a Congress that puts their needs far below the desires of the most wealthy in our society.

Democrats are committed to fighting for working families; that is why they developed the families first agenda. It includes legislative proposals that would put Congress on the right track toward solving the problems that families face in their everyday lives. The Republican leadership should spend the rest of this session working for families instead of against them.

TIME TO JUST SAY NO AGAIN

(Mr. CHRISTENSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHRISTENSEN. Mr. Speaker, we have a problem, a very serious problem that has cast a long, dark shadow over our great land. The problem, Mr. Speaker, is drugs. The United States has seen an 80-percent increase in the use of illegal drugs in the last 4 years.

This is an unconscionable statistic, a statistic that we can no longer afford to ignore. Cocaine use up by 166 percent and marijuana use up by 141 percent.

Last year 1 in 10 kids used drugs regularly. That is too many. Our children are the real bridge to the 21st century, and they are being torn down by these drugs. It must end if we intend to give them a bright future.

I knocked on 3,500 doors while I was back in Omaha during the August recess. I can't tell you how many people in Nebraska said to me one thing: find a way to fight the drug war.

This in not an east coast or a west coast problem, an urban or a rural problem; it is a national problem.

We live in the greatest Nation in the world and can ill afford to let this problem continue. It's time we said just said no again.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. WICKER). Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken after debate has concluded on all motions to suspend the rules, but not before 5 p.m. today.

TOLL FREE CONSUMER HOTLINE

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 447) to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made, as amended.

The Clerk read as follows:

H.R. 447

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ESTABLISHMENT OF TOLL FREE NUMBER PILOT PROGRAM.

(a) ESTABLISHMENT.—If the Secretary of Commerce determines, on the basis of comments submitted in rulemaking under section 2, that—

(1) interest among manufacturers is sufficient to warrant the establishment of a 3-year toll free number pilot program, and

(2) manufacturers will provide fees under section 2(c) so that the program will operate without cost to the Federal Government,

the Secretary shall establish such program solely to help inform consumers whether a product is made in America or the equivalent thereof. The Secretary shall publish the toll-free number by notice in the Federal Register.

(b) CONTRACT.—The Secretary of Commerce shall enter into a contract for—

(1) the establishment and operation of the toll free number pilot program provided for in subsection (a), and

(2) the registration of products pursuant to regulations issued under section 2,

which shall be funded entirely from fees collected under section 2(c).

(c) USE.—The toll free number shall be used solely to inform consumers as to whether products are registered under section 2 as made in America or the equivalent thereof. Consumers shall also be informed that registration of a product does not mean—

(1) that the product is endorsed or approved by the Government,

(2) that the Secretary has conducted any investigation to confirm that the product is a product which meets the definition of made in America or the equivalent thereof, or

(3) that the product contains 100 percent United States content.

SEC. 2. REGISTRATION.

(a) PROPOSED REGULATION.—The Secretary of Commerce shall propose a regulation—

(1) to establish a procedure under which the manufacturer of a product may voluntarily register such product as complying with the definition of a product made in America or the equivalent thereof and have such product included in the information available through the toll free number established under section 1(a);

(2) to establish, assess, and collect a fee to cover all the costs (including start-up costs) of registering products and including registered products in information provided under the toll-free number;

(3) for the establishment under section 1(a) of the toll-free number pilot program; and

(4) to solicit views from the private sector concerning the level of interest of manufacturers in registering products under the terms and conditions of paragraph (1).

(b) PROMULGATION.—If the Secretary determines based on the comments on the regulation proposed under subsection (a) that the toll-free number pilot program and the registration of products is warranted, the Secretary shall promulgate such regulations.

(c) REGISTRATION FEE.—

(1) IN GENERAL.—Manufacturers of products included in information provided under section 1 shall be subject to a fee imposed by the Secretary of Commerce to pay the cost of registering products and including them in information provided under subsection (a).

(2) AMOUNT.—The amount of fees imposed under paragraph (1) shall—

(A) in the case of a manufacturer, not be greater than the cost of registering the manufacturer's product and providing product information directly attributable to such manufacturer, and

(B) in the case of the total amount of fees, not be greater than the total amount appropriated to the Secretary of Commerce for salaries and expenses directly attributable to registration of manufacturers and having products included in the information provided under section 1(a).

(3) CREDITING AND AVAILABILITY OF FEES.—

(A) IN GENERAL.—Fees collected for a fiscal year pursuant to paragraph (1) shall be credited to the appropriation account for salaries and expenses of the Secretary of Commerce and shall be available in accordance with appropriation Acts until expended without fiscal year limitation.

(B) COLLECTIONS AND APPROPRIATION ACTS.—The fees imposed under paragraph (1)—

(i) shall be collected in each fiscal year in an amount equal to the amount specified in appropriation Acts for such fiscal year, and

(ii) shall only be collected and available for the costs described in paragraph (2).

SEC. 3. PENALTY.

Any manufacturer of a product who knowingly registers a product under section 2 which is not made in America or the equivalent thereof—

(1) shall be subject to a civil penalty of not more than $7500 which the Secretary of Commerce may assess and collect, and

(2) shall not offer such product for purchase by the Federal Government.

SEC. 4. DEFINITION.

For purposes of this Act:

(1) The term "made in America or the equivalent thereof", with respect to a product, has the meaning given such term for purposes of laws administered by the Federal Trade Commission.

(2) The term "product" means a product with a retail value of at least $250.

SEC. 5. RULE OF CONSTRUCTION.

Nothing in this Act or in any regulation promulgated under section 2 shall be construed to alter, amend, modify, or otherwise affect in any way, the Federal Trade Commission Act or the opinions, decisions, rules, or any guidance issued by the Federal Trade Commission regarding the use of the term "made in America or the equivalent thereof" in labels on products introduced, delivered for introduction, sold, advertised, or offered for sale in commerce.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio [Mr. OXLEY] and the gentleman from New York [Mr. MANTON] each will control 20 minutes.

The Chair recognizes the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am proud to support H.R. 447, a bill to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made. This bill, introduced by my colleague from Ohio, Mr. TRAFICANT, was passed unanimously by the House during the 103d Congress, but unfortunately was never passed by the Senate.

The legislation reflects the bipartisan consensus reached in the 103d Congress that a toll free number which would provide consumers with information on products "made in America" would be a significant benefit, but that any such program should be funded by manufacturers and not taxpayers. Thus, the bill directs the Secretary of Commerce to canvass industry to determine the level of interest in establishing this kind of toll free number. If the Secretary determines that there is interest among manufacturers of domestic products sufficient to provide private sector funding, then the Secretary is directed to contract out the operation of the line to an organization that would charge a fee for listing products as "made in America" and providing this information to consumers.

This legislation protects the American taxpayer from the threat of another program which drains the Treasury with limited benefit to the taxpayers. If there is sufficient interest on the part of manufacturers who would pay the operating costs, the program goes forward; if not, then it doesn't. Either way, the taxpayer is no worse off than before.

As some of my colleagues may be aware, the Federal Trade Commission is the agency charged with enforcing unfair or deceptive advertising of products as "made in America." About 1 year ago, the FTC began an effort to reexamine its decades-old standard of what constituted "made in America." The Commission is currently awaiting a staff recommendation on what changes—if any—are necessary in the FTC's "made in American" standard.

When Mr. TRAFICANT appeared before my subcommittee 2 months ago, he testified that he had no objection to ensuring that the definition of "made in America" used in the bill reflected the extensive work that the Federal Trade Commission has completed on this subject. The subcommittee later approved an amendment to ensure that the definition of "made in America" used for purposes of this toll free number is consistent with the definition used by the FTC, both now and in the future. This is part of an ongoing effort of the Commerce Committee to simplify definitions and statutes within its jurisdiction, in order to better allow average citizens to understand the law.

This legislation would establish an important service for consumers paid for by the manufacturers that it benefits. This is legislation which is simultaneously pro-consumer and pro-industry. But most importantly, it is 100 percent pro-American.

Mr. Speaker, I am proud to be able to bring this legislation to the floor, and I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. MANTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 447, a bill to establish a toll free information service to assist consumers in identifying American-made products. With the very worthy goal of increasing the availability of information regarding American-made products on the market, this bill has real potential to aid the public in making purchases that most directly support the American economy.

H.R. 447 is a good bill that every Member can support. It simply requires the Commerce Department to assess private sector interest in a toll free service that consumers could use to determine which products on the market are made in America. This assessment is important because the program, if established, will be fully funded by modest fees imposed on manufacturers who register their products for the service.

If the Secretary of Commerce finds that sufficient interest in the service does exist, the bill directs the Department to facilitate its creation by contracting out implementation of the program. Finally, because the toll free service will provide information on products made in the United States, this legislation maintains consistency with the Federal Trade Commission by applying the Commission's standard for such designation.

Mr. Speaker, I would like to commend my colleague, Mr. TRAFFICANT, for developing this legislation. H.R. 447 appeals to Members on both sides of the aisle because it proposes to promote American-made products while aiding American consumers. This is a good piece of legislation, and as ranking minority member on the Commerce, Trade, and Hazardous Materials Subcommittee, I urge my colleagues in the House to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I want to start out by thanking the gentleman from Ohio [Mr. OXLEY], my colleague, who is not only one of the great Members, but now a great chairman, for taking the time to consider this legislation, and also my classmate and dear friend, the gentleman from New York [Mr. MANTON] from Queens. And I say to the gentleman, "Archie Bunker, I think, was your constituent, and Woody Allen would even support this. So we go from the real extremes on both sides because I think it's a good piece of legislation."

As my colleagues know, I do not think there is any secret to the fact that I opposed NAFTA and GATT, and I still believe that we have sent and shipped jobs overseas; they continue to go overseas. I do not know how many read and follow up on trade statistics. Japan is over $6 billion surplus; China is creeping in, now approaching $40 billion surplus in trade with America. We had a $2 billion surplus with Mexico several short years ago. It is projected to be a $20 billion deficit this year. Canada is approaching $16 billion trade surplus with America.

So look, just beam me up. I do not know who is calling all these shots, and everybody has all these rosy pictures. I am an old quarterback who looks at the scoreboard, and I think we are losing. We have done nothing.

This is a very common sense message that basically says maybe the American people can get energized by becoming aware and realizing the importance of buying products made by American workers who get an American paycheck who pay American taxes who keep this American train coming down the track. H.R. 447 does that. What it says:

If a family in Chicago is going to buy a refrigerator, they can call that 1-800 number and say: Hey, look, is there still a refrigerator left that is made in America; and, if so, what is the model number?

My colleagues might be surprised that there is not a television, typewriter, VCR, or telephone now that is made in our country.

I am hoping that the Commerce Department is energized by this legislation and moves hard to assess not only the consumer information of the public, but my goal, which is to energize the American consumer to shop, to literally ask when they are shopping, what is made in America?

So with that I want to thank again the gentleman from Ohio [Mr. OXLEY]; I want to thank the gentleman from New York [Mr. MANTON]. I would hope that we get the other body moving on this legislation. I think it is some alternative, and by God, if we cannot get it done, maybe the American consumer will do something.

Mr. MANTON. Mr. Speaker, having no more requests for time, I yield back the balance of my time.

Mr. TRAFICANT. Mr. Speaker, I want to thank Chairman OXLEY and the ranking member, Mr. MANTON.

As the author of H.R. 447, I am honored and pleased that the bill has—once again—made it to the House floor. The bill establishes a toll-free, 1–800 number for consumers to get information on products made in America.

H.R. 447 is identical to legislation approved by the House in the last Congress. Unfortunately, the other body never acted on the bill and it died at the end of the 103d Congress.

H.R. 447 directs the Commerce Department to canvass American companies to gauge their interest in participating in a 1–800 Buy American Program. After determining that there's sufficient interest, the bill directs the Department to contract out the program.

Under an amendment adopted by the Commerce Committee, the bill would rely on the Federal Trade Commission to define an American-made product based on a forthcoming determination on standards for "Made in the USA" labels.

Only those products with a sale price of $250 or more would be included in the program. The bill would subject any companies providing false information to Federal penalties.

One of the key components of H.R. 447 is that the program would be self-financed through the imposition of a modest annual registration fee on participating companies.

The bill will not require the Commerce Department to hire more people or create a new unit. The program will be contracted out and run by a private company.

When making a big purchase, most Americans want to buy American. The bill will help them make an informed and patriotic decision.

H.R. 447 makes good, common sense. I urge my colleagues to support it.

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 447.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio [Mr. OXLEY] that the House suspend the rules and pass the bill, H.R. 447, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. OXLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered as withdrawn.

FEDERAL TRADE COMMISSION REAUTHORIZATION ACT OF 1996

Mr. OXLEY. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3553) to amend the Federal Trade Commission Act to authorize appropriations for the Federal Trade Commission.

The Clerk read as follows:

H.R. 3553

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Trade Commission Reauthorization Act of 1996".

SEC. 2. REAUTHORIZATION.

Section 25 of the Federal Trade Commission Act (15 U.S.C. 57c) is amended by striking "and not to exceed" and inserting "not to exceed" and by inserting before the period the following: "; not to exceed $107,000,000 for fiscal year 1997; and not to exceed $111,000,000 for fiscal year 1998".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Ohio [Mr. OXLEY] and the gentleman from New York [Mr. MANTON] each will control 20 minutes.

The Chair recognizes the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3553, the Federal Trade Commission Act of 1996, is a straight 2-year reauthorization of the agency. This legislation, cosponsored by my distinguished subcommittee ranking member, Mr. MANTON, authorizes appropriations of $107 million in fiscal year 1997 and $111 million in fiscal year 1998 for the operations of the Federal Trade Commission. These amounts reflect a current services budget for the agency and include no funding for an expansion of activities or personnel.

Mr. Speaker, I have often taken to this floor to defend the modern FTC. Shortly before the recess, my subcommittee spent several hours with the Federal Trade Commission discussing their performance over the past few years and their plans for the future. I am pleased to say that under the leadership of FTC Chairman Pitofsky, and former Chairwoman Steiger, this agency has come a long way toward rehabilitating its tarnished image and I feel justified in coming to its defense. The agency today is one which is constantly reviewing old orders, rules, and guidance in an effort to eliminate confusing and outdated regulations. The agency is about half the size it was during the late 1970's, but now is effectively reviewing an unprecedented number of mergers. In short, this agency is doing more with less, and doing it smarter.

Further, the agency has continued to protect consumers from the fraudulent activities of criminals who masquerade as legitimate businessmen. For instance, the FTC, working with other Federal, State and local law enforcement officials, has spearheaded the effort to eliminate telemarketing fraud that the House began when it passed the Telemarketing Fraud Act in the 103d Congress. The agency has played an instrumental role in a number of sweeps conducted by law enforcement officials, including the recent "Operation Senior Sentinel" sweep which shut down a number of fraudulent telemarketing operations aimed at our senior citizens and resulted in numerous arrests across the county.

This agency should serve as a model to other Federal regulatory agencies in terms of how to accomplish their fundamental missions in an era of dwindling resources. I urge my colleagues to support this agency by casting a "yes" vote for this simple, straightforward legislation.

□ 1230

Mr. Speaker, I reserve the balance of my time.

Mr. MANTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of H.R. 3553, the Federal Trade Commission Reauthorization Act of 1996. I was pleased to join the chairman of the Commerce, Trade, and Hazardous Materials Subcommittee, Mr. OXLEY, in introducing this legislation and I am equally pleased to participate in its passage today on the floor. This is good, bipartisan legislation that authorizes funding for the FTC through fiscal year 1998.

As one of the country's oldest independent agencies, the FTC fulfills an extremely important mission for the American people by protecting consumers from unfair or deceptive advertising and marketing practices, while also protecting business and industry from unfair methods of competition. The Commission has responsibilities under approximately 30 separate laws, in addition to numerous trade regulations and rules governing specific industries and practices. Under the leadership of Chairman Pitofsky, and his predecessor, Janet Steiger, the FTC has done consistently good work while striving for continuous improvement in its operations.

H.R. 3553 furthers the commitment to the FTC that was demonstrated during the 103d Congress with the passage of the Federal Trade Commission Amendments of 1994 and the Telemarketing and Consumer Fraud and Abuse Prevention Act. After a lapse in authorization of 14 years, these bills reestablished the important congressional role in addressing the responsibilities and authority of the FTC. The process of reauthorizing the FTC through this bill before us, afforded another opportunity to take a close look at the Commission's activities and evaluate its recent performance.

Over the past few years, the FTC has had significant success through enforcement activities directed particularly at telemarketing and credit fraud. In the area of telemarketing fraud alone, the FTC has brought over 100 enforcement actions against fraudulent business operations since the beginning of the year, potentially saving consumers many millions of dollars.

Also noteworthy, in these times of fewer available dollars for Federal activities, the Commission has bolstered its enforcement resources by teaming with State and other Federal agencies in pursuit of its mission. And finally, the Commission's efforts to streamline its operations through internal review of its own rules, orders, and administrative guidance with the goal of eliminating obsolete measures and improved efficiency has been substantial and should be commended.

Mr. Speaker, H.R. 3553 is a clean reauthorization bill that provides sufficient funding to ensure that the FTC has the resources it needs to fulfill its mission. I want to thank Chairman OXLEY for his efforts in bringing this bill to the House floor today and I urge my colleagues to support the legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Speaker, I rise in support of the bill, and congratulate the chairman of the subcommittee for an excellent bill, and the ranking minority member for the cooperation that has brought this forward.

Mr. Speaker, I rise mainly to express some concern regarding activities that the FTC is now engaged in reviewing and approving the Time Warner-Turner broadcast merger proposal. The concern is one that is shared by quite a number of people, particularly those living in rural areas serviced by small cable companies. The concern has to do with the question of whether or not those consumers living in areas, particularly rural areas serviced by small cable companies, will have access to programming that this Congress has so often stated should be available to all Americans.

The concern is that with this merger, indeed, will Time Warner-Turner make available under the program access guidelines that this Congress has spoken to in several acts now, the cable bill of 1992, and the most recent telecommunications bill of 1996, will in fact those programs be made available to small cable companies in those rural areas.

The concern is one that has been expressed in a letter to Chairman Pitofsky authorized by the SCBA, the organization representing those small cable companies. It is expressed in a letter to the chairman issued by the Small Business Administration, dated August 14, 1996, in which the Small Business Administration points out the fact that Time Warner's Prime Star, the direct broadcast satellite television system, will be in direct competition with those small cable companies in rural areas, and the SBA has raised the question of whether or not this new combination will in fact act in a way that is in fact anticompetitive and will not make programming available to those small cable companies that face competition from Prime Star, which is, indeed, owned by this new proposed merger.

The concern has also been expressed on the Senate side in a letter that Senator EXON sent to the chairman in which he pointed out that the success of competition in video services depends upon program access, that if any system, be it a small cable company or a satellite company, cannot get the program, that consumers are denied competitive choices.

We have fought this battle on the floor of the House in 1992 and successfully restated, over a Presidential veto, the intention that program access is the foundation of competition in this area. We again expressed it in the 1996 Telecommunications Act, where program access is the foundation to competition and to consumer choice.

I simply wanted to raise that concern here today with the FTC, and to hopefully continue dialoguing on this topic. When consumers have choice, when they have program access, to choose from two different suppliers, prices, services, competition, all of those things work to the benefit of the marketplace. When consumers are denied choice because some providers cannot buy the programs, then competition does not work, consumers suffer from higher prices and less quality service.

It is critical, and I hope the FTC pays attention to this notion in approving the Time Warner-Turner merger, that that program access be maintained so consumers in rural areas serviced by small cable companies will continue to have the same kind of choices that other Americans have to choose between a satellite distributor or a landline cable company for the incredibly desirable cable programming that in now important to the American consumer's menu.

With those concerns expressed, I hope we will continue this dialog. I thank the chairman of the subcommittee for the time to express those concerns, and hope that in fact the FTC will listen and continue to talk to us about them.

Mr. MANTON. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. OXLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to commend my friend, the gentleman from Louisiana, for his hard work on the program access issue. As many know, that was a very hotly debated issue back in 1992 during the cable reregulation legislation, and one of the provisions that made the most sense in an otherwise rather flawed bill. Clearly, that issue is incredibly important to our rural constituents as well. I commend him for his consistent work on this for a number of years.

Mr. DINGELL. Mr. Speaker, I commend Chairman OXLEY and his staff for working in an open, bipartisan manner on this legislation. I also want to commend our ranking member on the subcommittee, Mr. MANTON, for his leadership on this and many other important legislative issues.

The Federal Trade Commission is one of our most important independent agencies. Its core statutory duties are twofold: To prevent antitrust violations and to protect consumers from deceptive and unfair commercial practices. Its mission is vital to protecting the public interest.

During the 103d Congress, our committee worked in a bipartisan fashion to enact two important laws involving the FTC. First, we enacted a compromise bill that broke the 14-year-old stalemate on FTC authorizing legislation. The bill provided a reasonable statutory framework, based on previous Commission policy statements, for determining whether acts or practices are unfair. The bill also beefed up the Commission's enforcement authorities in several important respects. Since enactment of this landmark legislation, the Commission has been able to choose among a broad spectrum of enforcement options against those who violate the FTC Act or Commission rules.

Second, the 103d Congress enacted a telemarketing bill that provides new tools for the FTC and State law enforcement agencies to crack down on those who use a telephone to cheat, swindle, and defraud consumers. The FTC, working closely with State attorneys general, consumer organizations, and other interested parties, has successfully prosecuted multiple telemarketing fraud cases since enactment of the 1993 legislation. The regulations promulgated by the Commission early this year provide additional protection for consumers in this important area.

The record clearly indicates the FTC is performing its mission with improved efficiency and effectiveness. Through efforts initiated during Janet Steiger's tenure as Chairman and continued under Chairman Pitofsky's leadership, the FTC has embarked on a program of responsible regulatory reform. It has repealed unnecessary regulations and updated other regulations where appropriate. Those who advocate responsible regulatory reform would be well advised to look at the FTC's method of streamlining and improving regulation. The FTC's efforts contrast sharply with the ill-advised, blunderbuss approach taken in several legislative initiatives Republicans have pursued during this Congress.

The agency also is doing more with less. Although it has roughly half the staff it had in 1980, it continues to perform its core statutory duties effectively. But, as former Chairman Janet Steiger said in her testimony before the subcommittee,

> Any further significant decline in the FTC's staffing imperils the performance of its main mission.

The modest funding levels in the Oxley-Manton bill are well justified when considering the revenues returned to the Treasury from FTC merger fees and enforcement actions and the benefits the agency produces for consumers and the economy.

I am pleased that the Commerce Committee chose to authorize the FTC on a bipartisan basis and to ignore hastily drafted provisions in the House budget resolution that recommended the elimination of the agency. I also note that an identical authorization bill has been reported by our sister committee and is pending in the other body.

I commend Chairman OXLEY and Mr. MANTON. Their bipartisan leadership during the last Congress was critical to enactment of the first FTC authorization bill in more than a decade. The bill before us builds on that progress. I urge all Members to support this legislation.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I speak today to commend the Federal Trade Commission on its job of protecting the American consumer from unscrupulous businesses and people who would defraud them of their hard earned money. Today, we reauthorize the FTC to continue the good work it has done on behalf of Americans since its creation in 1914.

As many of you know, The Federal Trade Commission [FTC] is an independent agency with a mandate to protect the public against unfair, deceptive, and fraudulent advertising and marketing practices. I believe that everyone agrees that this is one function that the Federal Government has a duty to perform on behalf of the citizens it serves.

The keystone of the American economy is the free enterprise system, which works, and works well, but only as long as it is not corrupted by unfair or deceptive trade practices. When our economic system is hindered by monopolies or unjust actions, then people suffer and we are all harmed.

I rise to salute this agency and the excellent work it has done to protect the American consumer's right to make informed choices about the products, goods and services in the free market. And I urge every colleague of mine to support this bill and the principles it embodies.

GENERAL LEAVE

Mr. OXLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3553.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. OXLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from Ohio [Mr. OXLEY] that the House suspend the rules and pass the bill, H.R. 3553.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

PROPANE EDUCATION AND RESEARCH ACT OF 1996

Mr. SCHAEFER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1514) to authorize and facilitate a program to enhance safety, training, research and development, and safety education in the propane gas industry for the benefit of propane consumers and the public, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1514

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Propane Education and Research Act of 1996".

SEC. 2. FINDINGS.

The Congress finds that—

(1) propane gas, or liquefied petroleum gas, is an essential energy commodity providing heat, hot water, cooking fuel, and motor fuel among its many uses to millions of Americans;

(2) the use of propane is especially important to rural citizens and farmers, offering an efficient and economical source of gas energy;

(3) propane has been recognized as a clean fuel and can contribute in many ways to reducing the pollution in our cities and towns; and

(4) propane is primarily domestically produced and its use provides energy security and jobs for Americans.

SEC. 3. DEFINITIONS.

For the purposes of this Act—

(1) the term "Council" means a Propane Education and Research Council created pursuant to section 4 of this Act;

(2) the term "industry" means those persons involved in the production, transportation, and sale of propane, and in the manufacture and distribution of propane utilization equipment, in the United States;

(3) the term "industry trade association" means an organization exempt from tax, under section 501(c) (3) or (6) of the Internal Revenue Code of 1986, representing the propane industry;

(4) the term "odorized propane" means propane which has had odorant added to it;

(5) the term "producer" means the owner of propane at the time it is recovered at a gas processing plant or refinery;

(6) the term "propane" means a hydrocarbon whose chemical composition is predominantly C^3H^8*, whether recovered from natural gas or crude oil, and includes liquefied petroleum gases and mixtures thereof;*

(7) the term "public member" means a member of the Council, other than a representative of producers or retail marketers, representing significant users of propane, public safety officials, academia, the propane research community, or other groups knowledgeable about propane;

(8) the term "qualified industry organization" means the National Propane Gas Association, the Gas Processors Association, a successor association of such associations, or a group of retail marketers or producers who collectively represent at least 25 percent of the volume of propane sold or produced in the United States;

(9) the term "retail marketer" means a person engaged primarily in the sale of odorized propane to the ultimate consumer or to retail propane dispensers;

(10) the term "retail propane dispenser" means a person who sells odorized propane to the ultimate consumer but is not engaged primarily in the business of such sales; and

(11) the term "Secretary" means the Secretary of Energy.

SEC. 4. REFERENDA.

(a) CREATION OF PROGRAM.—The qualified industry organizations may conduct, at their own expense, a referendum among producers and retail marketers for the creation of a Propane Education and Research Council. The Council, if established, shall reimburse the qualified industry organizations for the cost of the referendum accounting and documentation. Such referendum shall be conducted by an independent auditing firm agreed to by the qualified industry organizations. Voting rights in such referendum shall be based on the volume of propane produced or odorized propane sold in the previous calendar year or other representative period. Upon approval of those persons representing two-thirds of the total volume of propane voted in the retail marketer class and two-thirds of all propane voted in the producer class, the Council shall be established, and shall be authorized to levy an assessment on odorized propane in accordance with section 6. All persons voting in the referendum shall certify to the independent auditing firm the volume of propane represented by their vote.

(b) TERMINATION.—On the Council's own initiative, or on petition to the Council by producers and retail marketers representing 35 percent of the volume of propane in each class, the Council shall, at its own expense, hold a referendum, to be conducted by an independent auditing firm selected by the Council, to determine whether the industry favors termination or suspension of the Council. Termination or suspension shall not take effect unless it is approved by persons representing more than one-half of the total volume of odorized propane in the retail marketer class and more than one-half of the total volume of propane in the producer class, or is approved by persons representing more than two-thirds of the total volume of propane in either such class.

SEC. 5. PROPANE EDUCATION AND RESEARCH COUNCIL.

(a) SELECTION OF MEMBERS.—The qualified industry organizations shall select all retail marketer, public, and producer members of the Council. The producer organizations shall select the producer members of the Council, the retail marketer organizations shall select retail marketer members, and all qualified industry organizations shall jointly select the public members. Vacancies in unfinished terms of Council members shall be filled in the same manner as were the original appointments.

(b) REPRESENTATION.—In selecting members of the Council, the qualified industry organizations shall give due regard to selecting a Council that is representative of the industry, including representation of—

(1) gas processors and oil refiners among producers;

(2) interstate and intrastate operators among retail marketers;

(3) large and small companies among producers and retail marketers, including agricultural cooperatives; and

(4) diverse geographic regions of the country.

(c) MEMBERSHIP.—The Council shall consist of 21 members, with 9 members representing retail marketers, 9 members representing producers, and 3 public members. Other than the public members, Council members shall be full-time employees or owners of businesses in the industry or representatives of agricultural cooperatives. No employee of a qualified industry organization or other industry trade association shall serve as a member of the Council, and no member of the Council may serve concurrently as an officer of the Board of Directors of a qualified industry organization or other industry trade association. Only one person at a time from any company or its affiliate may serve on the Council.

(d) COMPENSATION.—Council members shall receive no compensation for their services, nor shall Council members be reimbursed for expenses relating to their service, except that public members, upon request, may be reimbursed for reasonable expenses directly related to their participation in Council meetings.

(e) TERMS.—Council members shall serve terms of 3 years and may serve not more than 2 full consecutive terms. Members filling unexpired terms may serve not more than a total of 7 consecutive years. Former members of the Council may be returned to the Council if they have not been members for a period of 2 years. Initial appointments to the Council shall be for terms of 1, 2, and 3 years, staggered to provide for the selection of 7 members each year.

(f) FUNCTIONS.—The Council shall develop programs and projects and enter into contracts or agreements for implementing this Act, including programs to enhance consumer and employee safety and training, to provide for research and development of clean and efficient propane utilization equipment, to inform and educate the public about safety and other issues associated with the use of propane, and to provide for the payment of the costs thereof with funds collected pursuant to this Act. The Council shall coordinate its activities with industry trade association and others as appropriate to provide efficient delivery of services and to avoid unnecessary duplication of activities.

(g) USE OF FUNDS.—Not less than 5 percent of the funds collected through assessments pursuant to this Act shall be used for programs and projects intended to benefit the agriculture industry in the United States. The Council shall coordinate its activities in this regard with agriculture industry trade associations and other organizations representing the agriculture industry. The percentage of funds collected through assessments pursuant to this Act to be used for projects relating to the use of propane as an over-the-road motor fuel shall not exceed the percentage of the total market for odorized propane that is used as a motor vehicle fuel, based on the historical average of such use over the previous 3-year period.

(h) PRIORITIES.—Issues related to research and development, safety, education, and training shall be given priority by the Council in the development of its programs and projects.

(i) ADMINISTRATION.—The Council shall select from among its members a Chairman and other officers as necessary, may establish committees and subcommittees of the Council, and shall adopt rules and bylaws for the conduct of business and the implementation of this Act. The Council shall establish procedures for the solicitation of industry comment and recommendations on any significant plans, programs, and projects to be funded by the Council. The Council may establish advisory committees of persons other than Council members.

(j) ADMINISTRATIVE EXPENSES.—(1) The administrative expenses of operating the Council (not including costs incurred in the collection of the assessment pursuant to section 7) plus amounts paid under paragraph (2) shall not exceed 10 percent of the funds collected in any fiscal year.

(2) The Council shall annually reimburse the Secretary for costs incurred by the Federal Government relating to the Council, except that such reimbursement for any fiscal year shall not exceed the amount that the Secretary determines is the average annual salary of two employees of the Department of Energy.

(k) BUDGET.—Before August 1 each year, the Council shall publish for public review and comment a budget plan for the next calendar year, including the probable costs of all programs, projects, and contracts and a recommended rate of assessment sufficient to cover such costs. Following this review and comment, the Council shall submit the proposed budget to the Secretary and to the Congress. The Secretary may recommend programs and activities the Secretary considers appropriate.

(l) RECORDS; AUDITS.—The Council shall keep minutes, books, and records that clearly reflect all of the acts and transactions of the Council and make public such information. The books of the Council shall be audited by a certified public accountant at least once each fiscal year and at such other times as the Council may designate. Copies of such audit shall be provided to all members of the Council, all qualified industry organizations, and to other members of the industry upon request. The Secretary shall receive notice of meetings and may require reports on the activities of the Council, as well as reports on compliance, violations, and complaints regarding the implementation of this Act.

(m) PUBLIC ACCESS TO COUNCIL PROCEEDINGS.—(1) All meetings of the Council shall be open to the public after at least 30 days advance public notice.

(2) The minutes of all meetings of the Council shall be made available to and readily accessible by the public.

(n) ANNUAL REPORT.—Each year the Council shall prepare and make publicly available a report which includes an identification and description of all programs and projects undertaken by the Council during the previous year as well as those planned for the coming year. Such report shall also detail the allocation or planned allocation of Council resources for each such program and project.

SEC. 6. ASSESSMENTS.

(a) AMOUNT.—The Council shall set the initial assessment at no greater than one tenth of 1 cent per gallon of odorized propane. Thereafter, annual assessments shall be sufficient to cover the costs of the plans and programs developed by the Council. The assessment shall not be greater than one-half cent per gallon of odorized propane, unless approved by a majority of those voting in a referendum in both the producer and the retail marketer class. In no case may the assessment be raised by more than one tenth of 1 cent per gallon of odorized propane annually.

(b) OWNERSHIP.—The owner of odorized propane at the time of odorization, or the time of import of odorized propane, shall make the assessment based on the volume of odorized propane sold and placed into commerce. Assessments collected are payable to the Council on a monthly basis by the 25th of the month following the month of such collection. Propane exported from the United States to another country is not subject to the assessment.

(c) ALTERNATIVE COLLECTION RULES.—The Council may establish an alternative means of collecting the assessment if another means is found to be more efficient and effective. The Council may establish a late payment charge and rate of interest to be imposed on any person who fails to remit or pay to the Council any amount due under this Act.

(d) INVESTMENT OF FUNDS.—Pending disbursement pursuant to a program, plan, or project, the Council may invest funds collected through assessments, and any other funds received by the Council, only in obligations of the United States or any agency thereof, in general obligations of any State or any political subdivision thereof, in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System, or in obligations fully guaranteed as to principal and interest by the United States.

(e) STATE PROGRAMS.—The Council shall establish a program coordinating the operation of the Council with those of any State propane education and research council created by State law or regulation, or similar entity. Such coordination shall include a joint or coordinated assessment collection process, a reduced assessment, or an assessment rebate. A reduced assessment or rebate shall be 20 percent of the regular assessment collected in that State under this section. Assessment rebates shall be paid only to—

(1) a State propane education and research council created by State law or regulation that meets requirements established by the Council for specific programs approved by the Council; or

(2) a similar entity, such as a foundation established by the retail propane gas industry in that State, that meets requirements established by the Council for specific programs approved by the Council.

SEC. 7. COMPLIANCE.

The Council may bring suit in Federal court to compel compliance with an assessment levied by the Council under this Act. A successful action for compliance under this section may also require payment by the defendant of the costs incurred by the Council in bringing such action.

SEC. 8. LOBBYING RESTRICTIONS.

No funds collected by the Council shall be used in any manner for influencing legislation or elections, except that the Council may recommend to the Secretary changes in this Act or other statutes that would further the purposes of this Act.

SEC. 9. MARKET SURVEY AND CONSUMER PROTECTION.

(a) PRICE ANALYSIS.—Beginning 2 years after establishment of the Council and annually thereafter, the Secretary of Commerce, using only data provided by the Energy Information Administration and other public sources, shall prepare and make available to the Council, the Secretary of Energy, and the public an analysis of changes in the price of propane relative to other energy sources. The propane price analysis shall compare indexed changes in the price of consumer grade propane to a composite of indexed changes in the price of residential electricity, residential natural gas, and refiner price to end users of No. 2 fuel oil on an annual national average basis. For purposes of indexing changes in consumer grade propane, residential electricity, residential natural gas, and end user No. 2 fuel oil prices, the Secretary of Commerce shall use a 5-year rolling average price beginning with the year 4 years prior to the establishment of the Council.

(b) AUTHORITY TO RESTRICT ACTIVITIES.—If in any year the 5-year average rolling price index of consumer grade propane exceeds the 5-year rolling average price composite index of residential electricity, residential natural gas, and refiner price to end users of No. 2 fuel oil in an amount greater than 10.1 percent, the activities of the Council shall be restricted to research and development, training, and safety matters. The Council shall inform the Secretary of Energy and the Congress of any restriction of activities under this subsection. Upon expiration of 180 days after the beginning of any such restriction of activities, the Secretary of Commerce shall again conduct the propane price analysis described in subsection (a). Activities of the Council shall continue to be restricted under this subsection until the price index excess is 10.1 percent or less.

SEC. 10. PRICING.

In all cases, the price of propane shall be determined by market forces. Consistent with the antitrust laws, the Council may take no action, nor may any provision of this Act be interpreted as establishing an agreement to pass along to consumers the cost of the assessment provided for in section 6.

SEC. 11. RELATION TO OTHER PROGRAMS.

Nothing in this Act may be construed to preempt or supersede any other program relating to propane education and research organized and operated under the laws of the United States or any State.

SEC. 12. REPORTS.

Within 2 years after the date of enactment of this Act, and at least once every 2 years thereafter, the Secretary of Commerce shall prepare and submit to the Congress and the Secretary a report examining whether operation of the Council, in conjunction with the cumulative effects of market changes and Federal programs, has had an effect on propane consumers, including residential, agriculture, process, and nonfuel users of propane. The Secretary of Commerce shall consider and, to the extent practicable, shall include in the report submissions by propane consumers, and shall consider whether there have been long-term and short-term effects on propane prices as a result of Council activities and Federal programs, and whether there have been changes in the proportion of propane demand attributable to various market segments. To the extent that the report demonstrates that there has been an adverse effect, the Secretary of Commerce shall include recommendations for correcting the situation. Upon petition by affected parties or upon request by the Secretary of Energy, the Secretary of Commerce may prepare and submit the report required by this section at less than 2-year intervals.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Colorado [Mr. SCHAEFER] and the gentleman from New Jersey [Mr. PALLONE] each will control 20 minutes.

The Chair recognizes the gentleman from Colorado [Mr. SCHAEFER].

Mr. SCHAEFER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1514, the Propane Education and Research Act of 1995. This bill, introduced by Mr. TAUZIN, allows the propane industry to establish a propane checkoff fee to fund propane research, development, education, and marketing activities. H.R. 1514, has broad support from the propane industry.

Propane is an important fuel in our national energy mix. It is used to dry crops, heat homes, fuel vehicles, and as a feedstock for plastics and chemicals. Importantly, it is a clean fuel having emissions which are lower than many other fossil fuels.

In summary, this bill would allow propane producers and retail marketers to conduct a referendum on the establishment of the Propane Education and

Research Council. The council, made up of large and small propane producers and retail marketers from diverse geographic regions, would then be allowed to collect one-tenth of 1 cent on every gallon of propane sold. The amount assessed could ultimately rise to one-half of 1 cent.

The funds collected through this fee, approximately $8 million per year, are to be used to fund research, educational, safety, and marketing programs determined worthwhile by the council. Importantly, if the activities of the council cause the price of propane to rise disproportionately when compared to other similar fuels, certain activities of the council may be suspended.

As I have noted several times before, this bill does not require the expenditure of significant amounts of Federal money. Through this bill, the propane industry is looking for ways to help itself, not a Government handout. I believe it is appropriate for industry, rather than the Government, to fund most of the research on commercial applications of new technologies which will benefit that industry.

I appreciate the hard work Mr. TAUZIN has done on this bill, and I look forward to working with him to keep this bill moving forward.

Mr. Speaker, I reserve the balance of my time.

Mr. PALLONE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I, too, rise in support of H.R. 1514, the Propane Education and Research Act.

As Chairman SCHAEFER noted, this bill authorizes the propane industry to establish a propane checkoff fee to fund propane research, development, and education, including propane safety. Among other things, the bill establishes boundaries and obligations on the use of the collected funds and requires the Secretary of Commerce to report on propane prices and demand in the marketplace.

I am a cosponsor of this bill. I believe that the authorization of privately funded research into improving the safety of propane use is important to the public. I also endorse research into propane's potential benefits for the environment. We cannot afford to overlook any alternative in our energy mix, and this bill will help maximize the benefits of this fuel.

I commend the bill's author, Mr. TAUZIN, and the propane industry for working to move this bill forward. This legislation was unanimously reported by the Commerce Committee on June 27, and I believe it has at this time, some 230 cosponsors on both sides of the aisle, including many members of the Commerce Committee.

I know of no objections to H.R. 1514 on this side of the aisle, and I would urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

□ 1245

Mr. SCHAEFER. Mr. Speaker, I yield myself such time as I may consume.

I would first of all thank the gentleman from New Jersey [Mr. PALLONE] for his support on this very, very important legislation. Clean fuel I think is something that we have to look forward to in the future of this country, as well as alternative fuels. We certainly want to go on record as supporting that.

Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana [Mr. TAUZIN], the chief sponsor of the bill, who has been pushing this for a long time.

Mr. TAUZIN. Mr. Speaker, let me first thank Chairman SCHAEFER for shepherding this bill to the House floor today and for all his extraordinary cooperation and support, and I particularly want to say the same thing for the gentleman from New Jersey, Mr. PALLONE, the ranking minority member, who has been a sponsor and a very good friend for many years and a very strong supporter of this effort. I want to thank the gentleman for all his personal efforts in making this a bipartisan bill that has broad, in fact, bipartisan support from nearly 231 cosponsors in the House, Democrats and Republicans coming together behind a bill that makes just good common sense.

This bill has 34 cosponsors in the U.S. Senate, led by Senator DOMENICI. It has large support in this body. It is similar to the bill we offered in the last Congress. It was not acted upon before the Congress adjourned. We learned from last Congress' efforts and we have made improvements in this bill.

Propane, as the Speaker knows, is an incredibly important fuel for many Americans—60 million Americans use propane. It is economical and it is environmentally sound. It is used by 7.7 million homes for cooking and hot water heating. It is used by one-half of all American farmers to dry crops, power tractors, and warm greenhouses, and it is used for recreational purposes by tens of millions of people for outdoor cooking, camping, and recreational vehicles.

It is one of the very few fuels that does not receive Federal money in support of education, research, safety, and marketing efforts. And so this bill represents the best example of private funded research programs in America. It simply gives the propane industry, from the producers to the marketers and suppliers, an opportunity themselves to put together a research, education, safety, and marketing program for this critically important fuel for America.

Again, it is a bill that has broad support not only in the industry but among so many Americans and so many Members of this House and the body on the other side. I want to thank the chairman of the committee for bringing it forward, and I particularly again want to single out the gentleman from New Jersey [Mr. PALLONE] for his extraordinary efforts in cooperation, and urge adoption of the bill.

GENERAL LEAVE

Mr. SCHAEFER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 1514.

The SPEAKER pro tempore (Mr. WICKER). Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. PALLONE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SCHAEFER. Mr. Speaker, I again thank both the gentleman from New Jersey [Mr. PALLONE] and the gentleman from Louisiana [Mr. TAUZIN] for working with us on this very, very important piece of legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado [Mr. SCHAEFER] that the House suspend the rules and pass the bill, H.R. 1514, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

WAIVING MEDICAID ENROLLMENT COMPOSITION

Mr. TAUZIN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3871) to waive temporarily the Medicaid enrollment composition rule for certain health maintenance organizations.

The Clerk read as follows:

H.R. 3871

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WAIVER OF 75/25 MEDICAID ENROLLMENT RULE FOR CERTAIN MANAGED CARE ORGANIZATIONS.

The requirement of section 1903(m)(2)(A)(ii) of the Social Security Act is waived—

(1) with respect to Catholic Health Services Plan of Brooklyn and Queens, Inc. (doing business as Fidelis Health Plan) and Managed Healthcare Systems of New York, Inc., for contract periods through January 1, 1999, and

(2) with respect to Health Partners of Philadelphia, Inc., for contract periods through December 31, 1999.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Louisiana [Mr. TAUZIN] and the gentleman from New Jersey [Mr. PALLONE] each will control 20 minutes.

The Chair recognizes the gentleman from Louisiana [Mr. TAUZIN].

Mr. TAUZIN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Speaker, on behalf of Chairman BLILEY and Chairman BILIRAKIS, I bring to the floor H.R. 3871 and urge support of the measure.

H.R. 3871 amends title 19 of the Social Security Act to extend 3 existing 75–25 percent waivers of section 1903. Section 1903 is the section of the current Medicaid law that requires that Medicaid beneficiaries constitute less than 75 percent of the membership of any prepaid health maintenance organization.

A present, a number of States and health plans are operating under federally approved waivers of this section. The bill we are considering today extends those 75–25 waivers held by 3 of these plans: Health Partners of Philadelphia, Fidelis Health Plan of New York, and Managed Healthcare Systems of New York.

Health Partners of Philadelphia is a not-for-profit voluntary health maintenance organization comprised of local teaching hospitals. It is independently licensed by the Commonwealth of Pennsylvania and fully accredited by the National Committee for Quality Assurance. It serves approximately 87,000 Medicaid recipients and 250 commercially enrolled individuals in Philadelphia and the surrounding area.

While Health Partners' chief focus is on primary care, health education and prevention, it also provides transportation services, expanded vision and dental benefits, multilingual capability, 24-hour access to mental health and substance abuse treatment, as well as home visits for new and expectant mothers and fathers.

Fidelis Health Plan, operated by the Catholic Health Services Plan of Brooklyn and Queens, was established by the Catholic medical center which serves those two areas. The principal focus of the care provided by Fidelis to its 19,960 Medicaid recipients is primarily in preventive care as well as health education. Enrollees elect their own primary care practitioner who serves as personal provider and coordinates the primary and specialty care they receive through the plan.

Finally, Managed Healthcare Systems of New York, a minority-controlled managed care company founded in 1994, serves nearly 39,000 enrollees in Brooklyn and Queens. MHS' primary and preventive care and health education services are conducted with the use of mobile health vans, a school-based health center, an after-school learning center, newly established primary care clinics, as well as community outreach efforts for pregnancy, asthma, diabetes, sickle cell anemia, tuberculosis, and HIV/AIDS.

I urge my colleagues to support this noncontroversial measure so that we can continue to improve the services that Medicaid beneficiaries receive.

Mr. Speaker, I would like to thank the gentleman from New Jersey [Mr. PALLONE] for his efforts and those of the minority in bringing this bill forward.

Mr. Speaker, I reserve the balance of my time.

Mr. PALLONE. Mr. Speaker, I yield myself such time as I may consume.

We have no objection to passage of H.R. 3871 before us today on the Suspension Calendar. As was mentioned by the gentleman from Louisiana [Mr. TAUZIN], the bill amends the section of current Medicaid law which requires that Medicaid beneficiaries cannot constitute more than 75 percent of the membership of any prepaid health maintenance organization.

Basically 3 plans, Health Partners of Philadelphia, Fidelis Health Plan of New York, and Managed Healthcare Systems of New York, would continue operating under their federally approved waiver of this provision for an additional 2 years, and under the conditions of the waiver the Health Care Financing Administration will continue to monitor these plans to ensure that these Medicaid beneficiaries are receiving appropriate quality care.

Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. MANTON].

Mr. MANTON. Mr. Speaker, I rise to express my strong support for H.R. 3871. Under this legislation, the Catholic Health Services Plan of Brooklyn and Queens, also known as Fidelis Care, and the Managed Healthcare Systems of New York would have their current waiver of the 75–25 Medicaid requirements extended through January 1, 1999.

Fidelis Care began enrolling members in Queens in November 1994 by providing a prepaid health services plan.

With a current enrollment of 18,960, the plan provides a comprehensive package of benefits available to all its members. The Catholic Medical Center of Brooklyn and Queens, which sponsors Fidelis Care, provides excellent health care services to my constituents. This legislation would allow them to continue to deliver their quality health services to the communities of Queens and Brooklyn.

This legislation also addresses the Managed Healthcare System of New York which has been a true community organization by serving Brooklyn since January 1994.

Currently serving 39,000 enrollees in Brooklyn and Queens, MHS brings high quality managed care to inner-city communities. Many programs provided by MHS are available to all residents of the community, regardless if they are members of MHS.

I commend my colleagues, Mr. TOWNS, FRANKS, and GREENWOOD, for their efforts in crafting H.R. 3871 and I look forward to the passage of this simple, yet important legislation.

Mr. PALLONE. Mr. Speaker, I yield 3 minutes to the gentlewoman from the District of Columbia [Ms. NORTON].

Ms. NORTON. I thank the gentleman for yielding me this time, and I thank the chairman and the ranking member for this legislation.

Mr. Speaker, this legislation does not directly affect the District of Columbia but rather 3 plans in Philadelphia and New York. Yet I feel compelled to come to the floor to rise in strong support of H.R. 3871, in a real sense, as they say "in the street," because we have been there and done that.

For a number of years we have had a similar plan in the District which, at low cost, rendered exceptional care to Medicaid recipients. It took an enormous amount of work to get a waiver. I am particularly grateful to the committee for its help in obtaining that waiver for Chartered Health Care that goes until October 1, 1999.

I simply would like to bring out the larger issue involved in what may look like a private bill. It is not that at all. These plans have to come here because of the way the statute is structured.

The notion that at least 25 percent in a plan have to come from the commercial sector, from private parties, like us, and not only from welfare recipients, is very well-intentioned, particularly if you recall Medicaid mills, some of which perhaps still exist today. The problem, of course, which this proxy for quality is that these plans serve largely inner city residents. They are not a part of larger organizations like Blue Cross and Blue Shield, and so they encounter great difficulty when they try to recruit 25 percent of their clientele from people who are already attached to Blue Cross and Blue Shield or larger operations or HMO's near their own workplaces.

The disabilities that come with not getting this waiver are great and are passed onto cities and ultimately to us and to the Federal Government. They cannot borrow as easily, they pay higher interest pending a waiver, but they are doing a remarkable service. They behave like managed care organizations but they have to be paid on a fee-for-service model without these waivers.

Health Care Financing Administration of course, monitors these organizations, and so this legislation carried no risk, but what it does do is free these organizations to do the job that must be done in the inner cities to keep people from going to emergency rooms and going to doctors who charge too much. I commend both sides for the work they have done on this bill.

GENERAL LEAVE

Mr. TAUZIN. Mr. Speaker, I ask unanimous consent all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3871.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BILIRAKIS. Mr. Speaker, I would like to join my colleagues in supporting H.R. 3871. This measure amends section 1903 of the Social Security Act to extend the "75–25" waivers of three worthy health plans. As such, it represents a positive step in our efforts to build a better Medicaid Program.

In the past, the Federal Medicaid statute has been amended to address needs and concerns specific to the role of health maintenance organizations [HMO's] in the Medicaid Program. As in the commercial sector, HMO's increasingly play a valued role in providing high-quality, efficient health care services. Nevertheless, there have been instances where intervention has been necessary.

Early State experimentation with managed care resulted in occasional reports of inaccurate information dissemination to enrollees, restricted access to nonparticipating providers, inconsistent provision of benefits, and, in certain cases, financial instability of the enrolling plan.

In response, Congress has undertaken various actions over the last 20 years to ensure that all managed care enrollees receive the quality care for which the industry is known. Unfortunately, certain unintended consequences resulted.

For example, the Health Maintenance Organization Amendments of 1976, which limited the percentage of Medicaid and Medicare beneficiaries enrolled in risk contracts to 50 percent, had the unintended effect of sharply limiting managed care enrollment by Medicaid beneficiaries. In fact, by 1981 little more than 1 percent of the Medicaid population were enrolled in HMO's. Just as startling, 85 percent of those beneficiaries were located in just four States.

Congress sought to correct this problem in the Omnibus Budget Reconciliation Act of 1981 which, among other changes, increased the allowable percentage of Medicaid beneficiaries that could be enrolled in HMO's from 50 percent to 75 percent.

But as we have seen in far too many instances, current Medicaid law still creates significant obstacles for plans that focus on the needs of low-income communities. Although these plans have achieved notable success in enhancing the quality of care received by area Medicaid beneficiaries, they have been less successful in attracting commercial clients from outlying areas.

The current law requirement that one-quarter of their enrolled population consist of such customers, therefore, often places them in the difficult position of having to choose between devoting resources to their Medicaid-funded enrollees or to the expense of competing against broader-based firms for commercial clients.

Clearly, fundamental reform of the Medicaid Program is needed. Until such time as a more favorable climate for such reform exists, however, measures like H.R. 3871 are necessary to relieve well-performing health plans of the unreasonable and often counterproductive requirements of title XIX.

In this case, I am glad to say, we will remove the obstacles that threaten three noteworthy plans: Health Partners of Philadelphia, Fidelis Health Plan—operated by the Catholic Health Services Plan of Brooklyn and Queens—and Managed Healthcare Systems of New York.

I commend my colleagues on both sides of the aisle for supporting this measure. With it, the Medicaid recipients of the Philadelphia and New York City regions will continue to receive high-quality, efficient, and responsive health care services.

I thank you.

Mr. PALLONE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. TAUZIN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Louisiana [Mr. TAUZIN] that the House suspend the rules and pass the bill, H.R. 3871.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

□ 1300

IMPACT AID TECHNICAL AMENDMENTS ACT OF 1996

Mr. CUNNINGHAM. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 3269) to amend the Impact Aid Program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property, and for other purposes.

The Clerk read as follows:

Senate amendment:

Strike out all after the enacting clause and insert:

SECTION 1. HOLD-HARMLESS AMOUNTS FOR PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY.

Section 8002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702) is amended by adding at the end the following new subsections:

"(g) FORMER DISTRICTS.—

"(1) IN GENERAL.—Where the school district of any local educational agency described in paragraph (2) is formed at any time after 1938 by the consolidation of two or more former school districts, such agency may elect (at any time such agency files an application under section 8005) for any fiscal year after fiscal year 1994 to have (A) the eligibility of such local educational agency, and (B) the amount which such agency shall be eligible to receive, determined under this section only with respect to such of the former school districts comprising such consolidated school districts as such agency shall designate in such election.

"(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—A local educational agency referred to in paragraph (1) is any local educational agency that, for fiscal year 1994 or any preceding fiscal year, applied for and was determined eligible under section 2(c) of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect for such fiscal year.

"(h) HOLD-HARMLESS AMOUNTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2)(A), the total amount that the Secretary shall pay under subsection (b) to a local educational agency that is otherwise eligible for a payment under this section—

"(A) for fiscal year 1995 shall not be less than 85 percent of the amount such agency received for fiscal year 1994 under section 2 of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect on September 30, 1994; or

"(B) for fiscal year 1996 shall not be less than 85 percent of the amount such agency received for fiscal year 1995 under subsection (b).

"(2) RATABLE REDUCTIONS.—(A)(i) If necessary in order to make payments to local educational agencies in accordance with paragraph (1) for any fiscal year, the Secretary first shall ratably reduce payments under subsection (b) for such year to local educational agencies that do not receive a payment under this subsection for such year.

"(ii) If additional funds become available for making payments under subsection (b) for such year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.

"(B)(i) If the sums made available under this title for any fiscal year are insufficient to pay the full amounts that all local educational agencies in all States are eligible to receive under paragraph (1) after the application of subparagraph (A) for such year, then the Secretary shall ratably reduce payments under paragraph (1) to all such agencies for such year.

"(ii) If additional funds become available for making payments under paragraph (1) for such fiscal year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.".

SEC. 2. APPLICATIONS FOR INCREASED PAYMENTS.

(a) PAYMENTS.—Notwithstanding any other provision of law—

(1) the Bonesteel-Fairfax School District Number 26–5, South Dakota, and the Wagner Community School District Number 11–4, South Dakota, shall be eligible to apply for payment for fiscal year 1994 under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such section was in effect on September 30, 1994); and

(2) the Secretary of Education shall use a subgroup of 10 or more generally comparable local educational agencies for the purpose of calculating a payment described in paragraph (1) for a local educational agency described in such paragraph.

(b) APPLICATION.—In order to be eligible to receive a payment described in subsection (a), a school district described in such subsection shall apply for such payment within 30 days after the date of enactment of this Act.

(c) CONSTRUCTION.—Nothing in this section shall be construed to require a local educational agency that received a payment under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such section was in effect on September 30, 1994) for fiscal year 1994 to return such payment or a portion of such payment to the Federal Government.

SEC. 3. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN RESIDING ON MILITARY INSTALLATION HOUSING UNDERGOING RENOVATION.

(a) IN GENERAL.—Section 8003(a) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(a)) is amended by adding at the end the following new paragraph:

"(4) MILITARY INSTALLATION HOUSING UNDERGOING RENOVATION.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1)(D)(i), the Secretary shall consider such children to be children described in paragraph (1)(B) if the Secretary determines, on the basis of a certification provided to the Secretary by a designated representative of the Secretary of Defense, that such children would have resided in

housing on Federal property in accordance with paragraph (1)(B) except that such housing was undergoing renovation on the date for which the Secretary determines the number of children under paragraph (1).".

(b) EFFECTIVE DATE.—Paragraph (4) of section 8003(a) of the Elementary and Secondary Education Act of 1965, as added by subsection (a), shall apply with respect to fiscal years after fiscal year 1995.

SEC. 4. COMPUTATION OF PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN IN STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.

(a) IN GENERAL.—Section 8003(b) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(b)) is amended by adding at the end the following new paragraph:

"(3) STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.—

"(A) IN GENERAL.—In any of the 50 States of the United States in which there is only one local educational agency, the Secretary shall, for purposes of paragraphs (1)(B), (1)(C), and (2) of this subsection, and subsection (e), consider each administrative school district in the State to be a separate local educational agency.

"(B) COMPUTATION OF MAXIMUM AMOUNT OF BASIC SUPPORT PAYMENT AND THRESHOLD PAYMENT.—In computing the maximum payment amount under paragraph (1)(C) and the learning opportunity threshold payment under paragraph (2)(B) for an administrative school district described in subparagraph (A)—

"(i) the Secretary shall first determine the maximum payment amount and the total current expenditures for the State as a whole; and

"(ii) the Secretary shall then—

"(I) proportionately allocate such maximum payment amount among the administrative school districts on the basis of the respective weighted student units of such districts; and

"(II) proportionately allocate such total current expenditures among the administrative school districts on the basis of the respective number of students in average daily attendance at such districts.".

(b) EFFECTIVE DATE.—Paragraph (3) of section 8003(b) of the Elementary and Secondary Education Act of 1965, as added by subsection (a), shall apply with respect to fiscal years after fiscal year 1994.

SEC. 5. DATA AND DETERMINATION OF AVAILABLE FUNDS.

(a) DATA.—Paragraph (4) of section 8003(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)) is amended—

(1) in the heading, by striking "CURRENT YEAR";

(2) by amending subparagraph (A) to read as follows:

"(A) shall use student, revenue, and tax data from the second fiscal year preceding the fiscal year for which the local educational agency is applying for assistance under this subsection;"; and

(3) in subparagraph (B), by striking "such year" and inserting "the fiscal year for which the local educational agency is applying for assistance under this subsection".

(b) DETERMINATION OF AVAILABLE FUNDS.—Paragraph (3) of section 8003(f) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7703(f)) is amended—

(1) in the matter preceding subclause (I) of subparagraph (A)(iii), by inserting ", except as provided in subparagraph (C)," after "but"; and

(2) by adding at the end the following new subparagraph:

"(C) DETERMINATION OF AVAILABLE FUNDS.—When determining the amount of funds available to the local educational agency for current expenditures for purposes of subparagraph (A)(iii) for a fiscal year, the Secretary shall include, with respect to the local educational agency's opening cash balance for such fiscal year, the portion of such balance that is the greater of—

"(i) the amount that exceeds the maximum amount of funds for current expenditures that the local educational agency was allowed by State law to carry over from the prior fiscal year, if State restrictions on such amounts were applied uniformly to all local educational agencies in the State; or

"(ii) the amount that exceeds 30 percent of the local educational agency's operating costs for the prior fiscal year.".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply with respect to fiscal years after fiscal year 1996.

SEC. 6. PAYMENTS RELATING TO FEDERAL PROPERTY.

Section 8002 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7702) (as amended by section 1) is further amended by adding at the end thereof the following new subsection:

"(i) PRIORITY PAYMENTS.—Notwithstanding subsection (b)(1)(B), and for any fiscal year beginning with fiscal year 1997 for which the amount appropriated to carry out this section exceeds the amount so appropriated for fiscal year 1996, the Secretary shall first use such excess amount to increase the payment that would otherwise be made under this section to not more than 50 percent of the maximum amount determined under subsection (b) for any local educational agency that—

"(1) received a payment under this section for fiscal year 1996;

"(2) serves a school district that contains all or a portion of a United States military academy;

"(3) serves a school district in which the local tax assessor has certified that at least 60 percent of the real property is federally owned; and

"(4) demonstrates to the satisfaction of the Secretary that such agency's per-pupil revenue derived from local sources for current expenditures is not less than that revenue for the preceding fiscal year.".

SEC. 7. TREATMENT OF IMPACT AID PAYMENTS.

(a) IN GENERAL.—The Secretary of Education shall treat any State as having met the requirements of section 5(d)(2)(A) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1991 (as such section was in effect for such fiscal year), and as not having met those requirements for each of the fiscal years 1992, 1993, and 1994 (as such section was in effect for fiscal year 1992, 1993, and 1994, respectively), if—

(1) the State's program of State aid was not certified by the Secretary under section 5(d)(2)(C)(i) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for any fiscal year prior to fiscal year 1991;

(2) the State submitted timely notice under that section of the State's intention to seek that certification for fiscal year 1991;

(3) the Secretary determined that the State did not meet the requirements of section 5(d)(2)(A) of such Act for fiscal year 1991; and

(4) the State made a payment to each local educational agency in the State (other than a local educational agency that received a payment under section 3(d)(2)(B) of such Act for fiscal year 1991) in an amount equal to the difference between the amount such agency received under such Act for fiscal year 1991 and the amount such agency would have received under such Act for fiscal year 1991 if payments under such Act had not been taken into consideration in awarding State aid to such agencies for fiscal year 1991.

(b) REPAYMENT NOT REQUIRED.—Notwithstanding any other provision of law, any local educational agency in a State that meets the requirements of paragraphs (1) through (4) of subsection (a) and that received funds under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal year 1991 (as such section was in effect for such fiscal year) shall not, by virtue of subsection (a), be required to repay those funds to the Secretary of Education.

SEC. 8. SPECIAL RULE RELATING TO AVAILABILITY OF FUNDS FOR THE LOCAL EDUCATIONAL AGENCY SERVING THE NORTH HANOVER TOWNSHIP PUBLIC SCHOOLS, NEW JERSEY, UNDER PUBLIC LAW 874, 81ST CONGRESS.

The Secretary of Education shall not consider any funds that the Secretary of Education determines the local educational agency serving the North Hanover Township Public Schools, New Jersey, has designated for a future liability under an early retirement incentive program as funds available to such local educational agency for purposes of determining the eligibility of such local educational agency for a payment for fiscal year 1994, or the amount of any such payment, under section 3(d)(2)(B) of the Act of September 30, 1950 (Public Law 874, 81st Congress), as such section was in effect for such fiscal year.

SEC. 9. CORRECTED LOCAL CONTRIBUTION RATE.

(a) COMPUTATION.—The Secretary of Education shall compute a payment for a local educational agency under the Act of September 30, 1950 (Public Law 874, 81st Congress) for each of the fiscal years 1991 through 1994 (as such Act was in effect for each of those fiscal years, as the case may be) using a corrected local contribution rate based on generally comparable school districts, if—

(1) an incorrect local contribution rate was submitted to the Secretary of Education by the State in which such agency is located, and the incorrect local contribution rate was verified as correct by the Secretary of Education; and

(2) the corrected local contribution rate is subject to review by the Secretary of Education.

(b) PAYMENT.—Using funds appropriated under the Act of September 30, 1950 (Public Law 874, 81st Congress) for fiscal years 1991 through 1994 that remain available for obligation (if any), the Secretary of Education shall make payments based on the computations described in subsection (a) to the local educational agency for such fiscal years.

SEC. 10. STATE EQUALIZATION PLANS.

Subparagraph (A) of section 8009(b)(2) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7709(b)(2)) is amended by striking "more than" and all that follows through the period and inserting "more than 25 percent.".

The SPEAKER pro tempore (Mr. WICKER). Pursuant to the rule, the gentleman from California [Mr. CUNNINGHAM] and the gentleman from Oregon [Mr. BLUMENAUER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in favor of H.R. 3269, the Impact Aid Technical Amendments Act.

Mr. Speaker, the Federal Government has a responsibility to children attending schools that lose tax revenues associated with a Government facility, such as a military base. That is why we have impact aid. What happens is many times someone in the military will sign up in one State and maintain their residency there. They pay their State taxes to that State. They then receive orders to another State and their children may attend school in that new State. But the tax revenue does not follow them. This is what impact aid does. It equals out the amount of the impact on those schools.

Unfortunately, parts of the impact aid law last authorized in the 103rd Congress are having unintended effects or are failing to keep up with changing circumstances. Some school districts may not receive the impact aid that their circumstances demand, so H.R. 3269 makes minor technical corrections in the impact aid law so that federally impacted school districts are treated fairly.

H.R. 3269 was adopted by voice vote in the House on May 7, 1996. It made four changes in the impact aid law. Two were related to Federal property payments, one addressed the effects of military housing renovation, and the last clarified the intent of Congress with regard to impact aid payments to Hawaii.

The Senate made additional technical changes, which I support. They include a long overdue adjustment for schools near West Point in New York; a technical change involving the effects of a heavily impacted New Jersey school pension escrow account upon its impact aid payment in a previous fiscal year; a matter affecting a small number of schools in South Dakota; a provision previously adopted by the Senate regarding impact aid within the State of Nebraska; and a delay in the equalization mandate for schools in the States of Kansas and Alaska.

Mr. Speaker, in developing this legislation, we sought to include minor technical corrections in three categories: unintended consequences of the previous authorization, areas where the Department interpreted Congressional intent in an unintended way, and issues unforeseen by the 103rd Congress. It is not a comprehensive correction, particularly when one considers the many new ways the military is arranging family housing.

Mr. Speaker, I urge adoption of H.R. 3269, the Impact Aid Technical Amendments, so we can send it to the President to become law.

Mr. Speaker, I reserve the balance of my time.

Mr. BLUMENAUER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3269, the Impact Aid Technical Amendments of 1996. The Impact Aid Program was reauthorized during the 103d Congress. At that time, significant changes were made to the existing Impact Aid Program which greatly enhanced its operation.

During this Congress, the Committee on Economic and Educational Opportunities held a hearing to review how the changes in the Impact Aid Program were being carried out. We discovered that on the whole, the Impact Aid Program is functioning much more effectively as a result of the changes made during the 103d Congress. However, we also discovered certain situations where there was a need for minor corrections, H.R. 3269 makes the necessary technical corrections to further enhance the operation of the Impact Aid Program and I urge my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. CUNNINGHAM. Mr. Speaker, I yield myself such time as I may consume for a colloquy with the gentleman from Illinois [Mr. FAWELL].

I yield to the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I thank the chairman for yielding. I regret that I have not had the opportunity to take a good long look at the details at least, or the ramifications of the amendment that was affixed to this bill in the Senate.

I represent several school districts in my district back in Illinois which receive section 8002 funds, and I am very concerned that an amendment, or the amendment that was affixed to this bill in the Senate would essentially provide that a large portion of new funding, I guess we cannot ascertain just how much, for this program would go to one particular school district in 1997, and, more importantly, every fiscal year thereafter.

That does concern me, because, of course, there are a lot of districts throughout this country who are not getting full funding as it is right now, and if all future increases in appropriations were to be subject to this amendment, I think I would have to object.

I would request, therefore, of the chairman, and perhaps the ranking member might want to have something to say about this, that we revisit this issue at a later date, with the understanding that an adjustment would be made so that the changes in the distribution formula are not in effect for every increase in appropriations for future fiscal years, but would be basically in effect only for the fiscal year that we are dealing with, fiscal year 1997, and not for future fiscal years. That is the deep concern I have.

Mr. CUNNINGHAM. Mr. Speaker, reclaiming my time, the gentleman is correct. There will be other changes in the future. This is one. That particular school district was West Point, which is one of our academies that was impacted due to a special significance. It was not my district or any particular district, but it was a military academy that was being affected.

But I agree. To be fair, we need to make sure that one district does not get all of the dollars, and that it is equalized. We will revisit this in the next Congress.

Mr. FAWELL. Mr. Speaker, I thank the chairman. So there would be an assumption that we would limit the benefits of this bill, insofar as that one particular district is concerned, to the increase in appropriations for this fiscal year, and not for future fiscal years.

Mr. CUNNINGHAM. The gentleman is correct.

Mr. Speaker, I reserve the balance of my time.

Mr. BLUMENAUER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. CUNNINGHAM. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, in a colloquy just heard between the gentleman from California, Mr. CUNNINGHAM, and the gentleman from Illinois, Mr. FAWELL, a request on the part of Mr. FAWELL was that we revisit the issue of impact aid in the future Congresses. I would remind all Members that we revisit the issue of impact aid in every Congress, and I am glad we are revisiting it in this Congress.

Mr. Speaker, I compliment the gentleman from California, Mr. CUNNINGHAM, and the gentleman from Pennsylvania, the chairman of the full committee, Mr. GOODLING, for the job they have done in recognizing there are and were and probably will be some inequities in this very complicated formula.

Mr. Speaker, what makes it complicated is that in each State, because each State and locality has a different method of funding their schools, from time to time the Federal formula does not work as we would intend it to. Therefore, from time to time we need to make changes and modifications and adjustments to the formula.

In one case in particular, for example, in New Jersey, it happens to be in my district, North Hanover Township, there is the school that provides the educational facilities and programs for the boys and girls who are dependents of the Air Force families at McGuire Air Force Base. North Hanover Township has 85 percent of its student body which comes from military dependents from McGuire Air Force Base. In this case, in 1994 the North Hanover school district lost or did not receive almost $2 million which was intended to support those military dependent children. So this bill makes that correction and restores those funds for this school and benefits a large number of military dependent children.

Mr. Speaker, I think this is a very fine effort on the part of this Congress and in particular on the part of the gentleman from California [Mr. CUNNINGHAM] and the gentleman from Pennsylvania [Mr. GOODLING], and I urge support for this bill.

Mr. CUNNINGHAM. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, all I would say is some of the things we work with in Congress are on a bipartisan basis, and this is one of them. Quite often when you are taking a look at the amount of dollars available from the Federal Government to go to specific programs, then we can reach a consensus on both sides of the aisle.

I would like to thank the new gentleman to the committee, the gentleman from Oregon [Mr. BLUMENAUER], for his partnership, as well as the gentlewoman from Hawaii [Mrs. MINK], who has worked diligently on this particular bill, and the gentlewoman from New York [Mrs. KELLY], and a host of others.

Mr. Speaker, I have no further speakers, and I yield back the balance of my time.

Mrs. MINK of Hawaii. Mr. Speaker, I rise today in strong support of H.R. 3269, the Impact Aid Technical Amendments Act of 1996, which addresses certain problems with the impact aid payments to school districts brought to our attention since the reauthorization of this law in 1994.

The House has already passed this bill and we are simply being asked to approve Senate amendments which correct several additional impact aid problems brought to the attention of Senate Members. Our action today will clear this bill for the White House and enact into law these provisions necessary to assure that impact aid payments are distributed fairly among all districts.

After the reauthorization of a program we often discover some unintended consequences or a need to clarify congressional intent when the reauthorized program is implemented. Sometimes a change in the law is required to resolve the problem. This is especially true of the impact aid program which relies on a fairly complicated formula to distribute Federal funds to compensate school districts for the education of federally connected—mostly military—children.

H.R. 3269 makes such changes to assure that certain school districts are treated fairly under the impact aid law. I won't mention every change, but would like to mention the provisions in this bill which clarifies congressional intent in regard to the treatment of Hawaii in the impact aid formula.

The State of Hawaii has only one local education agency [LEA]. However, for the purpose of calculating Federal grants under many education programs the Department of Education treats Hawaii's seven administrative districts as separate LEA's. This is true for title I and was true of impact aid prior to the last reauthorization.

In the last reauthorization the Congress did not intend to change this policy, but language specifying that Hawaii should continue to be considered as having seven districts was not specifically included in the reauthorization legislation. The formula calculations which were provided to us at the time of reauthorization were based on calculations treating Hawaii's seven administrative districts as separate LEA's, even though the language included in the final bill did not reflect this policy. I would note that it was not the committee's intention to specifically leave out language specifying that Hawaii's seven administrative districts would be recognized as LEA's, but we operated under the presumption that the U.S. Department of Education would continue to treat Hawaii in the same manner as it has previous to the 1994 reauthorization.

Because that has not been the case, the result is that Hawaii stood to lose over half of its impact aid funds once the 2-year hold harmless ran out and the new formula was fully implemented, which is fiscal year 1997.

I want to thank Chair GOODLING and Chair CUNNINGHAM for all of their assistance in resolving this issue for Hawaii and for their work on this bill. Chair GOODLING made a commitment very early on when we first discovered this problem to help resolve it. He joined me in writing to the Department on the issue and when we found out a legislative change was needed, he and his staff have been most helpful in finalizing our legislative language and moving this bill forward.

I ask my colleagues to support this bill which will assure that many school districts around the country get a fair share of the much needed impact aid education funds.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. CUNNINGHAM] that the House suspend the rules and concur in the Senate amendment to H.R. 3269.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the Senate amendment to H.R. 3269.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

GENERAL ACCOUNTING OFFICE ACT OF 1996

Mr. LATOURETTE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3864) to reform the management practices of the General Accounting Office, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3864

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "General Accounting Office Act of 1996".

TITLE I—AMENDMENTS TO LAWS AUTHORIZING AUDITING, REPORTING, AND OTHER FUNCTIONS BY THE GENERAL ACCOUNTING OFFICE

SEC. 101. TRANSFERS AND TERMINATIONS OF FUNCTIONS.

(a) IN GENERAL.—

(1) FUNCTIONS TRANSFERRED.—In any case in which a provision of law authorizing the performance of a function by the Comptroller General of the United States or the General Accounting Office is amended by this title to substitute another Federal officer, employee, or agency in that authorization, the authority under that provision to perform that function is transferred to the other Federal officer, employee, or agency.

(2) FUNCTIONS TERMINATED.—In any case in which a provision of law authorizing the performance of a function by the Comptroller General of the United States or the General Accounting Office is repealed by this Act, the authority under that provision to perform that function is terminated.

(3) DELEGATION OF FUNCTIONS.—The Director of the Office of Management and Budget may delegate, in whole or in part, to any other agency or agencies any function transferred to or vested in the Director under section 103(d), 105(b), 116, or 202(n) of this Act, and may transfer to such agency or agencies any personnel, budget authority, records, and property received by the Director pursuant to subsection (b) of this section that relate to the delegated functions.

(b) INCIDENTAL TRANSFERS.—

(1) IN GENERAL.—Incident to any transfer of authority under subsection (a)(1), there shall be transferred to the recipient Federal officer, employee, or agency such personnel, records, budget authority, and property of the General Accounting Office as the Comptroller General and the Director of the Office of Management and Budget jointly determine to be necessary to effectuate the transfer.

(2) EFFECT ON PERSONNEL.—Personnel transferred under this section shall not be separated or reduced in classification or compensation for one year after any such transfer, except for cause.

(c) REFERENCES.—With respect to any function or authority transferred under this Act and exercised on or after the effective date of that transfer, reference in any Federal law to the Comptroller General or to any officer or employee of the General Accounting Office is deemed to refer to the Federal officer or agency to which the function or authority is transferred under this Act.

(d) SAVINGS PROVISIONS.—

(1) ORDERS AND OTHER OFFICIAL ACTIONS NOT AFFECTED.—All orders, determinations, rules, regulations, permits, grants, contracts, certificates, licenses, and privileges—

(A) which have been issued, made, granted, or allowed to become effective by the Comptroller General or any official of the General Accounting Office, or by a court of competent jurisdiction, in the performance of any function or authority transferred under this Act, and

(B) which are in effect at the time of the transfer;

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law.

(2) PENDING MATTERS AND PROCEEDINGS.—This Act shall not affect any pending matters or proceedings, including notices of proposed rulemaking, relating to a function or authority transferred under this Act. Such matters or proceedings shall continue under

the authority of the agency to which the function or authority is transferred until completed or terminated in accordance with law.

(3) JUDICIAL PROCEEDINGS AND CAUSES OF ACTIONS.—No suit, action, or other proceeding or cause of action relating to a function or authority transferred under this Act shall abate by reason of the enactment of this Act. If, before the date on which a transfer of a function or authority this Act takes effect, the Comptroller General of the United States or any officer or employee of the General Accounting Office in their official capacity is party to a suit relating to the function or authority, then such suit shall be continued and the head of the agency to which the function or authority is transferred, or other appropriate official of that agency, shall be substituted or added as a party.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), this title shall take effect on the date of enactment of this Act.

(2) EXCEPTIONS.—Sections 103(d), 105(b), and 116 shall take effect 60 days after the date of enactment of this Act.

SEC. 102. AMENDMENTS RELATING TO TITLE 2, UNITED STATES CODE (THE CONGRESS).

(a) COMPLIANCE REPORTING ON REDUCTION IN EMPLOYEE POSITIONS.—Section 307(c) of the Legislative Branch Appropriations Act, 1994 (Public Law 103–69; 107 Stat. 710; 2 U.S.C. 60–1 note) is amended by striking "shall" and inserting "may".

(b) WAIVER OF ERRONEOUS PAYMENTS IN THE SENATE.—Section 2(a) of the Act of July 25, 1974 (Public Law 93–359; 88 Stat. 394; 2 U.S.C. 130c(a)) is amended—

(1) in the first sentence by striking ", if the claim is not the subject of an exception made by the Comptroller General in the account of any accountable officer or official"; and

(2) in the third sentence by striking "shall" the first place it appears and inserting "may".

(c) WAIVER OF ERRONEOUS PAYMENTS IN THE HOUSE OF REPRESENTATIVES.—Section 3(a) of the Act of July 25, 1974 (Public Law 93–359; 88 Stat. 395; 2 U.S.C. 130d(a)) is amended, in the first sentence, by striking ", if the claim is not the subject of an exception made by the Comptroller General in the account of any accountable officer or official".

(d) REPORT ON SEQUESTRATION OF FUNDS TO MEET DEFICIT REDUCTION GOALS.—Section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 904) is amended—

(1) in subsection (a), by striking:

"30 days later GAO compliance report.";

and

(2) in subsection (i), by striking "On the date specified in subsection (a)" and inserting "Upon request of the Committee on the Budget of the House of Representatives or the Senate".

SEC. 103. AMENDMENTS RELATING TO TITLE 5, UNITED STATES CODE (GOVERNMENT ORGANIZATION AND EMPLOYEES).

(a) TRANSMITTAL OF REPORTS.—Section 1213(e) of title 5, United States Code, is amended—

(1) in paragraph (3) by striking the comma after "President" and inserting "and", and by striking ", and the Comptroller General"; and

(2) in paragraph (4) by striking the comma after "President" and inserting "and", and by striking ", and the Comptroller General".

(b) WITHHOLDING OF PAY.—Section 5512(b) of title 5, United States Code, is amended by striking "General Accounting Office" and inserting "employing agency".

(c) DESIGNATION OF BENEFICIARY.—Section 5582(a) of title 5, United States Code, is amended by striking the second sentence and inserting the following: "An employee may change or revoke a designation at any time under regulations promulgated—

"(1) by the Director of the Office of Personnel Management or his designee, in the case of an employee of an executive agency;

"(2) jointly by the President pro tempore of the Senate and the Speaker of the House of Representatives, or their designee, in the case of an employee of the legislative branch; and

"(3) by the Chief Justice of the United States or his or her designee, in the case of an employee of the judicial branch.".

(d) WAIVER OF ERRONEOUS PAYMENTS.—Section 5584 of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1) by striking "Comptroller General of the United States" and inserting "authorized official"; and

(B) in paragraph (2) by inserting "and" at the end of subparagraph (A), by striking subparagraph (B), by redesignating subparagraph (C) as subparagraph (B), and by striking "Comptroller General" in subparagraph (B) (as so redesignated) and inserting "authorized official";

(2) in subsection (b) by striking "Comptroller General" and inserting "authorized official"; and

(3) by adding at the end the following new subsection:

"(g) For the purpose of this section, the term 'authorized official' means—

"(1) the head of an agency, with respect to an agency or employee in the legislative branch; or

"(2) the Director of the Office of Management and Budget, with respect to any other agency or employee.".

(e) REGULATIONS AND REPORTS.—Section 5707(b)(1)(A) of title 5, United States Code, is amended by striking "the Comptroller General of the United States,".

(f) GAO AUDIT OF AGENCY COMPLIANCE.—Section 5(b) of the Hotel and Motel Fire Safety Act of 1990 (Public Law 101–391; 5 U.S.C. 5707 note) is repealed.

(g) PROCEDURES FOR DEPOSIT OF EMPLOYEES' CONTRIBUTIONS TO RETIREMENT FUNDS.—Sections 8334(a)(2), 8422(c), and 8432(f) of title 5, United States Code, are each amended by striking "Comptroller General of the United States" and inserting "Secretary of the Treasury".

(h) TRANSMITTAL OF COPY OF REPORT ON THE CIVIL SERVICE RETIREMENT AND DISABILITY FUND.—Section 8348(l) of title 5, United States Code, is amended by striking the last sentence in paragraph (1).

(i) TRANSMITTAL OF COPY OF REPORT ON THE THRIFT SAVINGS FUND.—Section 8438(h) of title 5, United States Code, is amended by striking "and the Comptroller General of the United States" in the last sentence of paragraph (1).

(j) RECEIPT OF COPY OF CPA EXAMINATION OF THRIFT SAVINGS FUND.—Section 8439(b)(3) of title 5, United States Code, is amended by striking "and the Comptroller General of the United States".

SEC. 104. AMENDMENTS RELATING TO TITLE 7, UNITED STATES CODE (AGRICULTURE).

(a) AUDIT OF WASHINGTON FAMILY INDEPENDENCE DEMONSTRATION PROJECT.—Section 21(g) of the Food Stamp Act of 1977 (7 U.S.C. 2030(g)) is amended by striking "shall" and inserting "may".

(b) REPORTS ON AMOUNTS OBLIGATED AND EXPENDED BY DEPARTMENT OF AGRICULTURE FOR ADVISORY SERVICES.—Section 641 of the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1990 (7 U.S.C. 2207a) is amended—

(1) in subsection (a)—

(A) by striking "(1)" after "(a)";

(B) by striking "shall (A) submit" and inserting "shall submit"; and

(C) by striking ", and (B) transmit a copy of such report to the Comptroller General of the United States";

(2) by striking subsection (b);

(3) by redesignating paragraph (2) of subsection (a) as subsection (b); and

(4) in subsection (b) (as so redesignated)—

(A) by striking "paragraph (1)" and inserting "subsection (a)"; and

(B) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively.

SEC. 105. AMENDMENTS TO TITLE 10, UNITED STATES CODE (ARMED FORCES).

(a) WAIVER OF RECOVERY OF ERRONEOUS ANNUITY PAYMENTS.—Sections 1442 and 1453 of title 10, United States Code, are amended by striking "and the Comptroller General".

(b) WAIVER OF RECOVERY OF ERRONEOUS OVERPAYMENTS.—Section 2774 of such title is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "Comptroller General" and inserting "Director of the Office of Management and Budget"; and

(B) in paragraph (2), by inserting "and" at the end of subparagraph (A), striking subparagraph (B), redesignating subparagraph (C) as subparagraph (B), and in that subparagraph (as so redesignated), striking "Comptroller General" and inserting "Director of the Office of Management and Budget"; and

(2) in subsection (b), by striking "The Comptroller General" and inserting "The Director of the Office of Management and Budget".

(c) CERTIFICATION TO COMPTROLLER GENERAL OF UNCOLLECTABILITY OF ADVANCES.—Section 2777(b)(2)(B) of such title is amended by striking "to the Comptroller General".

(d) MAINTAINING ACCOUNTS OF MILITARY DEPARTMENTS.—Section 2778 of such title is repealed, and the table of sections at the beginning of chapter 165 of such title is amended by striking the item relating to that section.

(e) RADIOGRAMS AND TELEGRAMS.—Sections 4592 and 9592 of such title are amended by striking ", or may file a claim with the General Accounting Office for" in the second sentence and inserting "of".

SEC. 106. AMENDMENTS RELATING TO TITLE 12, UNITED STATES CODE (BANKS AND BANKING).

(a) REPORT ON PREPURCHASE AND FORECLOSURE-PREVENTION COUNSELING DEMONSTRATION.—Section 106(d) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(d)) is amended—

(1) by striking paragraph (9);

(2) in paragraph (5)(A), by striking "(10)(K)" and inserting "(9)";

(3) in paragraph (8), by striking "(for purposes of the study and report under paragraph (9))"; and

(4) by redesignating paragraphs (10), (11), (12), and (13) as paragraphs (9), (10), (11), and (12), respectively.

(b) ANNUAL GAO COMPLIANCE AUDIT.—

(1) IN GENERAL.—Section 141(a)(2) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1823 note) is

amended by striking "shall annually audit" and inserting "shall audit, under such conditions as the Comptroller General determines to be appropriate,".

(2) CLERICAL AMENDMENT.—The heading for paragraph (2) of section 141(a) of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1823 note) is amended by striking "ANNUAL GAO" and inserting "GAO".

(c) QUARTERLY REPORT ON FDIC COMPLIANCE WITH LIMITS ON OUTSTANDING OBLIGATIONS.—Section 102 of the Federal Deposit Insurance Corporation Improvement Act of 1991 (12 U.S.C. 1825 note) is amended by striking subsection (b).

(d) PROMPT CORRECTIVE ACTION: GAO REVIEW.—Section 38(k)(5) of the Federal Deposit Insurance Act (12 U.S.C. 1831o(k)(5)) is amended to read as follows:

"(5) GAO REVIEW.—The Comptroller General of the United States shall, under such conditions as the Comptroller General determines to be appropriate, review reports made under paragraph (1) and recommend improvements in the supervision of insured depository institutions (including the implementation of this section).".

(e) GAO REPORTS ON RISK-BASED INSURANCE PREMIUMS, ACCESS TO ASSOCIATION CAPITAL, AND SUPPLEMENTAL PREMIUMS.—Section 204(a) of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (Public Law 102–552; 106 Stat. 4106; 12 U.S.C. 2277a-4 note) is amended by striking "shall" and inserting "may".

(f) REVIEW OF FEDERAL AGRICULTURAL MORTGAGE CORPORATION GUARANTEE FEES.—Section 8.10(b)(4) of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–10(b)(4)) is amended—

(1) in the paragraph heading, by striking "ANNUAL REVIEW" and inserting "REVIEW"; and

(2) by striking "shall annually" and inserting "may".

(g) GAO STUDIES OF APPRAISALS.—

(1) IN GENERAL.—Section 1112(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3341) is amended—

(A) in paragraph (1), by striking "At the end of the 18-month period" and all that follows through "study" and inserting "The Comptroller General of the United States may conduct, under such conditions as the Comptroller General determines appropriate, studies"; and

(B) in paragraph (2), by striking "required under" and inserting "referred to in".

(2) CLERICAL AMENDMENT.—The heading for section 1112(c)(1) of Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3341(c)(1)) is amended by striking "STUDY REQUIRED" and inserting "GAO STUDIES".

(h) AUDIT OF OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT.—Section 1319E of the Housing and Community Development Act of 1992 (12 U.S.C. 4524) is amended—

(1) in the first sentence—

(A) by striking "shall" and inserting "may"; and

(B) by inserting ", and any such audit shall be conducted" after "Office"; and

(2) by striking the last sentence.

(i) SHARING OF INFORMATION.—Section 11(t) of the Federal Deposit Insurance Act (12 U.S.C. 1821(t)) is amended by adding at the end of paragraph (2)(A) the following new clause:

"(vi) The General Accounting Office.".

SEC. 107. AMENDMENT RELATING TO TITLE 15, UNITED STATES CODE (COMMERCE AND TRADE).

Section 31(b)(1)(B) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2227(b)(1)(B)) is amended by striking clause (iii).

SEC. 108. AMENDMENTS RELATING TO TITLE 16, UNITED STATES CODE (CONSERVATION).

(a) LICENSES FOR DEVELOPMENT OF WATER RESOURCES.—Section 6 of the Federal Power Act (16 U.S.C. 799) is amended by striking the last sentence.

(b) AUDIT OF THE BROWNSVILLE WETLANDS POLICY CENTER.—Section 202(d)(4) of the Brownsville Wetlands Policy Act of 1994 (108 Stat. 338) is repealed.

(c) AUDIT OF CENTRAL UTAH PROJECT COST ALLOCATION.—Section 211 of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102–575) is amended—

(1) by striking "Comptroller General of the United States" and inserting "Inspector General of the Department of the Interior"; and

(2) by striking "in accordance with regulations which the Comptroller General shall prescribe".

(d) REPORT ON GLEN CANYON COSTS AND BENEFITS.—Section 1804 of the Reclamation Projects Authorization and Adjustment Act of 1992 (Public Law 102–575) is amended—

(1) by striking subsection (b); and

(2) by redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively.

SEC. 109. AMENDMENTS RELATING TO TITLE 18, UNITED STATES CODE (CRIMES AND CRIMINAL PROCEDURE).

(a) PRESIDENTIAL PROTECTION ASSISTANCE: DETERMINATION OF FAIR MARKET VALUE OF IMPROVEMENTS.—Section 5(b) of the Presidential Protection Assistance Act of 1976 (Public Law 94–524; 90 Stat. 2476; 18 U.S.C. 3056 note) is amended by striking "Comptroller General of the United States" and inserting "Director".

(b) DISPUTES OVER PURCHASE OF PRISON-MADE PRODUCTS BY FEDERAL DEPARTMENTS.—Section 4124(b) of title 18, United States Code, is amended by striking "Comptroller General of the United States" and inserting "Attorney General".

SEC. 110. AMENDMENTS RELATING TO TITLE 19, UNITED STATES CODE (CUSTOMS DUTIES).

(a) AUDITS OF THE CUSTOMS FORFEITURE FUND.—Section 613A(e)(2) of the Tariff Act of 1930 (19 U.S.C. 1613b(e)(2)) is amended—

(1) by striking "annual financial"; and

(2) by inserting before the period the following: ", under such conditions as the Comptroller General determines appropriate".

(b) REPORT ON BUSINESSES ESTABLISHED BY CUSTOMS SERVICE FOR UNDERCOVER OPERATIONS.—Section 3131(b) of the Anti-Drug Abuse Act of 1986 (19 U.S.C. 2081(b)) is amended by striking "and the Comptroller General".

SEC. 111. AMENDMENTS RELATING TO TITLE 22, UNITED STATES CODE (FOREIGN RELATIONS AND INTERCOURSE).

(a) ACCOUNTS OF ADVANCES FOR OPERATIONS OF THE INTERNATIONAL JOINT COMMISSION ON THE U.S.-CANADA BOUNDARY WATERS.—The first section of the Act of March 2, 1921 (chapter 113; 22 U.S.C. 268b) is amended by striking "chiefs of parties" the first place it appears and all that follows through "chiefs of parties" the next place it appears and inserting "chiefs of parties".

(b) PREPARATION OF SCOPE OF AUDIT AND REVIEW OF AUDITS OF INTER-AMERICAN DEVELOPMENT BANK.—Section 14 of the Inter-American Development Bank Act (22 U.S.C. 283j–1) is amended—

(1) in subsection (b), by striking "Comptroller General of the United States shall prepare for the Secretary of the Treasury" and inserting "Secretary of the Treasury shall prepare"; and

(2) in subsection (c), in the second sentence, by striking "shall periodically" and inserting "may".

(c) REPORTS BY THE GENERAL ACCOUNTING OFFICE.—Section 4 of the Foreign Direct Investment and International Financial Data Improvements Act of 1990 (22 U.S.C. 3143) is amended—

(1) in subsection (a), by striking "report required under" and inserting "reports referred to in"; and

(2) in subsection (b)—

(A) by striking "(b)" and all that follows through "shall submit" and inserting "(b) REPORTS.—Consistent with the provisions of this section, the Comptroller General may submit";

(B) by striking "Congress, a report" and inserting "Congress reports";

(C) in paragraph (1) by striking "the report of the Secretary of Commerce" and inserting "reports issued by the Secretary of Commerce under section 3"; and

(D) by striking the last sentence of the subsection.

SEC. 112. AMENDMENTS RELATING TO TITLE 25, UNITED STATES CODE (INDIANS).

(a) COPIES OF INDIAN SERVICE CONTRACTS.—Section 7 of the Act of March 3, 1875 (25 U.S.C. 96), is repealed.

(b) COPIES OF INDIAN SERVICE CONTRACT BIDS.—Section 3 of the Act of August 15, 1876 (25 U.S.C. 97), is amended by striking "; and an abstract of all bids or proposals received for the supplies or services embraced in any contract shall be attached to, and filed with, the said contract when the same is filed in the office of the Second Comptroller of the Treasury" and inserting in lieu thereof a period.

SEC. 113. AMENDMENT RELATING TO TITLE 26, UNITED STATES CODE (INTERNAL REVENUE CODE).

Section 7608(c)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 7608(c)(2)), is amended by striking "and the Comptroller General of the United States".

SEC. 114. AMENDMENT RELATING TO TITLE 28, UNITED STATES CODE (JUDICIARY AND JUDICIAL PROCEDURE).

Section 2410(e) of title 28, United States Code, is amended by striking, in the second sentence, "shall so report to the Comptroller General who".

SEC. 115. AMENDMENTS RELATING TO TITLE 31, UNITED STATES CODE (MONEY AND FINANCE).

(a) TREATMENT OF RECORDS CONTAINING BANKING AGENCY INFORMATION.—Section 714(d) of title 31, United States Code, is amended by striking the last sentence of paragraph (1) and by amending paragraph (2) to read as follows:

"(2) The Comptroller General shall prevent unauthorized access to records or property of or used by an agency that the Comptroller General obtains during an audit.".

(b) REPORT ON AUDITS AND CONFIDENTIALITY OF TAXPAYER INFORMATION.—Section 719 of title 31, United States Code, is amended—

(1) by striking subsection (d); and

(2) by redesignating subsections (e), (f), (g), (h), and (i) as subsections (d), (e), (f), (g), and (h), respectively.

(c) COMPLIANCE REPORTING ON ADMINISTRATIVE EXPENSES.—Section 308(c) of the Legislative Branch Appropriations Act, 1994 (Public Law 103–69; 107 Stat. 710; 31 U.S.C. 1105 note) is amended by striking "shall" and inserting "may".

(d) PAYING CHECKS AND DRAFTS.—Section 3328 of title 31, United States Code, is amended—

(1) in subsection (a)(2), by striking "until the Comptroller General settles the question" and inserting "until the question is settled";

(2) in subsection (b)(2), by striking "on settlement by the Comptroller General"; and

(3) in subsection (d), by striking "With the approval of the Comptroller General, the" and inserting "The".

(e) Withholding Checks To Be Sent to Foreign Countries.—Section 3329(b)(4) of title 31, United States Code, is amended by striking the last two sentences and inserting "The Secretary shall credit the accounts of the drawer and drawee.".

(f) Property Returns.—

(1) Repeal.—Section 3531 of title 31, United States Code, is repealed.

(2) Clerical amendment.—The table of sections at the beginning of chapter 35 of title 31, United States Code, is amended by striking the item relating to section 3531.

(g) Claims Collection and Compromise.—

(1) In general.—Section 3711 of title 31, United States Code, is amended—

(A) in subsection (a)(2), by inserting before the semicolon the following: ", except that only the Comptroller General may compromise a claim arising out of an exception the Comptroller General makes in the account of an accountable official";

(B) by striking subsection (b);

(C) by redesignating subsections (c), (d), (e), and (f) and the first subsection (g) in order as subsections (b), (c), (d), (e), and (f); and

(D) in subsection (d) (as so redesignated), by striking "and the Comptroller General" and by striking "jointly" from paragraph (2).

(2) Conforming amendments.—

(A) Section 3701(d) of title 31, United States Code, is amended by striking "3711(f)" and inserting "3711(e)".

(B) Section 552a of title 5, United States Code, is amended by striking "3711(f)" each place it appears and inserting "3711(e)".

(C) Section 2780(b) of title 10, United States Code, is amended by striking "3711(f)" and inserting "3711(e)".

(D) Section 4(d)(6) of the State Department Basic Authorities Act of 1956 (Chapter 841; 22 U.S.C. 2671(d)(6)) is amended by striking "3711(f)" and inserting "3711(e)".

(E) Section 204(f)(1) of the Social Security Act (42 U.S.C. 404(f)(1)) is amended by striking "3711(f)" and inserting "3711(e)".

(h) Audit of Proceeds From Sales of Commemorative Coins.—Section 303 of Public Law 103–186 (31 U.S.C. 5112 note) is amended—

(1) by striking "Before the end of the 1-year period" and all that follows through "the Comptroller General of the United States shall" and inserting "The Comptroller General of the United States may"; and

(2) by striking "sale of such coins" and inserting "sale of commemorative coins".

(i) Report on Implementation of Intergovernmental Financing.—Section 6 of the Cash Management Improvement Act of 1990 (31 U.S.C. 6503 note) is repealed.

(j) Consultation on Accounting, Audit and Fiscal Procedures.—Section 6703(d)(6) of title 31, United States Code, is amended by striking "after consultation with the Comptroller General of the United States".

(k) Reviews of Local Partnership Act Program.—Section 6718(b) of title 31, United States Code, is amended by striking "shall" each place it appears and inserting "may".

SEC. 116. AMENDMENT TO TITLE 32, UNITED STATES CODE (NATIONAL GUARD).

Section 716 of title 32, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "Comptroller General" and inserting "Director of the Office of Management and Budget"; and

(B) in paragraph (2), by inserting "and" at the end of subparagraph (A), striking subparagraph (B), redesignating subparagraph (C) as subparagraph (B), and in that subparagraph (as so redesignated), striking "Comptroller General" and inserting "Director of the Office of Management and Budget"; and

(2) in subsection (b), by striking "The Comptroller General" and inserting "The Director of the Office of Management and Budget".

SEC. 117. AMENDMENT RELATING TO TITLE 33, UNITED STATES CODE (NAVIGATION AND NAVIGABLE WATERS).

Section 214 of the Water Resources Development Act of 1992 (106 Stat. 4831–4832; 33 U.S.C. 2281 note) is repealed.

SEC. 118. AMENDMENT TO TITLE 37, UNITED STATES CODE (PAY AND ALLOWANCES OF THE UNIFORMED SERVICES).

Section 902(b) of title 37, United States Code, is amended by striking "the General Accounting Office, under the direction of the Secretary of the Navy, may" and inserting "the Secretary of the Navy may".

SEC. 119. AMENDMENT TO TITLE 38, UNITED STATES CODE (VETERANS' BENEFITS).

Section 711(d) of title 38, United States Code, is amended by inserting ", upon request of either of such Committees," in the first sentence after "the Comptroller General shall".

SEC. 120. AMENDMENTS RELATING TO TITLE 40, UNITED STATES CODE (PUBLIC BUILDINGS, PROPERTY, AND WORKS).

(a) Payment of Expenses of Sales From Proceeds.—Section 1 of the Act of June 8, 1896 (29 Stat. 268; 40 U.S.C. 485a) is amended by striking ", as approved by the accounting officers of the Treasury,".

(b) Furnishing Determinations to the General Accounting Office.—Section 210(a)(8) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(a)(8)) is amended by striking ". A copy of every such determination so made shall be furnished to the General Accounting Office".

SEC. 121. AMENDMENTS RELATING TO TITLE 41, UNITED STATES CODE (PUBLIC CONTRACTS).

(a) Comptroller General Review of Fraudulent War Contract Settlements.—Section 16 of the Contract Settlement Act of 1944 (41 U.S.C. 116) is repealed.

(b) Records of War Contract Financing and Terminations.—Section 18(a) of the Contract Settlement Act of 1944 (41 U.S.C. 118(a)) is amended—

(1) by striking "(1)"; and

(2) by striking "; and (2) the records in connection therewith to be transmitted to the General Accounting Office".

(c) Copies of Contracts and Administrative Determinations.—Section 307(b) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 257(b)) is amended by striking the second sentence.

SEC. 122. AMENDMENTS RELATING TO TITLE 42, UNITED STATES CODE (PUBLIC HEALTH AND WELFARE).

(a) Consultation on Administrative Expenses of the National Institutes of Health.—Section 408(a)(3) of the Public Health Service Act (42 U.S.C. 284c(a)(3)) is amended by striking the last sentence.

(b) Audit of National Foundation for Biomedical Research.—Section 499(n) of the Public Health Service Act (42 U.S.C. 290b(n)) is repealed.

(c) Consultation and Reports on Grants for Transition From Homelessness.—Section 528 of the Public Health Service Act (42 U.S.C. 290cc-28) is amended—

(1) in subsection (a), by striking "the Comptroller General of the United States, and"; and

(2) in subsection (c), by striking "Comptroller General of the United States in cooperation with the" and by striking the comma after "Administration".

(d) Consultation and Report on Trauma Care Grants.—Section 1216(a) of the Public Health Service Act (42 U.S.C. 300d–16(a)) is amended by striking "and the Comptroller General of the United States".

(e) Consultation on Mental Health and Substance Abuse Block Grants.—Section 1942(a) of the Public Health Service Act (42 U.S.C. 300x–52(a)) is amended by striking "and the Comptroller General".

(f) State Reports on Maternal and Child Health Programs.—Section 506(a)(1) of the Act of August 14, 1935, ch. 531 (42 U.S.C. 706(a)(1)) is amended by striking "and the Comptroller General".

(g) Review HHS Calculation of Reimbursement Rate.—Section 4204(b) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1395mm note) is amended—

(1) by striking paragraph (4);

(2) in paragraph (5), by striking "Taking into account the recommendations made pursuant to paragraph (4), on" and inserting "On"; and

(3) by redesignating paragraph (5) as paragraph (4).

(h) Study of Ownership of Providers of Medicare Services by Referring Physicians.—

(1) Section 6204(e) of the Omnibus Budget Reconciliation Act of 1989 (42 U.S.C. 1395nn note) is repealed.

(2) Section 6204(f) of the Omnibus Budget Reconciliation Act of 1989 (42 U.S.C. 1395nn note) is amended by striking "and the Comptroller General".

(i) Reports on Prescription Drug Pricing.—Section 4401(d) of the Omnibus Budget Reconciliation Act of 1990 (42 U.S.C. 1396r–8 note) is amended—

(1) in paragraph (2), by—

(A) striking "By not later than May 1 of each year, the" and inserting "The";

(B) striking "an annual" and inserting "a"; and

(C) striking "retail and"; and

(2) by striking paragraph (6).

(j) Study of Demonstration To Attract Pension Fund Investment in Affordable Housing.—Section 6 of the HUD Demonstration Act of 1993 (42 U.S.C. 1437f) is amended by—

(1) striking subsection (i); and

(2) redesignating subsection (j) as subsection (i).

(k) Audit of HUD Low-Income Housing Accounts.—Section 10(a)(2) of the United States Housing Act of 1937 (42 U.S.C. 1437h) is amended by—

(1) striking "annually";

(2) striking, after "accounts which", "shall", and inserting "may";

(3) striking "in accordance with the principles and procedures applicable to commercial transactions"; and

(4) striking ", and no other audit shall be required".

(l) Report on the Family Self-Sufficiency Program.—Section 23(m) of the United States Housing Act of 1937 (42 U.S.C. 1437u(m)) is amended—

(1) in paragraph (1)—

(A) by striking "shall", and inserting "may"; and

(B) by striking "(1) In General.—"; and

(2) by striking paragraph (2).

(m) Methodology of Study.—Section 211(B)(f)(2) of Public Law 101–515, as amended by the Violent Crime Control and Law Enforcement Act of 1994, is amended by striking "shall serve" and all that follows through "approve" and inserting "may serve in an advisory capacity, may oversee the methodology, and may approve".

(n) Studies of Incentive Grants for Local Delinquency Prevention Programs.—Section 5(b) of the Act of November 4, 1992 (42 U.S.C. 5781 note, Public Law 102–586), is amended to read as follows:

"(b) GAO Studies and Reports.—Under such conditions as the Comptroller General of the United States determines appropriate, the General Accounting Office may conduct studies and report to Congress on the effects of the program established by subsection (a) in encouraging States and units of general local government to comply with the requirements of part B of title II of the Juvenile Justice and Delinquency Prevention Act of 1974 (42 U.S.C. 5631–5633).".

(o) Audits of Recipients of Loan Guarantees for Alternative Fuel Demonstration Facilities.—Section 19(x)(1) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5919(x)(1)) is amended—

(1) in subparagraph (A), by striking "(A)"; and

(2) by striking subparagraph (B).

(p) Report on Use of Subpoena Authority To Get Energy Information.—Section 502(f) of the Energy Policy and Conservation Act (42 U.S.C. 6382(f)) is repealed.

(q) Consultation with the Secretary of Energy concerning Termination of Loan Guarantees.—Section 451 of the Energy Conservation in Existing Buildings Act of 1976 (42 U.S.C. 6881) is amended, in subsection (d) and in the first sentence of subsection (e)(1), by striking "and the Comptroller General".

(r) Report on Pollution Control Strategies and Employment Effects of Clean Air Act Amendments of 1990.—Section 812(b) of the Clean Air Act Amendments of 1990 (42 U.S.C. 7612 note) is repealed.

(s) Report on Energy Conservation by Federal Agencies.—Section 801(c) of the National Energy Conservation Policy Act (42 U.S.C. 8287(c)) is amended—

(1) in paragraph (1), by striking "(1)"; and

(2) by striking paragraph (2).

(t) Evaluation of Homeless Assistance Programs.—Section 105 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11304) is amended—

(1) by striking "shall annually" and inserting "may"; and

(2) by striking ", and submit to the Congress an annual summary of the status of each program authorized under this Act".

(u) Consultation on Accounting, Audit and Fiscal Procedures.—Section 30203(b)(5) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 13753(b)(5)) is amended by striking "after consultation with the Comptroller General of the United States".

(v) Study of Skilled Nursing Facilities.—Section 6026 of the Omnibus Budget Reconciliation Act of 1989 (Public Law 101–239) is repealed.

(w) Report on Geographic Cost Adjustment for Durable Medical Equipment.—Section 135(c)(2) of the Social Security Act Amendments of 1994 (Public Law 103–432) is amended—

(1) by striking the dash and "(A)" and inserting a comma, and

(2) by striking "; and" and all that follows and inserting a period.

SEC. 123. AMENDMENTS RELATING TO TITLE 44, UNITED STATES CODE (PUBLIC PRINTING AND DOCUMENTS).

(a) Audit of Government Printing Office.—Section 309 of title 44, United States Code, is amended—

(1) by amending subsection (d) to read as follows:

"(d) The Inspector General of the Government Printing Office shall audit the financial and operational activities of the Government Printing Office each year. The audits shall be conducted under the direction of the Joint Committee on Printing. For purposes of the audits, the Inspector General shall have such access to the records, files, personnel, and facilities of the Government Printing Office as the Inspector General considers appropriate. The Inspector General shall furnish reports of the audits to the Congress and the Public Printer."; and

(2) by adding at the end the following new subsections:

"(e) The Public Printer shall prepare an annual financial statement meeting the requirements of section 3515(b) of title 31, United States Code. Each financial statement shall be audited in accordance with applicable generally accepted Government auditing standards—

"(1) by an independent external auditor selected by the Public Printer, or

"(2) at the request of the Joint Committee on Printing, by the Inspector General of the Government Printing Office.

"(f) The Comptroller General of the United States may audit the financial statement prepared under subsection (e) at his or her discretion or at the request of the Joint Committee on Printing. An audit by the Comptroller General shall be in lieu of the audit otherwise required by that subsection.".

(b) Publication of Decisions of the Comptroller General.—

(1) Section 1311 of title 44, United States Code, is repealed.

(2) The table of sections for chapter 13 of title 44, United States Code, is amended by striking out the item relating to section 1311.

SEC. 124. AMENDMENT RELATING TO TITLE 45, UNITED STATES CODE (RAILROADS).

Section 1036(f) of the Intermodal Surface Transportation Efficiency Act of 1991 (45 U.S.C. 831 note) is amended by striking "and annually thereafter,".

SEC. 125. AMENDMENT RELATING TO TITLE 46, UNITED STATES CODE (SHIPPING).

Section 901(a) of the Merchant Marine Act of 1936 (46 U.S.C. App. 1241(a)) is amended—

(1) by striking ": *Provided*, That the Comptroller General of the United States" and inserting ". The Administrator of General Services shall prescribe regulations under which agencies"; and

(2) by striking "credit any allowance" and inserting "pay for or reimburse officers or employees".

SEC. 126. AMENDMENTS RELATING TO TITLE 47, UNITED STATES CODE (TELEGRAPHS, TELEPHONES, AND RADIOTELEGRAPHS).

(a) Approve Standards Adopted by the Corporation for Public Broadcasting for Valuing Volunteer Services.—Section 397(9) of the Communications Act of 1934 (47 U.S.C. 397(9)) is amended, in the last sentence—

(1) by striking "and approved by the Comptroller General pursuant to section 396(g)(5)"; and

(2) by striking "with respect to such services provided to public telecommunications entities after such standards are approved by the Comptroller General and only".

(b) Report on Payments by Attorney General to Carriers for Interception of Communications.—

(1) Section 112(b)(1) of the Communications Assistance for Law Enforcement Act (47 U.S.C. 1010(b)(1)) is amended by amending the matter preceding subparagraph (A) to read as follows:

"(1) On or before April 1, 1996, the Comptroller General of the United States, and every two years thereafter, the Inspector General of the Department of Justice, shall submit to the Congress a report, after consultation with the Attorney General and the telecommunications industry—".

(2) Section 112(b)(2) of the Communications Assistance for Law Enforcement Act (47 U.S.C. 1010(b)(2)) is amended—

(A) after "include", by striking "the"; and

(B) by striking "of the Comptroller General".

SEC. 127. AMENDMENTS RELATING TO TITLE 49, UNITED STATES CODE (TRANSPORTATION).

(a) Audit of Accounts of Department of Transportation.—Section 5334(c)(2) of title 49, United States Code, is amended by striking "the Comptroller General shall" and inserting "for".

(b) Report on Mass Transportation Needs.—Sections 5335(c) and 5335(d) of title 49, United States Code, are each amended by striking "and in January of every 2d year after 1993".

(c) Audit of Financial Assistance for Local Rail Freight Service.—Section 22107(b) of title 49, United States Code, is amended by striking "and the Comptroller General".

(d) Transportation by Foreign Air Carriers.—Section 40118(c) of title 49, United States Code, is amended by striking "Comptroller General shall" and inserting "Administrator of General Services shall prescribe regulations under which agencies may".

(e) Audit of Aviation Insurance Offered by Department of Transportation.—Section 44308(e) of title 49, United States Code, is amended by striking ". The Comptroller General shall audit those accounts" and inserting "for audit".

(f) Audit of Financial Assistance for Airport and Airway Development.—Section 47121(c) of title 49, United States Code, is amended—

(1) in the first sentence, by striking "Comptroller General" and inserting "Secretary";

(2) in the second sentence—

(A) by striking "Not later than April 15 of each year, the", and inserting "The"; and

(B) by striking "shall" and inserting "may"; and

(3) by striking the third sentence.

(g) Study of Enhanced Procurement Authority for Federal Aviation Administration.—Section 9206 of the Omnibus Budget Reconciliation Act of 1990 (Public Law 101–508) is repealed.

SEC. 128. AMENDMENTS RELATING TO TITLE 50, UNITED STATES CODE (WAR AND NATIONAL DEFENSE).

(a) Audit of Termination Payments on Contracts for Certain Air Defense Systems.—Section 1 of the Act of March 30, 1949 (62 Stat. 17; 50 U.S.C. 491), is amended in the third sentence of the second paragraph—

(1) by striking "no termination payment shall be final until audited and approved by";

(2) by striking "which" after "General Accounting Office"; and

(3) by inserting "of audit" after "purpose".

(b) DETERMINATIONS OF ENTITLEMENT TO WAR CLAIM AWARDS.—Section 213(d) of the War Claims Act of 1948 (50 U.S.C. App. 2017l(d)) is amended by striking "Comptroller General" and inserting "Secretary of the Treasury".

(c) FOREIGN POLICY CONTROLS: CONSULTATION WITH CONGRESS.—Section 6(f)(3) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(f)(3)) is amended by striking the second sentence.

SEC. 129. AMENDMENT RELATING TO THE DISTRICT OF COLUMBIA

Section 145 of the District of Columbia Retirement Reform Act (sec. 1-725, D.C. Code) is amended as follows:

(1) In subsection (b)—

(A) in paragraph (1)—

(i) by striking "(1)",

(ii) by striking "and the Comptroller General", and

(iii) by striking "each" the first and third places it appears; and

(B) by striking paragraphs (2) and (3).

(2) In subsection (c)(1), by striking "Comptroller General pursuant to subsection (b)" and inserting "enrolled actuary pursuant to subsection (a)".

(3) In subsection (c)(3)(A)—

(A) by striking "Comptroller General pursuant to subsection (b)" and inserting "enrolled actuary pursuant to subsection (a)";

(B) by striking "and the Comptroller General"; and

(C) by striking "of the Comptroller General".

(4) In subsection (c)(3)(B), by striking "the Comptroller General, the Board," and inserting "the Board".

(5) In subsection (c)(3)(C)(1)—

(A) by striking "The Comptroller General, on the basis of such reports from the Board and" and inserting "The Board, on the basis of such reports from";

(B) by striking "The Comptroller General shall report the amount of such reduction so caused to the Board and" and inserting "The Board shall report the amount of such reduction so caused"; and

(C) by striking "he receives" and inserting "the Board receives".

(6) In subsection (c)(3)(C)(2), by striking "by the Comptroller General".

TITLE II—CONFORMING AMENDMENTS TO ENACT TRANSFERS AND DELEGATIONS OF FUNCTIONS UNDER OTHER LAWS

SEC. 201. PURPOSE.

The purpose of this title is to amend provisions of law to reflect, update, and enact transfers and subsequent delegations of functions made under section 211 of the Legislative Branch Appropriations Act, 1996 (Public Law 104-53, 109 Stat. 535), as in effect immediately before this title takes effect.

SEC. 202. CONFORMING AMENDMENTS.

(a) CLAIMS FOR PROCEEDS FROM SALE OF HOUSEHOLD AND PERSONAL EFFECTS.—Section 5564(h) of title 5, United States Code, is amended by striking "General Accounting Office" each place it appears and inserting "Administrator of General Services".

(b) SETTLEMENT OF ACCOUNTS OF DECEASED EMPLOYEES.—Section 5583 of title 5, United States Code, is amended—

(1) in subsection (a) by striking "Comptroller General of the United States" and inserting "Director of the Office of Personnel Management"; and

(2) in subsection (b) by striking the first sentence and inserting: "The Director may by regulation prescribe the method for settlement of accounts payable under subsection (a) of this section.".

(c) REMISSION OF LIQUIDATED DAMAGES.—Section 2312 of title 10, United States Code, is amended by striking "Comptroller General" and inserting "Secretary of the Treasury".

(d) DISPOSITION OF UNCLAIMED PROPERTY.—Section 2575(d) of title 10, United States Code, is amended by striking "Comptroller General of the United States" both places it appears and inserting "Secretary of Defense".

(e) PAYMENT OF CLAIMS.—Sections 2733(d) and 2734(d) of title 10, United States Code, are amended by striking "Comptroller General" and inserting "Secretary of the Treasury".

(f) SETTLEMENT OF ACCOUNTS OF DECEASED MEMBERS.—Section 2771(c) of title 10, United States Code, is amended to read as follows:

"(c) Payments under subsection (a) shall be made by the Secretary of Defense.".

(g) DISPOSITION OF EFFECTS OF DECEASED MEMBERS.—Sections 4712 and 9712 of title 10, United States Code, are amended by striking subsection (g).

(h) SETTLEMENT OF INTERNATIONAL CLAIMS.—Section 7 of the International Claims Settlement Act of 1949 (22 U.S.C. 1626) is amended—

(1) in subsection (c)—

(A) in paragraph (1) by striking "Comptroller General" and inserting "Secretary of the Treasury"; and

(B) in paragraph (2) by striking "Comptroller General of the United States" and inserting "Secretary of the Treasury"; and

(2) in subsection (d) by striking ", or the Comptroller General of the United States, as the case may be,".

(i) ESTATES OF DECEDENTS.—Section 1709 of the Revised Statutes (22 U.S.C. 4195) is amended—

(1) by striking "General Accounting Office" each place it appears and inserting "Department of State";

(2) in the penultimate paragraph—

(A) in the first sentence, by striking "Comptroller General of the United States, or such member of the General Accounting Office as he may duly empower to act as his representative for the purpose," and inserting "Secretary of State or the Secretary's representative"; and

(B) by striking "Comptroller General" and inserting "Secretary of State"; and

(3) in the last paragraph—

(A) by striking "office" and inserting "department"; and

(B) by striking "Comptroller General" and inserting "Secretary of State".

(j) DISPOSITION OF EFFECTS OF DECEASED ARMED FORCES RETIREMENT HOME RESIDENTS.—Section 1520 of the Armed Forces Retirement Home Act of 1991 (24 U.S.C. 420) is amended—

(1) in subsection (b)(1)(C)—

(A) by striking "Comptroller General of the United States" in the second sentence and inserting "Secretary of Defense"; and

(B) by striking "Comptroller General" in the third sentence and inserting "Secretary"; and

(2) in subsection (d)—

(A) by striking "Comptroller General of the United States" in paragraph (1) and inserting "Secretary of Defense"; and

(B) by striking "Comptroller General" in paragraphs (2) and (3) and inserting "Secretary".

(k) PAYMENT OF JUDGMENTS AND COMPROMISE SETTLEMENTS.—Section 2414 of title 28, United States Code, is amended in the first paragraph by striking "General Accounting Office" each place it appears and inserting "Secretary of the Treasury".

(l) PAYMENT OF JUDGMENTS.—Section 2517(a) of title 28, United States Code, is amended by striking "General Accounting Office" and inserting "Secretary of the Treasury".

(m) JUDGMENT FUND CERTIFICATIONS.—Section 1304 of title 31, United States Code, is amended by striking "Comptroller General" each place it appears and inserting "Secretary of the Treasury".

(n) CLAIMS SETTLEMENT.—

(1) IN GENERAL.—Section 3702 of title 31, United States Code, is amended—

(A) in the heading by striking "**of the Comptroller General**";

(B) by amending subsection (a) to read as follows:

"(a) Except as provided in this chapter or another law, all claims of or against the United States Government shall be settled as follows:

"(1) The Secretary of Defense shall settle—

"(A) claims involving uniformed service members' pay, allowances, travel, transportation, retired pay, and survivor benefits; and

"(B) claims by transportation carriers involving amounts collected from them for loss or damage incurred to property incident to shipment at Government expense.

"(2) The Director of the Office of Personnel Management shall settle claims involving Federal civilian employees' compensation and leave.

"(3) The Administrator of General Services shall settle claims involving expenses incurred by Federal civilian employees for official travel and transportation, and for relocation expenses incident to transfers of official duty station.

"(4) The Director of the Office of Management and Budget shall settle claims not otherwise provided for by this subsection or another provision of law.";

(C) in subsection (b)(1), by amending that portion of the second sentence preceding subparagraph (A) to read "The claim must be received by the official responsible under subsection (a) for settling the claim or by the agency that conducts the activity from which the claim arises within 6 years after the claim accrues except—";

(D) in subsection (b)(2) by striking "presented to the Comptroller General" and inserting "received", and by striking "clause" and inserting "paragraph";

(E) by amending subsection (b)(3) to read as follows:

"(3) A claim that is not received in the time required under this subsection shall be returned with a copy of this subsection, and no further communication is required."; and

(F) in subsection (d), by striking "Comptroller General" the first place it appears and inserting "official responsible under subsection (a) for settling the claim"; and by striking "Comptroller General" every other place it appears and inserting "official".

(2) CLERICAL AMENDMENT.—Chapter 37 of title 31, United States Code, is amended in the table of sections at the beginning of the chapter, by amending the item relating to section 3702 to read as follows:

"3702. Authority to settle claims.".

(o) TRANSPORTATION CLAIMS.—Section 3726 of title 31, United States Code, is amended—

(1) in subsection (f) by striking "and the Comptroller General prescribe jointly" and inserting "prescribes"; and

(2) in subsection (g)(1) by striking "Comptroller General" and inserting "Administrator of General Services".

(p) SETOFF AGAINST JUDGMENTS.—Section 3728 of title 31, United States Code, is amended—

(1) in subsection (a) by striking "Comptroller General" the first place it appears and inserting "Secretary of the Treasury"; and

(2) by striking "Comptroller General" each place it appears thereafter and inserting "Secretary".

(q) SETTLEMENT OF ACCOUNTS OF DECEASED MEMBERS.—Section 714(c) of title 32, United States Code, is amended—

(1) in the first sentence, by striking "Comptroller General" and inserting "Secretary concerned"; and

(2) by striking the second sentence.

(r) PAYMENT OF CLAIMS RELATING TO NATIONAL GUARD ACTIVITIES.—Section 715(d) of title 32, United States Code, is amended by striking "Comptroller General" and inserting "Secretary of the Treasury".

(s) CLAIMS FOR NET PROCEEDS FROM SALES OF HOUSEHOLD AND PERSONAL EFFECTS.—Section 554(h) of title 37, United States Code, is amended by striking "General Accounting Office" each place it appears and inserting "Secretary of Defense".

(t) CANCELLATION OF CHECKS MAILED TO DECEASED PAYEES.—Section 5122 of title 38, United States Code, is amended by striking "upon settlement by the General Accounting Office".

(u) WAIVER OF LIQUIDATED DAMAGES.—Section 10(a) of the Act of September 5, 1950 (64 Stat. 591; 41 U.S.C. 256a), is amended by striking "Comptroller General" and inserting "Secretary of the Treasury".

SEC. 203. REPEAL.

Section 211 of the Legislative Branch Appropriations Act, 1996 (Public Law 104-53; 109 Stat. 535) is amended to read as follows:

"SEC. 211. Personnel transferred pursuant to this section, as in effect immediately before the effective date of section 303 of the General Accounting Office Act of 1996, shall not be separated or reduced in classification or compensation for one year after any such transfer, except for cause.".

SEC. 204. AUTHORITY TO RENDER DECISIONS.

Section 3529(b) of title 31, United States Code, is amended—

(1) by striking "The Comptroller General shall" and inserting "(1) Except as provided in paragraph (2), the Comptroller General shall"; and

(2) by adding at the end the following new paragraph:

"(2) A decision requested under this section concerning a function transferred to or vested in the Director of the Office of Management and Budget under section 211(a) of the Legislative Branch Appropriations Act, 1996 (109 Stat. 535), as in effect immediately before the effective date of title II of the General Accounting Office Act of 1996, or under this Act, shall be issued—

"(A) by the Director of the Office of Management and Budget, except as provided in subparagraph (B); or

"(B) in the case of a function delegated by the Director to another agency, by the head of the agency to which the function was delegated.".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman for Ohio [Mr. LATOURETTE] and the gentlewoman from New York [Mrs. MALONEY] each will control 20 minutes.

The Chair recognizes the gentleman from Ohio [Mr. LATOURETTE].

Mr. LATOURETTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the General Accounting Office has provided the U.S. Congress and the American people with information about the operation of the Federal Government since 1921. Since that time, the GAO has investigated, audited and testified about nearly every topic under the Sun. When Members of Congress need accurate, objective facts, they turn to the capable work of the auditors and investigators at the GAO.

However, many things have changed since 1921. Title I of this bill eliminates over 100 statutory mandates that Congress has previously imposed upon the GAO. Most of these mandates are auditing and reporting requirements that no longer represent the most effective use of the GAO's limited resources.

The bill also transfers certain executive-type functions from the GAO to the Office of Management and Budget and other executive branch agencies which are better suited to perform these functions.

The GAO has undergone a 25-percent reduction in its budget over the last 2 years. Enactment of H.R. 3864 will help the GAO deal with the effects of this large budget reduction.

GAO officials have estimated that relieving the agencies of the mandates covered by this bill will result in a savings of between $7 to $10 million, which can be applied against the budget reductions already made. The Congressional Budget Office has also estimated that the enactment of this bill will result in a savings consistent with the 25-percent reduction in GAO's budget.

The amendments to H.R. 3864 conform the bill to the version reported by the Committee on Government Reform and Oversight. A list of the mandates that are included in this bill was circulated for review by all chairs and ranking members of each House committee having jurisdiction over them. There were no objections to the repeals and transfers now contained in the bill.

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Finally, H.R. 3864 has been reviewed by OMB, and no objections were raised. Title I of the bill makes conforming amendments to provisions of law that reflect transfer of GAO functions to other agencies enacted last year by section 211 of the fiscal year 1996 Legislative Branch Appropriations Act.

Mr. Speaker, I include in the RECORD with my remarks a section-by-section analysis of the bills.

SECTION-BY-SECTION ANALYSIS OF H.R. 3864

SECTION 1. SHORT TITLE.

Section 1 provides that the bill may be cited as the "General Accounting Office Act of 1996."

TITLE I—AMENDMENTS TO LAWS AUTHORIZING AUDITING, REPORTING, AND OTHER FUNCTIONS BY THE GENERAL ACCOUNTING OFFICE

In general

Title I eliminates over 100 existing statutory mandates affecting the General Accounting Office (GAO) that do not represent the most efficient and effective use of GAO's limited resources. Most of the provisions of title I fall into one of the following two categories:

Elimination of "executive" type functions. These provisions relieve GAO of statutory functions that do not further GAO's current mission and are more appropriate for performance by the Executive Branch. Functions that are still relevant to government operations are transferred to Executive Branch agencies. Certain obsolete functions are repealed.

Elimination of auditing and reporting mandates. These provisions relieve GAO of statutory auditing and reporting requirements, while preserving GAO's authority to conduct the audit pursuant to a specific Congressional request or at its own initiative. Thus, the provisions give GAO flexibility to apply its resources where they are most needed.

Title I includes a number of other provisions that will enhance the efficiency of GAO's operations, and eliminate unnecessary paperwork requirements for GAO as well as Executive Branch agencies. For example, title I eliminates a number of mandates for Executive agencies to submit copies of information to GAO where GAO is not required to take action with respect to the information and could readily obtain the information if needed.

The provisions of title I, described below, are organized by the location of the affected statutory mandates in the United States Code.

SEC. 101. TRANSFERS AND TERMINATIONS OF FUNCTIONS.

Section 101 contains standard transition, incidental transfer, and savings provisions relating to those functions transferred from GAO to Executive Branch agencies. Among other things, it authorizes the Director of the Office of Management and Budget (OMB) to delegate to other Executive agencies functions transferred to OMB.

SEC. 102. AMENDMENTS RELATING TO TITLE 2, UNITED STATES CODE.

Subsection (a) makes discretionary rather than mandatory GAO reports on reductions in Congressional staff levels.

Subsection (b) makes discretionary rather than mandatory GAO investigations of applications for waiver of recovery of overpayments to Senate employees that exceed $1,500. It also deletes the limitation on the Secretary of the Senate's authority to grant waiver when there is an exception by GAO. GAO rarely, if ever, conducts the type of voucher audits that could lead to exceptions. If there was such an exception, the Secretary would still be free to take it into account when deciding whether waiver is appropriate.

Subsection (c) deletes a limitation on the authority of the Speaker of the House to waive claims against House employees arising out of erroneous payments of pay and allowances if the claim is the subject of a GAO exception.

Subsection (d) deletes a requirement that GAO report within 30 days on whether each budget sequestration order by the President is necessary, and whether the order and any related reports are in compliance with the law. The amendment requires GAO to make the compliance report only when asked to do so by either the Senate or House Budget Committee.

SEC. 103. AMENDMENTS RELATING TO TITLE 5, UNITED STATES CODE.

Subsection (a) deletes the requirement for the Special Counsel of the Merit Systems

Protection Board to send copies of certain documents to GAO.

Subsection (b) deletes a requirement that GAO report to the Attorney General on certain balances owed to the government by Federal employees. The amendment substitutes the employing agency for GAO.

Subsection (c) transfers from GAO to the Office of Personnel Management (OPM) responsibility to prescribe regulations governing how Federal employees designate beneficiaries to receive money due to them in the event of their deaths.

Subsection (d) transfers from GAO to OMB responsibility to issue regulations and make determinations concerning waivers of recovery of erroneous payments of pay and allowances to Federal civilian employees.

Subsection (e) eliminates the requirement that GAO consult with the Administrator of General Services on annual reports concerning the cost of official travel, including the use of privately owned vehicles by Federal employees on official business.

Subsection (f) eliminates the mandate for annual GAO reports on Federal agency compliance with requirements that Federal employees on temporary duty use lodgings that meet fire and safety standards.

Subsection (g) transfers from GAO to the Secretary of the Treasury responsibility for prescribing procedures for the deposit in the Treasury of Federal employee contributions to the Civil Service Retirement Fund.

Subsection (h) deletes the requirement that the Secretary of the Treasury send GAO copies of reports to the Congress on the operation and status of the Civil Service Retirement and Disability Fund.

Subsection (i) deletes the requirement that the Secretary of the Treasury send GAO copies of reports to the Congress on the operation and status of the Thrift Savings Fund.

Subsection (j) deletes the requirement that copies of annual financial audits of the Thrift Savings Fund by a qualified public accountant be sent to GAO.

SEC. 104. AMENDMENTS RELATING TO TITLE 7, UNITED STATES CODE.

Subsection (a) makes discretionary rather than mandatory GAO audits and reports on the operation of the Washington Family Independence Demonstration Project.

Subsection (b) eliminates the requirement that GAO receive and review annual reports to Congress by the Secretary of Agriculture on expenditures by the Department for procurement of advisory and assistance services.

SEC. 105. AMENDMENTS RELATING TO TITLE 10, UNITED STATES CODE.

Subsection (a) deletes the requirement that GAO determine, jointly with the secretary of the military service concerned, whether waiver of recovery is appropriate for overpayments of beneficiaries of service members under the Retired Serviceman's Family Protection Plan or the Survivor Benefit Plan.

Subsection (b) transfers from GAO to OMB responsibility to issue regulations and make determinations concerning waivers of recovery of erroneous payments of pay and allowances to members of the uniformed services.

Subsection (c) deletes the requirement that the head of a military department transmit to GAO certifications that uncollected advances in military financial accounts are uncollectible and should be written off.

Subsection (d) deletes requirements that GAO maintain accounts related to receipts and expenditures of the military departments, and that GAO submit annual and other reports to the Secretary of the Treasury on such accounts.

Subsection (e) repeals GAO's responsibility to settle claims by commercial telegraph or radio companies to collect forwarding charges owed them in connection with their cooperation with Army and Air Force communications activities.

SEC. 106. AMENDMENTS RELATING TO TITLE 12, UNITED STATES CODE.

Subsection (a) deletes the mandate that GAO conduct a study of a demonstration project to test the effectiveness of counseling in preventing defaults and foreclosures on FHA-insured loans.

Subsection (b) eliminates the mandate for annual GAO audits of the Federal Deposit Insurance Corporation and the Resolution Trust Corporation to determine their compliance with least cost resolution requirements.

Subsection (c) eliminates the mandate that GAO report on compliance by the Federal Deposit Insurance Corporation with obligation limits and repayment requirements after each calendar quarter in which FDIC has certain obligations outstanding.

Subsection (d) eliminates the requirement that GAO review annually all reports of material losses to deposit insurance funds.

Subsection (e) eliminates the requirement that GAO evaluate and report on the feasibility and appropriateness of authorizing the Farm Credit System Insurance Corporation to establish a risk-based insurance premium structure, to collect supplemental premiums, and to assess associations.

Subsection (f) deletes the requirement for annual GAO audits on the actuarial soundness and reasonableness of loan guarantee fees established by the Federal Agricultural Mortgage Corporation.

Subsection (g) eliminates requirements for GAO to conduct studies and issue reports on the adequacy and quality of real estate appraisals used by financial institutions for certain real estate-related transactions.

Subsection (h) eliminates requirements for GAO to audit the operations of the Office of Federal Housing Enterprise Oversight.

Subsection (i) adds language to section 11(t) of the Federal Deposit Insurance Act to reaffirm that a banking agency does not waive litigation privileges by providing information to GAO. It appears that GAO is an "agency" as defined in 18 U.S.C. 6, and, therefore, already is covered by section 11(t) of the Federal Deposit Insurance Act. By explicitly referring to GAO in section 11(t), the amendment removes any question that may exist.

SEC. 107. AMENDMENT RELATING TO TITLE 15, UNITED STATES CODE.

Section 107 eliminates the requirement that GAO report on certifications that Federal funds may be used to build or buy certain office space that is not protected by an automatic sprinkler system or the equivalent because no suitable building is available at an affordable cost.

SEC. 108. AMENDMENTS RELATING TO TITLE 16, UNITED STATES CODE.

Subsection (a) eliminates the requirement that copies of certain licenses issued by the Federal Energy Regulatory Commission be deposited with GAO.

Subsection (b) repeals the requirement that GAO report periodically on the operations of the Brownsville Wetlands Policy Center.

Subsection (c) eliminates requirements that GAO report on the allocation of costs of the Central Utah Project, and that GAO prescribes regulations for conducting audits. The amendment transfers responsibility for the report to the Inspector General of the Department of the Interior and deletes the requirement for regulations.

Subsection (d) eliminates the requirement for GAO to audit and report on the costs and benefits of management policies and operations of the Glen Canyon Dam.

SEC. 109. AMENDMENTS RELATING TO TITLE 18, UNITED STATES CODE.

Subsection (a) eliminates the requirement that GAO determine whether improvements to non-government property at public expense, for the purpose of protecting the President or anyone else entitled to Secret Service protection, have increased the property's fair market value. The amendment transfers this responsibility to the Director of the Secret Service.

Subsection (b) deletes the requirement that the Comptroller General serve as a member of a board that settles disputes over purchases of Federal Prison Industry Products by Federal agencies. The amendment leaves the Attorney General, the Administrator of General Services, and the President, or their representatives, as members.

SEC. 110. AMENDMENTS RELATING TO TITLE 19, UNITED STATES CODE.

Subsection (a) eliminates the requirement that GAO conduct annual financial audits of the Customs Forfeiture Fund.

Subsection (b) eliminates the requirement that the Customs Service report to GAO on the sale or other disposition of a business entity used by the Customs Service as part of an undercover investigation. It retains the requirement that such reports be made to the Secretary of the Treasury.

SEC. 111. AMENDMENTS RELATING TO TITLE 22, UNITED STATES CODE.

Subsection (a) eliminates the requirement that accounts on advances of appropriated funds made to the U.S. Commissioner serving on the International Joint Commission on the U.S.-Canada Boundary Waters be submitted to GAO.

Subsection (b) eliminates the requirements for GAO to prepare, for the Secretary of the Treasury, the scope of the audit and the auditing and reporting standards for use in connection with audits of the Inter-American Development Bank, and to periodically review the audits.

Subsection (c) eliminates the requirement that GAO review and report annually on the first three of the Commerce Department's annual reports concerning direct foreign investment in the United States.

SEC. 112. AMENDMENTS RELATING TO TITLE 25, UNITED STATES CODE.

Subsection (a) eliminates the requirement that copies of contracts entered into for the Indian Service be sent to GAO. (The functions of the former Indian Service are now vested in the Secretary of the Interior.)

Subsection (b) eliminates the requirement that copies of abstracts of bids or proposals on any contract in connection with activities of the Indian Service be filed with GAO.

SEC. 113. AMENDMENT RELATING TO TITLE 26, UNITED STATES CODE.

Section 113 eliminates the requirement that the Commissioner of Internal Revenue report to GAO on the sale or other disposition of a business entity used by IRS as part of an undercover investigation. It retains the requirement that such reports be made to the Secretary of the Treasury.

SEC. 114. AMENDMENT RELATING TO TITLE 28, UNITED STATES CODE.

Section 114 eliminates GAO's responsibility to issue certificates releasing property liens in favor of the United States.

SEC. 115. AMENDMENTS RELATING TO TITLE 31, UNITED STATES CODE.

Subsection (a) deletes the requirement that certain records obtained by GAO in conducting audits of Federal banking agencies be stored at banking agency locations. This eliminates a barrier to consolidating GAO's banking agency auditors at the GAO headquarters building—a move that would result in cost savings and greater efficiency in operations. Existing statutory requirements to ensure that GAO safeguards sensitive banking information are retained.

Subsection (b) eliminates the requirement that GAO report annually on: procedures prescribed to protect the confidentiality of tax return information; the scope and subject matter of GAO audits of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms; and the findings, conclusions, and recommendations of such audits.

Subsection (c) deletes the mandate that GAO report on compliance with requirements for reductions in administrative costs in the Legislative Branch.

Subsection (d) eliminates the requirement that the Secretary of the Treasury, when on notice of a question of law or fact about a check drawn on the Treasury, defer payment of the check until GAO settles the question. It also repeals the requirement for GAO approval of Treasury regulations on payment of government checks and drafts.

Subsection (e) eliminates the requirements that the Secretary of the Treasury send to GAO government checks intended to be sent to foreign countries on which the Secretary withholds payment, and that GAO credit the accounts of the drawer and the drawee for the amount of the check. The amendment transfers the check-crediting function to the Secretary of the Treasury.

Subsection (f) repeals the requirement that when the head of an Executive department determines that an accountable officer should be held liable for the loss of government property, the department head must certify the charge to GAO in order for GAO to charge the appropriate account for the amount of the loss. This provision of existing law reflects a method of accounting for losses that has been superseded.

Subsection (g) eliminates the Comptroller General's responsibility to prescribe, with the Attorney General claims collection standards governing collection and compromise of claims in favor of the Federal Government. The amendment leaves authority for the standards with the Attorney General.

Subsection (h) deletes the mandate for GAO to audit the payment to private recipients of surcharges assigned to them by law from sales of commemorative coins, and the use and expenditure of the money by the private recipients.

Subsection (i) eliminates the requirement for GAO to report on the implementation of the Cash Management Improvement Act of 1990.

Subsection (j) eliminates the requirement that the Secretary of Housing and Urban Development consult with GAO on guidelines for accounting, audit, and fiscal procedures to be used by local governments to qualify for crime prevention grants.

Subsection (k) eliminates the requirement for GAO to review activities of the Secretary of Housing and Urban Development to evaluate compliance with requirements of the crime prevention block grant program under the Violent Crime and Law Enforcement Act of 1994.

SEC. 116. AMENDMENT RELATING TO TITLE 32, UNITED STATES CODE.

Section 116 transfers from GAO to OMB responsibility to issue regulations and make determinations concerning waivers of recovery of erroneous payments of pay and allowances to National Guard personnel.

SEC. 117. AMENDMENT RELATING TO TITLE 33, UNITED STATES CODE.

Section 117 deletes the requirement that GAO report and make recommendations on how to improve the equitable distribution of water resources development projects in rural areas, and on giving greater emphasis to benefits assumed to result from such projects.

SEC. 118. AMENDMENT RELATING TO TITLE 37, UNITED STATES CODE.

Section 118 deletes the requirement that the Comptroller General, under the direction of the Secretary of the Navy, fix the date of loss of naval vessels that are presumed lost, for purposes of settling accounts of certain persons aboard the vessels.

SEC. 119. AMENDMENT RELATING TO TITLE 38, UNITED STATES CODE.

Section 119 eliminates the mandate that GAO report on any plan by the Secretary of Veterans Affairs for a systematic reduction of the number of Department employees at a specific grade level. The amendment provides that such a report is required only when requested by either the Senate or House Committee on Veterans' Affairs.

SEC. 120. AMENDMENT RELATING TO TITLE 40, UNITED STATES CODE.

Subsection (a) deletes the requirement that GAO approve the payment of expenses incurred in connection with the sale of public property.

Subsection (b) deletes the requirement that the Administrator of General Services send to GAO copies of determinations to exceed the statutory limit that otherwise applies to expenditures for repair or improvement of rented property.

SEC. 121. AMENDMENT RELATING TO TITLE 41, UNITED STATES CODE.

Subsection (a) repeals requirements that GAO review termination settlements with war contractors; report to agencies on settlements that may have been induced by fraud; and report to Congress on agency settlement procedures.

Subsection (b) eliminates the requirement that the Administrator of General Services send to GAO records prepared in connection with termination settlements with war contractors.

Subsection (c) eliminates the requirement that the Executive Branch officials send GAO copies of their determinations to omit the GAO access-to-records clause from negotiated contracts and determinations to make advance payments to contractors.

SEC. 122. AMENDMENTS RELATING TO TITLE 42, UNITED STATES CODE.

Subsection (a) deletes the requirement that the Secretary of Health and Human Services consult with GAO on annual reporting of administrative and support expenses of the National Institutes of Health.

Subsection (b) deletes the requirements for GAO to report on whether the law establishing the National Foundation for Biomedical Research adequately prevents conflicts of interest, and to report on compliance with guidelines established under the law.

Subsection (c) eliminates the requirement that GAO, in cooperation with the Administrator of the Substance Abuse and Mental Health Services Administration, evaluate at least every three years the use of grants for assistance in transition from homelessness. The amendment makes the Administrator solely responsible for the periodic evaluations. The amendment also eliminates a requirement that the Secretary of Health and Human Services consult with the Comptroller General on the content of annual reports by States on the program.

Subsections (d) through (f) delete the requirements that the Secretary of Health and Human Services consult with the Comptroller General on the content of annual reports by the States on their use of various grants.

Subsection (g) eliminates the requirement that GAO review and report on the proposal of the Secretary of Health and Human Services for more accurately calculating a reimbursement rate for medical care providers that enter into risk-sharing agreements with the Secretary.

Subsection (h) eliminates the requirement for GAO to review the ownership of hospitals and other providers of Medicare services by referring physicians.

Subsection (i) eliminates the requirement for GAO to report annually on pricing of prescription drugs sold to the Federal Government, purchasing groups, and managed care plans.

Subsection (j) eliminates the requirement for a GAO study of a demonstration project, under the Department of Housing and Urban Development, to attract pension fund investment in affordable housing.

Subsection (k) eliminates the requirement that GAO conduct an annual audit of the integral set of accounts required to be maintained by the Secretary of Housing and Urban Development in connection with low-income housing programs.

Subsection (l) deletes the requirement for GAO to submit reports on the Family Self-Sufficiency program of the Department of Housing and Urban Development.

Subsection (m) eliminates the requirement that the Comptroller General serve in an advisory capacity and perform certain oversight functions with respect to the National Commission to Support Law Enforcement. The amendment grants GAO discretion over its provision of assistance to the Commission.

Subsection (n) repeals the requirement for GAO to report on the Incentive Grants for Local Delinquency Prevention program.

Subsection (o) repeals the requirement that GAO audit each recipient of a loan guarantee for alternative fuel demonstration facilities every 6 months that the guarantee is in effect.

Subsection (p) eliminates the requirement for an annual report by GAO on its exercise, if any, of subpoena authority under the Energy Policy and Conservation Act.

Subsection (q) deletes the requirement that the Secretary of Energy consult with GAO concerning the terms and conditions of offers of government guarantees of financing for energy and renewable resource development.

Subsection (r) eliminates the mandate for GAO to report annually on the incremental costs and benefits of pollution control strategies required by the Clean Air Act Amendments of 1990, and to conduct a study of the effects of the Amendments on employment.

Subsection (s) eliminates the requirement for a series of annual reports by GAO on efforts by Federal agencies to save energy through contracts.

Subsection (t) eliminates the requirement that GAO report annually on the use of funds for certain programs under the McKinney Homeless Assistance Amendments of 1990.

Subsection (u) eliminates the requirement that the Attorney General consult with GAO before issuing guidelines for accounting procedures to be used by local governments to qualify for crime prevention grants under the Violent Crime Control and Law Enforcement Act of 1994.

Subsection (v) deletes the requirement that GAO report on the differences between hospital-based and freestanding skilled nursing facilities under Medicare.

Subsection (w) eliminates the requirement that GAO analyze, on a geographic basis, the supplier costs for durable medical equipment under Medicare.

SEC. 123. AMENDMENTS RELATING TO TITLE 44, UNITED STATES CODE.

Subsection (a) eliminates the requirement that GAO audit the Government Printing Office (GPO) at least every 3 years. The amendment adds a requirement that the Public Printer prepare an annual financial statement for GPO. It also substitutes for the GAO audit mandate a requirement for an annual audit covering both financial and operational activities, to be conducted either by an independent external auditor selected by the Public Printer or, at the request of the Joint Committee on Printing, by the Inspector General of GPO. The amendment preserves GAO's authority to audit GPO financial statements on a self-initiated basis or at the request of the Joint Committee, and provides that when the Comptroller General conducts such an audit, it is in lieu of the audits described above.

Subsection (b) eliminates the requirement that the Public Printer print a minimum number of copies annually of a single volume containing selected decisions and opinions of the Comptroller General. All Comptroller General decisions and opinions are today distributed widely through other means, including commercial publication from a variety of sources on paper, CD–ROM, and in electronic databases, as well as from GAO and other government sources through the Internet. Repealing the requirement for annual publication of a volume of relatively few decisions will save money without diminishing public availability of the information.

SEC. 124. AMENDMENT TO TITLE 45, UNITED STATES CODE.

Section 124 deletes the requirement for an annual GAO report on the effectiveness of the loan guarantee program for high-speed rail facilities provided for in the Intermodal Surface Transportation Efficiency Act of 1991.

SEC. 125. AMENDMENT RELATING TO TITLE 46, UNITED STATES CODE.

Section 125 transfers from GAO to the General Services Administration (GSA) responsibility to disallow payment for Federal employee travel costs or shipping costs on non-American flag ships in the absence of proof of necessity for use of a foreign-flag ship.

SEC. 126. AMENDMENTS RELATING TO TITLE 47, UNITED STATES CODE.

Subsection (a) eliminates the requirement that GAO approve standards set by the Corporation for Public Broadcasting for valuing the services of volunteers, in order to measure the level of non-Federal financial support for public broadcasting.

Subsection (b) eliminates the requirement that GAO report every two years on payments by the Attorney General to telecommunications carriers for interception of communications, pursuant to the Communications Assistance for Law Enforcement Act. The amendment substitutes the Inspector General of the Department of Justice for GAO.

SEC. 127. AMENDMENTS RELATING TO TITLE 49, UNITED STATES CODE.

Subsection (a) eliminates the requirement for GAO financial audits of the accounts of the Department of Transportation.

Subsection (b) eliminates the requirement that GAO evaluate, every two years, the extent to which current mass transportation needs are addressed adequately and estimate future mass transportation needs.

Subsection (c) eliminates the requirement that GAO make regular financial and performance audits of local rail freight activities supported by the Department of Transportation.

Subsection (d) transfers from GAO to GSA responsibility to disallow reimbursement to Federal employees and officers traveling overseas on official business for use of foreign air carriers, unless satisfactory proof of necessity is presented.

Subsection (e) eliminates the requirement for GAO financial audits of accounts maintained by the Secretary of Transportation in connection with aviation insurance offered by the Department of Transportation.

Subsection (f) deletes requirements that GAO report annually to the Congress on all GAO audits, and on all reviews by GAO of independent audits, of recipients of grants for airport and airway development.

Subsection (g) deletes the requirement for GAO to conduct a study of the advisability of giving enhanced procurement authority to the Federal Aviation Administration.

SEC. 128. AMENDMENTS RELATING TO TITLE 50, UNITED STATES CODE.

Subsection (a) eliminates the requirement for GAO audit and approval of termination payments by the Secretary of the Air Force for procurement of the semiautomatic ground environment system.

Subsection (b) transfers from GAO to the Treasury Department responsibility to settle claims for payments from the War Claims Fund on behalf of individuals who are deceased or under a legal disability.

Subsection (c) eliminates the requirement that GAO receive and assess the President's reports to Congress on foreign policy controls over exports under the Export Administration Act of 1979.

SEC. 129. AMENDMENT RELATING TO THE DISTRICT OF COLUMBIA

Section 129 deletes a provision of the District of Columbia Code requiring that GAO receive and comment on annual reports by the enrolled actuary of the District Retirement Board on the District of Columbia Retirement Fund for Police and Firefighters.

TITLE III—CONFORMING AMENDMENTS TO ENACT TRANSFERS AND DELEGATIONS OF FUNCTIONS UNDER OTHER LAWS

In general

Section 211 of the Legislation Branch Appropriations Act, 1996 (Public Law 104–53, 109 Stat. 535) transferred a number of GAO's "executive" type functions to OMB, effective on June 30, 1996, and authorized the Director of OMB to delegate those functions to other Federal agencies. In all but a few cases, the Director has now delegated the functions.

Title II of the bill makes conforming amendments to the statutes underlying the functions covered by section 211 of the 1996 Appropriations Act in order to reflect the transfers to OMB and further delegations by OMB of those functions. For the most part, the conforming amendments of title II delete references to the Comptroller General or GAO in these underlying statutes and substitute references to the officials or agencies now vested with responsibility for the functions pursuant to section 211 of the 1996 Appropriations Act. Where the delegation of a function has not been completed, the conforming amendment reflects that transfer to OMB and preserves the OMB Director's authority to delegate further.

SEC. 201. PURPOSE.

Section 201 states the purpose of title II, which as described above, is to amend provisions of law to conform to the transfers and delegations of functions made pursuant to section 211 of the 1996 Legislative Branch Appropriations Act.

SEC. 202 CONFORMING AMENDMENTS.

Subsection (a) amends 5 U.S.C. 5564, relating to claims for proceeds from certain property sales, by substituting "the Administrator of General Services" for GAO. This reflects OMB's delegation of the function to GSA.

Subsection (b) amends 5 U.S.C 5583, relating to the disposition of accounts of deceased Federal employees, by substituting the Director of OPM for the Comptroller General. This reflects OMB's delegation of the function to OPM.

Subsection (c) amends 10 U.S.C. 2312, relating to remission of liquidated damages, by substituting Secretary of the Treasury for Comptroller General in accordance with OMB's delegation.

Subsection (d) amends 10 U.S.C. 2575, relating to the disposition of unclaimed property held by the military departments and the Department of Transportation, by substituting "Secretary of Defense" for GAO in accordance with OMB's delegation.

Subsection (e) amends 10 U.S.C. 2733 and 2734, concerning the payment of certain claims from the permanent, indefinite appropriation known as the "Judgment Fund," by substituting Secretary of the Treasury for Comptroller General. This reflects OMB's delegation of functions relating to the Judgment Fund to the Treasury Department.

Subsection (f) amends 10 U.S.C. 2771, authorizing the issuance of regulations governing payments to deceased military members, by substituting the Secretary of Defense for the Comptroller General pursuant to OMB's delegation.

Subsection (g) amends 10 U.S.C. 4712 and 9712, which required that certain records concerning disposition of the effects of deceased military members be sent to GAO. The conforming amendment repeals the subsection that required such reports.

Subsection (h) amends section 7 of the International Claims Settlement Act of 1949, 22 U.S.C. 1626, concerning the settlement of certain claims against foreign governments, by substituting Secretary of the Treasury for Comptroller General. This reflects OMB's delegation of the settlement function to the Treasury Department.

Subsection (i) amends section 1709 of the Revised Statutes, 22 U.S.C. 4195, concerning the disposition of the effects of United States citizens who died abroad, to reflect OMB's delegation of this function to the State Department.

Subsection (j) amends section 1520 of the Armed Forces Retirement Home Act of 1991, 24 U.S.C. 420, concerning the disposition of the effects of deceased residents of the Retirement Home, to reflect OMB's delegation of this function to the Secretary of Defense.

Subsections (k) through (m) amend various statutory provisions relating to payments from the Judgment Fund to reflect OMB's delegation of Judgment Fund functions to the Treasury Department.

Subsection (n) amends 31 U.S.C. 3702, concerning the settlement of claims against the

United States, to implement OMB's delegations. As reflected in the amendments, OMB has delegated authority to settle certain categories of claims to the Secretary of Defense, the Director of the Office of Personnel Management, and the Administrator of General Services. Settlement authority for claims that do not fall into any of these categories is retained in OMB, pending further delegation.

Subsection (o) amends 31 U.S.C. 3726, relating to certain transportation claims, by substituting Administrator of General Services for Comptroller General in accordance with OMB's delegation of this function to GSA.

Subsection (p) amends 31 U.S.C. 3728, authorizing setoffs against Judgment Fund payments, to reflect OMB's delegation of Judgment Fund functions to the Treasury Department.

Subsection (q) amends 32 U.S.C. 714, authorizing the Comptroller General to prescribe regulations governing the payment of amounts due to deceased members of the National Guard, to reflect OMB's delegation of this function to the secretaries of the military departments.

Subsection (r) amends 32 U.S.C. 715, relating to payment of certain claims from the Judgement Fund, to reflect OMB's delegation of Judgment Fund functions to the Treasury Department.

Subsection (s) amends 37 U.S.C. 554, relating to claims for proceeds from certain property sales, by substituting the Secretary of Defense for GAO.

Subsection (t) amends 38 U.S.C. 5122 to repeal a reference to GAO's settlement of claims relating to certain canceled checks since GAO no longer exercises such claims settlement authority. See subsection 202(n), above.

Subsection (u) amends section 10 of the Act of September 5, 1950, 41 U.S.C. 256a, relating to remission of liquidated damages, to reflect OMB's delegation of this function to the Secretary of the Treasury.

SEC. 203. REPEAL.

Section 203 repeals those portions of section 211 of the 1996 Legislative Branch Appropriations Act that now have been fully implemented and are, therefore, no longer operative. The protections in section 211 for transferred GAO employees, which remain in effect, are retained.

SEC. 204. AUTHORITY TO RENDER DECISIONS.

Section 204 amends 31 U.S.C. 3529 to vest in the Director of OMB responsibility to issue advance decisions to government accountable officers on questions involving functions transferred to the Director under any of the provisions of title I or title II. Where the Director has delegated a function to another Federal agency, the Director may also delegate to that agency responsibility for issuing advance decisions.

Mr. Speaker, I want to take time at this moment to praise the chairman of our full committee, the gentleman from Pennsylvania [Mr. CLINGER], the chairman of the subcommittee of jurisdiction, the gentleman from California [Mr. HORN], and also the ranking member of the Committee on Government Reform and Oversight, the gentlewoman from Illinois [Mrs. COLLINS], and also the ranking member of the subcommittee, the gentlewoman from New York [Mrs. MALONEY].

This is an example of a good government bill that was arrived at in bipartisan fashion. As the Chair has indicated, there are amendments to the bill. The bill that we consider today is not the same bill that was originally introduced. Rather than butting heads and saying we could not reach agreement, both sides of the aisle came together and produced this H.R. 3864, as amended. I not only want to commend the Members of Congress who worked on the bill but also the staffs of the subcommittee and the full committee on both sides of the aisle.

Mr. Speaker, I reserve the balance of my time.

Mrs. MALONEY. Mr. Speaker, I yield myself such time as I may consume.

I am proud to support the bill, H.R. 3864, as amended. The gentleman from Ohio [Mr. LATOURETTE] has wisely incorporated an amendment striking title I of the original bill, and I appreciate his taking into consideration the views of the minority. That title contains certain controversial provisions such as changing the term and pension of the Comptroller General and establishing an oversight board for the GAO, thereby possibly restricting some of its necessary independence.

The integrity, independence and quality of the GAO are well established and relied on by the public and Members of Congress. We must be extremely careful not to do anything which might damage that practice, reputation and independence.

This bill as amended is almost identical to the one ordered reported unanimously by the Committee on Government Reform and Oversight. The GAO worked closely with both the majority and minority in helping to draft this statute.

Mr. Speaker, this bill eliminates many unnecessary congressionally mandated reports. In some cases, the GAO needs flexibility rather than being bound to a fixed reporting schedule. In still other cases, the function eliminated would more properly be performed by some other entity like the inspector general or an independent auditor.

In short, Mr. Speaker, this bill allows the GAO to be governed by common sense, not statutory and bureaucratic mandates that waste the GAO's time and taxpayers' money.

It eliminates procedures instituted for reasons that few people even remember, and it ends pencil pushing for pencil pushing's sake.

The GAO itself estimates that this bill will save between $6 and $10 million. Given the GAO's track record, that estimate is probably accurate. Given the recent cuts eliminating these mandatory reports makes common sense and good sense.

The GAO is Congress's and our Nation's primary watchdog agency, responsible for providing credible objective and nonpartisan reports and evaluations of the programs and management of the executive branch.

The GAO has done an excellent job in fulfilling this mandate in a timely and professional manner and despite recent staff and funding cuts. This bill makes its job easier, saves taxpayer money and allows the GAO to be much more efficient. The bill has broad bipartisan support, and I am proud to support it as well.

Mr. Speaker, I yield back the balance of my time.

GENERAL LEAVE

Mr. LATOURETTE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 3864.

The SPEAKER pro tempore (Mr. WICKER). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. LATOURETTE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time urging my colleagues to support this bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio [Mr. LATOURETTE], that the House suspend the rules and pass the bill, H.R. 3864, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to amend laws authorizing auditing, reporting, and other functions by the General Accounting Office."

A motion to reconsider was laid on the table.

UKRAINE INDEPENDENCE

Mr. GILMAN. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 120) supporting the independence and sovereignty of Ukraine and the progress of its political and economic reforms, as amended.

The Clerk read as follows:

H. CON. RES. 120

Whereas August 24, 1996, marks the fifth anniversary of the independence of Ukraine;

Whereas the independent State of Ukraine is a member State of the United Nations and the United Nations has established in Ukraine an office to assist Ukraine in building relations with the international community and in coordinating international assistance for Ukraine;

Whereas the independent State of Ukraine is a member State of the Council of Europe, the Organization on Security and Cooperation in Europe, the Central European Initiative, and the North Atlantic Cooperation Council of the North Atlantic Alliance, is a participant in the Partnership for Peace program of the North Atlantic Alliance, and has entered into a Partnership and Cooperation Agreement with the European Union;

Whereas the United States recognized Ukraine as an independent State on December 25, 1991;

Whereas Ukraine is a major European nation, having the second largest territory and sixth largest population of all the States of Europe;

Whereas Ukraine has an important geopolitical and economic role to play within Central and Eastern Europe and a strong, stable, and secure Ukraine serves the interests of peace and stability in all of Europe, which is also an important national security interest of the United States;

Whereas Ukraine conducted its first presidential and parliamentary elections as an independent State in 1994, carrying such elections out in a free and fair manner and moving further away from the former communist model of one-party, centralized, totalitarian rule;

Whereas Ukraine's presidential elections of July 1994 resulted in the first peaceful transfer of executive power in any of the independent States of the former Soviet Union;

Whereas on June 28, 1996, the Parliament of Ukraine adopted a new constitution for Ukraine;

Whereas Ukraine's economic and social stability depend on its ability to build a stable market-based economy and a legal system based on the rule of law, attract foreign investment, improve tax and revenue collection, and build its export sectors;

Whereas Ukraine was the first of the independent states of the former Soviet Union to have appointed a civilian to the office of Minister of Defense, an historic precedent in support of civilian control and oversight of the armed forces of Ukraine;

Whereas Ukraine is pursuing political and economic reforms intended to ensure its future strength, stability, and security and to ensure that it will assume its rightful place among the international community of democratic States and in European and trans-Atlantic institutions;

Whereas through the agreement by the Government of Ukraine to the establishment of a mission from the Organization on Security and Cooperation in Europe in the region of Crimea, Ukraine has shown its interest in avoiding the use of force in resolving ethnic and regional disputes within Ukraine;

Whereas all nuclear weapons were removed from Ukraine by June 1, 1996, and Ukraine has taken very positive steps in supporting efforts to stem proliferation of nuclear weapons by ratifying the START–I Treaty on nuclear disarmament and the Treaty on the Non-Proliferation of Nuclear Weapons;

Whereas in December 1994, the Presidents of the United States and the Russian Federation and the Prime Minister of Great Britain signed a Memorandum on National Security Assurances for Ukraine as depository States under the Treaty on the Non-Proliferation of Nuclear Weapons;

Whereas the Secretary of Defense of the United States and the Minister of Defense of Ukraine signed a Memorandum of Understanding on cooperation in the field of defense and military relations on July 27, 1993;

Whereas Ukraine has sought to promote constructive cooperation with its neighbors through humanitarian assistance and through mediation of disputes;

Whereas Ukraine has provided Ukrainian troops as part of the international peacekeeping force meant to prevent the spread of conflict in the states of the former Yugoslavia; and

Whereas Ukraine has acted in defense of its sovereignty and that of other newly independent states by opposing the emergence of any political or military organization which has the potential to promote the reintegration of the states of the former Soviet Union: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) Ukraine has made significant progress in political reform in its first 5 years of independence and that it is to be congratulated for the successful conduct of free and fair elections for the presidency and parliament and for the adoption of a new constitution;

(2) the territorial integrity of Ukraine in its existing borders is an important element of European peace and stability;

(3) the President and Parliament of Ukraine should focus their efforts on passing legislation needed to implement the new democratic constitution;

(4) the Government of Ukraine should continue its efforts to ensure the rights of all citizens of Ukraine regardless of their ethnic or religious background;

(5) the Government of Ukraine should make its first priority the dismantling of the remaining socialist sectors of its economy, particularly by speedily privatizing medium and large state-owned enterprises, privatizing state and collective farms and ending their monopolistic control of the agro-industrial sector, and fostering a competitive market-based energy sector;

(6) the Government of Ukraine should make the necessary institutional and legal reforms to create a stable tax regime, foster market-based competition, protect the right to private property, and make other changes that build a positive climate for foreign investment;

(7) the Government of Ukraine should make it a priority to build the institutional capacity and legal framework needed to fight crime and corruption effectively in a democratic environment;

(8) the Government of Ukraine should continue its cooperative efforts with the "G–7" group of States to safely and expeditiously shut down the nuclear reactors at Chernobyl, Ukraine;

(9) the President of the United States should support continued United States assistance to Ukraine for its political and economic reforms, for efforts associated with the safe and secure dismantlement of its weapons of mass destruction, and for the increased safety of operation of its civilian nuclear reactors, and assistance for the establishment of rule of law, for criminal justice and law enforcement training, and for the promotion of trade and investment, and in this regard United States assistance to the Ukraine should leverage private-sector involvement as much as possible;

(10) the President of the United States should urge that the Government of the Russian Federation, in line with the assurances for the security of Ukraine made by the President of the Russian Federation in the January 1994 Trilateral Statement on Nuclear Disarmament in Ukraine, offer Ukraine its promised highest possible cooperation, fully and finally recognizing Ukraine's sovereignty and territorial integrity and refraining from any economic coercion of Ukraine;

(11) the Government of Ukraine should continue to act in defense of its sovereignty and that of the other independent states of the former Soviet Union by opposing the emergence of any political or military organization which would have the potential to promote the reintegration of the states of the former Soviet Union;

(12) the President of the United States should ensure that Ukraine's national security interests are fully considered in any review of European security arrangements and understandings;

(13) the President of the United States should support continued United States security assistance for Ukraine, including assistance for training of military officers, military exercises as part of the North Atlantic Alliance's Partnership for Peace program, and appropriate military equipment to assist Ukraine in maintaining its defensive capabilities as it reduces its military force levels;

(14) the President of the United States should ensure the United States Government's continued efforts to assist Ukraine in its accession to the World Trade Organization; and should ensure, in particular, that the potential for aerospace and space cooperation and commerce between the United States and Ukraine is fully and appropriately exploited; and

(15) as a leader of the democratic nations of the world, the United States should continue to support the people of Ukraine in their struggle to bring peace, prosperity, and democracy to Ukraine and to the other independent states of the former Soviet Union.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York [Mr. GILMAN] and the gentleman from Indiana [Mr. HAMILTON] each will control 20 minutes.

The Chair recognizes the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am very pleased that the House is today taking up House Concurrent Resolution 120, a measure that recognizes the important role that the nation of Ukraine now plays in Europe and that recognizes the progress of political reforms in Ukraine.

Mr. Speaker, I introduced this resolution—along with my colleagues, Mr. GOODLING of Pennsylvania, Mr. SOLOMON of New York, and Mr. HOKE of Ohio—simply because events in Ukraine will inevitably have consequences for all of Europe—both East and West.

It is perhaps understandable, but it is indeed unfortunate, that we here in the United States have most often focused our attention on Russia to the exclusion of Ukraine. Certainly, Russia is an important country undergoing tremendous changes, but we should not overlook the important role that Ukraine will play in the region of the former Soviet Union and in Europe—or overlook the developments that have taken place in that country since 1991. Ukraine has the second largest territory, after Russia, and the sixth largest population of all the states of Europe.

As this resolution notes, Ukraine celebrated the fifth anniversary of its new independence on August 24.

The resolution then notes many of the positive developments regarding Ukraine that have taken place in the last 5 years, including:

The peaceful transfer of executive power after free and fair elections for the Presidency were held in July 1994—

the first such peaceful transfer of executive power in any of the New Independent States of the former Soviet Union;

The first appointment of a civilian to the post of Minister of Defense—an historic precedent for the region of the former Soviet Union in support of civilian control of military forces;

Ukraine's recent adoption of a new, democratic constitution;

Ukraine's decision to relinquish all of its Soviet-era nuclear warheads—a commitment it has now fulfilled;

Ukraine's continuing program of economic reform;

Ukraine's membership in the NATO Alliance's Partnership for Peace Program; and

Ukraine's efforts to ensure that no political or military organization emerges with the potential to recreate the former Soviet state.

Given the importance of Ukraine to the future stability and security of Europe, the resolution calls on the President of the United States to support continued United States assistance to that country, including security assistance; insist that Russia fully recognize Ukraine's sovereignty and territorial integrity; and ensure that Ukraine's interests are considered in any review of European security arrangements.

House Concurrent Resolution 120 also calls on Ukraine itself to continue with badly needed economic reforms—including reforms that will address the serious problem of corruption within the government bureaucracy. It also notes that Ukraine should continue its opposition to any efforts to reintegrate the states of the former Soviet Union and it calls on Ukraine to continue its efforts to close the unsafe nuclear reactors at Chernobyl.

In closing, Mr. Speaker, it is important for all us to recognize that we cannot take future developments in Russia, Ukraine, or any of the other New Independent States of the former Soviet Union for granted.

Even now, 5 years after the breakup of the Soviet Union, the region of that former state contains the seeds for potential conflict that could dwarf the bloodshed that has accompanied the breakup of the former Yugoslavia. As the recent assassination attempt against Ukrainian Prime Minister Pavlo Lazarenko demonstrates, Ukraine is by no means exempt from the possibility of such internal or external conflicts.

It would be helpful to the continued stability of Ukraine and to its integration into post-cold war Europe for this Congress to recognize what Ukraine has accomplished in its first 5 years of independence—and to encourage it forward in its ongoing political and economic transformation.

It is hoped that this resolution—stating America's strong support for Ukraine—will merit the support of my colleagues.

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield myself such time as I may consume, and I rise in support of the resolution.

Mr. Speaker, first I want to express my appreciation to Chairman GILMAN for bringing this resolution to the floor of the House. I want him to know I especially appreciate the time and effort he made to make this a bipartisan project. Both he and his staff consulted very carefully with the minority and we appreciate that.

This resolution, as the chairman has said, recognizes Ukraine's political reforms over the last 4 years, supports Ukraine's independence, sovereignty, and territorial integrity, congratulates Ukraine on passing a new reform-oriented Constitution on June 28 of this year.

The resolution also recognizes Ukraine for removing all nuclear weapons from its territory by June 1 of this year and for its humanitarian assistance in the region of the former Soviet Union. The resolution calls upon the President of the United States to provide continued security and reform-oriented assistance to Ukraine, support Ukraine's interests in the context of European security arrangements, support Ukraine's leadership in opposing any political or military organization which has the potential to promote the reintegration of the states of the former Soviet Union.

The resolution also calls on Ukraine to focus its efforts on dismantling the remaining Socialist sectors of its economy and to institute the reforms needed to foster market-based competition, attract foreign investment, fight crime and corruption effectively in a democratic environment.

Ukraine has made progress on reform. Achieving reform has been difficult, and we all recognize that Ukraine faces enormous economic and social challenges.

The resolution calls on Ukraine to continue on the path of reform. This course best serves the interests of the Ukrainian people and promotes strong United States-Ukrainian relations.

Again, I commend Chairman GILMAN for his willingness to work with this side of the aisle in making this a strong bipartisan resolution. It was reported by voice vote unanimously, I believe, from the committee. It has the support of the administration. I urge the adoption of House Concurrent Resolution 120.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, I thank the ranking minority member, Mr. HAMILTON, for his supportive comments.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. BOEHLERT].

Mr. BOEHLERT. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in strong support of House Concurrent Resolution 120, honoring the independence and sovereignty of Ukraine and the progress of its political and economic reform.

June 26, 1996 will be a day that Ukrainians will honor for generations to come, for on this day the Ukrainian Parliament finally approved a new post-Soviet constitution for the people of Ukraine. This constitution guarantees for the first time the right to private ownership, including the right to own land.

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It may be hard for many of us to understand what a significant achievement this is for the Ukrainian people who have struggled under various rulers for more than 300 years. We need only to listen to Walter Monastaryski of Margaretville, NY, a proud son of Ukrainian immigrants, or visit the parishioners of Saint Vladimir's Ukrainian Catholic Church or St. Peter and Paul's Ukrainian Orthodox Church, both in Utica, NY, my hometown.

They will tell you the stories of their courageous families and friends who gave their lives fighting against Stalin and the Nazis before and during World War II. Few people know more than 10 million Ukrainians died fighting for independence, but now the people of Ukraine and their descendants all over the world can hold their heads up high as Ukraine moves forward to ensure the rights of all citizens to transform its economy to privatize state-owned enterprise and to work in concert with G–7 nations to shut down the nuclear reactors at Chernobyl.

This resolution tells the people of Ukraine several things. It tells them we know reform is difficult, it tells them we want to praise them for their sacrifices and for their efforts, and it also tells them that we stand committed to helping them achieve their goals.

Mr. Speaker, I urge all of my colleagues to support this important measure for the people of the Ukraine, and I thank my chairman for yielding.

Ms. DELAURO. Mr. Speaker, as a cosponsor of this resolution, I congratulate Ukraine on its independence and commend it on its outstanding progress since emerging from Soviet tyranny.

Harsh Soviet rule tried the will and strength of the Ukrainian people, trampling free speech and worship, and threatening any who would oppose the repressive regime. But the resolve of Ukrainians was rewarded, and today, Ukrainians control their own destiny. Perhaps the most telling signs of Ukrainian independence are the legislative and presidential elections held just 2 years ago. Democracy is planted once again, and people can breathe free.

For over 40 years, the cold war dominated international relations as the United States and the Soviet Union focused their energies and resources on attempts to outdo each other. During this time, Ukraine became a repository for Soviet nuclear weapons.

Since being freed from Soviet oppression, Ukraine has repeatedly demonstrated its commitment to nuclear disarmament. Ukraine joined international arms control regimes such as START I and the Non-Proliferation Treaty. Ukraine truly demonstrated its commitment to disarmament, however, when it chose to discard remaining Soviet nuclear weapons.

Free elections and the rejection of nuclear weapons are cause for celebration. These milestone events help reinforce that yes, the cold war and its accompanying fear really are over. The United States must recognize the tremendous achievement of Ukrainians and reward their resolve with more than words. We must provide the help needed to establish free markets, strengthen democratic institutions, and ensure that Ukraine will continue on the historic path it has pursued since winning independence in 1991.

We commend Ukraine on its independence, elections, and truly historic progress. At the same time, we pledge our steadfast support as Ukrainians build a free and prosperous nation.

Mr. LEVIN. Mr. Speaker, I rise today in support of House Concurrent Resolution 120 which commends Ukraine for its significant progress toward democratic and economic reform since it declared its independence 5 years ago.

Under the able leadership of President Leonid Kuchma and the Parliament, Ukraine has made great strides in reform. Namely, they adopted a new constitution in June and stayed on the course of a vigorous economic reform initiative that has set the country on the track toward strength and stability.

Under the economic plan, inflation has gone from the overwhelming level of 10,000 percent in 1993 to 181 percent in 1995 to an anticipated level of about 40 to 45 percent by the end of this year. Privatization efforts in Ukraine, while moving slowly, are now gaining momentum. By the end of 1995, the state had sold off 38 percent of its assets and privatized small enterprises at a rate of 400 per month. By the end of this year, Ukrainian officials hope to have five of Ukraine's largest enterprises sold off. Because of such efforts GDP has grown by 5 percent and average income levels have risen by over 100 percent.

In addition to its economic achievements, Ukraine has also become an important factor in the new security arrangement in Europe. The country has fully complied with all reductions in force under the Conventional Forces in Europe Agreement. Furthermore, Ukraine is an active participant in NATO's Partnership for Peace Program. Most importantly, Ukraine has dismantled its nuclear arsenal which it inherited from the Soviet Union and has signed onto the Nuclear Non-Proliferation Treaty.

The new constitution adopted overwhelmingly in June by Ukraine's Rada by a vote of 315 to 36 with 12 members abstaining, establishes Ukraine as an independent and democratic state. The new constitution guarantees the rights of minorities, including allowing for the autonomy of the Republic of Crimea within its borders. Furthermore, it sets the stage for that country's next elections to take place for Parliament in 1998 and for President in 1999.

While Ukraine still has many problems to deal with, in particular commercial law reform, Chernobyl, and its energy shortfall, the framework now exists with the new constitution to make even more substantial progress over the next few years. Such progress deserves the support of the United States.

I urge all my colleagues to vote for the resolution and take a good hard look at Ukraine. Congress needs to provide assistance to ensure that this country remains on the path toward democracy and a free market economy.

The House should soon get its chance if an agreement is reached on the fiscal year 1997 Foreign Operations appropriation which will hopefully include $225 million in earmarked aid for Ukraine. This money will be used to help support needed infrastructure changes within Ukraine and help to shore up Ukraine's nuclear energy program.

Mrs. LOWEY. Mr. Speaker, I rise in strong support of House Concurrent Resolution 120, a resolution acknowledging Ukraine's commitment to democracy. Ukraine is one of our most important allies among the New Independent States [NIS] of the former Soviet Union. Since its independence in 1991, Ukraine has instituted democratic reforms, making it the most stable country in the region.

In 1994, Ukraine held democratic elections, voting in a new parliament and a new president. Ukraine has accepted all of our requests, including the ratification of START and NPT, and instituted economic reforms that have won praise from the IMF and G–7.

I am proud to congratulate Ukraine on its democratic record. Ukraine has the sixth largest population in Europe, and plays an integral role in European peace and stability. Given Ukraine's importance in the region, it is critical that the United States show strong economic support for Ukraine.

Although there have been reductions in the foreign aid budget, we must continue to make our international priorities very clear. We must send a clear signal to Ukraine, and other emerging democracies, that the United States supports efforts to adopt democratic reforms, maintain a good human rights record, progress with economic reforms, and unilaterally disarm their nuclear arsenal.

Mr. Speaker, Ukraine is deserving of our respect, praise, and commitment.

Mr. LANTOS. Mr. Speaker, I thank the chairman of the International Relations Committee for his effort and insight in bringing this important resolution to the floor of the House today. I am pleased to join him as a cosponsor of this important resolution congratulating Ukraine on the progress that this newly independent country has made toward achieving a democratic society and a functioning market economy.

Mr. Speaker, we in the United States have an important stake in the future success and prosperity and democratic progress of the Ukraine—and what takes place in Ukraine will reverberate well beyond the borders of that country. It can rightfully be said, Mr. Speaker, that as Ukraine goes, so will go the newly independent republics of the former Soviet Union, including Russia.

With the exception of Russia, Ukraine has the largest population of the former Soviet republics. It also has the largest, most advanced and most highly diversified economy of all of the independent former Soviet Republics. If Ukraine is able to maintain its sovereignty and its independence from Russia while at the same time establishing the economic and political ties with its closest and largest neighbor, this will bring us a good deal closer to our goal of seeing democracy take root throughout the former Soviet Union. We must encourage Russia to recognize, respect, and observe in practice the full sovereignty of Ukraine. This is as important a consideration for the policy of the United States toward Russia as it is of our policy toward Ukraine.

We have reason for considerable optimism in regard to the progress of democracy in Ukraine, Mr. Speaker. The Presidential election on July 19, 1994, and parliamentary elections that took place just a few months earlier on March 27, 1994, are important milestones in democracy in Ukraine. For a population that has not had the benefit of a tradition of a free and open and democratic electoral process, the people of Ukraine have shown a remarkable commitment to democracy through their participation in these elections.

Mr. Speaker, an important marker that is on the horizon is the adoption of a new constitution for Ukraine. As the people and the Government of Ukraine make progress in working on their new constitution, it is important that they provide assurances of full civil and human rights for all peoples of Ukraine. That is of vital importance to the future of that country, and it is vital for the future of relations between the United States and Ukraine. We in the United States have a strong commitment to respect for civil and human rights, and—as is evident from the attention and focus we give to the annual "Country Reports on Human Rights Practices"—our relationship with other countries is very much conditioned upon their respect for these important rights. We in the United States wish President Kuchma, the Government, and the Parliament success as they work out the details of this fundamental charter of democracy.

Mr. Speaker, we in the United States also have a strong interest in the success of economic reform in Ukraine. Moving ahead quickly to transform the economy is essential for democratic progress and for the prosperity of the Ukrainian people. The social and economic and political change in Ukraine has not been easy on the citizens of that country, and for this reason it is important that economic growth provide material benefits for the people. We in the United States have a stake in that success, and it is important that we here undertake all efforts to assure victory in that process.

Mr. Speaker, I join in urging continued support for the Ukrainian people in their ongoing fight to bring peace, economic success, and political democracy to Ukraine.

Mr. BONIOR. Mr. Speaker, I rise today in strong support of House Concurrent Resolution 120, a resolution that recognizes the fifth anniversary of Ukraine's independence and applauds the efforts of the people of Ukraine to reform the political and economic system of that nation.

This has been a memorable year for the Ukrainian people. In April, we all recalled the 10th anniversary of the tragedy of Chornobyl. Ukraine is still feeling the effects of that disaster, but together we are making progress to assess the long-term effects of Chornobyl on the people, animals, and land in Ukraine.

Just over 2 months ago, President Kuchma and the Ukrainian Parliament ratified a new constitution for the nation. This historic action will ensure that Ukrainians enjoy all the freedoms that are guaranteed to people who live in a democracy, and will ensure that Ukraine remains on the path of reform of its political and economic system.

Most recently, in August, Ukrainians celebrated the fifth anniversary of their independence. Today, Ukraine is making great strides, and American support for the people of Ukraine has helped immensely.

Ukraine is one of Europe's largest, most vibrant nations. The government and people of Ukraine are making the transformation to a market economy, beginning to privatize state-owned enterprises, establishing the rule of law, and creating a positive environment for trade and investment.

Ukraine stands as a proud member of the community of nations by supporting efforts to stem proliferation of nuclear weapons, by ratifying the START–I Treaty, by representing the interests of the smaller states of the Commonwealth of Independent States, and by providing peacekeeping troops in the former Yugoslavia.

Mr. Speaker, as a Ukrainian-American, I am especially proud of the close ties our two nations have. Our two peoples have so much to share with each other. This weekend in Macomb County, MI, we will be celebrating the fifth anniversary of Ukraine's independence and its new constitution. We will also be exploring bilateral investment and trade opportunities in Ukraine with Ambassador Yuri Shcherback. It will be my great honor during these events to receive the Shevchenko Freedom Award for contributions to Ukrainian statehood.

Mr. Speaker, we look forward to a future in which Ukraine and the United States will enjoy even closer ties.

Mr. GILMAN. Mr. Speaker, I thank the gentleman for his supportive remarks.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 120, as amended.

The question was taken.

Mr. GILMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to clause 5 of rule I and the Chair's prior announcement, further proceedings on this motion will be postponed.

The point of no quorum is considered withdrawn.

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the concurrent resolution just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

VOICE OF AMERICA RECORDINGS

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3916) to make available certain Voice of America and Radio Marti multilingual computer readable text and voice recordings.

The Clerk read as follows:

H.R. 3916

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. AVAILABILITY OF VOICE OF AMERICA AND RADIO MARTI MULTILINGUAL COMPUTER READABLE TEXT AND VOICE RECORDINGS.

(a) IN GENERAL.—Notwithstanding section 208 of the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987 (22 U.S.C. 1461–1a) and the second sentence of section 501 of the United States Information and Educational Exchange Act of 1948 (22 U.S.C. 1461), the Director of the United States Information Agency is authorized to make available, upon request, to the Linguistic Data Consortium of the University of Pennsylvania computer readable multilingual text and recorded speech in various languages. The Consortium shall, directly or indirectly as appropriate, reimburse the Director for any expenses involved in making such materials available.

(b) TERMINATION.—Subsection (a) shall cease to have effect 5 years after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York [Mr. GILMAN] and the gentleman from Indiana [Mr. HAMILTON] will each control 20 minutes.

The Chair recognizes the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to present H.R. 3916 to the House.

This bill, which was cosponsored by my colleagues from New Jersey, Mr. ANDREWS and Pennsylvania, Mr. FOX, will permit university-level linguistic researchers to use Voice of American and Radio Marti transcripts for the purpose of research. The authority provided in this bill sunsets after 5 years.

This legislation is necessary since the U.S. Information Agency is forbidden to disseminate domestically the materials it produces. This legislation waives this prohibition, allowing USIA to provide computer-readable multilingual text and recorded speech in various languages to the University of Pennsylvania's Linguistic Data Consortium. The authority to release the VOA transcripts is carefully targeted to the university-level research community.

All the data to be received by the Consortium will be processed in electronic form by computers to create statistical tables and models of speech and written language, from which content is not recoverable. Thus there is no question of the data being redistributed as news or as any kind of product other than a data base for linguistic research and development.

The Linguistic Data Consortium is a nonprofit organization founded in 1992 with the mission of making resources for research in linguistic technologies widely available. About 80 companies, universities, and government agencies are members of the consortium. The data will be provided at not cost to the Government; the consortium is required to reimburse the Government for any costs the Government incurs.

The U.S. Information Agency, I should add, has no objective to the enactment of this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. HAMILTON. Mr. Speaker, I yield myself such time as I may consume. Mr. Speaker, I rise in support of H.R. 3916.

As Chairman GILMAN has explained, this bill will allow the U.S. Information Agency to make available certain transcripts and recordings to a research consortium associated with the University of Pennsylvania.

The Linguistic Data Consortium is associated with the University of Pennsylvania and other universities, companies, and Government agencies. It will use these materials in research into computerized speech recognition and voice synthesis, document retrieval, computerized translation, and other areas.

Transcripts of broadcasts by the Voice of America and Radio Marti are considered unusual and valuable for research by this consortium because these services broadcast in so many languages.

This research could lead to the development of software that will help U.S. companies as well as Government agencies translate their products and technology into other languages. This is an area where our European counterparts are ahead of the United States.

Research conducted as a result of this bill could help U.S. companies catch up.

I commend the chairman for bringing this bill forward and I urge its adoption.

Mr. Speaker, I yield back the balance of my time.

Mr. GILMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr.

GILMAN] that the House suspend the rules and pass the bill, H.R. 3916.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of the measure just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

RECLAMATION RECYCLING AND WATER CONSERVATION ACT OF 1996

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3660) to make amendments to the Reclamation Wastewater and Groundwater Study and Facilities Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3660

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Reclamation Recycling and Water Conservation Act of 1996".

SEC. 2. WATER RECYCLING PROJECTS.

(a) IN GENERAL.—The Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h et seq.) is amended—

(1) by redesignating sections 1615, 1616, and 1617 as sections 1631, 1632, and 1633, respectively, and

(2) by inserting after section 1614 the following new sections:

"SEC. 1615. NORTH SAN DIEGO COUNTY AREA WATER RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the North San Diego County Area Water Recycling Project, consisting of projects to reclaim and reuse water within service areas of the San Elijo Joint Powers Authority, the Leucadia County Water District, the City of Carlsbad, and the Olivenhain Municipal Water District, California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1616. CALLEGUAS MUNICIPAL WATER DISTRICT RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the Calleguas Municipal Water District Recycling Project to reclaim and reuse water in the service area of the Calleguas Municipal Water District in Ventura County, California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1617. CENTRAL VALLEY WATER RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the Central Valley Water Recycling Project to reclaim and reuse water in the service areas of the Central Valley Reclamation Facility and the Salt Lake County Water Conservancy District in Utah.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1618. ST. GEORGE AREA WATER RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the St. George Area Water Recycling Project to reclaim and reuse water in the service area of the Washington County Water Conservancy District in Utah.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1619. WATSONVILLE AREA WATER RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the City of Watsonville, California, is authorized to participate in the design, planning, and construction of the Watsonville Area Water Recycling Project to reclaim and reuse water in the Pajaro Valley in Santa Cruz County, California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1620. SOUTHERN NEVADA WATER RECYCLING PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the Southern Nevada Water Recycling Project to reclaim and reuse water in the service area of the Southern Nevada Water Authority in Clark County, Nevada.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1621. ALBUQUERQUE METROPOLITAN AREA WATER RECLAMATION AND REUSE STUDY.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the city of Albuquerque, New Mexico, is authorized to participate in the Albuquerque Metropolitan Area Water Reclamation and Reuse Study to reclaim and reuse industrial and municipal wastewater and reclaim and use naturally impaired ground water in the Albuquerque metropolitan area.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1622. EL PASO WATER RECLAMATION AND REUSE PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the El Paso Water Reclamation and Reuse Project to reclaim and reuse wastewater in the service area of the El Paso Water Utilities Public Service Board, El Paso, Texas.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1623. RECLAIMED WATER IN PASADENA.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the City of Pasadena, California, reclaimed water project to obtain, store, and use reclaimed water in Pasadena and its service area, as well as neighboring communities.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1624. PHASE 1 OF THE ORANGE COUNTY REGIONAL WATER RECLAMATION PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of phase 1 of the Orange County Regional Water Reclamation Project, to reclaim and reuse water within the service area of the Orange County Water District in California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1625. CITY OF WEST JORDAN WATER REUSE PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the City of West Jordan, Utah, is authorized to participate in the design, planning, and construction of the City of West Jordan Water Reuse Project to recycle and reuse water in its service area from the South Valley Water Reclamation Facility Discharge Waters in Utah.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1626. HI-DESERT WATER DISTRICT IN YUCCA VALLEY, CALIFORNIA WASTEWATER COLLECTION AND REUSE FACILITY.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the Hi-Desert Water District in Yucca Valley, California wastewater collection and reuse facility.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1627. MISSION BASIN BRACKISH GROUNDWATER DESALTING DEMONSTRATION PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the City of Oceanside, is authorized to participate in the design, planning, and construction of a 3,000,000 gallon per day expansion of the Mission Basin Brackish Groundwater Desalting Demonstration Project in Oceanside, California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1628. TREATMENT OF EFFLUENT FROM THE SANITATION DISTRICTS OF LOS ANGELES COUNTY THROUGH THE CITY OF LONG BEACH.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the Water Replenishment District of Southern California, the Orange County Water District in the State of California, and other appropriate authorities, is authorized to participate in the design, planning, and construction of water reclamation and reuse projects to treat approximately 10,000 acre-feet per year of effluent from the sanitation districts of Los Angeles County through the city of Long Beach.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1629. SAN JOAQUIN AREA WATER RECYCLING AND REUSE PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with the appropriate State and local authorities, is authorized to participate in the design, planning, and construction of the San Joaquin Area Water Recycling and Reuse Project, in cooperation with the City of Tracy, and consisting of participating projects which will reclaim and reuse water within the County of San Joaquin in California.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).

"SEC. 1630. TOOELE WASTEWATER TREATMENT AND REUSE PROJECT.

"(a) AUTHORIZATION.—The Secretary, in cooperation with Tooele City, Utah, is authorized to participate in the design, planning, and construction of the Tooele Wastewater Treatment and Reuse Project.

"(b) COST SHARE.—The Federal share of the cost of a project described in subsection (a) shall not exceed 25 percent of the total cost.

"(c) LIMITATION.—The Secretary shall not provide funds for the operation or maintenance of a project described in subsection (a).".

(b) CONFORMING AMENDMENTS.—

(1) Section 1631 of such Act, as redesignated by subsection (a)(1), is amended by striking out "1614" and inserting in lieu thereof "1630".

(2) Section 1632(c) of such Act, as redesignated by subsection (a)(1), is amended by striking out "section 1617" and inserting in lieu thereof "section 1633".

(3) Section 1633 of such Act, as redesignated by subsection (a)(1), is amended by striking out "section 1616" and inserting in lieu thereof "section 1632".

(c) CLERICAL AMENDMENTS.—The table of sections in section 2 of the Reclamation Projects Authorization and Adjustment Act of 1992 is amended—

(1) by redesignating the items relating to sections 1615, 1616, and 1617 as items relating to sections 1631, 1632, and 1633, respectively, and

(2) by inserting after the item relating to section 1614 the following new items:

"Sec. 1615. North San Diego County Area Water Recycling Project.
"Sec. 1616. Calleguas Municipal Water District Recycling Project.
"Sec. 1617. Central Valley Water Recycling Project.
"Sec. 1618. St. George Area Water Recycling Project.
"Sec. 1619. Watsonville Area Water Recycling Project.
"Sec. 1620. Southern Nevada Water Recycling Project.
"Sec. 1621. Albuquerque Metropolitan Area Water Reclamation and Reuse Study.
"Sec. 1622. El Paso Water Reclamation and Reuse Project.
"Sec. 1623. Reclaimed Water in Pasadena.
"Sec. 1624. Phase 1 of the Orange County Regional Water Reclamation Project.
"Sec. 1625. City of West Jordan Water Reuse Project.
"Sec. 1626. Hi-Desert Water District in Yucca Valley, California Wastewater Collection and Reuse Facility.
"Sec. 1627. Mission Basin Brackish Groundwater Desalting Demonstration Project.
"Sec. 1628. Treatment of effluent from the sanitation districts of Los Angeles County through the City of Long Beach.
"Sec. 1629. San Joaquin Area Water Recycling and Reuse Project.
"Sec. 1630. Tooele Wastewater Treatment and Reuse Project.".

SEC. 3. APPRAISAL INVESTIGATIONS.

Section 1603(b) of (43 U.S.C. 390h-1(b)) is amended in the matter preceding paragraph (1) by inserting "by the Secretary or the non-Federal project sponsor" after "undertaken".

SEC. 4. FEASIBILITY STUDIES.

Section 1604(c) of the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h-2(c)) is amended—

(1) in the matter preceding paragraph (1), by striking "authorized" and inserting "conducted by the Secretary or the non-Federal project sponsor";

(2) in paragraph (3)—

(A) by inserting "at least two alternative" after "(3)",

(B) by striking "and" after "measures" and inserting "or", and

(C) by inserting "for the project under consideration" after "reuse";

(3) in paragraph (4), by striking "and," at the end;

(4) in paragraph (5), by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting ", or", and by adding at the end the following:

"(C) reduce the demand on existing Federal water supply facilities,;"; and

(5) by adding at the end the following:

"(6) the market or dedicated use for reclaimed water in the project's service area; and

"(7) the financial capability of the non-Federal project sponsor to fund its proportionate share of the project's construction costs on an annual basis.".

SEC. 5. DESALINATION RESEARCH AND DEVELOPMENT PROJECT.

Section 1605 of the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h-3) is amended—

(1) by designating the existing text as subsection (a); and

(2) by adding at the end the following:

"(b)(1) The Secretary, in cooperation with the city of Long Beach, the Central Basin Municipal Water District, and the Metropolitan Water District of Southern California may participate in the design, planning, and construction of the Long Beach Desalination Research and Development Project in Los Angeles County, California.

"(2) The Federal share of the cost of the project described in paragraph (1) shall not exceed 50 percent of the total.

"(3) The Secretary shall not provide funds for the operation or maintenance of the project described in paragraph (1).

"(c)(1) The Secretary, in cooperation with the Southern Nevada Water Authority, may participate in the design, planning, and construction of the Las Vegas Area Shallow Aquifer Desalination Research and Development Project in Clark County, Nevada.

"(2) The Federal share of the cost of the project described in paragraph (1) shall not exceed 50 percent of the total.

"(3) The Secretary shall not provide funds for the operation or maintenance of the project described in paragraph (1).

"(d) A Federal contribution in excess of 25 percent for a project under this section may not be made until after the Secretary determines that the project is not feasible without such Federal contribution.".

SEC. 6. SAN FRANCISCO AREA WATER RECLAMATION STUDY.

Section 1611(c) of the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h-9(c)) is amended by striking "four" and inserting "five".

SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

Section 1631 of the Reclamation Projects Authorization and Adjustment Act of 1992 (43 U.S.C. 390h-13), as amended by section 2 of this Act, is amended by inserting "(a)" before "There are authorized" and by adding at the end the following:

"(b)(1) Funds may not be appropriated for the construction of any project authorized by this title until after—

"(A) an appraisal investigation and a feasibility study that complies with the provisions of sections 1603(b) or 1604(c), as the case may be, have been completed by the Secretary or the non-Federal project sponsor;

"(B) the Secretary has determined that the non-Federal project sponsor is financially capable of funding the non-Federal share of the project's costs; and

"(C) the Secretary has approved a cost-sharing agreement with the non-Federal project sponsor which commits the non-Federal project sponsor to funding its proportionate share of the project's construction costs on an annual basis.

"(2) The requirements of paragraph (1) shall not apply to those projects authorized by this title for which funds were appropriated prior to January 1, 1996.

"(c) The Secretary shall notify the Committees on Resources and Appropriations of the House of Representatives and the Committees on Energy and Natural Resources and Appropriations of the Senate within 30 days after the signing of a cost-sharing agreement pursuant to subsection (b) that such an agreement has been signed and that the Secretary has determined that the non-Federal project sponsor is financially capable of funding the project's non-Federal share of the project's costs.

"(d)(1) Notwithstanding any other provision of this title and except as provided by paragraph (2), the Federal share of the costs of each of the individual projects authorized by this title shall not exceed $20,000,000 (October 1996 prices).

"(2) In the case of any project authorized by this title for which construction funds were appropriated before January 1, 1996, the Federal share of the cost of such project may not exceed the amount specified as the 'total Federal obligation' for that project in the budget justification made by the Bureau of Reclamation for fiscal year 1997, as contained in part 3 of the report of the hearing held on March 27, 1996, before the Subcommittee on Energy and Water Development of the Committee on Appropriations of the House of Representatives.".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3660. This bill would amend the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992 to authorize the Secretary of the Interior to participate in the design, planning and construction of additional water recycling and reuse projects.

This water reuse program, administered by the Bureau of Reclamation, is an important tool for western communities. At a time when few dams and storage reservoirs are being constructed in the arid West, water reuse is an ideal means of increasing the water supply in certain areas. Several of the projects authorized in this bill would use reclaimed water for groundwater recharge, industrial applications, irrigation, or municipal landscaping. Using reclaimed water for these purposes stretches potable water supplies, and reduces the demand on overdrafted groundwater aquifers and surface water supplies.

This bill limits the Federal cost share for most of these reuse projects to 25 percent of the design and construction costs, and does not authorize any funds for operation and maintenance expenses. Title to all projects under this bill, as well as those authorized under the 1992 act, would be held by the non-Federal project sponsors.

In an effort to establish more stringent criteria for projects receiving initial Federal funding after January 1, 1996, the bill makes certain changes to the underlying 1992 act. Those changes include requirements that appraisal investigations and feasibility studies be conducted before funds can be appropriated for the project, and that a cost-sharing agreement between the Secretary and the non-Federal sponsor be signed. Finally, H.R. 3660 establishes a cap on the Federal share of the costs for an individual project, not to exceed $20 million for any project not already receiving Federal funding.

H.R. 3660 expands an important water reuse program that can help solve the growing water supply problems facing many western communities and I urge my colleagues to support the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation.

H.R. 3660 amends title 16 of the Reclamation Projects Authorization and Adjustment Act of 1992 to authorize a number of new projects for wastewater reclamation and reuse, and two new desalting projects.

I generally support the provisions of this legislation. I note, however, that H.R. 3660 is the largest Western water project authorization bill reported by the Committee on Resources in the 104th Congress, with a potential Federal cost of more than $150 million. Several of the projects authorized in this bill have not been subject to hearings by the Resources Committee.

The bill sets some important new requirements for Federal participation in these wastewater reclamation projects:

Project sponsors must prepare appraisal studies and feasibility-level studies before seeking Federal appropriations; my understanding of this bill is that NEPA compliance is not waived.

Local sponsors must be able to demonstrate that they can meet cost-sharing requirements.

Meaningful cost-sharing agreements must be executed.

In this bill, the Federal share for wastewater reclamation and reuse projects is limited to 25 percent of the total project cost, and the Federal share of each wastewater reclamation project is capped at $20 million. The $20 million per project cap on Federal funding and the strict requirements for receiving Federal assistance are appropriate and welcome additions to this bill.

The two desalination projects provide for Federal contributions up to 50 percent of the total project costs, and Federal contributions for these projects are also capped at $20 million.

Wastewater reclamation and reuse projects are a valuable tool for water management in the Western United States; these projects can be used as an alternative to more expensive and environmentally destructive traditional water projects. This legislation will undoubtedly encourage many communities in our heavily populated Western States to proceed with water recycling projects that will reduce the demand on scarce freshwater supplies. As we consider appropriations requests for these projects in years to come, Members will have to decide whether the relatively high costs of these projects make them worthwhile.

I urge my colleagues to support H.R. 3660.

Mr. DOOLITTLE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I rise today in support of H.R. 3660. This bill will provide an important piece of proenvironment legislation which will assist our local communities to build and design water reclamation and recycling projects.

My district in San Diego County is almost entirely dependent upon imported water for its industrial, residential, and agricultural water supply needs. The majority of the imported water that reaches my congressional district originates in northern California or the Colorado River and is transported through a series of aqueducts and pipelines that cross over the San Andreas earthquake fault. As such, water supply in northern San Diego County is a limited resource that is consistently at risk due to drought, demands elsewhere in the State, and natural disasters.

To minimize the potential risks to our water supply, water districts in my congressional district have embarked on a number of water conservation and reuse initiatives designed to reduce demand and provide alternative supplies for nonpotable applications. One of these initiatives is the north San Diego County Area Water Recycling Project. This project is a cooperative effort between the Leucadia County Water District, the San Elijo Joint Powers Authority, the Olivenhain Municipal Water District, and the city of Carlsbad, CA. When completed, the combined production of the two treatment plants will be up to 25 million gallons per day of recycled water. This water can be used for landscaping, golf courses, schools, nurseries, agricultural irrigation and industrial applications.

Reclaimed water is an increasingly important element in California's water supply. Regional reclamation projects like this are expected to meet a large portion of California's future water supply needs. Implementation of these projects will reduce the San Diego region's reliance on imported water and produce both economic and environmental benefits for all Californians.

I would like to thank the committee and the chairman for bringing this bill forward and ask that my colleagues support H.R. 3660.

Mr. KIM. Mr. Speaker, I rise in support of H.R. 3360 because it authorizes phase 1 of the Orange County Water Reclamation Project near my congressional district.

I particularly want to thank chairman DOOLITTLE, chairman HANSEN, and chairman YOUNG for their support and willingness to include my project in their legislation.

Last Congress, I introduced a free-standing bill, H.R. 4987, with Congressmen COX, DORNAN, PACKARD, and ROYCE to authorize the entire Orange County Water Reclamation Project.

This project is vital to the long-term water supply of Orange County and the environmental health of the Santa Ana River. As you know, the long-term water supply outlook for my constituents in Orange County is bleak. Over the next several years, southern California will lose Colorado River Water to Arizona, and it's doubtful that significant new supplies will come from the north.

In short, we have very few water options in southern California. It is critical that we make the most of our existing supplies and recycle water wherever possible.

Phase 1 of this project will capture 50,000 acre feet of secondary effluent water per year [AFY] from the county sanitation district, clean it, and then pump the recycled water to parks, industrial water users and the Santa Ana River water recharge basins.

Rather than dump the effluent water into the Santa Ana and the Pacific Ocean, we can clean it, use it for parks and industrial purposes, and recharge our ground water basins.

When phase 2 and 3 of the project are completed, Orange County will recycle 100,000 acre feet of water per year. That's enough water for 400,000 constituents.

This is a win-win project for the environment and water users.

Again, let me thank the chairman and the Orange County delegation for their support of my project.

The committee has put together a fine bill, and I urge all of my colleagues to vote for its passage.

Mr. HANSEN. Mr. Speaker, in 1992, Congress passed into law the Reclamation Projects Authorization and Adjustment Act, which authorized the Bureau of Reclamation to contribute up to 25 percent of the cost of designing and constructing water recycling and reuse projects.

This program provides a sensible and lasting solution to the growing problem of dwindling municipal, industrial, and agricultural water supplies in many areas of the country. It will also help preserve and protect environmentally sensitive watersheds by reducing demands for freshwater supplies and by cutting back on wastewater discharges into sensitive bays and estuaries.

H.R. 3660 amends title XVI of the Reclamation Projects Authorization and Adjustment Act of 1992, to include additional worthy water reuse and recycling projects not named in the original bill.

Economically and environmentally, the next step to guaranteeing more dependable and cheaper supplies of water is water reuse and recycling. Recycling programs treat wastewater that can be safely used to irrigate crops, land, golf courses, freeway medians, and replenish groundwater basins as well as supply water to industry.

Because of the success of title XVI, communities from around the country are looking to water recycling as an effective way to serve their customers in an environmentally friendly manner. This program is a unique win-win program which goes a long way toward preparing for the future, preserving fresh water reserves, easing the burden of Federal mandates and protecting our environment.

Mr. Speaker, I urge Members to support this amendment, and I would like to thank you and subcommittee chairman Mr. DOOLITTLE for your assistance with this measure.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to speak in favor of H.R. 3660, the Reclamation Water Recycling and Conservation Act. This project will provide valuable financial assistance to much needed water-recycling projects in States and areas which are sorely in need of the water that will be provided.

My home State of Texas, along with several other Southwestern States, is currently experiencing a severe drought, and the money authorized in this bill will leverage the other 75 percent investment made by those communities. Of all the things we need to survive, water is the most important and an adequate supply of clean water is certainly a high priority for every community.

The projects in this bill will put the taxpayers' money to good use for a good cause, supporting 16 projects in Texas, California, Utah, and New Mexico. The reclamation and reuse of wastewater makes environmental sense and hopefully, as this method of water production takes on greater importance, everyone will understand that it costs less to prevent pollution than to clean it up later.

I strongly urge my colleagues to consider your own communities and vote in favor of this bill, which will help those who need it the most.

Mr. SHUSTER. Mr. Speaker, I rise to address provisions in H.R. 3660, the Reclamation Recycling and Water Conservation Act.

I commend the gentleman from Utah, Mr. HANSEN, and the Resources Committee for their efforts. H.R. 3660, which is directed solely to the Department of the Interior, moves this country in the right direction environmentally—i.e., to recycle, reuse, and conserve our precious water resources.

The bill authorizes the Secretary of the Interior to provide assistance for various projects relating to water and wastewater reclamation and reuse and desalinization. Nothing in this bill affects the authorities of the Army Corps of Engineers or the Environmental Protection Agency relating to water reclamation and management, wastewater treatment and desalinization or authorities and requirements under water resource laws that apply to the Corps of Engineers or authorities and requirements under the Clean Water Act.

The Transportation and Infrastructure Committee has jurisdiction over various Corps of Engineers' and EPA' authorities, which may include water and wastewater treatment and reclamation, as well as desalinization.

I congratulate the Resources Committee for its efforts to reclaim, recycle and conserve water resources throughout the Western States and look forward to working with them on water and wastewater reclamation and desalinization projects and programs in the future.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill. I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 3660, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

FORT PECK RURAL COUNTY WATER SUPPLY SYSTEM ACT OF 1996

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1467) to authorize the construction of the Fort Peck Rural County Water Supply system, to authorize assistance to the Fort Peck Rural County Water District, Inc., a nonprofit corporation, for the planning, design, and construction of the water supply system, and for other purposes, as amended.

The Clerk read as follows:

S. 1467

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Fort Peck Rural County Water Supply System Act of 1996".

SEC. 2. DEFINITIONS.

For the purposes of this Act:

(1) CONSTRUCTION.—The term "construction" means such activities associated with the actual development or construction of facilities as are initiated on execution of contracts for construction.

(2) DISTRICT.—The term "District" means the Fort Peck Rural County Water District, Inc., a nonprofit corporation in Montana.

(3) FEASIBILITY STUDY.—The term "feasibility study" means the study entitled "Final Engineering Report and Alternative Evaluation for the Fort Peck Rural County Water District", dated September 1994.

(4) PLANNING.—The term "planning" means activities such as data collection, evaluation, design, and other associated preconstruction activities required prior to the execution of contracts for construction.

(5) SECRETARY.—The term "Secretary" means the Secretary of the Interior.

(6) WATER SUPPLY SYSTEM.—The term "water supply system" means the Fort Peck Rural County Water Supply System, to be established and operated substantially in accordance with the feasibility study.

SEC. 3. FEDERAL ASSISTANCE FOR WATER SUPPLY SYSTEM.

(a) IN GENERAL.—Upon request of the District, the Secretary shall enter into a cooperative agreement with the District for the planning, design, and construction by the District of the water supply system. Title to this project shall remain in the name of the District.

(b) SERVICE AREA.—The water supply system shall provide for safe and adequate rural water supplies under the jurisdiction of the District in Valley County, northeastern Montana (as described in the feasibility study).

(c) AMOUNT OF FEDERAL CONTRIBUTION.—

(1) IN GENERAL.—Subject to paragraph (3), under the cooperative agreement, the Secretary shall pay the Federal share of—

(A) costs associated with the planning, design, and construction of the water supply system (as identified in the feasibility study); and

(B) such means as are necessary to defray increases in the budget.

(2) FEDERAL SHARE.—The Federal share referred to in paragraph (1) shall be 75 percent and shall not be reimbursable.

(3) TOTAL.—The amount of Federal funds made available under the cooperative agreement shall not exceed the amount of funds authorized to be appropriated under section 4.

(4) LIMITATIONS.—Not more than 5 percent of the amount of Federal funds made available to the Secretary under section 4 may be used by the Secretary for activities associated with—

(A) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.); and

(B) oversight of the planning, design, and construction by the District of the water supply system.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $5,800,000. This authorization shall terminate after a period of 5 complete fiscal years after the date of enactment of this Act unless the Congress has appropriated funds for the construction purposes of this Act. This authorization shall be extended 1 additional year if the Secretary has requested such appropriation. The funds authorized to be appropriated may be increased or decreased by such amounts as are justified by reason of ordinary fluctuations in development costs incurred after October 1, 1994, as indicated by engineering cost indices applicable to the type of construction project authorized under this Act. All costs which exceed the amounts authorized by this Act, including costs associated with the ongoing energy needs, operation, and maintenance of this project shall remain the responsibility of the District.

SEC. 5. CACHUMA PROJECT, BRADBURY DAM, CALIFORNIA.

The prohibition against obligating funds for construction until 60 days from the date that the Secretary of the Interior transmits a report to the Congress in accordance with section 5 of the Reclamation Safety of Dams Act of 1978 (43 U.S.C. 509) is waived for the Cachuma Project, Bradbury Dam, California.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 1467. This bill would authorize appropriations of $5.8 million for construction of a rural water supply distribution facility for areas around Fort Peck Lake in north-central Montana. The project includes upgrading an existing water treatment plant and installing water distribution pipelines. Currently, 95 percent of the residents of Valley County must haul their drinking water. In addition, this area receives more than 280,000 visits each year from recreational users at Fort Peck Reservoir, and a reliable supply of good quality drinking water is needed to serve these people.

In September 1994, the Bureau of Reclamation and HKM Associates completed a final engineering report for the Fort Peck County Rural County Water District. The report examined 15 alternatives and recommended 1 that would construct a new intake in the reservoir and water treatment facility near Duck Creek. The reservoir is considered to be the best source of water for a municipal system because the water is of good quality and requires only conventional treatment.

The Federal cost-share on the project would be 75 percent. All costs for operation and maintenance, as well as ongoing energy needs, would be the responsibility of the District, and title to the facilities will remain with the District. The bill contains a provision that terminates project authorization 5 complete fiscal years after enactment if the project has not received construction appropriations by then, except that the authorization shall be extended by 1 additional fiscal year if the Secretary of the Interior has requested an appropriation for construction.

The last section of the bill will allow safety-of-dams work to proceed expeditiously at the Cachuma Project, Bradbury Dam, California.

This bill was noncontroversial during the Resources Committee markup. It is our understanding that the State of Montana and the entire Montana delegation strongly support the project and this legislation. I urge my colleagues to support passage of this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of this bill, Mr. Speaker, and want to acknowledge the gentleman from Montana, Mr. PAT WILLIAMS, for the work he did on this legislation.

Mr. Speaker, I rise in support of S. 1467, which would authorize appropriations for the construction of a rural water supply distribution facility for areas around Fort Peck Lake in north-central Montana. Most residents of the area now must have their drinking water delivered by tank truck.

The bill as amended would strictly limit Federal expenditures for upgrading the water supply system, and I urge my colleagues to support S. 1467.

S. 1467 as amended also waives the statutory 60-day congressional waiting period for approval of a Bureau of Reclamation dam safety report for the Cachuma Project in California. I have no objections to this provision of the bill.

Mr. WILLIAMS. Mr. Speaker, today there are folks who are forced several times each week to travel miles to fill cistern tanks and barrels, carrying it back home so that they have pure drinking water.

This situation is not somewhere in a third country, but remarkably in Valley County in northeast Montana. Because groundwater supplies in this part of Montana are not potable, the residents of these communities drive for hours each week, both summer and winter, to deliver this water to hundreds of people.

The irony of this situation is these folks live adjacent to one of the largest bodies of water ever developed by the Federal Government in the West, the Ft. Peck Reservoir which stores over 18 million acre feet of water.

Mr. Speaker, this legislation will authorize the development of a rural municipal water system for residents of the Ft. Peck Rural Water District. This much needed project will tap into Ft. Peck Reservoir to construct a safe and reliable drinking water system for both municipal and agricultural purposes. When this project is completed, it will also enable this area of Montana to attract economic development which up to now has been stifled due to the unavailability of water.

The Bureau of Reclamation has completed a needs assessment and feasibility study on this project and this legislation proposes a partnership arrangement where State and local interests will contribute 25 percent of the cost toward its completion. The feasibility study estimates that the total Federal expenditure will be less than $6 million.

Mr. Speaker, if we can afford to spend much more than this to help undeveloped nations all around the world to develop safe supplies of drinking water, the Federal Government can certainly afford to do this for folks living in Montana.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the Senate bill, S. 1467, as amended.

The question was taken; (and two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, as amended, was passed.

A motion to reconsider was laid on the table.

KENAI NATIVES ASSOCIATION EQUITY ACT AMENDMENTS OF 1996

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 401) entitled the "Kenai Natives Association Equity Act," as amended.

The Clerk read as follows:

H.R. 401

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Kenai Natives Association Equity Act Amendments of 1996".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds the following:

(1) The United States Fish and Wildlife Service and Kenai Natives Association, Inc., have agreed to transfers of certain land rights, in and near the Kenai National Wildlife Refuge, negotiated as directed by Public Law 102–458.

(2) The lands to be acquired by the Service are within the area impacted by the Exxon Valdez oil spill of 1989, and these lands included important habitat for various species of fish and wildlife for which significant injury resulting from the spill has been documented through the EVOS Trustee Council restoration process. This analysis has indicated that these lands generally have value for the restoration of such injured natural resources as pink salmon, dolly varden, bald eagles, river otters, and cultural and archaeological resources. This analysis has also indicated that these lands generally have high value for the restoration of injured species that rely on these natural resources, including wilderness quality, recreation, tourism, and subsistence.

(3) Restoration of the injured species will benefit from acquisition and the prevention of disturbances which may adversely affect their recovery.

(4) It is in the public interest to complete the conveyances provided for in this Act.

(b) PURPOSE.—The purpose of this Act is to authorize and direct the Secretary, at the election of KNA, to complete the conveyances provided for in this Act.

SEC. 3. DEFINITIONS.

For purposes of this Act, the term—

(1) "ANCSA" means the Alaska Native Claims Settlement Act of 1971 (43 U.S.C. 1601 et seq.);

(2) "ANILCA" means the Alaska National Interest Lands Conservation Act (Public Law 96–487; 94 Stat. 2371 et seq.);

(3) "conservation system unit" has the same meaning as in section 102(4) of ANILCA (16 U.S.C. 3102(4));

(4) "CIRI" means the Cook Inlet Region, Inc., a Native Regional Corporation incorporated in the State of Alaska pursuant to the terms of ANCSA;

(5) "EVOS" means the Exxon Valdez oil spill;

(6) "KNA" means the Kenai Natives Association, Inc., an urban corporation incorporated in the State of Alaska pursuant to the terms of ANCSA;

(7) "lands" means any lands, waters, or interests therein;

(8) "Refuge" means the Kenai National Wildlife Refuge;

(9) "Secretary" means the Secretary of the Interior;

(10) "Service" means the United States Fish and Wildlife Service; and

(11) "Terms and Conditions" means the Terms and Conditions for Land Consolidation and Management in the Cook Inlet Area, as clarified on August 31, 1976, ratified by section 12 of Public Law 94–204 (43 U.S.C. 1611 note).

SEC. 4. ACQUISITION OF LANDS.

(a) OFFER TO KNA.—

(1) IN GENERAL.—Subject to the availability of the funds identified in subsection (b)(3), no later than 90 days after the date of enactment of this Act, the Secretary shall offer to convey to KNA the interests in land and rights set forth in subsection (b)(2), subject to valid existing rights, in return for the conveyance by KNA to the United States of the interests in land or relinquishment of ANCSA selections set forth in subsection (b)(1). Payment for the lands conveyed to the United States by KNA is contingent upon KNA's acceptance of the entire conveyance outlined herein.

(2) LIMITATION.—The Secretary may not convey any lands or make payment to KNA under this section unless title to the lands to be conveyed by KNA under this Act has been found by the United States to be sufficient in accordance with the provisions of section 355 of the Revised Statutes (40 U.S.C. 255).

(b) ACQUISITION LANDS.—

(1) LANDS TO BE CONVEYED TO THE UNITED STATES.—The lands to be conveyed by KNA to the United States, or the valid selection rights under ANCSA to be relinquished, all situated within the boundary of the Refuge, are the following:

(A) The conveyance of approximately 803 acres located along and on islands within the Kenai River, known as the Stephanka Tract.

(B) The conveyance of approximately 1,243 acres located along the Moose River, known as the Moose River Patented Lands Tract.

(C) The relinquishment of KNA's selection known as the Moose River Selected Tract, containing approximately 753 acres located along the Moose River.

(D) The relinquishment of KNA's remaining ANCSA entitlement of approximately 454 acres.

(E) The relinquishment of all KNA's remaining overselections. Upon completion of all relinquishments outlined above, all KNA's entitlement shall be deemed to be extinguished and the completion of this acquisition will satisfy all of KNA's ANCSA entitlement.

(F) The conveyance of an access easement providing the United States and its assigns access across KNA's surface estate in the SW1/4 of section 21, T. 6 N., R. 9 W., Seward Meridian, Alaska.

(G) The conveyance of approximately 100 acres within the Beaver Creek Patented Tract, which is contiguous to lands being retained by the United States contiguous to the Beaver Creek Patented Tract, in exchange for 280 acres of Service lands currently situated within the Beaver Creek Selected Tract.

(2) LANDS TO BE CONVEYED TO KNA.—The rights provided or lands to be conveyed by the United States to KNA, are the following:

(A) The surface and subsurface estate to approximately 5 acres, subject to reservations of easements for existing roads and utilities, located within the city of Kenai, Alaska, identified as United States Survey 1435, withdrawn by Executive Order 2934, and known as the old Fish and Wildlife Service Headquarters site.

(B) The remaining subsurface estate held by the United States to approximately 13,811 acres, including portions of the Beaver Creek Patented Tract, the Beaver Creek Selected Tract, and portions of the Swanson River Road West Tract and the Swanson River Road East Tract, where the surface was previously or will be conveyed to KNA pursuant to this Act. The conveyance of these subsurface interests will be subject to the rights of CIRI to the coal, oil, and gas, and to all rights CIRI, its successors, and assigns would have under paragraph 1(B) of the Terms and Conditions, including the right to sand and gravel, to construct facilities, to have rights-of-way, and to otherwise develop its subsurface interests.

(C)(i) The nonexclusive right to use sand and gravel which is reasonably necessary for on-site development without compensation or permit on those portions of the Swanson River Road East Tract, comprising approximately 1,738.04 acres; where the entire subsurface of the land is presently owned by the United States. The United States shall retain the ownership of all other sand and gravel located within the subsurface and KNA shall not sell or dispose of such sand and gravel.

(ii) The right to excavate within the subsurface estate as reasonably necessary for structures, utilities, transportation systems, and other development of the surface estate.

(D) The nonexclusive right to excavate within the subsurface estate as reasonably necessary for structures, utilities, transportation systems, and other development of the surface estate on the SW1/4, section 21, T. 6 N., R. 9 W., Seward Meridian, Alaska, where the entire subsurface of the land is owned by the United States and which public lands shall continue to be withdrawn from mining following their removal from the Refuge boundary under subsection (c)(1)(B). The United States shall retain the ownership of all other sand and gravel located within the subsurface of this parcel.

(E) The surface estate of approximately 280 acres known as the Beaver Creek Selected Tract. This tract shall be conveyed to KNA in exchange for lands conveyed to the United States as described in subsection (b)(1)(B).

(3) PAYMENT.—The United States shall make a total cash payment to KNA for the above-described lands of $4,443,000, contingent upon the appropriate approvals of the Federal or State of Alaska EVOS Trustees (or both) necessary for any expenditure of the EVOS settlement funds.

(4) NATIONAL REGISTER OF HISTORIC PLACES.—Upon completion of the acquisition authorized in subsection (a), the Secretary shall, at no cost to KNA, in coordination with KNA, promptly undertake to nominate the Stephanka Tract to the National Register of Historic Places, in recognition of the archaeological artifacts from the original Dena'ina Settlement. If the Department of the Interior establishes a historical, cultural, or archaeological interpretive site, KNA shall have the exclusive right to operate a Dena'ina interpretive site on the Stephanka Tract under the regulations and policies of the department. If KNA declines to operate such a site, the department may do so under its existing authorities. Prior to the department undertaking any archaeological activities whatsoever on the Stephanka Tract, KNA shall be consulted.

(c) GENERAL PROVISIONS.—

(1) REMOVAL OF KNA LANDS FROM THE NATIONAL WILDLIFE REFUGE SYSTEM.—

(A) Effective on the date of closing for the Acquisition Lands identified in subsection (b)(2), all lands retained by or conveyed to KNA pursuant to this Act, and the subsurface interests of CIRI underlying such lands shall be automatically removed from the National Wildlife Refuge System and shall neither be considered as part of the Refuge nor subject to any laws pertaining solely to lands within the boundaries of the Refuge. The conveyance restrictions imposed by section 22(g) of ANCSA (i) shall then be ineffective and cease to apply to such interests of KNA and CIRI, and (ii) shall not be applicable to the interests received by KNA in accordance with subsection (b)(2) or to the CIRI interests underlying them. The Secretary shall adjust the boundaries of the Refuge so as to exclude all interests in lands retained or received in exchange by KNA in accordance with this Act, including both surface and subsurface, and shall also exclude all interests currently held by CIRI. On lands within the Swanson River Road East Tract, the boundary adjustment shall only include the surface estate where the subsurface estate is retained by the United States.

(B)(i) The Secretary, KNA, and CIRI shall execute an agreement within 45 days of the date of enactment of this Act which preserves CIRI's rights under paragraph 1(B)(1) of the Terms and Conditions, addresses CIRI's obligations under such paragraph, and adequately addresses management issues associated with the boundary adjustment set forth in this Act and with the differing interests in land resulting from enactment of this Act.

(ii) In the event that no agreement is executed as provided for in clause (i), solely for the purposes of administering CIRI's rights under paragraph 1(B)(1) of the Terms and Conditions, the

Secretary and CIRI shall be deemed to have retained their respective rights and obligations with respect to CIRI's subsurface interests under the requirements of the Terms and Conditions in effect on June 18, 1996. Notwithstanding the boundary adjustments made pursuant to this Act, conveyances to KNA shall be deemed to remain subject to the Secretary's and CIRI's rights and obligations under paragraph 1(B)(1) of the Terms and Conditions.

(C) The Secretary is authorized to acquire by purchase or exchange, on a willing seller basis only, any lands retained by or conveyed to KNA. In the event that any lands owned by KNA are subsequently acquired by the United States, they shall be automatically included in the Refuge System. The laws and regulations applicable to Refuge lands shall then apply to these lands and the Secretary shall then adjust the boundaries accordingly.

(D) Nothing in this Act is intended to enlarge or diminish the authorities, rights, duties, obligations, or the property rights held by CIRI under the Terms and Conditions, or otherwise except as set forth in this Act. In the event of the purchase by the United States of any lands from KNA in accordance with paragraph (1)(B), the United States shall reassume from KNA the rights it previously held under the Terms and Conditions and the provisions in any patent implementing section 22(g) of ANCSA will again apply.

(E) By virtue of implementation of this Act, CIRI is deemed entitled to 1,207 acres of in-lieu subsurface entitlement under section 12(a)(1) of ANCSA. Such entitlement shall be fulfilled in accordance with paragraph 1(B)(2)(A) of the Terms and Conditions.

(2) MAPS AND LEGAL DESCRIPTIONS.—Maps and a legal description of the lands described above shall be on file and available for public inspection in the appropriate offices of the United States Department of the Interior, and the Secretary shall, no later than 90 days after enactment of this Act, prepare a legal description of the lands described in subsection (b)(1)(G). Such maps and legal description shall have the same force and effect as if included in the Act, except that the Secretary may correct clerical and typographical errors.

(3) ACCEPTANCE.—KNA may accept the offer made in this Act by notifying the Secretary in writing of its decision within 180 days of receipt of the offer. In the event the offer is rejected, the Secretary shall notify the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources and the Committee on Environment and Public Works of the Senate.

(4) FINAL MAPS.—Not later than 120 days after the conclusion of the acquisition authorized by subsection (a), the Secretary shall transmit a final report and maps accurately depicting the lands transferred and conveyed pursuant to this Act and the acreage and legal descriptions of such lands to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources and the Committee on Environment and Public Works of the Senate.

SEC. 5. ADJUSTMENTS TO NATIONAL WILDERNESS SYSTEM.

Upon acquisition of lands by the United States pursuant to section 4(b)(1), that portion of the Stephanka Tract lying south and west of the Kenai River, consisting of approximately 592 acres, shall be included in and managed as part of the Kenai Wilderness and such lands shall be managed in accordance with the applicable provisions of the Wilderness Act and ANILCA.

SEC. 6. DESIGNATION OF LAKE TODATONTEN SPECIAL MANAGEMENT AREA.

(a) PURPOSE.—To balance the potential effects on fish, wildlife, and habitat of the removal of KNA lands from the Refuge System, the Secretary is hereby directed to withdraw, subject to valid existing rights, from location, entry, and patent under the mining laws and to create as a special management unit for the protection of fish, wildlife, and habitat, certain unappropriated and unreserved public lands, totaling approximately 37,000 acres adjacent to the west boundary of the Kanuti National Wildlife Refuge to be known as the "Lake Todatonten Special Management Area", as depicted on the map entitled Proposed: Lake Todatonten Special Management Area, dated June 13, 1996, and to be managed by the Bureau of Land Management.

(b) MANAGEMENT.—

(1) Such designation is subject to all valid existing rights as well as the subsistence preferences provided under title VIII of ANILCA. Any lands conveyed to the State of Alaska shall be removed from the Lake Todatonten Special Management Area.

(2) The Secretary may permit any additional uses of the area, or grant easements, only to the extent that such use, including leasing under the mineral leasing laws, is determined to not detract from nor materially interfere with the purposes for which the Special Management Area is established.

(3)(A) The BLM shall establish the Lake Todatonten Special Management Area Committee. The membership of the Committee shall consist of 11 members as follows:

(i) Two residents each from the villages of ALatna, Allakaket, Hughes, and Tanana.

(ii) One representative from each of Doyon Corporation, the Tanana Chiefs Conference, and the State of Alaska.

(B) Members of the Committee shall serve without pay.

(C) The BLM shall hold meetings of the Lake Todatonten Special Management Area Committee at least once per year to discuss management issues within Special Management Area. The BLM shall not allow any new type of activity in the Special Management Area without first conferring with the Committee in a timely manner.

(c) ACCESS.—The Secretary shall allow the following:

(1) Private access for any purpose, including economic development, to lands within the boundaries of the Special Management Area which are owned by third parties or are held in trust by the Secretary for third parties pursuant to the Alaska Native Allotment Act (25 U.S.C. 336). Such rights may be subject to restrictions issued by the BLM to protect subsistence uses of the Special Management Area.

(2) Existing public access across the Special Management Area. Section 1110(a) of ANILCA shall apply to the Special Management Area.

(d) SECRETARIAL ORDER AND MAPS.—The Secretary shall file with the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources and the Committee on Environment and Public Works of the Senate, the Secretarial Order and maps setting forth the boundaries of the Area within 90 days of the completion of the acquisition authorized by this Act. Once established, this Order may only be amended or revoked by Act of Congress.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 401 was reported by the Resources Committee by a voice vote on June 19. The bill enjoys broad bipartisan support, including the support of the Department of the Interior.

H.R. 401 does several things, a few of which I will briefly mention.

First, the bill solves a longstanding dispute between the U.S. Fish and Wildlife Service and the Kenai Natives Association [KNA] over lands owned by KNA that are located within the Kenai Wildlife Refuge. KNA has been precluded from developing approximately 15,500 acres that were conveyed to them pursuant to passage of the Alaska Native Claims Settlement Act in 1971. Under H.R. 401, those 15,500 acres of KNA-owned land will be removed from the Refuge and all associated development restrictions will be lifted.

Second, H.R. 401 will allow the Fish and Wildlife Service to acquire three highly desirable parcels of land owned by KNA and KNA's remaining land entitlement at appraised value. A total of 2,253 acres of KNA lands will be acquired with Exxon *Valdez* oil spill settlement funds for approximately $4.5 million.

Finally, KNA will receive title to the old Kenai National Wildlife Refuge headquarters site in downtown Kenai, Alaska, which consists of a building and a 5-acre parcel—KNA would like to use this site for economic development purposes.

The Fish and Wildlife Service has proposed in order to maintain natural resource protection and values, that Congress designate approximately 37,000 acres as a BLM Special Management Area in exchange for removing 15,500 acres from the Refuge. This proposal has been incorporated into H.R. 401. The Special Management Area would be created adjacent to an existing refuge in north-central Alaska. Management of the area will be subject to existing subsistence preferences and valid existing rights. Furthermore, public access will be protected and residents of surrounding villages will be given the ability to participate in decisions relative to management of the area.

The Kenai Natives have waited long enough to resolve these land use issues. Hopefully the Senate will move similar legislation prior to the end of this legislative session. I urge Members support for this noncontroversial legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation. I thank the gentleman from Alaska, the chairman of the Committee on Resources, for his sponsorship of this bill and his long-standing interest in the concerns of the Kenai Native Association.

This bill would ratify an agreement negotiated between KNA and the Department of the Interior. The bill provides the Native corporation with clear title to lands received under the Alaska Native Claims Settlement Act which are within the boundaries of the Kenai National Wildlife Refuge and subject to development restrictions. To equalize values in the exchange, KNA also would receive $4.4 million from the Exxon *Valdez* oil spill trust fund. Accordingly, this bill has no negative impact on the Federal budget.

In return, the Kenai National Wildlife Refuge would benefit by the acquisition of over 3,000 acres of prime fish and wildlife habitat along the Kenai River, one of the most important fishing and recreational watersheds in Alaska. About 592 acres of these acquired lands would be designated part of the refuge wilderness. The habitat values of the lands have been evaluated and their acquisition approved by the State-Federal trustee council which administers the Exxon *Valdez* trust fund. I have long supported prudent use of the Exxon *Valdez* monies for habitat protection in the region affected by the oil spill and I commend both Interior Secretary Babbitt and Alaska Governor Tony Knowles for their leadership within the council.

In addition, to help compensate for the removal of KNA lands from the refuge boundaries, a 37,000 acre special fish and wildlife management area would be designated adjacent to the Kanuti National Wildlife Refuge in nothern Alaska and administered by the BLM.

Mr. Speaker, this legislation provides significant opportunities for a Native corporation that has struggled for well over a decade to find an accommodation between the economic interests of its shareholders and the land management interests of the Fish and Wildlife Service. While other administrations have been indifferent to KNA's plight, the Interior Department has attempted in this bill to strike a reasonable balance between the interests of Native Alaskans and fish and wildlife protection. I urge the other body to avoid the temptation to rewrite the environmental designations or otherwise generate controversy and opposition. It is clearly in the best interests of KNA to have this legislation enacted into law this Congress.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I have no further requests for time, I yield back the balance of my time, and I urge passage of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 401, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

DESIGNATING ADMINISTRATION OF LAKE TAHOE BASIN NATIONAL FOREST TO SECRETARY OF AGRICULTURE

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2122) to designate the Lake Tahoe Basin National Forest in the States of California and Nevada to be administered by the Secretary of Agriculture, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION.

There is hereby designated in the States of California and Nevada the Lake Tahoe Basin National Forest to be administered by the Secretary of Agriculture as a unit of the National Forest System subject to the laws, rules, and regulations applicable to the National Forest System.

SEC. 2. BOUNDARIES.

(a) The Lake Tahoe Basin National Forest shall comprise those lands designated as the Lake Tahoe Basin Management Unit in the Federal Register notice dated January 13, 1978 (43 F.R. 1971) and any lands subsequently added to the Unit.

(b) For the purposes of section 7 of the Land and Conservation Fund Act of 1965 (16 U.S.C. 4601-9), the exterior boundary of the Lake Tahoe Basin National Forest established by this Act shall be treated as if it were the boundary as of January 1, 1965.

(c) The boundaries of the Tahoe, Eldorado, Toiyabe National Forests are hereby modified to exclude those lands with the boundaries of the Lake Tahoe Basin National Forest.

(d) The Secretary of Agriculture is authorized to make corrections or adjustments in the boundaries of the Tahoe, Eldorado, Toiyabe, and Lake Tahoe Basin National Forests for administrative purposes.

SEC. 3. LAND MANAGEMENT PLANNING.

(a) The Land and Resource Management Plan for the Lake Tahoe Basin Management Unit dated December 2, 1988, shall constitute the land management plan required by section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976 (16 U.S.C. 1604).

(b) Nothing in this Act shall require the Forest Service to amend or revise—

(1) the land and resource management plan dated December 2, 1988, or its associated environmental impact statement, or to prepare a new plan or associated environmental impact statement; or

(2) any draft or final land and resource management plan or associated environmental impact statement for the Tahoe, Eldorado or Toiyabe National Forests.

SEC. 4. ADMINISTRATIVE PROVISIONS.

(a) Any reference to the Lake Tahoe Basin Management Unit in any existing statute, regulation, manual, handbook, or otherwise shall be deemed a reference to the Lake Tahoe Basin National Forest.

(b) Nothing in this Act shall affect—

(1) any provisions of Public Law 96–551 (94 Stat. 3233), giving Congressional consent to the Tahoe Planning Compact;

(2) any provisions of Public Law 96–586 (94 Stat. 3381), an Act to provide disposal of certain Federal lands in the Lake Tahoe Basin, commonly called the Burton-Santini Act; or

(3) valid existing rights of persons holding any authorization, permit, option or other form of contract existing on the date of enactment of this Act.

(c) Notwithstanding the distribution requirements of payments under the Act of May 23, 1908 (Ch. 192, 35 Stat. 251, as amended), distribution of receipts from the Eldorado, Tahoe, Toiyabe, and Lake Tahoe Basin National Forests shall be based upon the National Forest boundaries that existed prior to enactment of this Act, as though the Lake Tahoe Basin National Forest does not exist.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2122, sponsored by Mrs. VUCANOVICH of Nevada, which would change the designation of the Lake Tahoe Basin Management Unit to the Lake Tahoe Basin National Forest.

The Lake Tahoe Basin Management Unit is made up of portions of three national forests, including the Tahoe and Eldorado National Forests in California and the Toiyabe National Forest in Nevada. Since 1973, the Forest Service has administered these lands—approximately 152,000 acres—as a single management unit. A land management plan for the unit was adopted by the agency in 1988.

H.R. 2122 would not change the way the lands are managed. The bill was amended by the Subcommittee on National Parks, Forests and Lands to ensure that the designation encompasses all lands included in the management unit since it was established in 1973, as requested by the administration and agreed to by Mrs. VUCANOVICH. The administration supports the bill in its current form, and the Forest Service supported similar legislation in the 102d Congress.

I urge the Members of the House to approve this commonsense measure that will clarify the designation of the national forests in the Lake Tahoe Basin.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we support this legislation, and the administration supports it.

H.R. 2122 designates a new national forest, the Lake Tahoe Basin National Forest, from lands within the Tahoe, Eldorado, and Toiyobe National Forests. Currently the lands, which total about 152,000 acres, are designated as the Lake Tahoe Basin Management Unit and administered as a separate unit within the three existing national forests in the area.

The administration supports the bill and we have no objection to its consideration. H.R. 2122 is a name change only, it will not alter how these lands are managed.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill. I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2122, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

NEVADA BOUNDARY CORRECTION

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2135) to provide for the correction of boundaries of certain lands in Clark County, NV, acquired by persons who purchased such lands in good faith reliance on existing private land surveys, as amended.

The Clerk read as follows:

H.R. 2135

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds and declares that:

(1) Certain landowners in the (North) Decatur Boulevard area of Las Vegas and North Las Vegas, Clark County, Nevada, who own property adjacent to lands managed by the Bureau of Land Management have been adversely affected by certain erroneous private surveys.

(2) These landowners have occupied or improved their property in good faith and in reliance on erroneous surveys of their properties that they believed were accurate.

(3) These landowners presumed their occupancy was codified through an Eighth Judicial District Court (Nevada) Judgment and Decree filed October 26, 1989, as a "friendly lawsuit" affecting numerous landowners in the (North) Decatur Boulevard area.

(4) The 1990 Bureau of Land Management dependent resurvey and section subdivision of sections 6, 7, 18, and 19, T. 19 S., R. 61 E., Mount Diablo Meridian, Nevada, correctly established accurate boundaries between such public lands and private lands.

(5) The Bureau of Land Management has the authority to sell public lands which are affected as a result of erroneous private survey and encroachments existing as of the date of this Act as it affects T. 19 S., R. 61 E., sections 18 and 19, and T. 19 S. R. 60 E., section 13 and 24, if encroachments based on the same erroneous private survey are identified, in accordance with this Act.

SEC. 2. CONVEYANCE OF LANDS.

(a) CLAIMS.—Within one year after the date of the enactment of this Act, the city of Las Vegas on behalf of the owners of real property, located adjacent to the lands described in subsection (b), may submit to the Secretary of the Interior (hereafter in this Act referred to as the "Secretary") in writing a claim to the lands described in subsection (b). The claim submitted to the Secretary shall be accompanied by—

(1) a description of the lands claimed;

(2) information relating to the claim of ownership of such lands; and

(3) such other information as the Secretary may require.

(b) LANDS DESCRIBED.—The lands described in this subsection are those Federal lands located in the Bureau of Land Management Las Vegas District, Clark County, Nevada, in sections 18 and 19, T. 19 S., R. 61 E., Mount Diablo Meridian, as described by the dependent resurvey by the Bureau of Land Management accepted May 4, 1990, under Group No. 683, Nevada, and subsequent supplemental plats of sections 18 and 19, T. 19 S., R. 61 E., Mount Diablo Meridian, as contained on plats accepted November 17, 1992. Such lands are described as (1) government lots 22, 23, 26, and 27 in said section 18; and (2) government lots 20, 21, and 24 in said section 19, containing 29.36 acres, more or less.

(c) CONVEYANCE.—The Secretary shall convey all right, title, and interest of the United States in and to the public lands described in subsection (b) to the city of Las Vegas, Clark County, Nevada, upon payment by the city of fair market value based on a Bureau of Land Management approved appraised market value of the lands as of December 1, 1982, and on the condition that the city convey the effected lands to the land owners referred to in subsection (a).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, within the city of Las Vegas there are many areas where longstanding property line disputes exist. H.R. 2135 is meant to solve one of the most difficult, which is along the Decatur Boulevard alignment at the border between the cities of Las Vegas and North Las Vegas.

The original land surveys of the subject area were performed in 1881 and 1882. There is considerable evidence that points set by the original Government contract surveys were not stones as called for in the official field notes, but small mesquite stakes.

Originally, the poor surveys did not affect anyone, but in the 1950's development began to move toward the outer edges of Las Vegas. As years passed and development increased it became evident that severe discrepancies existed among the property surveys in the area. In 1989, in response to citizens' concerns, the city of Las Vegas commissioned a survey of the properties in an area 4 miles north to south and 1 mile each side of Decatur Boulevard.

H.R. 2135 will resolve the longstanding property line disputes that have prevented the affected landowners from being able to sell or even refinance their homes and enjoys the support of the BLM, the city of Las Vegas, and the affected landowners.

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Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we support this legislation to correct these erroneous private surveys and to straighten out the actual property ownership problems and to provide for the conveyance of these lands for fair market value to the adjacent owners or to others.

Mr. Speaker, H.R. 2135 deals with about 30 acres of land in Las Vegas that because of erroneous private surveys, has created problems for the adjacent private landowners who thought the land was theirs and who found that after accurate surveys were done that the land actually belongs to the Federal Government.

We have no objection to consideration of the measure. The bill has been amended by the Resources Committee to provide for the sales of these parcels to the adjacent private landowners, based on the fair market value of the property at the time these survey errors were brought to the attention of the Bureau of Land Management. With that change the administration has no problems with the bill.

Mr. Speaker, I yield back the balance of my time.

Mrs. VUCANOVICH. Mr. Speaker, I am very pleased to see the House take up H.R. 2135, legislation I have introduced to make boundary corrections along Decatur Boulevard in Las Vegas and North Las Vegas.

Landowners along Decatur approached me last year with the problem that H.R. 2135 addresses. It seems that the original survey conducted in the area in the late 1800's was deficient. Subsequent surveys based on that first one, and upon which people bought land along Decatur, were in error due to that initial botched survey. Since there are no liens on any of the property, the usual title searches performed at the time of purchase did not show problems with the titles. However, subsequent to the purchases of the properties, it was discovered that the property lines are drawn incorrectly.

The cities of Las Vegas and North Las Vegas have spent a lot of time and money trying to correct the erroneous boundaries and make the homeowners whole. And they have been largely successful, in that the bulk of people affected by the boundary error have had their property boundaries adjusted. Unfortunately, however, for about 20 homeowners, the land in question involves Federal land managed by the BLM. Since Las Vegas and North Las Vegas have no jurisdiction over the BLM land, these boundary errors can only be corrected by Congress.

Mr. Speaker, this situation has created a nightmare for those who, in good faith, bought property along Decatur Boulevard. They don't own the land they thought they paid for; in some cases, almost one-third of the land actually belongs to the Bureau of Land Management. Today's consideration of H.R. 2135 caps the efforts of many years by the cities of Las Vegas and North Las Vegas to put to rest the issue by resolving the boundary dispute along Decatur Boulevard, and I urge my colleagues to support the measure.

Mr. DOOLITTLE. Mr. Speaker, I urge the passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2135, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to provide for the relief of certain persons in Clark County, Nevada, who purchased lands in good faith reliance on existing private land surveys."

A motion to reconsider was laid on the table.

HANFORD REACH PRESERVATION ACT

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2292) to preserve and protect the Hanford Reach of the Columbia River, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2292

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—HANFORD REACH PRESERVATION ACT

SEC. 101. AMENDMENT OF PUBLIC LAW 100-605.

Section 2 of Public Law 100-605 is amended as follows:

(1) By striking "INTERIM" in the section heading.

(2) By striking "For a period of eight years after" and inserting "After" in subsection (a).

(3) By striking in subsection (b) "During the eight year interim protection period, provided by this section, all" and inserting "All".

TITLE II—LAMPREY WILD AND SCENIC RIVER ACT

SEC. 201. DESIGNATION.

Section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) is amended by adding the following new paragraph at the end thereof:

"(157) LAMPREY RIVER, NEW HAMPSHIRE.—The 11.5-mile segment extending from the southern Lee town line to the confluence with the Piscassic River in the vicinity of the Durham-Newmarket town line (hereinafter in this paragraph referred to as the 'segment') as a recreational river. The segment shall be administered by the Secretary of the Interior through cooperative agreements between the Secretary and the State of New Hampshire and its relevant political subdivisions, namely the towns of Durham, Lee, and Newmarket, pursuant to section 10(e) of this Act. The segment shall be managed in accordance with the Lamprey River Management Plan dated January 10, 1995, and such amendments thereto as the Secretary of the Interior determines are consistent with this Act. Such plan shall be deemed to satisfy the requirements for a comprehensive management plan pursuant to section 3(d) of this Act.".

SEC. 202. MANAGEMENT.

(a) COMMITTEE.—The Secretary of the Interior shall coordinate his management responsibilities under this Act with respect to the segment designated by section 3 with the Lamprey River Advisory Committee established pursuant to New Hampshire RSA 483.

(b) LAND MANAGEMENT.—The zoning ordinances duly adopted by the towns of Durham, Lee, and Newmarket, New Hampshire, including provisions for conservation of shorelands, floodplains, and wetlands associated with the segment, shall be deemed to satisfy the standards and requirements of section 6(c) of the Wild and Scenic Rivers Act, and the provisions of that section, which prohibit Federal acquisition of lands by condemnation, shall apply to the segment designated by section 201 of this Act. The authority of the Secretary to acquire lands for the purposes of this paragraph shall be limited to acquisition by donation or acquisition with the consent of the owner thereof, and shall be subject to the additional criteria set forth in the Lamprey River Management Plan.

SEC. 203. UPSTREAM SEGMENT.

Upon request by the town of Epping, which abuts an additional 12 miles of river found eligible for designation as a recreational river, the Secretary of the Interior shall offer assistance regarding continued involvement of the town of Epping in the implementation of the Lamprey River Management Plan and in consideration of potential future addition of that portion of the river within Epping as a component of the Wild and Scenic Rivers System.

TITLE III—WEST VIRGINIA NATIONAL RIVERS AMENDMENTS OF 1996

SEC. 301. AMENDMENTS PERTAINING TO THE NEW RIVER GORGE NATIONAL RIVER.

(a) BOUNDARIES.—Section 1101 of the National Parks and Recreation Act of 1978 (16 U.S.C. 460m-15) is amended by striking out "NERI-80,023, dated January 1987" and inserting "NERI-80,028A, dated March 1996".

(b) FISH AND WILDLIFE MANAGEMENT.—Section 1106 of the National Parks and Recreation Act of 1978 (16 U.S.C. 460m-20) is amended by adding the following at the end thereof: "The Secretary shall permit the State of West Virginia to undertake fish stocking activities carried out by the State, in consultation with the Secretary, on waters within the boundaries of the national river. Nothing in this Act shall be construed as affecting the jurisdiction of the State of West Virginia with respect to fish and wildlife.".

(c) CONFORMING AMENDMENTS.—Title XI of the National Parks and Recreation Act of 1978 (16 U.S.C. 460m-15 and following) is amended by adding the following new section at the end thereof:

"SEC. 1117. APPLICABLE PROVISIONS OF OTHER LAW.

"(a) COOPERATIVE AGREEMENTS.—The provisions of section 202(e)(1) of the West Virginia National Interest River Conservation Act of 1987 (16 U.S.C. 460ww-1(e)(1)) shall apply to the New River Gorge National River in the same manner and to the same extent as such provisions apply to the Gauley River National Recreation Area.

"(b) REMNANT LANDS.—The provisions of the second sentence of section 203(a) of the West Virginia National Interest River Conservation Act of 1987 (16 U.S.C. 460ww-2(a)) shall apply to tracts of land partially within the boundaries of the New River Gorge National River in the same manner and to the same extent as such provisions apply to tracts of land only partially within the Gauley River National Recreation Area.".

SEC. 302. AMENDMENTS PERTAINING TO THE GAULEY RIVER NATIONAL RECREATION AREA.

(a) TECHNICAL AMENDMENT.—Section 205(c) of the West Virginia National Interest River Conservation Act of 1987 (16 U.S.C. 460ww-4(c)) is amended by adding the following at the end thereof: "If project construction is not commenced within the time required in such license, or if such license is surrendered at any time, such boundary modification shall cease to have any force and effect.".

(b) GAULEY ACCESS.—Section 202(e) of the West Virginia National Interest River Conservation Act of 1987 (16 U.S.C. 460ww-1(e)) is amended by adding the following new paragraph at the end thereof:

"(4) ACCESS TO RIVER.—(A) In order to facilitate public safety, use, and enjoyment of the recreation area, and to protect, to the maximum extent feasible, the scenic and natural resources of the area, the Secretary is authorized and directed to acquire such lands or interests in lands and to take such actions as are necessary to provide access by noncommercial entities on the north side of the Gauley River at the area known as Woods Ferry utilizing existing roads and rights-of-way. Such actions by the Secretary shall include the construction of parking and related facilities in the vicinity of Woods Ferry for noncommercial use on lands acquired pursuant to paragraph (3) or on lands acquired with the consent of the owner thereof within the boundaries of the recreation area.

"(B) If necessary, in the discretion of the Secretary, in order to minimize environmental impacts, including visual impacts, within portions of the recreation area immediately adjacent to the river, the Secretary may, by contract or otherwise, provide transportation services for noncommercial visitors, at reasonable cost, between such parking facilities and the river.

"(C) Nothing in subparagraph (A) shall affect the rights of any person to continue to utilize, pursuant to a lease in effect on April 1, 1993, any right of way acquired pursuant to such lease which authorizes such person to use an existing road referred to in subparagraph (A). Except as provided under paragraph (2) relating to access immediately downstream of the Summersville project, until there is compliance with this paragraph the Secretary is prohibited from acquiring or developing any other river access points within the recreation area.".

SEC. 303. AMENDMENTS PERTAINING TO THE BLUESTONE NATIONAL SCENIC RIVER.

(a) BOUNDARIES.—Section 3(a)(65) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)(65)) is amended by striking out "WSR-BLU/20,000, and dated January 1987" and inserting "BLUE-80,005, dated May 1996".

(b) PUBLIC ACCESS.—Section 3(a)(65) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)(65)) is amended by adding the following at the end thereof: "In order to provide reasonable public access and vehicle parking for public use and enjoyment of the river designated by this paragraph, consistent with the preservation and enhancement of the natural and scenic values of such river, the Secretary may, with the consent of the owner thereof, negotiate a memorandum of understanding or cooperative agreement, or acquire not more than 10 acres of lands or interests in such lands, or both, as may be necessary to allow public access to the Bluestone River and to provide, outside the boundary of the scenic river, parking and related facilities in the vicinity of the area known as Eads Mill.".

TITLE IV—LIMITATION ON LAND ACQUISITION: MISSOURI RIVER, NEBRASKA AND SOUTH DAKOTA

The undesignated paragraph in section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)) relating to the 39-mile segment of the Missouri River, Nebraska and South Dakota, from the headwaters of Lewis and Clark Lake to Ft. Randall Dam is amended by adding at the end the following: "Notwithstanding section 6(a), lands and interests in lands may not be acquired for the purposes of this paragraph without the consent of the owner thereof.".

TITLE V—TECHNICAL AMENDMENT TO THE WILD AND SCENIC RIVERS ACT

SEC. 501. NUMBERING OF PARAGRAPHS.

(a) DESIGNATIONS.—The unnumbered paragraphs in section 3(a) of the Wild and Scenic Rivers Act (16 U.S.C. 1274(a)), relating to each of the following river segments, are each amended by numbering such paragraphs as follows:

River:	*Paragraph Number*
East Fork of Jemez, New Mexico	*(109)*
Pecos River, New Mexico	*(110)*
Smith River, California	*(111)*
Middle Fork Smith River, California	*(112)*
North Fork Smith River, California	*(113)*
Siskiyou Fork Smith River, California	*(114)*
South Fork Smith River, California	*(115)*
Clarks Fork, Wyoming	*(116)*
Niobrara, Nebraska	*(117)*
Missouri River, Nebraska and South Dakota	*(118)*
Bear Creek, Michigan	*(119)*
Black, Michigan	*(120)*
Carp, Michigan	*(121)*
Indian, Michigan	*(122)*
Manistee, Michigan	*(123)*
Ontonagon, Michigan	*(124)*
Paint, Michigan	*(125)*
Pine, Michigan	*(126)*
Presque Isle, Michigan	*(127)*
Sturgeon, Hiawatha National Forest, Michigan	*(128)*
Sturgeon, Ottawa National Forest, Michigan	*(129)*
East Branch of the Tahquamenon, Michigan	*(130)*
Whitefish, Michigan	*(131)*
Yellow Dog, Michigan	*(132)*
Allegheny, Pennsylvania	*(133)*
Big Piney Creek, Arkansas	*(134)*
Buffalo River, Arkansas	*(135)*
Cossatot River, Arkansas	*(136)*
Hurricane Creek, Arkansas	*(137)*
Little Missouri River, Arkansas	*(138)*
Mulberry River, Arkansas	*(139)*
North Sylamore Creek, Arkansas	*(140)*
Richland Creek, Arkansas	*(141)*
Sespe Creek, California	*(142)*
Sisquoc River, California	*(143)*
Big Sur River, California	*(144)*
Great Egg Harbor River, New Jersey	*(145)*
The Maurice River, Middle Segment	*(146)*
The Maurice River, Middle Segment	*(147)*
The Maurice River, Upper Segment	*(148)*
The Menantico Creek, Lower Segment	*(149)*
The Menantico Creek, Upper Segment	*(150)*
Manumuskin River, Lower Segment	*(151)*
Manumuskin River, Upper Segment	*(152)*
Muskee Creek, New Jersey	*(153)*
Red River, Kentucky	*(154)*
Rio Grande, New Mexico	*(155)*
Farmington River, Connecticut	*(156)*

(b) STUDY RIVERS.—Section 5(a) of such Act is amended as follows:

(1) Paragraph (106), relating to St. Mary's, Florida, is renumbered as paragraph (108).

(2) Paragraph (112), relating to White Clay Creek, Delaware and Pennsylvania, is renumbered as paragraph (113).

(3) The unnumbered paragraphs, relating to each of the following rivers, are amended by numbering such paragraphs as follows:

River:	*Paragraph Number*
Mills River, North Carolina	*(109)*
Sudbury, Assabet, and Concord, Massachusetts	*(110)*
Niobrara, Nebraska	*(111)*
Lamprey, New Hampshire	*(112)*
Brule, Michigan and Wisconsin	*(114)*
Carp, Michigan	*(115)*
Little Manistee, Michigan	*(116)*
White, Michigan	*(117)*
Ontonagon, Michigan	*(118)*
Paint, Michigan	*(119)*
Presque Isle, Michigan	*(120)*
Sturgeon, Ottawa National Forest, Michigan	*(121)*
Sturgeon, Hiawatha National Forest, Michigan	*(122)*
Tahquamenon, Michigan	*(123)*
Whitefish, Michigan	*(124)*
Clarion, Pennsylvania	*(125)*
Mill Creek, Jefferson and Clarion Counties, Pennsylvania	*(126)*
Piru Creek, California	*(127)*
Little Sur River, California	*(128)*
Matilija Creek, California	*(129)*
Lopez Creek, California	*(130)*
Sespe Creek, California	*(131)*
North Fork Merced, California	*(132)*
Delaware River, Pennsylvania and New Jersey	*(133)*
New River, West Virginia and Virginia	*(134)*
Rio Grande, New Mexico	*(135)*

TITLE VI—PROTECTION OF NORTH ST. VRAIN CREEK, COLORADO

SEC. 601. NORTH ST. VRAIN CREEK AND ADJACENT LANDS.

The Act of January 26, 1915, establishing Rocky Mountain National Park (38 Stat. 798; 16 U.S.C. 191 and following), is amended by adding the following new section at the end thereof:

"SEC. 5. NORTH ST. VRAIN CREEK AND ADJACENT LANDS.

"Neither the Secretary of the Interior nor any other Federal agency or officer may approve or issue any permit for, or provide any assistance for, the construction of any new dam, reservoir, or impoundment on any segment of North St. Vrain Creek or its tributaries within the boundaries of Rocky Mountain National Park or on the main stem of North St. Vrain Creek downstream to the point at which the creek crosses the elevation 6,550 feet above mean sea level. Nothing in this section shall be construed to prevent the issuance of any permit for the construction of a new water gaging station on North St. Vrain Creek at the point of its confluence with Coulson Gulch.".

SEC. 602. ENCOURAGEMENT OF EXCHANGES.

(a) LANDS INSIDE ROCKY MOUNTAIN NATIONAL PARK.—Promptly following enactment of this Act, the Secretary of the Interior shall seek to acquire by donation or exchange those lands within the boundaries of Rocky Mountain National Park owned by the city of Longmont, Colorado, that are referred to in section 111(d) of the Act commonly referred to as the "Colorado Wilderness Act of 1980" (Public Law 96-560; 94 Stat. 3272; 16 U.S.C. 192b-9(d)).

(b) OTHER LANDS.—The Secretary of Agriculture shall immediately and actively pursue negotiations with the city of Longmont, Colorado, concerning the city's proposed exchange of lands owned by the city and located in and near Coulson Gulch for other lands owned by the United States. The Secretary shall report to Congress 2 calendar years after the date of enactment of this Act, and every 2 years thereafter on the progress of such negotiations until negotiations are complete.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2292, a bill to preserve the Hanford reach of the Columbia River and for other purposes. Mr. Speaker, this is good bi-partisan legislation which provides for the preservation and improved management of important rivers thoughout the country.

Title I, authored by Mr. HASTINGS, of the bill provides for permanent protection of the last free-flowing section of the Columbia River which support native salmon spawning beds. In 1988, Congress enacted legislation to prohibit damming and dredging of this river segment for 8 years while directing the Secretary of the Interior to develop a plan for future management of this river segment. While Secretary Babbitt has yet to send us the required study, the moratorium on damming and dredging is about to expire and therefore it is important for Congress to renew this moratorium in perpetuity. I applaud the gentleman from Washington, [Mr. HASTINGS], for his effort to preserve the Hanford Reach.

Title II of the bill is a measure authored by Congressman ZELIFF which designates 11.5 miles of the Lamprey River in New Hampshire as a wild and scenic river. This legislation is based on a report prepared pursuant to a previous act of Congress. Although the river is bounded by mostly private property, this legislation contains adequate safeguards to protect private property and is strongly supported by local persons.

Title III, authored by Mr. RAHALL relates to several wild and scenic rivers in the State of West Virginia which are also units of the park system. It reflects the work of the committee over the last 4 years to amend boundaries and make technical amendments to improve the management of these parks. This title adds important lands to these parks, assures that the State can continue to manage wildlife and improves public access to the rivers.

Title IV, authored by Mr. JOHNSON of South Dakota prohibits the Secretary of the Interior from using condemnation along a 39-mile segment of the Missouri Wild and Scenic River in the State of South Dakota. Since the NPS has already stated their intent not to use condemnation along this stretch of river, this legislation simply puts into action the plans already adopted by the NPS.

Title V of the bill simply contains technical amendments to the Wild and Scenic River Act which provides for the numbering of the study and designation paragraphs of the existing act.

Title VI of the bill, authored by Mr. SKAGGS provides for the protection of the St. Vrain Creek in Colorado. This provision also enhances the protection of Rocky Mountain National Park through which the stream flows.

In all Mr. Speaker, this is a good bill with many strong protection measures. I commend the many Members for their work on this bill and urge all my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado [Mr. SKAGGS], who has worked very hard on title VI of this legislation dealing with the North St. Vrain River and Rocky Mountain National Park.

Mr. SKAGGS. Mr. Speaker, I thank the gentleman from California for yielding me this time.

Mr. Speaker, this provision, title VI of this bill, represents the culmination now of some 8 years of work conducted by many, many citizens in the area of Colorado that I represent who have been concerned for some time with the protection of this pristine roadless canyon, the last major roadless canyon along the front range of the Rockies in the State of Colorado.

We are here because folks with different interests, from environmentalists to water district managers, to local communities and residents, spent literally hours and hours, and tons of meetings over several years developing a consensus that is embodied in title VI of this bill. It will ensure that the free flow of this stream in the upper reaches of the North Saint Vrain Canyon originating in Rocky Mountain National Park down to Button Rock Reservoir will remain free flowing forever.

This is really some extraordinary country, Mr. Speaker, one of the most impressive wildlife habitat areas along the front range as well as an area of extraordinary and dramatic beauty. We should all be proud of taking this step to make sure that it remains that way in perpetuity.

I want to thank the members and the leadership of the Committee on Resources, the gentleman from Colorado [Mr. ALLARD], for his assistance on this, and urge its passage along with the other provisions in this piece of legislation.

I am delighted that the House will today approve H.R. 2292, legislation that includes well-deserved and long-awaited protections for North St. Vrain Creek, the largest remaining roadless canyon along Colorado's Front Range.

The relevant part—title VI—of the bill will prevent construction of new dams on North St. Vrain Creek as it flows through Rocky Mountain National Park and the Roosevelt National Forest, and will clarify public land ownership along the creek. Both of these provisions are based on freestanding legislation that I introduced last year and I appreciate the inclusion of the North St. Vrain Creek Protection Act in this bill.

North St. Vrain Creek, fed by countless rivulets and wild tributaries, is the primary stream flowing from the southeastern portion of Rocky Mountain National Park. From its beginnings at the continental divide, in snowfields near Long's peak, it tumbles through waterfalls and cascades in the Wild Basin area of the park. After leaving the park, the creek cuts a narrow, deep canyon until it reaches the Ralph Price Reservoir.

The watershed includes habitat for bighorn sheep, deer, elk, and mountain lions; for peregrine falcons, owls, hawks, and songbirds; for native fish, insects, and other small creatures; and for a dazzling diversity of aquatic, riparian, and mountain plants. It provides popular hiking, fishing, and hunting terrain relatively near to some of Colorado's larger cities.

The stream, surrounded by a thousand shades of greenery cooled by the mist of tumbling water, provides a profound sense of refreshment, of inspiration, and of wonder. This joining of land and water is exceptional, even for Colorado—which is no small distinction.

The North St. Vrain should be kept free of additional dams and impoundments. To that end, my bill's provisions, now included in H.R. 2922, incorporate the recommendations of a citizens' advisory committee, which I appointed in conjunction with the Boulder County Commissioners. That committee spent over 5 years developing a consensus proposal on how to protect the creek and canyon while protecting local property and water rights.

Thus, these provisions represent a great deal of work by Coloradans—especially the 50 people who took part in 103 advisory committee meetings and performed over 300 hours of independent research. Another 600 people attended 12 public hearings on the proposal. I've never known such a dedicated and conscientious group of public servants as the unpaid members of this North St. Vrain Advisory Committee. They know the creek and its environs as thoroughly as any group of citizens anywhere knows a particular area in the United States.

The advisory committee reached four principal conclusions:

First, that the North St. Vrain Creek is deserving of National Wild and Scenic River status, but that it would be premature to seek legislation to so designate it, pending development of consensus on that point. This bill would not preclude such a designation later.

Second, that, for now, a permanent prohibition should be placed on Federal approval or assistance for the construction of dams on the creek and on any part of its national park tributaries.

Third, that the National Park Service and the Forest Service should move promptly to reach agreement with the city of Longmont, CO, regarding Federal acquisition of lands the city owns along the creek.

And, fourth, that a series of the committee's recommendations should be followed in managing the Federal lands along the creek.

Three of these proposals are specified in the bill's language. I have submitted, as part of the hearing record, two documents related to the fourth proposal, regarding management of the relevant lands. One is a copy of the advisory committee's final report, and the other is a copy of the advisory committee's management plan outline. I will also present these documents to the Forest Service and National Park Service when they develop future management plans for the creek and adjoining lands.

The primary theme of these documents is that Federal management decisions should retain the current types and levels of recreational uses of the public lands in the corridor along North St. Vrain Creek. This can be done by restricting the expansion of trails and campgrounds, and through strategic land acquisitions to protect natural features from damage that would come from expanded or excessive uses. The documents also support continued good stewardship on private lands in the corridor under the guidance and control of Boulder County's land-use regulations, as well as continued protection against trespass.

Mr. Speaker, I introduced this legislation not only because of my belief in the importance of protecting the North St. Vrain, but also because of my firm conviction that the hundreds of Coloradans who have worked toward that goal have crafted a sound, effective consensus measure. Its provisions are good, clear, and straightforward, and they have the strong support of the people in the area. I urge the House to approve this bill, so that, with its enactment into law, the wonders of North St. Vrain Creek will be protected for all time.

Finally, let me express my thanks to the leadership of the Resources Committee for bringing this bill up for House action and to my colleague from Colorado, Mr. ALLARD, for his assistance.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Most of the titles of this legislation we are in agreement with, but we along with the administration, as they noted in their testimony, are concerned about the protections provided in the Hanford Reach provisions of this legislation. The concern being that we are accepting a much lesser degree of protection than we believe and the administration believes the Hanford Reach deserves, and are concerned whether or not this will eventually lead to the loss of vital natural and cultural resources. We recognize that there is disagreement on this, but we are concerned that this does not provide the level of protection that is necessary.

Mr. Speaker, the amendments adopted by the Resources Committee wraps into H.R. 2292 several river bills pending before the committee. Several of the titles in the amended bill are either opposed by the administration or they otherwise have concerns with the language. This is not a noncontroversial bill. We would have preferred that the House take up these river bills separately.

As the administration noted in its testimony, if not followed by subsequent actions, the Hanford Reach provisions of H.R. 2292 would result in a far lesser degree of protection than the Hanford Reach deserves and could result in the potential loss of vital natural and cultural resources.

We have no objection to the Lamprey River title. I understand the administration supports the bill and that the language is consistent with what we have done for similar rivers.

We also have no objection to the provisions dealing with the North St. Vrain. The House passed the same legislation in the last Congress, also sponsored by Representative SKAGGS.

The administration has expressed some minor concerns about certain provisions in the West Virginia rivers title, specifically as they relate to river access and fish stocking activities, but these should not delay its passage.

Likewise I would note that the administration does not support the language dealing with the Missouri River.

Mr. Speaker, I can understand the desire to package legislation, but in this case, with the concerns and objections outstanding, it may eventually delay, rather than facilitate, enactment of the various provisions.

Mr. DOOLITTLE. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. HASTINGS].

Mr. HASTINGS of Washington. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of my legislation, H.R. 2292, the Hanford Reach Preservation Act. I want to thank my fellow colleagues on the House Resources Committee, in particular Chairman YOUNG and subcommittee Chairman HANSEN, for their expeditious consideration of this legislation.

Mr. Speaker, title I of H.R. 2292 makes permanent the current moratorium on dam building, channeling, and navigational projects along the stretch of the Columbia River known as the Hanford Reach. Located in the heart of my central Washington congressional district, the Hanford Reach is the last free-flowing stretch of the Columbia River. Running through the Hanford Nuclear Reservation, the reach is also the location of some of the healthiest salmon runs anywhere in the Pacific Northwest.

For the past 8 years, the Federal Government has played an important role in protecting the reach by prohibiting its agencies from constructing dams, channels, and other projects on this part of the river. H.R. 2292 permanently extends the current moratorium on these activities that is set to expire November 6, 1996.

The original moratorium was a direct response to proposals that would have opened the reach to barge traffic. We have since learned that making the reach navigational is not only unwise ecologically but is also impractical. H.R. 2292 ensures that we will never consider this policy again.

The Hanford Reach Preservation Act will make a significant contribution to the continued protection of this pristine area. While more needs to be resolved within the local community before this area is completely protected, H.R. 2292 is a positive step in the right direction.

Again, I thank my colleagues for their assistance and strongly urge the House to vote in favor of this measure.

Mr. Miller of California. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of this important bill.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2292, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GUNNISON COUNTY, COLORADO, LAND CONVEYANCE

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2438) to provide for the conveyance of lands to certain individuals in Gunnison County, CO, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2438

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. BOUNDARY ADJUSTMENT AND LAND CONVEYANCE, RAGGEDS WILDERNESS, WHITE RIVER NATIONAL FOREST, COLORADO.

(a) FINDINGS.—The Congress finds the following:

(1) Certain landowners in Gunnison County, Colorado, who own real property adjacent to the portion of the Raggeds Wilderness in the White River National Forest, Colorado, have occupied or improved their property in good faith and in reliance on erroneous surveys of their properties that the landowners reasonably believed were accurate.

(2) In 1993, a Forest Service resurvey of the Raggeds Wilderness established accurate boundaries between the wilderness area and adjacent private lands.

(3) The resurvey indicated that a small portion of the Raggeds Wilderness is occupied by adjacent landowners on the basis of the earlier erroneous land surveys.

(b) PURPOSE.—It is the purpose of this section to remove from the boundaries of the Raggeds Wilderness certain real property so as to permit the Secretary of Agriculture to use the authority of Public Law 97–465 (commonly known as the Small Tracts Act; 16 U.S.C. 521c–521i) to convey the property to the landowners who occupied the property on the basis of erroneous land surveys.

(c) BOUNDARY ADJUSTMENT.—The boundary of the Raggeds Wilderness, Gunnison and White River National Forests, Colorado, as designated by section 102(a)(16) of Public Law 96–560 (16 U.S.C. 1132 note), is hereby modified to exclude from the area encompassed by the wilderness a parcel of real property approximately 0.86-acres in size situated in the SW¼ of the NE¼ of Section 28, Township 11 South, Range 88 West of the 6th Principal Meridian, as depicted on the map entitled "Encroachment-Raggeds Wilderness", dated November 17, 1993. Such map shall be on file and available for inspection in the appropriate offices of the United States Forest Service, Department of Agriculture.

(d) CONVEYANCE OF LAND REMOVED FROM WILDERNESS AREA.—The Secretary of Agriculture shall use the authority provided by Public Law 97–465 (commonly known as the Small Tracts Act; 16 U.S.C. 521C–521i) to convey all right, title, and interest of the United States in and to the real property excluded from the boundaries of the Raggeds Wilderness under subsection (c) to those owners of real property in Gunnison County, Colorado, whose real property adjoins the excluded lands and who have occupied the excluded lands in good faith reliance on an erroneous survey.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2438, introduced by Mr. MCINNIS of Colorado. H.R. 2438 corrects an encroachment into the Raggeds Wilderness on the White River National Forest, just west of the Town of Marble, CO. The encroachment, discovered in 1993 following a new boundary survey, consists of approximately 400 feet of power line and 450 feet of road. In addition, portions of four subdivision lots extend into the wilderness. The road is a county road and provides the sole legal access to the four lots. The entire encroachment is less than 1 acre of land.

The land in question does not have any wilderness characteristics. This land was used as it is today for 23 years before Congress designated the Raggeds Wilderness in 1982. Although only 0.86 acres is affected, the Forest Service cannot settle the matter under authority of the Small Tracts Act because the lands in question are within the Raggeds Wilderness.

H.R. 2438 adjusts the wilderness boundary to exclude the 0.86 acres from the wilderness area, and, as amended in the Subcommittee on National Parks, Forests and Lands, it directs the Secretary of Agriculture to convey the affected lands to the landowners under the authority of the Small Tracts Act.

I urge the Members of the House to support H.R. 2438, so that the Forest Service will have the authority it needs to complete this minor land adjustment.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have no objection to the consideration of this measure. The bill was amended by the Committee on Resources to require that land transfers should be made pursuant to the

Small Tracts Act, thereby protecting the public interest in this land transfer.

Mr. Speaker, H.R. 2238 deletes approximately 1 acre from the Raggeds Wilderness and authorizes the transfer of this land to the adjacent private landowners who thought the land was theirs based on erroneous private surveys.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge the passage of this bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2438, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

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WENATACHEE NATIONAL FOREST LAND EXCHANGE

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2518) to authorize the Secretary of Agriculture to exchange certain lands in the Wenatachee National Forest, WA, for certain lands owned by Public Utility District No. 1 of Chelan County, WA, and for other purposes, as amended.

The Clerk read as follows:

H.R. 2518

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LAND EXCHANGE.

(a) EXCHANGE.—Subject to subsection (c), the Secretary of Agriculture (referred to in this section as the "(Secretary") shall convey all right, title, and interest of the United States in and to the National Forest System lands described in subsection (b)(1) to Public Utility District No. 1 of Chelan County, Washington (referred to in this section as the "Public Utility District"), in exchange for the conveyance to the Secretary of Agriculture by Public Utility District of all right, title, and interest of the Public Utility District in and to the lands described in subsection (b)(2).

(b) DESCRIPTIONS OF LANDS.—

(1) NATIONAL FOREST SYSTEM LANDS.—The National Forest System lands referred to in subsection (a) are 122 acres, more or less, that are partially occupied by a wastewater treatment facility referred to in subsection (c)(4)(A) with the following legal description:

(A) The NE¼ of SW¼ of section 27 of township 27 north, range 17 east, Willamette Meridian, Chelan County, Washington.

(B) The N½ of SE¼ of SW¼ of such section 27.

(C) The W½ of NW¼ of SE¼ of such section 27.

(D) The NW¼ of SW¼ of SE¼ of such section 27.

(E) The E½ of NW¼ of the SE¼ of such section 27.

(F) That portion of the S½ of SE¼ of SW¼ lying north of the northerly edge of Highway 209 right-of-way of such section 27.

(2) PUBLIC UTILITY DISTRICT LANDS.—The lands owned by the Public Utility District are 109.15 acres, more or less, with the following legal description:

(A) S½ of SW¼ of section 35 of township 26 north, range 17 east, Willamette Meridian Chelan County, Washington.

(B) The area specified by Public Utility District No. 1 as Government Lot 5 in such section 35.

(c) REQUIREMENTS FOR EXCHANGE.—

(1) TITLE ACCEPTANCE AND CONVEYANCE.—Upon offer by the Public Utility District of all right, title, and interest in and to the lands described in subsection (b)(2), if the title is found acceptable by the Secretary, the Secretary shall accept title to such lands and interests therein and shall convey to the Public Utility District all right, title, and interest of the United States in and to the lands described in subsection (b)(1).

(2) APPRAISALS REQUIRED.—Before making an exchange pursuant to subsection (a), the Secretary shall conduct appraisals of the lands that are subject to the exchange to determine the fair market value of the lands. Such appraisals shall not include the value of the wastewater treatment facility referred to in paragraph (4)(A).

(3) ADDITIONAL CONSIDERATION.—If, on the basis of the appraisals made under paragraph (1), the Secretary determines that the fair market value of the lands to be conveyed by one party under subsection (a) is less than the fair market value of the lands to be conveyed by the other party under subsection (a), then, as a condition of making the exchange under subsection (a), the party conveying the lands with the lesser value shall pay the other party the amount by which the fair market value of the lands of greater value exceeds the fair market value of the lands of lesser value.

(4) CONVEYANCE OF WASTEWATER TREATMENT FACILITY.—(A) As part of an exchange made under subsection (a), the Secretary shall convey to the Public Utility District of Chelan County, Washington, all right, title, and interest of the United States in and to the wastewater treatment facility (including the wastewater treatment plant and associated lagoons) located on the lands described in subsection (b)(1) that is in existence on the date of the exchange.

(B) As a condition for the exchange under subsection (a), the Public Utility District shall provide for a credit equal to the fair market value of the wastewater treatment facility conveyed pursuant to subparagraph (A) (determined as of November 4, 1991), that shall be applied to the United States' share of any new or modified wastewater treatment facilities constructed by the Public Utility District after November 4, 1991.

(d) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the exchange under this section as the Secretary determines appropriate to protect the interests of the United States.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2518, introduced by Mr. HASTINGS of Washington. This legislation provides for the transfer of 122 acres of National Forest System lands and a sewage treatment plant to Public Utility District No. 1 of Chelan County. In exchange, the Forest Service will receive 109 acres of unencumbered land owned by the P.U.D. on the Wenatchee River.

H.R. 2518 requires the Secretary of Agriculture to conduct an appraisal to determine the current fair market value of the lands and requires payment needed to equalize any difference in land value. It also requires that all right, title, and interest in the wastewater treatment facility shall be conveyed to the P.U.D., and that the P.U.D. shall provide a credit, equal to the fair market value of the treatment facility, applied to the United States' share of any new or modified facilities constructed by the P.U.D. after November 4, 1991.

Mr. HASTINGS is to be commended for his efforts to ensure that the legislation fully meets the needs of both the Forest Service and the public utility district. H.R. 2518 is supported by the administration and is needed to provide for the more efficient management of wastewater treatment in the Lake Wenatchee area of Chelan County, Washington. Therefore, I urge my colleagues to facilitate this land exchange and support H.R. 2518.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 2518 would authorize the transfer of sewage treatment facilities and associated lands on the Wenatchee National Forest to Public Utility No. 1 of Chelen County, in exchange for lands of equal value and other consideration.

We have no objection to the measure and I would note that the administration also supports the bill. It is a fair deal for both the local utility district and the Federal Government.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I yield 5 minutes to the gentleman from Washington [Mr. HASTINGS].

Mr. HASTINGS of Washington. Mr. Speaker, I thank the gentleman for yielding and rise in strong support of H.R. 2518.

This noncontroversial bill authorizes the transfer of 122 acres of Wenatchee National Forest land that includes a wastewater treatment plant, for 109 acres of unencumbered land along the Wenatchee River currently owned by Chelan Public Utility District No. 1.

In recent years, the septic system serving area businesses and private residences has failed due to rapid growth and development throughout the Lake Wenatchee community. The PUD will use the Forest Service facility to provide adequate services to this area.

H.R. 2518 merely implements this commonsense solution developed by the local community. The bill has the strong support of the PUD, the Forest Service, and the local county commissioners. All sides agree that the transfer of the Forest Service's wastewater treatment plant is the answer to the Lake Wenatchee community's current problems.

I want to thank Subcommittee Chairman HANSEN and Ranking Member RICHARDSON for their prompt attention to this bill and urge its passage today.

Mr. DOOLITTLE. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2518, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

DEL NORTE COUNTY, CA, LAND CONVEYANCE

Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2709) to provide for the conveyance of certain land to the Del Norte County Unified School District of Del Norte County, CA, as amended.

The Clerk read as follows:

H.R. 2709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONVEYANCE.

As soon as practicable after the date of the enactment of this Act, the Secretary of Agriculture shall convey to the Del Norte County Unified School district of Del Norte County, California, in accordance with this Act, all right, title, and interest of the United States in and to the property described in section 2.

SEC. 2. PROPERTY DESCRIPTION.

The property referred to in section 1 is that portion of Township 17 North, Range 2 East, Humboldt Meridian in Del Norte County, California, which is further described as follows:

Beginning at Angle Point No. 3 of Tract 41 as resurveyed by the Bureau of Land Management under survey Group No. 1013, approved August 13, 1990, and shown on the official plat thereof;

thence on the line between Angle Points No. 3 and No. 4 of Tract 41, North 89 degrees, 24 minutes, 20 seconds East, a distance of 345.44 feet to Angle Point No. 4 of Tract 41;

thence on the line between Angle Points No. 4 and No. 5 of Tract 41, South 00 degrees, 01 minutes, 20 seconds East, a distance of 517.15 feet;

thence West, a distance of 135.79 feet;

thence North 88 degrees, 23 minutes, 01 seconds West, a distance of 61.00 feet;

thence North 39 degrees, 58 minutes, 18 seconds West, a distance of 231.37 feet to the East line of Section 21, Township 17 North, Range 2 East;

thence along the East line of Section 21, North 00 degrees, 02 minutes, 20 seconds West, a distance of 334.53 feet to the point of beginning.

SEC. 3. CONSIDERATION.

The conveyance provided for in section 1 shall be without consideration except as required by this Act.

SEC. 4. CONDITIONS OF CONVEYANCE.

The conveyance provided for in section 1 shall be subject to the following conditions:

(1) Del Norte County shall be provided, for no consideration, an easement for County Road No. 318 which crosses the Northeast corner of the property conveyed.

(2) The Pacific Power and Light Company shall be provided, for no consideration, an easement for utility equipment as necessary to maintain the level of service provided by the utility equipment on the property as of the date of the conveyance.

(3) The United States shall be provided, for no consideration, an easement to provide access to the United States property that is south of the property conveyed.

SEC. 5. LIMITATIONS ON CONVEYANCE.

The conveyance authorized by section 1 is subject to the following limitations:

(1) ENCUMBRANCES.—Such conveyance shall be subject to all encumbrances on the land existing as of the date of enactment of this Act.

(2) RE-ENTRY RIGHT.—The United States shall retain a right of re-entry in the land described for conveyance in section 2. If the Secretary determines that the conveyed property is not being used for public educational or related recreational purposes, the United States shall have a right to re-enter the property conveyed therein without consideration.

SEC. 6. ADDITIONAL TERMS AND CONDITIONS.

The conveyance provided for in section 1 shall be subject to such additional terms and conditions as the Secretary of Agriculture and the Del Norte County Unified School District agree are necessary to protect the interests of the United States.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2709, introduced by Mr. RIGGS of California, to transfer ownership of 4.32 acres of national forest land in California to the Del Norte County Unified School District for the Gasquet Mountain School. The school district has leased the land from the Six Rivers National Forest for $900 per year for a school since 1961. While technically part of the Six Rivers National Forest, the parcel is actually in a town setting and would otherwise be unused by the Forest Service.

Because the school district does not own title to the land, it has been unable to qualify for funding to upgrade or add to the school. There is no indoor facility for children in inclement weather. The transfer would enable the school to build a multipurpose room for use as a cafeteria, gymnasium, and meeting room.

The bill was amended in the Subcommittee on National Parks, Forests, and Lands to clarify the reservations to the Federal Government, and then, at the administration's request, it was amended by the Committee on Resources to further clarify those reservations. As a result, H.R. 2709 ensures the Federal Government a right of reentry in the event the land is no longer used for public educational or recreational purposes.

This commonsense legislation is needed so that a small rural community in northwest California can provide much-needed facilities for its students. I urge the Members of the House to join me in supporting H.R. 2709 for the school children of Del Norte County.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have no objections to this measure. It was amended by the Committee on Natural Resources to address several issues related to the transfer.

Mr. Speaker, H.R. 2709 would convey 4.2 acres of land in the Six Rivers National Forest to the Del Norte County School District for no consideration, subject to certain terms and conditions.

We have no objection to the measure. H.R. 2709 was amended by the Resources Committee to address several issues related to the transfer. As the bill stands now, it will provide necessary lands for a local school, while retaining for the Federal Government terms and conditions that protect the public interest.

Mr. RIGGS. Mr. Speaker, I rise in support of H.R. 2709, which I introduced last December. I thank Chairman HANSEN and the other bipartisan leadership of the Resources Committee for their attention to this bill.

Briefly, H.R. 2709 would convey to the Del Norte County Unified School District, Del Norte County, CA, 4.32 acres of Forest Service land on which the Gasquet Mountain School now sits.

The bill provides that as soon as practicable after enactment, the Secretary of Agriculture shall convey to the Del Norte County Unified School District land, which is described by metes and bounds, on which the Gasquet Mountain School has been located since 1961. Since that time, the school district has paid approximately $900 per year for the lease of the land from the Forest Service. The land would otherwise be unused.

Gasquet, CA is a small rural community located in the middle of U.S. Forest Service and National Park lands. It is over 20 miles from the nearest community facility available for social or recreational purposes.

Because the school district does not own title to the land, it has been unable to qualify for funding to enhance, expand, and otherwise improve the educational and recreational opportunities for local children. There is now no indoor facility where children can play during Del Norte County's long, wet, and sometimes snowy, winters. If the transfer is approved, the school could build a multipurpose room. It could also be used as a cafeteria, gymnasium, and meeting room.

While the land is technically part of Six Rivers National Forest, it is isolated from the main body of the forest within the town of Gasquet. Because of this, and its long history of use as a school, the conveyance would be without consideration. However, the bill requires that the school district must continue to use the property for public educational or recreational purposes. Furthermore, the school district must provide continued access as necessary to the United States—to reach adjoining property—to Del Norte County—for a road—and to the local power company.

Previous attempts by the school district to exchange other land for the parcel have been unsuccessful. An official of the Forest Service has described the site as "a parcel of public land sitting within a town site [that's] almost impossible to manage as a piece of national forest." In a July 31, 1995, letter regarding a no-cost conveyance, the Department of Agriculture Forest Supervisor stated:

> Our Forest would have no objection to this method of conveying the site to the School District due to its close proximity to the town of Gasquet, long range need, location outside the [Smith River National Recreation Area], overall development of the site, and the difficulty of the Forest Service to manage the site for other National Forest purposes.

Besides the Forest Service, the Gasquet Community Council, Del Norte County Unified School District, and the Del Norte County Board of Supervisors all support the transfer proposed by H.R. 2709.

I urge my colleagues to pass this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I yield back the balance of my time, and I urge passage of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2709, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

ELKHORN TIMBER SUBSTITUTION

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2711) to provide for the substitution of timber for the canceled Elkhorn Ridge Timber Sale.

The Clerk read as follows:

H.R. 2711

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SUBSTITUTION OF TIMBER FOR CANCELED TIMBER SALE.

(a) IN GENERAL.—Notwithstanding the provisions of the Act of July 31, 1947 (30 U.S.C. 601 et seq.), and the requirements of section 5402.0–6 of title 43, Code of Federal Regulations, the Secretary of the Interior, acting through the Bureau of Land Management, is authorized to substitute, without competition, a contract for timber identified for harvest located on public lands administered by the Bureau of Land Management in the State of California of comparable value for the following terminated timber contract: Elkhorn Ridge Timber Sale, Contract No. CA–050–TS–88–01.

(b) DISCLAIMER.—Nothing in this section shall be construed as changing any law or policy of the Federal Government beyond the timber sale substitution specified in this section.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in October 1987, BLM sold 3.8 million board feet of timber within the Elkhorn Ridge area in Mendocino County near Laytonville, CA. As the result of a lawsuit filed with the Federal district court in 1989 by the Sierra Club, the BLM reassessed the impacts of the sale on the area's wild and scenic river corridor, northern spotted owl, marbled murrelet and the at-risk coho salmon, currently petitioned for Federal listing.

The Elkhorn Ridge sale site lies within the South Fork Eel River Management Area, which has been identified as a tier 1 key watershed in the President's Northwest forest plan.

The BLM signed a record of decision on May 27, 1994, stopping the harvest of the timber sale. Eel River Sawmills filed a claim under the Contract Disputes Act for resolution of the Elkhorn Ridge timber sale contract, seeking damages of $2.4 million.

The BLM's preferred option in resolving the timber contract is to substitute timber from less environmentally sensitive areas in the region. BLM has identified three suitable sale areas which would be nearly equal in value to the Elkhorn timber sale. BLM's Regional and the Department of the Interior Solicitors have concurred in BLM's determination that such a substitute would be in the public interest and the most suitable resolution to this legal dispute.

H.R. 2711 enjoys the support of the interested parties and would authorize such a substitute.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 2711 would implement a settlement agreement reached between Eel River Sawmills, Inc., and the Department of the Interior regarding the Elkhorn Ridge Timber sale.

We have no objection to this measure. Enactment of the bill will replace an environmentally destructive timber sale with one that is consistent with the President's forest plan. In addition, H.R. 2711 will negate the need to go to court to deal with the damage claim resulting in the canceling of the Elkhorn timber sale. The administration testified that they support the bill and believe it is in the best interests of the Government and the taxpayers to reach this agreement.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. RIGGS], the author of this legislation.

Mr. RIGGS. Mr. Speaker, I want to thank my very good friend, the gentleman from California [Mr. DOOLITTLE], for yielding me time, and a fellow member of the Gang of 7, least they forget too soon around here. I also want to thank other members of the Committee on Natural Resources, including the ranking minority member, the gentleman from California [Mr. MILLER], for their support of the immediately preceding bill as well as this particular legislation. Both of these bills are very important to my congressional district.

The conveyance of the Gasquet Mountain School property will help a very small rural and remote community in Del Norte County, the most northern county in my congressional district. It will help a financially strapped school district by providing them with a facility for permanent use. It will also provide a rural community with a meeting location for other community activities, although again the principal purpose of conveying this property is to provide the Gasquet School District with an additional permanent facility on land that has been previously owned by the Federal Government and managed by the U.S. Forest Service.

The Elkhorn timber sale substitution is an equitable resolution of a long-standing dispute between the Bureau of Land Management and a private timber company, the Eel River Sawmills, which is one of the largest and most important private employers in Humboldt County, the largest county in my congressional district.

This is, I think, sort of an example of how we might resolve disputed timber sales when, after the Federal Government has entered into a contractual obligation to sell timber harvesting rights or timber land to a private concern, environmental objections are raised.

Again, we believe that this bill does in fact substitute timber of equal value for the canceled Elkhorn Ridge timber sale. It should make the Eel River Sawmills, which was the successful bidder on the Elkhorn Ridge timber sale, financially whole, and it will provide them with a timber supply with which they can continue to operate their mill and continue to employ their work force, which, again, represents a significant private employer in my congressional district.

So I want to thank the gentleman from California [Mr. DOOLITTLE], and again thank the minority members of the Committee on Natural Resources for their bipartisan leadership and support of these two measures, H.R. 2709, conveyance of the Gasquet County school property, and I want to ask for their support for H.R. 2711, the bill pending before the House, the Elkhorn Ridge timber sales substitution, and urge passage of the legislation.

Mr. DOOLITTLE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 2711.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

CALIFORNIA BUREAU OF LAND MANAGEMENT TRANSFER

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3147) to provide for the exchange of certain Federal lands in the State of California managed by the Bureau of Land Management for certain non-Federal lands, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3147

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds that the exchange of lands authorized by this Act will benefit both the private landowners and the United States by consolidating their respective land ownership patterns.

(b) PURPOSE.—The purpose of this Act is to authorize, facilitate, and expedite the land exchange set forth herein.

SEC. 2. MERCED IRRIGATION DISTRICT LAND EXCHANGE.

(a) CONVEYANCE.—The Secretary of the Interior may convey the Federal lands described in subsection (d)(1) in exchange for the non-Federal lands described in subsection (d)(2), in accordance with the provisions of this Act.

(b) APPLICABILITY OF OTHER PROVISIONS OF LAW.—The land exchange required in this Act shall be carried out in accordance with section 206 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1716) and in accordance with other applicable laws.

(c) ACCEPTABILITY OF TITLE AND MANNER OF CONVEYANCE.—The Secretary of the Interior shall not carry out an exchange described in subsection (a) unless the title to the non-Federal lands to be conveyed to the United States, and the form and procedures of conveyance, are acceptable to the Secretary.

(d) LANDS TO BE EXCHANGED.—

(1) FEDERAL LANDS TO BE EXCHANGED.—The Federal lands referred to in this Act to be exchanged consist of approximately 179.4 acres in Mariposa County, California, as generally depicted on the map entitled "Merced Irrigation District Exchange—Proposed, Federal Land"; dated ———— 1995, more particularly described as follows:

T. 3 S., R. 15 E., MDM (Mount Diablo Meridian): sec. 35, SW¼SE¼, containing approximately 40 acres.

T. 4 S., R. 15 E., MDM (Mount Diablo Meridian):

Sec. 14: E½SE¼SE¼, containing approximately 20 acres.

Sec. 23: NE¼SE¼, containing approximately 40 acres.

T. 5 S., R. 15 E., MDM (Mount Diablo Meridian):

Sec. 2: Lot 1, containing approximately 57.9 acres.

Sec. 3: Lots 7 through 15, containing approximately 21.5 acres.

(2) NON-FEDERAL LANDS TO BE EXCHANGED.—The non-Federal lands referred to in this Act to be exchanged consist of approximately 160 acres in Mariposa County, California, as generally depicted on the map entitled "Merced Irrigation District Exchange—Proposed, Non-Federal Land", dated ———— 1995, more particularly described as T. 4 S., R17E MDM (Mount Diablo Meridian): sec. 2, SE¼.

(3) MAPS.—The maps referred to in this subsection shall be on file and available for inspection in the office of the Director of the Bureau of Land Management.

(4) PARTIAL REVOCATION OF WITHDRAWALS.—The Executive order of December 31, 1912, creating Powersite Reserve No. 328, and the withdrawal of Federal lands for Power Project No. 2179, filed February 21, 1963, in accordance with section 24 of the Federal Power Act are hereby revoked insofar as they affect the Federal lands described in paragraph (1). Any patent issued on such Federal lands shall not be subject to section 24 of said Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank Mr. RADANOVICH for his diligent work on H.R. 3147. H.R. 3147 will result in an equal value exchange of lands between the Bureau of Land Management [BLM] and the Merced Irrigation District [MID] supported by all interested parties.

In 1991, Congress added 8 miles of the Merced River upstream from Lake McClure in Mariposa County, CA, to the National Wild and Scenic River System. Lake McClure is the main reservoir of the Merced Irrigation District. The Bureau of Land Management manages a significant amount of land in the Lake McClure area.

Soon after the wild and scenic river designation, MID and the BLM began to discuss a possible land transfer to enhance their land management objectives. As a result of the discussions, MID and BLM worked out a land exchange in which BLM would convey several scattered parcels of land below Lake McClure in exchange for approximately 160 acres of land owned by MID along the national wild and scenic corridor. The land exchange proposal is contained in H.R. 3147.

H.R. 3147 will enable the BLM to consolidate its land ownership in the Merced River region and enhance one of their most important recreational areas in California. At the same time, H.R. 3147 will benefit MID by allowing them to consolidate their ownership of lands in the Lake McClure area.

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Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Continuing this unprecedented bipartisan harmony, we have no objection to this measure and the administration supports this bill.

Mr. Speaker, H.R. 3147 provides for the exchange of lands between the Bureau of Land Management and the Merced Irrigation District. Under the legislation, 179 acres of scattered BLM lands within the irrigation district's water project area would be exchanged for 160 acres of land the irrigation district owns within the boundaries of the Merced Wild and Scenic River.

We have no objection to the measure. The administration supports the bill. It is an even value exchange that will benefit both the irrigation district and the Federal Government.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill H.R. 3147, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

INDIAN HEALTH CARE DEMONSTRATION PROGRAM

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3378) to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing of Medicare, Medicaid, and other third party payors.

The Clerk read as follows:

H.R. 3378

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF CERTAIN DEMONSTRATION PROGRAM.

Section 405(c)(2) of the Indian Health Care Improvement Act (25 U.S.C. 1645(c)(2)) is amended by striking "September 30, 1996" and inserting in lieu thereof "September 30, 1998".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from American Samoa [Mr. FALEOMAVAEGA] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

H.R. 3378 would extend a demonstration project for direct billing of Medicare, Medicaid, and other third party payors. This bill will extend this demonstration project through September 30, 1998, rather than allowing it to sunset at the end of this month.

In 1988, the Indian Health Care Improvement Act established demonstration programs to authorize up to four tribally operated Indian Health Service hospitals or clinics to test methods for direct billing and receipt of payment for health services provided to Medicare and Medicaid eligible patients. The program was established to decide whether these collections could be increased through direct involvement of the tribal health care provider versus the current practice which required such billings and collections to be routed through the Indian Health Service.

Currently, there are four tribal health care providers participating in this demonstration project: the Bristol Bay Area Health Corporation of Dillingham, AK; the South East Alaska Regional Health Consortium of Sitka, AK; the Mississippi Choctaw Health Center of Philadelphia, MS; and the Choctaw Tribe of Oklahoma of Durant, OK. All participants have expressed success and satisfaction with the demonstration project and report dramatically increased collections for Medicare and Medicaid services, thereby providing additional revenues for Indian health programs at these facilities. They also report a significant reduction in the turnaround time between billing and receipt of payment, and increased efficiency by being able to track their own billings and collections. Therefore, they can act quickly to resolve questions and problems.

The Indian Health Service is required to monitor participation and receive quarterly reports from the four participants. The law also requires the Indian Health Service to report to Congress on the demonstration program at the end of fiscal year 1996. This report is to evaluate whether the objectives have been fulfilled, and whether direct billing should be allowed for other tribal providers who operate an entire Indian Health Service facility.

H.R. 3378 extends this demonstration authority for 2 more years to give Congress time to review the report the Indian Health Service must submit on September 30, 1996, and determine the future of the program. Secretary Donna E. Shalala sent a letter to Chairman DON YOUNG on August 1 in support of H.R. 3378 for the administration. I urge my colleagues to support the extension of this productive demonstration program and to vote for final passage of H.R. 3378.

Mr. Speaker, I reserve the balance of my time.

Mr. FALEOMAVAEGA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to offer my support for this bill which would extend for 2 more years an important demonstration project contained in section 405 of the Indian Health Care Improvement Act. This demonstration project allows participating tribes and tribal organizations who operate their own hospitals or clinics to directly bill Medicaid and Medicare for services provided to eligible Indian patients. Direct billing has saved these tribes invaluable time and money that they otherwise would have lost by having to route their billing through the Indian Health Service. By saving the tribes time, the program has allowed the tribes to more efficiently manage their limited resources and improve billing practices, which in turn has generated even more income for these programs. At a time when the national level of need funded [LNF] for most Indian health programs rests at 60–70 percent, these additional dollars make an important difference in the kinds of services and quality of care these tribes can provide.

Mr. Speaker, I believe that this demonstration program has been a remarkable success and hope that in time we will be able to expand this worthwhile project to other tribes and tribal organizations.

Mr. Speaker, I thank the author of this bill, the gentleman from Alaska [Mr. YOUNG], the chairman of the House Resources Committee, and the gentleman from California [Mr. MILLER], the ranking Democrat of the Resources Committee, for their support.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I include for the RECORD a letter from the gentleman from Virginia [Mr. BLILEY], chairman of the Committee on Commerce.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON COMMERCE,
Washington, DC, August 1, 1996.

Hon. DON YOUNG,
Chairman, Committee on Resources,
U.S. House of Representatives,
Washington, DC.

DEAR MR. CHAIRMAN: On June 19, 1996, the Committee on Resources ordered reported H.R. 3378, a bill to amend the Indian Health Care Improvement Act to extend the demonstration program for direct billing of Medicare, Medicaid, and other third party payors. It is my understanding that you would like the Committee on Commerce to be discharged from consideration of this measure.

I have a number of concerns about proceeding in this manner. As you know, this Committee has invested countless hours in Medicaid reform legislation. The status of our reform efforts makes separate consideration of H.R. 3378 somewhat awkward. Despite my position on this matter, I do understand your interest in having H.R. 3378 move forward expeditiously, since authorization for these demonstration projects ends September 30, 1996. Therefore, the Committee on Commerce will agree to be discharged from consideration of this legislation.

By agreeing to be discharged from consideration, this Committee does not waive its jurisdictional interest in the matter. I reserve the right to seek equal conferees during any House-Senate conference that may be convened on this legislation.

I want to thank you and your staff for your assistance in providing the Commerce Committee with a timely opportunity to review its interests in H.R. 3378. I would appreciate your including this letter as a part of the Resource Committee's report on H.R. 3378, and as part of the record during consideration of this bill by the House.

Sincerely,
THOMAS J. BLILEY Jr., *Chairman.*

Mr. DOOLITTLE. Mr. Speaker, I urge passage of this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 3378.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The motion to reconsider was laid on the table.

APACHE NATIONAL FOREST LAND CONVEYANCE

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3547) to provide for the conveyance of a parcel of real property in the Apache National Forest in the State of Arizona to the Alpine Elementary School District 7 to be used for the construction of school facilities and related playing fields, as amended.

The Clerk read as follows:

H.R. 3547

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. LAND CONVEYANCE, APACHE NATIONAL FOREST, ARIZONA.

(a) CONVEYANCE REQUIRED.—(1) The Secretary of Agriculture shall convey, without consideration, to the Alpine Elementary School District 7 of the State of Arizona (in this section referred to as the "School District"), all right, title, and interest of the United States in and to a parcel of real property, including any improvements thereon, consisting of approximately 30 acres located in the Apache National Forest, Apache County, Arizona, and further delineated as follows: North ½ of Northeast ¼ of Southeast ¼ of section 14, Township 5 North, Range 30 East, Gila and Salt River meridian, and North ½ of South ½ of Northeast ¼ of Southeast ¼ of such section.

(2) The exact acreage and legal description of the real property to be conveyed under paragraph (1) shall be determined by a survey satisfactory to the Secretary. The cost of the survey shall be borne by the School District.

(b) CONDITION OF CONVEYANCE.—The conveyance made under subsection (a) shall be subject to the condition that the School District use the conveyed property for public school facilities and related public school recreational purposes.

(c) RIGHT OF REENTRY.—The United States shall retain a right of reentry in the property to be conveyed. if the Secretary determines that the conveyed property is not being used in accordance with the condition in subsection (b), the United States shall have the right to reenter the conveyed property without consideration.

(d) ENCUMBRANCES.—The conveyance made under subsection (a) shall be subject to all encumbrances on the property existing as of the date of the enactment of this Act.

(e) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Secretary considers appropriate to protect the interests of the United States.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from California [Mr. MILLER] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3547, introduced by Mr. HAYWORTH, which would convey 30 acres of land on the Apache National Forest in Apache County, AZ to the Alpine Elementary School District. The school district needs the land to construct school facilities and related playing fields. The school district is willing to purchase the lands; however, the cost is prohibitive.

Eighty-five percent of Apache County is federally controlled land. As a result, school district budgets must rely heavily on their 25-percent share of receipts from national forest timber harvests, designation by law for local schools and roads. Unfortunately, appeals and litigation have halted all logging in Arizona, and as a result the Alpine Elementary School District's revenues have fallen sharply. Without this conveyance, the school district would not be able to afford to construct any facilities after acquiring the land.

H.R. 3547 stipulates that the land can only be used for school facilities. In addition, the school district will bear the costs of performing a survey to determine the exact acreage and legal description of the property.

The Subcommittee of National Parks, Forests and Lands amended H.R. 3547 to revise the acreage description and clarify the Federal Government's interest in the property. It was amended again by the Committee on Resources at the request of the administration to change the Federal interest to a right of reentry if the property is no longer used for public school facilities or related recreational purposes.

I urge the Members of the House to support the school children of Apache County by supporting Mr. HAYWORTH's reasonable bill, H.R. 3547. Once Congress enacts this legislation, the Alpine School District will have the ability to construct the school facilities that these children need and deserve.

Mr. Speaker, I reserve the balance of my time.

Mr. MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

When this bill was originally introduced, there were some concerns, but the committee has amended the legislation to address those, to address those concerns, and we have no objection to this measure.

Mr. Speaker, H.R. 3547 would authorize the conveyance of certain national forest lands in the State of Arizona to the Alpine Elementary School District 7 for use as a school and for school-related recreational facilities.

Although there were initially several concerns with the bill, H.R. 3547 was amended by the Resources Committee to address these issues. The changes made to the bill by the committee bring the bill in line with similar measures previously considered by the House. As a result we have no objection to this measure.

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 3547, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

TECHNICAL CORRECTIONS TO FEDERAL OIL AND GAS ROYALTY MANAGEMENT ACT OF 1982

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4018) to make technical corrections in the Federal Oil and Gas Royalty Management Act of 1982.

The Clerk read as follows:

H.R. 4018

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TECHNICAL CORRECTIONS.

The Federal Oil and Gas Royalty Management Act of 1982 is amended as follows:

(1) In section 3(25)(B) strike the word "provision" and insert in lieu thereof the word "provisions".

(2) In the second sentence of section 115(l) insert the word "so" before the word "demonstrate".

(3) In the first sentence of section 111(i) insert the word "not" after the word "shall".

(4) In the first sentence of section 111(j) strike the word "rate" and insert in lieu thereof the word "date".

(5) In the third and fourth sentences of section 111(j) strike the word "owned" and insert in lieu thereof the word "owed".

(6) In the third sentence of section 111(k)(4) strike the word "dues" and insert in lieu thereof the word "due".

(7) In section 117(b)(1)(C) strike the word "it" and insert in lieu thereof the word "its".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from Hawaii [Mr. ABERCROMBIE] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4018, a bill making technical corrections to the Federal Oil and Gas Royalty Management Act of 1982, as amended. This corrections bill is necessary because H.R. 1975, the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996, which we passed on July 16, 1996, in the House of Representatives and the Senate passed on August 2, contained typographical errors of commission and omission. H.R. 1975 amended the 1982 royalty management law. Senate Concurrent Resolution 70 was prepared and unanimously adopted in that body to instruct the House enrolling clerk to make the corrections to H.R. 1975, but the House had already recessed for the August district work period by the time that the other body had acted.

Working with administration officials, congressional leaders decided to send the uncorrected bill to the President for signature with the promise of a forthcoming corrections bill. Mr. Speaker, H.R. 4018 fulfills that obligation. I understand that the minority is in agreement with the technical corrections to law set forth in this bill, as is the administration. I urge my colleagues to pass the bill.

Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from California [Mr. DOOLITTLE] indicated, the administration is in favor of this bill before us on the basis of the technical corrections that are contained in it. I have a copy of the statement of the administration policy on that.

Mr. Speaker, as previously indicated, these are technical amendments to correct inadvertent errors in the royalty fairness bill that was enacted prior to the August recess. The bill was signed by President Clinton at a ceremony in Wyoming.

I want to make clear for other Members who may not be entirely familiar with the legislation that the technical amendments clarify the requirements and the provisions for Government paying interest on overpayments as well as addressing some typographical errors.

□ 1445

Mr. Speaker, I yield back the balance of my time.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 4018.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

HISTORICALLY BLACK COLLEGES AND UNIVERSITIES RESTORATION AND PRESERVATION ACT

Mr. DOOLITTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1179) to authorize appropriations for the preservation and restoration of historic buildings at historically black colleges and universities, as amended.

The Clerk read as follows:

H.R. 1179

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES HISTORIC BUILDING RESTORATION AND PRESERVATION.

(a) AUTHORITY TO MAKE GRANTS.—From the amounts made available to carry out the National Historic Preservation Act, the Secretary of the Interior shall make grants in accordance with this section to eligible historically black colleges and universities for the preservation and restoration of historic buildings and structures on the campus of these institutions.

(b) GRANT CONDITIONS.—Grants made under subsection (a) shall be subject to the conditions that the grantee covenants, for the period of time specified by the Secretary that—

(1) no alteration will be made in the property with respect to which the grant is made without the concurrence of the Secretary; and

(2) reasonable public access to the property with respect to which the grant is made will be permitted by the grantee for interpretive and educational purposes.

(c) MATCHING REQUIREMENT FOR BUILDINGS AND STRUCTURES, LISTED ON THE NATIONAL REGISTER OF HISTORIC PLACES.—(1) Except as provided by paragraph (2), the Secretary may obligate funds made available under this section for a grant with respect to a building or structure listed on, or eligible for listing on, the National Register of Historic Places only if the grantee agrees to match from funds derived from non-Federal sources, the amount of the grant with an amount that is equal or greater than the grant.

(2) The Secretary may waive paragraph (1) with respect to a grant if the Secretary determines from circumstances that an extreme emergency exists or that such a waiver is in the public interest to assure the preservation of historically significant resources.

(d) FUNDING PROVISION.—Pursuant to section 108 of the National Historic Preservation Act, $29,000,000 shall be made available to carry out the purposes of this section. Of amounts made available pursuant to this section, $5,000,000 shall be available for grants to Fisk University, $2,500,000 shall be available for grants to Knoxville College, $2,000,000 shall be available for grants to Miles College, Alabama, $1,500,000 shall be available for grants to Talladega College, Alabama, $1,550,000 shall be available for grants to Selma University, Alabama, $250,000 shall be available for grants to Stillman College, Alabama, $200,000 shall be available for grants to Concordia College, Alabama $2,900,000 shall be available for grants to Allen University, South Carolina, $1,000,000 shall be available for grants to Claflin College, South Carolina, $2,000,000 shall be available for grants to Voorhees College, South Carolina, $1,000,000 shall be available for grants to Rust College, Mississippi, and $3,000,000 shall be available for grants to Tougaloo University, Mississippi.

(e) REGULATIONS.—The Secretary shall develop such guidelines as may be necessary to carry out this section.

(f) DEFINITIONS.—For the purposes of this section:

(1) HISTORICALLY BLACK COLLEGES.—The term "historically black colleges and universities" has the same meaning given the term "part B institution" by section 322 of the Higher Education Act of 1965 (20 U.S.C. 1061).

(2) HISTORIC BUILDING AND STRUCTURES.—The term "historic building and structures" means a building or structure listed on, or eligible for listing on, the National Register of Historic Places or designated a National Historic Landmark.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California [Mr. DOOLITTLE] and the gentleman from Hawaii [Mr. ABERCROMBIE] each will control 20 minutes.

The Chair recognizes the gentleman from California [Mr. DOOLITTLE].

Mr. DOOLITTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1179, a bill authored by Mr. CLEMENT to authorize appropriations for preservation of significant historic buildings on the campuses of black colleges and universities.

This authorization provides statutory authorization of an initiative begun during the Bush administration by former Secretary of the Interior Manuel Lujan under which funding is provided from the historic preservation fund to preserve important historic buildings on the campuses of historically black colleges and universities. This program has been supported by Congress over the last few years through the appropriation process, where several million dollars has been provided annually.

Mr. Speaker, there are now over 800,000 buildings, sites, and objects on the National Register of Historic Places. Each year Congress appropriates $30–$40 million for historic preservation purposes; yet, unbelievably, virtually none of this money goes to fix up the many historically significant buildings around the country. Instead, these Federal funds go almost exclusively to studies, planning, and permitting. With this legislation, we are saying that some Federal funds will be directed to the bricks and mortar work of actually fixing up important historic buildings.

I commend the bill's authors, Mr. CLEMENT and Mr. DUNCAN for bringing this important bill forward, and urge all my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, H.R. 1179, as introduced by the gentleman from Tennessee [Mr. CLEMENT], authorizes appropriations for the preservation and restoration of historic buildings at historically black colleges and universities [HBCU's]. This is a worthy endeavor. Many of us supported similar legislation in the 103d Congress.

Many of the historic structures located on historically black colleges are threatened, and a significant effort is needed to preserve and protect them. The Department of the Interior, in cooperation with the United Negro College Fund has launched a project to preserve these structures. H.R. 1179 provides the necessary legislative authorization to carry out these important projects.

The Committee on Resources has held hearings in each of the last two Congresses on this legislative proposal. Each time we have heard moving testimony on the historic importance of many of these structures in furthering educational opportunities. Several of these historic buildings were constructed by the students themselves.

H.R. 1179 differs slightly from what we passed in the 103d Congress with several changes made to the bill during committee consideration. However, as indicated by the gentleman from California [Mr. DOOLITTLE], Members on both sides have worked to maintain broad bipartisan support for the legislation, and I think and I trust that all parties can be satisfied with the final product, and I urge approval of the bill at this time.

Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, I thank our fine gentleman from Hawaii [Mr. ABERCROMBIE], who does such a wonderful job for all of us representing this country and his State and district for yielding.

Mr. ABERCROMBIE. Mr. Speaker, if the gentleman will yield, I did say that the gentleman from Tennessee [Mr. CLEMENT] could have such time as he wanted to consume; if he wants to pursue that particular line, he is allowed to do that.

Mr. CLEMENT. Mr. Speaker, I rise today in support of H.R. 1179. This legislation authorizes appropriations for the preservation and restoration of historic buildings of our Nation's historically black colleges and universities.

I wish to thank the Committee on Resources chairman, the gentleman from Alaska [Mr. YOUNG], and ranking member, the gentleman from California [Mr. MILLER], for facilitating this bill's arrival onto the House floor. In addition, I wish to thank my good friend and colleague, the honorable gentleman from Tennessee [Mr. DUNCAN] for his dedicated assistance in moving this legislation forward every step of the way.

In March 1995, I introduced H.R. 1179 with broad bipartisan support. It is a modest bill designed to help our historically black colleges and universities repair and preserve the history represented by the buildings on their campuses.

We have taken a fiscally responsible approach in this measure, significantly cutting back on our original monetary request to $29 million today.

As a former college president, I have a somewhat unique perspective on the needs of our schools. I understand how vanquishing these needs can strengthen our schools. I appreciate how restoring a school's vigor can revitalize the students, the faculty, the collective whole of the academic community.

Damage to our Nation's educational facilities should no more be tolerated than damage to our students who learn there. Did my colleagues ever live in a dorm room where moisture seeped through walls and ceiling? Did my colleagues ever attempt to learn a lesson in a classroom with faulty wiring, where sufficient lighting cannot be guaranteed?

Educators and students continually endure these conditions all around the country. Mostly, they deal with these crises on their own. But with limited resources, most institutions cannot hope to meet every demand.

Some of my colleagues may wonder why H.R. 1179 limits its scope to historically black colleges and universities.

As my colleagues know, our historically black colleges and universities have had a unique role in educating African-Americans. Racism in the mid-19th and early 20th centuries barred African-Americans from most higher education opportunities.

As a result, many colleges and universities devoted to educating African-Americans were established, predominantly in the South. Notwithstanding the creation of land-grant colleges under the 1890 Second Morrill Act, State and Federal Governments did not allocate sufficient land and financial resources to support these institutions.

Therefore, many of the schools came to rely on the generous support of private benefactors and charitable organizations. Many also came to rely on the sweat and tears of their own facility and students.

That is why H.R. 1179 is so necessary. We owe it to our historic institutions to provide a helping hand for their celebrated landmarks. We owe it to our students to help provide them with conditions most conducive to learning. We owe it to our country to ensure that we do not fail our children.

Mr. Speaker, when one walks on a college or university campus and it is run down, it is not up to par, they know that is a reflection on the institution. It keeps them from increasing the enrollment, and it also keeps a lot of people from contributing to those universities. But if one walks on a college campus, and it is an uplifting feeling to see that that physical, the physical structure, is in good shape and good condition, that is what we are trying to do. It will help raise private dollars where it will be a public/private venture for the future to help educate our people.

If we want to solve these problems in this country, I do not know of a better, easier way than to invest in education. If we do that, we can solve many of these problems that exist today and build and keep a strong middle class, which has been the backbone of the United States of America.

Mr. ABERCROMBIE. Mr. Speaker, I do not believe that there are any further statements from this side, so I will reserve the balance of my time at this time in case a Member comes.

Mr. DOOLITTLE. Mr. Speaker, I yield such time as he may consume to the gentleman from Tennessee [Mr. DUNCAN], a cosponsor of the bill.

Mr. DUNCAN. Mr. Speaker, I thank the gentleman from California [Mr. DOOLITTLE] for yielding this time to me, and I rise in support of H.R. 1179, which was introduced originally by my colleague, the gentleman from Tennessee [Mr. CLEMENT], and I certainly commend him for his work on this project. The chairman and ranking member of the committee have been recognized, and I appreciate their support, but I also appreciate the support of the gentleman from Utah [Mr. HANSEN], chairman of the Subcommittee on National Parks, Forests and Lands, who was also instrumental in this bill.

I am proud to be an original cosponsor of this bill, and I am proud of the work that we have done on it in the Committee on Resources. I supported this legislation because it benefits one of this Nation's most important resources, our historically black colleges and universities.

H.R. 1179 will provide matching grants for restoration and preservation of historic buildings on campuses of historically black colleges and universities.

During the 103d Congress almost identical legislation passed the House by a voice vote. Unfortunately, the bill did not make it to the President before the 103d Congress adjourned.

The major difference in this bill and the one passed in the 103d Congress is the cost. Mr. Speaker, we have reduced the cost of this legislation by $35 million over the legislation passed in the last Congress.

My family and I have been especially close to one historical black college which is specifically mentioned in this bill, Knoxville College. My father was a member of the Knoxville College board of trustees for many years, as was my mother. Knoxville College, along with other historical black colleges and black universities, has produced some of the best leaders, some of the finest leaders, we have in this Nation today. In fact, some of our past and present colleagues in the House have attended and graduated from historically black colleges and universities.

Mr. Speaker, if we want to ensure that minority individuals are trained and educated to make the maximum contribution to American society, it is in our self-interest to invest in institutions which prepare them for tomorrow's technological, educational, and commercial challenges.

This Nation needs black colleges and universities because they have produced and do produce some of the best and brightest in every field of endeavor. The investment called for in this bill is a very modest one, but a very wise one.

Most of our Federal money, Mr. Speaker, goes to our largest universities, most often State universities. The colleges that are helped by this bill are usually, for the most part, very small colleges, but not everyone in this country, not every student, belongs in a gigantic State university. Some students, many students, need the environment that a small college offers them, and I think this is very good legislation.

Mr. Speaker, I urge support for this legislation, and I urge my colleagues to support this legislation, and I urge that it be passed.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today in support of H.R. 1179, a bill to preserve historic buildings at 10 historically black colleges and universities in 4 States.

These historic buildings provide an invaluable glimpse into the collective history and individual stories of traditionally black colleges and universities in the United States of America.

The buildings are already listed on the National Register of Historic Places. Preserving these structures is important for the same reason that the study of history is important; they provide a window to a certain time and place and allow us to judge where we are now and how far we have come.

The $29 million that this bill provides is a worthwhile investment dedicated to preserving a sense and feeling of history on the campuses of black colleges and universities across our country. It is important to note that these institutions will provide matching funds to restore and renovate buildings.

For more than 100 years, these 10 institutions have trained individuals who have made valuable contributions to American society and these funds will assist these colleges and universities in continuing to produce leaders and scholars for the 21st century.

Mr. THOMPSON. Mr. Speaker, I rise in support of the Historically Black Colleges Historic Building Restoration and Preservation Act. From Civil War battles to civil rights marches, the campuses of historically black colleges and universities [HBCU's] have been the site of many significant events in America's history. Scattered throughout the Nation, many of these institutions of higher learning have fostered the academic development of African-Americans for over a century.

The rising price of historic preservation compounded by years of low funding and neglect have left many historic buildings on the campuses of HBCU's in poor condition. The $29 million in grants this bill authorizes is desperately needed for the rehabilitation of these structures. By providing matching funds, HBCU's will be able to restore these prominent landmarks for the enjoyment of local communities and the benefit of future students.

Of the $29 million in grants authorized to this bill, there are also several colleges that are earmarked to receive funds because of their important contributions to the education of African-Americans in their areas. This bill authorizes $3 million for historic preservation at Tougaloo College and $1 million for Rust College, both located in Mississippi. At Tougaloo these funds will be used to repair prominent buildings such as the Mansion, a 13-room home built in 1848. Rust College will use these funds to ensure the survival of many structures, including Oakview Hall which served as an office for the Holly Springs Slave market and as quarters of General Grant's troops during the Civil War.

Most Americans agree that education provides the best chance of preparing today's youth to lead the Nation in the next century. Although Thomas Jefferson's dream of educational opportunity for every American has not yet been reached, legislation like H.R. 1179 takes positive steps toward its fulfillment. The supporters of this bill should be commended for their commitment to providing the colleges and universities that serve African-Americans with the resources needed to provide an educational atmosphere that protects the past as a means of inspiring the future.

Mr. DOOLITTLE. Mr. Speaker, I reserve the balance of my time.

Mr. ABERCROMBIE. Mr. Speaker, I have no further requests for time, although I imagine, because of today's schedule, some who might have wanted to speak were not able to be here, and I presume their statements will be made at another point in the RECORD.

Mr. Speaker, I yield back the balance of my time on this bill.

Mr. DOOLITTLE. Mr. Speaker, I urge passage of the bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California [Mr. DOOLITTLE] that the House suspend the rules and pass the bill, H.R. 1179, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1500

NATIONAL MARINE SANCTUARIES PRESERVATION ACT

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3487) to reauthorize the National Marine Sanctuaries Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3487

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Marine Sanctuaries Preservation Act".

SEC. 2. AMENDMENT OF NATIONAL MARINE SANCTUARIES ACT.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of National Marine Sanctuaries Act (16 U.S.C. 1431–1445a).

SEC. 3. REAUTHORIZATION OF THE NATIONAL MARINE SANCTUARIES ACT.

Section 313 (16 U.S.C. 1444) is amended to read as follows:

"SEC. 313. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to the Secretary to carry out this title—

"(1) $12,000,000 for fiscal year 1997;

"(2) $15,000,000 for fiscal year 1998; and

"(3) $18,000,000 for fiscal year 1999.".

SEC. 4. MANAGEMENT, RECOVERY, AND PRESERVATION PLAN FOR U.S.S. MONITOR.

The Secretary of Commerce shall, within 12 months after the date of the enactment of this Act, prepare and submit to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a long-range, comprehensive plan for the management, stabilization, preservation, and recovery of artifacts and materials of the United States Ship Monitor. In preparing and implementing the plan, the Secretary shall to the extent feasible utilize the resources of other Federal and private entities with expertise and capabilities that are helpful.

SEC. 5. PUBLICATION OF NOTICE OF CERTAIN ADVISORY COUNCIL MEETINGS.

Section 315(e)(3) (16 U.S.C. 1445a(e)(3)) is amended by inserting before the period at the end the following: ", except that in the case of a meeting of an Advisory Council established to provide assistance regarding any individual national marine sanctuary the notice is not required to be published in the Federal Register".

SEC. 6. ENHANCING SUPPORT FOR NATIONAL MARINE SANCTUARIES.

(a) INCORPORATION OF EXISTING PROVISION.—Section 316 (16 U.S.C. 1445 note) is redesignated as section 317, section 2204 of the National Marine Sanctuaries Program Amendments Act of 1992 (106 Stat. 5049) is moved so as to appear in the National Marine Sanctuaries Act following section 315, and that moved section is designated as section 316 of the National Marine Sanctuaries Act.

(b) AMENDMENT OF INCORPORATED SECTION.—Section 316, as moved and designated by subsection (a) of this section, is amended as follows:

(1) Subsections (a), (g), and (h) are struck, and subsections (b), (c), (d), (e), and (f) are redesignated as subsections (a), (b), (c), (d), and (e), respectively.

(2) In subsection (a), as so redesignated, the matter preceding paragraph (1) is struck and the following is inserted:

"(a) AUTHORITY.—The Secretary may establish a program consisting of—".

(3) In subsection (a)(5), as so redesignated—

(A) "establishment" is struck and "solicitation" is inserted; and

(B) "fees" is struck and "monetary or in-kind contributions" is inserted.

(4) In subsection (a)(6), as so redesignated—

(A) "fees" is struck and "monetary or in-kind contributions" is inserted;

(B) "paragraph (5)" is struck and "paragraphs (5) and (6)" is inserted;

(C) "assessed" is struck and "collected" is inserted; and

(D) "in an interest-bearing revolving fund" is struck.

(5) In subsection (a)(7), as so redesignated—

(A) "and use" is inserted after "expenditure";

(B) "fees" is struck and "monetary and in-kind contributions" is inserted; and

(C) "and any interest in the fund established under paragraph (6)" is struck.

(6) In subsection (a), as so redesignated, paragraphs (5), (6), and (7) are redesignated in order as paragraphs (6), (7), and (8), and the following new paragraph is inserted after paragraph (4):

"(5) the creation, marketing, and selling of products to promote the national marine sanctuary program, and entering into exclusive or nonexclusive agreements authorizing entities to create, market or sell on the Secretary's behalf;".

(7) The following new sentence is added at the end of subsection (a), as so redesignated: "Monetary and in-kind contributions raised through the sale, marketing, or use of symbols and products related to an individual national marine sanctuary shall be used to support that sanctuary.".

(8) In subsection (e), as so redesignated—

(A) paragraph (2) is struck;

(B) in paragraph (1), "(1)" is struck, and subparagraphs (A), (B), (C), and (D) are redesignated as paragraphs (1), (2), (3), and (4); and

(C) in paragraph (3), as so redesignated, "fee" is struck and "monetary or in-kind contribution" is inserted.

(9) In each of subsections (b), (c), and (d), as so redesignated, by striking "subsection (b)" and inserting "subsection (a)".

SEC. 7. HAWAIIAN ISLANDS NATIONAL MARINE SANCTUARY.

(a) INCLUSION OF KAHOOLAWE ISLAND WATERS.—Section 2305 of the Hawaiian Islands

National Marine Sanctuary Act (16 U.S.C. 1433 note) is amended—

(1) in subsection (a)—

(A) by striking "(A)" and inserting "(a)"; and

(B) by striking "the area described in subsection (b) is" and inserting "the area described in subsection (b)(1) and any area included under subsection (b)(2) are";

(2) by amending subsection (b)(2) to read as follows:

"(2)(A) Within 6 months after the date of receipt of a request in writing from the Kahoolawe Island Reserve Commission for inclusion within the Sanctuary of the area of the marine environment within 3 nautical miles of the mean high tide line of Kahoolawe Island (in this section referred to as the 'Kahoolawe Island waters'), the Secretary shall determine whether those waters may be suitable for inclusion in the Sanctuary.

"(B) If the Secretary determines under subparagraph (A) that the Kahoolawe Island waters may be suitable for inclusion within the Sanctuary—

"(i) the Secretary shall provide notice of that determination to the Governor of Hawaii; and

"(ii) the Secretary shall prepare a supplemental environmental impact statement, management plan, and implementing regulations for that inclusion in accordance with this Act, the National Marine Sanctuaries Act, and the National Environmental Policy Act of 1969."; and

(3) by amending subsection (c) to read as follows:

"(c) EFFECT OF OBJECTION BY GOVERNOR.—(1)(A) If, within 45 days after the date of issuance of the comprehensive management plan and implementing regulations under section 2306, the Governor of Hawaii certifies to the Secretary that the management plan, the implementing regulations, or any term of the plan or regulations is unacceptable, the management plan, regulation, or term, respectively, shall not take effect in the area of the Sanctuary lying within the seaward boundary of the State of Hawaii.

"(B) If the Secretary considers that an action under subparagraph (A) will affect the Sanctuary in such a manner that the policy or purposes of this title cannot be fulfilled, the Secretary may terminate the designation under subsection (a). At least 30 days before that termination, the Secretary shall submit written notice of the termination to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

"(2)(A) If, within 45 days after the Secretary issues the documents required under subsection (b)(2)(B)(ii), the Governor of Hawaii certifies to the Secretary that the inclusion of the Kahoolawe Island waters in the Sanctuary or any term of that inclusion is unacceptable—

"(i) the inclusion or the term shall not take effect; and

"(ii) subsection (b)(2) shall not apply during the 3-year period beginning on the date of that certification.

"(B) If the Secretary considers that an action under subparagraph (A) regarding a term of the inclusion of the Kahoolawe Island waters will affect the inclusion or the administration of the Kahoolawe Island waters as part of the Sanctuary in such a manner that the policy or purposes of this title cannot be fulfilled, the Secretary may terminate that inclusion.".

(b) LIMITATION ON USER FEES.—The Hawaiian Islands National Marine Sanctuary Act (16 U.S.C. 1433 note) is further amended by redesignating section 2307 as section 2308, and by inserting after section 2306 the following new section:

"SEC. 2307. LIMITATION ON USER FEES.

"(a) LIMITATION.—The Secretary shall not institute any user fee under this Act or the National Marine Sanctuaries Act for any activity within the Hawaiian Islands National Marine Sanctuary or any use of the Sanctuary or its resources.

"(b) USER FEE DEFINED.—In this section, the term 'user fee' does not include—

"(1) any fee authorized by section 310 of the National Marine Sanctuaries Act;

"(2) any gift or donation received under section 311 of that Act; and

"(3) any monetary or in-kind contributions under section 316 of that Act.".

SEC. 8. FLOWER GARDEN BANKS BOUNDARY MODIFICATION.

(a) MODIFICATION.—Notwithstanding section 304 of the National Marine Sanctuaries Act (16 U.S.C. 1434), the boundaries of the Flower Garden Banks National Marine Sanctuary, as designated by Public Law 102-251, are amended to include the area described in subsection (d), popularly known as Stetson Bank. This area shall be part of the Flower Garden Banks National Marine Sanctuary and shall be managed and regulated as though it had been designated by the Secretary of Commerce under the National Marine Sanctuaries Act.

(b) DEPICTION OF SANCTUARY BOUNDARIES.—The Secretary of Commerce shall—

(1) prepare a chart depicting the boundaries of the Flower Garden Banks National Marine Sanctuary, as modified by this section; and

(2) submit copies of this chart to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

(c) APPLICATION OF REGULATIONS.—Regulations issued by the Secretary of Commerce to implement the designation of the Flower Garden Banks National Marine Sanctuary shall apply to the area described in subsection (d), unless modified by the Secretary. This subsection shall take effect 45 days after the date of enactment of this Act.

(d) AREA DESCRIBED.—

(1) IN GENERAL.—Except as provided in paragraph (2), the area referred to in subsections (a), (b), and (c) is the area that is—

(A) generally depicted on the Department of the Interior, Minerals Management Service map titled "Western Gulf of Mexico, Lease Sale 143, September 1993, Biologically Sensitive Areas, Map 3 of 3, Final";

(B) labeled "Stetson" on the High Island Area South Addition diagram on that map; and

(C) within the 52 meter isobath.

(2) MINOR BOUNDARY ADJUSTMENTS.—The Secretary of Commerce may make minor adjustments to the boundaries of the area described in paragraph (1) as necessary to protect living coral resources or to simplify administration of the Flower Garden Banks National Marine Sanctuary and to establish precisely the geographic boundaries of Stetson Bank. The adjustments shall not significantly enlarge or otherwise alter the size of the area described in paragraph (1), and shall not result in the restriction of oil and gas activities otherwise permitted outside of the "no activity" zone designated for Stetson Bank as that zone is depicted on the Minerals Management Service map entitled "Final Notice of Sale 161, Western Gulf Mexico, Biological Stipulation Map Package".

(e) PUBLICATION OF NOTICE.—

(1) IN GENERAL.—The Secretary of Commerce shall, as soon as practicable after the date of the enactment of this Act, publish in the Federal Register a notice describing—

(A) the boundaries of the Flower Garden Banks National Marine Sanctuary, as modified by this section, and

(B) any modification of regulations applicable to that Sanctuary that are necessary to implement that modification of the boundaries of the Sanctuary.

(2) TREATMENT AS NOTICE REQUIRED UNDER NATIONAL MARINE SANCTUARIES ACT.—A notice published under paragraph (1) shall be considered to be the notice required to be published under section 304(b)(1) of the National Marine Sanctuaries Act (16 U.S.C. 1434(b)(1)).

(f) AUTHORIZATION OF APPROPRIATIONS.—Amounts may be appropriated to carry out this section under the authority provided in section 313 of the National Marine Sanctuaries Act, as amended by this Act.

SEC. 9. MISCELLANEOUS TECHNICAL CORRECTIONS.

(a) Section 301(b)(2) of the National Marine Sanctuaries Act (16 U.S.C. 1431(b)(2)) is amended by striking the period at the end and inserting a semicolon.

(b) Section 302 of the National Marine Sanctuaries Act (16 U.S.C. 1432) is amended—

(1) in paragraph (6) by striking ", and" at the end of subparagraph (C) and inserting a semicolon; and

(2) in paragraph (7) by striking "and" after the semicolon at the end.

(c) Section 307(e)(1)(A) of the National Marine Sanctuaries Act (16 U.S.C. 1437(e)(1)(A)) is amended by inserting "of 1980" before the period at the end.

(d) Section 2109 of the National Marine Sanctuaries Program Amendments Act of 1992 (106 Stat. 5045) is amended by striking the open quotation marks before "Section 311".

(e) Section 2110(d) of the National Marine Sanctuaries Program Amendments Act of 1992 (106 Stat. 5046) is deemed to have amended section 312(b)(1) of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1443(b)(1)) by inserting "or authorize" after "undertake".

(f) The material added to the Marine Protection, Research, and Sanctuaries Act of 1972 by section 2112 of the National Marine Sanctuaries Program Amendments Act of 1992 (106 Stat. 5046)—

(1) is deemed to have been added by that section at the end of title III of the Marine Protection, Research, and Sanctuaries Act of 1972; and

(2) shall not be considered to have been added by that section to the end of the Marine Protection, Research, and Sanctuaries Act of 1972.

(g) Section 2202(e) of the National Marine Sanctuaries Program Amendments Act of 1992 (16 U.S.C. 1433 note) is amended by striking "section 304(e)" and inserting "304(d)".

(h) Section 304(b)(3) of the National Marine Sanctuaries Act (16 U.S.C. 1434(b)(3)) is amended—

(1) by striking subparagraphs (B) and (C);

(2) by moving the text of subparagraph (A) so as to begin at the end of the line on appears the heading for paragraph (3);

(3) by moving clauses (i) and (ii) of subparagraph (A) 2 ems to the left, so that the left margins of clauses (i) and (ii) are aligned with the left margin of paragraph (3);

(4) by striking "(A) In" and inserting "In";

(5) by striking "(i)" and inserting "(A)"; and

(6) by striking "(ii)" and inserting "(B)".

SEC. 10. NORTHWEST STRAITS.

(a) NORTHWEST STRAITS MARINE RESOURCES PROTECTION ADVISORY COMMITTEE.—(1) There shall be established, within 120 days after the date of enactment of this subsection, the Northwest Straits Marine Resources Protection Advisory Committee, consisting of 11 members appointed by the Secretary of Commerce, at least 8 of whom are appointed in accordance with paragraph (2) and at least 1 of whom is appointed from each of the following counties in western Washington: Jefferson, San Juan, Island, Whatcom, Skagit, Snohomish, and Clallam. This Advisory Committee shall be exempt from the Federal Advisory Committee Act.

(2) The Secretary of Commerce shall appoint members of the Advisory Committee from a list of individuals submitted by each county specified in paragraph (1), in accordance with the following requirements:

(A) A county may not submit the names of individuals to the Secretary for appointment unless the county has determined that each individual, by reason of his or her occupational or other experience, scientific expertise, or training, is knowledgeable regarding the conservation and management, or the commercial or recreational harvest or use, of the marine resources of the Northwest Straits.

(B) Each list shall include the names and pertinent biographical data of not less than 3 individuals for each applicable vacancy and shall be accompanied by a statement by the county explaining how each individual meets the requirements under paragraph (1).

(C) The Secretary shall review each list submitted by a county to ascertain if the individuals on the list are qualified for the vacancy on the basis of the requirements under subparagraph (A). If the Secretary determines that no individual on a county's list is qualified, the Secretary shall notify the county in writing of that determination, and provide the county an explanation of that determination. The county shall then submit a revised list or resubmit the original list with an additional explanation of the qualifications of the individuals in question.

(b) ADVISORY COMMITTEE REPORT.—Within 1 year of the enactment of this Act, the Advisory Committee established under subsection (a) shall report to the Secretary of Commerce on the adequacy of existing marine resources protection under local, State, and Federal laws in the Northwest Straits. This report shall recommend whether a special resources management area is necessary to protect the marine resources of the Northwest Straits. If the Advisory Committee recommends that a special resources management area is necessary, then the report shall specify whether that area should constitute a non-Federal management area, a national marine sanctuary, or some other form. The Secretary shall make available to the Advisory Committee any staff, information, administrative services, or other assistance reasonably required to carry out its functions.

(c) SUBMISSION OF NORTHWEST STRAITS DRAFT ENVIRONMENTAL IMPACT STATEMENT.—The Secretary of Commerce shall not issue a draft Environmental Impact Statement under the National Environmental Policy Act of 1969 on a national marine sanctuary in the Northwest Straits until receipt of the report required under subsection (b). If the Secretary issues a draft Environmental Impact Statement, it shall include the Advisory Committee's recommendation as an alternative.

(d) SUBMISSION OF DOCUMENTS.—In the case of a national marine sanctuary in the Northwest Straits, on the same day the notice required by section 304(a)(1)(A) of the National Marine Sanctuaries Act is issued, the Secretary of Commerce shall submit the documents required by section 304(a)(1)(C) of the National Marine Sanctuaries Act to the Advisory Committee established under subsection (a) and shall publish notice of that submission in the Federal Register. The Advisory Committee shall then within 60 days review those documents and make recommendations to the Secretary regarding designation. Upon receipt of the recommendations of the Advisory Committee, the Secretary shall submit the documents required by section 304(a)(1)(A) of the National Marine Sanctuaries Act along with recommendations of the Advisory Committee to the Committee on Resources of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate.

(e) CONGRESSIONAL AUTHORIZATION OF DESIGNATION REQUIRE.—No designation of an area in the Northwest Straits as a national marine sanctuary under the National Marine Sanctuaries Act shall take effect unless that designation is specifically authorized by a law enacted after the date of publication of the notice of submission required under subsection (d).

(f) DEFINITIONS.—

(1) NORTHWEST STRAITS.—In this section the term "Northwest Straits" means the area generally described as the Washington State Nearshore area in the notice published by the Secretary of Commerce in the Federal Register on August 4, 1983.

(2) COUNTY.—In subsection (a)(2), the term "county" means each local elected legislative body that represents a county specified in subsection (a)(1).

SEC. 11. DESIGNATION OF GERRY E. STUDDS STELLWAGEN BANK NATIONAL MARINE SANCTUARY.

The Stellwagen Bank National Marine Sanctuary shall be known and designated as the "Gerry E. Studds Stellwagen Bank National Marine Sanctuary". Any reference in a law, map, regulation, document, paper, or other record of the United States to that national marine sanctuary shall be deemed to be a reference to the "Gerry E. Studds Stellwagen Bank National Marine Sanctuary".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR] each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today we are considering H.R. 3487, which was introduced on May 16 by the gentleman from California [Mr. FARR] and by me. I might say at this point, Mr. Speaker, that so often partisanship seems to be the byword around these chambers. In this case, partisanship, as far as I can determine, played no part whatsoever. The gentleman from California [Mr. FARR], and I and others worked together as Republicans and Democrats on a very amicable basis, and I believe produced a product which reflects that kind of bipartisanship.

We introduced this bill to reauthorize the National Marine Sanctuaries Act through the year 1999.

The National Marine Sanctuaries Act is implemented by the National Oceanic and Atmospheric Administration through the National Marine Sanctuaries Program. The mission of this program is to protect significant marine environmental and cultural resources while ensuring the continuation of all compatible public and private uses. To accomplish this, the program oversees a system of specially managed marine areas. These areas include highly valuable environmental and historical features.

Over the past 21 years 14 national marine sanctuaries have been designated off our Nation's shore, from Massachusetts to Florida to the Gulf of Mexico and Hawaii. Two more are active candidates for designation, one in the Great Lakes and one in the waters of Washington State.

H.R. 3487 authorizes funding for the National Marine Sanctuaries Program through the year 1999; directs the Secretary of Commerce to prepare and submit to Congress a long-range plan for management, recovery, and preservation of the U.S.S. *Monitor;* authorizes the Secretary to designate sponsors for the sanctuary program to create, market, and sell symbols and products to promote them; and designates that the money collected from those items sold at the sanctuary can be retained and used by that sanctuary.

This bill also adds Stetson Bank to the Flower Garden Banks National Marine Sanctuary in Texas; simplifies the designation process for a minor addition to the Hawaiian Islands Humpback Whale National Marine Sanctuary and prohibits user fees in that sanctuary; and establishes an advisory committee, and this was of special import to the gentleman from Washington, Mr. JACK METCALF, establishes an advisory committee on the Northwest Straits Sanctuary proposal, and requires congressional approval for designation of that sanctuary. These are small changes that will allow the system to operate more effectively and efficiently and to be more responsive to the public's concerns.

Finally, of special interest to me and to other members of the committee, H.R. 3487 renames the Stellwagon Bank National Marine Sanctuary in honor of our colleague, the gentleman from Massachusetts, GERRY STUDDS.

As many of my colleagues know, the gentleman from Massachusetts [Mr. STUDDS] has been a Member of the Congress for 24 years and has announced his retirement. The gentleman from Massachusetts [Mr. STUDDS] replaced Walter Jones in 2½, actually almost 4 years now as chairman of the Committee on Merchant Marine and Fisheries, and acted at that time as well as chairman of the Fish and Wildlife Subcommittee, and became the ranking member of the Subcommittee on Fisheries, Wildlife and Oceans in this term under the auspices of the current committee setup.

I would just like to say also, Mr. Speaker, that were it not for the gentleman from Massachusetts, GERRY STUDDS, and his ideas and his enthusiasm and the effort that he has put into his committee work, many of the programs and projects that we have worked on on a bipartisan basis simply would not be. So it is because he was instrumental in getting Stellwagon designated as a sanctuary, and by naming it in his honor we recognize his outstanding leadership in marine protection efforts during the past two decades plus of years of service in the House.

We also reauthorize the National Marine Sanctuaries Act this year, and by doing so we will demonstrate our collective commitment to protecting and wisely managing our Nation's marine natural resources. Therefore, I urge a "yea" vote on H.R. 3487.

Mr. Speaker, I reserve the balance of my time.

Mr. FARR of California. I yield myself such time as I may consume, Mr. Speaker.

Mr. Speaker, I rise in strong support of H.R. 3487. I want to thank the chairman, the gentleman from New Jersey [Mr. SAXTON], for the great bipartisan cooperation in which we have come to work together to produce this piece of legislation. This bill continues our subcommittee's success under his leadership in crafting a sound, bipartisan ocean policy.

When we first introduced this legislation, we had over 20 other original sponsors, equally divided between both sides of the aisle. We have worked hard in the spirit of close cooperation to resolve the problems we have faced in moving the bill through the subcommittee and the full committee. While it is a modest bill, this legislation will help the National Marine Sanctuary Program to continue as one of the most effective and most cost-efficient resource conservation efforts in America.

America's 13 marine sanctuaries are the national parks of our oceans. They celebrate and preserve some of the Nation's most significant ocean resources. Like our landbound national parks, our marine sanctuaries focus our attention on how important sound environmental stewardship is to our quality of life and to the quality of economies in our local communities.

In my own district, the Monterey Bay National Marine Sanctuary plays a central part in the recreational and economic lives of my constituents. The Monterey Bay National Marine Sanctuary embraces the entire coast of the central part of California. It is the largest protected marine area in the United States, second only to Australia's Great Barrier Reef in size. It encompasses more than 4,000 square nautical miles of open ocean along 350 miles of shoreline.

However, the marine sanctuaries are not just about conserving resources. They are also about protecting coastal economies. The Monterey Bay Sanctuary is key to my district's $1 billion tourism industry. Indeed, one of this Nation's premiere tourist attractions, the Monterey Bay Aquarium, is a thriving business that depends upon the extraordinary marine life of the Monterey Bay Sanctuary. It is also the nerve center of the world's largest concentration of ocean scientists, working in 12 diverse marine research facilities. Finally, the sanctuary supports a prosperous fishing industry.

All of this comes at a very modest cost. It is truly a bargain for our taxpayers. But, like all Government programs, the sanctuaries need to make the most of their funding. This bill helps them accomplish that by allowing sanctuaries to develop for the first time, trademark, and market logos and other merchandise to help supplement their funding.

Finally, Mr. Speaker, I want to recognize what was pointed out by the chairman, the gentleman from New Jersey [Mr. SAXTON], the work of our colleague, the gentleman from Massachusetts, GERRY STUDDS. Without a doubt, he is one of the most outstanding Members of this House. He has built the basis for American ocean policy as chairman of the former Merchant Marine and Fisheries Committee.

This bill recognize that contribution by renaming the Stellwagon Bank National Marine Sanctuary in his honor. It will now be known as the Gerry E. Studds Stellwagon Bank National Marine Sanctuary. We will miss his knowledge and wit, but we will forever remember his name and contribution to our committee and to this country.

Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Hawaii [Mr. ABERCROMBIE].

Mr. ABERCROMBIE. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, before I begin my remarks on the particular section of the bill that applies to Hawaii, I, too, would like to add my voice to the accolades that have been extended to the gentleman from Massachusetts [Mr. STUDDS].

Mr. Speaker, I first had the opportunity to listen, not to hear but to listen to the gentleman from Massachusetts [Mr. STUDDS], in 1986 when I had the good fortune to be elected in a special election to take up the remaining time of a Member of this body that had resigned to run for another office. In the brief time that I was here in 1986, I had the opportunity to participate in activities of the Merchant Marine and Fisheries Committee, and had the opportunity when I was elected in 1990 to again join that committee.

I say "opportunity," because it was there that I, I am sure, had an experience that has been shared with many, many other Members of the House of Representatives, the chance to listen to and to observe and to absorb the perspective and analysis of ocean policy that was the forte of the gentleman from Massachusetts [Mr. STUDDS]. There are few people in this body, perhaps in the history of this body, better able to articulate their thoughts, particularly with respect to ocean policy, environmental policy.

I think Mr. STUDDS is universally respected for his intellect and for the depth of his perspective on these issues. As the gentleman from California [Mr. FARR] and the gentleman from New Jersey [Mr. SAXTON] have indicated, I doubt whether there is anyone in this body, including the renowned gentleman from Massachusetts [Mr. FRANK], who has a quicker wit, a brighter intelligence, a sense of himself entirely self-contained, as opposed to perhaps some others in this body, someone who understands his role and has illuminated many, many corners which would otherwise remain abstract and obscure to the rest of us.

It is always a lesson in oratory, I think, as well as perspective, to be able to listen to Mr. STUDDS outline for those of us who may not be entirely familiar with the legislation at hand, particularly in regard to the ocean, ocean policy, and fisheries, to be able to listen to him enumerate and elucidate for us on those areas, and come to not only a good understanding but solid commitment. I think that is why, as has been indicated, bipartisan support for so much in the way of ocean policy has been forthcoming, is because GERRY STUDDS has been able to articulate for all Members of the body not entirely familiar with the legislation exactly what it was about, exactly what the implications were, exactly what was in the national interest, and therefore was able to gain the approbation and good will of virtually every Member of the body for legislation that would otherwise be very difficult to comprehend.

I really wish him the very best in whatever it is that he will be doing, but I can say with assurance, Mr. Speaker, that this body will be the poorer for him taking leave of it.

Mr. Speaker, I rise today, then, to voice my support for H.R. 3487, the aforementioned National Marine Sanctuaries Preservation Act. I, too, wish to thank the gentleman from New Jersey [Mr. SAXTON] and others on the committee, both Republican and Democrat, who have worked so hard in this reauthorization. This bipartisan piece of legislation was introduced by the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR]. I think the description they gave of the process by which it has arrived here today is an exact one. It was a pleasure to work with both of them.

Hawaii is one of the 14 major areas where National Marine Sanctuaries, of which the prime objective is to protect our marine resources, have been designated and are in various stage of implementation. In fact, the final environmental impact statement/management plan on the designation of the Hawaiian Islands Humpback Whale Sanctuary is set to be released later this month.

In particular, H.R. 3487, thanks to the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR], contains two provisions specific to the Hawaiian Islands Humpback Whale National Marine Sanctuary Act regarding the designation of the waters around the Island of Kaho'olawe for inclusion in the sanctuary and the prohibition of the establishment of user fees in the sanctuary.

May I add parenthetically, Mr. Speaker, that this is a good example of the hard work and detailed work that had to go into this bill. I am sure the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR] would agree that virtually every one of the sanctuaries has unique capabilities and unique qualities that require particular individual attention, and the National Marine Sanctuaries Preservation Act is a prime example of how you have to suit legislation to the particular, and that you cannot put together a bill where one size will literally fit all. It cannot happen in this particular kind of legislation. The only way it can succeed is if you have Members who are willing to do their homework and be able to understand the particular necessities associated with each of the sanctuaries.

Mr. Speaker, these provisions, the ones I mentioned with regard to Kaho'olawe, were brought to the attention of the Hawaii delegation by State officials as a result of meetings with the Sanctuary Advisory Council. This council was established to empower local communities to provide advice and recommendations to the sanctuary manager on the development and continued management of the site.

Currently, the Hawaiian Islands Humpback Whale Sanctuary Act requires the Secretary of Commerce to make an annual finding concerning the suitability for the inclusion of the sanctuary of waters within 3 nautical miles of Kaho'olawe Island. However, the language included in H.R. 3487 provides that the Kaho'olawe Island Reserve Commission may request the Secretary of Commerce to include the waters surrounding Kaho'olawe into the sanctuary.

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If a determination of inclusion is made, the Secretary will provide notice to the Governor of Hawaii and prepare a supplemental environmental impact statement and management plan and any necessary implementing regulations in accordance with the National Marine Sanctuaries Act, the Sanctuary, and the National Environmental Policy Act.

The Kaho'olawe provision puts the management of Kaho'olawe and the waters surrounding the island into the hands of the Kaho'olawe Island Reserve Commission. Furthermore, it protects the rights of the State of Hawaii and the Secretary to terminate inclusion of Kaho'olawe Island waters if the supplemental management plan, any implementing regulation or any term of the plan or regulation is unacceptable.

In 1992, the initial boundaries of the Hawaiian Islands Sanctuary Act were designated. However, the waters around the island of Kaho'olawe, which were previously used by the Department of Defense as a weapons range, was purposely excluded.

In 1993, the Governor of Hawaii signed an act which established and created the aforementioned Kaho'olawe Island Reserve Commission to oversee the departments and agencies of the State with respect to the management of the island reserve. It was further stipulated that the reserve shall be used solely and exclusively and reserved in perpetuity for the preservation and practice of all rights customarily and traditionally exercised by native Hawaiians for cultural, spiritual, and subsistence purposes; for the preservation and protection of the reserve's archaeological, historical, and environmental resources, rehabilitation, revegetation, habitat restoration, and preservation; and for education.

In 1994, a memorandum of understanding between the U.S. Department of the Navy and the State of Hawaii conveyed the island of Kaho'olawe back to the State.

The Department of the Navy in conjunction with the Kaho'olawe Island Reserve Commission has issued an informational draft request for proposals for the clean-up of Kaho'olawe. Issuance of the final RFP will occur after completion of the use plan for the island and several Navy-State agreements required by the Kaho'olawe memorandum of understanding.

The second provision regards the prohibition of user fees in the sanctuary. This language was included as a result of concerns expressed by the State regarding the potential impacts of the sanctuary on local communities; this in the context that I previously outlined with respect to native Hawaiian customs, et cetera. Specifically, the language states that the Secretary of Commerce shall not institute any user fee under the National Marine Sanctuaries Act for any activity within the Hawaii Islands National Marine Sanctuary or any use of the Sanctuary or its resources, again in the context previously enumerated.

Mr. Speaker, these two provisions will provide for the better management of the Hawaiian Islands Humpback Whale Marine Sanctuary. I most urgently ask all my colleagues to support H.R. 3487.

Mr. Speaker, may I again thank the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR] for their hard work on this bill.

Mr. FARR of California. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Massachusetts [Mr. STUDDS].

Mr. STUDDS. Mr. Speaker, I am more than a little embarrassed. No Member forewarned me of this.

I want to thank the gentleman from New Jersey with whom I have worked for more years than I can recall, the gentleman from California, and the gentleman from Hawaii for their extraordinarily kind words.

I must say I also sense the devious hand of the distant and mellow gentleman from Alaska in this. I suspect he is where he usually is, which is on his way.

We have worked together, DON YOUNG and I and the other Members here for the last few years, for a very long time. We worked in a committee for 22 years known as the Committee on Merchant Marine and Fisheries. I do not think in all those 22 years of the time that I served on that committee I ever heard a partisan observation except as sort of a lighthearted aside from one side or the other. I think we all understood no matter where we came from in the conventional political sense that what we were about was work that was far too important to be characterized by partisan exchanges and bitterness and that the things about which we were concerned transcended partisanship in every sense of the word, most particularly the sanctity of the marine environment.

The critters of the oceans and the sanctity of the ocean itself have nothing whatever to do and do not give much of a darn about whether we call ourselves Republicans, Democrats, independent or vegetarians. We all are dependent upon those waters, upon the air, and upon the Earth. I think it was that common understanding on that committee which brought together people as disparate, for example, as DON YOUNG and myself. I think, by any conventional political measurement, one would be hard pressed to find two Members as conventionally far apart politically ideologically in our conventional analyses of our voting records as

DON YOUNG and myself, the plain-spoken riverboat captain from Fort Yukon and this kid from Cape Cod.

The fact of the matter is I think we astonished many people over the years by the closeness of our working, our personal relationship and our friendship, and it was I think because we both understood the Earth and the ocean because it was part intimately of our respective lives.

The same is true of the gentleman from New Jersey, the gentleman from California, and the gentleman from Hawaii who spoke embarrassing words. May I say that one would be hard pressed to find something that would have meant more to me than Stellwagen Bank, which lies between Cape Cod and Cape Ann in Massachusetts. I remember the formal designation of the sanctuary 3 years ago standing beside Secretary of Commerce Ron Brown in Plymouth dedicating that sanctuary. I asked Secretary Brown whether he had ever actually met a whale and he confessed that he had not, it had not been really part of his portfolio before assuming the Commerce secretaryship. He promised me that he would go out on a whale watch and that I could introduce him personally to some of the humpbacks and white whales and other creatures of Stellwagen Bank.

One of his staff members took me aside a few moments later and said, "He didn't mean a word of that. He doesn't like boats." So now unfortunately Ron will never have a chance to meet those creatures.

I must say, however, that several times during the last 3 weeks I have flown at a very low altitude over Stellwagen Bank, have had a chance to speak personally with those whales, and can relay to the gentleman from New Jersey, the gentleman from California and the gentleman from Hawaii the thanks of an awful lot of very large marine mammals for the work that you and we collectively have done over a long time here.

The richness and diversity of the marine life in Stellwagen is a symbol, I think, of why it is that we all came together in this endeavor. While I regret deeply and I suspect many others do and I think it was an institutional error of some magnitude to do away with the Committee on Merchant Marine and Fisheries precisely because of some of the sentiment and understanding and sort of earthy or oceanly, if that is a word, wisdom that we have heard here and on many occasions in the past and they way in which it has brought together individuals in an institution in a spirit of cooperation and legislative working together which has been sadly lacking in recent time, I think folks will look back, I hope, and remember that it is possible to be as different as some of the individuals in the Committee on Merchant Marine and Fisheries were and are and yet to work together in a very collegial and very collaborative and very constructive way on things that truly matter as opposed to so much of what it is that we spend our time here and our lives in general being concerned about.

So on behalf of the critters aforementioned and particularly on behalf of a very embarrassed me, I would like to thank the gentleman from Alaska, the gentleman from New Jersey, and my friends from California and Hawaii for their very kind words.

Mr. FARR of California. Mr. Speaker, I yield myself such time as I may consume.

I assure this gentleman from Massachusetts that his spirit and his concern and passion for sound ocean management and sound ocean policy will continue in this House under the leadership of the gentleman from New Jersey [Mr. SAXTON], myself, and others who serve on that committee. I want to thank the chairman for his good work as well.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

I would just like to once again express my appreciation for the many years of cooperation of GERRY STUDDS and hope that he will come back and visit us often and leave us with his words of wisdom from time to time.

One other thing that I would just like to say, Mr. Speaker, before yielding back the balance of my time. The gentleman from Washington [Mr. METCALF] played a particularly strong hand in one section of this bill which had to do with the establishment of a marine sanctuary in Puget Sound where we were able to again, on a bipartisan basis, agree on some very special provisions to protect the integrity of the local folks back in the 6 counties surrounding Puget Sound which guarantees that they will have a say in the establishment if and when that marine sanctuary is established. I thank everybody for their cooperation with regard to this measure, Mr. Speaker.

Mr. YOUNG of Alaska. Mr. Speaker, today we are considering H.R. 3487, the National Marine Sanctuaries Preservation Act. This bill was introduced by JIM SAXTON, chairman of the Subcommittee on Fisheries, Wildlife and Oceans.

H.R. 3487 reauthorizes the National Marine Sanctuaries Act and makes minor improvements to the National Marine Sanctuaries Program. The National Marine Sanctuaries Program oversees 14 National Marine Sanctuaries and is administered by the Office of Ocean and Coastal Resource Management in the National Oceanic and Atmospheric Administration.

H.R. 3487 will ensure ongoing protection and management for certain marine areas that are environmentally or historically significant.

This bill also renames the Stellwagen Bank National Marine Sanctuary as the Gerry E. Studds Stellwagen Bank National Marine Sanctuary. GERRY has long been a leading proponent in the House of the protection of the marine environment—most prominently when he served as chairman of the former Committee on Merchant Marine and Fisheries. Now that GERRY is leaving after 24 years of service, I believe this is a fitting tribute.

I would like to commend subcommittee chairman SAXTON for his leadership on the issue of marine sanctuaries, and I urge an "aye" vote on this measure.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. WICKER). The question is on the motion offered by the gentleman from New Jersey [Mr. SAXTON] that the House suspend the rules and pass the bill, H.R. 3487, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

WYOMING FISH AND WILDLIFE CONVEYANCE

Mr. SAXTON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3579) to direct the Secretary of the Interior to convey certain property containing a fish and wildlife facility to the State of Wyoming, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3579

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CONVEYANCE OF CERTAIN PROPERTY TO WYOMING.

(a) CONVEYANCE.—Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior shall convey to the State of Wyoming without reimbursement, all right, title, and interest of the United States in and to the property described in subsection (b).

(b) DESCRIPTION OF PROPERTY.—The property referred to in subsection (a) is the property commonly known as "Ranch A" in Crook County, Wyoming, consisting of approximately 680 acres of land including all real property, buildings, and all other improvements to real property, and all personal property including art, historic light fixtures, wildlife mounts, draperies, rugs, and furniture directly related to the site, including personal property on loan to museums and other entities, at the time of transfer.

(c) USE AND REVERSIONARY INTEREST.—

(1) USE.—The property conveyed to the State of Wyoming under this section shall be retained in public ownership and be used by the State for the purposes of—

(A) fish and wildlife management and education; and

(B) using, maintaining, displaying, and restoring, through State or local agreements, or both, the museum quality real and personal property and the historical interests and significance of the real and personal property, consistent with applicable Federal and State laws.

(2) ACCESS BY INSTITUTIONS OF HIGHER EDUCATION.—The State of Wyoming shall provide

access to the property for institutions of higher education at a compensation level that is agreed to by the State and the institution of higher education.

(3) REVERSION.—If the property described in subsection (b) is not used for a purpose consistent with paragraphs (1) and (2), all right, title, and interest in and to the property shall revert to the United States. The State of Wyoming shall ensure that all property that reverts to the United States under this subsection is in substantially the same or better condition as at the time of conveyance to the State.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New Jersey [Mr. SAXTON] and the gentleman from California [Mr. FARR] each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I appreciate the opportunity to discuss H.R. 3579, a bill to convey Ranch A to the State of Wyoming. This bill was introduced by our colleague, BARBARA CUBIN, on June 5 of this year. Under the terms of this bill, the Secretary shall convey property to the State, within 180 days of enactment and without reimbursement, all right, title, and interest in the property commonly known as Ranch A to be used for fish and wildlife management and education. The State of Wyoming is directed to allow access to the property for institutions of higher education at a rate of compensation mutually agreed upon. Furthermore, the proposal stipulates that the property will revert to the Federal Government if it is used for something other than the authorized purpose.

This is a noncontroversial and meritorious bill. I urge all Members to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. FARR of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am aware of no objection to the bill at this time. Many concerns were raised about this legislation when it was first introduced, and several of those issues were addressed by the amendments in committee.

One issue, however, does remain outstanding. While there seems to be no disagreement over the transfer to the State of the buildings and facilities that compose the ranch itself, there is not agreement with respect to the transfer and future management of the surrounding land which totals, I think, about 680 acres. It is our understanding that the interested parties are continuing to work to address this disagreement and that the problem will be addressed in the other body when they consider this legislation. For that reason we do not object to the passage of this bill today.

Mr. Speaker, I yield back the balance of my time.

Mr. SAXTON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just say that on both sides of the aisle there are a number of staff members who are here present today who have a lot to do from time to time and on an ongoing basis, as a matter of fact, with the fact that we are able to address matters on a bipartisan basis on the Committee on Resources. So I would just like to take this opportunity to thank them.

Mr. YOUNG of Alaska. Mr. Speaker, H.R. 3579, a bill to transfer the property known as Ranch A to the State of Wyoming, was introduced by Congresswoman BARBARA CUBIN on June 5, 1996.

Ranch A consists of a lodge, a barn, and associated buildings and includes approximately 680 acres. The property is located in Crook County, WY, which is within Sand Creek Canyon and includes the headwaters of Sand Creek.

The Fish and Wildlife Service acquired the Ranch A property in 1963, but has had little, to no, oversight of the property since 1986. The Wyoming Department of Game and Fish currently manages the majority of the Ranch A property and, up until 1995, raised trout and transplanted the trout to waters around the State of Wyoming. Currently, there is limited game bird hunting, and a select area of Sand Creek is open to fishing. In addition, the South Dakota School of Mines and Technology has been using the facilities for educational purposes.

H.R. 3579 is similar to measures the House of Representatives has approved to transfer certain Federal fish hatcheries to non-Federal control, and it contains the standard language requiring that the property revert to the Federal Government, if it is used for something other than the authorized purposes, which in this case include fish and wildlife management and educational endeavors.

I urge my colleagues to support this noncontroversial piece of legislation and I compliment our distinguished colleague, BARBARA CUBIN, for her effective leadership on behalf of her Wyoming constituents.

Mrs. CUBIN. Mr. Speaker. I support the chairman's substitute to H.R. 3579, which will transfer property known as Ranch A to the State of Wyoming.

The changes that are incorporated in this amendment directly reflect those changes brought to me by the U.S. Fish and Wildlife Service during subcommittee hearings on this bill.

This bill is very important to Wyoming and anyone who enjoys the beauty of open spaces and historical buildings. Under the management of the Federal Government, the buildings at Ranch A have become run down and fallen into disrepair.

It is time for the State of Wyoming to become involved in the management of the buildings and the class one trout stream that runs through the property. The State management of the stream will continue to be the same quality that it has been for the past 16 years.

John Twiss, Superintendent of Black Hills National Forest, acknowledged the fact that the Forest Service could not afford to put any money toward restoration of the ranch's historical buildings. The Forest Service should not be in the business of restoring historical sites and spending much needed resources maintaining these buildings. The cost for the restoration is projected to be about $2 million.

The State of Wyoming is looking forward to and is committed to restoring and even making marked improvements to the facility by creating lodging for visitor groups and maintaining the historic significance of the ranch. Private donations brought about by the efforts of the Ranch A Restoration Foundation will give the State of Wyoming the ability to do restoration on the buildings without burdening the taxpayers of my home State.

As we all know, during this time of budget restraints and fiscal conservatism, it is not a good time for agencies like the Forest Service to begin acquiring property. These agencies already have difficulty managing what they have. The State of Wyoming is in a better position to manage the facility properly and will take in private donations to effectively do so. The ability of the Ranch A Restoration Foundation to acquire donations will increase when the facility is turned over to the State.

Even though the South Dakota School of Mines, and the State of South Dakota as a whole, will continue to use the facility they have not been committed to giving financial backing toward the restoration or acquisition of Ranch A. In fact, in a May 1995 letter, South Dakota Governor Bill Janklow acknowledged he had no desire to purchase the Ranch A facility and the South Dakota Game and Fish Department reached that same conclusion.

Since the facility is currently scheduled for disposal by the General Service Administration in the next few months, it is my hope this noncontroversial piece of legislation will move quickly through the House, along with a companion bill introduced in the Senate by CRAIG THOMAS, to assure a expeditious transfer of this property to the State of Wyoming.

Mr. Speaker, it is my desire and it is the State of Wyoming's desire to ensure that Ranch A is kept whole and in public ownership; this legislation does just that. H.R. 3579, with the USFWS amendments, ensures access to Forest Service land through the property and protects the blue ribbon fishery that the State of Wyoming holds very close to its heart.

Once again, thank you Mr. Speaker. I ask my colleagues to support H.R. 3579 and look forward to the passage of this legislation.

Mr. SAXTON. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey [Mr. SAXTON] that the House suspend the rules and pass the bill, H.R. 3579, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. SAXTON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on all bills just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the House stands in recess until approximately 5 p.m.

Accordingly (at 3 o'clock and 29 minutes p.m.), the House stood in recess until approximately 5 p.m.

□ 1700

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. WICKER) at 5 p.m.

THE 50 STATES COMMEMORATIVE COIN PROGRAM ACT

Mr. CASTLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3793) to provide for a 10-year circulating commemorative coin program to commemorate each of the 50 States, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3793

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "50 States Commemorative Coin Program Act".

SEC. 2. FINDINGS.

The Congress hereby finds the following:

(1) It is appropriate and timely to—

(A) honor the unique Federal republic of 50 States that comprise the United States; and

(B) promote the diffusion of knowledge among the youth of the United States about the individual States, their history and geography, and the rich diversity of the national heritage.

(2) The circulating coinage of the United States has not been modernized within the past 25 years.

(3) A circulating commemorative 25-cent coin program could produce earnings of $110,000,000 over the 10-year period of issuance and would produce indirect earnings of an estimated $3,400,000,000 to the United States Treasury, money that will replace borrowing to fund the national debt to at least that extent.

(4) It is appropriate to launch a commemorative circulating coin program that encourages young people and their families to collect memorable tokens of all the States for the face value of the coins.

SEC. 3. ISSUANCE OF REDESIGNED QUARTER DOLLARS OVER 10-YEAR PERIOD COMMEMORATING EACH OF THE 50 STATES.

Section 5112 of the title 31, United States Code, is amended by adding at the end the following new subsection:

"(k) REDESIGN AND ISSUANCE OF QUARTER DOLLAR IN COMMEMORATION OF EACH OF THE 50 STATES.—

"(1) IN GENERAL.—Notwithstanding the 4th sentence of subsection (d)(1) and subsection (d)(2), quarter dollar coins issued during the 10-year period beginning on January 1, 1997, shall have designs selected in accordance with this subsection which are emblematic of the 50 States.

"(2) SINGLE STATE DESIGNS.—The design for each dollar issued during he 10-year period referred to in paragraph (1) shall be emblematic of 1 of the 50 the States.

"(3) ISSUANCE OF COINS COMMEMORATING 5 STATES DURING EACH OF THE 10 YEARS.—

"(A) IN GENERAL.—The designs for the quarter dollar coins issued during each year of the 10-year period referred to in paragraph (1) shall be emblematic of 5 States which have not previously been commemorated during such period.

"(B) NUMBER OF EACH OF 5 COIN DESIGNS IN EACH YEAR.—Of the quarter dollar coins issued during each year (of the 10-year period referred to in paragraph (1)), the Secretary of the Treasury shall prescribe, on the basis of such factors as the Secretary determines to be appropriate, the number of quarter dollars which shall be issued with each of the 5 designs selected for such year.

"(4) SELECTION OF DESIGN.—Each of the 50 designs required under this subsection for quarter dollars shall be—

"(A) selected by the Secretary after consultation with appropriate officials of the State being commemorated with such design and the Commission of Fine Arts; and

"(B) reviewed by the Citizens Commemorative Coin Advisory Committee.

"(5) TREATMENT AS NUMISMATIC ITEMS.—For purposes of sections 5134 and 5136, all coins minted under this subsection shall be considered to be numismatic items.

"(6) NUMISMATIC ITEMS.—

"(A) QUALITY OF COINS.—The Secretary may mint and issue such member of quarter dollars of each design selected under paragraph (4) in uncirculated and proof qualities as the Secretary determines to be appropriate.

"(B) SILVER COINS.—Notwithstanding subsection (b), the Secretary may mint and issue such number of quarter dollars of each design selected under paragraph (4) as the Secretary determines to be appropriate with a content of 90 percent silver and 10 percent copper

"(C) SOURCES OF BULLION.—The Secretary shall obtain silver for minting coins under subparagraph (B) only from stockpiles established under the Strategic and Critical Materials Stock Piling Act.

"(D) SALE PRICE OF COINS.—The coins issued under this paragraph shall be sold by the Secretary at a price equal to the sum of the face value of the coins and the cost of designating and issuing the coins (including labor, materials, dies, use of machinery, overhead expenses, marketing, profit, and shipping).

"(7) APPLICATION IN EVENT OF THE ADMISSION OF ADDITIONAL STATES.—If any additional State is admitted into the Union before the end of the 10-year period referred to in paragraph (1), the Secretary of the Treasury may issue quarter dollar coins, in accordance with this subsection, with a design which is emblematic of such State during any 1 year of such 10-year period, in addition to the quarter dollar coins issued during such year in accordance with paragraph (3)(A).".

SEC. 4. FIXED TERMS FOR MEMBERS OF THE CITIZENS COMMEMORATIVE COIN ADVISORY COMMITTEE.

(a) IN GENERAL.—Paragraph (4) of section 5135(a) of title 31, United States Code, is amended to read as follows:

"(4) TERMS.—

"(A) IN GENERAL.—Each individual appointed to the Advisory Committee under clause (i) or (iii) of paragraph (3)(A) shall be appointed for a term of 4 years.

"(B) INTERIM APPOINTMENTS.—Any member appointed to fill a vacancy occurring before the expiration of the term for which such member's predecessor was appointed shall be appointed only for the remainder of such term.

"(C) CONTINUATION OF SERVICE.—Each member appointed under clause (i) or (iii) of paragraph (3)(A) may continue to serve after the expiration of the term to which such member was appointed until a successor has been appointed and qualified.".

(b) STAGGERED TERMS.—Of the members appointed to the Citizens Commemorative Coin Advisory Committee under clause (i) or (iii) of paragraph (3)(A) of section 5135 of title 31, United States Code, who are serving on the Advisory Committee as of the date of the enactment of this Act—

(1) 1 member appointed under clause (i) and 1 member appointed under clause (iii), as designated by the Secretary of the Treasury, shall be deemed to have been appointed to a term which ends on December 31, 1997;

(2) 1 member appointed under clause (i) and 1 member appointed under clause (iii), as designated by the Secretary of the Treasury, shall be deemed to have been appointed to a term which ends on December 31, 1998; and

(3) 1 member appointed under clause (i) and 1 member appointed under clause (iii), as designated by the Secretary of the Treasury, shall be deemed to have been appointed to a term which ends on December 31, 1999.

(c) STATUS OF MEMBERS.—The members appointed to the Citizens Commemorative Coin Advisory Committee under clause (i) or (iii) of paragraph (3)(A) of section 5135 of title 31, United States Code, shall not be treated as special Government employees.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Delaware [Mr. CASTLE] and the gentleman from New York [Mr. FLAKE] each will control 20 minutes.

The Chair recognizes the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are here today to suspend the rules and pass H.R. 3793, the 50 State Commemorative Coin Act. This bill honors the 50 States that make up our Federal Union of the United States of America, by producing a series of circulating quarter dollar coins that commemorate, in order, the entrance of each State into the Union.

As we approach the millennium, it is appropriate that we renew the bonds that make this country great. It exists today because the first 13 States joined together to ratify the Constitution and were later joined by 37 others to form a "more perfect union."

Beginning next year and for 9 more years until every State has been honored, five unique designs, each representing an individual State, will be issued at intervals of about 2 months. The completed set will represent in dazzling variety, the diverse history and culture of the States of the Union.

Each State, as the date of its coin issue approaches, will have the opportunity to provide input to the Mint and the National Fine Arts Commission on just what design elements best characterize its unique qualities. This legislation will provide winners all around:

The youth of America will be introduced to a fascinating hobby at minimal expense, as an entire set of 50 coins can be collected from pocket change at a total cost of $12.50.

Serious numismatic collectors will have the opportunity to acquire these coins by paying only the respective premiums for uncirculated versions or for silver replica editions; there will be no private surcharges added to the cost. Nevertheless, the estimated earnings from the silver coins alone is $110 million over the course of the program. This sum is scorable for budgetary purposes.

The Mint's experience from the last circulating commemorative issue, the bicentennial quarter of 1976–77, provides the basis to estimate what additional earnings will accrue to the Treasury from this program. The additional profit to the Treasury derives from the fact that each coin that is taken out of circulation by a collector will need to be replaced by another that will be used in vending machines, parking meters, and in normal commerce. The Mint's production schedule is demand driven. Increased production, estimated for this circulating commemorative program at an additional 50 percent over baseline projections, will produce anticipated earnings on the order of over $3 billion for the total program. By Congressional Budget Office scoring convention, these earnings are off-budget and thus are not available to be spent by Congress. Instead, they will be applied directly to replace borrowing otherwise necessary to fund the national debt, saving taxpayers the interest on billions of dollars, in perpetuity, or until the debt is paid off, whichever comes first.

This bill is simple and straightforward. At our hearing last July, witnesses described the near unanimously favorable reception for this bill by the collecting community and the broader public. The numismatic franchise of the Federal Government is very valuable, but little has been done in recent times to nurture it and expand the market. This becomes a real problem when one realizes that the profile of the average collector is an upper middle class white male, over 50 years old. We are not creating new collectors to replace those who leave the hobby by whatever mechanism. This program would introduce a younger and more diverse population to the fascinating hobby of coin collecting. It will also teach about the history and diversity of this Nation through pocket change and I urge its immediate adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. FLAKE. Mr. Speaker, I yield myself such time as I may consume.

I would like to thank the Speaker for the expedited scheduling of what I believe is one of the more exciting events in the history of United States coinage. This afternoon also represents the continued rapport that Chairman CASTLE and I have had the pleasure of sharing during the past couple of years on the Subcommittee on Domestic and International Monetary Policy.

In introducing this bill, we have found at least four compelling policy reasons which suggest now is the time to introduce a series of circulating commemorative coins.

First in an era where fledgling democracies are struggling throughout the world, it is appropriate to honor and commemorate our 220th anniversary as a republic of 50 States.

Second, we have not modernized U.S. coinage in nearly 25 years.

Third, indirect savings of this program would save the U.S. Treasury an estimated $3.4 billion dollars plus interest over 10 years.

Fourth, the program would foster education about the 50 States in a family setting.

Beyond these issues, the circulating commemorative program for quarters, will among other things make management sense for the Mint. Chairman CASTLE and I produced a bill last year that would limit the number of noncirculating commemorative coins, and it is my understanding that the other body is moving forward with the bill. As many here may know, there has been a glut of commemorative coins over the past few years, and the mint and numismatic community have urged Congress to reduce the number of commemoratives. At the same time, we have been urged to authorize a circulating program. This program will strike a balance between the Mint's production capacity and the desire to create artistic collectible coinage.

In what better way could we create excitement in U.S. coinage? This program, as one witness in committee described it, would put pride back into our pockets. Pride would come from the fact that the public will become more aware of the rich history of U.S. coinage, which by the way, dates back to the 1790's.

We need look back no further than 1976, when we commemorated our Nation's bicentennial on the quarter. The bicentennial coins symbolically commemorated the people, places, events, and ideals which were the foundation of our great Nation. I expect that the 50 States Commemorative Coin Program Act will instill the same pride, and reflect similar values in each of our 50 States.

As I stated in July, my only reservation about this program is the fact that Mr. CASTLE'S State will be among the first commemorated under this program, while New York would have to wait until 1999. While Delaware put a new nation on the map in the 18th century, perhaps it is proper for New York to lead the way in commemorating our Nation in the last year of the 20th century. I say these words in jest, and with a sense of humor, since I expect that this program will foster a healthy amount of dignity among residents of the various States. Moreover, I believe this legislation will create an environment which all Americans can feel proud about not only in their home States, but the United States in general.

Mr. Speaker, I reserve the balance of my time.

Mr. CASTLE. Mr. Speaker, I yield myself such time as I may consume.

I appreciate the gentleman's comments about the relative coming to the States of Delaware and New York. I am proud to be from the First State, but I am proud that New York came along, too, and helped form the Union as well. So we congratulate them on that.

Mr. Speaker, I would like seriously to thank the gentleman for his tremendous cooperation on legislation throughout this 2-year cycle; we have been the chair and vice chair of this committee, and it has really been a great pleasure in working with him on so many, many things.

Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma [Mr. LUCAS].

Mr. LUCAS of Oklahoma. Mr. Speaker, I rise today in strong support of H.R. 3793, the 50 States Commemorative Coin Program Act. This bill would change the image on our quarter to honor each of the 50 States. Each State's quarter would be minted in the order in which the State ratified the U.S. Constitution, and the pride of each State would be displayed on these coins that would memorialize them forever.

Money historically has been more than just a means to purchase goods and services. It reflects the pride and ideals of a country. It serves as a means to educate every person whose hand it touches about the history and heros of a nation. The image and artistry on coins are enjoyed by every walk of life, regardless of class, income, or race.

This redesigned quarter commemorating each of the 50 States will be no different. Each State will have the opportunity to provide input on the design elements of the quarter. The complete series will represent the diverse history and culture of each State in the Union. I believe this commemorative quarter will stimulate interest in our Nation's history, and its coins.

Besides the obvious benefits of this program, it will save money for the Government and the taxpayer. Like the bicentennial quarter, the 50 State series will be very popular with the public. Americans will keep these quarters allowing the Mint to produce more. It is estimated that the additional coins minted and held by the public will produce $3.4 billion in savings that the Government would otherwise have to borrow by issuing Treasury bonds. These savings will reduce interest on the debt by $1 billion over 10 years.

Although I will have to wait until the year 2006 before Oklahoma's quarter is minted, I look forward to honoring each State during the next decade. I encourage all Members to support this bill.

Mr. FLAKE. Mr. Speaker, I yield myself such time as I may consume.

I would just like to use this time to commend by chairman, the gentleman from Delaware, MIKE CASTLE, for the wonderful relationship that we share with one another. It seems that there is not only comity as it relates to what we do legislatively; both of use were delayed today in our travels in getting here because of the weather. I think there is something in our spirit that allows us to work so well together. I certainly want to commend him and his staff for working so well and allowing my staff to work with them in the manner that we have.

Mr. Speaker, I yield back the balance of my time.

Mr. CASTLE. Mr. Speaker, I yield myself such time as I may consume.

I would again like to thank the gentleman from New York. He has to deal more with the weather problems because of flights. My problem is not a weather problem. I was announcing for reelection today and I got tied up doing that.

I appreciate the support that he has given to this legislation. I appreciate the support of the gentleman from Oklahoma and those who have been involved with this.

Mr. Speaker, I yield back the balance of my time.

Mr. GONZALEZ. Mr. Speaker, permit me to first commend the chairman of the Subcommittee on Domestic and International Monetary Policy, Congressman MICHAEL CASTLE, and the ranking Democratic member of the subcommittee, Congressman FLOYD FLAKE, for working closely together to report legislation that warrants the full support of each Member of the House of Representatives.

H.R. 3793, the 50 States Commemorative Coin Program Act, authorizes the Secretary of the Treasury to issue quarter-dollar coins commemorating the 50 States in the order they entered the union at a rate of five new coins each year for 10 years. I am pleased to report that the Banking Committee fully considered the merits of this legislation. H.R. 3793 was the subject of a comprehensive hearing and was unanimously reported from the subcommittee.

Let me emphasize that the committee carefully weighed the merits of this bill since any changes to the Nation's circulating coins must have strong popular appeal. The testimony received in our committee hearing did support the view that this bill provides significant public benefit. In addition to the surplus funds this program will accrue to the Treasury, the principal benefit will be to highlight the history and the importance of each State's individual contribution to the union we know as the United States of America.

Again, I compliment my colleagues on the Banking Committee for bringingthis bill to the floor and I urge an enthusiastic "aye" vote.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Delaware [Mr. CASTLE] that the House suspend the rules and pass the bill, H.R. 3793, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CASTLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 3793, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Delaware?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair will now put the question on each motion to suspend the rules on which further proceedings were postponed earlier today in the order in which that motion was entertained.

Votes will be taken in the following order:

H.R. 447, de novo; and

House Concurrent Resolution 120, de novo.

TOLL FREE CONSUMER HOTLINE

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 447, as amended.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio [Mr. OXLEY] that the House suspend the rules and pass the bill, H.R. 447, as amended.

The question was taken.

Mr. CASTLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 367, nays 9, answered "present" 1, not voting 56, as follows:

[Roll No. 402]

YEAS—367

Abercrombie
Ackerman
Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (OH)
Bryant (TX)
Bunning
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (MI)
Combest
Condit
Conyers
Costello
Cox
Coyne
Cramer
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
Deal
DeFazio
DeLauro
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
English
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Foglietta
Foley
Forbes
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frost
Funderburk
Furse
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jacobs
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnston
Jones
Kanjorski
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kleczka
Klink
Knollenberg
LaFalce
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCollum
McCrery
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McKinney
McNulty
Meehan
Meek
Menendez
Meyers
Mica
Miller (CA)
Miller (FL)
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Murtha
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Rangel

Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Sabo
Salmon
Sanders
Sawyer
Saxton
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Tiahrt
Torkildsen
Torres
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NAYS—9

Cooley
DeLay
Hancock
Hoekstra
Kolbe
LaHood
Sanford
Scarborough
Shadegg

ANSWERED "PRESENT"—1

Barr

NOT VOTING—56

Andrews
Berman
Brown (FL)
Brownback
Bryant (TN)
Bunn
Buyer
Chapman
Chenoweth
Coburn
Collins (IL)
Crane
de la Garza
Dornan
Durbin
Engel
Ensign
Flanagan
Ford
Fowler
Frisa
Gallegly
Ganske
Gibbons
Hansen
Hayes
Johnson, Sam
Kaptur
Kingston
Klug
Lantos
Lightfoot
Lincoln
Longley
McCarthy
McKeon
Metcalf
Millender-McDonald
Minge
Nadler
Norwood
Pastor
Portman
Ramstad
Rogers
Rohrabacher
Royce
Rush
Tanner
Torricelli
Towns
Waters
Williams
Young (AK)
Zeliff
Zimmer

□ 1740

Messrs. DELAY, HANCOCK, SANFORD, and COOLEY of Oregon changed their vote from "yea" to "nay."

Mr. THORNBERRY changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. MINGE. Mr. Speaker, during rollcall vote 402 on H.R. 447 I was unavoidably detained on an airplane flight that was badly delayed by mechanical problems and by weather conditions. Had I been present, I would have voted "yes."

PERSONAL EXPLANATION

Mr. PORTMAN. Mr. Speaker, because inclement weather delayed my return flight from my district, I was not in attendance for one recorded vote, rollcall vote No. 402.

Had I been in attendance, I would have voted "yea" on rollcall vote No. 402.

PERSONAL EXPLANATION

Ms. McCARTHY. Mr. Speaker, during rollcall vote No. 402 on H.R. 447 I was unavoidably detained due to flight delay. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. BROWNBACK. Mr. Speaker, I was unavoidably detained due to the inclement weather at the airport earlier today, but had I been here I would have voted "yea" on rollcall vote 402.

UKRAINE INDEPENDENCE

The SPEAKER pro tempore (Mr. WICKER). The pending business is the question of suspending the rules and agreeing to the concurrent resolution, House Concurrent Resolution 120, as amended.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York [Mr. GILMAN] that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 120, as amended.

The question was taken.

RECORDED VOTE

Mr. WALKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 382, noes 1, answered "present" 1, not voting 49, as follows:

[Roll No. 403]

AYES—382

Abercrombie
Ackerman
Allard
Archer
Armey
Bachus
Baesler
Baker (CA)
Baker (LA)
Baldacci
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Beilenson
Bentsen
Bereuter
Bevill
Bilbray
Bilirakis
Bishop
Bliley
Blumenauer
Blute
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Brewster
Browder
Brown (CA)
Brown (OH)
Brownback
Bryant (TX)
Bunn
Bunning
Burr
Burton
Callahan
Calvert
Camp
Campbell
Canady
Cardin
Castle
Chabot
Chambliss
Christensen
Chrysler
Clay
Clayton
Clement
Clinger
Clyburn
Coble
Coleman
Collins (GA)
Collins (MI)
Combest
Condit
Conyers
Cooley
Costello
Cox
Coyne
Cramer
Crapo
Cremeans
Cubin
Cummings
Cunningham
Danner
Davis
Deal
DeFazio
DeLauro
DeLay
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
English
Eshoo
Evans
Everett
Ewing
Farr
Fattah
Fawell
Fazio
Fields (LA)
Fields (TX)
Filner
Flake
Foglietta
Foley
Forbes
Fox
Frank (MA)
Franks (CT)
Franks (NJ)
Frelinghuysen
Frost
Funderburk
Furse
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gonzalez
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Greene (UT)
Greenwood
Gunderson
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hancock
Harman
Hastert
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Heineman
Herger
Hilleary
Hilliard
Hinchey
Hobson
Hoekstra
Hoke
Holden
Horn
Hostettler
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson (SD)
Johnson, E. B.
Johnston
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kim
King
Kleczka
Klink
Knollenberg
Kolbe
LaFalce
LaHood
Largent
Latham
LaTourette
Laughlin
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Longley
Lowey
Lucas
Luther
Maloney
Manton
Manzullo
Markey
Martinez
Martini
Mascara
Matsui
McCarthy
McCollum
McCrery
McDade
McDermott
McHale
McHugh
McInnis
McIntosh
McKinney
McNulty
Meehan
Meek
Menendez
Meyers
Mica
Miller (CA)
Miller (FL)
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Myers
Myrick
Neal
Nethercutt
Neumann
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Orton
Owens
Oxley
Packard
Pallone
Parker
Paxon
Payne (NJ)
Payne (VA)
Pelosi
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pombo
Pomeroy
Porter
Portman
Poshard
Pryce
Quillen
Quinn
Radanovich
Rahall
Rangel
Reed
Regula
Richardson
Riggs
Rivers
Roberts
Roemer
Rogers
Ros-Lehtinen
Rose
Roth
Roukema
Roybal-Allard
Sabo
Salmon
Sanders
Sanford
Sawyer
Saxton
Scarborough
Schaefer
Schiff
Schroeder
Schumer
Scott
Seastrand
Sensenbrenner
Serrano
Shadegg
Shaw
Shays
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Solomon
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Stockman
Stokes
Studds
Stump
Stupak
Talent
Tate
Tauzin
Taylor (MS)
Taylor (NC)
Tejeda
Thomas
Thompson
Thornberry
Thornton
Thurman
Torkildsen
Torres
Towns
Traficant
Upton
Velazquez
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Wamp
Ward
Waters
Watt (NC)
Watts (OK)
Waxman
Weldon (FL)
Weldon (PA)
Weller
White
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

NOES—1

Jacobs

ANSWERED "PRESENT"—1

Barr

NOT VOTING—49

Andrews
Berman
Brown (FL)
Bryant (TN)
Buyer
Chapman
Chenoweth
Coburn
Collins (IL)
Crane
de la Garza
Dornan
Durbin
Engel
Ensign
Flanagan
Ford
Fowler
Frisa
Gallegly
Ganske
Gibbons
Hansen
Hayes
Johnson, Sam
Kingston
Klug
Lantos
Lightfoot
Lincoln
McKeon
Metcalf
Millender-McDonald
Minge
Murtha
Nadler
Norwood
Pastor
Ramstad
Rohrabacher
Royce
Rush
Tanner
Tiahrt
Torricelli
Williams
Young (AK)
Zeliff
Zimmer

□ 1758

So (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. MINGE. Mr. Speaker, during rollcall vote 403 on House Concurrent Resolution 120 I was unavoidably detained on an airplane flight that was badly delayed by mechanical problems and by weather conditions. Had I been present, I would have voted "yes."

PERSONAL EXPLANATION

Mr. PASTOR. Mr. Speaker, yesterday, due to inclement weather, I was unavoidably detained and missed two recorded votes. Had I been present, on rollcall vote No. 402, H.R. 447, the Toll Free Consumer Hotline bill, I would have voted "aye." And on rollcall vote No. 403, the Ukraine Independence Act, I again would have voted "aye."

PERSONAL EXPLANATION

Mr. FLANAGAN. Mr. Speaker, yesterday, due to the bad weather here in Washington, my plane was diverted from Washington National Airport to Baltimore Washington International Airport. There, the plane had to refuel and we waited for the weather to clear in Washington. We waited for some period of time but, eventually, flew to Washington National, from which I made a mad dash to be here to cast my vote. Unfortunately, the gavel had banged on the last vote of the day just minutes before I reached the Capitol.

I want to note for the record that had I not been delayed due to bad weather, I would have been here to vote yes on rollcall No. 402, to suspend the rules and pass H.R. 447, establishing a toll free consumer hotline to determine if a product is "Made in America." I also would have voted yes on rollcall No. 403, to suspend the rules and pass House Concurrent Resolution 120, Supporting the Independence and Sovereignty of Ukraine and the Progress of its Political and Economic Reforms.

PERSONAL EXPLANATION

Mr. CRANE. Mr. Speaker, due to delays of my flight from my district to Washington, I was unavoidably detained and missed the recorded votes of Wednesday, September 4, 1996. Had I been present, I would have voted "aye" on rollcall vote No. 402 and "aye" on rollcall vote No. 403.

PERSONAL EXPLANATION

Mrs. CHENOWETH. Mr. Speaker, on Wednesday, September 4, 1996, I was unavoidably detained and missed rollcall votes No. 402 and No. 403.

Had I been here, I would have voted: "yea" on rollcall No. 402; and "yes" on rollcall No. 403.

PERSONAL EXPLANATION

Mr. LIGHTFOOT. Mr. Speaker, I was not able to be present for the votes taken on H.R. 447 and House Concurrent Resolution 120. Had I been present I would have voted "aye" on both measures.

PERSONAL EXPLANATION

Mr. RAMSTAD. Mr. Speaker, I rise to express my support for H.R. 447, the bill to establish a toll free number to assist consumers in determining if products are American made, and House Concurrent Resolution 120, in support of the independence of sovereignty of Ukraine and the progress of its political and economic reforms.

Due to a delayed flight because of inclement weather, I was unable to be here for roll call votes number 402 and 403. But had I been here I would have voted in favor of the above bill and concurrent resolution.

□ 1800

SPECIAL ORDERS

The SPEAKER pro tempore. (Mr. WICKER). Under the Speaker's announced policy of May 12, 1995, and under a previous order of the House, the following members are recognized for 5 minutes each.

THE PRESIDENT MADE THE RIGHT DECISION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, today and yesterday was the beginning of a new school year for many of this Nation's children. I would imagine as they entered the schoolhouse doors, they were looking forward to an exciting new year of education and inspiration. Sad as it is, in the backdrop of them going to school and those in my 18th Congressional District, was the fact that this Nation was poised in an act of conflict with Saddam Hussein.

Many of my constituents as I left for Washington again expressed their extreme concern, the concern that we would enter into circumstances that might cause us to be involved in a conflict many, many miles away from our land.

As I read the USA Today, it was very telling to understand in Arabic that Saddam's name means "the one who confronts," and that maybe for 59 years of his life, that is exactly what this leader of Iraq has done.

This time, maybe he has not acted to invade a nation, as he did with Kuwait, but to reassert his authority over a part of Iraq. In any event, he rises to assert his power over those who would not want it.

I think it is important to be able to congratulate and to thank the President for his measured, but pointed, response. As the Presidential race continues and politics become intertwined with government, I think it is important Republicans and Democrats alike should recognize what the responsibility of America is all about. That is that, if we enter into any conflict where we offer our men and women in the Armed Forces, we do it with caution, with seriousness, with understanding.

Mr. Speaker, I am gratified that the captain of the B-52 bomber was from Texas and that their initial mission was successful and that they were able to make the pointed determination as ordered by the Chief of our command, President Clinton, but as well they were able to come away with American lives not lost.

It is important to know that the President did not hastily decide to send Americans in, nor has he committed ground troops to that action. But what he has done is continue to study the issue and to continue to be on top of the issue and to assure us that he will act on behalf of all Americans.

Mr. Speaker, it is important to recognize that the Bosnian decision that was made after some of us had the opportunity to visit Bosnia, the former Yugoslavia and Croatia, was one of peace, to ensure that the Serbs and Muslims would not fight anymore, and those who wanted to come home could come home. Although it has not been perfect, I again thank the President for his measured response and his commitment to peace.

To my constituents let me say that it is important, now that we have gathered here in Washington, that we not raise our voices in political rhetoric, that we monitor this situation, that we be concerned about the Kurds and their desire for peace, that we recognize that this is an internal conflict, but it is led by a man who wants to confront. It is important that we try and minimize any loss of life of American men and women, that we do our very best to enforce the principles of democracy of this Nation, and that we recognize the leadership role that we have, both in foreign policy and creating an atmosphere of peace in this world.

I ask the President in his wisdom and his leadership that he continue to keep the Congress apprised of the leadership that is needed for us to go forward and do the right thing. Then I would ask those of us who gather in the U.S. Congress to be supportive where it is necessary, and as well to be questioning on behalf of our constituents. But this is the right decision, and we must stand on behalf of democracy and fairness and the saving of lives.

Mr. Speaker, I thank the men and women who are part of our Armed Forces, who are always faithful, always strong, always committed.

DEVELOPMENTS IN HAITI

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. GOSS] is recognized for 5 minutes.

Mr. GOSS. Mr. Speaker, it has been a hectic August recess this year, Mr. Speaker, so as we return I want to take a moment to make my colleagues aware of some of the recent disturbing developments in Haiti.

It would be very easy indeed to miss these things because no one—neither the media nor the White House—seems interested in making a concerted effort to analyze what is going on in that small Caribbean nation. Although, behind the scenes we understand that Haiti is hosting a high level cast of characters from the administration—National Security Advisor Anthony Lake, Joe Sullivan from the Haiti Working Group, Janet Reno our Attorney General, General Sheehan of the Atlantic Command and even Strobe Talbot himself. With them, we understand, goes an additional $10 million for the beleaguered Haitian National Police Force—we are certainly all anxious to know which account it came from.

Then there is another gift for the national police in the form of a contingent of Marines who went last week for yet another training mission—this time protecting the U.S. Embassy in Haiti. We can almost certainly expect to see more of these training exercises—muscle-flexing, if you will—for the next few months.

What specifically are my colleagues and I so concerned about? The few reports we have seen in recent weeks tell a tale of assassination plots, political killings, threats against the Haitian media community, and general civil unrest. On August 19, 20 men, suspected to be members of Haiti's disbanded military, attacked the National Palace and police headquarters in Port-au-Prince. One report in the Washington Times said that the attackers "nearly overran police headquarters."

There are strong suggestions that the right may be once again formalizing its structure and that the left may be involved in payback killings against those who ran Haiti during the Cedras era.

In fact, Evans Paul, once mayor of Port-au-Prince and respected head of the FNCD Party in Haiti, publicly issued an accusation on August 22 that the government of Rene Preval is responsible for the assassinations of right-leaning Minister Antoine Leroy and Paul Florival in Port-au-Prince August 20. He made the bold—and dangerous statement—that in practice "There are no differences between the Lavalas group and the 'Macoutes'" Because both use the same methods. We only hope that Mr. Paul won't pay for exercising his freedom to speak with his life.

Finally, in recent days, we have seen allegations that members of the National Palace Security Force have been involved in criminal activities.

Mr. Speaker, clearly something is seriously wrong in Haiti. When, can we ask, will the White House come clean, stop glossing over the rough spots, stop calling this a success, and put some meat on the bones of this anemic effort. After spending $3 billion in taxpayers' money, the American people and the American Congress expect and demand better.

PRESERVING PROTECTING AND ENHANCING MEDICARE

The SPEAKER pro tempore. Under a previous order of the house, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. Mr. Speaker, I come to the well of the House tonight to speak about a very important topic to all Americans, and that is the preservation, the protection and enhancement of Medicare.

Medicare is the important healthcare program for our senior citizens, and the President's trustees not long ago told us if we do nothing to improve Medicare's financial stability, by the year 2001 it will be out of business. So we in the House and Senate, as well as the President, need to work together to make sure we preserve and protect Medicare.

You may say to yourself, how did we get to this point? We have $30 billion a year in fraud, waste and abuse by providers; not all providers, but some providers, whether it be doctors, hospitals, or insurance companies, have led us to a $30 billion a year figure of fraud, waste and abuse.

So, Mr. Speaker, the majority party has introduced legislation which we hope will be eventually passed, which will in fact clue for the first time healthcare fraud as a crime, so that those who would systematically and regularly bilk the Federal Government through Medicare fraud, waste and abuse, would in fact be eligible for a 10 year jail term and lose their rights as providers.

Further items in this reform legislation would include reducing our paperwork cost. Twelve percent of Medicare now goes to paperwork. We can reduce that with electronic billing to just 2 percent.

Further, on medical education, very important medical education for our interns and residents at teaching hospitals, it is a program that should be supported. Maybe it should not be part of the Medicare Program, but it should be part of the Federal Government's allotment of funds, so teaching hospitals continue to have the finest education and doctors turned out of medical schools so we can make sure that we have the education we need, but not as part of Medicare. Medicare should be for our senior citizens' health care.

□ 1815

Another provision of the bill is for the Medicare lockbox. Any savings we get from fraud, waste and abuse would in fact go to health care for our seniors.

Finally, the legislation proposed would make sure that we in fact have options. We would retain the fee-for-service choice of doctor and choice of hospital for every senior across the country, but also give them the option of having managed care Medicare to include eyeglasses and pharmaceuticals for the healthiest of seniors, and also medical savings accounts under Medicare which would give them the chance to invest the money they want to their health care and have the extra dollars they keep be rolled over to the following year when they might need the funds more.

So, Mr. Speaker, I think it is very important that we as Republicans and Democrats work together to save Medicare for our seniors, for this generation of seniors and the next, to make sure that health care is there and Medicare is there and we do so in the proper way for the protection of all our senior citizens.

MEDICARE SCARE

The SPEAKER pro tempore (Mr. LAHOOD). Under a previous order of the House, the gentleman from Ohio [Mr. HOKE] is recognized for 5 minutes.

Mr. HOKE. Mr. Speaker, I come to the well tonight fresh off of 30 days of recess that included a week of vacation with my children and about 3 or so weeks with my constituents. And it is with a great deal of sorrow and disappointment, Mr. Speaker, that I have to report to you that there is a dark occurrence happening in many parts of America right now where a fraud is being perpetrated on people who are vulnerable, people who are sometimes more gullible than maybe many in the population, and people who can be preyed upon by appealing to real anxiety that turns into the exploitation of fear when, instead of being truthful, what is happening is that those individuals are being pushed into believing something that is simply not the case.

Mr. Speaker, what I am speaking about, what I am talking about is a very, very expensive, well thought out, well produced, calculated demagogic ad campaign that is designed to persuade senior citizens in our country that this Congress is trying to not only cut but gut Medicare and destroy the safety net, the health care safety net for senior citizens. It is an ad campaign that is not only well done, well thought out and well produced and absolutely blatantly demagogically false, but it is also being paid for in a way that those who are being forced to pay for it do not even approve and do not want it to exist.

I am talking about the fine working men and women of local AFL–CIO affiliates, several of which I have been personally endorsed by. I am talking about the use of funds that are being mandatorily taken out of paychecks to fund politically motivated ad campaigns that distort and completely falsify the facts.

The facts are, as Mr. FOX was speaking earlier, quite simple. That is that Medicare is going broke. Medicare is going broke. Medicare is going broke. How do we know that? We know that because the Medicare trustees have said it. Who are the Medicare trustees? Three of them are members of the President's own cabinet. Another is a political appointee, and two are individual citizens. And they say Medicare is going broke.

What is the responsible response? What is the right response? What would be the correct response that you, Mr. Speaker, or the citizens of this country would want to see from its legislators?

It seems to me that the responsible way to deal with that is to look at the problem, face it clearly and do what is right to fix it. That is exactly what we have done. In fact, not only has this Congress done that, but with a different set of policy statements the President has done the same thing.

It boils down to slowing the rate of growth. It is pretty simple. Instead of growing at 10 percent a year, it has to grow at about 6.5 or 7 percent a year. Yet this is being used for political purposes to frighten senior citizens into believing that this Congress is trying to destroy Medicare.

Mr. Speaker, the one thing that this Republic cannot tolerate, the one thing that this Republic cannot stand is blatant exploitative, manipulative lying in the political process. That is what is happening by this ad campaign financed by the AFL–CIO.

It is wrong. It is not voter education. It is voter disinformation. It should stop. I just hope and trust that the citizens will not be swayed nor fooled by it.

ENGLISH THE OFFICIAL LANGUAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin [Mr. ROTH] is recognized for 5 minutes.

Mr. ROTH. Mr. Speaker, on August 1 this Congress finally began to show as much sense, common sense, as the American people by overwhelmingly passing our bill to make English the official language of the United States. Make no mistake about this, this was an historic accomplishment. For the first time in over two decades, Congress has taken a concrete step toward cementing our national unit by reinforcing our most important common bond, the English language. After 25 years of Great Society social experimentation, we are finally starting to reverse the tide.

That historic vote was cast on the 1st of August, the first step toward returning to a commonsense policy of promoting American unity by promoting the teaching and learning of English. But the battle has just begun. There is still so much left to be done, starting with the Senate.

Acting on the bill that we passed here in the House, we now ask the Senate to pass this legislation and send it onto the President for his signature. Frankly, I know that President Clinton will sign this bill. The overwhelming majority of the American people support making English our official language. I do not believe that the President wants to alienate a large segment of the electorate just 60 days before the election.

When push comes to shove, Bill Clinton will sign that bill. And as he did when he was Governor of Arkansas, the President should sign this bill, not only because it has certain political advantage that it confers on him. He should sign it because this is the most important piece of legislation this Congress and his administration will consider.

Mr. Speaker, we have witnessed events recently that have testified to the fragility of nations: the sundering of the Soviet Union, the breakup of Yugoslavia, the near divorce between Quebec and the rest of Canada. Secessionist tides are rising all across Eastern and even Western Europe. All these incidents share a common thread. The thread, incidentally and ironically enough, is the unraveling of national unity across the world today. The twin forces of nationalism and tribalism are plunging nations into a separatism spiral, and the United States is not immune.

America is the most diverse Nation in the history of the world. We are a people from every corner of the globe. We represent every culture, every language, every religion, every difference imaginable. The last census, for example, indicated that over 320 languages are spoken in our schools, cities, and communities. Do not think for a second that this Nation can avoid the fate that has been fallen other multicultural, multi-ethnic nations. If we have averted their fate so far, it is no small thanks to our common language, our common glue, our commonality, the English language.

As Winston Churchill said, the common language is a nation's most priceless inheritance, and when we pass on, this Nation, our traditions and our values, on to those people who are following us, passing on a common language is our Nation's most priceless inheritance that we can pass on. At the dawn of the 21st century, Churchill's observation, as usual, could not be more true. A common language is now more important than perhaps ever before.

My friends, we cannot stand idly by and hope that the global forces of separatism will pass us by. That is like closing our eyes and praying that a hurricane will suddenly veer off and project a different path and spare our town. We need to steel our national resolve to the storm and solidify the ties that bind us together as a nation.

I know the majority of the people in this body have demonstrated on August 1 that they truly believe that English as our official language is the right course. I ask Members to join me once again in a continuation of that struggle and urge the Senate to take up this bill and finish the job. It is true we stop depending on divine intervention to spare our Nation from separatist forces. We have an obligation as leaders to the American people and to our posterity. Let us send a clear message and signal to our colleagues in the Senate to make English our official language.

CITIZEN CONCERNS

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the majority leader.

Mr. PALLONE. Mr. Speaker, I wanted to take the floor tonight and address my colleagues over the fact that over the past month, essentially since we adjourned on August 2 for the 3- or 4-week district work period, I had the opportunity to have a number of forums, both general forums with my constituents or specific forums or town meetings on the senior issues, on environmental issues, and also on education issues. What I heard over and over again from my constituents was that they were very upset and they were very much opposed to the Republican leadership agenda that we have seen in the Congress over this last session now almost 2 years.

What my constituents were telling me over and over again was that they did not want to cut Medicare. They did not want to cut Medicaid. They did not want to see massive cuts in higher education programs, and they certainly did not want to turn the clock back on the last 25 years of environmental protection that has been implemented by this Congress and by presidents on a bipartisan basis.

My constituents could not have been any louder or any clearer on this issue. They felt very strongly that the Republican leadership, in this case Speaker GINGRICH and the rest of the Republican leadership, have the wrong priorities, that when it comes to balancing the budget and when it comes to the priorities that have to be implemented in order to balance that budget, that Medicare, Medicaid, education, and the environment were not the areas where cuts should be made.

Essentially what I was getting was the impression that the Gingrich Congress, if you will, is out of touch with the American people and their concerns. I just wanted to review, because I think many times now we are getting very close to the election and a lot of times the public hears things that are very different from the actions that have been taken in this Congress by the Republican leadership in the last 2 years.

I just want to remind my colleagues about some of the initiatives that we have seen in this 104th Congress. We have seen an unprecedented Republican record of voting for extreme cuts in Medicare, Medicaid, education, and the environment essentially to finance tax breaks for the wealthy.

Since the Speaker NEWT GINGRICH, first pounded the gavel in January 1995, Medicare has essentially been under siege in this Congress. The Gingrich Congress again and again has tried to destroy Medicare, threatening to inflict major hardships on millions of senior citizens and their families. Also this has been the biggest anti-education Congress in history.

□ 1830

The Gingrich Congress has continually gone after education funding as a piggy bank, again for their tax breaks for the wealthy, targeting student loans in particular. What I was hearing from my constituents at the various forums that I had was that right now the cost of higher education is prohibitive, and whether you are going to a public school, public university or a private college or university, the costs continue to skyrocket. The only way that most Americans, that the average middle class American, can afford a college education today is if they have some combination of scholarship or grant or student loan or work-study program, and yet what we have seen here is the Republican leadership constantly go after those very student loan programs or those very Federal grant programs or even the work-study programs that make it possible for many people, most people, if you will right now, to go and to continue with their higher education.

And essentially, if the Gingrich Congress gets its way, students and their parents would pay thousands of dollars more for a college education at a time when tuition is already spiraling out of reach for many working families. So either they are going to pay more or they are not going to be able to afford to go to college or to graduate school, and they simply forgo that because they will not be able to get the help that is now afforded by the Federal Government.

On the environment, basically the Gingrich Congress rolled into town in January 1995 determined to roll back major environmental protections in order to pay back the special interest polluters who finance their campaigns. What we saw was that from the very beginning the polluters were sitting down with the Republican leadership at the table and writing, or rewriting if you will, environmental laws.

I do not think that is in the best interests of America's families. Obviously, people feel very strongly that they should be able to breathe clean air, drink clean water and eat safe food, and rolling back the environmental protections, which we have seen put in place on a bipartisan basis by Congress for the last 25 years since Earth Day, is clearly not the way that my constituents, and I think that most Americans, feel that we should be going.

Let me just give you an example. You know one of the things that we keep hearing is that this Congress has changed, that somehow the Republican leadership now understands that they cannot roll back environmental protection, and they are starting to do a few things here and there that maybe show that. But you know if you look at the budget that was adopted earlier this year, in the spring of 1996, you see that it still contains all these poison pills from the old budget, extreme proposals that go against America's values. It still eliminates the Medicaid guarantee of meaningful health benefits for millions of Americans, it still threatens Medicare with excessive cuts and damaging policies, it still cuts education, and it still takes the environmental cop off the beat. What I mean by that is it cuts enforcement, and I have said over and over again here in the well that it is very nice if you have good environmental laws on the books, but if you do not have the money to enforce those laws, to send out the investigators, to have the environmental cop on the beat so to speak, you might as well not have the laws on the books at all.

And this is what we are seeing, a budget that basically disregards America's values.

I wanted to go into some of the points on this budget, but I see that the gentlewoman from Connecticut, who has been so much a leader on making some of these points, has joined me, and if she would like to have some time yielded at this point?

Ms. DELAURO. Yes, I appreciate my colleague yielding. I just wanted to make two or three points.

I think we have seen that Labor Day has come and gone, the August congressional work break is over, and as kids across this Nation are going back to school, Members of Congress head back to Washington for this final push, if you will, of the 104th Congress. In essence there is 1 more month of legislative work before the November elections.

Sometimes, and I do not know if this is a fitting analogy, but for some people the thought of Congress coming back to work makes working families across this country feel exactly what many women feel at the beginning of the fall football season. It is kind of a complete and utter dread as to what else might be wrought on them. And after what they have seen with this Congress over the last 20 months, I think that there are very few or no one wants to see Speaker GINGRICH and his leadership back at work because, quite frankly, there is just too much at stake for people in their lives and the lives of working families.

The legacy, and my colleague talked a little about this, the legacy of the 104th Congress, the first Congress led by a Republican majority and the Republican leadership, their legislative agenda over the course of this last 20 months can simply be summed up in three words, and that is "hurting working families."

Sometimes we forget where we started and if the natural instincts of people have been followed in this body over the last 20 months. But today, and I am sure my colleague has read the press today, a new CNN–USA Today-Gallup poll shows that American voters prefer Democrats in Congress over Republicans by a 10-point margin. This is the biggest lead for Democrats since Republicans captured the Congress in November 1994, and this is what USA Today observed, and I quote:

> The polls suggest GOP control of the Congress gained in 1994 for the first time in 40 years could be in serious danger.

The poll also showed that 60 percent of the American public has a favorable opinion of the Democratic Party compared to only 50 percent with a favorable opinion of Republicans. It is really time to take stock of what has been done over the last 2 years with just 2 months left of this session of the Congress.

What the Republican leadership advocated, what they voted on, what they pushed through the committee, the kinds of efforts that you have talked about that were in the budget, that are coming back at us in another way over and over again, what they pushed through the committee, what they brought to the floor of the House; it is really quite significant and worth recalling. Let me just mention a few things.

The Republicans started off the 104th Congress by attacking kids, cutting Head Start. Why should we prepare kids for kindergarten? They wanted to cut the school lunch program. Why should we stop kids' stomachs from growling? They wanted to cut the student loan program. Why should we help our kids with a college education?

And they did not stop there. Then they skipped a few generations and went on to seniors, the Medicare battle of cutting $270 billion to pay for $245 billion in tax breaks for the wealthy. Why should we help seniors to pay for their medical care? Rolling back nursing home regulations. Why should we protect vulnerable seniors? You know, the notion of shutting down rural hospitals. Why should we provide the underserved areas with medical care?

Then they went after the environment, my colleague pointed out. They let special interest polluters rewrite environmental laws. They actually had lobbyists sitting on the dias, which is only reserved for Members of Congress.

Why should we have clean air and clean water? They cut funding for Superfund clean ups. Why should we get rid of toxic waste dumps? And I know my colleague in New Jersey has dealt with this issue over and over again. I have in my own community of Stratford, CT, where despite the two Government shutdowns and despite the initiatives to try to cut back on the Superfund they were able to continue with a project that can bring 1,500 jobs to Stratford, CT, immediately and then be able to build on that. They threatened to open up the Arctic Natural Wildlife Reserve to drilling. Why should we conserve our national treasures?

And then they did not stop there. They went directly to working families. They stopped passage of the minimum wage increase until medical savings accounts were added to the Kennedy-Kassebaum health care reform legislation.

It was very interesting on the minimum wage debate. It took all kinds of legislative and all kinds of parliamentary procedures in order for us to even be able to get the minimum wage up on the floor and try to get it passed.

The whole issue of the medical savings accounts which was brought up, the medical savings accounts the Consumers Union has called a time bomb that will make health insurance less accessible and less affordable for many Americans.

But the public did not support the Republicans' leadership effort to hurt children, and they do not support these efforts to hurt seniors.

What we will take a look at in the new proposal, this economic plan proposed by Bob Dole, is about close to $600 billion in a tax cut. If you had to take, if you had to look at and if they had to look at cutting Medicare in order to provide for a $245 billion tax break for the wealthiest, where do they have to go to deal with $600 billion in a tax break?

I know my colleagues from New Jersey and I do support tax cuts for working families. Let us take a look at how we can help working families with education, with doing, you know, helping people who are going to sell their homes without having to pay a capital gains tax, providing families with a $10,000 tax deduction in order to get their kids to school or provide for education or for skills and education training. Those are the kinds of things. The HOPE scholarships, $1,500 over 2 years, a 2-year period of time, where if a child maintains a B average and stays drug-free that they will be able to get some education help. These are the kinds of ways we need to point, directly point at working families in trying to help them, not a $600 billion, you know, tax break that will wind up going after seniors once again.

Mr. PALLONE. The gentlewoman could not be more on point, believe me. That is exactly what I was hearing, as I said, for the 3 weeks before the Democratic Convention when we went to Chicago. I had forums, town meetings every night and a lot of times during the day, and that is what I kept hearing over and over again, that people want the Government to be involved in positive ways, to help them with educational programs, for example.

I mean I had a forum in Piscataway, which is one of the towns that includes Rutgers University or different parts of Rutgers University in my district, and people would come up and say, look, we cannot afford higher education. We like the fact that the President has expanded now a national direct student loan program, we like the fact that AmeriCorps is in place and you can work and get a student loan and pay it back through working while you are in college or afterward. Expand the opportunities, use the Tax Code, if you will, as you suggested and as the President suggested and mentioned at the Democratic Convention, use the Tax Code to give the deduction, that we can deduct tuition or that we can get the tax credit for the first 2 years of college, as the President suggested, the HOPE scholarship for example.

I love the term "hope" because it is so positive, and it is his hometown in Arkansas, and you know that is the kind of thing that appeals, not to cut back on these programs, not to cut back on student loans, not to say we are not going to have a direct student loan program any more, not to eliminate AmeriCorps, which is exactly what the budget that was passed in this House does.

And if I can just say that I remember during the convention when, I think it was, the Vice President spoke and said, "I was there and I remember," and I think that is exactly it. I mean we were here on the floor, we have seen that they have proposed, and they cannot hide behind it now and act as if they never proposed it. They not only proposed it, they still have it out there as the budget they are trying to work with the terms of what appropriation bills they move here.

So the reality is that they are still trying to cut back on these higher education programs and other things that are so important to the average American.

Ms. DELAURO. Let me just make one more point, because I think it is very clear this is not too long ago before we left for the August work period that BILL THOMAS of California talked about the Medicare Program as a socialist program. Last week in Congress Daily, when someone asked the Speaker how we could pay for the Dole economic plan, the $600 billion tax cut program, he said, well, we will have to go back and look at entitlement programs again maybe, and we will probably have to look to defense as well. So they added that on.

But the first, the very first, thing out of his mouth was the entitlement programs again: Entitlement, Medicare. That is what we are talking about. So they are prepared to go back to trying to cut Medicare and education again and all of the programs that people are utilizing for their families, not wasting money on. Nobody is talking about being spendthrifts and doing that. People are talking about a Medicare system that has helped people, student loans which help people, but if they are going to try to go for $600 billion and try to balance the budget at the same time and not cut defense, where is the money coming from?

□ 1845

Mr. MILLER of California. Mr. Speaker, if the gentleman will continue to yield, as I was listening earlier, we are all kind of struck I think, after being away from here for a month, to see how at the Republican convention there was this desire to reinvent, if you will, the Republican record.

The most striking one is to come back at the end of that and to have Bob Dole come out and support this $600 billion tax cut, and then to suggest that somehow it is paid for; and then to see the Speaker say maybe they would look at defense, and to meanwhile have Bob Dole going around the country saying that the administration is not spending enough on defense, that they have to spend more.

So the presidential candidate is saying they are going to spend more on defense than we are already spending today, and so we get back to the entitlements. Of course, when we get back to the entitlements we get back to Medicare and to Medicaid, and we have struggled now for almost 2 years to try to take their $270 billion tax cut that was earmarked to come out of the Medicare funds and get that pared down to, now they are talking about 245 or 268 or some other number.

The question, in the middle of this, Bob Dole dumps in $600 billion in tax cuts and says you can afford this. We cannot get the budget passed, we shut down the Government because we could not get the budget passed, we could not afford $270 billion in tax cuts.

When we compare that to the President who has put forth a program that is in fact affordable and is targeted at populations that need it, of course, what we are seeing is this huge skepticism, because we went through the 1980's, and people saw this dramatic runup. We see now Dick Darman has published his book which says today that simply the deficits in the 1980's were caused by the fact that they spent too much money, that the Reagan administration spent too much money. As he says, it was primarily defense. They fought, they fought this Congress all the time on that.

The question is, Do we want to have a replay? I think what we are starting to see the American public say is we do not want to go backward, we do not want to go to the 1980's, we want to go to the year 2000. We want to go with a budget that is balanced. We want to go with kids that are competitive, kids that have skills, with kids who are educated, and with families who can keep their standard of living, that is what the future is about, and a targeted set of tax credits, some help for businesses, some help for education, some help for families, for older people that are going to sell their homes. That starts to make a lot of sense, and it is affordable. It is affordable.

But to watch this other thing happen, this $600 billion, and to try to pretend that it is not related to cutting Medicare, that it is not related to squeezing health care out of either Medicare or Medicaid, because when we are looking for $600 billion, that is where we are going, because so far we have not found the $245 billion without savaging those programs.

So far, what we have come to is we have kept their hands off of Medicaid for the time being; but if we are looking to pay for the Dole tax break, we are going to go to Medicaid and we are going to go right past that to Medicare. So, effectively, he has put it all back on the table, because it is so big and it is so sloppy and it is so untargeted that all it does is add to the deficit and drive cuts in programs that are absolutely vital to families in this country if they are going to have their parents and grandparents and themselves taken care of in future years.

I want to thank the gentleman for taking this time to point out this incredible inconsistency. It was one thing, there was sort of this one CONGRESSIONAL RECORD when the whole world was watching, but for 18 months when people were rather confused about what was going on, these guys were hacking and hewing and slashing every program that moved, every benefit working families needed, that college students needed, that children needed, and nutrition programs and school lunch and Head Start Programs. They were in here slashing away. Then one day they found out the public was watching, the public found out about it, changed its mind, and now they are trying to change their clothes. They are trying to put some other patina on what it is they were doing.

The fact of the matter is we want to judge people by what they are doing when we are not paying attention. What they were doing was destroying the basic fabric that is helping to hold many American families together in very difficult economic times with respect to wage increases and standards of living. I thank the gentleman for taking this time.

Mr. PALLONE. Mr. Speaker, the thing that I liked best about the President's speech at the convention is that he was basically talking about very modest proposals; progressive steps, if you will, that could move us forward toward helping the average American, and basically giving them responsibility and opportunities so people could do things for themselves, in a very modest way. He did not talk about any grandiose scheme that was going to solve all the problems of the world.

That is the kind of thing that I get from my constituents. They come up with very commonsense proposals, like we talked about the education proposal with the tuition tax deduction or the credit, $1,500 a year, something like that; modest things that will move us forward.

I was very happy when the President came out with some new environmental initiatives. Again, they were not anything grandiose, but he talked about how in the last 3 years since he has been in office, in the Superfund Program, we have cleaned more Superfund sites in the past 12 years, and he says he is going to make a major initiative over the next 4 years to clean up, I think, two-thirds of the sites or something like that; you know, use the existing program to try to do the right thing, to clean up these sites. That is what I hear.

I had a couple of environmental forums in towns that have several Superfund sites. In each one of them there has been significant progress on cleanup, real cleanup, permanent cleanup, not just capping the site with asphalt or something like that. They understood when we said, look, we are making progress progress, but we want to do more. We want to accelerate the progress. That is understood, as the President said.

Mr. MILLER of California. Mr. Speaker, I assume the gentleman is getting the response that I do in the district that I represent. City officials for the first time feel like the EPA and Superfund is there to help them. They have spent 10 years languishing, trying to get through this morass of complications, and all of a sudden here is this administration, Carol Browner and our regional person, Felicia Marcus, who are going out meeting with cities, the city dump, dealing with providing efforts to bring in new economic activity, cleaning up the Superfund sites, committing resources, committing personnel to doing this.

For the first time, the mayors and city council people in my area that have had these problems from many years ago are talking about this as a positive agency. For 10 years they looked at them like all they were doing is hindering the city that was trying to get going. For the first time we see this.

So we do not need a grandiose plan, what we need is someone who is committed to carrying out the intent and purposes of the Superfund law, and getting our communities cleaned up so we can get on with the kind of economic activity that is possible in those areas. This is the first time I have ever heard this from local city officials about that program.

Ms. DELAURO. If the gentleman will continue to yield, it is so clear, because I have Stratford, CT, where since 1918 the Raybestos Co. has been dumping, it was just toxic soup here, and despite two shutdowns, we have had the Superfund Program working. There has been such a cooperative effort between the Federal, State, and local government, working together to clean up this site to put the cap down. There is a developer who will come in and put up a shopping mall. We will have construction jobs, we will have revenue to the State of Connecticut and an increase in jobs. It is one of the best examples of cooperation and of partnership.

And as I mentioned a few minutes ago, during the shutdowns, even during the shutdowns the Superfund Program continued to work with the project, help to provide money to keep it going, to keep it going, because of what it means for the future of that community. If the Republicans had had their way over this past 20 months, EPA would be gone. It was over.

That is why what we need to do is, on a whole number of issues that have been talked about, whether it is school lunch, college loans, the direction that this march was moving in in terms of what it wanted to do, it was halted because of the public outcry. People said no, these programs work. School lunch works. Medicare works. The environmental regulations are good for us. They said no, so we had a stopping of it.

My colleague, the gentleman from California, is right; it was almost unbelievable that the group who brought you the last 20 months was nowhere to be seen in San Diego. They were taken off the screen. But if they had followed their natural instincts, so many of these efforts that were really products of bipartisanship in years past would have been gone.

Mr. PALLONE. Mr. Speaker, I just wanted to follow up also with what the gentlewoman was saying about this whole idea of empowering the local people or citizen groups to get involved. One of the things that the President mentioned also as an environmental initiative for the next 4 years was expanding right to know.

When you talk to your local citizen groups that had been involved in Superfund or clean water, whatever it happens to be, they all say the same thing: We are playing a major role in finding out what the pollution problems are, in investigating, going to outfall pipes or looking at the Superfund sites.

A lot of the remedy selection, if you will, for the Superfund sites in my districts were actually put together by local citizen groups that got a grant from the Federal Government or from the State, and actually had input to put together what the remedy should be to clean up the Superfund site. So when you talk about citizen rights, expanding citizens' ability to sue, right to know, the kinds of things the President was talking about, these are the kinds of tools to empower them that people want to use. They see Government as this partnership to empower them to take on more responsibility and to work locally with the Federal dollars and with the State government to accomplish the goal.

Mr. MILLER of California. If the gentleman will yield, that is the point. The President talked about Mr. Dole, talking about being a bridge to the past and a bridge to the future. In effect, what you saw out here for 18 months was an attempt by the Republican Party to go back to the past, to a time where there was not the EPA, where we did not have the Clean Water Act, where we did not have the Safe Drinking Water Act, where we did not have nutrition programs for children, when we did not have a Medicare program to take care of the elderly.

The fact is, that is being rejected. That is being rejected throughout the country. Each and every time, as the public learns more and more about what this agenda was, what the ramifications of this contract were on regulatory reform, on environmental laws, on the nutrition laws, on our education program, that has been rejected, and it is being rejected overwhelmingly.

We ought not to go back to those days, because in fact our communities have benefited from these environmental laws, our elderly have benefited from programs like Medicare, and poor populations have benefited from the Medicaid. We just cannot go back in this country. That is really what the contract was about. It is about what the first year was about. It is what the shutdown was about.

It was about if you do not let us, to go back to a time without Medicare, without Medicaid, without nutrition, we are going to shut down the Government. We have seen that show. We have been there, we have done that. That is unacceptable to the American public. I think what we are starting to see is people want to focus on the future, and about the opportunity to have better communities, safer neighborhoods, and more secure families as we go into the next century.

Mrs. LOWEY. Mr. Speaker, will the gentleman yield?

Mr. PALLONE. I yield to the gentlewoman from New York.

Mrs. LOWEY. Mr. Speaker, I thank the gentleman for yielding. It is a pleasure to be here this evening.

Mr. Speaker, as I just came back from a few weeks in my district, talking to seniors, talking to parents, understanding the needs of the people in my district, I come back here ready to fight once more, just to stop this amazing, amazing move to take us backwards.

I sit on the Committee on Appropriations, where I remember in the late night seeing our colleagues on the Republican side trying to cut student loans, cut drug-free school money, trying to cut after-school jobs for youth. The gentleman and I know, and it is the same in New Jersey and New York, that the families, the mothers and fathers with whom we speak, want us to be investing in education. They want to take our kids forward to the 21st century. They do not want to see us go back. In fact, many of our communities are really distressed about seeing school buildings that need so much work.

I was delighted when the President suggested that we put forth a bill that would invest over $5 billion in rebuilding our schools.

☐ 1900

We have a lot of talk about computers and bringing us forward to the 21st century. Yet these kids go to schools where they are crumbling. We should be really investing in our young people, in education, so we can move forward.

I also live in a district where we are bordered by the Long Island Sound on one side and the Hudson River on the other side. What a year we have had, where we have seen so many environmental regulations by our colleagues in the Republican Party; we have seen these regulations, at least attempts to destroy these regulations. The gentleman from New Jersey [Mr. PALLONE] has been a real leader in this area.

I know the majority of our constituents want us to, yes, try and reform some of these rules so that they work more effectively, but they do not want to see us go backward. They want us to continue to fight for clean water, clean air. The gentlewoman from Connecticut [Ms. DELAURO] and I have been working to upgrade sewage treatment plants, as the gentleman from New Jersey has, because we understand that there is a real balance between jobs, economic development and cleaning up our environment. So we do not want to go backward. We want to go forward, whether it is fighting for a clean environment or fighting for a strong education, just to make sure that our families and our children have a bright future ahead. That is what this is all about.

Mr. Speaker, I was just in my office doing some work. I heard the gentleman from New Jersey [Mr. PALLONE] and the gentlewoman from Connecticut [Ms. DELAURO] talking about the important challenges ahead, and I am so pleased that we have leadership in the White House working with us to make sure that we go forward to the 21st century. We have a lot of work to do, and working together I know that we are going to accomplish our goals.

As I am thinking about these various issues, I remember sitting on this committee and seeing my Republican colleagues trying to cut out 60 percent of the funds for prevention in trying to make sure that our youngsters do not go near drugs. We need programs like DARE, other substance abuse prevention programs, to be sure that the kids understand in their gut that drugs should not be part of their lives. We hear a lot of talk, a lot of rhetoric about drugs are no good and we have to do more. Yet the bottom line is on that committee the Republicans cut out 60 percent of the funds for substance abuse prevention programs.

I am hoping that we can continue to work together to make sure that our schools are strong, that our environment is clean, that we protect our family and our children and the future and make sure we get that bridge to the 21st century, not let any of our colleagues take us back. I thank the gentleman for all the work he his doing and the gentlewoman from Connecticut [Ms. DELAURO]. It is a pleasure to stop by and talk with them.

Mr. PALLONE. Mr. Speaker, I appreciate the gentlewoman's comments. I think she is making the point that money is the key. The gentlewoman is on the Committee on Appropriations. She pointed out that in many cases the whole emphasis in this 104th Congress was on cutting money for environmental programs, for example, for education programs.

Again we started out this evening by saying that, if you do not have the money to hire the investigators to do the enforcement, to upgrade the sewage treatment plants, for example, then what is the use of having the environmental laws on the books? That is what we saw. We saw, I think, initially an effort to try to cut back on some of the substantive environmental programs. And then when the Republicans could not accomplish that, they went to the Committee on Appropriations, and they tried to cut back on the money for enforcement, the money for investigation and then also put those legislative riders.

Remember that we had, I think there were 17 legislative riders that were put into the appropriations bill that my colleague and other Democrats on the Committee on Appropriations fought so hard to try to get eliminated, and eventually all the riders were eliminated. But it was a hard-fought battle. The public has to remember what this battle was all about. It continues. The budget that is out there now would again cut back significantly on all these environmental programs.

Mrs. LOWEY. Mr. Speaker, I appreciate the gentleman mentioning those riders again. As we know, if the President did not stand firm working with the Democrats in Congress and eventually some of our colleagues on the other side hearing from their constituents in the district came around, if we did not stand firm with strong Presidential leadership, where would we be today? Those riders would be in place.

Mr. PALLONE. Exactly.

Mrs. LOWEY. I think it points up how important a role all of our constituents have. They attended town hall meetings. They wrote to their Members of Congress. They wrote to the President saying, we want to go forward, we want to continue to work, to clean up bodies of water like the Long Island Sound and the Hudson River and other estuaries around the country. They do not want to go backward.

They understand that, yes, you can make these laws work better, you can cut out a lot of the waste, and we know there is plenty all over the place. But they still want us to invest in cleaning up these bodies of water because they understand that, in order to create jobs, in order to create businesses, in order to keep our economy strong, our environmental regulations have to be in place because it is that balance that you, I, the gentlewoman from Connecticut [Ms. DELAURO] and so many of our colleagues are trying to preserve.

Mr. PALLONE. Exactly.

I yield to the gentlewoman from Connecticut.

Ms. DELAURO. I think one of the key issues is remembering, remembering this last 20 months and what it has been about.

If the natural instincts of the Republican majority and leadership had been followed, we would have seen the single biggest cuts in education that the United States has ever seen. We would have seen the biggest assault on the environment, as both of my colleagues here have talked about, that we have seen since we started to try to do something in a bipartisan way on cleaning up the environment.

Mr. Speaker, we would have seen the program that has probably been the most responsible for helping American seniors out of poverty, the Medicare Program, we would have seen that transformed into something else and leaving people who have worked hard all of their lives, people who only truly want to have a decent and a secure retirement, something that they have earned, we would have seen that program devastated.

What is very interesting is that that was stopped, by the public primarily, by the outrage of the American public, and the Democrats in the House and the Senate and the President. But what is very interesting to note is that, and you can make reference to what happened in this Congress to nightmare on Capitol Hill part I; and I think, if given another chance, we would see return of the nightmare part II, not by my commentary but by what has already been in print by Republican leadership. The Speaker, saying that to enact a Dole economic plan would mean cuts in entitlements.

The third person in charge of this House in the Republican leadership, TOM DELAY, in a response to columnist Mort Kondracke, when asked if they would do things differently or do them the same, talked about doing the same things over again. There has been recent commentary about the Medicare system being a Socialist system. The public in no way can feel that they can put their trust in people who do not believe in Medicare, fundamentally do not believe in it, who want to cut back on the opportunity for education, make it more costly for them to be able to get their kids to school and to jeopardize what their retirement security is all about.

Mr. Speaker, one thing we totally have not talked about at all is the raid on pension funds. They were going to allow corporations to raid employee pension funds, not to utilize for health care or some other reason but for anything they wanted. It was going back to the 1980's, to the corporate raiders who wound up taking the pension funds, investing in savings and loans or junk bonds, and so forth, went belly up and put people's pensions at risk.

That was on the table to happen. It was stopped. But it is good to review and to understand where their inclination would have taken this country, how they truly threatened the standard of living for working middle-class families in this country, and given the chance again, would do it again.

Mr. PALLONE. Just to fall back again on what I was saying before, I had, I think, 3 senior forums, at least 3 senior forums during the break. When I started the forums, each of them had 200 or 300 people. I was amazed at how may people came out because they were concerned about what the Republicans were doing on Medicare and Medicaid. They started out in each case by giving me very positive suggestions about how Medicare could be changed to save money but actually accomplish more, things like, well, we should include prescription drugs, maybe we have to pay something, $5 or something like that but cover everything else for prescription drugs because if you do that, that will prevent us from having to go to the hospital or having to go to the nursing home. Preventive.

People started to talk about nutrition programs, better diet or whatever for seniors as a method of prevention. Or about home health care and how the Medicare was so limited in home health care and if you included that home health care, it would prevent institutionalization.

Prior to this Congress, in Democratic Congresses, we were talking about expanding Medicare to do those things with the idea that you could save money. But all of a sudden that was off the table. We have not heard anything like that for the last 2 years. These were just commonsense things that I was getting from my constituents. They were saying, those are the ways you can change Medicare to save money but be more helpful to us as senior citizens in terms of our health care.

I had to basically say, well, the reason the Republican leadership is not doing that is because they are really not trying to save or improve Medicare, they just want to cut it so they can give back these huge tax breaks for the wealthy. They want it to wither on the vine. They did not even want it from the beginning. You talking about positive ways to improve this. That is not what this Republican Congress has been all about.

It is hard, though, to convince people of that because they have a hard time believing that elected representatives would come down here and actually try to dismantle something that has been so effective, but that is the reality.

Mrs. LOWEY. The gentleman from New Jersey brings up a very important point and why this session for me was like a nightmare. It is hard to believe, first of all, that Members of Congress who were duly elected would want to shut down the Government as these Republicans did. It reminds me of, as the mother of three children, we have seen some kids that want to stand in the corner and said, "I'm going to scream and scream until I get my way." It is kind of hard to believe that they would have shut down the Government.

Ms. DELAURO. Twice.

Mrs. LOWEY. Twice. But it is that kind of attitude that is amazing. When you think about it, it really is extraordinary that elected representatives would do that.

Mr. Speaker, I have been in Congress now for about 8 years. We have had differences of opinion among Republicans and Democrats, among Democrats and Democrats. But eventually you sit down, you discuss it, you come up with something that is common sense, that makes sense. The gentleman mentioned the kinds of reforms and changes that we have been talking about all along. We had the 30th anniversary of Medicare this year. We talked about various ways to improve the program, to make it better, ways that we can root out real fraud and abuse. We know that. But we have been talking all these years, not about getting rid of it. The American people had one revolution. They do not want another one. We have been talking about how we make it better, whether it is Medicare, Medicaid, or even Social Security.

We know that women, for example, who are the majority of the poor elderly in this country have been penalized for the years that they took off from work to raise their children. We have been working together to improve these programs so that women will not be penalized if they stay home. In fact, the bipartisan congressional caucus on women's issues, and there are very few things that are bipartisan around here these days, has been working on a group of what we call economic equity bills so that we can improve the lives of seniors as they get older.

□ 1915

We should be there working on those kinds of changes, making it fair, and not trying to get rid of Medicare and Medicaid, not making deep cuts in the programs so they cannot function.

Now, we know we have held off the Republicans in this session because there has been such an uproar in the community. But I am hoping that with the Democrats actively working with the President, and with those colleagues on the opposite side of the aisle who want to join us, we can continue working on changes to Medicare and Medicaid to make these programs more efficient, but not cut back, not have deep cuts, because that does not accomplish anything.

So I am very glad that the gentleman brought up the kinds of things that he discussed in his town hall meetings, because I see that, too. I have been going to senior centers, I have been talking to my seniors. I have been talking to families.

It is not just seniors that care about this, because the average family that it feeling squeezed because they have to pay tuition to send kinds to college, the average family that has a couple of kids is worried that if there are these deep cuts in Medicare and Medicaid that are proposed by our Republican colleagues, they are worried that they are going to be caught in the middle. They are going to have to pay their college tuition, they are going to have to take care of their seniors that they love, and they just cannot handle it all.

So I am very glad that we were able to hold off these draconian cuts, and hopefully we can work together in a bipartisan and constructive way in the future to really continue to make changes, but not to cut back.

Mr. PALLONE. I agree. In fact, one of the things, I did have two forums, I guess there were three forums where we talked about the family first agenda, the Democratic family first agenda which, again, is a very modest series of proposals, but realistic in terms of our ability to pay for them and I think our ability to get them enacted. Again, it kind of reiterated what you just said, which is that the families are hurting and that they need the Government to help in some ways to make it so they can take on more responsibility and work together with the Government to improve everybody's lives.

Going back to health care again, there was a lot of support for the Kennedy-Kassebaum bill which the President signed while we were in our district work period. But people also said they would like to see some of the additional changes that were in the family first agenda, the idea of kids-only health insurance for people that cannot get health insurance just for their children, addressing the drive-through deliveries. I was so pleased to see that the President mentioned that at the convention, in his speech, that he would sign the bill that would prevent drive-through deliveries so that women would be guaranteed, I guess, at least 48 hours for natural delivery and 4 days, I guess, for a C-section.

These are the kinds of incremental proposals on health care and dealing with health care issues that I think we can get passed, and that the President has said "Send me this legislation and I will sign it." But, again, we have had a difficult time, an impossible time with this Republican leadership, in moving on this agenda.

Ms. DELAURO. The gentleman mentioned the families first agenda which I am terribly proud of. That effort was put together by Members traveling through their districts for the last several months and listening to people and what their concerns are, some of the things we have talked about here tonight: How are they going to afford to send their kids to school? How do they make sure they are meeting their obligation to their parents and meeting their obligation to their kids? And their concern about their children in schools, with violence, how are they going to maintain their standard of living, all of those kinds of things.

I know so many Members spent a lot of hours, I know my colleagues here did, just really in living rooms. I did so many meetings just in people's living rooms, listening to what they have to say. The families first agenda is about that. It is saying that families are first and not last.

The Contract With America was, and my gosh, they cannot run away fast enough from it now, they are running away from the contract, from the leadership, with good reason, because it in fact had nothing to do with how we were going to try to help people raise their standard of living and take care of these kind of kitchen table issues and discussions that people have.

But the families first agenda is modest. It is not big government. They are not large bureaucracies, not grandiose ideas. It is some very basic, simple principles and initiatives which can be implemented, around which there can be a consensus to get implementation: the targeted tax cuts for education that we talked about; health care insurance for children from zero to 13.

Let us make sure our kids have health insurance. There are so many young families today where they cannot afford to have insurance, and kids get sick. Kids get sick. That is a fact of life. Where the heck do you get the money to be able to take care of that insurance?

Pension reform, making it easier for businesses to offer pensions, making sure that pensions are accessible, making sure that that kind of corporate raiding of pensions is prohibited in some way. And there are proposals to deal with that.

Child care proposals for working families, a big issue. How you are able to work? You have both parents working today. What do you do about child care?

There is also an initiative about working with State government on jobs and looking at how we try to implement a program that gets money to the State. States put in matching funds so we can create jobs around school construction and airports and roads and bridges and so forth.

So a modest set of proposals that can be implemented. I think we can all be proud of the families first agenda.

Mr. PALLONE. The other thing, when you were talking about the pensions, I heard a lot about the portability. In the same way we were talking about the health insurance portability in the families first agenda you have the pension portability. A lot of people came and said, "You know, I can't take my pension with me if I change my job." That I think is part of the families first agenda too, which is a great idea, because so many people today have many jobs over the course of their time they are working.

Mrs. LOWEY. Mr. Speaker, I am glad the gentleman mentioned all of the factors that really working women are not just concerned about, many of them are frantic about. In my district in Westchester County, this morning Secretary Reich spoke on the teleprompter, or whatever those big TV screens are called, to a large group of women that were there for a Working Woman Conference. They got together because these women are so frustrated.

It takes two to support a family today, both the husband and the wife are there working, and there are a whole lot of discussions about child care, how are they going to pay for child care, how are they going to send their kids to college? They are worried about everyday living. That is why the President's proposal for a $10,000 tax credit was talked about today, because it is so important.

I am hoping that we can really work together to get some of these proposals in the families first agenda through this Congress, because they are not pie in the sky, they are practical proposals, creating partnerships between the public and the private sector to create more child care positions, to make pension reform a real part of our congressional agenda, to help women go out and start businesses.

We have been involved with the glass ceiling, and you know what happens when a woman hits that glass ceiling in a big corporation. She takes all the skills she has learned in the community as a mother, as a boss, and goes out and starts her own business. But a lot of these proposals in the families first agenda are real, they are doable, and we can get them done, if we really focus and work together.

So with President Clinton's leadership, working with those of us who have been fighting for women and families and children for a very long time, I think we can achieve our goals.

Mr. PALLONE. I appreciate that. I just want to thank the two of you for joining in this special order tonight. We sort of started out by saying how the GINGRICH Republican leadership agenda was really out of touch with America's values and what people think we should be doing here in Congress. But, at the same time now, as Democrats we have our own agenda, the families first agenda. More and more what I found during the August break was that people understand that, and they think that is the way to go, modest proposals to move forward in a progressive way to help the average American.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3719, THE SMALL BUSINESS PROGRAMS IMPROVEMENT ACT OF 1996

Mr. SOLOMON (during special orders), from the Committee on Rules, submitted a privileged report (Rept. No. 104–773) on the resolution (H. Res. 516) providing for consideration of the bill (H.R. 3719) to amend the Small Business Act and Small Business Investment Act of 1958, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3308, THE UNITED STATES ARMED FORCES PROTECTION ACT

Mr. SOLOMON (during special orders), from the Committee on Rules, submitted a privileged report (Rept. No. 104–774) on the resolution (H. Res. 517) providing for consideration of the bill (H.R. 3308) to amend title 10, United States Code, to limit the placement of United States forces under United Nations operational or tactical control, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PRIDE IN THE CONTRACT WITH AMERICA

The SPEAKER pro tempore (Mr. HAYWORTH). Under a previous order of the House, the gentleman from Connecticut [Mr. SHAYS] is recognized for 60 minutes.

Mr. SHAYS. Mr. Speaker, it is my intention to use about 30 minutes, give or take, and then yield back time which then will be claimed by the gentleman from Pennsylvania [Mr. WELDON].

With that, I would like to just thank you for serving as Speaker, as Acting Speaker, and to tell you that I was looking forward to addressing this Chamber tonight, particularly more so after hearing my colleagues who just preceded me. For a variety of reasons, I just strongly disagree with their attempt to really spin what this Congress has done.

Let me say from the outset I have never been more proud to be a Republican in this 104th Congress, to serve with so many other men and women who believe deeply in doing some very important lifting for this country.

Preceding the 1994 election, Republicans who were in the minority made a determination that we wanted to present a very positive plan for the American people, and that this plan would be a statement of what we intended to do if in fact we became part of a new majority.

We decided that we would set forward this plan in a Capitol steps event, and not just invite incumbent Members of Congress, but those that were challenging incumbent Members of Congress. We also decided we wanted people to have a sense that if there was this new Congress, there would be a major shift in policy and direction, and that we would promise to do much like what might happen in Britain or Canada or Israel, that when you had a change in government, you really had a change in direction.

So we set out with what we called the Contract With America. It was a contract that we collectively, Republicans, both incumbents and those challenging, put together. When we started working on our Contract With America, there were things we took out because we could not sign if they were still in. So what remained of our contract was a piece of effort that really had the support of almost everyone, 390-plus Members and challengers who signed this Contract With America, and I was one of them.

I remember when I was being interviewed by one of the editorial boards before the 1994 election, I was asked how could I as a moderate Republican sign on to the Contract With America, as if somehow this contract was something that I would not be proud to be associated with.

So I thought about it a second, and I said to the people asking me the question, "What do you think of the Democrats' Contract With America? The 8 reforms they want on opening day, the 10 reforms they want in the first 100 days?"

I asked the question and waited for an answer, and I waited. And finally I said, "Isn't it interesting that the majority party," the then Democrats who were then the majority, "had no plan, didn't share what they wanted to do, no sense of direction?" And here you had a minority party that was not sure it would be in the majority, promising they would do certain things.

I said, "Isn't it also interesting that our Contract With America did not criticize President Clinton or the 103d Congress or the 102d Congress or the 101st Congress?" There was not any criticism of Democrats. It was just a positive plan of what we wanted to do.

The reforms in the first day of Congress, those eight reforms, getting Congress to live under all the laws that we imposed on the rest of the country, Congress had exempted itself from the Fair Labor Standards Act, the Civil Rights Act, the Americans with Disabilities Act, the age discrimination, the family and medical leave, the Occupational Health and Safety Act, Employee Polygraph Protection Act, the Worker Protection Act and so on. This Congress put Congress under all the laws we imposed on everyone else. So we are now under the 40-hour workweek. That was one of the reforms in our Contract With America. We also cut the number of committees, we cut the number of staff in the committees.

We did something that was really monumental, though I think it is hard to explain, we eliminated proxy voting.

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Proxy voting was the process where a chairman would get a Member to sign a proxy that gave the chairman the right to cast his vote or her vote. And it was the reason why chairmen controlled the committees, because they had a fistful of proxies. And when we eliminated proxy voting, we brought democracy back to Congress. In fact, there were a lot of good Democrats who lost in previous elections, not because they were not trying to do the right thing, it is just they could not get beyond their chairman who had so many proxies in their pocket. They could not pass legislation that they themselves wanted to pass what the American people had asked for.

What this Congress is attempting to do, and we have succeeded in a whole host of areas, our first is we are trying to get our financial house in order and balance the Federal budget, not because balancing the budget is the most important thing or the end result. It is the foundation. So in that sense it is the most important because what is built on top of it has to have a strong foundation. So we have to balance the budget and get our financial house in order so that when we do programs, they will be on a strong financial footing.

The second thing we need to do is save our trust funds from bankruptcy, particularly Medicare. We learned last year that Medicare would go bankrupt in the year 2002. Now we are learning that Medicare may go bankrupt in the year 2000. It is going bankrupt because more money is going out of the fund than coming in because we are spending too much money. So we are looking to save Medicare.

We had a plan and the President vetoed it. And he vetoed it when we thought the fund was going bankrupt in the year 2002. Since his veto we now know it is going to go bankrupt basically in 19 to 20 months sooner. And our third effort is to transform our social, our caretaking society into a caring society, to transform our social and corporate and agricultural welfare state into a caring opportunity society. We want to end welfare not just for people who have been on it for years but for corporations and for those large farms in particular that have become addicted to government price supports, and so on. So that is what our effort is.

Now my colleagues on the other side of the aisle talked about the cruelty of cutting the school lunch program, the student loan program, Medicaid and Medicare. First and foremost, I have to be direct, we are not cutting those programs. So the very premise on which my colleagues spoke is just wrong.

Now, one of the things they talked about was the earned income tax credit. This is a payment made to someone who works but does not make enough to pay taxes, so they get something back from other taxpayers. It is an earned income tax credit. They are working Americans who get something from the government. They said we were cutting that program. Yet the program is going to grow from 1995 to the year 2002 from $19.9 to $25 billion. Now, only in this place and where the virus is spreading, when you go from $19.9 to $25 billion do people call it a cut. This earned income tax credit is important and we want it to go for families. We want to help families have money when they are working poor.

The school lunch program is going to grow from $5.1 billion to $6.8 billion. Again, only in this place and where the virus is spreading, when you grow from $5.1 billion to $6.8 billion do people call it a cut.

Now, what we did do is the following. The school lunch program is going to grow at 5.5 percent more a year. It is going to grow at 5.2 percent more a year. We said it should grow at 4.5 percent more each year. So we are going to spend 4.5 percent more each year. But then what we did is we said 20 percent of it, State and local governments could reallocate. We got rid of all the Federal bureaucracy involved in the program, saving the money so the students could have it, not the bureaucracy. So we allowed the student loan program to grow at 4.5 percent more each year. That enables it to grow from $5.1 billion to $6.8 billion in the seventh year.

We allowed governments, local governments, to transform and the States to transform 20 percent of it, to transfer it and to transform it so that a child in a suburban area who comes with parents that make a decent income like myself would not have their daughter subsidized. Why should my daughter have 17 cents of her meals subsidized by the Federal Government when I make a nice salary as a Member of Congress and my wife teaches? So we were going to allow local communities to take that money and spend it in communities that need it more, like my cities of Bridgeport and Norwalk and Stanford for kids who come from parents who do not have much income.

So rather than taking and slowing the growth of this program and giving some children less increase than they would have gotten, they are going to get more because we are going to take it from those who make a lot of money and give it to those who need it.

The student loan program is another example of where my colleagues are just totally off base. Now, the student loan program, which was last year $20 billion under our plan, would go to $36 billion. That is a 50-percent increase in the student loan program. A 50-percent increase in the student loan program is not a cut. It is an increase. It is a 50 percent increase. So we are going to go from $24 billion to $36 billion. What did we propose? Republicans said that when the student graduates, they have 6 months in which they then pay the loan from that 6 months on. When they graduate for that first 6 months, that interest was paid by the taxpayer. We wanted the student to pay that interest from when they graduate to that first 6 months and amortize it over the course of a 10- or 15-year loan. That would have amounted for the average loan to $9 more a month to a student with an average loan of about $17,000, $9 more a month now that they have been out of school for 6 months. $9 more a month is the equivalent of, in my part of the country, the price of a movie theater and a small Coke or a piece of pizza. I have no problem telling the student for the good of the country that they can pay $9 more a month after they have graduated and are now working.

But that notwithstanding, we still spend the same amount of money, $24 billion to $36 billion, a 50 percent increase in the student loan program.

Medicaid, we are told that we wanted to cut Medicaid and that this is health care for the poor and nursing care for the elderly. That grows from $89 billion to $127 billion under our plan. Only in Washington when you go from $89 billion to $127 billion do people call it a cut, but they just did. They just did. Previous to my addressing Congress, my colleagues said we were cutting the Medicaid program.

Medicaid is the program, however, that I want to talk about in more detail.

We spent last year $178 billion, a lot of money. In the 7th year of our plan we will spend $289 billion. That is a 60-percent increase in the amount of spending that we will make in the seventh year as opposed to what we did last year. Now, only in Washington when you go from $178 billion to $289 billion do people call it a cut.

Now, people then said, well, you need more money because you have more seniors. If you have more seniors, you need more money. We do have more seniors. On a per person basis per senior we spend $4,800 on average per senior for Medicare. That is health care for the elderly and health care and other assistance for those who have disabilities.

In the seventh year we will spend $7,100. That is a 49 percent increase per person from last year to the seventh year, or the year 2002. Yet my colleagues on the other side of the aisle said we were mercilessly savaging Medicare. And yet it is going to grow 60 percent in total and 49 percent per person.

Now, what did we do with Medicare? We did not increase copayment to the senior. We did not increase the deductible. We did not increase the premium except for the wealthiest of wealthy. The premium for those who are single, who are seniors who make over $125,000, they will have to pay all of Medicare part B. And if you are married and you make over $175,000, you have to pay all of Medicare part B. If you are married, $175,000, you pay all of Medicare part B.

So we did not increase the copayment, did not increase the deductible, did not increase the premium. What we also did, though, is we gave seniors choice. Right now a Medicare recipient has one program, a traditional fee-for-service. We allow them to keep that program if they want, but we then bring in the private sector, various HMO's, allowing hospitals and doctors to compete with HMO's, allowing for medical savings accounts, allowing for all these different programs. And the only way that these new programs can participate is that they offer something better than Medicare, because they have to draw people away from the traditional fee-for-service program. How do they do that? They do it by doing something very logical.

There is so much money to be made in Medicare, so many people are making so much money that the private sector can come in and give you better service. They can give you eye care, dental care, a rebate on the copayment, the deductible or premium, and some have even in certain areas said we can give a rebate, actually may pay all of MediGap. So now we have a Medicare program that grows from 178 to 289 billion. We did not increase the copayment, did not increase the premium. We allow the private sector to come in to offer eye care, dental care, a rebate on the copayment or deductible or the premium and maybe even pay all of MediGap. What was our one mistake?

We made a mistake. At least that is what the President said. What was that mistake? We happened to save $240 billion. Now, how were we able to do it? Instead of the program growing at 10 percent a year, we had it grow at 7 percent a year. How were we able to have the program grow at 7 percent a year? Because when we asked the private sector how much they would require to offer the same as the fee-for-service program, they said, if you put 3 percent more in the program, we can make money off the program and give you the traditional fee-for-service. We said, what happens if we give you 7 percent? They said, if you put 7 percent in the program, we can give better than the fee-for-service, we can give the eye care, the dental care, the rebate on the copayment or the deductible or the premium.

So now I am thinking about a program that does not increase the copayment, the deductible, the premium, gives seniors choices and saves $240 billion. Yet the President said, that is a cut. Yet we are spending 60 percent more totally, 49 percent more per person. And I was trying to think of how I would describe this.

The only way I can describe it, and it seems somewhat ludicrous, but it is really. I mean, I guess what I have to say is I never thought the President would veto the Medicare plan. Why would he do it when we did not increase the copayment or deductible or premium and gave seniors choice and saves $240 billion? I do not understand why he would have done that. There is no explanation for it.

It is just about as stupid as if I had said to my daughter, which I will not do, but if I said to my daughter, honey, I want you to buy an automobile and I want it to be full size because I want you to be in a big car. And I only have $16,000, and I want it to be a full size car. And I say that means you cannot, you can only get a cassette radio, you cannot get a CD and you will not be able to get a sun roof and leather seats. It is going to be a big size care and it is going to be stripped down. And give her this $16,000, and she comes back all excited and she says, Dad, I got the car. And Dad, you will not believe it; it has a sunroof and it has a CD and it has got leather seats. And I say to her, Jeremy, I told you you could not do that. You were not supposed to do that. I get mad at her because she did it because I wanted here to get a full sized car. And she said, I bought that full sized car. And by the way, Dad, here is a thousand dollars back. It only cost me $15,000.

Would it not have been stupid of me to say, you did something wrong? You got a better car with more things and you saved $1,000 and I say you cut $1,000? I think that is pretty stupid, but I do not think it is any different than what the President did. He basically vetoed a bill that had no increase in copayment, deductible or premium, gave seniors choice and saved the country, the taxpayers $240 billion.

Now, when I look at this program and I look at what we have been doing, I am trying to think of what happened in the first 2 years of the Clinton administration when they had their own Congress. There was talk that we were forced into passing a minimum wage bill. Some on our side supported it. But it is not lost on any of us that they did not attempt to pass the minimum wage bill when they controlled the House and the Senate and Congress. But when we passed the minimum wage bill, we did something more. We provided $8 billion of tax cuts for businesses that employed people who make the least amount of money, who in some cases need to be trained, who are on welfare. We are giving tax credits for small businesses so they can compete in a very competitive work environment.

We passed the welfare reform bill. That is a bill that the President said he wanted to pass and yet he could not pass it under a Democrat Congress. We passed it in this Chamber. He said it was too harsh. He said he did not like it and he signs the bill.

Now my colleagues on this side of the aisle have got to be careful when they talk about certain things they think are harsh and then sign onto them. They cannot have it both ways. We passed 13 budgets this past year. Our colleagues on the other side of the aisle said that some of them were harsh. I am not quite sure why they think that, but they were signed into law by the President. The President cannot sign them into law and then say they are too harsh, nor can my colleagues vote for it and then act like they did not vote for it.

What have we tried to do? We tried to get our financial house in order by cutting, truly cutting discretionary spending, making Government smaller.

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We want to return the power and the money and the influence, take it away from Washington, give it back to States and local governments, and the reason we want to do that is we think the Federal Government has a one-size-fits-all mentality. We think the Federal Government basically says, adds up all the people in the room, adds up their collective shoe size, divides the number of people and their collective shoe size, and says there is an 8½. I do not care if you wear a size 12, I do not care if you wear a size 6. Wear it. One size fits all no matter what part of the country you come from.

We believe that States and local governments can do it better. We also think that they can do it better without the Federal Government setting up a whole great deal of regulation and rules and a bureaucracy that siphons off 10, 20, 30 percent of what we choose to spend for the people who we are ultimately trying to help.

I look back and think of my 22 years in public life, and this summarizes what I think government ultimately should do because it is what we want to do for our own children.

I have a dad who passed away recently, but he used to come back from New York City because I was on the commuter line. My dad worked in New York from Darien, CT, and he would come home every night, and I was the last of four boys, and all my brothers were off in college and out of college, and we would read stories that he had read in the newspaper, and he would sometimes bring home an Ann Landers column that he thought was interesting, humorous, or instructive.

And Ann Landers said something that I think summarizes the feelings I have about what we are about in this 104th Congress. She wrote: In the final analysis it is not what you do for your children but what you have taught them to do for themselves that will make them successful human beings.

I believe a caring society has to teach people how to grow the seeds, how to farm the land, how to fish, not give them the food, not give them the fish. When we give them the food or the fish, that is a short-term effort; but when it goes from one generation to another generation, as it has both in terms of individual lives, in terms of corporate write-offs, in terms of agricultural subsidies, we make people dependent, we make them less efficient, and frankly we have done something very cruel. There is nothing caring about constantly giving people the food without ultimately teaching them how to be independent.

And so what we would like to do for our own children and for our own families and the people we love, it seems to me ultimately we should do for those in our society who need the most help.

I believe this is the most caring Congress that I have ever, ever seen. I believe it is the most caring Congress because we are dealing with big issues; we are not sweeping things under the rugs as had been swept under the rugs for years and years and years under previous Congresses. We are trying to make our country self-sufficient, we are trying to make our constituents self-sufficient, we are trying to bring the money and the power and the influence back home where it belongs.

With that Mr. Speaker, I would like to yield back the balance of my time. If my colleague is here, I am not yet about to give it up, but I do not see him, but when I do I will yield it back, but just continue by saying that as a moderate Republican I take some real interest in the fact that this Congress that is deemed to be a conservative Congress is dealing with some very important issues, whether it is health care reform which we passed and the President signed into law, whether it is welfare reform, whether it was the tax cuts found in the minimum wage bill, whether it was the telecom bill that passed recently. We have a major agenda, some of which has been passed into law by President Clinton, others which have been vetoed. Sadly, he vetoed 2 welfare bills. Sadly, he vetoed our Medicare reform bill. Sadly, he vetoed our Medicaid bill, which was an attempt to allow State governments the opportunity to manage health care for the poor because, frankly, that is where you have seen the greatest reforms.

One of the things I am most proud about as a Republican is that 31, I think 32, of the 50 Governors happen to be Republicans. They represent 75 percent of all the American people, and the faith that I have in our plan to bring the money and the power and the influence from Washington to local communities, the satisfaction that I have, is the knowledge that we have had Governors, Republican Governors and Democrat Governors, who have made Medicare work on a State and local level, who are making welfare reform work on a State and local level.

The State of Connecticut has welfare reform, and one of the things we have done, which is a very caring aspect of this effort, is that in our welfare reform bill in the State of Connecticut, while we are pushing people off of welfare, when they work they are allowed to keep their welfare health care, and by their keeping their health care they are able to protect their families while they are working in a job that does not yet provide that. So our State is saving money as well by having welfare health care be under managed care, and the logic was if the average man and woman in this country has managed care for health care, why should it not also apply for those who have it as seniors who would take it by choice, not by requirement, or those who have it as welfare recipients who pay no taxes, who are getting health care at the taxpayers' expense; why should they not have managed care, and why would they not have better health care, and the fact is they have better health care by it being managed.

IMPROVING EDUCATION IN OUR NATION

The SPEAKER pro tempore (Mr. HAYWORTH). Under the Speaker's announced policy of May 12, 1995, the gentleman from Louisiana [Mr. FIELDS] is recognized for 60 minutes.

Mr. FIELDS of Louisiana. Mr. Speaker and Members of the House, tonight I rise to talk about two very important issues; one, education, and how we move forward in this Congress and in Congresses to come as relates to education from a budgetary perspective. I would first like to bring to the House's attention a meeting that the Education Caucus held on July 31 of 1996. Right before we left for the August break we had a caucus meeting, and we talked about bringing businesses together to talk about how we can get businesses involved in improving education for our country because we feel that that, Mr. Speaker, is a relationship and a marriage that must be forged all across this country in order to improve the quality of education in this Nation. I am very happy that Senator WELLSTONE from the other body, who is the co-chair along with myself of this Education Caucus, cochaired this meeting with me, and we had several panelists who discussed various ways that the business community could help in improving education in this country.

One of the panelists, Mr. Speaker and Members, was Audrey Easaw from Giant Food. She was the project manager for Apples for Students Plus.

This is a very unique program that Giant Food market decided to institute in several States across the country, and we certainly urge other businesses across America to do the same, because when businesses actually take an interest in education in which they get dividends in the long run because, after all, these are the individuals that they will be employing to run their businesses. Giant Food market decided to embark upon a program where they actually go in and put computers in schools.

I mean you have heard the President and you have heard the Vice President talk about the need to put computers in every classroom across America to bring our kids into the 21st century and to also prepare them for the Superhighway, Information Highway.

Giant supermarket has already taken this challenge and accepted this challenge, and I am happy that, according to their testimony, Mr. Speaker, they are operating in four States, and what they choose to do is go into a school or go into a community, go into a State and actually put the computers, the software into the schools and help kids through the necessary tutorial programs where they train teachers and then help teachers train kids about computers and the necessary software.

One of the unique ways they raise money for this project is by taking a certain percentage of the gross receipts of individuals who are consumers who shop at their stores. So that also encourages people to shop and save their receipts and then give them to the school kids to turn them in at the next school day so that they can be credited at the end of the day for more and additional software.

So that is in fact, Mr. Speaker and Members, a program that I am very pleased about, and I want to put the testimony of Audrey Easaw into the RECORD.

They not only buy computers, but they also buy telescopes, microscopes, math equipment. TV's, VCR's, and other equipment that the school may need as relates to telecommunication and communications in general.

They have also established an adopt-a-school program, and I am talking about these programs, Mr. Speaker, because I want individuals to know what kind of impact businesses can have on schools, because there are many schools across America, quite frankly speaking, that just do not have the necessary dollars in order to improve the infrastructure, in order to improve the computer technology within the schools, and therefore businesses can merge or forge a relationship with schools and actually get a benefit as a result of it. They have an adopt-a-school program where they target over 10,000 businesses per year to challenge them to put matching funds from their employees. When their employees give money, then they challenge businesses to match those funds as well.

We have the opinion that government cannot do everything and cannot do it all, not only in education, but in any facet of our society. But when we have everybody pulling that wagon in the same direction, then we can get there a lot quicker.

So I would like to put the testimony of Miss Audrey Easau in the RECORD, and next I want to talk about a Mr. Norman Manasa. He is from the National Education Project Inc. who testified before the caucus, the Education Caucus. They started and initiated a nationwide tutorial program serving medium-sized cities. They decided to go into medium-sized cities and actually build schools and have a tutorial program to educate kids in math, reading, science, and other subjects, and they do it very intense. They actually go into a school and have schools to open up hours and actually have tutors on staff to help train kids in the necessary subjects.

I mean, that is another program that we saw to urge businesses to play a role, because we feel that that certainly will help strengthen our educational system all across this country.

No government funds are required for this effort. It is designed to directly impact elementary and college students as well. Undergraduate institutions are targeted and supported by corporate sponsors. Students are required to provide 60 hours of tutoring per semester as a part of a 3-credit course. So they also have the colleges involved, which is very unique because I mean if you can give a college student credit for going into the community and actually tutoring a kid, that is something that certainly not only builds this Nation educationally, but it also gives a student some sense of community service as well.

Decca Armstrong, who is from the National Cable Television Association, spoke of two of the cable industry's major educational initiatives.

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One is cable in the classroom, and cable's high-speed educational connection. Those were two important programs that he spoke of during the education caucus meeting. Since 1989 cable companies have worked with school districts. Approximately 75,000 schools nationwide have been provided free cable connection through this program. Thirty-five programs provide 540 hours each month of quality commercial-free programming. All of this is free.

Here again, this is where businesses play a very key role in helping our educational system across this country improve, not only from an infrastructural viewpoint, in terms of computers and actual physical plant of the building, but also getting into the classroom and dealing with the meat of the educational systems, teaching and tutoring kids about the different subjects.

Teachers are provided with instructional materials and curricula supplies to assist them in classrooms. This is very needed because there are so many teachers who work into classrooms every day and do not have the necessary tools to teach. So when businesses get involved and help supply teachers with the necessary school supplies, and the students, then it certainly makes for a better educational situation in that classroom. Because we can have the best classroom in the world, and if the teacher does not have the tools to teach, the books, computers, and other tools and resources, then very little learning will probably take place in that classroom.

Last, we heard from Mr. William Oliver from Bell South who addressed the Education Caucus on the availability of new technology and the availability of employees who are prepared to accept the challenges that corporate America is sure to present them. His perspective was more they are training many of their employees to go into the schools, because they realize that many of today's students will be tomorrow's employees. So they are training their employees, and they have a particular division, as I appreciated, of their operation to go into schools, inner-city schools, and teach kids about new technologies that are available.

It just goes to show you what can happen and what should happen when business and education connect, and I would like to put all of this information in the RECORD, because these are individuals who testified before the Education Caucus committee and did a great job. We certainly do not want their information, this information, to go unnoticed.

Mr. Speaker, next I want to talk about an initiative that the President initiated some weeks or a couple of months ago. We have often talked about how the Government can play a role in improving the infrastructure of schools across America. I am very pleased that the President decided to start an initiative to help local schools across America build their infrastructure.

As we know, there are many schools across America who do not have the financial wherewithal to improve their infrastructure. We all know that there is a serious problem with schools decaying. We have schools that are falling by the very bricks that are holding them up. We have schools that could not pass a code on any day of the week, but they are still open and they are still in the process, in the business of educating our children.

Our schools in many instances or in some instances are in worse condition than jails and other facilities in the area. So the President has made a decision, proposed a new initiative to help communities and States to help rebuild the Nation's schools. This is a very straightforward program, one that the Education Caucus supports. We have talked about it for a long time. We are glad that the President has taken the initiative to bring it to the forefront, and also put money behind it and support it as well. It is not a free-fall program, it is a program that will put about $5 billion into infrastructure building across America.

Individuals have to, quite frankly, start their new construction or renovate their schools, refurbish their schools, and 50 percent of the interest money they spend on building their schools or refurbishing their schools will be subsidized by this $5 billion program.

We have talked enough about refurbishing and rebuilding schools in America. We all know that is a serious problem and a serious calamity. In order for us to make our schools what they should be, it is going to take initiatives like this. It is going to take initiatives like what the business community is doing. We encourage more of them to do the same, to do so.

I would like just to talk a little bit about this program, and then I will yield to my distinguished colleague, the gentleman from Illinois [Mr. JACKSON] who I have been joined by, who is also a distinguished member of the Education Caucus, to further talk about the President's initiative.

Key elements of this program are very simple: Up to 50 percent of the interest subsidy for new schools, new school construction and renovation, one will be able to access under this $5-billion program. The initiative will reduce interest rates on new school construction and renovation projects by up to 50 percent, with a sliding subsidy scale dependent on the need.

So this is not where a school system, Mr. Speaker, can just walk in and say "I want to benefit from this new subsidized program." They must have the qualifications in order to participate. It is going to spur about $20 billion in new construction. This $5 billion will end up being about $20 billion, based on the number of construction dollars that will actually be put into schools over a 4-year period.

The interest reduction is equivalent to subsidizing $1 out of every $4 for construction. This is something we have needed for a long time. Now poor school districts across America can now say "We can afford to refurbish our schools, we can afford to renovate," and in some cases even build new schools.

The goal of the 25-percent increase in school construction over the 4 years is a very simple one. On average we spend about $10 billion a year in present dollars in school construction, $40 billion over a 4-year period, which means that we will, if we put $20 billion over a 4-year period each year, that will be substantial dollars in school construction.

These are one-time construction initiatives, paid fully by the one-time spectrum auction that the President has decided to pay for this program out of. So these are not new tax dollars, these are money that will come from the one-time spectrum auction.

Local and State governments maintain the responsibility and control over construction. Still, education and construction is still the responsibility of local and State government. The Federal Government is not stepping in and seizing that responsibility. It is only assisting. I have often said, and I say today, that education is a partnership. It is not a State problem or a State responsbility or a local problem or a local responsibility or a Federal problem or a Federal responsibility. Education is a partnership. We all have to play a role in improving the quality of education for our kids.

Mr. Speaker, I yield to my colleague, the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Speaker, let me begin by taking this opportunity to thank the distinguished gentleman from Louisiana [Mr. FIELDS] for being so kind as to allow me the privilege of participating in this special order.

I was in my district this past August, certainly there for the Democratic convention, but also in town hall meetings and working with constituents. I had the opportunity to talk to, as I do on many occasions, some young people in my district, some of whom were fulfilling their responsibilities with their summer jobs. Some of the young people for the very first time, it really set me aback, Mr. FIELDS, when one of the young men said he had three friends who had been to the university. I said, "They have been to what college?"

North Carolina A&T State, that is where I graduated, and you went to Southern Louisiana in Baton Rouge, Louisiana. I said, "What university did they go to?" They said, "No, we are talking about the university in Joliet." I know, as well as the gentleman probably knows, as well as millions of Americans know there is no university in Joliet. What he was referring to was the jail in Joliet. Now it is becoming more street language, if you will, more street-appropriate, to not refer to jail as a place of incarceration but to refer to it as a university.

My father always says that it is a real sad day in our country when jails are becoming a step up. After all, in jails they have heat in the wintertime and they have air conditioning in the summertime. They have three square meals a day. They have organized recreation. They have health care and medical attention while they are in jail. They have library facilities. They have organized religion; certainly spiritual development, even if it is done on an ad hoc or unofficial basis. You can get your high school diploma while you are in jail. You can get a GED.

For many people in my district, certainly in the City of Chicago and around the country, many young men are now joining their fathers for the first time in jails. This is the first time we are looking at two and three generations of young men and in many cases young women who are part of our penal system.

One of the reasons I am so impressed with the President's initiative to rebuild the infrastructure of schools in our Nation, what we are really trying to do here is put jails on an even playing field, a level playing field, with the schools. We want the schools to be raised to the levels where they become a real choice, a real alternative for our young people.

On President Clinton's proposal, this new initiative to help local communities and States rebuild the Nation's schools. Here are the realities. One-third of all schools, serving about 14 million students, need extensive repair or replacement. According to the GAO, about 60 percent of schools have at least one major building feature in disrepair, such as leaky roofs or crumbling walls. Over 50 percent have at least one environmental problem, such as poor indoor quality of air.

Second, schools do not have the physical infrastructure to allow our students to meet the challenges of the 21st Century. Many schools do not have the physical infrastructure to make the best use of computers, printers, or other equipment. About 50 percent, about 46 percent of the schools report inadequate electrical wiring for computers and communications technology.

We have already passed a bill in this Congress. Now we must update the schools so they can be the recipients, the much-needed recipients of the legislation we passed in this body.

Expected enrollment growth imposes an additional burden on many of these physical facilities. Many school districts also face the need to build new schools to accommodate this enrollment growth. Public school enrollment in grades K through 12 is expected to rise 20 percent between 1990 and 2004. So the President's proposal to spend $5 billion rebuilding the infrastructure of our Nation's schools is very timely and very important.

I realize we are both Members of this distinguished body, and I know we are both very supportive of this proposal, but I would encourage constituents of other Members to certainly call their office to let them know that they support this initiative. They can do that simply by calling 202–225–3121. Call your Member of Congress and say this is a very important proposal that should be supported.

There are the key elements to the President's legislative initiative, the school construction initiative, that we should highlight. Up to 50 percent interest subsidy for new school construction and renovation. This initiative will reduce the interest cost on new school construction and renovation projects by up to 50 percent with a sliding subsidy scale, depending on the school district's needs. There is $20 billion in school construction spurred by $5 billion in Federal jump-start funding over 4 years. The interest reduction is equivalent to subsidizing $1 billion out of every $4 billion in construction and renovation spending.

There is a goal of 25 percent increase in school construction over 4 years. National spending on school construction and renovation is currently at about $10 billion a year, or $40 billion over 4 years. By focusing on incremental or net additional construction projects, this initiative aims to ensure that at least half of the $20 billion supported by Federal subsidies would not be otherwise incurred, a one-time construction initiative fully paid by a one-time spectrum auction.

This part of the bill is controversial, because I have certainly raised concerns in my own district and certainly in my city about our constant using of spectrum auctions for the purpose of financing these projects. But who can deny that rebuilding the infrastructures of our schools does not warrant the need for us to consider selling additional spectra, particularly between channels 60 and 69, to help jump-start this proposal.

State and local governments must maintain responsibility and control. The States would administer the bulk of the subsidies, while the largest school districts would apply directly to the U.S. Department of Education.

Let me just add this, Mr. Speaker. In my district, particularly in the south suburban part of the Second Congressional District, we have seen the steel industry leave. We have seen large manufacturing jobs leave our area. Therefore, we are now putting a disproportionate amount of the education and the local municipality's burden for social services on local homeowners.

One way beyond the welfare bill to put people back to work is to get industries to relocate to these areas so they can share their fair share of the tax burden. But in the absence of industries that are getting to these areas, we have declining schools in Harvey, in Markham, in Phoenix, in Dixmoor, in Ford Heights, that need a boost that only the Federal Government at this time can provide.

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Mr. FIELDS of Louisiana. I want to thank the gentleman. I want to share with the gentleman also some statistics from his State as well as my State as relates to the GAO report, the recent report, as relates to the infrastructure of schools across the Nation.

I do not know if the gentleman is aware, but if we take the State of Illinois, the percentage of schools reporting at least one inadequate original building in Illinois is 29.2 percent of the schools and in Louisiana, 28.0. So from that perspective, Illinois and Louisiana, as most of the schools if we look at the chart, we see schools across the country in the teens, high teens. Florida 18.3, Georgia 18.5, Hawaii 16.3, Idaho 27.4, Kansas 33.7. When we talk about the percentage of schools reporting at least one inadequate original building, it is a devastating number or percentage as relates to this report.

Then the percentage of schools reporting at least one inadequate attached and/or detached permanent addition, in Illinois, your State, it is 8.8 percent. In Louisiana it is 8.7 percent. Here again the numbers in Louisiana and Illinois are somewhat the same.

On page 33 of the GAO report. The percentage of schools reporting at least one inadequate temporary building in Illinois, your State, 4.4 percent, and in Louisiana which is, I think Louisiana almost leads the Nation from this perspective, 24.8. South Carolina with 29.4.

It just goes to show how schools all across America, we need to invest in infrastructure. Just the other year we passed legislation that put $30 billion, actually about $12 billion, $17 billion in building jails. What is wrong with putting $5 billion in helping local and State government refurbish their schools.

Percentage of schools reporting at least one inadequate onsite building, 31.0 percent in Illinois and 38.6 percent in Louisiana. Very interesting numbers. We can go down the list and we see that many of our schools across America are in great need of repair.

I was looking at page 66 of the GAO report where it talked about the description of the estimate in terms of what it would cost to get schools into a status where they should be in terms of improving infrastructure. Very interesting numbers. Nationwide, the total amount estimated needed to put American schools into good overall condition, GAO estimated that it would take $112 billion. That is an investment we have to make to our children not as a Federal Government, I am talking State, local, Federal, business, we all must come together to improve the quality of education. We cannot expect kids to learn in a school that does not have an air conditioner during the summertime. It just does not make sense. Or a heater during the wintertime. For crying out loud, if a prisoner was in prison and they did not have an air conditioner during the summertime, then some Federal judge would close the prison down. We have to make sure that we invest in our future.

Mr. JACKSON of Illinois. If the gentleman will yield, it would be cruel and unusual punishment. For students to be in school without adequate heat in the wintertime or air conditioning in the summertime, I think it is cruel and unusual punishment. Would the gentleman agree?

Mr. FIELDS of Louisiana. Absolutely, no question about it. The education caucus, as the gentleman knows, we have made it a point not to bash members, to make it a partisan issue, because education is not a partisan issue. It is a nonpartisan issue. Both sides of the aisle agree that we must improve the quality of education. We have to get out of the business of pointing fingers because while we point fingers, we have kids out there who do not have the kind of schools that they need, that are conducive for learning, teachers that are not paid the kind of salaries that they deserve in order to live, in order to take care of their day-to-day expenses like a house note, a car note, and things of that nature.

Further, the average amount estimated needed per school, this is an interesting figure, $1.7 million. That is the average amount, according to GAO, that is needed to repair a school, $1.7 million. We ought to have a summit with Federal, State, and local officials to talk about how we get these schools up to par.

You cannot open a barber shop in Baton Rouge, LA unless you pass all of the fire codes, unless you pass all of the city codes. We had schools open up yesterday, I grant you in Baton Rouge, LA, and Chicago, IL, and in Washington, DC, that could not pass a code, a city code, if they tried.

Mr. JACKSON of Illinois. If the gentleman will yield, six schools in Washington, DC, did not open for the very same reason that the gentleman is speaking of.

Mr. FIELDS of Louisiana. I think we have to press that issue. I think we have to get real serious about the safety and soundness of our schools and the conditions of our schools for the interest of not only the students and the teachers but for the interest of education, period. I think we have to send a very strong message that if a school does not pass the necessary codes, if it is not up to par, then it should not open.

I am one of the strongest advocates, as the gentleman is, in this House as relates to education. But I do not think we ought to allow schools to open, schools that do not meet the code, because we will not allow a person to open up a barber shop, and one cannot opine the thought that we have more than interest in a barber shop or a shoeshine shop than we have in a school, an elementary and secondary school.

Mr. JACKSON of Illinois. If the gentleman will yield further, one of our colleagues a little while ago on the other side of the aisle indicated that a part of the welfare initiative was to move tax consumers off of the welfare rolls and make them productive. Who can argue with that? We want to move people who consume taxes off of the welfare rolls. But the only way to move them from our perspective off of the welfare rolls is to take a tax consumer and make a revenue generator out of them. Someone who generates revenue obviously has a job. When people have jobs, they pay taxes. When taxes are paid, deficits go down, interest rates go down, and people who pay taxes also pay to local governments, they pay to State governments and they also pay the Federal Government. That is how we can rebuild the infrastructure of these schools. But there is a presupposition there that we have a plan to put people to work, to move them from welfare to work. That is clearly the next phase that we find ourselves in.

I would like to just use two examples for some of our colleagues who may be listening in their offices. Let us take the town of Ruraltown, USA. A typical problem. The town of Ruraltown has three schools in need of major renovations to improve air quality ventilation and the roofs. Typical cost to repair of these schools is expected to be about $5 million. Some of the typical obstacles in Ruraltown. Ruraltown faces difficult challenges in renovating its schooling. Its tax base is too small to pay for the necessary renovations, and bond financing is obviously too expensive.

Here is the impact of the President's proposal on this school construction initiative. It reduces local cost of school construction. The President's proposal would cut the interest rate paid by Ruraltown in half. This would save the town more than $1.7 million in interest cost over the life of the $5 million bond. This is equivalent to saving $1.2 million immediately, a savings of roughly 23 percent off the face value.

Let us look at Metropolis. I represent the city of Chicago and I also represent Ruraltown. In the city of Metropolis, Chicago, IL, typical problems. Like cities across the Nation, Metropolis has a large school construction and renovation need. Two of its schools need major renovations, including plumbing and new roofs, and an additional elementary school is needed to accommodate a rapidly growing school age population. Here are the typical costs. The repairs and two new school buildings are expected to be about $10 million, $2 million each for the major renovations of the two existing facilities, and about $6 million for the new elementary school.

The typical obstacles: Despite the clear need for the repairs and the two new schools, the school board has been reluctant to propose issuing a bond when it could be rejected as too costly. As a result, only emergency repairs funded out of an operations account have been undertaken.

Here is the impact of the President's school construction initiative. It reduces the local cost of school construction. The President's proposal would cut interest payments in half, saving Metropolis $5 million in interest costs over the life of the $10 million bond. This is equivalent to saving about $2.9 million immediately, a savings of about 29 percent off of the face value. I think this is a good initiative that should enjoy broad bipartisan support.

Mr. FIELDS of Louisiana. Absolutely. I think the President is so right on this initiative. And if others, local, State, and the business community will all join hands and do something similar, just work with this initiative or have one similar to it, we can refurbish, rebuild and have new construction of schools all across America so we can give our kids an opportunity to learn again.

We cannot, and I have said it over and over again tonight, we cannot expect learning to take place in a classroom when you have students walking in the classrooms all across America that do not have the proper tools. What purpose does it serve when we have students sitting in classrooms when they do not even have the proper textbooks? We have three and four students sharing the same textbook. We have some students that do not have a textbook at all. These are real situations that teachers have to deal with on a day-to-day basis. We have to address that calamity. The biggest national threat we have in this country is how we deal with education and how we deal with illiteracy. We have to give our kids a fighting chance.

A final example. Who is committing crimes in this country? Over 83 percent of the people in jail are, what, high school dropouts? The people involved in drugs for the most part, many of them are high school dropouts. Most of the people who are unemployed, high school dropouts. We have to do a better job of retaining our kids in school and do a better job of educating our youth.

I see we have been joined by the gentlewoman from Texas [Ms. JACKSON-LEE]. I will be happy to yield to the gentlewoman.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Louisiana and certainly the gentleman from Illinois. I could not help but listen to your very effective and pointed advocacy for the education of our children. I was working in my office and as I listened to you, I was engaged in a conversation with a Carol Douglas, a constituent who is executive director of the NAACP in my district or in the community of Houston. We were talking about a program where we would be passing on the torch of leadership of the NAACP to young people throughout the community. As I listened, it seemed so much in line with your discussion, because education helps to pass on the torch to our children.

I am reminded of the weeks that have just passed. We have had several conventions, both Republican and Democratic. It saddened me to hear the discarding of something that I think all Americans have accepted. As I recall my early pioneer history, if you will, when we studied the history of early America, from the colonial days to the charge and challenge, go west, young man or young woman, it was communities that built up around issues involving thriving or growing. So, for example, in the colonies, it was the community that built a school. In essence, it takes a village. When the pioneers went west, in fact, as I understand it, they gathered in certain areas and they did not live 10 blocks away from each other or 20 blocks, they lived sort of in a very close radius of each other and it was a community, in essence, the village, who built the public school. Out of those schools, those log cabin schools came the concept of public schools which helped to make America the world power that it became as it moved into the 1900's and then as it moved into the 1930's and 1940's as we began to educate and submit to the world Nobel Peace Prize winners such as Dr. King, Nobel laureates in literature and science, it came out of the infrastructure of the public school. So I am taken aback that we would even have a discourse or discussion where one party seems to be castigating the reality of how important it is to have a system, a public school system along with a private school system and charter schools but a real system that puts children first. I applaud the President. Because let me say to you, you gave examples of rural America and metropolis, I come from the fourth largest city in the Nation. We just enjoyed your very fair and fine city. I want you to know, we started out this school year with collapsed school roofs. We had a closed school, not because we had a hurricane or a tornado but out of the wear and tear, those children who hungered for education. In fact, we saw the little preschoolers and the kindergartners with tears in their eyes because they were not going to be at their school, the school in fact that their mother, their father, their grandparents because it was a community school, it had some years on it, their neighbors had gone to, collapsed roof.

□ 2030

This was not the only school that was suffering from that problem. I support both the Education Caucus leadership and the President's leadership, who I can call the Education President, that with a mere $1.7 million per school would have allowed those children to open their eyes to knowledge by going into that school for the very first day.

It is interesting that in addition to this question of school buildings, we found that our schools opened where children did not have school supplies. There were various campaigns to ensure that children have school supplies.

Now, I read a letter to the editor, and they said they have always fed their children, they do not believe in school lunches, and I would imagine that same writer would say they did not believe in helping youngsters with their school supplies.

I can assure you that working mothers, working parents, single parents who work very hard to get their children to school, it is a burden to get the school supplies. So we have a whole realm of concerns that face us in trying to educate our children. I was glad to participate with several corporate partners in Houston to try to get some school supplies to the most needy of the children.

When we disregard the value of education, I think we throw away the 21st century. We in Houston recognize that we have to be part of the entire country when it comes to education. You cannot be isolated on this issue. You cannot make it a partisan issue. You cannot disregard the community's interest, the village interest in educating a child.

We have schools that do not even have computers. I heard the gentleman from Louisiana [Mr. FIELDS] talk about the bare essentials such as textbooks, current textbooks. We are going into the world of the superhighway, and as we passed the Telecommunications Act, one of the concerns of many of us, the Education Caucus, was out front and forward on having the Internet be accessible to our schools and libraries. Now that the law is passed, it behooves us not to sit back and watch the progress, without ensuring that the inner-city schools and rural schools and schools that typically would not be at the forefront of high-income children or high-income families share in this, and we certainly applaud those who are able in this country to be able to access the Internet.

I will be joining our local school district on Net Day, where we will have 4 days in October to bring in volunteers. That is how we have to do it, bring in volunteers to try to make sure that our schools are accessible to the Internet and that our children have the Internet.

I heard you discuss that before I came over, that you were talking about technology and the importance of technology. Well, this plea going out for Net Day '96 is saying we need you to come volunteer, because obviously there are not enough funds. We are going to make sure that those who benefit from the telecommunciations bill, and they have already joined in on that, so this is not an indictment, but that they will embrace these schools and make sure they have the right kinds of computers.

I have been to schools in my district where children are lined up to use one computer, and the computer is outdated. So it takes me a back a little bit to even hear some of the rhetoric about how we can educate our children, or leave it to the communities, or it is too costly to renovate these schools.

The gentleman from Louisiana [Mr. FIELDS] has been speaking about this for a period of years. I hope that this Congress can rise to the occasion and join in on this effort, that we may reach the hamlets and towns and cities that are now missing the value of a clean and dry and good education, because they are in facilities that are in total disrepair.

Let met just add this point as I listen to your further debate as well. It bothers me when we can take it to such a level to begin to label teachers. I heard a discussion of Teachers' Unions. I have had teachers all during the month of August right after that statement was made in a public setting at the convention, the Republican convention, wonder why they were under attack? These are teachers that have taken their summers to work in our schools, to help our children get ahead. These are teachers that work after hours and do tutorials. These are teachers who sacrifice because they believe in our children. These are teachers who buy clothes for our children who may not have all of the needs.

So I hope we take a different spin in the Education Caucus under the leadership of the gentleman from Louisiana [Mr. FIELDS] that we know that teachers are a partner with us in trying to educate our children, along with parents, community, church, and government. I hope that we will not be in the business, if you will, of castigating any group that raises itself up as a vehicle of helping to educate our children.

I know that I will leave this week and go back and interact with our children in the schools and interact with teachers and make myself available to be of assistance, to be of help. So I applaud this one hour that you have been focusing on this, because it burdened me throughout the whole time that we were in our districts, of this importance of education, and what my children in the 18th Congressional District needed to make them equal partners in the world. I hope this Congress rises to your challenge.

Mr. JACKSON of Illinois. Will the gentleman yield for a question?

Mr. Speaker, my colleague mentioned schools in her dsitrict where the roofs had actually collapsed. What local initiatives are taking place in her district to repair those schools and in what way could the President's proposal help subsidize those initiatives?

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman for that question. We have attempted, in fact I think the President's initiative is going to help spur us on, because we attempted to pass a bond election. Unfortunately, we were not successful, because I think the clear message of the need of our children did not really hit the voters.

More importantly, I think that they were confused as to how we could best leverage those bond dollars with a Federal effort. Now with the President's effort, we stand in a much better stead to partnership with our local voters and to partnership with the President to do the right thing for our children. So we have been challenged by the President's initiative. That will be an initiative that will carry us very far as we plan to work with his program and ensure that there is real local participation and that the right information gets to our voters and our parents, who are saddened by the loss because of confusion offered by those who are always challenging government in terms of taxes, giving wrong information.

Now I think we have the right information and the right leadership by way of the President with this initiative to help local communities like Houston and the school districts there.

Mr. JACKSON of Illinois. If I may, I would like to share with the gentlewoman an instance in my district. There is a high school called Bloom High School located in a south suburb and area in my district, and we tried twice to pass a referendum whereby we would increase property taxes to roughly the cost of a can of soda. And what actually ended up happening was it failed twice.

So we sent our workers into the field to find out why we could not pass this referendum. A little bit about the school: This school begins classes at 9 o'clock in the morning and roughly ends about 1 o'clock. We cannot afford to pay the teachers a full salary. This is a high school with a tremendous amount of students. Even one of our more famous syndicated columnists is a graduate of this particular high school.

We found that our senior citizens whose incomes have basically stagnated, who would traditionally vote to help students and pay for more and better schools, decided to vote against the referendum because of their stagnated incomes. They do not feel they can afford even the equivalent of a can of soda or a bag of potato chips a day to help subsidize the local school. The middle class in this area, their incomes have likewise stagnated. So the students were caught in the middle, the school almost closing. The State funding formula in our State is a little regressive. Therefore this particular school district does not have the same kind of funding that schools in the northern part of the city of Chicago or other more affluent suburbs have.

So I certainly recognize that the gentlewoman's concern about schools in her district are very similar to referendums that we have fought in our district. Voters want to vote for better schools, but if their incomes have stagnated and they do not feel that a can of soda or a bag of potato chips is worth the increase because they do not see the real, if you will, the real dividends in terms of cost-benefit to their actual contribution to the school system, then our students again are caught in the middle.

Mr. FIELDS of Louisiana. I thank the gentleman. While we are on the subject of Illinois, I had an opportunity during the convention to visit your State and your district. The most impressive thing that I saw during that convention, during my week stay in Illinois, was the fact that young people came together. The refurbished a school in Chicago, Area Academy, which as a matter of fact you had a lot to do with that.

Because of your insistence and because of your commitment to schools, we were able to get young people together to go, as the gentlewoman knows, and paint and clean and scrub bathrooms and just refurbish the Area Academy. Now that school is open to first through third graders. I think they started school today or yesterday. And that was because of the work, the sweat of young people.

Now, but for that effort, that community effort, with young people actually going into that school, and they felt good about it. Just to see young people doing that, and feeling good about it as a project, and you see the little kids in first through third grades just sitting there coloring, making nice little signs because administrator Carol Browner, for example, was one of the persons who went in and actually scrubbed and cleaned and painted. It was just an amazing thing.

Mr. Speaker, if more people across America just took the time to take a little time to go into schools and refurbish them, repaint them, you just should have seen the smiles on those kids' faces. I enjoyed it.

Mr. FIELDS of Louisiana. I yield to the gentlewoman.

Ms. JACKSON-LEE of Texas. Before you leave that point, there is such a joy in your comments about that, and that was a very fine example, because you hit home with what happened in our community. I did not in any way intend to suggest that there were not the good folk across the community who care about children. But obviously they can be guided in another direction when they hear maybe a small core of individuals focusing only on one aspect, which is the cost, recognizing that a vast number of people are dealing with stagnant income.

In fact, some of our seniors had been hearing the stories of cuts in Medicare and cuts in Medicaid for our children. So they were kind of really concerned listing to the debate on the House floor by the Republican majority of cutting their Medicare. With that in mind, all of that impacts of decisions how you expend dollars. Obviously a bond election means an increase in taxes.

Let me compliment the districts for sucking it in, if you will. With the meager funds they had, they got themselves together to fix those schools that needed to be fixed. But in fact the example that you cited out of Chicago, and this initiative in cooperation with our President and the education caucus advocacy, that includes funding for schools in terms of renovation, but also the value of the community coming together with young people to say we love our schools too. This is our school and we love it too.

Mr. Speaker, we have had examples of our young people eliminating the graffiti, for example, and painting the walls. So it is important for America to know the value of youngsters who themselves value education. How can we do less for these youngsters by letting them down, by having them attend schools in rural and urban areas where the roof will fall in? What is $1.7 million, not with any disregard for the cost, but in terms of an investment in your child's future?

And what can we take from the history of America, where public schools have been the mainstay, if you will, of educating most of America? Any orator that you want to call, any scientist that you want to call, any educator that you want to call, you can find them tracing their roots at some point to an early education by the public schools.

□ 2045

I think that we have a lot of way to go, but it is important that we focus on education for our children.

Mr. FIELDS of Louisiana. It is like the unique bumper sticker that we have all seen in our travels, if you can read this, thank a teacher. You cannot put it any more pointedly than that. If you can read this, thank a teacher.

Mr. JACKSON of Illinois. Mr. Speaker, if the gentleman will continue to yield, I know that the distinguished gentlewoman from Texas spent a considerable amount of time engaging in the debate that took place on the floor of this Congress. I know she was very active in the committee. I think we have to move now, though, to the meat and the potatoes of this initiative.

It is easy for this initiative, in 1996, during this particular period, to be called campaign rhetoric and empty promises, unless we move our discourse to how are we going to pay for this. Can this be paid for. I know that not long ago we passed an appropriations measure in this Congress that increased the military budget by $7 billion more than the President requested. I know that we are talking about balancing the budget in 7 years using CBO numbers. The President has made that commitment. We have heard those numbers mentioned on both sides of the aisle. Whether or not it is actually doable in 7 years is another issue. But I do not want this proposal, and I think the gentleman from Louisiana and other members on both sides of the aisle, they do not want this proposal to get lost in pork barrel election year rhetoric. Can we afford this proposal?

Ms. JACKSON-LEE of Texas. Mr. Speaker, absolutely. Primarily because already we have gotten a commitment, and many of us have, as the gentlemen here on the floor, have engaged vigorously in debate on the balanced budget amendment. It is interesting, for those of us who come from urban and rural America, to say to Americans, we are not afraid of a balanced budget. I think it is a question of priorities. And when you get some $7–8 billion more than not only the President but the Defense Department wanted, then we have a problem.

Yes, we can. And education can be comfortably funded without an excess burden on taxpayers in America, with reasoned tax cuts that have been offered, such as the mortgage tax deduction. As we are well aware, the education tax benefits that may come. It can be funded. We should realize that and the President has both that program and both that structure that can allow us to enhance education and also balance the budget.

Mr. JACKSON of Illinois. Is this another big government program that is coming from Washington, DC, another big bureaucracy that we are trying to create? I am sure we will be hearing a lot of that.

Ms. JACKSON-LEE of Texas. What I like about this program is that it partnerships with local government. There is one thing about local government, it is under scrutiny. And, therefore, when you say moneys are designated for renovation, repair, rehab, internet, or computers or books, you can be assured those parents, those teachers, those librarians, those students will be there with an eagle eye making sure those funds are expended well. I do not think this is pork barrel. We have a way of paying for it. These are not empty promises. How can we make empty promises to our children just 4 years away from the 21st century?

Mr. FIELDS of Louisiana. Mr. Speaker, as the gentleman knows, if he is speaking of the $5 billion program, under the President's proposal, it would be paid for by the selling of the spectrums. So the $5 billion program is in fact paid for or will be paid for. An expanded program, I do not know if the gentleman was speaking of an expanded program, a serious problem in terms of the number of dollars we need to improve all of the American schools. It was in the billions, I forgot the exact number. But we have to focus on it. I think it has to be a partnership between local, State, and Federal government.

Mr. JACKSON of Illinois. Mr. Speaker, I think that the leveraging, I might add, of the $5 billion, the GAO has also suggested that it could be upwards of $20 billion when you consider local and State and even private funds that would go into such an initiative.

Mr. FIELDS of Louisiana. These dollars are the dollars for the interest subsidy. You have to spend money on the construction first in order to benefit from the dollars, the $5 billion, because the $5 billion is not, they are not construction dollars per se. They are the interest, 50 percent of the interest of construction dollars. That is why we have come up with the figure of about $20 billion over a course of 4 years, $20 billion a year, actually.

Let me add a couple other things just to shed some light on how serious this problem is across the Nation.

I am about to read from the GAO report, page 16. They did an extensive report, and I think the gentlewoman, Senator MOSELEY-BRAUN, ought to be commended for requesting such information. About a third of all, about a third of the students in America, which is about 14 million, attend schools with one inadequate building. About 60 percent of the students in America, which is about 25 million, attend schools with at least one inadequate building feature. The same number, about 25 million, attend schools in buildings with at least one unsatisfactory environmental condition which means asbestos problems are still a real problem within our school systems. About 12 million students, 30 percent, attend schools with both problems, at least one inadequate building, one inadequate building feature and some problems with the environmental aspects. So it is a real problem that affects schools all across this Nation.

Looking at this report, there is not one State in this country that is not affected. Every State in the United States of America is affected by this school infrastructure problem.

Mr. Speaker, I have about 5 more minutes. I yield to the gentlewoman from Texas, Ms. JACKSON-LEE.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman very much. As I conclude my remarks, let me challenge those in my local community and the State of Texas to secure a copy. We would be happy to help them secure a copy of that GAO report. I do want to acknowledge Senator CAROL MOSELEY-BRAUN, for that is a both devastating but a very vital report on the Nation's children.

Might I add another aspect of the needs of schools and that is overcrowding. How many of us faced this school year the fact that we did not have enough space in some of our schools that might have been in good repair to even come to the school and sit in classrooms or enough teachers to teach these children?

I think the more that Americans hear about the needs of our children, I think they will discard the rhetoric of big government. Because what we are talking about is getting right back home, not big government and large offices here in Washington. It is information that we need to assist our local school districts, our parents, our teachers at home. I think the leveraging of those dollars will be vital but we face both overcrowding and disrepair. And we also face the lack of resources for high technology.

So I thank the gentleman for this time and will recommit myself as a member of the Education Caucus to translate a fiscally responsible budget back to the children in our community.

Mr. FIELDS of Louisiana. Mr. Speaker, I yield to the gentleman from Illinois [Mr. JACKSON].

Mr. JACKSON of Illinois. Mr. Speaker, I thank the distinguished gentleman from Louisiana for his outstanding work in this area and also join him as well as the distinguished gentlewoman from Texas in congratulating the senior Senator from the State of Illinois, CAROL MOSELEY-BRAUN, for her outstanding work in this area.

Why do we have this problem? We have this problem in part because of irresponsible supply side tax policies of the seventies and the eighties that really put our Nation and our Government into a deep hole. The past 15 years we have seen incomes stagnate for most Americans, particularly middle-class Americans, while their Federal taxes have unfortunately risen. But the reality is that the only way we are going to be able to repair our Nation's schools and put our children back on track is not to make any more proposals, any more voodoo tax proposals.

These buildings, this infrastructure that needs to be fixed is going to cost and we are going to have to pay for it. We either pay for it in the form of rebuilding the infrastructure of our schools, putting legible and good books in the hands of our young people. Some students are reading books where Nixon is still the President. That is no longer obviously the case.

So I want to take this opportunity to thank the distinguished gentleman from Louisiana for this opportunity, thank SHEILA JACKSON-LEE, the distinguished gentlewoman from Texas, for joining us and thank the Speaker for his indulgence.

Mr. FIELDS of Louisiana. Mr. Speaker, I want to thank both the gentleman from Illinois and the gentlewoman from Texas for first of all serving on the Education Caucus, and I want to thank Members from both sides of the aisle who serve on the Education Caucus. We must make education a priority.

Mr. Speaker, I include for the RECORD speeches and articles on the Education Caucus.

I thank the Speaker.

SPEECH FOR CONGRESSMAN CLEO FIELDS' EDUCATION CAUCUS

(Speaker: Audrey L. Easaw, Marketing Projects Manager/Project Manager, Apples for the Students PLUS, Giant Food Inc.)

Good morning (afternoon);

First of all, on behalf of Giant Food, I want to thank Congressman Fields for inviting me to talk to you about Giant's role as a corporate supporter of the elementary and secondary schools within our market area. We commend Congressman Fields for spearheading this much-needed education caucus and we appreciate his vision for involving both the private and public sectors to assist in improving our educational system.

I'd also like to introduce to you Donna Carter, senior coordinator for Giant's Apples for the Students PLUS Program. Donna and I have been with the program since it's inception. Donna does a tremendous job of maintaining a sophisticated data base of over 3,200 public, private, and parochial schools throughout the Mid-Atlantic region. She's also responsible for overseeing the day-to-day operation of our Apples office.

Let me preface this talk by stating that I do not come to you as an expert on the educational system, but rather as a member of the corporate community who has witnessed first-hand, the magnificent impact that business can make on the education of our youth when both monetary and manpower commitments are made—and kept.

Giant Food is no stranger to the education system both inside and outside of the Beltway. Over 50 years ago, we saw the need to become more actively involved within the communities that we served and that had been consistently loyal to us.

I have had the extremely good fortune to work with an organization whose former CEO, the late Israel Cohen believed that assisting in the education of our youth was essential to becoming a successful member of the business community. Izzy believed that the support of education should not be tied to sales. He felt strongly that educational programs such as the 35 year-old "It's Academic," high school television quiz show and our eight year-old Apples for the Students PLUS are simply the right initiatives for Giant to support.

And there is no question in my mind that the children in over 3,200 schools that have been the beneficiaries of one or both of these educational programs will remember the Giant name for years to come. Whether they shop in our stores as they grow older or whether they mention to others in their communities that Giant provided scholarships or contributed computers that could not have otherwise been obtained by their schools, the children will remember. And that makes these sponsorships well worth every dime and minute spent by Giant.

Giant's commitment to education started in 1959 when our founder N.M. Cohen announced that Giant would grant five $1,000 scholarships, a small beginning. Then in 1967, we began sponsoring the award-winning "It's Academic" a "college-bowl" formatted TV program which showcases the academic excellence of high school students. Giant has awarded in excess of $2 million to participating schools in the Washington and Baltimore Metropolitan Areas. (These scholarships enable students to pursue higher education at some of the best schools in our Nation.)

Apples for the Students was first introduced to us in 1989 by Terry Gans, Giant's vice president of advertising and sales promotions. Terry saw the opportunity for Giant to begin placing computers and other technology in our schools during a time when school budgets were being cut to bare bones almost daily. Based on findings from a survey conducted by an outside marketing firm, we determined that elementary and secondary schools were the schools that faced the most extreme budgetary cuts. Today Giant maintain a staff of nine associates who are responsible for serving schools in Maryland, Virginia, the District of Columbia, Delaware, New Jersey and beginning this fall, Pennsylvania. That's how committed we are to making sure that every school in the areas we serve receives needed educational equipment.

For the benefit of those who are unfamiliar with Giant's Apples Plus, the program works quite simply: Schools are asked to save their special colored receipt tapes from Giant and super G stores, total them, and turn them in to Giant for free educational equipment. This equipment is paid 100 percent by Giant.

In fact, Giant is extremely proud of the fact that since October, 1989, we have spent over $42 million for educational equipment alone. This figure does not include staffing and administrative costs, or advertising. It translates into over 135,000 computers, printers, software packages, CD-roms, telescopes, microscopes, math equipment. TVs and VCRs and other learning tools.

A major component of our Apples for the Students Plus program, is our Adopt-a-School plan. We sent invitations to over 10,000 businesses each year asking them to consider adopting an equipment-challenged school by setting up a tape collection box at their business for employees and customers to donate their tapes. We also ask businesses to consider matching their receipt tape collection with a cash gift made directly to their adopted school.

What we have found is that even this type of limited commitment by our Adopt-A-School business partners, goes a long way toward effecting change in our schools and creating good-will not only for Giant, but for scores of other businesses in our community.

At Giant, we believe we've made a difference, especially when we hear that a school has built a new computer and science lab to accommodate equipment earned through Apples for the Students Plus. But we still believe there's so much more to be done. And we welcome your partnership to assist in opening up an exciting new world of educational opportunities for so many more children. Thank you.

REMARKS BY NORMAN MANASA, DIRECTOR, THE NATIONAL EDUCATION PROJECT, INC. BEFORE THE EDUCATION CAUCUS OF THE U.S. CONGRESS—JULY 31, 1996

REPRESENTATIVE FIELDS, SENATOR WELLSTONE, MEMBERS OF THE UNITED STATES HOUSE OF REPRESENTATIVES AND THE U.S. SENATE, HONORED GUESTS, LADIES AND GENTLEMEN: I am very honored and delighted to have been invited here today to discuss The National Education Project, Inc., and to describe the Project's 20-city initiative, which is designed to provide reliable, profoundly effective tutors on a massive scale to children in the elementary schools of 20 medium-size cities across the country, cities such as Dayton, Ohio; Richmond, Virginia; or San Diego, California, for example.

The tutoring is done by undergraduates as part of a three-credit college course, and each undergraduate is required to produce 60 hours of tutoring per semester. As a result, 20 programs in one city will provide a total of 126,000 hours of tutoring to children in that city's elementary schools over a three-year period (that is, 20 programs x 105 undergraduates per program x 60 hours of tutoring produced by each undergraduate). The National Education Project's 20-city initiative will produce a total of 2,520,000 hours of tutoring (that is, 20 cities x 126,000 hours of tutoring produced in each city).

The purpose of this initiative is to transform the elementary school systems of 20 medium-size cities, and show to the nation the profoundly beneficial effect that reliable tutors on a massive scale can have on entire school systems. There would be a limit of one city per state, so that, when fully operational, a minimum of 20 states would be involved.

No government funds, Federal, state, or local, are required for this effort. Instead, as it has done in the past, the National Education Project will solicit funds in each city from corporations, foundations, law firms, and from the general public. The Project will use these funds for three purposes: [1] to provide 20 grants to colleges in each city in the amount of $25,000 per grant (that is, 20 cities x 20 grants per city x $25,000 per grant); [2] to contract with an independent third party to systematically evaluate the effectiveness of the tutors; and [3] to underwrite the cost of operating 20 programs in each of 20 cities across the country.

It should be pointed out that we do not actually need 20 different colleges in each city to participate, since one college can operate several programs at the same time. Five colleges in one city, for example, could operate four programs each. In that event, the National Education Project would provide each of the five colleges with four grants in the amount of $25,000 per grant; that is, one $25,000 grant for each of the departments participating.

Once 20 program are in operation in each of 20 cities, the National Education Project then will begin the second stage of this initiative, which will be to find another 20 medium-size cities across the country willing to mount 20 programs in each city. This will produce another 2,520,000 hours of tutoring (that is, 20 cities 126,000 hours of tutoring produced in each city). We will repeat this process until we have transformed the school systems of every city in America that wishes to participate.

The National Education Project, Inc. is a non-profit, 501(c)(3) tax-exempt corporation with two main purposes:

(1) To encourage colleges and universities across the country to offer courses in the Humanities and Social Sciences that combine experience and theory at the same time and provide undergraduates with a more realistic education than they can get through courses that provide only classroom theory. In a word, these courses are designed to inject experience into the search for Truth.

(2) To provide reliable and effective tutors on a massive scale to children who must have this help if they are to master the basic literacy skills that are required for employment in a technological economy.

The courses are taken as three-credit electives in various academic departments, such as Sociology, Economics, and Education. As a result, virtually all of the nation's 10,000,000 college students (and virtually all college in every city in America) are eligible to participate, since undergraduates, generally, must take elective courses to get a degree.

In these courses, undergraduates obtain real-world experience by working as tutors six hours each week of the semester in elementary schools that are selected for their ability to provide a graphic illustration of the academic discipline as it exists in the real world. The undergraduates also are required to meet in weekly seminars with their supervising professor. In these seminars, the students' experience in the community is matched against the theories of the academic discipline.

In this way, the undergraduates get a mix of experience and theory at the same time, and a greater understanding of the academic discipline than they can get in the college classroom alone. (This, of course, is not very new. Courses that combine experience and theory at the same time have been considered to be the highest form of learning in Western culture since the time of Galileo.)

Here is an example of how this course works: Undergraduates who register for this course in Economics would tutor in an inner-city elementary school where they would see poverty firsthand. It is then the role of the Economics professor in the weekly seminars to examine poverty in modern society, and to describe, for example, how the major theories and authors in the field of Economics attempt to explain the existence of poverty in the richest nation in history, and why it is that poverty, against our best efforts continues to exist.

This was the reasoning behind the original program that I began in the fall of 1968, when I was an undergraduate at the University of Miami in Florida. That program, upon which the National Education Project is based, registered its first undergraduates in the fall of 1969 and remained in operation until 1973. During that time, over 1,000 undergraduates enrolled in these courses, which were offered by a number of academic departments, including the Department of Economics.

Academic credit served to acknowledge that the undergraduates were learning things about the various academic disciplines that they genuinely needed to know. In assessing the educational value that these courses had for the undergraduates, an Economics professor at the University of Miami wrote:

"The field experience brought a dimension to the [undergraduates'] education which would otherwise have been absent. The practical experience gave them insights into social realities which would have been nearly impossible to impart in a pure classroom environment, and this also made them think much more critically about many concepts which they had encountered on a purely intellectual level.

"Coming from an abstract discipline like Economics, I found this particularly gratifying."

In addition to their educational merit, however, these courses also have the following benefits for undergraduates:

(1) These courses provide undergraduates with work experience in the real world, the sort of experience that will help them to make a sensible choice of a college major, and a career.

(2) It is this same work experience that will help the undergraduates to get a job upon graduation, since they will be able to show employers a clear record of achievement at something genuinely important; that is, teaching someone to read.

(3) And, not least, these courses permit undergraduates to learn the "old virtues" of duty, obligation, and compassion.

THE FIVE COURSE REQUIREMENTS

These courses have five requirements, and, to receive credit for the course, the undergraduates are required to:

1. Tutor six hours each week of the semester. (Each undergraduate is required to produce a minimum of 60 hours of tutoring per semester; that is, six hours of tutoring per week x the 10 weeks in a semester.)
2. Attend a weekly seminar with their faculty supervisor.
3. Submit a one-page report each three weeks of the semester to their faculty supervisor.
4. Keep a private journal.
5. Submit a Final Report to their faculty supervisor at the end of the semester.

OPERATIONAL BENEFITS OF THE NATIONAL EDUCATION PROJECT

Although the National Education Project is primarily an academic program for undergraduates, it is also designed to transfer to the illiterate poor the power to create wealth in the technological age; that is to say, Reading, Writing, and Mathematics. For this reason, the undergraduates work as tutors, and only as tutors, for the entire semester. They are not permitted to engage in any other activity.

Moreover, it should be said that this Project is designed to use the resources that already exist in nearly every community in the nation; that is, undergraduates tutoring in established elementary schools under the direct supervision of classroom teachers. As a result, in terms of cost, simplicity of operation, and effectiveness, the National Education Project has the following advantages:

1. There are no expenditures for buildings or books. The undergraduates are permitted to work only in existing schools, and they use the books and instructional materials already in the classroom.
2. The undergraduates are required to work under the direct supervision of classroom teachers, who provide the undergraduates with the minimal on-the-job training they require. The classroom teachers volunteer to accept the tutors into their classrooms, and they provide this training to the tutors as a part of their normal classroom duties.
3. The classroom teachers decide which children will receive tutoring and the teachers also select the specific subject in which the children will be tutored. The tutors use the methodology of the classroom teacher, and work in the back of the classroom, while the classroom teacher conducts the larger class.
4. The undergraduates work as tutors in the old, classical sense of the term, and they are required to work on a 1:1 or 1:2 ratio, or in very small groups. The undergraduates are not permitted to work with the class as one large group. Moreover, the undergraduates do not grade papers for the classroom teacher, monitor the cafeteria at lunchtime, supervise recess, or do office work for the school principal.
5. Each undergraduate in this Project is required to produce a minimum of 60 hours of tutoring per semester; that is, six hours of tutoring per week x the 10 weeks in a semester.
6. The undergraduates are required to tutor on a regular schedule for the entire semester (for example, Monday, Wednesday, and Friday mornings, from 9:30 to 11:30), and they are required to sign-in and sign-out for each tutoring session in a book that is kept in the principal's office. There are no excused absences.
7. Because the tutoring is done as part of a college course, the undergraduates are reliable, accountable on a daily basis, and remarkably effective.

8. The classroom teachers provide the National Education Project with one-page, written evaluations at the end of each semester that measure the advances of the children in reading, writing, and mathematics.

9. There is no cost whatsoever to the children who are tutored by the undergraduates.

10. The undergraduates are not paid to do the tutoring.

11. The $25,000 grants are provided by The National Education Project, Inc. to colleges and universities under a standard, three-year contract, and each $25,000 grant is disbursed by the National Education Project to the colleges in six payments over a three-year period. These grants are used mainly to cover college faculty costs during the three-year grant period. At the same time, undergraduates who enroll in the course pay to the college or university the standard tuition that is required for any three-credit course.

12. Since the undergraduates pay tuition to take these courses, each college, if it chooses to do so, will be able to offer the course after the Project's three-year, $25,000 "start-up" grant ends, since the course in the fourth year would be funded by the tuition of the undergraduates who enroll in the fourth year, the course in the fifth year would be funded by the tuition of the undergraduates who enroll in the fifth year, and so forth.

13. As a practical matter, virtually all of the nation's 10,000,000 college students (and virtually all of the college students in the districts and states represented here this morning) are eligible to participate, since these courses are offered as "electives", and since undergraduates, generally, must take elective courses to get a degree.

HOW TO GET THIS COURSE STARTED AT ONE COLLEGE

To get the first semester started at one college, it is only necessary that one academic department agrees to offer the course, that one member of the full-time college faculty agrees to supervise the undergraduates, and that a minimum of five undergraduates enrolls in the course. (Institutions eligible to participate include public and private two-year colleges, four-year colleges, full universities, and community colleges.)

During the first semester, the five undergraduates would work in one elementary school, which would be selected by the college or university. The elementary school must have a demonstrated need for tutors, and should be located near the college or university. During each of the next five semesters, it is expected that 20 undergraduates would enroll in the course, for a total enrollment of 105 undergraduates over the three-year/six-semester grant period. The tutors would be evenly divided each semester between two elementary schools. The university, if it chooses to do so, may send the undergraduates to the same elementary schools each semester of the three-year grant.

THE PROJECT'S SEVEN BASIC OPERATIONAL DOCUMENTS

The National Education Project has developed seven basic operational documents, which, to a great extent, have been responsible for the success of our programs across the country. These documents are listed below:

(1) The Project's Standard Three-Year Contract with the Colleges;

(2) The College/School Agreement;

(3) Guidelines for the Classroom Teacher;

(4) Classroom Teacher's One-Page, End-of-Semester Evaluation Form;

(5) Midterm Report of Hours of Tutoring Produced;

(6) Outline for the End-of-Semester Report by the College Faculty Member; and

(7) Final Report of Hours of Tutoring Produced.

HOURS OF TUTORING PRODUCED BY THE UNDERGRADUATES IN ONE PROGRAM

Each undergraduate enrolled in these courses is required to produce a minimum of 60 hours of tutoring per semester; that is, six hours of tutoring per week x the 10 weeks in a semester. During the life of the three-year grant, undergraduates from one university would produce a minimum of 6,300 hours of tutoring; that is, 105 undergraduates x 60 hours of tutoring produced by each undergraduate.

Here is a breakdown of the number of hours of tutoring produced by undergraduates from one program during each semester of the three-year grant:

(1) 1st Semester: 5 undergraduates x 60 hours of tutoring produced by each undergraduate = 300 hours of tutoring

(2) 2nd Semester: 20 undergraduates x 60 hours of tutoring produced by each undergraduate = 1,200 hours of tutoring

(3) 3rd Semester: 20 undergraduates x 60 hours of tutoring produced by each undergraduate = 1,200 hours of tutoring

(4) 4th Semester: 20 undergraduates x 60 hours of tutoring produced by each undergraduate = 1,200 hours of tutoring

(5) 5th Semester: 20 undergraduates x 60 hours of tutoring produced by each undergraduate = 1,200 hours of tutoring

(6) 6th Semester: 20 undergraduates x 60 hours of tutoring produced by each undergraduate = 1,200 hours of tutoring

Total number of hours of tutoring produced by 105 undergraduates from one college over three years = 6,300

HOURS OF TUTORING PRODUCED BY 20 PROGRAMS IN ONE CITY

Undergraduates from 20 programs in one city will provide a minimum of 126,000 hours of tutoring over three years to children in that city's elementary schools; that is, 105 undergraduates per program x 20 programs x 60 hours of tutoring produced by each undergraduate. Each program would send tutors to work in two elementary schools; 20 programs in one city, therefore, would send tutors to a total of 40 elementary schools.

(1) 1st Semester:

5 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 6,000 hours of tutoring.

(2) 2nd Semester:

20 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 24,000 hours of tutoring.

(3) 3rd Semester:

20 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 24,000 hours of tutoring.

(4) 4th Semester:

20 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 24,000 hours of tutoring.

(5) 5th Semester:

20 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 24,000 hours of tutoring.

(6) 6th Semester:

20 undergraduates per program 60 hours of tutoring produced by each undergraduate 20 programs = 24,000 hours of tutoring.

Total number of hours of tutoring produced by 105 undergraduates per program 20 programs over three years = 126,000.

END-OF-SEMESTER REPORTS TO CORPORATE AND FOUNDATION SPONSORS

At the end of each semester, the National Education Project prepares an End-of-Semester Report for its corporate and foundation sponsors; this report has two main parts:

(1) The precise number of hours of tutoring produced by the undergraduates during the previous semester.

(2) Evaluations written by the classroom teachers that measure the advances of the children in reading and mathematics during the previous semester. (Please see the Project's standard Classroom Teacher's One-Page End-of-Semester Evaluation Form.)

In 1985, the National Education Project began a national campaign designed to demonstrate that these programs could be made to work anywhere in the country. The Project was successful in this effort, and had programs in operation several years ago at 12 colleges and universities in six states across the country, including New York, California, Mississippi, Illinois, Massachusetts, and New Jersey.

The National Education Project also had considerable success raising funds from private sources for this effort, and a total of 19 corporations, law firms, and foundations provided support for these programs, including The Xerox Foundation, Hughes Aircraft Corporation, the Los Angeles Times, the New York Daily News, Houghton Mifflin Company, Exxon Education Foundation, Manufacturers Hanover Trust Company Digital Equipment Corporation, Taconic Foundation, Latham & Watkins, and Bank of Boston. In addition, a number of publications have written about the Project over the years, including The Washington Post, the Miami Herald, the Richmond Times-Dispatch, the Baltimore Sun, the Beaufort Gazette, Parade Magazine, and U.S. News & World Report.

Most important, however, are the Project's results, and a two-page Summary of Results from the program that we had in operation in Chicago is attached. The undergraduates in this program tutored at Manierre Elementary, which drew its children from the Cabrini-Green Public Housing Project. The remarkable results at Manierre were produced in one semester, after just 302 hours of tutoring, and give a clear indication of what 2,520,000 hours of tutoring over the next several years will do for children in the elementary schools of the 20 cities we now seek.

The purpose of the National Education Project's 20-city initiative is to provide reliable and effective tutors on a massive scale to children who are in great difficulty, and, in doing so, to raise reading and math scores across entire cities. It should be said, however, that the technological age is coming not just for the United States, but for every nation on earth, and, as a result, every nation must have a literate work force to create the nation's wealth. In light of this, it is certainly possible to begin programs at colleges and universities in other countries, and, to date, the following countries have indicated an interest in the work of the National Education Project: Brazil, India, Ireland, and South Africa.

I would like to thank Representative Fields, Senator Wellstone, and all of you once again for your very kind invitation to join you today, and I will be happy to answer any questions you may have.

RESULTS: COLUMBIA COLLEGE OF CHICAGO—SPRING SEMESTER, 1988

At the end of each semester, the faculty member at each college prepares a Final Report, which evaluates the effectiveness of the undergraduates during the previous semester. This is the Final Report for the Spring semester of 1988, prepared by the faculty member responsible for the course at Columbia College of Chicago. During this semester, five undergraduates produced 302 hours of tutoring:

"All five of the undergraduates tutored at the Manierre Elementary School, which is located at 1426 N. Hudson Street on Chicago's Near North Side. The school serves mainly children from the Cabrini-Green Public Housing Projects. These Projects are home to nearly 10,000 children, 76% of whom live in female, single-parented households. These Projects are predominately black, and have one of the highest concentrations of poverty in Chicago.

"Manierre Elementary School has all the challenges of an inner-city school, from truancy to family transiency and instability, but has the advantage of an efficient principal, Marlene Syzmanski, and some good dedicated teachers, like Carolyn Driver-McGee, our 2nd Grade classroom teacher.

"Ms. Syzmanski assigned all of our tutors to Ms. McGee's class of 2nd Graders, because the Reading the Math skills of the children were so low. In essence, all 13 children in the class were non-readers and most had difficulties in Math. Two of the children moved during the term, and several others were not present for testing, thereby eliminating data about their progress."

At the end of the Spring semester of 1988, Ms. Carolyn Driver-McGee, the 2nd Grade classroom teacher at Manierre Elementary, provided written evaluations of the effectiveness of the tutors from Columbia College, and her evaluations follows. It should be said that the undergraduates produced these results in just one semester of tutoring.

"Bill [the undergraduate] was a very positive force in both Gregory's and Bernard's school year. He motivated the boys with stories, guided activities, and games. The boys felt very special because they had Bill as their tutor.

"Gregory gained 1 Year and 8 Months in Reading. Bernard gained 1 Year and 1 Month in Math."

"Connie [the undergraduate] worked diligently with Orlando and Shadeed. Each boy is a very unique student by all standards, but Connie was always there to motivate and interest the boys in different areas.

"Orlando gained 1 Year and 5 Months in Math, and Shadeed gained 6 Months in Math."

"Tammie [the undergraduate] was very positive for the children. . . . She reinforced class activities when needed. Her students were always begging to be tutored first, because each section was meaningful.

"Latoya gained 9 Months in Math. Akil gained 1 Year and 3 Months in Math."

"Nicole [the undergraduate] was very warm and caring for Michael, Stanley and Artrice. She motivated them in all subject areas when possible by reading stories, guiding activities, and with games.

"Stanley gained 1 Year and 6 Months in Math, and Artrice gained 9 Months in Math. No data was available for Michael. Nicole was a very good tutor for the students."

"Kristen [the undergraduate] worked very closely with her students. One of her students transferred and she had to start with a new tutee. She motivated him the same way she motivated the other students. She was very positive and it showed on the students' faces each time after sections.

"Lawrence gained 7 Months in Reading, and Terrance gained self-confidence. No [test] data was available for Terrance, but the self-confidence was even more valued."

All of these evaluations were written by Mr. Carolyn Driver-McGee 2nd Grade Classroom Teacher, Manierre Elementary School, Chicago, Illinois—June 1, 1988.

The Project's Press Clips

(1) Baltimore Evening Sun; (2) Baltimore Sun; (3) Beaufort Gazette; (4) Houston Chronicle; (5) The Miami Herald; (6) Parade Magazine; (7) presstime—The American Newspaper Publishers Association; (8) Reader's Digest; (9) Richmond Times-Dispatch; (10) The Rochester Democrat & Chronicle; (11) San Antonio Express-News; (12) U.S. News & World Report; and (13) The Washington Post.

Grants From Corporations and Foundations—1985 to 1996

In 1985, The National Education Project, Inc. (formerly known as The Washington Education Project, Inc.) began a national fund-raising campaign designed to provide $25,000 "start-up" grants to colleges all across the country. To receive these funds, the colleges agreed to establish special three-credit courses in the Humanities and Social Sciences in which undergraduates would be required to work as tutors in various community agencies, mainly elementary schools.

Since 1985 the Project has received support for this effort from the following corporations, foundations, and law firms:

(1) Bank of Boston; (2) Boston Gas Company; (3) Corina Higginson Trust; (4) Correction Connection, Inc.; (5) Digital Equipment Corporation; (6) Exxon Education Foundation; (7) Federal Communications Bar Association Foundation; (8) Goodwin, Procter & Hoar; (9) Houghton Mifflin Company; (10) Hughes Aircraft Company; (11) Latham & Watkins; (12) Los Angeles Times; (13) The John D. and Catherine T. MacArthur Foundation; (14) Manufacturers Hanover Trust Company; (15) New York Daily News; (16) Pinkerton's, Inc.; (17) Primerica Foundation; (18) Taconic Foundation; and (19) The Xerox Foundation.

Statement By Decker Anstrom President of NCTA Before the Education Caucus Washington D.C., July 31, 1996

Good morning. My name is Decker Anstrom, and I am President of the National Cable Television Association (NCTA), which represents more than 100 cable programming networks and most of the cable operators serving our nation's 63.7 million subscribers. Thank you for inviting me to participate in this morning's discussion on education.

Cable operators and program networks understand that we have both a responsibility and an opportunity to help our nation's schools and teachers. Our industry has a long-standing commitment to education, and we have been acting on that commitment—not just talking about it.

I would like to highlight two of the cable industry's major education initiatives for you today.

CABLE IN THE CLASSROOM

Cable's commitment to education is built on the foundation of Cable in the Classroom. Starting in 1989, cable companies have worked with school districts to make available high quality, educational, commercial-free television to schools and teachers. To date, 8,400 local cable operators have connected 75,000 schools nationwide to their cable systems—for free (roughly 75 percent of all K–12 schools in the country). And 35 program networks provide 540 hours each month of quality, commercial-free programming—again, free of charge.

Cable in the Classroom companies also supply teachers with instructional materials, curriculum supplements, and a monthly guide which identifies programs available for use in the classroom. All of the programming available through Cable in the Classroom is copyright-cleared and may be freely used, taped, and replayed by teachers in their classroom.

CABLE'S HIGH SPEED EDUCATION CONNECTION

Just three weeks ago, on July 9, the cable industry announced its latest education initiative, "Cable's High Speed Education Connection." Beginning this year, cable companies will introduce high-speed digital services to communities across the country. As these services are introduced, cable companies will equip at least one site in every consenting elementary and secondary school passed by cable in that community with a cable modem providing basic high-speed access to the Internet—free of charge.

In many instances, individual cable operators may go beyond the industry's commitment and offer additional training, inside wiring of classrooms, enhanced information services, and extra equipment.

Cable's new high-speed services will make a real difference—because teachers don't always have the time to wait for information to be downloaded through existing telephone lines. Cable modems are faster—they allow students and teachers to retrieve material from the Internet at a rate of 10,000 kilobits a second, hundreds of times faster than conventional telephone modems. Even the telephone companies' most advanced lines, ISDN, move data at only 128 kilobits a second. The speed of cable modems enables teachers to use Internet material in their classrooms, and reduces the "fidget factor" since kids don't have to wait for information to be retrieved.

The power of cable modems was demonstrated here in Washington on July 9 at the launch of "Cable's High Speed Education Connection." In the following video, Brian Roberts, President of Comcast, and several local school children experience first-hand the benefits of using high-speed cable modems to access the Internet.

CONCLUSION

Mr. Chairman Cable in the Classroom and cable's new initiative, the "High-Speed Education Connection," won't solve our nation's educational problems. But it is a contribution we can make. Deployment of cable modems won't happen overnight—we're in the process of inventing this new high-speed business as we speak—but the cable industry has made a start. And we will finish the job.

Thank you for your interest in the cable industry's education initiatives. I would be pleased to answer any questions you might have.

The Future Is on Cable

Cable Television's Contributions to America's Children and Families, July, 1996

INTRODUCTION

The cable industry remains the clear leader in bringing a wide variety of quality children's programming to families and children. In addition to popular cable networks whose programming is completely devoted to children (Nickelodeon, Cartoon Network, WAM! America's Kidz Network), more cable networks are responding to the call for quality children's programming by increasing their commitment to include extended programming blocks just for kids (The Disney Channel, The Learning Channel, The Family Channel); other networks continue to consistently offer educational and enriching programs for children as part of their regular programming format (Discovery Channel, The History Channel, C-SPAN).

Specifically:

Cable television provides 65 percent of all television programs available to children.[*]

Cable television provides more children's programming—more than four times as much as all other programming sources combined—averaging 385 hours per week on cable, compared to all other sources combined airing an average of 85.8 hours per week.[**]

Cable television networks offer more than 80 percent of all television hours that are devoted to children.[**]

More than 75 percent of children's programming viewed by children in cable households is viewed on cable television.[**]

Cable television provides 59% of all high quality children's programs available on television.[*]

Cable's leadership role in serving the needs of children and families is carried out in a number of other ways, as well:

Since 1989, over 8,400 cable operators and 35 cable programmers have invested over $420 million in Cable in the Classroom, the industry's educational centerpiece, providing cable connections and commercial-free educational programming to more than 75,000 schools and 38 million students nationwide—all at no cost to schools or students. Cable programmers provide schools 540 hours each month of this quality, commercial-free programming.

In October 1994, the cable industry and the National PTA formed an educational partnership, The Family and Community Critical Viewing Project, which empowers families nationwide with the information and tools to become better and wiser television viewers. To date, more than 1,500 cable leaders and PTA members have been trained and are presenting critical viewing workshops around the country.

Earlier this month the cable industry publicly committed to provide America's elementary and secondary schools with high-speed access to the Internet using cable's advanced technology and new high-speed cable modems—again, at no cost to schools.

Cable operators, too, use local programming to provide children in their communities with entertaining and educational programming.

Additionally, cable operators and networks have instituted community-based public affairs and educational initiatives to speak to children on a host of different issues, including violence, community service, diversity, the environment, and more.

The attached materials provide you more information about what the cable television industry is already doing to enhance television and education for children. Should you have any comments, questions or require additional information, please call the NCTA's Public Affairs department at (202) 775-3629.

CABLE TV NETWORK PROGRAMMING: A GROWING COMMITMENT TO CHILDREN AND FAMILIES

Cable television networks provide more children's programming—more than four times as much as all other programming sources combined—averaging 358 hours per week, compared to all other sources airing 85.8 hours per week.

Cable networks offer more than 80% of all television hours devoted to children.—Cabletelevision Advertising Bureau, 1996 Cable TV Facts.

CHILDREN'S PROGRAMMING ON CABLE TV

The following is a summary guide of cable networks that provide educational children's programming. Intended to illustrate the breadth and diversity of children's programming on cable, this summary is comprehensive; however, it does not include every children's program available.

A&E Television Network—A&E features original biography series, dramas, documentaries and performing arts specials. A&E Classroom is designed specifically for kids. It is a commercial-free Cable in the Classroom programming block of selected A&E programs airing weekday mornings. Program examples include Pride & Prejudice, Pocahontas, Frederick Douglass and Elizabeth Custer. Each fall and spring A&E Classroom Kits are distributed to educators, and beginning this month, the network publishes a new magazine, The Idea Book for Educators, offering new classroom materials. Contact: Libby O'Connell (212/210-1402).

American Movie Classics—AMC features Kids' Classics, a weekly series showcasing classic films that have educational or historical value to children. Among the films featured are Young Mr. Lincoln, Phantom of the Opera and A Tree Grows in Brooklyn, in addition to films adapted from literacy classics, including The Secret Garden, Journey to the Center of the Earth, and many more. AMC also features Family Classics, a weekly series showcasing Hollywood's best-loved family-oriented movies. Contact: Dina White (516/364-2222).

Black Entertainment Television.—Storyporch is a weekly, award-winning half-hour children's program featuring stories written exclusively for BET that are told by celebrity guests to children ages 4 to 9. BET also participates in Cable in the Classroom under the BET on Learning umbrella, providing teachers with an assortment of support materials, including YSB and Emerge magazines. BET's Teen Summit is a weekly, live one-hour talk/entertainment show where the focus is solely on African American teens. Contact: Rosalyn Doaks (202/608-2058).

Bravo.—Bravo in the Classroom combines programming and resource materials that provide teachers and students with weekly tools to enhance arts and humanities studies and appreciation at the secondary level. Programs include literary and historical adaptations, the performing and visual arts, plus a profile series featuring well-known writers, musicians and artists. Contact: Theresa Britto (516/364-2222).

Cartoon Network.—A 24-hour network offering animated entertainment from the world's largest cartoon library, Cartoon Network recently introduced Big Bag, instructional and educational programming produced exclusively for pre-school children ages 2 to 6. Developed in conjunction with the Children's Television Workshop (producers of Sesame Street), Big Bag consists of live studio hosts, Jim Henson-created animated "shorties" and music designed to nurture a disposition toward investigation, creative thinking and pro-social behaviors among its young audience. Es Incredible! is a commercial-free Spanish language instructional program that airs once a month, and Small World brings animation from the U.K., Sweden and France to American audiences for the first time. Contact: Shirley Powell (404/885-4205).

CNBC.—CNBC in the Classroom, airing weekly, is designed to provide America's youth with a basic understanding of business news, stock market coverage and personal finances. Teacher/student support materials, including vocabulary and reading lists, are available in print and via Ingenius. Programming is closed-captioned for the hearing impaired, and specific educational programs are available on videotape on request. Contact: Mark Hotz (201/585-6463).

CNN/Turner Adventure.—CNN Newsroom/CNN Newsroom's WorldView are two daily fifteen-minute, commercial-free telecasts that air as part of Cable in the Classroom. The programs focus on historical and cultural background of world events. A daily teacher's guide accompanies each program, and Turner MultiMedia—a compilation of low-cost videotapes and CD-ROM products with printed support material—is available to teachers interested in applying world events, science and technology, and literary classics to their curriculum. Contact: Jacque Evans (404/827-3072).

Turner Adventure Learning is a series of live, interactive "electronic field trips" for students of all ages to visit a variety of places all over the world. These live educational telecasts are ideal for student screenings and include on-line Internet activities, real-time questions-and-answers with experts on site in the field and a host of educational support materials. Upcoming field trips include Election '96: Behind the Scenes, Protecting Endangered Species: In the Shadow of the Shuttle; The Science and Mathematics of Baseball; Virus Encounters: Microorganisms and the Human Body; and The Ancient World: Where it All Begins. Contact: Libby Davis (404/827-3175).

Court TV.—Earlier this spring, Court TV launched a three-hour programming block, Teen Court TV, aimed at kids ages 12 to 18, airing on Saturday mornings. The programming block explores the justice system from a teen's point of view and allows interactive participation. Three programs air during the block: Justice Factory, going on site to locations as varied as teen courts and gang hangouts; What's the Verdict?, a recap of real trials from a teen's perspective; Your Turn, an issue-oriented talk show featuring a participatory format with a panel of teens and a studio audience of teenagers. Court TV also regularly airs specials geared towards young people, including: Earth, Getting Physical and AIDS: Its Side Effects on America. Contact: Susan Abbey (212/973-3379).

C-SPAN.—A public service of the cable industry, C-SPAN offers gavel-to-gavel coverage of the House of Representatives, Senate and other public policy events. During the 1996 campaign season, nearly 2,000 hours of campaign coverage will air under the umbrella of Campaign '96. The C-SPAN School Bus brings this extensive coverage directly to students across the country, introducing new voters to politics. All C-SPAN produced programming is copyright cleared for classroom taping and use, thus giving educators and students an up-close-and-personal view of the election process as its never been seen before. Contact: Joanne Wheeler (202/626-4846).

Discovery Channel.—Discovery Channel provides educational programming for all ages and features many documentaries. Selected programs particularly designed for young viewers include: Assignment Discovery, a daily, one-hour commercial-free program that highlights a different subject each day, including science and technology, social studies and history, natural science, arts and humanities, and contemporary issues—all especially created for children ages 6 to 12; The Know Zone, a program which explores a scientific subject, idea or invention by looking at its past and present, and speculating about its future; and Discovery Magazine, a televised version of the popular monthly magazine. Recent specials include: Harlem Diary: Nine Voices of Resilience; On Jupiter and The Ultimate Guide to the T-Rex. Contact Jennifer Iris (301/986-0444, ex 5917).

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[*] Source: Study released by the Annenberg Public Policy Center of the University of Pennsylvania on June 17, 1996.

[**] Source: *1996 Cable TV Facts*, Cabletelevision Advertising Bureau.

The Disney Channel.—The Disney Channel features quality programming for people of all ages. The Network's primetime programming is designed to appeal to every member of the family, while its daytime hours are devoted to a wide variety of educational fare for children. Beginning this August, The Disney Channel will feature a family-oriented film for all ages every night of the week at 7:00 pm EDT.

ESPN/ESPN 2.—Scholastic Sports America is a weekly program devoted solely to the achievements of high school athletes, both on and off the field. Sports-Figures is a weekly commercial-free program geared toward high school students, incorporating famous professional athletes and high school student athletes to teach math and physics through sports. The Scripps Howard Spelling Bee aired live on ESPN in May, featuring the final rounds of the nationwide competition for children. Contact: Marie Kennedy (860/586-2357).

Faith & Values Channel.—All programming featured on the Faith & Values Channel is educational, and is suitable for every member of the family, featuring programming that celebrates diversity, awareness and social responsibility. The network's contribution to Cable in the Classroom, Today's Life Choices, airs commercial-free on Fridays. This half-hour series is designed to promote discussion on ethics, values, and social issues. Several series are offered especially for children, including: Davy & Goliath; The Nature Connection; Just Kids; and Sunshine Factory. Contact: Michelle Racik (212/964-1663).

The Family Channel.—All Family Channel programming is positive family entertainment television, offering children's shows, original series and movies, plus health and exercise programming. Educational programming is aired commercial-free and is made available to teachers through Cable in the Classroom. Samples of programming include: Captains Courageous, adaptation of Rudyard Kipling's novel; Race to Freedom: The Underground Railroad; Tad; Young Indiana Jones; and The Holocaust. Contact: Kathleen Gordon (804/459-6165).

fX.—fX offers several programs for children and the entire family. Personal fX: The Collectibles Show features special "Kids' Day" episodes which highlights special collections and hobbies of children across the country. Home fX: Family Business is a practical guides to raising kids in the '90s. For pet lovers. The Pet Department covers pet health and care, and training. Contact: Dina Ligorski (212/802-4000).

The History Channel.—The History Channel in the Classroom is a commercial-free Cable in the Classroom programming block that airs twice a day, bringing the past alive for students and educators. Programming includes: the Lincoln Assassination, Women at War, America's Most Endangered Sites and Freedom's Road. In addition, History for Kids and Teens Too airs once a week and features programming geared to this audience. Beginning this year, new classroom support materials will be available to teachers through the network's new magazine, The Idea Book for Educators. Contact: Libby O'Connell (212/210-1402).

Home Box Office.—HBO has produced several programs designed to appeal to young children and their families, including: Shakespeare: The Animated Tales; Happily Ever After: Fairy Tales for Every Child; The Composers' Specials; and the animated Wizard of Oz. HBO also has educational programming geared towards teenagers in middle and high school. These programs are often reality-based and address current issues facing young adults in today's society; they often have advice and educational messages for viewers, including a recent focus on youth violence: Six American Youths, Six American Handguns. Other series include Lifestories, Families in Crisis and Family Video Diaries.

Home & Garden Television.—For the entire family, Home & Garden Television features programs on pets and community goodwill projects. Company of Animals and Dog Days of Summer portray the loving relationship people have with their pets, and offer tips on pet care. Building a Future: Habitat for Humanity profiles young people who built homes in the Watts section of Los Angeles, while The Story of Cabrini Greens shows how a community garden program in Chicago's public housing project has planted the seeds of hope for children in the community. Contact: Carol Hicks (423/694-2700).

INSP: The Inspirational Network.—INSP features a special block of adventure programs every Saturday morning just for kids, ages 5 to 11. The Kids at Home block includes The Forest Rangers, an action-adventure series features kids tackling fires, floods, wild animals and other adventures in the Canadian wilderness. Contact:

Jones Computer Network.—A weekly computer and new media information program for kids and their parents, Computer Kids is a fun and interesting introduction to computing. Regular segments include "Mr. Fixits" (children troubleshooting and fixing a computer problem) and "Gamebusters" (reviews of the latest children's software). Contact: Jeff Baumgartner (303/784-8715).

Kaleidoscope.—Kaleidoscope offers a host of children's programs focusing on family, social skills, language skills and pets. Davey & Goliath, Sunshine Factory and Gerbert teach youngsters values, life's lessons and to be comfortable with themselves. Festival is an instructional program geared toward young children, teaching grammar and sign language. Motivated by Helen Keller, Kim's World features deaf/blind actress Kim Powers showing children the joys and values of experiencing life in her unique manner. For the entire family, Hear Kitty, Kitty focuses on pets and their care. All of the network's programs are open-captioned. Contact: Joe Cayton (210/824-7446).

The Learning Channel.—The Learning Channel offers educational family-oriented programming for people of all ages. The network's programming brings a multicultural, cross-curricular approach to subjects, and are divided into shorter segments varying in length. Ready, Set Learn is a weekday, six-hour commercial-free programming block designed specifically for pre-schoolers that helps children learn reading and social skills. Programs included in this block, as well as other educational programming for children, include: Iris, The Happy Professor; The Magic Box, which teaches reading with the whole language approach; Chicken Minute; Rory's Place; Little Star; and Kitty Kats. For educators, the network offers Teacher TV and TLC Elementary School, featuring segments in science, social studies, language arts and math. Contact: Jennifer Iris (301/986-0444, ext. 5917).

Lifetime Television.—Lifetime offers a regular assortment of programs for young people throughout the school year relating to the achievements of women, young and old. Programs scheduled for this year include: Intimate Portrait, featuring profiles of Maya Angelou, Gloria Estefan, Natalie Wood, The Virgin Mary, among many others, and Hidden in Silence, based on the true story of a young girl who saved Jews from the Nazis. A collection of special programs for Women's History Month in March included: Rocking the Boat, a special spotlighting the women's America's Cup team, and Daughters at Work, in conjunction with Lifetime's support of the national Take Your Daughter to Work Day. In addition, Perspectives on Lifetime, a series of editorials, commentaries and shorts, airs throughout the Cable in the Classroom program schedule. Contact: Terry Pologianis (212/424-7127).

Mind Extension University (ME/U).—ME/U Knowledge TV offers several educational programs geared towards families and children, in addition to its degree-qualifying education programs, including Achievement TV, an interactive educational teleconference for people of all ages featuring the individuals who have shaped the history of the 20th Century, including scientists, explorers, entrepreneurs and authors; and Computer Kids, a weekly computer and new media information program for youngsters and their parents. Contact: Jeff Baumgartner (303/784-8715).

MTV: Music Television.—MTV is a primary source of information, music, style and sports unique to youths and young adults. MTV's Community of the Future classroom series presents weekly thought-provoking programming on relevant social issues that concern today's youth. Designed to educate and inspire kids to be a part of the political process, the network will continue it's Choose or Lose campaign/programming efforts this year for Campaign '96. The effort follows the activities of the Choose or Lose Bus, which travels to cities across the nation to promote political awareness among youngsters. The network also regularly offers Cable in the Classroom programs that stress the dangers of violence and drug abuse, including: Enough is Enough, a Generation Under the Gun and Straight Dope. Contact: Mary Corigliano (212/846-4798).

NewsTalk Television.—A Cable in the Classroom program, Weekly Teen Segment is an interactive panel discussion covering topics that impact today's young people, such as education, conflict resolution, career planning, the environment and violence. Daily Teen Segments air live weekdays. The benefit of this dual program schedule enables both students and teachers to participate in a live interactive program in the afternoon and to tape the edited program on a weekly basis. Each program is interactive via telephone, fax and electronic mail. Also, this September News Talk premiers its week-long discussion of critical issues facing American education, Education in America: Pass, Fail or Incomplete, with the U.S. Chamber of Commerce. Contact: Lee Tenebruso (212/502-1545).

Nickelodeon—Nickelodeon, one of the largest producers of children's television programming in the world, was developed exclusively for kids. A small sampling of programs includes: Rugrats, Clarissa Explains It All, You Can't Do That on Television, Allegra's Window and Roundhouse. The network also produces special features geared to inform and educate, including Nick News Special Edition: Stranger Danger, a look at child abduction, and Clearing the Air: Kids Talk to the President About Smoking, featuring host Linda Ellerbee and President

Clinton talking about the dangers of tobacco. Nickelodeon also is committed to providing commercial-free blocks of Cable in the Classroom programming under its programming umbrella, Nick Elementary, featuring Teacher to Teacher with Mr. Wizard and Launch Box. Contact: Debra Clemente (212/258–7706).

Ovation.—Ovation offers students a front-row seat, taking children behind the scenes and around the globe to discover and experience the world's culture. Dedicated to the visual and performing arts, the network will be initiating its participation with Cable in the Classroom later this year, and support materials are being developed to include lesson plans, suggested related activities and advance program schedules. Programming planned for the September premier includes Yo-Yo Ma and the Kalahari Bushmen, a one-hour special depicting the celebrated cellist Yo-Yo Ma, and travels to southwest Africa to compare music with that of the Kalahari Bushmen, one of the oldest indigenous music societies in the world. Contact: Patricia MacEwan (1–800/OVATION).

Sci-Fi Channel.—The Sci-Fi Channel features original and classic movies and series from the worlds of science fiction, science fact, horror and fantasy. Sci-Fi has developed the Inside Space series under its Cable in the Classroom participation to showcase the adventures of science, technology and space exploration. The program, which airs commercial-free weekly on Mondays, is designed to not only educate, but stimulate children's imaginations. Contact: Kira Copperman (212/408–9178).

Showtime.—Committed to family and children's programming, Showtime has recently increased its production of original movies for children under the banner, Showtime Original Pictures for Kids. Recent features have included: Tin Soldier, The Legend of Gator Face and Robin of Locksley. Upcoming features include: Sabrina the Teenage Witch and The Halfback of Notre Dame. The Showtime KidsHour airs seven days a week and features programs geared exclusively to children ages 2–8, including Shelley Duvall's Bedtime Stories and The Busy World of Richard Scarry. Contact: Jocelyn Brandeis (212/708–1579).

The Travel Channel.—The Travel Channel's Cable in the Classroom programming is under development, and likely will include strong educational links to geography, math and history. Current programming available includes Famous Footsteps, featuring special guests retracing historical routes and the paths of famous people in this information-packed series. From the life of Thomas Edison to the trail of the Pony Express, each Wednesday evening episode follows these paths as they exist today. Contact: Stephanie Clark (770/801–2424).

Turner Network Television/TBS.—Coming this fall, Turner Broadcasting, with Hanna-Barbera Cartoons, will present The New Adventures of Jonny Quest, a modern day version of the animated adventure hit of the 1960s. TNT Toons features a line-up of America's favorite cartoon characters five days a week, and Rudy and GOGO World Famous Cartoon Show airs on Saturday afternoons. The Return of The Borrowers is a TNT Original special family presentation that premiered in June. Feed Your Mind is a half-hour weekly series geared to kids ages 6 to 12, using real life situation and subjects of interest to children to teach math, science, language and the arts. National Geographic Explorer is a weekly, award-winning natural history series whose subject matter and topics often appeal to children.

TV Food Network.—TV Food Network welcomes all food lovers to experience the delicious world of food as only the TV Food Network can deliver, including appetites of all ages. Cable in the Classroom programming is under development, and likely will include cooking for and with children, adding excitement to family meals, nutrition, health news, the culinary cultures of the world and geography, as well as a historical look at foods and cooking techniques. Contact: Kiva Flaster (212/997–8835).

USA Network.—USA Network's Cartoon Express animated series is a popular choice among younger children, while offering a broad range of entertainment programming designed to appeal to members of the entire family, including original movies, series, specials, sports and children's fare. Among the most critically-acclaimed programs offered is Heal the Hate hosted by popular "TV cop" Dennis Franz. Heal the Hate is part of USA Network's on-going public affairs initiative directed at today's youth to educate and inform about the consequences of youth violence. Contact: Kira Copperman (212)/408–9178).

UVTV/WGN.—One of UVTV's satellite services, WGN offers a host of commercial-free Cable in the Classroom programming focusing on weather phenomena and scenic beauty. Programs include: Tom Skilling's Alaska; Hurricane: The Greatest Storm on Earth; Chasing the Wind Ten Inches of Partly Sunny; When Lightning Strikes and It Sounded Like a Freight Train.

WAM! America's Kidz Network.—WAM! is the first and only commercial-free network created entirely for young people ages 8 to 16. It has the largest block of educational programming, Reel Learning, with 12 hours of daily educational enrichment designed for classroom use. Programming is delivered 3:00 am-3:00 pm, including six hours of "real time" usage and six hours pre-feed for overnight taping targeted to students in grades 3 to 10. Curriculum-specific strips include current events, social studies, language arts, literature, teen issues, sportsmanship and fitness. Programming includes: Global Family, stressing the interrelationship of the environment, animals and human beings, and conservation; F.R.O.G., featuring computer use by kids to explore a variety of subjects; Space Journals; WAM! CAMS, profiling artists, film-makers, pilots and other extraordinary young people, and providing a forum for real kids to speak out on homework, siblings, stress and more. Contact: Midge Pierce (303/771–7700).

The Weather Channel.—The Weather Classroom is an ongoing series that expands on a particular topic such as lightning, tornadoes and hurricanes, and features meteorologists who connect the topic to actual events. This is a commercial-free, Cable in the Classroom program. In addition, the Weather Channel produces several educational documentaries of value to children, such as: The Power of Weather and Target Tornado. A variety of educational support materials are available, including Everything Weather, the essential guide to the whys and wonders of weather, and Project Weather Outlook, a newsletter full of the latest educational news from The Weather Channel. Contact: Carolyn Jones (770/801–2140).

CABLE IN THE CLASSROOM: PROVIDING COMMERCIAL-FREE EDUCATIONAL PROGRAMMING TO AMERICA'S STUDENTS AND TEACHERS

"I have seen the power of cable television as a teaching tool in the hands of skilled, creative educators. I wish I could count the number of teachers who have enthused over a success story: an unmotivated high school student who suddenly comes alive; a class full of elementary school students begging to go to the library to do research on a topic they've just learned about on TV; or stunned parents who report dinner-table conversations about politics and global issues instead of the usual 'uh-huh' and 'nah.' "—Al Race, Editor, Better Viewing Magazine.

CABLE IN THE CLASSROOM

Founded in 1989, Cable in the Classroom is the cable TV industry's educational centerpiece, providing commercial-free programming to students and teachers in classrooms across the country. Local cable companies have wired, connected and provided programming to schools in all 50 states—free of charge.

Highlights

Nearly 75,000 schools in the United States currently receive Cable in the Classroom programming—or roughly 75 percent of all K–12 schools.

Cable in the Classroom programming reaches more than 82 percent of all U.S. students—or more than 39 million students nationwide—giving 4 out of 5 students access to Cable in the Classroom services.

Cable networks participating in Cable in the Classroom provide more than 540 hours per month or educational, commercial-free programming for classrooms. Programming covers all disciplines and issues.

Teachers are able to use the programming any way they choose—there are no viewing requirements, and in most cases, programming is copyright-cleared for taping and playback at a later date.

Cable in the Classroom represents an investment of well over $420 million by the cable television industry to enhance the educational resources available toward improving education. This figure represents the cumulative value of the production, copyright and clearances, installation, services, and staffing to support Cable in the Classroom in local schools.

Cable in the Classroom provides curriculum-related support materials and helps expand and improve teacher resources.

Cable in the Classroom provides the platform and gives students access to many of the electronic services on the Information Superhighway.

Cable in the Classroom publishes Cable in the Classroom magazine, a monthly resource, programming and planning guide for teachers to use as they incorporate cable programming into their lesson plans.

Cable in the Classroom publishes Better Viewing: Your Family Guide to Television Worth Watching, a monthly tool and programming guide for parents to use to better scrutinize their television viewing choices.

Thousands of free teacher training workshops have been offered by local cable companies and the national Cable in the Classroom office to help teachers make the most use of cable's resources.

More than 8,400 cable systems and 35 cable networks participate in the project.

THE FAMILY AND COMMUNITY CRITICAL VIEWING PROJECT—A CABLE INDUSTRY PARTNERSHIP WITH THE NATIONAL PTA BENEFITING AMERICA'S FAMILIES

"A publication entitled *Taking Charge of Your TV: A Guide to Critical Viewing for Parents and Children* is available from the Family and Community Critical Viewing Project, an initiative sponsored by The National PTA and the cable industry to teach television viewing skills to parents, teachers, and children. It suggests ways parents can talk to kids about what they are watching, which not only makes television a less passive pastime but transforms it into a learning tool."—First Lady Hillary Rodham Clinton, from her book *It Takes A Village.*

The Family and Community Critical Viewing Project

Program Overview

What is the Family and Community Critical Viewing Project? The Family and Community Critical Viewing Project is a first-of-its-kind partnership of the cable television industry and the National PTA, launched in 1994 to address concerns about television and control the impact of television violence and commercialism on children.

The project trains cable and PTA leaders nationwide in the key elements of critical viewing, also known as media literacy, and how to present *Taking Charge of Your TV* workshops for parents, educators, and organizations in their communities. The goal is to help families make informed choices in the TV programs they watch and to improve the way they watch those programs.

The critical viewing workshops teach techniques to: Set rules for television viewing and how to stick to those rules, recognize the ways in which television can be used to manipulate viewers, talk to children about violence on television, and turn what we see on television into positive and educational family discussions.

Using these techniques and strategies parents open an important family dialogue, determine the strategies that make sense in their family settings, and teach their children to watch television carefully and critically.

Why is the Family and Community Critical Viewing Project important and successful? Because parents are concerned about television and are searching for solutions. The Family and Community Critical Viewing Project provides simple and effective strategies that parents can use in their homes and with their children. Thousands of parents have attended critical viewing workshops, hundreds of communities have been reached, and requested for project materials and workshops continues to grow.

Since the project's launch in October of 1994, workshops have taken place in 55 cities in 35 states. Over 1,500 PTA and cable leaders have been trained and as a result, hundreds of workshops have been held in communities nationwide.

National Awards and Recognition

The Partnership has been awarded the National Parents' Day Clarion Award for effective use of television to promote responsible parenting. The partnership received the award earlier in July at an awards ceremony at the National Press Club in Washington, D.C.

Facts and Figures

Congressional and Government official participation—Senator Bond (MO); Rep. Burton (IN); State Attorney General Humphey (MN); Deputy Secretary of Education Kunin; Rep. Moran (VA); Senator Simon (IL); and Rep. Whitfield (KY).

Mrs. Clinton praised the project in her book, *It Takes a Village*, and discussed the critical viewing project during her appearance on the KQED special, *The Smart Parent's Guide to TV Violence.*

TV programs highlighting the Project—Lifetime Television, Kids These Days; KQED, The Smart Parent's Guide to TV Violence; Cox Communications, No Holds Barred, Forum on TV Violence; CNBC, America's Talking; and Continental Cablevision, Parent Power.

Workshop presentations—American Bar Association National Convention; American School Health Association Conference; Florida—Head Start principals and counselors; Kentucky—Community workshop; Illinois—Facing Challenges of Growing Up Today Conference; Oklahoma—Oklahoma City Public School Administrators; California—Workshop held in conjunction with C-SPAN School Bus visit; New Jersey—Barnes and Noble Bookstore; Illinois Board of Education; Maryland—County commissioners, school superintendents, principals and counselors; Virginia—Alexandria Public Schools Conference; Minnesota Attorney General's "Family Forum" media literacy working group; Ohio Strategies Against Violence Everywhere (SAVE); New York—Comsewogue High School; Utah—United Way, Success by 6; Utah State Office of Education; Michigan—East Lansing Public Schools; South Carolina—Area School Media Specialists; and Kentucky Education Technology Conference.

Material Distribution—Requests for more than 100,000 *Taking Charge of Your TV—A Guide to Critical Viewing for Parents and Children* guides have been filled.

What People are Saying about the Family and Community Critical Viewing Project

Joan Dykstra, President, National PTA—"The Family and Community Critical Viewing Project is probably the most critical project that the National PTA has had in the past 10 years."

Thomas P. Southwick, Publisher, *Cable World*—"That's what makes the Critical Viewing Project so refreshing. Instead of offering invective or quick fixes, it focuses on educating parents on how to make their own decisions on what they and their children should watch. It offers suggestions on how to set rules for TV viewing; how to recognize when TV shows try to manipulate viewers; how to talk to children about violence on TV; and how to use TV in a positive way."

U.S. Senator Paul Simon (D-IL)—"Now, this is not the kind of a thing that is going to make headlines, but it is the kind of solid effort that can really make a difference in the lives of people. And I commend you."

U.S. Senator Joseph Lieberman (D-CT)—"[The Taking Charge of Your TV workshop] is an important opportunity for educators, parents, and television programmers to come together and share ideas about critical viewing habits. The single most important tool in protecting children from negative images in the media is education."

U.S. Senator Kit Bond (R-MO)—"I commend the NCTA and the National PTA for their commitment to improving the quality of TV viewing by developing the Family and Community Critical Viewing Project."

Angela Thompson, Community Education Coordinator, TKR, Louisville, KY—"The workshop training offered me an excellent opportunity to connect with a reputable organization in the local community, heightening awareness of television viewing and showing how we are responding to the customers' concerns about TV programming."

Marty Murphy, Public Relations Manager, Continental Cablevision, Fresno, CA—"We already had a meaningful partnership with our local PTA. However, these workshops bring us closer together for a significant purpose. Endorsing the benefits of critical viewing certainly demonstrates 'cable being part of your life.' Well thought-out training guidelines allow you to concentrate on the audience dynamics and generate thought-provoking interaction."

David Batten, Principal of Donley Elementary School, East Lansing, MI—"We all are aware television is a significant medium in the lives of our children. I'm glad we have this opportunity to involve the community in a healthy discussion of the role of television and share strategies for making good family decisions."

Jeanne Stefanac, PTA President of Pennsylvania—"We've known for a long time that parents have been complaining about violence on television. I don't know if that will ever go away. I also do not know where else you can learn so much in so little time at such a low cost. So it (Taking Charge of Your TV workshop) is of value to us."

Pat Whitten, Ohio PTA State President—"We're trying to make parents understand that they can control the TV sets in their homes."

CABLE'S HIGH SPEED EDUCATION CONNECTION—PUTTING AMERICA'S STUDENTS ON THE FASTLANE OF THE INFORMATION SUPERHIGHWAY

"In my State of the Union address this year, I challenged the private sector to help connect every classroom to the information superhighway by the year 2000. Today, I am pleased to announce that the cable television industry is launching a new initiative that will help America meet this goal. The cable industry has committed to provide free high-speed Internet access to elementary and secondary schools across the country. I want to thank the industry for making this commitment. I urge other industries to join in this important national endeavor."—President Bill Clinton, July 9, 1996.

The Cable TV Industry Commitment[1]

Cable's High Speed Education Connection

Putting America's students on the fastlane of the Information Superhighway

Beginning in 1996, the cable television industry will introduce high-speed digital services to communities across the country. Using cable's high-capacity networks, compressed digital technology and new cable modems, America's businesses, families and schools will be offered new products and services with capabilities and values unmatched by any other telecommunications provider or technology.

As these high-speed digital services are introduced into a community, cable companies will equip at least one site in every consenting elementary and secondary school passed by cable in that community[2] with a cable modem providing basic high-speed access to the Internet—free of charge.

Beginning in July 1996, and over the next year, the industry will begin to deliver on its new commitment to America's students. In the first year alone, more than 60 communities and over 3,000 schools will begin to benefit from Cable's High Speed Education Connection.

In many instances, individual companies and systems may go beyond the industry commitment and offer training, additional inside wiring of classrooms, enhanced information services or additional equipment.

Cable's High Speed Education Connection

Factsheet

What: The cable industry announces its latest contribution to the American educational system and America's children—Cable's High Speed Education Connection—a powerful new commitment to enhance the learning experience for millions of students. As high-speed data services are introduced into communities, cable companies will equip at least one site in every consenting elementary and secondary school passed by cable with a cable modem providing basic high speed Internet access, free of charge.

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[1] Adopted by the NCTA Board of Directors, June 1996.

[2] The industry commitment to provide cable modems to elementary and secondary schools is consistent with the criteria used to deploy Cable in the Classroom: consenting public and state-accredited private schools passed by cable.

How: Building on the foundation established by Cable in the Classroom, with the cable industry providing wiring, connection and commercial-free educational programming for more than 74,000 schools nationwide, the cable industry once again will deploy state-of-the-art technology to benefit America's students. Cable modems provide lightning-fast, digital access to the Internet at a rate of 10,000 kilobits per second—hundreds of times faster than conventional telephone modems. Even ISDN (advanced telephone technology) moves data at only 128 kilobits per second. For instance, downloading a picture of the Mona Lisa, or data that could take 1.4 hours to transfer over typical phone lines and 22 minutes over ISDN, takes only 18 seconds to download via cable modem.

Where: Cable's High Speed Education Connection will benefit elementary and secondary schools and students across the country. As high speed digital products and services are introduced into communities, cable companies will equip at least one site in every consenting elementary and secondary school passed by cable in the community with a cable modem providing high speed Internet access, free of charge.

Who: In the first year alone, as part of the initial rollout of high-speed data services via cable modems, Cable's High Speed Education Connection will impact more than 65 communities and 3,500 schools nationwide.

When: Cable's High Speed Education Connection rolls out this year, beginning July 9, and continues as cable companies introduce advanced cable services throughout the next year and beyond.

Why: Cable's High Speed Education Connection is the latest step in the cable industry's long-standing and on-going commitment to education. Through other valuable initiatives, such as Cable in the Classroom, The Family and Community Critical Viewing Project, Cable in Focus educational screenings, distance learning and "electronic field trips," the cable TV industry has invested hundreds of millions of dollars to help teachers enhance the quality of education for millions of America's children.

LOCAL PROGRAMMING FOR CHILDREN—CABLE SYSTEMS PRODUCE AND AIR QUALITY SHOWS FOR KIDS

Cable operators across the country provide exclusive local origination programming designed specifically for children.

Each year, the National Academy of Cable Programming recognizes outstanding local programming efforts with the Local CableACE Award; likewise, the Cable Television Public Affairs Association each year recognizes local public affairs initiatives launched by cable systems, featuring many programs involving children and family programming.

Among the cable operators and local programmers honored or nominated over the past year for their children's programming and public affairs initiatives are:

Local CableACE Awards—Time Warner Cable, Clearwater, FL—Clubhouse #16 and Check it Out; Paragon Cable of Irving, TX—Nature Kids and Think Smart; TCI of Denver, CO—Earth Cafe; Continental Cablevision, Metro Detroit, MI—Kid Stuff; Cox Communications, San Diego, CA—Outlook on the Physically Challenged; Media General Cable, Fairfax Co., VA—Parks Plus; Century Cable, Santa Monica, CA—The American West; Maryland Cable, Landover, MD—Scientific Expression; Continental Cablevision, Lawrence, MA—Suiting Up for the Space Shuttle; and City of Los Angeles "Cityview 35"—Jeopardy.

Beacon Awards—Time Warner Cable, Milwaukee, WI—Kidz Biz/WCKB-TV; Cox Communications, Oklahoma City, OK—Celebrate the Magic; Continental Cablevision, Andover, MA—Stop, Think, Listen, Score!; Time Warner Cable of San Diego, CA—Find Yourself in a Book; TCI Cablevision of Bellingham, WA—No More Secrets; Falcon Cable TV (all systems)—Don't Trash Your Brain; SportsChannel Pacific—Little League Memories; TCI Cablevision of New England—What About AIDS; Cablevision of Long Island—Video Greeting Card; TCI Cablevision of Utah—Earthquake Preparation Week; and Cablevision of Boston—Extra Help.

CABLE IN FOCUS EDUCATIONAL SCREENINGS TO ENLIGHTEN AND ENTERTAIN

"It's a partnership between the education community, the cable operators and cable programmers . . . the cable industry needs to give something back to the communities we serve, and what better way to do so than with cable's quality programming."—R.E. "Ted" Turner, Chairman & CEO, Turner Entertainment Group, Inc.; Chairman, National Cable Television Association.

Cable in Focus

What is Cable in Focus? It's a *Future Is On Cable* public affairs initiative that demonstrates cable's ongoing commitment to education through its programming. *Cable in Focus* teams cable operators and cable networks to conduct screenings that promote the abundance and diversity of high-quality, original and educational programming available on cable TV. The screenings often include special guests and speakers from cosponsoring organizations who lead interactive discussions.

What topics or themes does Cable in Focus address? Diversity; The Environment; Literacy; Education; Politics; and Violence.

In addition, cable operators and networks have the flexibility to tailor their screenings to feature programming addressing other issues that may be important and appropriate for their local communities.

What are some examples of the cable programming being screened? Already this year, the NCTA Conference Center has hosted seven *Cable in Focus* screenings, with more than 300 screenings held nationwide. NCTA's 77-seat, state-of-the-art theater continues to provide an ideal and intimate setting to showcase exclusive cable programming for both educational screenings for students, or for more formal cable industry VIP receptions, such as: Gardens of the World—(Home & Garden Television); Harlem Diary: Nine Voices of Resilience—(Discovery Channel); Healing the Hate—(USA Network); Science in the Rainforest—(Turner Adventure Learning/TESI); Survivors of the Holocaust—(TBS); The Black Caricature—(Black Entertainment Television); and The View from Moccasin Bend—(The Ecology Channel).

Among the many other cable programs being screened by local operators are the following: Biography—(A&E Television Network); Journey of the African American Athlete—(HBO); Keepers of Our Environment—(NewsTalk Television); People—(The Disney Channel); The Busy World of Richard Scarry—(Showtime); and Wild Discovery—(Discovery Channel).

Who are some of the cosponsors with which cable has partnered? All American Heritage Foundation; Black Liberation Arts Coalition; NAACP/NAMIC/Urban League; National Hurricane Center; National Wildlife Federation; Reading is Fundamental; The Literacy Network; The Reading Connection; U.S. Holocaust Memorial Museum; and United Negro College Fund.

Cable in Focus is about

Providing Educational Resources—"Cable in Focus allows us to take some really wonderful, high-quality and exciting programming and go out there and help teachers teach."—Angela Von Ruden, Public Relations Mgr., Falcon Cable, Los Angeles, CA.

Opening Dialogue—"The National Cable Television Association was the scene of an eye-opening and provocative documentary, *The Black Caricature*, produced by Black Entertainment Television. Following the documentary, the audience and invited panelists interacted, discussing strategies and alternatives regarding what we must do in counteracting negative imagery that continues to denigrate and demean our people nationally and internationally."—Cynthia Nevels, Columnist, *The Capitol Spotlight*, Washington, D.C.

Making a Difference—"Talk about making an impact. Time Warner Cable and Home Box Office did just that with the *Cable in Focus* 'sneak preview' of *Letting Go: A Hospice Journey*. We've received calls from supervisors of the employees who came to the event, remarking about the positive feedback they received when their employees came back to work after viewing the documentary."—Bill Evans, Dir. of Community Relations, Hospice at Greensboro, Inc., Greensboro, NC.

Building Community Relations—"I made more friends for the cable company during our *Cable in Focus* event than anything I've done in a long time. It was 100 percent beneficial from a marketing point of view. People had a face to talk to, and they really appreciated that."—Gloria Pollack, Education Coordinator, Cablevision Industries, Chatsworth, CA.

COMMUNITY RELATIONS AND PUBLIC AFFAIRS—LOCAL CABLE OPERATORS AND NETWORK PROGRAMMERS CONTRIBUTE TO THE COMMUNITIES AND FAMILIES THEY SERVE

"The importance of cable public affairs—demonstrated in a variety of ways, from internal communications to the messages and programming cable sends to its subscribers and communities—continues to grow in this new era of telecommunications reform, convergence and competition."—Lawrence W. Oliver, Publisher, Cablevision Magazine, 1996 Beacon Awards Special Supplement.

Community Relations and Public Affairs

The following is a representative summary of the wide range of community relations and public affairs efforts made by local cable operators and network programmers—initiatives that have had a direct and positive impact on the lives of children and students across the country. The following examples of these efforts illustrate the breadth and diversity of cable's contributions—but do not include every cable system or cable network initiative.

Continental Cablevision, Boston/Discovery Channel—The core of this collaborative project was a promotional contest for elementary school students and teachers, which coincided with Discovery's Space Shuttle documentary. Rather than having students passively receiving information about space, Space Camp designed a two-week curriculum in which students were instructed to build a space suit. Nearly 4,000 students and teachers from 100 schools participated, with more than 800 space suits designed. Winners received a trip to Space Camp in Huntsville, Ala. The contest was implemented in most Continental systems, reached nearly 600 communities and more than 1,500 public officials—including a congratulatory call from President Clinton.

Time Warner Cable, Milwaukee, WI/E! Entertainment Television—Warner Cable Kidz Biz/WCKB-TV is a 15-minute news/information show written and produced by students from 22 schools in Time Warner's service area. The series, in its second year, features a mix of news reports and celebrity/local personality interviews. Time Warner worked with E! Entertainment Television last year to send two Kidz Biz reporters to Los Angeles to cover the Academy Awards. Also, the program staged its own awards outreach, CAMY (Cable and Media for Youth), recognizing excellence among Kidz Biz talent. Time Warner's program continues to receive kudos from schools and media—nationally, statewide and locally—as a one-of-a-kind media literacy tool.

UVTV/WGN—Winner of the 1996 Golden Beacon Award for outstanding public affairs achievement, UVTV created the Find Yourself in a Book project to help youths discover literacy for themselves in a natural, contemporary way. The central element of the campaign is a series of video messages that describe the plots of popular literature in every day language. More than 1,300 cable systems nationwide offered the campaign, making it available to nearly 23 million cable homes. More than 1,100 educators have contacted UVTV directly to enlist its help in implementing the campaign and airing spots in their communities.

Bravo Cable Network—With Bravo's Arts for Change advocacy campaign, Bravo seeks to teach at-risk kids how arts can make a difference in their lives. In the process, Bravo donated more than $360,000 of its airtime to promote the campaign through public service spots. Also, a $10,000 grant program was created to recognize local arts groups that are most effective in reaching kids. For this portion of the program, Bravo joined with the National Assembly of Local Arts Agencies, American Library Association, The Boys/Girls Clubs of America and the National Foundation for Advancement in the Arts. From more than 365 entries received, Bravo selected four $2,500 grant winners. The grant program will continue this year.

MediaOne, Atlanta, GA/C–SPAN—MediaOne organized a series of system activities to help students understand local, state and national government procedures. Throughout one week, MediaOne and Hapeville Elementary School coordinated a C–SPAN sponsored essay contest and discussions about how members of Congress respond to issues, mock student elections and classroom presentations by a Georgia state senator and representative.

Continental Cablevision—The TV Tool Kit is a package of instructional and entertaining guides and videos that children, parents and teachers can use to view television with a more discerning eye. The TV Tool Kit has been distributed to over 3,000 schools, libraries, and community organizations throughout the country with the help of such organizations as the PTA, the 4-H Club, the YMCA and Cable in the Classroom.

Cox Communications, Warwick, RI/WROB—Maryann Artesani, a fourth grade teacher at E.G. Robertson Elementary School, started a student-produced news show in her classroom back in 1990. Since then, her 10-year-old students have had the opportunity to interview Secretary of Education Richard Riley, three Rhode Island governors, the Rhode Island Commissioner of Education, several children's book authors and local celebrities, all thanks to financial and in-kind support resources and equipment supplied by Cox Communications.

Tele-Communications, Inc., Houston, TX—When Texas initiated a campaign to publicize the alarming lack of immunizations among children, TCI responded by significantly expanding its annual Health Fair. TCI arranged to have a cross-section of health care agencies, public service organizations and entertainers at various locations throughout Houston to present free health care screenings and preventive information. The fair was an opportunity for children to have their shot records updated, and it also provided pre-school and infant immunizations. Cholesterol, blood pressure and dental screenings were also offered, along with information on other medical conditions. TCI's fair provided more than five times as many fee immunizations as other Houston area health fairs.

Comcast Cable, Mercer County, NJ—MercerNet is an interactive wide-area fiber-optic network being developed by Comcast Cable and an educational consortium. The network will link all Mercer County public school districts, the local community college and a local science center with one another and with each of the county's public libraries, community and state colleges and special service centers. Fourteen interactive video classrooms with multi-data channels will be connected to MercerNet, supported by a $700,000 grant from the National Telecommunications and Information Administration. The network will provide: interactive TV for distance learning and community programs; high speed cable access to the Internet; and high speed data connectivity via cable, interfaced with multimedia video libraries in and out of the county. The project will serve as a model for cost-effective delivery of educational and other community services.

Media General Cable, Fairfax, VA—Students at Stenwood Elementary and Rocky Run Middle Schools in Fairfax County, VA can type or talk via the Internet to students and professionals from around the world, while watching them on live, two-way video. Launched in 1993 by the National Science Foundation, Global Schoolhouse has expanded from four pilot schools (three in the U.S.) to over 20 schools in the U.S. and overseas. Media General supplied participating schools with a connection to the Internet, while other corporations provided computer equipment. Students at Stenwood were able to teleconference with NASA in Houston, talking face-to-face with staff about propulsion systems for an imaginary space station they were designing. Their project culminated with an overnight, 12-hour "space mission" when sixth graders decorated the gym to resemble a space station, ate meals they custom-designed for space travel, and conducted experiments on-line, sharing their experiences with other children around the world.

Falcon Cable TV, Los Angeles/MTV Networks/VH1/Comedy Central—With substance abuse among young people on the rise, Falcon partnered with MTV Networks, VH1 and Comedy Central on a prevention-minded project. The campaign was designed to reach teens and parents through a T-shirt design contest, plus a resourse sheet that suggests ways parents can communicate with their kids about drugs. Falcon enlisted 42 participating systems and received widespread promotion and local recognition from leading public officials.

Adelphia Cable, West Seneca, NY/The Family Channel—Partnered with the NAACP, Adelphia Cable of West Seneca organized a screening of The Family Channel's original production of *Tad* for students of Holland Middle School during Black History Month. *Tad* depicts the story of life in the White House during the Civil War, as seen through the eyes of Abraham Lincoln's young son. During the week prior to the screening, Holland Middle School teachers organized a comprehensive, interdisciplinary education plan that linked the students' classes and contemporary education with those of the era of the Civil War and the *Tad* film. Art students produced calligraphic works of Lincoln's speeches, and music students researched Civil War music, which was played while guests were being seated for the screening. To enhance the learning experience, Daniel Acker, president of the Buffalo chapter of NAACP, led a discussion with students after the screening.

Time Warner Cable, Houston, TX—*Be An Angel Fund* is a local charity that provides recreation and communication devices to physically challenged children in the Houston area, and is headquartered in the T.H. Rogers School, the first school in the nation to mainstream deaf, gifted and multiply-handicapped children. Time Warner has been involved with the fund for 10 years, providing financial and in-kind support. Time Warner produced a *Be An Angel* video, worked with former President George Bush on the dedication of a $1.2 million hydrotherapy complex and raised a record $36,000 for the fund during an annual charity golf tournament.

REMARKS BY WILLIAM A. OLIVER, CORPORATE & EXTERNAL AFFAIRS VICE PRESIDENT, BELLSOUTH TELECOMMUNICATIONS; PANEL DISCUSSION—HOUSE EDUCATION CAUCUS

Let me thank you for inviting me to be a part of this panel discussion today that the new House Education Caucus is sponsoring. The formation of this caucus is long overdue, and I commend those of you who will be a part of it for your willingness to make a place in your busy schedules to participate in such a group. It will surely be time well spent, however, as there are few areas of daily life that will have as big an impact on the long-term future economic health—and general societal well being—of our country as the type and quality of education our coming generations of children and young adults will receive.

Certainly, as a company, BellSouth feels that way—we are very involved in many, many community activities, but none are more important than our support of efforts to improve educational systems throughout the areas in the southeast where we are the local phone company. Our motives are not entirely benevolent; it's a matter of survival. We are absolutely dependent on an educated populace as prospective employees to develop the new technology that will allow us to grow and expand, and as consumers to buy and use all of this new technology.

We are not, of course, alone with regard to the work force issue. American business in general is caught in a painful paradox today. Frequently, when openings are announced, applicants line up by the hundreds. Yet, managers say they can't find people to fill jobs.

What employers need is people with the right skills—men and women with the ability to read with understanding; the ability to communicate clearly with other people, both by the spoken and the written word; the ability to think through a problem or situation; the ability to calculate with at least a rudimentary understanding of algebra and geometry; the ability to analyze; and the ability to get along with other people and work productively in teams.

Even when the line of applicants stretches around the block, only a few may be able to handle such assignments. An information Age economy and its high-tech jobs are creating a new calculus of economic growth for nations and new job opportunities for individuals. And job today are far different than when a strong back and a willingness to sweat got you a job.

As a corporation, in one of the highest tech industries, we've been acutely aware of this for some time and our Chairman, John Clendinin, has been a national leader in school-to-work initiatives and similar efforts. The overall goal of improving education is so important to us, in fact, that over the past 5 years, we've provided almost a quarter of billion dollars in direct and indirect support to education. And, this is increasing on an annual basis.

This work force preparedness issue is a critical one for everyone, and I know that a lot of other participants here today will address it in their remarks—probably much better than I could ever hope to. I will therefore defer to them and limit my comments to two areas that I am more familiar with—they both concern the availability of new technology—telecommunication, cable, satellite, etc.—as tools for improving our education systems. BellSouth has found itself become more and more deeply involved with this issue as information services are increasingly becoming fundamental tools for student learning.

The first question that I would therefore like to address is, "Who should provide the national leadership and direction in deploying the wonderful new information age technology that is becoming available for education purposes."

Fundamentally, both we, and our nation's schools, are in the communications business. Schools communicate and pass down through the generations—and throughout the population—the knowledge, values, ethical standards that a society needs to survive and prosper. BellSouth provides communications channels.

We're just the latest in the series of knowledge pipelines that educators have used to funnel knowlege—a series that started with face-to-face teaching and evolved into using books, films, closed-circuit TV, and now—distance learning. We are, however, a big part of the largest, most widespread, and most far-reaching knowledge pipeline that the world has ever seen.

The challenge to both us, and to educators, is to determine how to use this pipeline most effectively. We've always known that the technology in our networks represented a potentially enormous asset for the education community. In years past, we've been trying to force feed this message to them from the outside.

The problem is that we're not educators. It would be a whole lot better if, instead of us telling educators what to do with our technology, they would tell us what should be done. The use of this valuable new tool should be directed from within the education community, not from the outside. Just as we should be providing them information on what kind of worker skills we need as school-to-work programs are developed, they should be guiding us on the use of technology in the classroom.

This requires, of course, that educators have a good understanding of the technology involved and its capabilities. This expertise is developing, but unfortunately it is not yet as widespread as it needs to be. We need to reach that critical mass of knowledgeable educators who will provide the leadership in deploying current and future telecommunications technology for your use. We are committed to working with them to reach that point.

That's one area where we—BellSouth and others in our industry—can take the lead in hastening the dawn of the Information Age throughout the nation's educational infrastructure. I think this is going to happen in the relatively near future. I believe we're developing an industry-educator dialog on this. Frankly, I wish all our concerns were as simple as this.

The other question involving telecommunications and education that I want to address in these brief opening comments is a lot tougher—and I feel that it is one that only Congress can finally resolve in the country's overall best interests.

As you well know, not only is telecommunications technology changing, our whole industry is changing. This is going to make the next few years a time of great opportunity . . . and some risk in so far as the future availability and affordability of the wonderful new knowledge pipelines I mentioned previously.

The rules that U.S. telecommunications companies were playing by until very recently were written in 1934—over 60 years ago—before computers, before television, before satellites. In recent years, this technology, and the competition it fostered, had made the rules regulating our industry unworkable. Obviously, something had to be done, and you did it. Last February, Congress passed sweeping changes in telecommunications law, that I believe you thought once-and-for-all effectively unlocked the door to the "information age."

Its passage should potentially affect every American who turns on a television set, listens to radio, uses a telephone, or surfs in cyberspace. The industrial revolution profoundly changed America; this information revolution should have an equally profound change—Distance learning is a great example that will be of particular interest to this caucus; telemedicine is another example; electronic commerce is another application; teleconferencing; telecommuting; the list goes on and on.

Yet, these applications are just brief glimpses of the future in the information age. We are not talking about evolutionary change in one industry. We are talking about a revolution in society—something that will significantly affect the daily life of everyone. In the 21st century America will be a better educated, healthier, safer, more productive and more competitive country.

This is good news, and it is very good indeed. By and large, and in the long run, the changes in our industry are going to be good for the country. However, the real challenge will be to make sure that everyone shares in the benefits of this new information age. Telephone service must remain affordable to everyone—poor, handicapped, rural, urban, etc. We have to find ways to keep all of this wonderful new technology readily available and readily affordable for schools so that everyone can learn to use it and reap the educational benefits it makes possible. We cannot risk dividing society into information age "haves" and "have nots."

This is a critical issue for the education community in particular because the rates currently charged schools are generally very heavily subsidized. That's why maintaining the "universal service" philosophy that served our nation so well for so long as a foundation for telecommunications policy is so important.

We have to find a way to replace the old system of subsidies with a new system that will work in the competitive world—a system that will take a small amount from those who are profiting mightly from the more lucrative telecommunications market and use that money to make access to the information age available to everyone. Congress recognized this and made it clear in their passage of the Telecommunications Act of 1996 that universal service was to be preserved no matter what else happened in the newly competitive telephone industry.

Universal service and subsidies are the big societal issues that regulators and legislators—and the telephone companies themselves—have left before them.

The legislation you passed in February said that universal service must be preserved—you were very clear about that, but you weren't exactly precise about how to do it. You left the details of implementing the legislation to those most familiar with our industry—the FCC, state regulators, and the many old and new competitors in the game.

Apparently, enacting good telecommunications law is turning out to be a lot easier than implementing it. Frankly, some of the discussions being heard about this are extraordinarily troubling. In the course of the FCC's ongoing proceedings, things are being said that would lead one to believe some either did not hear, did not understand, or did not want to understand what I feel Congress clearly intended to do in the legislation passed last February. Some of the actions that are being proposed would greatly endanger universal service.

I believe as an information services industry that we must all commit to the preservation of universal service and that government agencies must assure that we do. We have the most affordable, widely available communications system in the world now and we must all make sure that the new rules of the game do not change this.

I can assure you that BellSouth is committed to universal service. That's why we agreed to a Louisiana Public Service Commission order last March that makes us the service provider of last resort in the areas where we operate; it's why we have capped our basic residential service rates for five years so that consumers are protected during the period of change to competition in our industry; it's why we and the Public Service Commission have made our fastest data circuits available to schools and libraries at greatly reduced rates—we want to make sure no one gets left behind as telephone service providers have an economic incentive to focus on big, profitable customers.

In closing, I would urge members of this caucus to stay attuned to the debate on the universal service issue in the FCC's current proceedings to assure the rules developed will produce the kind of future for our industry that Congress envisioned last February. This is critical for the future of education, and I believe also for the overall well being of the national economy. Thank you again for having me here today and giving me an opportunity to share my thoughts with you.

THE POLITICS OF ORGANIZED LABOR

The SPEAKER pro tempore (Mr. HAYWORTH). Under the Speaker's announced policy of May 12, 1995, the gentleman from Pennsylvania [Mr. WELDON] is recognized for 60 minutes.

Mr. WELDON of Pennsylvania. Mr. Speaker, I appreciate your indulgence and the staff's indulgence. I will try not to take the entire 60 minutes, but I have something that I have to say to you and hopefully through you, Mr. Speaker, to the workers of this country. The workers of this country I want to speak to tonight, partly because this past Monday was Labor Day. As you know, the Congress was out of session. We were not here in Washington. But there were a lot of speeches given, a lot of rhetoric was passed. And I think many of the Washington labor leaders laid the foundation for what they hope will be a very successful political campaign totally in concert with the Democratic Party, both from the standpoint of the presidency and congressional and senatorial races across the country.

I want to talk about that for a moment, Mr. Speaker and, through you, I want to talk to those rank and file union workers across the country who I think have been sold a bad bill of goods or, in fact, I would say have not even been sold the case. They have been had.

What do I mean by that, because that is a very serious charge? The basis of my outrage and my concern is that last spring when the AFL–CIO leadership met in Washington, they had a vote to require every AFL–CIO member in the country, whether they agreed or not, to put up a dollar of their dues over a period of 3 years that would raise a total of $35 million. This $35 million that is being taken from the paychecks of workers in the Teamsters, in the building trades, in all the major unions across this Nation, is not going to elect just labor-sensitive Members of Congress. It is going to support one political party and one political party only. To me, Mr. Speaker, that is an outrage.

Is it an outrage to me because I am a Republican or because I hate labor unions? I do not think it is the case, Mr. Speaker, because I am one of those labor-sensitive Republicans who during my 10 years in Congress been out front supporting many of the issues important to working men and women and in many cases the leaders of my local labor unions back in Pennsylvania. So I am not someone who has been against many of labor's top priorities. But what outrages me is what a few leaders in this city have been able to force upon the millions of rank and file workers across the country and it is to their workers, those workers that I want to speak tonight, because I do not think they really understand the facts.

We would think if labor was going to assess every member of its rank and file across the country and every local labor union, that in fact that money would go to defeat those Members of Congress who do not support the priorities of organized labor. That is not the case. Because in fact, Mr. Speaker, of the $35 million that is being used to run ads, for instance, in the district of my neighbor, JON FOX in Montgomery County, even though JON FOX has supported many of labor's top priorities, that half a million dollars being used against JON FOX and being used against PHIL ENGLISH and against JACK QUINN and against a number of Republican Members across the country who have been supportive of labor's priorities is not being used against Democrats who have zero voting records on labor issues.

Now, one would wonder why the Federal Election Commission, Mr. Speaker, would not do an inquiry, if we have an organized group in this country forcibly assessing $35 million from rank and file workers and yet only targeting that money against incumbent freshman Republicans and yet that is exactly what is happening. In fact, Mr. Speaker, my office has done a study and we have looked at the voting records as determined by the AFL–CIO, and we have found that no incumbent freshman Democrats, even those from right-to-work States, even those who have zero or 5 or 10 percent AFL–CIO voting records, are being targeted. None of them. All of the money that is being forcibly collected from organized labor is being used to only support Democrats and to defeat incumbent Republican Members of Congress.

Now, why would this happen? Would it be because the national leaders and the rank and file workers across America are so unhappy with the agenda of the past several years and all of the Republicans? I would think not, Mr. Speaker. Let me go through some items point by point.

First of all, Mr. Speaker, I can tell you that when Bill Clinton was first running for office and the Democrat Party controlled the Congress, both houses, I was the Republican who offered the compromise Family and Medical Leave Act that is now law. Do you know something, Mr. Speaker? That bill passed the House and the Senate a year before the final conference was brought before us for a final vote. Why was that done?

It was because the Democrat leadership was not concerned about rank and file workers who wanted family and medical leave. Rather, they waited an entire year because they wanted to have George Bush veto the bill in the middle of the Clinton-Bush election. Were they concerned about rank and file workers? No, they were concerned about scoring political points. Then maybe it is because the President has been so supportive of labor's agenda over the previous 3 years.

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Well, let us look at the President's agenda in line with the rank-and-file labor movement's agenda over the past several years. Organized labor, Mr. Speaker, in this country, the first 2 years of the Clinton administration, had two top priorities. Their two top priorities were defeating NAFTA, the North American Free Trade zone legislation, and passing the anti-strikebreaker legislation.

Now let us look at each of those pieces of legislation and see what this President did to help enact each of those.

The President was not with labor on NAFTA, Mr. Speaker. The President lobbied hard to pass it. He passed NAFTA in the House, largely with Democrat and Republican votes, he passed it in the Senate, and he signed it into law.

I have introduced legislation in this session, Mr. Speaker, that says that this President was not truthful with the American people. He said that when NAFTA was passed the side agreements would raise up the worker standards and the environmental laws in Mexico to avoid the drain of jobs south, and that has not happened. My bill says that each year the President must certify that progress is being made. My bill was introduced because I opposed NAFTA. I was supportive of labor's position; the President was not.

Let us look at the anti-strikebreaker bill, Mr. Speaker. Here was a piece of legislation labor said was their top No. 1 priority. That bill passed the House, Mr. Speaker, and it passed the House with Republican support. In fact, there were enough votes to pass it in the Senate. Now President Clinton says he was in favor of the anti-strikebreaker bill, but let us look beyond the rhetoric, and let us look at whether or not he really was truthful to the rank-and-file workers across America who are paying a dollar a month for 3 years out of their pay to support this President in this election whether they like it or not.

To get a bill on the floor of the Senate without a filibuster or to avoid a filibuster you need 60 votes. As you know, Mr. Speaker, it is called invoking cloture. The anti-strikebreaker bill passed the House with more than enough votes because it had Republican support. There were enough votes in the Senate to pass the anti-strikebreaker bill. But guess what, Mr. Speaker? They could only get 59 Senators to vote for cloture to cut off the debate.

Now how does that relate to President Clinton, Mr. Speaker? Neither Senator from Arkansas voted for cloture to allow the antistrikebreaker bill to come up on the floor of the Senate for a vote. Now here we have a President from Arkansas, and do we really believe that the rank-and-file workers of this country really believe that President Clinton could not convince one of those two Senators to vote yes for cloture to give the 60-vote number and then vote against the bill, because it still would have passed?

You see, Mr. Speaker, this President wanted to have it both ways. As he has done repeatedly throughout the last 3½ years, he wanted the Congress to pass NAFTA, and he wanted to say to the rank-and-file workers, "I am for it and I am going to sign it, but, oh, by the way," as he told small business owners, "it will never come to my desk for a signature." Why? Because he would not lift a finger to help get the votes to invoke cloture in the Senate. So again rank-and-file union workers across the country were betrayed.

Where was the Washington leadership, Mr. Speaker? Where were they on strikebreaker? Where were they on NAFTA? And let us look beyond that, Mr. Speaker, because we saw and we have heard the rhetoric coming from the national labor leadership about the minimum wage vote.

The first 2 years of the Clinton administration both the House and the Senate were controlled by the Democrats in the majority. There was not one movement to bring up a minimum wage bill in either body. And, as a matter of fact, the President is on the record as having said in the first 2 years of his administration that he thought the minimum wage increase was a mistake. But this session, with Republicans in control, he thought it would be a wedge issue.

Where were the organized labor leaders who were mandating contributions from the workers the first 2 years of the Clinton administration? Why were they not siphoning off that dollar a month out of the paychecks of those workers to support those who supported the minimum wage?

But it even gets worse than that, Mr. Speaker.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. HAYWORTH). The gentleman from Pennsylvania [Mr. WELDON] will suspend for just 1 minute, please.

The Chair would like to remind all Members that it is out of order to characterize the position of the Senate or of Senators designated by name or position on legislative issues.

The gentleman from Pennsylvania may proceed.

Mr. WELDON of Pennsylvania. I thank the gentleman, and I would just say, Mr. Speaker, the real outrage of my feeling here tonight is best expressed by what this President and his party are doing to those workers who work in the defense and science technology base of this country. Here is a President talking about job creation, and here are national AFL–CIO leaders saying, "We are going to take a dollar a month out of your check and put it into a $35 million fund to defeat freshmen Republicans so that we can create jobs."

Where were those big labor leaders, Mr. Speaker, when this President decimated defense spending? Over the past 3 years 1 million men and women in this country have lost their jobs. Now were these minimum wage jobs? No, they were jobs represented by the UAW, by the International Association of Machinists, jobs represented by the Electrical Workers, by the building trades who build and construct the base housing and the facilities on our military bases. They were jobs held by building trades and teamsters and machinists and boilermakers who build our ships and UAW workers across the country. This President's cuts in defense spending eliminated 1 million of those jobs. We did not hear a peep out of the national labor leadership in Washington about those job losses.

Furthermore, Mr. Speaker, over the past 2 years the Congress under the Republican leadership has brought defense spending back to a sensible level of spending. Have we increased it dramatically? No. We have given the service chiefs the dollars that they feel are necessary, not what Bill Clinton's political appointee wants in terms of the Secretary of Defense, but what the members of the Joint Chiefs say they need to protect our troops.

Now here is the irony, Mr. Speaker. This President has railed publicly, and the administration has railed publicly, about the Republican Congress increasing defense spending. In fact, I was one of the few Republicans who voted against increasing funding for the B–2 bomber. I felt we could not afford it.

Now this President said he was opposed to the B–2 bomber. What did he do last year after Congress prevailed and increased funding for the B–2? Well, he took a trip out to the California plant where the B–2 is manufactured, and he gave a speech, and he said to the union workers and the management standing in back of him we are going to build 1 more B–2 bomber, and we are also going to have a study done of our joint deep strike bomber needs, and that study will come out in November right after the election is over.

Again, rank-and-file union workers have been used.

Mr. Speaker, here is the real irony of what is happening this year with the AFL–CIO, and this to me is absolutely outrageous. That $35 million that is being collected right now from every member of every AFL–CIO local in America is being used to target Members who voted for funding the jobs that many of them now hold.

Now is that not outrageous? Can you imagine being a worker at the C–17 plant where Republican Members voted to increase funding for the C–17 and now having those workers—and I totaled this up based on the number of workers at that facility, 8,000 of them—they are now contributing forcibly $350,000, not with their consent. It was forced out of their pockets to defeat those Member of Congress who supported the funding for the jobs that they now hold.

I wonder if those workers really understand what is happening, Mr. Speaker. I wonder if they are aware that a few, and it is only a few, Mr. Speaker, because the bulk of the labor leaders in this country are honorable men and women. Many of them in my district good friends of mine. Many of them here in Washington are good solid friends. But when I talk to them about this issue, they nod their heads and they say, "We know. We know what you are talking about, but it was a decision made above our pay grade."

So here we have a decision made by a few leaders in the AFL–CIO to siphon money off of workers, to use that money to spread misinformation and defeat candidates who in many cases have been supportive of the very jobs that those workers have. To me that is an outrage, Mr. Speaker.

And let me say this and to make this point clearly. We did not increase defense spending to create jobs. We increased defense spending because of the threat that is out there. But when this President criticizes this Congress for increasing defense spending, and then talks about the loss of jobs in this country, and then has the audacity to go out to plants where the ships are being built, where the aircraft are being manufactured caused by that increase in spending, and cut the ribbon on those projects, then that to me is outrage, and that is what is happening right now, Mr. Speaker. This President in his political campaign is going around the country and he is boasting about jobs being created. He is going to plants where ships are being built, where planes are being manufactured, where bases are being rehabbed. He is criticizing the Congress in Washington for increasing defense spending, but he is going out across America, one State at a time, especially in California, and he is saying, "I am here to support your job."

And on top of that, Mr. Speaker, those Members of Congress who stood fast for increases in science funding and the technical base and the space program and in defense because they were the right decisions are now having money forcibly taken from those workers who have benefited to be used to target those Members for defeat. That is not America, Mr. Speaker. It is not America when a few people inside the Beltway can force people to put money into candidates that they know nothing about or perhaps are voting against their very interests.

Now do I rise to say all this as someone who is upset because of what the

AFL–CIO is doing to me personally? Absolutely not, Mr. Speaker. As a matter of fact, out of the 21 House races in Pennsylvania when the State AFL–CIO in Pennsylvania endorsed, they endorsed 20 Democrats and left one district with no endorsement. That is my district.

They are not running ads in my district, Mr. Speaker, so I am not here complaining about what is happening to me. But I cannot sit by any longer and allow my friends who are working people across this country to have their money be taken and used for a partisan political purpose, and that is exactly what is being done.

You see, Mr. Speaker, I am a Republican, but I was involved in a labor movement. I was a teacher for 7 years, vice president of my association, taught in the public schools right next to west Philadelphia, served on a negotiating committee for 3 years, so I know what it is like to be active in the association. For the 7 years before that, and while teaching and going to college, I worked in a market and was an active member of the retail clerks union. I come from a large family of nine children, the youngest of nine. My father was in the textile workers union most of his life. I am sensitive to issues involving working people because I think we as a society and as a country need to be fair.

But I stand before you tonight, Mr. Speaker, and I say through you, Mr. Speaker, to all of those millions of men and women across this country who are involved in labor unions:

> Your leadership is not being fair. They have taken your money forcibly, and they're not using it for just to support what is right for you. They're using it for a narrow focus political agenda to support one party.

Mr. Speaker, anyone who analyzes the history of this institution could quickly show that no piece of legislation supportive of working people has ever been passed without bipartisan support. From family and medical leave, to anti-strikebreaker, to plant closing legislation, to any other piece of legislation that is significant, every one of those bills has had bipartisan support. Yet, Mr. Speaker, in this election $35 million was pulled from the pockets of working men and women to be used for a national agenda, in many cases to defeat those Members of Congress who voted for the funding to keep those very people employed.

My contention is, Mr. Speaker, we heard earlier some of our comrades and colleagues from the Democrat side saying the polls are showing there is a huge lead. Once the American people see through the rhetoric and the demagoguery, once they see that a few people in Washington have siphoned off forcibly $35 million to be used to misinform the American people, those numbers are going to change.

□ 2115

Let me say this, Mr. Speaker. How much outrage would this country have if corporate America forced rank and file management employees to kick in $35 million to defeat Democrats across the country? You would have a national scandal unfolding. That does not happen. In fact, all the studies that have been done show that most companies allow the workers who contribute to their PACs to have a say where the money goes.

In the case of this $35 million siphoned out of the pockets from America's working people, they will not have a dime's worth of say as to where their money will go. Now, we logically should ask the question, does that mean that every rank and file labor union worker will vote Democrat? In fact, Mr. Speaker, in the last election the polls showed that 40 percent of the American unionized work force voted Republican. What happens to those 40 percent? Are they being disenfranchised? Are they having money pulled out of their pockets to be used to defeat people that they in fact are going to vote for? That is not American, Mr. Speaker. That is not right.

Mr. Speaker, I stand here tonight because I have credibility with working men and women in this country. I am not out to hurt them. I want to support them, as I have done this session, in protecting Davis-Bacon. It was a group of Republicans, largely freshmen Republican Members, who went to the leadership and said, do not strip away Davis-Bacon protection. Do you know what, Mr. Speaker? Those rank and file building trades workers across the country who rely on the prevailing wage now have been forcibly taken, had money taken out of their pockets to be used to defeat those freshman Republicans who stood up for the prevailing wage.

I am the author in this session of the modification to Davis-Bacon that has bipartisan support. At last count, 128 Members from both parties cosponsored my bill to reform Davis-Bacon, with the support of the national labor leaders of the building trades and the manufacturing groups. I will stand up for what is right, and I will be honest. As a Republican, I will disagree with my party from time to time if I feel we are not being sensitive enough. But I cannot stand by silently and see a few, and I am talking about a handful, a handful of people in this city forcibly take $35 million from the pockets of working men and women and use that money to hurt those same people.

What is the feeling of our Republican Members, Mr. Speaker? I can tell the Members, in talking to a number of my colleagues who are sensitive to labor issues, there is a feeling of absolute outrage, absolute outrage, because these Republican Members, and there are about 40 or 50 of them, have walked side by side in standing up for what is right for working people, even when right-to-work Democrats voted against every one of those initiatives.

Yet, what has the national labor leadership done? It has defied the rank-and-file worker, saying we are talking about your money, we do not care about right-to-work Democrats, we do not care about Democrats who do not support labor unions or labor's agenda, we are only going to target Republicans because we are totally in bed with the Democratic leadership and Bill Clinton, the President of the United States. Excuse me, Mr. Speaker, I should not say his name.

This is an outrage and I am not going to let this election go by without doing what I can to expose what is taking place in this country. I said earlier I was a teacher for 7 years, active with the education association in my State, vice president of my local association, and a negotiator. Mr. Speaker, there are 25 classroom teachers in this Congress in the Republican Party.

The NEA and the AFT, the two largest labor unions, over the past 2 years have contributed $3.5 million to campaigns, 99 percent of it to Democrats. Forty-four to one. For every $1 of money to a Republican, $44 to a Democrat. It does not matter whether they were teachers or not, or whether they support good schools, or educators. This was our Republican candidate's point, Mr. Speaker, It was not what we heard from the other side about taking on teachers. This party is not against teachers. This party is against large institutional labor union leaders who have a political agenda as opposed to an agenda for rank-and-file workers.

Mr. Speaker, that is where the battle is. The battle is not with those classroom teachers who need more support and who need decent pay and benefits. It is against those leaders who have a totally political agenda that is in many cases a personal agenda to move themselves forward, as opposed to the people they are siphoning money from.

Mr. Speaker, I hope, as this election unfolds over the next 2 months, in every city, in every town, in every county we expose what is happening to every rank-and-file worker in this country. We can have honest differences in how to increase people's economic viability. We can have honest differences in how to improve the economic lot of people who are trying to work for a living. But no one should be forcibly made to contribute to an agenda set by someone else. That is what is happening in this country right now.

To those rank-and-file workers, Mr. Speaker, across America who will see this or hear this, and I guarantee you we are going to spread this message, I say that they need to let their labor leaders know that enough is enough, they are not pawns in the game. As my local labor leaders back in my county so ably know and do, they support those who are friends to them and they oppose those who are enemies. But Mr. Speaker, the national labor leadership cannot understand that, because they only see one thing. That is a political agenda of one party.

So in effect, they sell out the millions of rank-and-file workers who want to have people represent their views. They sell them out for a larger political agenda that supports one party and one idea and agenda of bigger Government.

Our job, Mr. Speaker, is to dispel this notion and to get the facts on the record as they are. I am going to go to every district I can and provide every piece of information I can to every defense plant in this country represented by a labor union. I even heard that the administration, the President and the Vice President, wanted to come to Philadelphia, Mr. Speaker, to go to a local plant where the V-22 was built. That is nice they wanted to do that. I wonder if, when the President came up there, he would mention the fact that it was not he who supported the increased funding for that program, but rather, it was the Congress that supported that increase in funding. Why? Because the Marine Corps has it as their top priority.

I understand the President may want to travel to some shipyards where he can cut the ribbon on some ship keels. I wonder if he is going to tell those workers that it was not he who supported the increased funds for those ships, but rather, it was he who criticized the Congress for increasing funding by the level of $12 billion in this year's authorization and appropriation bills.

I wonder if when the President goes out and talks about programs, whether it is the B-2 or missile programs, he is going to be honest in telling those workers that he opposed the funds that have been requested by the service chiefs that we in this Congress, in a bipartisan way, have brought forward.

Let me make that point again, Mr. Speaker. Our funding for defense in this Congress was not a Republican base alone. In fact, the defense authorization bill, which passed on this floor, had almost 300 Members vote in the affirmative. In fact, the final conference report had over 300 Members voting in the affirmative. That is not a Republican plan, that is a bipartisan plan supporting what is good for America.

My point is that those voters, those Members of Congress who voted to support that increase in funding to provide for those new programs at the same time are having their Washington handful of labor leaders siphon off $35 billion to defeat the very Members who have supported their jobs.

Mr. Speaker, we cannot let this administration have it both ways, as they try to do all the time, as this President did when he went before APAC, the largest association of supporters of Israel in this country. He want to their national conference and he said how supportive he was of Israel. He said, furthermore I am going to increase the funding for the Nautilus program, a new missile defense initiative that will protect the people of Israel from the Katyusha rockets being fired into Israel.

What he did not tell the people at APAC, Mr. Speaker, which we have now put on the record many times, is that in fact this administration zeroed out funding for the Nautilus or high-energy laser program for each of the last 3 years. They tried to kill the program. But this year, because, I guess, the President felt it was a good political time, he went before APAC and said, we are going to move this program forward. If it had not been for the actions of this Congress in a bipartisan way, that money would not have been there for that decision to be made. But again, this President was able to have it both ways.

As we just recently saw with the debate over terrorism, it was this Congress that increased funding for antiterrorism initiatives long before the downing of the TWA flight, long before the killings in Saudi Arabia of our troops. It was this Congress over the past 2 years that held hearings and put additional funding in for anti-terrorism initiatives to the extent of $200 million above and beyond what President Clinton said he needed, but well in line with what the service chiefs said was important for the security of our country and our people.

Mr. Speaker, I am outraged tonight, this, the week of Labor Day, when we celebrate the rich history of this country, where those of us in both parties can support the right of people to work and have decent paying jobs, and even to join and be involved in labor unions, I am outraged because in this week, a week that we celebrate the rich history of this country and the labor movement, I have to go through you, Mr. Speaker, to tell the rank and file workers across America that their interests now are being circumvented by those who have a larger political agenda, not based upon voting records, and I say, Mr. Speaker, and I hope that our workers across the country are listening, remember that, not based upon voting records.

The gentleman from Pennsylvania, Jon Fox, in suburban Philadelphia, is not being targeted because he is insensitive to working people. To the contrary, Jon Fox voted with labor on many of their issues. He is being targeted because the leadership of the presidency and the Democratic party has gotten totally in sync with the leaders of the labor movement down here, and their goal is to defeat freshmen Republicans all across the country.

At the same time they are spending half a million dollars, the AFL-CIO, in targeting the gentlemen from Pennsylvania, Jon Fox, they are letting other incumbent Democrats who have zero voting records on labor issues go scot-free. Why? Not because they care about issues that the labor unions are concerned with, but because they happen to have a D after their name.

I cannot stand by and let that happen, Mr. Speaker. As someone, again, who has supported the labor movement in this Congress over the past 10 years, who has no target aimed at me this time, but I am not going to sit by and let my rank and file union workers and my members of the UAW and the Teamsters, and the building trades and the firefighters union have their money siphoned off and forcibly contributed to defeat those Members who in many cases I have had to go out and get the support from, to support the initiatives those very workers think are important. That is what is happening in this country this year.

I would hope, Mr. Speaker, that as we get closer to election day, more and more rank and file workers across this country would begin to ask questions. Because I can tell the Members, Mr. Speaker, there is going to be an election in November, and we may have the Republicans keep control of the House and the Senate, we may have the Democrats take control of the House and Senate, but I can tell the Members this, it is not going to be by a large margin. It is going to be by a close margin.

I can tell the Members, we will remember. Those who have been supportive of issues that are important to working people will remember. I hope that those workers across America who are listening to this debate tonight, who are listening to the message that I am bringing forth tonight, will remember also that they are being forced to contribute in many cases to a national political party's agenda that has nothing to do with the security of their job. In fact, the ads that are being used running against the gentleman from Pennsylvania, Jon Fox, have nothing to do with labor. They are saying Jon Fox voted to cut Medicare.

□ 2130

Mr. Speaker, those are the same ads they are running across the country. Why? Not again because these Members have supposedly voted against working people's interests, but because they happen to be Republicans and they feel the best way to defeat them is to run false ads scaring senior citizens. It is called Mediscare. So they are running these ads, even though we are increasing Medicare spending by a significant amount over 7 years, they are running these ads in the hopes that senior citizens will become alarmed enough to go out and vote straight Democratic. That is not what is in the interest of those workers who every day form the backbone of this country. I cannot be a Member of this Congress and let this outrage continue without speaking up for what I believe to be the most ridiculous, the most unfair and I even think the most illegal action that any single group of leaders could take to harm the interests that they are supposedly representing.

Mr. Speaker, I include for the RECORD an editorial from the Washington Times dated Sunday, September 1, and the results of a study done by the Alexis de Tocqueville Institution on AFL–CIO contributions to congressional candidates, as follows:

[From the Washington Times, Sept. 1, 1996]

EDUCATORS OR LOBBYISTS?

With many school systems across the country opening for the new school year last week at the very time the Democratic Party was convened to crown Bill Clinton and Al Gore, no doubt many public-school teachers faced a difficult dilemma. Should they attend the convention, or should they report to their schools? Evidently, they decided to visit Chicago, the home of what former Secretary of Education Bill Bennett once described as the worst public education system in the nation.

Once again the National Education Association (NEA), the 2.2 million-member teachers' union, flexed its muscles in the Democratic Party, comprising more than 10 percent of the Democratic delegates—405. The other large teachers' union, the 875,000-member American Federation of Teachers (AFT), accounted for another 4 percent. Amazingly, nearly half of all unionized delegates were teachers. The NEA delegation, about the size of California's, again represented the largest special-interest block, a distinction it has prized for each of the last six Democratic conventions. No wonder Mr. Bennett, referring to the NEA, has said, "You're looking at the absolute heart and center of the Democratic Party."

The NEA delegates did not merely attend the convention. One of their alumnae literally ran it. Debra DeLee, the former executive director of the Democratic National Committee who served last week as the chief executive officer of the Democratic National Convention, easily made the understandably smooth transition to the Democratic Party from her previous positions as head of the NEA's political action committee, NEA–PAC, and chief NEA Washington lobbyist. According to the Center for Responsive Politics (CRP), a non-profit, nonpartisan campaign-finance research organization, during the 1994 election cycle, NEA–PAC gave $2.26 million, 98.5 percent of it to Democrats. CRP reports that AFT political contributions to congressional candidates totaled $1.29 million in 1993–94, 99.1 percent to Democrats.

Combined, the two national teachers associations' PAC's donated more than $3.5 million to congressional candidates, nearly all them Democrats. But even this sizable sum is dwarfed by the total contributions from the NEA's state- and local-level affiliates. After studying four representative states, Forbes magazine extrapolated its findings and calculated an astounding $35 million for the two-year period. An analysis of Indiana's one state and 31 NEA-affiliated local PACs revealed they alone raised nearly $700,000 and spent nearly $500,000 in a single year. According to John Berthoud of the Alexis de Tocqueville Institution, "The NEA spends $39 million a year on 1,500 field organizers across the country to promote their political agenda."

In the unregulated, so-called "soft-money" category of political donations to national party committees, which ostensibly use the funds for "party-building activities," the NEA contributed $600,000 to the Democratic Party in the 1993–94 cycle, reflecting a 44 percent increase from the 1991–92 cycle. The AFT chipped in $236,000 in "soft-money," a 53 percent increase over 1991–92. Given the high growth rates of "soft-money" contributions in the past and the fact that 60 percent of the NEA's and 72 percent of the ATF's 1993–94 "soft-money" contributions arrived during the final six months of that two-year period, it remains to be seen how generous they will be in 1995–96, especially since the national conventions occurred during this period. Nevertheless, a Common Cause study released this month covering the first 18 months of the 1995–96 cycle has already tallied "soft-money" contributions to the Democratic Party: $305,000 (NEA); and $263,500 (AFT). The trend seems unmistakable.

Considering that the Clinton and Gore families have both forsaken—for good reasons—the failure-plagued public school system in the District of Columbia in favor of two of its most elite private institutions, causing considerable embarrassment for the public-school establishment, one would think that some teachers might be reluctant to support Clinton-Gore '96. Then again, studies have shown that large majorities of big-city public-school teachers send their children to private schools, too, boycotting the very institutions that employ them. So of course the NEA enthusiastically endorsed the Democratic ticket—as it has since Jimmy Carter. To celebrate the return of Democratic control of the White House, in January 1993 the NEA mailed posters to more than 25,000 junior high and middle schools. The subject? "Bill Clinton's and Al Gore's Most Excellent Inaugural."

What do the teachers' unions expect in return for all of the financial and in-kind support to the Democratic Party? After losing both houses of Congress in 1994, the unions clearly want the Democrats to regain control of the legislative branch. As Mr. Berthoud has observed, "If every item on the NEA's legislative agenda for the 104th [Republican] Congress were adopted, federal spending would increase by at least $702 billion per year. This translates into a tax increase on a family of four of more than $10,000 per year." Talk about leverage.

But the nightmare scenario that most frightens the NEA is not only failing to recapture Congress but losing the White House as well. Consider their horror at the prospects of dealing with a president who believes as Bob Dole does, that "at the heart of all that afflicts our schools is a denial of free choice," which Mr. Dole declared in July when he announced his modest school-voucher program. "Our public schools are in trouble because they are no longer run by the public. Instead, they're controlled by narrow special interest groups who regard public education not as a public trust but as political territory to be guarded at all costs." Any guesses whom he had in mind?

Mr. Dole predicted the issue of school choice would evolve into "a civil rights movement of the 1990s." Indirectly referring to the Clintons and Gores, Mr. Dole observed that "some families already have school choice . . . because they have the money." Just as the G.I. Bill expanded both opportunity and choice to millions of World War II veterans, many of whom would otherwise have been unable to attend college, Mr. Dole has proposed a four-year pilot program that would provide 4 million children low- and middle-income families educational choice and opportunities their families otherwise would never be able to afford.

The experimental program would cost a relatively miniscule $5 billion per year, which is less than 2 percent of annual public expenditures for elementary and secondary schools, but it would make choice available to nearly 10 percent of the 45 million students in our nation's public schools. Most important of all, targeted as it is to low- and middle-income families, the program would offer a lifeline to millions of poor students confined to the worst schools in our large cities.

The money would be split equally between the federal and state governments. It would provide vouchers worth $1,000 for elementary schools and $1,500 for high schools. The vouchers would be redeemable not only at public schools but at private and parochial schools as well. Combined with family contributions, partial scholarships and other private financing, the vouchers would clearly meet a demand and fill a niche to provide immediate opportunities to children most in need. Because vouchers would introduce competition for the taxpayer's education dollars, the teachers' unions fear them like the plague, knowing full well that vouchers would jeopardize their monopoly power.

That there is a link between America's failing inner-city schools and the terrible circle of poverty is indisputable. As David Boaz of the Cato Institute recently observed, "Education used to be a poor child's ticket out of the slums; now it is part of the system that traps people in the underclass." What is so tragic is that it doesn't have to be this way. But as long as President Clinton, the Democratic Party and the special-interest teachers' unions stand in the way, blocking educational opportunity the way George Wallace once did in Alabama more than 30 years ago, yet another generation will be sacrificed to satisfy the demands of the special pleaders.

If rhetoric would solve the problems of inner-city schools, the Democratic convention would have been part of the solution. Unwilling to do anything to immediately address the crisis, Senate Minority Leader Tom Daschle piously pronounced, "Every child should have the freedom to go to a good school." Current Democratic Party Chairman Don Fowler, quoting Thomas Jefferson, rhapsodized about the benefits of "a free public education for all our citizens." Public education may be free to its young consumers, but to their parents and other taxpayers it clearly is not.

All the more ionic was the fact that this fatuous rhetoric emanated from Chicago, of all places. After observing the Chicago public schools for the Chicago Tribune, Bonita Brodt wrote in 1991 that she found "an institutionalized case of child neglect. . . . I saw how the racial politics of a city, the misplaced priorities of a centralized school bureaucracy, and the vested interests of a powerful teachers union had all somehow taken precedence over the needs of the very children the schools are supposed to serve." What was that about the benefits of "a free education for all our citizens?" Benefits for whom, Mr. Fowler?

"ADTI RELEASES NEW STUDY: "A FISCAL ANALYSIS OF NEA AND AFL-CIO CONTRIBUTIONS TO 1996 CONGRESSIONAL RACES"

ARLINGTON, VA.—The Alexis de Tocqueville Institution (AdTI) today released a study of the contributions by the political committees of the National Education Association and the AFL-CIO which reveals that each group's stated fiscal agenda of simply stopping "draconian" cuts in government is misleading.

The study concludes that the Members of Congress that the two unions are opposing have voted to cut government, but only by rather modest amounts—about two percent of federal spending. The Members that these two unions are contributing to, however, have not supported the status quo but rather have been voting to increase the size and scope of the federal government.

The size of the net cuts voted for by union-opposed Members roughly equalled the size of the net increases voted for by union-backed Members. Thus, the study concludes that if the cutters have been "radical," the union-backed Members have been just as radical in their record of support for larger government.

Through the end of April 1996—half a year before the election—the two unions combined had already contributed in excess of $850,000 to 1996 congressional candidates. The study cross-indexed campaign contributions made by these unions for and against Members with all votes to increase or cut spending in the first session of the 104th Congress. The tool used for analysis of these Members' votes was the Vote Tally database of the nonpartisan National Taxpayers Union.

The candidates for the Senate and the House that the NEA is supporting voted on average to increase annual federal spending by $30.4 billion and $28.9 billion respectively. The Senate and House candidates that they are opposing voted to cut government by $31.8 billion and $32.4 billion respectively.

The profiles of Members that the AFL-CIO is supporting and opposing closely resemble the profiles of Members that the NEA is supporting and opposing. The candidates that the AFL-CIO is backing for the Senate and the House on average voted to increase federal spending by $33.7 billion and $32.2 billion respectively. Senate and House candidates opposed by the AFL-CIO voted to cut government by $29.9 billion and $33.6 billion respectively.

Study author John Berthoud said the work provides an illuminating profile of the politics of each group which would probably surprise union members. "Many union members are probably being told by their Washington offices that these unions' objectives are just to fight radical cuts, but the facts simply don't support such claims," Berthoud observed.

Copies of the complete seven-page study are available from the Alexis de Tocqueville Institution, 1611 North Kent Street, Suite 901, Arlington, VA 22209, (703) 351-4969. E-mail: adtinst@aol.com.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. MILLENDER-MCDONALD (at the request of Mr. GEPHARDT) for today, on account of airline travel problems.

Mrs. COLLINS of Illinois (at the request of Mr. GEPHARDT) for today, on account of official business.

Mr. HANSEN (at the request of Mr. ARMEY) for today and September 5, on account of his son's wedding.

Mr. BUYER (at the request of Mr. ARMEY) for today, on account of official business.

Mrs. FOWLER (at the request of Mr. ARMEY) for today, on account of personal business.

Mr. GANSKE (at the request of Mr. ARMEY) for today and the balance of the week, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. HINCHEY) to revise and extend her remarks and include extraneous material:)

Ms. JACKSON-LEE of Texas, for 5 minutes today.

(The following Members (at the request of Mr. MICA) to revise and extend their remarks and include extraneous material:)

Mr. GOSS, for 5 minutes each day on September 4, 5, and 6.

Mr. ROTH, for 5 minutes, today.

Mr. RIGGS, for 5 minutes, today.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

Mr. MANZULLO, for 5 minutes, on September 5.

Mr. FOX of Pennsylvania, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. HINCHEY) and to include extraneous matter:)

Mr. KLECZKA.

Ms. DELAURO.

Mr. TORRES.

Mr. ORTIZ.

Mr. UNDERWOOD.

Mr. RAHALL.

Mr. DEUTSCH.

Mr. STARK.

Mr. REED.

Ms. MCCARTHY.

Mr. MILLER of California.

(The following Members (at the request of Mr. MICA) and to include extraneous matter:)

Mr. WOLF.

Mr. FIELDS of Texas.

Mr. BAKER of California in two instances.

Mr. ZELIFF.

Mr. RADANOVICH in two instances.

Mr. LAUGHLIN.

Mr. GINGRICH.

Mr. GRAHAM.

Mr. CLINGER.

Mrs. VUCANOVICH.

Mrs. CUBIN in two instances.

(The following Members (at the request of Mr. WELDON of Pennsylvania) and to include extraneous material:)

Mr. SCARBOROUGH.

Mr. SMITH of New Jersey.

Mr. FORBES in two instances.

SENATE BILLS AND CONCURRENT RESOLUTION REFERRED

Bills and a concurrent resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1130. An act to provide for establishment of uniform accounting systems, standards, and reporting systems in the Federal Government, and for other purposes; to the Committee on Government Reform and Oversight;

S. 1735. An act to establish the United States Tourism Organization as a nongovernmental entity for the purpose of promoting tourism in the United States; to the Committee on Commerce, and in addition to the Committee on International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned;

S. 1834. An act to reauthorize the Indian Environmental General Assistance Program Act of 1992, and for other purposes; to the Committee on Resources;

S. 1873. An act to amend the National Environmental Education Act to extend the programs under the Act, and for other purposes; to the Committee on Economic and Educational Opportunities;

S. 1931. An act to provide that the United States Post Office and Courthouse building located at 9 East Broad Street, Cookeville, Tennessee, shall be known and designated as the "L. Clure Morton United States Post Office and Courthouse"; to the Committee on Transportation and Infrastructure; and

S. Con. Res. 52. Concurrent resolution to recognize and encourage the convening of a National Silver Haired Congress; to the Committee on Economic and Educational Opportunities.

ENROLLED BILLS SIGNED

Mr. THOMAS, from the Committee on House Oversight reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 782. An act to amend title 18 of the United States Code to allow members of employee associations to repesent their views before the United States Government;

H.R. 1975. An act to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes;

H.R. 2739. An act to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of law in consequence of administrative reforms in the House of Representatives, and for other purposes;

H.R. 3103. An act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and health care delivery, to promote the use of medical saving accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes;

H.R. 3139. An act to redesignate the United States Post Office building located at 245 Centereach Mall on Middle County Road in Centereach, New York, as the "Rose Y. Caracappa United States Post Office Building";

H.R. 3448. An act to provide tax relief for small business, to protect jobs, to create opportunities, to increase the take-home pay for workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act;

H.R. 3680. An act to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva Conventions to provide criminal penalties for certain war crimes;

H.R. 3734. An act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for fiscal year 1997;

H.R. 3834. An act to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office"; and

H.R. 3870. An act to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title;

S. 1316. An act to reauthorize and amend title XIV of the Public Health Service Act (commonly known as the "Safe Drinking Water Act"), and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. THOMAS, from the Committee on House Oversight reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

On August 2, 1996:

H.R. 782. An act to amend title 18 of the United States Code to allow members of employee associations to represent their views before the United States Government.

On August 7, 1996:

H.R. 1975. An act to improve the management of royalties from Federal and Outer Continental Shelf oil and gas leases, and for other purposes.

On August 8, 1996:

H.R. 3448. An act to provide tax relief for small businesses, to protect jobs, to create opportunities, to increase the take-home pay of workers, to amend the Portal-to-Portal Act of 1947 relating to the payment of wages to employees who use employer owned vehicles, and to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate and to prevent job loss by providing flexibility to employers in complying with minimum wage and overtime requirements under that Act.

On August 9, 1996:

H.R. 3834. An act to redesignate the Dunning Post Office in Chicago, Illinois, as the "Roger P. McAuliffe Post Office";

H.R. 3870. An act to authorize the Agency for International Development to offer voluntary separation incentive payments to employees of that agency;

H.R. 3680. An act to amend title 18, United States Code, to carry out the international obligations of the United States under the Geneva Conventions to provide criminal penalties for certain war crimes;

H.R. 3139. An act to redesignate the United States Post Office Building located at 245 Centereach Mall on Middle County Road in Centereach, New York, as the "Rose Y. Caracappa United States Post Office Building";

H.R. 2739. An act to provide for a representational allowance for Members of the House of Representatives, to make technical and conforming changes to sundry provisions of the law in consequence of administrative reforms in the House of Representatives, and for other purposes; and

H.R. 3103. An act to amend the Internal Revenue Code of 1986 to improve portability and continuity of health insurance coverage in the group and individual markets, to combat waste, fraud, and abuse in health insurance and care delivery, to promote the use of medical savings accounts, to improve access to long-term care services and coverage, to simplify the administration of health insurance, and for other purposes.

On August 19, 1996:

H.R. 3734. An act to provide for reconciliation pursuant to section 201(a)(1) of the concurrent resolution on the budget for the fiscal year 1997.

ADJOURNMENT

Mr. WELDON of Pennsylvania. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 31 minutes p.m.), the House adjourned until Thursday, September 5, 1996, at 10 a.m.

NOTICE OF PROPOSED RULEMAKING

OFFICE OF COMPLIANCE,
Washington, DC, August 19, 1996.

Hon. NEWT GINGRICH,
Speaker of the House, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to Section 304(b) of the Congressional Accountability Act of 1995 (2 U.S.C. §1384(b)), I am transmitting on behalf of the Board of Directors the enclosed notice of adoption of regulations, together with a copy of the regulations for publication in the Congressional Record. The adopted regulations are being issued pursuant to Section 220(e).

The Congressional Accountability Act specifies that the enclosed notice be published on the first day on which both Houses are in session following this transmittal.

Sincerely,

GLEN D. NAGER,
Chair of the Board.

OFFICE OF COMPLIANCE

The Congressional Accountability Act of 1995: Extension of Rights, Protections and Responsibilities Under Chapter 71 of Title 5, United States Code, Relating to Federal Service Labor-Management Relations (Regulations under section 220(e) of the Congressional Accountability Act)

NOTICE OF ADOPTION OF REGULATIONS AND SUBMISSION FOR APPROVAL

Summary: The Board of Directors of the Office of Compliance, after considering comments to both the Advance Notice of Proposed Rulemaking published on March 16, 1996 in the Congressional Record and the Notice of Proposed Rulemaking published on May 23, 1996 in the Congressional Record, has adopted, and is submitting for approval by Congress, final regulations implementing section 220(e) of the Congressional Accountability Act of 1995, Pub. L. 104-1, 109 Stat. 3.

For Further Information Contact: Executive Director, Office of Compliance, 110 2nd Street, S.E., Room LA 200, John Adams Building, Washington, D.C. 20540-1999, (202) 724-9250.

Supplementary Information:

I. Statutory Background

The Congressional Accountability Act of 1995 ("CAA" or "Act") was enacted into law on January 23, 1995. In general, the CAA applies the rights and protections of eleven federal labor and employment law statutes to covered Congressional employees and employing offices.

Section 220 of the CAA addresses the application of chapter 71 of title 5, United States Code ("chapter 71"), relating to Federal Service Labor-Management Relations. Section 220(a) of the CAA applies the rights, protections, and responsibilities established under sections 7102, 7106, 7111 through 7117, 7119 through 7122, and 7131 of chapter 71 to employing offices, covered employees, and representatives of covered employees.

Section 220(d) of the Act requires the Board of Directors of the Office of Compliance ("Board") to issue regulations to implement section 220 and further states that, except as provided in subsection (e), such regulations "shall be the same as substantive regulations promulgated by the Federal Labor Relations Authority ('FLRA') to implement the statutory provisions referred to in subsection (a) except—

"(A) to the extent that the Board may determine, for good cause shown and stated together with the regulations, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section; or

"(B) as the Board deems necessary to avoid a conflict of interest or appearance of conflict of interest."

The Board adopted final regulations under section 220(d), and submitted them to Congress for approval on July 9, 1996.

Section 220(e)(1) of the CAA requires that the Board issue regulations "on the manner and extent to which the requirements and exemptions of chapter 71 . . . should apply to covered employees who are employed in the offices listed in" section 220(e)(2). The offices listed in section 220(e)(2) are:

(A) the personal office of any Member of the House of Representatives or of any Senator;

(B) a standing select, special, permanent, temporary, or other committee of the Senate or House of Representatives, or a joint committee of Congress;

(C) the Office of the Vice President (as President of the Senate), the Office of the President pro tempore of the Senate, the Office of the Majority Leader of the Senate, the Office of the Minority Leader of the Senate, the Office of the Majority Whip of the Senate, the Office of the Minority Whip of the Senate, the Conference of the Majority of the Senate, the Conference of the Minority of the Senate, the Office of the Secretary of the Conference of the Majority of the Senate, the Office of the Secretary of the Conference of the Minority of the Senate, the Office of the Secretary for the Majority of the Senate, the Office of the Secretary for the Minority of the Senate, the Majority Policy Committee of the Senate, the Minority Policy Committee of the Senate, and the following offices within the Office of the Secretary of the Senate: Offices of the Parliamentarian, Bill Clerk, Legislative Clerk, Journal Clerk, Executive Clerk, Enrolling Clerk, Official Reporters of Debate, Daily Digest, Printing Services, Captioning Services, and Senate Chief Counsel for Employment;

(D) the Office of the Speaker of the House of Representatives, the Office of the Majority Leader of the House of Representatives, the Office of the Minority Leader of the House of Representatives, the Offices of the Chief Deputy Majority Whips, the Offices of the Chief Deputy Minority Whips, and the following offices within the Office of the Clerk of the House of Representatives: Offices of Legislative Operations, Official Reporters of Debate, Official Reporters to Committees, Printing Services, and Legislative Information;

(E) the Office of the Legislative Counsel of the Senate, the Office of the Senate Legal Counsel, the Office of the Legislative Counsel of the House of Representatives, the Office of the General Counsel of the House of Representatives, the Office of the Parliamentarian of the House of Representatives, and the Office of the Law Revision Counsel;

(F) the offices of any caucus or party organization;

(G) the Congressional Budget Office, the Office of Technology Assessment, and the Office of Compliance; and,

(H) such other offices that perform comparable functions which are identified under regulations of the Board.

These offices shall be collectively referred to as the "section 220(e)(2) offices."

Section 220(e)(1) provides that the regulations which the Board issues to apply chapter 71 to covered employees in section 220(e)(2) offices "shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71 and of [the CAA] . . ." To this end, section 220(e)(1) mandates that such regulations "shall be the same as substantive regulations issued by the Federal Labor Relations Authority under such chapter," with two separate and distinct provisos:

First, section 220(e)(1)(A) authorizes the Board to modify the FLRA's regulations "to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section."

Second, section 220(e)(1)(B) directs the Board to issue regulations that "exclude from coverage under this section any covered employees who are employed in offices listed in [section 220(e)(2)] if the Board determines that such exclusion is required because of—

(i) a conflict of interest or appearance of a conflict of interest; or

(ii) Congress' constitutional responsibilities."

The provisions of section 220 are effective October 1, 1996, except that, "[w]ith respect to the offices listed in subsection (e)(2), to the covered employees of such offices, and to representatives of such employees, [section 220] shall be effective on the effective date of regulations under subsection (e)."

II. Advance Notice of Proposed Rulemaking

In an Advance Notice of Proposed Rulemaking ("ANPR") published on March 16, 1996, the Board provided interested parties and persons with the opportunity to submit comments, with supporting data, authorities and argument, concerning the content of and bases for any proposed regulations under section 220. Additionally, the Board sought comment on two specific issues related to section 220(e)(1)(A): (1) Whether and to what extent the Board should modify the regulations promulgated by the FLRA for application to employees in section 220(e)(2) offices? and (2) Whether the Board should issue additional regulations concerning the manner and extent to which the requirements and exemptions of chapter 71 apply to employees in section 220(e)(2) offices? The Board also sought comment on four issues related to section 220(e)(1)(B): (1) What are the constitutional responsibilities and/or conflicts of interest (real or apparent) that would require exclusion of employees in section 220(e) offices from coverage? (2) Whether determinations as to such exclusions should be made on an office-wide basis or on the basis of job duties and functions? (3) Which job duties and functions in section 220(e) offices, if any, should be excluded from coverage, and what is the legal and factual basis for any such exclusion? and (4) Are there any offices not listed in section 220(e)(2) that are candidates for the application of the section 220(e)(1)(B) exclusion and, if so, why? In seeking comment on these issues, the Board emphasized the need for detailed legal and factual support for any proposed modifications in the FLRA's regulations and for any additional proposed regulations implementing sections 220(e)(1) (A) and (B).

The Board received two comments in response to the ANPR. These comments addressed only the issue of whether the Board should grant a blanket exclusion for all covered employees in certain section 220(e)(2) offices. Neither commenter addressed issues arising under section 220(e)(1)(A) or any other issues arising under 220(e)(1)(B).

III. The Notice of Proposed Rulemaking

On May 23, 1996, the Board published a Notice of Proposed Rulemaking ("NPR") (142 Cong. R. S5552–56, H5563–68 (daily ed., May 23, 1996)) in the Congressional Record. Pursuant to section 304(b)(1) of the CAA, the NPR set forth the recommendations of the Executive Director and the Deputy Executive Directors for the House and the Senate.

A. Section 220(e)(1)(A)

In its proposed regulations, the Board noted that, under section 220(e)(1)(A), the Board is authorized to modify the FLRA's regulations only "to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under [section 220(e)]." The Board further noted that no commenter had taken the position that there was good cause to modify the FLRA's regulations for more effective implementation of section 220(e). Nor did the Board independently find any basis to exercise its authority to modify the FLRA regulations for more effective implementation of section 220(e). Thus, the Board proposed that, except as to employees whose exclusion from coverage was found to be required under section 220(e), the regulations adopted under section 220(d) would apply to employing offices, covered employees, and their representatives under section 220(e).

B. Section 220(e)(1)(B)

With regard to section 220(e)(1)(B), the Board concluded that the requested blanket exclusion of all of the employees in certain section 220(e)(2) offices was not required under the stated statutory criteria. However, the Board did propose a regulation that would have allowed the exclusion issue to be raised with respect to any particular employee in any particular case. In addition, the Board again urged commenters who supported any categorical exclusions, in commenting on the proposed regulations, to explain why particular jobs or job duties require exclusion of particular employees so that the Board could exclude them by regulation, where appropriate.

C. Section 220(e)(2)(H)

Finally, in response to a commenter's assertion and supporting information, the Board found that employees in four offices identified by the commenter performed functions "comparable" to those performed by employees in the other section 220(e)(2) offices. Accordingly, the Board proposed, pursuant to section 220(e)(2)(H), to identify those offices in its regulations as section 220(e)(2) offices.

IV. Analysis of Comments and Final Regulations

The Board received six comments on the NPR, five from congressional offices and one from a labor organization. Five commenters objected to the proposed regulations because all covered employees in the section 220(e)(2) offices were not excluded from coverage. These commenters further suggested that the Board has good cause, pursuant to section 220(e)(1)(A), to modify the FLRA's regulations by promulgating certain additional regulations. One of the commenters stated its approval of the proposed regulations.

The Board has carefully reexamined the statutory requirements embodied in 220(e), and evaluated the comments received, as well as the recommendations of the Office's statutory appointees. Additionally, the Board has looked to "the principles and procedures" set forth in the Administrative Procedure Act, 5 U.S.C. §553 ("APA"), which sections 220(e) and 304 of the CAA require the Board to follow in its rulemakings. *See* 2 U.S.C. §1384(b). Finally, the Board has carefully considered the constitutional provisions and historical practices that make Congress a distinct institution in American government.

Based on its analysis of the foregoing, on the present rulemaking record, the Board has determined that:

Under the terms of the CAA, the requirements and exemptions of chapter 71 shall apply to covered employees who are employed in section 220(e)(2) offices in the same manner and to the same extent as those requirements and exemptions are applied to covered employees in all other employing offices;

No additional exclusions from coverage of any covered employees of section 220(e) offices because of (i) a conflict of interest or appearance of conflict of interest or (ii) Congress' constitutional responsibilities are required; and

In accord with section 220(e)(2)(H) of the CAA, eight additional offices beyond those identified in the Board's NPR perform "comparable functions" to those offices identified in section 220(e)(2).

The Board is adopting final regulations that effectuate these conclusions. The Board's reasoning for its determinations, together with its analysis of the comments received, is as follows:

A. Section 220(e)(1)(A) Modifications

Section 220(e)(1) provides that the Board "shall issue regulations pursuant to section 304 on the manner and extent to which the requirements and exemptions of chapter 71 should apply to covered employees" in section 220(e)(2) offices. In response to the Board's ANPR, no commenter suggested that the Board's regulations should apply differently to section 220(e)(2) employees and employing offices than to other covered employees and employing offices. Several commenters have now suggested that the regulations should be modified in various respects for section 220(e)(2) employees who are not excluded pursuant to section 220(e)(1)(B). The Board, however, is not persuaded by any of these suggestions.

First, contrary to one suggestion, the Board is neither required nor permitted "to issue regulations specifying in greater detail the application of [Chapter 71] to the specific offices listed in section 220(e)(2)." Section 220(e)(1) provides that the Board's "regulations shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71 and of this Act." Section 220(e)(1) further specifically states that the Board's "regulations shall be *the same* as subjective regulations issued by the Federal Labor Relations Authority under" chapter 71. (Emphasis added.) While section 220(e)(1)(B) makes an "except[ion]" to these statutory restrictions "to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section," this exception neither authorizes nor compels the requested regulations.

As the Board has explained in other rulemakings, it is not possible to clarify by regulation the application of the pertinent statutory provisions and/or the pertinent executive branch agency's regulations (here, the FLRA's regulations) while at the same time complying with the statutory requirement that the Board's regulations be "the same as substantive regulations" of the pertinent executive branch agency. Moreover, modification of substantive law is legally distinct from clarification of it. In this context, to conclude otherwise would improperly defeat the CAA's intention that, except where strictly necessary, employing offices in the legislative branch should live with and under the same regulatory regime—with all of its attendant burdens and uncertainties—that private employers and/or executive branch agency employers live with and under. Much as the Chairman of the House Committee on Economic and Educational Opportunities stated at the time of passage of the CAA: "The Congress should not be allowed to escape the problems created by its own failure to draft laws properly and, perhaps, through this approach [it] will be forced to revisit and clarify existing laws which, because of a lack of clarity, are creating confusion and litigation." 141 Cong. Rec. H264 (Jan. 17, 1995) (remarks of Rep. Goodling).

Indeed, in the Board's judgment, adding new regulatory language of the type requested here (*e.g.*, references to job titles) would be contrary to the effective implementation of the rights and protections of the CAA. Such new regulatory language would itself have to be interpreted, would not be the subject of prior interpretations by the FLRA, and would needlessly create new ground for litigation about additional interpretive differences.

Second, the Board cannot accede to the request that it issue regulations providing that all employees of personal, committee, Leadership, General Counsel, and Employment Counsel offices are "confidential employees" within the meaning of 5 U.S.C. §7103(13). As noted above, to the extent that this commenter seeks a declaratory statement that clarifies the appropriate application of 5 U.S.C. §7103(13), the Board is not legally free to provide such clarifications through its statutorily limited rulemaking powers. Moreover, contrary to the proposal of a commenter, the Supreme Court has approved, and the NLRB and the FLRA have applied, a definition of "confidential employee" that is narrowly framed and that applies only to employees who, in the normal course of their specific job duties, properly and necessarily obtain in advance or have regular access to confidential information about management's positions concerning pending contract negotiations, the disposition of grievances, and other labor relations matters. *See NLRB* v. *Hendricks County, et al.*, 454 U.S. 170, 184 (1981); *In re Dept. of Labor, Office of the Solicitor, Arlington Field Office and AFGE Local 12*, 37 F.L.R.A. 1371, 1381–1383 (1990). In fact, in both the private and public sectors, it has been held that "bargaining unit eligibility determinations [must be based] on testimony as to an employee's actual duties at the time of the hearing rather than on duties that may exist in the future;" "[b]argaining unit eligibility determinations are *not* based on evidence such as written position descriptions or testimony as to what duties had been or would be performed by an employee occupying a certain position, because such evidence might not reflect the employee's actual duties." *Id.* at 1377 (emphasis added). Since these rulings have not been addressed or distinguished by the commenter, the Board must conclude that the requisite "good cause" to modify the FLRA's regulations has not been established.

Third, the Board similarly must decline the request that it promulgate regulations: (a) excluding from bargaining units all employees of the Office of Compliance as employees "engaged in administering the provisions of this chapter," within the meaning of 5 U.S.C. §7112(b)(4); and (b) excluding from bargaining units all employees of the Office of Inspector General as employees "primarily engaged in investigation or audit functions relating to the work of individuals employed by an agency whose duties directly affect the internal security of the agency," within the meaning of 5 U.S.C. §7112(b)(7). To the extent that these requests seek clarification concerning the application of existing statutory provisions, the Board is foreclosed by statute from providing such regulatory clarifications (especially for the Office of Inspector General, which does not appear to be a section 220(e)(2) office and which, in contrast to inspector general offices in the executive branch, appears primarily to audit or investigate employees of *other* employing offices, as opposed to auditing employees of its own agency). Moreover, to the extent that these requests seek to have the Board make eligibility determinations in advance of a specific unit determination and without a developed factual record, the commenters again seek a modification in the substantive law for which no "good cause" justification has been established.

Fourth, the Board similarly must decline the suggestion that it promulgate regulations: (a) limiting representation of employees of section 220(e)(2) offices to unions unaffiliated with noncongressional unions; (b) clarifying that a Member's legislative positions are not properly the subject of collective bargaining; (c) clarifying the ability of a Member to discharge or discipline an employee for disclosing confidential information or for taking legislative positions inconsistent with the Member's positions; and (d) authorizing section 220(e)(2) offices to forbid their employees from acting as representatives of the views of unions before Congress or from engaging in any other lobbying activity on behalf of unions. The issues raised by the suggested regulations are of significant public interest. But, to the extent that the suggested regulations are requested merely to clarify the application of existing statutory or regulatory provisions, the Board may not properly use its limited rulemaking authority to promulgate such regulatory clarifications. Moreover, there is not "good cause" to so "modify" the FLRA's regulations, as section 220(e) does not itself provide the Board with authority to modify statutory requirements such as those found in 5 U.S.C. §7112(c) (specifying limitations on whom a labor organization may represent), 5 U.S.C. §§7103(A)(12), 7106, 7117 (specifying subjects that are not negotiable), 5 U.S.C. §7116(a) (specifying prohibited employment actions), and 5 U.S.C. §7102 (specifying scope of protected employee rights).

Finally, for similar reasons, the Board must reject the request that it place regulatory limitations and prohibitions on the proper uses of union dues. Again, the Board cannot properly use its statutorily-limited regulatory powers either to clarify what commenters find ambiguous or to codify what commenters find unambiguous. Moreover, nothing in chapter 71 (or the CAA) authorizes a labor organization and an employing office to establish a closed shop, union shop, or even an agency shop; accordingly, under chapter 71 (and the CAA), employees cannot be compelled by their employers to join unions against their free will and, concomitantly, employees can resign from union membership and cease paying dues at any time without risk to the security of their employment. In these circumstances, there is no evident basis—legal or factual—for the Board to seek to regulate the proper uses of voluntarily-paid union dues.

In sum, the proposed modifications of the FLRA's regulations are not a proper exercise of the Board's section 220(e) and section 304 rulemaking powers. Accordingly, the Board may not adopt them.

B. Section 220(e)(1)(B) Exclusions

Section 220(e)(1)(B) provides that, in devising its regulations, the Board "shall exclude from coverage under [section 220] any covered employees [in section 220(e)(2) offices] if the Board determines that such exclusion is required because of—

(i) a conflict of interest or appearance of a conflict of interest; or

(ii) Congress' constitutional responsibilities." Accordingly, the Board has, with the assistance of the Office's Executive Director and two Deputy Executive Directors, carefully examined the comments received, other publicly available materials about the workforces of the section 220(e)(2) offices, and the likely constitutional, ethical, and labor law issues that could arise from application of chapter 71 to these workforces. The Board has also carefully examined the adequacy of the requirements and exemptions of chapter 71 and section 220(d) of the CAA for: (a) addressing any actual or reasonably perceived conflicts of interests that may arise in the context of collective organization of employees of section 220(e)(2) offices; and (b) accommodating Congress' constitutional responsibilities. Having done so, on the present rulemaking record the Board concludes that additional exclusions from coverage beyond those contained in chapter 71 and section

220(d) are not required by either Congress' constitutional responsibilities or a real or apparent conflict of interest; and the Board now further concludes that an additional regulation specially authorizing consideration of these issues in any particular case is unnecessary in light of the authority available to the Board under chapter 71's implementing provisions and precedents and the Board's regulations under section 220(d).

1. Additional exclusions from coverage are justified under section 220(e)(1)(B) only where necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest

In the preamble to its NPR, the Board expressed its view that additional exclusions of employees from coverage are justified under section 220(e)(1)(B) only where *necessary* to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. Although several commenters have objected to the Board's construction of the statute, the Board is not persuaded by these objections.

First, the Board finds no basis for the suggestion that "the Board has been instructed by the statute to exclude *offices* from coverage based on any of the specified" statutory criteria. (Emphasis added.) What is mandated is an inquiry by the Board concerning whether exclusion of an employee is justified by the statutory criteria; specifically, an exclusion of a covered employee is mandated only "*if* [as a result of the Board's inquiry] the Board determines such exclusion is required." (Emphasis added). Thus, the exclusion provision is only conditional, and the exclusion inquiry is to be addressed on an employee-by-employee basis, not on an office-by-office basis, as the commenter erroneously suggests.

Second, contrary to another commenter's suggestion, the statutory language does not require exclusion of employees where such exclusions would merely be "suitable" or "appropriate" to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. The statutory language cannot properly be read in this fashion.

The statute expressly states that an exclusion of an employee is appropriate only "if the Board determines that such exclusion is *required* because of" the stated-statutory criteria. (Emphasis added.) The term "[r]equired implies something mandatory, not something permitted. . . ." *Mississippi River Fuel Corporation* v. *Slayton*, 359 F.2d 106, 119 (8th Cir. 1966) (Blackmun, J.). Moreover, while the term "required" is capable of different usages, the usage equating with "necessity" or "indispensability" is the most common one. *See* Webster's Third New International Dictionary 1929 (1986). And, as part of an "except[ion]" to a statutory requirement that the Board's regulations be "the same" as the FLRA's regulations and be consistent with the "provisions and purposes" of chapter 71 to the "greatest extent practicable," it is highly unlikely that Congress would mandate "exclusion from coverage"—with loss of not only organization rights, but also rights against discipline or discharge because of engagement in otherwise protected activities—when less restrictive alternatives (*e.g.*, exclusion from a bargaining unit; limitation on the union that may represent the employee) would adequately safeguard Congress' constitutional responsibilities and resolve any real or apparent conflicts of interest.

In these circumstances, the term "required" cannot properly be read to require additional exclusions from coverage merely because they would be "suitable" or "appropriate" to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. Such an interpretation would not be, "to the greatest extent practicable," "consistent with the provisions and purposes of chapter 71," as section 220(e) requires. Moreover, such an interpretation would be contrary to the CAA's promise that, except where strictly necessary, Congress will be subject to the same employment laws to which the private sector and the executive branch are subject. Indeed, contrary to the CAA's purpose, such an interpretation would rob Members of direct experience with traditional labor laws such as chapter 71, and leave them without the first-hand observations that would help them decide whether and to what extent labor law reform is needed and appropriate.

Third, for these reasons, the Board also rejects one commenter's suggestion that the omission of a "good cause" requirement from section 220(e)(1)(B) suggests that a lesser standard for exclusion from coverage was intended. The omission of a "good cause" requirement in section 220(e)(1)(B) is more naturally explained: The term "required" sets the statutory standard in section 220(e)(1)(B), and the "good cause" standard is simply not needed.

Finally, contrary to the objections, the legislative history does not support the commenters' view that additional exclusions from coverage are mandated even if not strictly necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. It appears that, at one point in the preceding Congress, some Members expressed: "concern that, if legislative staff belonged to a union, that union might be able to exert undue influence over legislative activities or decisions. Even if such a conflict of interest between employees' official duties and union membership did not occur, the mere appearance of undue influence or access might be very troubling. Furthermore, there is a concern that labor actions could delay or disrupt vital legislative activities." S. Rep. No. 397, 103d Cong., 2d Sess. 8 (1994). But the legislative sponsors did not respond to these concerns by excluding all legislative staff from coverage or by requiring exclusion of any section 220(e)(2) office's employees wherever it would be "suitable" or "appropriate."

Rather, the legislative sponsors responded by applying chapter 71 (rather than the NLRA) to the legislative branch. Senators John Glenn and Charles Grassley urged this course on the ground that chapter 71 "includes provisions and precedents that address problems of conflict of interest in the governmental context and that prohibit strikes and slowdowns." *Id.* at 8; 141 cong. rec. S444-45 (daily ed., Jan. 5, 1995) (statement of Sen. Grassley).

To be sure, the legislative sponsors further provided that, "as an extra measure of precaution, the reported bill would not apply labor-management law to Members' personal or committee offices or other political offices until the Board has conducted a special rulemaking to consider such problems as conflict of interest." *Id.* However, the legislative sponsors made clear that an appropriate solution to a real or apparent conflict of interest would include, for example, precluding certain classes of employees "from being represented by unions affiliated with noncongressional or non-Federal unions." Contrary to the commenter's argument, exclusion of section 220(e)(2) office employees from coverage was not viewed as inevitably required, even where a conflict of interest is found to exist. 141 Cong. Rec. S626 (daily ed., Jan. 9, 1995). Moreover, the legislative sponsors expressly stated that the rulemaking so authorized "is not a standardless license to roam far afield from such executive branch regulations. The Board cannot determine unilaterally that an insupportably broad view of Congress' constitutional responsibilities means that no unions of any kind can work in Congress." *Id.* That, of course, would be precisely the result of the commenters' proposed standard.

2. No additional exclusion from coverage of any covered employee of a section 220(e)(2) office is necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest

The question for the Board, then, is whether, on the present rulemaking record, the additional exclusion from coverage of any covered employee of a section 220(e)(2) office is necessary to the conduct of Congress' constitutional responsibilities or to the resolution of a real or apparent conflict of interest. The Board concludes that no such additional exclusions from coverage are required.

a. No additional exclusion from coverage is necessitated by Congress' constitutional responsibilities

The CAA does not expressly define the "constitutional responsibilities" with which section 220(e)(1)(B) is concerned. But, as one commenter has suggested, it may safely be presumed that this statutory phrase encompasses at least the responsibility to exercise the legislative authority of the United States; to advise and consent to treaties and certain presidential nominations; and to try matters of impeachment. Even so defined, however, the Board has no factual or legal basis for concluding that any additional employees of the section 220(e)(2) offices must be excluded from coverage in order for Congress to be able to carry out these constitutional responsibilities or any others assigned to Congress by the Constitution.

Chapter 71 was itself "designed to meet the special requirements and needs of the Government." 5 U.S.C. §7101(b). Thus, chapter 71 authorizes the exclusion of any agency or subdivision thereof where necessary to the "national security," and completely excludes from coverage aliens and noncitizens who occupy positions outside of the United States, members of the uniformed services, and "supervisors" and "management officials." *Id.* at §§7103(a)(2), 7103(b). In addition, chapter 71 requires that bargaining units not include "confidential" employees, employees "engaged in personnel work," employees "engaged in administering" chapter 71, both "professional employees and other employees," employees whose work "directly affects national security," and employees "primarily engaged in investigation or audit functions relating to the work of individuals" whose duties "affect the internal security of the agency." *Id.* at §7112(b). Likewise, chapter 71 provides that a labor organization that represents (or is affiliated with a union that represents) employees to whom "any provision of law relating to labor-management relations" applies may not represent any employee who administers any such provision of law; and, chapter 71 prohibits according exclusive recognition to any labor organization that "is subject to corrupt influences or influences opposed to democratic principles," *id.* at §§7112(c), 7111(f), and precludes an employee from acting in the management of (or as a representative for) a labor organization where doing so would "result in a conflict or apparent conflict of interest or would otherwise be incompatible with law or with the official duties of the employee." *Id.* at §7120(e). Furthermore, chapter 71 broadly preserves "Management rights," limits collective bargaining to "conditions of employment," and, in that regard, among other things, specifically excludes matters that "are specifically provided for by Federal statute." *Id.* at 7106, 7103(12)(a), (14). Finally, chapter 71 makes it unlawful for employees and their labor organizations to engage in strikes, slowdowns, or picketing that interferes with the work of the agency. *Id.* at 7116(b)(7).

Just as the provisions and precedents of chapter 71 are sufficient to allow the Executive Branch to carry out its constitutional responsibilities, the provisions and precedents of chapter 71 are fully sufficient to allow the Legislative Branch to carry out its constitutional responsibilities. Congress is, of course, a constitutionally separate branch of government with distinct functions and responsibilities. But, by completely excluding "supervisors" and "management officials" from coverage, and by preserving "Management rights," chapter 71 ensures that Congress is not limited in the exercise of its constitutional powers. Furthermore, by denying "exclusive recognition" to any labor organization that "is subject to corrupt influences or influences opposed to democratic principles," chapter 71 ensures that labor organizations will not become a foothold for those who might seek to undermine or overthrow our nation's republican form of government. In addition, by outlawing strikes and other work stoppages, chapter 71 ensures that employee rights to collective organization and bargaining may not be used improperly to interfere with Congress' lawmaking and other functions. Indeed, by specifying that its provisions, "should be interpreted in a manner consistent with the requirement of an effective and efficient Government," 5 U.S.C. §7101(b), chapter 71 makes certain that its provisions will expand and contract to accommodate the legitimate needs of Government, which no doubt in this context include the fulfillment of Congress' constitutional responsibilities.

The Board cannot legally accept the suggestion of some commenters that collective organization and bargaining rights for section 220(e)(2) office employees are "inherently inconsistent" with the conduct of Congress' constitutional responsibilities. These commenters' position may be understood in political and administrative terms. But, under the CAA, such a claim must legally be viewed with great skepticism, for the CAA adopts the premise of our nation's Founders, as reflected in the Federalist papers and other contemporary writings, that government work better and is more responsible when it is accountable to the same laws as are the people and is not above those laws. Such interpretive skepticism is particularly warranted in this context, for the claim that collective bargaining and organization rights for section 220(e)(2) office employees are "inherently inconsistent" with Congress' constitutional responsibilities is in considerable tension with the CAA's express requirement that the Board examine the exclusion issue on an employee-by-employee basis. Indeed, section 220(e) of the CAA expressly requires the Board to accept, "to the greatest extent practicable," the findings of Congress in chapter 71 that "statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them—(A) safeguards the public interest, (B) contributes to the effective conduct of public business, and (C) facilitates and encourages the amicable settlements of disputes between employees and their employers involving conditions of employment." 5 U.S.C. §7101(a). The statutory instruction to honor these findings to "the greatest extent practicable" is directly at odds with the commenters' "inherent inconsistency" argument.

Moreover, contrary to the commenters' suggestion, neither the allegedly close working relationships between the principals of section 220(e)(2) offices and their staffs nor the allegedly close physical quarters in which section 220(e)(2) office employees work can legally justify the additional exclusions from coverage that the commenters seek. Chapter 71 already excludes from coverage all "management officials" and "supervisors"—*i.e.*, those employees who are in positions "to formulate, determine, or influence the policies of the agency," and those employees who have the authority to hire, fire, and direct the work of the office. Moreover, chapter 71 excludes from bargaining units "confidential employees," "employees engaged in personnel work," and various other categories of employees who, by the nature of their job duties, might actually have or might reasonably be perceived as having irreconcilably divided loyalties and interests if they were to organize. Beyond these carefully crafted exclusions, however, chapter 71 rejects both the notion that "unionized employees would be more disposed than unrepresented employees to breach their obligation of confidentiality," and the notion that representation by a labor organization or "membership in a labor organization is in itself incompatible with the obligations of fidelity owed to an employer by its employee." *In re Dept. of Labor, Office of the Solicitor, Arlington Field Office and AFGE Local 12*, 37 F.L.R.A. at 1380 (citations omitted; internal quotations omitted). Rather, as the Supreme Court recently reiterated, the law in the private and public sectors requires that acts of disloyalty or misuse of confidential information be dealt with by the employer through, *e.g.*, non-discriminatory work rules, discharge and/or discipline. *See NLRB* v. *Town & Country Electric, Inc.*, 116 S. Ct. 450, 457 (1995). These rulings are especially applicable and appropriate in the context of politically appointed employees in political offices of the Legislative Branch, since such employees generally are likely to be uniquely loyal and faithful to their employing offices.

In this same vein, the Board cannot legally accept the suggestion that additional exclusions from coverage of section 220(e)(2) office employees are justified by reference to Members' understandable interest in hiring and firing on the basis of "political compatibility." While a long and forceful tradition in this country, hiring and firing on the basis of "political compatibility" is not a constitutional right, much less a constitutional responsibility, of the Congress or its Members. Moreover, while section 502 of the CAA provides that it "shall not be a violation of any provision of section 201 to consider the . . . political compatibility with the employing office of an employee," 2 U.S.C. §1432, section 502 noticeably omits section 220 from its reach. Thus, the Board has no legal basis for construing section 220(e)(1)(B) to require additional exclusions from coverage in order to protect the interest of Members in ensuring the "political compatibility" of section 220(e)(2) office employees.

Furthermore, the Board cannot legally accept the suggestion that exclusion of all employees in personal, committee, leadership or legislative support offices is justified to prevent labor organizations from obtaining undue influence over Members' legislative activities. The issue of organized labor's influence on the nation's political and legislative processes is one of substantial public interest. But commenters have not explained how organized labor's effort to advance its political and legislative agenda legally may be found to constitute an interference with Congress' constitutional responsibilities. Moreover, chapter 71 only authorizes a labor organization to compel a meeting concerning employees' "conditions of employment" that are not specifically provided for by Federal statute. Thus, a labor organization may not lawfully use chapter 71 either to demand a meeting about a Member's legislative positions or to seek to negotiate with the Member about those legislative positions.

Finally, the Board cannot legally accept the suggestion that additional exclusions from coverage of section 220(e)(2) office employees are necessary to ensure that Members are neither inhibited in nor distracted from the performance of their constitutional duties. The Board does not doubt that, if employees choose to organize, compliance with section 220 may impose substantial administrative burdens on Members (just as compliance with the other laws made applicable by the CAA surely does). Such administrative burdens might have been a ground for Congress to elect in the CAA to exempt Members and their immediate offices from the scope of section 220 (just as the Executive Office of the President is exempt from chapter 71 and from many of the other employment laws incorporated in the CAA). But Congress did not do so. Instead, Congress imposed section 220 on all employing offices and provided an "except[ion]" for employees of section 220(e)(2) offices only where exclusion from coverage is required by Congress' constitutional responsibilities (or a real or apparent conflict of interest). The Board cannot now lawfully find that the administrative burdens of compliance with section 220 are the constitutional grounds that justify the additional exclusion from coverage of any section 220(e)(2) office employees; on the contrary, the Board is bound to apply the CAA's premise that Members of Congress will better and more responsibly carry out their constitutional responsibilities if they are in fact subject to the same administrative burdens as the laws impose upon our nation's people.

b. No additional exclusion is necessitated by any real or apparent conflict of interest

Nor can the Board lawfully find on this rulemaking record that additional exclusions from coverage of employees of section 220(e)(2) offices are required by a real or apparent conflict of interest. Since the phrase "conflict of interest or appearance of conflict of interest" is not defined in the CAA, it must be construed "in accordance with its ordinary and natural meaning." *FDIC* v. *Meyer*, 114 S. Ct. 996, 1001 (1994). The "ordinary and natural meaning" of "conflict of interest or appearance of conflict of interest" is a real or reasonably apparent improper or unethical "conflict between the private interests and the official responsibilities of a person in a position of trust (such as a government official)." Webster's Ninth New Collegiate Dictionary 276 (1990). *Accord*, Black's Law Dictionary 271 (5th ed. 1979). Specifically, as Senate and House ethics rules make clear, under Federal law the phrase "conflict of interest or appearance of conflict of interest" refers to "a situation in which an official's conduct of his office conflicts with his private economic affairs." House Ethics Manual 87 (1992); Senate Rule XXXVII. After thorough examination of the matter, the Board has found no tenable legal basis for concluding that additional exclusions from coverage of any employees of section 220(e)(2) offices are necessary to address any real or reasonably perceived incompatibility between employees' private financial interests and their public job responsibilities.

As noted above, by excluding "management officials" and "supervisors" from coverage, and by requiring that bargaining units not include "confidential employees" and "employees engaged in personnel work," chapter 71 already categorically resolves the real or apparent conflicts of interest that may be faced by employees whose jobs involve setting, administering or representing their employer in connection with labor-management policy or practices. Similarly, by requiring that bargaining unit not include employees "engaged in administering" chapter 71, chapter 71 already resolves real or apparent conflicts of interest that might arise for employees of, for example, the Office of Compliance. Furthermore, by precluding an employee from acting in the management of (or as a representative for) a labor organization, where doing so would "result in a conflict of interest or apparent conflict of interest or would otherwise be incompatible with law or with the official duties of the employee," chapter 71 already directly precludes an employee from assuming a position with the union (or from acting on behalf of the union) where he or she could confer a personal economic benefit on him or herself. And, as an added precaution, the Board has adopted a regulation under section 220(d) that authorizes adjustment of the substantive requirements of section 220 where "necessary to avoid a conflict of interest or appearance of conflict of interest." Therefore, all conceivable real and apparent conflicts of interests are resolvable without the need for additional exclusion from coverage.

The Board finds legally untenable the suggestion of several commenters that, by directing the Board to consider these real or apparent conflict of interest issues in its rulemaking process, section 220(e)(1)(B) entirely displaces and supersedes the conflict of interest provisions and precedents of chapter 71 and section 220(d) where employees of section 220(e)(2) offices are concerned. Section 220(e) specifically provides that the Board's regulations for section 220(e)(2) offices "shall, to the greatest extent practicable, be consistent with the provisions and purposes of chapter 71" and "shall be the same as substantive regulations issued by" the FLRA. As pertinent here, it makes an "except[ion]" only 'if the Board determines that * * * exclusion [of a section 220(e)(2) office employee] is required because of * * * a conflict of interest or appearance of a conflict of interest." This conditional exception—applicable only "if" the Board determines that an exclusion from coverage is "required" by a real or apparent conflict of interest—plainly does not displace or supersede the provisions and precedents of chapter 71 and section 220(d) that section 220(e) expressly applies to section 220(e)(2) offices. Indeed, as the statutory language and legislative history discussed above confirm, section 220(e)(1)(B) requires this rulemaking merely as a "special precaution" to ensure that chapter 71 and section 220(d) appropriately and adequately deal with conflict of interest issues in this context.

The Board similarly cannot legally accept the suggestion that exclusion of employees in personal, committee, leadership and party caucus offices in necessary to address "the most important legislative conflict of interest issue—the appearance or reality of influencing legislation." While understandable in political terms, this suggest has no foundation in the law which the Board is bound to apply.

To begin with, the Board has no basis for concluding that the provisions and precedents of chapter 71 and section 220(d) are inadequate to resolve any such conflict of interest issues. Although commenters correctly point out that the Executive Office of the President is not covered by Chapter 71, they provide no evidence that this exclusion resulted from conflict of interest concerns. Moreover, though commenters suggest that employees of the Executive Branch engage in only administrative functions, the Executive Branch in fact has substantial political functions relating to the legislative process—including *e.g.*, recommending bills for consideration, providing Congress with information about the state of the Union, and vetoing bills that pass the Congress over the President's objection. Furthermore, almost every executive agency covered by chapter 71 has legislative offices with both appointed and career employees who, like section 220(e)(2) office employees, are responsible for meeting with special interest groups, evaluating and developing potential legislation, and making recommendations to their employers about whether to sponsor, support or oppose that or other legislation. Chapter 71 does not exclude from its coverage Executive Branch employees performing such policy and legislative-related functions (much less the secretaries and clerical personnel in their offices); and, contrary to one commenter's suggestion, chapter 71 does not exclude from its coverage schedule "C" employees who are outside of the civil service and who are appointed to perform policy-related functions and to work closely with the heads of Executive Branch departments. *See U.S. Dept. of HUD and AFGE Local 476*, 41 F.L.R.A. 1226, 1236–37 (1991). Since the Board has no evidence that the conflict of interest issues for section 220(e)(2) office employees materially differ from the conflict of interest issues that these Executive Branch employees face, the Board has no proper basis for finding that additional section 220(e)(2) office employees must be excluded from coverage simply because they too are outside of the civil service and perform legislative-related functions.

Second, the Board is not persuaded that the concern expressed by the commenters—*i.e.*, that labor organizations will attempt to influence the legislative activities of employees who they are seeking to organize and represent—even constitutes a "conflict of interest or appearance of conflict of interest" within the meaning of that statutory term. As noted above, under both common usage and House and Senate ethics rules (as well as under federal civil service rules and other federal laws), the statutory phrase "conflict of interest or appearance of conflict of interest" refers to a situation in which an official's conflict of his office actually or reasonably appears unethically to provide him or her with a private economic benefit. While the Board understands that accepting gifts from labor organizations might actually or apparently constitute receipt of such an improper pecuniary benefit, the Board fails to see how working with labor organizations concerning their legislative interests confers or appears to confer any improper private economic benefit on legislative employees—just as the Board does not see how working on legislative matters with other interest groups to which the employee might belong (such as the American Tax Reduction Movement, the Sierra Club, the National Rifle Association, the National Right to Work Foundation, the NAACP, and/or the National Organization of Women) would do so. On the contrary, it is the employees' job to meet with special interest groups of this type, to communicate the preferences and demands of these special interest groups to the Members of committees for which they work, and, where allowed or instructed to do so, to assist or opposed these special interest groups in pursuing their legislative interests.

It is true, as one commenter notes, that, in contrast to other interest groups, a labor organization could, in addition to its legislation activities, seek to negotiate with an employing office about the employees "conditions of employment." But each of the employees would have to negotiate individually with the employing office if the union did not do so collectively for them. Moreover, since those who negotiate for the employing office and decide whether or not to provide or modify any such "conditions of employment" may by law not be part of the unit that the union represents, section 220(e)(2) office employees could not through the collective negotiation of their "conditions of employment" unethically provide themselves or appear to provide themselves with an improper pecuniary benefit for the way that they perform their official duties for the employing office. Thus, collective organization of section 220(e)(2) office employees would not create a real or apparent conflict of interest—just as it does not for appointed and career employees in the Executive Branch who perform comparable policy or legislative-related functions.

To be sure, because of an employee's sympathy with or support for the union (or any other interest group), the employee could urge the Member or office for which he or she works to take a course that is not in the employer's ultimate best political or legislative interest. Indeed, it is even conceivable that, because of the employee's sympathy with or support for a particular interest group such as organized labor, the employee could act disloyally and purposefully betray the Member's or the employing office's interests. But employees could could have such misguided sympathies, provide such inadequate support, and/or act disloyally whether or not they are members of or represented by a union. Thus, just as was true in the context of Congress' constitutional responsibilities (and as is true for Executive Branch employees), the legally relevant issues in such circumstances are ones of acceptable job performance and appropriate bargaining units, work rules, and discipline—not issues of real or apparent conflicts of interest. See *NLRB* v. *Town and Country Electric, Inc*, 116 S. Ct. at 456–57.

It is also true that organized labor has a particular interest in legislative issues relating to employment and that, if enacted, some of the resulting laws could work to the personal economic benefit of employees in section 220(e)(2) offices and, indeed, sometimes even to the economic benefit of Members (*e.g.* federal pay statutes). But whenever Members or their staffs work on legislation there is reason for concern that they will seek to promote causes that will personally benefit themselves or groups to which they belong—whether it be with respect to, *e.g.*, their income tax rates, their statutory pay and benefits, the grounds upon which they can be denied consumer credit, or the ease with which they can obtain air transportation to their home states. These concerns, however, will arise whether or not employees in section 220(e)(2) offices are allowed to organize and bargain collectively concerning their "conditions of employment," and cannot conceivably "require" the exclusion of additional section 220(e)(2) office employees from coverage under section 220. As a Bipartisan Task Force on Ethics has so well stated:

"A conflict of interest is generally defined as a situation in which an official's private financial interests conflict or appear to conflict with the public interest. Some conflicts of interest are inherent in a representative system of government, and are not in themselves necessarily improper or unethical. Members of Congress frequently maintain economic interests that merge or correspond with the interests of their constituents. This community of interest is in the nature of representative government, and is therefore inevitable and unavoidable."

House Bipartisan Task Force on Ethics, Report on H.R. 3660, 101st Cong, 1st Sess. 22 (Comm. Print, Comm. on Rules 1989), reprinted in 135 Cong. Rec. H9253, H9259 (daily ed. Nov. 21, 1989).

The Board does not mean to suggest that the public does not have a legitimate interest in knowing about the efforts that interest groups (such as organized labor) make to influence Members and their legislative staffs or the financial benefits that Members and their legislative staffs receive. But, as the recently enacted Lobbying Disclosure Act evidences, and as the Bipartisan Task Force on Ethics long ago concluded, lobbying contact disclosure and "public financial disclosure, coupled with the discipline of the electrical process, remain[s] the best safeguard[s] and the most appropriate method[s] to deter and monitor potential conflicts of interest in the legislative branch." House Bipartisan Task Force on Ethics. 135 Cong. Rec. at H9259.

For these reasons, the Board also declines to adopt the suggestions that it exclude from coverage by regulation, on the ground of "conflict of interest or appearance of conflict or interest," all employees of section 220(e)(2) offices who are shown in an appropriate case to be "exempt" employees within the meaning of the Fair Labor Standards Act ("FLSA"). This suggestion would improperly allow unions and/or the General Counsel to challenge an employing office's compliance with section 203 of the CAA in the context of a section 220 proceeding. Moreover, under both private sector law and chapter 71, employees are not uniformly excluded from coverage by viture of their "exempt" status, even though such employees may exercise considerable discretion and independent judgment in performing their duties, serve in sensitive positions requiring unquestionable loyalty to their employers, and/or have access to privileged information. Thus, doctors who are responsible for the counseling and care of millions of ill persons are allowed to organize; engineers who are responsible for ensuring the safety of nuclear power plants are allowed to organize; lawyers who are responsible for providing privileged advice and for prosecuting actions on behalf of the Government (such as attorney at the Department of Labor and at the NLRB) are allowed to organize; and schedule "C" employees who are outside of the civil service, work closely with the heads of Executive Branch department, and assist in the formulation of Executive Branch policy are not excluded from coverage under chapter 71. Nothing about those employees' "exempt" status itself establishes a real or apparent incompatibility between an employee's conduct of his office and his private economic affairs. Not tenable legal basis has been offered for reaching a different conclusion about the "exempt" employees of section 220(e)(2) offices.

For similar reasons, the Board declines to adopt the suggestion that it exclude from coverage by regulation, on the ground of "conflict of interest or appearance of conflict of interest," all employees in section 220(e)(2) offices who hold particular job titles—e.g., Administrative Assistants, Staff Directors, and Legislative Directors. The Board has no doubt that many section 220(e)(2) office employees in such job classifications will, because of the actual duties that these employees perform, be excluded from coverage as "management officials" or "supervisors". And the Board similarly has no doubt that many section 220(e)(2) office employees in these or other job classifications will, because of the actual duties that these employees perform, be excluded from particular bargaining units as "confidential employees," "employees engaged in personnel work," "professional employees," etc. But, as decades of experience in myriad areas of employment law have taught, these legal judgments must turn on the actual job duties that the employees individually perform, and not on their job titles or job classifications. It is the actual job duties of the employees that dictate whether the concern of the particular law in issue is actually implicated (*e.g.*, whether there is a real or apparent conflict of interest); and the use of job titles in a regulation would unwisely have legal conclusions turn on formalisms that are easily subject to manipulation and error (*e.g.*, different employing offices may assign the same job title or job classification to employees who perform quite distinct job responsibilities and functions).

In sum, the six month period during which the job titles and job classifications applicable to section 220(e)(2) office employees have been thoroughly investigated and studied by the Board, neither the statutory appointees nor the Board—or, for that matter, any commenter—has identified any job duty or job function that, in the context of collective organization, would categorically create a real or apparent conflict of interest that is not adequately addressed by the provisions and precedents of chapter 71 and the Board's section 220(d) regulations. Accordingly, on this record, the Board has no legal basis for excluding any additional section 220(e)(2) office employees from coverage by regulation; and, for the reasons here stated, it would be contrary to the effective implementation of the CAA for the Board to reframe existing regulatory exclusions in terms of the job titles or job classifications presently used by certain section 220(e)(2) offices.

3. Final regulations under section 220(e)(1)(B)

For these reasons, the Board will not exclude any additional section 220(e)(2) office employees from coverage in its final section 220(e) regulations. Moreover, the Board will not adopt a regulation that specially authorizes consideration of these exclusion issues in any particular case. Although the Board proposed to do so in its NPR (as a precautionary measure to ensure that employing offices were not prejudiced by the paucity of comments provided in response to the ANPR), commenters have vigorously objected to any such regulation. Having carefully considered this matter and determined both that no exclusions are required on this rulemaking record and that all foreseeable constitutional responsibility and conflict of interest issues may be appropriately accommodated under section 220(d) and chapter 71, the Board now concludes that no such regulation is necessary.

We now turn to the partial dissent. With all due respect to our colleagues, we strongly disagree that the CAA envisions a different rulemaking process for the Board's section 220(e)(1)(B) inquiry than the one that the Board has followed in this rulemaking and in all of its other substantive rulemakings. The section 220(e)(1)(B) inquiry is unique only in terms of the substantive criteria which the statute directs the Board to apply and the effective date of its provisions. In terms of the Board's process, section 220(e) expressly requires—just as the other substantive sections of the CAA expressly require—the Board to adopt its implementing regulations "pursuant to section 304" of the CAA, 2 U.S.C. §1351(e), which in turn requires that the Board conduct its rulemakings "in accordance with the principles and procedures set forth" in the APA. 2 U.S.C. §1384(b). The partial dissent's argument that a different and distinct process is required under section 220(e)(1)(B) is at odds with these express statutory requirements.

Nor is there any basis for the partial dissent's charge that the Board's section 220(e)(1)(B) inquiry was "passive," "constrained solely by written submissions," and undertaken without "sufficient knowledge of Congressional staff functions, responsibilities and relationships. . . ." In the ANPR and the NPR, the Board afforded all interested parties two opportunities to address these issues. The Board carefully considered the comments received from employing offices and their administrative aids—*i.e.*, those who are most knowledgeable about the job duties and functions of congressional staff and who should have had the most interest in informing the Board about the relevant issues in this rulemaking. Moreover, over the past six months, the Board has received extensive recommendations from the Executive Director and the Deputy Executive Directors of the House and Senate—recommendations that were based upon the statutory appointees' own legislative branch experiences, their substantial knowledge of these laws, their appropriate discussions with involved parties and those knowledgeable about job duties and responsibilities in section 220(e)(2) offices, and their own independent investigation of the pertinent factual and legal issues. In addition, the General Counsel has provided interested Board members with extensive legal advice about these issues. Indeed, during the past six months, members of the Board were able to review vast quantities of publicly available materials that, among other things, describe in detail the job functions, job responsibilities, and office work requirements and restrictions for employees of the section 220(e)(2) offices. The claim of the partial dissent that this material still needs to be found is thus completely mystifying to the Board; and, since neither the dissenters nor the commenters have pointed to any other information that would be of assistance in deciding the section 220(e)(1)(B) issues, it seems clear that the dissenting members' objection is not with the sufficiency of the information available to themselves or to the Board, but rather is with the result that the Board has reached.

In advocating a different result about the appropriateness of additional exclusions from coverage, however, the partial dissent simply ignores the statutory language and legislative history of section 220 of the CAA. For all of its repeated exhortations about the need to implement the will of Congress, the partial dissent does not identify the constitutional responsibilities or conflicts of interests that supposedly require the additional exclusions from coverage that the dissenters raise for consideration. Indeed, the partial dissent does not even conclude which of its various suggested possible exclusions from coverage are "required" by section 220(e)(1)(B) or why.

The partial dissent's critique of the Board's analysis is similarly bereft of legal authority. While criticizing the Board for relying on precedents under chapter 71, the partial dissent ignores section 220(e)'s express command that the Board's implementing regulations under section 220(e)(1)(B) be consistent "to the greatest extent practicable" with the "provisions and purposes" of chapter 71. Moreover, while noting that legislative branch employees of state governments have not been granted the legal right to organize, the partial dissent fails to acknowledge that this gap in state law coverage results from state laws having generally been modelled after federal sector law (which, until the CAA's enactment, did not cover congressional employees); and, in all events, the partial dissent fails to acknowledge that section 220 itself rejects this state law experience by covering without qualification non-section 220(e)(2) office employees and by allowing exclusion of section 220(e)(2) office employees only *if* required by the stated statutory criteria. Finally, while asserting that employees in the section 220(e)(2) offices perform functions that are not comparable to functions employed by any covered employees in the Executive Branch, the partial dissent never specifically identifies these supposedly unique job duties and functions and, even more importantly, never explains why the provisions of chapter 71 and section 220(d) are inadequate to address constitutional responsibility or conflict of interest issues arising from them. In short, with all respect, the partial dissent does not provide any acceptable legal basis for concluding that additional regulatory exclusions from coverage are required to address any constitutional responsibility or conflict of interest issues.

The partial dissent similarly errs in suggesting that the Board has "apparent reluctance or disdain" for regulatory resolutions and instead prefers adjudicative resolutions. Like our dissenting colleagues, the Board applauds the NLRB's innovative effort—undertaken under the leadership of then-NLRB Chairman Jim Stephens, who is now Deputy Executive Director for the House—to use rulemaking to address certain bargaining unit issues that have arisen in the health care industry. But the issue here is not whether the NLRB should be praised for having done so or, for that matter, whether regulatory resolutions are generally or even sometimes superior to adjudicative resolutions in that or other contexts. Nor is the issue whether Congress has stated a preference for regulatory resolutions in the CAA. Rather, the issue here is whether additional exclusions from coverage are required to address any constitutional responsibility or conflict of interest issues that may arise in connection with collective organization of section 220(e)(2) office employees. For the reasons earlier stated, the Board has concluded that no such additional exclusions from coverage are required to do so. Thus, to the extent that any constitutional responsibility or conflict of interest issue is left to be resolved adjudicatively, it is only because, where complete exclusion from coverage is not required, the CAA instructs the Board to follow chapter 71's preference for addressing matters of this type in the context of a particular case, and because any constitutional responsibility or conflict of interest issue may be satisfactorily addressed by approaches that are less restrictive than complete exclusion from coverage of section 220(e)(2) office employees. The Board regrets that the partial dissent confuses the Board's respect for the commands of the CAA with a "disdain" for rulemaking that the Board does not have.

With all respect to our colleagues, the partial dissent's own lack of attention to the commands of the CAA is strikingly revealed by its discussion of the uncertainty and delay that allegedly will result from not resolving all constitutional responsibility and conflict of interest issues through additional exclusions from coverage. Regulatory uncertainty and delay should be reduced where legally possible and appropriate. But inclusion of the constitutional responsibility and conflict of interest issues in the mix of issues that inevitably must be addressed in a unit determination will not have the unique practical significance that the dissent claims, since employment in the legislative branch is in fact not substantially more transient than is employment in many parts of the private and federal sectors (*e.g.*, construction, retail sales, canneries in Alaska), since private and Executive Branch employers also work under "time pressures" that "are intense and uneven," and since the Board has designed its section 220(d) procedures to deal with all unit determination issues as promptly as or more promptly than comparable issues are dealt with in the private and federal sectors. And, in all events, it is clear that administrative burdens of the type discussed by the partial dissent cannot legally justify additional exclusions from coverage, because these administrative burdens legally have nothing to do with the constitutional responsibility and conflict of interests inquiries to which the Board is limited under the statute; indeed, as noted above, the premise of the CAA is that Congress will better exercise its constitutional responsibilities if it is subject to the same kinds of administrative burdens as private sector and Executive Branch employers are subject to under these laws.

The Board appreciates its dissenting colleagues' concern that, if employees of section 220(e)(2) offices should choose to organize, elected officials in Congress may have to negotiate about their employees' "conditions of employment" with political friends or foes. But the Board cannot agree that these political concerns require or allow the additional possible exclusions from coverage that are mentioned in the partial dissent. Such political concerns do not legally establish an interference with Congress' constitutional responsibilities or a real or apparent conflict of interest; and the CAA by its express terms only allows additional exclusions from coverage that are required by such constitutional responsibilities or conflicts of interest. If the CAA is to achieve its objectives and the Board is to fulfill its responsibilities, the Board must adhere to the terms of the law that the Congress enacted and that the President signed; the Board may not properly relax the law so as to address non-statutory concerns of this type.

C. Section 220(e)(2)(H) Offices

Section 220(e)(2)(H) of the CAA authorizes the Board to issue regulations identifying "other offices that perform comparable functions" to those employing offices specifically listed in paragraph (A) through (G) of section 220. In response to a comment on the ANPR, the Board proposed in the NPR to so identify four offices—the Executive Office of the Secretary of the Senate, the Office of Senate Security, the Senate Disbursing Office, and the Administrative Office of the Sergeant at Arms of the Senate. No comments were received regarding this proposal, and the final regulation will specifically identify these offices, pursuant to section 220(e)(2)(H), as section 220(e)(2) offices.

In response to comments received by the Board, the final regulation will also identify and include the following employing offices in the House of Representatives as performing "comparable functions" to those offices specified in section 220(e)(2)) of the CAA: the House Majority Whip; the House Minority Whip; the Office of House Employment Counsel; the Immediate Office of the Clerk; the Office of Legisaltive Computer Systems; the Immediate Office of the Chief Administrative Officer; the Immediate Office of the Sergeant at Amrs; and the Office of Finance.

As explained by one of the commenters, these offices have responsibilities and perform functions that are commensurate with those offices specifically listed in section 22)(e)(2) or those offices identified in the proposed regulations. Thus, the duties and functions of the House Majority and Minority Whips are similar to the Offices of the Chief Deputy Majority Whips and the Offices of the Chief Deputy Minority Whips, which are expressly included in section 220(e)(2)(D). The Office of House Employment Counsel was created, following the enactment of the CAA, to provide legal advice and representation to House employing offices on labor and employment matters; this office performs functions similar to those of the Office of the House General Counsel, which is included in section 220(e)(2)(E), and those of the Senate Chief Counsel for Employment, which is identified in section 220(e)(2)(C).

Similarly, the Immediate Office of the Clerk of the House performs functions parellel to those performed by the Executive Office of the Secretary of the Senate, which is treated as a section 220(e)(2) office under these final regulations. Both offices are responsible for supervising activities that have a direct connection to the legislative process. Likewise, the Immediate Office of the House Sergeant at Arms has duties that correspond to those of the Administrative Office of the Senate Sergeant at Arms. Both offices are charged with maintaining security and decorum in each legislative chamber.

The House Office of Legislative Computer Systems runs the electronic voting system and handles the electronic transcription of official hearings and of various legislative documents; these functions are similar to those functions performed by the Office of Legislative Operations and Official Reporters, both of which are listed in section 220(e)(2)(D).

The Immediate Office of the Chief Administrative Officer has responsibilities and performs functions that are comparable to those performed by the Executive Office of the Secretary of the Senate and the Administrative Office of the Senate Sergeant at Arms, which are treated as section 220(e)(2) offices under these final regulations. Similarly, the House Office of Finance, like the Senate Disbursing Office, is responsible for the disbursement of payrolls and other funds, together with related budget and appropriation activities, and therefore will be treated, pursuant to section 220(e)(2)(H), as a section 220(e)(2) office.

VI. Method of Approval

The Board received no comments on the method of approval for these regulations. Therefore, the Board continues to recommend that (1) the version of the regulations that shall apply to the Senate and employees of the Senate should be approved by the Senate by resolution; (2) the version of the regulations that shall apply to the House of Representatives and employees of the House of Representatives should be approved by the House of Representatives by resolution; and (3) the version of the regulations that apply to other covered employees and employing offices should be approved by concurrent resolution.

Accordingly, the Board of Directors of the Office of Compliance hereby adopts and submits for approval by the Congress the following regulations.

Signed at Washington, D.C., on this 19 day of August, 1996.

GLEN D. NAGER,
Chair of the Board of Directors,
Office of Compliance.

Member Seitz, concurring: In section 220 of the Congressional Accountability Act ("CAA" or "Act"), Congress instructed the Board of Directors of the Office of Compliance ("the Board") to issue regulations that provide Congressional employees with certain rights and protections of chapter 71 of Title 5 of the United States Code. Most significantly, Congress commanded that the regulations issued be "the same as substantive regulations issued by the Federal Labor Relations Authority" unless the Board determines either that modified regulations would more effectively implement the rights and protections of chapter 71 (section 220(e)(1)(A)) or that exclusion from coverage of employees in the so-called political offices is "required" because of a conflict of interest or appearance of conflict of interest or because of Congress' constitutional responsibilities 220(e)(1)(B)). The Board faithfully fulfilled its statutory duty: We conducted the rulemaking required under section 304 of the Act, adhering to the principles and procedures embodied in the Administrative Procedure Act, as Congress instructed us to do. We examined and carefully considered the comments received and—with the assistance of the experienced and knowledgeable Executive Director and Deputy Executive Directors of the Office—we independently collected and analyzed the relevant factual and legal materials. Ultimately, the Board determined that there was no legal or factual justification for deviation from Congress' principal command—that the regulations issued to implement chapter 71 be the same as the regulations issued by the Federal Labor Relations Authority. The regulations we issue today reflect that considered determination.

The dissent unfairly attacks both the Board's processes and its conclusion.

The dissent attacks the Board's processes by stating both that section 220(e)(1)(B) of the Act requires some kind of a different "proactive" rulemaking process and that "the Board did not undertake to make an independent inquiry" regarding the regulatory issues. As the preamble details, this attack is baseless. The Board conducted the statutorily-required rulemaking, a process which included substantial supplementation of the comments received with independent inquiry and investigation and the application of its own—and its appointees'—expertise.

The dissent's suggestion that the Board majority and the Board's appointees did not, in fact, do the spadework necessary to make the judgments made in both ungenerous and untrue, as it impugns the hard work and careful thought devoted to a sensitive issue by all concerned. And, indeed, the dissenters, like the Board majority, had access both to the publicly available materials that might have been relevant to the Board inquiry—such as job descriptions for various positions in Congress—and to legal and factual analyses generated by Board appointees.

To be sure, the Board would not approve *ex parte* factfinding contacts between Board members and interested persons in Congress during the rulemaking period in order to preserve the integrity of its rulemaking process. But neither the commenters nor the dissenting Board members have suggested *even one* additional fact that should have been considered by the Board. Accordingly, the dissent's attack on the Board's processes merely reflects the dissent's unhappiness with the Board's substantive determination. But, it is both wrong and unjust to accuse the Board of failing to engage in an appropriate *process* simply because the Board ultimately *disagreed* with those advocating substantial exclusions from coverage under section 220(e)(1)(B).

The dissent's attack on the substance of the Board's conclusion is similarly misguided. It makes no attempt to ground itself in law, and, in fact, ignores fundamental principles of statutory interpretation: First, in interpreting a statute one looks initially and principally to its language; here the statute authorizes exclusions from coverage only when "*required*" by the statutory criteria. Second, in interpreting a statute, the most relevant legislative history is that addressing the particular provision at issue; here what legislative history there is acknowledges that the substitution of chapter 71 for the National Labor Relations Act ensured the elimination of perceived problems with permitting employee organization in Congress and reveals that section 220(e)(1)(B) was inserted only to make that assurance doubly sure and not as a "standardless license to roam far afield from . . . executive branch regulations." Third, in interpreting a statute, the broad purposes of legislation illuminate the meaning of particular provisions; here the Act in question was designed to bring Congress under the same laws that it has imposed upon private citizens. That purpose has already been diluted by Congress' application to itself of only the limited rights and protections of chapter 71, rather than the broader provisions of the National Labor Relations Act; it would be eviscerated altogether by broad exclusions from coverage of the sort the dissent would endorse.

Nothing in the comments received or in the independent investigation done by the Board suggests that broad exclusions of employees from the coverage of chapter 71 are "required" by conflicts of interest (real or apparent) or by Congress' constitutional responsibilities. As noted in the preamble, chapter 71, by application through the Act, broadly excludes numerous employees from coverage, narrowly confines the permissible arena of collective bargaining, and eliminates most of labor's leverage by barring strikes and slowdowns. There is nothing to fear here, unless one fears the (minimal) requirement that a Congressional employer and its employees communicate about terms and conditions of employment (or, at least those not set by statute) before the employer sets them. And the substantial limits that chapter 71 places on employee organization and collective bargaining fully protect Congress' ability to carry out its constitutional responsibilities and entirely prevent any employee conflicts of interest (real or apparent). While we agree with the dissent that Congress is an exceptional institution, that exceptionalism does not warrant a broad exception from the coverage of chapter 71; neither the dissent nor the Board has identified any constitutional reasonability or conflict of interest that chapter 71's provisions do not adequately address.

The Board's determination that no further regulations are "required" under section 220(e)(1)(B) does not render that section a nullity, as the dissent states. Nor does it indicate a "disdain" for regulatory resolutions. Section 220(e)(1)(B) does not require either regulations or exclusions; it requires a Board inquiry into whether any such exclusions by regulation are necessary. The Board has conducted such an inquiry and has made the statutorily-required determination. That determination is the result of principled statutory interpretation, factual investigation, and legal analysis.

It is, in fact, the dissent's position that would render a portion of the CAA a nullity, because it would insulate Members of Congress from direct experience with employees dignified by labor-relations rights and protections. The Board's position keeps the promise of the Congressional Accountability Act. If the language, legislative history, and fundamental purpose of that Act are to be directly contradicted, that decision is for Congress alone. Such a result cannot lawfully be achieved by Board regulation.

Member Lorber, joined by Member Hunter, dissenting in part: The Congressional Accountability Act ("CAA") is one of the most significant legislative achievements of the Congress in many years. While its reach is peculiarly insular, covering only the employees of the Congress and designated instrumentalities of the Congress, its import is global. As the bipartisan leadership of the Congress stated upon the CAA's enactment, this law brings home the promise first offered by Madison in the Federalist Papers that the Congress would experience itself the impact of the [employment] laws it passes and requires of all [employers].

The CAA established an Office of Compliance within the Congress to operationally carry out the functions of the CAA. The CAA established an independent Board of Directors appointed by the Bi-Partisan Congressional leadership to supervise the operation of the Office, prepare regulations for Congressional approval and act in an appellate capacity for cases adjudicated within the Office of Compliance procedures. As noted by Senator Byrd when the CAA was debated, this tri-partite responsibility of the Board is somewhat unique. In the present rulemaking, the Board is acting in its role as regulator, not adjudicator.

Pursuant to the CAA, the Board was charged with conducting a detailed review of all existing Executive Branch regulations implementing eight labor laws, deciding which of those regulations were appropriate to be adapted for implementation under the CAA and then drafting them to conform with the requirements of the CAA. For the regulations issued and adopted to date and for *most* future regulations, the Board engaged or will engage in a notice and comment process which was modeled after similar procedures followed by the Executive Branch. For the regulations adopted prior to the current rulemaking, after the conclusion of the comment period and after its analysis of the comments, the Board promulgated final regulations formally recommended by its statutory appointees and submitted them for the consideration of Congress.

We believe that this background discussion is appropriate since we are here publishing our dissenting opinion regarding the preamble and recommendation regarding regulations to implement section 220(e)(1)(B) of the Congressional Accountability Act. We note that these proposed regulations also address the statutory inquiry required by section 220(e)(1)(A) of the Act which require the Board to modify applicable regulations issued by the Federal Labor Relations Authority for good cause shown, to determine whether the regulations adopted pursuant to section 220(d) will apply to the political offices listed in section 220(e) and regulations required by section 220(e)(2)(H) of the Act which requires the Board to determine if there are other offices which meet the standards of section 220(e)(2) so as to be included in the consideration required by section 220(e)(1)(B). We do not dissent from the Board's final resolution of these regulatory issues.

We do not undertake to issue this first dissent in the Board's regulatory function lightly. At the outset, the Board appropriately decided that would endeavor to avoid dissents on regulatory matters. We felt then, and indeed do so now, that the public interest and the Congressional interest in a responsible implementation of the CAA required that the Board work out, in its own deliberative process, differences in policy or procedure. While the issues there addressed were are some of the most contentious employment issues in the public debates, the Board and staff worked through the issues with a remarkable degree of unity and comity.

However, in enacting the Congressional Accountability Act, the Congress included one section that differs from all others in requirements of the Board and in its process of adoption. Indeed, unlike any other substantive provision of the CAA, this section finds no parallel in the published regulations of the Executive Branch. Section 220 of the CAA, which adopts for Congressional application the relevant sections of the Federal Labor Relations Act contains within it subsections 220(e)(1)(B) and (e)(2), which deal with the application of the FLRA to the staff of Congressional personal offices, committee offices and the other offices listed in section 220(e)(2), ("the political offices").

Section 220(e)(1)(B) of the Act requires the Board to undertake its own study and investigation of the impact of covering the employees in the political offices and determine itself, as a matter of first impression and after its own inquiry, whether such coverage of some of all of those employees would create either a constitutional impediment or a real or apparent conflict of interest such as to require the Board to exempt from coverage, by regulation, some or all of those employees or some or all of the positions employed in the political offices. Due to the speed of enactment, and apparently because the CAA culminated a protracted period of prior debate by previous Congresses on this issue, neither the statute nor any accompanying explanations provided specific guidance as to the method and procedure the Board was to follow in reaching its 220(e)(1)(B) recommendations.

The section in question contains two separate requirements for the Board. Section 220(e)(1)(A) repeats the standard for all other Executive Branch Regulations that the Board may, for good cause shown, amend the applicable FLRA regulations as applied to the Congress. As previously noted, we join the Board's resolution of this section. However, unique to the CAA, section 220(e)(1)(B) requires of the Board that it independently review the coverage question for the political offices enumerated in section 220(e)(2) in order to determine if the Board should, by regulation, recommend that some or all of the employees of those offices be excluded from coverage. This exclusion from coverage merely means that the Board has determined that certain positions be exempted from inclusion in bargaining units for the statutory reasons set forth in section 220(e)(1)(B). The other applicable exemptions found in the FLRA and noted by the majority are unaffected by section 220(e)(1)(B). Thus, reference to the applicability of those exemptions may have been necessary to respond to certain commenters but are irrelevant for these purposes. Again, unlike any other regulation proposed by the Board, the 220(e) regulations will not take effect until affirmatively voted on by each House of Congress. It should be noted that 220(d) regulations governing application of the FLRA to Congressional employees not working in the 220(e)(2) political offices are not affected by this enactment requirement. This requirement was necessary in part because there are no comparable Executive Branch regulations which will come into effect in the absence of Congressional action. Thus, the Congress must exercise greater oversight in reviewing these regulations because there is no preexisting regulatory model against which to compare the Board's decision. By requiring this independent analysis, the Congress clearly intended for the Board to investigate these issues a manner different from the passive or limited review as defined by the majority.

Faced with this novel requirement, the Board attempted to fashion a means of addressing this issue which would continue its practice of ensuring fair, prompt and informed consideration of regulatory issues. The majority adopted as its guide the process heretofore followed by the Board in its previous regulatory actions in the standard notice and comment manner. Its methodology was apparently modeled after its belief that the Administrative Procedure Act ("APA") is either directly incorporated into the CAA or that the reference to the APA in section 304 binds the Board in a way so as to preclude it functioning in a normal and accepted regulatory manner. Of course, if the majority does not now assert that its analysis is constrained by its restrictive interpretation of the APA, then we are in some doubt about the majority's stated reason for its passive review of written comments and failure to undertake any examination on its own of the issues here before us.

The Board attempted to frame the 220(e)(1)(B) issue broadly enough to encourage informed comment by the regulated groups. It responded to the comments received by proposing a regulatory scheme (in this case a decision not to issue any 220(e)(1)(B) elicited comments on the proposed regulations after which it reached the decision published today. The undersigned members believe, however, that section 220(e)(1)(B) charged the Board with a different role. We believe that the Board had the obligation to direct its staff and that the staff itself with independent obligations to each respective House of Congress had to undertake a more involved role. We believe that the uniqueness of this statutory provision required the Board to be proactive in its approach and analysis. Indeed by its very inclusion in the statute, and the requirement that the Congress affirmatively approve of its resolution, section 220(e)(1)(B) indicated a concern on behalf of the entire Congress that potential unionization of the political employees of the political offices in the Congress might pose a constitutional or operational burden (as defined by a conflict or apparent conflict or interest) on the effective operations of the legislative branch. Whatever the individual views of any Board member regarding this section, we believe that our responsibility is to effectuate the intent of the Congress as reflected in the Statute.

Response to the Board's initial invitation for informed input was not substantial. However, after the Notice of Proposed Rulemaking was published, substantial comments were received. In fact, the Board made special efforts to elicit comments and even briefly extended the comment period to accommodate interested parties who could offer assistance. By the end of the process, the Board did receive comments from most of the interested Congressional organizations. It received only one comment from a labor organization during the ANPR period and a separate letter during the NPR period in which the labor organization indicated that it reaffirmed its opposition to a total exemption of the political offices employees. The quality and informative content of the comments received are subject to differing views. The majority of the Board apparently believes that the comments were not particularly helpful or informative. We can only reach this conclusion by noting that the Board took pains to disclaim the substance and import of the comments received except apparently to credit substantive weight to the sole comment urging that the Board refuse to exercise its authority under 220(e)(1)(B). We believe, on the other hand, that the substantive comments did articulate a cogently expressed concern about the coverage of the employees in question and the disruptive effect a case by case adjudicatory process would have on the activities of the Congress. In any event, the section of the statute here in question *requires* the Board to move its inquiry beyond the written submissions.

Unfortunately, the Board did not undertake to make independent inquiry regarding these questions or to engage in inquiry of Congressional employees or informed outside experts. Rather, the Board continued its nearly judicial practice by which it analyzed the comments as submitted and neither requested follow up submissions nor conducted any independent review. Contrary to the majority's opinion, the undersigned believed that the submitted comments were helpful in indicating areas of concern and setting forth possible methods of addressing this issue. And in any event, under the majority's own standards, the lack of *any* substantive comments supporting the majority's ultimate conclusion is telling.

In the type of insulated analysis undertaken by the Board, where it relies so heavily upon submitted comments, we find it curious that the majority apparently adopted a position that it was only the obligation of those supporting a full or partial exclusion under section 220(e)(1)(B) to persuade the Board and that those opposing such exclusion can rely upon the Board's own analysis.

We believe that the Board was charged with a different task and that it had to reach its own conclusions unanchored to the quality or inclusiveness of the comments. The undersigned relied, in addition, on our own understanding of the responsibilities of the Congress and the various offices designated for consideration, the criteria set forth for decision in the Statute, and our own experience. We believe that the Board's deliberations were hampered by its constricted view of its role and by not undertaking its own investigative process so as to better understand the tasks generic to the various Congressional job titles in the political offices.

The Board's discussions were detailed and frank. They were carried out in a professional and collegial manner. Various formulations of resolution were put forth by various commenters and the dissenters, including regulatory exemption of all employees, regulatory exemption of employees with designated job titles, regulatory exemption of all employees deemed to be exempt as professional employees under section 203 of the Act (the FLSA) and other regulatory formulations. We believed that the statute did not give the Board the discretion to set its analytical standards so high as to make a nullity of section 220(e)(1)(B). Indeed, we believe that the statute legally compelled the Board to undertake efforts to give meaning to the exemptions. The majority has been resistant to any formulation which would apply the 220(e)(1)(B) regulatory exemption. The result of the Board's deliberations are found in the proposed 220(e)(1)(B) regulations (or lack thereof) and the explanatory preamble.

We dissent from this resolution for several reasons. As set forth above, we believe that the Board was charged with a different and unique role. In this case, the credibility of the Board's response to section 220(e)(1)(B) demanded a proactive, investigatory effort under the authority of the Board which we believe simply did not occur. The majority, as expressed in the preamble, relied instead upon past precedents and concepts which we believe inapplicable or at least not determinative of the complex issue raised by 220(e)(1)(B). Indeed, as discussed below, its limited view of the leeway regulators have to interpret their statutes so as to give meaning and substance to Congressional enactment mars this entire process. We note, for example, the majority's reliance on *In re Department of Labor, Office of the Solicitor and AFGE Local 12*, 37 F.L.R.A. 1371 (1990), for its discussion of "confidential employees" and for other purposes. While this case may be pertinent if that issue comes before the Board in an adjudicatory context, we fail to see its relevance when the statute commands the Board to view the issue of unionization of *politically appointed* employees who work in *political offices* in the legislative body under separate and novel standards. Indeed, as we noted above, the standard statutory exemptions for professional or confidential employees are simply irrelevant to this discussion. Thus, in the case relied upon so heavily by the majority, we would simply note that Labor Department attorneys are, like the vast majority of federal employees covered by the FLRA, career civil servants who must conduct their professional activities in a nonpartisan environment. We believe that the conflict or apparent conflict of interest implicated by each workplace environment and type of employee is different. Politically appointed employees in political offices are under different constraints.

We note as well that the majority looked to private precedent decided under the National Labor Relations Act for guidance. If the majority believes that NLRB precedent is of assistance to our deliberations, we too would look to applicable NLRB precedent for guidance. Apparently faced with a growing caseload and inconsistent decisions by the appellate courts, the NLRB undertook in 1989 to decide by formal rulemaking the appropriate number of bargaining units for covered health care institutions. At the conclusion of this rulemaking process, the NLRB decided that in the absence of exceptional circumstances defined in the regulation, see 29 CFR §130.30 (1990), eight bargaining units would be appropriate. This rulemaking was challenged on several grounds including citation to §159(b) of the NLRA which appears to state that the NLRB should establish appropriate bargaining units in *each case* (emphasis added). However, in *American Hospital Association* v *NLRB* 499 US 606(1991), a unanimous Supreme Court rejected the view that the NLRB was constrained from deciding any matter on the basis of rulemaking and was compelled to decide every matter on a case by case basis. The Court cited its precedents in other statutory cases for the proposition that a regulatory decision maker "has the authority to rely on rulemaking to resolve certain issues of general applicability unless Congress clearly expresses an intent to withhold that authority." 499 US 606, 612. (citations omitted.) In our statute, the Congress has clearly stated its preference *for* a regulatory resolution. Indeed, the Court cited with approval the following from Kenneth C. Davis, described by the Court as "a noted scholar" on administrative law:

"[T]he mandate to decide 'in each case' does not prevent the Board from supplanting the original discretionary chaos with some degree of order, and the principal instruments for regularizing the system of deciding 'in each case' are classifications, rules, principles, and precedents. *Sensible men could not refuse to use such instruments and a sensible Congress would not expect them to* (emphasis added.) 499 US at 612."

We see absolutely nothing in the CAA which nullifies this observation. The majority finds statutory constraints where we find statutory encouragement to act in the manner of "the sensible man" as defined by Davis and relied upon by the Supreme Court. To the extent other similar experience is relevant, we would look to the fact that the Board was informed that no state legislative employees are included in unions even in states which otherwise encourage full union participation for their own public employees. Unfortunately, the majority neglected to analyze the relevance of this fact.

The preamble reflects the majority's belief that it was constrained to act only upon the public rulemaking record. We believe that this analytical model is flawed. The Board cites the reference to the Administrative Procedure Act in section 304 of the Act as implicity signaling that the Congress somehow incorporated that Act's procedural requirements into the CAA. The majority's view overstates the statutory reality. Most simply, the statutory reference does not command slavish adherence to a formalistic APA inquiry. While APA procedures are certainly good starting points for any rulemaking process, its intricacies and judicial interpretations cannot be deemed binding on the CAA process. Indeed, with respect to most of our regulatory activities, the statute places additional limitations on the Board's discretion and inquiry far more limited than that permitted by the APA. Particularly with regard to section 220(e)(1)(B), the statute clearly places different responsibilities and procedural requirements on the Board. The majority erred in adopting its passive analytical role.

But perhaps more importantly, we believe that the Board's understanding of the appropriate response by regulators to Rulemaking obligations is seriously constricted. Rulemaking never required a hermetically sealed process in which the decision makers sit in a judicial like cocoon responding only to the documents and case before them. Since this Board has disparate functions, it must adapt itself to the specific role rather than bind itself to a singular method of operation, particularly when the issue in question calls for a unified decision and guidance rather than the laborious and time consuming process inherent in case by case resolution. And in any event, as it has evolved, modern rulemaking encourages active participation by regulatory decision makers in the regulatory process, including staff fact finding and recommendation, contacts with involved parties so that all information is obtained and other independent means of acquiring the information necessary to reach the best policy decision. There is no requirement that regulatory decision makers be constrained solely by written submissions which are subject to the expository ability of the commenters rather than the actual facts and ideas they wish to convey. Indeed, while every other regulatory responsibility of this Board is limited to merely reviewing existing federal regulations, in this one area the statute demands that the Board act proactively on a clean slate. This the Board did not do.

We note as well the majority's equation of the Executive Branch functions with the legislative process of the Congress in its citations to past FLRA cases and in its general analysis. We frankly find this comparison to be without any legal or constitutional support. The two branches have wholly different functions. While the Executive Branch has officials who obviously interact with the Congress, their role is not the same as legislative employees who directly support the legislative process in the political offices and institutions of the Congress. Perhaps it should be noted with some emphasis that *advocacy before the Congress is not the same as working in the Congress*. Thus, it is simply wrong to suggest, as the majority does, that Executive Branch employees perform legislative functions. Or that the Board is somehow bound, in this instance, to mutely follow the holding of one FLRA case which addressed the bargaining unit status of government attorneys employed to interpret and enforce a host of laws directed at employment issues, the vast majority of which have absolutely nothing to do with labor management issues. The issue before us requires a sufficient knowledge of Congressional staff functions, responsibilities and relationships so that the statutorily required determination will be meaningful.

We wish to comment on the majority's apparent reluctance or disdain for at least a partial regulatory resolution of this issue. Case by case adjudication of individual factual issues may well be the best means of assuring procedural due process as well as fundamental fairness to the parties involved. The history (until recently) of labor management enforcement had shown a reluctance for regulatory resolution of labor management issues and opted instead for case by case resolution. However, the decisions by the NLRB and the Supreme Court in the *American Hospital Assocation* case and more recent efforts by the NLRB to engage in more extensive rulemaking indicates that even in the labor-management arena, in which we find ourselves, there is a recognition that regulatory resolution of global issues requiring resolution is often preferable to time consuming and expensive case by case litigation. We share the concern of some of the commenters that a process of adjudicatory resolution, regardless of the efficient manner in which it may be conducted by the Office of Compliance, is time consuming and subject to delay. To add to this, we note that the Board is a part time body whose members must pursue their professional activities as well as serve in the capacity of Board Member. The Board has justified its refusal to issue advisory opinions on other interpretative matters in part on its resource limitations. We agreed with that decision. We merely think it appropriate that the implications and rationale of that decision be applied to the matter before us.

Cognizance must also be taken of the fact that the offices and employees at issue here are transient. In some instances, the entire composition of an employing office may change every two years. We understand that employment in the positions at issue is often not considered a career opportunity but rather represents a period in the professional life of such an employee where they devote their energy and ability to a public pursuit before embarking on their private careers. We point out that case by case adjudication of the eligibility of various employees of various employing offices to be included within collective bargaining units may not be resolved until the employee or the office itself is no longer part of Congress. Thus, while the coverage issue is litigated on a case-by-case, employee-by-employee basis, final resolution of the underlying representational issue is delayed. In a body such as Congress where time pressures are intense and uneven, the inherent disruption and confusion attendant to such uncertainty is highly unfortunate. We believe that the Congress recognized this dilemma by including section 220(e)(1)(B) in the statute. In addition, we look to the impact on employees in those offices who may nevertheless be eligible to join a union if their positions are otherwise not deemed exempt under whatever formulation and note that their statutory rights will be denied because of the insistence on treating this issue as merely another adjudication.

We finally must address one argument put forward by the Board that suggests that since Congressional employees are apparently free to join, in their private capacity, whatever organizations they wish such as the Sierra Club, the National Right to Work Committee, or NOW, (but see section 502(a) of the CAA), distinguishing between these activities and union membership or ceding authority to the collective bargaining representative represents an unfair discrimination against unions in violation of the FLRA. While of some obvious surface appeal, this argument is entirely frivolous. We must observe that there is one salient difference between those organizations and the labor representation we are here discussing. The organizations cited by the majority *do not* represent the employees for the purpose of their employment and working conditions. They have no official status regarding the working relationships and responsibilities of their members. In contrast, the major purpose of labor organizations, aside from their historical and active participation in the political process, is to represent bargaining unit employees with respect to the terms and conditions of their employment as permitted by law. In the case of the FLRA, once a union is the certified bargaining representative, it represents the employee regardless of whether the employee is a member of the union or not. Thus, the reference to other organizations is of absolutely no relevance to issues being decided today and, in fact, raises issues not before us now and not even within the scope of the CAA.

For at least the reasons set forth above, we must dissent from the Board's decision regarding Section 220(e)(1)(B) regulations and the explanation for that decision set forth in the Preamble to the final regulation. We emphasize that this dissent should not be deemed as precedent for future divisions of the Board. We cannot emphasize enough the unique requirements of section 220(e)(1)(B). Indeed, the statute itself recognizes this distinction by treating employees of the instrumentalities in a wholly different manner than employees of the 220(e)(2) offices. The Board has spent extensive time reviewing this issue. The majority comes to its conclusions backed by its view of the historical treatment of labor management issues and its belief that its scope of review is limited. In short, the Board adopted an unjustified stance regarding its legal authority and self-perceived constraints in the statute. We believe, however, that precedent and our statute command a different treatment. We also believe that the majority ignores the modern developments in regulatory issues. Thus, in view of the explanations offered in the preamble and the decisions reached by the majority, we regretfully believe those decisions to be wrongly considered and wrongly decided.

We add a brief coda to our dissent to simply respond to our colleagues who apparently feel that their lengthy preamble insufficiently set forth their views. We begin by apologizing to the Congress by burdening it at this extraordinary time in the second session of the 104th Congress with these arcane arguments regarding the meaning of the CAA, or PL 104-1. Indeed it is precisely this time constraint which partially drives our concern over the majority's action. We have no doubt that cannery workers, construction workers or sales persons have time constraints. So do health care workers. The Congress will have less than thirty days to complete this session. Critical public business must be completed. These are the time pressures inherent in the Congress which find little parallel in other workplace environments. We respectfully question whether section 220(e)(2) employees are the same as the aforementioned employees, or indeed Executive Branch employees who must perform their critical public business of administering or enforcing the laws Congress passes over a normal full year time span. To underscore our comments in the dissent, our colleagues surely understand the constitutional difference between Article I employees and Article II employees and the constitutionally different responsibilities assigned to each.

Our colleagues suggest that we did not read or misunderstood the wealth of materials gathered during the six month period this issue has been before us. While we applaud the majority's acknowledgement now expressed that it must go beyond the submitted comments, we confess not having had the privilege of knowing that these materials existed. But of much more importance, if these materials existed and were of such weight in the majority's consideration, then its own articulately stated view of the statutory obligations of notice and comment should have required that this information be described and listed in the various notices so that the commenters could fairly respond and argue how this information impacted their comments. It wasn't.

We respectfully submit that our colleagues misconstrue the discussion regarding the *American Hospital Association* case. Our point was not to laud the NLRB or even our Deputy Executive Director, which we surely do. Rather it was to suggest that the Supreme Court precedent involving both labor-management laws and regulatory flexibility did provide the guidance and legal authority we understand our colleagues to be searching for. We particularly note that the Court there apparently considered the observations of an administrative law scholar regarding the need to impute into every statute establishing regulatory authority the obligation of sensible interpretation as being as of much or even more precedential weight as the prior decisions of that Court.

Too much has been written on this issue. We hope that the Congress does devote some time to considering the recommendation being sent to it by the Board of the Office of Compliance. If this dissent has some resonance, perhaps the Congress might consider returning it to the Board with some guidance as to its intentions regarding the factors to be considered and methodology to be followed by the Board in reaching its recommendations.

ADOPTED REGULATIONS

§2472 Specific regulations regarding certain office of Congress

§2472.1 Purpose and Scope

The regulations contained in this section implement the provisions of chapter 71 as applied by section 220 of the CAA to covered employees in the following employing offices:

(A) the personal office of any member of the House of Representatives or of any Senator;

(B) a standing select, special, permanent, temporary, or other committee of the Senate or House of Representatives, or a joint committee of Congress;

(C) the Office of the Vice President (as President of the Senate), the office of the President pro tempore of the Senate, the Office of the Majority Leader of the Senate, the Office of the Minority Leader of the Senate, the Office of the Majority Whip of the Senate, the Office of the Minority Whip of the Senate, the Conference of the Majority of the Senate, the Conference of the Minority of the Senate, the Office of the Secretary of the Conference of the Majority of the Senate, the Office of the Secretary of the Conference of the Minority of the Senate, the Office of the Secretary for the Majority of the Senate, the Office of the Secretary for the Minority of the Senate, the Majority Policy Committee of the Senate, the Minority Policy Committee of the Senate, and the following offices within the Office of the Secretary of the Senate: Offices of the Parliamentarian, Bill Clerk, Legislative Clerk, Journal Clerk, Executive Clerk, Enrolling Clerk, Official Reporters of Debate, Daily Digest, Printing Services, Captioning Services, and Senate Chief Counsel for Employment;

(D) the Office of the Speaker of the House of Representatives, the Office of the Majority Leader of the House of Representatives, the Office of the Minority Leader of the House of Representatives, the Offices of the Chief Deputy Majority Whips, the Offices of the Chief Deputy Minority Whips, and the following offices within the Office of the

Clerk of the House of Representatives: Offices of Legislative Operations, Official Reporters of Debate, Official Reporters to Committees, Printing Services, and Legislative Information;

(E) the Office of the Legislative Counsel of the Senate, the Office of the Senate Legal Counsel, the Office of the Legislative Counsel of the House of Representatives, the Office of the General Counsel of the House of Representatives, the Office of the Parliamentarian of the House of Representatives, and the Office of the Law Revision Counsel;

(F) the offices of any caucus or party organization;

(G) the Congressional Budget Office, the Office of Technology Assessment, and the Office of Compliance; and

(H) the Executive Office of the Secretary of the Senate, the Office of Senate Security, the Senate Disbursing Office, the Administrative Office of the Sergeant at Arms of the Senate, the Office of the Majority Whip of the House of Representatives, the Office of the Minority Whip of the House of Representatives, the Office of House Employment Counsel, the Immediate Office of the Clerk of the House of Representatives, the Immediate Office of the Chief Administrative Officer of the House of Representatives, the Office of Legislative Computer Systems of the House of Representatives, the Office of Finance of the House of Representatives and the Immediate Office of the Sergeant at Arms of the House of Representatives.

§2472.2 Applicant of Chapter 71.

(a) The requirements and exemptions of chapter 71 of title 5, United States Code, as made applicable by section 220 of the CAA, shall apply to covered employees who are employed in the offices listed in section 2472.1 in the same manner and to the same extent as those requirements and exemptions are applied to other covered employees.

(b) The regulations of the Office, as set forth at section 2420–29 and 2470–71, shall apply to the employing offices listed in section 2472.1 covered employees who are employed in those offices and representatives of those employees.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

4531. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Fresh Prunes Grown in Washington and Oregon; Handling Requirement Revision; Fruits; Import Regulations; Fresh Prune Import Requirements [Docket No. FV95–924–1FR] received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4532. A letter from the Agricultural Marketing Service, transmitting the Service's final rule—Apricots and Cherries Grown in Designated Counties in Washington and Prunes Grown in Designated Counties in Washington and in Umatilla County, Oregon; Assessment Rates [Docket No. FV95–922–1FR] received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4533. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Spearmint Oil Produced in the Far West; Assessment Rate [Docket No. FV96–985–2 FIR] received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4534. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Kiwifruit Grown in California; Assessment Rate [Docket No. FV96–920–1 IFR] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4535. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Olives Grown in California and Imported Olives; Establishment of Limited-Use Style Olive Grade and Size Requirements [Docket No. FV96–932–3 FIR] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4536. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Milk in the Carolina, Southeast, Tennessee Valley and Louisville-Lexington-Evansville Marketing Areas; Interim Amendment of Rules [Docket No. AO0388–A9, et al.; DA–96–08] received August 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4537. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Cranberries Grown in the States of Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington, and Long Island in the State of New York; Assessment Rate [Docket No. FV96–929–3 IFR] received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4538. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Oranges and Grapefruit Grown in the Lower Rio Grande Valley in Texas; Interim Final Rule to Revise Pack and Size Requirements [Docket No. FV96–906–3I FR] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4539. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Limes Grown in Florida and Imported Limes; Change in Regulatory Period [Docket No. FV96–911–2FR] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4540. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Southeastern Potatoes; Assessment Rate [Docket No. FV96–953–1 FIR] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4541. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Oregon-California Potatoes; Assessment Rate [Docket No. FV96–947–1 FIR] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4542. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Almonds Grown in California; change in Quality Control [Docket No. FV96–981–3 IFR] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4543. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Hazelnuts Grown in Oregon and Washington; Assessment Rate [Docket No. FV96–982–1 FIR] received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4544. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Increased Assessment Rate for Domestically Produced Peanuts Handled by Persons Not Subject to Peanut Marketing Agreement No. 146 and for Marketing Agreement No. 146 Regulating the Quality of Domestically Produced Peanuts [Docket No. FV96–998–1 FIR] received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4545. A letter from the Administrator, Agricultural Marketing Service, transmitting the Service's final rule—Apricots Grown in Designated Counties in Washington; Temporary Suspension of Grade Requirements [Docket No. FV96–922–1 FIR] received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4546. A letter from the Congressional Review Coordinator, Animal and Plant Health Inspection Service, transmitting the Service's final rule—Change in Disease Status of the Netherlands Because of Hog Cholera and Swine Vesicular Disease [Docket No. 96–014–2] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4547. A letter from the Congressional Review Coordinator, Animal and Plant Inspection Service, transmitting the Service's final rule—Change in Disease Status of Spain Because of African Swine Fever [Docket No. 96–025–2] received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4548. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Interpretation Regarding Use of Electronic Media by Commodity Pool Operators and Commodity trading Advisors (17 CFR Part 4) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4549. A letter from the Acting Executive Director, Commodity Futures Trading Commission, transmitting the Commission's final rule—Publicizing of Broker Association Memberships (17 CFR Part 1) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4550. A letter from the Assistant Secretary for Marketing and Regulatory Programs, Department of Agriculture, transmitting the Department's final rule—Fees for Official Inspection and Official Weighing Services (RIN: 0580–AA40) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4551. A letter from the Administrator, Rural Utilities Service, transmitting the Service's final rule—Accounting Requirements for RUS Telecommunications Borrowers (RIN: 0572–AB10) received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

4552. A letter from the Acting Director, Office of Management and Budget, transmitting notification of the President's intent to exempt all military personnel accounts from sequester for fiscal year 1997, pursuant to Public Law 101–508, section 13101(c)(4) (104 Stat. 1388–589); to the Committee on Appropriations.

4553. A communication from the President of the United States, transmitting his request to make available appropriations totaling $51,200,000 in budget authority to the Department of the Interior, and to designate the amounts made available as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, pursuant to 31 U.S.C. 1107 (H. Doc. No. 104–256); to the Committee on Appropriations and ordered to be printed.

4554. A letter from the Comptroller General of the United States, transmitting a review of the President's eighth special impoundment message for fiscal year 1996, pursuant to 2 U.S.C. 685; to the Committee on Appropriations.

4555. A letter from the Director, Congressional Budget Office, transmitting CBO's sequestration update report for fiscal year 1997, pursuant to Public Law 101–508, section 13101 (a) (104 Stat. 1388–587); to the Committee on Appropriations.

4556. A letter from the Principal Deputy Under Secretary of Defense (Comptroller), Department of Defense, transmitting a report of a violation of the Anti-Deficiency Act—Department of the Navy violation, case number 96–02, violating restrictions of section 101 of the Military Construction Act of 1994, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

4557. A letter from the Administrator, Environmental Protection Agency, transmitting a report of a violation of the Anti-Deficiency Act—account 68014922, in connection with a contract awarded to support the Office of Research and Development's work on stationary source emissions under the Clean Air Act Amendments, Title III, Air Toxics, pursuant to 31 U.S.C. 1517(b); to the Committee on Appropriations.

4558. A letter from the Acting Director, Office of Management and Budget, transmitting the OMB sequestration update report to the President and Congress, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–587); to the Committee on Appropriations.

4559. A letter from the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals of budget authority as of August 1, 1996, pursuant to 2 U.S.C. 685(e) (H. Doc. No. 104–252); to the Committee on Appropriations and ordered to be printed.

4560. A letter from the Under Secretary for Personnel and Readiness, Department of Defense, transmitting the Department's defense manpower requirements report for fiscal year 1997, pursuant to 10 U.S.C. 115(b)(3)(A); to the Committee on National Security.

4561. A letter from the Assistant Secretary of the Army for Research, Development and Acquisition, Department of the Army, transmitting notification of intent to award a contract for all services, material, and facilities to the George C. Marshall Foundation, pursuant to 10 U.S.C. 2304(c)(7); to the Committee on National Security.

4562. A letter from the Director, Office of Small and Disadvantaged Business Utilization, Department of Defense, transmitting a report on the progress of the Department of Defense toward the achievement of the goal to award 5 percent of DOD contracts to small disadvantaged business, historically Black colleges and universities and minority institutions, pursuant to 10 U.S.C. 2323(i); to the Committee on National Security.

4563. A letter from the General Counsel, Department of Housing and Urban Development, transmitting the Department's final rule—Single Family Insurance Premium (FR–3899) received August 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4564. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Kazakstan, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4565. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to the People's Republic of China (China), pursuant to 12 U.S.C. 635 (b)(3)(i); to the Committee on Banking and Financial Services.

4566. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to the People's Republic of China (China), pursuant to 12 U.S.C. 635 (b)(3)(i); to the Committee on Banking and Financial Services.

4567. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to the People's Republic of China (China), pursuant to 12 U.S.C. 635 (b)(3)(i); to the Committee on Banking and Financial Services.

4568. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to the People's Republic of China (China), pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4569. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Argentina, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4570. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Trinidad and Tobago, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4571. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Pakistan, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4572. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Thailand, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4573. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving United States exports to Russia, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Banking and Financial Services.

4574. A letter from the Director, Office of Legislative Affairs, Federal Deposit Insurance, transmitting the Corporation's final rule—Joint Agency Policy Statement: Interest Rate Risk [Federal Reserve System Docket No. R–0802] [Department of the Treasury Docket No. 96–13] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4575. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Membership Approval [No. 96–43] received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4576. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Federal Home Loan Bank Directors' Compensation and Expenses [No. 96–56] received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4577. A letter from the Board of Governors, Federal Reserve System, transmitting the seventh annual report on the assessment of the profitability of credit card operations of depository institutions, pursuant to 15 U.S.C. 1637; to the Committee on Banking and Financial Services.

4578. A letter from the Administrator of National Banks, Office of the Comptroller of the Currency, transmitting the Office's final rule—Interagency Guidelines Establishing Standards for Safety and Soundness [Docket No. 96–19] (RIN: 1557–AB17) received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4579. A letter from the Assistant Chief Counsel, Office of Thrift Supervision, transmitting the Office's final rule—Interagency Guidelines Establishing Standards for Safety and Soundness [No. 96–53] (RIN: 1550–AA97) received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Banking and Financial Services.

4580. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of S. 966 and H.R. 2337, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4581. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 1627 and H.R. 3161, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4582. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 1975, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4583. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 3215, H.R. 1114, H.R. 3235, and S. 1316, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4584. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 2002 resulting from passage of H.R. 3103, H.R. 3448, and H.R. 3680, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–582); to the Committee on the Budget.

4585. A letter from the Acting Director, Office of Management and Budget, transmitting OMB's estimate of the amount of discretionary new budget authority and outlays for the current year (if any) and the budget year provided by H.R. 3603, pursuant to Public Law 101–508, section 13101(a) (104 Stat. 1388–578); to the Committee on the Budget.

4586. A letter from the Commissioner of Education Statistics, Department of Education, transmitting the fourth report on the evaluation of the National Assessment of Educational Progress "Quality and Utility: The 1994 Trial State Assessment in Reading", pursuant to Public Law 100–297, section 3403(a) (102 Stat. 348; to the Committee on Economic and Educational Opportunities.

4587. A letter from the Secretary of Education, transmitting a report entitled, "Third Biennial Report to Congress on Vocational Education Data in the U.S. Department of Education", pursuant to Public Law 101–392, section 407 (104 Stat. 824); to the Committee on Economic and Educational Opportunities.

4588. A letter from the Assistant Secretary of Labor Department of Labor, transmitting the Department's final rule—Training and Employment Guidance Letter No. 7–95—received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

4589. A letter from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting the Department's final rule—Regulation Relating to Definition of "Plan Assets"—Participant Contributions (RIN: 1210–AA53) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

4590. A letter from the Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation, transmitting the Corporation's final rule—Allocation of Assets in Single-Employer Plans; Interest Rate for Valuing Benefits (29 CFR Part 4044) received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Economic and Educational Opportunities.

4591. A letter from the Administrator, Energy Information Administration, transmitting the Energy Information Administration's annual report to Congress 1995, pursuant to 15 U.S.C. 790f(a)(2); to the Committee on Commerce.

4592. A letter from the Assistant Secretary of Health and Human Services, transmitting the fourth triennial report on drug abuse and drug research on the health consequences and extent of drug abuse, including recent findings on the health effects of marijuana, cocaine, and the addictive properties of tobacco, pursuant to 42 U.S.C. 290aa–4(b); to the Committee on Commerce.

4593. A letter from the General Counsel, Department of Energy, transmitting the Department's final rule—Acquisition Regulation; Regulatory Reinvention (RIN: 1991–AB25) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4594. A letter from the General Counsel, Department of Energy, transmitting the Department's final rule—Debarment and Suspension (Procurement) and Governmentwide Debarment and Suspension (Nonprocurement) and Governmentwide Requirements for Drug-Free Workplace (Grants) and Department of Energy Acquisition Regulation (RIN: 1991–AB24) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4595. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Glazing Materials (National Highway Traffic Safety Administration) [Docket No. 95–13, Notice 02] (RIN: 2127–AF28) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4596. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Brake Hoses, Whip Resistance Test (National Highway Traffic Safety Administration) [Docket No. 95–88, Notice 02] (RIN: 2127–AG02) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4597. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Federal Motor Vehicle Safety Standards; Lamps, Reflective Devices and Associated Equipment (National Highway Traffic Safety Administration) [Docket No. 80–9; Notice 12] (RIN: 2127–AF59) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4598. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations; Inland Seafood Festival Jet Boat Races, Ohio River Mile 469.5 to 471.2, Cincinnati, Ohio (U.S. Coast Guard) [CGD08–96–034] (RIN: 2115–AE46) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4599. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Special Local Regulations; Lansing Fishing Days, Upper Mississippi River Mile 663.0–663.5 Lansing, IA (U.S. Coast Guard) [CGD08–96–038] (RIN: 2115–AE46) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4600. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Indiana: Final Authorization of Revisions to State Hazardous Waste Management Program [FRL–5552–5] received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4601. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans; Massachusetts; Emissions Banking, Trading, and Averaging Program Approval [FRL–5533–2] received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4602. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Interim Approval of Section 112(l) Delegated Authority; Washington [FRL–5551–9] received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4603. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—State of Alaska Petition for Exemption from Diesel Fuel Sulfur Requirement [FRL–5555–5] received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4604. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans Tennessee: Approval of Revisions to the Tennessee SIP Regarding Volatile Organic Compounds [FRL–5547–1] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4605. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans and Designation of Areas for Air Quality Planning Purposes; State of Wisconsin [FRL–5553–1] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4606. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plan; Wisconsin [FRL–5550–6] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4607. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Massachusetts; Marine Vessel Transfer Operations [FRL–5552–9] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4608. A letter from the Director, Office of Regulatory Management and Information, Environmental Protection Agency, transmitting the Agency's final rule—Emergency Revision of the Land Disposal Restrictions (LDR) Phase III Treatment Standards for Listed Hazardous Wastes from Carbamate Production [FRL–5560–1] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4609. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Implementation of the Local Competition Provisions of the Telecommunications Act of 1996 [CC Docket No. 96–98]; Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers [CC Docket No. 95–185]; Area Code Relief Plan for Dallas and Houston, Ordered by the Public Utility Commission of Texas [NSD File No. 96–8]; Administration of the North American Numbering Plan [CC Docket No. 92–237]; and Proposed 708 Relief Plan and 630 Numbering Plan Area Code by Ameritech-Illinois [IAD File No. 94–102] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4610. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Shingletown, California) [MM Docket No. 95–51, RM–8591] received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4611. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Implementation of the Telecommunications Act of 1996: Telecommunications Carriers' Use of Customer Proprietary Network Information; Use of Data Regarding Alarm Monitoring Service Providers [CC Docket No. 96–115] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4612. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 [CC Docket No. 96–98] and Interconnections between Local Exchange Carriers and Commercial Mobile Radio Service Providers [CC Docket No. 95–185] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4613. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Amendment of the Commission's Rules to Permit Flexible Service Offerings in the Commercial Mobile Radio Services [WT Docket No. 96–6] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4614. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 1.420(f) of the Commission's Rules Concerning Automatic Stays of Certain Allotment Orders [MM Docket No. 95–110] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4615. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b) Table of Allotments, FM Broadcast Stations (Willows, California) [MM Docket No. 94–126; RM–8531] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4616. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Policies & Rulings Concerning Children's Television Programming/Revision of Programming Policies for Television Broadcast Stations [MM Docket No. 93–48; FCC 96–335] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4617. A letter from the Managing Director, Federal Communications Commission, transmitting the Commission's final rule—Amendment of Section 73.202(b) Table of Allotments, FM Broadcast Stations (Las Vegas, New Mexico) [MM Docket No. 95–161; RM–8709] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4618. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Medical Devices; Reporting; Baseline Reports; Stay of Effective Date [Docket No. 91N–0295] (RIN: 0910–AA09) Received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4619. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Food Standards: Amendment of Standards of Identity for Enriched Grain Products to Require Addition of Folic Acid; Correction [Docket No. 91N–100S] (RIN: 0910–AA19) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4620. A letter from the Director, Regulations Policy Management Staff, Office of Policy, Food and Drug Administration, transmitting the Administration's final rule—Food Labeling: Guidelines for Voluntary Nutrition Labeling of Raw Fruits, Vegetables, and Fish; Identification of the 20 Most Frequently Consumed; and Policy for Data Base Review for Voluntary and Mandatory Nutrition Labeling [Docket No. 94N–0155] (RIN: 0910–AA19) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4621. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Codes and Standards for Nuclear Power Plants (RIN: 3150–AC93) received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4622. A letter from the Director, Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting the Commission's final rule—Deletion of Outdated References and Minor Change (RIN: 3150–AF43) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4623. A letter from the Acting Chairman, Nuclear Regulatory Commission, transmitting a report on the nondisclosure of safeguards information for the quarter ending June 30, 1996, pursuant to 42 U.S.C. 2167(e); to the Committee on Commerce.

4624. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Food Labeling; Nutrient Content Claims and Health Claims; Restaurant Foods (Food and Drug Administration) [Docket No. 93N–0153] (RIN: 0910–AA19) received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4625. A letter from the Secretary of Health and Human Services, transmitting the Department's "Major" final rule—Regulatory Impact Analysis of the Final Rules to Amend the Food Labeling Regulations (Food and Drug Administration) [Docket No. 91N–0219] (RIN: 0905–AD08) received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Commerce.

4626. A letter from the Director, Defense Security Assistance Agency, transmitting the Department of the Air Force's proposed lease of defense articles to Australia (Transmittal No. 26–96), pursuant to 22 U.S.C. 2796a(a); to the Committee on International Relations.

4627. A letter from the Director, Defense Security Assistance Agency, transmitting notification of a cooperative project concerning a joint U.S./Canadian effort to modernize existing Joint Surveillance System R/SAOC computing and display capabilities to better support NORAD missions (Transmittal No. 15–96) received August 6, 1996, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4628. A letter from the Acting Director, Defense Security Assistance Agency, transmitting notification of a cooperative project concerning the development of a common set of Electronic Countermeasure (ECM) simulations with Australia (Transmittal No. 17–96) received August 21, 1996, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4629. A letter from the Director, Defense Security Assistance Agency, transmitting notification concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance [LOA] to the Taipei Economic and Cultural Representative Office for defense articles and services (Transmittal No. 96–72), pursuant to 22 U.S.C. 2776(b); to the Committee on International Relations.

4630. A letter from the Director, Defense Security Assistance Agency, transmitting notification of an umbrella cooperative project with Sweden covering future collaboration on research, exploratory development, and advanced development whose maturation may lead to technologically superior conventional weapon systems (Transmittal No. 16–96) received August 28, 1996, pursuant to 22 U.S.C. 2767(f); to the Committee on International Relations.

4631. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting a copy of the Secretary's determination and justification to exercise the authority granted him under section 451 of the Foreign Assistance Act of 1961, as amended, authorizing assistance to support Pakistan's contribution to the voluntary military contingent in Haiti, pursuant to 22 U.S.C. 2261(a)(2); to the Committee on International Relations.

4632. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a copy of Presidential Determination No. 96–41: Suspending Restrictions on U.S. Relations With the Palestine Liberation Organization, pursuant to Public Law 104–107, section 604(b)(1) (110 Stat. 756); to the Committee on International Relations.

4633. A communication from the President of the United States, transmitting a report on actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to organizations that disrupt the Middle East peace process, pursuant to 50 U.S.C. 1641(c) and 50 U.S.C. 1703(c) (H. Doc. No. 104–253); to the Committee on International Relations and ordered to be printed.

4634. A communication from the President of the United States, transmitting a report on developments since his last report of February 9, 1996, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990, pursuant to 50 U.S.C. 1641(c) and 50 U.S.C. 1703(c) (H. Doc. No. 104–254); to the Committee on International Relations and ordered to be printed.

4635. A communication from the President of the United States, transmitting notification that the emergency regarding export control regulations is to continue in effect beyond August 19, 1996, pursuant to 50 U.S.C. 1622(d) (H. Doc. No. 104–255); to the Committee on International Relations and ordered to be printed.

4636. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

4637. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

4638. A letter from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting the Department's final rule—Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Narcotics Traffickers, and Blocked Vessels; Correction and Removal of Entry (31 CFR Chapter V) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4639. A letter from the Chief Counsel, Office of Foreign Assets Control, Department of the Treasury, transmitting the Department's final rule—Foreign Assets Control Regulations, Cuban Assets Control Regulations, Iranian Assets Control Regulations, Libyan Assets Control Regulations, Iranian Transactions Regulations, Iraqi Sanctions Regulations; Implementation of Section 321 of the Antiterrorism and Effective Death Penalty Act of 1996 (31 CFR Parts 500, 515, 535, 550, 560, and 575) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on International Relations.

4640. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–334, "Comprehensive Merit Personnel Act Health and Life Insurance Clarification Amendment Temporary Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4641. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–317, "Child Support Enforcement Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4642. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–316, "Commission on Mental Health Services Psychologists Protection Amendment Act of 1996" received

August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4643. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–315, "Upper Room Baptist Church Equitable Real Property Tax Relief Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4644. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–314, "St. Matthew's Evangelical Lutheran Church Equitable Real Property Tax Relief Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4645. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–312, "Holy Comforter Episcopal Church, Saint Andrews Parish Equitable Real Property Tax Relief Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4646. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–311, "Simpson-Hamline United Methodist Church Equitable Real Property Tax Relief Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4647. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–310, "Rhema Christian Center Property Tax Relief Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4648. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–331, "Establishment of the John A. Wilson Building Foundation Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4649. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–329, "Juvenile Detention and Speedy Trial Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4650. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–328, "Bicyclist Responsibility Regulation Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4651. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–327, "Vending Site Lottery Assignment Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4652. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–326, "Abatement of Controlled Dangerous Substances Nuisance Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4653. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–325, "Free Clinic Assistance Program Extension Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code section 1–233 (c)(1); to the Committee on Government Reform and Oversight.

4654. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–309, "Mortgage Lender and Broker Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233 (c)(i); to the Committee on Government Reform and Oversight.

4655. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–353, "Tax Lien Assignment and Sale Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code section 1–233 (c)(1); to the Committee on Government Reform and Oversight.

4656. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–322, "Expulsion of Students Who Bring Weapons Into Public Schools Temporary Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233 (c)(1); to the Committee on Government Reform and Oversight.

4657. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–323, "Expulsion of Students Who Bring Weapons Into Public Schools Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233 (c)(1); to the Committee on Government Reform and Oversight.

4658. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–321, "Anti-Loitering/Drug Free Zone Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4659. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–320, "Early Intervention Services Sliding Fee Scale Establishment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4660. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–318, "Community Development Corporations Money Lender License Tax Exemption Amendment Act of 1996" received August 29, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4661. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–337, "Highway Trust Fund Establishment Act and the Water and Sewer Authority Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4662. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–333, "District of Columbia Income and Franchise Tax Act of 1947 Conformity Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4663. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–349, "Oak Hill Youth Center Educational Contracting Temporary Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4664. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–354, "Board of Real Property Assessments and Appeals Membership Qualification Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4665. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–347, "Health Services Planning Program Re-establishment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4666. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–359, "Housing Finance Agency Loan Forgiveness Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4667. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–343, "Council Contract Approval Modification Temporary Amendment Act of 1995 Temporary Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4668. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–342, "International Registration Plan Agreement Temporary Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4669. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–341, "District of Columbia Employee Viatical Settlement Temporary Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4670. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–339, "Fire Code Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4671. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–338, "Business Corporation Two-Year Report Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4672. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–360, "Fiscal Year 1997 Budget Support Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4673. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–361, "Adjustment Process for Nonviolent Juvenile Offenders and Parent Participation in Court-Ordered Proceedings Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4674. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–362, "Commercial Counterfeiting Criminalization Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4675. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11–364, "Boating While Intoxicated Temporary Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1–233(c)(1); to the Committee on Government Reform and Oversight.

4676. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-367, "Medicare Supplemental Insurance Minimum Standards Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

4677. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-370, "Closing of Public Alleys and Abandonment and Establishment of Easements in Square 878, S.O. 93-58, Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

4678. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-358, "Extension of the Moratorium on Retail Service Station Conversions and the Gas Station Advisory Board Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

4679. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-355, "Holy Comforter-Saint Cyprian Roman Catholic Church Equitable Real Property Tax Relief Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

4680. A letter from the District of Columbia Auditor, transmitting a copy of a report entitled "Financial and Administrative Audit of the LaShawn Limited and General Receiverships," pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

4681. A letter from the District of Columbia Auditor, transmitting a copy of a report entitled "Evaluation of the Management and Financial Systems for Federal Grants," pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

4682. A letter from the District of Columbia Auditor, transmitting a copy of a report entitled "Review of Implementation of the D.C. Depository Act During Fiscal Years 1994 and 1995," pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

4683. A letter from the District of Columbia Auditor, transmitting a copy of a report entitled "Review of the District of Columbia Public Schools' Official Membership Count Procedures", pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

4684. A letter from the District of Columbia Auditor, transmitting a copy of a report entitled "Review of Check Generation and Vendor File Procedures For Non-FMS Disbursements", pursuant to D.C. Code, section 47-117(d); to the Committee on Government Reform and Oversight.

4685. A letter from the Comptroller General of the United States, transmitting a list of all reports issued or released in June 1996, pursuant to 31 U.S.C. 719(h); to the Committee on Government Reform and Oversight.

4686. A letter from the Manager, Employee Benefits/Payroll, AgriBank FCB, transmitting the annual report disclosing the financial condition of the Retirement Plan for the Employees of the Seventh Farm Credit District, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4687. A letter from the Executive Director, Committee for Purchase From People who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List [I.D. 96-003] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4688. A letter from the Executive Director, Committee For Purchase From People Who Are Blind or Severely Disabled, transmitting the Committee's final rule—Additions to the Procurement List—received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4689. A letter from the Comptroller General of the United States, transmitting the GAO's monthly listing of new investigations, audits, and evaluations, pursuant to Public Law 102-90; to the Committee on Government Reform and Oversight.

4690. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 11-332, "Nonprofit Corporation Two-Year Report Amendment Act of 1996" received September 3, 1996, pursuant to D.C. Code, section 1-233(c)(1); to the Committee on Government Reform and Oversight.

4691. A letter from the Senior Vice President for Business Services, Farm Credit Bank of Texas, transmitting the annual report for the Farm Credit Bank of Texas Pension Plan for 1995, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4692. A letter from the Benefits Manager for Thrift and Pension, Farm Credit Bank of Texas, transmitting the annual report for the Farm Credit Bank of Texas Thrift Plus Plan for 1995, pursuant to 31 U.S.C. 9503(a)(1)(B); to the Committee on Government Reform and Oversight.

4693. A letter from the Vice Chairman, Federal Election Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1995, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Reform and Oversight.

4694. A letter from the Executive Director, Federal Retirement Thrift Investment Board, transmitting the Board's final rule—Nonappropriated Fund Employees (5 CFR Part 1620) received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4695. A letter from the Executive Director, Federal Retirement Thrift Investment Board, transmitting the Board's final rule—Allocation of Earnings (5 CFR Part 1645) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4696. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Introduction of Miscellaneous Amendments (National Aeronautics and Space Administration) [Federal Acquisition Circular 90-41] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4697. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Information Technology Management Reform Act of 1996 (ITMRA) (National Aeronautics and Space Administration) [FAR Case 96-319] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4698. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Compliance with Immigration and Nationality Act Provisions (Interim) (National Aeronautics and Space Administration) [FAR Case 96-320] received August 6, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Government Reform and Oversight.

4699. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Federal Acquisition and Community Right-to-Know (National Aeronautics and Space Administration) [FAR Case 95-305] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4700. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Restrictions on Certain Foreign Purchases (National Aeronautics and Space Administration) [FAR Case 95-303] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4701. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Legal Proceedings Costs (National Aeronautics and Space Administration) [FAR Case 93-010] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4702. A letter from the Deputy Associate Administrator for Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Small Entity Compliance Guide (National Aeronautics and Space Administration) [FAC 90-41] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4703. A letter from the Chairman, Merit Systems Protection Board, transmitting the Board's report entitled "Fair & Equitable Treatment: A Progress Report on Minority Employment in the Federal Government," pursuant to 5 U.S.C. 1204(a)(3); to the Committee on Government Reform and Oversight.

4704. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Elections of Retirement Coverage By Current and Former Nonappropriated Fund Employers (RIN: 3206-AH57) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4705. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Pay Under the General Schedule; Locality Pay Areas for 1997 (RIN: 3206-AG88) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform and Oversight.

4706. A letter from the Secretary of Energy, transmitting notification that it is in the public interest to use other than competitive procedures to facilitate the privatization of the Western Environmental Technology Office [WETO] in Butte, MT, pursuant to 41 U.S.C. 253(c)(7); to the Committee on Government Reform and Oversight.

4707. A letter from the Vice Chairman, Federal Election Commission, transmitting proposed regulations governing Electronic Filing of Reports by Political Committees, pursuant to 2 U.S.C. 438(d); to the Committee on House Oversight.

4708. A letter from the Deputy Associate Director for Compliance, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Resources.

4709. A letter from the Deputy Associate Director for Compliance, Department of the Interior, transmitting notification of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Resources.

4710. A letter from the Acting Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting notice on leasing systems for the western Gulf of Mexico, Sale 161, scheduled to be held in September 1996, pursuant to 43 U.S.C. 1337(a)(8); to the Committee on Resources.

4711. A letter from the Acting Assistant Secretary for Land and Minerals Management, Department of the Interior, transmitting notice on leasing systems for the Beaufort Sea, Sale 144, scheduled to be held in September 1996, pursuant to 43 U.S.C. 1337(a)(8); to the Committee on Resources.

4712. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Migratory Bird Hunting; Extension of Decision on the Conditional Approval of Bismuth-Tin Shot as Nontoxic for the 1996–97 Season (RIN: 1018–AD41) received August 9, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4713. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Indiana Dunes National Lakeshore, Zoning Standards (RIN: 1024–AC51) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4714. A letter from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting the Department's final rule—Use of Environman and Human Figure and Design Symbol (RIN: 1024–AC50) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4715. A letter from the Acting Director, Fish and Wildlife Service, transmitting the Service's final rule—Endangered and Threatened Wildlife and Plants; Endangered Status for Three Plants from the Island of Nihoa, Hawaii (RIN: 1018–AB88) received August 20, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4716. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Atlantic Tuna Fisheries; Closure [I.D. 072996C] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4717. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area, Sharpchin/Northern Rockfish Species Group in the Aleutian Islands Subarea [Docket No. 960129019–6019–01] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4718. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Gulf of Alaska; Pacific Ocean Perch in the Eastern Regulatory Area [Docket No. 960129018–6018–01] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4719. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Gulf of Alaska; "Other Rockfish" Species Group in the Eastern Regulatory Area [Docket No. 960129018–6018–01 I.D. 072696B] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4720. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area; Atka Mackerel in the Central and Eastern Aleutian District and the Bering Sea Subarea [Docket No. 960129019–6019–01] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4721. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries off the West Coast States and in the Western Pacific; Western Pacific Crustacean Fisheries; 1996 Closures [Docket No. 960401094–6183–02] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4722. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Northern Rockfish in the Eastern Gulf of Alaska [Docket No. 960129018–6018–01; I.D. 073196A] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4723. A letter from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Northeastern United States; Northeast Multispecies Fishery; Amendment 7; Open Access Nonregulated Multispecies Permit [Docket No. 960216032–6197–06; I.D. 052196A] (RIN: 0648–AH70) received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4724. A letter from the Acting Deputy Assistant Administrator for Fisheries, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Delay of the Pollock Season [Docket No. 96063156–6204–02; I.D. 052896A] (RIN: 0648–AI58) received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4725. A letter from the Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area; Pacific Cod by Vessels Using Trawl Gear [Docket No. 960129019–6019–01; I.D. 061096A] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4726. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Groundfish of the Bering Sea and Aleutian Islands Area; Species in the Rock Sole/Flathead Sole/"Other Flatfish" Fishery Category [Docket No. 960129019–6019–01; I.D. 073096A] received August 6, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4727. A letter from the Acting Program Management Officer, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Addition of Akutan to List of Eligible Communities [Docket No. 960501122–6213–02; I.D. 042596A] (RIN: 0648–AI46) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4728. A letter from the Acting Program Management Officer, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Improve Individual Fishing Quota Program [Docket No. 960401095–6212–02; I.D. 032596A] (RIN: 0648–AH61) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4729. A letter from the Acting Director, Officer of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska [Docket No. 960129018–6018–01; I.D. 080596A] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4730. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; Inseason Adjustments from the U.S.-Canadian Border to Cape Falcon, OR [Docket No. 960126016–6121–04; I.D. 072396C] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4731. A letter from the Acting Director, Officer of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska [Docket No. 960129018–6018–01; I.D. 080596B] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4732. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Atka Mackerel in the Central Aleutian District/D [Docket No. 960129019–6019–01; I.e. 080296B] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4733. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Atka Mackerel in the Eastern Aleutian District and Bering Sea Subarea [Docket No. 96019019–6019–01; I.D. 080296A] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4734. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; Inseason Adjustments from the U.S.-Canadian Border to Leadbetter Point, WA [Docket No. 960126016–6121–04; I.D. 080596D] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4735. A letter from the Acting Director, Office of Fisheries Conservation and Management, National Marine Fisheries Service, transmitting the Service's final rule—International Fishing Regulations; 1996 Halibut Report No. 6 [Docket No. 960111003–6068–03; I.D. 080796A] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4736. A letter from the Acting Director, Office of Fisheries Management and Conservation, National Marine Fisheries Service, transmitting the Service's final rule—Atlantic Tuna Fisheries; Atlantic Bluefin Tuna [I.D. 081496A] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4737. A letter from the Director, Office of Surface Mining, transmitting the Office's final rule—Wyoming Regulatory Program [SPATS No. WY–026] received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4738. A letter from the Director, Office of Surface Mining Reclamation and Enforcement, transmitting the Office's final rule—Virginia Regulatory Program [PVA–107–FOR] received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

4739. A letter from the Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks, Department of Commerce, transmitting the Department's final rule—Revision of Patent Fees for Fiscal Year 1997 (Patent and Trademark Office) [Docket No. 960417113–6186–02] (RIN: 0651–AA82) received August 7, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4740. A letter from the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks, Department of Commerce, transmitting the Department's final rule—Miscellaneous Changes in Patent Practice [Docket No. 950620162–6014–02] (RIN: 0651–AA75) received August 14, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4741. A letter from the Executive Assistant to the Director, United States Secret Service, transmitting the Service's final rule—Color Illustrations of United States Currency (Treasury Directive No. 15–56) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on the Judiciary.

4742. A letter from the Secretary of Transportation, transmitting the Department's report entitled "Regulatory Actions Affecting Tourist Railroads," pursuant to Public Law 103–440, section 217 (108 Stat. 4624); to the Committee on Transportation and Infrastructure.

4743. A letter from the Assistant Secretary of the Army for Civil Works, Department of the Army, transmitting a draft of proposed legislation to modify the project for inland navigation at Grays Landing Lock and Dam, Monongahela River, PA; to the Committee on Transportation and Infrastructure.

4744. A letter from the Assistant Secretary of the Army for Civil Works, Department of the Army, transmitting a draft of proposed legislation to modify the project for flood control at Saw Mill Run, Pittsburgh, PA, to authorize the Secretary of the Army to construct the project at a total cost of $12,780,000; to the Committee on Transportation and Infrastructure.

4745. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—IFR Altitudes; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28621; Amdt. No. 397] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4746. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of V–2 and V–14; NY (Federal Aviation Administration) [Airspace Docket No. 95–ANE–11] (RIN: 2110–AA66) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4747. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28645; Amdt. No. 1744] (RIN: 2120–AA65) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4748. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28644; Amdt. No. 1743] (RIN: 2120–AA65) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4749. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Boone, IA (Federal Aviation Administration) [Docket No. 96–ACE–6] (RIN: 2120–AA66) (1996–0105) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4750. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Seward, NE (Federal Aviation Administration) [Docket No. 96–ACE–10] (RIN: 2120–AA66) (1996–0104) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4751. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace, Sioux City, IA (Federal Aviation Administration) [Docket No. 96–ACE–11] (RIN: 2120–AA66) (1996–0103) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4752. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Amendment of Class E Airspace; New York, NY (Federal Aviation Administration) [Airspace Docket No. 96–AEA–03] (RIN: 2120–AA66) (1996–0109) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4753. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Libby, MT (Federal Aviation Administration) [Airspace Docket No. 96–ANM–013] (RIN: 2120–AA66) (1996–0108) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4754. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Grants Pass, Oregon (Federal Aviation Administration) [Airspace Docket No. 96–ANM–012] (RIN: 2120–AA66) (1996–0107) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4755. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Menomonie, WI (Federal Aviation Administration) [Airspace Docket No. 96–AGL–4](RIN: 2120–AA66) (1996–0090) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4756. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; The New Piper Aircraft, Inc. (formerly Piper Aircraft Corporation) Models PA31, PA31–300, PA31–325, and PA31–350 Airplanes; Correction (Federal Aviation Administration) [Docket No. 90–CE–60–AD; Amendment 39–9654; AD 96–12–12] received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4757. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Fokker Model F28 Mark 1000, 2000, 3000, and 4000 Series Airplanes, and Model F28 Mark 0100 Series Airplanes (Federal Aviation Administration) [Docket No. 95–NM–87AD; Amendment 39–9706; AD 96–15–05] (RIN: 2120–AA64) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4758. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Hamilton Standard Model 14RF–9 Propellers (Federal Aviation Administration), [Docket No. 96–ANE–04; Amendment 39–9705, AD 96–08–01 R1] (RIN: 2120–AA64) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4759. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Anchorage Areas; Ashley River, Charleston, SC (U.S. Coast Guard) (RIN: 2115–AA98) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4760. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Facilities Transferring Oil or Hazardous Materials in Bulk (U.S. Coast Guard) [CGD 93–056] (RIN: 2115–AE59) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4761. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28658; Amdt. No. 1746] RIN: 2120–AA65) received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4762. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous Amendments (Federal Aviation Administration) [Docket No. 28659; Amdt. No. 1747] RIN: 2120–AA65) received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4763. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Standard Instrument Approach Procedures; Miscellaneous amendments (Federal Aviation Administration) [Docket No. 28657; Amdt. No. 1745] (RIN: 2120–AA65) received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4764. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Changes to Restricted Areas R–6302A, B, C, D, and E, Fort Hood, TX (Federal Aviation Administration) [Airspace Docket No. 96–ASW–16] (RIN: 2120–

AA66) received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4765. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of class E Airspace; Coolidge, AZ (Federal Aviation Administration) [Airspace Docket No. 95–AWP–40] received August 16, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4766. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of class E Airspace; Dexter, ME (Federal Aviation Administration) [Airspace Docket No. 96–ANE–23] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4767. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Beech (Raytheon) Model Hawker 1000 and BAe 125–1000A Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–54–AD; Amendment 39–9718; AD 96–17–09] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4768. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Beech Model 400, 400A, MU–300–10, and 2000 Airplanes, and Model 200, B200, 300, and B300 Series Airplanes (Federal Aviation Administration) [Docket No. 95–NM–255–AD; Amendment 39–9719; AD 96–17–10] (RIN 2120–AA64) received August 19, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Transportation and Infrastructure.

4769. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Raytheon Aircraft Corporation Model 1900D Airplanes [Docket No. 96–CE–41–AD; Amendment 39–9720; AD 96–15–01] (RIN 2120–AA64) received August 19, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Transportation and Infrastructure.

4770. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A310 Series Airplanes (Federal Aviation Administration) [Docket No. 95–NM–241–AD; Amendment 39–9715; AD 96–17–06] (RIN: 2120–AA64) Received August 19, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Transportation and Infrastructure.

4771. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–8 Series Airplanes Equipped with Swivel-Type Bogie Beams on the Main Landing Gears (Federal Aviation Administration) [Docket No. 95–NM–115–AD; Amendment 39–9716; AD 96–17–07] (RIN: 2120–AA64) received August 19, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Transportation and Infrastructure.

4772. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–10–10, –15, –30, –40 and KC–10A (Military) Series Airplanes (Federal Aviation Administration) [Docket No. 95–NM–177–AD; Amendment 39–9717; AD 96–17–08] received August 19, 1996, pursuant to 5 U.S.C. 801 (a)(1)(A); to the Committee on Transportation and Infrastructure.

4773. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; AlliedSignal Inc. Model T5313B Turboshaft Engines (Federal Aviation Administration) [Docket No. 96–ANE–21; Amendment 39–9709, AD 96–17–01] (RIN: 2120–AA64) received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4774. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Oxford, ME (Federal Aviation Administration) [Airspace Docket No. 96–ANE–22] received August 19, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4775. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Jetstream Model 4101 Airplanes (Federal Aviation Administration) [Docket No. 96–NM–192–AD; Amendment 39–9711; AD 96–17–03] (RIN: 2120–AA64) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4776. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; General Electric Company (GE) CF–6–80C2 Series Turbofan Engines (Federal Aviation Administration) [Docket No. 96–ANE–16; Amendment 39–9707, AD 96–16–07] (RIN: 2120–AA64) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4777. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of VOR Federal Airways; TX (Federal Aviation Administration) [Airspace Docket No. 93–ASW–4] (RIN: 2120–AA66) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4778. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of VOR Federal Airways, TX (Federal Aviation Administration) [Airspace Docket No. 93–ASW–5] (RIN: 2120–AA66) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4779. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Menomonie, WI (Federal Aviation Administration) [Airspace Docket No. 96–AGL–4] received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4780. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 727–100 and–200 Series Airplanes With a Main Desk Cargo Door Installed in Accordance with Supplemental Type Certificate (STC) SA1797SO (Federal Aviation Administration) [Docket No. 96–NM–157–AD; Amendment 39–9708; AD 96–16–08] (RIN: 2120–AA64) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4781. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 737–100 and –200 Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–4–AD; Amendment 39–9712; AD 96–17–04] (RIN: 2120–AA64) received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4782. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 757 Series Airplanes (Federal Aviation Administration) [Docket No. 96–NM–195–AD; Amendment 39–9710; AD 96–17–02] received August 12, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4783. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of VOR Federal Airways; TX [Airspace Docket No. 93–ASW–4] (RIN: 2120–AA66) received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4784. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Alteration of VOR Federal Airways; TX [Airspace Docket No. 93–ASW–5] (RIN: 2120–AA66) received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4785. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Teledyne Continental Motors (formerly Bendix) S–20, S–1200, D–2000, and D–3000 Series Magnetos (Federal Aviation Administration) [Docket No. 93–ANE–07; Amendment 39–9649; AD 96–12–07] received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4786. A letter from the General Counsel, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Hartzell Propeller Inc. HC–B3TN, HC–B5MP, HC–E4A, and HC–D4N Series Propellers (Federal Aviation Administration) [Docket No. 96–ANE–18; Amendment 39–9697; AD 96–15–04] received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

4787. A letter from the Chairman, Railroad Retirement Board, transmitting a draft of proposed legislation entitled "Railroad Unemployment Insurance Act Debt Collection Improvement Act of 1996"; to the Committee on Transportation and Infrastructure.

4788. A letter from the Assistant Secretary (Civil Works), the Department of the Army, transmitting a letter from the Chief of Engineers, Department of the Army dated November 15, 1994, submitting a report with accompanying papers and illustrations (H. Doc. No. 104–257); to the Committee on Transportation and Infrastructure and ordered to be printed.

4789. A letter from the Director, Office of Regulations Management, Department of Veterans Affairs, transmitting the Department's final rule—Appeals Regulations, Rules of Practice: Hearings before the Board of Veterans' Appeals at Department of Veterans Affairs Field Facilities (RIN: 2900–AI11) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

4790. A communication from the President of the United States, transmitting notification of the designations of Marcia E. Miller as Chair and Lynn M. Bragg as Vice Chair of the U.S. International Trade Commission, effective August 5, 1996, pursuant to 19 U.S.C. 1330(c)(1); to the Committee on Ways and Means.

4791. A letter from the Attorney-Advisor and Federal Register Certifying Officer, Department of the Treasury, transmitting the

Department's final rule—Depositaries for Federal Taxes (RIN: 1510–AA54) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4792. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Effective Date Extension for Certain Payors Revising Their Substitute Forms W-9 (Announcement 96–77) received August 8, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4793. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Time for Performance of Acts Where Last Day Falls on Saturday, Sunday, or Legal Holiday [TD 8681] (RIN: 1545–AT22) received August 13, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4794. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Administrative, Procedural, and Miscellaneous (Revenue Procedure 96–43) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4795. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Salvage Discount Factors for Each Property and Casualty Line of Business for the 1996 Accident Year (Revenue Procedure 96–45) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4796. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Loss Payment Patterns and Discount Factors for the 1996 Accident Year (Revenue Procedure 96–44) received August 21, 1996, pursuant to 5 U.S.C. 8019(a)(1)(A); to the Committee on Ways and Means.

4797. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting the Service's final rule—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property (Revenue Ruling 96–43) received August 21, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4798. A letter from the Secretary of Health and Human Services, transmitting the Department's final rule—Reduction of Reporting Requirements for the State Systems Advance Planning Document (APD) Process (RIN: 0970–AB46) received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4799. A letter from the Chief, Regulations Branch, U.S. Customs Service, transmitting the Service's final rule—Emissions Standards for Imported Nonroad Engines (RIN: 1515–AB94) received August 22, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

4800. A letter from the Chairman, U.S. International Trade Commission, transmitting the 47th report on the operation of the U.S. trade agreements program during 1995, pursuant to 19 U.S.C. 2213(b); to the Committee on Ways and Means.

4801. A letter from the Comptroller General of the United States, transmitting the Comptroller General's report on GAO employees detailed to congressional committees as of July 19, 1996, pursuant to Public Law 101–520; jointly, to the Committees on Appropriations and Government Reform and Oversight.

4802. A letter from the Secretary of Energy, transmitting the third annual report on building energy efficiency standards activities, pursuant to Public Law 102–486, section 101(a) (106 Stat. 2786); jointly, to the Committee on Commerce and Transportation and Infrastructure.

4803. A letter from the Chair of the Board, Office of Compliance, transmitting a notice for publication in the Congressional Record, pursuant to 2 U.S.C. 1384(b); jointly, to the Committees on House Oversight and Economic and Educational Opportunities.

4804. A letter from the Assistant Secretary for Pension and Welfare Benefits, Department of Labor, transmitting the Department's final rule—Class Exemption to Permit the Restoration of Delinquent Participant Contributions to Plans [Application No. D–10218] received August 5, 1996, pursuant to 5 U.S.C. 801(a)(1)(A); jointly, to the Committees on Ways and Means and Economic and Educational Opportunities.

4805. A letter from the Secretary of Health and Human Services, transmitting the Department's recommendations for the calendar year 1997 physician fee schedule update and fiscal year 1997 Medicare Volume Performance Standards, pursuant to Public Law 101–239, section 6102(a) (103 Stat. 2176); jointly, to the Committees on Ways and Means and Commerce.

4806. A letter from the Secretary of Energy, transmitting a comprehensive report on the Clean Coal Technology Program entitled "Clean Power from Integrated Coal/Ore Reduction (CPICOR)," pursuant to Public Law 102–154; jointly, to the Committees on Commerce, Science, and Appropriations.

4807. A letter from the Secretary of Defense, transmitting the second fiscal year 1995 semiannual report on program activities to facilitate weapons destruction and nonproliferation in the former Soviet Union, pursuant to 22 U.S.C. 5956; jointly, to the Committees on International Relations, Appropriations, and National Security.

4808. A letter from the Secretary of Veterans Affairs, transmitting a draft of proposed legislation to require the Secretary of Veterans Affairs and the Secretary of Health and Human Services to carry out a model project to provide the Department of Veterans Affairs with Medicare reimbursement for Medicare health-care services provided to certain Medicare-eligible veterans; jointly, to the Committees on Veterans' Affairs, Commerce, and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2135. A bill to provide for the correction of boundaries of certain lands in Clark County, NV, acquired by persons who purchased such lands in good faith reliance on existing private land surveys; with amendments (Rept. 104–755). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 401. A bill entitled the "Kenai Natives Association Equity Act", with an amendment (Rept. 104–756). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2107. A bill to amend the Land and Water Conservation Fund Act of 1965 to improve the quality of visitor services provided by Federal land management agencies through an incentive-based recreation fee program, and for other purposes; with an amendment (Rept. 104–757). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 1179. A bill to authorize appropriations for the preservation and restoration of historic buildings at historically black college and universities; with an amendment (Rept. 104–758). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3547. A bill to provide for the conveyance of a parcel of real property in the Apache National Forest in the State of Arizona to the Alpine Elementary School District 7 to be used for the construction of school facilities and related playing fields; with an amendment (Rept. 104–759). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3147. A bill to provide for the exchange of certain Federal lands in the State of California managed by the Bureau of Land Management of certain non-Federal lands, and for other purposes; with an amendment (Rept. 104–760). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2711. A bill to provide for the substitution of timber for the canceled Elkhorn Ridge Timber Sale (Rept. 104–761, Pt. 1). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2710. A bill to provide for the conveyance of certain land in the State of California to the Hoopa Valley Tribe; with an amendment (Rept. 104–762). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2709. A bill to provide the conveyance of certain land to the Del Norte County Unified School District of Del Norte County, with an amendment (Rept. 104–763). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2518. A bill to authorize the Secretary of Agriculture to exchange certain lands in the Wenatachee National Forest, WA, for certain lands owned by Public Utility District No. 1 of Chelan County, WA, and for other purposes; with an amendment (Rept. 104–764). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2512. A bill to provide for certain benefits of the Missouri River basin Pick-Sloan project to the Crow Creek Sioux Tribe, and for other purposes; with amendments (Rept. 104–765). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2438. A bill to provide for the conveyance of lands to certain individuals in Gunnison County, CO, and for other purposes; with an amendment (Rept. 104–766). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3642. A bill to provide for the transfer of public lands to certain California Indian Tribes (Rept. 104–767). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3903. A bill to require the Secretary of the Interior to sell the Sly Park

Dam and Reservoir, and for other purposes; with an amendment (Rept. 104–768).

Mr. YOUNG of Alaska: Committee on Resources. S. 1467. A act to authorize the construction of the Fort Peck Rural County Water Supply System, to authorize assistance to the Fort Peck Rural County Water District, Inc., a nonprofit corporation, for the planning, design, and construction of the water supply system, and for other purposes; with an amendment (Rept. 104–769). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3910. A bill to provide emergency drought relief to the city of Corpus Christi, TX, and the Canadian River Municipal Water Authority, Texas, and for other purposes; with an amendment (Rept. 104–770). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 3537. A bill to improve coordination of Federal Oceanographic programs; with an amendment (Rept. 104–771, Pt. 1). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Resources. H.R. 2122. A bill to designate the Lake Tahoe Basin National Forest in the States of California and Nevada to be administered by the Secretary of Agriculture, and for other purposes; with an amendment (Rept. 104–772, Pt. 1). Referred to the Committee of the Whole House on the State of the Union.

Mr. LINDER: Committee on Rules. House Resolution 516. Resolution providing for consideration of the bill (H.R. 3719) to amend the Small Business Act and the Small Business Investment Act of 1958 (Rept. 104–773). Referred to the House Calendar.

Mr. SOLOMON. Committee on Rules. House Resolution 517. Resolution providing for consideration of the bill (H.R. 3308) to amend title 10, United States Code, to limit the placement of United States forces under United Nations operational or tactical control, and for other purposes (Rept. 104–774). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 5 of rule X the Committee on Agriculture discharged from further consideration. H.R. 2122 referred to the Committee of the Whole House on the State of the Union.

BILLS PLACED ON THE CORRECTIONS CALENDAR

Under clause 4 of rule XIII, the Speaker filed with the Clerk a notice requesting that the following bills be placed upon the Corrections Calendar:

H.R. 3056. A bill to permit a county-operated health insuring organization to qualify as an organization exempt from certain requirements otherwise applicable to health insuring organizations under the Medicaid program notwithstanding that the organization enrolls Medicaid beneficiaries residing in another county.

TIME LIMITATION OF REFERRED BILL

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 2122. Referral to the Committee on Agriculture extended for a period ending not later than September 4, 1996.

H.R. 3537. Referral to the Committees on National Security and Science extended for a period ending not later than October 4, 1996.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. YOUNG of Alaska:

H.R. 4018. A bill to make technical corrections in the Federal Oil and Gas Royalty Management Act of 1982; to the Committee on Resources.

By Mr. BILBRAY:

H.R. 4019. A bill to amend the Fair Housing Act, and for other purposes; to the Committee on the Judiciary.

By Mrs. CUBIN:

H.R. 4020. A bill to provide for the retention of the name of the mountain at the Devils Tower National Monument in Wyoming known as "Devils Tower"; to the Committee on Resources.

By Mr. NEY (for himself and Mr. TRAFICANT):

H.R. 4021. A bill to authorize the Secretary of the Army to convey certain real properties of the Corps of Engineers in the State of Ohio to local governments of the State of Ohio; to the Committee on Transportation and Infrastructure.

By Mr. STARK:

H.R. 4022. A bill to amend title XVIII of the Social Security Act to reduce the Medicare payment for general overhead costs of transplant centers in acquiring organs for transplant from organ procurement organizations; to the Committee on Ways and Means.

By Mr. STUPAK (for himself, Mr. KNOLLENBERG, Mr. UPTON, Mr. BARCIA of Michigan, Ms. RIVERS, Mr. CHRYSLER, Mr. LEVIN, Mr. EHLERS, Mr. HOEKSTRA, and Mr. DINGELL):

H.R. 4023. A bill to amend act of October 21, 1970, establishing the Sleeping Bear Dunes National Lakeshore to permit certain persons to continue to use and occupy certain areas within the lakeshore, and for other purposes; to the Committee on Resources.

By Mr. MOORHEAD:

H.J. Res. 189. Joint resolution granting the consent of Congress to the Interstate Insurance Receivership Compact; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DICKEY:

H.R. 4024. A bill to require approval of an application for compensation for the death of Wallace B. Sawyer, Jr.; to the Committee on the Judiciary.

By Mr. FORBES:

H.R. 4025. A bill for the relief of the estate of Gail E. Dobert; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 43: Mr. BROWN of California and Ms. MCKINNEY.

H.R. 488: Mr. MARKEY and Mr. GILCHREST.

H.R. 540: Mr. MANZULLO.

H.R. 573: Mr. EVANS.

H.R. 863: Mr. COYNE.

H.R. 941: Mr. GILMAN and Ms. DELAURO.

H.R. 972: Mr. BARRETT of Nebraska and Mr. COMBEST.

H.R. 1073: Mr. MCHUGH, Mr. MASCARA, Mr. KOLBE, Mr. FORBES, and Mr. GILMAN.

H.R. 1074: Mr. MCHUGH, Mr. LEWIS of Georgia, Mr. MASCARA, Mr. KOLBE, Mr. FORBES, Mr. GILMAN, and Mr. COBURN.

H.R. 1078: Mr. LEWIS of Georgia.

H.R. 1100: Ms. NORTON, Mr. BLUMENAUER, Ms. DELAURO, Mr. ORTON, and Mr. GREEN of Texas.

H.R. 1363: Mr. LIPINSKI.

H.R. 1406: Ms. MILLENDER-MCDONALD, Mr. CONYERS, Mr. BURTON of Indiana, and Mr. PASTOR.

H.R. 1884: Mr. BROWN of California.

H.R. 2011: Mr. BARCIA of Michigan, Mr. DOYLE, Mr. NORWOOD, and Mr. HOBSON.

H.R. 2200: Mr. SMITH of Texas and Mr. SCARBOROUGH.

H.R. 2209: Mr. BAKER of Louisiana, Mr. SAWYER, Mr. GUNDERSON, Ms. KAPTUR, and Mr. NEAL of Massachusetts.

H.R. 2247: Mr. LEACH.

H.R. 2579: Mr. CUMMINGS.

H.R. 2654: Mr. MARTINEZ.

H.R. 2748: Mr. GILMAN, Mr. HINCHEY, Mr. BROWN of California, and Mr. LANTOS.

H.R. 2751: Ms. BROWN of Florida.

H.R. 2827: Ms. FURSE.

H.R. 2864: Mr. BEREUTER.

H.R. 2900: Mr. DEAL of Georgia, Mr. GUTKNECHT, Mr. MORAN, Mr. CRAMER, Mr. SANDERS, Mr. TRAFICANT, Mr. BARR, and Mr. BROWNBACK.

H.R. 2943: Mr. PETRI.

H.R. 3012: Mr. HINCHEY, Mr. STOKES, Ms. RIVERS, Ms. ROYBAL-ALLARD, Mrs. MORELLA, Ms. ESHOO, Mr. DIXON, Mr. HUTCHINSON, and Mr. CREMEANS.

H.R. 3067: Mr. BILBRAY.

H.R. 3077: Mr. MCCOLLUM, Mr. WELLER, and Mr. LEACH.

H.R. 3119: Mr. HINCHEY.

H.R. 3123: Mr. STEARNS.

H.R. 3178: Ms. MILLENDER-MCDONALD and Mr. MATSUI.

H.R. 3226: Mr. PAYNE of New Jersey, Mr. HASTINGS of Florida, Mr. ENGEL, Mr. BRYANT of Texas, Mr. PALLONE, Mr. METCALF, Mr. QUINN, Mr. FRANK of Massachusetts, and Mr. CLEMENT.

H.R. 3307: Mr. STENHOLM.

H.R. 3385: Mr. COBLE.

H.R. 3393: Mr. NADLER.

H.R. 3401: Mr. LANTOS, Mr. BAKER of Louisiana, and Mr. DEUTSCH.

H.R. 3427: Mr. BLUTE.

H.R. 3447: Mr. MCCOLLUM and Mr. BILIRAKIS.

H.R. 3460: Mr. PICKETT.

H.R. 3565: Mr. BAKER of Louisiana, Mr. KLUG, and Mr. OXLEY.

H.R. 3580: Mr. BEREUTER and Mr. SMITH of Texas.

H.R. 3591: Mr. WAXMAN, Mr. BROWN of California, Mr. FILNER, Mr. MARTINEZ, and Mr. FAZIO of California.

H.R. 3631: Mr. TOWNS, Mr. BENTSEN, Mr. THOMPSON, Mr. COLEMAN, Mr. DEUTSCH, Mr. PORTER, Mr. DICKS, Mr. CLAY, Mr. HERGER, and Mr. QUILLEN.

H.R. 3652: Mr. SHAYS, Mr. DELLUMS, and Mr. STARK.

H.R. 3688: Mr. FAZIO of California.

H.R. 3714: Mr. MENENDEZ, Mr. MINGE, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. STUPAK, Mr. FAZIO of California, Mr. STUMP, Mr. OLVER, Mr. FILNER, Mr. GEJDENSON, Mr. LAFALCE, Mr. HOBSON, and Mr. WILLIAMS.

H.R. 3724: Mr. BAKER of Louisiana.

H.R. 3747: Mr. CLYBURN, Ms. NORTON, and Mr. FRAZER.

H.R. 3748: Ms. FURSE, Mr. FATTAH, Mr. BALDACCI, and Mr. ROMERO-BARCELO.

H.R. 3784: Mr. ZIMMER.

H.R. 3793: Mr. ACKERMAN.

H.R. 3839: Mr. LANTOS and Mr. DOYLE.

H.R. 3852: Mr. FAZIO of California, Mr. COBLE, Mr. CANADY, Mr. NETHERCUTT, and Mr. SOLOMON.

H.R. 3896: Mr. ACKERMAN.

H.R. 3908: Mr. HEINEMAN.

H.R. 3917: Mr. STARK, Mr. BEILENSON, Ms. LOFGREN, Mr. LEWIS of Georgia, Mrs. LOWEY, and Mr. SCHUMER.

H.R. 3920: Ms. FURSE, Mr. SANDERS, and Mr. DEFAZIO.

H.R. 3928: Mr. FARR.

H.R. 3942: Mr. ROEMER, Mr. RAHALL, Mr. NORWOOD, Mr. STUPAK, Mr. HAMILTON, and Mr. WISE.

H.R. 3963: Mr. BAKER of Louisiana, Mr. BEREUTER, and Mr. BENTSEN.

H.R. 4011: Mr. COLLINS of Georgia, Mr. MARTINI, Mr. BASS, Mr. BARRETT of Nebraska, Mr. GANSKE, Mr. KOLBE, and Ms. DUNN of Washington.

H.J. Res. 174: Mr. TATE.

H. Con. Res. 120: Mr. LANTOS and Mr. MANTON.

H. Con. Res. 199: Mr. BROWN of California, Ms. NORTON, Mrs. MINK of Hawaii, Mr. FILNER, Mr. ACKERMAN, Mr. HILLIARD and Mr. DAVIS.

H. Res. 413: Mr. HUTCHINSON.

H. Res. 515: Mr. HALL of Ohio, Mr. FRANKS OF NEW JERSEY, Mr. FROST, Mr. CUNNINGHAM, Mr. DAVIS, Mr. MANZULLO, and Mr. STEARNS.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3719

OFFERED BY: MR. LAFALCE

AMENDMENT NO. 1: Page 7, line 24, strike "3" and insert "7".

Page 9, line 8, strike "after August 1, 1996".

Page 9, line 11, after "lenders" insert "unless the Administrator determines that the lender, on a case by case basis, has undertaken other agreements which retain an acceptable exposure to loss by the lender in the event of default of a loan being securitized".

H.R. 3719

OFFERED BY: MR. LAFALCE

AMENDMENT NO. 2: Page 17, line 9, after "percent" insert "but not to exceed 6 per centum per annum".

H.R. 3719

OFFERED BY: MR. LAFALCE

AMENDMENT NO. 3: Page 33, line 18, strike "0.8125" and insert "0.9375".

H.R. 3719

OFFERED BY: MR. LAFALCE

AMENDMENT NO. 4: Page 37, strike lines 17 and 18 and insert the following:

"(3) have a minimum of 2 years experience, in liquidating".

Page 38, line 5, after "funds" insert ", subject to such company obtaining prior written approval from the Administrator before committing the agency to purchase any other indebtedness secured by the property".

Page 38, line 8, after "practices" insert "pursuant to a liquidation plan approved by the Administrator in advance of its implementation".

H.R. 3719

OFFERED BY: MR. LAFALCE

AMENDMENT NO. 5: Page 42, after line 8 insert the following:

SEC. 207. DEFINITIONS.

(a) SMALL BUSINESS CONCERN.—Section 103(5) (15 U.S.C. 662(5)) is amended by inserting before the semicolon the following: ", except that, for the purposes of this Act, an investment by a venture capital firm, investment company (including a small business investment company) employee welfare benefit plan or pension plan, or trust, foundation, or endowment that is exempt from Federal income taxation—

"(A) shall not cause a business concern to be deemed not independently owned and operated;

"(B) shall be disregarded in determining whether a business concern satisfies size standards established pursuant to section 3(a)(2) of the Small Business Act; and

"(C) shall be disregarded in determining whether a small business concern is a smaller enterprise".

(b) PRIVATE CAPITAL.—Section 103(9) (15 U.S.C. 662(9)) is amended to read as follows:

"(9) the term 'private capital'—

"(A) means the sum of—

"(i) the paid-in capital and paid-in surplus of a corporate licensee, the contributed capital of the partners of a partnership licensee, or the equity investment of the members of a limited liability company licensee; and

"(ii) unfunded binding commitments, from investors that meet criteria established by the Administrator, to contribute capital to the licensee; provided that such unfunded commitments may be counted as private capital for purposes of approval by the Administrator of any request for leverage, but leverage shall not be funded based on such commitments; and

"(B) does not include any—

"(i) funds borrowed by a licensee from any source;

"(ii) funds obtained through the issuance of leverage; or

"(iii) funds obtained directly or indirectly from any Federal, State, or local government, or any government agency or instrumentality, except for—

"(I) funds invested by an employee welfare benefit plan or pension plan; and

"(II) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the licensee);".

(c) NEW DEFINITIONS.—Section 103 (15 U.S.C. 662) is amended by striking paragraph (10) and inserting the following:

"(10) the term 'leverage' includes—

"(A) debentures purchased or guaranteed by the Administration;

"(B) participating securities purchased or guaranteed by the Administration; and

"(C) preferred securities outstanding as of October 1, 1996;

"(11) the term 'third party debt' means any indebtedness for borrowed money, other than indebtedness owed to the Administration;

"(12) the term 'smaller enterprise' means any small business concern that, together with its affiliates—

"(A) has—

"(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this Act to that business concern; and

"(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this Act to that business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses); or

"(B) satisfies the standard industrial classification size standards established by the Administration for the industry in which the small business concern is primarily engaged;

"(13) the term 'qualified nonprivate funds' means any—

"(A) funds directly or indirectly invested in any applicant or licensee on or before August 16, 1982, by any Federal agency, other than the Administration, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital';

"(B) funds directly or indirectly invested in any applicant or licensee by any Federal agency under a provision of law enacted after September 4, 1992, explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

"(C) funds invested in any applicant or licensee by one or more State or local government entities (including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or licensee;

"(14) the terms 'employee welfare benefit plan' and 'pension plan' have the same meanings as in section 3 of the Employee Retirement Income Security Act of 1974, and are intended to include—

"(A) public and private pension or retirement plans subject to such Act; and

"(B) similar plans not covered by such Act that have been established and that are maintained by the Federal Government or any State or political subdivision, or any agency or instrumentality thereof, for the benefit of employees;

"(15) the term 'member' means, with respect to a licensee that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company; and

"(16) the term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company statute approved by the Administration.".

SEC. 208. ORGANIZATION OF SMALL BUSINESS INVESTMENT COMPANIES.

(a) LIMITED LIABILITY COMPANIES.—Section 301(a) (15 U.S.C. 681(a)) is amended in the first sentence, by striking "body or" and inserting "body, a limited liability company, or".

(b) ISSUANCE OF LICENSE.—Section 301(c) (15 U.S.C. 681(c)) is amended to read as follows:

"(c) ISSUANCE OF LICENSE.—

"(1) SUBMISSION OF APPLICATION.—Each new applicant for a license to operate as a small business investment company under this Act shall submit to the Administrator an application, in a form and including such documentation as may be prescribed by the Administrator.

"(2) PROCEDURES.—

"(A) STATUS.—Not later than 90 days after the initial receipt by the Administrator of an application under this subsection, the Administrator shall provide the applicant with a written report detailing the status of the application and any requirements remaining for completion of the application.

"(B) APPROVAL OR DISAPPROVAL.—Within a reasonable time after receiving a completed application submitted in accordance with this subsection and in accordance with such requirements as the Administrator may prescribe by regulation, the Administrator shall—

"(i) approve the application and issue a license for such operation to the applicant if the requirements of this section are satisfied; or

"(ii) disapprove the application and notify the applicant in writing of the disapproval.

"(3) MATTERS CONSIDERED.—In reviewing and processing any application under this subsection, the Administrator—

"(A) shall determine whether—

"(i) the applicant meets the requirements of subsections (a) and (c) of section 302; and

"(ii) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this Act;

"(B) shall take into consideration—

"(i) the need for and availability of financing for small business concerns in the geographic area in which the applicant is to commence business;

"(ii) the general business reputation of the owners and management of the applicant; and

"(iii) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

"(C) shall not take into consideration any projected shortage or unavailability of leverage.

"(4) EXCEPTION.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, the Administrator may, in the discretion of the Administrator and based on a showing of special circumstances and good cause, approve an application and issue a license under this subsection with respect to any applicant that—

"(i) has private capital of not less than $3,000,000;

"(ii) would otherwise be issued a license under this subsection, except that the applicant does not satisfy the requirements of section 302(a); and

"(iii) has a viable business plan reasonably projecting profitable operations and a reasonable timetable for achieving a level of private capital that satisfies the requirements of section 302(a).

"(B) LEVERAGE.—An applicant licensed pursuant to the exception provided in this paragraph shall not be eligible to receive leverage as a licensee until the applicant satisfies the requirements of section 302(a).".

(c) REPORT ON SMALLER BUSINESS INVESTMENT COMPANIES.—Not later than 90 days after the date of the enactment of this Act, the Administrator shall, after consultation with smaller small business investment companies, submit to the Committees on Small Business of House of Representatives and the Senate, a report on the feasibility of permitting smaller debt oriented small business investment companies to establish a separate corporate entity that would be authorized to participate in the loan program authorized under section 7(a) of the Small Business Act (15 U.S.C. 636(a)). The report shall include information regarding eligibility, capitalization, and audit and regulatory oversight matters.

SEC. 209. CAPITAL REQUIREMENTS.

(a) INCREASED MINIMUM CAPITAL REQUIREMENTS.—Section 302(a) (15 U.S.C. 682(a)) is amended by striking "(a)" and all that follows through "The Administration shall also determine the ability of the company," and inserting the following:

"(a) AMOUNT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each licensee shall be not less than—

"(A) $2,500,000; or

"(B) $5,000,000, with respect to each licensee authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Administration under this Act.

"(2) ADEQUACY.—In addition to the requirements of paragraph (1), the Administrator shall—

"(A) determine whether the private capital of each licensee is adequate to assure a reasonable prospect that the licensee will be operated soundly and profitably, and managed actively and prudently in accordance with its articles; and

"(B) determine that the licensee will be able".

(b) EXEMPTION FOR CERTAIN LICENSEES.—Section 302(a) (15 U.S.C. 682(a)) is amended by adding at the end the following new paragraph:

"(4) EXEMPTION FROM CAPITAL REQUIREMENTS.—Any company licensed under subsection (c) or (d) of section 301 before the date of enactment of the Small Business Programs Improvement Act of 1996 shall be exempt from the capital requirements in paragraph (1): *Provided*, That any such company shall be eligible to apply for leverage from the Administration only if—

"(A) the licensee certifies in writing that not less than 50 percent of the aggregate dollar amount of its financings after the date of enactment of the Small Business Investment Company Improvement Act of 1996 will be provided to smaller enterprises; and

"(B) the Administrator determines that—

"(i) the licensee has been profitable for three of the last four years, and for the average of all four years;

"(ii) the licensee is not committing a continuing violation of a major regulation of the Administration; and

"(iii) such action would not create or otherwise contribute to an unreasonable risk of default or loss to the United States Government.

And, *Provided further*, That any such company may apply for leverage to refinance a maturing debenture without regard to the profitability requirements in clause (i) above.".

(c) DIVERSIFICATION OF OWNERSHIP.—Section 302(c) (15 U.S.C. 682(c)) is amended by adding the following new subsection:

"(d) DIVERSIFICATION OF OWNERSHIP.—The Administrator shall ensure that the management of each licensee applying for a license after the date of enactment of the Small Business Investment Company Improvement Act of 1996 is sufficiently diversified from and unaffiliated with the ownership of the licensee in a manner that ensures independence and objectivity in the financial management and oversight of the investments and operations of the licensee.".

SEC. 210. BORROWING.

(a) DEBENTURES.—Section 303(b) (15 U.S.C. 683(b)) is amended in the first sentence, by striking "(but only" and all that follows through "terms)".

(b) THIRD PARTY DEBT.—Section 303(b) (15 U.S.C. 683(b)) is amended by adding the following new subsections:

"(5) THIRD PARTY DEBT.—The Administrator—

"(1) shall not permit a licensee having outstanding leverage to incur third party debt that would create or contribute to an unreasonable risk of default or loss to the Federal Government; and

"(2) shall permit such licensees to incur third party debt only on such terms and subject to such conditions as may be established by the Administrator, by regulation or otherwise.".

"(6) REQUIREMENT TO FINANCE SMALLER ENTERPRISES.—The Administrator shall require each licensee, as a condition of approval of an application for leverage, to certify in writing that not less than 20 percent of the aggregate dollar amount of the financings of the licensee will be provided to smaller enterprises.".

"(7) CAPITAL IMPAIRMENT.—Before approving any application for leverage submitted by a licensee under this Act, the Administrator—

"(1) shall determine that the private capital of the licensee meets the requirements of section 302(a); and

"(2) shall determine, taking into account the nature of the assets of the licensee, the amount and terms of any third party debt owed by such licensee, and any other factors determined to be relevant by the Administrator, that the private capital of the licensee has not been impaired to such an extent that the issuance of additional leverage would create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.".

(e) EQUITY INVESTMENT REQUIREMENT.—Section 303(g)(4) (15 U.S.C. 683(g)(4)) is amended by striking "and maintain".

(f) FEES.—Section 303 (15 U.S.C. 683) is amended—

(1) in subsection (b), in the fifth sentence, by striking "1 per centum," and all that follows before the period at the end of the sentence and inserting the following: "1 percent, plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration";

(2) in subsection (g)(2), by striking "1 per centum," and all that follows before the period at the end of the paragraph and inserting the following: "1 percent, plus an additional charge of 1 percent per annum which shall be paid to and retained by the Administration"; and

(3) by adding at the end the following new subsections:

"(i) LEVERAGE FEE.—With respect to leverage granted by the Administration to a licensee, the Administration shall collect from the licensee a nonrefundable fee in an amount equal to 3 percent of the face amount of leverage granted to the licensee, payable upon the earlier of the date of entry into any commitment for such leverage or the date on which the leverage is drawn by the licensee.

"(j) CALCULATION OF SUBSIDY RATE.—All fees, interest, and profits received and retained by the Administration under this section shall be included in the calculations made by the Director of the Office of Management and Budget to offset the cost (as that term is defined in section 502 of the Federal Credit Reform Act of 1990) to the Administration of purchasing and guaranteeing debentures and participating securities under this Act, except that the Administration is authorized to continue to use for the payment of salaries such commitment fees as are being collected by the Administration on the effective date of the Small Business Investment Company Reform Act of 1996.".

(g) REPEALER.—The amendments made by subsection 210(f) of the Small Business Programs Improvement Act of 1996 shall be effective as to leverage approved on or after October 1, 1996 and shall cease to be effective for financings approved on or after October 1, 1997.

SEC. 211. LIABILITY OF THE UNITED STATES.

Section 308(e) (15 U.S.C. 687(e)) is amended by striking "Nothing" and inserting "Except as expressly provided otherwise in this Act, nothing".

SEC. 212. EXAMINATIONS; VALUATIONS.

(a) EXAMINATIONS.—Section 310(b) (15 U.S.C. 687b(b)) is amended in the first sentence by inserting "which may be conducted with the assistance of a private sector entity that has both the qualifications to conduct and expertise in conducting such examinations," after "Investment Division of the Administration,".

(b) VALUATIONS.—Section 310(d) (15 U.S.C. 687b(d)) is amended to read as follows:

"(d) VALUATIONS.—

"(1) FREQUENCY OF VALUATIONS.—

"(A) IN GENERAL.—Each licensee shall submit to the Administrator a written valuation of the loans and investments of the licensee not less often than semiannually or otherwise upon the request of the Administrator, except that any licensee with no leverage outstanding shall submit such valuations annually, unless the Administrator determines otherwise.

"(B) MATERIAL ADVERSE CHANGES.—Not later than 30 days after the end of a fiscal quarter of a licensee during which a material adverse change in the aggregate valuation of the loans and investments or operations of the licensee occurs, the licensee shall notify the Administrator in writing of the nature and extent of that change.

"(C) INDEPENDENT CERTIFICATION.—

"(i) IN GENERAL.—Not less than once during each fiscal year, each licensee shall submit to the Administrator the financial statements of the licensee, audited by an independent certified public accountant approved by the Administrator.

"(ii) AUDIT REQUIREMENTS.—Each audit conducted under clause (i) shall include—

"(I) a review of the procedures and documentation used by the licensee in preparing the valuations required by this section; and

"(II) a statement by the independent certified public accountant that such valuations were prepared in conformity with the valuation criteria applicable to the licensee established in accordance with paragraph (2).

"(2) VALUATION CRITERIA.—Each valuation submitted under this subsection shall be prepared by the licensee in accordance with valuation criteria, which shall—

"(A) be established or approved by the Administrator; and

"(B) include appropriate safeguards to ensure that the noncash assets of a licensee are not overvalued.".

SEC. 213. TRUSTEE OR RECEIVERSHIP OVER LICENSEES.

(a) FINDING.—It is the finding of the Congress that increased recoveries on assets in liquidation under the Small Business Investment Act of 1958 are in the best interests of the Federal Government.

(b) DEFINITIONS.—For purposes of this section—

(1) the term "Administrator" means the Administrator of the Small Business Administration;

(2) the term "Administration" means the Small Business Administration; and

(3) the term "licensee" has the same meaning as in section 103 of the Small Business Investment Act of 1958.

(c) LIQUIDATION PLAN.—

(1) IN GENERAL.—Not later than 90 days after date of enactment of this Act, the Administrator shall submit to the Committees on Small Business of the Senate and the House of Representatives a detailed plan to expedite the orderly liquidation of all licensee assets in liquidation, including assets of licensees in receivership or in trust held by or under the control of the Administration or its agents.

(2) CONTENTS.—The plan submitted under paragraph (1) shall include a timetable for liquidating the liquidation portfolio of small business investment company assets owned by the Administration, and shall contain the Administrator's findings and recommendations on various options providing for the fair and expeditious liquidation of such assets within a reasonable period of time, giving due consideration to the option of entering into one or more contracts with private sector entities having the capability to carry out the orderly liquidation of similar assets.

(3) REPORT.—Not later than 90 days after the date of enactment of this Act, the Comptroller General of the United States shall submit to the Committees on Small Business of the Senate and the House of Representatives a report on the activities and expenditures of the receiver's agents employed by or under contract with the Investment Division of the Small Business Administration. The report shall detail the qualifications and experience of the receiver's agents, their billing practices and procedures, expenses, costs, overhead, and use of outside contractors or attorneys.

SEC. 214. TECHNICAL AND CONFORMING AMENDMENTS.

The Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.) is amended in subsection (a) of section 303 by striking "debenture bonds" and inserting "securities," and by striking subsection (f) and redesignating subsequent subsections accordingly.

H.R. 3719

OFFERED BY: MRS. MEYERS OF KANSAS

AMENDMENT NO. 6: Title II, Section 202 is amended as follows:

On page 33, line 15, Strike "0.8125" and insert "0.9375".

Title I, Section 103 is amended as follows:

On page 7, line 24, by striking "3 business days", and inserting "5 business days".

Title I, Section 103 is amended as follows:

On page 9, strike lines 1 through 11, and insert the following:

"is amended by adding at the end the following: "The Administration may not prohibit a lender from securitizing the non-guaranteed portion of any loan made under section 7(a) solely due to the status of the lender as a depository or non-depository institution. In order to reduce the risk of loss to the government in the event of default, the Administration may require any lender securitizing the non-guaranteed portion of any loan to retain exposure of up to ten percent of the amount of the loan.".

Title I, Section 104 is amended as follows:

On page 16, by striking line 23, and inserting the following:

"shall be—(a) in the case of a homeowner, or business, or"

On page 17, line 9, by striking the period, inserting a semicolon, and adding the following:

"(b) in the case of a homeowner, or business or other concern, including agricultural cooperatives able to obtain credit elsewhere, at the rate prescribed by the Administration but not more than the rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans plus an additional charge of not to exceed one percent per annum as determined by the Administrator, and adjusted to the nearest ⅛ of one percent.".

H.R. 3719

OFFERED BY: MR. TALENT

AMENDMENT NO. 7: Page 9, line 4, before the period insert "solely on the status of the lender as a depository institution";

Page 9, line 5, strike "shall require all" and insert "may require";

Page 9, line 8, strike "August 1" and insert "October 1"; and

Page 9, line 9, strike ", which percentage shall be applicable uniformly to both depository institutions and other lenders".

EXTENSIONS OF REMARKS

STOPPING IRANIAN TERRORISM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. GINGRICH. Mr. Speaker, I want to take this opportunity to share the following editorial from the August 7, 1996, Philadelphia Inquirer, by Trudy Rubin on "Stopping Iranian Terrorism."

As this article points out, the current regime in Iran is dangerous and actively working against the principles of freedom, democracy, and human rights. Iran's actions should worry not only all Americans but our friends and allies around the world as well. The Iran Oil Sanctions Act of 1996 which we passed this summer will help to increase the pressure on the dictatorship in Iran.

As Charles Krauthammer recently noted, in President Clinton's attempts to mobilize the United States against terrorism, "the rhetoric far outran the real measures proposed." Mr. Krauthammer goes on to recognize that what is lacking is deterrence. "All this effort with wiretapping, bomb-sniffing, intelligence-sharing is aimed at reducing the terrorists' ability to carry out their attacks. What we are not doing is diminishing their will to carry out attacks." I strongly agree with him that we should be committed to a sustained and unrelenting effort to destroy those who are responsible for supporting, promoting, and carrying out terrorist acts.

Finally, President Clinton and his administration failed to lay the groundwork with our allies by building the case against Iran. At the recent world summit on terrorism in Paris, the administration did not even raise the issue of Iran. I certainly hope that President Clinton will take note of Iran's actions and vigorously pursue the steps necessary to safeguard our Nation against terrorists.

European leaders love to label Americans naive for viewing the world in terms of good and evil.

They sneered when Ronald Reagan termed the Soviet Union an "evil empire" (he was right). They opposed U.S. moves to quarantine Saddam Hussein before 1990 (he was evil).

And now the European Union is fiercely resisting America's call to isolate Iran as a state sponsor of terrorism. In righteous tones, the French and Germans urge America to hold a "constructive dialogue" with Tehran's mullahs.

But how can you conduct a "constructive" dialogue with a country that carries on a foreign policy that flouts all civilized rules?

The Europeans may insist on painting Iran's behavior in gray tones—attributing it to ongoing political struggles between pragmatists and radicals—but the facts present themselves in black and white.

While U.S. officials haven't found any direct Iranian link to the bombing of U.S. servicemen in Saudi Arabia or the TWA explosion, they are investigating several disturbing leads:

Iran has a network of 11 terrorist training camps inside its borders, according to recent news reports citing U.S. intelligence sources. The camps teach skills such as bomb making to trainees from around the Islamic world, including Egyptians, Palestinians and Saudis. Iran's clerical rulers oppose Mideast governments that support the peace process with Israel, and exhort Muslims to replace them with radical Islamist regimes. They also call for Islamists to drive U.S. troops out of Saudi Arabia.

Secretary of Defense William Perry has said the bomb that killed 19 U.S. servicemen in Dhahran was so sophisticated that the bombers must have had "an international connection." (But Perry backed off an earlier statement that Iran was "possibly" responsible.) One line of speculation: Iran might have smuggled explosives into Saudi Arabia earlier this year hidden in a shipment of computers headed to an international trade fair.

Only a few days before the explosion in Dhahran, a secret terrorism summit was held in Tehran, according to the National Council of Resistance of Iran, the most active Iranian exile group. The meeting gathered heads of Iranian intelligence agencies along with leaders of radical Mideast Islamists to discuss attacks against U.S. targets.

Iran has perfected a new kind of weapon—a transportable long-range, time-delayed mortar—for use abroad in terrorist operations. The new mortar threat is one reason U.S. troops are being moved to remote base in Saudi Arabia. Iranian dissidents say Tehran has manufactured 20 of these mortars; one was discovered last March hidden in a cargo of pickled cucumbers on an Iranian freighter docked in Antwerp. Possible European targets; Israeli diplomats or Iranian dissidents.

A Lebanese terrorist trained by Iranian revolutionary guards flew into Israel on April 4 with high-powered plastic explosives hidden in a carry-on bag. Fortunately, he only blew off his own legs and an arm in a Jerusalem hotel room while assembling a bomb. But if he could smuggle plastique onto Swissair in Zurich undetected, maybe someone did the same on TWA Flight 800. FBI agents are investigating.

Had enough? No? Well, on July 17, a Thai court sentenced an Iranian man to death for conspiring to set off a bomb in Bangkok aimed at the Israeli Embassy.

And Iranian agents have been busily hunting down Iranian dissidents in exile; they've killed 11 already in 1996. The latest victim, a former government minister under the shah, was shot twice in the head at his home in Paris. German police arrested a high-ranking Iranian intelligence agent in connection with the killing.

But none of this is convincing enough for the Europeans, especially the French and the Germans. They still insist on coloring Iranian leaders gray.

German Chancellor Helmut Kohl's chief intelligence adviser has become downright chummy with Iran's head of intelligence, Ali Fallahian, even though a German court charged Fallahian with organizing the 1992 assassination of four Iranian Kurds in Berlin.

I have tried to fathom this myopia. I know the Germans once were Iran's biggest trading partner, and resent U.S. pressure to give up lucrative contracts. I know the French oil company Total, S.A. has huge sums invested in Iranian oil development.

And I understand European resentment at new U.S. sanctions against foreign firms, including those from allied nations, that invest big in Iranian energy. Imposing trade sanctions on your friends is a funny way to punish your enemies.

But what's the Clinton administration to do if friends refuse to call a common enemy by its rightful name?

Iran is not an enemy because it has an Islamic government, or because it once held U.S. diplomats hostage. Tehran's sin lies not in its theology, but in its behavior today. A country that murders its enemies abroad removes itself from the community of nations.

I know the Europeans can find excuses for Iranian behavior: We have to understand Iranian psychology . . . the Iranians feel threatened by an America perceived as hostile . . . Washington has refused to extend a hand. I remember when the same excuses were made for Saddam Hussein.

I feel sorry for all the Iranian technocrats who want to get on with building their country. But an Iran with its own violent foreign agenda is a threat to everyone, not just America. What if such a regime gets nuclear weapons?

The only way to change Iran's behavior is for Western allies to stand together, setting out clear guidelines for Tehran, or else. If Europeans pretend otherwise, they are naive.

JUST THE FACTS: THE CONTINUING SHAME OF THE AMERICAN HEALTH CARE SYSTEM

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. STARK. Mr. Speaker, there was a lot of crowing at the Republican National Convention about the defeat of the effort in the 103d Congress to obtain health insurance for every American. Republicans talked a lot about letting the free market take care of the health insurance problem and how it was good that a Government solution had been rejected.

Never mind the fact that the number of uninsured Americans, especially children, is rising about 1 million per year. Never mind the fact that almost all the other major industrialized nations of the world provide high quality health care to almost all their citizens yet have health inflation lower than ours. Following are the latest available figures from the Organization for Economic Cooperation and Development.

The facts speak for themselves—and they should shame all of us.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

SHARE OF POPULATION COVERED BY PUBLIC (GOVERNMENT) HEALTH INSURANCE SCHEME (COMPARABLE FIGURES FOR PRIVATE INSURANCE SCHEMES NOT AVAILABLE)

	1990	1991	1992	1993	1994
Australia	100.0	100.0	100.0	100.0	100.0
Austria	99.0	99.0	99.0	99.0	99.0
Belgium	99.0	99.0	99.0	99.0	99.0
Canada	100.0	100.0	100.0	100.0	100.0
Czech Republic	100.0	100.0	100.0	100.0	100.0
Denmark	100.0	100.0	100.0	100.0	100.0
Finland	100.0	100.0	100.0	100.0	100.0
France	99.5	99.5	99.5	99.5	99.5
Germany	99.2	99.2	99.2	99.2	99.2
Greece	100.0	100.0	100.0	100.0	100.0
Hungary	n/a	n/a	n/a	n/a	n/a
Iceland	100.0	100.0	100.0	100.0	100.0
Ireland	100.0	100.0	100.0	100.0	100.0
Italy	100.0	100.0	100.0	100.0	100.0
Japan	100.0	100.0	100.0	100.0	100.0
Luxembourg	100.0	100.0	100.0	100.0	100.0
Mexico	55.8	64.0	64.4	67.0	68.0
Netherlands	70.7	70.5	70.6	70.9	71.4
New Zealand	100.0	100.0	100.0	100.0	100.0
Norway	100.0	100.0	100.0	100.0	100.0
Portugal	100.0	100.0	100.0	100.0	100.0
Spain	99.0	99.0	99.5	99.5	99.5
Sweden	100.0	100.0	100.0	100.0	100.0
Switzerland	99.5	99.5	99.5	99.5	99.5
Turkey	55.1	n/a	n/a	n/a	n/a
United Kingdom	100.0	100.0	100.0	100.0	100.0
United States	44.0	44.0	44.0	44.0	45.0

HEALTH CARE EXPENDITURES: PRICE INDEX

	1990	1991	1992	1993	1994
Australia	100.0	102.9	104.2	105.1	n/a
Austria	100.0	105.7	114.2	121.1	n/a
Belgium	100.0	106.8	112.2	115.0	n/a
Canada	100.0	105.7	109.2	112.0	112.7
Czech Republic	n/a	n/a	n/a	n/a	n/a
Denmark	100.0	102.7	104.9	107.5	n/a
Finland	100.0	107.9	111.9	114.0	n/a
France	100.0	102.1	104.3	106.4	108.3
Germany	100.0	104.2	108.1	112.1	117.3
Greece	100.0	129.1	149.0	167.4	n/a
Hungary	n/a	n/a	n/a	n/a	n/a
Iceland	100.0	106.5	113.8	123.0	126.0
Ireland	100.0	107.1	114.2	120.5	n/a
Italy	100.0	109.9	114.4	119.1	n/a
Japan	100.0	93.3	103.5	106.8	n/a
Luxembourg	100.0	101.9	107.7	114.3	n/a
Mexico	n/a	n/a	n/a	n/a	n/a
Netherlands	100.0	105.2	108.9	110.8	n/a
New Zealand	100.0	101.6	105.8	106.5	n/a
Norway	100.0	103.6	107.6	108.5	n/a
Portugal	100.0	111.6	123.8	133.0	n/a
Spain	100.0	106.1	113.8	114.3	124.1
Sweden	100.0	103.5	109.0	112.0	n/a
Switzerland	100.0	106.2	112.3	116.2	118.5
Turkey	100.0	n/a	n/a	n/a	n/a
United Kingdom	100.0	108.2	117.4	124.3	127.4
United States	100.0	106.2	112.2	117.5	122.4

GDP PRICE INDEX

	1990	1991	1992	1993	1994
Australia	100.0	102.3	103.62	104.9	106.4
Austria	100.0	104.0	108.32	112.0	115.8
Belgium	100.0	102.7	106.3	110.6	113.6
Canada	100.0	102.8	104.1	105.2	105.79
Czech Republic	n/a	n/a	n/a	n/a	n/a
Denmark	100.0	102.2	104.3	105.4	107.8
Finland	100.0	102.5	103.2	105.7	106.9
France	100.0	103.3	105.4	108.1	109.6
Germany	100.0	104.7	105.5	109.4	112.0
Greece	100.0	118.0	135.3	154.3	171.2
Hungary	n/a	n/a	n/a	n/a	n/a
Iceland	100.0	107.6	111.6	114.0	117.0
Ireland	100.0	101.7	103.8	108.0	109.3
Italy	100.0	107.7	112.5	117.3	121.5
Japan	100.0	102.6	104.1	104.7	n/a
Luxembourg	100.0	104.5	109.7	120.7	125.0
Mexico	100.0	121.6	139.4	153.3	164.5
Netherlands	100.0	102.7	105.0	107.2	109.7
New Zealand	100.0	101.4	101.4	102.4	104.2
Norway	100.0	102.6	102.2	104.8	105.1
Portugal	100.0	114.2	129.6	139.3	146.5
Spain	100.0	107.1	114.4	119.4	124.0
Sweden	100.0	107.6	108.8	111.7	115.0
Switzerland	100.0	105.5	108.2	110.4	111.9
Turkey	100.0	158.8	260.1	436.3	900.8
United Kingdom	100.0	106.5	111.1	114.7	117.2
United States	100.0	103.5	106.0	108.01	110.3

TOTAL HEALTH CARE EXPENDITURE SHARE OF GDP

	1990	1991	1992	1993	1994
Australia	8.3	8.6	8.7	8.6	8.5
Austria	8.4	8.5	8.9	9.4	9.7
Belgium	7.6	8.0	8.1	8.3	8.2
Canada	9.2	9.9	10.3	10.2	9.8
Czech Republic	5.3	5.4	5.4	7.7	7.6
Denmark	6.5	6.5	6.7	6.8	6.6
Finland	8.0	9.1	9.3	8.8	8.3
France	8.9	9.1	9.4	9.8	9.7
Germany	8.3	9.0	9.3	9.3	9.5
Greece	4.3	4.3	4.5	4.6	5.2
Hungary	6.6	6.6	6.8	6.9	7.0
Iceland	7.9	8.1	8.2	8.3	8.1
Ireland	6.7	7.0	7.3	7.4	7.9
Italy	8.1	8.4	8.5	8.6	8.3
Japan	6.0	6.1	6.4	6.6	6.9
Luxembourg	6.2	6.2	6.3	6.2	5.8
Mexico	n/a	n/a	4.9	5.0	5.3
Netherlands	8.4	8.6	8.8	9.0	8.8
New Zealand	7.4	7.8	7.8	7.3	7.5
Norway	6.9	7.2	7.4	7.3	7.3
Portugal	6.6	7.1	7.2	7.4	7.6
Spain	6.9	7.1	7.2	7.3	7.3
Sweden	8.6	8.4	7.6	7.6	7.7
Switzerland	8.4	9.0	9.4	9.5	9.6
Turkey	2.9	3.4	2.9	2.6	4.2
United Kingdom	6.0	6.5	7.0	6.9	6.9
United States	12.7	13.5	14.0	14.3	14.3

MALE LIFE EXPECTANCY AT BIRTH

	1990	1991	1992	1993	1994
Australia	73.9	74.4	74.5	75.0	75.0
Austria	72.4	72.4	72.7	73.0	73.3
Belgium	72.4	72.8	73.1	73.0	n/a
Canada	73.8	74.6	74.9	n/a	n/a
Czech Republic	67.5	68.2	68.5	69.3	69.5
Denmark	72.0	72.2	72.4	72.3	n/a
Finland	70.9	71.4	71.7	72.1	72.8
France	72.7	72.9	73.2	73.3	73.7
Germany	72.7	72.5	73.8	73.8	n/a
Greece	74.6	74.7	74.6	74.9	n/a
Hungary	65.1	65.0	64.6	64.5	64.8
Iceland	75.7	75.1	75.7	76.9	77.1
Ireland	72.0	72.2	72.6	72.7	n/a
Italy	73.5	73.6	73.8	74.5	74.7
Japan	75.9	76.1	76.1	76.3	76.6
Luxembourg	72.3	72.0	71.9	72.2	n/a
Mexico	67.7	68.4	68.9	69.2	69.4
Netherlands	73.8	74.1	74.3	74.0	74.6
New Zealand	72.4	72.9	73.1	n/a	n/a
Norway	73.4	74.0	74.1	74.2	74.8
Portugal	70.9	69.8	70.8	70.8	71.2
Spain	73.4	73.4	73.4	73.3	73.3
Sweden	74.8	74.9	75.4	75.5	76.1
Switzerland	74.0	74.1	74.3	74.7	75.1
Turkey	64.1	n/a	n/a	63.3	65.4
United Kingdom	72.9	73.2	73.6	73.6	74.2
United States	71.8	72.0	72.3	72.2	72.3

FEMALE LIFE EXPECTANCY AT BIRTH

	1990	1991	1992	1993	1994
Australia	80.1	80.4	80.4	80.9	80.9
Austria	78.9	79.1	79.2	79.4	79.7
Belgium	79.1	79.5	79.8	79.8	n/a
Canada	80.4	80.9	81.2	n/a	n/a
Czech Republic	76.0	75.7	76.1	76.4	76.6
Denmark	77.7	77.7	77.8	77.6	n/a
Finland	78.9	79.3	79.4	79.5	80.2
France	80.9	81.1	81.4	81.4	81.8
Germany	79.1	79.0	79.3	79.3	n/a
Greece	79.4	79.7	79.6	79.9	n/a
Hungary	73.7	73.8	73.7	73.8	74.2
Iceland	80.3	80.8	80.9	80.8	81.0
Ireland	77.5	77.7	78.2	78.2	n/a
Italy	80.0	80.2	80.4	80.9	81.2
Japan	81.9	82.1	82.2	82.5	83.0
Luxembourg	78.5	79.1	78.5	79.4	n/a
Mexico	74.0	74.7	75.2	75.4	75.8
Netherlands	80.1	80.2	80.3	80.0	80.3
New Zealand	78.3	78.7	78.9	n/a	n/a
Norway	79.8	80.1	80.3	80.2	80.6
Portugal	77.9	77.3	78.1	78.0	78.2
Spain	80.4	80.6	80.7	80.9	81.0
Sweden	80.4	80.5	80.8	80.8	81.4
Switzerland	80.9	80.9	81.2	81.4	81.6
Turkey	68.4	n/a	n/a	66.0	70.0
United Kingdom	78.6	78.7	79.0	78.9	79.5
United States	78.8	78.9	79.1	78.8	79.0

INFANT MORTALITY RATE/100 LIVE BIRTHS

	1990	1991	1992	1993	1994
Australia	0.82	0.71	0.70	0.61	0.59
Austria	0.78	0.75	0.75	0.65	0.63
Belgium	0.80	0.84	0.82	0.80	0.76
Canada	0.68	0.64	0.63	0.68	n/a
Czech Republic	1.08	1.04	0.99	0.85	0.79
Denmark	0.75	0.73	0.66	0.54	0.56
Finland	0.56	0.58	0.52	0.44	0.46
France	0.73	0.73	0.68	0.64	0.58
Germany	0.71	0.67	0.60	0.58	0.56
Greece	0.97	0.90	0.84	0.85	0.79
Hungary	1.50	1.60	1.40	1.30	1.20
Iceland	0.59	0.55	0.48	0.48	0.34
Ireland	0.82	0.82	0.66	0.59	0.59
Italy	0.82	0.81	0.79	0.73	0.66
Japan	0.46	0.44	0.45	0.43	0.42
Luxembourg	0.74	0.92	0.85	0.60	0.53
Mexico	2.40	2.10	1.90	1.75	1.70
Netherlands	0.71	0.65	0.63	0.63	0.56
New Zealand	0.84	0.83	0.73	0.73	n/a
Norway	0.70	0.64	0.59	0.51	0.52
Portugal	1.10	1.08	0.93	0.87	0.81
Spain	0.76	0.72	0.71	0.68	0.60
Sweden	0.60	0.61	0.53	0.48	0.44
Switzerland	0.68	0.62	0.64	0.56	0.51
Turkey	5.93	5.65	5.40	5.26	4.68
United Kingdom	0.79	0.74	0.66	0.63	0.62
United States	0.92	0.89	0.85	0.84	0.79

CONGRATULATIONS TO OUR NATION'S CATHOLIC SCHOOL SYSTEM AND TO THE EDUCATION FOUNDATION OF THE ARCHDIOCESE OF LOS ANGELES

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. RADANOVICH. Mr. Speaker, I rise today to offer my congratulations to our Nation's Catholic school system and to the Education Foundation of the Archdiocese of Los Angeles for the hard work and diligence that has been shown over the years. The Catholic school system has an excellent track record.

Walk by any of these schools and you will see well-behaved and well-dressed students in the school yard. Step inside a classroom and you will see these same children giving their full attention to their teacher's lecture with the ability to correctly answer the questions, a sign that these children are doing their homework, not hanging out at the mall or watching television. Of course, many of these children do not have the means to get to the mall or cannot afford a television. You see, these children come from the poorest families of the inner city. Statistics show that children from these tough neighborhoods will end up in prison, or dead from violence. Why do these children succeed in school? These schools take the most at-risk children and put them in a well-disciplined learning environment. But, as time goes on, this environment is crumbling due to aged facilities. This is why the Catholic school system needs our help.

Federal funding for these schools is one answer. Tax credits for parochial-school tuition are another. I am proud of the job our Catholic schools are doing in America.

[From the Wall Street Journal, July 17, 1996]

WHY THE CATHOLIC SCHOOL MODEL IS TABOO

(By Sol Stern)

New York City's Cardinal John J. O'Connor has repeatedly made the city an extraordinary offer. Send me the lowest-performing 5% of children presently in the public schools, and I will put them in Catholic schools—where they will succeed. The city's response: silence.

In a more rational world, city officials would have jumped at the cardinal's invitation. It would have been a huge financial plus for the city. The annual pre-pupil cost of Catholic elementary schools is $2,500 per year, about a third of what taxpayers now spend for the city's public schools.

NO IDLE BOAST

More important, thousands more disadvantaged children would finish school and become productive citizens. For Cardinal O'Connor's claim that Catholic schools would do a better job than public schools is no idle boast. In 1990 the RAND Corporation compared the performance of children from New York City's public and Catholic high schools. Only 25% of the public-school students graduated at all, and only 16% took the Scholastic Aptitude Test vs. 95% and 75% of Catholic-school students, respectively. Catholic-school students scored an average of 815 on the SAT. By shameful contrast, the small "elite" of public-school students who graduated and took the SAT averaged only 642 for those in neighborhood schools and 715 for those in magnet schools.

In 1993 the New York State Department of Education compared city schools with the highest levels of minority enrollment. Conclusions: "Catholic schools with 81% to 100% minority composition outscored New York public schools with the same percentage of minority enrollment in Grade 3 reading (+17%). Grade 3 mathematics (+10%), Grade 5 writing (+6%), Grade 6 reading (+10%) and Grade 6 mathematics (+11%)."

Yet most of the elite, in New York and elsewhere, is resolutely uninterested in the Catholic schools' success. In part this reflects the enormous power of teachers' unions, fierce opponents of anything that threatens their monopoly on education. In part it reflects a secular discomfort with religious institutions.

I myself have felt this discomfort over the years, walking past Catholic schools like St. Gregory the Great, near my Manhattan home. Every morning, as I took my sons to public school, I couldn't help noticing the well-behaved black and Hispanic children in their neat uniforms entering the drab parish building. But my curiosity never led me past the imposing crucifix looking down from the roof, which evoked childhood images of Catholic anti-Semitism and clerical obscurantism.

Finally, earlier this year, I ventured in, and I was impressed. I sat in for example, as fourth-grade teacher Susan Viti conducted a review lesson on the geography of the Western United States. All the children were completely engaged and had obviously done their homework. They were able to answer each of her questions about the principal cities and capitals of the Western states—some of which I couldn't name—and the topography and natural resource of the region. "Which minerals would be found in the Rocky Mountains?" Miss Viti asked. Eager hands shot up. Miss Viti used the lesson to expand the students' vocabulary, when the children wrote things down, she insisted on proper grammar and spelling.

I found myself wishing that my own son's fourth-grade teachers at nearby Public School 87, reputedly one of the best public schools in the city, were anywhere near as productive and as focused on basic skills as Miss Viti. Both my boys's teachers have wasted an enormous amount of time with empty verbiage about the evils of racism and sexism. By contrast, in Miss Viti's class and in all the other Catholic-school classes I visited, it was taken for granted that a real education is the best antidote to prejudice.

Miss Viti earns $21,000 a year, $8,000 less than a first-year public-school teacher. "I've taught in an all-white, affluent suburban school, where I made over $40,000." she says. "This time I wanted to do something good for society, and I am lucky enough to be able to afford to do it. I am trying to instill in my students that whatever their life situation is now, they can succeed if they work hard and study."

You might expect liberals, self-styled champions of disadvantaged children, to applaud the commitment and sacrifice of educators like Susan Viti. You might even expect them to look for ways of getting government money to these underfunded schools. Instead, they've done their best to make sure the wall of separation between church and state remains impenetrable. Liberal child-advocacy groups tout an endless array of "prevention" programs that are supposed to stave off delinquency, dropping out of school and even pregnancy—yet they consistently ignore Catholic schools, which always succeed in preventing these pathologies.

Read the chapter on education in Hillary Clinton's "It Takes a Village." Mrs. Clinton advocates an alphabet soup of education programs for poor kids, but says not a word about Catholic schools. Similarly, in his books on education and inner-city ghettos, Jonathan Kozol offers vivid tours of decrepit public schools in places like the South Bronx, but he never stops at the many Catholic schools that are succeeding a few blocks away.

Why are Catholic schools taboo among those who talk the loudest about compassion for the downtrodden? It's hard to escape the conclusion that one of the most powerful reasons is liberals' alliance with the teachers' unions, which have poured hundreds of millions of dollars into the campaign coffers of liberal candidates around the country. Two weeks ago I attended the National Education Association convention in Washington, a week-long pep rally for Bill Clinton punctuated by ritual denunciations of privatization.

Before the teachers' unions rise to political power, it was not unusual to see urban Democrats like former New York Gov. Mario Cuomo support government aid to Catholic schools. Mr. Cuomo's flip-flop on this issue is especially revealing. In 1974, when he first ran for public office, Mr. Cuomo wrote a letter to potential supporters: "I've spent more than 15 years . . . arguing for aid to private schools," he wrote. "If you believe aid is a good thing, then you are the good people. If you believe it, then it's your moral obligation, as it is my own, to do something about it. . . . Let's try tax-credit plans and anything else that offers any help."

Mr. Cuomo soon learned his lesson. In his published diaries he wrote: "Teachers are perhaps the most effective of all the state's unions. If they go all-out, it will mean telephones and vigorous statewide support. It will also mean some money." In his 1982 campaign for governor, Mr. Cuomo gave a speech trumpeting the primacy of public education and the rights of teachers. He won the union's enthusiastic endorsement against Ed Koch in the Democratic primary. Over the next 12 years, in private meetings with Catholic leaders, Gov. Cuomo would declare that he still supported tax relief for parochial school parents. Then he would take a completely different position in public. For example, in 1984 he acknowledged that giving tax credits for parochial-school tuition was "clearly constitutional" under a recent Supreme Court decision—but he refused to support such a plan.

Politically controlled schools are unlikely to improve much without strong pressure from outside. Thus, the case for government aid to Catholic schools is now more compelling than ever. If only to provide the competitive pressure to force state schools to change. And the conventional wisdom that government is constitutionally prohibited from aiding Catholic schools has been undermined by several recent U.S. Supreme Court decisions.

SUCKER'S TRAP

Since the powerful teachers' union vehemently oppose any form of government aid to Catholic schools, reformers are often skittish about advocating vouchers or tuition tax credits, fearing that will end the public-school reform conversation before it begins. But to abandon aid to Catholic schools in the name of public-school reform is a sucker's trap. We have ended up with no aid to Catholic schools and no real public-school reform either.

Catholic schools are a valuable public resource not just because they profoundly benefit the children who enroll in them. They also challenge the public-school monopoly, constantly reminding us that the neediest kids are educable and that spending extravagant sums of money isn't the answer. No one who cares about reviving our failing public schools can afford to ignore this inspiring laboratory of reform.

HONORING THE TRI-VALLEY TIGERS

HON. BILL BAKER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. BAKER of California. Mr. Speaker, in the past year, America has witnessed Cal Ripken become the new Iron Man, Michael Jordan return to basketball, and the centennial Olympic games take place in Atlanta. These have been signal events in modern sports history.

Yet for my own home region, the East Bay of San Francisco, an even more exciting event took place when, in late August, the Alacosta Tri-Valley Tigers took second in the U.S. National Babe Ruth Tournament in Manteo, NC. The Tigers are a Babe Ruth team that posted an undefeated regular season record and an overall record of 59–5. In addition, they won the State and regional titles on the way to the contest for the national title.

Ranging in ages from 16 to 18, these 17 young men and their four coaches have brought pride and dedication to their remarkable efforts. They learned the value of team commitment, of hard, concentrated effort, and had a lot of fun along the way. Their performance in post-season play was outstanding, and as runners-up in the national championship game, they brought great credit to themselves, their coaches, and to the whole East Bay.

While there may be momentary disappointment over not winning the national title itself, this in no way diminishes the sterling performance of the Tigers at every level of play. Along with their parents and neighbors, I am very proud of each of them and am pleased to recognize them in the CONGRESSIONAL RECORD for their sportsmanship, tenacity, and all-around excellence.

As Ernie Banks might say, when it comes to the Tri-Valley Tigers, "Let's play two."

DELAURO HONORS VINCENT CHASE OF STRATFORD

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Ms. DELAURO. Mr. Speaker, on Friday, September 6, 1996, State Representative Vincent Chase will be honored with a dinner-roast. Representative Chase has served in the Connecticut State Legislature for 16 years and recently announced that he will not be seeking reelection. It is my great pleasure to rise today to pay tribute to Vinnie and to congratulate and thank him for him many years of public service.

Vinnie was first elected to the general assembly in 1980 to represent the 120th District in Stratford. In the following years, he went on to become one of the highest ranking leaders of the House of Representatives. After the 1990 election he was appointed as an assistant house minority leader and for the 1995 and 1996 sessions, he served as deputy house minority leader. During his tenure in the legislature, Vinnie developed a reputation for consistency and thoroughness. His ability to master details led to his appointment to serve as cochair of the regulation review committee. In addition, he served as dean of the insurance and real estate committee and also served on the executive and legislative nominations committee and the joint committee on legislative management.

Vinnie's experience and skill as a legislator led to several initiatives of which he is particularly proud. He has worked on legislation dealing with health and auto insurance reform, welfare reform, and the protection of Long Island Sound. In 1996 he cosponsored legislation which resulted in the removal of tolls from Interstate 95 and the Marritt and Wilbur Cross parkways and the largest tax cut in Connecticut history. These successes underscore the need for legislators that bring a sense of personal and moral responsibility to politics. For 16 years, Vinnie never forgot the reason he went to Hartford: to serve. He has remained a consistent champion for his constituents and a true public servant. He has said,

> The greatest honor of my years of service has not been the awards or plaques that I have received from various groups, but the simple "thank you" from a constituent I was able to assist. For that is what public service is all about, helping people.

Throughout his legislative career, Vincent has brought common sense and concern for people to the general assembly. His contributions and efforts will be greatly missed. I have long relied on Vinnie's hard-won wisdom and insightful advice. We have worked together to protect Stratford's environment and to fight for job's for Statford's citizens. I will continue to seek his counsel as long as I am in Congress. It is my pleasure to join Vincent's family friends, and citizens of the town of Stratford in wishing him well as he leaves the State house of representatives and begins a new chapter in his life.

A TRIBUTE TO THE SHELTER ISLAND POST OFFICE'S 150TH ANNIVERSARY

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to the Shelter Island Post Office, located on Shelter Island, Long Island, NY, that this year is celebrating its 150th anniversary of dedicated service to the residents of this island.

Many communities pay little attention to their local post office, beyond receiving and sending mail, but that is not the case with Shelter Island. Since its creation in 1846, the Shelter Island Post Office has been the focal point of the island community, between the North and South Forks of eastern Long Island. Separated by water from family, friends, and business partners, for 150 years the local post office was Shelter Islander's link with the outside world. Every day, except Sundays, for the past 150 years island residents gather at their post office to pick up their mail, visit with friends and neighbors, and discuss the latest local news.

The Shelter Island Post Office quickly became the town's central meeting place, like the town square of a New England Village. It was the post office where most islanders learned of new births and recent deaths, graduations, new businesses, and new neighbors. If the local baymen who plied the surrounding Peconic Bay for fish, lobsters, scallops, and clams were having a successful season, they would hear of it at the post office.

During its 150 years, the Shelter Island Post Office has moved around the downtown area several times. It was chased from its original site that it shared with a blacksmith, cobbler, butcher, and country store. After a fire destroyed the building in 1891, the post office moved across the street to Duvall's Corner. The old mail drop slot is still at the old Gibbs Home. After another move, the post office settled in its present location in 1960.

During its 150 years, the Shelter Island Post Office has been led by several dedicated postmasters. Perhaps most impressive among them was Archibald Havens, who took over for the original postmaster in 1848 and remained through 1893. Civil War veteran Elias Havens Payne took over next and stayed through 1915; Alice Sherman ran the office for 22 years and Melva Sherman, mother of current Shelter Island Town Supervisor Huson Sherman, was postmaster from 1967–74.

At a special anniversary celebration on August 24, Postmaster Estelle Simes postmarked each letter with a special, significant design of a Long Island Osprey, a majestic seahawk that is indigenous to Shelter Island. The anniversary postmark is a pen and ink drawing done by Island artist Carol Wilson. Current Postmaster Estelle Simes even has available an anniversary cachet depicting the original post office building. A great deal of time has passed since it first opened in 1846, but the important role that the Shelter Island Post Office serves in its community has not changed. I join all Shelter Island residents in saluting its post office as it heads into its next 150 years of outstanding service to local residents.

CONGRATULATIONS TO RHODE ISLAND'S WESTERN CRANSTON LITTLE LEAGUE

HON. JACK REED

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. REED. Mr. Speaker, I rise today to pay tribute to Rhode Island's Western Cranston Little League team, winners of the Little League National Championship.

Western Cranston was comprised of 14 players: Lucas Ashton, Jacob Bazirgan, Brett Bell, Lewis Colby, Evan DiZoglio, Christopher Gallo, Matt Lovejoy, Michael Luke, Tom Michael, Jonathan Sparling, Peter Spinelli, Craig Stinson, Ricky Stoddard, and Paul Tavarozzi. Under the guidance of coaches Mike Varrato, Nick DiNezza, Larry Lapore, and Benny Marandola, these 14 young men quickly transformed into a championship team.

On July 24, the Western Cranston Little Leaguers were among 7,000 teams playing in 83 countries on 6 continents, beginning a quest for the Little League World Series. On August 25, 3 cities, 16 games, and 1 Little League National Championship later, Western Cranston returned home to a hero's welcome, when over 7,000 Rhode Islanders packed Cranston Stadium to congratulate them.

That this Nation's smallest State could produce its best Little League team is a tribute to the spirit of Rhode Islanders, as well as the teamwork and never-say-die attitude of these 14 young men. With the help of their families and coaches and the support of Rhode Island, Western Cranston traveled to Williamsport, PA and achieved what was unthinkable just a month before. They inspired a nation and brought immeasurable pride and joy to their State.

Today, I am indeed proud to say that my home town of Cranston is the home of the Little League National Champions. Mr. Speaker, I ask my colleagues to join me in saluting the Western Cranston Little League team.

IN HONOR OF FRED CASTRO AND HIS 32 YEARS OF DEDICATED PUBLIC SERVICE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. STARK. Mr. Speaker, I would like to take this opportunity to recognize the exceptional dedication of Mr. Fred Castro, a dedicated member of the Park and Recreation Commission. Fred has given over 32 years of outstanding service to the residents of California's 13th Congressional District.

Fred Castro was born in Modesto and grew up in Oakland. As a young man, he joined the Navy and was stationed at Pearl Harbor when it was bombed. He served his country in the Pacific for the remainder of World War II.

When he returned, he married his wife Lorraine on March 3, 1946. Fred also served during the Korean conflict, returning to the Bay Area to work in the shipyards at Mare Island, Hunters Point, and the Naval Supply Center in Oakland.

Fred and Lorraine have lived in Union City since the early 1960's. In 1964, Fred was appointed to the first Parks and Recreation Commission in Union City by Mayor Will Davis. Since then, Fred Castro has tirelessly served our community for the past 32 years. The 17 parks and 2 community centers in Union City were all developed during Fred Castro's years of service to the 13th district. Fred worked to put together the bond measure in 1968 to build the Kennedy Center, and he was the chair of the dedication ceremony for the Holly Center.

Throughout his career, Fred continued to promote parks and recreation through his involvement with the California Association of Parks and Recreation Commissioners and Board Members. Not only was he on the board for many years, but he was president in 1990. In addition to his continued support to our community, Fred also found time to represent commissioners and board members on the California Parks and Recreation Society, District III board.

Fred Castro has been a mentor to many professionals within the parks and recreation community. The 13th district has been greatly enriched by Fred Castro's enthusiasm and dedication.

Mr. Speaker, I ask you and my colleagues to join me in thanking Mr. Fred Castro for 32 years of exceptional public service.

TESTIMONY OF DR. KENNETH LUTGEN

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. RADANOVICH. Mr. Speaker, I recently learned that Dr. Kenneth Lutgen, deputy general secretary for the United Methodist Committee on Relief will be testifying this fall before the Senate Foreign Relations Committee, Subcommittee on European Affairs. Dr. Lutgen is an insightful individual who possesses an excellent command of the projects necessary to bring economic stability and political calm back to the war-torn areas of Bosnia. I would like to include for the RECORD a useful summary that Dr. Lutgen has provided me in advance of his subcommittee remarks.

SUMMARY OF PROPOSED TESTIMONY ON THE BOSNIAN PEACE PROCESS BY THE UNITED METHODIST COMMITTEE ON RELIEF [UMCOR] TO THE SENATE FOREIGN RELATIONS COMMITTEE, SUBCOMMITTEE ON EUROPEAN AFFAIRS

The testimony will be presented by Dr. Kenneth Lutgen, the Deputy General Secretary for the United Methodist Committee on Relief.

Dr. Lutgen will present a summary of UMCOR's programs in Bosnia and Herzegovina. The UMCOR Former Yugoslavia Program began in 1993 and has since expanded to over 15 projects, with a current total value of over $42,000,000. UMCOR is operating out of eight program offices throughout Bosnia and has a staff of over 220.

UMCOR, as well as other non-governmental organizations (NGOs) operating in Bosnia, is deeply concerned about the current U.S. Government policy toward assistance to the Bosnian reconstruction. As we understand it, the current policy of the U.S. Agency for International Development (USAID) is to channel all funds for Bosnia through two projects, (1) the Municipal Infrastructure project, and (2) the Bosnia Reconstruction Finance Facility. These projects are designed to work primarily through U.S. contractors and banks, large Bosnian firms, and the Bosnian Government. There will be no funds available directly to assist vulnerable groups, repatriating refugees, or microenterprises, groups traditionally reached by NGO activities.

We feel that these projects overlook the benefits NGOs can provide to reaching other groups, as well as a longer-term effect on the Peace Process and the strengthening of democracy in Bosnia.

The unique benefits of NGOs include:

Constituency: Many NGOs have large constituencies who support their overseas programs. UMCOR represents 10 million United Methodists worldwide who support projects with cash, relief supplies, and their own time. UMCOR has sent over 250 United Methodist volunteers into Bosnia, providing assistance in everything from building construction to skilled psychological support for traumatized youth. UMCOR has contributed about $4.7 million in private resources to Bosnia since 1993.

Rapid Response: NGOs are on the ground, have the experience, connections, and demonstrated capacity to move quickly when the U.S. Government wants something done. When the U.S. Government wanted to implement $25 million worth of housing reconstruction immediately this year, they turned to the NGOs.

Competitive Pricing: NGOs were not allowed to compete for MIS and BRFF. We feel that NGOs can do provide the same level of work as a for-profit contractor at a lower price and, in addition, bring substantial inkind contribution to the projects. NGOs have the capacity to implement large programs: UMCOR is currently implementing a $30 million Shelter Materials project funded by the United Nations High Commissioner for Refugees and a $6.3 million Emergency Shelter program funded by USAID/Office of Foreign Disaster Assistance.

Sustainability: While a contractor will do the job and leave, NGOs are committed towards sustainable development and consider the development of capable local organizations an important goal of their activities. UMCOR's USAID-funded Municipal Rehabilitation Project has rebuilt houses and community facilities, while promoting inter-ethnic cooperation which will last long after UMCOR leaves Bosnia.

Strengthening of Democracy: Many of the activities of NGOs directly implement the goals of the Dayton accord, such as conflict resolution, electoral mobilization, and interethnic cooperation.

Civilian Security: NGOs, by working closely with beneficiaries, provide a sense of security. Throughout the war, NGOs were there for the most vulnerable groups and have built up credibility with Bosnians. Working with for-profit groups brings in new players with no credibility at the grass roots level.

Positive Popular Impact: NGOs are popular with Bosnians and present a positive image for the U.S. Groups whose principal goal is to help the Bosnian people increase good will towards the U.S.

We agree with the need for large infrastructure and enterprise promotion programs, but we feel that this is not a complete response to the needs of the Bosnian people and the Bosnian Peace Process.

We feel that the USAID projects are overly top-down and do not address the needs of vulnerable groups.

There will be no funds specifically for income-generation, which would reach those in-need. Instead funds are channeled only through large-scale enterprise promotion vehicles.

Sectors where NGOs typically work, including education, social programs, promotion of civil society, and conflict resolution, are being neglected by current U.S. Government assistance.

The MIS and BRFF projects work with new players who will need to build up relations and experience of working in Bosnia's unique environment. This represents time lost in Bosnia's reconstruction.

Therefore, UMCOR recommends the following changes to the U.S. Government civilian policy in Bosnia:

1. That the U.S. Agency for International Development (USAID) make future funding for the Municipal Infrastructure Program (MIS) available through open bidding, allowing NGOs to compete.
2. That $30 million be set aside for NGOs from the Bosnian Reconstruction Finance Facility (BRFF) to implement microenterprise activities.
3. That the $10 million in agricultural resources currently set aside for the USDA Food for Progress program for Bosnia be made available to NGOs to implement food or monetization programs.
4. That the USAID Partnership with NGOs be re-established in Bosnia and Herzegovina.

CONCLUSION

We have heard the U.S. Government speak of the need for a relief-to-development "continuum," in which an emphasis is made to ensure a smooth transition from relief activities to more sustainable development activities. We do not believe the current policy is following a continuum. Rather than including all levels of Bosnian society, the U.S. Government is making a rapid shift toward working only with the Bosnian Government and larger businesses. This limits assistance which is direct to vulnerable groups and microenterprises which potentially could employ significant numbers of people. This policy is not a continuum, it is a step backwards, away from all the accomplishments made by U.S. Government assistance in Bosnia over the last few years.

RECOGNIZING CHINESE NATIONAL DAY

HON. BILL BAKER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. BAKER of California. Mr. Speaker, on October 9, several thousand men and women will gather in San Francisco to celebrate the 85th anniversary of the National Day of the Republic of China. This event recognizes the beginning of China's move toward democracy, and deserves the recognition of this House.

This past spring, the Republic of China held the first-ever democratic election of its President. Prior to the election, I had the privilege of meeting with Mr. Chen Rong-jye, the second-ranking official of the Taipei Economic and Cultural Office here in Washington. He showed me a map on which was indicated the locations of mainland China's missile launchings in the area around Taiwan, launchings intended to intimidate the Republic of China and discourage its democratic elections.

This bullying tactic failed. The courage of the Republic of China and its people deserves high praise wherever liberty is of value, most especially in our own country.

National Day is a time when the Chinese people can reflect on a proud heritage and contemplate a future of hope and promise. I am pleased to extend my best wishes to all in San Francisco who will gather to rejoice in the blessings and benefits of their history, and commend them for upholding the values of family, work, responsibility, and love of freedom so faithfully.

DELAURO HONORS HOMETOWN OLYMPIAN

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Ms. DELAURO. Mr. Speaker, I am delighted to rise today to honor Steven Segaloff as he returns from the 1996 Summer Olympic games in Atlanta, GA. On Wednesday, August 14 the Jewish Community Center of Greater New Haven sponsored a Welcome Olympian celebration for Steven.

I have known Steven for many years and am a close friend of his parents, Barbara and Jim Segaloff. It gives me great pleasure to be able to recognize Steven's achievements. As a member of the Olympic crew team, Steven has embodied all that we have come to expect and admire in Olympic athletes. Originally introduced to the sport by his father, Steven has truly made it his own.

Crew is a sport which requires exceptional teamwork. The coxswain must coordinate the eight men rowing, guide the boat, and motivate the team. It is the role of the coxswain to pull the team together to function as a cohesive unit. This role demands keen judgment and extraordinary skill as a tactician. Throughout his rowing career, Steven has proven himself to be a master of these skills and an invaluable member of the team.

Steven first began to row at the Yale Boathouse on the Housatonic River in Derby, where he filled in for regular varsity coxes when they missed practice. He continued to cox for Cornell University's Varsity crew team. Upon graduation from Cornell, Steven went to work for Senator JOSEPH BIDEN as a staff assistant to the Senate Judiciary Committee in 1993. However, his plans to continue in politics and law were put on hold indefinitely when he was asked to cox for the national team. In the past 3 years of preparation for the Olympics, Steven has coxed the national team to first place finishes at the 1994 World Rowing Championships, the 1994 Henley Royal Regetta in London, the 1994 Goodwill Games, and the 1995 Pan American Games in Argentina.

Steven came to the Olympic games with the same drive and determination that he brought to those competitions. The U.S. team qualified for the finals with a win in the first heat and finished in fifth place. Although Steven is disappointed to have missed the gold medal, New Haven is nothing but proud. Steven has shown all of us the beauty of an athlete pursuing a dream with extraordinary commitment, dedication, and passion. He has truly embodied the spirit of the Olympic games.

I am very pleased to join Steven's parents and friends as they welcome him back from the Olympics. I offer my heartfelt congratulations on a job well done. The United States has everything to be proud of in this great athlete.

A TRIBUTE TO CONGREGATION TIFERETH ISRAEL

HON. MICHAEL P. FORBES

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. FORBES. Mr. Speaker, I rise today to pay tribute to the Congregation Tifereth Israel in Greenport, Long Island, NY, a focal point of Jewish religious and cultural life on Long Island's North Fork since it was founded 95 years ago.

Founded in 1901 by a few trail-blazing Jewish families, many of them merchants that settled near the North Fork's easternmost point, this sanctuary has flourished into a cornerstone of the Greenport community. On September 8, 1996, the Congregation Tifereth Israel, known to many as the Greenport Jewish Center, will celebrate its 95th anniversary.

The temple's origins date back to the late 1800's, when these Jewish families came to this bucolic fishing village seeking an improved economic lifestyle in the countryside 100 miles east of New York City. The orthodox believers among them founded Tifereth Israel in October of 1901 with the desire to build a synagogue to feed their spiritual hunger and to encourage development of a larger Jewish community.

While the founders worked to raise the $1,430 needed to build the original temple, congregation members opened their homes for Sabbath and Holy Day services. By May of 1903 enough was raised to build a modest New England-style cottage that served as the synagogue. A devout Orthodox congregation, the synagogue was constructed with a balcony for female worshippers, a bina or dais in the sanctuary's center, and a ritual pool called a Mikvah in the basement. The Torah Ark was built against the rear wall and faced east, symbolizing the hope that Jerusalem would be restored as the capitol of Judaism and the sacred temple rebuilt to replace the one destroyed by the Romans in 70 A.D.

When a rabbi was hired, the synagogue's board of directors required that he devote 3 hours each day to religious education. Education remains a vital component of the temple's activities that include a Hebrew school, Bar and Bat Mitzvah instruction, adult classes, lectures and intercongregational activities. To accommodate its membership, the synagogue was enlarged in the 1920's though the sanctuary was left intact. During the temple's life span a more ritual centrist Jewish population settled in the area affecting an ideological change in the synagogue's practices, including no longer segregating the genders during services and allowing women to become full participants in all rituals.

Throughout its 95 years, Tifereth Israel has been deservedly known for its benevolent efforts, raising money for charities and offering assistance to needy members of the congregation and community a large. The synagogue's members are vital contributors to the Greenport Ecumenical Council, raising funds and aiding the needy of all faiths. Tifereth Israel congregants are also active supporters of the Patish Outreach effort at St. Agnes Roman Catholic Church.

Just as importantly, the congregation has strived to preserve its Jewish heritage and offer its members spiritual sustenance. In that steadfast commitment to its own religious and cultural heritage, the synagogue has enriched the entire east end of Long Island. Congratulations, Tifereth Israel. Mazel Tov.

IN TRIBUTE TO W. FERRELL SHUCK, PUBLISHER OF THE LEE'S SUMMIT JOURNAL

HON. KAREN McCARTHY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Ms. McCARTHY. Mr. Speaker, I rise today to pay tribute to one of Missouri's great newsmen, W. Ferrell Shuck, publisher of the Lee's Summit Journal. On October 18, Mr. Shuck will be formally inducted into the Missouri Press Association Newspaper Hall of Fame in honor of his exemplary contributions to journalism, his leadership in the industry, and his commitment to the community.

Mr. Shuck started in the newspaper business 45 years ago as a young newspaper carrier. As his interest in newspapers developed, Mr. Shuck began writing and worked his way to sports editor for the Daily Gazette in McCook, NE. He later worked in advertising sales and management at the Daily Star in Miles City, MT, and the Omaha World Herald. Mr. Shuck has served as publisher for the Bates County Democrat in Butler, MO, Townsend Communications and the Lee's Summit Journal where he has published papers for 28 years. He also is a longtime member and the current secretary of the Missouri Press Association.

Those who work with him at the Journal say his intense love and knowledge of the newspaper business grows each and every day. Always striving for excellence, Mr. Shuck continues to oversee every aspect of the newspaper's production. His wisdom and experience ensures depth and substance in news coverage. Mr. Shuck also is known for his attention to detail, often catching the smallest typo before the paper goes to print.

Having served communities throughout the heartland, Mr. Shuck has developed a deep understanding and appreciation of the American experience. He has been described as the "conscience of Lee's Summit" for his role as a community watchdog and for his efforts to improve the quality of life for area residents.

Mr. Shuck does not simply report on events and life in Lee's Summit. He is an integral part of the community, one of the fastest growing areas in the State. In his efforts to promote economic development and contribute as a community partner, he serves as a member of the Lee's Summit Chamber of Commerce, the Lee's Summit Downtown Main Street, Inc., Lee's Summit Economic Development Council and Lee's Summit Rotary.

Mr. Shuck is being recognized in Lee's Summit today by his friends, family, staff, and neighbors. We salute his commitment to solid journalism, uncompromising integrity, and community enhancement. I send my sincere congratulations to Mr. Shuck, his family, and all at the Lee's Summit Journal who contribute to his success and help fulfill his vision.

INTRODUCING A BILL TO REDUCE MEDICARE PAYMENTS TO TRANSPLANT CENTERS FOR GENERAL OVERHEAD COSTS

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. STARK. Mr. Speaker, today I am introducing a bill which will save Medicare millions of dollars each year. This savings will not involve a decrease in coverage for Medicare beneficiaries. It simply allows us to stop paying someone else's laundry bill, and I mean that literally.

Medicare was established to provide basic protection against the costs of health care while providing quality services. As organ transplants became a medical reality, Medicare became a full insurer for kidney, heart, lung, and liver transplants. Hospitals must apply for certification to perform each type of transplant and receive Medicare reimbursement. There are approximately 160 hospitals across the country which hold such contracts.

We seem to be under the impression that because we have approved these facilities, all of the items in their bills to Medicare are justified. But this is not the case; hospitals add on approximately 25 percent of an imported organ's acquisition cost to cover a portion of administrative and general overhead costs, such as laundry, housekeeping services, rent, and utilities. This add-on system cost Medicare $22 million in 1995.

Let me back up for a moment and put this in context. Under the diagnostic related group [DRG] system, Medicare pays hospitals a set rate for each type of injury or illness. The DRG payment covers all items and services provided by the hospital to the patient, and includes an allocation for overhead associated with each service rendered. Organ acquisition is covered separately from the DRG for organ transplants. In this case, Medicare separately reimburses transplant centers for the acquisition cost of each organ. It is this cost to which hospitals make the add-on. The problem lies particularly with cases in which the organ is imported from an organ procurement organization.

Mr. Speaker, I do not mean to imply that hospitals have acted inappropriately. It is normal practice for hospitals to distribute their overhead to cost centers which are not covered by DRG's. Indirect costs are allocated across the board to all possible cost centers. However, the DRG for organ transplantation already includes an allocation for overhead. Since no medical service is associated with simply acquiring an organ from an outside agency and then billing Medicare for the organ, adding a portion of unrelated administrative and general costs is unreasonable.

For example, if acquiring an organ cost a hospital $10,000, Medicare would be billed that amount plus an extra 25 percent, bringing the total to $12,500. This process bleeds the system of millions every year by charging Medicare more than its share of the overhead costs associated with transplants. The 25 percent add-on is not associated with medical services to the patient, nor administrative or general services other than billing Medicare. If we allow this practice to continue, Health and Human Services estimates suggest that this will cost Medicare as much as $35 million in 1999.

The bill would amend title XVIII of the Social Security Act to provide for savings in the Medicare Program by reducing overhead payment for Medicare transplant centers. It states that hospitals may not allocate their general or administrative costs to the acquisition cost of organs imported for transplant as they determine costs to be reimbursed by Medicare. This is a bill to improve the efficiency of the Medicare Program, an objective I believe we all would like to accomplish.

CONGRATULATIONS TO COMMAND SGT. MAJ. JOSEPH C. TAITANO

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. UNDERWOOD. Mr. Speaker, I would like to take this occasion to commend and congratulate Command Sgt. Maj. Joseph C. Taitano of the Guam Army National Guard on his distinguished career and his well-earned retirement. A 30-year veteran, Command Sergeant Major Taitano served in Vietnam and in the Persian Gulf.

Born in the village of Tamuning, he is the son of Henry and Josephine Taitano. He grew up in the village of Dededo and attended George Washington Senior High School. Upon graduating in 1966, he enlisted in the Army where he rose from the ranks. Serving in various leadership positions ranging from squad leader to command sergeant major, Command Sergeant Major Taitano holds the distinction of being the only soldier to have served in all of the Army's components in the sergeant major position. His assignments included tours of duty with the 101st Airborne Division in Vietnam and the Army Central Command/3d U.S. Army in the Persian Gulf. He was also stationed at a number of locations prior to being assigned to the Guam Army National Guard.

A host of awards and decorations were conferred to him during three decades of service. They include, among others, two Bronze Star Medals, five Meritorious Service Medals, five Army Commendation Medals and an Army Achievement Medal. Aside from attending the University of Guam, Command Sergeant Major Taitano received a wide range of formal military and technical training. He also completed numerous leadership courses including the Command Sergeant Major Course.

After 30 years of distinguished and dedicated service, Command Sergeant Major Taitano has chosen to retire from the Army in order to spend more time with his family. In addition to the great contributions his military career has made toward the strength and security of this Nation, Command Sergeant Major Taitano's achievements have undoubtedly brought pride to the Island of Guam and its people. He is a role model; he is a leader; he is a great representative of his island home.

I join his parents, Henry and Josephine Taitano, who, together with his children—Nolan, Samantha, Neal, Sophina, and their mother Elizabeth—are proud to celebrate his great accomplishments. On behalf of the people of Guam, I congratulate Command Sergeant Major Taitano. I hope that he enjoys his well-earned retirement and wish him the best in his future endeavors.

Si Yu'os Ma'ase' CSM Taitano.

NATIONAL MARINE SANCTUARIES PRESERVATION ACT

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. ORTIZ. Mr. Speaker, I rise in strong support of H.R. 3487, the National Marine Sanctuaries Preservation Act. This bill contains language I introduced in the Committee on Resources to amend the boundaries of the Flower Garden Banks Marine Sanctuary in the Gulf of Mexico to include a nearby area known as Stetson Bank. The Flower Garden Banks Sanctuary was established by Congress in 1992, and has been a model for the National Marine Sanctuary Program. It is located 120 miles off the Texas coast and protects the northernmost living coral reefs on the U.S. Continental Shelf. The Sanctuary Program has demonstrated our ability to preserve and protect valuable marine resources, such as the coral reefs of the Flower Garden Banks, while sustaining the important multiple uses of the surrounding marine environment.

Stetson Bank is a small coral bank approximately three-quarters of a square mile in area. Currently, it is a no activity zone under Mineral Management Service regulations which prohibit exploring, developing, or producing oil, natural gas, or minerals. Stetson Bank provides habitat for a spectacular array of fish and invertebrates and is a feeding ground for manta rays, whale sharks, and spotted dolphins.

These resources have made this area a popular destination for sport divers to spearfish and collect shells; activities which have resulted in depletion of the natural resources and severe anchor damage to the coral formations. These effects have led local scientists and sports diving groups to request inclusion of Stetson Bank in the protection and preservation measures of the Flower Gardens Bank Sanctuary. This will help ensure these valuable resources will be preserved for future uses.

I would like to thank Chairman YOUNG, ranking member MILLER and their staffs for their help bringing this bipartisan legislation to the floor. I would also like to thank the petroleum industry representatives for their help. I believe this is a piece of legislation that will add to the economic and ecological riches of the gulf, and I urge the support of my colleagues.

TRIBUTE TO PASTOR L.M. THORNE

HON. JOE SCARBOROUGH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. SCARBOROUGH. Mr. Speaker, I rise today to pay tribute to a man of great commitment and devotion, Pastor L.M. Thorne. For over 30 years, Pastor Thorne has spread God's word to countless individuals while enriching the lives of those who know him. He is truly an inspiration to us all.

Pastor Thorne committed himself at a very young age to spreading the Gospel of the Lord His formal training began at the Southeastern Bible College in Lakeland, FL, where he received a bachelor of theology. He then went on to earn a doctor of divinity at the Christian International University.

Pastor Thorne established the Abundant Life Church in Fort Walton Beach, FL, and Samson, AL, in the mid-1970's. The Fort Walton Beach church boasts an extremely active congregation of over 500 families, active not only in the local community, but across the Nation and abroad as well. Abundant Life has sent numerous missionaries to the foreign mission field and eight senior pastors to local churches in the United States. The Christian Life School of Theology and the Life Enrichment Training School have prepared many Christian men and women led by the power of the Holy Spirit to pursue the Christian life.

Throughout his ministry, Pastor Thorne has remained humble and kept his focus on God even as he has been recognized nationally for his work. He has ministered at numerous leadership conferences in the United States around the world. In addition, Pastor Thorne is a district overseer in the Liberty Fellowship of Churches and Ministers and is a member of the Evangel Fellowship of Churches and Ministers.

Mr. Speaker, Pastor Thorne is a shining example of the goodness of people. He has indeed made a difference and continues to positively influence the lives of so many by spreading the Word of God. Pastor Thorne has led the kind of life for which I think we all should strive and I thank God for blessing us with his work.

TRIBUTE TO ROLLIE MULLEN

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. MILLER of California. Mr. Speaker, it is with deep personal sadness that I rise today to share with my colleagues the passing of Rollie Mullen of Moraga, CA.

Rollie was a truly remarkable woman who left an indelible mark on our entire community. Her career of over 15 years with Battered Women's Alternatives was never just a job to Rollie—it was a passion. Her advocacy and activism on behalf of families living with the fear of domestic violence won her considerable praise—Entrepreneur of the Year Award from Inc magazine and the Haas School of Business, United Way's Seaton Manning Award for Outstanding Agency Professional of the Bay Area, and the San Francisco Foundation's John R. May Award for creative leadership. But more important to Rollie was the attention it brought to this critical social issue. Rollie believed that we as a society have a responsibility not only to intervene in case of domestic violence, but to take steps to prevent violence in the home from ever occurring. She put this prevention ideology into practice at Battered Women's Alternatives with much success, and she effectively used this success to promote domestic violence prevention as part of our public policy agenda.

Rollie's death is a tremendous loss that will be felt by our community for some time to come. Yet those of us who knew her take great comfort in knowing that her spirit is still with us in the health and security of the countless families who have been healed through her efforts. She was a caring, dedicated individual. She was my friend, and I will miss her.

I would like to enclose the following article from the Contra Costa Times about Rollie Mullen.

[From the Contra Costa Times, Aug. 10, 1996]

SERVICES PLANNED AUG. 19 FOR WOMEN'S CENTER HEAD

(By Maria Camposeco)

Friends, famiy and admirers from across the country are expected at services Aug. 19 for Rollie Mullen, a rape-crisis volunteer who transformed a small shelter into the pre-eminent Battered Women's Alternatives of Contra Costa.

"We are going to celebrate her values," said Mullen's husband of 33 years, Joe Mullen.

The 56-year-old Mullen died Thursday of an infection contracted following cancer surgery last month.

A family marriage counselor from Moraga, Mullen joined the Concord battered women's shelter as a volunteer in 1979 and became executive director in 1985.

Mullen raised the facility's profile and budget with the help of private donors, including the late Dean Lesher, founder and publisher of the Times newspapers.

"Rollie Mullen was the backbone of Battered Women's Alternatives and she is the reason Dean involved himself in building a transitional housing center, and why I have involved myself," said Lesher's widow, Margaret Lesher. "Rollie Mullen cannot be replaced, but I think the best way we can honor her is to go forward with her project."

A celebration Mass is scheduled at 6:30 p.m. Aug. 19, at St. Monica's Catholic Church, 1001 Camino Pablo, Moraga. A reception will follow.

In addition to her husband, Mullen is survived by her children, Joseph William Mullen III of New York; Rollie Killeen of Moraga; Patty Studer of Seattle; father, Arthur J. McGinnis of New Jersey; four siblings; and two grandchildren.

The family asks that in lieu of flowers, donations be sent to Battered Women's Alternatives, P.O. Box 6406, Concord, CA 94524.

IN RECOGNITION OF EMILIO R. JASO

HON. GREG LAUGHLIN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. LAUGHLIN. Mr. Speaker, one of the privileges that I have most enjoyed as a Member of the House of Representatives is the opportunity to offer assistance to the hundreds of veterans who reside in the 14th congressional district, and today I would like to recognize and pay tribute to someone who has devoted countless hours to this cause, Emilio R. Jaso, whose exemplary service as the Refugio County veterans service officer has earned him the respect and gratitude of area veterans.

Emilio Jaso was appointed to the veterans post in September 1988. A native of Refugio County, he retired from the U.S. Air Force with 20 years active duty and 10 years reserve duty of honorable service to our country. Mr. Jaso served one tour of duty in Vietnam and was awarded the Bronze Star Medal, Vietnam Service Medal with two Bronze Commendation Medals, and the Republic of Vietnam Campaign Medal. In addition, he was awarded the Army Good Conduct Medal, Air Force Good Conduct Medal, National Defense Medal with one Bronze Star, Presidential Unit Citation, and the Air Force Outstanding Unit Award.

Known for his dedication, professionalism, and long hours of service, Mr. Jaso was presented the Outstanding Veterans Service Officer of the Year for the San Antonio Region in 1992. Furthermore, the past 2 years he has been selected the regional director for San Antonio and is considered to be one of the most respected county veterans service officers in the State.

Veterans service officers routinely provide an array of assistance to veterans, including compensation and pension matters, hospitalization insurance, transportation, education, GI home and farm loans, disability retirement, and military records. Mr. Jaso continues to provide all of these services and many more to area veterans.

Mr. Jaso also finds the time for a number of other causes. He is a life member of Veterans of Foreign Wars Post 6290 and was selected as the Outstanding Post Service Officer for the Department of Texas. He is a charter member of the Knights of Columbus Council 1651, charter member of the Refugio County Veterans Monument Committee, member of Disabled American Veterans Chapter 210, member at-large of the American Veterans [AMVETS]. Mr. Jaso is frequently called upon by local schools to speak on patriotism.

In recognition of his outstanding service to his country, Mr. Jaso has received certificates of recognition and appreciation from the Department Commander of the American Veterans [AMVETS], the chairman of Veterans Land Board for the State of Texas and the Veterans of Foreign Wars.

Mr. Speaker, Refugio County is truly fortunate to have a veterans service officer with experience, compassion, and integrity that Mr. Jaso brings to his job. Emilio Jaso embodies the highest ideas of both government service and civic responsibility, and he deserves our profound gratitude and respect. I ask my colleagues to join me today in paying tribute to this outstanding American.

GAO REPORT SUPPORTS GOALS OF H.R. 2839

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. STARK. Mr. Speaker, last December, I introduced H.R. 2839, a bill to require the Secretary of HHS to implement an on-line prescription drug information management program for Medicare beneficiaries. This system, known as the Medicare Medication Evaluation and Dispensing System [MMEDS], would provide the tools and information to beneficiaries and their health care providers that are needed to reduce instances of adverse drug interactions, over-medication, and other problems related to prescription drug use that harm our Nation's retirees and disabled.

On June 11, 1996, the General Accounting Office issued report B-261530 which discussed the benefits of a similar system in the Medicaid program. The report shows that the Medicaid program has been a clear success and—I would argue—supports the development of such a system for the entire Medicare elderly and disabled population.

Following are portions of the GAO summary—positive findings which I hope will help us pass H.R. 2839 as a way to save money and lives:

> It is widely accepted in the health care community that inappropriate use of prescription drugs can cause adverse reactions that can lead to drug-induced illness, hospitalization, even death. Such inappropriate use can also be expensive for the Medicaid program. Concerned about this issue, the Congress mandated that states establish utilization review programs to review Medicaid prescriptions before drugs are dispenses (called prospective reviews) in order to prevent potential adverse medical reactions. The legislation did not require that prospective screening be automated. However, 43 States plus the District of Columbia have implemented or plan to implement automated prospective drug utilization review (PRODUR) systems. In most instances, PRODUR systems are implemented concurrently with an automated screening capability for Medicaid eligibility since both depend on automated systems that offer real-time responses to inquiries. The five States in our review have this feature.
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> Automated prospective drug utilization review (PRODUR) systems increased patient safety and reduced Medicaid program costs in the five states whose systems we examined; all five states found the systems beneficial and worthwhile. During a 12-month period ending June 30, 1995, these five states' systems alerted pharmacists to over 6.3 million prescriptions that had the potential to cause adverse medical reactions from drug therapy problems including drug-drug interaction, overutilization, and pregnancy conflict.[2] Over 650,000 (10 percent) of these prescriptions were canceled because of the potential serious risk to patients. According to state officials, pharmacists reviewed and eventually filled the other prescriptions on the basis of the pharmacists' professional judgment and/or consultation with the recipients or their physicians.
>
> Along with increasing patient safety, these systems also reduced program costs by over $30 million, according to state and contractor reports. Over $5 million of this total was attributable to rejecting efforts to refill prescriptions before a large portion of the earlier prescription would have been consumed, potentially causing harm to the patient; the remaining $25 million resulted from prescriptions that were denied due to patient ineligibility. While these direct benefits are significant, the major dollar savings, in all likelihood—though more difficult to document—are achieved through avoided hospitalization due to inappropriate drug therapy. On the basis of its review of studies related to drug-induced illnesses, the Food and Drug Administration (FDA) indicated that 6.4 percent of hospital admissions nationwide can be traced to inappropriate drug therapy; some studies cite even higher rates for the elderly. Accordingly, avoided hospitalization could potentially save hundreds of millions of dollars annually. Savings could also accrue because PRODUR systems can help identify potential fraud, waste, and abuse.
>
> The five states in our sample screened for different conditions and handled prescription cancellations differently. Consequently, reported numbers and types of patient safety alerts, prescription cancellations, and rates of savings varied. One state, for example, did not screen for pregnancy conflict. Three states automatically deny prescriptions with overutilization alerts, while the other two states place the responsibility with pharmacists to either deny or fill the prescriptions following such alerts. At present, states have no systematic way to share experiences and best practices. One approach toward accomplishing this would entail establishing a central clearinghouse at the state or federal level to collect and disseminate information. This would allow all states to make more informed decisions, offering citizens the best protection and states the most savings.

HOUSE CONCURRENT RESOLUTION 120 SUPPORTING INDEPENDENCE OF UKRAINE

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. SMITH of New Jersey. Mr. Speaker, I rise to urge passage of House Concurrent Resolution 120, a measure which I am pleased to have cosponsored, supporting the independence and sovereignty of Ukraine and progress of its political and economic reforms. I commend Chairman GILMAN for his introduction of this important resolution and efforts to ensure its passage.

On August 24, Ukraine celebrated its fifth anniversary of independence. In doing so, Ukraine confounded the predictions of some Western analysts—made only a few years ago—that it would break up or soon return to Russia's orbit. Despite the considerable challenges Ukraine continues to face, this strategically important country has emerged as a stable state where political differences, while at times intense, are resolved peacefully and democratically. The most recent evidence of this is the Ukrainian parliament's adoption of a new constitution in June.

During the last 5 years, Ukraine has made significant progress both at home and abroad. On the international scene, Ukraine has exhibited stability in a volatile region. United States-Ukrainian relations are now on a solid footing and are stronger than ever. The United States is committed to helping Ukraine consolidate its independence through economic and political reform.

In 1994, Ukraine signed the Nuclear Non-Proliferation Treaty [NPT] at the OSCE Summit in Budapest and ratified START-I, and just a few months ago, on May 31, the last former Soviet nuclear weapons were removed from Ukrainian soil. While strengthening its ties with the West, Ukraine is also attempting to forge a constructive relationship with all its neighbors, especially Russia, while emphasizing its independence and resisting Russian attempts at greater CIS military and political integration. In fact, just last month, Ukraine's defense minister refused to sign a CIS statement on NATO expansion. In so doing, he underscored Ukraine's belief that every independent state has the right to make its own decision on entry into NATO consistent with OSCE principles. While outstanding problems with Russia remain, including the contentious issue of basing for the Black Sea Fleet, efforts are continuing toward their resolution.

The consolidation of Ukraine's statehood is also evident in the domestic arena. In June, the Ukrainian parliament adopted a constitution after years of wrangling, further stabilizing the political situation and paving the way to more vigourous reform efforts, particularly in the economic sphere. Also, tensions in Crimea have diminished in the last year and the new Crimean authorities appear to be more cooperative with the Ukrainian Government. Moreover, human rights, including minority rights, continue to be generally respected in Ukraine and the interethnic conflicts so common in many other countries of the region have not appeared in Ukraine.

In the past year, Ukraine has also witnessed the beginnings of an economic overhaul: Prices for many goods have been freed; the budget deficit has been reduced; and inflation has gone down. Just a few days ago, Ukraine's long-awaited new currency, the hryvna, was introduced.

Mr. Speaker, despite the positive developments I have outlined, Ukraine still faces serious challenges—economic ills; a crippling bureaucracy; corruption; the lack of a legal structure which hampers business and foreign investment; the growth of organized crime and the lack of developed democratic institutions and civil society. House Concurrent Resolution

120 underscores the dependence of Ukraine's economic and social stability on its ability to build a stable market-based economy and a legal system based on the rule of law. This resolution, I am pleased to say, also addresses another major challenge for Ukraine, by urging Kyiv to continue its cooperative efforts with the G–7 to safely and expeditiously shut down the nuclear reactors at Chornobyl. Last May, the House unanimously approved a resolution that I introduced on the Chornobyl disaster which underscored the importance of G–7 efforts to assist Ukraine in closing down Chornobyl, and I am pleased that the international community has recently showed signs of greater willingness to assist Ukraine in this important endeavor.

Indeed, Ukraine's struggle toward political and economic reforms—to overcome the devastating legacy of Soviet rule—will be formidable. But this process, too, must be kept in perspective. Let us keep in mind that, historically, the Ukrainian people have shown a tremendous ability to overcome extremely unfavorable odds. As Chairman of the Helsinki Commission, I have long tracked developments in Ukraine and supported the Ukrainian people in their struggle for freedom—well before Ukraine became independent. I am familiar with the tremendous sacrifices it took to achieve independence. Despite the fact that independence arrived peacefully 5 years ago, in 1991, it was hard won, and there are still some in Russia, including among the political elite, who have not reconciled themselves to an independent Ukraine. Throughout this bloody century, millions of Ukrainians sacrificed their very lives or well-being because of their commitment to freedom and independence. In short, you might say that the Ukrainian people, in achieving independence and maintaining and strengthening it over the last 5 years, have already beat the odds.

Mr. Speaker, I also think of how far Ukraine has already come since independence. Given that 5 years ago Ukraine in many repsects had to start from scratch—lacking the necessary institutions and state structures—I am optimistic with respect to Ukraine's future and confident that the people of Ukraine will overcome any challenges that lie ahead. Mr. Speaker, House Concurrent Resolution 120 stresses the importance which this Congress attaches to Ukraine's sovereignty and territorial integrity and urges continued United States assistance to Ukraine for its political and economic reforms. By providing this support, we will help the Ukrainian people to overcome the challenges that lie ahead and will be acting in a way that comports with both our national interests and our long-standing values.

HONORING IRWIN TOWNSHIP'S 200TH ANNIVERSARY

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. CLINGER. Mr. Speaker, I rise today to pay tribute to the community of Irwin Township, PA.

On Saturday, August 17, 1996, and Sunday, August 18, 1996, the citizens of Irwin Township will gather to celebrate their 200th anniversary. It gives me great pleasure to recognize Irwin Township on such a special occasion.

Irwin Township, a small township in the western part of Pennsylvania, extends for over 21,580 acres and has road mileage in excess of 42 miles. A small community, Irwin Township has approximately 1,200 residents.

Once a farming and oil well drilling community, Irwin Township today has many residents who are employed as millworkers in its surrounding communities.

As with many small towns across this Nation, Irwin Township is also a community with strong religious ties. This is so much so that Irwin Township alone has seven churches within its boundaries.

With their 200th anniversary on August 17 and 18, Irwin Township has become an inspiration to all small communities throughout this country, and will continue to be as we enter the 21st century.

Mr. Speaker, it is my distinct pleasure to recognize Irwin Township, PA, on their 200th anniversary. Once again, I congratulate the community of Irwin Township and offer my best wishes for continued success.

A TRIBUTE TO EDITH MORRISON

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. DEUTSCH. Mr. Speaker, today the south Florida community mourns the loss of Edith Morrison—an admired community leader, beloved wife, mother, and grandmother. I join with Edith's family and her many friends to mourn her loss and remember her positive impact on the south Florida community.

Upon moving to south Florida from New York, Edith immediately assumed a top leadership role in our community. Succeeding her husband Julius as president of the Sunrise Democratic Club, Edith was an outspoken public figure known for her honesty and integrity. Edith was known among her friends as a woman who always knew the facts of every important issue. Forever a jealous advocate of equal opportunity for all people, Edith knew when to be out front on an issue and when to exert quiet influence behind the scenes with the utmost dignity. Edith gave generously of her time, having served as president of the Sunrise Lakes Women's Club, active in local labor organizations, and as a lifetime member of B'nai B'rith.

Among her family, Edith is remembered as the loving wife of her late husband Julius, the mother of her two children—Marcie and Ross—and as the grandmother of four grandchildren. In life, she earned the highest respect and admiration of all who her knew her. In death, she is remembered as a revered leader who gave unselfishly to her family and community. For all of us whose lives were touched by Edith, we will miss her dearly.

HONORING EMMITT WILLIAMS ON THE OCCASION OF HIS RETIREMENT FROM THE DOWNEY UNIFIED SCHOOL DISTRICT

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. TORRES. Mr. Speaker, I rise to recognize my good friend, Emmitt Williams, an educator at South Middle School of the Downey Unified School District. Emmitt is retiring after nearly 40 years of dedicated service educating generations of our youth. A strong and reliable advocate for public schools, Emmitt has worked tirelessly to ensure that our youth are provided the best possible education.

Born in Emory and educated in Alba, TX, Emmitt earned his bachelor of science and masters of education from North Texas State College. He began his career as a teacher in 1957 at Alamo School, in the Dallas Independent School District. In 1958, Emmitt moved to California where he began teaching in the Downey Unified School District, at Spencer Williams Elementary, Downey Elementary, and later at South Middle School.

Dedicated to advocating for our children, schools, and teachers, Emmitt has held many positions within the Downey Education Association, California Teachers Association [CTA], and the National Education Association [NEA]. In the Downey Education Association he has been a faculty representative, committee chair, member of the board of directors and elected six times to serve as president. Also, he has been president of the CTA Southeastern Regional Resource Center [RRC]. In the CTA Southeastern Section he has been active as a member of the board of directors and vice president. At the State level of the CTA, he has held positions as a member of the board of directors, election committee, liaison committee, and the State council. Within the NEA, Emmitt has been a representative to three international conferences, a member of the board of directors, resolution committee, and three times chosen to be the chairman of the host committee.

Emmitt's years of unwavering commitment earned him the respect and admiration of his students, colleagues, and the community. He has received the Honorary Service Award, Continuing Service Award, and the Golden Oak Award from the Parent Teachers Association. Emmitt has also received the Award of Distinction from the Teacher Education Department at Tyler Junior College, local and State Who Awards by the CTA, Representative Teacher Citation from the Downey Masonic Temple, Teacher of the Year from the Downey Women's Club, the Christa McAuliffe Award, and the Southeastern RRC Gold Award.

While maintaining an active role in education, Emmitt has been a member of the board of directors for the Long Beach Playhouse, volunteer at the Long Beach Civic Light Opera and South Coast Repertoire, honorary life member of the Downey Kiwanis Club, member of the Downey Democratic Club, Hubert Humphrey Democratic Club, charter member of the Downey Historical Association, and chair of the Student Exchange

Program and the Downey-Guadalajara Sister City Program. He has received the National Town Affiliation Award from the American Municipal Association in Washington, DC, a Commendation of Outstanding Community Service from the city of Downey, and four student-sponsored youth awards from the Downey Kiwanis Club.

Mr. Speaker, on August 18, 1996, teachers, administrators, former students, and community members gathered to honor Emmitt Williams for his contributions to the field of education and to the community. It is with pride that I ask my colleagues to join me in saluting this exceptional man for his outstanding record of educational service to our young people.

PROPOSED ADDITIONS TO THE NEW RIVER GORGE NATIONAL RIVER

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. RAHALL. Mr. Speaker, H.R. 2292 as reported by the Committee on Resources contains a number of provisions relating to three units of the National Park System in the State of West Virginia.

The primary purpose of these provisions are to make boundary modifications to the New River Gorge National River. In this regard, I would note that similar boundary modifications passed the House of Representatives on two occasions: in the 102d Congress as part of H.R. 4382 and in the 103d Congress as title I of H.R. 3252. At the beginning of the 104th Congress, I reintroduced these boundary modifications as part of H.R. 640.

In this regard, a provision of H.R. 2292 would modify the boundary of the New River Gorge National River to expand it by 8,768 acres. Of this total, one tract, known as the Ward estate property, accounts for 7,000 acres with an additional 800 acres of inholdings within that tract. This property is viewed as a critical addition to the national park unit, as it is located directly across from the Grandview area which is one of the most highly visited and scenic areas of the New River. It should be noted that there is no intention to acquire the 800 acres of inholdings. The remaining 968 acres consisting of willing seller property remnants of which 786 acres have already been acquired with the remaining 182 acres pending acquisition.

All in all, the proposed additions to the New River Gorge National River would enhance scenic or natural resources already included in the park unit, including peregrine falcon sites, as well as provide for better visitor access.

The pending legislation would also provide for a minor boundary modification to the Bluestone National Scenic River to include 40 acres of riverfront land that were inadvertently excluded when the river was designated in 1988.

Aside from these boundary matters, the legislation would reaffirm the State of West Virginia's jurisdiction over fish and wildlife resources within the New River Gorge National River, as well as over fish stocking activities there. This is a conforming amendment as a similar provision is contained in the enabling legislation for the neighboring Gauley River National Recreation Area.

Further, the bill would conform the act which designated the New River Gorge National River with provisions applicable to the Gauley River National Recreation Area in two other respects. First, it would extend to the National River a provision in the National Recreation Area's enabling legislation authorizing the Secretary to enter into a cooperative agreement with the State of West Virginia to maintain and improve existing roads and public rights-of-way within the boundary of the National River to the extent necessary to facilitate and improve reasonable access. Second, the amendments would extend to the National River a provision in the National Recreation Area's enabling legislation authorizing the acquisition of remnant lands in order to minimize the payment of severance costs.

Also in the way of technical and sundry amendments, the bill would amend the enabling legislation for the Gauley River National Recreation Area by providing for the upstream river boundary to revert to its original location in the event construction on a proposed hydroelectric power facility is not commenced within the time required in its license. The enabling legislation established the upstream boundary at the foot of Summersville Dam, but provided for an automatic downstream boundary adjustment in the event a hydroelectric power facility was licensed for the area within a prescribed period of time. The facility was licensed, however, no provision was made in the enabling legislation to readjust the boundary upstream in the event the power facility was never constructed.

The Gauley River National Recreation Area is also affected by this legislation by a provision which provides river access for noncommercial recreation users within the National Recreation Area at a place known as Woods Ferry. Currently, the only public access to the area is located at its upstream boundary, with all other access sites being privately owned primarily by commercial whitewater outfitters. This situation poses an access problem for the general public, including private boaters. The Woods Ferry site, located in the middle section of the Recreation Area, is ideal because and access road is already in place and it is owned by willing sellers to the National Park Service.

A final provision of this bill would amend the designating legislation for the Bluestone National Scenic River to authorize the Secretary to negotiate a memorandum of understanding or cooperative agreement with the owner of a tract of land outside of the boundary of the scenic river or to acquire the tract with the owner's consent, in order to provide upstream access to the scenic river.

Mr. Speaker, I commend this bill to the House.

A HEALTH INSURANCE POLICY FOR $25,600: THE NEED FOR H.R. 3342

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. STARK. Mr. Speaker, we need national health insurance reform.

I recently received a letter from a man in the Midwest which reported the following example of the need for reform. Three years ago, his wife's COBRA health insurance continuation policy expired. As required by law, the insurance company had to offer conversion to an individual policy—but the law does not specify at what price that policy has to be offered. The company made an offer almost every family in America would have to refuse—$25,600 per year.

Why so much? The wife had been sick but not seriously so.

She has been without health insurance for over 3 years now. It will be 2 more years before she will be eligible for Medicare. The husband is already on Medicare.

Kennedy-Kassebaum will not help in this type of case. There is no guaranteed issue for individual policies. For those who have been out of the work force for a while, it offers no protection.

The family's plea is not to raise the age of eligibility for Medicare: "Now her only hope is to have reasonable access to Medicare by her 65th birthday in July 1998. If you take that away, a major medical occurrence would ruin this family."

Mr. Speaker, Kennedy-Kassebaum was a small first step. Let's step forward and fill in the remaining gaps in health insurance. I've introduced legislation, H.R. 3342, which would make COBRA health continuation rights permanent after age 55. Anyone, for whatever reason, would be able to buy COBRA group rate insurance after age 55 and until they reach age 65 and Medicare eligibility. This type of legislation would provide some meaningful help to families who cannot afford the cost of individual policies.

THE BEDFORD PUBLIC LIBRARY

HON. WILLIAM H. ZELIFF, JR.

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. ZELIFF. Mr. Speaker, I rise today to recognize a very important addition to the community of Bedford, NH. After years of planning, fundraising and hard work, the dream of having a public library in the town of Bedford has become a reality. On June 23, 1996, the Bedford Public Library opened its doors to the people of the surrounding community.

The Bedford Public Library offers more than just a place where an individual can go to read, or a child can go to research his or her school project. This facility also offers the Bedford community a common place to gather. On the lower level visitors will find a coffee shop, an art gallery and two community meeting rooms.

In addition to these amenities, the library has one of the finest children's learning centers in New England. The learning center is furnished with a puppet theater, a craft-activity area, a reading center that includes a section for the reading and hearing impaired, and Camelot, a reading castle. Also, included is the computer and reference center. Each computer is connected to the Internet and has CD-ROM access for state of the art sound and picture collections.

This library would not have been made possible if it was not for the vision of one special person, Ms. Fran Wiggin. Ms. Wiggin established a goal more than 35 years ago and with help of the trustees, the Bedford Lions Club, the Bedford Rotary Club, the Bedford Garden Club, the town and the people of Bedford, she is responsible for the creation of this beautiful library.

I am extremely proud of this community-wide effort and would like to congratulate all who have devoted their time and effort to such a great cause. I wish the people of Bedford the best of luck with their new community facility.

THANK YOU, BOB FERGUSON, FOR YOUR LOYAL SERVICE

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. FIELDS of Texas. Mr. Speaker, it was with mixed emotions that I announced last December 11 my decision to retire from the House at the conclusion of my current term. As I explained at the time, the decision to retire was made more difficult because of the loyalty and dedication of my staff—and because of the genuine friendship I feel for them. Each one of them has served the men and women of Texas' Eighth Congressional District in an extraordinary way.

Today, I want to thank one member of my staff—Bob Ferguson, my administrative assistant—for everything he's done for me and my constituents in the 16 years that he has worked in my office.

From the day I first took my oath of office, Bob has managed and overseen the operations of my Washington office. I have relied on his experience and counsel on personnel, budgeting and administrative matters, as well as advising me on various legislative issues throughout my 16 years in this institution. More recently, in my final term in the House, Bob has served as my legislative director, personally handling social issues, welfare reform, Government reform, energy issues, clean air legislation, private property rights and endangered species legislation. The fact is that Bob has served on Capitol Hill longer than I have.

He came to my office from the Senate Republican Policy Committee, then chaired by Senator John Tower of Texas, where he served as a staff economist. In that position, Bob conducted research and formulated position papers on economic policy. In 1980, he assisted in the development of the economic policy plank of the Republican platform as a staffer to the Republican Convention Platform Committee, also chaired by Senator Tower.

Following the Presidential election, Bob served as a member of the Reagan administration transition team for the Department of the Treasury—helping to develop economic policy papers, and helping to fill key positions in the Treasury Department.

From 1977 to 1978, Bob had served on the staff of the House Republican Study Committee, working closely with our former colleague, Jack Kemp, on a variety of supply-side economic initiatives.

In addition to his work on my staff, Bob is an extremely active member of his church, the Church of Latter Day Saints. He is devoted to his lovely wife, Carol, and to his children Robby, Alecia, and Michael.

Bob is well-known as an avid fan of Brigham Young University football, and is also known as an enthusiastic gardener. More recently, he has begun a new hobby, beekeeping.

I have depended on his advise and counsel throughout my years in Congress, and appreciate this opportunity to express my gratitude for everything he has done for me over the years.

Bob Ferguson is one of those hard working men and women who make all of us in this institution look better than we deserve. I know he has done that for me, and I appreciate this opportunity to publicly thank him for the dedication, loyalty and professionalism he has exhibited throughout the years it has been my privilege to know and work with him.

Bob has yet to make a definite decision about what he wants to do when I retire from office. But I am confident that the skills and the personal qualities he has demonstrated in my office will lead to continued success in the future.

Mr. Speaker, I know you join with me in saying thank you to Bob Ferguson for his years of loyal service to me, to the men and women of Texas' Eighth Congressional District, and to this great institution.

TRIBUTE TO THE FEDERATION LIFE INSURANCE OF AMERICA IN THE STATE OF WISCONSIN

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. KLECZKA. Mr. Speaker, I rise today to pay tribute to the Federation Life Insurance of America in the State of Wisconsin, in recognition of its 25th National Quadrennial Convention, held on September 1, 1996.

From its incorporation in Wisconsin in 1913 to the present, the Federation Life Insurance of America has remained an active and successful fraternal organization. Second and third generations of Americans of Polish descent, as well as members from diverse ethnic and cultural backgrounds, continue to enjoy the benefits of Federation Life's sound fiscal management and strong commitment to service. As a fraternal organization, Federation Life sponsors a variety of social and cultural activities, contributing to a strong sense of community and good qualify of life.

Congratulations to Federation Life Insurance of America on its 25th national convention. I commend Federal Life's service to its members and their communities and extend my best wishes for a bright and successful future.

TRIBUTE TO THE TOWN OF NINETY SIX, SC

HON. LINDSEY O. GRAHAM

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. GRAHAM. Mr. Speaker, I would like to take this opportunity to pay tribute to and congratulate the town of Ninety Six, SC, which is having its 1996 centennial celebration on Friday, September 6, 1996.

The town of Ninety Six, located in Greenwood County has a distinctive history dating from the mid-1700's. During colonial times, the trading settlement began to grow around the 96th milepost on a trail from the Lower Cherokee capital, Keowee, thus giving this town its name.

Noted for its historical significance, Ninety Six played an important role in the Revolutionary War. It was the site of the first revolutionary battle in the South on November 19–21, 1775. The British overtook this settlement and fortified it as an important strategic fort. This settlement existed until after a second battle for the area that was ultimately won by the British. Shortly after the attempted siege of the fort, the British abandoned the area. The town grew and was renamed Cambridge after the College of Cambridge which was built after the Revolutionary War. During the 1800's, the village became a ghost town. In 1852, the town assumed its original name, when the second railroad in South Carolina was built through the area.

Ninety Six is also historic in the States rights debate. In 1856, 10,000 citizens came out to honor Congressman Preston S. Brooks with a dinner in vindication of his assault on Charles Sumner of Massachusetts on the Senate floor for a speech insulting to South Carolina and Senator Butler of South Carolina.

Today, Ninety Six is comprised of a population of 2,200 with industry ranging from retail firms to manufacturing plants and textiles. Located near Lake Greenwood and Ninety Six National Park Historic Site, Ninety Six provides many opportunities to enjoy this area's natural beauty.

It is my pleasure to honor this historic town and its people on this day.

IN HONOR OF REPRESENTATIVE JIM BUNNING

HON. FRANK WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 4, 1996

Mr. WOLF. Mr. Speaker, it is my pleasure to rise in support of our colleague, Representative JIM BUNNING, who was recently inducted into the Baseball Hall of Fame in Cooperstown, NY.

Jim has earned the respect and admiration of many across the country through his hard work and dedication to excellence. These trials have not only helped Jim during his tenure in the House, but throughout his long and distinguished major league baseball career. In the House, Jim has been a leader in preserving Social Security, and his fair-minded style as chairman of the Social Security Subcommittee of the House Ways and Means Committee has earned him deserved praise from both sides of the aisle. His determination and diligence is admired by all.

Of course, his legacy to the sport of baseball is well know. As a pitcher with the Philadelphia Phillies, he was a fan favorite. The Phillies recently celebrated his accomplishments with a Jim Bunning Day at Veterans Stadium in Philadelphia. Jim won 224 games throughout his big league career and tossed two nohitters as well. He has never backed down from a challenge, whether from an opposing hitter or an opponent in Congress, and I know we are all proud of Jim upon his induction to the hall of fame.

I wanted to submit for the Record a copy of an outstanding editorial which recently appeared in the Winchester (Virginia) Star in my congressional district. This editorial, written by Adrian O'Connor, does a wonderful job of summing up how much Jim Bunning has meant to the game of baseball and, more importantly, to our great Nation.

A Pitcher Speaks, Bunning Expounds on Baseball, and Life

Cooperstown, NY.—He is, frankly, of another time, when Jesuits were Jesuits and still Soldiers of Jesus, and major league ball players were grown men still enthralled with a little boy's game. But, much like another Republican of some renown, Patrick J. Buchanan, Jim Bunning refuses to merely wax nostalgic about the past, his Age of Innocence; he years to re-create it on a modern stage.

Which, in our mind, especially with regard to baseball, would not be all that bad a thing.

In a riveting, albeit lengthy, speech upon his induction here Sunday to baseball's Hall of Fame, Mr. Bunning, the flinty hurler turned politician, leveled his rhetorical sights on all hands involved in what he deems the shameful sullying of our National Pastime. To quote John Adams from the hit musical "1776," he "has such a desire to knock heads together." And for good reason. In his view, both owners and players are doing their darndest to destroy a timeless game.

Thus, to the owners, Mr. Bunning said, "Get your house in order. Figure out how you want to share your revenue without going to the players and asking them to foot the bill."

To the players, he added, "Look beyond your contractual obligations. Conduct yourselves as gentlemen. No one player is bigger than the game. Treat the fans with dignity and respect."

And, finally, to both the owners and players, he stated, "Get a commissioner, a real commissioner with restored powers of the commissioner's office prior to 1950 . . . For over four years, baseball has been rudderless. For God's sake, and for the game's sake, find a rudder."

Fans and media alike here last weekend could be forgiven for assuming that Mr. Bunning would not object if he were suddenly cast in the role of "rudder." After all, he has witnessed the game from a variety of perspectives—as hard-nosed Hall of Fame Pitcher, as player representative for a dozen years, and, after his retirement, as a player agent. However, he maintains he has no desire to play powerless wet nurse to the owners, to "28 bosses with such egos." However, if the hue and cry became such, as it did in 1920 when Kenesaw Mountain Landis was extended the task of cleaning up the game, that the office of commissioner was reconstituted (with teeth), then who knows? Perhaps Jim Bunning might be interested.

Until then, he can serve as an advocate for the game—and, by example, for a way of life lost in the modern shuffle. Educated by Jesuits in the pre-Vatican II days, Mr. Bunning, the father of nine, is unabashedly Catholic and conservative, and unabashedly blunt about his beliefs. He is, he says, a product of his father's public-spiritedness—"'Get involved,' he always told me"—the uncompromising moral approach of the Jesuits, and his wife Mary's prayers and dedication to the homeplace.

But yet, the Kentucky congressman is also a product of that little boy's game he played so superbly. "My life in baseball prepared me well," he told the Induction Day crowd. "I learned that if you set goals high enough, keep trying to achieve them, and work hard, you can do anything you want to do . . . You can overcome your shortcomings with hard work and perseverance."

Advice tendered in Cooperstown, yet well worth hearing in most every city and town the nation over.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the Congressional Record on Monday and Wednesday of each week.

Meetings scheduled for Thursday, September 5, 1996, may be found in the Daily Digest of today's Record.

MEETINGS SCHEDULED

SEPTEMBER 6

9:30 a.m.
Joint Economic
To hold hearings on the employment-unemployment situation for August.
SD–562

SEPTEMBER 10

10:00 a.m.
Judiciary
Constitution, Federalism, and Property Rights Subcommittee
To hold hearings on issues with regard to the chemical weapons convention.
SD–226

3:30 p.m.
Appropriations
Labor, Health and Human Services, and Education Subcommittee
Business meeting, to mark up H.R. 3755, making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1997.
SD–192

SEPTEMBER 11

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD–366

Environment and Public Works
Transportation and Infrastructure Subcommittee
To hold hearings on the implementation of the Intermodal Surface Transportation Efficiency Act, focusing on the role of Federal, State, and local governments in surface transportation.
SD–406

10:00 a.m.
Judiciary
To hold hearings to examine competition in the telecommunications industry.
SD–226

SEPTEMBER 12

9:30 a.m.
Energy and Natural Resources
Parks, Historic Preservation and Recreation Subcommittee
To hold hearings on S. 1695, to authorize the Secretary of the Interior to access up to $2 per person visiting the Grand Canyon or other national park to secure bonds for capital improvements to the park.
SD–366

2:00 p.m.
Appropriations
Business meeting, to mark up H.R. 3755, making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1997.
SD–192

Armed Services
Personnel Subcommittee
To hold hearings on the practices and procedures of the investigative services of the Department of Defense and the military departments concerning investigations into the deaths of military personnel which may have resulted from self-inflicted causes.
SH–216

SEPTEMBER 17

9:30 a.m.
Energy and Natural Resources
To hold hearings to examine issues with regard to United States climate change policy.
SD–366

Veterans' Affairs

To hold joint hearings with the House Committee on Veterans' Affairs to review the legislative recommendations of the American Legion.

334 Cannon Building

Indian Affairs

To hold hearings to examine economic development on Indian reservations.

SR-485

SEPTEMBER 18

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 1920, to amend the Alaska National Interest Lands Conservation Act, and S. 1998, to provide for expedited negotiations between the Secretary of the Interior and the villages of Chickaloon-Moose Creek Native Association, Inc., Ninilichik Native Association, Inc., Seldovia Native Association, Inc., Tyonek Native Corporation and Knikatnu, Inc. regarding the conveyances of certain lands in Alaska Under the Alaska Native Claims Settlement Act.

SD-366

SEPTEMBER 19

9:30 a.m.

Energy and Natural Resources

Parks, Historic Preservation and Recreation Subcommittee

To hold hearings on S. 1539, to establish the Los Caminos del Rio National Heritage Area along the Lower Rio Grande Texas-Mexico border, S. 1583, to establish the Lower Eastern Shore American Heritage Area, S. 1785, to establish in the Department of the Interior the Essex National Heritage Area Commission, and S. 1808, to establish a program for the preservation of additional historic property throughout the Nation.

SD-366

SEPTEMBER 24

9:30 a.m.

Indian Affairs

To hold hearings to examine civil jurisdiction in Indian country.

SR-485

SEPTEMBER 25

9:30 a.m.

Indian Affairs

To hold hearings to examine the phase out of the Navajo/Hopi relocation program.

SR-485

CANCELLATIONS

SEPTEMBER 5

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 1852, to bar class action lawsuits against Department of Energy contractors for nonphysical injuries, to bar the award of punitive damages against Department of Energy contractors for incidents occurring before August 20, 1988.

SD-366

POSTPONEMENTS

SEPTEMBER 5

10:00 a.m.

Judiciary

To resume hearings to examine the dissemination of Federal Bureau of Investigation background investigation reports and other information to the White House.

SD-G50